

INDIAN

STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS

Indian Rupee To Hit
80 Per Dollar For The First Time

Evolution Of Securities Market
In The Third Decade Of The 21st Century

Real Estate Vs Stock Market
Which Is A Better Investment?

Credit Cards And It's Hidden Charges
Everything You Need To Know

Is Zomato Diving in Turbulence

Combat Cybercrime With
Safe Digital Banking Habits

**Stocks
To
Bet On**

**Stock
Market
Outlook**

Legacy That 'India's Warren Buffet' Left Behind

Comprehending Astonishing Life of Rakesh Jhunjhunwala



FROM THE CEO'S DESK

INDIAN STOCK MARKET JOURNAL

Special Edition | August 2022

RESEARCH

Prateek Gupta

EDITING

Amrita Chakravorty

CONTENT

Neha Verma
Nilesh Chawra
Aniruddh Shrivastava
Amruta Suresh Kharde
Kavya Agrawal

DESIGN

Nikhil Sadaphal

HEAD OFFICE

305, Trinnity Business Park,
LP Savani Road,
Surat [Gujarat]-395009
TEL: 080008 16688

For queries:

admin@equitypandit.com

Website:

www.equitypandit.com

ISMJ, August Issue

All rights reserved. This journal or any part thereof, may not be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the publisher.

Full efforts has been made to ensure the authenticity and accuracy of the contents of the Yearbook, but we do not accept any liability for the errors if committed and the subsequent loss arising from the same, but we will make sure that the errors if occurred are recited and minimized in future editions and also would welcome the readers feedback.

We welcome your comments and suggestions for our future editions to make it more helpful month after month.

Dear Readers,

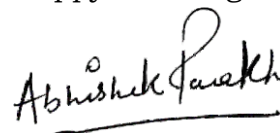
Among many things happening worldwide, the most eye-catching was the Indian Rupee hitting 80 per US dollar due to the Ukraine War and inflation in Crude oil prices. We hope the Indian Policymakers and economists will implement policies controlling inflation in the country.

This edition of ISMJ has brought you the hidden charges that are imposed on Credit Cards, unknown to users. The edition also discusses the evolution of the securities market in the decade of the 21st Century. Also, in the edition, we discussed Real Estate or Stock Market- Which Investment is better.

Along with all the topics deemed the future of markets, we also bring you Stock Market Outlook and how Nifty and Bank Nifty are expected to move in the upcoming months. Hope you learn and grow.

We would like to thank you for appreciating our previous editions with your kind words. We would love to have your continuous feedback to improve our work. Please feel free to write to us at support@equitypandit.com.

Happy Investing!



Abhishek Parakh
CEO & Managing Director
EquityPandit Financial Services (P) Limited

Follow us on



CONTENT

ISMJ AUGUST 2022

01

STOCK MARKET OUTLOOK



04

INDIAN RUPEE TO HIT 80 PER DOLLAR FOR THE FIRST TIME



11

COMBAT CYBERCRIME WITH SAFE DIGITAL BANKING HABITS



18

CREDIT CARDS AND IT'S HIDDEN CHARGES EVERYTHING YOU NEED TO KNOW



26

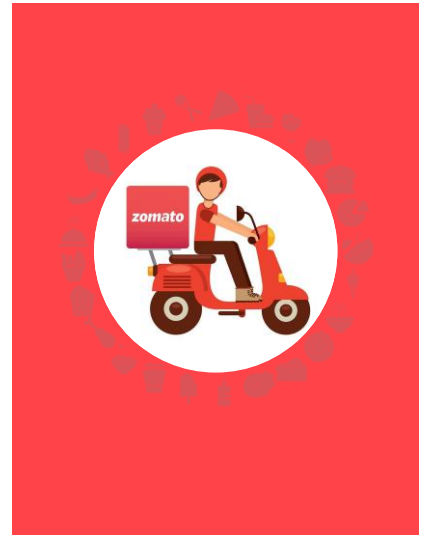
EVOLUTION OF SECURITIES MARKET IN THE THIRD DECADE OF THE 21ST CENTURY





33

REAL ESTATE VS STOCK MARKET
WHICH IS A BETTER INVESTMENT?



