

Financial Management – Project

Topic: Bajaj Finance Limited

Name:

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Introduction:



Bajaj Finance Limited (BFL), a subsidiary of Bajaj Finserv, is an Indian non-banking financial company headquartered in Pune. Originally incorporated as Bajaj Auto Finance Limited on March 25, 1987, as a non-banking financial company, primarily focused on providing two and three-wheeler finance.

After 11 years in the auto finance market, Bajaj Auto Finance Ltd launched its initial public issue of equity share and was listed on the Bombay Stock Exchange and National Stock Exchange of India. At the turn of the 20th century, the company ventured into the consumer durables finance sector and started offering small-size loans at zero interest rates. In the subsequent years, Bajaj Auto Finance diversified into business and property loans as well.

In the year 2006, the company's assets under management hit the Rs.1,000 crore mark and are currently at Rs.52,332 crore. 2010 saw the company's registered name change from Bajaj Auto Finance Limited to Bajaj Finance Limited.

As of March 2022, the company deals in consumer lending, SME (small and medium-sized enterprises) lending, commercial lending, rural lending, deposits, and wealth management.

And, has 294 consumer branches and 497 rural locations with over 33,000+ distribution points. The company reported a pre-tax profit of Rs.626 crores and a post-tax profit of Rs.408 crores at a ROA of 0.8% and ROE of 5.1% in Q2 FY17. As of June 2022, Bajaj Finance has been working with RBL Bank and DBS Bank to issue co-branded credit cards. But, after the Reserve Bank of India opened the door for non-banking financial companies to enter the credit card industry, the company plans to introduce its credit card products by the beginning of the first quarter of 2023.

Q. 1] Calculate Cost of Equity for five years each using the CAPM model. (Note: 5-year period: 1st April 2017 to 31st March 2022)

- Risk free rate (RFR) - Take the 10-year Govt. bond yield rate as a proxy for RFR (7.398%)
- Calculate Beta based on historical stock return and index return for each year.

Ans. 1]

CAPM Model:

The Capital Asset Pricing Model (CAPM) describes the relationship between systematic risk, or the general perils of investing, and expected return for assets, particularly stocks.

It is a finance model that establishes a linear relationship between the required return on an investment and risk. The model is based on the relationship between an asset's beta, the risk-free rate (typically the Treasury bill rate), and the equity risk premium, or the expected return on the market minus the risk-free rate.

Formula for Cost of Equity using the CAPM model:

$$ER_i = R_f + \beta_i(ER_m - R_f)$$

where:

ER_i = expected return of investment

R_f = risk-free rate

β_i = beta of the investment

$(ER_m - R_f)$ = market risk premium

For Bajaj Finance, calculating beta (β_i) and cost of equity:

Using the historical stock return and index return for each year from 1st April 2017 to 31st March 2022.

$$\text{Beta} = \frac{\text{Covariance}}{\text{Variance}}$$

Where,

Covariance = Measure of a stock's return relative to that of the market

Variance = Measure of how the market moves relative to its mean

For FY 2018:

01/04/2017-31/-3/2018						
Month	Rjt	Rmt	Rjt-Rj	Rmt-Rm	(Rjt-Rj)*(Rmt-Rm)	(Rmt-Rm)^2
April	9.3	1.2933	5.601666667	0.4427783333	2.480296631	0.1960526525
May	4.2	2.823386	0.5016666667	1.972864333	0.9897202739	3.892193678
June	3.2	-0.16244	-0.4983333333	-1.012961667	0.5047925639	1.026091338
July	23.6	5.351509	19.90166667	4.500987333	89.57714958	20.25888697
August	4.4	-1.61765	0.7016666667	-2.468171667	-1.731833786	6.091871376
September	2.9	-0.44628	-0.7983333333	-1.296801667	1.035279997	1.681694563
October	-1.84	5.024107	-5.538333333	4.173585333	-23.11470677	17.41881453
November	-4.4	-1.21892	-8.098333333	-2.069441667	16.75902843	4.282588812
December	1.3	2.611144	-2.398333333	1.760622333	-4.222559229	3.099791001
January	-4.4	4.869584	-8.098333333	4.019062333	-32.54770646	16.15286204
February	-2.2	-5.11202	-5.898333333	-5.962541667	35.16905826	35.55190313
March	8.32	-3.20946	4.621666667	-4.059981667	-18.76388194	16.48345113
	3.698333333	0.8505216667	0	0	66.13463755	126.1362012

