

# BAJAJ AUTO

CMP: Rs.2803.00

DATE: 26.6.2018

COMPANY DETAILS			
Industry Type	Automotive		
Headquarter & Incorporated	Pune,1945		
Market cap(In Cr.)	Rs.81,109.58		
BSE/NSE Code	532977/BAJAJ-AUTO		
52wk High/Low	3,472.60/2,695.00		
KEY FINANCIALS(In Cr.)			
Year	Revenue	Expenses	Profit
2013-14	20,840.10	16,185.23	3,380.28
2014-15	22,198.22	17,774.98	3,025.63
2015-16	23,511.85	18,216.54	3,783.98
2016-17	24,310.26	18,977.33	4,079.49
2017-18	26,775.53	21,097.73	4,218.95
SHAREHOLDING PATTERN			

Category	Percentage
Promoters	49.30%
Foreign Institutions	17.20%
General Public	15.76%
Others	9.23%
Financial Institutions	6.34%
Non-Banks Mutual Funds	2.17%
Unlabelled	2.17%

## HIGHLIGHTS:

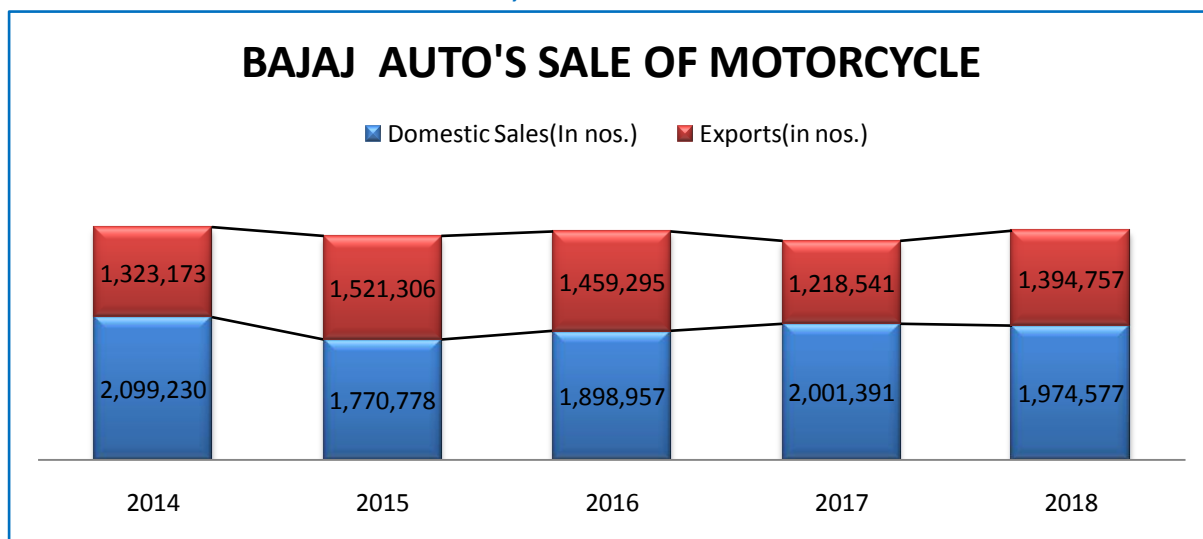
The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The Two Wheelers segment with 80 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Production of passenger vehicles, commercial vehicles, three wheelers and two wheelers grew at 14.41 per cent year-on-year between April-February 2017-18 to 26,402,671 vehicles.

**Bajaj Auto Limited** is a global two-wheeler and three-wheeler Indian manufacturing company with market cap of Rs.81,109.58 and BSE/NSE code of 532977/BAJAJ-AUTO. The company manufactures and sells motorcycles,

scooters and auto rickshaws. Bajaj Auto is a part of the Bajaj Group. It was founded by Jamnalal Bajaj in Rajasthan in the 1940s. Bajaj Auto is the world's sixth-largest manufacturer of motorcycles and the second-largest in India. It is the world's largest three-wheeler manufacturer. The company has performed well in FY2017-18. Revenue of the company has increased by 10.14% to Rs.26, 775.53crore in FY2017-18 from Rs.24,310.26 crore in FY2016-17 .Expenses has shown a growth of 11.70% in FY2017-18 which stood at Rs. 21,097.73 crore in FY2017-18 as against Rs.18,977.33 crore in FY2016-17.Profit of the company boosted by 3.42% in FY2017-18 ,Rs.4,218.95 crore in FY2017-18 as compared to Rs.4,079.49 crore in FY2016-17. Promoters held more shares in Bajaj auto which was 49.30% of total shares. Afterward Foreign Institutions, General Public,Others,Financial Institutions,

NBanks Mutual Funds having shares of 17.20%, 15.76%,9.23%, 6.34%, 2.17%, subsequently.

