Bajaj Auto Limited,
Akurdi, Pune 411 035, India.
Tel +91 20 27472851
Fax +91 20 27473398
bajajauto.com

06 February 2026

To Corporate Relations Department **BSE Limited** 1st Floor, New Trading Ring Rotunda Building, P J Tower Dalal Street Mumbai 400 001	To Corporate Listing Department **National Stock Exchange of India Ltd.** Exchange Plaza, 5th Floor Plot No.C-1, G Block Bandra-Kurla Complex Bandra (East), Mumbai 400 051
BSE Code: 532977	**NSE Code: BAJAJ-AUTO**

Subject: Transcript of Conference Call held in respect of the Company's Q3-FY26 results.

Dear Sirs/Madam,

Please find enclosed the transcript of the conference call held on 30 January 2026 in respect of the Company's Q3-FY26 results.

The transcript will also be hosted on the Company's website at https://www.bajajauto.com/investors/financial-and-operational-performance

Kindly take this on record.

Thanking you,

Yours faithfully,
For Bajaj Auto Limited
RAJIV NATVARLAL GANDHI
Digitally signed by RAJIV NATVARLAL GANDHI
Date: 2026.02.06 16:52:31 +05'30'
Rajiv Gandhi
Company Secretary & Compliance Officer
ACS 11263

Encl: as above

"Bajaj Auto Limited

Q3 FY '26 Results Conference Call"

January 30, 2026

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 day, and welcome to Q3 FY'26 Results Conference Call of Bajaj Auto Limited. My name is Neerav, and I'll be your co-ordinator. 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 touchtone 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, Mr. Newar.

Anand Newar: Thank you, Neerav. Good evening, everyone, and thank you for joining us for the call today. Welcome to Bajaj Auto's Q3 FY'26 Earnings Conference Call. Let me begin the call with wishing all of you a happy and prosperous New Year. 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, and welcome to the quarter 3 earnings call. Thank you very much for joining us. I'm delighted to report that the Q3 performance has built on a strong Q2 and scale new peaks. We closed the quarter with a top line of over INR15,000 crores, an all-time high with 19% growth. EBITDA came in at over INR3,100 crores at 20.8%, another all-time high and PAT crossed INR2,500 crores, yet another all-time high. All business units performed at respective record levels to deliver these outcomes. The momentum, of course, was set by the GST rate cuts, which sustained itself beyond the festive. The domestic BUs have taken full advantage of this supportive environment.

Let us look at the business unit level performance, beginning with exports. The BU crossed the 200,000 average per month sales level in October '25 after nearly 40 months and maintained this level through the remainder of the quarter, surpassing the 600,000 units mark after 15 quarters. Last time this happened was in Q3 FY2022. The business grew at 18% year-on-year this quarter in volume terms and more in revenue terms. The top 30 overseas markets collectively accounting for nearly 75% of the emerging market, industry grew by about 10% in this quarter with our sales growing at 15%, thereby signalling an increase of market share in these key markets. Nigeria, our largest market, doubled sales in Q3 compared to Q2, though it continued to be negative compared to previous year Q3. Significantly, Nigeria's weight in our portfolio is now half of what it was last year, indicating that the portfolio without Nigeria is at an all-time high performance. Latam delivered its highest ever quarterly performance powered by Colombia. Sales in Bajaj Brazil came in close to 10,000 mark, supported by expanded production capacities and the subsidiary is now delivering a healthy bottom line performance too.

The CV segment in exports grew at 56% this quarter, result of intense development efforts of the past few quarters. A very good feature of this business is that it is very broad-based across several markets and continents. Exports to KTM Austria continued to increase year-on-year by nearly 15% in Q3 as the KTM business worldwide now starts to make its recovery, but more on that later.

Overall, the Exports business has established a sustained growth momentum, and we expect this growth tempo to continue in the coming months. In fact, the business is on the path to deliver its highest ever top line performance in USD terms this financial year.

Domestic motorcycles, the festive period ended on a very strong note. But more importantly, the GST rationalization appears to have made not just a positive but a lasting impact beyond festive enthusiasm. Taking a step back, in financial year 2025, the motorcycle industry had grown at 7%, but this slid into a marginal decline of minus 1% in the April-August period of this year. In fact, slipping to minus 3% in Q2. But post the GST rationalization, Q3 has grown by about 15% in the industry. And our understanding is that even January is sustaining at a similar level. We are just 1 or 2 days away from getting the final numbers. To some extent, of course, this has been bolstered by the festive in the South. We expect this growth momentum in the industry to continue and the motorcycle industry to continue to grow at, say, 12% to 15%. Equally important is the quality of growth with the 125cc plus segment growing at a faster rate and within that, the 150cc plus segment growing even faster.

This phenomenon is creating a very positive and supportive environment for our portfolio, which rests on the proposition of persuading the customer to upgrade to bigger and more differentiated bikes. Since quarter 4 of financial year '25, we have been quite challenged for market share even in the Pulsar heartland of 150cc plus segment. And this continued well into quarter 1 FY'26. The genesis of the weakness, I think, lay in the asymmetry of our new product and upgrade cycle compared to that of the key competitors. Two developments have reversed the trend for us and have started to point the trajectory in this very important segment upwards. Foremost, Pulsar received the benefit of the consumer behaviour transitioning from being cautious to now optimistic. Secondly, after the heat and dust of the festive settle down, a slew of new launches prioritized for the 150cc plus segment have been made November onwards. Consequently, market share in this key segment has started to move up. Seven interventions between November and now in the form of upgrades and refreshes have been made in the last 2 months, driving growth and share supported by a positive environment. The waves of these interventions will be unrelenting here onwards with over 8 more such interventions being made in the next 4 months. By end of this period, the entire Pulsar portfolio spanning the OG Pulsar, the N series modern Pulsar and the NS series performance Pulsar would be a complete potent and persuasive portfolio. Therefore, we expect to outpace industry growth in the 125cc plus segment and particularly in the 150cc plus segment and continue on the path of market share acquisition, which has commenced a couple of months ago.

