



# MARUTI SUZUKI INDIA LIMITED

March, 2009



# Safe Harbour

- 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.
- Maruti Suzuki undertakes no obligation to update these to reflect the events or circumstances thereof.
- This presentation also contains reference to the findings of various reports available in the public domain. Maruti Suzuki takes no responsibility as to their accuracy or that the company subscribes to those findings.



# Agenda

- About Maruti Suzuki
- The year so far...
- Way forward Maruti Suzuki



# About Maruti Suzuki

# Company at a glance

Equity Structure	54.21% Suzuki, 45.79% with FIs, Public	
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Turnover	Rs. 188.2 bn	FY 08
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Net Profit	Rs. 17.3 bn	FY 08
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Sales	764,842 cars	FY 08
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Market Share	54% (Passenger Cars including Van type vehicles)	
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Manpower	Over 7720 employees in 4 plants	
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Models	12 brands with over 100 variants	
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# Our Facilities

- Gurgaon Facility: 300 acres, capacity 700,000 cars/ annum
  - Assembly plants 1,2,3 & Engine plants F, G and new K series
- Manesar Facility: 600 acres, capacity 300,000 cars/ annum
  - Assembly plant 4
- Diesel Engine plant, SPIL: JV SMC & MSIL, 200,000 units/ annum
- Supplier's Park: 100 acres
- Total Capacity: One Million



