

## Maruti Suzuki

### Performance Highlights

Y/E March (₹ cr)	1QFY12	1QFY11	% chg (yoy)	Angel est.	% diff
<b>Net sales</b>	<b>8,529</b>	<b>8,232</b>	<b>3.6</b>	<b>8,450</b>	<b>0.9</b>
EBITDA	814	793	2.8	802	1.5
EBITDA margin (%)	9.5	9.6	(8)bp	9.5	5bp
Other income	180	100	79.7	105	71.5
<b>PAT</b>	<b>549</b>	<b>465</b>	<b>18.0</b>	<b>448</b>	<b>22.6</b>

Source: Company, Angel Research

Maruti Suzuki (Maruti) reported an in-line operating performance for 1QFY2012; however, net profit came in significantly higher than our estimates, driven by a sharp jump in other income on account of long-term capital gains (~₹40cr) and high treasury yields on investments. **We broadly maintain our volume and earnings estimates and continue to maintain our Accumulate rating on the stock.**

#### Muted top-line performance on flat volumes, other income boosts bottom line:

For 1QFY2012, Maruti reported 3.6% yoy (down 15.5% qoq) growth in net sales to ₹8,529cr, in-line with our estimates, aided by a 4% yoy increase in average net realisation, led by better product mix (higher contribution of diesel vehicles) and price increases. Volume growth remained sluggish and posted a 0.6% yoy decline (18% qoq), impacted largely by the demand slowdown in the small car segment and production loss due to a 13-day strike at Manesar plant. EBITDA margin was in-line with our estimates at 9.5% (almost flat yoy), but it was down by 46bp qoq. Raw-material costs rose by 81bp yoy (70bp qoq) to 80.4% of sales, while royalty and selling and distribution expenses declined by 50bp yoy each, thus benefitting the margin. Net profit increased by 18% yoy (down 16.8% qoq) to ₹549cr, 22.6% ahead of our estimates, led by higher-than-expected other income.

**Outlook and valuation:** We continue to remain positive on the long-term volume growth in the passenger car industry, led by sustainable economic growth and low penetration levels in the country. However, considering the near-term macro headwinds, we remain cautious on short-term volume growth in the passenger car industry. We expect Maruti to post a ~9% volume CAGR over FY2011–13E, leading to a ~13% revenue CAGR. At ₹1,178, Maruti is trading at 13.1x and 11.6x its FY2012E and FY2013E earnings, respectively. We continue to maintain our Accumulate recommendation on the stock with a target price of ₹1,322, valuing it at 13x FY2013E earnings.

#### Key financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
<b>Net sales</b>	<b>29,099</b>	<b>36,300</b>	<b>41,039</b>	<b>46,685</b>
% chg	42.3	24.7	13.1	13.8
<b>Net profit</b>	<b>2,419</b>	<b>2,289</b>	<b>2,594</b>	<b>2,939</b>
% chg	125.5	(5.4)	13.4	13.3
EBITDA margin (%)	11.8	8.1	8.3	8.5
<b>EPS (₹)</b>	<b>83.7</b>	<b>79.2</b>	<b>89.8</b>	<b>101.7</b>
P/E (x)	14.1	14.9	13.1	11.6
P/BV (x)	2.9	2.5	2.0	1.7
RoE (%)	22.8	17.8	16.8	16.0
RoCE (%)	22.7	14.1	14.0	14.3
EV/Sales (x)	0.9	0.7	0.6	0.5
EV/EBITDA (x)	8.0	9.1	7.7	6.0

Source: Company, Angel Research

## ACCUMULATE

CMP	₹1,178
Target Price	₹1,322

Investment Period	12 Months
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#### Stock Info

Sector	Automobile
Market Cap (₹ cr)	34,033
Beta	0.8
52 Week High / Low	1,600/1,087
Avg. Daily Volume	69,447
Face Value (₹)	5
BSE Sensex	18,518
Nifty	5,575
Reuters Code	MRTI.BO
Bloomberg Code	MSIL@IN

#### Shareholding Pattern (%)

Promoters	54.2
MF / Banks / Indian Fls	24.3
FII / NRIs / OCBs	18.8
Indian Public / Others	2.7

Abs. (%)	3m	1yr	3yr
Sensex	(5.3)	2.8	29.7
Maruti Suzuki	(9.5)	(1.1)	91.7

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**Exhibit 1: Quarterly performance**

