“Bajaj Auto Limited

Q2 FY2027 Results Conference Call”

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Moderator: Ladies and gentlemen, good evening, and welcome to Q2 FY2027 Results Conference Call of Bajaj Auto Limited. My name is Dorwin, 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 management. Should you need assistance during the 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, sir.

Anand Newar: Thank you, Dorwin. Good evening, everyone, and festive greetings to all. Thank you, everyone, for joining for the call today. 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: Thank you, Anand. Good evening, ladies and gentlemen, and welcome to the quarter 2 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, 5 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, logistic complexities, and capacities getting 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 business to drive growth and ensure robust execution. The exports business has been till now led by our President. This position has been upgraded to the Chief Business Officer level, and 4 new President level positions have been created to drive Africa, Asia, LatAm, and advanced markets. Similarly, in the domestic operations, the motorcycle and Chetak business have been brought together into one new business unit, the 2-wheeler business unit. This will also be led by a CBO. And the India market has been divided into 2 halves, India 1 and India 2, with each being led by a President level position. In the back end as well, for procurement, for operations, and in R&D, similar appointments have been made. Almost all appointments are now done, and the new organization is in play.

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 quarter above 7,00,000 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 other motorcycle exports grew 83%. 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 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, retails were at 30,000 units AVPM level, which is a very big growth over the same period last year and delivered a record market share of almost 60%. Even though this was a very handsome growth, the retails are still only at 60% level of the previous peak. The new Boxer 125 heavy-duty upgrade introduced in Africa in early FY26, continues to scale up quite smartly with exports up by 50% plus, and it has been instrumental in driving the Africa 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 to being the Number 1 in the S1, which is the 150 to 250cc segment.

3-wheeler exports did very well, too, crossing 1 lakh units in the quarter and also growing at 41% in H1. 2-wheeler exports from India grew 32% in H1 as per SIAM data. Bajaj Auto grew 47%, almost 1.5x the industry. Our market share in 2 two-wheeler exports from India has increased from 44% in FY26 to 48% in H1. And in 3-wheelers, it has gone up from 60% to 63%, which means almost 1 in every 2-wheelers and 2 in every 3-wheelers exported from India carries a Bajaj badge. Overall, the exports business has jump shifted and sustained performance at high levels, moving up from 6,00,000 units per quarter levels last year to 7,50,000 units per quarter this year. We expect to sustain this going forward.

Getting into domestic 2-wheelers. First of all, I will make a few comments on industry behaviour and early festive indications. Given the sharp up and down movements caused by the announcement of the GST last year as well as the pent-up demand, we prefer to understand the industry movement through a longer view instead of a weekly, monthly or quarterly comparison. Hence, April to August for the past and September to December for the festive period. Since last year's base, the festive has commenced on 22nd September. So therefore, we like to break the year in the halves of April to August and September to December. The 2-wheeler industry, including electric scooters, demonstrated healthy YoY growth of 18% in 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 the April - August period due to the base effect.

In general, the festive period is 1.25x the pre-festive period, meaning September to December is 1.25x 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 1.25x. And that's why I made the comment that we expect the September to December period also to be in double digits but may not be the 18% in the April to August period. Of course, we have to wait and watch.

In the immediate 16 days of the festive, 2-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 the EV scooters. These, in our estimates have grown at 24% in these 16 days, even while the overall 2-wheeler growth is 10%. Our comparable

growth in this period of 16 days has been 32%, meaning 8 percentage points more than what the industry has grown by. We find ourselves very well positioned in both the 150cc plus motorcycle segment and the EV scooter segment, not just with pulsars and Chetaks, but also, I would like to remind you, with KTMs and triumph. And we will leverage this portfolio for growth, profitability and competitive position. This objective is being realized through a singular focus on strengthening the Pulsar portfolio aimed at the 125cc plus segment as we have been talking about this to 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 inflationary impact ahead of competition, and we are accepting the consequence of this. This certainly dampens the overall volumes of 2-wheelers, but then it also has a positive influence on our margin story.

Therefore, we continue to focus our product interventions on 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 throttled body, ride modes, projector headlamps, user-friendly features like Crawl Tech and traction control are bringing advanced tech within the reach of a larger base of customers and are driving acceptance. The new launches commenced retail in August sometime. The share of new launches in our 125cc plus portfolio was 7% in August. It grew to 26% in September. And in the first 16 days of festive, it has further grown to 33%. These new products launched in August onwards are now 33% in 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 Dominars. In addition, we will have 2 new brands in the pipeline, spanning the 125cc to 250cc space getting lined up for launch in FY27. So, by the end of festive, we hope to enter January with a completely refreshed Pulsar portfolio. And hopefully, the old Pulsar portfolio would have also been flushed out of the channel system.

