

Draft MD Speech: Q4 results Investor Con Call 2:30 pm, 26th April'10

Thank you Rahul...

Good afternoon, Ladies and Gentlemen,

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

At the beginning of the year, we knew this year would be one of volatility, so we adopted the mantra of flexibility & agility. A market sensitive approach, strong inventory control, and shorter lead times helped us achieve good growth.

We sold a total of one million, eighteen thousand, three hundred sixty five vehicles in this year. This includes eight hundred seventy thousand, seven hundred ninety units in the domestic market and export sales of One hundred forty seven thousand, five hundred seventy five units. This is the highest ever domestic and export number by the company and translates to a growth of 28.5% over last financial year.

It was a landmark year for Maruti Suzuki as we crossed the 1 million production and sales per year milestone.

We thank the policy makers in the government who have supported the industry with a very intelligent balance between growth and inflation while giving more money in the hands of the consumer.

While our market share in the compact A2 segment marginally declined from 57.9% to 56.1%, we strengthened our leadership further in the big cars or A3 segment by expanding our market share from 31.2% to 35.9%.

We grew by 111% in export sales mainly to Western Europe, thanks to our fuel efficient compact car A Star. Success in these technologically advanced markets gives us confidence on our cars against global competition in India also.

The sales from our pre-owned car business called TrueValue grew by 33% to 163,241 units.

Our customers rated us the best in India in both sales satisfaction and service satisfaction in the survey held by JD Power. Maruti Suzuki has now the leadership in customer satisfaction for the past ten consecutive years.

We strengthened our product portfolio in the domestic market by launching Ritz and Eco, apart from bringing in new refreshments and engines in the SX4 and Estilo. They all have done well in the market and received good response. The Eco seems to have understood its customer well and there is a good demand for that model.

Our next generation technology of light weight, low-friction, K-series petrol engines are now available in Estilo, Ritz, Swift, Dzire and now WagonR. We think fuel efficiency will continue to be a major consideration in the car purchase decision. We have upgraded all the relevant models production to Bharat 4 emission standards well before the government date.

We are on course to develop our R&D capability with our strength of engineers reaching 1000. Our designers showcased their second concept car, the R3 in the Auto Expo this year. We have procured 500 acres land in Rohtak and are now setting up a modern R & D Centre.

We have laid the foundation stone for capacity increase in Manesar by 250,000 units per year.

In the field, we expanded our network drastically to cover 555 cities through 802 sales outlets and 1335 cities with 2740 Service outlets.

With this network penetration, we could grow our rural sales by more than 100% this year.

Financials

I would now discuss our financials for Quarter 4 and the financial year 2009-10.

In the fourth quarter, the Company registered net sales of Rs 82.35 billion a growth of 30.5% over the same period, last year.

Our Net Profit after tax stood at Rs 6.56 billion, a growth of 170% over the same period, the previous year.

With this, we closed the financial year with Net sales of Rs 289.5 billion, a growth of 42.2% over the previous year.

The Net Profit after tax for the year stood at Rs 24.97 billion, a growth of 105%.

We think, to even out the effect of individual quarters, the results can be best seen for the full financial year as a whole.

Though our net sales increased, our profit was impacted to some extent by increase in raw material cost, cost of new model launches, cost of upgradation to Bharat Stage 4 emission norms and a decline in Euro.

Outlook

I would now come to our outlook for the financial year 2010-11.

Recently, we have seen fuel prices going up and there are discussions on interest rate increases. The market still continues to look good and we are positive. Last year, middle to lower cities, rural segment and government employee segments helped our sales. This year, we think the top cities will respond well.

We have seen some new model launches by competition in the A2 and upper A2 segments. Some of them have also tried to be aggressive on price.

As a Company, we had been preparing for this for the last few years and we are firmly positioned to keep our advantages intact. Indian customers always look at the total cost of ownership, and not just the initial price. We hope to give to the customer better products with higher fuel efficiency, lower cost of spares and service and higher residual value.

Export sales will be a challenge this year post scrappage incentive schemes in Europe and we would have to work hard even to achieve last year numbers.

On margins, increased economies of scale without much fixed cost investment and higher inner part localization should give us some benefit.

At the same time, we should be conscious of the fact that we are increasing a lot of technology element in our products to our customers at almost the same price. This technology brings new platforms with rich styling, high fuel efficiency, high engine performance, and safety and features that enhance driving comfort. ***All these have an impact on the cost of our products.***

In economic parameters, there are concerns on Euro depreciation, on steel, aluminium, copper and rubber price increases and there are some talks of the Yen softening.

Ladies and Gentlemen,

In this new phase of competition, we may see some fluctuations in the short term but our team is firmly in charge and we will keep giving our customers compelling reasons to buy our cars and in turn reward us with profits.

I would now like to invite any questions or suggestions, you may have.

Thank You.