



BAJAJ STEEL INDUSTRIES LTD.

CMP RS. 904

BUY RANGE RS. 700-1200

BSE 507944

NSE BAJAJST.NS

GROUP X

WEBSITE WWW.BAJAJNGP.COM



ABOUT COMPANY

Bajaj Steel Industries located in Nagpur, India was established in 1961 as is a public limited company, listed on Bombay Stock Exchange. The company is having world class engineering setup in its various plants situated in and around Nagpur.

The company is the Largest manufacturer of Cotton Ginning & Pressing Machinery in India. It also performs manufacturing of Delinting and Decorticating machines, Electrical Panels, Structural Fabrications, Mechanical Conveyors and Elevators, Hydraulic Cylinders, Power Packs, Steel Doors, Safety Doors etc. It also undertakes Engineering and Construction Projects.

Currently guided by Hargovind Bajaj, the company generates revenue from Domestica & International clients with High Quality, Reputation through dedicated production blocks & robust quality management systems.

Company is having extensive facilities for Engineering Designs, Machining, Fabrication & Assembly.



PRODUCTS



SAW GIN WITH FEEDER



ROTOBAR GIN FOR LONG STAPLE FIBER

SPECIALITY CONVEYORS





PRODUCTS

Our Solutions



Fully Automatic Ginning Plant



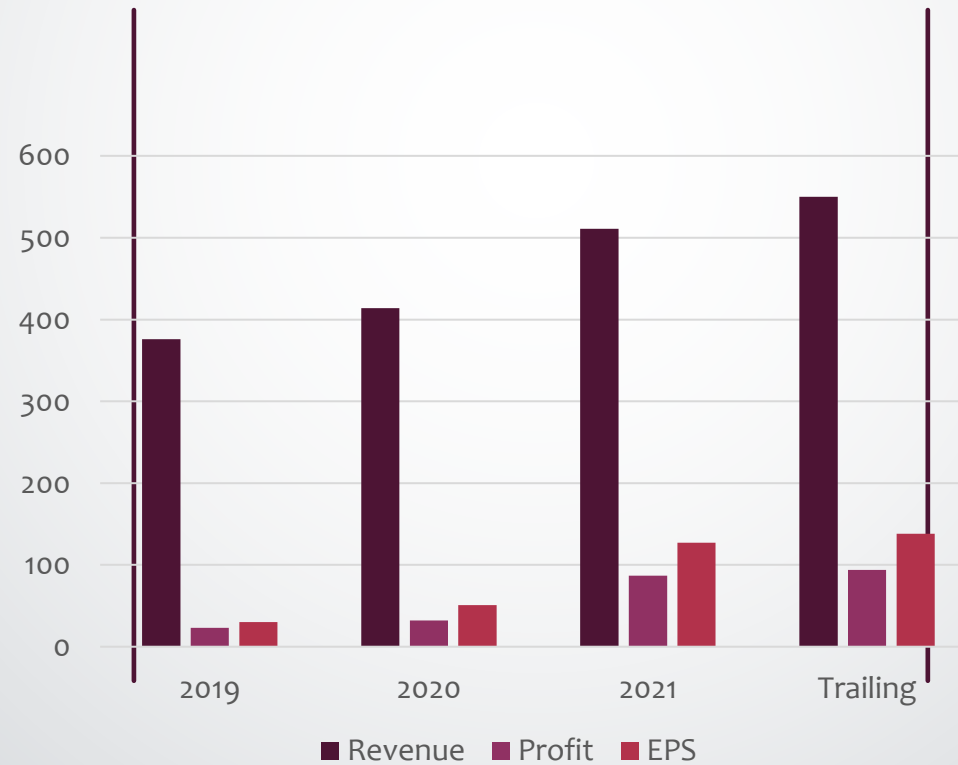
Steel Buildings



Electrical Panels



FINANCIALS





POSITIVES

- Bajaj Steel Industries is the Biggest and Modern Cotton Ginning and Pressing Machinery Manufacturer in India & witnessing consistent increase in Revenue, Profits & EPS for the past 5 years commencing CAGR 20% above growth rate.
- India Infrastructure is expected to Grow at 10% CAGR till 2030. The company is well positioned in the Finished Steel Consumption segment where 17% CAGR growth is expected till 2030.
- Company is into Sheer-expansion with the Machinery Division contributing to the core revenue aspects. Bajaj Continental Machines for Cotton Ginning had an Increase in Demand from International Clients & the Capital Work in Progress shows 50% Increase compared to past years.
- Company had an Increased CRISIL Rating of BBB/Positive based on the Consistent Debt Reduction in the past years. The company contributed 170 Crore to Reserve in the current FY thereby solidifying the Expansion Plans
- Promoters increased 7% Holdings in past 3 years which Totals about 12% increase in past 10 years – this shows the confidence in sector & growth of the company.
- Company displayed growth during Pandemic times too due to the Robust multi-product facilities of Machinery Division, Electrical Division, Infrastructure Division & Superpack Division. The post-pandemic Infrastructure growth & Low-trim competitor clearance factor of Pandemic will give further Boost to the company revenue & profits for the next decade till 2030.