Y/E March (₹ cr)	1QFY12	1QFY11	% chg	FY2011	FY2010	% chg
<b>Net sales (incl. other op. inc.)</b>	<b>8,529</b>	<b>8,232</b>	<b>3.6</b>	<b>37,040</b>	<b>29,623</b>	<b>25.0</b>
Consumption of RM	6,350	6,135	3.5	27,516	21,508	27.9
(% of sales)	74.4	74.5		74.3	72.6	
Staff costs	179	161	11.4	704	546	29.0
(% of sales)	2.1	2.0		1.9	1.8	
Purchases of TG	342	276	24.1	1,278	905	41.2
(% of sales)	4.0	3.3		3.5	3.1	
Other expenses	844	868	(2.8)	3,878	2,713	42.9
(% of sales)	9.9	10.5		10.5	9.2	
<b>Total expenditure</b>	<b>7,715</b>	<b>7,439</b>	<b>3.7</b>	<b>33,376</b>	<b>25,672</b>	<b>30.0</b>
<b>EBITDA</b>	<b>814</b>	<b>793</b>	<b>2.8</b>	<b>3,664</b>	<b>3,951</b>	<b>(7.3)</b>
EBITDA margin (%)	9.5	9.6		9.9	13.3	
Interest	6	8	(27.9)	24	34	(27.1)
Depreciation	242	242	0.3	1,014	825	22.8
Other Income	180	100	79.7	482	500	(3.6)
<b>PBT (excl. extr. items)</b>	<b>746</b>	<b>643</b>	<b>16.1</b>	<b>3,109</b>	<b>3,593</b>	<b>(13.5)</b>
Extr. income/(expense)	-	-	-	-	-	-
<b>PBT (incl. extr. items)</b>	<b>746</b>	<b>643</b>	<b>16.1</b>	<b>3,109</b>	<b>3,593</b>	<b>(13.5)</b>
(% of sales)	8.7	7.8		8.4	12.1	
Provision for taxation	197	178	10.9	820	1,095	(25.1)
(% of PBT)	26.4	27.6		26.4	30.5	
<b>PAT</b>	<b>549</b>	<b>465</b>	<b>18.0</b>	<b>2,289</b>	<b>2,498</b>	<b>(8.4)</b>
PATM (%)	6.4	5.7		6.2	8.4	
Equity capital (cr)	144	144		144	144	
<b>EPS (₹)</b>	<b>19.0</b>	<b>16.1</b>	<b>18.0</b>	<b>79.2</b>	<b>86.4</b>	<b>(8.4)</b>

Source: Company, Angel Research

**Exhibit 2: Quarterly volume performance**

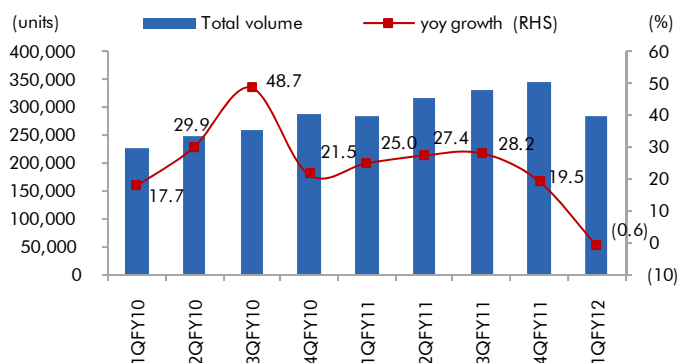
Y/E March (units)	1QFY12	1QFY11	% chg	FY2011	FY2010	% chg
<b>Total volume</b>	<b>281,526</b>	<b>283,324</b>	<b>(0.6)</b>	<b>1,271,015</b>	<b>1,018,365</b>	<b>24.8</b>
A1: M800	6,613	6,906	(4.2)	26,485	33,028	(19.8)
C: Omni, Versa, Eeco	40,749	33,521	21.6	160,626	101,325	58.5
A2: Alto, Wagon R, Zen, Swift, A-star, Ritz	171,090	170,513	0.3	808,552	633,190	27.7
A3: SX4, Dzire	30,612	28,958	5.7	131,282	99,315	32.2
A4: Kizashi	117	-	-	138	-	-
<b>Total passenger cars</b>	<b>249,181</b>	<b>239,898</b>	<b>3.9</b>	<b>1,127,083</b>	<b>866,858</b>	<b>30.0</b>
MUV: Gypsy, Vitara	1,502	2,989	(49.7)	5,666	3,932	44.1
<b>Domestic</b>	<b>250,683</b>	<b>242,887</b>	<b>3.2</b>	<b>1,132,749</b>	<b>870,790</b>	<b>30.1</b>
<b>Exports</b>	<b>30,843</b>	<b>40,437</b>	<b>(23.7)</b>	<b>138,266</b>	<b>147,575</b>	<b>(6.3)</b>

Source: Company, Angel Research

**Muted top-line growth on flat volumes:** Maruti reported a muted 3.6% yoy increase in its top line to ₹8,529cr, in-line with our expectation of ₹8,450cr. Growth was driven by a 4% yoy increase in average net realisation to ₹295,529 due to better product mix (higher proportion of diesel vehicle sales) and price increases. Total volumes during the quarter posted a 0.6% yoy decline as the demand momentum in the dominant small car segment was subdued on account of challenges in the form of rising interest rates and higher fuel prices. Further, a 13-day workers' strike at Manesar facility impacted the company's production during the quarter. Top-line performance was also supported by an 18.9% yoy increase in other operating income at ₹167.8cr. Other operating income comprised ₹71cr in the form of scrap sales and ₹53cr towards cash discounts on early payments from vendors.

