

Week Gone

- ⇒ In the week ended on Friday, 17 June 2022, the Sensex lost 2,943.02 points or 5.42% to settle at 51,360.42. The Nifty 50 index dropped 908.30 points or 5.61% to settle at 15,293.50.
- ⇒ The BSE Mid-Cap index fell 5.31% to settle at 21,295.93.
- ⇒ The BSE Small-Cap index declined 6.67% to settle at 24,133.88.

Week Ahead

- ⇒ Japan will announce inflation rate for May on 24 June 2022
- ⇒ The US, Existing Home Sales data for May will be announced on 20 June 2022
- ⇒ China will announce Loan Prime Rate for 1 year and 5 years on 20 June 2022.

Technical Overview

Index opened the week with wide gap down and remained under pressure throughout the week, ending the week with deep cuts. Going ahead index has an immediate support around 15100, which is 78.6% retracement support. Failure to defend this support will open the way for 14850-14630. While on the other hand immediate resistance is present around 15400-15650-15830.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	17-Jun-22	10-Jun-22	Weekly % Chg
Nifty 50	15,293.5	16,201.8	-5.6
Nifty Next 50	35,668.2	37,657.2	-5.3
Nifty 100	15,445.8	16,353.5	-5.6
Nifty 500	12,994.8	13,781.8	-5.7
NIFTY MIDCAP 100	25,877.7	27,575.8	-6.2
S&P BSE SENSEX	51,360.4	54,303.4	-5.4
S&P BSE 100	15,562.7	16,470.9	-5.5
S&P BSE 200	6,610.8	7,000.1	-5.6
S&P BSE 500	20,710.0	21,953.5	-5.7
S&P BSE MidCap	21,295.9	22,490.3	-5.3
S&P BSE SmallCap	24,133.9	25,857.4	-6.7

WORLD INDICES

Index	17-Jun-22	10-Jun-22	Weekly % Chg
Nikkei Index	25,963.0	27,824.3	-6.7
Hang Seng Index	21,075.0	21,806.2	-3.4
Kospi Index	2,440.9	2,595.9	-6.0
Shanghai SE Composite	3,316.8	3,284.3	1.0
Strait Times Index	3,098.1	3,181.7	-2.6
Dow Jones	29,888.8	31,392.8	-4.8
NASDAQ	10,798.4	11,340.0	-4.8
FTSE	7,016.3	7,317.5	-4.1

FOREX

Currency	17-Jun-22	10-Jun-22	Weekly % Chg
US\$ (Rs.)	78.0	78.1	-0.1
GBP (Rs.)	96.3	96.3	0.0
Euro (Rs.)	82.1	82.2	-0.1
Yen (Rs.) 100 Units	59.2	58.2	1.8

NIFTY TOP GAINERS (WEEKLY)

Scrip	17-Jun-22	10-Jun-22	Weekly % Chg

NIFTY TOP LOSERS (WEEKLY)

Scrip	17-Jun-22	10-Jun-22	Weekly % Chg
Indiabulls Housing	96.3	112.25	-14.2%
ONGC	141.45	164.65	-14.1%
Hindalco	333.7	385.75	-13.5%
Tech Mahindra	965.05	1109.85	-13.0%
Vedanta	263.95	301.2	-12.4%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
17-Jun-22	10,292.6	18,111.2	-7,818.6
16-Jun-22	4,574.0	7,831.6	-3,257.7
15-Jun-22	3,943.5	7,474.6	-3,531.2
14-Jun-22	4,423.5	8,925.8	-4,502.3
13-Jun-22	3,927.4	8,091.4	-4,164.0
<u>MTD</u>	27,161.0	50,434.6	-23,273.7

