Bajaj Auto

Operator: Ladies and gentlemen, good evening and welcome to the Q2 FY27 results conference call of Bajaj Auto Ltd. My name is {? Daron ?}, and I will be your coordinator. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the initial remarks from management. Should you need assistance during the conference call, please signal the 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 Newar, Head – Investor Relations at Bajaj Auto Ltd. Thank you, and over to you, sir.

Anand Newar – Head – Investor Relations: Thank you, {? Daron ?}. Good evening, everyone, and festive greetings to all. Thank you, everyone, for joining today's call. Welcome to Bajaj Auto's Q2 FY27 earnings conference call. On today's call, we have with us Mr. Rakesh Sharma, Joint Managing 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 us through the financial highlights. We will then open the forum for Q&A. Over to you, sir.

Rakesh Sharma – Joint Managing Director: Thank you, Anand. Good evening, ladies and gentlemen, and welcome to the Q2 earnings call. Thank you very much for joining us.

I'm delighted to say that the Q2 performance has built further on the record performance of Q1. It was a festival of records in Q2, with five of them at the corporate level: highest-ever volumes, revenue, EBITDA, PAT, and free cash flow. I'm sure Dinesh will delightfully dissect these for you later.

The operating environment was difficult, with inflationary pressures, logistical complexities, and capacities being challenged for high-end bikes, exports, and EVs. However, some deft management ensured the record outcomes.

Before we get into the BU discussion, a quick word on key organizational changes at the front end. We have considerably strengthened the leadership of our international and domestic businesses to drive growth and ensure robust execution.

The exports business has until now been led by a President. This position has been upgraded to the Chief Business Officer level, and four new President-level positions have been created to drive Africa, Asia, LATAM, and advanced markets.

Similarly, in domestic operations, the motorcycle and Chetak businesses have been brought together into one new business unit: the Two-Wheeler Business Unit. This will also be led by a CBO, and the India market has been divided into two halves: India 1 and India 2, with each being led by a President-level position.

At the back end as well, for procurement, operations, and R&D, similar appointments have been made. Almost all appointments are now done, and the new organization is in place.

Now let me get into the BU-level discussion, starting with exports. The BU crossed its highest-ever volume of {? 7.8 lakh ?} units in Q2, a growth of 41% year-on-year. This is the second consecutive

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quarter above 700,000 units. We continue to grow well ahead of the industry across all the regions in Q2.

In Africa, the motorcycle industry grew about 35% year-on-year, while our motorcycle exports grew 82%. In Latin America, including Brazil, the industry grew about 12%, while we grew 44%. In Asia, which includes South Asia and ASEAN, the industry declined by about 7%, while our volumes grew 5%. In the Middle East and North Africa, the industry declined about 29%, and our volumes were also down 24%. So, this signals a handsome gain in market share almost all around.

In the largest market of Nigeria, retail sales were at a 30,000-unit APM level, which is a very significant growth over the same period last year, and delivered a record market share of almost 50%. Even though this was very handsome growth, retail sales are still only at 60% of the previous peak.

The new Boxer 125 heavy-duty upgrade, introduced in Africa in early FY26, continued to scale up quite smartly, with exports up by more than 50%, and it has been instrumental in driving African growth ahead of the market.

In the all-important sports segment of Latin America, which is 150cc and above, our exports grew by 50%, leading us to become number one in the S1, which is the 150cc to 250cc segment.

Three-wheeler exports did very well too, crossing 1 lakh units in a quarter for the first time, and also growing at 41% in H1.

Two-wheeler exports from India grew 32% in H1 as per SIAM data. Bajaj Auto grew 47%, almost 1.5 times the industry. Our market share in two-wheeler exports from India has increased from 44% in FY26 to 48% in H1. In three-wheelers, it has gone up from 60% to 63%, which means almost one in every two-wheelers and two in every three-wheelers exported from India carries a Bajaj badge.

Overall, the exports business has shifted up and sustained its performance at high levels, moving up from 600,000 units per quarter last year to 750,000 units per quarter this year. We expect to sustain this going forward.

Getting into domestic two-wheelers, first of all, I will make a few comments on industry behavior and early festive indications. Given the sharp up-and-down movements caused by the announcement of the GST last year, as well as pent-up demand, we prefer to understand industry movement through a longer view instead of through a weekly, monthly, or quarterly comparison. Hence, we look at April to August for the pre-festive period and September to December for the festive period. Since last year's festive period commenced on September 22, we therefore like to divide the year into the periods from April to August and from September to December.

The two-wheeler industry, including electric scooters, demonstrated healthy year-on-year growth of 18% from April to August. The 150cc segment and the EV scooter segment grew much higher than the industry average and drove most of this growth.

In the September to December period, we expect growth to continue to be in double digits, but it may not be as much as in the April-August period due to the base effect. In general, the post-festive period is 1.25 times the pre-festive period. In other words, September to December is

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1.25 times the April to August period. Last year, this bucked the trend, and the ratio was almost 1.4 due to the GST impact. Some positive impact of the GST still continues, and therefore, we expect the September to December period to be better than the usual 1.25 times. That is why I make the comment that we expect the September to December period also to be in double digits, but it may not be the 18% recorded in the April-August period. We have to wait and watch.

In the immediate 16 days of the festive period, two-wheeler registrations have grown by 10% as per the Vahan portal. As has been the trend earlier this year, this growth has almost entirely been driven by the 150cc-plus motorcycle segment and EV scooters. In our estimates, these have grown at 24% during these 16 days, while overall two-wheeler growth is 10%.

Our comparable growth during this 16-day period has been 32%, which is 8 percentage points more than the industry's growth.

We find ourselves very well-positioned in both the 150cc-plus motorcycle segment and the EV scooter segment, not just with Pulsar and Chetak, but also, I would like to remind you, with KTM and Triumph. We will leverage this portfolio for growth, profitability, and competitive positioning.

This success has been realized through a singular focus on strengthening the Pulsar portfolio aimed at the 125cc-plus segment, as we have been discussing with you earlier. This focus is to the exclusion of the 100cc segment, where we have made a conscious choice to protect profitability by increasing prices due to the inflationary impact ahead of competition, and we are accepting the consequence of this. This certainly dampens the overall volumes of two-wheelers, but it also has a positive influence on our margin story.

Therefore, we continued to focus our product interventions in the Pulsar portfolio during the quarter and even earlier. During the quarter, we launched the new Pulsar 125 and the new Pulsar 150 in the Classic range, and upgraded the Pulsar 160 range featuring several industry firsts: TFT displays, electronic throttle body, ride modes, projector headlamps, and user-friendly features such as crawl tech and traction control. These are bringing advanced technology within the reach of a larger base of customers and are driving acceptance.

