Gladiator Stocks

ICICI direct Research

New recommendations						Time Frame: 6 Months
Date	**Scrip**	**I-Direct Code**	**Buying Range**	**Target**	**Stoploss**	**Upside (%)**
25-Jan-21	Bajaj Finserv	BAFINS	9100-9300	10,400.00	8,590.00	13.00

Open recommendations						Time Frame: 6 Months
Date	**Scrip**	**Avg Rec Price**	**Target**	**Stoploss**	**CMP**	**Return till date (%)**
5-Jan-21	Marico	415.00	480.00	367.00	414.00	0%
28-Dec-20	TTK Prestige	6,000.00	6,970.00	5,490.00	5,970.00	-1%
10-Dec-20	Abbott India	15,500.00	17,920.00	13,910.00	14,525.00	-6%
9-Dec-20	Godfrey Phillips	985.00	1,140.00	840.00	933.00	-5%
11-Nov-20	VST Tillers Tractors	1,892.00	2,190.00	1,720.00	1,832.00	-3%

All the recommendations are in Cash segment

Open Recommendations

Momentum Picks

Scrip	Action
FSL	Buy
Chambal Fertiliser	Buy
	Duration: 14 Days

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Our Products

January 25, 2021

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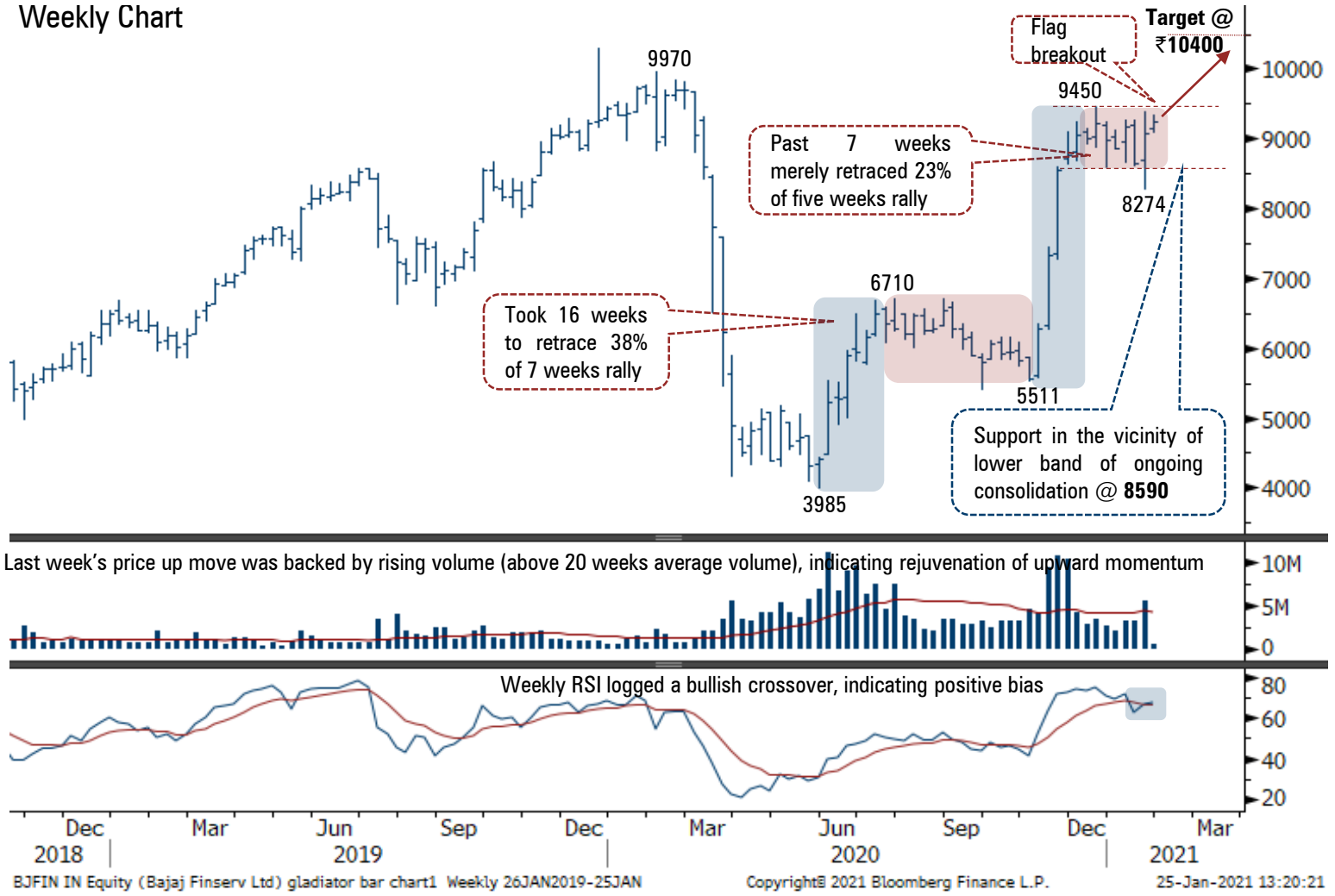
Bajaj Finserv (BAFINS): Flag formation signifies continuance of primary up trend…

