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Values that bind

Happy
New Year

2  24

NEW YEAR PICKS 2024

KOTAK MAHINDRA BANK

Sector **BANK**

Mcap(₹ cr)
378,098

CMP(₹)
1902

Acc.Range(₹)
1840-1905

Targets(₹)
2060-2180

ASIAN PAINTS

Sector **PAINTS**

Mcap(₹ cr)
326,554

CMP(₹)
3404

Acc.Range(₹)
3320-3410

Targets(₹)
3590-3900

EICHER MOTORS

Sector **AUTO**

Mcap(₹ cr)
112,793

CMP(₹)
4120

Acc.Range(₹)
3950-4130

Targets(₹)
4550-4800

UNITED SPIRITS

Sector **BEVERAGE**

Mcap(₹ cr)
78,786

CMP(₹)
1083

Acc.Range(₹)
1030-1090

Targets(₹)
1210-1325

MPHASIS

Sector **IT**

Mcap(₹ cr)
51,665

CMP(₹)
2740

Acc.Range(₹)
2580-2745

Targets(₹)
2900-3350

*CMP as on 27th Dec, 2023

NEW YEAR PICKS 2024

2024 : LARGE CAPS TO SHINE

The Indian markets expect to end the year 2023 in double digit, despite witnessing a rollercoaster ride. At the start, it was already struggling with geopolitical issues between Russia-Ukraine and inflation worries and additional factors such as rising crude prices, slowdown in consumption, Banking crisis in US, selling pressure from FII as well as conflict between Israel-Hamas too impacted sentiments over the year. However, towards the second half factors such as an improving macro environment like moderating commodity prices and inflation, steady interest rates as well as the state election outcome remained in-line with market participants and healthy inflow from DII and FII, brought back confidence in the market. Consequently, the benchmark, Sensex & Nifty continued reaching multiple records and gained nearly 20-22% in the last one year.

We are entering the year of 2024, with the index at record high, along with optimistic sentiments such as moderating inflation, steady interest rates, GDP growth picking up as well as healthy inflow from FII & DII continues to be the net buyers, keeping the sentiments positive for the Indian markets. Moreover, there is high anticipation that the Indian economy will continue to emerge as the fastest growing economies as compared to others because of its resilient performance in the past as compared to global challenges, steady policy action, robust demand environment and continuous investment towards infrastructure and boosting economic growth.

Meanwhile, we expect domestic markets to be highly volatile so investors as well as participants are advised to keep their focus on specific sectors and stocks into mid to large-cap space.

TECHNICAL OUTLOOK

Markets have delivered a strong performance in the calendar year 2023 and gained nearly ~20% so far. Though the beginning was not very encouraging, Nifty reversed after making a low at 16,828 in March and staged a steady up move thereafter. It also reclaimed its record high levels in June and gained momentum in the last two months, after registering a decisive breakout from a consolidation range. However, the major highlight of the year was the outperformance of the broader indices as both midcap and smallcap index rose ~44% and ~53% respectively.

Currently, Nifty is trading at a life-high, with upward momentum in sync with global markets. From the medium to long term perspective, Nifty has the potential to scale to 22,650, followed by the next target at 24,100. On the other hand, we expect the index to find support at 20,250 first and major at 19,000 levels, in case of a decline.

Considering the scenario, we have hand-picked a list of the top 5 stocks to invest from our universe of fundamentally sound counters based on their relative strength and price action.

Happy Investing!



BUY

KOTAK MAHINDRA BANK

CMP (₹)

1902

Acc. Range (₹)

