

# Bajaj Auto

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	BJAUT IN
Equity Shares (m)	279
M.Cap.(INRb)/(USD\$)	2478.3 / 29
52-Week Range (INR)	12774 / 7088
1, 6, 12 Rel. Per (%)	8/-5/-12
12M Avg Val (INR M)	4500

## Financials & Valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	500	572	636
EBITDA	101.0	112.8	127.4
EBITDA (%)	20.2	19.7	20.0
Adj. PAT	83.6	92.2	103.4
EPS (INR)	299	330	370
EPS Gr. (%)	11.8	10.2	12.2
BV/Sh. (INR)	1,151	1,251	1,352

## Ratios

RoE (%)	29.3	27.5	28.5
RoCE (%)	27.6	25.9	26.7
Payout (%)	66.8	69.7	72.9

## Valuation

P/E (x)	29.6	26.9	24.0
P/BV (x)	7.7	7.1	6.6
Div. Yield (%)	2.3	2.6	3.0
FCF Yield (%)	2.9	2.9	3.7

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	55.0	55.0	55.1
DII	11.0	10.1	8.6
FII	11.7	12.5	14.5
Others	22.3	22.5	21.9

FII Includes depository receipts

**CMP: INR8,875**      **TP: INR8,688 (-2%)**      **Neutral**

## Stable quarter

### KTM turnaround to be among the key monitorables

- Bajaj Auto's (BJAUT) 4QFY25 earnings at INR20.5b were broadly in line with our estimate. Margins remained stable YoY at 20.2% as benefits from favorable currency and improved mix were offset by the impact of stoppage of exports to KTM and higher promotional spends.
- While a recovery in exports and a healthy ramp-up of Chetak and 3Ws are key positives, its market share loss in domestic motorcycles, that too in its bread and butter 125cc+ segment, remains the key concern. Further, the ramp-up of its CNG bike Freedom has been slower than expected. While BJAUT has acquired a controlling stake in KTM under a lucrative deal, its effectiveness depends on how quickly it is able to turn around its operations, which will remain the key monitorable from hereon. At ~26.9x/24x FY26E/27E EPS, BJAUT appears fairly valued. We maintain a Neutral rating with a TP of **INR8,688, based on 24x FY27E core EPS.**

### Margins maintained at 20%+ despite increase in EV mix

- 4Q earnings at INR20.5b were broadly in line with our estimate.
- Revenue grew 6% YoY to INR121.5b and was in line with our estimate.
- Gross margin improved 40bp YoY largely due to favorable currency (USD-INR at 86.5 in 4Q vs. 84.3 QoQ and 83 YoY) and a better product mix.
- However, this was offset by the impact of stoppage of exports to KTM and higher promotional spends in 4Q (other exp up 80bp YoY).
- Overall, EBITDA margin remained stable on both YoY and QoQ basis at 20.2% (marginally ahead of our estimate of 20%).
- Overall, PAT grew 6% YoY to INR20.5b.
- For FY25, revenue grew 12% YoY to INR500b, led by 7% YoY growth in volumes.
- EBITDA margin improved 50bp YoY to 20.2% due to an improved mix and favorable currency.
- Overall, PAT grew 12% YoY to INR83.6b.
- The board has approved a dividend of INR210 per share, which translates into a payout of 67%.
- BJAUT delivered FCF of INR65b after investing INR7b in capex. It has also invested INR22b in BACL in FY25.
- BJAUT have a healthy cash and cash equivalent balance of INR170b.

### Highlights from the management commentary

- Management expects 2W industry to post 5-6% YoY growth in FY26, largely driven by 125cc+ segment. On the back of its new launches, BJAUT would look to recover its lost market share in the 125cc+ segment and would target to get closer to the market leader in this segment by the end of FY26.

- Management expects exports to grow at 15-20% YoY even in FY26, led by strong growth in Latin America and the Middle East and an expected revival in exports to KTM in 2HFY26.
- While BJAUT has done well in 2W EVs and now is a market leader with a 25% share, supply curbs from China on rare earth metals remain a lingering concern going ahead.
- Management expects input costs to rise 1% QoQ in 1Q. It has passed on about 30-50% of this increase to consumers. Further, currency is now a headwind for BJAUT as INR is now appreciating relative to USD.
- BJAUT has showcased its intent to take a controlling stake in PBAG, which is the holdco of KTM, subject to regulatory approvals. Once these approvals are in, BJAUT will look to leverage some of the synergies between the two companies, which include: 1) joint sourcing for key raw materials, 2) joint development program, and 3) extension of the current agreement to include joint production of up to 900cc products.

### Valuation and view

- While a recovery in exports and a healthy ramp-up of Chetak and 3Ws are key positives, its market share loss in domestic motorcycles, that too in its bread and butter 125cc+ segment, remains the key concern. Further, the ramp-up of its CNG bike Freedom has been slower than expected. While BJAUT has acquired a controlling stake in KTM under a lucrative deal, its effectiveness depends on how quickly it is able to turn around its operations, which will remain the key monitorable from hereon. At ~26.9x/24x FY26E/27E EPS, BJAUT appears fairly valued. We maintain a Neutral rating with a target price of **INR8,688, based on 24x FY27E core EPS**.

