FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

MDI MURSHIDABAD | Management Development Institute

WEEKLY FINANCIAL MAGAZINE FOR THE STUDENTS OF MDIM

FINA₹THA

THE FINANCE CLUB OF MDIM

FIN-O-DATE

THE FINANCE MAGAZINE

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.

FINARTHA

MDI Murshidabad | Management Development Institute

FIN-O-DATE THE FINANCE MAGAZINE

December 19, 2020

ISSUE– 75

INDEX

- SENSEX 46960.69
- NIFTY 50 13760.55
- NASDAQ 12755.64
- DOWJONES 30179.05

CURRENCY

- USD/INR ₹ 73.61
- GBP/INR ₹ 99.54
- YEN/INR ₹ 0.71
- EURO/INR ₹ 90.22

LATEST BY:
DEC 19th, 2020

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Dr Reddy	5072.85	5228.75	3.35%	5262.85/5078.15
Bajaj Auto	3270.45	3347.55	2.50%	3363.00/3270.90
INFY	1159.20	1189.80	2.31%	1195.00/1175.60
Wipro	356.90	363.55	1.71%	365.80/357.50
Cipla	783.20	793.45	1.53%	796.00/781.50

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
IndusInd Bank	935.80	905.20	3.10%	937.50/887.55
HDFC Bank	1441.80	1411.35	2.28%	1439.70/1406.30
ONGC	101.50	99.00	1.97%	102.30/98.15
Maruti	7694.00	7559.75	1.74%	7727.00/7541.75
IOC	95.40	93.95	1.36%	95.75/93.30

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
DLF	BUY	235.00	250.00	265.00	230.00
ITC	BUY	220.00	240.00	290.00	209.00
Sun Pharma	BUY	580.00	610.00	630.00	555.00

Market Watch

- Nifty took a resistance at 14000 level and holds above 13500.
- Nifty Likely to have a correction of 300-400 points
- Christmas week can signal less participations from FII
- Reduction in investments from FII can signal market turn in the future

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?

Most IPO superstars often bite the dust

Four of the five most-subscribed initial public offers are down 12-71% over day-one listing gains

False start

Many of the most subscribed IPOs are currently much below their day1 closing price

	Issue size (₹ cr)	Subscription (x)	Change (%) Listing day	Change (%) Day 1 to date
Salasar Tech	36	277	143	-12
Apollo Mirco System	156	248	61	-71
Astron Paper	70	243	142	-54
Capacite Infra	400	183	37	-44
CDSL	524	170	76	98

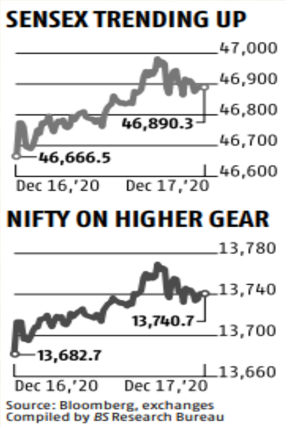
Compiled by BS Research Bureau

Mrs Bectors Food Specialities on Thursday became the fourth issue this year to see oversubscription of over 150 times. And a few days earlier, Burger King India was the fifth debutant this year to see its shares soar at least 70 per cent over the issue price. But if history is anything to go by, very few IPOs have turned out to be good long-term bets. A stock may not hold promise just because it shows a huge day-one pop, data shows. In fact, it is quite the opposite, analysts say.

If one compares the current stock prices of companies that have clocked the best-listing day gains, it paints a gloomy picture. The average return since their day-one close for the top 20 listings since 2010 is a negative 6 per cent. Those who had bought shares of seven of these 20 stocks at their first-day close would have seen at least 50 per cent erosion in their investment by now. And returns are negative in 13 of the cases. The same applies to IPOs that have seen the maximum oversubscription. If one looks at the five most subscribed IPOs, four are currently down 12-71 per cent over their day one close.

There are a few exceptions to this rule: Stocks like Avenue Supermarts, CDSL, and HDFC AMC have turned out to be good bets even for someone who bought them during their maiden share sale or even after their first-day surge. So what explains the recent frenzy? "The demand in primary market is a reflection of sentiment in the secondary market. At present, the broader market stocks are also rallying due to the liquidity gush. This along with premium listings of recent IPOs is drawing a lot of investor towards newer IPOs. In the near term, this is playing out well. But one should remember, once the euphoria dies down, fundamentals and business outlook take over. Investing by merely looking listing gains is risky. Investors might get lucky with some stocks, but may get caught in the wrong foot in most cases," said Geetanjali Kedia, senior research analyst, SP Tulsian Investment Advisory Services.

