Bajaj Auto: Exports boost net by 11%

SHALLY SETH MOHILE
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Bajaj Auto reported better-than-expected earnings for the quarter that ended in June over the corresponding period last year as higher realisation from exports which came on back of rupee's depreciation against the US Dollar, bumped up the overall margins. The share of exports in the company's total volumes (two and three-wheelers) during the quarter was 62 per cent.

A better export realisation helped the firm offset the loss in production volumes – as high as 40 per cent in the domestic market.

Net profit during the quarter rose 11 per cent year-on-year to Rs1173 crore in the June quarter over Rs1061 crore. When compared with the preceding quarter the net profit crimped to 20 per cent.

The quarter-on-quarter decline looks optically higher due to onetime exceptional gain of ₹315 crore (incentive receivable from the state government of Maharashtra for the period April 2015-March 2021) booked in Q4FY22, said a post earnings research note by ICICI Securities.

Revenue from operations rose 8 per cent year-on-year to Rs8005 crore over Rs7386 crore. A Bloomberg poll of analysts had estimated a net profit of Rs1109 crore from net sales of Rs7904 crore.

Even as the domestic volumes – led by a shortage of semiconductors facing the two wheeler business, dropped 1 per cent to 3,52,836 units against 357,137 units over the same period, a marginal decline in the two wheelers of 4 per cent and better realisation in exports revenue helped the company's profitability. As a result, its Ebitda (earnings before interest, tax, depreciation and amortisation) increased 100 basis points to 16.6 per cent from the year-ago-quarter. The gains were largely due to a favourable exchange rate.

Meanwhile, Bajaj Auto's domestic motorcycle volumes were severely constrained due to the chip shortage—a lot more than its peers in the industry, conceded Rakesh Sharma, executive director at the firm.

BETTER THAN EXPECTED ₹crore

	Q1FY22	Q4FY22	Q1FY23
Revenue from operations	7,217	7,728	7769
PBIDT	1,449	1,970	1616
PBIDT Margin (%)	20.1	25.5	20.8
Profit before tax	1,383	1,897	1,545
Net Profit	1,061	1,469	1,173

Compiled by *BS* Research Bureau; Source Capitaline