### Quarterly Performance

(INR m)

	FY24				FY25				FY24	FY25	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Volumes ('000 units)	1,027	1,054	1,201	1,069	1,102	1,222	1,224	1,103	4,351	4,651	1,103
Growth YoY (%)	10.0	-8.4	22.1	24.3	7.3	15.9	2.0	3.2	10.8	6.9	3.2
Realization (INR/unit)	1,00,347	1,02,256	1,00,862	1,07,476	1,08,234	1,07,470	1,04,591	1,10,142	1,02,703	1,07,527	1,07,814
Growth YoY (%)	17.0	15.4	6.5	3.8	7.9	5.1	3.7	2.5	10.7	4.7	0.3
<b>Net Sales</b>	<b>1,03,098</b>	<b>1,07,773</b>	<b>1,21,135</b>	<b>1,14,847</b>	<b>1,19,280</b>	<b>1,31,275</b>	<b>1,28,069</b>	1,21,479	4,46,852	5,00,103	1,18,912
Change (%)	28.8	5.6	30.0	29.0	15.7	21.8	5.7	5.8	22.7	11.9	3.5
<b>EBITDA</b>	<b>19,539</b>	<b>21,329</b>	<b>24,299</b>	<b>23,063</b>	<b>24,154</b>	<b>26,522</b>	<b>25,807</b>	24,504	88,229	1,00,987	23,754
EBITDA Margins (%)	19.0	19.8	20.1	20.1	20.2	20.2	20.2	20.2	19.7	20.2	20.0
Other Income	3,463	3,614	3,461	3,487	3,209	3,845	3,347	3,808	14,025	14,209	3,568
Interest	121	65	121	228	207	159	143	168	535	677	161
Depreciation	835	876	881	906	937	956	997	1,111	3,498	4,001	1,015
<b>PBT after EO</b>	<b>22,046</b>	<b>24,000</b>	<b>26,758</b>	<b>25,416</b>	<b>26,219</b>	<b>27,139</b>	<b>28,015</b>	27,033	98,220	1,08,406	26,146
Effective Tax Rate (%)	24.5	23.5	23.7	23.8	24.2	26.1	24.7	24.2	23.9	24.8	24.1
<b>Adj. PAT</b>	<b>16,648</b>	<b>18,361</b>	<b>20,419</b>	<b>19,360</b>	<b>19,884</b>	<b>22,160</b>	<b>21,087</b>	20,492	74,788	83,102	19,848
Change (%)	41.9	20.0	36.9	35.1	19.4	20.7	3.3	5.8	32.9	11.1	2.5

E: MOFSL Estimates



## Key takeaways from the earnings call

### Result highlights

- Export revenue stood at USD470m and spare parts revenue was INR15.7b in 4Q.
- Management has indicated that the financial performance of Chetak has substantially improved in the last 12-15 months and the 2W EV segment is now near EBITDA break-even, post PLI accruals. Overall, EV revenue stood at INR55b in FY25. Its EV pool is now marginal profitable vs. INR1b in losses last year. This was driven by lower losses in Chetak and the ramp-up of 3W EVs.
- BJAUT delivered FCF of INR65b after investing INR7b in capex for FY25. It has also invested INR22b in BAFL in FY25.
- It has a healthy cash and cash equivalent balance of INR170b.

### Domestic motorcycles update

- Key issues BJAUT has seen in ramping up Freedom sales are: 1) anxiety of customers of not having enough CNG pumps in the vicinity, 2) pumps often do not have right pressure to fully fill up the tank, thereby hurting optimum range of the bike. Management has indicated that this bike continues to see strong demand in regions with good CNG density like Delhi and Kerala, where its penetration is almost 10-11%. Now it has a fair understanding of which regions to focus on to ramp up the acceptance of this bike going forward.
- Management expects the industry to post 5-6% YoY growth in FY26, largely driven by 125cc+ segment.
- BJAUT has seen market share decline in 125cc+ segment in FY25 to 24% from 26% in FY24.
- Management has indicated that it has a strategy in place to get its market share back on track in this segment. It has already launched six new Pulsar variants in 4Q within 150-200cc segments with improved features. It also expects to resume a focused push for Freedom motorcycle in regions with good CNG network for long distance riders. Further, it plans to launch an entry-level 125cc motorcycle later in the year. It has also recalibrated prices of some products based on competition benchmarking post OBD2. BJAUT intends to put in place marketing campaigns on both these initiatives in coming quarters. On the back of these initiatives, it would look to recover lost market share in the 125cc+ segment and would target to get closer to the market leader in this segment by the end of FY26.

### 2W exports

- Exports grew 20% YoY in FY25.
- The top 30 overseas regions for BJAUT, which contribute to 70% of emerging markets, grew at a healthy pace of 26% YoY in FY25. In these regions, BJAUT outperformed and posted 31% YoY growth in FY25.
- In Latin America, which has emerged as the largest emerging market, BJAUT posted 18% growth with a rich mix: 65% volumes coming from Pulsar and Dominar segments.
- Even in Brazil, BJAUT sold 7k units in 4Q, better than FY24. It commenced production of CNKD plant in Brazil with a capacity of 20k units p.a. in Jul'24. BJAUT now targets to ramp up to 40k units by Dec'25.

- Africa and Asia markets remain largely stable. While Africa has stabilized given the global adverse macro, BJAUT remains cautious about the outlook for this market.
- Management expects exports to grow at 15-20% YoY even in FY26, led by strong growth in Latin America and the Middle East and an expected revival in exports to KTM in 2H.

## 2W EVs

- Market share of Chetak increased to 25% in 4QFY25 from 13% in 4QFY24, making BJAUT the market leader in 2W EVs. This is driven by the strong acceptance of its 35 series models.
- The launch of the 3502 series has helped improve margins. It expects to further consolidate its position in this segment with the launch of the 3503 series in May'25.
- BJAUT now sells Chetak in 310 exclusive experience centers and over 3k touch-points across India.
- Demand for Chetak is on an uptrend, though there are supply chain issues caused by China's curbs on the export of rare earth materials globally. While China notified this rule in Apr'25, BJAUT has a process in place to get the requisite certifications to confirm that the end use of these materials will not be for military applications. The government has so far cleared around 30 certificates, which have been sent to China to see if these are appropriate. The industry will get a sense of the exact approval time it would take to get these certifications in place, once these are cleared by China.
- Given that China controls almost 90% of the rare earth metal supply chain, scouting for alternate sources is being ruled out at this stage.
- Management indicated that it has requisite supply of these materials until June end and any further delay in clearing these certificates may lead to disruption for EV production in the near term.

