



**Global IME  
Capital Limited**  
ग्लोबल आइएमई क्यापिटल लि.  
GROW WITH US

GICL

**FORTNIGHTLY  
COMMUNIQUÉ**



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## MARKET WATCH

During the first half of April NEPSE rose 46 points (2.79%) to close at 1697.13. On the first trading week NEPSE closed at 1651.04. During the last two trading weeks market remained slightly bullish. The upside move was capped at 1737 as the market witnessed increased selling pressure. The sensitive index, which gauges the class A NEPSE listed companies, rose 2.52% to close at 367.52 points. Float index inched 3.05% up to close at 127.31. Sensitive Float index headed 2.67% north to close at 114.44.

During the last two weeks, on the basis of turnovers, NCCB remained on the top having turnovers of Rs. 703.0 million followed by NBL, PRVU, GLICL, and NLICL. During the last two weeks 1,603,325 shares of NCCB changed hands. Among the NEPSE listed companies NABIL had the largest market capitalization of over Rs. 96.2 million.

### INDICES

Index	13 <sup>th</sup> April	2 <sup>th</sup> April	% change
NEPSE Index	1697.13	1667.11	1.80%
Sensitive	367.52	362.2	1.47%
Float	127.31	124.61	2.17%
Sensitive Float	114.44	112.32	1.85%

### GLOBAL INDICES

S. No.	Indices	3 <sup>th</sup> April	13 <sup>th</sup> March	% Change
1	DJI	20650.21	20453.25	-0.95%
2	NASDAQ	5894.68	5805.15	-1.52%
3	NIKKEI	18979	18426.84	-2.91%
4	SENSEX	29910.22	29461.45	-1.50%
5	FTSE KLCI	1745.49	1738.18	-0.42%
6	DSE	5691.37	5645.86	-0.80%

### TOP 5 TRANSACTIONS

S.No	Symbol	Total
1	NCCB	3797
2	PRVU	2962
3	NBL	2638
4	GBBL	2365
5	NIB	2285

### TOP 5 TRADED

S.No	Symbol	Total
1	NCCB	1,603,325.00
2	NBL	1,262,360.00
3	PRVU	1,082,792.00
4	NMBSF1	980,581.00
5	SEOS	978,191.00

### ADJUSTED PRICE

Company Name	Stock Symbol	Price
Kalika Microfinance	KMCDB	1575
Surya Life Insurance	SLICL	1059
Garima Bikas Bank	GBBL	335
First Microfinance	FMDBL	1000
Nepal Bank	NBL	425
Sanima Bank	SANIMA	465

### Bullion Desk

Bullion Desk	
Fine Gold	Nrs. 47,610/10 Gms.
Standard Gold	Nrs. 0000/10 Gms.
Silver	Nrs. 694.50/10 Gms.

### TOP 5 TURNOVERS

S.No	Symbol	Total
1	NCCB	703,017,206.00
2	NBL	630,129,280.00
3	PRVU	453,944,187.00
4	GLICL	428,417,528.00
5	NLICL	375,961,635.00

### TOP 5 BY MARKET CAP

S.No	Symbol	Market Cap
1	NABIL	96,215,882.40
2	NTC	96,000,000.00
3	EBL	92,746,489.63
4	SCB	84,785,261.61
5	NIB	67,998,639.72

## FORTNIGHTLY GONE BY: MARKET OUTLOOK

In review period for the month of March 2017, the country's overall Balance of Payment (BOP) decreased by 1.22 billion on account to sharp increase in imports. The overall BOP recorded a surplus of Rs. 50.06 billion in the review period compared to the surplus of Rs. 158.18 billion in the same period of previous year. However, the overall economic outlook of the country is expected to rebound in the target level as the industry capitalization is expected to boost due to Foreign Direct Investments (FDI) inflows of Rs. 8.35 billion during the review period. Moreover, it has also been expected that the improved power supply and smooth supply of raw material will boost the Industrial sector. Increased agricultural output and significant improvement in the tourism sector and the industrial output is likely to improve the outlook going forward.

The worker's remittance has increased to Rs. 449 billion in the review period however, the growth rate for the same has been slowed to 5.3% in comparison to the 15.2% growth during the corresponding period of the previous year. The gross foreign exchange reserves increased by 3.4 % to Rs. 1074.27 billion as at mid- March 2017 from Rs. 1039.21 billion in mid July 2016. Total foreign investment held by the NRB increased 3.2% to Rs. 915.31 billion as at mid- March 2017 from Rs. 887.01 billion as at mid- July 2016. Likewise, the capital expenditure in the review period increased to Rs. 60.23 billion which was Rs.22.97 billion for the previous corresponding previous year.

Although the allocated budget has not been expensed as planned and majority of the development projects are withheld, we have witnessed a great excitement in the stock market of Nepal. Money circulation in the stock market has crossed its previous highest and has been able to maintain the daily transaction amount above Rs. 1 billion .

