



5th July, 2016

Multibagger stock recommendation: Bajaj Finserv Ltd.

Buy Price in the range: 1800 – 2000 levels

Time Horizon: 1.5 to 2 years

Investment: 5% of capital

Target price: 5000-level

Stop-loss: 1500-level

Refer detailed research below

Stock pick: Bajaj Finserv Ltd.

Bajaj Finserv Ltd. weekly chart



Bajaj Finserv was formed in April 2007 as a result of its demerger from Bajaj Auto limited as a separate entity to focus purely on the financial services business of the group. It is the holding company for the businesses dealing with financial services of Bajaj Group and ranked amongst the top 25 places to work in Asia (2015). This group was the first one to create the facility of EMI (Existing Member Identification) card and today they have a network of 115 branch offices throughout the country.

Now looking at the stock price of **Bajaj Finserv** we can see that this stock has been out-performing since past many years and has great potential to continue with the same in the upcoming years. The best of the trend is expected in this stock and so it is advisable to create long positions in staggered fashion as long as important support levels are protected.

As shown in the weekly chart, major bottom for this stock was formed in 2008 which was a black year for the Indian Equity markets. After such sharp fall this stock had the potential to fly and it rallied impulsively from there on. As per wave perspective intermediate wave [1] completed its course near the channel resistance and post that wave [2] completed its running complex correction W-X-Y near the channel support in year 2013. Post that prices bounced sharply suggesting that wave [3] is currently ongoing.

The internal structure of the same suggests that recently minor wave II of the same has completed near the channel support and now minor wave III is into action. As per this scenario the current leg will be the most impulsive segment in the entire up move from the lows of 2008. It will help fetch maximum gains in lesser time.

An important thing to notice is that currently prices dipped into the moving average which was intact since 2014 and now it has bounced back sharply indicating about the significance of this line and only a break of the same will suggest negativity. Until that happens it is better to be in the direction of the trend.

In case there is weakness in broader market and this stock also shows some retracement towards 1800 – 2000 levels, it will provide ideal entry opportunity with 1500 as strict risk management level.

In a nutshell, cluster of evidences like Elliot wave counts, moving average, Channeling technique which is working brilliantly we can see much higher levels Bajaj Finserv. This rally should continue towards the resistance line near 5000. Now the outlook will remain positive for this stock as far as the channel support is intact and any dips towards the crucial support of 1800 - 2000 levels should be utilized as buying opportunity.

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