



## Q3 FY25 Earnings Conference Call

January 29, 2025

**Moderator:** Ladies and Gentlemen, Good Day and Welcome to Maruti Suzuki Q3 FY'25 Earnings Conference Call. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pranav from Maruti Suzuki. Thank you. And over to you, sir.

**Pranav Ambaprasad:** Thank you, Sejal. Ladies and Gentlemen, Good Afternoon Once Again. Welcome you all to the Q3 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 uncertainty and the risk that the Company faces.

I also like to inform you that the call is being recorded and the audio recording and the transcript will be available at our website. Please know that in case of any inadvertent error during the live audio call, the transcript will be provided with the correct information.

The con call will begin with a “Brief Statement on the Performance and Outlook of a 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. I would start by remembering our beloved leader, Mr. Osamu Suzuki, Senior Advisor, Suzuki Motor Corporation and Director & Honorary Chairman, Maruti Suzuki India Limited, who passed away in December'24. As you would know, Mr. O. Suzuki was a visionary leader who made a major contributions to the global automobile industry. In India, his foresight and leadership were instrumental in the formation of Maruti Udyog Limited in 1981. With his vision Mr. O. Suzuki played the pivotal role in realizing the dream of putting India on wheels by empowering millions of Indian families with affordable, reliable, efficient and good quality vehicles. Acknowledging his efforts and contribution, the Government of India has posthumously conferred Padma Vibhushan on him, which is the second highest civilian honor. This recognition inspires the Company to build on his legacy and enhance Indian auto industry's position in the global arena. Today, I will share major business highlights followed by the business performance of the Company.

Let me share some of the major business highlights for the Company.

I am happy to share that the Company unveiled its first electric SUV 'e Vitara' at the Bharat Mobility Global Expo 2025. Built on the new, dedicated ground-up HEARTECT-e platform, the e VITARA offers superior performance and excellent range, with uncompromised comfort and safety. It comes with highly efficient battery pack options to deliver more than 500 km for 61kWh on a single charge.

e-Vitara is equipped with advanced technology for safety such as 7 airbags as standard across the range, Level 2 ADAS, Next-Gen Suzuki Connect with over 60 features and Advance Structural Design with energy absorbing battery pack mounting structure for enhanced safety.

As a confidence building measure to increase the adoption of EVs, we have come up with "e for me" initiative. Our goal is to create Electric Eco-Solutions for the customers. We will offer smart home chargers along with installation support, leverage our vast network to provide fast charging support in the top 100 cities in the first phase, and then expand further. The idea is that, within these cities, every 5 to 10 km a customer finds a charging point by Maruti Suzuki. We are also preparing 1,500 EV enabled service workshops covering over 1,000 cities with specially trained manpower and special equipment to address all EV related support, including charging. Additionally, we will provide roadside assistance all over India.

One of the major highlights of e Vitara is its export potential. To leverage global economies of scale and concentrate manufacturing at a single location for the world, Maruti Suzuki will be the exclusive manufacturer of this strategic EV, 'e Vitara', for the world. This is expected to be a large volume manufacturing as in addition to domestic sales, it will have OEM sales and exports to about 100 countries, exemplifying the excellence of 'Make in India'. The production of e Vitara will begin soon and the Company aspires to be the largest manufacturer of EVs in India within the first year of start of production.

The Company launched all new Dzire in November with unmatched style and unrivalled performance. Crafted with the all-new progressive styling, the all new Dzire is Loaded with a host of segment-first features such as Electric Sunroof, 360 HD View Camera, Suzuki Connect and all-new LED Crystal Vision Headlamps. It is equipped with 15+ top-of-the-line safety features. This includes 6 airbags, 3 point ELR seatbelts, ESP with Hill Hold Assist, ABS with EBD, ISOFIX child seat anchorages as standard across all variants. The All-New Dzire is rated 5-star in safety. The All-New Dzire is powered by one of the world's most thermal efficient Z-Series 1.2L engine, making it India's Most Fuel-Efficient Sedan. I am delighted to share that India's most desired sedan, Maruti Suzuki Dzire, clocked 3 million production milestone in December 2024.

