BUY (Maintain)

CMP: **INR 8,722** Target Price: **INR 11,250** ▲ 29%

ICICI Securities Limited is the author and distributor of this report

10 November 2025

India | Equity Research | Result Update

Bajaj Auto

Automotives

Steady performance; multiple levers to drive growth

Bajaj Auto's (BJAUT) Q2FY26 operational performance was broadly in line with our estimate. Domestic 2W industry growth is expected to pick-up pace (~6-8% volume growth) going ahead led by the benefit of GST rationalisation and strong festive season. BJAUT plans multiple product/variant launches and aims to regain market share in 125cc+ motorcycle segment. Demand momentum in international markets also remains strong for both 2Ws and 3Ws. Outlook for domestic 3W volume remains healthy led by rising EV penetration. Margins in medium-term are likely to draw support from a) favourable mix, b) higher operating leverage and c) improving profitability for EVs. Maintain **BUY** with TP of INR 11,250 (unchanged), based on 25x FY28E EPS.

Q2FY26 margins in line

BJAUT reported revenue of INR 149bn (+14% YoY /+19% QoQ), in line with our estimate. Average realisation grew +7% YoY/+2% QoQ. EBITDAM stood at 20.5% (+30bps YoY / +70bps QoQ), in line with our estimate. EBITDA stood at INR 30.5bn (+15% YoY /+23% QoQ), broadly in line with our estimate. Adj. PAT stood at INR 24.8bn (+12% YoY / +18% QoQ).

Domestic and Exports outlook

Domestic: Domestic 2W growth recovered sharply post the implementation of GST cut with record retail sales for BJAUT during festive season. The company indicated strong traction in Pulsar 125cc and 150cc portfolio and alluded to pick-up in upgrade demand from customer post GST cuts. Management expects domestic 2W industry to grow at 6-8% in near-to-medium term and aims to outperform the industry growth in 125cc+ motorcycle segment. In case of domestic 3Ws, growth going ahead could be driven by ramp-up of E3W business (including e-ricks) and pick-up in ICE 3W growth led by GST cut.

Exports: Demand in international market remains robust. While volumes in top-30 export markets (~70% of emerging markets) grew 14% YoY during Q2, BJAUT outperformed by growing 1.5x of industry growth. Demand uptick was broad-based with double-digit growth across Lat-Am, Africa (despite Nigeria being steady) and Asia. Management indicated that import tariff on 2Ws in Mexico increased to 35%. However, BJAUT will continue to pay tariff at 5% owing to its local investments/ prior regulatory approvals. Overall, BJAUT has guided for continued momentum in exports in near-to-medium term.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	5,00,103	5,63,294	6,30,572	7,03,340
EBITDA	1,00,988	1,15,434	1,31,958	1,49,528
EBITDA %	20.2	20.5	20.9	21.3
Net Profit	81,514	96,433	1,10,632	1,25,964
EPS (INR)	292.0	345.4	396.3	451.2
EPS % Chg YoY	9.0	18.3	14.7	13.9
P/E (x)	29.9	25.2	22.0	19.3
EV/EBITDA (x)	21.6	18.7	16.0	13.7
RoCE (%)	28.0	27.2	26.6	25.6
RoE (%)	28.6	27.7	27.0	25.9

Vivek Kumar
vivek.k@icicisecurities.com
+ 91 22 6807 7260
Ronak Mehta
ronak.mehta@icicisecurities.com
Vishakha Maliwal
vishakha.maliwal@icicisecurities.com

Market Data

Market Cap (INR)	2,436bn
Market Cap (USD)	27,475mn
Bloomberg Code	BJAUT IN
Reuters Code	BAJA.BO
52-week Range (INR)	10,190 /7,088
Free Float (%)	40.0
ADTV-3M (mn) (USD)	41.7

Price Performance (%)	3m	6m	12m
Absolute	6.0	11.1	(11.5)
Relative to Sensex	2.8	8.1	(16.1)

ESG Score	2024	2025	Change
ESG score	68.7	70.5	1.8
Environment	59.2	64.2	5.0
Social	65.8	67.5	1.7
Governance	76.3	76.3	0.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

07-08-2025: Q1FY26 results review

30-05-2025: Q4FY25 results review

Margin

EBITDAM stood at 20.5%, up 30bps QoQ, primarily led by higher operating leverage, improved product mix (and EV profitability) and favourable forex realisation but was partially offset by negative price action for few models.

