

## Bajaj Auto

### Performance Highlights

Y/E March (₹ cr)	2QFY13	2QFY12	% chg (yoy)	1QFY13	% chg (qoq)
<b>Net Sales</b>	<b>4,972</b>	<b>5,185</b>	<b>(4.1)</b>	<b>4,866</b>	<b>2.2</b>
EBITDA	915	975	(6.2)	872	5.0
EBITDA Margin (%)	18.4	18.8	(41)bp	17.9	49bp
<b>Adj. net profit</b>	<b>741</b>	<b>821</b>	<b>(9.8)</b>	<b>718</b>	<b>3.1</b>

Source: Company, Angel Research

Bajaj Auto (BJAUT) registered an in-line operating performance for 2QFY2013; however, its net profit was sharply ahead of our estimates driven by higher-than-expected other income and a slightly lower tax rate. We expect the volume growth of the company to revive in 2HFY2013E driven by recovery in export volumes (post price rationalization in Sri Lanka) and also due to the success of new launches (*Pulsar 200NS* and *Discover 125ST*). We broadly retain our earnings estimates for the company. Due to limited upside from the current levels, **we maintain our Neutral rating on the stock.**

**In-line operating performance:** BJAUT's top-line for 2QFY2013 recorded a decline of 4.1% yoy (up 2.2% qoq) which was on the expected lines and was on account of a 9.9% yoy (2.8% qoq) decline in total volumes. The net average realization however, registered an increase of 7.1% yoy (5.1% qoq) driven by an 8.7% (6.6% qoq) and 4.4% yoy (2% qoq) increase in domestic and export realization, respectively. The EBITDA margin contracted by 41bp yoy to 18.4% (in-line with our estimates) mainly due to increase in other expenditure and employee expense as a percentage of sales by 80bp and 40bp, respectively. Other expenditure was higher as the company took a hit of ₹12cr on unrealized forex hedges. Further, a higher share of less-than-125cc motorcycles (~72% vs 66% in 2QFY2012) also impacted margins adversely. The adjusted net profit, recorded a decline of 9.8% yoy primarily due to a reduction in income tax benefits at the Pantnagar plant (tax rate of 28.8% vs 25.7% in 2QFY2012). Nonetheless, it was ahead of our estimates by 10.3% driven by higher-than-expected other income and a slightly lower tax rate.

**Outlook and valuation:** At ₹1,770, BJAUT is trading at 14.4x FY2014E earnings. We maintain our Neutral rating on the stock.

#### Key financials (Standalone)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
<b>Net Sales</b>	<b>16,398</b>	<b>19,529</b>	<b>21,121</b>	<b>23,642</b>
% chg	37.6	19.1	8.2	11.9
<b>Net Profit</b>	<b>2,750</b>	<b>3,082</b>	<b>3,145</b>	<b>3,548</b>
% chg	54.1	12.1	2.0	12.8
EBITDA (%)	18.7	18.4	18.4	18.5
<b>EPS (₹)</b>	<b>95.0</b>	<b>106.5</b>	<b>108.7</b>	<b>122.6</b>
P/E (x)	18.6	16.6	16.3	14.4
P/BV (x)	10.4	8.5	6.7	5.4
RoE (%)	70.2	56.3	46.2	41.6
RoCE (%)	60.0	57.3	51.6	47.2
EV/Sales (x)	2.8	2.3	2.0	1.7
EV/EBITDA (x)	15.2	12.5	11.1	9.5

Source: Company, Angel Research

## NEUTRAL

CMP	₹1,770
Target Price	-

Investment Period	-
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#### Stock Info

Sector	Automobile
Market Cap (₹ cr)	51,224
Net Debt (₹ cr)	(5,702)
Beta	0.6
52 Week High / Low	1,850/1,410
Avg. Daily Volume	44,735
Face Value (₹)	10
BSE Sensex	18,682
Nifty	5,684
Reuters Code	BAJA.BO
Bloomberg Code	BJAUT@IN

#### Shareholding Pattern (%)

Promoters	50.0
MF / Banks / Indian Fls	18.5
FII / NRIs / OCBs	15.5
Indian Public / Others	16.0

Abs. (%)	3m	1yr	3yr
Sensex	8.1	9.4	7.8
Bajaj Auto	14.3	8.2	137.1

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**Exhibit 1: Quarterly financial performance (Standalone)**

