

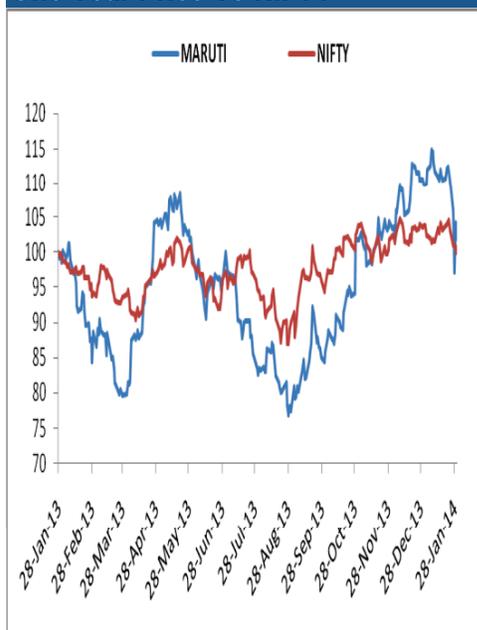
Result Update	NEUTRAL
CMP	1638
Target Price	1700
Previous Target Price	-
Upside	4%
Change from Previous	-

Market Data	
BSE Code	532500
NSE Symbol	MARUTI
52wk Range H/L	1864/1217
Market Cap (Rs/Cr)	22,266
Average Daily Volume	423015
Nifty	6073

Stock Performance-%			
	1M	1yr	YTD
Absolute	-7.1	2.9	35.0
Rel. to Nifty	-3.4	2.5	22.0

Share Holding Pattern-%			
	Current	2QFY14	1QFY1
Promoters	56.2	56.2	56.2
FII	21.5	19.7	22.0
DII	14.0	15.4	13.1
Others	8.3	8.8	8.7

One Year Price Vs NIFTY



Result Analysis:

The company for 3QFY14 has registered net sales of Rs 10620 Cr down by 2.7% YoY led by 4.5 % volume decline to 288151 units for the period under review. The decline in the volume came majorly due to weaker performance on export business front. Export sales volumes were down 38.6% YoY and 41.3% QoQ to 19,966 units.

EBITDA for MSIL is up 52% YoY to Rs.1,355 Cr and EBITDA margin was up 448 bps YoY to 12.3%. However results are not comparable on yearly basis as 3QFY13 does not include impact of SPIL merger. Raw material cost as % of net sales is down 671 bps YoY. Employee cost as % of net sales is up 62 bps YoY but down 82 bps QoQ to 2.8%. Royalty payments for Q3 FY14 were around levels of H1 FY14.

The net profits for the company during 3QFY14 came at Rs 681 Cr and NPM at 6.25 %. Effective tax rate is around 23.1%.

On realization front, the Net realization for company is up 1.4% YoY to Rs.368547 however there is sequential decrease in net realization mainly due weak product mix, lower export sales number and higher contribution of Mini Segments. Discounts in 3QFY14 is at all time high to Rs.19412/unit vs. 17,500/unit QoQ.

Recent Event :

MSIL has announced that the proposed capacity expansion (1.5 Million units per annum) in Gujarat would be through a 100% Suzuki (parent) owned subsidiary. The subsidiary would be fully dedicated to Maruti.

How we see the deal :

1. The near term effect of the deal on PAT is neutral, as this Greenfield facility at Gujrat will take 2 -3 year to get commissioned and another 1 year to get its full capacity utilization, this translates period FY17 onwards.
2. The MSIL is getting cars at cost of manufacturing plus portion of incremental capex which means MSIL will lose manufacturing margins and will getting only the trading margin. The newly formed company will be 100 % subsidiary of Suzuki Motors Limited.
3. The profit sharing from the upcoming Gujrat facility would depend on the stake of Suzuki Motor in MSIL.
4. In any case Suzuki Motor will make profit equal to its stake in MSIL whether it makes its own capex as in this case or MSIL made capex then why did Suzuki made this huge capex.

View & Valuation:

At CMP Rs 1638 the stock is trading at highest 5 year historical P/E multiple and in current scenario we donot see much upsides from hereon. Therefore we are **Neutral** for the stock with target price **Rs 1700**. The CMP seems to factored almost all the upsides including improving operational efficiency and volume growth. The stock may see some upward movement from current price on buzz that Suzuki may increase its stake in MSIL.

