

AAKASH CAPITAL LIMITED

Weekly Newsletter from Aakash Capital Limited for the week ending on 27th September, 2019

NEPSE UPDATE

Indicators	22 nd Sep, 2019	26 th Sep, 2019	(+)/(-) Change %
NEPSE	1155.30	1129.80	-2.21%
SENSITIVE	252.21	247.32	-1.94%
FLOAT	85.55	83.57	-2.31%
SEN. FLOAT	81.22	79.43	-2.20%
BANKING	1058.42	1036.77	-2.05%
TRADING	287.87	292.51	1.61%
HOTELS	1910.52	1864.85	-2.39%
DEVELOPMENT BANKS	1567.00	1538.71	-1.81%
HYDROPOWER	962.19	921.32	-4.25%
FINANCE	573.00	562.96	-1.75%
NON LIFE INSURANCE	4397.96	4213.44	-4.20%
MANU. & PRO.	2503.79	2413.55	-3.60%
OTHERS	638.74	640.41	0.26%
MICROFINANCE	1487.44	1449.12	-2.58%
LIFE INSURANCE	5118.39	4992.43	-2.46%
MUTUAL FUND	9.42	9.36	-0.64%

Market Summary Statistics (22nd to 26th Sep, 2019)

Total Turnover (Rs)	1,001,970,877.00
Total Traded Shares	4,041,919.00
Total Number of Transactions	23,829.00
Scripts Traded	171.00
Market Cap at Week start	1,447,067.28Millions
Market cap at Week end	1,435,318.77Millions
Floated Market Cap at Week start	523,077.11Millions
Floated Market Cap at Week end	518,861.01Millions

Bullion Update

As on 27th September, 2019

Hallmark Gold	Rs.70.800/tola
Worked Gold	Rs.70,500/tola
Silver	Rs.860/tola

Quote for the week

“Emotions are your worst enemy in the stock market.”

- Don Hays

The market declined 2.21% (25.50 points) in the trading week between 22nd September and 26th September 2019. The sensitive index, which measures the performance of the companies classified under group “A”, also registered a fall of 1.94% (4.89 points). Similarly, float index which measures the performance of securities which are floated to public also went down by 2.31% and sensitive float followed the suit by falling 2.20%.

This week the market opened at 1155.30 on Sunday and went down 16.05 points to sit at 1139.25. The market tried to retrace on Monday with just 1.73 points and closed at 1140.98, but it was unable to gain positive support in the remaining days of the week. The market lost 6.42 points on Tuesday, 3.03 points on Wednesday and 1.73 points on Thursday to end week at 1129.80

In this review period, all the sectors closed lower except the Trading and Others sub-index. Hydropower sub-index fell the most and closed 4.25% lower. The falling trend of Hydropower sub-indices started when the trading of newly listed Sanjen and Rasuwagadhi Hydropower began. Non-Life sub-indices registered the fall of 4.20% followed by 3.60% of Manu. & Pro. Sub-index. Most sub-index has continued the trend of falling since few weeks. Banking, Hotels, Development Banks, Finance, Microfinance, Life Insurance and Mutual Fund sub-indices declined by 2.05%, 2.39%, 1.81%, 1.75%, 2.58%, 2.46%, and 0.64% respectively. However, Trading and Others sub-indices registered the gain of 1.61% and 0.26%.

The market witnessed comparatively less volume of transaction turnover this week as compared to recent weeks. The total turnover stood at Rs.1 billion with average of Rs.200 million a day. The total market value declined by Rs.32,130.91 million as the market capitalization went down by 2.19%. Similarly, floating market cap registered a decline of 2.23% this trading week.