Update on EV business

1) Share of EV revenue stood at ~17% of domestic revenue. **2)** The company's EV portfolio clocked double digit EBITDA margin during Q2, led by an improvement in profitability on cost optimisation and PLI benefit. **3)** It expects a temporary dip in E2W demand post GST cut (as ICE scooters have turned cheaper) but remains confident of long-term EV adoption (medium-term growth at 15-20% CAGR). **4)** With respect to E3W business – the company underperformed in Q2 owing to supply constraints which are now largely behind. Overall, BJAUT plans to ramp-up its E3W + e-rick business and is targeting for leadership position.

Other highlights

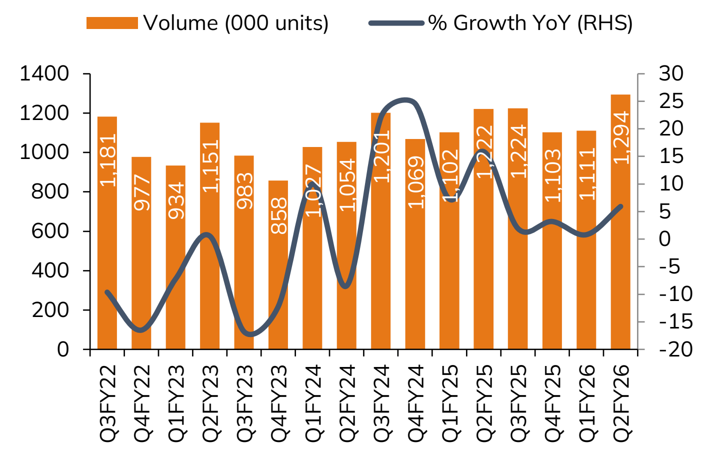
1) BJAUT is planning multiple new product launches - Three new Pulsars in Dec'25, Mar'26 and May'26, followed by the launch of a new non-Pulsar brand in FY27. The company also indicated of launching smaller-displacement Triumph and KTM models to leverage GST benefit and drive affordability. **2)** Discussions on mandatory ABS implementation are ongoing and the company indicated of INR 2-3k/vehicle cost impact, if implemented. **3)** Bajaj Auto Credit (BACL): BJAUT has invested INR 29bn so far, of which, INR 5bn has been during FY26. Management indicated INR 2-3bn further investment to make it self-sustaining. **4)** Finance penetration: 2Ws – 70% (BACL share: 40%); 3Ws – 90–95% (BACL share: 50%).

