



# Bajaj Auto

STOCK INFO. BLOOMBERG  
BSE Sensex: 13,157 BJA IN  
REUTERS CODE  
S&P CNX: 3,799 BJAT.BO

7 November 2006

Neutral

Previous Recommendation: Buy

Rs2,723

|                     |             |
|---------------------|-------------|
| Equity Shares (m)   | 101.2       |
| 52-Week Range (Rs)  | 3,325/1,711 |
| 1,6,12 Rel.Perf.(%) | -19/-19/-6  |
| M.Cap. (Rs b)       | 277.5       |
| M.Cap. (US\$ b)     | 6.1         |

| YEAR  | NET SALES | PAT    | EPS   | EPS        | P/E  | P/BV | ROE  | ROCE | EV/   | EV/    |
|-------|-----------|--------|-------|------------|------|------|------|------|-------|--------|
| END   | (RS M)    | (RS M) | (RS)  | GROWTH (%) | (X)  | (X)  | (%)  | (%)  | SALES | EBITDA |
| 3/06A | 76,679    | 11,243 | 108.9 | 40.8       | 25.2 | 5.8  | 23.6 | 25.4 | 3.1   | 17.2   |
| 3/07E | 101,287   | 12,939 | 127.9 | 17.4       | 21.4 | 4.9  | 23.0 | 25.7 | 2.3   | 15.1   |
| 3/08E | 123,018   | 15,702 | 155.2 | 21.4       | 17.7 | 4.1  | 23.4 | 27.0 | 1.8   | 11.8   |

**Volume growth at the expense of profitability:** Bajaj Auto registered strong volume growth during the festival season. However, in its quest to attain market leadership, the company achieved this growth at the expense of profitability. The festive season promotional schemes have continued beyond the festival season in few cases, in turn driving strong volume growth expectations.

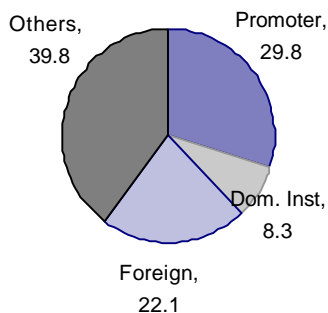
**Input cost increase adds to margin pressures:** With commodity prices ruling at higher levels, BAL's long-term contract for steel recently got renegotiated at a higher price (quantum not disclosed). Recent price hikes of its products (Platina - 1.4%, 3-wheelers - 1%) are expected to be very selective and insufficient to neutralise the impact on margins.

**Effective realisations from Platina to get reduced:** Bajaj Auto cut the price of the *Platina* by Rs2,000 during the festival season, which positively impacted its sales. It overtook CT-100 as Bajaj Auto's main model in the entry level segment. However, the lower prices have hurt margins in 2QFY07. We expect this trend to continue in 3QFY07, the 1.4% mentioned above price hike notwithstanding.

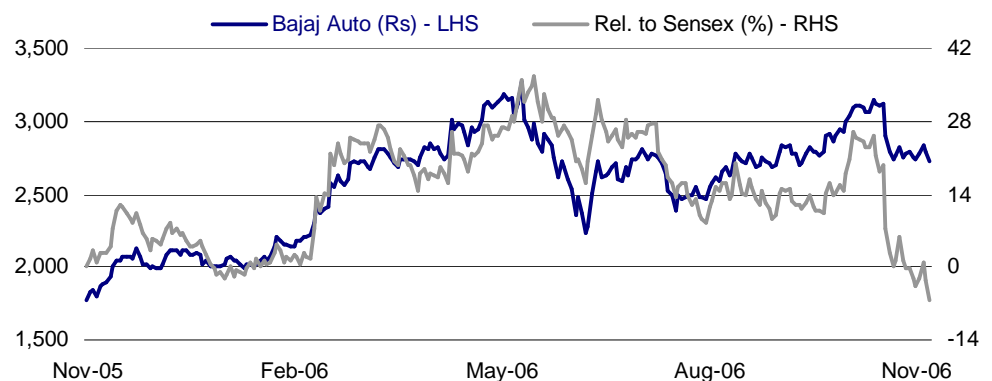
**Subventions add further to costs:** Bajaj Auto has been giving incentives to *Discover* and *Platina* buyers in the form of subvention for financing at 0% interest effective September 18, 2006. Under this scheme, Bajaj will bear the interest burden on bikes financed by the banks. The impact on Bajaj Auto will be two-fold - through subvention and through the price decrease on *Platina*.