Y/E March (₹ cr)	2QFY2013	2QFY2012	% chg (yoy)	1QFY2013	% chg (qoq)	1HFY2013	1HFY2012	% chg (yoy)
<b>Net Sales</b>	<b>4,972</b>	<b>5,185</b>	<b>(4.1)</b>	<b>4,866</b>	<b>2.2</b>	<b>9,838</b>	<b>9,892</b>	<b>(0.5)</b>
Consumption of RM	3,356	3,563	(5.8)	3,316	1.2	6,672	6,853	(2.6)
(% of Sales)	67.5	68.7		68.2		67.8	69.3	
Staff Costs	153	139	10.0	160	(4.5)	314	282	11.1
(% of Sales)	3.1	2.7		3.3		3.2	2.9	
Purchases of TG	213	199	6.6	192	10.9	404	376	7.6
(% of Sales)	4.3	3.8		3.9		4.1	3.8	
Other Expenses	335	308	8.8	326	3.0	661	566	16.8
(% of Sales)	6.7	5.9		6.7		6.7	5.7	
<b>Total Expenditure</b>	<b>4,057</b>	<b>4,210</b>	<b>(3.6)</b>	<b>3,994</b>	<b>1.6</b>	<b>8,051</b>	<b>8,076</b>	<b>(0.3)</b>
<b>Operating Profit</b>	<b>915</b>	<b>975</b>	<b>(6.2)</b>	<b>872</b>	<b>5.0</b>	<b>1,787</b>	<b>1,815</b>	<b>(1.6)</b>
OPM (%)	18.4	18.8		17.9		18.2	18.4	
Interest	-	20	-	-	-	-	20	-
Depreciation	41	39	4.1	35	16.5	76	70	8.9
Other Income	167	156	6.6	182	(8.4)	349	300	16.0
<b>PBT (excl. Extr. Items)</b>	<b>1,041</b>	<b>1,072</b>	<b>(2.9)</b>	<b>1,018</b>	<b>2.2</b>	<b>2,059</b>	<b>2,025</b>	<b>1.7</b>
Extr. Income/(Expense)	0	95	-	0	-	-	95	-
<b>PBT (incl. Extr. Items)</b>	<b>1,041</b>	<b>977</b>	<b>6.5</b>	<b>1,018</b>	<b>2.2</b>	<b>2,059</b>	<b>1,930</b>	<b>6.7</b>
(% of Sales)	20.9	18.8		20.9		20.9	19.5	
Provision for Taxation	300	251	19.5	300	0.0	600	493	21.7
(% of PBT)	28.8	25.7		29.5		29.1	25.5	
<b>Reported PAT</b>	<b>741</b>	<b>726</b>	<b>2.0</b>	<b>718</b>	<b>3.1</b>	<b>1,459</b>	<b>1,437</b>	<b>1.5</b>
<b>Adj PAT</b>	<b>741</b>	<b>821</b>	<b>(9.8)</b>	<b>718</b>	<b>3.1</b>	<b>1,459</b>	<b>1,532</b>	<b>(4.8)</b>
Adj. PATM	14.9	14.0		14.8		14.8	14.5	
Equity capital (cr)	289.4	289.4		289.4		289.4	289.4	
<b>Reported EPS (₹)</b>	<b>25.6</b>	<b>25.1</b>	<b>2.0</b>	<b>24.8</b>	<b>3.1</b>	<b>50.4</b>	<b>49.7</b>	<b>1.5</b>
<b>Adjusted EPS (₹)</b>	<b>25.6</b>	<b>28.4</b>	<b>(9.8)</b>	<b>24.8</b>	<b>3.1</b>	<b>50.4</b>	<b>53.0</b>	<b>(4.8)</b>

Source: Company, Angel Research

**Exhibit 2: 2QFY2013 – Actual vs Angel estimates**

Y/E March (₹ cr)	Actual	Estimates	Variation (%)
<b>Net Sales</b>	<b>4,972</b>	<b>4,909</b>	<b>1.3</b>
EBITDA	915	894	2.4
EBITDA margin (%)	18.4	18.2	20bp
<b>Adj. PAT</b>	<b>741</b>	<b>671</b>	<b>10.3</b>

Source: Company, Angel Research

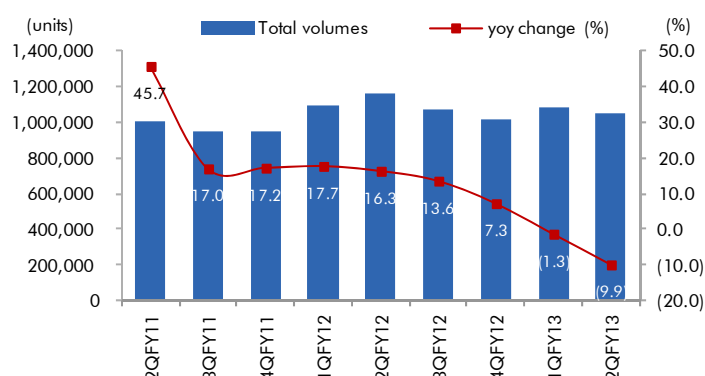
**Exhibit 3: Quarterly volume performance**

