

Bajaj Auto Limited

Q4FY26 Result Update | Sector: Automobiles

May 07, 2026




ACCUMULATE

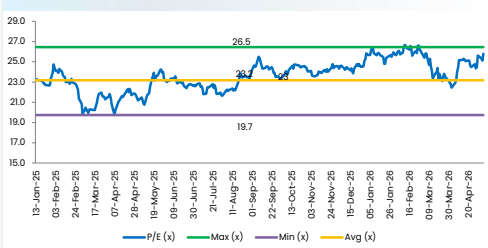
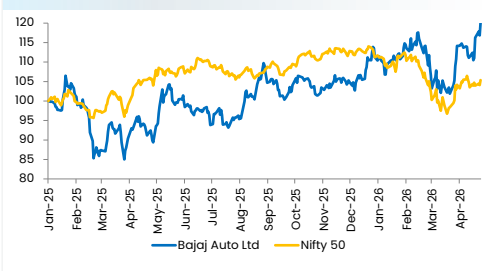
Current Market Price	10600
Target Price	11831
Upside	11.6%
Nifty	24,381
Sensex	78,018

Key Stock Data

Company Name	Bajaj Auto Ltd
BSE Code	532977
NSE Code	BAJAJ-AUTO
Bloomberg	BJAUT IN
Shares o/s, Cr (FV 10)	28.0
Market Cap (Rs Cr)	296270
3M Avg Volume (NSE)	331772
52 week H/L	10,740/7,612

Shareholding Pattern

	Sep-25	Dec-25	Mar-26
Promoter	55.0	55.0	55.0
FII	9.7	8.8	8.8
DII	12.8	14.1	14.4
Others	22.5	22.1	21.8

1 Year Forward P/E (x)

1 Year Relative Price Chart


Record-Breaking Consolidated Financial Performance: Bajaj Auto delivered a transformational Q4FY26, with consolidated revenue rising 41% YoY to ₹17,832 crore and net profit surging 93.8% YoY to ₹3,492 crore. Full-year consolidated PAT increased 44.3% to ₹10,574 crore, reflecting strong operational momentum across segments. Standalone revenue crossed ₹59,000 crore for FY26, while EBITDA margins remained healthy at 20% despite inflationary pressures. Volumes surpassed 5 million units for only the second time in the company's history. Strong free cash flow generation of over ₹8,000 crore and surplus cash reserves above ₹18,000 crore further reinforced Bajaj Auto's robust balance sheet and capital efficiency.

Premium Motorcycle Segment Driving Growth Momentum: The domestic motorcycle business witnessed a strong recovery, particularly in the premium 125cc+ and 150cc+ categories, which outperformed overall industry growth. Bajaj Auto's premium portfolio, led by KTM and Triumph, achieved its highest-ever performance with annual sales exceeding 2.25 lakh units and revenues crossing ₹5,000 crore. Quarterly volumes for KTM and Triumph grew 43% YoY to nearly 43,000 units. The success of Triumph's Speed 400 and multiple Pulsar upgrades strengthened market share gains and improved realizations. The premiumization strategy is helping Bajaj Auto transition toward higher-margin products, enhancing profitability and strengthening its positioning in aspirational mobility segments globally.

EV Business Emerging as a Major Growth Engine: Bajaj Auto's EV business delivered a significant breakthrough in FY26, achieving double-digit EBITDA margins for the first time. The Chetak electric scooter crossed the milestone of 1 lakh retail sales in Q4 alone and secured nearly 23% market share in the domestic electric scooter segment. For the full year, Chetak crossed 5 lakh unit sales and generated approximately ₹4,000 crore in revenue. Additionally, the company maintained leadership in electric three-wheelers while retaining a dominant 90% share in ICE CNG three-wheelers. The rapid scale-up of EV operations demonstrates Bajaj Auto's strong execution capability and its readiness to capitalize on India's accelerating EV adoption trend.