# Product Portfolio



A1< 3400mm (also in LPG) 796cc



A2 (3401-4000mm) 796 cc



A2 (3401-4000 mm) 1061cc



A2 (3401-4000 mm) 1061cc, in LPG also



A2 (3401-4000 mm) 1298 cc in Petrol  
1248cc in Diesel



A2 (3401-4000 mm) 998cc



A3 (4001-4500mm)-1290cc in  
Petrol & 1248cc in Diesel



A3 (4001-4500 mm)1598cc



SUV segment 4 Wheel: 2 liter



SUV segment 4 Wheel: 1300cc

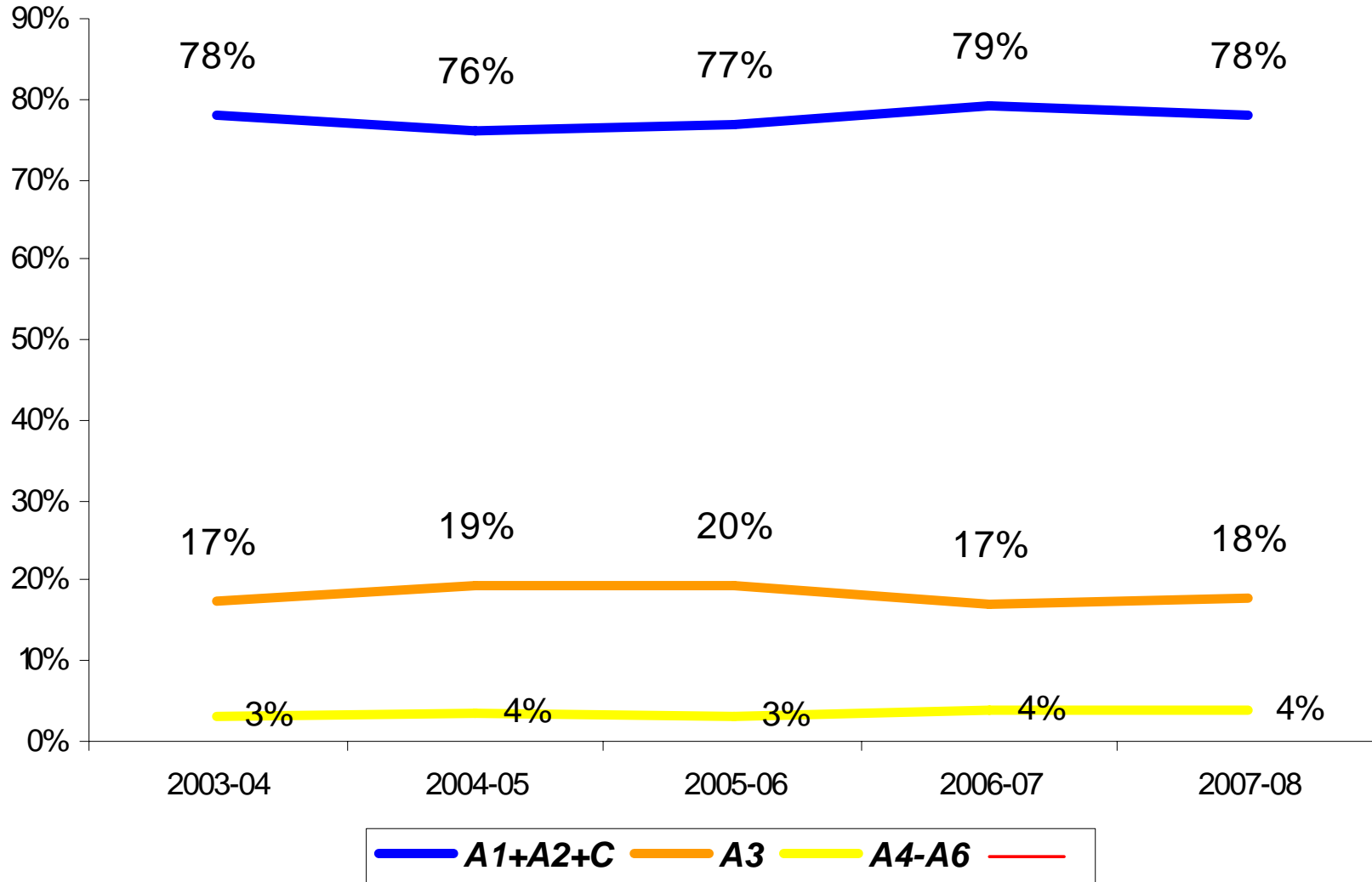


C-segment- Van Type 800 cc

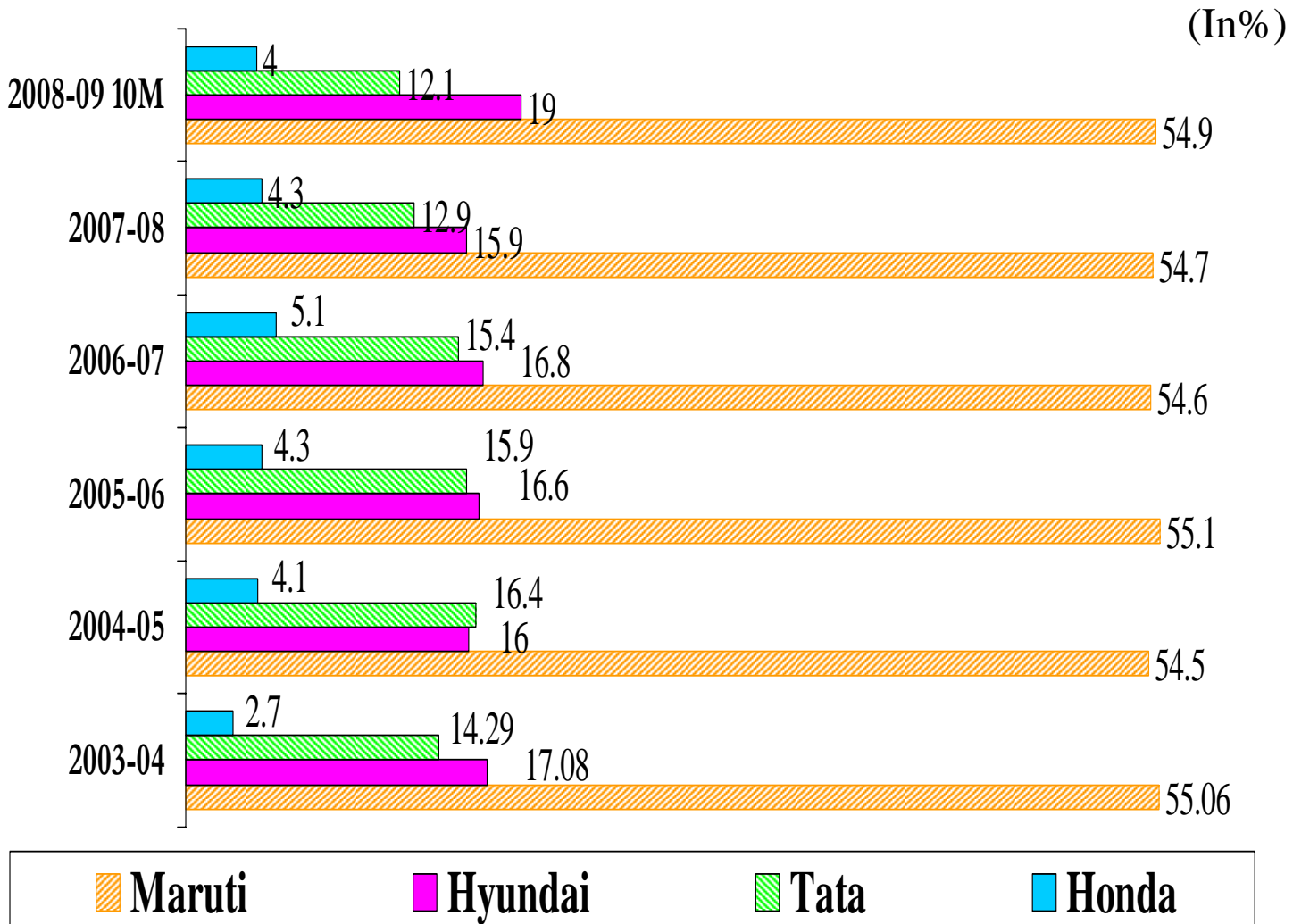


C-segment- Van Type 1300 cc

# Share of Segments in the Industry

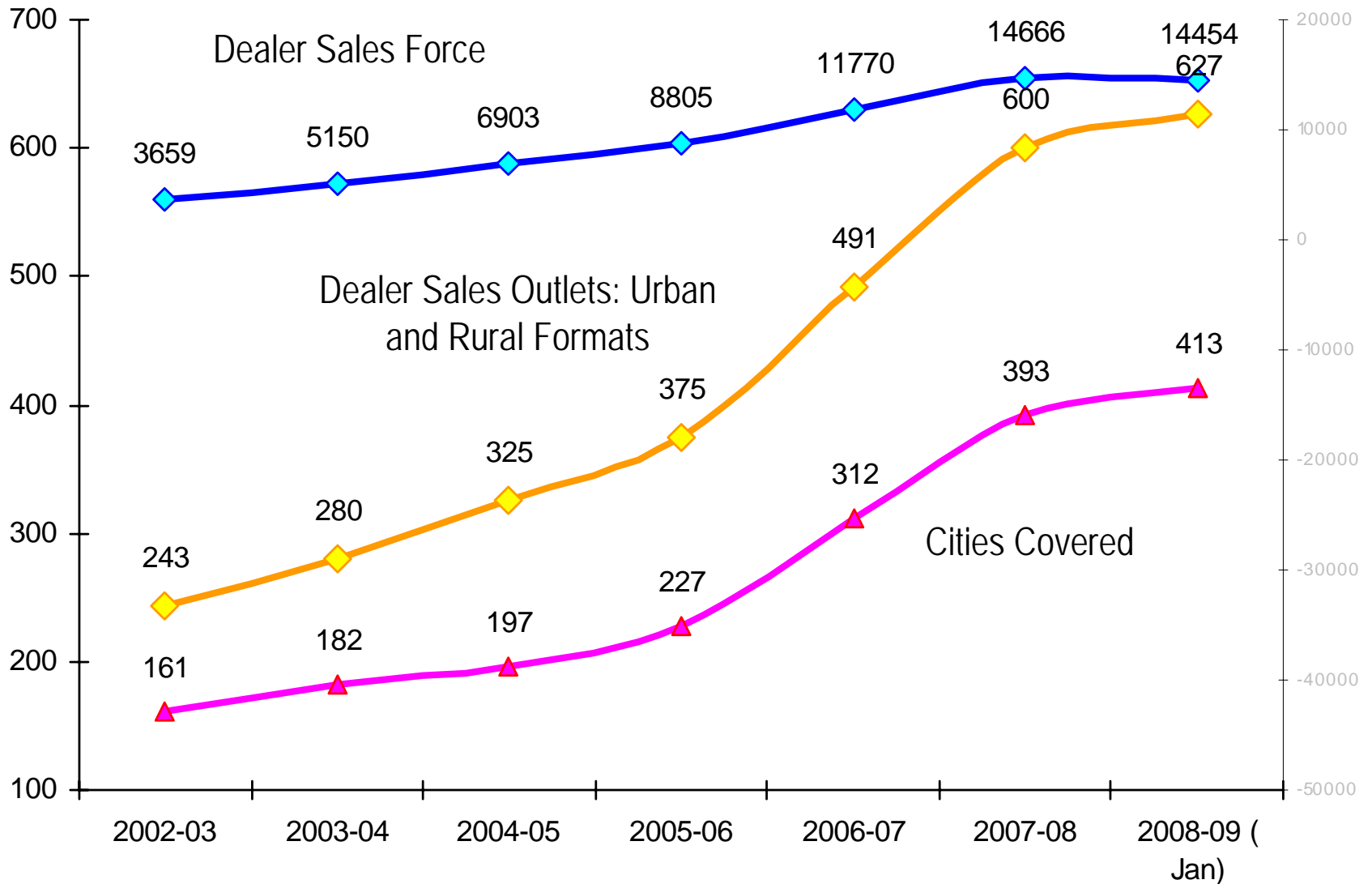


# Market Share over the years

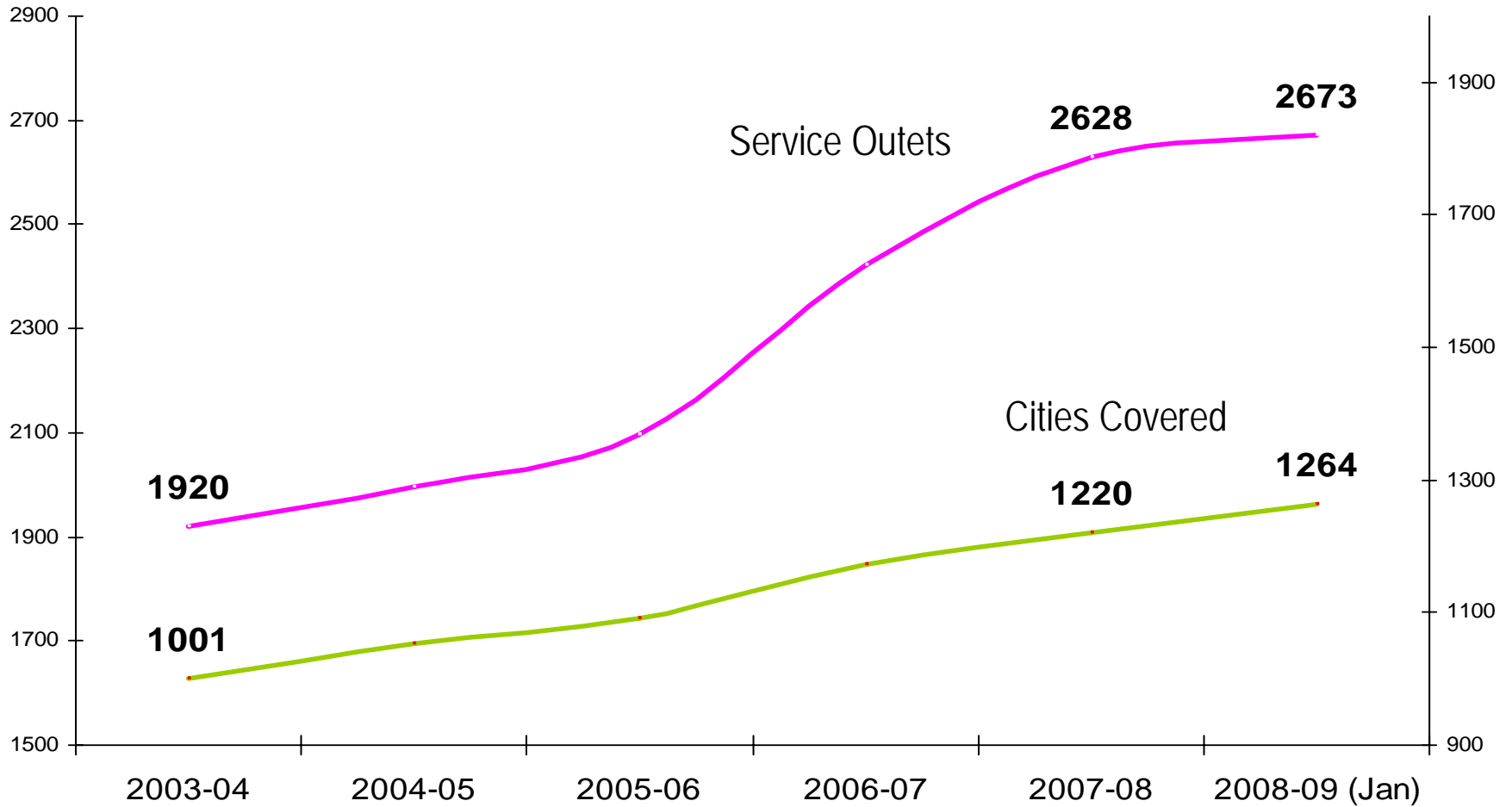


More than half the market for the past 20 years since 1986-87

# Sales Network

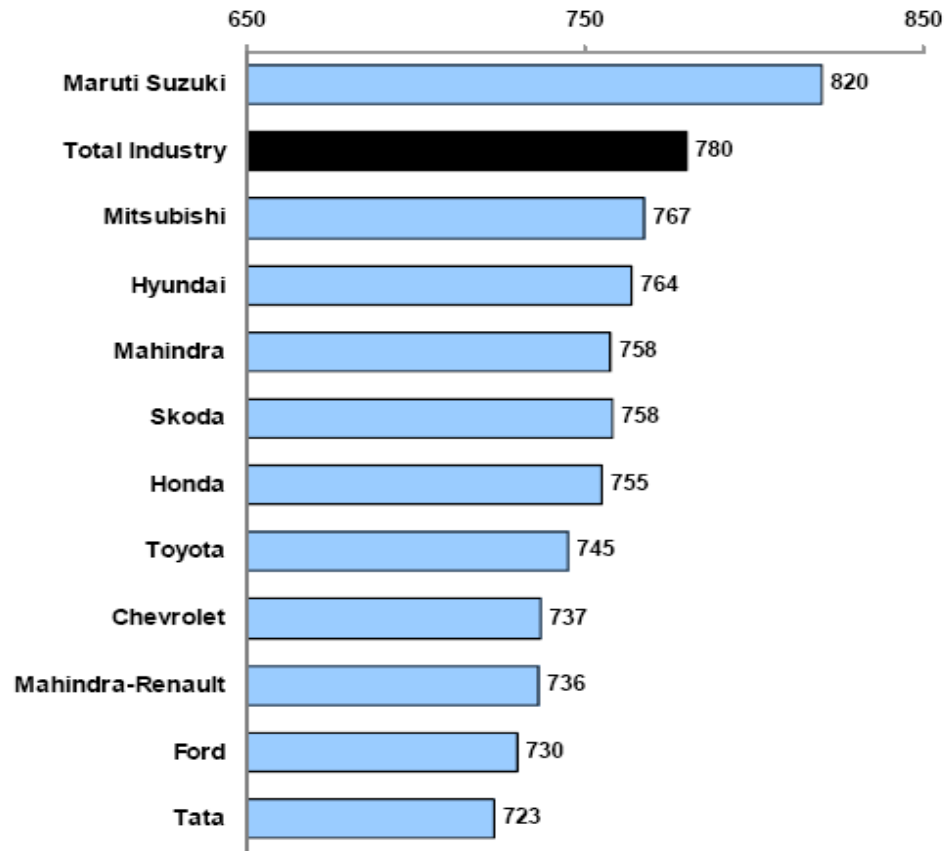


# Service Network



# Customer Satisfaction

## JD Power Assessment *Customer Satisfaction Index Ranking* (Based on a 1,000-point scale)

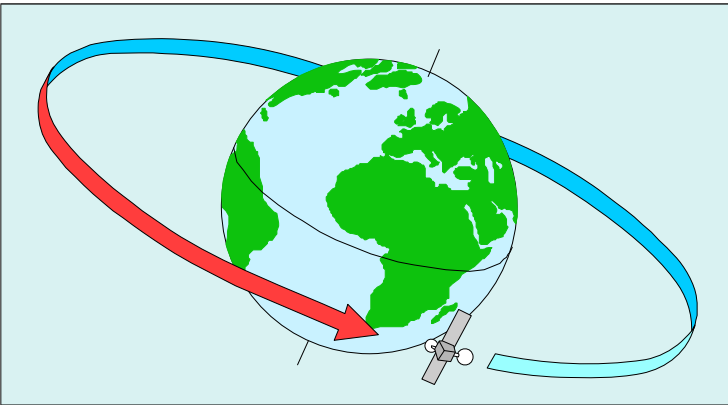