(units)	2QFY2013	2QFY2012	% chg (yoy)	1QFY2013	% chg (qoq)	1HFY2013	1HFY2012	% chg (yoy)
Domestic	658,923	740,003	(11.0)	663,326	(0.7)	1,322,249	1,405,454	(5.9)
Exports	390,285	424,134	(8.0)	415,645	(6.1)	805,930	851,498	(5.4)
<b>Total volumes</b>	<b>1,049,208</b>	<b>1,164,137</b>	<b>(9.9)</b>	<b>1,078,971</b>	<b>(2.8)</b>	<b>2,128,179</b>	<b>2,256,952</b>	<b>(5.7)</b>
<b>Motorcycles</b>								
Domestic	601,876	684,671	(12.1)	618,489	(2.7)	1,220,365	1,307,846	(6.7)
Exports	326,648	342,686	(4.7)	364,134	(10.3)	690,782	682,562	1.2
<b>Total motorcycles</b>	<b>928,524</b>	<b>1,027,357</b>	<b>(9.6)</b>	<b>982,623</b>	<b>(5.5)</b>	<b>1,911,147</b>	<b>1,990,408</b>	<b>(4.0)</b>
% of total volumes	88.5	88.3		91.1		89.8	88.2	
<b>Three-wheelers</b>								
Domestic	57,047	55,332	3.1	44,837	27.2	101,884	97,608	4.4
Exports	63,637	81,448	(21.9)	51,511	23.5	115,148	168,936	(31.8)
<b>Total three-wheelers</b>	<b>120,684</b>	<b>136,780</b>	<b>(11.8)</b>	<b>96,348</b>	<b>25.3</b>	<b>217,032</b>	<b>266,544</b>	<b>(18.6)</b>
% of total volumes	11.5	11.7		8.9		10.2	11.8	

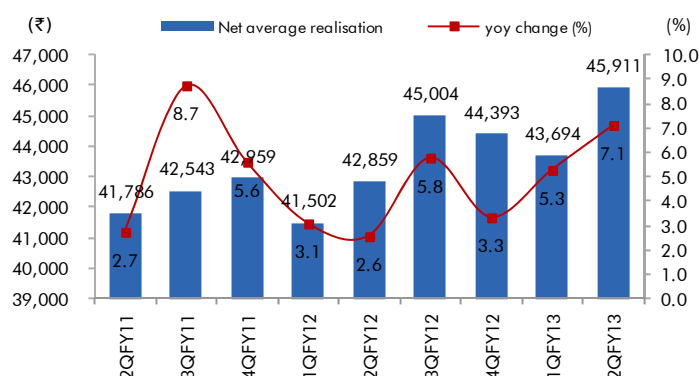
Source: Company, Angel Research

**Top-line down 4.1% yoy:** BJAUT's top-line for 2QFY2013 recorded a decline of 4.1% yoy (up 2.2% qoq) which was on the expected lines and was on account of a 9.9% yoy (2.8% qoq) decline in total volumes. While domestic volumes (down 11% yoy) were impacted due to the slowdown in the domestic motorcycle segment; export volumes (down 8% yoy) declined due to lower dispatches to Sri Lanka led by hike in import duty. The net average realization though, registered an increase of 7.1% yoy (5.1% qoq) driven by an 8.7% and 4.4% yoy increase in domestic and export realization, respectively. As a result, domestic and export revenues recorded a decline of 3.2% (up 5.9% qoq) and 3.9% yoy (4.2% qoq), respectively.

Led by the success of the new launches, BJAUT increased its market share in the domestic motorcycle segment from 23% in April 2012 to 27% in September 2012. The company's market share including exports stood at 33% as of 2QFY2013.

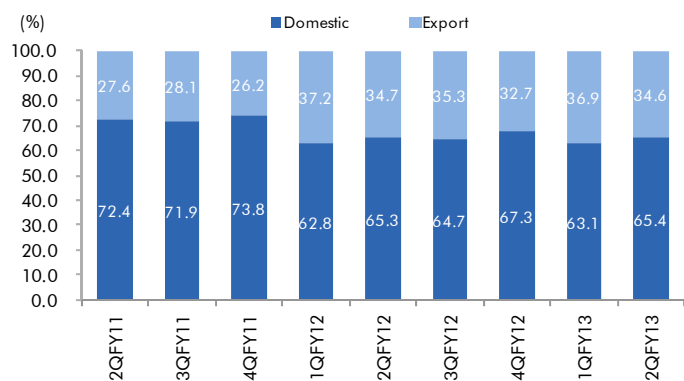
**Exhibit 4: Sluggish growth in volumes**


Source: Company, Angel Research

**Exhibit 5: Net average realization up 7.1% yoy**


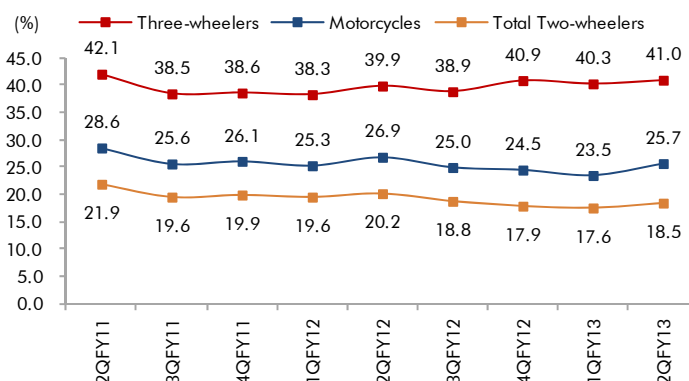
Source: Company, Angel Research

**Exhibit 6: Revenue mix**



Source: Company, Angel Research

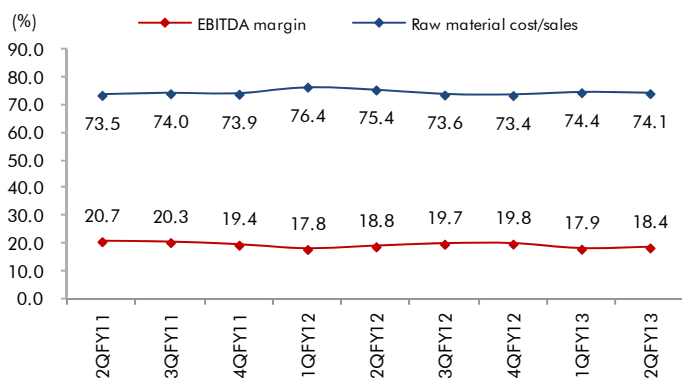
**Exhibit 7: Domestic market share trend**



