

Maruti Suzuki India Ltd

Mar '11 - Sales grew 28% yoy - ALERT

Neutral

MRTI.BO, MSIL IN

Price: Rs1,274.35

01 April 2011

- **March sales at 121,952 units:** Sales growth continued to be driven by the domestic segment (+39% yoy), while exports declined (-26% yoy). For FY11, Maruti has reported sales of 1.27m units (+25% yoy).
- **Domestic segment sales at 110,424 (+39% yoy):** Driven by the mass market A2 segment (+43% y/y), Eeco (+33% y/y), and A3 segment (+34% y/y), while the entry level M800 sales were up just +6% y/y.
- **Discounts rise in March:** Discounts rose over March for the passenger car industry as OEMs offered cash discounts and promotional schemes in the festive month (including LCV TVs, holiday packages, etc.). As per dealers, Maruti Suzuki offered up to Rs40,000 discount on select models, while Hyundai offered up to 45,000 and Honda up to 55,000. We will wait to see whether this trend extends into April.
- **Export sales continue to moderate:** Maruti's export shipments at 11,528 units (-26% yoy) declined, given sedate demand in Europe. In FY10, exports to Europe were 77% of volumes. In FY11, the OEM broad based exports to non-European countries - this resulted in increased contribution from non European markets to 57%, as against 23% in FY10.
- During the month, the stock declined 1% m-o-m and underperformed the broad BSE Sensex (+5% m-o-m) on concerns relating to rising interest rates and the impact of the recent earthquake in Japan. We reiterate our Neutral stance on the stock, given that rising competitive intensity will likely impact growth/profitability.

Automobile Manufacture

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Table 1: Maruti Monthly Unit Sales

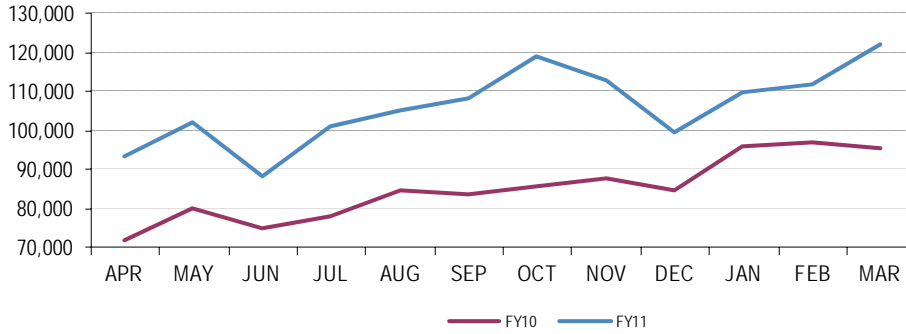
	Mar-11	Mar-10	%YoY	Feb-11	%MoM	FY11YTD	FY10YTD	% YTD
A1	2,915	2,762	6	2,712	7	26,485	33,028	-20
C	14,416	10,875	33	13,536	7	160,626	101,325	59
A2	78,460	54,763	43	72,090	9	808,552	633,190	28
A3	14,013	10,453	34	13,049	7	131,410	99,315	32
MUV	620	677	-8	156	297	5,666	3,932	44
Domestic	110,424	79,530	39	101,543	9	1,132,739	870,790	30
Export	11,528	15,593	-26	10,102	14	138,266	147,575	-6
Total Sales	121,952	95,123	28	111,645	9	1,271,005	1,018,365	25

Source: Company data.

See page 3 for analyst certification and important disclosures, including non-US analyst disclosures.

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Figure 1: Maruti Monthly sales (in unit nos)



Source: Company data.

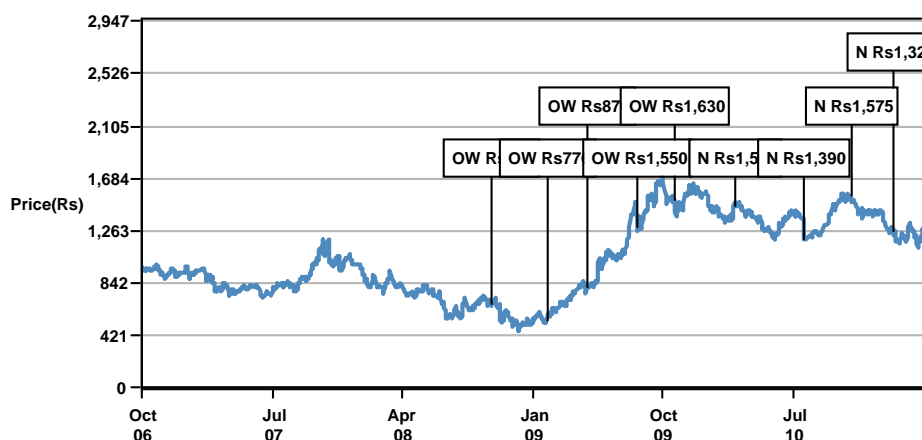
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Maruti Suzuki India Ltd (MRTI.BO) Price Chart



Date	Rating	Share Price (Rs)	Price Target (Rs)
07-Oct-08	OW	671.00	810.00
30-Jan-09	OW	544.80	776.00
26-Apr-09	OW	802.25	870.00
07-Aug-09	OW	1291.30	1550.00
26-Oct-09	OW	1517.55	1630.00
01-Mar-10	N	1459.95	1560.00
25-Jul-10	N	1191.45	1390.00
01-Nov-10	N	1551.60	1575.00
30-Jan-11	N	1252.85	1325.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
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