



Lighting a path forward  
in Equities & Commodities...

SENSEX

NIFTY

GOLD

SILVER

CRUDE OIL

USD / INR

## Price Forecast

INSTRUMENT	31st May 2022.	1 Month	2 Month	3 Month	1 year
SENSEX	55566	57750	55500	62245	67501
NIFTY	16585	17200	16500	18605	20001
USD \$ / INR	77.64	77.75	77	76.5	77.5
GOLD	50855	51750	53501	50500	51000
SILVER	61125	63900	67000	62001	63000
CRUDE OIL	9027	9250	9750	8450	7000



Dear Valued Reader,

The benchmarks nosedived at the start of May where Nifty tested lows down till 15736 mark, owing to hawkish Federal Reserve and inflation jitters spread across the globe.

But good news was that recovery kicked in during the latter half of the month, thanks to spectacular rebound seen at Wall Street. The key positive catalyst was that the U.S. Treasury yields slipped as fears over the Federal Reserve's plans to aggressively hike interest rates appeared to ease and a key inflation reading showed a slowing rise in prices. Even the US Dollar Index retreated well from 19-year highs at 105.06, ending 1.47% lower at 101.653.

The positive takeaway was that the rebound was seen despite relentless selling from the FII's camp continued where in the month of May, they net sold shares worth ₹ 54,292.47 crores worth of shares.

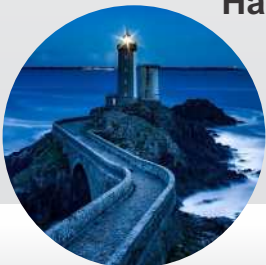
**This brings us to the big question — Have we finally hit the bottom?**

Honestly speaking, the benchmark Nifty has rebounded over 5% from its May 2022 lows and looks like, the ongoing rebound has a decent chance of lasting.

We are hereby ready with our June-July-August 2022 forecast.

Now, before we get into detail and start a brand new-innings of trading this June 2022, let's review how the major indices listed at Dalal Street fared in March, April and May 2022 and also their performance in the year 2022.

**Happy Investing!!**



## Market recap:

Instruments	Prices as on 31st May 2022	May 2022 % Change	April 2022 % Change	March 2022 % Change	2022 % Change
Sensex	55566	-2.62%	-2.56%	-3.45%	-4.39%
Nifty	16585	-3.03%	-2.07%	+3.99%	-4.42%
BSE Auto Index	26454	+4.93%	+4.82%	-2.30%	+2.77%
BSE Bankex Index	40907	-1.51%	-0.53%	+0.28%	+1.62%
BSE Capital Goods Index	27145	-0.83%	-0.49%	-0.55%	-5.59%
BSE Consumer Durables	37999	-10.94%	+0.94%	-1.92%	-15.47%
BSE FMCG	14167	+0.61%	+5.60%	+2.51%	+3.00%
BSE Healthcare	22467	-7.70%	+0.15%	+4.06%	-22.39%
BSE Metal	18100	-16.42%	-3.19%	+17.82%	+6.33%
BSE Mid-Cap	23144	-5.22%	+1.29%	+3.22%	-7.25%
BSE Small-Cap	26371	-7.83%	+1.40%	+5.83%	-10.87%
BSE Power	4226	-11.52%	+18.09%	+4.93%	+22.46%
BSE Realty	3278	-7.11%	-4.16%	+6.23%	-14.87%
BSE Oil/gas	18607	-4.57%	+4.04%	+8.24%	+21.66%
BSE IT	30129	-17.23%	-12.12%	+8.66%	-40.37%



## The Back Story: A sad story had a happy ending at last!

Dalal Street was able to shrug-off the negativity seen at the start of May and marched higher to reclaim key hurdles above 16600 mark. The upmove was seen despite a dismal Q4 earnings season and surprise rate hike by RBI in wake of rising inflation in India and across the globe.

Also, the good news came in that India's GDP grows 4.1% in Q4; expands 8.7% in FY22. Also, India's fiscal deficit improved to 6.7% in FY22 on higher tax mop up.

