

MARKET pulse.se



Dear Investors,

MARKET PULSE, the monthly report from ACMIL, aims to provide insightful perspectives on all aspects of the market, the Fundamental, Technical, and Derivatives. The report contents

Overall Outlook

- Domestic & Global Update

Investment Idea

- Minda Coporation Limited

Technical View

- Nifty View
- Bank Nifty View

Derivatives Report

- Rollover Report

Retail Research Call Performance

Event Calendar

MARKET PULSE aims to capture the market in all its hues and colors and provides a range of information that helps in making wise investment decisions.

Regards,
Research Team
ACMIL

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Domestic Market Update

The Indian equity Market continued positive momentum & closed 3rd consecutive month in positive territory. Nifty and Sensex ended positive monthly closing of around 3.5% and 3.3% respectively. It has broken out of consolidation pattern on upside of last 19 to 20 months (since October 2021) and closed at all time highest levels in the history of Indian Stock market. Broader market also continued positive momentum for 3rd consecutive month. It's also good sign for overall health of the market. BSE Midcap and BSE Small cap remained outperformer. It ended monthly in positive territory with gain of around 6.18% and 6.80% respectively. FPI continued its buying momentum further for 2nd consecutive month. FPI In-flow helped market to scale up & surpassed all time high levels on main indices. FPI bought equity worth ₹ 27,250.01 crore and DII bought worth ₹ 4458.23 crore for month of June. From Last 15 to 18 months, we have seen sharp sell off by FPI in Indian stock market. Change in their Stance will help the market to continue this rally for further higher levels targets in medium to long term.

The rising pace of local economic activities along with stronger corporate balance sheets & an efficient financials system brightened the prospects of the Indian economy, presents a picture of resilience, supported by strong fundamentals. Sustained growth momentum, moderating inflation, rising foreign exchange reserves, ongoing fiscal consolidation and a robust financial system are setting the economy on a path of sustained growth.

India's PMI data (both Manufacturing and Service) is still showing overall strength due to strong order inflow and domestic demand. S&P global composite PMI came 61.6 at highest levels for the month of May. CPI for the month of May came around 4.25% which is showing sign of moderating due to recent fall in commodity prices in general. It came very close to comfort zone of 4% as RBI is guiding in its policy. The softening of commodity prices will be beneficiary to control Inflation at lower levels moving forward except fear of inch up in food inflation remains due to uncertainty of monsoon in future.

RBI kept pause in policy rate in the June meeting. It's also suggesting softening stance regards to future interest rates hikes supporting growth. Their ultimate aim to target inflation below 4% and future policy action will be towards that aim & data dependent. Monsoon developments is to watch out in coming months as fear of below monsoon due to El Nino may hamper the growth momentum.

Corporate earnings growth momentum, Strong GST collection, Capex cycle revival, Strong credit growth, softening commodity prices, stability in Rupee, Retail equity appetite through direct & Mutual fund investments these are the strong fundamental forces to drive equity market for higher levels targets in medium to long term.

We continue to bullish on some of the sectors like Auto and Auto Ancillary, Cements, Defense, Railways, consumer durables, FMCG, Capital goods and Engineering, Infrastructure, Construction, Banking and Financials etc. which are going to be outperformer in the rally ahead. Some of the laggard sectors also has some value buying opportunity to accumulate at lower levels includes Information Technology, Specialty Chemicals and Metals etc.

Finally, market is breaking these consolidation range of 19 to 20 months on upside as expected & mentioned in our earlier reports as well. Sustain above these break out will lead to sharp rally for higher levels targets in medium to long term perspectives. Nifty has a strong support near 16800 levels, till it holds one can expect targets of around 21000 to 22000 levels in medium term.

Global Market Update

Global Indices particularly Dow Jones, S&P 500 and Nasdaq composite ended month 4.5%, 6.5% and 6.6 % respectively. US market continued its positive momentum after break out from range on upside as expected earlier. S&P 500 & Nasdaq composite remained outperformer while Dow Jones remained underperformer among all.

S&P global composite PMI came 54.3 for the month of May. Retail sales, new home sales, consumer confidence & consumer sentiment index, these all various data is showing improvement, shows that the economic resilience is holding up. The US economy grew by an annualized 2% on quarter in Q1 CY 2023, well above 1.3% in the second estimate, and forecasts of 1.4%. Consumer spending growth accelerated more than expected despite stubbornly high inflation. CPI for the month of May moderated further & came around 4%. Non-farm Payroll data is still coming strong showing strong employment levels in US economy.

Federal Reserve kept policy rate unchanged at 5% to 5.25% range in June meeting. Its first pause after consecutive 10 hikes since March 2022. Fed governor indicated in his speech its PAUSE not PIVOT. They want to evaluate earlier rate hikes effects on economy. Their efforts to bring down inflation toward target range of 2% through policy action. Fed governor stated further 2 policy rate hikes of 25 basis points each in CY23 and by looking at recent data many market participant expecting high possibility of it in July & September meetings.

BOE & ECB also increased policy rate by 50 bps & 25 bps respectively in June meeting. BOE & ECB policy rates now stands at 5% & 3.5% respectively. Inflation in Eurozone and UK are showing sign of moderation at slower pace. Their central bankers will continue to rise interest rate but at a moderate pace to control the inflation till it reaches towards target range of around 2%.

The escalating geopolitical tensions raise serious concerns about the fragmentation of the global economy & the financial system. Economic slowdown worry due to rising interest scenario will continue to be a headwind for world economy.

Crude oil prices softening & trading around \$74.90 levels. It's trading near lower end of range ahead of global recession worry due to sharp rise in interest rates. Secondly, china economic data of last 3 months is not showing revival in economy. Therefore, there will be uncertainty about overall crude demand outlook for medium term perspectives. While many experts & agencies earlier predicted strong oil demand in second half of CY23. Opec plus & Saudi Arabia already cut supply of crude oil in their June meeting to give price stability at lower levels.

Conclusively, Indian market remained outperformer in spite of being global headwinds in this 19 to 20 months of time wise consolidation phase. Market has given breakout form this timewise consolidation range on upside as expected. The structural long term equity bull market for India in intact driven by strong domestic driving forces as mentioned above. The corporate earning is going to improve further in FY24 will be positive trigger for Indian equity markets.

We feel India is in a very good spot in this economic slowdown worry because of its favorable policy reforms and domestic growth. Overall big picture of multi-year growth upcycle in Indian economy is still intact. Many experts predicted GDP growth CAGR of around 6.9% for next 3 years for Indian economy in their views.

We continue to reiterate same view that these to BUY stock specific at current levels or any kind of decline or consolidation for 2 to 3 years Investment perspectives.