For 9 years Maruti Suzuki has been the only player above industry average

# Pre-owned car business



- Helps in exchange sales
- Enhances residual value thereby reducing cost of ownership
- Network : 304 True Value Dealers in 179 cities
- 83,107 units new cars sold through exchange in 10 months FY09.

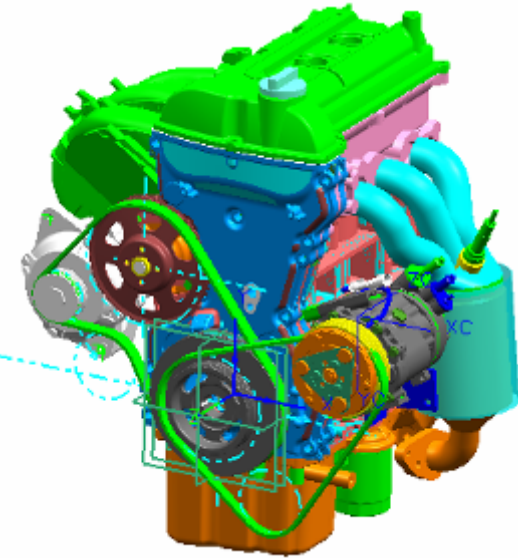


# Technology at Maruti Suzuki

# Eight new models in 40 months



# Next Generation: KB Engine Technology



- 1 litre All Aluminium engine
- 67ps / 90nm
- Euro-5 compliant
- A-star & Splash
- Fuel Efficiency- 19.59km/l on A-star
- Improved NVH  
(Noise, Vibration & Harshness)



# Diesel technology

- Swift & DZire, Splash shortly
- 1.3L - 75 bhp - 190 Nm torque
- 5 Step Multi Injection Common Rail
- Good NVH, not usually associated with diesel cars.
- 21 km/l in Swift & DZire



