FINCORP

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THE FINNACLE

NMIMS Navi Mumbai's monthly finance newsletter

TCS OVERSHADOWS ACCENTURE

THE NOBEL PRIZE WINNING REVOLUTION IN THE AUCTION THEORY

INVESTMENT GUIDE FOR GRAD SCHOOL STUDENTS

AND MUCH MORE....

Watch of the month:

SCAM 1992: A captivating saga of the Harshad Mehta scam.

FOREWORD

Dear readers,

Thank you for taking time out of your busy day to read the second issue of this e-Newsletter!

Welcome to the second issue of Finnacle. I am extremely proud to roll out the second edition of the monthly newsletter written by the students of NMIMS, Navi Mumbai. The entire team at Fincorp would like to thank readers for the overwhelming response to the first issue of Finnacle, released in September 2020. I thank our campus director - Dr. P.N. Mukherjee and our faculty mentor - Dr. Nupur Gupta for their constant support and encouragement. I would also like to thank the students of NMIMS, Navi Mumbai who took time out of their busy schedules to contribute to this newsletter. “Finnacle” endeavors in contributing to the knowledge frontier in the dynamic world of finance with professionally researched articles on contemporary topics.

The Fincorp Team consists of a group of young management students that have a keen interest as well as an expansive knowledge base in finance. The students passionately follow the financial markets not only in India but on a global scale as well. The Fincorp team strives to leverage their knowledge and provide a detailed analysis in a simplistic manner of the latest financial news on a monthly basis via the “Finnacle”.

You will find it filled with educational information, research findings and the latest happenings in the financial markets & economy. I want “Finnacle” to add value for you, so please share your feedback and suggestions to improve, with us.

“Finnacle” will be published on social media every month. However, if you miss an edition, please feel free to write to the Fincorp team to get a copy of the same.

Please share this newsletter with your friends, colleagues, and associates.

Regards,

Ashay Saraiya

President - Fincorp

PGDM 2nd Year

TCS tops Accenture as most valued IT Company in the world!

By: Priyank Sheth (MBA 1st Year)

Among recorded Indian organisations, TCS is just behind Reliance Industries as far as market capitalisation which is at almost USD 215 billion. Tata Consultancy Services (TCS) is presently the most esteemed IT administrations organisation in the world surpassing Accenture. TCS's fairly estimated worth remained at USD 144.7 billion analysed to Accenture's USD 143.1 billion. The organisation detailed a profit after tax of Rs 7,475 crore for the quarter finished September 2020, enrolling a 6.7 percent consecutive development. TCS likewise announced an interim dividend of Rs 12 per share. The organisation had announced a 3% ascend in income on a year on year to Rs 40,135 crore with worldwide customers spending more on cloud and advanced activities to stay up with business changes exacerbated by the pandemic. Experts said that the key perspective in the improved presentation by TCS contrasted with the last quarter was that the organisation had seen a sharp skip back in development in key verticals like BFSI, Retail and CPG and Life sciences. The organisation is required to grow piece of the pie in worldwide business sectors, including Europe.

Revolution in the Auction Theory

By: Utkarsh Keshari (MBA 1st Year)

When a person thinks of auction they imagine the auction of a bankrupt person's property to pay off his creditors which is the oldest form of auction. Various key variables determine the outcome of an auction which are- rules of the auction, commodity or service being put up for auction, and uncertainty.

The Royal Swedish Academy of Sciences awarded Nobel Prize for Economics to Paul R Milgrom and Robert B Wilson, who were the professor in different departments of Stanford University. The duo came up with the improvement of auction theory and inventions of new auction formats. Wilson developed the theory for auctions of objects with a common value — a value which is uncertain beforehand but, in the end, is the same for everyone while on the other hand, Milgrom formulated a more general theory of auctions that not only allows common values but also private values that vary from bidder to bidder. Milgrom examined the bidding strategies in a number of well-known auction formats, showing that a format will give the seller higher expected revenue when bidders learn more about each other's estimated values during bidding.

Societies have become more complex with each passing year hence the idea of the auction had to be modified. Milgrom and Wilson acknowledged it by innovating a new style for auctioning many interrelated objects simultaneously on behalf of a seller motivated by broad societal benefit rather than maximal revenue.