#### BAJAJ AUTO'S SALE OF MOTORCYCLES, DOMESTIC AND EXPORTS :



This graph gives the data on Bajaj Auto's sales of motorcycles, both domestic and exports, over the last five years. Considering the domestic market, in FY2016 and FY2017, Bajaj Auto grew its domestic sales faster than the market and, consequentially, increased its Market share within India. However, there has been a reversal in FY2018. Exports of Bajaj Auto have increased to 14.50% in FY2017-18 from FY2016-17 while domestic sale of motorcycle has declined to 1.30%.

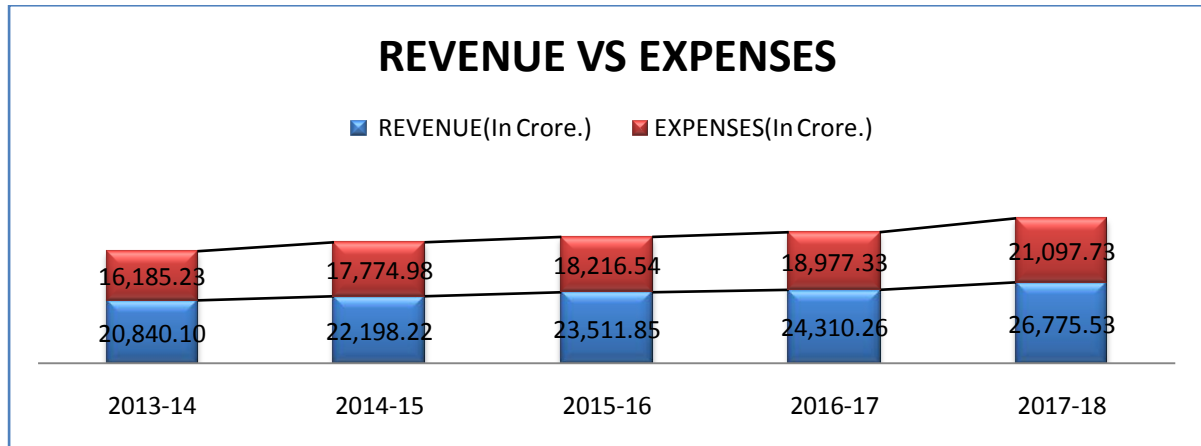
#### FINANCIAL PERFORMANCE:

FINANCIAL PERFORMANCE		
PARTICULARS	2016-17	2017-18
BALANCE SHEET SIZE (In Crore)	21,637.62	25,141.00
SHAREHOLDER'S FUND(In Crore)	17,856.6	20,425.2
LIABILITIES(In Crore)	3,724.49	4,715.74
ROA (%)	18.85	16.78
ROE (%)	22.85	20.66
ROCE (%)	22.14	20.06
MARGIN (%)	16.78	15.76
EPS(Rs.)	132.5	145.8

Bajaj Auto Ltd has provided a mixed result in FY2017-18. Balancesheet size of the company has increased to Rs.25,141.00 crore in FY2017-18 from Rs.21,637.62 Crore in FY2016-17. Shareholder's fund has shown a growth of 14.39% in FY2017-18. Liabilities has increased to Rs.4,715.74 crore in FY2017-18 from Rs.3,724.49 crore in FY2016-17. Returns of the company has shown a decline in FY2017-18. ROA, ROE, ROCE stood at 16.78%, 20.66%, 20.06% respectively. Margin has also shown a decline in FY2017-18 which stood at 15.76% as

against 16.78% in FY2016-17. EPS has increased to Rs.145.80 in FY2017-18 from Rs.132.50 in FY2016-17.

## REVENUE VS. EXPENSES:



By considering the Revenue & Expenses trend of five years, it was clearly analyzed that both are trend are increasing Y-O-Y. In FY 2017-18, the company has recorded a growth of 10.14% in revenue and 11.17% in Expenses.