Chetak, which is also now part of the 2-wheeler business units. The industry continued to grow rapidly at 75% plus in Q2 and penetration of electric scooters is now 25% of the scooter category. As we speak, Chetak achieved a milestone of 1 million scooters on the road and September was our largest month so far with retail stopping 45,000 unit levels and the Chetak 3503 becoming the highest selling model of electric 2-wheelers in India and all this despite, as you know, of severe capacity issues and supply chain issues particularly during September, where instead of 60,000, we could only manage 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 profitability has moved to double digits, in fact, at an overall level, our EV business, which includes 3-wheelers and Chetak is now margin accretive at the corporate level. We are expanding Chetak capacity to 80,000 per month by quarter 4, which will help us get market share and unlock new reach. Today, Chetak has 550-plus exclusive stores with 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. 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 Pro Biking. KTM growth was led by the Adventure and high-performance street portfolios with Adventure 350 and Duke 250 driving the growth in their respective segments. Triumph also sustained its performance of 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 '26 version 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 to over 15% of the KTM Triumph combined volume.

The adventure and high-performance street bikes are only 7% of the total motorcycle market, but they are growing 4x faster. We continue to lead category development and market share through 10 serious purpose-built models in both brands designed differently by terrain and rider need. 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 3-wheeler business unit. The business delivered its highest ever quarterly volumes in Q2, achieving sales of 1.62 lakh units and growing year-on-year by 13%. The 3-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 3-wheelers, commanding nearly 90% market share now in CNG passenger vehicles and over 50% market share in the cargo segment. The electric 3-wheeler market continues to grow rapidly with industry volumes expanding by more than 100%.

Bajaj WEGO 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 a 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 from Riki, the E-Rick to WEGO P9018, the EV 3-wheeler with the longest range in the industry.

While the E-Rick segment has declined in H1 by about 19% due to regulation enforcement and upgrading, the segment is still large at 35,000 units AVPM. 10% of this is lithium-ion based and the rest is lead acid. Our Riki operates in the lithium-ion space and is already the market leader.

Government regulation and enforcement will continue to drive this segment towards lithium-ion powertrain as well as towards e-autos. We are well positioned to capture this movement.

To service the 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 3-wheelers are also underway as current demand exceeds available capacity by approximately 10%.

A quick comment on spares. Spares business crossed the INR2,000 crores 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 3-wheeler subsegments. The overall capacity of 6,25,000 units per month is being expanded to about 7,75,000 units per month 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: 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 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 exceeded 15 lakh units, revenue surpassed INR20,000 crores, EBITDA exceeded INR4,000 crores and profit after tax also crossed another INR3,000 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, 2-wheelers and 3-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 commodities front, this last July to September quarter continued to see hyperinflationary input cost pressures, really 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. And towards the end of the quarter, as many of you may have tracked, steel prices also began to firm up and is adding to the cost pressures now in quarter 3.

Taken together, the impact of commodity and other input cost inflation in quarter 2 was in the whereabouts of between 3% and 3.5% of revenue. To put this in perspective, as we had outlined in the quarter 1 call, the inflationary impact in the first quarter was already about 4.5% of revenue, 4 - 4.5% is what I had signalled then. And quarter 2 has now added a further 3 - 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 of a scale that we would typically see spread over many years.

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

We had initially expected what might have been expected to be a quarter, lasting a quarter or 2 has now extended into a third successive quarter. And 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 bit 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 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 2-wheelers and 3-wheelers restricted our 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 quarter 2 with our realized USD INR rate coming in at INR95.5 versus 94.4 in the previous quarter and 87.1 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 revenue 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 INR20,000 crores 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 FY23.

Volumes remained the single largest driver of revenue growth. Beyond this, the revenue buildup benefited from 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 2-wheeler and 3-wheeler volumes nearing 2,00,000 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 unit economics, complementing the double-digit EBITDA margins in electric 3-wheelers, driving further improvement in the overall profitability of our electric business that continues to register double-digit EBITDA in its entirety.

Exports continue to sustain their strong momentum, delivering another landmark quarter. Volumes approached 7,80,000 units, translating into the highest ever quarterly export revenues of nearly $800 million. The performance remained broad-based with Africa reaching new highs, while Latin America continued its sustained run of 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 INR2,000 crores for the very first time and continuing to provide a steady support to the overall revenue and profitability.

Taken together, the strength in volumes, improved realizations, a richer business mix have enabled us to cross a significant revenue milestone even as the operating environment has remained quite challenging. Let me now move to EBITDA and margins and how we have translated the strong revenue growth into profitability amidst the hyperinflationary cost environment that I mentioned.

On EBITDA, we crossed the INR4,000 crores mark, delivering INR4,172 crores, again, a new high for the company with a strong 37% year-on-year growth. What is particularly noteworthy here is that the profit growth outpaced the revenue growth with profit 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 action and favorable currency helped absorb a part of the cost inflation pressure. Operating leverage with a INR20,000 crores quarter from higher revenue, alongside disciplined cost management and a very hard look that we did on discretionary spend helped offset the remaining cost pressures and sustained our margin delivery.

On a year-on-year basis, margins expanded 40 basis points with favorable currency realizations and really 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 2-wheeler business, which whilst getting better, still remains dilutive to the overall company.

