

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	17604	17221	17901	18248	17289	17901-18212	Sell a CMP. Targets at 17221/17075/16851. Stop at 18101.
BANK NIFTY	40345	38901	43137	42797	38697	38925-42201	Sell at CMP. Targets at 38935/38201/37751. Stop at 43137.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
ASHOKLEY	149	113	167.5	146	144	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 119-125 zone, targeting 167.50-171 zone and then aggressive bigger 12-15 months targets at 200 mark. Stop at 113.

CMP	149
Target Price	167.5
52 Week H/L	169.45/93.20
P/E	175.71
EPS	0.85
P/BV	5.13
Book Value	29.12
Market Cap (in ₹ crores)	43851

Daily Chart of ASHOKLEY :



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 43,821 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.

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.

On backdrop of price hike and lower base, Q2FY23 revenue grew by 14% QoQ, primarily driven by strong growth in the heavy truck & bus segments. EBITDA margin too expanded by 207bps QoQ.

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 143 zone. The level of Rs 143-145 zone will act as a strong support zone.

Look to buy at CMP, and on any corrective dips between 119-125 zone, targeting 167.50-171 zone and then aggressive bigger 12-15 months targets at 200 mark. Stop at 113.

Mehta Equities

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