

Week Gone

- ⇒ Pharma major Cipla announced the launch of Remdesivir under its brand name CIPREMI.
- ⇒ On overseas front, Apple Inc said it would close 14 stores in Florida again due to rising COVID-19 cases after other re-closures in Houston, Arizona, South Carolina, and North Carolina.
- ⇒ The US economy shrank at a 5% rate in the first quarter with a much worse decline expected in the current three-month economic period because of the coronavirus pandemic

Week ahead

- ⇒ ONGC will unveil its January-March quarterly result on 30 June 2020.
- ⇒ Auto stocks will be in focus as auto companies will start announcing monthly sales numbers for June starting from 1 July 2020.
- ⇒ Markit Services PMI for June will be declared on 3 July 2020.

Technical Overview

Index closed with a gain of 1.35% at 10383. Index opened this week with gap up and remained volatile throughout the week closing this week near opening price and with mild gain. Going ahead index has strong hurdle around 10550-10600 zone, breakout and sustenance above the mentioned zone will open the gate for 10700-10780. While on the flip side support comes at 10280-10200-10100



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

| Index | 26-Jun-20 | 19-Jun-20 | Weekly % Chg |
|------------------|-----------|-----------|--------------|
| Nifty | 10,383 | 10,244 | 1.4 |
| Nifty Next 50 | 25,948 | 25,227 | 2.9 |
| Nifty 100 | 10,571 | 10,408 | 1.6 |
| Nifty 500 | 8,559 | 8,403 | 1.9 |
| Nifty Midcap 100 | 14,976 | 14,566 | 2.8 |
| Sensex | 35,171 | 34,732 | 1.3 |
| BSE 100 Index | 10,502 | 10,341 | 1.6 |
| BSE 200 Index | 4,399 | 4,322 | 1.8 |
| BSE 500 Index | 13,577 | 13,331 | 1.8 |
| BSE Mid-Cap | 13,258 | 12,804 | 3.6 |
| BSE Small Cap | 12,630 | 12,277 | 2.9 |

WORLD INDICES

| Index | 26-Jun-20 | 19-Jun-20 | Weekly % Chg |
|-----------------------|-----------|-----------|--------------|
| Nikkei Index | 22,512 | 22,479 | 0.1 |
| Hang Sang Index | 24,550 | 24,644 | -0.4 |
| Kospi Index | 2,135 | 2,141 | -0.3 |
| Shanghai SE Composite | 2,980 | 2,968 | 0.4 |
| Strait Times Index | 2,751 | 2,751 | 0.0 |
| Dow Jones | 25,746 | 25,871 | -0.5 |
| NASDAQ | 10,017 | 9,946 | 0.7 |
| FTSE | 6,235 | 6,293 | -0.9 |

FOREX

| Currency | 26-Jun-20 | 19-Jun-20 | Weekly % Chg |
|---------------------|-----------|-----------|--------------|
| US\$ (Rs.) | 75.6 | 76.2 | -0.8 |
| GBP (Rs.) | 93.6 | 94.1 | -0.5 |
| Euro (Rs.) | 84.8 | 85.2 | -0.5 |
| Yen (Rs.) 100 Units | 70.6 | 71.3 | -1.0 |

NIFTY TOP GAINERS (WEEKLY)

| Scrip | 26-Jun-20 | 19-Jun-20 | Weekly % Chg |
|-----------------|-----------|-----------|--------------|
| Hero MotoCorp | 2540.5 | 2355.9 | 7.8 |
| Bajaj Finance L | 2903.5 | 2698.6 | 7.6 |
| Bajaj Auto Ltd. | 2867.6 | 2674.4 | 7.2 |
| L&T | 962.2 | 898.2 | 7.1 |
| Eicher Motors | 18473.4 | 17349.4 | 6.5 |

FII - ACTIVITY

(Rs. Cr.)

| Date | Purchases | Sales | Net |
|------------|------------|------------|-----------|
| 26-Jun-20 | 4,220.4 | 4,973.6 | -753.2 |
| 25-Jun-20 | 5,716.9 | 6,767.5 | -1,050.6 |
| 24-Jun-20 | 8,721.1 | 7,138.3 | 366.2 |
| 23-Jun-20 | 23,234.7 | 7,034.7 | -1,200.3 |
| 22-Jun-20 | 5,467.9 | 2,248.7 | -1,199.5 |
| <u>MTD</u> | 1,17,302.9 | 1,18,797.7 | (1,494.8) |