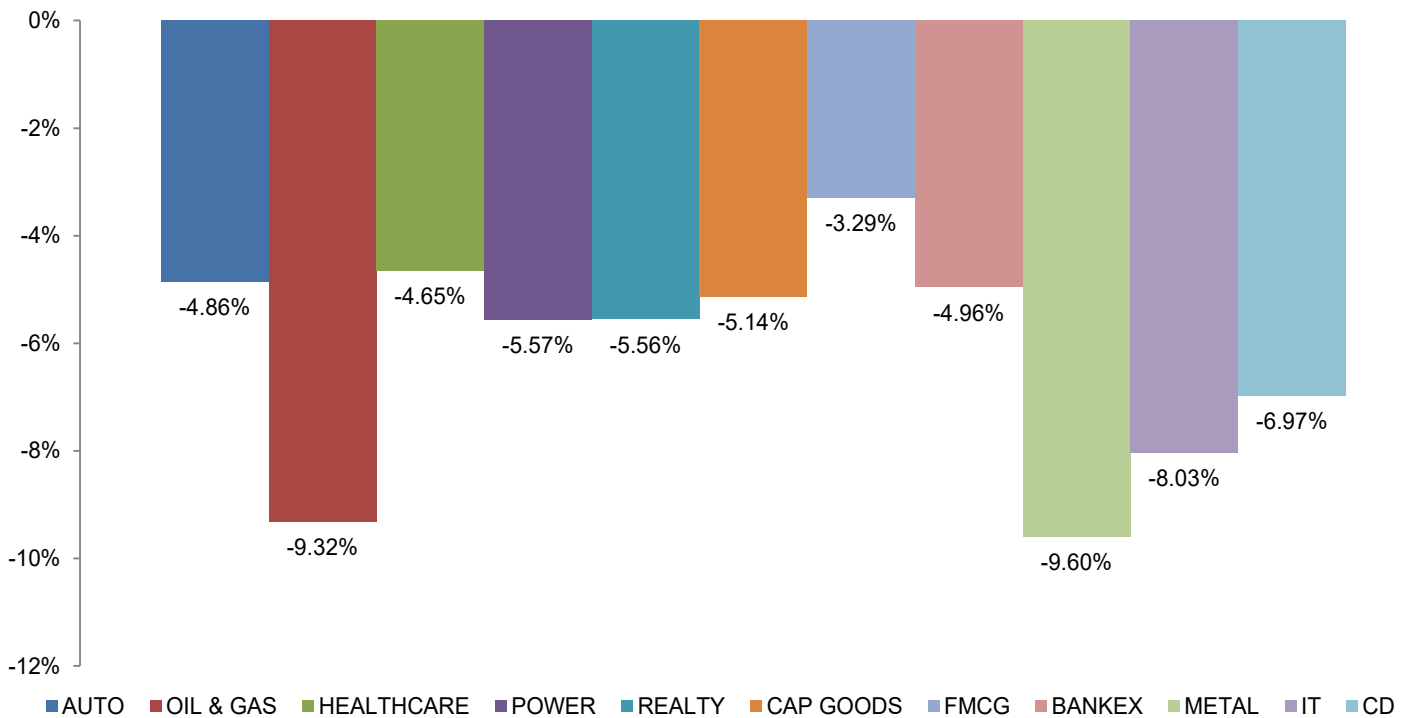
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
17-Jun-22	9,889.7	3,802.8	6,086.9
16-Jun-22	6,604.6	4,675.4	1,929.1
15-Jun-22	5,417.2	2,829.2	2,588.0
14-Jun-22	7,035.3	3,227.7	3,807.6
13-Jun-22	6,970.0	4,155.5	2,814.5
<u>MTD</u>	35,916.7	18,690.5	17,226.2

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	17/06/22	10/06/22	Weekly % Chg	17/06/22	10/06/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
IBULHSGFIN	96.7	112.3	16.2	25906700	33318800	28.6
ASTRAL	1,630.4	1,648.7	1.1	628650	777700	23.7
GUJGASLTD	413.0	473.4	14.6	4273750	5251250	22.9
INTELLECT	629.6	646.4	2.7	760500	912000	19.9
DELTACORP	185.2	192.3	3.8	13156000	15748100	19.7

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	17/06/22	10/06/22	Weekly % Chg	17/06/22	10/06/22	Weekly % Chg
	Share Price (Rs.)			Open Interest		
VOLTAS	947.9	992	4.7	4008500	2792500	-30.3
PETRONET	203.7	222.2	9.1	15942000	11721000	-26.5
TORNTPOWER	462.6	464.5	0.4	4024500	3292500	-18.2
AUBANK	614.8	602.1	-2.1	6694000	5638000	-15.8
HONAUT	32,480.7	32,637.4	0.5	14070	12030	-14.5

Company Background

Maruti Suzuki India Limited (MSIL), a subsidiary of Suzuki Motor Corporation, Japan, is India's largest passenger car maker. Maruti Suzuki is credited with ushering in the automobile revolution in the country. The company is engaged in the business of manufacturing and sale of passenger vehicles in India. MSIL currently caters across segments such as the mini segment; compact segment; super-compact segment; mid-size segment; vans segment; SUV segment; LCV segment. The company has manufacturing facilities in Gurgaon (two plants), Manesar (three plants), along with SMC's unit in Gujarat (three plants).

Investment Rationale

New innovative launches with CAPEX plans

The company launched two new products, new-Baleno and new-Celerio, in FY22, a highly fuel-efficient powertrain. It has also adopted many industry-first technological features in compact cars, such as heads-up display, telematics, 360-degree camera, and hill hold assist, improving customer convenience and safety. During the year, the company also launched product refreshers in Wagon-R and extended its CNG product line up with the introduction of Dzire CNG. MSIL has a strategy to spend INR 5,000 crores towards capital expenditure for FY23 on various projects, including the new model launches etc. This CAPEX to be raised through internal accruals, which can be realised from its pending order in FY23. The Capex plans and new launches will help MSIL regain market share.

