WisBees

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INVESTMENT MAGAZINE

QUEST FOR VALUE

Story-1

EIC Analysis

TCI Express, a Leading B2B Logistics Company |Worth Investing?

Story-2

Mutual funds

Beating Market with ICICI Prudential Value Discovery Fund and SBI Contra Fund

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“
Value investing, like an iceberg, involves uncovering hidden value beyond the surface.
It requires in-depth analysis, patience, and a long-term perspective.
”

WisBees

DESIGNED BY AVINASH ROUT

ABOUT COMPANY

Wisbees is a dynamic financial research company based in Bhubaneswar, Odisha, India. Founded by a team of finance enthusiasts, our mission is to satisfy the thirst of Indian readers for financial knowledge. We specialize in delivering valuable financial information in an easily understandable story format, ensuring that our clients gain a comprehensive understanding of the subject matter.

MISSION

To ensure ,"Right to Financial Information."

& VISION

Wisbees exists because we believe that everyone deserves a better financial future.

WisBees

EDITOR SAYS...

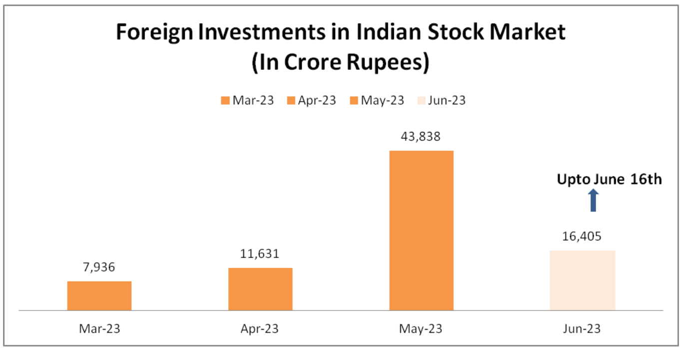
Listening to the Broader Market

"In the past few weeks, the market has exhibited a strong momentum, favouring all our recent research published in stock reports at Wisbees. Specifically, the midcap segment has demonstrated significant price appreciation, resulting in substantial returns from our picks, such as IRCON and Mazagondock Limited. These picks are based on the Capex and Infrastructure story of India.

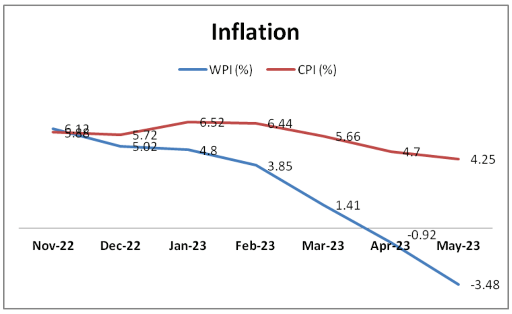
Looking ahead, many technical analysts foresee a promising future as the Nifty index breaks all-time highs. However, when considering the global scenario, the fundamentals do not align. The probability of a recession in the US has risen to 50%, and if it were to occur, we must also assess the magnitude of the potential shock.
Nevertheless, India has displayed resilience to this negative outlook as an emerging country, attracting substantial cash inflows from external sources. In the event of a US recession causing a weakened dollar, India, as an emerging market, would likely attract strong inflows.

GOURI SANKAR DASH
EDITOR-IN-CHIEF

What does the FPI data indicate?
Generally, Foreign Portfolio Investments (FPI) are regarded as smart money. The graph below illustrates the FPI investment trends over the past four months, sourced from NSDL FPI Monitor.



Foreign investors are displaying significant confidence in the Indian equity market, and this positive trend is expected to continue in the future. Several favorable factors contribute to this optimism, including a robust domestic economic recovery, declining inflation rates, and the government's successful GST collection efforts. In the current month, FPIs have already invested ₹16,405 Crores.
Furthermore, stable oil and petrol prices over the past few months have had a positive impact, particularly on the express logistics sector. A further decrease in petroleum prices would benefit not only the auto industry but also other consumer companies. Additionally, a promising monsoon season is expected to contribute to overall growth.



Here is the data on Declining inflation:-
Sectors that tend to perform well in times of falling inflation include consumer discretionary, automobiles, real estate, and manufacturing.

Where is the market heading? A bull run, or has the market topped?
The Nifty is currently at all-time highs and appears to be taking a pause before potentially continuing its upward rally. Retail participation has been relatively low so far, with most of the rally being driven by institutional investors. As the index surpasses its all-time highs, it is likely to attract more retail participants, thus driving the index even higher. Analyzing the Monthly Put-Call Ratio (PCR) data, which currently stands at 1.29, it suggests that the market may remain bullish after this week's expiry. While sustaining above the new high might pose a challenge for the market in the near term, the downside risk seems limited due to strong underlying factors. Let's wait and observe how things unfold."