Indices' winning streak continues on US Fed stance



Source: Bloomberg, exchanges
Compiled by *BS* Research Bureau

The Sensex and Nifty sprinted to all-time highs for the fifth session on the trot on Thursday, in tandem with global markets, after the US Federal Reserve's accommodative stance further fuelled risk-on sentiment. After touching its lifetime intra-day high of 46,992.57, the Sensex settled 223.88 points or 0.48 per cent up at 46,890.34 — its new closing record. Similarly, the broader Nifty rose 58 points or 0.42 per cent at a new closing high of 13,740.70. It hit a lifetime peak of 13,773.25 during the day. HDFC topped the Sensex gainers' chart, spurting 2.92 per cent, followed by Bajaj Finance, HDFC Bank, IndusInd Bank, UltraTech Cement, PowerGrid, TCS, Tech Mahindra, and L&T. On the other hand, ONGC, Maruti, Tata Steel, HUL, Bajaj Auto, and Sun Pharma were among the main laggards, tumbling up to 1.55 per cent.

Global stocks soared to fresh highs after the US Fed said it would continue with its massive monetary stimulus until it sees "substantial further progress" in employment and inflation levels. The US central bank also vowed to maintain its monthly bond purchases of at least $120 billion. "The market is rallying on the affirmation of the US FOMC policy decision to keep rates unchanged and assurance of continued support through further stimulus until the economy reaches the employment and inflation target.

Along with this, the market is inching higher on expectations of upcoming events like further stimulus packages, Brexit progress and vaccine developments," said Vinod Nair, head (research), Geojit Financial Services. Sector-wise, the BSE finance, capital goods, realty, bankex, industrials, energy and health care indices rose up to 1.01 per cent, while metal, oil and gas, utilities, FMCG, and auto lost as much as 1.42 per cent. In the broader markets, the BSE MidCap and SmallCap fell up to 0.23 per cent. Elsewhere in Asia, bourses in Shanghai, Hong Kong and Tokyo ended with gains, while Seoul was in the red. Stock exchanges in Europe were also largely trading on a positive note.

Sebi clears the way for fintechs to set up AMCs

CIRP companies asked to have at least 5% public float

Existing rules: MF sponsors need to have profitability track record and minimum **net worth of ₹50 crore**	**New rules:** Entities without profitability track record can be sponsors but net worth should be **₹100 crore**

Existing rules: No minimum free float for companies relisting after **bankruptcy proceedings**

New rules: Maintain at least 5% **public shareholding**

Existing rules: Promoters are mandated to contribute at least **20% in further public offers**	**New rules:** No minimum promoter **contribution required**

The Securities and Exchange Board of India (Sebi) on Wednesday paved the way for fintech companies and other start-ups to set up asset management companies (AMCs) by tweaking the eligibility criteria. The market regulator also tightened the shareholding norms for companies relisting after undergoing the corporate insolvency resolution process (CIRP) to ensure fair price discovery. Sebi said an entity would be allowed to sponsor a mutual fund even if it didn't fulfil the profitability requirement. However, the entity would need to have a net worth of Rs. 100 crore. At present, MF sponsors need to have a profitability track record and are required to maintain a net worth of Rs. 50 crore.Industry players said the move would encourage new-age fintech firms like Paytm, PhonePe, and MobiKwik to set up mutual fund units. "A lot of fintech firms are far from turning profitable. Balancing the risks, Sebi is saying you bring double the net worth," said Dhirendra Kumar, CEO, Value Research. Sebi said the stricter net worth criterion could be eased after the AMC made profits for five straight years.

US Treasury Department adds India to the monitoring list of currency

Being monitored

The US has asked India to allow the exchange rate to move to reflect economic fundamentals and limit foreign exchange intervention. The US Treasury Department added India to the monitoring list countries which are branded as currency manipulators while Switzerland and Vietnam were named as currency manipulators. "Over the four quarters through June 2020, four major US trading partners -- Vietnam, Switzerland, India, and Singapore -- intervened in the foreign exchange market in a sustained, asymmetric manner," the US Treasury Department said.

Where India faltered

The US Treasury in its report on trading partners said India met two of the three criteria in this Report, having a material current account surplus and engaging in persistent, one-sided intervention over the reporting period. Treasury will closely monitor and assess the economic trends and foreign exchange policies of each of these economies.

Fostering long-term growth

The US treasury said about India, "The authorities should allow the exchange rate to move to reflect economic fundamentals and limit foreign exchange intervention to circumstances of disorderly market conditions. India can also leverage the recovery period to pursue structural reforms that will open its market further to foreign investment and trade, including foreign portfolio investment in Indian sovereign and sub-sovereign bonds, thereby fostering stronger long-term growth."

Divergence from peer currencies

The report noted that the rupee has diverged somewhat from peer currencies, however, amid RBI intervention. While many emerging market currencies started to rebound from their March lows in May and June, the rupee remained relatively range bound as the RBI resumed large foreign exchange purchases. The rupee has appreciated somewhat since late August, but it has still not recovered as much lost ground as its emerging market peers have, the US Treasury said.

A word of praise

"India has been exemplary in publishing its foreign exchange market intervention, publishing monthly spot purchases and sales and net forward activity with a two-month lag. The RBI states that the value of the rupee is broadly market-determined, with intervention used only to curb undue volatility in the exchange rate", the US treasury said.

India's foreign exchange reserves down by $778 million to $578.5 billion

The country's foreign exchange reserves decreased by $778 million to $578,568 billion in the week of 11 December, according to RBI data from 18 December. In the previous week, assets had hit a record high of $579,346 billion, rising by $4,525 billion.