The new launches commenced retail in August. The share of new launches in our 125cc-plus portfolio was 7% in August. It grew to 26% in September. In the first 15 days of the festive period, it further grew to 33%. These new products, launched from August onwards, now account for 33% during this festive period.

The product pipeline remains active, with further refreshes and upgrades planned across the 160cc to 400cc range over the coming months in both Pulsar and Dominar. In addition, we will have two new brands in the pipeline, spanning the 125cc to 250cc space, lined up for launch in FY27.

By the end of the festive period, we hope to enter January with a completely refreshed Pulsar portfolio, and hopefully, the [trails off]

Rakesh Sharma – Joint Managing Director: ...old Pulsar portfolio would have also been flushed out of the channel system.

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Chetak, which is also now part of the Two-Wheeler Business Unit, saw the industry continue to grow rapidly at more than 75% in Q2. Penetration of electric scooters is now 25% of the scooter category.

As we speak, Chetak has achieved the milestone of 1 million scooters on the road, and September was our largest month so far, with retail sales topping 45,000 units. The Chetak {? 3201 ?} became the highest-selling electric two-wheeler model in India, and all this happened despite severe capacity and supply chain issues, particularly during September, when instead of 60,000 units, we could manage only 40,000 units.

Market share has moved up to 23%, despite supply constraints through the quarter, which impaired availability by as much as 20%.

Significantly, the Chetak portfolio's profitability has moved to double digits. In fact, at an overall level, our EV business, which includes three-wheelers and Chetak, is now margin-accretive at the corporate level.

We are expanding Chetak capacity to 80,000 units per month by Q4, which will help us gain market share and unlock new reach.

Today, Chetak has more than 550 exclusive stores, with a presence in over 850 cities through a combination of Chetak exclusive stores and the widely spread motorcycle stores.

This gives us a network that has extensive reach and the capability to deliver a superior sales and service experience.

The further addition of 75 exclusive Chetak stores is planned for Q3.

Coming to ProBiking, which comprises the KTM and Triumph brands, the business continued its high-growth trajectory with 31% year-on-year growth and delivered sales of 40,000 units.

In H1, the business unit sold 80,000 units, making it the highest-ever H1 for ProBiking.

KTM growth was led by the adventure and high-performance street portfolios, with Adventure 390 and Duke 250 driving the growth in their respective segments.

Triumph also sustained its performance at 11,000 units in the quarter, despite availability being impaired by as much as 20%.

Two marquee events were launched by KTM in Q2: the widely successful KTM Cup, Season 2, and the KTM Adventure Rally: Extreme, led by none other than the 2018 Dakar Rally champion Matthias Walkner.

The rollout of joint KTM-Triumph showrooms has progressed swiftly, with 120 such showrooms already operational and more in the pipeline. The KT stores, as we call them, now contribute more than 15% of the combined KTM-Triumph volume.

Adventure and high-performance street bikes account for only 7% of the total motorcycle market, but they are growing four times faster. We continue to lead category development and market

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share through 10 serious, purposeful models across both brands, designed differently for terrain and rider needs. This is the most by any player in this segment and positions us extremely well in this high-growth niche segment.

Moving to commercial vehicles, our three-wheeler business unit delivered its highest-ever quarterly volumes in Q2, achieving sales of 1.62 lakh units and growing year-on-year by 13%. The three-wheeler category has sustained growth of 8% to 10% over the past several years, with recent growth trending closer to 12%. In this expanding market, Bajaj Auto has maintained a strong leadership position in ICE three-wheelers, commanding nearly 90% market share now in CNG passenger vehicles and over 50% market share in the cargo segment.

The electric three-wheeler market continues to grow rapidly, with industry volumes expanding by more than 100%. Bajaj RE E-Tec remains the market leader in the e-auto segment, with a market share of approximately 32% in September.

The performance and the competitive position are the result of the strategy to segment this diverse market and deliver fit-for-purpose solutions for each segment.

Consequently, the BU possesses the industry's most comprehensive product portfolio, with about 20 models across ICE and EV platforms. This ranges from Rick, the e-rick, to RE E-Tec 9.0 and RE E-Tec 180, the e-three-wheeler with the longest range in the industry.

While the e-rick segment has declined by about 19% in H1 due to regulatory enforcement and up-trading, the segment is still large at 35,000 units APM. Ten percent of this is lithium-ion-based, and the rest is lead-acid. Our Rick operates in the lithium-ion space and is already the market leader. Government regulation and enforcement will continue to drive this segment toward lithium-ion powertrains, as well as toward e-autos. We are well positioned to capture this movement.

To service this steadily growing demand, the network is being expanded and modernized. From just over 900 stores in FY23, the network has now grown to over 1,600 stores. Capacity expansion initiatives for both ICE and EV three-wheelers are also underway, as current demand exceeds available capacity by approximately 10%.

A quick comment on spares. The spares business crossed the 2,000 crore milestone for the first time, delivering robust 15% year-on-year growth. Complementing this performance, the Bajaj Genuine Oil business also achieved its highest-ever quarterly volume.

Finally, we remain optimistic about the near- and medium-term outlook. Already, our capacities are being challenged, as I said, in EVs, high-end bikes, and some three-wheeler sub-segments. The overall capacity of 625,000 units per annum is being expanded to about 775,000 units per annum over the next 6 to 9 months in a phased manner. This is a new imperative, in addition to the ones we have been sharing, which remain the same.

With that, let me hand the session over to Dinesh for his update on the financial performance.

Dinesh Thapar – Chief Financial Officer: Thank you, Rakesh. Good evening, everyone, and thank you for joining us on this call. Before I begin, let me extend my festive greetings to all of you. I hope

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you've had a wonderful Dussehra, and I wish each of you and your families a very happy and prosperous Diwali in advance.

Now coming to our results. We are pleased to report yet another record-breaking quarter, as you would have seen in the press release that we issued earlier today. The quarter was full of milestones: volumes exceeding 15 lakh units, revenues surpassing 20,000 crores, EBITDA exceeding 4,000 crores, and profit after tax also crossing 3,000 crores. Each of these represents a first for the company, making this yet another milestone quarter for Bajaj Auto. Growth was broad-based across all our businesses: domestic and exports, ICE and EV, two-wheelers and three-wheelers, all contributing very meaningfully. So, quite clearly, it was a quarter of milestones on multiple fronts.

