

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



November 21, 2020

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INDEX

- SENSEX **44004.29**
- NIFTY 50 **12859.05**
- NASDAQ **11854.97**
- DOWJONES **29263.48**

CURRENCY

- USD/INR **₹ 74.16**
- GBP/INR **₹ 98.55**
- YEN/INR **₹ 0.71**
- EURO/INR **₹ 87.93**

LATEST BY:
NOV 21st, 2020

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Bajaj Finsv	7823.40	8542.60	9.27%	8588.65/7843.00
Titan	1292.45	1365.15	5.39%	1371.30/1295.60
Gail	93.65	97.45	4.22%	97.95/93.00
Bajaj Finance	4536.55	4715.85	3.98%	4762.15/4515.25
Bharti Airtel	468.55	483.70	3.12%	485.95/465.35

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Reliance	1973.15	1899.50	3.66%	1983.80/1895.00
Adani Ports	381.90	375.85	1.56%	382.65/373.00
IndusIndBk	818.00	811.00	1.47%	829.90/788.80
Axis Bank	611.50	607.85	1.15%	616.60/592.00
Sun Pharma	507.35	503.25	0.97%	512.50/496.00

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Power Finance	BUY	107.50	115.00	120.00	103.00
Voltas	BUY	803.00	830.00	880.00	796.00
Sobha Ltd	BUY	325.00	375.00	420.00	295.00

Market Watch

- Nifty traded below 12900 making a shooting star on the daily candle.
- Shooting star suggests that sellers are active in the market and profit booking is taking place.
- India VIX is up by 2% to 19.57.
- Lack of upside momentum from RSI & MACD suggests that bears are driving the course of market.

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?

Realty sales at pre-Covid levels: Crisil

More business shifts to key developers amid pandemic chaos

Home sales have risen to levels last seen before the lockdown in key markets, including Mumbai and Delhi, according to data compiled in a note by the research arm of rating agency Crisil. The note, released on Thursday, says some markets have seen even higher sales than before. Maharashtra, especially Mumbai, witnessed sales which were 10-30 per cent higher than the beginning of the year, the firm noted. "The spurt rides on supportive measures from governments of key states. Maharashtra, for instance, has reduced stamp duty from 5 per cent to 2 per cent up to December 2020, and to 3 per cent for January-March 2021. Karnataka, too, has reduced stamp duty from 5 per cent to 3 per cent for properties priced between Rs.21 lakh and Rs.35 lakh," the note said.

The recovery is more evident since September. Monthly figures showed growth compared to the same period last year for Mumbai and the rest of Maharashtra. Numbers in Delhi are still lower than in 2019. However, they are back to levels seen before the lockdown was imposed in March. The Reserve Bank of India (RBI) cut interest rates sharply to deal with the accompanying economic slowdown. These and other factors lead Crisil to estimate that affordability in the top ten cities of India has improved by around 35 per cent over the past five years. This is said to have helped first-time homebuyers and others, including non-resident Indians. The quarterly results of listed real estate players have also improved. Crisil noted that growth beat expectations in the September quarter. Bookings for many reached pre-Covid levels. The report noted that listed players' business had been more resilient than the markets in which they operate. This might suggest a shift towards key developers. Such a trend was also seen before the pandemic, and is expected to continue in the second half of the year.

Mid, small-caps find favour with Street

Outperformance attributed to rising interest from retail investors

BSE MIDCAP: TOP GAINERS

	Mar 23	Nov 18	% chg
Adani Green Energy	135.0	1,079.2	699.7
Adani Enterprises	123.4	394.3	219.6
Vodafone Idea	3.2	9.2	192.1
Ashok Leyland	36.0	95.1	164.2
Jindal Steel & Power	88.7	228.0	157.1

BSE SMALLCAP: TOP GAINERS

	Mar 23	Nov 18	% chg
Tania Platforms	40.0	435.8	989.4
Indo Count Industries	25.3	162.3	542.8
Ramco Systems	74.6	445.4	497.1
Aarti Drugs	114.2	659.6	477.6
Marksans Pharma	10.5	56.9	444.0