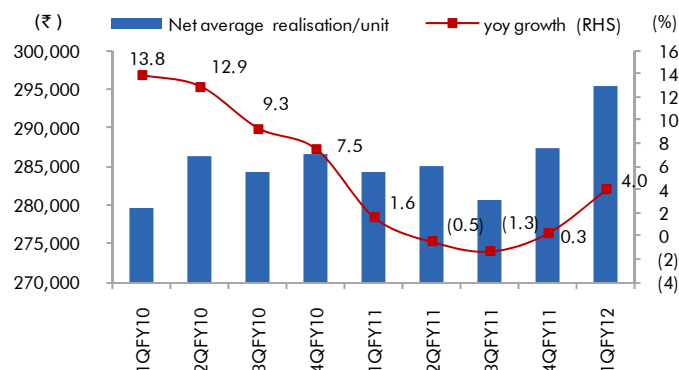
Exports volume declined by 23.7% yoy to 30,843 units mainly because of withdrawal of scrappage incentives in European markets. As a result, exports revenue declined by 23.3% yoy to ₹867cr. Average export realisation, however, remained flat on a yoy and qoq basis to ₹281,101.

**Exhibit 3: Demand slowdown impacts volume growth**



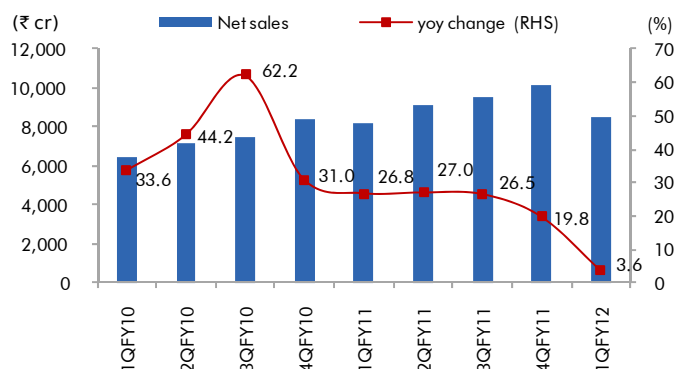
Source: Company, Angel Research

**Exhibit 4: Realisation improves on better product mix**



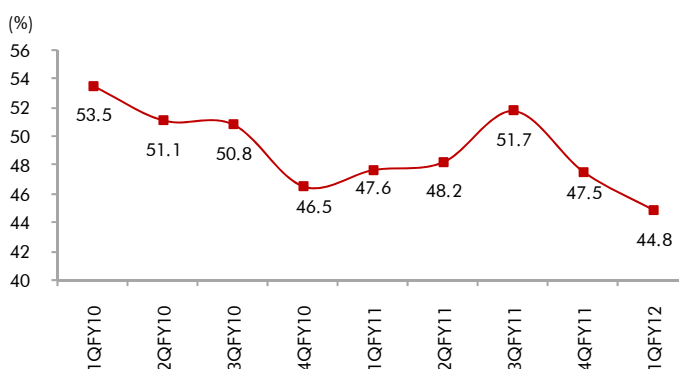
Source: Company, Angel Research

**Exhibit 5: Muted net sales growth as volumes decline**



Source: Company, Angel Research

**Exhibit 6: Domestic passenger car market share trend**



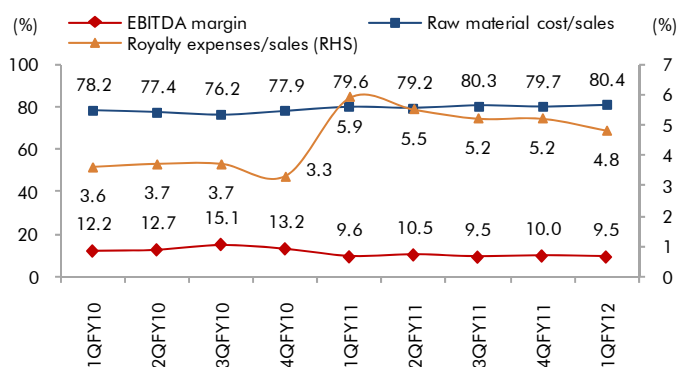
Source: Company, SIAM, Angel Research

**Exhibit 7: Quarterly revenue and realisation performance**

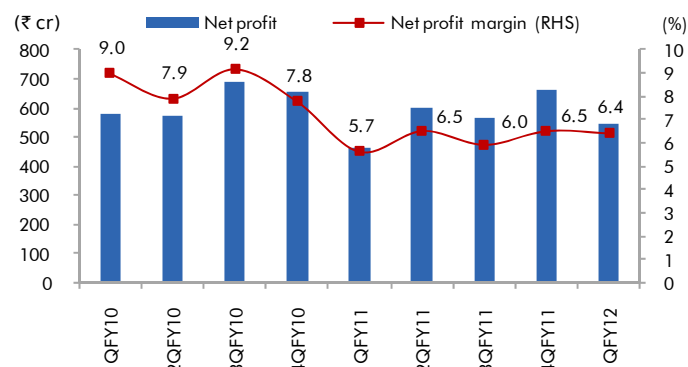
	2QFY10	3QFY10	4QFY10	1QFY11	2QFY11	3QFY11	4QFY11	1QFY12
<b>Domestic revenue (₹ cr)</b>	<b>5,784</b>	<b>6,020</b>	<b>6,952</b>	<b>6,921</b>	<b>7,945</b>	<b>8,438</b>	<b>8,994</b>	<b>7,453</b>
Change qoq (%)	8.3	4.1	15.5	(0.4)	14.8	6.2	6.6	(17.1)
Domestic realisation (₹)	276,616	274,988	283,308	284,934	285,861	281,701	287,892	297,304
Change qoq (%)	2.2	(0.6)	3.0	0.6	0.3	(1.5)	2.2	3.3
<b>Export revenue (₹ cr)</b>	<b>1,266</b>	<b>1,314</b>	<b>1,283</b>	<b>1,130</b>	<b>992</b>	<b>839</b>	<b>870</b>	<b>867</b>
Change qoq (%)	26.7	3.8	(2.4)	(11.9)	(12.2)	(15.4)	3.7	(0.3)
Export realisation (₹)	341,194	336,079	305,186	279,447	277,731	269,255	281,089	281,101
Change qoq (%)	0.1	(1.5)	(9.2)	(8.4)	(0.6)	(3.1)	4.4	0.0

Source: Company, Angel Research

**EBITDA margin at 9.5%:** Maruti reported an in-line EBITDA margin at 9.5% as against 9.6% in 1QFY2011 and 10% in 4QFY2011, despite negative operating leverage during the quarter. The company was able to sustain its margins on account of lower royalty payments (due to product mix and favourable currency) and lower selling and distribution expenses (due to reduced ad spends). During the quarter, royalty expenses stood at 4.8% of sales (5.3% in 1QFY2011 and 5.1% in 4QFY2011) and selling and distribution expenses stood at 2.5% (3% in 1QFY2011 and 1.6% in 4QFY2011) of sales. However, raw-material costs and employee expenses increased by 81bp yoy (70bp qoq) and 20bp yoy (60bp qoq), respectively, restricting expansion in operating margins. As a result, operating profit increased by 2.8% yoy (down 19.3% qoq) to ₹814cr during the quarter.

**Exhibit 8: EBITDA margin trend**


Source: Company, Angel Research

**Exhibit 9: High other income lifts net profit growth**


Source: Company, Angel Research

