

PROMETHEUS FINSIGHTS

Fortnightly Newsletter of the Prometheus Finance Club, Alliance University

NEWS & FEATURES

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PROMETH€US

Finance Club

Quotes For The Month

- “How many millionaires do you know who have become wealthy by investing in savings accounts? I rest my case”.
- Robert G. Allen
- "The individual investor should act consistently as an investor and not as a speculator".
- Ben Graham
- “Money poisons you when you’ve got it, and starves you when you haven’t”.
- D.H. Lawrence

RBI Insights as on September 30, 2021

POLICY RATES:

Policy repo rate: 4.00%

Reverse repo rate: 3.35%

Marginal standing facility rate: 4.25%

Bank Rate: 4.25%

RESERVE RATIOS:

Cash reserve Ratio: 4.00%

Statutory liquidity ratio: 18.00%

LENDING / DEPOSIT RATES:

Base rate: 7.30% - 8.80%

MCLR (overnight): 6.55% - 7.00%

Savings Deposit Rate: 2.70% - 3.00%

Term Deposit rate >1 year: 4.90%-5.55%

Source: <https://www.rbi.org.in/>

Exchange Rates

AS ON SEPTEMBER 30, 2021

Currency	INR
INR / 1 USD	74.20
INR / 1 GBP	100.07
INR / 1 EUR	86.01
INR / 100 JPY	66.64

Source: <https://www.x-rates.com/>

Indices of Stock Market

PRICES AS ON SEPTEMBER 30, 2021

Name	Current Value	Change	% Change
Sensex	59,126.36	-286.91	-0.48 %
Nifty 50	17,618.15	-93.15	-0.53 %
Nifty Banks	37,425.10	-317.90	-0.84 %
Nifty Mid-cap 100	30,384.00	109.90	0.36 %
Nifty 100	17,845.10	-80.95	-0.45 %
Nifty IT	35,028.00	-254.65	-0.72 %
S&P BSE Small Cap	28081.74	155.20	0.56 %
WPI (August 2021)	83.30	-0.70	-0.80 %

WPI August would be released on next month

Source: <https://bit.ly/3iz3Yie>

Investor's Corner

TOP GAINERS / LOSERS AS ON SEPTEMBER 30, 2021 AS PER SENSEX

TOP GAINERS

Company Name	Last Price	% Gain
Vodafone Idea	11.90	100.00 %
Zee Entertain	303.20	75.16 %
Godrej Prop	2311.90	54.71 %
INDUS TOWERS	308.70	42.52 %
IRCTC	3798.50	40.80 %

TOP LOSERS

Company Name	Last Price	% Loss
Tata Steel	1288.90	-10.53 %
Gujarat Gas	637.45	-10.38 %
AU Small Finance Bank	1164.25	-10.09 %
BPCL	433.20	-8.54 %
NMDC	143.00	-8.07 %
Tata Steel	1288.90	-10.53 %
Gujarat Gas	637.45	-10.38 %

Source: <https://bit.ly/3a7pcz1>

Trending News

GOVERNMENT PLANS TO BRING A BILL, CRYPTOCURRENCIES TO BE TREATED AS COMMODITY

The government is planning to define cryptocurrencies in the new draft bill that also proposes to compartmentalize virtual currencies based on their use cases, three people aware of the development told ET. Cryptocurrencies will be treated as an asset/commodity for all purposes, including taxation and as per user case – payments, investment, or utility.

Read more at: <https://bit.ly/3uJcyQn>

FOREIGN INVESTORS PUMP IN RS 16,459 CRORE IN AUGUST

FPIs were net buyers to the tune of Rs 16,459 crore in Indian markets in August, with majority of investment coming in the debt segment. In equities, they invested just Rs 2,082.94 crore while debt segment saw inflow of Rs 14,376.2 crore between August 2-31, depositories data showed.

Read more at: <https://bit.ly/2YgQcJN>

ITR FILING DUE DATES EXTENDED AGAIN, TO DECEMBER 31, 2021

The government Thursday extended the last date for filing income tax returns till December 31, from present end date of September 30, following difficulties faced by taxpayers and other stakeholders on the new income tax portal.

Read more at: <https://bit.ly/302EmnH>

FOREX RESERVES DOWN BY USD 1.47 BILLION TO USD 639.64 BILLION

The country's foreign exchange reserves declined by USD 1.47 billion to USD 639.642 billion in the week ended September 17, RBI data showed on Friday. In the previous week ended September 10, 2021, the reserves had dipped by USD 1.34 billion to USD 641.113 billion. The reserves had surged by USD 8.895 billion to a lifetime high of USD 642.453 billion in the week ended September 3, 2021.

