

AAKASH CAPITAL LIMITED

Weekly Newsletter from Aakash Capital Limited for the week ending on 5th April, 2019

NEPSE UPDATE

Indicators	31 st Mar, 2019	4 th April, 2019	(+)/(-) %
NEPSE	1143.09	1165.2	1.93%
SENSITIVE	243.35	248.57	2.15%
FLOAT	83.27	85.18	2.29%
BANKING	989.73	1024.8	3.54%
HOTELS	1719.8	1734.19	0.84%
DEVELOPMENT BANKS	1449.39	1461.8	0.86%
HYDROPOWER	1152.76	1152.75	0.00%
FINANCE	613.66	615.9	0.37%
NON LIFE INSURANCE	5331.38	5357.86	0.02%
MANU. & PRO.	2023.48	2052.36	1.43%
OTHERS	710.4	708.04	-0.33%
MICROFINANCE	1376.92	1372.33	-0.33%
LIFE INSURANCE	5872.57	5885.19	0.21%

Market Summary Statistics (31st Mar to 4th April)

Total Turnover (Rs)	2,089,610,580.00
Total Traded Shares	7,908,140.00
Total Number of Transactions	33,759.00
Scripts Traded	172.00
Market Cap at Week start	1,397,633.95 Millions
Market cap at Week end	1,424,089.62 Millions
Floated Market Cap at Week start	490,235.68 Millions
Floated Market Cap at Week end	501,289.29 Millions

Bullion Update

As on 5th April, 2019

Hallmark Gold	Rs.59,400/tola
Worked Gold	Rs.59,100/tola
Silver	Rs.725/tola

Quote for the week

“The key to making money in stocks is not to get scared out of them”

-Peter Lynch

The market gained 1.93% or 22.11 points in the trading week between March 31 and April 4. Along with Npse index, the float index and sensitive index also went up by 2.29% or 1.91 points and 2.15% or 5.22 points respectively.

The secondary market had opened at 1145.95 points on Sunday and lost 2.86 points to end the day at 1143.09. On Monday, the index went up 6.90 points with somewhat good volume. The stock witnessed significant strength on Tuesday as it gained 13.48 points along with a surge in volume. On Wednesday too the optimism held as the volume continued coming and ended the day 2.37 points higher. After a rally of three straight days, the index posted a modest decline of 0.64 points on Thursday to end the trading week at 1165.2.

In the review period, all the subgroups except hydropower, others, and microfinance ended in green. A significant transaction in banking sub-index was recorded. This sub-sector posted the highest gain this week as it went up 35.07 points or 3.54%. The stocks in manufacturing and processing gained the second most this week; this sub-index registered a gain of 1.43%, or 28.88 points. Development bank index also closed 0.86% or 12.41 points higher, ending the trading week at 1461.8.

The market witnessed a surge in trading volume this week. This week investors traded with optimism reflected in an increase in trading volume. The total turnover during the trading week stood at Rs 2.089 billion, an increase of 46.29% compared to previous week. Daily turnover averaged at Rs 417.92 million. The total market value increased by Rs 26455.67 million as the market capitalization increased by a modest 1.89% during the trading week.

This trading week, a modest gain was recorded with an increased trading volume. Investors continued to trade with optimism with demand seen mainly among the banking stocks. This might be because of the anticipation of extraordinary third quarter report.

News Update

Economic growth rate estimated to be 6.2 percent

The Asian Development Bank (ADB) has estimated Nepal's economy to grow at 6.2% in fiscal year (FY) 2019 and 6.3% in FY 2020. It also states that inflation is projected to rise to 4.4% in FY2019 from 4.2% in FY2018...[Read More](#)

Government resumes providing labor permit for Malaysia

Migrant workers, who were deprived of going to Malaysia since the last ten months despite getting their calling visa, can now go to Malaysia for job after the Ministry of Labor, Employment and Social Security instructed the concerned authorities to give them labor permit...[Read More](#)

Investment summit ends with 15 MoUs, announcements by investors

The two-day 'Investment Summit 2019' concluded on Saturday with the signing of 15 memorandums of understanding (MoUs) with and among various investors, in addition to investment commitments to 17 various projects. Most of the MoUs are for joint venture agreements between/among private companies and government agencies...[Read More](#)