44

IS ZOMATO: DIVING IN TURBULENCE



50

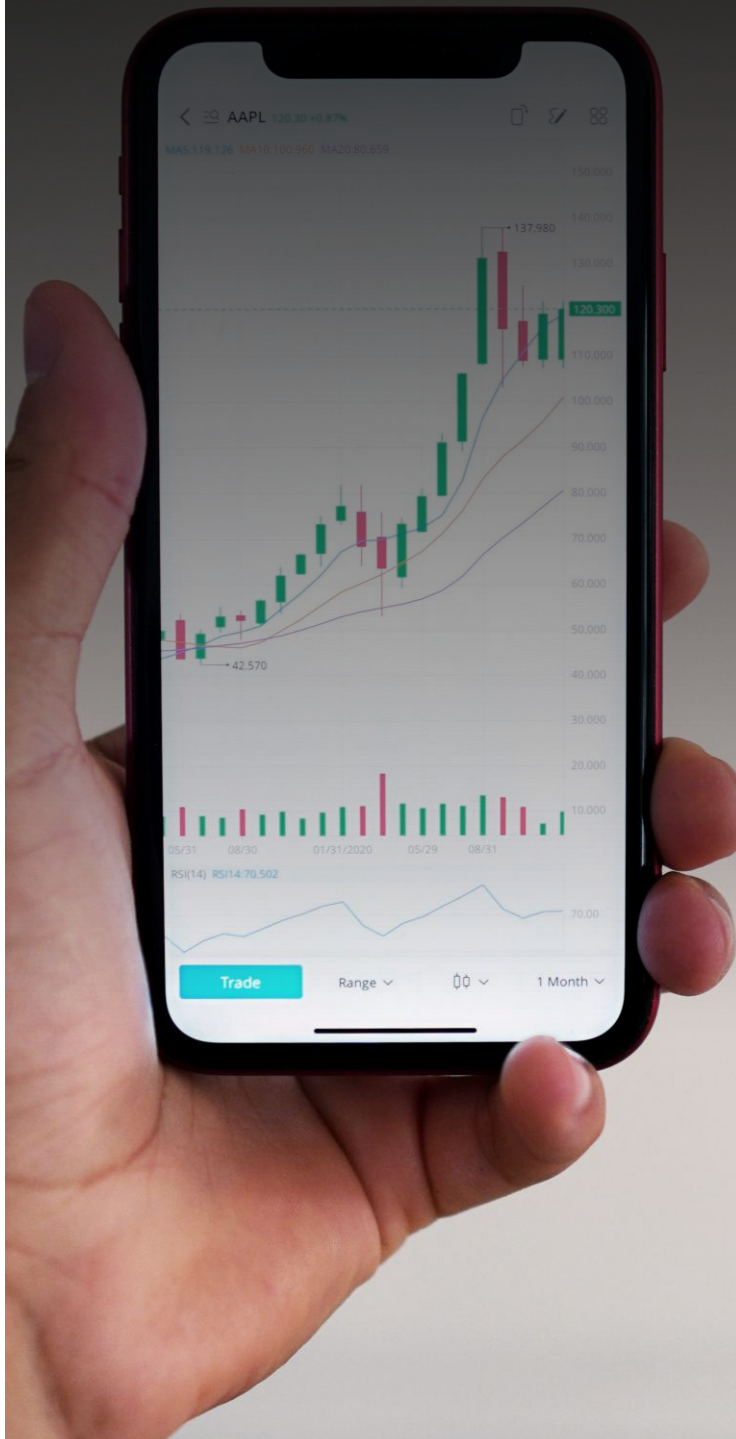
Legacy That 'India's Warren Buffet' Left Behind
COMPREHENDING ASTONISHING
LIFE OF RAKESH JHUNJHUNWALA

56

STOCK TO BET ON



Stock Market Outlook



NIFTY

Post three back-to-back negative expiries from April to June; the July series started with a pullback move around 15700. The market has formed a strong base for itself. The index recovered gradually, and as the series progressed, the indices witnessed short covering and fresh buying, which lifted the market higher. The Nifty ended the July series above 16900 with net gains of 7%.

At the beginning of this week, the market saw volatility and the Nifty index made a high near the 17490 level. The market had a strong week, much on expected lines. The nifty index was moving higher highs and high lows from the past few weeks.

From the technical perspective, the daily RSI has marked a fresh 14-period high near 75, indicating an overbought zone for the index. The

17500-17600 zone will be crucial to watch, and we can see a range-bound consolidation in coming sessions.

The NIFTY has created a potential top at 17500 levels. This level will likely act as stiff resistance unless it is taken out

completely. Until this happens, we can expect profit-taking from higher levels. On declines, 17300/17100 should be seen as an immediate support zone in the coming week, while 17000 will be the crucial support level.




BANK NIFTY

The Bank Nifty last week traded in a narrow range with a positive bias throughout the week. The weekly price action formed a bullish candle that maintained higher highs- higher lows.

The chart pattern suggests that if Bank Nifty crosses and sustains above the 38100 level, it will witness buying, which would lead the index towards 38400 levels, which is a 161.8% retracement of

Fibonacci. The profit booking is likely to see at this higher level.

On the downside, if the index breaks below the 37600 level, it would witness more selling pressure towards 37000-

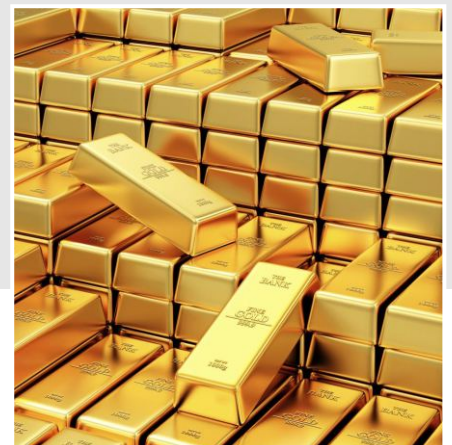
36800. The market may see some consolidation at higher levels in the coming week. Traders are advised to adopt a stock-specific approach for the coming sessions.