## Update on domestic 3Ws

- Management remains positive about the long-term outlook for this business given the enormous need for last-mile mobility in the country.
- BJAUT has a dominant 75% market share in the ICE 3W segment.
- In e-autos as well, BJAUT saw 60% YoY growth in FY25 and doubled its market share to 33% in FY25. It has now become the market leader in this segment, driven by the good acceptance of its Go-Go brand in e-autos.
- It targets to launch e-rik by Jul'25 to tap the 40k per month e-rik industry.
- BJAUT also targets to launch a lithium-ion based vehicle, which is just 10% of the market today. However, it would target to expand this penetration by launching much better and reliable options for the consumer.

## Outlook on input costs and currency trends

- In 4Q, noble metal prices surged, though they were offset by softness in steel and aluminium prices. Similarly, nickel and lead prices saw some inflation, while rubber and ABS prices were soft. Overall, input costs remained stable QoQ in 4Q.
- However, management expects input costs to rise in 1Q due to a rise in aluminum prices. Further, it has passed on the OBD2 costs to customers. Overall, it expects input costs to rise 1% QoQ in 1QFY26.

- It has so far taken pricing action, which covers up to 30-50% of the cost increase.
- Further, currency is now a headwind for BJAUT as INR is now appreciating against USD.

#### Update on KTM

- In order to address acute liquidity challenges in KTM business and enable a structured revival of the brand, BJAUT has outlined a set of strategic interventions, which include: 1) the proposed equity acquisition by BJAUT of a controlling stake in PBAG (for around EUR80m) and therefore, in PMAG/KTM (upon receipt of regulatory approvals); 2) debt package totaling EUR800m to address liquidity needs to meet creditor obligations pursuant to the approved restructuring plan and fund the restart of operations. Of this, it has already infused EUR200m in cash as shareholder debt to maintain continuity and revive operations.
- A fresh debt of EUR600m would be provided to fund the payment of creditors' quota and associated costs.
- Following the receipt of requisite approvals, BJAUT will be committed to turning around KTM operations.
- Once these approvals are in, BJAUT will look to leverage some of the synergies between the two companies, which include: 1) joint sourcing for key raw materials, 2) a joint development program, and 3) extension of the current agreement to include joint production of up to 900cc products.

#### Other highlights

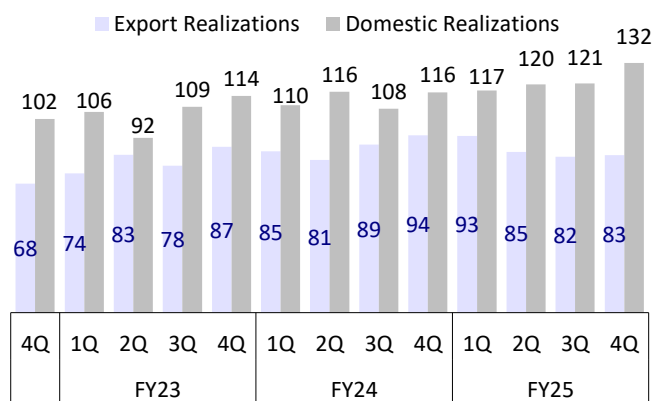
- BJAUT Credit posted PAT of INR650m in FY25. AUM stood at INR95b. BJAUT has so far invested INR24b (INR21b in FY25) in its financing arm.
- Penetration of BACL is 40% in motorcycles and 50% in 3Ws.

#### Exhibit 1: Trend in product mix

	4QFY25	4QFY24	YoY (%)	3QFY25	QoQ (%)
<b>Motorcycles</b>					
Domestic	4,29,428	5,07,253	-15.3	5,10,281	-15.8
% of total volumes	38.9	47.5		41.7	
Exports	4,42,467	3,69,936	19.6	4,66,766	-5.2
% of total volumes	40.1	34.6		38.1	
<b>Domestic Scooters</b>	71,668	39,628	80.9	77,574	-7.6
% of total volumes	6.5	3.7		6.3	
<b>Total 2Ws</b>	<b>9,43,563</b>	<b>9,16,817</b>	<b>2.9</b>	<b>10,54,621</b>	<b>-10.5</b>
% of total volumes	85.6	85.8		86.1	
<b>Three Wheelers</b>					
Domestic	1,12,152	1,10,449	1.5	1,19,250	-6.0
% of total volumes	10.2	10.3		9.7	
Exports	47,219	41,310	14.3	50,601	-6.7
% of total volumes	4.3	3.9		4.1	
<b>Total 3Ws</b>	<b>1,59,371</b>	<b>1,51,759</b>	<b>5.0</b>	<b>1,69,851</b>	<b>-6.2</b>
% of total volumes	14.4	14.2		13.9	
<b>Total Volumes</b>	<b>11,02,934</b>	<b>10,68,576</b>	<b>3.2</b>	<b>12,24,472</b>	<b>-9.9</b>