1840-1905

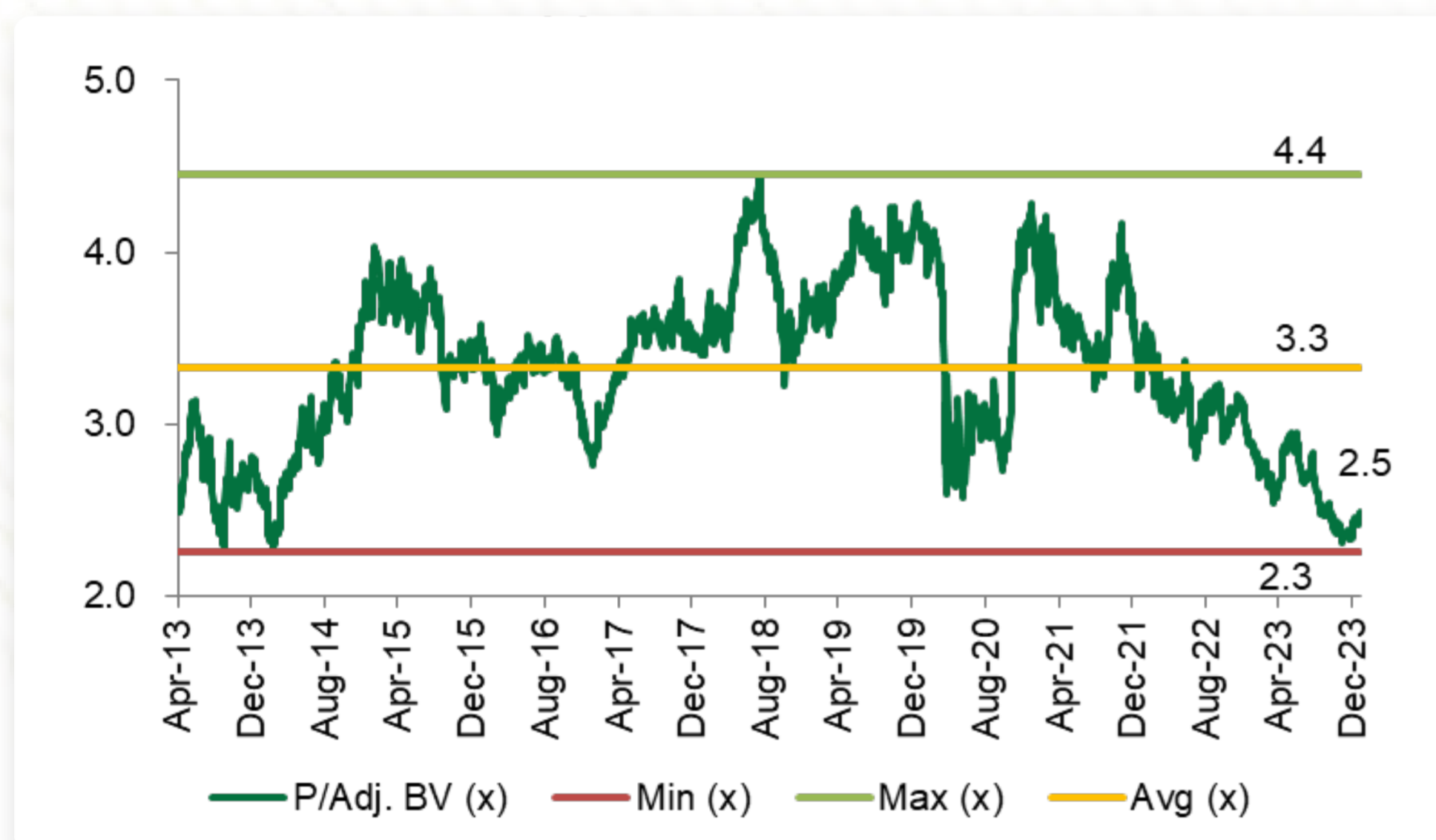
Targets (₹)

2060-2180

TECHNICAL OUTLOOK

- » Kotak Bank has been trading in a broader consolidation range i.e. 1650-2000 for over two years and currently seeing recovery after retesting the lower band of that range.
- » The existence of long term moving average i.e. 200 WEMA around the lower band is added positive.
- » The chart structure combined with buoyancy in the banking space is pointing toward a steady rise and possibly the end of the consolidation phase also.