POSITIVES

- Company have whopping high ROE of 48% and ROCE of 50% which makes the Valuation very cheap with a brainer zooming of 5X in price. The PE, PB & Intrinsic Value discount also confirms the same.
- The distinction of obtaining only company among the planet with capabilities for manufacturing Cotton Ginning Machines for all the four major cotton ginning technologies obtaining used in the world and enjoying quite fraction of the market share in Asian nation whereas rapidly increasing among the choice cotton growing countries of the world.
- The segment of Structure Manufacturing & Apparatus Applications is improvising through continuous order book for Pre-Engineered School Buildings, Prefabricated warehouse, Agricultural Buildings etc.
- The company has 2 wholly owned Foreign Subsidiary Bajaj Coneagle LLC, USA,& Bajaj Steel Industries, Uganda which is able to Tap order from USA & International Market for continued order stream.
- Company has Optimal Energy control & innovate technical adoption through International Collaborations.



NEGATIVES

- Company have Moderate Debt around 0.3 levels. However the company is carefully reducing the debts through Free Cash Flow year after year & also protected with the High Interest Coverage Ratio of 12.
- Considering the low-valuation of the company, we have to say that the company has not entered limelight are where 5X zoomed valuation is quite possible. This could be a Branding Improvement area to the management side as well. We hope this will be addressed in next 5 year period after we take a position in the stock.
- Company is exposed to Raw Material Risk, Employee Risk, Logistics Risk & Credit Risk where any continued Covid Lockdowns domestic/global inducing Raw Material price spikes, Logistics congestion – all will reduce the Growth Acceleration of the company.
- Capitalization below Rs. 500 Crore is preventing Mutual Funds from Investing in it. We anticipate in upcoming years the Capitalization will cross Rs. 1000 Crore and opens the door for Heavy Players to take position thereby pushing the Prices & Visibility higher.

RATIO	VALUE	STATUS	
PE RATIO	7	Good	
PB RATIO	3	Good	
PEG RATIO	.2	Good	
INTRINSIC VALUE DISCOUNT	90%	Good	
DEBT EQUITY RATIO	0.3	Average	
EPS GROWTH RATE	20%	Good	
PROMOTER HOLDINGS	43% + 7% Increase	Good	
ECONOMIC MOAT	Moderate	Average	
ROE	48%	Good	
ROCE	50%	Good	



SUMMARY

MULTIBAGGER

- The company is a Growth-focused one in the Steel based Manufacturing Sector. Coupled with the Infrastructure Growth factor of India it could give 300-500% returns in 5 Years & 1000% plus in 10 year time line.

