



BAJAJ AUTO LIMITED

CIN: L65993PN2007PLC130076

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NOTICE OF POSTAL BALLOT

[PURSUANT TO SECTIONS 108 AND 110 OF THE COMPANIES ACT, 2013 READ WITH RULES 20 AND 22 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

Dear Members,

NOTICE is hereby given that the resolution set out below is proposed for approval by the members of Bajaj Auto Limited ("**Company**") by means of Postal Ballot, only by remote e-voting process ("**e-voting**") being provided by the Company to all its members to cast their votes electronically, pursuant to Sections 108 and 110 of the Companies Act, 2013 ("**Act**") read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("**Rules**") and other applicable provisions of the Act, General Circular No. 09/2024 dated 19 September 2024 issued by the Ministry of Corporate Affairs ("**MCA**") read along with other connected circulars issued from time to time in this regard ("**MCA Circulars**"), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), Secretarial Standard on General Meetings ("**SS-2**") issued by the Institute of Company Secretaries of India and other applicable laws, rules and regulations (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and as amended, from time to time).

The Explanatory Statement pursuant to the provisions of Section 102(1) and other applicable provisions of the Act read with the Rules, setting out all material facts relating to the resolution mentioned in this Notice of Postal Ballot ("**Notice**") and additional information as required under the Listing Regulations and the circular(s) issued by SEBI, as applicable, is also attached.

SPECIAL BUSINESS:

Item No. 1

Approval of Material Related Party Transaction(s) between Bajaj Auto International Holdings BV, a wholly owned subsidiary of the Company and Pierer Bajaj AG, PIERER Mobility AG and KTM AG for restructuring support for KTM AG and its subsidiaries.

To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Regulations 2(1)(zc), 23(1), 23(4) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and other applicable laws/statutory provisions, if any, and the Company's Policy on materiality of & dealing with Related Party Transactions, each as amended from time to time, the consent of the members be and is hereby accorded to approve and ratify related party contract(s) / arrangement(s) / transaction(s), (whether by way of an individual transaction or transactions taken together with or series of transactions or otherwise), approved by the Audit Committee and noted by the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to include any Committee constituted/empowered/to be constituted by the Board from time to time to exercise its powers conferred by this resolution) towards fund infusion for the restructuring and revival of operations of KTM AG and its subsidiaries (collectively "**KTM**") and the proposed equity acquisition of a controlling stake (subject to receipt of requisite regulatory approvals) in Pierer Bajaj AG by exercise of call options and related transactions thereto, being an integral part of the said restructuring, as detailed in the Explanatory Statement, entered into and/or executed and/or carried out through the related parties of Bajaj Auto Limited ("**Company**"), being: (i) Bajaj Auto International Holdings BV ("**BAIH BV**"), a wholly owned subsidiary of the Company on one hand; and (ii) Pierer Bajaj AG ("**PBAG**"), PIERER Mobility AG ("**PMAG**") and KTM AG, being related parties of the Company, by virtue of being associates of the Company (collectively "**Related Parties**"), on such terms and conditions as have been (or as may be) agreed upon between BAIH BV and the Related Parties for an aggregate value not exceeding Euro 865 million (equivalent to ₹ 8,391 crore at an assumed exchange rate of 1 Euro = ₹ 97) and such other transactions relating to, arising out of or ancillary to the above-referred matters, as may be required under any laws / rules / regulations, carried out / to be carried out during FY 2025-26, at an arm's length basis and in the ordinary course of business."

"RESOLVED FURTHER THAT any acts, deeds, matters and things, as may be necessary and expedient, undertaken by the Board in furtherance of the above shall be deemed to have been approved and ratified by the members, and the Board be and is hereby further authorised to do and perform all such acts, deeds, matters and things, as may be necessary and expedient, including finalising the terms and conditions, methods and modes in respect thereof and finalising and executing necessary documents, including contract(s), scheme(s), agreement(s) and such other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including governmental authorities (including those outside India) in this regard and deal with any matters, take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer or Company Secretary or any other Officer(s) / Authorised Representative(s) of the Company, to do all such acts and take such steps, as may be considered necessary or expedient, to give effect to the aforesaid resolution.”

“RESOLVED FURTHER THAT all actions already taken by the Board, or any person so authorised by the Board, in connection with any matter referred to or contemplated in the aforesaid resolution, be and are hereby approved, ratified and confirmed in all respects.”

By order of the Board of Directors
For Bajaj Auto Limited

Place : Pune
Date : 10 July 2025

Sd/-
Rajiv Gandhi
Company Secretary
Membership No. A11263

NOTES:

1. The Explanatory Statement pursuant to provisions of Sections 102 and 110 of the Act read with Rule 22 of the Rules stating material facts and reasons for the proposed resolution, is annexed hereto and forms part of this Notice.
2. In terms of the MCA Circulars, this Notice along with the instructions regarding e-voting is being sent only by email to all those members, whose email addresses are registered with the Company or the Registrar and Share Transfer Agent (“RTA”) or with the Depository(ies)/Depository Participants and whose name appears in the Register of Members/List of Beneficial Owners as on the cut-off date, i.e., Friday, 11 July 2025 (end of day). The Notice is also uploaded on the website of the Company at www.bajajauto.com, website of the e-voting service provider, i.e., KFin Technologies Limited (“KFin”) at <https://evoting.kfintech.com> and on the websites of National Stock Exchange of India Limited, viz., www.nseindia.com and BSE Limited, viz., www.bseindia.com. All the members of the Company as on the cut-off date shall be entitled to vote in accordance with the process specified in this Notice. Any person who is not a member on the cut-off date shall treat this Notice for information purpose only.

As per the MCA Circulars, physical copy of the Notice, Postal Ballot Form and pre-paid business reply envelope are not being sent to the members for this Postal Ballot.

The Company hereby requests all its members to register their email address, if not yet registered, to promote green initiative and to enable the Company to provide all communications to the members through email.

In this notice, the term member(s) or shareholder(s) are used interchangeably.

3. In accordance with the MCA Circulars, the relevant document(s), if any, referred to in this Notice will be made accessible for inspection through electronic mode. Members who wish to inspect are requested to send an email to investors@bajajauto.co.in mentioning their name, Folio No. / DP ID Client ID, with a self-attested copy of their PAN card attached to the email, up to the last date for receipt of votes through the e-voting process.
4. The Securities and Exchange Board of India (“SEBI”) has mandated that any service request from members holding securities in physical mode shall be entertained only upon registration of the PAN, KYC details, i.e., address, email id, contact number, bank account details, etc. (Form ISR-1) and specimen signature (Form ISR-2). The members are encouraged, in their own interest to provide choice of nomination in Form SH-13 (registration of nomination) / Form ISR-3 (opting out of nomination).

Members are requested to send requests in the prescribed Forms duly filled and signed along with the documents as specified therein.

The said Forms are available on the website of the Company at <https://www.bajajauto.com/investors/miscellaneous> and on the website of the RTA i.e., KFin Technologies Limited (“KFin”) at <https://ris.kfintech.com/clientservices/isc/isrforms.aspx>

Members have an option to submit the aforesaid Forms in person at any of the branches of KFin, details of which are available at <https://www.kfintech.com/contact-us/> or submit e-signed Forms online along with requisite documents by accessing the link <https://ris.kfintech.com/clientservices/isc/default.aspx#> or physical forms can be sent through post at following address:

KFin Technologies Limited

Unit: Bajaj Auto Limited
Selenium Building, Tower-B, Plot No 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad, Rangareddy,
Telangana, India - 500 032.

Members holding shares in dematerialised mode, who have not registered/updated their aforesaid details are requested to register/update the same with their respective Depository Participants (“DPs”).

5. In compliance with the provisions of Sections 108 and 110 of the Act read with the Rules, SS-2 and Regulation 44 of the Listing Regulations, as amended, the Company is providing remote e-voting ("**e-voting**") facility to the members to exercise votes on the e-voting platform provided by KFin to enable them to cast their votes electronically instead of dispatching the Postal Ballot Form.
 6. The Board of Directors at its meeting held on 21 May 2025 has appointed Shri Makarand M. Joshi (FCS No. 5533, CP No. 3662), or failing him, Mrs. Kumudini Bhalerao (FCS No. 6667, CP No. 6690), Partners of M/s Makarand M. Joshi & Co., Practicing Company Secretaries, as the Scrutiniser to scrutinise the postal ballot process in a fair and transparent manner. The Scrutiniser has consented to act as such for this postal ballot.
 7. The e-voting shall commence on Friday, 18 July 2025 at 9:00 a.m. (IST) and end on Saturday, 16 August 2025 at 5:00 p.m. (IST). The e-voting module shall be disabled by KFin for e-voting thereafter and the e-voting shall not be allowed beyond the specified date and time. During this period, the members of the Company holding shares as on the cut-off date, i.e., Friday, 11 July 2025 (end of day), may cast their vote by electronic means in the manner given below. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again.
 8. The Scrutiniser shall, after conclusion of the e-voting period, prepare report of the votes cast in favour or against, if any, and submit the same to the Chairman or Managing Director & CEO of the Company. Results of the e-voting will be declared by placing the same along with the Scrutiniser's report on the Company's website viz., www.bajajauto.com as well as on the website of KFin viz., <https://evoting.kfintech.com> and will also be communicated to the stock exchanges within two working days of conclusion of the e-voting period, i.e., on or before Tuesday, 19 August 2025.
- Subject to receipt of requisite number of votes, the resolution mentioned in the Notice shall be deemed to be passed on Saturday, 16 August 2025, i.e., the last day of the e-voting period.
9. The details of the process and manner for remote e-voting are explained herein below:





Login method for remote e-voting for Individual shareholders holding securities in demat mode:

Pursuant to SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11 November 2024 pertaining to "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories/DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ("**ESP**") thereby facilitating not only seamless authentication but also ease and convenience of participating in the e-voting process.

