



## WEEKLY WEALTH

March 20, 2023



Investments in stock markets are subject to market risks,  
read all related documents carefully before investing.

## Week Gone

- In the week ended on Friday, 17 March 2023, the Sensex tumbled 1145.23 points or 1.94% to settle at 57,989.90. The Nifty 50 index lost 312.85 points or 1.80% to settle at 17,100.05
- The BSE Mid-Cap index fell 2.06% to settle at 24,112.01
- The BSE Small-Cap shed 2.81% to settle at 27,167.74

## Week Ahead

- US Federal Reserve is due to make an Interest Rate Decision on 22 March 2023
- US Durable Goods Orders for February will be declared on 24 March 2023
- In Europe, the ZEW Economic Sentiment Index for March will be declared on 21 March 2023

## Technical View

The index succumbed to selling pressure immediately on Monday and made a series of new lows until Thursday. The decline was arrested near the support of the falling channel coupled with 100 WMA trading near 17050 and the index saw a tepid pullback on Friday ushering a close above the psychological support of 17K. The FPIs recorded the largest short positions in the week gone by to the tune of 4,56,641 contracts in the F&O segment. Peak short positions of FPIs have often been a lead indicator of market reversals. On the price action front, the index is anticipated to garner bullish strength provided the levels of 17050 remain protected on a weekly closing basis.



Source: Falcon, BP Equities Research

## DOMESTIC INDICES

Index	17-Mar-23	10-Mar-23	Weekly % Chg
Nifty 50	17,100.1	17,412.9	-1.8
Nifty Next 50	37,787.4	38,083.2	-0.8
Nifty 100	16,964.8	17,244.3	-1.6
Nifty 500	14,420.9	14,679.9	-1.8
NIFTY MIDCAP 100	30,092.3	30,717.5	-2.0
S&P BSE SENSEX	57,989.9	59,135.1	-1.9
S&P BSE 100	17,372.2	17,671.1	-1.7
S&P BSE 200	7,306.1	7,430.8	-1.7
S&P BSE 500	22,944.9	23,353.4	-1.7
S&P BSE MidCap	24,112.0	24,617.9	-2.1
S&P BSE SmallCap	27,167.7	27,952.1	-2.8

## NIFTY TOP GAINERS (WEEKLY)

Scrip	17-Mar-23	10-Mar-23	Weekly % Chg
BPCL	351.4	326.1	7.8%
Zee Entertainment	207.3	193.6	7.1%
Tech Mahindra	1,127.2	1,061.3	6.2%
Titan Co	2,455.7	2,375.5	3.4%
Larsen & Toubro	2,195.8	2,157.9	1.8%

## NIFTY TOP LOSERS (WEEKLY)

Scrip	17-Mar-23	10-Mar-23	Weekly % Chg
Indusind Bank	1,020.5	1,144.8	-10.9%
Yes Bank	15.05	16.5	-8.8%
Indiabulls Housing	101.6	108	-5.9%
TCS	3,179.3	3,331	-4.6%
Eicher Motors	2,974.6	3,116.1	-4.5%

## WORLD INDICES

Index	17-Mar-23	10-Mar-23	Weekly % Chg
Nikkei Index	27,333.8	28,144.0	-2.9
Hang Seng Index	19,518.6	19,319.9	1.0
Kospi Index	2,395.7	2,394.6	0.0
Shanghai SE Composite	3,250.6	3,230.1	0.6
Strait Times Index	3,177.4	3,177.4	0.0
Dow Jones	31,909.6	31,909.6	0.0
NASDAQ	11,138.9	11,138.9	0.0
FTSE	7,335.4	7,748.4	-5.3

## FOREX

Currency	17-Mar-23	10-Mar-23	Weekly % Chg
US\$ (Rs.)	82.6	82.0	0.8
GBP (Rs.)	100.0	98.7	1.4
Euro (Rs.)	87.4	87.4	0.1
Yen (Rs.) 100 Units	62.1	60.7	2.4

## FII - ACTIVITY

(INR. Cr.)