BUYING STRATEGY

- Buy 70% at Price Level Rs. 1000 or below, 30% at Rs. 700 or below

[Conservative Investors can do 50% now, remaining at 50% corrections or below]

HOLDING PERIOD

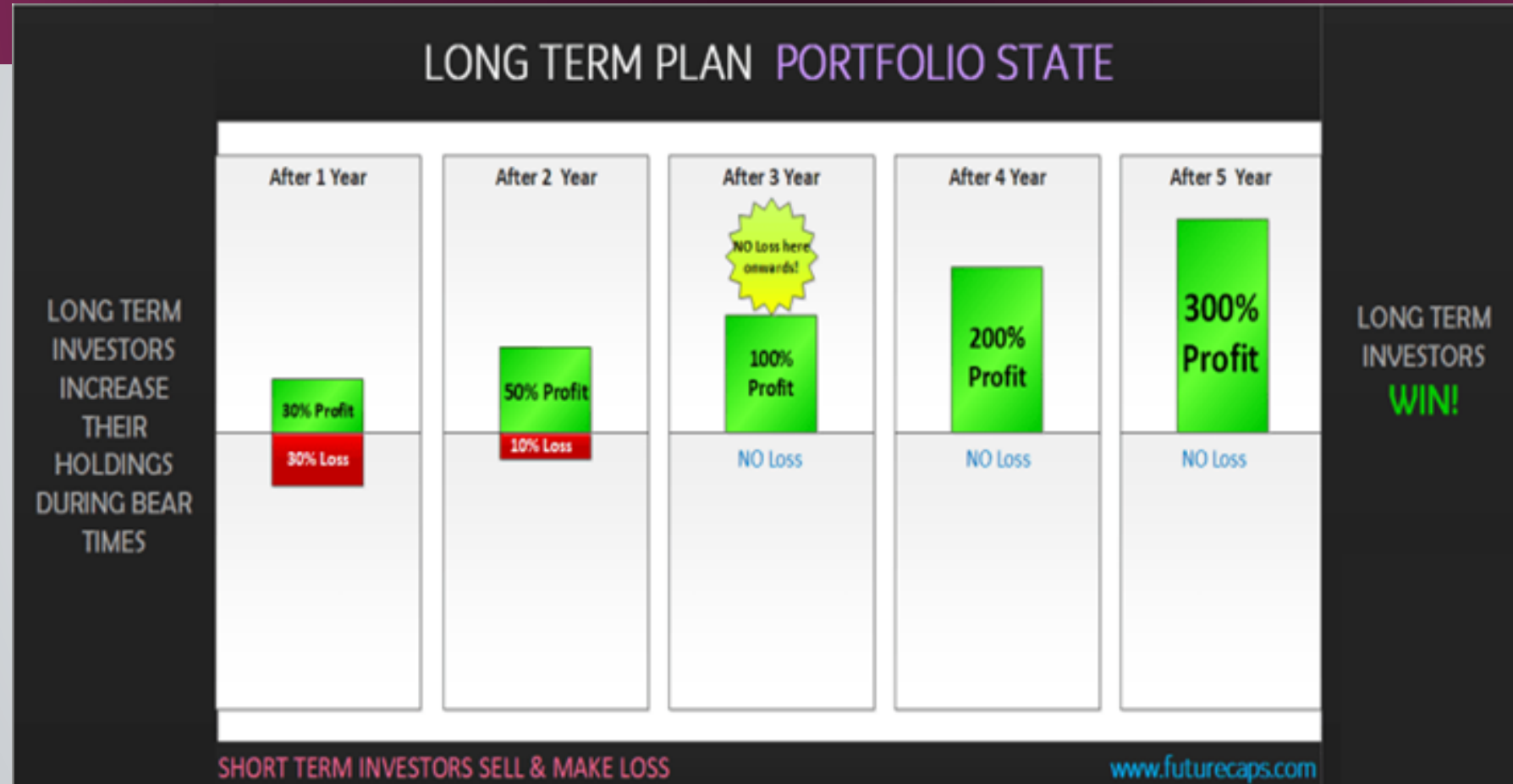
- 5 Years

[We are into LONG TERM INVESTING and Investor should not expect quick up movements in price. Incremental Investing is advised & Any corrections should be considered as Opportunity to add more – Remember our focus should be the 500% Future returns – so any price correction investments will zoom the returns]

