

SML ISUZU LIMITED

Company Presentation

MIDCAP Conference organised by B & K Securities

12th December, 2017 (Mumbai)



Safe Harbor

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Board of Directors

S.K.Tuteja, IAS (Retd.) <i>Chairman & Independent Director</i>	After serving on the key assignments in various Government Departments at Punjab and Center, Mr. Tuteja retired as Secretary, Food & Public Distribution, Government of India in 2005. Mr. Tuteja has over 47 years of rich experience in diverse fields which include district administration, education, industry, trade, commerce, finance and company matters.
A.K.Thakur <i>Independent Director</i>	A qualified Chartered Accountant. Mr. Thakur retired as an Executive Director from UTI. He has around 51 years of experience in various areas such as accounts, finance, investment and corporate affairs.
P.K.Nanda <i>Independent Director</i>	A qualified Chartered Accountant, Mr. Nanda held several key managerial positions in multi national companies both abroad and in India having over 55 years of rich experience in various areas such as finance, corporate affairs, international trade and commerce, business strategy, etc. He was appointed as the Chairman and Managing Director of Metal Box India in 1970. He was also the founder president of the Confederation of Indian Industry (CII) and served as a member of several Government appointed committees, RBI working groups and of Confederation of British Industry, etc.

Board of Directors

Sudhir Nayar <i>Independent Director</i>	A B.Tech from IIT Delhi and MBA from FMS, Delhi University. Mr. Nayar has over 31 years of rich experience in Sales & Marketing functions. He has worked with many reputed organizations such as Hindustan Lever Limited (HUL) and Tata Oil Mills Company (TOMCO).
Dr. (Mrs) Vasantha S. Bharucha <i>Independent Director</i>	An economist of repute, Dr. Bharucha holds Doctorate in Economics from University of Mumbai. She served as Economic Adviser in the Ministry of Commerce & Industry, Government of India. Dr. Bharucha has rich experience in industry, trade and finance in the engineering and consumer goods sectors and has published a number of reports and strategy papers on Economic subjects. Dr. Bharucha was an Independent Director on the Central Board of State Bank of India (SBI) for three years during 2008-2011 and was also a Director on the Board of Delhi Circle of SBI.
M. Nakajima	A graduate from Waseda University, Japan. Mr. Nakajima joined Sumitomo Corporation in 1985 and currently holds the post of General Manager, Automotive Division 1 of Sumitomo Corporation. Mr. Nakajima has around 32 years of experience in the areas of Corporate Planning & Marketing.

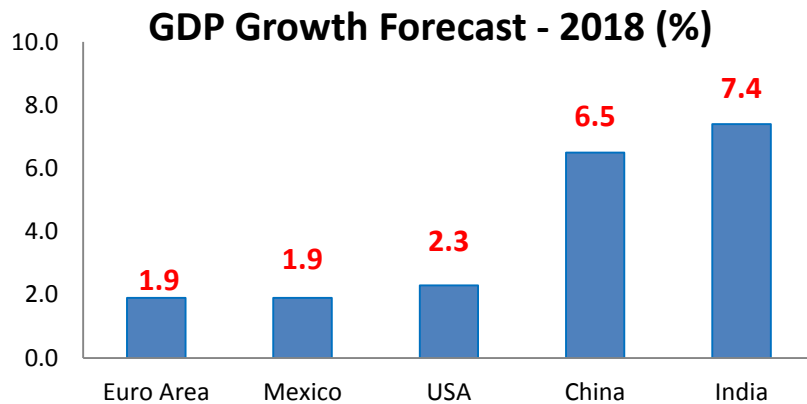
Board of Directors

T. Kikkawa	A graduate from Keio University, Japan. Mr. Kikkawa joined Sumitomo Corporation in April, 1983 and his current position in Sumitomo Corporation is General Manager, Automotive Manufacturing Business Department 1. He has around 34 years of experience in automotive business.
M. Narikiyo	A graduate in Commercial Science from Kobe University, Japan. Mr. Narikiyo joined Sumitomo Corporation, Japan in April 1984 and has several years of experience in Sales & Marketing. He is currently Chairman & Managing Director of Sumitomo Corporation India Pvt. Limited.
Pankaj Bajaj	A qualified Chartered Accountant and Company Secretary. Mr. Bajaj started his career in 1995 with Deloitte Haskins & Sells and joined Sumitomo Corporation India Private Limited in 1997 as company secretary. He is currently Director and Company Secretary of Sumitomo Corporation India Pvt. Limited.
K. Goda	A graduate from Kyoto Sangyo University, Japan. Mr. Goda joined Isuzu Motors in 1990 and has over 25 years of experience in International Business Development and International Sales. He is currently associated with Isuzu Motors as a General Manager, International Sales.