News Update

Tourist arrivals surge 9 percent in first eight months

Foreign tourist arrivals to Nepal rose by 9 percent to 742,600 in the first eight months of this year, Nepal's tourism promotional body said on Thursday. According to Nepal Tourism Board, 619,765 visitors came by air and 122,835 came overland. Tourist arrivals from India increased 6.1 percent to 142,286 in the first eight months....[Read More](#)

Investment summit kicks off in Rupandehi

Tilottama Investment Summit 2019, the first investment summit to be held in a local unit outside the federal Capital of Kathmandu, kicked off in Rupandehi district of Province 5 on Thursday.....[Read More](#)

Nepal Communist Party and the Communist Party of China formalize relations

The ruling Nepal Communist Party and the Communist Party of China signed a six-point bilateral agreement in Kathmandu on Tuesday.....[Read More](#)

Inflation shoots up to 6.95% in first month

Inflation shot up to 6.95% in the first month of the current fiscal year – FY2019/20 owing mainly to spike in prices of consumable goods in the market.....[Read More](#)

Nepal's economy may grow above 6 percent this fiscal year, ADB says

Nepal's economy is expected to mark a growth rate of 6.3 percent in the current financial year despite poor performance in the agriculture sector caused by late paddy transplantation, the Asian Development Bank said on Wednesday.....[Read More](#)

Market Announcements

- Laxmi Bank Limited has published an offer letter to issue (20,00,000 units @ Rs.1000 per unit) 10% Laxmi Bank Debenture 2086 to the general public from (23rd to 27th Ashwin, 2076).
- Sunrise Capital Limited is issuing its 100 million units of Rs 10 face value each mutual fund scheme worth Rs 1 billion (Sunrise First Mutual Fund) to the general public from today (8th Ashwin, 2076).
- Samata Laghubitta Bittiya Sanstha Limited is issuing its 1:2 ratio 12,13,440 units right share to its shareholders from (26th Ashwin to 1st Mangsir, 2076).
- United Insurance Company (Nepal) Limited has extended its 1:2.4 ratio right share to its shareholders till (23rd Ashwin, 2076).
- Global IME Laghubitta Bittiya Sanstha Limited has allotted its 1:1 Ratio right share to its shareholders on 2nd Ashwin, 2076.
- First Microfinance Laghubitta Bittiya Sanstha Limited urges its shareholders to collect uncollected due dividends.
- Sagarmatha Insurance Company Limited is distributing 86% bonus share directly to DEMAT accounts.
- Om Development Bank Limited and NMB Bank Limited have received final merger approval from NRB to commence its joint transaction in the name of NMB Bank Limited.
- Asha Laghubitta Bittiya Sanstha Limited has announced its 3rd AGM going to be held on 7th Kartik, 2076.
- Laxmi Capital Markets Limited has announced its 11th AGM going to be held on 26th Ashwin, 2076.
- Bank of Kathmandu Limited has announced its 25th AGM going to be held on 30th Ashwin, 2076 and published its audited financial highlights of the fiscal year 2075/76.
- Sanima Bank Limited has announced its 15th AGM going to be held on 29th Ashwin, 2076 and published its audited financial highlights of the fiscal year 2075/76.
- Multipurpose Finance Company Limited has re-announced its 20th & 21st going to be held on 17th Ashwin, 2076.
- Machhapuchchhre Bank Limited has announced its 21st AGM going to be held on 24th Ashwin, 2076 and published its audited financial highlights of the fiscal year 2075/76.
- Citizen Life Insurance Company Limited has announced its 2nd AGM going to be held on 29th Ashwin, 2076.

NEPSE - TECHNICAL ANALYSIS



The Nepalese stock market declined continuously after it made its top on 27th of July, 2016. The market had shown short term bull in the month of March-April (during Nepali New Year 2076 BS) and reached the height of 1349 on 30th May 2019 but could not close above the resistance level of 1340. Currently, the index is at 1129 level after the fall from 1172 level last week. However, in a weekly line chart the index is trading around support zone of 1120 level. This week the market closed at 1129.80 forming a red candle. This week NEPSE opened at 1155.30 and formed a red candle by closing at 1139.25, losing 16.05 points during the day. The overall market lose 25.50 points during the week. This week the average turnover has decreased to Rs.200 million from 378 million of previous week. As of weekly line chart the short term support might be at around 1120.