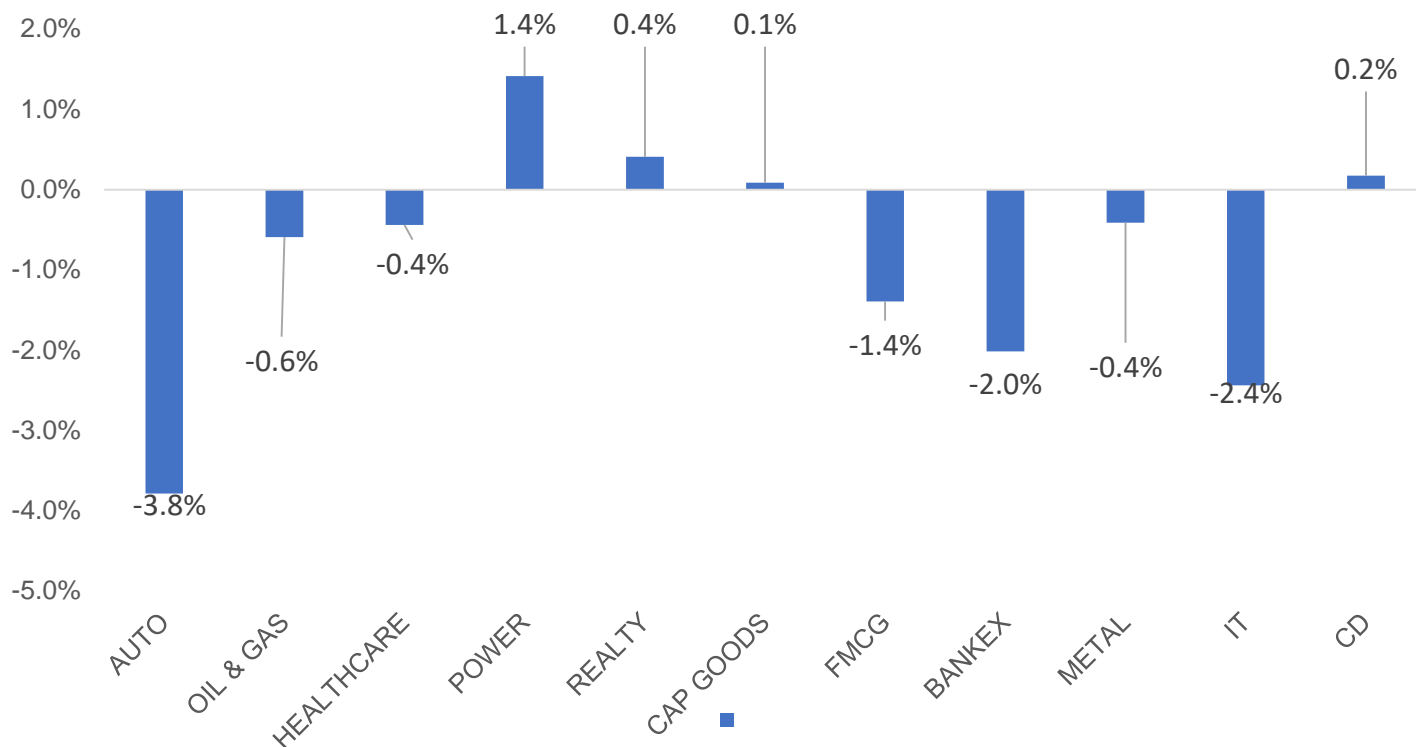
Date	Purchases	Sales	Net
17-Mar-23	18,734.4	20,500.9	-1,766.5
16-Mar-23	7,993.2	8,275.2	-282.1
15-Mar-23	5,769.4	7,040.7	-1,271.3
14-Mar-23	6,737.4	9,824.3	-3,087.0
13-Mar-23	10,135.3	11,682.1	-1,546.9
<u>MTD</u>	49,369.6	57,323.3	-7,953.7

## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
17-Mar-23	9,693.5	7,876.3	1,817.1
16-Mar-23	9,226.5	7,175.0	2,051.5
15-Mar-23	6,343.8	4,519.9	1,823.9
14-Mar-23	7,024.2	4,902.3	2,121.9
13-Mar-23	7,476.6	6,058.0	1,418.6
<u>MTD</u>	39,764.5	30,531.4	9,233.1

## BSE WEEKLY SECTORAL PERFORMANCE



## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	17/03/23 Share Price (Rs.)	10/03/23 Share Price (Rs.)	Weekly % Chg	17/03/23 Open Interest	10/03/23 Open Interest	Weekly % Chg
CUMMINSIND	1672.5	1678.05	-0.3	3466200	2851200	21.6
IPCALAB	784.65	802.3	-2.2	2236650	1853800	20.7
RBLBANK	142.05	155.15	-8.4	34890000	29030000	20.2
ABFRL	215.2	235.8	-8.7	22804600	19156800	19.0
PEL	692.9	747.3	-7.3	9167400	7712650	18.9