Exhibit 1: Q2FY26 result review

Bajaj Auto (INR mn)	Q2FY26	Q2FY25	%YoY	Q1FY26	% QoQ	Q2FY26E	% A/E
2W (Units)	10,68,987	10,33,208	3.5	9,48,791	12.7	10,68,987	0.0
3W (Units)	2,25,133	1,88,296	19.6	1,62,446	38.6	2,25,133	0.0
Total Volumes (Units)	**12,94,120**	**12,21,504**	**5.9**	**11,11,237**	**16**	**12,94,120**	**0.0**
Domestic (Units)	7,40,793	7,76,711	-4.6	6,34,808	16.7	7,40,793	0.0
Exports (Units)	5,53,327	4,44,793	24.4	4,76,429	16.1	5,53,327	0.0
Average Realisation (Net, INR)	**1,15,307**	**1,07,470**	**7.3**	**1,13,247**	**1.8**	**1,15,512**	**-0.2**
Sales	**1,49,221**	**1,31,275**	**13.7**	**1,25,845**	**18.6**	**1,49,487**	**-0.2**
RM	1,04,556	93,639	11.7	88,596	18.0	1,05,538	-0.9
As a % of sales	70.1	71.3	-130bps	70.4	-30bps	70.6	-50bps
Employee Exp	4,097	3,935	4.1	4,138	-1.0	4,485	-8.7
As a % of sales	2.7	3.0	-30bps	3.3	-50bps	3.0	-30bps
Other Costs	10,051	7,180	40.0	8,293	21.2	8,769	14.6
As a % of sales	6.7	5.5	130bps	6.6	10bps	5.9	90bps
Expenditure	1,18,704	1,04,753	13.3	1,01,027	17.5	1,18,791	-0.1
EBITDA	**30,517**	**26,522**	**15.1**	**24,818**	**23.0**	**30,695**	**-0.6**
EBITDA Margin (%)	**20.5**	**20.2**	**20bps**	**19.7**	**70bps**	**20.5**	**-10bps**
Other Income	3,692	3,845	-4.0	4,308	-14.3	4,500	-18.0
Interest	144	159	-9.7	141	1.6	200	-28.2
Depreciation	1,117	956	16.9	1,109	0.8	1,125	-0.7
PBT	32,948	29,252	12.6	27,875	18.2	33,870	-2.7
Tax	8,150	7,089	15.0	6,915	17.9	8,400	-3.0
PAT (Adjusted)	**24,797**	**22,163**	**11.9**	**20,960**	**18.3**	**25,470**	**-2.6**
EPS (INR)	**88.8**	**79.4**	**11.9**	**75.1**	**18.3**	**90.0**	**-1.4**