I know many of you are keen to understand the step-up in other operating income. It's a question that has been asked of in the past. And so let me address this really upfront. Now there are 3

principal contributors. The first of this is the increase in export incentives, which has come on the back of very strong growth in our export business.

The second contributor is the increase in PLI income and accruals, and there are really 3 elements to this on PLI. 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. And the third element, which is probably the most significant as you see the change over the last quarter is the rate transition under the PLI scheme, which is important in understanding the quarterly movement in accruals. As you'd be aware, having crossed the cumulative revenue threshold of INR10,000 crores, under the scheme for electric vehicles, we qualify 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%. And as eligible revenues build up through Q1, the effective rate increases further, making Q2 really an important inflection point. So, we typically start the year at around 15%, which now is 13% base rate plus 2% booster and exit Q2 at around 18%, having reached revenues of the highest slab and therefore, getting 16% base rate plus the 2% booster to take it to 18%. And therefore, that now represents the maximum applicable rate under the scheme that we have exited, right. So therefore, the rate for the second half is expected to remain at this maximum level. which is essentially the rate at which we have exited quarter 2, which is the 16% base rate and the 2% booster, so 18% on electric vehicle revenues for the second half.

And lastly, you heard from Rakesh, in keeping with the broader growth momentum across the business, we've had a very good quarter on our Bajaj Genuine Oil business, which is what we call BGO, with higher volumes really translating into increased royalty income and contributing to the step-up in other operating income. So those are really the 3 factors which have led to the step-up of the other operating income. Export incentives, PLI accruals 3 factors for that and really stepped-up royalty receipts for our BGO business, which has been quite buoyant.

Turning to profit after tax. We recorded our best ever PAT crossing INR3,000 crores, coming in at INR3,354 crores, up 35% year-on-year.

Quickly, a word on cash. Consistent with our track record of strong free cash flow generation, we generated nearly INR4,000 crores of free cash flow during the quarter, translating into a cash conversion of 100% plus of the 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 explained last quarter, the year-on-year comparison continues to be impacted by the change in consolidation following the acquisition of the control of Bajaj Mobility AG, whose financial results are now consolidated into ours, although with a 1 quarter lag. The current quarter, therefore, reflects a 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 INR25,126 crores, a growth of 60% year-on-year and consolidated profit after tax stood at INR3,400-plus crores, also growing by 60% plus over the previous year. Alongside the impact of the expanded consolidation, the contribution from our subsidiaries now is becoming increasingly meaningful, supported by the continued scale-up of BACL 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 BACL. The recovery of the KTM business is gaining traction with significant improvements in both scale and profitability. Revenue grew 65% year-on-year to EUR701 million in the first half, while EBITDA turned positive at EUR38 million compared with a loss of over EUR180 million in the corresponding period of last year, of course, adjusted with the restructuring profit. This reflects the recovering motorcycle sales, a sharper focus on cost efficiencies and a reduction of fixed costs. Inventory levels across the KTM system and the dealer network have now returned to normalized levels. In fact, in Q2, the EBIT also returned to positive territory for the first time since the conclusion of the restructuring proceedings. These are encouraging steps in restoring the business to a more sustainable operating footing with a 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.

BACL continues to scale up strongly, delivering another stellar quarter of robust growth and profitability. Total income stood at nearly INR1,200 crores while profit after tax for the quarter came in at INR243 crores, representing a strong growth of 85% year-on-year. To give you a sense of the scale of the business, assets under management are now nearly at INR21,000 crores, growing more than 1.5x over the previous year. The capital adequacy ratio remained very healthy at almost 19.5%, while the business continues to operate at industry-leading returns of equity of 26% as of 30th September.

Looking ahead now, on commodities, we've entered the third consecutive quarter of an exceptionally challenging operating environment with input cost inflation, showing no real signs or immediate signs of easing. The pressure continues to extend beyond the metals complex into proprietary parts, electrical components and conversion charges. And within the metals complex, steel and copper prices, in particular, are quite firm and stiff as we speak and remain elevated.

While the pace of cost escalation may be lower than the sharp increase witnessed in the first half of the year between quarter 1 and quarter 2, the situation notwithstanding remains highly dynamic, and it's really difficult to pin down a number for the inflationary impact at this stage. So therefore, we're seeing the quarter as being one of inflation, but the magnitude of that inflation as things currently stand because of the many moving parts is very hard to put out at this stage.

We have, though, taken some 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 hyperinflationary pressures and continued pricing that has now been taken quite substantially over the last 2 quarters.

On currency, the path of the rupee over the coming months is not wholly clear at this point of time. Recent measures announced by the RBI have helped support the rupee keeping it under INR95 and only in the last few days has it reached the INR95 levels. As a result of which, realizations for us in this month of October have been below last quarter's rate of 95.5. And if these levels were to persist, who's to know where the currency ends up in the course of this quarter. But if these levels were to persist, it would clearly be a bit of a headwind that we need to be able to manage for the current quarter, considering that the last quarter ended off 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 in tandem.