Source: Company, SIAM, Angel Research

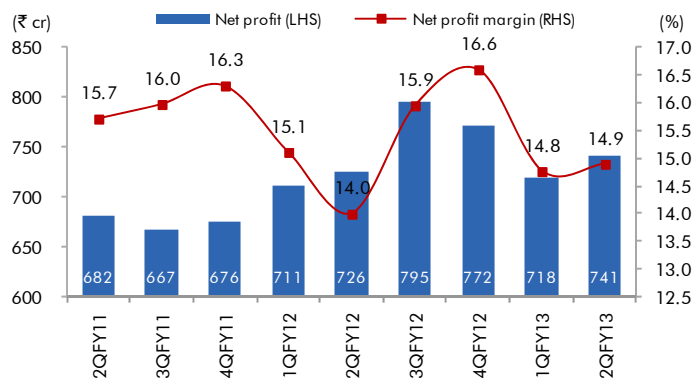
**EBITDA margin at 18.4%:** On the operating front, the EBITDA margin contracted by 41bp yoy to 18.4% (in-line with our estimates) mainly due to increase in other expenditure and employee expense as a percentage of sales by 80bp and 40bp, respectively. Further, a higher share of less-than-125cc motorcycles (~72% vs 66% in 2QFY2012) also impacted margins adversely. Other expenditure was higher as the company took a hit of ₹12cr on unrealized forex hedges. On a sequential basis, EBITDA margins improved by 50bp driven by a better product mix and a 5.1% qoq increase in the net average realization.

**Exhibit 8: EBITDA margins at 18.4%**



Source: Company, Angel Research

**Exhibit 9: High other income benefits bottom-line**



Source: Company, Angel Research

**Higher other income benefits bottom-line:** For 2QFY2013, the adjusted net profit recorded a decline of 9.8% yoy to ₹741cr, primarily due to reduction in income tax benefits from the Pantnagar plant (tax rate of 28.8% as against 25.7% in 2QFY2012). Nonetheless, the adjusted net profit was ahead of our estimates by 10.3% driven by higher-than-expected other income and a slightly lower tax rate. Other income benefited from gains (₹60cr) related to the reversal of time value of forex hedges.

### Conference call – Key highlights

- The management has scaled down its guidance for the industry volume growth for FY2013 to 3-4% from 7-8% earlier. The festival season so far has been flat to marginally positive according to the management.
- The company expects three-wheeler domestic demand to remain under pressure and expects monthly sales of 17,000-18,000 units without new permits and around 22,000-23,000 with permits. Recently new permits have been issued in New Delhi (~10,000) and Hyderabad (~20,000).
- Net average USD/INR rate for exports realization stood at ₹48.81 as against ₹49.8 in 1QFY2013.
- BJAUT has hedged 90-95% of its estimated exports for FY2013 at a rate of ₹48-51/USD. The management has started taking hedges for FY2014 and has hedged up to US\$600mn of exports at a lower band of ₹53/USD.
- The company indicated that the recently launched *Discover 125 ST* and *Pulsar 200NS* are clocking monthly sales of ~34,000 and ~8,000 units, respectively. BJAUT plans to launch a new 100cc motorcycle in January 2013 in the domestic market and *RE60* (four-wheeler) in 1QFY2014 in Sri Lanka.
- The company has increased product prices by ₹500-₹1,000 across two-wheeler and three-wheeler models in July 2012. BJAUT has further hiked the prices of three-wheelers in the domestic market by ₹1,000-₹1,500. It has also increased the price by ₹750 for *Discover 125ST* and ₹200 for other *Discover* models. The company has not taken any price hike on *Pulsar* models.
- BJAUT will pass on 75-80% of the duty drawback rate cut (rates lowered to 2% from 5.5% earlier) from November 1, 2012.
- BJAUT plans to spend ₹500cr in capex over the next two years (excluding ₹265cr on purchase of a new aircraft).

