

Indices	Current Value	% 1 D	% YTD
Sensex	72,038	1.0	18.4
Nifty	21,655	1.0	19.6
BSE Midcap	36,287	0.4	43.3
BSE Small cap	42,287	0.2	46.2

Sectors – Performance (BSE)

Metal	26,525	1.3	27.2
Auto	41,391	1.3	43.1
Bankex	54,437	1.1	11.3
Oil & Gas	22,720	-0.4	11.3
Power	5,750	-0.2	31.2
FMCG	20,044	0.4	24.7

Nifty Gainers/Losers	CMP	% Chg
HINDALCO	606	4.4
ULTRACEMCO	10,436	4.2
BAJAJ-AUTO	6,710	3.8
NTPC	306	(1.1)
ONGC	206	(0.9)
ADANIEN	2,843	(0.8)

FII Trading activities in Cash

	Date	Net	MTD
FII	27-Dec-23	2,926	2,831
DII	27-Dec-23	-192	-25

Figs. in Rs Cr.

Global Indices	Current Value	% 1 D	% YTD
Dow Jones	37,657	0.3	13.6
NASDAQ	15,099	0.2	44.3
DAX	16,742	0.2	19.0
Nikkei 225	33,535	(0.4)	28.5
FTSE 100	7,725	0.4	2.2
Hang Seng	16,848	1.3	(16.4)
Shanghai A Sha	2,936	0.7	(5.8)

Source: Bloomberg; As on 7:30 am IST

Forex Rate			
INR/USD	83.3	-0.2	-0.7
INR/EUR	92.1	-0.5	-4.3
INR/GBP	106.0	-0.4	-6.1
INR/YEN (100)	59.0	-0.5	6.4

Market Commentary

- **Asian Markets** are trading mixed as China stocks were buoyed by a rebound in online gaming stocks. Nikkei is trading lower by 0.63% while Shanghai and Hang Seng are trading higher by 0.61% and 1.15% respectively.
- **Indian Indices** are expected to open flat. GIFT Nifty was trading at 21,754 vs. yesterday's Nifty Futures close of 21,690.
- **US Markets** closed on a positive note. The decrease in treasury yields has increased optimism about the outlook on interest rates, reviving buying interest in the market. The Dow Jones ended higher by 111 points or 0.30% to close at 37,656 and the NASDAQ ended higher by 24 points or 0.16% to close at 15,099.

What is Inside

- **Axis New Year Picks 2024**

News in Focus

- **Reliance Capital:** The Competition Commission of India (CCI) has approved the acquisition of the stake in Reliance Capital by IndusInd International Holdings Limited, IIHL BFSI (India) Limited, and Aasia Enterprises LLP. Reliance Capital is undergoing insolvency resolution proceedings initiated under the Insolvency and Bankruptcy Code.
- **Tata Power Company:** The Tata Group company has signed a share purchase agreement and acquired a 100% equity stake in Bikaner III Neemrana II Transmission - a special-purpose vehicle for the project. The acquisition cost is Rs 19 Cr.
- **Life Insurance Corporation of India:** S Sunder Krishnan is appointed as Chief Risk Officer of the corporation with effect from December 27. Pratap Chandra Paikray has ceased as Chief Risk Officer of the LIC.
- **South Indian Bank** approved raising Rs 1,750 Cr via rights issue.
- **Lupin** has announced that it has received approval from the USFDA for its abbreviated new drug application for Loteprednol Etabonate Ophthalmic Suspension.

New Year, New Horizons: Key Themes to Supercharge Your Investments

As we conclude the final page of 2023, we extend our heartfelt wishes for a 'Happy New Year' to all our valued patrons. With great enthusiasm, we welcome 2024, anticipating a year filled with prosperity, peace, and happiness for you and your family. At this juncture, it gives us immense joy to announce our New Year picks for this year and we hope they will enhance and fortify your investment endeavours further.

