

Maruti Suzuki AGM Transcript

Good Morning, Ladies & Gentlemen.

I have great pleasure in welcoming you to the 39th Annual General Meeting of the Company convened electronically through Video Conferencing mode. I hope you and your family members are safe and in good health. In view of the prevailing conditions and the Government regulations, the Ministry of Corporate Affairs has permitted companies to hold Annual General Meeting through Video Conferencing and to send Annual Reports and the Notice convening the Annual General Meeting electronically.

As the health and safety of all our stakeholders has been paramount, the 39th Annual General Meeting of the Company is being conducted through Video Conferencing to avoid the physical presence of members at a common venue and thus to avoid the risk of catching the virus. The soft copy of the Annual Report has been sent to all the Members holding shares in dematerialised mode and whose e-mail addresses are available with the Depository Participants as well as to the members holding shares in physical mode whose e-mail addresses are registered with the Company or the Transfer Agents.

Let me now introduce my colleagues who have joined this meeting: Mr. O. Suzuki, Director, Mr. Kenichi Ayukawa, Managing Director & CEO, Mr. T. Hashimoto, Director (Marketing & Sales), Mr. Kenichiro Toyofuku, Director (Corporate Planning), Mr. T. Suzuki, Director, Mr. H. Takeuchi, Director, Mr. K. Saito, Director, Mr. D.S. Brar, Independent Director and Chairman, Audit Committee, Mr. R.P. Singh, Independent Director, Ms. Lira Goswami, Independent Director, Mr. Maheshwar Sahu, Independent Director, Mr. Ajay Seth, Chief Financial Officer and Mr. Sanjeev Grover, Company Secretary.

The representatives of statutory auditors i.e. Deloitte Haskins & Sells and the Secretarial Auditors i.e. RMG & Associates have also joined the meeting.

The requisite quorum is present. I call the meeting to order.

The Notice of the AGM and the Annual Report have been sent to the shareholders through email and with your approval, I would propose that this be taken as read. I assume that it is approved by the shareholders.

My address to the shareholders is contained in the annual report, and I don't propose to read that but I will now share my thoughts on the whole issue of the consequences of pandemic and the industry going forward.

As I said earlier, our biggest concern is always the health of our employees, our stakeholders, our customers, our shareholders and everything which we have been doing and which we'll continue to do, will be consistent with the best standards on how to minimize risk and not jeopardize anybody. Having said that, I have been frequently asked as to what are the likely prospects of this industry in the future. I am not in a position to answer that with any definite numbers or ideas what would happen but I would like to say that the growth of the automobile industry and particularly the car industry is a very good indicator of the well-being of the people, of the country, of the economic health of the nation and how well the company is growing in terms of providing different kinds of benefits to the country and to the people. I recognize that the growth of car industry and the auto industry as a whole is entirely dependent on how well the other sectors of the economy perform - how well the people at large prosper and how well the GDP increases. We can not be independent in the economy. We are part of the whole economy and we will grow as the whole economy grows. Fortunately, the government is very keen and taking many steps to grow the entire economy. Now to grow the economy and to create jobs in the economy, I believe that the key to this is the growth of the manufacturing sector. The growth of the manufacturing sector is something which we have been attempting for the last 70 years but we have unfortunately not reached the desired growth levels. In the last five to six years, many changes have been made in the policies which are making conditions much more conducive to competitive manufacturing. To the best of my understanding and knowledge, the government is aware of all the other steps which are needed to ensure and bring about competitiveness in the Indian industry. But, at the same time, one has to understand various constraints which apply in a democracy like political situation which we have and the steps which any government will take, has to be consistent with all the factors of the country, not just to say that we will do whatever is required for manufacturing and then ignore all other factors. We adopted the Soviet policies of economic development. At that time, these policies looked very attractive to a large part of the world, and what we did was consistent with lot of people who were advocating at that time. However, as time passed, it was apparent that these policies were not delivering the results.

The unfortunate part is that we did not change with time and continued with the same set of policies, even though they were failing to deliver results. Amongst these policies, which led to the non-competitiveness of industry, the government's effort to cross subsidize and bring about socialism by making industry pay for infrastructure which are required both by the people of the country and by the industry. This system of cross subsidization appeared very popular. It was really more of a populist effort, but in result it led to the cost of production going up. And that is one of the factors why we are not competitive because for competitiveness, cost of production has to be as low as possible. At the same time, the private sector was initially curtailed, constrained and suspected. That has continued and the attitudes, management styles, behaviour and treatment of labor have all been developed during the period where the Soviet style policies were being implemented. And these are things which are not easily undone. These require a lot of actions to be taken. But as I said, the conditions look hopeful.

