

## "Bajaj Auto Limited Q2 FY '26 Results Conference Call"

November 07, 2025





MANAGEMENT: Mr. RAKESH SHARMA – EXECUTIVE DIRECTOR, BAJAJ

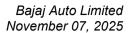
**AUTO LIMITED** 

MR. DINESH THAPAR - CHIEF FINANCIAL OFFICER,

**BAJAJ AUTO LIMITED** 

MR. ANAND NEWAR - HEAD, INVESTOR RELATIONS,

**BAJAJ AUTO LIMITED** 





Moderator:

Ladies and gentlemen, good evening and welcome to Q2 FY 2026 Results Conference Call of Bajaj Auto Limited. My name is Nirav; I will be your coordinator. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the initial remarks from the management. Should you need assistance during this conference call, please signal an operator by pressing '\*', then '0' on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anand Newar – Head, Investor Relations from Bajaj Auto Limited. Thank you and over to you, sir.

**Anand Newar:** 

Thank you, Nirav. Good evening, everyone and thank you for joining us for the call today. Welcome to Bajaj Auto's Q2 FY '26 Earnings Conference Call. On today's call, we have with us Mr. Rakesh Sharma - Executive Director and Mr. Dinesh Thapar - Chief Financial Officer.

We will begin our call with the opening remarks from Rakesh on the business and operational performance for the quarter, followed by Dinesh who will take you through the financial highlights. We will then open the forum for Q&A. Over to you, sir.

Rakesh Sharma:

Thanks, Anand. Good evening, ladies and gentlemen. Welcome to the Q2 Earnings Call and thank you very much for joining us. I am delighted to say that the Q2 performance has built on the strong note on which we commenced Q1 FY '26 and it has recorded several all-time highs. We closed the quarter, as you know, with a topline of almost Rs. 15,000 crores, growing at 14%, an all-time high. EBITDA crossed Rs 3,000 crores, another all-time high with the EBITDA percentage of 20.5%. PAT came in close to Rs. 2,500 crores, yet another all-time high. Moreover, all business units were firing well into October to deliver these outcomes. Predictably, the GST rate cut combined with the festive sentiment turbocharged the industry and all BUs made full use of it to deliver an outstanding retail performance during the festive as well as October.

Let me now get into the business unit level performance, beginning with exports. The BU grew volumes by 24% in Q2 with exports of over 550,000 units. This delivered the highest ever quarterly revenue from exports. The top 30 overseas markets, collectively accounting for 70% of emerging markets, grew about 14% in this quarter, and our sales grew at 1.5 times that of the industry, thereby signaling increase of market share in these key markets.

LATAM delivered its highest ever quarterly performance, powered by Colombia and Mexico. Sales in Bajaj Brazil clocked 8,000 units mark in Quarter 2, with expanded production capacities with a high level of localization including welding and painting coming into play. October retails in Brazil have already crossed the 3,000 units mark. The subsidiary is now delivering a healthy bottom line performance. Both Asia and Africa delivered double-digit growth with standout performances in Sri Lanka, Philippines and East Africa. Nigeria has held steady in retails, though



the recovery over there has still got some runway left. But it reflects some kind of equilibrium, which is very welcome as the festive season commences there in November-December.

The CV segment in exports delivered a growth of 67% this quarter, result of intense development efforts of the past few quarters. KTM Austria continued to increase sales quarter-on-quarter by 10% in Q2, and we exported almost 20,000 units to KTM in this quarter. This recovery also augurs well for future exports to KTM of products made in India and sold through the KTM network under the KTM brand.

In October, the exports business breached the 200,000 mark after almost 40 months. A key point over here is that previously when we were clocking 200,000 units, it used to have a contribution of 50,000-60,000 units of sales to Nigeria. Right now, it has only 25,000 units. So, you can understand the kind of swing which has been made in performance in all non-Nigeria markets. We expect exports to continue to maintain the growth tempo in the coming months.

Now domestic motorcycles. The domestic motorcycle industry experienced a rollercoaster performance. The industry was sluggish, as you know, with April-August period coming in at a small decline of 1%. Post the GST announcements, expectedly, the industry nosedived in end-August and right up to Navratras when the new rates got implemented. Suppressed demand, festive cheers, and GST rate cuts all combined to deliver a historic festive 40 days which has restored growth to the industry. The motorcycles business unit delivered an all-time high retail performance in this period, comparing equivalent festive periods in the past, both in volume and revenue terms. In fact, the Pulsar portfolio was at an all-time peak performance too.

The market share erosion which we experienced over the last few quarters had got arrested by the end of Quarter 2, and October saw the beginning of market share gains in the strategic 125cc plus segment, and it was in particular driven by the 150cc plus sport segment. In each segment, we found that the top-end variants performed extremely well, reflecting that the customers with relatively strong wallets had aggressively entered the buying cycle and were happy to upgrade. Hence, our N-series and NS-series of Pulsar motorcycles handsomely beat segment growth rates. Such a positive trading environment is very helpful for the mission of acquiring market share.

An engaging thematic "Duniya Dekhti Hai, Tu Dikha" campaign for Pulsar brand, introduction of new variants in the sports range, early on-the-ground tactical support, and excellent retail finance operations matching the surge in festive retails combined to deliver this record performance. Though November and particularly December will be smaller months, we think that the industry should improve its growth rate by 6 to 8 percentage points in the medium term and offer us very good opportunities to attract customers to our Pulsar portfolio, which is being further strengthened by the introduction of the new variants in the next 2-3 months. We will aim to outpace the industry growth in the 125cc plus segment and continue the path of acquiring market share which commenced in the period of September-October.

