



## Q1 FY25 - Earnings Conference Call

**July 31, 2024**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY '25 Earnings Conference Call of Maruti Suzuki India Limited. 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 presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pranav Ambaprasad. Thank you, and over to you sir.

**Pranav Ambaprasad:** Thank you, Dorwin. Ladies and gentlemen, good afternoon once again. Welcome you all to the Q1 FY '25 Earnings Call. May I introduce you to the management team from Maruti Suzuki. Today we have with us our Chief Investor Relations Officer, Mr. Rahul Bharti and CFO, Mr. Arnab Roy.

Before we begin, may I remind you of the Safe Harbor. We may be making some forward-looking statements that have to be understood in conjunction with the uncertainty and the risk that the Company faces. I would also like to inform you that the call is being recorded and the audio call and the transcript will be available at our website.

May please note that in case of any inadvertent error during this live audio call, a transcript will be provided with the corrected information. The con call will begin with a brief statement on the performance and outlook of our business by the Chief Investor Relations Officer and Executive Officer Corporate Affairs, Mr. Rahul Bharti, after which we will be happy to receive your questions.

I would now like to invite our CIRO, Mr. Rahul Bharti. Over to you Sir.

**Rahul Bharti:** Thanks Pranav. Good afternoon, ladies and gentlemen, and thank you for joining us. Before we come to the results, first I'll share the major business highlights of the first quarter. In April '24, the Company at its Manesar facility commissioned an additional vehicle assembly line having the capacity to manufacture 100,000 units per annum. With this additional assembly line, the total manufacturing capacity at Manesar facility stands at 900,000 vehicles per annum.

The Company launched its fourth generation Epic New Swift in May '24. As a market leader, the Company took on the responsibility to re-energize the hatchback segment, at a time when this segment really needs a catalyst for growth. The fourth generation of Swift is equipped with a modern Z Series engine and loaded with a host of new technological features that make the product high in safety, comfort and convenience, and very friendly for the environment.

So far, the consumer acceptance for the new Swift is overwhelming. We are confident that the New Swift will bring excitement in the hatchback segment.

In a constant endeavour to enhance customer convenience, the Company keeps augmenting the sales and service network to reach closer to customers across the country. Recently, the Company achieved a significant milestone of setting up over 3,000 Arena sales outlets and over 5,000 service touch points. The Company is also accelerating its efforts to increase the share of sustainable and renewable energy across its operations. The Company is using multiple sources of renewable energy such as solar power and compressed biogas. The Company's captive solar

capacity stands at about 43.2 MWp as of financial year '23-'24 and is targeting to scale it up to 78.2 MWp by financial year '24-'25.

The Company has established a small biogas plant at Manesar which started operating from June'24. Given the local availability of biofuels, the Company is very optimistic on the potential and the role of biofuels towards the decarbonization journey. The customer acceptance for CNG vehicles continues to increase, and in quarter one of this fiscal year, every one in three cars sold by the Company in the domestic market was a CNG vehicle.

Now we come to the business performance in Q1 FY25. The Company sold a total of 521,868 vehicles during the quarter, higher by 4.8% compared to the same period previous year. In the quarter, the sales in the domestic markets stood at 451,308 units, up by 3.8% over that in Q1 FY24.

The export sales were at 70,560 units, a growth of 11.6% over Q1 FY24. In domestic market, the demand for PVs was muted to some extent, largely due to the heat wave and elections which kept many potential customers away from our showrooms. Recognizing this challenge, we enhanced our efforts to reach out to customers through various means. Additionally, we launched the new Epic Swift and also introduced a dream series to generate excitement and interest among potential buyers in the small car segment.

We also increased the capacity for supply of Ertiga, and the supply of CNG vehicles as a segment. To further get the attention of customers, we raised our discount offerings, making our products even more attractive. As a result, despite the less-than-ideal market conditions, we could achieve retail sales nearly at par with the previous quarter. We also get a sense that there are indeed customers in the market, but might be waiting for an auspicious period or more attractive times to make their purchase.

