FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

MDI MURSHIDABAD | Management Development Institute

WEEKLY FINANCIAL MAGAZINE FOR THE STUDENTS OF MDIM

FIN-O-DATE
THE FINANCE MAGAZINE

FINA₹THA
THE FINANCE CLUB OF MDIM

LET BUSINESSES OWN THE WORLD YOU BE THE RULER

ABOUT US

Finartha, the finance club of Management Development Institute Murshidabad formed with the ambitions of bridging the gap between the academic and professional worlds. As a student—run organization, the club brings together students with a shared interest in Finance to enjoy presentations from industry professionals, competitions, quizzes, finance-related discussions, casual and formal networking events as well as a variety of social events. It provides the platform for interactive discussions and orients oneself towards the world of business and commerce. The club plans to get into media through social as well as print media to update the students, academic professionals and industry veterans about its various activities. It thrives on providing the students with additional resources needed to develop themselves into strong candidates for the prospective job market. If one is zealous enough for the activities which go into finance and its substrates then 'Finartha' is the platform to quench that zeal.

FINAऱTHA

MDI MURSHIDABAD Management Development Institute

FIN-O-DATE THE FINANCE MAGAZINE

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INDEX

- SENSEX 40685.50
- NIFTY 50 11930.35
- NASDAQ 11548.28
- DOWJONES 28335.57

CURRENCY

- USD/INR ₹ 73.83
- GBP/INR ₹ 96.32
- YEN/INR ₹ 0.71
- EURO/INR ₹ 87.59

LATEST BY:
OCT 24th, 2020

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Maruti	6811.55	7103.25	4.26%	7124.70/6832.00
M&M	604.35	625.15	3.30%	628.00/605.35
Tata Steel	409.65	423.45	3.27%	426.00/412.20
Power Grid	165.10	170.15	2.91%	171.40/164.70
Bajaj Auto	3006.20	3082.25	2.79%	3095.50/2997.15

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Ultra Cement	4614.55	4505.55	2.44%	4642.00/4488.40
HCL	866.25	852.45	1.59%	875.45/850.60
Hindustan Uni	2179.35	2143.85	1.56%	2188.90/2140.00
GAIL	88.65	87.30	1.35%	89.35/87.00
Hindalco	184.45	182.25	1.30%	181.65/184.45

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
HINDUNILVR	SELL	2125.00	2060.00	1980.00	2180.00
Infosys	SELL	1092.00	1023.00	985.00	1164.00
Wipro	SELL	336.00	318.40	290.00	351.00

Market Watch

- Nifty vulnerable at 12050 resistance level.
- Nifty made narrow rang candle therefore stating the confusion between bulls & bears.
- Market likely to see increased volatility in the last week as it is the expiry of current months F&O contracts.
- India VIX down by 3.59% stating that markets are stabilising but price activity has to be seen before US election .

What's Brewing In The Market?

- Festive stocking pushes up Sept vehicle sales

Wholesale numbers of cars and utility vehicles rebounded in August due to pent-up demand and the onset of the festive season. Passenger vehicle wholesales rose 26.5 per cent year-on-year to 2,72,027 units in September, as demand for compact cars and entry-level sport utility vehicles (SUVs) continued to rise in rural, semi-urban, and some urban markets, according to data released by the Society of Indian Automobile Manufacturers (Siam) on Friday. However, Siam President Kenichi Ayukawa said even though the industry expected a boost in demand during the festive season, a clear picture of whether there has been an actual recovery will emerge only after the festive season.