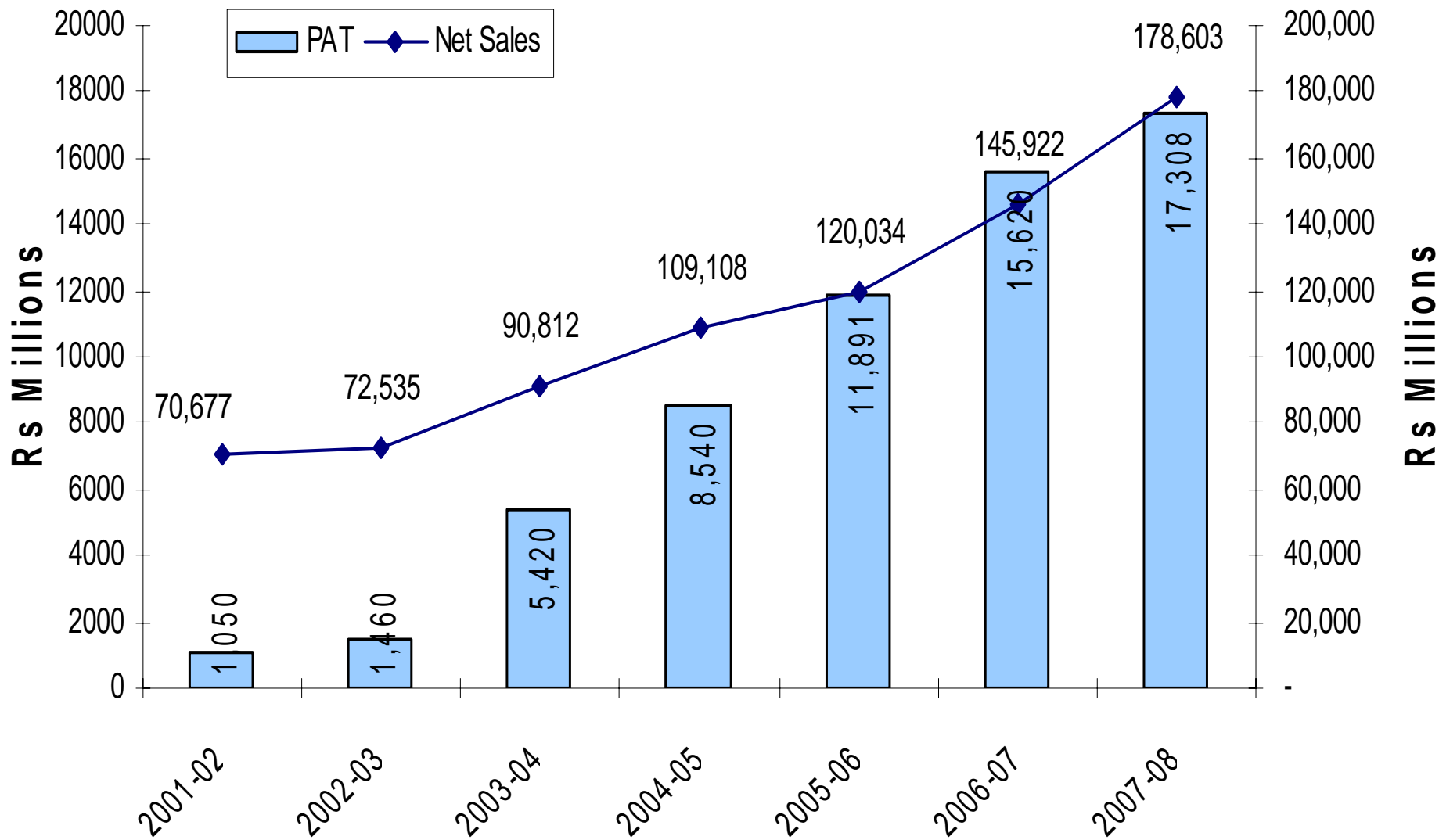
**DDiS**

# Maruti Suzuki R&D evolution

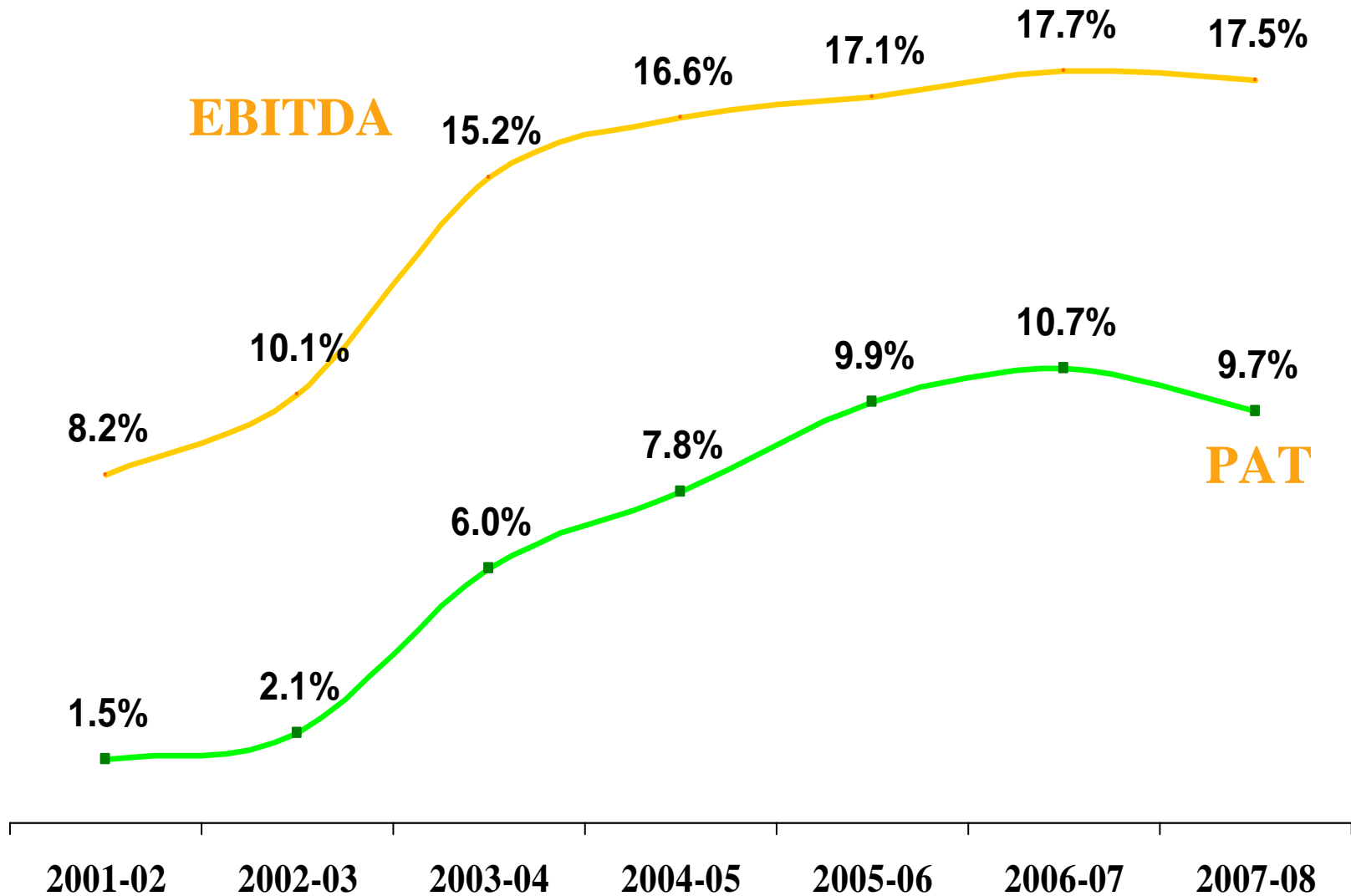
- Phase 1 – Localisation
- Phase 2 – Facelift capability
- Phase 3 – Collaborative design
- Phase 4 – Full Body Design



# Financial Performance



# Financial Performance

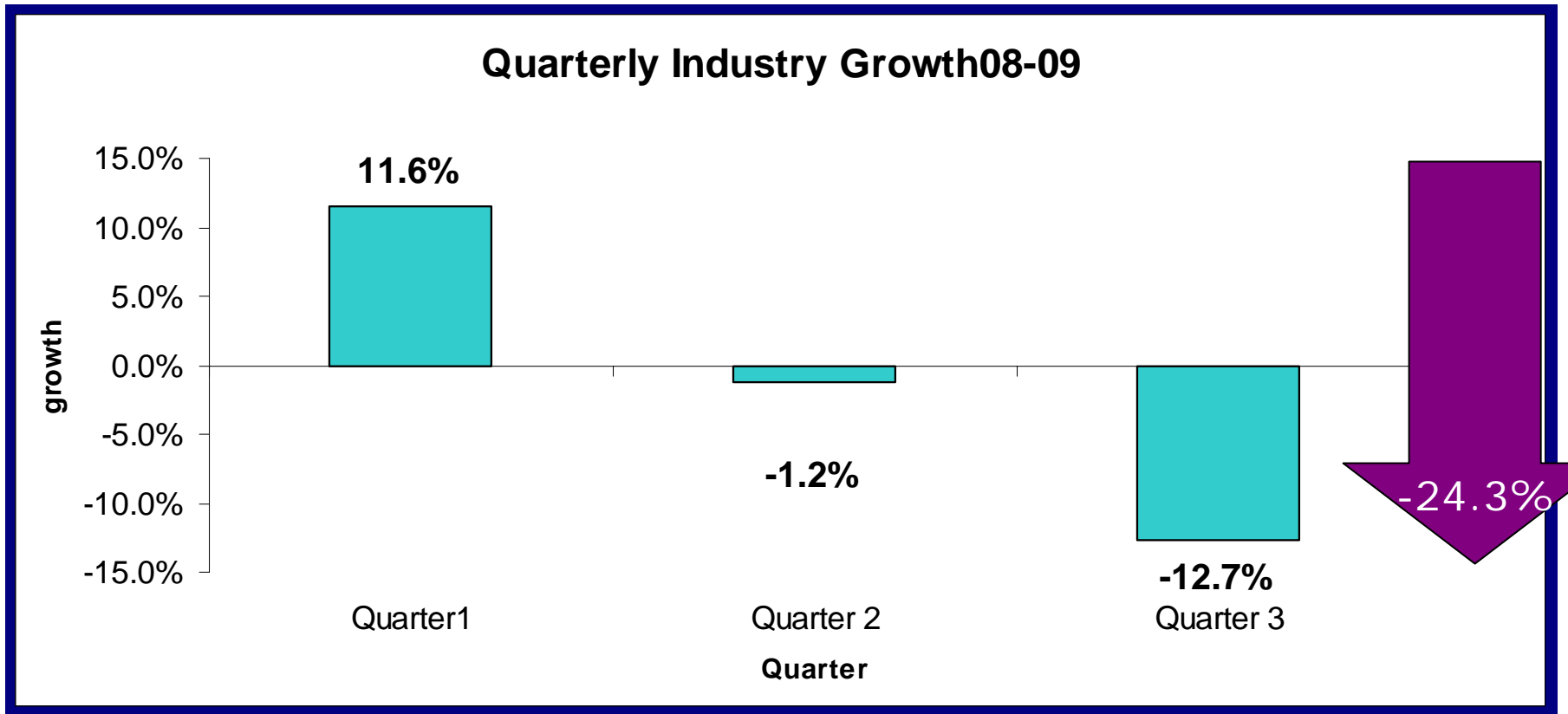




# The year so far...

- Challenges faced this year
- How are things changing
- What can we say about the next year