Coming to Commercial Vehicles, the 3-wheeler BU. Like 2-wheelers, the 3-wheeler category was also positively impacted by the rationalization of GST. The ICE segment was declining in April-August period by about 4%, but GST cuts have bumped up growth to positive 4% to 5%. The Electric segment continues to drive the 3-wheeler industry by growing at about 50% plus. Again, we expect these growth rates to sustain in the immediate future as driver adoption is responding to the healthy improvements in earnings and paybacks, both for ICE and electric.

We continue to maintain a 70% plus market share in the ICE segment with an overwhelming share of 85% plus in the CNG segment, which is the largest segment within ICE. Our e-autos recorded their highest-ever levels during the quarter, both in billing and retail terms, and we exited the quarter in December back to the number 1 position in the segment. We now possess the widest e-auto and e-cargo portfolio, spanning different vehicle sizes and battery capacities ranging from 9-kilowatt hour to 18-kilowatt hour, which is the biggest battery in the business. And this allows us to address a wide spectrum of use cases. We expect to grow our leadership position quite decisively in the coming quarters.

Additionally, as you know, we have made a play for the large L3 E-Rick segment with the launch of Riki. Steadily, the footprint of Riki is being expanded to now 50 cities in North and East India. Our objective is to seed the focus market in the first phase and build our playbook for upgrading customers from price-based propositions to our value-based propositions. We expect to start to scale up Riki beginning quarter 1. We launched 2 passenger models last quarter and have now introduced Riki C4005 in the Cargo segment, further strengthening our ability to address multiple use cases.

On electric scooters, Chetak, while the industry continues to average at about 100,000 units level, our performance improved sharply during the quarter as we came out of supply chain disruptions, enabling a rapid scale-up, reflecting sequential growth of nearly 70% from quarter 2 to quarter 3. We regained nearly 500 basis points of market share during the quarter and made a return back to the leadership cluster. The scale-up was also supported by distribution network that expanded to nearly 450 exclusive Chetak stores and 4,000 points of sale across 800 cities and towns. We have recently launched the new Chetak C25 some 15 days back. And I hope some of you had a chance to join the launch event that was telecasted live on YouTube. C25, is a stylish, sleek and youthful addition to the Chetak portfolio that is lighter, designed for easy mobility and is launched at an attractive price of INR91,399. With this launch, the Chetak portfolio is now well covered across price points and use cases, positioning the brand to further strengthen its competitive standing while remaining focused on disciplined and profitable growth.

At an aggregate level, our EV portfolio comprising both electric 2-wheelers and 3-wheelers now contributes to a staggering 25% of domestic revenues. And individually, both the segments, the Scooter segment and the Auto segment crossed INR1,000 crores of quarterly revenues each for the first time. More importantly, the EV business now delivers double-digit EBITDA margin while improving unit economics as the portfolio continues to scale.

Coming to the Pro-Biking business unit, comprising 2 prominent global brands, KTM and Triumph. The Pro-Biking business continued its strong trajectory this quarter. The 2 brands together delivered a record domestic performance with combined volumes of over 35,000 units, registering robust growth of around 50% year-on-year and marking the highest-ever quarterly performance for the business, lifted also by the positive sentiment. KTM volumes were led by strong demand across the Adventure portfolio, which has grown almost 4x over the same period last year.

The Duke series complemented by the recent launch of Duke 160 remains robust, growing over 30% year-on-year. The rise in KTM sales has been quite spectacular, and we expect the portfolio to continue to perform well with both Street and Adventure segments doing well. Triumph maintained a healthy momentum despite the GST rationalization. And of course, Triumph was on the other side of it, and it complemented KTM's performance.

Key growth driver for both brands has been the brand activation initiatives through Orange Day experiences, adventure rallies and the widely popular KTM Cup for which the Season 3 was announced, delivering a ready-to-race thrill to a mass followership. The world of Triumph activation is steadily building the franchise of Triumph with customers who know the difference.

Another growth driver in the making is the rollout of the joint KTM-Triumph showrooms. These are designed to enhance reach and dealer viability in markets where stand-alone outlets may not be economically viable. The format offers customers access to both brands while providing dealers with a sustainable business model. We currently have about 50 KT showrooms operational and plan to expand these to over 100 by March.

Finally, a few quick points, important updates on other business areas. The Spares business unit, this highly profitable business came in at nearly INR1,800 crores this quarter, a growth of 18% YoY on the back of better distribution and portfolio management. Outlook for it remains positive with similar growth tempo.

Retail Finance, our 100% subsidiary, BACL, had an excellent quarter, delivering a class-leading performance. With penetration scaling to 45% levels, it has acquired over 3.5 lakh customers during the quarter and now has an AUM of over INR16,000 crores, and it has built a business driven by the twin pillars of digital first and robust operational management. It delivered a PAT of INR200 crores in Q3 itself.

Quick word on KTM AG. Effective November 18, Bajaj ownership in KTM Austria increased to 75% and a turnaround plan was commenced immediately, which has 3 main elements to it: number one, ensure liquidity. This action has, of course, been underway earlier and has been successfully completed earlier itself. Second, build the top management team. The top deck is now largely in place, and the exercise will be completed by 1st April. And number three, most importantly, prioritize and support cost reduction for which there are ample opportunities. Multiple work streams have been set up to reduce costs and capture synergies. With actions in these 3 areas, the turnaround of KTM AG is truly on its way.

