

Bajaj Auto (BJAUT IN)

Rating: HOLD | CMP: Rs9,500 | TP: Rs9,500

February 2, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current FY27E	Previous FY28E	Current FY27E	Previous FY28E
Rating	HOLD	HOLD		
Target Price	9,500	9,400		
Sales (Rs. m)	6,57,699	7,31,853	6,48,552	7,24,724
% Chng.	1.4	1.0		
EBITDA (Rs. m)	1,33,513	1,50,030	1,31,656	1,48,568
% Chng.	1.4	1.0		
EPS (Rs.)	390.6	435.6	385.9	431.5
% Chng.	1.2	0.9		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	5,00,103	5,76,923	6,57,699	7,31,853
EBITDA (Rs. m)	1,00,988	1,17,115	1,33,513	1,50,030
Margin (%)	20.2	20.3	20.3	20.5
PAT (Rs. m)	81,514	96,074	1,09,073	1,21,633
EPS (Rs.)	291.9	344.0	390.6	435.6
Gr. (%)	9.0	17.9	13.5	11.5
DPS (Rs.)	210.0	230.0	260.0	300.0
Yield (%)	2.2	2.4	2.7	3.2
RoE (%)	28.6	28.5	29.4	29.8
RoCE (%)	32.9	32.5	34.0	34.9
EV/Sales (x)	4.8	4.1	3.5	3.2
EV/EBITDA (x)	23.6	20.1	17.4	15.4
PE (x)	32.5	27.6	24.3	21.8
P/BV (x)	8.3	7.5	6.8	6.2

Key Data	BAJA.BO BJAUT IN
52-W High / Low	Rs.9,888 / Rs.7,088
Sensex / Nifty	80,723 / 24,825
Market Cap	Rs.2,655bn / \$ 28,863m
Shares Outstanding	279m
3M Avg. Daily Value	Rs.3398.78m

Shareholding Pattern (%)	
Promoter's	55.04
Foreign	10.30
Domestic Institution	12.01
Public & Others	22.64
Promoter Pledge (Rs bn)	0.01

Stock Performance (%)			
	1M	6M	12M
Absolute	(0.6)	18.1	3.8
Relative	4.9	17.9	(0.4)

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Margins expand despite RM inflation

Quick Pointers:

- 125cc motorcycle to be launched under existing (dormant) or new brand
- Overall EV portfolio delivering double-digit EBITDA margin

BJAUT's Q3FY26 standalone revenue of Rs152.2bn (+18.8% YoY) was in line with BBGe/PLe. Margins expanded as currency tailwinds, operating leverage and PLI benefits more than offset the RM inflation, absorption of PM e-Drive (e-3Ws) incentive withdrawal and GST increase for 350cc+ bikes, higher EV penetration, and reinvestment into select export geographies. BJAUT expects to outperform industry growth in the 125cc+ segment, particularly 150cc+, by persuading customers to upgrade to bigger and more differentiated bikes. However, we note that its 75-125cc domestic motorcycle segment (~63% of its overall domestic motorcycles volumes for 9MFY26) has been de-growing faster than the industry. We expect overall volume/blended realization CAGR of 7.9%/5.3% over FY25-28E translating to revenue/EBITDA/EPS CAGR of 13.5%/14.1%/14.3%. Retain 'HOLD' rating with TP of Rs9,500 (previously Rs9,400), valuing it at 22x P/E on its Sep'27 standalone EPS.

Realization grows 8.5% YoY: Gross margin at 29.9% (+120bps YoY/-10bps QoQ) beat BBGe/PLe by 40bps/50bps. EBITDA was Rs31.6bn (+22.5% YoY), implying 20.8% margin (+60bps YoY/+30bps QoQ; 30bps/20bps above BBGe/PLe). Rep PAT was Rs25.0bn (+18.7% YoY), marginally missing estimates due to one-time expenses of ~Rs0.6bn due to the new labor codes. In 9MFY26, op revenue was Rs427.3bn (+12.8% YoY), EBITDA margin was 20.3% (+15bps YoY), rep PAT was Rs70.8bn (+16.0% YoY), FCF was Rs52bn (+70% YoY), and surplus cash was above Rs150bn.

