

# Retail Equity Research



## Bajaj Auto Limited

**HOLD**

Sector: Automobiles

11<sup>th</sup> December, 2025

Key Changes		Target	Rating	Earnings		Target	Rs. 9,780
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 8,989
Large Cap	BJAUT:IN	84,391	BAJAJ-AUTO	532977	12 Months	Return	+9%

Data as of: 10-Dec-2025, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	251,012
52 Week High — Low (Rs.)	9,471 - 7,088
Enterprise Value (Rs. cr)	265,634
Outstanding Shares (cr)	27.9
Free Float (%)	39.6
Dividend Yield (%)	2.3
6m average volume (cr)	0.04
Beta	1.1
Face value (Rs. )	10.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	55.0	55.0	55.0
FII's	11.6	10.3	9.7
MFs/Institutions	11.0	12.1	12.8
Public	11.0	11.2	11.0
Others	11.4	11.4	11.5
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-4.5%	3.7%	-1.2%
Absolute Sensex	4.4%	2.7%	3.9%
Relative Return	-8.9%	1.0%	-5.1%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	50,995	59,025	65,632
Growth (%)	13.6	15.7	11.2
EBITDA	10,468	12,040	13,463
EBITDA Margin (%)	20.5	20.4	20.5
PAT Adjusted	7,536	9,199	10,509
Growth (%)	-2.2	22.1	14.2
Adjusted EPS	269.9	329.4	376.3
Growth (%)	-0.9	22.1	14.2
P/E	29.2	27.2	23.8
P/B	6.2	6.6	6.1
EV/EBITDA	21.6	22.1	19.8
ROE (%)	20.8	24.3	25.6
D/E	0.3	0.5	0.5

### Export-led growth; positive outlook

**Bajaj Auto Ltd (BAL)** is India's second-largest and the world's sixth-largest motorcycle manufacturer. It is also the world's largest three-wheeler maker. The company is based in Pune and has plants in Chakan (Pune), Waluj (near Aurangabad) and Pantnagar (Uttarakhand). It is the country's largest exporter of motorcycles and three-wheelers.

- In Q2FY26, consolidated revenue increased by 18.8% YoY to Rs. 15,735cr, owing to growth in the automotive segment and higher income from investments.
- The automotive segment's revenue grew 16.7% YoY to Rs. 15,256cr, driven by a 5.9% YoY increase in total sales volume to 1,294,120. Income from investments and financing rose 83.1% YoY to Rs. 1,055cr.
- EBITDA increased by 30.5% YoY to Rs. 3,463cr, driven by a strong topline growth. Consequently, the EBITDA margin expanded by 200bps YoY to 22.0%, also supported by improved operating efficiency.
- Reported profit after tax (PAT) increased 53.2% YoY to Rs. 2,122cr, owing to a higher topline, an increase in other income (+44.2% YoY) and a decrease in tax expenses (-4.1% YoY).

### Outlook & Valuation

In domestic sales, premium bikes and commercial vehicles demonstrated strong performance owing to the festive season. This trend is expected to continue along with benefits due to a reduction in GST rates. Demand for transportation in middle India is surging, and the company anticipates the three-wheeler strategies to continue to drive growth, enabling Bajaj Auto to outperform the industry. The recently launched e-rickshaw, along with the 'fit-for-purpose' portfolio, is expected to further enhance profit and drive revenue in the future. However, supply-chain constraints limited growth of the two-wheeler and three-wheeler EV segments in the quarter. **We maintain our HOLD rating on the stock with a revised target price of Rs. 9,780, based on 26x FY27E adjusted EPS.**