Compiled by BS Research Bureau Source: Bloomberg, exchange

Even as front-line indices — the Sensex and the Nifty — scale new highs, mid- and small-cap segments, too, have seen a good run over the past few months, with both indices hitting a fresh 52-week high on Wednesday. The S&P BSE SmallCap index has outperformed with a rally of 86 per cent from its lowest intra-day level in March to 16,003 levels now. The S&P BSE MidCap index has moved up 70 per cent during this period — mostly in line with the S&P BSE Sensex that has gained around 72 per cent, shows the data. Analysts attribute the outperformance to a host of factors, particularly the interest shown by retail investors to make a quick return during the lockdown period. "Only the leaders in their category/sector within mid- and small-caps have done well as the economy opened up gradually after a stringent lockdown. The valuation gap between these leaders and the rest has grown over time. Now, the laggards should also catch up. That apart, a lot of investor money, especially from retail investors, found its way into these two market segments during the lockdown. All this resulted in mid- and small-caps doing well over the past few months," says G Chokkalingam, founder and chief investment officer, Equinomics Research & Advisory. Despite a sharp rally, analysts still remain bullish on mid- and small-caps and expect them to outperform large-caps in 2021. Though there can be intermittent correction, stock selection will be key. Portfolio returns, say analysts at Morgan Stanley, are more likely to be driven by bottom-up stock-picking rather than top-down macro forces. "We expect the broad-market small- and mid-caps to beat the narrow indices or large-caps in 2021 because we think concentration of market cap and profits may have peaked with the return of the growth cycle. Expect domestic cyclicals to outperform exports, with rate-sensitives and consumers outperforming, whereas energy should underperform," wrote Ridham Desai, head of India research and India equity strategist at Morgan Stanley, and Sheela Rathi, their equity research analyst, in a November 15 co-authored report.

Domestic air traffic up 34% month-on-month

Addition of flights and an increase in load factor due to festive season helped domestic air traffic rise 33.6 per cent month-on-month in October. The traffic is however 57.2 per cent lower on a year-on-year basis. Airlines flew 5.2 million passengers last month. Seat occupancy of all the airlines, except Vistara, rose in October. AirAsia India saw an increase in market share and reported the best on-time performance (OTP) among all airlines in October. AirAsia's market share increased to 7.1 per cent, from 6 per cent, month on month basis. It reported an OTP of 98 per cent last month. With 55.5 per cent market share IndiGo continues to be the market leader.

SLOW PROGRESS



Listed players also show recovery trend

	Area booked*	(%) YoY chg
Dec '19	6.6	-9.6
Mar '20	8.9	-8.2
Jun '20	4.5	-23.7
Sep '20	6	-9.1

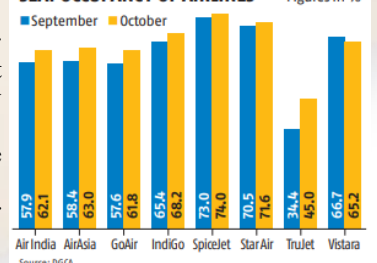
*Figures in mn sq. ft.; Note: Data for top seven players (Sobha Developers, Prestige Estate, Mahindra Lifespaces, Godrej Properties, Brigade, Oberoi Realty, Kolte Patil Developers) Source: CRISIL Research; Company reports

Signs of recovery from September

	Mumbai	Rest of Maharashtra	Hyderabad	Delhi
Jan '20	34	21	-2	-24
Feb '20	11	-3	4	-35
Mar '20	-43	-33	-21	-42
Apr '20	-100	-99	-95	-100
May '20	-97	-75	-74	-83
Jun '20	-67	-27	-27	-86
Jul '20	-54	-29	-41	-63
Aug '20	-55	-12	-30	-52
Sep '20	39	50	NA	-15
Oct '20	36	60	NA	-19

Note: Shows percentage change compared to the same month last year. Based on number of documents registered in thousands, data not published for Hyderabad after August 2020. Source: Crisil Research, state revenue portals

SEAT OCCUPANCY OF AIRLINES



Big business houses may be allowed to set up banks

An internal committee of the Reserve Bank of India proposed an overhaul of the licensing policy for private banks and suggested allowing large corporate and industrial houses to float banks in India after suitable amendments to the Banking Regulation Act.

For years, the question of allowing conglomerates to float banks has been a contentious issue with the banking laws barring it and large corporates pushing back.

The RBI committee has also recommended that after 15 years, promoters should be allowed to hold up to 26%, instead of the current cap of 15%, a move that will help the promoters exploit the upside in a bank. Currently, there are at least three private lenders with over 26% promoter holding.

Further, large and well-managed non-banking finance companies (NBFCs), with assets of over Rs 50,000 crore, may be allowed to convert into banks. NBFCs, with at least a 10-year track record, may be allowed to convert into banks. It also made it easier for payments bank to convert to small finance banks (SFBs) by reducing the track record to three years from five years now.

