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23 October 2024

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

Subject: Transcript of Conference Call held in respect of the Company's Q2-FY25 results

Dear Sir/Madam,

Please find enclosed the transcripts of the conference call held on 16 October 2024 in respect of the Company's Q2-FY25 results.

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

Kindly take this on record.

Thanking you,

Yours faithfully,
For Bajaj Auto Limited

RAJIV NATVARLAL GANDHI

Digitally signed by RAJIV NATVARLAL GANDHI
Date: 2024.10.23 11:05:55 +05'30'

Rajiv Gandhi
Company Secretary
ACS 11263

Encl: as above

"Bajaj Auto Limited

Q2 FY '25 Earnings Conference Call"

October 16, 2024

MANAGEMENT: **MR. RAKESH SHARMA – EXECUTIVE DIRECTOR – BAJAJ AUTO LIMITED**
MR. DINESH THAPAR – CHIEF FINANCIAL OFFICER – BAJAJ AUTO LIMITED
MR. ANAND NEWAR – HEAD, INVESTOR RELATIONS – BAJAJ AUTO LIMITED

Moderator: Ladies and gentlemen, good evening, and welcome to the Q2 FY2025 Results Conference Call of Bajaj Auto Limited. My name is Sagar, and I will be your coordinator. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the initial remarks from the management. Should you need assistance during the conference call, please signal an operator by pressing '*' and 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 of Investor Relations from Bajaj Auto Limited. Thank you, and over to you, sir.

Anand Newar: Thanks, Sagar. Good evening, everyone, and welcome to Bajaj Auto's Q2 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 opening remarks from Rakesh on the business and operational performance of 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 Q2 FY'25 Earnings Call and thank you very much for joining us. Let me begin by first wishing you all a very happy Dussehra and Deepawali.

Q2 has yet again been an outstanding quarter, record revenues of INR13,000 crores with a growth of 22%, driven by domestic, export and spare part sales. Record EBITDA of INR2,653 crores, growing at 24% and crossing the 20% EBITDA margin mark once again. This is a fourth consecutive quarter of 20% plus EBITDA. And that, too, with a growing EV portfolio, which now stands at 20% of domestic revenue. In fact, our green energy portfolio, which comprises the greener fuels of electric and CNG across 2-wheelers and 3-wheelers are at whopping 44% of our domestic revenue.

These results are an outcome of our strategy to drive top line growth, particularly in emerging segments, while maintaining best-in-class profitability through robust operational control. Going forward, we will maintain consistency of this strategy. New growth platforms have been put together in the last 12 months. These are the CNG 2-wheeler platform, the Chetak platform, the E-autos platform, and the Triumph platform. These all are opening up new areas of opportunity for Bajaj. Let's discuss the highlights of them through discussion on each of the SBUs.

Exports business unit. Overall, the steady revival in the overseas markets continues and the number of countries which remain in stress conditions is also slowly reducing. The LatAm region is leading world growth with a 20% year-on-year growth. Asia is now almost at par with previous year, but Africa continues to decline across almost all major markets, though the decline rates have reduced to now about minus 9%. In Nigeria, our benchmark motorcycle sales, as you know, used to be at around 50,000 per month. It had dropped down to 5,000 in April, but retail recovered to about 25,000 levels in September. In the previous quarter, this was 15,000.

So, 5,000, 15,000 going up to 25,000. The recovery over there is expected to be steady, in small steps, and we are watchful of the fragility of the currency, hence we are cautiously optimistic.

LatAm has delivered a record performance with a 20% plus growth, consolidating leadership in several key countries, including Mexico. Mexico is now the world's fourth largest motorcycle market after India, China, and Indonesia. While in stressed markets, we continue to grow with the market, protecting our channel and distributor exposure, but in recovering and growing markets, we are outperforming the industry and gaining share.

Our new plant in Brazil, which had commenced production in June has stabilized and is running close to planned levels. Further expansion of manufacturing has been initiated to increase the capacity to 35,000 units per annum level for FY '26. For this, further investments have been approved by the Board today to increase capacity and prepare for higher working capital requirements. These injections will be done on need basis in phases.

Overall, as expected, Q2 in exports was better than Q1 and Q3 should continue the same trajectory of a 10%-plus improvement over previous quarter. However, due to superior performance in LATAM, the mix is richer. There are tailwinds supporting us on the US dollar rate. Therefore, both revenue and EBITDA growth will be better than the volume growth.

In the domestic motorcycle business unit, the business maintained its strong position in the 125cc plus segment, which in quarter 2 has become 55% of the overall industry. Just to give you a perspective, 5 years back, this was 42%. So, there is a 13-percentage point shift in terms of this segment over 5 years. This completely validates our approach to driving business in the growing top half. In Q2 also, while overall motorcycle industry was flat, the 100cc segment declined by 6%, but the 125cc plus segment grew by 8%. We will continue to build our position through sub-segmenting in the top half and introducing new products for each of the segments.

As we speak today, we have launched a new and attractive sporty 125cc Pulsar, which would make fresh inroads into the youthful buyer cohort. In the 150cc plus segment, as you know, we launched the NS400Z which, along with the upgraded 250s has begun to clock almost 3,000 units in retail. Both are serving to steadily expand the sporty segment in the upper half. Our market share, therefore, in the 125cc segment is at 25%, just 2% short of leadership. Since over 75% of our sales comes from the top half, this has a healthy impact on both top line and bottom line.

Coming to the mileage conscious customers and Freedom 125. Customers have given a big thumbs up to the Freedom's proposition of 50% savings on the fuel bill, its styling, reassurance of range due to the dual fuel capability, the ergonomics of the long seat and comfortable ride due to link mono suspension. Our surveys and engagement with customers have told us that what we had intended in design is being almost exactly experienced by customer in use. We have retailed over 10,000 Freedoms until September, and we expect to hit about 18,000-plus in October, indicating good customer adoption. We are therefore increasing capacity to 30,000 per month in quarter 3 and to 40,000 per month in quarter 4. All of this is based on the encouraging outcome. We've also received very good support from the gas distribution companies who are trying to ensure good customer experience at the CNG pump stations. Freedom 125 continues to hold out a strong promise of absolutely redefining the motorcycle industry. In fact, we are very encouraged that other manufacturers have announced plans to introduce CNG Power 2-wheelers. This will only support the development of the CNG infrastructure and perhaps strengthen the case for a lower GST for CNG Power 2-wheelers along with other alternate fuels like ethanol and CNG.