2023 in retrospect: The year 2023 unfolded as an intriguing period, not only for the Indian equity market but also on the global markets' front. We commenced the year with restrained expectations and witnessed a notable amount of volatility in the initial months on account of a) Rising COVID-19 cases in China, b) Lockdown in the Chinese economy, c) Hawkish Central Bank, d) Rising bond yields, and e) Other macroeconomic challenges. These developments kept the equity performance subdued for the first few months.

However, in the second half of the year, the Indian market witnessed a remarkable recovery from its Mar'23 bottom and the broader market outperformed the Largecap companies by notable margins. The positive developments in the country were supported by a) Improving high-frequency indicators of the domestic economy after a growth-oriented budget, b) Superior growth outlook vis-a-vis other emerging markets, c) Status-quo maintained by the RBI in Apr'23 MPC, d) Supportive valuations after the correction seen in the first three months of 2023, and f) Returning FIIs in the domestic market. Buoyed by these favourable factors, the Indian benchmark index Nifty-50 grew by 18% on a YTD basis till 22nd Dec'23 vs. the 2.7% growth delivered by FTSE emerging market index during the same period. Even more impressively, Small and Midcap indices emerged as the true winners during this period, displaying substantial growth of 43% and 46%, respectively.

Market touched an all-time high in Dec'23: Benchmark index Nifty-50 scaled to an all-time high level and closed at 21,457 on 15th Dec'23. This commendable growth was led by three back-to-back events that turned in favour of the equity market. These were 1) The results of the assembly elections in 3 out of 4 key states that raised the expectations of policy continuity in 2024 and thereby boosting the market confidence, 2) The status quo maintained by the RBI along with a positive revision in FY24 GDP from 6.5% to 7%, and 3) Dovish narrative by the US FED in the FOMC meeting. With this, the Indian market cap touched \$4 Tn for the first time in Dec'23. India is now the 5th largest market in the world and stands tall among global economies. Only the US, China, Japan, and Hong Kong markets are currently ahead of India.

Faith in India's growth story continues: Investors, both domestic and foreign, have actively demonstrated confidence in India's long-term growth narrative. In FY24 so far, DIIs and FIIs have invested \$12 Bn and \$23 Bn, respectively, in the Indian equity market till 22nd Dec'23. After being net sellers in FY22 and FY23, FIIs regained confidence in FY24 and the sentiment was further reinforced by the BJP's big-bang performance in assembly elections across three out of four key states. The anticipation of political continuity in the upcoming 2024 general elections has heightened market confidence, providing increased visibility on policy continuity. This, in turn, is expected to sustain the growth momentum of the domestic economy moving ahead. In light of these factors, we foresee that the Indian equity market will maintain a higher premium to emerging markets (EM) over the next year. This positive outlook would be further supported by a) A strong earnings forecast, b) The improved health of the banking sector, and c) Encouraging expectations in the Private Capex cycle.

Neeraj Chadawar | neeraj.chadawar@axissecurities.in

New Year, New Horizons: Key Themes to Supercharge Your Investments

Outlook 2024: The Indian economy continues to be a 'star performing' economy as against other emerging markets. Moreover, we firmly believe that it is likely to continue its growth momentum in 2024 and remain the land of stability against the backdrop of a volatile global economy. The majority of the high-frequency indicators are trending upwards and the uptick from the pre-Covid levels is visible, indicating the resilience of the Indian economy. On top of it, the macroeconomic scenario has changed in favour of the equity market in the last one month and multiple indicators are now indicating a positive start for 2024. It is also noteworthy that the US bond yields witnessed a correction of 110bps from its peak in the last one month, which is further supporting the rally.

Overall, the country's macro set-up is positive. The fundamentals of Indian corporates have improved significantly and so has the profitability across the board. This can be seen in the cumulative and rolling net profit of the NSE 500 universe for the last 4 quarters (till Q2FY24), which crossed the Rs 12 Lc Cr mark. Moreover, after a muted performance for several years, the ROE of the broader market is improving as well. The bolstered balance sheet strength of corporate India and the significantly enhanced health of the Indian banking system are additional positive factors. These elements are poised to facilitate Indian equities in achieving double-digit returns over the next 2-3 years, supported by robust double-digit earnings growth. **We foresee Nifty earnings to post 14% CAGR growth over FY23-26. In our base case, we foresee the Dec'24 Nifty Target at 23,000.** For our base case, we assume the continuation of the political stability and consequent visibility on the policy continuity after the 2024 General Elections.