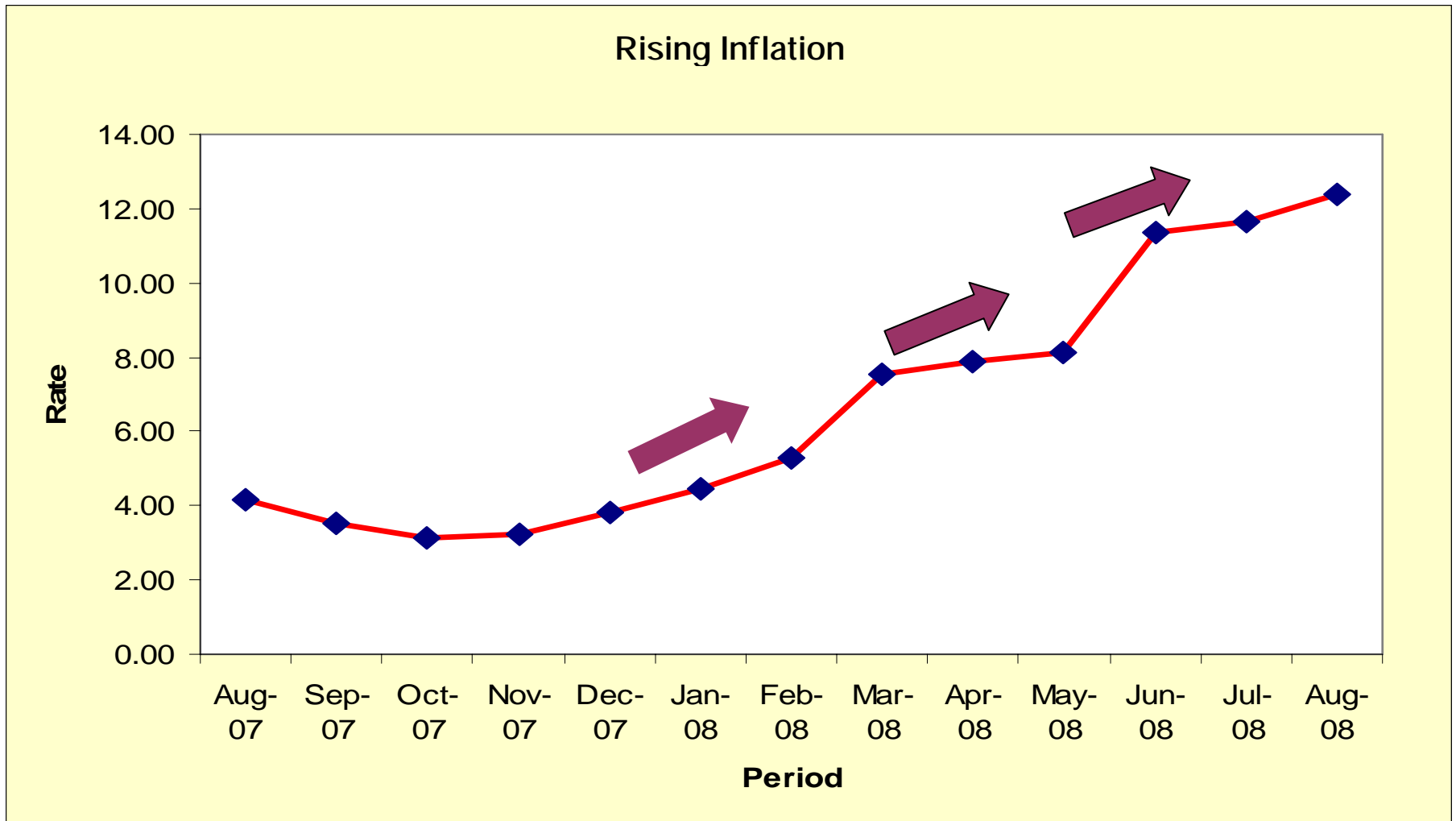
# Industry Growth-Passenger Cars



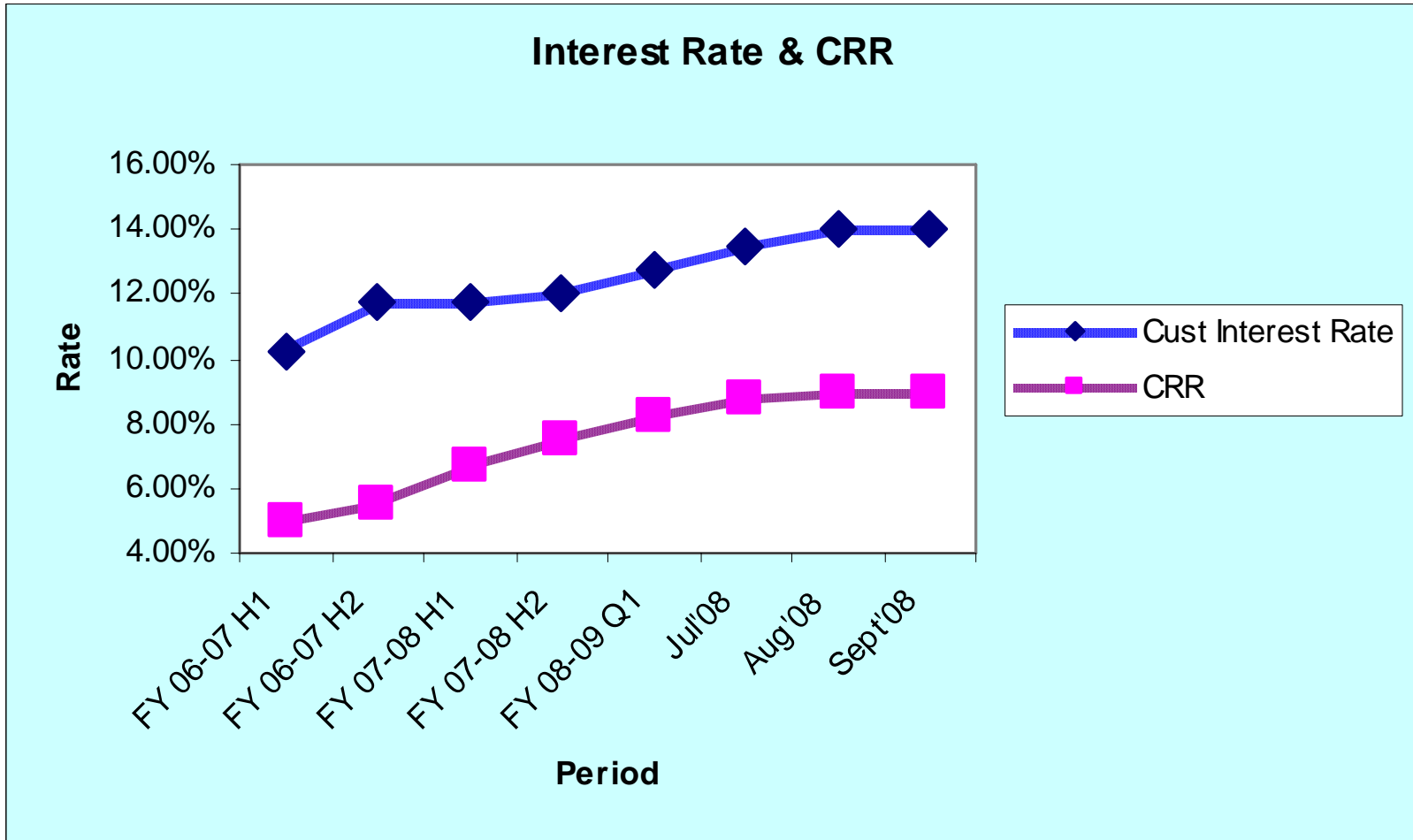


# Challenges faced this year

# Inflation

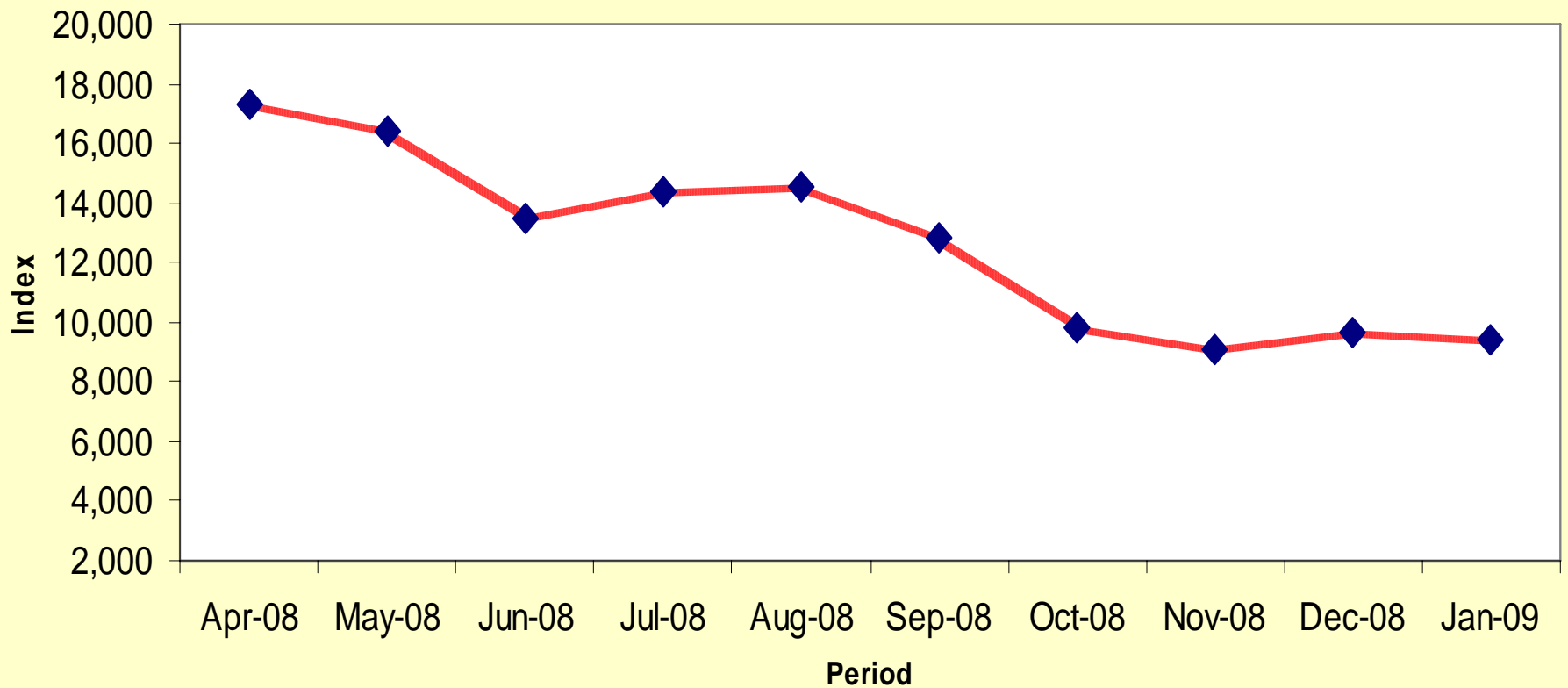


# Interest Rate



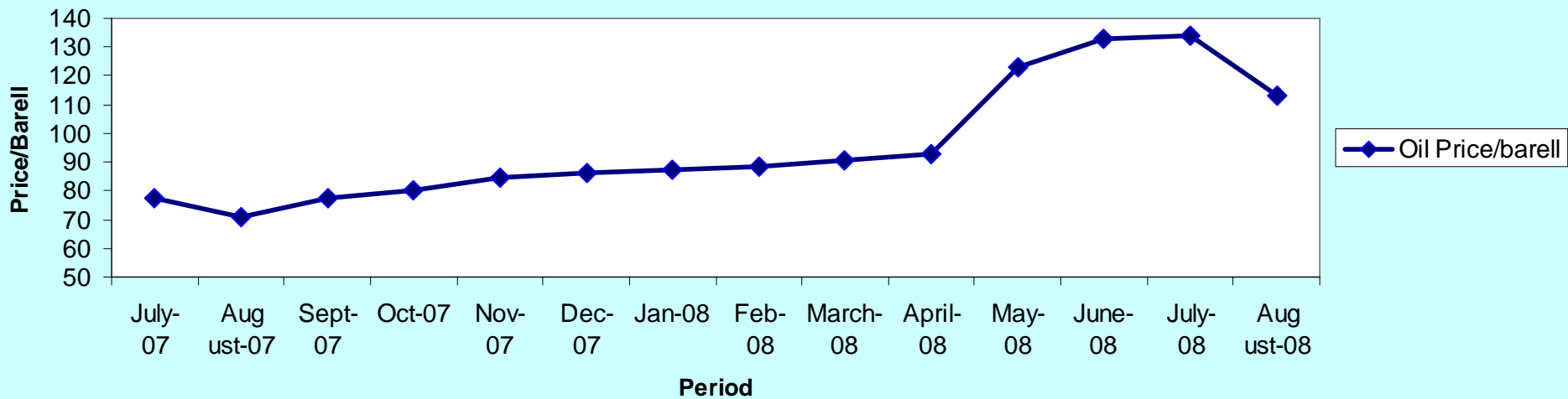
# Equity Markets

## Swinging Sensex



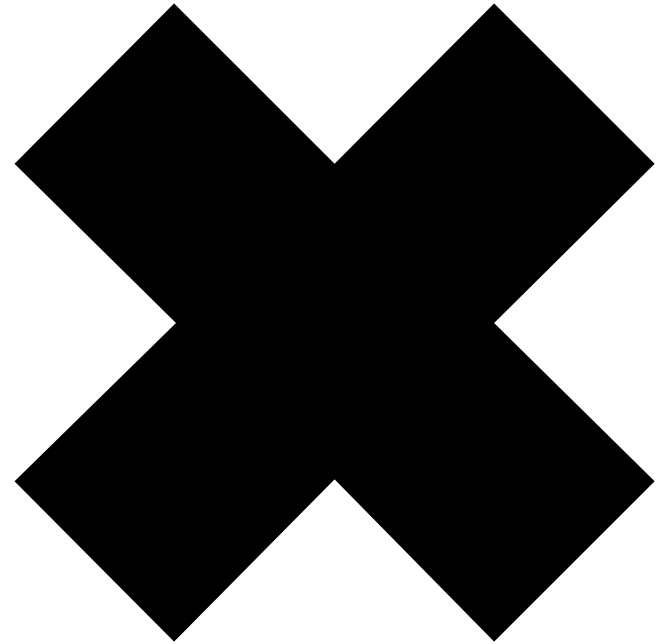
# Crude

Crude at its Peak



# Cascading effect

- News from the west
  - Lehman Brothers
  - Bear Stearns
  - AIG
- Sub prime crisis snowballs.
- Job cuts in US
- Melt down became talk of the town



# Consumer Sentiment

- Depressed market sentiment
- “ not the best time to buy”
- “ lets wait & watch”