FORWARD P/ADJ. BV BAND (X)



TECHNICAL CHART : WEEKLY



KEY STOCK DATA

Symbol	KOTAKBANK	Market Cap (₹ Cr)	378,098	52 week H/L	2,064/1,644
Shares o/s, Cr	993.8	3M Avg Volume	3,368,831	Face Value (₹)	5

INVESTMENT RATIONAL

- » Kotak Mahindra Bank is the 4th largest financial services company in terms of advances & deposits providing diversified services such as banking and financial services, retail broking, treasury and corporate banking, etc.
- » Bank is seeing healthy credit demand in the retail segment as well as significant portion of its loan book is secured which places the bank well amongst its peers. Also, the recent appointment of Mr Ashok Vaswani as MD & CEO will play out well for the bank.
- » In a stable interest rate environment, we expect the bank's topline and margin to improve along with its deposit growth which has remained strong as compared to the industry led by the floating rate saving account and term deposits.
- » Going forward, the bank remains focused on technological advancement to improve customer experience and cost efficiencies as well as expect it to continue maintaining industry best asset quality.

BUY

ASIAN PAINTS

CMP (₹)

3404

Acc. Range (₹)

3320-3410

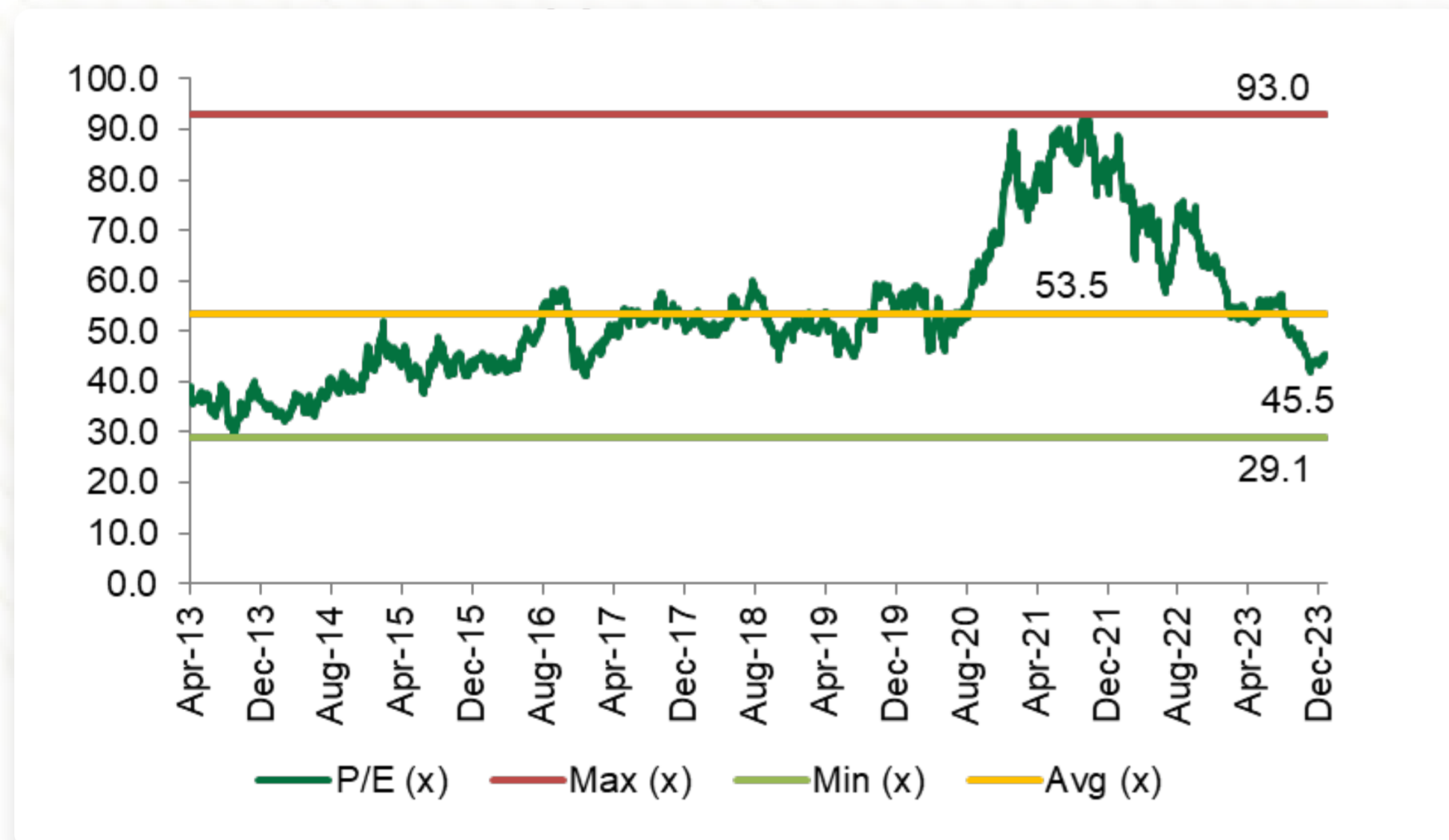
Targets (₹)