Looking ahead, our key focus will be to drive higher growth in the 125cc plus segment, leveraging on the 7 products already launched and 8 further which are in the pipeline. Second, continue the export momentum, building on the strong competitive positions in key markets. Number three, continue to regain momentum in the EV segment and better the competitive positions across each segment. Number four, steadily grow KTM and Triumph business through product activation and network expansion. And finally, manage operations dynamically to optimize growth and profitability balance and support the KTM AG turnaround plan. These are the things which will be occupying the management team in quarter 4 and quarter 1. Now with that, let me hand it over to Dinesh for an update on the financial performance. Thank you.

Dinesh Thapar: Thank you, Rakesh. Good evening, everyone, and thank you for joining us today. As this is our first interaction in the new calendar year, let me begin by wishing all of you a fruitful year ahead. You've just heard from Rakesh against the backdrop of an upbeat festive market that was boosted by the GST rate rationalization, the company delivered its best-ever quarterly performance across revenues and profitability, underpinned by record volumes.

The growth this quarter has been broad-based with all our businesses, domestic motorcycles, domestic 3-wheelers, electric 2-wheelers and exports, all contributing very meaningfully. The sharp execution of our plans in both domestic and export markets allowed us to deliver a step-up in performance and record results even as we continued to stay the course in investing behind brands, products and future capabilities.

Before I get into the numbers, a quick word on the operating environment. Currency remained a tailwind during this quarter, and I've spoken about this the last time we have met, with average dollar realization for the quarter standing at 88.3, compared to 87.1 in quarter 2 and 84.3 a year ago.

On the commodity front, as I have mentioned in the last earnings call, we had begun to see some cost pressures across the metals complex during the quarter. Noble Metals especially platinum, palladium and rhodium all saw sharp increases, whilst aluminium, copper, nickel and lead also continued to harden. This was partly offset by some softening in ABS and steel. You will also recall that I then said that in light of how the currency was moving, giving us tailwind effects, we would decide on pricing actions. As it turned out, given the beat on volumes that we saw through the festive season, we chose to defer all pricing actions to the start of this current quarter, essentially January and therefore, taking none to cover the inflation last quarter. As a result, we saw a net price versus cost inflation hit of nearly 50 basis points on the margin.

Turning now to the financial performance. The quarter established new benchmarks on both volumes and revenues. Volumes reached an all-time high, surpassing the last peak that was recorded in quarter 2 FY'19, while revenue from operations crossed the INR15,000 crores milestone for the first time, coming in at INR15,220 crores for the quarter, representing a 19% year-on-year growth. This growth has not been driven by any single lever rather it reflects the balanced combination of higher volumes, a richer sales mix and favourable currency realization. A key contributor to revenue mix improvement was the electric vehicle portfolio, which continued to scale rapidly during the quarter, growing nearly 40% over the previous one. In addition, spares revenues sustained at levels of close to INR1,800 crores providing a steady and recurring support to overall revenues as indeed to profitability as well.

Domestic revenues reached an all-time high during the quarter, driven by double-digit revenue growth across all businesses and a new record on the electric portfolio. Domestic retails were also at their highest ever.

Export sustained its strong performance as revenues grew double digit in 8 out of the last 9 quarters. Volumes crossed the 600,000 units a quarter mark, a level that we had almost seen 4 years ago, reflecting a continued recovery in both demand and the pace of execution. Compared to the same time last year, export revenues have grown around 20% and the growth has been broad-based, supported by improved dollar realizations, a richer product mix and robust growth across key markets.

Moving to profitability. EBITDA for the quarter was at INR3,161 crores, the highest in the company's history, growing 22% year-on-year. EBITDA margins expanded to 20.8%, up 30 basis points sequentially. Margin performance during the quarter was supported by favourable currency movements, operating leverage and PLI benefits. These factors provided the operating headroom to absorb a combination of commercial actions that we consciously took alongside the regular input cost inflation that I just mentioned.

During the quarter, we took a few commercial actions to drive market competitiveness in addition to addressing commodity-led cost pressures. These included - firstly, the absorption of the withdrawal of the PM E-DRIVE incentives in the Electric 3-wheeler segment. While the withdrawal occurred towards the later part of the quarter, the impact was meaningful at approximately INR23,000 to INR25,000 per vehicle, and we consciously chose to hold pricing and absorb this impact in order to invest behind growth and accelerate volumes and our competitive position in this segment. Having exited the quarter at number 1 position, our aspiration continues to grow share and widen the competitive gap.

Second, the full period impact of the GST rate increase on 350cc plus motorcycles portfolio was absorbed. You recall when we had last spoken, the GST rates on motorcycles in excess of 350cc had moved up from the 31%, which was essentially 28% GST rate plus 3% cess to 40%. And what we chose to do was to really hold pricing to ensure that momentum wasn't lost. And therefore, what we did was to really absorb that into the margins this quarter, and it was done to protect volume momentum and maintain competitiveness of the segment. And you see the results reflected in the best-ever performances of both KTM and Triumph.

Thirdly, in Exports, we took a few decisions to reinvest a part of the benefits from the higher currency realization into select geographies really to maintain the growth momentum and to sharply drive further market share gains.

On mix, the quarter saw a sharp scale up in Chetak volumes with the business moving from constrained supplies in the previous quarter to the highest-ever volumes in the current. While this rapid acceleration temporarily diluted profit mix given that electric 2-wheelers currently operate at lower margins compared to about 20% for the enterprise, this margin drag effect was well absorbed and the scale-up supports faster progression towards improved unit economics and long-term market leadership.

Therefore, these operating tailwinds more than offset the combined effects of cost inflation, competitive actions that we have taken and the adverse margin mix, enabling us to deliver sequential margin expansion while continuing to invest behind growth and competitiveness. On a year-on-year basis, margins expanded 60 basis points, driven by favourable currency and operating leverage primarily, which more than offset the inflation that we were seeing across cost lines.