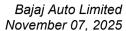


Now, coming to commercial vehicles, the three-wheeler BU. Here too, the industry witnessed the down and up as in the motorcycle industry, but with the softer peaks and troughs. The industry outcome was that ICE moved from year-to-date decline to single-digit growth in October. E-autos continued to grow, though at a slightly lower rate, at 50%++, while E-Ricks declined in the quarter due to up-trading to E-Auto and new RTO restrictions being enforced in many key cities in the North. We expect the same pattern to continue with the GST rate cut, lifting the ICE Auto growth by about 5% points.

Against this backdrop, our business continues to perform strongly, delivering an all-time record quarter of 145,000 units and also in revenue terms. In ICE, high levels of 75% market share were maintained. In the EV segment, though we lost ground due to supply chain constraints in terms of availability of e-components and the manufacturing capacity of the highly successful wide-body 7012 variant, resulting in about a 15% shortfall from plan. As it is with the surge in exports, manufacturing is operating at peak capacity for three-wheelers and we are now therefore taking steps to build three-wheeler capacity in the next few months, particularly in the e-vehicle segment. We expect E-auto performance to get unlocked due to the removal of supply constraints and we intend to capture a higher share of the improving ICE auto market, maintaining the growth tempo and sales of certainly over 100,000 units per quarter.

As I have said before, the mobility needs of middle India are expanding furiously and we expect the three-wheeler category to continue to grow and for us to outpace the industry, we already have the widest portfolio which will be further expanded, allowing us to segment and target different use cases. Our strategy is to have a fit-for-purpose portfolio which should be the widest in the business. The recently launched e-rickshaw will further strengthen our portfolio and enable us to capture a share of this large profit and revenue pool. We have sold about 500 units of Riki, our E-Rick, in eight cities and are in the phase of observing acceptance. Early feedback from customers is very positive and it allows us to formulate our go-to-market plan. We intend to scale E-Rick in a few months from now.

On electric two-wheelers, which is Chetak, the industry continues to average close to 100,000 units per month despite the constraints faced by most OEMs on account of HRE-based magnet availability. We in particular, I think, suffered the most given the high growth trajectory of Chetak after the launch of the highly successful 35 series. Supply was following demand and this was further interrupted by supply chain constraints resulting in an almost 50% shortfall to our plan. However, recovery in the supply chain is done and actually ahead of the time we had anticipated for it. We have shifted to the more secure LRE-based components as well as alternate geographic sources, restoring supplies by the end of September and fully in October, though the rebuilding of stocks in the channel is still work in process. Even so, I am delighted that Chetak immediately regained the number 1 position in terms of Vahan Registration in October. We will aim to maintain the leadership position here on. The launch of an absolutely new model by early next year combined with the growing Chetak network which now stands at 390 exclusive stores and 4,000 points of sale in 800 cities should further strengthen our claims to leadership.





A quick comment on our overall EV portfolio comprising three-wheelers, Chetak and Yulu. These collectively delivered almost 20% of domestic revenue but more importantly a double-digit EBITDA percentage in Q2.

Coming to Pro-Biking, our premium motorcycle BU comprising KTM and Triumph brands. Together, the two brands are in an absolutely outstanding quarter selling over 30,000 units, registering a 30% growth. This is again an all-time high and was driven by the new KTM models and steady but growing performance of the Triumph models. With the launch of the much-anticipated Duke 160, we now take aim at the large and lucrative 150cc super premium segment. The combination of KTM Adventure bikes and Triumph Scrambler is now challenging leadership in the growing and lucrative adventure segment. The GST rate cuts found some of the KTM and all of the Triumph models on the wrong side of the 350cc divide. However, we maintained prices absorbing the GST increase and to some extent the customers rewarded us with their support during the festival. As mentioned earlier, both brands benefited a lot from the customers' desire to upgrade to aspirational purchase triggered by the GST cuts. However, we are also working along with our partners, KTM and Triumph, on reshaping our portfolio to take advantage of the lower GST rates and these products will be launched in due course.

Finally, a couple of other updates. BACL, our 100% subsidiary, had another excellent quarter. Over 2 lakh customers were added in Q2 with AUM crossing Rs. 14,000 crores and penetration touching 40% for the Bajaj business. Q2 PAT was above plan, coming in at over Rs. 132 crores. We continue to drive business performance and franchise with dealers and customers through the approach of building digital capabilities as well as robust operational efficiencies. Secondly, the spare business delivered an all-time high performance of Rs. 1,800 crores growing at 21% making a solid contribution to the bottom line.

Looking ahead, our key focus areas remain unchanged. Competitive growth in the strategically important 125cc plus segment, hopefully, we will be able to harness some of the upgrading sentiment unleashed by the GST rate cuts. Secondly, sustained export momentum with 15%-20% growth with emphasis on superior positions in better markets. Thirdly, with the unlocking of the supply chain constraints, regain the momentum in both the two-wheeler and the three-wheeler EV segments. Fourthly, aggressively grow the KTM and Triumph business to take advantage of the positive sentiment again unleashed by the GST rate cuts through products activation and network. Drive profitability and growth in the most optimal way through robust operations and finally, continue to establish and build capability in BACL to deliver a class-leading performance.

With that, let me now hand it over to Dinesh for an update on the financial performance.

**Dinesh Thapar:** 

Thank you, Rakesh. Good evening, everyone and thank you for joining us on the call this evening. Season's greetings and with Diwali having gone by, I hope you have had a good festive season because for us at the business, we clearly have had a good one.