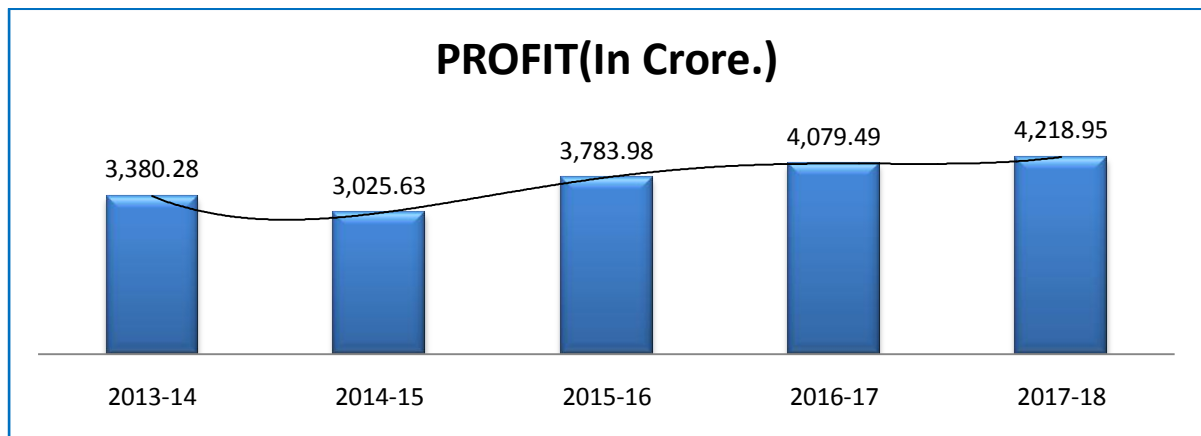
### Revenue:

Revenue of the company has registered an increase of 10.14% which stood at Rs.26,775.53 crore in FY2017-18 as against Rs.24,310.26 in FY2016-17. Revenue increased due to increase in sale of Products of 10.59%, Export Incentives of 18.65%, Royalty of 39.50%, Gain on valuation and gain on realisation of mutual funds measured at FVTPL of 8.88%, Profit on sale of other investments of 74.75%.

### Expenditure:

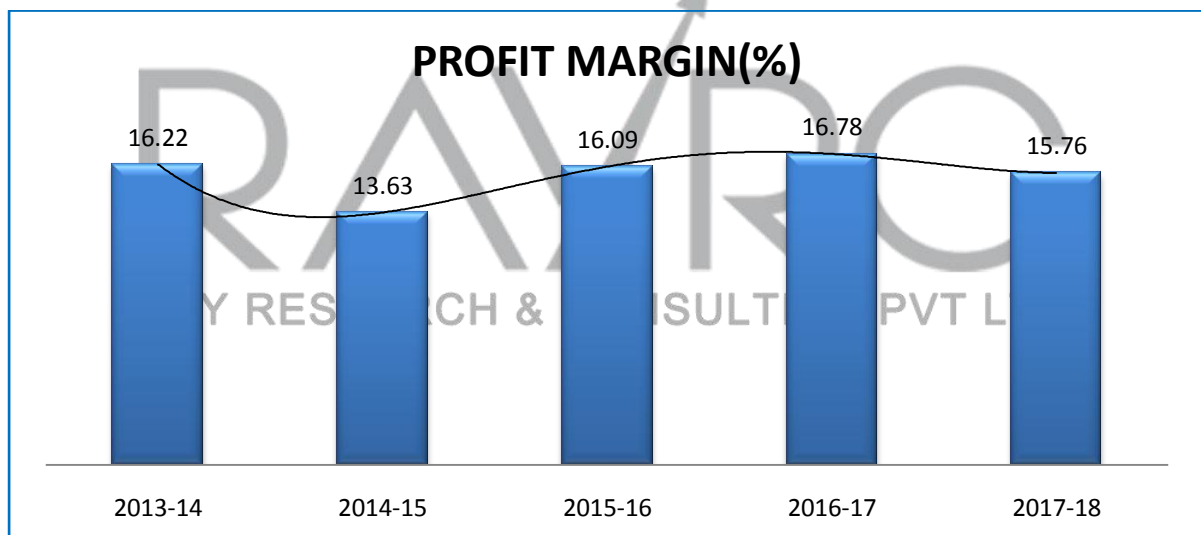
Expenditure of the company has shown an growth of 11.17% which stood at Rs.21,097.73 Crore in FY2017-18 as against Rs.18,977.33 crore in FY2016-17. This Growth in expenses is on account of increase in cost of Raw material Consumed of 20.43%, Purchase of traded goods of 1.36%, employee benefit expenses of 7.23%, Depreciation & Amortization of 2.44% and Other Expenses of 10.28%.

