

January 31, 2019

Bajaj Auto

A Cherry Pick in the Tough Time!

Q3FY19 Decoded..!

Bajaj Auto's strategy is to gain the market share by sacrificing margins is working well. The company's hunger of gaining market share has yielded positive results as they gained share in the domestic from 18.6% in Q2FY19 to 20.3% in Q3FY19 and they aspire to take it to 24% soon.

Its net revenues grew by 16% YoY to Rs. 7,409 crores in Q3FY19 driven by a 26% increase in the volumes; offset by sharp decline of 7.8% in the realization. The realization was lower as the product mix was skewed towards lower CC motorcycles and lower volume sales of 3Ws. In addition to it the discounting were higher in the market. The calculated EBITDA margin came in at 15.6% in Q3FY19, a decline of 400bps YoY on account of sharp increase in the commodity prices and inferior product mix.

The realization and margin decline was expected, however, the corrections seems to be very sharp. We expect the margins to improve in Q4FY19 and will only see further improvement from Q1FY20 led by better product mix, softening commodity prices and operating leverage benefits. Despite of the fall in EBITDA, the bottom line increased by 16% YoY on account of higher other income, which increased by 125% YoY to Rs. 470 crores and lower effective tax rate of 29.4% (decline of 170bps YoY).

Margins Deteriorated; Outlook Positive!

The calculated EBITDA Margin declined 190bps QoQ as: 1) the dollar realization in Q3 was lower than Q2. 2) The 3Ws are high margin and in Q3 the volumes were lower as compared to Q2. 3) As the market is growing in exports, the margins are lower as the mix is more towards lower CC motorcycles. 4) On the exports side, the company has some unabsorbed raw material costs. All this has led to decline in the margins.

We expect the EBITDA Margin to climb higher on a QoQ basis as: 1) the dollar realization is expected to be at \$71. 2) the commodity costs have softened in the latest quarter, the benefit will get from Q4FY19 onwards. The company is expected to get better contribution from all its products. 3) Bajaj has launched refreshers (*Platina 110cc & New Pulsars*) and expected to continue the same going forward, where realization is higher. 4) Better product mix and new launches in the mid to higher level segment. 5) Due to new safety regulation, there will be an increase in the prices, which will aid realization. 6) The operating leverage benefit of 4th quarter and rigorous cost rationalization measures to achieve improvement in the margins going forward.

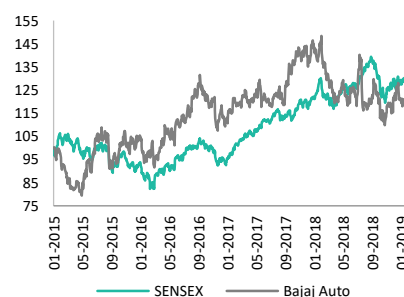
Strong Buy*

Downside Scenario	Current Price	Price Target	Upside Scenario
	2,499	2,903	
16.2% ▲			

Market Data	
Industry	Automobile
Sensex	35,591
Nifty	10,652
Bloomberg Code	BJAUT:IN
Eq. Cap. (INR Crores)	289
Face Value (INR)	10
52-w H/L	3,473/2,425
Market Cap (INR Crores)	72,308

Valuation Data	FY19E	FY20E	FY21E
OPM	16.4%	16.8%	17.2%
NPM	14.8%	15.0%	15.3%
P/E (x)	16.8	13.9	11.7
EV/EBITDA (x)	14.7	12.2	10.1

Bajaj Auto vs SENSEX



Shareholding Pattern (%)	Shareholding Pattern (%)		
	Dec-17	Mar-18	Dec-18
Promoters	49.3%	49.3%	49.3%
FII	17.2%	17.2%	16.1%
DII	8.8%	8.5%	8.2%
Retail	24.7%	25.0%	26.4%
Total	100.0%	100.0%	100.0%

(INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
Revenue	21,767	25,165	29,781	35,375	41,187
Growth (%)	-3.6%	15.6%	18.3%	18.8%	16.4%
EBITDA	4,422	4,783	4,894	5,930	7,094
Growth (%)	-7.5%	8.2%	2.3%	21.2%	19.6%
EBITDA Margin (%)	20.3%	19.0%	16.4%	16.8%	17.2%
PAT	3,828	4,068	4,303	5,185	6,165
Growth (%)	-2.6%	6.3%	5.8%	20.5%	18.9%
EPS (INR)	132	141	149	179	213
P/E (x)	19.7	20.9	16.8	13.9	11.7
EV/EBITDA (x)	17.0	17.6	14.7	12.2	10.1