Market share trend: From Q4FY25 to Q1FY26, BJAUT faced stiff competition in market share, even in the Pulsar heartland of 150cc+ segment. The management attributed this to asymmetry of its new product and upgrade cycle, where its peers were quicker. Now with consumer behavior moving from cautious to optimistic and 7 new interventions by BJAUT since Nov'25 in terms of upgrades/ refreshes, growth and market share are on a positive trajectory. BJAUT is planning 8 further such interventions in the next 4 months.

3W industry led by ~50% YoY growth in EV segment: This is expected to continue in the immediate future. Market share of 70%+ has been maintained in the ICE segment, with 85%+ share in the CNG segment (which is the largest segment in ICE). Its e-autos recorded its highest-ever levels in both billings and retail terms in Q3 with leadership position among e-autos; BJAUT expects to strengthen its position further in the coming quarters. It plans to scale up Riki (L3 e-Rick) from Q1FY27.

Key focus areas: Drive higher growth in the strategically important 125cc+ segment, sustain the export momentum, continue to regain EV segment

momentum, steadily grow the pro-biking segment, and manage operations dynamically to drive profitability and growth optimally

KTM restructuring: Bajaj Auto International Holdings BV, the Netherlands-based step-down subsidiary of BJAUT, holds 100% of Bajaj Auto International Holdings AG (previously Pierer Bajaj AG), which in turn holds ~75% of Bajaj Mobility AG (previously Pierer Mobility AG) – holding company of KTM. The supervisory and management boards have been reconstituted. The KTM business will be consolidated with BJAUT on a line-by-line basis as a subsidiary from next quarter. The aim is to ensure liquidity and cost reduction by exploring synergies with BJAUT.

Exports cross 600k units after 15 quarters (+18% YoY): Export revenue stood at \$600mn (~20% YoY), supported by improved USD realization and richer mix. Top 30 overseas markets (~75% of emerging market industry) grew by ~10% YoY, while BJAUT outperformed, growing at 15%. Nigeria, its largest market, grew 2x sequentially, but declined YoY. LatAm delivered its highest-ever quarterly performance driven by Columbia and Brazil. Exports to KTM Austria continued growing (~15% YoY) as KTM seeing global recovery.

Conference call highlights

- Motorcycle industry grew by 7% in FY25, but declined by 1% in Apr-Aug'25 (-3% YoY in Q2FY26). In Q3FY26, it grew by ~15% YoY. The momentum is expected to continue, with the industry growing 12-15% in the next few months and in double-digits in the immediate term with a caution on domestic inflation.
- In Q3, Chetak grew ~70% QoQ as supply chain constraints eased, scaling back its top positions among e-2Ws. Recently launched Chetak C25, designed for lighter mobility, is priced attractively at Rs91,399.
- Overall EV revenue was ~25% of domestic revenue, operating at the highest bracket of PLI. e-2W (which is also EBITDA positive) and e-3W segments each reached quarterly revenue of Rs10bn for the 1st time.
- Pro-biking (KTM + Triumph) grew ~50% YoY to 35k+ units. KTM was driven by the Adventure portfolio (~4x) and Duke portfolio (+30% YoY). The Street and Adventure segments are expected to continue to grow well. Triumph, even after being impacted by GST increase in 350cc+ segment, saw healthy sales momentum. A growth driver in the making is the more economical joint KTM-Triumph showroom.
- It decided to defer pricing actions in Jan'26 due to strong volumes and currency tailwind, taking a 50bps impact on margins.
- Noble metals, aluminum and copper are seeing further cost inflation in Q4, while steel is broadly stable. The management expected 50-60bps margin impact at the start of Q4, half of which has been offset through pricing actions.

- 200k+ units/month exports are expected to continue with share growing in the top 30 markets, but with a risk of emerging markets being prone to disruption.
- Bajaj Auto Credit Ltd in Q3FY26 added 0.35mn+ customers; its AUM crossed Rs160bn, PAT stood at Rs2bn, with ~45% penetration for the Bajaj business, and capital risk adequacy ratio was 19.77%. For 9MFY26, it delivered industry-leading RoE of ~21%. BJAUT made investment of Rs3bn in Oct'25 (cumulative investment of ~Rs32bn) with no plans of further investments.
- Spares revenue was ~Rs18bn (+18% YoY), with growth tempo expected to continue.
- USD realization stood at Rs88.3/Rs87.1/Rs84.3 in Q3FY26/Q2FY26/Q3FY25.

