

## MARUTI SUZUKI INDIA LIMITED

### Market Data (06-Dec-2013)

Sensex	20996.53
CMP	1698.10
M Cap (in Cr)	51296.20
BSE code	532500
NSE Symbol	MARUTI
52 Week H/L (Rs.)	1773.45 / 1217.00
FV (Rs.)	5
Equity (Rs. In Cr.)	151.00
EPS (FY 2013)	77.85
Div Yield (%)	0.47
Latest PE (x)	16.86
BV (FY 2013) (Rs.)	615.20
Latest PBV (x)	2.76
Volume	80067
Beta	0.95
Standard deviation	1.92

### Stock Return (%) (06-Dec-2013)

1w	1m	3m	6m	1y
1.23	5.08	31.61	6.99	14.64

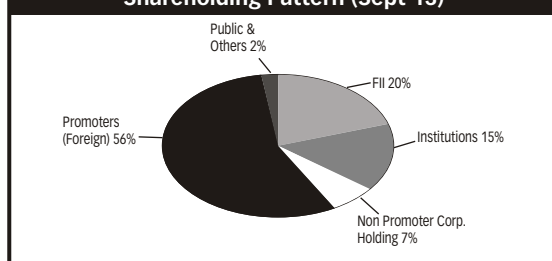
### Key Ratios

Debt-Equity Ratio	0.08
Current Ratio	0.85
Interest Cover Ratio	14.77
ROCE (%)	15.16
RONW (%)	12.48

### Quarterly Results Summary (Rs. Cr.)

Particulars	2QFY14	1QFY14	4QFY13
Revenues	10211.83	9995.12	13056.26
Net Profit	670.23	631.61	1239.62
EPS	22.19	20.91	41.04
OPM %	13.93	13.71	18.37
NPM %	6.56	6.32	9.49

### Shareholding Pattern (Sept 13)



### Key Points

- India's largest passenger car maker
- Widest Network
- Professionally trained manpower
- Various ranges of cars
- Cost rationalization
- Advance Technology
- Customer Centric Approach

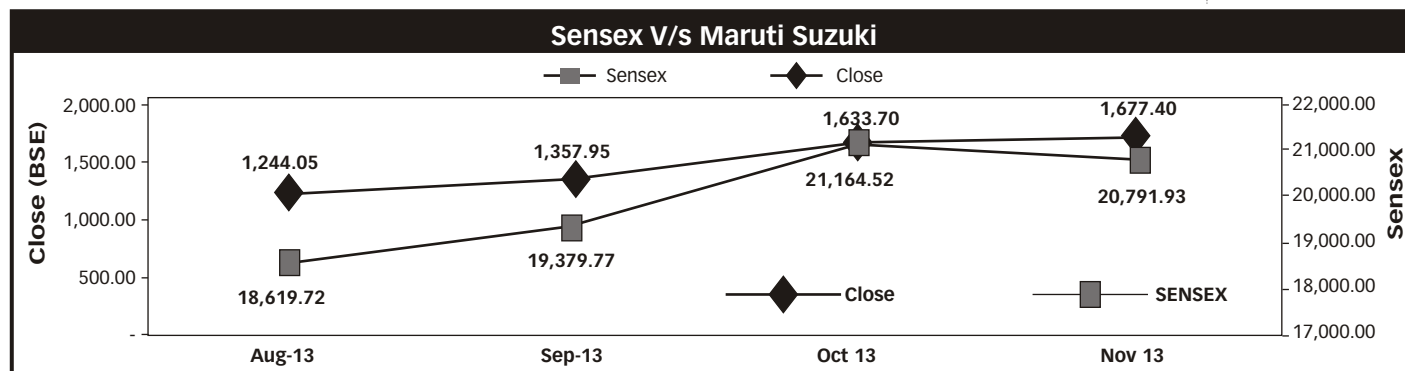
### Quarterly performance

The company's net sale was Rs 10211.83 crore, a growth of 26.54 percent over the same period of the previous year. The company's sales volume jumped 20 percent y-o-y to more than 2.75 lakh units in Q2 FY 14 and out of which, exports were 34,024 units. The company's domestic sales were 88 percent out of total sales in Q2 FY 14. In sales volume, the company has recorded a growth of 67 percent in export and 15 percent in domestic over the same period of the previous year. In Domestic sales, super compact segment recorded the highest growth of 74.4 percent over the same period of the previous year. The compact segment recorded a growth of 31.5 percent while Mini segment recorded a growth of 18.2 percent over the same period of the previous year.

