

## Week Gone

- ⇒ In the week ended on Friday, 15 March 2024, the S&P BSE Sensex dropped 1475.96 points or 1.90% to settle at 72,843.43. The Nifty 50 index gained 4702 points or 2.00% to close at 22,023.25.
- ⇒ The BSE Mid-Cap index tumbled 4.92% to end at 38,250.44, The BSE Small-Cap index slumped 5.25% to close at 44,653.57.

## Week Ahead

- ⇒ Overseas, China will announce the Loan Prime Rate for 1 year and 5 years on 20 March 2024.
- ⇒ The Bank of Japan (BoJ) will announce its interest rate decision on 19 March 2024.
- ⇒ Japan will announce inflation rate for February on 22 March 2024.
- ⇒ The Fed will begin its two-day policy meeting on 19 March, The US Federal Reserve (Fed) will announce its interest rate decision after its two-day policy meeting on 20 March 2024.

## Technical Overview

The 50 index commenced the week under selling pressure, broke down the rising wedge pattern, and closed the week showing resilience to the 50DMA after erasing nearly 500 points on the highest volume recorded in the last 3 quarters. Not only did the week see discouraging market breadth, but major sectoral indices also showed early signs of deteriorating momentum. The other broader indices continued to trend in a downswing. This warrants caution, and a breach below the 50DMA will downgrade the status as the current uptrend is under pressure.

Supp: 21900-21650-21450

Res: 22050-22380-22525



Source: TradingView, BP Equities Research

## DOMESTIC INDICES

Index	15-Mar-24	07-Mar-24	Weekly % Chg
Nifty 50	22,023.4	22,493.6	-2.1
Nifty Next 50	58,058.8	60,323.9	-3.8
Nifty 100	22,494.7	23,036.1	-2.4
Nifty 500	19,825.2	20,434.8	-3.0
NIFTY MIDCAP 100	46,685.6	48,966.2	-4.7
S&P BSE SENSEX	72,643.4	74,119.4	-2.0
S&P BSE 100	22,857.9	23,408.2	-2.4
S&P BSE 200	9,894.2	10,158.4	-2.6
S&P BSE 500	31,360.7	32,311.5	-2.9
S&P BSE MidCap	38,250.4	39,852.9	-4.0
S&P BSE SmallCap	42,012.8	44,653.6	-5.9

## WORLD INDICES

Index	15-Mar-24	07-Mar-24	Weekly % Chg
Nikkei Index	38,839.0	40,019.0	-2.9
Hang Seng Index	16,821.1	16,489.7	2.0
Kospi Index	2,705.6	2,688.0	0.7
Shanghai SE Composite	3,056.5	3,049.2	0.2
Strait Times Index	3,221.9	3,221.9	0.0
Dow Jones	38,928.1	38,971.2	-0.1
NASDAQ	16,055.3	16,449.7	-2.4
FTSE	7,761.1	7,693.9	0.9

## FOREX

Currency	15-Mar-24	07-Mar-24	Weekly % Chg
US\$ (Rs.)	82.9	82.8	0.1
GBP (Rs.)	105.6	106.4	-0.7
Euro (Rs.)	90.2	90.5	-0.3
Yen (Rs.) 100 Units	55.6	56.2	-1.2

## NIFTY TOP GAINERS (WEEKLY)

Scrip	15-Mar-24	07-Mar-24	Weekly % Chg
Tata Consultancy Services	4,219.3	4,108.4	2.7%
Brittania Industries	4,974.2	4,891.1	1.7%
Bharti Airtel	1,220.0	1,199.6	1.7%
HDFC Life Insurance	632.4	621.8	1.7%
Nestle India Ltd.	2,603.7	2,560.2	1.7%

## FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
15-Mar-24	49,504.6	48,656.0	848.6
14-Mar-24	19,814.4	21,170.7	-1,356.3
13-Mar-24	33,223.6	37,818.7	-4,595.1
12-Mar-24	15,474.8	15,401.7	73.1
11-Mar-24	23,691.2	19,478.5	4,212.8
MTD	2,29,022.4	2,19,711.2	9,311.2

