



The BAF Times

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Foreward by the Principal

Idea behind this Weekly Newsletter

Dr. D.M.Doke

Principal

Being a Commerce College, students are expected to know the changes in the business world. This weekly newsletter will help the students get acquainted with a glimpse of what happened in the week gone by. It will also have insights into various business and commerce related updates which will help you gain indepth knowledge. Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.

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Welcome Tesla: Is India ready for Elon Musk?

Mr. Mikhail Gonsalves & Mr. Manjeet Basniwal

Founders, Finomenal

On 29th December 2020, Nitin Gadkari - Road, Transport and Highway minister announced that Tesla is going to begin operations in India from early 2021. To begin with, Tesla will import finished cars to India as CBU - Completely Built Units and if everything does go well and Tesla sees growth in India, it will also consider opening a manufacturing plant in India.

Tesla will enter the Indian Market with its most affordable car, Tesla Model 3 which is priced at around ₹55-60 lakhs after import duty and other taxes. But is the excitement going around Tesla's potential entry in India really warranted?

For starters, India lacks Infrastructure to ride the EV growth. As per one survey, there were just 150 electric charging stations in India until 30th December 2019 which is miserably low. Also, the size of the population that can afford to drive a Tesla is small. So small that it does not make sense setting up here.

And setting up shop has its own downside. The components are not domestically manufactured, which means Tesla will need to pay high import duties. Going by the calculations the Import duty on Tesla would be a whopping ₹33 lakhs, almost 125% of the car value. (continued on page 2)

Finomenal is a DPIIT recognized start-up striving to spread financial literacy across India. It is founded by Mr. Mikhail Gonsalves and Mr. Manjeet Basniwal, former students of ML Dahanukar College of Commerce.

Now, Musk has said he will sell Tesla in India, probably the ones manufactured in Shanghai as it is the closest market to India. This means we will see an outflow of money to support the Chinese economy. Not sure where all the boycott China sentiment has gone?

The real benefit coming with the entry of Tesla would be the pace at which the ecosystem of electric vehicles will grow in India, considering the hype and brand value that comes with it.

But EV is already being developed by Tata and Mahindra for quite some time. Makes us wonder why no one is talking about them. Wouldn't you want an Indian name leading the way ahead?

NYSE finally decides to delist China's 3 biggest telecom giants again

The NYSE to take a U-turn from the earlier decision of delisting reversal

Ms. Samruddhi Zende
TYBFM

On December 31, 2020 The New York Stock Exchange announced that it is going to delist securities of 3 major Chinese telecommunication companies China Telecom, China Mobile Limited and China Unicorn Hong Kong Limited as these companies are accused of being controlled and managed by the Chinese military. The three companies on an average only have 1.5% of their shares listed in the U.S and rest of the shares are listed in Hong Kong. The move was followed after President Donald Trump signed an order in November for barring American investments in Chinese companies identified as affiliated with the Chinese military. For the purpose of imposing restrictions on firms that deemed to have links with the Chinese military, they have compiled a list of 31 companies which includes companies like China National Offshore Oil Corporation Limited and China's top chipmaker, Semiconductor Manufacturing International Corp.

Similar actions of trade blacklist were followed by global market indices such as NASDAQ, MSCI INC and S&P Dow Jones Indices and FTSE Russell. The process of delisting of these 3 companies from the NYSE had commenced as these companies remained unsuitable for listing as per US executive order that resulted in decline in value of the shares of the three companies by 5% which later got recovered by the close of the trade.

Trading in these stocks was supposed to get suspended as soon as January 7, 2021 or January 11, 2021 but on January 5, 2021 the stocks rallied as the NYSE reversed the process of delisting, to put it in another way, as published on their website, The New York Stock Exchange had decided that it is no longer going to blacklist securities of China Telecom, China Mobile Limited and China Unicorn Hong Kong Limited in consultation with relevant regulatory.

Again on January 06, 2021, The NYSE stated that it is going to proceed with the delisting process of the 3 Chinese telecom companies according to the original plan and trading on these securities would now get suspended on January 11, 2021. It further stated that the companies could also appeal about the delisting decision to the Exchange. The decision is based on new specific guidance from the Treasury Department's Office of Foreign Assets Control which finally made it clear that the delisting complies with President Donald Trump's barring order. Due to this, the shares of China Mobile, China Telecom and China Unicorn were down between 3% and 6% on Wednesday. The flip flop of the NYSE on delisting led to deep confusion in global financial markets. However, the ban could become a great opportunity for both the non - US investors as they can accumulate the stocks and as well as for the companies as they can revalue the shares and reduce the cost of financial disclosure with broader geopolitical implications.