**Net profit jumps on account of a substantial increase in other income:** Maruti's reported net profit increased by 18% yoy (down 16.8% qoq) to ₹549cr, largely due to higher other income (₹180cr against ₹100cr in 1QFY2011). Other income increased by 79.7% yoy on account of ~₹40cr gain on long-term investments and higher treasury yields on investments. Further, flat levels of depreciation expense on a yoy basis boosted the company's bottom-line performance to a certain extent.

## Conference call – Key highlights

- Management expects passenger car demand to witness sluggish growth in 2QFY2012 as well, as customers are postponing purchases. Management further indicated that recent rate hikes by the RBI will have a negative impact on consumer sentiment. However, management is optimistic on the long-term demand momentum in domestic markets.
- Capacity expansion at Manesar plant is on schedule and additional capacity of 0.25mn units will be available from October 2011. Maruti currently has diesel engine capacity of 0.25mn units and it plans to expand it to 0.29mn by the end of FY2012E.
- Maruti has channel inventory of 4–5 weeks currently, against normal levels of 3–4 weeks. Retail sales during the quarter were slightly lower than wholesale sales.
- Other operating income comprised ₹71cr of scrap sales and ₹53cr of cash discounts during 1QFY2012.
- Management expects raw-material cost pressures to subside going ahead.
- Management indicated that due to significant price differential between diesel and petrol prices, demand for diesel vehicles has increased. Diesel vehicle sales formed ~21% of total domestic sales in 1QFY2012 (~19% in 1QFY2011).
- The company generated exports revenue of ₹867cr in 1QFY2012. According to management, Maruti is now present in 100 global markets. The share of exports from Europe has come down from ~80% and ~50% of sales in FY02010 and FY2011, respectively, to ~33% in 1QFY2012.
- Rural sales accounted for ~20% of overall sales volumes.
- Average discounts during 1QFY2012 were higher by ~₹1,200/vehicle. Going forward, discounts are expected to continue to attract customers.
- Maruti has hedged its direct imports exposure (Yen denominated) for 2QFY2012 at 83–87USD/Yen. The company expects Yen to fall against the USD and has, therefore, kept the exposure open post 2QFY2012.
- Management has planned capital expenditure of ₹4,000cr for FY2012E and ~₹3,000cr for FY2013E.
- The launch of the new *Swift* has been scheduled for August 2011, and it has already received ~30,000 bookings. The company expects to maintain a monthly run-rate of 15,000–17,000 units for the new *Swift*. Management indicated that the production of old *Swift* has been stopped.