We are pleased to report yet another record-breaking quarter, one which was marked by several highest-ever as you would have seen from our press release. We had the highest-ever Revenue, EBITDA, Domestic Revenue, Exports Revenue, Electric Revenue, Premium Motorcycles Portfolio Revenue, Spares Revenue and Profit after Tax apart from new landmarks across the businesses that you have just heard from Rakesh. So quite clearly, it was a quarter of milestones on multiple fronts.

Let me now touch upon parts of the operating context on Currency and Commodities. Quarter 2 saw a weakening of the rupee and resultant tailwind for our exports' realization and margins. Dollar realization stood at 87.1 compared to 85.6 in the previous quarter and 83.8 in the same period last year. On the commodity front, in the previous quarter, I had mentioned that we were beginning to see some cost pressures across key commodities. The quarter finally ended with a net cost inflation impact of about 40 basis points after adjusting for the marginal price increase that we had taken. This was primarily driven by a step up on steel, sharp inflation on the noble metals' portfolio, particularly rhodium and platinum, along with increases in copper and rubber.

Coming to the Financial Results. Quarterly revenue from operations was at a tad under Rs. 15,000 crores, a milestone number as you would have imagined and clearly a breakout from our previous highest which was slightly over Rs. 13,000 crores, registering a 14% robust growth. Let's say about half of this growth came from pristine volume growth and the balance half from a richer mix and higher realization from FX and pricing. Sales mix, as you would have figured out, was aided by the strong performance of the export portfolio with a particular call out of the exceptional growth of nearly 70% in commercial vehicles and a step up in the exports to the KTM world. On domestic, it was the acceleration of premium motorcycles and steady step up on electric three-wheelers that provided a boost to mix. Spares, continuing a strong momentum, almost at Rs. 1,800 crores, surpassing the record levels of the previous quarter.

What is particularly noteworthy from the performance of this quarter is that we have delivered our best ever quarterly revenue on the back of a strong performance across businesses which more than made up for the disruption of supplies given the rare earth magnet issue that impacted the momentum of our electric business which, as you would be aware, was the fastest growing part of our business for quite some time now. And therefore, the point I would like to emphasize is that this bears testimony yet again to the resilience and adaptability of our business model, which is capable of delivering strong financial performance despite having to weather some storms on some fronts. Domestic revenue was at a new record led by a very strong performance notably on premium bikes and commercial vehicles. You have just heard from Rakesh that we have had a great festive season. In fact, it is our biggest ever in each of our domestic businesses which carried out into October as well. Of course, this was partly buoyed by the GST rate rationalization. We passed on the benefit of the rate reduction on motorcycles under 350cc, on commercial vehicles and on spare parts, on all those parts of the portfolio where it moved from 28% to 18% through reduced pricing to customers. And on 350cc plus, where the rate moved from 31% essentially, 28% GST and 3% CESS to 40%, we either held pricing or lowered our



pricing across models compared to pre-GST levels, therefore absorbing the impact of the rate change to keep this part of the business competitive and without hurting affordability for customers. Given the sizable GST impact on these models, it is costing us some bit as you would make out in the short term till, we take some actions to structurally address the disparity that has now been created between a 350cc and a greater than 350cc motorcycle. But it is a commitment that we are walking the talk on to build the business at the top end across KTM, Triumph, Dominar and NS400 Pulsar.

Exports revenue reported double-digit growth, reaching a new pinnacle this quarter yet again, driven by strong volume growth and supported by better currency realization and a richer product mix. Particularly on commercial vehicles that have stepped up to their highest levels in recent years and on motorcycles led by Pulsar, which along with Domestic, saw overall brand revenue scale a new peak. Latin America continues to perform exceptionally well and has delivered yet another new milestone, while Africa and Asia registered healthy double-digit growth. Total exports for the quarter were very close to \$600 million, a new record surpassing the previous benchmark set in 2022. So, the milestone on exports revenue is not just in rupee terms, but in dollar terms as well.

Moving next to EBITDA. Quarterly EBITDA crossed the significant milestone of Rs. 3,000 crores for the first time, registering a robust 15% year-on-year growth. Margins for the quarter came in at 20.5% that is another high that we have seen for years, expanding by 70 basis points sequentially, driven by the obvious benefits from a favorable dollar realization as the rupee had weakened and better operating leverage, given a larger quarter. This more than offset the net cost inflation that I spoke about earlier, which was about 40 basis points in net terms. The sequential increase that you see in other expenses can be ascribed to the extent of about 60% of it being linked to volume increases and the balance 40% primarily towards investments that we made behind brands to drive salience and competitiveness, as well as on R&D projects that we chose to invest in. On a year-on-year basis, margins have expanded 20 basis points with currency and mix; mix was margin accretive on a year-on-year basis, flattish on a Q-o-Q basis, and operating leverage more than making up for net cost inflation and investments into growth drivers.

Turning to profit after tax. We recorded a highest ever PAT at a little under Rs. 2,500 crores, which was up 24% year-on-year. However, just a quick reminder about the one-time exceptional tax provision of Rs. 211 crores that we created last year to account for the withdrawal of indexation benefits and change in tax rate on asset classes as per the Finance Act. Hence, if I look at the PAT growth before this one-time exceptional provision, the number for the base year was Rs. 2,216 crores, and that translates to a healthy 12% growth this year on that adjusted number.

A quick word on cash. Consistent with the track record of free cash flow generation, we generated around Rs. 4,500 crores of free cash in the first half of this year, which is a conversion



of almost 100% of the profits after tax. The balance sheet continues to remain very healthy. Surplus cash is in excess of Rs. 14,000 crores at the end of the quarter, which will only continue to build up as we get towards the end of the financial year. The cash position has been maintained after two major outflows in these last 6 months. The first is that we paid a dividend of nearly Rs. 6,000 crores in July/ August, and the other is the strategic investments that we have made, which add up to slightly over Rs. 2,000 crores. In our Netherlands subsidiary BAIH BV, Bajaj Auto International Holdings BV and in BACL, the former was about Rs. 1,500 crores that we had sent over to partly fund the KTM acquisition in Quarter 1, and we have infused about Rs. 500 crores into BACL between Quarter 1 and Quarter 2 to really fund the progress and growth plans for that business.