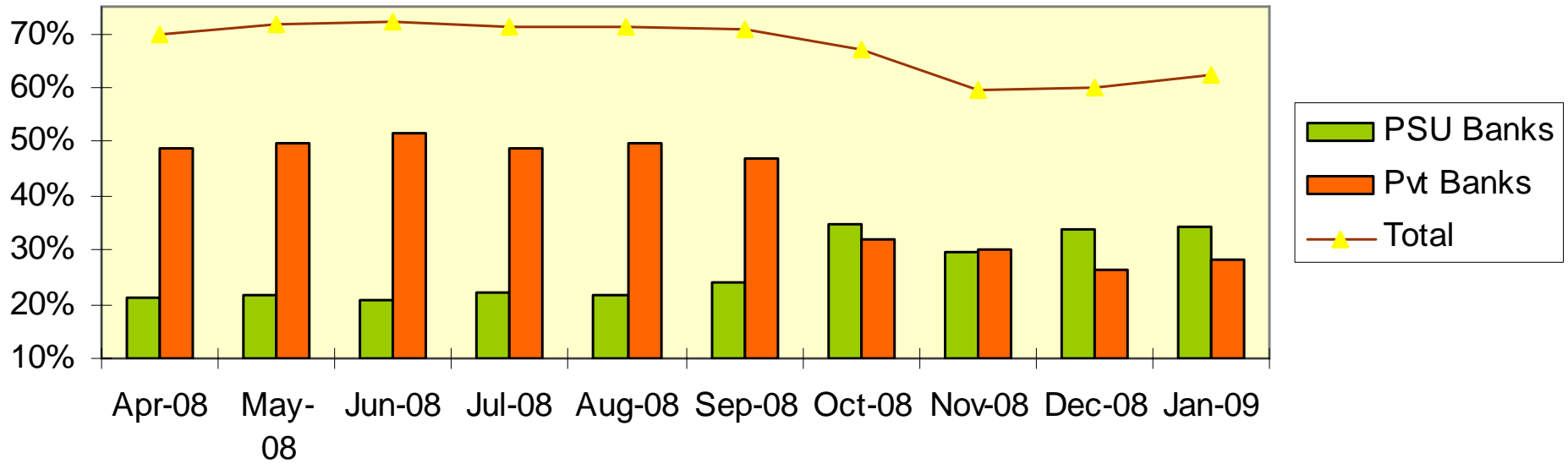


# Finance Availability

- Banking system confidence
- Money Supply



# Finance Penetration



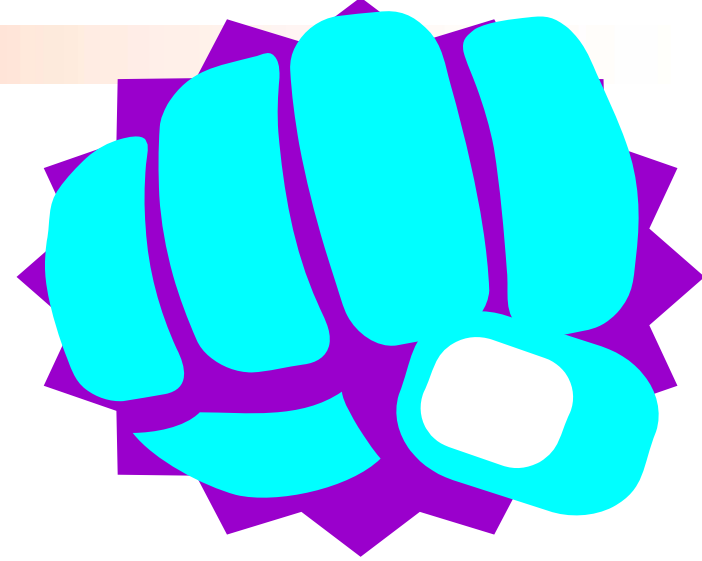
# ...The final blow

Quarter 3

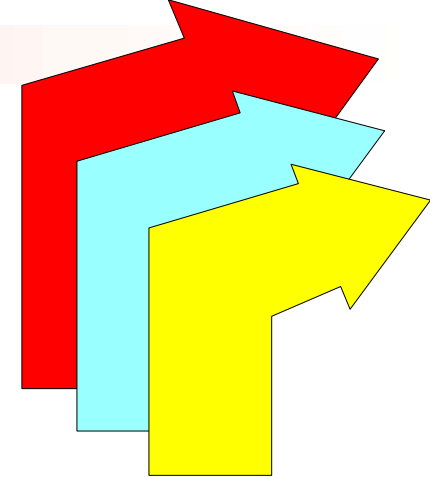
November- Industry Shrinks -21.2%

November -26/11- Mumbai Terror attack

It seems everything that could go wrong went wrong this year

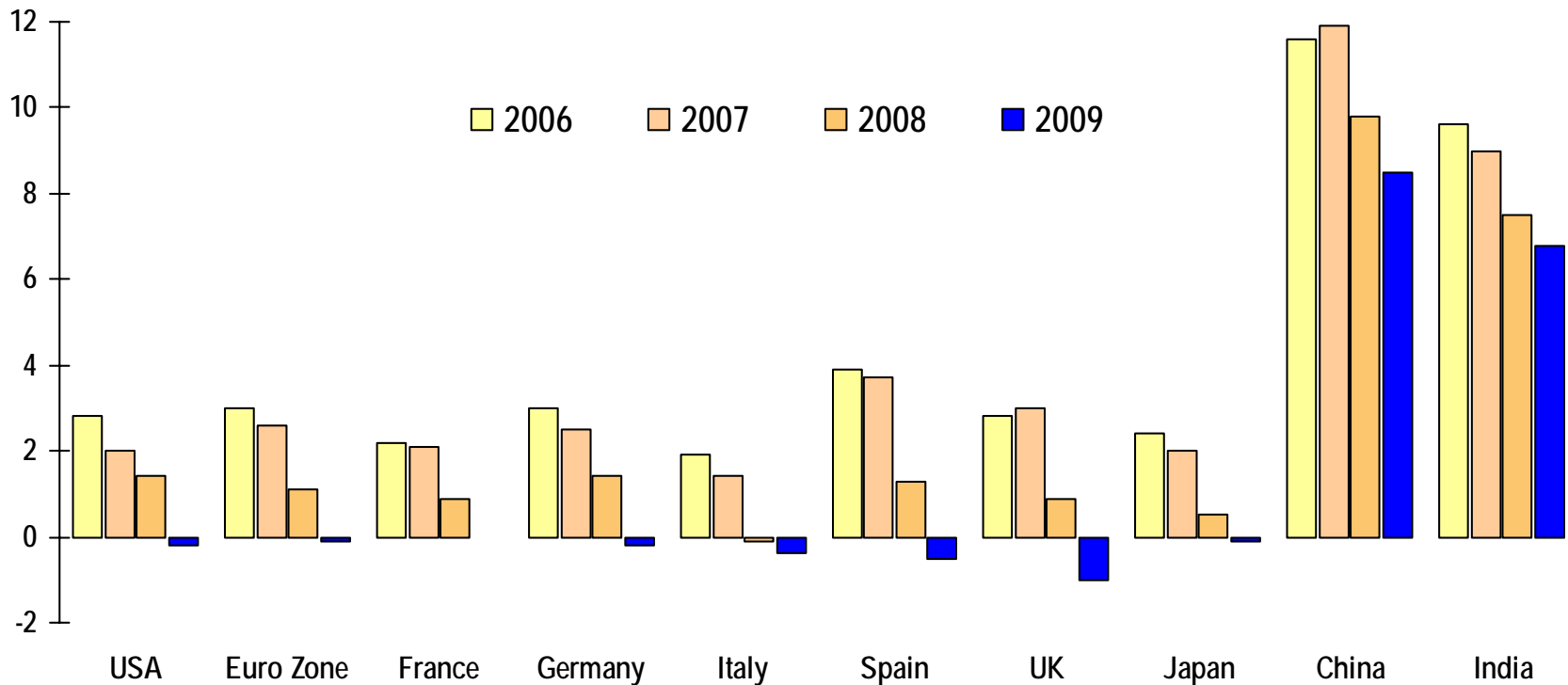


# The positives ....



- Proactive Government
- Industry responds through discounts and price cuts
- Inflation recedes
- Government opens money supply
- On Govt. push, PSU banks start lending freely ( Pvt banks still averse)
- Interest rates soften 200-300 bps
- Consumer sentiment improves ( starting with bargain hunters in Dec.)

# Calibrated view of Indian Economy



India is set to grow by about 7%

next year estimates 5.5 -6 %

# Financial Highlights 9M- Apr-Dec

Parameters	9M FY09	9M FY08	Change
