

MARUTI SUZUKI

CMP – 8,441.50

Bloomberg Code	
No of share O/S (in Cr)	
Market Cap (in Rs Cr)	
Face Value (in Rs)	
Dividend Yield (in %)	
52 Wk High/Low (in Rs)	97
Shareholding (%)	
Promoters	
Institutional	
Public	
Total	

Key result highlights

Higher price realization offset the impact of c

hip shortage

Maruti Suzuki India Ltd (MSIL) Q2FY23 revenue stood at INR 29,943 cr, marking a QoQ/YoY growth of 12.9%/45.7%, respectively. During the quarter, domestic sales volumes grew at a QoQ/YoY rate of 14.2%/40.6% to 4,34,090 units due to recovery in chip supplies and improvement in consumer confidence. Export volumes reported QoQ/YoY change of -9.0%/+6.4%, respectively, to 63,195 units. Sales to other OEM volumes recorded a strong QoQ/YoY growth of 8.6%/75.8%, respectively, to 20,112 units in Q2FY22 due to improving sales volumes for Toyota Glanza and Toyota Urban Cruiser. Super Carry (LCV) volumes witnessed QoQ/YoY change of -19.6%/0.4% respectively to 8,692 units.

The overall per unit realization (PUR) grew at a QoQ/YoY rate of 2.1%/8.5%, respectively, to INR 5.5 lakhs

On account of recent price hike (in the range of 3-5%) and better product mix. Except Ciaz, all other segments reported strong YoY growth

In the domestic sales volume, except for Ciaz, all other segments of MSIL reported a YoY growth in sales volumes. Ciaz declined at a YoY rate of 7.1% to 4,254 units in Q2FY23. Mini/Small cars (Alto, Celerio, WagonR & Ignis) and Hatchbacks (Swift & Baleno) reported a YoY growth of 71.1% to 1,45,083 units and 34.3% to 96,549 units, respectively, while compact sedan (Swift Dzire) volumes stood at 35,216 units, YoY growth of 92.2%. SUVs

(Breeza, S-Cross, S-Presso & Grand Vitara) grew at a YoY rate of 36.9% to 68,889 units due significant growth in Breeza and Grand Vitara volumes.

Price hike reduced the impact of higher input cost on gross margins

Gross profit grew at a YoY rate of 62.1% to INR 8,060 cr, while gross margin improved by 273bps YoY to 26.9% in Q2FY23. Recent price hikes to mitigate input cost inflation improved the gross margins. EBITDA witnessed a YoY growth of 223.4% to INR 2,771 cr, while EBITDA margins improved by 509bps YoY to 9.3% during the quarter. Higher sales volume, price hikes and cost reduction efforts improved the operating profitability. Similarly, net profit reported a YoY growth of 333.9% to INR 2,113 cr, while net margins improved by 469bps YoY to 7.1% in Q2FY23.

Concall Highlights

- The company laid foundational stone for EV facility in Gujarat and upcoming facility in Haryana.
- The management said ~35,000 units production lost due to chip shortage in Q2FY23 vs. ~51,000 lost in Q1FY23. MSIL is trying to source chip from alternate suppliers to offset production loss.
- Grand Vitara has received ~75,000 bookings during Q2FY23 of which >35% is for strong hybrid model. The company continues to witness strong order book of ~4.1 lakh units as on Q2FY23. With respect to launch of recent products they received ~1.3 lakh bookings
- The company has total production capacity of 22.5 lakh units including Gujarat facility & production in Karnataka (at Toyota's facility for Grand Vitara) would be over and above capacity. Also, the company would start new Haryana plant in Q1CY25E with additional capacity of 2.5 lakh units and can also extend capacity by 1 lakh units in its Manesar plant. Further management does not plan to shut production in its Gurugram plant.
- The management said CNG demand remained strong in the PV space despite recent run-up in gas prices while it did taper in the CV domain.

Valuation

MSIL is currently trading at a FY25 forwarded P/E of 18.5x

SNV Global Asset Management Pvt. Ltd.