Financing Subsidiary and Export Business Scaling Rapidly: Bajaj Auto Credit Limited (BACL) emerged as a major value creator during FY26. Its Assets Under Management doubled to ₹18,835 crore, while profit surged to ₹665 crore from just ₹58 crore in FY25, delivering an impressive 23% ROE. This indicates Bajaj Auto's successful evolution into a diversified mobility and financial services ecosystem. Exports also remained a major strength, growing 25% YoY and crossing 6 lakh units for the second consecutive quarter. Strong momentum across Latin America, Asia, Africa, and Brazil supported export growth, while KTM exports from India revived sharply. The export business continues to provide geographical diversification and currency tailwinds.

Strong Capital Allocation and Shareholder Returns: Bajaj Auto demonstrated exceptional capital allocation discipline during FY26. The company generated over ₹8,000 crore in free cash flow and announced a 100% payout of standalone PAT through a ₹150 per share dividend and a ₹5,633 crore buyback at ₹12,000 per share. Even after these payouts, the company retained surplus cash exceeding ₹18,000 crore, highlighting its strong liquidity position. This reflects management's confidence in sustainable cash generation and limited balance-sheet stress. Bajaj Auto's ability to reward shareholders aggressively while simultaneously investing in premium motorcycles, EVs, exports, and financing businesses underlines the strength of its business model and operational efficiency.

Outlook and Valuation: Looking ahead, Bajaj Auto remains well-positioned to benefit from premiumization, export recovery, EV penetration, and the expansion of its financial services business. However, near-term headwinds such as commodity inflation, moderating domestic motorcycle demand, and rising input costs could limit margin expansion in FY27. Management expects industry growth to normalize to 7-9% in the near term, although Bajaj Auto is likely to outperform supported by strong export momentum, premium motorcycle demand, EV scaling, and BACL profitability. The company's diversified business model, healthy cash generation, and strong balance sheet remain key strengths supporting long-term growth visibility. On the financial front, we estimate Revenue, EBITDA, and PAT to grow at a CAGR of 14.7%, 15.1%, and 10.7%, respectively, over FY26-28E. Sustained execution across EVs, premium motorcycles, exports, and financial services will remain key long-term rerating triggers. Accordingly, we revise our rating to **ACCUMULATE** with a target price of **₹11,831**.

Financial Summary - Consolidated

Particulars, INR Cr	FY25	FY26	FY27E	FY28E
Net Revenue	50,995	62,905	72,152	82,831
EBITDA	10,468	13,061	15,243	17,307
EBITDAM (%)	20.5	20.8	21.1	20.9
APAT	7,325	10,574	11,636	12,968
APATM (%)	14.4	16.8	16.1	15.7
EPS (Rs)	262.3	378.3	416.3	464.0
PE (x)	40.4	28.0	25.5	22.8
RoE (%)	26.2	37.8	41.6	46.4

Source : RBL Research

Research Analyst

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Key Highlights:

- » **Strong Growth Ahead of Industry Trends:** Bajaj Auto significantly outperformed the broader two-wheeler industry in FY26. While industry growth remained moderate, Bajaj Auto delivered 24% YoY volume growth in Q4, supported by premium motorcycles, exports, and EV expansion. The company benefited from rising demand in the 125cc+ and premium segments, which are growing faster than entry-level motorcycles. Consolidated revenue rose 41% YoY, far exceeding industry averages. Export recovery across Latin America, Africa, and Asia further strengthened growth momentum. Bajaj Auto's diversified presence across premium bikes, EVs, and three-wheelers helped the company outperform peers despite a challenging macroeconomic environment.
- » **Premium Motorcycle Segment Driving Outperformance:** The premium motorcycle business emerged as a major growth engine during FY26. KTM and Triumph delivered their best-ever annual performance, with combined sales crossing 2.25 lakh units and quarterly growth of 43% YoY. Triumph's Speed 400 and Pulsar upgrades significantly improved market traction and realizations. Industry demand in the premium motorcycle category continued to grow faster than the mass commuter segment, benefiting Bajaj Auto's strategy of premiumization. The company also gained market share through multiple product launches and upgrades. This shift toward higher-value motorcycles is improving profitability, strengthening brand positioning, and reducing dependence on lower-margin commuter segments over the long term.
- » **EV Business Scaling Rapidly with Profitability Improvement:** Bajaj Auto's EV segment delivered a major operational breakthrough in FY26. The Chetak electric scooter crossed 1 lakh retail sales in Q4 and achieved nearly 23% market share in the domestic electric scooter market. Importantly, the EV business reported double-digit EBITDA margins for the first time, indicating improving scale efficiencies. The company also secured leadership in electric three-wheelers while maintaining dominance in ICE CNG three-wheelers. Rising EV adoption, government incentives, and improving charging infrastructure remain long-term tailwinds for the business. Bajaj Auto's early scale-up and profitability in EVs position it favorably against competitors in India's rapidly evolving mobility landscape.
- » **Financing and Export Businesses Becoming Key Growth Drivers:** Bajaj Auto Credit Limited (BACL) and exports emerged as strong non-core growth pillars in FY26. BACL doubled its AUM to ₹18,835 crore and reported profit growth to ₹665 crore with a strong 23% ROE, highlighting successful diversification into financial services. Exports also remained robust, growing 25% YoY and crossing 6 lakh units for the second consecutive quarter. Strong performance across Latin America, Nigeria, Brazil, and Asia supported export momentum. Favorable currency movements and premium motorcycle exports further aided growth. These businesses reduce dependence on domestic cycles and create multiple growth engines beyond traditional two-wheeler manufacturing.
- » **Headwinds, Tailwinds, and Management Strategy:** Despite strong performance, Bajaj Auto faces near-term headwinds from rising commodity prices, inflationary pressures, and slowing domestic motorcycle demand. Management expects industry growth to moderate to 7–9% in the near term due to cautious consumer spending. Commodity inflation is estimated to impact costs by 3.5–4% of revenue. However, the company is mitigating these pressures through selective price hikes, cost optimization, premiumization, and export growth. Tailwinds include accelerating EV adoption, recovery in exports, rising premium motorcycle demand, and improving financing penetration. Bajaj Auto's diversified portfolio and strong balance sheet provide resilience against cyclical and macroeconomic volatility.
- » **Management Guidance and Long-Term Outlook:** Management remains optimistic about Bajaj Auto's long-term growth trajectory, driven by premium motorcycles, EV expansion, exports, and financial services. The company expects exports to sustain momentum with a targeted run rate of over 220,000 units per month. EV penetration and profitability are expected to improve further as scale increases. Premium brands KTM and Triumph are likely to remain major growth drivers globally. While near-term domestic demand could normalize, Bajaj Auto's diversified revenue mix should support stable earnings growth. Strong cash generation, high margins, and disciplined capital allocation continue to justify premium valuations relative to broader auto peers.

