

DUSSEHRA SPECIAL

Top Picks

OCTOBER 21, 2023

Maruti Suzuki Ltd

Industry	Automobiles - Passenger Cars
Breakout level on the monthly chart	Above 10,000
RSI (14) level on the lower panel	Above 65
CMP	10,716
Support range for downside protection	10,000 - 9,300
Potential upside targets	11,700 and 12,300
Upside Potential (%)	15%
Horizon	9-12 months

Fundamental Rationale

Maruti Suzuki India (MSIL) presents a compelling case supported by below mentioned key factors:

- Steady Growth in the Indian PV Industry:** The company anticipates a consistent 6% Compound Annual Growth Rate (CAGR) for the domestic Passenger Vehicle (PV) industry until FY31, signalling long-term stability. In FY24, the company aims to outpace the market's growth rate, further highlighting its competitive position.
- Export Expansion:** The company expects to witness remarkable export growth, with projections of export volumes reaching 750k-800k units by FY31, reflecting a CAGR of 14-15%. This expansion underscores MSIL's global appeal and potential for international market share gains.
- Capacity Expansion:** The company is committed to increasing its production capacity, aiming to add 2 million units within nine years. This significant capacity expansion will accommodate the production of an extensive range of car models and facilitate sales growth.
- SUV Market Leadership:** It has strategically targeted leadership in the Sports Utility Vehicle (SUV) segment by FY24. A robust product portfolio, including the successful launches of Brezza, Grand Vitara, Jimny, and Fronx supports this objective. Market leadership in the SUV category is pivotal to its overall growth strategy.
- Electric Vehicle (EV) Entry:** The company is actively preparing to launch its first EV in FY25, with six EV models contributing 15-20% of total sales by FY31. MSIL's foray into EVs positions it well in the evolving automotive landscape.
- Clean Fuels and Carbon Reduction:** It is committed to reducing its carbon footprint by focusing on Compressed Natural Gas (CNG) and other clean fuels. The expansion of CNG offerings has already resulted in substantial growth, and the company is exploring various green technologies.
- Digital Transformation:** MSIL enhances customer convenience through digitalization efforts, allowing customers to engage with the brand online, including financing and virtual showroom experiences. This customer-centric approach strengthens brand loyalty and market presence.
- Financial Strength:** The company demonstrated robust financial performance, with significant growth in revenue, EBITDA, and adjusted profit after tax (adj. PAT) for FY23. This financial stability supports future growth and expansion plans.
- Infrastructure and Sustainability Initiatives:** MSIL is investing in infrastructure projects, expanding its reach in non-urban markets, and implementing sustainability measures, such as railway siding projects, recycling, and energy-efficient transportation.

Given these promising developments, strategic initiatives, and a positive financial outlook, we adopt a bullish outlook on

Maruti Suzuki India's stock. The company's commitment to growth, technological innovation, and sustainability places it in a favourable position for continued success in the automotive industry.

Even the financial performance of Maruti Suzuki continues to demonstrate robust strength, further supporting our positive outlook for the company.

Aspect	Q1 2023 Figures	Growth/Change
Consolidated Net Profit	Rs 2,525.20 crore	Over 2-fold increase
Consolidated Total Income	Rs 33,316.90 crore	25.29% growth
Revenue from Operations	Rs 32,338.50 crore	21.98% increase
Other Income	Rs 978.40 crore	12-fold surge
Total Expenses	Rs 30,147.70 crore	19.27% increase
EBITDA (Operating Profit)	Rs 2,985.10 crore	55.89% increase
Total Vehicles Sold	4,98,030 vehicles	Strong performance
Standalone Net Profit	Rs 2,485.10 crore	Over 2-fold increase
Standalone Total Income	Rs 33,328.10 crore	25.35% growth

Source: Company Financials

Technical Rationale



- On the monthly chart, MARUTI exhibits a pattern of higher highs and higher lows, which has been in place since April 2020. During this period, the stock has delivered an impressive return of over 100%. Notably, there has been a recent breakout above the 10,000 level, marking a significant development in the stock's performance and suggesting a strengthening trend.

- Examining the momentum oscillator RSI (14) on the lower panel, we observe it is firmly situated in a bullish range shift zone. Additionally, it has broken through a horizontal trend line above the 65 levels, signalling a potential bullish crossover. The moving averages play a crucial role by supporting the stock's price movements.
- Overall, the indicators and oscillators point toward a "buy-on-dip" strategy, particularly in the weekly and monthly time frames. Looking at potential downside protection, there is a support range between 10,000 and 9,300, which coincides with retested levels of the bullish pattern. This support range acts as a safety net for bullish investors, underlining the continued strength in buying interest.
- Regarding future upside targets, the stock has the potential to reach previously uncharted territory at 11,700 and 12,300 levels. These targets are derived from the breakout and the sustained upward trend, offering an optimistic outlook for the stock's performance.