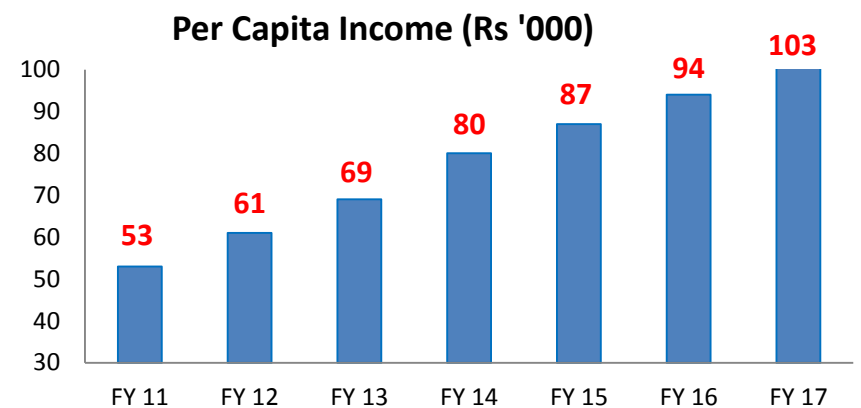
Board of Directors

Eiichi Seto (Managing Director & CEO)	A graduate in Law from Waseda University, Tokyo (Japan). Mr. Seto joined Sumitomo Corporation in 1982 and has several years of experience in the motor vehicles department. In 1993, he was appointed as General Manager, Automotive Department in Sumitomo Corporation de Mexico and in 2004, he was appointed as Vice President and General Manager, Detroit Office, Sumitomo Corporation of America. In 2007, he was appointed as Director and General Manager, Melbourne Office, Sumitomo Australia Private Limited. Further in 2009, he was also appointed as General Manager, Automotive Manufacturing Business Department, Sumitomo Corporation.
Gopal Bansal (Whole-time Director & CFO)	A qualified Chartered Accountant & Company Secretary. He started his career in 1980 with Punjab Tractors Limited - PTL (Swaraj Group) and got associated with SML Isuzu on secondment from PTL, the promoter of the Company. Mr. Bansal has over 33 years of rich experience in various areas such as corporate affairs, finance & accounts, risk management, secretarial & taxation, investor relations, etc.
Takahiro Imai (Director – R&D) (Isuzu Products & Projects)	A graduate in Engineering from Kyushu University (Japan). He joined Isuzu Motors Limited in 1997 and his last position in the Isuzu Motors was Manager-CV Chassis Engineering. He has experience of around 19 years with Isuzu in the area of Automobile Engineering.

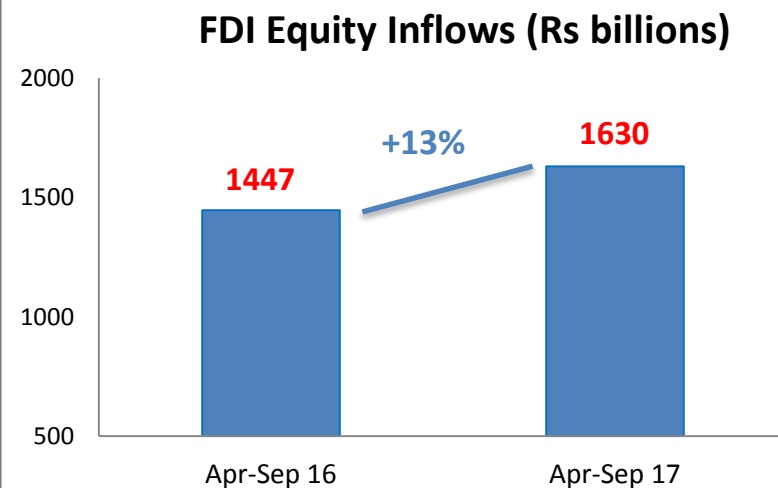
India - An Overview



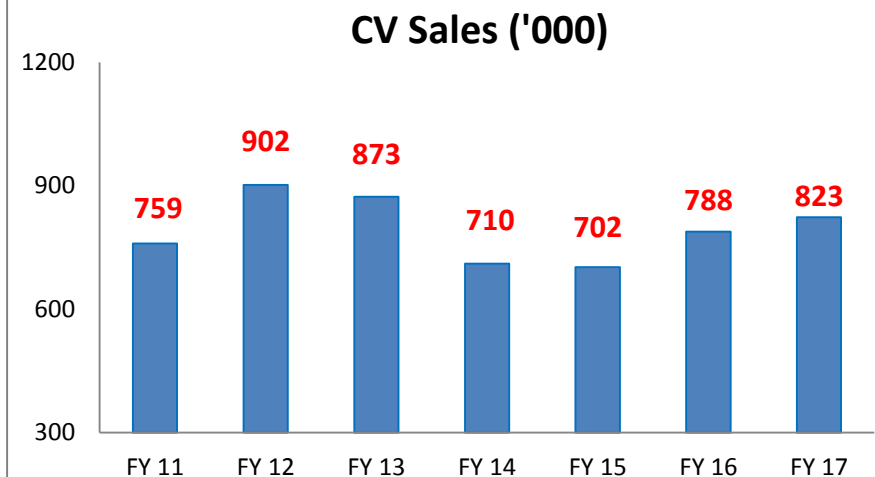
Source : IMF - Economic Outlook, October, 2017



