

Week Gone

- ⇒ In the week ended on Friday, 24 September 2021, the Sensex jumped 1,032.58 points or 1.75% to settle at 60,048.47. The Nifty 50 index surged 268.05 points or 1.52% to settle at 17,853.20.
- ⇒ The BSE Mid-Cap index rose 148.36 or 0.59% to settle at 25,194.84. The BSE Small-Cap index gained 16.55 points or 0.06% to settle at 28,023.34.
- ⇒ The domestic equity benchmarks ended near the day's low amid heavy sell off on Monday, 20 September 2021.

Week Ahead

- ⇒ Global and domestic macroeconomic data, trend in global stock markets, progress of monsoon, the movement of rupee against the dollar and crude oil prices will dictate trend on the bourses in the near term.
- ⇒ Investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will also be watched.
- ⇒ On the macro front, infrastructure output data for July will be released on 31 August 2021.

Technical Overview

Index closed with a gain of 1.52% at 17853. Index opened the week with gap down but recovered from the lower and remained strong in second half of the week ending at record highs with decent gains. Index continue it's streak of forming higher highs and higher lows for week consecutive week. RSI has placed above overstretch readings of 75 levels. Going ahead index has an intermediate resistance seen at 17950-18100-18250 levels. Whereas on the lower side support comes at 17600-17430-17250.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	24-Sep-21	17-Sep-21	Weekly % Chg
Nifty 50	17,853.2	17,585.1	1.5
Nifty Next 50	43,071.6	43,157.2	-0.2
Nifty 100	18,090.2	17,864.5	1.3
Nifty 500	15,191.9	15,027.2	1.1
NIFTY MIDCAP 100	30,143.6	29,899.4	0.8
S&P BSE SENSEX	60,048.4	59,015.8	1.7
S&P BSE 100	18,103.3	17,870.6	1.3
S&P BSE 200	7,696.7	7,609.5	1.1
S&P BSE 500	24,160.8	23,902.1	1.1
S&P BSE MidCap	25,194.8	25,046.4	0.6
S&P BSE SmallCap	28,023.3	28,006.7	0.1

WORLD INDICES

Index	24-Sep-21	17-Sep-21	Weekly % Chg
Nikkei Index	30,248.8	30,500.0	-0.8
Hang Seng Index	24,192.1	24,920.7	-2.9
Kospi Index	3,125.2	3,140.5	-0.5
Shanghai SE Composite	3,613.0	3,613.9	0.0
Strait Times Index	3,061.4	3,071.2	-0.3
Dow Jones	34,734.6	34,751.3	0.0
NASDAQ	14,983.6	15,181.9	-1.3
FTSE	7,062.7	7,022.8	0.6

FOREX

Currency	24-Sep-21	17-Sep-21	Weekly % Chg
US\$ (Rs.)	73.7	73.5	0.3
GBP (Rs.)	101.3	101.4	-0.1
Euro (Rs.)	86.5	86.5	0.0
Yen (Rs.) 100 Units	66.9	67.0	-0.1

NIFTY TOP GAINERS (WEEKLY)

Scrip	24-Sep-21	17-Sep-21	Weekly % Chg
Bajaj Finserv Ltd.	18,526.0	16,840.2	10.0
HCL Technologies	1,358.2	1,263.3	7.5
ONGC	136.1	127.7	6.5
Coal India	166.1	156.7	6
Bajaj Finance L	7,793.4	7,428.8	4.9

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
24-Sep-21	11,782.9	11,340.4	442.4
23-Sep-21	15,839.7	15,481.8	357.9
22-Sep-21	7,355.3	9,298.5	-1,943.2
21-Sep-21	8,110.8	7,068.8	1,041.9
20-Sep-21	7,779.4	7,686.9	92.5
<u>MTD</u>	50,868.3	50,876.7	-8.4

NIFTY TOP LOSERS (WEEKLY)

Scrip	24-Sep-21	17-Sep-21	Weekly % Chg
Tata Steel	1,272.1	1,385.9	-8.2
Bharat Petroleum	414.8	436.2	-4.9
Tata Consumer Produc	836.7	874.1	-4.2
Shree Cement	29,411.8	30,559.4	-3.7
JSW Steel	659.1	682.3	-3.3