NIFTY TOP LOSERS (WEEKLY)

| Scrip | 26-Jun-20 | 19-Jun-20 | Weekly % Chg |
|---------------------|-----------|-----------|--------------|
| ICICI Bank | 349.1 | 363.8 | -4.0 |
| HDFC | 1769.4 | 1,835.1 | -3.6 |
| Maruti Suzuki India | 5754.9 | 5,897.4 | -2.4 |
| Bharti Airtel | 560.4 | 572.5 | -2.1 |
| ONGC | 84.2 | 85.8 | -1.9 |

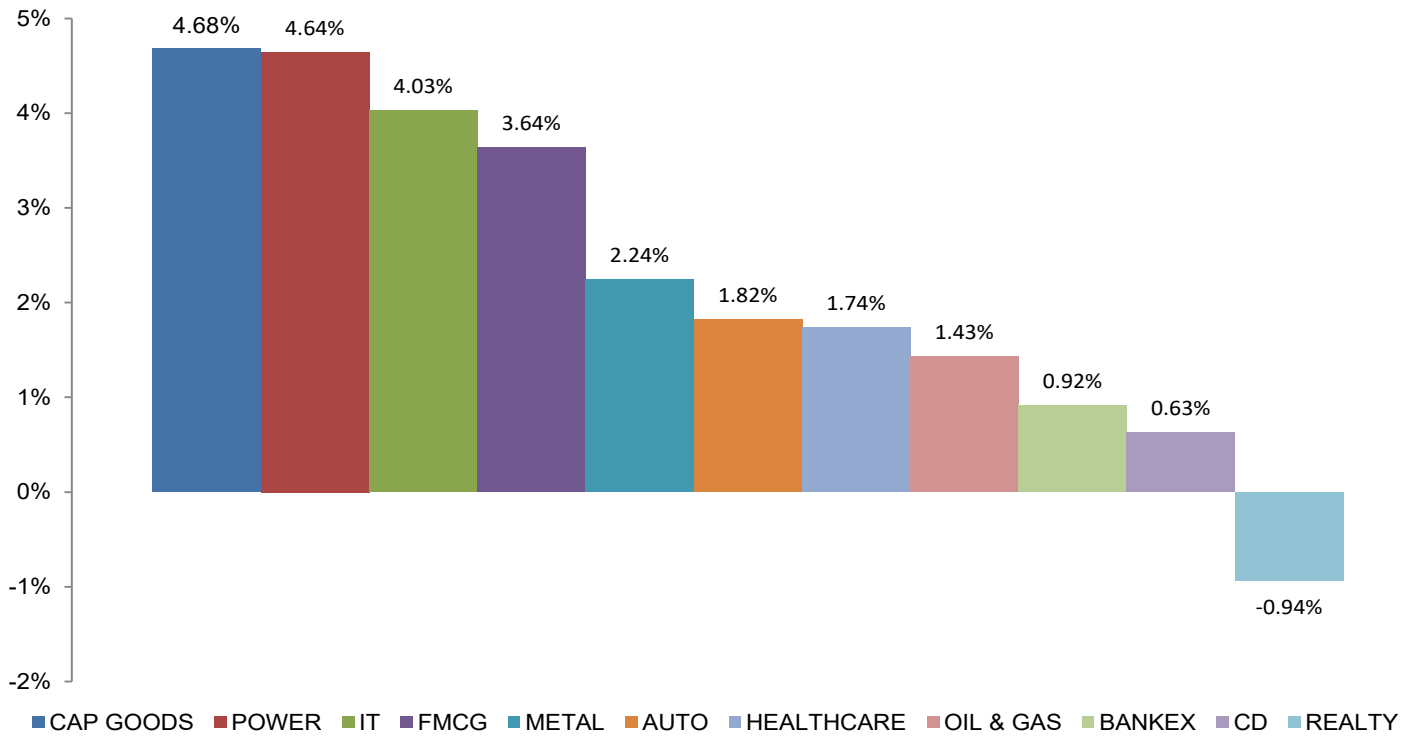
DII - ACTIVITY

(Rs. Cr.)