Source : Ministry of Statistics & Prog. Implementation, Govt. of India



Source : Department of Industry Policy & Promotion, Govt. of India



Source : Society of Indian Automobile Manufacturers (SIAM)

Changing Trends

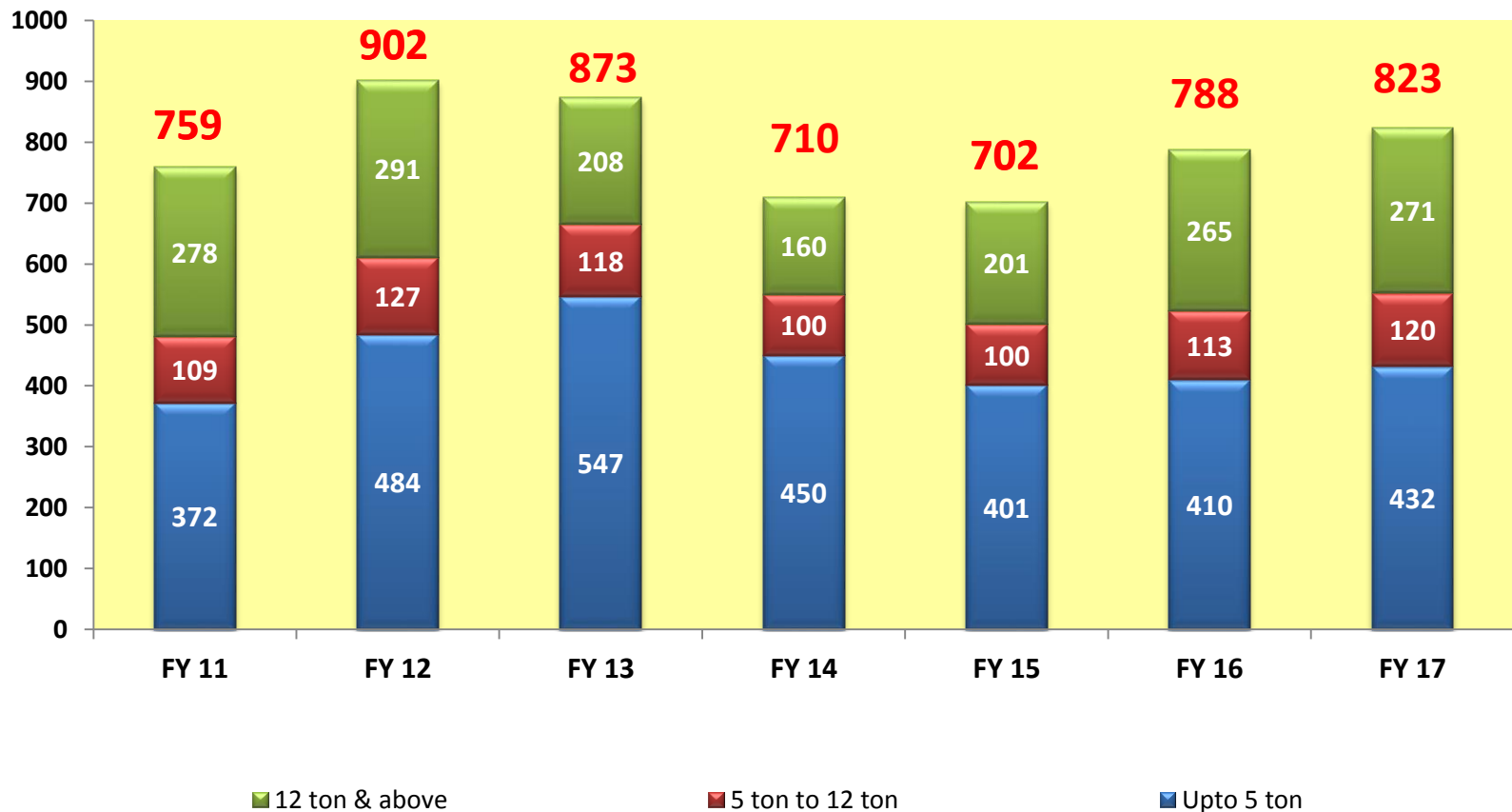
Old



New



Total Commercial Vehicle Industry (Nos. in '000)



As per ICRA, domestic CV volumes are expected to grow @ 6-7% in FY 17-18

Commercial Vehicle Industry

CV Industry (Domestic+Export)

	Apr-Nov 16	Apr-Nov 17	% change
M&HCVs (above 7.5 ton)			
Passenger Carriers	37,522	29,825	-20.5%
Goods Carriers	1,71,190	1,80,386	5.4%
Total M&HCVs - A	2,08,712	2,10,211	0.7%
LCVs (upto 7.5 ton)			
Passenger Carriers	36,389	31,272	-14.1%
Goods Carriers	2,74,875	3,08,171	12.1%
Total LCVs - B	3,11,264	3,39,443	9.1%
Total (A+B)	5,19,976	5,49,654	5.7%

SMLI Segment (5 - 12 ton)

Passenger Carriers (5 to 12 ton)	33,681	30,296	-10.1%
Goods Carriers (3.5 to 10 ton)	40,641	44,499	9.5%
Total	74,322	74,795	0.6%