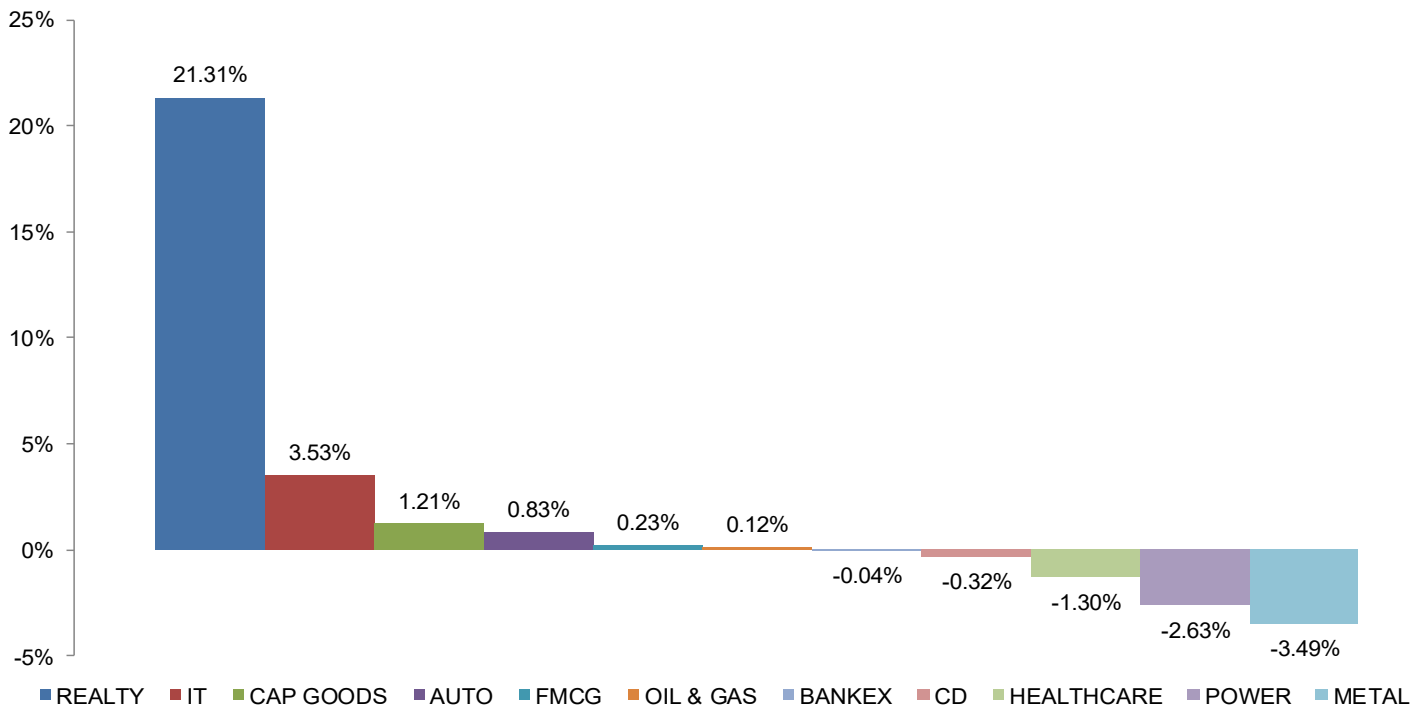
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
24-Sep-21	7,087.0	7,602.9	-515.8
23-Sep-21	7,976.4	6,803.3	1,173.0
22-Sep-21	7,454.0	5,603.9	1,850.0
21-Sep-21	8,010.5	5,842.9	2,167.6
20-Sep-21	6,026.5	7,653.1	-1,626.5
<u>MTD</u>	36,554.7	33,506.4	3,048.3

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	17-09-21	24-09-21		17-09-21	24-09-21	
GODREJPROP	1619.6	2194.6	35.5	1716000	2084550	21.5
INDHOTEL	149.6	179.2	19.8	11602500	13856700	19.4
BALKRISIND	2495.9	2663.2	6.7	1330000	1435200	7.9
PEL	2633	2773.9	5.4	3650350	3859625	5.7
AUBANK	1120	1072.4	-4.2	4355500	4605000	5.7

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	17-09-21	24-09-21		17-09-21	24-09-21	
ADANI PORTS	768.9	744.2	-3.2	87171250	27346250	-68.6
SUNTV	492.4	512.0	4.0	13257000	6031500	-54.5
ESCORTS	1452.8	1469.6	1.2	6102250	3193850	-47.7
SAIL	113.5	108.2	-4.6	147069500	81918500	-44.3
GRASIM	1572.4	1632.1	3.8	10435750	5916125	-43.3

Company Background

Incorporated in the year 1945, Bajaj Holdings & Investment Ltd (BHIL) is an India-based company. It is registered with the Reserve Bank of India as a Non-Banking Financial Company - Investment and Credit Company (NBFC-ICC). The Company is acting as a primary investment company and focusing on new business opportunities. BHIL holds strategic stakes of 35.77% in Bajaj Auto Ltd. (BAL), 41.63% in Bajaj Finserv Ltd. (BFS) and 51% in Maharashtra Scooters Ltd. (MSL). BHIL is essentially an investment company. Its focus is on earning income through dividends, interest and profits on investments held. It is largely dependent on the equity and debt markets for its income.

Investment Rationale

BAL to continue its strong performance

BHIL has 35.77% holding in Bajaj Auto Ltd (BAL). It remains the 2nd largest player (19% market share) in the domestic motorcycle segment and continues to be the largest exporter of two-wheelers in India. The company is also the single-largest player in the domestic three-wheeler segment, with a market share of ~74% in the three-wheeler passenger carrier segment. BAL, is ranked as the world's fourth largest 3W and 2W manufacturer and the Bajaj brand is well-known across several countries in Latin America, Africa, Middle East, South and South East Asia. Further, a substantial increase in the need of personal vehicles due to covid pandemic and upcoming festival season may prove favorable for BAL which will in turn benefit BHIL, owing to its strategic holding in BAL as BHIL derives money from dividends, interest, and other sources.

