FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

MDI MURSHIDABAD | Management Development Institute

FINARTHA

THE FINANCE CLUB OF MDIM

WEEKLY FINANCIAL MAGAZINE FOR THE STUDENTS 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.

FINAटTHA

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THE FINANCE MAGAZINE

January 02, 2021

ISSUE– 77

INDEX

- SENSEX 47868.98
- NIFTY 50 14018.50
- NASDAQ 12888.28
- DOWJONES 30606.48

CURRENCY

- USD/INR ₹ 73.09
- GBP/INR ₹ 99.94
- YEN/INR ₹ 0.71
- EURO/INR ₹ 88.70

LATEST BY:
Jan 2nd, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Adani	483.75	503.85	4.39%	508.00/482.55
TCS	2862.75	2928.25	2.42%	2940.00/2879.00
ITC	209.00	213.85	2..34%	214.20/209.30
M&M	720.60	732.35	1.55%	744.75/723.00
SBIN	274.95	279.40	1.49%	280.00/274.40

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
ICICI Bank	535.05	527.50	1.36%	537.00/526.10
SBI Life	904.25	895.40	0.99%	907.05/894.00
Hindalco	240.55	238.35	0.96%	240.00/237.60
HDFC Bank	1436.30	1425.05	0.89%	1443.00/1420.60
Titan	1567.15	1558.60	0.58%	1573.00/1555.95

TAKE-O-TRADE

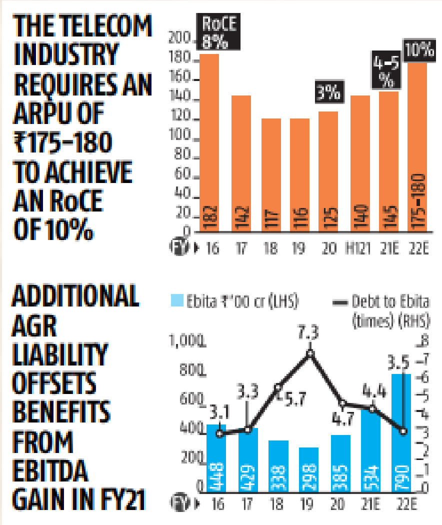
SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
DLF	BUY	241.00	250.00	265.00	230.00
ITC	BUY	220.00	240.00	290.00	209.00
WIPRO	BUY	392.00	420.00	435.00	382.00

Market Watch

- Nifty holds above 13800..
- Nifty is peaking in PE and it is currently trading ATH of 14000
- Formation of small body candle suggests lack of momentum.
- Nifty could see a major pullback till 13750

What's Brewing In The Market?

Telecom sector: Strong signal of tariff hikes



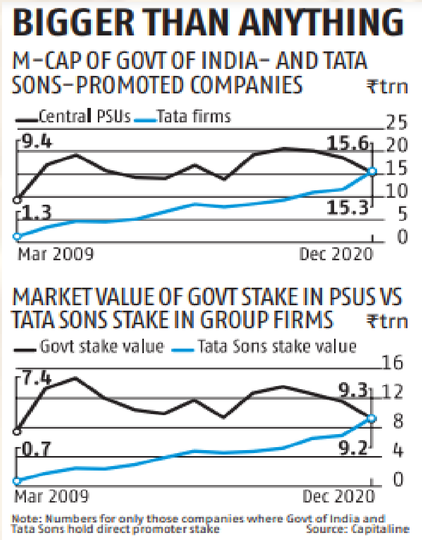
Telecos will push to raise their average revenue per user (ARPU) by 25 per cent over the next 6-12 months. This will be critical to sustain a healthy and sustainable return on capital employed (RoCE) of 10 per cent, amid rising liabilities from adjusted gross revenue (AGR) dues.

We expect average monthly ARPUs to reach Rs. 175- 180 in FY22 from around Rs. 140 in the first half of FY21. Of course, this will depend on the competitive intensity, and the ARPU growth will lead to a nonlinear increase in profitability, due to the high operating leverage of the telecom business.

This will lead to necessary cash flow support and, along with moderating capex, will help improve the financial leverage in FY22, compared with its current high level of debt-to-Ebitda ratio of more than 4 times in FY21.

This predicates telcos' prudence in the recent spectrum auction and minimal capex towards 5G roll-out in next 1-1.5 years. We expect credit profiles in the telecom sector to be stable in FY22, supported by tariff hikes, moderate capex and equity raising by players.

