Q4 FY25 Earnings Conference Call

April 25, 2025

Moderator: Ladies and gentlemen, good day and welcome to Q4 FY25 Earnings Conference Call of Maruti Suzuki India Ltd.

As a reminder, all participants' 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 '*' 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.

Pranav Ambaprasad: Thank you, Yashashree. Ladies and gentlemen, good afternoon once again. Welcome you all to Q4 FY25 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 Chief Financial Officer, 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 risks that the Company faces. I would also like to inform you that the call is being recorded, and the audio recording and the transcript will be available at our website. May please note that in case of any inadvertent error during this live audio call, the transcript will be provided by the corrected information. The con-call will begin with a brief statement on the performance and outlook of the business by the Chief Investor Relations Officer and Senior 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: Thank you, Pranav. Good afternoon, ladies and gentlemen and thank you for joining us.

Before we delve into the details of this Earnings Call, let us take a moment to honor a visionary who has been instrumental in shaping India's automotive industry.

In a tribute to our legendary leader, the late Mr. Osamu Suzuki, Suzuki Motor Corporation and Maruti Suzuki India Limited have proposed to establish the Osamu Suzuki Center of Excellence in India. It is proposed to be located in Gujarat and Haryana. It will facilitate the wide propagation of all those Japanese manufacturing practices that have held Maruti Suzuki successful for the past more than four decades. I have also a very heartful message that Padma Vibhushan will be conferred posthumously upon Mr. O. Suzuki on Monday 28th April.

Today I will share the overview of the industry sales performance followed by the business performance of the Company:

The PV industry clocked a sale of over 4.3 million units in FY'25, a growth of 2.5% over the previous year. As expected at the start of the fiscal year the growth rate had moderated sharply from 8.4% in FY' 24 to 2.5% in FY'25. This was on account of the high base, confluence of several external factors and affordability issues affecting the growth of entry segment cars.

In terms of form factor, the industry saw a continued increase in consumer preference to SUVs and MPVs. SUV share surged further reaching about 55% of total sales in FY’25, while MPV's contribution increased to over 10%. However, the share of the hatchback segment continued to shrink. In FY’25 the share has reduced to 23.5% from a high of 46% in FY’19. In terms of powertrain mix, the share of CNG and diesel powertrain was about 18% to 19% each. The share of hybrid vehicles was at 2.4% and EVs at 2.7%.

Let me also share some of the major business highlights of the Company:

In FY’25 the Company could achieve several significant milestones.

We achieved a historic production milestone of 2 million units in FY’25. So far, the Company is the only passenger vehicle manufacturer in India to attain this landmark.

The Company recorded its highest ever annual sales of 2.23 million vehicles, which includes the highest-ever export of 3.32 lakh vehicles. The Company continued to be the top exporter of passenger vehicles in India for the fourth consecutive year. We surpassed the milestone of 3 million cumulative exports during the year. We hope to continue the momentum in exports in FY’26 as well and grow by at least 20%.

In the domestic market, 7 out of the top 10 models sold in the industry were from Maruti Suzuki. In FY’25 the Company launched two new models, the 4^{th} generation Swift and the all-new dazzling Dzire. These products got an overwhelming customer response. In FY’26 we plan to launch two new models. One of course is the e VITARA which you are aware of and another SUV. Maruti Suzuki Desire clocked 3 million production milestone in December’24. The Company unveiled its first electric SUV e VITARA which we just spoke about at the Bharat Mobility Global Expo’25. Built on the new dedicated ground up eHeartect platform, the e VITARA offers superior performance and excellent range with uncompromised comfort and safety.

The Company accelerated its captive solar power generation capacity to 78.2 megawatts peak capacity in FY’25 from 43.2 megawatts in FY’24.

I am happy to share that the Company could achieve this target one year ahead of plan. In FY’25, the Company achieved a milestone of the highest ever dispatches of over 500,000 vehicles through rail mode. With this, the share of rail mode in overall domestic dispatches has increased to 24.3% in this financial year as compared to 21.5% in the previous year.