## Investment arguments

- Strong focus on Discover and Pulsar to improve market share:** BJAUT has witnessed slight moderation in demand in the domestic market recently due to increased competitive activity and slowdown in the industry. However, BJAUT continues to focus on its core brands, *Discover* and *Pulsar*. The successful launches of *Discover 100cc* and *125cc* bikes have helped BJAUT to maintain its market share at 25-27% in the domestic motorcycle market. Further, launch of the *Discover 125ST* and *Pulsar 200NS* is expected to help BJAUT in retaining its strong volume momentum. The company is positioning itself in-line with its strategy of *value and price products*, wherein it proposes to tap the higher-value bike segments, which have a high-growth potential and fetch better realizations.
- Three-wheelers registering healthy growth:** BJAUT has a strong presence in the three-wheeler market, with an overall market share (including exports) of ~60%. The company tops the passenger auto-rickshaw segment (~66% market share), which accounts for ~85% of the three-wheeler market. The three-wheeler segment fetches higher margins than the company's two-wheeler business. Although competition in the domestic three-wheeler space is intense, strong export volume growth has helped BJAUT to post higher volumes. As a result, we expect the company's three-wheeler volumes to grow by 7-8% over FY2012-14E.
- Growth potential in export markets:** BJAUT registered a strong exports CAGR of ~29% during FY2007-12, aided by a ~33% CAGR in two-wheeler exports and a ~17% CAGR in three-wheeler exports. Going ahead, we estimate BJAUT to register 10-12% exports revenue CAGR over FY2012-14E, driven by sustained demand from the export markets. BJAUT has hedged 90-95% of its FY2013 exports at a USD-INR rate of ₹48-51. The recent sharp depreciation of the INR against the USD is expected to further aid exports profitability.

## Outlook and valuation

We expect the volume growth of the company to revive in 2HFY2013E driven by recovery in export volumes (post price rationalization in Sri Lanka) and also due to the success of new launches (*Pulsar 200NS* and *Discover 125ST*). We broadly retain our earnings estimates for the company.

### Exhibit 10: Change in estimates

Y/E March	Earlier Estimates		Revised Estimates		% chg	
	FY2013E	FY2014E	FY2013E	FY2014E	FY2013E	FY2014E
Net Sales (₹ cr)	21,285	23,927	21,121	23,642	(0.8)	(1.2)
OPM (%)	18.2	18.3	18.4	18.5	17bp	20bp
EPS (₹)	108.5	121.3	108.7	122.6	0.2	1.1

Source: Company, Angel Research

At ₹1,770, BJAUT is trading at 14.4x FY2014E earnings. **Due to limited upside from the current levels, we maintain our Neutral rating on the stock.**

**Exhibit 11: Key assumptions**

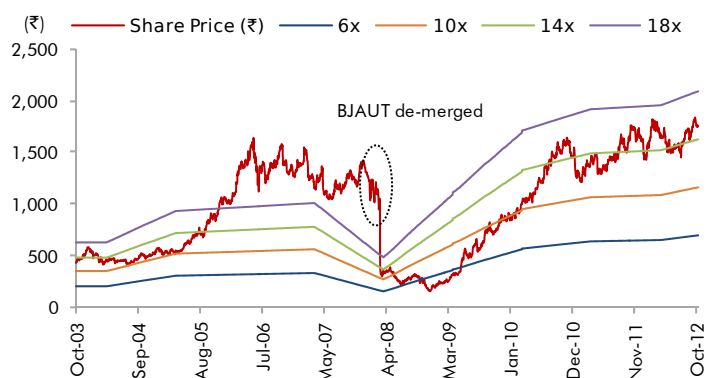
Y/E March	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Total volume (units)</b>	<b>2,851,518</b>	<b>3,823,954</b>	<b>4,349,560</b>	<b>4,491,881</b>	<b>4,899,659</b>
Domestic	1,781,748	2,414,606	2,566,757	2,643,760	2,775,948
Export	725,097	972,437	1,267,648	1,356,383	1,573,405
<b>Total motorcycle</b>	<b>2,506,845</b>	<b>3,387,043</b>	<b>3,834,405</b>	<b>4,000,143</b>	<b>4,349,352</b>
Scooters	3,737	27	-	-	-
<b>Total two-wheelers</b>	<b>2,510,582</b>	<b>3,387,070</b>	<b>3,834,405</b>	<b>4,000,143</b>	<b>4,349,352</b>
Passenger domestic	164,493	201,246	195,141	210,752	227,612
Goods domestic	11,534	4,357	7,838	6,270	6,772
Exports	164,909	231,281	312,176	274,715	315,922
<b>Total three-wheelers</b>	<b>340,936</b>	<b>436,884</b>	<b>515,155</b>	<b>491,738</b>	<b>550,307</b>
<b>Total change (%)</b>					
<b>Total volume</b>	<b>30.0</b>	<b>34.1</b>	<b>13.7</b>	<b>3.3</b>	<b>9.1</b>
Domestic	39.6	35.5	6.3	3.0	5.0
Export	14.8	34.1	30.4	7.0	16.0
<b>Total motorcycle</b>	<b>31.4</b>	<b>35.1</b>	<b>13.2</b>	<b>4.3</b>	<b>8.7</b>
Scooters	(68.3)	-	-	-	-
<b>Total two-wheelers</b>	<b>30.8</b>	<b>34.9</b>	<b>13.2</b>	<b>4.3</b>	<b>8.7</b>
Passenger domestic	31.3	22.3	(3.0)	8.0	8.0
Goods domestic	13.1	(62.2)	79.9	(20.0)	8.0
Exports	18.6	40.2	35.0	(12.0)	15.0
<b>Total three-wheelers</b>	<b>24.2</b>	<b>28.1</b>	<b>17.9</b>	<b>(4.5)</b>	<b>11.9</b>