Market Leader and strong export demand

MSIL is the most preferred car brand in India. In FY22, 8 of the top 10 best-selling passenger vehicles were from the company. The contribution of sales from non-urban markets in overall sales increased to 43.6% in FY22. With a strong focus on non-urban markets, the company has gained the milestone of cumulative sales of 5 million cars. It exported 238,376 vehicles in FY22, the company's highest-ever exports in any year. This is also about 62% higher than the peak exports in any financial year. New product launches will help cater to growing demand in global markets.

Valuation and Outlook

The business plans of MSIL are oriented toward capturing the market opportunity to the fullest. Preparing the ground for growth, the third manufacturing plant in Gujarat with a capacity of 250,000 units has been operationalized in April 2021. In FY22, the shortage of electronic components did not affect MSIL's exports much. As a result, the company was able to fulfil the export orders and recorded the highest ever vehicle exports of 238,376 units. Going forward, MSIL is well placed with an order book of 320k vehicles, which provides a cushion of 2 months. The company has a strong product pipeline with expected launches of the new Brezza, mid-size SUV, entry-level SUV, Jimny, and large MPV over the next two years, which can help them improve their market share. Also, ease in commodity prices and reduction in discounts are passed on to consumers to favour the company. On the valuation front, we value the company based on 27x of FY24e earnings and arrived at a target price of INR 9346 (22% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	7,688
Target Price (INR)	9,346
NSE Symbol	MARUTI
BSE Code	532500
Bloomberg	MSIL IN
Reuters	MRTI.BO

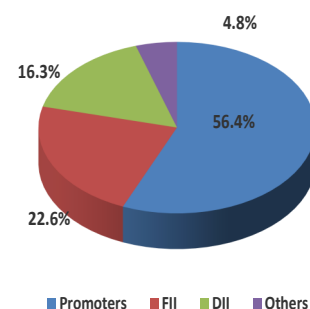
Key Data

Nifty	15,293
52WeekH/L(INR)	9,022/6,540
O/s Shares (Mn)	302.08
Market Cap (INR bn)	2,323
Face Value (INR)	5

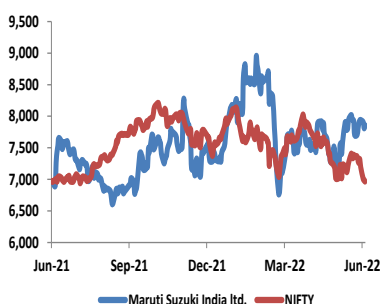
Average volume

3 months	7,18,660
6 months	8,06,040
1 year	7,58,530

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials						
YE March (INR. Bn)	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	860.7	756.6	703.7	883.3	1,080.3	1,290.9
<i>Revenue Growth (Y-o-Y)</i>	7.8%	(12.1%)	(7.0%)	25.5%	22.3%	19.5%
EBIDTA	108.8	73.1	53.5	57.1	100.5	139.4
<i>EBIDTA Growth (Y-o-Y)</i>	(9.1%)	(32.8%)	26.8%	(6.6%)	76.1%	38.8%
Net Profit	76.5	56.8	43.9	38.8	72.4	104.6
<i>Net Profit Growth (Y-o-Y)</i>	(2.9%)	(25.8%)	(22.7%)	(11.6%)	86.6%	44.5%
Diluted EPS	253.2	187.9	145.3	128.4	239.6	346.2
<i>Diluted EPS Growth (Y-o-Y)</i>	(2.9%)	(25.8%)	(22.7%)	(11.6%)	86.6%	44.5%
Key Ratios						
EBIDTA margin (%)	12.6%	9.7%	7.6%	6.5%	9.3%	10.8%
NPM (%)	8.9%	7.5%	6.2%	4.4%	6.7%	8.1%
RoE (%)	16.2%	11.5%	8.4%	7.0%	11.9%	15.1%
RoCE (%)	23.0%	14.8%	10.1%	10.2%	16.4%	20.0%
Valuation Ratios						
P/E (x)	30.4x	40.9x	52.9x	59.9x	32.1x	22.2x
EV/EBITDA	21.3x	31.8x	42.9x	40.2x	22.8x	16.4x
P/BV (x)	4.9x	4.7x	4.4x	4.2x	3.8x	3.3x
Market Cap. / Sales (x)	2.7x	3.1x	3.3x	2.6x	2.1x	1.8x

Source: Company, BP Equities Research



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