Management Discussion

Pranav Ambaprasad - Assistant General Manager - Investor Relations, Maruti Suzuki India Limited
Thank you, Yusuf. Ladies and gentlemen, good afternoon once again. Welcome you all to the Q2 FY27 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 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. But please note that in case of any inadvertent error during this live audio call, a transcript will be provided with the corrected information. The ConCall will begin with a brief statement on the performance and outlook of the business by CRO 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 Mr. Rahul Bharti. Over to

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
You, sir. Thank you, Mr. Thanks, Pranav. Good evening, ladies and gentlemen, and thank you for joining us today. Before we go to the financial results, let me first provide a broad perspective of the performance of the passenger vehicle industry in the 2nd quarter of financial year '26-'27, followed by our own performance in the 2nd quarter and the festive season so far. The strong demand environment witnessed following the GST reform continued through the second quarter. PV industry wholesale volumes grew by 29.9% year-on-year during the quarter compared with growth of 25.5% in the first quarter.

One particularly encouraging development has been the revival of the small car segment the GST reform. During the 2nd quarter, growth in the industry was stronger for vehicles falling under the 18% GST category than for those in the 40% GST category. This reinforces something we have consistently believed- affordability is an important driver of car ownership, particularly for first-time buyers. When the cost of acquisition comes down meaningfully, participation improves and demand responds. Against this backdrop, the company recorded domestic wholesale volumes of over 5.65 lakh units during the 2nd quarter, representing a growth of nearly 37.8% year-on-year.

More importantly, the growth was broad-based, supported by healthy participation from first-time buyers. The company's portfolio in the 18% GST category comprising small cars grew by about 35.9% year on year. At the same time, our portfolio in the 40% GST category grew by nearly 39.6% year on year, supported by recently introduced models comprising the Victoris and the new Brezza. In both categories, the company's growth exceeded that of industry. As a result, the company's domestic market share increased by 2.2 percentage points year-on-year to 40.8% in the second quarter.

The strength of demand was also clearly visible at the retail level. The second quarter is typically a period when wholesale dispatches exceed retails. As the network prepares for the festive season. However, this year retail demand kept pace with the strong wholesale performance, and consequently network inventory remained low at around 17 days at the end of September, while pending customer orders went up to around 2 lakh units. Demand remained healthy across both urban and upcountry markets. When we look at the export performance in the second quarter, despite the challenging geopolitical situation, the company could achieve sales of 108,119 units in

the second quarter, almost flattish, a decline of about 2% year on year.

And the decline is largely due to the logistics-related disruptions and volatility in shipping schedules in the context of the West Asia conflict. The company continued to be India's leading passenger vehicle exporter in both second quarter and in the first half of fiscal year '26-'27, contributing to more than 51% of India's total passenger vehicle exports during the first half of the year. This means that Maruti Suzuki alone Exported more cars than all the other 17 car manufacturers of India put together.

If we combine our domestic and export performance, the company achieved its highest ever quarterly total sales volume of 696,654 units, representing growth of 26.5% year on year. This record performance was supported by the capacity expansion undertaken by the company During the first half of this year, we added 500,000 units of annual manufacturing capacity. A new line was operationalized at our Kharkhoda greenfield manufacturing facility in Haryana with an annual production capacity of 250,000 units.

In addition, during the second quarter, the company operationalized the fourth line at its Hansalpur facility in Gujarat adding another 250,000 units of annual capacity. These additions have come at an important time. They are enabling us to better serve the strong demand environment while also creating additional headroom for future growth. The company is progressively ramping up production from these facilities. The strong demand momentum has continued into the festive season. We generally take festive season as from start of Onam festival to Ganesh Chaturthi to Dussehra, and then it concludes in the Diwali season.

So retail sales from the beginning of the festive period, that is Onam till Dussehra on 20th October, grew by around 30% compared with the corresponding period last year. Retail sales from the period Ganesh Chaturthi through Dussehra grew even faster at around 35% year-on-year. What is particularly encouraging is that the order pipeline continued to strengthen even alongside these high retail volumes. Pending customers- pending customer orders actually increased despite these retail sales from around 200,000 units at the end of September to approximately 270,000 units by Dezire, which is 20th October.