The pandemic is creating a greater awareness amongst all the people in the country. This is the time to make radical changes in the way we do our work. This is the time when we should take steps which should lead to much faster growth of the economy, which means much faster growth of manufacturing. I believe that this is possible but it does require all of us to do things which are quite apparent. The first thing is that there has to be a national consensus on the need to grow manufacturing, create jobs and the strategy for growing manufacturing. I think there can be no two opinions on the way to go forward. There needs to be a national consensus on this. If that happens, the kind of changes which are required become much easier. They will happen much faster. So, all of us should understand the changes and support the government policies bringing about those changes. It will make India a more competitive manufacturing country. And if that happens, we will all prosper, we will all grow much faster. With these words, I express the hope that when we meet next year, not only would the impact of the COVID virtually disappeared, but we will be back on a much stronger footing on how to go forward, we will know what kind of new policies and actions have been taken. Thank you very much.

Now, there have been a few shareholders who have registered themselves as speakers for this meeting. I would request the moderator to facilitate the shareholders to speak. In the interest of time and with a view to give adequate opportunity to all, I would request the members to be conscious of the time and restrict their comments or questions to not more than three to four minutes after which, I would be happy to respond to all the questions and if there are areas

where my colleagues need to answer better than I can, then I will request my colleagues to answer that. So I hand this over to the moderator to take this forward.

Moderator: Thank you, Chairman Sir. We have received requests from our shareholders who have registered themselves as speakers and we'll be bringing them one by one.

The first speaker for the day is Mr. Surya Kant Agarwal.

Mr. Suryakant Agarwal: Respected Chairman Sir, thank you very much for giving me a chance to speak up at this AGM of the company. I would like to begin with complimenting you on the recent launch of your book 'Getting Competitive'. This book is a document of wisdom in Indian context akin to the Book of Mirdad for spiritual world. The book covers from Nehru to Modi and encapsulate their vision of Industrialization and creating just society. Your conclusion that India should follow East model of balance is like a Japanese Zen or Chinese Tao or Indian Buddha. This is backed by your solid experience. Experience is the Truth. On the other hand we have heard of VUCA word for a long time. We are now experiencing it in form of Corona. The world is facing Volatility, Uncertainty, Complexities and Ambiguity in its true manifestation. As VUCA world arises the mind stops. Mind faces something which is outside its memory. It is not prepared. This is awakening, reaching to the unchanging in the changing world. We are all trying to cope up with this situation in different manner. I am sure for our company and our associates this is an opportunity of introspection and realignment of goals, whether the corporate goals or self goals. India has demonstrated its compassionate side helping each other and so should our company for all those associated with us. There is no joy in a feast if our neighbor goes hungry. We all can take little reorientation in becoming more humane and humble by shedding some arrogance, pride, ego. Nothing is permanent. As Heraclitus has said, "you cannot step into the same river twice."

Sir, there are good things arising out of necessity created by Corona. I thank the Government of India for allowing shareholders meet through audio visual means. This has given all of us an opportunity to participate from anywhere in planet, in the meeting without a need to travel thereby saving travel time and costs. It is such bliss to participate in the meeting from the comfort of our homes or work places. I request you to take with the GOI to permit it as an option for all meetings in future. With the advent of e-voting, all shareholders can exercise their right to vote from anywhere. Thus having physical meetings for large companies should become an option. It may still be OK to have physical meetings for companies with small

number of shareholders. There is little ambiguity about notice to the shareholders who do not have email id registered, particularly with very small holdings, which should be made mandatory. You may recommend to the government to do away with the requirement of giving notice and sending annual report to the shareholders who do not have email registered and meetings are held in physical form. This will make meetings more environmental friendly by saving trees used for printing annual reports and truly in line with GOI green initiative. Physical notice requiring dispatch by registered post may also be done away for those having holding below certain number of shares.

Thank you Sir for your patience for listening me. I conclude wishing company, its employees and all associates with good times ahead.

Moderator: Thank you Mr. Agarwal, I would now move on to our next speaker, Miss Harsimran.

