INSTITUTE OF MANAGEMENT

NIRMA UNIVERSITY

SUMMER INTERNSHIP: FINAL REPORT

MWH HOLDINGS

PROJECT TITLE: QIP 250 CRORES

LOCATION: Mumbai, Maharashtra

COMPANY MENTOR: Ms. Pooja Jain

FACULTY MENTOR: PROF. Mayank Bhatia

Submitted to:

Prof. Mayank Bhatia

Submitted by:

Name	**Roll Number**
Tejaswini M. Solanki	191158

MBA-FT (2019-2021)

Date of Submission: 05/07/2020

DECLARATION

I, Tejaswini Solanki, hereby declare that this internship report titled as the Summer Internship Final Report is an authentic work prepared by me after 8 weeks of internship with MWH HOLDINGS as an associate investment banker. It is to the best of my knowledge and belief. This is to declare that all my work indulged in the completion of this Summer Internship Report such as researches and analysis is purely my work.

I also confirm that the report is solely prepared for my academic requirement not for any other purpose and with a view of partial completion of my first year of MBA.

ACKNOWLEDGEMENT

This assignment has provided me an opportunity to analyze the company I am working as an Intern. Hence, I would like to thank everyone who guided me in preparation of the report. It gives me an immense pleasure to present this report, which is an outcome of the project study **QIP 250 crores for Civil Engineering and Infrastructure Development Company (Qualified Institutional Buyer)**.

I would like to thank Mr. Chetan Patel, CEO, MWH HOLDINGS for providing me this opportunity to undertake the Project finance as my internship project and in guiding me throughout the project. In the tough times of Covid Crisis, the internship opportunity provided by MWH HOLDINGS helped me in gaining insights into project finance.

I would also like to thank the CEO for providing me an opportunity to take up the project of QIB 250 CRORES. I extend my heartiest gratitude to the faculty and administration of Institute of Management, Nirma University for providing me this summer internship opportunity.

Special thanks to my faculty mentor - Prof. Mayank Bhatia for his valuable guidance throughout the internship tenure.

Last but not the least, I would also like to thank employees and interns at MWH HOLDINGS for their cooperation during the internship period.

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EXECUTIVE SUMMARY

I was assigned to the QIB 250 CRORES project (subsidiary QIB) The internal financial analysis and requirements involved were addressed when raising funds for civil engineering and infrastructure development companies. In this article, we will understand how midsize companies listed in the construction industry raise funds through the QIP (Qualified Institutional Placement), which is a fundraising tool in development. The company designated to carry out this study is J KUMAR INFRA PROJECTS (JKIL). The company was one of the pioneers to raise 41 billion pounds of QIP in India in 2015. Fundraising is fundamental for understanding a clear model of using the available financial capital to conduct business. Since its creation, fundraising in the domestic market has involved many complex issues. Indian companies raise funds from foreign markets to make a difference. Therefore, to reduce the high additional cost of these fundraising companies, SEBI introduced this process to facilitate fundraising in the domestic market. SEBI introduced this process to raise funds by issuing bonds to qualified institutional buyers. The whole objective of raising funds is to convince investors to invest.

The project examines all the appeals that convince investors of this investment, because the founder's enthusiasm cannot replace real clients to invest to perform their duties. The focus is on market research for the possible development of construction companies. We will analyze the company's financial statements for the next quarter, as investors will look for 3 to 5 years of net profit, sales, profit, debt and cash flow, in addition to various indices and trends. The purpose of this study is to assess trends in the financial statements of the assigned company and to use various financial tools to promote the company's financial situation to investors. Review risk-sharing agreements between qualified institutional buyers and companies that offer QIPs. Find and evaluate new investment opportunities in our areas of interest. The main objectives are to assess the financing structure, the company's financing sources and regulatory trends when this is a subset of the options available for high maintenance financing purchases. Qualified institutional placements provide funds to private buyers on a private placement basis. The study also includes a detailed analysis of the blue ocean strategy for construction companies and prediction of financial statements using the three-statement model.

A. 1. INTRODUCTION

1.1 INVESTMENT MANAGEMENT

The reason for the investment is because it provides some goals for investors. According to the investor's life cycle and risk tolerance, investment has three main objectives: security, growth and income. Every investor invests with a specific objective, and each investment has its own benefits and risks.

Investment management is about dealing with financial assets and other investments, not just buying and selling them. Management includes the formulation of short or long-term strategies to acquire and dispose of portfolio assets. It can also include banks, budgets, tax services and fees. The term generally refers to managing assets in a portfolio and trading to achieve specific investment goals. Investment management is also called money management, portfolio management or wealth management.

Investment management services include

- asset allocation,
- financial statement analysis,
- stock selection,
- monitoring of existing investments,
- and portfolio strategy and implementation.

The investment banking sector provides services to companies, corporations and other institutions (including government agencies), including underwriting activities (fundraising), mergers and acquisitions (M&A), stock research, valuation, etc.

They act as intermediaries between issuers of securities and investors and help new companies go public. They buy all available shares at the price estimated by experts and then resell them to the public or sell shares on behalf of the issuer and charge a commission for each share

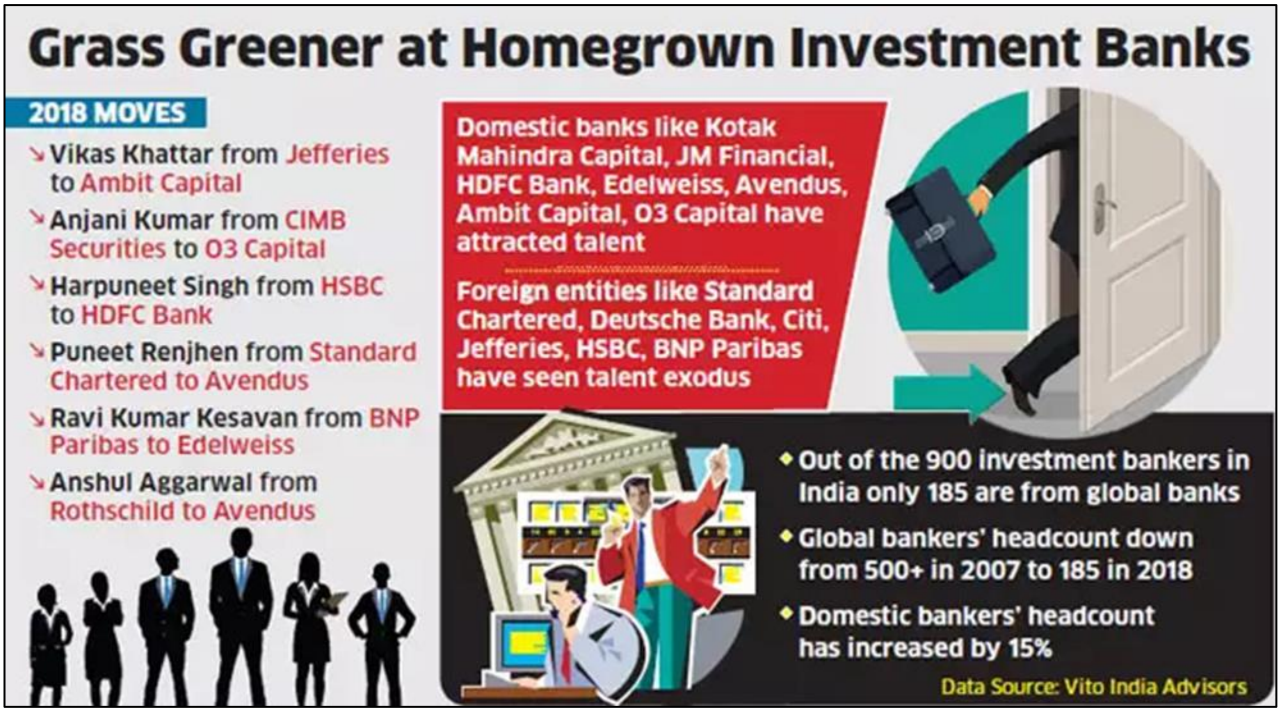
1.2 GLOBAL SCENARIO OF INVESTMENT BANKING