We are further increasing our focus on improving retail sales. Going forward, a better monsoon season coupled with the onset of the festive period is where the industry is pinning its hope. It may be noted that so far, the industry performance is broadly in line with the indication given at the start of the year. Going ahead, one should keep in mind the high base of the industry of the last year, while assessing our growth expectations. On exports, the Company continued to maintain a healthy growth in sales volume. The Company gets nearly 40% share of India's total passenger vehicle exports in Q1 FY25.

Coming to the financial results, during Q1 FY25, the Company registered net sales of INR338,753 million as against INR308,452 million in Q1 FY24. The net profit for the quarter rose to INR36,499 million from INR24,851 million in Q1 FY24, a growth of 46.9%. This was broadly on account of cost reduction efforts, favourable commodity prices and foreign exchange.

Since investors look for a sequential comparison also, let me share. On sequential basis the raw material to net sales ratio has softened to the tune of 90 basis points. If you recall, we had a one-off adverse element in Q4. So, in Q1 FY25, out of the 90 basis points, improvement in the RM to net sales ratio, about 60 basis points is contributed by reversal of this one-off element.

In addition, in Q1 FY25, there were some marginal benefits of commodities and forex which was partially offset by increased discounts. The other factor for margin expansion is operating income. This head comprises of various income such as scrap sales, extended warranty, income from businesses, etc. There is some seasonality in this head, as we had seen in Q1 FY24 also.

The operating income has contributed to margin expansion to the tune of 70 basis points. Besides the manufacturing and admin expenses also contributed to margin expansion to the tune of 30 basis points. As the volume has sequentially reduced by 10.5%, there is negative impact of operating leverage to the tune of 80 basis points.

Employee cost usually increases in Q1 due to factors like wage increase and have some seasonality. There was about 30 basis points increase in advertisement expense owing to the Swift launch and the T20 World cup. So, summing up this, it explains the increase in EBIT from 10.8% in Q4 FY24 to 11.1% in Q1 FY25.

We are now ready to take your questions along with my colleague Arnab San and your feedback and any other observations that you might have. Thank you.

**Moderator:** Thank you very much. The first question is from the line of Pramod Kumar from UBS. Please go ahead.

**Pramod Kumar:** Yes, thanks a lot for the opportunity, and congratulations on what appears to be a very good set of numbers operationally. So, Rahul San, my first question is, what were the average discounts for the quarter? because you did say that discounting pressure has increased. So, what is the average discount we incurred this quarter for vehicle?

**Rahul Bharti:** We were about INR 21,700/vehicle approximately.

**Pramod Kumar:** So that compares to INR 14,500/vehicle discount what we had in Q4 FY24, is that right?

**Rahul Bharti:** Correct.

**Pramod Kumar:** So just help me understand this, the margin print what you have posted, because whatever you said, there is no one-off as such in terms of any lumpy item or any one-off gains as such, and there would be an operating utilization right now. So, at what levels are we operating in terms of capacity utilization at the plant level?

**Rahul Bharti:** So, capacity utilization, we are about around 85%.

**Pramod Kumar:** So, we are nowhere close to the kind of capacity utilization what some of our peers are operating at. We have very high discounts in most of our categories. And we had operating deleverage, which was quite severe. So, what I'm trying to understand is like what is driving this kind of margin, is it the CNG led mix which is aiding our margin or profitability to an extent of the product mix itself within CNG, automatic and other things. So, if you can just help us understand the reason for this resilient margin, because as I see, employee expenses have also gone up meaningfully, even on a sequential basis and other expenditures have not reduced meaningfully quarter on quarter, despite the operating deleverage.

So, what I'm trying to understand is that effectively, with this kind of adverse environment, if we're reporting this kind of profitability, what should one expect if the operating environment gets better in terms of both demand discounts and new launches? Are we looking at a much significant operating margin band for the Company going forward?

**Arnab Roy:** Okay, Arnab this side. I'll try to answer your question. As Rahul San explained, we had higher discounts, but we had some favourable impacts also. We had a favourable impact on commodity, we had a favourable impact on forex. Overall, there has been a prudence on cost, which was also highlighted in some of the points. We had good saving on power and fuel, we had some good savings in other operating costs. So, all of that is contributing to this mixture.