Indian Rupee To Hit 80 Per Dollar For The First Time



Consider it due to the Ukraine war or the rise in crude oil prices; Indian Rupee has hit 80 for the first time as international investors kept offloading the Indian Stocks, steadily losing value against the dollar. The rupee touched 80.06 against the dollar. The currency had been affected by the country's record high foreign equity outflows of about 80\$ dollars as per recent research, irrespective of the current account deficit in the face of high oil and commodities policies. The Indian policymakers and advisers have contributed to stopping the rupee's slide by intervening in hiking import taxes on gold. These growing and upcoming concerns are creating a huge challenge against the Indian Policy makers due to higher inflation, a weaker economy, and processing to create a broader Indian Economy.



Domestic Factors Affecting The Indian Rupee

Rate Of Retail Inflation In India

As per the Consumer Price Index (CPI), it fell to 7.01% in June against 7.04% in May 2022. To understand the key fundamentals of inflation, it is necessary to know about the Real Effective Exchange rate (REER). It is a barometer of whether the currency in question is overvalued or undervalued.



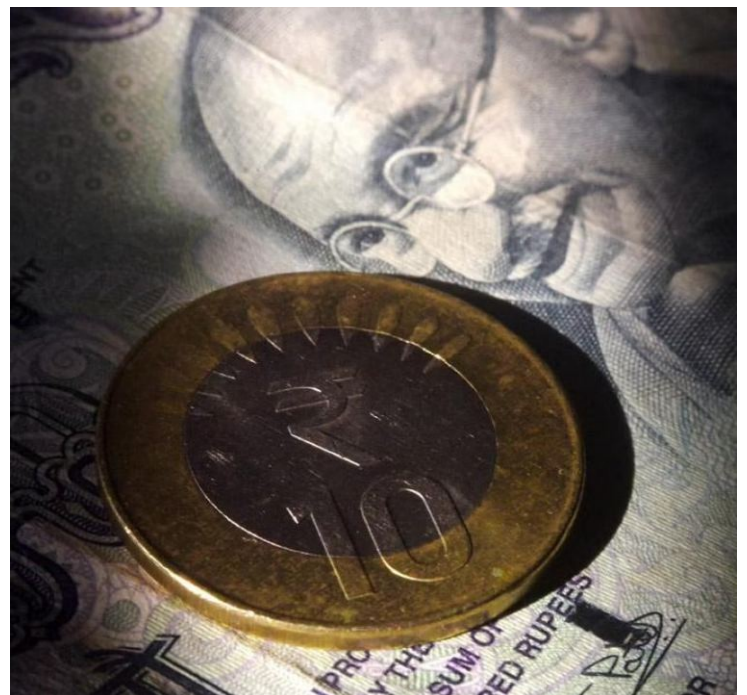
The Real Rate Of Interest In The Economy

The real rate reflects the rate of time preference for current goods over upcoming happenings. On June 8, the Reserve Bank of India (RBI) hiked the interest repo rate by 4.90%, which resulted in the cause of high inflation affecting the Indian Rupee. When real interest rates are rising, we see more flows into debt from Foreign Portfolios Investors (FPIs). Flowing dollars contributes to the additional supply of dollars in the market and tends to strengthen the INR.



Dollar Demands From Importers And Banks Seasonally

Importers and banks tend to rush for their position, and demands that push up to forward premium leads to depreciation in demands. Along with this, importers and foreign currency borrowers have seasonal dollar requirements for payouts and foreign parties. In the case of importers, regular remittances are made against imports. The demand for dollars rises when the currency markets become volatile.



Fundamental Fiscal And Trade Factors

The real rate reflects the rate of time preference for current goods over upcoming happenings. On June 8, the Reserve Bank of India (RBI) hiked the interest repo rate by 4.90%, which resulted in the cause of high inflation affecting the Indian Rupee. When real interest rates are rising, we see more flows into debt from Foreign Portfolios Investors (FPIs). Flowing dollars contributes to the additional supply of dollars in the market and tends to strengthen the INR.



Government Intervention



The RBI is making an effort to maintain the INR in a systematic trading range so that importers and exporters are not suffering from any risk or loss. The government is unlikely to cross the declared fiscal deficit target of 3.3% of GDP.





What Could Be The Current Situation?

Raising concerns over high imported inflation, the rupee fell below the psychological strata of 80 to 80.5 against the US dollar intra-day, tightening monetary conditions and reliable sentiments as well as persistent outflows from domestic markets. The key catalysts behind the scenes in the Indian currency falling 7% in months are significant dollar demands from oil importers, elevated crude oil prices, and concerns about a swelling trade deficit. 'Global Factors such as the Russia-Ukraine war, soaring crude oil prices, and tightening global financial conditions weakens the Indian Rupee against the dollar. Besides, the capital outflow and the RBIs defensive action to protect the rupee from the sharp slide against the dollar have resulted in a decrease in forex reserves, concerning the country's current account deficit in this fiscal.

Inflation- Could It Be The Reason?