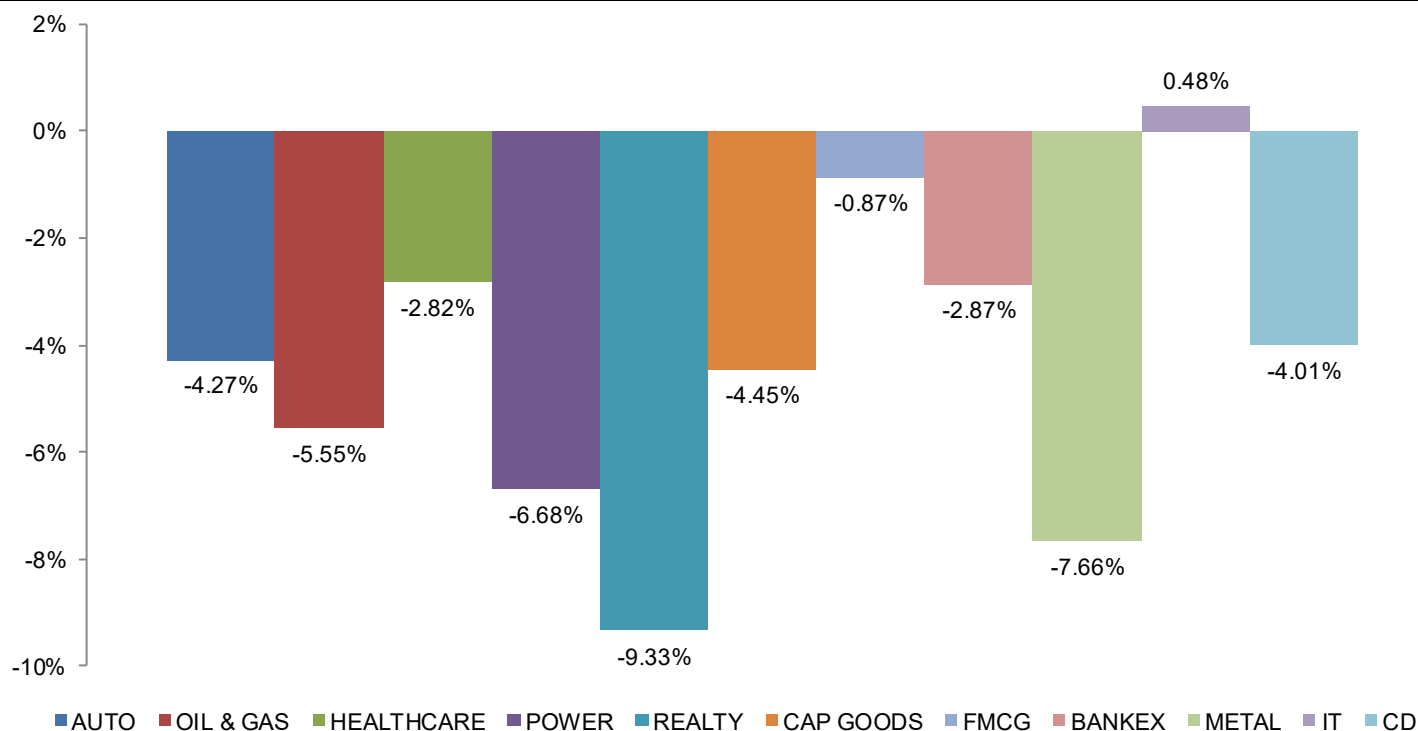
## NIFTY TOP LOSERS (WEEKLY)

Scrip	15-Mar-24	07-Mar-24	Weekly % Chg
NTPC Ltd.	316.3	352.2	-10.2%
Tata Steel Ltd.	141.7	157.3	-9.9%
Coal India Ltd.	415.3	458.9	-9.5%
Power Grid Corporation	266.0	292.6	-9.1%
Tata Motors Ltd.	945.9	1,039.5	-9.0%

## DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
15-Mar-24	15,254.6	15,936.9	-682.3
14-Mar-24	10,729.4	10,589.9	139.5
13-Mar-24	20,267.9	11,174.2	9,093.7
12-Mar-24	10,478.4	8,120.2	2,358.2
11-Mar-24	10,787.3	7,548.9	3,238.4
MTD	1,29,072.4	1,01,025.9	28,046.5

