

**Maruti Suzuki
India Ltd
Techno Funda
Stock Outlook**



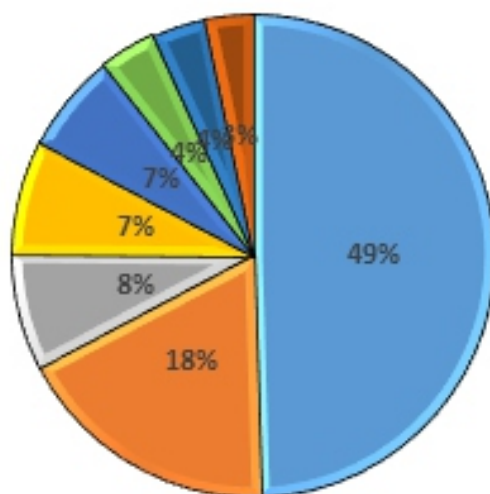
Indbank
Merchant Banking Services Ltd
(A Subsidiary of Indian Bank)

STOCK DETAILS	
NSE Scrip code	MARUTI
BSE Scrip code	532500
Market cap (in Cr)	2,85,123
52-week High/Low (in Rs)	10,037 / 8,076
Price Target (in Rs)	9800

COMPANY OVERVIEW

Maruti Suzuki India Limited is the Indian subsidiary of Japanese automaker Suzuki Motor Corporation. It is the market leader in passenger vehicle segment in India, accounting for nearly 50% of overall market.

Leading market share



■ Maruti Suzuki
 ■ Hyundai
 ■ Tata
 ■ Kia
 ■ Mahindra
 ■ Renault
 ■ Honda
 ■ Toyota

FINANCIAL YEAR 2022-23

- Maruti recorded its highest ever total sales and exports in FY2022-23
- Its contribution of green vehicles (CNG+ Hybrids) in domestic market sales increased to ~37% from ~27% in previous year
- The company introduced one of the world's best strong hybrid-electric technologies with Grand Vitara,
- Expenditure on R&D increased by 45%
- PAT more than doubled to Rs 8,211.00 crores.

ANNUAL (in Rs Cr.)

	Mar-22	Mar-23	Y-O-Y
Sales	88,329.80	1,17,571.30	33.1%
Expenses	82,577.80	1,06,553.60	29.0%
Operating Profit	5,752.00	11,017.70	91.5%
Other Income	1,860.80	2,318.10	24.6%
Depreciation	2,789.00	2,825.70	1.3%
Interest	126.60	187.00	47.7%
Profit before tax	4,697.20	10,323.10	119.8%
Tax	817.70	2,112.10	158.3%
Net profit	3,879.50	8,211.00	111.7%
EPS	128.42	271.80	111.7%
OPM	7%	9%	

BUSINESS HIGHLIGHTS FOR Q1 FY2023-24

- Passenger vehicle wholesales grew by 12.2%, beating industry growth
- Achieved market share of 20% in SUV segment owing to launch of the Fronx and the Jimny and healthy sales in existing SUV line.
- Service network expanded to 4,500+ touchpoints.
- Maruti continued to be the largest exporter of passenger vehicles from India with exports of 63,000 units
- To strengthen its product portfolio in utility vehicle segment, the company launched a premium three-row utility vehicle, Invicto. With this launch, the company made debut in the 20 lakh+ price segment.

QUARTERS (In Rs. Cr)	Jun-22	Mar-23	Jun-23	Y-O-Y	Q-O-Q
Sales	26,511.70	32,059.60	32,338.50	22.0%	0.9%
Expenses	24,596.80	28,708.00	29,353.40	19%	2.2%
Operating Profit	1,914.90	3,351.60	2,985.10	55.9%	-10.9%
Other Income	111.80	791.00	1,040.60	831%	31.6%
Depreciation	652.00	739.70	747.80	15%	1.1%
Interest	27.50	99.20	46.50	69.09%	-53.1%
Profit before tax	1,347.20	3,303.70	3,231.40	140%	-2.2%
Tax	311.00	632.90	706.20	127%	11.6%
Net profit	1,036.20	2,670.80	2,525	144%	-5.5%
OPM	7.2%	10%	9.2%		

- During the Quarter, the Company registered highest-ever quarterly net sales of INR 32,338 crores as against INR 26,511.70 crores in quarter 1 of FY2022-23.
- Its net profit for the quarter rose to INR 2525 crores from INR 1036 crores, a growth of 144% y-o-y.
- Growth in margins was led by improved realization, softening of commodity prices, cost reduction and a higher non-operating income.

REDUCING CARBON FOOTPRINT

The company's S-CNG technology plays an important part in its the low-carbon product strategy. The S-CNG range of vehicles are specifically designed to suit Indian driving conditions. S-CNG vehicles are equipped with an intelligent injection system that maintain an ideal air-to-fuel ratio within the combustion chamber, resulting in better fuel efficiency. During the year, the company extended its S-CNG offerings to S-Presso, Swift, Baleno, XL6, Brezza and Grand Vitara. Maruti achieved highest ever quarterly sales of CNG vehicles with 113,000+ units taking its CNG Penetration to 27%.