Exhibit 1: Q3FY26 Result Overview (Rs mn)

Y/e Mar (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Revenues	1,52,203	1,28,069	18.8	1,52,335	(0.1)	1,49,221	2.0	4,27,268	3,78,623	12.8
Raw Materials	1,06,755	91,327	16.9	1,07,549	(0.7)	1,04,556	2.1	2,99,908	2,68,492	11.7
% of Net Sales	70.1%	71.3%	-117 bps	70.6%	-46 bps	70.1%	7 bps	70.2%	70.9%	-72 bps
Gross margin %	29.9%	28.7%	117 bps	29.4%	46 bps	29.9%	-7 bps	29.8%	29.1%	72 bps
Personnel expenses	4,194	3,865	8.5	4,494	(6.7)	4,097	2.4	12,429	12,149	2.3
% of Net Sales	2.8%	3.0%	-26 bps	3.0%	-19 bps	2.7%	1 bps	2.9%	3.2%	-30 bps
Manufacturing & Other Exp	9,649	7,070	36.5	9,140	5.6	10,051	(4.0)	27,993	21,501	30.2
% of Net Sales	6.3%	5.5%	82 bps	6.0%	34 bps	6.7%	-40 bps	6.6%	5.7%	87 bps
Total Expenditure	1,20,598	1,02,261	17.9	1,21,183	(0.5)	1,18,704	1.6	3,40,329	3,02,142	12.6
EBITDA	31,605	25,807	22.5	31,273	1.1	30,517	3.6	86,939	76,482	13.7
EBITDA Margin (%)	20.8%	20.2%	61 bps	20.5%	24 bps	20.5%	31 bps	20.3%	20.2%	15 bps
Depreciation	1,119	997	12.3	1,126	(0.6)	1,117	0.2	3,345	2,890	15.8
EBIT	30,486	24,811	22.9	30,147	1.1	29,400	3.7	83,594	73,592	13.6
Interest Expenses	26	143	(82.1)	157	(83.7)	144	(82.2)	311	509	(39.0)
Non-operating income	3,420	3,347	2.2	3,808	(10.2)	3,692	(7.4)	11,419	10,402	9.8
Extraordinary Expenses	613	-	-	-	-	-	-	613	-	-
PBT	33,266	28,015	18.7	33,798	(1.6)	32,948	1.0	94,089	83,485	12.7
Tax-Total	8,238	6,927	18.9	8,280	(0.5)	8,150	1.1	23,304	22,464	3.7
Tax Rate (%)	24.8%	24.7%	4 bps	24.5%	26 bps	24.7%	3 bps	24.8%	26.9%	-214 bps
Reported PAT	25,028	21,087	18.7	25,517	(1.9)	24,797	0.9	70,785	61,021	16.0
Adj. PAT	25,489	21,087	20.9	25,517	(0.1)	24,797	2.8	71,247	61,021	16.8
PAT Margin	16.7%	16.5%	28 bps	16.8%	0 bps	16.6%	13 bps	16.7%	16.1%	56 bps

