FOFA FINANCE-PART ANALYSIS OF RETURNS OF THE COMPANY

Under the Super Vision of

Dr. Thota Nagaraju

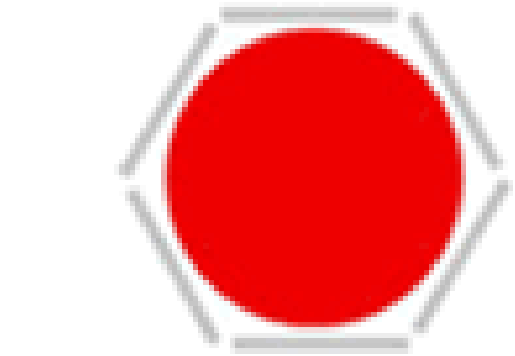
DEPARTMENT OF ECONOMICS AND FINANCE

Fundamentals of Financial Accounting

BY:

AMAN PRAKASH

2018A4PS0085H



IITL GROUP

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1. Introduction

1.1 History and Nature of Business

Industrial Investment Trust Limited (IITL), was fused in the year 1933 as a venture trust organization. IITL tried to give its investors a specialist guidance on venture portfolio. Unique supporters of the settled up capital remembered noticeable individuals from the monetary network for India and England, including Insurance Companies, for example, Prudential, United and Oriental and the absolute most regal families in India. IITL is recorded on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE).

The primary targets of the holding organization are to carry on the business as an Investment Company and to put resources into shares, stock, debentures and bonds. The Company likewise attempts exercises, for example, Private Equity and Margin Funding and holds prime properties. The Company has been reliably delivering profit to the investors throughout the years and furthermore made Bonus Issue multiple times.

1.2 Subsidiaries

A. IIT Investrust Limited:

Joined in 1992, IIT Investrust Limited is an entirely claimed auxiliary of Modern Investment Trust Limited, an enrolled NBFC.. In August 2007, IITL bunch was taken over by another expert administration. Under the direction of the new administration, IIT Investrust Limited is ready to rise as the best stock broking organization giving an entire scope of significant worth included items, drawing upon its past rich involvement with the capital market. IIT Investrust Limited works from Mumbai.

B. IIT Insurance Broking and Risk Management Private Limited:

It is a private constrained organization with its enrolled head office at Mumbai . The organization got its permit from the 'Protection Regulatory and Development Authority' (IRDA) of India, to work as Direct Insurance Broker. Our Company is a piece of the 'Modern Investment Trust Group'

As an expert intermediary we offer a full cluster of hazard the board items, administrations and arrangements that can be incorporated, hand crafted and conveyed through a consistent dispersion system to address showcase difficulties. As an intermediary we can offer any of the Insurance Product whether throughout everyday life or General Insurance with any of the Insurance organization working in India.

C. IITL Projects Limited (IITLPL):

A BSE recorded Company was gained by IITL in the year 2008. IITLPL is occupied with Real Estate business, development of private buildings in the National Capital Region ((NCR). It has obtained plots of land on long haul rent, under Builders Residential Scheme (BRS) of the Greater Noida Industrial Development Authority (GNIDA), New Okhala Industrial Development Authority (NOIDA) and Yamuna Expressway Authority (YEA).Apart from building its own task, IITLPL has additionally embraced venture through Special Purpose Vehicle (SPV) and private restricted organization.

D. IITL Marketing Management Private Limited :

According to the application documented by the Company under â€˜Fast Track Exit, 2011â€™ for striking of its name from the Register of Companies under Section 560 of the Companies Act, 1956, the Company â€™s name has been struck off from the Register of Companies w.e.f. October 25, 2016 and the said Company stands disintegrated.

1.3 Products and Services

A. IIT Investrust Limited:

➔Stock Broking

B. IITL Projects Limited :

➔ Real Estate
➔ Real Estate Advisory

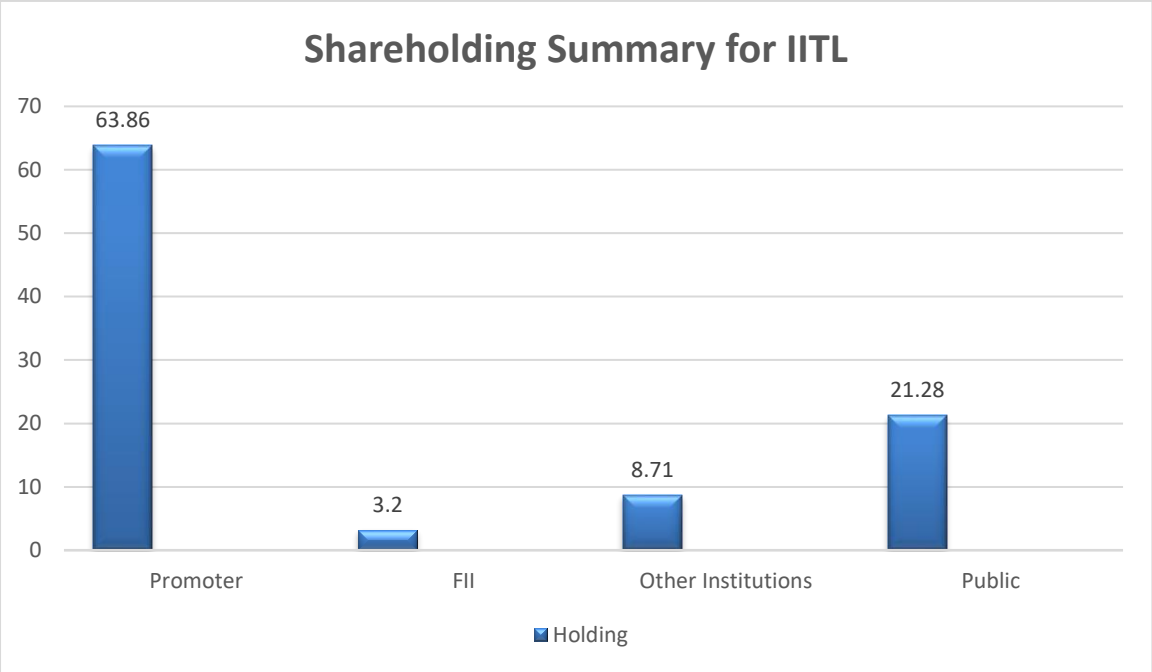
C. IIT Insurance Broking and Risk Management Private Limited :

➔ Insurance Broking
➔ Health Insurance
➔ General Insurance
➔ Life Insurance

1.4 Overall Greatness of The Company

IITL got Certificate of Registration from Reserve Bank of India in the year 2000 to carry on as a Non Banking Financial Company (NBFC) without tolerating Public Deposits. The organization IIT Investrust Limited has the record of having been one of the main stock broking organizations in the nation with a decent institutional and retail customer base. In consistence with its vision, the organization IITL Projects Limited today conveys most extreme incentive with most elevated level of value and administrations. Today it is one of the forth coming land organisations in India.

2. Ownership Pattern and Their Implications



2.1 Promoter Holding

Year	Name	Total No. of Shares held	Percent Holding
Dec 2019	Total	9,432,067	63.86 %
Dec 2018	Total	9,432,067	73.86 %
Dec 2017	Total	9,432,067	73.86 %
Dec 2016	(A)Promoter and Promoter Group	9,432,067	73.86 %
Dec 2015	(A)Promoter and Promoter Group	9,321,387	72.99 %

2.2 Institutional Holding

Year	Name	Total No. of Shares held	Percent Holding
Dec 2019	Total	2,195,777	14.87 %
Dec 2018	Total	1,299,428	10.17 %
Dec 2017	Total	1,558,465	12.20 %
Dec 2016	Total	1,300,098	10.18 %
Dec 2015	Total	1,346,161	10.54 %

2.3 Public Holding

Year	Name	Total No. of Shares held	Percent Holding
Dec 2019	Total	3,142,156	21.28 %
Dec 2019	Total	5,337,933	36.14 %
Dec 2018	Total	2,038,505	15.96 %
Dec 2018	Total	3,337,933	26.14 %
Dec 2017	Total	1,779,468	13.93 %
Dec 2017	Total	3,337,933	26.14 %
Dec 2016	(B)Public	3,337,933	26.14 %
Dec 2015	(B)Public	3,448,613	27.01 %

3. Board of Directors

1. Dr. B Samal, matured 76 years, is the Executive Chairman of the Company. He has a Ph D in Economics and is additionally a Gold Medalist in M.Sc (Agricultural Economics). He is a Post Graduate Diploma holder in Bank Management. He has filled in as the Chairman and Managing Director of Allahabad Bank and as the Chairman and Managing Director of Industrial Investment Bank of India. He has likewise been an individual from the Securities Appellate Tribunal (SAT).