Technical Indicators

Indicators	Value	Signal
Support (S1)	1123	-
Resistance (R1)	1171	-
Relative Strength Index (RSI)	33.37	Oversold zone
Moving Average Convergence Divergence (MACD)	-20.79	Bullish
5-Day Exponential Moving Average(EMA)	1136.04	Bearish
20-Day Exponential Moving Average(EMA)	1159.21	Bearish
180-Day Exponential Moving Average(EMA)	1205.46	Bearish

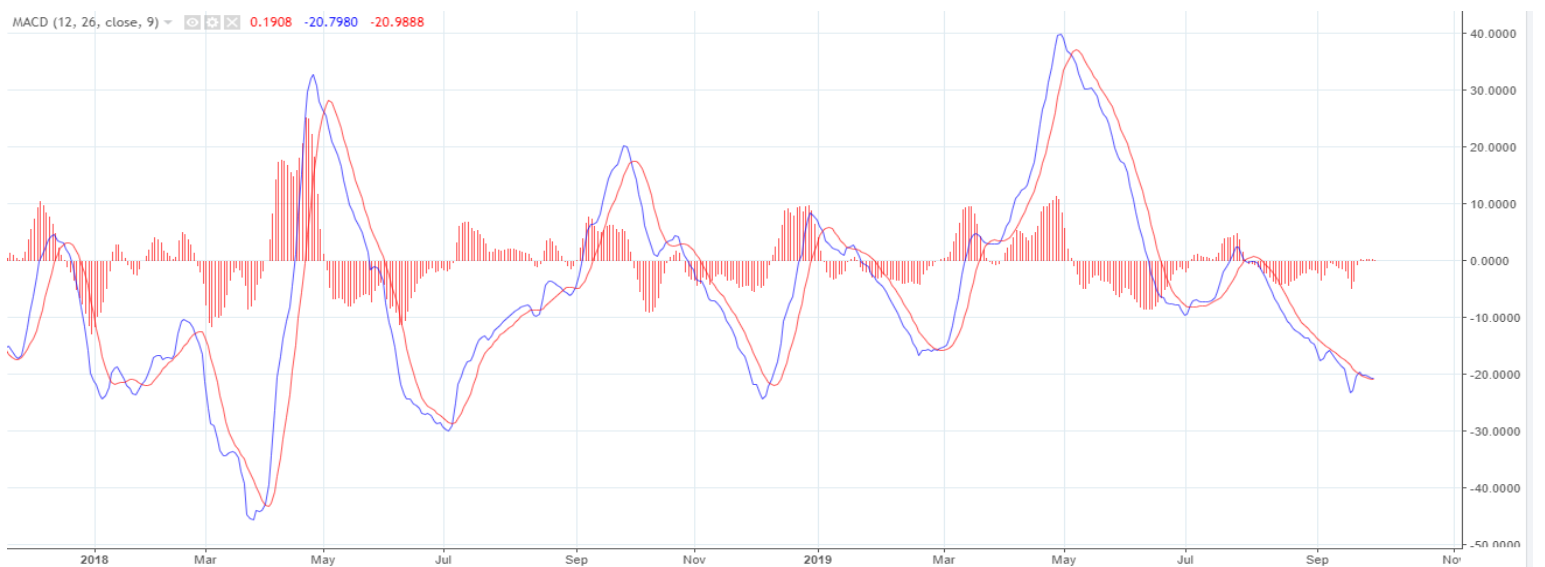
Relative Strength Index (RSI) Analysis



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 33.37 which indicates that the market is at oversold zone. In a weekly chart while comparing from 24th February to 26th September 2019, there seems a chance of forming regular bullish divergence. Market should retrace before it touches 1105 level for this confirmation.