CHANGING GEAR

CATEGORY	Sep 19	Sep 20	% chg
Passenger vehicles	215,124	272,027	26.45
3-wheelers	66,362	18,640	-71.91
2-wheelers	1,656,658	1,849,546	11.64
Total	1,938,144	2,140,213	10.4

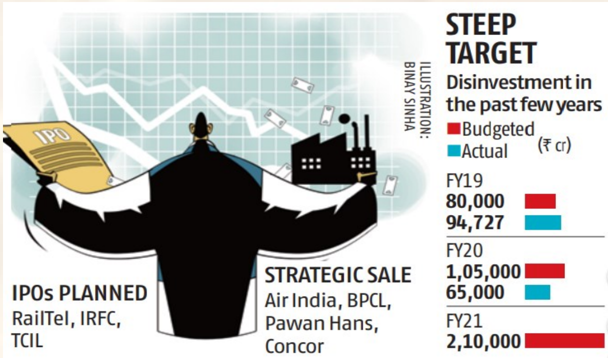
Source: Siam

"Need to see what happens after the festive season. We are hoping for a sustained demand going ahead," Ayukawa, also the managing director and chief executive officer of Maruti Suzuki, said. Companies and dealers are building up stocks ahead of the festive season — the period beginning September and ending December that many Indians consider auspicious for purchases of consumer durables including cars and bikes. Vehicle manufacturers had increased inventory amid expectation that retail sales would pick up during festivals. Dispatches of utility vehicles grew 24.5 per cent year-on-year to 96,633 units. Factory dispatches of passenger cars during the period rose 28.9 per cent to 1,63,981 units, as companies such as Maruti Suzuki India, Hyundai Motor India, and Kia Motors India increased wholesales of their respective SUVs to meet rising demand. The growth is also the result of a low base in the corresponding period a year ago, when automakers had seen demand decline because of economic slowdown and increase in vehicle prices due to change in emission and safety norms. Normal monsoon rain is one more factor that should stimulate rural demand. "In the September quarter some segments have shown signs of recovery. Passenger vehicles and two-wheelers are positive, although on a very low base of previous year. We are expecting good demand in the festive season starting Monday. Auto loan interest rates are below 8 per cent, the lowest in a decade, and that should encourage customers to buy new vehicles," Ayukawa said.

In the two-wheeler segment, scooter sales rose a marginal 0.08 per cent to 55,66,205 units while that of motorcycles grew 17.3 per cent to 12,24,117 units, as demand for entry and executive-segment motorcycles recovered in the rural and semi-urban markets. Total two-wheeler sales jumped 11.6 per cent to 18,49,546 units. Sales of two-wheelers have recovered faster compared to the other segments due to quicker demand revival in rural and semiurban areas. Siam did not provide wholesale dispatches data for commercial vehicles for September.

- Govt to avoid ETF, OFS to protect stock value

The government will focus on cutting its stake in 21 listed firms and also list its companies, but will wait for an appropriate time for stock prices to improve. However, it does not plan to come up with more exchange traded funds (ETF) or offers for sale anytime soon for the same stocks as part of their divestment strategy, because a market study has shown that ETFs reduce values of stocks and bring down the worth of initial public offerings (IPOs).



"We will not do further tranches of two equity related offerings. That has been claimed to be as one of the reasons for the overhang on stock prices. We will not be repeatedly coming to the market with the same stocks, and are going to keep the interests of long-term investors in mind and avoid the price overhang," said Tuhin Kanta Pandey, secretary to the Department of Investment and Public Asset Management (DIPAM). ETFs have been a favoured strategy for the government, with around 80 per cent of last fiscal year's sale proceeds coming from such transactions. Even in FY21, the government raised ~5,695.63 crore through offers for sale in Hindustan Aeronautics and Bharat Dynamics. Pandey is counting on paring government stakes in listed entities.

The government will cut its stakes in 21 listed public sector undertakings (PSUs) to meet the 25 per cent public shareholding norm, mandated by the Securities and Exchange Board of India (SEBI). The government had a ~2.1- trillion disinvestment target for the current fiscal year. This hinged primarily on strategic sales of marquee assets like Air India and Bharat Petroleum Corporation Ltd (BPCL), which have been severely hit due to the pandemic. Both the aviation and oil industries are under stress because global demand for air travel and oil has reduced. A portion of the disinvestment would come from stake sales in public-sector banks and the IPO of Life Insurance Corporation (LIC).