EDITORIAL TEAM

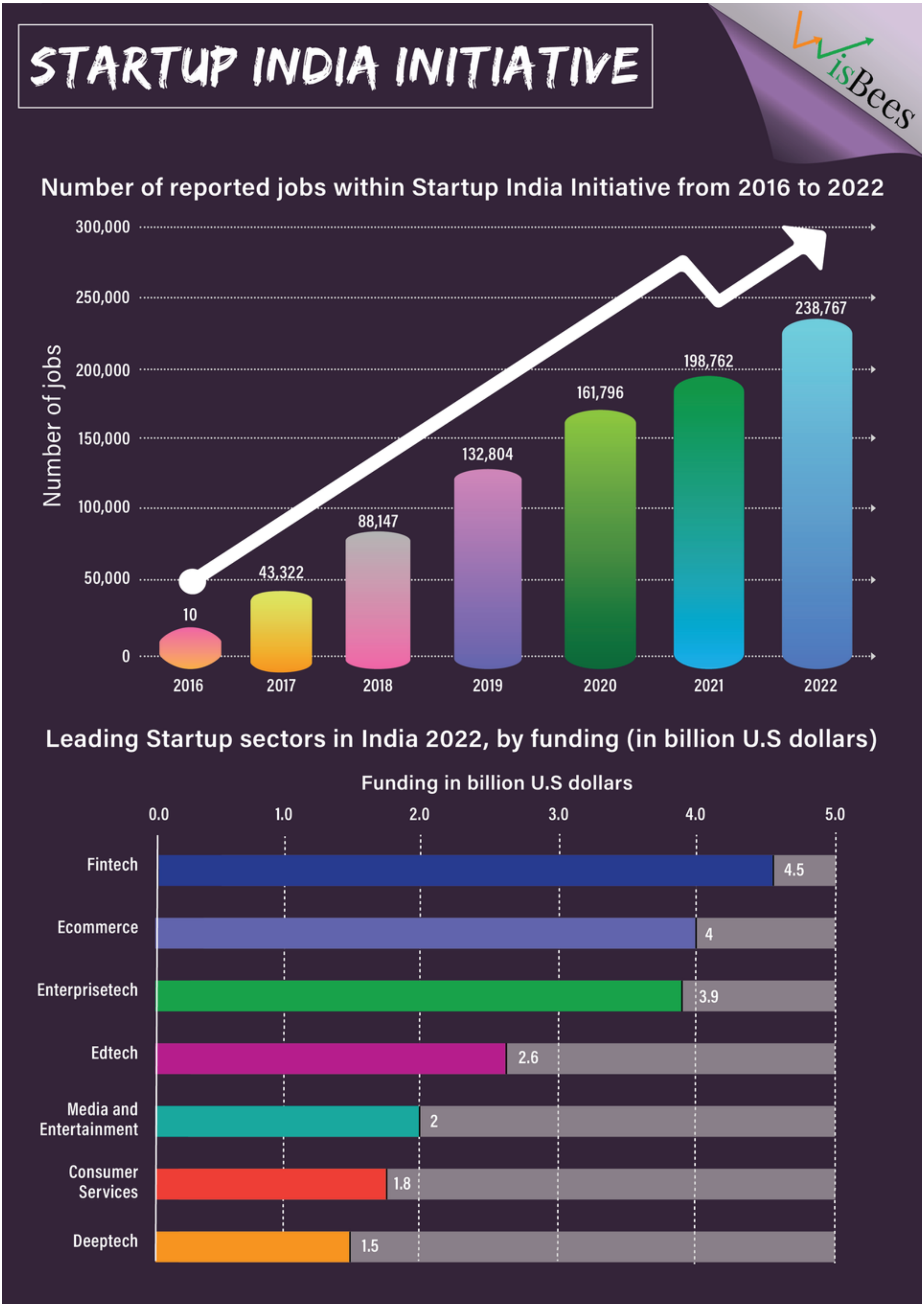
SRITAM PRUSTY

AVINASH ROUT

PRATIKHYA DAS

Purba Bhattacherjee

How Many Jobs Has Startup India Created?



EIC Investment Analysis:
TCI Express, a Leading B2B Logistics Company Worth Investing?

"We are not a SEBI registered advisor, and this should be considered as a research case study only."

Story:-

I studied in a Vernacular medium school in a village, and my proficiency in English was not very strong. The terms "Logistics sector" and "Supply chains" used to be some hi-fi complex concepts for me. I couldn't understand their meaning earlier, even though I encountered them frequently and with a fear of exposing my bad English, I couldn't ask anyone either. However, I understood their meaning at some point, and then I realized, "Oh, shoot!" These concepts were so simple, I had seen and known them since childhood, and without them, a society can't function. I mean, who hasn't seen a bullock cart or a milkman?

What is a Logistic Sector?

Let's take a moment and imagine you're a kid and you have a favourite toy that you want to share with your best friend who lives far away. How will your toy reach them? This is where the Logistics sector comes into play. The Logistics sector is responsible for transporting goods from one place to another using various means such as trucks, ships, aeroplanes, and other modes of transportation. The entire process, from manufacturing the toy to packaging it, loading it onto trucks, and delivering it to the customer, is known as the supply chain.