In commercial vehicles, the 3-wheeler business clocked its highest-ever volume of 140,000 units in quarter 2, of which 16,000 was e-autos. Our e-autos are now available in 700-plus locations and market share in EV has increased to 35%, just a shade short of leadership. The success of our proposition of "Technology Nayi, Bharosa Wahi" is hitting home in our franchise, and we are at striking distance of leadership.

The ICE business maintains its rock-solid performance with an overall market share of 78% in quarter 2. The advancing CNG infrastructure, our solid presence in its combined with the scale up in EVs particularly in markets not available to us thus far, will continue to drive solid top line and bottom-line performance in our 3-wheeler SBU.

Chetak is now solidly in the number three position and was actually at an almost shared number two in September. What is more important to note is its momentum and trajectory, which is just from 10% odd in Q2 FY '24 has hit 19% in Q2 FY '25, almost a doubling of the market share.

The momentum of market share acquisition should increase further with an entirely new refreshed range and upgraded range being launched beginning middle of November. These upgraded Chetak will not only have superior and competitive propositions, but they will also significantly improve our margin structure.

The distribution footprint is being widened further, and we should be available in about 4,000 stores by January. Our strong focus on customer care and brand development will continue through 250 exclusive Chetak stores. The new range combined with wider distribution and exclusive customer care capability position us to mount a strong challenge for overall leadership in 2-wheeler EVs.

Pro biking, this business unit houses KTM and Triumph, each with a dedicated network of sales and service. KTM continues its steady performance in partnership with KTM Austria. Investments are being made to promote new categories of sports biking like Motocross and train young riders for the international circuit. In fact, one of the young KTM trained riders, Shloka won the recent dirt track Motocross race conducted recently in the South.

Triumph made two significant launches in September, an upgraded Speed 400 in a new color range and an easy riding modern classic Speed T4 - on the same well accepted Speed 400 platform, but priced very attractively at INR2,17,000. Already in Q2, domestic sales were close to 10,000 units, up 50% over Q1. With these two new products, we expect to continue the growth momentum. The refreshed portfolio, combined with curated Triumph experience delivered through 120 absolutely best-in-class stores should develop the Triumph brand to be phenome nous with modern classics in India.

Finally, our captive finance company, BACL, continues its rollout steadily with almost flawless execution. About 70% plus of the Bajaj Auto stores have now been covered by BACL, both across 2-wheelers and 3-wheelers, and we are on track to reach 100% coverage by January '25. In September, BACL already started to post a cash profit.

In conclusion, going forward, our imperatives are to drive for leadership in the 125cc plus segment through invigorated Pulsar lineup, aggressively scaling up Freedom 125 and building the Triumph and KTM franchise. Our second imperative is to continue to grow faster than the industry in e2-wheeler through wider distribution and the new Chetak portfolio. Our third imperative is to drive for leadership in the e-auto segment. And the fourth one is to manage the steady comeback of exports, particularly in our large markets and significantly outpace competition in the key markets of LatAm. On this basis, we are optimistic about continued top line growth, a substantial industry-leading green portfolio and best-in-class profitability.

With this, I hand over to Dinesh.

Dinesh Thapar: Thank you, Rakesh. Good evening, everyone, and thank you for joining us today, as always. We are pleased to report yet another record-breaking quarter, one which was marked by several highest Evers as you would have seen in our press release. We had the highest ever revenue from operations, EBITDA, spares revenue, profit after tax without considering the effect of the exceptional item, domestic revenue, commercial vehicle sales, LatAm exports and exports. So quite clearly, it was a quarter of milestones on multiple fronts.

Now before I dive into the financials and walk you through what's driven this performance, let me touch upon parts of the operating context on commodities and currencies, as Rakesh has already covered in detail the context of the markets. On commodities, as we had indicated the last time around when we had spoken, you'd recall I had mentioned that commodity costs were on a slight uptick, especially aluminium and copper at that point of time. They were heating up. But as we progressed through the quarter, we saw slight inflation across the board, led by copper, natural rubber, cast iron, aluminium, and noble metals. Steel really was the only exception that was holding quite steady through the quarter. But the good part is that as the quarter progressed, a lot of this started to ease out. And therefore, when you look at the impact of material cost inflation for the quarter, that number was about 50 basis points. So, commodity cost inflation essentially quarter 2 versus quarter 1, it was about 50 basis points. And then if you recall, I had said on the pricing side at that point of time, we had taken selective price increases at the start of the quarter, which essentially has helped offset about half the commodity cost increase, leaving to absorb the remaining half of the inflationary impact, which as you've seen the margin profile for the quarter, we've been able to manage through the other levers quite well.

On the currency front, the rupee has held relatively steady. The dollar realization came in at 83.8 for this quarter compared to 83.4 for the previous quarter and 82.6 same time last year. These factors have, therefore, resulted in our highest ever revenue for the quarter. We have crossed INR13,000 crores for the very first time, a solid 22% year-on-year growth, driven by robust volume expansion, record spares revenue and importantly, double-digit revenue growth on both domestic and export fronts.

While volume growth was a significant contributor, what truly accelerated this improvement was also a richer sales mix. Higher electric two-wheelers as you would have noted, electric three-wheelers that have started to add in quite appreciably, and Triumph motorcycles, all of which have higher average selling prices, have boosted this growth.

On the export side, we saw gains in Latin American markets. And you recall the last time around when we've spoken, we had said Latin America hit an all-time high. And this time around, we've had another successive quarter of Latin America hitting, again, a new all-time high. It's been a record quarter for Pulsar exports. That has further strengthened our overall export numbers, which registered revenues of approximately $450 million in the course of this quarter. And then, of course, there are spares which has delivered another record on revenue.

On EBITDA for the quarter, we also touched an all-time high at INR2,653 crores growing a robust 24% year-on-year. I think what's very heartening is that margins have continued to hold steady at 20.2%. This is the fourth quarter in the trough, where we've continued to hold the margin at that level. And we're quite pleased about this, considering the significant investments that we've been made in expanding the e-two-wheelers business, which saw volumes move up from 40,000 in the last quarter to 70,000 in the current quarter. Also, the investment in Freedom as it starts to roll out. And of course, we had to manage, as I mentioned, half of the commodity cost inflation that we did not price out. Year-on-year, you would see a margin expansion of about 40 basis points, moving from 19.8% to 20.2%. I'd say, after looking at all factors netting off, that was largely thanks to favourable foreign exchange realization and operating leverage.