**We pare down margin estimates; downgrade stock:** We are downgrading our rating of Bajaj Auto to **Neutral** as we expect renewed competitive pressures to impact margins further and drive downgrade in earnings estimates as well as valuations. The stock trades at valuations of 21.4x FY07E and 17.7x FY08E EPS of Rs127.9 and Rs155.2 respectively. Downgrade to **Neutral** with a SOTP of Rs2,729.

SHAREHOLDING PATTERN (%)



STOCK PERFORMANCE (1 YEAR)



Bajaj Auto has registered impressive growth in the current fiscal, with its YTD motorcycle sales increasing by 34.4% YoY and overall sales increasing by 25.5% YoY. We expect it to continue showing robust volume growth.

However, we expect renewed competitive pressures to impact margins further and drive downgrade in earnings estimates as well as valuations. Over the last six quarters, Bajaj got significantly re-rated due to significant gains in market share and improvement in margins. Going forward, while we remain positive on volume growth and possibly a few percentage points gain in market share, the deterioration in industry EBITDA will pull down the overall valuations for the 2-wheeler companies.

Further, our earnings estimates for FY08 could be at risk if EBITDA margins deteriorate further (assumed 15.2% in FY07, 15.1% in FY08) or if volume growth is lower (assumed 20% in motorcycles and 12% in 3-wheelers in FY08) than our estimate. Hence, we are downgrading our rating of Bajaj Auto to Neutral

### Volume growth would continue to be impressive

Bajaj Auto maintained its strong growth momentum led by motorcycles. However, the mix in the motorcycle segment, tilted in favor of entry level bikes in 2QFY07. Platina, registered stellar growth, capturing 34.4% share of the entry level segment in September 2006, with sales crossing 0.1m units. Based upon the strong volume growth seen in motorcycles so far, we have upgraded our FY07 volume estimates by 6.4%. We estimate motorcycles to grow by 20% in FY08 and three-wheelers to grow by 12% in FY08.

#### RESIDUAL GROWTH ESTIMATES FOR MOTORCYCLES (UNITS)

|                              | FY07             | FY06             | GR. (%)     |
|------------------------------|------------------|------------------|-------------|
| <b>Bajaj Auto</b>            |                  |                  |             |
| YTD FY07 - Motorcycle Sales  | 1,442,271        | 1,073,112        | 34.4        |
| <b>FY07 Estimate (units)</b> | <b>2,543,367</b> | <b>1,912,224</b> | <b>33.0</b> |
| Residual Growth Req. (%)     | 31.2             |                  |             |
| <b>Hero Honda</b>            |                  |                  |             |
| YTD FY07 Sales               | 1,948,139        | 1,732,003        | 12.5        |
| <b>Our FY07 Estimate</b>     | <b>3,543,234</b> | <b>3,000,750</b> | <b>18.1</b> |
| Residual Growth Req. (%)     | 25.7             |                  |             |

Source: Company / Motilal Oswal Securities

The market leader Hero Honda is also expected to show robust growth in the rest of the year. However, with momentum on its side, and relatively lower base of last year, Bajaj Auto is expected to show higher growth during FY07, thereby usurping further market share from Hero Honda. TVS Motors is expected to remain a distant third.

#### RELATIVE MARKET SHARE AMONG TOP 3

|            | YTD FY07 | YTD FY06 | FY06 |
|------------|----------|----------|------|
| Hero Honda | 49.0     | 53.2     | 50.7 |
| Bajaj Auto | 36.3     | 33.0     | 32.3 |
| TVS Motors | 14.7     | 13.8     | 17.0 |