That said, let me now touch upon the operating context before I get into the financials. On the commodity front, the July to September quarter continued to see hyper-inflationary input cost pressures, with no immediate signs of these cost pressures cooling off. As we had indicated in our previous call, the inflationary pressure extended well beyond the conventional metals complex to proprietary parts, electrical components, and conversion charges, and the escalation in these categories has continued to intensify.

During the quarter, costs in electrical components increased in the mid-teens. Proprietary parts and conversion charges saw double-digit increases, and within the metals complex, aluminum, copper, nickel, and natural rubber also recorded sharp sequential increases, broadly in the high-single-digit to double-digit range. Towards the end of the quarter, as many of you may have tracked, steel prices also began to firm up and are adding to the cost pressures now in Q3.

Taken together, the impact of commodity and other input cost inflation in Q2 was in the range of 3% to 3.5% of revenue. To put this in perspective, as we had outlined in the Q1 call, the inflationary impact in the first quarter was already about 4.5% of revenue. Four percent to 4.5% is what I had signaled then, and Q2 has now added a further 3% to 3.5% of revenue on top of that, making the cumulative inflationary pressure over the first half exceptionally steep, as you would imagine. The magnitude of this cost escalation is unprecedented, creating significant pressure on the business, with inflation on a scale that we would typically see spread over many years.

We have responded through calibrated pricing actions, which have covered about 50% to 60% of the inflationary impact over the first half. The balance was largely offset through favorable currency realizations and continued cost optimization initiatives, allowing us to protect margins despite the sharpest escalation in input costs, which I will elaborate on as we move through the financial performance.

What we had initially expected to last a quarter or two has now extended into a third successive quarter. As we look ahead, these inflationary pressures continue to persist, and I will touch upon the outlook and our response to the evolving cost environment a little later.

Apart from material cost inflation, supply chain availability has also been quite constraining during the quarter. The supply environment has become increasingly volatile and erratic, with disruptions at both the back end, in terms of component availability and capacity, and the front end, in terms of logistics and shipping challenges for our fast-growing exports business. In our electric business, supply chain and capacity constraints across both two-wheelers and three-wheelers restricted our

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ability to fully meet underlying demand, with our plans being delivered only to the extent of 75% of what we had originally planned for. Having said that, the teams across both the back end and the front end have done an exceptional job of navigating these challenges, enabling us to deliver record quarterly volumes and our best-ever financial performance.

Coming to currency, the realization in the quarter was favorable. The rupee depreciated through Q2, with our realized USD-INR rate coming in at 85.5 versus 84.4 in the previous quarter and 83.1 in the same quarter last year. This sequential and year-on-year tailwind contributed meaningfully to our realizations and profitability.

Turning now to the financial performance, the momentum of the previous quarter has carried through, with volumes and revenues scaling new highs. Volume crossed the 1.5 million mark for the first time, growing 20% year-on-year and marking the fourth consecutive quarter of record volumes. Revenue from operations surpassed the 20,000 crore milestone, a solid growth of 34% year-on-year. To put this growth in perspective, the revenue generated in the first half of FY27 has already exceeded the full-year revenue that we reported just 3 years ago in FY22.

Volumes remain the single largest driver of revenue growth. Beyond this, the revenue build-up benefited from a richer mix, reflecting the continued strength of commercial vehicles, premium motorcycles, exports, and the steadily increasing contribution of electric vehicles. Calibrated pricing actions that I just referred to also contributed to realizations, while favorable currency movements provided the much-needed tailwind.

On the domestic front, our electric business continues to scale up, with combined two-wheeler and three-wheeler volumes nearing 200,000 units, more than doubling year-on-year and marking its largest-ever quarter. The portfolio now contributes more than a third of domestic revenues and over 20% of our overall enterprise revenues. Equally encouraging, as you heard from Rakesh, is the progress on profitability, with continued improvement in Chetak's unit economics complementing the double-digit EBITDA margins in electric three-wheelers, driving further improvement in the overall profitability of our electric business, which continues to register double-digit EBITDA in its entirety.

Exports continue to sustain their strong momentum, delivering another landmark quarter. Volumes approached 780,000 units, translating into the highest-ever quarterly export revenues of nearly $800 million. The performance remains broad-based, with Africa reaching new highs while Latin America continued to sustain strong performances. With exports contributing around 40% of our revenues, this remains a significant engine of growth and profitability for the company.

In addition, the spares business reached a new high, with quarterly revenues crossing 2,000 crores for the very first time and continuing to provide steady support to the overall revenue and profitability.

Taken together, the strength in volumes, improved realizations, and a richer business mix have enabled us to cross a significant [cut off]

Dinesh Thapar - Chief Financial Officer: revenue milestone, even as the operating environment has been quite challenging. Let me now move to EBITDA and margins, and how we have translated the

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strong revenue growth into profitability amid the hyper-inflationary cost environment that I mentioned. On EBITDA, we crossed the 4,000 crore mark, delivering 4,172 crores, again a new high for the company, representing 37% year-on-year growth. What is particularly noteworthy here is that profit growth outpaced revenue growth, with profitability increasing by 37% year-on-year against revenue growth of 34%.

Sequentially, EBITDA margins held steady at 20.9% as we navigated another quarter of a challenging operating environment. Higher realizations, supported by calibrated pricing actions and favorable currency, helped to absorb part of the cost inflation pressure. Operating leverage from a 20,000 crore quarter, driven by higher revenue, alongside disciplined cost management and a very hard look at discretionary spending, helped offset the remaining cost pressures and sustain our margin delivery.

On a year-on-year basis, margins expanded by 40 basis points, with favorable currency realizations and improved operating leverage being the principal drivers, more than offsetting very severe and adverse cost-price dynamics. This improvement came despite an adverse mix impact from the growing contribution of the electric two-wheeler business, which, while improving, still remains dilutive to the overall company.

I know many of you are keen to understand the step-up in other operating income. It is a question that has often been asked in the past, and let me address this upfront. There are three principal contributors. The first is the increase in export incentives, which has come on the back of very strong growth in our exports business.

The second contributor is the increase in PLI accruals, and there are really three elements to this. The continued scale-up of our electric portfolio, with the business more than doubling year-on-year, has resulted in higher PLI accruals to that extent. Secondly, as some of you would be aware, we have commenced exports of our electric vehicles, and with the requisite certifications now in place, the eligibility for PLI benefits on these export vehicles is starting to reflect in our accounts. The third element, which is probably the most significant as you see the change over the last quarter, is the rate progression under the PLI scheme, which is important in understanding the quarterly movement in accruals.