The banking sector is highly fragmented, including retail, corporate and investment banks and asset and wealth management. The retail banking business achieved significant growth during 2006-2011 and has great potential to grow at a faster rate during the forecast period. Europe dominates the global banking sector, with 43% of the global market share. However, during the period 2006 to 2011, growth in the Asia-Pacific banking sector is faster than in Europe and North America. The Asia-Pacific region continues to have enormous opportunities for industry development. The increase in per capita income in the region is expected to generate savings and consumer investment in the banking sector. Large, bankless populations in India and China offer enormous opportunities for banking companies. The US banking sector is expected to grow moderately in the short term. The development trajectory of the industry in the rest of the world offers opportunities for companies to expand their business in these countries. The debt crisis in Europe and the huge government budget deficit in the United States are expected to reduce government spending, leading to slow short-term economic growth in these two regions. The increase in the middle class population and the increase in family income in emerging markets offer enormous opportunities for global banks. Rapid technological progress has led to major changes in the banking sector, because the cost of processing each transaction is close to zero, while improving efficiency. These advantages can increase the volume of transactions at the institutional level

Lucintel's research shows that, despite the combined effects of pressure on margins, slow growth of new assets and a drop in fee income, retail banking revenue is expected to remain relatively stable. People will always need basic banking services, while the retail sector is traditionally less volatile than the corporate and investment banking sectors.

This study provides a brief overview of the global banking sector. The report tracks three sectors of industry in four regions. Therefore, it follows 12 market segments in the global banking sector. The report includes fee income received by banks for bank guarantees, but does not include insurance premiums.

1.3 INVESTMENT BANKING IN INDIA



The history of the Investment Bank of India goes back to the 19th century, when European commercial banks created trading companies for the first time in the region. Since then, foreign banks (non-Indian banks) have dominated the country's investment operations and commercial banks.

In the 1970s, the National Bank of India established the Commercial Banking Bureau and started this business. ICICI Securities became the first financial institution in India to provide banking services

By 1980, the number of commercial banks had increased to more than 30. The growth of the financial services sector includes the rapid development of commercial banks and other financial institutions.

Investment banks are financial intermediaries that can help companies raise funds. An investment bank or investment bank company is a financial institution that assists governments, companies and even individuals in raising assets by underwriting or acting as an agent for clients who issue securities. Such organizations even assist companies in mergers and acquisitions and provide ancillary services such as market creation, foreign exchange transactions, derivative transactions, commodities, equity securities and fixed income instruments.

The investment bank in India has been developing for some time. According to Indian regulations, a legal entity is not allowed to perform all investment banking functions. Remote bankruptcy is an essential function in building an investment banking business line. Therefore, Indian Investment Bank follows a group structure and maintains its business units in different corporate entities to comply with regulatory regulations.

The following are the largest full-service global investment banks;

- Bank of America
- Barclays Capital
- BNP Paribas 8
- Citigroup
- Credit Suisse
- Deutsche Bank
- Goldman Sachs
- JPMorgan Chase

POSITION OF SOME MAJOR INVESTMENT BANKS IN INDIA

I-BANK PECKING ORDER

H1 2019	H1 2018	BANK NAME	FEES ($mn)	SHARE (%)	DEALS (%)
1	1	Axis Bank	51.3	9.8	132
2	3	State Bank of India	41.3	7.9	31
3	4	ICICI Bank	37.1	7.1	108
4	11	YES Bank	22.1	4.2	99
5	12	Kotak Mahindra Bank	20.5	3.9	67
6	23	JPMorgan	20.3	3.9	20
7	29	Barclays	19.2	3.7	18
8	2	Citi	18.1	3.5	27
9	-	Evercore Partners	18	3.4	2
10	10	Bank of America Merrill Lynch	15.3	2.9	12
		Total	522.9		404

1.4 INVESTMENT BANK OF INDIA CULTURE

Most people don't want the investment banking culture of India. Because there is a huge imbalance between adventure and love of work!

In investment banks, the ability to take risks and plans is proportional to the amount a banker will earn, not how much they love to work. That is why, unfortunately, not all candidates are suitable for investment banking jobs in India.

Although this looks like a job market, in the long run, in general, few investment bankers stay in an organization because competitors provide them with higher positions.

B. PROJECT WORK

INTRODUCTION:

- ABOUT PROJECT COMPANY

J KUMAR INFRA PROJECTS, commonly known as JKIL, is an Indian technology, engineering and construction company whose global headquarters are located in Mumbai, Maharashtra, India. It was founded by Jagdish Kumar Gupta in 1980. The company's main source of income is its interest in basic and heavy engineering under government planning and in the construction of viaducts and bridges. The company was listed on the BSE and NSE in 2008. The company actively launched projects in major cities.

The company entered the field of road construction in 2007. Since then, the company has implemented five golden quadrilateral highway projects undertaken by the National Highway Administration of India, connecting four major cities with four-lane highways and connecting east-west and north corridors. -south. The total length of the road projects completed by the company is estimated at more than 500 kilometers. The company also uses basic professional technology in the construction of viaducts, underpasses and river bridges.

2.1 NATURE OF PROBLEM

RAISING CAPITAL OF **J KUMAR INFRA PROJECT** FOR FUTURE ACTIVITIES THROUGH QIP

Finding financing has always been a challenge for construction subcontractors. Most banks and financial institutions are not comfortable with the industry and only finance large companies. Unfortunately, small construction companies have the same financing needs as their larger counterparts. They need financing to pay for:

- Salaries
- Office expenses
- Equipment
- Rent
- Other expenses

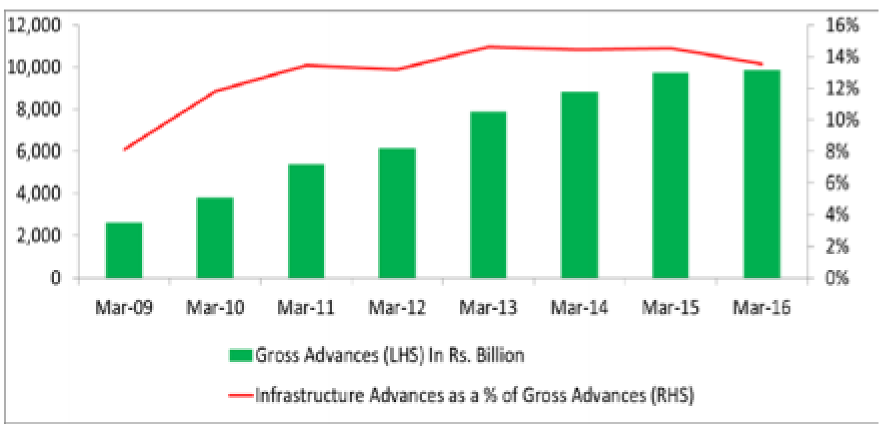
So here the main problem is finding the appropriate source for funding J KUMAR INFRA for its future working. The project mainly focused on analyzing various sources of financing and also the aspects that the investor would look into for investment. The target was to draft a plan to show that raising funds through QIP would be the ultimate solution.

- HOW CONSTRUCTION FINANCING WORKS

The first thing about building finance is that you really need to finance two different loan periods, each with a different level of risk. Most homeowners provide two loans, one for each period. The first is during construction, financed by construction loans. The second is the post-construction period, financed by permanent loans, also known as travel loans. Owners often finance through real estate companies, which hold construction assets and loans to limit the risks to owners and their businesses.

Construction loans, especially new ones, are more risky than many other types of loans. For beginners, construction is a complex task and there are many potential pitfalls. It requires a strong ownership team and a clear plan for the completed installation. And that requires a qualified design team to deliver your construction on time, on budget and high quality standards. Creditors want to know that your project will be successful and will therefore take steps to assess the feasibility and risks of your project.

India's financial system is dominated by banks. The NBFC also participates in infrastructure financing. Some NBFCs are specialized in infrastructure financing, while NBFCs in certain sectors of government are important. Obviously, banks are the main financial providers in the infrastructure sector. The flow of funds from banks to the infrastructure sector has achieved a high growth rate



(Source: RBI supervisory returns and staff calculations)

The temptation for money led the founders to seriously underestimate the time, energy and creativity required to make money. This is perhaps the least appreciated aspect of fundraising. In emerging companies, in the fundraising cycle, managers usually spend half their time at work, most of the time

They tried to increase the creativity of external funds.