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

Anand Newar: Thank you, Dinesh. Dorwin, with this, we can open the floor for Q&A, please.

Moderator: Certainly, sir. Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press * and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press * and 2. Participants are requested to use handsets while asking a question. We also request that you please restrict yourself to two questions only, and if you have any further questions, you may rejoin the queue. Our first question comes from the line of Gunjan Prithyani with Bank of America.

Gunjan Prithyani: Thank you for taking my question. First of all, thank you for the comprehensive comments across businesses. It answers 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 past that all the refreshes from Pulsar have yielded share gains. For some reason, when we look at VAHAN market share or when we look at even the wholesale market share, we are not sort of able to see that impact of new launches. So, a little bit understanding of where is the disconnect, maybe we're not able to appreciate the market share improvement that we've seen on the back of Pulsar refreshes and how should we look at those trends, both either at VAHAN or on the SIAM market share? Some color on that?

Rakesh Sharma: Yes, Gunjan. I can understand that there is a disconnect because you are looking at VAHAN overall, you're looking at 2-wheelers, and you can sift out EV scooters, and you can look at rest of the 2-wheelers. Now the market share story at that level gets clouded by what we call the M1, M2, which is the 100cc segment, where, like I said in the commentary, there is a significant loss of volume. And 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. And we at some other time, we'll discuss the strategy on 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 segment last year. And as I said last time, because of the product fatigue which had set in, and the current portfolio was reaching the end of its life cycle. So, we first started the refresh, the upgrade, the new products with, if you remember, the N series in the 150cc plus segment. I'll tell you the logic for that. Even though the 125cc is the larger segment, why did we start with the 150cc plus segment? We started with the 150cc plus segment because the 150 segment sets the tone for the 125, which is a derivative of the 150. So, the brand position and the momentum gets established by the flagship products. So therefore, we first launched the N250, fully aware that it addresses only a thin slice of the market. Then the 250 was taken into the 160. And then, of course, the upgrades of the 160, which has just arrived. And over the last 6 to 9 months, we have seen that there is traction and the market share is slowly coming back in the 150cc plus segment. And I told you after particularly the August launches, and this information, you will probably get after a few weeks or maybe a month or two. The contribution of the 150cc plus segment, the new products I told you now stands at 33% in that space. So, we are getting the traction. We are seeing the market share getting reversed, coming back to the old level and hopefully gaining ground.

In the 125cc segment, where the new launches have just happened in September. We believe that the wheel will start turning through the festive and beyond because adoption of the new models takes time. But sequentially, we had to go in that direction of 250, 160 and 150 and the 125. We didn't want to jump the gun and first start with the 125 because we would have lost an important method of establishing the brand.

So, I would say to sum it up, our fastest-growing products are the NS series, which is the 200 and the 160 NS, which are the high performance. And these in H1 contributed to 20% of the portfolio. Then the N series, which contributed 40% of the portfolio. This is also growing faster than the market, not just now, but in the last month. So, 60% of the portfolio of the 150cc plus has been growing faster than the market and gaining share. Now in the balance, 40%, which is what we call the Classic series, those introductions have happened in literally September, and we will see how that pans out. Similarly, it is in the 125cc segment. The NS series is growing much faster than the market. But the Classic series, which have been attended to only in the last month will hopefully start to reverse the trend going forward. And I can understand that this is a whole lot of stuff for you. We live with it. So, we are able to sort of relate to it. And I know sitting where you are, you are looking at that singular figure either reported by SIAM or in the VAHAN. But unfortunately, the market is so diverse, and this company is not focusing on the whole playground. It's just focusing on the part of the playground. And that is what I was trying to illuminate to you.

Gunjan Prithyani: Got it. And just to be clear, on the CC wise segment that we look at in the also, is there an impact of old Pulsar being run down that we're 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?

Rakesh Sharma: Absolutely. The whole reason for refreshing the old pulsar was because the market share was stagnating, it's not eroding slowly. So now the new classic pulsar has been launched. See, the Pulsar has 3 components: a high-performance component, which I said is the NS series, which is growing faster than the market, and it is, like I said, 20% plus. Then there is the middle segment, within the 160cc segment, which is growing faster than the market, it's 40% of the portfolio. Now the balance is the classics, which was a drag. And I would say it's still a drag because there are still channel stocks. The channel stocks are just getting flushed out. We are hoping that it gets flushed out during the season. So, it will still be a drag till the time, not just in production and dispatch, but in the channel, the entire Pulsar changes take place. I would have been happier if this whole change we could have managed in a previous quarter because so that when we entered, we would have entered with absolutely new pulsars even in the channel. But so be it, we've got another quarter. We've got a big quarter in the South coming up in quarter 4. So that's what it is. You're absolutely right. You hit the nail. So, the drag was the Classic and the 100cc. 100cc, we are not talking much about at this point of time. And the Classics will slowly get replaced by the, let's say, the new Classics. And over a period of time, the market share will correct.