Profit & Loss Account - Consolidated

Particulars, INR Cr	Q4FY26	Q4FY25	Y-o-Y %	Q3FY26	Q-o-Q %
Net Sales	17,832.5	12,646.3	41.0	16,204.5	10.0
Cost of Raw Materials	11,007.9	7,657.5	43.8	9,926.0	10.9
Purchase of Finished Goods	796.1	808.7	(1.6)	863.4	(7.8)
(Increase) / Decrease In Stocks	546.7	35.0	1,463.3	(67.3)	-
Total Raw material cost	12,350.7	8,501.2	45.3	10,722.1	15.2
Gross Profit	5,481.8	4,145.2	32.2	5,482.4	(0.0)
Gross Margins %	30.7	32.8	-204bps	33.8	-309bps
Employee Cost	897.6	474.7	89.1	516.2	73.9
Other Expense	1,588.2	1,037.6	53.1	1,253.5	26.7
Total Expenditure	14,836.5	10,013.4	48.2	12,491.8	18.8
EBITDA	4,308.0	2,357.8	82.7	3,653.0	17.9
EBITDA Margins (%)	24.2	18.6	551bps	22.5	161bps
Depreciation	288.9	119.2	142.3	119.3	142.3
EBIT	4,019.0	2,238.5	79.5	3,533.8	13.7
Other Income	661.4	392.2	68.6	436.0	51.7
Interest	344.4	146.5	135.0	313.6	9.8
PBT	4,336.1	2,484.2	74.5	3,656.2	18.6
Tax	843.9	682.4	23.7	906.4	(6.9)
PAT	3,492.2	1,801.9	93.8	2,749.8	27.0
PAT Margin (%)	19.6	14.2	534bps	17.0	261bps
EPS	130.9	64.4	103.3	98.4	33.0