**Pramod Kumar:** And how important is the product mix as an element sir?

**Rahul Bharti:** Pramod, it depends on many factors, so we don't take too much into account. As a market leader, our effort is to cover every segment, every product, every powertrain and cover the maximum. So, we don't pay too much attention to the mix.

**Pramod Kumar:** Fair enough, Sir. On the demand environment, if you can just help us understand, you did call out heat wave and other impacts, but how do you see the demand from your vantage point currently, given the introduction of 'Dream series' and how is the inquiry and other general walk-ins shaping up, and how should one expect the festive season to shape up? I understand the higher base, but sequentially, how should one read the demand trend from here on, and any signs of any green shoots or any bottoming out of demand in entry level category?

**Rahul Bharti:** Okay, first of all, let me mention that India is at a very good level already. 42 lakh car sales in the domestic market last year globally compares very well. And India has a lot of potential also going forward. We have a long way to go. So, along the way, if there is some lumpiness or there are some commas or full stops or semicolons, it does not matter much to us in the extreme short term. We are here for the long term.

And in the beginning of the year, as per the industry body SIAM the growth expectation is not very high. Now, that could be because of several reasons. It could be because we've grown up quite a bit in the recent past, so, the market takes a breather. It could be for several other reasons also, like elections or the heat wave, etc. But broadly, the fundamentals in India are intact.

Of course, the short term is muted, and we all know that. But we are not worried about demand. Demand will come sooner or later. When you talk about granularity, rural is doing better than urban. It continues to do good for us. Rural has been doing better than urban for a long time now. I hear that there are other segments, like two-wheelers and FMCG which have suddenly shown some improvement.

In terms of small car segment, as I mentioned in my opening thoughts, we launched an exciting new model like the Swift. We had 'Dream series' limited edition that helps generate some excitement in the market and keeps bringing the customer back to the showrooms. So, to that extent we are trying to arrest the decline, but we think India has a long way to go.

**Pramod Kumar:** Fair enough. I'll get back in the queue. Thanks a lot and best of luck.

- Moderator:** Thank you. The next question is from Raghunandhan N L from Nuvama Research. Please go ahead.
- Raghunandhan N L:** Thank you, sir for the opportunity. Congratulations on strong margin performance. Sir, my first question was on the raw material cost. In opening comments, you indicated that RM Q-o-Q basis or gross margin Q-o-Q basis has improved by 90 basis points. Out of that 60 was one off. So, remaining 30 would be largely from commodity and forex benefit. Would that be right understanding. And also, because recently non-ferrous there was some increase, do you see any commodity price increase happening for Q2 FY25?
- Arnab Roy:** I will take the question. So, if you see it's contributed by few commodities such as steel and PGM. So, both are contributing on the commodity
- Raghunandhan N L:** Got it sir. And going forward, do you see any negative impact?
- Arnab Roy:** It's a continuously moving thing. You have to keep monitoring. Very difficult to put a crystal ball and say in which direction it will change.
- Raghunandhan N L:** Thank you, sir. My second question was on the demand side. So, number one, as you alluded in your comments that rural is doing better, are you seeing an increase in the share of first-time buyers post the improvement in rural? I think pre-COVID it was 47%- 48% and it had come down to about 40% to 43% in FY '24. Are you seeing this segment coming back, and how do you think that could impact positively the hatchback demand, maybe by second half or next year? That is one part, second, if you can also talk about the recent road tax rebate on hybrid in UP. So, has that been implemented? Are you expecting other states also to follow? Your thoughts on that. Thank you.
- Rahul Bharti:** As far as the first-time buyer percentage is concerned, that remains fairly flat around the level you mentioned between 40% to 43%. In UP, we have seen that the policy that they had announced in October '22, was not implemented because of some very operational reasons in the Vahan database. So that implementation has happened, and customers are now getting the benefit of that. Thanks to the UP government on road tax saver on strong hybrids.
- Raghunandhan N L:** Got it, sir. Lastly, sir, if you can share the exports number, export revenue and royalty percentage for Q1 FY25. And also if you can talk about which regions you are seeing growth in exports?
- Arnab Roy:** Okay. Exports number for Q1 FY25 was 70,560 units. And for your second question, the royalty was about 3.5% of net sales.
- Raghunandhan N L:** I was referring to export revenue number, sir.
- Arnab Roy:** Okay. You want in value terms. Okay, just a minute. So, the export revenue was about INR 4,700 crores.
- Raghunandhan N L:** Thank you. And your thoughts on which regions are doing well? Recently also we had an export month, in which the number was more than 30,000 in a single month. Where are you seeing the growth and how do you see the outlook? Would you retain the three lakh kind of outlook for full year?