Source: Company, NSPL Research

* Read last page for disclaimer & rating rationale



All the Products & Geographies Performing Fine

On the domestic motorcycle, we can see continued double digit growth in Q4FY19 as well. For FY20, the company expects the 2W to continue to report 12% YoY growth, which we believe is the lower end of the guidance, as Bajaj's all the products and geographies are performing fine and it can surprise us positively. This will also be accompanied by huge pre-buying expected in H2FY20. Bajaj Auto started the growth in the entry commuter segment led by price cuts. However, now, the whole entry level segment continues to grow even faster after the price increase. The management expects this growth to sustain going forward.

On 3Ws, the domestic volumes will be better & the company expects to cross 1,00,000 units in the domestic market. From the talks, we understand that 3W can see double digit growth QoQ in Q4FY19. The exports for 3Ws will see a kicker in Q4 as there will be a bump-up of volumes especially from Egypt. The E-rickshaw, which is operating at the bottom of the pyramid can see a huge volume boost. If the Government unlocks the demand here or Bajaj through marketing efforts, the demand in this segment can be enormous. The overall exports Outlook remains robust led by *Rise of Africa*.

Trading at an Extremely Low Valuations

The stock has corrected by approximately ~39% from its 52W high, which makes the valuation very attractive. At a CMP of Rs. 2,499, the stock is trading at 13.9x of FY20E EPS of Rs. 179. The company is a cash generating machine and we believe it has a lot of potential in the coming years both in 2Ws as well as 3Ws. The company has been trading at a forward P/E of 16.5x in the past few years and looking at the current domestic environment, we have reduced the earnings multiple to 14.1x plus KTM and Cash per Share takes the **fair value to 2,903 per share**, seeking an upside of 16.2% from the current levels.

SOTP Valuation	FY20E
FY20E Core EPS (INR)	179
Target P/E (x)	14.1
Core Business (per share)	2,518
KTM Market Cap (Rs in Crores)	10,085
Bajaj Auto's Stake (%)	48%
Bajaj Auto's Stake (Rs in Crores)	4,841
HoldCo Discount	40%
Bajaj's Share (Net HoldCo Discount)	2,904
KTM Per Share	100
FY20E Cash per Share	285
Bajaj Auto's Fair Value	2,903
Upside/(Downside)	16.2%

Source: Company, NSPL Research



Q3FY19 Result Analysis

(INR Crores)	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
Volumes (Nos)	12,59,828	10,01,469	25.8%	13,39,444	-5.9%	38,25,913	29,61,413	29.2%
Realization (Rs)	58,812	63,783	-7.8%	59,815	-1.7%	59,737	63,581	-6.0%
Net Sales	7,409	6,388	16.0%	8,012	-7.5%	22,855	18,829	21.4%
COGS	5,397	4,355	23.9%	5,783	-6.7%	16,479	12,713	29.6%
Employee Expenses	317	265	19.5%	312	1.6%	943	802	17.5%
Other Expenses	548	526	4.2%	555	-1.3%	1,632	1,425	14.6%
EBITDA	1,156	1,250	-7.5%	1,368	-15.5%	3,820	3,507	8.9%
D&A	63	75	-15.1%	72	-11.4%	205	227	-9.7%
Other income	470	209	125.3%	356	31.8%	1,217	942	29.2%
EBIT	1,093	1,175	-7.0%	1,296	-15.7%	3,615	3,280	10.2%
Interest Expense	3.6	0.3	-	0.3	-	4.2	1.0	-
PBT	1,553	1,383	12.3%	1,653	-6.0%	4,827	4,189	15.2%
Tax	457	431	6.1%	500	-8.6%	1,458	1,201	21.4%
PAT	1,102	952	15.7%	1,152	-4.4%	3,370	2,988	12.8%
EPS in INR	38	33	15.8%	40	-4.3%	116	103	12.7%