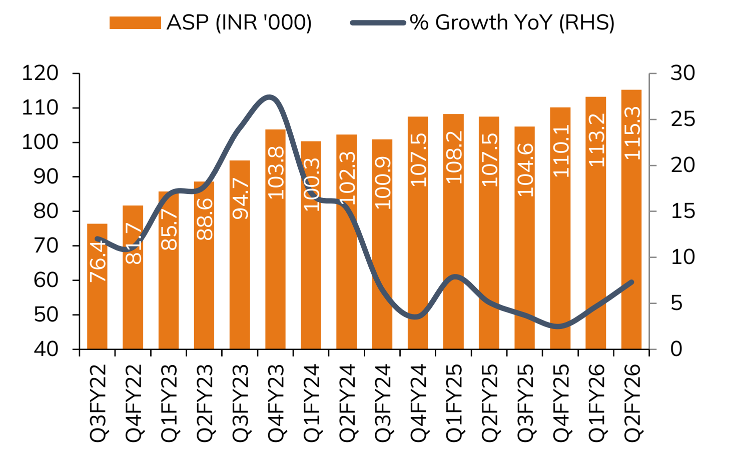
Source: Company data, I-Sec research

Exhibit 2: Volume and growth trend



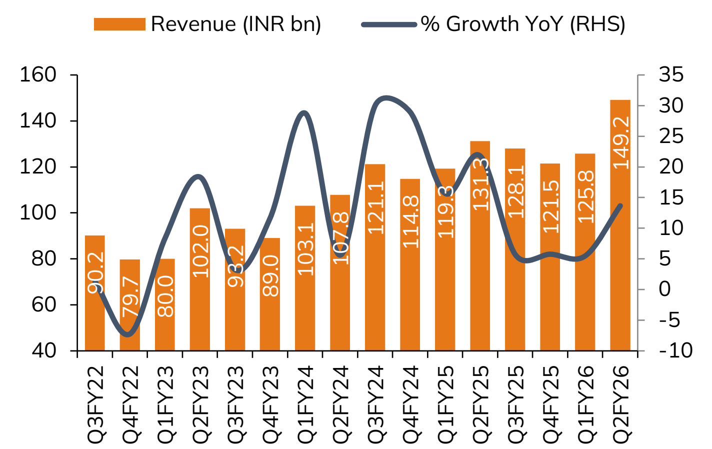
Source: Company data, I-Sec research

Exhibit 3: ASP and growth trend



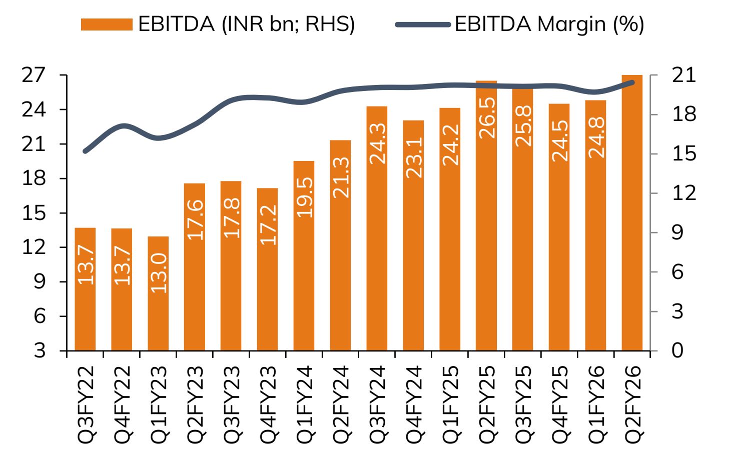
Source: Company data, I-Sec research

Exhibit 4: Revenue and growth trend



Source: Company data, I-Sec research

Exhibit 5: EBITDA and margin trend



Source: Company data, I-Sec research

Downside risks

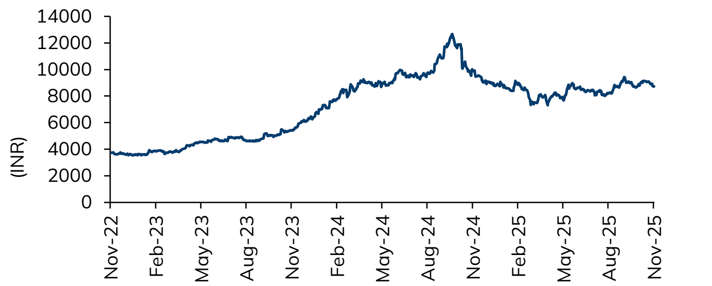
- Slower than expected volume growth in domestic and international markets.
- Impact on profitability due to higher competitive intensity / ramp-up of EV biz.
- Losses at subsidiaries (Finance, KTM) are dragging overall performance and requiring higher investment from parent BJAUT.

Exhibit 6: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	55.0	55.0	55.0
Institutional investors	22.0	22.4	22.6
MFs and others	6.5	7.7	7.7
Insurance Cos	3.8	4.3	5.0
FIIs	11.6	10.4	9.9
Others	23.0	22.6	22.4

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	5,00,103	5,63,294	6,30,572	7,03,340
Operating Expenses	**29,947**	**34,987**	**38,510**	**42,210**
EBITDA	1,00,988	1,15,434	1,31,958	1,49,528
EBITDA Margin (%)	**20.2**	**20.5**	**20.9**	**21.3**
Depreciation & Amortization	**4,001**	**4,189**	**4,431**	**4,646**
EBIT	96,987	1,11,245	1,27,527	1,44,882
Interest expenditure	677	700	750	750
Other Non-operating Income	14,209	16,341	18,792	21,611
Recurring PBT	1,10,519	1,26,886	1,45,569	1,65,742
Profit / Loss from Associates	**-**	**-**	**-**	**-**
Less: Taxes	29,005	30,453	34,936	39,778
PAT	81,514	96,433	1,10,632	1,25,964
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	81,514	96,433	1,10,632	1,25,964
Net Income (Adjusted)	81,514	96,433	1,10,632	1,25,964

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	79,599	85,633	1,16,107	1,62,979
of which cash & cash eqv.	13,286	16,968	38,304	75,517
Total Current Liabilities & Provisions	80,028	90,231	1,00,473	1,11,606
Net Current Assets	**(429)**	**(4,598)**	**15,634**	**51,373**
Investments	2,96,524	3,51,524	3,96,524	4,41,524
Net Fixed Assets	35,508	39,101	42,585	45,893
ROU Assets	-	-	-	-
Capital Work-in-Progress	283	415	454	494
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	(2,417)	(2,417)	(2,417)	(2,417)
Total Assets	**3,29,469**	**3,84,025**	**4,52,780**	**5,36,867**
Liabilities				
Borrowings	8,000	8,000	8,000	8,000
Deferred Tax Liability	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	2,792	2,792	2,792	2,792
Reserves & Surplus	3,18,677	3,73,233	4,41,988	5,26,075
Total Net Worth	**3,21,469**	**3,76,025**	**4,44,780**	**5,28,867**
Minority Interest	-	-	-	-
Total Liabilities	**3,29,469**	**3,84,025**	**4,52,780**	**5,36,867**