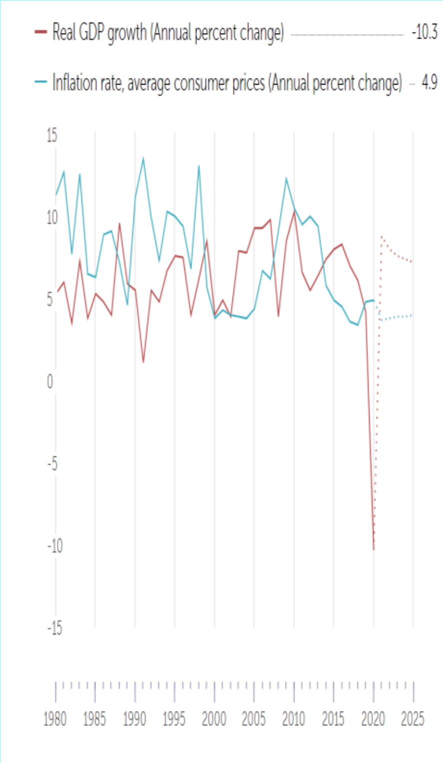
IMF reports that India will contract below Bangladesh's per capita GDP

By: Aayushi Jain (BBA 2nd Year)

In the recent report, IMF has told that India will list below Bangladesh with respect to per capita Gross Domestic Product. It will contract at the rate of 10.3% in 2020 but have also given the hope that the country will grow at the rate of 8.8% in 2021 which is surpassing China's growth rate of 8.2% and taking over the position of world's fastest growing economy.

In June, IMF augured that India's per capita GDP would shrink by 4.5% for the year end March 31, 2021. India's collapse is amongst the largest in all the countries besides Italy and Spain.

In its report of World Economic Outlook, IMF has revised its rate from 4.4% to 5.2% with regard to the world's growth contraction. Amongst all the countries worldwide, china is the only country to show a positive growth of 1.9%. It has also been mentioned that Brazil, Russia and South Africa will contract by 5.8%, 4.1% and 8.0% respectively.



The failure of Tokyo Stock Exchange

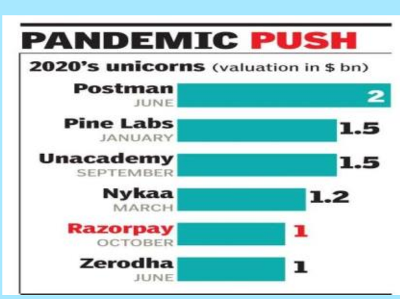
By: Swapnil Agarwal (PGDM 2nd Year)

Ever since the COVID 19 pandemic engulfed the whole world, the demand and use of e-commerce and online services has seen a huge jump. Starting from groceries to investing in shares and bonds, everything has seen a great jump. With more and more transactions, it becomes really important for the organizations facilitating these to ensure complete security and smooth storage and retrieval of humongous amount of data. One such sector is the Stock Exchange which is the factory of big data as billions of transactions happens in a single day, thanks to online services like DEMAT account and online trading platforms. One such stock exchange is Tokyo Stock Exchange.
The Tokyo Stock Exchange (TSE) is the largest stock exchange of Japan and the third largest in the world. It processes close 100 million orders in a single trading day amounting to $28 billion. The basic work of a stock exchange is to facilitate a bridge between the buyers and sellers of shares, bonds etc smoothly and accurately at the price offered/asked. It requires lot of data to be handled and analyzed every hour but imagine if such a thing goes down. The Tokyo Stock Exchange failed on October 1st thus halting all transactions for one whole day. This is considered as the biggest glitch after TSE introduced computer system in 1999. The TSE uses the Arrowhead trading system which was developed by the Fujitsu Ltd. On 1st October the primary data source for TSE stopped working as a result of it the system should automatically switch over to secondary data source but to everyone's surprise that did not happen. The whole system crashed and the IT staff had to intervene. The TSE stopped all transaction for the day and apologized for the incident. They didn't blame the Arrowhead system or Fujitsu Ltd but considered it as a technical glitch and assured that the system will go live the next day. The system did start on Friday and everything came to normal but this failure gave a lesson to all other stock exchanges for future.

