

SML ISUZU LIMITED

Company Presentation

September 2015

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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 44 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 over 47 years of experience in 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 in abroad and India and 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 has also served as a member of Govt. appointed committees, RBI working groups and of Confederation of British Industry, etc. Mr. Nanda has over 53 years of rich experience in the areas such as finance, corporate affairs, international trade and commerce, business strategy, 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 30 years of experience in Sales & Marketing functions. He has worked with many reputed giants 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 and holds Doctorate in Economics from University of Mumbai. Dr. Bharucha served as Economic Adviser in the Ministry of Commerce & Industry, Government of India during policy liberalization. She 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. 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.
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 over 28 years of experience in the areas of Corporate Planning & Marketing.

Board of Directors

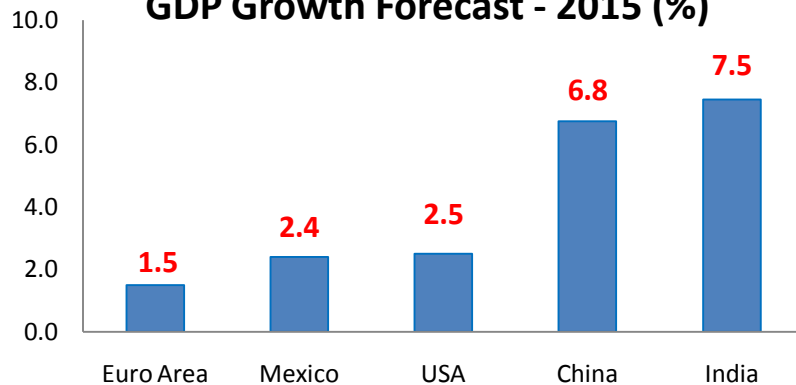
K. Takashima	A graduate from Waseda University School of Commerce, Japan. Mr. Takashima joined Sumitomo Corporation in April, 1986 and his current position in Sumitomo Corporation is General Manager – Automotive Manufacturing Business Department. He has 28 years of experience with Sumitomo Corporation.
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. Kurokawa	A graduate in Economics from Keio University, Tokyo (Japan). Mr. Kurokawa joined Isuzu Motors in 1983 and has 32 years of rich experience in Sales Promotion & International Sales. He is currently associated with Isuzu Motors as Deputy Division Executive 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) as Management Trainee and got associated with SML Isuzu on secondment from PTL, the promoter of the Company. In 2004, he rose to the position of Vice President - Finance and Company Secretary in the Company and in 2010 as Executive Director - Finance and Company Secretary. Mr. Bansal has over 30 years of experience in areas such as corporate affairs, finance & accounts, risk management, secretarial & taxation, investor relations, etc.
Kei Katayama (Director – R&D)	A graduate in Science & Engineering from Waseda University, Tokyo (Japan). He joined Isuzu Motors Limited in 1979 and his last position in the Isuzu Motors was Chief Engineer - Global CV Product Planning & Engineering Department. He has rich experience in the areas of Product Planning & Engineering.

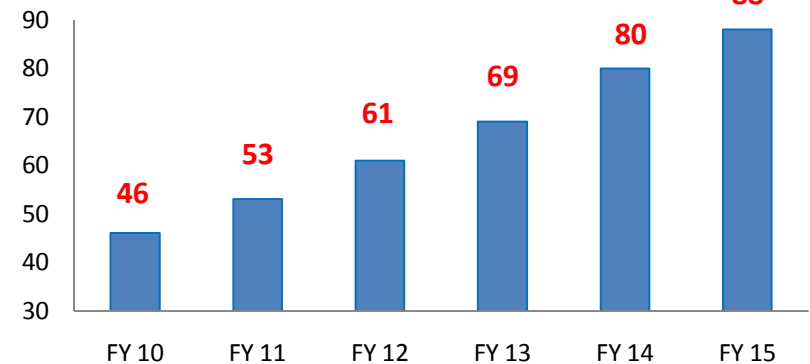
India – An Overview

GDP Growth Forecast - 2015 (%)



