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Q1FY27 - Result Update
23rd July 2026

Bajaj Auto Ltd.

Earnings Momentum with Multiple Growth Levers

CMP: INR 10,968

Rating: Accumulate

Target Price: INR 12,953

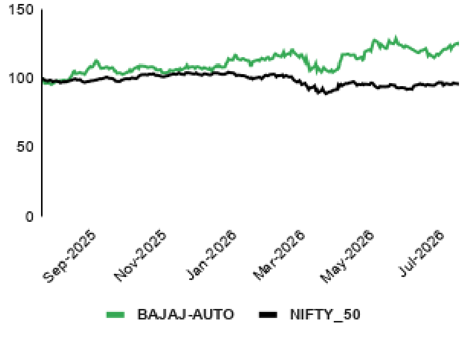
Stock Info	
BSE	532977
NSE	BAJAJ-AUTO
Bloomberg	BJAUT IN
Reuters	BAJA.BO
Sector	Auto-2&3 wheelers
Face Value (INR)	10
Equity Capital (INR mn)	2,790
Mkt Cap (INR Bn)	2988
52w H/L (INR)	11,284/7,858
Avg Yearly Vol (in 000')	722

Shareholding Pattern %
(As on June, 2026)

Promoters	55.01
Public & Others	44.99

Stock Performance (%)	1m	3m	12m
Bajaj Auto	12.6	19.9	34.4
Nifty	0.5	-4.4	-5.1

Bajaj Auto Vs Nifty



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Revenue reported at INR 172,437 mn up 37% YoY and 8% QoQ, ahead of our estimate of INR 163,835 mn, supported by record dispatches and improved realizations. Growth was broad-based across ICE and EV portfolios, domestic and export markets, as well as the 2W and 3W segments. Export performance remained robust, with both volumes and revenues crossing the 700K milestone, led by a gain in market share in Latin America, a strong recovery in Africa (primarily Nigeria), and healthy traction in the commercial vehicle business despite logistical and geopolitical challenges in the MENA region. EBITDA for the quarter stood at INR 35,963 Mn up 45% YoY and 8% QoQ, above our estimate of INR INR 32,113 Mn with margin reported at 20.9%(+113bps YoY and +9bps QoQ) viz our estimate of 19.6%, driven by a favourable product mix, operating leverage, pricing actions, cost optimisation initiatives and currency benefits, which more than offset the impact of elevated raw material costs. PAT was reported at INR 29,828 Mn (+42% YoY v/s 9% QoQ), compared with our estimate of INR 26,303 mn. PAT margin stood at 17.3%(+64bps YoY v/s 14bps QoQ) viz our estimate of 16.1%, reflecting strong operating performance and healthy margins.

EV Expansion and Three-Wheeler Leadership Strengthen Long-Term Earnings Visibility: Bajaj Auto is well positioned to capitalise on the accelerating EV transition framework, with the electric business already contributing meaningfully to domestic revenues with volumes for Chetak increasing by nearly 80% YoY and EV 3W Sales in this category doubled YoY and electric models now constituting 44% of the L5 segment, while delivering positive profitability. Capacity expansion from 7 Mn to 9 Mn units, along with continued leadership in the electric and ICE three-wheeler segments, provides significant headroom for volume growth and reinforces its competitive positioning. The combination of a profitable EV franchise and a dominant three-wheeler business is expected to support healthy earnings growth over the medium term.

Exports to Drive Sustainable Growth: Bajaj Auto continues to strengthen its growth profile through robust export momentum and an ongoing shift towards premium motorcycles. Strong demand across key international markets, particularly Africa and Latin America, coupled with favourable currency realisations, is expected to support export profitability. Domestically, the company's focus on the 125cc+ segment, backed by new product launches and continued traction in the Pulsar, KTM and Triumph portfolios, should drive superior realizations and enable it to outperform industry growth.

Premiumisation to Support Above-Industry Growth: Bajaj Auto is well positioned to benefit from the ongoing premiumisation of the domestic motorcycle market, with its strategic focus on the 125cc+ and 150cc+ segments where demand continues to outpace the broader industry. A robust launch pipeline, refreshed Pulsar portfolio, and premium partnerships with KTM and Triumph are expected to support market share gains, improve realizations, and sustain profitable volume growth. Capacity expansion from 7 Mn to 9 Mn units further provides adequate headroom to capture future demand.