I will spend a couple of minutes on our consolidated results. On a consolidated basis, our reported revenue grew 19% year-on-year, while consolidated PAT at over Rs. 2,100 crores reflected a 53% growth year-on-year. The standalone PAT growth of 24% converts to a 53% at the consolidated level, broadly due to a few factors. First, our businesses in Brazil and Bajaj Auto Credit, which have been in the phase of scaling up reported losses in the base period essentially last year; and currently have registered strong results reflecting the focused and decisive actions that have been taken over this last year to build these businesses for sustainable financial performance. Secondly, we accounted for the share of profit and loss due to the results of PMAG and KTM, we have done the same in the base period as well. It continues to be accounted by us as an associate company, and therefore we do an equity pickup. Until such time, regulatory approvals are in place, and change of control is affected, we will continue to account for this as an associate company. This is likely to be the last quarter that we do it, and then we move to full line-level consolidation. So, these two factors essentially, because of the loss in the base period for BACL and Brazil, which have now turned in healthy profits, and the accounting for KTM is essentially leading to the difference between the 24% growth in profit after tax at a standalone level compared to the 53% that you see on a consolidated basis.

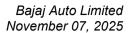
Let me now spend a few minutes on BACL and KTM. BACL, as you just heard from Rakesh, has continued to make very good progress, and we are very pleased about how it is played out. Compared to the same time last year, when the business was expanding its footprint nationwide and making investments up front, that led it to report losses. The company has reported a profit after tax of more than Rs. 100 crores this quarter for the second time in a row. It was Rs. 132 crores this time, a growth of about 29% over the last quarter. To give you a sense of the numbers, AUM at the end of the quarter stood at a tad under Rs. 14,000 crores. With the festive season, a very buoyant festive season, that the BACL business has seen as well, the AUM is trending upwards, well upwards of Rs. 14,000 crores, on the verge of getting to Rs. 15,000 crores. Capital risk adequacy ratio is a little under 20%, at 19.8% at the end of the quarter, and the business continues to operate at a very healthy, almost an industry-leading return on equity at about 17.4% for the half year. BACL continues to enjoy the highest level of creditworthiness with AAA ratings and stable long-term debt ratings and A1+ for its short-term debt programs. And what we have done is to further diversify its funding sources and support future expansion, the board



has now approved the issue of NCDs, in addition to the commercial papers that we had released or issued earlier this year.

Now coming to KTM. Here we have accounted for our share in the loss of Pierer Mobility AG by virtue of our 37% holding in the company as it existed through our Netherlands subsidiary BAIH BV. Many of you will be familiar with the public filing of PMAG's mid-year results a few months ago in August, and the share of loss pickup arises from that, essentially for the Jan-June period that KTM and PMAG reported on, during which time production at KTM was halted till the resolution of the restructuring process, which you are aware of. The restructuring process concluded only in June and production in KTM resumed only at the end of July. What is different this time, though, compared to the same time last year, is that we have accrued interest income at our Netherlands subsidiary for the loans that the company has advanced to both PBAG and KTM as part of funding the restructuring proceedings, and this has lowered the extent of loss that we have consolidated. As for the progress on the transaction, and there has been quite a bit of it, you would be aware, and we have put out a couple of stock exchange filings, one that was on 24th of October to share an update on the regulatory process.

Summarizing it very quickly. The approval from the Foreign Investment Control Authority in Austria came in the end of July. On merger control, we have received approval from authorities in all of the 6 jurisdictions where it was relevant, and the last one being from Turkey that came in on 18th of September. The most recent one is the approval from the Austrian Takeover Commission that came in on 23rd of October, who have given their nod, saying that BAIH BV, our subsidiary, through whom the acquisition transaction is being executed, is not obliged to make any mandatory takeover bid to the free float shareholders of PMAG, subject to the condition that we exercise the full call option that we had signed in May'25 with Stefan Pierer and his company's Pierer Industries for his 50% stake. So really, no mandatory takeover bid which needs to be made to the free float shareholders. All we need to do is to fully exercise the call options for the full stake of 50% that was held by Pierer through Pierer Industries. And we need to do this within 20 days post the approval on the last approval, which is essentially the subsidy control from the European Commission. That then leads us to the last final regulatory approval, which is the approval from the European Commission, which is essentially the directorate of competition under which they assess the third country subsidies regulation. The paperwork for this has been filed and the outcome of this will be known by the 10th of November. We have been given to understand that one deems approval to be in place if there is no objection that is filed within 25 days of filing these documents. 25 days expire on 10th of November, so if there are no objections that come through, this is meant to be a deemed approval. And that would then conclude all the regulatory approvals that needed to be sought for the closure and completion of this transaction. And therefore, in anticipation of and subject to receiving this last approval, we have since served notices for the call options to be exercised. One was done in June and the other one that we have just done yesterday, and you may have seen the stock exchange intimation go out earlier today. And we are now seeking to exercise the full call options from Stefan Pierer and Pierer Industries as directed by the Takeover





Commission. So, with that, in essence, BAIH BV, which held 49.9% stake in PBAG with the remaining stake being held by Stefan Pierer, post the exercise of these options, we will now hold 100% of the total shareholding in Pierer Bajaj, the parent company that holds 75% in Pierer Mobility. And accordingly, Pierer Bajaj AG will become a wholly owned subsidiary of BAIH BV and in turn a step-down subsidiary of Bajaj Auto.