**Long story short: Bulls had a chance to breathe back fresh air!**

**Let's now have a look at other key catalysts from last month:**

# **Hindustan Unilever** reported q4 earnings which were above streets' estimate with profit rising 8.6% year-on-year to Rs 2,327 crore on double-digit growth in topline and operating income, though margin contracted by 30 bps YoY. Revenue during the quarter increased by 11% to Rs 13,462 crore compared to the same period last year with flat underlying volume

HUL's management however expects margins to remain under stress in the near term on backdrop of volatile commodity prices and tepid rural demand.

# **Persistent Systems** reported decent Q4 as it clocked a 14% sequential growth in profit at Rs 200.9 crore driven by topline as well as operating income. Revenue rose by 9.8% quarter-on-quarter to Rs 1,637.9 crore during the same period, with order booking for the quarter at \$361 million in total contract value. Revenue in dollar terms increased by 9.1 percent sequentially to \$217.32 million in Q4FY22.

# **Bajaj Auto** recorded a 10.3 percent year-on-year growth in profit at Rs 1,469 crore in the quarter ended March 2022 on incentives from the Maharashtra government for April 2015 to March 2021, but revenue dropped 7.2 percent YoY to Rs 7,974.8 crore on fall in volumes. EBITDA dropped 10 percent to Rs 1,396 crore.

# **Trent** posted a loss of Rs 20.87 crore for the quarter ended March 2022 against a profit of Rs 17.44 crore in the same period last year, as overall expenses jumped 49 percent in the same period, but revenue was very strong, growing 46.7 percent to Rs 1,328.9 crore compared to the year-ago period.



# **HDFC Asset Management Company** reported an 8.7 percent year-on-year growth in profit at Rs 343.55 crore supported by other income and lower tax cost. Revenue grew by 2.6 percent YoY to Rs 516.28 crore during the same period.

# **HDFC Life's** net profit jumps 12% to Rs 357 cr; VNB margins at 29.3%. Technically, the stock will gain traction on the buy side only above 600 mark.

# **AU Small Finance Bank** Q4 net doubles to Rs 346 cr on better margins. The bank declared a bonus issue of one equity share for every one equity share held by shareholders.

# **Bajaj Finance** net profit jumps 80% YoY in March quarter. Consolidated net profit surged 80% year-on-year (y-o-y) to ₹2,420 crore on the back of a 29% y-o-y growth in assets under management to ₹1.97 trillion. Asset quality also improved, as gross NPAs (non-performing assets) fell to 1.6% as on 31 March 2022 from 1.79% a year ago. Net interest income (NII) grew 25% year-on-year (y-o-y) to ₹4,803 crore.

# **Schaeffler India** recorded a massive 48.4 percent year-on-year growth in profit at Rs 207 crore for the quarter ended March 2022, driven by topline as well as operating performance. Revenue from operations rose 19 percent YoY to Rs 1,567.5 crore during the quarter and EBITDA grew by 45 percent in the same period.

# Turkey's inflation rate hits 70% in April. The annual inflation rate in Turkey accelerated for the 11th consecutive month to 70 in April of 2022 and most importantly from a 17% a year earlier, as the lira remains weak and real interest rates remain largely negative.

# Retail auto sales in April 2022 is still 6.39 per cent lower than compared with April 2019 sales, the pre-COVID month. According to data issued by dealer association body FADA, total retail auto sales stood at 16,27,975 units in April 2022 as against 17,39,124 units in April 2019. Sales in April 2020 and April 2021 were impacted by first and second wave of COVID-19 pandemic, hence a comparison is not suitable.

# Oil-to-telecom conglomerate Reliance Industries reported a 22.5 per cent year-on-year growth in its consolidated net profit to Rs 16,203 crore for the quarter ended March. In the corresponding quarter in the last fiscal year it had reported net profit of Rs 13,227 crore.



