Bajaj Auto

India | Automobiles, Auto Ancillaries | **Result Update**

Global Markets Research

Exports and forex cushion margin

22 July 2026

Rating: Accumulate
Target Price: INR 12,020
Upside/Downside: 16%
CMP: INR 10,404
As on 21 July 2026

Bajaj Auto's (BJAUT IN) standalone revenue grew 37% YoY to INR 172.4bn in Q1FY27, driven by 29% YoY volume growth along with favorable mix and currency tailwinds. EBITDA increased 45% YoY to INR 36.0bn, with margin at 20.9%, up 120bps YoY and 10bps QoQ, despite commodity inflation at ~4.5% of revenue and supply disruptions that hit production by ~10%. Exports, premium motorcycles, EVs and three-wheelers remained the key growth drivers, while calibrated pricing and INR depreciation cushioned margins. We raise our FY27E/FY28E/FY29E EPS estimates by 9%/4%/5%. We maintain Accumulate with an unchanged SOTP-based TP of INR 12,020, comprising INR 11,842/share for the core business, valued at 23x Sep '28E EPS, and ~INR 178/share for KTM.

Commodity inflation broadens; capacity additions critical to capture demand: Commodity inflation reached ~4.5% of Q1 revenue, exceeding the 3.5-4.0% guidance provided in May, with pressures broadening beyond metals to electronics, proprietary components, labor, logistics and conversion costs. Price hikes taken during April and June offset ~50% of the impact, while USD/INR realization of 94.4 versus 90.6 in Q4FY26 provided the principal margin cushion. However, Q2 will reflect the full-period impact of inflation, requiring further calibration in pricing, favorable mix and cost rationalization. Q1 availability was impaired by 10-15% due to supply-chain and logistics disruptions and a ransomware incident, with the production loss estimated at ~10% of quarterly volume. To support demand, BJAUT plans to expand annual capacity by ~25% from 7mn to 9mn units, prioritizing electric two- and three-wheelers, high-end motorcycles and three-wheelers. Electric two-wheeler capacity is also being increased from 50k to 60k units per month through near-term productivity measures.

Exports, premium motorcycles and EVs to sustain growth: Domestic motorcycle demand remains K-shaped, with 150cc-250cc segments growing 20%+ YoY, even as 100cc-125cc categories grew in low single-digit YoY. BJAUT's 150cc+ portfolio, led by the N and S series, grew ~1.5x the industry's growth. An all-new 150cc *Pulsar* and 10 facelifts across the 160-400cc range are planned by Sep '26. The company will also strengthen its 125cc portfolio through an all-new *Pulsar* and two new brands in FY27, while prioritizing profitability over low-end share. Exports reached a record 732k units, led by Africa and LATAM, with monthly volumes likely to exceed 250k from Q2 (243k in Q1). *Chetak* volumes grew ~80% YoY, while electric two- and three-wheelers contributed 30% to domestic revenue at double-digit EBITDA margin. *Chetak* is now EBITDA positive from EBITDA neutral a few quarters ago.

Maintain Accumulate with an unchanged TP of INR 12,020: BJAUT's ability to protect margins despite sharp commodity inflation reinforces the strength of its export franchise, favorable currency exposure and disciplined cost structure. The improving profitability of *Chetak* and the electric three-wheeler portfolio are structural positives, with EVs now becoming a meaningful earnings contributor rather than just a volume-growth driver. However, continued market-share strain in domestic motorcycles is a concern, particularly in the entry and executive segments. The comprehensive *Pulsar* refresh and the introduction of new 125cc brands ahead of the festival season could help arrest this drop. Any sustained improvement in Vahan market share would be an important stock trigger (market share down 60bps YoY to 10.5% in Q1). We maintain Accumulate with an unchanged SOTP-TP of INR 12,020, comprising INR 11,842/share for the core business, valued at 23x Sep '28E EPS, and INR 178/share for KTM.

