

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	21731	21495	22001	20165	19151	21525-22001	Buy between 21625-21635 zone. Targets 22000/22501. Stop at 21465.
BANK NIFTY	48292	46951	49501	45092	44041	46751-48999	Buy at CMP. Targets at 49501/50001/50551. Stop at 46871.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
ASHOKLEY	182	137	203	174	166	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 48,270 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 177-179 zone, targeting 199-203 zone and then aggressive bigger 12-15 months targets at 250 mark. Stop at 137.

BUY ASHOKLEY at CMP 182. Target 203

CMP	182
Target Price	203
52 Week H/L	191.5/133.1
P/E23.69	
EPS (TTM)	7.66
Promoter Holding/DIIs/FIIs	51.53/36.8/20.2
Book Value	29.94
Market Cap (INR)	53305.39 crores

Theme: 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 53,305 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 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 181% (YoY) surge in consolidated net profit at Rs 561 crore for the September quarter 2023-24 riding on higher sales. The company had incurred a net profit of Rs 199 crore in the same period last fiscal year.

Sequentially, the net profit dipped three percent from Rs 576 crore in the previous quarter. Revenue from operations rose 16.6 percent to Rs 9,638 crore in the quarter from Rs 8,266 crore in same quarter last fiscal.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the quarter was Rs 1,080 crore (11.2 percent) vis-a-vis Rs 537 crore (6.5 percent) in Q2 FY'23. Net Debt at the end of the quarter stood at Rs 1,139 crore with a debt equity at 0.1 time.

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 167-170 zone. The level of Rs 167-170 zone will act as a strong support zone.

Look to buy at CMP, and on any corrective dips between 163-167 zone, targeting 199-203 zone and then at 221 mark. Aggressive bigger 12-15 months targets at 250 mark. Stop at 157.

Daily Chart of ASHOKLEY :



Mehta Equities

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