

November 10, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	9,050		9,117	
Sales (Rs. m)	6,52,217	7,32,734	6,53,712	7,32,144
% Chng.	(0.2)	0.1		
EBITDA (Rs. m)	1,32,400	1,50,210	1,34,011	1,50,822
% Chng.	(1.2)	(0.4)		
EPS (Rs.)	387.2	435.5	390.7	438.1
% Chng.	(0.9)	(0.6)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	5,00,103	5,77,221	6,52,217	7,32,734
EBITDA (Rs. m)	1,00,988	1,16,021	1,32,400	1,50,210
Margin (%)	20.2	20.1	20.3	20.5
PAT (Rs. m)	81,514	95,219	1,08,138	1,21,619
EPS (Rs.)	291.9	341.0	387.2	435.5
Gr. (%)	9.0	16.8	13.6	12.5
DPS (Rs.)	210.0	230.0	260.0	300.0
Yield (%)	2.4	2.6	3.0	3.4
RoE (%)	28.6	28.3	29.2	29.9
RoCE (%)	32.9	32.3	33.8	35.1
EV/Sales (x)	4.3	3.7	3.2	2.9
EV/EBITDA (x)	21.4	18.4	16.0	14.0
PE (x)	29.9	25.6	22.5	20.0
P/BV (x)	7.6	6.9	6.3	5.7

Key Data

BAJA.BO | BJAUT IN

52-W High / Low	Rs.10,190 / Rs.7,088
Sensex / Nifty	83,216 / 25,492
Market Cap	Rs.2,436bn / \$ 27,469m
Shares Outstanding	279m
3M Avg. Daily Value	Rs.3697.75m

Shareholding Pattern (%)

Promoter's	55.04
Foreign	10.30
Domestic Institution	12.01
Public & Others	22.64
Promoter Pledge (Rs bn)	0.01

Stock Performance (%)

	1M	6M	12M
Absolute	(2.0)	11.1	(11.5)
Relative	(3.6)	7.8	(15.4)

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Margin expansion and surge in exports

Quick Pointers:

- Highest-ever domestic revenue driven by premium bikes and CVs
- Overall EV portfolio reached double-digit EBITDA margin

Bajaj Auto's Q2FY26 standalone revenue grew by 13.7% YoY to Rs149.2bn, beating BBGe by 2.0% (met PLe) from a better mix (strong exports), realization (Fx & pricing) and highest-ever spares sales. Motorcycles saw sequential volume-led double-digit revenue growth with stable retail market share driven by top-end sports bikes. We marginally tweak volume and realization estimates and expect its overall volume and blended realization to grow at 7.7% & 5.4% CAGR, respectively, over FY25-28E translating to revenue/EBITDA/EPS CAGR of 13.6%/14.2%/14.3%. Retain "HOLD" rating with TP of Rs9,050 (previous Rs9,117), valuing it at 22x P/E on its Sep'27 earnings. The stock currently trades at a P/E of 23.0x/20.8x based on FY27E/FY28E consensus earnings.

In Q2FY26, blended realization grew by 7.3% YoY. Gross margin came in at 29.9% (+130bps YoY, +30bps QoQ) beating BBG/PLe by 70bps/50bps. EBITDA grew by 15.1% to Rs30.5bn implying a margin of 20.5% (met BBGe/30bps above PLe). Margin improved 25bps YoY from improved mix YoY (flattish QoQ) & a weaker Rupee, while the 70bps QoQ increase came from favourable currency realization & operating leverage that offset the net cost inflation & investment in growth drivers. Reported PAT grew 23.7% YoY to Rs24.8bn, 1.6% above BBGe (met PLe). Consolidated revenue grew by 19% YoY while PAT by 53% YoY due to losses from group companies & associates in Q2FY25. In H1FY26, Revenue was Rs275.1bn (+9.8% YoY), Volume/Realization grew by 3.5%/6.0% YoY, EBITDA margin was 20.1% (-10bps YoY), PAT was Rs45.8bn (+14.6% YoY), FCF of Rs45bn (~100% of PAT) with surplus cash above Rs140bn.