3590-3900

TECHNICAL OUTLOOK

- » Asian Paint is among the best performer within the paint space, maintaining a steady long uptrend since 2009.
- » It has been witnessing consolidation in a broader consolidation i.e. 2550-3570 for over two years, forming higher lows on the weekly timeframe.
- » It is inching gradually towards the upper band of the range and likely to surpass the same in its third attempt.

FORWARD PE BAND (X)



Source : RBL Research

TECHNICAL CHART : WEEKLY



KEY STOCK DATA

Symbol	ASIANPAINT	Market Cap (₹ Cr)	326,554	52 week H/L	3,568/2,686
Shares o/s, Cr	95.9	3M Avg Volume	912,813	Face Value (₹)	1

INVESTMENT RATIONAL

- » Asian Paints is India's leading paint and Decor Company which is ranked among the top 8 coatings companies in the world. It has 27 paint manufacturing facilities and serves consumers in over 60+ countries.
- » We believe industry tailwinds such as government spending towards infra structure & housing and demand from real-estate along with robust festive demand and marriage season will aid growth.
- » The company's plan is to innovate products in its large contributing segment i.e. decorative, expand its home décor business as well as focus on highly demanding Automotive and coating segments, focus on increasing premium products in the mix.
- » Despite the competition from new entrants, Asian paints has been able to maintain its market leadership as well as it enjoys premium valuation led on the back of its product portfolio, strong presence in decorative space and its foray into allied segments as well as healthy distribution reach.

BUY

EICHER MOTORS

CMP (₹)

4120

Acc. Range (₹)

3950-4130

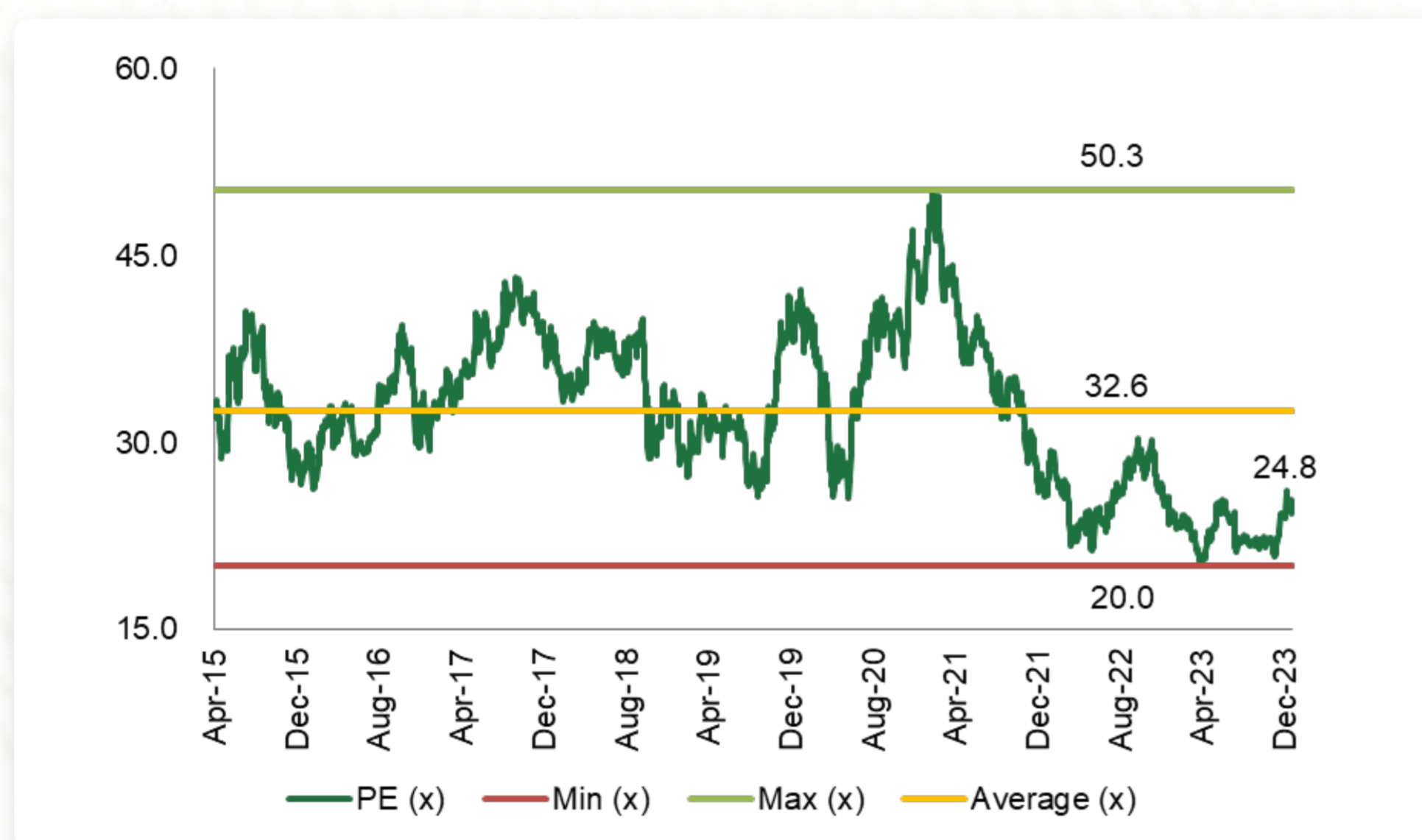
Targets (₹)