FINANCIAL SUMMERY

Figures are in Rs Cr	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY19	FY20	YoY (%)	FY21	YoY (%)	FY22	YoY (%)
Net Sales	29,942.5	20,550.9	45.7	26,511.7	12.9	86,068.5	75,660.0	-12.1	70,372.0	-7.0	88,329.8	25.5
Raw Material Cost	21,882.1	15,579.9	40.5	19,771.9	10.7	59,558.2	53,163.3	-10.7	50,824.1	-4.4	66,044.0	29.9
<i>RM Cost to Sales (%)</i>	<i>73.1</i>	<i>75.8</i>		<i>74.6</i>		<i>69.2</i>	<i>70.3</i>		<i>72.2</i>		<i>74.8</i>	
Employee Cost	1,140.8	970.1	17.6	1,166.7	-2.2	3,285.0	3,416.2	4.0	3,431.6	0.5	4,051.4	18.1
<i>Employee Cost to Sales (%)</i>	<i>3.8</i>	<i>4.7</i>		<i>4.4</i>		<i>3.8</i>	<i>4.5</i>		<i>4.9</i>		<i>4.6</i>	
Other Expenses	4,148.7	3,144.2	31.9	3,658.2	13.4	12,344.2	11,767.9	-4.7	10,764.7	-8.5	12,528.2	16.4
<i>Other Exp to Sales (%)</i>	<i>13.9</i>	<i>15.3</i>		<i>13.8</i>		<i>14.3</i>	<i>15.6</i>		<i>15.3</i>		<i>14.2</i>	
EBITDA	2,770.9	856.7	223.4	1,914.9	44.7	10,881.1	7,312.6	-32.8	5,351.6	-26.8	5,706.2	6.6
<i>EBITDA Margin (%)</i>	<i>9.3</i>	<i>4.2</i>	<i>5.09</i>	<i>7.2</i>	<i>2.03</i>	<i>12.6</i>	<i>9.7</i>		<i>7.6</i>		<i>6.5</i>	
Depreciation	723.3	756.8	-4.4	652.0	10.9	3,020.8	3,528.4	16.8	3,034.1	-14.0	2,789.0	-8.1
Interest	30.7	22.7	35.2	27.5	11.6	75.9	134.2	76.8	101.8	-24.1	126.6	24.4
Interest Coverage	66.7	4.4		45.9		103.6	28.2		22.8		23.0	
Other Income	599.2	505.6	18.5	81.0	639.8	2,683.7	3,334.4	24.2	2,936.3	-11.9	1,744.7	-40.6
<i>Other Income to Sales (%)</i>	<i>2.0</i>	<i>2.5</i>		<i>0.3</i>		<i>3.1</i>	<i>4.4</i>		<i>4.2</i>		<i>2.0</i>	
Profit Before Tax	2,616.1	582.8	348.9	1,316.4	98.7	10,468.1	6,984.4	-33.3	5,152.0	-26.2	4,535.3	-12.0
<i>Tax Rate (%)</i>	<i>21.6</i>	<i>21.1</i>		<i>23.6</i>		<i>28.4</i>	<i>20.4</i>		<i>18.1</i>		<i>18.0</i>	
Profit After Tax	2,050.0	460.0	345.7	1,005.4	103.9	7,494.9	5,559.2	-25.8	4,220.1	-24.1	3,717.6	-11.9
<i>PAT Margin (%)</i>	<i>6.8</i>	<i>2.2</i>	<i>4.6</i>	<i>3.8</i>	<i>3.1</i>	<i>8.7</i>	<i>7.3</i>		<i>6.0</i>		<i>4.2</i>	
Share of Assoc / Minority Int	62.5	26.9		30.8		154.2	116.8		169.0		161.9	
Net Profit	2,112.5	486.9	333.9	1,036.2	103.9	7,649.1	5,676.0	-25.8	4,389.1	-22.7	3,879.5	-11.6
<i>Net Margin (%)</i>	<i>7.1</i>	<i>2.4</i>	<i>4.69</i>	<i>3.9</i>	<i>3.1</i>	<i>8.9</i>	<i>7.5</i>		<i>6.2</i>		<i>4.4</i>	
Adjusted EPS	69.9	16.1	333.9	34.3	103.9	253.2	187.9	-25.8	145.3	-22.7	128.4	-11.6
Shareholder's Funds						47,092.1	49,413.0	4.9	52,500.6	6.2	55,333.5	5.4
BV per share						1,558.9	1,635.8	4.9	1,738.0	6.2	1,831.7	5.4
Net Debt						-2,000.8	1,187.3	-159.3	-7,011.7	-690.6	-1,856.6	-73.5
Net Debt to Equity						-0.0	0.0		-0.1		-0.0	
Net Debt to EBITDA						-0.2	0.2		-1.3		-0.3	
RoE						16.2	11.5		8.4		7.0	
RoIC						12.5	6.0		4.2		4.5	
P/E						36.5	49.1		63.5		71.9	
EV/EBITDA						25.4	38.3		50.8		48.5	