As inflation rises, every rupee will buy a lower quantity of goods. Inflation is a major factor that reduces your money's value over time. As a result, countries suffering from high inflation tend to notice the falling of currencies as compared to other currencies. India's inflation problems are predominantly imported due to its increased commodity prices. As per the norms of the monetary policy framework, if the average inflation rate neglects the 2-6% target for three consecutive quarters, the RBI will have to explain to the government the reasons for the inflation negligence target. The cardinal domestic services in inflation are relatively cordial, and the services showing higher prices are driven by imported components like public transport, reasoning higher fuel costs.





What Happens When Rupee Touches 80 Per Dollar?

The main cause of the falling rupee is the growing trade deficit, increasing imports at higher prices than exports. Other than this, India's imports become dearer, exports become cheaper, and the current account deficit rises, leading to higher inflation.

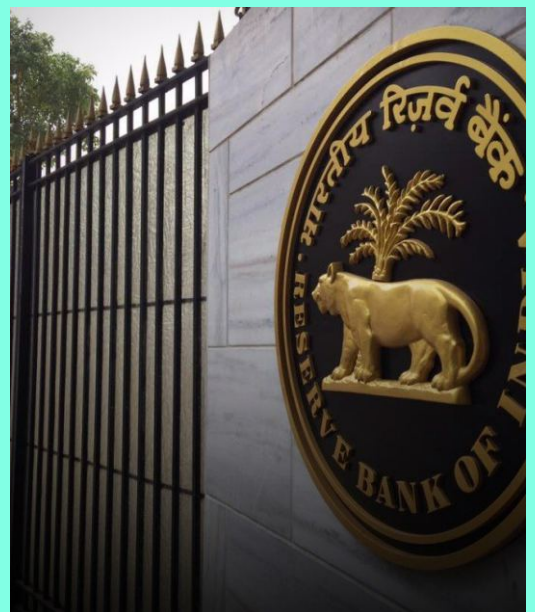
As the country imports more goods than its exports, the fall in the Indian currency leads to the rise in the 'Deficit', assumed to touch 105\$ billion or 3% of the GDP this fiscal.

RBI Defends In Falling Rupee

As per the recent report, RBI sold dollars between the prices of 78.97 and 78.98 per US Dollar last week and has increased the foreign exchange reserves to save the rupee from a steady depreciation. Eventually, RBI liberalised the norms to appreciate the inflows of foreign exchange.

Measures Taken By RBI Are

- External Commercial Borrowing (ECBs) Limit Enhancement.
- Expanding the scope of foreign currency lending by Banks.
- FPI Investment in Debt.
- Exemption in Cash Reserve Ratio (CRR) and Statutory Liquid Ratio (SLR) in term deposits.
- Removal of Interest rates cap on Foreign deposits by NRIs.
- Raising of fresh FCNR (B) and NRE deposits without any regulations on interest rates.





Higher borrowings, i.e. fiscal deficit by the government, eat up domestic savings and force the rest of the economic agents to borrow from abroad. The government and the RBI have to choose the priority, i.e. containing inflation or being hung up on exchange rate and forex levels. If inflation is chosen, i.e. raising interest rates, economic growth would suffer likewise. There is a need to implement a pros policy for the country. The future of the Indian currency is still a big challenge for India's economists and policymakers. Let us support their decisions wisely.

Combat Cybercrime

With Safe Digital Banking Habits





In the last 18–24 months, digital payments have increased the convenience and ease of conducting transactions, benefiting both customers and service providers. However, increased cyber fraud is a side effect on the horizon.



The ongoing pandemic has hastened a great deal of disruption and reinvention. Education, healthcare, shopping, payments, and many other industries have seen revolutionary transformations due to government and private sector initiatives. The use of digital means for these services is increasing worldwide. Notably, the recent emergence of a slew of payment services suggests that the service is

appealing, given that it opens the door to other financial products and services. In the last 18–24 months, digital payments have increased the convenience and ease of conducting transactions, benefiting both customers and service providers. However, increased cyber fraud is a side effect on the horizon. The leading cause of these instances is a lack of understanding among consumers and businesses about protecting their data and money from hackers looking for any opportunity to steal money from the unwary.