2. Mr. Bipin Agarwal, matured 54 years, a certified Company Secretary, is an original business visionary with uncommon business astuteness and pioneering soul who has exceeded expectations in building, cultivating and driving various associations in India. Under his stewardship, the gathering has been overseeing wide-extending warning, counselling and syndication administrations for the corporate. Mr. Bipin Agarwal, Promoter Director of IITL Group, has a renowned vocation traversing more than 25 years in business including account and the executives explicitly portfolio the executives and organization. He has a flourishing involvement with gathering pledges both value and obligation. He has ability in money related and corporate organizing, mergers and acquisitions.

3. Mr. Venkatesan Narayanan, matured 64 years, has more than 26 years of involvement with senior administration having worked with driving counseling organizations and has experience spread over endeavor the executives/TEFS/Commercial due persistence and furthermore in encouraging money related conclusion in regard of framework ventures, incorporating connecting with subsidizing foundations and banks. He has counseling skill in the framework field, having been related with a few tasks covering streets and extensions, force, the travel industry and urban foundation. He is by and by an independent specialist and is prompting a couple of Corporate.

4. Mr. Deb Kumar Banerjee, matured 59 years, is a chosen one of LIC of India. He is a Civil Engineer and is an Executive Director (Engineering) in LIC of India.

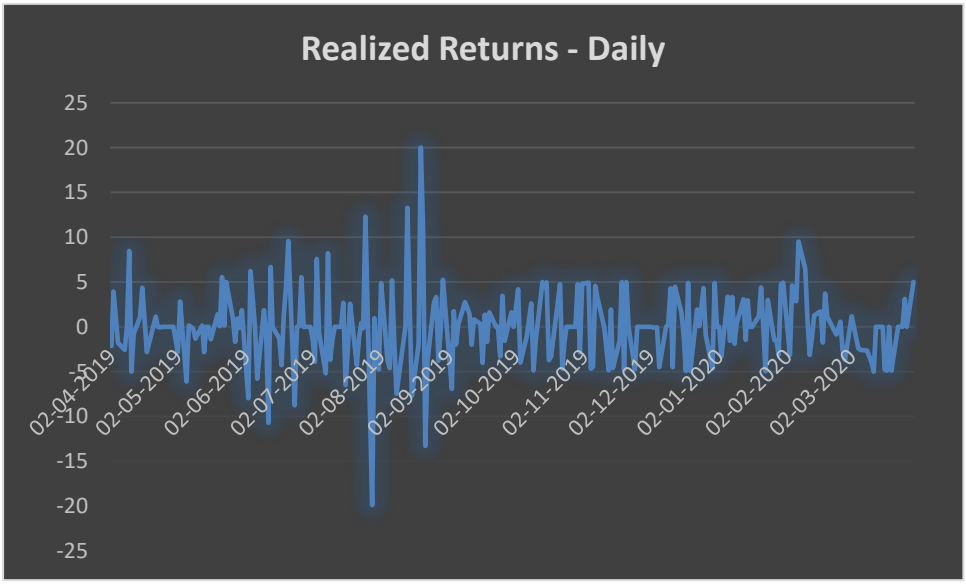
5. Ms. Sujata Chattopadhyay, Fellow individual from the Institute of Cost Accountants of India and the Institute of Company Secretaries of India, Sujata Chattopadhyay is an enrolled Insolvency Professional with more than 29 years post capability experience. Beginning her vocation as a Cost Accountant, she has worked across different ventures and topographies. By and by in full time practice as a Company Secretary, Sujata

was an entire time executive with Choice Capital Advisors Private Limited, a Merchant Banking organization. She is a free chief at Polygenta Technologies Limited, Arysta LifeScience India Limited, Steel Exchange India Limited and Vakrangee Limited.

4. Realized / Raw Returns Data

4.1 Daily

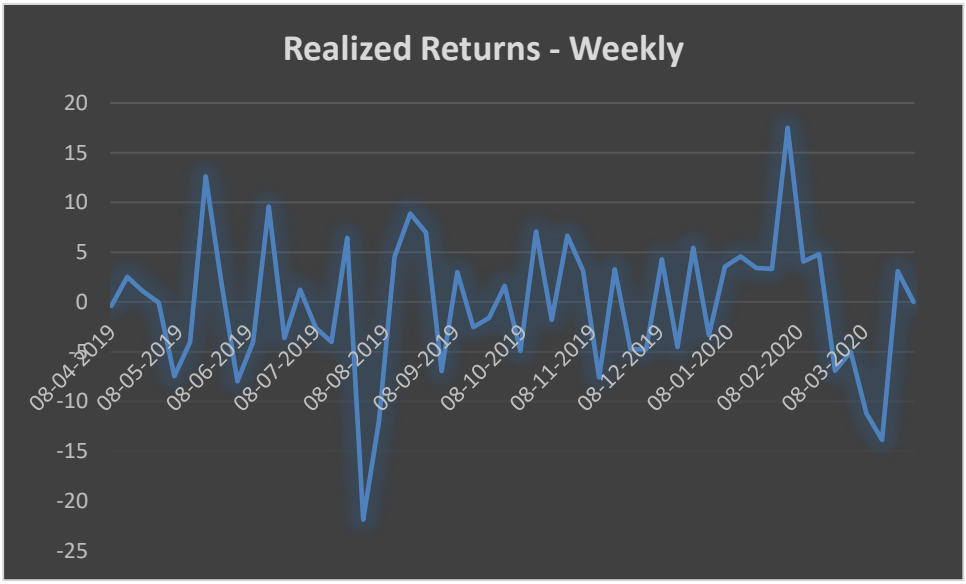
METRIC	RETURNS in %
MEAN OF RETURNS	0.0069 %
MAX OF RETURNS	20.0000 %
MIN OF RETURNS	-19.8956 %
STANDARD DEVIATION	4.1991 %
ANNUALIZED RETURN	0.0255 %



4.2 Weekly

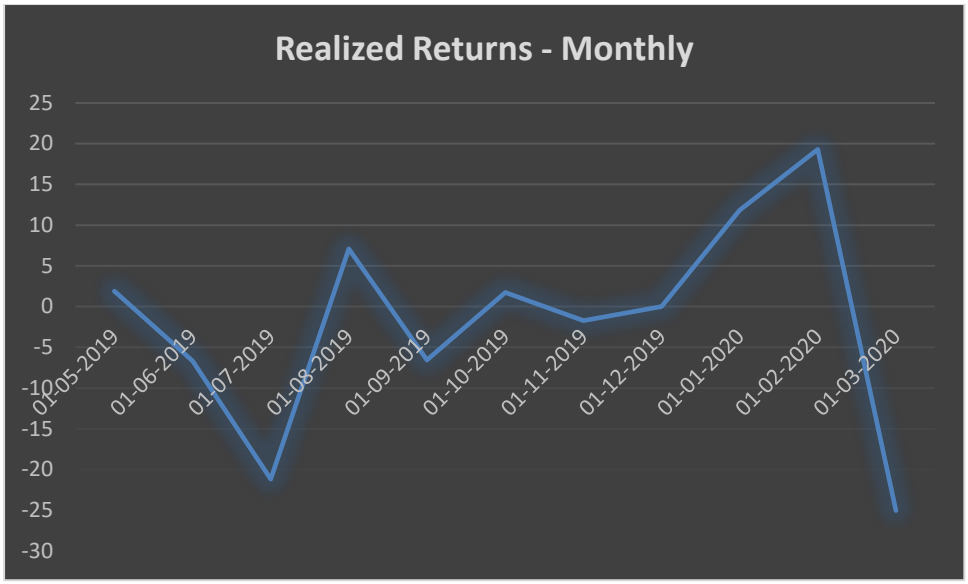
METRIC	RETURNS in %
MEAN OF RETURNS	-0.2482 %
MAX OF RETURNS	17.5112 %