In terms of next steps, an extraordinary general meeting has been called for and will be convened on 19th of November at which the name of the company will be changed, it is proposed to be changed from Pierer Mobility AG to Bajaj Mobility AG. It will continue to be listed on the Swiss and the Vienna Stock Exchanges and alongside the boards, both the supervisory board and the management boards of KTM and the newly renamed Bajaj Mobility AG will be recast, with the nominees that were appointed by Stefan Pierer and Pierer Industries stepping down and the Bajaj appointees taking position. This change of control event, therefore, is expected to happen over the next few days with some of these events playing out in the next couple of weeks and that will put us firmly in control of the KTM business. From here onwards, once it becomes a subsidiary, we will end up moving to line level consolidation for this business. So that is on it for the transaction for now.

Let me now end with comments on the next quarter on commodities. On commodity, we are clearly seeing some cost inflation across the metals and noble metals baskets. We have not taken up any pricing yet to mitigate this impact, but I am hoping that the tailwind that we are seeing from currency should be able to make up for this.

With that, let me hand the call over back to Anand to open up the floor for questions.

**Anand Newar:** 

Thank you, Dinesh. Nirav With this, we can open the forum for Q&A, please.

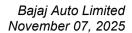
**Moderator:** 

Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question, may press \* and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press \* and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani:

Hi. Thanks for taking my question. If you can sort of share a little bit more perspective on what you have seen post-GST in terms of customer behavior in terms of while you called out some premiumization, but it was good to know what are the behavioral changes you are seeing preand post-GST? Also, can you share the festive growth number in itself? How did it fare for you if you had that number handy? And a clarification of the 6%-8% growth for the remainder of the year, is this for the entire industry or is it for motorcycles?





Rakesh Sharma:

The impact which we have immediately experienced because of the GST rate cuts we assess to be about 6%-8% swing in the industry. What we have done is we have looked at the data from the last 5-6 years. You see, during the festive, the industry moves up in any case, the growth rate itself. Even like-to-like growth rates move up about 5%-6% points. So, the industry is growing in April-August by 5%. In the festive, it starts to grow at 10%. If you take out the COVID period that is what it is. This time, the motorcycle industry has grown by about 14%. So, we think that almost 8%-9% swing was due to the GST rate cut, but it will probably not be sustained at that level. Therefore, we feel going forward, the industry should grow at 6%-8%. It declined at minus 1%. So therefore, there is a swing of 7%-8%. But the key point is not just about the quantum of growth, but I think it is the quality of growth. We have seen a very sharp preference for uptrading. Each segment, like I said, if it was a 100cc segment, people bought the most expensive 100cc. If it was a 125cc segment, it was products like our NS-125, which are over, almost a lakh of rupees, and at the top end of the pile, grew faster than our own base 125cc offerings. Similarly, in the 150cc to 160cc segment, our top offerings with USD fork, double channel, ABS, grew faster than the base version. So, we feel that this will continue. For the whole pyramid to expand overall, we will have to see how it goes. But yes, we are very happy about the swing in the growth rate and the quality of the growth. That's what I said. When the industry is declining, it is quite a grind to get market share. But when there is a positive environment, particularly for a company like us, which sort of leverages innovation and wants to attract customers to a better proposition, a positive trading environment is very helpful.

Gunjan Prithyani:

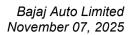
Got it. That is quite helpful. My second question is on the CV exports business. Clearly, it has seen an impressive growth for the last couple of quarters. Just looking to hear your thoughts on, is it opening up of new markets, is it stabilization, or there were some license issues and fidget restrictions. What is it that driving the growth? And more from the perspective of sustainably, how do we look at this category growth over the next 12-18 months?

Rakesh Sharma:

The fantastic thing over here is that I can't pinpoint a single market or even 2 or 3 markets which suddenly swung this. Actually, we have been sensing that this will grow because there were multiple markets across which we had launched an intense developmental effort, particularly after the ban in Egypt, which used to be one of our larger markets. And those development efforts are now bringing fruition. So, I would say Philippines, Myanmar, Afghanistan, Ghana and even Mexico, to some extent Bolivia, a lot of these markets have actually combined to deliver this. And because it is so broad-based and it is not based on any particular event or any one-time order, we feel that this trend should continue. We are also hoping for a breakthrough for our Qute business in Egypt, which you know that we have been trying to get it while the top-level approvals are through. At the operating level, at the RTO level, those approvals are just coming in. And we hope to commence and even expand our Qute quadricycle export. So, I feel that we should be able to maintain this tempo.

Gunjan Prithyani:

Ok. Got it. I will join back the queue. Thank you so much.





Moderator: Thank you. Next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Thank you, sir. So just on the GST question, partly my question has been answered, but also

wanted to understand how should we think about the pricing power going ahead in terms of discounting as well as what is the update on the ABS norms coming up? How much impact can

that have on the cost as well as demand in your assessment?

Rakesh Sharma: I have not, Kapil, understood your point about discounting. If you were asking about

discounting, there are hardly any discounts. There is here and there a little bit of tactical support, which at a regional level you gave and some financing support. But I am not sure as to what you were asking for. But if you are saying that whether discounting will cease, I don't think discounting was rampant. In some segments it was, particularly in the ones which we don't participate in the 100cc and below, we don't participate in that discounting. So, I can't comment on that because it was not being done by us. But I don't see any major change over there. Let us wait for the ABS announcements. There is an important meeting on the 11th with Minister Gadkari, which is when they are meeting the industry for a discussion on the pros and cons of doing the ABS introduction on all two-wheelers. So let us see what happens in that meeting and

subsequently.