Read more at: <https://bit.ly/3a6kKRh>

AIR INDIA SALE: GOVT BEGINS TO EVALUATE FINANCIAL BIDS

The government is seeking to sell 100 per cent of its stake in the state-owned national airline, including Air India's 100 per cent shareholding in AI Express Ltd and has begun an evaluation of financial bids received from Tata Group and SpiceJet founder for the acquisition of Air India, people privy to the development told media.

Read more at: <https://bit.ly/2YpSCpW>

SENSEX HITS 60K FOR THE FIRST TIME

It took just eight months for the BSE benchmark Sensex to cover the journey from 50,000 in January this year to scale the unprecedented 60,000 mark for the first time on 24 September 2021. The strong bull rally on Dalal Street has seen the benchmark index rising 10,000 points after hitting the 50,000 mark in intra-day trade on January 21, 2021.

Read more at: <https://bit.ly/3Bh9TQj>

FRESHWORKS BECOMES FIRST INDIAN SAAS STARTUP TO MAKE DEBUT ON NASDAQ

Tech firm Freshworks on Wednesday made its debut on the Nasdaq stock exchange after a billion-dollar IPO, making it the first Indian SaaS company to list on the American bourse. The San Mateo, California-headquartered software as a service (SaaS) company was founded in 2010 by Girish Mathrubootham and Shan Krishnasamy in Chennai. The company had announced the pricing of its IPO of 28,500,000 shares of Class A common stock at \$36 per share.

Read more at: <https://bit.ly/3DcENtB>

ZEE ENTERTAINMENT AND SONY PICTURES INDIA ANNOUNCE MERGER TO BOOST DIGITAL PRESENCE

Media and motion picture creators Zee Entertainment and Sony Pictures Networks India announced a merger that would combine both companies' linear networks, digital assets, production operations and program libraries. The newly merged entity would be a publicly listed company in India. Present Zee Entertainment Limited Managing Director and CEO Punit Goenka would spearhead the combined entity.

Read more at: <https://bit.ly/2YuzOWt>

INFLATION ON COOLING TRAJECTORY: RBI BULLETIN

Reserve Bank of India. in its September 2021 review, said the country is on a recovering trajectory after the second wave of COVID-19 took a toll on the country's economy. The Central Bank said aggregate demand is gaining firmer ground, while the supply side, IIP and core industries are witnessing an improvement in industrial activity and services sector indicators are suggesting sustained recovery.

Read more at: <https://bit.ly/3oAqHhS>

PARAS DEFENCE BECOMES FIRST IPO TO GET 304 TIMES SUBSCRIPTION, AT LEAST SINCE 2007

Investors' appetite for Paras Defence and Space Technologies' initial public offering was very strong since the day one of subscription as it oversubscribed by 304 times on September 23, the final day of bidding. It is the highest subscription received by any IPO since at least 2007. The public offer of the defense and space engineering products and solutions provider has received bids for over 217 crore equity shares against the IPO size of 71.40 lakh equity shares, generating bids worth Rs 38,021 crore in three days. The issue was opened on September 21.

Read more at: <https://bit.ly/3mkIV42>

INDIA FINTECH ADOPTION VERY HIGH AT 87%: FM SITHARAMAN

India's external debt continues to be sustainable and prudently managed despite the Covid-19 pandemic, finance minister Nirmala Sitharaman said in a foreword to a status report released on Wednesday. The report put the total external liability at \$570 billion at the end of March, up 2.1% year-on-year.

Read more at: <https://bit.ly/3mplfvx>

GOVERNMENT SETS UP 'BAD BANK' TO CLEAR THE NPA MESS

Paving the way for a major clean-up of bad loans in the banking system, the Cabinet on Wednesday cleared a ₹30,600-crore guarantee programme for securities to be issued by the newly incorporated 'bad bank' for taking over and resolving non-performing assets (NPAs) amounting to ₹2 lakh crore.

Read more at: <https://bit.ly/3B8zqLs>

FISCAL DEFICIT TOUCHES 31.1 % OF ANNUAL TARGET AT END-AUGUST

The government's fiscal deficit stood at Rs 4.68 lakh crore or 31.1 per cent of the Budget estimates at the end of August, as per data released by the Controller General of Accounts (CGA) on 30 September 2021. The deficit figure in the current fiscal appears much better than the previous financial year when it had soared to 109.3 per cent of the estimates, mainly on account of a jump in expenditure to deal with the COVID-19 pandemic.

Read more at: <https://bit.ly/2YmM4b2>

Industry Analysis

INTRODUCTION

Wealth management services in India is still at a nascent stage. Traditionally, wealth management companies have focused on high-net-worth individuals (HNI) with net assets of \geq US\$ 1 million and ultra-high-net-worth individuals (UHNWI) with net assets of \geq US\$ 30 million. The HNI and UHNWI groups in India have witnessed significant growth in the last decade and this is a demand driver for wealth management services.