**BSE WEEKLY SECTORAL PERFORMANCE**

Source: BSE, BP Equities Research

**TOP OPEN INTEREST GAINERS (WEEKLY)**

SCRIP NAME	15/03/24	07/03/24	Weekly % Chg	15/03/24	07/03/24	Weekly % Chg
	Share Price (Rs.)			Open Interest		
MRF	1,40,058.8	1,44,162.8	-2.8	47895	37040	29.3
APOLLOTYRE	473	516.1	-8.3	13409600	10410800	28.8
LALPATHLAB	2,032.3	2,190.3	-7.2	1804200	1442700	25.1
PAGEIND	34,930.8	35,973.6	-2.9	171210	140325	22.0
TATASTEEL	142.3	157.9	-9.9	280434000	234762000	19.5

**TOP OPEN INTEREST LOSERS (WEEKLY)**

SCRIP NAME	15/03/24	07/03/24	Weekly % Chg	15/03/24	07/03/24	Weekly % Chg
	Share Price (Rs.)			Open Interest		
TATACHEM	1,125.8	1,297.1	-13.2	10045200	14716350	-31.7
SAIL	121.9	139.6	-12.7	107264000	147576000	-27.3
MGL	1,271.2	1,321.6	-3.8	2748800	3625600	-24.2
AARTIIND	637.7	667.6	-4.5	10227000	13065000	-21.7
SUNPHARMA	1,552.8	1,608.6	-3.5	13612900	16716700	-18.6

### Company Overview

Incorporated in 1981, Maruti Suzuki India Limited (MSIL) is the largest LMV manufacturer in India, with a market share of over 50%. The company has a strong brand image in the Indian PV market and has a growing product portfolio with a significant contribution from exports. The company is also investing in new technologies to stay ahead of the competition. MSIL has firmly established itself as the undisputed leader in small cars, hatchbacks, mid-sized sedans and multi-utility vehicles (MUVs). MSIL's stronghold in the Indian PV market is evident with its presence in eight out of 14 sub-segments, where it commands over 50% market share in five of them. MSIL has two manufacturing facilities located in Gurgaon and Manesar. The Gurgaon facility has an annual production capacity of 700,000 units, while the Manesar facility leads with a capacity of 800,000 units. Furthermore, MSIL has established a strong partnership with its parent company, Suzuki Motors, acquiring its Gujarat plant with an annual production capacity of 750,000 units. Additionally, the company has entered into a strategic collaboration with Toyota Motors, enabling MSIL to source the popular C2 category SUV, the Grand Vitara, from Toyota's state-of-the-art plant in Bangalore. For the past two decades, MSIL has sustained its dominant market share of over 40% in the Indian PV industry. The unwavering commitment to affordability and exceptional mileage sets MSIL apart from its rivals and has made it the go-to brand for those looking to purchase their first car in India.

### Investment Rationale

#### Strategic business moves aimed at capitalizing emerging trends in the automotive industry

MSIL stands at the forefront of capitalizing on evolving consumer preferences in the Indian automotive market. With a discerning eye on the shifting dynamics from small/mid-sized cars to utility vehicles (UVs), MSIL has strategically restructured its product portfolio to align with this trend. Sales volume for month February grew 14.6% YoY to 1,97,491 units. Notably, the domestic and international businesses experienced robust growth rates of 8.7% and 68.1%, respectively, reflecting MSIL's global resonance. A significant milestone was achieved with the highest-ever monthly export volume of 28,927 units in February 2024, indicating the company's prowess in international markets. Moreover, the collaboration with Toyota to introduce six electric vehicle (EV) models over the next seven years underscores MSIL's commitment to adapt to the burgeoning EV market. By embracing this ambitious initiative, MSIL not only enhances its product mix but also solidifies its position in the ever-evolving automotive landscape. We expect MSIL's sales volume to grow in mid-to-high single digits over the medium term, reaching 25 lakh vehicles in FY26. Furthermore, the average selling price (ASP) is also expected to improve in mid-single digits. This growth trajectory is fuelled by new product launches and an increasing share of UVs which are anticipated to sustain volume and ASP growth. The introduction of EVs is also expected to bolster ASP growth, ensuring sustained momentum in MSIL's expansion. In addition to its proactive stance in product development, MSIL's strategic initiatives extend to global markets. Impressively, the company has emerged as a prominent exporter of four-wheelers to more than 60 countries across the Middle East, Africa, Latin America, and other regions. Notably, MSIL has outpaced Hyundai India in terms of four-wheeler export volumes, showcasing its competitive edge in international trade. The timely expected capacity expansion of the Haryana facility by FY25, from 1.5 million units per year to 2.5 million units per year through internal accruals, further reinforces MSIL's readiness to meet the growing demand. These efforts, combined with diversification of its product mix towards UVs and EVs, are expected to drive sustained growth in the coming years.