### QUARTERLY RESULT TABLE (All figures in Rs. Cr, except per share data)

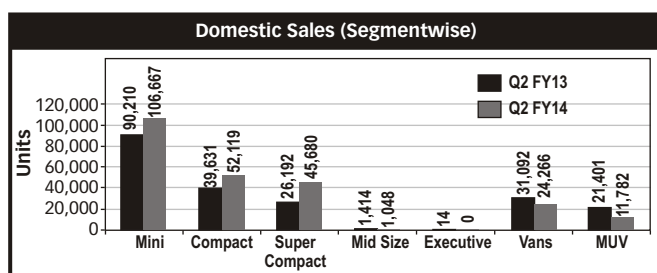
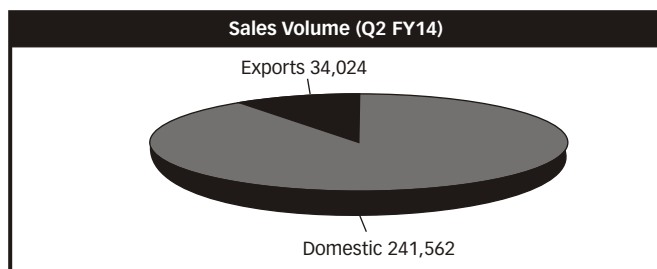
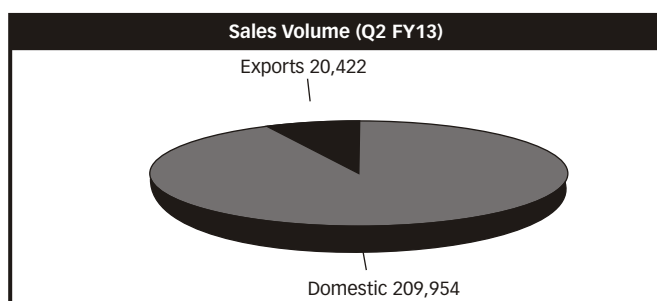
Particulars	2QFY14	2QFY13	% Change	1QFY14	1QFY13	% Change
Net Sales	10211.83	8070.11	26.54	9995.12	10529.24	-5.07
Other Income	101.02	156.32	-35.38	204.30	112.31	81.91
<b>Total Income</b>	<b>10569.08</b>	<b>8461.75</b>	<b>24.90</b>	<b>10441.64</b>	<b>10890.46</b>	<b>-4.12</b>
<b>Total Expenditure</b>	<b>9146.63</b>	<b>7796.88</b>	<b>17.31</b>	<b>9071.18</b>	<b>9991.77</b>	<b>-9.21</b>
PBIDT	1422.45	664.87	113.94	1370.46	898.69	52.50
Interest	43.39	38.01	14.15	44.23	33.24	33.06
PBDT	1379.06	626.86	119.99	1326.23	865.45	53.24
Depreciation	499.17	347.04	43.84	480.16	339.91	41.26
Tax	209.66	52.37	300.34	214.46	101.77	110.73
<b>PAT</b>	<b>670.23</b>	<b>227.45</b>	<b>194.67</b>	<b>631.61</b>	<b>423.77</b>	<b>49.05</b>
EPS	22.19	7.87	181.96	20.91	14.67	42.54
PBIDTM (%)	13.93	8.24	69.07	13.71	8.54	60.64
PATM (%)	6.56	2.82	132.87	6.32	4.02	57.01

