Q3 FY26 Earnings Conference Call

January 28, 2026

Moderator: Ladies and gentlemen, good day, and welcome to the Maruti Suzuki Q3 FY '26 Earnings Conference Call. 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 call, please signal an operator by pressing star, then zero on your touchtone phone.

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

Pranav Ambaprasad: Thank you, Rayo. Ladies and gentlemen, good afternoon, once again. Welcome you all to the Q3 FY '26 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 risks 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 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 CIRO and Senior Executive Officer, Corporate Affairs, Mr. Rahul Bharti, after which, we'll 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.

We are happy that after a long time, the growth in passenger vehicle industry has bounced back after the Government's historic GST reform. It is not common that the taxes are reduced by about 5% to 10% on items in a single stroke.

Given the magnitude of this measure, it was expected to show some manifestation in terms of market growth. The passenger vehicle industry, which had experienced a decline of 0.4% in the first half of the financial year '26, sprang to a whopping 20.5% growth in the third quarter, as compared to Q3 last year. Maruti Suzuki benefited even more. Our sales volume growth in domestic market bounced back to a robust 22% in the Q3 of FY '26 compared to a decline of 5.8% in the first half of FY '26. The primary driver of our sales volume growth in quarter 3 compared to the same period last year has been the small car segment in the 18% GST bracket.

Fortunately, for Maruti Suzuki, the demand is robust across the whole spectrum. We had to work on Sundays and holidays to meet the demand. We clocked our highest-ever retail sales of about 684,000 units in quarter 3 of this year. With this, we ended quarter 3 with a very low network inventory of just about 3 to 4 days, along with a healthy order book of around 175,000 vehicles.

Once again, I'm happy to share that the Indian consumers have demonstrated her true strength and she is the one who is actually driving us. We are the ones to follow and at present, we are constrained by supplies. As a market leader, we have always mentioned that we have responsibility across all segments ranging from the compact mass segment vehicles to premium SUVs.

You are aware that we have undertaken a series of SUV launches with the most recent launch being the VICTORIS. I vividly remember that when we had launched the VICTORIS, I asked my marketing colleague Partho-san about the product. He said Rahul-san taste the product, it is the SUV that has GOT IT ALL. When we look at the styling, the features, the infotainment, the theatre on wheels experience, the Level 2 ADAS, underbody CNG, and of course, the looks, actually the VICTORIS has GOT IT ALL. It is no wonder that the VICTORIS got the Indian Car Of The Year award where 19 prominent auto publications form a jury and together vote for the best car in the country.

Now we have a happy problem of meeting the market demand. I remember that on August 15th, when the GST reform was announced, our top management immediately advised to accelerate our capacity expansion plans. So, our second plant at the Kharkhoda facility is scheduled to be operational by April '26, and soon after, in Gujarat, the D-line, which is the 4th line at our existing Gujarat facility will also be commissioned. Each will have the capacity to produce about 250,000 vehicles annually. Additionally, we have also announced our plan to set up a second greenfield manufacturing facility in Gujarat. The GST reform has not only boosted consumption but has also accelerated private capex.

Coming to exports, we continue to grow faster than the rest of industry. In calendar year '25, Maruti Suzuki commanded nearly 46% share in passenger vehicle exports from India. Till December '25, we have exported over 13,000 units of e VITARA to 29 different countries for which we have a plan for about 100 countries plus.

Before we move to the financial results, since investors like some flavour of the business, may I share some major highlights for the Company.

Maruti Suzuki has set a new benchmark in industry by achieving cumulative sales of 30 million units in the domestic market. This historic milestone has been attained within 42 years, reflecting the Company's sustained leadership and deep customer trust.

This was the 2nd consecutive calendar year in which the Company crossed annual production volume of 2 million units, reflecting our strong focus on meeting customer demand across both domestic and export markets.

Our true SUV, the Jimny 5-door has achieved a landmark milestone, surpassing a cumulative export figure of 100,000 units from India. Jimny's strong off-road DNA, reliable performance and uncompromising quality have earned admiration in over 100 countries.