That gives us the confidence that the underlying demand environment remains robust. Alongside delivering strong business performance, the company continued to strengthen its long-term growth drivers through product interventions. First, the recently introduced new Brezza has received a very encouraging customer response. About 35% of the bookings are for the 1-liter turbo petrol variant, while another 35% are for the underbody CNG variant. The new Brezza also incorporates several customer-focused enhancements, including ADAS features and a 5-star Bharat NCAP safety rating.

Second, the company also introduced the new Baleno with class-leading features that redefine the premium hatchback segment. These include first-in-segment Level 2 ADAS, first-in-segment ventilated front seats featuring plush leatherette upholstery, premium sound system by Clarion for an incredible acoustic experience, and advanced Z12E powertrain. By Z series, we mean the ultimate in IC engine technology. Third, in response to customer demand, we have also expanded the availability of auto gear shift technology across some of our popular models, including Swift, the Dezire, the Baleno.

These interventions are aimed at strengthening the competitiveness of our portfolio while providing customers a wider choice of Products, technologies, and powertrains. Before we move to the financial investor, since investors like some flavor of the business, may I also highlight for the company. The company's popular SUV, the Fronx, crossed the milestone of 200,000 exports in

under 38 months, making it the fastest SUV from India to achieve this milestone. While Fronz achieved its first 100,000 exports in under 25 months, the second 100,000 was added in just 13 months.

The model is now exported to nearly 90 countries, including Japan. The company's cumulative exports of the Made in India Jimny 5-door, the Fronz, and the e-VITARA to Japan also surpassed 100,000 units. This milestone is particularly meaningful for us given that Japan is one of the world's most competitive and most advanced automobile markets with the most discerning consumers. During the quarter, the company also inaugurated its 6,000th service touchpoint in Kozhikode, Kerala. Our service network now extends across more than 3,000 cities and towns, reflecting our continued focus on bringing reliable after-sales support closer to the customers.

Together, these milestones reflect some of the most important dimensions in which we continue to strengthen the business: the growing global reach of our Made in India portfolio, deeper customer access, and stronger lifecycle support for our expanding customer base. Now we come to our financial performance. During the quarter, the company registered its highest ever net sales of over Rs 506 billion against over Rs 401 billion in the same period of the previous year. The operating profit, EBIT, in this quarter stood at over Rs 28 billion as compared to over Rs 33.8 billion In Q2 25-26, owing to the West Asia conflict-linked commodity increases, uh, though there was a decline year on year, but sequentially this translates to a growth of 10.8% from Q1 of this year to Q2 of this year.

However, non-operating income declined sharply in Q2 owing to mark-to-market losses on our invested surplus. With this, the net profit for the quarter stood at over Rs 24 billion compared to about Rs 33 billion the same period previous year. Since investors typically also look at sequential performance, let me provide that perspective. There was a clear improvement in operational performance during the 2nd quarter. On a sequential basis, while overall sales volume increased by about 1%, Net sales remained broadly flat.

Operating EBITDA improved to 9.4% of net sales compared to 8.6% in the first quarter of financial year '26-'27. And the favorable factors were higher selling prices of about 80 basis points, cost reduction efforts of about 20 basis points, Favorable fixed cost incidence due to inventory accretion of about 60 basis points and lower employee cost because of cyclicality of about 30 basis points. These favorable factors were partially offset by some headwinds. Higher commodity prices of about 30 basis points.

If you recollect, in Q1 we had changed the commodity price settlement cycle from a quarterly lag basis to a monthly lag basis. For some of the commodities because- and because of this accelerated recognition, the adverse impact of commodity prices in Q2 was limited. Adverse foreign exchange fluctuation of about 40 basis points. Other expenses were higher by about 50 basis points, primarily due to increased manufacturing overheads and marketing expenses. Associated with product refreshes. At the operating EBIT level, depreciation was higher by around 30 basis points, primarily on account of commissioning of new manufacturing capacity and new model dies and molds.