Global Indices Performance

Index	31-May-23	30-Jun-23	Change MoM
Dow Jones	32,910	34,405	4.5%
S&P 500	4,180	4,450	6.5%
Nasdaq	12,935	13,788	6.6%
CAC 40	7,099	7,400	4.2%
DAX	15,664	16,148	3.1%
FTSE 100	7,446	7,531	1.1%
Nikkei 225	30,888	33,189	7.5%
Hang Seng	18,234	18,916	3.7%
Shanghai	3,205	3,202	-0.1%
Nifty 50	18,534	19,189	3.5%
BSE Sensex	62,622	64,719	3.3%
Brent Crude (\$)	72.1	75.1	4.2%
WTI Crude (\$)	67.6	70.4	4.2%

Sources : Yahoo Finance /BSE

Domestic & Sectoral Indices Performance

Index	31-May-23	30-Jun-23	Change MoM
Nifty 50	18,534	19,189	3.5%
Nifty IT	29,320	29,563	0.8%
Nifty Next 50	42,049	43,750	4.0%
Nifty Bank	44,128	44,747	1.4%
NIFTY MIDCAP 100	33,761	35,754	5.9%
Nifty 500	15,766	16,430	4.2%
Nifty 100	18,438	19,100	3.6%
Nifty Midcap 50	9,540	10,127	6.2%
Nifty Realty	479	520	8.6%
Nifty Infra	5,460	5,739	5.1%
Nifty Energy	23,876	24,697	3.4%
Nifty FMCG	51,043	52,195	2.3%
Nifty MNC	20,801	21,840	5.0%
Nifty Pharma	12,678	13,768	8.6%
Nifty PSE	4,800	5,082	5.9%
Nifty PSU Bank	4,030	4,110	2.0%
Nifty Serv Sector	24,192	24,873	2.8%
India VIX	12.0	10.8	-9.8%
Nifty Auto	14,199	15,148	6.7%
Nifty Metal	5,890	6,209	5.4%
Nifty Media	1,756	1,744	-0.7%

Sources : NSE

Accumulate

Key Data

DATE	26.06.2023
Reco Price	280-285
Target	383
Sector	Auto Ancillaries
BSE Code	538962
NSE Code	MINDACORP
EPS (FY23)	11.90
Face Value (Rs.)	2.00
Market Cap (Mn)	68,832
52-week High/Low (Rs)	301.80 / 163.55

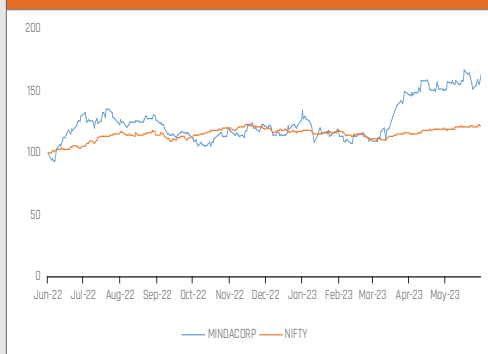
Source : NSE, BSE

Shareholding pattern (Mar-2023)

	%
Promoters	64.72
DII's	11.83
FII's	5.06
Public	16.68
Others	1.68
Total	100.00

Source : NSE, BSE

Price Performance



Rebase to 100

Minda Coporation Limited

Company Background

Minda Corporation Limited (MINDACORP) based in Noida, was incorporated as Minda Switch Auto Ltd in 1985 and is one of the leading automotive component manufacturing company in India with a pan-India presence and international footprint. It is the flagship company of Spark Minda, which was part of the erstwhile Minda Group. The Company has a diversified product portfolio that includes mechatronics, information and connected systems, interior plastic, and electronics for auto original equipment manufacturers (OEMs). The Company manufactures automotive components, including electronic and mechanical security systems, die casting, keyless solutions, starter & alternator motors, telematics, wiring harnesses, components, instrument clusters, sensors, interior plastics, and new components on electronics. The Company also provides lock kits, spares, locks, and ignition switches. The Company's products cater to 2W, 3W, PV's, CV's, and off-road vehicles. The Company manufactures aluminum & zinc die-casted components for the global automotive and non-automotive industries.

Outlook and Valuation

Minda Corporation Limited is an India-based holding company primarily engaged in the manufacturing and assembling of safety and security systems and their associated components for the automotive industry. The company benefits from higher contributions across all segments, an improved working capital cycle, new joint venture partnerships, and the entry into new technologies. These factors collectively drive growth momentum and enable the company to expand its scale in emerging areas. We believe Minda Coporation Limited is well placed to capitalize on these opportunities. Going ahead, **we expect the company's revenue to grow at a CAGR of ~20.48% over FY23-FY26E**. Hence, we recommend Minda Corporation Limited with a target price of Rs 383 based on FY26E EPS of Rs 23.96; it's available at a reasonable forward PE valuation of 16 at the recommended price. As compared with other peers, the Company is available at a very lower PE valuation. Hence, **we recommend ACCUMULATE rating for the long term.**

Financial Snapshot

Particulars (₹ in Mn.)	FY23	FY24E	FY25E	FY26E	CAGR (FY23-FY26E)
Sales	43,001	51,602	62,154	75,207	20.48%
EBITDA	4,615	5,934	7,459	9,401	26.77%
EBITDA Margin %	10.73%	11.50%	12.00%	12.50%	
Net profit	2,845	3,185	4,296	5,725	26.25%
EPS	11.90	13.32	17.98	23.96	26.25%
ROE %	17.88%	18.70%	22.81%	26.56%	
ROCE %	14.29%	19.34%	23.75%	28.16%	

Source : Company, ACMIIL Research

Investment Idea

Company at a glance

- The company has been a leading automotive component supplier since 1958.
- The company caters to leading manufacturers of passenger vehicles, commercial vehicles, motorcycles, scooters, and off-road vehicles in India. It also has a presence in Indonesia, Vietnam, Uzbekistan, the USA, and Japan.
- In addition, the company has a strong dealer distributorship network of approximately 450 dealers in India, serving the after-market segment.
- The company is a market leader in the 2W lockset and wiring harness business.
- It is also a pioneer in keyless entry solutions for 2W vehicles and maintains better control over quality in locksets through its die casting division.

Company Business and Products

Minda Corporation Limited, a part of the Spark Minda Group, is a leading manufacturer of diversified auto components. The company specializes in products such as locksets, wiring harnesses, plastics, and interior components. It supplies these components to original equipment manufacturers in various segments, including 2W/3W, CV, PV, and off-the-road vehicles. Additionally, Minda Corporation serves the aftermarket sector.

With a presence in 34 plants across India and abroad, Minda Corporation has established a strong production base. The company prides itself on its diverse product portfolio and its commitment to serving different verticals within the auto industry. It encompasses a wide range of offerings, including Mechatronics, Information and Connected Systems, Plastics & Interiors, Aftermarket, and Electronics Manufacturing Excellence.

The product portfolio of different segments include:

A) Mechatronics

The Electronic and Mechanical Security Systems division comprises a range of products, including ignition switch cum steering locks, smart key systems, mechatronics handles, and immobilizer systems. The Die Casting Components division specializes in aluminum high-pressure die casting and compressor housing. Additionally, the Mechatronics business offers starter motors and alternators, among several other product lines. Given the growing prevalence of electronic components in vehicles, the business remains focused on developing products that provide improved safety and convenience. It aims to offer technologically advanced products that make significant contributions in terms of both functionality and performance.