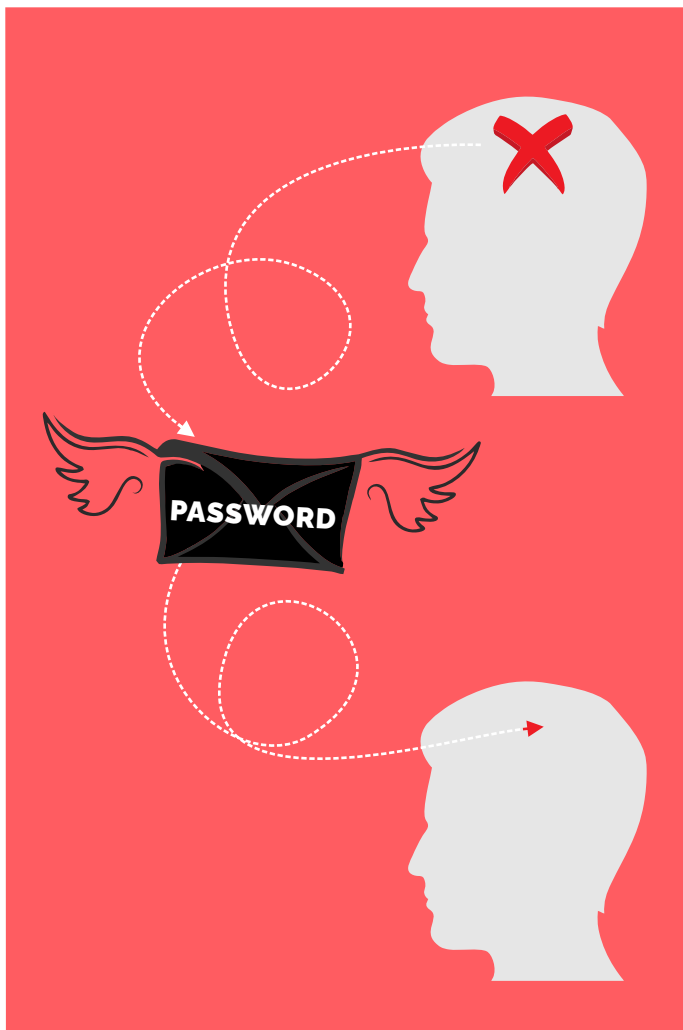


This article will cover some safety recommendations for making secure digital payments and answer some frequently asked questions about online fraud.

Sharing Passwords

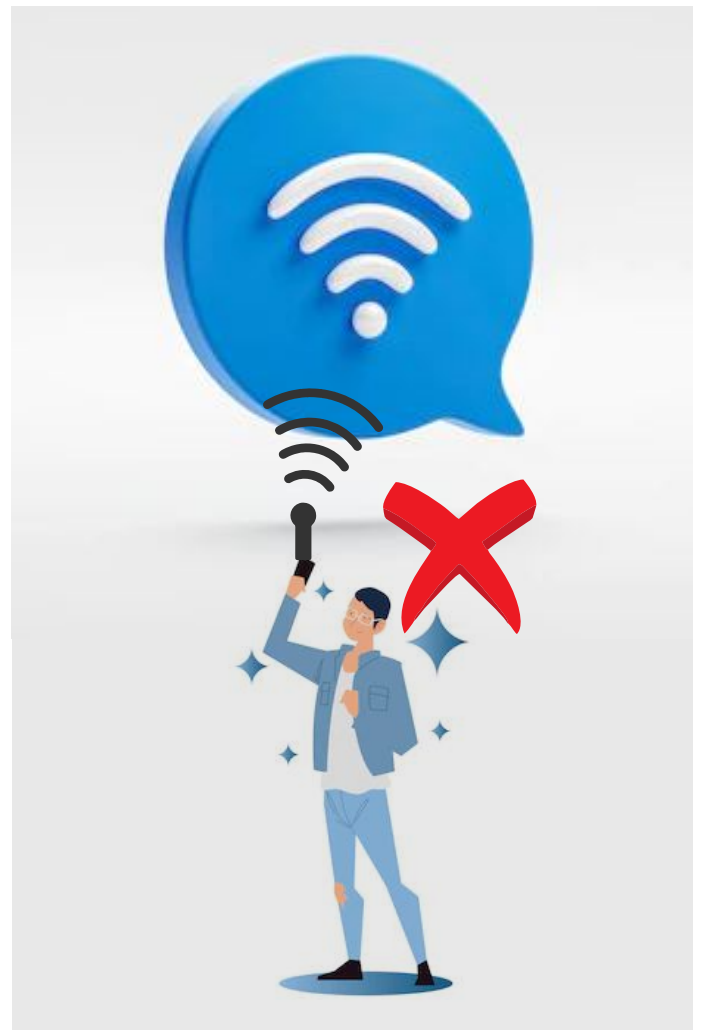
A Big NO!