Source: Company, Angel Research

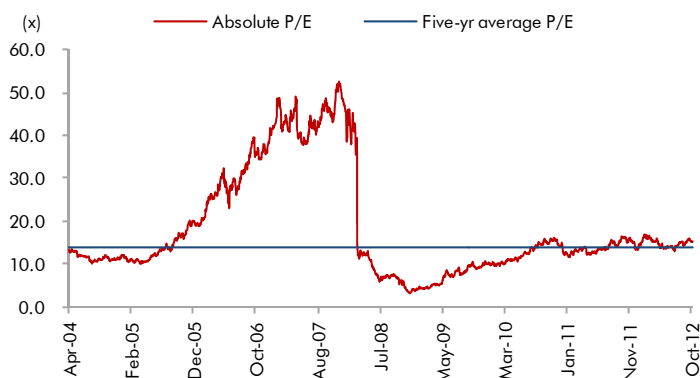
**Exhibit 12: Angel vs consensus forecast**

	Angel estimates		Consensus		Variation (%)	
	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
<b>Total op. income (₹ cr)</b>	<b>21,121</b>	<b>23,642</b>	<b>21,076</b>	<b>24,315</b>	<b>0.2</b>	<b>(2.8)</b>
EPS (₹)	108.7	122.6	110.0	129.7	(1.1)	(5.5)

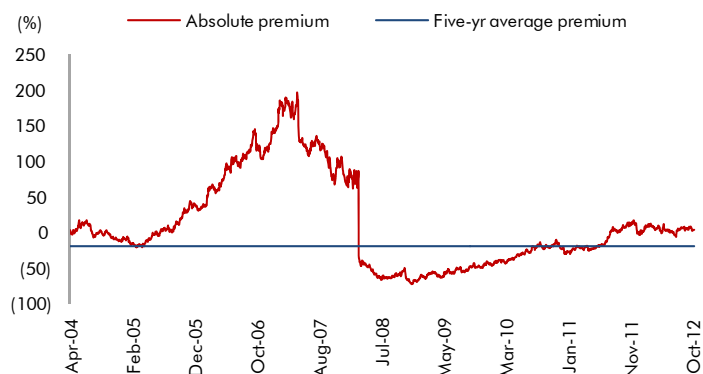
Source: Bloomberg, Angel Research

**Exhibit 13: One-year forward P/E band**


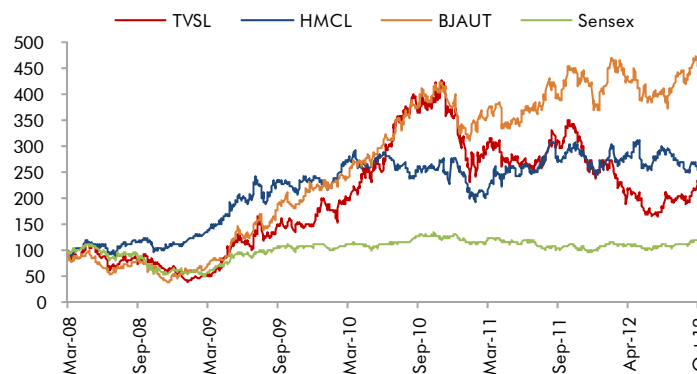
Source: Company, Angel Research

**Exhibit 14: One-year forward P/E chart**


Source: Company, Angel Research

**Exhibit 15: BJAUT – Premium/Discount to Sensex P/E**


Source: Company, Angel Research

**Exhibit 16: Two-wheeler stock performance vs Sensex**


Source: Company, Angel Research

**Exhibit 17: Automobile - Recommendation summary**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)		FY12-14E EPS
					FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	CAGR (%)
Ashok Leyland	Buy	23	30	29.2	10.7	8.5	5.5	4.7	13.3	15.6	14.1
<b>Bajaj Auto</b>	<b>Neutral</b>	<b>1,770</b>	-	-	<b>16.3</b>	<b>14.4</b>	<b>11.1</b>	<b>9.5</b>	<b>46.2</b>	<b>41.6</b>	<b>7.3</b>
Hero MotoCorp	Accumulate	1,849	2,077	12.3	15.1	13.8	8.0	6.5	49.6	42.2	11.2
Maruti Suzuki	Neutral	1,369	-	-	20.6	14.8	9.8	6.8	12.0	14.8	35.3
Mahindra & Mahindra	Accumulate	823	944	14.7	16.4	14.6	9.1	7.7	22.6	21.5	9.8
Tata Motors	Buy	269	316	17.6	6.9	6.0	3.8	3.2	32.6	28.8	11.6
TVS Motor	Accumulate	43	49	14.1	9.1	7.9	3.0	2.5	17.9	18.1	1.7

Source: Company, Angel Research

## Company background

Bajaj Auto (BJAUT) is the second largest 2W manufacturer in the country (~26% market share) and a market leader in the 3W segment (~55% market share). BJAUT has three manufacturing facilities in India, located at Waluj, Chakan and Pantnagar, with a total installed capacity (2W - 4.5mn and 3W - 0.6mn) of 5.1mn units. BJAUT also happens to be one of India's largest auto exporters, with exports forming ~33% of revenue (~36% of total volumes) in FY2011. Led by two dominant brands, *Discover* and *Pulsar* (~65% of motorcycle volumes), BJAUT reported a strong 25.6% volume CAGR over FY2009-12.