Razorpay becomes India's latest Unicorn

By: Ankita Mishra and S. Krithika (MBA 1st Year)

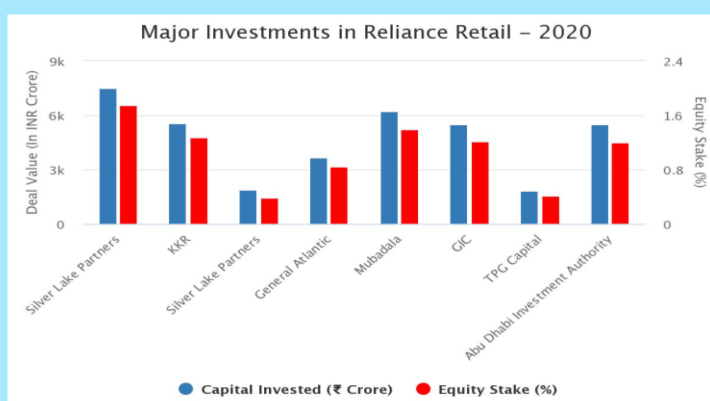
Bangalore based Razorpay turned out to be India's latest unicorn after acquiring $100m in Series D funding.
GIC, Singapore's sovereign wealth fund, co-led the financing as a major new investor alongside Sequoia. Existing investors Ribbit Capital, Tiger Global, Y Combinator and Matrix Partners also participated, bringing Razorpay's total raised funds above $206m and leaning the start up's valuation above the golden $1bn mark. Founded in 2014 by Harshil Mathur and Shashank Kumar, Razorpay's payment platform helps join the dots between India's many payment instruments, making its simple for SMEs to accept, process and distribute money. In these 6 years, it has served millions of businesses which include companies like Facebook, Google and Wikipedia, making it one of India's largest payments providers for business.
Razorpay is India's fifth-ever unicorn and the sixth Indian start-up that surpassed $1bn in valuation during 2020.
The company plans to use the funds acquired to launch products for its neo-banking business Razorpay X and lending business Razorpay Capital by which they seek to double their growth in the coming year. Recent developments and demand caused by the COVID-19 pandemic saw Razorpay launch Cash Advance, a line-of-credit product aimed at SMEs struggling with cash flow.



The Reliance juggernaut continues

By: Priyank Sheth (MBA 1st Year)

The recent infusion of Rs 11,650 crore in Reliance Retail Ventures is essential to Mukesh Ambani's vision for Reliance Retail. Reliance Retail Venture, a holding company for Group's retail business, has huge extension plans. The ongoing securing of Kishore Biyani's retail, wholesale and logistic business shows the natural just as inorganic desire of Ambanis in the cutting edge retail business. The organisation had as of late expanded its approved capital base from Rs 10,000 crore to Rs 25,000 crore. There is as of now a surg**e** of investors to be important for the Reliance's retail venture. In a month's time, Reliance Retail Venture has pulled in billion dollar financial specialists from worldwide marquee names. The organisation has raised Rs 37,710 crore from sovereign assets and private value financial specialists like Abu Dhabi Investment Authority, Silver Lake, General Atlantic, Mubadala, GIC and TPG. The current venture of Rs 37,710 crore converts into a value stake of more than 8 for each cent.The current interests in Reliance Retail have just esteemed the retail arm at around Rs 4.2 lakh crore. The organisation's retail business with 12,000 stores as of now fully operational. The company reported sales of Rs 1.62 lakh crore and net income of Rs 5,448 crore in FY20.



Invest your savings during your Graduate School

An opinion piece by Akanksha Yelmar (BBA Sec C)

