



Pick of the week

Bajaj Auto

Recommendation: **BUY**

Current Price: ₹3635

Potential Upside: **19.1%**

Date: **21st February 2022**

Time Period: **12 Months**

Target Price: ₹4330

Why invest?

- 🌱 We believe the company is well-placed to benefit from strong momentum in exports and recovery in the premium motorcycle segment aided by improvement in the supply-chain situation.
- 🌱 The company highlighted that they continue to gain market share in the export geographies and end-consumer demand remains strong in most of the key markets of the company. We expect export volume mix to improve to ~56% in FY24E from 52% in FY21.
- 🌱 Bajaj Auto has gained 60 bps market share on a qoq basis in the domestic motorcycle segment in Q3FY22.
- 🌱 The company highlighted that they will be expanding the electric vehicle (EV) offering to pan-India level over the next 9-12 months and will be launching new products over the coming quarters.
- 🌱 We expect Bajaj Auto's earnings to grow at 13% CAGR (compound annual growth rate) over FY21-24E.
- 🌱 Our fair value of Rs4,330 is based on sum-of-the-parts valuation.