So ladies and gentlemen, stepping back from detailed numbers, we believe the 2nd quarter reflects continued strengthening of the business. Demand remains healthy across segments. The company has gained good market share. Recently introduced models are contributing to growth. The 500,000 units of annual manufacturing capacity added during the first half is enabling us to better service this growing demand. The company's export franchise remains strong despite temporary geopolitical and logistics disruptions.

And importantly, operating profitability improved sequentially despite the continuation of external cost pressures. The strong retail performance and further increase in the order book during the festive season gives us strong confidence in the underlying demand environment. We therefore remain focused on meeting this demand while continuing to strengthen our products, our manufacturing capacity, our global presence, and customer reach to support sustainable long-term growth. Thank you. And now with that, we are open for your questions, feedback, and observations.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session. First question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Uh, thank you, sir, for the opportunity. Congratulations on the domestic market share gains. My first question, uh, there has been strong domestic growth in H1 for Maruti. In H2, how much growth would you expect in domestic sales considering the high base, and also on the positive side, considering the low inventory levels?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Uh, you're right, Raghu. So given the confidence, uh, we think at least a 10% growth in, uh, in H2 should be possible in domestic sales.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Wonderful, sir. 10%, that's a very strong growth considering the double-digit growth in H1 already. My second question, on QOQ basis, how much is the commodity impact expected for Q3? Are you planning any more price increases?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So, uh, good question. As of now, it's a basket, as we all know. So some commodities will give us some benefits, some commodities may harden. Uh, we, we are slightly concerned on steel and copper, and steel is slightly uncertain, but broadly speaking, commodity is in a similar zone as current.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Noted, sir. And just the last question, uh, can you indicate, uh, Q2 discounts, export revenue, retail sales, and dealer inventory.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So export revenue was about Rs 9,000 crores. Discount was flattish sequentially. And, uh, you- the third question I missed.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Retail sales, sir, for Q2.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Retail sales was about 537,000 units.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Got it, sir. And dealer inventory ended at 17 days.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
17 days, yeah, network inventory which includes transit.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Thank you very much, sir. Wishing you all the best. I'll fall back to the queue.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Thanks, Raghu.

Operator
Thank you. Next question is from the line of Gunjan Pritiyani from Bank of America. Please go ahead.

Gunjan Pritiyani - Analyst, Bank of America
Yeah, hi, thanks for taking my question. Just a clarification, this 10% number is for Maruti, uh, in second half, not for the industry, right?

Operator
Uh, ma'am, the line for the management has been disconnected. Please wait while we reconnect them. Ladies and gentlemen, thank you for patiently holding. We have the line for the management reconnected.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Our apologies, I thought Raghu was so happy with the numbers he said no more call required.

Operator
So we have Miss Gunjan Pritiyani waiting for her turn to answer.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Yes, hi. Yes, please.

Gunjan Pritiyani - Analyst, Bank of America
Um, thanks for taking my question. Uh, I just, you know, firstly just needed a clarification. This 10% number that you mentioned for second half is for Maruti and not an industry number, right?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
For Maruti domestic volumes. And let's keep in mind that exports is almost flattish, so overall growth will be less than 10%, maybe a bit Somewhere between 7% to 10%.

Gunjan Pritiyani - Analyst, Bank of America
Okay, got it. Um, I mean, the second question that I had was broadly on the margin side. I think, you know, you did cover that the demand environment has been pretty strong, um, despite it almost being a year of GST- almost ended with GST, um, rate cuts. Now, I mean, I'm just trying to understand, um, the pricing action. I think it's been very, very modest in context of where the commodity headwinds are and the demand environment, how should we think about the margin trajectory in the near term?

And particularly in the context that the parent does

Amyn Pirani - Analyst, J.P. Morgan
Have a 10% operating EBIT

Gunjan Pritiyani - Analyst, Bank of America
Guide for a midterm. So how do we reconcile the near-term margin performance with the stated guide for midterm of 10%? What is the tolerance In terms of, you know, margins continuing to stay at these levels?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
I think, Gunjan, we are fortunate that the demand momentum is very strong. Of course, we need to recover our margins. However, some commodity headwinds, and we particularly see a risk in steel, though we believe that whatever increases the steel industry is asking for is unjustified. It's just opportunism coming out from the MIP policy of the government. So of course we will contest that, but in the next few quarters we will find- we'll try to find opportunities of, of, uh, of improving our realization and, uh, and recovering our margins.

