

Wed, 24<sup>th</sup> NOV '21

## OVERVIEW

- Bajaj Auto Ltd was founded in 1945 as an automotive sales company, Bajaj is today the third largest manufacturer of motorcycles and the largest manufacturer of three-wheelers in the world.
- The company is engaged in the business of development, manufacturing, and distribution of automobiles such as motorcycles, commercial vehicles, electric two-wheelers, and parts. It has two business segments Automotive business and Investments. The company derives the majority of revenue from the Automotive segment.

## STRENGTHS

- Brand Positioning
- Alliance with KTM
- Awards and Recognition
- Sustainable Business
- Strong Distribution
- Market Share in Two Wheel Category.

## CREDIT RATING

- The Company has neither issued any debt instruments nor undertaken any fixed deposit programme or any scheme or proposal involving mobilisation of funds, whether in India or abroad. However, it has obtained on 31 August 2020 'AAA/Stable' rating for long-term and 'A1+' rating for short-term bank facilities of the Company from CRISIL.
- Further, in response to letter dated 19 August 2020 of the Company, CRISIL vide its letter dated 31 August 2020 has withdrawn 'FAAA/Stable' rating on the fixed deposits of the Company.

## PERFORMANCE HIGHLIGHTS

- Net sales for FY2021 were H 27,133 crore. Despite a decline of 6.8%, it was the third highest sales in Bajaj Auto's history.
- Operating earnings before interest, tax, depreciation, and amortisation (EBITDA) was H 5,063 crore — a reduction of 3.6% versus the previous year.
- Operating EBITDA margin was 18.3% of net sales and other operating income, versus 17.6% in the previous year — representing an increase of 70 basis points in this Covid-19 year.
- Though operating profit declined by 4.1% to H 4,797 crore, the operating profit margin was 17.3% of net sales and other operating income. This was 60 basis points higher than FY2020.
- Profit before tax (PBT) declined by 9.7% to H 5,939 crore, Bajaj Auto's third highest ever.
- Profit after tax (PAT) decreased by 10.7% to H 4,555 crore. This was the Company's third highest PAT.

## OPERATIONAL HIGHLIGHTS

- Motorcycles sold nearly 828,000 units in the domestic market; share of 19.1% in H1/2021-22 as against 18.2% in H1/2020-21. This, despite shortage in some critical components like ABS in Q2/2021-22.
- Commercial vehicles sold over 58,000 units in the domestic market. Company continues to be a leader in the domestic market with share of 67.6% in H1/2021-22.
- Exports, by volume, was in excess of 200,000 units every month. Exports, by revenue, was US\$ 1.11 billion. and in INR was 8.655

*Disclaimer: The analysis is only for information purposes only. Please consult your financial advisor, agent, broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.*

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	-6.6	3.2	4.2	5.5
Operating Income %	-3.3	-0.1	0.3	4.1
Earnings/Share %	-6.8	4.8	3.7	3.5
Dividends %	-	-	-	-
Book Value/Share %	25.9	10.1	14.2	19.0
Stock Total Return	33.4	15.8	8.0	9.9
Market +/-	-5.3	0.4	-2.6	1.1

Valuation Analysis	Current	5Yr Avg	Ind	Mkt.
Price/Earnings	16.6	19.5	33.0	15.2
Forward P/E	19.2	-	-	-
Price/Sales	3.3	3.3	2.3	-
Price/Cash Flow	27.3	26.0	-	9.9
Price/Free Cash Flow	29.3	28.2	-	-
Dividend Yield %	3.8	2.3	1.1	2.8
Price/Book	4.0	4.5	4.0	2.1

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	25.5	22.7	12.3	15.4
Return on Asset %	20.6	18.5	5.5	5.6
Gross Margin %	24.5	27.2	30.7	-
Operating Margin %	16.8	18.2	11.8	-
Net Margin %	19.7	17.7	7.0	21.4
Inventory Turns	24.7	21.6	10.4	-
Fixed Asset Turns	19.9	15.1	4.7	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	5,166	5,868
Inventories	14,939	11,857
Receivables	-	-
Current Assets	141,877	120,107
Fixed Assets	15,839	16,661
Intangibles	473	363
Total Assets	336,017	334,632
Payables	50,270	48,255
Short-Term Debt	0	0
Current Liabilities	56,435	58,316
Long-Term Debt	1,245	1,251
Total Liabilities	63,283	64,420
Total Equity	272,734	270,212

Source: Company filings &amp; Analyst research