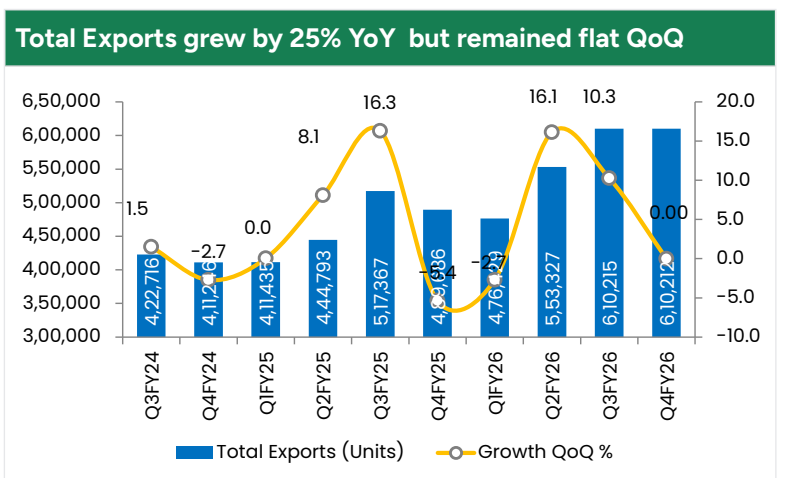
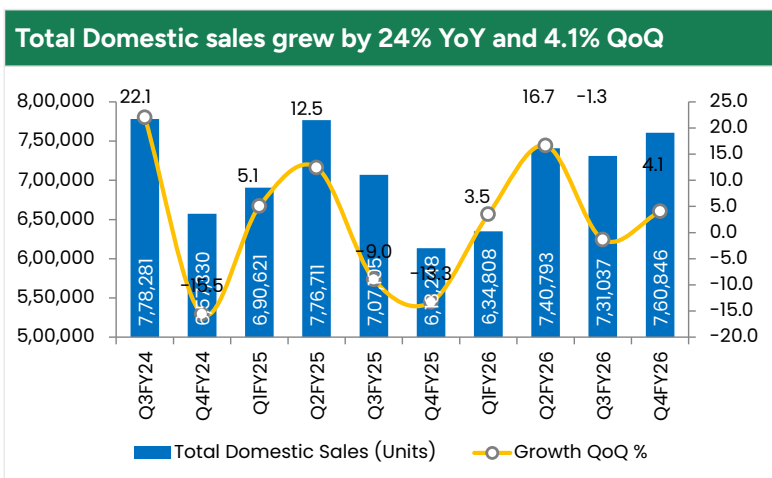
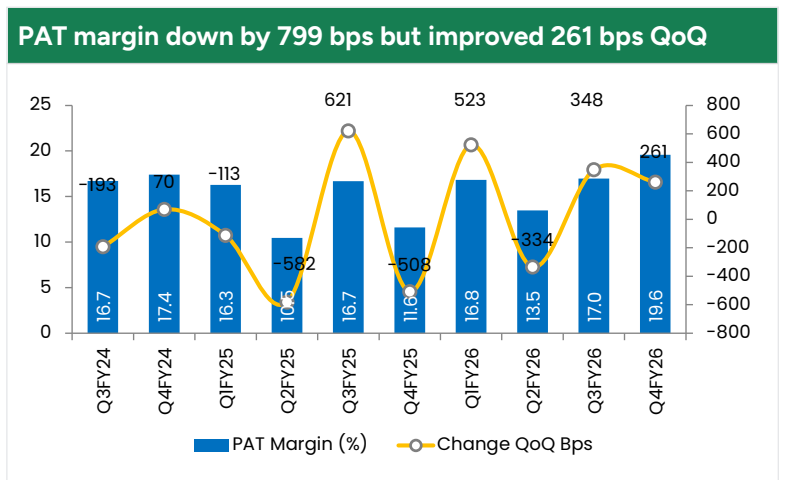
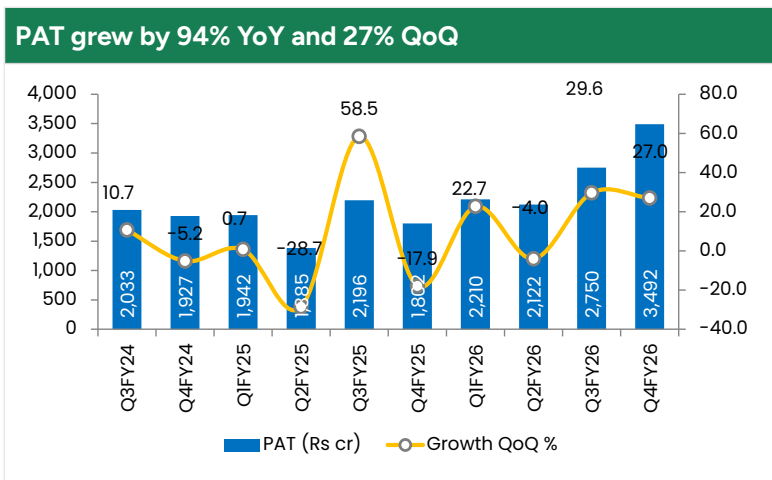
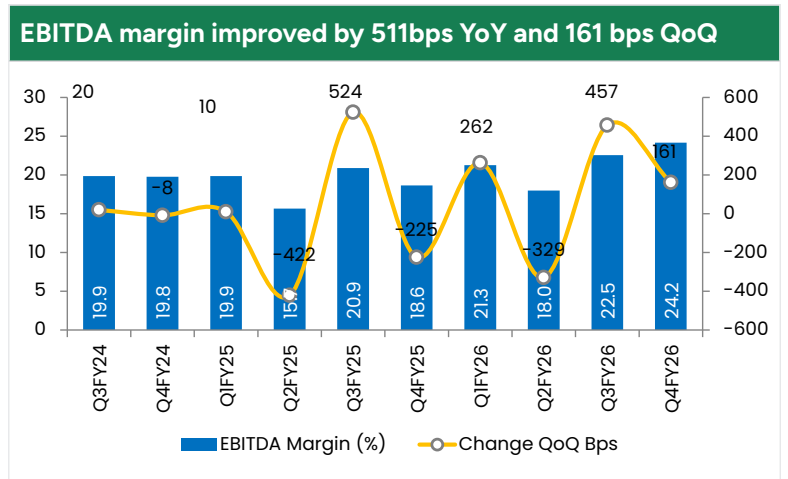