4550-4800

TECHNICAL OUTLOOK

- » We are seeing noticeable traction in the auto space and Eicher Motor is trading largely in tandem with the trend.
- » It has reclaimed the record high after spending nearly over a year in a corrective phase. And, it is currently hovering in a narrow range around its record high, forming a base around its previous breakout zone.
- » This consolidation is a fresh buying opportunity for those who missed the chance earlier.

FORWARD PE BAND (X)



Source : RBL Research

TECHNICAL CHART : WEEKLY



KEY STOCK DATA

Symbol	EICHERMOT	Market Cap (₹ Cr)	112,793	52 week H/L	4,200/2,836
Shares o/s, Cr	27.4	3M Avg Volume	596,184	Face Value (₹)	1

INVESTMENT RATIONAL

- » Eicher Motors is a leading player in the premium range of motorcycles while it also has presence across the commercial vehicle segment through its partnership with VECV.
- » With the industry witnessing gradual shift towards 125+cc category of motorcycles, Eicher will be a direct beneficiary of such a trend. Also, in line with the growing EV demand, Eicher will leverage its Stark Future investment which is aimed to accommodate the EV demand in the commercial vehicle segment
- » The company has been able to withstand steep competition from its peers in its core segment mainly due to the demand for the premium motorcycles segment which has resulted with overall YTD volume growth of ~13.4%.
- » It recently launched 2 motorcycles in 450cc category while it has few more launches which shall strengthen its position in its category, aiding in volume and realizations growth.

BUY

UNITED SPIRITS

CMP (₹)

1083

Acc. Range (₹)

