

FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM



FINARITHA

THE FINANCE CLUB OF MDIM

WEEKLY
FINANCIAL
MAGAZINE
FOR THE
STUDENTS
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.



FINARATHA



MDI | Management Development Institute MURSHIDABAD



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INDEX

- **SENSEX** 43443.00
- **NIFTY 50** 12719.95
- **NASDAQ** 11829.28
- **DOWJONES** 29479.81

CURRENCY

- **USD/INR** ₹ 74.54
- **GBP/INR** ₹ 98.35
- **YEN/INR** ₹ 0.71
- **EURO/INR** ₹ 88.22

LATEST BY:
NOV 14th, 2020

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Eicher Motors	2350.75	2514.60	7.41%	2574.40/2317.50
Bajaj Finsv	7026.20	7261.10	3.88%	7300.00/6935.90
Coal India	122.10	125.90	3.07%	126.35/121.20
TATA Steel	473.15	486.55	3.03%	488.40/465.00
ICICI Bank	476.70	485.55	1.91%	487.10/467.55

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
TATA Motors	151.20	146.35	3.31%	150.00/145.35
L&T	1073.20	1051.50	1.98%	1068.15/1038.10
HDFC	2332.10	2306.75	1.09%	2323.30/2284.00
UPL	429.60	425.35	1.07%	431.10/423.00
HDFC Bank	1371.70	1358.80	1.00%	1368.80/1347.00

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Granules	BUY	390.00	430.00	450.00	375.00
TVS Motors	BUY	505.00	530.00	560.00	495.00
Sobha Ltd	BUY	305.00	375.00	420.00	285.00

Market Watch

- Nifty might take a breath after having winning streaks in last few days.
- Nifty compositions are moving above 200 DMA.
- India VIX is constantly trading above 20 signalling increase in volatility.
- Markets are at all time high, buyers should be cautious.

Disclaimer: Futures, stocks and options trading involves substantial risk of loss and is not suitable for every investor. You are responsible for all the risks and financial resources you use and for the chosen trading system. You should not engage in trading unless you fully understand the nature of the transactions you are entering into .

What's Brewing In The Market?

Samvat 2076: Late surge helps indices log double-digit gains

Returns for Samvat 2077 could be similar but volatility could be far less

Samvat 2076 proved to be a rollercoaster ride for investors. After dropping as much as 40 per cent during the Hindu calendar year, the Sensex witnessed an unprecedented rebound, helping investors earn respectable double-digit returns. The benchmark Sensex ended at 43,443 on Friday, clocking gains of 11.2 per cent for the year. The broad-based Nifty50 ended at 12,720, rising 9.8 per cent. The near 10 per cent upswing seen in the markets this month — spurred by Joe Biden's win in the US Presidential elections and progress in Covid-19 vaccine trails — helped improve the return scorecard for the year, which will be remembered for the sharp selloffs seen in March during the peak of pandemic.

From the lows of March, the benchmark indices have rallied 70 per cent to scale all-time highs. This sharp swing is the highest since 2009 (or Samvat 2065) during the aftermath of the global financial crisis. "Samvat 2076 was a unique year. We saw the markets hit record highs, fall sharply, and then scale new highs again. We saw the real picture of greed and fear. We saw a bull and a bear cycle in a single year," Raamdeo Agrawal, co-founder,

chairman, Motilal Oswal Financial Services, said. "The year was reminiscent of Lehman crisis, 2001-02, and 1991-93. A big crash sows the seed for a bull run." The recovery path for the market after the previous crisis was gradual. However, this time, the fall and the rebound was equally sharp, thanks to the aggressive stimulus measures taken by global central banks, particularly the US Federal Reserve. Many were left doubting the viability of the rally, given the damage to the economy and the record high price-to-earnings scaled by the markets due to the sharp dent in corporate earnings.

"Valuation is always a medium- to long-term parameter. In the short term, one makes money out of flows and sentiment. The valuation takes a backseat when the sentiment and flows are overwhelmingly positive," U R Bhat, director, Dalton Capital, said. Overseas investors poured in close to \$10 billion domestic stocks during Samvat 2076. The sharp inflows were credited to near-zero interest rates and aggressive bond-buying programme in the developed world.