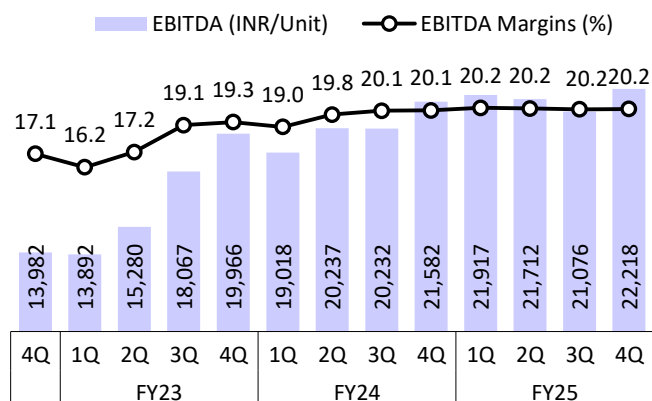
Source: Company, MOFSL

**Exhibit 2: Trends in domestic and export realizations**



Sources: Company reports, MOFSL estimates

**Exhibit 3: EBITDA margin trend**



Sources: Company reports, MOFSL estimates

## Valuation and view

- **Well placed to ride the premiumization trend:** The 125cc+ motorcycle segment's contribution has increased to 54% in FY25 from 38% in FY19. Given its continued focus on this segment over the last few years, BJAUT has emerged as a major beneficiary of this trend – BJAUT's contribution in this segment has risen sharply to 75% in FY25 from 41% in FY19. Given the strong presence in the 125cc segment and the major revamp of the Pulsar brand last year in the premium segment, along with a healthy presence of brands like Dominar and KTM, BJAUT seems well placed to capitalize on the premiumization trend visible in India.
- **BJAUT's plans to enter the entry segment with CNG bike face headwinds:** BJAUT had launched the world's first CNG-integrated motorcycle, Freedom 125. We think the company has clearly done everything within its stride to make the motorcycle both attractive (despite having a CNG tank) and accessible to customers. This bike has been well accepted in markets where CNG penetration is good (viz. Delhi, Kerala). However, it is seeing low adoption in other markets. Overall, the ramp-up of Freedom is likely to take longer than earlier envisaged.
- **Loss in market share in domestic motorcycle is a concern:** In FY25, BJAUT has lost 160bp market share to 16.6% in motorcycles. However, the key concern is that it has lost market share not only in the entry segment, but also in 125cc and 150-250cc segments. Its market share in the 150-250cc segment has declined 440bp YoY to 30.2% for FY25. Loss in market share in the 125cc+ segment remains the key concern for the stock.
- **Scaling up its EV business:** Chetak's market share rose from ~13% in 4QFY24 to nearly 25% in 4QFY25. It has recently launched a premium Chetak variant under the 35 series. It hopes to gain to a stronger leadership position in EV scooter segment, especially in the premium segment, where its share has been low. The overall EV segment, including both Chetak and 3Ws, has now made some positive margins in absolute terms. Given e-3W is as profitable as ICE, BJAUT would continue to ramp up its penetration in e-3Ws.
- **Exports outlook improves:** BJAUT is seeing healthy growth in LatAm and ASEAN. Markets like Africa and Asia continue to see stable demand. Management expects exports to KTM to resume from 2H onward. Given these factors, management expects exports to grow at 15-20% in FY26.

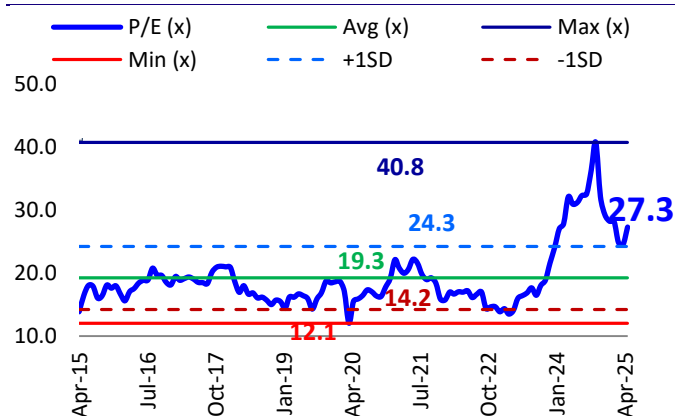


- **BJAUT buys controlling stake in KTM, turn-around to be the key:** Following the receipt of requisite approvals, Bajaj will be committed to a turnaround KTM operations. While BJAUT has been able to buy the majority stake at KTM under a lucrative deal highlighted above, the effectiveness of this transaction is based on: 1) whether the restructuring plan progresses as planned above; 2) how quickly BJAUT is able to turn around KTM, once it is in its fold; 3) demand environment in the US and Europe. We are currently ascribing only investment value to KTM at this stage and we would continue to monitor its restructuring efforts going ahead.
- **Valuation and view:** While a recovery in exports and a healthy ramp-up of Chetak and 3Ws are key positives, its market share loss in domestic motorcycles, that too in its bread and butter 125cc+ segment, remains the key concern. Further, the ramp-up of its CNG bike Freedom has been slower than expected. While BJAUT has acquired a controlling stake in KTM under a lucrative deal, its effectiveness depends on how quickly it is able to turn around its operations, which will remain the key monitorable from hereon. At ~26.9x/24x FY26E/27E EPS, BJAUT appears fairly valued. We maintain a Neutral rating with a target price of **INR8,688, based on 24x FY27E core EPS.**