Golmaal 2021

Thought about the new release of the Golmaal series?!

Mr. Vedant Joshi

TYBAF

This time it's regarding Bank Frauds (*Golmaal*)

Delhi based 24 year old Food Industry named Shakti Bhog Food Ltd is alleged of Defrauding SBI & 9 other Banks of Rs. 3,269 Crores.

There's a case filed by CBI against the Company as SBI alleges that the company had borrowed Rs 2,000 crores from a consortium of banks led by them. But top officials at Shakti Bhog had drawn off this public money by using false and forged documents.

During the forensic audit of financial year 2015-16, it claimed that its inventory of Rs 3,000 crores was damaged by pests and had to be sold at very low price. The company claimed this led to huge losses. SBI identified that stock and receivable audit report for 2015 showed company's warehouses had a stock of Rs 3,500 crores and none of it was outdated or slow-moving.

Forged documents show that 2 of the 5 vendors shown to have been paid money by the company do not exist. The vehicle numbers mentioned on transport challans were not found to be of goods carriers, but of two wheelers and other classes of vehicles, raising suspicion of sham transactions.

Another *Hera Pheri* happened last year which is known to be the biggest fraud or a very high amount of Bank fraud.

Hyderabad based Infrastructure company Transstroy (India) Ltd has allegedly cheated a consortium of banks led by Canara Bank of Rs 7,926 crore.

The private firm and its directors had taken credit facilities on multiple banking arrangements with a consortium of banks led by Canara Bank and is accused of false books of accounts, fudging of stock statements, tampering of balance sheets, round-tripping of funds by the CBI.

Canara bank has cleared that out of the Rs 7,926.01 crore amount, Canara Bank had an exposure of Rs 678.28 crore only.

Now if you've read the article till the end I am sure this would be playing in your head "*Golmaal hai bhai sab Golmaal hai*".

Lower Tax Burden On Partnership Firms, Impose Special Duty On E-tailers

Request to offer an interest subvention scheme for loans to the trader

Ms. Aproz Bismi

SYBAF

The owners of small businesses have demanded imposition of a special tax of 5% on online retailers and lowering of income tax rate upto 22% instead of 30% on partnership and LLP firms in the next union budget so that it will help them to survive in the market.

Traders and retailers who were facing a tough situation in the wake of pandemic have contributed 22% to the country's GDP and provided employment to lakhs of people. The trader's body have also claimed that online retailers have experienced a surge in their revenue during the festive season.

They have also requested the Government to provide an interest subvention scheme for loans to the traders so that they can come up from the present circumstances.

Sticky Non-Food Inflation

RBI to be on a long-pause in rates

Ms. Ruchi Burman

TYBAF

It can be noted that the high inflation driven by the food prices has forced the RBI to go for a status quo in rates for the three consecutive reviews of the bi-monthly policy meetings, even as growth continues to be in the negative territory.

(continued on page 4)

The RBI expects the GDP to contract by 7.5 per cent for FY21.

The bank report said over a six month period, food inflation is likely to ease, but non-food may be sticky on account of rigidity in domestic fuel taxation, marginal hikes in manufacturing costs after months of the shutdown, commodity price rises, telecom price adjustments and return in demand impulses in certain core categories. The recent rally in commodities lends to fresh cost-push impact, especially industrial metals, it said, pointing out that generic steel hot-rolled coil futures are up by over 80 per cent since late-September 2020, while on oil, Brent crude rallied 30 per cent in the December quarter.

It can be noted that RBI Governor Shaktikanta Das had in the past spoken about exiting the pandemic measures in an orderly manner at the right time. From an economic recovery perspective, it said a push to activity hinges on efficacy, deployment and timeliness of the vaccination programme and also underlined the challenges of what is said to be the largest vaccination programme in the world.

Plans to vaccinate all the residents will amount to Rs 57,000 to Rs 80,000 crore of cost, apart from infrastructure and logistics costs, it said, adding that the fiscal cost of the exercise is yet to be finalised.

Sensex raced by 48K, while Nifty 50 wasn't behind

FPI played an important role as in the hope of buying vaccine nods.

Ms. Dipti Jadhav

FYBAF

The foreign fund flow led to the improvement in Indian Market as the Sensex on Monday exceeded by 48,000 mark for the first time in the history and closed at 48,177 points. It was the 7th new closing peak in the row that the Sensex was closed at the new high level. The gain in the market was due to the Indian Government approval for the rollout of Covid-19 vaccine.

National Stock Exchange hit a new high at 14k. National Stock Market is the Indian Stock Market Index that represents the weighted average of 50 largest Indian companies listed on the National Stock Exchange. NSE hit a new high at 14k mark as it closed at 14,133 points up.