Today, we dive into an exciting investment opportunity in the logistics sector – TCI Express. As the leader in B2B express delivery in India, they specialize in fast and efficient delivery of goods. With a primary focus on serving Small and Medium Enterprises (SMEs)(50% of revenue comes from SMEs), they also cater to industries such as Auto, Pharma, Engineering, and more.

Key Points about TCI-Express

- The unique asset-light model and automated sorting centres have significantly improved cost efficiency.
- Capital expenditure (Capex) of 500 Crore in FY23-28.
- Strong and growing positive cash flows.
- Available at a very discounted price. Stock is in a very strong Support Zone.
- The Road Express industry, responsible for TCIExp's 86% of revenue, is expected to grow at a rate of nearly 15% YOY.
- A significant market share (90%) remains untapped in the unorganized road express market.

"Navigating Turbulent Waters with Resilience"

In 2022, most logistics companies struggled due to economic turmoil and fuel price hikes in India. However, TCI Express stood strong, witnessing growth in both sales and profits.
How did they achieve this remarkable feat? Let's explore in the upcoming "company analysis" section of this article.

The Right Time for Investment?

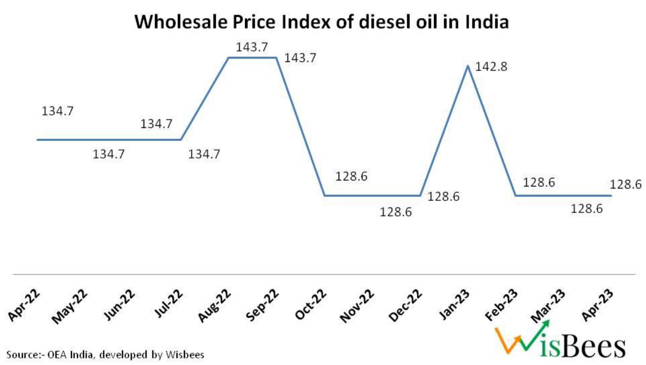
TCI Express, along with other logistics majors like Blue Dart and Allcargo, has experienced significant declines in their stock prices. With TCI Express falling almost 45% from its peak, many investors wonder if it's the right time to invest. Before making a decision, let's analyze the fundamentals using our "E-I-C-T" technique to determine the viability of this investment.

Economic Analysis: Unveiling the Potential

The Indian government has prioritized infrastructure improvements to reduce logistics costs, currently accounting for 14% of GDP. With the aim of reaching logistics costs levels similar to countries like the USA and China (around 8-9%), the future of the logistics industry appears promising.To start our economic analysis on a positive note, let's delve into the encouraging developments first.

Tailwinds: Setting the Stage for Growth:-

Falling Fuel Price:-Recent months have witnessed a stabilization in oil prices, bringing relief to logistic companies. This development positively impacts TCI Express, with nearly 86% of its revenue generated from the "surface express" segment that relies on diesel as fuel.

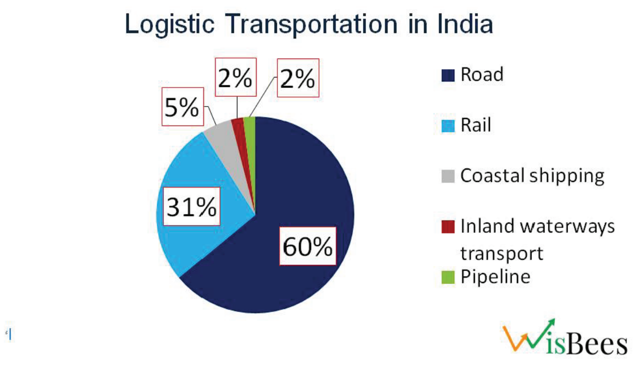


Growth of E-commerce export space- The booming e-commerce export market acts as a significant driver for logistic companies in India, including TCI Express. TCI Express plays a vital role in facilitating the export of goods for Small and Medium Enterprises through its efficient express delivery services. The government has shown considerable emphasis on this sector through the implementation of Foreign Trade policies like FTP 2023 and PM Gatishakti like Yojanas.

Navigating Challenges: Headwinds:-

Weak Economic Environment:- The logistic businesses have faced significant challenges due to a weak macroeconomic environment. However, there is some positive news as indicated by recent commentary from India's chief economic advisor. It suggests that there has been a noticeable improvement in the domestic economic environment, and industries are displaying promising growth momentum.

Industry Analysis: Analysing the Road Ahead



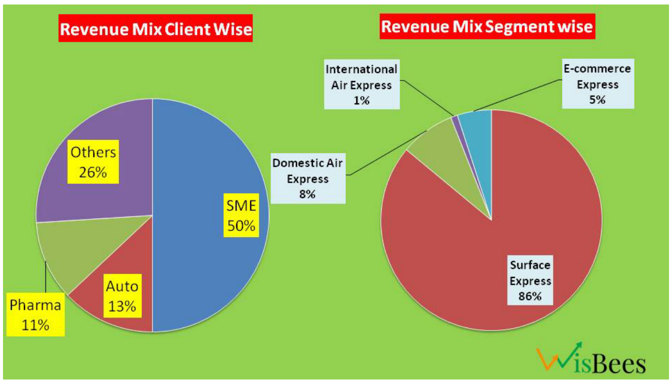
Road transport accounts for 60% of India's logistics landscape, with the road express delivery sector growing at a rate(nearly 15.8%) surpassing the country's GDP. TCI Express, a key player in road transport, is poised to capture a significant market share of this largely unorganised industry(90% Local player). Currently, 86% of their revenue is derived from road express services.