MIN OF RETURNS	-21.8526 %
STANDARD DEVIATION	6.9385 %
ANNUALIZED RETURN	-0.1212 %



4.3 Monthly

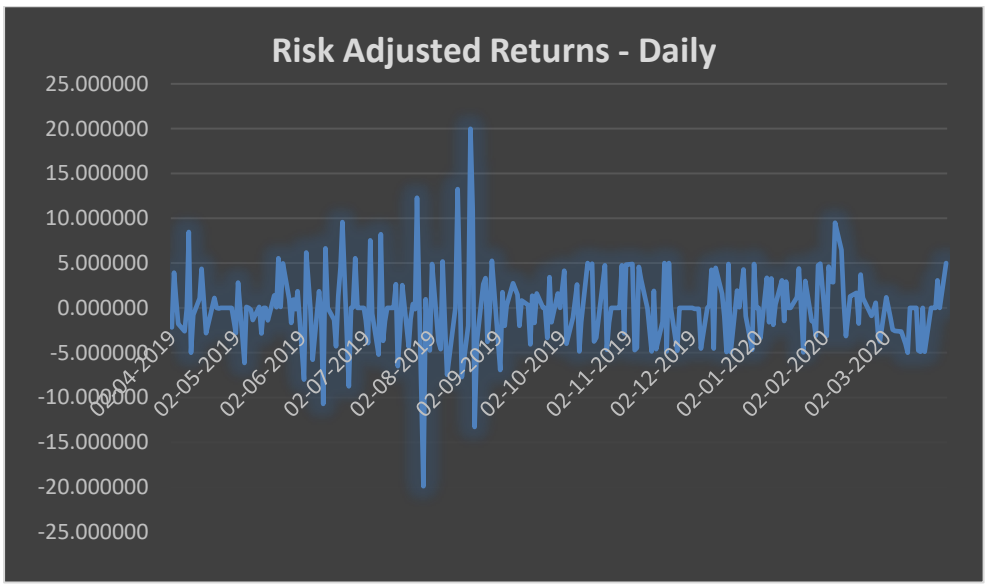
METRIC	**RETURNS in %**
MEAN OF RETURNS	0.0069 %
MAX OF RETURNS	20.0000 %
MIN OF RETURNS	-19.8956 %
STANDARD DEVIATION	4.1991 %
ANNUALIZED RETURN	0.0255 %



5. Risk Adjusted Returns Data

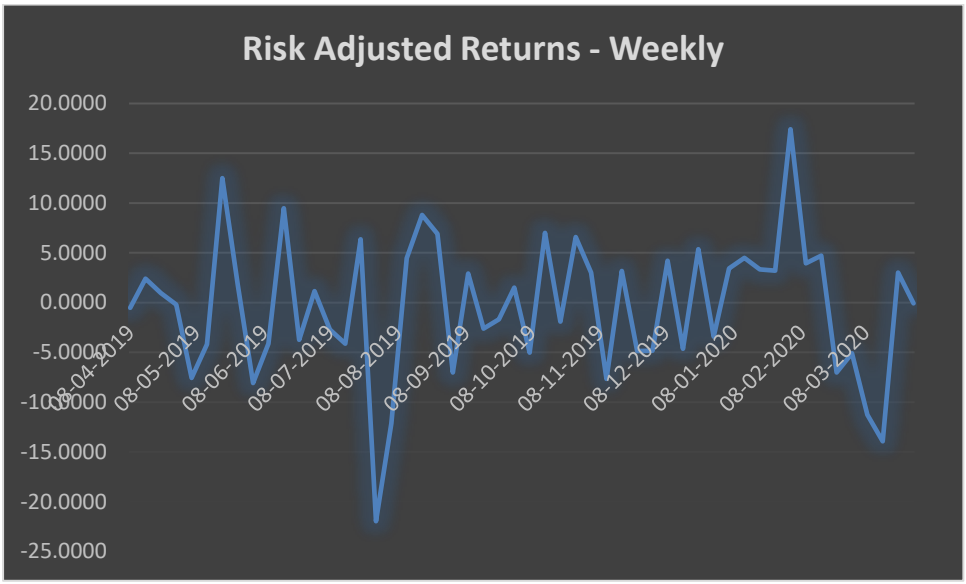
5.1 Daily

METRIC	RETURNS in %
MEAN OF RETURNS	0.0080 %
MAX OF RETURNS	19.9851 %
MIN OF RETURNS	-19.9114 %
STANDARD DEVIATION	4.1991 %



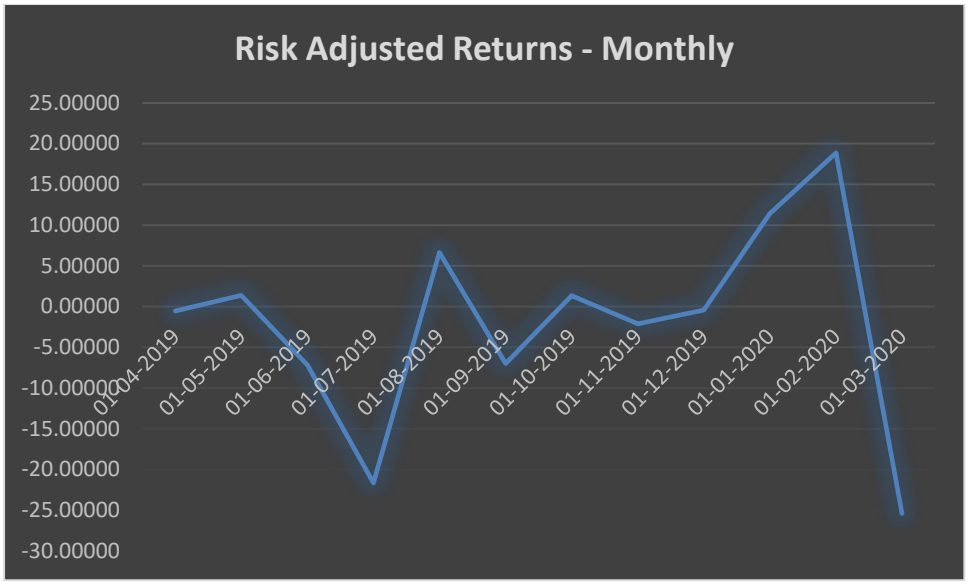
5.2 Weekly

METRIC	RETURNS in %
MEAN OF RETURNS	-0.3523 %
MAX OF RETURNS	17.4129 %
MIN OF RETURNS	-21.9612 %
STANDARD DEVIATION	6.9385 %



5.3 Monthly

METRIC	RETURNS in %
MEAN OF RETURNS	-2.0578 %
MAX OF RETURNS	18.8762 %
MIN OF RETURNS	-25.4010 %
STANDARD DEVIATION	12.4411 %



6. Economic Interpretation of realized and Risk Adjusted Returns

Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return while Realized return doesn't take into consideration the amount of risk involved in achieving that return. Hence, it is always important for an investor to invest after looking at the risk adjusted returns in order to balance the reward to risk ratio. This ratio is also very important to portfolio managers who deal with variety of clients who expect a varied range of returns for a given amount of risk or vice versa.

- The mean returns decreases from daily, weekly to monthly in both realized and risk adjusted returns.
- The standard deviation is increasing from daily, weekly to monthly in realized returns.
- The volatility is increasing from daily, weekly to monthly in risk adjusted returns.
- So we can see that volatility increases with time period. Also for this company returns are greater for longer time period. So there is always a trade-off between risk and return for investor because longer time period adds risk.