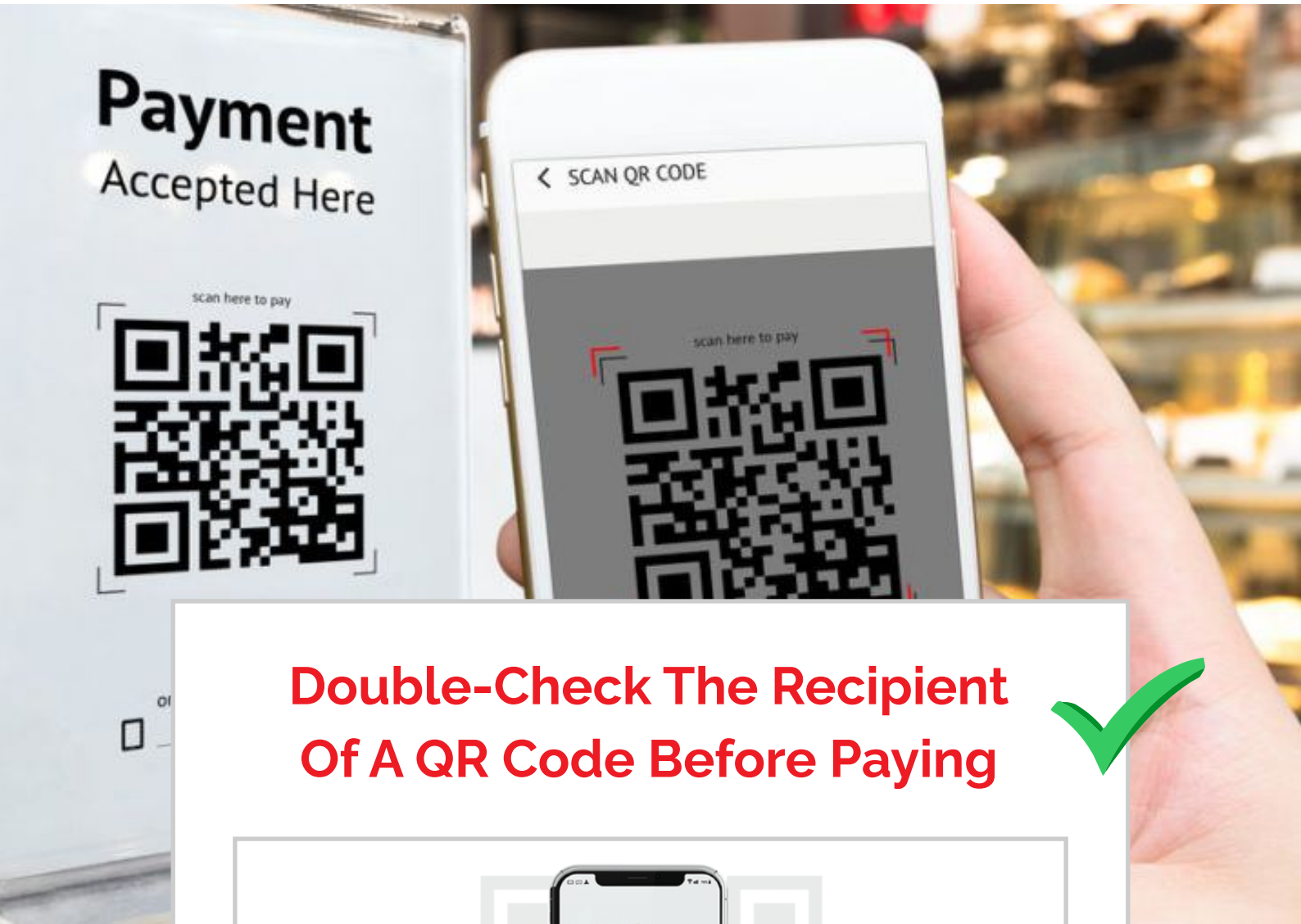
Make sure that passwords for various types and modes of transactions are distinct and tough to decipher. Avoid using passwords that include names, birthdays, vehicle numbers, and other personal information. To avoid falling victim to digital - fraud, passwords should never be disclosed to anybody and should be changed regularly.



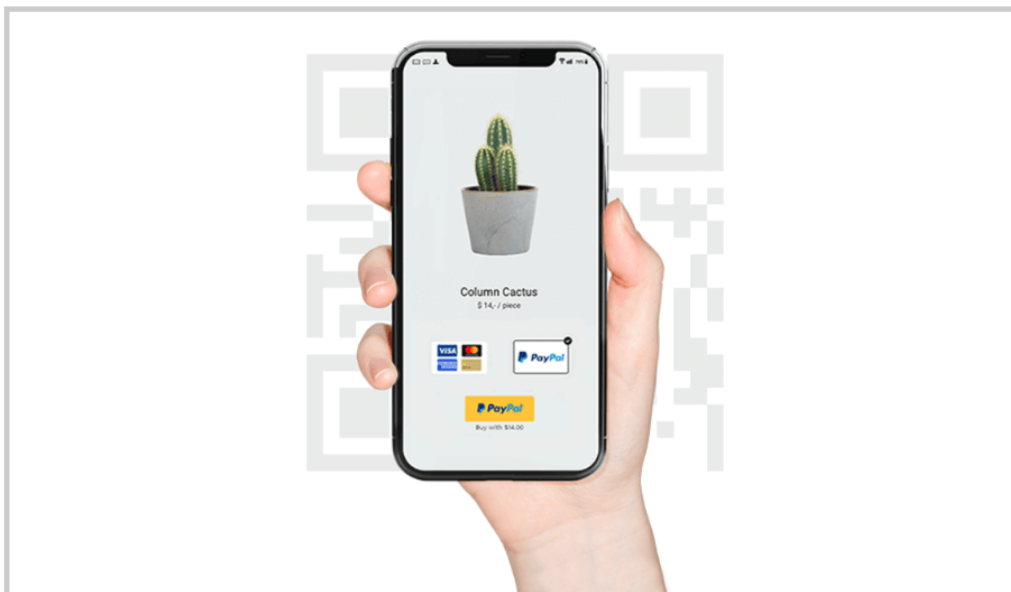
**Don't Jump On
Public Wi-Fi!**

When making online transactions, avoid utilising public devices or Wi-Fi networks because they are more vulnerable to cyber-attacks, theft, and other fraudulent activities. Verified sites provide a higher level of security. Thus it's also crucial to utilise only reputable websites for online financial transactions.