# Biscuit maker Britannia Industries reported consolidated net profits for the quarter ended March at Rs 379.87 crore, up 4.26% to Rs 364.32 crore in the same quarter year ago.

# Tata Power last week said its March quarter consolidated net profit came in at Rs 632.37 crore, up 31.41% from Rs 481.21 crore in the same quarter last year. The company said its revenue from operations stood at Rs 11,959.96 crore, rising 15.41% from Rs 10,362.60 crore from the corresponding quarter year ago.

# Canara Bank's total income in the January-March period of 2021-22 rose to ₹22,323 crore. State-owned Canara Bank on Friday reported a 65% jump in its standalone net profit at ₹1,666.22 crore for quarter ended March 2022.

# The U.S producer price index (PPI) roared ahead by another 11% year-over-year last month – only a hair slower than March's record 11.5% print, and a touch higher than expectations. Meanwhile, the latest U.S consumer price index (CPI) data released by the Labor Department on Wednesday showed that prices consumers paid for goods and services in April rose at an annual rate of 8.3% – down from March's 8.5% pace to mark the first drop in inflation in eight months.

# The U.S University of Michigan's latest consumer sentiment index reading, which dropped from 65.2 in April to 59.1 in May – a 10-year nadir that was well lower than the 64.1 reading expected.

IT company Coforge reported 56.16 per cent jump in consolidated net profit at Rs 207.7 crore for the fourth quarter ended March 31, 2022. The company had logged a profit of Rs 133 crore in the same period a year ago. Revenue from operations during the quarter increased to Rs 1,742.9 crore from Rs 1,281.5 crore in the corresponding quarter of 2020-21.

# Larsen & Toubro said its consolidated net profit after tax rose 9.95 per cent year-on-year (YoY) to Rs 3,620.69 crore for the March quarter compared with Rs 3,292.81 crore in the same quarter last year.

# Tata Motors reported narrowing of consolidated loss to Rs 1,032.84 crore for the March 2022 quarter compared with Rs 1,516.14 crore in the December quarter and Rs 7,605.40 crore in the same quarter last year. Revenue for the quarter declined 11.5 per cent year-on-year (YoY) to Rs 78,439 crore from Rs 88,627.90 crore in the corresponding quarter last year, the company said in a BSE filing.



# State-owned Punjab National Bank reported a 66% decline in standalone net profit at Rs 202 crore for the quarter ended March 2022 due to higher amount parked towards provisioning, even as the NPA levels declined. The bank had posted a net profit of Rs 586 crore in the same quarter a year ago.

# Petronet LNG reported a 32 per cent decline in its consolidated net profit at ₹791 crore for the fourth quarter ended March 31, 2022. On an annual basis, the net profit of the country's largest gas importer rose 24 per cent from ₹638 crore in Q4 Fy21.

# Asian Paints reported a lower-than-expected consolidated net profit at Rs 850.42 crore for the March 2022 quarter on account of a one-time loss witnessed in Sri Lanka business. The profit is lower due to an exceptional loss of Rs 115.70 crore towards Sri Lanka business and expected delay in receivable subsidy from the government, the company said in a BSE filing. Asian Paints' net profit stood at Rs 852.13 crore in the same quarter last year.

# Telecom major Vodafone Idea reported a consolidated profit after tax (PAT) at Rs 6,563 crore for the fourth quarter ended 31 March, 2022. The year-on-year loss narrowed from Rs 7,023 crore in the same quarter last fiscal. Revenue from operations increased Rs 10,240 crore in the quarter under review from Rs 9,608 crore a year ago, a growth of 6.5 per cent YoY, supported by tariff hikes effective Nov 25, 2021.

# Tyre major MRF Ltd reported a 50.26% decline in consolidated profit from continuing operations to Rs 165.21 crore for the fourth quarter ended March 2022, hit by higher expenses, especially raw materials. The company had posted a consolidated profit from continuing operations at Rs 332.15 crore in the same period of the previous fiscal, MRF Ltd said in a regulatory filing.