Source: Company / Motilal Oswal Securities

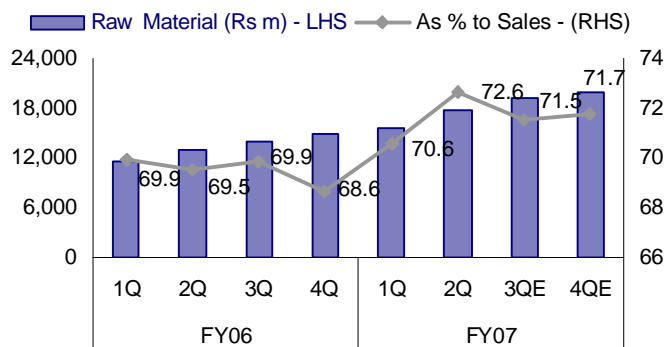
In our recent interactions with two-wheeler companies and dealers, the consensus is of a strong volume growth for the industry but at the expense of profitability. The festive season promotional schemes have continued beyond the festival season in few cases, in turn driving strong volume growth expectations (Hero Honda -18% in FY07, 15% in FY08, Bajaj Auto - 33% in FY07, 20% in FY08). As the market share gap between the top-2 players has narrowed, both players are willing to operate at margins well below the current levels in the quest to attain / defend leadership.

### Input cost increase adds to margin pressures

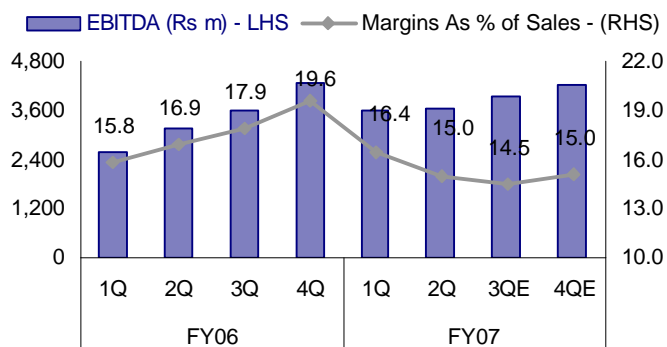
With commodity prices ruling at higher levels, two-wheeler manufacturers have entered into fresh contracts with vendors at higher prices. Bajaj Auto's long-term contract for steel has recently got renegotiated at a higher price the quantum of which has not been disclosed. Maruti's commodity contracts have seen a YoY increase of 1.5% and we have assumed this as the base increase in prices of commodities contracts.

Bajaj has recently hiked prices of its products-Platina by 1.4% and 3-wheelers by 1%. These will help it to realize Rs350 more per *Platina* and Rs650 more per three-wheeler. We believe that the total benefit of this price increase will be upto Rs131m on motorcycles and upto Rs86m on three-wheelers. However, with continued pressure from input prices, we believe that price hikes will be very selective and insufficient to neutralise the impact on margins.

RM COST AS A PERCENTAGE OF SALES HAS RISEN SHARPLY ...



... WHILE EBITDA MARGINS HAVE DIPPED



Source: Company / Motilal Oswal Securities

**Effective realisations from Platina to get reduced**

Bajaj Auto launched the 100cc motorcycle Platina in April 2006 in two different variants, which were priced at Rs34,000 and Rs36,000 (ex-showroom Delhi). In 2QFY07, the company cut the price of the top-end model which accounted for bulk of Platina sales by Rs2,000 and discontinued the base model. This had a positive impact on Platina sales, as it overtook CT-100 as Bajaj Auto’s main model in the entry level segment. While the entry level segment constitutes approximately 55% of Bajaj Auto’s motorcycle sales, Platina now accounts for nearly two-thirds of the entry level motorcycle sales. As a result, lower prices have hurt margins in 2QFY07 and we expect this trend to continue in 3QFY07 as well.

**Subventions would add further to costs**

Bajaj Auto has been giving incentives to *Discover* and *Platina* buyers in the form of subvention for financing at 0% interest effective September 18, 2006. Under this scheme, Bajaj will bear the interest burden on bikes financed by the banks. We believe that this scheme will continue throughout 3QFY07. We have assumed that Bajaj will account for the subvention expenses in FY07 itself. According to the industry, the average cost of subvention is Rs3,100 per bike. Of this, Rs2,600 will be borne by the company, and the balance by the dealers. The impact on Bajaj Auto will be two-fold – through subvention and through the price decrease on *Platina*.