The Other income fell by 35 percent to Rs 101.02 crore. The profit before interest, depreciation and tax (PBIDT) was more than doubled to Rs 1,422 crore. The operating margin was 13.93 percent in Q2 FY 14 compared to 8.24 percent in Q2 FY 13. The interest cost grew by 14 percent to Rs 43.39 crore while depreciation cost increased by 44 percent to Rs 499.17 crore. The discount has gone up in Q2 of FY 14. They are at Rs 17,500 as compared to Rs 13,500 in Q1. The tax expense increased from Rs. 52.37 crore in Q2 FY 13 to Rs.



209.66 crore in Q2 FY 14.

The Net profit jumped three fold to Rs 670.23 crore in Q2 FY 14. The company's performance during the quarter has to be viewed in the context of unusually low levels of profit in the second quarter of last year (July-September 2012) owing to labour problems in Manesar. Higher localization and cost reduction initiatives by the company also contributed significantly to bottomline growth during Q2. The overall impact of foreign exchange was positive during the quarter.

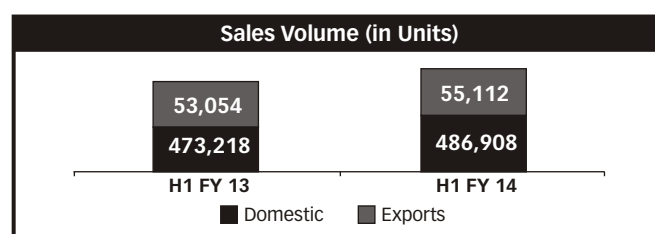


## Half yearly performance

The topline grew by 8.6 percent to Rs 20206.95 crore for the half year ended September 2013. The other income grew by 35.8 percent to Rs. 305.32 crore. The interest cost grew by 23 percent to Rs 87.62 crore while depreciation cost increased by 42.6 percent to Rs 979.33 crore. The tax expense grew by

175.2 percent to Rs 424.12 crore.

The Bottomline just doubled to Rs 1301.84 crore. The company's sales volume jumped 3 percent to more than 5.42 lakh units in H1 FY 14 and out of which, domestic sales were up 2.9 percent at 4.86 lakh units. The company's new diesel engine facility at Gurgaon and the third assembly facility at Manesar went on stream during July-September 2013. With this, the company's total capacity for vehicle assembly is more than 1 million vehicles per annum.