Company Analysis:-

Let's understand the Company and Business in a questionnaire format.

What is TCI Express's Core business and Revenue Mix?

The company's primary focus lies in providing express delivery services, with road express accounting for approximately 86% of its revenue. TCI Express has built a strong customer base consisting of Small and Medium Enterprises (SMEs) and corporate clients, contributing to around 50-55% of its revenue. Attached below are a few charts illustrating these points.



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What's Unique about the company?

Asset Light Model:- This is the most unique aspect of the company, as it generates a significant amount of revenue by utilizing a minimal level of physical assets. For example, they prefer to rent trucks instead of owning them.

This "Asset Light model" strategy has helped the company achieve a higher operating profit margin, even in the current unfavourable economic situation. The company procures or hires assets based on demand and supply requirements. This is also a crucial factor that contributed to the company's achievement of an 85% capacity utilization rate in the previous fiscal year (FY22) by utilizing outsourced vehicles.

How are they managing to achieve profit growth while others are struggling?

Typically, there are two ways to attain profit:

1.Increase sales.

2.Reduce costs.

What's new with the company?

Is the company undertaking any capital expenditures (Capex)?

This is a critical question because, for a company to experience growth, it must expand its operations. Companies that fail to undertake any expansion are likely to witness minimal growth. However, TCI Express is rapidly growing by significantly expanding its distribution network, nearly doubling its branch offices over the past five years to 950.

The company has allocated 500 crores for the next five years (FY23-FY28) to establish new sorting centers and invest in automation, aiming to enhance operational efficiency. They have already invested 125 crores in capital expenditure this year.

In the previous fiscal year (FY22), TCI Express ventured into new segments such as Rail Express (which showed better growth compared to the other two new segments), C2C business, and Pharma cold chain (ensuring the transportation of pharmaceutical products within prescribed temperature environments). These new ventures have already begun contributing approximately 18% to the company's revenue, and this segment has the potential to be a game-changer, improving the company's profit margins.

Promoters stake?

The promoter's stake in the company has witnessed a notable increase of 3%, rising from 66.66% to 69.66% since last December. This development is highly positive as it indicates the promoters' confidence in the company's future prospects.

Furthermore, the company recently conducted a buyback of 75 crores at a price of 2050/- per share. This strategic move aimed to enhance various financial ratios such as EPS (Earnings Per Share) and ROE (Return on Equity) by reducing the number of outstanding shares through absorption.

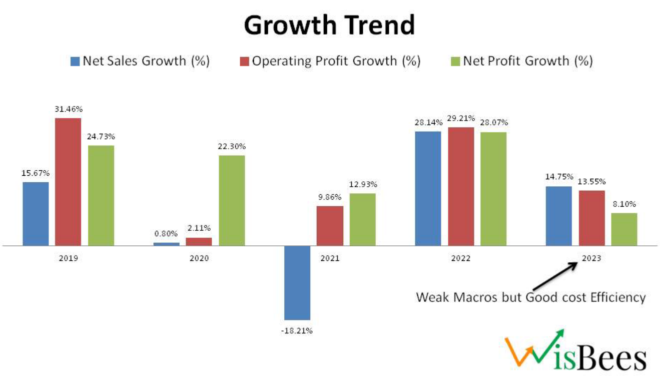
They have increased their number of customers by 137% in last five years from 1.6Lakh to 2.2Lakh.

Analysing Financials

Revenue and Profit Growth

	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	1,024	1,032	843.99	1,081	1,241
Operating Profit	122.51	125.1	137.44	177.59	201.65
Net Profit	72.84	89.08	100.6	128.84	139.28

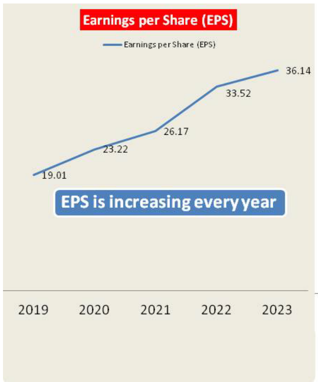
The company's revenue and profit have consistently exhibited positive growth, except during the Covid period. Despite the impact of a weak macroeconomic environment on the sector, the company has demonstrated positive growth in both revenue and net profit. Over the past five years, the operating profit growth and net profit growth have maintained an impressive CAGR of 16.5% and 19% respectively. This performance is notably commendable when compared to its peer companies.