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	500,103	587,325	724,192	790,765	866,072
YoY (%)	11.9	17.4	23.3	9.2	9.5
EBITDA (INR mn)	100,988	120,166	152,080	166,785	183,465
EBITDA margin (%)	20.2	20.5	21.0	21.1	21.2
Adj PAT (INR mn)	81,514	98,485	123,337	135,073	147,917
YoY (%)	9.0	20.8	25.2	9.5	9.5
Fully DEPS (INR)	291.9	352.4	448.8	491.5	538.3
RoE (%)	28.6	29.3	36.3	38.5	37.6
RoCE (%)	32.9	34.0	43.3	46.1	45.2
P/E (x)	35.6	29.5	23.2	21.2	19.3
EV/EBITDA (x)	30.1	25.3	20.0	18.2	16.6

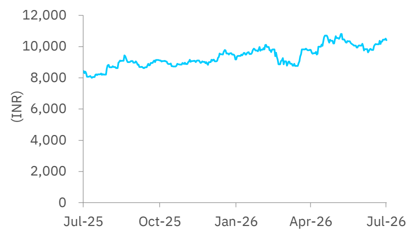
Note: Pricing as on 21 July 2026; Source: Company, Elara Securities Estimate

Key data

Bloomberg	BJAUT IN
Reuters Code	BAJA.NS
Shares outstanding (mn)	279
Market cap (INR bn/USD mn)	2,908/30,214
EV (INR bn/USD mn)	3,039/31,579
ADTV 3M (INR mn/USD mn)	4,316/45
52 week high/low	10,835/7,859
Free float (%)	38

Note: as on 21 July 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
Promoter	55.0	55.0	55.0	55.0
% Pledge	0.0	0.0	0.0	0.0
FII	9.7	8.8	8.8	9.0
DII	12.8	14.1	14.5	13.5
Others	22.5	22.1	21.7	22.4

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.8)	(4.4)	(3.5)
Bajaj Auto	6.2	13.3	23.3
NSE Mid-cap	2.1	3.0	2.1
NSE Small-cap	8.5	15.9	1.5

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	500,103	587,325	724,192	790,765	866,072
Gross Profit	146,729	175,467	211,464	231,694	255,491
EBITDA	100,988	120,166	152,080	166,785	183,465
EBIT	96,987	115,684	147,413	161,840	178,218
Interest expense	677	359	259	159	59
Other income	14,209	15,629	16,098	16,951	17,460
Exceptional/ Extra-ordinary items	-	(238)	-	-	-
PBT	110,519	130,716	163,252	178,632	195,618
Tax	29,005	32,469	39,915	43,560	47,702
Minority interest/Associates income	-	-	-	-	-
Reported PAT	81,514	98,247	123,337	135,073	147,917
Adjusted PAT	81,514	98,485	123,337	135,073	147,917

Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	321,469	349,747	330,248	370,601	414,806
Minority Interest	-	-	-	-	-
Trade Payables	62,676	73,562	92,712	99,561	102,042
Provisions & Other Current Liabilities	19,637	25,166	33,488	34,657	32,487
Total Borrowings	9,276	733	733	733	733
Other long term liabilities	11,230	9,654	9,654	9,654	9,654
Total liabilities & equity	**424,289**	**458,861**	**466,835**	**515,205**	**559,722**
Net Fixed Assets	35,790	36,311	36,713	37,303	38,118
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	285,702	301,133	227,905	247,278	268,315
Cash, Bank Balances & treasury investments	13,286	13,010	73,835	94,141	97,619
Inventories	19,579	23,537	26,690	30,634	40,148
Sundry Debtors	22,826	27,122	29,761	34,664	45,083
Other Current Assets	47,106	57,748	57,748	57,748	57,748
Total Assets	**424,289**	**458,861**	**466,835**	**515,205**	**559,722**

Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Cashflow from Operations	**72,667**	**89,612**	**149,684**	**139,188**	**133,542**
Capital expenditure	(7,522)	(4,302)	(20,000)	(5,535)	(6,063)
Acquisitions / divestitures	(24,424)	(20,748)	73,228	(19,373)	(21,037)
Other Business cashflow	(4,464)	5,687	-	-	-
Free Cash Flow	**65,145**	**85,310**	**129,867**	**133,835**	**127,662**
Cashflow from Financing	(38,753)	(70,524)	(142,271)	(94,155)	(103,146)
Net Change in Cash / treasury investments	(2,496)	(275)	60,824	20,306	3,478

Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Dividend per share (INR)	210.0	150.0	312.7	342.6	375.3
Book value per share (INR)	1,151.1	1,251.3	1,201.8	1,348.6	1,509.5
RoCE (Pre-tax) (%)	32.9	34.0	43.0	45.9	45.1
ROIC (Pre-tax) (%)	34.6	35.3	50.8	63.9	62.6
ROE (%)	28.6	29.3	36.1	38.4	37.5
Asset Turnover (x)	14.7	16.3	16.6	15.6	17.1
Net Debt to Equity (x)	0.0	0.0	(0.2)	(0.3)	(0.2)
Net Debt to EBITDA (x)	0.0	(0.1)	(0.5)	(0.6)	(0.5)
Interest cover (x) (EBITDA/ int exp)	149.1	334.4	586.5	1,047.0	3,093.9
Total Working capital days (WC/rev)	15.8	15.2	34.4	40.0	46.7

Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	35.6	29.5	23.6	21.5	19.6
P/Sales (x)	5.8	5.0	4.1	3.7	3.4
EV/ EBITDA (x)	30.1	25.3	20.2	18.4	16.7
EV/ OCF (x)	41.8	33.9	20.5	22.0	23.0
FCF Yield	2.1	2.8	4.2	4.4	4.2
Price to BV (x)	9.0	8.3	8.8	7.8	7.0
Dividend yield (%)	2.0	1.4	3.0	3.3	3.6

Note: Pricing as on 21 July 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Standalone quarterly financials

INR mn	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Variance (%)
Revenue	1,72,437	1,25,845	37.0	1,60,057	7.7	1,69,580	1.7
Operating costs	1,36,484	1,01,027	35.1	1,26,830	7.6	1,35,065	1.1
EBITDA	35,953	24,818	44.9	33,227	8.2	34,515	4.2
EBITDA margin (%)	*20.9*	*19.7*	113	*20.8*	9	*20.4*	*2.4*
Depn & amort.	1,181	1,109	6.5	1,137	3.9	1,140	3.6
EBIT	34,772	23,709	46.7	32,090	8.4	33,375	4.2
Interest expense	43	141	(69.7)	49	(11.9)	50	(14.4)
Other Income	5,118	4,308	18.8	4,210	21.6	3,900	31.2
Pretax profit	39,848	27,875	43.0	36,251	9.9	37,225	7.0
Tax	10,019	6,915	44.9	9,165	9.3	9,306	7.7
Tax rate (%)	25.1	24.8		25.3	(13.8)	25.0	0.6
Adjusted net profit	29,828	20,960	42.3	27,086	10.1	27,918	6.8
Exceptional	0	0		375		0	
Reported net profit	29,828	20,960	42.3	27,461	8.6	27,918	6.8
Adj EPS (INR)	106.7	75.1	42.2	96.9	10.1	99.9	6.8

Source: Company, Elara Securities Estimate

Bajaj Auto – Conference call highlights

- **Strong Q1 despite supply-constrained:** Volumes reached an all-time high of ~1.4mn units (+29% YoY), with standalone revenue at INR 172.4bn (+37% YoY), EBITDA at INR 36bn (+45% YoY) and PAT at ~INR 30bn (+42% YoY). EBITDA margin expanded to 20.9% (+110bps YoY, +10bps QoQ). Consolidated revenue stood at INR 216.9bn (+65% YoY) and consolidated PAT at INR 32.3bn (+46% YoY), though not like-for-like given the first full quarter of Bajaj Mobility AG (KTM) consolidation. Availability was impaired 10-15% — more so in exports, high-end bikes and EVs — given supply chain and logistics disruptions and a ransomware attack that led to a few days of suspended operations. Production loss was ~10% of quarterly volume. Per management, volumes would have crossed 1.5mn units absent these disruptions.

