

Bajaj Auto Ltd.



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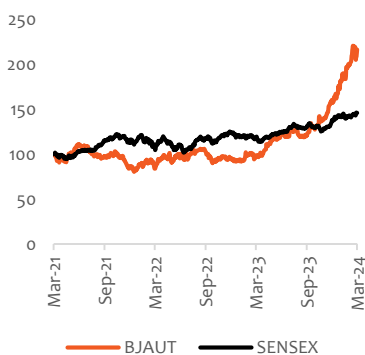
Buyback price at attractive levels

CMP INR 8,606	Target INR 8,818	Potential Upside 2.5%	Market Cap (INR Mn) 23,65,047	Recommendation BUY*	Sector Automobile
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MARKET DATA

Shares O/S (Mn)	283
Mkt Cap (INR Mn)	23,65,047
52 Wk H/L (INR)	8,650/ 3,711
Volume Avg (3m K)	519
Face Value (INR)	10
Bloomberg Code	BJAUT IN

SHARE PRICE PERFORMANCE



- BJAUT's buyback was announced in January 2024 and has opened today, 6th March 2024.
- Under the Offer, BJAUT will buyback up to 4 Mn fully paid-up equity shares of face value of INR 10, representing approximately 1.41% of the total number of Equity Shares of the Company.
- The buyback price is INR 10,000 per equity share, which is at a premium of 19.7% from the closing price as on 5th March 2024.
- The buyback size is INR 40,000 Mn.
- BJAUT's buyback offer will be open between 6th March and 13th March 2024.
- The last date and time of receipt of the completed Tender Forms and other specified documents by the Registrar to the Buyback is Wednesday, March 13, 2024, 5:00 p.m. (IST).
- The record date for eligibility to participate in the buyback was on Thursday, February 29, 2024.
- The ratio for buyback entitlement prescribed is as below:
 - **Reserved Category for Small Shareholders:** 7 Equity Shares for every 27 Equity Shares held on the Record Date. This represents an acceptance rate of 25.92%. A small shareholder is defined as an Eligible Shareholder, who holds Equity Shares of market value not more than INR 0.2 Mn as on the Record Date.
 - **General Category for all other Eligible Shareholders:** 1 Equity Share for every 82 Equity Shares held on the Record Date. This represents a 1.22% acceptance rate.
- Some members of Promoters and Promoter Group have expressed their intention to participate in the Buyback and may tender up to an aggregate maximum of 1.87 Mn Equity Shares.
- As per the Company, The Buyback reinforces its commitment to its shareholders by returning surplus cash to them in an effective and efficient manner, which in turn will improve its earnings per share and return on equity.

Considering that the buyback price is at a 19.7% premium to yesterday's closing, we believe it is an attractive opportunity for eligible shareholders to participate in the buyback.

***We are positive on the Company's prospects and retain our estimates, target price and rating.**

MARKET INFO

SENSEX	74,086
NIFTY	22,474

SHARE HOLDING PATTERN (%)

Particulars	Dec-23	Sep-23	Jun-23
Promoters	54.9	55.0	55.0
FIIs	14.7	14.4	13.7
DIIIs	8.7	9.1	9.6
Others	21.7	21.5	21.7
Total	100	100	100

Timeline of the process:

Sr. No.	Activity	Date
1.	Date of Board Meeting approving the proposal of the Buyback	January 08, 2024
2.	Date of declaration of results of postal ballot for special resolution by the Equity Shareholders of the Company, approving the Buyback	February 15, 2024
3.	Date of Public Announcement for the Buyback	February 16, 2024
4.	Date of publication of the Public Announcement for the Buyback	February 19, 2024
5.	Record Date for determining the Buyback Entitlement and the names of Eligible Shareholders	February 29, 2024
6.	Last date for dispatch of Letter of Offer	March 4, 2024
7.	Buyback Opening Date	March 6, 2024
8.	Buyback Closing Date	March 13, 2024
9.	Last date of receipt of completed Tender Forms and other specified documents including physical share certificates (if and as applicable) by the Registrar	March 13, 2024
10.	Last date of verification of Tender Forms by the Registrar	March 18, 2024
11.	Last date of providing Acceptance/Non-acceptance of tendered Equity Shares to the Stock Exchange by the Registrar	March 19, 2024
12.	Last date of settlement of bids on the Stock Exchange	March 20, 2024
13.	Last date of dispatch of share certificate(s) by the Registrar/return of unaccepted demat Equity Shares by Stock Exchange to Seller Member/ Eligible Shareholders	March 20, 2024
14.	Last date of extinguishment of Equity Shares	March 26, 2024

Source: Company, KRChoksey Research

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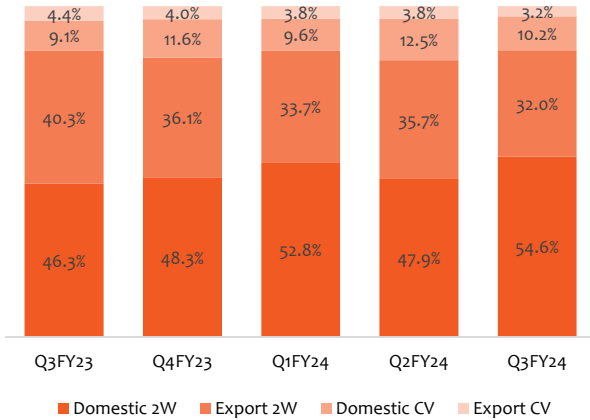
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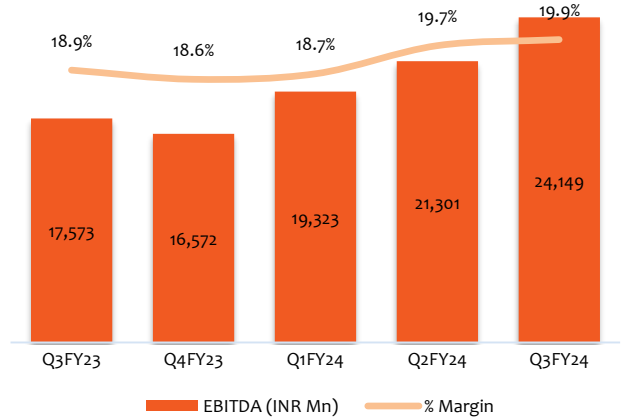
Bajaj Auto Ltd.