Ms. Harsimran: Respected Chairman Sir, today it's indeed an honor for me to interact with the legend, a good human being, a dynamic business leader, a former IAS officer of Padma Bhushan. That is your good self. A few years back, I invested a small amount of money into the Maruti stock on the recommendation of my professor, by which I gained a lot of knowledge closely tracking you and the events surrounding our company. Thank you for the dividend which has been announced. Though it will be a small amount as my investment is also small. Sir, I have three to four points to raise before you. Firstly, bring out attractive range of sporty SUV at the reasonable entry cost of rupees three to four lakhs maximum. I'll be happy to buy one on the day of launch. Secondly, I recall that our company installed cameras on various roads in Delhi to check traffic violation, which was a wonderful initiative to check this menace. Sir, in this regard, I have noticed that the daily commuters are by now pretty much aware of the location of these cameras and manage to control their speed while passing through the camera. And once they are through then they again achieve high speed. So to control this, I would like to recommend that more such cameras be installed at say every one kilometer distance so that the vehicle speed remains in check. Additionally, I would like to request marketing team that each of the pole where the camera is installed should be branded with our Maruti logo and name. Third, sir, I would like to request that to help employ 10s of 100s of 1000s uneducated, unemployed youth in our country, open up multiple dry carwash centres in plenty of cities across India, offering dry carwash at very reasonable price of say rupees 200

per car wash, a small price will become attractive for a daily vehicle user to offer this service once a week. For serving there, sir, I have come to know that our company is going and doing a lot of projects covering health, education, water, sanitation, building community infrastructure under the social responsibility activities, decarbonizing and controlling carbon dioxide emissions, and many more. After the fallout of COVID, the pace by which our company managed to produce the ventilators which were given out for community treatment is really exemplary. I really applaud each one of your initiatives in this regard and on this given platform, I would like to request you that I really want to be a part of Maruti team to implement various sustainable goals as chartered by the United Nations. And many of those goals our country requires desperately in abundance to give me a chance to contribute. Finally, sir, while I don't understand the balance sheet much but I think and I believe that if you do good, good will come back to you many times more. So to end, I wish you and entire Maruti team, success in all your projects and endeavors. Best regards.

Moderator: Thank you. I will now go on to our next speaker, Mr. Yashpal Chopra

Mr. Yashpal Chopra: Honorary Chairman Bhargava ji and the team of professionals along with you. I say good morning to you all. As regards the performance of the company for the financial year 2019-2020, I would say that though the performance has not come as per our expectation, but I see that performance under the strange situations of the global economy worldwide was very much under tension. And that is falling down day by day, and our country was no exception to that. So, under those circumstances, our management has been kind enough and they have shown their response for the investor friendship, and have declared a dividend of Rs. 60 per share, but that is a very good thing and very nice approach of the company for the investors. Sir, with the outbreak of this covid 2019, the total economy of the world has come to a halt, all the plants, all the industrial units, all the business activities have just stopped because only remedy to stay safe from clutches of that corona was to keep aloof and to keep in confinement. So, lockdown was imposed throughout the world and there was no activity, so we had to suffer for three or four months. Under those circumstances that came as a result of the first quarter of the financial year 2020-21, which were very, very, very poor. But for that, we cannot blame the management or the industry because there was no activity. So, virtually there was no performance. So, I will just like to say that our Prime Minister is very much concerned with the health of our economy. And I hope that very soon he will come up with some promotional incentives for the industry. Because the auto industry is the backbone of the

economy and he cannot ignore that. So, I hope that the coming days are coming to you very bright. So I just have got a big hope, that very soon we will see the star of positivity because now the lockdown period has been opened slowly and slowly and all the activities have been started with the caution and safety and the day is not far when we will just come to achieve the full glories, old deserts and all that. So before I close, I must complement our corporate governance under Mr. Grover, who has given us a chance to speak. And I wish you best of luck from the top to the bottom to all the dedicated employees. I pray God to enlighten them so that they may proceed with the positive outlook for the company and safety. Thank you.

Moderator: I will now move on to our next speaker, Mr. Jasmeet Singh.