Source: Company, PL

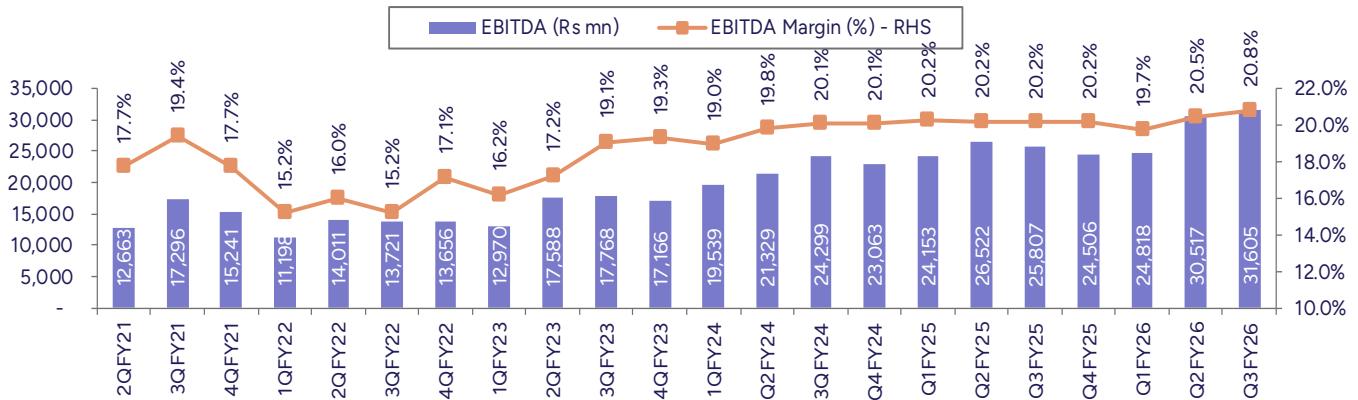
Exhibit 2: Operating Metrics

Y/e Mar (Rs)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Sales Volume (nos)	13,41,252	12,24,472	9.5	13,41,252	-	12,94,120	3.6	37,46,609	35,48,032	5.6
Net Realisation/Vehicle	1,13,479	1,04,591	8.5	1,13,577	(0.1)	1,15,307	(1.6)	1,14,041	1,06,714	6.9
Material cost / vehicle	79,594	74,585	6.7	80,185	(0.7)	80,793	(1.5)	80,048	75,674	5.8
Gross Profit / vehicle	33,885	30,006	12.9	33,392	1.5	34,513	(1.8)	33,994	31,040	9.5
Employee cost /vehicle	3,127	3,156	(0.9)	3,351	(6.7)	3,166	(1.2)	3,317	3,424	(3.1)
Other expenses / vehicle	7,194	5,774	24.6	6,815	5.6	7,767	(7.4)	7,471	6,060	23.3
EBITDA/vehicle	23,564	21,076	11.8	23,316	1.1	23,581	(0.1)	23,205	21,556	7.6
Net Profit/vehicle	18,660	17,222	8.4	19,025	(1.9)	19,162	(2.6)	18,893	17,199	9.9

