

## Maruti Suzuki

Nov'09 unit sales at record levels; driven by strong demand - ALERT

- Unit sales at 87,807 units (+67% yoy & 3% mom) came in at a record high over November. Growth continues to be driven by both segments - exports (+129% yoy) and domestic (+60% yoy).
- **Domestic segment growth driven by strong retail demand:** Domestic retail demand has sustained post the festive season. Currently, the dealer inventory remains comfortable at c.3 weeks of sales. Moreover, certain models such as the diesel variants of the Swift and the Dzire have waiting periods.
- While sales growth has been driven off a low base yoy (sales last year were sharply lower given the impact of the global credit crises); the company reported strong growth across segments - the mass market A2 segment (+60% yoy), A3 segment sales (+46% yoy), Omni sales (+116% yoy) and the A1 segment sales (+32% yoy). We anticipate that sales over December will remain robust, given encouraging market conditions.
- **Export growth sustains; Outlook on W. Europe sales positive over near term:** Maruti's export sales were up +129% yoy at 11,448 units. Our European autos analyst: Ranjit Unnithan expects Western European SAAR to be strong at 14.7MM in November (vs. 14.7MM in October and 14.1MM in September). The order book advocates that sales strength could linger into 1Q10, suggesting that it may be Feb/March before we see a decline in registrations (post expiry of scrappage schemes). CSM estimates 4Q European production to be up +10% y/y (vs. +13% y/y earlier), while Q1 2010 production is now expected to be up 22% y/y (vs. 20% earlier).
- **Capacity expansion on the cards?** Mr. Bhargava, Chairman – Maruti Suzuki mentioned that the company was considering a new 300,000 unit line at Manesar to push up its production capacity to 1.3 million units (Source: Times of India). The company will discuss the expansion plan at its board meeting slated for January, he said.
- Over the month, the stock outperformed (+14% yoy) the broad BSE Sensex (+7% yoy), given the robust demand environment. We reiterate that the outlook remains encouraging, given our expectation of strong growth in the urban segments.

## Overweight

MRTI.BO, MUL IN

Price: Rs1,595.00 (intraday)

01 December 2009

### Automobile Manufacture

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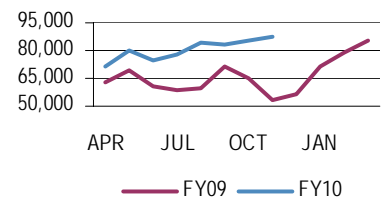
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Figure 1: Maruti Monthly sales (in Unit nos)



Source: Company

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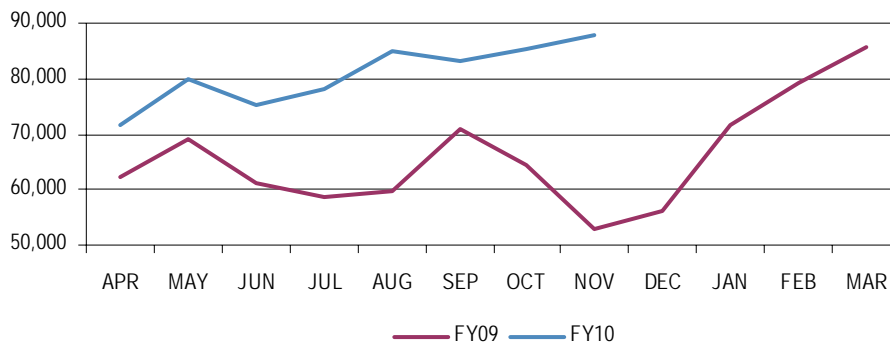
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Table 1: Monthly Sales Performance (In Unit Nos)

	Nov-09	Nov-08	%YoY	Oct-09	%MoM	FY10YTD	FY09YTD	% YTD
A1	3,040	2,307	32	3,124	-3	22,020	34,400	-36
C	8,320	3,845	116	8,018	4	60,771	51,177	19
A2	56,005	34,976	60	51,437	9	407,271	321,920	27
A3	8,741	5,975	46	8,804	-1	61,770	46,176	34
MUV	253	601	-58	168	51	2,576	4,957	-48
Domestic	<b>76,359</b>	<b>47,704</b>	<b>60</b>	<b>71,551</b>	<b>7</b>	<b>554,408</b>	<b>458,630</b>	<b>21</b>
Export	11,448	5,007	129	13,864	-17	91,731	40,606	126
<b>Total Sales</b>	<b>87,807</b>	<b>52,711</b>	<b>67</b>	<b>85,415</b>	<b>3</b>	<b>646,139</b>	<b>499,236</b>	<b>29</b>

Source: Company

Figure 2: Maruti Monthly Sales Performance (In Unit Nos)



Source: Company

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01 December 2009

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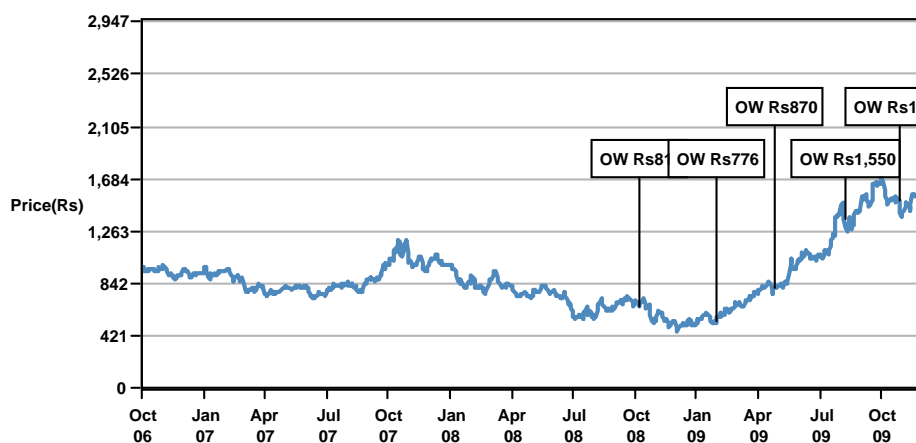
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**Maruti Suzuki India Ltd (MRTI.BO) Price Chart**



Date	Rating	Share Price (Rs)	Price Target (Rs)
07-Oct-08	OW	659.90	810.00
30-Jan-09	OW	544.80	776.00
26-Apr-09	OW	807.50	870.00
07-Aug-09	OW	1364.00	1550.00
26-Oct-09	OW	1517.55	1630.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.  
 Break in coverage May 18, 2004 - Aug 18, 2004. This chart shows J.P. Morgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.  
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