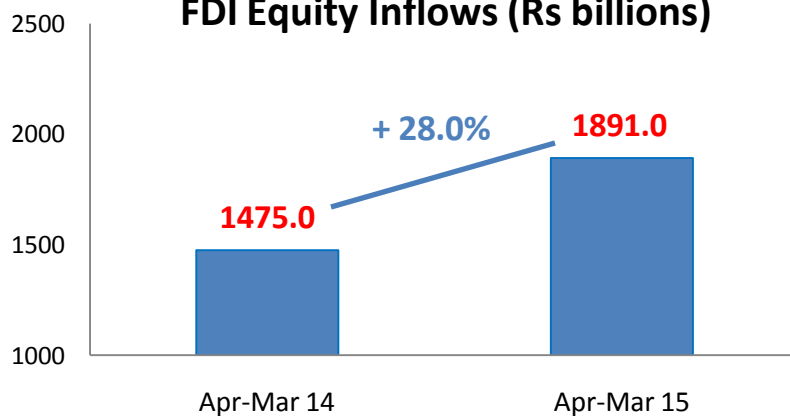
Source : IMF - Economic Outlook, July 2015

Per Capita Income (Rs '000)



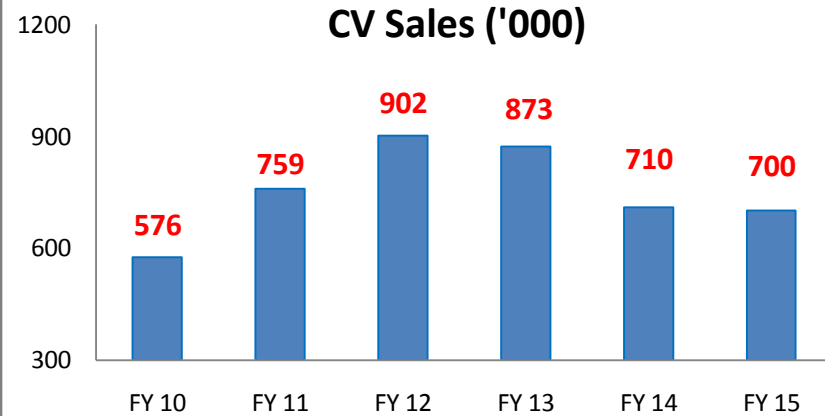
Source : Ministry of Statistics & Prog. Implementation, Govt. of India

FDI Equity Inflows (Rs billions)



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

CV Sales ('000)



Source : Society of Indian Automobile Manufacturers (SIAM)