Per capita income to reach \$1,400 by 2023-24

The government has forecast that Nepal's per capita income will reach \$1,400 by the end of the 15th periodic plan in fiscal year 2023-24. The country's per capita income in current fiscal year will increase by seven per cent or \$70 to \$1,074, which stood at \$1,004 in the previous year...[Read More](#)

Rasuwagadi, Sanjen hydels to issue 15.4 million shares to public

The government has included the 42.5-megawatt Sanjen and 111MW Rasuwagadi hydropower projects in the government's programme titled 'Nepal's Water, People's Investment'. Both the projects are in the construction phase and have completed more than 50 per cent of the physical works. The projects are being developed by subsidiary companies of Nepal Electricity Authority — Rasuwagadi Hydropower Company Ltd and Sanjen Jalavidyut Company Ltd...[Read More](#)

Market Announcements

- Century Commercial Bank Limited has announced its 8th AGM going to be held on 12th Baishakh, 2076
- Trishuli Jal Vidhyut Company Limited has appointed Global IME Capital Market Limited as its share registrar.
- Bank of Kathmandu Limited has appointed BOK Capital Market Limited as its share registrar effective from 2nd Baishakh, 2076.
- Himalaya Urja Bikas Company Limited is issuing 14,85,000 units IPO shares to the general public from 20th Chaitra, 2075.
- Sunrise Bank Limited is issuing 10,00,000 units "10% Sunrise Debenture 2080 " to the general public from 20th Chaitra, 2075.
- Greenlife Hydropower Limited has allotted its 18,00,000 units IPO shares to the project affected local residents of Dolkha district on 17th Chaitra, 2075.
- Shivam Cements Limited has published a book closure date for its 3rd AGM on 26th Chaitra, 2075.
- Trishakti Securities Public Limited has announced it's Special General Meeting going to be held on 6th Baishakh, 2076.
- Union Hydropower Company Limited has extended its 35,34,340 units IPO shares to the general public till 12th Baishakh, 2076.
- Janata Bank Nepal Limited has appointed Janata Capital Limited as its share registrar effective from 2nd Baishakh, 2076.
- Unnati Microfinance Bittiya Sanstha Limited is closing its 5:1 ratio 1,10,000 units right share to its shareholders from 17th Chaitra, 2075.
- Trishuli Jal Vidhyut Company Limited has allotted its 37,05,000 units IPO shares to the general public on 14th Chaitra, 2075.

NEPSE - TECHNICAL ANALYSIS



The Nepalese stock market is in bearish trend after the market made its top on 27th of July, 2016. This week the market closed at 1165.20 making a red candle on the last trading day of this week. This week NEPSE opened at 1144.55 and formed a red candle on the first day by closing at 1143.59 which was 0.90 points lower than the previous week's closing value. Except first and last trading day the market showed positive fluctuation on remaining 3 trading days along with the support of volume. Total volume of more than Rs. 400 million were traded on last 3 trading days which is a sign of rise in demand.

Taking the fibonacci retracement from 299 to 1881, 50% retracement lies at 1090 and 61.8% retracement lies at 900. The mentioned Fibonacci retracements are the psychological support level for the market. The immediate support of the market lies at 1098.95 and its strong support lies at 1022.

This week NEPSE increased by 1.93%. 7,908,140 units of shares were traded this week which is 34.99% higher than previous week.



Drawing a line chart from April 23, 2018 to March 24, 2019, market is trying to make a breakthrough. Currently, market is at resistance zone and trying to make a short term correction.