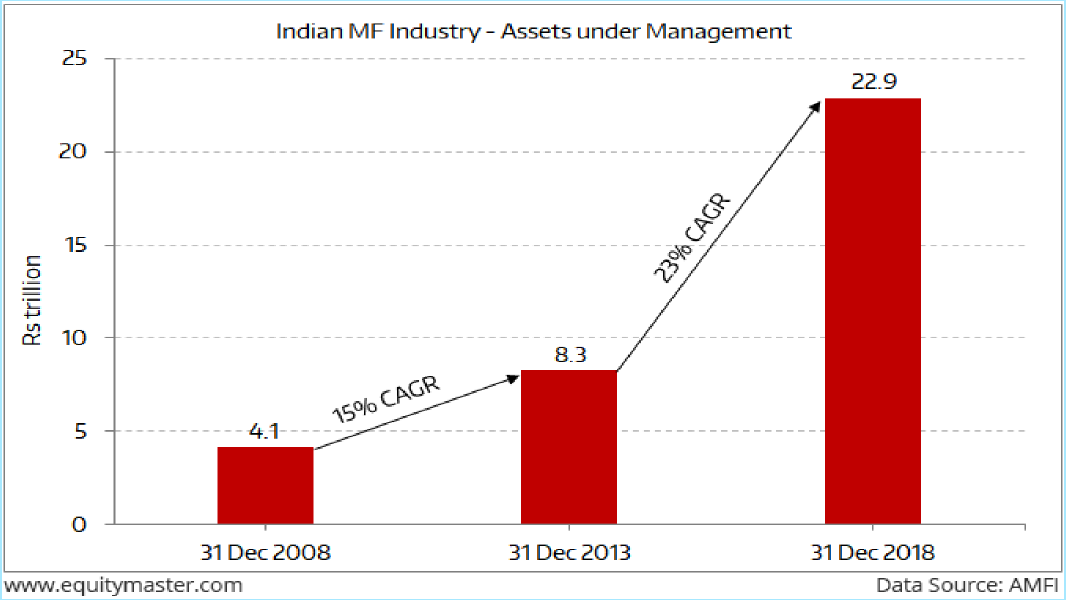
"Invest in as much of yourself as you can, you are your own biggest asset by far"

-WARREN BUFFETT

When it comes to investing, the earlier you start the better. The person who starts investing just a few years earlier could end up with many times more money when it comes time to retire than they would if they just started later in life. Many students, during their graduate level receive pocket money from their parents, from which you will have school related and accommodation expenses as your largest obligation. But I am pretty sure you would also have been saving at least a small portion of it. As graduate students are not employed on a full- time basis, they are not in a position to cover major losses, so the investment approach needs to be on a conservative side.

Whether your parents are footing the tuition bills or you have loans, if you have extra money from a part-time job or savings, gifts, you could be investing in stocks, bonds, FDs or other ventures, for your short term or long term goals like to buy a car, bike, or to start a business, pay back your loans or even save for investment. So, to start with, students when they plan to invest, should keep the basic rule of investing in mind that, 30% of their monthly savings should be diverted towards investment. There are various options where you can invest your savings like Bank FDs, Recurring deposits etc. This will fetch you almost 6% to 7% interest rates. Other than this, Mutual Funds is also great option which students can consider for savings. Now, if we see returns wise, mutual funds yield a very good amount of returns as compared to the bank FDs, RD or PPF. Though the returns of mutual funds depend upon the upward or the downward movement of the equity market and can vary accordingly, it does not mean the returns will always run in negative. In fact, in longer term the chances the chances of getting higher returns from mutual funds are much more than that of almost every other investment sectors today. Mutual Funds can yield you up to 12%-15% of returns, much higher, as compared to FDs which give 6%-8% of returns. Mutual funds give you flexibility of investing in various asset classes like domestic equity, international equity, gold or debts with amount as low as Rs. 500. Also, mutual funds are highly liquid, as its units can be redeemed at any time on a click of few buttons and the money will be deposited in your respective bank account within 2-3 business days. On the other hand, if you want to redeem a Bank FD before its maturity period, you will have to pay penalty for that. Apart from this, students are planning to make a short-term investment i.e. for 1-3 years, Debt mutual funds are best suitable for them. These funds are safe to invest in, but will give you comparatively lower returns.

GROWTH OF MUTUAL FUNDS IN INDIA



Today, as we all know that, India's economy is the fastest growing economy in the world. Today's $2.5 trillion economy is expected to reach $5 trillion by 2025. Keeping this in mind, transactions between corporates will naturally increase, thus, company's turnover will increase and profitability will go up which in turn would push the prices of stock market. Ultimately mutual funds will also give high returns in long term. So, if you are planning to invest in mutual funds, avoid investing in lumpsum and go for monthly SIP, which provides accumulation and appreciation and through which you would minimize the risk. Also, you should keep reviewing the performance of the schemes every year.

