

January 29, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	9,853		10,116	
Sales (Rs. m)	5,83,436	6,43,134	5,93,819	6,56,707
% Chng.	(1.7)	(2.1)		
EBITDA (Rs. m)	1,21,821	1,34,929	1,22,802	1,36,464
% Chng.	(0.8)	(1.1)		
EPS (Rs.)	362.5	404.7	372.3	415.4
% Chng.	(2.6)	(2.6)		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	4,46,852	5,19,400	5,83,436	6,43,134
EBITDA (Rs. m)	88,229	1,05,594	1,21,821	1,34,929
Margin (%)	19.7	20.3	20.9	21.0
PAT (Rs. m)	74,788	85,179	1,01,191	1,12,978
EPS (Rs.)	267.9	305.1	362.5	404.7
Gr. (%)	34.7	13.9	18.8	11.6
DPS (Rs.)	80.0	165.0	185.0	210.0
Yield (%)	1.0	2.0	2.2	2.5
RoE (%)	29.7	31.8	32.4	31.0
RoCE (%)	32.9	36.7	36.7	35.1
EV/Sales (x)	4.8	4.1	3.6	3.2
EV/EBITDA (x)	24.1	20.0	17.2	15.4
PE (x)	31.4	27.5	23.2	20.8
P/BV (x)	9.4	8.1	7.0	6.0

Key Data

BAJA.BO | BJAUT IN

52-W High / Low	Rs.12,774 / Rs.7,475
Sensex / Nifty	75,901 / 22,957
Market Cap	Rs.2,345bn / \$ 27,104m
Shares Outstanding	279m
3M Avg. Daily Value	Rs.4456.23m

Shareholding Pattern (%)

Promoter's	55.04
Foreign	12.45
Domestic Institution	10.06
Public & Others	22.45
Promoter Pledge (Rs bn)	0.01

Stock Performance (%)

	1M	6M	12M
Absolute	(5.9)	(11.5)	10.5
Relative	(2.5)	(5.2)	3.0

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Delivers stable operational performance

Quick Pointers:

- Strong near-term visibility for exports growth
- New launches planned in KTM/E2W/E3W segment

BJAUT standalone revenue in Q3FY25 grew at a modest pace of 5.7% YoY, driven by strong double-digit growth in spares revenue. Volume grew by 2% YoY growth while realization expanded by 3.7% YoY, aided by judicious pricing strategies in its portfolio. Gross profit increased by 4.9% YoY with a margin expansion of 24bps YoY to 28.7%, as large part of its commodity basket remained stable. EBITDA grew by 6.2% YoY while margin expanded by 10bps YoY to 20.2%, aided by stable input cost and favorable dollar appreciation. PAT grew at a moderate rate of 3.3% over Q3FY24.

BJAUT 5th consecutive quarter of 20+ EBITDA margin despite increasing penetration of EVs in its overall portfolio which is partially offset by PLI benefits. Additionally, strong growth in international market has offset subdued demand momentum in the domestic market. Strong near-term demand visibility in exports market particularly in LATAM and recovering African market volumes shall aid realization and volume expansion respectively. The scale-up of EV business along with PLI benefits in near-term shall aid in better profitability. We cut our estimate by ~1-4% over the forecasted period to factor in the mix impact from revival in African volume. We assume its revenue/EBITDA/EPS to grow at a CAGR of 12.9%/15.2%/14.6% over FY24-FY27E. We maintain our "BUY" rating with a target price of Rs9,824 (previous Rs 10,116), valuing the company at 25x on its Dec-26E EPS.

Miss on revenue estimate; stable operational performance: BJAUT revenue was for Q3FY25 was 2.1% lower than PLe/BBGe, however, it delivered stable operational performance with 5th consecutive quarter of more than 20% EBITDA margin. Revenue was reported at Rs128.1bn, as against PLe/BBGe of Rs130.8bn. Spares revenue grew in double-digit with a revenue of Rs 15.5bn, contributing ~12.1% of its overall revenue. Gross profit was Rs36.7bn, against PLe Rs 38.3bn. EBITDA was Rs25.8bn, against PLe: Rs26.7bn and BBGe: Rs26.4bn. PAT stood at Rs21.1bn, against PLe: Rs21.6bn and BBGe: Rs21.7bn.