While as a company, we've already spoken about it, I want to reiterate yet again as we speak to you that in the entirety of our electric portfolio, which is electric two-wheelers and electric three-wheelers, our EBITDA in the quarter has been flat in absolute terms. Clearly, benefiting from the scale up of the very profitable electric three-wheeler portfolio and cost reduction, which we've spoken about over a period of time on Chetak essentially electric two-wheelers. This portfolio has now sold a milestone 1 lakh units in this quarter for the very first time, which is quite significant in the journey that we've been making steadfastly towards electrification.

Turning to profit after tax. We recorded our highest ever PAT. However, I want to also draw your attention to the one-time exceptional deferred tax provision that we made. So, prior to accounting for the exceptional one-time cumulative deferred tax provision, our PAT was INR2,216 crores. That grew an impressive 21% year-on-year. This, again, is an all-time high PAT performance for the company.

But a quick word on the exceptional deferred tax provision. We had put out a stock exchange intimation when the Finance Act was enacted earlier in the year. But to really talk about this, you'd be aware that the company invest surplus funds in a range of asset classes, including debt mutual funds. And so, in compliance with the accounting standards, the company was making an accounting provision for deferred tax as per applicable rules, taking cognizance of the indexation benefit that was allowed in the erstwhile tax regime on the fair value gain from these investments. The exceptional one-time provision of INR211 crores that we have now taken in our results for the quarter was necessitated by recent amendments introduced through the Finance Act of 2024, which specifically withdrew the indexation benefit on long-term capital gains for debt mutual funds purchased before 1st April 2023 without offering any option on grandfathering for existing investments. Many of you would be aware that the tax rate with respect to long-term capital gains for this asset class was changed from the 20% plus surcharge and cess, which was with indexation to 12.5% plus surcharge and cess without indexation. And so, whilst the headline rate of tax might have been 20%, the indexation impact reduced the effective tax rate to less than half of that number. And so, therefore, with the withdrawal of the indexation benefit and change in tax rate, the accounting provision for the deferred tax on investment income had to be restated.

As I communicated in the stock exchange filings, it is important to emphasize that this provision is being made only to record the deferred tax in line with the applicable accounting standards. And the actual payment of tax, as you'd be aware, would be made at the time, we redeem these investments. The cash outflow towards tax would therefore be different at the time of redemption, depending on the actual gain at that point of time and the actual prevailing tax regime at that point of time. You will also appreciate and recognize that the impact of this one-time change is on the provision for tax, which is essentially the deferred tax. And so far, it relates to the other income or the investment income and is not relating to the operating performance or the operating profit of the company. Post this one-time exceptional deferred tax, headline profit after tax came in at INR2,005 crores for the quarter, but importantly ahead of the INR2,000 crores milestone that hasn't been hit very often, but only on a couple of occasions in this last little while.

As for our cash generation, the track record remains strong, over INR2,000 crores of free cash flow were added during this quarter, and our surplus cash now stands at INR16,400 crores, a very robust position, which allows us to continue to be able to invest in strategic growth enablers. In the first half alone, we've invested about INR1,200 crores with about INR955 crores going into Bajaj Auto Credit as per plan, and the remaining pretty much in the form of capex, primarily for our electric vehicles business.

Let me now spend a couple of minutes to talk to you about our consolidated financials, more specifically consolidated profit for the period. Now you've seen that we've reported a consolidated PAT of nearly INR1,400 crores compared to a stand-alone PAT post the exceptional deferred charge of about INR2,000 crores. This sizable gap of nearly about INR600 crores, primarily arises from the accounting of our share of losses of Pierer Mobility, PMAG, an associate investment of the company. Again, our stock exchange information was put out, but let me spend a couple of minutes to clarify this, and also our holding structure to share a little bit of a context.

So, you'll be aware that Bajaj Auto Limited has a wholly owned subsidiary in the Netherlands called BAIH BV, Bajaj Auto International Holdings, which in turn holds a 49.9% stake in its associate, Pierer Bajaj AG in Austria. The remaining controlling stake in PBAG is held by the Pierer Industries Group. PBAG in turn holds a 74% stake in a subsidiary, Pierer Mobility, PMAG, which is the listed holding company of brands such as KTM, GASGAS, Husqvarna, MV Agusta. Thus, effectively through PBAG, BAIH BV which is our wholly owned subsidiary in the Netherlands holds a 37% stake in PMAG and BAIH BV's results, therefore, form part of our consolidated financials.

Now as many of you would be aware, PMAG published its results for the half year, which is essentially calendar half year 2024 on 23rd August. And in terms of results, PMAG reported a loss of EUR172 million for the first half in contrast to a profit of EUR53 million for the corresponding first half of 2023. And so as for the results announcement of PMAG, the reason described essentially economically volatile and difficult conditions that led to the significant negative results in H1 2024. The main drivers really were a decline in sales due to a challenging economic environment, particularly in the U.S., and that indeed has impacted our exports of KTM motorcycles this last quarter. The other challenge we seem to have had is expenses in connection with the restructuring of the bicycle segment as well as the production and personnel costs in Europe, which are inflating. And for those of you who are interested in the deeper dive on what's underlying their results, you will find that on their website and in their public filings.

But as per accounting practice, we've had to consolidate our share of PBAG's results. We do it twice a year, aligning with PMAG's half yearly financial reporting. And therefore, the loss of the EUR172 million announced by PMAG translates to a loss of about EUR60 million in our consolidated financials and about INR580 crores that we attribute to PMAG's results. It is to be noted that this matter pertains to the business and operations of Pierer Mobility AG and the material impact on our results coming through the BAIH BV route arises really from accounting standards, which require us to recognize the corresponding profit or loss relating to an associate company. So that is indeed a very significant hit that we've had to take this quarter given the challenging context on the PMAG end.