In December, Maruti Suzuki achieved a historic production milestone of 2 million units in a calendar year. So far, the Company is the only passenger vehicle manufacturer in India to attain this landmark.

Recently, Maruti Suzuki celebrated 25th remarkable years of Wagon R in India. With over 32 lakh happy customers, Wagon R is a favorite amongst first time buyers and repeat customers alike.

The consumer preference towards CNG vehicles continues to increase. In Quarter 3 of this fiscal year, every 1 in 3 cars sold by the Company in the domestic market was a CNG vehicle.

Coming to the business performance in Q3 FY 2024-25,

The Company sold a total of 566,213 vehicles during the quarter. The sales volume in the domestic market was at 466,993 vehicles, a growth of 8.7% over the same period previous year. The Company exported 99,220 vehicles, which is the highest-ever in any quarter. The growth in export sales was about 38%.

On the back of better consumer sentiments during the festive season coupled with increased sales promotion, the demand for cars improved in Quarter 3. During the quarter, the Company continued to create an excitement in the market by introducing all-new Dzire, offering limited editions across segments and significantly increased its efforts to reach-out to the customers. Because of these efforts, the Company could maximize the opportunity in the market and achieve highest ever retail sales in quarter 3. It is to be noted that till H1 of this fiscal year, the growth in retail sales was just 0.4% over the same period previous year. Because of healthy retail sales in Q3, the cumulative growth in retail sales in the first 9 months of this fiscal year has improved to 3.5% over the corresponding period of last year. The Company ended this quarter with a network stock of about 9 days.

On the exports, the Company continued to maintain a healthy growth in sales volume. In Quarter 3, nearly 1 in every 2 cars exported from the country was from Maruti Suzuki. The Company commanded nearly 49% share of India's total passenger vehicle exports in Q3 FY25.

Coming to the financial results in Quarter 3 (October-December), FY2024-25

During the quarter, the Company registered highest-ever Net Sales of about INR 368 billion against INR 318.6 billion in the same period the previous year. The Net Profit for the quarter was INR 35.25 billion, an increase of 12.6% over INR 31.3 billion in Q3FY2023-24.

Since investors look for a sequential comparison, I will share.

On sequential basis, the operating profit margin EBIT has come down to 10% of net sales compared to 10.3% in Q2FY25.

The sales promotion expense was higher by 20 bps over Q2, largely on account of seasonality associated with increased discounts in Q3. The higher advertisement expenses mainly on account of new model launch such as All new Dzire and campaigns around e Vitara have affected the operating margin by 40 bps over Q2. Forex movement was adverse in this quarter by about 20 bps, due to unfavorable yen. The depreciation expense increased by 20 bps, largely

on account of capitalization of few of the facilities in the upcoming green-field plant at Kharkhoda.

These adverse expenses were partially offset by favorable commodity prices of about 40 bps and favorable operating leverage of 30 bps.

I would also like to flag for analysts that our subsidiary SMG has earned an interest income on their cash of about 57 crores at PAT level, which can be considered in addition to our standalone PAT

Coming to the Highlights of the financial results in 9M (April-December), FY 2024-25

The Company recorded its highest-ever nine monthly Sales Volume, Net Sales and Net Profit. The Company sold a total of 1,629,631 units during the period, a growth of 5% over 9MFY2023-24. Sales in the domestic market stood at 1,382,135 units and exports at 247,496 units.

The Company registered Net Sales of about INR 1,063 billion in 9MFY2024-25 as compared to about INR 982 billion in 9MFY2023-24.

The Company made a Net Profit of about INR 102.4 billion in 9MFY2024-25 as against INR 93.3 billion in 9MFY2023-24.

We are now ready to take your questions, feedback and any other observations that you may have. Thank you.

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

**Gunjan:** My first question is on the demand environment. You did allude to sentiment improving in Q3 during the festive period. Could you just talk about on the ground what are you sensing – is it fundamentally we have seen things improve and how should we think about the growth outlook going into Fiscal'26 for the industry?

