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1QFY2013 Result Update | Automobile

July 27, 2012

Maruti Suzuki

Performance Highlights

Y/E March (₹ cr)	1QFY13	1QFY12	% chg (yoy)	4QFY12	% chg (qoq)
Net Sales	10,778	8,454	27.5	11,727	(8.1)
EBITDA	786	810	(3.0)	859	(8.4)
EBITDA Margin (%)	7.3	9.6	(229)bp	7.3	(3.0)bp
Adj. PAT	424	549	(22.8)	640	(33.8)

Source: Company, Angel Research

Maruti Suzuki (MSIL) reported lower-than-expected performance for 1QFY2013 due to unfavorable exchange rate movement and sharp drop in other income (down 39% yoy and 62.2% sequentially) on account of deferral in booking treasury income. Unfavorable exchange rate movement led to 140bp yoy (110bp qoq) increase in royalty payments. We have lowered our FY2013E/2014E volume assumptions by ~4%/~2% to 1.21mn/1.34mn units, respectively, to factor in loss of production due to the lockout at Manesar plant. We have also cut our margin estimates by ~50bp to factor in margin pressures. While the extent of the damage to MSIL's market share and profitability due to the ongoing labor problem at Manesar will be an overhang on the stock in the near term, we expect MSIL to benefit from the likely revival in demand in 2HFY2013. **We recommend an Accumulate rating on the stock.**

Poor 1QFY2013 results: For 1QFY2013, MSIL's net sales grew by a strong 27.5% yoy to ₹10,778cr, (11.3% ahead of our estimates) driven by 21.3% yoy increase in net average realization. Net average realization improved on account of price increases and superior product-mix (higher share of *Swift, Dzire* and *Ertiga* in total volumes and higher proportion of diesel cars). EBITDA margin declined 230bp yoy (stable qoq) to 7.3% primarily due to 240bp increase in other expenditure. Other expenditure jumped 57.3% yoy due to foreign exchange impact on royalty payments and 100bp increase in other manufacturing expenses led by increase in power & fuel costs and forex losses. On the positive side, raw-material cost as a percentage of sales declined 20bp yoy (180bp qoq) due to price increases and cost reduction initiatives which negated the impact of yen appreciation (24.0% yoy and 7.0% qoq). As a result, operating profit declined 3.0% yoy to ₹786cr. However, net profit was down sharply by 22.8% yoy (33.8% qoq) led by lower other income and significant increase in interest expense.

Outlook and valuation: At ₹1,111, MSIL is trading at 12.7x its FY2014E earnings. We recommend an Accumulate rating on the stock with a target price of ₹1,227.

Key financials (Standalone)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
Net Sales	35,849	34,706	42,887	49,079
% chg	23.2	(3.2)	23.6	14.4
Net Profit	2,289	1,635	1,931	2,533
% chg	(5.4)	(28.6)	18.1	31.1
EBITDA (%)	8.0	4.7	5.5	6.5
EPS (₹)	79.2	56.6	66.8	87.6
P/E (x)	14.0	19.6	16.6	12.7
P/BV (x)	2.3	2.1	1.9	1.7
RoE (%)	17.8	11.3	12.1	14.1
RoCE (%)	13.6	3.2	6.0	8.8
EV/Sales (x)	0.6	0.6	0.5	0.4
EV/EBITDA (x)	8.6	15.1	9.8	6.7

Source: Company, Angel Research

ACCUMULATE

CMP	₹1,111
Target Price	₹1,227
Investment Period	12 Months

Stock Info	
Sector	Automobile
Market Cap (₹ cr)	32,089
Net Debt (₹ cr)	(7,109)
Beta	0.7
52 Week High / Low	1428/906
Avg. Daily Volume	93,626
Face Value (₹)	5
BSE Sensex	16,839
Nifty	5,100
Reuters Code	MRTI.BO
Bloomberg Code	MSIL@IN

Shareholding Pattern (%)	
Promoters	54.2
MF / Banks / Indian FIs	22.6
FII / NRIs / OCBs	20.4
Indian Public / Others	2.8

Abs. (%)	3m	1yr	3yr
Sensex	(2.8)	(7.5)	11.0
Maruti Suzuki	(19.5)	(7.9)	(18.9)

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Exhibit 1: Quarterly financial performance (Standalone)