Coming to business performance in Quarter 4:

During the quarter, the Company sold a total of 604,635 units, the highest ever in any quarter. The domestic sales grew by 2.8% while exports grew by 8.1% resulting in an overall growth of 3.5%. Domestic sales stood at 519,546 units and exports at 85,089 units. In the domestic market, the Company entered the quarter with lean network stock. This helped the Company to increase the wholesale dispatches and bring the network stock back to normal levels. However, given the demand situation, the Company calibrated its wholesales while maximizing retail sales. As a result, the growth in retail sales exceeded the growth in wholesales even for the full year, FY’25 the Company's retail sales grew faster than industry, leading to a marginal gain in retail market share. Rural markets continue to perform better, both in Quarter 4 and in the whole financial year. In exports, the Company continued to maintain a healthy growth in sales volume. In Quarter 4, nearly one in every two cars exported from the country was from Maruti Suzuki. The Company commanded about 48.4% share of India's total passenger vehicle exports in the 4th Quarter.

Coming to financial results in Q4 FY 25:

During the quarter, the Company registered the highest ever net sales of about Rs. 388 billion as against about Rs. 367 billion in the same period of the previous year. Net profit for the quarter was about Rs. 37.1 billion compared to about Rs. 38.7 billion in the 4th Quarter of FY’24. On a sequential basis since investors look out for a sequential comparison, I will share. The overall sales volume grew by 6.7%. The net sales grew slightly lower by 5.9% owing to product mix

Sequentially, the operating profit, EBIT, margin has come down to 8.7% of net sales compared to 10% in the third quarter of FY’25. There were several adverse expenses. As you may be aware, the commercial production of Greenfield plant at Kharkhoda Phase-I, having a capacity of 250,000 units per annum, has started in March’25. Being a new plant, it will take a while for the production to scale up. However, the overheads and depreciation associated with the new plant is getting captured in the P&L. The hit on the margin because of this is about 30 basis points. Commodities largely on account of steel were adverse by about 20 basis points. The mix was adverse by about 40 basis points. The advertising expenses mainly on account of Auto Expo, the Bharat Mobility show, unveil of e VITARA and IPL etc. were higher by about 30 basis points. The other expenses were adverse by about 90 basis points, largely on account of lumpiness and seasonality associated with expenses such as repairs and maintenance, CSR, digitalization initiatives and R&D etc. These adverse expenses were partially offset by lower sales promotion expense of about 40 basis points and favorable operating leverage of about 40 basis points. FOREX was favorable in the quarter. It is to be noted that the bulk of benefit in FOREX of about 20 basis points is accrued due to hedging gain and because of the nature of this income, this benefit is accounted in non-operating income and is not captured in the operating margin.

I would also like to flag for analysts that our subsidiary SMG has reported a PAT, a profit after tax of Rs. 150 crores which includes an interest income on their cash of about Rs. 650 million at PAT level and some gains due to tax reversals. This is not accounted in our standalone PAT, but I thought it deserves a mention.

Coming to the highlights of the yearly financial results:

The Company sold over 2.23 million vehicles in FY’25. For the Company, a modest domestic sales growth of 2.7% was compensated by a healthy 17.5% export growth leading to an aggregate growth of 4.6% for the year. The Company registered highest ever net sales of about Rs. 1,451 billion in the financial year, a growth of 7.5% over the net sales of about Rs. 1,349 billion in FY'24. The Company achieved the highest ever net profit of Rs. 139.5 billion in the year, about 5.6% higher than the net profit of about Rs. 132 billion in the previous financial year. In terms of dividend, the Board of Directors recommended an all-time high dividend of Rs. 135 per share (on a face value of Rs. 5 per share compared to Rs. 125 per share in FY'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. We will now begin the question-and-answer session. We will take our first question from the line of Raghunandan NL from Nuvama Research. Please go ahead.

Raghunandan NL: Thank you sir for the opportunity. Thanks for sharing the impact on EBIT on a QOQ basis. A follow up on that. Relating to the other expenses item, which went up to 90 basis point, this is lumpier and more seasonal in nature. So, ideally this shouldn't continue in the subsequent quarters. Would that be correct? And also, on the commodity side there was an impact of 20 basis point. How do you see for the subsequent quarter? How much can be the impact of commodity given that there has been increase in steel prices and there is also the safeguard duty?