Key focus areas: Competitive growth in the strategically important 125cc+ segment, sustained 15-20% exports growth, to regain momentum in the EV segment, aggressively grow the Pro-biking segment, drive profitability and growth optimally, and continue to establish Bajaj Auto Credit Ltd (BACL) to deliver class-leading performance.

The domestic e-2W market has been booming, with Bajaj's Chetak leading VAHAN registrations in Oct'25 with the aim to sustain it. The HRE magnet availability had slowed the industry pace in Q2 especially Chetak which had grown strongly. BJAUT has now moved to LRE, sourcing it from multiple geographies with supplies completely restored towards Sep-end although the channel stock rebuilding is in progress. Amongst major e-2W players, BJAUT is the only OEM with non-negative EBITDA margins (positive for few variants of the Chetak).

Domestic motorcycle industry had de-grown by 1% YTD Aug'25 YoY, but started recovering post GST2.0 implementation, with BJAUT's retail sales delivering all time festive high during these 40 days period. The strategic 125cc+ motorcycle segment, which has been bleeding for BJAUT, started showing signs of market share gains from Oct'25, driven by Pulsar N & NS series beating respective segment growth and 150cc+ sports segments. The management expects the industry to grow by 6-8% in the medium term and will be bringing in new Pulsar variants in Dec'25/Mar'26/May'26 to take advantage of the consumer upgrading behavior and aims to continue outpacing the industry in the 125cc+ segment.

Exports saw the highest quarterly revenue at \$600mn (+35% YoY), with 1.5x growth vs 14% industry in top 30 overseas markets (that accounts for 70% of emerging markets). This was led by LatAm's highest-ever quarterly performance (mainly Columbia & Mexico), Asia & Africa's double-digit growth (mainly Sri Lanka, Philippines & East Africa), Brazil's improving retails, and Nigeria's stable retails which has more upside with the upcoming Thanksgiving to New Year festivities. KTM Austria's sales increased sequentially by 10% with 20k units exported from India.

The CV segment saw smoother peaks and troughs YTD Oct'25 compared to motorcycles, with the ICE segment moving from de-growth into single-digit growth in Oct'25 (maintaining 75%+ market share), e-autos growth marginally slowed to 50%+, while e-Rickshaw declined in Q2 YoY due to stricter RTO norms in many cities, market becoming more organized and customers upgrading to e-autos. The management expects the same pattern to continue with ICE Auto growing by ~5% translating to a flattish FY26. Due to constraints in supply chain of e-components and manufacturing capacity of wide-body 7012 variant, Bajaj lost its leadership in the e-3W segment. It plans to increase the production capacity esp. for e-3W given the peak utilization from surging exports. The management expects Bajaj to outperform the growing 3W industry led by portfolio expansion, ICE segment market share gain, and scale-up of EVs.

Conference Call Highlights:

- **Motorcycle industry** grew 14% in festive season but should sustain around 6-8% for H2FY26
- **Net cost inflation** (adjusted for the marginal price hikes) of 40bps sequentially in Q2 came mainly from Steel, noble metals, Copper and Rubber. Further cost pressure should be mitigated by tailwinds from currency, so prices are not being hiked for now.
- 60% of the sequential increase in other expenses came from volume growth while rest from investments in brands and R&D.
- **EV revenue** ~Rs17bn in Q2 was 18% of domestic revenue, and contributed more than Rs100bn to revenue in the last 2 years.
- **e-2Ws demand tapered** post GST2.0 rate cuts on ICE-2Ws, but due to 1/10th operating costs vs ICE vehicles, the former should sustain 15-20% growth rates post couple of months. New e-Chetak model launch is expected by early next year.

