

## Week Gone

- ⇒ In the week ended on Friday, 02 September 2022, the Sensex dropped 30.54 points or 0.05% to settle at 58,803.33. The Nifty 50 index declined 19.45 points or 0.11% to settle at 17,539.45
- ⇒ The BSE Mid-Cap index rose 1.37% to settle at 25,463.91
- ⇒ The BSE Small-Cap index gained 1.35% to settle at 28,800.82

## Week Ahead

- ⇒ On the macro front, China will announce the Inflation data for August on 9 September, 2022
- ⇒ The European Central Bank (ECB) will announce its interest rate decision on 8 September, 2022
- ⇒ The US ISM Non-Manufacturing PMI data for August will be announced on 6 September, 2022

## Technical Overview

The index witnessed a bullish breakout decoy and tracked back into the channel making 3 new consecutive weekly lows. The index remained highly volatile throughout the week as it opened with a massive gap-down of 370 points followed by a sharp uptick of 446 points and then remained choppy as the week progressed. The index is trading closer to the channel resistance after it formed a bullish island pattern on the daily timeframe and was bolstered by the shorter-term exponential moving average on the weekly timeframe. The index is likely to attract further bullish momentum on crossing and sustenance above the resistance whilst protecting the levels of the island gap and the moving average near 17150. However, on failing to do so the index can then retest the pivotal support near 16800. The resistance comes near 17800 – 18000 – 18120 whereas the support is near 17300 – 17150 – 16800.



Source: Falcon, BP Equities Research

## Weekly Wealth

### DOMESTIC INDICES

Index	02-Sep-22	26-Aug-22	Weekly % Chg
Nifty 50	17,539.5	17,558.9	-0.1
Nifty Next 50	43,633.6	43,030.6	1.4
Nifty 100	17,916.0	17,893.8	0.1
Nifty 500	15,201.6	15,147.6	0.4
NIFTY MIDCAP 100	31,402.3	31,113.0	0.9
S&P BSE SENSEX	58,803.3	58,833.9	-0.1
S&P BSE 100	18,029.8	17,994.7	0.2
S&P BSE 200	7,723.8	7,701.2	0.3
S&P BSE 500	24,232.2	24,141.2	0.4
S&P BSE MidCap	25,463.9	25,119.0	1.4
S&P BSE SmallCap	28,800.8	28,415.9	1.4

### WORLD INDICES

Index	02-Sep-22	26-Aug-22	Weekly % Chg
Nikkei Index	27,650.8	28,641.4	-3.5
Hang Seng Index	19,452.1	20,170.0	-3.6
Kospi Index	2,409.4	2,481.0	-2.9
Shanghai SE Composite	3,186.5	3,236.2	-1.5
Strait Times Index	3,205.7	3,249.5	-1.3
Dow Jones	31,318.4	32,283.4	-3.0
NASDAQ	11,630.9	12,141.7	-4.2
FTSE	7,281.2	7,427.3	-2.0

### FOREX

Currency	02-Sep-22	26-Aug-22	Weekly % Chg
US\$ (Rs.)	79.7	79.9	-0.2
GBP (Rs.)	92.3	94.1	-2.0
Euro (Rs.)	79.9	79.9	0.0
Yen (Rs.) 100 Units	56.9	58.3	-2.4

### NIFTY TOP GAINERS (WEEKLY)

Scrip	02-Sep-22	26-Aug-22	Weekly % Chg
Bajaj Finserv	17329.3	16246.3	6.7%
Titan Co	2612.6	2466.5	5.9%
Mahindra & Mahindra	1316.0	1259.7	4.5%
Adani Ports &Special	852.0	816.0	4.4%
Grasim Industries	1687.9	1624.9	3.9%

### FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
02-Sep-22	6,332.1	6,340.9	-8.8
01-Sep-22	11,907.3	14,197.6	-2,290.3
30-Aug-22	16,145.3	11,979.4	4,165.9
29-Aug-22	5,253.3	5,814.5	-561.2
<u>MTD</u>	39,637.9	38,332.4	1,305.5

### NIFTY TOP LOSERS (WEEKLY)

Scrip	02-Sep-22	26-Aug-22	Weekly % Chg
Zee Entertainment	248.75	262.4	-5.2%
Infosys	1453	1518.15	-4.3%
Hindalco	414.9	432.75	-4.1%
Reliance Industries	2530.5	2632.05	-3.9%
Vedanta	257.25	265.45	-3.1%