But we have to just keep the commodity piece in mind.

Gunjan Pritiyani - Analyst, Bank of America
Rahul, just to get this, um, right, I mean, the reason that we are not taking price hikes in any urgency is because we see commodities or metals heading down, or is it that we are sort of nervous that any significant price hike could derail the industry recovery? I mean, I'm just trying to understand the thought process behind the pricing being very modest even though volume growth has been super strong?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
See, one element is that we have midterm elections in the US in November, and so there is some- nobody knows though, but there is some possibility that post that the geopolitical tensions may settle down. So instead of taking a short-term knee-jerk reaction, we could possibly wait for a quarter and see where the commodity stabilizes. That is one. Of course, the demand environment is so strong, but we also thought as a one-time measure, since it's, it's like almost like an historic So let's build on the momentum and we are here for the long term.

It's maybe a few quarters down the line, we can always recover.

Gunjan Pritiyani - Analyst, Bank of America
Got it. And just one more follow-up

Arnab Roy - Chief Financial Officer, Maruti Suzuki India Limited
On- Just to put some numbers extending what Rahul just said, if you look at Q1 versus Q2 in terms of the number, The EBITDA percentage for quarter 1 is- was 8.6%. For quarter 2, the EBITDA percentage is 9.4%.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
While

Arnab Roy - Chief Financial Officer, Maruti Suzuki India Limited
You are double-clicking on a dimension of the lease spread, which is- I mean, we have taken 3 tranches of that already, amounting to a little over 1% already. Over and above that, there has been several cost control measures, like the sales promotion- I mean, the marketing cost has been moderated and so on and so forth. So the resultant effect of that is already visible to an extent of 0.8%, as I already said, on the operating performance. Obviously, we don't give a forward-looking guideline, so you will see in H2 how it emerges.

But you can already see the effect of that flowing into the operational profit. And we'll have to close- keep a close watch on the commodity in H2 and see how it moves. And of course, calibrated actions on the pricing front will be taken for H2.

Gunjan Pritiyani - Analyst, Bank of America
Got it. And just one quick follow-up on the exports. I mean, uh, We've seen some moderation on the export side. Is it got to do more with the geopolitical environment or any market-specific issues, or it's just balancing the domestic growth with exports? Some thoughts there.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Both.

Gunjan Pritiyani - Analyst, Bank of America
Sorry.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Both. To some extent, both. Plus, There was some changeover in Europe for our e-VITARA. So there were some regulations in Europe like the e-call, like the carbon battery passport, etc. So to some extent, there was, there was a kind of a slowdown, plus logistical constraints also. Ships are not easily available these days.

Gunjan Pritiyani - Analyst, Bank of America
Okay, got it. Thank you so much. I'll join back.

Operator
Thank you. Next question is from the line of Kumar Rakesh from BNP Paribas. Please go ahead.

Kumar Rakesh - Analyst, BNP Paribas
Hi, good evening, and thank you for taking my question. Just a clarification, continuation to what Gunjan was asking about the domestic growth, which you spoke about to be about 10%, export to be

flattish. So that implies that the full-year growth now we are targeting close to mid-teens? Versus about 10-odd percent growth earlier. Is that a fair conclusion to make?

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Yeah.

Kumar Rakesh - Analyst, BNP Paribas
Got that.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
That's

Kumar Rakesh - Analyst, BNP Paribas
Right. Perfect. Now as we move into December quarter, so in this quarter you spoke about that fixed cost incidence had a benefit of about 60 basis points. Now usually that reverses and becomes a headwind in the December quarter when the production is lower than the whole wholesale dispatches. So do we see gross margin coming under pressure going into December quarter?

Arnab Roy - Chief Financial Officer, Maruti Suzuki India Limited
There will be multiple factors in Q3 which we will have to keep in mind. Of course, we'll have to see how the commodity moves. The good thing is the demand is strong, and as we spoke, we are still having a backlog of more than 200,000 which we have to cater to. So the demand side is strong. 270,000. So commodities, I mean, we will have to keep calibrating, I mean, how it moves, which will have a significant impact on the margin part of it. Beyond that, obviously the cost control measures we are taking to the maximum extent we can.