Cov	6.012239778					
SD	11.46692738					
Beta	0.5243113151					
E(Rm)	0.8505216667					
Re	3.965083024					

For FY 2019:

01/04/2018-31/-3/2019						
Month	Rjt	Rmt	Rjt-Rj	Rmt-Rm	(Rjt-Rj)*(Rmt-Rm)	(Rmt-Rm)^2
April	8.066704353	6.227559	3.520294452	5.004094083	17.61588464	25.04095759
May	10.80882738	-0.421	6.262417483	-1.644464917	-10.29832584	2.704264862
June	8.507075472	-0.05681	3.960665571	-1.280274917	-5.070740784	1.639103862
July	17.47391304	5.846343	12.92750314	4.622878083	59.76227095	21.37100177
August	5.362799263	3.450765	0.8163893628	2.227300083	1.818344096	4.960865661
September	-24.58333333	-6.98531	-29.12974323	-8.208774917	239.1195056	67.38398563
October	10.08071956	-4.47539	5.534309657	-5.698854917	-31.5392278	32.47694736
November	6.282799139	4.683145	1.736389238	3.459680083	6.007351264	11.96938628
December	3.96978022	-0.44828	-0.5766296808	-1.671744917	0.9639777377	2.794731066
January	-2.50094518	-0.27891	-7.04735508	-1.502374917	10.5877695	2.25713039
February	-2.642506606	-0.08017	-7.188916507	-1.303634917	9.371722571	1.699463996
March	13.7310855	7.219637	9.184675595	5.996172083	55.0728954	35.95407965
	4.546409901	1.223464917	0	0	353.4114273	210.2519181

Cov	32.12831157					
SD	19.11381074					
Beta	1.68089514					
E(Rm)	1.223464917					
Re	-2.980746012					

For FY 2020:

01/04/2019-31/-3/2020						
Month	Rjt	Rmt	Rjt-Rj	Rmt-Rm	(Rjt-Rj)*(Rmt-Rm)	(Rmt-Rm)^2
April	2.36783050 6	0.517351	2.96591606 3	2.86574958 3	8.49957272 2	8.21252067 4
May	12.1820442 8	1.946177	12.7801298 4	4.29457558 3	54.8852335 7	18.4433794 4
June	6.56358381 5	-0.95242	7.16166937 2	1.39597858 3	9.99753706 4	1.94875620 5
July	-11.6748448	-6.58536	-11.0767592 4	-4.23696141 7	46.9318015 2	17.9518420 5
August	3.32714329 9	-0.89736	3.92522885 6	1.45103858 3	5.69565851 9	2.10551297
September	21.5918979 7	5.058412	22.1899835 3	7.40681058 3	164.357004 9	54.8608430 2
October	-1.13848039 2	3.223509	-0.54039483 52	5.57190758 3	-3.01103008	31.0461541 2
November	1.27078679 6	2.106994	1.86887235 3	4.45539258 3	8.32656001 9	19.8505230 7
December	4.06748466 3	0.536374	4.66557021 9	2.88477258 3	13.4591090 5	8.32191285 8
January	3.16437774 3	-2.15659	3.7624633	0.19180858 33	0.72167275 54	0.03679053 264
February	2.80114942	-4.62057	3.39923498	-2.27217141	-7.72364456	5.16276294

	5		2	7	5	7
March	-51.7	-26.3573	-51.1019144 4	-24.0089014 2	1226.90082 6	576.427347 2
	-0.59808555 69	-2.34839858 3	0	0	1529.04030 2	744.368345 1
Cov	139.003663 8					
SD	67.6698495 6					
Beta	2.05414471 4					
E(Rm)	-2.34839858 3					
Re	-12.6225131 3					