The idea is to ensure that there is enough capital for private sector banks in line with the vision of a \$5 trillion economy and to ensure a level-playing field between the new entrants and existing players.

In the past several of the large corporate houses in India had applied for banking license but had either backed out or were denied by RBI. The committee has also proposed a review of the “fit and proper” norms, which is the deciding factor in the regulator allowing or rejecting an application.



In 2018, the promoters of Kotak Bank, Uday Kotak & family, had moved the Bombay high court against RBI rule to impose a 15% cap on the promoters' holding. Earlier this year, after the RBI allowed the family to hold up to 26% stake in the bank with the voting rights capped, the court case was withdrawn. On June 12 this year, the RBI set up the panel to have a fresh look at the ownership structure of all private sector banks.

Once the rules are made on the lines of the proposals, there would be 3-4 NBFCs which could apply to become banks while another 3-4 finance companies promoted by large business houses could become banks. The current rule of the promoters of a bank has to hold a minimum of 40% in the lender for the first five years should continue and the promoters should not be allowed to pledge the bank's shares during the lock-in period.

The panel proposed the initial paid-up voting equity share capital, net worth required to set up a new universal bank, may be increased to Rs 1,000 crore. The initial paid-up voting equity share capital, net worth required to set up a new SFB, may be increased to Rs 300 crore. Urban cooperative banks transiting to SFBs, the initial paid-up capital or net worth should be Rs 150 crore which has to be increased to Rs 300 crore in five years.



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

Last 2 week we saw how we can diversify our portfolio across sectors and various asset classes. We also saw how to choose stocks and analyse companies for value investment. Let us take a quick snapshot . To invest for long term we may follow a top-down approach in the following steps :

- Broad Sector analysis
- Analyse the business model
- Analyse the management
- Financial Analysis
- Followed by Valuation using various models

Let me reiterate if the first 4 points point is taken care of then the last point which is probably the most difficult thing to do wont matter much if you are a retail investor and planning to stay invested for at least 5-10 years. Next as discussed last week it is extremely crucial to have a diversified portfolio and we also saw the various asset classes where an Investor can invest. Now with all this in mind let us see a sample portfolio created and maintained for last 4 months.

Stock Name	Live Price	Quantity	Per Unit Cost	Investment Cost	Latest Weight(%)	Latest Value	Unrealized Gain	Realized Profit/Loss
Retail & Real Estate				11,541	6.40%	11,913	372 3.22%	-24
Avenue Supermar	2,382.60	5.00	2,308.19	11,540.93	6.40%	11,913.00	372 3.22%	-23.85
Automotive				9,990	5.50%	13,083	3093 30.95%	-
Bajaj Auto	3,058.55	2.00	2,466.25	4,932.50	2.70%	6,117.10	1,185 24.02%	-
Maruti Suzuki	6,965.85	1.00	5,057.92	5,057.92	2.80%	6,965.85	1,908 37.72%	-
Banking & Financial Services				75,207	41.70%	1,02,262	27,055 35.97%	-
Bandhan Bank (2)	349.9	52.00	221.33	11,509.10	6.40%	18,194.80	6,686 58.09%	-
Bajaj Finserv	8,542.60	3.00	5,750.64	17,251.92	9.60%	25,627.80	8,376 48.55%	-
HDFC Bank (2)	1,403.65	25.00	932.36	23,309.08	12.90%	35,091.25	11,782 50.55%	-
HDFC	2,334.80	10.00	2,313.64	23,136.41	12.80%	23,348.00	212 0.91%	-
Consumer Non-durables				22,867	12.70%	22,890	23 0.1%	160
Dabur India	508.4	20.00	455.65	9,113.00	5.10%	10,168.00	1,055 11.58%	35
HUL	2,120.25	6.00	2,292.32	13,753.91	7.60%	12,721.50	-1,032 -7.51%	125.34
Pharmaceuticals				8,233	4.60%	10,694	2,460 29.88%	-
Ipca Labs	2,138.70	5.00	1,646.65	8,233.26	4.60%	10,693.50	2,460 29.88%	-
Tobacco				14,749	8.20%	15,144	395 2.68%	-
ITC (2)	191.7	79.00	186.7	14,749.12	8.20%	15,144.30	395 2.68%	-
Oil & Gas				27,192	15.10%	28,493	1,301 4.78%	-
Reliance (2)	1,899.50	15.00	1,812.79	27,191.84	15.10%	28,492.50	1,301 4.78%	-
Engineering & Capital Goods				10,631	5.90%	11,323	692 6.51%	-
Larsen	1,132.30	10.00	1,063.10	10,630.99	5.90%	11,323.00	692 6.51%	-