## PROFIT:



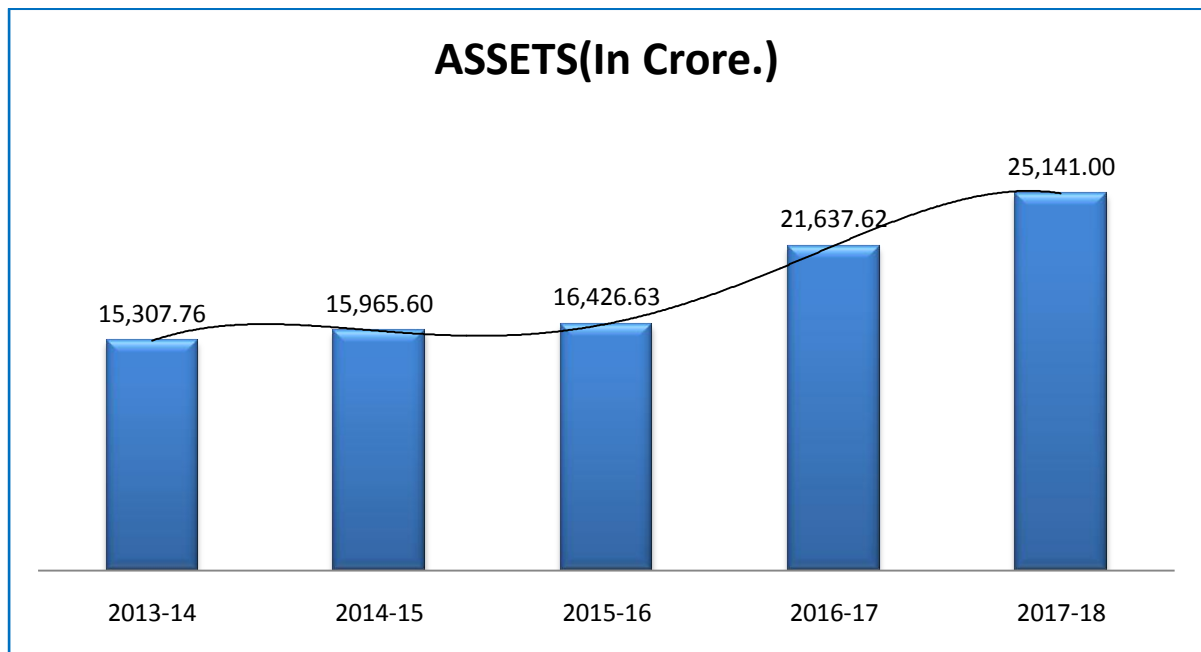
Profit of the company has shown a growth of 3.42%,Rs. 4,218.95 crore in FY2017-18 as against Rs.4,079.49 crore in FY2016-17. This growth was due to increase in Revenue of 10.14%.

## PROFIT MARGIN:



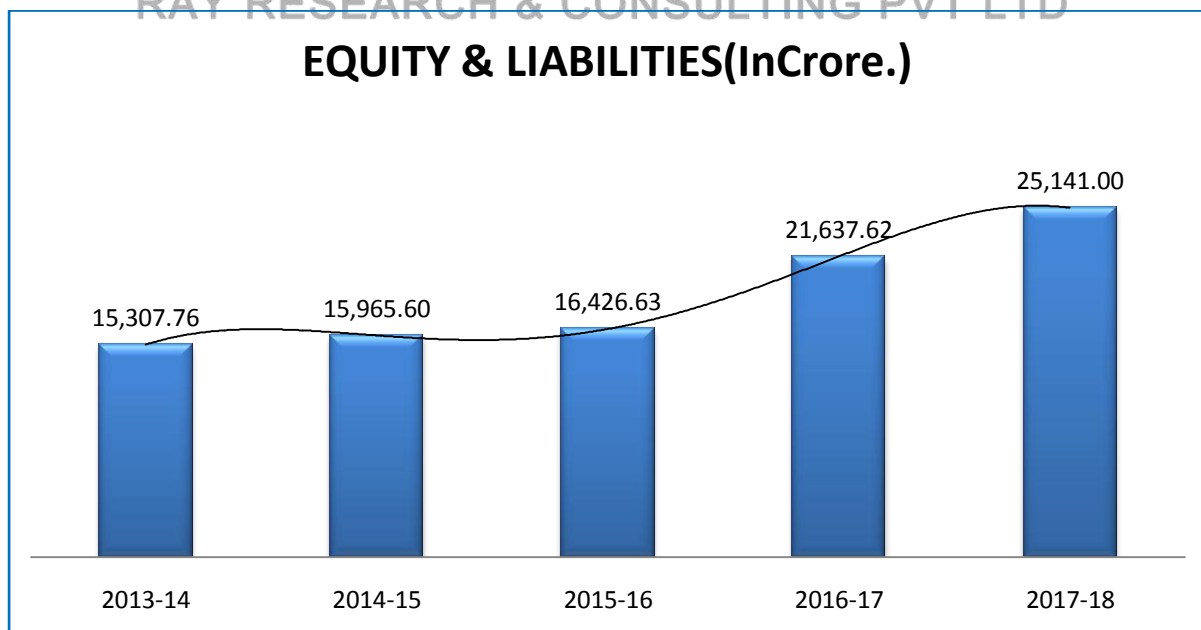
Profit Margin has declined to 15.76% in FY2017-18 from 16.78% in FY2016-17.As Expenses of the company has increased as compared to Revenue, Profit margin has declined.