## Investment arguments

- **Per capita near inflexion point for car demand:** In FY2009, car penetration in India was estimated at around 12 vehicles/1,000 people compared to around 21 vehicles/1,000 people in China. Moreover, India's PPP-based per capita is estimated to approach US\$5,000 over the next 4–5 years, which is expected to be the inflexion point for the country's car demand. Increasing penetration is estimated to lead to an 11–12% CAGR in domestic volumes over FY2011–13E. Further, Maruti has a sizeable competitive advantage over new foreign entrants due to its widespread distribution network (nearly 3,006 and 968 service and sales outlets, respectively), which is not easy to replicate.
- **Suzuki focusing to make Maruti a small car-manufacturing hub:** Suzuki Japan is making Maruti a manufacturing hub to cater to the increasing global demand for small cars due to rising fuel prices and stricter emission standards. Thus, we believe there is a huge potential for the company to increase its market share in the export market. Moreover, R&D capabilities, so far largely housed at Suzuki Japan, are progressively moving to Maruti. The company is aiming to achieve full model change capabilities over the next couple of years, which will enable it to launch new models and variants at a much faster pace, which should ideally reduce its royalty payment in the long run (2–3 years).

## Outlook and valuation

We continue to remain positive on long-term volume growth in the passenger car industry, driven by sustainable economic growth and low penetration levels in the country. However, considering the near-term macro headwinds in the form of rising interest costs and fuel prices, we remain cautious on volume growth in the passenger car industry.

We expect Maruti to register a ~9% volume CAGR over FY2011–13E, leading to a ~13% CAGR in revenue. At ₹1,178, Maruti is trading at 13.1x and 11.6x its FY2012E and FY2013E earnings, respectively. **We maintain our Accumulate view on the stock with a target price of ₹1,322, valuing it at 13x FY2013E earnings.**

**Exhibit 10: Key assumptions**

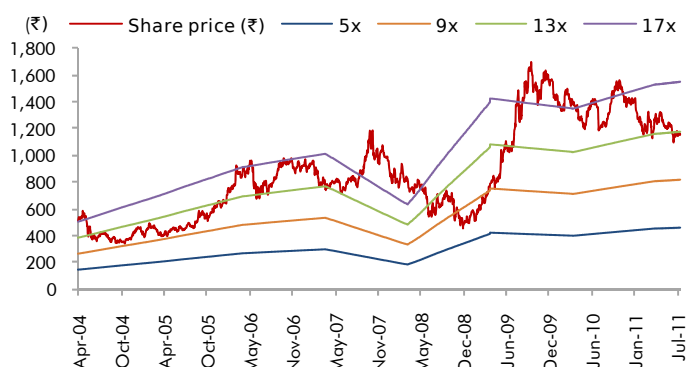
Particular (units)	FY08	FY09	FY10	FY11	FY12E	FY13E
A1: Maruti 800	69,543	49,383	33,028	26,485	23,837	19,069
C: Omni, Versa, Eeco	89,737	77,948	101,325	160,626	195,964	235,156
A2: Alto, WagonR, Zen, Swift, A Star, Ritz	499,280	511,396	633,190	808,552	865,959	943,896
A3 : SX4, Dzire	49,335	75,928	99,315	131,282	154,913	178,150
A4: Kizashi	-	-	-	138	1,104	2,208
<b>Total passenger cars</b>	<b>707,895</b>	<b>714,655</b>	<b>866,858</b>	<b>1,127,083</b>	<b>1,241,776</b>	<b>1,378,479</b>
MUV: Gypsy, Vitara	3,927	7,489	3,932	5,666	5,949	6,544
<b>Domestic</b>	<b>711,822</b>	<b>722,144</b>	<b>870,790</b>	<b>1,132,749</b>	<b>1,247,725</b>	<b>1,385,023</b>
<b>Export</b>	<b>53,024</b>	<b>70,023</b>	<b>147,557</b>	<b>138,266</b>	<b>124,439</b>	<b>130,661</b>
Total sales	764,846	792,167	1,018,347	1,271,015	1,372,165	1,515,684
<b>% yoy chg.</b>	<b>13.3</b>	<b>3.6</b>	<b>28.6</b>	<b>24.8</b>	<b>8.0</b>	<b>10.5</b>

