

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	22519	22171	22801	22143	20574	22193-22711	Sell at CMP. Targets at 22201/21875. Aggressive targets at 22651 zone. Stop at 22811.
BANK NIFTY	48565	47421	49501	46851	45595	46841-49454	Sell at CMP. Targets at 47551/46721/46101. Stop at 49666.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
ASHOKLEY	178	147	203	172	175	Positive	Incorporated in 1948, Ashok Leyland (AL), the flagship company of the HInduja Group is the second-largest Commercial Vehicle (CV) manufacturer in India. The firm has a strong presence in the truck segment with a market share of 29% as of FY22 and now commands a market cap of Rs 52,3690 Crore. We remain bullish on Ashok Leyland amidst recent softening in metal prices, firms' new launches, gaining on market share and most importantly, on expectation of improvement in core economic activities, higher influx of infra projects, especially, the Govt. reform action to support growth momentum. Look to buy at CMP, and on any corrective dips between 153-157 zone, targeting 199-203 zone and then at 221 mark. Aggressive bigger 12-15 months targets at 250 mark. Stop at 147.

BUY ASHOKLEY at CMP 178. Target 203

CMP	178
Target Price	203
52 Week H/L	191.50/135.8
P/E	21.21
EPS (TTM)	8.41
Promoter Holding/DIIs/FIIs	51.53/35.2/20.5
Book Value	31.92
Market Cap (INR)	52,369.40 crores

Incorporated in 1948, **Ashok Leyland (AL)**, the flagship company of the HInduja Group is the second-largest Commercial Vehicle (CV) manufacturer in India, the 4th largest manufacturer of buses in the world, and 19th largest manufacturers of trucks, 9 manufacturing plants across the globe, a footprint that extends across 50 countries and commanding a market cap of Rs 52,369 Crore.

We remain bullish on Ashok Leyland amidst recent softening in metal prices, firms' new launches, gaining on market share (Avtar, Bada Dost, Partner) and most importantly, on expectation of improvement in core economic activities, higher influx of infra projects, especially, the Govt. reform action to support growth momentum. During the quarter the company garnered orders for more than 3,800 buses from State Transport Undertakings.

Also, helping growth dynamics in near and in long term are reports of AL's robust capex plan in Electric vehicle under the UK Subsidiary 'Switch' and to use India as export hub. An investment of Rs 662 crore was made during the quarter into Optare PLC / Switch, as prospects of electric light commercial vehicles and eBuses continue to strengthen.

Also note, with covid pandemic almost behind, the overall CV, bus, CNG and tipper segments demand should further shoot up from hereon.

The CV industry is likely to remain buoyant on backdrop of favourable macroeconomic factors and a healthy demand from the end-user industries. This trend is expected to continue alongside M&HCV growth in core sectors such as construction & mining, agriculture, increased capital outlay for infrastructure projects and pent-up replacement demand. Meanwhile, the bus demand is likely to show significant improvement primarily aided by the replacement of the existing fleet of buses, increasing demand for school and staff transportation and then public transport impetus.

Ashok Leyland reported a decent 73% jump in net profit for the third quarter of the financial year 2023-24 to Rs 608.85 crore, compared to Rs 351.21 crore during the October to December quarter of the financial year, driven by a high volume in commercial vehicles. There was confluence of good volumes, better price realisation, and higher cost savings, thus helping achieve better profitability.

During the quarter under review, the company also saw its revenue up by 7 per cent to Rs 11,092 crore as against Rs 10,399.74 crore during the third quarter of 2022-23. The reported Earnings before Interest, Taxes, Depreciation, and Amortisation (Ebitda) of Rs 1,114 crore in Q3 FY24 against Rs 797 crore a year ago.

The company achieved a historic high commercial vehicle volume of 1,38,416 units in the first nine months of the fiscal year. The company's debt was seen at Rs 1,747 crore at the end of Q3 FY24 with debt-equity at 0.2 times as compared to 0.3 times at the end of the previous quarter.

Technically, brace yourselves for a major breakout play from a probable classic 'flag pattern' breakout on the monthly charts. An impulse uptrend is seen forming on the daily time scale, with positive SAR series, with recent sequence of higher high/low intact on all long time frames.

Add to that a bullish divergence and a rising stochastic signal (on weekly charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 170-172 zone. The level of Rs 170-172 zone will act as a strong support zone.

Look to buy at CMP, and on any corrective dips between 153-157 zone, targeting 199-203 zone and then at 221 mark. Aggressive bigger 12-15 months targets at 250 mark. Stop at 147.

Daily Chart of ASHOKLEY :