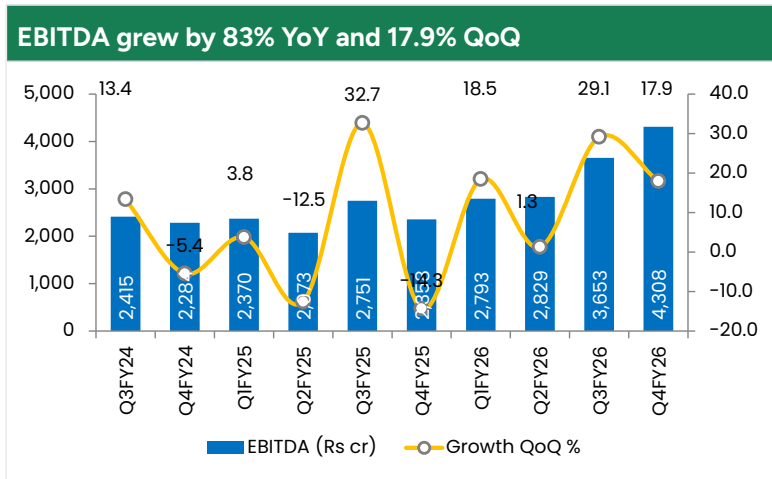
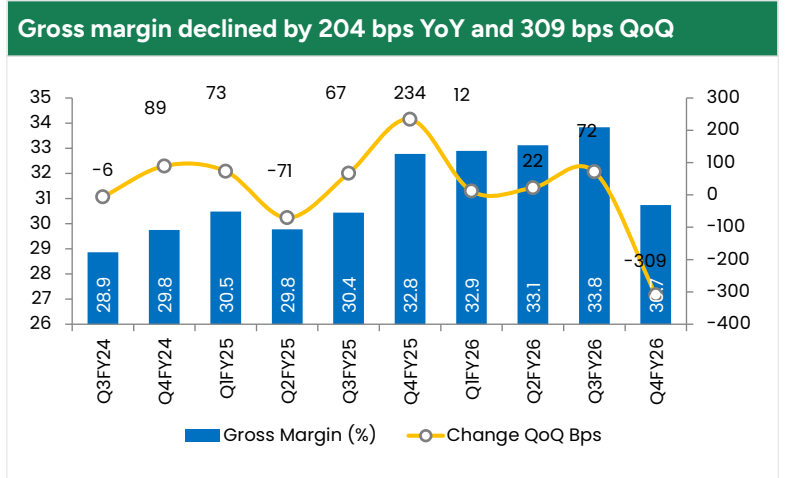
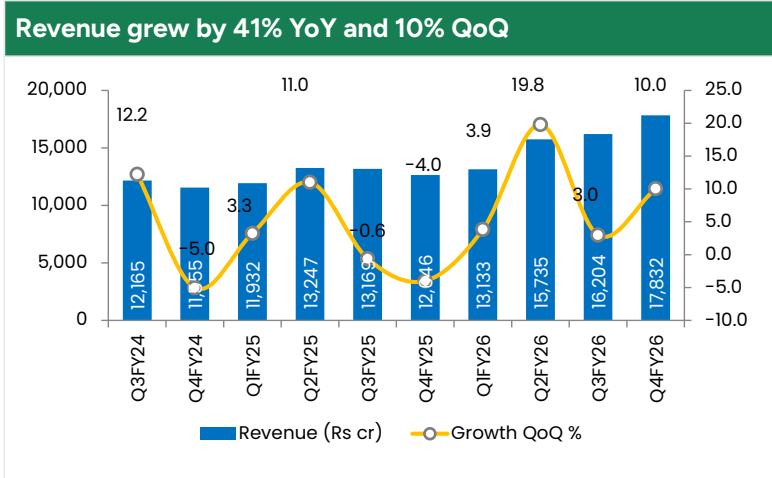
Revenue growth was driven by strong volumes, premiumization, exports, and higher realizations.