- **CVs** had best-ever quarterly revenue (double-digit growth) and volumes led by the electric portfolio.
- Expecting to gain market share in e-auto (from 1st-time users and customers upgrading from e-rickshaw) and e-rickshaw (with the new Riki model mainly for last-mile transport) portfolio.
- **PLI valid till Mar'28** it wants to develop organic margin by then by rationalizing cost structures and observe how pricing develops at industry level.
- **Pro-biking segment:** KTM & Triumph sold an all-time high 30K units in Q2 (+30% YoY). Prices of 350cc+ bikes were either maintained or lowered vs pre-GST2.0 by absorbing some of the increased cost post the tax increase. Launch of more <350cc models for KTM/ Triumph are expected to take advantage of the GST rate cuts for the segment.
- **KTM business:** Bajaj Auto International Holdings BV (BAIH), a step-down subsidiary of BJAUT, had issued the 2nd Notice of Call exercise on 6th Nov'25 to Pierer Industrie AG to acquire all of the latter's stake (50.1%) in Pierer Bajaj AG for ~Rs2.5bn. Final approval from the European Commission is expected on 10th Nov'25, post which BAIH will indirectly own ~75% of Pierer Mobility AG (holding co. of KTM) and start consolidating the business into its financials.
- **BACL in Q2FY26:** added 0.2mn+ customers, AUM crossed Rs140bn, PAT of Rs1.32bn, ~40% penetration for the Bajaj business, Capital risk adequacy ratio of 19.8%, and for H1FY26, delivered industry-leading ROE of 17.4%.
- Cumulative investment in BACL until Sep'26 is ~Rs29bn and the management plans to invest further Rs2-3bn before the business sustains by itself.
- Financing penetration for Motorcycles/3Ws are ~70%/~95% with BACL's penetration of total financing at ~40%/~50% respectively
- In Mexico, which is the largest LatAM market for 2Ws, BJAUT (along with another Mexican OEM) will be eligible for concessionary tariff of 5% next year while other OEMs will face 35% tariffs.
- **Spares revenue** grew by 21% YoY to more than Rs18bn.
- USD realization was at Rs87.1 in Q2FY26, vs Rs85.6 in Q1FY26 and Rs83.8 in Q2FY25.
- Rigorous R&D is ongoing to develop e-Motorcycles both at entry level and at the high-end.
- CNG motorcycles have much lower demand response vs initial phase.



Exhibit 1: Q2FY26 Result Overview (Rs mn)

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Revenues	1,49,221	1,31,275	13.7	1,48,021	0.8	1,25,845	18.6	2,75,065	2,50,555	9.8
Raw Materials	1,04,556	93,639	11.7	1,04,503	0.1	88,596	18.0	1,93,153	1,77,165	9.0
% of Net Sales	70.1	71.3	-126 bps	70.6	-53 bps	70.4	-33 bps	70.2	70.7	-49 bps
Gross margin %	29.9	28.7	126 bps	29.4	53 bps	29.6	33 bps	29.8	29.3	49 bps
Personnel	4,097	3,935	4.1	4,589	(10.7)	4,138	(1.0)	8,234	8,285	(0.6)
% of Net Sales	2.7	3.0	-25 bps	3.1	-35 bps	3.3	-54 bps	3.0	3.3	-31 bps
Manufacturing & Other Exp	10,051	7,180	40.0	9,029	11.3	8,293	21.2	18,344	14,431	27.1
% of Net Sales	6.7	5.5	127 bps	6.1	64 bps	6.6	15 bps	6.7	5.8	91 bps
Total Expenditure	1,18,704	1,04,753	13.3	1,18,121	0.5	1,01,027	17.5	2,19,731	1,99,880	9.9
EBITDA	30,517	26,522	15.1	30,020	1.7	24,818	23.0	55,334	50,675	9.2
EBITDA Margin (%)	20.5	20.2	25 bps	20.3	17 bps	19.7	73 bps	20.1	20.2	-11 bps
Depreciation	1,117	956	16.9	1,120	(0.3)	1,109	0.8	2,226	1,893	17.6
EBIT	29,400	25,566	15.0	28,900	1.7	23,709	24.0	53,109	48,782	8.9
Interest Expenses	144	159	(9.7)	160	(10.2)	141	1.6	285	366	(22.1)
Non-operating income	3,692	3,845	(4.0)	3,997	(7.6)	4,308	(14.3)	8,000	7,055	13.4
Extraordinary Expenses	-	-	-	-	-	-	-	-	-	-
PBT	32,948	29,252	12.6	32,737	0.6	27,875	18.2	60,823	55,471	9.6
Tax-Total	8,150	9,202	(11.4)	8,086	0.8	6,915	17.9	15,066	15,537	(3.0)
Tax Rate (%)	24.7	31.5	(21.4)	24.7	0.2	24.8		24.8	28.0	(11.6)
Reported PAT	24,797	20,050	23.7	24,651	0.6	20,960	18.3	45,757	39,934	14.6
Adj. PAT	24,797	20,050	23.7	24,651	0.6	20,960	18.3	45,757	39,934	14.6
PAT Margin	16.6	15.3	134 bps	16.7	-4 bps	16.7	-4 bps	16.6	15.9	70 bps