### **Political Scenario:**

Nepal political situation has faced lots of trouble starting from the amendment of the constitution to the Madhesi coalition and their demands for some changes in the constitution regarding the territorial segregation for them. It has been a while that the government made an announcement of local level of election and the infrastructure for the same has been setup accordingly. But recently, Madhesi Morcha party has declared public movement against the election as the constitution has not been amended. This movement by the Madhesi Morcha may have the large impact on the overall economy of the nation; while the investor may lose their confidence for the investment in the stock market as well.

### **Regulatory Synopsis:**

- NRB has recently directed (Direction No: 16/073), that all the BFI's to close the multiple account of the customer maintaining under the same nature of saving accounts however, this rule is excluded for the Fixed Deposit a/c holders. Furthermore, the guideline has also mentioned that large number of accounts has created a hassle in regulation.
- In the recent monetary policy review, the NRB has declared the amendments for the interest rate of call and the saving a/c. The same has been implemented through the circular of NRB by all the BFI's and the BFI's has started already to amend the interest rate according to its deposit mixture.
- As per the regulation, Credit to core-capital (CCD) ratio is 80% however; NRB has been discussing to replace the CCD ratio by the CD ratio. This amendment can bring certain flexibility to the BFI's and reduce the competition among the banks for deposits.
- Insurance Board of Nepal, "Rastriya Beema Sanstha" has recently decided to increase in paid-up capital for both Life Insurance and Non-Life Insurance. The minimum paid up capital for life insurance is Rs. 2 billion and for the Non-life Insurance is 1 billion and they have been provided the time constraint of 15 months to do so. The board has also decided to provide license to already applied companies for both Life & Non-Life.

### **Government Securities:**

During March 2017, Nepal Rastra Bank issued instrument in the form of Treasury bills. T-Bill of Rs. 8.40 billion for 182 Days and 365 Days was issued, with average rates of 1.83 and 1.42 percent. New Development bond of Rs. 6 billion will be issued starting from mid-April, which may have significant impact on market liquidity. Similarly, New Government bond (Foreign Employment Saving Bond) of Rs. 0.25 billion will be issued starting from mid-April.

In the first eight months of 2016/17, NRB injected Rs. 33.21 billion through repo auction including Rs. 5.4 billion under the corridor system. NRB also injected net liquidity of Rs. 286.98 billion through the net purchase of USD 2.67 billion from foreign exchange market.

## OUTLOOK: GOING FORWARD

Declaration of the election by the government of local level can be considered as one of the event for the political stability and the indicator for the development. Many big projects such as Melamchi drinking Water Project, Nagdhunga to Naubise underground highway that links Kathmandu to prime highway are on its implementation phase which is some positive news for the better future.

SEBON has planned to implement a full-online trading system to allow share investors to do their trading over the internet until within this three month. The online system is expected to make life easier for stockbrokers and their customers. Share traders will be able to post their buying and selling orders over the internet without having to make a trip to their stockbroker's office. Previously, stockbrokers have been handling orders through telephonic conversation but they have been facing the difficulties in verifying their authenticity putting them in a risky proposition.

As per the guideline provided by SEBON, brokers have brought their Remote Work Station (RWS) into operation in 6 newly opened branches from Chaitra 13, 2073. Nepalgunj, Butwal, Narayangadh, Banepa, Biratnagar, and Birtamod were brought into the operation. After establishment of RWS, it has been expected that it will help the nation to grow the financial sector and reach in the secondary market and furthermore, it will also help in create the investment and job opportunities.

## CORPORATE ACTIONS

Bonus/Rights/M&A/AGM ETC.	
Global IME Capital Limited	Others
First Microfinance is going to issue 50% Right Share.	The AGM of Rastriya Beema Company is set at 5th May, 2017 after 11 years.
Global IME Bank declared 20% Bonus Share.	Kalika Micro Finance's proposed dividend is 65% subjected to approval from AGM.
HIDCL's and Mero Micro finance Cash Dividend is being distributed through IPS.	Laxmi Capital got approval from SEBON to issue new mutual fund worth of 1 Billion.
Jyoti Bikash Bank is set to acquire Raptibheri Bikash Bank.	Non-life insurance companies paid insurance claim up to 76.62%.
	Cut-off price of Kasthamandap Development Bank is Rs. 285.07
	Everest bank called Special General Meeting on March 3rd, 2017.