Changing Trends

Old

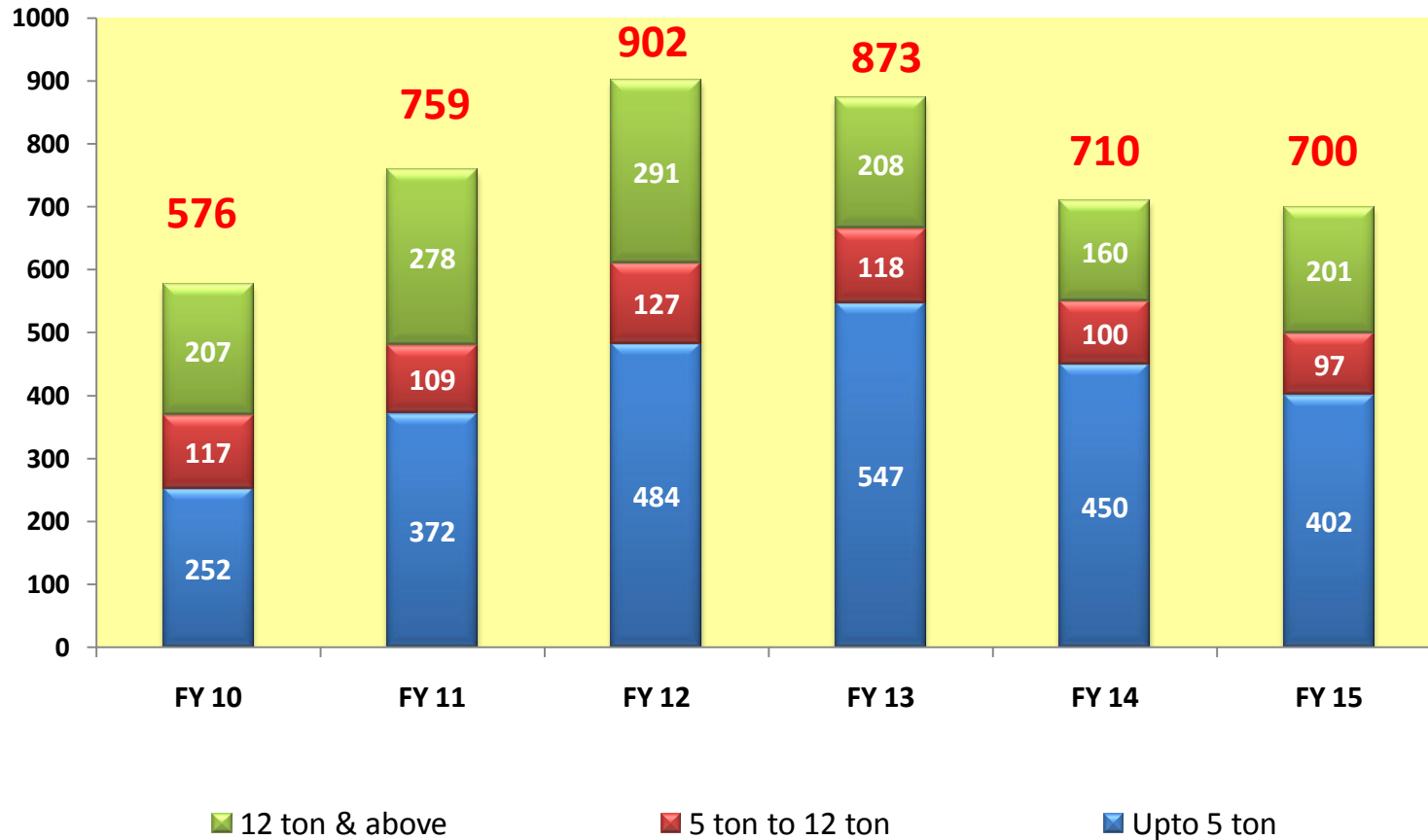


New



Total Commercial Vehicle Industry

(Nos. in '000)



CV volumes are expected to grow @ 7–8% in FY 16

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
- | | |
|-----------------------------|-------|
| -- Punjab Tractors Ltd | 29.0% |
| -- Mazda Motor Corpn. Japan | 15.6% |
| -- Sumitomo Corpn. Japan | 10.4% |
| -- Public | 45.0% |
- Trial production and test marketing of Swaraj Mazda Truck WT-48, WT-49 and WT-50 LCVs commenced
- 1986 Beginning of Commercial operations
- 1987 Launch of Indigenously developed 26 seater bus

Major Milestones

- | | |
|------|--|
| 1994 | Became financially sick – due sharp Rupee devaluation |
| 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. |

Major Milestones

- 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.
- 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

Equity & Dividend Record

Year	Nature of Issue	No. of Shares (Lacs)	Price Per Share	Current Price (Aug'15)
1985	Initial Public Offer (IPO)	105	Rs.10/-	Rs. 1150/- approx.
2010	Rights Issue	40	Rs. 200/-	Rs. 1150/- approx.

Dividend Track Record

2000 Maiden Dividend – 10%
 2001 Dividend – 15%
 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%*

* Subject to approval of shareholders

Equity Shareholding Pattern

as on 30.06.2015

Category	No. of Shares held	% age of Shareholding
Sumitomo Corporation	6362306	43.96
Isuzu Motors Limited	2170747	15.00
UTI Equity Fund	583770	4.03
Bajaj Allianz Life Insurance	379259	2.62
Reliance Life Insurance Company Ltd.	365049	2.52
Reliance Capital Trustee Company Ltd.	259965	1.80
Axis Mutual Fund Trustee Limited	210406	1.46
Vanaja Sundar	150000	1.04
Birla Sunlife Trustee	144887	1.00
NRIs/OCBs	205027	1.42
Domestic Investors	3640230	25.15
GRAND TOTAL	14471646	100.00