Tatas beat govt as largest promoter of listed firms

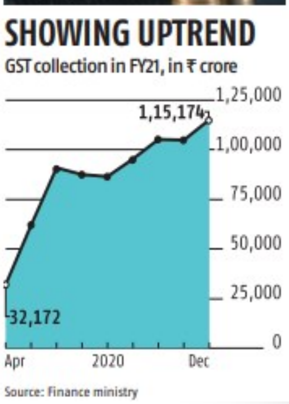


Tata Sons ended the calendar year as the largest promoter of listed companies in the country, ahead of the central government. For the first time in nearly two decades, the government is no longer the largest promoter group on the bourses, thanks to a double-digit decline in the market capitalisation of government owned and promoted companies during the calendar year. Tata Sons stake in the group's listed companies is now worth Rs. 9.28 trillion, up 34.4 per cent on a year-on-year (YoY) basis.

In comparison, the Government of India's stake in listed central public sector undertakings (PSUs) is currently valued at Rs. 9.24 trillion, down 19.7 per cent YoY. The market value of government stake in PSUs was nearly 67 per cent higher than the value of Tata Sons' stake in its companies at the end of December last year. This was nearly two and half times more at the end of March 2015.

Tata group companies have also overtaken PSUs in terms of market capitalisation. The 15 Tata group companies had a combined market capitalisation of Rs. 15.6 trillion on Thursday, up from Rs. 11.6 trillion a year ago on December 31, 2019. In comparison, the 60 listed PSUs, where Government of India is a promoter, had a combined market capitalisation of Rs. 15.3 trillion on Thursday, down from Rs. 18.6 trillion a year ago. This is first time in at least two decades that PSUs are not in the largest group on the bourses in terms of market capitalisation and promoter stake.

GST mop-up at record high, Surges to Rs. 1.15 trillion in December



Signalling an economic revival, goods and services tax (GST) collection touched a record high in December, posting growth of 11.6 per cent yearon-year (YoY) and surpassing the Rs. 1- trillion mark for the third straight month, the official data showed on Friday. The double-digit expansion in collection could partially be attributed to the government's drive against GST evaders and fake bills, besides tighter compliance measures.

However, some economists credited it to the festival season sales. GST collection stood at Rs. 1.15 trillion in December as against Rs. 1.05 trillion in the previous month, the data released by the finance ministry showed. Before this, the highest GST collection was Rs. 1.14 trillion in April 2019. The collection rose for the fourth consecutive month in December, indicating the reinstatement of normalcy in economic activity after months of disruption caused by the Covid-19 lockdown. The latest numbers mostly account for transactions done in November and hence represent the impact of the festival season.

"The sharp growth in GST collection in December, while enthusing, is driven by the festive season sales and, therefore, may moderate in the subsequent months," said Aditi Nayar, principal economist, ICRA Ratings. During the month, revenues from the import of goods posted 27 per cent growth, while that from domestic transactions (including the import of services) grew by 8 per cent compared to the same month last year. "A significant jump in GST on imports could indicate a revival in demand on highend products such as cell phones and electronic items," said Pratik Jain, partner, PwC India.

Fintech industry accelerates financial inclusion, to push faster digital adoption

The rapid growth of fintech players has helped in accelerating financial inclusion and new age technologies like AI and ML will further quicken digital adoption in the country, benefitting both the industry and the consumers in the coming years, according to experts.

India has an opportunity to become a USD 1 trillion-digital payments market. The country witnessed 3,435 crore digital payments in 2019-20. While the government is making efforts to give a big push for digital India, the Reserve Bank is enabling the sector's growth with regulatory interventions and there will also be a separate division for the fintech companies at the central bank.

Fintech players are hopeful that the industry will expand and will penetrate into newer areas of financial transactions.
Payments and banking solutions provider Sarvatra Technologies Founder and Managing Director Mandar Agashe said previously most of the technology companies were giving products and services to banks through back-end support. Over the years, India has seen a very unique progress with adoption of fintech services in terms of speed and scale, he added. Pandemic has been a push for digital payments where every person from any walk of life is learning how to do digital commerce and transacting online. It has created an immediate need for safer, more efficient experiences, both online and offline.