Therefore, the problem involves the study of risks and rewards, which is based on the analysis of the company's financial statements and prepares investment advice for investors with deep knowledge of the right tools to raise funds. Here, we also need to understand several financial modeling tools to create estimated financial statements to create a marketing platform for investors.

2.2 OBJECTIVES OF THE STUDY

The main objective of the analysis of the financial statements is to understand and diagnose the information contained in the financial statements, to judge the profitability and the financial situation of the company and to predict the future prospects of the company. The purpose of the analysis depends on the person and the objects interested in the analysis. Some objectives can be listed as follows:

• To determine the company's profitability over time,

• Used to determine the company's ability to generate cash, pay interest and pay principal

• Assess the relationship between various sources of funds (ie, capital structure relationship)

• Evaluate financial statements containing past performance information and interpret them as a basis for forecasting future returns and assessing risks.

• To determine credit risk, determine the terms and conditions of the loan (if approved), interest rate and maturity, etc.

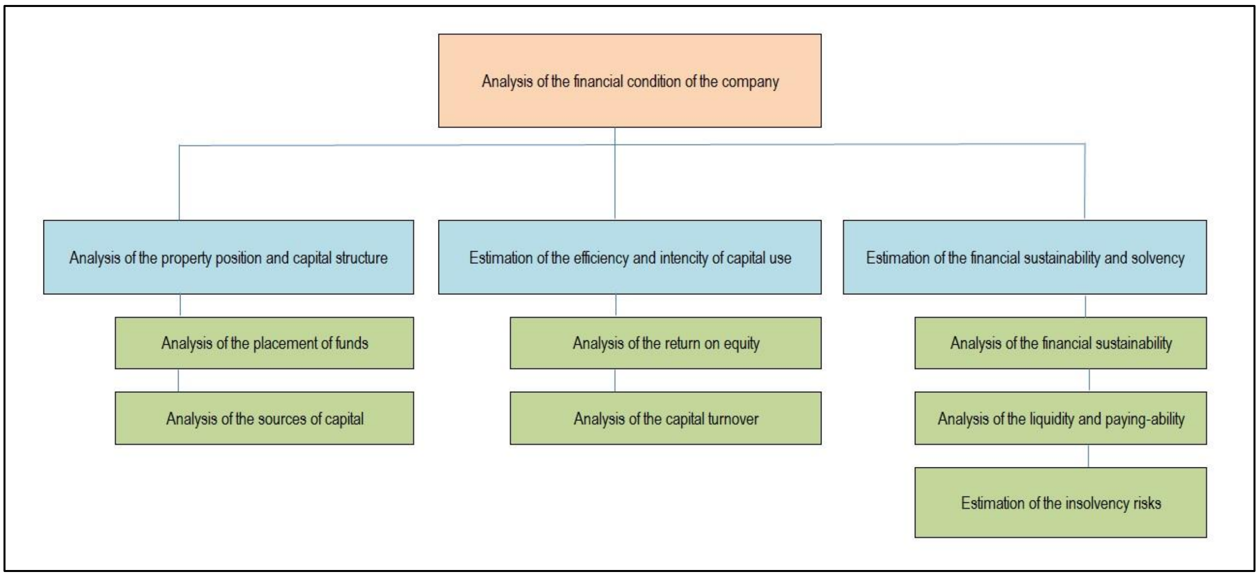
• Decorate investors with the help of financial statement analysis.

The project also would expect us as individuals to also look into -

1. Review the company's past performance: To predict the company's future prospects, past performance will be analyzed. Analyze past performance, analyzing past sales trends, profitability, cash flow, return on investment, debt equity structure and operating expenses

2. **Assess the current position and operational efficiency:** check the company's current profitability and operational efficiency, so that the company's financial status can be determined. To make long-term decisions, the company's assets and liabilities need to be reviewed. The analysis helps to find the company's profitability and operational performance.

3. **Growth forecast and profit prospects**: senior management is concerned with the company's future prospects. Financial analysis helps to assess investment options to determine the company's profit potential. With the help of the analysis of the financial statements, it is possible to complete the assessment and forecast of the possibility of bankruptcy and commercial bankruptcy.



2.3 EXPECTED BENEFITS

The main purpose of using this tool is to facilitate the persuasion of big investors like QIB, and not of the whole public, because it requires big expenses, like advertising, indication of a subscriber, etc. Fundraising from investors and companies can help your business succeed. Because the main objective of the project is to prove the rationality of raising funds through the QIP, instead of other sources of financing

Qualified Institutional Placement

1. 1. Less complicated process QIP is a flexible mechanism that can place securities privately through the QIB and is not subject to heavy terms, such as the blocking period for the issuance of other securities and tight deadlines. Qualified institutional buyers can raise funds in a short period of time, instead of raising funds through an initial public offering of shares, so the placement of shares takes a long time. It also offers the opportunity to buy unblocked shares and, if there is corporate governance and other necessary parameters, this is a simple mechanism.
2. 2. High cost performance: due to the difference in cost of several legal fees, because the entire process of listing securities abroad involves enormous costs, and listing in the domestic market, such as the Bombay Exchange / Stock Exchange, also it is easier than in Luxembourg or Singapore. From foreign markets

3. Appropriate verification and balance methods: The QIP specification contains appropriate verification and balance methods, that is, according to the size of the QIP, price specifications, appointment of commercial bankers, prohibition on withdrawal of offers, mandatory participation of funds mutual funds, disclosure through placement documents, etc.

3. 4. Competitive alternative financing structure: as there is no lock-in, free time, less disclosure of information and flexible methods, the QIP seems to be an effective mechanism for raising funds through the issuance of securities through the QIB. Of almost all the main aspects, private channels based on QIP are better or comparable to the issues in euros. As a result, private equity in India is expected to be equally attractive and to increase large amounts of company funds through QIP.

TOP QIPs IN INDIA

Entity	Year	Size (₹cr)
SBI	2014	8,032
Kotak Bank	2017	5,800*
Yes Bank	2017	4,907
RCom	2014	4,808
Axis Bank	2013	4,726

*Estimated (Source: Industry)

After several successful QIP transactions, such as Unitech and India, the second company started issuing QIP to raise funds to meet working capital needs or to pay off debt, these problems began to ease.

In addition to preferred placement, this is the only way for listed companies to select crowds by issuing convertible shares or securities. QIP scores higher in other methods because the issuing company can increase this capital per capita without going through detailed procedures

C. METHODOLOGY /APPROACH

- **<u>SOURCES OF INFORMATION</u>**

3.1 RESEARCH TYPE:

This study is descriptive. This topic is theoretical and the data related to it are collected from the departments of infrastructure and civil engineering, from the different annual data of the company. In-depth research on the practices of different banks in terms of labor, performance and labor productivity. Descriptive research is best suited to the selected topic

3.2 DATA COLLECTION: Secondary Data

Secondary data is data collected by a party unrelated to the study, but was collected for different purposes and at different times in the past. If the researchers use this data, it will become auxiliary data for the current user. These can be provided in written, typed or electronic format. Researchers can use a variety of auxiliary information sources to collect data on industries, potential applications and markets. Auxiliary data is also used for the preliminary understanding of research questions. Secondary data is categorized according to its source, internal or external. Internal or internal data is auxiliary information obtained within the research organization. External auxiliary data is obtained from external sources. There are several advantages and disadvantages to using auxiliary data.

- Sales Report
- Annual reports of the last 5 years
- Financial Statements
- Customer details, like area, venture, project cost etc.
- Company information

3.3 HYPOTHESIS

1. QIP fund raising would be a better option for J KUMAR INFRA PROJECTS for its future activities.
2. QIP fund raising would not be a better option for J KUMAR INFRA PROJECTS for its future activities

3.4 SCOPE OF THE STUDY:

The scope of the study can be divided in to 3 parts –

SCOPE OF STUDENTS - it gave the students handling the project a wide exposure into IB and the in-depth practical knowledge of the financial working in the civil engineering and infrastructure companies. They would learn to implement their theoretical knowledge into training in the industry.