Margin Analysis	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
Material Expenses % Net Sales	72.8%	68.2%	4.7%	72.2%	0.7%	72.1%	67.5%	4.6%
Gross Margin	27.2%	31.8%	-4.7%	27.8%	-0.7%	27.9%	32.5%	-4.6%
Employee Expenses % Net Sales	4.3%	4.2%	0.1%	3.9%	0.4%	4.1%	4.3%	-0.1%
Other Expenses % Net Sales	7.4%	8.2%	-0.8%	6.9%	0.5%	7.1%	7.6%	-0.4%
EBITDA Margin (%)	15.6%	19.6%	-4.0%	17.1%	-1.5%	16.7%	18.6%	-1.9%
Tax Rate (%)	29.4%	31.1%	-1.7%	30.3%	-0.8%	30.2%	28.7%	1.5%
PAT Margin (%)	14.9%	14.9%	0.0%	14.4%	0.5%	14.7%	15.9%	-1.1%

The Q3FY19 results were lower than our estimates, as there was a sharp decline in the realization as well as margins; offset by a higher increase in the volumes.

The company's net revenues grew by 16% YoY driven by a 26% increase in the volumes; offset by a sharp 7.8% decline in the realization. Our calculated EBITDA came in at Rs. 1,156 crores and margins declined by 400bps YoY to 15.6%. Despite of the fall in EBITDA, the bottom line increased by 16% YoY on account of higher other income, which increased by 125% YoY to Rs. 470 crores and lower effective tax rate of 29.4% (decline of 170bps YoY). The other income was higher due to increase in the investment and other income.

The realization was lower as the product mix was skewed towards lower CC motorcycles and lower volumes sales of 3W. In addition to it, the discounting were higher in the market. The EBITDA Margin sharply declined due to increase in the commodity prices; offset by cost rationalization measures, which led to lower other expenses. The margins broke the guided range of 16-17% provided by the management.

Bajaj Auto's strategy is to gain market share by sacrificing margins. The company has been playing the volume game, which also resulted in an increase in its market share to 20.3% in domestic vs. 18.6% in Q2FY19. The realization and margin decline was expected, however, the corrections seems to be very sharp. We expect the margins to improve in Q4FY19 and will see further improvement from Q1FY20 led by better product mix, lower commodity prices and operating leverage benefits. In FY20E, we expect boost in the volumes and FY21 will see some moderation in it due to regulatory changes, which will increase the cost of ownership in the price sensitive domestic market.

Volumes Breakup (Nos)	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
2Ws	6,44,093	4,66,431	38.1%	6,92,899	-7.0%	19,31,226	14,76,990	30.8%
3Ws	91,018	1,10,123	-17.3%	1,11,746	-18.5%	2,97,195	2,47,408	20.1%
Total Domestic	7,35,111	5,76,554	27.5%	8,04,645	-8.6%	22,28,421	17,24,398	29.2%
<i>%age of Total Sales</i>	<i>58.4%</i>	<i>57.6%</i>	<i>0.8%</i>	<i>60.1%</i>	<i>-1.7%</i>	<i>58.2%</i>	<i>58.2%</i>	<i>0.0%</i>
2Ws	4,34,291	3,52,079	23.4%	4,33,643	0.1%	13,03,664	10,35,955	25.8%
3Ws	90,426	72,836	24.2%	1,01,156	-10.6%	2,93,828	2,01,060	46.1%
Total Exports	5,24,717	4,24,915	23.5%	5,34,799	-1.9%	15,97,492	12,37,015	29.1%
<i>%age of Total Sales</i>	<i>41.6%</i>	<i>42.4%</i>	<i>-0.8%</i>	<i>39.9%</i>	<i>1.7%</i>	<i>41.8%</i>	<i>41.8%</i>	<i>0.0%</i>
Total 2Ws	10,78,384	8,18,510	31.7%	11,26,542	-4.3%	32,34,890	25,12,945	28.7%
<i>%age of Total Sales</i>	<i>85.6%</i>	<i>81.7%</i>	<i>3.9%</i>	<i>84.1%</i>	<i>1.5%</i>	<i>84.6%</i>	<i>84.9%</i>	<i>-0.3%</i>
Total 3Ws	1,81,444	1,82,959	-0.8%	2,12,902	-14.8%	5,91,023	4,48,468	31.8%
<i>%age of Total Sales</i>	<i>14.4%</i>	<i>18.3%</i>	<i>-3.9%</i>	<i>15.9%</i>	<i>-1.5%</i>	<i>15.4%</i>	<i>15.1%</i>	<i>0.3%</i>
Total Sales (2Ws + 3Ws)	12,59,828	10,01,469	25.8%	13,39,444	-5.9%	38,25,913	29,61,413	29.2%

