



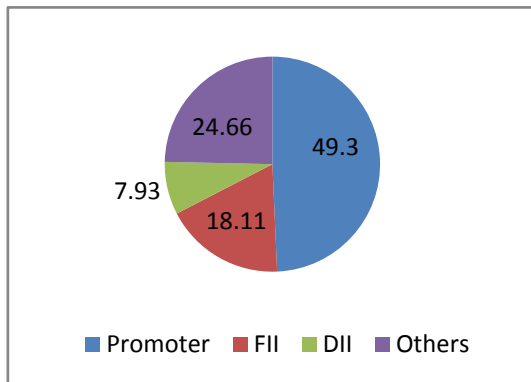
Bajaj Auto Ltd.

Hold Target Price: Rs 2,743

Value Parameters -

BSE Code	532977
NSE Symbol	BAJAJ-AUTO
CMP	Rs 2,365
Face Value	Rs 10
52 Week High/Low	2,655/1,913
Market Cap (Rs cr)	68,364
EPS (Rs) (FY16)	97
PE ratio (x)	20

Shareholding Pattern % (Dec' 15)



Company Overview

Bajaj Auto Ltd is into manufacturing of motorcycles, scooters and three-wheelers. The company has launched brands like Boxer, Caliber, Pulsar and many more. They have also launched India's first real cruiser bike, Kawasaki Bajaj Eliminator.

Investment Rationale

We remain "cautiously optimistic" on Bajaj's business outlook in FY16, due to expected growth in the domestic 3W segment and strong overall export growth as company intends to venture into few new markets as well. Management expects its market share in domestic 2W segment to increase by end of FY16 to 22 % from 16.8% in FY15. Company's strong outlook on domestic three

wheeler on account of issue of new permits, would help it on volumes front, despite company's smoother performance, strong product pipeline and lower crude price will help Bajaj in continuing growth. However, we believe that ongoing rural slow down would have negative impact on industry as well as for Bajaj Auto over near term.

Valuations

We forecast Bajaj's domestic volumes to recover, although, modestly in FY16. We assign a one year price target of Rs 2,743 at 21x FY16 EPS of Rs 130 per share, and have "Accumulate" rating on this stock.

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