- Rahul Bharti:** Yes, as of now, we believe that three lakh is an achievable number for the full year. The growth regions were Middle East and Latin America. They have shown good growth. And so now all three zones -- Africa, Latin America, Middle East are at a high. The Jimny has become the largest exported model in Q1, followed by Dzire, Baleno, Fronx, and Grand Vitara. Fortunately, we are well diversified across about 100 countries, so we are fairly de-risked also.
- Raghunandhan N L:** Got it, sir. Thank you so much and wishing all the best.
- Moderator:** Thank you. The next question is from Kapil Singh from Nomura. Please go ahead.
- Kapil Singh:** Hi, good evening, sir. Congratulations on the strong performance. Just one clarification before I ask the question. So, this quarter's raw material to sales, does it include any element of reversal? Did I understand that correct? And what is the nature of that?
- Rahul Bharti:** So, what I mentioned in the opening thoughts were, in the previous quarter, Q4 FY24, there was a one-time adverse element of 80 basis points. In this quarter, Q1 FY25, within the 90-basis points improvement in raw material to net sales ratio, the element of reversal of that one time was 60 basis points.
- Kapil Singh:** Okay. So sustainable margins, if one has to see, one has to adjust for that 60 basis points. Is that the right way to look at it?
- Rahul Bharti:** The current level is what we are looking at, if nothing else changes for the future.
- Kapil Singh:** Okay. Perfect. That helps. So, one question was that we are seeing pretty healthy ASPs and margins also. Is there a thought process here that we redeploy some of these gains to drive a stronger volume growth given that market conditions are looking tougher. And where are your inventory levels right now?
- Rahul Bharti:** So, there is no such thought at the moment. We will have to look at the market closely, and it's not an automatic phenomenon that you infuse something into the market and sales will pick up. Plus, we don't know how long is the benefit of commodities. So, it's too early to make any such assessment. And our inventory was at a fairly manageable level, slightly higher than optimal.
- So, normally we talk about 30 days. If we go below 30 days of inventory, then there would be some variant, some color which is not available for the customer. So, 30 days, in any case, we should maintain. At quarter end, we were at about 37 days, which is fairly fine and manageable.
- Kapil Singh:** Sure. And second question was on hybrids, just as you know where the current taxation regime is in India, do you see hybrids as a technology being viable, and would you be investing in the technology for future products at current level of taxation?
- Rahul Bharti:** Good question. So, it's a very potent, powerful technology. It is nationally very beneficial because without the challenge of charging infrastructure, customers can widely adopt it. It is scalable and it gives you a 35% to 45% fuel efficiency improvement. It gives you a 25% to 30% CO<sub>2</sub> improvement.

So, both the national objectives of CO2 reduction and oil import reduction are strongly met by this. And it seeks to convert pure petrol, diesel engine cars into hybrid cars. So, it is a technology that we are quite positive about, optimistic about, and of course, along the line, I would believe all other stakeholders would also see the benefits.

**Kapil Singh:** Okay, what is the experience from Uttar Pradesh market? Is there a significant increase in adoption after the change by the Uttar Pradesh government?

**Rahul Bharti:** I think too early to conclude.

**Kapil Singh:** Okay. Right, sir, thanks. I'll come back in the queue.

**Moderator:** Thank you. Next, we have Binay Singh from Morgan Stanley. Please go ahead.

**Binay Singh:** Hi team. Thanks for the opportunity. Three questions for me. First is, last year in Q1, you called out that there was retention payment that you had done. There was an 80-basis point one off in staff, and we did see staff cost actually taper down in the following quarters. Any number you want to call out in this quarter on staff which is specific to this quarter?

