

Healthy performance; seen tapering off going forward

About the stock: Bajaj Auto (BAL) is second largest motorcycle manufacturer and largest 3-W OEM domestically (FY22 market share at 18.2%, 61.5% respectively).

- Exports comprised ~58% of FY22 volumes; 2-W:3-W mix at ~89:11 (overall)
- Strong b/s with ~₹ 23,160 crore cash on books (FY22), history of ~20% return ratios & one of the highest dividend yields among Nifty stocks

Q4FY22 Results: BAL reported a healthy performance in Q4FY22.

- Net revenues for the quarter were at ₹ 7,975 crore, down 11.6% QoQ
- EBITDA in Q4FY22 was at ₹ 1,366 crore; margins: 17.1% (up 190 bps QoQ)
- Reported PAT was up 21% QoQ to ₹ 1,469 crore, supported by exceptional gains amounting to ₹ 315 crore (prior period incentive receivable)

What should investors do? BAL's stock price has grown ~5.3% CAGR (from ₹ 2,865 levels in April, 2017) over five years outperforming the Nifty Auto index.

- We maintain **HOLD** rating on the stock primarily tracking management's conservative stance on EV transition amid prominence in export markets

Target Price and Valuation: Rolling over our valuations, we value BAL at ₹ 3,950 on SOTP basis (18x PE on FY24E Core EPS, stake in PMAG; previous target: ₹ 3,370).

Key triggers for future price performance:

- Aggressive push, capex spends and adoption of new technology landscape
- Ramping up of electric 2-W production; electric 3-W launch in June 2022
- We expect volume, net sales CAGR of ~8.5%, ~7.7% over FY23-24E (2-W CAGR ~8.5%, 3-W CAGR ~8.8%) aided by steady state export demand
- Margins to be in the current range of ~15-16% over FY23-24E
- Increasing share of margin accretive spare parts revenue, with change in strategy, which is more retailer focus now vs. distributor focus in the past

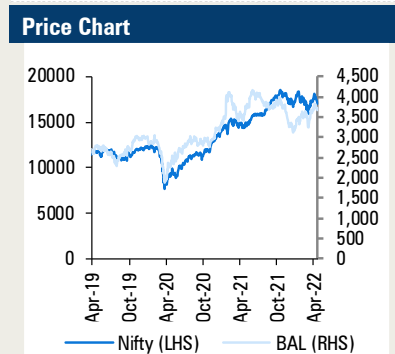
Alternate Stock Idea: In our auto OEM coverage we like M&M.

- Focused on prudent capital allocation, UV differentiation & EV proactiveness
- BUY with target price of ₹ 1,045



Particulars	₹ crore
Market Capitalization	1,10,829
Total Debt (FY22P)	0.0
Cash & Invsts (FY22P)	23,159
EV	87,670
52 week H/L (₹)	4,348 / 3,028
Equity capital (₹)	289.4
Face value (₹)	₹ 10

Shareholding pattern	Jun-21 Sep-21 Dec-21 Mar-22			
	Promoter	53.7	53.7	53.7
FII	11.8	11.2	10.2	10.5
DII	12.7	12.9	13.2	13.2
Other	21.8	22.2	22.8	22.6



Recent event & key risks

- BAL reports healthy Q4FY22
- Key Risk:** (i) Mellow commitment towards EV, (ii) Sooner than expected pickup in sales volume

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Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22P	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Net Sales	30,250.0	29,918.6	27,741.1	33,144.7	8.8%	38,096.9	41,434.9	7.7%
EBITDA	4,982.0	5,096.2	4,928.5	5,258.7	3.5%	5,895.1	6,623.3	8.0%
EBITDA Margins (%)	16.5	17.0	17.8	15.9		15.5	16.0	
Net Profit	4,675.1	5,100.0	4,554.6	5,018.9	5.6%	5,307.1	5,906.9	5.6%
EPS (₹)	161.6	176.2	157.4	173.4		183.4	204.1	
P/E	23.7	21.7	24.3	22.1		20.9	18.8	
RoNW (%)	19.9	25.6	18.1	17.6		19.1	20.5	
RoCE (%)	21.1	23.9	18.2	18.4		19.9	21.6	

Key takeaways of recent quarter & conference call highlights

Q4FY22 Results:

- Net sales came in at ₹ 7,975 crore. Blended ASPs for the quarter were at ₹ 79,129/unit, up 6.2% QoQ. Total volumes for the quarter were at 9.8 lakh units, down 17.3% QoQ with exports share in volumes pegged at 60%
- Reported EBITDA in Q4FY22 was at ₹ 1,366 crore, with EBITDA margins coming in at 17.1% (up 191 bps QoQ). The real surprise came in the form of gross margin expansion, which rose ~280 bps QoQ
- Consequent reported PAT was up 21% QoQ to ₹ 1,469 crore, which included one-time exceptional gain of ₹ 315 crore (prior period incentive receivable)

Q4FY22 Earnings Conference Call highlights

- BAL witnessed robust annual margin & profit with exports being strong and steady in all quarters. Further market share increased ~2% in FY22 across all regions such as Africa, Latin America, Europe & Asia
- Management commentary on exports remained strong. BAL has large order book for Dominar for North American, European & Asian region
- BAL is focusing on selling premium model to customers to improve realisation with example of Pulsar NS 125, which is ~22% costlier than regular variant and comprise ~5% of 125 CC segment sales
- Domestic 3-W share increased to ~70% at the retail level, highest ever for BAL with CNG segment market share pegged at ~77%
- On EV front BAL expanded chetak network to 12 cities from eight cities in Q3FY22. Further launch of E-3-W will be in June 2022 with launch planned in few cities only i.e. cautiously. Overall management foresees next 18 months as capability building across electric segment in 2-W/3-W; low speed/high speed as well as fixed battery/battery swapping technology
- Raw material costs are expected to increase in Q1FY23 to the tune of ~3% with price hike amounting to ~1% taken starting April 2022
- Export outlook remains strong with double digit growth in FY23 with five-year target at doubling export business (FY20-25)
- Exports to Sri Lanka remained limited at <1%. Exports to Nepal for the quarter was at ~5,000 units (2-W & 3-W combined)
- Spare part penetration has reached to ~18% in FY22 vs. ~14% over the past two years with target to reach ~20%, going forward
- Africa, Latin America, RoW account for ~50-55%, ~20%, ~25% of export sales respectively. Malaysia & Philippines still to recover to pre-Covid levels whereas other regions have surpassed their pre-Covid sales
- Spare part sales for Q4FY22 were at ₹ 980 crore with domestic & export mix at 80:20. Export revenue for Q4FY22 were at \$500 million (~₹ 4,000 crore)
- E-2W production was impacted due to limited chip supply

Peer comparison

Exhibit 1: ICICI Direct coverage universe (2-W OEMs)

Company	CMP	TP	Rating	Mcap	EBITDA margin (%)			RoCE (%)			P/E			3 year CAGR (FY21-24)		
	₹	₹			₹ crore	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	Sales	EBITDA
Bajaj Auto (BAAUTO)	3,830	3,950	Hold	1,10,829	15.9	15.5	16.0	18.4	19.9	21.6	22.1	20.9	18.8	14.2%	10.2%	9.0%
Hero Moto (HERHON)	2,510	2,515	Hold	50,125	11.8	12.9	13.2	15.8	19.4	19.9	20.7	16.0	14.1	5.6%	6.1%	6.1%
Eicher Motors (EICMOT)	2,675	2,535	Hold	73,108	20.2	21.7	22.7	12.6	16.3	17.2	46.2	32.0	26.6	18.5%	22.8%	26.8%

Source: Company, ICICI Direct Research

Currently, we ascribe HOLD to all incumbent 2-W auto OEMs in our coverage & await more meaningful action from them on EV front before turning decisively positive.