Shareholders are advised to update their mobile number and email address with their DPs in order to access e-voting facility.

I. Login method for Individual shareholders holding securities in demat mode is given below:

Type of Shareholder	Login method
Individual shareholders holding securities in demat mode with NSDL	A. User already registered for NSDL IDeAS facility: <ol style="list-style-type: none"> 1. Open web browser and type the URL: https://eservices.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. 2. A new screen will open. Enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. 3. Click on options available against Company name or e-voting service provider, i.e., KFin and you will be re-directed to e-voting service provider's website for casting your vote during the remote e-voting period.
	B. Users not registered for IDeAS e-Services: <p>Option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS" tab or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp and proceed with completing the required fields. After successful registration, please follow the steps given above to cast your vote.</p>

	<p>C. By visiting the e-voting website of NSDL:</p> <ol style="list-style-type: none"> 1. Visit the e-voting website of NSDL. Open web browser and type the URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the "Login" icon, available under the "Shareholder / Member" section. 2. A new screen will open. Enter your User ID (i.e., your 16-digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. 3. Click on options available against Company name or e-voting service provider, i.e., KFin and you will be redirected to e-voting service provider's website for casting your vote during the remote e-voting period. <p>D. NSDL Speede:</p> <p>Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p>  App Store  Google Play </p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
Individual shareholders holding securities in demat mode with CDSL	<p>A. Existing users who have opted for Easi / Easiest:</p> <ol style="list-style-type: none"> 1. URL to login to Easi / Easiest: www.cdslindia.com and click on login icon and select New System Myeasi. 2. Shareholders can login through their existing User ID and password. Option will be made available to reach e-voting page without any further authentication. 3. After successful login on Easi / Easiest, the user will also be able to see the e-voting menu. The menu will have links of ESPs. Click on KFin to cast your vote. <p>B. Users who have not opted for Easi / Easiest:</p> <p>Option to register for Easi / Easiest is available at www.cdslindia.com Proceed with completing the required fields. After successful registration, please follow the steps given above to cast your vote.</p> <p>C. By visiting the e-voting website of CDSL:</p> <ol style="list-style-type: none"> 1. The user can directly access e-voting page by providing demat account number and PAN number from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile & email id as recorded in the demat account. 2. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and will also be able to directly access the system of e-voting service provider, i.e., KFin.
Individual shareholders (holding securities in demat mode) logging through their depository participants	<ol style="list-style-type: none"> 1. Shareholders can also login using the login credentials of their demat account through their Depository Participant registered with NSDL / CDSL for e-voting facility. Once logged-in, you will be able to see e-voting option. 2. Once you click on e-voting option, you will be redirected to NSDL / CDSL depository site after successful authentication, wherein you can see e-voting feature. 3. Click on option available against Company name or e-voting service provider, i.e., KFin and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period.

Important Note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode who need assistance for any technical issues related to login through Depository, i.e., NSDL and CDSL:

Members facing any technical issue - NSDL	Members facing any technical issue – CDSL
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call on toll free no.: 022 - 4886 7000.	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact on 1800 21 09911.

II. Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:

- i. Initial password is provided in the body of the email.
- ii. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- iii. Enter the login credentials, i.e., User ID and Password mentioned in your email. Your Folio No. / DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and Password for casting your votes.
- iv. After entering the correct details, click on LOGIN.
- v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT, i.e., Bajaj Auto Limited.
- viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting / dissenting to the resolution, enter all shares and click “FOR” / “AGAINST” as the case may be or partially in “FOR” and partially in “AGAINST”, but the total number in “FOR” and/or “AGAINST” taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option “ABSTAIN”, in which case, the shares held will not be counted under either head.
- ix. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.
- x. Cast your votes by selecting an appropriate option and click on “SUBMIT”. A confirmation box will be displayed. Click “OK” to confirm, else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate / Institutional members (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF / JPG format) of certified true copy of relevant board resolution / authority letter, etc., together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at scrutinisers@mmjc.in and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format ‘BAL_EVENT No.’
- xii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual available at the “download” section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).
- xiii. A member need not use all his / her / its votes, nor does he / she / it need to cast all his / her / its votes in the same way.

In case of a member who hold shares and who had not registered their email id, as on the cut-off date, i.e., Friday, 11 July 2025, may participate in the e-voting by registering their email id by following the instructions mentioned at Note No. 4. Post registration, such member may request for User ID and Password for e-voting by sending an email to einward.ris@kfintech.com through his / her registered email id to obtain the same.

For any queries/grievances, members may also reach out to Mohd. Mohsin Uddin - Senior Manager, KFin at mohsin.mohd@kfintech.com / einward.ris@kfintech.com or Shri Rajiv Gandhi - Company Secretary, at investors@bajajauto.co.in or at (020) 66104481.

EXPLANATORY STATEMENT

In terms of the provisions of Section 102 of the Companies Act, 2013 (“Act”), Secretarial Standard on General Meetings (“SS-2”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the circular(s) issued by SEBI, as applicable, the following statement sets out the material facts regarding the **Item No. 1** of this Postal Ballot Notice:

EXECUTIVE SUMMARY:

Bajaj Auto Limited (“Company” / “Bajaj Auto”) is seeking the approval and ratification of its shareholders for a set of material related party transactions undertaken as part of the strategic restructuring and acquisition of a controlling stake in Pierer Bajaj AG (“PBAG”), Austria, PIERER Mobility AG (“PMAG”), Austria and its wholly owned subsidiary, i.e., KTM AG, Austria & its related entities (collectively “KTM”), through the Company’s wholly owned subsidiary in the Netherlands viz., Bajaj Auto International Holdings BV (“BAIH BV”), subject to receipt of necessary regulatory approvals.

BAIH BV holds a 49.9% stake in its associate, i.e., PBAG. The remaining controlling stake (50.1%) in PBAG is held by Pierer Industrie AG (“PIAG”), indirectly owned by entrepreneur Mr. Stefan Pierer, who was in the management and control of KTM. PBAG holds a 74.94% stake in PMAG that has a dual listing in Zurich and Vienna. PMAG holds 100% stake in KTM AG, the leading European motorcycle manufacturer with renowned brands - KTM, Husqvarna and GASGAS. Thus, prior to this transaction, the Company effectively holds ~37.4% in PMAG/KTM, through the above chain.

In November 2024, KTM AG and its subsidiaries viz., KTM Components GmbH and KTM F&E GmbH entered into a self-administrative restructuring process in the Court in Austria, prompted by acute liquidity challenges. Sales were negatively impacted in American markets due to high interest rates while sales in Europe were also volatile. Alongside, dealers ended up holding huge inventories that were well beyond normative levels. KTM supported the dealers through extended payment terms and higher discounts. These measures led to a substantial increase in working capital and a negative impact on EBIT. Along with this, demand for bicycles dropped and hence the inventories were required to be corrected. This resulted in elevated debt levels placing a strain on working capital, stifling routine business operations. It is important to note that the losses and liquidity constraints were not a consequence of the brand or product quality, both of which remain strong. Against this backdrop, the aim was to agree to a reorganization plan with the creditors within 90 days.

On 25 February 2025, the creditors of KTM accepted the restructuring plans submitted by KTM, which provided for creditors to receive a cash quota of 30% of their claims in the form of a one-time payment to be deposited with the restructuring Administrator by 23 May 2025. The agreed conditions of the restructuring plan established a contractual obligation between KTM and its creditors. In the event that the liquidity was not made available to and presented before the Administrator/Court latest by 23 May 2025, as per the law in Austria, KTM would have been taken out of self-administration and moved irrevocably into the insolvency process.

The process was inherently time-bound and posed significant challenges, due to statutory deadlines under Austrian law.

To address the KTM business’ acute liquidity challenges and enable a structured revival of the brand that has a strong heritage and acclaimed position worldwide, the Company (through BAIH BV) outlined a set of strategic interventions by way of a combination of a potential equity and debt fund infusion.

The infusion plan required the Company to –

a. **Acquire a controlling stake in PBAG:**

The Company intended to acquire a controlling stake in PBAG (and therefore, PMAG/KTM) through BAIH BV, subject to receipt of necessary regulatory approvals. For this purpose, BAIH BV entered into Receivable Redemption Agreement with Pierer Konzerngesellschaft mbH (“PIKO”) for Euro 80 million (equivalent to ₹ 776 crore) to take over the Loan and Share Pledge Agreements between Dabepo Holding GmbH and Stefan Pierer Group Company.

In pursuance of the above, BAIH BV entered into a Call Option Agreement with PIAG and PIKO for the right to purchase (either by itself or by a third party nominated by BAIH BV or a combination thereof) from PIAG, 50,000 shares held in PBAG (being a 50% stake) aggregating to Euro 50.65 million (equivalent to ₹ 491.3 crore), translating to Euro 4 per PMAG share for the potential exercise of all call options, subject to receipt of necessary regulatory approvals. This option price represents about 1/5th of the price of PMAG’s shares quoted on the stock exchanges of Vienna and Zurich. The above is in addition to acquisition of 0.1% stake under a separate arrangement, which is also subject to receipt of necessary regulatory approvals.