7. Expected Rate of Returns

The current market price (P) of a security is determined using the Expected rate of Return (Err) as the discount rate. The expected return is an instrument used to decide if a venture has a positive or negative expected net result. The expected return doesn't simply apply to a solitary security or resource. It can likewise be extended to break down a portfolio containing numerous speculations. In the event that the expected return for every venture is known, the portfolio's general expected return is a weighted average of the expected returns of its segments. In addition to calculating expected return, investors also need to consider the risk characteristics of investment assets. This helps to determine whether the portfolio's components are properly aligned with the investor's risk tolerance and investment goals.

Daily Frequency:

P_0 = Opening Price of the stock for IITL = Rs. 76.7
P = Closing Price of the stock for IITL = Rs. 63
Given Dividend value is Rs. 5
Hence, by the relation between the opening price, closing price, dividend and Expected Rate of Return we get E(r) = -2.3395 %

Weekly Frequency:

P_0 = Opening Price of the stock for IITL = Rs. 77.5
P = Closing Price of the stock for IITL = Rs. 60
Given Dividend value is Rs. 5
Hence, by the relation between the opening price, closing price, dividend and Expected Rate of Return we get E(r) = -2.2945 %

Monthly Frequency:

P_0 = Opening Price of the stock for IITL = Rs. 80
P = Closing Price of the stock for IITL = Rs. 60
Given Dividend value is Rs. 5
Hence, by the relation between the opening price, closing price, dividend and Expected Rate of Return we get E(r) = -2.2685 %

Seeing, the volatility in Expected Rate of Return, the investor would either choose to buy the security at its current market price following the Monthly Frequency as compared to Daily and Weekly Frequency or the investor would not buy the security at its current price since the Expected Rate of Return is negative

8. Required Rate of Dividends

8.1 Zero Growth Rate in Dividends

The recipe for the present value of a stock with zero development is profits for every period partitioned by the required return per period. The present value of a stock equation is explicit to stocks that have zero development, or no development. Remember that the period utilized for the two profits and the required return must match. For instance, on the off chance that one is utilizing yearly profits, at that point the yearly return must be utilized.

Given the company is paying Rs. 3 per year as the dividend and the annual Expected Rate of Return is 7.5 %. Hence the Present Value of the stock can be calculated as: $PV = D / r_s$
PV = Rs. 40

The present value of a stock is comprehensively viewed as the total of the limited future incomes. Dividends are viewed as the future cash flows as the energy about a stock isn't understood except if sold. Since the stock is held with no development date, one could believe a stock to be an unendingness, in that its dividends are to be gotten infinitely. The equation for the present value of a stock with no development appeared at the highest point of the page speculates that the stock is where dividends will be gotten on a

continuous reason for a ceaseless timeframe. Dividends would be signified as cash flows in the ceaselessness recipe.

8.2 Constant Growth Rate in Dividends

For an organization that delivers out a consistently rising dividend, you can assess the estimation of the stock with a recipe that expect that continually developing payout is what's answerable for the stock's worth.

The recipe is PV = D/(r-g), where PV is the present value, D is the following dividend the organization is to pay, g is the normal development rate in the dividend and r is what's known as the required rate of return for the organization. The required rate of return is the base profit for their venture that financial specialists will acknowledge to claim the stock.

Given the company paid a dividend of Rs. 6 in the last year and dividends have grown at a constant rate of 1.25 % per year for 10 years. r_s can be calculated as r = D / PV + g where PV is the closing price of the stock and g is the constant growth rate of dividend.

Daily Frequency:

P = Rs. 63, g = 1.25 %, D = Rs. 6
Therefore r_s = 0.1077 = 10.77 %

Weekly Frequency:

PV = Rs. 60, g = 1.25 %, D = Rs. 6
Therefore r_s = 0.1125 = 11.25 %

Monthly Frequency:

PV = Rs. 60, g = 1.25 %, D = Rs. 6
Therefore r_s = 0.1125 = 11.25 %

In the event that you have a gauge of the required rate of return and the development rate on the dividend, which you can as a rule compute dependent on ongoing past dividends, you can evaluate a reasonable cost to pay for the stock. In principle, you'd need to purchase the stock if the cost is beneath that level and sell it on the off chance that you own it and it's well over that cost

8.3 Supernormal Growth Rate in Dividends

A supernormal dividend growth rate is a timeframe in which the dividend gave on portions of stock are expanding at a higher than ordinary rate. The high development pace of payouts are viewed as better than average, accordingly "supernormal." Because this rate is additionally expected to be impractical, the dividend growth rate is relied upon to come back to typical levels once more.

Supernormal dividend growth is an anticipated rate dependent on an investigation of an organization or potentially industry, which decides a time of expanded income and along these lines potential payouts.

To calculate the present value of the stock for supernormal growth rate in dividends, we first calculate the dividends expected after each year for 3 years during the supernormal growth of dividends.

Given: r_s = 20 %, g_s = 6 %, g = 20 %, D_0 = Rs. 3
$D_1 = D_0 (1+g)$ = Rs. 3.6, $D_2 = D_1 (1+g_s)^2$ = Rs. 5.184, $D_3 = D_2 (1+g_s)^3$ = Rs. 8.958

After 3 years the stock is a constant stock with a growth rate of 6 %

Dividend paid at the end of the year = $D_4 = D_3(1+g_s)$ = Rs. 9.4955
Remaining value of the dividends = 9.4955 / (0.20-0.06) = Rs. 67.8249
Therefore Present Value of the stock = $3.6 / 1.20 + 5.184 / (1.20)^2 + 8.958 / (1.20)^3 + 67.8249 / (1.20)^4$
= Rs. 44.4928

Daily Frequency: The current market price is Rs. 63 and the Present Value of the stock is Rs. 44.4928. Therefore the stock is Highly Overvalued.

Weekly Frequency: The current market price is Rs. 60 and the Present Value of the stock is Rs. 44.4928. Therefore the stock is Highly Overvalued.

Monthly Frequency: The current market price is Rs. 60 and the Present Value of the stock is Rs. 44.4928. Therefore the stock is Highly Overvalued.

9. CONCLUSION

As it can be seen from the above analysis, it is very evident that Realized stock returns are positive, hence it is better to invest in the stock than the futures. Moreover, trading IIT Limited stock on a daily basis would give a better return compared to weekly and monthly basis. The return that was realized by trading on IIT Limited stock on daily frequency is 0.0069 % as compared to weekly and monthly frequency which has negative returns. Further, if an investor has to inevitably trade in futures market for hedging purposes, it would be better to trade on daily frequency basis as the returns are less negative for this basis and hence involves less risk. A closer look at the weekly and monthly basis would tell us that all the returns on these months are more negative and hence involves more risk. It can also be concluded that the underlying stock of IIT Limited has largely underperformed during the period and investing in the stock might not guarantee the expected returns to an investor. It can be stated that investing in IIT Limited on a weekly frequency from 6-Feb-2020 to 17-Feb-2020 would've maximized the return for an investor trading on IIT Limited stock and futures. To conclude taking into consideration the supernormal growth of dividends, the stock of the company is highly Overvalued since the Current Market price is less than the Present Value of the stock.

10. REFERENCES

https://www.mayuruniquoters.com/

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Mayur Uniquoters Ltd.

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1. Introduction

1.1 History and Nature of Business

Being the most favoured provider of counterfeit cowhide is what was at the beginning of the arrangement of Mayur Uniquoters Limited in 1994.The core value of the association has consistently been satisfaction of client necessity and dynamic reasoning. This core value is currently the way of life of the association and guarantees that both inward and outside clients are satisfied. Their world-class foundation comprises of a full scope of apparatus to satisfy our weaving, handling, heat setting, covering, emblazoning, printing, lacquering, sueding, tumbling and overlaying needs. They esteem quality and advancement, accordingly, our Physical, Chemical and Product Development Laboratories are equipped for testing transcendently all properties of counterfeit cowhide for various sections and applications.