Exhibit 2: Variance Analysis

	Q4FY22	Q4FY22E	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	Comments
Total Operating Income	7,975	7,511	8,596	-7.2	9,022	-11.6	Topline came in much ahead of estimates tracking strong beat on ASP's
Raw Material Expenses	5,736	5,625	6,177	-7.1	6,743	-14.9	RM costs came in lower and savings were realised on this front with gross margins expanding 280 bps QoQ
Employee Expenses	306	330	307	-0.4	340	-10.0	Employee costs was down on absolute basis and had a one time actuarial impact of ~₹ 30 crore
Other Expenses	570	523	594	-4.0	570	0.1	
EBITDA	1,365.6	1,035.4	1,524.1	-10.4	1,372.2	-0.5	
EBITDA Margin (%)	17.1	13.8	17.7	-61 bps	15.2	191 bps	EBITDA margins came in much ahead of estimates at 17.1% expanding 190 bps QoQ against our expectations of 140 bps contraction
Other Income	288.9	316.0	283.6	1.9	272.8	5.9	
Depreciation	69.7	68.5	66.2	5.3	69.8	-0.2	Depreciation was on expected lines
Interest	3	1	2	41.2	2	60.9	
PBT	1582	1282	1739	-9.1	1573	0.5	PBT came in much higher tracking higher margins as well as exceptional gains amounting to ₹ 315 crore
Total Tax	428	295	407	5.1	359	19.3	
Reported PAT	1469.0	987.0	1332.1	10.3	1214.2	21.0	PAT stood 21% higher on QoQ basis at ₹1,469 crore
EPS (₹)	50.8	34.1	46.0	10.3	42.0	21.0	
Key Metrics							
Blended ASP (₹/ unit)	79,129	75,027	71,925	10.0	74,537	6.2	ASP's were higher 6.2% QoQ at ₹79,129/unit

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	36,864	38,097	3.3	39,974	41,435	3.7	Revised upward our sales estimates tracking out-performance at the company on the ASP's front
EBITDA	5,497	5,895	7.2	6,136	6,623	7.9	
EBITDA Margin (%)	14.9	15.5	56 bps	15.4	16.0	58 bps	Upgraded margin estimates tracking robust performance in Q4FY22 amid normalisation of product mix going forward starting Q2FY23
PAT	5,001	5,307	6.1	5,483	5,907	7.7	
EPS (₹)	173	183	6.1	189	204	7.7	PAT estimates get single digit upgrade amid upward revision in topline as well as margin estimates

Source: ICICI Direct Research

Exhibit 4: Assumptions

Units (lakh)	Current					Earlier			Comments	
	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY23E		FY24E
Motorcycle volumes	33.7	42.4	39.5	36.1	38.4	42.0	45.1	42.5	45.7	We expect total volumes at Bajaj Auto to grow at a CAGR of 8.5% over FY22-24E with motorcycle sales CAGR pegged at 8.5% while the same for 3-W segment placed at 8.8% CAGR in the aforesaid period. Upgraded ASP's across domestic as well as exports segment
Three-Wheeler volumes	6.4	7.8	6.7	3.7	4.7	5.2	5.6	5.2	5.6	
Total volumes	40.1	50.2	46.2	39.7	43.1	47.1	50.7	47.7	51.3	
Export volumes	16.6	20.8	21.7	20.5	25.1	27.5	29.7	27.5	29.7	
Domestic revenues (₹ crore)	15,396	18,099	17,169	14,609	14,924	17,166	18,544	16,730	18,241	
Export revenues (\$ mn)	1,400	1,642	1,677	1,694	2,298	2,632	2,879	2,536	2,744	
US\$INR Realisation rate	67	70	71	74	75	76	76	76	76	
Export ASP (\$/unit)	872	790	772	822	917	958	970	921	923	
Blended ASP (₹/unit)	62,640	58,905	63,077	68,295	74,589	78,829	79,693	75,468	76,211	

Source: ICICI Direct Research

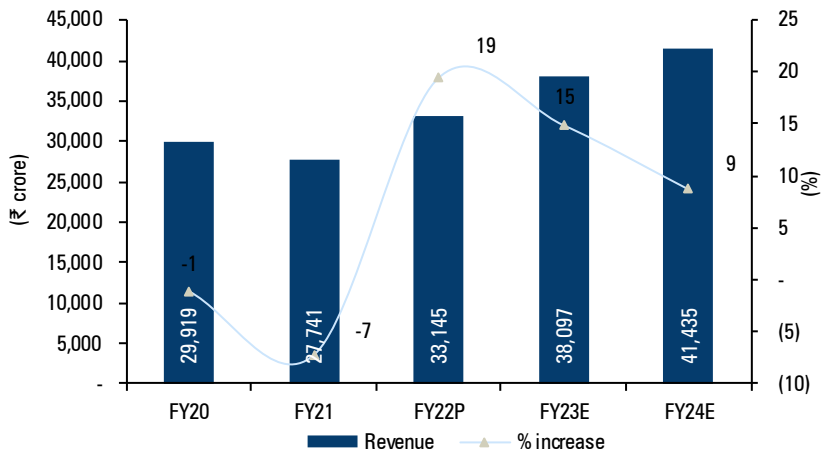
Exhibit 5: Segment-wise, model-wise FY22 sales at BAL

