BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 9,142 | ∧ 12%

BAJAJ AUTO | Automobiles | 07 August 2025

Exports a respite on supply-chain impact in medium term

- **Aggregate domestic market volumes fell by ~9% YoY (2-W fell 9% too), offset by robust export market growth of ~14% YoY in Q1FY26**
- **Better product mix guard gross margins despite raw materials cost inflation, EBITDA margin softened to 19.7% vs 20.2% YoY/QoQ**
- **We revise FY26E/FY27E EPS down by 2%/3%, introduce FY28 earnings, value BJAUT at 24x 1YF earnings, new TP at Rs 9,142; maintain HOLD**

Milind Raginwar
research@bobcaps.in

Volume growth muted, realisation a respite on better product mix: BJAUT's revenue rose ~6%/4% YoY/QoQ to Rs125.8bn, helped by double-digit exports gains, better commercial vehicle sales, superior product mix and Chetak drive . Domestic market volumes fell by ~9% YoY (2-W fell 9% too), offset by robust export volume growth of ~14% YoY. Average realisation/vehicle was up ~5%/3% YoY/QoQ to ~Rs113k, as higher share of premium motorcycles sales helped.

EBITDA margin listless as other expenses spike: Raw material costs, as a percentage of sales, rose by 40 bps YoY to 70.4% (vs 69.9% QoQ), despite a 7% YoY cost inflation abated by better a product mix. EBITDA margins softened to 19.7% vs 20.2% YoY/QoQ, due to lower dollar realisation while other expenditure spiked 16% YoY to Rs8.5bn (6.8% of sales), driven by continued brand investments.

Improving exports provide helping hand: Export volumes surged ~14% YoY in Q1FY26, contributing ~43% of total volumes, driven by broad-based double-digit growth in Africa, LATAM, and Asia, with a revival of KTM exports post-restructuring.

Thrust on EVs and scooterisation helps: EVs contributed >20% to domestic revenue, with Chetak market share jumping by 1000bps, driven by 35 series platform, offering superior performance and unit economics. CVs achieved >100k sales with electric 3W leadership in the L5 category, ~3x YoY volume growth and a 36% market share, albeit on a lower base.

Cut our earnings estimates, maintain HOLD: We lower our FY26/FY27 EPS estimates by 2%/3% to factor in BJAUT's 2W EV focus that will dilute earnings, and slowing domestic market growth in the key motorcycle segment. Effectively, we reduce our volume estimates to factor in supply chain issues on rare-earth magnet shortage. We introduce FY28 earnings penciling EBITDA/PAT 3Y CAGR at 12%/11%. Factoring in the slow growth momentum in domestic markets, lower-than-estimated response to CNG segment and earnings dilution from EV segment, we continue to value the stock at 24x P/E 1YF and arrive at TP of Rs 9,142 (from Rs 9,253). We maintain HOLD.

Key changes

Target	Rating
▼	◄►

Ticker/Price	BJAUT IN/Rs 8,179
Market cap	US$ 27.0bn
Free float	46%
3M ADV	US$ 36.2mn
52wk high/low	Rs 12,774/Rs 7,089
Promoter/FPI/DII	54%/10%/13%

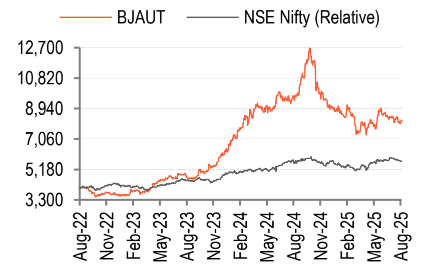
Source: NSE | Price as of 6 Aug 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	5,00,103	5,41,078	6,04,920
EBITDA (Rs mn)	1,00,988	1,12,269	1,29,049
Adj. net profit (Rs mn)	83,627	92,991	1,06,064
Adj. EPS (Rs)	307.1	333.1	379.9
Consensus EPS (Rs)	307.1	337.5	381.0
Adj. ROAE (%)	26.0	25.6	26.5
Adj. P/E (x)	26.6	24.6	21.5
EV/EBITDA (x)	23.1	21.0	18.5
Adj. EPS growth (%)	11.8	11.2	14.1

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Fig 1 – Earnings call highlights