**Rahul Bharti:** In the first nine months of the year, on a retail level, we have done about 3.5% growth. We expect this to continue through the fourth quarter also. The next year is slightly premature to talk about because the whole industry will meet somewhere in the end of February to come out with the consensus figure estimate for the growth. But it's known that the demand scenario is generally subdued and weak. It's a reality that we have to live with for some time.

**Gunjan:** And what were the actual retails in the Q3?

**Rahul Bharti:** About 573,000 approximately.

- Gunjan:** Okay. Got it. And my second question was on the margin. Thanks for providing those quarter-on-quarter changes that have happened. Just to be clear, when you say sales promotions increased by 20 basis points, was that the discounting increase quarter-on-quarter or how should I read change in discount?
- Arnab Roy:** So, the discount for the quarter was INR 30,999/vehicle, so around INR 31,000/vehicle which is almost similar to what was there in Q2. The discount in Q2 was about INR 29,300/vehicle, so not much difference in the discount.
- Gunjan:** Okay. Got it. And there is forex fluctuation and some of these one-off costs that you called out ad spend, Dzire launch, etc., Is there any element that we should consider as non-recurring going into Q4 FY25, just trying to think about the trajectory from Q3 to next one or two quarters, what elements can reverse or any tailwinds that we should keep in mind?
- Arnab Roy:** There is nothing significant, there are small positives and negatives, but overall, there's nothing significant to call out for.
- Gunjan:** Okay. Got it. And last question, what are the sort of price hikes we are looking to take from February onwards?
- Rahul Bharti:** So, we have recently announced price hike, it's a small one, it's just about 30 basis points on our net sales in Q4 FY 25. There are inflationary pressures and various kinds of cost increases to cover. Of course, we try to minimize the impact to the market. So, as and when we feel the pressure that cannot be offset by cost reduction in-house, we will have to pass on to the market.
- Gunjan:** Okay. Got it. I will join back the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.
- Jinesh Gandhi:** Quickly, on the demand side, so while we are expecting about 3.5% kind of a growth in fourth quarter, are we seeing divergent trends in rural versus urban, many of other segments are seeing weakness in the urban markets but rural is doing well, is the same the case for us?
- Rahul Bharti:** Broadly, the past trend has been continuing, which is that the rural has been doing better than urban. So, in Q3, the retail rural growth was about 15%, urban was about 2.5%. This is at retail level because rural you can ascertain only at retail level
- Jinesh Gandhi:** Yes, right.
- Rahul Bharti:** And leading to an aggregate of about 8.3% growth in retail sales in the 3rd Quarter. So, urban is also positive, but lower than rural.
- Jinesh Gandhi:** Got it. And second question pertains to, you talked about EV exports to be a large volume. Do you expect it to be the largest exported model from India, given that it will be single

manufacturing location for us, for Suzuki and Toyota, should it be the best-selling export model now?

**Rahul Bharti:** It's difficult to predict volumes because there are about 100 countries of the world that we are planning to export and EV itself is a very dynamic story, not just in India but all over the world. We are prepared, and we would try to maximize our volumes.

**Jinesh Gandhi:** Got it. And by when our Kharkhoda plant will start operation, fourth quarter FY'25 or delayed?

**Rahul Bharti:** Hopefully within this fourth quarter of FY'25.

**Jinesh Gandhi:** Got it. And lastly, what was our export revenues for the quarter? That's my last question.

**Arnab Roy:** It's about INR 6,500 crores approximately.

**Jinesh Gandhi:** Got it. Thank you. All the best.

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

**Raghunandhan:** Congratulations, sir on the e VITARA launch. Firstly, for the EV, there are a lot of features packed into it. Can you talk about the efforts in terms of ensuring optimized cost structure, and in future, how do you plan to continue the journey to bring down the cost down further?

