FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

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.

FINAℨTHA

MDI MURSHIDABAD Management Development Institute

FIN-O-DATE
THE FINANCE MAGAZINE

January 17, 2021

ISSUE– 79

INDEX

- SENSEX 49034.67
- NIFTY 50 14433.70
- NASDAQ 12998.50
- DOWJONES 30814.26

CURRENCY

- USD/INR ₹ 73.16
- GBP/INR ₹ 99.42
- YEN/INR ₹ 0.70
- EURO/INR ₹ 88.38

LATEST BY:
Jan 17th, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Tata Motors	245.10	260.30	6.73%	264.65/242.60
Airtel	593.80	602.65	3.95%	610.65/593.80
UPL	511.40	522.55	2.54%	527.90/511.40
ITC	214.15	217.85	1.75%	218.50/211.20
Grasim	1020.25	1033.05	1.32%	1039.30/1001.60

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
TechM	1052.60	1007.30	3.95%	1062.80/1002.65
HCL	1027.70	989.80	3.77%	1052.85/984.00
Wipro	454.35	438.55	3.64%	459.40/436.60
GAIL	144.00	138.50	3.33%	146.20/136.55
ONGC	105.05	101.40	3.09%	106.10/100.65

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Petronet	BUY	274.00	300.00	320.00	266.00
TCS	BUY	3275.00	3380.00	3500.00	3220.00
Sun Pharma	BUY	625.00	650.00	675.00	612.00

Market Watch

- Nifty closes above 14400 psychological point.
- Nifty might enter is the consolidation phase now
- Formation of small body candle suggests lack of momentum.
- Nifty could see a major pullback till 13750

Edited By: RAHUL DHANKHAR | MDIM | PGPM 2020-2022

What's Brewing In The Market?

Late ITR surge slows direct tax mop-up contraction

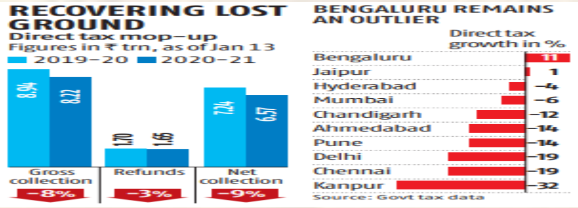
Net collection stands at Rs. 6.57 trn, compared with Rs. 7.24 trn a year ago

A surge in filing income-tax returns for the financial year 2019-20 (FY20) before the deadline ended helped narrow the decline in net direct tax collection to 9.2 per cent, giving a bit of cushion to the government's deteriorating revenue position a fortnight ahead of the Union Budget.

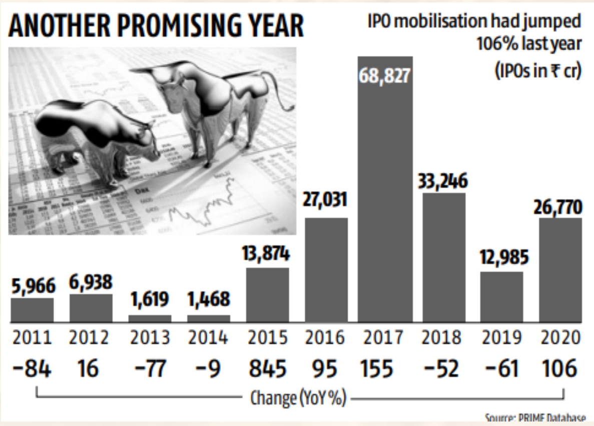
The returns filed crossed 59 million by Sunday, the last day for individuals, compared with 56 million the previous year. Over 3.1 million returns were filed on deadline day for filing ITR for everyone other than companies and tax audit.

Direct tax collections, net of refunds, stood at Rs. 6.57 trillion as on Wednesday, compared with Rs. 7.24 trillion in the corresponding period last year. The contraction in collections has narrowed from the 13 per cent seen on December 16, after the third instalment of advance tax. The pickup was largely led by information technology hub Bengaluru, which posted an 11 per cent expansion compared with last year, and Jaipur posted a 1 per cent rise in collections. However, important jurisdictions such as Mumbai and Delhi saw declines of six per cent and 19 per cent, respectively.

Refunds contracted by three per cent to Rs. 1.65 trillion during this period, and gross tax collections contracted by eight per cent to Rs. 8.22 trillion. While the direct tax target of Rs. 13.19 trillion might now be impossible to meet, the department is hopeful of matching last year's collection of Rs. 10.53 trillion, with about Rs. 40,000-50,000 crore expected to come through the Vivad se Vishwas direct tax dispute resolution mechanism window, which closes on January 31. The government had initially expected to collect Rs. 2 trillion from the scheme.