Outlook and valuation

The motorcycle industry is expected to grow ~12-15% in the near term, with the company positioned to outperform in the 125cc+ and 150cc+ segments as recent and upcoming product interventions aid market-share recovery. Exports volumes continue to remain healthy sustaining above 200k units per month, driven by broad-based geographic diversification. Margins are expected to remain resilient in the ~20%+ EBITDA band, despite near-term raw material inflation, supported by FX tailwinds, operating leverage, mix improvement, and improving EV profitability. The EV business has crossed a profitability inflection with double-digit EBITDA margins, while consolidation and execution of the KTM turnaround from next quarter adds medium-term optional upside. Earnings visibility into FY27 remains strong, with risks largely confined to commodity cost volatility and macro-driven demand shocks rather than structural weaknesses, however GST related benefits continue to act as a tailwind. **We continue to value Bajaj Auto at a P/E of 25x its FY28E EPS of INR 509.4 for a fair value of INR 12,735 and INR 218 for KTM stock valuation to arrive at a final increased target price of INR 12,953 using the SOTP method for Bajaj's stake in KTM. We revise for our rating to 'Accumulate' on the stock.**

Exhibit 1: Financial

YE March (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin %	PAT Margin %
FY25	5,00,103	1,00,988	81,514	288.1	20.2	16.3
FY26	5,87,323	1,20,168	98,253	347.2	20.7	16.9
FY27E	7,48,582	159,448	129,505	457.7	21.3	17.3
FY28E	8,23,736	179,574	144,154	509.4	21.8	17.5

Source: Arihant Research, Company Filings

Bajaj Auto Ltd– KTA Q1FY27 Earnings Concall
CMP: INR 10,404 | Market Cap: INR 2860 Bn

Management Guidance & Outlook

Domestic motorcycle strategy remains focused on the 150cc+ premium segment, where demand continues to outpace the entry-level category. Management reiterated its preference for protecting profitability over pursuing market share in the 100cc segment and expects the upcoming product refresh to strengthen its competitive positioning.

The company plans to launch 10 new variants, two new Pulsar motorcycles over the next six weeks and two new brands in the 125cc segment before the end of FY27, aimed at strengthening its premium portfolio and driving customer upgrades.

Capacity Expansion

Bajaj Auto is expanding annual manufacturing capacity from 7.0 Mn units to 9.0 Mn units, with incremental capacity primarily earmarked for electric vehicles, premium motorcycles and three-wheelers. Management indicated that capacity constraints impacted deliveries of select models during Q1FY27, and the ongoing expansion is expected to support future volume growth across high-demand product categories.

EV Outlook

The company continues to witness strong momentum in its electric vehicle business, with the Chetak franchise scaling up steadily. Management highlighted that the combined EV business, comprising electric two-wheelers and three-wheelers, is already operating at double-digit EBITDA margins, reflecting improving scale and profitability.

Domestic Business Management expects premium motorcycles to remain the key growth driver in the domestic market, supported by favourable customer demand and an expanded product portfolio. While demand in the 100cc and 125cc segments remains relatively subdued, the company intends to maintain pricing discipline and profitability rather than aggressively pursuing market share in the entry-level segment.

International Business

Exports contributed approximately 40% of consolidated revenue during the quarter, with volumes reaching 732,000 units, driven by strong demand across Africa and Latin America. Management expects exports to remain a key growth driver, supported by continued traction in the Boxer platform, geographic expansion and a diversified international portfolio.

KTM & Triumph

Triumph recorded another strong quarter, with export volumes growing 40% YoY, while domestic demand remained healthy. Management indicated that KTM's turnaround is progressing as planned, with production gradually ramping up to align with improving retail demand.

Bajaj Auto Credit Ltd (BACL)

Bajaj Auto Credit's Assets Under Management (AUM) reached INR 200,000 Mn, while maintaining a RoE of over 25%. Management remains focused on expanding the financing business while maintaining underwriting discipline and profitability.

Margin Outlook

The company reiterated its focus on sustaining EBITDA margins through disciplined cost management rather than relying solely on pricing actions.

Exhibit 2: Quarterly result summary

Standalone (INR mn)	Q4FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)
Revenue	160,057	152,203	128,069	5.2	25.0
- Raw material	106755	104556	91327	2.1	16.9
(% of net sales)	67	69	71	-200bps	-461bps
- Staff expenditure	4194.2	4096.6	3864.5	2.4	8.5
(% of net sales)	2.6	2.7	3.0	-7bps	-40bps
- Other expenditure	9648.7	10051.2	7069.7	(4.0)	36.5
(% of net sales)	6.0	6.6	5.5	-58bps	51bps
Total expenditure	120,598	118,704	102,261	1.6	17.9
EBITDA	39,458	33,499	25,807	17.8	52.9
EBITDA Margin (%)	24.65	22.01	20.15	264bps	450bps
Depreciation	1119.4	1117.1	996.7	0.2	12.3
EBIT	38,339	32,382	24,811	18.4	54.5
Interest	25.6	143.7	143.1	(82.2)	(82.1)
Other Income	3419.6	3691.9	3347	(7.4)	2.2
Adj PBT	41,733	35,931	28,015	16.1	49.0
Labour Code	613	-	-	-	-
PBT post Exceptional	33,266	-	-	-	-
Tax	8238.3	8150.3	6927.2	1.1	18.9
PAT	25028.1	24797.4	21087.3	0.9	18.7
Adjusted PAT	25795.6	24797.4	21087.3	4.0	22.3
EPS (INR)	89.70	88.80	75.50	1.0	18.8
Total Volumes (Nos)	1,341,252	1,294,120	1,224,472	3.6	9.5
Net Realisation (INR)	119,334	117,611	104,591	1.5	14.1
EBITDA / Vehicle (INR)	29,419	25,886	21,076	13.6	39.6
Geographical mix	Q1FY27	Q4FY26	Q3FY25	QoQ (%)	YoY(%)
Revenues (INRm):					
Domestic	113,871	114,462	95,569	(0.5)	19.2
Exports	610,215	553,327	32,500	10.3	1,777.6
Total	724,086	667,789	128,069	8.4	465.4
Volumes (In nos):					
Domestic	731,037	740,793	707,105	(1.3)	3.4
Exports	610,215	553,327	517,367	10.3	17.9
Total	1,341,252	1,294,120	1,224,472	3.6	9.5
Realisations (INR):					
Domestic	155,767	154,513	135,155	0.8	15.3
Exports	1,000,000	1,000,000	62,817	0.0	1,491.9
Total	539,859	516,018	104,591	4.6	416.2