SMLI Sales

Passenger Carriers	5,232	3,651	-30.2%
Goods Carriers	4,690	3,071	-34.5%
Total	9,922	6,722	-32.3%

Major Milestones

1983	Swaraj Vehicles Ltd. (SVL) incorporated								
1984	Joint Venture and Technical Assistance Agreement between Punjab Tractors Ltd., Mazda Motor Corporation & Sumitomo Corporation concluded. SVL renamed Swaraj Mazda Limited (SML)								
1985	Project setup with a capacity of 5,000 LCVs at capital outlay of Rs. 200 Million. Equity of Rs. 105 Million was subscribed by <table> <tr> <td>-- Punjab Tractors Ltd</td><td>29.0%</td></tr> <tr> <td>-- Mazda Motor Corpn. Japan</td><td>15.6%</td></tr> <tr> <td>-- Sumitomo Corpn. Japan</td><td>10.4%</td></tr> <tr> <td>-- Public</td><td>45.0%</td></tr> </table> Trial production and test marketing of Swaraj Mazda Truck WT-48, WT-49 and WT-50 LCVs commenced	-- Punjab Tractors Ltd	29.0%	-- Mazda Motor Corpn. Japan	15.6%	-- Sumitomo Corpn. Japan	10.4%	-- Public	45.0%
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-- Mazda Motor Corpn. Japan	15.6%								
-- Sumitomo Corpn. Japan	10.4%								
-- Public	45.0%								
1986	Beginning of Commercial operations								
1987	Launch of Indigenously developed 26 seater bus								
1994	Became financially sick – due sharp Rupee devaluation								

Major Milestones

- 1997 Financial health restored –3 years earlier than Rehabilitation Scheme.
- 2000 Maiden Dividend @ 10%
- 2005 Sumitomo Corporation, Japan raised its equity holding in the Company to 41%.
- 2006 Technical Assistance Agreement with Isuzu Motors signed.
- 2008 Ultra Luxury Buses both on SML & Isuzu Platforms launched.
- 2009 Sumitomo raised its stake in the Company to 53.52% by buying entire equity holding of Punjab Tractors Ltd. in the Company.
- 2010 Rights Issue of 3,984,946 equity share of Rs. 10 each at a premium of Rs. 190 per share in the ratio of 11:50 raised Rs. 79.7 crores.

Major Milestones

- 2011 Swaraj Mazda renamed as SML ISUZU LIMITED.
- 2012 Isuzu Motors raises its stake to 15%; Dividend raised to 80% on post-rights equity.
S7 Bus 5100 WB (50+1 seater) on SML platform launched.
FR1318 bus (40+1 Seater) on Isuzu platform introduced.
Highest-ever Production and Highest-ever Profit achieved.
- 2014 S7 Bus 3940 WB (37+1 seater) & S7 Bus AC version launched
Fuel Efficient & High Torque series launched (for all vehicles)
Sartaj 5252 XM (5200 GVW) Truck Launched
- 2015 Sartaj 59XM (5900 GVW) Truck Launched
Sales volume crossed 2 Lacs mark
- 2016 Executive Lx Coach (GVW-7ton) & Ecomax Bus (GVW-5Ton) under Tourist Bus segment Launched

Equity & Dividend Record

Year	Nature of Issue	No. of Shares (Lacs)	Price Per Share	Current Price (8 th Dec' 17)
1985	Initial Public Offer (IPO)	105	Rs.10/-	Rs. 870/- approx.
2010	Rights Issue	40	Rs. 200/-	Rs. 870/- approx.

Dividend Track Record

2002 Dividend – 25%
 2003 Dividend – 45%
 2004 Dividend – 70%
 2005 Dividend – 75%
 2006 Dividend – 55%
 2007 Dividend – 55%
 2008 Dividend – 55%
 2009 Dividend – 15%

2010 Dividend – 40%
 2011 Dividend – 80%
 2012 Dividend – 80%
 2013 Dividend – 80%
 2014 Dividend – 30%
 2015 Dividend – 60%
 2016 Dividend – 80%
 2017 Dividend – 80%

Equity Shareholding Pattern as on 24th November, 2017

Category	No. of Shares held	% age of Shareholding
Sumitomo Corporation (Promoter)	6362306	43.96
Isuzu Motors Limited	2170747	15.00
National Westminster Bank PLC	470990	3.25
Sachin Bansal	281975	1.95
Birla Sunlife Trustee Company Private Ltd.	144887	1.00
UTI Mid Cap Fund	143536	0.99
Jupiter South Asia Investment Company Limited - South Asia Access Fund	124183	0.86
Axis Mutual Fund Trustee Limited	84603	0.59
Others	4688419	32.40
GRAND TOTAL	14471646	100.00

Market Potential

Long term prospects of commercial vehicle industry are secular. Economic growth in the medium to long term would be driven by infrastructure investments in areas such as – roads, bridges, power generation, information technology, civil aviation, sea-ports, health, education etc. This trend would generate increased demand for commercial vehicles in coming years.