IMPACT OF SUBVENTION ON MOTOR CYCLE SALES: BAJAJ AUTO

|                                 | SCENARIO  |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|
|                                 | I         | II        | III       | IV        |
| Rate of Interest to BAL (%)     | 11        | 12        | 13        | 14        |
| Total Retail Sales*             | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Sales Through Subvention (%)    | 25        | 25        | 25        | 25        |
| Retail Sales Through Subvention | 250,000   | 250,000   | 250,000   | 250,000   |
| Cost (Rs/bike)                  | 2,863     | 3,124     | 3,384     | 3,644     |
| Total Cost (Rs m)               | 716       | 781       | 846       | 911       |

\*Note: During Sep-Dec Source: Company / Motilal Oswal Securities

**Hero Honda too will be impacted by subvention and new launches**

Hero Honda was offering mobile handsets on its motorcycles in the festival season as a promotional offer. The cost to the company on this account was Rs800 per bike. Moreover, like Bajaj Auto, Hero Honda too has been giving subvention for financing at 0% interest, although it started later in October 2006.

Further, Hero Honda has a spate of new launches planned for 2HFY07. This will result in additional cost on advertising and promotion of these models, along with accruing expenses on their development. This too will have a negative impact on margins.

## We pare down margin estimates; downgrade stock

We are revising our volume estimate for Bajaj Auto upwards by 6.4% to reflect the buoyant motorcycle demand. However, for the reasons discussed above, we are downgrading the expected EBITDA margin by 50bp and 90bp for FY07 to 15.2% and FY08 to 15.1%. The stock trades at 21.4x FY07 and 17.7x FY08, revised EPS estimate of Rs128 for FY07 and Rs155 for FY08.

### REVISED ESTIMATES (RS M)

|              | FY07E  |            |      | FY08E   |            |      |
|--------------|--------|------------|------|---------|------------|------|
|              | OLD    | REV. % CHG |      | OLD     | REV. % CHG |      |
| Motorcycles  |        |            |      |         |            |      |
| ('000 units) | 2,390  | 2,543      | 6.4  | 2,868   | 3,052      | 6.4  |
| Total Vol.   |        |            |      |         |            |      |
| ('000 units) | 2,773  | 2,926      | 5.5  | 3,299   | 3,483      | 5.6  |
| Total Income | 97,514 | 101,287    | 3.9  | 119,005 | 123,018    | 3.4  |
| EBITDA       | 15,345 | 15,368     | 0.1  | 19,079  | 18,577     | -2.6 |
| Margin (%)   | 15.7   | 15.2       | -3.4 | 16.0    | 15.1       | -5.6 |
| Adj. PAT     | 13,285 | 12,939     | -2.6 | 16,842  | 15,702     | -6.8 |
| EPS (Rs)     | 131.3  | 127.9      | -2.6 | 166.5   | 155.2      | -6.8 |

Source: Motilal Oswal Securities

We have cut our target earnings multiple for Bajaj Auto's core business from 18x FY08E to 16x FY08E. Our earlier

multiple was based on Bajaj Auto gaining significant market share coupled with margin improvement. However, with renewed concerns on margins and profitable market share gains, we believe that the valuation premium of Bajaj Auto over peers will narrow. Based on 16x earnings and addition of cash and subsidiary value, our revised SOTP for Bajaj is Rs2,729, leaving no upside at current price. The key risk to this downgrade will be stronger than expected volumes (high possibility) and higher margins (low possibility). We downgrade the stock to **Neutral**.

### COMPARATIVE VALUATION

|               |       | BAL   | HERO HONDA | TVS  |
|---------------|-------|-------|------------|------|
| EPS (Rs)      | FY07E | 127.9 | 49.9       | 5.0  |
|               | FY08E | 155.2 | 57.2       | 6.2  |
| EPS Gr (%)    | FY07E | 17.4  | 2.7        | 11.5 |
|               | FY08E | 21.4  | 14.6       | 23.5 |
| P/E (x)       | FY07E | 21.4  | 14.9       | 21.4 |
|               | FY08E | 17.7  | 13.0       | 17.3 |
| RoE (%)       | FY07E | 23.0  | 39.8       | 14.0 |
|               | FY08E | 23.4  | 37.9       | 15.4 |
| EV/EBITDA (x) | FY07E | 15.1  | 9.5        | 11.2 |
|               | FY08E | 11.8  | 7.9        | 9.6  |
| EV/Sales (x)  | FY07E | 2.3   | 1.2        | 0.6  |
|               | FY08E | 1.8   | 1.0        | 0.6  |