SCOPE OF INVESTORS – this analysis would enable the prospective buyers to assess the risk of their investment in the company and take investment decisions. It will definitely help understand the QIP in better context and also know about J KUMAR and its growth potential.

SCOPE OF J KUMAR INFRA PROJECTS – the company as an organisational study will come to know that exact feedback of the finance team. And will also know its potential sources of investment as well as its possible growth through the future statement of finance.

3.5 LIMITATIONS OF THE STUDY:

Although financial statements have many advantages, they also have certain disadvantages. Because the analysis is based on possibly incorrect data provided in the financial statements. Therefore, the company must also consider several limitations.

1. When conducting financial analysis, companies generally do not consider price changes. When companies compare data from different periods, they process the data without providing a data index. Therefore, the company has no inflationary effects.

2. Intangible assets are not recorded. The company did not record many intangible assets. Instead, any expenses used to create intangible assets will be immediately included in the cost.

3. The company considers only the monetary aspects of the financial statements. They do not consider non-monetary aspects.

4. The company prepares financial statements based on an ongoing concept, so that it cannot reflect the current situation.

5. These statements do not necessarily provide any value for predicting what will happen in the future.

Certain restrictions were proposed, which mentioned that the sponsor or any of its relatives or any means related to the sponsor could not be placed in a qualified organization in any way. In addition, the minimum number of shares attributed to QIB must not be less than

- Second, the issue size is less than or equal to 2.5 billion rupees.
- Fifth, the emission scale> = Rs 25 crore.

Likewise, once candidates placed by qualified institutions bid and the issuing process ends, they will not be able to withdraw their bids after the deadline.

4 PROJECT WORK / OUTCOMES

As a part of the project we understood various insights to develop a strong investor pitch. This would include several data analysis and interpretation. It allows us to carry out transactions of structure, proposal and customization of funds in the mezzanine or in the shareholder layer of the capital structure. We can deploy this solution across all major asset classes, providing financing for quasi-debt or preferred shares at the company or shareholder level.

We carried out several financial analyses for J KUMAR INFRA FROJECTS for concluding that the company if fit for investments. Some of the research work is as follows –

4.1 SWOT ANALYSIS: J KUMAR INFRA PROJECTS

A study undertaken by an organization to identify its internal strengths and weaknesses, as well as its external opportunities and threats.

STRENGHTS

• Although the past five years have been one of the most challenging phases in the construction industry, its revenues and profits have grown over the past five years.

• Follow the light asset business model.

• Have diverse orders from elite customers.

• They continue to invest in cutting-edge technology and equipment, thereby reducing the rental of external equipment and related rentals.

• The vertically integrated businesses performed well and their revenue of Rs 27.87 crore can be seen.

• EDITDA's profit increased by 36%.

• New orders worth Rs. At the end of 2019, there were 4,970 million rupees.

WEAKNESS

• Risks involved in government contracts.

• insufficient size.

• Bearish stocks in the stock market.

• Net profit results fell, while the profit margin (QoQ) fell.

• The company cannot generate net cash.

• The biggest compromise of the promoter's stock

OPPORTUNITIES

- Need to improve roads and other infrastructure.

• The business is contract-based. It is necessary to continually win contracts that generate high GPM to make considerable profits on books.

• Based on the current days of PE and P / BV transactions, the company's inventory is located in the purchasing area.

• Forecast for stock growth.

• Profitable companies with high ROCE and low PE.

• good cost control.

• High volume, high gain.

THREATS

• The non-essential income growth trend.

• The company cannot stop the recession.

• The market can be highly fragmented.

• The global energy supply may be interrupted.

• risk of imitation

4.2 FUND FLOW ANALYSIS FOR THE COMPANY

Understanding fund flow analysis through the fund flow statement of J KUMAR INFRAPROJECTS LTD.

J. KUMAR INFRAPROJECTS LIMITED

J.Kumar

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in ₹ Lakh)

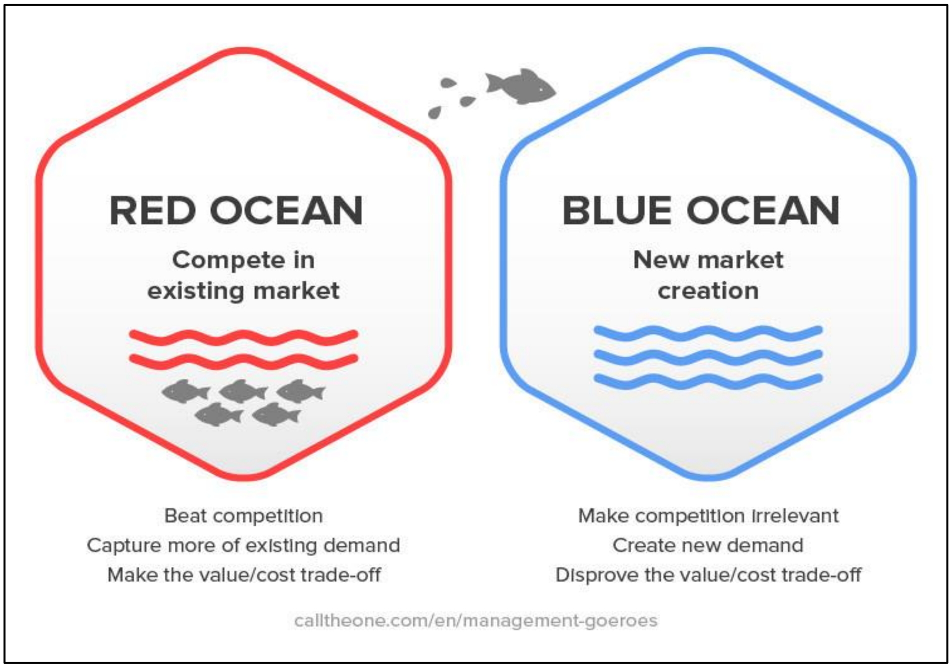
Particulars	2018-19	2017-18
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) before income tax from:	26,829.39	20,666.57
Adjustments for:		
Depreciation and amortisation expense	10,221.97	7,273.57
Interest income and rent received	(2,535.71)	(2,486.88)
Finance costs	9,390.41	7,032.99
Dividend income	(0.87)	-
(Net Gain) / Loss on financial instruments fair valued through statement of profit and loss account	(0.12)	(2.78)
(Gain) on sale / fair value adjustments of investments through Statement of profit and loss (Net)	(111.80)	30.46
(Gain)/ Loss on sale of property, plant and equipment (net)	(40.17)	48.93
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	3,016.89	(4,268.42)
(Increase)/Decrease in inventories	(10,440.14)	(17,063.89)
(Increase)/Decrease in other bank balance	1,220.16	920.93
Increase/(decrease) in trade payables	(2,628.67)	14,881.46
(Increase)/ Decrease in loans	540.39	(534.71)
(Increase)/ Decrease in other current financial assets	(979.80)	(1,139.47)
(Increase)/ Decrease in other current assets	43.75	(8,263.97)
(Increase)/ Decrease in other non current financial assets	(6,229.14)	(1,692.20)
(Increase)/ Decrease in other non current assets	4.59	(4.59)
Increase/ (Decrease) in other current financial liabilities	7,813.30	2,702.24
Increase/ (Decrease) in other current liabilities	(20,497.28)	15,306.85
Increase/ (Decrease) in provisions	26.11	(75.16)
Cash generated from operations	**15,643.24**	**33,331.92**
Less : Income tax paid (net of refund)	(7,384.35)	(6,849.26)
Net cash inflow from operating activities	**8,258.90**	**26,482.66**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(10,955.85)	(28,108.21)
Payments for capital work in progress	(984.61)	(5,494.45)
Payments for purchase of investments	(2,397.57)	(1,500.00)
Proceeds from sale of investment	855.06	-
Proceeds from sale of property, plant and equipment	124.85	321.61
Dividend received	0.87	-
Interest and rent received	2,535.71	2,486.88
Net cash outflow from investing activities	**(10,821.53)**	**(32,294.16)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	**7,989.75**	**18,302.06**
Repayments of non-current borrowings	(6,661.33)	(2,073.44)
Net change in current borrowings	9,741.45	(1,875.21)
Interest and finance charges paid	(9,390.41)	(7,032.99)
Dividends paid including dividend distribution tax	(1,824.42)	(1,821.38)