- Swaraj Mazda (now SML Isuzu) represented the coming together of three powerful Corporate brands : Swaraj symbolising the best of Indian technology and engineering, Mazda symbolising R&D and innovation edge on a global scale and Sumitomo representing age-old international trading experience and linkages.
- R&D orientation has been company's core strength over the years - building up wide range of trucks, buses and special application vehicles and absorption of technologies.
- Starting from 2-wheel bases, the SML model range now spans 5-wheel bases. Carrying capacities have spread from 2.5 ton to 8.0 ton in the goods segment (GVW 5.2 to 12.0 ton) and from 13 to 52 seaters in the passenger segment.
- Current portfolio of specialty vehicles include Ambulances, Water Tankers, Tippers, Delivery Van, Dumper Placers, Fire Tenders, 4-Wheel Drive Truck, Troops Carrier etc.
- SML vehicles finds its buyers in countries such as Bangladesh, Nepal, Nigeria, Ghana, Zambia, West Indies, Sri Lanka etc.
- Now, alliance with Isuzu

- has enabled SML to conceive and set up manufacturing systems and facilities matching global standards within a tight framework of capital outlay.
- has enabled SML to launch medium & large size Isuzu buses / trucks widen its product portfolio and augment revenues.
- further boosts SML's corporate image & brand strengthening and places SML on a solid cutting-edge platform in product range & technology.
- equips SML to upgrade its product portfolio to meet future regulatory requirements of emission and safety.
- further equips SML to upgrade its R&D capabilities.

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 - July 2015, India's GDP growth in 2015 would be 7.5% against world average estimate of 3.3%.
- 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. Factors such as Stricter implementation of emission & anti-overloading norms and changing landscape of the logistics industry towards an organized one would continue to support demand for CVs.

Contd.....

- As per ICRA, the MHCV segment (Truck) is likely to register a growth of 12-14% in FY 2015-16 driven by continuing trend towards replacement of ageing fleet and expectations of pick-up in demand from infrastructure and industrial sectors in view of reforms being initiated by the Government. Further, LCV segment will grow at modest pace (i.e. 4-6%) in FY 2015-16.
- As per CRISIL, MHCV sale will grow at 13-15 % y-o-y in 2015-16 with improvement in industrial activity, better agricultural output and faster execution of infrastructure projects. Further, LCV sales to recover marginally by 2-4 % with improvement in consumption expenditure and gradual improvement in financing availability.

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.

- 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 - 1000 approx.

▪ Trucks

GVW(Kgs)

– Sartaj 5252 XM	-	5200
– Sartaj 59 XM	-	5900
– Sartaj HG 72 XM	-	7200
– Prestige XM	-	6440
– Supreme XM	-	8000
– Super XM	-	8720
– Samrat XM	-	10250
– Super 12.0 XM	-	11990
– Super 12.9 XM	-	12900

