"Bajaj Auto Limited
Q3 FY 2025 Results Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY 2025 Results Conference Call of Bajaj Auto Limited. My name is Neerav, and I'll be your coordinator. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the initial remarks from the management. Should you need assistance during this conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

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

Anand Newar: Thanks, Neerav. Good evening, everyone, and welcome to Bajaj Auto's Q3 FY '25 Earnings Conference Call. On today's call, we have with us Mr. Rakesh Sharma, Executive Director; and Mr. Dinesh Thapar, Chief Financial Officer. We will begin our call with the opening remarks from Rakesh on the business and operational performance for the quarter and Dinesh will take you through the financial highlights. We will then open the forum for the Q&A. Over to you, sir.

Rakesh Sharma: Thank you, Anand. Good evening, ladies and gentlemen. Welcome to the Q3 FY25 earnings call and thank you very much for joining us. Let me begin by wishing all of you good health, happiness and prosperity in 2025. As expected by us, quarter 3 was a very good quarter with several milestones being achieved. Volumes of over 1.2 million, slightly above the Q2 performance, revenue of almost INR13,000 crores, EBITDA of INR2,500 crores and a PAT of INR2,000 crores.

Besides these financials, we recorded our highest ever market share in the electric portfolio of both two-wheelers and three-wheelers. We crossed 500,000 units of exports in the quarter after 2 years. We sold the highest ever Pulsars during festive, grew space by 21% and registered the best quarter for Triumph and KTM in India. We also completed in this quarter the full establishment, the full rollout of Bajaj Auto Credit Limited across the entire Bajaj Auto. But most importantly, this is the fifth successive quarter of 20% plus EBITDA and that too, with a growing EV portfolio, which now stands at 22% of domestic revenue. In fact, our green energy portfolio comprising greener fuels of electric and CNG across two-wheelers and three-wheelers is at 44% of our domestic revenue.

Let us now discuss the highlights of each SBU. Exports. The BU grew volumes by 27% in quarter 3, almost at double the rate of estimated market growth. Latin America is now the largest emerging market region in the world for motorcycles, almost twice the size of Africa in volume terms and at least 3 times in terms of value. BAL exports grew by nearly 40% in LATAM in quarter 3 with a rich mix of over 60% of premium brands of Pulsars and Dominars. The industry recorded growth in Q3 in all other regions, which is ASEAN, Asia and even Africa. In every single region, our exports growth was significantly ahead of the estimated industry growth. Nigeria retails remained steady through the quarter at 35,000 units per month level with a market share of over 55%.

There are 3 other noteworthy points for our exports BU. The export performance was delivered despite an almost 50% drop in KTM exports due to the issues being faced by KTM overseas. In

Q3, our export of KTM brands constituted only 2% of total exports, down from their usual level of about 5% in FY '24. Secondly, the exports growth was over and above the destocking of the channel, particularly in Nigeria, that was done in the early part of the year to minimize exposure of channel partners. And thirdly, Bajaj Brazil recorded its highest ever retail and production is now already at peak capacity. The Dominar brand has raised ahead of several established European brands in the personal segment. Management has approved a further expansion of capacity to 50,000 units plus level per annum, which should be in place by the final quarter of FY '26.

Going forward, in export, we still need to be watchful of the currency-led volatility, particularly in South Asia and Africa. But barring that, we expect exports to continue to grow at 20% plus levels on year-on-year basis.

Coming to domestic motorcycles. Industry performance in Q3 was buffeted by a very good Diwali, which has lifted year-to-date performance of the industry to about 8%, up from the 6% or so growth being experienced till the end of H1 by the industry. Growth continues to be driven by the upper half of the industry, which is a 125cc+ segment, which is growing at over twice the rate of the 100cc segment. Even though the season saw substantial pricing and discount action, our market share held steady in the strategically important top half with a clear number two position. However, there has been some erosion of our share in the bottom half as was expected because of staying away from the tactical pricing initiatives, which continue till date. We have now also recalibrated our billing volumes to right size channel inventory, particularly in the entry level.

Going forward, growth rate should settle at the underlying trend normalized for the temporary highs, which are achieved in festive. The underlying trend suggests a near-term outlook of 6% to 8% growth in the industry with the 125cc+ segment growing faster than the 100cc segment, as has been happening. To ensure we get a disproportionate share of this growth, and we want to ensure continued excitement and interest of the customer, between December and March, we would have introduced nine new variants of our existing models in the 125cc+ segment. We believe doing this allows us to sub segment the market and give the customers greater choice and feature sets as well as offer multiple price points for entry into the top half portfolio.

Freedom, the world's first CNG motorcycle continues its steady growth. Till date, we have retailed almost 50,000 bikes since the start in August. Customer adoption is good with the product delivering all benefits as was conceptualized, designed and manufactured. We have expanded the range with one more variant making it a portfolio of three, which should cover all segments of users from gig workers to long-distance personal users. We have seen a relatively faster adoption in areas where pump density is high like say, Delhi and Kerala, for example, and seen penetration rates go beyond 10% of the 125cc segment in such areas. In other areas, with customers where the per day usage levels are less and the savings in rupees per month is less, the adoption is lower as customers generally seek further validation of benefits. In quarter 4, we will step up mass engagement with customers to drive awareness and familiarity for the Bajaj Freedom.

Commercial vehicles, the three-wheeler BU clocked its highest-ever retail of over 125,000 units in quarter 3, of which 17,000 were electric vehicles. The electric vehicle market share grew from 13% in quarter 3 FY24 to over 35% in quarter 3 FY25. Our e-autos are now available in 800 plus locations, perhaps the widest distribution in the industry. The e-auto portfolio is now being brought under a separate brand, the Bajaj Gogo. The Bajaj Gogo encapsulates the values of latest tech combined with the trust of decades. We intend to expand the EV portfolio next month, which should drive up the market share to leadership levels.

By the end of this financial year, we also intend to launch a modern e-Rick, which will set an absolutely new standard in the segment and bring a very high level of satisfaction to both the owners and passengers. The e-Rick segment is almost as large as the auto segment and the new e-Rick should generate new business for the BU. The ICE business maintains its rough solid performance with an overall market share of 75% plus. Going forward, we expect the L5 industry to continue to grow at 4% to 6% levels primarily driven by increasing penetration of EVs. We expect to outpace the industry's EV growth, while maintaining our strong leadership in ICE.