**Arnab Roy:** Yes, I think it was not one element. I think there is a combination of this. Usually if you see from a trend perspective, during the quarter when you have the wage increases and other things which come, that's part of a normal trend which is coming in. Of course, there were some offsetting effects of what you just said. So that's one of the things which is coming in, and mainly the wage inflation part, which is coming this quarter. So, it's a net off both.

**Binay Singh:** Okay. So, like last time, I think we called 80 basis points as one-off on retention related payments

**Rahul Bharti:** The total was 80 basis points across several factors.

**Binay Singh:** Okay. So, in a similar way, the trend will play out this year broadly

**Arnab Roy:** Are you able to hear us?

**Binay Singh:** No, we couldn't hear your response.

**Arnab Roy:** Okay, so as we were explaining, it's a combination of two to three things. So, it was not 80 basis points. It was in the range of, I think, 20 to 25 basis point, which was there in terms of the numbers. So that is a one-off that you rightly pointed out. It has come back, which has got offset by the regular wage increase, which is there in the quarter. So, what you see is a net impact of that.

**Binay Singh:** Right. And sir, secondly, just on the CAFE 3 norms, we do understand it's very stringent. Is there full clarity that they'll get implemented from April 2027? And secondly, so some of your peers are saying that they need to sell 20% to 30% of portfolio as electric vehicles to meet those norms. What percentage will Maruti target to meet those norms?

**Rahul Bharti:** At least on the date part, I think there's a fair amount of convergence that it should begin from 1st April 2027. What CAFE does is it allows you a portfolio of several technologies. Each one of them have their own CO2 footprint, and the weighted average of that should be within a



particular target. That target is itself determined by the weighted average kerb weight of the fleet. So, you need the whole portfolio's weighted average to be cleaner than the past. So, people can adopt multiple paths. We can put more weightage on a particular technology. Each manufacturer will follow its own powertrain strategy or CO<sub>2</sub> strategy. So, it's flexible.

**Binay Singh:** So even the super credit, which I understand for EVs, PHEV, HEV is different. Is it finalised?. And is the penalty per vehicle finalized if you don't meet the norms?

**Rahul Bharti:** The penalty was enacted in the Energy Conservation Act, so that is already in hard print. There are some off cycle CO<sub>2</sub> reducing technologies, and there are some volume derogation factors, which are under consideration by the policy makers.

**Binay Singh:** Great team, thanks. I'll come back in the queue.

**Moderator:** Thank you. We have the next question from Aryn Pirani of JP Morgan. Please go ahead.

**Aryn Pirani:** Yes. Hi. Thanks for the opportunity. Most of my questions have been answered, but basically, I just want to go back to the first-time buyer. Now, would it be fair to say that as the share of first-time buyers have come down, within first-time buyers, the salience of small cars has also come down because now we have a lot of micro SUVs and small SUV which are also attracting a lot of first-time buyers. Can you provide some color, say for a Fronx or a Brezza, are you seeing an increasing number of first-time buyers which earlier used to come mainly for, say, the Alto or the Swift or the Baleno?

**Rahul Bharti:** There is some amount of upward shift of the first-time buyer, which is a healthy trend, but that cannot explain the entire decline in the small car segment. So, while the first-time buyer percentage is fairly stagnant, as I mentioned, between 40% and 43%, there is, there is a marginal decline in small and compact cars also.

**Aryn Pirani:** Okay. And could you just like, put a broad number, say for the Fronx, if first time buyers like 20% or 50%, I mean, any broad range is something that you can provide.

**Rahul Bharti:** Not really. Data does not exist in that granularity.

**Aryn Pirani:** Okay. And secondly, so you have addressed a lot of SUV white spaces in the last two to three years. And, you know, as every year goes by, new SUV categories or subcategories are also coming up. In the next 18 to 24 months, when we think of the launches that you may have, is the micro-SUV category or say, Fronx below kind of a category, something that you would look at, or is that something that you think that you should be looking at?