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 -20.79 and -20.98 respectively. MACD line is above the signal line and both are below the base line. MACD has shown bullish signal for the overall market.

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) green line is at 1135.22 and EMA (20, 0) red line is at 1159.25. The index is currently trading below both 5 days and 20 days Exponential Moving Average. This indicates that the overall market is in a correction phase.

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 1202.71, 1159.25 and 1115.79 respectively. The market is trading between the middle and lower band which indicates the market is falling towards an oversold zone.

Stock Analysis:WoMi Microfinance Bittiya Sanstha Limited (WOMI)

WoMi Microfinance Bittiya Sanstha Limited (WOMI), promoted by women, is registered with the office of the Company Registrar under the Companies Act 2063. Nepal Rastra Bank has licensed WOMI as a Micro Financial institution (Class "D") under the Banks and Financial Institutions Act 2063. The WOMI has started its micro financing services from 25th of Falgun, 2068 BS (International Women's Day-March 8, 2012) from its Central Office at Khanikhola, Naubise, Dhading. WOMI can expand its service networking within 32 districts. They are Chitwan, Makawanpur, Kavrepalanchok, Nawalparasi, Kaski, Syanja, Lamjung, Palpa, Tanahu, Gorkha, Sindhuli, Okhaldhunga, Udaypur, Dhankuta, Nuwakot, Ilam, Terhathum, Bara, Parsa, Rautahat, Sarlahi, Mahottari, Dhanusa, Siraha, Saptari, Sunsari, Rasuwa, Rupandehi, Kapilbastu, Dang, Banke and Dhading. The micro financial businesses WOMI carries out are being governed under section 47(4) of Bank and Financial Institutions Act 2063.

The central office of WoMi is located at Bharatpur-12, Aastha Chowk, Chitwan, Nepal. WOMI would follow characteristics of "Grameen" model but would slightly vary from the traditional ones. However, the institution will always follow the regulatory norms of NRB. Becoming more practical and competitive it would follow always profitable and viable models for sustainability of the institution.

Board of Directors

Name	Designation
Bindiya Pradhan	Chairperson
Bimala Upadhaya Sharma	Director
Kishori Thapa	Director
Shiva Prasad Mishra	Director
Krishna Raj Silwal	Director
Kamala Sapkota	Director

(Source: <https://womimfi.com>)

Chief Executive Officer: Pramesh Acharya

Auction Notice

The company is selling its 76,703.80 units' promoter shares and 46,509.20 units' ordinary shares through auction to the general public from 6th to 13th Ashwin, 2076 (23rd to 30th September 2019). Both the promoter and ordinary shares are unsubscribed right shares by the existing shareholders. Eligible candidates can place bid above Rs.100 with minimum application for 100 units.