Source: Company, Angel Research

**Exhibit 11: Angel vs. consensus forecast**

	Angel estimates		Consensus		Variation (%)	
	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E
Top line (₹ cr)	41,039	46,685	41,740	48,556	(1.7)	(3.9)
EPS (₹)	89.8	101.7	90.5	106.2	(0.8)	(4.2)

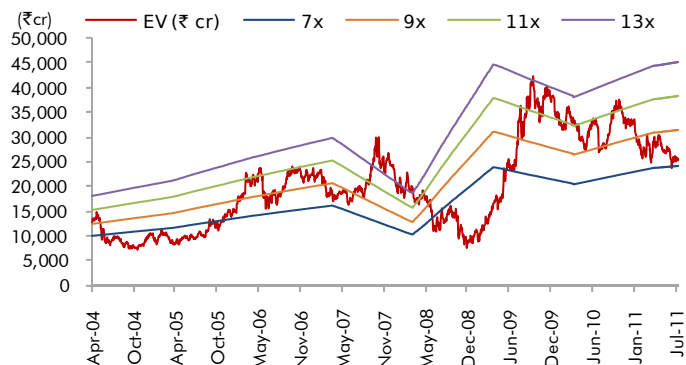
Source: Bloomberg, Angel Research

**Exhibit 12 : One-year forward P/E band**


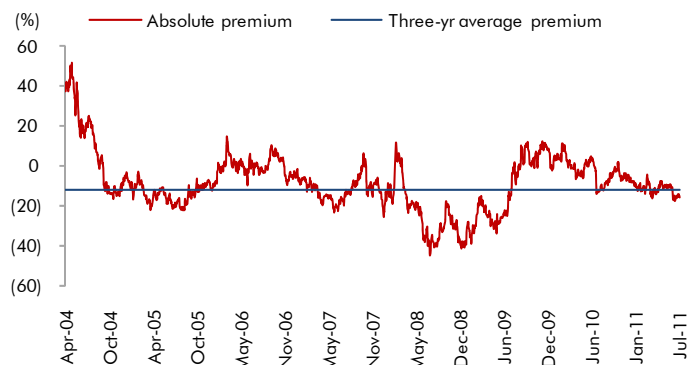
Source: Company, Bloomberg, Angel Research

**Exhibit 13: One-year forward P/E chart**


Source: Company, Bloomberg, Angel Research

**Exhibit 14: One-year forward EV/EBITDA band**


Source: Company, Bloomberg, Angel Research

**Exhibit 15: Maruti – Premium/Discount to Sensex P/E**


Source: Company, Bloomberg, Angel Research

**Exhibit 16: Automobile – Recommendation summary**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)		FY11-13E EPS CAGR (%)
					FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	
Ashok Leyland	Buy	53	62	18.0	11.6	9.3	7.0	5.9	14.9	17.3	9.2
Bajaj Auto	Accumulate	1,424	1,512	6.2	14.7	14.1	9.5	8.5	51.3	43.5	3.0
Hero Honda	Neutral	1,818	-	-	16.4	14.9	9.2	7.5	65.3	59.2	10.2
<b>Maruti Suzuki</b>	<b>Accumulate</b>	<b>1,178</b>	<b>1,322</b>	<b>12.3</b>	<b>13.1</b>	<b>11.6</b>	<b>7.7</b>	<b>6.0</b>	<b>16.8</b>	<b>16.0</b>	<b>13.3</b>
M&M	Accumulate	717	804	12.2	15.3	13.9	10.0	8.4	25.1	23.9	9.2
Tata Motors	Accumulate	973	1,100	13.0	6.1	5.6	4.0	3.3	41.9	32.1	9.0
TVS Motor	Buy	51	62	22.6	11.5	9.8	5.8	4.9	20.7	21.0	13.1

