

BOOM BOOM PERFORMANCE

Maruti Suzuki showed stellar 4QFY13 performance beating street expectations with strong topline and bottom line growth. The better than expected performance of company is primarily due to cost cutting measures taken coupled with good volume growth of the vehicles and price hike taken by the company in the month of January.

The total income from operations for the 4QFY13 came at Rs 13304 Cr up 13.5 % YoY led by higher sales of new models such as Ertiga, DZire and Swift. The total volume for 4QFY13 came at 343709 vs 360334 for the same quarter last fiscal translating a de growth of 5% on YoY however on sequential basis the volume rose by 14%.The domestic sales for the quarter came at 308871 down by 7% YoY and export sales came at 34838 .

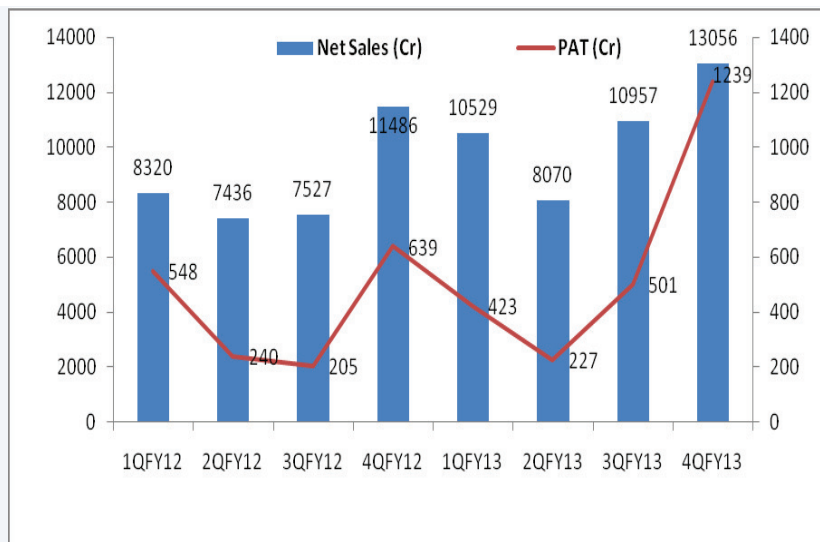
The operating EBITDA came at Rs 1999 Cr and OPM stands at 15.03%.The OPM rose almost 8 % YoY on account of healthy operating performance. In 4QFY13 the company has taken internal measure to cut its cost , moreover company has taken price hike across its models in the Jan2013 furthermore YEN depreciation too boosts the margins. This depreciation of YEN against USD acts as good margin lever as for every 1 % change in Yen to US dollar translates into almost 20 bps benefit on company's margins.The other factors for improvement in OPM includes softening of RM cost.The other income for the 4QFY13 stands at Rs 398 Cr which was Rs 296 Cr for the same time last fiscal.

The net profit for 4QFY13 came at Rs 1148 Cr on standalone basis and including Suzuki Powertrain India which was merged during the last financial year, PAT stood at Rs 1,240 Cr for the quarter.NPM came at 9.31 %.There is sharp rise in NPM almost by 4-5 % both on yearly and sequential basis.

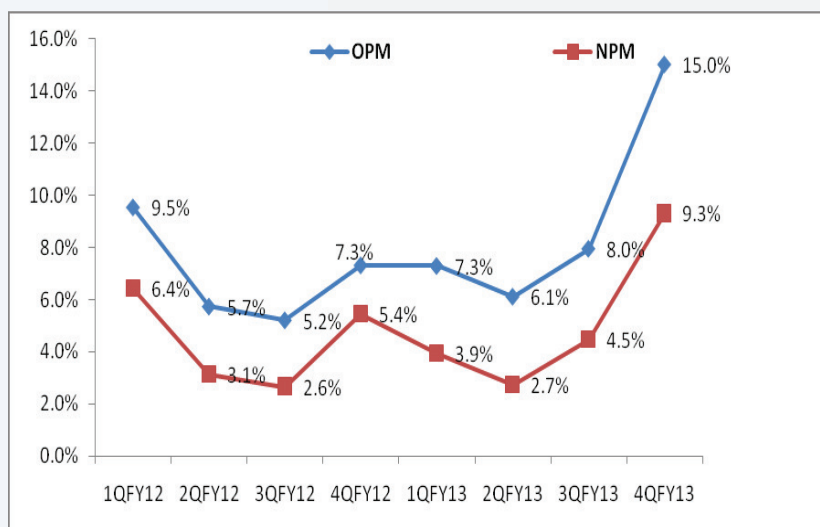
Post the results management said that the share of diesel vehicles in total percentage of vehicle sales increased from 48% in 2011-12 to 58% in 2012-13. Petrol vehicle sales continued to decline for the second successive year. On the export front management said that exports to Europe was adversely impacted due to the slowdown in the region.The company reiterated that it will continue its program of localization for cost reduction and derisking from foreign exchange fluctuations.

On the outlook going forward company said that new facility for diesel engines in Gurgaon, with a capacity of 150,000 engines are on schedule to come up in the second half of 2013-2014. MSIL has procured 700 acres in Gujarat and planning the next phase of expansion to come up sometime in 2015-16. Company have capex plan of Rs 3000 Cr for FY14 (FY13 Capex:2700 Cr).

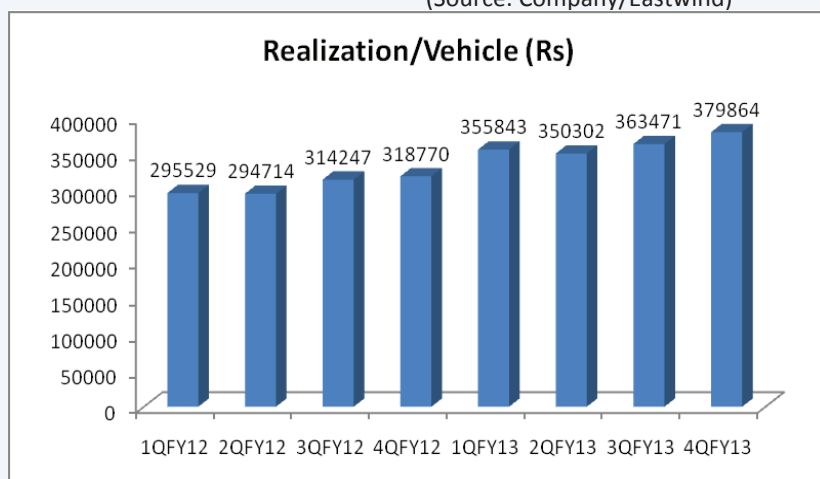
At CMP of Rs 1674 the stock is trading at 16.6 x of FY14E EPS of Rs 100. In the light of strong 4QFY13 results ,confident management and good business outlook going forward.We maintained our earlier view BUY with slight revised TP Rs 1800.



(Source: Company/Eastwind)



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