- **Commodity inflation is now broadening:** Commodity inflation came in at ~4.5% of revenue versus 3.5-4% guided in May, with steel up 10%, aluminium, platinum and rhodium up ~40%, and copper, nickel and natural rubber also moving up. Management noted single-quarter inflation exceeded the cumulative inflation of the previous two financial years combined. Calibrated price hikes through April and June offset ~50% of the impact (versus 40% guided earlier), with the balance absorbed through dollar realisation and discretionary cost rationalisation. Critically, inflation is no longer confined to base metals — proprietary components, electronics, electrical parts, labour, logistics and conversion costs are all moving up, and Q2 will reflect the full-period impact. Management declined to quantify, calling it premature.

- Currency remains the primary margin cushion: Realised USDINR came in at 94.4 versus 90.6 in Q4FY26 and 85.6 in Q1FY26. With exports at 40-45% of the business, this was the dominant driver of the 110bps YoY margin expansion alongside operating leverage.

- **Exports at record levels with broad-based share gains**: Export volumes hit a new high of 732k units, accounting for 40% of revenue, with growth at over 2x industry across the top-30 markets. Growth was broad-based across all regions, except MENA. Africa industry grew ~50% and Bajaj grew at twice that rate, doubling retail YoY, led by Nigeria (pre-election spending) where retail market share reached ~60% on the *Boxer 125* Heavy Duty franchise. LATAM outperformed the industry, particularly Mexico (now a top-five global market, aided by 3% tariffs and 75 stores), while Brazil retail grew 50%+. Asia was muted on weakness in Bangladesh and Nepal. Three-wheeler exports hit a record 100k units (+~70%), commanding over 65% share of all Indian 3W exports. KTM exports from India grew 20%+ and *Triumph's* 40% YoY. Management guided exports to cross 250k units per month from this quarter.

- **Domestic motorcycles reflect a K-shaped demand structure:** Two-wheeler registrations grew 14% YoY (versus 25% in Q4), but motorcycles grew only 7-8%. Management attributed this to the structure of the Indian economy — the upper half is economically much stronger while the bottom of the pyramid has weakened. The 150cc and 250cc segments grew 20%+, while 100cc and 125cc grew in low single digit. The 100cc segment has declined from 55% to ~46% of motorcycles over 5-7 years, and Bajaj will participate on its own terms, favouring profitability over share — this is the primary drag on headline wholesale market share. Management directed attention to Vahan registrations rather than wholesale share as the competitiveness metric.

- **Turnaround in 150cc+ validated; 125cc is the next battleground:** The turnaround programme commenced post-festival season in Q3FY26 has delivered 1.5x industry outperformance in 150cc+, with growth green across all the states, barring one. N and S series now contribute ~60% to 150cc+ sales, driving a couple of percentage points of Vahan share gain over five months. The pipeline includes an all-new 150cc *Pulsar* plus 10 facelifts across the 160-400cc range, with the full portfolio makeover targeted within six weeks (strategy goes full-fledged from 1 August, complete by September, ahead of festival season). Next focus is 125cc with an all-new *Pulsar* and upgrades, followed by two entirely new brands in 125cc within FY27 — deliberately not *Pulsar*-badged, with distinct propositions aimed at upgrading 100cc customers.

- **EV portfolio now materially profitable:** Electric two- and three-wheelers together delivered their largest-ever quarter and now account for 30% of domestic revenues with double-digit EBITDA margins. *Chetak* grew ~80% YoY with highest-ever volumes, revenue and profitability, and has moved from EBITDA neutral a few quarters ago to EBITDA positive. Industry e-scooter penetration reached ~25% pan-India, with some states beyond 50%. Management sees this progressing to 30-40% and eventually ~50% of scooters. *Chetak* holds 23-24% market share, currently number two but close to leadership. The *Chetak 2501 (Agile/Lite)*, ~25kg lighter, constitutes ~12% of the five-model portfolio. Network stands at 530+ exclusive stores and 4,500 touchpoints across 850+ cities, with ambition to reach 1,000 stores in a few years. Demand continues to run ahead of supply, and *Chetak* exports are deliberately restricted to the subcontinent and The Philippines given capacity and management bandwidth constraints.