Growth potential of insurance sector favorable for Bajaj Finserv

BHIL holds 41.63% stake in Bajaj Finserv Ltd. Bajaj Finserv (BFL) is a financial conglomerate with a holding in the financing business (Bajaj Finance), life insurance (Bajaj Life Insurance) and general insurance (Bajaj General Insurance) business. It has built a strong niche in the consumer finance space and is among the leaders in the general and life insurance industries. Insurance sector in India is underpenetrated and stands at 3.7% compared to the world average of life insurance penetration at 6%, hence, we understand that there is a significant growth potential in the insurance sector. Further, Bajaj Finance launched the wallet business in July 2021 and has onboarded 3.2 lac customers and aims to onboard ~2.5 crore customers by FY23 via promotions and offers. Apart from the above, Bajaj Finance is also the largest financier of Bajaj Auto vehicles. Owing to these factors, we believe that BHIL will largely benefit from its holdings in Bajaj Finserv Ltd.

Valuation and Outlook

BHIL has 35.77% holding in Bajaj Auto, 41.63% holding in Bajaj Finserv, and 51% holding in Maharashtra Scooters, and a 100% subsidiary Bajaj Auto Holdings Ltd. , and other investments, and investment in properties of ~INR 6,620cr at cost. The market value of the said portfolio stood at over INR 1.5 lakh crore as of Sep-2021. The first three holdings are big companies, with a good performance track record. The companies have created a niche for themselves in their respective line of business. The stock is currently trading at ~65% discount to its 21-Sep-21 NAV. BHIL will continue to benefit from strong dividend policies of BFS and BFL. On the valuation front, we valued the company based on SOTP method and recommend a BUY rating on this stock with a price target of INR 6083 (24% upside from CMP) with a 12 months investment horizon.

Stock Rating

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

Sector Outlook

Positive

Stock

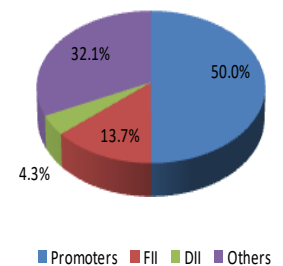
CMP (INR)	4,880
Target Price (INR)	6,083
NSE Symbol	BAJAJHLDING
BSE Code	500490
Bloomberg	BJHI IN
Reuters	BJAT.BO
Nifty	17853.2
52WeekH/L(INR)	5019/2219
O/s Shares (Mn)	111
Market Cap (INR bn)	544
Face Value (INR)	10

Key Data

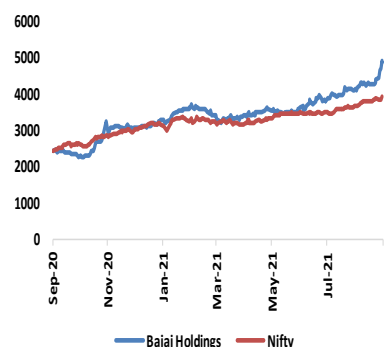
3 months	59,050
6 months	53,000
1 year	63,860

Average volume

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials						
YE March (INR. Mn)	FY16	FY17	FY18	FY19	FY20	FY21
Operating Income	4,698	8,421	4,197	4,318	3,934	3,991
<i>Growth (Y-oY)</i>		79.2%	(50.2%)	2.9%	(8.9%)	1.5%
EBIDTA	4,285	6,277	3,551	3,421	2,594	2,936
<i>Growth (Y-oY)</i>		46.5%	(43.4%)	(3.6%)	(24.2%)	13.2%
Net Profit	22,652	24,732	26,548	30,484	29,920	36,498
<i>Growth (Y-oY)</i>		9.2%	7.3%	14.8%	(1.8%)	22.0%
Diluted EPS	204	222	239	274	269	328
<i>Growth (Y-oY)</i>		9.2%	7.3%	14.8%	(1.8%)	22.0%
Key Ratios						
EBIDTA margin (%)	91.2%	74.5%	84.6%	79.2%	65.9%	73.6%
NPM (%)	482.1%	293.7%	632.6%	706.0%	760.6%	914.5%
RoE (%)	14.8%	13.9%	10.5%	11.3%	10.8%	9.8%
RoCE (%)	2.8%	3.5%	1.4%	1.3%	0.9%	0.8%
Valuation Ratios						
P/E (x)	24.0x	22.0x	20.5x	17.9x	18.2x	14.9x
EV/EBITDA	123.7x	86.7x	153.1x	159.1x	209.4x	185.1x
P/BV (x)	3.6x	3.1x	2.2x	2.0x	2.0x	1.5x
Market Cap. / Operating income (x)	115.8x	64.6x	129.7x	126.1x	138.4x	136.4x

Source: Company, BP Equities Research



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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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