**Rahul Bharti:** See, this is a continuous and perennial effort of all our engineers and of course at the global level also this particular model. The one part that is good is we are reaping global economies of scale. And of course, all the efforts both at Maruti Suzuki level and at SMC level have gone into it. Let us see how we fare on this.

**Raghunandhan:** In continuation, how would you see EBIT per vehicle and by when do you see EBIT per vehicle matching that of ICE, any kind of targets you would have in terms of scale or localization to achieve a similar kind of profitability?

**Rahul Bharti:** I missed your question. What exactly per vehicle?

**Raghunandhan:** So, the profitability per vehicle for a EV by when do you see it matching with that of ICE? And for that to happen, what kind of localization you would need to achieve?

**Rahul Bharti:** We have to be slightly realistic here. If the profit of an EV was equal to that of an ICE, why would the government support so much at the center level and the state level. The very fact that there is a drastic reduction in GST, and so many subsidies at different levels on demand side and supply side, means that there is a difference. So, for a long time, it's not going to happen. Our effort is to minimize cost so that we are able to satisfy all stakeholders, whether it is investors or society or customers. So, we have to strike a balance and cost reduction is the way. But we have to be conscious that the customer gets confidence from range. So, at least our first product has a

high range and high range means high specs so that raises the cost. So, it's a multi variable equation that we have to continuously work on and we will play as we go along the way.

**Raghunandhan:** Fair point, sir. So, the first step is to focus on acceptability and over a period of time, the cost savings will come into play. Last question -

**Rahul Bharti:** The range anxiety is the first thing we would like to address.

**Raghunandhan:** Got it, sir. Last question. During December month, hatchbacks witnessed a positive growth. Your thoughts on how you see this recovery and the factors driving the recovery going forward?

**Rahul Bharti:** The quarter was still not positive on hatch. The entry hatch had a degrowth, the mid hatch was nearly flat, the premium hatch did have some growth. So, there's a clear trend that the upper segments are doing good, but the lower segments are not. So, this is still a phenomena that remains a challenge and we will have to keep addressing it in the future also.

**Raghunandhan:** Got it, sir. Thank you very much.

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

**Binay Singh:** Hi, team. Congratulations. Good set of earnings considering the environment we are in. Just on the electric vehicle, will you be eligible for the PLI incentive? And the PLI incentive as I understand is on production, right? So, it doesn't matter whether you sell in India or overseas, it'll be on production that you are doing. So, could you share your thoughts on that?

**Rahul Bharti:** We are evaluating this at the moment. We worked our numbers. So, when we come closer , we will be in a better position to report. I missed your second question.

**Binay Singh:** That the production linked incentive is on total volumes produced, right? So, even if you are exporting it, once you qualify and then you will get the PLI?

**Rahul Bharti:** It is on exports also.

**Binay Singh:** And secondly, on the CAFE norms, any update on that, is the timeline still the same or any read across that you have from the government on the CAFE 3?

**Rahul Bharti:** Industry body SIAM is in discussion with the government on this. As and when there are stakeholder consultations as an industry body, we will participate.

**Binay Singh:** And lastly, just on electric vehicle, what are the next timelines to watch like when is the production starting, export dispatches, domestic price announcement, like any sort of timelines you could share?