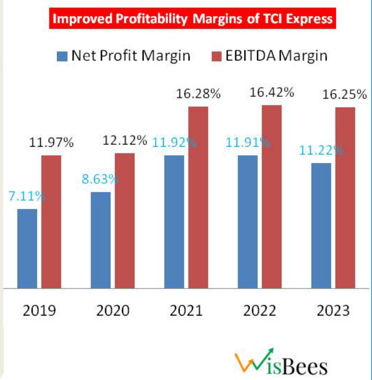


Improved Margins-Strong Operational Efficiency

This is the most attractive aspect of the company: achieving operational cost efficiency through automation and other effective measures.

The operating profit margin (the profit remaining after deducting operational expenses from sales) and net profit margins have significantly increased over the last three years.





Presented here is a weekly chart of TCI Express, illustrating the stock's position above the 200 Exponential Moving Average. This indicates a sustained bullish trend from a long-term perspective. Additionally, the stock has consistently found support around the 1400 zone on multiple occasions. Furthermore, there is an ongoing attempt by the stock to break out of the upper incline line of a triangle pattern.

Other Financials:-

The company achieved its highest-ever cash flow from operations of 147Cr, which was accomplished through cost reduction.

	2019	2020	2021	2022	2023
Net cash flow from operating activities	77.54	80.78	102.27	127.56	146.51

View:-Long Term
Current Market Price :- 1680
Target:- 2260 and above

Furthermore, the company is debt-free, which is highly encouraging for investors. Additionally, the company boasts an impressive ROE (Return on Equity) of 24.60%, which is one of the highest among its peers. This indicates that the company is generating profits based on the equity invested. The company's ROCE (Return on Capital Employed) of 32.7% also stands as one of the highest in the industry.

Risks:-

There are not many risks to the business, except for a few such as the continuation of weak macros, competitiveness in surface express, and potential business degrowth among its SME clients, which constitute its biggest source of revenue.

Technical Tadka

After conducting a thorough analysis of the company's fundamentals, it is evident that TCI Express is fundamentally robust. Now let's talk about what technical says.

Disclaimer:-

We are not a SEBI registered Investment Advisor. This is not a recommendation but only a case of sample analysis that might help you to do fundamental research on various companies.

Conclusion:-

Based on the aforementioned research, our conclusion is that the company exhibits a strong fundamental foundation and is currently trading at a significant discount of approximately 35%. Considering its historical P/E ratios, growth projections, and profitability indicators such as ROE, ROCE, and EPS, the current P/E ratio of 45 appears to be fair as compared to its peers. With high tapping potential TCI Express has a lot of unorganised markets to cover. The stock's valuation appears to be undervalued, suggesting a strong potential for upward movement. And based on our Technical(Bullish) and Fundamental analysis(bullish):-

Mutual Fund Report:- Investing in Value:

"Beating Market with ICICI Prudential Value Discovery Fund and SBI Contra Fund. Imitating Buffet's Principle."

What if I say there is a way to achieve Warren Buffet-like growth of your savings without lifting a finger? Sounds too good to be true? Well, buckle up! In this article, we'll unveil two funds that follow Warren Buffet's winning principle, generating wealth at an impressive rate similar to his. And here's the best part: you don't have to do the hard work like Buffet did to grow his fund. We'll break down the research in the simplest terms, ensuring you grasp every valuable insight without getting lost in financial jargon."

You might agree with me when I say that nothing can surpass the long-term returns of equity investments compared to other asset classes like gold, real estate, or debt funds. However, even if you acknowledge that equity mutual funds are the best investment option, you might wonder where to invest within the realm of equities. With numerous equity funds available, the question arises: which one is the best choice?

Do you know how Warren Buffet amassed most of his wealth? It was through the value investing technique taught by his guru, Benjamin Graham. Warren Buffet's secret to creating such enormous wealth was investing in solid intrinsic value companies for the long term. He famously said, "Be fearful when others are greedy and greedy when others are fearful," emphasizing his contrarian approach to investing.

This strategy has become so popular that every investor is attempting to follow in his footsteps, generating significant returns that outperform benchmark indi-

Personal insight:-

Why this story? Four to five years ago, I was an avid trader and trainer in the derivative market. While I thoroughly enjoyed teaching people how to trade, the harsh reality was that less than 10% of my students were able to turn a profit. This realization struck me: active trading isn't suitable for everyone, but investing in a solid value business can generate wealth for all. With that same mindset, today we will discuss two consistently outperforming value-oriented mutual funds worth investing in: "ICICI Prudential Value Discovery Fund" and "SBI Contra Fund." Both are excellent choices, but let's uncover the best of the best.

Before I delve further into the deep sea of Value Investing Mutual Fund analysis, let me provide a brief explanation of what value investing entails in just two sentences.

What is Value Investing?

In simple terms, value investing involves seeking and acquiring stocks that are priced below their true value, with the anticipation that their prices will increase in the future. It revolves around seizing opportunities for undervalued gems in the stock market.

Introduction to the Funds:-

The "ICICI Prudential Value Discovery Fund" has been in existence for almost 19 years. With growing investor interest in value investing, the fund's Assets Under Management (AUM) have significantly increased. The AUM of this fund is Rs. 29,319.24Cr, which accounts for approximately 30% of the total AUM in the "Value MF Category" in India.