## ASSETS:



Assets of the company has increased to Rs.25,141.00 crore in FY2017-18 from Rs.21,637.62 in FY2016-17, recording a growth of 16.19%. This growth was due to boost in Intangible assets under development of 43.74%, Investments in associate of subsidiary of 28.49%, Income tax assets of 9.68%, Other non-current assets of 32.92%, Trade Receivables of 56.50%.

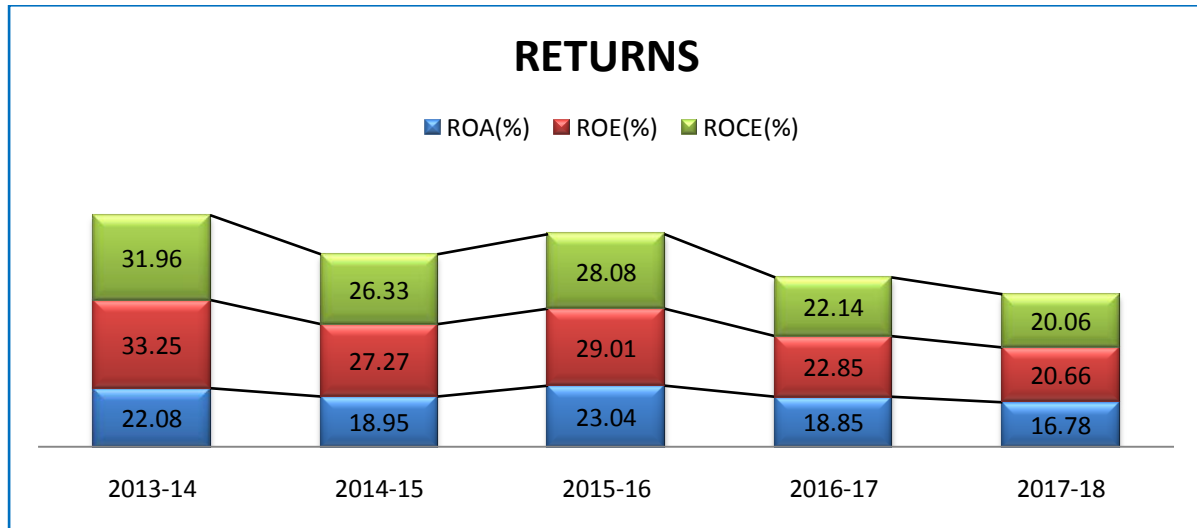
## EQUITY & LIABILITIES:



Equity & Liabilities of the company has increased by 16.19%, Rs. 25,141.00 crore in FY2017-18 as compared to Rs.21,637.62 crore in FY2016-17. This Increase in Equity & Liabilities is

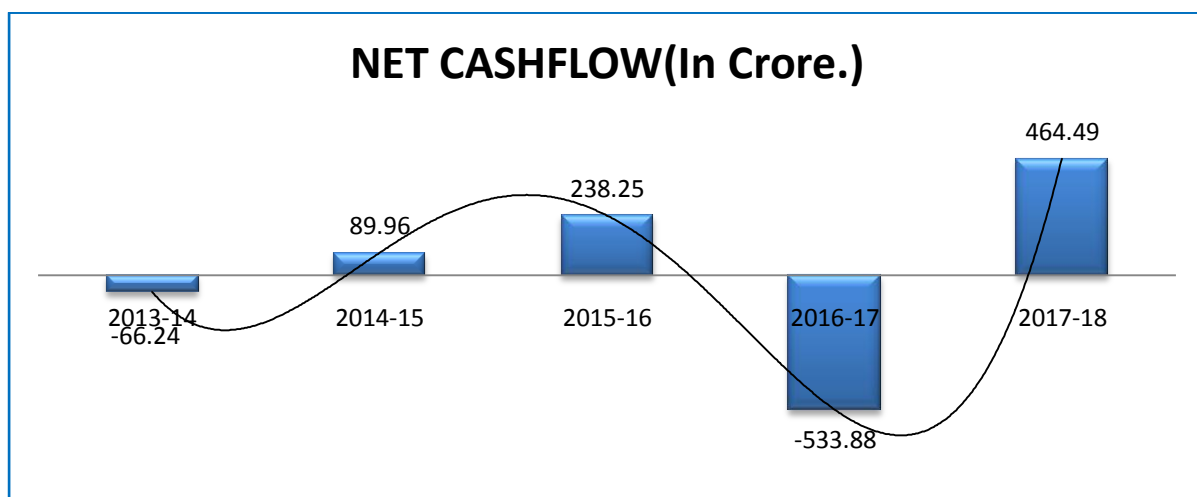
due to increase in Reserve & surplus of 14.62%, sales tax deferral of 0.73%, Deferred tax liabilities of 3.12%, Provisions of 43.59%.