**Rahul Bharti:** See, I will give my answer in two parts. One is we don't generally comment on future product pipeline. But we made a statement that by the end of the decade, we'll have 28 models from 18 currently. At least 10 more new models to be added, plus some existing ones would probably have some refreshment or some replacement. And it has to happen in the next six, seven years. Definitely a lot of new models will be added. We will go where the customer is. So, wherever we find a sizable chunk segment in the market, we will be targeting that segment with a new product. So, wherever the volume is, our product portfolio will match up.

- Amyr Pirani:** Okay, understood. Understood. Thanks for this. I will come back in the queue.
- Moderator:** Thank you. Next, we have Gunjan Prithyani from Bank of America. Please go ahead.
- Gunjan Prithyani:** Hi, thanks, team, for taking my questions. I had just couple of follow-ups, very quick ones. One on the order book, if you can share where it stands and the mix that you usually give, how much of it is from CNG or Ertiga, if you can give those details?
- Rahul Bharti:** CNG is seeing a very good traction in the market. Today, one out of every three cars sold by Maruti Suzuki, is a CNG. The other very interesting trend is that in India, CNG has overtaken diesel for the first time, in this quarter. There are many new geographies, states which were contributing very less, but have become quite active and are growing at a very healthy rate. Rajasthan, Karnataka, Tamil Nadu, Madhya Pradesh, even Kerala, for example, Bihar, which have started coming up on CNG, both from a small base. So that's a positive. And it's good for all because it avoids oil import, it reduces CO2, and it's economical for the customers also. It's not seen as a low-cost solution any longer. Very premium models have CNG, so that's a positive.
- Gunjan Prithyani:** Okay. And that's good to hear. I'm just trying to see if there is a backlog which we have serviced more in this quarter because the last time, order book had quite high composition of CNG. So, you know, if you can share where order book stands and, as a percentage of CNG for a full year basis also, this is something which we can still continue with roughly around 33%, 35% share of CNG for full year basis.
- Rahul Bharti:** So, for the full year we had given a kind of guidance of about 600,000. And in this quarter, I think we've done slightly less than one and half lakhs. So hopefully we should be on track, if nothing else goes on, the gas price economics, etc. And we have also increased the supply of CNG vehicles and the production capacity of Ertiga, because Ertiga had a high CNG percentage. So now these models are fairly accessible to customers.
- Gunjan Prithyani:** Okay, got it. So that means tailwind should continue. Okay, my second question, Rahul San, is on these sales to the OEM, that is certainly seeing a meaningful jump, right? From almost doubling with the number of models being shared with Toyota increasing, is there like a broader thought process you can share with us?
- How should we think about growth or volumes in that category? Increasingly, the number is becoming significant, right. So, any thought process on how we should think about volume targets here or growth here? And are there any models that you can share, from here also, which can potentially come under co-badging in FY25 or FY26, whatever you can share for us to think through this?
- Rahul Bharti:** Okay, so this is something that we have to, play by the year and keep watching the volumes. Future products or co-badging, etc., we will announce when it comes to it. But the good part is it is incremental sales for us. Nothing better than using another channel to increase your sales.
- Gunjan Prithyani:** Okay, got it. Just last one on the forex. You did call out there is a forex tailwind in this quarter. With the reversal that we're seeing in yen now, yen appreciating, is there something that we should keep in mind while thinking through the margin sustainability going ahead? Is there a large element that reverses or, the forex is very, very marginal? Any thoughts there?

**Arnab Roy:** So, depending on from where you are comparing, if you compare from the Q4 FY24 to Q1 FY25, yes, there is improvement, but the improvement is not to that extent. There is some improvement, but if you see from the time like Q1 FY24 to Q1 FY25, then the improvement is bigger from a yen perspective. Going forward, I think you have already seen that there are some reversals which are already happening. So, there will be some moderation, we will observe how the moderation happens. But yes, if you ask me at this point of time, I think there will be some moderation to yen for sure and this is what the macro looks like.