Mr. Jasmeet Singh: Respected Chairman Sir, Board of directors and my co-shareholders, a very happy Good morning to you all. I'm happy to join this annual general meeting through video conferencing mode. Chairman Sir, the year gone by was very difficult. But the ensuing year, that is the current year has really become very challenging. But I am sure that under your esteemed leadership, not only we will be able to sail through this challenging time, rather, we will come out much stronger by the time the COVID will get vaccinated. Keeping abreast with the events revolving our company after closing April month without sales, it was heartening to see it turn around in the following months, though slowly. I can imagine how difficult it would have been to restore the manufacturing facilities, synchronizing it with hundreds of vendors and sub vendors, even while the lockdown unlocking was underway. I'm sure this would not have been possible without your strong leadership coupled with a fine sense of judgment. Sir, I hope that all our employees are back to work. Further in this regard, if you can kindly appraise us if there were any pay cuts, salary or bonus reduction as cost saving measures. Also, were there any layoffs that may have taken place due to the fallout of Corona. Sir, while we all pray that such situation do not ever happen again, may I request you to share our preparedness on how to negotiate the current pandemic if it continues for many more months. Given the time stipulation, I will quickly cover two three more points to seek your views. First, last year, the face lifting of our various models has really given a fresh lease to the fading model. In the new avatar specially the Swift Hatchback and Wagon R have really become very attractive. And I'm sure anyone going for a new car in this given category will pick them as a first choice. Sir, what are our face lifting plans for other models in this current year. Given a push to increase our intellectual property, wherein we have increased expenditure on R&D facilities and increased our R&D team of engineers, are we looking at export as a thrust area or domestic

markets. How many launches are planned in the current year in the domestic and overseas market, please appraise. Third, recently, we had so much rains and it so happened to me that on two occasions I had to take my Dzire during the night time. Due to heavy raining, fog and mist got settled on the window glasses inside and outside. It made driving very difficult. When I did some search on this, I found that not all the variants and models are provided with the defogger option. So, my humble submission is that henceforth every car and model to be rolled out from over various factories must have a defogger option, even if it means a cost increase to the finished product. As this is an essential feature that can avoid many accidents and possibly save lives too. Finally, thank you for allowing me to speak. I must acknowledge that keeping high standards of corporate governance, which our secretarial department headed by Vice President Sanjeev Grover and his team along with finance and admin teams at Maruti are following, we are able to interact with you today. Comparing this to some of the other large companies, which have in fact avoided the shareholders and refrained them to speak. Hope the regulator will take the feedback from this platform and allow the meeting to take place in the usual auditorium. To end I wish the entire Maruti team all the very best. Thank you.

Thank you. I would now have our next speaker, Mr. M.P. Bhutani

Mr. M.P.Bhutani: Good Morning Sir.

While reviewing the Annual report, our total sale was 1.43 million, where as in 2018-19, it was 1.75 million. Hence, it is 18% less than the previous year. In the current Covid pandemic situation, what is your action plan to improve the performance. Our position is very weak at present. In the last 4 years, we have strengthen the dealership, sales network and service centres by investing 1500 crores through 6 pilot projects. What is the plan further. Our company has helped to improve the Indian economy. In future we will continue the same efforts. This year, virtual audit has happened, work from home culture has started, due to covid pandemic. What is the efficiency level and what is the cost savings. Will you continue work from home in future as well. We hope in next year, we will have a physical meeting. We hope India will come out of the Covid situation and improve the economy very soon. RBI Governor has taken more steps to improve the market and economy.

I would like to thank the secretarial team for their good governance.

Thank you very much.

Chairman: Thank you very much. I must start by saying that it's been quite a humbling experience to hear all our shareholders show such understanding and support for the company. It's really quite outstanding. I don't know, how many companies in India get this kind of support from the shareholders. I can say that with this support extended to the company and its management, this company cannot but go forward in a very active manner. Now, coming to the question, Mr. Agarwal has said while after the COVID ends, the face to face meetings starts but companies should also have this option of video conferencing depending on what the company and its shareholders decide. Certainly, I think the COVID epidemic will lead to many changes in the way work is done and the way meetings are conducted. I know that within the company, we will be making several changes in the way we work because this pandemic has brought us to understand that there are different ways of doing things which are more productive, which are saving cost, which lead to quicker and faster results. This video conferencing is certainly one of the things which has become quite an effective way of communication today. So we have taken note of your suggestions and we will do whatever is required in that area. We have today low cost small SUV . As far as lowering costs further is concerned, please remember that by large the GST plus the state taxes which are levied on car even on small cars go up to close to 40%. Now if you add 40% to the dealer price of a car and pay the insurance costs on a lump sum basis for three years, customer getting it at low price becomes very difficult. And it's an issue because in India, the taxes are unfortunately much higher. Part of the reason I have understood that there are a lot of people who are having money, who are self-employed but who don't pay taxes. In the context of what the government has been doing, to curb tax evasion and corruption because it is having effect, then the number of people with this kind of money to buy cars will automatically go down. I think it's an area which is requiring attention. The point about cameras and people knowing when to slow down and accelerate has been noted as also about having logos on the pillars. This suggestion of a dry car wash also will be considered by our service department. I don't know whether 200 rupees is a feasible price or not. But this is something which the service department will consider. And lastly, you expressed and we appreciate your desire to be part of MSIL. We will certainly encourage you to participate in whatever manner is possible.