Share of Overall Domestic units increased further



Source: Company, KRChoksey Research

EBITDA margin strengthened



Source: Company, KRChoksey Research

KEY FINANCIALS

Particulars (Mn)	Q3FY24	Q2FY24	Q3FY23	QoQ	YoY	9MFY24	9MFY23	YoY
No. of Vehicles Sold	1,200,997	1,053,953	983,471	14.0%	22.1%	3,282,357	3,068,129	7.0%
Net Sales	118,921	105,847	90,506	12.4%	31.4%	325,323	267,305	21.7%
Other operating income	2,732	2,536	2,680	7.8%	2.0%	7,832	7,956	-1.6%
Net Operating Income	121,653	108,382	93,185	12.2%	30.5%	333,155	275,262	21.0%
Other income	3,563	3,686	2,705	-3.3%	31.7%	10,760	9,240	16.5%
Total revenue	125,217	112,068	95,891	11.7%	30.6%	343,915	284,502	20.9%
Total Expenditure	97,504	87,081	75,613	12.0%	29.0%	268,382	227,328	18.1%
Cost of raw materials	78,908	72,315	58,295	9.1%	35.4%	218,091	182,055	19.8%
Purchase of traded goods	6,934	6,660	5,676	4.1%	22.1%	19,741	15,256	29.4%
Change in inventory	703	-1,941	1,931	136.2%	-63.6%	-71	1,230	-105.7%
COGS	86,545	77,034	65,903	12.3%	31.3%	237,761	198,541	19.8%
Employee costs	4,042	4,009	3,616	0.8%	11.8%	12,064	11,050	9.2%
Other expenses	6,995	6,093	6,160	14.8%	13.5%	18,886	17,891	5.6%
Capitalized expenses	-77	-55	-66	-40.0%	-16.8%	-329	-154	-114.3%
EBITDA	24,149	21,301	17,573	13.4%	37.4%	64,773	47,933	35.1%
EBITDA Margin (%)	19.9%	19.7%	18.9%	20 bps	99 bps	19.4%	17.4%	203 bps
Depreciation	929	918	748	1.2%	24.2%	2,720	2,099	29.6%
EBIT	23,220	20,383	16,825	13.9%	38.0%	62,053	45,835	35.4%
EBIT Margin (%)	19.1%	18.8%	18.1%	28 bps	103 bps	18.6%	16.7%	197 bps
Interest	121	65	85	85.0%	42.7%	307	237	29.4%
PBT before share of associates	26,662	24,004	19,445	11.1%	37.1%	72,506	54,838	32.2%
Exceptional items	0	0	0	NA	NA	0	0	NA
Share of profit of associates	0	1,837	0	NA	NA	1,837	1,981	-7.3%
Tax	6,336	5,640	4,718	12.3%	34.3%	17,375	13,264	31.0%
PAT	20,326	20,201	14,727	0.6%	38.0%	56,968	43,555	30.8%
PAT Margin (%)	16.7%	18.6%	15.8%	-193 bps	90 bps	17.1%	15.8%	128 bps
EPS (INR)	71.9	71.4	52.1	0.7%	38.0%	201.6	152.3	32.4%

Source: Company, KRChoksey Research

Bajaj Auto Ltd.

Particulars (INR Mn)	FY22	FY23	FY24E	FY25E	FY26E
Sales	321,360	353,915	436,456	495,380	546,632
Other operating revenue	10,087	10,639	10,610	12,384	13,666
Revenue from operations	331,447	364,554	447,067	507,764	560,298
Cost of sales	243,298	261,213	318,799	360,339	396,566
Gross profit	88,149	103,341	128,268	147,425	163,732
Employee benefit expense	13,628	14,845	16,165	18,589	20,954
Finance cost	87	395	414	409	403
Depreciation	2,698	2,859	3,655	3,780	4,280
Other expenses	22,155	24,270	25,379	27,927	29,960
Capitalized expenses	-133	-278	-429	-560	-560
Total expenses	281,732	303,302	363,983	410,483	451,603
EBITDA	52,499	64,505	87,153	101,470	113,378
EBIT	49,802	61,647	83,498	97,690	109,098
Share of profit by associates	5,795	5,293	5,545	6,211	6,956
Other income	12,841	11,875	14,239	13,649	13,949
PBT before exp	68,352	78,420	102,868	117,141	129,600
Exceptional items	-8,165	0	0	0	0
PBT	76,517	78,420	102,868	117,141	129,600
Income tax expense	14,858	17,818	23,650	26,932	29,796
Net profit	61,659	60,602	79,217	90,209	99,803
EPS (INR)	213.2	212.5	280.0	319	353
Adj. Net Profit	53,494	60,602	79,217	90,209	99,803
Adj. EPS	184.9	212.5	280.0	318.8	352.7

Source: Company, KRChoksey Research

Particulars (INR Mn)	FY22	FY23	FY24E	FY25E	FY26E
Cash from operations activities	41,972	52,774	84,516	95,036	104,921
Cash from investing activities	-809	11,995	-12,600	-13,632	-14,525
Cash from financing activities	-40,563	-71,807	-39,856	-48,614	-63,359
Net inc/dec in cash equivalents	600	-7,038	32,060	32,790	27,037
Opening Balance cash	5,166	9,337	2,416	34,476	67,267
Change in foreign currency translation arising on consolidation	3,571	117	0	0	0
End Cash	9,337	2,416	34,476	67,267	94,304