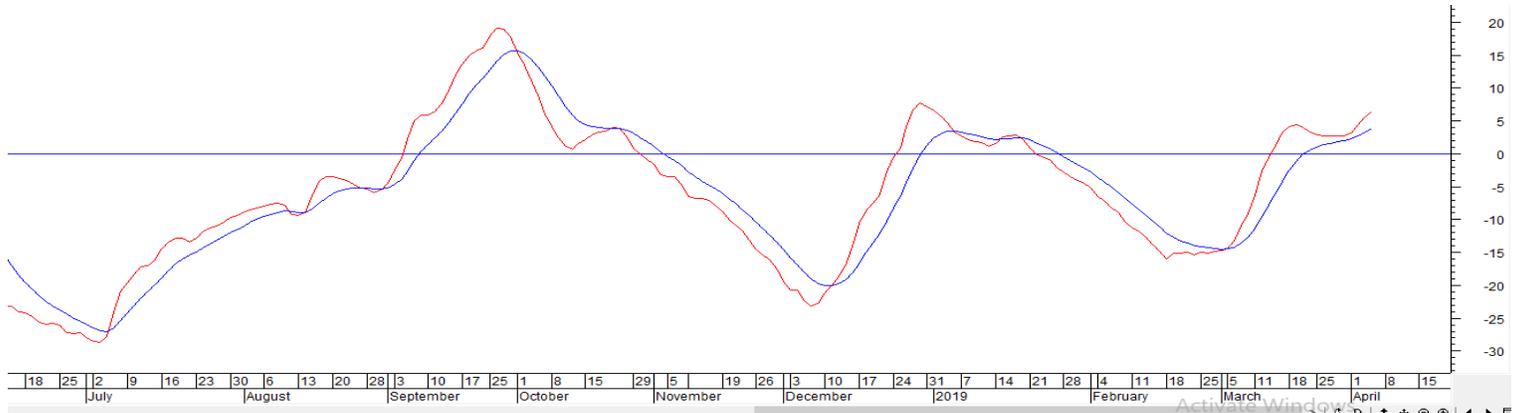
Relative Strength Index (RSI) Analysis



RSI is a momentum indicator that measures the magnitude of recent price changes to evaluate overbought or oversold conditions in the price of a stock. RSI is typically used on a 14-day time frame, measured on a scale from 0 to 100, where a value above 70 represents overbought and below 30 represents oversold condition.

Current RSI value of NEPSE is 63.43 which implies the market is trying to move towards overbought zone. There isn't any kind of RSI divergence seen in the market as the rise in Price and RSI is somewhat similar.

Moving Average Convergence Divergence (MACD)



MACD is a momentum oscillator formed by using two different moving averages, typically a 26 day EMA and 12 day EMA, which provides specific buy/sell signal. When the MACD line crosses signal line from above, it is considered bearish, indicating a sell signal and vice-versa.

Currently MACD and signal line is at 6.45 and 3.93 respectively. Both MACD and signal lines are above the base line and MACD has crossed the signal line from below. This indicates a buying signal and possible up turn.

Moving Average Analysis



Moving average is a technical analysis tool that smooths out price data by creating a constantly updated average price. It is used to identify the trend direction, support or resistance levels and also to generate potential buy/sell signals. Price crossover and MA crossover are some of the strategies that can be used to buy/sell a stock.

The EMA (5, 0) is at 1159.16 and EMA (20, 0) is at 1146.61. The market is currently trading above both 5 days and 20 days Exponential Moving Average. Also, the 5 day EMA is above 20 day EMA. A short term bullish sentiment was seen as a golden cross between the two EMA lines was observed on 10th of March, and the price level was above both EMAs. The gap between 5 days and 20 days EMA is increasing and the price line is above the EMAs, signaling the short term bullish trend.

Bollinger Band



Bollinger band is a technical indicator that consists of a set of lines plotted two standard deviations up and below a 21-day simple moving average. The bands are an indication of volatility; a widening gap indicates higher volatility and vice-versa. Prices are relatively high when above the upper band and low when below the lower band.

The upper, middle and the lower bands are at 1170.86, 1148.02 and 1125.17 respectively. The market is trading around upper band which indicates that the market is at overbought zone. The red candle on the last trading day is trying give signal of fall towards the support of middle band.

Stock Analysis – Sanima Bank Nepal Limited (SANIMA)

Introduction

Sanima is a leading commercial bank in Nepal, promoted by prominent non-resident Nepalese that commenced its operations in 2004 as a national level development bank. Since February 2012, Sanima has upgraded to an "A" Class Commercial Bank with its registered office at 'Alakapuri', Naxal. It offers a wide range of banking products and financial services to corporate and retail customers through its branches and extension counter from all 7 provinces.