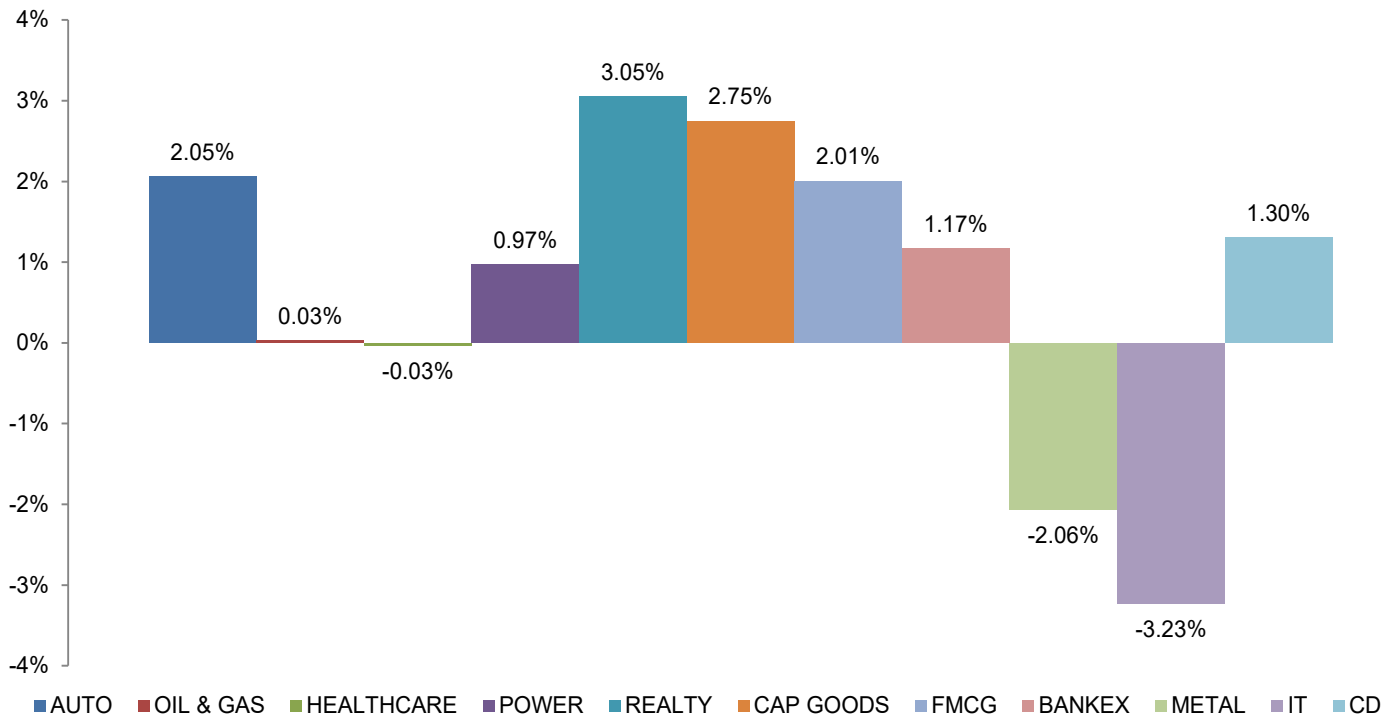
### DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
02-Sep-22	5,646.1	6,314.8	-668.7
01-Sep-22	6,742.9	5,791.7	951.1
30-Aug-22	6,519.5	7,176.3	-656.7
29-Aug-22	6,370.9	6,226.8	144.1
<u>MTD</u>	25,279.3	25,509.6	-230.3

# Weekly Wealth

## BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

## TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	02/09/22 Share Price (Rs.)	26/08/22 Share Price (Rs.)	Weekly % Chg	02/09/22 Open Interest	26/08/22 Open Interest	Weekly % Chg
GUJGASLTD	481.35	456.6	-5.1	4086250	5168750	26.5
APOLLOTYRE	252.25	247.1	-2.0	10860500	13538000	24.7
PVR	1,858.05	1,839.75	-1.0	2544971	2959704	16.3
GSPL	238.15	241.55	1.4	3310000	3762500	13.7
EICHERMOT	3,429.2	3,355.4	-2.2	3042550	3373300	10.9

## TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	02/09/22 Share Price (Rs.)	26/08/22 Share Price (Rs.)	Weekly % Chg	02/09/22 Open Interest	26/08/22 Open Interest	Weekly % Chg
PEL	1,037.75	1,988.25	91.6	6344800	1678600	-73.5
ASTRAL	2,315.35	2,098.65	-9.4	795850	593725	-25.4
INDIAMART	4,772.85	4,411.3	-7.6	420300	322200	-23.3
VOLTAS	975.6	1,006.6	3.2	3917000	3014000	-23.1
ASHOKLEY	164.35	150.6	-8.4	51550000	40710000	-21.0

### Company Background

Affle India was incorporated in 1994 and is engaged in a global technology business. The Company is a technology firm that offers customer acquisitions, engagements, and transactions through pertinent mobile advertising. The company has a patented platform for consumer analytics. It has two business segments namely Consumer Platform and Enterprise Platform. The Consumer Platform mainly offers the following services: (1) new consumer conversions (acquisitions, engagements, and transactions) through relevant mobile advertising; (2) retargeting existing consumers to complete transactions for e-commerce businesses through relevant mobile advertising; and (3) an online to offline (or "O2O") platform that converts online consumer engagement into in-store walk-ins. The Enterprise Platform primarily provides end-to-end solutions for enterprises to enhance their engagement with mobile users. With a successful business model, the company holds a dominant market position in India. It has a robust data management platform with more than 2.5 billion linked devices, of which about 571 million were found in India.

### Investment Rationale

#### Moat in Domestic Market

Affle India has around 35% of its overall revenues coming from the Indian Market as of FY22. Due to the Indian AdTech market having vernacular requirements, the company has been able to deliver advertisements in local languages thus generating a high Return on Investment in advertisement campaigns for its clients. It has an early mover advantage in the Digital Advertisement space in India which has a high population with multiple preferences among consumers. Foreign AdTech players have a high-cost structure whereas the company's cost structure is lower and thus it is able to generate high margins compare to its competitors.

#### Substantial Investment in Research and Development

To make itself distinct from its competitors, Affle India has made significant investments in research and development. It has built a robust technology stack through R&D and acquisitions that allows it to offer end-to-end mobile advertising services. The company has been granted US patents in the fields of fraud detection, voice-based intelligence, and digital advertising. It has created the "Affle mFaas" platform, a tool for detecting digital advertising fraud, which offers a real-time solution. Additionally, a Real-time Predictive Algorithm for Strong Networks has been created, enabling accurate Consumer Targeting. The company also aspires to produce solutions that enable futuristic use cases, consistently improve its technology and intellectual property capabilities, and address important industry concerns.

#### Valuation and Outlook

Affle India has been able to witness accelerated broad-based growth in ad spending driven by its unique ROI-linked CPCU (Cost per Converted User) business model. The Company is focusing on penetrating deeper across both new and existing markets as well as further verticalizing its capabilities towards high-growth emerging industry verticals. The company has an advantage over its competitors due to a huge increase in the number of users in India, strong user affinities, and an increase in the amount of time digital consumers spend on mobile. Additionally, it is estimated that the worldwide digital advertising business would expand by 9%, outpacing global trends in emerging nations like India, which is predicted to rise by 25 to 30% alongside other rising markets in SEA and LATAM. Based on the above factors, we give a "BUY" rating to this stock. On the valuation front, we value the company based on 60x of FY24e earnings and arrived at a target price of INR 1582 (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)	1,295
Target Price (INR)	1,582
NSE Symbol	AFFLE
BSE Code	542752
Bloomberg	AFFLE IN
Reuters	AFFL.BO

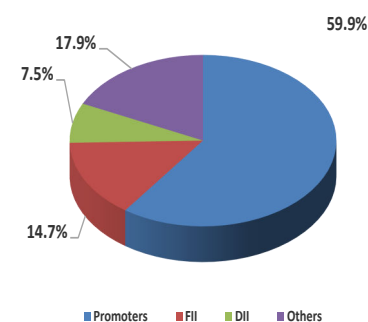
#### Key Data

Nifty	17,539
52WeekH/L(INR)	1510/871
O/s Shares (Mn)	133
Market Cap (INR bn)	173
Face Value (INR)	2