Rec. Price	9100.00-9300.00	Target	10400.00	Stop loss	8590.00	Upside	13%



- The Nifty Financial Services index has taken a breather after November- January sharp up move. We remain constructive on Bajaj Finserv as it has relatively outperformed the BFSI space
- The consolidation in a ₹ 9450-8500 range after the November-December sharp rally (₹ 9450-5511) has taken shape of a Flag formation. Breakout from Flag formation signifies continuation of primary up trend. We expect the index to resolve out of ongoing consolidation. Hence, it offers a fresh entry opportunity
- Structurally, the elongated up trend followed by shallow price retracement highlights robust price structure as buying demand observed at elevated support base augurs well for the next leg of up move
- In a nutshell, we expect the stock to log a resolute breakout from Flag formation and gradually head towards ₹ 10400 in coming months as it is the implied target of ongoing consolidation (₹ 9450-8500), at ₹ 10400

Source: Spider Software,, ICICI Direct Research

Recommendation initiated on i-click to gain at 12:15 on 25th January, 2021

Fundamental View: Bajaj Finserv (BAFINS)

- Bajaj Finserv, is a financial conglomerate under the flagship Bajaj brand and has witnessed a sharp surge in earnings in all three key business segments viz. Bajaj finance, life insurance (BALIC) and general insurance (BAGIC). Backed by the strong brand, in general insurance, it is the most profitable and efficient player among competitors. Bajaj Finance, the listed subsidiary, offers various consumer finance products to customers like auto loans, personal loans, loans for consumer durables & computers and SME finance. Life insurance business has been on gradual uptick with increase in market share.

- Bajaj Finserv has reported a steady performance wherein the insurance business witnessed a pick-up in business activities led by pandemic. Improved awareness, digitisation and product innovation is expected to keep insurance business momentum healthy. A gradual pick-up in CV volume along with higher sale of PV and two-wheeler is seen reviving non crop premium growth ahead. Health business remains another contributor to general insurance premium ahead.

- Finance business has emerged stronger with a leaner operating model and robust growth guidance of ~25% for FY22E. RBI's new banking license review allowing NBFCs with asset size of >₹ 50,000 crore and 10 years of existence to apply for banking license and the management's commentary indicating interest in applying for the same bode well from a long term perspective. While asset quality issues are still not out of woods, Bajaj Finance has emerged stronger with a leaner and focused operating model.

- Pandemic led incremental focus on product mix and business growth in life insurance business provides confidence. Initial business is expected to keep distribution strain, though profitability is seen to revive as business accretion accrues. Product selection with profitability is seen to propel earnings in life insurance business. Consequently, we expect earnings to grow at 24% CAGR in FY21-23E to ₹ 6449 crore.

Particulars

Particular	Amount
Market	₹ 147100 crore
Net worth	₹ 35972 crore
52 week H/L (₹)	9970/3986
Equity capital	₹ 80 Crore
Face value	₹ 5
DII Holding (%)	6.1
FII Holding (%)	8.8

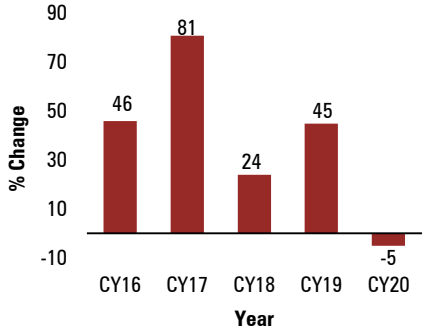
Financials

₹ crore	FY20	FY21E	FY22E	FY23E
Revenue	54,351.5	56,609.4	59,458.9	69,985.6
PAT	3367.7	4031.3	4863.1	6449.3
EPS (₹)	269.7	253.3	305.6	405.3
BV (₹)	2026.3	2277.9	2581.8	2985.4
P/E	33.8	36.0	29.9	22.5
P/BV	4.5	4.0	3.5	3.1
RoA	1.9	1.4	1.4	1.6
RoE	15.3	11.8	12.6	14.6