## Annual Performance

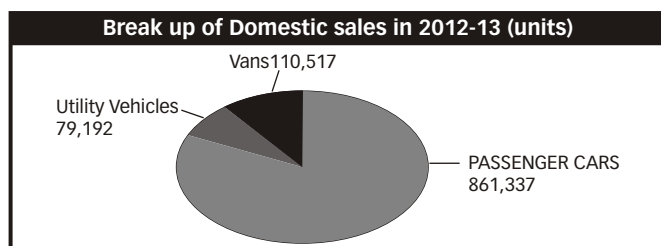
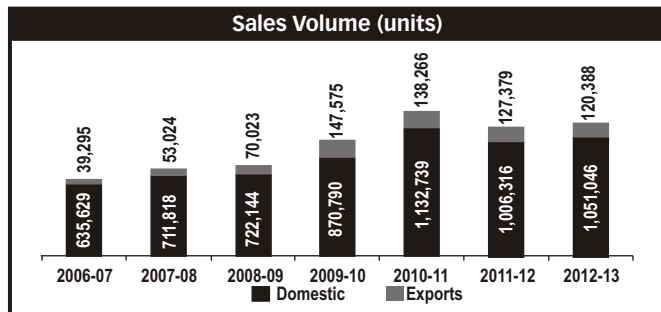
YEARLY RESULT TABLE (All figures in Rs. Cr, except per share data)					
Particulars	Mar-13	Change	Mar-12	Change	Mar-11
Net Sales	43587.90	22.48%	35587.10	-2.82%	36618.40
Other Income	812.40	-1.74%	826.80	62.50%	508.80
Stock Adjustments	-23.40	-118.04%	129.70	131.61%	56.00
<b>Total Income</b>	<b>44376.90</b>	<b>21.44%</b>	<b>36543.60</b>	<b>-1.72%</b>	<b>37183.20</b>
Raw Materials	32535.40	15.22%	28238.00	-0.64%	28419.90
Power & Fuel Cost	493.70	115.12%	229.50	9.18%	210.20
Employee Cost	1069.60	33.48%	801.30	13.89%	703.60
Other Mfg Exp.	335.50	84.85%	181.50	17.10%	155.00
S & A Expenses	3776.70	29.95%	2906.20	-1.92%	2963.10
Miscellaneous Expenses	1167.80	31.21%	890.00	45.95%	609.80
Less: Pre-operative Exp Capitalised	43.80	2.58%	42.70	66.15%	25.70
<b>Total Expenditure</b>	<b>39334.90</b>	<b>18.47%</b>	<b>33203.80</b>	<b>0.51%</b>	<b>33035.90</b>
Operating Profit	5042.00	50.97%	3339.80	-19.47%	4147.30
Interest	189.80	243.84%	55.20	120.80%	25.00
Depreciation	1861.20	63.49%	1138.40	12.32%	1013.50
Profit Before Tax	2991.00	39.36%	2146.20	-30.96%	3108.80
Tax	632.40	52.83%	413.80	-48.92%	810.10
Deferred Tax	-33.50	-134.47%	97.20	862.38%	10.10
<b>Profit After Tax</b>	<b>2392.10</b>	<b>46.29%</b>	<b>1635.20</b>	<b>-28.55%</b>	<b>2288.60</b>

The topline grew by a robust 22 percent to Rs 43587.90 crore in FY 13 as against Rs 35587.10 crore in FY 12 on account of sales of Ertiga which enjoys higher pricing power and

## fundamental focus

improved export realizations. Net realization per unit showed an increase of 17 percent for FY 13. Bottomline registered 46 percent growth to Rs 2,393 crore. Sale of vehicles in the domestic market was 1,051,046 units as compared to 1,006,316 units in the previous year showing an increase of 4 per cent. Total number of vehicles exported was 120,388 units as compared to 127,379 units in the previous year.

Profit before tax (PBT) was Rs 2991.00 crore against Rs 2146.20 crore showing an increase of 39.63 percent and profit after tax (PAT) stood at Rs 2392.10 crore against Rs 1635.20 crore in the previous year showing an increase of 46.29 percent.



In 2012-13, the total sales (domestic plus export) was 1,171,434 units. The domestic sales were 90 percent of total sales. In Domestic sales, the passenger cars segment contributes 82 percent (861,337 units) while Vans and Utility Vehicles contribute 11 percent (110,517 units) and 8 percent (79,192 units) respectively.

The contribution of rural sales increased to 28 percent of domestic sales in FY 13 against 25 percent in FY 12. The share of diesel vehicle in total passenger vehicle sales increased from 48 percent in 2011-12 to 58 percent in 2012-13. The sale of diesel vehicle increased on account of the wide gap between petrol and diesel prices.

## Company Profile

Maruti Suzuki India Ltd (formerly Maruti Udyog Ltd) is India's largest passenger car company, accounting for over 50 per cent of the domestic car market. The company offers full range of cars from entry level Maruti 800 & Alto to stylish hatchback Ritz, A-star, Swift, Wagon R, Estilo and sedans DZire, SX4 and Sports Utility vehicle Grand Vitara. The company is a subsidiary of Suzuki Motor Corporation of Japan.

The company is engaged in the business of manufacturing, purchase and sale of motor vehicles and spare parts (automobiles). The other activities of the company include

facilitation of pre-owned car sales, fleet management and car financing. They have four plants, three located at Palam Gurgaon Road, Gurgaon, Haryana and one located at Manesar Industrial Town, Gurgaon, Haryana. The company produces more than 1 million units annually, with 15 different models and over 200 variants.