J.Kumar **J. KUMAR INFRAPROJECTS LIMITED**

Particulars	2018-19	2017-18
Net cash inflow / (outflow) from financing activities	**(144.96)**	**5,499.04**
Net increase / (decrease) in cash and cash equivalents	**(2,707.60)**	**(312.47)**
Cash and Cash equivalents at the beginning of the financial year	**9,748.60**	**10,061.07**
Cash and Cash equivalents at end of the year	7,041.00	9,748.60
Reconciliation of cash and cash equivalents as per the cash flow statement:		
Cash and cash equivalents as per above comprise of the following:		
Balances with banks on current accounts	6,967.16	9,570.87
Cash on hand	73.84	177.73
Balances as per statement of cash flows	**7,041.00**	**9,748.60**
Notes :		
The above Cash Flow has been prepared under the "Indirect Method" as set out in the Ind AS 7 "Statement of Cash Flows"		
Significant Accounting Policies and notes on accounts form an integral part of the Financial Statements	1 to 40	

- The above table presents the fund flow statement of J KUMAR INFRAPROJCTS during the period of 2017-18 to 2018-19. It provides valuable information about the changes in the long term sources of funds and in the quantum of working capital.
- The first part is the sources of funds which involves-
  - The company shows a decreasing trend in the cash from operations in 2018-19, heavily.
  - The company sold their investments and also financial instruments.
  - Company received interest and rent income
  - Company also received dividends from companies it has invested in.
  - There is an increase in reserves. (Net Profit – Dividend Payments)
  - Company has borrowed huge amount of unsecured loan in 2018-19.
- The second part is the application of these funds which involves-
  - Company has purchased the fixed assets OF RS.124.15 (IN LAKHS).
  - Company has repaid loans.
  - Company has made investments.
  - Payment of interests on financial charges.

4.3 DEVELOPING A BLUE OCEAN STRATEGY FOR THE COMPANY



The blue ocean's strategy is to explore new market spaces and create new demands, seeking differentiation and low cost. It is about creating and occupying an indisputable market space, making competition irrelevant. It is based on the view that market boundaries and industry structure are not defined and can be reconstructed through the actions and beliefs of industry participants.

On the other hand, the blue ocean represents all industries that do not currently exist - an unknown market space that is unaffected by competition. In the blue ocean, create demand instead of competing for demand. There are many opportunities for profitable and rapid growth.

In the blue ocean, competition is irrelevant, because the rules of the game are waiting to be formulated. A blue ocean is a metaphor for the broader and deeper potential found in the untapped market space. In terms of profitable growth, the blue ocean is vast, far-reaching and powerful.

- BLUE OCEAN STRATEGY FOR **INFRASTRUCTURE COMPANY**

1. **REIT, SMART HOUSING, 3D PRINTING**

There are various possible thinkable ways of steering a construction company such as J KUMAR INFRAPROJECTS from the Red ocean to Blue Ocean.

One of them is **REIT**-

• Real estate investment funds (REITs) are companies that own, operate or finance income-generating properties.

• Real estate trust funds have created a stable source of income for investors, but there are few ways to provide capital appreciation.

• Most REITs are publicly traded as shares, which makes them highly liquid (unlike tangible real estate investments).

• Real estate investment trust funds invest in most types of real estate, including apartment buildings, cell towers, data centers, hotels, medical facilities, offices, retail centers and warehouses.

2. The other is **SMART HOUSING**-

• The government has shown incredible support to free the real estate sector from disgrace.

• Taking into account the social infrastructure factors, the SMART apartment or housing project can be considered as a plan to implement the blue ocean strategy in the field of residential properties.

• This can be achieved by competing with each other in price and function to create a blue ocean

3. The other is **3D printing-**

• 3D printing is a very new concept in India, and construction companies can be used as a start-up to improve the foundation using the same foundation in construction.

• Can be used at a reasonable price.

• In a country like India, which is facing an affordable housing crisis, this technology can provide a solution that will increase our company's revenue

4.4 BCG MATRIX FOR CONSTRUCTION SECTOR

-It is one of the many tools in our BPM toolbox. We generate "operating profitability" and "operating cost calculation" reports from properly maintained QuickBooks files to attract the target market for a specific construction company.

 CASH COWS- is the construction project that produces the highest gross profit margin. These projects generally generate more money than is necessary to maintain business. They are considered stable and boring, and every contractor will be thrilled to have as much ownership as possible. They will be continuously "milked" and added as much as possible. The best cash cows can be found in service contracts that can generate regular income.

 DOG - is the construction project with the lowest gross profit. These projects are generally "balanced" or in deficit. While having a balance unit can offer employees employment opportunities and have a synergistic effect, helping other construction projects from an accounting perspective will bring social benefits, but they are useless because they reduce the number of investors. Construction company profits and returns are used by bankers and guarantee companies to determine the company's management level

 Question mark - Construction projects in new markets or projects with different types of work that the company is carrying out have potential because they are growing rapidly. When implementing ongoing processes to manage these projects, be aware that they can consume large amounts of money. The question mark can prove itself, become a star and finally become a dairy cow. If the question mark is not profitable within 90 to 180 days, it may be advisable to reassess these items.

 Star - is a construction project with a high gross profit margin in an area of rapid growth, such as the aging of the elderly. I hope the star is the next dairy cow. Maintain your construction company's market leadership and improve profitability. When growth slows down, if the stars can maintain their leadership in the category or switch from stars to dogs, they will become cash cows.

4.5 EPS FORECASTING: USING TOP- DOWN METHOD

The **"top-down"** approach is to implement what the decision maker or other top management decides how to do. This method spreads to lower levels in the hierarchy under its authority, and those levels are more or less limited by them.

J KUMAR INFRAPROJECTS LTD

Narration	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
Sales	**764.24**	**949.19**	**931.56**	**1,000.68**	**1,186.78**	**1,343.18**	**1,408.63**	**1,604.26**	**2,050.72**	**2,787.09**	**2942.75**	**3,461.16**
Expenses	635.10	805.74	781.60	833.30	980.96	1,092.63	1,160.35	1,353.66	1,729.51	2,350.80	2468.900809	2903.83864
Operating Profit	**129.14**	**143.45**	**149.96**	**167.38**	**205.82**	**250.55**	**248.28**	**250.60**	**321.21**	**436.29**	**473.8491913**	**557.325586**
Other Income	5.24	7.08	6.72	8.85	10.81	13.05	17.47	31.10	28.53	28.12	28.25	28.25
Depreciation	14.47	15.85	18.88	24.41	34.76	47.35	51.21	55.65	72.74	102.22	122.39	143.984432
Interest	14.81	27.71	36.62	40.64	57.64	76.76	61.65	66.20	70.34	93.90	94.79	94.79
Profit before tax	105.10	106.97	101.18	111.18	124.23	139.49	152.89	159.85	206.66	268.29	284.9191913	346.801154
Tax	35.13	33.05	33.11	35.44	40.18	45.10	54.39	52.53	70.11	91.23	71.69952503	117.912392
Net profit	**69.97**	**73.92**	**68.07**	**75.74**	**84.05**	**94.39**	**98.50**	**107.32**	**136.55**	**177.07**	**213.2196662**	**228.888762**
EPS	12.58	13.29	12.24	13.62	15.12	14.63	13.01	14.18	18.04	23.39	28.17924276	28.63
Price to earning	7.99	4.85	7.08	7.12	5.72	23.34	21.12	18.23	15.05	6.87	3.135286521	
Price	**100.60**	**64.43**	**86.63**	**97.00**	**86.50**	**341.53**	**274.75**	**258.50**	**271.40**	**160.65**	**88.35**	

- We forecasted Mar-20 data, using data of its previous three quarters. After analysing the previous quarter's trend, Last quarter's sales were not more than 850Cr. After analysing trends of past years, expenses are assumed to be .84(approx.) of sales. Depreciation was charged at 13% using WDV method. Tax charged at 34%.
- In the year 2021,

  Sales = 117.5% of previous year, 17.5% average of past three year's change in sales.