The e VITARA, the Company's first electric vehicle secured a comprehensive 5-star safety rating in Bharat NCAP, strengthening the Company's 5-star BNCAP rated vehicle portfolio, alongside the All-New Dzire, the VICTORIS and the INVICTO.

Further strengthening the Company's robust network of 2,000 exclusive charging points across our sales and service network spanning across 1,100 cities, we have collaborated with 13 charge point operators to offer access to a vast charging infrastructure across the country.

Aligned with Suzuki's global vision, we plan to introduce multiple EVs and to support this, our aim is to enable a network of over 100,000 charging points across India by 2030 along with our dealer and charge point operators.

For promoting inclusive mobility in mass segment cars, we introduced a very small, sweet step, the option of a swivel seat. Swivel seat in the WagonR, especially designed to offer greater convenience to senior citizens and persons with disabilities, bringing the 'Joy of Mobility' to them. Drawing inspiration from Suzuki Group's Corporate slogan "By Your Side", this initiative aligns with the United Nations' Sustainable Development Goal that aims to reduce inequality.

The Company also celebrated a historic milestone of 3.5 million units of cumulative production across 3 generations of the iconic WagonR. This milestone marks the extraordinary journey of trust and emotional connect of the brand with millions of customers across India.

Recently, the Company inaugurated its 5,000th Arena service touchpoint and 1,500th Parts and accessories distributor touchpoint in India, reflecting the Company's commitment to provide hassle-free and delightful car ownership experience to customers across the country.

Maruti Suzuki Smart Finance (MSSF), India's first digital car financing platform, has reached a significant milestone - surpassing disbursal of 2.5 million car loans worth INR1,700 billion since its inception in the financial year '21.

Now coming to the financial results,

During quarter 3 of the financial year '26, the Company registered its highest-ever quarterly Net Sales of about INR 475 billion, up from about INR 368 billion in the same period of previous year.

The Net Profit for the quarter stood at about INR 38 billion compared to about INR 36.5 billion in quarter 3 of previous year. Net Profit was impacted by a one-time provision of INR 5,939 million on account of the New Labour Codes.

Before we delve into the explanation of results, I would like to inform that Suzuki Motor Gujarat Private Limited (SMG), a wholly owned subsidiary of Maruti Suzuki, amalgamated with MSIL starting December 1, 2025. The appointed date of the scheme of amalgamation is April 1, 2025. So, the standalone financial statements have been restated with effect from April 1, 2025, and there is no impact on the consolidated financial results.

The following are the broad changes in the accounting of SMG cost heads on MSIL standalone financial results.

Prior to amalgamation, in the material cost head of MSIL's standalone numbers, the cost of Completely Built Unit manufactured at SMG, excluding the depreciation expense was getting accounted. The cost of CBU included component cost of vehicles manufactured at SMG, the employee cost and overheads of SMG. These expenses were netted with other operating income, if any, such as income from scrap sales, etcetera. After amalgamation now, only the component cost of vehicles manufactured at the Gujarat facility will get accounted in the material cost head. Rest all the items will move to their respective natural heads.

Prior to the amalgamation, the depreciation of SMG facility was getting accounted as lease rent under other expense cost ahead of MSIL's standalone numbers. After amalgamation, the depreciation will move to its natural head. Due to this regrouping, EBITDA will be adjusted upwards.

There is no major change at the EBIT level due to amalgamation.

Now I'll come to the financial performance in the quarter 3 of financial year '26 and since investors look for a sequential comparison, I'll share.

On a sequential basis, the overall sales volume grew by 21.2%, and the net sales grew by 18.4%. Sequentially, the operating profit margin, EBIT has reduced to 8.1% of net sales, compared to 8.4% in quarter 2 of financial year '26.

There were several unfavourable factors like: Adverse commodity prices of about 60 basis points, largely on account of PGM, aluminium and copper. Adverse impact due to Rare Earth Element supply issues of about 20 basis points. Unfavourable Fixed Cost Incidence (FCI) on account of inventory depletion of about 50 basis points. Unfavourable foreign exchange movement of about 15 basis points. Price reduction in few models of about 70 basis points and a one-time provision on account of the New Labour Codes leading to higher employee costs of about 125 basis points.