Key Monitorables in 2024: Multiple events are lined up in 2024 and the market will continue to closely monitor the developments around them. These key events are: 1) Interim Budget; 2) General Election 2024; 3) Expectation of the FED rate cut around May-Jun'24; 4) Full-year budget around Jul'24 after the formation of new government; 5) Expectations of interest rates cut by the RBI in sync with global rate cut, and 6) US Election in Nov'24. The above-mentioned events are expected to keep the Indian equity market volatile and it could respond in either direction based on the developments. In any case, we continue to believe in the long-term growth story of the Indian equity market and believe it to be well-supported by the favourable structure emerging, with increasing Capex enabling banks to improve credit growth. With current valuations offering a limited scope of further expansion, an increase in corporate earnings will be the primary driver of the market returns moving forward. **Hence, bottom-up stock picking with a focus on a combination of old economy + export stories would be a key to generating satisfactory returns in the next one year.**

Factoring in all economic and market developments, we present the following Themes for 2024:

- **Manufacturing:** India is on the cusp of the Manufacturing up-cycle and is expected to gain further boost from the policy continuity post the General Election 2024
- **PSU Banks:** The PSU banks space is expected to continue its growth momentum moving forward. Banks remain well-poised to deliver a consistent RoA/RoE of 1%/15-16% with a scope for re-rating.
- **NBFCs:** Gold loans are witnessing increasing customer traction on account of higher gold prices, improving economic activity of NBFC gold loan customers, and increase in risk weight for consumer credit. This should support gold loan growth moving ahead.
- **IT Services:** IT services will be a beneficiary of the sector rotation theme. The segment will also gain further traction on account of the global interest rate cut cycle.
- **Consumption:** After a muted performance in 2023, the Consumption space is likely to gain traction in 2024. In particular, the QSR space is well-placed to deliver strong returns due to its current attractive valuations.

Our New Year picks for 2024 are: *Pitti Engineering; Sansera Engineering; Archean chemicals; Amber Enterprises; JK Lakshmi Cement; SBI; Manappuram Finance; Cyient; Westlife Foodworld Limited*

New Year Picks 2024

Pitti Engineering Ltd

CMP: **690**
 Target: **915**
 Upside: **33%**

Cyient Ltd

CMP: **2345**
 Target: **3000**
 Upside: **28%**

Archean Chemical Industries Ltd

CMP: **645**
 Target: **810**
 Upside: **25%**

State Bank of India

CMP: **638**
 Target: **800**
 Upside: **25%**

Amber Enterprises India Ltd

CMP: **3041**
 Target: **3700**
 Upside: **22%**

Westlife Foodworld Ltd

CMP: **822**
 Target: **1000**
 Upside: **22%**

Sansera Engineering Ltd

CMP: **996**
 Target: **1210**
 Upside: **22%**

Manappuram Finance Ltd

CMP: **172**
 Target: **205**
 Upside: **19%**

JK Lakshmi Cement Ltd

CMP: **881**
 Target: **1000**
 Upside: **14%**

Source: Company, Axis Securities, Note: CMP as of 26th December 2023, All Target Prices have investment horizon of one year.