So wherever we can, we are dialing down on all the cost control measures. So we'll have to see how the result in terms of all of that translates. There are too many moving pieces to make a prediction at this point.

Kumar Rakesh - Analyst, BNP Paribas
Got it. Thanks a lot for that. My last My question was around the export side. So Rahul, you spoke about that is impacted because of logistic issues, but in the reasons you did not allude to any of the underlying end market demand issues. So the way you gave a color and flavor around how the domestic demand strength has been quite resilient and it's not showing up necessarily in the entire dispatch number, can you give us a sense of how the underlying demand in the export market is outside of the logistical issues?

Arnab Roy - Chief Financial Officer, Maruti Suzuki India Limited
It continues to be healthy.

Kumar Rakesh - Analyst, BNP Paribas
Okay, so you may not have an order book sort of a number for an international market, but the numbers which you are doing is not necessarily a reflection of the pull or demand which would be there on the ground in these markets. Is that a fair conclusion?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So we have given an outlook that we'll do certainly better than last year, but not too much better.

And this is considering all elements. And we have to keep in mind that there is, for example, Mexico, they increased their duty from 20% to 50%. So exports we always have to take with a bit of caution. So it is with that caution that we are saying that We hope to be at least equal to last year numbers. And of course, logistics is posing a challenge. It's not- ships are not easily available.

Kumar Rakesh - Analyst, BNP Paribas
Got that. Thanks a lot for answering my question.

Operator
Thank you. Next question is from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

Chandramouli Muthiah - Analyst, Goldman Sachs
Hi, good evening and thank you for taking my questions. My first question is just on model-wise. When I look at your dispatches for this quarter versus recent quarters, it looks like the Espresso has been significantly revised down. I think you typically do about 20,000 units a quarter, that's a few hundred units this quarter. And the Ignis, I think you have discontinued. You had made a comment earlier on that small car demand remains healthy after the GST cuts have happened. So just want to understand why you've refocused the Espresso and the Ignis in this context.

And also if you could just explain a little more, the e-Vitara volumes domestically have been okay QoQ, similar range, but you mentioned that there are some regulatory changes in Europe and the e-Vitara volumes have therefore reduced significantly. So just want to understand that a little better. Is that, is that something that you think continues for a long period of time, or do you think that that reverses in the near term?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Okay, let me, let me explain. See, when demand outstrips supply by such a huge margin, it is important for us to optimize our production and operations to be able to maximize our output. That involves a process of churn and shifting, etc. So whatever you're talking, small cars are definitely our focus. So, so it's only a small transition that we are talking about. The e-Vitara that you discussed, that changeover both in the product and in the production line It did impact both volumes, exports and domestic.

So, and I think we'll resume in a few months from now. I mean, we'll increase the numbers, you know, maybe in a couple of months from now.

Chandramouli Muthiah - Analyst, Goldman Sachs
Got it. That's helpful. Second question is just on exports. So you did mention that You expect a flattish export volume outlook in the back half versus 10% volume growth you expect to do in domestic in the back half. So year-to-date, the first 2 quarters, it looks like you've done about 13% YOY volume growth in exports. And I don't think there's a high base issue the way you have in the domestic market because of GST in the export market. Just want to understand why you think there's going to be a deceleration in underlying volume growth for you in exports in the back half if you have a flattish outlook for- a slightly better outlook than the previous sales for your volume for the full year.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
See, we have to keep in mind that even in the domestic market there is a very strong pull. We were able to increase our market share But, uh, if the market grows faster, it can also mean that we lose our market share. So of course we were able to increase it by 2.2%. So we have to balance it overall. The- of course the export logistics are a bit of a challenge, but then there are- Country-wise, product-wise changes that keep happening all the time. So this is an aggregate of that.

Chandramouli Muthiah - Analyst, Goldman Sachs
Got it. That's helpful. And just last question, just want to understand, we did move from 3-month lag commodity settlement to 1-month lag commodity settlement last quarter. And I just want to understand what the thought process is on Whether we think we need to move back to 3 months, um, in, in the near term, or do you think it takes a little longer just in context of what's happening to different commodities and their prices?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
To some extent, we have already done that. Some, some small part is pending, so we will, uh, we will help it, and that will help us offset the other increases that we see in copper and steel.