- HCL Tech profit up 18.5%, salary hike in 2 tranches

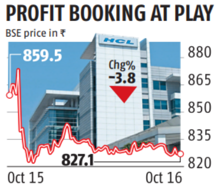
HCL Technologies has posted a strong set of numbers, outperforming the mid-quarter revenue growth guidance on the back of digital transformation and cloud businesses. The company has also announced salary hikes for all employees in two tranches. In the second-quarter result announced on Friday, the company reported a net profit of ~3,142 crore, up 18.5 per cent from the same period in FY20. The net profit rose 7.4 per cent on a sequential basis. The board declared an interim dividend of ~4 per equity share, fixing October 24 as the record date for payment.

Q2 REPORT CARD

Revenue	**₹18,594 crore**
YoY change *(%)*	4.2
QoQ change *(%)*	6.1
Net profit	**₹3,142 crore**
YoY change *(in %)*	18.5
QoQ change *(in %)*	7.4
Operating margin	**21.60%**
YoY change *(bps)*	160
QoQ change *(bps)*	110

Source: Company

PROFIT BOOKING AT PLAY



Source: Bloomberg
Compiled by *BS* Research Bureau

Large CPSEs to meet 75% of FY21 capex target by December

Finance Minister **Nirmala Sitharaman** exhorted large central public sector enterprises (**CPSEs**) to achieve by December 75 per cent of their planned **capital expenditure** (**capex**) target for 2020-21, to support economic growth hit by the **COVID-19 crisis**.

She held a virtual meeting with secretaries of coal and petroleum & natural gas, along with the chairman and managing directors (CMDs) of 14 CPSEs belonging to these ministries.

This was the fourth in the ongoing series of meetings that the finance minister is having with various stakeholders to accelerate the economic growth amid the COVID-19 pandemic.

While reviewing the performance of CPSEs, Sitharaman said capex by CPSEs is a critical driver of economic growth and needs to be scaled up for the financial year 2020-21 and 2021-22.

The finance minister asked the concerned secretaries to closely monitor the performance of CPSEs in order to ensure the capital expenditure to the tune of 75 per cent of the capital outlay by the end of the third quarter of 2020-21 and make appropriate plan for it.

She expounded that more co-ordinated efforts are required at the levels of secretary of concerned ministries and CMDs of CPSEs to achieve capex targets.

In 2019-20, against the capex target of Rs 1,11,672 crore for these 14 CPSEs, the achievement was Rs 1,16,323 crore that is 104 per .The capex target is pegged Rs 1,15,934 crore for these companies for the current financial year.

The achievement in the first half of the current financial year stood at Rs 37,423 crore (32 per cent of the target), while it was Rs 43,097 crore (39 per cent) in the previous financial year.

While mentioning the significant role of CPSEs in giving a push to the growth of the Indian economy, the finance minister encouraged the CPSEs to perform better to achieve their targets and ensure that the capital outlay for 2020-21 is spent properly and within time.

The finance minister said better performance of CPSEs can help the economy in a big way to recover from the impact of COVID-19.

The CPSE capex review is carried out jointly by the Department of Economic Affairs and the Department of Public Enterprises.

Application of Technology In Insurance Industry

The world is changing rapidly and so is the way Insurance Industry is adapting their business model. Think of a future when insurance can be more user friendly with the help of technology , like your car insurance is automatically adjusted with the way you drive the car. All this can be done by integrating technology which gives real time data to insurance companies such that premium can be adjusted automatically . We know how difficult it gets during claim settlement and consumers are pressing for a change in the way the insurance business works.

If the above scenario looks like beyond the horizon one positive news is that such technology already exists but not yet applied in Insurance business. For example fitness trackers , home assistant, smart-phones, smart-watch.