Gunjan Prithyani: Got it. And my second question to Dinesh. I mean, on the EV business, you did mention that it's turned profitable. Could you share what is the overall revenues from the EV business in this quarter if you can give the split of 2-wheeler and 3-wheeler. And also from a margin perspective, clearly, like you pointed out, PLI has been a big driver also, and we've seen a step-up in PLI incentive. So how do we think about the sustainable profit here or margins here given that PLI will eventually roll off a year out? So, some thoughts on how do we think about the operating income sustainability, which is coming from PLI and the revenues of the EV business?

Dinesh Thapar: Yes. So, I think the revenue of the EV business, I'll just ask Anand to pull out and provide that. But Gunjan, to your question, PLI has been a contributor to, clearly, the stepped-up profitability as well in some part. It's 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 does offer. And so, when you look at back half of the year, at least for this year, you should assume that, that level of accrual will come through on our electric business for the back half of the year. Look, in terms of what happens once the PLI scheme is exhausted, if you go by the current print of the scheme at the end of 31st March 2028, I think we'll need to wait and see what happens to the scheme at that point of time.

But keep that aside, that's an external factor that we need to wait and see. But I think internally, there is a fair amount of work that is happening on looking at the platform costs and fundamentally the next round of cost reductions that will have to come into place to be able to mitigate at least a substantial portion of the PLI. And I think one will also then 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. But I think the fact that the PLI will exhaust at a point of time in the future is known, understood and clearly work underway, at least on the cost front. Pricing was a function of what happens there, but at least on the cost front to be able to manage a part of that benefit, which gets taken away. So clearly, some milestones, which are in the R&D funnel on being able to deliver the next round of cost savings on electric product. In terms of electric

revenues, the fact that I mentioned it was about 34% of domestic, it's close to about INR5,500 crores for the first half.

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

Amyn Pirani: Hi, thanks for the opportunity. My question is on the new platforms that you talked about, which will potentially get launched in FY27. And our earlier understanding was that - that was 2 new brands/platforms were primarily for the 125cc. But did I hear it right that it is like a platform for 125 to 250, if you could add some context there?

Rakesh Sharma: It is quite imminent. So, I don't want to detail. But through 2 new brands, we will address the 125 to 250 segment and some segments within that, subsegments within that, both in India and globally. So that's what I'm saying. So yes, I'm not saying that both the brands will do both the things. We do the entire thing. But together, they will address the 125 to the 250 space together and then complement.

Amyn Pirani: Okay. Okay. So basically, in a way, what the Pulsar is doing as one brand today, which spans from 125 actually till 400, you will have 2 new brands, which will either collectively or individually do that in addition to what Pulsar is doing basically?

Rakesh Sharma: You're right.

Amyn Pirani: Okay. Okay. That's good to know. Secondly, on the export side, we've seen for several quarters, the growth remaining quite strong and gave some context on Nigeria, Latin America, Brazil. I mean, should we expect this run rate from an absolute volume or growth rate? Like how are the markets? Because I'm guessing that now that you have crossed the previous peak that you had seen in FY22, should we assume that these markets collectively could go down to a more normalized growth level? Or are there still pockets of outperformance, which are possible, which could keep this in a healthy double-digit zone going forward as well?

Rakesh Sharma: See, I'll tell you, we frankly speaking, in exports don't look at the growth rate so much. India is slightly different because the Indian market is growing at a certain rate and you want to beat that rate, right? But in exports, there is no singular rate of growth in the market. Indian market, you know that if you don't grow faster than the market, you lose the market share. But internationally, how do you have a singular growth rate for the international market? It is not possible. In fact, country level, each of the regions pulls in different directions and all depends on that. So, we look at the absolute volume. And that's why I said that we have reached a level of about 750,000, and we will want to keep striking that. Now what it translates in terms of growth rate may vary because of the base effect. And sometimes someone had an election year, someone had some economic issue, somewhere there was a rate change in financing.

Those things could be very difficult to sort of centre the management actions based on growth rates. But yes, growing striking a certain number is the first thing which we look at. But having said that, pleasant surprises or well surprises maybe to you, but not so much to us, but we are planning for. Certainly, there are pockets of growth. Now you see we have got a very good

position in Africa, Latin America and all the regions. And a lot of the growth will come from expanding our market shares, which has been happening. So, there is no reason to feel that this will not continue to happen.

Secondly, we are going to open up a new segment in our existing markets, particularly the non-Africa side. We're going to open up a new segment. That hopefully will be, in your terminology, a surprise package. And thirdly, slightly over the medium term, my medium term is, let's say, 2 to 3 years, we will add some more new markets. I don't want to go into the details of that, but we will certainly add.

On top of all this, as KTM stabilizes, KTM AG and we work together with KTM, there's a lot of collaborative work which is going on. We expect the joint products. The definition of joint products is expanding. 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.

So, the combination of market share expansion, new segment opening up and slightly more, let's say, 12 months to 18 months down the road, new country and KTM kicking in. All these 4 things combined make us quite optimistic about the longevity and the slope of the export's growth.