Source: Company, PL

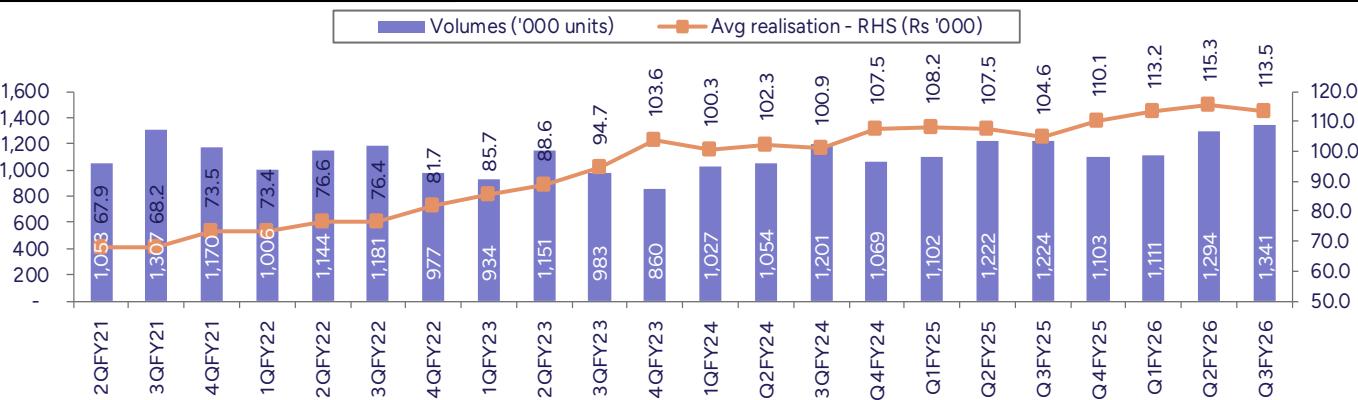
Key charts

Exhibit 3: EBITDA margin expands by 60bps YoY and 30bps QoQ in Q3FY26



Source: Company, PL

Exhibit 4: Volume and realization grow by 9.5% and 8.5%, respectively, in Q3FY26



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	5,00,103	5,76,923	6,57,699	7,31,853
YoY gr. (%)	11.9	15.4	14.0	11.3
Cost of Goods Sold	3,53,374	4,05,577	4,64,336	5,15,956
Gross Profit	1,46,729	1,71,346	1,93,364	2,15,897
Margin (%)	29.3	29.7	29.4	29.5
Employee Cost	15,794	17,019	19,731	21,224
Other Expenses	29,947	37,212	40,120	44,643
EBITDA	1,00,988	1,17,115	1,33,513	1,50,030
YoY gr. (%)	14.5	16.0	14.0	12.4
Margin (%)	20.2	20.3	20.3	20.5
Depreciation and Amortization	4,001	4,497	4,690	5,488
EBIT	96,987	1,12,618	1,28,823	1,44,542
Margin (%)	19.4	19.5	19.6	19.8
Net Interest	677	526	502	401
Other Income	14,209	15,327	16,146	16,962
Profit Before Tax	1,10,519	1,27,419	1,44,467	1,61,103
Margin (%)	22.1	22.1	22.0	22.0
Total Tax	29,005	31,345	35,394	39,470
Effective tax rate (%)	26.2	24.6	24.5	24.5
Profit after tax	81,514	96,074	1,09,073	1,21,633
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	81,514	96,074	1,09,073	1,21,633
YoY gr. (%)	9.0	17.9	13.5	11.5
Margin (%)	16.3	16.7	16.6	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	81,514	96,074	1,09,073	1,21,633
YoY gr. (%)	9.0	17.9	13.5	11.5
Margin (%)	16.3	16.7	16.6	16.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	81,514	96,074	1,09,073	1,21,633
Equity Shares O/s (m)	279	279	279	279
EPS (Rs)	291.9	344.0	390.6	435.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	69,299	75,779	88,779	1,03,779
Tangibles	69,299	75,779	88,779	1,03,779
Intangibles	-	-	-	-
Acc: Dep / Amortization	33,791	38,288	42,978	48,466
Tangibles	33,791	38,288	42,978	48,466
Intangibles	-	-	-	-
Net fixed assets	35,508	37,490	45,801	55,313
Goodwill	35,508	37,490	45,801	55,313
Non-Current Investments	42,020	25,385	28,939	32,202
Net Deferred tax assets	(11,230)	(10,209)	(9,281)	(8,437)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	2,43,683	2,55,540	2,76,986	2,98,723
Inventories	19,579	25,290	30,633	36,091
Trade receivables	22,826	30,032	36,038	44,112
Cash & Bank Balance	36,085	57,090	52,990	48,207
Other Current Assets	35,965	31,612	32,434	36,091
Total Assets	4,47,066	4,64,484	5,06,043	5,53,123
Equity				
Equity Share Capital	2,793	2,793	2,793	2,793
Other Equity	3,18,677	3,50,521	3,86,986	4,24,841
Total Networth	3,21,469	3,53,314	3,89,779	4,27,633
Non-Current Liabilities				
Long Term borrowings	9,557	7,964	6,372	5,097
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	62,676	71,127	79,284	88,223
Other current liabilities	19,356	21,869	21,327	23,731
Total Equity & Liabilities	4,24,289	4,64,484	5,06,043	5,53,123