These unfavourable factors were partially offset by favourable operating leverage of about 190 basis points, lower discounts and favourable product mix of about 120 basis points.

Now I come to the highlights of the 9-months financial results (April-December'26).

The Company recorded its highest-ever nine monthly Sales Volume, Net Sales and Net Profit in this period. The Company sold a total of 1,746,504 units during the period compared to 1,629,639 units in the same period previous year.

Sales in the domestic market stood at 1,435,945 units and exports at 310,559 units. The Company registered Net Sales of about INR1,242 billion in the 9-month period as compared to about INR1,063 billion in the same period previous year.

The Company made a Net Profit of about INR 108.5 billion in the 9-month period of financial year'26 as against INR 104.4 billion in the 9-month period of financial year'25. With that, we are now ready to take your questions, feedback and any other observations that you may have. Thank you.

Moderator: The first question is from Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani: Just looking for a bit of clarification on the numbers that you shared on the margin, can you talk about the PGM impact, the 60 basis points that you called out, do we see further pressures on this front? And what is it that we are looking to do in terms of mitigating these incremental cost headwinds that we are seeing?

So, a bit more color on the commodity inflation would help. And I think I just need a clarification on the rare earth thing also, what is it actually, if you can share more information. How significant this impact is and will this recur?

Rahul Bharti: So we are seeing some kind of headwinds in commodities at the moment in platinum, palladium, rhodium, aluminium and copper. And some of these are also being discussed across sectors. Some of these have to do with the AI memory chips, etcetera. In terms of rare earth, we mentioned that instead of importing just the magnets, we were constrained to import larger aggregates or sub-assemblies of which magnets were child parts.

So to that extent, higher imports and along with that, some air freighting costs, etcetera. So there's a minor impact of about 20 basis points. But the good part is that the government of India has invited global manufacturers to make rare earth magnets in India. So, this won't be a long-term problem. Sooner or later, India will manufacture rare earth magnets.

Gunjan Prithyani: Okay. And bit more on precious metals, how significant is it in terms of the commodity costs? Is there more headwind to go going into quarter 4 as well?

Rahul Bharti: As of now, we have not taken a view on to the future. But yes, we can mention to you that the PGM content as a percentage of Net Sales in the car is about 2%. And prices of these commodities are in the public domain. So, your commodity analysts can also throw some light on that.

Gunjan Prithyani: Got it. And my second question is on the demand outlook. I mean you clearly sound very confident on, at least in near-term demand given the pending order book, VICTORIS launch, etcetera. Now that it's been a couple of months post GST, would you be able to share a little bit more color on how do we look beyond quarter 4 going into fiscal '27 industry growth and how do we see Maruti performing relative to that? Any product action? Anything that you can share more in terms of next year growth outlook?

Rahul Bharti: So, as I mentioned, in the immediate short-term, of course, we are constrained by supply, and we are striving to meet demand as much as possible. We have a healthy order book. Our share within the SUV segment is growing, so all positive. Having said that, the query remains in our mind, what is the sustainable level of demand after the euphoria is over. So, I think in about a few months from now, we will again do a careful review and a careful assessment of what is the sustainable level of demand in the next year and in the next few years.

I'm sure quarter 3 would have involved some element of postponed demand and some of preponed demand. So, quarter 4 seems to be good, but we need to look beyond, and we'll make an assessment in a few months from now. Temporarily, we had given out an initial figure of about 7% volume growth on a sustainable level for the industry, but we'll make an assessment in about 3 months.

Gunjan Prithyani: Got it. And just lastly, just housekeeping, if you can give the discounts and the retail volumes for quarter 3?

Rahul Bharti: So of course, as we mentioned, the discounts were at a much lower level. As you're aware, discounts are function of market strength, volume growth, market buoyancy and competitive action. So, we gained by about 120 basis points if we talk about both discounts and mix put together.

Gunjan Prithyani: Okay. Retail volumes and I will join back the queue.

Rahul Bharti: Retail volume, we did about 684,000 units in Q3.