Chetak business unit. The arc of Chetak's performance has been the steepest in the industry from a market share of 13% in quarter 3 FY24, Chetak has clocked the market share of 22% in quarter 3, a rise of almost 10 percentage points. This momentum of market share acquisition should increase further with the launch of the 35 platform, which happened in end December. The new platform provides us the best Chetak yet with a higher range, advanced displays, faster charging and best-in-class boot space combined with the already popular elegant styling and robust build quality.

This already introduced two variants should make a strong play for higher market share in the upper half of this EV segment where our presence has been relatively weak. The new series will also have a very positive impact on the bottom line, too. A major swing into the profitability zone will be achieved in Q4 as the 35-Series acquires scale beginning February. The combination of the new platform, which will be further expanded in this quarter, the continually expanding exclusive stores now over 250 and wider distribution to over 3,000 sales points will continue to drive the business towards a stronger leadership position and on a profitable basis.

Pro biking, both brands, KTM and Triumph had a very good Q3 with Triumph recording its best ever quarter. The refreshed KTM Duke, the 200 and the 250 have been received very well, and quarter 4 should see a further product refresh in the adventure segment. In Triumph, the new Speed T4 pulled in new customers and now all three models, which is the Speed T4, the Speed 400 and the Scrambler 400 are demonstrating good growth. Even as we steadily expand the Triumph network, our focus remains on top towns to drive share. We'll further refresh the Speed range in Q4 to keep the growth momentum going.

Finally, a quick word on two of our new 100% subsidiaries. BACL, our captive finance company has completed its Pan-India rollout ahead of schedule. And as of end Q3, it is serving the entire two-wheeler and three-wheeler business of Bajaj Auto in India with a 70% plus share of financing at our store. Even as the rollout was completed, we are delighted to report that BACL posted a profit in quarter 3.

BATL, which is Bajaj Auto Technology Limited, the erstwhile Chetak Technology Limited has been renamed as Bajaj Auto Technology Limited and repurposed to be a pure technology company. With the rapid and diverse developments unfolding in the tech space, it was felt that we needed a singular focus to build capability in cutting-edge tech, particularly in EVs, but not restricted to them.

BATL will develop new tech in areas like electronics, electric powertrains, controls, hybrids and fuel cells, software and will also spearhead cutting-edge design and offer these for the use of Bajaj Auto Limited and its partners. BATL is now fully operational and already employs over 500 people. Source of BATL revenue will be the royalty from its IP and charges for other services rendered to Bajaj Auto Limited and its partner.

In conclusion, going forward, our imperatives are to continue to build share in the 125cc+ segment through steady expansion of Freedom and leveraging the expanded lineup for Pulsars, KTMs, and Triumphs. We will scale up the new Chetak 35-Series platform with production increasing February onwards to gain share in the upper half of the two-wheeler EV segment. Similarly, we will drive for leadership in the e-auto segment through the expanded range. We will ensure steady turnaround in recovering overseas markets and will go aggressively in steadier markets like LATAM. Underlying all this, we will continue to optimize growth and profitability to deliver better shares while retaining best-in-class profitability. On this basis, we hope to conclude an outstanding financial year '25.

With this, I would like to hand it over to Dinesh.

Dinesh Thapar: Thank you, Rakesh. Good evening, everyone, and thank you for joining us today. Since this is the first interaction in the New Year, let me take this opportunity to wish each of you a very Happy and Prosperous New Year.

Coming to the quarter, I think this time around, as you would have made out from the headlines, we are particularly pleased by the performance of our green energy portfolio in the domestic business, the rebound of our exports business, and quite clearly, the underlying profit performance.

The green energy portfolio is trending towards being nearly half of our domestic business. You've heard some detail from Rakesh. And more notably within that, the electric portfolio which continues to expand meaningfully recorded sales of almost 100,000 units yet again with leading competitive positions on both electric 2-wheelers and electric 3-wheelers. And I'm sure with these results, you will recognize this to be significant progress from where we started out 18 to 24 months back and a clear testament to the focused strategy and committed execution that we have behind the space.

Exports are making a steady and sure foot come back with a broad-based step-up across regions. And while LATAM continues on its strong momentum, I think what's particularly heartening is that Africa has come to the growth party this time with Nigeria delivering over 100,000 units in the quarter, more than double over the last quarter, and that's quite heartening because we haven't seen these numbers from Nigeria in quite a while.

And finally, we've been able to hold margin at 20.2% yet again. Our margins have been at this level, give or take a few bps for the last 6 quarters, right from 19.8% all the way to 20.2% during this intervening period. And yes, we are managing the P&L quite dynamically to deliver this while continuing to invest significantly behind our strategic thrust. Don't forget that the electric portfolio has grown 2.5x over what it was the same time last year, and yet we've continued to deliver both top line and bottom-line growth in tandem. Now before I get to the numbers, let me spend some time on the operating context that influences our performance.

Rakesh has already given you a comprehensive overview of the market, so I'll focus my commentary on the 2 elements of commodity and currency. The commodity basket for the quarter ended rather flattish in net terms with the pluses and minuses quite balancing out. There was sharp inflation in rubbers and a moderate uptick that we saw in ABS, polypropylene and platinum, but that was offset by a softer metals complex led most notably by steel and a little bit of nickel and lead in part.

Coming to pricing in this context, I think the only notable pricing that we took down this time was an investment that we made into taking down pricing, and I say sequentially on our electric 3-wheeler really to drive our competitive position and product penetration as we expanded to a national footprint of the 800 plus touch points. On the rest of the portfolio, I'd say the net impact of price changes, both pluses and minuses or upwards and downwards, as you see them on the quarter was broadly minimal. Currency continued to be a tailwind given the movement of the dollar-INR. For the quarter, the dollar realization stood at about 84.3 compared to 83.8 in the previous quarter, and 83.2 in the same period last year. And exports for the quarter was $505 million. So that should give you a sense of the impact of currency.

Coming to the results, we've reported the stand-alone revenues of INR12,807 crores, up 6% year-on-year. And to really put that growth on year-on-year in perspective, a third of it came from volumes, a quarter of it from better price and currency realizations and the rest from mix. Underpinning the mix number, among others, is another record quarter on spares as it crossed the INR1,500 crores mark for the very first time. So that's quarterly spares of over INR1,500 crores for the very first time.