**Profit and loss statement (Standalone)**

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Total operating income</b>	<b>8,810</b>	<b>11,921</b>	<b>16,398</b>	<b>19,529</b>	<b>21,121</b>	<b>23,642</b>
% chg	(2.3)	35.3	37.6	19.1	8.2	11.9
<b>Total expenditure</b>	<b>7,829</b>	<b>9,515</b>	<b>13,329</b>	<b>15,943</b>	<b>17,232</b>	<b>19,259</b>
Net raw material costs	6,463	8,070	11,798	14,103	15,277	17,097
Other mfg costs	192	214	253	327	329	347
Employee expenses	538	583	477	515	576	659
Other	635	648	802	998	1,049	1,156
<b>EBITDA</b>	<b>982</b>	<b>2,406</b>	<b>3,069</b>	<b>3,586</b>	<b>3,889</b>	<b>4,383</b>
% chg	(15.7)	145.0	27.6	16.8	8.5	12.7
(% of total op. income)	11.1	20.2	18.7	18.4	18.4	18.5
Depreciation & amortization	130	136	123	146	157	167
<b>EBIT</b>	<b>852</b>	<b>2,269</b>	<b>2,946</b>	<b>3,440</b>	<b>3,733</b>	<b>4,217</b>
% chg	(14.0)	166.3	29.8	16.8	8.5	13.0
(% of total op. income)	10.1	19.7	18.5	18.2	18.1	18.2
Interest and other charges	21	6	2	22	2	2
Other income	122	144	1,403	608	699	783
(% of PBT)	14.6	5.8	37.3	15.4	15.8	15.7
<b>Recurring PBT</b>	<b>953</b>	<b>2,408</b>	<b>4,348</b>	<b>4,026</b>	<b>4,430</b>	<b>4,998</b>
% chg	(15.9)	152.6	80.6	(7.4)	10.0	12.8
Extraordinary income/(exp.)	(115)	(82)	590	(78)	-	-
Tax	299	705	1,008	1,022	1,285	1,449
(% of PBT)	35.6	28.3	26.8	25.9	29.0	29.0
<b>PAT (reported)</b>	<b>655</b>	<b>1,703</b>	<b>3,340</b>	<b>3,004</b>	<b>3,145</b>	<b>3,548</b>
<b>ADJ. PAT</b>	<b>769</b>	<b>1,784</b>	<b>2,750</b>	<b>3,082</b>	<b>3,145</b>	<b>3,548</b>
% chg	(4.9)	132.0	54.1	12.1	2.0	12.8
(% of total op. income)	9.1	15.5	17.3	16.3	15.3	15.3
<b>Basic EPS (₹)</b>	<b>26.6</b>	<b>58.8</b>	<b>115.4</b>	<b>103.8</b>	<b>108.7</b>	<b>122.6</b>
<b>Adj. EPS (₹)</b>	<b>26.6</b>	<b>61.7</b>	<b>95.0</b>	<b>106.5</b>	<b>108.7</b>	<b>122.6</b>
% chg	(4.9)	132.0	54.1	12.1	2.0	12.8

**Balance sheet statement (Standalone)**

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>SOURCES OF FUNDS</b>						
Equity share capital	145	145	289	289	289	289
Reserves & surplus	1,725	2,784	4,621	5,752	7,300	9,167
<b>Shareholders' Funds</b>	<b>1,870</b>	<b>2,928</b>	<b>4,910</b>	<b>6,041</b>	<b>7,589</b>	<b>9,456</b>
Total loans	1,570	1,339	292	97	97	97
Deferred tax liability	4	2	30	48	48	48
Other long term liabilities	-	-	194	157	157	157
Long term provisions	-	-	125	112	112	112
<b>Total Liabilities</b>	<b>3,444</b>	<b>4,269</b>	<b>5,550</b>	<b>6,456</b>	<b>8,004</b>	<b>9,871</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	3,350	3,379	3,395	3,396	3,642	3,879
Less: Acc. depreciation	1,808	1,900	1,912	1,914	2,071	2,238
<b>Net Block</b>	<b>1,542</b>	<b>1,480</b>	<b>1,483</b>	<b>1,482</b>	<b>1,571</b>	<b>1,642</b>
Capital work-in-progress	22	42	70	42	36	39
<b>Investments</b>	<b>1,809</b>	<b>4,022</b>	<b>4,722</b>	<b>4,883</b>	<b>4,883</b>	<b>4,883</b>
Long term loans and adv.	-	-	227	580	580	580
Other noncurrent assets	-	-	402	1	1	1
Current assets	2,325	1,584	2,344	4,094	5,914	8,103
Cash	137	101	229	1,654	3,122	5,005
Loans & advances	1,491	797	992	1,043	1,235	1,387
Other	697	686	1,123	1,397	1,557	1,712
Current liabilities	2,438	2,858	3,698	4,625	4,981	5,377
<b>Net current assets</b>	<b>(112)</b>	<b>(1,274)</b>	<b>(1,353)</b>	<b>(532)</b>	<b>933</b>	<b>2,727</b>
Misc. exp. not written off	183	-	-	-	-	-
<b>Total Assets</b>	<b>3,444</b>	<b>4,269</b>	<b>5,550</b>	<b>6,456</b>	<b>8,004</b>	<b>9,871</b>