# Drug major Cipla reported a 12.41% drop in consolidated net profits for the quarter ending March at Rs 362.07 crore, against Rs 413.38 crore in the same quarter last year.

# Infibeam Avenue reported an 11% drop year-on-year in its consolidated net profit to Rs 28 crore for the fourth quarter ended March 2022. However, the company's gross revenue rose 84% year-on-year to Rs 369 crore in the just-ended quarter.

# Multiplex chain operator PVR Ltd reported narrowing of its consolidated loss after tax at Rs 105.49 crore for quarter ended 31 March, 2022. The company had reported a net loss of Rs 289.12 crore in the year-ago period.





# Agro-chemicals major UPL reported a 29% growth in net profit at Rs 1,379 crore for the quarter ended March. The company's net profit stood at Rs 1,065 crore in the corresponding quarter of the previous financial year, UPL said in a statement. Revenue grew by 24% to Rs 15,860 crore, compared to Rs 12,797 crore in the year-ago period.

# Poor listing performance by LIC (Closing price ₹ 811, a discount of 14.5% as against the issue price of ₹ 949).

# Ashok Leyland Ltd reported a 274% year-on-year (YoY) jump in net profit at Rs 901.4 crore for the fourth quarter ended March 31, 2022.

# Auto components major Bosch Ltd NSE reported a 27.28% decline in consolidated net profit at Rs 350.5 crore in the fourth quarter ended March 2022 dragged down by higher expenses. The company had posted a consolidated net profit of Rs 482 crore in the same period previous fiscal, Bosch Ltd said in a regulatory filing.

# Dr Reddy's Laboratories said its consolidated net profit for the quarter ended March 2022 dropped to 75.85% to Rs 87.5 crore, compared with Rs 362.4 crore in the same quarter last year.

# Hindustan Petroleum Corporation Limited (HPCL), a subsidiary of Oil and Natural Gas Corporation (ONGC), on Thursday reported a 40% drop in net profit at Rs 1,795 crore in the quarter ended March 31 as higher refining margins were wiped away by losses on auto fuel sales.

# FMCG major ITC Ltd posted 12% growth in net profit to ₹4,195 crore for the January-March period, compared with ₹3,755 crore a year ago.

# Manappuram Finance Ltd has reported a consolidated profit after tax of ₹261 crore for the fourth quarter, making a marginal decline of 0.02 per cent in comparison to the PAT of ₹261.01 crore reported in the preceding third quarter. Profit after tax for the full year stands at ₹1,328.70 crore.

# Pharma major Lupin posted a net loss of Rs 511.9 crore for the fourth quarter of fiscal 2021-22 due to rising costs, price erosion in the US and impairment expense of Rs 126.7 crore for US-based Gavis. Lupin had posted a net profit of Rs 464 crore in the corresponding quarter last fiscal.



# For the year ended March 31, 2022, Muthoot Finance posted a PAT of Rs 713 crore. It was Rs 654 crore in FY21. Revenue from operations rose to Rs 3,341 crore last fiscal as against Rs 2,890 crore in 2020-21.

# Realty major DLF reported a 16% decline in its consolidated net profit to Rs 405.33 crore for the quarter ended in March. Its net profit stood at Rs 480.94 crore in the year-ago period, the company said in a regulatory filing.

# Telecom major Bharti Airtel's net profit more than doubled, rising 164% to ₹2,008 crore in the three months ended March. The same was ₹759 crore in the last year period

# Auto components major Bharat Forge Ltd reported a 9.3% increase in its consolidated net profit at Rs 231.86 crore in the fourth quarter ended March 2022, driven by higher revenue. The company had posted a consolidated net profit of Rs 212.12 crore in the same period of the preceding fiscal, Bharat Forge said in a regulatory filing.

# Eicher Motors Ltd on May 13 declared a consolidated profit after tax (PAT) of Rs 610 crore for the quarter ended March 2022, up 16% from Rs 526 crore in the year-ago period.