Thus, post receipt of all regulatory approvals for this transaction and exercise of the call options, the Company will effectively hold ~75% in PMAG/KTM.

b. **Fund infusion in the form of Debt:**

Fund infusion of Euro 600 million (equivalent to ₹ 5,820 crore at an assumed exchange rate of 1 Euro = ₹ 97) in the form of Loan and Convertible Bonds, to meet the creditors’ 30% cash quota referred to above and associated costs. Further, Euro 200 million (equivalent to ₹ 1,940 crore at an assumed exchange rate of 1 Euro = ₹ 97) infused by the Company in a phased manner between the financial year (“FY”) 2024-25 and April 2025 - May 2025 to maintain continuity and revive KTM’s operations. Therefore, of the total debt package of Euro 800 million, Euro 100 million was advanced in FY 2024-25 and Euro 700 million in FY 2025-26, at a highly attractive rate, repayable within ~3.5 years with early repayment option in full or in part.

In summary, the approval of the members is being sought for the following related party transactions undertaken / to be undertaken during the current FY 2025-26: (a) fund Infusion of Euro 80 million (equivalent to ₹ 776 crore) towards takeover of Loan and Share Pledge Agreements of Pierer Group company (which includes the proposed acquisition of controlling stake in

PBAG for Euro 50.65 million (equivalent to ₹ 491.3 crore)), (b) the debt funding package of Euro 700 million (equivalent to ₹ 6,790 crore) towards repayment to creditors and to maintain continuity & revive KTM's operations, (c) interest receivable of ~Euro 85 million (equivalent to ₹ 824.5 crore), which is the consequential transaction flowing out of the principal transactions in the form of Loans and Convertible Bonds and (d) such other transactions ancillary to the above-referred matters, as may be required under any laws / rules / regulations.

Hereinafter, these transactions are referred to as "**KTM Restructuring**". For these transactions, the assumed exchange rate considered in this Explanatory Statement is 1 Euro = ₹ 97.

The Company's prompt decision to step in and fund the restructuring of KTM was driven by the immense benefits the business offers to the Company such as long-term growth potential in the global KTM business, continuation of highly value-accretive India business and protecting the shareholder's value for the portion of equity investment made in KTM so far, thereby avoiding a potential write-off.

The Audit Committee of the Company approved the KTM Restructuring in compliance with requirements under Regulation 23 of the Listing Regulations, and the same was duly noted by the Board of Directors ("**Board**") of the Company at its meeting(s) held on 21 May 2025, which was just two days prior to the deadline of 23 May 2025. At this stage, it was not possible for the Company to obtain prior approval of its shareholders for remittance of the funds in the escrow account of the Administrator in the Austrian restructuring process given the hard stop date of 23 May 2025. Accordingly, the Company was constrained to proceed with the remittance on 22 May 2025, on the basis of approval of its Audit Committee, after the Company's Board took note of the same and resolved to obtain shareholders' approval for this transaction on a *post-facto* basis.

Pursuant to the remittance of relevant portion of KTM Restructuring in the escrow account of the Administrator by KTM, the relevant court in Austria, on 23 May 2025, has confirmed the resolution process and allowed KTM to continue operations. The Insolvency Court in Austria vide its order dated 16 June 2025 has confirmed the restructuring plan adopted by KTM and concluded the proceedings. The 16 June 2025 order is no longer subject to appeals under Austrian law.

With binding restructuring orders received from the Court in Austria, the process of making applications to the Austrian Takeover Commission, Foreign Investment Control, EU Foreign Subsidies Control and Merger Control Authorities, as applicable, for their approval has also been initiated and is being pursued. Following the receipt of requisite approvals, Bajaj is committed to – (i) initiating a revamp of the governance framework including reconstituting the Board, (ii) commencing the journey of turnaround – putting in place a program aimed at restoring momentum and competitive growth while driving the financial viability of KTM, (iii) implementing measures that widen the remit of the existing joint development program between the companies involved and pursuing synergistic opportunities in both the front end and back end and (iv) exploring potential partnerships and collaborations to build sustainable competitive advantage and long-term value creation.

The KTM Restructuring brings significant long-term strategic and financial benefits to the Company and its shareholders, that can be looked at from three dimensions:

A. Long-Term Potential of KTM Austria Operations: Upon completion of the KTM Restructuring, the Company will hold sole control over PBAG and thereby a majority stake in PMAG/KTM, gaining direct control of the globally admired brands - KTM, Husqvarna and GASGAS. The Company sees considerable scope to extract synergies across R&D, manufacturing and sourcing. Leveraging its proven capabilities in cost-efficient and high-quality supply chain management, the Company can enhance competitiveness and profitability for KTM. These operational synergies are expected to serve as a key pillar of the turnaround strategy and form the core rationale for the investment. Moreover, it expands the Company's access to developed markets where KTM already has an established presence and distribution network, enabling potential entry of Bajaj-branded or co-developed premium motorcycles in some of these high-value regions. The acquisition also provides strategic access to KTM's advanced R&D, engineering and innovation capabilities, particularly in high-performance and off-road motorcycles, thereby strengthening Bajaj's technological backbone across segments. With consolidated ownership, the Company gains flexibility to shape future monetization strategies of the KTM brand, assets and its markets without the complexities on the ownership front. Importantly, KTM's Balance Sheet stands free from external debt at the date of acquisition, marking a fresh financial start.

Overall, the current state of the business presents a range of opportunities on portfolio, R&D, go to market and supply chain and establishment costs that are sought to be addressed as part of the operational turnaround to build back the business to competitive growth and sustainable financial performance. In effect therefore, the larger role of the Company in the future of the KTM business run out of Austria offers potential to unlock a triad of opportunities covering global growth, brand elevation and technology leadership.

B. Continuity and Expansion of Highly Value-Accretive India Business: The KTM business, run by the Company from India and forming part of its results (comprising domestic sales and exports to overseas markets), continues to be a high-margin, value-accretive business, yielding a robust EBITDA well above the Company's enterprise margin and contributing significantly to overall financial performance. In FY 2023-24, KTM's India run business accounted for around 7% of sales and contributed ₹ 925 crore, or roughly 10% to EBITDA. KTM in India has established itself as the leading sports motorcycle brand through a robust, pan-India network of more than 400 retail stores in over 300 towns. There are more than 5,60,000 KTM bikes on the road till date and around 60,000 new customers are added every year. The KTM Restructuring secures this business and protects the profit pool for the Company while offering future upside from growth, which may not have been the case, if KTM had gone into insolvency. Further, the KTM Restructuring positions the Company to capitalize on the fast-growing premium 400cc-990cc motorcycle segment which offers higher profit. Given the Company's development of the platform under the existing 125cc-400cc joint development program, familiarity with the technology and established ecosystem of vendors / partners, there is a potential to expand the scope of the said arrangement to all bikes up to 990cc. This could potentially double the export volumes of KTM bikes from India with a resultant positive impact on stepped up profits for the Company. There is an added opportunity and upside from also deploying these mid-class (400cc-990cc) bikes in the domestic market in India given far more competitive cost structures that would arise from development and manufacturing in India.

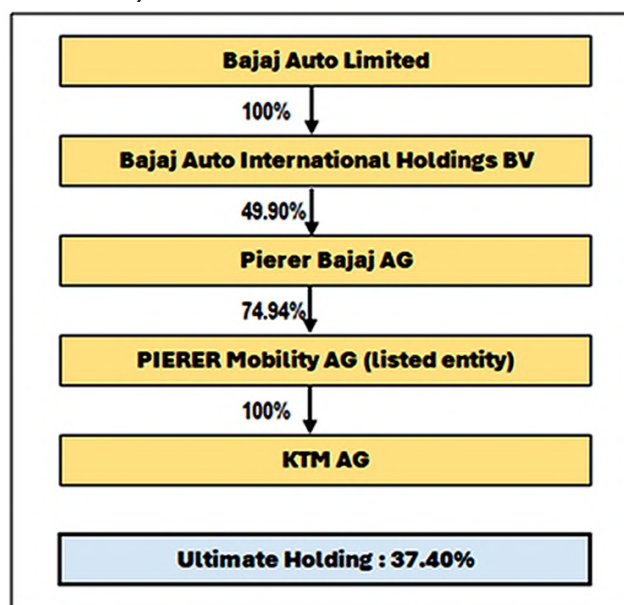
C. Protection and Enhancement of Investment Value for Bajaj Auto: KTM has been a profitable financial investment, with the net amount invested between 2007 and 2013 being ~ ₹ 1,200 crore, against which the carrying value of the KTM investment as on 31 March 2024 in the Company's Balance Sheet was ₹ 4,820 crore arising from accounting of the share of profit and foreign exchange translation over the years. Had KTM gone into liquidation, this carrying value on the Consolidated Balance Sheet of the Company would be required to be written off, negatively impacting shareholder value. Further, the acquisition has been structured during a period of severe stress for the KTM business, enabling the Company to secure control at a highly attractive valuation (Euro 50.65 million translating to Euro 4 per PMAG share for the potential exercise of all call options, subject to receipt of necessary regulatory approvals). The bulk of the KTM Restructuring has been structured to be a debt solution to address the immediate term liquidity challenges and commitments, which the Company will look to recover once the free cash flow cycle has been put back on track at KTM. In the interim period, the Company will earn a value-accretive return in the form of interest on the loans/bonds for the funds infused into KTM. Further, given the strong brand equity and focus on turning around the operations and business performance at KTM along with the ability to shape future strategy for PMAG, there is an upside for the stock, which will create additional value for the Company and its shareholders.