**Exhibit 4: Our revised estimates (INR m)**

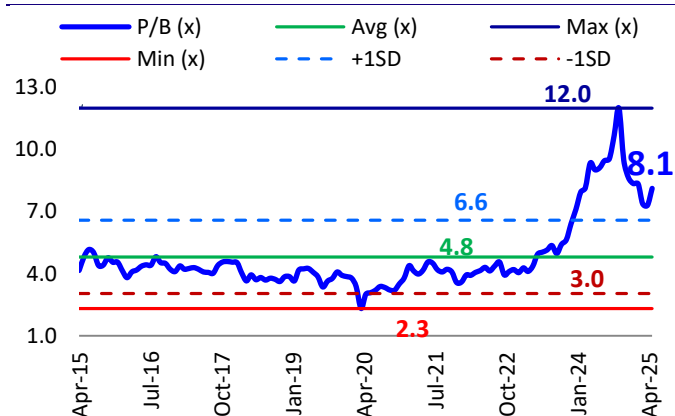
	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Vols ('000 units)	5,096	5,116	-0.4	5,542	5,585	-0.8
Net Sales	5,71,666	5,62,399	1.6	6,35,612	6,32,032	0.6
EBITDA	1,12,766	1,12,469	0.3	1,27,426	1,26,282	0.9
EBITDA Margins (%)	19.7	20.0	-30bp	20.0	20.0	10bp
Net Profit	92,189	89,479	3.0	1,03,435	1,01,394	2.0
EPS (INR)	<b>330.1</b>	<b>320.5</b>	<b>3.0</b>	<b>370.4</b>	<b>363.2</b>	<b>2.0</b>

**Exhibit 5: P/E band**



Source: MOFSL

**Exhibit 6: P/BV band**



Source: MOFSL

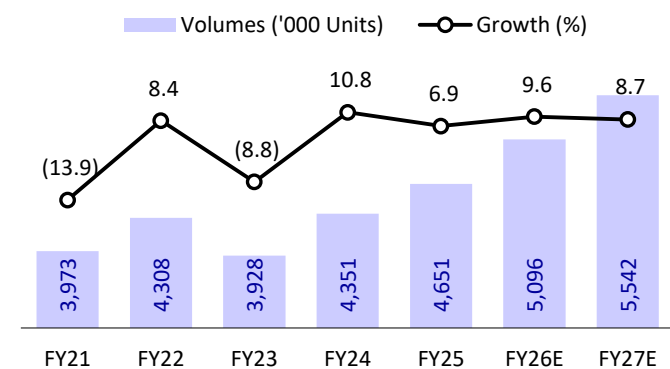
**Exhibit 7: Snapshot of Revenue Model**

000 units	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>2Ws (units)</b>									
Domestic	2,541	2,078	1,809	1,641	1,806	2,251	2,308	2,501	2,749
Growth (%)	28.7	-18.2	-12.9	-9.3	10.0	24.6	2.6	8.3	9.9
% of total volumes	50.6	45.0	45.5	38.1	46.0	51.7	49.6	49.1	49.6
Exports	1,696	1,869	1,797	2,196	1,637	1,477	1,674	1,875	2,025
Growth (%)	21.6	10.2	-3.9	22.2	-25.4	-9.8	13.3	12.0	8.0
% of total volumes	33.8	40.5	45.2	51.0	41.7	34.0	36.0	36.8	36.5
<b>Total 2Ws</b>	<b>4,237</b>	<b>3,948</b>	<b>3,606</b>	<b>3,837</b>	<b>3,443</b>	<b>3,728</b>	<b>3,982</b>	<b>4,376</b>	<b>4,774</b>
Growth (%)	25.7	-6.8	-8.7	6.4	-10.3	8.3	6.8	9.9	9.1
% of total volumes	84.4	85.5	90.8	89.1	87.7	85.7	85.6	85.9	86.1
<b>3Ws</b>									
Domestic	399	366	109	161	301	464	479	508	539
Growth (%)	8.1	-8.4	-70.1	47.1	87.1	54.3	3.3	6.0	6.0
% of total volumes	8.0	7.9	2.8	3.7	7.7	10.7	10.3	10.0	9.7
Exports	383	302	258	311	184	159	189	212	229
Growth (%)	43.1	-21.2	-14.6	20.6	-40.7	-13.8	19.1	12.0	8.0
% of total volumes	7.6	6.5	6.5	7.2	4.7	3.7	4.1	4.2	4.1
<b>3Ws</b>	<b>783</b>	<b>668</b>	<b>367</b>	<b>472</b>	<b>485</b>	<b>623</b>	<b>669</b>	<b>720</b>	<b>768</b>
Growth (%)	22.8	-14.7	-45.0	28.5	2.9	28.5	7.3	7.7	6.6
% of total volumes	15.6	14.5	9.2	10.9	12.3	14.3	14.4	14.1	13.9
<b>Total Volumes</b>	<b>5,020</b>	<b>4,615</b>	<b>3,973</b>	<b>4,308</b>	<b>3,928</b>	<b>4,351</b>	<b>4,651</b>	<b>5,096</b>	<b>5,542</b>
Growth (%)	25.3	-8.1	-13.9	8.4	-8.8	10.8	6.9	9.6	8.7
<b>Avg. Net Realn (INR/unit)</b>	<b>52,928</b>	<b>56,462</b>	<b>60,588</b>	<b>65,467</b>	<b>79,010</b>	<b>88,611</b>	<b>91,171</b>	<b>95,486</b>	<b>97,588</b>
Growth (%)	-5.1	6.7	7.3	8.1	20.7	12.2	2.9	4.7	2.2
<b>Net Revenues (INR B)</b>	<b>296</b>	<b>291</b>	<b>271</b>	<b>321</b>	<b>354</b>	<b>436</b>	<b>483</b>	<b>552</b>	<b>615</b>
Growth (%)	19.7	-1.5	-6.8	18.4	10.0	23.2	10.8	14.4	11.2
<b>EBITDA (INR B)</b>	<b>52</b>	<b>51</b>	<b>49</b>	<b>51</b>	<b>65</b>	<b>88</b>	<b>101</b>	<b>113</b>	<b>127</b>
EBITDA margins (%)	17.1	17.0	17.8	15.5	18.0	19.7	20.2	19.7	20.0
<b>EBITDA (INR/Unit)</b>	<b>10,345</b>	<b>11,042</b>	<b>12,405</b>	<b>11,877</b>	<b>16,674</b>	<b>20,278</b>	<b>21,713</b>	<b>22,128</b>	<b>22,993</b>
Growth (%)	7.3	-1.9	-3.3	3.8	28.0	34.7	14.5	11.7	13.0
<b>PAT (INR B)</b>	<b>47</b>	<b>51</b>	<b>46</b>	<b>50</b>	<b>56</b>	<b>75</b>	<b>84</b>	<b>92</b>	<b>103</b>
EPS	162	176	157	173	199	268	299	330	370