Sanima Bank acquired Bagmati Development Bank on 16th December 2016. As of fiscal year 2017/18 bank is providing ATM facility to its customers through 69 different places. Along with the growth of banking sector in Nepal, Sanima bank is growing every year through its operation. As of fiscal year 2017/18 the number of branches of the bank has increased to 74 different places which was 56 in the previous fiscal year with only 46 ATMs.

Board of Director

The Board of Director of Sanima consists of people from diverse business backgrounds and experiences. Mr. Binay Kumar Shrestha is the chairman of the board and Mr. Bhuvan Kumar Dahal is the current CEO of the bank.

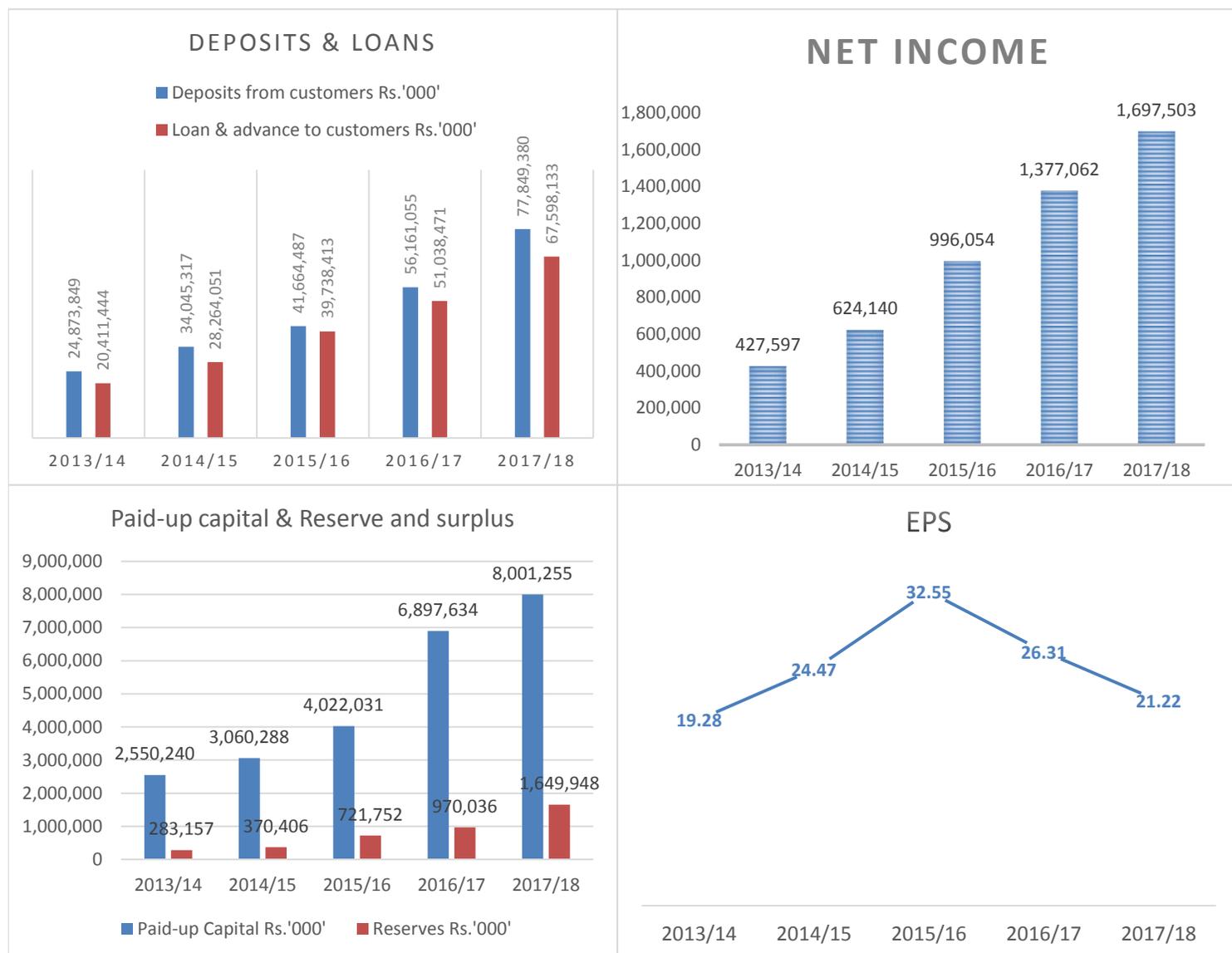
Name	Designation
Mr. Binay Kumar Shrestha	Chairman
Mr. Tuk Prasad Poudel	Member
Mr. Shamba Lama	Member
Mr. Bharat Kumar Pokhrel	Member
Mr. Mahesh Ghimire	Member
Mr. Uttam Kumar Bhattarai	Member