As you would be aware, having crossed the cumulative revenue threshold of 10,000 crores under the scheme for electric vehicles, we qualify for an additional 2 percentage point booster over the base rate, and the base rate is 13%. So effectively, with the 2 percentage point booster, the effective starting rate for the year moves to 15%. As eligible revenues build up through Q1, the effective rate increases further, making Q2 an important inflection point. We typically start the year at around 15%, which is the 13% base rate plus the 2% booster, and exit Q2 at around 18%, having reached the highest revenue slab and therefore receiving the 16% base rate plus the 2% booster, taking it to 18%. Therefore, that now represents the maximum applicable rate under the scheme at which we have exited Q2.

The rate for the second half is therefore expected to remain at this maximum level, which is essentially the rate at which we exited Q2: the 16% base rate and the 2% booster, or 18% on electric vehicle revenues for the second half.

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Lastly, you heard from Rakesh that, in keeping with the broader growth momentum across the business, we had a very good quarter in our Bajaj Genuine Oil business, which we call BGO. Higher volumes translated into increased royalty income and contributed to the step-up in other operating income. Those were the three factors that led to the step-up in other operating income: export incentives, PLI accruals, comprising three factors, and increased royalty receipts for our BGO business, which has been quite buoyant.

Turning to profit after tax, we recorded our best-ever PAT, crossing {? 2,000 crores ?}, coming in at {? 2,354 crores ?}, up 35% year-on-year.

Strictly a word on cash. Consistent with our track record of strong free cash flow generation, we generated nearly 4,000 crores of free cash flow during the quarter, translating into cash conversion of 100% plus of profit after tax. This strong conversion was supported by a combination of robust earnings and favorable working capital movements, enabling us to translate our profitability into cash while continuing to fund the needs of the business.

Moving to the consolidated performance, and as I had explained last quarter, the year-on-year comparison continues to be impacted by the change in consolidation following the acquisition of control of Bajaj Mobility AG, whose financial results are now consolidated into ours, although with a one-quarter lag. The current quarter therefore reflects the full quarter of its consolidated results, which was not reflected on the same basis in the corresponding period of last year. The reported growth rates therefore need to be viewed in this context.

That said, from a headline perspective, consolidated revenue for the quarter came in at 25,126 crores, a growth of more than 60% year-on-year, and consolidated profit after tax stood at more than 3,400 crores, also growing by more than 60% over the previous year.

Alongside the impact of the expanded consolidation, the contribution from our subsidiaries is now becoming increasingly meaningful, supported by the continued scale-up of BSCL, the steady expansion of our Brazilian business, and the consolidation of Bajaj Mobility AG, which essentially represents the KTM business. Together, these businesses are adding greater scale and depth to our consolidated performance.

Let me now spend a minute on KTM and BSCL. I am very happy to see that the KTM business is gaining traction, with significant improvement in both scale and profitability. Revenue grew 65% year-on-year to 701 million euros in the first half, while EBITDA turned positive at 38 million euros compared with a loss of over 180 million euros in the corresponding period of last year, of course adjusted for the restructuring profit. This reflects the recovery in motorcycle sales, a sharper focus on cost efficiencies, and a reduction in fixed costs. Inventory levels across the KTM system and the dealer network have now returned to normalized levels. In fact, in Q2, EBIT also returned to positive territory for the first time since the inclusion of restructuring proceedings. These are encouraging steps in restoring the business to a more sustainable operating footing, with the focus continuing on profitable growth, cost discipline, and cash generation. As Bajaj Mobility AG is a listed entity, its detailed financial results and other disclosures can be accessed from its website.

BSCL continues to scale up strongly, delivering another stellar quarter of robust growth and profitability. Total income stood at nearly 1,200 crores, while profit after tax for the quarter came in

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at 243 crores, representing strong growth of 85% year-on-year. To give you a sense of the scale of the business, assets under management are now nearly 21,000 crores, growing more than 1.5 times over the previous year. The capital adequacy ratio remains very healthy at almost 19.5%, while the business continues to operate at an industry-leading return on equity of 26% as of September 30.

Looking ahead, on commodities, we have entered a third consecutive quarter of an exceptionally challenging operating environment, with input cost inflation showing no real or immediate signs of easing. The pressure continues to extend beyond the metals complex into proprietary parts, electrical components, and conversion charges. Within the metals complex, steel and copper prices in particular are quite firm and remain elevated as we speak. While the pace of cost escalation may be lower than the sharp increase witnessed in the first half of the year between Q1 and Q2, the situation nevertheless remains highly dynamic, and it is really difficult to pin down a number for the inflationary impact at this stage.

Therefore, we are seeing the quarter as being one of inflation, but given the many moving parts, it is very hard to put out the magnitude of that inflation at this stage. We have, though, taken a level of calibrated pricing earlier this month to recover a third of the inflationary impact so far. Going forward, of course, we will need to carefully assess the market's ability to absorb further pricing, particularly as we navigate this third consecutive quarter of hyper-inflationary pressures and continued pricing actions that have now been taken quite substantially over the last 2 quarters.

On currency, the path for the rupee over the coming months is not wholly clear at this point. Recent measures announced by the RBI have helped support the rupee, keeping it below 95, and only in the last few days has it breached the 95 level. As a result, realizations for us in October have been below last quarter's rate of 95.5. If these levels were to persist — and who knows where the currency ends up during the course of this quarter — it would clearly be a bit of a headwind that we need to manage for the current quarter, considering that the last quarter ended at 95.5.

That said, overall, we continue to operate in a very volatile external environment, as we have in the preceding 2 quarters, with multiple moving parts to navigate. We will continue to manage these dynamically through calibrated pricing actions, cost optimization, and other levers, while remaining mindful of market competitiveness. Our focus remains on finding the right balance as these factors evolve, sustaining business momentum while delivering profitability alongside it.

With that, let me hand the call back to Anand and open the floor to questions. Thank you.

Anand Newar - Head - Investor Relations: Thank you, Dinesh. Gobin, with this we can open the floor for Q&A, please.

Operator: Certainly, sir. Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. We also request that you restrict yourselves to 2 questions only. If you have any further questions, you may rejoin the queue. Ladies and gentlemen, we will now wait for a moment while the question queue assembles.

Our first question comes from the line of Gunjan Prithyani with Bank of America. Please go ahead.