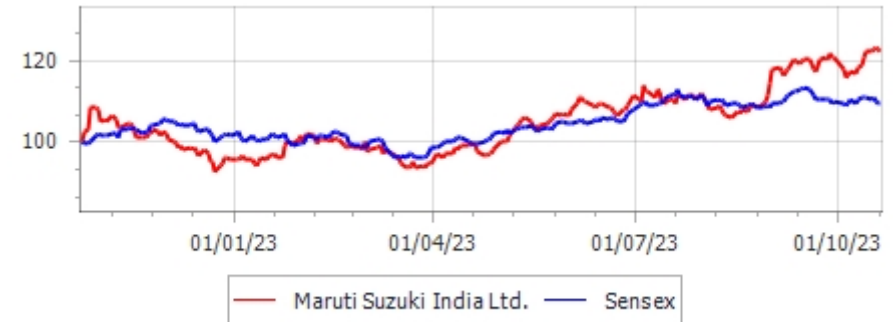
Snapshot - Maruti Suzuki India Ltd. - Standalone

Registered Office: Plot No 1, Nelson Mandela Marg, New Delhi, 110070, Delhi

Maruti Suzuki India Limited is the leading passenger vehicle manufacturer in India. It is Suzuki Motor Corporation's (SMC) largest subsidiary in terms of volume of production and sales, formerly known as Maruti Udyog. The Company is the market leader of Passenger Vehicles in India and is also the largest exporter of Passenger Vehicles in India. The company is engaged in the business of manufacturing and sale of passenger and commercial vehicles. The company's vehicles are offered through three channels: NEXA, Arena and Commercial. The company also sells aftermarket parts and accessories under the brand name of Maruti Suzuki Genuine Parts and Maruti Suzuki Genuine Accessories.

Company Details	
Industry	Automobiles - Passenger Cars
Chairman	R C Bhargava
Managing Director	Hisashi Takeuchi
Company Secretary	Sanjeev Grover
ISIN	INE585B01010
Bloomberg Code	MSIL IN
Reuters Code	MRTI.BO

Price Vs Sensex Chart



Key Market Indicators (Standalone)	
Latest Date	20-Oct-2023
Latest Price (Rs)	10,727.00
Previous Close (Rs)	10,770.25
1 Day Price Var%	-0.40
1 Year Price Var%	23.16
52 Week High (Rs)	10,812.40
52 Week Low (Rs)	8,076.65
Beta	0.5945
Face Value (Rs)	5.00
Industry PE	29.70
Industry BV	4.77
TTM Period	202306
TTM EPS(Rs)	315.20
TTM CEPS(Rs)	411.84
Price/TTM CEPS(x)	26.05
TTM PE (x)	34.03
Price/BV(x)	5.15
EV/TTM EBIDTA(x)	21.46
EV/TTM Sales(x)	2.75
Dividend Yield%	0.84
MCap/TTM Sales(x)	2.74
Latest Book Value (Rs)	2,081.14
Market Cap (Rs. In Crores)	324,041.28
EV (Rs. In Crores)	325,219.38
[Latest no. of shares (Rs. In Crores)]	30.21

[Share Holding Pattern as on 202306]	
[Promoter No of shares (In Crores)]	17.06
Promoter %	56.48
FII No of Shares (In Crores)	6.61
FII %	21.87
Total No of Shares (In Crores)	30.21
Free Float %	43.52

Inc/Exp Statement(Standalone)					(Rs in Crores)
Description	202303	202203	202103	202003	201903
Net Sales	117522.9	88295.6	70332.5	75610.6	86020.3
Total Income	119684.2	90089.1	73278.9	79031.4	88581.3
Total Expenditure	106515.2	82594.4	64987.2	68308	75021
PBIDT	13169	7494.7	8291.7	10723.4	13560.3
PAT	8049.2	3766.3	4229.7	5650.6	7500.6
Dividend %	1800	1200	900	1200	1600
Adj. EPS(Rs)	266.53	124.71	140.06	187.11	248.36

Assets and Liabilities (S) as on 202303				(Rs in Crores)
Share Capital	151	Net Block		17804.9
Reserve	60231	Long term Investments		47756.4
Share Holder's Funds	60382	Short term investments		
Long Term Debt - Calc	0	Total Investments		47756.4
Short Term Debt - Calc	1215.8	Cash and Bank Bal		37.7
Total Debt - Calc	1215.8	Net Current Assets		-8499.4

Quarter On Quarter (Standalone)						(Rs in Crores)
Particulars	202306	202303	Q on Q Var%	202206	Y on Y Var%	
Net Sales	30845.2	30821.8	0.08	25286.3	21.98	
Total Expenditure	29343.9	28697.7	2.25	24587.7	19.34	
PBIDT (Excl OI)	2983	3350.3	-10.96	1912.1	56.01	
PAT	2485.1	2623.6	-5.28	1012.8	145.37	
PBIDTM% (Excl OI)	9.23	10.45	-11.67	7.22	27.84	
PBIDTM%	12.32	12.77	-3.52	7.55	63.18	
PATM%	7.69	8.19	-6.11	3.82	101.31	
Adj. EPS(Rs)	82.29	86.87	-5.27	33.54	145.35	

Top Holdings as on 202306		
Name	Category	Holding %
LICI MARKET PLUS 1 BALANCED FUND	Non - Promoters	3.07
SBI BALANCED ADVANTAGE FUND	Non - Promoters	2.81
ICICI PRUDENTIAL EQUITY SAVINGS FUND	Non - Promoters	2.79
NPS TRUST-A/C SBI PENSION FUND SCHEME TAX SAVER-TI	Non - Promoters	1.22
UTI NIFTY INDEX FUND	Non - Promoters	1.15
KOTAK DEBT HYBRID	Non - Promoters	1.14
KUWAIT INVESTMENT AUTHORITY FUND 221	Non - Promoters	1.1

Latest Events [BC, Bonus, AGM, Split & Rights Only]		
Event	AGM / Board Meeting / Record Date	Details
Board Meeting	27-Oct-2023	Quarterly Results

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