Bajaj Auto

30 January 2026

Operator: Ladies and gentlemen, good day and welcome to the Q3 FY26 results conference call of Bajaj Auto Limited. My name is Nirav and 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 star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anand Newal, Head of Investor Relations from Bajaj Auto Limited. Thank you and over to Mr. Newal.

Management: Thank you, Nirav. Good evening everyone and thank you for joining us for the call today. Welcome to the Bajaj Auto Q3 FY26 earnings conference call. Let me begin the call by 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 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.

Management: Thanks, Anand. Good evening ladies and gentlemen and welcome to the Q3 earnings call. Thank you very much for joining us. I am delighted to report that the Q3 performance has built on a strong Q2 and scaled new peaks. We closed the quarter with a top line of over 15,000 crores, an all-time high with 19% growth. EBITDA came in at over 3,100 crores at 20.8%, another all-time high, and PAT crossed 2,500 crores, yet another all-time high. All business units performed at respective record levels to deliver these outcomes.

The momentum was set by the GST rate cuts, which sustained itself beyond the festive season. The domestic business has taken full advantage of this supportive environment. Let us look at the business unit level performance, beginning with exports. The business unit crossed an average sales level of 200,000 units per month in October 2025 after nearly 40 months and maintained this level through the remainder of the quarter, surpassing the 600,000 units mark after 15 quarters. The last time this happened was in Q3 FY22. The business grew at 18% year-over-year this quarter in volume terms and more in revenue terms.

The top 30 overseas markets, collectively accounting for nearly 75% of the emerging markets industry, grew by about 10% in this quarter. With our sales growing at 15%, we are signaling an increase in 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 Q3 of the previous year. 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.

Latin America delivered its highest-ever quarterly performance, powered by Colombia. Sales in Brazil came in close to the 10,000 mark, supported by expanded production capacities, and the subsidiary is now delivering a healthy bottom-line performance. The commercial vehicle segment in exports grew at 56% this quarter, the result of intense development efforts over the past two quarters. A very positive feature of this business is that it is broad-based across several markets and countries. Exports to KTM Austria continue to increase year-over-year by nearly 15% in Q3 as the KTM business worldwide starts to make its recovery. Overall, the exports business has established sustained growth momentum and we expect this tempo to continue. The business is on the path to deliver its highest-ever top-line performance in volume terms this financial year.

Regarding domestic motorcycles, the festive period ended on a very strong note. More importantly, the GST rationalization appears to have made a lasting impact beyond festive enthusiasm. In FY25, the motorcycle industry grew at 7%, but this slid into a marginal decline of -1% in the April to August period of this year, and -3% in Q2. Post-GST rationalization, Q3 has grown by about 15% in the industry, and our understanding is that January is sustaining at a similar level. We expect the growth momentum in the motorcycle industry to continue at 12-15%.

Equally important is the quality of growth, with the 125cc+ segment growing at a faster rate, and the 150cc+ segment growing even faster. This phenomenon creates a supportive environment for our portfolio, which rests on persuading the customer to upgrade to bigger bikes. Since Q4 FY25, we have been challenged for market share in the Pulsar heartland of the 150cc+ segment. Two developments have reversed the trend. Foremost, Pulsar received the benefit of consumer behavior transitioning from being cautious to optimistic. Secondly, a slew of new launches prioritized for the 150cc+ segment have been made from 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 driven growth. The wave of these interventions will be unrelenting hereafter, with over eight more such interventions planned for the next four months. By the end of this period, the entire Pulsar portfolio spanning the OG Pulsar, the N Series, and the NS Series would be a complete and potent portfolio. We expect to outpace industry growth in the 125cc+ and 150cc+ segments and continue acquiring market share.

Coming to commercial vehicles, the three-wheeler category was also positively impacted by the rationalization of GST. The ICE segment was declining in the April to August period by about 4%, but GST cuts bumped up growth to a positive 4-5%. The electric segment continued to drive the three-wheeler industry, growing at 50%+. We expect these growth rates to sustain as driver adoption is responding to healthy improvements in earnings and payback for both ICE and electric. We maintain a 70%+ market share in the ICE segment with an overwhelming share of 85%+ in the CNG segment. Our electric autos recorded their highest-ever levels during the quarter. We exited December back at the number one position in the segment.