**Kapil Singh:** So how much is the impact of ABS?

**Rakesh Sharma:** It can be anywhere between Rs. 2000-Rs. 3000.

**Kapil Singh:** And is the industry prepared with capacity? Like, what is the situation on capacity for ABS?

Rakesh Sharma: It will be difficult to manage the capacity because that doesn't obviously exist. This includes all

scooters, all 100cc, all 125cc bikes, which is a huge component. Therefore, obviously the government has taken note of this, that there will have to be a phase-wise execution. All these matters are under discussion, actually. So, I would not like to speculate because this is exactly

the kind of issues which are being discussed with the Ministry of Heavy Industries.

Kapil Singh: Thanks, sir. And second, I just wanted to check on the exports. Now, we are seeing a very good

trajectory, especially October saw a step up. Is this the kind of new run rate closer to  $200,\!000$ 

that we should expect going ahead?

**Rakesh Sharma:** I think so in the immediate term. But there will be some ups and downs, obviously, because there

is a seasonality in exports also. Right now, the exports are sort of gearing up for, or have already geared up for, attacking the season in LATAM, which starts from Thanksgiving and goes on till Christmas and New Year. So, we are already in good position for that. I am hoping that we get good retails in that season, which will allow us to then replenish stock. And then Europe and all

these areas go down a little bit in the first calendar quarter. So, I think it might be a seasonality,



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but that is why I am focusing more, I am saying, on the growth rate, because there may be a little bit of seasonality. But yes, we are now knocking on the doors of 200,000 absolutely.

Kapil Singh: That is great. And sir, finally, just on the EV revenue, what percentage of the revenues are EVs

and how much is the PLI incentive we would have accrued as a percentage of revenues for the

quarter?

Rakesh Sharma: Well, the EV revenues in Quarter 2 were 18% of domestic revenues.

**Dinesh Thapar:** Yes, so EV revenues are a little over Rs. 1,700 crores, 18%, as Rakesh just called out. Kapil, the

piece on PLI accrual is now business as usual for us. We track it like any other piece. So, we have continued to accrue the way we did last year, you know what the PLI percentages is. But what I do want to use the opportunity to call out is the fact that on the electric portfolio, which is a mix of both electric two-wheelers and electric three-wheelers, in this quarter, we have hit a

double-digit margin, EBITDA margin.

**Kapil Singh:** Sir, what has driven that?

**Dinesh Thapar:** It is coming out of a mix of a growing proportion of the electric three-wheelers plus better unit

economics on the Chetak models. If I just look back in time, same time last year, on the three of our lead models on Chetak, we would have been bleeding EBITDA. As I look at the current

moment, we are nearly EBITDA neutral on all of them.

**Kapil Singh:** That's great, sir. Thank you so much. That is all from my side.

Moderator: Thank you. Next question is from the line of Aditya Jhawar from Investec India. Please go ahead.

**Aditya Jhawar:** Yes, thanks for the opportunity. So, a couple of questions. Number one on the new products. So

last quarter, we spoke about the non-Pulsar brand. So, are there any timelines for new product

launches in the ICE portfolio?

Rakesh Sharma: Well, we have got a few introductions starting from December in the Pulsar range. And there

will be some in March and then in May. So, we have got at least 3 good model introductions in

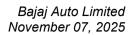
December, March, and May.

Aditya Jhawar: Is this other than Pulsar, Rakesh?

**Rakesh Sharma:** No, this is within Pulsar.

Aditya Jhawar: Yes, but you also spoke about a non-Pulsar brand in the last quarter. Any timelines for that?

Rakesh Sharma: That part, I am holding close to my chest. But it will be sooner than later.





Aditya Jhawar: Ok, Fair enough.

Rakesh Sharma: It is an absolutely new development. It will happen in the next fiscal, but earlier than later.

Aditya Jhawar: It is good to know that you are recalibrating Triumph and KTM to get the benefit of lower GST.

Any timeline for new products with lower engine displacement for Triumph and KTM?

Rakesh Sharma: That work is going on feverish pace. And again, I don't want to just give these timelines. But I

hope you understand the complexity of making a new engine. But I think you will all be surprised

by how fast we can swing that through.

Aditya Jhawar: Yes, just one final one. On the Mexico tariff, it seems that export to Mexico is about 10%-12%

of India's overall export of two-wheelers. It seems there is an increase in tariffs that will be

effective next year. Any thoughts on that, Rakesh?

Rakesh Sharma: Yes, Mexico is a very big market. In fact, it is the largest market in Latin America. And the

tariffs have increased to 35%. But there are only two companies which will get a concessionary tariff because of the investments which have been made and approvals which are in place. And this is one Mexican company, and the second one is Bajaj Auto. So instead of 35%, our tariff will be only 5%. And because we have the ministry's approval, etc., our plan will continue with

5%, all the others will increase to 35%.

Aditya Jhawar: That is good to know. Perfect. Congratulations. Good set of numbers. All the best. That's it from

my side.

**Moderator:** Thank you very much. Next question is from the line of Amyn Pirani from JP Morgan. Please

go ahead.

Amyn Pirani: Yes, hi. Thanks for the opportunity. My question is actually on the domestic three-wheeler

journey, and electrification was also growing. Now, I think you addressed it partly in the opening remarks that the market share seems to be consolidating maybe because of some supply chain challenges, but electrification continues to grow at a very sharp pace. So how should we think about the growth for the industry as a whole, ICE plus EV, and your eventual market share aspirations in the overall market? And the related question is that, till when do you think the PLI benefits could continue? Because that would be a significant or a material part of the fact that

you are generating these high margins in the EV three wheelers. So how should we think about

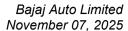
business. Now, obviously last year, we were actually on a very sharp market share gaining

EV three wheelers' profitability over a slightly medium term?

