

● NET DOWN 18% TO ₹3,103 CR, MISSES ESTIMATES

Maruti profit skids in Q2 amid demand slowdown

Carmaker's retail sales rise by 14% in festive season

RAGHAV AGGARWAL
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IN A CLEAR sign of slowdown in the automobile sector, Maruti Suzuki India, the country's largest passenger vehicle manufacturer, on Tuesday reported an 18% year-on-year decline in its consolidated net profit at ₹3,102.5 crore in the July-September quarter. This was below the Bloomberg consensus estimate of ₹4,122 crore.

Apart from volumes and demand, the net profit was also hit by a deferred tax liability of ₹1,014 crore, which was partially driven by regulatory changes impacting indexation benefits and tax rates on capital gains from debt mutual funds. This impact had previously been announced by the company in August.

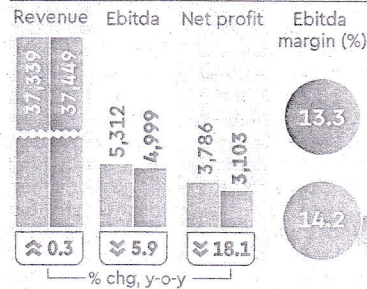
Revenues from operations rose marginally by 0.29% to ₹37,449 crore, also below estimates of ₹38,484 crore. Net sales stood at ₹35,589 crore against ₹35,535 crore in the same quarter last year. Ebitda at ₹4,999 crore was down 5.9%, and was also below estimates of ₹5,014 crore, while Ebitda margin was down to 13.3% against 14.2% last year.

Domestic market volume during the quarter declined by 3.9% to

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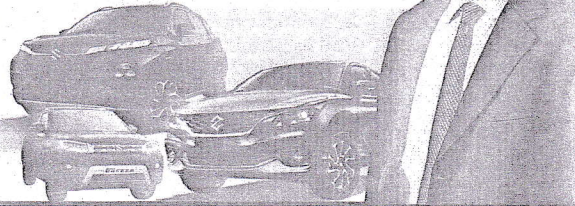
Maruti Suzuki consolidated financials

(₹ crore) ● Q2FY24 ● Q2FY25



RC BHARGAVA
chairman, Maruti Suzuki

THE UNDER-₹10-LAKH MARKET IS NOT GROWING AT THE MOMENT. THAT IS A CAUSE OF WORRY...WE NEED PEOPLE TO HAVE MORE DISPOSABLE INCOME



463,834 units. However, export volumes at 77,716 units grew by 12% compared to the previous year.

The company said there is some slowdown in demand for cars, and for vehicles priced below ₹10 lakh the demand is, in fact, falling, which is a cause for worry.

In a post-results press conference, chairman RC Bhargava said: "The under ₹10 lakh market during 2018-19 was 80% of the total cars sold in India. That market is not growing at the moment. That is a cause of worry". He added that this was not a reason to be happy as the growth was happening only in the more expensive cars.

The models, which fall under the ₹10-lakh bracket include Swift, WagonR and Alto. Bhargava said that the main reason for the low demand for

these cars was a fall in "affordability". "We need people to have more disposable income," he said.

The company also said the demand for cars has been slow in the urban centres, a trend which has been talked about by several consumer firms in the last few weeks. In the first six months of the fiscal, rural demand for Maruti Suzuki's cars have increased by 8%. But in the urban areas, it has fallen by 2%.

Bhargava said the company is on track to cross over the 300,000-unit-export mark this fiscal.

The festive season, however, is proving beneficial for the company. Since the start of Navratri on October 3, retail sales have jumped 14%. This month, the company expects to sell 200,000 units. Due to this, there has

also been a "sharp decline" in inventory and it is likely to come down to 30 days by October 31. "The new inquiries and bookings have been better than last year," Bhargava said.

This year, the company expects its sales to grow 3-4%.

Bhargava also said the new Kharikhoda plant is expected to start production by March 2025. The company is also finalising a site for a new plant.

The company's board on Tuesday also approved the amalgamation of Suzuki Motor Gujarat, a wholly-owned arm, with Maruti Suzuki. Last year, SMG was acquired to become a 100% subsidiary of Maruti. The appointed date for the amalgamation is April 1 2025, subject to all legal and regulatory compliances.