We now possess the widest electric auto and cargo portfolio, spanning battery capacities from 9 kWh to 18 kWh. Additionally, we have made a play for the large light commercial vehicle segment with the launch of the RE. Currently, the footprint of the RE is being expanded to 50 cities in North and East India. Our objective is to seed the focus markets and build our playbook for upgrading customers. We expect to start scaling up the RE beginning in Q1. We launched two passenger models last quarter and have now introduced the RE C4005 in the cargo segment.

On electric scooters, Chetak performance improved sharply as we came out of supply chain disruptions, enabling a sequential growth of nearly 70% from Q2 to Q3. We regained nearly 500 basis points of market share and returned to the leadership club. The scale-up was supported by a distribution network that expanded to 450 exclusive Chetak stores and 4,000 points of sale across 800 cities. We recently launched the new Chetak C25, which is a youthful addition priced at 91,399.

Our EV portfolio comprising both electric two-wheelers and three-wheelers now contributes 25% of domestic revenues. Each segment crossed 1,000 crores of quarterly revenue for the first time. The EV business now delivers double-digit EBITDA margins while improving unit economics.

Regarding the Probiking business comprising KTM and Husqvarna, they delivered record domestic performance with combined volumes of over 35,000 units, a growth of around 50% year-over-year. KTM volumes were led by demand for the adventure portfolio, which has grown almost four times over last year. The Duke series remains robust, growing over 30% year-over-year. Triumph maintained healthy momentum despite GST rationalization affecting the higher displacement segment differently. A key driver for both brands has been activation initiatives like adventure rallies and the KTM Cup. Another driver is the rollout of joint KTM-Triumph showrooms. We currently have 50 such showrooms operational and plan to expand to over 100 by March.

Finally, the spares business unit grew 18% year-over-year to nearly 1,800 crores. Our subsidiary, Bajaj Auto Credit Limited (BACL), had an excellent quarter with penetration scaling to 45%. It acquired over 3.5 lakh customers during the quarter and now has an AUM of over 16,000 crores, delivering a PAT of 200 crores in Q3.

Effective November 18, Bajaj ownership in KTM Austria increased to 75%, and a turnaround plan commenced immediately. This involves ensuring liquidity, which is complete; building the top management team, which will be finalized by April 1; and prioritizing cost reduction.

Looking ahead, our focus is to drive higher growth in the 125cc+ segment, continue the export momentum, regain momentum across key segments, steadily grow KTM and Triumph through network expansion, and manage operations to optimize the growth-profitability balance while supporting the KTM AG turnaround plan. With that, let me hand it over to Dinesh.

Management: Thank you, Rakesh. Good evening, everyone. The company delivered its best-ever quarterly performance across revenues and profitability. Growth was broad-based with domestic motorcycles, three-wheelers, electric two-wheelers, and exports all contributing meaningfully.

Currency remained stable with average dollar realization at 88.3, compared to 87.1 in Q2 and 84.3 a year ago. On the commodity front, we saw cost pressures across metals. Noble metals like platinum, palladium, and rhodium saw sharp increases, while aluminum, copper, and lead also hardened. This was partly offset by softening in ABS and steel. Given the volume beat during the festive season, we deferred all pricing actions to January. As a result, we saw a net price versus cost inflation hit of nearly 50 basis points on the margins last quarter.

Revenue from operations crossed the 15,000 crores milestone for the first time, reaching 15,220 crores, a 19% year-over-year growth. This reflects higher volumes, a richer sales mix, and favorable currency. The electric vehicle portfolio scaled rapidly, growing nearly 40% over the previous quarter. Export revenues grew 20% compared to last year, supported by improved dollar realizations and robust growth in key markets.

EBITDA for the quarter was 3,161 crores, growing 22% year-over-year. EBITDA margins expanded to 20.8%, up 30 basis points sequentially. Margin performance was supported by favorable currency, operating leverage, and PLI benefits. This provided headroom to absorb several commercial actions: first, the absorption of the withdrawal of PM E-Drive incentives in the electric three-wheeler segment, which was approximately 23,000 to 25,000 per vehicle; second, the full impact of the GST rate increase on the 350cc+ motorcycle portfolio, which moved from 31% to 40%; and third, reinvesting part of the currency benefits into select export geographies.