Mkt rally gives leg-up to share sales



Equity share sales are gathering pace, underpinned by buoyancy in the secondary market with valuations hovering around lifetime highs. Indigo Paints, among India's top five paint companies, on Thursday announced its Rs. 1,170-crore initial public offering (IPO). The announcement came a day after state-owned Indian Railway Finance Corporation (IRFC) set the dates and pricing for its Rs. 4,500-crore offering. Meanwhile, the government also launched a Rs. 2,600-crore share sale in Steel Authority India Ltd (SAIL), which saw nearly two times subscription.

Investment bankers said more IPOs, including those of Home First Finance Company, RailTel Corporation of India, Kalyan Jewellers India, Stove Kraft, and Suryoday Small Finance Bank, would be rolled out over the next three or four weeks. The strong deal momentum comes at a time when the benchmark Sensex is just shy of the 50,000 mark. Also, investor appetite for IPOs is strong, given the impressive performance of last year's new listings. "After a short year-end break we are seeing deal activity gaining momentum. With valuations across the board improving, it is an opportune time to launch an IPO. Foreign portfolio investors, high networth individuals, as well as retail investors are looking forward to new deals," said an investment banker involved in one of the upcoming IPOs.

IRFC will be the first issue to hit the markets in 2021. The issue opens on January 18. The government is looking to raise Rs. 1,500 crore, while the railway financing firm will issue fresh shares worth Rs. 3,000 crore. At the top end of the price band of Rs. 26, IRFC will have market capitalisation of nearly Rs. 27,000 crore. Indigo Paints' IPO too will be a mix of fresh and secondary components. The Pune-based firm will raise Rs. 300 crore of fresh capital and existing shareholders will offload shares worth Rs. 870 crore. At the issue price of Rs. 1,490, Indigo Paints will have market cap of around Rs. 7,000 crore and its IPO will open on January 20. Experts said all the issues were getting good valuations because the midcap and smallcap indices were trading at record levels. Share sales by listed firms too are generating good investors. SAIL's 413-million offer for sale (OFS) received bids for nearly 750 million shares. Most bids came at Rs. 65.5, higher than the base price of Rs. 64 set by the government. Shares of SAIL, however, dropped 10 per cent in the secondary market trade to end at Rs. 67.3. "We are seeing strong investor demand for any share sale that is getting launched, whether it is an IPO, offer for sale, or large block deals," said Dharmesh Mehta, managing director and chief executive officer, DAM Capital Advisors. In 2020, Rs. 26,770 crore was raised by way of IPOs, a jump of two times over the previous year. The overall equity fund raise stood at Rs. 1.85 trillion, the highest ever.

IDFC First Bank enters credit card business

A credit card allowing cash withdrawal – and interest free – sounds too good to be true. But IDFC First is offering one, claiming another industry first perquisite by way of the lowest finance charges that would be synchronized with customer ratings.

The lender is set to levy finance charges at an annual rate of 9% for the best rated customer, climbing up to 36% for lower rated customers.

Generally, the annual percentage rate or the APR for other banks ranges from 34-40%. Customers can also use interest-free cash withdrawal facilities at ATMs of up to 48 days. They will have to pay a nominal fee of Rs 250 per transaction against Rs 500 charged and interest charges levied by other major lenders.

The private lender did a closed user group pilot with 15,000 of its employees before the launch. Currently, the credit card membership is only open to existing IDFC First Bank customers and will be thrown open to others from April 2021.The lifetime-free credit card includes fourvariants, FIRST Millennia for digitally savvy millennials, FIRST Classic aimed at value seekers, FIRST Select for the aspirational and FIRST Wealth for those who prefer premium benefits.

The bank will offer a standard reward point structure with 10X reward points for incremental spends of over Rs. 20,000 in a billing cycle and 3X reward points on all spends, 6X on all online spends. There will be no cap or expiry on the reward points earned by the customer. The bank is also offering dynamic interest rates starting at 9% based on the customer's credit assessment.

The bank will also charge a much lower forex mark-up fee between 1.5% and 3.5% and will not levy over-limit fees for convenience of 10% over limit usage.