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

Raghunandhan N. L.: Thank you sir for the opportunity. Congratulations on strong results and festive greetings. Firstly, on the EV margins, are they accretive? What can be the approximate range of margin in 2-wheeler and 3-wheelers?

Dinesh Thapar: So, Raghu, when Rakesh made the point, we said that the margin of the electric business is accretive in this quarter to the domestic business. Yes, we've had a very good quarter on electric amplified by the PLI at the highest rate. And that has ensured that the margin for the quarter is about accretive to the domestic business because there's no point comparing the electric margin to the export business given that we are just about seeding the business over there. So that is what it is. But it's dilutive to the overall enterprise, right. The overall enterprise is operating at nearly 21%. So, it's dilutive to the overall enterprise. But in this quarter, it is accretive to the domestic business.

Raghunandhan N. L.: Understood, sir. Thanks for clarifying. That's very helpful. And secondly, in terms of other operating income, for exports, what is the range of export incentives on revenue? Has there been any changes recently, which has worked out positive for us? Or is it only the share of exports going up, which has helped the operating income?

Dinesh Thapar: The rate doesn't have the biggest change in factor. It ranges between 3% to 4%, but it's really more the scale of the business.

Raghunandhan N. L.: Noted, sir. And what has been the price hike in October, sir? And is there any further hike expected because now it's the festive season, so the next hike should be typically in January?

Dinesh Thapar: Okay. Glad to know, Raghu, we should invite you to one of our meetings the next time, on a lighter note, but we've taken one round of pricing at the start of this month. Look, I mentioned that it's very hard to put an estimate to the inflation for this full quarter, because there are a few moving parts on where a few lines will move. That said, we have drawn an estimate that if steel and copper with a few proprietary parts were to continue into the entirety of this quarter, then it could be a couple of percentage points. In that context, we have taken about 30% of that cost cover in the first week of October that we've passed on. Future pricing, you're right, is festive. We are very conscious. We want competitiveness of growth. We want momentum to sustain. 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've never had the answers to the margin for the full quarter, and it has developed as the quarter has progressed. And this quarter, no different.

The only piece is that with 2 quarters in the past, we've had fundamentally a price cover of between 50% to 60% that has been aided by currency. This time, currency obviously being reined in for a larger set of issues that we are familiar. So, we don't know where currency will fully land for the quarter. But let me also make the point saying that knowing how the currency at this point of time is being reined in, 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's a very short-term transient measure. And knowing that, that could fully reverse. But for the rest, we remain very agile and nimble. And yes, 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 and some models is something that we will continue to keep looking at. But what we've covered now is only 30% of the estimated inflation for this quarter.

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

Kapil Singh: Hi, good evening, sir. Firstly, just wanted to hear your views on rural demand. What percentage of our 2-wheeler and 3-wheeler sales come from rural? And given the weak monsoon we have seen, what is your outlook on rural demand?

Rakesh Sharma: Well, I don't know what you mean by rural as to where urban starts and where rural stops. So, we might just be on different pages. But typically, we will look at what you are serving 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. I mean, like I don't know where you are based, but if you are in Bombay area like Talegaon or Panvel or one of these smaller places may have a secondary dealer. Chiplun may have a secondary dealer, but it's not really rural. Now our sales typically tend to be 50-50 between the secondary network and the primary network. So that you can take as an indication of small town and rural.

Yes, there is an issue in many states, Maharashtra, some of the southern states, Northeast, which have been deficit in the monsoon and there's a drought-like condition over there. And this might play out actually more in quarter 4, when the harvests are supposed to happen. But in terms of how it will impact the overall 2-wheeler market, what I think is that it will follow the similar

pattern. If you see the shape of or the detail of the 2-wheeler growth story is reflecting the way our economic growth is distributing itself across the pyramid. That's why you find that the top half of the pyramid, the pricier products, not just for us, but for the industry, they are doing far better than the entry-level products.

And this is nothing but a reflection of that unfortunately, the weaker section of the society has become weaker. The stronger part of the society is actually appropriating most of that 6.5% average GDP growth. Retail finance is also more comfortable and geared up to service that half. And as things become difficult for the bottom half, retail finance also shrinks from the challenge, further exacerbating the situation. So, the growth might just still continue in quarter 4. We will see how it grows and the severity of the drought. But the K-shape may become even more accentuated is the way I would say, I would put it.

Kapil Singh: Sure, sir. Thanks for the detail comment. Second question is on electrification. We've been constantly increasing capacity, so, what really is happening in terms of where this demand is coming from? Is it going to come from all ice scooters? What is the pace of electrification that you expect there?

And also, for the export markets, what are you observing there? Is there a potential now that you see that meaningful part of exports in next 2, 3 years could also be coming from electric, and which are the markets where salience of electric would be relevant in exports?