Richer mix in domestic market aiding ASP expansion: Blended realization increased by 3.7% YoY to Rs 104,591/unit. Domestic ASP grew by 12.4% YoY to Rs120,911/unit, driven by higher penetration of 3W in the domestic sales as well as marginal pricing action. Export revenue increased by 13.7% YoY to Rs 42.6bn, however, ASP declined by 7.1% YoY to Rs 82,285/units owing to inferior mix and low penetration of KTM's volume in export sales.

EV Business delivered successive quarter of EBITDA improvement: BJAUT's E-2W and E-3W segments contributed ~22% to domestic revenue, driven by a strong product portfolio and ongoing network expansion. The scaleup of EV business has led its EV business EBITDA to be marginally positive for Q3FY25, an improvement over breakeven achieved in Q2FY25. Its green energy portfolio which includes CNG and EV products achieve a revenue contribution of ~45% vis-à-vis 30% in Q3FY24.

Conference Call Highlights

- 9 new 125cc+ variants refreshers were launched between Mar'24 to Dec'24 with new features, which shall aid in delivering healthy volume in the category.
- The management expects domestic motorcycle industry volume to grow by ~6-8% for FY25, with healthy growth in the premium segment.
- The implementation of OBD2 Phase B norms from Apr'25 shall see ~1% rise in overall cost.
- CNG Portfolio expanded to 3 variants, with adoption higher in areas with dense CNG pump networks like Delhi and Kerala.
- Focus on awareness campaigns and targeted promotions to accelerate CNG adoption in the upcoming quarters.
- Chetak 35 series platform launched in Dec'24 placed in the premium category of E-scooters. The company aims to expand the production in Feb'25 and aims to gain market share in the premium category.
- Bigger variant of e-auto for passenger and cargo applications will launch towards the end of Q4FY25, retails to reflect from Q1FY26.
- Recovery in African volumes continues with steady retail of 35,000 units/month in Nigeria and ~55% market share. Other key markets like Philippines and Sri Lanka also showed positive trends.
- LATAM reported strong growth of ~40% YoY with 60% of the volume contribution from premium products like Dominar and Pulsar series.
- KTM exports volume penetration dropped from 5% to 2% in Q3FY25 due to restructuring in Austria; recovery expected from Q1FY26.
- The management expects ~20% YoY export growth in the near term, driven by broad-based demand recovery and focus on premium product markets.
- Completed the PAN India roll-out of BACL in Q3FY25
- BACL financed ~520k vehicles as of Q3FY25 with an AUM of ~Rs 70bn. Finance penetration of ~70% of vehicles sold through Bajaj Auto dealerships.