Home » Portfolio » Stocks

STOCKS

Latest Value: ₹2,15,801 | Today's Gain / Loss: 2,382.55 ▲ 1.12% | Amount Invested: 1,80,410 | Unrealized Gain: 35,391 ▲ 19.62%

TODAY'S GAIN

8 of 13 Gaining 3,758 ▲ 2.9%
5 of 13 Losing -1,376 ▼ -1.6%

GAINING STOCKS

Bajaj Finserv 8,542.60 ▲ 9.19%
Ipca Labs 2,138.70 ▲ 3.81%

LOSING STOCKS

Reliance 1,899.50 ▼ -3.73%
Bandhan Bank 349.90 ▼ -0.77%

UNREALIZED GAIN

12 of 13 In Profit 36,424 ▲ 21.9%
1 of 13 In Loss -1,032 ▼ -7.5%

HIGHEST PROFIT

HDFC Bank 11,782 ▲ 50.55%
Bajaj Finserv 8,376 ▲ 48.55%

HIGHEST LOSS

HUL -1,032 ▼ -7.51%

The Consistent Compounders Show

A Pro Exclusive Knowledge Interview Series

HOST: SAURABH MUKHERJEA | GUEST: CHANDRESH NIGAM

WATCH NOW

MARKET ACTION

Nifty | Market | Gainers/Losers | News Feed

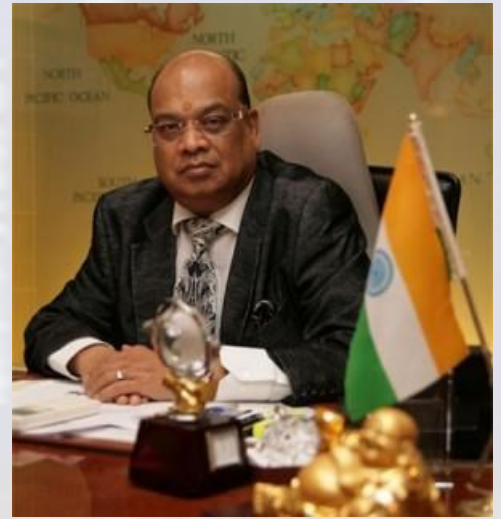
NIFTY 20-Nov-20
12,859 ▲ 0.68%

The portfolio has a investable amount of Rs 180410 and current portfolio value of Rs 215801 and that's a 19.62% return. It is a diversified portfolio with a exposure in 8 sectors & with a total of 13 stocks. The highest weightage is given to Banking and Financial services sector. Now if we look at the portfolio it have a few stocks like HDFC , Bandhan Bank which have generated a return of more than 50% while stock like HUL has a negative return . Holding onto stock that generates a negative return might look foolish when you have so many options to invest and generate a higher return but the idea of creating a portfolio is to also manage your risk. HUL, ITC even though don't grow fast but their downside risk is low thus in poor market condition such stocks will save you from high loss . And remember again what the value investment idea says , if you are stayed invested for long term and choose companies following all the steps mentioned above you are bound to do well . So go ahead create your own portfolio.

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

The default case of the Rotomac loan, pegged to be about Rs 3,695 crore, casts several surprises as the investigation of the agencies deepens. The ED and the CBI cases brought against the businessman argue that by using loans intended to buy wheat and export products for various other purposes, he defrauded seven banks. Of the total principal sum of Rs 2,919 crore (excluding interest paid to Vikram Kothari's Rotomac, Bank of India loaned Rs 754.77 crore, Bank of Baroda Rs 456.63 crore, Indian Overseas Bank Rs 771.07 crore, Union Bank of India Rs 458.95 crore, Allahabad Bank Rs 330.68 crore, Bank of Maharashtra Rs 49.82 crore, and Oriental Commerce Bank Rs 97.47 crore.

Rotomac promoter Vikram Kothari took public sector banks for a ride between 2008 and 2013 by getting foreign letters of credit (FLCs) for making payments to his buyers and suppliers abroad who worked from virtual offices in places like Dubai, Sharjah and Hong Kong.



Vikram Kothari

The investigation showed that Vikram Kothari used various methods to seek credit from these banks. He used loans approved by banks for export orders to aid his Kanpur-based business, in direct violation of FEMA (Federal Emergency Management Agency) regulations. By furnishing forged documents to seek loans from these banks, he produced several fake firms. According to various reports published Allahabad Bank, Bank of India, Bank of Baroda, Indian Overseas Bank and Union Bank of India have compromised their rules to sanction Rotomac's loans.