B) Information and Connected systems

This business vertical encompasses products such as instrument clusters (speedometers), wiring, junction boxes, and sensors including positional, temperature, speed, and exhaust gas temperature (EGT) sensors, among others. The company's product offering is known for its high quality and caters to major Indian and global original equipment manufacturers (OEMs).

C) Interior plastic division

This division includes a vast product range like air vents, glove boxes, centre consoles, cup holders, ash trays, louvers, oil slumps, cylinder heads, and battery trays.

D) Aftermarket

The Company markets all products manufactured by the Group Companies and certain outsourced products in the aftermarket segment. Moving ahead, the company's focus is to grow Aftermarket at a CAGR of 20% within the next 3-5 years. To achieve this goal, the company aims to add more products to its current portfolio and also make significant inroads in the export market.

E) Electronic manufacturing excellence

The Electronic Manufacturing Excellence vertical consists of products related to electric vehicles, connected systems, Antenna, and Surface Mounting Technology i.e. PCBA etc. It will also encompass all new products developed by the company, as well as joint ventures, technical licensing, and agreements with high electronic content.

Mechatronics (Business Vertical 1)	Ignition Switch Cum Steering Lock	Smart Key System	Mechatronics Handles	Immobilizer System	Aluminum Die Casting	Compressor Housing	Alternator	Starter Motor		
Information & Connected Systems (Business vertical 2)	Speedometer	Wiring Harness	Steering Roll Connector	Junction Box	Speed	EGT & EGRT	PM / SOOT Sensor			
Plastics & Interiors (Business vertical 3)	Cup Holder	Ash Tray	Louvers	Glove Box	Steering Column Shroud	Seat Panel	Structural Parts	Oil Sump	Cylinder Head	Battery Tray
Aftermarket (Business vertical 4)	Spares of BV1 & BV2	Electronics Manufacturing Excellence			DC/DC & Chargers	Antenna Products	ITS	BCM/MFECU	Telematics	

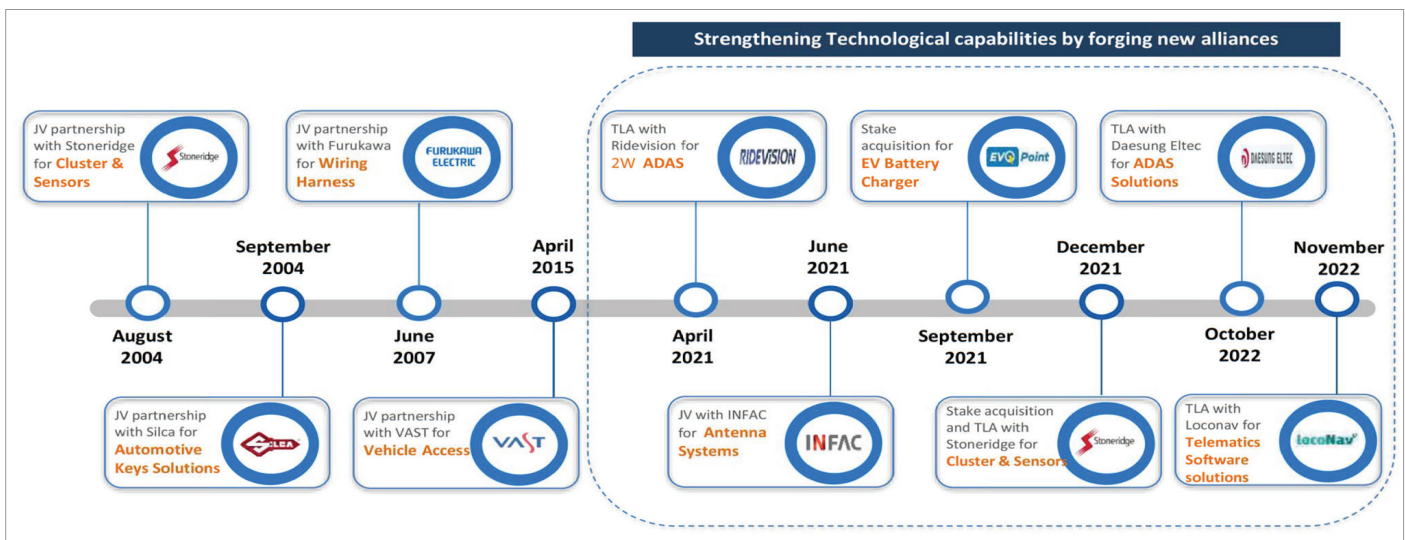
Source: Investor Presentation Q4FY23, Minda Corporation Limited.

Key Customers:

2-3 Wheelers	Commercial & Off Highway Vehicles	Passenger Vehicles	Other Market

Source: Investor Presentation Q4FY23, Minda Corporation Limited.

Journey of New Alliances:



Source: Investor Presentation Q4FY23, Minda Corporation Limited.

Investment Idea

Investment Rationale

Strong business to remain intact with active collaborations

Minda has entered into new technology licensing agreements, enabling them to pursue new joint ventures, organic and inorganic expansions, as well as new collaborations. These initiatives aim to enhance the company's presence in emerging technologies.

The company has established technology tie-ups with INFAC Elecs, Ride Vision, EVQPOINT Solutions Private Limited, Stoneridge Inc., and Daesung Eltec Co. Ltd. These partnerships are expected to contribute to the company's future growth and diversify its business profile.

Acquisition with Pricol to enhance further growth

The company acquired a 15.7% stake in Pricol from the open market for Rs 400 Cr and has filed a CCI application for increasing a stake up to 24.5%. The management is bullish on the instrument cluster business as Pricol is the market leader in 2W instrument clusters (~40 percent market share) while Minda Corp has ~15 percent share. This gives them further consolidation in the instrument cluster market for 2W space.

Sustained market position

The Company is among the market leaders and commands a strong market share of around 40% in 2W lock sets, and wiring harnesses for 2W, 3W, tractors, and CVs. Minda's ability to forge technological tie-ups, continue product innovations in existing categories, enter into related product categories and maintain cost efficiency would determine the retention of the market share. The company has leveraged this market position, enabling it to grow at a much higher growth rate than the industry growth rate.

Industry demand outlook

In FY23, the auto industry experienced a robust growth of 12.5% YoY, with all segments except 2Ws showing double-digit YoY growth. 2Ws grew by 9.2% YoY due to sluggish rural demand. Looking ahead, the domestic industry growth is expected to remain favorable and will be driven by the Capex push, the new PLI scheme, export thrust, and the recently announced gas pricing guidelines.

Robust order book

The company's total order book stands at Rs 7,789 Cr in FY23, out of which 33% is from Mechatronics, 60% is from ICS, and the remaining comes from other segments. Exports constitute 13% of the total orders, while EVs account for 20%. Additionally, 54% of the orders are from new business, with the remaining 46% coming from the replacement market. Therefore, we remain optimistic about the company's growth story, driven by the increasing kit value per vehicle and its focus on EVs.

Focus on margin improvement

The company is focused on automation and reducing employee costs, as well as working capital. Furthermore, it is driving component internalization, particularly in the wiring harness business, and scaling up its PV/CV product offerings and exports to aid in margin improvement over the next 2-3 years.