Margin improved to 24.2%, supported by operating leverage, favorable forex realization, and profitable EV scaling.

PAT margin grew to 19.6% YoY, while consolidated profit jumped to ₹3,662 crore driven by KTM integration and strong BACL profitability.

Source : RBL Research

Story in Charts



Source: RBL Research

Profit & Loss Account - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Net Sales	50,994.6	62,905.0	72,152.0	82,830.5
Expenditure				
Cost of materials	32,194.3	38,760.9	43,218.4	48,404.6
(Increase) / Decrease In Stocks	28.4	394.4	406.2	418.4
Total raw materials	35,259.4	42,410.2	47,367.6	53,183.6
Gross Profit	15,735.1	20,494.8	24,784.4	29,646.9
Employee cost	1,925.8	2,461.4	2,904.5	3,441.8
Other expenses	3,439.1	5,112.8	6,779.5	9,043.9
Total expenditure	40,527.0	49,844.3	56,908.7	65,523.6
EBITDA	10,467.5	13,060.7	15,243.3	17,307.0
EBITDA (%)	20.5	20.8	21.1	20.9
Depreciation	414.2	644.7	550.0	600.0
EBIT	10,053.3	12,416.0	14,693.3	16,707.0
Other income	1,474.4	2,182.2	2,241.1	2,301.7
Interest expenses	388.9	1,168.6	1,420.1	1,484.2
PBT	10,223.3	13,951.2	15,514.3	17,524.5
Tax	2,898.8	3,377.0	3,878.6	4,556.4
Reported PAT	7,324.5	10,574.2	11,635.7	12,968.1
PAT (after Exceptional)	7,324.5	10,574.2	11,635.7	12,968.1
PAT Margin %	14.4%	16.8%	16.1%	15.7%
EPS	262.3	378.3	416.3	464.0

Source: RBL Research

Balance Sheet - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Share Capital	279.3	279.5	279.5	279.5
Reserves & Surplus	34,909.5	38,552.5	46,142.3	54,160.2
Total Shareholder's Fund	35,188.7	38,832.0	46,421.8	54,439.7
Minority Interest	0.0	1,388.4	0.0	0.0
Long term borrowings	6,082.7	15,338.9	16,038.9	16,588.9
Short term borrowing	3,153.8	6,641.7	7,241.7	7,741.7
Total Debt	9,236.5	21,980.6	23,280.6	24,330.6
Deferred tax liabilities	1,123.0	1,304.3	1,304.3	1,304.3
Long term provision	14.3	367.6	367.6	367.6
Other long term liabilities	0.1	15.8	15.8	15.8
Total	7,426.1	17,664.4	17,895.3	18,445.3
Current Liabilities				
Trade payables	6,372.7	8,804.0	9,540.2	11,710.4
Short term provisions	261.7	699.1	699.1	699.1
Other current liabilities	813.6	1,243.8	1,243.8	1,243.8
Total	19,009.9	37,002.6	38,379.5	41,599.7
Total liabilities	54,198.6	77,223.0	84,801.3	96,039.4
Application of Assets				
Net Block	3,588.7	7,727.3	4,966.7	6,366.7
Current work in process	29.2	120.3	120.3	120.3
Other non-current assets	87.1	67.5	67.5	67.5
Total	34,752.7	43,171.2	52,967.5	59,491.2
Current Assets				
Inventories	2,077.4	6,294.5	3,621.1	4,412.4
Trade receivables	2,125.2	3,473.4	3,123.8	3,554.2
Cash and bank balance	2,331.5	2,990.0	(2,858.0)	(2,903.7)
Other current assets	860.8	2,678.5	4,416.1	4,416.1
Total	19,445.9	33,977.1	31,833.8	36,548.3
Total assets	54,198.6	77,223.0	84,801.3	96,039.4