For FY 2021:

01/04/2020-31/-3/2021						
Month	Rjt	Rmt	Rjt-Rj	Rmt-Rm	(Rjt-Rj)*(Rmt-Rm)	(Rmt-Rm)^2
April	6.79357798 2	11.05998	-1.71213218 6	6.32711516 7	-10.8328575 2	40.0323863 3
May	-15.2905396 7	2.028111	-23.7962498 3	-2.70475383 3	64.3629979 6	7.31569329 9
June	42.2598332 5	6.137136	33.7541230 9	1.40427116 7	47.3999418 1	1.97197751
July	15.1995761 2	7.107364	6.69386595 4	2.37449916 7	15.8945791 3	5.63824629 3
August	7.82367447 6	3.678482	-0.68203569 13	-1.05438283 3	0.71912672 46	1.111723159

September	-6.49417116 9	-0.87096	-14.9998813 4	-5.60382483 3	84.0567075 3	31.4028527 6
October	-0.18045112 78	2.92931	-8.68616129 5	-1.80355483 3	15.6659681 9	3.25281003 7
November	47.9093683 8	11.66803	39.4036582 1	6.93516516 7	273.270877 8	48.0965158 9
December	7.14978187 1	7.149638	-1.35592829 6	2.41677316 7	-3.27697112 2	5.84079253 9
January	-10.6521411 6	-1.6969	-19.1578513 3	-6.42976483 3	123.180478 8	41.3418758 1
February	10.4691099 5	6.860436	1.96339978	2.12757116 7	4.17727276 1	4.52655906 9
March	-2.91909689 6	0.743751	-11.4248070 6	-3.98911383 3	45.5748559	15.9130291 8
	8.50571016 7	4.73286483 3	0	0	660.192978	206.444461 9
Cov	60.0175434 5					
SD	18.7676783 5					
Beta	3.19792050 6					
E(Rm)	4.73286483 3					
Re	-1.1248904					

For FY 2022:

01/04/2021-31/-3/2022						
Month	Rjt	Rmt	Rjt-Rj	Rmt-Rm	(Rjt-Rj)*(R	(Rmt-Rm)^2

					mt-Rm)	
April	4.83493282 1	-2.14449	1.71160575 6	-3.6402579 17	-6.230686404	13.2514777
May	6.05026052	7.931745	2.92693345 4	6.4359770 83	18.83767664	41.42180102
June	6.76559177 9	0.802321	3.64226471 4	-0.6934469 167	-2.525717235	0.4808686262
July	3.27980132 5	0.760708	0.15647425 92	-0.7350599 167	-0.115017955 9	0.5403130811
August	20.1674641 1	8.25643	17.0441370 5	6.7606620 83	115.2296511	45.70655181
September	2.03455149 5	2.015059	-1.0887755 7	0.5192910 833	-0.565391445 4	0.2696632292
October	-2.75328084	1.433102	-5.8766079 05	-0.0626659 1667	0.368263021 3	0.0039270171 12
November	-5.68977119 8	-3.81682	-8.8130982 63	-5.3125879 17	46.82035934	28.22359037
December	-0.63849151 05	1.653083	-3.7618185 76	0.1573150 833	-0.591790802 7	0.0247480354 4
January	0.50537634 41	0.818421	-2.6179507 21	-0.6773469 167	1.773260849	0.4587988455
February	-0.89882559 11	-5.34158	-4.0221526 56	-6.8373479 17	27.50085709	46.74932653
March	3.82231552 5	5.581236	0.69898845 96	4.0854680 83	2.855695042	16.69104946
	3.12332706 5	1.49576791 7	0	0	203.3571592	193.8221157
Cov	18.4870144 8					
SD	17.6201923 4					
Beta	1.04919481					

	7					
E(Rm)	1.49576791 7					
Re	1.20540869					

Q.2] Calculate Cost of Debt for five years each

- If the debt instrument is publicly traded calculate using YTM
 - If the debt instrument is not traded publicly, calculate using the formula.
- Assume tax rate to be 35%.