Rakesh Sharma: Yes. The electrification, as you call it, is very, very firmly underway. I doubt if there is anybody who is purchasing 2 wheels today and doesn't at least consider the option of electric. They may or may not buy, but they definitely consider. And that's why the penetration level is 25% of scooters. I like to look at it as scooters as the denominator and not 2-wheelers or motorcycles because largely, the cannibalization is occurring for scooters. I'm not saying that everybody who's buying an electric vehicle was a scooter owner. There are first-time buyers. There are people who are supplementing their existing vehicle with an electric option. But steadily, the market is definitely growing. It is at 25%.

Now this 25% is an average. And this whole average business is the silliest sort of ratio to look at because if you unpack it, you will have an 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 and so forth. Within the states, you will find cities at different levels of penetration. Over a period of time, most of these will converge and most of these will come to a certain level. So, I don't see any reason why Rajasthan, Odisha, UP, MP, this penetration should be much more than Bihar, Gujarat and all these other places.

So, I feel that some of the leading indicators from some of these cosmopolitan cities, from some of these states, which have in the early days supported electrification, they give us a direction that this is the way electric business will go because it is being powered now by 2 things. First is the economics. Economics came into play when petrol prices crossed INR100 a couple of years back. That's the first time I saw the curve sharply increasing. The second factor which has come into place is the uncertainty around the availability of fuel itself, which started with the Iran war when there were times when in the Mofussil areas, the petrol wasn't available only,

which is when even in the villages, people started to think not of replacing their ICE motorcycle or scooter, but by complementing it and we must keep one electric option because you never know whether this petrol will get rationed or not rationed. There was a second bump up, which happened in the penetration of electric scooters. So, both the factors are still in play. And over a period of time, this could go 25% - 30% - 40%. I see no reason why it should not go. And we are delighted by that because, as you know, we were out of the scooters. And let's say, in 3 years' time, it reaches 50% of scooters. We are being handed back a large, lovely segment. 50% of scooters. And some of us would ring our hands that, oh, we are eliminated from this, but we are back in and quite strongly, so to say.

Internationally, I would say that there are pockets. It's a more complex story internationally. There are players who control markets and who do not want ICE to change into scooters and into electric, so that resistance is there. But on a positive side, the delivery segments are expanding and of course, petrol prices are going up everywhere. So, economics is again coming into play. The adoption has not yet reached the level of India. In fact, I would say most international markets, keep Europe aside, but let's say, most emerging markets, they are in a situation where India was, let's say, 3 or 4 years ago when people were asking what will happen on the range? Is it safe enough? And what will happen to the resale value?

And then economics trumped everything. So, I guess these markets will follow the same path. We are keeping just our toes wet because, as you know, we have already got a capacity constraint, and we want to obviously use maximum capacity for domestic. But as capacity gets released, we will start to look at more and more markets so that we so that we have an early mover advantage over there.

And to that extent, we are sort of doing our preparation, our understanding. And we have very good go-to-market lines available with us. We will leverage them when the right time comes. We have made a beginning in the neighbourhood, Nepal, Sri Lanka, etcetera, and a few other countries where we are exporting some small numbers right now.

Moderator: 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: Thanks a lot for opportunity. My question is related to the domestic EV market, Rakesh, because I think we've seen a spectacular rise in the penetration. And even with petrol prices not seeing another hike, we've seen the demand continue to grow. So, I just want to understand what's your read on the segment's potential is here, sir, because we're currently 11% - 11.5% holding up well. And correct me if I'm wrong, but you are also facing capacity constraints. So, if you can just set us the context as to where are your current capacities, what is the plan for expansion in the next 6 months to 12 months? And how do you see the network penetration of EVs within your broader pan-India network, where are we and how are the potential there?

And also, your thoughts on the market share tussle because everyone we talk to every company is talking that they have huge unmet demand at their end. And hence, any capacity what they put on will be easily be kind of serviced by the market and have market share expansion. So, if you can share your broad thoughts from your vantage point, having seen the industry for the last

few decades and various segments, how do you see the market share shifts within the categories? I'm focused on the 2-wheeler EV market, sir.

Rakesh Sharma: Okay. So, Pramod. To the previous question, I had already talked about how the penetration is at 25% and how it can go at what extent. So, I'll not sort of come back to that. But from a network point of view, we have always felt that the electric vehicle, 2-wheeler business is going to be a large business. And we felt that it needs a specialist channel, not just because it's an absolutely different category, but we know that we will have a large portfolio because as the category develops, like it is happening in the electric 3-wheelers, it started 25,000, 35,000, 75,000, 125,000. The moment you reach this kind of a size in any category, subsegments start to develop.

And there is a need which the consumers articulate, saying that they need a specific solution. And that is what drives the portfolio expansion. It is not just pricing which drives it, somebody will want a lightweight, there will be people who are 40-year-old, 50-year-old, they will want a steady vehicle, maybe the 18-year-old will want a more sharp vehicle. These subsegments start to operate. And therefore, you will have a portfolio expansion. So not just to service the electric as a separate segment. But also, from a space point of view, where will you have space in motorcycle. As your electric portfolio expands, how will you accommodate all that in one store. It will be one big mix up, particularly on the service side.