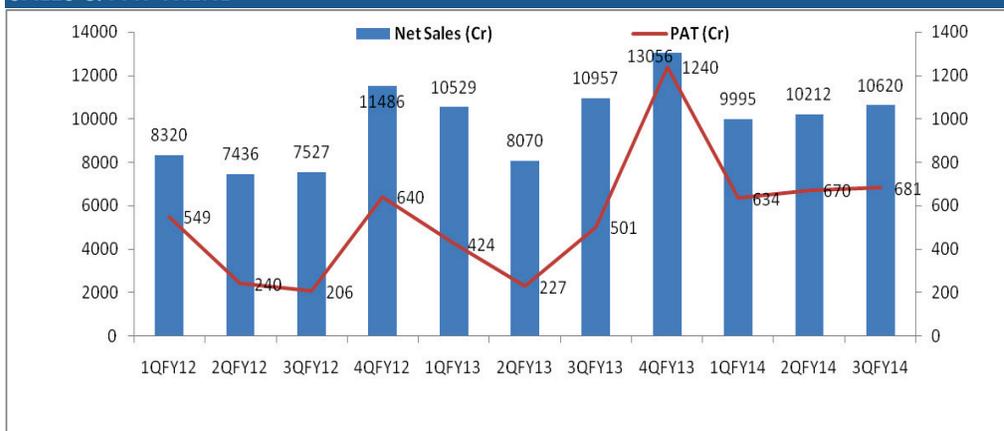
Financials	Rs, Crore				
	3QFY14	2QFY14	(QoQ)-%	3QFY13	(YoY)-%
Revenue	10894	10468	4.1	11200	-2.7
EBITDA	1355	1321	2.6	891	52.0
PAT	681	669	1.8	501	35.9
EBITDA Margin	12.4%	12.6%	(20bps)	8.0%	450bps
PAT Margin	6.3%	6.4%	(10bps)	4.5%	180bps

(Source: Company/Eastwind)

Maruti Suzuki India Limited

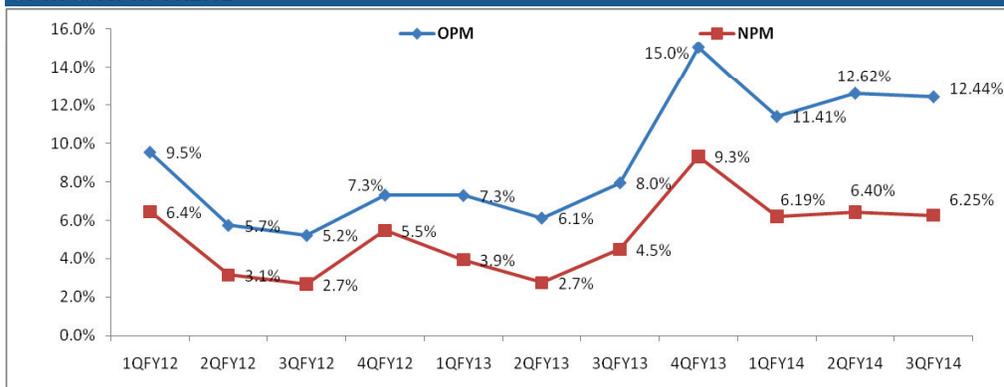
Graphical Representation

SALES & PAT TREND



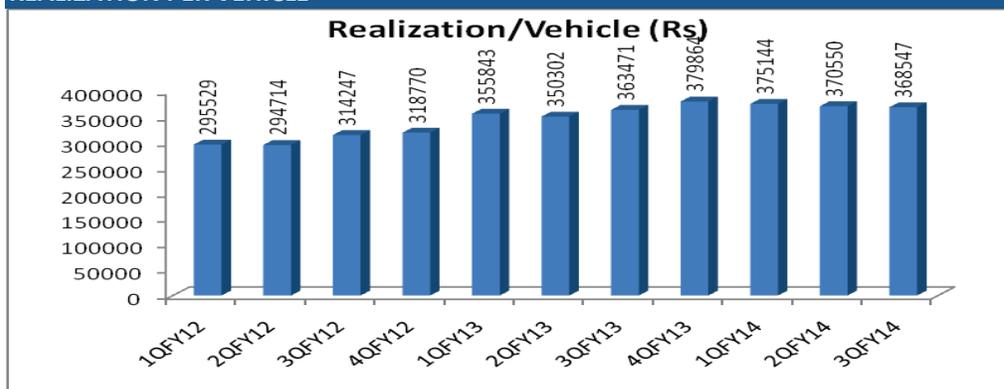
(Source: Company/Eastwind)

OPM & NPM TREND



(Source: Company/Eastwind)

REALIZATION PER VEHICLE



(Source: Company/Eastwind)

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