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Gunjan Prithyani – Bank of America: Hi. Thanks for taking my question. My first question is, first of all, thank you for the comprehensive comments across businesses. They answer a lot of questions. But I think the most important question that I have on my mind is on the domestic market share, which you did cover in the initial part. All the refreshes from Pulsar have yielded share gains. For some reason, when we look at Vahan market share or even the wholesale market share, we are not able to see the impact of the new launches. I would like to understand where the disconnect is. Maybe we are not able to appreciate the market share improvement that we have seen on the back of the Pulsar refreshes, and how should we look at those trends either at Vahan or in terms of SIAM market share? Some color on that.

Management: Gunjan, I can understand that there is a disconnect that you feel because you are looking at Vahan overall, you are looking at two-wheelers, and you can separate out EV scooters and look at the rest of the two-wheelers. The market share story at that level gets clouded by what we call M1 and M2, which is the 100cc segment, where, as I said in the commentary, there is a significant loss of volume. We have consciously decided to go along with that, not that we are vacating the segment or anything, but we want to participate in it on our terms of profitability and face the consequences. At some other time, we will discuss the strategy for how to manage that segment.

Then comes the 125cc segment. This is a segment where we have again lost market share. We lost market share in both the 125cc and the 150cc-plus segments last year. As I said last time, this was because of the product fatigue that had set in and because the current portfolio was reaching the end of its life cycle. So, we first started the refresh, the upgrade, and the new products with, if you remember, the N-series in the 150cc-plus segment.

Now, I will explain the logic for that. Even though 125cc is the larger segment, why did we start with the 150cc-plus segment? We started with the 150cc-plus segment because the 150cc segment sets the tone for the 125cc segment, which is a derivative of the 150cc segment. The brand position and the momentum are established by the flagship products. Therefore, we first launched the N250, fully aware that it it

Management: ...which is only a thin slice of the market. Then the 250 was taken into the 160. Then, of course, the upgrades of the 160, which have just arrived. Over the last 6 to 9 months, we have seen traction, and the market share is slowly coming back in the 150cc-plus segment.

I told you that, particularly after the August launches, and this information you will probably get after a few weeks or perhaps a month or two, the contribution of the new products in the 150cc-plus segment now stands at 33% in that phase. So, we are getting traction, we are seeing the market share being reversed and coming back to the old level, and hopefully gaining beyond that.

In the 125cc segment, where the new launches happened only in September, we believe that the wheel will start turning through the festive period and beyond, because adoption of the new models takes time. Sequentially, we had to go in the direction of the 250, 160, and 150, followed by the 125. We did not want to jump the gun and start with the 125 first, because we would have lost an important method of establishing the brand.

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To sum it up, in our fastest-growing segment, our fastest-growing products are the NS series, which are the 200 and 160 NS models, the high-performance models. In H1, these contributed 20% of the portfolio. Then there is the N series, which contributed 40% of the portfolio. This is also growing faster than the market, not just now but over the last year. Therefore, 60% of the portfolio of the 150cc-plus segment has been growing faster than the market and gaining share.

The remaining 40% is what we call the Classic series. Those introductions happened in September. We will see how that develops. It is similar in the 125cc segment. The NS series is growing much faster than the market. The Classic series, which has been addressed only in the last month, will hopefully start to reverse the trend going forward.

I can understand that this is a great deal of information for you. We live with it, so we are able to relate to it, and I know that, sitting where you are, you are looking at the single figures either reported by SIAM or appearing in Vahan. Unfortunately, the market is very diverse, and this company is not focusing on the whole playground; it is focusing on part of the playground. That is what I was trying to explain to you.

Gunjan Prithyani – Bank of America: Got it. Just to be clear, on the cc-wise segments that we look at in SIAM as well, is there an impact of the old Pulsar being run down that we are not able to see the market share improvement in terms of cc-wise sub-segmentation and wholesale data as well? Is there a drag from the old Pulsar roll-down at the moment?

Management: Absolutely. The whole reason for refreshing the old Pulsar was that market share was stagnating, if not slowly eroding. Now that the new Classic Pulsars have been launched, the Pulsar has three components. There is a high-performance component, which I said is the NS series, which is growing faster than the market, and it is, as I said, more than 20% of the portfolio.

Then there is the middle segment, which is the 160cc segment. It is growing faster than the market and accounts for 40% of the portfolio. The balance is the Classic segment, which was a drag and, I would say, is still a drag because there are still channel stocks. The channel stocks are being flushed out. We are hoping that they get flushed out during the season.

Therefore, it will continue to be a drag until the entire Pulsar range has changed, not just in terms of production and dispatch but also in the channel. I would have been happier if we could have managed this entire change in a previous quarter, so that we could have entered with completely new Pulsars even in the channel. But so be it. We have another quarter, and we have our big quarter in the south coming up in Q4.

That is what it is. You are absolutely right; you hit the nail on the head. The drag was the Classic range and the 100cc segment. We are not doing much about the 100cc segment at this point. The Classics will slowly be replaced by the new Classics, and over a period of time, the market share will correct.

Gunjan Prithyani – Bank of America: Got it. My second question, to Dinesh, is on the EV business. You did mention that it has turned profitable. Could you share the overall revenues from the EV business in this quarter, in terms of the split between two-wheelers and three-wheelers? Also, from a margin perspective, as you pointed out, PLI has been a significant driver, and we have seen a

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step-up in the PLI incentive. How should we think about the sustainability of profit or margins here, given that PLI will eventually roll off a year from now? Some thoughts on how we should think about the sustainability of operating income coming from PLI, and the revenues of the EV business?

Dinesh Thapar – Chief Financial Officer: I will just ask Anand to pull out and provide the revenue of the EV business. Coming to your question, PLI has clearly been a contributor to the increased profitability to some extent. It is not the only factor, but it has been a contributor. I did mention that we are now at the highest slab of what the PLI scheme has to offer. When you look at the second half of the year, at least for this year, you should assume that this level of accrual will come through on our electric business for the second half of the year.

In terms of what happens once the PLI scheme is exhausted, if you go by the current terms of the scheme at the end of March 31, 2028, I think we need to wait and see what happens to the scheme at that point. Put that aside; that is an external factor, and we need to wait and see.

Internally, however, there is a fair amount of work happening on the platform cost and, fundamentally, the next round of cost reductions that will have to come into play to mitigate at least a substantial portion of the PLI. One will also have to see what happens to market pricing in a post-PLI world across the larger competitive set, and see how much of that can make up for it.