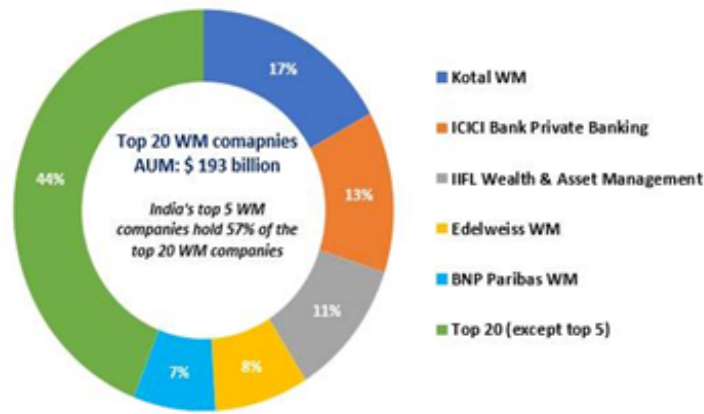
Population	2015 (Actual)	2020 (Actual)	2025 (Expectation)	Growth Forecast
HNI	2 lakhs	3.50 lakhs	6.11 lakhs	75%
UHNWI	6,020	6,884	11,198	63%

THE PLANNING AND DEVELOPMENT OF THE AUTOMOBILE INDUSTRY

Growing Indian economy, rising per capita income and increasing urbanization are also acting as tailwinds for the wealth management industry. The number of affluent middle-class people is on the rise. The World Economic Forum estimates 80% of India's population to fall in the middle-class segment by 2030, up from about 50% in 2019. The increase in disposable income will create wealth management needs in the affluent middle-class segment.

COMPETITIVE LANDSCAPE

According to a consulting firm Praxis Global Alliance's report titled 'Evolution of Wealth Management' (published on September 06, 2019), India's wealth management space is led by domestic players accounting for ~77.5% share by assets under management (AUM). In the top 20 wealth management (WM) companies, domestic companies lead with an ~80% AUM.



DRIVERS AND KEY TRENDS IN WEALTH MANAGEMENT IN INDIA

1. RISING INCLINATION FOR HIRING WEALTH MANAGERS AMONG YOUNG PEOPLE

With rise in the number of nuclear families and paradigm shift in the lifestyle of millennials, the Gen X is increasingly becoming aware of the need to rely on their own wealth instead of their children. Also, with rising awareness and exposure, people want to be able to enjoy the finer things in life and therefore, want to save for luxuries. This has spurred the demand for wealth managers.

2. PRIORITIZE GOAL-BASED PLANNING OVER FINANCIAL ACCUMULATION

Companies operating in the wealth management sector feel the need to relook their product offerings and change focus from wealth accumulation to goal-based solutions for customers. The goal-based solution approach factors in the actual cash flow requirement of the individual.

3. HIGHER DEMAND FOR ALTERNATIVE ASSET CLASSES VERSUS TRADITIONAL ONES

With traditional asset classes such as fixed deposits and bonds offering low returns and less protection from inflation, alternative asset classes such as alternative investment fund, private equity, venture capital, real estate investment trust (REIT), derivatives and cryptocurrency have started to gain traction. These alternative classes offer significantly better returns with less volatility.

4. INCREASING RELIANCE ON AUTOMATION

The high cost of manual services, coupled with rising need to remove legacy operations, has made organizations shift to new automation tools. These tools not only reduce costs, but also help create capacity, enhance employee engagement, and improve client experience by providing superior products. With the rise in competition and consumer demand, this common trend is expected to continue.

The rise in digitization has subsequently led to growth in the number of robo-advisors, who use automated, algorithm-based systems to advise on portfolio management based on the financial situation, risk appetite and future goals of individuals concerned. The Indian robo-advisory landscape can be categorized broadly into three types—fund based (examples include Scripbox, Fisdom, Finpeg, Orowealth and Kuvera); equity based (Smallcase, Fyers, Tauro Wealth and Markets Mojo); and comprehensive wealth advisory (INDWealth, Cube Wealth and Arthayantra). The assets under advisory (AUA) of leading robo-advisors in India (according to their own disclosures) are: Kuvera - Rs. 14,500 crore (US\$ 1.97 billion); Orowealth - Rs. 3,000 crore (US\$ 408 million); Scripbox - Rs. 1,500 crore (US\$ 203 million); and Goalwise - Rs. 850 crore (US\$ 115 million).

5. RENEWED FOCUS ON THE NON-URBAN SEGMENT

The current wealth management market in India is at the early stages of development. Until now, the focus of established players was on the urban segment. However, with mounting competition from fin-techs and sudden inflow of foreign wealth management, providers have prompted domestic companies to focus on approximately one-fifth of HNIs residing in rural areas.