Valuation

P/E	33.8	36.0	29.9	22.5
P/BV	4.5	4.0	3.5	3.1
RoA	1.9	1.4	1.4	1.6
RoE	15.3	11.8	12.6	14.6

Price performance of last 5 years



Source: Bloomberg, ICICI Direct Research

Follow up summary of Gladiator Stocks

Summary Performance - Recommendations till date			
Total Recommendations	600	Open	5
Closed Recommendations	595	Yield on Positive recommendations	17.0%
Positive Recommendations	443	Yield on Negative recommendations	-8.0%
Closed at cost	17		
Strike Rate	77%		

Source: ICICI Direct Research

Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
20-Jan-21	FSL	Buy	92-95	109.00	88.00	14 Days
21-Jan-21	Chambal Fertiliser	Buy	235-240	262.00	225.00	14 Days

All recommendations are in cash market

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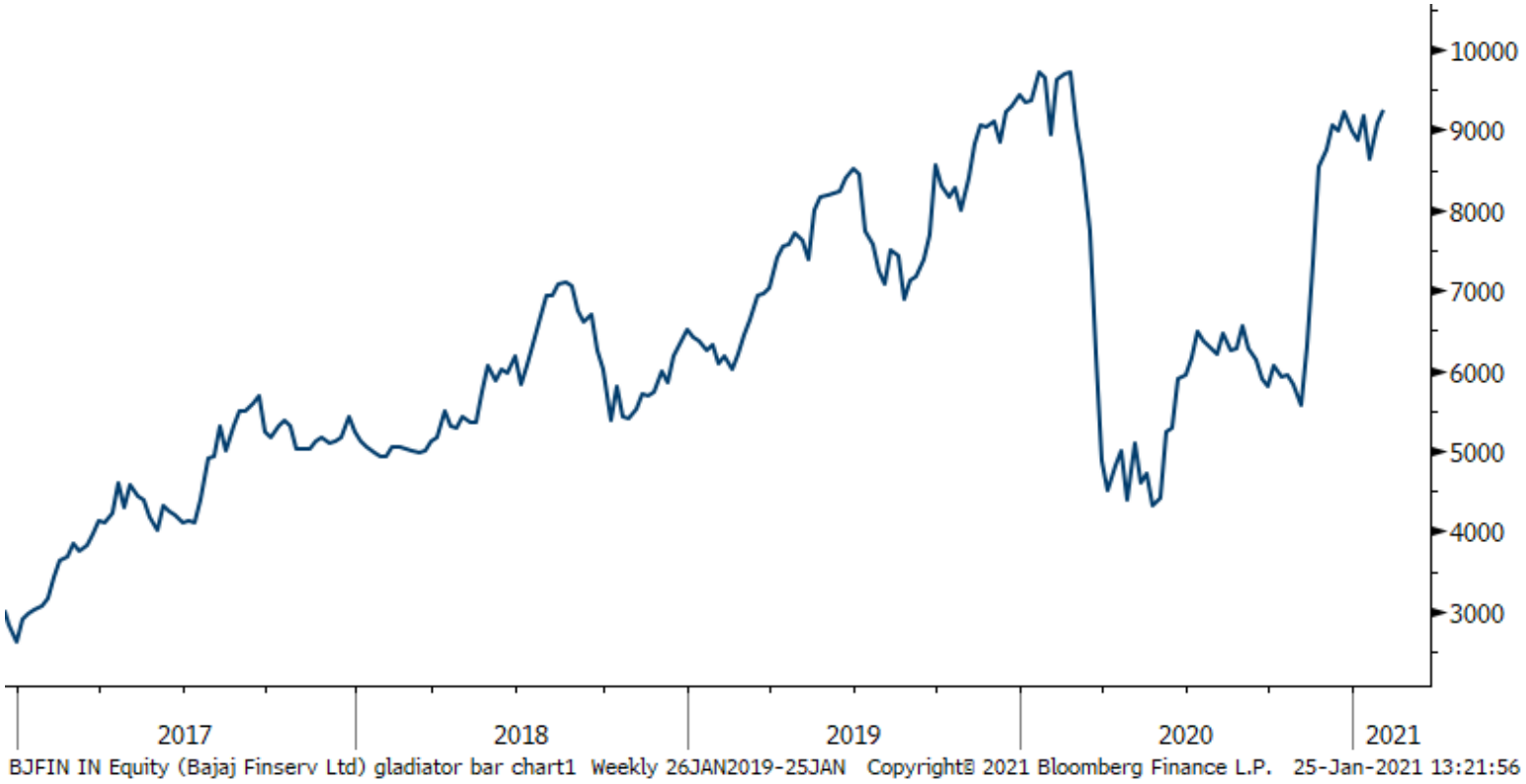
Price history of past three years

Bajaj Finserv



Source: Spider Software, ICICI Direct Research

Product Guidelines……

- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

Source: ICICI Direct Research

Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				

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Source: ICICI Direct Research

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