Coming to profit after tax, quarterly PAT before the onetime exceptional charge came in at INR2,549 crores, it was up 21%. As you're all aware, pursuant to the amendment in the definition of wages under the new labour code, we recognized INR61 crores as a onetime exceptional charge towards the past service cost arising from the changes introduced under the new labour code. This is essentially towards gratuity. Therefore, profit after tax after this onetime adjustment stood at INR2,503 crores, rising 19% year-on-year.

Quickly, a word on cash. We continue to deliver strong and consistent cash generation, closing the quarter with surplus cash of about INR15,000 crores. It's also worth noting that in the first 9 months of this year, we've generated nearly INR5,200 crores of free cash flow, and that was up 70% over the same period last year, reflecting our strong track record of converting profit to cash. We have strategically invested slightly above INR2,300 crores during this 9-month period into our Netherlands subsidiary, BAIHBV which you would recall was partly to fund the KTM acquisition and in the growth of BACL, which has steadily grown in scale and footprint.

Moving next to consolidated results. Consolidated revenue came in at INR16,204 crores, up nearly 25% year-on-year. While consolidated PAT stood at INR2,750 crores, registering a 25% year-on-year growth. The step-up of stand-alone results to consolidated results was driven by the continued strong momentum in Bajaj Auto Credit Limited, the steady scale-up of our Brazilian subsidiary, along with the net interest income that we are earning in our Netherlands subsidiary from loans that were extended to KTM Austria earlier in the year to fund the restructuring of that business.

BACL continues to scale at a very healthy pace and has delivered another stellar quarter of strong results. The company reported a profit after tax of INR200 crores, reflecting a strong sequential growth of 52%. And to give you a sense of the numbers, you've just heard a few of them from Rakesh. Assets under management stood at nearly INR16,500 crores as of December end. Capital risk adequacy ratio remained very healthy at a tad under 20%, it was 19.77% at the end of the quarter. And the business is delivering industry-leading returns on equity at about 21% for the 9 months ended 31st December 2025. BACL continues to enjoy the highest level of creditworthiness with AAA ratings, stable long-term debt rating from all the rating agencies, CRISIL, CARE, ICRA and India Ratings, and A1+ for its short-term debt program from CRISIL.

Let me now spend a minute on KTM. You would recall from our last earnings call, the only regulatory approval that was pending then when we had last spoken was from the European Commission Directorate of Competition under the subsidies regulation. That approval was received on 10th of November '25. And following this, the effective change of control and transfer of shareholding was completed on 18th November. Subsequent to the transaction and pursuant to shareholder approval received at the Extraordinary General Meeting that we had on 19th of November, the planned governance and structural changes to the Supervisory Board have since been implemented.

Further, we have also renamed Pierer Bajaj AG to Bajaj Auto International Holdings AG and Pierer Mobility AG, which is the listed company on both the Swiss and Vienna Stock Exchanges to now being called Bajaj Mobility AG. Post the exercise of all options and completion of the share transfer, BAIH BV, our Netherlands subsidiary now holds 100% of Bajaj Auto International Holdings AG, which was formerly called Pierer Bajaj AG, which in turn, holds nearly 75% of Bajaj Mobility AG. As a result, BAIH AG and BM AG and KTM AG have now all become step-down subsidiaries of Bajaj Auto. The Supervisory and Management Boards have been reconstituted to align with the revised ownership structure and the governance framework, something that we had spoken about, and it is now fully aligned with Bajaj Auto's long-term strategic intent for this business.

For the current quarter, we have not yet consolidated the KTM business on a line-by-line basis as Bajaj Mobility AG, which was erstwhile the Pierer Mobility AG, publishes its financial results on a 6-monthly basis under European regulations, and we have not altered that yet. However, from the next quarter onwards, the KTM business will be fully consolidated into our results on a line-by-line basis as is required for subsidiaries.

For 2026, the focus will be on the operational turnaround of the business and putting the business back on track to deliver competitive performance in the marketplace and sustainable financial results driven by the local team there that is now led by a new executive and management team and a management Board. This broadly will encompass sharpening the product portfolio across the 3 bands of KTM, Husqvarna and GASGAS, reworking the target operating model for go-to-market and looking for synergies between the Bajaj and the KTM system, resetting the fixed cost base across all lines, simplifying the organization and corporate structure. And all of this is really being laid with the team out there now starting to get actively supported by the Bajaj team from here.

Let me close with a brief outlook. On the commodity front, we have seen further cost inflation. Noble metals, including rhodium, platinum and palladium are further heating up. Aluminium and copper also remain on an upward trend, while steel seems to remain broadly stable at this point.

At the start of the quarter, we had anticipated an impact of anywhere between 50 to 60 basis points for which we have taken certain pricing actions across the portfolio to offset about half this impact so far. But given the very dynamic external environment, we are watching for the balance based on how the situation evolves. With that, let me hand the call back to Anand and open the floor for questions. Thank you.

Anand Newar: Thank you, Dinesh. With this, we can open the forum for Q&A.

Moderator: Thank you very much. We'll now begin with questions and answers 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 Kapil Singh from Nomura.

Kapil Singh: Hey, good evening and Congratulations on the strong performance. My first question is on the domestic market itself. You had last time mentioned 6% to 8% industry growth outlook in the medium term. Looking at the momentum post the GST cut and hopefully, some dust has settled now, what is your read of the market situation? Are you comfortable with that forecast? Do you think there is upside risk here? And you've always mentioned that premium segments will grow faster. Is that something that is visible in consumer behaviour? You're seeing customers upgrading? And also, sir, in terms of market share earlier, we used to have aspirations to increase it quite sharply. So just your thoughts, I mean, even if you can't share any numbers, but just your thoughts on how you want the market share to evolve over the next, let's say, 2 years?