Currently, the market has around 59 million credit cards (as of Oct 2020) according to the central bank, compared with 870 million debit cards. There are only 40 million unique credit card users. The monthly spends on credit cards have recovered to Rs. 64,892 crore in Oct 2020 from the lockdown months from Rs 21,017 crore in April 2020.

UK economy shrank in November as new lockdown hit

Britain's economy shrank by 2.6% in November, the first monthly fall in output since the country was under its initial COVID lockdown last April as new restrictions were imposed to slow the spread of the disease. However, the scale of the decline was much smaller than most analysts expected - a Reuters poll had pointed to a 5.7% contraction.

Britain's economy is now 8.5% smaller than it was before the start of the coronavirus pandemic in February. Many businesses adjusted to the new working conditions during the pandemic, while schools also stayed open, meaning the impact on the economy was significantly smaller in November than during the first lockdown.
The Bank of England had estimated Britain's economy would shrink by just over 1% over the final three months of 2020. With a new lockdown in place since January the country is still at risk of falling into a double-dip recession.
The BoE ramped up its bond-buying programme to almost 900 billion pounds ($1.23 trillion) in November and Governor Andrew Bailey said this week that it was too soon to say if further stimulus would be needed. Friday's data showed Britain's economy in November was 8.9% smaller than a year earlier, a smaller drop than the 12.1% fall forecast in a Reuters poll. In October the economy had been 6.8% smaller than a year before.
At its lowest point in April, when many businesses closed temporarily, output was a record 25% below its year-ago level. November's downturn was led by the services sector, where output fell 3.4% from October as pubs, restaurants, non-essential shops and many other consumer services businesses had to shut as part of a four-week lockdown in England and similar measures in other parts of the United Kingdom.

Current Development of Fintech in UK

There is a silver lining for fintechs in the UK despite all disruptions caused by the pandemic in 2020. It is reported that the UK's exit from the European Union provides scope to create its own regulatory framework for fintechs cryptocurrency. This opportunity would not only spur fintech innovation in the country, but it could also reinvest itself as a hub for decentralised finance.

Currently, the UK is undergoing a government-backed fintech review that was launched in July 2020. The review will make recommendations on all possibilities to nurture the fintech ecosystem following Brexit. These recommendations will support fast growing companies in the country, including special visas for skilled workers and changes to listing rules, media reports said.

The review has assessed five key areas: skills, investment, national connectivity, policy and global attractiveness. It will also seek ways to link 10 clusters of fintech industries in the UK. According to a S&P Global report, "Now that we've avoided a no-deal Brexit, it sends a strong message to the rest of Europe that we want to do things our way and continue to lead the space as a leading financial and technology services hub. There's already a huge amount of fintech innovation in the country, and I hope that this will allow us to continue to compete with the rest of the world in this area," Pavel Matveev, CEO of Wirex said.

The fintech sector in the country is worth £7 billion annually to the economy. It employs around 60,000 people, according to government data.

Africa's low uptake in insurance points to 2.8% penetration

It is observed that Africa scores very low in insurance uptake, pointing to a 2.8 percent insurance penetration compared to the world's average of 6.8 percent. The insurance penetration is seemingly more concerning in Kenya as it has recently decreased. That said, Kenya's GDP growth rate has outpaced insurance premiums, media reports said.

The low penetration of insurance is a cause for concern on the continent. It implies that there is a huge protection gap, leaving households and businesses vulnerable to shocks triggered by the coronavirus pandemic.

For that reason, the insurance industry is urged to build a client-centric approach using advanced technologies. This can help to increase client base and save those who are underinsured from unforeseen shocks.

In December, it was reported that the insurance market in Africa in a pre-pandemic setting was expected to grow at a compound annual growth rate of 7 percent between 2020 and 2025, which is twice as much as North America, three times more than Europe and above Asia's 6 percent, according to a Mckinsey report.

Pensions and individual life insurance are considered to be the continent's fastest growth line of business. That said, motor insurance is the biggest contributor to non-life insurance, while health insurance and property insurance have significantly grown in recent years.

Last year, commercial insurance demonstrated strong performance in Nigeria, while oil and gas climbed 9 percent annually. The Oil and Gas Insurance Pool in Ghana nearly doubled from $25 million in 2016 to $48 million in 2019.