Source: Company, Angel Research

**Cash flow statement (Standalone)**

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Profit before tax	838	2,489	3,758	3,948	4,430	4,998
Depreciation	130	136	123	146	157	167
Change in working capital	3	790	974	683	4	88
Others	(138)	171	(830)	(186)	-	-
Other income	(122)	(144)	(1,403)	(608)	(699)	(783)
Direct taxes paid	(299)	(705)	(1,008)	(1,022)	(1,285)	(1,449)
<b>Cash Flow from Operations</b>	<b>413</b>	<b>2,737</b>	<b>1,614</b>	<b>2,960</b>	<b>2,607</b>	<b>3,021</b>
(Inc./Dec. in fixed assets)	(353)	(49)	(44)	27	(240)	(240)
(Inc./Dec. in investments)	49	(2,213)	(700)	(161)	-	-
Other income	122	144	1,403	608	699	783
<b>Cash Flow from Investing</b>	<b>(183)</b>	<b>(2,117)</b>	<b>659</b>	<b>474</b>	<b>459</b>	<b>543</b>
Issue of equity	-	-	145	-	-	-
Inc./Dec. in loans	236	(231)	(1,047)	(194)	-	-
Dividend paid (Incl. Tax)	339	372	1,345	1,513	1,597	1,681
Others	(723)	(796)	(2,588)	(3,803)	-	-
<b>Cash Flow from Financing</b>	<b>(149)</b>	<b>(655)</b>	<b>(2,145)</b>	<b>(2,484)</b>	<b>(1,597)</b>	<b>(1,681)</b>
Inc./Dec. in cash	81	(35)	127	950	1,468	1,882
<b>Opening Cash balances</b>	<b>56</b>	<b>137</b>	<b>101</b>	<b>229</b>	<b>1,654</b>	<b>3,122</b>
<b>Closing Cash balances</b>	<b>137</b>	<b>101</b>	<b>229</b>	<b>1,179</b>	<b>3,122</b>	<b>5,005</b>

**Key ratios**

Y/E March	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	66.6	30.1	18.6	16.6	16.3	14.4
P/CEPS	65.3	27.9	14.8	16.3	15.5	13.8
P/BV	27.4	17.5	10.4	8.5	6.7	5.4
Dividend yield (%)	0.6	1.1	2.3	2.5	2.7	2.8
EV/Sales	5.6	4.0	2.8	2.3	2.0	1.7
EV/EBITDA	51.8	20.1	15.2	12.5	11.1	9.5
EV / Total Assets	14.8	11.3	8.4	6.9	5.4	4.2
<b>Per Share Data (₹)</b>						
EPS (Basic)	26.6	58.8	115.4	103.8	108.7	122.6
EPS (fully diluted)	26.6	61.7	95.0	106.5	108.7	122.6
Cash EPS	27.1	63.6	119.7	108.8	114.1	128.4
DPS	11.0	20.0	40.0	45.0	47.5	50.0
Book Value	64.6	101.2	169.7	208.8	262.3	326.8
<b>Dupont Analysis</b>						
EBIT margin	10.1	19.7	18.5	18.2	18.1	18.2
Tax retention ratio	0.6	0.7	0.7	0.7	0.7	0.7
Asset turnover (x)	2.8	3.2	3.5	3.9	4.4	4.9
ROIC (Post-tax)	18.5	45.1	46.9	52.1	56.2	62.8
Cost of Debt (Post Tax)	-	-	-	-	-	-
Leverage (x)	-	-	-	-	-	-
Operating ROE	18.5	45.1	46.9	52.1	56.2	62.8
<b>Returns (%)</b>						
ROCE (Pre-tax)	26.7	58.8	60.0	57.3	51.6	47.2
Angel ROIC (Pre-tax)	25.8	54.5	55.4	71.6	76.5	86.6
ROE	44.5	74.4	70.2	56.3	46.2	41.6
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	2.8	3.5	4.8	5.8	6.0	6.3
Inventory / Sales (days)	15	12	11	12	13	13
Receivables (days)	14	9	7	8	9	9
Payables (days)	49	51	49	47	48	47
WC cycle (ex-cash) (days)	(11)	(25)	(33)	(35)	(38)	(34)
<b>Solvency ratios (x)</b>						
Net debt to equity	(0.2)	(1.0)	(0.9)	(1.1)	(1.0)	(1.0)
Net debt to EBITDA	(0.4)	(1.2)	(1.5)	(1.8)	(2.0)	(2.2)
Interest Coverage (EBIT / Int.)	41	379	1,743	155	1,915	2,163

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1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
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