Source: Motilal Oswal Securities

| INCOME STATEMENT           |               |               |                |                |                | (Rs Million) |      |      |       |       |       |
|----------------------------|---------------|---------------|----------------|----------------|----------------|--------------|------|------|-------|-------|-------|
| Y/E MARCH                  | 2005          | 2006          | 2007E          | 2008E          | 2009E          | Y/E MARCH    | 2005 | 2006 | 2007E | 2008E | 2009E |
| <b>Net Sales</b>           | <b>57,240</b> | <b>74,694</b> | <b>99,220</b>  | <b>120,745</b> | <b>140,541</b> |              |      |      |       |       |       |
| Change (%)                 | 20.4          | 30.5          | 32.8           | 217            | 16.4           |              |      |      |       |       |       |
| Operating Other Income     | 1,907         | 1,985         | 2,066          | 2,273          | 2,500          |              |      |      |       |       |       |
| <b>Total Income</b>        | <b>59,147</b> | <b>76,679</b> | <b>101,287</b> | <b>123,018</b> | <b>143,041</b> |              |      |      |       |       |       |
| <b>Total Expenditure</b>   | <b>50,013</b> | <b>63,116</b> | <b>85,919</b>  | <b>104,441</b> | <b>121,329</b> |              |      |      |       |       |       |
| <b>EBITDA</b>              | <b>9,134</b>  | <b>13,563</b> | <b>15,368</b>  | <b>18,577</b>  | <b>21,713</b>  |              |      |      |       |       |       |
| Change (%)                 | 7.1           | 48.5          | 13.3           | 20.9           | 16.9           |              |      |      |       |       |       |
| % of Net Sales             | 15.4          | 17.7          | 15.2           | 15.1           | 15.2           |              |      |      |       |       |       |
| Depreciation               | 1,854         | 1,910         | 1,980          | 2,055          | 2,115          |              |      |      |       |       |       |
| Interest & Finance Charges | 7             | 3             | 44             | 44             | 44             |              |      |      |       |       |       |
| Other Income               | 4,081         | 4,385         | 5,096          | 5,795          | 6,118          |              |      |      |       |       |       |
| Non-recurring Expense      | 490           | 226           | 104            | 0              | 0              |              |      |      |       |       |       |
| <b>PBT</b>                 | <b>10,865</b> | <b>15,808</b> | <b>18,197</b>  | <b>22,273</b>  | <b>25,672</b>  |              |      |      |       |       |       |
| Tax                        | 3,196         | 4,791         | 5,501          | 6,570          | 7,445          |              |      |      |       |       |       |
| Effective Rate (%)         | 29.4          | 30.3          | 30.2           | 29.5           | 29.0           |              |      |      |       |       |       |
| <b>PAT</b>                 | <b>7,668</b>  | <b>11,017</b> | <b>12,696</b>  | <b>15,702</b>  | <b>18,227</b>  |              |      |      |       |       |       |
| <b>Adj. PAT</b>            | <b>7,987</b>  | <b>11,243</b> | <b>12,939</b>  | <b>15,702</b>  | <b>18,227</b>  |              |      |      |       |       |       |
| Change (%)                 | 3.2           | 40.8          | 15.1           | 21.4           | 16.1           |              |      |      |       |       |       |