Source: Company, PL

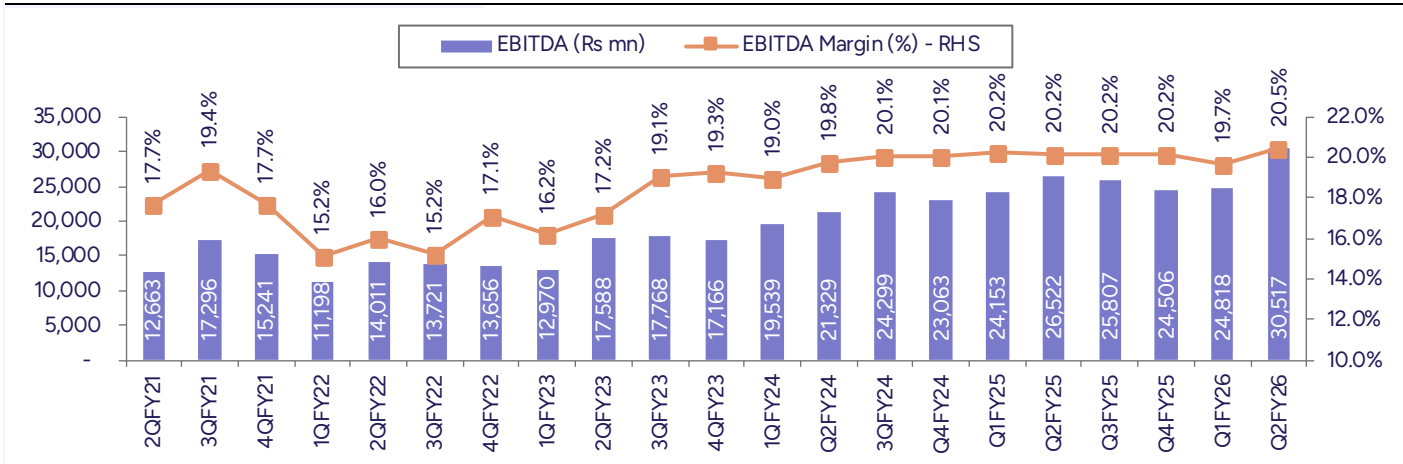
Exhibit 2: Operating Metrics

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Sales Volume (nos)	12,94,120	12,21,504	5.9	12,94,120	-	11,11,237	16.5	24,05,357	23,23,560	3.5
Net Realisation/Vehicle	1,15,307	1,07,470	7.3	1,14,380	0.8	1,13,247	1.8	1,14,355	1,07,832	6.0
Material cost / vehicle	80,793	76,658	5.4	80,752	0.1	79,728	1.3	80,301	76,247	5.3
Gross Profit / vehicle	34,513	30,811	12.0	33,628	2.6	33,519	3.0	34,054	31,585	7.8
Employee cost / vehicle	3,166	3,221	(1.7)	3,546	(10.7)	3,724	(15.0)	3,423	3,565	(4.0)
Other expenses / vehicle	7,767	5,878	32.1	6,977	11.3	7,462	4.1	7,626	6,211	22.8
EBITDA/vehicle	23,581	21,712	8.6	23,197	1.7	22,333	5.6	23,005	21,809	5.5
Net Profit/vehicle	19,162	16,415	16.7	19,048	0.6	18,862	1.6	19,023	17,187	10.7