Ans 2] Cost of Debt = $[(\text{Interest}/\text{Debt}) \times 100](1 - \text{tax rate})$

Where,

Debt = Borrowings from balance sheet which consists of short term borrowings and long term borrowings

Interest = Calculated from Profit and Loss sheet

Debt from Balance Sheet:

BALANCE SHEET OF BAJAJ FINANCE (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	120.66	120.32	119.99	115.37	115.03
TOTAL SHARE CAPITAL	120.66	120.32	119.99	115.37	115.03
Reserves and Surplus	41,537.66	35,515.17	31,480.05	19,448.26	16,403.26
TOTAL RESERVES AND SURPLUS	41,537.66	35,515.17	31,480.05	19,448.26	16,403.26
TOTAL SHAREHOLDERS FUNDS	42,055.88	35,938.74	31,813.21	19,563.63	16,518.29
NON-CURRENT LIABILITIES					
Long Term Borrowings	93,169.87	72,773.75	67,282.67	86,351.72	43,167.89
Deferred Tax Liabilities [Net]	0.00	0.00	0.00	0.00	0.00
Other Long Term Liabilities	591.06	648.26	419.13	337.50	487.53
Long Term Provisions	162.24	136.56	78.87	68.88	1,121.68
TOTAL NON-CURRENT LIABILITIES	93,923.17	73,558.57	67,780.67	86,758.10	44,777.10
CURRENT LIABILITIES					
Short Term Borrowings	29,870.38	27,092.09	36,923.32	0.00	10,571.31
Trade Payables	1,063.92	867.97	816.52	766.33	453.99
Other Current Liabilities	1,102.73	881.52	669.85	1,411.81	11,119.90
Short Term Provisions	0.00	0.00	0.00	0.00	188.43
TOTAL CURRENT LIABILITIES	32,037.03	28,841.58	38,409.69	2,178.14	22,333.63
TOTAL CAPITAL AND LIABILITIES	168,016.08	138,338.89	138,003.57	108,499.87	83,629.02
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	1,189.77	972.44	1,016.16	495.84	343.87
Intangible Assets	408.67	254.76	211.98	158.49	120.79
Capital Work-In-Progress	13.27	7.07	0.00	0.00	0.00
Other Assets	0.00	0.00	0.00	0.00	0.00

FIXED ASSETS	1,631.12	1,278.26	1,228.14	654.33	464.66
Non-Current Investments	0.00	0.00	0.00	0.00	2,365.58
Deferred Tax Assets [Net]	908.40	919.21	847.61	660.83	386.41
Long Term Loans And Advances	0.00	0.00	0.00	0.00	79.91
Other Non-Current Assets	324.31	289.17	303.95	204.36	43,807.32
TOTAL NON-CURRENT ASSETS	2,863.83	2,486.64	2,379.70	1,519.52	47,103.88
CURRENT ASSETS					
Current Investments	16,371.82	20,169.12	20,138.98	10,370.41	1,294.88
Inventories	0.00	0.00	0.00	0.00	0.00
Trade Receivables	1,017.11	720.10	867.18	805.38	34,203.92
Cash And Cash Equivalents	2,900.73	1,385.76	679.36	241.69	228.73
Short Term Loans And Advances	144,276.25	113,089.94	113,417.08	95,181.26	256.64
OtherCurrentAssets	586.34	487.33	521.27	381.61	540.97
TOTAL CURRENT ASSETS	165,152.25	135,852.25	135,623.87	106,980.35	36,525.14
TOTAL ASSETS	168,016.08	138,338.89	138,003.57	108,499.87	83,629.02
OTHER ADDITIONAL INFORMATION					
CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	5,658.07	4,831.27	4,886.14	1,997.94	1,432.74
CIF VALUE OF IMPORTS					
Raw Materials	0.00	0.00	0.00	0.00	0.00
Stores, Spares And Loose Tools	0.00	0.00	0.00	0.00	0.00
Trade/Other Goods	0.00	0.00	0.00	0.00	0.00
Capital Goods	0.00	0.00	0.00	0.00	0.00
EXPENDITURE IN FOREIGN EXCHANGE					
Expenditure In Foreign Currency	177.04	128.17	203.67	35.39	31.54
REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS					
Dividend Remittance In Foreign Currency	--	--	--	--	--
EARNINGS IN FOREIGN EXCHANGE					
FOB Value Of Goods	--	--	--	--	--
Other Earnings	--	--	--	--	--
BONUS DETAILS					
Bonus Equity Share Capital	53.87	53.87	53.87	53.87	53.87
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	--	--	--	--	--
Non-Current Investments Unquoted Book Value	--	--	--	--	1,775.38
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	--	--	--	--	--
Current Investments Unquoted Book Value	16,371.82	20,169.12	20,138.98	--	20.04