Arnab Roy: Thank you, Raghu, for your question. Let me respond to your other expense question first. As Rahul articulated during the opening presentation, there are a few elements on the other expenses which has impacted like we had a higher profit for the full year, correspondingly, the CSR expenses are higher. There was also some repair and maintenance in some of our lines in the Manesar plant which contributed. Also, we did a conscious digitalization push and there were some expenses on digitalization, which came in this quarter and some other miscellaneous lumpy expenses. So that's broadly the composition of the other expenses which is there. Your second question on the commodity. On a sequential basis; so, if you look at it, it is predominantly impacted by steel as you rightly pointed out. So that, on a sequential basis, is impacting on the commodity side.

Rahul Bharti: Sorry we missed your question on the safeguard duty Raghunandan.

Raghunandan NL: Yes sir. In fact, I wanted to request your thoughts and on few important topics for industry and Company. Can you talk about how you're seeing the impact of safeguard duties, free trade agreements? Also, if you can talk a bit about CAFE norms and the hybrid potential.

Rahul Bharti: Too many questions. Okay. See safeguard duty on steel, we are extremely thankful to the government. They have found a way of minimum import price in which they have taken care of both the steel industry and the user industry, primarily auto. We just hope that the steel industry doesn't use it to raise commodity prices in the market and we will be monitoring the situation and reporting to the government if necessary. As of now, since our imports are above that particular threshold, so we are not affected directly. On FTAs, there are discussions happening. There are three discussions happening at the moment. India-UK FTA, India-EU FTA and possible India-US BTA. So those discussions are being primarily led by Ministry of Commerce and Industry is in consultation with them. I am sure the government will take a very calibrated call in the best interest of the country and of all industry and economy put together. The third question was on CAFE?

Raghunandan NL: Yes sir.

Rahul Bharti: So, we are expecting some kind of finalization of CAFE-III soon and industry is in discussion with the government on this with the Ministry of Power, Bureau of Energy Efficiency and they are seized of the matter. They have gone into great details, and I think we are expecting the policy to come out in about a month or two.

Raghunandan NL: Lastly, your thoughts on hybrid? How do you see the potential? Can we expect more launches from your end?

Rahul Bharti: See, we are very happy that the sales of hybrid and the penetration thereof have gone up in this financial year and some geographies are doing better than others for obvious reasons. And it's an excellent technology. The customer response is very good, and we have also, as part of our CSR, introduced high voltage courses in ITIs, etc. So that the serviceability of such vehicles remains high, and customers always have a reason to feel happy. And many more states are responding positively. So, I think it's a matter of chance from all three sides- from customers, from policymakers, from industry. We hope to see a positive push from all three stakeholders for this excellent technology.

Raghunandan NL: Thank you very much sir, very helpful.

Moderator: Thank you. We will take our next question from the line of Pramod Kumar from UBS Securities. Please go ahead.

Pramod Kumar: Thanks a lot for the opportunity. Rahul San, my question is regarding the profitability because volumes have hit an all-time high for the quarter but our EBITDA and EBIT per vehicle have kind of hit a seven quarter low or almost a 2-year low. So how should one look at profitability on a per vehicle basis? I understand the percentages will get impacted because of the new plant, but if you can just help us understand how should one look at the margins in the near to medium term when there is seasonality, weaker demand on a sequential basis? How are you looking at profitability in terms of absolute EBITDA per vehicle or EBIT per vehicle, if you can share your thoughts on that?

Rahul Bharti: See Pramod, it's always very difficult to predict margins. It's the resultant of many-many factors. The volume is easier to predict, margins depend on several factors. But what I can share with you is, Maruti Suzuki has far many more levers than any other car manufacturer in the country to handle any kind of headwinds or any kind of impact on margins. So, if you compare it with other companies, in the other companies' best of times and Maruti's lowest of times, we are probably doing better than others. So, we have to keep that in mind. One phenomenon that we have to be conscious of is that the overall demand is not growing. , as in the press conference also our Chairman mentioned that 88% of the country is not participating in the car growth story that's because entry level cars are just not growing, so, we have to be conscious of that fact and sometime India will have to take a call on how to address this if manufacturing has to grow, and auto is a large part of manufacturing sector. So, this has to be taken care of. One qualifier I would like to put, one of the levers that I talked about, was exports and we have been talking about exports for a long time now. Fortunately, when domestic growth is in very low levels, exports have cushioned the decline and we hope to grow exports in a healthy manner in the future and also in the medium term. Similarly, we have levers on decarbonization. So, our cost of carbon reduction should be lower than others.