The fact that the PLI will be exhausted at a point in the future is known and understood, and work is clearly underway, at least on the cost front. Pricing is a function of what happens in the market, but at least on the cost front, we need to be able to manage part of the benefit that will be taken away. There are clearly some milestones in the R&D funnel to deliver the next round of cost savings on electric products.

In terms of electric revenues, the fact that I mentioned it was about 34% of domestic revenue means that it is close to about 5,500 crores for the first half. 2,500, [laughs] sorry.

Gunjan Prithyani – Bank of America: Got it. All right, thank you so much. I will rejoin the queue.

Operator: Thank you. Our next question comes from the line of Amyn Pirani with JP Morgan. Please go ahead.

Amyn Pirani – JP Morgan: Hi. Thanks for the opportunity. My question is on the new platforms that you talked about, which will potentially be launched in FY27. Our earlier understanding was that the 2 new brands or platforms were primarily for the 125cc segment. Did I hear correctly that it is a platform for 125cc to 250cc? If you could add some context there?

Management: It is quite imminent, so I don't want to [laughs] provide details. Through 2 new brands, we will address the 125cc to 250cc segment and some segments within that, including sub-segments, both in India and globally. That is what I am saying. I am not saying that both brands will address all of those segments individually. They will fit together to address the 125cc to 250cc space and will complement each other.

Amyn Pirani – JP Morgan: Okay. So, in a way, what Pulsar is doing as one brand today, spanning from 125cc to 400cc, you will have 2 new brands that will either collectively or individually cover that range in addition to what Pulsar is doing?

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Management: You're right.

Amyn Pirani – JP Morgan: Okay, that is good to know. Secondly, on the export side, we have seen strong growth for several quarters, and you gave some context on Nigeria, Latin America, and Brazil. Should we expect this run rate in terms of absolute volume or growth rate? How are the markets developing? I am guessing that now that you have crossed the previous peak that you had seen in FY22, should we assume that these markets collectively could move down to a more normalized growth level, or are there still pockets of outperformance that could keep this in a healthy double-digit zone going forward as well?

Management: We frankly do not look at the growth rate so much in exports. India is slightly different because the Indian market is growing at a certain rate and you want to beat that rate. But in exports, there is no single rate of growth for the market. If you do not grow faster than the market, you lose market share. But internationally, how do you have a single growth rate for the international market? It is not possible.

Each country, and in fact each region, pulls in different directions, and a lot depends on that. We look at absolute volume. That is why I have said that we have reached a level of about 750,000 units, and we want to keep sustaining that. What this translates into in terms of growth rate may vary because of the base effect. At some point, there may be an election year in one country, an economic issue in another country, or a change in financing rates in another country. It is very difficult to center management actions based on growth rates.

Growing and reaching certain numbers is the first thing that we look at. Having said that, there are certainly pockets of growth. We have a very good position in Africa, Latin America, and all the regions. A lot of the growth will come from expanding our market share, which has been happening, so there is no reason to believe that this will not continue.

Secondly, we are going to open up a new segment in our existing markets, particularly on the non-Africa side. We are going to open up a new segment. Hopefully, that will be a surprise package in your terminology.

Thirdly, slightly over the medium term — by medium term, let us say 2 to 3 years — we will add some new markets. I do not want to go into the details of that, but we will certainly add them.

On top of all this, as KTM stabilizes, KTM AG and we work together with KTM, there is a lot of collaborative work going on. We expect the definition of joint products to expand, and hopefully, with KTM now stabilizing and becoming more ambitious about its top line, there will be a flow-on to the joint products manufactured and exported from here.

The combination of market share expansion, opening up a new segment, adding new countries slightly more than 12 to 18 months down the road, and KTM contributing — all these 4 things combined make us quite optimistic about the longevity [cut off]

Management: ...and the slope of the exports growth.

Amyn Pirani – JP Morgan: Thanks for that. I will come back in the queue.

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Operator: Thank you. Our next question comes from the line of Raghunandhan N L with Nuvama Research. Please go ahead.

Raghunandhan N L – Nuvama Research: Thank you, sir, for the opportunity. Congratulations on the strong results and festive greetings. Firstly, on EV margins, are they accretive? What can be the approximate range of margins in two-wheelers and three-wheelers?

Management: Raghu, when Rakesh made the point, we said that the margin of the electric business is accretive to the domestic business in this quarter. We have had a very good quarter in electric, amplified by the PLI at the highest rate, and that has ensured that the margin for the quarter is accretive to the domestic business.

There is no point comparing the electric margin with the export business, given that we are just about seeding the business there. That is what it is. But it is dilutive to the overall enterprise. The overall enterprise is operating at nearly 21%, so the electric business is dilutive to the overall enterprise, but in this quarter it is accretive to the domestic business.

Raghunandhan N L – Nuvama Research: Understood, sir. Thanks for clarifying; that is very helpful. Secondly, in terms of other operating income, for exports, what is the range of export incentives as a percentage of revenue? Have there been any recent changes that have worked out positively for us, or is it only the increasing share of exports that has helped other operating income?

Management: The rate is not the biggest changing factor. It ranges between 3% and 4%. It is really more about the scale of the business.

Raghunandhan N L – Nuvama Research: Noted, sir. What has been the price hike in October, sir? Is there any further hike expected because it is now the festive season, so the next hike would typically be in January?

Management: Okay. [laughs] Raghu, we should invite you to one of our meetings next time, but on a lighter note, we have taken one round of pricing at the start of this month.

I mentioned that it is very hard to estimate inflation for this full quarter because there are a few moving parts regarding where a few lines will move. That said, we have estimated that if steel and copper, along with a few proprietary parts, were to continue at these levels throughout the quarter, the impact could be a couple of percentage points. In that context, we have passed on about 30% of that cost cover in the first week of October.

Regarding future pricing, you are right that it is the festive period. We are very conscious that we want competitiveness and growth, and we want momentum to be sustained. But we are waiting and watching because we have to manage the situation quite dynamically, as we have done in the last 2 quarters.

Remember, in the last 2 quarters, we never had the answers to the margin for the full quarter, and it developed as the quarter progressed. This quarter is no different. The only difference is that, over the last 2 quarters, we had fundamentally achieved price coverage of between 50% and 60%, aided by currency.

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This time, currency is obviously being constrained by a larger set of issues that we are familiar with, so we do not know where the currency will fully land for the quarter. Let me also make the point that, given how the currency is being constrained at this point, if the currency were to be a bit of a headwind, we will not take pricing action to cover currency movement because we know it is a very short-term, transient measure. That could fully reverse.