Exhibit 1: Q3FY25 Result Overview (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	% Var.	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Revenues	1,28,069	1,21,135	5.7	1,30,844	(2.1)	1,31,275	(2.4)	3,78,623	3,32,006	14.0
Raw Materials	91,327	86,096	6.1	92,572	(1.3)	93,639	(2.5)	2,68,492	2,36,733	13.4
% of Net Sales	71.3%	71.1%	24 bps	70.8%	56 bps	71.3%	-2 bps	70.9%	71.3%	-39 bps
Personnel	3,865	3,846	0.5	4,449	(13.1)	3,935	(1.8)	12,149	11,503	5.6
% of Net Sales	3.0%	3.2%	-16 bps	3.4%	-38 bps	3.0%	2 bps	3.2%	3.5%	-26 bps
Manufacturing & Other Exp	7,070	6,895	2.5	7,097	(0.4)	7,180	(1.5)	21,501	18,603	15.6
% of Net Sales	5.5%	5.7%	-17 bps	5.4%	10 bps	5.5%	5 bps	5.7%	5.6%	8 bps
Total Expenditure	1,02,261	96,836	5.6	1,04,118	(1.8)	1,04,753	(2.4)	3,02,142	2,66,839	13.2
EBITDA	25,807	24,299	6.2	26,726	(3.4)	26,522	(2.7)	76,482	65,167	17.4
EBITDA Margin (%)	20.2%	20.1%	9 bps	20.4%	-27 bps	20.2%	-5 bps	20.2%	19.6%	57 bps
Depreciation	997	881	13.1	975	2.2	956	4.3	2,890	2,593	11.4
EBIT	24,811	23,418	5.9	25,751	(3.7)	25,566	(3.0)	73,592	62,574	17.6
Interest Expenses	143	121	18.3	175	(18.3)	159	(10.1)	509	307	65.7
Non-operating income	3,347	3,461	(3.3)	3,794	(11.8)	3,845	(13.0)	10,402	10,538	(1.3)
PBT	28,015	26,758	4.7	29,370	(4.6)	29,252	(4.2)	83,485	72,804	14.7
Tax-Total	6,927	6,339	9.3	7,783	(11.0)	9,202	(24.7)	22,465	17,377	29.3
Tax Rate (%) - Total	24.7%	23.7%	4.4	26.5%	(6.7)	31.5%		26.9%	23.9%	12.7
Reported PAT	21,087	20,419	3.3	21,587	(2.3)	20,050	5.2	61,020	55,428	10.1
Adj. PAT	21,087	20,419	3.3	21,587	(2.3)	20,050	5.2	61,020	55,428	10.1
PAT Margin (%)	16.5%	16.9%	-39 bps	16.5%	-3 bps	15.3%	119 bps	16.1%	16.7%	-58 bps

Source: Company, PL

Exhibit 2: Operating Metrics

Y/e Mar	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	% Var.	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Sales Volume (nos)	12,24,472	12,00,997	2.0	12,24,472	-	12,21,504	0.2	35,48,032	32,82,357	8.1
Net Realization/Vehicle	1,04,591	1,00,862	3.7	1,06,857	(2.1)	1,07,470	(2.7)	1,06,714	1,01,149	5.5
Material cost / vehicle	74,585	71,687	4.0	75,601	(1.3)	76,658	(2.7)	75,674	72,123	4.9
Gross Profit / vehicle	30,006	29,175	2.8	31,256	(4.0)	30,811	(2.6)	31,040	29,026	6.9
Employee cost /vehicle	3,156	3,202	(1.4)	3,633	(13.1)	3,221	(2.0)	3,424	3,505	(2.3)
Other expenses / vehicle	5,774	5,741	0.6	5,796	(0.4)	5,878	(1.8)	6,060	5,668	6.9
EBITDA/vehicle	21,076	20,232	4.2	21,826	(3.4)	21,712	(2.9)	21,556	19,854	8.6
Net Profit/vehicle	17,222	17,002	1.3	17,630	(2.3)	16,415	4.9	17,198	16,887	1.8