Rakesh Sharma: I will take the industry and the segment and all that, and then Dinesh can talk about the PLI and

all those things. So, there are three segments, ICE Auto, E-auto, and E-Rick. ICE Auto had been

declining. So, April to August, the ICE Auto business sort of was declining by about 4%-5%.





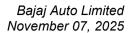
Because of the GST rate cut, the payback period has improved in ICE Auto, and we have already seen some very positive uptakes about that. So, we feel that this minus 5% will become about 0%, so it will be flattish. But this is a very welcome thing for us, because our market shares are touching 80%, and products like RE CNG are highly profitable for us. So, this is a good thing. The ICE Auto goes from minus 5% to flattish, and there we have got a great position.

In E-auto, it was rocking at about 75% growth. It is tempered down, because the payback in RE CNG is 13 months and in E-auto, it is 19 months. So, that way, on a level playing field where there is no restriction, actually people tend to buy RE CNG. But be that as it may, so this 75% plus is now, we think, would be around 50% growth rate. So there, as you know, we touched the pole position, but we got hobbled because of this supply chain issue and went under the number one position in Q2. But I think in Q3, we will start to get back some of the market share and closer to the number one position. This is an important market, because we continue to grow by 50% or so. And here, while everyone else has got 1 or 2 products, or mainly 1 product, 1 model, we have 2 very successful models, the small body and the wide body. And we are introducing 2 more over there, so we will have 4 in there. So, because people also ask me this question, on what basis everyone is making electric, they look the same and blah-blah, and what basis you will win. Of course, there is a qualitative thing about a company which is trusted and most of the people wait for Bajaj to introduce the electric auto. But I keep that aside. That is a softer brand side thing, but though very powerful. But I say that on the hard side, it is the segmentation which we are doing, where we are positioning a product for different use cases. We have studied the different use cases.

And finally, there is the E-Rick, which is right now at about 40,000 units, but I must say, it is shrinking gradually, because partly people are trading up, or finally, because of the congestion, a lot of restrictions have been placed on their movements, particularly over flyover, this, that and the other, in many cities in Uttar Pradesh and some other big time states, because these are very big over there. And therefore, it is sort of restricted, and already the government is saying that you have to register these. And only the better ones are being registered. So, there is some element of organizing that industry which is taking place. And we have launched the E-Rick over there. It is early days, but we are very keen to sort of grab a good share of this market. Beyond this, in another 1- or 2-years' time, we are working on some more solutions, because we see there is an intense requirement for this last mile transport. So, when you put all this together, I think it is a very lucrative and large segment, which people don't appreciate. And we have got a fantastic position to begin with in this, both in terms of brand, in terms of our technology, in terms of understanding of the market, the dealer network, and success. So, we are very optimistic, both from a corporate performance, financial performance and BU performance point of view.

**Dinesh Thapar:** 

On your question on the PLI, look, I think the PLI is still valid till March of 2018. So fundamentally, we have still got, let us say, about 3 years. To your question, when it gets phased out, what happens? The intention very clearly is to start building organic margin. That will start





to replace the PLI benefit over time. If I go by the experience of Chetak, it typically takes a couple of years for R&D effort to start finding its way into market. And I think there is already a work stream that is well underway on rationalizing cost structures, like I said, to build back organic margin for electric three-wheelers. So hopefully, by the time PLI gets phased out in March of 2028, the benefits of that work stream will start to play out. And then, of course, it is also something to watch out for us to what happens at the end of the PLI, because clearly the sharp pricing that is operating in the market, of some of these incentives, we will need to see how market pricing settles at that point of time, when the incentives are taken away. But we are doing our bit to ensure that we start to build margin on the back of very strong cost rationalization programs.

Rakesh Sharma:

I will clarify one point. I just want to drive this important point clearly. So, the structure of the industry is like 40,000 ICE Auto, 20,000 E-Auto and 40,000 E-Rick. And net-net this is the way it is. Now, 40,000 are not going to go anywhere, the CNG and the ICE ones. Because it is economically better today. The payback in a CNG Auto is far better than an E-Auto. It is very different in two-wheelers, because of CNG and familiarity of the product, which is where we got 80% market share. So, there might be slight erosion, like 40,000 may become over the years 35,000. Now, this 20,000 is growing at a breakneck speed, and that is growing by getting first-time users because there is sheer demand in the industry. So that certainly is growing on that basis, plus an upgrade from the E-Rick. Now, here, we were like a number 1, number 2 position, but we will be leveraging all those things which I told you about. And then, of course, there is the other balance 40,000, which might become 35,000 in the future, or 30,000. But there also, with the launch of Riki, we have got a play. So, you can see, right from Riki to the Maxima, and everything in between, we straddled the entire industry quite effectively.

**Amyn Pirani:** 

Thanks a lot. That is good to know. And look forward to the new solutions that you were also referring to. Thank you.

**Moderator:** 

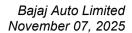
Thank you. Next question is from the line of Raghunandan NL from Nuvama Research. Please go ahead.

Raghunandan NL:

Thank you, sir, for the opportunity. Congratulations on strong numbers. Firstly, on KTM, can you speak on the way forward for India and Austria businesses? Can you talk of steps for turnaround in Austria business and also synergy opportunities with the India business? That was the first question. Second, on Bajaj Auto Credit, what is the investment so far after the Rs. 500 crores investment you spoke about, and further investment expected in FY '26 and '27? That's it from my side. Thanks.