## FUNDAMENTAL ANALYSIS

PE Ratio and PB ratio helps to gauge the relative expensiveness of stocks. The Industry average of P/E ratio and P/BV ratio for past fifteen days are listed below. Among them Life Insurance sector has the highest P/E ratio and the P/B ratio whereas the Finance sector has the lowest P/E and P/B ratio during the time frame

Sector	P/E Ratio	P/B Ratio
Commercial Bank	28.99	4.07
Development Bank	19.98	3.39
Finance Companies	19.88	2.55
Micro Finance	40.38	9.95
Life Insurance	201.63	14.62
Non-Life Insurance	58.57	11.84
Hydro	37.03	3.83

# TECHNICAL ANALYSIS



**NEPSE- 15 day chart**

The NEPSE index had been rising strongly since two months but the significant portions of the gains have been erased. Overall Nepali stock market had witnessed a sharp rise since 19<sup>th</sup> march when the index was hovering around 1357 levels. Within a matter of two weeks the benchmark index hit the high of 1745.51 just to face strong selling pressure. Of the total sharp rise from the mid March, the index has erased more than 23% of the gains. After the second failed attempt to move above 1737, index has been depreciating each day in a row.

The support level of 1610 is a significant level as noticeable actions have occurred at this level. The Nepse index has rested on 200-day simple moving average on Tuesday. Declining ADX indicator indicates weakening market trend while the flat ATR indicates mild volatility in the market. Declining RSI from the overbought territory indicates increased selling pressure in the NEPSE.

As of writing (April 18, Tuesday) the immediate support for the index lines up at 1610. Upon breaking below this support market will fall further to test 1587 levels. On the upside, immediate resistance lines up at 1650, 1710, and so on

Technical Summary				
Indicators	Value	Nepse index	Signal	Parameters
RSI	58	1697.13	Bullish	Above 50 buy, below 50 sell.
MACD	Bearish crossover	1697.13	Bearish	Greater than 0= buy. Less than 0= sell
21-day EMA	1589	1697.13	Bullish	Above market price = sell, below market price = buy
50-day SMA	1511	1697.13	Bearish	Above market price = sell, below market price = buy



## Do You Know????

Where Does your Bonus Shares Come from? All you need to know about Bonus Shares issuance.



1. Company can issue Bonus shares :

- a) Companies can issue bonus by capitalizing Free Reserves built out of genuine profits and securities premium collected in cash only.
- b) Fully paid shares: Bonus issue shall be issued; only if issued previously called shares are fully paid up. Partly paid shares, if any, will not be eligible for bonus shares. Such partly paid shares, if any, must be made fully paid before a bonus issue is contemplated.
- c) Profit considered for Bonus issue should be based on duly audited financial statement.
- d) The company can utilize the amount of the Capital Redemption Reserve in paying up unissued shares of the company to be issued to be members as fully paid bonus shares.

2. Restriction for Bonus share issue:

- a) If any of the section 1 condition not fulfilled,
- b) In case of Deficit Net worth.
- c) No default in respect of Deposit/Debentures: If company has defaulted in payment of any interest or principal in respect to deposits and interest on debentures or redemption of debentures and dividend in case of Preference shares,
- d) Dues to government or other regulatory bodies,
- e) Statutory dues of the employees: The Company should create sufficient reserves to meet its statutory dues to the employees such as contribution to PF, Gratuity, Bonus, Minimum wages, Workmen's compensation, Retrenchment, payment to contract Labor etc.
- f) Revaluation of fixed assets: Reserves created by revaluation or profit on sale of any fixed assets are not allowed to capitalize for Bonus share issue.
- g) Restriction on Bonus issue by laws or other regulatory bodies

3. Provisions related to Bonus Share issue:

a) Provision in the articles:

There must be a suitable provision in the Articles of Association of the company for capitalization of reserves and Bonus share issues. Provided if there is no such provision, the company must pass a special resolution and incorporate a suitable provision in the Articles of Association (AOA), before

initiating action for a bonus issue. If such provision is already included in AOA or after amendment, BFIs and Insurance companies should take prior approval from Nepal Rastra Bank and Insurance Board's requirements respectively before passing special resolution from General meeting to initiate Bonus issue.

b) Company should publish book closure date along with other General meeting agendas in National daily Newspaper.

c) Resolution for Increased Authorized Capital:

Following the issuance of Bonus shares, if the capital exceeds Authorized and Issued share capital, a resolution shall be passed by the company at its General Body Meeting for increment of the Capital. Once it is approved by the general body meeting, with compliance with Company act, 2063, respective company should get approval from Company Registrar's office to increase Authorized Capital and incase of Issued Share Capital, company can initiate bonus issue only after keeping record of the same at the Company Registrar's office.

4. Bonus Share registration and Listing :

a) Hold the Board Meeting and get the proposal approved by the company's Board to issue Bonus shares. Once it is approved by the company's board, Convene the General Meeting and get the resolution for issue of bonus shares passed by the members.

b) If the resolution is passed to issue Bonus share, company should send request letter to SEBON within 30 days for Bonus shares registration. However, if there is any increment in Capital as aforementioned in the previous section ( c ), company should send request letter to SEBON within 15 days of approval

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