**Rahul Bharti:** All these in the next few months.



- Binay Singh:** Great, great team. Best wishes for the coming year.
- Rahul Bharti:** Thank you.
- Moderator:** Thank you. The next question is from the line of Pramod Amthe from InCred Equities. Please go ahead.
- Pramod Amthe:** Yes, hi. Rahul, the first question is with regard to the exports. They have been on a phenomenal rise. Can you give some color in terms of what has driven it or is it more than market demand or what is the effort given to achieve this one? Second, can you give us a country mix, how it has changed in nine months versus last year?
- Rahul Bharti:** Exports have been a very happy story for us and it has been a consistent effort over many years and it is now showing good results. The growth has been fairly distributed across regions. We have had excellent growth in Africa, in Latin America, even in the Middle East, the number is excellent, the overall share and in ASEAN. It is well spread out across regions. And I think we have got excellent traction in Latin America, maybe because of some more model launches and we are getting some good customer response for our models in these markets. I think, it's a phenomena of having the right enablers in place, the dealership network, the customer-friendly practices, the customer reach out efforts and enabling supporting teams like customer complaint handling system, and of course the density of the network and more model launches. So, it's working well. It's very interesting that in Q3 we have exported a number which just about four years ago we exported in one year. So, in one quarter, we have done what we used to do in one year.
- Pramod Amthe:** That I understand, because from January to December you literally doubled the export volumes on a monthly basis?
- Rahul Bharti:** Q3 was almost very close to a lakh, 99,000 plus and we were doing about 100,000 in the pre-COVID years.
- Pramod Amthe:** Right. Congrats on that. The second one is with regard to EV. First, in terms of buyer profile, how are you looking at in terms of buyer profile for EVs as and when you launch it in India? And is there anything you need to do at the sales outlets of Nexa to address the type of customers who will come for EVs?
- Rahul Bharti:** So, given the premium positioning of e-Vitara, it's a ground-up, it's not an ICE engine convert, with many advanced safety features such as 7 airbags, 500 plus kilometer range. And the fact that we would be exporting it to 100 countries of the world, it gives a lot of confidence to the customers. So, certainly it's a premium product and therefore Nexa was the right position for this. What we have to do is, at least in the service level, people have to be trained to handle high voltage. So, we have done high voltage courses for our service mechanics. We have roadside assistance. Wherever you are stranded for whatever reason, it could be as small as a flat tire, our on-road assistance, we will reach you. We have a service on wheels concept to provide quick

support to customers, And of course, we are thinking on the fast chargers. So all these and knowledgeable people to answer the customers queries. These are the preparations that we have done.

**Pramod Amthe:** Sure. And just to add on to that, considering that there is a more software involvement in these products and the initial feedbacks from many of the early launches have been that handling on the software issues from the customer point of view has been a big challenge. Are you taking any extra precaution to address these to service levels?

**Rahul Bharti:** What we have done is before launching this product, we did a very careful analysis of all the problems in existing EV models in the market that the customers were facing, and they were quite, quite a number of them. And we found that reliability is one big factor, and the Suzuki name is, is synonymous with reliability over all these years. So, we have taken a lot of pains to ensure that these problems do not occur and there is very strong service support and that I believe that will help in increasing EV adoption in the country also.

**Pramod Amthe:** Sure. And the last question is with regard to the November announcement which you made about the Toyota EV product to be produced in the India plant so what has led to clinching this new product in your portfolio for production? And is it because of the amount of back-end work locally done in the product and is it going to be completely different than the existing platform or how to look at a long term production capability of India into the EV space?

**Rahul Bharti:** Sorry, you are talking about the e VITARA?

**Pramod Amthe:** No, November you announced Toyota giving a further order, right, if I am not wrong, there was a press release given out to BSE. Is it the e VITARA or the one which was also displayed in the current Auto Expo?

**Rahul Bharti:** So, it was about this EV now, the e VITARA.

**Pramod Amthe:** But it looks to be on a longer wheel base than the existing one?

**Rahul Bharti:** Okay, let me, let me clarify, the e VITARA is a fresh platform altogether. Therefore, the wheel base is also different. It is 2,700 MM. The e VITARA and the current Grand Vitara in terms of engineering, the product is different.

**Pramod Amthe:** Okay, sure. Thanks and all the best, Rahul.

**Moderator:** Thank you. The next question is from Pramod Kumar from UBS Securities. Please go ahead.

**Pramod Kumar:** Yes Rahul sir, my first question is on the Dzire. So, just wanted to understand, it's a model in the fourth generation has been around forever. But the demand response what we pick up talking to dealers and seeing the internet forum is that there's been a big step up in booking numbers after the launch. So, if you can just help us understand given the data you have, what's the kind of step up in booking velocity what you are seeing for the New Dzire versus the outgoing Dzire?