I must add that mix was severely impacted by the call that we had to take in the immediate term on lowering KTM exports given the current state of flux and the ongoing restructuring process in Austria that many of you are familiar with and the fact that Pierer Mobility AG is public, you would have heard a lot about it. Had it not been for the short-term setback on KTM exports, our revenue growth would have been nearing double digit and EBITDA growth even much higher in the teens given the margin accretive business that it is.

Coming to EBITDA for the quarter, we reported another quarter in excess of INR2,500 crores at INR2,581 crores, up 6% year-on-year. And as I mentioned, I think more notable, this growth would have been in the mid-teens, had it not been for the KTM exports factor. Margins held steady and resilient at the 20% plus levels. And I must say we are quite pleased at how we've been managing that.

Year-on-year, EBITDA margins have improved about 10 basis points, while commodity costs remained largely flattish. Judicious pricing and a favorable currency environment has helped offset the impact of an adverse profit mix, primarily driven by the lower exports of KTM as I've mentioned. Most notably, given that the volumes and revenue of the electric portfolio have more than doubled over the same time last year, the impact of margin has been neutral as cost reductions and PLI accruals have offset the impact of the competitive lead of price reductions that we've taken and expansion of the portfolio and the scale that we've grown with it.

While on this, I must add that our R&D and procurement teams have done some impressive work on the EV-related costs. You would recall that we have mentioned in our last call that the EV portfolio comprising of both electric 2-wheelers and electric 3-wheelers had achieved a combined breakeven at the EBITDA level in totality. And now at a unit level, which is essentially the unit-level economics, while the electric 3-wheelers were, in any case, profitable, with the launch of the new Chetak platform, the 35 Series that we launched in December, the unit economics for the new Chetak model is now seen a line of sight on an EBITDA breakeven. So unit economics.

Of course, work is underway to introduce a few more models in quarter 4 and quarter 1 on this new platform. Each designed with both superior functionality and improved cost structures. And of course, where the margin eventually settles and how much of this benefit will eventually flow into the results will be a function of how and where market pricing settles and competitive actions play out. But you will agree that this is a significant step forward that stands this business in good stead given our larger ambition of scale in this space.

Profit after tax on a stand-alone basis came in at over INR2,100 crores for the quarter and consolidated profits at nearly INR2,200 crores. Within this, as you heard from Rakesh, of noteworthy mentioned, is the progress that we've made on the captive financing on Bajaj Auto Credit Limited, which has turned profitable in its very first year of operations. First, the business has now completed its national rollout and presence across the BAL network, well ahead of schedule. In many ways, a reflection of the disciplined execution and operational rigor that has gone behind it.

In terms of numbers, at the end of December, this entity, which is the new Bajaj Auto Credit Limited entity, has financed nearly 5,20,000 vehicles and built up an AUM of a little over INR7,000 crores. Alongside, the team is also strongly focused on building core capabilities for the business around digitally-enabled processes, interactions, seamless customer journeys, compliance, risk management and collections, which will enable the aspiration that we have for this business and support its scale up. That should start to kick-in from the upcoming quarter itself now that the staggered rollout has been completed.

Quickly a word on cash. With our consistent track record of cash generation, we closed the quarter with surplus cash of INR15,000 crores. It's also worth noting that in the first 9 months of FY25, we've generated INR3,000 crores of free cash flow, reflecting our strong track record of converting profit to cash. Over the same period, we strategically invested approximately

INR1,600 crores into the financing subsidiary to support its nationwide expansion and about INR450 crores towards capex, of which I'd say two-third went behind the electric portfolio.

Looking ahead, you've heard from Rakesh, we remain very closely focused on our strategic priorities, competitive growth in the important 125cc plus motorcycle segment, building scale for new launches on Freedom and Triumph, a closer commitment to grow the electric portfolio to even larger numbers, both on Chetak and electric 3-wheelers supported by the new product upgrades and innovation that has been put out. Continue to stay the course on recovering our exports business, which in many ways have led the performance of this quarter and sustaining margins while dynamically managing P&L and continuing to invest behind the strategic growth enablers that we've been talking about.

Quickly on commodity costs, the landscape looking out ahead. I think we're looking at very slight inflation, led by alloys and in a few miscellaneous categories. But like I said, it's a slight inflation. Steel and other metals look balanced, but I think what we need to watch out and see is really the noble metals, rhodium, palladium and platinum are all showing some signs of stiffness, but we need to see how and when this plays out. Important to also note that quarter 4 will also see the start of the cost impact of complying with the OBD-2B norms that are effective from 1st of April, and that will play out once billing starts in many ways for the most part in the next month. Naturally, this will affect pricing, and we will soon roll out our updated prices for our products that comply with these OBD 2B standards. Currency, you are familiar with, and as you would know, that should provide some tailwind.

With that, let me hand it over back to Anand and open up the floor to Q&A. Thank you very much.

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

Moderator: Thank you. 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. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants you may press * and 1 to ask a question.

The first question is from the line of Chandramouli from Goldman Sachs. Please go ahead.

Chandramouli: Hi, good evening and thank you for taking my questions. My first question is on the export business prepared remarks that you had made, that you have a line of sight on 20% plus growth. So I just want to understand what time frame do you see that sort of growth for? And then what are some of the markets or the products that are giving you the confidence on visibility on that sort of growth on exports going forward?

Rakesh Sharma: So, Chandramouli, the growth outlook was for the near term, like I said, I would not like to predict a very long-term guesses on this, given the uncertainty, the geopolitical uncertainty, the macroeconomic uncertainties, which are there all over the period. But we are taking it quarter-by-quarter. And we had said at the beginning of quarter 3 that we should be 20% plus, and we delivered 27%. And similarly, actually, for the next 3 to 6 months, most likely we will be in the 20% plus one.

Beyond that, I would really want to see how things pan out in the environment. What is driving our growth is actually now with Africa sort of just coming back into a little bit of growth and places like Nigeria also growing where we have a very, very solid position, which is over 55% share. The single biggest driver is Latin America, where we've got excellent positions in all the key markets of Latin America. It is the fastest growing and the single largest region.

We find that some of our other strong areas are like Philippines, Bangladesh, and a little bit of a return in Sri Lanka. Motorcycle share in Sri Lanka is right now 80%, it's nowhere near what it used to be. But that market has started to grow. And like I said, continued performance in Africa. So it's a very broad-based growth drivers across the board.