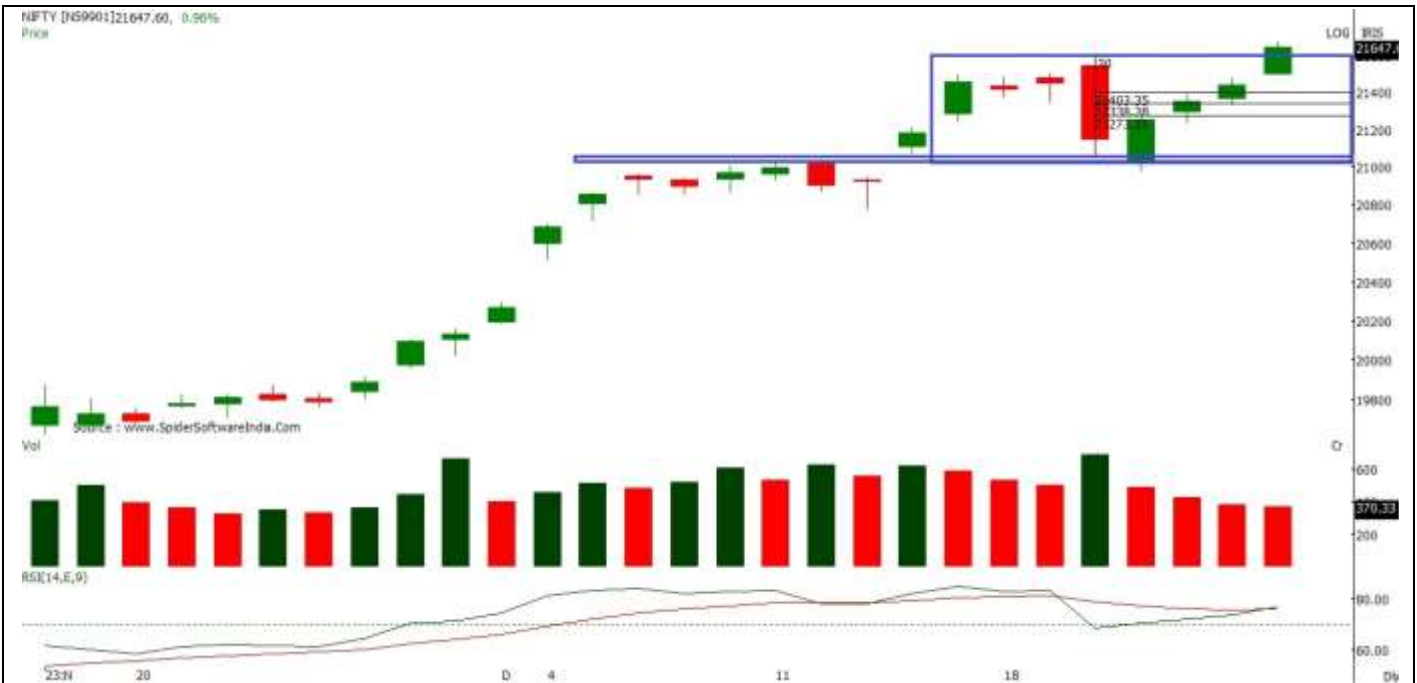
Weekend AI Stocks for the week 26 Dec 2023 to 01 Jan 2024`

Name of Stock	Sector	Mcap
Aarti Industries Ltd	Agri & Chem	Mid Cap
DCM Shriram Limited	Discretionary	Small Cap
Rashtriya Chemicals & Fertilizers	Agri & Chem	Small Cap
Great Eastern Shipping Co. Ltd.,	Transport	Small Cap
Mahindra Lifespace Developers Ltd.	Build Mate	Small Cap
Steel Authority of India Ltd.,	Metals & min	Mid Cap
INDIABULLS HOUSING FINANCE	NBFC	Small Cap
UCO Bank	Banks	Mid Cap
Crompton Greaves Consumer Electricals Limited	Industrials	Mid Cap
Mahindra & Mahindra Financial Services Limited	NBFC	Mid Cap