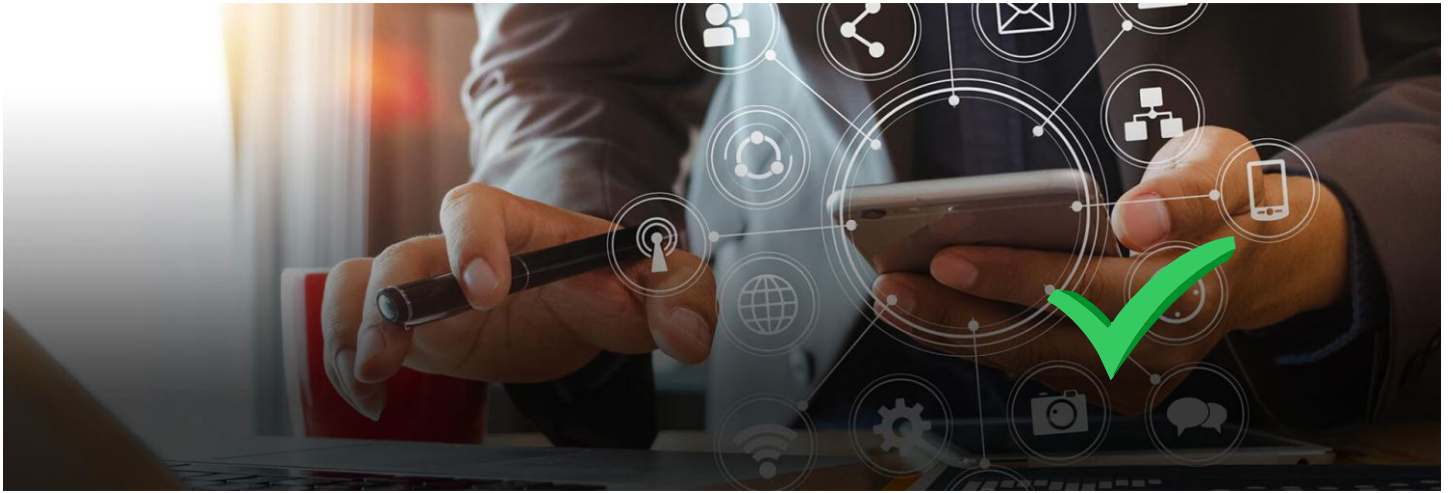




Double-Check The Recipient Of A QR Code Before Paying



When scanning QR codes, make sure the recipient is accurate, as hackers can easily replace an actual QR code with a malicious QR code, exposing your banking or financial account information.



Keep a Watch on Account Statements Regularly

Review messages received after each transaction and frequently review account statements in detail. If you see

any discrepancies, file a ticket or contact the bank/payment platform right away.

Enable Two-Factor Authentication

When signing in to accounts and applications, enable two-factor email validation/authentication. Thus, even if the original password is leaked or stolen, the one-time password code

required to log in to a digital payment app or site is only sent to the user by SMS. This safeguard offers an extra layer of protection against unwanted access.





Never Click On Links Or Emails That Appear Suspicious



Cybercriminals employ a variety of tactics to persuade people to open an email attachment or click on a link that downloads malicious software onto their computers. Users should also refrain from entering personal information into questionable web forms, marking those emails as spam and deleting them from their inbox.

Despite Your Precautions, What Should You Do If You Are Still A Victim Of Online Payment Fraud?

There are a variety of ways that online fraud can occur. When it comes to payment fraud, the first step for a victim is to immediately block the card involved, change the passwords for the login and linked emails, and then contact the bank to file a formal complaint.

Bank account holders have been warned about fraudulent transactions by the Reserve Bank of India (RBI). The Reserve Bank of India (RBI) has issued a proactive call to banks to ensure legitimate safety measures for consumers' hard-earned money. They've set up a hotline for reporting fraudulent operations, unlawful transactions, and withdrawals. Banks and clients must follow RBI standards for safe digital payments and internet banking to avoid being deceived.



Stay Aware and Protected!