6. EASIER ENTRY NORMS FOR NEW PLAYERS

The wealth management industry was traditionally dominated by large players and the industry required significant investments for sustainability. However, this has changed with the rise in technologies and awareness among people. With a spiraling number of new age fin-techs, customers have a wide variety of products to choose from.

CHALLENGES IN THE INDUSTRY

- **Cybersecurity Threats:** With rising use and adoption of different technologies by wealth management companies, there has been growth in data breaches and cyber-attacks in the recent years. As these institutions hold a lot of private data, any leak can take a significant hit on their brand image.
- **Competition:** New-age firms that have adopted technologies at a faster rate have a clear edge over larger and traditional asset management firms. These new-age firms have succeeded in attracting younger HNIs who want greater transparency and control over their investments.
- **Regulatory Burdens:** The Indian wealth management industry is primarily regulated by the Securities and Exchange Board of India. Over the years, especially after the 2008 economic downturn, SEBI has introduced regulations to protect customers. These regulations (outlined to best serve interests) have severely limited the abilities of wealth management companies, resulting in low revenue generation.
- **Shortage of Qualified & Trained Advisors:** As the wealth management industry is at an elementary stage in India, firms face challenges in hiring and retaining employees with necessary domain knowledge. There is also significant employee attrition, which plagues the industry.

INDUSTRY OUTLOOK

According to a report titled 'Global Wealth 2021: When Clients Take the Lead', published in June 2021 by the Boston Consulting Group (BCG), financial wealth grew among Indians at 11% p.a. from 2015 to 2020 and is further expected to increase at 10% p.a. to US\$ 5.5 trillion by 2025.

Wealth management will have to adopt technological advancements and provide individualized, comprehensive advice aligned with the changing investment trends and needs. Constant innovation and new ways to deliver services will continue to disrupt the industry.

Investor's News

ZEE SHARES ZOOM ON RE-RATING HOPES

The Zee TV stock gained 30.50 per cent (up by Rs 78) to close the day (22 September 2021) at Rs 333.70, a new 52-week high level, on the NSE while the Nifty-50, NSE benchmark index ended the day in red by losing 15.35 points (down 0.09 per cent) at 17,546.65. The ZEEL counter clocked combined trading volume of 19.90 crore shares traded on BSE and NSE together.

[Read more at: https://bit.ly/3lbnWx5](https://bit.ly/3lbnWx5)

GLOBAL SEMICONDUCTOR MARKET TO GROW BY 17.3% IN 2021: IDC REPORT

The worldwide semiconductor market is expected to grow by 17.3% in 2021 versus 10.8% in the previous calendar year, according to research firm IDC. The industry will see normalization and balance by the middle of 2022, with a potential for overcapacity in 2023 as larger-scale capacity expansions begin to come online towards the end of 2022, an IDC statement said.

[Read more at: https://bit.ly/3BpknwU](https://bit.ly/3BpknwU)

GOLD PRICES DECLINE 3.43% IN SEPTEMBER TO RS 45,851/10 GRAMS; SILVER CRASHES RS 1,734 A KG

Gold prices declined Rs 387 to Rs 45,851 per 10 gram in the Mumbai bullion market on stronger dollar, subdued global cues but the downside was capped by rupee weakness. The yellow metal traded in a tight range on prospects that the U.S. Federal Reserve could soon begin winding down the bond-purchase program. For the September month, the bullion fell Rs 1,627 or 3.43 percent in the domestic market.

Read more at: <https://bit.ly/3DcZJkq>.

About Prometheus Finance Club

Prometheus - Finance Club of Alliance University is a student-driven initiative collaborating both academia and inputs from experts from various corporate sectors to impart financial knowledge, enable students to improve their analytical skills, and engage in activities that add value. Students are encouraged to plan and organize events on various topics like wealth creation through investments, virtual trading, financial modeling, career opportunities in finance sectors, current economic scenarios, etc. The club organizes workshops, guest lectures, quizzes, training programs for students to understand the nuances of finance. To add more value, few initiatives are proposed like publishing newsletters, a glossary of financial jargons to equip the student community to the finance world.

About Prometheus Finsights Newsletter

Prometheus Finsights is a fortnightly Newsletter issued by the Prometheus Finance Club on the 2nd and 4th Saturdays of every month. The Newsletter will cover the current issues and news in Finance which includes RBI insights, SEBI notifications, Stock market movements, Bank rates & exchange rates, Industry analysis, and a lot more. Do read our Newsletter for all finance updates.

Disclaimer: This Newsletter is for internal circulation among Alliance University Community ONLY.

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