Economy can recover by Q3, a qtr earlier than expected: RBI



The Indian economy may have been badly hit by the Covid-19 pandemic, but the incoming data in October have "brightened the near-term outlook". If the momentum is maintained, the economy can turn around by the third quarter - a quarter earlier than expected - according to an assessment by several Reserve Bank of India (RBI) staff, including Deputy Governor Michael Patra. Starting the November issue of the monthly bulletin, the RBI will be presenting its assessment on the state of the economy every month. The RBI staff calculated that after a steep decline of 23.9 per cent in gross domestic product in the first quarter, the pace of contraction may have eased to 8.6 per cent in the second quarter. Since the monetary policy review of October, "several developments point to a window of respite opening up and an unshackling of economic activity from the grip of Covid-19 as the festival season sets in," states the report. "The revival of economic activity is stronger than the mere satiation of pent-up demand released by unlocks and the rebuilding of inventories. If this upturn is sustained in the ensuing two months, there is a strong likelihood that the Indian economy will break out of contraction of the six months gone by and return to positive growth in the third quarter, ahead by a quarter of the forecast provided by the RBI," it adds.

In India, the Covid-19 pandemic is receding, and people are engaging in economic activity. Favourable weather conditions are prevailing, and now, "there is a growing confidence that even if there is a second wave, the precipitous plunges of the first quarter may not recur because the brunt of the impact on contact dependent industries and services has happened, and they are quickly adapting to a virtual normal." Demand is slowly coming back, as can be seen with increasing fuel and electricity consumption, sales of consumer durables, such as mobile phones, electronic goods, and automobiles, have increased. Goods and services tax collections also crossed ~1 trillion in October. Importantly, employment has seen an increase, and "people are quickly restoring lost livelihood".

Digital content now under govt watch

I&B ministry to monitor streaming platforms, digital news; experts say content guidelines could be framed next

The government has brought digital content including news, web shows, and streaming platforms under the jurisdiction of the Ministry of Information and Broadcasting (MIB) in a move to monitor the digital medium closely. The government has issued a gazette notification for the same, with the President of India approving the order. Experts say the next step could be the framing of content guidelines for the digital medium, though the government gave no indication of the same. So far, over-the-top (OTT) content was regulated by the Ministry of Electronics & Information Technology (MeitY). The entry of MIB will mean that both television and digital content will now be monitored by the former.

MARKETS SEE WILDEST SWING IN 11 YEARS

Samvat	Sensex closed at	Change (%)*	Swing (%)**
2065	17,323	104	116
2066	20,894	21	36
2067	17,255	-17	34
2068	18,670	8	26
2069	21,197	14	22
2070	26,787	26	37
2071	25,743	-4	21
2072	27,942	9	29
2073	32,584	17	27
2074	34,992	7	21
2075	39,058	12	17
2076	43,443	11	70

SBI Card along with Paytm launch credit cards

SBI Cards and Payment Services (SBI Card) said it has launched credit cards in partnership with the digital payment platform Paytm.

Available in two variants, Paytm SBI Card and Paytm SBI Card SELECT, the product has been launched on the Visa platform. This launch is in line with SBI Card's endeavour to offer customers tailored products which bring maximum value in line with spending needs and to encourage digital forms of payments for a safe and enhanced customer experience.

The partnership aims to bring 'new to credit' users into the formal economy and empowering them to control their finances. The card which can be used across Paytm ecosystem, third party platform and offline retail stores, will also enable digital process for the card application, issuance and managing the expenses.

SBI Card said the Paytm variants of the card are equipped with Tap to Pay feature for seamless, contactless payments.



The credit card industry in India remains largely under-penetrated. Also, given the current scenario where social distancing is a way of life and cashless payments are a safer alternative, there has been a renewed impetus to digital payments from all corners. SBI Card's strategic partnership with Paytm is intended towards making credit cards more accessible to all.

SBI Card will also be able to leverage Paytm's extensive reach to bring new age, digitally evolved consumers across India, a safe, convenient, and rewarding payment solution, combined with the benefits of a credit card.

Further, in an innovative move, SBI Card will be underwriting customers basis their transaction history on Paytm, thereby bringing the Paytm SBI Card seamlessly to a huge customer base. The card is designed to benefit India's aspiring youth and evolved professionals, said Bhavesh Gupta (CEO - Paytm Lending).