Financial Highlights: Yearly Analysis

Year	2071/72	2072/73	2073/74	2074/75	2075/76	CAGR
Share Capital (Rs.000)	36,000.00	46,800.00	64,800.00	99,934.00	101,088.00	29.45%
Reserves & Surplus (Rs.000)	7,838.00	14,477.00	39,472.00	41,130.00	144,209.00	107.11%
Deposit Liabilities (Rs.000)	62,835.00	132,179.00	257,511.00	429,469.00	619,347.00	77.19%
Total Assets (Rs.000)	350,506.00	443,830.00	742,604.00	1,393,415.00	2,022,645.00	54.99%
Loans and advances (Rs.000)	302,367.00	384,379.00	658,675.00	1,216,650.00	1,846,172.00	57.19%
Interest Income (Rs.000)	43,832.00	70,521.00	95,067.00	173,267.00	266,771.00	57.07%
Net Interest Income (Rs.000)	32,254.00	51,422.00	60,316.00	84,220.00	128,429.00	41.26%
Total Operating Income (Rs.000)	37,522.00	59,121.00	74,403.00	124,292.00	181,476	48.30%
Personnel Expenses (Rs.000)	8,234.00	16,782.00	26,646.00	39,967.00	55,279.00	60.97%
Net Profit (Rs.000)	12,194.00	17,771.00	21,000.00	40,265.00	62,757.00	50.62%
Growth %		45.74%	18.17%	91.74%	55.86%	
Net Interest Income to Total Operating Profit %	32.50%	30.06%	28.22%	32.40%	34.58%	
Return on Equity (ROE)	27.82%	28.99%	20.14%	23.72%	25.58%	
Return on Assets (ROA)	3.48%	3.91%	2.83%	2.74%	3.10%	
EPS (Rs.)	33.87	49.34	32.41	39.08	62.08	
Book Value Per share (Rs.)		170.18	160.91	164.73	242.66	
Market Value per share (Rs.)		3390	1979	1385	1128	
Price Earnings Ratio		68.71	61.06	35.44	18.17	
Capital Fund to RWA (CAR) %		16.07%	16.55%	11.84%	13.67%	
Non-Performing Loan(NPL) to Total Loan %		1.81%	1.31%	0.65%	0.54%	
Total Loan Loss Provision to Total NPL %		153.59%	212.88%	269.09%	260.14%	

Based on the above data, the company seems to be in a stable position with paid of capital of Rs.101.08 million (2075/76 Q4). The company has shown consistent growth in its fundamentals. As of Q4 of 2075/76 it has reported 250% growth in Reserves & Surplus with 107% Compounded annual growth rate (CAGR) in the review period. Total Assets has reached to Rs.2.02 billion with growth of 45% in 2075/76. Similarly, Deposit liabilities has increased by 44%, and Loans and advances by 51% to Rs.1.84 billion.

As of 2075/76 Interest income has increased by 53% which have resulted 55% growth in Net profit to Rs.62.75 million. During the review period the CAGR is 50%. In 2075/76 EPS has reached to Rs.62.08 per share which was Rs.39.08 in 2074/75. The company has able to maintain the minimum Capital adequacy ratio of 8% and the minimum paid up capital of Rs.100 million directed by Nepal Rastra Bank. However, most of the fundamentals of the company are operating below the industry average which indicates the company is lacking the competitive advantage in its sector but due to less number of outstanding shares the net worth and EPS are above the industry average. Currently, it is operating in 15 districts through 22 branches.

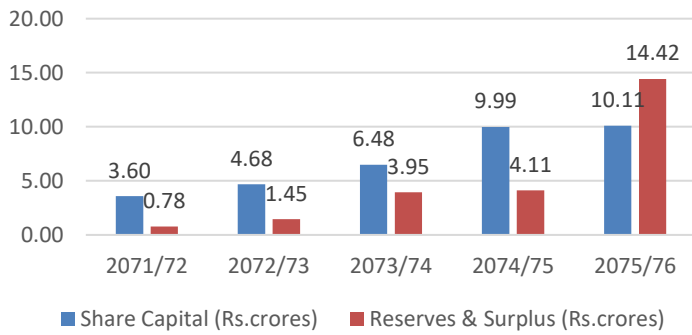
Dividend History

Fiscal Year	Dividend (%)		Total Dividend (%)
	Bonus (%)	Cash (%)	
2071/72	20.00%	1.10%	21.10%
2072/73	20.00%	1.10%	21.10%
2073/74	20.00%	1.05%	21.05%
2074/75	0.00%	25.00%	25.00%