As per Regulation 2(1)(zb) of the Listing Regulations, PBAG, PMAG and KTM are related parties of the Company purely through, and due to, the Company's indirect shareholding of ~37.4% in KTM. Pursuant to the first proviso to Regulation 23(1) read with Regulation 23(4) of the Listing Regulations, all material related party transactions (i.e., the related party transactions, whether on individual basis or taken together with previous transactions during a financial year, exceed ₹ 1,000 crore or 10% of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower) require prior approval of the shareholders. Given the time-bound nature of the restructuring process in Austria and dynamic transaction contours, the Company could not seek prior approval from its shareholders for undertaking the KTM Restructuring on its own. The exigent and unforeseen circumstances have necessitated the Company's decision to proceed with the said material related party transactions based on the approval from the Audit Committee and its noting by the Board and obtaining approval / ratification of the shareholders on a *post-facto* basis. That said, requisite intimations were filed with the Stock Exchanges from time to time. The Board is of the opinion that the terms & conditions of the said related party transactions are favorable and are in the best interest of the Company and its shareholders.

DETAILED EXPLANATION:

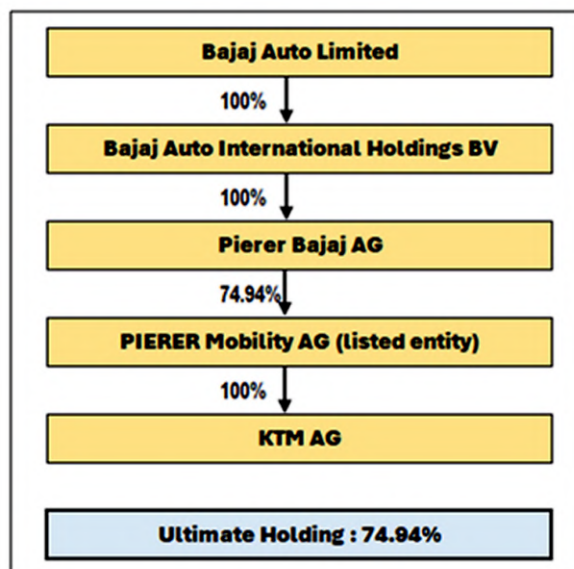
I. GROUP STRUCTURE:

A. Existing (prior to the transaction):



- Bajaj Auto Limited has a wholly owned subsidiary in Netherlands viz., Bajaj Auto International Holdings BV ("**BAIH BV**").
- BAIH BV holds a 49.9% stake in its associate, i.e., Pierer Bajaj AG ("**PBAG**"), Austria. The remaining controlling stake (50.1%) in PBAG is held by Pierer Industrie AG ("**PIAG**"). Pierer Konzerngesellschaft mbH ("**PIKO**") is the holding company of PIAG, owned by Austrian entrepreneur - Mr. Stefan Pierer, who was in the management and control of KTM.
- PBAG holds 74.94% stake in its listed subsidiary, PIERER Mobility AG ("**PMAG**"), Austria, with balance being held by public shareholders. The shares of PMAG have their primary listing in the Swiss Performance Index (SPI) of the SIX Swiss Exchange in Zurich and are also listed in the Official Market, prime market segment, of the Vienna Stock Exchange.
- PMAG holds 100% stake in KTM AG and is the holding company of KTM and its subsidiaries (collectively "**KTM**"). KTM AG is the leading manufacturer of sports motorcycles in Europe.
- Thus, the Company effectively holds ~37.4% in PMAG/KTM, through the above chain, prior to this transaction.

B. Proposed (after regulatory approvals for this transaction):



- With this transaction, Bajaj Auto Limited, intends to acquire the sole controlling stake in PBAG through its wholly owned subsidiary in Netherlands - BAIH BV, subject to receipt of necessary regulatory approvals.
- The proposed equity acquisition by BAIH BV of a controlling stake in PBAG and therefore, in PMAG/KTM (upon receipt of necessary regulatory approvals), is a critical step in realigning governance to restore stakeholder confidence. It sets the stage for operational restructuring of KTM, offers flexibility for potential partnerships, while paving the way for the recovery of the business momentum and strong / disciplined financial performance.
- The above equity realignment and change of control will, however, be brought into effect only after receipt of necessary regulatory clearances. The process of making applications to the Austrian Takeover Commission, Foreign Investment Control, EU Foreign Subsidies Control and Merger Control Authorities, as applicable, for their approval has been initiated and is being pursued by the Company.
- BAIH BV has entered into a Call Option Agreement on 22 May 2025 with PIAG and PIKO for right to purchase (either by itself or by a third party nominated by BAIH BV or a combination thereof) from PIAG the shares held in PBAG, subject to receipt of requisite regulatory approvals. The call option may be exercised fully or in instalments by BAIH BV or a third party nominated by BAIH BV, or a combination thereof, until 31 May 2026, with there being a separate arrangement for acquisition of 0.1% stake, subject to regulatory approvals.
- The full exercise of the options will mark the resultant exit of the Pierer Group from PBAG and therefore, PMAG/KTM.
- Thus, post all regulatory approvals for this transaction and exercise of the call options, the Company will effectively hold ~75% in PMAG/KTM, through the above chain. The rest of the holding represents the public free float.

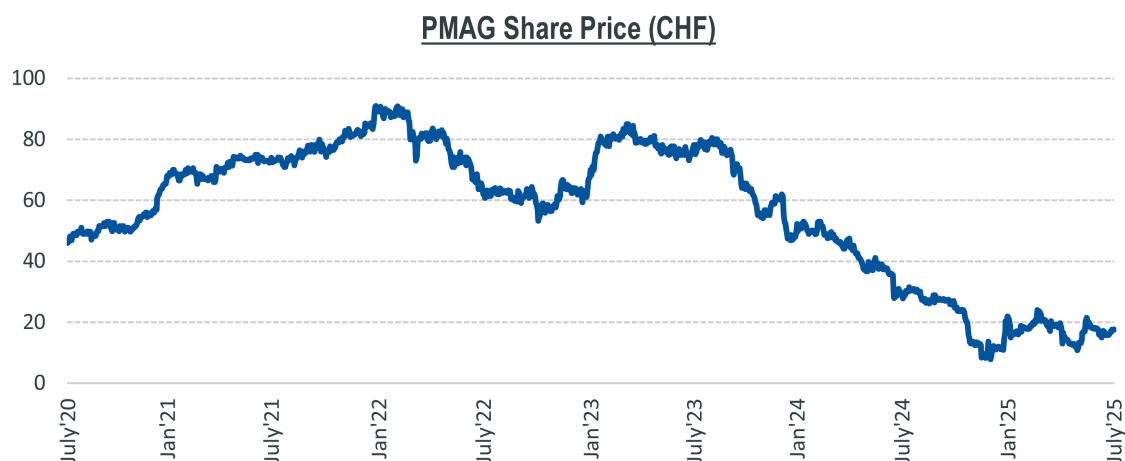
II. ABOUT PMAG / KTM:

1. PMAG, headquartered in Austria, is the holding company of KTM AG, a leading European motorcycle manufacturer. With a focus on the premium segment, the company has renowned brands - KTM, Husqvarna and GASGAS under its roof.
2. The shares of PMAG are listed on the SIX Swiss Exchange (SIX) in the International Reporting Standard (primary listing) and on the Official Market (Amtlicher Handel) of the Vienna Stock Exchange.
3. Within PIERER Mobility Group, KTM AG is Europe's leading manufacturer of offroad and street motorcycles with strong R&D led technology capability, wide global geographic presence and aspirational brands / products that are considered to be market leaders, especially in the premium motorcycling segment. KTM AG is a prominent organization at its Austrian locations in Mattighofen, Munderfing, Thalheim and Schalchen.
4. The consolidated financial summary of PMAG, the holding company of KTM, is tabulated below:

Table 1

Particulars	Metric	CY20	CY21	CY22	CY23
Motorcycle sales (wholesales)	'000 units	270	333	375	382
Total sales (inc. bicycles)	'000 units	344	436	494	539
Revenue	Euro Mn	1,530	2,042	2,437	2,661
EBITDA	Euro Mn	233	332	381	324
EBIT	Euro Mn	107	194	235	160
Net profits	Euro Mn	35	83	170	80

5. As reported by PMAG, calendar year ("CY") 24 was a challenging year for KTM with rising production costs in Europe, due to high wage settlements and increasing regulatory costs, putting a strain on competitiveness. Sales were negatively impacted in American markets due to high interest rates while sales in Europe were also volatile. Alongside, dealers ended up holding huge inventories that were well beyond normative levels. KTM supported the dealers through extended payment terms and higher discounts. These measures led to a substantial increase in working capital and a negative impact on EBIT. Along with this, demand for bicycles dropped and hence the inventories were required to be corrected. All this led to a significant loss for the year, and a massive debt pile up that forced KTM into financial distress, requiring it to file for restructuring under self-administration in Austria at the end of the calendar year. Due to all these extraordinary reasons, the financials for CY24 were severely impacted and were not comparable. Hence, it has not been added to the above table, which essentially seeks to provide the headlines on the size and progression of the business.
6. PMAG's share price for the last five years (July 2020 to June 2025) is depicted below (Amount in CHF):
- At its peak, PMAG's share nearly touched CHF 95 in early 2022 at which point, the market capitalization of the business was nearly CHF 3.2 billion.
 - PMAG delivered weak results for H1-2024 and adjusted guidance for H2-2024 amidst tough global macro-economic conditions and operational challenges for the business in August 2024.
 - Prior to the said announcement, the share was trading at an average price of 65 CHF.
 - Share was trading at an average price of 17.8 CHF between August 2024 and June 2025, as it announced financials for H1-2024 in August 2024 end, KTM applied for insolvency in November 2024 and devised a restructuring plan agreed with the creditors in February 2025. The share hit its low at ~7.9 CHF in November 2024, when KTM filed for 'restructuring proceedings under self-administration'.
 - PMAG's share price closed at 17.1 CHF as on 30 June 2025.