As per an RBI article, fintech has the potential to fundamentally transform the financial landscape, provide consumers with a greater variety of financial products at competitive prices and help the financial institutions become more efficient. Currently, the scope of operations of fintechs has also broadened, moving from crypto assets to payments, insurance, stocks, bonds, peer to peer lending, robo-advisors, regtech and suptech, as per the RBI.

According to RBI Governor Shaktikanta Das, fintech and digital players could function as the fourth segment of the Indian financial system, alongside large banks, mid-sized banks including niche banks, small finance banks, regional rural banks and cooperative banks. Fintech players very evidently have been prioritising their strategies with many changes in rules and market conditions. However, there is an increased need and requirement for a multi-stakeholder framework that encompasses the regulators and governments, to guide them better. Even as fintechs have various benefits, they can also be viewed as double-edged swords because the technological innovations led by them may also magnify the existing threats to consumers in terms of privacy breaches and cybersecurity risks.

A central bank's interest in fintech is not confined to its impact on the financial sector per se, but rather its implications for financial stability and monetary policy. The regulatory environment, like the roots that provide life to a tree, provides a solid foundation for fintech activities," RBI said. The fintech industry in general and lending sector in particular will be looking to build new products on the scalable architecture that may revolutionise the lending industry in ways similar to what UPI (Unified Payments Interface) did for payments in India
In 2021, cash flow-based lending for small merchants will gain traction since there is a need for a more dynamic system to support SMEs with short term credit requirements than depend upon static models like determining their creditworthiness through bank statements.

The market has seen the emergence of fintech companies offering co-origination with banks, both for deposits and loans. This trend of convergence between banks and fintech companies is a win-win for the industry and importantly for the customers. It will only help service the demand of an under-serviced MSME sector and the unbanked. NPCI initiatives like UPI are now ready to be launched globally and a dedicated division that can seed new innovations will only accelerate growth.
"The industry is likely to expand further, with Artificial Intelligence (AI) and Machine Learning (ML)-led applications being integrated, and firms are innovating to address the issues faced by the average Indian in receiving credit and banking services
"Indian fintechs are now witnessing one of their biggest challenges till now - the COVID-19 pandemic. For a healthy and sustainable business ecosystem, fintechs need to bridge the digital divide and promote equitable, broad-based customer participation across urban and rural areas and the various producing and consuming sectors," RBI said in a bulletin.

What RBI is Upto with the current Economic Situation ?

Currently the Central Bank have to manage 3 key important issue:

- Managing Free Capital Mobility
- Managing Exchange Rate Management
- Managing Monetary Autonomy

On a sustained basis, the central bank can manage only two of these three aspects. The trilemma is when the central bank is forced to manage all three and is unable to prioritise.

This issue comes to the fore in periods of excess foreign capital inflows. As capital inflows increase, the currency appreciates – capital mobility. If the central bank deems these inflows as excessive, it buys up the supply of dollars from banks and resists the appreciation – exchange rate management. The buying of dollars increases its foreign exchange reserves. The resultant printing and sale of Rupees increase the liquidity in the banking system and drives down interest rates – monetary policy. Banks then use this new liquidity to buy bonds and give loans.
If it deems the capital inflows to be short-term hot money, it will prioritise exchange rate management and capital controls over inflation and domestic liquidity, as happened in 2007.
If it wants to control inflation, it has to stop printing excess money and suck out the excess liquidity. This means it cannot buy the excess dollar inflows and has to allow the currency to appreciate. We may be entering this scenario. So to conclude RBI is now with 3 following trillema

- The RBI cannot use capital controls to control the flows.
- It does not want the rupee to appreciate much as it impacts the Atma Nirbharta policy.
- It does not want to suck out the liquidity from the markets as it wants to keep rates low to revive growth.

For now, the heavy hand of the RBI will be felt in the foreign exchange markets. The RBI will continue to intervene, prevent the appreciation and add in liquidity.

Latam becomes a key focus for BNP Paribas, Credit Suisse

The asset manager has appointed Luiz Sorge as the head of Latin America. Luiz Sorge will take office from January 1, 2020. It is reported that he will be based in São Paulo and will report into Sandro Pierri, Global Head of Client Group.

Luiz Sorge is currently the CEO of BNPP AM Brazil. With the new position, he will support the asset management company's long-term investments for clients in Latin America, media reports said. In addition, he will be responsible for operations in Brazil, Argentina, Chile, Columbia, Mexico and Peru.