Chandramouli Muthiah - Analyst, Goldman Sachs
Got it, got it. That's helpful. Thank you very much, Anand.

Operator
Thank you. Next question is from the line of Amyn Pirani from JPMorgan. Please go ahead.

Amyn Pirani - Analyst, J.P. Morgan
Yes, hi. Thanks for the opportunity. Just some clarification on the second half 10% domestic growth number. So Just to clarify, given that your inventory level is still quite low, and at least in the first half, or rather since GST, I think retails have done better than your wholesales. Is it fair to say that retail itself on the very high base of last year could actually be a lower number, and this is basically you having to, you know, get back to a normalized inventory level? Is that the right way to think about it?

Because right now it looks like retail, you know, could be much lower than that 10% from an industry level on a second half base, on a YOY basis.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Amyn, I do not know why you have that loss of confidence. We mentioned in the beginning of this year that this year demand will outstrip supply and we are struggling to meet Demand to our maximum.

Amyn Pirani - Analyst, J.P. Morgan
And

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Despite very high sales, the order book is increasing from- it went up from 200,000 to 270,000.

Now if you do a simple calculation, if we maintain the current run rate, the absolute monthly volume of production, and make it available for sales. Then this 10% is an automatic, uh, you can derive it automatically?

Amyn Pirani - Analyst, J.P. Morgan
Yeah. Okay.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
The assumption is that the market will continue to be strong, and with the current momentum, we feel it will continue to be strong.

Amyn Pirani - Analyst, J.P. Morgan
Okay, fair enough. That's, uh, that's good to know. Uh, secondly, just going back on the export bit, You know, we have seen, you know, Chinese competition being a big factor in a lot of global markets. So as you now export across countries including developed markets like Europe and even, you know, parts of Asia and Latin America, are you seeing, you know, a significant competition, you know, not from the traditional guys but from Chinese and How does that, you know, position Indian exporters? Because a lot of capacity addition is happening in India, not just from your side but from other players also for exports.

How do you see that competition? Because what we hear is that pricing competition is very aggressive in these markets because, you know, Chinese production being shipped out to these countries. So any context on that will be very helpful.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So globally what you're saying is absolutely true, and in the medium to long term there is that strong trend. However, as of now, we, we are not competing directly with Chinese exports in most markets.

Raghunandhan NL - Analyst, Nuvama Institutional Equities
Okay.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So fortunately it's a staggered segmentation. I'm not aware of what capacity you're talking about because our share in India's exports is continuously going up.

Momoksh Mandalaisa - Analyst, Anand Rathi Institutional Equities
Yeah. And

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
We do more than 50% of exports. So the best part is that if you are able to challenge markets in about 120 countries of the world Chances are you'll become invincible in your home market. So that gives us that platform in technology, in quality, in cost, that we are able to meet any competition in any part, in any market.

Arnab Roy - Chief Financial Officer, Maruti Suzuki India Limited
Just one point to complement from my side. I think you also have to factor in our multidimensionality. Which gives us the robustness both in terms of the powertrain as well as in terms of the geography which Rahul just articulated. So 120 countries, multiple powertrains, that's the multidimensionality of Maruti Suzuki's export.

Amyn Pirani - Analyst, J.P. Morgan
Sure, sure. Thanks for that. I'll come back in a queue.

Operator
Thank you. Next question is from the line of Rishi Vora from Kotak Securities. Please go ahead.

Rishi Vora - Analyst, Kotak Securities
Yeah, thank you for the opportunity. You know, sir, you did talk about that this year, obviously, the volume growth has been much ahead of what the industry expectation was, and this is despite, you know, multiple headwinds which we have faced during the course of the year. I just wanted to get a sense, like, beyond this year, you know, how should we think about, you know, passenger vehicle industry growth rate? Earlier, you had guided that you do expect 6% kind of a growth But is there a thought process that the growth CAGR for the industry can be higher over a medium term versus what we are seeing at this point in time?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Very good question. So we are also getting into this exercise of assessing a medium-term sustained demand which goes beyond just 1 year after GST. Certainly because of GST, the affordability equation has structurally changed from the past, and so, uh, the growth rates- the CAGR has to be higher in the future as compared to what it was before GST. But I think by about December or January, when we do our- when we get into our planning cycle We'll have some estimate of medium-term projection, medium-term demand.