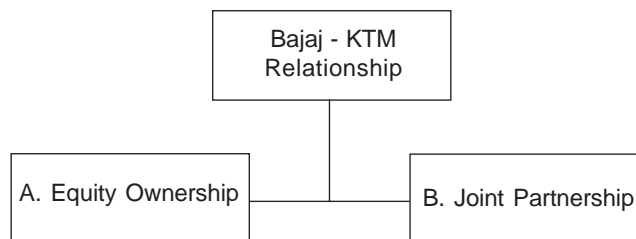
Dividend history:

Table 2

Year	DPS (paid in following year)	EPS	Payout ratio
2023	€ 0.50	€ 2.37	21.1%
2022	€ 2.00	€ 5.03	39.8%
2021	€ 1.00	€ 3.34	29.9%
2020	€ 0.50	€ 1.56	32.1%



III. BAJAJ AUTO – KTM RELATIONSHIP:



A. **Equity Ownership (in Austrian company, led by Pierer):**

1. Bajaj Auto has a strategic partnership with KTM that dates back to 2007 when the Company entered into a strategic alliance with KTM led by Mr. Stefan Pierer for joint development, marketing and distribution of motorcycles under KTM brand in India and overseas markets. The Company, through BAIH BV, initially invested Euro 59 million for 14.5% of the stake of KTM AG. The strategic equity participation of the Company progressively enhanced over the years to 49.9% having invested nearly Euro 200 million. Bajaj Auto has been a minority shareholder in the Austrian company, that was under the control of Mr. Stefan Pierer, as was intended to be between the partners arising from the equity stake and as per the terms of the then executed Shareholders' Agreement.

B. **Joint Partnership (India run business by Bajaj Auto, for domestic sales and exports of KTM):**

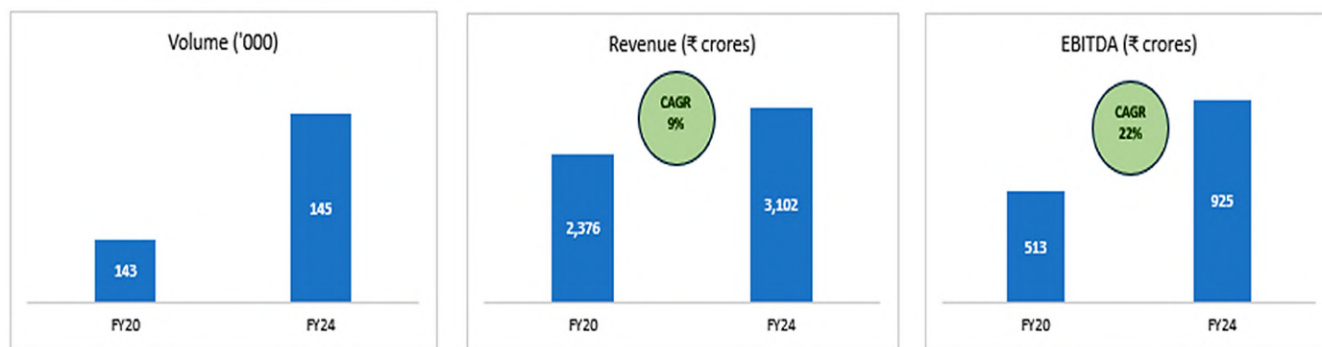
1. Apart from the equity ownership, the partners (Bajaj – Pierer) entered into an arrangement that envisaged joint development of motorcycles under 400cc, their manufacture by Bajaj Auto in India and its distribution / marketing under the KTM brand by Bajaj Auto in India and to overseas markets (some managed by Pierer and some by Bajaj Auto). For these motorcycles under the joint partnership arrangement, Bajaj Auto earns a margin that forms part of its financial results, whilst a royalty is paid to KTM.
2. R&D engineers of the two companies worked closely over three years to develop brand new designs of KTM "Duke" motorcycles. In 2011, KTM commenced shipment of these motorcycles to Europe, UK, Japan and Australia. This was swiftly followed by launch of KTM motorcycles in India in 2012 through exclusive outlets.
3. Pursuit of premium motorcycling culminated in KTM's acquisition of Husqvarna, a Swedish high-end motorcycle brand in 2013. Engineers of both companies have worked together to introduce marquee Svartpilen and Vitpilen motorcycle brands as also KTM adventure bikes. These motorcycles are mass produced at the Company's Chakan Plant in Pune and sold all over the globe. The Company co-develops and manufactures a range of motorcycles spanning KTM (125cc-390cc) and Husqvarna (125cc-401cc) brands. Many of the models produced here have cutting-edge technology like Motorcycle Traction Control, Cornering ABS, Supermoto ABS, Quick shifter+, and TFT displays which have been first in the segment. Most importantly, these introductions have led to an upgrade in the technology landscape of Indian motorcycles as well as the vendor ecosystem.

4. Over the years, KTM in India has established itself as the leading sports motorcycle brand through a robust, pan-India network of more than 260 dealers for these iconic brands. Initiatives like Pro-XP rides, which have seen 40,000 bikers participating in more than 400 events, have helped spread pro-biking and develop the racing DNA in India.
5. On 20 January 2023, KTM, crossed a significant milestone as the one-millionth motorcycle – a KTM Adventure 390 – manufactured at the Company's Chakan Plant in Pune rolled out. With this milestone, KTM and Bajaj Auto's successful partnership set a global benchmark for collaboration between the two automotive firms. KTM has taken less than half the time to hit the second half-million milestone than the first, indicating a meteoric growth in the brand's adoption. The partnership has come a long way since the journey of the two motorcycle titans commenced in 2007, and production and sales of KTM, and Husqvarna bikes have risen considerably underpinning the strong partnership build on the cornerstones of technology, trust, and cooperation. Over the years up to FY 2023-24, this partnership has added significantly to the Company's bottom line.
6. Sale of KTM motorcycles in India is independently managed by the Company. There are more than 5,60,000 KTM bikes on the road till date. Around 60,000 new customers are added every year. All of this is handled through our wide dealer network across India. We operate in more than 300 towns through over 400 retail stores.



7. KTM is a strategic asset for the Company. KTM's contribution to the Company's sales, including export sales for FY 2023-24, was ~7% and it contributed ₹ 925 crore, being ~10% to the Company's total EBITDA.
8. KTM has also been a profitable financial investment, with the net amount invested between 2007 and 2013 being ~ ₹ 1,200 crore, against which the carrying value of the KTM investment as on 31 March 2024 in the Company's Consolidated Balance Sheet was ₹ 4,820 crore, arising from the Company accounting for its share of profit accretions from PMAG/KTM AG each year and foreign exchange translation, as per prevalent accounting standards.
9. This investment is a high-value strategic asset for the Company and protecting it to start with and leveraging its potential is paramount. The partnership has delivered substantial financial and strategic returns over the years and safeguarding this stake is critical to ensuring continuity of those benefits. With a carrying value of ₹ 4,820 crore as on 31 March 2024 and consistent profit contribution, active oversight is essential to preserve and grow long-term shareholder value.
10. The results of KTM are consolidated with the Company by adding the share of KTM's profits to its consolidated financial statements. For FY 2023-24, 12% of the Company's consolidated profits came from KTM.

Set out below is a graphical representation of impact of KTM on Company's business:



KTM business contributes 3%, 7% and 10% of Company's standalone volume, revenue and EBITDA respectively for FY24.

IV. **KTM RESTRUCTURING PROCESS AND CURRENT TRANSACTION OVERVIEW:**

In November 2024, KTM AG and its subsidiaries viz., KTM Components GmbH and KTM F&E GmbH (being "KTM" as defined hereinabove) entered into a self-administrative restructuring process, prompted by acute liquidity challenges that could not service the spiraling debt and working capital constraints that stifled routine business operations.

Key milestones in the process include:

- On 28 November 2024, KTM AG applied for the initiation of judicial restructuring proceedings with self-administration in the Court of Austria over the assets of KTM AG and its two subsidiaries with an aim to agree a reorganization plan with the creditors within 90 days.
- Sales were negatively impacted in American markets due to high interest rates while sales in Europe were also volatile. Alongside, dealers ended up holding huge inventories that were well beyond normative levels. KTM supported the dealers through extended payment terms and higher discounts. These measures led to a substantial increase in working capital and a negative impact on EBIT. Along with this, demand for bicycles dropped and hence the inventories were required to be corrected. This resulted in elevated debt levels placing a strain on working capital, stifling routine business operations. It is important to note that the losses and liquidity constraints were not a consequence of the brand or product quality, both of which remain strong.
- On 25 February 2025, the creditors of KTM accepted the restructuring plans submitted by KTM, which provided for creditors to receive a cash quota of 30% of their claims in the form of a one-time payment to be deposited with the restructuring Administrator by 23 May 2025.
- The agreed conditions of the restructuring plan established a contractual obligation between KTM and its creditors. In the event that the liquidity was not made available to and presented before the Administrator/Court latest by 23 May 2025, as per the law in Austria, KTM would have been taken out of self-administration and moved irrevocably into the insolvency process.
- On the sighting of the requisite liquidity in the escrow accounts and confirmation by the Administrator, the Court was to confirm the restructuring plan by mid-June 2025 after offering a permissible objection period, post which the quota payment was to be released to the creditors and the restructuring proceedings of KTM AG and its subsidiaries will be concluded with legally binding orders.
- It is pertinent therefore to note that the restructuring process was executed under the supervision of the Court appointed Administrator and stringently time-bound with 23 May 2025 as the hard stop date that could not have been extended under the law in Austria.
- To address the KTM business' acute liquidity challenges and enable a structured revival of the brand that has a strong heritage and acclaimed position worldwide, the Company (through BAIH BV) outlined a set of strategic interventions by way of a combination of equity and debt fund infusion.