Net Sales (Rs Mn)	140,499	130,974	7.3 %
EBITDA (Rs Mn)	18,787	23,682	-20.7 %
Depreciation (Rs Mn)	*5094	2507	
Profit Before Tax (Rs Mn)	13,272	20,677	-35.8 %
Profit After Tax (Rs Mn)	9755	14331	-31.9 %

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

# Financial Highlights 9M (08-09)

As % of Net Sales

Parameter	9M'Fy09	9M' Fy08	Change	
Material Cost	79.4%	76.4%	3.1%	↑
Employee Cost	2.4%	2.0%	0.4%	↑
Selling & Distribution expenses	3.8%	2.8%	1.0%	↑
Manufacturing Expenses	2.7%	2.2%	0.05%	
<i>Royalty</i>	3.3%	2.6%	0.7%	↑
<i>Power &amp; Fuel</i>	1.1%	0.8%	0.30%	
EBITDA	13.4%	18.1%	(4.8)%	↓
Depreciation	3.6%*	2.0%	(1.6)%	↑
PBT	9.4%	15.8%	(6.3)%	↓
PAT	6.9%	10.9%	(4.0)%	↓

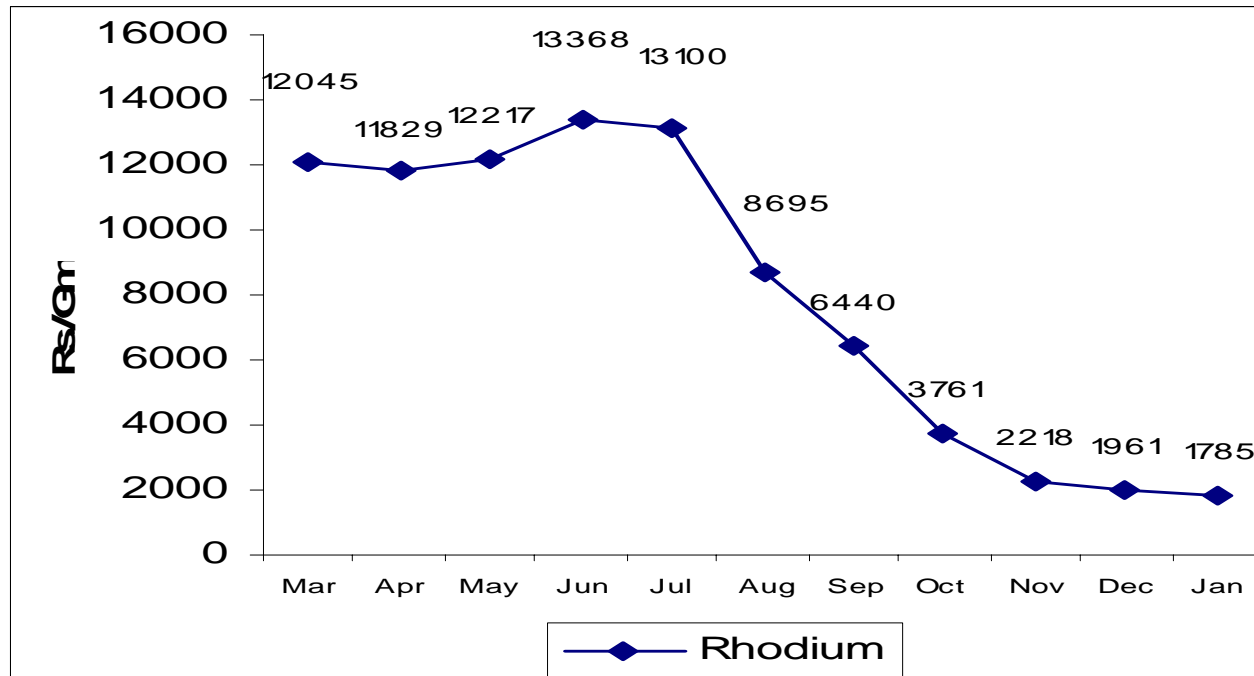
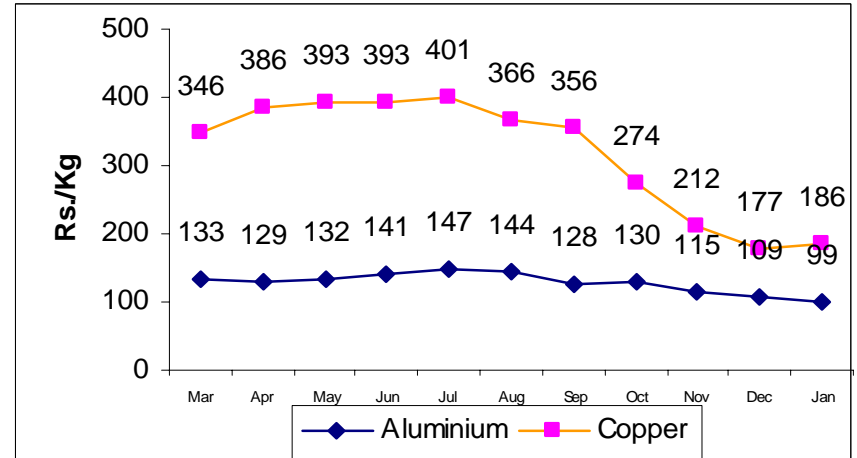
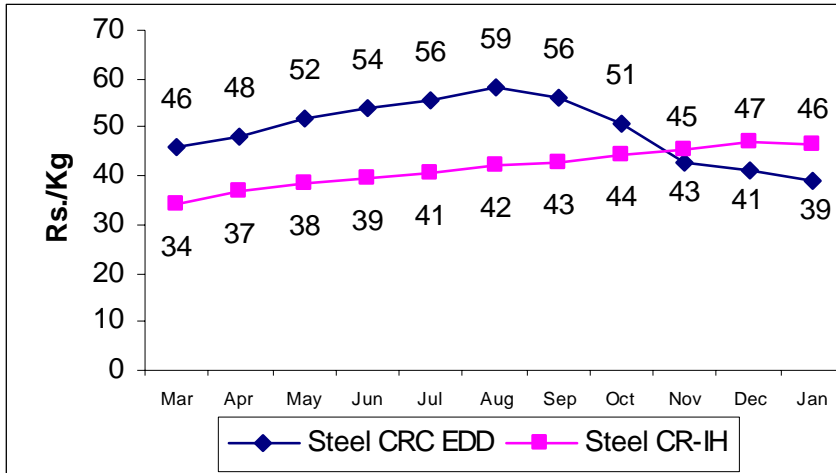
\* Pursuant to revision in useful life of assets in Q4' Fy08