The company has nine subsidiary companies, namely Maruti Insurance Business Agency Ltd, Maruti Insurance Distribution Services Ltd, Maruti Insurance Agency Solutions Ltd, Maruti Insurance Agency Network Ltd, Maruti Insurance Agency Services Ltd, Maruti Insurance Agency Logistics Ltd, JJ Impax, Maruti Insurance Broker Ltd and True Value Solutions Ltd. Many subsidiaries are engaged in the business of selling motor insurance policies to owners of Maruti Suzuki vehicles and a subsidiary, True Value Solutions Ltd is engaged in the business of sale of certified pre-owned cars under the brand 'Maruti True Value'.

RATIO					
Particulars	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13
Debt-Equity Ratio	0.09	0.07	0.04	0.05	0.08
Current Ratio	1.22	1.19	1.13	1.08	0.85
Interest Cover Ratio	29.91	108.24	125.35	35.74	14.77
Price Earning (P/E)	18.65	16.58	16.20	24.37	16.44
Price to Book Value ( P/BV)	2.40	3.46	2.63	2.57	2.08
PBIDTM (%)	9.63	13.93	10.15	7.88	9.50
ROCE (%)	15.76	31.95	23.15	12.69	15.16
RONW (%)	12.08	23.58	17.81	10.06	12.48

Peer Comparison - March 2013 (Rs. in Cr.)		
Particulars	Maruti Suzuki	Mahindra & Mahindra
Sales	43587.90	40441.16
PAT	2392.10	3352.82
Equity	151.00	295.16
OPM %	9.50	13.23
NPM %	5.49	8.29
EPS	77.85	56.85

## Latest news

- Maruti Suzuki India would recall 1,492 units of Ertiga, Swift, Dzire and A-Star models produced in October to correct a possible problem with the steering column. The company said the problem might have surfaced in 306 Ertiga, 592 Swift premium hatchback, 581 Dzire sedan and 13 A-Star cars made between October 19 and 26.
- SyndicateBank has tied up with Maruti Suzuki India Ltd to extend car loans to its clientele base of over 30 million. The bank has reduced the rate of interest on car loans to base rate plus 0.15 per cent (at present 10.4 per cent) and has also slashed the processing charges by 50 per cent of the actual charges to extend the benefit to the prospective borrowers. The offer is valid up to January 15, 2014.
- Maruti Suzuki is planning to develop a new range of turbo diesel engines with capacities ranging between 800 cc and 1.6 liters in India. The new engine is slated to be launched in 2015, but till then, Maruti Suzuki will use

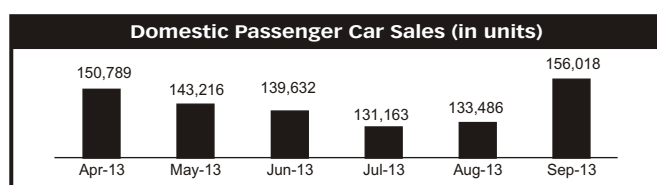
Fiat's Multijet turbo diesel engine line-up. It is also said that the company is working on the 2014 Sx4 Crossover in India, which is expected to come in early 2015.

## Industry overview

Car sales in India have fallen 4.7 percent in the first six months of the fiscal year, the sharpest decline in half-year sales since 2002-2003. Despite a slight 0.7 percent uptick in sales in September when automakers sold 156,018 cars, the industry is facing a second consecutive year of falling demand. A surprise increase in interest rates and higher prices are tempering hopes for a turnaround in the country's struggling auto sector and industry has pushed back forecasts for a sustained recovery to the next financial year.

September brought with it some cheer to the auto industry as most companies posted robust sales growth. India's biggest car maker Maruti Suzuki along with Ford India posted strong sales growth during the month. But despite sluggish demand, most auto companies have had to undertake price hikes owing to rupee depreciation that led to higher input costs. The utility vehicle (UV) which so far had remained insulated from the slowdown, too have started witnessing demand pressures. In cars, demand weakness remains across both diesel and petrol models, with only new launches creating some excitement.

