

# Maruti Suzuki India Limited



Q1 Fy'09 Financial Results

21<sup>st</sup> July, 2008

# Safe Harbour

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1. This presentation might contain forward looking statements which involve a number of risks, uncertainties and other factors that could cause the actual results to differ materially from those in the forward looking statements. The Company undertakes no obligation to update these to reflect the events or circumstances thereof.
2. This presentation also contains reference to the findings of various reports available in the public domain. The Company takes no responsibility as to their accuracy or that the company subscribes to those findings.
3. All comparisons have been done with the corresponding figure of same period last year unless mentioned otherwise.

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# Financial Highlights

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Parameters	Q1' Fy09 (Rs Mn)	Q1' Fy08 (Rs Mn)	Change
<b>Net Sales</b>	<b>47,310</b>	<b>39,137</b>	<b>20.9%</b>
Other Income	3,288	2,233	47.3%
EBITDA	7,924	7,980	(0.7)%
Depreciation	1,661*	822	102.1%
Profit Before Tax	6,095	7,007	(13.0)%
<b>Profit After Tax</b>	<b>4,659</b>	<b>4,996</b>	<b>(6.8)%</b>
EPS (Rs)	16.12	17.29	(6.8)%

\* Pursuant to revision in useful life of assets in Q4' Fy08

# Financial Highlights

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- **Other Income**

- Increased by 47% to Rs 3,288 Mn
- 68% Non operational - Interest / Dividend income Rs. 2,222 Mn (Rs. 1,572 Mn in Q1'Fy08)
- 32% Operational - Scrap sales Rs. 535 Mn (Rs. 345 Mn in Q1'Fy08)

- **Depreciation**

- Depreciation for Q1'Fy08 is before considering the revision in the useful life of the fixed assets that was effected in Q4'Fy08.
- Impact of above mentioned revision for Q1'Fy09 is Additional depreciation of Rs. 619 Mn
- Depreciation to Net sales increased to 3.5% from 2.1%

- **Foreign Exchange Rates**

- Rupee depreciation against dollar by 5% resulted in higher exports realization
- Yen appreciation against Rupee by 14% increased the import bill.
- Net adverse impact on profitability Rs. 743 Mn

# Financial Ratios



*As % to Net Sales*

Parameter	Q1'Fy09	Q1' Fy08	Change	
Material Cost	78.0%	75.6%	2.4%	↑
Employee Cost	2.4%	2.1%	0.3%	↑
Selling & Distribution expenses	3.6%	2.6%	1.0%	↑
Manufacturing Expenses	6.7%	5.6%	1.1%	↑
Royalty	2.9%	2.7%	0.2%	
Power & Fuel	1.0%	0.7%	0.3%	
<b>EBITDA</b>	<b>16.8%</b>	<b>20.4%</b>	<b>(3.6)%</b>	↓
Depreciation	3.5%	2.1%	1.4%	↑
PBT	12.9%	17.9%	(5.0)%	↓
<b>PAT</b>	<b>9.8%</b>	<b>12.8%</b>	<b>(3.0)%</b>	↓
Other Income	6.9%	5.7%	1.2%	↑

# Financial Ratios (After removing exceptional items)

As % to Net Sales

Parameter	Q1'Fy09	Q1' Fy08	Change	
Material Cost	78.0%	75.6%	2.4%	↑
Employee Cost	2.4%	2.1%	0.3%	↑
Selling & Distribution expenses	3.6%	2.6%	1.0%	↑
Manufacturing Expenses	6.4%	5.6%	0.8%	↑
Royalty	2.9%	2.7%	0.2%	↑
Power and Fuel	1.0%	0.7%	0.3%	↑
<b>EBITDA</b>	<b>17.1%</b>	<b>20.4%</b>	<b>(3.3)%</b>	↓
Depreciation	2.2%	2.1%	0.1%	↑
PBT	14.6%	17.9%	(3.3)%	↓
<b>PAT</b>	<b>11.1%</b>	<b>12.8%</b>	<b>(1.7)%</b>	↓
Other Income	6.9%	5.7%	1.2%	↑

\* *Exceptional items a) Higher depreciation Rs. 619 Mn*

*b) Mark to Market losses Rs 179 Mn*

# Financial Analysis

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- **Average Realization (ASP)** increase by 7% from Rs. 215,608 to Rs. 230,167
- **PAT** margins fall by 3.0% due to increase in following costs
  - Material 2.4%
  - Selling & Distribution 1.0%
  - Manufacturing & Administrative 1.1%
  - Depreciation 1.4%
- **Material** cost to net sales increase by 2.4% to 78.0%
  - Commodity price increase (primarily steel)
  - Yen appreciation impacting imports

# Financial Analysis

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- **Selling & Distribution Expenses** increase by 1% to 3.6%
- **Manufacturing & Administrative Expenses** increase from 5.6% to 6.7%
  - Power & Fuel Rs. 473 Mn (Rs. 286 Mn in Q1'Fy08)
    - Increase in Diesel cost due to high price of crude
  - Royalty Rs. 1,381 Mn (Rs. 1,039 Mn in Q1'Fy08)
    - Increase in number of royalty paying models
- **Number of employees** increased to 7,525 from 5,881 (at respective quarter ends) for R&D, New engine shop and Manesar plant.

# Financial Analysis

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- **Hedge Accounting (AS-30)**

- The company has adopted accounting standard AS-30 issued by Institute of Chartered Accountants of India on Financial Instruments : Recognition & Measurement
- AS-30 defines '*Derivative Instruments*' and impact of change in foreign exchange rates on such instruments has to be adjusted in equity Rs. 1,346 Mn
- Instruments which are not covered under the definition as per AS-30 are to be Marked to Market and are charged off to P/L account
  - Rs. 179 Mn in Q1 Fy'09 (Shown under Manufacturing expenses)

# Sales Volumes



Total Sales	Market	Q1'09 (A)	% to Total sales	Q1'08 (B)	% to Total sales	Growth (A) vs (B)
	Domestic	180,093	93.51%	160,604	94.66%	12.1%
	Exports	12,491	6.49%	9,065	5.34%	37.8%
	<b>Total Sales</b>	<b>192,584</b>	<b>100.00%</b>	<b>169,669</b>	<b>100.00%</b>	<b>13.5%</b>

Domestic Sales	Segments	Q1'09 (A)	% to Total sales	Q1'08 (B)	% to Total sales	Growth (A) vs (B)
	A1	16,649	9.24%	17,994	11.20%	(7.5)%
	A2	125,427	69.65%	110,413	68.75%	13.6%
	A3	15,940	8.85%	11,056	6.88%	44.2%
	C	20,761	11.53%	20,631	12.85%	0.6%
	MUV	1,316	0.73%	510	0.32%	158.0%
	<b>Domestic</b>	<b>180,093</b>	<b>100.00%</b>	<b>160,604</b>	<b>100.00%</b>	<b>12.1%</b>

# Current Environment

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- High inflation
- Increase in rate of finance
- Credit restrictions
- Bearish sentiments in financial market

*All this is leading to deferment of demand*

*Environmental challenges expected to continue in near future*

# Actions

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- Focused marketing efforts
- Increased production of Swift & DZire
- Enhanced focus on VA / VE programmes

a million promises...by 2010