Y/E March (₹ cr)	1QFY13	1QFY12	% chg (yoy)	4QFY12	% chg (qoq)	FY2012	FY2011	% chg (yoy)
Net Sales	10,778	8,454	27.5	11,727	(8.1)	35,587	36,618	(2.8)
Consumption of RM	7,930	6,256	26.8	8,920	(11.1)	26,533	27,060	(1.9)
(% of Sales)	73.6	74.0		76.1		74.6	73.9	
Staff Costs	238	179	32.8	256	(6.9)	844	704	19.9
(% of Sales)	2.2	2.1		2.2		2.4	1.9	
Purchases of TG	460	342	34.6	413	11.6	1,533	1,278	19.9
(% of Sales)	4.3	4.0		3.5		4.3	3.5	
Other Expenses	1,363	867	57.3	1,280	6.5	4,165	3,938	5.8
(% of Sales)	12.6	10.3		10.9		11.7	10.8	
Total Expenditure	9,992	7,644	30.7	10,869	(8.1)	33,074	32,980	0.3
Operating Profit	786	810	(3.0)	859	(8.4)	2,513	3,639	(30.9)
OPM (%)	7.3	9.6		7.3		7.1	9.9	
Interest	33	6	476.5	21	59.5	55	25	120.8
Depreciation	340	242	40.2	331	2.8	1,138	1,014	12.3
Other Income	112	184	(39.0)	297	(62.2)	827	509	62.5
PBT (excl. Extr. Items)	526	746	(29.6)	804	(34.6)	2,146	3,109	(31.0)
Extr. Income/(Expense)	-	-	-	-		-	-	-
PBT (incl. Extr. Items)	526	746	(29.6)	804	(34.6)	2,146	3,109	(31.0)
(% of Sales)	4.9	8.8		6.9		6.0	8.5	
Provision for Taxation	102	197	(48.3)	164	(38.0)	511	820	(37.7)
(% of PBT)	19.4	26.4		20.4		23.8	26.4	
Reported PAT	424	549	(22.8)	640	(33.8)	1,635	2,289	(28.6)
Adj PAT	424	549	(22.8)	640	(33.8)	1,635	2,289	(28.6)
Adj. PATM	3.9	6.5		5.5		4.6	6.2	
Equity capital (cr)	144.5	144.5		144.5		144.5	144.5	
Reported EPS (₹)	14.7	19.0	(22.8)	22.1	(33.8)	56.6	79.2	(28.6)

Source: Company, Angel Research

Exhibit 2: 1QFY2013 – Actual vs. Angel estimates

Y/E March (₹ cr)	Actual	Estimates	Variation (%)
Net Sales	10,778	9,682	11.3
EBITDA	786	769	2.3
EBITDA margin (%)	7.3	7.9	(64)bp
Adj. PAT	424	474	(10.6)

Source: Company, Angel Research

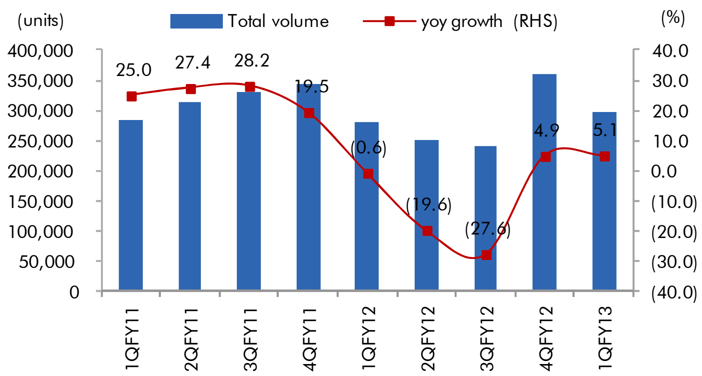
Exhibit 3: Quarterly volume performance

Volume (units)	1QFY13	1QFY12	% chg (yoy)	4QFY12	% chg (qoq)	FY2012	FY2011	% chg (yoy)
A: Mini: *M800, Alto, A-Star, WagonR*	94,813	122,052	(22.3)	153,965	(38.4)	375,950	466,915	(19.5)
A: Compact: *Swift, Estilo, Ritz*	72,986	55,651	31.1	81,569	(10.5)	351,193	368,122	(4.6)
A: Super Compact: *Dzire*	46,958	25,095	87.1	10,156	362.4	115,649	112,041	3.2
A: Mid-Size: *SX4*	1,447	5,517	(73.8)	5,492	(73.7)	12,480	19,231	(35.1)
A: Executive: *Kizashi*	21	117	-	71	(70.4)	458	138	-
Total Passenger cars	**216,225**	**208,432**	3.7	**251,253**	(13.9)	**855,730**	**966,447**	(11.5)
B: Utility Vehicles: *Gypsy, Grand Vitara*	18,965	1,502	1,162.6	1,991	852.5	6,525	5,666	15.2
C: Vans: *Omni, Eeco*	28,074	40,749	(31.1)	38,180	(26.5)	144,061	160,626	(10.3)
Total Domestic	**263,264**	**250,683**	5.0	**291,424**	(9.7)	**1,006,316**	**1,132,739**	(11.2)
Total Exports	**32,632**	**30,843**	5.8	**38,910**	(16.1)	**127,379**	**138,266**	(7.9)
Total Volume	**295,896**	**281,526**	5.1	**330,334**	(10.4)	**1,133,695**	**1,271,005**	(10.8)