Chandramouli: Got it. That's helpful. My second question is just on the two points you mentioned around the e-rickshaw portfolio, that's likely to launch later this year as well as KTM which was a drag this quarter on growth and profit. So just want to understand both factors. What are some of the comments you'd like to share on the scale of the e-rickshaw opportunity? Is it a launch in the end of the calendar year or in the end of the fiscal year? And on KTM, I just want to understand how long you expect for that business to potentially start contributing again in a normalized way?

Rakesh Sharma: Like I said that we expect to launch the e-rick by end of this quarter. So, let's say, by end of the FY25 fiscal. By the time all the permissions are through, it may just spill over into first week of April or retails may spill over to first week April or they may just commence by end of March even.

It's a sizable opportunity. We don't sell anything in it. Almost 50% of three wheeled mobility is in the e-rick space, which is in north and east, little parts of west. Almost 45,000 e-ricks are retailed every month. And they come in various shapes and sizes. It's a very fragmented market. A lot of it is import dependent. A lot of it is substandard product. But it's a very good format for certain use cases. So, the demand is there. And by introducing our e-rick, we hope to organize this market and bring in fresh new business for us. I guess we will start to see a real scale up in the first quarter of the new fiscal.

And on KTM, see, we must wait. You know that there is an engagement process, self-administered, court supervised process, which the current management has undertaken where they're putting together a package for the reconstruction of the company. And the great thing is that there is a very definitive timeline for that, which is by 25th of February. And once that thing has been approved and accepted by all the stakeholders, we should see some kind of a revival.

Until then, I think it would be patchy. So it's difficult to give you a precise month when this will unfold. But because it’s all very court supervised and very clear time lines have been given. On conclusion of the process, I think it should be sooner than later before the revival commences. But that depends on whether the package goes through and is accepted by all.

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

Rakesh Sharma: I would just point out that my comment about the KTM revival pertains only to the export of KTM from India to overseas markets, which was being managed by the KTM AG companies. The Indian KTM business, which is almost 6,000 units odd, there's no problem with that because that's all produced in India and sold through our dealerships.

Chandramouli: Thank you very much.

Moderator: Thank you very much. Next question is from the line of Gunjan from Bank of America. Please go ahead.

Gunjan: Yes, hi. Thanks for taking my question. Just continuing with the 3-wheeler segment, you did speak about expansion of the portfolio in quarter 4 on the 3-wheeler side and some price interventions that you've made as you expand the distribution. Can you talk a little bit as to what use cases? And I'm assuming this 3-wheeler expansion is independent of e-rickshaw. So what use cases and how does the price now sort of stack up versus competition? Because there's clearly a lot of competition also coming from other players in the industry. So keen to hear your thoughts on both the product side as well as the pricing interventions that you're making.

Rakesh Sharma: Well, on the product side, our e-auto, the passenger and cargo have both met with good success. In fact, in passenger e-auto, our market share is, I think, around 37% and in the mid-20s in the cargo segment. And of course, the major segment is the e-auto segment. We are going to introduce a variant, which is larger sized and which will allow more passengers and passengers plus cargo kind of application.

We have found that this need is there, even in the electric. We found that in the core urban areas, a smaller vehicle is preferred. But as you start to go into the suburban areas or the mofussil, smaller town areas, we find that a larger body vehicle requirement is there. We already have a larger body vehicle in the ICE format. But now we are going to put it also in the E format.

As we do that, it is very important to ensure the performance of the product because there will be more passengers, there'll be more cargo sitting on it. So things like its gradability, the kind of heights it can climb and the loads it can carry had to be really worked out. Those tests have been done. And we are very excited about the introduction of this product. This will happen in this quarter which should then give us a good play into many geographies where our market share is relatively lower.

On pricing, what exactly sort of was your question?

Gunjan: I mean have we brought down the prices with the cost coming down? I mean, what's driven the price intervention? I'm not clear you spoke about it in your opening remarks.

Rakesh Sharma: Largely, it was in certain competitive areas where competition has taken action on reducing prices, particularly in places like Uttar Pradesh, etcetera. So we have matched that kind of reduction.

Gunjan: Okay. My second question is on the CNG business. Now if I recall the commentary for last 1 or 2 quarters, clearly, our expectation on scale up of this business was a lot more aggressive than what it has played out so far, right? So I just wanted to hear your thoughts in terms of what is it we are doing in terms of accelerating the market creation because I think clearly, this is a new segment. It will need a lot more products, etcetera, from your side. So how do you see the business evolving? I'm not talking next 2, 3 months, maybe over the next 12, 18 months : portfolio, pricing, what else can we do to make this market bigger?

Rakesh Sharma: Yes.

Gunjan: This is on the CNG bike Freedom 125.

Rakesh Sharma: Yes, I got that. Yes, indeed, we retailed at about 16,000 units in October, but then that is a festive month, and people are more and more prone to buy. Like I said in my initial comment, there are two things which shape the development of this category. The product acceptance is very good. The support by the gas companies is excellent. The confidence level of the dealers, etcetera, is very good because there are many dealers who are suddenly starting to see a lot of sales happening. As you know, in the mileage conscious segment, we have been a little bit more focussed on the performance-oriented segment. So, they are seeing this as a new business.

But there are two things which drives the development of this business as we are understanding it. One is, like I said, the density of the CNG network. We have found when there is density is let's say, 40 vehicles per pump kind of a level, the adoption rates are very high. But when the density goes down to, let's say, 100 vehicles per pump kind of a level, the adoption rates almost half. And the reason for this is that if the pump availability is not convenient, then a considerable change in behaviour is needed.

The second thing which shapes this and which is linked to the first one, is how much money a person saves? And how much is that money worth taking all the troubles, etcetera? Out of the let's say, 45,000, 50,000 units, which have been retailed, an overwhelming large portion of that, are riding more than 70 kilometres per day. Then the savings is quite substantial. But as you come down and let's say, if you are riding about 40 kilometres per day, you are doing 25 days of riding, which is 1,000 kilometres and the differential between, let's say, a 125cc ICE bike operating costs and the CNG bike is almost INR1. So, you're saving INR1,000 a month. Now INR1,000 a month, if the CNG network is very, very intense, people want to save that because there's not too much of trouble. But if the CNG network is far, then people think twice, whether they should undertake that change of behaviour. Now this kind of a thing mitigates over a period as we make the product more familiar, as people get more confidence through word of mouth that indeed the savings is going to be there.