▪ Buses

SML Platform

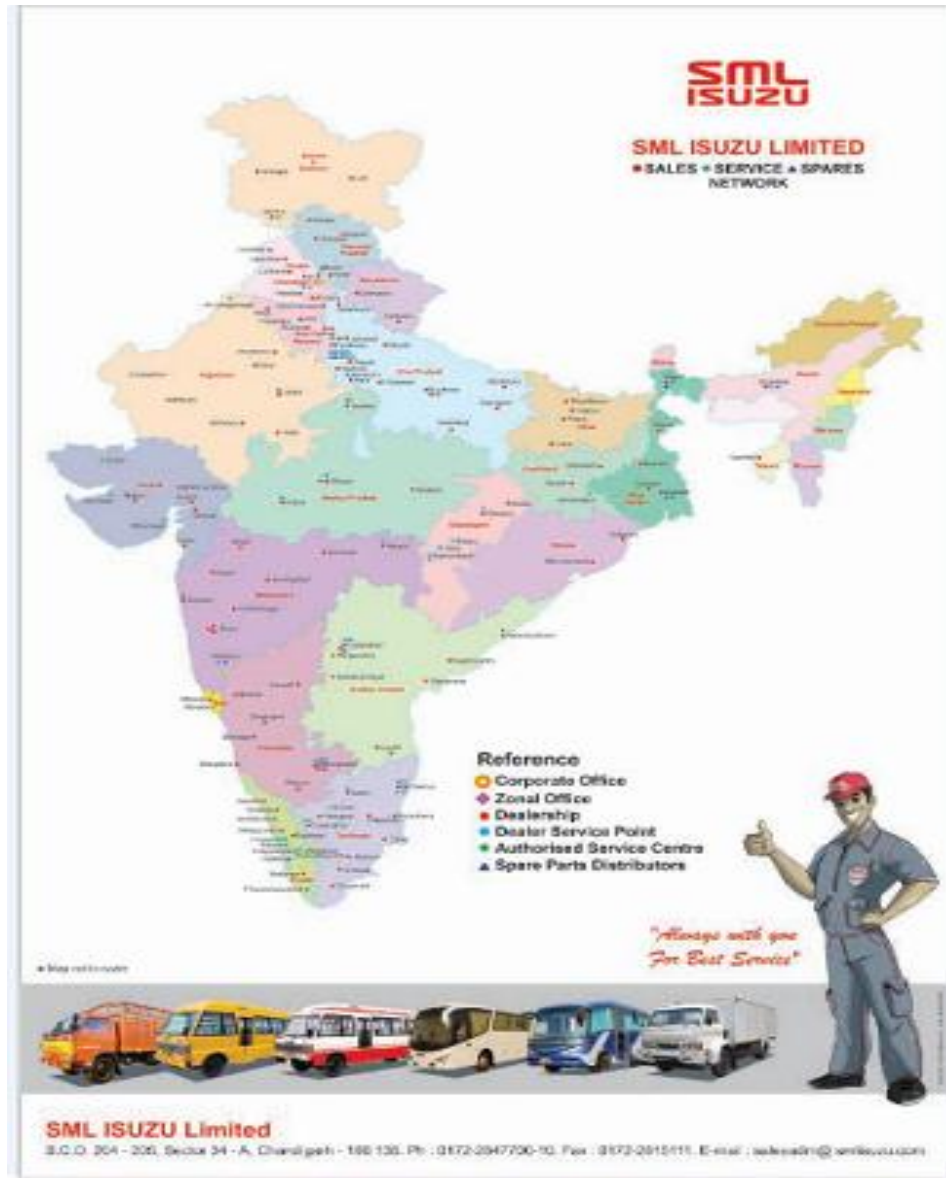
- Standard buses 18 to 52 seater (AC/Non-AC)
- Executive Coach 13 seater Delux AC

Isuzu Platform

- LT 134 Ultra Luxury 45 seater (AC)
- FR1318 Luxury 40 seater (AC)

▪ Special Application Vehicles

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



■ ZONAL OFFICES = 12

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

■ SALES, DISTRIBUTION & SERVICE NETWORK

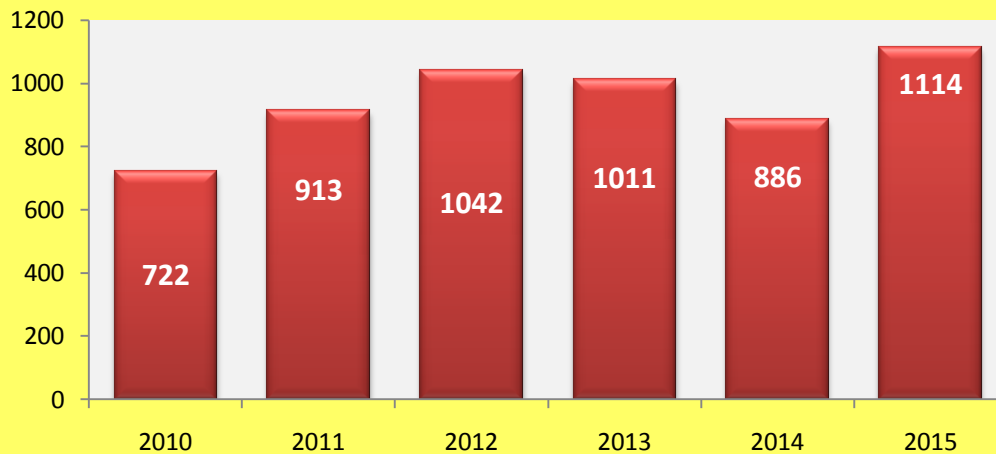
- 120 Dealers (including Export)
- 18 Authorized Service Centres
- 18 Spare Parts Distributors