Parameter	Q1FY26	Q4FY25	Our view
Volumes	125cc+ segment outperformed 100cc, growing faster, though high inflation and early monsoons dampened demand, especially in urban areas. Bajaj's 125cc+ market share improved sequentially by ~3% to 15% (Vahan), driven by pricing interventions and new Pulsar variants launched in Q4FY25. Total volumes flat YoY at ~1.11mn units.	Domestic motorcycle industry declined ~2% YoY in Q4; FY25 grew 6% YoY, led by 125cc+ (+12% YoY) vs. flat 100cc. Bajaj's 125cc+ market share (Vahan) fell to 24% in FY25 from 26% in FY24, 21% in FY23. Launched 6 new Pulsar variants targeting sporty/commuter sub-segments helping marginal MS gain (March to April). Industry growth projected at 5-6% for FY26, with 125cc+ segment leading the market.	Thus far, industry growth in motorcycles is missed by BJAUT. The heavy focus on the scooter segment continues through the EV portfolio.
Exports	Export volumes grew 16% YoY to ~476k units (2W: ~420k, +14%; CV: ~56k, +32%). Premium bikes (Pulsar/Dominar) grew 21% YoY, with a 65% mix in LATAM. Top 30 markets (70% of emerging markets) grew 17%; Bajaj outpaced the industry growing at 27%. Bajaj Brazil sold 7k units; plant capacity expansion to 50k units p.a. on track for Q4FY26. KTM exports resumed post-restructuring, contributing ~5-6% of exports. Export realisations were: ~USD500mn.	Export volumes went up 20% YoY to 4.90 lac units (2W: 4.42 lac, +20%; CV: 47k, +14%). Premium bikes Pulsar/Dominar recorded highest ever export volume (65% mix in LatAm). Top 30 markets (70% of emerging markets) grew 26%; Bajaj grew 31%, beating industry growth. LatAm grew 18% YoY, Brazil recorded 7k units' sale; plant capacity is expected to reach 50k units by Dec 2025. Overall exports are expected to ramp up 15-20% in FY26. Export revenue: €470mn. KTM exports (previously 5-6% of total) dropped to ~0% due to suspension; operations are expected to resume by Q2FY26.	Exports revival encouraging, will contribute well to the volume growth and offset the fall in domestic volumes. Faster revival of KTM overseas subsidiary will help exports further. Adverse currency movement though was a dampener.
Three-wheelers (3W)	BJAUT maintained 75% of the ICE market share and achieved 35% in e-auto (leadership position). Introduced 7012 variant (wide-bodied e-3W) for semi-urban/rural markets, boosting ASPs and profitability. Retail sales above ~100k units (for nearly 2 years), with e3W at >20% of CV revenue. E-rickshaw launch planned for August 2025, targeting 40k units/month	BJAUT reported 75% ICE volume market share; e-auto segment grew 60% in FY25, market share has doubled to 33% from 17% in FY24 (No. 1 in April/May). Go-Go brand launched for e-autos, to create a distinct lineup from RE/Maxima. E-rickshaw launch planned by July 2025, targeting 40k units/month volume (90% segment is lead-acid, Bajaj to offer lithium-ion). CV volumes: 1.5M units (+5% YoY), e3W volumes up 20% of CV revenue. CV revenue was Rs100bn in FY25, driven by ICE and e3W scale-up. e3W growth is fuelled by last-mile mobility demand and second-time buyers upgrading from e-ricks.	In addition to the market share increase, the Productivity-Linked Incentive (PLI) certification to 5 CV products will boost volumes and encourage cost effectiveness. However, fierce competitive pressure will also keep realisations under check.
Electric and CNG vehicles (EV)	Chetak volumes doubled YoY, with market share rising to 21% versus 12% in Q1FY25, contributing ~50% of industry incremental volumes. Chetak 35-series is currently 85% of portfolio while transition to new platform is almost at completion, with some models EBITDA-positive. EV portfolio (2W+3W) at >20% of domestic revenue.	Chetak MS rose to 25% in Q4FY25 (from 13% in Q4FY24), driven by 35-series (60% of Q4 sales). Freedom (CNG) retailed 60k units, offering ~40-50% fuel savings with 10-11% penetration in CNG-dense areas (Kerala, Delhi); adoption limited due to low pump density in rural areas and underfilling issues. Production capacity has been increased to ~20k units/month to meet potential demand. Freedom revenue	CNG product response is below the initially anticipated stronger response. BJAUT is candid on supply chain disruption in the EV segment and can hit volume in the medium term.