Investment Picks

Company	Recommendation	CMP	Target Price	% Upside
Aarti Drugs Ltd	BUY	498	610	22.5
ACC Ltd	BUY	2,168	2,460	13.5
Amber Enterprises India Ltd	BUY	3,128	3,700	18.3
APL Apollo Tubes Ltd	BUY	1,582	1,950	23.3
Archean Chemical Industries Ltd	BUY	649	810	24.8
Ashok Leyland Ltd	BUY	174	205	17.7
Astral Ltd	BUY	1,909	2,150	12.6
Bajaj Finance Ltd	BUY	7,236	9,425	30.3
Bharti Airtel Ltd	BUY	1,021	1,155	13.1
Camlin Fine Sciences Ltd	BUY	134	150	12.1
Can Fin Homes Ltd	BUY	778	925	18.9
CCL Products (India) Ltd	BUY	635	700	10.2
CIE Automotive India Ltd	BUY	472	585	23.9
CreditAccess Grameen Ltd	BUY	1,602	1,935	20.8
Dabur India Ltd	BUY	535	635	18.7
DCB Bank Ltd	BUY	127	140	10.2
Equitas Small Finance Bank Ltd	BUY	108	125	15.5
Escorts Kubota Ltd	BUY	2,956	3,500	18.4
Federal Bank Ltd	BUY	154	180	17.0
H. G. Infra Engineering Ltd	BUY	812	1,090	34.2
HDFC Bank Ltd	BUY	1,703	1,925	13.0
HealthCare Global Enterprises Ltd	BUY	367	410	11.8
Hindustan Unilever Ltd	BUY	2,609	2,900	11.1
ICICI Bank Ltd	BUY	1,002	1,250	24.8
IndiaMART InterMESH Ltd	BUY	2,770	3,625	30.9
ITC Ltd	BUY	457	540	18.2
JK Lakshmi Cement Ltd	BUY	897	1,000	11.5
JTL Industries Ltd	BUY	237	265	11.6
KNR Constructions	BUY	261	305	17.0
Kotak Mahindra Bank Ltd	BUY	1,903	2,300	20.9
KPIT Technologies Ltd	BUY	1,517	1,700	12.1
Lupin Ltd	BUY	1,289	1,470	14.0
Manappuram Finance Ltd	BUY	172	205	19.5
Maruti Suzuki India Ltd	BUY	10,285	11,800	14.7
MAS Financial Services Ltd	BUY	859	1,075	25.2
P I Industries Ltd	BUY	3,458	4,090	18.3
Pitti Engineering Ltd	BUY	692	915	32.2
PNC Infratech Ltd	BUY	351	415	18.3
PSP Projects Ltd	BUY	771	850	10.3
Relaxo Footwears Ltd	BUY	897	1,020	13.7
Sansera Engineering Ltd	BUY	1,005	1,210	20.4
State Bank of India	BUY	648	715	10.3
Steel Strips Wheels Ltd	BUY	262	325	24.0
Ujjivan Small Finance Bank Ltd	BUY	57	64	12.7
Welspun India	BUY	143	160	11.5
Westlife Foodworld Ltd	BUY	803	1,000	24.6

Index	CMP	% Chng	S2	S1	P	R1	R2
Nifty	21,654.75	1.00%	21430	21540	21610	21720	21790
Sensex	72,038.43	0.98%	71230	71635	71875	72280	72525
Bank Nifty	48,282.20	1.17%	47605	47945	48145	48485	48685



Nifty opened with an upward gap and remained in positive terrain throughout the day, closing at 21655 on December 27th with a gain of 213 points.

On the daily chart, the index formed a bullish candle, indicating a positive bias with higher high-low compared to the previous session. It broke above a recent swing high of 21593, suggesting a continuation of the uptrend. The chart pattern suggests that if Nifty crosses and sustains above the 21700 level, it would witness buying, leading the index towards 21800-21900 levels. Important support for the day is around 21600. However, if the index sustains below 21600, it may witness profit booking, taking the index towards 21500-21400 levels. Nifty is trading above 20, 50, 100, and 200-day SMAs, indicating a positive bias in the short to medium term. Nifty continues to remain in an uptrend for the short term, so buying on dips continues to be our preferred strategy.

The daily strength indicator RSI has turned positive near the 60 level mark and is above its reference line, indicating a positive bias.

The trend-deciding level for the day is 21610. If NIFTY trades above this level, then we may witness a further rally up to 21720-21790-21900 levels. However, if NIFTY trades below 21610 levels, then we may see some profit booking initiating in the market, which may correct up to 21540-21430-21360 levels.