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	17/03/23 Share Price (Rs.)	10/03/23 Share Price (Rs.)	Weekly % Chg	17/03/23 Open Interest	10/03/23 Open Interest	Weekly % Chg
POWERGRID	230.8	227.65	1.4	25663500	36004500	-28.7
NTPC	177.75	181.1	-1.8	72828900	91046100	-20.0
JKCEMENT	2833.9	2805.9	1.0	398250	494500	-19.5
ONGC	153.9	156.3	-1.5	32070500	39073650	-17.9
GUJGASLTD	503.4	512.7	-1.8	4087500	4957500	-17.5

## Company Background

Maruti Suzuki India Limited (MSIL) was established in 1981. A joint venture agreement was signed between the Government of India and Suzuki Motor Corporation (SMC), Japan in 1982. The company became a subsidiary of SMC in 2002. In terms of production volume and sales, the company is now SMC's largest subsidiary and is a leading passenger vehicle (PV) manufacturer in India. MSIL currently caters to segments such as the mini segment; compact segment; super-compact segment; mid-size segment; vans segment; SUV segment and 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

### Regaining market share with new product launches and aggressive CAPEX plans

The company recently launched two new SUVs, Jimny and Fronx, at the Auto Expo 2023. With this, the company is aiming for leadership position in the SUV segment. In September 2023, the company started retailing its newest flagship offering from NEXA, the Grand Vitara. With over 75,000 bookings in a short period, the customer response to Grand Vitara is overwhelming. On the growth front, the company has already commenced work at the new facility in Kharkhoda in Haryana. The plant is expected to be operational by 2025 with an installed production capacity of 2.5 lakh units in the first phase. MSIL may increase its Manesar plant production capacity by one lakh units to cater to the enhanced demand before its Kharkhoda facility commences operations in 2025.

### Easing of commodity prices and improvement in the availability of chips a big positive

In the past few quarters, there has been a systematic easing of commodity prices which will help Maruti to improve its margins going ahead. Also, the persistent issue of semiconductor chip shortages that the overall automobile industry was facing are fading which will help the automaker to increase its production output. With the order backlog of 3,63,000 units at the end of Q3FY23, the company finds itself in a sweet spot to boost its business performance going forward. We believe that the above factors will help the automaker to improve its EBITDA by 17% QoQ and 40% YoY in Q4FY23.

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

Stock Details	
CMP (INR)	8,317
Target Price (INR)	9,617
NSE Symbol	MARUTI
BSE Code	532500
Bloomberg	MSIL IN
Reuters	MRTI.NS

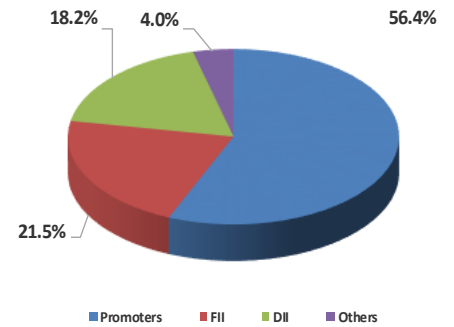
Key Data	
NIFTY	17,100
52Week H/L (INR)	9,769/7062
O/s shares (mn)	302
Market Cap (INR bn)	1106
Face Value (INR)	5