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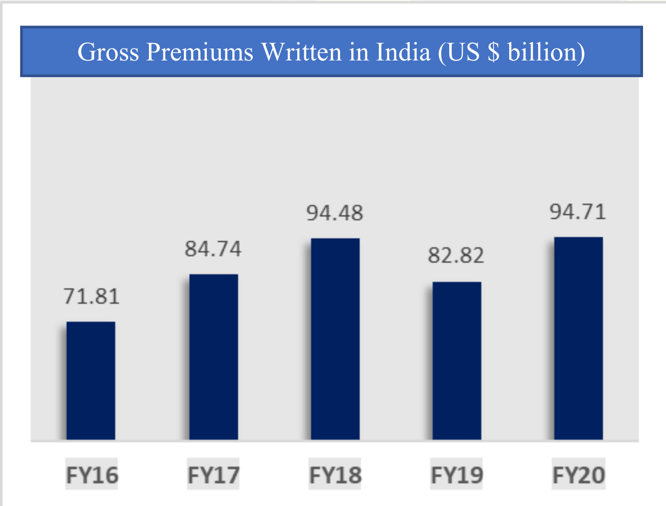
So a wearable that is connected to an actuarial database could calculate a consumer's personal risk score based on daily activities as well as the probability and severity of potential events. However such technology is new and it will take time to implement in Insurance Industry The reason for that is it requires substantial investments , time and plan to make it operationally feasible.



Now that we know what can be the future of Insurance business now let us know a few things about Insurance Industry in India.

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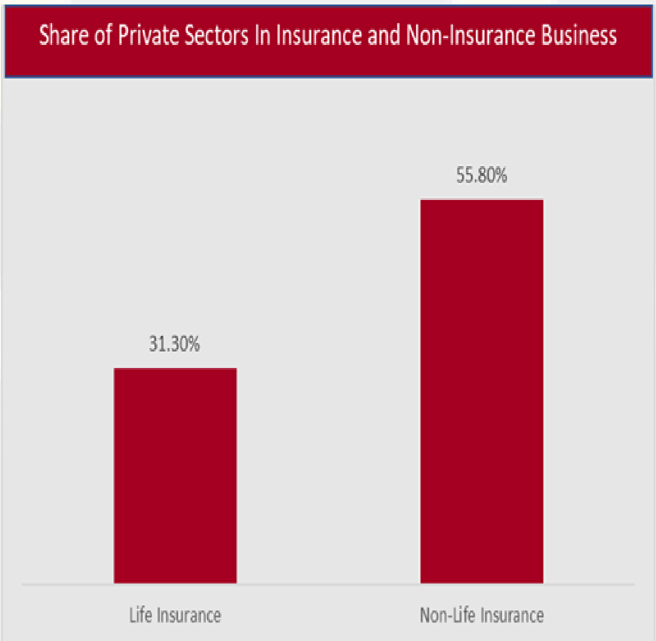
The insurance industry of India has 57 insurance companies - 24 are in the life insurance business, while 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the sole public sector company. There are six public sector insurers in the non-life insurance segment. In addition to these, there is a sole national re-insurer, namely General Insurance Corporation of India (GIC).

- Insurance penetration India stands at 3.7%
- Per Capita Insurance Density is 74 USD
- 100% FDI is permitted for Insurance Intermediaries



In a move set to make life insurance covers cheaper and accessible, IRDAI has come out with the guidelines for a standardized individual term insurance mandating all life insurance companies to offer these policies from 2021.The policy called 'Saral Jeevan Bima'

FIN-SCAMS: This series will cover some major scams which occurred in the financial market and significantly affected the economy.

February 26th, 2014 has been etched as landmark in the history of India as the entire country was in shock when the Hon'ble Supreme Court of India sanctioned a non-bailable warrant against the Sahara India Pariwar Chairman, Subrata Roy. What makes this typical and absolutely normal corporate scam, absurd and unusual is the fact that the perpetrator of this Rs 25,000 Crore scam actually had to face the consequences of the same, which is a rarity for corporate crimes in India.

Despite immense political pressure and functional restrictions on the Securities and Exchange Board of India (hereinafter referred to as "SEBI"), the body secured a victory against the corporate giant in an arduous five-year judicial battle. Through the last 10 years, we saw an aggressive regulatory conflict between the SEBI and the Sahara group.

