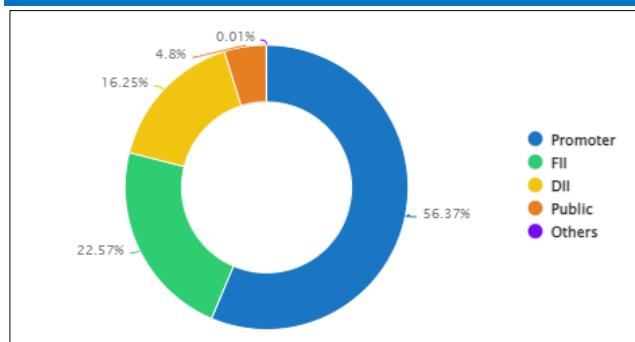


May 2022

**VALUE PARAMETERS**

Face Value (Rs.)	5.00
EPS (TTM)	128
52-Week High/Low	9050/6537
M.Cap (Rs. in Cr.)	2,25,423
P/E Ratio (TTM)	58.1
Industry P/E	39
P/B Ratio (calc at CMP)	4.04
Dividend Yield (%)	0.6
Enterprise value (Rs in Cr)	2,22,803

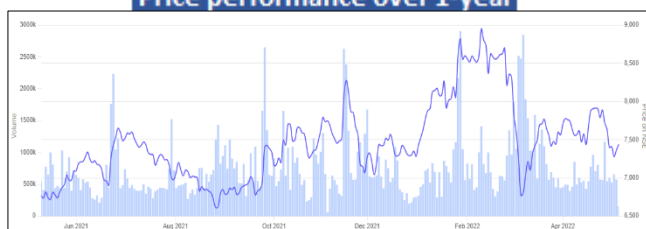
**SHAREHOLDING PATTERN**



**FINANCIAL PERFORMANCE**

	ACTUAL	FORECAST	
	FY Mar-22	FY Mar-23	FY Mar-24
Sales (Rs. Cr)	88,296	1,10,483	1,27,723
Growth (%)	25.5	25.12	15.6
EBITDA	5662	10,170	14,850
EBITDA margin (%)	6.4	9.2	11.6
PAT (Rs. Cr)	3766.3	7029	10,964
EPS (Rs)	124.6	232	303
ROE	7.1	12	17
ROCE	5.1	12	17
P/E	62	33.2	21
EV/EBITDA	41	22.8	15

**Price performance over 1-year**



**Our Recommendation:** Demand in auto industry is improving after COVID-19 headwinds and we expect robust growth in the auto sector in near term. Maruti Suzuki could be the biggest gainer due to its entry-level segment. Aggressive new product launches are in pipeline especially in UV space. This would help MSIL to regain its lost market share. Thus, we recommend BUY in price range Rs. 7400-7300 with target price 8200 (upside 10%), valuing the stock at 27x its FY24E EPS.

**Investment Rationale:**

**About Company:** Maruti Suzuki India Ltd is an Indian automobile manufacturer. The company deals in the business of manufacturing and selling passenger vehicles in India. The company is the market leader in passenger vehicle segment in India. The company has a wide portfolio of 16 car models and more than 150 variants. The company currently has 4 plants operating in Palam Gurgaon Road, Gurgaon, Haryana and at Manesar. The company has extended Its services in spare parts, facilitation of pre-owned car sales, fleet management and car financing.

**Q4FY22 Results:** The company reported robust performance in Q4.

- Consolidated revenue for the company rose 11% on year basis to Rs 26,749 crore compared to Rs 24,035 crore in the year-ago quarter.
- On a sequential basis, revenue was up by 15% from Rs 23,253 crore recorded in the previous quarter.
- PAT increased by 57.7% to 1839 Cr as compared to Rs 1166 Cr registered in the corresponding quarter of the previous fiscal.
- EBITDA margins stood at 9.1 per cent.

**Key Highlights from management commentary:**

- Demand pace has been stable with the current order book of 320k units compared to 264k units in Dec 2021. The new model, Baleno, got good market response with greater than 80,000 bookings since its inception in Feb 2022.
- CNG vehicle demand continues to be robust and accounts for 40% of the order book. Electric component shortages impacted production negatively and may continue to impact in FY23E volumes as well.
- Semiconductor shortages around the globe impacted production negatively and because of this 2.7 Lc units could not be produced.
- Aggressive new product launches are in pipeline particularly in UV space to regain the lost market share. Groundwork for captive EV launch in 2025
- Management is intended to regain 50% market share domestically thereby implying industry leading volume growth going forward.