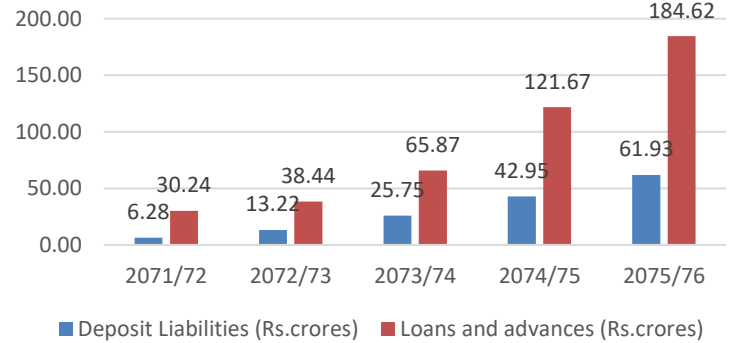
The company is providing consistent dividend to its shareholders either in the form of cash or bonus. The company is more focused on giving bonus share dividend however, it has given 25% cash dividend in 2074/75. Shareholders has enjoyed 20%

Snapshot of Performance

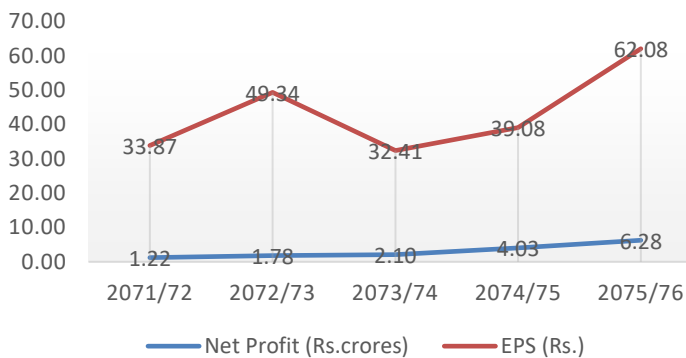
Share Capital & Reserves and Surplus



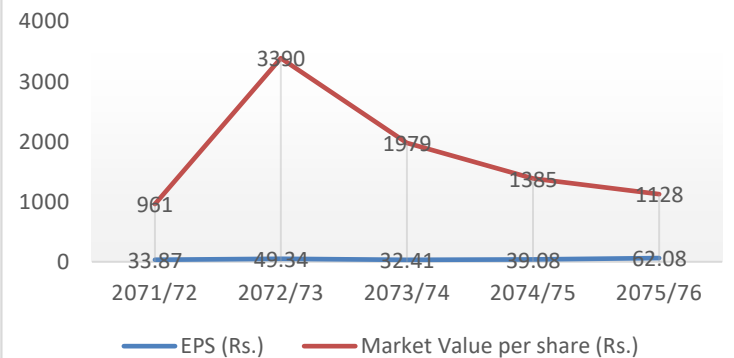
Deposits & Loans



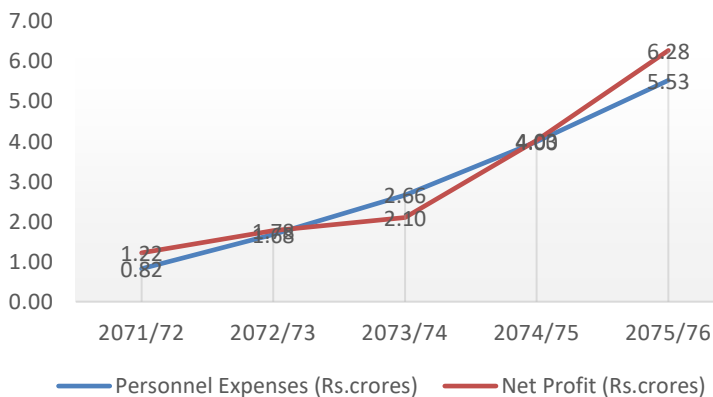
Net Profit vs EPS



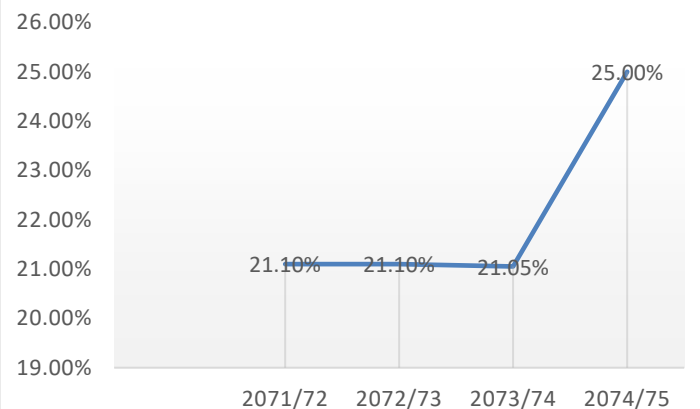
EPS vs MPS



Personnel Expenses vs Net Profit



Total Dividend (%)



Technical Analysis of WOMI as on March 7th, 2019



(Source: <https://pro.sharesansar.com>)

Day Candle	
Open	1097
High	1128
Low	1065
Close	1128

Pattern Analysis		
Chart Pattern	Short term Uptrend	
Resistance	R1: 1158	R2: 1216
Support	S1: 1095	S2: 979
Higher Breakout Level		

Particulars	Points	Remarks
Volume	1,966	The daily volume of stock is higher than that of the 1 week and 1 month volume.
Avg. Volume (1 week)	878	
Avg. Volume (1 month)	978.14	
No. of Transaction	39	The daily number of transactions is higher than that of average transaction of the week and month.
Avg. no. of Transaction (1 week)	15.80	
Avg. no. of Transaction (1 month)	24.10	
180 days Average (Rs.)	1125.44	The price of the stock is trading around 180 day's average.
360 days Average (Rs.)	1370.58	
52 Weeks High Price	1897	The stock is currently trading between 52 week's high and low price.
52 Weeks Low Price	761	
Nepse Index 1 year Change	-14.25%	The overall market and the industry has declined in the last 12 months. The stock has fall in the past one month and ever more in one year.
Industry Index 1year Change	-7.51%	
Stock 1-Month Change	-1.74%	
Stock 1-Year Change	-23.58%	
Total Holdings of Mutual Funds (Shrawan 2076)	3287	The Mutual Funds are holding very less number of shares of the company as compared to other companies.