The misrepresentation came into notice by the SEBI when it discovered that the Sahara has been giving Optionally Fully Convertible Debentures and by which the organization has accumulated immense credits. The way of its working was at that point under investigation by different concerned offices. With this, SEBI got it together of it. SEBI requested Sahara to give a full discount to its speculators. Sahara tested the request before the Securities Appellate Tribunal which maintained the request for SEBI. Sahara at that point moved to the Supreme Court which additionally agreed with the request for SEBI. Sahara at that point made a new case and expressed that it has just discounted the greater part of its lenders all alone. It gave over a negligible add up to SEBI for the remainder of the speculators. This was again questioned by SEBI and it requested the subtleties of the speculators who have been discounted. At the point when Sahara neglected to give the data or to store the rest of the sum and Subrata Roy skirted his hearing, the Supreme Court gave a capture warrant against him and he before long was captured. What makes this case more interesting is the fact that there was the involvement of lakhs of people in this scam who supposedly invested in the company.

The Sahara Scam

The issue initially came into notice when an Indore based Chartered Accountant Roshan Lal sent a note to the National Housing Bank (hereinafter alluded to as "NHB"), mentioning it to investigate the abnormalities of housing bonds issued by the two organizations of the Sahara bunch viz. Sahara India Real Estate Corporation (SIREC) and Sahara Housing Investment Corporation (SHIC), both being settled in Lucknow. His perception was that the bonds have not been given according to the law for time being in power. The NHB forwarded the complaint to the SEBI due to lack of authority to pursue the case. SEBI being the capital market regulator reviewed the draft red herring prospectus issued by the two companies to raise equity for the real estate company Sahara Prime City Limited through initial public offering.SEBI additionally got a comparative letter from an Ahmadabad based backer's gathering, Professional Group for Investor's Protection. In the test that was dispatched by the SEBI on examination of the grumblings, it was discovered that over the most recent four years, the two organizations SIREC and SHIC have included Rs. 4,000 Crore and Rs. 32,300 Crore in their capital pool of which there was no responsibility. On a show cause notice, the organizations couldn't legitimize this inflow of cash. As per their own prospectus, the two companies were raising huge chunks of money from the public through OFCD.
According to the law, there are two strategies for raising capital from the market and for which two kinds of business sectors are made viz. the Primary market and the optional market, for this reason. Essential market implies and incorporates techniques like public issue, rights issue, private position, funding, securities gave by money related organizations and such. In the auxiliary market protections gave in the essential market are sold and purchased. It is shaped by such speculators who bargain in monetary protections in certifiable stock trade.

The prospectus issued by Sahara declared the organization as a privately owned business however it was working as a public organization. Sahara Prime City, an organization of this Sahara India Pariwar bunch enlisted a distraction outline of in excess of 934 pages for giving debentures. In the said plan, they referenced the assessment questions that the organization is looking against the Income Tax Department for issuance of OFCDs worth Rs. 34 Crore. It additionally gathered cash by giving of OFCD between the time of 25th April 2008 and thirteenth April 2011, which was an away from of what was written in the outline of the organization. The organization further gave Initial Public contributions (IPOs) too. During this period, the organization had gathered over Rs. 17,656 Crore. The sum was gathered from around 30 million individuals. Further, it neglected to report the equivalent to SEBI which is the market directing position. Before the finish of year 2009, obligation of the organization had gone up to Rs. 20,000 Crore. The Reserve Bank of India banned the organization from giving any further debentures and approached it to fire procedures for twisting up. That is from where the main problem began. To summarize it, the organization was charged for extortion and tax evasion.

TEAM FINARTHA

The FINANCE CLUB OF MDIM

BATCH OF 2019-21 & BATCH 2020-22

ISSUE - 67 | DATE - 24th October

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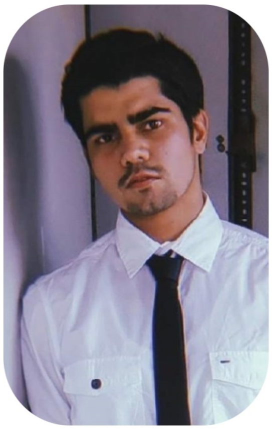

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