Source: LME



Bajaj Auto's Volume Projections

Volume Projections (in units)	FY17	FY18	FY19E	FY20E	FY21E
Domestic Sales	22,54,538	23,44,214	30,02,279	35,01,434	38,71,824
YoY Growth (%)		4.0%	28.1%	16.6%	10.6%
Two-Wheelers	20,01,391	19,74,577	25,74,162	30,14,203	33,23,237
YoY Growth (%)		-1.3%	30.4%	17.1%	10.3%
Three Wheelers	2,53,147	3,69,637	4,28,117	4,87,231	5,48,587
YoY Growth (%)		46.0%	15.8%	13.8%	12.6%
Export Sales	14,11,333	16,62,577	21,15,540	24,21,063	26,47,776
YoY Growth (%)		17.8%	27.2%	14.4%	9.4%
Two Wheelers	12,18,541	13,94,757	17,23,648	19,26,285	20,74,196
YoY Growth (%)		14.5%	23.6%	11.8%	7.7%
Three Wheelers	1,92,792	2,67,820	3,91,892	4,94,778	5,73,581
YoY Growth (%)		38.9%	46.3%	26.3%	15.9%
Segmentwise Volume Breakup (in units)	FY17	FY18	FY19E	FY20E	FY21E
Two-Wheelers	32,19,932	33,69,334	42,97,810	49,40,488	53,97,433
YoY Growth (%)		4.6%	27.6%	15.0%	9.2%
Three-Wheelers	4,45,939	6,37,457	8,20,009	9,82,009	11,22,167
YoY Growth (%)		42.9%	28.6%	19.8%	14.3%
Total No. of Units	36,65,871	40,06,791	51,17,819	59,22,497	65,19,601
YoY Growth (%)		9.3%	27.7%	15.7%	10.1%
Blended Realization (Rs/unit)	58,304	61,646	58,191	59,730	63,175
YoY Growth (%)		5.7%	-5.6%	2.6%	5.8%
%tage of total units sold	FY17	FY18	FY19E	FY20E	FY21E
Two-wheeler	87.8%	84.1%	84.0%	83.4%	82.8%
Three-wheeler	12.2%	15.9%	16.0%	16.6%	17.2%

Source: Company, NSPL Research

On the domestic motorcycle, we can see continued double digit growth in Q4FY19 as well. For FY20, the company expects the 2W to continue to report 12% YoY growth, which we believe is the lower end of the guidance, as Bajaj's all the products and geographies are performing fine and it can surprise us positively. This will also accompanied by huge pre-buying expected in H2FY20. There will be some slowdown due to increase in price due to changing regulation in the initial months of FY20, however, once the dust settles down, will see a good pickup in the momentum.

Bajaj Auto started the growth in the entry commuter segment led by price cuts. However, now, the whole entry level segment continues to grow faster even after the price increase. The management expects this growth to sustain going forward and the entry level is much bigger segment for the company. **The management has ~20% market share in domestic motorcycle and aspirations is to take it to 24% in the coming quarters.**

On 3Ws, the domestic volumes will be better, however, there will be negative YoY growth due to high base. In Q4FY19, the company expects to cross 1,00,000 units in the domestic market. At present, the management doesn't see big tranche of permits in the near future, however, it hinted that few things are work-in-progress. From the talks, we understand that 3W can see double digit growth QoQ in Q4FY19. **The exports for 3Ws will see a kicker in Q4 as there will be a bump-up of volumes especially from Egypt.**

The E-rickshaw, which is operating at the bottom of the pyramid can see a huge volume boost. If the Government unlocks the demand here or Bajaj through its marketing efforts, the demand in this segment can be enormous.

We reiterate that Bajaj Auto can recover & grow faster than the industry majorly due to:

Bajaj has launched many new variants in 2Ws and filled up the required product gaps to regain its lost market share. Buyers are moving towards higher CC bikes, where Bajaj is the market leader and have a wide variety of options. We believe this trend of premiumization should continue and expect robust growth in the domestic motorcycles, led by Pulsars, Dominar, Platina series and upcoming new launches in the near term.