T R Ramachandran, Group Country Manager, India and South Asia, Visa said the tap to pay benefit at times like these, the premium offers and discounts packaged into this card makes it a good value proposition for Indian customers.



DIFFERENT ASSET CLASSES AND WHAT IS THE BEST ASSET CLASS FOR AN INVESTOR

As every person enters into his professional career the number 1 question that arises in a person mind is how to allocate his or her money to achieve their future goal be it retirement goals , holiday planning , purchasing house etc the list endless . But the most confusing thing is to decide where to invest out of so many available options . So let us first know what are the available asset classes and what does past trends suggest .

There are primarily 5 broad asset classes which are Equity , Bond , Real Estate , Cash and Commodity . Each asset class has its own importance and serves a specific purpose . Understanding about their nature will help investors to make an inform division .

- **EQUITY** – “ I will tell you how to become rich Close the doors . Be fearful when others are greedy . Be greedy when others are fearful “ --- Warren Buffet

Equity market is one of the most attractive investment arena in developed market ; 55% of adult people in USA invest in stock market while in INDIA the percentage is around 3 % in India . Equity market allows an investor to have a small ownership in a business and he business earns profit consistently the value of the stock increases . So here the returns are related to the ability of the business in increasing the profit year n year consistently . Lets take an example had a investor invested only RS 15000 in MRF in the year 2000 today the invested sum would have been nearly Rs 5,90,000 and that's a 20% CAGR return in 20 years . There are many such examples but there are many companies as well who have washed away all of investors money either due to poor management , inability to generate profit or thrive their business . So to invest money in equity market needs good understanding of business and requires deep analysis by an investor to be successful here. Also if we see in the long run Indian equity market have perform fairly . Even if we see NIFTY performance since its launch it has given 10.76% CAGR growth .

To increase participation in equity Mutual Fund plays a great role where an expert analyst invest money on behalf of all the investors and the fund manager is paid usually 1-2% of the amount invested . Thus a person who want to invest in equity but lacks skills can invest through mutual fund . There are various kinds of mutual funds serving various purpose . Like Large cap fund ,Mid cap , Multi Cap , Debt fund , Hybrid Fund , small cap fund , Index fund. Let us know a few things about these funds.

Large Cap Fund mainly invest in companies with high market capitalisation .and invest at least 80% of its assets in Large cap company . These funds have moderate return with low beta(risk) and alpha (ability to outperform market). Example : HDFC Top 100 Fund , ICICI Prudential Bluechip Fund .

MID Cap Fund are equity funds that invest in mid sized companies which are some of the fastest-growing companies in India . This is suitable for investors whose investment horizon is atleast 7+ years of investment. Example : Kotak Emerging Equity Fund .

Multi Cap Fund are ideal for investors with low risk appetite as these funds have the liberty to invest in large cap , mid cap and small cap companies thus diversifying risk . Example : PPFAS is one of the unique multicap fund which invest in US companies like Facebook , Alphabet Inc .

Index Fund are passive fund house which generally tracks a Index like Nifty 50 and invest the funds in same weightage as they are in the Index they are tracking. Example : DSP Equal Nifty 50 Fund .

Small cap Fund invest companies that are below 250 top companies in terms of Market Capitalisation . They are generally popular among investor who are willing to take high risk for high return . Example : SBI Small Cap Fund

- **Gold** – gold is very close to Indian thanks to our culture . Now from an investment point of view it is good for diversification as it generally performs well when all other asset class don't perform so well . If we see in the last 1 year gold's value should up by around 50% while the overall economy didn't perform well .Even in last 20 years gold CAGR return has been around 13%. There are various ways of investing in gold . It can be buying physical gold , digital gold Gold ETF , Gold Mutual Fund ,and Sovereign Gold Bond . Among all this Sovereign gold bond is quite popular because here an investor gets an additional interest of 2.5% along with capital appreciation .
- **Real Estate** – Real estate is always the favourite investment class for Indians since owning a house is related with pride and success . But the high ticket size makes it difficult for investing . But luckily there are Real Estate Investment Trust through which an retail investor can invest in high end commercial real estate . Currently average real estate return in residential segment has been around 9% per annum . REIT have negative correlation with stock market and thus it can be a good asset class for diversifying risk . for example recently Mindspace REIT launched its IPO .
- **BONDS / FIXED SECURITIES** - Fixed securities provides guaranteed return .These are generally low risk low return investment instrument and caters the need of people in elder age who prefers security more than return .