Particulars	Domestic			Exports			Total			% of sales mix		Domestic MS %
	FY21	FY22	YoY %	FY21	FY22	YoY %	FY21	FY22	YoY %	FY21	FY22	
I. Motorcycles	18,07,980	16,32,897	(9.7)	17,96,518	21,95,772	22.2	36,04,498	38,28,669	6.2	90.7	88.9	18.2
75-110 cc	7,34,712	7,68,330	4.6	10,19,327	12,25,075	20.2	17,54,039	19,93,405	13.6	44.1	46.3	
Boxer	-	-	NA	8,74,800	10,62,612	21.5	8,74,800	10,62,612	21.5	22.0	24.7	
CT	2,83,027	1,92,483	(32.0)	74,197	90,920	22.5	3,57,224	2,83,403	(20.7)	9.0	6.6	
Discover	-	-	NA	36,360	34,200	(5.9)	36,360	34,200	(5.9)	0.9	0.8	
Platina	4,51,685	5,75,847	27.5	33,970	37,343	9.9	4,85,655	6,13,190	26.3	12.2	14.2	
110-125 cc	4,71,403	4,58,880	(2.7)	2,48,558	3,52,447	41.8	7,19,961	8,11,327	12.7	18.1	18.8	
Boxer	-	-	NA	33,310	58,862	76.7	33,310	58,862	76.7	0.8	1.4	
CT	-	-	NA	61,032	97,632	60.0	61,032	97,632	60.0	1.5	2.3	
Discover	-	-	NA	95,258	1,25,961	32.2	95,258	1,25,961	32.2	2.4	2.9	
Husqvarna	-	-	NA	2,394	3,865	61.4	2,394	3,865	61.4	0.1	0.1	
KTM	19,980	7,933	(60.3)	11,991	10,899	(9.1)	31,971	18,832	(41.1)	0.8	0.4	
Platina	-	-	NA	3,572	7,740	116.7	3,572	7,740	116.7	0.1	0.2	
Pulsar	4,51,423	4,50,947	(0.1)	41,001	47,488	15.8	4,92,424	4,98,435	1.2	12.4	11.6	
125-150 cc	3,39,773	2,22,712	(34.5)	2,92,368	3,09,099	5.7	6,32,141	5,31,811	(15.9)	15.9	12.3	
Boxer	-	-	NA	1,72,074	1,72,212	0.1	1,72,074	1,72,212	0.1	4.3	4.0	
CT 150	-	-	NA	1,872	9,792	423.1	1,872	9,792	423.1	0.0	0.2	
Pulsar	3,39,773	2,22,712	(34.5)	1,18,422	1,27,095	7.3	4,58,195	3,49,807	(23.7)	11.5	8.1	
150-200 cc	1,55,889	1,03,423	(33.7)	1,51,340	1,94,141	28.3	3,07,229	2,97,564	(3.1)	7.7	6.9	
Avenger	35,523	16,744	(52.9)	2,596	2,610	0.5	38,119	19,354	(49.2)	1.0	0.4	
Husqvarna	-	-	NA	1,658	1,886	13.8	1,658	1,886	13.8	0.0	0.0	
KTM	22,167	23,746	7.1	16,538	22,567	36.5	38,705	46,313	19.7	1.0	1.1	
Pulsar	98,199	62,933	(35.9)	1,30,548	1,67,078	28.0	2,28,747	2,30,011	0.6	5.8	5.3	
200-250 cc	90,757	67,571	(25.5)	34,085	50,993	49.6	1,24,842	1,18,564	(5.0)	3.1	2.8	
Avenger	9,921	5,937	(40.2)	2,208	4,263	93.1	12,129	10,200	(15.9)	0.3	0.2	
Dominar	9,843	6,982	(29.1)	8,499	13,686	61.0	18,342	20,668	12.7	0.5	0.5	
Husqvarna	6,170	1,795	(70.9)	2,112	2,309	9.3	8,282	4,104	(50.4)	0.2	0.1	
KTM	8,240	12,405	50.5	7,123	9,831	38.0	15,363	22,236	44.7	0.4	0.5	
Pulsar	56,583	40,452	(28.5)	14,143	20,904	47.8	70,726	61,356	(13.2)	1.8	1.4	
350-500 cc	15,446	11,981	(22.4)	50,840	64,017	25.9	66,286	75,998	14.7	1.7	1.8	
Dominar	8,816	6,912	(21.6)	12,824	22,301	73.9	21,640	29,213	35.0	0.5	0.7	
Husqvarna	-	-	NA	6,758	14,278	111.3	6,758	14,278	111.3	0.2	0.3	
KTM	6,630	5,069	(23.5)	31,258	27,438	(12.2)	37,888	32,507	(14.2)	1.0	0.8	
500-800 cc	-	-	NA	-	-	NA	-	-	NA	-	-	
KTM	-	-	NA	-	-	NA	-	-	NA	-	-	
II. Electric Chetak	1,395	8,187	486.9	-	-	NA	1,395	8,187	486.9	0.0	0.2	43.2
A. Total 2-W (I + II)	18,09,375	16,41,084	(9.3)	17,96,518	21,95,772	22.2	36,05,893	38,36,856	6.4	90.8	89.1	12.2
III. Passenger 3-W	81,618	1,30,172	59.5	2,50,954	3,00,500	19.7	3,32,572	4,30,672	29.5	8.4	10.0	70.9
Maxima	31,495	42,021	33.4	3,990	9,258	132.0	35,485	51,279	44.5	0.9	1.2	
RE	50,123	88,151	75.9	2,46,964	2,91,242	17.9	2,97,087	3,79,393	27.7	7.5	8.8	
IV. Goods 3-W	27,686	30,427	9.9	3,246	6,028	85.7	30,932	36,455	17.9	0.8	0.8	39.3
Maxima	27,686	30,427	9.9	3,246	6,028	85.7	30,932	36,455	17.9	0.8	0.8	
V. Quadricycle	(12)	124	1,133.3	3,529	4,326	22.6	3,517	4,450	26.5	0.1	0.1	100.0
Qute	(12)	124	NA	3,529	4,326	22.6	3,517	4,450	26.5	0.1	0.1	
B. Total 3-W (III + IV + V)	1,09,292	1,60,723	47.1	2,57,729	3,10,854	20.6	3,67,021	4,71,577	28.5	9.2	10.9	61.5
C. Total sales (A + B)	19,18,667	18,01,807	(6.1)	20,54,247	25,06,626	22.0	39,72,914	43,08,433	8.4	100.0	100.0	