A few weeks ago, Credit Suisse was merging some of its Latin American wealth management regions as part of its restructuring efforts to shift resources and slash costs, media reports said.

Jorge Fernandez Amann, head of Latin America for the international wealth management division, in a statement said "We have reviewed our operational set-up in Latin America to optimize our service delivery for our clients." In his view, Latin America was of strategic importance to Credit Suisse.

The international wealth management unit is focused on achieving gross sales of $88 million in 2021, while 50 million of those savings is expected to come from asset management. The bank has been laying off employees at its alternative asset business.

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

Peter Lynch is a well-known capitalist and fund manager. At present, the net value of Peter Lynch is $450 million. He averaged an extraordinary annual return of 29.2% in the history of the Mutual Funds. Since retirement, he has been involved in expanding his knowledge of investment strategies and philanthropy activities. He is well known for his expertise in managing the Magellan Fund and providing investors with the highest returns.

peter lynch

Early Life Of Peter Lynch

He was born in the United States on January 19, 1944. Peter's father died of cancer when Peter was only 10 years old. The condition of his family was not good after his father's death. So to help her mother make a living for her family, he started working as a caddy in a golf club. Working as a caddy proved to be of great importance in his life, as his interest in the stock market developed by overhearing the conversations of the great investors who came to play golf there.

His first investment was in the air freight industry. Later, after graduating from Boston College, he used to save money. Out of the money he saved, he bought 100 shares of Flying Tiger Airlines. Since this stock was rising at a high pace on the market, it had a high return on it. Peter used his returns to pay the fees of his college. He completed his graduation in 1965. He also completed his Master's degree in Business Administration from the University of Pennsylvania in 1968.

From Fidelity Intern To Fidelity Fund Manager

After graduating in 1966, he was hired as an intern at Fidelity Investments. He also served in the army for a period of two years from 1967 to 1969. Later, when he arrived, he was hired on a full-time job at Fidelity as an investment analyst for Textiles and Metals. He was also promoted to the post of Director of Research in 1974.
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After serving as Director of Research for three years, he was finally appointed Fund Manager of the Magellan Fund in 1977. Most of the funds held domestic investments. The day Peter took over the fund, it had a total investment of $18 million, and 13 years later, when Peter resigned from that position and the company, the fund held investments of $18 million. 14 billion dollars. This is the thirteen years of his career in which he averaged an annual return of 29.2 per cent, which is reflected in the history of mutual funds. At the age of 46, he retired.

Investment Philosophy Of Peter Lynch

The most important philosophy, as per Peter Lynch, is "Invest in what you know." It is a fact that everyone has good knowledge of their own work, and they can easily understand the financial and non-financial performance of companies involved in business related to their work. So, he advised many people that investment should be made in those sectors in which you are regularly engrossed. Also, he suggested investing in companies which are manufacturing or retailing the products we use in our day to day life. He also believes in investing for the long term.

PEG Ratio By Peter Lynch

As per Peter Lynch, the price-earnings ratio was not enough to judge the growth of any company. Though it is a myth in the market that companies with lower price-earnings ratios are right for investing, he believed the fact that only this factor does not define the true picture of the firm. So he formulated a Price to Earnings to Growth Ratio. This was a basic formula that divided the price-earnings ratio of the company with the growth rate of the firm. The price to earnings to growth ratio is also used by the modern fund managers to determine a firm's growth potential and price of that company based on the growth.

Post Retirement Life

He retired at the age of 46 from that company, where he served for 17 years. After retirement, he became a philanthropist. He donated $10 million to the college from where he graduated. Peter Lynch started a Lynch Foundation for education and hospital initiatives. A lot of his earnings go to charity and donations. He has the vision to spread his knowledge on investing to as many people as he could in his life.

TEAM FINARTHA

The FINANCE CLUB OF MDIM

BATCH OF 2019-21 & BATCH 2020-22

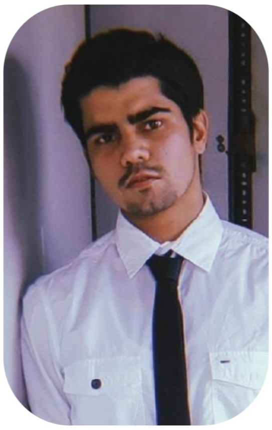
ISSUE - 77 | DATE - 02nd January

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

Shubham Bhattacharya

Joy Dutta

Megha Poddar



Rahul Dhankhar

Navin Srivastava