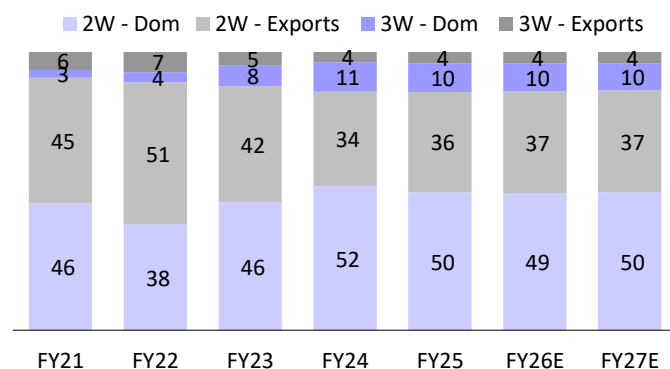
## Story in charts

**Exhibit 8: Trends in volume and volume growth**



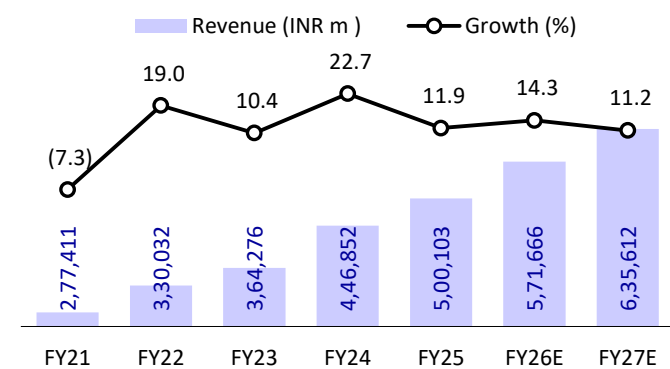
Sources: Company reports, MOFSL estimates

**Exhibit 9: Product mix trend**



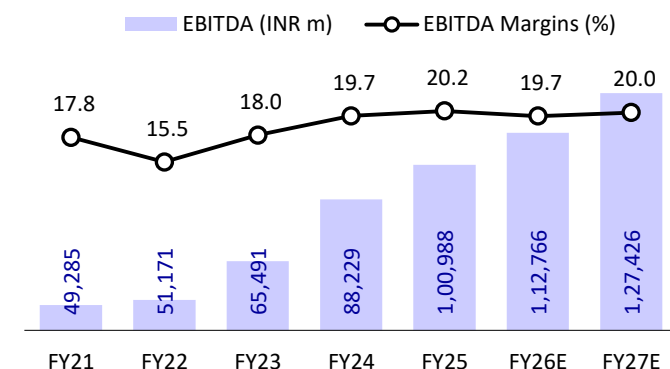
Sources: Company reports, MOFSL estimates

**Exhibit 10: Trend in revenue growth**



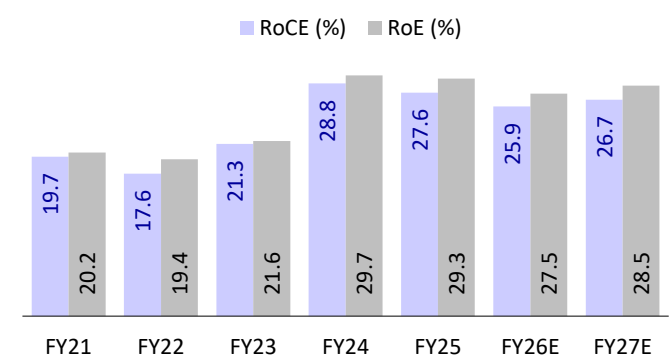
Sources: Company reports, MOFSL

**Exhibit 11: Trends in EBITDA and EBITDA margin**



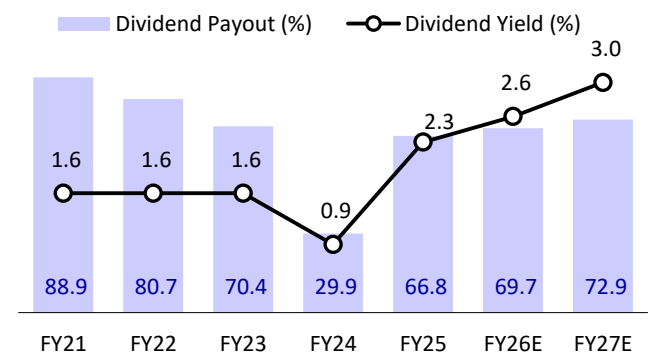
Sources: Company reports, MOFSL

**Exhibit 12: Trends in return ratios**



Sources: Company reports, MOFSL estimates

**Exhibit 13: Dividend payout to remain healthy**



Sources: Company reports, MOFSL estimates; in FY24 / FY25, BJAUT also did buyback