And that's why we took the rocky road of establishing an absolutely new channel. We've got 550 exclusive Chetak stores. Like I said, we've got a target of 100 we want to open, but 75 might really become operational. Some of it might just shift to January. So, we are going to continue to do this. Maybe we will have in about 12 months from now, 1,000 Chetak Exclusive stores. In addition to this, whenever a Chetak Exclusive store is not viable for the dealers, we will use the motorcycle network. And that is one of the reasons why we have combined the Chetak and motorcycles under one business unit to fully capture the thing. I mean it will be the same dealer. We run a motorcycle store, which might have, like I said, in Chiplun. Now in Chiplun, let's say, an exclusive store is not feasible. So, then we will use the motorcycle store to sell Chetak. The moment it becomes viable because the Chiplun industry goes, then we will establish a Chetak Exclusive store over there. So, this combination of getting reach through exclusive stores plus the motorcycle stores and giving very differentiated service, superior service to the Chetak Exclusive stores sort of gives us a great combination with which to take this whole business forward.

So, we are bullish about its continuing penetration for the reasons which 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 and we're hardly going to new dealers. It is our existing portfolio of dealers; I would say that 80% of the Chetak stores are being put up by existing dealers. So, we are expanding the network.

One thing which is very, very important to support this expansion is obviously capacities. We had a problem last month. Our capacity is at about 60,000 units. And we could only ship out 40,000 units because there was a snafu with the supply chain, the arrivals, etcetera, there was an unfortunate miss. But keeping that aside, our capacity is 60,000. Like you rightly said, other

people are also saying that we also feel that the stocks are running at 9 days, 15 days. See, if you have a 15-day stock and if you have even 1-1 colour and if you have some test-drive vehicles, these itself consumes that. So, this, I think will get addressed. There are lots of dealers who say as soon as a truck comes, it just goes. And there are many, many calls which I get, sir, please put in a word for truck load at least kind of stuff.

So, this hopefully will get addressed mitigated to some extent in the next quarter only when we increase the capacity to 80,000. So right now, 60,000 - 64,000 is what we can do from a manufacturing point of view. And then we'll push it up to 80,000 in the next quarter. And then there are plans afoot to look at even more significant expansion going forward in a new site.

Pramod Kumar: And market share, Rakesh, how do you think the dynamics play out? Because everyone is running for capacity expansion, market share expansion and you and TVS have firmly taken the top 2 position for the long period of time. Others have kind of vacated that space and some of the legacy larger legacy Japanese players are yet to kind of really bring this attack to the market. So how do you see the market share dynamics playing out? And whether the capacity plus the competition kind of makes pricing a play eventually next year when there's abundant capacity and more stable?

Rakesh Sharma: So, I'm not seeing the market share difficult to see it. I can only dream about it. But of course, we'll want to go for the bull's eye. So, we obviously are aspiring for a leadership position. We are very, very delighted that it's an absolutely new segment. But you will understand. I mean I can give you a number. I can say something, but it all depends also on what competition does. We are not operating in a vacuum. I can tell you our intent is to be the Number 1. But whether it will happen this quarter, whether it will happen next to next quarter, maybe somebody has an unfortunate capacity issue, we get it in 1 quarter and then it corrects and then we get back to Number 2. So, all this up and down will come. Intent is very clear. I've been saying this, we see it as a very, very core area, which is as important as the 125cc, 150cc Pulsar game is the Chetak game. It ranks right up there. So, we are not going to leave any stone unturned or whatever to get to the Number 1 position. But then let's see how things pan out.

Pramod Kumar: And final one, Rakesh, I think a short one. Exports, I think we had a phenomenal number in August. I think the market started exploiting that. But you did caution that there were some one-offs there. And just to clarify, you said the quarterly run rate of 2,50,000. So, is that what we should expect for the remainder of the year? Or you could have one-off months, which could be 2,70,000 - 2,80,000 if things kind of align right from production to shipment?

Rakesh Sharma: So, I'm finding that we are sort of busting it when we start to reach 2,40,000 - 2,50,000. So, I would like to say that our goal is to keep doing 7,50,000. And I'm also saying it with the knowledge that the quarter 3 and to some extent, January, they are the low months in any case because you see some parts of Africa and all of Latin America, Philippines, they celebrate Christmas and those sales retails peak up in December. So, for that, those shipments have been made already. So those will happen. We'll see how the retail goes. But having said all that, 750k in a quarter, maybe it can be 240k, 260k kind of a thing per month is what we are aspiring for. And then going forward, let's see how the retails go, let's see how this uncertainty sort of pans

out, we have to also remember these freight rates and all have to come down a little bit because they're raising retail prices. Let's see how that pans out before we can start to push the envelope beyond 750k in months to come.

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

Anand Newar: Thank you, everyone, for joining the call and wishing everyone a very happy and prosperous Diwali ahead. Thank you.

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

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