#### RETURNS:



Returns of the company have shown a decline in FY2017-18. ROA of the company stood at 16.78 in FY2017-18 as compared to 18.85% in FY2016-17. ROE stood at 20.66 in FY2017-18 as compared to 22.85% in FY2016-17. ROCE stood at 20.06% in FY2017-18 as compared to 22.14% in FY2016-17.

#### NET CASHFLOW:



The company has shown a positive cash flow in FY2017-18 which stood at Rs.464.49 crore as against Rs. (533.88) crore in FY2016-17. This Positive cash flow is due to Gain on valuation/realization of mutual funds measured at fair value through profit or loss, Surplus on sale of assets, Inventories, Trade receivables, Sales proceeds of assets.

**CONSOLIDATED PROFIT & LOSS ACCOUNT (Rs. In Cr.)**

<b>Particulars</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Sales	20,735.68	22,015.43	23,546.24	22,694.87	25,098.64
Less: Excise duty	1,009.40	909.28	1,293.46	-	-
Net sales	19,726.28	21,106.15	22,252.78		25,098.64
Other operating	432.01	508.12	434.81	393.16	464.62
Revenue from	20,158.29	21,614.27	22,687.59	23,088.03	25,563.26
Other income	681.81	583.95	824.26	1,222.23	1,212.27
<b>Total revenue</b>	<b>20,840.10</b>	<b>22,198.22</b>	<b>23,511.85</b>	<b>24,310.26</b>	<b>26,775.53</b>
<b>Expenses:</b>					
Cost of raw material	12,936.57	13,752.79	13,717.01	13,285.36	15,999.16
Purchases of traded	959.23	1,155.10	1,276.40	1,382.47	1,401.25
(Increase)/decrease in inventories of finished goods, work-in-progress and traded	-12.57	-56.46	63.45	-43.68	9.68
Employee benefits	731.76	898.48	918.44	997.39	1,069.48
Excise duty			1,296.68	1,321.35	398.34
Finance costs	0.82	6.49	0.48	1.40	1.31
Depreciation and	181.32	267.46	307.16	307.29	314.8
Other expenses	1,453.00	1,811.17	1,950.62	1,748.02	1,927.78
Expenses, included in above items, capitalised	-64.90	-60.05	-17.02	-22.27	-24.07
<b>Total expenses</b>	<b>16,185.23</b>	<b>17,774.98</b>	<b>18,216.54</b>	<b>18,977.33</b>	<b>21,097.73</b>
Share of profits of associate					287.61
Profit before exceptional items and	4,654.87	4,423.24	5,295.31	254.62	5,965.41
Exceptional items		340.29			32
Profit before tax	4,654.87	4,082.95	5,295.31		5,933.41
Tax expense					
Current tax	1,362.02	1,258.00	1,686.10	1,455.92	1,646.36
Deferred tax	28.08	13.05	46.67	50.41	68.11
Prior-year tax				1.74	
Total tax Expenses	1,390.10	1,271.05	1,732.77	1,508.07	1,714.47
Profit after tax	3,264.77	2,811.90	3,562.54	4,079.48	4,218.94
Share of profit after tax of associate	145.52	213.72	221.44		
Minority interest	-0.36	-0.01		-0.01	-0.01
<b>Profit for the year</b>	<b>3,380.28</b>	<b>3,025.63</b>	<b>3,783.98</b>	<b>4,079.49</b>	<b>4,218.95</b>
Other comprehensive income					
Items that will not be reclassified to profit or					-21.61
Actuarial gains/(losses) of					7.62
Tax impacts on above					0.65

Items that will be reclassified to profit or					
Valuation gains/(losses) on derivative hedging					-147.05
Tax impacts on above					50.69
Other adjustments - share of associate of					11.3
Change in foreign currency translation reserve of subsidiary					336.14
Other comprehensive income (net of tax)					237.74
Total comprehensive income for the year					4,456.69
Profit attributable to Owners of the					4,218.95
Non-controlling					-0.01
					4,218.94
Total comprehensive income attributable to Owners of the					4,456.69
Non-controlling					-0.01
					4,456.68
Basic and diluted Earnings per share (In Rs.)	116.80	104.6	130.8	132.5	145.8

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**BALANCESHEET:**

CONSOLIDATED BALANCE SHEET (RS. In Cr.)					
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	289.37	289.37	289.37	289.37	289.37
Reserves and surplus	9,877.89	10,805.95	12,756.05	17,567.20	20,135.87
	10,167.27	11,095.32	13,045.42	17,856.57	20,425.24
Minority Interest	0.06	0.04	0.04	0.03	0.02
<b>Non-current liabilities</b>					
Sales tax deferral				119.9	120.77
Long-term borrowings	57.14	111.77	162.48		
Deferred tax liabilities	143.18	141.58	188.25	313.62	323.42
other long-term liabilities	87.43	57.59	29.78		1.35
Government grant					46.61