CATEGORY Regular | Moderate Risk | Moderate Returns

[PREMIUM Multibaggers are of high quality, growth rate, low debts etc. REGULAR Multibaggers may have deviations on few qualities BOTH have same potential of Multibagger returns CATEGORY may help the investor to selectively invest in few Multibaggers so their Portfolio Count remains manageable in long run]

PORTFOLIO THEORY



If you keep a Portfolio of high-growth stocks & manage based on Intrinsic Value then above 2 Years you will be have No Losses & Above 5 years you will have definite progress in the current India Growth Scenarios

KEY GUIDELINES

LONG TERM INVESTING

Long Term Investing is the Purpose of Stock Market. In short-term stock prices will move up & down but in long term up only aligning with the company performance. **DO NOT GET PANIC IF PRICE CORRECTS 30-50% AS WE EXPECT 300-500% RETURNS!**

IT IS PASSIVE

Long Term Investing is Passive. You only need to spend couple of hours per month to read reports, perform 1-2 buy-sell activities.

NO DAILY PRICE MOVEMENT WATCHING

No daily price movement watching required as we are not Day Traders.

BEAR MARKET IS A BLESSING

We should keep 30% Reserve Fund to Opportunities any Bear Market price crashes. A growth company bought at cheaper prices will maximize the returns in future.

Example: Advisor bought Caplin at Rs. 400 in 2019, later in 2020 the price crashed to Rs. 200. The Advisor bought more at the Price as the Growth & Valuations were attractive. Later back in 2021 the price reached Rs. 1000 levels giving 200% Returns on the original investment & 300% on the bear bottom investment. So bear market are golden opportunities! **LEARN MORE**

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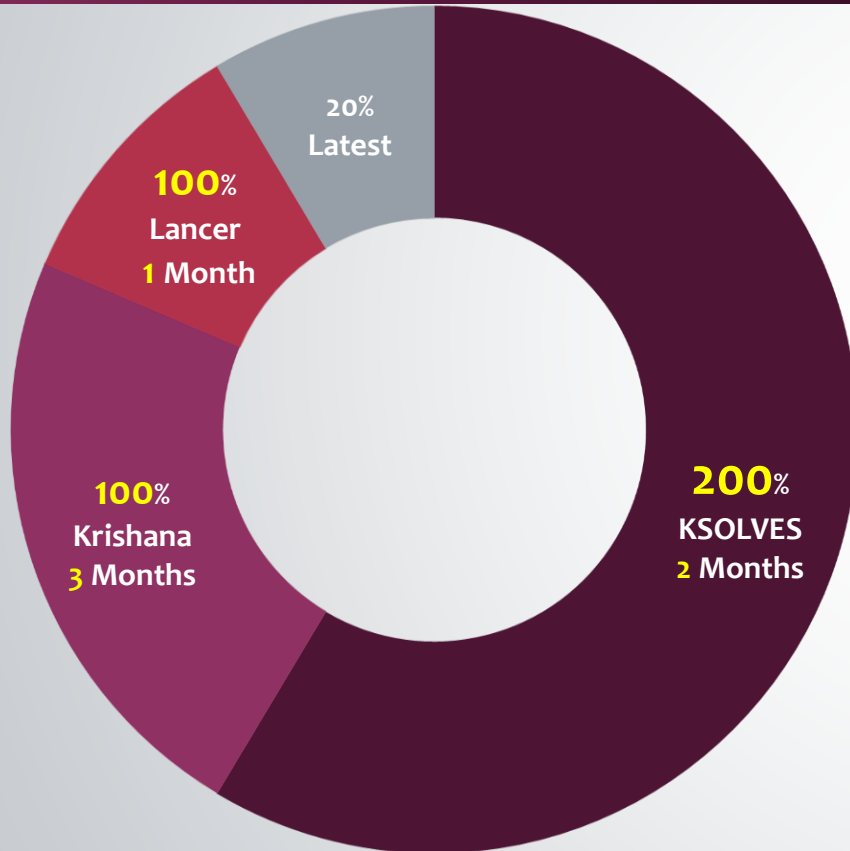
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- Value Investing oriented approach
- Microcap based Selections
- 500-1000% expected returns 5 year holding period
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