  Expenses = .845 of sales

  Depreciation = 13% using WDV method

  Tax= 34%

  No of shares = 1.0565 of 75665506.

4.6 VALUATION USING 5GP10NP

in Crores	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Sales	935.00	1028.50	1131.35	1244.49	1368.93	1505.83	1656.41	1822.05	2004.26	2204.68	2425.15	2667.66
EBDITA	150.55	165.61	182.17	200.38	220.42	242.46	266.71	293.38	322.72	354.99	390.49	429.54
PAT	66.67	73.34	80.67	88.74	97.61	107.37	118.11	129.92	142.92	157.21	172.93	190.22
Annualised EBITDA	602.20	662.42	728.66	801.53	881.68	969.85	1066.83	1173.52	1290.87	1419.96	1561.95	1718.15
Annualised PAT	266.68	293.35	322.69	354.96	390.45	429.50	472.45	519.69	571.66	628.83	691.71	760.88
Fund Requirement	42.50	46.75	51.43	56.57	62.22	68.45	75.29	82.82	91.10	100.21	110.23	121.26
Valuation Bench mark												
EBDITA	3011.00	3312.10	3643.31	4007.64	4408.41	4849.25	5334.17	5867.59	6454.35	7099.78	7809.76	8590.73
PAT	2666.84	2933.52	3226.88	3549.56	3904.52	4294.97	4724.47	5196.92	5716.61	6288.27	6917.10	7608.81
Whichever is Higher	3011.00	3312.10	3643.31	4007.64	4408.41	4849.25	5334.17	5867.59	6454.35	7099.78	7809.76	8590.73
Equity Dilution %	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41
Total Equity Dilution	1.41	2.82	4.23	5.65	7.06	8.47	9.88	11.29	12.70	14.11	15.53	16.94
Balance Equity to Promoter	98.59	97.18	95.77	94.35	92.94	91.53	90.12	88.71	87.30	85.89	84.47	83.06

- Sales = 1.1 of previous quarter's sales
- EBITDA= 1.1 of previous quarter's EBITDA
- PAT= 1.1 of previous quarter's PAT
- Funds required = .5 of change is current quarter's sale
- Higher of 5 times EBITDA or 10 times PAT is taken as value.
- Equity dilution: percentage of equity diluted due to raising funds.

4.7 FORECASTING USING FINANCIAL MODELLING

As the results of the 3 quarters of the FY 20 are already out we have forecasted the financials of the JKIL for the Quarter 4 i.e. ending on the March 2020.In order to do the fare estimation of the 4th quarter we have taken the quarterly results of the KNR Construction(KNRC) and identified the trend in the growth of both the companies. The reason for choosing KNRC is because of its presence in the same line of business as JKIL (in Roadways, Flyovers, Bridges, Irrigation etc.) and its revenue pattern that is in the range of JKIL. We have estimated the growth based on the correlation of their growth and forecasted the revenue for the quarter 4 for JKIL and similarly we have estimated the expenses, interest, depreciation and tax based on our conclusions and facts of the previous quarter's financials of JKIL. We have not considered the impact of the Covid19 pandemic in the FY2020 a s it is only in the last week of March there is an impact on the operation due to lockdown.

Forecasting for the Financial Years (FY) 2021 & 2022:

We have considered the impact of the pandemic in the FY2021 in the operation of the company. Based on the analysis and facts mentioned in the various reports of some organizations like CRISIL and KPMG that highlighted the impact of the current crisis on the Infra sector, we have taken the impact as negative 15% growth of the revenue in the next financial year i.e. FY2021.

The above snapshot shows the key assumptions we have taken while making the forecast for the

Assumptions	2020	2021	2022
Sales		85%	120.00%
Material Expenses of Sales		52%	52%
Employee Expenses		210.3	293.31
Other Expenses		630.37296	678.503
Tax	25%	25%	25%
Net Block		786	
		16%	
		112.8611755	
Total Debt	701.1	721.1	
Rate	13.5%	12.5%	

next 3 years.

For FY22 we have assumed that the infra sector will take a 'V' shaped recovery irrespective of others sectors due to the push from the government in the form of new infra projects as this is the sector which creates income for many people who are in the poverty or below poverty line of the society.

We have taken the percent of material expenses out of sales for the previous years and found it in the range of the 52% of the sales. For calculating the employee expense, we have considered the individual breakup that includes salary and wages, staff welfare funds, contributions to PF etc.

With reference to the government order stating that the contributions to the pF will be reduced to

Key Estimates &Assumptions				
		FY -2020E	**FY-2021E**	**FY- 2022E**
Closing order book		12085.3	13551.2375	15010.3625
Order book growth (%)		16.51%	12.13%	10.77%
New order booking		4500	4000	4500
Book to bill ratio		4.05376939	5.347633494	4.936198463
Total Revenue		2981.2500	2534.0625	3040.8750
Growth (%)		6.97%	-15.00%	20.00%
EBIDTA		479.77	375.68	471.34
Material expense		1,550.92	1,317.71	1,581.26
Employee expenses		250.15	210.30	293.31
EBIDTA margin (%)		16.09%	14.83%	15.50%
Depreciation		122.3900	96.04061712	117.2058226
Financial Charges		94.7900	120.6419637	140.8941934
PBT		291.7200	188.1245	242.3656
PBT Margin(%)		9.79%	7.42%	7.97%
Tax		72.9300	47.0311	60.5914
Tax Rate(%)		25%	25%	25%
PAT		218.7900	141.0933	181.7742
Net Margin(%)		7.34%	5.57%	5.98%

10% from the existing 12%, we have reduced the contributions by the same amount and changed the salary and wages amount by the same amount that is used for growth forecast that is negative 15%.

The above picture represents the key assumptions and estimates we have considered while forecasting the rest of the financials for the next 3 years till FY 2022.Though the EBITDA margin for FY2021 is decreased to 14.83% from 16.09% in FY2020, it again rebounded to 15.50% in FY2022. Whereas the profit margin slumped to 7.42% in the FY2021 and soured to 7.97 in the FY2022.

For calculating the reserves and the retained earning we have considered that he company has paid the divided to the shareholders based on the divided payout ratio of the previosu years. After the dividend the rest of the earnings are added to the retained earnings.

For calualating the debt we have used the ratio of short term and long term debt concept and have forecatsed the debt for te hnext 3 years by keeping the ratio as 7:3.

	17	18	19	20	21	22
Depreciation	55.65	72.74	102.22	122.3900	96.04061712	117.2058226
Gross block	616	893	1057	1191.191312	1025.675691	1199.691192
Depreciation rate	9.03%	8.15%	9.67%	10.27%	9.36%	9.77%
sales	1604.26	2050.72	2787.09	2981.2500	2534.0625	3040.8750
	38.40%	43.55%	37.92%	39.96%	40.48%	39.45%

Above is calulation and forecasting of Gross Block and depreciation

For forecasting the depreciation expenses first we have forecasted the grossblock for the future based on the asset to turnover ratio of the previous years and then we have calcualted the depreciation of the forecasted gross block based on the average rate of depreciation of the previous 3 years.