The session also recorded the highest close for the Market-cap index in the last three years. The supporting role of gaining the market up were Foreign funds, Biden Victory, Vaccine nods, Stimulus packages in India, raising the spirit of the Equity Market.

SEBI Penalises RIL In RPL Trading Case

Allegation of manipulative trading

Ms. Arose Bismi

SYBAF

SEBI fines Reliance Industries Ltd (RIL) and its Chairman and Managing Director Mukesh Ambani as well as other two entities for their alleged role in carrying out the manipulative trading in Reliance Petroleum Ltd (RPL).

The Regulator imposed a penalty of Rs. 25 crores on RIL, Rs. 15 crores on Mr. Ambani, Rs 20 crores on Navi Mumbai SEZ and Rs 10 crores on Mumbai SEZ.

In March 2007, RIL decided to sell about 5% of its shareholding to RPL, a listed subsidiary that was later merged with RIL in 2009. The Regulator observed that RIL has entered into a contract to corner the open interest in RPL futures and to earn undue profit. Profit from RPL shares was from sale of shares in cash and futures segment and has dumped a large number of RPL shares in cash segment in the last 10 minutes of trading. The scheme of manipulation was against the securities market for which they are penalized.

SpiceJet to operate 21 new flights from next week

SpiceJet will inaugurate cargo operations under the SpiceXpress brand

Mr. Advait Gaikwad

FYBAF

Budget carrier SpiceJet declared that it would manoeuvre 21 new domestic and international flights from January 12. The airline will acquaint two weekly flights on the route from Mumbai to Ras Al-Khaimah in the UAE and aggravate frequency on the Delhi-Ras Al-Khaimah route to four weekly flights, according to a statement. It will concatenate Jharsuguda in Odisha with Mumbai and Bengaluru with new flights.

Contemporaneously, the Indian carriers are permitted to operate 80 per cent of their pre-COVID flights. The aviation sector has been conspicuously slammed due to the travel restrictions obtrude in India and other countries in overhaul of the coronavirus pandemic.

As per country's aviation Regulator DGCA, a total of 63.54 lakh domestic passengers peregrinate by air in November. While IndiGo dispatched 34.23 lakh passengers in November, a 53.9 per cent share of the total domestic market, SpiceJet flew 8.4 lakh passengers, which is 13.2 per cent share of the market, in obedience to data shared by the DGCA. The tenancy rate at SpiceJet was 77.7 per cent in November, the Regulator noted.

Gayatri Projects' Share Rises 4%

Firm wins bid for road project in Uttar Pradesh

Ms. Khushi Upadhyay

FYBAF

At the beginning of the year 2021, Gayatri Projects share rose 4% in trade after construction engineering company said it has been declared the lowest bidder for a road project worth Rs 1,323.52 crore. Over the course of the day, the shares of

Gayatri Projects picked up a high of Rs 40.75, rising 3.82% against previous close of Rs 39.20. Behind time, the share closed 2.81% higher at Rs 40.30. In the last 2 days, the stock has gained 7.62%.

Gayatri Projects share prevails higher than 5 day, 20 day, 50 day, 100 day and 200 day progressing averages. In the previous year, the shares missed out on 50.43% and since the beginning of this year, the shares have acquired gain of 2.55%.

Mercedes Launches S-Class Maestro Edition At Rs 1.51 Crore

Besides, the company rolled out the latest version of Mercedes me connect (Mmc) technology.

Ms. Mansi Kamble

FYBAF

German carmaker Mercedes-Benz on Tuesday launched its flagship S-class Maestro Edition priced at Rs 1.51 crore (ex-showroom all India).

S-Class Maestro Edition integrates additional features and the latest connected car technology in addition to other features such as Magic Sky Control with a panoramic sunroof, front seats with memory package, among others, the carmaker said.

S-Class is the flagship model and it remains the benchmark in its segment. With the introduction of the new Maestro Edition, the firm further enriches the S-Class with additional luxury features and the latest connected car technology, the CEO noted.

On the connected technology, he further said, in an increasingly connected world, the car is expected to become integral to a customer's life and Mercedes-Benz is glad to make steady progress towards that direction with its Mmc strategy.

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What Can We Expect From The Upcoming Cyber World?

Future looks uncertain

Mr. Sandesh Ajgekar

TYBScIT

During COVID-19 crisis, organizations across the globe had to adapt and change the way they operate as work from home has become a critical weapon. Remote workers are unknowingly providing an opportunity for skilled cybercrimes. In 2021, we can expect cybercriminals to fine tune their attack strategies and adapt to the “work-from-home economy”. Unmanaged home machines will become targets, and, in turn, these easily compromised machines at home will become the pivot point to home-bound corporate devices allowing APT's (Advanced Persistent Threat - Malware that can gain access and stay undetected for a long time).