Strong EV push

EVs recorded robust growth in 2023, supported by the implementation of favorable policies and programs by the government. The Company is in line with several initiatives taken by the government to support the manufacturing and adoption of electric vehicles in the country which altogether going to help in achieving the target of 100% EV adoption by 2030. Its EV product portfolio includes DC-DC converters, battery chargers, connected clusters, HV wiring harnesses, EV telematics, etc.

FAME India Scheme to give an edge

FAME-II scheme was launched in India with a budget outlay of US\$ 1.3 billion (Rs. 10,000 crores) to support 1 million e-two-wheelers, 0.5 million e-three-wheelers, 55,000 e-passenger vehicles, and 7,000 e-buses. The government extended the scheme until 2024, as announced in Union Budget 2022-23.

Investment Idea

Industry Overview

Indian Automobile Industry

The Indian automobile industry has historically served as a good indicator of the economy's well-being. The automobile sector plays a crucial role in both macroeconomic expansion and technological advancement. In terms of volume, the two-wheelers segment dominates the market, benefiting from a growing middle class and a significant percentage of India's young population. Additionally, the sector's growth has been supported by companies' increasing interest in exploring rural markets. The rising logistics and passenger transportation industries are also contributing to the demand for commercial vehicles. Future market growth is expected to be driven by emerging trends such as the electrification of vehicles, particularly three-wheelers and small passenger automobiles. The increasing presence of electric vehicles on the roads as of March 2023 serves as an indication of shifting customer perceptions, encouraging original equipment manufacturers (OEMs) and their partners to make substantial investments. Furthermore, by 2030, India has the potential to become a leader in shared mobility, creating enhanced opportunities for electric and autonomous vehicles.

Industry Leading Growth

Particulars	FY19	FY20	FY21	FY22	FY23
Industry Volume Growth	6.20%	-14.70%	-12.90%	1.20%	21.00%
Minda Corporation Revenue Growth	19.20%	-9.00%	6.50%	25.70%	44.50%

Source: Investor Presentation Q4FY23, Minda Corporation Limited.

Note: Minda corporation remained outperformer compare to Industry growth as per above data.

Indian Auto Components Industry

India's auto components industry's market share has significantly expanded, driven by the increasing demand for automobiles from the growing middle class and global exports. As a result of this remarkable growth in demand for Indian auto components, several Indian and international players have entered the industry. India's auto component industry is broadly classified into organized and unorganized sectors. The unorganized sector comprises low-value items and mostly serves the aftermarket category, while the organized sector caters to OEMs and includes high-value precision instruments.

A) Wiring Harness:

The wiring harness is an assembly of wires, terminals, and connectors that transmit electrical power and signals in automobiles. Those products are used in vehicles such as two-wheelers, three-wheelers, passenger cars, utility vehicles, and commercial vehicles. An automotive wiring harness is an electrical assembly of various components in a vehicle that transmits power and information to a single system. It plays an important role in transmitting information about the operation of the vehicle, sending & receiving sensor signals, and supplying power. The components that are assembled include speed sensors, heating, ventilation, and air conditioning (HVAC) systems, electrical devices, and other electronic components. According to reports, the wiring harness segment will register a compound annual growth rate (CAGR) of around 6% from 2021-2026.

B) Keyless Solutions

The automotive industry has witnessed remarkable growth in penetration of high-end technology such as ADAS systems, autonomous driving, and connected mobility among others. These integrations of smart technologies are creating demand for advanced automotive access control solutions for effective operation, improved security of the vehicle, and better convenience solutions. Moreover, the introduction of safety and security standards for automotive manufacturing in emerging nations such as India, is expected to spur the demand for automotive keyless entry systems and is expected to create attractive opportunities for the market players in these regions over the forecast period. The introduction of these systems in modern vehicles is expected to boost revenues in the global automotive keyless entry system market.

C) Automotive Interior Plastic:

Interior components for automobiles are specifically developed to provide comfort, grip, and sound insulation to the vehicle cabin, as well as enhanced driver safety features. The infotainment system, body panels, headliners, cockpit modules, door panels, and automotive seats, among other things, make up the interior of the car cabin. The interior components of a vehicle play an important role in improving its performance, giving it a more appealing appearance, and increasing its salability. Individuals' income levels are rising, and consumers' disposable income is driving market growth.

Future Key Growth Drivers

- Overall demand continued to remain strong across segments despite the increase in vehicle cost on the back of improved consumer sentiments, new product launches with EVs, and the easing of supply chain constraints.
- Government budget proposals for huge infrastructure Capex, replacement demand, and better freight rates enable the CV segment as a whole to rebound which will continue to do well going forward with a strong current order book across the OEMs.
- The company's exports grew in line with the topline growth. Going forward, it continues to be driven by the addition of new customers across geographies.
- In Mechatronics & Aftermarket segment, it has contributed ~48% of total revenues, up 14% YoY. The management said that with the technology change the first priority will be to stabilize operations and achieve higher utilization which will lead to an increase in margins on a YoY basis going ahead.
- The Company is in line with the strategy to further improve margins at Wiring Harness with more localization and improving productivity and plant efficiencies.
- MINDACORP entered into two strategic technology partnerships with Daesung Eltec from Korea and LocoNav for telematics software solutions.
- The company is focusing on enhancing its core, becoming a complete solution provider, and achieving cost and thought leadership in manufacturing and technology.
- Management is committed to becoming carbon-neutral in the next few years and has won various awards for its ESG framework.
- MINDACORP sees opportunities to increase content per vehicle through premiumization and the shift towards keyless solutions, complex wiring harnesses, digital instrument clusters, and connected technologies. The company is focusing on personalization and electrification in their R&D initiatives, as well as filling more patents and improving design quality.
- The company is working on digital transformation initiatives to improve operational efficiency and expanding their international footprint through localization of components and supply partners.
- MINDACORP is focusing on improving end-to-end traceability, low-cost automation, robotics, IoT, and digital control in their processes through partnerships with external companies.
- The Company is not going to raise debt further for any kind of future Organic or Inorganic Acquisition. The company is in line with the strategy that it will dilute the promoter's stake for further fund raising.
- MINDACORP is going to spend around 4% of Revenue for Maintenance capex in general (Includes R&D, Technology development, Plant upgradation etc.) for next 2-3 years.
- The Management guided Revenue growth target in the range of 20-25% in next 2 to 3 years.
- The company is bullish on the instrument cluster business and plans to solidify its market position by providing high-quality, innovative products and securing new business from its customers in various products.
- MINDACORP inaugurated a state-of-the-art plant in Q3FY23 and is planning to add other plants as per additional capacity requirements. These plants not only increase their production capacities and keep the company closer to the customer, but also well equipped with advanced machines backed by cutting-edge technology.
- The company does agreement with customers and suppliers to mitigate commodity inflation risk.
- Management is going to grow from components manufacture to complete system solutions provider in next 5 years.