Rakesh Sharma: Okay. So based on the way December and January are unfolding or December has unfolded and very soon, we'll have the Jan numbers as well, it seems that the motorcycle industry growth momentum is sustained and, in fact, done better than what we were thinking it would do. So that's why I was saying that we could be looking at something like 12% to 15% growth over the next few months. It's very hazardous to try and give a growth number, which is very long term and then one starts to take a conservative view. But in the immediate term, I think a double-digit growth rate is possible with a 3-4 percentage point difference between the bottom half and the top half. So that's the way we are looking. And like I said, this is a very supportive environment for us. Now the only spoiler could be inflation with the rupee being where it is, if that drives inflation and particularly things like fuel, rentals, food products, we all know is at very, very all-time low inflation. But some of these other sectors also, they then go and diminish the purchasing power of our customers. And that could be a spoiler. So, we have to continuously watch that. If that remains in check, then I would say, yes, these type of growth levels of 12% to 15% could sustain themselves.

And the second part. Yes, of course, the market share aspiration is to continuously grow, particularly in the 125cc plus segment. So, like I said in my opening remarks, we did take a hit in Q4 and Q1. I mean if you sort of take a step back a few years, when the ABS was announced for 150cc, which led to the slowdown in the 150cc plus segment, but the 125cc segment boomed. And at that time, I recall, I may have some numbers here and there, but I recall our market share in the 125cc segment was 9%. But we were the fastest to the market with the extension of Pulsar into the Pulsar 125cc range. And within a couple of years, we went from 9% to 20% plus. Now what has happened in the last financial year, particularly in the second half, where the progressive launches by competitors and these product introduction cycles then are not synchronized with competition because we started early, they started later, but there were newer products last year, ours are still old. We started to correct that. And we had a choice about introducing some new products in October, etcetera. But on the balance, we did not want to disturb the season. There were so many things going on in this season, as you know. So, our heartland of our Pulsar equity is the 150cc plus segment. And like I said in my remarks, after Diwali and now, 7 introductions have been made across the 3 ranges which we have in Pulsar, 150cc plus segment, 8 more as we speak 2, 2, 2, 2 every month. This barrage will continue, right, through the next 6-7 months.

And that's why we will have a completely refreshed Pulsar portfolio. We have prioritized the entire R&D and innovation effort in our heartland, which is a 150cc plus segment, which we are credited with creating that, and we want to make sure that we are undisputed leaders there. And these 7 plus 8 interventions over the last 2 months and another 4-5 months going forward, will, I think, galvanize the whole share acquisition effort. And so, we are looking at the next 6 months.

Then let's get that right and then let's see what we want to do in 2 years after that. So that's where we are. We are very, very optimistic. And some of the new products which have been put in, particularly in the N series, etcetera, its early days, but whatever it's worth, we are getting good positive reaction.

Kapil Singh: Great, sir. On the exports, I just wanted an update on what is the growth outlook for remaining few months of this year and next year, what broad ranges you are thinking about? And which will be the key markets that will drive that growth? In particular, for Mexico, if you can share some update because there is potential to gain market share over there as it will have a duty advantage?

Rakesh Sharma: Yes. So, we are expecting the growth tempo to continue, but I think this quarter, which is quarter 4, we expect hopefully that we will turn in a 200,000 unit plus performance. And thereafter, hopefully, it should grow. And I always say this with a little bit of caution because disruption in the emerging markets and dislocations is a way of life, right from banning, tariff, currency devaluation, shipping issues, etcetera. So, there are these ups and downs. But over the year, the Exports business unit has demonstrated its resilience. And even when a key market, like Nigeria used to do 50,000 units and it is half, we have still gone ahead and delivered this performance. So, I feel that we will have the resilience. Some things will go up; something will come down. We take it as we go through the quarter. At this point of time, in the near term, we are seeing the growth. So, we are in 108 countries, and the whole success of the Export business is actually disregarding the Pareto rule. If we enter a country, we enter it to win it. So, whether it is a country like Haiti in the Caribbean, where we sell 200 units per month or something like Nigeria where we do 30,000 units, we give it the same attention. But there are the top 30 countries, like I said, which account for 75% of the industry. And in each of those, we will grow our market share. So, I would say that we will continue to have that kind of an approach. And the great thing is that the sources of growth are quite broad-based now. So that's very, very helpful.

Kapil Singh: Can you share the absolute EV revenue and export revenue, please?

Dinesh Thapar: Export revenues were about USD 600 million.

Kapil Singh: And EV revenue, sir?

Dinesh Thapar: EV revenue, as you would have heard from Rakesh, was about 25% of domestic revenue.

Kapil Singh: Sir, possible to share the number?

Dinesh Thapar: Yes, from Anand, Kapil after the call. Let's just leave a few questions for the rest in the queue as well.

Kapil Singh: Sure sir, thank you.

Moderator: Thank you very much. A kind request to all the participants kindly restricts your questions to 2 per participant and please join the queue for follow-up question. Next question is from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani: Hi, thanks for taking my question. Just a follow-up on the whole product refresh. I think, of course, this will create excitement and the confidence around the volume growth and market share. I think I'm just asking a little bit beyond a couple of quarters when you think of next 2-3 years, is there a need to introduce more brands within the portfolio? And we have spoken about adding a new brand in 125cc to have the price ladder. Can you just share some thoughts? I want to just hear your thoughts more holistically that do you feel that there is a need to have more brands beyond Pulsar to get to the market share aspiration that you have from a medium-term perspective?

Rakesh Sharma: Yes, sure. From a couple of years' perspective, I agree with you. There is certainly a need for a brand in the, let's say, 125cc segment. There are plans afoot for that, as I've talked previously. We have a brand Dominar, which, of course, has a small presence in India, but it is highly successful in Latam, Turkey, Brazil, etcetera. And of course, when we are looking at our product plans, we are not just looking at India, but we are looking at all the markets which we operate in. Just for your information, for example, we sell more 250cc plus bikes in Mexico than in India. So that will give you an idea that how important it is for us to have international markets integrated into the NPD process. And because of that, we see a very good opportunity for expanding the portfolio of the Dominar brand, and it will have its fallout and consequences.