Long-term provision	121.23	82.44	47.57		
Provisions				78.13	112.19
	409.58	393.38	428.08	511.65	604.34
<b>Current Liabilities</b>					
Trade Paybles	2,111.81				
Total outstanding dues of micro enterprises and small enterprises		12.83	15.38	13.65	1.06
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,747.77	2,011.73	2,222.33	3,243.36
Government grant				2.65	2.65
Provisions				120.93	125.6
Short-term borrowings					
Other current liabilities	766.35	806.69	604.53	557.62	
Current tax liabilities (net)				15.74	15.74
Short-term provisions	1,852.70	1,909.57	321.45		
Other financial liabilities				279.92	329.26
	4,730.86	4,476.56	2,953.09	3,212.84	4,111.40
<b>Total</b>	<b>15,307.76</b>	<b>15,965.60</b>	<b>16,426.63</b>	<b>21,637.62</b>	<b>25,141.00</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Fixed assets</b>					
Property, plant and equipment				1,898.61	1,821.22
Tangible assets	2,006.42	1,917.24	1,936.38		
Intangible assets			89.29	44.65	
Capital-work-in-progress	32.55	101.72	26.89	10.64	11.15
Investment property				58.53	57.11
Intangible assets under development	111.51	153.72	25.35	31.53	45.32
Investments in associate of subsidiary				1,968.29	2,528.99
non-current investments				7,458.67	
	2,150.48	2,172.18	2,077.91		
Goodwill on investments in associate of subsidiary	6,158.07	530.79	595.61		
<b>Non-current</b>		<b>3,184.69</b>	<b>8,444.94</b>		<b>10,600.17</b>

investments					
Income tax assets (net)				399.94	438.66
Long-term loans and advances	720.55	511.07	682.24		30.68
Other financial assets					0.02
Other non-current assets	1.02	0.04	0.02	268.47	356.85
	9,683.32	6,398.77	11,800.72	12,169.09	15,890.17
<b>Current assets</b>					
current investments	2,289.70	5,800.56	1,218.32	6,050.08	5,765.41
Inventories	641.21	814.15	719.07	728.38	
Income tax assets (net)				399.94	
Other Financial assets				263.3	
Trade Receivables	796.21	716.96	717.93	953.29	1,491.87
Cash and bank balances	500.9	592.74	867.03	287.5	775.6
Other bank balances				13.86	6.26
Short-term loans and advances	979.35	1,295.30	871.60	29.74	79.36
Other current assets	417.07	347.12	231.96	1,096.36	372.69
	5,624.44	9,566.83	4,625.91	9,468.53	9,250.83
<b>Total Assets</b>	<b>15,307.76</b>	<b>15,965.60</b>	<b>16,426.63</b>	<b>21,637.62</b>	<b>25,141.00</b>

## CASHFLOW STATEMENT:

<b>CONSOLIDATED CASH FLOW STATEMENT (Rs.In Cr)</b>					
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
<b>I. Operating activities</b>					
Profit before tax	4,654.87	4,082.95	5,295.31	5,587.55	5,933.41
Add: Income from associate after tax	145.52				
<b>Add:</b>					
i) Depreciation and amortisation	181.32	267.46	307.16	307.29	314.8
ii) Valuation (gains)/losses of derivative hedging instruments	-105.49	50.22	-105.49		
Exchange rate differences on cash and cash equivalents				-1.47	-23.61
Exchange loss/(gain) on trade receivables				4.87	-1.52

Exchange loss/(gain) on import payables				-0.54	-0.24
Loss on assets sold, demolished, discarded and scrapped	11.87	15.16	11.87	9.24	10.15
Provision for doubtful debts and advances	0.78	3.82	0.78	3.47	3.14
Interest expense	0.48	6.49	0.48	0.62	0.44
Interest adjustment on Government grant					0.87
	214.8	343.15	214.8	324.26	304.03
<b>Less:</b>					
<b>i) Investment income included in above:</b>					
<b>Interest on long-term and current investments</b>	59.82	125.28	59.82		
Interest income on fixed income securities				75.02	32.41
Profit on sale of investments, net	359.77	192.5	359.77	3.09	
Surplus/(loss) on redemption of securities, net		0.19			
Amortisation of premium/discount on acquisition of fixed income securities	125.48	58.99	125.48	67.76	
Gain on valuation/realisation of mutual funds measured at fair value through profit or loss				817.32	889.92
Amortisation of premium/discount on acquisition of fixed income securities					25.46
					953.19
<b>ii) Provision for doubtful debts and advances written back</b>	0.08	0.88	0.08	0.14	0.11
<b>iii) Surplus on sale of assets</b>	-546.41	3.54	1.26	2	7.58
<b>Government grants</b>				2.65	2.65
<b>) Share of profits of associate</b>					287.61