Source: Company, Angel Research

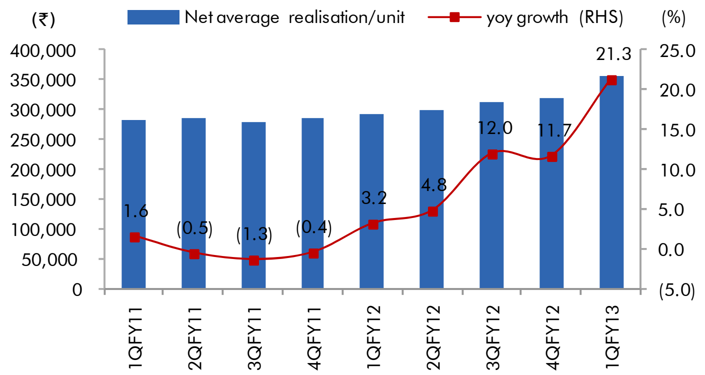
Strong top-line growth of 27.5% yoy: MSIL's net sales grew by a strong 27.5% yoy to ₹10,778cr (11.3% higher than our estimates) driven by 21.3% yoy increase in net average realization. Net average realization improved on account of superior product-mix (higher share of Swift, Dzire and Ertiga in volume-mix and diesel as percentage of total volumes stood at ~38% vs ~21% in 1QFY2012 and ~33% in 4QFY2012) and lower blended discounts (~₹11,500/ vehicle as against ₹13,500/vehicle in 4QFY2012 and ~11,700/vehicle in 1QFY2012). Volumes during the quarter jumped 5.1% yoy led by 5.0% and 5.8% yoy growth in the domestic and export volumes, respectively. Domestic growth was led by the new launches, *Swift, Dzire* and *Ertiga* and also due to additional availability of diesel engines from Fiat. However, volume growth in the Mini segment continues to remain lackluster as the segment lacks diesel models which are in great demand currently.

Exhibit 4: Sluggish volume growth of 5.1%



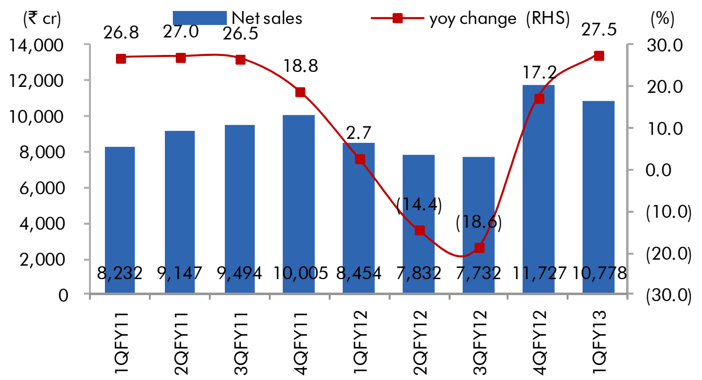
Source: Company, Angel Research

Exhibit 5: Strong growth in net average realization



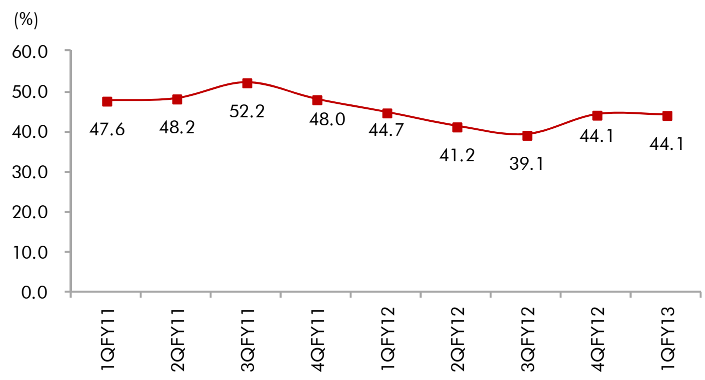
Source: Company, Angel Research

Exhibit 6: Better-than-expected net sales growth of 27.5%



Source: Company, Angel Research

Exhibit 7: Domestic passenger car market share trend



Source: Company, SIAM, Angel Research

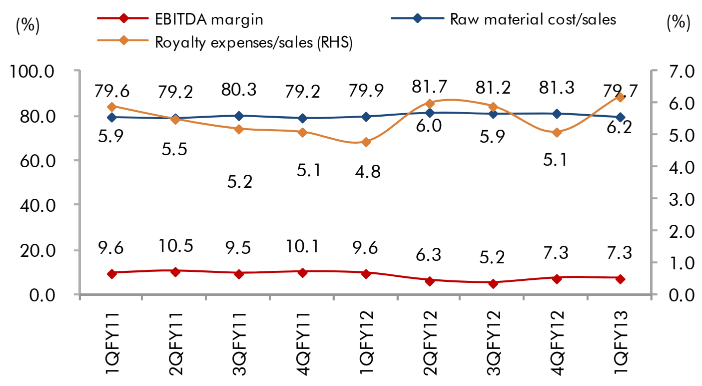
Exhibit 8: Quarterly revenue and realization performance