Balance Sheet						
Year ending March (Rs Crores)	**FY 2017**	**FY-2018**	**FY-2019**	**FY-2020E**	**FY-2021E**	**FY-2022E**
SOURCES OF FUNDS						
Share Capital	37.8	37.8	37.8	37.8	37.8	37.8
Reserves	1353	1470.9	1629.7	1,817.99	1,936.90	2,089.47
Total Shareholders Funds	**1390.8**	**1508.7**	**1667.5**	**1,855.79**	**1,974.70**	**2,127.27**
Long Term Debt	53	215.3	228.6	206.59	283.98	326.40
Short Term Debt	383.8	365.1	462.5	482.04	662.62	761.60
Total Debt	**436.8**	**580.4**	**691.1**	**688.63**	**946.60**	**1,088.00**
Deferred Taxes	18.4	28.9	36.6	36.60	36.60	36.60
TOTAL SOURCES OF FUNDS	**1846**	**2118**	**2395.2**	**2,581.03**	**2,957.90**	**3,251.87**
APPLICATION OF FUNDS						
Net Block	511.4	716.1	778.8	1,068.80	929.64	1,082.49
CWIP	71.2	126.2	79.8	79.80	79.80	79.80
Investments	0.3	15	31.6	32.60	32.60	32.60
Other Non Current Assets	248.1	271.7	335.7	411.69	488.13	593.49
Total Non-current Assets	**831**	**1129**	**1225.9**	**1,592.89**	**1,530.16**	**1,788.38**
Inventories	643.6	814.3	918.7	968.80	804.86	932.67
Debtors	486.1	528.8	498.6	735.13	577.21	662.16
Cash & Equivalents	100.6	97.5	70.4	128.76	832.87	704.58
ST Loans & Advances, Others	63.8	78.8	33.8	33.80	33.80	33.80
Other Current Assets	638	713.1	749.9	287.87	258.22	285.47
Total Current Assets	**1932.1**	**2232.5**	**2271.4**	**2,154.37**	**2,506.96**	**2,618.68**
Creditors	180.3	329.2	397.6	356.78	322.19	371.95
Other Current Liabilities & Provns	736.8	914.3	704.6	809.45	757.03	783.24
Total Current Liabilities & Provns	**917.1**	**1243.5**	**1102.2**	**1,166.23**	**1,079.22**	**1,155.19**
Net Current Assets	**1015**	**989**	**1169.2**	**988.14**	**1,427.74**	**1,463.50**
TOTAL APPLICATION OF FUNDS	**1846**	**2118**	**2395.1**	**2,581.03**	**2,957.90**	**3,251.87**

The above image of the Balancesheet shows the actual and forecatsed financials of the financial years from 2017 to 2022.

Some elements like the Defererd tax, CWIP,investments are kept constant as previous years as these depend on the various actual scenarios making them almost impossible to forecast.

For calculating the inventory of the future years we have caluated the inventory as the percent of the material expenses and forecasted by taking the moving average for the previous 3 financial years.

For forecasting the debtors of the next years we have calculated the percent of debtor amount out

	2017	2018	2019	2020	2021	2022
Inventory	643.6	814.3	918.7	968.7994785	804.8569	932.6745
Inventory% of expenses	66.63%	67.37%	53.40%	62.47%	61.08%	58.98%
Debtors	486.1	528.8	498.6	735.1335061	577.2125	662.1634
%sales	30.30%	25.79%	17.89%	24.66%	22.78%	21.78%
Creditors	180.3	329.2	397.6	356.7767934	322.1910	371.9495
Creditors % of Material Expenses	18.66%	27.24%	23.11%	23.00%	24.45%	23.52%

of the total revenue for the previous years and have taken the moving average of the previous 3 years of this percentage.

The above image shows the calculations of the different elements of the balance sheet

To estimate the creditors amount we have calculated the proportion of the creditors amount out of the

Income Statement						
Year ending March(Rs Crores)	**FY 2017**	**FY-2018**	**FY-2019**	**FY-2020E**	**FY-2021E**	**FY-2022E**
Net Sales	1,604.30	2,050.70	2,787.10	2,981.25	2,534.06	3,040.88
Growth (%)	13.86%	27.83%	35.91%	6.97%	-15.00%	20.00%
Material Expenses	966	1208.7	1720.3	1,550.92	1,317.71	1,581.26
Employee Expenses	126.7	197.1	247.7	250.15	210.30	293.31
Other Operating Expenses	261.1	323.7	382.8	700.41	630.37	694.97
EBIDTA	250.5	321.2	436.3	479.77	375.68	471.34
EBIDTA(%)	15.6	15.7	15.7	16.09%	14.83%	15.50%
Depreciation	55.6	72.7	102.2	122.39	96.04	117.21
EBIT	194.9	248.5	334.1	357.38	279.64	354.13
Other Income	31.1	28.5	28.1	29.13	29.13	29.1300
Interest	66.2	70.4	93.9	94.79	124.58	146.93
PBT	159.8	206.6	268.3	291.72	184.19	236.33
Tax	52.5	70.1	91.2	72.93	46.05	59.08
RPAT	107.3	136.5	177.1	218.79	138.14	177.25
PAT	102.3	132.8	177.1	218.79	138.14	177.25
EPS	13.51	17.54	23.39	28.90	18.25	23.41
EPS Growth(%)	3.79%	29.81%	33.36%	23.54%	-36.86%	28.31%

material expenses of that year and have taken the moving average of the previous 3 years to calculate the propotrion and there by the creditors amount of that financial year.

Profitabilty(%)		FY 2017	FY 2018	FY 2019	FY 2020E	FY 2021E	FY 2022E
GPM	(Revenue-COGS)/Revenue	39.8	41.1	38.3	0.48	0.48	0.48
EBITDA Margin	EBITDA/REVENUE	15.61%	15.66%	15.65%	16.09%	14.83%	15.50%
EBIT Margin	EBIT/REVENUE	12.15%	12.12%	11.99%	11.99%	11.04%	11.65%
PAT Margin	PAT/REVENUE	6.38%	6.48%	6.35%	7.34%	5.45%	5.83%
RoE	RPAT/TOTAL EQUITY	7.71%	9.05%	10.62%	11.79%	7.00%	8.33%
Efficiency(%)							
Tax Rate		32.9	33.9	34	25	25	25
Asset Turnover	REVENUE/TOTAL ASSETS	0.83	0.92	1.23	1.38	1.01	1.16
Inventory days	365*INVENTORY/COGS	243.18	245.90	194.92	228.00	222.94	215.29
Debtor days	365*RECEIVABLES/REVENUE	110.59	94.12	65.30	90.00	83.14	79.48
Payable days	365*PAYABLES/REVENUE	41.02	58.59	52.07	43.68	46.41	44.65
Solvency							
D/E	DEBT/EQUITY	0.05	0.16	0.16	0.13	0.16	0.17
Interest Coverage	EBIT/INTEREST	2.94	3.53	3.56	3.77	2.24	2.41
EPS	EARNINGS/SAHRE PRICE	1.08	1.41	1.87	2.32	1.46	1.88
Valuation							
P/E	SHARE PRICE/EPS	87.29	67.25	50.42	40.82	64.65	50.38
DIVIDEND YIELD RATIO	DIVIDEND PER SHARE /SHARE PRICE	2.55%	2.55%	2.55%	4.26%	2.69%	3.45%

Above is the income statement till FY2020

5. EXPLORATION OF ALTERNATIVES

Traditionally, investment in infrastructure is financed by public funds. Given the inherent nature of the infrastructure's public interest and the positive externalities that these facilities generally generate, the government is an important player in this field. However, public deficits, the proportion of public debt and GDP have increased, and sometimes the public sector has failed to provide effective investment spending, resulting in a decline in the level of public funds allocated to infrastructure in many economies.

Table 1. Taxonomy of instruments and vehicles for infrastructure financing

Modes	Infrastructure Finance Instruments			Market Vehicles
Asset Category	**Instrument**	**Infrastructure Project**	**Corporate Balance Sheet / Other Entities**	**Capital Pool**
Fixed Income	Bonds	Project Bonds	Corporate Bonds, Green Bonds	Bond Indices, Bond Funds, ETFs
		Municipal, Sub-sovereign bonds		
		Green Bonds, Sukuk	Subordinated Bonds	
	Loans	Direct/Co-Investment lending to Infrastructure project, Syndicated Project Loans	Direct/Co-investment lending to infrastructure corporate	Debt Funds (GPs)
			Syndicated Loans, Securitized Loans (ABS), CLOs	Loan Indices, Loan Funds
Mixed	Hybrid	Subordinated Loans/Bonds, Mezzanine Finance	Subordinated Bonds, Convertible Bonds, Preferred Stock	Mezzanine Debt Funds (GPs), Hybrid Debt Funds
Equity	Listed	YieldCos	Listed infrastructure & utilities stocks, Closed-end Funds, REITs, IITs, MLPs	Listed Infrastructure Equity Funds, Indices, trusts, ETFs
	Unlisted	Direct/Co-Investment in infrastructure project equity, PPP	Direct/Co-Investment in infrastructure corporate equity	Unlisted Infrastructure Funds