Key Findings of ICICI Prudential Value Discovery Fund and SBI Contra Fund:

- Both funds are value-oriented and have consistently outperformed major indices such as Nifty 50, Sensex, and Nifty 500 by a significant margin.
- SBI Contra Fund has demonstrated improved performance since being managed by Dinesh Balachandran and Mohit Jain starting from 2018.
- The AUM of ICICI Prudential Value Discovery Fund has reached nearly 30,000 Crore. However, it may face challenges in achieving faster growth as it cannot allocate a higher percentage of the fund to mid-cap and small-cap stocks.
- Both funds offer a favorable risk-reward profile, and in terms of cost, SBI Contra Fund appears to be more cost-effective.

According to fund manager S. Naren, they have begun investing more in energy, healthcare, and communications sectors. They see greater demand in these sectors due to recent events such as the Russia-Ukraine conflict (leading to an energy crisis), COVID-19, and the rise of remote work. They generally target sectors with hidden value that may appreciate in the future.

Fund Name	1-Year Ret%	3-Year Ret%	5-Year Ret%	10Year Ret %
ICICI Prudential Value Discovery Fund	27.40%	31.23%	15.29%	18.99%
SBI Contra Fund	33.38%	42.47%	17.37%	16.21%
Nifty 50	21.24%	27.40%	12.92%	14.99%

The "SBI Contra Fund" is an almost 24-year-old fund managed by Mr. Dinesh Balachandran and Mohit Jain since May 2018. The fund has an AUM of Rs. 10,564Cr. The SBI Contra Fund adopts a contrarian approach by investing in stocks that are out of favor or undervalued by the market. Dinesh Balachandran has done an exceptional job managing the SBI Contra Fund during his tenure, leading to outstanding performance that surpasses market expectations.

How long should one hold these funds?

To maximize returns through Value Investing, the key is to exercise patience and hold the fund for the long term. If you have a long-term investment horizon and are willing to wait for a minimum of 3-5 years, this fund is ideal for you. While these types of funds may not perform at their best during short-term phases, they have consistently proven their ability to outperform others in the long term.

Does it beat the benchmark indices (Nifty 500, Nifty 50) in its returns?

Yes, both funds have outperformed the Nifty 50, Sensex, and Nifty 500 across all return durations, including 1 year, 3 years, 5 years, and 10 years. Many people assume that investing in a value fund doesn't make a significant difference in a growing market like India. However, the historical performance of these two funds proves otherwise.

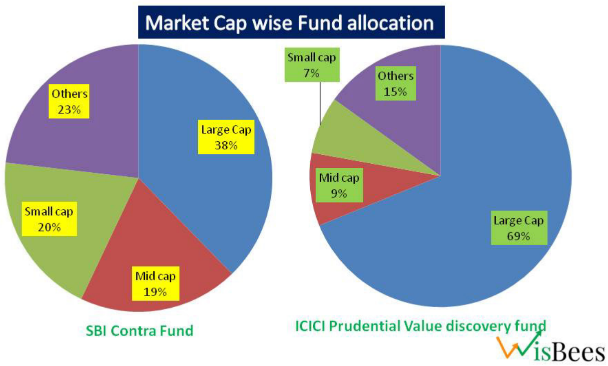
Now, let's make a simple comparison with the Nifty 50 index. (We have considered direct and growth plans for this analysis.)

Note: Both of the value-oriented funds have outperformed the Nifty 50 Index in the long term. The SBI Contra Fund has shown remarkable performance since Mr. Dinesh Balachandran and Mr Mohit Jain took over the fund.

What is the potential concern for ICICI Prudential Value Discovery fund:-

Generally, funds that allocate more towards midcap and small cap funds are expected to generate higher returns in the long term, as these segments tend to have a higher growth rate.

Now, let's compare the fund composition of these



In the image above, we can observe that the SBI Contra Fund has strategically allocated a significant portion of its portfolio to mid-cap and small-cap funds. This allocation has played a crucial role in delivering higher returns over the past 3-5 years.

However, as the ICICI Prudential Value Discovery Fund's assets under management have soared to nearly 30,000 Crores, they face a challenge in allocating a larger share of their capital to the mid-cap and small-cap segments due to liquidity constraints.
In contrast, the SBI Contra Fund, with an AUM of only 10,000 Crores, enjoys the flexibility to maintain a favorable allocation in the small-cap and mid-cap segments, potentially reaping the benefits of their long-term growth potential.

"Power of Compounding?"

If you had invested 10 lakhs when the ICICI Prudential Value Discovery fund was launched 19 years ago, it would have grown to almost 3 crores today. In contrast, if you had invested the same 10 lakhs in the Nifty, it would have generated 1.66 crores, which is nearly half of what the Value Discovery fund would have provided in returns. Isn't this fascinating?
Now, tell me the cost of investing in this?
I assume that you are only investing in Direct plans (It is wise to invest in direct plans as there is no commission involved from a distributor).

There are primarily two costs to consider: Expense ratio and Exit Load.

(Expense ratio refers to the annual fee charged by a mutual fund to cover its operating expenses.