	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13
Domestic revenue (₹ cr)	7,945	8,438	8,927	7,453	6,651	6,589	10,242	10,386
Change qoq (%)	*14.8*	*6.2*	*5.8*	*(16.5)*	*(10.8)*	*(0.9)*	*55.4*	*1.4*
Domestic realization (₹)	285,861	281,701	285,747	297,304	299,068	311,096	318,656	394,523
Change qoq (%)	*0.3*	*(1.5)*	*1.4*	*4.0*	*0.6*	*4.0*	*2.4*	*23.8*
Export revenue (₹ cr)	992	839	870	867	886	938	1,244	1,100
Change qoq (%)	*(12.2)*	*(15.4)*	*3.7*	*(0.3)*	*2.2*	*5.9*	*32.6*	*(11.6)*
Export realization (₹)	277,731	269,255	281,089	281,101	296,311	338,323	319,712	337,092
Change qoq (%)	*(0.6)*	*(3.1)*	*4.4*	*0.0*	*5.4*	*14.2*	*(5.5)*	*5.4*

Source: Company, Angel Research

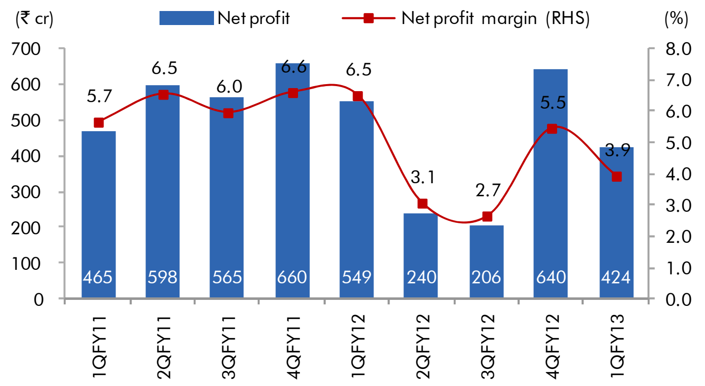
EBITDA margin at 7.3%: MSIL's EBITDA margin declined 230bp yoy (stable qoq) to 7.3% primarily due to 240bp increase in other expenditure. Other expenditure jumped 57.3% yoy due to foreign exchange impact on royalty payments (up 140bp yoy to 6.2%) and 100bp increase in other manufacturing expenses led by increase in power & fuel costs and forex losses. On the positive side, raw-material cost as a percentage of sales declined 20bp yoy (180bp qoq) due to price increases and cost reduction initiatives which negated the impact of yen appreciation (24.0% yoy and 7.0% qoq). As a result, operating profit declined 3.0% yoy (8.4% qoq) to ₹786cr.

Exhibit 9: EBITDA margins under pressure



Source: Company, Angel Research

Exhibit 10: Net profit down 22.8% yoy



Source: Company, Angel Research

Sharp decline in other income restricts profitability: MSIL posted 22.8% yoy (down 33.8% qoq) decline in net profit at ₹424cr (10.6% below our estimates) mainly on account of sharp decline in other income. Other income declined 39.0% yoy (62.2% qoq) during the quarter mainly due to deferral in booking treasury income. Further higher interest cost (₹33cr as against ₹6cr in 1QFY2012 and ₹21cr in 4QFY2012) also restricted bottom-line growth.

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. Further, MSIL has a sizeable competitive advantage over new foreign entrants due to its widespread distribution network (nearly 3,000 and 1,000 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 MSIL. 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. This is expected to reduce its royalty payment in the medium-term (2-3 years).

- **Structural and cyclical factors to keep market share under check:** MSIL is currently going through a tough phase as it is battling structural as well as cyclical problems.