The Current Transaction Overview:

- The infusion plan required the Company to fund Euro 600 million (equivalent to ₹ 5,820 crore) to meet the creditors' 30% cash quota referred to above and associated costs. Further, Euro 200 million (equivalent to ₹ 1,940 crore) was infused by the Company in a phased manner between FY 2024-25 and April 2025 - May 2025 to maintain continuity and revive KTM's operations.
- The current transaction essentially has two parts to it –
 - The proposed equity acquisition by the Company (through BAIH BV) of a controlling stake in PBAG and therefore, in PMAG/KTM is through execution of Call Option Agreement for Euro 50.65 million (equivalent to ₹ 491.3 crore) translating to Euro 4 per PMAG share for the potential exercise of all call options, subject to receipt of necessary regulatory approvals. This acquisition (upon receipt of regulatory approvals) after exploring various other alternatives, is a critical step in realigning governance to restore confidence among stakeholders, setting a path for operational restructuring of the business and creating flexibility for potential partnerships.

- b. Alongside, a total debt package of Euro 800 million (including Euro 100 million infused during FY 2024-25) seeks to address liquidity needs to meet creditor obligations pursuant to the approved restructuring plan and restart of the operations.

A. Equity Ownership:

Through this transaction, Bajaj Auto intends to acquire a sole controlling stake in PBAG. The equity ownership realignment and change of control will, however, be brought into effect only after regulatory clearances (relevant Takeover, Investment, EU Foreign Subsidies Control and Merger Control Authorities).

A Stefan Pierer group company had entered into Loan and Share Pledge Agreements with Dabepo Holding GmbH in December 2024 for an amount, which along with interest and costs adds up to Euro 80 million (equivalent to ₹ 776 crore). The Company through BAIH BV took over the commitment under the aforesaid Loan and Share Pledge Agreements from Dabepo Holding GmbH, to prevent the threatened foreclosure of this loan which would have endangered the planned restructuring and ramp up of the KTM business. This loan has been covered through security that has been provided by the Pierer Group.

In connection with the planned change of control, BAIH BV intends to invoke the restructuring privilege provided for under the Austrian Takeover Act applicable to investments for the benefit of a distressed company.

In pursuance of the above, BAIH BV has entered into a Call Option Agreement with PIAG and PIKO for the right to purchase (either by itself or by a third party nominated by BAIH BV or a combination thereof) from PIAG, 50,000 shares held in PBAG (being 50% stake) aggregating to Euro 50.65 million (equivalent to ₹ 491.3 crore), with an intent to acquire a controlling stake in PBAG. The consideration for this transaction when the call options are exercised, post receipt of regulatory approvals, will be adjusted from the amount paid to Dabepo Holding GmbH as above, on account of the Pierer Group.

Neither PIAG nor PIKO are related parties of the Company and BAIH BV. However, this transaction is an integral part of the restructuring process involving other related parties of the Company, i.e., PBAG, PMAG and KTM.

B. Debt Package:

- I. Euro 200 million (equivalent to ₹ 1,940 crore) cash infused as shareholder debt to maintain continuity and revive operations:
 - a. Funded in four tranches of Euro 50 million each, via Convertible Bonds/Loan. This was deployed in a phased manner across FY 2024-25 (Euro 100 million) and April 2025 - May 2025 (Euro 100 million), reflecting Bajaj Auto's sustained support through the critical stage of keeping the KTM business going through the self-administration phase.
 - b. Each transaction was executed under the oversight and legal framework that was set by the Administrator in Austria.
- II. Fresh Euro 600 million (equivalent to ₹ 5,820 crore) debt on 22 May 2025 provided to fund payment of creditors' quota and associated costs:
 - a. Euro 450 million as a secured bridge loan by BAIH BV to KTM AG.
 - b. Euro 150 million of Convertible Bonds issued by PBAG and subscribed to by BAIH BV, that were loaned by PBAG to PMAG, which in turn funded KTM AG to be used for the balance amount of the creditors' quota and restart costs.

Therefore, of the total debt package of Euro 800 million, Euro 100 million was advanced in FY 2024-25 and Euro 700 million in FY 2025-26.

These were funded by bank loans that were raised directly by BAIH BV in the Netherlands and investments made out of internal accruals by Bajaj Auto into BAIH BV.

Requisite intimations were filed with the Stock Exchanges from time to time.

10. The Audit Committee of the Company approved the KTM Restructuring in compliance with requirements under Regulation 23 of the Listing Regulations, and the same was duly noted by the Board of the Company at its meeting held on 21 May 2025, which was just two days prior to the deadline of 23 May 2025. At this stage, it was not possible for the Company to obtain prior approval of its shareholders for remittance of the funds in the escrow account of the Administrator in the Austrian restructuring process given the hard stop date of 23 May 2025.
11. The Company's prompt decision to fund the restructuring of KTM was driven by the immense benefits the business offers to the Company such as long-term growth potential in the KTM business, continuation of highly value-accretive India business and protecting the shareholder's value for the portion of equity investment made in KTM so far, thereby avoiding a potential write-off. Hence, this move was aimed at unlocking that value and accelerating future growth, as outlined in the next section.
12. In the aforesaid exigent circumstances, the Company had to quickly understand the business modalities & challenges and develop way forward and thus it was not possible to comply with the requirement of obtaining shareholders' approval prior to the remittance of KTM Restructuring. Accordingly, the Company was constrained to proceed with the remittance on 22 May 2025, on the basis of approval of its Audit Committee, after the Company's Board took note of the same and resolved to obtain shareholders' approval for this transaction on a *post-facto* basis.

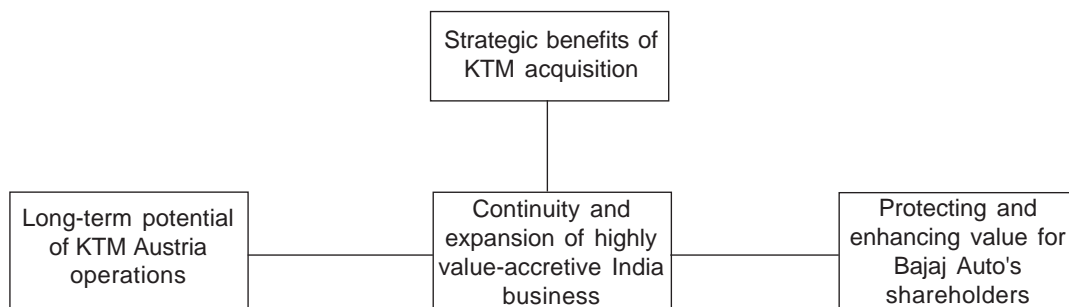
13. Pursuant to the remittance of relevant portion of KTM Restructuring in the escrow account of the Administrator by KTM, the relevant court in Austria, on 23 May 2025, has confirmed the resolution process and allowed KTM to continue its operations.
14. The Insolvency Court in Austria vide its order dated 16 June 2025 has confirmed the restructuring plan adopted by KTM on 25 February 2025 and has concluded the proceedings. The 16 June 2025 order is no longer subject to appeals under Austrian law.
15. With binding restructuring orders received from the Court in Austria, the process of making applications to the Austrian Takeover Commission, Foreign Investment Control, EU Foreign Subsidies Control and Merger Control Authorities, as applicable, for their approval has also been initiated and is being pursued.

Following the receipt of requisite approvals, Bajaj Auto is committed to:

- A. Initiating a revamp of the governance framework including reconstituting the Board;
- B. Commencing the journey of turnaround – putting in place a program aimed at restoring momentum and competitive growth while driving the financial viability of KTM;
- C. Implementing measures that widen the remit of the existing joint development program between the companies involved and pursuing synergistic opportunities in both the front end and back end;
- D. Exploring potential partnerships and collaborations to build sustainable competitive advantage and long-term value creation.

V. **STRATEGIC RATIONALE AND BENEFITS:**

The Company through BAIH BV intends to take control of PBAG, which in turn holds the controlling stake in PMAG and resultantly in KTM AG. The proposed equity acquisition in PBAG, upon receipt of regulatory approvals, will raise BAIH BV's stake in PBAG to 100% and effectively to 75% in KTM (from its current stake of ~37.4%) and would result in the exit of the Pierer Group from KTM. This transaction would bring Bajaj Auto's ownership from a minority stake to a controlling majority holder, enabling full operational & strategic control over KTM and its related brands. Along with this, the acquisition would lead to continuity of highly value-accretive India business and is important to protect the shareholders' value for Bajaj Auto.



A. **Long-term potential of KTM Austria operations:**

1. **Full Control of a Global Well Regarded Premium Motorcycle Business:** Subject to receipt of necessary approvals and completion of the transaction, the Company will hold a sole control over PBAG and thereby a majority stake in PMAG/ KTM, gaining direct control over KTM, Husqvarna and GASGAS brands — three of among the most admired brands in the global motorcycling market. Apart from access to brands, operations and markets, the control allows Bajaj Auto to drive key decisions on governance, strategy, product roadmap and partnerships.
2. **Gateway to Developed Markets:** With the Company intending to gain control over KTM's global operations, it can now move beyond its stronghold in emerging markets and gain direct access to some of the developed markets where KTM already has an established brand, distribution network and regulatory clearances.
3. **Strategic Access to Advanced Technology:** KTM is renowned for its engineering and innovation, particularly in high-performance and off-road motorcycles. This acquisition grants the Company deeper access to KTM's R&D, powertrain technologies and design/styling capabilities — strengthening its own technological backbone across segments and creating opportunities for future upgrades/innovation on its bikes.
4. **Flexibility for Future Strategic Moves:** With consolidated ownership, Bajaj Auto now has the freedom to shape future monetization strategies of the KTM brand, assets and its markets with/without the complexity of joint ownership.
5. **External Debt retired with Potential Post Turnaround Benefits:** With the discharge of all the previous debt, the KTM Balance Sheet stands debt free on the date of proposed acquisition, subject to receipt of necessary regulatory approval. Due to the 70% haircut of the existing debts of KTM as a result of the successful restructuring proceedings, the Balance Sheet benefits from a debt reduction of Euro 1.2 billion. This Balance Sheet marks a fresh start for KTM with no carry forward of any financial burden. The current state of the business presents a range of opportunities on portfolio, R&D, go to market and supply chain & establishment costs that are sought to be addressed over time as part of the operational turnaround to build back the business to delivering its competitive growth momentum and sustainable financial performance. In normative times, PMAG has been a significant Euro 1.5 billion - 2 billion revenue company with a healthy ~ 15% EBITDA margin (refer **Table 1**).