The export market has clearly emerged out after the commodity and oil price run-up. Moreover, to reduce the dependency from Africa, Bajaj Auto has entered into ASEAN and LATAM countries. The sales from these new countries have increased. The ASEAN region can see 8-10% normal growth rate. The Latin America will be stagnant and the growth rate will be average in the Middle Eastern regions. Overall, expect 14%+ growth rate in exports in FY20E driven by African continent.

We continue to see higher growth in FY20E as we expect pre-buying in the 2nd half of FY20E before the implementation of BS6 and expects higher realization in FY21E as the prices post BS6 will shoot up.

The street concerns about a demand slowdown led by higher cost of ownership, however, we believe once BS6 kicks in, there are high chances that the Government will reduce the GST from 28% to 18%. This we believe is possible as 2Ws is not a luxury product and to push the demand higher, the government's support is utmost needed.



Key Quarterly Highlights

On New Projects and EV

1. **Bajaj Auto is going to launch an EV – Urbanite** in 6-9 months, which we believe can give a first mover advantage for a large listed company. It is expected to launch in a small way and then will gradually build it up. The management is looking at innovative and futuristic 2W for commuting purposes. The EV will have a separate network as the target group is different for it.
2. **The Husqvarna models** will also get presented along with the KTM network by next year.
3. **On Triumph**, the agreement is in the final stages of closure and the R&D team of both the companies is working with each other. The management expects the localized, low-cost triumph will take 2+ years to launch.

Bajaj Auto expects Rs. 300 crores of capex. This will be spent on increasing the 3W capacity from 8,50,000 p.a. to 10,00,000 p.a. Additionally, will be utilized for de-bottlenecking, R&D, Dies & Tools for the new models, etc.

About the competition, there is no significant change in the intensity. The Indian competitors viz. Hero and TVS are playing the pricing game and remained the tough competitors for Bajaj. There are no major changes from the Japanese and Chinese competitors.

The Exports revenue for the quarter was Rs. 2,767 crores + Rs. 238 crores for the spare parts.

The Avenger brand has not been doing as per the expectations and from the talks we understand that the new offering is on the cards. This will continue to remain a differentiated and an important product in the portfolio.

2W Export Volume Share:

- Africa: 50%
- South East and the Middle Eastern region: 20%
- Latin America: 15%
- ASEAN region: 15%

3W Export Volume Share:

- Africa: 30%
- South East and the Middle Eastern region: 50%
- Latin America: 10%
- ASEAN region: 10%

The Bajaj's Qute vehicle is almost approved by all the states of India. By the end of February it will be all through. *Qute* is already on the streets of Kerala. The company has a strategy of launching this vehicle gradually in selected cities. In the international markets, it is introduced in 16 countries and watching its progress very closely.

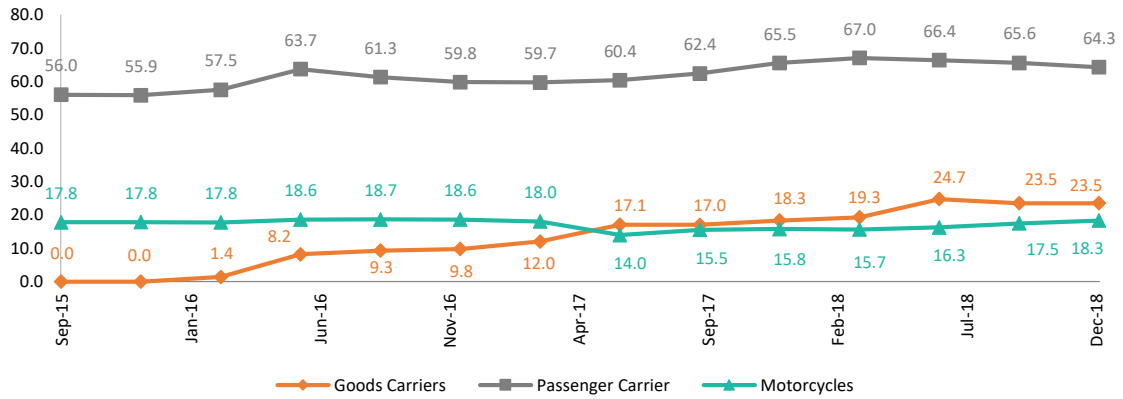
Key Risks:

1. Higher than expected increase in the commodity prices can impact its margins.
2. Weakness in the domestic motorcycles.
3. Rising scooterization, which now contributes about 33% of the industry volumes and Bajaj has no presence in it.
4. Sharp weakness in the export markets led by a correction in the oil and commodity prices, etc.