The impending Scrappage Policy presents an additional avenue for growth for MSIL. Under this policy, PVs beyond 15 years of vintage would need to be scrapped, with the registration of these vehicles not being renewed.

### Stock Rating

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

### Sector Outlook

Positive

### Stock

CMP (INR)	11,392
Target Price (INR)	13,124
NSE Symbol	MARUTI
BSE Code	532500
Bloomberg	MSIL IN
Reuters	MRTI.NS

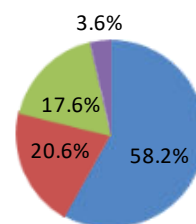
### Key Data

Nifty	22,023
52WeekH/L(INR)	11,725 / 8,127
O/s Shares (Mn)	314.3
Market Cap (INR bn)	3,584
Face Value (INR)	5

### Average volume

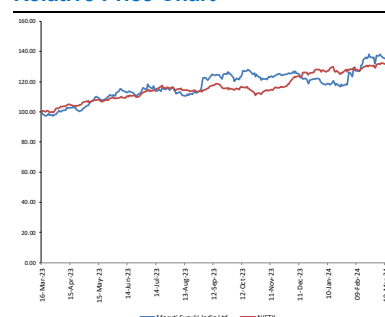
3 months	614,950
6 months	548,240
1 year	518,060

### Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

### Relative Price Chart



# Maruti Suzuki India Ltd.

This mandate is likely to stimulate demand in the hatchback and UV segments as vehicle owners upgrade to newer models, thus potentially contributing to a conservative estimate of 10-15% of annual four-wheeler demand over the next seven years. Consequently, MSIL stands poised to capitalize on this market shift, anticipating high single-digit to double-digit volume growth over the medium term.

## Fostering resilience through a multi-faceted tech-agnostic approach

MSIL continues to set industry benchmarks through its pioneering technological adaptability, positioning itself as a versatile leader amidst the evolving automotive landscape. MSIL's strategic foresight was evident in 2010 when it became the first OEM in India to introduce factory-fitted compressed natural gas (CNG) vehicles. Over the past five years, MSIL has witnessed a remarkable fivefold increase in CNG sales, underscoring the success of its forward-thinking approach. Moreover, MSIL's current pursuit of multiple technologies, including hybrids, EVs, flex-fuel and bio-gas, reflects a deliberate shift towards a tech-agnostic strategy. This multi-faceted approach not only mitigates risks associated with the slowing pace of electrification but also positions MSIL as a resilient player in a rapidly evolving market. The company's commitment to technological diversity is reinforced by media reports hinting at a robust pipeline of hybrid models in the coming years. With tax rationalization on hybrids potentially acting as a fillip and shifting consumer preferences towards this powertrain, MSIL stands poised to capitalize on the burgeoning hybrid market. Furthermore, despite heightened competitive intensity and substantial advertising and promotion (A&P) spends projected at Rs. 12-14 billion in FY25, MSIL is expected to maintain its margins. This resilience is attributed to a structural tailwind led by a richer product mix, benign steel and precious metal prices, and recent price hikes.