| Date | Purchases | Sales | Net |
|------------|-----------|----------|----------|
| 26-Jun-20 | 4,763.5 | 3,459.3 | 1,304.2 |
| 25-Jun-20 | 7,786.3 | 8,041.8 | -255.6 |
| 24-Jun-20 | 4,527.6 | 6,052.5 | -1,524.9 |
| 23-Jun-20 | 4,753.3 | 4,298.8 | 454.5 |
| 22-Jun-20 | 4,781.8 | 6,069.5 | -1,287.7 |
| <u>MTD</u> | 76,000.2 | 75,853.2 | 147.0 |

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

| SCRIP NAME | 26-Jun-20 Share Price (Rs.) | 19-Jun-20 Share Price (Rs.) | Weekly % Chg | 26-Jun-20 Open Interest | 19-Jun-20 Open Interest | Weekly % Chg |
|------------|--------------------------------|--------------------------------|--------------|----------------------------|----------------------------|--------------|
| IDEA | 10.5 | 9.1 | 15.4 | 36140000 | 203350000 | 79.1 |
| VEDL | 110.05 | 105.5 | 4.3 | 103081200 | 62524000 | 64.9 |
| JSWSTEEL | 190.65 | 194.5 | -2.0 | 39652200 | 24702000 | 60.5 |
| HDFC | 1750.6 | 1836.65 | -4.7 | 30200100 | 18892250 | 59.9 |
| EXIDEIND | 149.1 | 152 | -1.9 | 11541600 | 7424000 | 55.5 |

TOP OPEN INTEREST LOSERS (WEEKLY)

| SCRIP NAME | 26-Jun-20 Share Price (Rs.) | 19-Jun-20 Share Price (Rs.) | Weekly % Chg | 26-Jun-20 Open Interest | 19-Jun-20 Open Interest | Weekly % Chg |
|------------|--------------------------------|--------------------------------|--------------|----------------------------|----------------------------|--------------|
| BALKRISIND | 1242.45 | 1215.65 | 2.2 | 821600 | 1540800 | -46.7 |
| TCS | 2108.7 | 2049.05 | 2.9 | 8713200 | 13834250 | -37.0 |
| MFSL | 514.55 | 498.05 | 3.3 | 1233700 | 1892800 | -34.8 |
| NCC | 31.1 | 31.45 | -1.1 | 17430000 | 25326000 | -31.2 |
| MGL | 1070.95 | 1071.55 | -0.1 | 630600 | 867000 | -27.3 |

IT services

Company Overview

Incorporated in 2005, Affle India is a global technology company with proprietary consumer intelligence platform that delivers consumer acquisitions, engagements and transactions through relevant mobile advertising. Company has six regional offices at Gurgaon, Mumbai, Bengaluru, Singapore, Jakarta (Indonesia) and Dubai (UAE). It caters various services such as new user acquisition (user acquisition, engagement and transactions) through mobile advertising, retargeting existing users to complete transactions and offering an online-to-offline platform to convert online user engagement into store walk-ins.

Investment Rationale

Leadership position in digital advertisement space

India is one of the fastest growing markets for E-commerce and digital advertising world. Affle holds leading position in Indian market with robust client buckets across its verticals. It has partnered with leading brands of the world like Amazon, Flipkart, Jabong, Bookmyshow, Wyne, Citi Bank, Axis Bank, Dunzo, Goibibo, Airtel etc. Going ahead, the company is expected to strengthen its leadership position by attracting new brands with its strong domain knowledge of local demographics, algorithms accuracy and strong network enables the company to target precise consumers.

Unique business model enables to provide end to end user platform

Affle generates most of its revenue by consumer platform through Cost per converted user (CPCU model) in which it charges its clients only when a user downloads an app or performs a transaction. Through the medium of strong algorithms backed by data analytics and fraud detection platform, CPCU business model helps in targeting accurate users who are more likely to transact, which not only helps its clients to save money but also allows them to target right customers according to their requirements. Additionally, such differentiating business model helps their clients to generate higher returns on their investment via enriching ad quality with low cost. We believe this end to end user platform will help in retaining their clients for longer term making Affle India a preferred tech partner in near future.