They additionally attempt to improve authoritative productivity and continually save a vigil on esteem creation for Customers, Suppliers, Employees, Share Holders, Statutory and Regulatory Bodies and Society through nonstop manageable formative exercises.

1.2 Plants

A. Jaitpura Plant (Jaipur):

Established in 1994 this plant serves as the primary producer of Artificial Leather for the company. It houses our main R&D facility. This plants has 4 Italian coating lines with an installed and fully utilized capacity of 1.85 million Linear meters per month.

B. Dhodsar Plant (Jaipur):

This new plant built in a land territory of 70,000 sq.yards and 300,000 sq.ft of building area. The material division where sewn texture is created, utilized as a sponsorship fabric for PVC Vinyl, is housed in a shed of 85,000 sq feet, with weaving machines from Terrot and Mayer and CIE, Germany and stenter outline from Bruckner, Germany. We have included here 2 progressively Italian covering lines with a limit of 1.20 million direct meters for every month, taking the organization's all out covering ability to 3.05 million straight meters for each month.

1.3 Products and Services

A. Automotive:

They offer a superb scope of PVC Vinyl for the car business. While lovely seat upholstery is one of the most significant pieces of the experience that a car can offer, counterfeit calfskin is utilized in different parts including entryway trims, controlling wheel covers, gear boot and handle covers, rooftop lining, sun visors and hoods.

Material ness of fake cowhide in vehicles, transports, trucks, agrarian vehicles and cruisers esteems it an incredible item for car industry. Its high versatility makes it amazingly agreeable, and protection from hot

and cold temperatures, water, liquor and stains make it entirely strong and simple to keep up. They likewise offer incredible alternatives for seat covers for the bike business.

B. Footwear:

Artificial Leather is broadly utilized in the footwear business on account of the phenomenal assortment and high solidness. We produce a lovely assortment of particular PVC Vinyl for the footwear business. We offer items for different pieces of footwear like shoe uppers, shoe coating and insoles. These items discover application in formal shoe and boots, sports shoes, shoes, shoes just as very good quality ladies' footwear.

C. Furnishing:

Probably the biggest shopper of fake cowhide is the outfitting business, which has seen out and out a transformation since the time top notch fake calfskin has developed as a substantially more reasonable option in contrast to characteristic cowhide. With counterfeit calfskin, the outfitting business has likewise had the option to explore different avenues regarding shading and surfaces to an a lot more prominent degree and can make staggering new items.

We offer a wide scope of items for the outfitting business in an assortment of hues, surfaces and feels, in calfskin and texture look too. These items are utilized in upholstery for couches, seats, pad covers, bean sacks and so on for homes, workplaces, business foundations and lodgings. We additionally produce marine upholstery with salt water opposition.

D. Leather Goods and Garments:

The flexibility of counterfeit cowhide permits it to be utilized in a wide scope of items like totes, sacks and attachés, journal spreads and writing material things, pieces of clothing, belts, wallets and sports things like gloves, cushions, footballs, and so on.

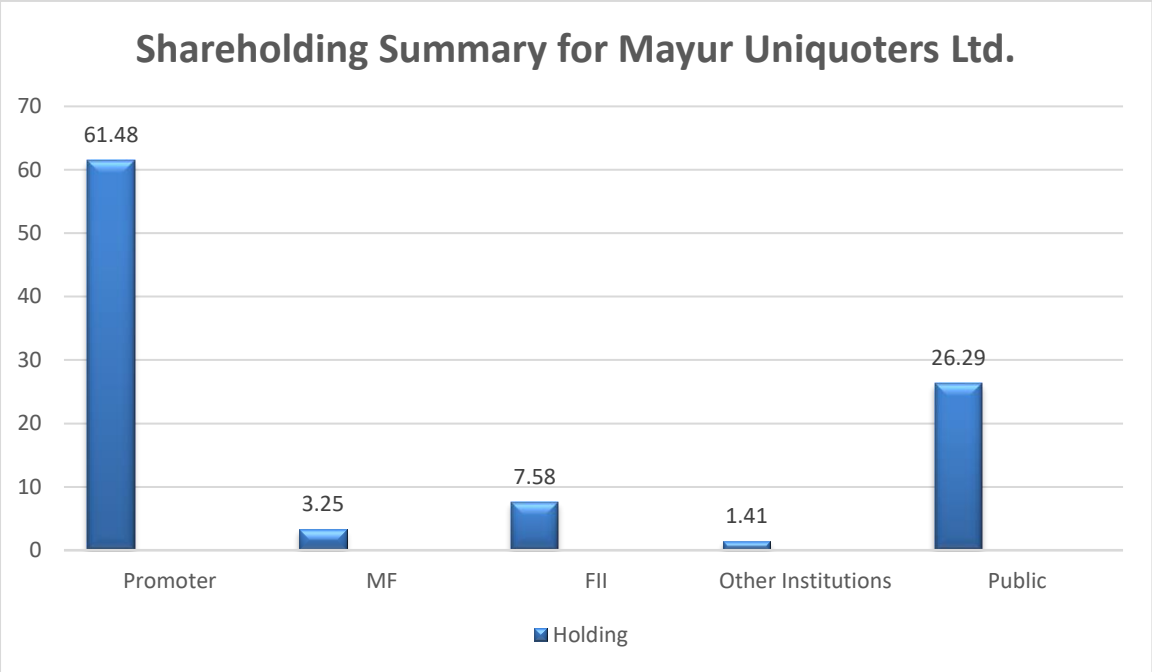
Counterfeit cowhide offers one of a kind favorable circumstances for makes of these items. While it looks as fine, supple and costly as authentic calfskin, counterfeit cowhide permits makers to make their items substantially more moderate. Likewise, they can make an a lot more extensive assortment of exceptionally sturdy, upkeep free items. We make fake cowhide in lively hues and uncommon surfaces, which permits makers to make creative, masterful and chic items

1.4 Overall Greatness of The Company

In 2012, they cleared a path into the 'Forbes Asia Top 200 under $1Bn endeavours' in the Asia Pacific region. They are the biggest producer of counterfeit cowhide/PVC vinyl, utilizing the 'Discharge Paper Transfer Coating Technology' in India. We have made some amazing progress in the previous two decades from a small creation of 0.25 million straight meters for every month, to a bewildering 3.05 million direct meters for each month, through our 6 best in class Italian covering lines.

They have been confirmed with ISO 9001:2008 (Quality Management System) which is decisive of our responsibility towards structuring and assembling of fake cowhide through viable usage of frameworks and ceaseless improvement in the entirety of our procedures.

2. Ownership Pattern and Their Implications



2.1 Promoter Holding

Year	Name	Total No. of Shares held	Percent Holding
Mar 2020	Total	27.867,239	61.48 %
Dec 2019	Total	27,813,607	61.36 %
Dec 2018	Total	27,776,274	61.28 %
Dec 2017	Total	28,011,475	61.19 %
Dec 2016	(A)Promoter and Promoter Group	28,011,475	61.19 %
Dec 2015	(A)Promoter and Promoter Group	28,284,916	61.12 %

2.2 Institutional Holding

Year	Name	Total No. of Shares held	Percent Holding
Mar 2020	Total	5,544,857	12.24 %
Dec 2019	Total	7,570,840	16.71 %
Dec 2018	Total	9,576,469	21.12 %
Dec 2017	Total	9,252,229	20.23 %
Dec 2016	Total	6,874,165	15.02 %
Dec 2015	Total	6,476,024	13.99 %

2.3 Public Holding

Year	Name	Total No. of Shares held	Percent Holding
Mar 2020	Total	11,915,504	26.29 %
Mar 2020	Total	17,460,361	38.52 %
Dec 2019	Total	9,943,153	21.94 %
Dec 2019	Total	17,513,993	38.64 %
Dec 2018	Total	7,974,857	17.60 %
Dec 2018	Total	17,551,326	38.72 %
Dec 2017	Total	8,513,896	18.60 %
Dec 2017	Total	17,766,125	38.81 %
Dec 2016	(B)Public	17,766,125	38.81 %
Dec 2015	(B)Public	17,992,684	38.88 %