Industry Growth Drivers

- India's Automotive Market was valued at USD 100 billion in 2021 and is expected to reach USD 160 billion in 2027, registering a CAGR of 8.1% over the forecast period (2022-2027).
- The government of India has undertaken multiple initiatives to promote the manufacturing and adoption of electric vehicles in India to reduce emissions and develop e-mobility in the wake of rapid urbanization.
- The National Electric Mobility Mission Plan (NEMMP) and Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India (FAME I and II) helped create the initial interest and exposure for electric mobility.
- The government has also provided tax exemptions and subsidies to EV manufacturers and consumers to promote the domestic electric vehicle industry.
- The automobile scrappage policy which was approved by the Government of India will help to boost the auto sector as old and unfit vehicles are replaced by more efficient new vehicles. This policy implementation has begun with heavy commercial vehicles, subject to mandatory fitness testing from April 1, 2023. All other vehicles will be tested from June 1, 2024.

Story in Charts (Values in Mn.)

Exhibit 1: Sales Growth

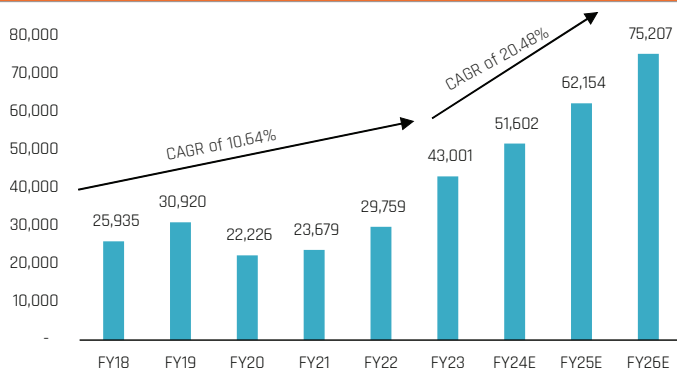


Exhibit 2: EBITDA & EBITDA Margin (%)