We feel that if this macroeconomic growth sustains itself, we'll continue to see bigger and better bikes sort of growing faster. And therefore, we see that the Dominar's portfolio also expanding. We also see us either through a new brand or through within the same umbrella brand, getting into some new formats like on-off or off-roading type of bikes. And so, a pretty rich pipeline, both in terms of the portfolio and the birth of some new brands. It could also be some of our existing dormant brands, which we just dust off and reintroduce them. So, they may not just be absolutely, absolutely new brands, but they could be one of our brands which we possess, but which have been dormant. Like, Chetak was a dormant brand and then it got reintroduced.

Gunjan Prithyani: And can I just check if there is an updated timeline on the new 125cc bike that we were looking to introduce this year?

Rakesh Sharma: Yes, there is an updated timeline, but I cannot share it with you. Of course, there is. It's a very important part of our portfolio.

Gunjan Prithyani: It's fair to assume it's happening this year.

Rakesh Sharma: It is happening. We will call you for the launch conference, don't worry.

Gunjan Prithyani: Okay. Just a second question on commodity. I think, Dinesh, thanks for sharing the headwind that we anticipate at this point for quarter 4. But I think maybe just if you can share a little bit more colour on how should we think about salience of some of these commodities, which are seeing a surge like precious metal, copper, aluminium because there's continuously inflation, which is going on, right? And the numbers that you sort of shared are probably how things stand as of today. So, if you can give a bit of more colour on the salience of these commodities and where should we be focusing more on in terms of the impact?

Dinesh Thapar: So, you're right, Gunjan. I think on a few of these commodities, it is clearly very volatile as it were. Like the bulk of the inflation from what the team shows to me right now continues to be on the Noble Metals portfolio, where the inflation is essentially double digit, and yes copper has inflated quite significantly between quarter 3 and quarter 4. I think the rest of the metals that I called out were essentially low single digit, but all of these are inflating quite significantly. One way we're trying to mitigate this because obviously, every time we have the upswing in the cost or the inflation cycle, is to try and see how much you can lock in for the quarter and then try and move out because a lot of this is negotiated commodities. So, that's why I did call out a ballpark of between 50 to 60 basis points impact as we originally estimated it. And we'll try and see if we can operate within that. We've priced out for half of it, but I think we'll have to just be a little bit more nimble with pricing depending on how this commodity situation evolves over the next few weeks. So, we are watching it, as you would imagine, just given the volatility. But we've just covered for half, knowing fully well that there is also some tailwind that is coming around the currency.

Gunjan Prithyani: But how big is this as a percentage of your RM or just the PGM and copper, if you can give some colour, I'll join back the queue after that.

Dinesh Thapar: Okay Gunjan. So, I don't have that offhand. It is a very micro piece, but Anand is sitting here, and we'll try and get you what's the relative contribution of some of these inflating commodities to the total.

Gunjan Prithyani: Got it. Thank you so much.

Moderator: Thank you. Next question is from the line of Rishi Vora from Kotak Securities. Please go ahead.

Rishi Vora: Thank you for the opportunity. My first question is regarding the Export 3-wheeler business, which has been doing quite well over the last couple of quarters. Can you give us some colour on which geographies are driving that growth? And how should we think about it going into FY'27?

Rakesh Sharma: Yes. This is a consequence of the big development efforts, which we have been putting in consistently. And the wonderful thing is that I'm unable to answer your question in a brief manner because there are so many countries which have contributed. I can't single out even 3 or 4 or 5. So there are multiple of them. There are many which have crossed the 2,000 units per month mark. There are many which are above the 1,000 units per month. So that's the wonderful thing about it. And hopefully, all these territories, we will drive for depth and therefore, growth, even while we have got at least half a dozen new markets on the boil where we will start. I found for a market from 0 to some kind of scale it takes at least 2 years. And we have some territories which are sort of reaching the midway mark of development. So, there is a pipeline as well.

Rishi Vora: Sir, any top 5 countries or top 3 countries you could share their names?

Rakesh Sharma: That's what I'm saying to you. There's no top 5. There are top 25. So, between 1,000 and 2,500, there are Guatemala, Honduras, Philippines, Afghanistan, Ghana, Nigeria, I mean, there are 20 of these countries. So that will not sort of give you much joy.

Rishi Vora: Understood. And 2 questions for Dinesh. One is just clarification. When you're talking about 50 to 60 bps metal inflation, is it inclusive of the currency tailwind, which we have seen in the fourth quarter as well or it's excluding that?

Dinesh Thapar: No, if your question was on fourth quarter, the 50-60 bps is pristine material cost inflation. Similar to my commentary in quarter 3, when we had spoken, I had said at that point of time, we had anticipated inflation to be of the similar order of magnitude. At that point of time, I said I hope that currency tailwind will provide for it as it indeed did. Because we had deferred all the pricing in quarter 3, in quarter 4, we have started the quarter by absorbing and providing pricing to the extent of half of the commodity inflation for this quarter. So, 50-60 bps pristine material cost inflation.

Rishi Vora: Understood. And secondly, our other operating income has increased sharply on a sequential or a YoY basis. So, what are the factors for that?

Dinesh Thapar: Yes. It's one of those quarters where everything has come together to be able to contribute to stepped up other operating income. Clearly, export incentives, increased royalty on BGO and clearly a step-up on PLI, just given the growth of the Electric business quite significantly. Within that profile of the electric growth is now a material contribution coming in from the Electric 3-wheeler business, which has higher ASPs. And the third really, I would say, is now we are operating on the highest bracket of the PLI incentive.

Rishi Vora: Okay. So that 13 has moved to 16 or 18, is it?

Dinesh Thapar: Correct.

Rishi Vora: Understood. Thank you, all the best.

