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Maruti Suzuki India Ltd (MSIL) is the largest car manufacturing company in India, which has been ruling the Indian auto market for more than two decades. A subsidiary of Japanese auto giant, Suzuki Motor Corp, the company has two manufacturing facilities in India with a capacity to produce over 1.2 million vehicles annually. MSIL is also coming up with a new manufacturing facility in Gujarat by 2015. Offering 15 brands in over 150 variants, the company intends to expand its manufacturing capacity to 1.75 million by 2013.

Investor's Rationale

Net profit fell by 3% in Q4FY'12, on higher expense

MSIL's net profit plummeted in Q4FY'12 on standalone basis by 3% YoY to ₹6 billion on account of higher expense which was capped by steep increase in other income of 155.2%. While on QoQ, net profit grew more than double by 211.1% on account of healthy volume of 50.4%. Thus, NPM dipped by 120bps to 5.3% against 6.5% YoY, while on QoQ it grew by 272bps from 2.6%.

Better topline performance with 53% growth QoQ, on robust rebound in volume

MSIL reported robust rebound in sales for Q4FY'12 of 52.6% QoQ to ₹115 billion against ₹75 billion on account of healthy volume growth of 50.4% to 360,334 vehicle against 239,528 vehicle as customers rushed to book their vehicles before the excise duty hike from April and its new Swift and compact DZire models have also clicked among customers.

EBITDA margins nosedived 281bps on higher raw material cost

EBITDA for Q4FY'12 fell by 15.3% YoY to ₹8.6 billion against ₹10.1 billion, on account of higher raw material cost (up 210bps to 81.3% of sales) due to higher outgo relating to vendor compensation and higher employee cost up 60bps to 2.2% (Impact of variable pay). Thus OPM nosedived by 281bps to 7.3% against 10.1%

Performance tumbled on lower volume in FY'12

The net profit on standalone basis for FY12 dipped 28.55% to ₹16.3 billion against ₹22.9 billion in FY'11. Sales declined 3.17% to ₹348.8 billion in FY'12 against ₹360.2 billion in FY'11 on account of decline in volume of 10.8% and higher cost to net sales. While on consolidated basis, company reported 29.4% fall in net profit to ₹168.1 billion on 3.2% decline in net sales to ₹353.9 billion in FY'12 over FY'11.

Market Data

CMP (₹)	1,280
Target Price	1,433
Stop Loss	1,216
Duration	Mid-term
52-week High-Low (₹)	1,428.2/905.5
Rise from 52WL (%)	41.4
Correction from 52WH (%)	10.4
Beta	0.5
1 year Average Volume (mn)	0.07
Stock Return (%)	1M- (1.9) 3M- 3.9 6M- 14.2
Market Cap (₹bn)	369.8
Enterprise Value (₹bn)	356.2

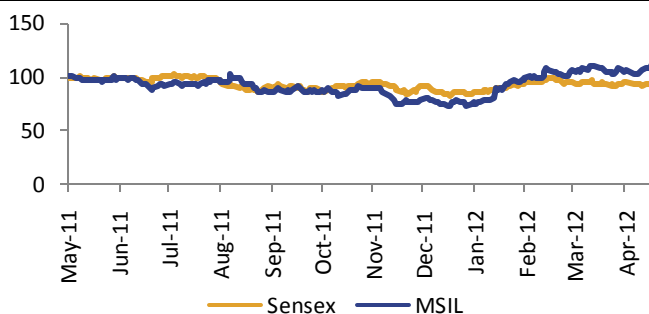
Shareholding Pattern

	Mar'12	Dec'11	Chg
Promoters (%)	54.2	54.2	0.0
FII (%)	21.5	19.4	2.1
DII (%)	15.8	17.4	(1.6)
Public & Others (%)	8.5	9	(0.5)

Quarterly Performance

(₹bn)	Q4 FY'12	Q4 FY'11	Q3 FY'12	%Y-o-Y Change	%Q-o-Q Change
Revenue	114.8	97.9	75.2	17.2	52.6
Op. expense	108.7	89.9	73.3	20.9	48.3
EBITDA	8.6	10.1	4.0	(15.3)	112.8
OPM (%)	7.3	10.1	5.2	(281bps)	210bps
Net profit	6.4	6.6	2.0	(3.0)	211.2
NPM (%)	5.3	6.5	2.6	(120bps)	272bps
EPS	22.15	22.84	7.12	(3.0)	211.1

One Year Price Chart





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