So, on a concluding note, we always abstain from investing in mutual funds, and instead invest our savings in FDs or RD, thinking that the latter is the most prudent option of investment. But, in long term, mutual funds can provide a good productive result as compared to other options. Further, mutual funds also have an edge over bank deposits because of better after-tax returns and also, they are highly liquid. So, overall mutual funds makes a better investment option for beginners or students at graduate level.

You can’t travel but our economy must: FM

By: Swapnil Agarwal (PGDM 2nd Year)

The COVID 19 pandemic has restricted everyone in the four walls of their house Most of the companies have given Work from home to its employees. People are not moving out of their houses and because of this the worst affected industry is the travel and hospitality industry. As per a recent report by HVS Amarock, the hotel industry is expected to lose ₹90,000 cr. in FY2020-21 which 57% decline as compared to last year. In order to give them more pain with aim of reviving the economy of India, the Finance Ministry recently launched the LTC encashment scheme. Before getting into this scheme let us know what is LTC.

In order to promote tourism and relaxation to salaried people the government provides LTC (Leave travel cash) in a block of 4 years (current one 2018-2021) in which the employee (both private and government) can get reimbursed for all travel expenses twice in a block. The employee also gets paid leaves for that. Now as the latest scheme, the government and private employees can encash their leave and travel expenses (which you won’t be able to do this year) by spending 3 times of your entitled amount in buying goods and services through online mode which cost you at least 12% GST. The entitlement for the travel expenses will be tax free but the leave encashments will be taxed. It is a good move by the FM to revive the Indian economy especially in this festive season but is it good to take such steps which would ruin one of the important sectors of our economy? Think…

WHAT YOU ARE ENTITLED FOR

Employee category	Deemed LTC fare* (round trip)
Employees who are entitled to business class of airfare	Rs 36,000
Employees who are entitled to economy class of airfare	Rs 20,000
Employees who are entitled to rail fare of any class	Rs 6,000

*Per person
Source: Finance ministry's office memorandum

moneycontrol

Big buybacks are back!

By: Priyank Sheth and Rhea Baid (MBA 1st Year)

WIPRO

The leading group of IT administrations organisation Wipro today approved a buyback proposition worth ₹9,500 crore. Wipro plans to make a buyback of 23.75 crore shares at ₹400 per value share for a total sum not surpassing ₹9,500 crore, as per the provisions contained in the Securities and Exchange Board of lndia guidelines. This speaks to 4.16% of total paid-up equity share capital of the organisation as on September 30. Wipro had a year ago declared an offer buyback of up to 33.3 crore shares at ₹325 per share, accumulating ₹10,500 crore, and including 3.69% of its total paid-up equity capital. This is Wipro's 4th Buyback in 5 years.

TCS:

Tata Consultancy Services Ltd. ’board approved a proposal to buy back up to Rs 16,000 crore worth of shares to reward stakeholders. India's biggest programming administrations outsourcer will repurchase 5.33 crore shares, or 1.42% of the total paid-up equity, at Rs 3,000 each. It's the third buyback by the organisation in four years, and the first by an IT firm this financial. Mumbai-based TCS had recently made buybacks worth around Rs 16,000 crore each in 2017 and 2018 as a feature of its drawn out capital allotment strategy of returning abundance money to investors. The two buybacks were directed at a higher cost than expected to the organisation's fairly estimated worth.

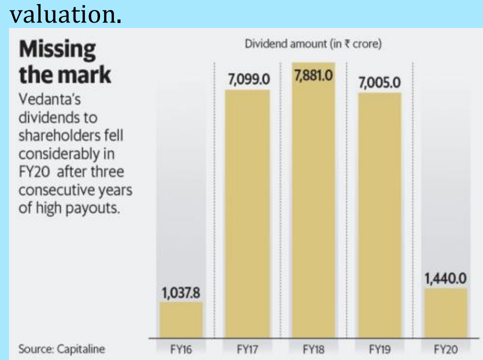
Vedanta delisting falls through

By: Palak Kothari (PGDM 2nd Year)

The offer made by Vedanta promotors to delist its metal and mining stocks at an indicative price of Rs.87.50 has fallen through.