1030-1090

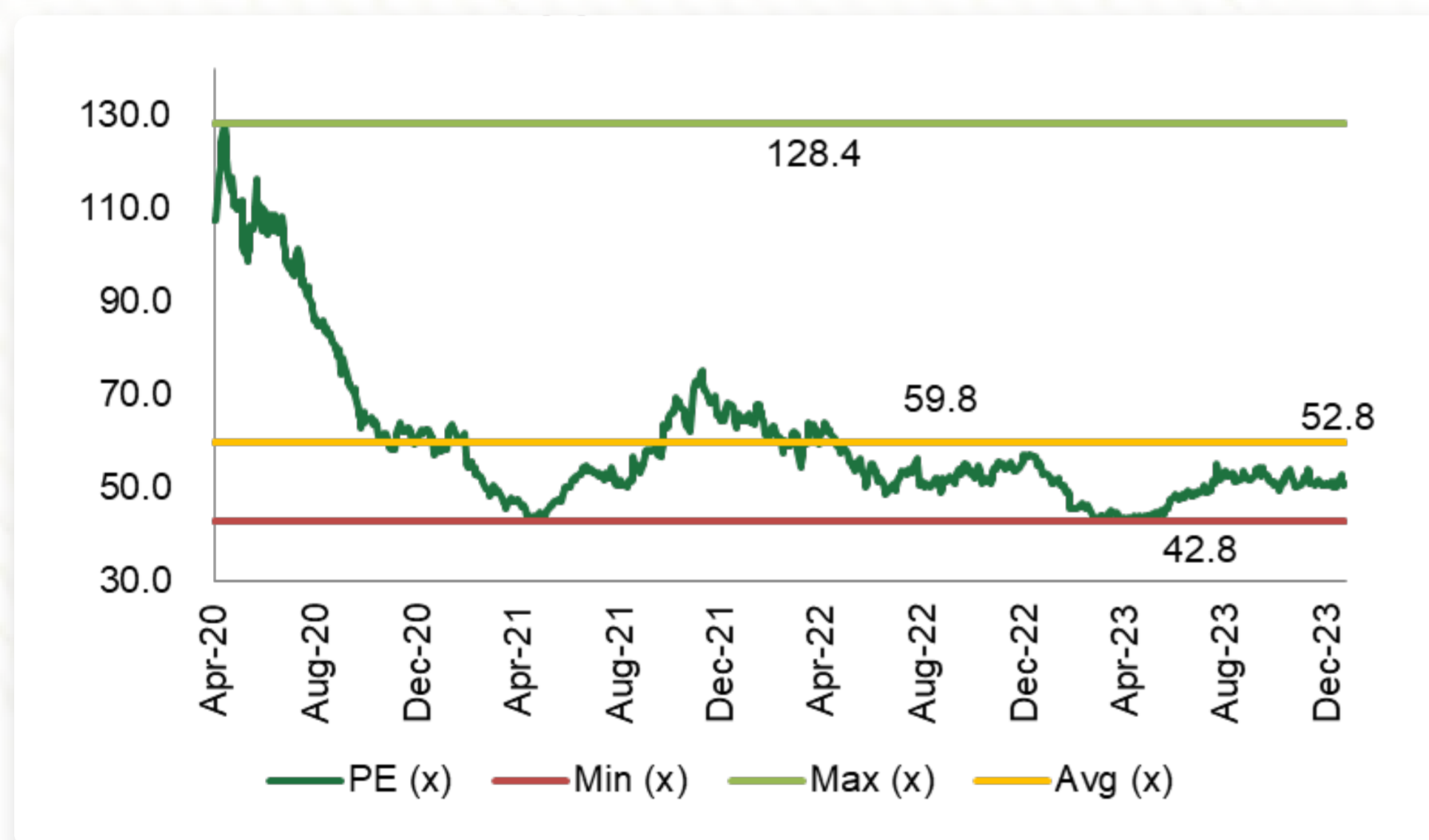
Targets (₹)

1210-1325

TECHNICAL OUTLOOK

- » MCDOWELL-N registered a decisive breakout from the consolidation phase in July 2023, which continued for over one and a half years.
- » It has been gradually inching higher since then, finding support at its short term moving average i.e. 20 WEMA.
- » Following price action and positioning of the momentum indicator, we expect the stock to maintain the prevailing tone. Traders can accumulate in the mentioned range.

FORWARD PE BAND (X)



Source : RBL Research

TECHNICAL CHART : WEEKLY



KEY STOCK DATA

Symbol	MCDOWELL-N	Market Cap (₹Cr)	78,786	52 week H/L	1,116/731
Shares o/s, Cr	72.7	3M Avg Volume	1,002,156	Face Value (₹)	2

INVESTMENT RATIONAL

- » United Spirits is promoted by global leader Diageo PLC which is involved in manufacturing, sale and distribution of alcohol and has a comprehensive portfolio of ~80+ brands of spirits.
- » It has sold its non-core brands over the last few years with a view to focus on its premium P&A segment which now accounts for ~83.2% of its overall volume resulting in healthy realizations.
- » The softening of input cost has enabled the company to post healthy margins in the recent quarters. It intends to achieve ~15% EBITDA margin in the medium term while aiming at ~16%/16.5% in the long term.
- » It is virtually a debt free company and has started distributing dividends to its shareholders while it also maintains healthy return ratios making it an attractive proposition in its segment.