Exit load is a charge imposed by a mutual fund when an investor sells or redeems their units before a specified minimum holding period.)

Fund name	Expense Ratio	Exit Load
ICICI Prudential Value Discovery Fund	1.14%	1% of NAV(if redeemed before 1yr)
SBI Contra Fund	0.89%	1% of NAV(if redeemed before 1yr)

In terms of cost, the SBI Contra Fund appears to be cheaper, but considering the track record, the higher expense ratio charged by the ICICI Prudential Value Discovery Fund seems justifiable.

Note: We consider any total expense ratio below 1.5% to be good.

Is it worth the risk?

The metric "Sharpe Ratio" can better answer our question: "Is it worth the risk?" The Sharpe ratio of a fund provides insight into the excess return generated for each unit of risk taken. The higher the Sharpe ratio of a fund compared to the benchmark (BSE500, as mentioned in the table below), the better. Additionally, the fund should outperform its category as well.

When evaluating the ICICI Prudential Value Discovery fund, if we examine the 3-year Sharpe ratio...

	ICICI Pru Value Discovery	Bench Mark Index
Sharpe Ratio	2.24	1.38

For the SBI Contra Fund, the Sharpe ratio has outperformed both the category and the benchmark index (BSE500).

	SBI Contra Fund	Bench Mark Index
Sharpe Ratio	1.99	1.38

What does the above table say?

Since both funds have higher positive Sharpe Ratios than the Index, it indicates that the funds are generating greater returns relative to the risk involved. Additionally, the risk-reward ratio appears to be better than both the benchmark index and the category. (Please refer to Morningstar.in for more information.)

Conclusion

Based on the above analysis and additional observations, the ICICI Prudential Value Fund has demonstrated a minimal drawdown (negative return) of -5.84% during challenging times, while the index experienced a larger decline of -10.65%. This indicates that the fund adopts a defensive approach and carries lower risk by investing more in quality large-cap stocks.

On the other hand, the SBI Contra Fund has consistently maintained higher returns with a comparable downside drawdown risk of -5.89%.

In summary, both the SBI Contra Fund and the ICICI Prudential Value Fund can be considered as viable investment choices. However, based on our evaluation, we lean towards the SBI Contra Fund for its strong performance, lower downside risk, and potential for future growth through its focus on value-based mid-cap and small-cap stocks.

NEWSLETTER

Don't Worry! CRED is here.

"CRED: A visionary solution that transformed credit card bill payments, turning neglect into diligence, and rewarding responsible financial behavior."

A Tale of Innovation

Have you ever heard of people intentionally defaulting on small credit card bills? Well, let me take you on a journey where a man's ingenious idea changed the game entirely.

When I was a kid, I once saw a random movie scene playing on the TV. I don't even remember the name of the movie. The important thing is that in that particular scene, a man had 10-15 credit cards and consistently defaulted on his payments, deliberately avoiding paying his bills and hiding from the credit card companies. He did this with all of his cards. The credit card companies even hired local "vasulies" to pursue him and force him to make payments, although they were not authorized to do so, But.......
This scenario was common for many credit card holders, although not all of them are engaged in such acts. Additionally, many people would often forget the due dates for their payments, resulting in heavy charges.

The Game-Changing Solution by CRED

After years of struggling with credit card companies, a man, like an angel, came up with an amazing idea that completely reversed the scenario. The individuals who previously neglected their bill payments are now diligently paying them on time and in some cases, even earlier than expected.

So, what miracle did he perform that changed everything?

With the increasing use of technology in a world where people prioritize checking their emails on mobile phones or laptops over traditional media like newspapers, he developed a platform that not only allows you to pay your bills easily but also rewards you for doing so. Isn't that amazing?
By now, you must have guessed his name. Yes, it is Kunal Shah, the founder of CRED—the Man who builds Giant startups for a living. Before CRED, his successful venture was "Freecharge".
Well, this is the beauty of entrepreneurship, where you happen to find a solution to a real-world problem in which thousands of people are getting affected in one way or the other.
How exactly did he manage to convince people to do something they would never do in the first place, even after constant reminders? The Credit Card bill payment.
CRED, as a business, primarily focuses on providing a convenient platform for credit card bill payments and managing multiple credit cards simultaneously. It achieves this by creating alerts for payment due dates, offering rewards, and more.

And who would have thought of receiving a reward every time you make a payment on your credit card bills? That's exactly what CRED offers to ensure that users never miss out on making payments again. After all, who doesn't love rewards? CRED introduced a popular reward system called CRED Coins. Users can easily redeem these coins on the CRED website or mobile application and, in return, enjoy exclusive gifts and offers from their favourite premium brands such as TATA CLIQ, Cure FIt, AJIO, Myntra, Dineout, Samsung, Jio Savan, Puma, and Ethos.

These are indeed popular brands that people commonly visit. However, the decision to own a credit card and use CRED is a personal one. It is natural to consider the advantages and potential drawbacks.

One concern may be whether CRED is exploitative in any way. Additionally, it is important to note that avoiding default on credit card payments can have a positive impact on your credit score. Maintaining a good credit score makes it easier to obtain loans and other forms of credit.