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	4,46,852	5,19,400	5,83,436	6,43,134
YoY gr. (%)	22.7	16.2	12.3	10.2
Cost of Goods Sold	3,17,434	3,65,138	4,07,238	4,48,264
Gross Profit	1,29,418	1,54,262	1,76,198	1,94,870
Margin (%)	29.0	29.7	30.2	30.3
Employee Cost	15,376	17,400	20,420	22,510
Other Expenses	25,813	31,268	33,956	37,430
EBITDA	88,229	1,05,594	1,21,821	1,34,929
YoY gr. (%)	34.7	19.7	15.4	10.8
Margin (%)	19.7	20.3	20.9	21.0
Depreciation and Amortization	3,498	3,772	3,980	4,726
EBIT	84,731	1,01,822	1,17,842	1,30,203
Margin (%)	19.0	19.6	20.2	20.2
Net Interest	535	2,081	1,816	1,351
Other Income	14,025	13,831	17,121	19,803
Profit Before Tax	98,220	1,13,572	1,33,146	1,48,656
Margin (%)	22.0	21.9	22.8	23.1
Total Tax	23,432	28,393	31,955	35,677
Effective tax rate (%)	23.9	25.0	24.0	24.0
Profit after tax	74,788	85,179	1,01,191	1,12,978
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	74,788	85,179	1,01,191	1,12,978
YoY gr. (%)	32.9	13.9	18.8	11.6
Margin (%)	16.7	16.4	17.3	17.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	74,788	85,179	1,01,191	1,12,978
YoY gr. (%)	32.9	13.9	18.8	11.6
Margin (%)	16.7	16.4	17.3	17.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	74,788	85,179	1,01,191	1,12,978
Equity Shares O/s (m)	279	279	279	279
EPS (Rs)	267.9	305.1	362.5	404.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	62,564	72,157	87,027	1,02,027
Tangibles	62,564	72,157	87,027	1,02,027
Intangibles	-	-	-	-
Acc: Dep / Amortization	31,186	34,958	38,938	43,664
Tangibles	31,186	34,958	38,938	43,664
Intangibles	-	-	-	-
Net fixed assets	31,379	37,199	48,090	58,363
Tangibles	31,379	37,199	48,090	58,363
Intangibles	-	-	-	-
Capital Work In Progress	243	650	780	780
Goodwill	-	-	-	-
Non-Current Investments	20,884	22,854	25,671	28,298
Net Deferred tax assets	(5,069)	(4,526)	(4,115)	(3,741)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	2,24,041	2,34,071	2,49,254	2,66,627
Inventories	16,959	22,768	25,575	33,478
Trade receivables	21,224	24,191	31,969	38,764
Cash & Bank Balance	6,003	6,336	8,623	12,754
Other Current Assets	21,444	28,460	41,560	48,455
Total Assets	3,42,507	3,77,383	4,32,801	4,88,929
Equity				
Equity Share Capital	2,792	2,792	2,792	2,792
Other Equity	2,45,813	2,84,927	3,34,470	3,88,821
Total Network	2,48,605	2,87,719	3,37,262	3,91,612
Non-Current Liabilities				
Long Term borrowings	9,907	9,007	7,505	6,004
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	56,102	59,767	67,135	70,480
Other current liabilities	22,823	16,365	16,784	17,092
Total Equity & Liabilities	3,42,507	3,77,383	4,32,801	4,88,929

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	98,220	1,13,572	1,33,146	1,48,656
Add. Depreciation	3,498	3,772	3,980	4,726
Add. Interest	535	2,081	1,816	1,351
Less Financial Other Income	14,025	13,831	17,121	19,803
Add. Other	(14,025)	(13,831)	(17,121)	(19,803)
Op. profit before WC changes	88,229	1,05,594	1,21,821	1,34,929
Net Changes-WC	18,187	(19,110)	(16,322)	(18,071)
Direct tax	(21,814)	(28,936)	(32,367)	(36,051)
Net cash from Op. activities	84,602	57,548	73,133	80,807
Capital expenditures	(7,142)	(10,000)	(15,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	5,310	(2,870)	(4,319)	(4,128)
Net Cash from Invst. activities	(1,832)	(12,870)	(19,319)	(19,128)
Issue of share cap. / premium	(58,107)	-	-	-
Debt changes	-	-	-	-
Dividend paid	(22,334)	(46,065)	(51,648)	(58,628)
Interest paid	(535)	(2,081)	(1,816)	(1,351)
Others	-	-	-	-
Net cash from Fin. activities	(80,977)	(48,145)	(53,465)	(59,979)
Net change in cash	1,793	(3,468)	350	1,700
Free Cash Flow	77,460	47,548	58,133	65,807