| BALANCE SHEET                     |               |               |               |               |               | (Rs Million) |      |      |       |       |       |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|------|------|-------|-------|-------|
| Y/E MARCH                         | 2005          | 2006          | 2007E         | 2008E         | 2009E         | Y/E MARCH    | 2005 | 2006 | 2007E | 2008E | 2009E |
| Share Capital                     | 1,012         | 1,012         | 1,012         | 1,012         | 1,012         |              |      |      |       |       |       |
| Reserves                          | 40,332        | 46,696        | 55,329        | 66,006        | 78,218        |              |      |      |       |       |       |
| <b>Net Worth</b>                  | <b>41,343</b> | <b>47,707</b> | <b>56,341</b> | <b>67,018</b> | <b>79,230</b> |              |      |      |       |       |       |
| Deferred Tax                      | 1,399         | 876           | 876           | 876           | 876           |              |      |      |       |       |       |
| Loans                             | 12,270        | 14,672        | 14,672        | 14,672        | 14,672        |              |      |      |       |       |       |
| <b>Capital Employed</b>           | <b>55,012</b> | <b>63,255</b> | <b>71,888</b> | <b>82,565</b> | <b>94,777</b> |              |      |      |       |       |       |
| Gross Fixed Assets                | 27,436        | 28,929        | 30,171        | 31,171        | 31,971        |              |      |      |       |       |       |
| Less: Depreciation                | 16,286        | 17,787        | 19,767        | 21,822        | 23,937        |              |      |      |       |       |       |
| <b>Net Fixed Assets</b>           | <b>11,150</b> | <b>11,142</b> | <b>10,404</b> | <b>9,349</b>  | <b>8,033</b>  |              |      |      |       |       |       |
| Capital WIP                       | 84            | 242           | 0             | 0             | 0             |              |      |      |       |       |       |
| Investments                       | 45,606        | 58,570        | 58,570        | 58,570        | 58,570        |              |      |      |       |       |       |
| <b>Curr. Assets, L &amp; Adv.</b> | <b>25,897</b> | <b>28,561</b> | <b>34,778</b> | <b>49,187</b> | <b>65,144</b> |              |      |      |       |       |       |
| Inventory                         | 2,242         | 2,729         | 4,356         | 5,293         | 6,143         |              |      |      |       |       |       |
| Sundry Debtors                    | 1,763         | 3,016         | 6,223         | 7,561         | 8,776         |              |      |      |       |       |       |
| Cash & Bank Balances              | 1,087         | 821           | 2,204         | 14,338        | 28,229        |              |      |      |       |       |       |
| Loans & Advances                  | 20,120        | 21,274        | 21,274        | 21,274        | 21,274        |              |      |      |       |       |       |
| Others                            | 685           | 721           | 721           | 721           | 721           |              |      |      |       |       |       |
| <b>Current Liab. &amp; Prov.</b>  | <b>27,940</b> | <b>35,448</b> | <b>32,052</b> | <b>34,728</b> | <b>37,158</b> |              |      |      |       |       |       |
| Sundry Creditors                  | 7,351         | 11,802        | 12,446        | 15,123        | 17,552        |              |      |      |       |       |       |
| Other Liabilities                 | 499           | 487           | 494           | 494           | 494           |              |      |      |       |       |       |
| Provisions                        | 20,089        | 23,159        | 19,112        | 19,112        | 19,112        |              |      |      |       |       |       |
| <b>Net Current Assets</b>         | <b>-2,042</b> | <b>-6,887</b> | <b>2,726</b>  | <b>14,459</b> | <b>27,986</b> |              |      |      |       |       |       |
| <b>Application of Funds</b>       | <b>55,012</b> | <b>63,255</b> | <b>71,888</b> | <b>82,565</b> | <b>94,777</b> |              |      |      |       |       |       |

E: Most Estimates

| RATIOS                          |             |              |              |              |              |
|---------------------------------|-------------|--------------|--------------|--------------|--------------|
| Y/E MARCH                       | 2005        | 2006         | 2007E        | 2008E        | 2009E        |
| <b>Basic (Rs)</b>               |             |              |              |              |              |
| <b>EPS</b>                      | <b>75.8</b> | <b>108.9</b> | <b>127.9</b> | <b>155.2</b> | <b>180.1</b> |
| Cash EPS                        | 94.1        | 127.8        | 145.0        | 175.5        | 201.0        |
| Book Value per Share            | 408.6       | 471.5        | 556.8        | 662.3        | 783.0        |
| DPS                             | 25          | 40           | 40           | 50           | 59           |
| Payout (Incl. Div. Tax) %       | 33.0        | 36.7         | 32.0         | 32.0         | 33.0         |
| <b>Valuation (x)</b>            |             |              |              |              |              |
| P/E                             |             | 25.2         | 21.4         | 17.7         | 15.2         |
| Cash P/E                        |             | 21.5         | 18.9         | 15.6         | 13.6         |
| EV/EBITDA                       |             | 17.2         | 15.1         | 11.8         | 9.5          |
| EV/Sales                        |             | 3.1          | 2.3          | 1.8          | 1.5          |
| Price to Book Value             |             | 5.8          | 4.9          | 4.1          | 3.5          |
| Dividend Yield (%)              |             | 14           | 15           | 18           | 2.2          |
| <b>Profitability Ratios (%)</b> |             |              |              |              |              |
| RoE                             | 19.3        | 23.6         | 23.0         | 23.4         | 23.0         |
| RoCE                            | 20.7        | 25.4         | 25.7         | 27.0         | 27.1         |
| <b>Turnover Ratios</b>          |             |              |              |              |              |
| Debtors (Days)                  | 10          | 13           | 20           | 20           | 20           |
| Asset Turnover (x)              | 1.0         | 1.2          | 1.4          | 1.5          | 1.5          |
| <b>Leverage Ratio</b>           |             |              |              |              |              |
| Debt/Equity (x)                 | 0.3         | 0.3          | 0.3          | 0.2          | 0.2          |