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

The India of today is similar, yet too different from yesterday's India. A lot has changed, especially in the last few decades. From being a country that was earlier looked at with pity, the "New India" has shown the whole world that it is a nation that cannot be taken for granted.
It won't be wrong to say that the LPG policy has been the string back behind this; this led Indian companies to stand shoulder to shoulder with the other big giants of the world. Yes, the policies of Liberalization Privatization and Globalization, have uplifted the whole Indian economy, and probably had the best impact on the finance sector.
It was only after 1991 that people actually started taking up investing not only as an extra activity but as a real-time career. Many big names of today started emerging at that time.
the investing giant.

Ramesh Damani

The early life of Ramesh Damani

Well, the tale of Ramesh Damani is unlike those typical stories where the successful investor comes from a poor background. Ramesh Damani came from a well to do family. His father was already into the stock market for 20 to 30 years. Senior Damani was able to earn a good income for his family, such that he was able to send his son to the USA for higher studies.
Ramesh Damani is the founder of a company called **Ramesh S Damani Finance Pvt Ltd**. He holds a Bachelor's Degree in Commerce from HR College in Mumbai and a Master's Degree in Business Administration from California State University. He did not have any interest in the work where his father was indulged, which was the stock market.
But, destiny had its own goals. Ramesh Damani was the only son of his father. Therefore, his father always wanted to bring Ramesh back to India so that both could stay close to each other and gradually, he too could start investing in the stock market.
Ramesh's father attempted many times but failed to convince his son to invest in the stock market. Finally, he tried another trick to convince him.
Ramesh's father had sent 10,000 USD to his son and had said "Take this money and invest it. If you double the money, it is yours; but if you lose, no questions would be asked." However, there was one condition; Ramesh had to invest in the stock market.
Ramesh Damani agreed to the bet and invested the money given by his father in the stock market. Unfortunately, he ended up losing the huge sum of money within just 6 months of the period. But, as was promised by his father, Ramesh wasn't asked any questions after this loss.
Senior Damani, disappointed that his big bet had failed, somehow, started to think that his son wasn't made for the trading world.
But Ramesh Damani didn't think that way. Ramesh Damani was livid and frustrated. "How could an MBA graduate from a prestigious USA college lose money and that too in a bull market?"
It harmed his ego, and at that very moment, he decided to take his first active step into the world of the stock market.

The Investing Story of Ramesh Damani

Equipped with a Master's degree from California State University at Northridge in 1989, Ramesh Damani became a Bombay Stock Exchange member. He had intended to make a living through broking, but what really fascinated him was specifying potentially successful businesses, and then investing in them for a longer time period.
Damani's father had been profitable in the market, but he always sold the stocks the moment their prices went up. During 1989/90, the market was going through a massive bull phase, which was known as the Harshad Mehta bull market. Ramesh had made a lot of money for his clients, but he would get only 1% in return. Some of his smart clients had made profits up to 100%, so he decided to invest for himself, once the bubble burst and everything was back to normal.
Ramesh's first big move was in 1993 when Infosys got public. As he worked as a coder in the US, he knew Infosys would profit him from huge labour arbitrage. He invested a whopping amount of Rs 10 lakh in both **Infosys** and **CMC**. By 1999, his investment had risen hundredfold.
He also identified two public sector companies, Bharat Electronic Ltd and Bharat Earth Movers Ltd, and got in early. And he admits guilt over not buying enough of those.

Final Words

The stock market is not about the hit and trial method, but about the analytical skills, one possesses. Ramesh Damani is among the list of those successful investors who learnt from their mistakes and used the lessons learned from them, to attain new heights of success.
Despite having a prestigious degree and a well-paying job, Ramesh Damani realised the potential in the stock market and decided to not limit himself to a regular job.
However, one must not forget that like Damani; one needs to have the right analytical skills, knowledge and the foresight to understand the trading world. Successful investors don't just jump in the world of trading depending on their lucky stars and are always prepared to take risks and face any losses as well.
And this is one of the most important qualities any investor or potential investor must-have.

TEAM FINARTHA

The FINANCE CLUB OF MDIM

BATCH OF 2019-21 & BATCH 2020-22

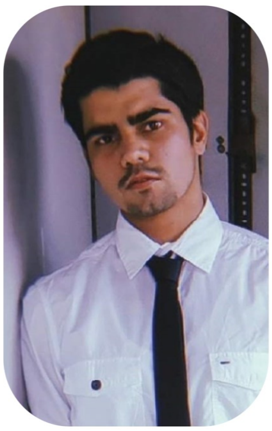
ISSUE - 79 | DATE - 17th January

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

Shubham Bhattacharya

Joy Dutta

Megha Poddar



Rahul Dhankhar

Navin Srivastava