Demand Factor Conditions

- As per IMF Forecast – October 2017, India's GDP growth in 2018 is estimated at 7.4% against world average estimate of 3.7%.
- International ratings agency Moody's Investor Service has recently upgraded India's sovereign bond rating to "**Baa2**" from "Baa3" with a stable outlook.
- As per GIA study on Commercial Vehicles (CV), Asia-Pacific is expected to emerge as the fastest growing hub for CV production led by shifting of automobile production bases to low cost Asian countries.
- As per CRISIL, long term prospects of the Commercial Vehicle industry are positive. Apart from macro-economic factors, implementation of emission & anti-overloading norms, scrapping regulations for older vehicles and changing landscape of the logistics industry towards an organized one would continue to support demand for CVs.

- As per ICRA, **domestic CV industry is likely to register a growth of 6-7% in FY 2018.** M&HCV truck segment is likely to register a growth of 2-4% during vis-à-vis flat sale in previous year aided by pent-up demand post GST, higher budgetary allocation towards infrastructure & rural sectors, stricter implementation of regulatory norms especially related to vehicle length and overloading norms and replacement of ageing fleet. **Further, LCV truck segment is expected to register a growth of 14-16% on account of replacement led demand, greater demand from e-commerce focused logistic companies and gradual improvement in finance environment.**
- As per ICRA, Bus segment will witness 10-12% contraction during 2017-18 due to decline in orders from SRTUs (under the JnNURM programme). **However, the segment's prospects remain favorable over the medium term driven by Govt.'s focus on improving urban as well as rural transportation and focus towards smart cities initiatives.**

Improving conditions of road infrastructure – development of state highways & expressways, focus on power generation, housing, health & education coupled with increasing disposable incomes and changing commuting habits, are expected to maintain the growth momentum in the Indian CV market.

An Overview

- Wide Range of Products
 - Both in Cargo (5 – 12 ton) and Passenger Categories (13 - 52 seats)
- Installed Capacity
 - 18000 Vehicles
 - 4000 Bus Bodies
- Manpower Strength
 - Regular - 1000 approx.
 - Contract - 1100 approx.

Product Portfolio

Cargo

GVW(Kgs)

LCVs

– Sartaj 5252 XM	-	5200
– Sartaj 59 XM	-	5900
– Sartaj HG 72 XM	-	7200
– Prestige XM	-	6440



M&HCVs

– Supreme XM	-	8000
– Super XM	-	8720
– Samrat XM	-	10250
– Super 12.0 XM	-	11990
– Super 12.9 XM	-	12900



Product Portfolio

Buses

SML Platform

- Standard buses 18 to 52 seater (AC/Non-AC)
- Executive Coach 13 seater Delux (AC)
- Executive LX Coach 20/29/31 seater Delux (AC)