Average Volume	
3 months	4,90,803
6 months	5,77,911
12 months	6,23,123

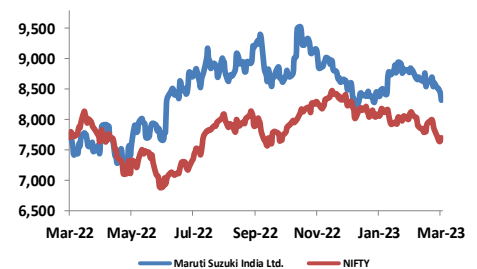
## Valuation and Outlook

The business plans of MSIL are oriented toward capturing the market opportunity to the fullest. The car penetration in India is just 30 per 1,000 vs 100 per 1,000 in China and above 700 per 1,000 in the US. Moreover, the pace of infrastructure development in the country has increased over the years, with focus on both building expressways as well as rural roads. With 44% of Maruti's revenues coming from rural India and an expected increase in car penetration in India over the next 10 years, we believe that the company has the right sectoral tailwinds to continue its leadership position in India. Also, easing commodity prices and reduction in discounts to consumers will prove to be favourable to the company. One significant point is that the company's strong cash flow generation capability will help Maruti's net cash to touch Rs. 52,000 crores by FY25 even after deploying Rs. 14,000 crores CAPEX in the coming two years which will increase its capacity by 15%. With more players and models vying for a share of the growing pie of the Indian PV market, MSIL appears better placed than most of its peers to tackle the competitive intensity in the sector. We believe the company's dominant position in the industry, strong distribution network, increased focus on the SUV segment, richer product mix, effective cost control mechanisms and favourable sectoral dynamics would provide it impetus to hold the ground. Thus, on the basis of the above factors, we give a "Buy" rating to the stock. On the valuation front, we value the company based on 28x of FY24e earnings and arrived at a target price of INR 9,617 (16% upside from CMP) with a 12 months investment horizon.

### Shareholding Pattern (%)



### Relative Price Chart



Key Financials							
YE March (INR. Mn)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Revenue</b>	<b>7,98,094</b>	<b>8,60,685</b>	<b>7,56,600</b>	<b>7,03,720</b>	<b>8,83,298</b>	<b>11,23,555</b>	<b>13,65,119</b>
<i>Revenue Growth (Y-o-Y)</i>		7.8%	(12.1%)	(7.0%)	25.5%	27.2%	21.5%
<b>EBIDTA</b>	<b>1,20,634</b>	<b>1,10,032</b>	<b>73,126</b>	<b>53,516</b>	<b>57,062</b>	<b>96,626</b>	<b>1,24,226</b>
<i>EBIDTA Growth (Y-o-Y)</i>		(8.8%)	(33.5%)	26.8%	(6.6%)	69.3%	28.6%
<b>Net Profit</b>	<b>78,800</b>	<b>76,491</b>	<b>56,760</b>	<b>43,891</b>	<b>38,795</b>	<b>73,031</b>	<b>1,03,749</b>
<i>Net Profit Growth (Y-o-Y)</i>		(2.9%)	(25.8%)	(22.7%)	(11.6%)	88.2%	42.1%
<b>Diluted EPS</b>	<b>260.9</b>	<b>253.2</b>	<b>187.9</b>	<b>145.3</b>	<b>128.4</b>	<b>241.8</b>	<b>343.4</b>
<i>Diluted EPS Growth (Y-o-Y)</i>		(2.9%)	(25.8%)	(22.7%)	(11.6%)	88.2%	42.1%
Key Ratios							
<b>EBIDTA margin (%)</b>	<b>15.1%</b>	<b>12.8%</b>	<b>9.7%</b>	<b>7.6%</b>	<b>6.5%</b>	<b>8.6%</b>	<b>9.1%</b>
<b>NPM (%)</b>	9.9%	8.9%	7.5%	6.2%	4.4%	6.5%	7.6%
<b>RoE (%)</b>	<b>18.5%</b>	<b>16.2%</b>	<b>11.5%</b>	<b>8.4%</b>	<b>7.0%</b>	<b>11.7%</b>	<b>14.2%</b>
<b>RoCE (%)</b>	28.3%	23.3%	14.8%	10.1%	10.2%	15.4%	17.0%
Valuation Ratios							
<b>P/E (x)</b>	<b>31.9x</b>	<b>32.8x</b>	<b>44.3x</b>	<b>57.2x</b>	<b>64.8x</b>	<b>34.4x</b>	<b>24.2x</b>
<b>EV/EBITDA</b>	20.8x	22.8x	34.4x	46.5x	43.6x	26.0x	20.2x
<b>P/BV (x)</b>	<b>5.9x</b>	<b>5.3x</b>	<b>5.1x</b>	<b>4.8x</b>	<b>4.5x</b>	<b>4.0x</b>	<b>3.4x</b>
<b>Market Cap. / Sales (x)</b>	3.1x	2.9x	3.3x	3.6x	2.8x	2.2x	1.8x

Source: Ace Equity, Stobox Research

## Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

### Analyst (s) Certification :

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### Corporate Office :

4<sup>th</sup> floor, Rustom Bldg, 29, Veer Nariman Road, Fort, Mumbai-400001

Phone- +91 22 6159 6464 | Fax:+91 22 6159 6160 | Website- [www.bpwealth.com](http://www.bpwealth.com)

### Corporate Office :

24/26, 1st floor, , Cama Building, Dalal street, Fort, Mumbai-40000



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