Performance Indicators – Last Ten Years

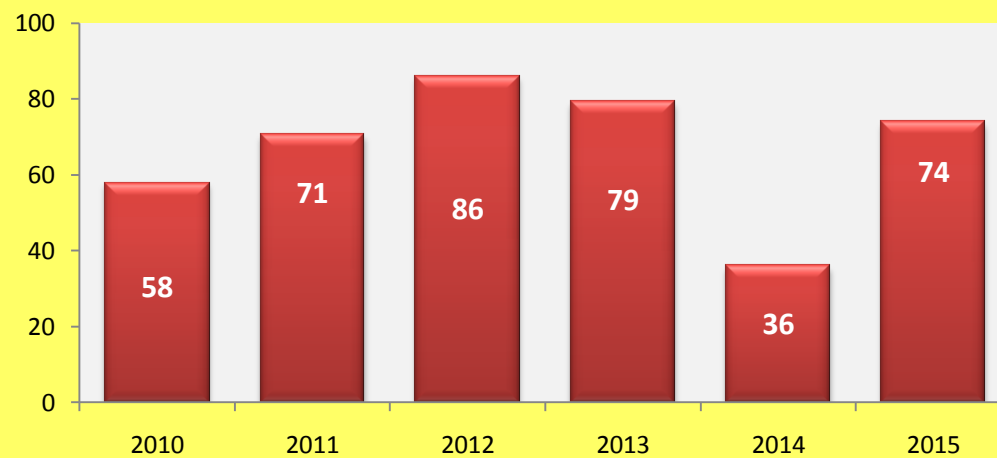
Rs. Crores

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vehicles Sale										
- Passenger Carriers	5475	5714	6388	4860	5440	6417	6612	6310	6285	7803
- Cargo Trucks	6412	5127	4884	3160	4693	6453	7034	5735	3475	3956
- Total	11887	10841	11272	8020	10133	12870	13646	12045	9760	11759
Revenue (Net)	613.1	605.5	671.4	547.0	722.2	913.0	1042.2	1011.1	886.0	1,114.3
Operating Profit	35.3	35.4	53.7	28.0	57.9	70.7	86.0	79.3	36.4	74.4
<i>Margin</i>	5.8%	5.8%	8.0%	5.1%	8.0%	7.7%	8.3%	7.8%	4.1%	6.7%
Interest	7.3	9.3	11.7	18.1	18.9	10.4	10.6	18.6	5.9	5.8
Cash Profit	28.0	26.1	42.0	9.9	39.0	60.3	75.4	60.7	30.5	68.6
<i>Margin</i>	4.6%	4.3%	6.3%	1.8%	5.4%	6.6%	7.2%	6.0%	3.4%	6.2%
Depreciation	2.7	2.9	3.3	5.8	8.6	8.9	10.4	12.2	12.8	19.8
Profit Before Tax	25.3	23.2	38.7	4.1	30.4	51.4	65.0	48.5	17.7	48.8
<i>Margin</i>	4.1%	3.8%	5.8%	0.7%	4.2%	5.6%	6.2%	4.8%	2.0%	4.4%
Exceptional Item	-	-	-	-	-	-	4.9			
Profit After Tax	16.8	16.1	25.2	4.8	21.4	36.6	41.9	36.4	17.4	36.9
Dividend										
- Rate	55%	55%	55%	15%	40%	80%	80%	80%	30%	60%
- Outflow	6.6	6.8	6.8	1.8	6.8	13.5	13.5	13.5	5.1	10.4
- Payout Ratio	39%	42%	27%	38%	32%	37%	32%	37%	29%	28%
Retained Earnings	10.2	9.4	18.4	3.0	14.6	23.1	28.5	22.9	12.3	26.5
Equity Share Capital	10.5	10.5	10.5	10.5	14.5	14.5	14.5	14.5	14.5	14.5
Net Worth	66.3	75.7	93.6	96.6	189.7	212.8	241.2	264.1	276.4	302.9
EPS (Rs.)	16.0	15.3	24.0	4.4	19.4	25.3	28.9	25.2	12.0	25.5
(before exceptional item)										
Book Value (Rs.)	63.2	72.1	89.1	92.1	131.1	147.0	166.7	182.4	191.0	209.3