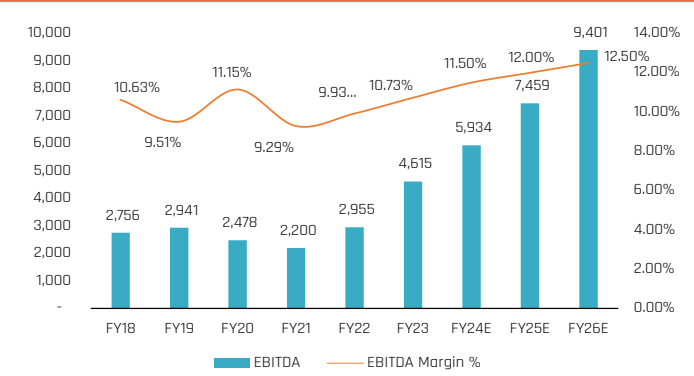


Exhibit 3: PAT Growth

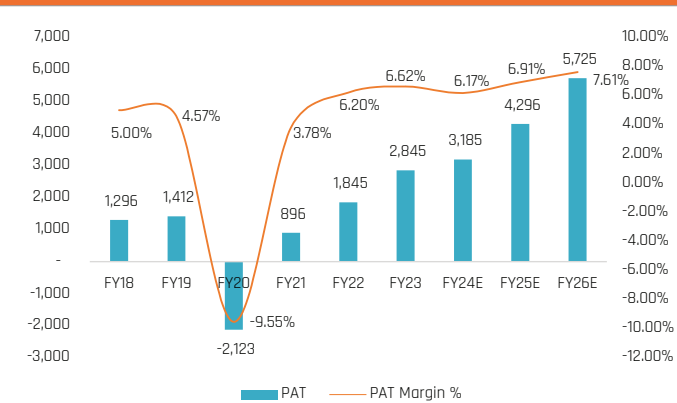


Exhibit 4: Aftermarket Product wise breakup

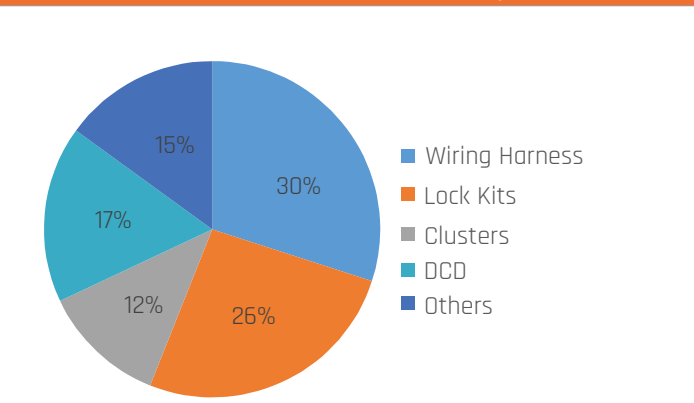


Exhibit 5: Product wise breakup

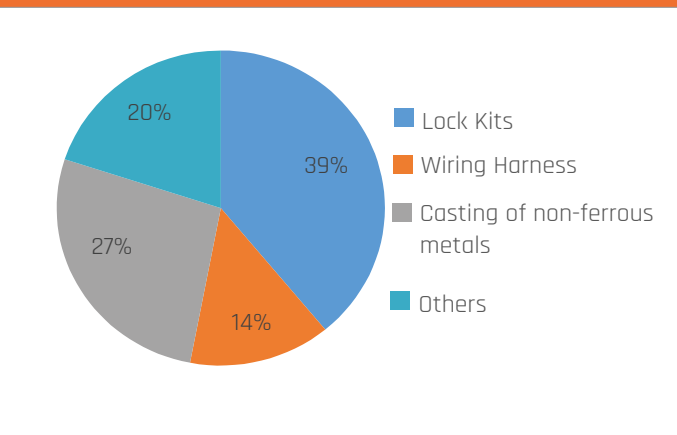


Exhibit 6: By Business Verticals

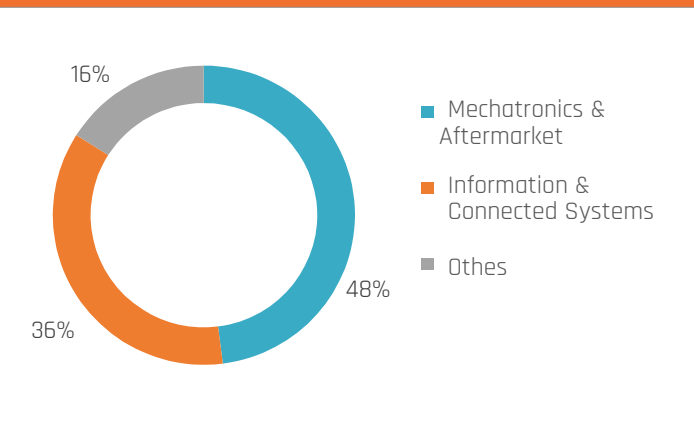


Exhibit 7: By Geography

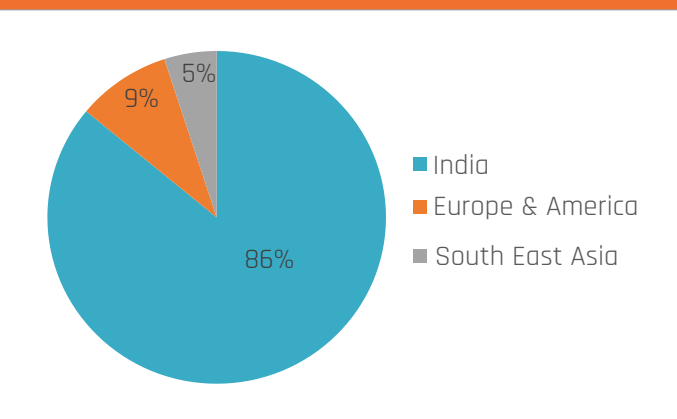
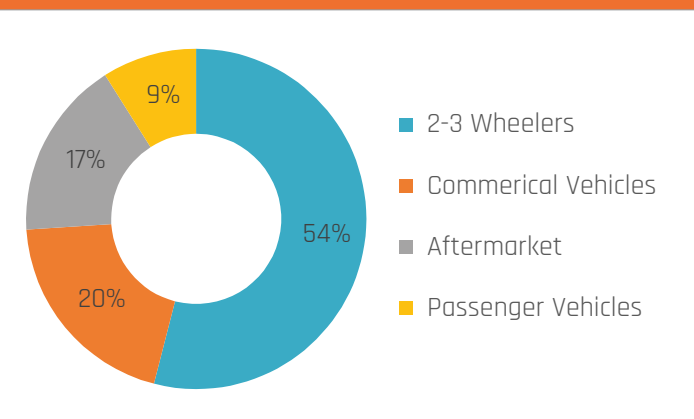


Exhibit 8: By End Market



Source : Company, ACMIIL Research

Financial Statements

Consolidated Profit & Loss Statement:

Particulars (₹ in Mn.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sales	25,935	30,920	22,226	23,679	29,759	43,001	51,602	62,154	75,207
Expenses	23,179	27,979	19,748	21,479	26,804	38,387	45,667	54,696	65,806
EBITDA	2,756	2,941	2,478	2,200	2,955	4,615	5,934	7,459	9,401
EBITDA Margin %	10.63%	9.51%	11.15%	9.29%	9.93%	10.73%	11.50%	12.00%	12.50%
Other Income	163	530	-2,868	332	570	59	162	165	168
Depreciation	738	883	866	936	1,120	1,381	1,420	1,450	1,480
Interest	398	507	413	388	320	407	430	445	455
Profit before tax	1,783	2,081	-1,669	1,208	2,085	2,886	4,246	5,729	7,634
Tax	487	669	454	312	240	41	1,062	1,432	1,908
Net profit	1,296	1,412	-2,123	896	1,845	2,845	3,185	4,296	5,725
EPS	6.82	7.45	-8.79	2.21	8.03	11.90	13.32	17.98	23.96
ROE %	17.61%	11.86%	-21.88%	7.85%	13.92%	17.88%	18.70%	22.81%	26.56%
ROCE %	14.95%	13.83%	-7.90%	9.56%	13.13%	14.29%	19.34%	23.75%	28.16%

Source : Company, ACMIIL Research

Balance Sheet:

Particulars(₹ in Mn.)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Liabilities:									
Equity Share Capital	416	453	454	478	478	478	478	478	478
Reserves	6,944	11,451	9,249	10,941	12,776	15,429	16,550	18,360	21,077
Borrowings	7,232	6,805	6,201	5,277	5,060	7,132	7,149	7,157	7,165
Other Liabilities	5,920	5,710	7,364	6,585	7,357	9,204	17,661	13,511	23,323
Total	20,512	24,420	23,268	23,281	25,671	32,243	41,838	39,506	52,044
Assets:									
Net Block	7,113	7,316	5,701	6,127	8,870	10,257	9,250	8,297	7,419
WIP	161	210	284	178	325	852	852	852	852
Investments	1,393	1,650	1,761	1,805	642	4,511	4,511	4,511	4,511
Other Assets	11,584	11,714	10,798	10,177	12,500	15,003	24,754	21,835	33,182
Cash & Bank	261	3,530	4,724	4,994	3,334	1,619	2,470	4,010	6,079
Total	20,512	24,420	23,268	23,281	25,671	32,243	41,838	39,506	52,044

Source : Company, ACMIIL Research

Risks and Concerns

- Global Semiconductor shortage & supply chain disruption due to prevailing Geo-Political Risk are expected to impact Automobile sales.
- Economic slowdown due to external & internal factors can affect overall GDP growth of Country.
- Any kind of unexpected change in government policies & Regulations

NIFTY



Chart as on 30/06/2023

NIFTY - DAILY CHART

- The index began the month on a positive note and continued its strong momentum throughout the series. On the back of that, the index has registered a fresh lifetime high of 19201.7 and settled the month on a bullish note at 19189.
- On a daily scale, the index has witnessed a fresh breakout of the rounding bottom pattern. As per this pattern, the index could reach 20900-21000 levels. Moreover, the index has also given a breakout of an ascending triangle pattern; the target is around 22000 levels. The stop loss, as per this pattern, comes around 16800 levels. Thus, as long as the index holds the support of 16800, it could test 21000-22000 levels.
- The short-term support is placed close to 18890, which was the previous resistance zone, followed by 18728, where the 21-DEMA is placed. Thus, any dips around 18900-18800 would offer good buying opportunities in the short term.
- On a daily basis, the momentum indicator RSI is above the centre point, and it has witnessed a breakout of short-term consolidation, indicating strength. Thus, a buy-on-dips strategy needs to be adopted in Nifty.
- For the short term, 18890 and 18720 will serve as support levels, whereas 19500 and 20000 will serve as resistance levels.

BANKNIFTY



Chart as on 30/06/2023

BANK NIFTY - DAILY CHART

- The index started the month on a cautious note but gradually picked up bullish momentum. On the back of that, the index has registered a fresh lifetime high of 45787 and settled the month on a positive note at 44747.
- Technically, the index has witnessed a rounding bottom pattern on 29th May, but thereafter it has witnessed consolidation in the narrow band. In the June series, the index has managed to give breakout of this consolidation and resume its upward journey. According to this pattern, the index could test levels of 49000-50000 in the medium term. In the short term, trend line resistance is placed close to 45500 levels, which will act as a supply zone.
- The immediate support for the index is placed close to 44500, where the fresh breakout occurred, and the 34-DEMA is placed close to 43456, which will serve as major support for the index in the short term.
- The momentum indicator RSI on the daily scale is placed above the centre point and has witnessed a trend line breakout, indicating strength.
- For the short term, 44500 and 43450 will act as support points, whereas 45500 and 46000 will act as resistance points.

JULY SERIES VIEW

Domestic equity benchmark indices scaled new all-time highs during the June expiry, supported by strong buying interest in heavyweight's stocks, and stable foreign institutional investor (FII) inflows. Finally, Nifty rallied more than 3% during the June series and closed at 18972 with gains of 651 points (EoE) indicating positive bias for the short term. Meanwhile, Geopolitical issues, economic slowdown risk, and higher inflation numbers will remain a concern for the markets. Thus, investors should remain cautious on the higher side. On the expiry day, the Nifty futures rollover stood at 76%, which is higher as compared to the last three series average rollover of 70% indicating long position carry forward. Nifty will begin the July series with the open interest at 0.99 crore shares, compared to 0.92 crore shares at the commencement of the June series. Market-wide rollovers stood at 92% as compared to the average rollovers of 93% in the last three series. Going forward, monthly auto sales data, Rupee movement against the Dollar, bond yields, Q1FY24 earnings, Fiis flow, global cues, Federal policy, tensions between Russia and Ukraine, and crude oil price movement will dictate the trend on the bourses next month.