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

**Moderator:** Thank you. The next question is from Chandramouli Muthiah from Goldman Sachs. Please go ahead.

**Chandramouli Muthiah:** Hi, good evening and thank you for taking my questions. My first question is on the topic of SUVs. So, if I just look at your mix, just adding utility vehicles and vans, FY 19, it was about 25% of your domestic volumes. In Q1 FY24, it was about 36% of the domestic volumes, and Q1 FY25, it seems to be 45% of domestic volumes.

So just trying to understand, I think for the full year, FY 24, close to 60% of domestic car volumes was utility vehicles plus vans. And as you plan your capacity and your model launches for the next five years of growth, just trying to understand if you're trying to target SUV mix to be beyond 60% that the industry enjoys today in volume mix?

**Rahul Bharti:** So, our expectation is that this upward trend may continue for a while. And, nobody knows the future, for the industry as a whole, the current 50% may go up to, say, 55% or 60%. And on top of that there are, as you said, the MPVs. So even in our future product plans, we have to appropriately address this market segmentation. And one aspect that we have taken care of, as you rightly mentioned, in the next five, six years is, we have made our production lines flexible so that if there are any segment-related shifts, we are agile to the market.

**Chandramouli Muthiah:** Got it. That's helpful. My second question is slightly more futuristic question. I think Suzuki is investing in a battery manufacturing plant in India. I think production there is potentially expected to start in CY26. So, I just want to understand initially, do we plan to first start with assembly of the battery packs or do we think that we can start with cell manufacturing around that timeframe?

And just in addition to that if you can shed some light on if there's any battery chemistry preference that the Company has at this point? Most electric cars in India seem to be running on LFP technology, but Maruti has thought out of the box in the past. So just trying to understand what your thinking on battery chemistry is at this stage?

**Rahul Bharti:** Okay. The existing plant that we have which manufacture cells locally, the TDSG plant, uses LTO chemistry, Lithium Titanium Oxide, and that is making cells locally for mild hybrid models. On the other Suzuki project, we'll just take a view from them.

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

**Moderator:** Thank you. The next question is from Vivek from JM Financial. Please go ahead.

**Vivek:** Thank you for taking my question. Sir, I have two questions. So, we have talked about being technology agnostic. So, without asking specifically on a single product, by when can you see a product portfolio of about two products on each of the technology types? That's my first question.

**Rahul Bharti:** I've not got your question. So, kindly ask openly. Not a problem.

**Vivek:** So basically, we have talked about CNG, hybrids, EVs to be part of our portfolio. So, when we talk about all these technologies and say that we are technology agnostic, by when can we see about two products each on these technologies?

**Rahul Bharti:** Good question. I can tell you that if you are asking about EV, for example, we will be displaying it in the Auto Expo or the Bharat Mobility Show in January '25. We have total six EV models lined up all the way to 2031. And the second one is also close behind. On strong hybrids, we already have two models, the Grand Vitara and the Invicto.

On ethanol flex fuel vehicles, we have, at the moment, talked about one model, the Wagon R. Before we get into the second model, we'll have to look at how ethanol supply in the country pans out. But we'll be very positive, and we won't be found lacking for ethanol flexible vehicles. On CNG, we already have a number of models, so that completes the portfolio as of now.

**Vivek:** So effectively, let's say, extending the first question, by FY27, probably we could have two models each on these technologies possible.

**Rahul Bharti:** I can't say. See, EVs, for example, on an average we will practically be launching one model every year. So, on ethanol flex fuel, we'll have to watch the ethanol scenario in the country when we go to the next model, from the first to the second.

**Vivek:** All right. And my second question is, what is the plan for volume expansion on hybrids? You know, we believe that it's a very strong technology that will work well for the Indian market, but with or without the benefits from the government, you know, what is your plan for volume expansion over there? That's all. Thank you.

**Rahul Bharti:** So, it's a dynamic situation. We do not know what the government plan will be. There are so many policies, there are so many bodies, Center, States. So of course, our effort is to keep increasing and we'll see as we go along.

**Vivek:** Okay. Thank you, sir. All the best.

**Moderator:** Thank you, ladies and gentlemen, that was the last question for today. And with this, we conclude today's conference call.