Source Company data, I-Sec research

Exhibit 10: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
Net Sales	1,28,069	1,18,817	1,25,845	1,49,221
% growth (YOY)	6	3.5	5.5	13.7
EBITDA	25,807	23,745	24,818	30,517
Margin %	20.2	20.0	19.7	20.5
Other Income	3,347	3,300	4,308	3,692
Extraordinaries				
Adjusted Net Profit	21,087	19,661	20,960	24,797

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**71,729**	**1,09,175**	**1,16,917**	**1,32,833**
Working Capital Changes	(14,464)	7,853	1,104	1,473
Capital Commitments	(7,530)	(7,915)	(7,954)	(7,994)
Free Cashflow	**64,199**	**1,01,260**	**1,08,963**	**1,24,839**
Other investing cashflow	(52,255)	(55,700)	(45,750)	(45,750)
Cashflow from Investing Activities	**(59,785)**	**(63,615)**	**(53,704)**	**(53,744)**
Issue of Share Capital	-	-	-	-
Interest Cost	54,943	0	0	0
Inc (Dec) in Borrowings	(341)	-	-	-
Dividend paid	(58,628)	(41,877)	(41,877)	(41,877)
Others	-	-	-	-
Cash flow from Financing Activities	**(4,025)**	**(41,877)**	**(41,877)**	**(41,877)**
Chg. in Cash & Bank balance	7,918	3,683	21,336	37,212
Closing cash & balance	13,285	16,969	38,304	75,517

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	292.0	345.4	396.3	451.2
Adjusted EPS (Diluted)	292.0	345.4	396.3	451.2
Cash EPS	306.3	360.4	412.1	467.8
Dividend per share (DPS)	210.0	150.0	150.0	150.0
Book Value per share (BV)	1,151.5	1,346.9	1,593.2	1,894.4
Dividend Payout (%)	71.9	43.4	37.9	33.2
Growth (%)				
Net Sales	11.9	12.6	11.9	11.5
EBITDA	14.5	14.3	14.3	13.3
EPS (INR)	9.0	18.3	14.7	13.9
Valuation Ratios (x)				
P/E	29.9	25.2	22.0	19.3
P/CEPS	28.5	24.2	21.2	18.6
P/BV	7.6	6.5	5.5	4.6
EV / EBITDA	21.6	18.7	16.0	13.7
EV / Sales	4.4	3.8	3.4	2.9
Profitability Ratios				
Gross Profit Margins (%)	26.2	26.7	27.0	27.3
EBITDA Margins (%)	20.2	20.5	20.9	21.3
EBIT Margins (%)	19.4	19.7	20.2	20.6
Net Profit Margins (%)	16.3	17.1	17.5	17.9
RoCE (%)	28.0	27.2	26.6	25.6
RoE (%)	28.6	27.7	27.0	25.9
Dividend Yield (%)	2.4	1.7	1.7	1.7
Operating Ratios				
Fixed Asset Turnover (x)	14.0	14.3	14.7	15.2
Inventory Turnover Days	14	14	14	14
Receivables Days	17	17	17	17
Payables Days	71	70	70	70
Effective Tax Rate (%)	26.2	24.0	24.0	24.0
Net Debt / Equity (x)	(0.8)	(0.7)	(0.7)	(0.7)
Net Debt / EBITDA (x)	(2.5)	(2.4)	(2.4)	(2.5)

Source Company data, I-Sec research

ICICI Securities

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION
I/We, Vivek Kumar, MBA; Ronak Mehta, CA; Vishakha Maliwal, MBA (Finance); authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:
ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122