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,10,519	1,27,419	1,44,467	1,61,103
Add. Depreciation	4,001	4,497	4,690	5,488
Add. Interest	677	526	502	401
Less Financial Other Income	14,209	15,327	16,146	16,962
Add. Other	(14,209)	(15,327)	(16,146)	(16,962)
Op. profit before WC changes	1,00,988	1,17,115	1,33,513	1,50,030
Net Changes-WC	(3,641)	(10,500)	(4,734)	(6,008)
Direct tax	(22,844)	(32,366)	(36,323)	(40,314)
Net cash from Op. activities	74,503	74,249	92,456	1,03,708
Capital expenditures	(7,539)	(7,000)	(13,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	(21,485)	15,042	(5,147)	(4,537)
Net Cash from Invt. activities	(29,024)	8,042	(18,147)	(19,537)
Issue of share cap. / premium	49,995	-	-	-
Debt changes	-	-	-	-
Dividend paid	(58,645)	(64,230)	(72,608)	(83,778)
Interest paid	(677)	(526)	(502)	(401)
Others	-	-	-	-
Net cash from Fin. activities	(9,327)	(64,755)	(73,109)	(84,179)
Net change in cash	36,152	17,536	1,200	(9)
Free Cash Flow	66,964	67,249	79,456	88,708

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	291.9	344.0	390.6	435.6
CEPS	306.2	360.1	407.4	455.2
BVPS	1,151.1	1,265.2	1,395.8	1,531.3
FCF	239.8	240.8	284.5	317.7
DPS	210.0	230.0	260.0	300.0
Return Ratio(%)				
RoCE	32.9	32.5	34.0	34.9
ROIC	476.8	253.3	199.6	161.6
RoE	28.6	28.5	29.4	29.8
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.9)	(0.8)	(0.8)
Net Working Capital (Days)	(15)	(10)	(7)	(4)
Valuation(x)				
PER	32.5	27.6	24.3	21.8
P/B	8.3	7.5	6.8	6.2
P/CEPS	31.0	26.4	23.3	20.9
EV/EBITDA	23.6	20.1	17.4	15.4
EV/Sales	4.8	4.1	3.5	3.2
Dividend Yield (%)	2.2	2.4	2.7	3.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	1,21,480	1,25,845	1,49,221	1,52,203
YoY gr. (%)	5.8	5.5	13.7	18.8
Raw Material Expenses	84,882	88,596	1,04,556	1,06,755
Gross Profit	36,597	37,248	44,664	45,448
Margin (%)	30.1	29.6	29.9	29.9
EBITDA	24,506	24,818	30,517	31,605
YoY gr. (%)	6.3	2.8	15.1	22.5
Margin (%)	20.2	19.7	20.5	20.8
Depreciation / Depletion	1,111	1,109	1,117	1,119
EBIT	23,395	23,709	29,400	30,486
Margin (%)	19.3	18.8	19.7	20.0
Net Interest	168	141	144	26
Other Income	3,808	4,308	3,692	3,420
Profit before Tax	27,034	27,875	32,948	33,266
Margin (%)	22.3	22.2	22.1	21.9
Total Tax	6,541	6,915	8,150	8,238
Effective tax rate (%)	24.2	24.8	24.7	24.8
Profit after Tax	20,493	20,960	24,797	25,028
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	20,493	20,960	24,797	25,489
YoY gr. (%)	5.9	5.4	23.7	20.9
Margin (%)	16.9	16.7	16.6	16.7
Extra Ord. Income / (Exp)	-	-	-	(461)
Reported PAT	20,493	20,960	24,797	25,028
YoY gr. (%)	5.9	5.4	23.7	18.7
Margin (%)	16.9	16.7	16.6	16.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	20,493	20,960	24,797	25,028
Avg. Shares O/s (m)	279	279	279	279
EPS (Rs)	73.4	75.1	88.8	91.3

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Two-Wheeler volume (units)	39,82,309	41,98,223	45,66,631	49,03,709
Three-wheeler volume (units)	6,68,657	7,85,031	8,71,621	9,32,171
Net Realization (Rs/unit)	1,07,527	1,15,772	1,20,939	1,25,406

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Hold	9,400	9,790
2	10-Nov-25	Hold	9,050	8,722
3	08-Oct-25	Hold	9,117	8,792
4	08-Apr-25	BUY	8,845	7,520

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Auto	Hold	9,400	9,790
2	Eicher Motors	Hold	7,350	7,583
3	Hero Motocorp	Accumulate	6,620	5,981
4	Mahindra & Mahindra	Accumulate	4,100	3,749
5	Maruti Suzuki	Hold	15,750	14,580
6	TVS Motor Company	Accumulate	4,200	3,655

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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