

Bajaj Auto Ltd

Bajaj Auto is engaged in the business of development, manufacturing and distribution of automobiles such as motorcycles, commercial vehicles etc. and parts thereof. The Company sells its products in India as well as in various other global markets. It is currently focusing on cracking the code for the large 'Executive' segment. Bajaj is a dominant player in the premium segment (33% market share) with a strong product portfolio leaning towards next generation motorcycles and a focus on expanding into the cruiser segment making it a prime beneficiary of the premiumisation trend. The company has been the first in introducing technological improvements in two-wheelers, right from electric scooters to twin spark plug technology. It is able to convert its technology into revenue over the years and with revenue CAGR of 8.5% for 5 years ended FY19.

ON the asset and cash management side also the company looks stable with a name sake debt equaling to 0.1x of equity. Currently, the stock trades at 17.1x of its earnings and delivers 21 RoE. It also pays out at least 35% dividend. With concrete business and steady returns, we recommend BUY on the stock.

BUY

CMP ₹2,888

Stock Info

Sector	Automobile
Market Cap (₹ cr)	83,569
Beta	0.9
52 Week High / Low	3289/2442
Avg. Daily Volume	20,966
Face Value (₹)	10
BSE Sensex	37,880
Nifty	11,235
Reuters Code	BAJA.BO
Bloomberg Code	BJAUT IN

Shareholding Pattern (%)

Promoters	53.5
MF / Banks / Indian FIs	9.8
FII / NRIs / OCBs	14.1
Indian Public / Others	22.6

Abs. (%)	3m	1yr	3yr
Sensex	(1.8)	9.0	34.9
BAJAJAUTO	5.3	11.9	0.5

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Disclosure of Interest Statement

Bajaj Auto

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)