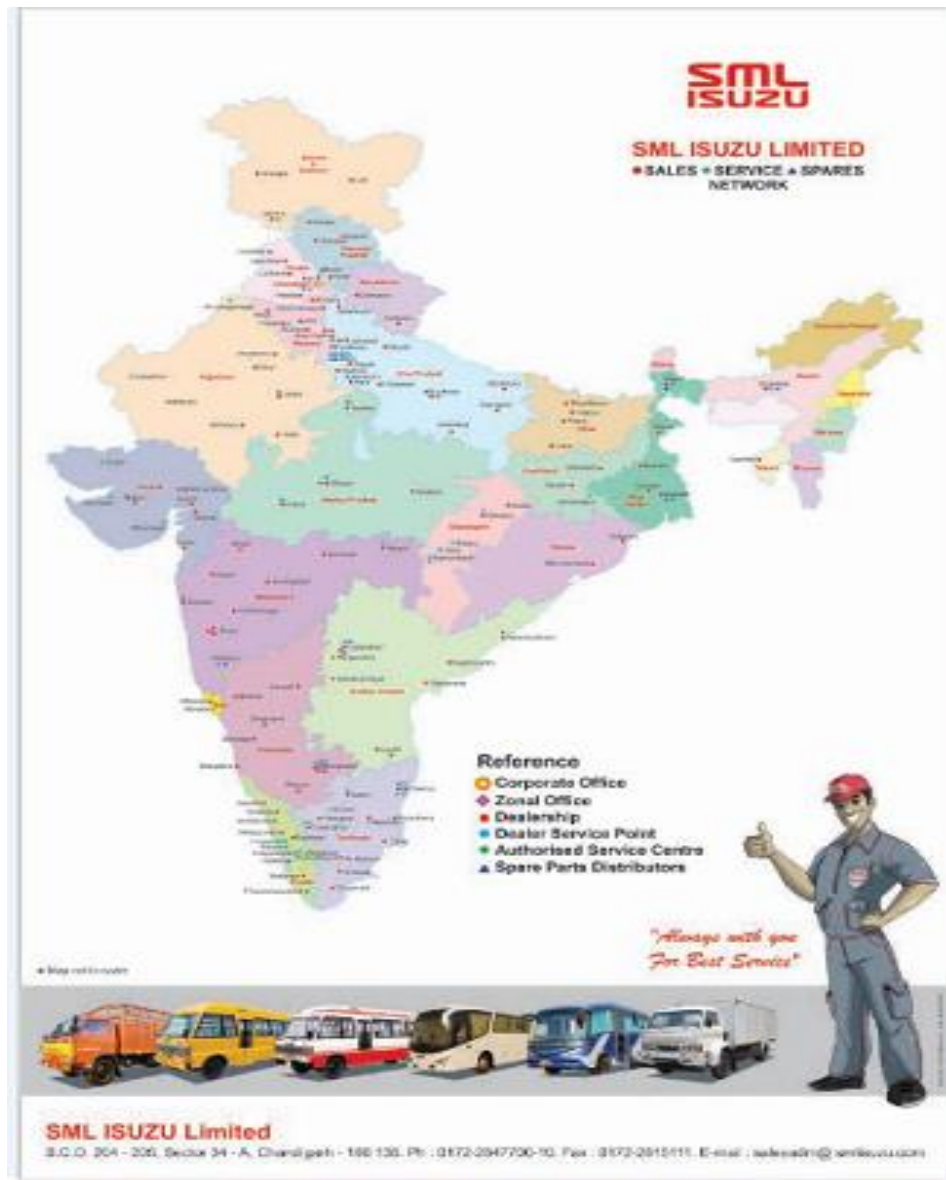


Special Application Vehicles

- Ambulance
- Water Tanker
- Tipper
- Delivery Van
- Dual Cabin
- 4-Wheel Drive Truck
- 4-Wheel Drive Ambulance
- Troops Carrier



Marketing Network



■ ZONAL OFFICES = 12

- Ahmedabad
- Bangalore
- Bhopal
- Chennai
- Cochin
- Delhi
- Hubli
- Hyderabad
- Kolkata
- Lucknow
- Pune
- Mumbai

■ SALES, DISTRIBUTION & SERVICE NETWORK

- 121 Dealers (including Export)
(11 Dealers added during last year)
- 18 Authorized Service Centres
- 25 Spare Parts Distributors
- 44 Dealer service branch
- 4 Sales Office

Performance Indicators – Last Ten Years

Rs. Crores

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vehicles Sale										
- Passenger Carriers	6388	4860	5440	6417	6612	6310	6285	7803	6813	8012
- Cargo Trucks	4884	3160	4693	6453	7034	5735	3475	3956	5887	7172
- Total	11272	8020	10133	12870	13646	12045	9760	11759	12700	15184
Revenue (Net)	671.4	547.0	722.2	913.0	1042.2	1011.1	886.0	1,114.3	1,172.6	1,373.1
Operating Profit	53.7	28.0	57.9	70.7	86.0	79.3	36.4	74.3	93.0	112.2
<i>Margin</i>	8.0%	5.1%	8.0%	7.7%	8.3%	7.8%	4.1%	6.7%	7.9%	8.2%
Interest	11.7	18.1	18.9	10.4	10.6	18.6	5.9	5.8	5.2	4.0
Cash Profit	42.0	9.9	39.0	60.3	75.4	60.7	30.5	68.5	87.8	108.2
<i>Margin</i>	6.3%	1.8%	5.4%	6.6%	7.2%	6.0%	3.4%	6.1%	7.5%	7.9%
Depreciation	3.3	5.8	8.6	8.9	10.4	12.2	12.8	19.8	19.5	23.5
Profit Before Tax	38.7	4.1	30.4	51.4	65.0	48.5	17.7	48.7	68.3	84.6
<i>Margin</i>	5.8%	0.7%	4.2%	5.6%	6.2%	4.8%	2.0%	4.4%	5.8%	6.2%
Exceptional Item	-	-	-	-	4.9	-	-	-	-	-
Profit After Tax	25.2	4.8	21.4	36.6	41.9	36.4	17.4	36.9	51.2	62.8
Dividend										
- Rate	55%	15%	40%	80%	80%	80%	30%	60%	80%	80%
- Outflow	6.8	1.8	6.8	13.5	13.5	13.5	5.1	10.5	13.9	13.9
- Payout Ratio	27%	38%	32%	37%	32%	37%	29%	28%	27%	22%
Retained Earnings	18.4	3.0	14.6	23.1	28.5	22.9	12.3	26.4	37.3	62.8*
Equity Share Capital	10.5	10.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Net Worth	93.6	96.6	189.7	212.8	241.2	264.1	276.4	302.8	340.1	402.5
EPS (Rs.)	24.0	4.4	19.4	25.3	28.9	25.2	12.0	25.5	35.4	43.4
(before exceptional item)										
Book Value (Rs.)	89.1	92.1	131.1	147.0	166.7	182.4	191.0	209.2	235.0	278.1

*Dividend declared for FY 2016-17 will be accounted for when it is paid (i.e. in FY 2017-18)

FINANCIAL RESULTS - QUARTER AND HALF YEAR ENDED SEP' 17 (Ind AS)