So, we don't see an explosive growth. It started explosively, but now with a decent word of mouth stepping in, we see a steady step-by-step growth. We are going to accelerate this growth by having a whole lot of engagement, both in terms of communication and direct engagement with customers on the ground and familiarize them with this. We are also attacking some of the high usage cohorts like gig workers through some of the quick commerce, e-commerce and the fleet operator, these are cohorts who are even riding up to 200, 250 kilometres a day. And we are going to be focusing on them. So, there is a whole lot of market development work. We feel very confident to undertake this market development work because the basic acceptance of the product is there. Now we have to dismantle the wait and watch attitude of the larger majority of customers, which will happen hopefully, over a period of time.

Gunjan: Okay, got it. Thank you so much.

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

Raghunandhan NL: Thank you, sir, for the opportunity. Congratulations on the fifth quarter of 20% margin, shows the quality of growth. Sir, firstly, on the new products, e-rickshaw is a major product. Apart from that, what new products variants in two wheelers, would you be focusing on for FY26?

Rakesh Sharma: Well, like I explained already, between December and March, we will have 9 different variants of the existing models like there's an upgrade of the Pulsar RS200, which has hit the market. We are giving different feature sets, which include digital console, LED headlamps, ABS, upside down forks, etcetera, at different price points. So, it makes it very easy for the customers to choose. Some people prefer upside down fork, some people don't. And that should give us a very wide spectrum of offering.

As we go forward, we have got a very rich product pipeline, again, almost entirely in the 125cc plus segment right through the year, besides all what we are doing for 3-wheelers. This is true for electric as well as for the ICE portfolio. It's a very, very rich product pipeline and you'll see every quarter 1 or 2 launches taking place.

Raghunandhan L.: Thank you for that sir. And would you be considering investments in KTM considering the financial stress, any quantum that you have planned?

Dinesh Thapar: So Raghu, I think it's a bit premature for us to comment on this because treated in the nature of an M&A transaction, there's a process which is being run at the moment. And since Pierer Mobility AG is a listed company, I don't think it would be right for us to make any comments. You did hear Rakesh mention clearly, the KTM business is of strategic importance for us and we, therefore, remain very strongly committed to it. But the financial considerations of where this will eventually go, I think, will play out over the next 4 weeks. So, let's hold comment till then. At suitable point of time when there is something to comment on, we'll share it.

Raghunandhan L: Fair point, thank you Dinesh. And Dinesh, if you can also share the net worth and profits for Bajaj Auto Credit Limited?

Dinesh Thapar: Yes. So, I think this is the first quarter that Bajaj Auto Credit has delivered a profit. We will put out the full financials at the end of the next quarter, which is the full financial year. But since you've asked, it is INR52 crores profit for the quarter. But that may mean very little for you because I think you will obviously need to see the entire set of financials to understand it better. But I thought to give you a sense that the number of accounts that have been serviced up to now are 520,000 units.

And remember, for these 520,000 accounts, we recognize that the rollout of Bajaj Auto Credit has happened in a staggered fashion, starting from Jan of this year. And so therefore, it does not reflect the entirety of a steady operation as yet. But I think it is quite noteworthy to mention that essentially in its third quarter it has yielded a profit this time around. Book size of about INR7,000 crores, as I mentioned.

Raghunandhan L.: Thank you very much. Just a last question for the budget, would you be expecting GST cuts in CNG?

Rakesh Sharma: Well, it's probably early days. When it goes up to the GST council, we have to wait and see when it is taking place. The SIAM have made strong recommendations. Now it is being taken up by the GST Council. But just to let you know that there has been very positive recommendations from various ministries, which include, of course, our parent ministry, which is the Ministry of Heavy Industries, but also from Ministry of Petroleum and Natural Gas, also clearances by Ministry of Environment and Ministry of Road Transport who have endorsed a GST cut, not just on the CNG, but also on flex fuel and ethanol-based fuels for two-wheelers.

Raghunandhan L.: Thank you very much, sir. Wishing you all the best.

Rakesh Sharma: Thank you.

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

Amyn Pirani: Thanks for the opportunity. My question is on the domestic 2-wheeler volumes and market share. Now if we look at the VAHAN share and since that is the focus, it appears that if I look at your ICE volumes, it's broadly been flattish vis-a-vis a growth in the industry. And because in VAHAN, we can't look at segments, so you obviously have a better idea than we do.

Is that mostly on account of say some voluntary decline in volumes on the entry level motorcycle side? And going forward now that is out of the way we should get to this 5%, 6%, 7% kind of a growth rate in your ICE motorcycle retail growth. Is that how we should look at it?

Rakesh Sharma: Yes. So see, first of all, the VAHAN market share for motorcycles are derived. And this is done on the basis of longstanding ratios which really don't change violently. And those ratios are derived based on the submissions by each of the companies to place like SIAM. So we look at not the 2-wheeler share, we look at motorcycle share.

When we look at motorcycle shares, our focus is always to first look at the 125cc plus. We obviously look at total shares. Total shares comprise the 100cc and the 125cc plus. Our strategic focus is in the 125cc plus. Between quarter 2 and end of quarter 3, our share in VAHAN and following the same methodology for now many years, has remained steady. We would have liked it to increase, but it has not increased. It has remained steady. .

And in the 100cc segment, we have lost market share. And one of the reasons for this is it's a very natural occurrence. It happens every year. And every year, we go through this debate within our company also whether we should participate in the red ocean action, which unfolds in the season, and it happens across all categories at all. It's a very deliberate management choice of not participating in that apart from some very, very smaller exceptions. And obviously, it has a temporary impact on market share, particularly in the entry level.

Once that has occurred you also have to then recalibrate your billing volumes so that the channel inventory comes down. And you will see in December and probably in January also that we have to readjust our inventories, particularly in the entry-level segment where, for example, if you are tracking the industry, you would have seen a very substantial price reduction by the leaders with the entry-level product now being available at INR65,000, right? So obviously, that skews the shares. It means our outlook will change. It means inventories which are there in the channels need to be addressed and therefore, the billing volumes have to be recalibrated. So you will see that, and it is best done over whatever, a couple of months, and that is what is we are in the process.