Revenue (net) - Rs crores

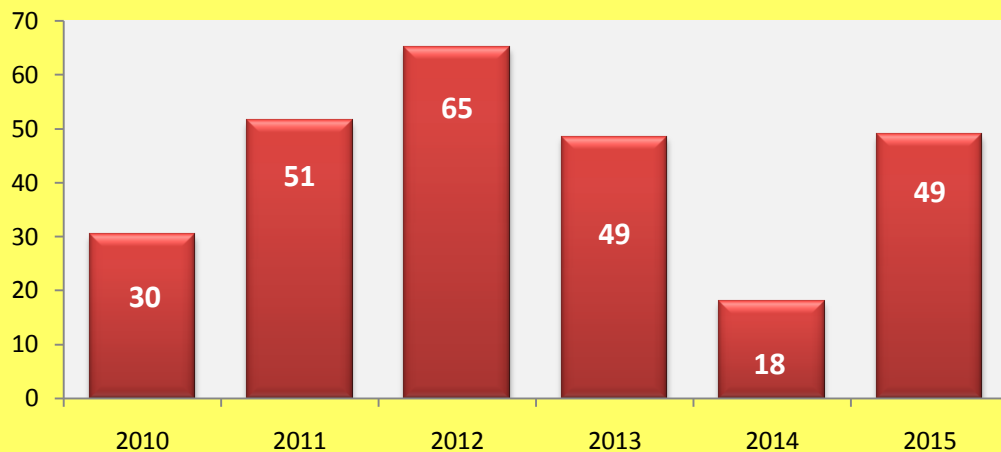


Operating Profit - Rs crores

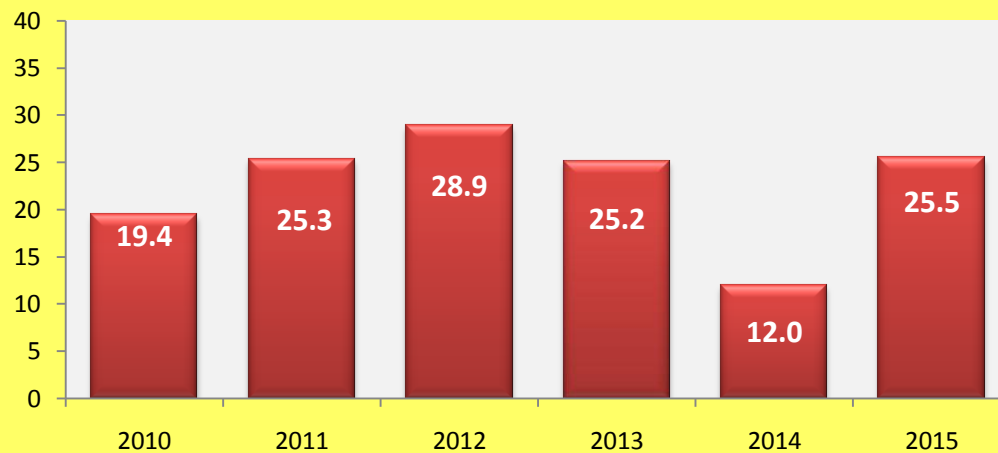


Financial Graphs

Profit Before Tax - Rs crores



Earnings Per Share (EPS) - Rupees



Balance Sheet Analysis – Last 10 years

Rs. Crores

	As at 31st									
	MAR.2006	MAR.2007	MAR.2008	MAR.2009	MAR.2010	MAR.2011	MAR.2012	MAR.2013	MAR.2014	MAR.2015
SOURCES OF FUNDS										
SHAREHOLDER'S FUNDS										
SHARE CAPITAL	10.5	10.5	10.5	10.5	14.5	14.5	14.5	14.5	14.5	14.5
RESERVES & SURPLUS	55.8	65.2	83.1	86.0	175.2	198.3	226.7	249.6	261.9	288.4
TOTAL	66.3	75.7	93.6	96.5	189.7	212.8	241.2	264.1	276.4	302.9
BANK BORROWINGS (net)	113.5	109.8	142.6	220.3	84.6	67.0	40.0	132.1	-	0.0
DEFERRED TAX LIABILITY (net)	0.2	(0.50)	(1.60)	(2.80)	6.2	8.0	10.1	10.5	9.6	2.6
TOTAL	113.7	109.3	141.0	217.5	90.8	75.0	50.1	142.6	9.6	2.6
TOTAL FUNDS	180.0	185.0	234.6	314.0	280.5	287.8	291.3	406.7	286.0	305.5
APPLICATION OF FUNDS										
FIXED ASSETS (net)	22.6	45.6	99.7	127.9	125.1	135.3	143.4	149.3	151.9	164.4
TOTAL	22.6	45.6	99.7	127.9	125.1	135.3	143.4	149.3	151.9	164.4
CURRENT ASSETS, LOANS & ADVANCES										
INVENTORIES	91.1	87.3	123.5	149.3	160.0	210.2	226.4	230.6	243.3	285.9
SUNDRY DEBTORS	253.4	191.5	185.6	146.3	136.6	116.5	121.0	150.7	81.8	104.4
CASH AND BANK BALANCES	19.0	22.7	9.2	7.0	32.0	23.0	28.0	45.1	41.7	65.4
LOANS AND ADVANCES	27.0	26.6	24.9	30.3	33.8	37.0	35.5	42.5	30.9	27.7
OTHER CURRENT ASSETS	6.0	7.2	4.6	1.9	1.6	3.2	4.4	10.6	0.9	4.9
TOTAL	396.7	335.3	347.8	334.8	364.0	389.9	415.3	479.6	398.7	488.4
CURRENT LIABILITIES AND PROVISIONS	239.2	195.9	212.9	148.7	208.6	237.4	267.4	222.2	264.6	347.3