DERIVATIVES INDICATORS

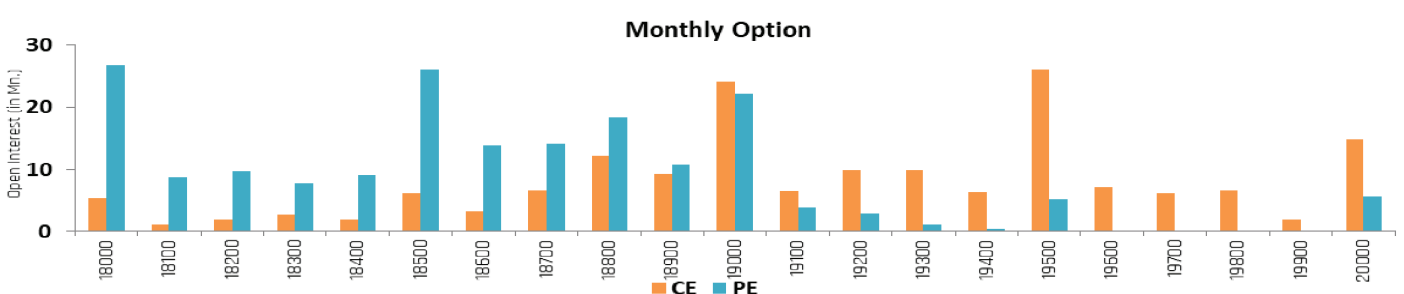
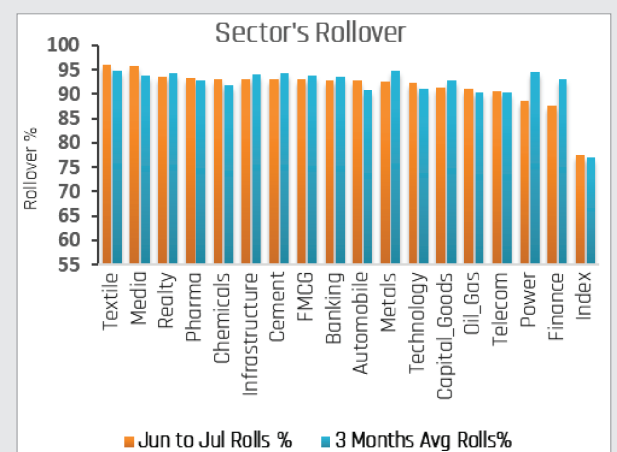
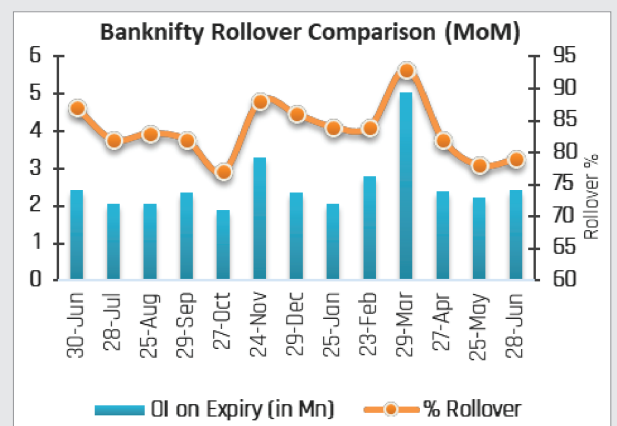
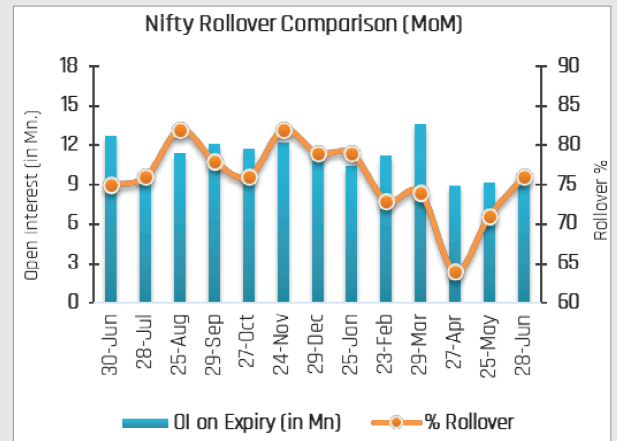
The volatility index, India VIX, is cooled off by 12.52% and closed at multi-year lows of 10.89 vs. 12.52 level of the previous month supportive for bulls. We expect volatility will remain continue due to global and economic data. Another leading derivatives indicator, Nifty PCR, opened on a higher note this month at 1.41 against last month's 1.11.

BANKNIFTY

The index saw low rolls of 79% as compared with the 3M average of 84%. BankNifty will start the July series with OI of 2.43 Mn shares as compared with OI of 2.24 Mn shares at the beginning of the June series. As per technical, support for the index stands around 43680 and 43000 whereas resistance stands at 44500 and 45000 for the short term.

SECTOR/STOCK ROLLOVER ACTIVITY

- From the sectoral action, rollovers accelerated for **TEXTILE, MEDIA, CHEMICALS, AUTOMOBILE, PHARMA** and **TECHNOLOGY**, sectors in July expiry. However, low rollovers were seen in **FINANCE, POWER, METALS, CEMENT** and **CAPITAL GOODS** sectors stocks on expiry day as compared to three month's average as highlighted in the chart.
- Within the Nifty50 space, index heavy weights such as **ONGC, ITC, WIPRO, HEROMOTOCO**, and **EICHERMOT** saw aggressive rollover in the July series while low rolls were seen in **SBILIFE, BRITANNIA, NTPC, BPCL** and **ADANI PORTS** compared with the 3M average rollover.
- From the midcap space, **ATUL, IPCALAB, GUJGASLTD, BOSCHLTD**, and **PERSISTENT** saw high rollovers whereas **L&TFH, SHRIRAMFIN, HDFCAMC, PETRONET**, and **RBLBANK** saw lower rollover compared with the 3M average.