## Valuation and Outlook

Maruti Suzuki India Ltd. (MSIL) exhibits a favourable outlook despite the anticipated muted growth in the PV industry in CY24E. This optimism stems from MSIL's robust order book, low inventory levels, and sustained demand for SUVs, buoyed by the increasing penetration of CNG vehicles. Moreover, the company's strong trajectory in export sales further bolsters its growth prospects. Over the medium term, MSIL is poised to benefit from new product launches and potential recovery in the small car segment owing to recovery in semi-urban and rural demand. Additionally, the company's expected entry into the EV segment in CY24, coupled with premium offerings for both domestic and export markets, presents a promising trajectory. The recent completion of the acquisition of Suzuki Motors Gujarat (SMG) has led to an upward adjustment in consolidated EBITDA, surpassing estimates. Although EBIT remained largely unchanged, it slightly outperformed estimates, contributing to a higher-than-expected PAT due to elevated operating profitability and other income. Looking ahead, the medium-term outlook for MSIL remains positive, supported by anticipated growth drivers such as new product launches, potential segment recovery, robust export trajectory, and the upcoming increase in production capacities. **Despite the dilution in the number of shares outstanding post the SMG acquisition, we recommend a "BUY" rating on MSIL, reflecting confidence in the company's future performance. On the valuation front, we value the company at 19x its FY26E earnings to arrive at a target price of Rs. 13,124 (15.2% upside from CMP) with a 12 month investment horizon.**

# Maruti Suzuki India Ltd.

## Key Financials

YE March (Rs. millions)	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>6,65,718</b>	<b>8,36,998</b>	<b>11,25,113</b>	<b>14,03,473</b>	<b>15,39,938</b>	<b>17,05,271</b>
<i>Revenue Growth (Y-o-Y)</i>	<i>(7.2%)</i>	<i>25.7%</i>	<i>34.4%</i>	<i>24.7%</i>	<i>9.7%</i>	<i>10.7%</i>
<b>EBIDTA</b>	<b>54,106</b>	<b>57,520</b>	<b>1,10,292</b>	<b>1,64,364</b>	<b>1,93,160</b>	<b>2,20,043</b>
<i>EBIDTA Growth (Y-o-Y)</i>	<i>(26.4%)</i>	<i>6.3%</i>	<i>91.7%</i>	<i>49.0%</i>	<i>17.5%</i>	<i>13.9%</i>
<b>Net Profit</b>	<b>23,287</b>	<b>27,410</b>	<b>67,912</b>	<b>1,26,270</b>	<b>1,40,454</b>	<b>1,52,773</b>
<i>Net Profit Growth (Y-o-Y)</i>	<i>(31.4%)</i>	<i>17.7%</i>	<i>147.8%</i>	<i>85.9%</i>	<i>11.2%</i>	<i>8.8%</i>
<b>Diluted EPS</b>	<b>74.1</b>	<b>87.2</b>	<b>216.1</b>	<b>401.8</b>	<b>446.9</b>	<b>486.1</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>(44.4%)</i>	<i>17.7%</i>	<i>147.8%</i>	<i>85.9%</i>	<i>11.2%</i>	<i>8.8%</i>

## Key Ratios

<b>EBIDTA margin (%)</b>	<b>8.1%</b>	<b>6.9%</b>	<b>9.8%</b>	<b>11.7%</b>	<b>12.5%</b>	<b>12.9%</b>
<b>NPM (%)</b>	<b>3.5%</b>	<b>3.3%</b>	<b>6.0%</b>	<b>9.0%</b>	<b>9.1%</b>	<b>9.0%</b>
<b>RoE (%)</b>	<b>8.6%</b>	<b>7.2%</b>	<b>14.0%</b>	<b>19.1%</b>	<b>17.9%</b>	<b>18.0%</b>
<b>RoA (%)</b>	<b>6.5%</b>	<b>5.3%</b>	<b>10.3%</b>	<b>16.1%</b>	<b>16.8%</b>	<b>16.4%</b>

## Valuation Ratios

<b>P/E (x)</b>	<b>153.9x</b>	<b>130.8x</b>	<b>52.8x</b>	<b>28.4x</b>	<b>25.5x</b>	<b>23.5x</b>
<b>EV/EBITDA</b>	<b>36.7x</b>	<b>38.9x</b>	<b>22.8x</b>	<b>21.9x</b>	<b>18.6x</b>	<b>16.3x</b>
<b>P/BV (x)</b>	<b>4.0x</b>	<b>4.1x</b>	<b>4.1x</b>	<b>4.9x</b>	<b>4.5x</b>	<b>4.1x</b>
<b>Market Cap. / Sales (x)</b>	<b>5.4x</b>	<b>4.3x</b>	<b>3.2x</b>	<b>2.6x</b>	<b>2.3x</b>	<b>2.1x</b>

Source: Company, BP Equities Research



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