Pramod Kumar: So, Rahul San, you talked about predicting volumes being easier. So how do you see the domestic market volume? Because you did talk about weaker demand. If you were to just quantify what does your econometric model suggest as potential growth for the industry in FY26 and also on a related note, on exports, is this fair to assume that we should still aspire to double digit growth despite the global macro situation and thanks to the kind of order backlog we have on Jimny? So is it a double digit fair expectation for FY26?

Rahul Bharti: Not just double digits. We mentioned an outlook of 20% growth for the coming financial year for exports.

Pramod Kumar: That's good.

Rahul Bharti: I took your second question first. On demand in the domestic market, industry has forecast a very modest growth of between 1% to 2%. We should be doing better than that. And we have a couple of SUV launches this year. So of course, a lot depends on how the whole organization responds to the customer. So, we look forward.

Pramod Kumar: A final one from my side. If I look at the opening remarks from the CFO sir and you, there have been some lumpy or seasonal items in the quarter. If you were to all put together, what will be the quantification of that when you look at next quarter? Because next quarter will also have seasonally weaker volumes. So, I am just trying to understand how much of these lumpy items we are able to shed in the next quarter to offset the operating deleverage? So, if you can just help us understand the one-off nature in Q4 in totality.

Arnab Roy: So, if you see the opening remarks which Rahul did, there was a combination of positive and negative factors. So, I think it will be fair to count both, both the positives as well as the negative factors. In terms of the factors, which contributed downwards, as we articulated, there was a lumpiness on the other expenses and I and Rahul both quantified that, which is about 90 bps. But at the same time there were some positive factors also like the sales promotion was lower by 40 bps. So that also we have to kind of take into account. Also, if you see this particular quarter, the mix was slightly adverse by about 40 bps which we again covered in the opening statement. So, these are the three factors broadly we have to see on both sides and that's how we have to take a calibrated view. It's not just we should see only the negative ones.

Pramod Kumar: Fair enough, sir. Very insightful. Thanks a lot. Thank you.

Moderator: Thank you. We will take our next question from the line of Binay from Morgan Stanley. Please go ahead.

Binay: Hi team, thanks for the opportunity. Just starting on this point about mix being a 40 basis point or so headwind, could you expand a little bit. Does it have to do with exports also, we saw export share being down this year and if you could also share the CNG mix this quarter and last quarter. That's the first question.

Rahul Bharti: So, I think it has more to do with the smaller cars and the SUVs. You are referring to Quarter 4 or the whole financial year?

Binay: Just the 4th Quarter. Like in your opening comment you said that mix is a 40-basis point headwind. So, I assume that you are mentioning sequential headwind of 40 basis points due to the mix. So, because one of the things we see is also export share dropping quite sharply quarter over quarter, export share coming down.

Arnab Roy: On a quarter basis, yes, you are right. There is a little bit of a lower export. But as we said overall, if you look at the export outlook for the full year, we did 17.5% higher than the previous year. And as Rahul said, next year also the outlook looks quite buoyant. We are projecting about 20% growth. So, export is really not a thing to get worried about. It's actually positive. In terms of the car mix, yes, in this particular quarter the small cars were higher. So, which is kind of contributing to the adverse mix. But going forward, I mean I think we will have to observe the market and see. I mean we can expect a more calibrated mix going forward.

Binay: So, another way of asking this question, next year export as a percentage will go up. So, is that favorable mix for you or neutral, negative, positive?

Rahul Bharti: What we have to look out for is more segments within the domestic market. I will give you an example. For Quarter 4, the UV share sequentially came down from 39.7% to 36.8%,for Maruti Suzuki in Quarter 4 versus Quarter 3. CNG came down from 36.1% to 33.7%.