**Dinesh Thappar:** 

So, Raghu, on the KTM Austria business, you will have to take a pause for a bit because technically, we are still awaiting that last regulatory approval. And having waited this long, we would rather wait for a few more days, move to change of control and then really start to talk externally about it as we get fully involved. So let us give it some time. But it is fair to assume





that as we get involved once the change of control happens over the next couple of weeks, we will then put in place a full-fledged program for the operational turnaround that straddles pretty much the front end and the back end including rationalization. So, a lot of our internal thinking is done, of course, but let us wait for regulatory approvals that are a few days out and then start to comment on it. And we will do that. You need to be mindful of the fact that the future Bajaj Mobility AG is a listed entity. So, we just have to be mindful of listing obligations even in Vienna and Switzerland. So, we will come back to it at some point in time to talk about it.

On BACL, our current cumulative investment is Rs. 2,900 crores. Of this Rs. 2,900 crores, we have infused about Rs. 500 crores in this financial year. In terms of how we see it going out, I think, for the most part, the business is now getting to a stage where it will start to fund itself. Maybe the last couple of Rs. 100 crores, between Rs. 200-Rs. 300 crores is what it will need from here onwards to get to a path of being able to sustain its own future growth. At the moment, it is currently operating at a debt-equity ratio of about 4-4.5. And then the profits that it will start to deliver should start to take care of the growth priorities and the churn of the AUM portfolio.

Raghunandan NL:

Got it, sir. Thanks for that. And what would be the total financing ratio as of now and the share of BACL?

**Dinesh Thappar:** 

Just give me a second. So, the financing penetration is not very different. It is close to about 70% for motorcycles. And BACL penetration in the total financing, is about 40%. On three-wheelers, in any case the penetration has been very stable at between 90%-95%. It hovers in that range and BACL penetration is about 50%.

Raghunandan NL:

Thank you, sir.

**Moderator:** 

Thank you. Next question is from the line of Yash Agrawal from Nirmal Bang. Please go ahead.

Yash Agrawal:

Congratulations, sir, for a great set of results. My first question is on the EV demand. Like post-GST, there is a 10% cut in the ICE two-wheelers. So, would it hamper the EV penetration going forward?

Rakesh Sharma:

There was such an onrush during the season that we did see the EV demand tapering down. The EV demand, let us say, for two-wheelers became in single-digit growth, much below what happened in motorcycles. But that is because there was a big surge in favor of the conventional and the GST cuts, etc. We think that the demand might get tapered by a few percentage points. But the proposition is intact. When people are buying, they are buying more to solve the operating expense problem in two-wheelers. And it is 30 paise to Rs. 3. So, it is like one-tenth of what an ICE scooter delivers. So, we feel that this will very soon, in 1 or 2 months, get back to the growth rate. The growth rates were at about 20%. We feel that maybe 15%-20% range it will get back. Because even when EV two-wheelers were priced at 1,50,000, people were





shifting to them. And people were shifting to them to solve their monthly fuel expense problem. And they will continue to shift to EV to solve the same problem.

Yash Agrawal:

Thank you, sir. Very helpful. And on the CNG motorcycle demand, how is the response as of now?

Rakesh Sharma:

The response, of course, has been much lower than the initial phase. We feel that it is going to be a long curve to market development. There are 2-3 things which are there. One is the quantum of savings, which sometimes gets impaired by the under filling of gas in the CNG tank because of pressure reasons, even though the CNG network may be available, but sometimes because the gas is not fully filled, it compromises the range. And in any case, the first adopters are people who are heavy-duty users because they tend to save more. And for them, range is very important. And when that range gets compromised, they switch the CNG to petrol. And then, of course, the savings get impaired. But of course, the government is making a lot of efforts in ensuring the fuel pipelines are such that the pressure quality is maintained. And second, of course, is that the penetration of the CNG network has to improve, which again it is continuously doing. And those are the 2 issues which we have encountered, which after the initial burst of adoption has slowed down. But we feel that it will be a slow and steady improvement. And we are focusing on those geographies which have not just the number of CNG pumps, but the density. So now, we understand the market a little bit more. So, there may be a state which may be having more CNG Pumps like Bihar than West Bengal, but pump density in Bihar per 1,000 is far lower than West Bengal. So West Bengal becomes a better target. It is an illustration I am telling you. We have adapted our go-to-market for that.

Yash Agrawal:

Very helpful. And the last question is on the electric motorcycle. Do you have any near-term plans for introducing a product in motorcycle as well, the EV version? And how do you see it similar to the response to two-wheeler scooters and three-wheelers, do electric motorcycles have a penetration possibility in near-term?

Rakesh Sharma:

See, there are some use cases, both in the entry-level and high-end sporting things in India and globally. But these are very difficult to predict. But we are in this game. So, we are very clear that we must have options which serve these use cases. And of course, nobody can say for certainty that it will be a bull's eye or whatever. But I think there is a greater loss from missing out an opportunity than investing in something and that opportunity doesn't realize. So therefore, we have a very vigorous R&D effort going on for development of electric motorcycles.

Yash Agrawal:

That is all from my side. Thank you.

**Moderator:** 

Thank you very much. Ladies and gentlemen, we will take that as the last question. I will now hand the conference over to Mr. Anand Newar, Head of Investor Relations, for closing comments.



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Anand Newar: Thank you, Nirav, and thank you everyone for joining the call.

Moderator: Thank you very much. On behalf of Bajaj Auto Limited, that concludes this conference. Thank

you for joining us and you may now disconnect your lines. Thank you.

This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.