PASSENGER VEHICLES MARKET

Passenger vehicles sales in India grew by 26.7% in the fiscal year 2022-23. According to Society of Indian Automobile Manufacturers (SIAM), factors like improved chip supply, higher incomes and pent-up demand, especially for SUVs supported sales at Indian automakers, despite inflation trending higher through the year.

The global EV market was estimated at approximately US\$ 250 billion in 2021 and by 2028, it is projected to grow by 5 times

With regards to overall passenger vehicle market, 6% growth rate is likely to be maintained till FY 2030-31.

CHALLENGES

Limited visibility on availability of electronics components is a challenge in planning company production. Apart from this, there is a risk of tapering demand owing to hike in prices due to higher input costs and the recent swell in consumer price index.

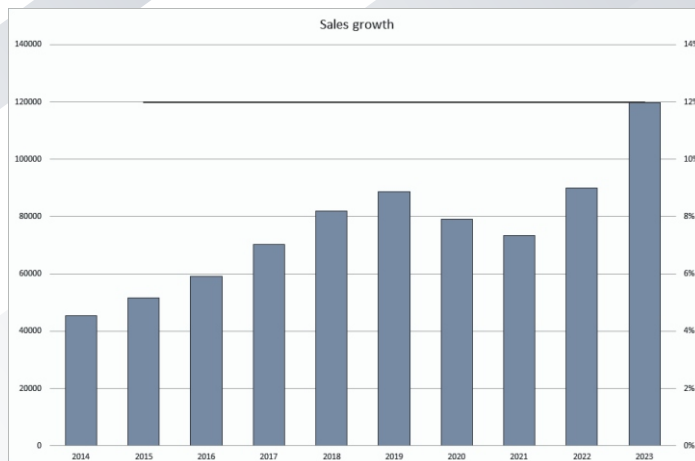
OUTLOOK

During the first quarter, the industry grew by about 7%, while Maruti clocked over 12%. The demand outlook is fine at the moment. Along with the rising domestic demand, the prospects for exports are also expected to continue to improve. Since the company has a good line-up of recently launched vehicles and robust capacity addition planned of around 100,000 units, management expects growth at a slightly higher rate in FY 2023-24. The launch of Invicto will further enhance growth potential as it is twice the price of most of the models.

RATIONALE TO INVEST

- The average 10 years ROCE is above 15%. This indicates management efficiency in managing its funds
- The company's return of 21.23% over last ten years over Nifty returns of 13.50% makes it a long term wealth creator.
- The company is almost debt free as it caters to its capital requirement from internal sources
- Foreign and institutional investors have increased their holdings in the company during the quarter
- It is the market leader in passenger vehicles in India and is also the largest exporter of passenger vehicles.
- The company introduced its first hybrid-electric SUV, The Grand Vitara, which won 'Car of the Year'—Autocar Awards 2023. It is the most fuel-efficient SUV in India.

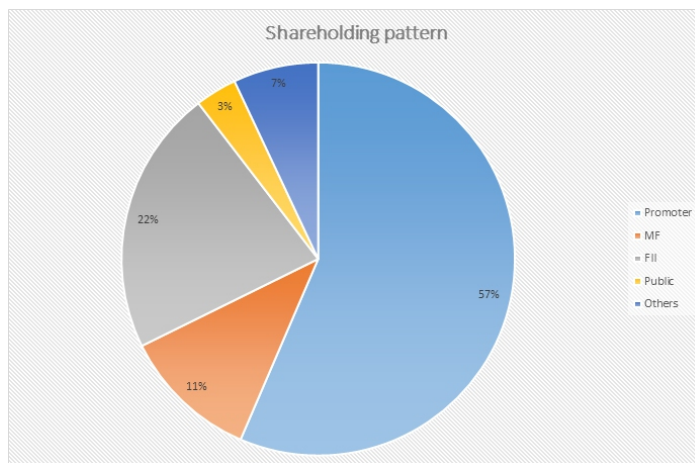
Maruti is growing at the rate of 12% over a long period of time indicating the strength of its business model and competitiveness in the industry.



CREDIT RATING

The Company was awarded the highest financial credit rating of AAA/stable (long term) and A1+ (short term) on its bank facilities by CRISIL.

SHAREHOLDING PATTERN



TECHNICAL OUTLOOK



Stock has witnessed some correction recently and can be seen taking support around lower band of horizontal channel and 100 day moving average point of 9,300. The RSI, after dropping to 30 has started picking up momentum. Investors can start accumulating the stock in the range of 9,300-9,500 for a medium-long term target of 9,800-10,000. Maintain a stop loss around 9,200-9,250 region.

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