$$\text{Long term borrowings} = 93,169.87 + 72,773.75 + 67,282.67 + 86,351.72 + 43,167.89 \\ = 3,62,745.90$$

$$\text{Short term borrowings} = 29,870.38 + 27,092.09 + 36,923.32 + 0 + 10,571.31 \\ = 1,04,457.10$$

$$\text{Debt} = \text{Long term borrowings} + \text{Short term borrowings} \\ = 3,62,745.90 + 1,04,457.10 \\ = 4,67,203$$

Interest from Profit and Loss sheet

PROFIT & LOSS ACCOUNT OF BAJAJ FINANCE (in Rs. Cr.)	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
	12 mths	12 mths	12 mths	12 mths	12 mths
INCOME					
REVENUE FROM OPERATIONS [GROSS]	26,972.45	23,369.16	23,671.83	17,296.17	12,240.32
Less: Excise/Service Tax/Other Levies	0.00	0.00	0.00	0.00	0.00
REVENUE FROM OPERATIONS [NET]	26,972.45	23,369.16	23,671.83	17,296.17	12,240.32
TOTAL OPERATING REVENUES	27,864.28	23,532.16	23,822.53	17,386.02	13,287.77
Other Income	7.20	14.17	11.62	13.25	41.45
TOTAL REVENUE	27,871.48	23,546.33	23,834.15	17,399.27	13,329.22
EXPENSES					
Cost Of Materials Consumed	0.00	0.00	0.00	0.00	0.00
Purchase Of Stock-In Trade	0.00	0.00	0.00	0.00	0.00
Operating And Direct Expenses	1,765.78	1,301.56	1,104.79	761.12	0.00
Changes In Inventories Of FG,WIP And Stock-In Trade	0.00	0.00	0.00	0.00	0.00
Employee Benefit Expenses	3,221.88	2,242.42	2,293.44	1,719.60	1,401.43
Finance Costs	7,573.13	7,446.39	7,857.55	5,938.85	4,584.74
Depreciation And Amortisation Expenses	354.91	302.25	270.70	137.37	101.96
Other Expenses	1,747.33	1,169.55	1,694.39	1,330.74	2,154.54
TOTAL EXPENSES	19,285.09	18,183.45	17,026.02	11,363.97	9,272.86
PROFIT/LOSS BEFORE EXCEPTIONAL, EXTRAORDINARY ITEMS AND TAX	8,586.39	5,362.88	6,808.13	6,035.30	4,056.36
Exceptional Items	0.00	0.00	0.00	0.00	0.00
PROFIT/LOSS BEFORE TAX	8,586.39	5,362.88	6,808.13	6,035.30	4,056.36
TAX EXPENSES-CONTINUED OPERATIONS					
Current Tax	2,242.00	1,470.70	2,079.96	2,043.73	1,427.00
Less: MAT Credit Entitlement	0.00	0.00	0.00	0.00	0.00
Deferred Tax	-6.10	-63.33	-152.95	101.23	-17.34
Tax For Earlier Years	0.00	0.00	0.00	0.00	0.00