CRED's Unicorn Status:

Valuation and Recognition:-

In April 2021, CRED achieved the status of a unicorn, reaching a valuation of $2.2 billion (roughly 18,139 crores). Currently, CRED is valued at an impressive $6.4 billion, topping the list of the top startups of 2022, as announced by LinkedIn.

What's Unique?

This Fintech platform based in Bengaluru enables users to effortlessly pay their credit card bills (through RazorPay and Visa) while also providing them with convenient management options. When users make bill payments, a specific percentage of their transaction value is typically deducted, and in return, they receive CRED Coins. These coins can be redeemed for discounted experiences, offers, shopping coupons from leading brands, and more.
Recently, it has also entered into Unified Payment Interface (UPI) race along with providing a digital lending platform through 'Prefr', which merged with CRED through the acquisition of CreditVidya and Newtap Technologies. It provides P2P lending at a rate of 9% which is significantly higher than what savings accounts and deposits usually offer.

CRED potentially earns compensation from the brands it partners with by driving traffic to their website. With partnerships established with over 2000 brands, it's highly probable that CRED has implemented revenue-generating arrangements through these collaborations.
Other services they provide to its users are CREDIT management, CRED Stash, CRED Mint, RentPay, CRED Store ad CRED travel.

How is CRED doing as a Business?

CRED significantly increased its expenses on mar keting and promotion in FY 2021-22, tripling the amount compared to previous years.

The company is well-known for its innovative advertising methods. Over 60% of their total expenses, amounting to Rs. 975.8 Crores, are being allocated towards ads as they aim to expand their brand and user base.
(FYI: We couldn't find FY22-23 data in the public domain.)

In the realm of VC-funded startups, it is frequently observed that a significant amount of resources is allocated towards advertising and customer acquisition in order to secure a portion of the market. Consequently, during the initial years, profitability often eludes these ventures until they gain control over these expenditures.
Despite facing losses, CRED managed to achieve an impressive valuation of $6.4 billion within just four years. In FY22, their losses grew by 2.4 times compared to the previous fiscal year, increasing from 524.3 Crores to 1,279.9 Crores. On the other hand, the revenue from operations saw a significant increase of 4.4 times, rising from 88.6 Crores to 524.3 Crores in FY22.

During an interview, Kunal Shah, the founder of CRED, mentioned that their current focus is not on generating profits. Instead, they are prioritizing building the brand and expanding their offerings for the future. However, he expressed confidence that CRED will achieve profitability in the future.

It is always interesting to see what else Kunal Shah, the ex-founder of Freecharge and current founder of CRED, will come up with in the near future.

Financial Jargons

CANSLIM

It is an acronym that stands for “C” Current Earnings per share, “A” Annual Earnings per share, “N” New, “S” Shares outstanding, “L” leader or laggard, “I” institutional sponsorship, and “M” market. It is an investing strategy developed by the founder of Investor’s Daily, Mr. William J. O'Neil.
This strategy is focused on buying stocks that are already making new highs relative to the preceding price base rather than buying stocks that are near their lows.

“C” Current Earnings per share: the earnings must increase for the current quarter over the previous year’s same quarter and the quarterly earnings should increase at least 20 to 50 percent year-on-year.
“A” Annual Earnings per share: the previous 5 year’s average annual compounded earnings growth should be 24%. Basically, growth in current earnings and in average earnings can make a wonderful stock.
“N” Something New: Anything new happening to the stock or the company that could be new highs of the stock price or new product development or new management.
“S” Shares outstanding: The stock should have less than 25 million shares of capitalization during its best performance.
“L” leader or laggard: Stocks with a high relative strength value (stock’s performances in the past 12 months compared to all other stocks) i.e. more than 80, perform the most and avoid laggard stocks (low performing).
“I” institutional sponsorship: the stock that you pick should be less bought by the institutional players so that if anything went wrong the prices won’t fall sharply.
“M” market: three out of four stocks will go in the same direction as the overall market, so price interpretation based on daily volumes shows that the market has topped.

Harami Cross Candle Stick Pattern

A harami cross is a Japanese candlestick pattern, that consists of two candles one larger candle (Bullish or Bearish) followed by Doji. The doji should be within the range of the previous candle i.e. the high and low of a doji should not cross the body of the previous candle.
The harami cross can be of two types: Bullish Harami Cross found in a downtrend and Bearish Harami Cross found in an up-trend.

Bullish Harami Cross Pattern
A bullish harami candle stick pattern is a trend reversal candle stick pattern found in a downtrend. This consists of two candles the first candle should be a long bearish candle and the second candle should be a doji. The doji should form within the range of the previous candle.

Example
To understand the concept better, we have taken HDFC’s price chart on a daily time frame. As we can see in the above price chart on 21st January 2002, a bullish harami cross was formed being a trader first thing we should do is mark the high and low of the pattern. Here, the high of the pattern is our entry point and the low of the pattern is our stoploss. After the break out there was a small consolidation then we could see that the stock rose up by 8.5%.