**Risks:**

- Global shortages of semiconductor can impact production.
- Lower than anticipated volume growth.
- Stiff competition from rivals.

## Financials and Valuations

### Q4FY22 Result (Rs Cr)

Y/E March	Q4FY22	Q4FY21	YoY growth (%)	Q3FY22	QoQ growth (%)
<b>Net Sales</b>	<b>26,740</b>	<b>24,023.7</b>	<b>11.3</b>	<b>23,246</b>	<b>15</b>
Raw Materials	19,666.7	17,750.9	10.8	17,503	12.4
Employee Cost	1,025.8	900.3	13.9	969.9	5.8
Manufacturing & Other Exp	3,620.7	3,381.4	7.1	3,214.0	12.7
Total Expenditure	24,313.2	22,032.6	10.4	2,168.7	12.1
<b>EBITDA</b>	<b>2,426.8</b>	<b>1,991.1</b>	<b>21.9</b>	<b>1,559.0</b>	<b>55.7</b>
EBITDA Margin (%)	9.1	8.3		6.7	
Depreciation	647.2	741.0	-12.7	640.0	1.1
<b>EBIT</b>	<b>1,779.6</b>	<b>1,250.1</b>	<b>42.4</b>	<b>919.0</b>	<b>93.6</b>
Interest Expenses	56.0	32.4	72.8	25.2	122.2
Non-operating income	474.4	89.8	428.3	328.0	44.6
<b>PBT</b>	<b>2,198.0</b>	<b>1,307.5</b>	<b>68.1</b>	<b>1,221.8</b>	<b>79.9</b>
Tax-Total	359.1	141.4	154	210.5	70.6
Tax Rate (%)	16.3	10.8	51.1	17.2	
<b>Reported PAT</b>	<b>1,838.9</b>	<b>1,166.1</b>	<b>57.7</b>	<b>1,011.3</b>	<b>81.8</b>
<b>Adj. PAT</b>	<b>1,838.9</b>	<b>1,166.1</b>	<b>57.7</b>	<b>1,011.3</b>	<b>81.8</b>
PAT Margin (%)	6.9	4.9		4.4	

### Standalone Income Statement (Rs. Cr)

Y/E March	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Net Sales</b>	<b>68,035</b>	<b>79,763</b>	<b>86,020</b>	<b>75,611</b>	<b>70,333</b>	<b>88,296</b>
Change (%)	18.2	17.2	7.8	-12.1	-7	25.5
Total Expenses	57,683	67,451	75,221	68,308	64,987	82,634
<b>EBITDA</b>	<b>10,352</b>	<b>12,312</b>	<b>10,799</b>	<b>7,303</b>	<b>5,345</b>	<b>5662</b>
EBITDA Margins (%)	15	15.4	12.6	9.7	7.6	6.4
Depreciation	2,602	2,758	3,019	3,526	3,032	2,787
<b>EBIT</b>	<b>7,750</b>	<b>9,554</b>	<b>7,780</b>	<b>3,777</b>	<b>2,313</b>	<b>2,875</b>
EBIT Margins (%)	11	12	9	5	3.3	3.3
Interest	-89	-346	-75.8	-133	-101	-126
Other Income	2,300	2,046	2,561	3,421	2,946	1,833
EO Expense	0	251	-200	0	0	0
<b>PBT</b>	<b>9,960</b>	<b>11,003</b>	<b>10,466</b>	<b>7,065</b>	<b>5,159</b>	<b>4,582</b>
Tax Rate (%)	26	29.8	28.3	20	18	17.8
<b>PAT</b>	<b>7,350</b>	<b>7,722</b>	<b>7,501</b>	<b>5,651</b>	<b>4,230</b>	<b>3766.3</b>
Change (%)	37	5.1	-2.9	-24.7	-25.1	-11
<b>EPS</b>	<b>248</b>	<b>256</b>	<b>248</b>	<b>187</b>	<b>140</b>	<b>124.6</b>