3. Board of Directors

1. Mr. Suresh Kumar Poddar (72 Years) is B.Sc. (Science Graduate) and the Chairman and Managing Director of Mayur Uniquoters Limited, is broadly perceived for his way breaking and visionary commitments made towards lead Synthetic Leather Industry. His fantastic enterprising abilities have lead Mayur, the biggest maker of Manufactured Leather and the main technique from India to providing to North American Automotive majors. Mr. Poddar has put time and cash in individuals, innovation and procedure to make a productive and dynamic association with an all out creation limit of 3.05 million straight meters every month making Mayur probably the biggest maker of Synthetic Leather /PVC Vinyl in India. Mr. Suresh Kumar Poddar holds 1, 54, 00,163 (33.98% of all out offers) in the Company as on March 31, 2019

2. Mr. Arun Kumar Bagaria (46 Years) is Commerce and Masters in Business Administration from University of Strathclyde Graduate Business School, UK. He had joined the leading group of Mayur in June, 2007 and was named as Executive Director in August, 2007 and from that point forward he keeps on being on the Board of the Company. His rice understanding and commitment has empowered Mayur Uniquoters Limited to scale higher than ever years after year. He is the Strategic Management Personnel and a Key individual from the board. Mr. Arun Kumar Bagaria holds 5,39,884 (1.19% of complete offers) in the Organization as on March 31, 2019.

3. Mr. Ratan Kumar Roongta (70 Years) is M.com (Financial Management) and JAIIB (Junior Associate of Indian Institute of Banking and Finance) and has effectively taken care of assorted and testing assignments in State Bank of Bikaner and Jaipur for more than three decades at different levels. He has additionally served on the leading group of different organizations including State Bank of Bikaner and Jaipur (SBBJ), Gujarat State Energy Generation Limited (Nominee of IFCI Limited). His commitments in the field of Corporate Advances, International Banking, Risk Focused Audit and Inspection, Corporate Governance and Information Technology in the financial parts are tremendous. He has additionally filled in as individual from Task Force on 'Transport and The travel industry' for MOU among CPSE and Government Department/Ministry for the year 2011-12 by Ministry of Heavy Industries and Public

Enterprises, Government of India, New Delhi. Mr. Ratan Kumar Roongta doesn't hold any portions of the Company.

4. Mrs. Tanuja Agarwal (60 Years) is B.A. Hons. (Brain research) from St. Xavier's College, Mumbai. Accomplice in Ratan Das Gupta and Co. also, dedicated to social work. She has been past President of Inner Wheel Club, Jaipur Main and Janhit Sansthan. Related with Concerned Citizen, a NGO related with WHO for spreading AIDS mindfulness through talks among school young people. Individual from S. M. S. Clinical College, Jaipur AntiRagging Committee, Animal Rights Commission and CII-IWN (Indian Women Network) as organizer for Health and Wellbeing. Mrs. Tanuja Agarwal doesn't hold any portions of the Company.

5. Mr. Shyam Agrawal (39 Years) is a Ph.D. (Law), LLM, LLB and FCS. A Practicing Company Secretary having experience of over 11 years, he has held the posts of President and Vice-President of one of the most renowned Institutions of the country, The Institute of Companies Secretaries of India (ICSI). He made his quality felt across affiliations and associations of any semblance of the Ministry of Corporate Affairs, Ministry of Commerce of Industry, PHD Chambers of Commerce and Industry, ASSOCHAM, CII, NFCG, INSOL International, INSOL India, SEBI, Indebtedness and Bankruptcy Board of India, Indian Bank Association, ICAI, Institute of Directors, and so on. His important expert accomplishments incorporate the way that it is during his residency transport as President, ICSI that the ICSI denoted its entrance into the Guinness Book of World Records for directing Largest Taxation Lesson. He additionally holds amazingly the respect of having held the situation of International Secretary at the Company Secretaries International Association (CSIA). He is on the Board of Astron Paper and Board Mill Limited. Mr. Shyam Agrawal doesn't hold any portions of the organization.

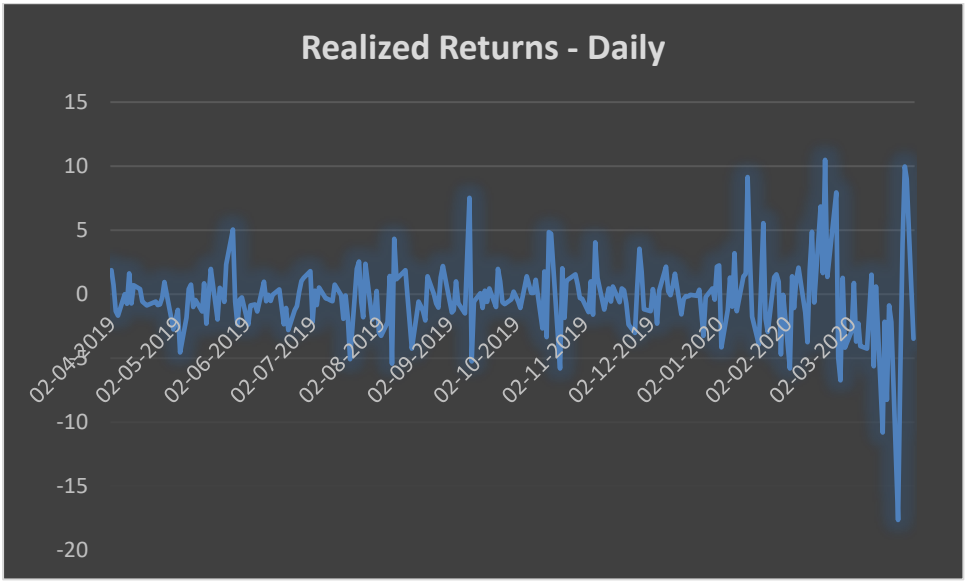
6. Mr. Arvind Kumar Sharma (70 Years) has done B. Tech and MBA in 1971 and 1985 individually and has a huge encounter of more than 40 years in different organizations like Braj Binani Group, Rajasthan State Industrial Development and Investment Corporation Limited (RIICO Ltd), Gujarat Vittal Innovation City Limited, and Neesa Leisure Limited, and was likewise related as Nominee Director on the Boards of Dabur (India) Limited, Rajasthan Electronics Ltd, Magma Petro Pack Ltd , SBL (India) Limited Bharat Fertilizers and Chemicals Limited and some more, he has additionally filled in as a Corporate issues expert in Indospace Developers Pvt, Ltd., Havells India, Emami Agro Tech Limited and so forth. He is a generally excellent Strategic organizer and pioneer, and has brilliant logical capacity, Communication and systems administration aptitudes. Mr. Arvind Kumar Sharma doesn't hold any portions of the organization

4. Realized / Raw Returns Data

4.1 Daily

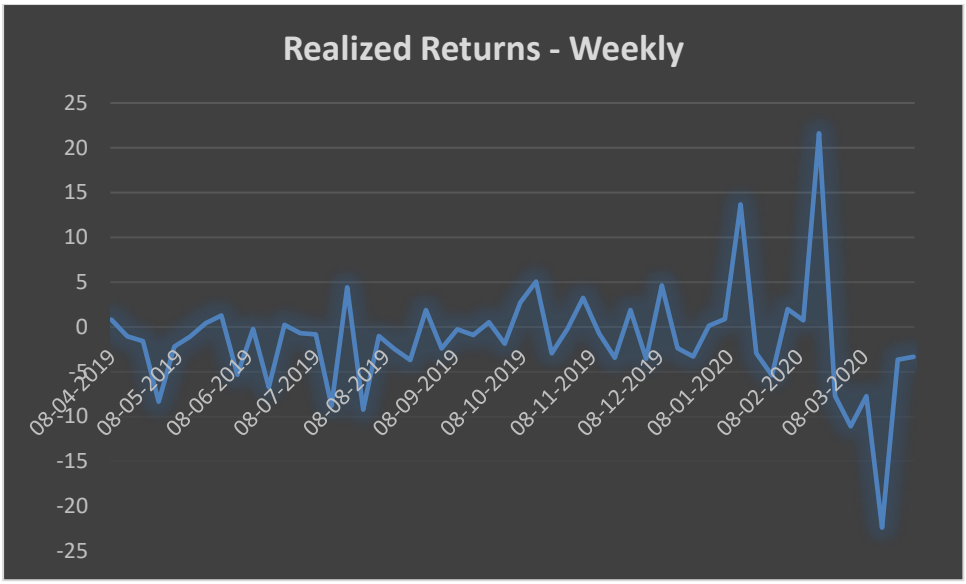
METRIC	RETURNS in %
MEAN OF RETURNS	-0.3012 %
MAX OF RETURNS	10.4900 %
MIN OF RETURNS	-17.6452 %
STANDARD DEVIATION	2.9350 %