The delisting was sought to be done through reverse book building process, though the rider here was getting minimum number of shares i.e, at least 134.12 crore shares to tender the delisting offer successfully (so as to breach the 90% level rule of delisting exercise.) The company attributes the delisting failure at the eleventh hour to a large number of unconfirmed bids and some technical hiccups on the last day. Though these reasons have raised some questions. One thing that caught market off-guard is the non-confirmation of bids worth 12.31 crore shares- if they put in a bid, why didn’t they confirm it? Also, if technical glitches were the problem, why did the bids didn’t confirm even after extension of bid timing beyond the normal trading hours? Well, now the onus to answer these questions is on authorities (market regulators and stock exchange mandarins).

Had the delisting process gone through, the final discovery price would have been far higher than the price announced due to the institutional investors like LIC quoting over Rs.300 a share. Even if this price seemed over-optimistic, many investors waved in to gain from the arbitrage. Well now, the focus will once again shift to dividends, debt maturity, governance and evidently corporate governance issues are weighing heavily on the Vedanta's valuation.



Even though the pay-outs are not the most efficient way to upstream cash, it can reduce cash flow issues. However, it needs to be seen if the management decides on dividends or favors inter-co loans.

Another day, another borrowal fraud at PNB

By: Priyank Sheth (MBA 1st Year)

State-owned Punjab National Bank pronounced its exposure of ₹1,203.26 crore to Sintex Industries Ltd (SIL) as a fraud.
When an account is announced as a fraud, banks need to put aside 100% of outstanding advances as provisions either in one go or more than four quarters, as indicated by the banking regulator's standards. For this situation, PNB said it has made arrangements of ₹215.21 crore.
Sintex is locked in into the cotton and 100% wet cloth yarn assembling and creates premium quality conservative and particular mixed yarns. The organisation, a significant material and yarn creator, is important for Sintex gathering, producer of plastic water tanks, which is housed in another recorded substance - Sintex Plastics Technology Ltd.
The organisation is going through extreme monetary pressure and liquidity limitations combined with changed mechanical elements, time and cost invade in finish of its activities. The organisation had educated stock exchanges on 3 April that it has defaulted on reimbursement of principal sum borrowed from banks and monetary foundations of ₹2,203.57 crore. At that point, on 8 April, the organisation said it defaulted in the coupon instalment on its non-convertible debenture (NCD) issue.

Knowledge Frontier: Beta Hedging

By: Prakhar Agnihotri, Chintan Baxi, Vidhi Doshi and Palak Kothari (PGDM 2nd Year)

Hedging refers to protection of an investor against risks or expected losses. The risks of an investor can be classified into Systematic and Unsystematic Risks. Unsystematic risks are associated with each unique stock of an investor which can be avoided by diversification in the portfolio. Systematic Risks are related to the external factors that affects the portfolio of an investor.
Beta Hedging helps in managing the systematic risks of the portfolio of an investor as such risks have a systematic impact on all the stocks.
A beta of 1.2 for a stock can be inferred as if there is a movement of 10% in the index it will lead to a 12% fluctuation in the stock. A stock having beta less than 1 is referred to as a defensive stock while a stock with beta more than 1 is considered as an aggressive stock.

ILLUSTRATION:

Stock	Beta	Investment
Bharti Airtel	0.9	600000
Ultratech	1	800000
Reliance	1.15	1500000
L&T	1.25	900000
Total		3800000

Stock	Beta	Weight	Weighted Beta
Bharti Airtel	0.9	15.79%	0.14
Ultratech	1	21.05%	0.21
Reliance	1.15	39.47%	0.45
L&T	1.25	23.68%	0.30
Total		100.00%	1.10

The investor has a diversified portfolio in 4 stocks. The weighted beta is calculated by multiplying stock beta by weight of an investment. The weighted beta of the portfolio is coming out to be 1.10.

Beta Hedging with Nifty Futures:
To effectively hedge the portfolio, the investor should sell Nifty Futures which is equal to beta times the value of portfolio.
Lot Size of NIFTY = 75 Units
Spot Value NIFTY = 10690
Value of 1 Lot = 75*10690= 801750

Perfect Hedge= 3800000/801750 =4.73 lots

Watch of the month

Scam 1992: An engrossing boom to bust saga of the "Big Bull of Dalal Street"

By: Ashay Saraiya (PGDM 2nd Year)

Scam 1992 is a fascinating journey of Harshad Mehta set in the heart of Mumbai's stock market. All credit to the National Award-winning filmmaker Hansal Mehta, to present the story in a gripping manner worthy enough to be binged quickly. Mehta (Hansal) has left no stone unturned with his comprehensive research and attention to detail to present the intricate details and nuances of the Harshad Mehta story.