That is why we are seeing that. But over a period of time, once all this is washed, I agree with you that the underlying rate of growth should kick in, and we hopefully let's say, should be better, particularly in the 125cc plus segment. But yes, that temporary adjustment, which is very visible to you would be in the wholesale volumes, which will be lower because we are recalibrating some of the channel inventory.

Amyn Pirani: Sure. That's very helpful. And just second question on the OBD 2B point that you mentioned. Broadly speaking, the price rise required would be quite substantial because we've seen one of the large global competitors in this space, having increased prices quite substantially across a lot of their models. Now part of it is OBD 2B. But on an average basis, how much of a price hike would one need to take model to model like-to-like?

Dinesh Thapar: So, I think as it currently stands, it looks like the cost impact of OBD 2B alone, one might choose to bring in more functionality and product features with it with a whole different point. But pristine OBD 2B impact would be about 1%.

Amyn Pirani: Okay. Thanks for that. I'll come back in the queue.

Dinesh Thapar: Sure.

Moderator: Thank you very much. Next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

Jinesh Gandhi: Yes. Hi, my question pertains to the PLI incentives, given that this would be the first quarter where almost all our models would have been eligible for PLI, would you be excited to say that our realization of incentives would be close to the right 13% number? Or how should one think about that?

Dinesh Thapar: So Jinesh, I'm just outlining the principles that we've clarified on previous calls as well, we accrue for PLI incentives after 3 conditions are met: one, the capex condition, and we've been delivering the capex condition. Clearly, there's a commitment to deliver INR1,000 crores of capex under PLI over a 5-year horizon with yearly rests, and so we're delivering that. The second is domestic value addition for these models have to be 50% plus. And the third is that the vehicle has to be certified by the testing agency, which in our case is ARAI. If these 3 are complied with, and we get the certification, we start to accrue for sales. That has been the principle that we've adopted in the previous quarter and continued into the current quarter.

Jinesh Gandhi: Okay. Sir, my question was, given that in 2Q, not all the models would have been eligible considering the timing differences of approval now that way. Would it be fair to say that 3Q would be the first quarter where we have seen a complete benefit of PLI coming in 3Q and in turn EBITDA breakeven and EBITDA positive for the EV portfolio is also aided by that? Or there can be further tailwind because of PLI in coming quarters? That's my question.

Dinesh Thapar: Yes. I think Jinesh, because I might tell you that the current quarter PLI will be applicable in all models because clearly, it might have been a continuous set of models. When we come in with a new model, then there's lead time. But there's a competitive context, we might have to forgo it for point of time. So, it's hard for me to give you a comment at the moment because it will not necessarily play out across all quarters as a uniform practice. What you should really consider is the fact that we are accruing for it as certifications are coming in. Lead times for certification are getting a lot better. And therefore, that provides some comfort in terms of when we start to accrue.

The improved profitability of the electric portfolio, let me restate, is coming in on a few counts. One, because electric three-wheelers is now growing scale and that the profit pool for that is meaningfully covering for the drag that is happening on Chetak, right? So that's the first. The second is between the cost reduction, if I'm now looking at over a full year, the impact I said was neutral because fundamentally, cost reductions that have happened across the electric portfolio, along with the accruals of PLI have funded for entirely competitive pricing and the expansion that we have made of the portfolio between last year and now. So that's really what has led to it. And that's the reason why I mentioned to you that with the growing pool of electric three-wheelers, we move from a situation of where we registered an overall cash loss same time last year. That has now moved to a marginal profit in the current quarter.

If you recall, our last comment was that we had broken even on the E two-wheelers plus three-wheelers portfolio put together. I'm now telling you that from a breakeven situation, we have moved to a marginal EBITDA positive situation.

Jinesh Gandhi: Got it. And my second question pertains to the availability of finance on the ground, some of the banks and NBFCs are highlighting increase in delinquencies on unsecured portfolio, including two-wheeler financing. Are you seeing any stress on the ground level, I mean, for the 30% of the financing which happens through your partners? Are you seeing any signs of that? And can that be a red flag from the demand recovery perspective or demand perspective in the domestic market?

Rakesh Sharma: Well, we can only comment on the experience we are getting through Bajaj Auto Credit, because there we have all the information. And I can tell you that it's been an outstanding performance, because we are experiencing almost 98.5% performance in what we call bucket X which means when the payment is due, whether it is collected. So almost 98.5% of payments are being collected as and when they're due. And in the balance also the delinquency is very, very marginal. But yes, we are aware that this kind of information is there in the market.

Jinesh Gandhi: Got it. And lastly, has our financing penetration also moved further because of Bajaj Auto Credit or what would it be like now for us?

Rakesh Sharma: Well, it is not as if the presence of Bajaj Auto Credit has suddenly jumped up the financial penetration in our case. You will recall that we had a very successful collaboration with Bajaj Finance Limited, which is doing an outstanding job in all our counters.

And that change has gone up seamlessly. And therefore, the penetration at an overall level remains the same. But yes, what has happened is that because of perhaps the own issues with some of these financing companies are facing, the market share of Bajaj Auto Credit Limited within financing has increased. That has now gone up to 70%-odd, which used to be 60%-odd, let's say, a couple of years back for BFL.

Jinesh Gandhi: Got it. Great, sir. Thanks and all the best.

Moderator: Thank you very much. Next question is from the line of Vipul Agrawal from HSBC Securities. Please go ahead.

Vipul Agrawal: Hi, thank you for taking my question. Sir, my question is on the export side, like you mentioned that you are seeing a strong recovery in African markets, especially in Nigeria. So what are the key drivers which is driving the growth over there? And is it sustainable? Or is it, again, will be dependent on availability of dollars over there?

Rakesh Sharma: I did not say a very strong recovery. I said there is recovery and Africa is back into the positive growth zone. The strong recovery, etc., is in places like Latin America and ASEAN. But see, what is driving the recovery is that ultimately there is a huge requirement for people to move around. Public transport is not available. As you know, motorcycles are used as taxis. There's no personal use of motorcycles. It's probably 1%, 99% use case is taxi for people to just climb on to the motorcycle and go from point A to point B. That's a very fundamental requirement. And that continues to grow as the population grows and as economic activity also picks up people start moving around, go for jobs, etc.