ANNUALIZED RETURN	-0.6675 %



4.2 Weekly

METRIC	**RETURNS in %**
MEAN OF RETURNS	-1.4083 %
MAX OF RETURNS	21.6163 %
MIN OF RETURNS	-22.3963 %
STANDARD DEVIATION	6.0308 %
ANNUALIZED RETURN	-0.5217 %



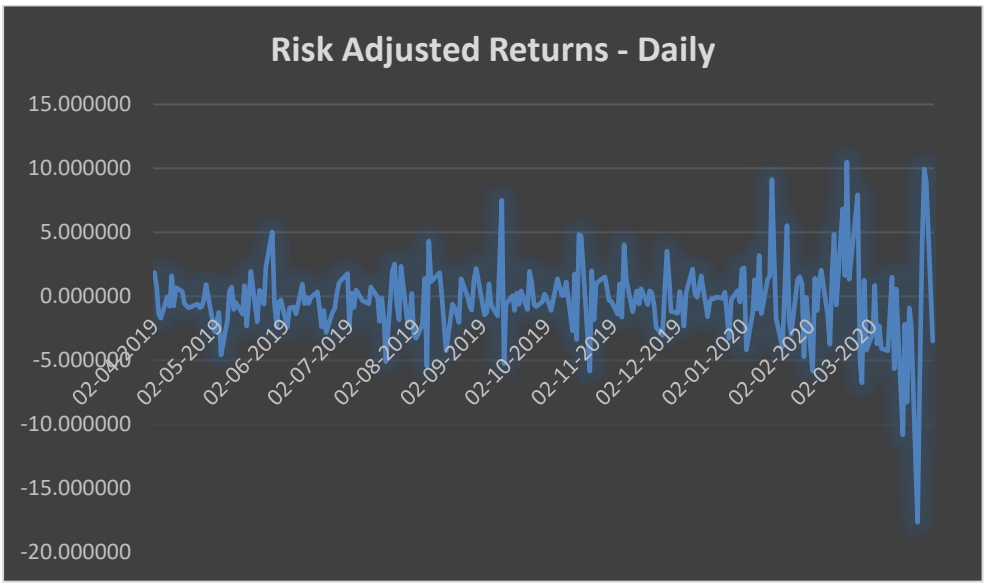
4.3 Monthly

METRIC	RETURNS in %
MEAN OF RETURNS	-5.3707 %
MAX OF RETURNS	19.5313 %
MIN OF RETURNS	-45.2720 %
STANDARD DEVIATION	16.3086 %
ANNUALIZED RETURN	-0.4844 %

5. Risk Adjusted Return Data

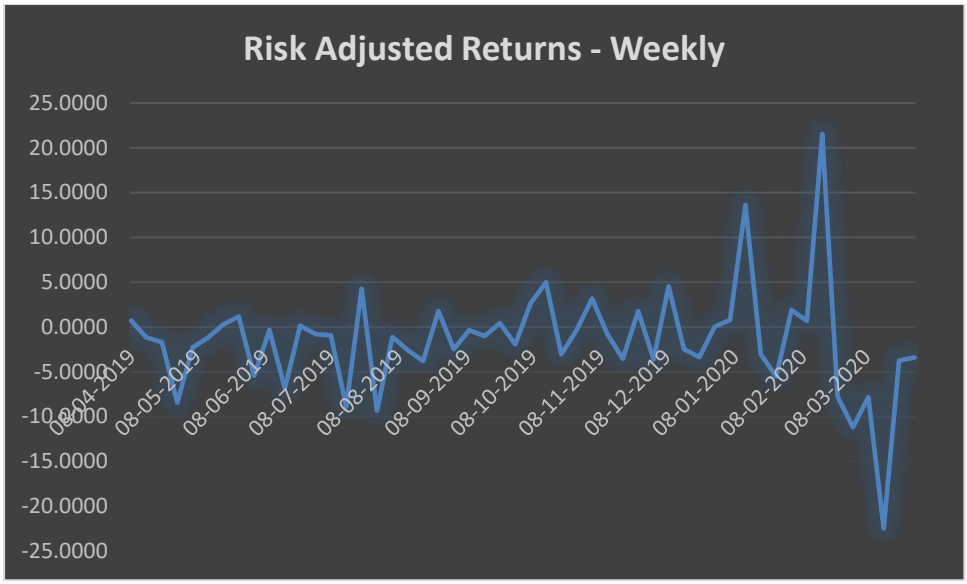
5.1 Daily

METRIC	RETURNS in %
MEAN OF RETURNS	-0.3161 %
MAX OF RETURNS	10.4899 %
MIN OF RETURNS	-17.6582 %
STANDARD DEVIATION	2.9352 %



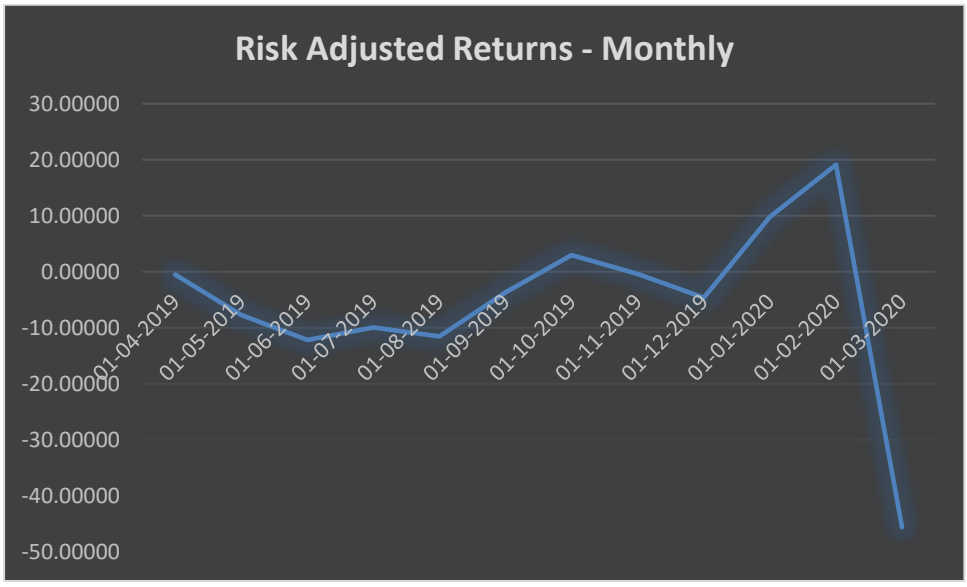
5.2 Weekly

METRIC	RETURNS in %
MEAN OF RETURNS	-1.5124 %
MAX OF RETURNS	21.5187 %
MIN OF RETURNS	-22.4885 %
STANDARD DEVIATION	6.0307 %



5.3 Monthly

METRIC	RETURNS in %
MEAN OF RETURNS	-5.3710 %
MAX OF RETURNS	19.1079 %
MIN OF RETURNS	-45.6262 %
STANDARD DEVIATION	15.6140 %



6. Economic Interpretation of Realized and Risk Adjusted Returns

Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return while Realized return doesn't take into consideration the amount of risk involved in achieving that return. Hence, it is always important for an investor to invest after looking at the risk adjusted returns in order to balance the reward to risk ratio. This ratio is also very important to portfolio managers who deal with variety of clients who expect a varied range of returns for a given amount of risk or vice versa.