Over the reporting week, savings decreased due to a fall in foreign currency assets (FCAs), a major component of total reserves. FCAs fell by $1,042 billion to $536,344 billion, according to weekly RBI numbers.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the forex reserves. The gold reserves increased by $284 million in the reporting week to $36.012 billion, the data showed.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) dipped by USD 3 million to USD 1.503 billion.

The country's reserve position with the IMF also fell by USD 16 million to USD 4.709 billion The decline in the reporting week was mainly on the back of a fall in the value of foreign currency assets (FCA) held by the central bank, which constitutes a major component of the overall reserves. FCA fell by $1.042 billion to $536.344 billion, the data showed.

The FCA reflects appreciation or depreciation of currencies like the euro, pound and yen held in the foreign exchange reserves, expressed in dollar terms. Typically, the value of FCA for a said week is a function of currency depreciation and also the intervention in the currency market by Reserve Bank of India.

In the absence of a few small falls, India's forex kitty has been on the rise in 2020 clocking record volumes many times in recent months. On January 3, the foreign exchange fund amounted to $461,157 billion.

The rise in forex reserves is usually a factor in the increase in portfolio investment by offshore investors and in the growth in foreign direct investment (FDI) over the century.

A powerful kitty helps the central bank to interfere on forward and spot currency markets in a timely manner in order to avoid any slide in rupee devaluations. India's central bank has been shoring up its foreign reserves for more than a year, leaving Russia and South Korea as the third-largest owners of foreign reserves to China and Japan alone.

Fin Gurus: This series will cover the success stories and journeys of the investors who aced the share market.

Radhakishan Damani, an Indian entrepreneur, a businessman, and the second richest man in India, a founder and a Dmart.

Who is Damani Radhakishan?

Radhakishan Damani was born on 15 March 1954 to the Indian Marwari family, born and raised in Bikaner, Rajasthan. RK Damani is one of the few self-made billionaires in the world, coming from a humble beginning.
Naturally, his experience led him to have a propensity towards business in general.

Radhakishan Damani

RK Damani dropped out of his Bcom – Bachelor of Commerce at the 'University of Mumbai' midway to start his first stockbroking firm. Radhakishan Damani, founder of the 'D-Mart' mega-retail chain stores in India, is a Mumbai-based entrepreneur, businessman, and billionaire investor. Radhakishan is considered to be the King of the Damani retail market.

Market Stock Career

While Radhakishan Damani began his career as a stockbroker, he soon realised that if he wanted to make money from the market, he needed to invest and trade his own money on the stock market instead of just being a stockbroker. And soon he started trading his stock on the Indian stock exchange.
He made a big profit from his stock trading work. RK Damani claimed that gains would be generated using various market swings. He was a very versatile merchant.

RK Damani earns good money by investing in multi-bagger stocks. Some of the best-performing stocks in his portfolio are Century textiles, Indian Cement, VST Industries, TV Today Network, Blue Dart, Sundaram Finance, 3M India, Jubilant FoodWorks, etc At the age of 32, RK Damani started the stockbroking business after his father died.

A journey from Dalal Street to an entrepreneur, to a businessman:

Well known as Mr. White and Mr. White. He began his career as a stock market investor in the year 1980. Before entering the stock market, Radhakishan Damani started his career with a small 'ball-bearing' trading firm.
In 2001, after hitting such a high altitude, he unexpectedly left the stock market and decided to enter the retail field. He founded Dmart supermarkets and the hypermarket chain. After that, he announced D-IPO Mart's in 2017. This company has now become the 18th most successful company in the world.

What's the DMart?
Dmart is a one-stop supermarket and hypermarket chain in India, first launched in 2000 in Powai, Mumbai by R. K. Damani.
The business is based in Mumbai. D'Mart provides a wide variety of basic and personal home items under one roof. Each DMart supermarket store contains household utilities – including toys & games, stationery, beauty products, food, toiletries, laundry and bath linen, clothes, kitchenware, home appliances, Footwear and more.
The products D Mart Premia, D Mart, Dutch Harbour, D Mart Minimax, D Houses, etc are ASL-owned brands.
D'Mart's key goal is to sell consumers healthy items of great value. Today, DMart is well known in Andhra Pradesh, Maharashtra, Karnataka, Telangana, Gujarat, Madhya Pradesh, Tamil Nadu, Punjab, Chhattisgarh, NCR, and Rajasthan.

TEAM FINARTHA

The FINANCE CLUB OF MDIM

BATCH OF 2019-21 & BATCH 2020-22

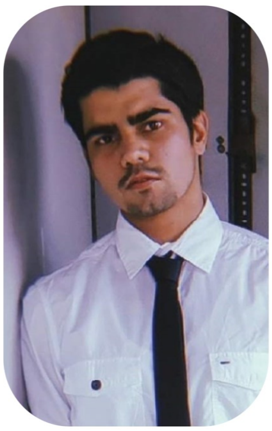
ISSUE - 75 | DATE - 19th December

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

Shubham Bhattacharya

Joy Dutta

Megha Poddar



Rahul Dhankhar

Navin Srivastava