  On the structural front, the company is losing out market share as the competitive intensity in the sector is increasing. MSIL's passenger car markets share which was ~47% in FY2008 declined to ~45% in FY2011 as competitors like, Hyundai, Ford, Toyota and Volkswagen gained market share at the expense of the company. The market share slipped further to ~36% in FY2012 as MSIL faced labor problems at its Manesar plant which led to production shutdowns. For instance, MSIL's market share which was ~45% in May 2011 fell sharply to 36.1% in June 2011 due to strike at Manesar plant which lasted for 13 days in June 2011. It fell further to ~26% in October 2011 as the company's production was impacted by labor problems again between August and October 2011. However, once the production was fully restored, MSIL clawed back some of its lost share and its market share reached again to ~40% in June 2012. Accordingly, we believe that MSIL will lose market share in the short term due to the recent strike, but if the production is restored quickly it is less likely that it will lose customers. However, if the lockout extends for a longer period of time then it may lose out customers to its competitors.

  On the cyclical front, the company is facing slowdown as the demand environment is impacted due to relatively high interest rates and high fuel prices. However, we expect interest rates to ease going ahead which will benefit MSIL and help it to post strong volume growth enabling in regaining lost market share much faster.

Outlook and valuation

Going ahead, we believe that 2QFY2013 will be a difficult quarter for the company as volumes during the quarter will be impacted on account of the labor strike at the Manesar plant. Assuming a daily production loss of ~1,700 units per day, MSIL has already lost 18,000-20,000 units of production since the violence erupted at the company's plant leading to a shutdown of facility.

We have revised our FY2013E/2014E volume assumptions downwards by ~4%/~2% to 1.21mn/1.34mn units, respectively, to factor in loss of production due to the lockout at Manesar plant. We also revise downwards our margin estimates by 50bp to factor in margin pressures. While the extent of the damage to MSIL's market share and profitability due to the ongoing labor problem at Manesar will be an overhang on the stock in the near term, we expect MSIL to benefit from the likely revival in demand in 2HFY2013.

We continue to remain positive on long-term volume growth in the passenger car industry, driven by economic growth and low penetration levels in the country. At ₹1,111, MSIL is trading at 12.7x its FY2014E earnings. **We recommend an Accumulate rating on the stock with a target price of ₹1,227 valuing the stock at 14.0x FY2014E earnings.** We have lowered our target multiple to 14x from 15x earlier following the structural and cyclical factors that the company is currently facing.

Exhibit 11: Change in estimates

Y/E March	Earlier Estimates		Revised Estimates		% chg	
	FY2013E	FY2014E	FY2013E	FY2014E	FY2013E	FY2014E
Net Sales (₹ cr)	39,959	46,670	42,887	49,079	7.3	5.2
OPM (%)	*6.0*	*7.0*	*5.5*	*6.5*	*(50)bp*	*(45)bp*
EPS (₹)	71.4	90.9	66.8	87.6	*(6.4)*	*(3.6)*

Source: Company, Angel Research

Exhibit 12: Key assumptions

Y/E March (units)	FY09	FY10	FY11	FY12	FY13E	FY14E
A1: *Maruti 800*	49,383	33,028	26,485	20,000	18,400	17,480
C: *Omni, Versa, Eeco*	77,948	101,325	160,626	144,061	149,823	161,809
A2: *Alto, WagonR, Zen, Swift, A Star, Ritz*	511,396	633,190	808,552	707,143	682,393	764,280
A3 : *SX4, Dzire*	75,928	99,315	131,282	128,129	134,535	153,370
A4: *Kizashi*	-	-	138	458	366	458
Total passenger cars	714,655	866,858	1,127,083	999,791	985,518	1,097,398
MUV: Gypsy, Vitara, Ertiga	7,489	3,932	5,666	6,525	86,456	95,102
Total domestic	722,144	870,790	1,132,749	1,006,316	1,071,975	1,192,500
Total export	70,023	147,557	138,266	127,379	133,748	147,123
Total sales	792,167	1,018,347	1,271,015	1,133,695	1,205,722	1,339,623
% yoy chg.	*3.6*	*28.6*	*24.8*	*(10.8)*	*6.4*	*11.1*

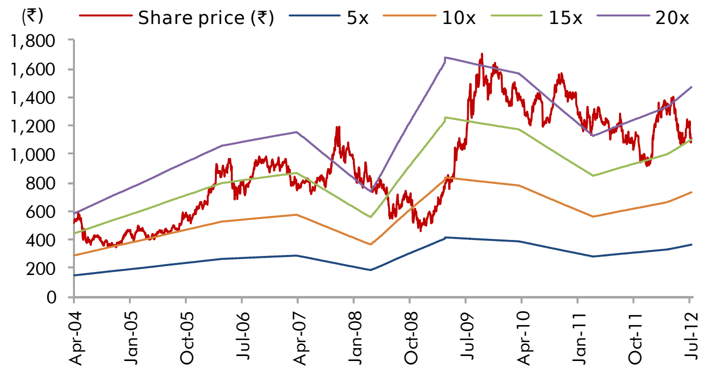
Source: Company, Angel Research

Exhibit 13: Angel vs. consensus forecast

	Angel estimates		Consensus		*Variation (%)*	
	FY13E	FY14E	FY13E	FY14E	*FY13E*	*FY14E*
Total op. income (₹ cr)	42,887	49,079	43,229	50,614	*(0.8)*	*(3.0)*
EPS (₹)	66.8	87.6	78.4	98.4	*(14.7)*	*(10.9)*