Source: SIAM, ICICI Direct Research

Financial story in charts....

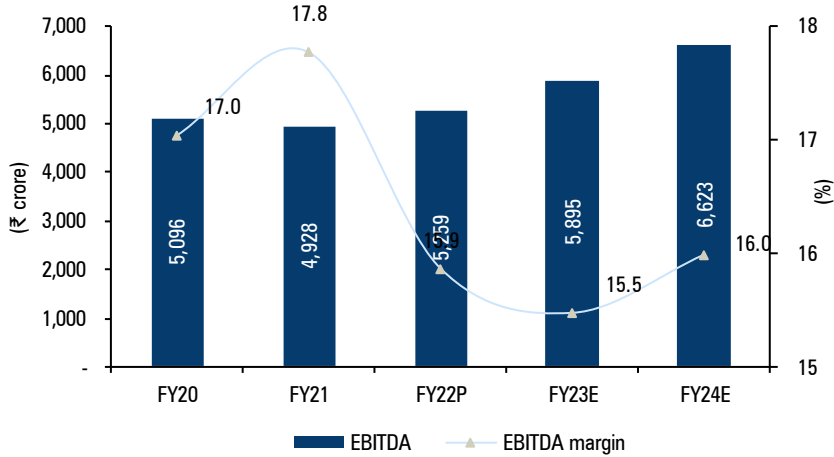
Exhibit 6: Trend in topline



We expect total operating income to grow at ~7.7% CAGR over FY22-24E on the back of ~8.5% volume CAGR