TOTAL TAX EXPENSES	2,235.90	1,407.37	1,927.01	2,144.96	1,409.66
PROFIT/LOSS AFTER TAX AND BEFORE EXTRAORDINARY ITEMS	6,350.49	3,955.51	4,881.12	3,890.34	2,646.70
PROFIT/LOSS FROM CONTINUING OPERATIONS	6,350.49	3,955.51	4,881.12	3,890.34	2,646.70
PROFIT/LOSS FOR THE PERIOD	6,350.49	3,955.51	4,881.12	3,890.34	2,646.70
OTHER ADDITIONAL INFORMATION					
EARNINGS PER SHARE					
Basic EPS (Rs.)	105.39	65.85	83.25	67.52	47.05
Diluted EPS (Rs.)	104.63	65.33	82.60	66.95	46.57
VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIALS STORES, SPARES AND LOOSE TOOLS					
Imported Raw Materials	0.00	0.00	0.00	0.00	0.00
Indigenous Raw Materials	0.00	0.00	0.00	0.00	0.00
STORES, SPARES AND LOOSE TOOLS					
Imported Stores And Spares	0.00	0.00	0.00	0.00	0.00
Indigenous Stores And Spares	0.00	0.00	0.00	0.00	0.00
DIVIDEND AND DIVIDEND PERCENTAGE					
Equity Share Dividend	602.34	0.00	1,141.62	231.19	197.96
Tax On Dividend	0.00	0.00	0.00	47.52	40.30
Equity Dividend Rate (%)	1,000.00	500.00	500.00	300.00	200.00

$$\text{Interest} = 4584.74 + 5938.85 + 7857.55 + 7446.39 + 7573.13$$

$$= 33,400.66$$

$$\text{Cost of Debt} = [(\text{Interest/Debt}) \times 100](1 - \text{tax rate})$$

$$= 7.149067964 * (1 - 0.35)$$

$$= 4.65$$

Q.3] Calculate WACC for five years each

- Calculate the cost of each fund source separately for each of the five years
- Calculate the WACC using book weight.

Ans 3]

A] Calculating the cost of each fund source separately for each of the five years

Debt:

$$\text{March'22} = 93,169.87 + 29,870.38 = 1,23,040.25$$

$$\text{March'21} = 72,773.75 + 27,092.09 = 99,865.84$$

$$\text{March'20} = 67,282.67 + 36,923.32 = 1,04,205.99$$

$$\text{March'19} = 86,351.72 + 0.00 = 86,351.72$$

$$\text{March'18} = 43,167.89 + 10,571.31 = 53,739.2$$

Interest:

$$\text{March'22} = 7573.13$$

$$\text{March'21} = 7446.39$$

$$\text{March'20} = 7857.55$$

$$\text{March'19} = 5938.85$$

$$\text{March'18} = 4584.74$$

Cost of Debt:

$$\text{March'22} = [(7573.13/1,23,040.25) * 100] * (1-0.35) = 4.000751380$$

$$\text{March'21} = [(7446.39/99,865.84) * 100] * (1-0.35) = 4.8466557734$$

$$\text{March'20} = [(7857.55/1,04,205.99) * 100] * (1-0.35) = 4.9012609544$$

$$\text{March'19} = [(5938.85/86,351.72) * 100] * (1-0.35) = 4.4703828714$$

$$\text{March'18} = [(4584.74/53,739.2) * 100] * (1-0.35) = 5.5454509929$$

Cost of Equity:

$$\text{March'22} = 1.495767917$$

$$\text{March'21} = 4.732864833$$

$$\text{March'20} = -2.348398583$$

$$\text{March'19} = 1.223464917$$

$$\text{March'18} = 0.8505216667$$

B] Calculate the WACC using book weight.