Indicators	Points	Remarks
RSI (14)	54.48	WOMI is at moderate zone.
MACD (12,26,9)	6.46	The MACD line is below and signal line and both are above the baseline.
Signal Line (12,26,9)	11.20	
Histogram (12,26,9)	-4.74	
EMA (5,0)	1117.45	Both EMA 5 and EMA 20 are below the price.
EMA (20,0)	1117.15	
+DMI(13,8)	24.42	The +DMI is dominant over -DMI and ADX is at 33.03.
-DMI(13,8)	21.26	
ADX (13,8)	33.03	
Chaikin Money Flow (20)	0.22	CMF is above the baseline which shows buying pressure for the stock in the market.

(Note: WoMi Laghubitta is in the process of merger with Nagarik Laghubitta)

Concluding Remarks

WoMi Microfinance Bittiya Sanstha Limited is a national level retail microfinance company which have initiated women and unemployed youth of rural sector focused micro-financing program based on Grameen Bank Financial System of Bangladesh. Currently it is operating in 15 districts through 22 branches in rural parts of Nepal. Reviewing the five years of its operation, it has able achieve consistent growth in its fundamentals which have resulted outstanding growth in profit.

Most of the financial institutions in Nepal are established and concentrated in urban areas and run in conventional way. So the rural poor have no access to the financial services. Many of the development agencies have attempted to create groups and run micro-finance programs but after the completion of their projects such groups are left unnoticed with no further idea and help. Micro Finance sector plays vital role in poverty alleviation of developing countries like Nepal where most of the people are unemployed and only 45% of the population have access to the financial institutions. Hence, the company has potential to perform well in coming days with its better operating mechanism and possess good future in Nepalese developing economy.



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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