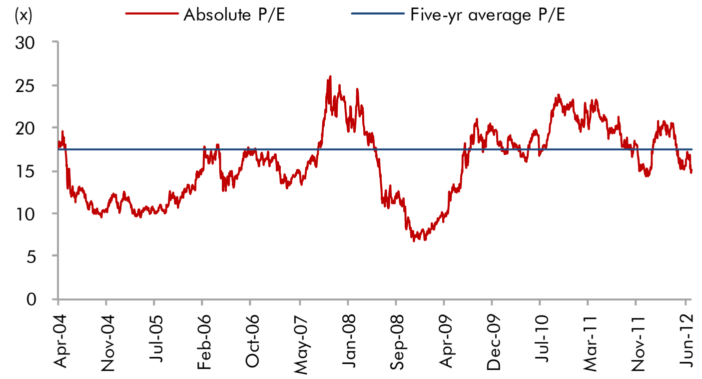
Source: Bloomberg, Angel Research

Exhibit 14: One-year forward P/E band



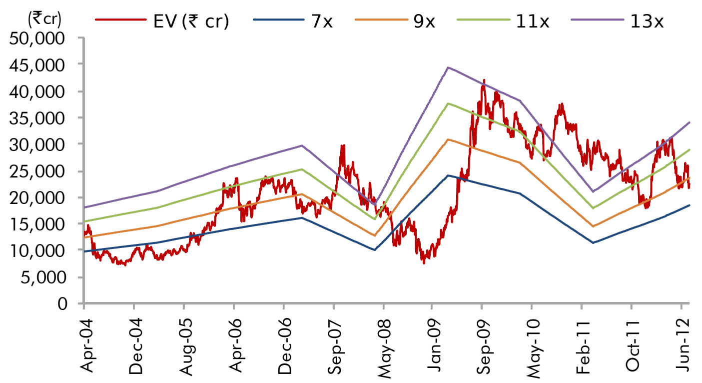
Source: Company, Angel Research

Exhibit 15: One-year forward P/E chart



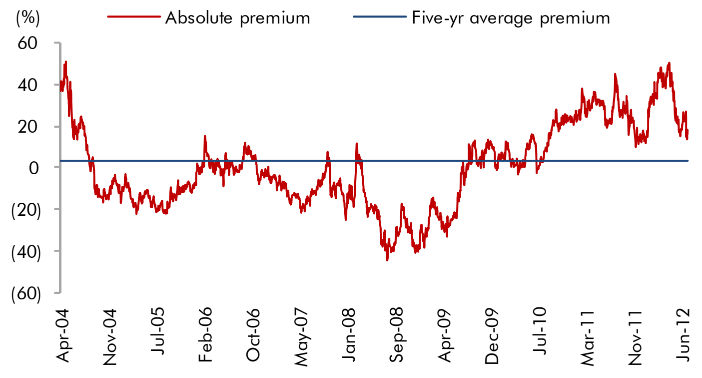
Source: Company, Angel Research

Exhibit 16: One-year forward EV/EBITDA band



Source: Company, Angel Research

Exhibit 17: Premium/Discount to Sensex P/E



Source: Company, Angel Research

Exhibit 18: Automobile - Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	*Upside (%)*	P/E (x) FY13E	P/E (x) FY14E	EV/EBITDA (x) FY13E	EV/EBITDA (x) FY14E	RoE (%) FY13E	RoE (%) FY14E	*FY12-14E EPS CAGR (%)*
Ashok Leyland	Buy	21	30	*41.9*	9.8	7.8	5.1	4.3	13.3	15.6	*14.1*
Bajaj Auto	Accumulate	1,582	1,698	*7.3*	14.6	13.0	9.7	8.2	46.1	41.3	*6.7*
Hero MotoCorp	Buy	2,007	2,428	*21.0*	14.4	13.2	8.4	7.1	54.6	44.3	*12.9*
Maruti Suzuki	Accumulate	1,111	1,227	*10.5*	16.6	12.7	9.8	6.7	12.1	14.1	*24.5*
Mahindra & Mahindra	Buy	688	824	*19.9*	14.1	12.2	7.6	6.1	21.5	21.4	*9.9*
Tata Motors	Buy	213	305	*43.2*	5.2	4.9	3.2	3.0	36.2	33.4	*(0.7)*
TVS Motor	Accumulate	38	43	*13.7*	7.7	7.0	3.3	2.9	18.8	18.1	*1.2*