- **EV cannibalisation is scooter-specific:** Management was explicit that EV growth (+67-70%) is cannibalising i-scooters rather than motorcycles, given range parity with scooters but not with motorcycles. The inflection is driven by operating economics, analogous to the 2020-21 period when petrol crossed INR 100 per litre — with LPG-driven fuel bill anxiety accelerating adoption.

- **Three-wheelers deliver highest-ever billing and retail:** The 3W industry, including E-Rick, grew 11% YoY, driven by a doubling of e-autos, which now constitute 44% of the L5 segment. Bajaj's ICE franchise is rock-solid at ~70% market share with EV leadership maintained. The 12-model E3W portfolio is the widest in the market, with the 7012 wide-body called out as likely the top-selling model in the industry. The E-Rick (L3) market is ~45k units per month, highly disorganised with ~90% lead-acid. Regulatory pressure on permits and city restrictions on highways are forcing migration to lithium-ion, with the newly introduced *Ricci* now present in ~150 cities. Financing availability for this customer cohort remains the key constraint. Spares maintained a run-rate of INR 17bn+ with record margins.

- **Capacity expansion:** Bajaj is expanding capacity by ~25% from the current 7mn units per annum to 9mn units, prioritising EV two- and three-wheelers, high-end motorcycles and three-wheelers. EV two-wheeler capacity is currently limited at 50k units, moving to 60k through near-term productivity measures at both Bajaj and vendors, with ~16k additional units for *Chetak* in the immediate term. Management declined to disaggregate by business unit given significant fungibility across lines.

- **Subsidiaries increasingly meaningful to the consolidated story:** BACL's total income crossed INR 11bn with PAT at INR 2.27bn, more than doubling YoY. AUM crossed INR 200bn (+70% YoY), with capital adequacy at 19% and industry-leading RoE above 25% as of June 2026. Regarding KTM, the turnaround is progressing in line with the internal roadmap — manufacturing has ramped up from the near-standstill during restructuring and is approaching underlying retail demand. Dealer and plant inventory normalisation is largely complete, and fixed cost control is showing through. Management framed KTM as an independently run company, with Bajaj positioning as a competitive supplier.

- **Capital allocation – 100% payout is delivered via hybrid route:** Cash stood at INR 210bn at end-June, with ~INR 100bn paid out in July through dividend and the just-concluded buyback, completing the committed 100% payout of FY26 PAT of INR 98.25bn. Free cash flow was INR 23bn in Q1, nearly double YoY, translating into ~80% cash conversion. Cash is expected to rebuild to ~INR 150bn by year-end. The hybrid dividend-plus-buyback structure was chosen given attractive buyback taxation for non-promoter shareholders under the amended Finance Act.
- **Cost discipline to continue into Q2:** Other expenses declined as a percentage of sales both QoQ and YoY on discretionary cost rationalisation and operating leverage. Management indicated it will seek to cut discretionary and establishment fixed costs into Q2 given the inflation outlook, but explicitly excluded marketing activation and brand spend from the cuts as new models roll out — implying some giveback as launches land.