Source: Company, KRChoksey Research

Particulars (INR Mn)	FY22	FY23	FY24E	FY25E	FY26E
EBITDA Margin (%)	15.8%	17.7%	19.5%	20.0%	20.2%
Tax rate (%)	19.4%	22.7%	23.0%	23.0%	23.0%
Net Profit Margin (%)	16.1%	16.6%	17.7%	17.8%	17.8%
RoE (%)	21.6%	20.5%	25.3%	25.5%	25.4%
RoCE (%)	16.7%	21.0%	25.1%	26.0%	26.5%
EPS (INR per share)	213.2	212.5	280.0	318.8	352.7
Adj. EPS (INR per share)	184.9	212.5	280.0	318.8	352.7
Adj. P/E	41.1x	35.8x	27.1x	23.8x	21.5x

Source: Company, KRChoksey Research

Bajaj Auto Ltd.

Balance Sheet (INR Mn)	FY22	FY23	FY24E	FY25E	FY26E
PPE	17,596	27,615	31,560	36,412	41,657
Capital WIP	772	853	853	853	853
Investment property	511	500	500	500	500
Intangible assets	253	307	307	307	307
Investments in associate of subsidiary	40,638	48,840	48,840	48,840	48,840
Financial assets	176,672	167,535	167,535	167,535	167,535
Income tax assets	7,492	8,125	8,937	9,831	10,814
Other non-current assets	3,522	1,085	1,194	1,313	1,445
Total non-current assets	247,456	254,861	259,726	265,592	271,951
Inventories	12,305	15,636	19,082	21,569	23,737
Investments	49,691	45,814	50,814	55,814	60,814
Trade receivables	15,164	17,524	21,491	24,409	26,934
Cash and cash eq	9,337	2,416	34,476	67,267	94,304
Other bank balances	244	4,489	4,489	4,489	4,489
Loans	42	36	36	36	36
Other financial assets	5,963	4,734	4,734	4,734	4,734
Other current assets	10,911	5,856	5,856	5,856	5,856
Total current assets	103,656	96,504	140,978	184,172	220,903
Total Assets	351,112	351,365	400,704	449,764	492,854
Equity share capital	2,894	2,830	2,830	2,830	2,830
Other equity	295,703	290,786	330,389	372,211	408,869
Total Equity	298,597	293,615	333,218	375,041	411,698
Sales tax deferral	1,228	1,242	1,242	1,242	1,242
Provisions	13	12	12	12	12
DTL	4,027	3,452	3,624	3,805	3,996
Govt grant	360	334	334	334	334
Other non-current liabilities	3	2	2	2	2
Total non-current liabilities	5,631	5,042	5,214	5,395	5,586
Trade payables	36,322	41,212	50,297	56,851	62,567
Other financial liabilities	3,970	4,641	4,873	5,117	5,372
Other current liabilities	4,788	4,926	5,172	5,431	5,703
Provisions	1,538	1,665	1,665	1,665	1,665
Govt grant	27	27	27	27	27
Current tax liabilities	242	237	237	237	237
Total current liabilities	46,885	52,707	62,271	69,327	75,570
Total Equity & liabilities	351,112	351,364	400,704	449,764	492,854

Source: Company, KRChoksey Research

Bajaj Auto Ltd.

Bajaj Auto Ltd.			
Date	CMP (INR)	TP(INR)	Recommendation
06-Mar-24	8,606	8,818	BUY
25-Jan-24	7,598	8,818	BUY
05-Dec-23	6,137	7,093	BUY
19-Oct-23	5,474	5,830	ACCUMULATE
26-Jul-23	4,860	5,321	ACCUMULATE
27-Apr-23	4,396	4,756	ACCUMULATE

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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