Chetak volumes reached their highest ever. While this temporarily diluted profit mix, the margin drag was well absorbed. On a year-over-year basis, margins expanded 60 basis points. Quarterly PAT before exceptional items was 2,549 crores, up 21%. We recognized 61 crores as a one-time exceptional charge related to gratuity under the new labor code. After this adjustment, PAT stood at 2,503 crores, up 19% year-over-year. Free cash flow generation for the first nine months was 5,200 crores.

Consolidated revenue was 16,204 crores, up 25% year-over-year, while consolidated PAT was 2,750 crores. BACL reported a PAT of 200 crores with an AUM of 16,500 crores and an ROE of 21%. Regarding KTM, the European Commission approval was received on November 10, and the transfer of shareholding was completed on November 18. We have renamed Pierer Bajaj AG to Bajaj Auto International Holdings AG. This entity holds nearly 75% of Bajaj Mobility AG (formerly Pierer Mobility AG). Consequently, KTM AG has become a step-down subsidiary. From next quarter onwards, the KTM business will be fully consolidated on a line-by-line basis.

The focus for 2026 will be the operational turnaround of KTM AG. This includes sharpening the product portfolio across KTM, Husqvarna, and GasGas, reworking the go-to-market model, and resetting the fixed cost base. Looking at the current quarter, we see further commodity inflation. For the 50-60 basis point impact anticipated, we have taken pricing actions to offset about half of this so far. We are watching the dynamic environment closely.

Management: Thank you, Dinesh. We can now open the forum for Q&A.;

Operator: Thank you very much. The first question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh – Nomura: Good evening, and congratulations on a strong performance. My first question is on the domestic market. You previously mentioned a 6-8% industry growth outlook. Looking at the momentum post-GST cut, what is your reading now? Are you comfortable with that forecast, or is there upside risk? Also, regarding market share, how do you want that to evolve over the next two years?

Management: Based on December and January, the motorcycle industry growth momentum has sustained and performed better than we thought. We could be looking at 12-15% growth over the next few months. In the immediate term, double-digit growth is possible, with the top half of the market potentially outperforming the bottom half by 3-4 percentage points. The only spoiler could be inflation affecting purchasing power, but if that remains in check, 12-15% growth could sustain.

Regarding market share, the aspiration is to grow continuously, particularly in the 125cc+ segment. We took a hit in Q4 and Q1 due to product cycles, but we are correcting that now. Between Diwali and now, we have made seven introductions in the 150cc+ segment, and eight more will follow over the next few months. We have focused our R&D; on the 150cc+ segment to ensure we are undisputed leaders there. We are very optimistic about the market share acquisition that has commenced.

Kapil Singh – Nomura: On exports, what is the growth outlook for the remaining months and next year, and which key markets will drive this? Specifically on Mexico, is there potential to gain market share there?

Management: We expect the growth tempo to continue. Our goal for Q4 is a run rate of 200,000 units per month. While there are always disruptions in emerging markets, the export unit has demonstrated its resilience. Even with Nigeria performing at half its previous levels, we have grown. We are in 108 countries, and the sources of growth are broad-based. In the top 30 countries that account for 75% of the industry, we aim to grow our market share.

Kapil Singh – Nomura: Can you share the absolute EV revenue and export revenue?

Management: Export revenues for the quarter were about 600 million dollars. EV revenue was 25% of domestic revenue. You can model the specific numbers after the call.

Operator: Thank you. Next question is from the line of Gunjan Pragyani from Bank of America. Please go ahead.

Gunjan Pragyani – Bank of America: Regarding the product refreshes, will there be a need to introduce more brands beyond Pulsar in the next two to three years? Specifically, is there a plan for a new brand in the 125cc segment?

Management: There is certainly a need for a brand in the 125cc segment, as I have planned for. We also have the Dominar brand which is highly successful in international markets like Mexico and Brazil. We see an opportunity to expand the Dominar portfolio. We are also looking at new formats like off-roading bikes, potentially under new or existing dormant brands.

Gunjan Pragyani – Bank of America: Is there an updated timeline on the new 125cc bike?

Management: There is an updated timeline, but I cannot share it today. It is a very important part of our portfolio and it is happening.

Gunjan Pragyani – Bank of America: On commodities, how big is the noble metals and copper piece as a percentage of your raw materials?