Source: Company, Angel Research



**Profit & Loss Statement**

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Gross sales</b>	<b>21,025</b>	<b>23,181</b>	<b>31,948</b>	<b>40,591</b>	<b>45,853</b>	<b>52,162</b>
Less: Excise duty	3,134	2,727	2,849	4,291	4,815	5,477
Net Sales	17,892	20,454	29,099	36,300	41,039	46,685
<b>Total operating income</b>	<b>17,892</b>	<b>20,454</b>	<b>29,099</b>	<b>36,300</b>	<b>41,039</b>	<b>46,685</b>
% chg	21.7	14.3	42.3	24.7	13.1	13.8
<b>Total Expenditure</b>	<b>15,598</b>	<b>19,021</b>	<b>25,669</b>	<b>33,376</b>	<b>37,633</b>	<b>42,698</b>
Net Raw Materials	13,455	16,045	22,170	28,794	32,544	36,928
Other Mfg costs	345	448	526	688	718	794
Personnel	347	464	538	704	800	910
Other	1,451	2,064	2,435	3,190	3,570	4,066
<b>EBITDA</b>	<b>2,294</b>	<b>1,433</b>	<b>3,430</b>	<b>2,924</b>	<b>3,406</b>	<b>3,987</b>
% chg	15.2	(37.5)	139.3	(14.8)	16.5	17.0
(% of Net Sales)	12.8	7.0	11.8	8.1	8.3	8.5
Depreciation & Amortisation	568	707	825	1,014	1,173	1,307
<b>EBIT</b>	<b>1,726</b>	<b>727</b>	<b>2,605</b>	<b>1,911</b>	<b>2,234</b>	<b>2,680</b>
% chg	0.4	(57.9)	258.5	(26.7)	16.9	20.0
(% of Net Sales)	9.6	3.6	9.0	5.3	5.4	5.7
Interest & other Charges	60	51	34	24	20	20
Other Income	883	1,000	1,021	1,223	1,316	1,396
(% of PBT)	35.5	65.4	29.1	39.3	37.3	34.4
<b>Recurring PBT</b>	<b>2,549</b>	<b>1,676</b>	<b>3,593</b>	<b>3,109</b>	<b>3,530</b>	<b>4,054</b>
% chg	11.2	(34.3)	114.4	(13.5)	13.5	14.9
Extraordinary Expense/(Inc.)	(61)	(146)	(79)	-	-	-
<b>PBT</b>	<b>2,488</b>	<b>1,530</b>	<b>3,514</b>	<b>3,109</b>	<b>3,530</b>	<b>4,054</b>
Tax	772	457	1,095	820	935	1,115
(% of PBT)	31.0	29.9	31.2	26.4	26.5	27.5
<b>PAT (reported)</b>	<b>1,777</b>	<b>1,219</b>	<b>2,498</b>	<b>2,289</b>	<b>2,594</b>	<b>2,939</b>
<b>ADJ. PAT</b>	<b>1,716</b>	<b>1,073</b>	<b>2,419</b>	<b>2,289</b>	<b>2,594</b>	<b>2,939</b>
% chg	10.9	(37.5)	125.5	(5.4)	13.4	13.3
(% of Net Sales)	9.6	5.2	8.3	6.3	6.3	6.3
<b>Basic EPS (₹)</b>	<b>59.4</b>	<b>37.1</b>	<b>83.7</b>	<b>79.2</b>	<b>89.8</b>	<b>101.7</b>
<b>Fully Diluted EPS (₹)</b>	<b>59.4</b>	<b>37.1</b>	<b>83.7</b>	<b>79.2</b>	<b>89.8</b>	<b>101.7</b>
% chg	10.9	(37.5)	125.5	(5.4)	13.4	13.3

**Balance Sheet**

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	145	145	145	145	145	145
Reserves & Surplus	8,271	9,200	11,691	13,723	16,897	19,461
<b>Shareholders' Funds</b>	<b>8,415</b>	<b>9,345</b>	<b>11,835</b>	<b>13,868</b>	<b>17,042</b>	<b>19,605</b>
Total Loans	900	699	821	309	309	309
Deferred Tax Liability	170	155	137	164	164	164
<b>Total Liabilities</b>	<b>9,486</b>	<b>10,199</b>	<b>12,794</b>	<b>14,341</b>	<b>17,516</b>	<b>20,080</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	7,285	8,721	10,407	12,715	16,751	18,674
Less: Acc. Depreciation	3,989	4,650	5,382	6,396	7,568	8,875
<b>Net Block</b>	<b>3,297</b>	<b>4,071</b>	<b>5,025</b>	<b>6,319</b>	<b>9,182</b>	<b>9,799</b>
Capital Work-in-Progress	736	861	388	636	503	373
Goodwill	-	-	-	-	-	-
<b>Investments</b>	<b>5,181</b>	<b>3,173</b>	<b>7,177</b>	<b>5,107</b>	<b>5,605</b>	<b>7,028</b>
Current Assets	3,098	5,510	3,772	6,359	7,191	8,439
Cash	331	1,939	98	2,509	2,664	3,292
Loans & Advances	1,074	1,731	1,656	1,372	1,642	1,867
Other	1,694	1,840	2,019	2,478	2,885	3,279
Current liabilities	2,826	3,417	3,568	4,080	4,965	5,558
<b>Net Current Assets</b>	<b>272</b>	<b>2,094</b>	<b>205</b>	<b>2,279</b>	<b>2,226</b>	<b>2,880</b>
Mis. Exp. not written off	-	-	-	-	-	-
<b>Total Assets</b>	<b>9,486</b>	<b>10,199</b>	<b>12,794</b>	<b>14,341</b>	<b>17,516</b>	<b>20,080</b>