Source: Arihant Research, Company Filings

Profit & Loss Statement (Standalone)

Particulars (INR mn)	FY25	FY26	FY27E	FY28E
Net sales	**500,103**	**580,499**	**748,582**	**823,736**
Growth, %		16.1%	29.0%	10.0%
RM expenses	3,53,374	4,02,866	4,67,710	5,44,114
Employee expenses	15,794	17,026	18,354	19,786
Other expenses	29,947	43,247	46,838	54,411
EBITDA (Core)	**100,988**	**120,168**	**159,448**	**179,574**
Growth, %		19.0%	32.7%	12.6%
Margin, %	20.2%	20.7%	21.3%	21.8%
Depreciation	4,001	4,322	4,672	5,022
EBIT	**96,987**	**113,037**	**146,722**	**163,923**
Growth, %		16.5%	29.8%	11.7%
Margin, %	19.4%	19.5%	19.6%	19.9%
Other income	**14,209**	**15,630**	**16,412**	**17,232**
Interest paid	677	720	720	1,198
Non-recurring Items	-	-	-	-
Pre-tax profit	**110,519**	**127,947**	**162,414**	**179,957**
	22.1%	22.0%	21.7%	21.8%
Tax provided	29,005	31,347	32,909	35,804
Profit after tax	**81,514**	**98,253**	**129,505**	**144,154**
Exceptional Items	-	-	-	-
Net Profit	**81,514**	**98,253**	**129,505**	**144,154**
Growth, %	9	20.5%	31.8%	11.3%
Net Profit (adjusted)	**81,514**	**98,253**	**129,505**	**144,154**

Cash Flow (Standalone)

Particulars (INR mn)	FY25	FY26	FY27E	FY28E
Pre-tax profit	110,519	127,947	162,414	179,957
Depreciation	4,001	4,322	4,672	5,022
Chg in working capital	-62,823	26,306	3,564	5,082
Total tax paid	-25,590	-31,347	-36,071	-41,652
CFO	-1,635	82,479	73,695	88,535
Capital expenditure	-7,017	-7,000	-7,000	-7,000
Chg in marketable securities	-	-	-	-
Chg in investments	1,242	-2,437	-2,461	-2,486
CFI	8,434	6,194	6,951	7,747
Free cash flow	-8,653	75,479	66,695	81,535
Debt raised/(repaid)	10,787.90	-	-	-
Dividend (incl. tax)	-39,096	-39,096	-39,096	-39,096
CFF	-28,985	-39,817	-40,295	-40,392
Net chg in cash	-22,186	48,855	40,351	55,889
Opening cash balance	5,366	13,286	1,16,373	1,87,210
Closing cash balance	13,286	1,16,373	1,87,210	2,77,087

Balance Sheet (Standalone)

Particulars (INR mn)	FY25	FY26	FY27E	FY28E
Cash & bank	13,286	1,16,373	1,87,210	2,77,087
Investments	2,43,683	2,46,120	2,48,581	2,51,067
Debtors	22,826	26,496	30,541	35,479
Inventory	19,579	22,726	26,196	30,431
Loans & advances	10,847	10,847	10,847	10,847
Other current assets	67,640	68,993	70,373	71,780
Total current assets	1,51,500	2,14,504	2,94,235	3,94,693
Gross fixed assets	84,113	91,113	98,113	1,05,113
Less: Depreciation	51,859	56,080	60,752	65,775
Add: Capital WIP	260	260	260	260
Net fixed assets	32,514	35,293	37,620	39,598
Total assets	**342,262**	**360,923**	**3,74,490**	**3,83,748**
Current liabilities	80,358	90,923	1,03,329	1,18,941
Provisions	2,515	2,565	2,617	2,669
Total current liabilities	82,873	93,488	1,05,946	1,21,610
Non-current liabilities	2,61,950	3,08,939	3,68,544	4,42,138
Total liabilities	**23,354**	**23,354**	**23,354**	**23,354**
Paid-up capital	2,793	2,894	2,894	2,894
Reserves & surplus	3,18,677	3,76,180	4,48,242	5,37,501
Shareholders' equity	3,21,469	3,79,074	4,51,136	5,40,394
Total equity & liabilities	**342,262**	**360,923**	**3,74,490**	**3,83,748**

Source: Arihant Research, Company Filings

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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