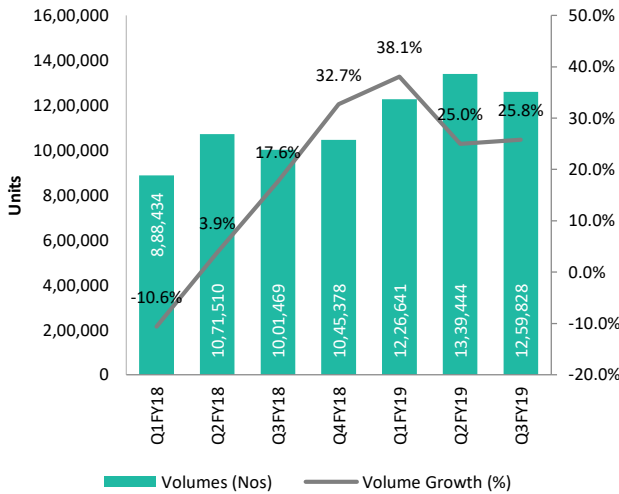


Story in Charts

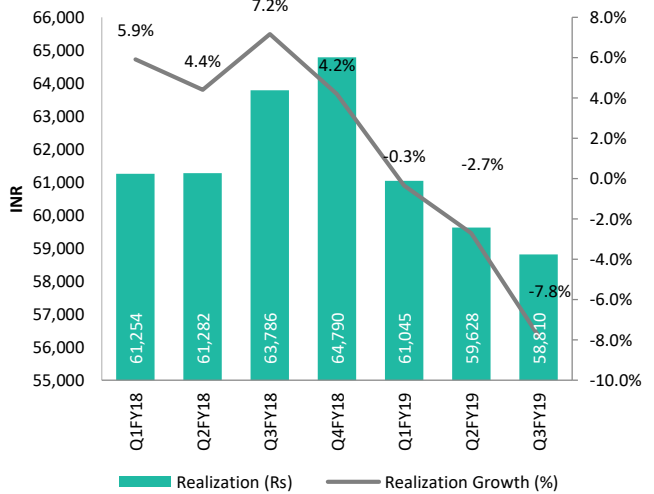
Gradually Rising Domestic Market Share (%)



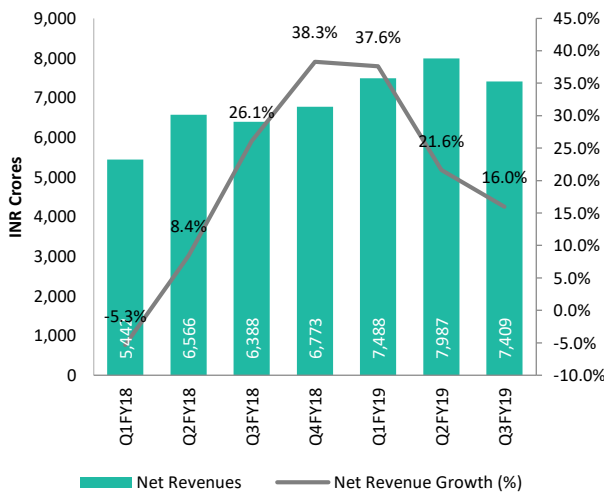
Sustained High Double Digit Volume Growth