-Wd = Proportion of Debt

We = Proportion of Equity

Re = Cost of Equity

Rd = Cost of debt

Debt to Equity Ratios:**2018:** 3.25

$$Wd = 3.25/4.25$$

$$We = 1.0/4.25$$

2019: 4.41

$$Wd = 4.41/5.41$$

$$We = 1.0/5.41$$

2020: 3.28

$$Wd = 3.28/4.28$$

$$We = 1.0/4.28$$

2021: 2.78

$$Wd = 2.78/3.78$$

$$We = 1.0/3.78$$

2022: 2.93

$$Wd = 2.93/3.93$$

$$We = 1.0/3.93$$

Cost of Equity:

$$\text{March'22} = 1.495767917$$

$$\text{March'21} = 4.732864833$$

$$\text{March'20} = -2.348398583$$

$$\text{March'19} = 1.223464917$$

$$\text{March'18} = 0.8505216667$$

Cost of Debt:

$$\text{March'18} = [(4584.74/53,739.2) * 100] * (1-0.35) = 5.5454509929$$

$$\text{March'19} = [(5938.85/86,351.72) * 100] * (1-0.35) = 4.4703828714$$

$$\text{March'20} = [(7857.55/1,04,205.99) * 100] * (1-0.35) = 4.9012609544$$

$$\text{March'21} = [(7446.39/99,865.84) * 100] * (1-0.35) = 4.8466557734$$

$$\text{March'22} = [(7573.13/1,23,040.25) * 100] * (1-0.35) = 4.000751380$$

$$Wacc = We*re + Wp*rp + Wd*rd(1-t)$$

$$\text{For FY 2017-18} = 0.3791345601 + 4.2406389946 = 4.619773855$$

$$\text{For FY 2018-19} = 0.2261487832 + 3.6440644109 = 3.870213194$$

$$\text{For FY 2019-20} = -0.5486912577 + 3.7561065258 = 3.207$$

For FY 2020-21 = $1.252080644 + 3.5644717064 = 4.81655235$

For FY 2021-22 = $0.3806025234 + 2.9827484843 = 3.363351008$

4] Calculate Operating Leverage, Financial Leverage and Combined Leverage for the above period.

	Mar'22	Mar'21	Mar'20	Mar'19	Mar'18	5 Years Total
SALES	27871.48	23546.33	23834.15	17400.85	13329.22	105982.03
Fixed Costs	3221.88	2242.42	2294.56	1721.17	1401.43	10881.46
Variable Cost	8135.17	8192.39	6603.21	3568.16	3184.73	29683.66
EBITDA	16514.43	13111.52	14936.38	12111.52	8743.06	65416.91
Depreciation	354.91	302.25	270.7	137.37	101.96	1167.19
EBIT	16159.52	12809.27	14665.68	11974.15	8641.1	64249.72
Interest	7573.13	7446.39	7857.55	5938.85	4584.74	33400.66
EBT	8586.39	5362.88	6808.13	6035.3	4056.36	30849.06
Taxes	2235.9	1407.37	1927.01	2144.96	1409.66	9124.9
PAT	6350.49	3955.51	4881.12	3890.34	2646.7	21724.16
DOL= EBIT+Fixed Cost/EBIT	1.199379685	1.175062279	1.156457798	1.143740474	1.162181898	1.169361983
DFL=EBIT/EBT	1.881992316	2.388505803	2.15414218	1.984019021	2.130259642	2.082712407
DCL= DFL*DOL	2.25722335	2.806643072	2.491174522	2.269202857	2.475749194	2.43544471

Therefore,

Degree of Operating Leverage = 1.169361983

Degree of Financial Leverage = 2.082712407

Degree of combined Leverage = 2.43544471

Data taken from:

<https://economictimes.indiatimes.com/bajaj-finance-ltd/yearly/companyid-11260.cms>

5] Balance Sheet and Profit and Loss of the company

<https://www.moneycontrol.com/financials/bajajfinance/balance-sheetVI/BAF#BAF>

<https://www.moneycontrol.com/financials/bajajfinance/profit-lossVI/BAF#BAF>

<https://www.bseindia.com/bseplus/AnnualReport/500034/73448500034.pdf>

<https://economictimes.indiatimes.com/bajaj-finance-ltd/yearly/companyid-11260.cms>