As a result, we can expect to see a continued decline in the use of VPN technology as a trusted extension of the corporate network, and cyber security technologies will continue to move away from the edge and network applications into endpoint protection. Businesses will begin to converge and offer software solutions for the changing workplace, launching more sophisticated technology into the market. Services such as web-filtering, intrusion detection and more sophisticated endpoint protection will grow in the consumer market. Between ongoing cyber security skills gap, there will also be an increased demand for corporate cyber security professionals.

Achieve basic personal cyber security by

- Keeping your software up to date
- Use anti-virus protection & firewall
- Protect your accounts with a password manager
- Stay safe on public wi-fi networks with a VPN
- Browse the web with a private browsing
- Browse the web securely with HTTPS everywhere
- Block ads and trackers with an ad blocker
- Search the web anonymously with a private search engine
- Protect your messages and emails with encrypted messaging
- Protect your home wi-fi network
- Update the privacy settings on your social media accounts
- Be cautious of smart devices
- Check your phone's location sharing settings

Majesco Share Downfall

A lesson for all

Mr. Aakash Sant

Visiting Faculty – B.Com. (A&F)

When we talk about stock markets, there always is a mixed reaction from the people. Some people have made fortunes with help of this and some are now starving for livelihood. To put things to perspective as to how to take calculated risks, I would like to share with you what happened with my friend.

There is a share traded on BSE and NSE called “Majesco Ltd”. It is a software company that provides IT services to insurance companies. The company's shares were traded at Rs. 980.30 when my friend purchased on 16th December 2020. The company also announced an Interim Dividend on 15th December 2020 of Rs. 974 (19480% of Face Value). Record date of the share was 25th December 2020. Therefore, my friend hoped to receive dividend and thus purchased the share before the due date. (continued on page 7)

On 4th January 2021, the shares were traded at Rs. 17. Therefore, there was a net unrealized loss of Rs 963 (Rs. 980-Rs. 17). Also, he received a dividend of 974. Therefore, there is at a net profit of Rs. 11.

The reason for reduction of the price to Rs. 17 on 4th January 2021 was that the share is to be traded at ex-dividend price. The close price 3 days earlier to the record date reduced by the amount of dividend is to be treated as the price to be traded on the next day. Taking Majesco example, on 22nd December the close price of the share was Rs. 986 and it declared a dividend of Rs. 974. Therefore, on 23rd December 2020 on BSE as well as NSE the share opened at a price of Rs. 12.

The people who benefited the most are the people with income less than the basic exemption as the dividend income did not get taxed and they could claim Capital Loss from the trade. There is nothing right or wrong in this approach. It is just a way to weigh the risks and rewards. Now, it is upto you to understand the opportunity and take calculated risks to make money.

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If you wish to contribute your articles to be featured in the next issue, please mail your articles on swapnils@mldc.edu.in or contact on 9987094858 by Wednesday of every week and wait for the issue to be released on Saturday.

All Articles in this issue are the personal views of the authors and the college does not necessarily subscribe to the personal views of the authors.

Quick Glance of What Went By

Pocket News

Mr. Manuel Fernandes

TYBAF

- Service Sector growth drops in December 2020, Job cuts resume
- India to double natural gas pipeline network in 5 to 6 years, says PM Modi
- Government is working on Production Linked Incentive (PLI) Scheme for AI, Internet of Things, Virtual Reality devices, Drones.
- India's 2020 Gold Imports fall, lowest since 2009
- Indian Economy to contract by 9.6% in FY 21, says World Bank
- Honda Motorcycle offers voluntary retirement due to slowdown in demand
- Billionaire Zhong Shanshan, Chairman of China's Nongfu Spring, is now the sixth richest person on Earth, richer than even Mr. Warren Buffett
- India has 21 unicorns, which means the 3rd largest startup ecosystem.
- BMC to issue tax bills for homes upto 500 sq.ft.
- Vietnam buys Indian Rice for the first time in decades
- Bajaj Auto becomes world's most valuable two-wheeler company after crossing Rs 1 lakh crore in market capitalisation.

Terminology of the Week

Rebalancing

It is a standard process of bringing the stocks and bonds back to the desired percentages. In order to rebalance the portfolio, one may sell some stocks and reinvest that money in bonds or invest new money in bonds to bring the portfolio back to the original balance.

Editor-in-Chief

CS Swapnil Shenvi, Coordinator – B.Com.(A&F)
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