Finally, a quick word on the other subsidiaries, our captive financing subsidiary - BACL and our subsidiary in Brazil, and you've heard from Rakesh that we are making very good progress on both fronts. BACL has made a very definite set of progress and now serves approximately half of our network. Assets under management of BACL at this point of time stand above INR4,000 crores. And the plan is to really complete the national expansion by quarter 4. Our Brazilian subsidiary is also making significant advancements with the assembly plant now fully operational; volumes have continued to step up, and we've nearly hit the rated capacity of the plant and likely to be so in quarter 3. At its meeting earlier today, the Board has approved a further investment as capital infusion of $10 million in a phased manner to really fund for business expansion and the needs of the growing business. The current capacity of the plant in Brazil, if you would recall as we put this out, was 20,000 units annually. And so, a fair amount of this investment that we will likely send across to Brazil in a phased manner will be to fund for expansion beyond 20,000 units.

Looking ahead, you've heard focus areas are very, very clear. Competitive growth in festive season, unlocking capacity and scaling up Freedom, further gains on the electric portfolio, recovering exports, particularly in Nigeria and growing Triumph. And of course, within all of that, looking to sustain margins through the continued dynamic P&L management, while we continue to invest quite substantially behind the electric portfolio, most notably on Chetak and on strategic bets like Freedom. In terms of the commodity landscape, I think in overall terms, at this point of time, it's looking pretty balanced. As we move into the next quarter, some watchouts on rubber, polypropylene, and platinum, but there are others which are looking to be stable to benign. So, on balance, at this point in time, the outlook for commodities for this current quarter 3 looks to be relatively flattish.

With that, let me hand it over to Anand and open the floor to Q&A.

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

Moderator: 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. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

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

Chandramouli Muthiah: Hi, good evening and thank you for taking my questions. My first question is related to Freedom 125. Congratulations on your efforts in building that franchise. You mentioned that you've had a lot of discussions with your customers trying to understand their experience. So just specific to the CNG network, I think we have about 10,000 CNG pumps in India at this stage. What is the average wait period to refuel that most of your customers currently have and related to some of the efforts that you're making with some of the CNG network partners, what sort of the feedback you have in terms of how much that wait period could come down over time?

Rakesh Sharma: So, because we have retailed about 10,000 Freedoms, obviously, we've gone and met a whole lot of customers and also our teams stood at the pumps. Let me tell you, the wait period is probably in minutes or seconds. The support for this innovation has even surprised us. Of course, we have had a very strong engagement process with the 14 gas distribution companies, with the Ministry of Petroleum and Natural Gas and with the Gas Authority of India at the senior most levels and also at their operating levels. And they have recognized the potential in this whole initiative for their business and I'm actually worried that they've gone out of their way and people are not having to wait at all. So, a Freedom 125 owner gets a VIP support into the filling, but we'll, of course, get an eye on the scaleup. So obviously this will not be possible to do when things really scale up. But as things scale up, we've been in discussion and these companies are watching very carefully. And I don't think they will shy away from putting in more dispensing stations and ensuring that the 2-wheeler CNG customer doesn't require to wait. The filling itself takes only less than a minute, a couple of minutes.

Chandramouli Muthiah: Got it. That's helpful. My second question is related to some information you have shared on electric three wheelers. So, you mentioned that now it's available in 700 locations. So, I just wanted to understand if you were to contrast the number of locations where the ICE 3-wheeler is available versus the number of locations where the electric 3-wheelers available. What is the incremental network related growth potential on the electric 3-wheeler business, considering that there is 35% market share in electric 3-wheeler versus 78% in ICE 3-wheeler, just trying to understand what the network gap there is and how that gets bridged over time?

Rakesh Sharma: Well, as things stand, we have reached the 700 number in the opening days of October. The numeric reach is around 1,000 stores, 1,100 stores for 3-wheelers, but the weighted reach I would say with these 700 stores, we are covering almost 90%, 95% of the industry. So, it's not linear because now there is a long tail. And our major task is accomplished with these 700 stores. Now it will just grow organically.

Chandramouli Muthiah: Got it. That's helpful. Just a housekeeping question. Lastly, could you just share what the spares number was for the quarter, please?

Dinesh Thapar: The spares revenue for the quarter was about INR1,500 crores.

Chandramouli Muthiah: Got it. Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Hi Team. Thanks for the opportunity and thanks for the very detailed remark. I'll actually focus on raw material to sales. When we look at that line item, it has gone up by around 130 basis points quarter-over-quarter. In the commentary, you added that commodity net of pricing was a 25-basis hit. Is it fair to assume that the remaining 100 basis points came largely because of electric 2-wheeler?

Dinesh Thapar: Yes, that's right. The largest drag for the quarter was the expansion of Chetak. And very slightly, I'd say the filling in the 30,000 odd units that we put out of Freedom, but yes the bulk of it, let me ascribe it to Chetak expansion.

Binay Singh: Right. And within that PLI incentive which we started to count last quarter, that is getting accounted this quarter as well, right? Is there any change in that accounting?

Dinesh Thapar: No change on that front, Binay. I think the only piece is that in June we put in place the affordable Chetak variant which currently sells between INR96,000 and INR100,000 across states. The PLI approval for that came in the course of the quarter. So, there's a time-phase impact of that, but from a recognition standpoint, no change in the policy.

Binay Singh: And these number you said 9,600, is for the quarter for the entry-level Chetak?

Dinesh Thapar: No. I said we had introduced the affordable Chetak variant, which is priced at INR96,000 or INR100,000 across different states, as we call it which is the Chetak 2901 or 2903 that was launched in June. The PLI approval for that, the certification for that came in only in the midst of quarter 2. And therefore, we have started accounting for PLI or accruing for PLI only after receiving that certification. In terms of policy of how we accrue for PLI, no difference between quarter 1 and quarter 2.

Binay Singh: And just last two questions again linked to this only. When we say flat margins in the EV portfolio which basically means 0% EBITDA margin. So that commentary of flat is basically at the EBITDA level for EV. And lastly, just like we've seen a very good scale up in EV and in fact as we launch more variants that will accelerate. So, when you're guiding for flat margins, we are kind of accounting for the potential because that's basically the one part of the portfolio which is margin dilutive today. So, you are in a way accounting for acceleration in EV in your guidance of maintaining margins?

Dinesh Thapar: Let me explain. I think you've got it, but for the benefit in case it needs to be clarified. I did make a mention that when you look at the electric portfolio, scooters plus three-wheelers put together we are EBITDA flat in absolute terms and therefore, you can assume absolutely margin flat because fundamentally the scale-up of the electric 3-wheelers is offsetting the drag of Chetak. So that's one part. So therefore, the cash burn on the electric portfolio is now flat. There is no cash burn because the two are offsetting. However, in terms of the impact on margins because the enterprise operates at 20 and the electric portfolio is flat there is a drag effect of that and therefore this should have reflected in the gross margin impact.