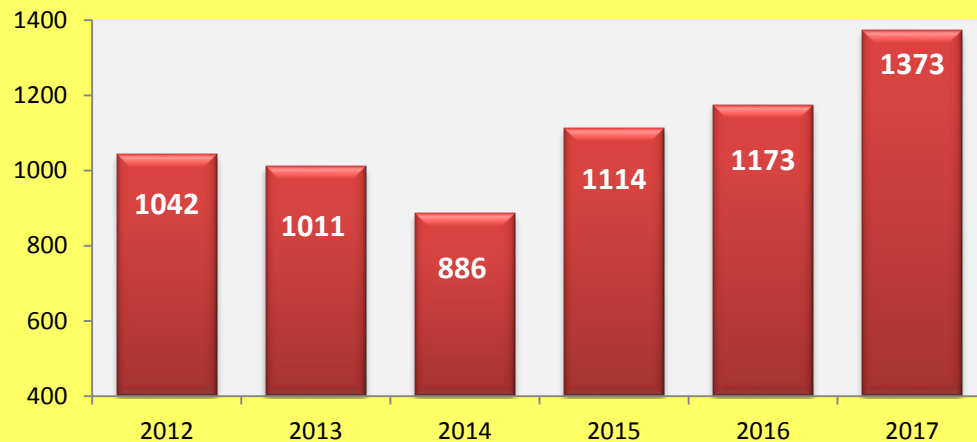


(Rs. Crores)

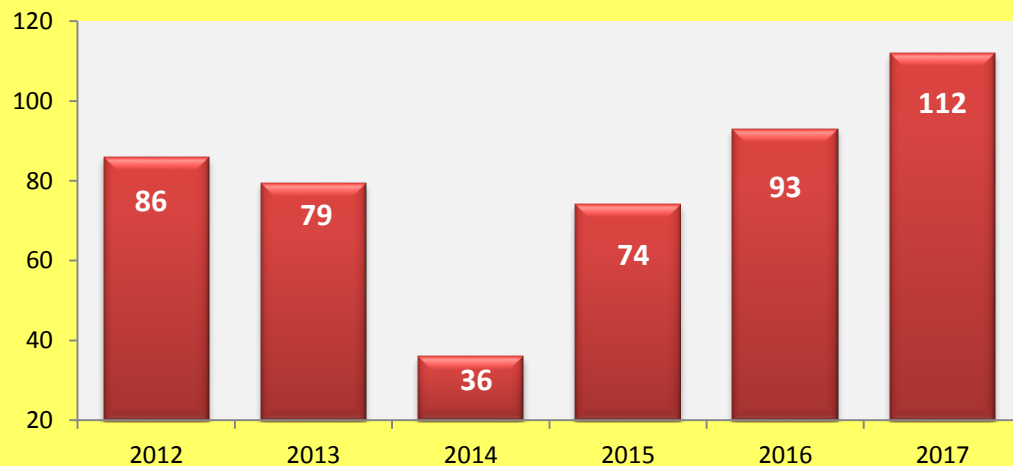
Particulars	Unaudited	
	Half Year Ended	
	30.09.2017	30.09.2016
INCOME		
a) Revenue from operations (including excise duty)	584.61	852.55
b) Other income	0.67	2.47
Total Income	585.28	855.02
EXPENSES		
a) Cost of materials consumed	382.27	460.72
b) Purchase of stock-in-trade	26.12	22.52
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-7.00	79.67
d) Excise duty on sales	39.09	88.81
e) Employee benefits expense	73.22	69.42
f) Finance Cost	5.15	3.83
g) Depreciation and amortisation expense	14.04	11.52
h) Other expenses	48.12	49.91
Total Expenses	581.01	786.40
Profit / (Loss) before exceptional items and tax	4.27	68.62
Exceptional Items	-	-
Profit / (Loss) before tax	4.27	68.62
Tax expense	0.88	18.06
Profit / (Loss) for the period	3.39	50.55
Total Comprehensive income for the period (7+8) (comprising Profit /(Loss) and Other Comprehensive income for the period)	2.29	50.87
Basic and diluted earnings per share on Net Profit after tax (Rupees)	2.34	34.93