# Bandhan Bank released its results for the quarter ended March 31. It stated that its net profit jumped 1747% to Rs 1,902.3 crore from Rs 103 crore in Q4 FY21. Its net interest income (NII) for the current year grew 15.2 per cent to Rs 8,714 crore as opposed to Rs 7,563.4 crore the previous year. NII for the quarter ended March grew 44.6% to Rs 2,539.8 crore as against Rs 1,757 crore in the corresponding quarter of the previous year.

# President Joe Biden has suggested that he might lift tariffs on Chinese goods. Honestly speaking, easing of tensions between the U.S. and China could provide much needed relief and help improve the globalization trade and easing of inflationary pressure.

# **India's oil imports bill has doubled to \$119 billion in FY22.** India's crude oil import bill nearly doubled to \$119 billion in the fiscal year that ended on March 31, as energy prices soared globally following the return of demand and war in Ukraine.

# State-owned ONGC reported 10% rise in consolidated net profit at Rs 12,061 crore for the quarter ending March 31, 2022. It reported consolidated net profit of Rs 10,963 crore in the year-ago period. Oil & Natural Gas Corporation



Limited's consolidated revenue from operations rose 37% to Rs 1.55 trillion in Q4FY22 as against Rs 1.14 trillion in Q4FY21.

# Glenmark Pharmaceuticals said its consolidated profit after tax declined 26% to Rs 173 crore for the fourth quarter ended March 31, 2022. The company had reported a profit after tax (PAT) of Rs 234 crore in the January-March period of 2020-21 fiscal.

# JSW Steel on May 27, reported a 23% fall in consolidated net profit at Rs 3,234 crore for the fourth quarter of FY2021-22 as against Rs 4,198 crore recorded a year ago. On a sequential basis, the profit is lower by 25.6% from Rs 4,357 crore earned during the October–December period.

# Sun TV Network on Friday posted 16% decline in its consolidated net profit for Q4 FY22 at ₹410 crore. The south India-based broadcaster posted ₹488 crore in net profit for the same quarter in Fy21

# Zee Entertainment Enterprise Ltd (ZEEL) reported a consolidated net profit of Rs 181.93 crore for the March quarter. The company had posted a net profit of Rs 272.36 crore in the January-March quarter a year ago.

# National Aluminium Company Ltd reported a 9.5% rise in consolidated profit at Rs 1,025.46 crore for the quarter ended March 2022 on the back of higher income. The company had reported consolidated profit of Rs 935.74 crore in the year-ago period.

# Bharat Petroleum Corporation Limited (BPCL NSE -1.20 %) said its standalone net profit for the quarter-ended March stood at Rs 2,130.53 crore, down 82.16% from Rs 11,948.32 crore declared in the same quarter last year.

# Bata India Ltd. reported over two-fold increase in its consolidated net profit at Rs 62.96 crore for the fourth quarter ended March 31, 2022 helped by robust sales. The company had posted a net profit of Rs 29.47 crore in the January-March quarter a year ago.

# Apollo Hospitals reported a 46% year-on-year (YoY) decline in net profit to Rs 90 crore in Q4FY22 due to provision for capital gains tax of Rs 88.2 crore relating to the reorganisation of its pharmacy distribution business.

# Sugar firm Balrampur Chini Mills Ltd reported a 2% increase in its consolidated net profit at Rs 240.48 crore for the quarter ended March.



- # Food delivery firm Zomato said its consolidated net loss for the quarter ended March widened to Rs 360 crore compared to Rs 134.2 crore the same time last year.
- # Divi's Laboratories said its consolidated net profit for the quarter ended March was at Rs 894.64 crore, up 78.20 per cent compared with Rs 502.02 it reported in the same period last year.
- # State-owned Steel Authority of India reported 29% decline in consolidated net profit at Rs 2,479 crore for the quarter ending March 31, 2022. It reported consolidated net profit of Rs 3,470 crore in the year-ago period. However, on sequential terms, the company's net profit rose 62% in Q4FY22.
- # US Gold Futures corrected by another 3.39% at 1847.20 for the month ended.
- # FIIs were net sellers last month at Rs. 54,292.47 crores. This marked the fifth straight month where FIIs posted a sell figure of over 40,000 crore mark. But DIIs continued to be net buyers at Rs. 50,835.54 crores.
- # The Indian rupee weakened by 1.43% against the US Dollar at 77.614 for the month ended. The upmove was seen despite US Dollar Index retreating from near decade highs (105.05) to 102 mark
- # WTI Crude Oil Prices recovered by 12.42% at \$118 per barrel. The prospect of an EU embargo on Russian oil actually kept upward pressure on crude prices. WTI crude futures are now approaching a 14-year high of almost \$126 hit in March.