Source: Company, ICICI Direct Research

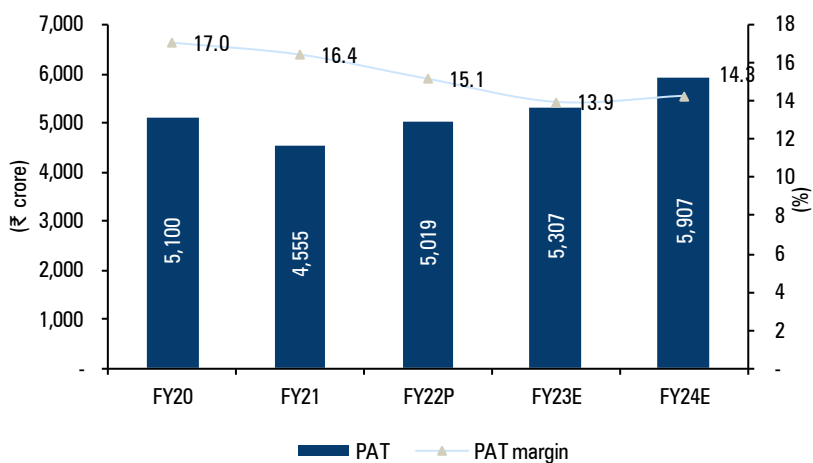
Exhibit 7: Trend in EBITDA and EBITDA margins



Margins are seen stabilising in the range of ~15-16% over FY22-24E

Source: Company, ICICI Direct Research

Exhibit 8: Trend in profitability



PAT is expected to grow at ~5.6% CAGR over FY22-24E to ₹ 5,907 crore

Source: Company, ICICI Direct Research

Exhibit 9: 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	21.7	18.4	25.6	23.9
FY21	27,741.1	-7.3	157.4	-10.7	24.3	18.0	18.1	18.2
FY22P	33,144.7	19.5	173.4	10.2	22.1	16.7	17.6	18.4
FY23E	38,096.9	14.9	183.4	5.7	20.9	14.8	19.1	19.9
FY24E	41,434.9	8.8	204.1	11.3	18.8	13.2	20.5	21.6

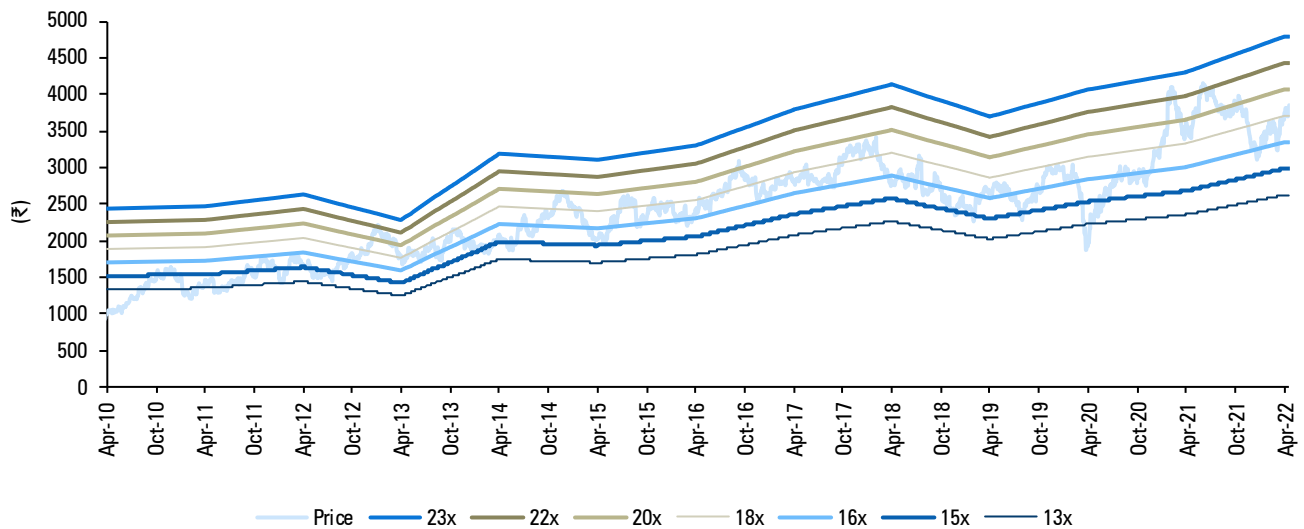
Source: Company, ICICI Direct Research

Exhibit 10: SOTP valuation

SOTP Valuation	Estimated value	Per share (₹)	Remark
Core Business			
FY24E EPS (₹)	204.1		
Multiple (x)	18.0		~3x PEG over FY22-24E
Value per share (₹)		3,675	
Market Capitalisation of PMAG (₹ crore)	21,629		PMAG houses KTM AG
BAL's effective stake (%)	36.7		
BAL's stake value (₹ crore)	7,938		
Value per share (₹)		275	
Total Value per Share (₹)		3,950	