Liabilities no longer required written-back					64.39
	-546.41	-381.38	-546.41	-1,298.49	-1,315.53
	4,963.70	4,044.72	4,963.70	4,613.32	4,921.91
<b>Change in assets and liabilities</b>					
i) Inventories	2.75	-172.94	95.08	-9.31	-14.2
ii) Trade receivables	-61.56	76.37	-1.54	-240.98	-539.11
iii) Loans and advances and other assets	106.31	-183.46	459.43	-135.6	677.8
iv) Liabilities and provisions	352.11	-334.37	11.06	570.05	989.35
	399.61	-614.4	564.03	184.16	1,113.84
<b>Annuity payments (net) to VRS optees</b>	-28	-31.26	-29.83	-27.54	-22.83
<b>Net cash from operating activities before income-tax</b>	4,962.43	3,399.06	5,497.90	4,769.94	6,012.92
<b>Income-tax refund/paid for earlier years (net)</b>			-37		-2.54
<b>Income-tax paid</b>	-1,315.20	-1,285.26	-1,782.45	-1,502.58	-1,682.54
<b>Net cash from operating activities</b>	3,647.23	2,113.80	3,678.45	3,267.36	4,327.84
<b>Carried Forward</b>	3,647.23	2,113.80	3,678.45	3,267.36	4,327.84
<b>Brought forward</b>	3,647.23	2,113.80	3,678.45	3,267.36	4,327.84
<b>II. Investing activities</b>					
i) Sale of current and long-term investments	-2,495.18	4,500.58	6,386.43	2,199.98	4,988.52
ii) Purchase of current and long-term investments		-4,919.11	-6,270.33	-5,024.30	-7,483.30
iii) (Purchase)/sale of money market mutual funds, etc., net		63.95	7.24	-758.39	558.73
) Purchase of investment property					-0.2
iv) (Increase)/decrease in other bank balances	-0.63	-1.88	-36.04	33.26	-3.2
<b>Purchase of property, plant and equipment (including advances)</b>					-182.63
v) Capital expenditure	-220.05	-269.65	-265.14	-199.44	-
vi) Sales proceeds of assets/adjustment to gross block	7.27	16.48	5.74	8.65	13.13

<b>vii) Capital expenditure on development of technical know-how</b>	-41.25	-41.71	-6.06	-6.18	-13.79
	-2,749.84	-651.34	-178.16	-3,746.42	-2,122.74
<b>viii) Investment income</b>					
<b>Interest on long-term and current investments</b>	214.9	125.28	59.82	75.02	
<b>(Increase)/decrease in investment/interest receivable</b>	-125	112.03	5.25	-11.76	
<b>Interest income on fixed income securities</b>			84.19	75.02	32.41
<b>(Increase)/decrease in interest receivable</b>			7.41	-11.76	37.24
<b>Interest on fixed deposits</b>	0.02				
<b>Profit on sale of investments, net</b>	54.84				
<b>Dividend on long-term investments</b>					
<b>Amortisation of (premium)/discount on acquisition of fixed income securities</b>	126.28				
<b>vi) Investment income</b>					
<b>Interest on long-term investments</b>	214.9				
<b>Interest on fixed deposits</b>	0.02				
<b>Profit on sale of investments, net</b>	54.84				
<b>Dividend on long-term investments</b>					
<b>Amortisation of (premium)/discount on acquisition of fixed income securities</b>	126.28				
<b>Net cash from investing activities</b>	-2,478.80	-414.03	-113.09	-3,683.16	-2,053.09
<b>III. Financing activities</b>					
<b>i) Interest expense</b>	-0.82	-6.49	-0.48	-0.62	-0.44
<b>ii) Deferral/(repayment) of sales tax deferral liability/loan</b>	58.6	53.16	5013	12.75	-
<b>iii) Dividend paid</b>	-1,301.52	-1,444.96	-2,862.81	-172.77	-1,588.32
<b>iv) Corporate dividend tax paid</b>	-216.7	-245.89	-570.92	-29.45	-296.5

Short-term bank loan taken/(repaid)	-27.14				
Adjustment to net worth on consolidation:					
i) Foreign currency translation reserve	258.32				
ii) Foreign exchange difference on paid-up capital of subsidiary	5.57				
iii) On account of change in share of net assets of associate of subsidiary	-2.87				

#### REFERENCES:

- <https://www.bajajauto.com/>
- [https://en.wikipedia.org/wiki/Bajaj\\_Auto](https://en.wikipedia.org/wiki/Bajaj_Auto)
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