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

Chandramouli Muthiah: My first question is just around the amalgamated financials. So, if I were to just compare, it looks like the change to amalgamated financials is causing close to about INR700 crores quarterly increase in depreciation, and that number potentially comes out of the lease, rentals line that you had mentioned, which possibly sits in other expenses.

But having said that, the other expenses, I think pre-amalgamation versus post-amalgamation is almost flat at close to INR 3,700 crores quarterly run rate. So, I just want to understand if there was a meaningful pickup in other expenses this quarter and what potentially drove that? And if there are any sort of one-offs sitting in the other expenses number? Or if that is the sort of steady-state run rate we should assume going forward for this level of volume?

Arnab Roy: I'll take this question. You're right on the classification part of depreciation and rent. I think Rahul already touched upon it in the beginning. So overall, at an EBIT level, there is nothing significant in terms of the impact. But yes, as we explained earlier that pre-amalgamation, everything was accounted in the material cost rate. Now it has moved into the natural heads.

So that's what the change is with almost neutral level at an EBIT. In terms of the other expenses, sequentially, if you look at it, there is nothing one-off per se, I think it is regular business expenses. So, nothing particular to call out. It's a combination of various small things.

Chandramouli Muthiah: That's helpful. Second question is just around export volumes. I think over the past 4 to 5 quarters, we've been doing a healthy clip of 25%, 30% plus volume growth. This quarter, I think the volume growth on exports was more sort of low-single-digit run rate Y-o-Y? I just want to understand if there's any one-offs on the export volume. And just related to that, if there's any clarity you're able to provide on how you're thinking about South Africa as an end market, just in the light of some of the news flow items around potential increase in duties in that market?

Rahul Bharti: So yes, there was a one-off in the quarter 3. We missed a shipment for some logistical reasons. On South Africa, we have heard the news today. But it's only a media coverage. We will try to understand what exactly is in the mind of the government, and we'll understand how it goes. Having said that, I may mention that exports is always a mixed bag.

There are always some countries which take prominence or which have some changes happening. So, the top few countries always keep seeing changes. It's a very dynamic scenario. So, the best thing is to be broad-based across a wide portfolio of countries, and we have 100-plus of them. So, we'll try to de-risk to the maximum possible. But still, we are exposed to all kinds of global trade and tariff-related issues.

Chandramouli Muthiah: Got it. That's helpful. And lastly, if you could you share the export revenue for the quarter, please?

Rahul Bharti: It's about INR 8,200 crores in Q3.

Moderator: The next question is from Arvind Sharma from Citigroup. Please go ahead.

Arvind Sharma: Thank you for taking my question. If you could just tell us the reason for this quarter-on-quarter decline in the average selling price despite the more apparent positive mix shift?

Rahul Bharti: I don't think it's the Net Sales. In our top line, apart from the sale of vehicles, we have other items also like parts, dies, moulds, etcetera. So, it's not necessary that everything moves in the same percentage growth as others. So, there is no reduction in ASP of vehicles as such.

Arvind Sharma: Blended ASP even accounting for the mix, sir?

Rahul Bharti: So that may include other things like parts.

Arvind Sharma: Got it. Thank you, sir. The second question, if I could ask, would be on VICTORIS versus Grand Vitara. Have you seen any shift from Grand Vitara to the VICTORIS? And if you could throw some light on its impact on overall profitability, sir?

Rahul Bharti: So, the VICTORIS is our latest model. Of course, it should contribute to profits healthily. There's no doubt about it. But if you're talking about cannibalization, we've been having these kinds of doubts for more than 2 decades now. The WagonR and the Zen, the Swift and the Ritz or the Baleno and the Fronx, now the Grand Vitara and the VICTORIS.

The fact is that as a market leader, we have to distinguish customer profiles, and we have to provide a model in every white space. Our pursuit is that the overall volume is the maximum, and all customers are serviced with different taste, lifestyle, wants and desires. So, we are not worried about it at all. The total volume is going up, and our SUV market share is also going up.

Arvind Sharma: Thank you so much, sir. And sir, if I may just ask one small clarification. While you have elucidated the one-off impact on Labour Code norms, what would be the recurring impact?