So that is very much there. It gets interrupted by macroeconomics, particularly on the currency side. When there is devaluation, it leads to the prices increasing and that makes it more difficult for new customers to come in and buy motorcycles. So, we have to watch that because I don't think we are out of the woods. We are in positive growth territory, but I wouldn’t say that we are completely out of the woods. Let's see what is the kind of currency system we will experience in the next few weeks and months. A lot depends on the stability in that area.

Vipul Agrawal: Sure. Thanks for that. My second question pertains to entry level motorcycle like we have seen your commentary in last 2, 3 quarters around that you were not very aggressive on entry-level segment. Does it have something to do with the OBD II price hike, which actually impacted a lot on the entry-level segment during April 2020, the BS-IV to BS-VI? So are we expecting a strong price hike in the entry level again on the 2 norms? Or it will be a nominal price hike?

Rakesh Sharma: So, our focus on the 125cc+ segment is led mainly by the kind of value opportunity and margin opportunity which we see in the top half of the segment. Secondly, we feel that the ability to gain share through product differentiation. Those degrees of freedom are much higher in the top half. In the bottom half, there is a very adverse competitive ratio, plus the degrees of freedom become much less in the sense that there are not many points on which we can differentiate and to be honest, we have tried many things. We have tried to give tubeless tires and digital consoles and even ABS. But these have all met with limited success, because the customer's need over there is price and simple product, and it becomes difficult to differentiate. So the combination of relatively less margin opportunity and tighter degrees of Freedom to differentiate has driven us to undertake a strategy, which was 125cc+ zone.

And in any case that goes with the grain of the wood, the tailwinds are with that segment in any case. So it is not to do with BS-IV, BS-VI, OBD 2A or 2B. Those things have to be tackled as we go along, and that is irrespective of this segment.

Vipul Agrawal: Noted sir. Thanks for that.

Moderator: Thank you very much. Next question is from the line of Pramod Kumar from UBS Group. Please go ahead.

Pramod Kumar: Yes sir. Thanks a lot for the opportunity. Sir, a couple of questions. On the cost side, we seem to have had like a flat line of other expenses and employee costs on stand-alone basis. While on consolidated basis, there's been a sharp jump. So, I just want to understand what are the big cost elements that are sitting outside of the standalone numbers, which are sitting in the consolidated numbers?

And also, if you can just explain how are you managing cost, especially given it's the festive season, marketing costs are elevated, there have been promotion scheme. So just if you can help us understand the data there. That will be my first question, sir.

Dinesh Thapar: So Pramod, the first piece is that the difference that you're seeing between stand-alone and consolidated, essentially represents for the most part, manpower or employees that we are building up for BATL, Bajaj Auto Technology Limited, which is the technology or research arm that Rakesh just spoke about and give you a flavor of what we're doing.

So we're clearly sizing up that organization to be able to invest behind absolutely cutting-edge technology and research. And the other is the fact that we have obviously sized up another set of people for Bajaj Auto Credit. So if you're looking at employee cost in isolation stand-alone and consolidated, the big 2 will really come from those 2 organizations, which are relatively new.

Pramod Kumar: Dinesh thanks a lot for that. Just a clarification. So a lot of these investments related to EV and future technologies are sitting on that particular subsidiary, while we are booking the PLI and other bits on the stand-alone entity, is that understanding right?

Dinesh Thapar: No. So, 2 parts, and you heard Rakesh make a mention of that. The current PLI, etc., is being booked at Bajaj Auto. All sales are booked at Bajaj Auto because you know that over a period of time, we've consolidated everything in the parent entity, which has always been the case, but for the very brief period when we had sales from the other subsidiary. But for the most part, all revenue, all costs insofar as it pertains to electric sits in Bajaj Auto. We are now sizing up Bajaj Auto Technology Limited, really to deliver technology, which will start to be captive. So they will really start to size up their operation, start to expand it. And fundamentally, what Bajaj Auto will do is that Bajaj Auto will either end up paying for services rendered by BATL or pay for a royalty where BATL owns the IP that is essentially the operating model.

So, in whichever case, whether it is the cross charge for BATL when it serves in the role of being a service provider or when it provides technology for which the IP is owned by BATL, the cost for that will be borne by Bajaj Auto. The cost, like I said, could be either cross charge, which is project-specific project related or will end up being a royalty stream for the IP. So that essentially means that all costs pertaining to the electric business eventually will be born and accounted for in Bajaj Auto. What you will see in BATL will be a separate set of financials that will run essentially between the expenses that they incur to deliver the services and the revenue that they will earn from Bajaj Auto through the cross charges and through the royalty stream.

Pramod Kumar: I guess that business will eventually be separated because otherwise, it's the extended R&D arm of Bajaj Auto for all practical purposes. Most of the companies are running it in-house.

Dinesh Thapar: I don't want you to take away saying that essentially revenues being booked over here and cost is being booked over there. That is absolutely not the case.

Pramod Kumar: Yes. Understood. And is it a future plan for monetization, you see a potential monetization event here because this can be also sold to other companies like KTM and your other partners.

Dinesh Thapar: Well, very early thinking. I think there's clearly a job to be done to be able to really both conceive and deploy technology for our own captive portfolio and there's enough of an ask on hand on that. So, let's stick to the near term, which is a priority for them to feed the captive business on both electric and next-gen tech, which is for us. Future opportunities across subsidiary companies will always open up for conversations when relevant.

Pramod Kumar: Yes. And second bit, which I think was part of the first question was the expenses line item on other expenditure being flat lined despite the festive season. Typically, you see expenses rise for everyone. And then as Rakesh will be answering that, just a further question to Rakesh, on the market share thinking because despite EVs, the ramp-up and the kind of success we had in EVs, which is phenomenal, we haven't seen the gain percolate down to the ICE side for whatever reason, right? And our ICE market share is now precariously closer to 10%, 10.5% on VAHAN when you deducing the numbers from VAHAN. So I just want to understand what is the thinking there because at some level, these kind of low market shares and underperformance versus the industry starts hurting the dealer franchise?

While we as an organization are doing very well on exports and product lines and three-wheelers and everything. But what's the thinking there as to how do we kind of get back the market share going higher and benefit from the electrification trend as well?