Moderator: Thank you. Next question is from the line of Chandramouli from Goldman Sachs. Please go ahead.

Chandramouli: Hi, good evening. Thank you for taking my questions. My first question is just a clarification on the prepared remarks you made. I think you called out that you're looking to do 200,000 units sort of monthly run rate on exports in Q4. Q4 historically has been seasonally slower quarter on exports. So, I just want to understand if I heard that right, and that is what you're looking at over the near term in terms of export run rate.

Rakesh Sharma: Yes, that's our goal. Only point is that, in the end, March is a very short month because we close it much earlier from an exports point of view. So, you have much less days left for managing the shipping, etcetera. But it's looking like 200,000 plus.

Chandramouli: Right, right. I think the reason I'm asking is just given that exports now versus the peak that was made 2.5-3 years back on exports on a quarterly basis before sort of Nigeria moderated, seems to be just 5% to 6% off that peak. And then I think we've seen so far this year close to 20% year-to-date growth on export volumes? And this 200,000-run rate seems to suggest that, that 20% run rate can continue even though export volumes seem to be closer to the previous peak made during COVID. So that's, I think I was just trying to understand how you're thinking about the Export business going forward around these run rates?

Rakesh Sharma: Well, I have not fully grasped the arithmetic which you are doing, but I can assure you that these are very consequential ratios and things for us. I mean we basically look at the market and try to maximize our business in each of the markets. And then we see how it's looking like consequentially. So, we are not operating the business from those kinds of dials.

Chandramouli: Got it. That's helpful. My second question is just around domestic business. I think you did mention that you see the 125cc plus segment potentially growing faster than the rest of the market, which could be in double digits. And maybe late Q3 onwards, your market share recovery efforts have begun in full swing. But I think December quarter, the domestic business for the industry grew at about 17% YoY and Bajaj was in the low single digits. So, over the next couple of quarters, as you mentioned, with your market share recovery efforts and potential product launches, do you see your own volume growth converging to that mid-teens level that the industry could grow versus the current sort of low single-digit run rate? Just trying to understand that math a little better.

Rakesh Sharma: Watch the space on Monday morning to figure out the growth rate for January. But yes, we are hoping that it will definitely be in double digit. That's what the aspiration is, absolutely. And that's what I was saying that this is a performance category, and it's highly dependent on the product portfolio. And I will admit that we were fast into the market. And then after that other followed. And when others followed, our portfolio is looking a bit jaded in comparison to the newer but later others. And now we are restoring that parity or that improvement and doing that thing. We had a dilemma whether to do it slightly earlier and manage the complexity in the season or go through the season and do it nicely and place it nicely for the customers. And that program has commenced in right earnest. And some green shoots are already visible. So yes, I think we will build on these, and we should be able to continue the expansion of market share. Entirely, it will get better features, it will get better performance, it will have aggregates, new colour and graphics, etcetera.

Chandramouli: Got it. That's helpful. Thank you very much and all the best.

Moderator: Thank you. Next question is from the line of Amyn Pirani from JPMorgan. Please go ahead.

Amyn Pirani: Hi, thank you for the opportunity. Just going back on the commodity versus pricing question once again. So, Dinesh you mentioned 50-60 basis points, and you've taken half of that through pricing. But just on a top-down basis, I wanted to understand, given the growth that you are expecting in terms of volumes and the fact that currency is continuing to be a tailwind, would it be fair to say that you have many more levers than just pricing to offset this and you may not necessarily have to take care of the remaining 50% through pricing to maintain margins? And again, I'm not asking you to define the basis point, but just theoretically, is this line of understanding, correct?

Dinesh Thapar: No, you're right. I mean absolutely. We've never singularly dependent on pricing. In fact, in a competitive market where the aspiration is to grow share and invest competitively, one can't rely on pricing. So clearly, what has happened is that there is currency tailwind, which is kind of coming in. And yes, I'm now telling you that electric is growing, but PLI is helping cushion that. You heard from Rakesh that we've inched our way up now to double-digit margin on the overall electric portfolio. And when I say overall, recognize, it is both 2-wheelers plus 3-wheelers put together. So that over a period of time is contributing to a lesser of a profit drag, although there's a margin drag, but hopefully, the operating leverage impact of that makes up for it. So, the way we see it Amyn, is to manage margin, not just through pricing. Pricing is one part of it. I'm conscious that we've now had inflation for 2 quarters, essentially quarter 3 and quarter 4. So, whilst we didn't price out quarter 3, quarter 4, just given how it is looking, that's the reason why we thought we'll cover half of it, but we do have the other levers. And those other levers, as you rightly pointed out, the currency, fundamentally mix and better economics as we go along on the electric portfolio, which just helps bridge the margin gap between the enterprise and that part of the portfolio.

Amyn Pirani: Thanks. That's good to know. Secondly, my question was on BACL. Given that business, this business is still quite new, the fact that you are roping in a quarterly PAT of around INR200 crores given your size of book, I mean, just trying to understand because it seems based on our look of other captive financiers that your ROAs or generally your profitability profile is much better and you're still only 45% penetrated? So, is there something better which is happening in your profitability? And secondly, given the kind of profitability and the kind of capital adequacy that you already have, do you envisage that you will have to continue to invest in this business going forward?

Dinesh Thapar: Okay. So, I'll take the last question first, Amyn. The last infusion we did into BACL was in October of about INR300 crores. And that we think is absolutely the last of it that is needed. In fact, that infusion also went in as Tier 2 capital. And I'm hoping you understand the distinction between Tier 1 and Tier 2. Tier 1 capital remains in the business. Tier 2 over a period of time after regulatory prescribed limits can also be taken back, right? But to your point, that is very much the last infusion that we've made into the business.