Kothari obtained a loan of Rs 485 crore from Union Bank of India, based in Mumbai, and a loan of Rs 352 crore from Allahabad Bank, based in Kolkata. A year later, either the interest or the loan was allegedly not paid back by Kothari. Bank of Baroda (BoB), a consortium partner, announced last year that pen manufacturer Rotomac Global Pvt. Ltd. as a deliberate defaulter.'

The firm then moved the Allahabad High Court to appeal to delete its name from the wilful defaulter list. The order on a petition filed by the company was passed by a division bench consisting of Chief Justice D Bhosle and Justice Yashwant Verma, arguing that, despite having provided assets worth more than Rs 300 crore to the bank after the default date, it was wrongly deemed a wilful default by BoB.

In accordance with the procedure laid down by the Reserve Bank of India, Rotomac was declared a wilful defaulter vide, an order passed by an appointed committee on February 27, 2017. The development comes less than a week after a USD 1.77 billion - around Rs 11,400 crore - scam was discovered by the Punjab National Bank (PNB) in which Modi allegedly obtained fraudulent business letters (LoUs) from a branch in Mumbai to obtain overseas credit from other Indian lenders. Following the sensational Rs 11,400 crore fraud allegedly committed by billionaire jewellery designer Nirav Modi and his uncle Mehul Choksi, who is a promoter of the Gitanjali group of companies, this is the second big financial scandal to break out. Before the Punjab National Bank realised the depth of the alleged crime, both fled the country.

The lowdown

Here's all you wanted to know about the scam

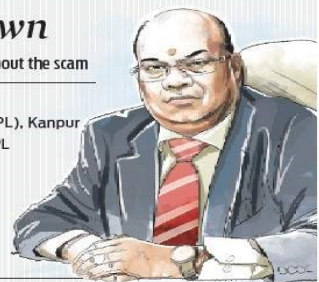
CAST OF CHARACTERS

Rotomac Global Pvt Ltd (RGPL), Kanpur
Vikram Kothari, Director, RGPL
Sadhana Kothari (wife of Vikram Kothari), Director, RGPL
Rahul Kothari (son of Vikram Kothari), Director, RGPL
 Unknown bank officials

7-BANK CONSORTIUM

- Bank of India
- Bank of Baroda
- Bank of Maharashtra
- Indian Overseas Bank
- Union Bank of India,
- Allahabad Bank
- Oriental Bank of Commerce

Consortium led by **Bank of India**
 Complainant **Bank of Baroda**



PERIOD OF SCAM: SINCE 2008

Loan from consortium	Principal (₹ in Cr)
Bank of Baroda	456.63
Bank of India	754.77
Indian Overseas Bank	771.07
Union Bank of India	458.95
Allahabad Bank	330.68
Bank of Maharashtra	49.82
Oriental Bank of Commerce	97.47
Total loan	2,919.39

TOTAL LIABILITIES WITH INTEREST ₹3,695 crore

THE CHARGES

- 1 RGPL was trying to milk the interest rate differential in local and foreign currencies
- 2 No genuine business transactions carried out by RGPL with the amount loaned by banks
- 3 A number of fictitious companies created for carrying out fraudulent operations
- 4 RGPL submitted forged documents to induce banks to advance money
- 5 Credit sanctioned by banks utilised for purposes other than executing export orders
- 6 Most transactions were with buyers, sellers, sister companies and subsidiaries of RGPL

CASE STUDIES

Credit sanctioned for wheat buy from Singapore diverted to another company, Bargadia Brothers Pvt Ltd, Singapore. Later, the money was remitted to the account of RGPL.

Money to buy goods for export not utilised for the purpose; no export order executed

TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

BATCH OF 2019-21 & BATCH 2020-22

ISSUE - 71 | DATE - 21st November



Devansh Chokhani | Abhishek Satpathy | Neha Kedia | Puneet Agarwal | Jitendra Kumar (Secretary)



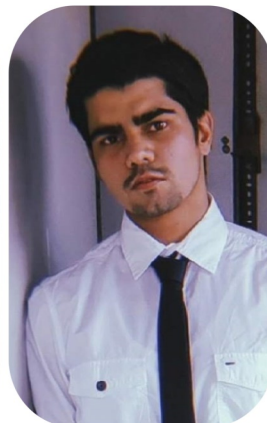
Shubham
Bhattacharya



Joy
Dutta



Megha Poddar



Rahul
Dhankhar



Navin
Srivastava