For the rest, we remain very agile and nimble. We look at pricing action. I mentioned categorically in my comments that we are also looking at the ability of the market to absorb pricing. Whether we can do it in some parts, in some markets, in some parts of the portfolio, or on some models, is something that we will continue to assess. But what we have covered now is only 30% of the estimated inflation for this quarter.

Raghunandhan N L – Nuvama Research: Very well noted, sir. Thank you for that explanation. Wishing Bajaj and KTM all the best ahead. Thank you so much.

Management: Thank you, Raghu.

Operator: Thank you. Our next question comes from the line of Kapil Singh with Nomura. Please go ahead.

Kapil Singh – Nomura: Good evening, sir. Firstly, I wanted to hear your views on rural demand. What percentage of our two-wheeler and three-wheeler sales comes from rural areas? Given the weak monsoon we have seen, what is your outlook on rural demand?

Management: Well, [laughs] we really do not know what you mean by rural, or where urban starts and where rural ends. We might just be looking at it differently. Typically, we look at what you are calling rural as our secondary network, which is the sub-dealer network, because they tend to be in smaller towns. They may not all be rural. For example, I do not know where you are based, but if you are in the Bombay area, places such as Palghar or Panvel may have a secondary dealer, but they are not really rural.

Our sales typically tend to be split 50-50 between the secondary network and the primary network. You can take that as an indication of our exposure to small towns and rural areas.

There is an issue in many states — Maharashtra, some of the southern states, and the Northeast — where there has been a monsoon deficit and drought-like conditions. This might play out more in Q4, when the harvests are supposed to happen.

In terms of how it will impact the overall two-wheeler market, I think it will follow a similar pattern. If you see the shape and detail of the two-wheeler growth story, it is reflecting the way our economic growth is distributing itself across the pyramid. That is why you find that the top half of the pyramid, with more expensive products, is doing far better than the entry-level products, not just for us but for the industry.

This is nothing but a reflection of the fact that, unfortunately, the weaker section of society has become weaker, while the stronger part of society is appropriating most of the 6.5% average GDP growth. Retail finance is also more comfortable and geared up to service that top half. As things become difficult for the bottom half, retail finance also shrinks in response to the challenge, further

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exacerbating the situation.

Growth might still continue in Q4. We will see how it goes and how severe the drought is. But the K-shape may become even more accentuated. That is how I would put it.

Kapil Singh – Nomura: Sure, sir. Thanks for the detailed comments. My second question is on electrification. We have been constantly increasing capacity. What is really happening in terms of where this demand is coming from? Is it going to come from all ICE scooters? What pace of electrification do you expect there?

Also, for the export markets, what are you observing? Is there potential for a meaningful part of exports in the next 2 to 3 years to also come from electric vehicles? Which markets would be relevant for electric variants in exports?

Management: Electrification, as you call it, is very firmly underway. I doubt whether there is anybody purchasing two-wheelers today who does not at least consider the electric option. They may or may not buy one, but they definitely consider it. That is why the penetration level is 25% of scooters. I like to look at scooters as the denominator, rather than two-wheelers or motorcycles, because the cannibalization is largely occurring in scooters.

I am not saying that everybody who is buying an electric vehicle was previously a scooter owner. There are first-time buyers, and there are people supplementing their existing vehicle with an electric option. The market is steadily growing. It is at 25%.

This 25% is an average, and this whole average is the most nonsensical ratio to look at because, if you unpack it, you will have Odisha at 40% penetration and Gujarat, which is actually the third-largest scooter market, at 10% or 12%, if my memory serves me correctly, and so on. Within the states, you will find that cities have different levels of penetration.

Over a period of time, most of these will converge and come to a certain level. I do not see any reason why penetration in Rajasthan, Gujarat, Odisha, Uttar Pradesh, and Madhya Pradesh should be much higher than in Bihar, Gujarat, and all the other places. I feel that some of the leading indicators from cosmopolitan cities and from states that supported electrification in the early days give us a direction for how the electric business will develop.

It is being powered by 2 things. The first is economics. Economics came into play when petrol prices crossed 100 rupees a couple of years ago. That was the first time I saw the curve increasing sharply.

The second factor is the uncertainty around the availability of fuel itself, which started with the Iran war, when there were times when petrol was not available in smaller towns. This was when even people in villages started thinking not about replacing their ICE motorcycle or scooter, but about complementing it, saying, “Because we must keep one electric option, you never know whether this petrol will be rationed.” That was the second increase in the penetration of electric scooters.

Both factors are still in play. Over a period of time, this could reach 25%, 30%, or 40%. I see no reason why it should not. We are delighted by that because, as you know, we were out of the scooter segment. If, in 3 years' time, electric vehicles reach 50% of scooters, we will be handed

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back a large, attractive segment: 50% of scooters. Some of us might have wrung our hands and said that we had been eliminated from this segment, but we are back in it quite strongly.

Internationally, I would say that there are pockets. It is a more complex story internationally. There are players who control markets and who do not want ICE vehicles to change to electric scooters, so that resistance is present. On the positive side, delivery segments are expanding, and they are seeing the benefits. Petrol prices are also increasing everywhere, so economics is again coming into play.

Adoption has not yet reached India's levels. In fact, I would say that most international markets, excluding Europe, but including most emerging markets, are at the stage where India was 3 or 4 years ago, when people were asking about range, safety, and resale value. Then economics outweighed everything.

I expect these markets to follow the same path. We are only keeping our toes wet because, as you know, we already have a capacity constraint, and we obviously want to use maximum capacity for the domestic market. As capacity is released, we will start looking at more and more markets so that we have an early-mover advantage there. To that extent, we are making preparations, developing our understanding, and we have very good go-to-market channels available to us. We will leverage them...

Rakesh Sharma - Joint Managing Director: ...when the right time comes. We have made a beginning in neighboring countries such as Nepal and Sri Lanka, and in a few other countries where we are exporting small numbers at present.

Operator: Thank you. Ladies and gentlemen, we will now take one last question, which will be from the line of Pramod Kumar from UBS Securities. Please go ahead.

Pramod Kumar - UBS Securities: Thanks for the opportunity, team. My question is related to the domestic EV market, Rakesh. We have seen a spectacular rise in penetration, and even with petrol prices not seeing another hike, demand has continued to grow. I would like to understand your reading of the Chetak segment. Currently, 11% to 11.5% is holding up well, and correct me if I am wrong, but you are also facing capacity constraints.

Could you set the context in terms of your current capacities, the plan for expansion over the next 6 to 12 months, and how you see the network penetration of EVs within your broader pan-India network? Where are we today, and what is the potential? I would also like your thoughts on market share.