## Financials and valuations

Income Statement								(INR M)
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>Volumes</b>	<b>46,15,212</b>	<b>39,72,914</b>	<b>43,08,433</b>	<b>39,27,857</b>	<b>43,50,933</b>	<b>46,50,966</b>	<b>50,96,019</b>	<b>55,41,918</b>
Change (%)	-8.1	-13.9	8.4	-8.8	10.8	6.9	9.6	8.7
<b>Net Sales</b>	<b>2,99,187</b>	<b>2,77,411</b>	<b>3,30,032</b>	<b>3,64,276</b>	<b>4,46,852</b>	<b>5,00,103</b>	<b>5,71,666</b>	<b>6,35,612</b>
Change (%)	-1.4	-7.3	19.0	10.4	22.7	11.9	14.3	11.2
<b>EBITDA</b>	<b>50,962</b>	<b>49,285</b>	<b>51,171</b>	<b>65,491</b>	<b>88,229</b>	<b>1,00,988</b>	<b>1,12,766</b>	<b>1,27,426</b>
Change (%)	-1.9	-3.3	3.8	28.0	34.7	14.5	11.7	13.0
EBITDA Margins (%)	17.0	17.8	15.5	18.0	19.7	20.2	19.7	20.0
Depreciation	2,464	2,593	2,692	2,824	3,498	4,001	4,357	4,888
<b>EBIT</b>	<b>48,498</b>	<b>46,692</b>	<b>48,480</b>	<b>62,667</b>	<b>84,731</b>	<b>96,987</b>	<b>1,08,409</b>	<b>1,22,538</b>
Int. & Fin. Charges	32	67	87	395	535	677	450	450
Other Income	17,336	12,765	12,092	11,814	14,025	14,209	14,700	15,600
Non-recurring Exp.	0	0	-4,568	0	0	2,113	0	0
<b>PBT</b>	<b>65,802</b>	<b>59,390</b>	<b>65,054</b>	<b>74,086</b>	<b>98,220</b>	<b>1,08,406</b>	<b>1,22,659</b>	<b>1,37,688</b>
Tax	14,802	13,844	14,865	17,810	23,432	26,892	30,469	34,252
Effective Rate (%)	22.5	23.3	22.8	24.0	23.9	25	25	25
<b>PAT</b>	<b>51,000</b>	<b>45,546</b>	<b>50,189</b>	<b>56,276</b>	<b>74,788</b>	<b>83,627</b>	<b>92,189</b>	<b>1,03,435</b>
Change (%)	9.1	-10.7	10.2	12.1	32.9	11.8	10.2	12.2

Balance Sheet								(INR M)
Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
Share Capital	2,894	2,894	2,894	2,830	2,792	2,793	2,793	2,793
Reserves	1,96,361	2,49,129	2,63,794	2,51,429	2,45,813	3,18,677	3,46,636	3,74,671
<b>Net Worth</b>	<b>1,99,255</b>	<b>2,52,023</b>	<b>2,66,688</b>	<b>2,54,259</b>	<b>2,48,605</b>	<b>3,21,469</b>	<b>3,49,429</b>	<b>3,77,464</b>
Deferred Tax	3,464	5,221	4,033	3,452	5,069	11,230	13,683	16,437
Loans	1,669	1,601	1,588	1,576	9,906	9,557	9,557	9,557
<b>Capital Employed</b>	<b>2,04,388</b>	<b>2,58,845</b>	<b>2,72,309</b>	<b>2,59,286</b>	<b>2,63,580</b>	<b>3,42,257</b>	<b>3,72,669</b>	<b>4,03,458</b>
Gross Fixed Assets	41,573	43,443	46,312	55,045	62,326	69,847	77,847	87,847
Less: Depreciation	24,583	26,794	27,972	27,885	30,339	34,340	38,697	43,585
<b>Net Fixed Assets</b>	<b>16,990</b>	<b>16,649</b>	<b>18,340</b>	<b>27,160</b>	<b>31,987</b>	<b>35,508</b>	<b>39,151</b>	<b>44,263</b>
Capital WIP	602	160	768	819	275	283	283	283
Investments	1,81,960	2,26,310	2,38,188	2,29,233	2,44,925	2,85,702	3,03,702	3,25,702
<b>Current Assets</b>	<b>48,181</b>	<b>72,183</b>	<b>61,923</b>	<b>54,064</b>	<b>65,320</b>	<b>1,02,797</b>	<b>1,19,548</b>	<b>1,33,294</b>
Inventory	10,635	14,939	12,305	13,979	16,956	19,579	23,493	26,121
Sundry Debtors	17,251	27,169	15,164	17,761	21,224	22,826	31,324	34,828
Cash & Bank Balances	2,773	5,051	5,883	2,858	5,366	8,134	4,996	5,928
Loans & Advances	386	372	87	59	53	10,847	12,399	13,786
Others	17,136	24,653	28,484	19,408	21,721	41,410	47,336	52,631
<b>Current Liab. &amp; Prov.</b>	<b>43,345</b>	<b>56,457</b>	<b>46,910</b>	<b>51,991</b>	<b>78,926</b>	<b>82,033</b>	<b>90,014</b>	<b>1,00,083</b>
Sundry Creditors	31,997	45,738	36,332	40,739	56,102	62,676	62,932	69,972
Other Liabilities	8,964	9,175	9,028	9,584	20,934	16,841	19,251	21,404
Provisions	2,385	1,544	1,551	1,668	1,891	2,515	7,831	8,707
<b>Net Current Assets</b>	<b>4,836</b>	<b>15,727</b>	<b>15,013</b>	<b>2,073</b>	<b>-13,606</b>	<b>20,764</b>	<b>29,534</b>	<b>33,211</b>
<b>Application of Funds</b>	<b>2,04,387</b>	<b>2,58,845</b>	<b>2,72,309</b>	<b>2,59,286</b>	<b>2,63,580</b>	<b>3,42,257</b>	<b>3,72,669</b>	<b>4,03,458</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>180.1</b>	<b>167.8</b>	<b>183.6</b>	<b>214.2</b>	<b>276.1</b>	<b>299.5</b>	<b>330.1</b>	<b>370.4</b>
EPS growth (%)	11.1	-6.8	9.4	16.7	28.9	11.8	10.2	12.2
Cash EPS	188.6	176.8	192.9	224.2	288.6	313.8	345.7	387.9
Book Value per Share	688.6	870.9	921.6	898.6	890.5	1,151.1	1,251.3	1,351.7
DPS	120.0	140.0	140.0	140.0	80.0	200.0	230.0	270.0
Payout (% of S/A PAT)	81.8	88.9	86.8	70.4	29.9	66.8	69.7	72.9
<b>Valuation (x)</b>								
P/E	50.3	56.4	51.2	44.6	33.1	29.6	26.9	24.0
Cash P/E	48.0	53.3	48.6	42.5	31.6	28.3	25.7	22.9
EV/EBITDA	46.8	47.4	45.4	34.8	25.4	21.7	19.3	16.9
EV/Sales	8.0	8.4	7.0	6.3	5.0	4.4	3.8	3.4
Price to Book Value	12.9	10.2	9.6	9.9	10.0	7.7	7.1	6.6
Dividend Yield (%)	1.4	1.6	1.6	1.6	0.9	2.3	2.6	3.0
<b>Profitability Ratios (%)</b>								
RoE	25.0	21.5	20.5	23.3	30.7	29.3	27.5	28.5
RoCE	23.8	19.7	17.6	21.3	28.8	27.6	25.9	26.7
RoIC	176	154	94	120	168	114	80	82
<b>Turnover Ratios</b>								
Debtors (Days)	21	36	17	18	17	17	20	20
Inventory (Days)	13	20	14	14	14	14	15	15
Creditors (Days)	39	60	40	41	46	46	40	40
Working Capital (Days)	-5	-5	-10	-9	-15	-15	-5	-5
Asset Turnover (x)	1.5	1.1	1.2	1.4	1.7	1.5	1.5	1.6
Fixed Asset Turnover	7.1	6.5	7.4	7.2	7.6	7.6	7.7	7.7