And where are the additional customers coming in from – is it like cannibalizing existing Maruti products or is there a change in the profile of the buyer what you are seeing incrementally? And also what does it mean internally as feedback that what is kind of working for the consumer because if it's 5 Star safety or features, definitely you can do that with more models incrementally with the upgrades? And just trying to understand is there, is there the positive feedback and being used internally to kind of expedite products which are more aligned with the consumer choice? So, just trying to understand what has led to that kind of sharp surge and what can we do to capitalize on this for our other models, sir? That will be the first question.

**Rahul Bharti:**

Sure. So, as you have rightly mentioned the Dzire has been a very powerful product. Just one Sedan from Maruti has done more volumes than all other Sedans by the entire industry put together. More than 50% in the Sedan share and it is building on that. So, the New Dzire, it's still very recent, but the New Dzire is doing more numbers than the earlier Dzire. And of course, we have around 20,000 pending bookings. The interesting part is that the top variant, the ZXI and the ZXI Plus, they were at about 19% of the total bookings, now in all new Dzire we have 37% bookings in these top variants. So, it's more than double now. So, it appears that customers seem to have taken on the new looks and the new features very well. On top of that, we have the world's most thermal efficient engine delivering about 25 kilometers per liter. So, it has a very strong traction in the market.

**Pramod Kumar:**

Rahul sir, but just trying to understand as in given the response, are we trying to kind of expedite those changes into new models because Swift is based on the same Dzire platform. So, with a bit of a tweak that can be a 5 Star safety product as well. And if I am not wrong, based on the social media post, it's like 5 Star safety is a big clincher for the consumer. So, I am just trying to understand how well we can use the customer response to kind of tweak our product plans and any plans of probably a milestone in terms of more models being having 5 Star safety, anything which you can share on that count?

**Rahul Bharti:**

Okay. So, we have always been very focused on safety. We have provided many features and many models which go well beyond compliance. the electronic stability program, with electronic brake force distribution, heads up display, 360 view camera, hill hold assists, the seat anchorages, 7 airbags in case of our recent EV – e VITARA. What we have also done is we have offered many of our other models for testing and we are expecting the results in some time. We will keep sharing as we go along. But product features we are studying the market very closely in every segment whatever the customer wants, our design engineers will be very happy to deliver the best in those segments using the best technologies.

**Pramod Kumar:**

Okay. Thanks a lot. And on the export side, given that the current average discount for you, at the corporate level is 4%-plus. Not wrong to assume that for small cars the discounting intensity is probably 6-7% or even higher. With that level of discounting in the domestic market, is it fair to assume that export is no longer for the same model dilutive because we have seen with export share rising, we have not seen any negative impact assets on profitability, while historically export used to have a lower margin, but in the current context, is it fair to assume that exports

necessarily rising, it's probably a good thing for margins and overall profitability than a drag, is understanding right, sir?

**Rahul Bharti:** So, the advantage of exporting to 100 countries of the world is that you can fairly spread out your risk. So, that is why we are moving in a healthy way.

**Pramod Kumar:** On the profitability comparable, as in the domestic for a same model?

**Rahul Bharti:** We never comment on segment wise or specific product wise profitability, but we would not have gone ahead with such a large percentage of our portfolio, if it were a loss making or low profit making, etc.,

**Pramod Kumar:** And sir, given that you said that end of December, the dealer inventory was down to nine days. Is it fair to assume that we are looking at a very robust 4Q as well in terms of dispatches and directionally reasonably better dispatches than the December quarter? And also, any expectations around budgets from your end or what is the ask from the industry body or from Maruti to the government with the budget kind of just around the corner?

**Rahul Bharti:** Sorry, I missed your first question.

**Pramod Kumar:** On the 4Q dispatch, 4Q outlook, sir, on dispatches?

**Rahul Bharti:** I mentioned that our retail sales is expected to follow the same trend as the first nine months, which is around 3.5% growth even in Q4. So, according to that, and of course we would like to enter the new financial year with less inventory, we would like to enter light. And on the Union Budget, I think most of the activities that take place, which are consequential to the auto industry, are now in GST. But if there is any general improvement in, in the consumption momentum in the country, that would be good for all. What is good for India is good for Maruti and I strongly believe that and the reverse also, what is good for Maruti is good for India. So, if the economy does well, if consumption grows it will be good for us also.