Everyone we speak to is saying that they have significant unmet demand, and therefore any capacity they add will easily be serviced by the market. Could you share your broad thoughts on market share expansion from your vantage point, having seen the industry for the last several decades and various segments? How do you see market share shifts within the categories? I am focused on the two-wheeler EV market.

Rakesh Sharma - Joint Managing Director: Pramod, in response to the previous question, I already talked about how penetration is at 25% and how it can go to 41%, so I will not return to that. From a

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network point of view, we have always felt that the electric two-wheeler business is going to be a large business, and we felt that it needs a specialist channel.

This is not only because it is an entirely different category, but also because we knew that we would have a large portfolio. As a category develops, as is happening in electric three-wheelers, it starts at 25,000, then 35,000, 75,000, and 125,000. The moment you reach this kind of size in any category, sub-segments start to develop. There is a need that consumers articulate, saying that they need a specific solution, and that is what drives portfolio expansion. It is not just pricing that drives it.

Somebody may want a lightweight vehicle. Some people who are 40 or 50 years old may want a stable vehicle, while an 18-year-old may want a sharper vehicle. These sub-segments start to operate, and therefore you have portfolio expansion.

This is not only to service electric vehicles as a separate segment, but also from a space point of view. As the electric portfolio expands, where is the space in the motorcycle business to accommodate all of it? It was going to be one major mix-up, particularly on the service side. That is why we took the difficult path of establishing an entirely new channel.

We have 550 exclusive Chetak stores. As I said, we have a target of 100 that we want to open, but I think 75 may actually become operational, with some of them possibly shifting to January. We will continue to do this. Perhaps, in about 12 months from now, we will have 1,000 exclusive Chetak stores.

In addition, wherever a Chetak exclusive store is not viable for the dealer, we will use the motorcycle network. That is one of the reasons why we combined Chetak and motorcycles under one business unit, to fully capture the opportunity.

It will be the same dealer. He will run a motorcycle store which might have, as I said, a presence in Chiplun. In Chiplun, for example, an exclusive store may not be feasible, so we will use the motorcycle store to sell Chetak. The moment it becomes viable because the Chiplun industry grows, we will establish a Chetak exclusive store there.

This combination of gaining reach through exclusive stores and motorcycle stores, while providing differentiated and superior service through the Chetak exclusive stores, gives us a great combination with which to take this entire business forward.

We are bullish about expanding penetration for the reasons I mentioned in my previous remarks. We are putting our money where our mouth is when it comes to the network. A lot of our dealers are involved, and we are hardly going to new dealers. It is our existing portfolio of dealers. I would say that 80% of the Chetak stores are being set up by existing dealers.

We are expanding the network. One very important factor supporting this expansion is capacity. We had a problem last month. Our capacity is about 60,000 units, and we could ship only about 40,000 units because there was a supply chain issue involving arrivals and so on. There was an unfortunate miss. [laughs]

Keeping that aside, our capacity is 60,000 units. We would like to be at the level you mentioned. Other people are also saying that stocks are running at 9 days or 15 days. If you have 15 days of

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stock, and even one color, and you have, say, 10, {? 9 ?} vehicles, 20% to 30% goes into that. I think this will get addressed.

There are many dealers who say that as soon as the truck arrives, it goes out immediately. I receive many calls saying, “Sir, please put in a word for at least one truckload.” [laughs] Hopefully, this will get addressed and will be mitigated to some extent in the next quarter, when we increase capacity to 80,000 units.

Right now, the capacity is 60,000. I should say that last month we produced 40,000, but 60,000 to 64,000 units is what we can produce from a manufacturing point of view, and this is expected to increase to 80,000 units in the next quarter. There are also plans to look at a more significant expansion going forward at a new site.

Pramod Kumar – UBS Securities: How do you think the market share dynamics will play out? Everyone is pursuing capacity expansion and market share expansion, and you and TVS have firmly held the top 2 positions for a long period of time, while others have vacated that space. How do you see this developing, given that some of the larger legacy Japanese players are yet to return to the market? How do you see market share dynamics playing out, and could capacity and competition eventually make pricing a factor next year when there is abundant capacity and more scale comes in?

Rakesh Sharma – Joint Managing Director: I am not forecasting market share. It is very difficult to forecast; I can only dream about it. [laughs] Of course, we want to, which is why we are aspiring to a leadership position.

We are very pleased that this is an entirely new segment, but you will understand that it is very difficult. I can give you a number, but it also depends on the competition because we are not operating in a vacuum. I can tell you that our intent is to be number one. Whether that happens next quarter or the quarter after that, perhaps somebody has an unfortunate capacity issue and we achieve it in one quarter, after which it corrects and we return to number two. All of these ups and downs will stop eventually.

Our intent is very clear. We see this as a very core area. The Chetak opportunity ranks as highly as the 125cc and 150cc-plus Pulsar business. We are not going to leave any stone unturned in trying to reach the number-one position. But we will see how things develop.

Pramod Kumar – UBS Securities: One final, short question, Rakesh. We had a phenomenal export number in August, and I think the market started extrapolating that, although you cautioned that there were some one-offs. You said that the quarterly run rate is 750,000 units. Is that what we should expect for the remainder of the year, or could there be a one-off month at 270,000 or 280,000 units if everything aligns correctly, from production to shipment?

Rakesh Sharma – Joint Managing Director: [hesitates] I find that we are stretching ourselves when we start to reach 240,000 or 250,000 units. I would like to say that our goal is to keep doing 750,000 units, and I am saying this with the knowledge that Q3 and, to some extent, January are low months in any case.

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Some parts of Africa, some parts of Latin America, and the Philippines celebrate Christmas, and retail sales peak in December. Those shipments have already been made, so those sales will happen. We will see how the retail sales develop. Having said all that, 750,000 units in a quarter, perhaps 240,000 or 260,000 units per month, is what we are aspiring to.

Going forward, let us see how retail sales develop and how this uncertainty plays out. We also have to remember that freight rates need to come down somewhat because they are increasing retail prices. Let us see how that develops before we start pushing the envelope beyond 750,000 units in the months to come.

Operator: Thank you. I would now like to hand the conference over to Mr. Anand Newar for closing comments.

Anand Newar – Head – Investor Relations: Thank you, everyone, for joining the call. Wishing everyone a very happy and prosperous Diwali ahead. Thank you.

Rakesh Sharma – Joint Managing Director: Thank you.

Management: Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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