MT Medium Risk Calls												
Calls Performance	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Calls Activated	19	32	36	22	24	40	29	18	57	27	59	64
Successful	15	24	18	17	14	21	18	10	39	21	43	44
Unsuccessful	4	8	18	5	10	19	11	8	18	6	16	20
Success Rate	79%	75%	50%	77%	58%	53%	62%	56%	68%	78%	73%	69%

MT High Risk Calls												
Calls Performance	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Calls Activated	34	44	53	24	20	24	13	10	19	15	9	11
Successful	27	31	32	16	14	13	7	8	12	11	7	8
Unsuccessful	7	13	21	8	6	11	6	2	7	4	2	3
Success Rate	79%	70%	60%	67%	70%	54%	54%	80%	63%	73%	78%	73%

Positional Calls												
Calls Performance	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Calls Activated	11	7	20	7	17	11	9	14	9	8	10	9
Successful	10	7	13	6	16	4	6	12	6	8	10	9
Unsuccessful	1	0	7	1	1	7	3	2	3	0	0	0
Success Rate	91%	100%	65%	86%	94%	36%	67%	86%	67%	100%	100%	100%

Momentum Call												
Calls Performance	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Calls Activated	28	19	22	13	11	20	12	16	12	15	10	7
Successful	22	16	16	9	6	11	6	10	6	12	7	3
Unsuccessful	6	3	6	4	5	9	6	6	6	3	3	4
Success Rate	79%	84%	73%	69%	55%	55%	50%	63%	50%	80%	70%	43%

Techno Funda												
Calls Performance	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Calls Activated	-	-	-	-	-	-	-	-	-	1	1	1
Successful	-	-	-	-	-	-	-	-	-	1	1	1
Unsuccessful	-	-	-	-	-	-	-	-	-	0	0	0
Success Rate	-	-	-	-	-	-	-	-	-	100%	100%	100%

Retail Research Call Performance

Call Tracker

Positional Call Top 5 Gainer

Date	Company	REC	Rec Price	Stop Loss	Call Closed at	Target	P/L per Share	All charges	Gain / Loss %	Closed Date
9-Jun	KNRCON	Accu	230	200	248	270-290	18	-1.61	7.13%	19-Jun
20-Jun	PCBL	Accu	154.5	144	166	175-180	11.5	-1.08	6.74%	30-Jun
5-Jun	REDINGTON	Accu	180.5	164	193.5	195-200	13	-1.26	6.50%	14-Jun
23-Jun	HDFCLIFE	Accu	625	567	665.5	680-700	40.5	-4.38	5.78%	27-Jun
31-May	GSFC	Accu	157	144	166.5	170-175	9.5	-1.10	5.35%	21-Jun

Master Trade Medium Risk Top Gainer

Date	Company	Rec	Rec Price	Stop Loss	Call Closed at	Target	P/L per Lot	All charges	Gain / Loss per Lot	Lot	Closed Date
14-Jun	JINDALSTEEL 550 CE JUNE	Buy	12.75	8	24	18-22	11.25	100.00	13962.5	1250	19-Jun
22-Jun	TITAN 2960 PE 29-JUN	Buy	25	12	34.5	40-50	9.5	100.00	3462.5	375	23-Jun
02-Jun	ICICIBANK 930 PE JUN	Buy	10.5	4	14.5	18-22	4	100.00	2700.0	700	15-Jun
20-Jun	SIEMENS 3850 CE 29-JUN	Buy	45	29	55	70-80	10	100.00	2650.0	275	20-Jun
01-Jun	COALINDIA 240 CE JUN	Buy	1.5	0.4	2.15	3.0-4.0	0.65	100.00	2630.0	4200	2-Jun

Master Trade Medium Risk Top Losers

09-Jun	RECLTD 150 CE JUN	Sell	2	3.2	3.1	0.10	-1.1	100.00	-8900.0	8000	9-Jun
21-Jun	BATAINDIA 1660 CE 29-JUN	Buy	24.50	10	10	40-50	-14.5	100.00	-5537.5	375	23-Jun

Master Trade High Risk Top Gainer

Date	Company	Rec	Rec Price	Stop Loss	Call Closed at	Target	P / L per Lot	All charges	Gain / Loss per Lot	Lot	Closed Date
19-Jun	HDFCLIFE JUNE FUT	Buy	606	595	617	620-630	11	475.09	11624.9	1100	19-Jun
28-Jun	LTIM JULY FUT	Buy	5110	5020	5185	5250-5300	75	544.43	10705.6	150	30-Jun
19-Jun	TATACOMM JUNE FUT	Buy	1572	1548	1591	1600-1620	19	556.85	8943.2	500	20-Jun
26-Jun	CANBK JULY FUT	Sell	298	303	294.5	290-287	3.5	556.61	8893.4	2700	26-Jun
02-Jun	LT JUNE FUT	Buy	2245	2197	2276	2300-2320	31	477.96	8822.0	300	5-Jun

Master Trade High Risk Call Top Losers

07-Jun	GODREJCP JUNE FUT	Buy	1065	1053	1052	1080-1100	-13	736.40	-13736.4	1000	9-Jun
12-Jun	LICHSGFIN JUNE FUT	Sell	367.5	374	374	360-355	-6.5	523.60	-13523.6	2000	13-Jun

Momentum Call Top Gainer

Date	Company	Rec	Rec Price	Stop Loss	Call Closed At	Target	P / L per Share	All charges	Net Gain / Loss %	Closed Date
15-Jun	PCBL	Buy	158	153	163.25	164-168	5.25	-1.11	2.62%	16-Jun
19-Jun	IRCTC	Buy	661.5	645	674	690-700	12.5	-0.46	1.82%	19-Jun
23-May	ACC	Buy	1811	1750	1855	1900-1920	44	-12.68	1.73%	06-Jun

Momentum Call Top Loser

1-Jun	MARICO	Buy	555.5	539	539	590-600	-16.5	-3.89	-3.67%	09-Jun
2-Jun	MINDACORP	Buy	293	284	284	305-315	-9	-2.05	-3.77%	08-Jun

Event Calendar

July 2023

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 • Monthly Auto Sales
2	3 • S&P Global Manufacturing PMI, S&P Global Manufacturing PMI Final • CHALET	4	5 • S&P Global Services PMI , S&P Global Composite PMI	6	7 • US Employment Report	8
9	10	11 • ELECON	12 • IN Manufacturing Production YoY, Industrial Production YoY and Inflation Rate YoY & MoM, US CPI Data , US Inflation Rate YoY and MoM • "HCLTECH TCS "	13 • ANGELONE	14 • WPI Manufacturing YoY, WPI Inflation YoY, WPI Food Index YoY	15
16	17	18 • US Manufacturing Production YoY, US Industrial Production MoM • "CIEINDIA ICICIGI LTTS "	19 • JUBLPHARMA	20 • "COFORGE INFY ISEC MPHASIS PERSISTENT ZENSARTECH"	21 • "ATUL HDFCLIFE JSWSTEEL RKFORGE ULTRACEMCO"	22 • "AUBANK ICICIBANK"
23	24 • "BASF HDFCAMC RBL"	25 • "ASIANPAINT BAJAJ-AUTO JUBLFOOD MANINFRA MHRIL UTIAMC"	26 • Fed Interest Rate Decision • "DRREDDY GLAXO MAHLIFE RML NOVARTIND TECHM"	27 • Fed Press conference • "FOSECOIND LATENTVIEW LGBBROSLTD NESTLEIND NAM-INDIA TRANSCOR"	28 • IN Government Budget Value June • "EXIDEIND M&MFIN"	29 • JTLIND
30	31 • "BOSCHLTD LAXMIMACH TCI"					

Result Updates Economic & Other Event

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Market Pulse	Master Trades High Risk
RBI Monetary Policy	Master Trades Medium Risk
Union Budget Report	Techno-Funda
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