The journey starts from the Gujarati, Mehta family living in a space crunched "chawl" in Mumbai and the eventually takes the viewers on a 360-degree roller coaster ride to a 15,000 sq ft penthouse in the Maximum City.

This craft of Mehta (Hansal) is not just a broker's journey, but story of a man, who was a son, brother, husband and father, and lived each role completely.

The first episode of the series establishes the premise. Though, the shows runs for 10 long episodes for a whopping 450 minutes in total but it doesn't really feel like a long show given the show's brisk pacing.

Viewers from a non-financial background may have to bear with financial jargons like "jobbers", "bulls", "bears", "bank receipts", "short selling" and other technical terms largely related to the Bombay Stock Exchange and the world around it. Though, these jargons are wonderfully explained later in the show. The audience is expected to grow fond of the protagonist - the one who establishes himself to be the Amitabh Bachchan of the stock market, taking pride in his sobriquet 'The Big Bull'. But like every hero, the charm and self-proclaimed stock market genius of Harshad Mehta has an "Achilles heel" too; audiences would come across a phrase many times across the show – 'Risk Hai Toh Ishq Hai'. It's his 'daring' and his ever increasing appetite to take risk in the market that would compel you to binge episode after episode. The crash of the stock market, his self-made empire, the loss of reputation and the noise through the corridors of Parliament and government offices are all beautifully and convincingly captured in this financial magnum opus.

Apart from the creator Hansal Mehta, the show has one name written all over it, 'Pratik Gandhi'. Gandhi has brilliantly portrayed the role of Harshad Mehta and makes you believe the boom to bust story of Harshad Mehta with utmost conviction. Also, Shreya Dhanwanthary (Sucheta Dalal), Hemant Kher (Ashwin Mehta), Chirag Vohra (Bhushan Bhatt), Rajat Kapoor (an upright CBI officer) and Ananth Mahadevan (the RBI Governor) nail their characters. The background score perfectly complements this montage. Also, music from 80s and 90s like "Ilu Ilu" during CBI investigations to a bhajan making it to the credit line, there's quite a diversity, but it is its background score that builds the chase. While the show might get a bit hard to catch up with due to the changing dates and historical events, seeing The Common Man, R. K. Laxman; the lawyer of the rich and famous, Ram Jethmalani and the alleged involvement of two Prime Ministers' in the entire fiasco make the show simply unputdownable.

The show, based on award winning journalist Sucheta Dalal and Debashish Basu's book "The Scam: Who Won, Who Lost, Who Got Away" is true even in the contemporary era. Questioning and criticizing our financial system, the functioning of the banks and the regulatory bodies like the RBI and SEBI, role of CBI and how its image changes from that of law-bearer to the one pulling strings in the political corridors — sound familiar. By the end of it, justice might remain an elusive dream, what doesn't is Hansal Mehta's treatment to the entire story. It is a fascinating journey not just into life of Harshad Mehta but a new world as one walks out with core stock market terms, India's turn to liberalization and most significantly leaving one with issues to reflect, and there lies the real strength of Hansal Mehta's craft!

"Scam 1992" is available to stream on SonyLiv.

Company Technicals and Fundamentals

By: Yash Dalal and Keshav Heda (PGDM 2nd Year)

ICICI BANK: (Holding Period: 4-6 weeks)

**As on 19th October, 2020*

CMP: 415.95 **STOP LOSS: 400** **TARGET: 440**

- On the daily chart we can see a 'P' symbol indicating the presence of an "**Evening Star**" candle stick pattern, which is a strong bearish reversal indication. However, the stock yet maintained levels indicating strong resilience of the stock as it has been undervalued in the last 3 months.
- This is followed by a "**Bullish Harami**" candlestick, which indicates a strong bullish sign for ICICI bank for the coming week, shown by the pink arrow in the chart.
- The stock is headed towards resistance level of 428 according to **Fibonacci Retracements.** We expect the stock to breach this level and head into a fresh breakout.
- Stock is also trading above 200-day Exponential Moving Average which is a long-term bullish trend.