Management: Bulk of the inflation right now is in noble metals where inflation is double-digit. Copper has also inflated significantly between Q3 and Q4. We try to mitigate this by locking in rates where possible. We have estimated a 50-60 basis point impact. I don't have the exact percentage of raw material costs for these specific metals offhand, but we can get that for you.

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

Rishi Hora – Kotak Securities: Regarding the export three-wheeler business, which geographies are driving growth, and what is the outlook for FY27?

Management: This growth is the result of significant development efforts. There isn't just a top five; there are about 25 countries where we are doing well, including Guatemala, Honduras, the Philippines, and Nigeria. Many have crossed the 2,000 units per month mark. We also have new markets in the pipeline that take about two years to scale.

Rishi Hora – Kotak Securities: Is the 50-60 basis point metal inflation inclusive of the currency tailwind or excluding it? Also, why has other operating income increased sharply?

Management: The 50-60 basis points is pure material cost inflation. Currency will be an additional tailwind. Regarding other operating income, it has increased due to export incentives, royalty on global operations, and a step-up in PLI incentives. As our electric business grows, especially the electric three-wheeler business with higher average selling prices, we have moved into a higher bracket for PLI incentives.

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

Chandramouli – Goldman Sachs: You mentioned a 200,000 unit runway for exports in Q4. March is historically slower; is that target still firm?

Management: That is our goal. March is a shorter month for exports due to earlier closure for shipping, but it is currently looking like a 200,000 unit plan.

Chandramouli – Goldman Sachs: In domestic motorcycles, Bajaj grew in low single digits while the industry grew around 17% in the December quarter. Do you expect your volume growth to converge with the mid-teens industry growth soon?

Management: Watch the sales growth rates for January. We are hoping for double-digit growth. Performance in this category is highly dependent on the product portfolio. Our portfolio was looking a bit older compared to competitors, but we are now restoring that parity with improved features and graphics through our refresh program.

Operator: Thank you. The next question is from the line of Amit Gorani from JP Morgan. Please go ahead.

Amit Gorani – JP Morgan: Given the volume growth and currency tailwinds, do you have other levers besides pricing to offset the remaining 50% of commodity inflation?

Management: Absolutely. We never depend purely on pricing. Currency is a tailwind, and the improved economics of the electric portfolio are helping. As two-wheeler and three-wheeler electric products reach double-digit EBITDA margins, it creates less of a profit drag. We manage margins through a combination of pricing, currency, mix, and better unit economics.

Amit Gorani – JP Morgan: Regarding BACL, it has very strong profitability for a new business. What is driving the cost structures, and will you need to continue investing capital?

Management: The infusion made in October of 300 crores is likely the last needed. BACL has ready access to our entire dealer network for originations, which is a major benefit. It is a digital-first business and not a manpower-heavy model, so its cost structures are industry-leading and lower than comparable peers.

Operator: Thank you. Next question is from Joseph George from IIFL Capital. Please go ahead.

Joseph George – IIFL Capital: What was the US dollar realization for the quarter? And regarding the 50-60 basis point commodity impact, is that benchmarked to today's prices or does it reflect a one-quarter lag?

Management: Realization was 88.3 for the quarter. The 50-60 basis points is an estimation at the start of the quarter based on negotiated rates for some metals and estimations for the rest.

Operator: Thank you. Next question is from Raghunandan NL from Nuvama Research. Please go ahead.

Raghunandan NL – Nuvama Research: On the RE e-rickshaw and e-cart, what is the initial feedback and the target number of cities?

Management: Initial product acceptance has been good. We are in about 40 towns in the North and Northeast. Until April or May, our objective is to observe performance and service needs rather than scaling rapidly. The market is large, but 90% is currently lead-acid batteries. Our goal is to upgrade customers from lead-acid to lithium-ion. We will start scaling up from Q1 onwards.

Raghunandan NL – Nuvama Research: Are the electric two-wheelers now EBITDA break-even? Also, on the KTM turnaround, can you indicate areas for synergy?

Management: Yes, electric two-wheelers have hit EBITDA break-even. Regarding KTM, we are driving a 360-degree plan covering portfolio sharpening, distribution synergies between Bajaj and KTM systems, and resetting the cost base. It is still early days, but we are looking for synergies across all these areas.

Operator: Thank you. This concludes the conference. I hand the floor back to Mr. Newal for closing comments.

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

Operator: On behalf of Bajaj Auto Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.