Source: RBL Research

Cash Flow - Consolidated

Particulars (INR Cr)	FY25	FY26	FY27E	FY28E
Profit before tax	10,223.5	13,951.5	15,514.3	17,524.5
Add: Depreciation	414.2	644.7	550.0	600.0
Add: Interest cost	66.3	258.2	1,420.1	1,484.2
Operating profit before working capital changes	10,704.1	14,854.5	17,484.4	19,608.6
Changes in working capital	(9,059.7)	(6,996.6)	1,783.6	200.9
Cash from Operations	1,344.5	6,026.1	19,268.1	19,809.6
Less: Taxes	(2,750.0)	(3,429.5)	(3,878.6)	(4,556.4)
Cash flow from operating	(1,405.6)	2,596.6	15,389.5	15,253.2
Purchase of fixed assets	(813.5)	(560.4)	(1,500.0)	(2,000.0)
Other Income	1,474.4	2,182.2	2,241.1	2,301.7
Cash flow from investing	(1,056.3)	(7,033.9)	(17,071.4)	(9,914.5)
Proceeds of borrowings	8,878.8	23,008.3	(120.1)	(434.2)
Transaction costs on issue of shares	(2.3)	-	-	-
Dividend paid (including payment of unclaimed dividend)	(2,235.3)	(5,854.6)	(4,045.9)	(4,950.2)
Cash flow from Financing	4,230.1	5,079.5	(4,166.0)	(5,384.4)
Net cash Inflow/Outflow	1,777.8	642.2	(5,847.9)	(45.7)
Opening cash	560.4	2,331.5	2,990.0	(2,858.0)
Closing Cash	2,331.5	2,990.0	(2,858.0)	(2,903.7)

Source: RBL Research

Key Financial Ratios

Particulars	FY25	FY26	FY27E	FY28E
Per share Data				
EPS (Rs)	262.3	378.3	416.3	464.0
Book value per share (Rs)	1260.1	1389.3	1660.9	1947.8
Dividend Payout %	31%	55%	35%	38%
Profitability Ratios				
EBITDAM(%)	21%	21%	21%	21%
PBTM (%)	20%	22%	22%	21%
NPM (%)	14.4	16.8	16.1	15.7
RoE (%)	26.2	37.8	41.6	46.4
RoCE (%)	22.6	20.4	21.1	21.2
Efficiency Data				
Debt-Equity Ratio	0.3	0.6	0.5	0.4
Interest Cover Ratio	25.9	10.6	10.3	11.3
Debtors Days	15.0	16.2	15.8	15.7
Inventory Days	43.7	74.5	53.3	54.3
Payable Days	103.4	98.7	101.0	101.4
WC Days	-44.7	-7.9	-31.9	-31.5
Valuation (x)				
P/E	40.4	28.0	25.5	22.8
P/BV	8.4	7.6	6.4	5.4
EV/EBITDA	28.9	24.1	21.2	18.7
EV/Sales	5.9	5.0	4.5	3.9

Source: RBL Research

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Ratings Methodology

Ratings	Upside
Buy	More than 15%
Accumulate	5% - 15%
Hold	0% - 5%
Sell	Below 0%

Note: RBL Investment ratings (All ratings based on absolute return; All ratings and target price refers to 12 month performance horizon, unless mentioned otherwise).

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S No.	Statement	Answer	
		Yes	No
		Tick Appropriate	
		Yes	No
1.	I/we or any of my/our relative has any financial interest in the subject company? (If answer is yes, nature of interest is given below this table)		No
2.	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of the research report or date of the public appearance?		No
3.	I/we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of the public appearance?		
4.	I/we have received any compensation from the subject company in the past twelve months?		No
5.	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
6.	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
7.	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
8.	I/we have served as an officer, director or employee of the subject company?		No
9.	I/we have been engaged in market making activity for the subject company?		No

2014 is/are as under:

Statements of ownership and material conflicts of interest, compensation – Research Analyst (RA)

Nature of Interest [If answer to f (a) above conflicts is Yes]

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to

S. No.	Name of RA	Signature of RA	Serial Question of question which the signing RA needs to make a separate declaration	Answer	Answer

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