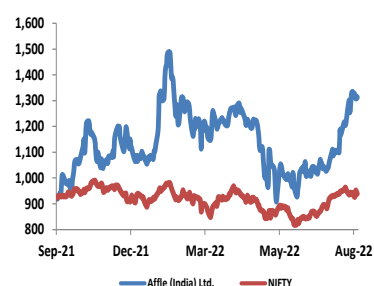
#### Average volume

3 months	4710
6 months	4319
1 year	4457

### Share Holding Pattern (%)



### Relative Price Chart



## Weekly Wealth

Key Financials						
YE March (Rs. millions)	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Revenue</b>	<b>2,494</b>	<b>3,338</b>	<b>5,168</b>	<b>10,817</b>	<b>15,408</b>	<b>19,907</b>
<i>Revenue Growth (Y-o-Y)</i>	<i>0.0%</i>	<i>33.8%</i>	<i>54.8%</i>	<i>109.3%</i>	<i>42.5%</i>	<i>29.2%</i>
<b>EBIDTA</b>	<b>703</b>	<b>866</b>	<b>1,299</b>	<b>2,116</b>	<b>3,097</b>	<b>4,141</b>
<i>EBIDTA Growth (Y-o-Y)</i>	<i>0.0%</i>	<i>23.2%</i>	<i>49.9%</i>	<i>62.9%</i>	<i>46.3%</i>	<i>33.7%</i>
<b>Net Profit</b>	<b>488</b>	<b>655</b>	<b>1,350</b>	<b>2,152</b>	<b>2,804</b>	<b>3,504</b>
<i>Net Profit Growth (Y-o-Y)</i>	<i>0.0%</i>	<i>34.2%</i>	<i>106.1%</i>	<i>59.3%</i>	<i>30.3%</i>	<i>24.9%</i>
<b>Diluted EPS</b>	<b>3.7</b>	<b>4.9</b>	<b>10.2</b>	<b>16.2</b>	<b>21.1</b>	<b>26.3</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>0.0%</i>	<i>34.2%</i>	<i>106.1%</i>	<i>59.3%</i>	<i>30.3%</i>	<i>24.9%</i>
Key Ratios						
<b>EBIDTA margin (%)</b>	<b>28.2%</b>	<b>26.0%</b>	<b>25.1%</b>	<b>19.6%</b>	<b>20.1%</b>	<b>20.8%</b>
<b>NPM (%)</b>	<b>19.6%</b>	<b>19.6%</b>	<b>26.1%</b>	<b>19.9%</b>	<b>18.2%</b>	<b>17.6%</b>
<b>RoE (%)</b>	<b>67.4%</b>	<b>28.6%</b>	<b>37.6%</b>	<b>18.3%</b>	<b>19.2%</b>	<b>19.4%</b>
<b>RoCE (%)</b>	<b>86.4%</b>	<b>29.6%</b>	<b>27.3%</b>	<b>16.0%</b>	<b>19.5%</b>	<b>21.6%</b>
Valuation Ratios						
<b>P/E (x)</b>	<b>352.8x</b>	<b>262.9x</b>	<b>127.5x</b>	<b>80.0x</b>	<b>61.4x</b>	<b>49.2x</b>
<b>EV/EBITDA</b>	<b>244.7x</b>	<b>198.1x</b>	<b>133.0x</b>	<b>79.2x</b>	<b>53.7x</b>	<b>39.5x</b>
<b>P/BV (x)</b>	<b>237.9x</b>	<b>75.2x</b>	<b>48.0x</b>	<b>14.6x</b>	<b>11.8x</b>	<b>9.5x</b>
<b>Market Cap. / Sales (x)</b>	<b>69.1x</b>	<b>51.6x</b>	<b>33.3x</b>	<b>15.9x</b>	<b>11.2x</b>	<b>8.7x</b>

Source: Company, BP Equities Research



Research Desk

Tel: +91 22 61596406

Institutional Sales Desk

Tel: +91 22 61596403/04/05

Disclaimer Appendix

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

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**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6464  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001  
  
BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591  
  
BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392