## Gainers over 1-Month

Stocks	LTP (31st May 2022)	Change %	52 Week H/L
M&M	1033.90	12.25%	1043.15/671.0
DRREDDY'S	4369.45	6.00%	5613.65/3655.0
HUL	2349.65	5.44%	2859.10/1901.80
KOTAKBANK	1854.20	4.54%	2252.45/1627.25
MARUTI	7970.25	4.30%	9022/6540

## Stocks at 52 Week High

Stocks	LTP (31st May 2022)	52 Week High
EIDPARRY	556.20	576.00
FINEORG	4870.20	5032.45
JKIL	244.30	254.00
M&M	1033.90	1043.15
SCHAEFFLER	2304.30	2489.40

## Losers over 1-Month

Stocks	LTP (31st May 2022)	Change %	52 Week H/L
TATASTEEL	1055.55	-18.50%	1534.60/992.00
BAJAJ FINSERV	12914	-13.62%	19319.95/11432.90
ASIAN PAINTS	2860.10	-10.58%	3588.05/2601.00
ULTRATECH	6083.10	-8.90%	8267.00/5631.05
INDUSINDBANK	930.75	-8.66%	1241.85/811.60

## Stocks at 52 Week Low

Stocks	LTP (31st May 2022)	52 Week Low
ANURAS	688.20	678.00
DYNPRO	459.70	427.00
HIKAL	330.50	323.80
JUBLPHARMA	384.75	378.00
ORIENTCQ	734.05	687.50

## FII / DII - monthly break up and compared to Apr 2022.

FII (May) Rs. In Cr.	FII (April) Rs. In Cr.	DII (May) Rs. in Cr.	DII (April) Rs. In Cr.
<b>-54292.47</b>	<b>-40652.71</b>	<b>+50835.54</b>	<b>+29869.52</b>



## Looking Ahead:

**Sensex: 55,566.**

**Nifty: 16,585.**

Honestly speaking, if May 2022 solid rebound is any indication then expect the benchmark Nifty to rebound further. Please note, in the last week of May, the three main U.S indices gained over 6%, with the Dow and S&P 500 booking their best week since November 2.

June 2022 is a month to look forward for more positive catalysts like:

1. Early arrival of monsoon.
2. Fresh stimulus in China.
3. Easing China Covid curbs. Lockdown curbs are set to be lifted in Shanghai, China-- after two months of restrictions. Shanghai's lockdown came as part of China's so-called zero Covid policy

Agreed there are concerns of further rate hike by RBI and US Fed amidst scorching inflation concerns but having said that we expect the oversold technical conditions likely to help Nifty scale back some altitude. We say so because bullish double bottom pattern is seen on daily charts of Nifty.

But still the key concern that lingers is the villainous selling from the FIIs camp. FIIs have been net sellers since last eight months starting October 2021. Hence, FIIs participation is very important to confirm bullish outlook at Dalal Street. The Indian economy is likely to be gyrate between recovery and relapse, dictated by multiple mutations of the virus. That said, the equity market could head in just one direction – skywards – only if FIIs return to buying desk.



The other big villain which can bring back concerns about the inflation, economy and earnings is: WTI Oil which is again firm above \$116 a barrel.

The message is very clear — trade selectively and stay nimble.

The most probable bullish scenario could be that the benchmarks hold their ground.