What I did say in the last comment was that it is like every other company would want, it is an attempt to continue to dynamically manage this P&L, but we'll have to continue to make investments for competitiveness and much of those investments would come on electric scooters and Freedom depending on how the commodity and the competitive context evolves, but the intention is to try and continue to dynamically manage the business for margin.

Binay Singh: Perfect. So that is very clear. Thanks a lot Dinesh. Thanks.

Moderator: Thank you. The next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Good evening, sir and congratulations on this strong quarter. I would like to know about the festive season. How has that gone so far for Bajaj Auto and the industry and what is your outlook for the season? If you could share some color across segments also, that will be helpful?

Rakesh Sharma: The like-for-like comparison with the same days last year and this year till Dussehra, it is bit muted and less than what was the expectation. The motorcycle industry is almost flattish, 1% to 2% growth only. We had thought that it would be upwards of 5%, 6%. We got some indication of this, though Pitra Paksha period is low, but it was much lower than our expectations. So, we had entered this period a little bit, sort of watchful. And if this has to be deconstructed into segments, while the industry in the 100cc segment is in negative, it is marginally positive in the 125cc plus segment. We have declined faster than the industry in the 100cc segment. It's become a little bit of a red ocean there. I'm sure you would have monitored the discounts of up to INR5,000 to INR6,000, INR7,000 on a bike, which is ESRP of INR65,000. So, you can well imagine what is happening out there. But we are moving faster than the industry in the top half.

But beyond this, I must say to you that we should not draw the full seasons conclusions as yet. The places like Uttar Pradesh and all are doing extremely well, but Northeast, some states of the South, which are actually non festive states, they're not doing so well. And I've seen in the past that the last two weeks, the final overs can swing the festive substantially. So, we are waiting for the entire festive to get over and for it to settle and then see how things happen. I don't think we'll reach 8%, 9% growth. I wouldn't be surprised. But I hope that we should be there at 3% to 5% growth as an industry.

Kapil Singh: Thanks sir, very helpful. We look forward to the slog over. Another one is on Chetak. If you could talk about, the volumes for Chetak have increased and you're scaling up there, but you have also come out with new variants. And most of the players also talk about falling battery costs. So, in that context, how have the margins directionally moved for Chetak. I know you don't share the number, but at least directionally, how are they moving? And if you could qualify when you're talking about your flat EBITDA for EV, do you account for the PLI because you've got PLI only for half the quarter for two wheelers?

Dinesh Thapar: I'll take the last piece. When I did make a mention of the EBITDA for the electric portfolio being flat in absolute terms, we have accounted for the PLI. Of the three variants of Chetak that we have in the market, you know that we've got a variant at INR135,000, another one at INR115,000 and the affordable variant that we launched in June ranging between INR96,000 to INR100,000. Of the three of them, two of them were accounted for in terms of PLI for the full quarter because the certification for that had come in much earlier. You recall I had made mention of that in the last quarter's call as well. It is only for the third variant that we had launched in June that the certification had come in the midst of the current quarter, and so only after it came we had accounted for it, right. So different positions on the former two, which were already in existence and a mid-quarter accounting and accrual for the third one that was launched in June.

But yes, to your point, does Chetak PLI and 3-wheeler PLI form part of the electric EBITDA that have cued to be flattish, the answer to that is yes. Have margins improved for Chetak progressively over time? Yes, you'll recall that we had spoken about very significant streams of work that have been put into place on R&D and fundamentally tech. Those obviously have borne fruition. So, if I not only comment on quarter-on-quarter, but essentially over a 4-quarter horizon, I fundamentally say much of the expansion of Chetak that you have seen has been funded largely out of the cost reduction effort, which is the reason why we've been able to grow the portfolio from 20,000 units last year to 70,000 right now without a drag coming in on the overall enterprise margin.

Kapil Singh: Sir, what would be your breakeven level for this business in volume terms?

Dinesh Thapar: Well, the breakeven, I'm getting your question is on Chetak alone. So, two parts to what drives breakeven, right, pricing and cost. And as you heard Rakesh saying that there is a new platform that is in the offering that will significantly reduce costs over and above the cost reduction efforts that we've already seen. So, I can see line of sight on further cost reduction playing out between quarter 3 and essentially quarter 4 as the new platform comes into play.

What I'm not clear about is where will market pricing settle. And you have seen, and you are aware of the extent of discounting that is prevalent in the market, right. So, I can tell you that we will certainly get better on cost structures with the new platform on Chetak that comes out later this quarter. But where pricing settles and how much of that, will get offset by the price table moving down or by discount in the market will determine the path to profitability in the future because our intention is to remain very competitive.

It isn't as much about fixed cost because as an OEM, we already have most of the facilities in place. We don't have to spend substantial amounts of money burning fixed costs in many ways. So, the biggest driver of profitability on this is not really going to come out of operating leverage for us as much as it is between the cost and price equation.

Kapil Singh: And I can assume initially, your focus will be more on leadership?

Rakesh Sharma: Yes, of course. Even last year when our market share was in single digits, we were saying that over a period of time, we are aspiring to be absolutely for the leadership position in both e-autos and e-2-wheelers.

Kapil Singh: Ok Sir. Thank you so much. Have a good evening.

Moderator: The next question is from the line of Amyn Pirani from JPMorgan. Please go ahead.

Amyn Pirani: Hi. Thanks for the opportunity. I had a question on emission regulation first and then maybe some clarifications on the result. In April 2025, we are supposed to have the next phase of OBD norm, if I'm not wrong. So just wanted to get a sense from you, is there any cost call out or any significant inflation that we should be watching out for two wheelers?

Rakesh Sharma: Well, it's not significant. There will be cost increase. It is not that the emission norms are being tightened or anything, but this is the in-use monitoring which is going to be put in place, it requires certain sensors and certain diagnostics.

Amyn Pirani: I was just asking that, should it be in line with what happened when the OBD-1 came in? Or can it be lower than that as well?

Rakesh Sharma: I don't recall exactly the numbers, but it will be in the same vicinity.