Parameter	Q1FY26	Q4FY25	Our view
	Rare earth magnet shortages caused 40% shortfall in e2-W and 25% in e3-W in June: full restoration expected by Q2FY26 end.	crossed Rs5bn within 5 months of its launch. EV portfolio (2W+3W) revenue was Rs55bn (~20% of domestic revenue) in FY25. Chetak profitability is approaching EBITDA breakeven supported by the launch of 35 series and the product line being PLI certified. Management expects to attain breakeven subject to prices sustaining at the current level.	
Currency	USD/INR realisation averaged Rs85.6 (vs Rs86.5 in Q4FY25), with rupee appreciation in April-May (Rs85.5-85.2) impacting margins by ~50 bps. It recovered in June 2025 to Rs86. Currency expected to be a tailwind in Q2FY26.	USD/INR realisation at Rs86.5 (vs Rs84.3 in Q3FY25, Rs83 in Q4FY24). Rupee appreciation at quarter-end impacted receivables restatement. Softening of USD/INR in Q1FY26 is expected to pressure margins (~Rs500mn quarterly dollar-linked sales).	Though unfavourable currency impacted the dollar realisation currency, tailwinds expected in the medium term as indicated by currency movement towards the end of Q1FY26.
Commodities	Commodity cost inflation was ~70 bps, driven by aluminum, steel, and ABS. However, alleviated by cost savings and better steel settlement rates. OBD 2B norms added to the cost hike. Q2FY26 may see pressure from aluminum, platinum, copper, and rubber, but pricing actions and cost reductions efforts are expected to offset inflation.	Palladium, rhodium and platinum prices inched up while steel and aluminium softened. Net material cost inflation was flattish in Q4FY25 as nickel, lead and rubber offset the inflation. Material cost inflation and the rollout of OBD 2B norms are expected to drive up cost by ~1%. Precious metal declines may partially offset Q1FY26 inflation, but net commodity pressure likely.	Commodity costs inched up since 3QFY25. BJAUT had anticipated towards FY25-end, but only able to partially pass through. Additionally, mandatory price hikes only add to the concerns.
Cash position	Cash surplus at ~Rs170bn after Rs12bn free cash flow generation. Capex of Rs1bn incurred in Q1FY26; expected to rise to Rs6-7bn in FY26 (split evenly for EV and ICE). Invested Rs3bn in BACL and Rs15.3bn in Bajaj Auto International Holdings BV for KTM Austria.	BJAUT ended the year with a cash surplus balance of Rs170bn. Free cashflow was Rs65bn in FY25. During the year, capex incurred Rs7bn (60% for EV) while Rs21bn was invested in BACL.	The company's healthy balance sheet can facilitate further investments with ease, especially in the capex-intensive EV space.
Key product segments	BACL: AUM Rs120bn, PAT ~Rs1bn, 40% penetration in 2W, 50% in 3W. Pro-Biking (KTM/Triumph): ~26k units sold domestically (+20% YoY), with Triumph in 80 cities. Launched KTM Enduro 390 R and Triumph Scrambler 400X. Spares revenue: Rs16bn (+19% YoY. New 125cc bike under development (likely non-Pulsar brand).	BACL: Rs95bn AUM, PAT Rs0.6bn in FY25, 40% penetration in 2W, 50% in 3W. Pro-Biking (KTM/Triumph): collectively sold ~1 lac units (+12% YoY); Triumph doubled to 11k units, KTM growth was driven by Duke 200/250 and Adventure 390. Spares revenue was Rs15.7bn. A new 125cc bike is under development, branding TBD. Pulsar domestic revenue was Rs100bn while global revenue was Rs150bn.	Faster revival of the global KTM subsidiary business will be handy for exports. Festive season and better monsoon fuel expectations.

Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance (Standalone)