Exhibit 2: Change in estimates

Earnings revision	Earlier			Current			Change (%)		
INR mn	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Net Sales	7,04,305	7,77,777	8,54,613	7,24,192	7,90,765	8,66,072	2.8	1.7	1.3
EBITDA	1,41,585	1,61,862	1,76,775	1,52,080	1,66,785	1,83,465	7.4	3.0	3.8
EBITDA margin (%)	20.1	20.8	20.7	21.0	21.1	21.2	90	28	50
PAT	1,13,637	1,29,259	1,40,718	1,23,337	1,35,073	1,47,917	8.5	4.5	5.1
EPS (INR)	413.5	470.4	512.1	448.8	491.5	538.3	8.5	4.5	5.1

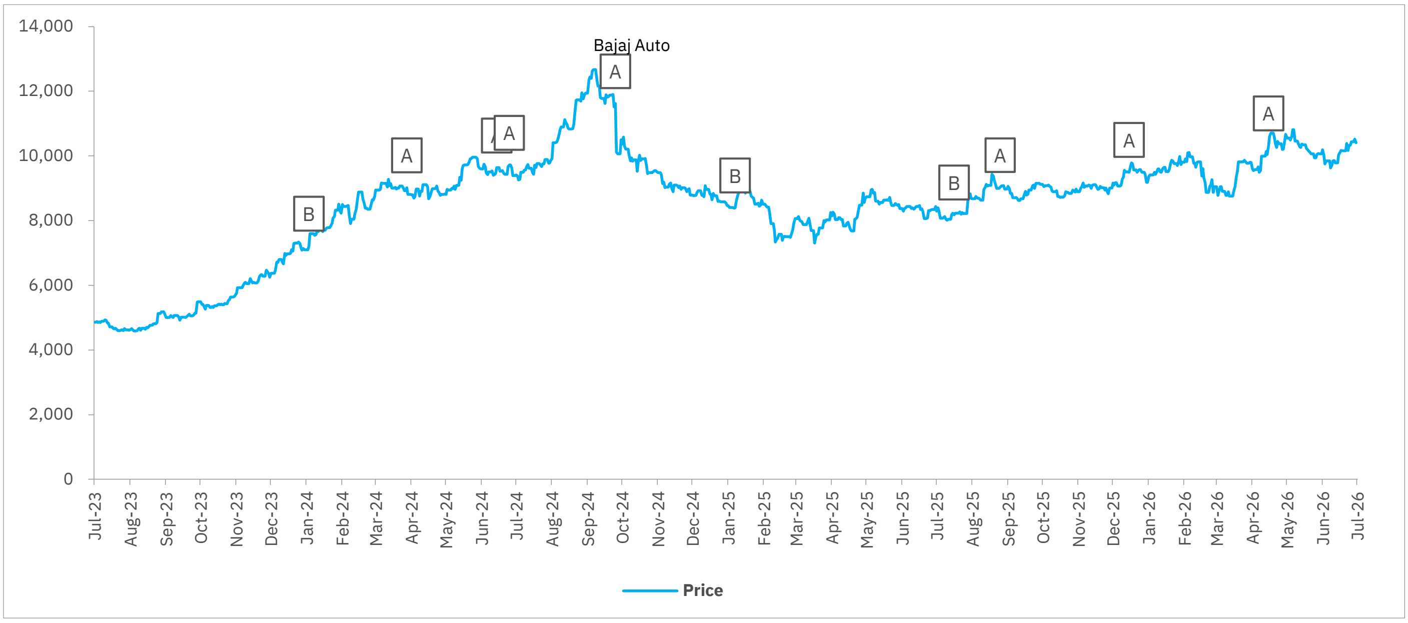
Source: Elara Securities Estimate

Exhibit 3: Valuation

INR	Sep 28E
EPS	514
Multiple (x)	23
KTM	178
Target price (INR)	12,020

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
24-Jan-2024	Buy	8,600	7,213
18-Apr-2024	Accumulate	10,050	9,021
05-Jul-2024	Accumulate	10,717	9,636
16-Jul-2024	Accumulate	11,590	9,718
16-Oct-2024	Accumulate	13,013	11,617
28-Jan-2025	Buy	10,432	8,398
06-Aug-2025	Buy	9,892	8,179
15-Sep-2025	Accumulate	10,345	9,000
05-Jan-2026	Accumulate	10,657	9,503
06-May-2026	Accumulate	12,020	10,319

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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