Amyn Pirani: Okay. Thanks for that. Secondly, on the festive demand trends that you mentioned, even if we get to, say, 3% to 5%, which you expect, is it something that we should think about for the rest of the year and going into next year? Or is it just you're saying a festive blip because last year festive we saw a surge? Or is this the growth you are seeing going forward for the industry?

Rakesh Sharma: I would say that the industry was thinking that we should be in the zone of 5% to 8% but we'd probably be closer to 5% than 8%.

Amyn Pirani: Okay. That's helpful. And lastly, on Brazil, if I'm right, I think till 20,000 which you are right now, I think the requirements for localization are lower. And since you are now planning to go to 35,000, are there any measures for localization? Or do you already have tie-ups for localization, which are being done there?

Rakesh Sharma: Yes. So, there is a different set of requirements beyond 20,000 and that work has already been commenced. In fact, most of the equipment is in place, but some of the capital infusion, which will take place for some balancing equipment. But the engagement with the vendor has already commenced, it's a lead time of about 7, 8 months. We should be able to wrap this up by middle of next year, certainly by August of next year when the capacity will go up to 35,000.

Amyn Pirani: Okay. And last one, if I can just squeeze in 1 more. The KTM or that entity loss that you have accounted for. Now obviously, I'm getting that there are few one-offs here in terms of the bicycle business. But it's a large loss, even if we spread over 2 quarters. How should we think about this? Is the business improving incrementally? Or should we expect more pain going forward for the next few quarters?

Dinesh Thapar: So, I think, at this point of time, we would be guided by, obviously, the statements that PMAG has put out because they are bound by their regulatory requirements of listing and information access. So, the guidance statement that they have put out essentially, I think is on 26th of August is really what would hold. So, at this point of time, I'd like to keep it at that and not for anything because we just have to stay true to that process. But any development on business and clearly many moving parts of that is best announced and the progress of it, commented upon by them.

Moderator: Thank you. The next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

Jinesh Gandhi: Hi Sir. My question is on Freedom CNG. So, any initial sense on the customer profile which we have, are these customers who have evaluated Freedom 125 against 100cc motorcycle or is this creating a new segment of customers? What is the feedback you're having on the customer perception of Freedom?

Rakesh Sharma: We have understood that the spectrum of customers who have bought Freedom 125 is very, very wide. The largest cohort is from the 125cc segment itself, but the largest itself is only 15%, 20% or 18%. The source of business, is even from 150cc, from scooters, from 100cc entry-level, and 110 cc. So, it's very, very wide and which, in a way, is very interesting and encouraging for us because it is telling us that the sources of business cut across the conventional segments.

Jinesh Gandhi: Okay. That's very interesting. We are also seeing customers from 150cc and scooters as well, that's interesting. Secondly, in last call, we had mentioned PLI would have contributed about 50 basis points benefit at stand-alone level. But given that we have seen increase in share of EVs and more products being qualified in 2Q versus 1Q. Would these 50 basis points be materially higher in 2Q now?

Dinesh Thapar: So yes, I'm not going to go into the reconciliation of Chetak Financials because obviously, there's an expansion impact, there is a mix impact, and there is a PLI impact and material cost. So many moving parts. I'd like to stick to the commentary I made that this quarter, we operate for a period of time on the third variant that we had launched without PLI. As soon as that certification came in the middle of the quarter, we accrued for it. For the rest of the accounting of PLI, the policy remains unchanged relative to what we have done in quarter 1. But I think PLI in isolation is only 1 part of the picture because you've got to see how we are managing multiple lines to be able to fund extension of the electric portfolio.

Jinesh Gandhi: Sure sir. So that's very commendable that we are EBITDA breakeven now that's job well done. Two clarifications. One is at Pierer Mobility, any sense on what could be onetime loss on this for the restructuring expense? If you're aware of that.

Dinesh Thapar: Yes. So, I'm just calling out from their statement. I think they had called out extraordinary impairments and restructuring of EUR75 million in the first half.

Jinesh Gandhi: Okay. That's a very nice number, okay. Got it. And secondly, you mentioned exports are 415 million or 450 million in 2Q?

Dinesh Thapar: I said exports was 450 million.

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

Moderator: Thank you. The next question is from the line of Pramod Kumar from UBS. Please go ahead.

Pramod Kumar: My first question is on the Chetak network. You talked about the product being available in 4,000 stores. So just wanted to get a context on that as to what's our total store count network-wide, and also where is Chetak as we stand today in terms of the network presence?

Rakesh Sharma: We have 250 odd exclusive Chetak stores. And in addition to that right now, we are in about 3,000-odd stores, which are shared with motorcycle business, which are sub-dealers as well as main dealers and their branches. This 3,000 over a period of 3 months or 4 months will go up to 4,000. And obviously, the 250-odd stores are expected to expand because they drive the majority of the sales and more important establishing benchmarks of customer care and brand development is happening through these exclusive stores. It gives us much better ability to discharge those functions.

Pramod Kumar: And Rakesh, what your total network count right now for the traditional business?

Rakesh Sharma: So, the total network count for the motorcycle business would be about 5,000, which includes all the sub-dealers, main dealers and branches. And then separately, you obviously have KTM and three wheelers, etcetera.

Pramod Kumar: So anyway, we have more runway for Chetak expansion beyond 4,000 as well as the demand kind of evolves in smaller markets?

Rakesh Sharma: Yes, exactly. It depends on how grassroot level demand is.

Pramod Kumar: And sir, sticking with EVs. You talked about a new variant – is it a new variant or is it going to be a new model under the Chetak umbrella or a new variant under the Chetak umbrella? Because we've stuck with Chetak so far for the entire lineup. So, are you looking at a new sub-brand, which is different than Chetak with different positioning? Or how should one think about it?

Rakesh Sharma: By the way, we are not stuck with Chetak. It's a very conscious and deliberate decision and we consider it to be a very important asset. There are a lot of people who are coming to Chetak because they're very, very fond of the brand. So, Chetak is our umbrella brand for scooters. We will continue to have a portfolio of different models under the Chetak umbrella. And so, to that extent, the franchise of Chetak will grow.

Chetak obviously started with one product, but the portfolio is being expanded. So, what you will see from middle of November onwards is I don't know how you perceive a variant or a model, but there will be a few new Chetak beginning mid-November to Jan.

Pramod Kumar: No, because what I wanted to understand is like is it a new brand or a new sub-variant with a new design?

