

Mr.Shinzo Nakanishi MD & CEO Maruti Suzuki India Limited  
Speech at the  
Q4 and Annual Investor Conference Call, April, 24th, 2009

Good afternoon Ladies and Gentlemen!

I would like to briefly take you through our financial and business performance in the year 2008-09 and our thoughts for the future.

The auto industry faced a lot of challenges this year like retail finance availability, low consumer sentiment, commodity inflation and huge fluctuation in foreign currencies.

The industry also received proactive policy support from the government and benefited from pockets of opportunities like government employees salary increase and rural economy growth

After a year with huge volume fluctuation, the passenger vehicle industry closed with a flat growth.

Maruti Suzuki managed to close the year with a domestic sales growth of 1.5%. This was our highest ever domestic and export sales.

For the financial year 2008-09, we clocked domestic sales of 722,144 units, as compared to 711,818 units the previous year.

In exports, we sold 70,023 units, a growth of 32% over the previous year.

Overall, we sold 792,167 units, a growth of 3.6 % over the previous year.

With this, our market share for the year 2008-09 has gone up marginally from 51.4% to 52.2% in the Indian passenger car segment.

The market share in all passenger vehicles including multi-utility vehicles has gone up from 45.9% to 46.5%.

Our sales in the pre-owned car business grew by 23% to 123,102 units.

Of these, 85% translated to new car sales through exchange.

Maruti Suzuki was recognized as the leader in customer satisfaction in the JD Power survey for the ninth consecutive year.

For the ninth year, Maruti Suzuki was the only player with a customer satisfaction score above industry average.

We strengthened our product portfolio.

We launched the A Star in India and also in Europe as the Alto.

It has also entered non-European export markets under the brand name of Celerio.

### **Long-term initiatives**

We were able to keep our focus on steps to strengthen our business in the long term.

We reached the landmark production capacity of one million per year.

Also, with good market demand, we were able to run our plant at this annualized rate in the month of March-09.

Our diesel engine joint venture SPIL has increased its capacity to two hundred thousand units per annum.

Our next generation petrol engine technology – the K- series engine plant was commissioned this year with a capacity of 240,000 units per annum

We expanded our network to cover 454 cities through our 681 sales outlets and 1314 cities with our 2767 Service outlets.

You may be aware, we had identified R&D capability building as a strategic step for the company's future.

We strengthened our R&D team from 460 engineers to 730 this year.

We have also started work on a world class test track and crash test facility in Haryana.

To support our export logistics, we commissioned a Roll on – Roll off sea terminal at Mundra in Gujarat.

We are also working on a direct railway line from inside our Manesar plant to this sea terminal at Mundra.

I am happy to report, our new organization structure, with higher empowerment and role clarity for Managing Executive Officers, is showing good results.

Encouraged by this, we took the initiative further by formalizing role clarity and succession planning till middle management level.

Last and very importantly, we launched a national road safety mission, in which we will train five hundred thousand people in safe driving in the next three years.

Out of these, atleast one hundred thousand will be from economically weak sections of society, to give them employability.

We have created training infrastructure across the country in the past eight years and we will expand it further to spread the message of safe driving.

## **Financials**

I would now discuss our financials for Quarter 4 and the financial year 2008-09.

The fourth quarter saw some recovery in market sentiment, though helped by high sales expenditure from the Company's side.

On the cost side, the cumulative impact of adverse foreign exchange movement on our direct and vendor imports including the lag of previous quarters impacted our profit.

Also, as informed to you earlier, material cost was still quite high as commodity cost benefit comes with a lag effect.

The balance part of this benefit will come to us only starting the first quarter of 2009-10.

In the fourth quarter, the Company registered a total operational income of Rs 64.33 billion a growth of 30 % over the same period, last year.

Our Net Profit after tax stood at 2,431 million, a decline of 18% over the same period, the previous year.

With this, we closed the financial year with a Total Operational Income of Rs 208.5 billion, a growth of 13.5% over the previous year.

The Net Profit after tax stood at Rs 1219 million, a decline of 29.6%.

Based on the lessons of last year, we are taking active countermeasures for the future.

We are increasing our focus on localization of inner parts imported by our vendors.

This will reduce costs and more important, bring down our exposure to fluctuations in currency.

Next year our exports are estimated to match our imports, and we might take calibrated calls to hedge the currencies involved.

I would now come to our outlook for the financial year 2009-10.

Given the dynamic business environment currently, a lot of experts have different projections for future.

Though we have a 15,000 strong sales force to feel the pulse of the customer all over India, we should have the humility to accept market uncertainty and plan for it.

This means our whole mindset and approach is of flexibility, agility and speed.

If the market continues to be positive, we are ready to capture the opportunity.

If the market springs a negative surprise, we will ensure that we are not loaded with high inventories.

Our business processes and lead times are being reoriented along this approach.

This approach is also required for our export markets which have shown a huge swing in response to consumption stimuli by various governments.

Our efforts on quality and customer satisfaction have helped our sales even in times of low sentiment.

Our focus on cost reduction, our conservative approach in capacity expansion and sustainable business practices with dealers and vendors even in good times have helped our profits in difficult times.

We will watch our profit margins closely and continue to ensure that growth is profitable for us.

I thank you for your interest in our company and invite any questions you may like to ask.