Current shareholding composition

Sanima Bank currently has an authorized capital of Rs. 9 billion, and issued capital of Rs. 8,001,255,440.

S.N.	Particulars	Percent (%)	Amount (Rs.)
1.	Domestic Ownership		
1.1	"A" class licensed institutions	-	-
1.2	Other licensed institutions	-	-
1.3	Other Institutions	8.37	669,318,700
1.4	Public	91.63	7,331,936,740
1.5	Other	-	-
2	Foreign ownership	-	-
	Total	100	8,001,255,440

Financial Highlights



Company Financials

Yearly Analysis

The following table presents the trend of financial performance of Sanima from the FY 2013/14 to 2017/18:

Particulars	2017/18	2016/17	2015/16	2014/15	2013/14
Paid-up Capital Rs.'000'	8,001,255	6,897,634	4,022,031	3,060,288	2,550,240
Reserves Rs.'000'	1,649,948	970,036	721,752	370,406	283,157
Debentures & bonds (debt securities) Rs.'000'	370,000	370,000	370,000	-	-
Deposits from customers Rs.'000'	77,849,380	56,161,055	41,664,487	34,045,317	24,873,849
Total Assets Rs.'000'	91,821,952	69,481,703	56,128,555	40,301,198	29,416,986
Loan & advance to customers Rs.'000'	67,598,133	51,038,471	39,738,413	28,264,051	20,411,444
Interest Income Rs.'000'	8,107,978	5,126,693	3,262,998	2,548,884	2,018,506
Net Interest Income Rs.'000'	3,015,524	2,308,512	1,722,302	1,139,390	818,718
Total Operating Income	4,009,133	2,980,143	2,200,089	1,502,900	1,090,870
Net Income	1,697,503	1,377,062	996,054	624,140	427,597
Growth %	23.27%	38.25%	59.59%	45.96%	40.17%

Return on Assets (ROA)	1.85%	1.86%	1.78%	1.55%	1.46%
Return on Equity (ROE)	15.74%	14.39%	22.69%	18.19%	15.09%
EPS	21.22	26.31	32.55	24.47	19.28
Book Value Per share	135	113.24	113.62	112.1	111.1
Market Value per share	324	431	750	555	638
Price Earning Ratio	15.27	16.38	23.04	22.68	33.09
Capital Fund to RWA (CAR) %	12.41%	15.57%	12.36%	11.08%	12.54%
Non Performing Loan(NPL) to Total Loan	0.03%	0.01%	0.019%	0.07%	0.017%

Based on the data presented above, the bank has made consistent growth in all the fundamentals in last 5 years of time. In last 5 years the average growth rate in net income is 41.45%. In fiscal year 2017/18 bank had net income of Rs. 1.69 billion which is 23.27% higher than that of previous fiscal year. The bank has met its paid up capital to 8 billion in the fiscal year 2017/18. The bank has reported 70.09% increase in its reserve & surplus to Rs. 1.64 billion. There seems to be a healthy increase in the deposit from its customers. The growth rate in deposits in the FY 2017/18 is 38.62%, which is higher than the growth rate of 34.79% in FY 2016/17. Similarly, loan and advance to customer has increased to Rs.67.59 billion from Rs.51.03 billion which is 32.45% higher than the previous fiscal year. The bank has been able to keep its non performing loan to a bare minimum, one of the best records in the Nepalese banking industry. Evaluating the above fundamental indicators, the company has sound fundamental and has huge potential in the Nepalese emerging financial market.