Key Oscillators & Moving Averages:

Type	Value	Action
RSI	65.53	NEUTRAL
Awesome Oscillator	25.60	BUY
MACD (Div.)	10.08	BUY
Ichimoku Cloud	376.25	NEUTRAL
EMA (200)	386.89	BUY

Our Recommendation:

Capital Adequacy Ratio	16.32% (required=11.08%)
EPS	14.81
Net Profit Margin	13.23%
Gross NPA	5.46%
Net NPA	1.23%
ROA	0.69-2020 & 0.34-2019

Why ICICI Bank?

ICICI Bank with strong ratios is one of the leading private sector banks in India. Covid-19 which has disrupted the world economy, affected the Indian Stock Market with banking sector especially which led to fall in bank Nifty to 16,116 points its 52-week low from 32,613 its 52-week high. Ever since then, banking sector has been in a recovery phase and banking being backbone of the Indian economy along with Covid helping in boosting online payments, ICICI Bank has potential to move upwards and even break 52-week high in long term. ICICI Bank has rising net cash flow supported with strong annual EPS growth. ICICI Bank has posted increasing revenue for every quarter for last 4 quarters. ICICI Bank has strong capacity of generating cash from its core business, which has led to increase in book value for past 2 years. FII/FPI are increasing their stake in ICICI Bank. Mutual Funds like ICICI Prudential Pvt Ltd. hold about 20% of MF in ICICI Bank shares and others like Nippon India ETF, Kotak Banking ETF, SBI-ETF Nifty Bank, Aditya Birla SL Banking ETF UTI Bank ETF holds 19.61% of their portfolio value. ICICI Bank will be one of the bank which will pull the Bank Nifty back to its original position. ICICI Bank has been adopting towards change and innovating their products as the market requirements. During lockdown, i.e Q2 their income has increased from Q1 and net profit also from 1221cr to 2599cr. A report by PWC says that India and China will have combined share of 35% global banking assets by 2050. Indian Banks along with ICICI Bank have huge potential upside in coming years.

<u>JSW STEEL: (Holding Period: 3-4 weeks</u>) **as on 16th October, 2020*

CMP: 311.05 **STOP LOSS: 295** **TARGET: 330**

- ➔ JSW Steel closing at 311.05 has broken out of its 2 years' Multiple Resistance levels of 294 and 296.
- ➔ Starting September there is a **"Rounded Bottom"** formation which breaks out indicating a positive bias for the stock.
- ➔ This breakout is supported by high volumes as is highlighted in the chart, thereby, indicating the control of the bulls.
- ➔ Also, a positive crossover can be seen in the MACD indicator (as shown in the chart) which confirms the strength of the movement. This is extremely crucial in determining the performance of JSW for the coming weeks.
- ➔ The Stock is well placed above its 50-day, 100-day and 200-day SMA's which is another positive sign.

<u>Key Oscillators & Moving Averages:</u>

Type	Value	Action
RSI	69.49	NEUTRAL
Awesome Oscillator	7.51	BUY
MACD (Div.)	6.03	BUY
SMA (50)	280.35	BUY
EMA (50)	273.20	BUY

<u>Our Recommendation:</u>

EPS	16.78
Net profit Margin	5.46%
Return on Equity	11%
Return on Assets	3.05
Current Ratio	0.84
3-yr CAGR Sales	9.66%
Debt to Equity	1.45

Why JSW Steel?

JSW steel is India's 2nd largest private sector steel company and is one of the fastest growing companies with its presence in over 140 countries. JSW Steel promoters have been increasing their shareholding in company QoQ and the promoters' pledge has been decreasing. Book value has been increasing over 2 years which suggests that company has been performing nicely. JSW Steel had seen the highest recovery from its 52-week low from 132.50 to 52-week high at 318.10. The demand for steel in India is going to rise and would be driven by government aiming for big infrastructure and housing projects. The support to development of steel industry is coming through the Make In India and Atmanirbhar campaign which aims at transforming India into global design and manufacturing hub. JSW Steel has the potential to manufacture and supply quality steel across the globe.

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