SFM RTP NOVEMBER 2020

Key decision which fall within the scope of financial Strategy

- Financing decision
- Investment decision
- Dividend decision
- Portfolio Decisions

Financial Risk

- Change in Price
- Change in credit rating
- Change in interest rates

Evaluated from

- Company point of view } lend to someone who defaults
- Stakeholder → debt : Equity
- Govt → Yes Bank

Market Indicators

Breadth Index

- Covers all security traded
- Change in the market
  No. of issues traded
- It is based on Advances and Declines

Volume of Transactions

- This shows the volume of shares traded
- Rising markets with increased volume - Bull Market
- Falling Market -Bear

Confidence Index

- How much Investors are writing to take a chance in the market
- Ratio of $\frac{\text{High grade bond}}{\text{Low grade bond}}$
- High grade bond has higher interest as it has low credit rating
- Rising confidence Index means the market will go up

Relative Strength Analysis

- Some security rise faster in the bull market and fall slowly in the bear market
- They have a better relative strength
- These are tested based on past data

Odd Lot Theory

- Assumed that average person is normally wrong
- Wise course of action is to pursue strategies

Problems faced in the growth of Securitization

(1)Stamp Duty Act

- Stamp duty of 12% on Mortgage
- Pass through certificate does not evidence debt. Hence they are exempt

(2) Taxation

- These are no specific provision relating to securitization
- Opinions differ a lot

(3) Accounting

- It is an off BS item

(4) Lack of Standardisation

- Documentation are different

METHODS IN WHICH START UP FIRMS CAN BOOT STRAP

- Trade Credit
  - Normally start ups don’t get credit period.
  - The best way to go forward is to have a good project report and good convincing skills.
  - That way better credit can be obtained.

(2) Factoring

- This will improve liquidity

(3) Leasing

- Take equipment on lease instead of purchasing it

ThankYou