- The mean returns decreases from daily, weekly to monthly in both risk unadjusted and risk adjusted returns.
- The standard deviation is increasing from daily, weekly to monthly in realized returns.
- The volatility is increasing from daily, weekly to monthly in risk adjusted returns.
- So we can see that volatility increases with time period. Also for this company returns are lesser for longer time period. So there is often a trade-off between risk and return for investor because longer time period adds risk.

7. Expected Rate of Returns

The current market price (P) of a security is determined using the Expected rate of Return (Err) as the discount rate. The expected return is an instrument used to decide if a venture has a positive or negative expected net result. The expected return doesn't simply apply to a solitary security or resource. It can likewise be extended to break down a portfolio containing numerous speculations. In the event that the expected return for every venture is known, the portfolio's general expected return is a weighted average of the expected returns of its segments. In addition to calculating expected return, investors also need to consider the risk characteristics of investment assets. This helps to determine whether the portfolio's components are properly aligned with the investor's risk tolerance and investment goals.

Daily Frequency:

P_0 = Opening Price of the stock for IITL = Rs. 346.3669
P = Closing Price of the stock for IITL = Rs. 149.65
Given Dividend value is Rs. 5
Hence, by the relation between the opening price, closing price, dividend and Expected Rate of Return we get E(r) = -1.6179 %

Weekly Frequency:

P_0 = Opening Price of the stock for IITL = Rs. 344.7398
P = Closing Price of the stock for IITL = Rs. 149.9
Given Dividend value is Rs. 5
Hence, by the relation between the opening price, closing price, dividend and Expected Rate of Return we get E(r) = -1.6300 %

Monthly Frequency:

P_0 = Opening Price of the stock for IITL = Rs. 329.0608
P = Closing Price of the stock for IITL = Rs. 149.9
Given Dividend value is Rs. 5
Hence, by the relation between the opening price, closing price, dividend and Expected Rate of Return we get E(r) = -1.7093 %

Seeing, the volatility in Expected Rate of Return, the investor would either choose to buy the security at its current market price following the Monthly Frequency as compared to Daily and Weekly Frequency or the investor would not buy the security at its current price since the Expected Rate of Return is negative.

8. Required Rate of Return

8.1 Zero Growth Rate in Dividends

The recipe for the present value of a stock with zero development is profits for every period partitioned by the required return per period. The present value of a stock equation is explicit to stocks that have zero development, or no development. Remember that the period utilized for the two profits and the required return must match. For instance, on the off chance that one is utilizing yearly profits, at that point the yearly return must be utilized.

Given the company is paying Rs. 3 per year as the dividend and the annual Expected Rate of Return is 7.5 %. Hence the Present Value of the stock can be calculated as: PV = D / r_s
PV = Rs. 40

The present value of a stock is comprehensively viewed as the total of the limited future incomes. Dividends are viewed as the future cash flows as the energy about a stock isn't understood except if sold. Since the stock is held with no development date, one could believe a stock to be an unendingness, in that its dividends are to be gotten infinitely. The equation for the present value of a stock with no development appeared at the highest point of the page speculates that the stock is where dividends will be gotten on a continuous reason for a ceaseless timeframe. Dividends would be signified as cash flows in the ceaselessness recipe.

8.2 Constant Growth Rate in Dividends

For an organization that delivers out a consistently rising dividend, you can assess the estimation of the stock with a recipe that expect that continually developing payout is what's answerable for the stock's worth.

The recipe is PV = D/(r-g), where PV is the present value, D is the following dividend the organization is to pay, g is the normal development rate in the dividend and r is what's known as the required rate of return for the organization. The required rate of return is the base profit for their venture that financial specialists will acknowledge to claim the stock.

Given the company paid a dividend of Rs. 6 in the last year and dividends have grown at a constant rate of 1.25 % per year for 10 years. r_s can be calculated as r = D / PV + g where PV is the closing price of the stock and g is the constant growth rate of dividend.

Daily Frequency:

P = Rs. 149.65, g = 1.25 %, D = Rs. 6
Therefore r_s = 0.0526 = 5.26 %

Weekly Frequency:

PV = Rs. 149.9, g = 1.25 %, D = Rs. 6
Therefore r_s = 0.0525 = 5.25 %

Monthly Frequency:

PV = Rs. 149.9, g = 1.25 %, D = Rs. 6
Therefore r_s = 0.0525 = 5.25 %

In the event that you have a gauge of the required rate of return and the development rate on the dividend, which you can as a rule compute dependent on ongoing past dividends, you can evaluate a reasonable cost to pay for the stock. In principle, you'd need to purchase the stock if the cost is beneath that level and sell it on the off chance that you own it and it's well over that cost.

8.3 Supernormal Growth Rate in Dividends

A supernormal dividend growth rate is a timeframe in which the dividend gave on portions of stock are expanding at a higher than ordinary rate. The high development pace of payouts are viewed as better than average, accordingly "supernormal." Because this rate is additionally expected to be impractical, the dividend growth rate is relied upon to come back to typical levels once more.

Supernormal dividend growth is an anticipated rate dependent on an investigation of an organization or potentially industry, which decides a time of expanded income and along these lines potential payouts.

To calculate the present value of the stock for supernormal growth rate in dividends, we first calculate the dividends expected after each year for 3 years during the supernormal growth of dividends.
Given: r_s = 20 %, g_s = 6 %, g = 20 %, D_0 = Rs. 3
$D_1 = D_0 (1+g)$ = Rs. 3.6, $D_2 = D_1 (1+g_s)^2$ = Rs. 5.184, $D_3 = D_2 (1+g_s)^3$ = Rs. 8.958

After 3 years the stock is a constant stock with a growth rate of 6 %

Dividend paid at the end of the year = $D_4 = D_3(1+g_s)$ = Rs. 9.4955
Remaining value of the dividends = 9.4955 / (0.20-0.06) = Rs. 67.8249
Therefore Present Value of the stock = $3.6 / 1.20 + 5.184 / (1.20)^2 + 8.958 / (1.20)^3 + 67.8249 / (1.20)^4$
= Rs. 44.4928

Daily Frequency: The current market price is Rs. 149.65 and the Present Value of the stock is Rs. 44.4928. Therefore the stock is Highly Undervalued.

Weekly Frequency: The current market price is Rs. 149.9 and the Present Value of the stock is Rs. 44.4928. Therefore the stock is Highly Undervalued.

Monthly Frequency: The current market price is Rs. 149.9 and the Present Value of the stock is Rs. 44.4928. Therefore the stock is Highly Undervalued.

9. CONCLUSION

As it can be seen from the above analysis, it is very evident that Realized stock returns are negative, hence it is better to invest in the futures than the stock. Moreover, trading Uniquoters Limited stock on a daily basis would give a better return compared to weekly and monthly basis. The return that was realized by trading on Uniquoters Limited stock on daily frequency is -0.032 % as compared to weekly and monthly frequency which has negative returns. Further, if an investor has to inevitably trade in futures market for hedging purposes, it would be better to trade on daily frequency basis as the returns are less negative for this basis and hence involves less risk. A closer look at the weekly and monthly basis would tell us that all the returns on these months are more negative and hence involves more risk. It can also be concluded that the underlying stock of Uniquoters Limited has largely underperformed during the period and investing in the stock might not guarantee the expected returns to an investor. It can be stated that investing in Uniquoters Limited on a weekly frequency from 10-Feb-2020 to 17-Feb-2020 would've maximized the return for an investor trading on Uniquoters Limited stock and futures. To conclude taking into consideration the supernormal growth of dividends, the stock of the company is highly Undervalued since the Current Market price is more than the Present Value of the stock.

10. REFERENCES

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