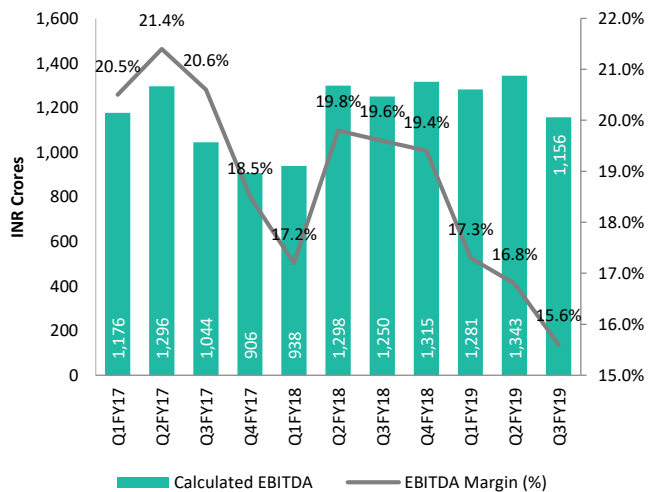
Realization Performance



Superior YoY Revenue Growth



Healthy EBITDA Margin



Source: Company, NSPL Research

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Profit & Loss (INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
Net Revenues	21,767	25,165	29,781	35,375	41,187
COGS	14,624	17,410	21,571	25,578	29,669
Employee Expenses	997	1,069	1,212	1,400	1,588
Other Expenses	1,745	1,926	2,105	2,467	2,836
EBITDA	4,422	4,783	4,894	5,930	7,094
D&A	307	315	286	304	322
Other income	1,222	1,347	1,540	1,783	2,035
EBIT	5,337	5,816	6,148	7,409	8,808
Interest Expense	1	1	1	1	1
PBT	5,336	5,783	6,147	7,408	8,807
Tax	1,508	1,714	1,844	2,222	2,642
PAT	3,828	4,068	4,303	5,185	6,165
EPS in INR	132	141	149	179	213
Balance Sheet (INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
ASSETS					
Non-Current Assets					
(a) Property, plant and equipment	1,899	1,821	1,985	2,141	2,288
(b) Capital work-in-progress	11	11	11	12	13
(c) Investment property	59	57	57	57	57
(d) Intangible assets	45	0	0	0	0
(e) Intangible assets under development	32	45	0	0	0
(f) Investment in subsidiaries	1,223	1,223	1,223	1,223	1,223
(g) Financial assets	7,488	10,631	12,581	14,944	17,399
(h) Income tax assets (net)	400	439	466	562	668
(i) Other non-current assets	268	357	422	502	584
Total Non-Current Assets	11,424	14,584	16,746	19,440	22,232
Current Assets					
(a) Inventories	728	743	920	1,091	1,265
(b) Financial assets					
(i) Investments	6,050	5,765	6,823	8,105	9,436
(ii) Trade receivables	953	1,492	1,795	2,035	2,257
(iii) Cash and cash equivalents	280	761	440	116	470
(iv) Other bank balances	14	17	17	17	17
(v) Loans	6	6	7	9	10
(c) Other financial assets	263	79	94	112	130
(d) Other current assets	1,096	372	440	523	609
Total Current Assets	9,391	9,236	10,537	12,007	14,194
Total Assets	20,815	23,819	27,283	31,448	36,427
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	289	289	289	289	289
(b) Other equity	16,745	18,814	21,124	24,053	27,721
Total Equity	17,034	19,104	21,413	24,343	28,011
LIABILITIES					
Non-current liabilities					
(a) Financial liabilities	120	121	141	168	196
(b) Provisions	78	112	132	157	183
(c) Deferred tax liabilities (net)	314	323	381	453	528
(d) Government grant	49	47	55	65	76
(e) Other non-current liabilities	7	1	2	2	2
Total Non - Current Liabilities	568	604	711	845	985
Current liabilities					
(a) Financial liabilities					
(i) Trade payables	2,236	3,244	4,137	5,045	6,015
(ii) Other financial liabilities	280	329	388	461	538
(b) Other current liabilities	558	394	464	552	643
(c) Provisions	121	126	148	176	205
(d) Government grant	3	3	3	4	4
(e) Current tax liabilities (net)	16	16	19	22	26
Total Current Liabilities	3,213	4,111	5,158	6,260	7,431
Total Equity and Liabilities	20,815	23,819	27,283	31,448	36,427

Source: Company, NSPL Research



Cash Flow (INR Crores)	FY17	FY18	FY19E	FY20E	FY21E
Profit Before Tax	5,336	5,783	6,147	7,408	8,807
Operating Profit before Working Capital Changes	4,616	4,924	6,260	7,531	8,941
Cash Generated from Operations	4,842	5,946	6,750	8,072	9,555
Less: income tax paid	-1,503	-1,685	-1,844	-2,222	-2,642
Cash Flow from Operating	3,339	4,261	4,906	5,850	6,913
(Incr)/ Decr in Gross PP&E	-199	-183	-405	-460	-470
Cash Flow from Investing	-3,688	-1,918	-3,234	-3,918	-4,062
Dividends Paid (including tax on dividend)	-202	-1,885	-1,993	-2,256	-2,497
Finance costs	-1	0	0	0	0
Cash Flow from Financing	-190	-1,885	-1,994	-2,256	-2,497
Incr/(Decr) in Balance Sheet Cash	-539	458	-321	-324	354
Cash at the Start of the Year	818	280	761	440	116
Cash at the End of the Year	280	761	440	116	470