Financial Graphs

Revenue (net) - Rs crores

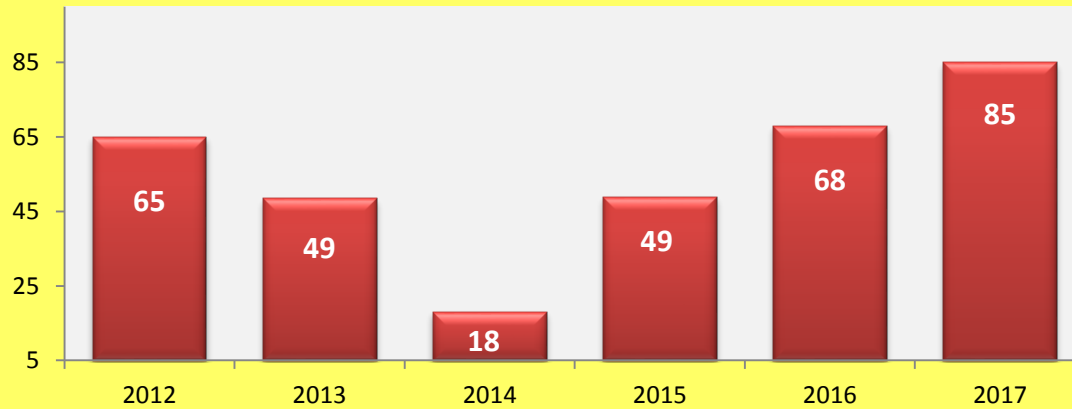


Operating Profit - Rs crores

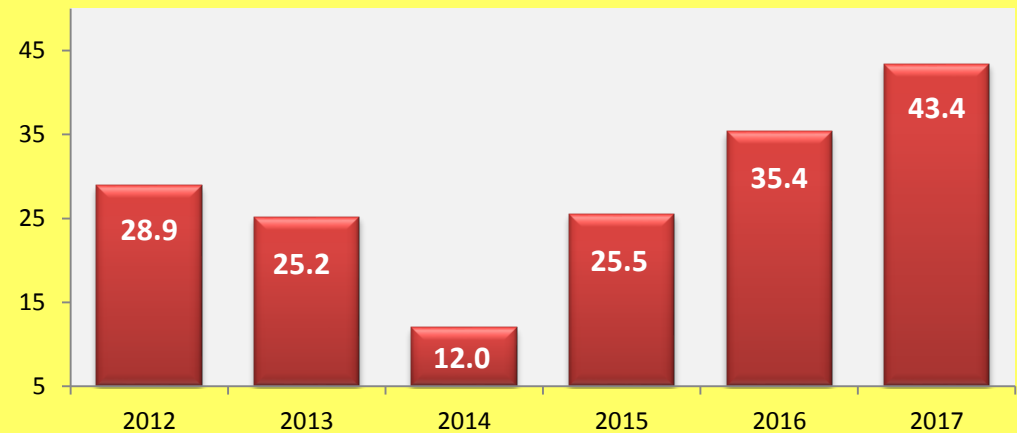


Financial Graphs

Profit Before Tax - Rs crores



Earnings Per Share (EPS) - Rupees



Balance Sheet Analysis – Last Ten years

Rs. Crores

	As at 31st									
	MAR' 08	MAR' 09	MAR' 10	MAR' 11	MAR' 12	MAR' 13	MAR' 14	MAR' 15	MAR' 16	MAR' 17
SOURCES OF FUNDS										
SHAREHOLDER'S FUNDS										
SHARE CAPITAL	10.5	10.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
RESERVES & SURPLUS	83.1	86.0	175.2	198.3	226.7	249.6	261.9	288.4	325.7	388.0
TOTAL	93.6	96.5	189.7	212.8	241.2	264.1	276.4	302.9	340.2	402.5
BANK BORROWINGS (net)	142.6	220.3	84.6	67.0	40.0	132.1	-	-	30.0	38.6
DEFERRED TAX LIABILITY (net)	(1.60)	(2.80)	6.2	8.0	10.1	10.5	9.6	2.6	5.6	5.6
TOTAL	141.0	217.5	90.8	75.0	50.1	142.6	9.6	2.6	35.6	44.2
TOTAL FUNDS	234.6	314.0	280.5	287.8	291.3	406.7	286.0	305.5	375.8	446.7
APPLICATION OF FUNDS										
FIXED ASSETS (net)	99.7	127.9	125.1	135.3	143.4	149.3	151.9	164.4	211.4	290.9
TOTAL	99.7	127.9	125.1	135.3	143.4	149.3	151.9	164.4	211.4	290.9
CURRENT ASSETS, LOANS & ADVANCES										
INVENTORIES	123.5	149.3	160.0	210.2	226.4	230.6	243.3	285.9	338.5	294.6
TRADE RECEIVABLES	185.6	146.3	136.6	116.5	121.0	150.7	81.8	104.4	102.8	114.8
CASH AND BANK BALANCES	9.2	7.0	32.0	23.0	28.0	45.1	41.7	65.4	11.1	7.6
LOANS AND ADVANCES	24.9	30.3	33.8	37.0	35.5	42.5	30.9	27.7	35.5	74.2
OTHER CURRENT ASSETS	4.6	1.9	1.6	3.2	4.4	10.6	0.9	4.9	2.3	0.6
TOTAL (A)	347.8	334.8	364.0	389.9	415.3	479.6	398.7	488.4	490.3	491.9
CURRENT LIABILITIES AND PROVISIONS										
TRADE PAYABLES	192.6	133.5	185.0	198.5	223.3	164.3	212.0	262.9	239.0	262.8
PROVISIONS	20.3	15.2	23.6	38.9	44.1	57.9	52.6	84.4	86.9	73.3
TOTAL(B)	212.9	148.7	208.6	237.4	267.4	222.2	264.6	347.3	325.9	336.1
NET CURRENT ASSETS (A-B)	134.9	186.1	155.4	152.5	147.9	257.4	134.1	141.1	164.4	155.8
TOTAL	234.6	314.0	280.5	287.8	291.3	406.7	286.0	305.5	375.8	446.7

Thanks