In September 2013, domestic passenger car (PC) volume rose 0.73 percent year on year (y-o-y) to 156,018 units, while UVs fell by 12.03 percent y-o-y to 42,442 units. Van sales fell 23.69 percent y-o-y at 17,571 units in September 2013. Together, domestic passenger vehicle (PV) sales declined 4.48 percent in September 13 to 216,031 units. But on a month on month (m-o-m basis), domestic PC and UV sales registered 17 percent and 8 percent rise in sales in Sept 13.



Against this backdrop, Maruti heaved a sigh of relief as September was the third straight month in which it posted positive numbers since the beginning of 2013-14. The reducing price difference between petrol and diesel has led to a slowdown in demand for diesel vehicles which were largely responsible for driving passenger vehicles sales in FY12 and FY13.

## Maruti Suzuki Sales

Backed by the robust performance on the exports front, Maruti Suzuki reported a growth of 11.70 percent to 1,04,964 units in Sep'13 as against 93,988 units in Sep'12. The company's domestic sales increased marginally to 1.80 percent at 90,399 units in Sep'13 as against 88,801 units in Sep'12. The sales of mini segment cars (including M800, Alto, A-Star and WagonR) increased to 41,061 units while the sale of compact cars (including Swift, Estilo, Ritz) increased to

20,828 units. However, the best performance came from the super compact segment (Dzire) which reported a growth of 42.90 percent to 16,708 units. The mid-sized sedan SX4 registered an increase of 31.30 percent to 378 units. There was no sale of premium sedan Kizashi during the month.

The sales for the period of April - September of FY 2013-14 increased by 3.00 percent to 542,020 units against 526,272 units during the same period of last year. Exports grew by 3.90 percent to 55,112 units against 53,054 units during the same period of last year. The best performance came from super compact segment which reported a growth of 29.80 percent during the period of April - September of FY 2013-14.

Category	Models	September		
		2013	2012	% Change
1: PASSENGER CARS				
Mini	M800, Alto, A-Star, WagonR	41061	39150	4.90%
Compact	Swift, Estilo, Ritz	20828	17813	16.90%
Super Compact	Dzire	16708	11694	42.90%
Mid-Size	SX4	378	288	31.30%
Executive	Kizashi	0	12	-
Total of Passenger Cars		78975	68957	14.50%
2: Utility Vehicles				
	Gypsy,Ertiga, Grand Vitara	2657	7224	-63.20%
3: Vans				
	Omni, Eeco	8767	12620	-30.50%
Total Domestic Sales (1+2+3)		90399	88801	1.80%
Total Export Sales		14565	5187	180.80%
Total Sales (Domestic + Export)		104,964	93,988	11.70%

## Conclusion

High petrol prices, interest rates and inflation impacted the cost sensitive entry car segment and the company had to sustain momentum with the help of high sales promotion. Rising fuel prices, caused partly by depreciation of rupee to the dollar, increased the cost of vehicle ownership for customers. Appreciation of yen to the rupee in last few years impacted profile margins by significantly increasing the cost of imports.

There are unfortunate incidences in India and all over the globe which affect on topline and bottomline of the company. In case of Maruti Suzuki India, there was large scale labour violence at Manesar plant in July 2012 which forced to lockout the plant for almost a month. The export got affected due to global uncertainty. Weakness in the Eurozone on account of Eurozone Sovereign Debt Crisis impacted the company's export sales to the European countries. In case of Maruti Suzuki India Limited, the export to European countries declined from 43,000 units in FY 12 to 28,000 units in FY 13. Hence, now the company's focus will be on export of vehicles to Non-European markets.

The company will continue to introduce new products to meet growing customers' expectations. The existing products will be refreshed at regular intervals to suit the upcoming trends. The company will pro-actively work on increasing the fuel efficiency of all its models to offer economically affordable and environment friendly vehicles to the customers.