

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	18826	18553	19101	18203	17899	18675-19101	Buy at CMP. Targets at 19001/19151. Stop at 18327.
BANK NIFTY	43938	42201	45101	43252	41680	42571-44351	Buy at CMP. Targets at 45101/45651/46201. Stop at 41951.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
ASHOKLEY	164	133	189	146	148	Positive	Ashok Leyland (AL) 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 43,660 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. Look to buy at CMP, and on any corrective dips between 145-150 zone, targeting 175-177.50 zone and then aggressive bigger 12-15 months targets at 250 mark. Stop at 133.

CMP	164
Target Price	189
52 Week H/L	169.40/128.20
P/E	34.98
EPS	4.70
ROE	7.61
Book Value	28.70
Market Cap (INR)	48270 crores

Daily Chart of ASHOK LEYLAND :



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 48,270 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, a 24% CAGR in volume growth over FY22-24E quite likely. 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. Also note, with covid pandemic almost behind, the overall CV, bus, CNG and tipper segments demand should 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 growth in core sectors such as construction & mining, agriculture, increased capital outlay for infrastructure projects and pent-up replacement demand.

Ashok Leyland reported an over five-fold jump in consolidated net profit at Rs 802.71 crore for the fourth quarter ended March 31, 2023 riding on robust sales. Revenue from operations during the quarter under review stood at Rs 13,202.55 crore as against Rs 9,926.97 crore in the year-ago period. Operating margins expanded 209 basis points on year to 10.97%. The company's truck market share improved to 32.7% in the last quarter from 30.6% a year ago. Bus market share improved to 27.1% from 26.4 % last year. Ashok Leyland's domestic light commercial vehicle volumes grew by 18% in the reported quarter to 18,840 units.

Recently, Mr. Shenu Agrawal joined Ashok Leyland from Escorts Kubota Ltd, as its new managing director and chief executive officer. He was chief executive for the agribusiness for more than seven years and associated closely with the transformation of Escorts into a leadership position by ushering in contemporary global standards of design, quality, and manufacturing.

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 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 145 zone. The level of Rs 145-150 zone will act as a strong support zone.

Look to buy at CMP, and on any corrective dips between 145-150 zone, targeting 177.50/189 zone and then aggressive bigger 12-15 months targets at 250 mark. Stop at 137.

Mehta Equities

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