Quarterly Analysis

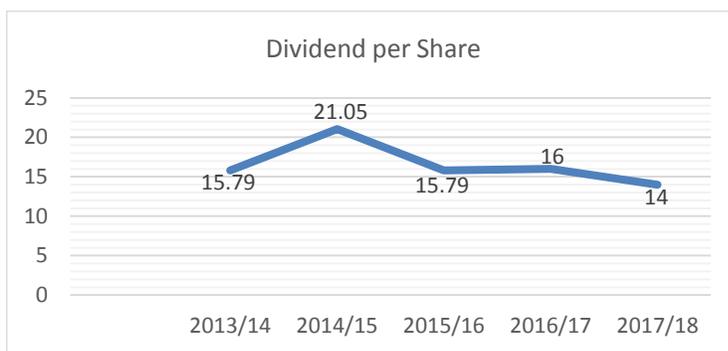
The following table presents 2nd Quarter analysis of the company for the FY 2074/75 to 2075/76.

Particulars	Q2 2018/19	Q2 2017/18	Growth %
Paid-up Capital Rs.'000'	8,001,255	8,001,255	0.00%
Reserve and Surplus Rs.'000'	2,643,851	2,038,671	29.69%
Deposits Rs.'000'	85,539,287	68,500,415	24.87%
Loans and advances Rs.'000'	77,226,975	61,239,813	26.11%
Net Profit Rs.'000'	949,981	808,319	17.53%
Return on equity (%)	20.38	17.99	13.29%
Return on asset (%)	1.96	2.07	-5.31%
Earnings per share	24.62	20.7	18.94%
Net worth per share	133.04	123.55	7.68%
P/E ratio	12.35	16.54	-25.33%

The bank has enjoyed good growth in its balance sheet and income statement figures. As of 2nd quarter of fiscal year 2018/19 net profit has increased to Rs. 949.98 million which is 17.53% higher than that of 2nd quarter of previous fiscal year. The bank has a growth of 24.87% in deposits, 26.11% in loans and advances and 29.69% in reserve and surplus. Earnings per share have increased to Rs. 24.62, but P/E ratio has fallen to 12.35 which is 25.33% lower than the previous corresponding quarter. This indicates that the price of the stock has become relatively cheaper compared to previous quarter.

Dividend History

Year	Dividend		Total %
	Cash %	Bonus %	
2013/14	0.79	15	15.79
2014/15	1.05	20	21.05
2015/16	0.79	15	15.79
2016/17	0	16	16
2017/18	14	0	14



Sanima bank is providing dividend consistently to its shareholders either in the form of bonus or cash. Looking at the history of dividend distribution, the bank seems to be highly focused in distributing bonus shares. However, bank has distributed only 14% cash dividend in the last fiscal year.

Technical Analysis of the Company as on 4th April, 2019

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 SANIMA, 1D O:313.00 H:315.00 L:309.00 C:313.00



Day Candle		Pattern Analysis	
Open	313	Chart Pattern	Bearish
High	315	Support	S1: 292 S2: 286
Low	309	Resistance	R1: 333 R2: 356
Close	313		