In effect therefore, the larger role of Bajaj Auto in the future of the KTM business run out of Austria offers potential to unlock a triad of opportunities covering global growth, brand elevation and technology leadership.

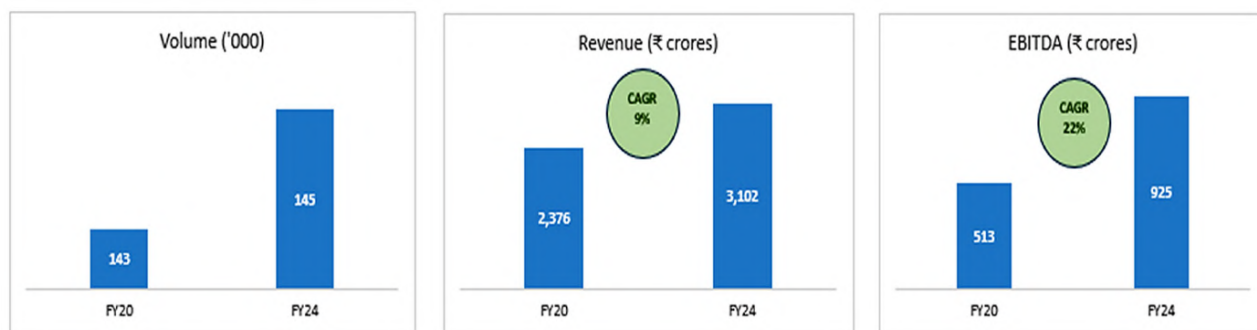
B. Continuity and expansion of highly value-accretive India business:

6. **Leveraging India for Structural Cost Advantage and expanding the scope of the current Joint Development Program:** As KTM begins its next chapter post-restructuring, a core pillar of the turnaround strategy is to unlock structural cost advantages by leveraging Bajaj Auto's strengths in R&D, sourcing, vendor base, and frugal engineering in India. By migrating more product development and mid-capacity manufacturing to India, KTM can meaningfully lower its cost of goods sold while ensuring high quality and a competitive supply chain capability.

The remit of the current joint development program run out of India by Bajaj Auto is restricted to <400cc street bikes. Under this, Bajaj Auto develops, manufactures and sells between 1,40,000-1,50,000 KTM/Husqvarna motorcycles each year based on the trends of the last few years, of which a little over half is exported. This business has been growing and is very profitable with above-enterprise margin levels. Given Bajaj Auto's development of the platform, familiarity with the technology and established ecosystem of vendors and partners, there is a potential to expand the scope of the joint development arrangement to all bikes up to 990cc – therefore, leverage the full potential from the current range of 125cc-400cc bikes to an expanded portfolio of 125cc-990cc. Current volumes of the midclass (400cc-990cc) are expected to be at the same level of the export of the 125cc-400cc bikes from India. In effect, therefore there is the potential opportunity to double the export volumes of KTM bikes from India with a resultant positive impact on stepped up profits for Bajaj Auto. There is the added opportunity and upside from also deploying these mid-class (400cc-990cc) bikes in the domestic market in India given far more competitive cost structures that would arise from development and manufacturing in India.

7. **High-margin accretive KTM India run (Domestic + Exports) business:** KTM is a high-margin, value-accretive business for Bajaj Auto out of India, as it yields a healthy EBITDA (~30%), well above the blended corporate margin and a significant contributor to the Company's financial performance. In FY 2023-24, KTM accounted for ~7% of the Company's sales and contributed ₹ 925 crore, or around 10% of EBITDA.

Set out below is a graphical representation of impact of KTM on Company's business:



KTM business contributes 3%, 7% and 10% of Company's standalone volume, revenue and EBITDA respectively for FY24.

In consolidated terms, 12% of the Company's consolidated profits arise after considering the share of profit from PMAG/KTM accounted for as per extant accounting standards and principles. The current transaction secures this business and protects the profit pool for Bajaj Auto while offering future upside from growth, which may not have been the case if KTM had gone into insolvency.

8. **Deeply penetrated Indian markets for KTM:** Over the years, KTM India has established itself as the leading sports motorcycle brand through a robust, pan-India network of more than 260 dealers for these iconic brands, operated through 400+ retail stores in over 300 towns. There are more than 5,60,000 KTM bikes on the road till date. Around 60,000 new customers are added every year. The continuation of the operations in India will further grow the KTM DNA and brand equity in the country, leading to additional sales and increase in margin accretive business.
9. **Entry into the Premium Motorcycle Segment:** This transaction opens the door for the Company into the fast-growing 400cc+ category — the core of the global premium motorcycle market. It positions the Company to serve aspirational riders upgrading from below 400cc bikes to "big bikes" such as adventure tourers, sportbikes and cruisers — a customer segment with significantly higher margins.

C. Protection and enhancement of the investment value for shareholders:

10. **Profitable Financial Investment:** KTM has been a profitable financial investment, with the net amount invested between 2007 and 2013 being ~ ₹ 1,200 crore, against which the carrying value of the KTM investment as on 31 March 2024 in the Company's Balance Sheet was ₹ 4,820 crore arising from accounting of the share of profit and foreign exchange translation over the years, as per the accounting standards. Had KTM gone into liquidation, the carrying value of the investment in PMAG on the Consolidated Balance Sheet of Bajaj Auto would be required to be written off, negatively impacting shareholder value at Bajaj Auto.

11. **Attractive Financial Upside:** The acquisition was structured during a period of severe stress for the KTM business, enabling the Company to secure control at a highly attractive valuation (Euro 50.65 million translating to Euro 4 per PMAG share for the potential exercise of all call options, subject to receipt of necessary regulatory approvals). The bulk of the transaction has been structured to be a debt solution to address the immediate term liquidity challenges and commitments, which the Company will look to recovering once the free cash flow cycle has been put back on track at KTM. In the interim period, the Company will earn a value accretive return in the form of interest on the loans/bonds for the funds infused into KTM. Further, given the strong brand equity and focus on turning around the operations and business performance at KTM along with the ability to shape future strategy for PMAG, there is an upside for the stock, which will create additional value for Bajaj Auto and its shareholders.
12. **Interest Income:** Through the debt package of Euro 800 million (equivalent to ₹ 7,760 crore), BAIH BV will earn an attractive return in the form of interest receivable to the extent of ~ Euro 85 million (equivalent to ₹ 824.5 crore) on an annualised basis till such time the debt is repaid/retired.

VI. REGULATORY PROVISIONS AND SHAREHOLDERS' APPROVAL:

1. As per Regulation 2(1)(zb) of the Listing Regulations, PBAG, PMAG and KTM are related parties of the Company purely through, and due to, the Company's indirect shareholding of ~37.4% in KTM.
2. Shri Rajiv Bajaj (the Company's Managing Director & CEO and one of its promoters) was a member of the Supervisory Board of KTM AG in his capacity as BAIH BV's nominee on the date of the transaction. By virtue of his membership, he was a related party during the execution of the transaction. However, none of the Company's promoters hold any shares in KTM, independent of the Company.
3. Pursuant to the first proviso to Regulation 23(1) read with Regulation 23(4) of the Listing Regulations, all material related party transactions (i.e., the related party transactions, whether on an individual basis or taken together with previous transactions during a financial year, exceed ₹ 1,000 crore or 10% of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower) require prior approval of shareholders. As detailed above, the value of the transactions entered into by BAIH BV with the related parties pursuant to KTM Restructuring has exceeded the materiality threshold of ₹ 1,000 crore during the current FY 2025-26. Additionally, BAIH BV has entered into separate arrangements enabling BAIH BV to have the right to purchase (either by itself or by a third party nominated by BAIH BV or a combination thereof) controlling stake in PBAG; and while this arrangement has not been entered into with related party, it is an integral part of the KTM Restructuring and overall arrangement since it opens the path to acquiring the majority ownership in the listed entity, i.e., PMAG and control over KTM. Accordingly, KTM Restructuring is a material related party transaction under the Listing Regulations, and the Company is treating the above-referred arrangement on par with the same.
4. Restructuring proceedings, by their very nature are fluid and evolving, involving challenges on timelines and certainty. This is recognized under proviso to Regulation 23(4) of the Listing Regulations which provides an exemption to a restructuring plan approved under the Insolvency and Bankruptcy Code, 2016 from the requirement of obtaining prior shareholder approval for a material related party transaction. Similar principles apply to restructuring proceedings of KTM in Austria, but the current exemption does not extend to insolvency proceedings outside India.
5. In terms of the provisions of the Listing Regulations, the Audit Committee and the Board of the Company have approved / noted the said related party transaction(s) towards the funding package for revival of KTM through a cumulative commitment of Euro 800 million (equivalent to ₹ 7,760 crore), including Euro 100 million (equivalent to ₹ 970 crore) provided during the last financial year in the form of debt through its wholly owned subsidiary viz., BAIH BV and takeover of Loan and Share Pledge Agreements of Pierer Group company for Euro 80 million, equivalent to ₹ 776 crore (which includes the proposed acquisition of controlling stake in PBAG for Euro 50.65 million (equivalent to ₹ 491.3 crore)), which for the transactions entered into during the current FY 2025-26 along with the interest income receivable, which is the consequential transaction flowing out of the principal transactions in the form of Loans and Convertible Bonds, is in excess of the threshold prescribed for material related party transactions.
6. While the Company was required to obtain prior approval of its shareholders for the said material related party transaction(s), given the time-bound nature of the restructuring process in Austria and dynamic transaction contours, the Company could not seek approval from its shareholders prior to undertaking the KTM Restructuring on its own. The exigent and unforeseen circumstances as elaborated in the preceding paragraphs necessitated the Company's decision to proceed with the said material related party transaction(s) based on the approval from the Audit Committee and its noting by the Board, and obtaining approval / ratification of the shareholders on a *post-facto* basis.
7. This is a one-off transaction, being a part of the restructuring process of KTM and carried out on an arm's length basis and reviewed and recommended by the Board for placing it for approval of the shareholders, based on the approval accorded by the Audit Committee of the Company in terms of the provisions of the Listing Regulations / the Company's Policy on materiality of & dealing with Related Party Transactions.
8. Compliance and corporate governance have always been the highest priority for the Company and upholding these principles, the Company has obtained all the necessary corporate approvals (except prior shareholders' approval for reasons stated herein) and has made full disclosures of these transactions at every stage, as required under the Listing Regulations.