### Quarterly Financials Consol.

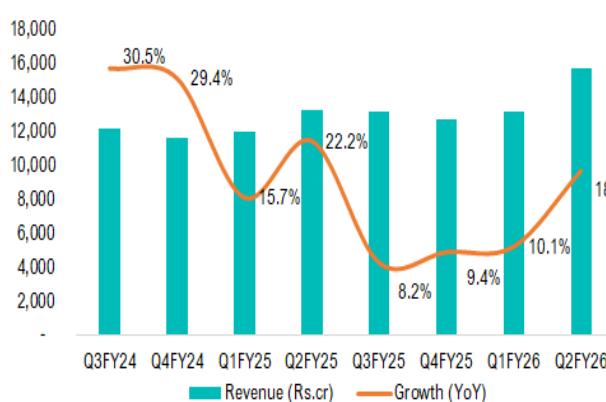
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	15,735	13,247	18.8	13,133	19.8	28,868	25,179	14.6
EBITDA	3,463	2,654	30.5	2,793	24.0	6,256	5,024	24.5
Margin (%)	22.0	20.0	200bps	21.3	70bps	21.7	20.0	170bps
EBIT	3,344	2,555	30.9	2,675	25.0	6,020	4,831	24.6
PBT	2,999	2,299	30.4	2,961	1.3	5,959	4,863	22.5
Rep. PAT	2,122	1,385	53.2	2,210	-4.0	4,332	3,327	30.2
Adj PAT	2,122	1,597	32.9	2,210	-4.0	4,332	3,539	22.4
Adj. EPS (Rs)	76.0	57.2	32.9	79.2	-4.0	155.2	126.7	22.4



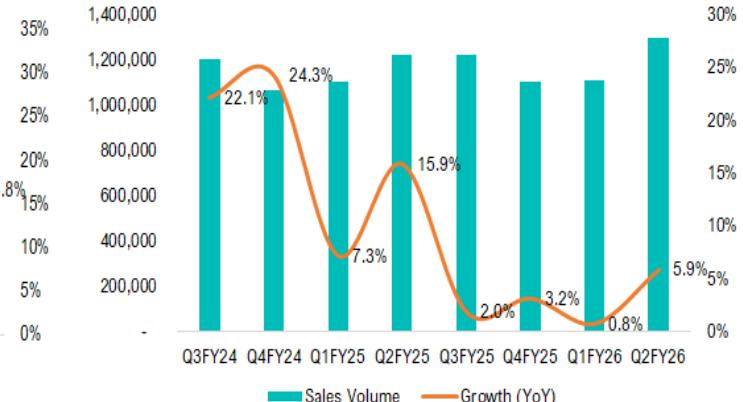
## Key concall highlights

- In Q2FY26, the increase in total sales volume was led by higher exports. Export volume increased 24% YoY to 553,327, driven by strong growth in Latin America, Africa and Asia. However, domestic sales volume fell 5.0% YoY to 740,793.
- Management expects exports to grow in the range of 15-20% in FY26.
- The spares business grew 21% YoY to Rs. 1,800cr in the quarter.
- Bajaj Auto Credit Ltd added over 2 lakh customers in the quarter, and assets under management crossed Rs. 14,000cr.
- Bajaj Brazil achieved a sales milestone of over 8,000 units in the quarter, driven by increased production capacity and high localisation, including welding and painting. Additionally, October retail sales in Brazil exceeded 3,000 units.
- The KTM and Triumph duo achieved their best quarter ever, with combined domestic retail sales and export billing exceeding 60,000 bikes, representing a 70% YoY increase.
- With the launch of Duke 160, the company expects to target the substantial and profitable 150cc super premium segment.

