

## MARUTI SUZUKI INDIA LIMITED

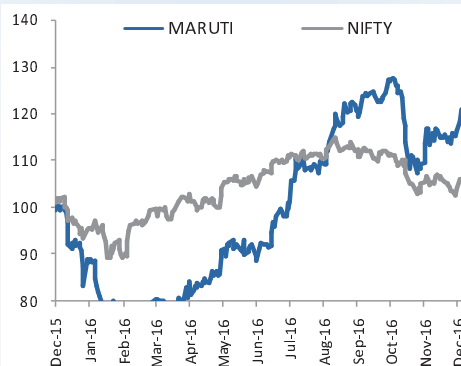
Result Update	
CMP	5466
Target Price	6100
Previous Target Price	
Upside	12%
Change from Previous	-

Market Data	
BSE Code	532500
NSE Symbol	MARUTI
52wk Range H/L	5972/3202
Mkt Capital (Rs Cr)	165120
Av. Volume	52910
Nifty	8,180

Stock Performance			
	1Month	1Year	YTD
Absolute	7.8	-3.8	18.4
Rel.to Nifty	6.7	2.6	15.5

Share Holding Pattern-%			
	2QFY17	1QFY17	4QFY16
Promoter	56.2	56.2	56.2
Public	43.8	43.8	43.8
Others	--	--	--
Total	100.0	100.0	100.0

### Company Vs NIFTY



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Maruti reported 3% growth in sales volume in the 3QFY17, despite the current demonetisation issue. Domestic volumes grew by 4% on account of higher sales of premium segment cars (Baleno and Brezza). Exports have shown 1% of de-growth YoY primarily led by currency issue in various countries and higher import duty imposition by Sri-Lankan government on 800-1000 cc cars. Realization improved on account of better product mix and price increase during the quarter. Management has stated that the first phase of the Gujarat plant will begin its commercial production in 4QFY17 and this plant will take care of new models and the exports. There will be some cost pressure going ahead due to higher depreciation and fixed cost on new plant. The management is also exploring new geographies to expand its reach in Latin American and European market.

### 2QFY17 Result Highlights

Maruti reported Rs.17843 crore of net sales in 2QFY17 a growth of 29% over previous year. This was driven by 18% volume growth and 9% realization growth YoY.

EBITDA margin improved to 17% by 150bps YoY higher steel prices and employee cost.

Royalty stood at Rs.1088 crore (6.1% of sales) during the quarter due to appreciation in Yen.

Maruti reported a PAT of Rs.2398 crore a growth of 60.2% YoY on account of higher other income in the quarter.

### Outlook

We expect current demonetization issue may not be impacting much in the long run to the passenger vehicle segment because more than 75% vehicles are financed. But this issue may be hampering sales in near future due to cash crunch in the economy. We assume volumes in the second half may be down by 10% in comparison to the first half 2017. Higher sales of premium segment cars will further increase the realization per car, which will in turn maintain the margins going ahead despite the rising commodity prices. Hence we have positive view on this stock and we recommend "BUY" with a target price of Rs.6100.

	Rs. In crore				
Financials	2QFY17	1QFY17	2QFY16	QoQ	YoY
Sales	17843	14927	13851	20%	29%
EBITDA	3037	2216	2245	37%	35%
Net Profit	2398	1486	1497	61%	60%
EBIDTA%	17.0%	14.8%	16.2%		
PAT %	13.4%	10.0%	10.8%		