**Pramod Kumar:** Sounds good, sir. Thanks a lot and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Nitij Mangal from Jefferies. Please go ahead.

**Nitij Mangal:** Hi, good evening. Can you talk a little bit about demand trends in rural in terms of the mix of hatchback versus SUV? So, how is that mix let's say in urban versus rural and how is that changing over the years, especially on the rural side?

**Rahul Bharti:** Increasingly, we are seeing that rural trends are coming closer to urban also. But of course we have got good traction for smaller models like Alto. And rural is doing good in terms of growth better than urban. So, that is good. It serves as a derisking for India consumption not just for cars, but for all commodities.

**Nitij Mangal:** And is it possible to share any number in terms of what is the percentage of SUV in your rural sales today?

**Rahul Bharti:** We will just get the numbers, we will come back in sometime.

**Nitij Mangal:** Sure. Thanks. And I had one more question. We have extremely low inventories, and the discount still seem to be on the higher side. So, as you now progress for the next few months and all, you see a meaningful dip in discount levels?

**Rahul Bharti:** It's very difficult to predict this. In fact, we have just taken a price increase, so a small price increase and we will have to balance all factors. So, it's the result of many, many factors. So, it is difficult to predict discounts.

**Nitij Mangal:** Okay, sure. Thank you very much.

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

**Kapil Singh:** Hi, good evening, sir. Firstly, on the e VITARA, I just wanted to ask if you've identified any top four, five target countries in Europe or other regions of the world that you think have got significant potential? And Suzuki was setting up a battery plant I think. So, any update on that? And what will be the advantages for Maruti when it starts sourcing cells from there?

**Rahul Bharti:** We are largely aware which countries in Europe have larger markets for EV than others. Of course, our efforts will be to maximize our volumes across all countries. Japan is another market that it's Suzuki home market that we will be targeting. And wherever the potential is, we would like to maximize our sales. Of course, it depends on our distributor network also. We will be doing other markets also.. There are total of about 100 countries. Our effort is to, is to maximize volume across all these countries. Battery it will be imported for some time. Later, we will look at the status when is the localization possible.

**Kapil Singh:** And secondly, just on the cost outlook, if you could share more broadly for the next year, are there any cost inflations to keep in mind for next year? And also, how do you think about the fact that there is a capacity expansion happening across many of the leading OEMs next year, do you sense that competitive intensity could be higher next year?

**Rahul Bharti:** See, I will take your second question first. Competitive intensity is a reality, and it is something to be welcomed , not to be scared of, because it helps to bring out the best and it is best for the consumer. As a result, as a whole country the standard moves up. So, it's a very happy situation. And maybe it helps expand the market also. So, that's positive. Of course, it remains uncertain, you are aware of our cost structure, commodity and FOREX rates. So, we will have to look at these factors as we go along and of course, operating leverage. These are the margin drivers.

**Kapil Singh:** Understood. And on CAFE, just one, CAFÉ 3 basically, just wanted to understand because Maruti is doing much better than the competition, right? So, when we move to the CAFÉ 3 in

terms of EV penetration, what is the broad range that Maruti would need to have to meet the CAFÉ 3 norms, if you have any broad calculations in mind?

**Rahul Bharti:** The CAFE 3 norms are yet to be announced. So, when they are announced, we will have a technology mix. The good part is that Maruti Suzuki is present in all technologies, whether it is BEV, HEV or natural gas or bio fuels, flex fuel, all technologies we are present. So, we will have sufficient agility to meet these norms.

**Kapil Singh:** Okay, excellent. Thank you and wish you all the best.

**Moderator:** Thank you. Ladies and gentlemen, we will take this as the last question. On behalf of Maruti Suzuki, that concludes this conference. Thank you for joining us and you may now disconnect your lines.