Rakesh Sharma: No, it will be Chetak in this similar styling, but with much better propositions.

Pramod Kumar: Sounds good, sir. No, no, when you have a new design that brings more uniqueness and more footfalls in dealerships. That's the only reason why I ask that because you've seen that with guys like Ather who expanded the design language and volumes have expanded. So, I was just trying to probe on that.

Second question on the financial side. Revenues have jumped quarter-on-quarter by 10%, exposure also done well. You've stepped up your efforts on campaigns and launches as well. So can you just explain in that context, why would be our other expenditure be marginally down quarter-on-quarter in absolute rupee terms and even employee expenses fall by 10%. Because if I recollect 1Q, when there was a sharp jump in QoQ, you said it was more like recurring kind of and there was no one-off. So, if you can just help us understand these two cost structure movement quarter-on-quarter?

Dinesh Thapar: Sure, Pramod. Let's first talk other expenses. Look, I think the difference in other expenses is just so marginal that there is really nothing to call out because it spreads across very, very nominal numbers across multiple lines. So, the quarter-on-quarter impact, which is under INR10 crores, just take it as give or take, across multiple lines, none of which is worthy of call out. On a year- on-year basis, you're seeing a step-up. That step-up potentially is coming from three reasons. The first, because overall volume has moved up. So, coming in from all things to do with volume, right. Its volume-related expenses. The second is stepped-up investments behind marketing. The third essentially is on accounting for royalty that we have for Triumph, as Triumph as scaled up. So those are the three factors which have accounted for the movements in the other expenses year-on-year.

As for the employee cost, why is employee cost this quarter lower compared to the previous one. Fundamentally, a few reasons. One, last quarter had a leave encashment true-up that was done because the exercise was concluded then. Therefore, it was a one- off, which was trued up and the impact of which happened the last quarter. The second is that we've had a state of retirements that happened on 30th of June, which would have got accounted for the quarter. That number is not reflected in the current quarter because those people were in a sense not backfilled. The third was onetime expenses as you get to the start of the financial year. There are host of the onetime expenses that happen. This is really on welfare, on EDLI, on uniform, etcetera, which sat in quarter one. The last fourth one was a slight transfer of employees that we did to our R&D in technology subsidiary Chetak technology. That's, therefore, reflected in it. Essentially, these four factors which have led to the drop in the employee cost between quarter one and quarter two.

Pramod Kumar: Sticking with just one more color on the financing arm, it's kind of shaping up quite well. If you can just help us understand what's the share of financing, what that entity had for Bajaj Auto vehicles which were financed? And also, what's the AUM split looking like in terms of what's the exposure outside of Bajaj Auto vehicles? And any plans that you have on the milestones on loan growth, AUM, or anything which you can share there, sir?

Dinesh Thapar: Quickly to give you a sense - very good progress, very much in line with plan, likely an acceleration of timelines on completing the national rollout, which will happen by quarter four. Exit September AUM was about INR4,000 crores. It has now acquired since the time it started about 250,000 accounts, but that number is poised to grow exponentially in the back half of the year as we complete the national expansion. In terms of penetration, at this point of time, the penetration of captive financing, is in a sense about nearly, I'd say about 50% standing both the 2-wheeler and 3-wheeler business.

Pramod Kumar: Thank you.

Moderator: The next question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan NL: Thank you sir for the opportunity. Festive greetings to you. Firstly, to Rakesh, sir, for Africa region, the quantum of fall has come down in Q2, assuming the same run rate continues in Q3, would Africa turn positive on a Y-o-Y basis? Would that understanding be correct?

Rakesh Sharma: I'll have to check those numbers, but it might be mildly negative to mildly positive, if that run rate continues.

Raghunandhan NL: Got it sir. On the new products, in November, we have that Chetak more models coming in. Apart from that, for e-rickshaw or CNG three wheeler variants, any thoughts or time line you can share?

Rakesh Sharma: Well, like I said in the 2-wheeler side, we are starting from mid-November onwards. We will also introduce a couple of new models between end of November and January in the 3-wheeler portfolio also. This will be additive to the two which we have currently.

Raghunandhan NL: And on the CNG 2-wheeler side, sir?

Rakesh Sharma: In the CNG 2-wheeler side, the platform allows us to expand both into the 150cc and the 100cc zone, but for the moment, given the kind of requirements we have and the capacity and the supply and demand balance, we are focusing on the three models which we have, two of which have got rolled off, but the third one is just getting into the system. So, we'll focus on that and saturate the market with these three first.

Raghunandhan NL: Got it sir. On the NBFC entity, INR950 crores is the investment so far. Going forward, what would be the target investments by end of the year or by next year? Once you reach all India rollout, how do you see that share of financing for the NBFC?

Dinesh Thapar: I mentioned this the last quarter, or the previous quarter before that, that the Board had approved the capital infusion of about INR2,300 crores into Bajaj Auto Credit Limited, which is essentially to provide for an equity contribution of about 20% that we are targeting for that entity, of which INR955 crores has been infused in the first half. Second half, I expect that we might end up doing another INR1,200 crores to INR1,400 crores.

Given the sizable AUM that we will likely hit, all going well per plan that number on AUM should hit about INR10,000 crores by the end of this financial year. And so, in that context, I expect capital infusion to be anywhere in the range of about INR2,200 crores to INR2,300 crores that the Board has approved.

Raghunandhan NL: Got it sir. Thank you so much for this. Wishing all the best and a happy festive season.

Moderator: The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.

Mumuksh Mandlesha: Thanks for the opportunity and Happy festive season to all. Sir congrats on the CNG success. Can you just give your sense on the market size opportunity for this product? Can you share what number of touchpoints we have covered and what could be the market to the touchpoints that we cover in the next period of time. Also, on the CNG side, can you share how will be the margin for this product as it scales up to normal levels?

Rakesh Sharma: We didn't catch you completely as the audio wasn't good. I got only the first part, which I think you're asking about the addressable market and touch points. So, we do about, let's say a million bikes per month in India, right. And 70% of these are 125cc or below. Not to say that we are not getting people from scooters or from 150cc bikes but keeping that aside. These are spread over about 580 cities and towns, and the CNG network is in 355 of them. These 355 towns and cities account for about 70%. In a sense, you can say that the addressable market is almost half of the mileage conscious motorcycle customer, which amounts to about 0.5 million or so. This is the addressable market. But like I said, I have not taken into account people in the scooters and people who are in the higher CC ranges. We are now in 350 towns through all our dealerships. I think 500-odd dealerships are there along with the sub-dealer network. So, we are now present in all these places.