**Cash Flow Statement**

Y/E March (₹ cr)	FY08	FY09	FY10	FY11	FY12E	FY13E
Profit before tax	2,488	1,530	3,514	3,109	3,530	4,054
Depreciation	568	707	825	1,014	1,173	1,307
Change in Working Capital	(152)	(403)	140	(126)	(414)	(163)
Less: Others	263	478	14	339	(1,086)	403
Direct taxes paid	772	457	1,095	820	935	1,115
<b>Cash Flow from Operations</b>	<b>1,869</b>	<b>899</b>	<b>3,369</b>	<b>2,837</b>	<b>4,439</b>	<b>3,681</b>
(Inc.)/Dec. in Fixed Assets	(1,624)	(1,560)	(1,212)	(2,556)	(3,902)	(1,794)
(Inc.)/Dec. in Investments	(1,772)	2,007	(4,003)	2,070	(498)	(1,423)
(Inc.)/Dec. in loans and adv.	66	(335)	(132)	(127)	(396)	(174)
Other income	883	1,000	1,021	1,223	1,316	1,396
<b>Cash Flow from Investing</b>	<b>(2,447)</b>	<b>1,112</b>	<b>(4,327)</b>	<b>609</b>	<b>(3,480)</b>	<b>(1,996)</b>
Issue of Equity	-	-	-	-	-	-
Inc./(Dec.) in loans	269	(201)	123	(512)	-	-
Dividend Paid (Incl. Tax)	169	118	202	203	339	339
Others	(952)	(320)	(1,208)	(727)	(1,143)	(1,396)
<b>Cash Flow from Financing</b>	<b>(514)</b>	<b>(403)</b>	<b>(883)</b>	<b>(1,036)</b>	<b>(804)</b>	<b>(1,058)</b>
Inc./(Dec.) in Cash	(1,092)	1,608	(1,841)	2,411	155	628
<b>Opening Cash balances</b>	<b>1,423</b>	<b>331</b>	<b>1,939</b>	<b>98</b>	<b>2,509</b>	<b>2,664</b>
<b>Closing Cash balances</b>	<b>331</b>	<b>1,939</b>	<b>98</b>	<b>2,509</b>	<b>2,664</b>	<b>3,292</b>

### Key Ratios

Y/E March	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	19.8	31.7	14.1	14.9	13.1	11.6
P/CEPS	14.5	17.7	10.5	10.3	9.0	8.0
P/BV	4.0	3.6	2.9	2.5	2.0	1.7
Dividend yield (%)	0.4	0.3	0.5	0.5	0.8	0.8
EV/Sales	1.4	1.3	0.9	0.7	0.6	0.5
EV/EBITDA	12.8	20.7	8.0	9.1	7.7	6.0
EV / Total Assets	3.8	3.1	2.7	2.1	1.8	1.4
<b>Per Share Data (₹)</b>						
EPS (Basic)	59.4	37.1	83.7	79.2	89.8	101.7
EPS (fully diluted)	59.4	37.1	83.7	79.2	89.8	101.7
Cash EPS	81.1	66.6	112.2	114.3	130.3	147.0
DPS	5.0	3.5	6.0	6.0	10.0	10.0
Book Value	291.2	323.4	409.5	479.8	589.7	678.4
<b>DuPont Analysis</b>						
EBIT margin	9.6	3.6	9.0	5.3	5.4	5.7
Tax retention ratio	0.7	0.7	0.7	0.7	0.7	0.7
Asset turnover (x)	5.3	4.5	5.5	5.9	5.1	4.9
RoIC (Post-tax)	35.0	11.2	33.8	23.0	20.6	20.4
Cost of Debt (Post Tax)	5.4	4.5	3.0	3.2	4.8	4.7
Leverage (x)	-	-	-	-	-	-
Operating RoE	35.0	11.2	33.8	23.0	20.6	20.4
<b>Returns (%)</b>						
RoCE (Pre-tax)	20.1	7.4	22.7	14.1	14.0	14.3
Angel RoIC (Pre-tax)	43.4	14.3	47.2	28.4	24.2	27.5
RoE	22.5	12.1	22.8	17.8	16.8	16.0
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	2.7	2.6	3.0	3.1	2.8	2.6
Inventory / Sales (days)	18	17	13	13	14	15
Receivables (days)	14	14	11	9	10	10
Payables (days)	46	49	37	33	34	35
WC cycle (ex-cash) (days)	(2)	1	2	(1)	(3)	(3)
<b>Solvency ratios (x)</b>						
Net debt to equity	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Net debt to EBITDA	(2.0)	(3.1)	(1.9)	(2.5)	(2.3)	(2.5)
Interest Coverage (EBIT/Interest)	29.0	14.2	77.8	78.3	111.1	133.3

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1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

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	Reduce (-5% to 15%)	Sell (< -15%)	