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MARUTI SUZUKI INDIA LTD.

BSE Code: 532500 NSE Code: MARUTI Reuters Code: MRTI.NS Bloomberg Code: MSIL:IN

Maruti Suzuki India Ltd (MARUTI), a subsidiary of the Japanese automaker, Suzuki Motor Corporation, is a leading Indian car-maker, accounting for over 50.0% share of the domestic car market. The company is engaged in manufacturing, purchasing and selling of motor-vehicles and its spare parts. With five plants in Gurgaon and Manesar areas of Haryana and a production capability of around 1.6 million units per annum, MARUTI offers around 200 variants across the industry segments like passenger cars, utility vehicles and vans.

Investor's Rationale

Top-line grew marginally by 8.5% YoY on higher sales of Ertiga

MARUTI posted a marginal growth of 8.5% YoY in net sales at ₹80.7 billion in Q2FY'13 mainly on account of robust sales of its life utility vehicle (LUV), Ertiga which helped in offsetting the impact of 9.0% YoY fall in sales volume and increased discounts. It was reported that the sales of Ertiga spurted by 806.0% to 21,413 units in Q2FY'13, thereby boosted the top-line. Besides, sales volume fell by 9.0% YoY to 23,0,376 units on high interest rates, fuel prices and inflation which impacted the car demand. Volume was further impacted by lower share of diesel cars in its portfolio at the time of skewed demand for diesel vehicles and one month lockout at its Manesar plant.

Bottom-line fell by 5.4% YoY due to higher financial expenses

MARUTI's net profit fell by 5.4% YoY to ₹2.3 billion on the back of rise in interest cost and depreciation charges by 248.1% and 30.3% YoY to ₹0.4 billion and ₹3.5 billion coupled with a fall in other income by 8.8% YoY at ₹1.6 billion. Consequently, NPM declined by 38bps to 2.7% from 3.1%.

EBITDA margin grew by 38bps YoY on lower other expenses

MARUTI reported a surge in its EBITDA by 15.4% YoY to ₹5.1 billion supported primarily by lower advertising spending and lower other expenditure. Other expenses fell (as a percentage of sales) by 185bps to 11.8% from 13.6%. Besides, raw material cost (as a percentage of sales) fell by 147bps YoY to 72.7% from 74.2%. Consequently, OPM grew by 38bps to 6.1% in Q2FY'13 as against 5.7% in Q2FY'12.

Ramping-up production to cater to the festive season's demand

With festive season round the corner, MARUTI's Manesar plant has increased the production to 1,700 cars/day which is likely to increase to 2,000/day by the end of November. Given the strong order book for 'Swift' and the 'Dzire', the company is ramping-up the production so as to cater to the growing demand in the festive season which has just begun. Further, it was reported that MARUTI's new 800cc Alto, has received a booking of ~30,000 units in the first month of its launch.

Market Data

CMP (₹)	1,464.6	
Target Price	1,580	
Stop Loss	1,380	
Duration	Short-term	
52-week High-Low (₹)	1,488.0/900.0	
Rise from 52WL (%)	62.2	
Correction from 52WH (%)	(1.9)	
Beta	0.7	
1 year Average Volume (mn)	0.8	
	3M	27.8
Stock Return (%)	6M-	11.9
	9M-	17.3
Market Cap (₹bn)	423.1	
Book Value (₹)	525.7	

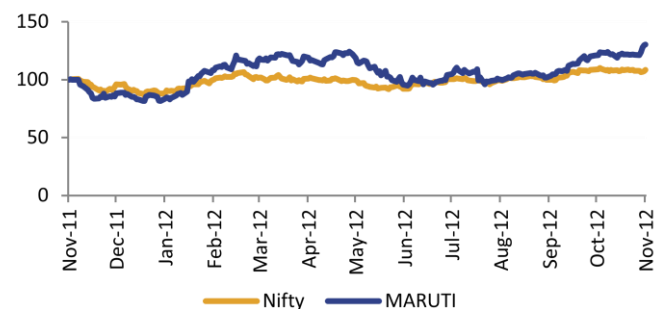
Shareholding Pattern

	Sep'12	Jun'12	Chg
Promoters (%)	54.2	54.2	-
FII (%)	20.4	20.3	0.1
DII (%)	16.2	16.4	(0.2)
Public & Others (%)	9.2	9.1	0.1

Quarterly Performance

(₹bn)	Q2 FY'13	Q2 FY'12	Q1 FY'13	YoY Change(%)	QoQ Change(%)
Revenue	80.7	74.4	105.3	8.5	(23.4)
Op. exp	78.0	72.3	99.9	7.8	(22.0)
EBITDA	5.1	4.4	7.9	15.4	(35.3)
OPM (%)	6.1	5.7	7.3	38bps	(117bps)
Net profit	2.3	2.4	4.2	(5.4)	(46.3)
NPM (%)	2.7	3.1	3.9	(38bps)	(120bps)
EPS (₹)	7.9	8.3	14.7	(5.4)	(46.4)

One Year Price Chart





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