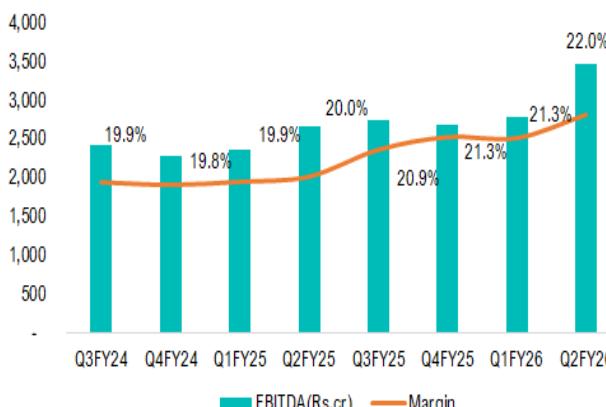
### Revenue



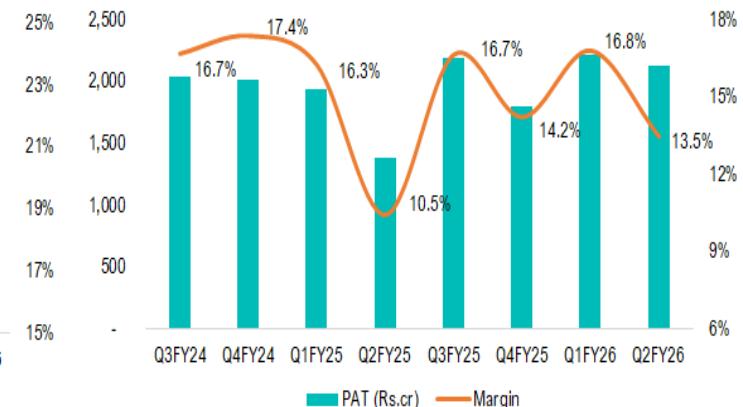
### Volume



### EBITDA



### PAT



### Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	59,399	67,449	59,025	65,632	-0.6	-2.7
EBITDA	12,086	13,765	12,040	13,463	-0.4	-2.2
Margins (%)	20.3	20.4	20.4	20.5	10bps	10bps
Adj. PAT	9,403	10,818	9,199	10,509	-2.2	-2.9
EPS	336.7	387.4	329.4	376.3	-2.2	-2.9

## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>36,455</b>	<b>44,870</b>	<b>50,995</b>	<b>59,025</b>	<b>65,632</b>
% change	10.0	23.1	13.6	15.7	11.2
<b>EBITDA</b>	<b>6,451</b>	<b>8,762</b>	<b>10,468</b>	<b>12,040</b>	<b>13,463</b>
% change	23.1	36.2	20.6	15.6	13.1
Depreciation	286	365	414	553	574
<b>EBIT</b>	<b>6,165</b>	<b>8,397</b>	<b>10,054</b>	<b>11,486</b>	<b>12,889</b>
Interest	40	60	389	799	854
Other Income /	1,717	1,704	559	1,578	1,977
<b>PBT</b>	<b>7,842</b>	<b>10,040</b>	<b>10,224</b>	<b>12,266</b>	<b>14,012</b>
% change	2.5	28.0	1.8	20.0	14.2
Tax	1,782	2,332	2,899	3,066	3,503
Tax Rate (%)	22.7	23.2	28.4	25.0	25.0
<b>Reported PAT</b>	<b>6,060</b>	<b>7,708</b>	<b>7,325</b>	<b>9,199</b>	<b>10,509</b>
<b>PAT att. to common shareholders</b>	<b>6,060</b>	<b>7,708</b>	<b>7,325</b>	<b>9,199</b>	<b>10,509</b>
Adj.*	-	-	211	-	-
<b>Adj. PAT</b>	<b>6,060</b>	<b>7,708</b>	<b>7,536</b>	<b>9,199</b>	<b>10,509</b>
% change	13.3	27.2	-2.2	22.1	14.2
No. of shares (cr)	28.3	27.9	27.9	27.9	27.9
<b>Adj EPS (Rs.)</b>	<b>212.5</b>	<b>272.4</b>	<b>269.9</b>	<b>329.4</b>	<b>376.3</b>
% change	14.9	28.2	-0.9	22.1	14.2
DPS (Rs.)	140.0	80.0	210.0	233.9	263.4

### Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	690	2,037	2,848	4,235	3,671
Accts. Receivable	1,752	2,076	2,125	3,128	3,544
Inventories	1,564	1,689	2,077	2,250	2,416
Other Cur. Assets	5,644	6,045	12,396	14,017	14,475
Investments	21,652	22,394	23,060	24,806	26,543
Gross Fixed Assets	5,304	6,032	6,845	7,790	8,774
Net Fixed Assets	2,756	3,085	3,471	3,874	4,293
CWIP	85	93	103	113	124
Intangible Assets	36	33	77	99	101
Def. Tax -Net	812	924	1,341	1,350	1,359
Other Assets	145	990	6,702	15,170	17,527
<b>Total Assets</b>	<b>35,136</b>	<b>39,366</b>	<b>54,199</b>	<b>69,042</b>	<b>74,053</b>
Current Liabilities	5,271	7,947	8,430	10,145	11,431
Provisions	1	7	14	22	24
Debt Funds	-	1,786	9,237	19,757	20,307
Other Liabilities	503	664	1,329	1,262	1,283
Equity Capital	283	279	279	279	279
Res. & Surplus	29,079	28,683	34,909	37,577	40,730
Shareholder Funds	29,362	28,962	35,189	37,857	41,009
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>35,136</b>	<b>39,366</b>	<b>54,199</b>	<b>69,042</b>	<b>74,053</b>
BVPS	1,038	1,037	1,260	1,356	1,469

### Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	6,346	8,073	7,739	9,753	11,084
Non-cash adj.	-492	-1,088	-8,704	-1,981	981
Other adjustments	-	-	-	-	-
Changes in W.C	-576	-433	-440	272	358
<b>C.F. Operation</b>	<b>5,277</b>	<b>6,552</b>	<b>-1,406</b>	<b>8,044</b>	<b>12,423</b>
Capital exp.	-973	-711	-867	-967	-986
Change in inv.	2,174	248	-616	-389	-1,964
Other invest.CF	-1	119	427	-8,490	-2,377
<b>C.F - Investment</b>	<b>1,200</b>	<b>-344</b>	<b>-1,056</b>	<b>-9,846</b>	<b>-5,327</b>
Issue of equity	-3,096	-3,933	-902	-	-
Issue/repay debt	-	1,785	7,434	10,520	550
Dividends paid	-4,047	-3,960	-2,235	-6,531	-7,356
Other finance.CF	-38	-52	-66	-799	-854
<b>C.F - Finance</b>	<b>-7,181</b>	<b>-6,161</b>	<b>4,230</b>	<b>3,190</b>	<b>-7,660</b>
Chg. in cash	-704	47	1,768	1,388	-564
Closing Cash	690	2,037	2,848	4,235	3,671

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	17.7	19.5	20.5	20.4	20.5
EBIT margin (%)	16.9	18.7	19.7	19.5	19.6
Net profit mgn.(%)	16.6	17.2	14.4	15.6	16.0
ROE (%)	20.6	26.6	20.8	24.3	25.6
ROCE (%)	21.0	27.3	22.6	19.9	21.0
<b>W.C &amp; Liquidity</b>					
Receivables (days)	17.5	16.9	15.2	19.3	19.7
Inventory (days)	21.8	19.3	21.5	20.1	19.3
Payables (days)	57.6	63.9	66.0	69.8	70.1
Current ratio (x)	1.8	1.3	1.7	1.1	1.0
Quick ratio (x)	1.3	0.9	0.9	0.5	0.5
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	7.5	7.9	7.9	8.1	7.9
Total asset T.O (x)	1.0	1.2	1.1	1.0	0.9
Int. covge. ratio (x)	156.0	139.1	25.9	14.4	15.1
Adj. debt/equity (x)	-	0.1	0.3	0.5	0.5
<b>Valuation</b>					
EV/Sales (x)	3.0	5.7	4.4	4.5	4.1
EV/EBITDA (x)	16.9	29.1	21.6	22.1	19.8
P/E (x)	18.3	33.6	29.2	27.2	23.8
P/BV (x)	3.7	8.8	6.2	6.6	6.1



## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			
<b>Definition:</b>			
Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; Accumulate: Partial buying or to accumulate as CMP dips in the future; Hold: Hold the stock with the expected target mentioned in the note.; Reduce: Reduce your exposure to the stock due to limited upside.; Sell: Exit from the stock; Not rated/Neutral: The analyst has no investment opinion on the stock.			
<b>Symbols definition:</b>	 Upgrade	 No Change	 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral-The analyst has no investment opinion on the stock under review.

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