Mr. Chopra has pointed out some useful aspects of work, but he has remained very optimistic and we will try and make up for what we have lost last year and what we are likely to list them as we go forward.

Mr. Jasmeet Singh has raised a number of issues. To my knowledge we have not had any pay cuts or salary cuts. The amount of bonuses are of course related to the performance of the

company and as we had to reluctantly reduce the dividend this year based on the profit reduction. The bonuses have also naturally been adjusted to reflect what happened to the earnings of the company. It wouldn't have been fair to reduce the dividend, but the people were paying bonuses as if nothing had happened. You have mentioned about the continuance of the pandemic. In fact, so far the pandemic is continuing and the number of cases are still very high. But over this time, I think all our people in the production areas, in the vendor areas, in the sale and dealership areas, have evolved methods of doing business continuing sales in a manner which is very, very consistent with minimizing risk of doing operation, safeguarding health, and making sure that customers get the best of service and are able to buy cars as they please. And I'm happy to tell you that the performance in terms of production and sales is going up every month and for that, we have to thank all the Maruti team and all the management, who worked over time to make this happen. And because of their efforts, we are today getting to levels which are very close to last year's levels. And I'm hopeful that this year, at least in the second half, we will do as well as they did in the first half and the second half of last year. You know, there is no choice to us that exports are more important or domestic, we treat them both equally, and work very, very hard to promote sales in both areas. The number of models renovations and model changes are never announced in advance. These are events which happen as the year goes by. But, you will see from the past history that this is a continuing process. It's not something which is in a start stop kind of business, it is always continuing and that will continue as we go along. We have to be competitive and we will do what we need to do to remain competitive. Lastly, the defog option, I'm sure our engineering head, Mr. Raman would have noted, and we'll see what needs to be done or can be done in that area.

The last speaker was Mr. Bhutani. And he mentioned the land parcels which we have bought and what is to be done with them. They are to be used for opening new dealerships and new facilities, strengthening the market network. This has to be done consistently with the growth of the market and distortion of normalcy because what had been happening over the last many months has not been consistent. But buying land and keeping this, strengthening the dealer network, the sales network for the future is going to pay us good dividends as we go along, because India is not going to remain at this level of performance and sales in the auto sector. We will grow and as we grow, you will see the benefit, which we have both in terms of customer satisfaction, and in terms of the competition.

The other factor is about getting back to normal meetings and is somewhat different from what Mr. Agarwal said before. Both options are there, we will keep both options in mind and do

whatever the company and the board decides in the best interest of the shareholders. With these remarks, I hope I've answered and met most of the questions which were raised.

As required under the Companies Act, 2013 and the Listing Regulations, we had provided our members facility to vote electronically which commenced at 09:00 a.m. on 23rd August, 2020 and ended at 05:00 p.m. on 25th August, 2020. Members who have not voted electronically have the option to e-vote today. The Board has appointed Mr. Manish Gupta, Partner of RMG & Associates, Company Secretaries in whole-time practice, New Delhi as the scrutinizer and he has joined the meeting. The voting shall remain open for 30 minutes from now. The results of the e-voting shall be based on the combined results of remote-voting and e-voting at the meeting. As per the requirement of the Companies Act, 2013, the results along with the scrutinizer's report shall be placed on the website of the Company and KFin Technologies Private Limited by 28th August, 2020.

I once again thank all the members for their cooperation, support, wish them all the very best of health for themselves and their families going forward. And with these remarks, declare the meeting closed.