Mumuksh Mandlesha: So basically, we've covered the whole market in terms of the CNG product?

Rakesh Sharma: Yes. By this month. We have covered 95% of the addressable market in the beginning of October.

Mumuksh Mandlesha: And just on the margin side for this product, once it reaches a good scale, how do you see the margin for the product?

Dinesh Thapar: So, at this point of time, we are clearly making an investment behind growing the Freedom franchise. So, margins are not clearly close to where the rest of the motorcycle portfolio might be. It's a very conscious decision that we've taken to really drive, like I said, this product is a strategic priority. And so, we'll watch the space going forward.

This product at the moment entails GST of about 28%. There's a larger conversation happening and on where GST might go, that might alter the economics if and when that happens. But at this point of time, we're clearly taking the discretionary core to invest significantly behind growing it. And so, I expect the margin profile of this product for the next couple of quarters would clearly not be accretive to the overall number. But again, this is something that we will have to find a way to try and manage across the broader enterprise.

Mumuksh Mandlesha: Got it Sir. Lastly, just on the exports demand where the recovery pending mainly in Africa side, and you have mentioned about the focus interventions. Just a little more on the interventions that we are implementing in the market and how you're seeing the impact of the interventions in the market?

Rakesh Sharma: We identified that Africa was going to be underperforming for some time, because these are macroeconomic troubles, which many countries are facing because of the volatility of the currency. And it's a fragile situation. We have focused very hard on places like Mexico. I think we got Mexico at just the right time. In Mexico, the motorcycle industry is growing up by 25% or so. And I can tell you that in the sports segments, we've already acquired leadership, and we are a brand to reckon with over there now. And that has really been helpful because we got it early. It's not easy. This is not like India. It is not easy to build market share over there because we are just starting. I mean, the journey in a lot of these markets is just 5 or 10 years old, and it takes time to reach customers, distribution, etc. So, there were a lot of interventions, which we have done in the markets where we felt, which are of meaningful size and had the tailwind. So, I would say Central American countries, Mexico, Colombia, Peru, these are the markets which have done well, and they've done very well for us.

The interventions have been in the form of a rapid introduction of some of our latest ranges. In fact, the sales of Dominar in Mexico beat the sales of Dominar in India, for example. Besides that, there are also markets like Turkey and all, where we've done outstandingly well, because we identified and we have worked there for almost 3, 4 years bringing in compliant products. And we have deliberately attacked these markets from the top. There's a big cheap market in places like Turkey and even Brazil, etcetera. But we are coming from the top. So, our intervention in terms of best-in-class distribution and in terms of attacking the market from the top end is very helpful in building the brand. So those are the kind of things which we have done in places like LatAm and Turkey, etc.

Mumuksh Mandlesha: Anything specific in Africa market, sir?

Rakesh Sharma: In African markets, we've got a very good retail network as opposed to most of other companies, Chinese, etcetera., who deal with wholesalers. We've got a very good retail network. And a lot of it is exclusive. And the whole attempt has been to keep the flock together, to not burden them with exposure through stock, to work with them for a very localized activation and support them, so that the attrition of the network is minimized.

Mumuksh Mandlesha: Thank you, sir.

Moderator: Thank you. The next question is from the line of Pramod Amthe from InCred Equities. Please go ahead.

Pramod Amthe: Thanks for taking the question. The first 1 is with regard to E-3 wheeler, you are almost nearing the market leadership position in the E-3 wheeler passenger. So, in that context, I wanted to just check what is your thought of transitioning entire portfolio of ICE into the E-3 wheelers, what's the timeline you are looking at? And is it feasibly possible considering the user cases in the E-3 wheeler passenger. And similarly, the type of success you had in goods on the E-3 wheeler is looking better than the traditionalized ICE goods segment. So how are you planning to sustain it and build on the E-3 wheeler goods?

Rakesh Sharma: E-3 wheeler cargo, you mean?

Pramod Amthe: Yes, cargo.

Rakesh Sharma: See, our intent is not to direct the floor in this way or that way. Our approach is that multiple fuel systems will coexist, because there are multiple use cases. And we, for example, believe that CNG 3-wheeler will continue to thrive because, a) the infrastructure is very supportive; b) the economics is not very different and c) there's a very high degree of reliability or perception of reliability and faith with the three-wheeler drivers on the Bajaj CNG business.

So, we feel that what will suffer will be the things like diesel and to some extent petrol but CNG, to some extent LPG, electric in due course of time, CBG and ethanol, they will all coexist, and we are preparing ourselves to be on top of all these fuel technologies so that we can service the customer were whichever pathway the customer is coming from. And yes, we have a tremendous franchise there. We introduced our e-autos a bit later because we went back to the drawing board because we wanted to put in a product, which delighted the customer the most.

And you can see between August last year and now, we are already at 35% market share, and we had not even covered the country. That has just begun to happen now. So, through managing all these fuel systems, we will be in a fantastic position to engage with all types of potential customers, which will just have a synergistic effect and strengthen the overall proposition of Bajaj Auto 3-wheelers.

Pramod Amthe: And looking at the product portfolio in 3-wheelers, do you see more product introduction possibly in E-3 wheelers currently, if I'm not wrong, the rating of the power is relatively lower versus the peers. What's your thought of product positioning or offerings possible in the next 1 year or 2 years?

Rakesh Sharma: We are going to substantially expand the 3-wheeler range on the electric side. And that process is starting from end November, and you will see almost every month a new product entering our stores.

Pramod Amthe: And the last question is with regard to the captive finance. What is the penetration level of captive finance in your electric portfolio versus the ICE portfolio?

Rakesh Sharma: That is in the 30%, 34%.

Pramod Amthe: You mean to say it's both the same, irrespective of the fuel system?

Rakesh Sharma: No, I thought your question was penetration of our captive finance company in financing of E-2-wheelers? For ICE it is 50%.

Pramod Amthe: Thanks, and all the best.

Moderator: Thank you. Ladies and gentlemen, we would take that as a last question for today. 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 you a very Happy Diwali. Thank you.

Dinesh Thapar: Thank you everyone, Happy Diwali.

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.