Arnab Roy: There is no significant recurring impact. It's predominantly the past services cost, which has got accounted here.

Moderator: The next question is from Kapil Singh from Nomura. Please go ahead.

Kapil Singh: My question is on the demand outlook. Could you share your outlook between the segments of hatchback, compact SUVs and large SUVs, where you are seeing a stronger demand pull as we look into the next year? And how is the first-time buyer mix changed after the GST cut, if at all?

Rahul Bharti: So, Kapil, we are seeing a healthy demand all across. Of course, small cars were earlier at a negative growth zone, they have moved from red into black and healthy black. So that's a big swing. Their swing is larger than that of bigger cars. That's a positive.

Even in SUVs, etcetera, we are seeing demand. The wholesale numbers may more be constrained by what we are able to supply and which choices we are making across models. So that may not show the true picture, but we see healthy demand all across. There was another question which I missed.

Kapil Singh: Yes. First-time buyer mix, have you seen any changes before?

Rahul Bharti: Yes. We have seen a positive swing. There are so many ways of defining. But generally, we have observed a delta of about 6% to 7%. That's the increase in the first-time buyers' percentage, which is a very healthy sign. And anecdotally, we had mentioned earlier that we are seeing a lot of helmets in our showroom, which means there are positive signs that the 2-wheeler owner is upgrading to small and compact cars.

Kapil Singh: Sir, what is the number? How much is it now?

Rahul Bharti: So, there are so many ways of defining, the increase is 7%.

Kapil Singh: We used to say around like around 40% or so, right. So, if we should assume 47% or something? Around that?

Rahul Bharti: So, with respect to that benchmark, yes, it has gone up by 7%.

Kapil Singh: Okay. Fair enough. And sir, the second question is on the pricing. Normally, we take a price hike at the start of the year. This time, so far, we haven't taken. So, what is the thought process here on pricing because we are looking at some commodity pressure as well as we look forward. And we have also taken some additional price cuts in the mini segment. Is that a temporary strategy or a permanent strategy looking at the success of increase in first-time buyer mix?

Rahul Bharti: See, this is a historic GST reform and the momentum generated is from something like 0%, -1%, -2% growth to about 20% plus growth. It is an opportunity when we should build momentum and add to the efforts.

We always have time ahead of us where, if we have cost pressures, we can recover that from the market. But temporarily, we would like to continue with the momentum. And it's not ethical also to have a price increase immediately after the government reduces taxes. Some manufacturers may be doing it, but we think we should make a decision in favour of the consumer.

Moderator: Next question is from Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: For the exports market for CY '26, any outlook you want to share? How do you see the exports market? And also considering the VICTORIS model also started exporting, sir?

Rahul Bharti: VICTORIS, we sent out the first shipment of about 400-500 numbers from the Gujarat port. And we have domestic demand also to service. So, exports are doing good. We are on track to achieve the guidance that we had given of about 400,000 units of exports in FY 26. And for the next year, we are in the process of deciding our volume target. So, by March, we should have a figure for next year exports.

Mumuksh Mandlesha: Got it, sir. On the e VITARA side, how are you seeing the ramp-up? Globally, how is the acceptance of the model? And from a 2,500 average monthly exports currently, how do you see the ramp-up ahead, sir?

Rahul Bharti: So, the e VITARA, as I mentioned in my opening remarks also, till the end of December, we had shipped out 13,000 numbers, which had reached 29 out of the 100 countries. And UK is our top destination in terms of volumes. But the chain is slightly long, it is slightly premature to get retail level feedback, but the momentum continues and we'll keep shipping out.

Mumuksh Mandlesha: Got it, sir. Just on the financial side. This forex impact is part of which line item, sir?

Arnab Roy: Forex is part of raw material, predominantly. So that's where it is impacting. And I think in the opening statement, we have already given you the walk there, that 15 bps, which we highlighted to you.

Mumuksh Mandlesha: Got it, sir. And sir, possible to share spares number this quarter? And how it has moved sequentially?

Rahul Bharti: Spares, as a distinct category, we've never announced.