In terms of your other question as to what is driving the strong results, I think in many ways, remember, from an acquisition perspective, BACL is present and has ready access to the entire dealer network from the perspective of originations. Clearly, that's one benefit it has by virtue of being a captive subsidiary company in the financing company. Also, the other is that if you've seen the cost structure, and you would have heard Rakesh talk about the digital-first approach and the mode that it has taken to build out its business. It's not a heavy feet-on-street business, right? So, it's not about manpower and large teams. There's a lot of digital-first intervention. And therefore, if you see the cost structures of the BACL business, they are clearly industry leading. They're clearly lower than anyone else that you would see as comparable peers in that space.

Amyn Pirani: Great. Thanks, and all the best.

Moderator: Thank you. Next question is from the line of Joseph George from IIFL Capital. Please go ahead.

Joseph George: Hi, thank you for the opportunity. Just a couple of questions. One is if you can give the U.S. dollar realization for the quarter on your exports. And the second one is a clarification on commodities. So, we have always thought of commodities is something that hits OEMs with a 1 quarter lag? So, when you talk about a 50 to 60 bps impact in 4Q compared to 3Q, is it benchmark to the commodity prices that we are seeing now? Or are today's commodities that we see something that will hit us in the June quarter? Just trying to understand the lag impact. Thank you.

Dinesh Thapar: Okay. So your first question was I guess on dollar realization, so our dollar realization for the quarter was at 88.3 compared to 87.1 in the previous quarter and 84.3 at the same time last year. To your second question Joseph, the comments that I've made on commodity, which is where I mentioned that we anticipate to be between 50-60 basis points is for the current quarter 4.

Joseph George: Sure. So, the clarification, Dinesh, I was looking for was, our old understanding was that commodities hit OEMs typically with a 1 quarter lag. So, when you talk about this 50-60 bps, does it factor in the commodity prices that we are seeing on the screen today? Or will today's commodity prices as we see it is that something that will hit us maybe with the quarter's lag, say, in the June quarter?

Dinesh Thapar: I think the answer to that is we normally do an estimation as is typical at the start of every quarter. The estimation on material cost inflation is a function of negotiated rates for metals which are actually negotiated and locked in. And for the rest, it is really an estimation that our teams do on how it will play out for the rest of the quarter.

Joseph George: Okay, thank you.

Moderator: Thank you. Next question is from the line of Raghunandhan N. L. from Nuvama Research. Please go ahead.

Raghunandhan N. L.: Congratulations, sir, on strong performance and thank you for the comprehensive insights. Firstly, on Riki, the E-Rickshaw and E-Cart. Can you indicate how has been the initial feedback and current volume? How do you see the potential for FY'27? And also, if you can indicate the target number of cities by end of the year?

Rakesh Sharma: Yes. So, the initial product acceptance has been very good. We started with 4 towns, and we are now in about 40 where we are just seeding these places. This is in the Northeast and the North. And at least till April-May, our objective is not really to scale up, but we need to observe acceptance. We need to make sure that the product is performing well. We need to support it with service and make sure that the proposition is understood. And in that way, craft our playbook for future scale up. We don't really have a target in mind or a number in mind for FY'27. But what we would like is that we would start to scale up, let's say, from April-May onwards, start to get into more cities and more dealerships and also start to do some activation based on the learnings of these few months. While the market is large at 45,000 units, only 10% of it is lithium-ion. And why I'm saying that we need to have a good playbook to understand how to do this. Our real objective is to understand how to upgrade the customer from the old lead acid, which is much cheaper to the lithium-ion. So, it's not a seamless movement into lithium ion, there is a false line because of this big difference in the type of battery, which is used. Therefore, our objective is to first understand how to do this. And then once it starts to show some results, then we start to scale up. That is the reason.

Raghunandhan N. L.: Got it, sir. Understood. And would you be also looking at a swappable option?

Rakesh Sharma: We are looking at swappable options both for 3-wheelers and 2-wheelers, but not only for E-Rick. That is a separate development exercise, which is going.

Raghunandhan N. L.: Got it, sir. My second question was on electric 2-wheeler EBITDA margin. Would we be like profitable as of now?

Dinesh Thapar: Raghu, just mentioned it. Your question was, have we hit EBITDA breakeven for electric 2-wheelers, to which my response was, yes, we have.

Raghunandhan N. L.: Okay. And Dinesh sir, as part of the KTM turnaround plan, can you indicate areas of synergy? How would India play a role? Would more production happen in India? Your thoughts on that?

Dinesh Thapar: So, I also want to be very careful because remember, Bajaj Mobility is also a listed company on Austria and Vienna. I hope that you will join some of their calls as well. But look, I think we are at a stage right now having taken control at the end of November to work together with the newly formed management or Executive Board over there to drive a full 360-degree plan. And when I say 360-degree plan, it means it fundamentally touches all parts of the operations. And between Rakesh and my commentary, you would have heard, it was about organization. It was about sharpening the portfolio across brands, where they play and how they play. Eliminating any overlaps and reworking position. It is about looking for synergies in distribution and go-to-market between the Bajaj and KTM systems. It is about rewiring cost structures across the breadth end-to-end, whether it is material cost or whether it is overheads or establishment costs. And that's a program that they are driving. It is about unlocking liquidity. As we mentioned, it was about building various capabilities for the longer-term competitive growth of the business, particularly in things like R&D design and styling. So, there's a full plan which is now being built out, which is being led by the Executive Board over there and really leveraging the strengths from Bajaj where we can. And hopefully, in this, we will find synergies for both organizations across these areas as well. But it's still early days since we've only gotten involved seriously after having taken control.

Raghunandhan N. L.: Okay sir, very helpful. Thank you very much.

Moderator: Ladies and gentlemen, we'll take that as the last question. I'll now hand the conference over to Mr. Anand Newar, Head of Investor Relations for closing comments.

Anand Newar: Thank you, everyone for joining the call. Good day.

Dinesh Thapar: Thank you.

Rakesh Sharma: Thank you all.

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.