Rakesh Sharma: Well, on the market share, as I explained in my opening statements, first of all, we are very focused on the top half of the industry, and I have been talking about it earlier as well as in this call. With our number 2 position, I just wanted to clarify one thing, that there is no dealer viability issue. We are growing the dealer network as we want. We have a very healthy dealer network and dealers are, in fact, becoming increasingly engaged. We are finding within the dealer network, huge interest to undertake expansion programs for Triumph and for exclusive Chetak stores. So, operating with this kind of a focus doesn't bring into question any dealer viability issues. We've got some 650 dealers with almost 1,500 branches and showrooms and almost 3,000, 4,000 ASDs, secondary dealers, which is pretty adequate. And then in addition, we have the KTM, Triumph and Chetak network. So that is one point.

Of course, our main issue is that we must strive for leadership in the top half of the segment, which is the 125cc+ segment. There, the performance between quarter 2 and quarter 3 has been stagnant. We have not increased our market share over there. And one of the things is that we have not participated aggressively in the discounting, and it happens in the month of October, etcetera. It was particularly severe, and it is still going on, I have told you, you can check the entry-level price, which is INR65,000, which is at an all-time low. Now we have chosen not to participate in that. We can participate. If there's any company which has the deep pocket, it is Bajaj Auto. But we feel that the profitless growth point always stares us in the face in the conference room. So, we have chosen not to participate.

But we obviously want to expand our market share in the area of strategic focus. And there, like I said, we believe that we will do it through a succession of products, rollout post season has already started. We have hand it back. So you've seen the N125, which came in, which is a very stylistic, youthful 125cc. We have introduced the ABS feature and some of the digital features, etcetera, in several of our models. We have upgraded the Pulsar 150 to the Pulsar 160 twin disc and soon it will come in as a single disc. So, there is a whole lot of these plays, and then we will have some new platforms, so we feel that we are on the right path. We will also need to build the Freedom to get us that share in the 125cc+ segment.

And through the combination of the expanding product portfolio with communication is probably going to be the best in the industry. I mean if I look at comparisons of the kind of innovation, which is taking place, I would say that it is the best. Now that has to translate into shares, etcetera, as we go forward.

Pramod Kumar: And Dinesh, you talked about 1% price increase factor normally for the OBD2B. Does it hold good even for the e-carburetor motorcycles in the 125cc portfolio?

Dinesh Thapar: So I think the question you're asking is the 1%, I'd say on the entirety of the motorcycle portfolio. Obviously, given realizations of the entry levels being lower, the percentage will slightly will be closer to 2%, but I think what you should take away is really 1% on the portfolio from a cost perspective, which is what the OBD2 will have to get priced out for.

Pramod Kumar: Thanks a lot, sir. Thanks a lot and wish you all the best. Thank you.

Moderator: The next question is from the line of Mayank Sharma from Nomura.

Kapil: Sir, this is Kapil. Can you hear me?

Dinesh Thapar: Hi Kapil yes, we can hear you, go ahead.

Kapil: Yes. So sir, just firstly, I wanted to check on the profile of Chetak buyers. Is it a scooter buyer that you're seeing coming in? Or is it the motorcycle buyer also moving to scooters? Just some perspective on that?

Rakesh Sharma: Well, it is largely the scooter buyers. I would say 70% of the buyers would be coming in from the scooter cohort.

Kapil: Okay. So for Bajaj Auto, these are incremental customers?

Rakesh Sharma: Yes. These are incremental customers. There could be people who are owning a motorcycle and sometimes they want second vehicle in the house, and they are choosing. But largely, it is the EV and Chetak, particularly, they are cannibalizing scooters, ICE scooters.

Kapil: Understood. Second, I just wanted a perspective on the industry, particularly motorcycle industry, I noticed that after the festive season, in particular, sales have been quite slow. Would you agree with that? And if you have got any thoughts why that may have happened?

Rakesh Sharma: Well, it's a natural phenomenon, isn't it? Like I said, the first half from April to July, the industry was growing at 6% and was languishing at about 6%. The 36 days of the season particularly the final 18 days of the season had a very high double digit, I mean, high teens growth, which perked up the industry year-to-date growth.

And in the season with the offers, with the communication across categories and with people being in the mood as it's an auspicious and cheerful occasion. So sometimes they advance their purchases. And it's a very regular phenomenon that post season, the growth rates are muted. So we are encountering most of that. And we feel that, therefore, to understand, what is the underlying growth, it should not get distracted by the season, and we should take a longer short view. When we take a longer short view of September to December or April to December, we find sort of a consensus emerging that the growth should be around 6% to 8%.

Kapil: So this is, in your view, temporary ups and downs in demand and you're not reading anything on the consumer sentiment side as such, which indicates any kind of slowdown?

Rakesh Sharma: See, compared to the growth rate of the season, obviously, post this thing, the growth rates are down because the activity is very minimal post season. But having said that, I would certainly say that the growth rate for FY25 is no different from FY24. I mean I would not like to comment on 2 weeks or 3 weeks or a month, because one can draw very, very wrong conclusions by taking such narrow time horizons. But if one were to take a full year view, I would say that, yes, we would have liked it to grow faster this year compared to last year, but the growth rate is very similar.

Kapil: And sir, just lastly, on Triumph, if you could make a comment like what is the plan now to drive growth over there? We've hit a certain number but it's sort of at a certain level now. So will it be more product introductions which are required here? How are you looking at growth over the next 2 years or so in this portfolio?

Rakesh Sharma: Over the next 2 years, certainly, there will be a slew of new products with very different functionality. Yes, Triumph is also steadily moving up. We're now hitting 3,000-plus numbers in the month. And it is on the basis of the 3 products, Scrambler and Speed 400 and the new Speed T4, which all 3 are doing reasonably well. We will continue this growth organically on the basis of network expansion.

Also, we have to understand it's not as if Triumph is a widely popular and very well-known brand. At the end of the day, when you start to go out from the metros into the mini metros and the smaller town, Triumph is absolutely a new brand for people. So as the bikes get on to the road, as we get some scale there, and communication increases, the brand will also start to come to life. So organically, we expect the portfolio to keep growing, then there'll be a little bit of network effect because we will continue to expand our network. And over, let's say, 18 months or so, certainly, there will be an expansion of the product portfolio.

Kapil: Thank you, sir. Thanks. And I wish you all the best.

Rakesh Sharma: Thank you.

Moderator: Thank you very much. Ladies and gentlemen, that will be the last question. I'll now hand the conference over to Mr. Anand Newar, for closing comments.

Anand Newar: Thank you. Thank you, everyone, for joining on this call. Have a good day. Thank you.

Dinesh Thapar: Thank you, everyone. Good evening.

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