### Cash Flow Statement, Standalone (Rs Cr)

Particulars	FY2018	FY2019	FY2020	FY2021	FY2022
Cash from Operating Activity	11785	6593	3405	8839	1791
Cash from Investing Activity	-8282	-3538	-464	-7284	-189
Cash from Financing Activity	-3446	-2948	-3100	-1541	-1602
<b>Net Cash Flow</b>	<b>57</b>	<b>107</b>	<b>-159</b>	<b>14</b>	<b>0</b>

## Financials and Valuations

### Balance Sheet, Standalone (Rs. Cr)

Y/E March	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
<b>Sources of Funds</b>						
Equity Capital	151	151	151	151	151	151
Reserves	36,280	41,606	45,991	48,286	51,216	52,074
<b>Net Worth</b>	<b>36,431</b>	<b>41,757</b>	<b>46,142</b>	<b>48,437</b>	<b>51,367</b>	<b>52,225</b>
Loans	484	111	150	106	489	531
Deferred Tax Liability	466	559	564	598	385	385
<b>Capital Employed</b>	<b>37,381</b>	<b>42,427</b>	<b>46,855</b>	<b>49,142</b>	<b>52,240</b>	<b>53,141</b>
<b>Application of Funds</b>						
Gross Fixed Assets	18,660	21,424	26,329	29,726	31,455	37,293
Less: Depreciation	5,367	8,065	10,922	14,016	16,498	19,233
<b>Net Fixed Assets</b>	<b>13,293</b>	<b>13,359</b>	<b>15,408</b>	<b>15,710</b>	<b>14,957</b>	<b>18,060</b>
Capital Work in Progress	1,252	2,126	1,600	1,408	1,490	1,100
Investments	28,481	35,290	36,515	36,468	41,787	42,887
<b>Current Assets, Loans</b>	<b>7,739</b>	<b>8,184</b>	<b>8,982</b>	<b>8,439</b>	<b>11,294</b>	<b>13,975</b>
Inventory	3,262	3,161	3,326	3,215	3,050	3,396
Sundry Debtors	1,199	1,462	2,310	2,127	1,277	2,177
Cash & Bank Balances	13.8	71.1	179	21.1	3,036	1,888
Loans & Advances	3264	3,490	3,167	3,076	3,931	6,515
<b>Current Liabilities &amp; Provisions</b>	<b>13,384</b>	<b>16,532</b>	<b>15,649</b>	<b>12,884</b>	<b>17,288</b>	<b>22,882</b>
Sundry Creditors	8,367	10,497	9,633	7,494	10,162	13,584
Other Current Liab & Provisions	5,017	6,035	6,016	5,389	7,126	9,298
<b>Net Current Assets</b>	<b>-5,645</b>	<b>-8,348</b>	<b>-6,668</b>	<b>-4,445</b>	<b>-5,993</b>	<b>-8,906</b>
<b>Application of Funds</b>	<b>37,381</b>	<b>42,427</b>	<b>46,855</b>	<b>49,142</b>	<b>52,240</b>	<b>53,141</b>

### Key Ratios

Particulars	FY18	FY19	FY20	FY21	FY22
<b>Per Share Data</b>					
EPS	256	248	187	140	124.6
Book Value per share	1382.69	1527.86	1603.87	1700.89	1790.93
DPS	80	80	60	45	60
<b>Efficiency Ratios</b>					
EBITDA margin (%)	15.4	12.6	9.7	7.6	6.4
EBIT margin (%)	12	9	5	3.3	3.3
PAT margin (%)	5.1	-2.9	-24.7	-25.1	-11
<b>Valuation (x)</b>					
P/E	33.97	26.34	22.81	47.2	62
EV/EBITDA	18.97	14.85	12.17	24.69	41
Price/Book Value	6.29	4.28	2.62	3.95	4.5
<b>Profitability Ratios (%)</b>					
RoE	19.38	16.72	11.52	8.28	7.1
RoCE	28.29	23.45	14.71	10.25	5.1
<b>Solvency Ratios</b>					
Debt Equity Ratio (x)	-0.8	-0.8	-0.7	-0.8	-0.8

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