Trading Insights

Insight from trading volumes

Script	CMP	Total Volume (x1000)	Monthly Avg Volume(x1000)	% Change
BAJAJ-AUTO	6,710	1,035	509	103.4%
HINDALCO	606	12,946	6,771	91.2%
GRASIM	2,125	1,182	742	59.3%
BAJFINANCE	7,233	1,656	1,068	55.1%
TATAMOTORS	741	16,217	11,156	45.4%
CIPLA	1,240	2,621	1,903	37.7%
DIVISLAB	3,884	613	458	34.0%

Insight from delivery

Script	CMP	Total Delivery Volume(x1000)	Monthly Avg Delivery Volume(x1000)	%Change
BAJAJ-AUTO	6,710	510	276	85.1%
GRASIM	2,125	711	422	68.7%
BAJFINANCE	7,233	970	576	68.3%
CIPLA	1,240	1,783	1,199	48.8%
HINDALCO	606	4,571	3,129	46.1%
TATAMOTORS	741	6,098	4,648	31.2%
TATASTEEL	137	24,249	19,396	25.0%

*CMP-Closing Market Price

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

1. Axis Securities Ltd. (ASL) is a SEBI Registered Research Analyst having registration no. INH000000297. ASL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. ASL is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector bank and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.
2. ASL is registered with the Securities & Exchange Board of India (SEBI) for its stock broking & Depository participant business activities and with the Association of Mutual Funds of India (AMFI) for distribution of financial products and also registered with IRDA as a corporate agent for insurance business activity.
3. ASL has no material adverse disciplinary history as on the date of publication of this report.
4. I/We, authors (Research team) and the name/s subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We (Research Analyst) also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or ASL or its Associate does not have any financial interest in the subject company. Also I/we or my/our relative or ASL or its Associates may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Since associates of ASL are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report. I/we or my/our relative or ASL or its associate does not have any material conflict of interest. I/we have not served as director / officer, employee, etc. in the subject company in the last 12-month period.
5. ASL or its Associates has not received any compensation from the subject company in the past twelve months. I/We or ASL or its Associate has not been engaged in market making activity for the subject company.
6. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, ASL or any of its associates may have:
 - i. Received compensation for investment banking, merchant banking or stock broking services or for any other services from the subject company of this research report and / or;
 - ii. Managed or co-managed public offering of the securities from the subject company of this research report and / or;
 - iii. Received compensation for products or services other than investment banking, merchant banking or stock broking services from the subject company of this research report;

ASL or any of its associates have not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Term & Conditions:

This report has been prepared by ASL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ASL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ASL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to the recipient's specific circumstances. The securities and strategies discussed and opinions expressed, if any, in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

This report may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this report (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. Certain transactions, including those involving futures, options and other derivatives as well as non-investment grade securities involve substantial risk and are not suitable for all investors. ASL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc. Past performance is not necessarily a guide to future performance. Investors are advised necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ASL and its affiliated companies, their directors and employees may; (a) from time to time, have long or short position(s) in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities or earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or investment banker, lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting this document.

ASL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that ASL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. ASL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither this report nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. If this report is inadvertently sent or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ASL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The Company reserves the right to make modifications and alternations to this document as may be required from time to time without any prior notice. The views expressed are those of the analyst(s) and the Company may or may not subscribe to all the views expressed therein.

Copyright in this document vests with Axis Securities Limited.

Axis Securities Limited, SEBI Single Reg. No.- NSE, BSE & MSEI – INZ000161633, ARN No. 64610, CDSL-IN-DP-CDSL-693-2013, SEBI-Research Analyst Reg. No. INH 000000297, SEBI Portfolio Manager Reg. No.- INP000000654, Main/Dealing off.- Axis Securities Ltd, Unit No.1001, 10th Floor, Level-6, Q2 Building, Aurum, Q Parc, Plot No. 4/1, TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai. – 400 710., Regd. off.- Axis House,8th Floor, Wadia International Centre, PandurangBudhkar Marg, Worli, Mumbai – 400 025. Compliance Officer: Jatin Sanghani, Email: compliance.officer@axisdirect.in, Tel No: 022-49212706