RATIOS	FY17	FY18	FY19E	FY20E	FY21E
Growth (%)					
Net Revenues	-3.5%	15.6%	17.8%	18.9%	16.6%
EBITDA	-7.5%	8.2%	2.3%	21.2%	19.6%
PAT	-2.6%	6.3%	5.8%	20.5%	18.9%
Profitability					
Return on Capital (%)	31.3%	30.4%	28.7%	30.4%	31.4%
Return on Equity (%)	22.5%	21.3%	20.1%	21.3%	22.0%
Margin Trend					
EBITDA Margin (%)	20.3%	19.0%	16.4%	16.8%	17.2%
Net profit Margin (%)	17.9%	16.5%	14.8%	15.0%	15.3%
Solvency					
Total Debt / Equity	0.0	0.0	0.0	0.0	0.0
Net Debt / Equity	0.0	0.0	0.0	0.0	0.0
Valuation Ratios					
P/E	19.7	20.9	16.8	13.9	11.7
EV/EBITDA	17.0	17.6	14.7	12.2	10.1

Source: Company, NSPL Research

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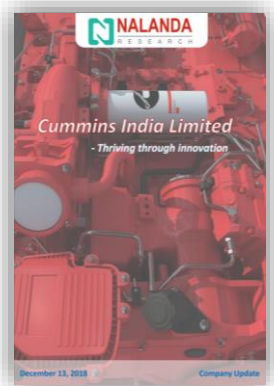
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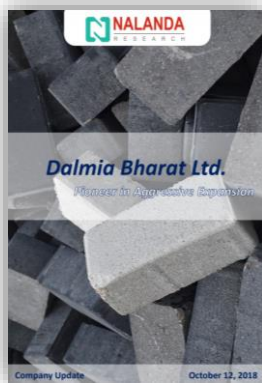
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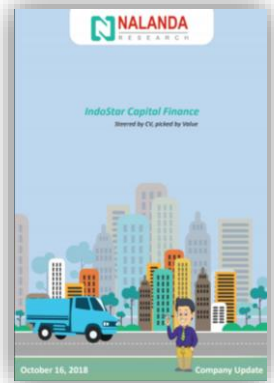
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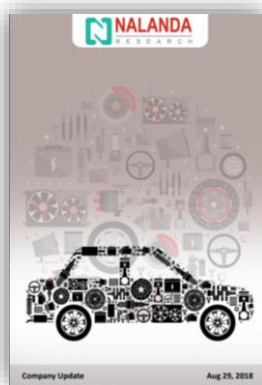
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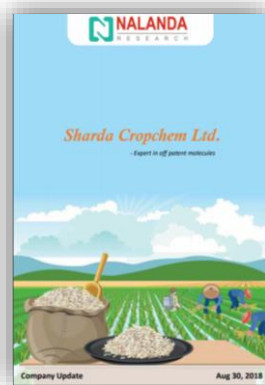
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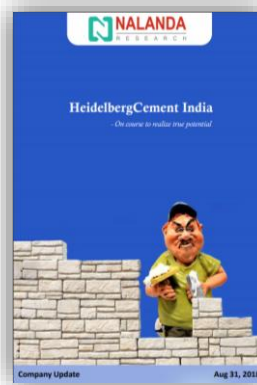
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Bajaj Auto				Rating Legend	
Date	CMP (INR)	Target Price (INR)	Recommendation	Strong Buy	More than 15%
January 31, 2019	2,499	2,903	Strong Buy	Buy	5% - 15%
October 25, 2018	2,475	2,978	Strong Buy	Hold	0 - 5%
				Reduce	-5% - 0
				Sell	Less than -5%

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Details of Disciplinary History of NSPL	No disciplinary action is / was running / initiated against NSPL
Research analyst or NSPL or its relatives'/associates' financial interest in the subject company and nature of such financial interest	No (except to the extent of shares held by Research analyst or NSPL or its relatives'/associates')
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Research analyst or NSPL or its relatives'/associates' actual/beneficial ownership of 1% or more in securities of the subject company, at the end of the month immediately preceding the date of publication of the document	NO
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