Mumuksh Mandlesha: Got it, sir. Lastly, just on the steel prices also have recently moved up. Are you seeing the impact going ahead for you, sir?

Rahul Bharti: So, the government had given a safeguard duty in some grades, with some price limits. The auto industry or at least the imports that Maruti have does not qualify for that. However, it appears that the steel industry is using that opportunity to increase commodity prices.

Though there was a clear message from the government that the steel industry should not use it to profiteer or raise commodity prices, but it appears there are some such pressures. So, we will engage with the steel industry and mention to them that the safeguard duty should not be misused to increase steel prices, but it appears that there are some signals that they want to increase prices.

Moderator: The next question is from Rishi Vora from Kotak Securities. Please go ahead.

Rishi Vora: My first question is just a clarification on SMG amalgamation. You have said that we have amalgamated effective from 1st April, but I'm also seeing previous year's third quarter numbers are also being restated. So, what is the reason for that?

Arnab Roy: As per Ind AS, you have to restate the financials for previous year. So that's accounting stand compliance to make it comparable.

Rishi Vora: Okay. So that is also a like-for-like SMG amalgamated number?

Arnab Roy: Yes, everywhere. I mean when the moment you do it; you'll have to restate all the comparable numbers.

Rishi Vora: Understood. Second question is regarding the 50 bps of Fixed Cost Incidence you talked about. So, should we expect that, that reversal should happen next quarter as we build up the inventory during the course of the quarter?

Arnab Roy: See, it's a mathematical thing. In Q3, there was a depletion in inventory at the factory. Obviously, it's an all-time low. So as and when it reverses, the mathematical impact of that will flow.

Rishi Vora: Understood. And just last question on the commodity side of things. I just wanted to understand that do we hedge any of these commodities? What are the mitigation steps, if any, which we could take in order to offset some of this inflationary impact which may come through?

Rahul Bharti: Yes. The largest commodity is steel, which you cannot hedge. So, we do a quarterly negotiation, and we fix prices for the quarter. Generally, market prices reflect in the next quarter in our purchasing. The others are, of course, PGM and then we have aluminium, copper. So, we take calibrated calls.

And we also study some forecasts. So, if a trend does not last too long, then whether to get into a hedge or not is also something that we study. We also study whether the cost of hedging is too high to make it unproductive. So, according to that, we take our hedge calls.

Arnab Roy: And just to supplement here, if you look at it, there is a predictable trend to the commodity, then hedging becomes economical. If the trend is too spiky, which is the situation now, hedging doesn't work out economically. So, we do calibrate hedges, but you have to keep measuring the trend. Is it a short-term spike or the relatively predictable trend.

Rishi Vora: So right now, just to clarify, do we have any hedges or we don't?

Arnab Roy: We do have, but calibrated hedges.

Moderator: Next question is from Binay Singh from Morgan Stanley. Please go ahead.

Binay Singh: Looking at the backlog that you talked about and demand trends, how do you see mix trending incrementally? Will it be favourable tailwind to margins? Or is it more in the discounted products? Could you comment on that?

Rahul Bharti: Binay, I may want to tell you that once demand momentum comes, the operating leverage is so good that you don't need to think of mix much. So, it's the momentum that is most valuable and that we are most happy about. And we will ensure that capacity is not found lacking, and we will supply to what the demand asks for in the market.

Just for information, by April, our second plant at Kharkhoda should become operational. And in a few months from there, the fourth line or the fourth plant at erstwhile SMG or MSIL Gujarat facility should become operational. So, we have two plants of 250,000 each coming in very short time frames. And so far, all segments are doing good, which is a positive.

Binay Singh: Right. And Rahul, that leads me to the second question, how to think about EBIT margins incrementally? Because our December quarter utilization rates were quite high, mix looks favourable with high SUV share. But then we did have these one-offs that you highlighted, fixed cost hit and then the price reduction hit and now we have the PGM hit also rising. So how do we look at the margins on the EBIT level incrementally? Do you think this is where the business sort of stabilizes? Are there downward risks from here or upward risks from here?