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E
Volume	11,11,237	11,02,056	0.8	11,02,934	0.8	11,11,237
Avg. Realisation per Vehicle	1,13,247	1,08,234	4.6	1,10,142	2.8	1,07,939
Net Revenues	1,25,845	1,19,280	5.5	1,21,480	3.6	1,19,946
Total Income (A)	**1,25,845**	**1,19,280**	**5.5**	**1,21,480**	**3.6**	**1,19,946**
Operating Expenses						
Raw materials consumed	88,596	83,527	6.1	84,882	4.4	85,342
Employee Expenses	4,138	4,350	(4.9)	3,645	13.5	3,898
Other Expenses	8,293	7,251	14.4	8,446	(1.8)	8,215
Total Expenditure (B)	**1,01,027**	**95,128**	**6.2**	**96,974**	**4.2**	**97,456**
EBITDA (A-B)	**24,818**	**24,153**	**2.8**	**24,506**	**1.3**	**22,490**
Other Income	4,308	3,209	34.2	3,808	13.1	3,559
Depreciation	1,109	937	18.3	1,111	(0.2)	1,211
EBIT	28,017	26,425	6.0	27,202	3.0	24,838
Finance Costs	141	207	(31.6)	168	(15.9)	166
PBT after excep items	27,875	26,218	6.3	27,034	3.1	24,672
Tax expense	6,915	6,335	9.2	6,541	5.7	5,921
Reported PAT	**20,960**	**19,883**	**5.4**	**20,493**	**2.3**	**18,751**
Adjusted PAT	**20,960**	**19,883**	**5.4**	**20,493**	**2.3**	**18,751**
EPS (Rs)	72.4	68.7	5.4	70.8	2.3	64.8
Key Ratios (%)			**(bps)**		**(bps)**	
Gross Margin	29.6	30.0	(37.6)	30.1	(52.8)	28.8
EBITDA Margin	19.7	20.2	(52.8)	20.2	(45.2)	18.8
EBIT Margin	22.3	22.2	10.9	22.4	(13.0)	20.7
PBT Margin	22.2	22.0	17.0	22.3	(10.3)	20.6
Tax Rate	24.8	24.2	64.6	24.2	61.3	24.0
Adj PAT Margin	16.7	16.7	(1.4)	16.9	(21.4)	15.6

Source: Company, BOBCAPS Research

Valuation Methodology

EV focus will dilute earnings and slowing domestic market growth in the key motorcycle segment, effectively, we reduce our volume estimates to factor in the supply chain issues on account of rare-earth magnet shortage. We introduce FY28 earnings penciling EBITDA/PAT 3-year CAGR at 12%/11%.

Factoring in the slow growth momentum in domestic markets, lower-than-estimated response to the CNG segment and earnings dilution from the EV segment, we continue to value the stock at 24x P/E 1YF and arrive at TP of Rs 9,142 (from Rs 9,253). We maintain HOLD.

Intense competition leading to margin pressures from the EV space, will be a key concern. Additionally, increasing presence in the high-end ICE motorcycle business getting tepid response does not augur well. Support will be extended from a strong presence in 3W space, both in the ICE and EV segments and strong export momentum. These will be the key monitorables for the stock.

Fig 3 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,41,078	6,04,920	6,64,693	5,57,247	6,22,684		(2.9)	(2.9)	
EBITDA	1,12,269	1,29,049	1,41,537	1,14,991	1,33,623		(2.4)	(3.4)	
Adj PAT	92,991	1,06,064	1,16,034	94,722	1,08,769		(1.8)	(2.5)	
Adj EPS (Rs)	333.1	379.9	415.6	339.3	389.6		(1.8)	(2.5)	

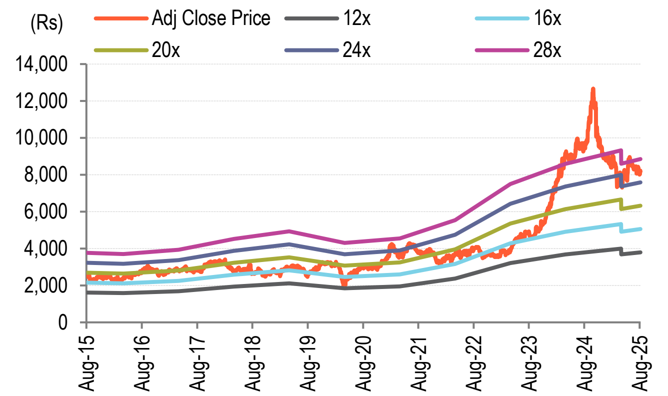
Source: BOBCAPS Research

Fig 4 – Key assumptions

	FY25	FY26E	FY27E	FY28E
2W volume (nos)	39,82,329	40,22,152	43,03,703	45,61,925
3W volume (nos)	6,68,657	8,02,388	8,82,627	9,70,890
ASP (Rs) (average)	1,07,838	1,12,151	1,16,637	1,20,136
Revenues (Rs mn)	5,00,103	5,41,078	6,04,920	6,64,693
EBITDA (Rs mn)	1,00,988	1,12,269	1,29,049	1,41,537
EBITDA margin (%)	20.2	20.7	21.3	21.3
Adj. PAT (Rs mn)	83,626	92,991	1,06,065	1,16,034
EPS (Rs)	307.1	333.1	379.9	415.6