SEGMENTAL PERFORMANCE

Fig in INR Cr (unless specified)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q1FY23	FY18	FY19	FY20	FY21	FY22
Mini/Small Cars	1,18,098	92,861	1,08,532	1,11,445	23,216	1,17,897	1,36,479	1,36,680	83,079	84,770	1,11,144	1,26,253	1,26,887	1,45,083	5,69,129	5,50,741	4,30,936	4,14,272	4,05,246
Hatchback	95,365	71,024	1,06,212	95,728	10,497	89,435	1,19,091	1,17,093	78,936	71,889	79,371	85,814	80,255	96,549	3,66,408	4,36,254	3,68,329	3,36,116	3,16,010
Compact Sedan	49,608	41,859	52,514	35,178	8,049	36,663	45,079	38,460	32,531	18,325	26,906	51,028	34,901	35,216	2,40,124	2,53,859	1,79,159	1,28,251	1,28,790
Executive Sedan	8,703	5,708	5,605	5,242	745	4,060	4,562	4,485	2,518	4,577	3,362	5,412	2,672	4,254	58,913	46,169	25,258	13,852	15,869
Economical SUV	8,763	46,855	63,181	60,559	9,481	48,227	63,870	60,287	44,824	50,315	46,403	59,514	43,348	68,889	1,87,618	1,98,663	1,79,358	1,81,865	2,01,056
MUV	12,988	62,431	71,104	73,261	12,988	62,431	71,104	73,261	51,174	70,156	74,543	68,712	81,091	75,407	2,21,278	2,43,869	2,19,784	2,19,784	2,64,585
Super Carry	6,568	5,333	6,287	3,590	1,189	6,652	12,076	9,639	4,056	8,660	10,103	10,993	10,817	8,692	10,033	23,874	21,778	29,556	33,812
Exports	28,113	25,798	23,663	24,597	9,572	22,511	28,528	35,528	45,514	59,408	64,995	68,454	69,437	63,195	1,26,074	1,08,749	1,02,171	96,139	2,38,371
Sale to Other OEMs	4,496	7,081	6,373	7,052	862	5,254	15,108	17,102	10,977	11,443	13,837	12,650	18,523	20,112	0	0	25,002	38,326	48,907
Total Volume	3,32,702	3,58,950	4,43,471	4,16,652	76,599	3,93,130	4,95,897	4,92,535	3,53,609	3,79,543	4,30,664	4,88,830	4,67,931	5,17,397	17,79,577	18,62,178	15,51,775	14,58,161	16,52,646
YoY Growth (%)	-32.2	-25.9	3.5	-9.1	-77.0	9.5	11.8	18.2	361.6	-3.5	-13.2	-0.8	23.3	20.1	13.4	4.6	-16.7	-6.0	13.3
QoQ Growth (%)	-27.4	7.9	23.5	-6.0	-81.6	413.2	26.1	-0.7	-28.2	7.3	13.5	13.5	-4.3	10.6					
Net Operating Revenue	18,739	16,123	19,656	17,187	3,679	17,692	22,241	22,960	16,800	19,301	22,186	25,513	25,289	28,546	78,117	83,039	71,705	66,572	83,800