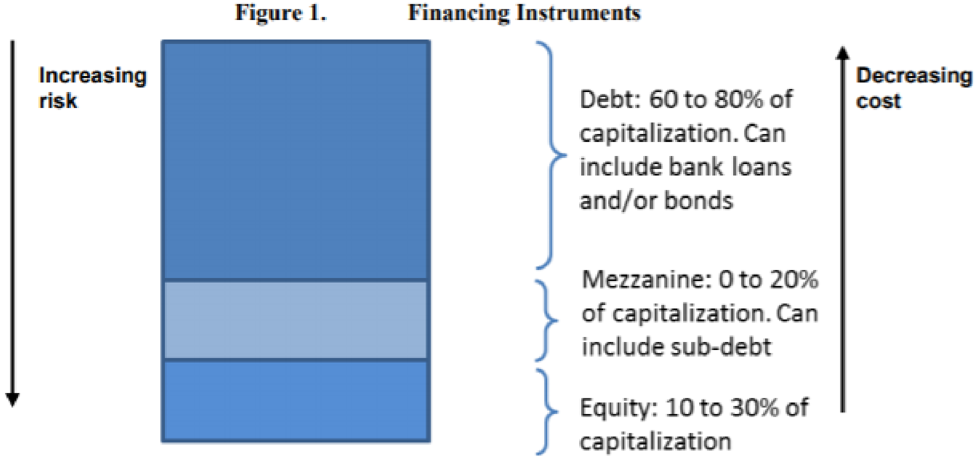
Source: OECD analysis drawing on OECD (2015b)

The infrastructure can be financed using different capital channels and involves different structures and financial tools. Some stocks, such as listed stocks and bonds, are market-based instruments with a solid regulatory framework. Traditionally, banks have provided loans for infrastructure. Efforts are being made to develop new financial instruments and technologies for infrastructure financing. These efforts appear to have achieved some success. For example, the data shows that the development of the infrastructure investment stock market is promising and the establishment of a liquidity market for project bonds can complement the syndicated loans used to finance projects. If done well, securitizing bank loans will help support loans and diversify risks, as well as helping to develop transparent capital market instruments

6.CRITERIA FOR EVALUATION

Given the low volatility of cash flow and the willingness of infrastructure project sponsors to accept higher levels of debt, infrastructure projects generally have a higher leverage ratio than non-infrastructure investments (Beeferman and Wain 2012) 10. Traditionally, debt instruments represent 70-90% of the total capital of infrastructure projects (see Figure 1). The capital intensity of infrastructure, usually low to manageable operational risks, and the long-term importance of infrastructure services can help support higher leverage than similarly rated non-financial companies (Moody's, 2015). There are some examples where the debt provided 100% of the project's funding, such as the second crossing points of Severn and Skye Bridge in the United Kingdom (Sawant, 2010). In such cases, the lender operates assets. Tracking problems, mortgages, contracts and other credit enhancement measures have produced a variety of tools with different credit profiles that can satisfy different investor preferences.

Figure 1. Financing Instruments



Source: Adapted from Weber and Alfen (2010)

7.EVALUATION OF ALTERNATIVES

1**. Less complicated process** QIP is a flexible mechanism that can place securities privately through the QIB and is not subject to heavy terms, such as the blocking period for the issuance of other securities and tight deadlines. Qualified institutional buyers can raise funds in a short period of time, instead of raising funds through an initial public offering of shares, so the placement of shares takes a long time. It also offers the opportunity to buy unblocked shares and, if there is corporate governance and other necessary parameters, this is a simple mechanism.

2. H**igh cost performance**: due to the difference in cost of several legal fees, because the entire process of listing securities abroad involves enormous costs, and listing in the domestic market, such as the Bombay Exchange / Stock Exchange, also it is easier than in Luxembourg or Singapore. From foreign markets.

3. **Appropriate checks and balances**: The QIP specification contains appropriate checks and balances, that is, according to the size of the QIP, price specifications, appointment of commercial bankers, prohibition on withdrawal of offers, mandatory participation of mutual funds, disclosure through placement documents, etc.

4. Competitive alternative financing structure: as there is no block, free time, less disclosure of information and flexible methods, the QIP seems to be an effective mechanism for raising funds through private equity securities QIB. Of almost all the main aspects, private channels based on QIP are better or comparable to the issues in euros. As a result, private equity in India is expected to be equally attractive and to increase large amounts of company funds through QIP.


Difference between Offer For Sale, Qualified Institutional Placement and Follow on Public Offer
Offer For Sale (OFS)
Follow on Public Offer (FPO)
Qualified Institutional Placement (QIP)
OFS is a mechanism used by promoters to reduce their own stake and offer it to other participants
FPO is a mechanism used by promoters to raise their capital for the expansion of the company
QIP is a mechanism used by a listed entity to raise capital from various QIBs for various uses
OFS does not intend to raise any fresh capital. It transfers the ownership from one shareholder to another
FPO intends to raise some capital from the public and other investors to increase the capital base of the company
QIP intends to raise some capital from the QIBs to increase the capital base of the company
In OFS, the bidder has to pay the full amount upfront in order to complete the transaction
In FPO the payment is done to through ASBA just like in IPO. So payment is done after allocation
In QIP the payment is done internally as the transactions are done between the QIB and the issuer company
In OFS, the company decides the price band within which the bids take place
In FPO, the company decides the floor price band below which the bids will be rejected
In QIP, the company decides the floor price at which the placement will be done. The price offered is normally at discount

8.CONCLUSION

Since investors like to follow smart money, stock prices often rise among qualified investors.

Bajaj Financials' QIP was carried out on November 4, 2019 and the minimum price was set at Rs 4019 per share. After the launch of QIP, the stock price rose 3.3% in two days.

On September 25, 2019, Axis Bank conducted a QIP to raise Rs 12,500. The set price is Rs 629 per share. After the launch of QIP, the stock price rose by about 5.15% in 40 days.

JK Laxmi Cement conducted a QIP on its CAPEX plan on December 25, 2018, with a base price of Rs 732 per share. QIP is around 600 rupees. After the launch of QIP, the stock price rose 61.43% in 10 months.

From the previous data, we can see that investors obtained a return after the QIP transaction, because the company raised funds mainly to improve business capabilities and, therefore, in case of expecting higher profits, the stock price will increase.

When QIP is over-subscribed, it usually indicates that smart money believes more in the company's future potential. This sparked greater interest from retail investors.

D. LEARNINGS

To understand "What does an investment banker do?", It is important to understand the skills needed for the job. Investment bankers have a wide range of responsibilities, from conducting industry research to tracking financial trends and managing a large number of administrative tasks. The exact responsibility depends on the company, department and industry category. Investment bankers should expect the following activities.

1. RESEARCH AND ANALYSIS

Investment bankers spend hours analyzing market reports and databases to obtain relevant information and help them make decisions. The search can range from finding and comparing the performance of shares of various companies to establishing company files for reporting. On a specific day, they can spend countless hours looking for the latest health care technologies, the scale of Nigeria's oil fields or studying emerging economies in the Asian market.

2**. MODELING AND FINANCIAL EVALUATION**

Conducting company valuations, financial modeling and calculating financial indicators require people with proficiency in numbers, which is one of the duties that investment bankers should expect to perform on a daily basis.

The investment banker must be an Excel Poweruser and understand how the valuation multiples are used to predict the company's performance.

3**. PREPARE THE INVESTMENT REPORT**

Require new investment bankers to prepare presentations that present recommendations, benefits, risks and timelines. After considering the comments and tags of their predecessors, they need to complete most of the work, from preparing the slides to the presentation. Investment analysts must be prepared for sudden and irrational deadlines and presentation materials.

4. ADMINISTRATIVE TASKS

In addition to their usual duties, investment bankers may need to organize meetings, organize trips, prepare accounts, print documents, edit reports and send updates to team members. In some cases, they can make coffee, book a group dinner at a restaurant, fix printers and operate other trivial matters.

As they perform many managements functions every day, some investment analysts call themselves "mini-managers".

If managed properly, an investment bank internship will be your gateway to a rich financial career.

If not handled properly, an internship at an investment bank will be like your previous life in a video game, before enemies attacked to kill you, collided with your body in a lava pit and devoured the corpse

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