VII. The requisite particulars of the KTM Restructuring, *inter alia*, as required under Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11 November 2024, Section III – B pertaining to “disclosure and other obligations of listed entities in relation to related party transactions”, issued by the Securities and Exchange Board of India (“SEBI”) are set out below:

Sr. No.	Particulars	Details
1.	A summary of the information provided by the management of the Company to the Audit Committee as specified in the said Circular issued by the SEBI:	
	a. Name of the related party.	The transaction has been executed between BAIH BV on the one hand and PBAG, PMAG and KTM AG on the other hand.
	b. Name of the director or key managerial personnel who is related, if any.	Shri Rajiv Bajaj, Promoter and Managing Director & CEO of the Company, was on the Supervisory Boards of PBAG, PMAG and KTM AG as on the date of the transaction. However, none of the Company's promoters hold any shares in KTM, independent of the Company.
	c. Nature of relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).	<ul style="list-style-type: none"> BAIH BV is a wholly owned subsidiary of the Company. BAIH BV holds a 49.9% stake in PBAG. PBAG holds a 74.94% stake in PMAG. PMAG is the holding company of KTM and holds 100% of its stake. The parties to the transaction viz., BAIH BV and PBAG, PMAG and KTM AG are related parties of the Company. Shri Rajiv Bajaj, Promoter and Managing Director & CEO of the Company was on the Supervisory Boards of PBAG, PMAG and KTM AG as on the date of the transaction. Other than this, none of the Company's promoter / promoter group / group companies have any interest in the said parties.
	d. Type, nature, material terms, monetary value and particulars of the contract or arrangement or transaction.	<ul style="list-style-type: none"> The debt funding package extended by BAIH BV to KTM AG (through PBAG / PMAG) to maintain continuity and revive operation of KTM and to fund payment of creditors' quota and associated costs, as required for its restructuring process. During the current FY 2025-26, Euro 700 million (equivalent to ₹ 6,790 crore) were funded in tranches, in the form of secured term loan and convertible bonds as detailed hereunder: <ul style="list-style-type: none"> i. Secured term loan of Euro 450 million to KTM AG and ii. Convertible bonds (un-subordinated and un-secured) of Euro 250 million issued by PBAG. <p>In addition to the above, interest receivable of ~ Euro 85 million (equivalent to ₹ 824.5 crore) by BAIH BV, which is the consequential transaction flowing out of the principal transactions in the form of Loans and Convertible Bonds.</p> Further, BAIH BV entered into Receivable Redemption Agreement with PIKO for Euro 80 million (equivalent to ₹ 776 crore) to take over the Loan and Share Pledge Agreements between Dabepo Holding GmbH and Stefan Pierer Group Company. In pursuance of the above, BAIH BV has entered into a Call Option Agreement with PIAG and PIKO for the right to purchase (either by itself or by a third party nominated by BAIH BV or a combination thereof) from PIAG, 50,000 shares held in PBAG (being 50% stake)* for Euro 1,013 per share aggregating to Euro 50.65 million (equivalent to ₹ 491.3 crore), with an intent to acquire a controlling stake in PBAG. The consideration for this transaction when the call options are exercised, post receipt of necessary regulatory approvals will be adjusted from the amount paid to Dabepo Holding GmbH as above, on account of the Pierer Group. <p>*In addition to acquisition of 0.1% stake under a separate arrangement, subject to receipt of necessary regulatory approvals.</p>
	e. Tenure of the transaction (particular tenure shall be specified).	During the financial year 2025-26.

	f. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the transaction (and for a related party transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided).	<p>The total value of KTM Restructuring for which approval is sought for an aggregate amount not exceeding Euro 865 million (equivalent to ₹ 8,391 crore), represents the following percentage of turnover of the Company and its subsidiary for FY 2023-24 and FY 2024-25:</p> <p>a. as % of the Company's audited annual consolidated turnover: 19% for FY 2023-24 and 16% for FY 2024-25.</p> <p>b. as % of the Subsidiary's audited annual standalone turnover: 2915% for FY 2023-24 and 24315% for FY 2024-25.</p>
2.	Justification for why the transaction is in the interest of the Company.	As detailed in this Explanatory Statement to Item No. 1 of the Notice.
3.	Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 4(f) of the said Circular issued by the SEBI:	
	a. Details of the source of funds in connection with the transaction.	<p>The financing of transactions was funded as under:</p> <p>a. Additional investments by the Company in BAIH BV in the form of equity and debt; and</p> <p>b. Raising loans by BAIH BV from banks.</p>
	b. Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:	<ul style="list-style-type: none"> • BAIH BV has raised unsecured loans from multiple banks, aggregating to Euro 666 million (equivalent to ₹ 6,460.2 crore). • The average cost of funds: 3.5% - 4% p.a. • Term: 1 year • In addition to the above, BAIH BV had availed unsecured loan (convertible or otherwise) of Euro 150 million (equivalent to ₹ 1,455 crore) from the Company during the FY 2024-25 and current year, for a term of 3 years with early repayment option.
	c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security with.	<p>A. <u>Secured Term Loan of Euro 450 million in the form of Facility Agreement:</u></p> <p>a. Parties: BAIH BV (Lender) and KTM AG (Borrower)</p> <p>b. Covenants, tenure, repayment schedule, etc.:</p> <ul style="list-style-type: none"> • Nature of security: Security provided in favor of BAIH BV: <ul style="list-style-type: none"> 1. Guarantees by PMAG and key subsidiaries of KTM AG. 2. The pledge of KTM AG shares by PMAG. 3. Charge on assets. • Maturity date: 30 December 2028 • Repayment Schedule: Payable on maturity with early repayment option in full or part, on 15 days' notice. <p>B. <u>Subscription to the Convertible Bonds of Euro 250 million (2,500 Bonds with a nominal value of Euro 1,00,000 each at an issue price of Euro 1,00,000 each) in aggregate:</u></p> <p>a. Parties: BAIH BV (subscriber) and PBAG (issuer)</p> <p>b. Covenants, tenure, repayment schedule, etc.:</p> <ul style="list-style-type: none"> • The holder of the Bonds shall have the right to convert the Bonds into shares of PBAG. • The conversion rights may be exercised by the holder during the period commencing on 1 June 2025 and ending on 29 February 2028. • To the extent the Bonds have not previously been redeemed, converted or repurchased and cancelled they will be redeemed at their Principal amount on the maturity date of 31 March 2028. • Nature of security: Convertible Bonds represent un-subordinated and un-secured obligation of the issuer with <i>pari-passu</i> ranking.

	d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	The debt funds are to be utilized for paying off the approved quota to the creditors in furtherance of KTM's debt restructuring with the approval of the competent Court in Austria and infusing funds into the KTM to revive its operations and working capital cycle.
4.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders.	Not Applicable.
5.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis.	—
6.	Any other information relevant or important for the members to take a decision on the proposed resolution.	Nil.

The Board is of the opinion that the terms & conditions of the related party transaction(s) as detailed hereinabove are favorable and are in the best interest of the Company and its shareholders.

Accordingly, the approval and ratification of the members of the Company to the resolution as stated in Item No. 1 of the Notice is being sought in terms of provisions of Regulation 23(4) of the Listing Regulations.

The members are informed that in terms of the provisions of the Listing Regulations, all those members who are related parties of the Company, irrespective of whether related to the aforesaid transaction(s), shall not be entitled to vote to approve the said Ordinary Resolution under Item No. 1 of the Notice.

None of the Directors and/or Key Managerial Personnel and/or their relatives except Shri Rajiv Bajaj, Managing Director & CEO (who was on the Supervisory Board of PBAG, PMAG and KTM AG as on the date of the transaction, in his capacity as BAIH BV's nominee) and his relatives are concerned or interested either directly or indirectly, financially or otherwise, in the Resolution mentioned at Item No. 1 of the Notice.

Based on the consideration and approval accorded by the Audit Committee, the Board recommend the Ordinary Resolution set out at Item No.1 of this Notice to the members for approval / ratification.

By order of the Board of Directors
For Bajaj Auto Limited

Place : Pune
Date : 10 July 2025

Sd/-
Rajiv Gandhi
Company Secretary
Membership No. A11263