

Maruti Suzuki Q1 profit vrooms 130% to ₹1,013 crore

Revenue up 49%; exports stood at 69,437 units — the highest ever in any quarter

OUR BUREAU

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The country's largest passenger vehicles maker Maruti Suzuki India (MSIL) on Wednesday reported a net profit of ₹1,013 crore for the first quarter ended June 30, up 130 per cent year-on-year (YoY) against ₹441 crore in the corresponding period last year.

Revenue from operations also jumped 49 per cent YoY to ₹26,500 crore (₹17,770 crore).

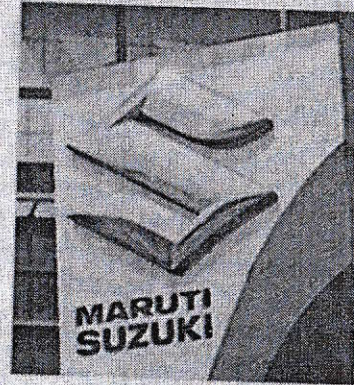
"Performance in first quarter of FY2021-22 was affected by Covid related shut-downs and disruptions and hence a comparison of first quarter FY2022-23 with first quarter FY2021-22 is not on a

like to like basis," the company said in a statement.

Revival in demand

The company sold 4,67,931 vehicles during the quarter. Sales in the domestic market stood at 3,98,494 units and exports were at 69,437 units — the highest ever in any quarter. During the same period previous year, MSIL had sold a total of 3,53,614 units including sales of 3,08,095 units in domestic market and 45,519 units in export markets.

MSIL said some of the positive factors include relatively better sales volumes leading to improved capacity utilisation, cost reduction efforts



and selling price increase. And, negative factors included "adverse commodity prices, lower non-operating income and higher advertisement expenses".

Also, the company said shortage of electronic components in this quarter resulted in about 51,000 vehicles not being produced and pending customer orders stood at about 2,80,000

vehicles at the end of the quarter. The company continued to work on cost reduction efforts to minimise the impact on customers, it added.

Positive outlook

According to analysts, the production levels for the company are improving month-on-month as the chip issue is largely resolved.

"The company has addressed white spaces in its portfolio through the launch of Brezza and Grand Vitara. However, market share gains remain key for Maruti, due to the competitive intensity in the utility vehicle space. We expect entry-level demand momentum ahead of the festive season," Mansi Iall, Research Associate at Prabhudas Lilladher, said.

Mitul Shah, Head of Re-

search at Reliance Securities, said the domestic passenger vehicle industry is expected to record double digit volume growth in FY2023 and FY2024, which would support MSIL's business.

"Moreover, sales of premium products would further increase. MSIL would enjoy the benefit of higher market shares in CNG variants, as preference for CNG vehicles has been rising...expected healthy passenger vehicle sales over next two years owing to low penetration and rising affordability, strong products portfolio across markets, strong return ratio and healthy balance sheet," Shah added.

Shares of MSIL closed at ₹8,660.05 apiece on the BSE on Wednesday — up 1.62 per cent from its previous close.