PROVISIONS										
TRADE CREDITORS										
LOCAL	182.7	136.1	135.9	88.0	127.2	123.0	141.4	90.8	145.4	177.9
IMPORTED	8.8	3.6	17.4	7.8	9.7	14.5	2.9	10.6	0.9	0.3
OTHER CREDITORS	33.0	40.0	39.3	37.7	48.1	61.0	79.0	62.9	65.7	84.7
PROVISIONS	14.8	16.2	20.3	15.2	23.6	38.9	44.1	57.9	52.6	84.4
TOTAL (C)	239.2	195.9	212.9	148.7	208.6	237.4	267.4	222.2	264.6	347.3
NET CURRENT ASSETS	157.4	139.4	134.9	186.1	155.4	152.5	147.9	257.4	134.1	141.1
TOTAL	180.0	185.0	234.6	314.0	280.5	287.8	291.3	406.7	286.0	305.5

Financial Results – Quarter ended June'15

Particulars	Quarter Ended			Rs. Crores
	Unaudited	Audited	Unaudited	Year ended
	30.06.2015	31.03.2015	30.06.2014	31.03.2015
<u>INCOME FROM OPERATIONS</u>				
a) Net sales/income	381.24	319.54	336.46	1098.09
b) Other operating income	1.92	2.00	2.10	7.46
Total income (net)	383.16	321.54	338.56	1105.55
<u>EXPENSES</u>				
a) Cost of materials consumed	221.09	267.60	220.84	814.87
b) Purchase of stock-in-trade	9.68	9.99	9.14	35.07
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	51.73	(42.83)	20.80	(39.32)
d) Employee benefits expense	29.64	30.80	26.92	120.09
e) Depreciation and amortisation expense	4.60	5.57	4.78	19.78
f) Other expenses	28.43	35.32	25.51	109.28
Total Expenses	345.17	306.45	307.99	1059.77
Profit before other income and finance costs	37.99	15.09	30.57	45.78
Other income	2.01	2.39	1.72	8.79
Profit before finance costs	40.00	17.48	32.29	54.57
Finance costs	0.92	2.32	0.46	5.82
Profit before tax	39.08	15.16	31.83	48.75
Tax expense	10.02	2.42	8.41	11.81
Net Profit for the period	29.06	12.74	23.42	36.94
Basic and diluted earnings per share Rs. (not annualised)	20.08	8.81	16.18	25.53

THANK YOU