Particulars	Points	Remarks
Volume	21,193	There is significant increase in the average weekly and daily volume than that of the monthly volume.
Avg. Volume (1 week)	23,983.20	
Avg. Volume (1 month)	13,508.86	
No. of Transaction	77	The average weekly and daily transactions are higher than that of monthly average transaction.
Avg. no. of Transaction (1 week)	80.20	
Avg. no. of Transaction (1 month)	54.24	
180 days Average	314.53	The market price of stock is close to 180 days average and less than 360 days average.
360 days Average	331.12	
52 Weeks High Price	386	The stock is currently trading below 52 weeks low price.
52 Weeks Low Price	286	
Nepse Index 1-Year Change	-4.99%	The overall market is at downtrend. The banking industry has slightly fallen higher than the index. The 1 year change of stock is higher than that of the Industry and the overall market index.
Industry Index 1-Year Change	-6.88%	
Stock 1-Month Change	7.56%	
Stock 1-Year Change	-11.83%	
Monthly Beta	0.956	The Monthly beta is lower than that of the market which shows that the stock is less risky.
Quarterly Beta	0.818	
Total Holdings of Mutual Funds (Falgun)	438,557	The Mutual Funds are holding good no. of shares.
Stock Holdings of Top Broker (from 2 nd Dec, 2018)	172,885	The sum of Stock holdings of 5 Brokers is shown with the average of their average buying and selling price.
Top Broker Avg. Buy Price	304.89	
Top Broker Avg. Sell Price	305.37	

Indicators	Points	Remarks
RSI (14)	67.15	SANIMA is closer to oversold position.
MACD (12,26,9)	3.51	The MACD line is above the signal line and the higher gap between the lines gives signal for volatility. The MACD is giving buy signal.
Signal Line (12,26,9)	1.37	
Histogram (12,26,9)	2.14	
EMA (5,0)	310.55	The price of the stock is above the 5 days and 20 days EMA which gives buy signal.
EMA (20,0)	303.43	
+DMI(14,14)	32.54	The +DMI is dominant over -DMI and the ADX is below 25 which shows that the current trend is not so strong. However, the ADX line is moving upward direction which signals probability of a strong trend.
-DMI(14,14)	14.63	
ADX (14,14)	24.1	
Chaikin Money Flow (20)	0.2624	CMF is above the baseline which gives indication of buying pressure for the stock.

Concluding Remarks

From the above analysis, it is clear that the company has enjoyed a healthy growth in business and its operations. Most of the fundamental indicators of the company are growing at satisfactory rate and has potential to grow further. Overall, the balance sheet size and business has quite increased in recent time and it can do better if it can keep up its growth momentum.

Nepalese financial market is at growing phase. Though there are large numbers of financial institutions, less than 50% of population are still lacking access to the financial services. Financial institutions are considered as the heart of the economy as it mobilizes capital through deposits and lending. Sanima bank can do better with expansion of its branches and by creating value for its customers through better services.

Auction of Sanima Bank Promoter share

Sanima bank limited is auctioning their unsold 2,718,835 units of promoter share to the eligible investors and institutions at minimum bid of Rs.180 per share. The time period to submit the application for this auction is from 7th Chaitra 2075 to 25th Chaitra 2075. Eligible candidates can apply for minimum of 200,000 units to Sanima Capital Limited, Narayan Chaur, Naxal, Kathmandu by 25th Chaitra 2075 before office hour.

Evaluating the past performance of the bank, it has healthy fundamentals. However, promoter share of Sanima Bank at Rs.180 and above might be expensive for investors as the market price of promoter share is currently at Rs.170 which was last traded on 13th of August 2018.



Investing Solutions

Investing solutions enable individuals to realize their aspirations by making their money work for them.

Growing our hard-earned money should be simple and accessible to everybody, so that each of us is able to live the life we desire. With this objective, we ensure we gain an in-depth understanding of each individual's aspirations and ambitions so that we are able to recommend the right investment solution. We encourage people to link their investments to specific life goals so that they are able to realize these goals meticulously and with ease.

Portfolio Management Services

Tailor made solutions to meet your investing needs

Across the world people are turning to specialists Portfolio Management Services for managing their equity investments. Portfolio Management Services is the Portfolio Management division of Aakash Capital that helps you access the equity market in Nepal.

Portfolio Management Service brings you a whole range of investment products, from which your portfolio manager puts together your optimal portfolio. We take into account your financial goals, time horizon, risk appetite and investment outlook.

[Choose a solution that fits your needs](#)

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Aakash Capital Limited

4th Floor, Trade Tower, Thapathali, Kathmandu, Nepal

Tel: 01-5111145

Email: info@akashcapital.com.np

Website: www.akashcapital.com.np

Facebook: www.facebook.com/AakashCap



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