Arnab Roy: See, I think we have clarified this a few quarters now that we don't give a forward-looking outlook. So, I'm sure you have your models. We can give you the factors. You can do the computation yourself. I think the factors are in front of you. Rahul has articulated in the beginning, the positive factors like the operating leverage. You have seen that 190 bps coming this quarter. You have also seen the lower discount and the favourable mix coming in.

Of course, there are headwinds as you have seen on the raw material, foreign exchange and other things. So, these are things for which there are global trends. You can do your modelling and see. But for us, we don't give a forward-looking outlook, and I think we can give you the broader picture here.

Binay Singh: And then just lastly, on this price reduction, 70 basis points hit that we said, we had earlier also talked about some of it being introductory prices and then it will get rolled back. So, is there any element to that? Or this 70-basis point of hit of price reductions will continue?

Rahul Bharti: So, we had announced these and customers who had booked that time, some of them we have not been able to provide cars. So, it's not fair to them that prices should be rolled back even before they were able to take deliveries. So, we'll watch. At least till end January, we have committed. And we'll watch when it's the right time to take a call.

Moderator: Next question is from Pramod Amthe from InCred Capital. Please go ahead.

Pramod Amthe: So, two questions. One is considering the buoyancy in demand and also the low inventory, do you need to do some debottlenecking or what's the capex outlook? Are you advancing it?

Rahul Bharti: So, in terms of capacity, I mentioned that two plants will come onstream. And now we are at a run rate of about INR 12,000 crores for FY26 including the Gujarat facility. For the next year, we have not done our budgeting exercise yet. We'll be just getting into it. So, I think in March, we'll have the figure for our next year's capex, but we are going at the run rate of about INR 10,000 crores a year.

Pramod Amthe: So, would you balance between capacity versus new model launches? Because those are the two variables which you have on capex. How do you look at it?

Rahul Bharti: Sorry, once again.

Pramod Amthe: When you look at capex, one is for fixed asset, and the second one is for new model launches. Would you balance to fit in that broader number, in that context, to adjust each other?

Rahul Bharti: No, there is no need to cut down on any one of them. If market demand exists, whatever it takes, we will supply. If the customer wants, we shouldn't be found lacking. And there is no dearth of funds.

Pramod Amthe: I agree because we haven't seen such a 0.5 million capacity being installed at one go. So hence, I was asking on the capex.

Rahul Bharti: That speaks volumes about India's growth story. India is the third largest car market now. And we are putting up almost one plant every year. And there is no time when a new plant is not under construction or commissioning. So that's India's growth.

Pramod Amthe: And related to that, in terms of new models, is there a delay in terms of EV rollout for India? And how do you look in the context of ICE vehicles coming back post-GST, the EV scenario?

Rahul Bharti: No. There is no delay. It's just that we are serving about 100 markets. So, some kind of time frame, and we've covered 29 already. And the domestic launch of e VITARA should happen very soon now. And in terms of ICE, I don't think GST has anything to do with that. The government is providing big money, whether through the PLI scheme or through other incentive schemes. In addition, the state government is giving. There is absolutely no reason that EV should not grow. We will increase our EV adoption and along with other parameters like ecosystem development, like good service, good assurance on after sales support, charging infrastructure, as I mentioned, so the government has done its bit. It's now the industry that has to respond.

Pramod Amthe: And the last one is with regard to the EU and UK FTA. How do you see an opportunity for you on export rates and also how are you assessing the threats and opportunities?

Rahul Bharti: The preliminary details that have come out seem to be quite positive. From whatever we've heard that the opening up has been done only above EUR 15,000 CIF price, which translates to something like INR 2.5 million in India. And we are told that even above EUR 15,000, there are slabs. And it may happen in a very gradual manner. So, I believe the government would have been extremely calibrated and sensitive to the domestic industry, while making India participate in the global arena, which is a big positive. And we have always supported liberalization and opening up, particularly when we put our money where our mouth is. We are exporting EVs to Europe. We do not know what are the specific clauses regarding EV exports. But sooner or later, it should be positive for India.

Moderator: Thank you very much. We'll take that as the last question. On behalf of Maruti Suzuki India Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.

Rahul Bharti: Thank you.