Binay: Okay, so CNG was also down.

Rahul Bharti: Yes.

Binay: So, all these three mixes in a way were moved adversely for you. Export was down, small car share went up, SUV was down and CNG was down. But in your view mainly the domestic is defining the gross margin changes rather than exports share.

Rahul Bharti: So, this is the data that I shared. In fact, in domestic market, the share of mini segment went up from 6% to 7%. Share of compact segment went up from 39% to 42.7%. So, let's be conscious of those changes.

Binay: And secondly, we talked about a new plant ramp up having some headwind. But is there any cost item which will not repeat next quarter? Anything which is to do with starting the plant? Because we understand staff and all will be more linked to ramp up of plant. But is there anything linked to this which is only specific to the first quarter of a plant starting and won't repeat in this 30 basis point headwinds?

Arnab Roy: Some part of it obviously, since the plant started in February. So first two months there is cost but not sales. So going to the next quarter you will have both sales and cost. So, it will normalize as we go, and the gap will kind of even out and the plant is going to ramp up as we progress in the year. So yes, but this is something which Chairman sir also said during the press conference that we are constantly keeping a watch on how the capacities are moving for next year.

Binay: Thanks. And just the last one, will seven-seater Grand Vitara qualify as a new SUV in your view or is that a variant?

Rahul Bharti: We keep hearing about such concepts and models about ourselves from the magazines and from analysts. So, let's wait till the time comes. I have not heard of a Grand Vitara seven-seater internally at least.

Binay: Okay. That's something for us to look forward to. Thanks a lot team.

Moderator: Thank you. We will take our next question from the line of Gunjan Prithyani from Bank of America. Please go ahead.

Gunjan Prithyani: Hi. Thanks for taking my questions. Sort of just going back to the margin queries. I know there have been quite a few. But this plant-related cost, just to be clear, the entire cost for the quarter has been taken into account. Right. We shouldn't be looking for any Increase from this Rs. 120 crores odd number that we have accrued in this quarter.

Arnab Roy: See, whatever cost has been incurred in the last two months has been taken into account. That's the right way of accounting it. As I said earlier also in the previous question, going forward the plant will also start producing vehicles and selling vehicles. So, there will be a more normalized effect of that as we go into next year. Of course, too early to say with the demand situation, how exactly the capacity utilization will be, that only the coming quarters will say.

Gunjan Prithyani: I was just trying to understand because it was commissioned middle of the quarter. That doesn't matter. We have accrued the cost for the entire quarter. Right? That's the fair conclusion, right?

Arnab Roy: We have accrued the cost. So, cost will obviously start when you start incurring the cost from that point we have accrued it.

Gunjan Prithyani: Okay, got it. And just another one on the cost side. Now we have seen some RM pressure in this quarter coming from steel. But it looks like there is more to go given the safeguard duty and generally the increase that we have seen in the HRC prices. Is there anything that you can give us a sense of what sort of headwind can come through on the steel side and a little bit on the price hikes that we have taken? We had two announcements, one in Feb and then in April. What does this mean in terms of blended price hike? Do any of these reflect in Quarter 4 and how much will it be for Quarter 1 of fiscal '26?

Arnab Roy: Okay, first let me answer your commodity part of it. I think as we clarified earlier also, thanks to the government, safeguard for the grade of steels which we import, there is no significant direct impact. So that answers your first question. Commodity movement, yes. I mean we are keeping a very close watch because we are all in a volatile world today. So, we are keeping a close watch on all the commodities and progressing accordingly.

Rahul Bharti: On the price increases, let us be just conscious that it is to offset cost. So, there is no net effect. We try to offset cost. So, whatever cost is being incurred is being passed on to the market, most of it.

Gunjan Prithyani: I mean of course the blended price hike on an aggregate would be much less than the range that we announced. So, I am just trying to understand is, can you quantify the blended increase? And the reason I am asking this is there's also improvements that you are making. Like you called out six airbags in every car. So, are these price hikes to cover up those costs or is it just the normal course of annual hikes that we take?