| CASH FLOW STATEMENT           |               |                |               |               |               | (Rs Million) |      |      |       |       |       |
|-------------------------------|---------------|----------------|---------------|---------------|---------------|--------------|------|------|-------|-------|-------|
| Y/E MARCH                     | 2005          | 2006           | 2007E         | 2008E         | 2009E         | Y/E MARCH    | 2005 | 2006 | 2007E | 2008E | 2009E |
| OP/(Loss) before Tax          | 7,280         | 11,653         | 13,388        | 16,522        | 19,598        |              |      |      |       |       |       |
| Interest/Div. Received        | 4,081         | 4,385          | 5,096         | 5,795         | 6,118         |              |      |      |       |       |       |
| Depreciation & Amort.         | 1,854         | 1,910          | 1,980         | 2,055         | 2,115         |              |      |      |       |       |       |
| Direct Taxes Paid             | -3,026        | -5,314         | -5,501        | -6,570        | -7,445        |              |      |      |       |       |       |
| (Inc)/Dec in Working Capita   | -395          | 4,579          | -8,230        | 399           | 364           |              |      |      |       |       |       |
| <b>CF from Oper. Activity</b> | <b>9,795</b>  | <b>17,212</b>  | <b>6,733</b>  | <b>18,203</b> | <b>20,752</b> |              |      |      |       |       |       |
| Extra-ordinary Items          | -490          | -226           | -243          | 0             | 0             |              |      |      |       |       |       |
| <b>CF after EO Items</b>      | <b>9,304</b>  | <b>16,986</b>  | <b>6,490</b>  | <b>18,203</b> | <b>20,752</b> |              |      |      |       |       |       |
| (Inc)/Dec in FA+CWIP          | -905          | -2,033         | -1,000        | -1,000        | -800          |              |      |      |       |       |       |
| (Pur)/Sale of Invest.         | -7,051        | -12,964        | 0             | 0             | 0             |              |      |      |       |       |       |
| <b>CF from Inv. Activity</b>  | <b>-7,956</b> | <b>-14,997</b> | <b>-1,000</b> | <b>-1,000</b> | <b>-800</b>   |              |      |      |       |       |       |
| Inc. / Dec.in Networth        | -731          | -605           | 0             | 0             | 0             |              |      |      |       |       |       |
| Inc/(Dec) in Debt             | 2,213         | 2,402          | 0             | 0             | 0             |              |      |      |       |       |       |
| Interest Paid                 | -7            | -3             | -44           | -44           | -44           |              |      |      |       |       |       |
| Dividends Paid                | -2,530        | -4,047         | -4,063        | -5,025        | -6,015        |              |      |      |       |       |       |
| <b>CF from Fin. Activity</b>  | <b>-1,055</b> | <b>-2,255</b>  | <b>-4,107</b> | <b>-5,069</b> | <b>-6,059</b> |              |      |      |       |       |       |
| <b>Inc/(Dec) in Cash</b>      | <b>293</b>    | <b>-266</b>    | <b>1,383</b>  | <b>12,134</b> | <b>13,894</b> |              |      |      |       |       |       |
| Add: Beginning Balance        | 794           | 1,087          | 821           | 2,204         | 14,338        |              |      |      |       |       |       |
| <b>Closing Balance</b>        | <b>1,087</b>  | <b>821</b>     | <b>2,204</b>  | <b>14,338</b> | <b>28,231</b> |              |      |      |       |       |       |

E: Most Estimates

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| <b>Disclosure of Interest Statement</b>      | <b>Bajaj Auto</b> |
|--|-------------------|
| 1. Analyst ownership of the stock            | No                |
| 2. Group/Directors ownership of the stock    | No                |
| 3. Broking relationship with company covered | No                |
| 4. Investment Banking with company covered   | No                |



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