# Cost drivers

- Commodities
- Forex
- Sales discounts

# Commodities



# Forex Exposure

- Direct : Import of components, Steel , Royalty payments ~ 12 % of Net Sales
- Indirect : vendor imports ~ 10 % of Net Sales



# Way forward for Maruti Suzuki



# Industry Outlook

- No guidance intended
- Best perception about domestic market growth in FY10 at 5 %



# Way forward Maruti Suzuki

- Products
- Exports
- Domestic market opportunities
- Commodity
- R&D
- Forex
- Commitment to Road Safety in India

# Way forward Maruti Suzuki

## Products

- Full year volumes of A-star  
*(powered by next generation light weight KB engine, mileage 19.6 km/l, ELV compliant and lowest emissions in its category)*
- Suzuki World Strategic Model-Splash  
*(KB engine, Petrol & Diesel variant )*
- Increased availability of diesel engines





# Way forward Maruti Suzuki

## Exports

New product- new markets (A- star)

World class port infrastructure, more efficient logistics



**Our first shipment of A-star to Europe at our new terminal at Mundra**

# Way forward Maruti Suzuki

## Domestic market opportunities

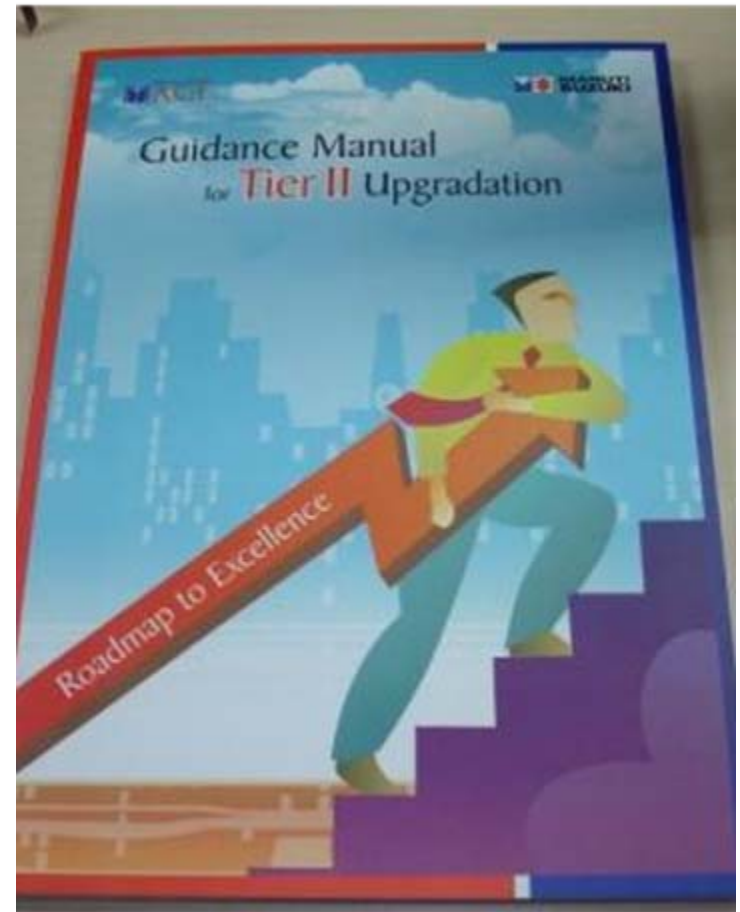
- Potential consumer segments
  - *Rural Sector (~8% of our sales)*
  - *Government Employees (~15% of our sales)*
- Enhanced Customer Interface
  - *Brand Centers & Stockyards*



# Way forward Maruti Suzuki

## On Cost side

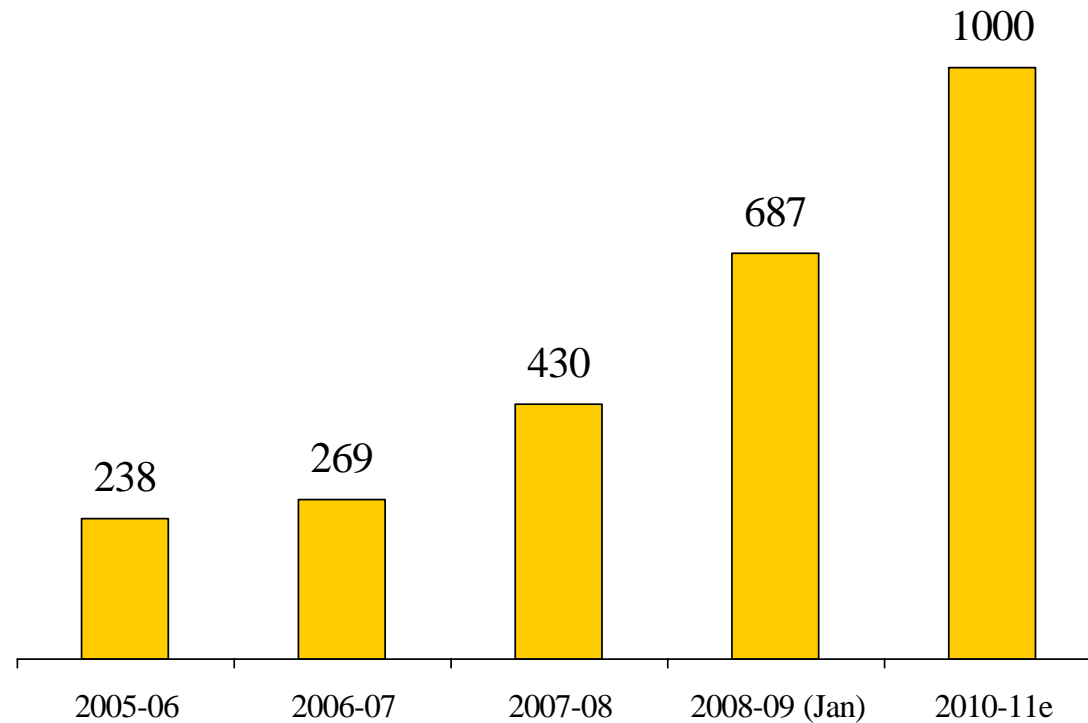
- Commodities softening
- Extensive work on Tier-II vendor upgradation



# Way forward Maruti Suzuki

## On R&D

- Investment in R&D capability full stream
- Over 80 engineers trained in Japan
- Full body change capability in 2010
- Transforming models for new engines
- Speed, relevance and excitement in market place
- R&D centre at par with Japan
- Complete Test Course facility



Design Engineers' Strength at Maruti Suzuki

# Way forward Maruti Suzuki

## On Forex

- Forex almost neutral, but with cross-currency
- Vendor localization

# Way Forward - Capital Expenditure

- Vehicle Production Capacity of 1 million achieved
- Manesar Plant Capex done
- Going forward Capex major areas
  - KB Engine Expansion,
  - Gurgaon plant modernization
  - R&D
  - Marketing – Brand Centres & Stock Yards
  - New Model development
- Total Plan
  - FY10 Rs 24 billion
  - FY11 Rs 13 billion
  - FY12 Rs 4 billion
- Cash Position Rs 32 billion (31<sup>st</sup> Dec-08)

# Our commitment to Road Safety in India



- India is World's No.1 in road accident fatalities
- 78% accidents due to driver fault
- Train 500,000 in next 3 years towards 'Safe Driving'
- 100,000 – sponsored by MSIL from weaker sections
- Partnership with State governments & Dealerships.

# Road Safety Infrastructure

## Two Institutes of Driving Training and Research (IDTR)

- Train 500,000 in next 3 years towards 'Safe Driving'
- In partnership with State Governments.
- Pilot in March 2000
- Second IDTR in 2006
- Four more in the pipeline – Gujarat, Haryana(2), Uttarakhand



*Over 550,000 commercial drivers trained in  
Delhi & NCR*



Thank You