Source: Company, PL

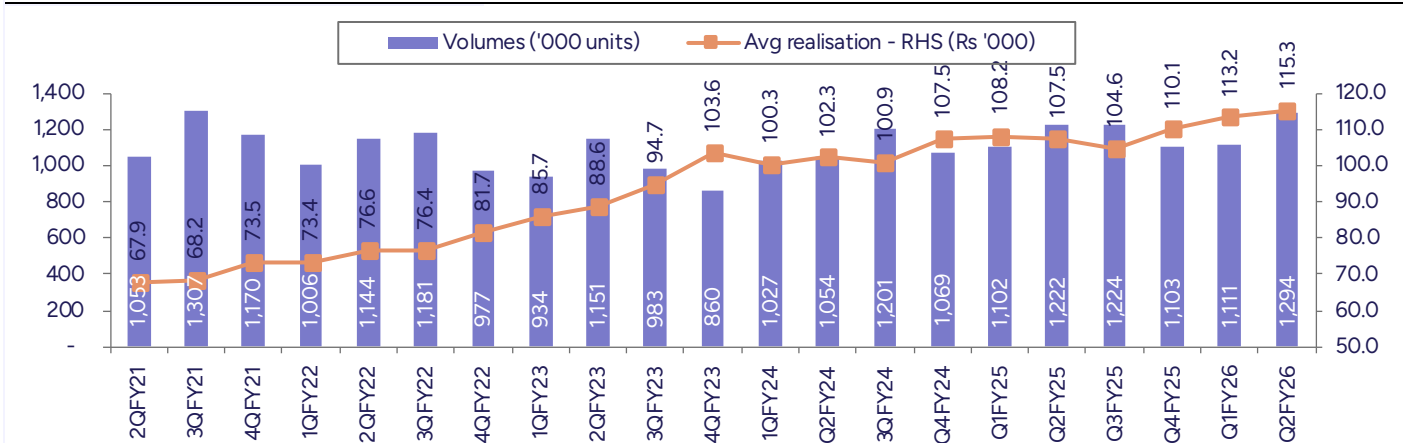
Key charts:

Exhibit 3: EBITDA margins expanded by 25bps YoY and by 70bps QoQ



Source: Company, PL

Exhibit 4: Volume and Realization grew by 5.9% and 7.3% respectively in Q2FY26



Source: PL, Company

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	5,00,103	5,77,221	6,52,217	7,32,734
YoY gr. (%)	11.9	15.4	13.0	12.3
Cost of Goods Sold	3,53,374	4,06,363	4,59,160	5,16,577
Gross Profit	1,46,729	1,70,857	1,93,056	2,16,156
Margin (%)	29.3	29.6	29.6	29.5
Employee Cost	15,794	17,317	20,219	21,982
Other Expenses	29,947	37,519	40,437	43,964
EBITDA	1,00,988	1,16,021	1,32,400	1,50,210
YoY gr. (%)	14.5	14.9	14.1	13.5
Margin (%)	20.2	20.1	20.3	20.5
Depreciation and Amortization	4,001	4,497	4,690	5,295
EBIT	96,987	1,11,524	1,27,710	1,44,915
Margin (%)	19.4	19.3	19.6	19.8
Net Interest	677	604	681	688
Other Income	14,209	15,533	16,199	16,858
Profit Before Tax	1,10,519	1,26,453	1,43,229	1,61,085
Margin (%)	22.1	21.9	22.0	22.0
Total Tax	29,005	31,234	35,091	39,466
Effective tax rate (%)	26.2	24.7	24.5	24.5
Profit after tax	81,514	95,219	1,08,138	1,21,619
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	81,514	95,219	1,08,138	1,21,619
YoY gr. (%)	9.0	16.8	13.6	12.5
Margin (%)	16.3	16.5	16.6	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	81,514	95,219	1,08,138	1,21,619
YoY gr. (%)	9.0	16.8	13.6	12.5
Margin (%)	16.3	16.5	16.6	16.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	81,514	95,219	1,08,138	1,21,619
Equity Shares O/s (m)	279	279	279	279
EPS (Rs)	291.9	341.0	387.2	435.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	69,299	75,779	88,779	1,03,779
Tangibles	69,299	75,779	88,779	1,03,779
Intangibles	-	-	-	-
Acc: Dep / Amortization	33,791	38,288	42,978	48,274
Tangibles	33,791	38,288	42,978	48,274
Intangibles	-	-	-	-
Net fixed assets	35,508	37,490	45,801	55,505
Tangibles	35,508	37,490	45,801	55,505
Intangibles	-	-	-	-
Capital Work In Progress	260	780	780	780
Goodwill	-	-	-	-
Non-Current Investments	42,020	25,398	28,698	32,240
Net Deferred tax assets	(11,230)	(10,209)	(9,281)	(8,437)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	2,43,683	2,55,527	2,77,227	2,98,685
Inventories	19,579	25,303	30,377	36,135
Trade receivables	22,826	30,047	35,738	44,165
Cash & Bank Balance	36,085	56,238	51,199	46,203
Other Current Assets	35,965	31,629	32,164	36,135
Total Assets	4,47,066	4,63,677	5,03,414	5,51,454
Equity				
Equity Share Capital	2,793	2,793	2,793	2,793
Other Equity	3,18,677	3,49,666	3,85,196	4,23,037
Total Network	3,21,469	3,52,459	3,87,988	4,25,830
Non-Current Liabilities				
Long Term borrowings	9,557	7,964	6,372	5,097
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	62,676	71,164	78,623	88,330
Other current liabilities	19,356	21,880	21,149	23,760
Total Equity & Liabilities	4,24,289	4,63,677	5,03,414	5,51,454

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,10,519	1,26,453	1,43,229	1,61,085
Add. Depreciation	4,001	4,497	4,690	5,295
Add. Interest	677	604	681	688
Less Financial Other Income	14,209	15,533	16,199	16,858
Add. Other	(14,209)	(15,533)	(16,199)	(16,858)
Op. profit before WC changes	1,00,988	1,16,021	1,32,400	1,50,210
Net Changes-WC	(3,641)	(10,498)	(4,737)	(6,015)
Direct tax	(22,844)	(32,255)	(36,019)	(40,310)
Net cash from Op. activities	74,503	73,269	91,644	1,03,886
Capital expenditures	(7,539)	(7,000)	(13,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	(21,485)	15,029	(4,893)	(4,817)
Net Cash from Invst. activities	(29,024)	8,029	(17,893)	(19,817)
Issue of share cap. / premium	49,995	-	-	-
Debt changes	-	-	-	-
Dividend paid	(58,645)	(64,230)	(72,608)	(83,778)
Interest paid	(677)	(604)	(681)	(688)
Others	-	-	-	-
Net cash from Fin. activities	(9,327)	(64,834)	(73,289)	(84,466)
Net change in cash	36,152	16,464	463	(397)
Free Cash Flow	66,964	66,269	78,644	88,886