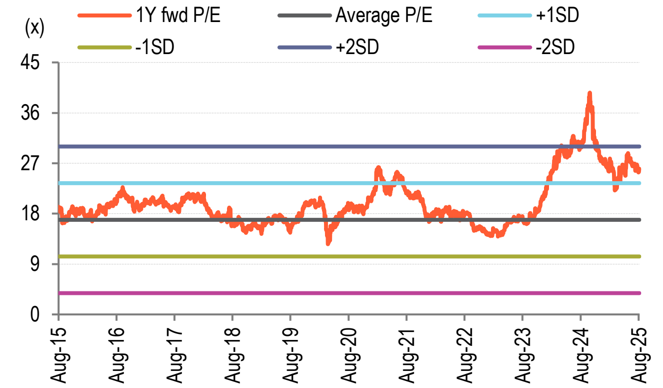
Source: Company, BOBCAPS Research

Fig 5 – P/E band: Stock has moderated off late but still leaves limited investment opportunity…



Source: Company, Bloomberg, BOBCAPS Research

Fig 6 – … and trades at above +1SD which we feel is unjustified



Source: Company, Bloomberg, BOBCAPS Research

Key upside/downside risks

- Higher commodity price, inflating in excess of our assumptions.
- Market share gains, especially in the high-end motorcycle segment.
- Better-than-expected relief (cost and price) in the EV segment.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**4,46,852**	**5,00,103**	**5,41,078**	**6,04,920**	**6,64,693**
EBITDA	88,229	1,00,988	1,12,269	1,29,049	1,41,537
Depreciation	3,498	4,001	3,907	4,312	4,612
EBIT	98,755	1,11,196	1,22,935	1,40,106	1,53,208
Net interest inc./(exp.)	(535)	(677)	(573)	(599)	(626)
Other inc./(exp.)	14,025	14,209	14,573	15,370	16,283
Exceptional items	0	2,113	0	0	0
EBT	98,220	1,12,631	1,22,362	1,39,508	1,52,582
Income taxes	23,432	26,892	29,371	33,443	36,548
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**74,788**	**85,739**	**92,991**	**1,06,064**	**1,16,034**
Adjustments	0	(2,113)	0	0	0
Adjusted net profit	**74,788**	**83,627**	**92,991**	**1,06,064**	**1,16,034**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	56,102	49,710	57,462	61,642	68,304
Other current liabilities	21,241	30,088	33,861	37,426	41,470
Provisions	1,891	2,515	2,257	2,532	2,805
Debt funds	9,599	9,276	1,404	1,544	1,699
Other liabilities	0	0	0	0	0
Equity capital	2,792	2,792	2,792	2,792	2,792
Reserves & surplus	2,45,813	3,18,684	3,60,167	3,97,586	4,36,137
Shareholders' fund	2,48,605	3,21,475	3,62,959	4,00,378	4,38,928
Total liab. and equities	**3,37,437**	**4,13,065**	**4,57,943**	**5,03,522**	**5,53,207**
Cash and cash eq.	5,366	11,179	3,306	5,671	2,876
Accounts receivables	21,224	22,826	29,001	34,537	38,262
Inventories	16,956	19,579	21,751	25,118	27,827
Other current assets	20,586	47,106	31,551	33,837	37,212
Investments	2,44,925	2,85,702	3,27,906	3,55,204	3,93,446
Net fixed assets	31,987	47,986	53,079	57,766	62,154
CWIP	274	(12,196)	427	427	427
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(5,069)	(9,118)	(9,428)	(9,738)	(10,048)
Other assets	1,188	0	350	700	1,050
Total assets	**3,37,437**	**4,13,065**	**4,57,943**	**5,03,522**	**5,53,207**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**81,888**	**46,264**	**99,878**	**90,888**	**1,04,557**
Capital expenditures	(7,780)	(7,530)	(21,623)	(9,000)	(9,000)
Change in investments	(15,692)	(40,777)	(42,204)	(27,297)	(38,242)
Other investing cash flows	14,025	14,209	14,573	15,370	16,283
Cash flow from investing	**(9,447)**	**(34,098)**	**(49,254)**	**(20,927)**	**(30,959)**
Equities issued/Others	825	(863)	0	0	0
Debt raised/repaid	8,357	(323)	(7,872)	140	154
Interest expenses	(535)	(677)	(573)	(599)	(626)
Dividends paid	(39,602)	(58,710)	(65,755)	(73,646)	(82,483)
Other financing cash flows	1,618	4,048	310	310	310
Cash flow from financing	**(29,337)**	**(56,524)**	**(73,891)**	**(73,794)**	**(82,645)**
Chg in cash & cash eq.	**43,104**	**(44,358)**	**(23,266)**	**(3,833)**	**(9,046)**
Closing cash & cash eq.	**5,366**	**11,179**	**3,306**	**5,671**	**2,876**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	267.9	299.5	333.1	379.9	415.6
Adjusted EPS	267.9	307.1	333.1	379.9	415.6
Dividend per share	141.9	210.3	235.5	263.8	295.4
Book value per share	890.5	1,151.5	1,300.1	1,434.1	1,572.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	5.3	4.7	4.4	4.0	3.6
EV/EBITDA	26.7	23.1	21.0	18.5	16.8
Adjusted P/E	30.5	26.6	24.6	21.5	19.7
P/BV	9.2	7.1	6.3	5.7	5.2

