

September 6, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
Maharashtra Scooters Ltd.	Investment Co.	3860	BUY	4332	13%

Key Stock Data

BSE Script Code	MAHSCOOTER
NSE Script Code	MAHSCOOTER
No. of shares	1.14
FV (Rs.)	10
MCAP (Rs.)	4501
MCAP (\$)	62 Crs
52 Week High	Rs. 4775
52 week Low	Rs.2028
Time Frame	6 months

Maharashtra Scooters Ltd. (MAHSCOOTER) was incorporated on 11th June, 1975. Started manufacture of "Priya" brand of motorized geared scooters from 13th August, 1976, in technical know-how / collaboration with erstwhile BAL. Subsequently, the Company started manufacture of "Bajaj Super" / "Bajaj Chetak" models of scooters and with the gradual shift in consumer preferences from geared scooters to the motorcycles, the Company discontinued production of geared scooters effective 1st April, 2006.

Investments Rationale**1. Good investment in the Bajaj Group**

Maharashtra Scooters have 1,89,74,660 shares of Bajaj Finance which sums up to Rs. 6252 Crs and has 37,25,740 shares in Bajaj Finserve which sums up to Rs. 2603 Crs. The total value of holding from Bajaj group sums to Rs. 8,855 Crs which is double than its MCAP of Rs. 4500 Crs.

2. Investment revenue growing at 40%

The investment division of the company which contributes 99% of the company's revenue is growing by 40% on a yearly basis to Rs. 13,492 Crs in 1QFY19 as against Rs. 9579 Crs in 1QFY18. The investment amount was mere 11,685 Crs on March 19. We believe the investment revenue to continue growing on the same pace chiefly due to conducive business environment for its parent companies.

Outlook & Valuations

Maharashtra Scooters is a debt free company and has its investments in the Bajaj group of companies who are the market leaders in their respective sectors. We are confident of the growth sustainability of Bajaj Finance and Bajaj Finserv where MAHSCOOTERS holds decent investments, Hence, would like to recommend a BUY on MAHSCOOTERS. MAHSCOOTER is trading at premium valuations of 45.36 x on FY21E PE and we believe the premium valuations will sustain on account of good corporate governance and sustainable growth from its parent companies, Hence would like to allot a PE multiple of 50x on FY21 E to arrive at a target price of Rs. 4332

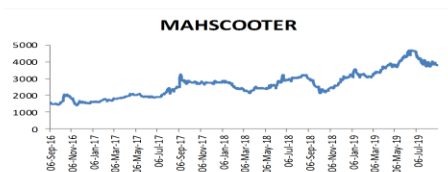
Key Financial

Particulars	FY17 A	FY18 A	FY19 A	Amt in Crs	
				FY20 E	FY21 E
Revenue	30	82	96	110	127
EBITDA	15	62	75	88	101
PAT	13	61	72	85	99
EPS	11.43	53.16	63.70	74.38	86.64
PE	343.83	73.93	61.70	52.84	45.36

Source : BSE Website and company research

Shareholding Pattern

Promoters	51
DIIs	4.2
FIIIs	5.29
Others	39.51

3 years Price Chart

Source: All above data from BSE Website and Capital Line

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Analyst Stock Rating	
Ratings	Expected absolute returns over 6 months
BUY	>10%
HOLD	5-10%
SELL	<5%

Note: Our target price is within 6 months perspective. Returns stated in the rating scale are our internal benchmark.

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