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	1,28,069	1,21,480	1,25,845	1,49,221
YoY gr. (%)	5.7	5.8	5.5	13.7
Raw Material Expenses	91,327	84,882	88,596	1,04,556
Gross Profit	36,742	36,597	37,248	44,664
Margin (%)	28.7	30.1	29.6	29.9
EBITDA	25,807	24,506	24,818	30,517
YoY gr. (%)	6.2	6.3	2.8	15.1
Margin (%)	20.2	20.2	19.7	20.5
Depreciation / Depletion	997	1,111	1,109	1,117
EBIT	24,811	23,395	23,709	29,400
Margin (%)	19.4	19.3	18.8	19.7
Net Interest	143	168	141	144
Other Income	3,347	3,808	4,308	3,692
Profit before Tax	28,015	27,034	27,875	32,948
Margin (%)	21.9	22.3	22.2	22.1
Total Tax	6,927	6,541	6,915	8,150
Effective tax rate (%)	24.7	24.2	24.8	24.7
Profit after Tax	21,087	20,493	20,960	24,797
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	21,087	20,493	20,960	24,797
YoY gr. (%)	3.3	5.9	5.4	23.7
Margin (%)	16.5	16.9	16.7	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	21,087	20,493	20,960	24,797
YoY gr. (%)	3.3	5.9	5.4	23.7
Margin (%)	16.5	16.9	16.7	16.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	21,087	20,493	20,960	24,797
Avg. Shares O/s (m)	279	279	279	279
EPS (Rs)	75.5	73.4	75.1	88.8

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	291.9	341.0	387.2	435.5
CEPS	306.2	357.1	404.0	454.5
BVPS	1,151.1	1,262.1	1,389.3	1,524.8
FCF	239.8	237.3	281.6	318.3
DPS	210.0	230.0	260.0	300.0
Return Ratio(%)				
RoCE	32.9	32.3	33.8	35.1
ROIC	476.8	247.3	196.9	161.5
RoE	28.6	28.3	29.2	29.9
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.9)	(0.8)	(0.8)
Net Working Capital (Days)	(15)	(10)	(7)	(4)
Valuation(x)				
PER	29.9	25.6	22.5	20.0
P/B	7.6	6.9	6.3	5.7
P/CEPS	28.5	24.4	21.6	19.2
EV/EBITDA	21.4	18.4	16.0	14.0
EV/Sales	4.3	3.7	3.2	2.9
Dividend Yield (%)	2.4	2.6	3.0	3.4

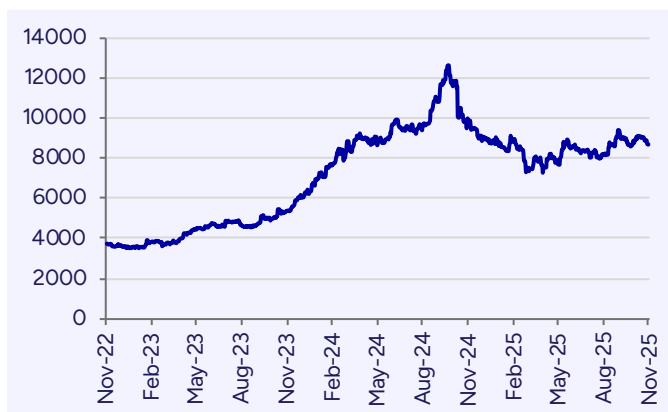
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Two-Wheeler volume (units)	39,82,309	42,21,877	45,67,732	49,47,052
Three-wheeler volume (units)	6,68,657	7,68,062	8,16,984	8,69,040
Net Realization (Rs/unit)	1,07,527	1,15,677	1,21,124	1,25,984

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Hold	9,117	8,792
2	08-Apr-25	BUY	8,845	7,520
3	29-Jan-25	BUY	9,853	8,398
4	09-Jan-25	BUY	10,116	8,642

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Auto	Hold	9,117	8,792
2	Eicher Motors	Hold	6,729	6,903
3	Hero Motocorp	Accumulate	6,049	5,513
4	Mahindra & Mahindra	Accumulate	3,950	3,581
5	Maruti Suzuki	Hold	16,215	16,155
6	TVS Motor Company	Accumulate	3,907	3,562

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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