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	76.1	74.2	76.0	76.0	76.0
Interest burden (PBT/EBIT)	99.5	101.3	99.5	99.6	99.6
EBIT margin (EBIT/Revenue)	22.1	22.2	22.7	23.2	23.0
Asset turnover (Rev./Avg TA)	174.0	169.8	155.7	157.9	157.8
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
Adjusted ROAE	29.7	29.3	27.2	27.8	27.7

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	22.7	11.9	8.2	11.8	9.9
EBITDA	34.7	14.5	11.2	14.9	9.7
Adjusted EPS	35.4	11.8	11.2	14.1	9.4
Profitability & Return ratios (%)					
EBITDA margin	19.7	20.2	20.7	21.3	21.3
EBIT margin	22.1	22.2	22.7	23.2	23.0
Adjusted profit margin	16.7	16.7	17.2	17.5	17.5
Adjusted ROAE	30.1	26.0	25.6	26.5	26.4
ROCE	29.3	28.7	26.9	27.8	27.7
Working capital days (days)					
Receivables	16	16	17	19	20
Inventory	13	13	14	14	15
Payables	56	55	51	51	51
Ratios (x)					
Gross asset turnover	0.1	0.2	0.2	0.2	0.2
Current ratio	0.8	1.2	0.9	1.0	0.9
Net interest coverage ratio	(184.6)	(164.2)	(214.5)	(234.0)	(244.8)
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (“US”) OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

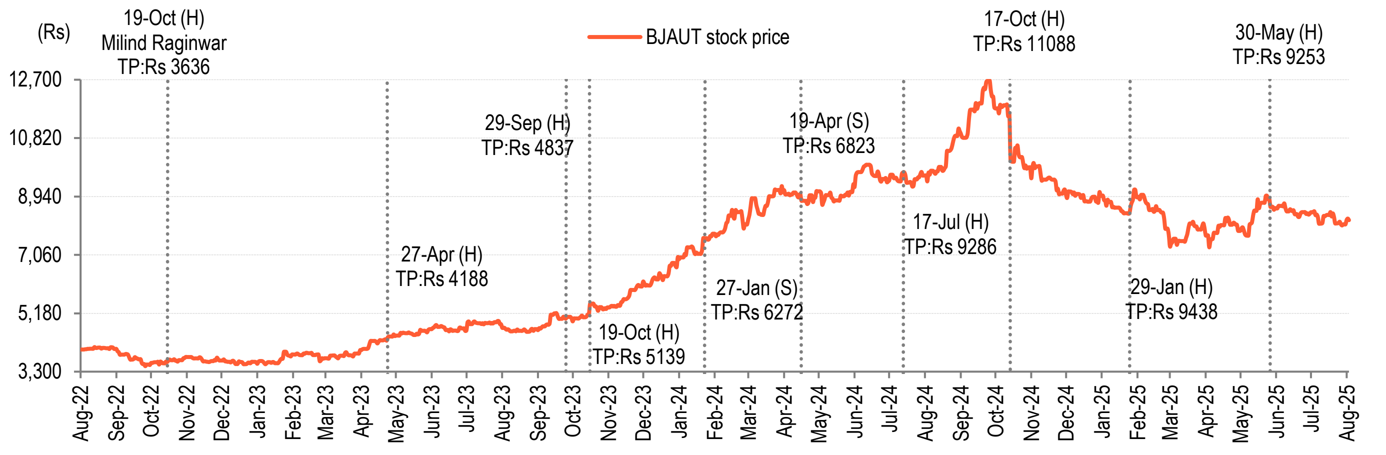
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): BAJAJ AUTO (BJAUT IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her 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 BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS’s activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS’s clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd) ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK"**). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.