Source: ICICI Direct Research

Exhibit 11: Long term forward PE chart, BAL is presently trading at a PE ratio of ~19x on FY24E basis



Source: ICICI Direct Research

Financial Summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22P	FY23E	FY24E
Total operating Income	27741.1	33144.7	38096.9	41434.9
Growth (%)	-7.3	19.5	14.9	8.8
Raw Material Expenses	19,609.7	24,329.8	27,960.6	30,307.3
Employee Expenses	1,286.0	1,358.8	1,495.3	1,598.2
Other expenses	1,929.3	2,210.8	2,756.2	2,917.4
Total Operating Expenditure	22,812.6	27,886.1	32,201.9	34,811.6
EBITDA	4928.5	5258.7	5895.1	6623.3
Growth (%)	-3.3	6.7	12.1	12.4
Depreciation	259.3	269.2	285.7	310.8
Interest	6.7	8.7	4.3	2.2
Other Income	1,276.5	1,209.2	1,287.3	1,361.0
PBT	5,939.0	6,190.0	6,892.3	7,671.4
Total Tax	1,384.4	1,486.5	1,585.2	1,764.4
PAT	4554.6	5018.9	5307.1	5906.9
Growth (%)	-10.7	10.2	5.7	11.3
EPS (₹)	157.4	173.4	183.4	204.1

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22P	FY23E	FY24E
Profit after Tax	4,554.6	5,018.9	5,307.1	5,906.9
Add: Depreciation	259.3	269.2	285.7	310.8
Sub: Other Income	1,276.5	1,209.2	1,287.3	1,361.0
(Inc)/dec in Current Assets	-2,110.7	1,182.7	-1,680.6	-1,103.6
Inc/(dec) in CL and Provisions	1,368.5	-939.3	1,108.7	428.9
CF from operating activities	2823.3	4316.4	3833.5	4255.1
(Inc)/dec in Investments	-4,434.7	-1,172.6	-220.0	-250.0
(Inc)/dec in Fixed Assets	-181.0	-499.3	-515.0	-515.0
Others	19.7	-231.9	-95.0	-95.0
Add: Other Income	1,276.5	1,209.2	1,287.3	1,361.0
CF from investing activities	-3319.5	-694.6	457.3	501.0
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0
Dividend paid & dividend tax	-4,051.2	-4,051.2	-4,245.7	-4,725.6
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	4,766.6	490.3	-18.3	-16.2
CF from financing activities	715.4	-3560.9	-4264.0	-4741.7
Net Cash flow	219.3	60.9	26.8	14.4
Opening Cash	308.0	527.3	588.2	614.9
Closing Cash	527.3	588.2	614.9	629.3

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22P	FY23E	FY24E
Liabilities				
Equity Capital	289.4	289.4	289.4	289.4
Reserve and Surplus	24,912.8	26,379.4	27,426.9	28,594.3
Total Shareholders funds	25,202.2	26,668.8	27,716.2	28,883.6
Total Debt	-	-	-	-
Deferred Tax Liability	522.1	403.3	403.3	403.3
Other non-current liabilities	0.5	0.3	0.3	0.3
Total Liabilities	25,886.9	27,232.5	28,289.9	29,467.3
Assets				
Gross Block	4,248.7	4,709.2	5,186.0	5,736.0
Less: Acc Depreciation	2,631.1	2,900.3	3,186.0	3,496.8
Net Block	1,617.6	1,808.9	2,000.0	2,239.3
Capital WIP	16.0	76.8	100.0	50.0
Total Fixed Assets	1,633.6	1,885.7	2,100.0	2,289.3
Investments	22,631.0	23,818.8	24,088.8	24,388.8
Inventory	1,493.9	1,230.5	1,565.6	1,702.8
Debtors	2,716.9	1,516.4	2,609.4	3,405.6
Loans and Advances	5.7	4.2	4.8	5.2
Other current assets	1,403.2	1,685.9	1,937.8	2,107.6
Cash	527.3	588.2	614.9	629.3
Total Current Assets	6,147.0	5,025.2	6,732.6	7,850.6
Creditors	4,573.8	3,633.2	4,696.9	5,108.4
Provisions	152.4	153.8	198.8	216.2
Other current liabilities	509.6	505.5	581.0	631.9
Total Current Liabilities	5,643.2	4,689.4	5,893.7	6,393.5
Net Current Assets	503.7	335.7	838.9	1,457.0
Deferred Tax asset	-	-	-	-
Application of Funds	25,886.9	27,232.5	28,289.9	29,467.3