BUY

MPHASIS

CMP (₹)

2740

Acc. Range (₹)

2580-2745

Targets (₹)

2900-3350

TECHNICAL OUTLOOK

- » Mphasis has recently ended the 2-year-long corrective phase, with a breakout from a bullish Cup and Handle price pattern.
- » Post the initial surge, it is forming a fresh buying pivot around the support area of previous swing high.
- » Its chart pattern combined with recent buoyancy in the IT space is suggesting buying interest at the elevated levels.

FORWARD PE BAND (X)



Source : RBL Research

TECHNICAL CHART : WEEKLY



KEY STOCK DATA

Symbol	MPHASIS	Market Cap (₹ Cr)	51,665	52 week H/L	2,764/1,660
Shares o/s, Cr	188.8	3M Avg Volume	521,822	Face Value (₹)	10

INVESTMENT RATIONAL

- » Mphasis, an IT solutions provider helps clients deliver a portfolio of next-generation offerings and services that blend their deep domain expertise with cutting-edge technology. Their major portion of revenue is earned from the American region (~81% of revenue) and Banking sector (~53% of revenue).
- » Given the macro-economic challenges in the American region and slow start to the banking and finance sector this fiscal, the management focus remains on acquiring deals from other geographies like Europe & Middle East as well as sectors such as technology, telecom and Insurance.
- » The company aims to win large and long term deals, develop strategic partnership for technology, explore opportunities in areas of growth in hi-tech, insurance, healthcare, logistics, etc.
- » Besides, there is healthy demand for AI, cloud and transformation deals, strong order pipeline which is yet to get converted to revenue and also are investing behind technology. So, all this are playing well for the company and has maintained their EBIT margin guidance band of 15.25%-16.25% for FY24.

LAST YEAR RECOMMENDATIONS-2023

Our New Year Pick 2023 delivered an average return of 23.5% as compared to Nifty 50 return of 21.6%

Particulars	Sector	*Reco Price(₹)	Target Price 1 (₹)	Target Price 2 (₹)	#CMP (₹)	Target Price 2 Met	Returns (%)
Maruti Suzuki	Auto	8,142	9,000	9,650	10,289	Yes	18.5
Voltas^	Consumer Durables	778	930	1,050	985	No	26.6
Exide Industries	Auto	177	210	230	301	Yes	29.9
V-Guard^	Consumer Durables	261	305	330	288	No	10.3
Birlasoft	IT	280	330	370	735	Yes	32.1

Average Return %
23.5 %

NIFTY 50	Index	17,807			21,655		21.6
Sensex	Index	59,845			72,038		20.4

*Reco Price As On 23rd December, 2022

#CMP As On 27th December, 2023

^Return From CMP

RESEARCH TEAM

NAME	EMAIL ID
Siddarth Bhamre	siddarth.bhamre@religare.com
Ajit Mishra	ajit.mishra@religare.com
Manoj Vayalar	manoj.vayalar@religare.com
Nirvi Ashar	nirvi.ashar@religare.com
Gaurav Arora	gaurav.arora3@religare.com
Akshay Tiwari	akshay.tiwari@religare.com
Abhijeet Banerjee	abhijeet.banerjee@religare.com
Gaurav Sharma	gauravsharma2@religare.com
Rohan Shah	rohan.shah@religare.com
Riddhika Mirajkar	riddhika.mirajkar@religare.com
Ashwani Harit	ashwani.harit@religare.com



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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co - managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Statements on ownership and material conflicts of interest, compensation – Research Analyst (RA)

[Please note that only in case of multiple RAs, if in the event answers differ inter- se between the RAs, then RA specific answer questions under F(a) to F(j) below, are given separately]

with respect to

Nature of Interest (if answer to F(a) above is Yes :

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter - se between the RAs, then RA specific answer with respect to questions under F(a) to F(j) above, are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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