Strong customer focused strategy to leverage its business performance

Over the years, Affle has created a robust customer base and network of connected devices across geographies which helped its algorithms to analyze the behavior of the customer and suitably target the consumer as per its need. Company has nearly 275 bn data points across the globe. It also has strong connected device support for South East Asia and India. Affle have 375 mn connected devices in South East Asia and 598 mn connected devices in India alone. Therefore, such strong presence and robust digital platform helps in leveraging its business performance

Valuation and Outlook

Affle holds a leading position in Indian market with its top clients across verticals through its differentiating business models. Company's global brand value, strong presence across geographies and end to end platform for digital advertisement coupled with significant shift among consumers to adopt digital technology globally in a post Covid world would enable it to drive its overall growth. On the valuation front, we believe its revenue and PAT has a potential to grow by 28% and 31% CAGR respectively for FY20-22E. Owing to the above factors, we value the stock based on 42x of its FY22E earnings with a target price of INR 1840 (22% upside from CMP) with a 12 months' investment horizon.

Stock Rating

| BUY | HOLD | SELL |
|-------|------------|-------|
| | | |
| > 15% | -5% to 15% | < -5% |

Sector Outlook

Positive

Stock

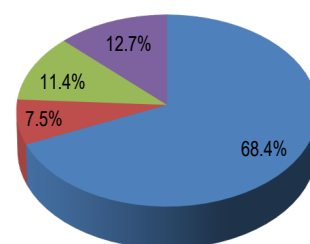
| | |
|--------------------|-------|
| CMP (INR) | 1,512 |
| Target Price (INR) | 1,835 |
| NSE Symbol | AFFLE |

| | |
|-----------|----------|
| Bloomberg | AFFLE IN |
| Reuters | AFFL.BO |

Key Data

| | |
|-----------------------|----------|
| Nifty | 10,383 |
| 52WeekH/L(INR) | 2296/751 |
| O/s Shares (Mn) | 25.5 |
| Market Cap (INR bn) | 38 |
| Face Value (INR) | 10 |
| Average volume | |
| 3 months | 18,820 |
| 6 months | 95,887 |
| 1 year | 166,671 |

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



Weekly Wealth

Key Financials

| YE March (INR Mn) | FY19 | FY20 | FY21E | FY22E |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Revenue | 2,494 | 3,338 | 4,142 | 5,447 |
| <i>Revenue Growth (Y-o-Y)</i> | 49.1% | 33.8% | 24.1% | 31.5% |
| EBIDTA | 703 | 879 | 1,123 | 1,520 |
| <i>EBIDTA Growth (Y-o-Y)</i> | 54.2% | 25.0% | 27.7% | 35.4% |
| Net Profit | 488 | 655 | 837 | 1,128 |
| <i>Net Profit Growth (Y-o-Y)</i> | 75.6% | 34.2% | 27.7% | 34.8% |
| Diluted EPS | 19.1 | 25.7 | 32.8 | 44.2 |
| <i>Diluted EPS Growth (Y-o-Y)</i> | 75.6% | 34.2% | 27.7% | 34.8% |

Key Ratios

| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| EBIDTA margin (%) | 28.2% | 26.3% | 27.1% | 27.9% |
| NPM (%) | 19.6% | 19.6% | 20.2% | 20.7% |
| RoE (%) | 67.4% | 28.6% | 26.7% | 26.5% |
| RoCE (%) | 88.6% | 34.2% | 32.9% | 33.5% |

Valuation Ratios

| | | | | |
|-------------------------|--------------|--------------|--------------|--------------|
| P/E (x) | 79.0x | 58.8x | 46.1x | 34.2x |
| EV/EBITDA(x) | 54.5x | 42.7x | 33.5x | 24.7x |
| P/BV (x) | 53.2x | 16.8x | 12.3x | 9.1x |
| Market Cap. / Sales (x) | 15.5x | 11.5x | 9.3x | 7.1x |



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