Arnab Roy: See, there are two parts to your question. One part of your question is what about the regulatory hikes? The regulatory hikes as we have clarified before also it's a pass through and we will keep doing the pass through. So that is one part of your question and the rest of it, I mean if it is forward looking, we would not be able to comment on this point. All we can say is that whatever it is a regulatory hike, which will be a pass through on cost.

Gunjan Prithyani: Okay, correct. And just second question on e VITARA, can you just sort of refresh us with the timelines? When do we see the domestic launch and again on the export side, when do we see the exports beginning, any timelines on price unveil and exports on e VITARA?

Rahul Bharti: So today in the press conference we mentioned that we hope to do the start of sales within the first half of the financial year and this year we expect to do a volume of about 70,000 units. A large part of it comes from exports.

Gunjan Prithyani: Okay, got it. And can you just share the details for the quarter, the normal housekeeping numbers, retails and rural and urban growth numbers if you have them handy?

Rahul Bharti: We will come back to you very soon. Till such time we will take the next question.

Gunjan Prithyani: Okay, thank you so much.

Moderator: Thank you. We will take our next question from the line of Jinesh Gandhi from Ambit. Please go ahead.

Jinesh Gandhi: Hi, my question pertains to a couple of things. One is on the discount side; can you share the number? And secondly when we talk of the increase in cost because of the new plant, our employee cost does not seem to have increased much in the last two quarters. So, would there be further increase on that side or is this reflection of the new plant as well what we have seen in this quarter on the employee side?

Arnab Roy: See if you look at the discount on the sales promotion part of it, sequentially quarter-on-quarter we have a 40-bps benefit which is reflecting. On your employee cost, I think it is more as a percentage to sales, it's stable. I do not think there is a major variation in that.

Jinesh Gandhi: Right. Yes, that was my question. So, is that going, we will see step up there because it's a fairly large plant and in a new location? So should there be an increase from where we are in percentage of sales on an absolute basis?

Arnab Roy: I answered that question before because the volumes are also expected to come from the new plant.

Jinesh Gandhi: Okay, got it. And lastly, what kind of CAPEX do we expect for FY26, as against the Rs. 10,000 odd crores at consolidated level in FY25?

Arnab Roy: Again, we answered this question during the press conference. So, this year our CAPEX has been in the range of roughly Rs. 8,400 crores. And the range we are expecting for next year is between Rs. 8,000 to 9,000. So that's the range we are expecting.

Jinesh Gandhi: This is including SMG or excluding SMG?

Arnab Roy: This is not including SMG.

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

Moderator: Thank you. We will take our next question from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah: Hi, good evening and thank you for taking my questions. My first question is on capital allocation. I think we have potentially more than Rs. 60,000 crores of net cash on the books, almost 20% of our market cap. So just trying to understand over the next 2 or 3 years, are you thinking about returns to shareholders as a potential use of this cash on the books, just in terms of your shareholder return and total return strategies?

Arnab Roy: So, you would have seen our announcement earlier when we announced our results. So, this year we have the highest ever dividend of Rs. 135 per share which has been stepped up compared to Rs. 125 per share in last year. So that answers part of your question. On your other question, I mean we have to keep looking for the market scenario and then decide accordingly. I think difficult to give a straight answer at this point. We will keep looking at the scenarios.

Chandramouli Muthiah: Got it. That's helpful. My second question is just around the product pipeline for the next few years. You have said that you want to get to 28 models by the end of the decade. And there could be some consumption stimulus over the next couple of years in the form of the pay commission, both central and state pay commissions over the next 2 to 3 years. So just trying to understand in the previous pay commission we had the benefit of the launches on Baleno and Brezza which really helped the Company's growth. So, over the next 2 to 3 years is that sort of compact SUV segment, maybe premium hatch segment, something that we focus on in our new product launch plans just to take advantage of some of these stimulus measures which might benefit market growth over the coming cycle?

Rahul Bharti: So, if there is a similar kind of increase what the government had done as in the past, of course the consumer response is expected. And yes, it favors those kinds of segments. So, the quantum remains to be seen how much is the quantum that happens and the scale also is it just on central and state government or extended to quasi government sectors also PSUs, that remains to be seen. So of course, consumption goes up when such stimulus comes from the government side.