YoY Growth (%)	-14.1	-25.2	3.8	-17.1	-80.4	9.7	13.2	33.6	356.6	9.1	-0.2	11.1	31.0	28.7	16.7	6.3	-13.6	-7.2	25.9
QoQ Growth (%)	-9.7	-14.0	21.9	-12.6	-78.6	380.9	25.7	3.2	-26.8	14.9	15.0	15.0	-0.9	12.9					
Net Revenue/Vehicle (INR 000)	563.2	449.2	443.2	412.5	480.3	450.0	448.5	466.2	475.1	508.5	515.2	521.9	540.4	551.7	439.0	445.9	462.1	456.5	507.1
YoY Growth (%)	12,564.1	9,998.5	9,935.7	9,018.8	-14.7	0.2	1.2	13.0	-1.1	13.0	14.9	12.0	6.3	7.1	10,188.6	1.6	3.6	-1.2	11.1
QoQ Growth (%)	12,350.6	-20.2	-1.3	-6.9	16.4	-6.3	-0.3	3.9	1.9	7.0	1.3	1.3	3.5	2.1					
Other Operating Revenue	994	875	1,066	1,020	432	1,064	1,230	1,075	977	1,250	1,067	1,236	1,223	1,397	1,692	3,030	3,955	3,800	4,530
Total Revenue	19,733	16,998	20,722	18,208	4,111	18,756	23,471	24,035	17,776	20,551	23,253	26,749	26,512	29,943	79,809	86,069	75,660	70,372	88,330
YoY Growth (%)	-12.2	-24.3	5.3	-15.2	-79.2	10.3	13.3	32.0	332.5	9.6	-0.9	11.3	29.0	28.8	17.2	7.8	-12.1	-7.0	25.5
QoQ Growth (%)	-8.1	-13.9	21.9	-12.1	-77.4	356.3	25.1	2.4	-26.0	15.6	13.1	15.0	-0.9	12.9					
EBITDA	2,050	1,610	2,105	1,548	-865	1,936	2,228	1,995	819	857	1,562	2,429	1,915	2,771	11,964	10,881	7,313	5,352	5,706
Margin (%)	10.4	9.5	10.2	8.5	-21.0	10.3	9.5	8.3	4.6	4.2	6.7	9.1	7.2	9.3	15.0	12.6	9.7	7.6	6.5
YoY Growth (%)	-38.8	-53.1	9.0	-31.7	-142.2	20.3	5.8	28.9	-194.6	-55.8	-29.9	21.8	123.5	77.4	16.7	-9.1	-32.8	-26.8	6.6
QoQ Growth (%)	-9.5	-21.5	30.8	-26.5	-155.9	-323.8	15.0	-10.5	-58.9	4.6	82.4	55.5	-21.2	44.7					
EBITDA/Vehicle (INR 000)	61.6	44.9	47.5	37.2	-113.0	49.3	44.9	40.5	23.2	22.6	36.3	49.7	40.9	53.6	67.2	0.6	0.5	0.4	0.3
Net Profit	1,376	1,391	1,587	1,322	-267	1,420	1,997	1,241	475	487	1,042	1,876	1,036	2,113	7,880	7,649	5,676	4,389	3,880
Margin (%)	7.0	8.2	7.7	7.3	-6.5	7.6	8.5	5.2	2.7	2.4	4.5	7.0	3.9	7.1	9.9	8.9	7.5	6.2	4.4
YoY Growth (%)	-31.7	-39.0	4.1	-27.8	-119.4	2.1	25.8	-6.1	-278.0	-65.7	-47.8	51.1	112.8	102.8	4.9	-2.9	-25.8	-22.7	-11.6
QoQ Growth (%)	-24.8	1.0	14.1	-16.7	-120.2	-631.9	40.7	-37.8	-61.7	2.5	114.0	80.1	-44.8	103.9					
Net Profit/Vehicle (INR 0000)	41.4	38.7	35.8	31.7	-34.8	36.1	40.3	25.2	13.4	12.8	24.2	38.4	22.1	40.8	44.3	41.1	36.6	30.1	23.5