Rishi Vora - Analyst, Kotak Securities
Sure, sir. And then secondly-

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
It would certainly increase from what our last figure would have been.

Rishi Vora - Analyst, Kotak Securities
Understood. And secondly, just, you know, on this CAFE norms, now given that the final draft is out, is there any rough or let's say any ballpark powertrain mix which you could share with us on, you know, how should we think about

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So fortunately, Maruti Suzuki has that flexibility because we are in a multi-pathway approach. We have all powertrains barring of course polluting diesel. So we have that option with us and that flexibility that also gives us room for year-to-year variation So we are very comfortably placed. We have all- because it's a- it's for the next 5 years, 5 and a half years. So we have all powertrains

under consideration. We have EVs, we have strong hybrids, we have other- we can think of other hybrids, and we have biofuels.

We've also demonstrated our capability in flex fuel vehicles, uh, CNG, and within that, if that CNG comes from compressed biogas, it can be a very powerful combination. So we are very, uh, strongly and comfortably placed. I should also mention, pick up any segment, any product of Maruti Suzuki, and match it with the nearest peer group model, our CO2 would be at least 15 to 20 to 25% lower than competition. So we are possibly very comfortably placed on CAFE.

Rishi Vora - Analyst, Kotak Securities
Understood, sir. Thank you. I'll get back in the queue.

Operator
Thank you. Next question is from the line of Momoksh Mandalaisa from Anand Rathi Institutional Equities. Please go ahead.

Momoksh Mandalaisa - Analyst, Anand Rathi Institutional Equities
Yeah, thank you, sir, for the opportunity. So firstly, on the- I just want to understand more on the EV market today in India, just particularly how you're seeing the demand, and on the compact segment particularly, how would you see the market for the EVs?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So this year has seen very good traction in EVs, and the I think the oil scare was also responsible to some extent because on our showrooms we found increased customer queries on all clean technologies like CNG or EV. So, and it's a welcome move, and I think to some extent Maruti Suzuki has also contributed to it because we are talking about an ecosystem which makes consumers comfortable on an EV. The apprehensions are addressed, including in aftermarket and supply and battery replacement, charging, etc.

So, and of course, we'll be launching more in the future. We'll have one launch in the Bharat Mobility Show next year. Gradually, so far EVs lend themselves more to bigger cars in India for several reasons, but over a period of time we will see these gradually proliferating to smaller or to middle segments and smaller segments also, even though it is a slightly tougher bet to make them viable in, in, in, uh, in smaller segments.

Momoksh Mandalaisa - Analyst, Anand Rathi Institutional Equities
Got it, sir. Uh, secondly, sir, any signs of, uh, any initial signs of rural market demand, uh, in some of the pockets, uh, being impacted due to water curbs and shortages?

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
No, no, um, we are not seeing any sign of weakening. I've also heard that somewhere some geographies have declared drought just so that farmers can get some claims. So we have to, we have to really look at the ground situation. So things are better than what I read in the papers.

Momoksh Mandalaisa - Analyst, Anand Rathi Institutional Equities
Okay, good to hear this. Lastly, sir, you can share the mix of first-time buyer, replacement, and additional buyers.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
So first-time, first-time buyer has increased. We are now approximately at 51%. Replacement is around 22%, and additional car in the family is 27%.

Momoksh Mandalaisa - Analyst, Anand Rathi Institutional Equities
Got it, sir.

Rahul Bharti - Chief Investor Relations Officer and Senior Executive Officer, Corporate Affairs, Maruti Suzuki India Limited
Thank

Momoksh Mandalaisa - Analyst, Anand Rathi Institutional Equities
You so much for the opportunity.

Operator
Thank you. Ladies and gentlemen, we will take this as the last question for the day. On behalf of Maruti Suzuki India Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.