Source: Company, Angel Research

Company background

Maruti Suzuki (MSIL), a subsidiary of Suzuki Motor Corporation, Japan (with a 54.2% stake), is the largest passenger car (PC) company in India, accounting for 42.4% of the domestic PC market. MSIL derives ~75% of its overall sales from the small car segment and has a dominant position in the segment with a market share of ~50%, led by popular models like *Alto, Wagon R* and *Swift*. The company operates from two facilities in India (Gurgaon and Manesar) and is in the process of expanding its manufacturing capacity to 1.9mn units (currently 1.65mn) by FY2014. Also, MSIL has steadily increased its presence internationally and exports now account for ~11% of its overall sales volume.

Profit and loss statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Total operating income	20,454	29,099	35,849	34,706	42,887	49,079
% chg	*14.3*	*42.3*	*23.2*	*(3.2)*	*23.6*	*14.4*
Total expenditure	19,021	25,672	32,980	33,074	40,528	45,864
Net raw material costs	16,045	22,170	28,338	28,066	34,138	38,772
Other mfg costs	448	526	515	493	643	687
Employee expenses	464	538	704	844	1,072	1,252
Other	2,064	2,439	3,423	3,672	4,675	5,153
EBITDA	1,433	3,427	2,869	1,632	2,359	3,215
% chg	*(37.5)*	*139.1*	*(16.3)*	*(43.1)*	*44.6*	*36.3*
(% of total op. income)	*7.0*	*11.8*	*8.0*	*4.7*	*5.5*	*6.5*
Depreciation & amortization	707	825	1,014	1,138	1,303	1,486
EBIT	727	2,602	1,856	493	1,056	1,729
% chg	(57.9)	*258.0*	(28.7)	(73.4)	114.0	63.8
(% of total op. income)	*3.6*	*8.9*	*5.2*	*1.4*	*2.5*	*3.5*
Interest and other charges	51	34	25	55	86	86
Other income	1,000	1,024	1,278	1,708	1,606	1,734
Recurring PBT	1,676	3,593	3,109	2,146	2,575	3,377
% chg	*(33.0)*	*114.4*	*(13.5)*	*(31.0)*	*20.0*	*31.1*
Extraordinary income/ (expense)	(146)	(79)	-	-	-	-
PBT	1,530	3,514	3,109	2,146	2,575	3,377
Tax	457	1,095	820	511	644	844
(% of PBT)	*29.9*	*31.2*	*26.4*	*23.8*	*25.0*	*25.0*
PAT (reported)	1,219	2,498	2,289	1,635	1,931	2,533
ADJ. PAT	1,073	2,419	2,289	1,635	1,931	2,533
% chg	*(35.8)*	*125.5*	*(5.4)*	*(28.6)*	*18.1*	*31.1*
(% of total op. income)	5.2	8.3	6.4	4.7	4.5	5.2
Basic EPS (₹)	42.2	86.4	79.2	56.6	66.8	87.6
Adj. EPS (₹)	37.1	83.7	79.2	56.6	66.8	87.6
% chg	*(35.8)*	*125.5*	*(5.4)*	*(28.6)*	*18.1*	*31.1*

Balance sheet statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
SOURCES OF FUNDS						
Equity share capital	145	145	145	145	145	145
Reserves & surplus	9,200	11,691	13,723	15,043	16,721	19,000
Shareholders' Funds	9,345	11,835	13,868	15,187	16,865	19,144
Total loans	699	821	170	1,078	1,078	1,078
Deferred tax liability	155	137	164	302	302	302
Other long term liabilities	-	-	96	97	97	97
Long term provisions	-	-	140	168	168	168
Total Liabilities	10,199	12,794	14,438	16,833	18,511	20,790
APPLICATION OF FUNDS						
Gross block	8,721	10,407	11,172	14,461	16,495	18,804
Less: Acc. depreciation	4,650	5,382	6,208	7,347	8,650	10,135
Net Block	4,071	5,025	4,963	7,114	7,845	8,669
Capital work-in-progress	861	388	1,429	1,018	1,320	1,128
Investments	3,173	7,177	5,107	6,147	6,760	7,592
Long term loans and advances	-	-	1,255	1,671	1,671	1,671
Other noncurrent assets	-	-	47	26	26	26
Current assets	5,510	3,772	5,625	6,325	7,527	9,085
Cash	1,939	98	2,509	2,436	3,202	4,144
Loans & advances	1,731	1,656	877	1,155	1,372	1,571
Other	1,840	2,019	2,239	2,734	2,952	3,370
Current liabilities	3,417	3,568	3,987	5,469	6,638	7,382
Net current assets	2,094	205	1,637	856	888	1,702
Total Assets	10,199	12,794	14,438	16,833	18,511	20,790