Chandramouli Muthiah: Got it. That's helpful. And lastly, just a housekeeping question. I think the retail number for the quarter was asked earlier but just wanted to check if you could share the export revenue.

Rahul Bharti: The retail was more than 400,000 units. It was in the 4th Quarter. It was a growth of about 4.2% year-on-year and on the whole year. We could grow our retail market share marginally and we would also like to share that very soon both as industry and as Maruti, we would prefer to shift to retail reporting because that's a true barometer of consumer activity.

Chandramouli Muthiah: Got it. Just the export revenue and the royalty number please.

Rahul Bharti: Export revenue was about Rs. 5,500 crores, royalty we have mentioned it's around 3.5%. Gunjan had asked about the network stock. So, we closed the financial year with about 28 days stock, which is quite healthy.

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

Moderator: Thank you. We will take our next question from the line of Pramod Amthe from InCred Equities. Please go ahead.

Pramod Amthe: Hi, thanks for taking my question. So, the first question is with regard to sourcing. Post this steel protectionism or similarly the trade barriers which are going up in the globe, how do you look at the sourcing of your current product mix and also going into the EV space, any relook at the dependence on one nation, how you plan to reduce it for next 3 to 5 years?

Rahul Bharti: See steel we are fairly localized. A very large part of our steel, between 85% to 90%, is local. The safeguard duty that was applied was neither on our purchases or our vendor purchases. So, there was no direct impact, and we thank the government for it. We just hope that the steel industry does not use the opportunity to raise commodity prices in the market and we will be monitoring that. I mentioned earlier also, it is very difficult to predict the way the global tariff wars and all, everything associated with it is going. But one thing that we have to watch out for is the supply chain for rare earths elements and we will keep a close watch on that. So far, by and large things remain stable. But it's a dynamic situation as all of us know.

Pramod Amthe: And the second one is with regard to the new plant which has come up, how do you see it playing out in your overall scheme of production planning, one? Second, similarly for sourcing arrangement amongst your plants, what's the benefit it can bring on to the table?

Rahul Bharti: So obviously the economies of scale will accrue for all plants put together. Sourcing is common for all the plants, for components whether they are used in Gujarat or Haryana or within Haryana, whichever plant. So, economies of scale benefit us. In terms of production planning, increasingly we are making our plants more flexible so that more lines can manufacture more models. And we are also taking care that the newer lines that are established can manufacture EVs also. EVs are, as you would be aware, they are far heavier vehicles because of the battery weight and the body strength to handle that weight. So, there is some difference in the production line on that account. But we are making it flexible, whether it is in Gujarat or Kharkhoda. The utilization is something that we have to closely watch, and the operating leverage associated with it. That is something we will be watchful of.

Pramod Amthe: Sure. And the last question Rahul is with regard to as EV comes into place in the first half, how are you looking at it, I would say the overhang in terms of profitability or it should be a headwind in profitability in the short term, one, or should it because export oriented you should be able to position it better and limit the impact? And second, how are you trying to mitigate this as it gets more and more domestic volume centric on the EV? Are there any levers which you are looking at for the next 2-3 years to neutralize it?

Rahul Bharti: See we have to be conscious that by design EVs will have a much lower profitability and that's true for the entire industry. We can't expect EVs to have the same level of profitability as IC engines. And if they were, then the government probably doesn't need to have a 5% GST or so many schemes or so many support policies on that. So, we have to be conscious of that. Having said that, our efforts on decarbonization will be through multiple technologies and we will try to leverage all possible technologies to reduce carbon to supplement our EV efforts. Exports will obviously help us a bit as compared to a standalone domestic scenario, because you get better economies of scale, and you may get some pricing power in some markets or others. So, it remains to be seen.

Pramod Amthe: And what is the progress on some of the PLI schemes which you applied? Can it benefit you guys as you go forward? What to expect there?

Rahul Bharti: See, the government assesses the PLI after SOP because only then your data is getting verified, so it is slightly premature to be able to take a guess on PLI eligibility.

Pramod Amthe: Sure. Thanks a lot.

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.