CASH – cash itself doesn't generate any return but creating a habit of saving cash is the first step towards investing . But keeping cash without investment is not a good idea because of the concept of inflation where value of money reduces with time . However cash is also important as it serves the purpose of emergency need so any investor should have a certain portion of his income in liquid cash form

So after going through all the asset class we can conclude that all the asset classes are important and they serve a specific purpose and that a investor should have a good mix of all the asset classes according t his age , needs , goals , investment time frame .



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

Theranos Inc., a start-up in consumer healthcare technology, was once estimated at \$10 billion and its leadership believed that the blood-testing industry would be revolutionized. The technological advancement advocated by CEO Elizabeth Holmes and former company president Ramesh Balwani was never seen, however, and Holmes and Balwani's claims amounted to outright deceit. Ultimately, Holmes and Balwani were indicted by the SEC for major fraud.

In 2014, Theranos, a start-up pitching a potentially groundbreaking technology for blood testing, was flying high. Although current technology required one blood vial for each diagnostic test performed,

Theranos appeared to be digital, fast and inexpensive, offering technology that could revolutionize medicine and save lives around the world.

The business model of Theranos was based on the premise that blood tests were conducted using patented technologies that only required a pinprick in your finger and a small amount of blood. The tests will be able to detect medical problems such as cancer and high cholesterol, Holmes said.

Elizabeth Holmes, Theranos' founder, and CEO had famously dropped out of Stanford to use her tuition money to fund the venture and was only 30 when Theranos was at its height. Having received over \$700 million in investments from Larry Ellison and Tim Draper, the company had become Silicon Valley's rising star and was estimated at over \$10 billion, while Holmes was heralded as the female Steve Jobs, with a share of more than half that. Despite her company's hefty valuation, Holmes remained tight-lipped on how exactly Theranos's technology worked. It turned out that the technology had never been submitted for peer review in medical journals.

Former Theranos employees Erika Cheung and Tyler Schultz, whose grandfather George Schultz was a member of the Theranos board, began sharing their impressions of the company, its technologies, and procedures with John amid harassment and threats of legal action. They exposed lies to members of the board, a system of coercion and secrecy, a technology that failed quality assurance regularly and, crucially, reports sent to actual patients that were profoundly wrong, on which life-changing medical decisions were made. The business would seem to have been founded on nothing more than audacious lies.

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Thanks in large part to the data from Theranos whistleblowers, John was able to publish his article in The Wall Street Journal, revealing that owing to the inefficiency of his own technology, Theranos did not use its own technology to run any of its tests. Investigations by the FDA followed and all that was written in the report by John was proved correct.

Two partially-redacted Form 483 reports from an ongoing investigation into Theranos were published by the FDA. The findings were less than positive and reported that Theranos had an uncleared medical device(s), bad records, grievances were mishandled, and had neglected to perform audits and qualifications for suppliers. In addition, Theranos has failed to ensure that the system complies with specified user needs and planned uses.

Nevertheless, in 2018, Holmes stepped down as CEO and, alongside former company president Ramesh Balwani, was accused of fraudulent fraud, falsely deceived investors and intentionally made misleading statements about the efficacy of the company's blood testing technology.

Due to this, many people who were unaware of the company's fraudulent activity lost their jobs, and now they are uncertain over their future.



Elizabeth Holmes



TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

BATCH OF 2019-21 & BATCH 2020-22

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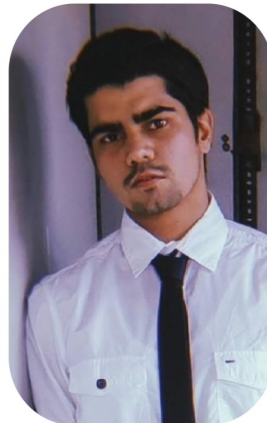
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Bhattacharya



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Dutta



Megha Poddar



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