The gyan mantra for perma-bulls camp is: 'Be Flexible & Focus on very long term' will be the winning theme for 2025.

<b>Bullish looking stocks</b>	<b>Bearish looking stocks</b>
M&M, MARUTI, TATA MOTORS, BEL, HAL, TORNTPOWER, EICHER MOTORS, COAL INDIA	IDFCFIRSTB, TITAN, DRREDDY, ALKEM, LALPATHLABS, SUN PHARMA



## Daily chart of Nifty:



Our **call of the month** suspects that the benchmarks at Dalal Street will rebound on back of bullish double bottom pattern seen on daily charts.

**Preferred Trade on Nifty:**

**CMP**  
16585

Technically speaking, from a chartist standpoint, confirmation of major strength in Nifty only above 16837 mark. However, 15750-15900 will act as a strong support zone.

**Buy on extreme dips between 15900-16000 zone. Targets at 16837 mark and then at 17000 mark. Aggressive targets at 17500 mark with stop at 15434.**





## The single-most conviction idea for June 2022.

### BUY MARUTI (CMP 7939). Targets at 9000



Incorporated in 1981, **Maruti Suzuki** is a subsidiary of the Japanese automaker, Suzuki Motor Corporation (56.37% stake) and is India's largest domestic passenger vehicle (PV) manufacturer with market share of about 48%. Interestingly, Maruti's market share was mere 38.5% in FY12. The firm now commands a market cap of Rs 239,900 Crore.

- Maruti has the widest product range in passenger cars in India and enjoys success in the executive segment like, Ciaz and Brezza. New launches expected to have boost market share are Jimny, Wagon R electric, XL 5, Swift Hybrid, Grand Vitara, Celerio 2021. The firms' market share passenger car sub-segment is pegged at 62%, SUVs are pegged at 22% & vans at 97%.
- With low inventory and a large order book, we expect MSIL to come back strongly in terms of profitability along with volume recovery. 200k pending order with the company.
- In the medium to long run, margins to be supported by strong demand, softening commodity inflation, and improving chip shortage issue.
- The government's export duty hike on steel and plastic bodes well for the auto sector due to elevated commodity inflation. Additionally, the decline in metal prices, especially steel, will help keep raw material costs under check for the auto sector. Also, the reduction in fuel prices should help building in optimism from both demand as well as cost perspective.
- The demand continues to be robust as Maruti is best positioned to benefit immensely of demand recovery in the post-COVID and post lockdown as people look for affordable cars. Share of CNG continues to grow. It has reached ~15% versus ~12% earlier.



- Maruti is initiating an investment of Rs 11,000 crore in the first phase of a new facility to be set up at Sonipat in Haryana. The new plant's first phase with a manufacturing capacity of 2.5 lakh units per annum is expected to be commissioned by 2025.
- Maruti Suzuki has 3,598 sales outlets across 1,861 cities in India. Maruti's dealership network is larger than that of enough known companies combined. Service is also a major revenue generator of the company. Dealer inventory at 60K units; order backlog at 200K units.
- Maruti reported a 58% rise in net profit in the fourth quarter of FY22 as price hikes and lower sales promotion costs. Capex for FY22 INR67bn. ~INR 15bn has been incurred 1H.
- Recently industry has demanded and the Govt is favorably considering a cut in GST rates on small cars from 28%. which would result in lower cost of ownership and higher demand. Maruti being the leader in the entry level segment would be a major beneficiary of this demand.
- Over the last 20 years, India's focus has shifted to roads, connecting villages by proper planned road infrastructure which could raise demand of cars in rural area. Maruti being the leader in the entry level segment would be a major beneficiary of this demand.
- Strategic moves like Toyota and Maruti Suzuki's partnership is expected to produce a few new vehicles soon, including some rebadged models and some brand new ones. This move shal benefit Maruti immensely.

**Look to buy at CMP, and on any corrective dips between 7250-7300 zone, targeting 8575/9051 and then aggressive bigger 12-15 months targets at 10,000 mark. Stop at 6777.**





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