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	1,14,847	1,19,280	1,31,275	1,28,069
YoY gr. (%)	29.0	15.7	21.8	5.7
Raw Material Expenses	80,702	83,527	93,639	91,327
Gross Profit	34,145	35,754	37,636	36,742
Margin (%)	29.7	30.0	28.7	28.7
EBITDA	23,063	24,153	26,522	25,807
YoY gr. (%)	34.4	23.6	24.3	6.2
Margin (%)	20.1	20.2	20.2	20.2
Depreciation / Depletion	906	937	956	997
EBIT	22,157	23,216	25,566	24,811
Margin (%)	19.3	19.5	19.5	19.4
Net Interest	228	207	159	143
Other Income	3,487	3,209	3,845	3,347
Profit before Tax	25,416	26,219	29,252	28,015
Margin (%)	22.1	22.0	22.3	21.9
Total Tax	6,056	6,336	9,202	6,927
Effective tax rate (%)	23.8	24.2	31.5	24.7
Profit after Tax	19,360	19,883	20,050	21,087
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	19,360	19,883	20,050	21,087
YoY gr. (%)	35.1	19.4	9.2	3.3
Margin (%)	16.9	16.7	15.3	16.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	19,360	19,883	20,050	21,087
YoY gr. (%)	35.1	19.4	9.2	3.3
Margin (%)	16.9	16.7	15.3	16.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	19,360	19,883	20,050	21,087
Avg. Shares O/s (m)	279	279	279	279
EPS (Rs)	69.3	71.2	71.8	75.5

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	267.9	305.1	362.5	404.7
CEPS	280.4	318.6	376.7	421.6
BVPS	890.5	1,030.6	1,208.0	1,402.7
FCF	277.5	170.3	208.2	235.7
DPS	80.0	165.0	185.0	210.0
Return Ratio(%)				
RoCE	32.9	36.7	36.7	35.1
ROIC	237.8	205.2	142.5	107.8
RoE	29.7	31.8	32.4	31.0
Balance Sheet				
Net Debt : Equity (x)	(0.9)	(0.8)	(0.7)	(0.7)
Net Working Capital (Days)	(15)	(9)	(6)	1
Valuation(x)				
PER	31.4	27.5	23.2	20.8
P/B	9.4	8.1	7.0	6.0
P/CEPS	29.9	26.4	22.3	19.9
EV/EBITDA	24.1	20.0	17.2	15.4
EV/Sales	4.8	4.1	3.6	3.2
Dividend Yield (%)	1.0	2.0	2.2	2.5

Source: Company Data, PL Research

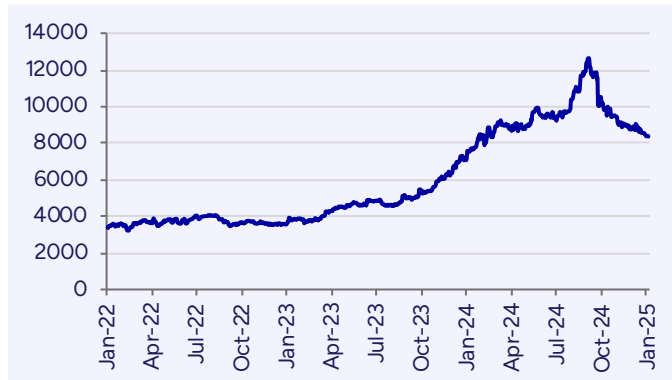
Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Motorcycle volume (units)	37,27,923	40,62,745	43,72,694	46,71,457
Three-wheeler volume (units)	6,23,010	6,70,048	6,93,497	7,16,206
Net Realisation (Rs/unit)	1,02,703	1,08,033	1,12,890	1,16,898

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	BUY	10,116	8,642
2	17-Oct-24	Hold	11,859	11,617
3	07-Oct-24	Hold	11,146	11,628
4	17-Jul-24	Accumulate	10,326	9,718
5	08-Jul-24	Hold	9,984	9,634
6	21-Jun-24	Hold	9,984	9,632
7	19-Apr-24	Sell	7,267	9,021
8	08-Apr-24	Sell	6,300	9,010

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	Accumulate	243	223
2	Bajaj Auto	BUY	10,116	8,642
3	Bharat Forge	Accumulate	1,435	1,249
4	CEAT	Hold	3,030	3,044
5	Divgi Torqtransfer Systems	Hold	637	585
6	Eicher Motors	Hold	5,332	5,163
7	Endurance Technologies	BUY	2,698	2,100
8	Exide Industries	Hold	437	405
9	Hero Motocorp	Accumulate	4,662	4,138
10	Mahindra & Mahindra	BUY	3,541	3,086
11	Maruti Suzuki	BUY	14,129	11,822
12	Tata Motors	Hold	784	795
13	TVS Motor Company	Hold	2,650	2,362

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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