Source: Company, Angel Research

Cash flow statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Profit before tax	1,530	3,514	3,109	2,146	2,575	3,377
Depreciation	707	825	1,014	1,138	1,303	1,486
Change in working capital	(624)	48	978	709	733	128
Others	1,038	764	689	(133)	-	-
Other income	(1,000)	(1,024)	(1,278)	(1,708)	(1,606)	(1,734)
Direct taxes paid	(457)	(1,095)	(820)	(511)	(644)	(844)
Cash Flow from Operations	1,193	3,032	3,690	1,642	2,362	2,412
(Inc.)/Dec. in fixed assets	(1,560)	(1,212)	(1,806)	(2,879)	(2,336)	(2,118)
(Inc.)/Dec. in investments	2,007	(4,003)	2,070	(1,041)	(613)	(832)
Other income	1,000	1,024	1,278	1,708	1,606	1,734
Cash Flow from Investing	1,447	(4,191)	1,542	(2,211)	(1,343)	(1,216)
Issue of equity	-	-	-	-	-	-
Inc./(Dec.) in loans	(201)	123	(651)	908	-	-
Dividend paid (Incl. Tax)	118	202	252	256	254	254
Others	(949)	(1,006)	(2,423)	155	-	-
Cash Flow from Financing	(1,032)	(681)	(2,822)	497	(254)	(254)
Inc./(Dec.) in cash	1,608	(1,841)	2,410	(72)	766	942
Opening Cash balances	331	1,939	98	2,509	2,436	3,202
Closing Cash balances	1,939	98	2,509	2,436	3,202	4,144

Key ratios

Y/E March	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Valuation Ratio (x)						
P/E (on FDEPS)	29.9	13.3	14.0	19.6	16.6	12.7
P/CEPS	16.7	9.9	9.7	11.6	9.9	8.0
P/BV	3.4	2.7	2.3	2.1	1.9	1.7
Dividend yield (%)	0.3	0.5	0.7	0.7	0.7	0.7
EV/Sales	1.2	0.8	0.6	0.6	0.5	0.4
EV/EBITDA	19.3	7.5	8.6	15.1	9.8	6.7
EV / Total Assets	2.9	2.5	1.9	1.7	1.4	1.2
Per Share Data (₹)						
EPS (Basic)	42.2	86.4	79.2	56.6	66.8	87.6
EPS (fully diluted)	37.1	83.7	79.2	56.6	66.8	87.6
Cash EPS	66.6	112.2	114.3	96.0	111.9	139.0
DPS	3.5	6.0	7.5	7.5	7.5	7.5
Book Value	323.4	409.5	479.8	525.5	583.6	662.4
Dupont Analysis						
EBIT margin	3.6	8.9	5.2	1.4	2.5	3.5
Tax retention ratio	0.7	0.7	0.7	0.8	0.8	0.8
Asset turnover (x)	4.5	5.5	5.8	4.6	5.1	3.9
ROIC (Post-tax)	11.2	33.8	22.1	5.0	9.4	10.3
Cost of Debt (Post Tax)	4.5	3.0	3.7	6.7	6.0	6.0
Leverage (x)	0.0	0.0	0.0	0.0	0.0	0.0
Operating ROE	11.2	33.8	22.1	5.0	9.4	10.3
Returns (%)						
ROCE (Pre-tax)	7.4	22.6	13.6	3.2	6.0	8.8
Angel ROIC (Pre-tax)	14.3	47.1	27.2	6.0	12.3	10.4
ROE	12.1	22.8	17.8	11.3	12.1	14.1
Turnover ratios (x)						
Asset Turnover (Gross Block)	2.6	3.0	3.3	2.7	2.8	2.8
Inventory / Sales (days)	17	13	13	17	15	15
Receivables (days)	14	11	8	10	10	10
Payables (days)	49	37	33	45	47	47
WC cycle (ex-cash) (days)	1	2	(4)	(13)	(17)	(18)
Solvency ratios (x)						
Net debt to equity	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)
Net debt to EBITDA	(3.1)	(1.9)	(2.6)	(4.6)	(3.8)	(3.3)
Interest Coverage (EBIT / Int.)	14.2	77.7	74.2	8.9	12.2	20.0

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DISCLAIMER

Disclosure of Interest Statement	**Maruti Suzuki**
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

Note: We have not considered any Exposure below ₹ 1 lakh for Angel, its Group companies and Directors

Ratings (Returns):	*Buy (> 15%)*	*Accumulate (5% to 15%)*	*Neutral (-5 to 5%)*
	Reduce (-5% to 15%)	Sell (< -15%)	