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY21	FY22P	FY23E	FY24E
Per share data (₹)				
EPS	157.4	173.4	183.4	204.1
Cash EPS	166.4	182.7	193.3	214.9
BV	870.9	921.6	957.8	998.2
DPS	140.0	140.0	146.7	163.3
Cash Per Share	18.2	20.3	21.3	21.7
Operating Ratios (%)				
EBITDA Margin	17.8	15.9	15.5	16.0
PBT / Net sales	16.8	15.1	14.7	15.2
PAT Margin	16.4	15.1	13.9	13.8
Inventory days	19.7	13.6	15.0	15.0
Debtor days	35.7	16.7	25.0	30.0
Creditor days	60.2	40.0	45.0	45.0
Return Ratios (%)				
RoE	18.2	18.4	19.9	21.6
RoCE	18.1	17.6	19.1	20.5
RoC	123.4	130.0	121.6	113.4
Valuation Ratios (x)				
P/E	24.3	23.6	20.9	18.8
EV / EBITDA	18.0	16.7	14.8	13.2
EV / Net Sales	3.2	2.6	2.3	2.1
Market Cap / Sales	4.0	3.3	2.9	2.7
Price to Book Value	4.4	4.2	4.0	3.8
Solvency Ratios				
Current Ratio	1.1	1.0	1.1	1.2
Quick Ratio	0.8	0.7	0.8	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)	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Apollo Tyre (APOTYR)	207	270	Buy	13,158	11.0	15.5	23.3	18.8	13.4	8.9	6.6	5.1	3.7	6.4	8.3	11.5	5.9	7.8	10.8
Ashok Leyland (ASHLEY)	128	140	Buy	37,496	-0.8	1.3	3.7	-154.7	99.8	34.8	66.3	26.7	16.3	-1.1	6.5	14.4	-4.2	5.6	15.2
Bajaj Auto (BAAUTO)	3,830	3,950	Hold	1,10,829	173.4	183.4	204.1	22.1	20.9	18.8	16.7	14.8	13.2	18.4	19.9	21.6	17.6	19.1	20.5
Balkrishna Ind. (BALIND)	2,137	2,650	Buy	41,308	72.8	74.2	91.6	29.4	28.8	23.3	21.5	19.5	15.6	17.6	17.4	20.2	20.6	18.3	19.5
Bharat Forge (BHAFOR)	718	910	Buy	33,449	23.3	24.4	29.3	30.9	29.5	24.5	18.3	15.7	13.2	10.2	11.8	13.5	15.8	15.8	16.6
Eicher Motors (EICMOT)	2,668	2,535	Hold	72,903	57.9	83.5	100.5	46.0	31.9	26.5	31.1	22.1	18.3	12.6	16.3	17.2	12.7	16.3	17.3
Escorts (ESCORT)	1,615	2,050	Hold	21,306	53.8	66.1	78.1	30.0	24.4	20.7	17.7	15.6	12.7	10.0	10.0	10.6	9.0	10.1	10.9
Hero Moto (HERHON)	2,518	2,515	Hold	50,276	121.3	157.0	177.5	20.8	16.0	14.2	12.6	9.7	8.5	15.8	19.4	19.9	14.8	17.5	18.0
M&M (MAHMAH)	922	1,045	Buy	1,14,586	40.5	46.7	56.5	22.7	19.8	16.3	15.8	13.0	10.8	9.8	11.5	13.1	13.4	13.2	14.3
Maruti Suzuki (MARUTI)	7,888	7,750	Hold	2,38,279	105.1	180.4	258.4	75.0	43.7	30.5	39.1	24.2	17.2	4.0	8.4	12.0	5.9	9.5	12.5
Minda Industries (MININD)	925	1,115	Hold	26,426	10.7	17.1	24.2	86.1	54.1	38.2	31.8	24.3	18.5	9.9	13.5	17.8	9.5	13.3	16.0
Tata Motors (TATMOT)	436	550	Buy	1,67,021	-31.0	7.3	26.8	-14.1	59.5	16.3	8.6	5.9	4.4	3.1	9.5	15.1	-26.4	5.9	18.0

Source: Company, ICICI Direct Research

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