### Cash Flow Statement

Y/E March	2020	2021	2022	2023	2024	2025	2026E	2027E
<b>(INR M)</b>								
Profit before Tax	65,802	59,390	65,053	74,086	98,220	1,10,519	1,22,659	1,37,688
Depreciation & Amort.	2,464	2,593	2,692	2,824	3,498	4,001	4,357	4,888
Direct Taxes Paid	-16,777	-13,397	-17,015	-19,184	-23,826	-26,804	-28,016	-31,499
(Inc)/Dec in Working Capital	3,765	-5,105	6,006	7,230	10,171	-2,428	-11,908	-2,745
Other Items	-16,635	-12,339	-11,480	-9,838	-13,281	-12,621	-14,250	-15,150
<b>CF from Oper. Activity</b>	<b>38,620</b>	<b>31,142</b>	<b>45,255</b>	<b>55,119</b>	<b>74,783</b>	<b>72,667</b>	<b>72,841</b>	<b>93,182</b>
Extra-ordinary Items	-3	-4	-3,179	0	0	0	0	0
<b>CF after EO Items</b>	<b>38,618</b>	<b>31,139</b>	<b>42,076</b>	<b>55,119</b>	<b>74,783</b>	<b>72,667</b>	<b>72,841</b>	<b>93,182</b>
(Inc)/Dec in FA+CWIP	-2,800	-2,509	-5,176	-8,064	-7,957	-7,189	-8,000	-10,000
<b>Free Cash Flow</b>	<b>35,818</b>	<b>28,630</b>	<b>36,900</b>	<b>47,055</b>	<b>66,826</b>	<b>65,478</b>	<b>64,841</b>	<b>83,182</b>
(Pur)/Sale of Invest.	20,367	-26,157	4,252	21,288	6,565	-29,221	-3,300	-6,400
<b>CF from Inv. Activity</b>	<b>17,567</b>	<b>-28,665</b>	<b>-924</b>	<b>13,224</b>	<b>-1,392</b>	<b>-36,410</b>	<b>-11,300</b>	<b>-16,400</b>
Inc. / Dec.in Network	0	0	0	-30,939	-39,305	-9,092	0	0
Inc/(Dec) in Debt	0	0	0	0	8,327	-505	0	0
Interest Paid	-21	-108	-74	-380	-519	-659	-450	-450
Dividends Paid	-62,444	-87	-40,490	-40,470	-39,602	-22,353	-64,230	-75,400
<b>CF from Fin. Activity</b>	<b>-62,465</b>	<b>-195</b>	<b>-40,563</b>	<b>-71,789</b>	<b>-71,099</b>	<b>-32,609</b>	<b>-64,680</b>	<b>-75,850</b>
<b>Inc/(Dec) in Cash</b>	<b>-6,281</b>	<b>2,278</b>	<b>588</b>	<b>-3,446</b>	<b>2,292</b>	<b>3,648</b>	<b>-3,138</b>	<b>932</b>
Add: Beginning Bal.	9,054	2,773	5,051	5,640	2,194	4,486	8,134	4,996
<b>Closing Balance</b>	<b>2,773</b>	<b>5,051</b>	<b>5,640</b>	<b>2,194</b>	<b>4,486</b>	<b>8,134</b>	<b>4,996</b>	<b>5,928</b>

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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