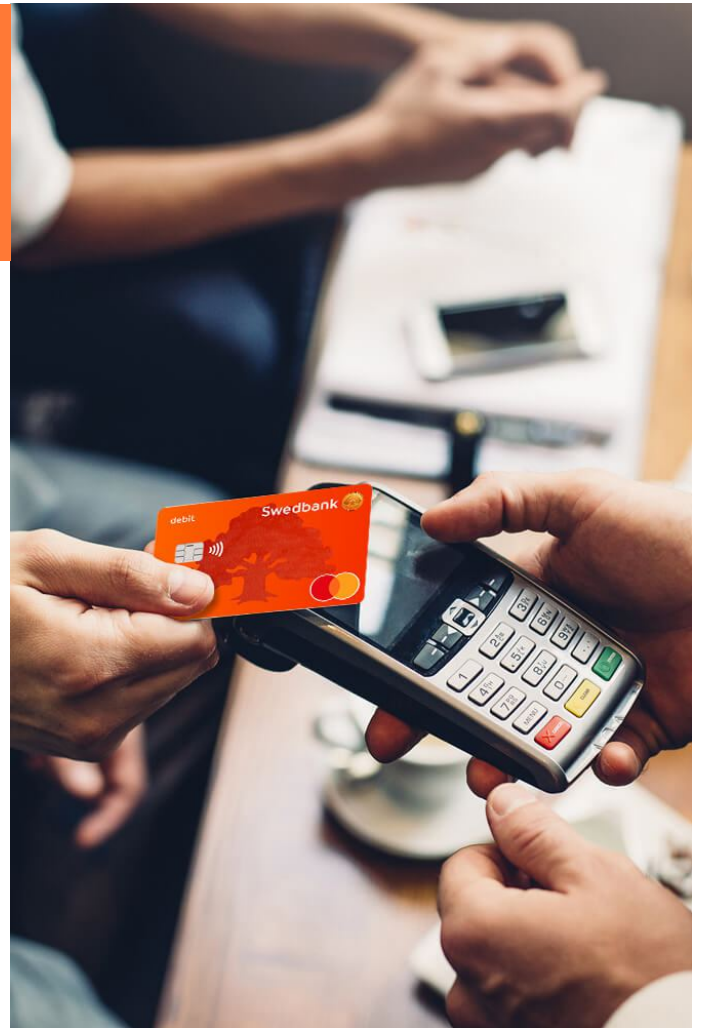
Credit Cards And It's Hidden Charges

Everything You Need To Know



BEHIND THE SCENE OF PLASTIC MONEY


The evolution of the exchange system in India, i.e. from a Barter system to UPI, is witnessed by every citizen. Before reaching the UPI facility, there is something in between this evolution known as Plastic Money. Yup, introducing Debit and Credit cards in India was a drastic change to transform the Exchange System electronically. Just swipe up the card and be done with the payment! It consists of debit cards, ATMs, credit cards, etc.



Credit cards are categorised into three types, i.e. reward credit cards, low interest and balance transfer credit cards, and credit building credit cards. The fact that credit cards also hold some hidden charges that are unknown to their users.

These charges are imposed unknowingly, and the sudden burden of paying them also arises. Let us understand all of them and decide the necessity of it. Along with this, we will also know the solutions required for its miss-conduct.

WHAT ARE HIDDEN CHARGES ON CREDIT CARDS?



The saying 'Everything Comes With Something, Nothing Is Free' is a bitter truth. The same goes for hidden charges of credit cards; they aren't free but invisible to their users. The users' immediate attention is lacking, and then, the bill must be paid without consent.

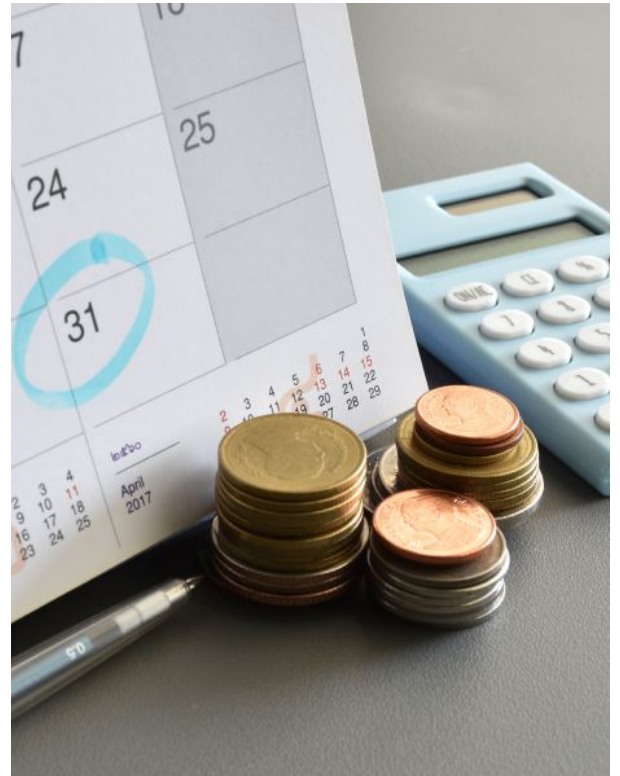
Cash Advance Fee



The cash advance fee is a service charge from your credit card issuer that is imposed for any cash transaction made with a credit card, usually between 2.5% and 3% of the amount you withdraw. The only way to avoid a cash advance fee is by avoiding cash advances and cash equivalent transactions on your credit card.

Late Payment Fee

Banks charge a flat fee when the customer fails to pay the minimum due amount before its deadline, directly impacting the card's credit score. It can range from Rs 400 to Rs 1300. Additionally, an additional Late Payment Charge of Rs 100 is imposed on them Minimum Amount Due (MAD) by the due date of 2 consecutive cycles. If, in any case, payments are missed, the card can be frozen, which may stop you from making further payments.



Annual Maintenance Fee

This is the annual maintenance fee that is applicable for a credit card. In many cases, when individuals are offered free credit cards, it is considered that the joining fee and the annual charge have been levied for one year but may be applicable from the upcoming year. Before confirming, the card holders must check if the card is free for just the first year or its entire lifetime.



Goods And Service Tax Charges

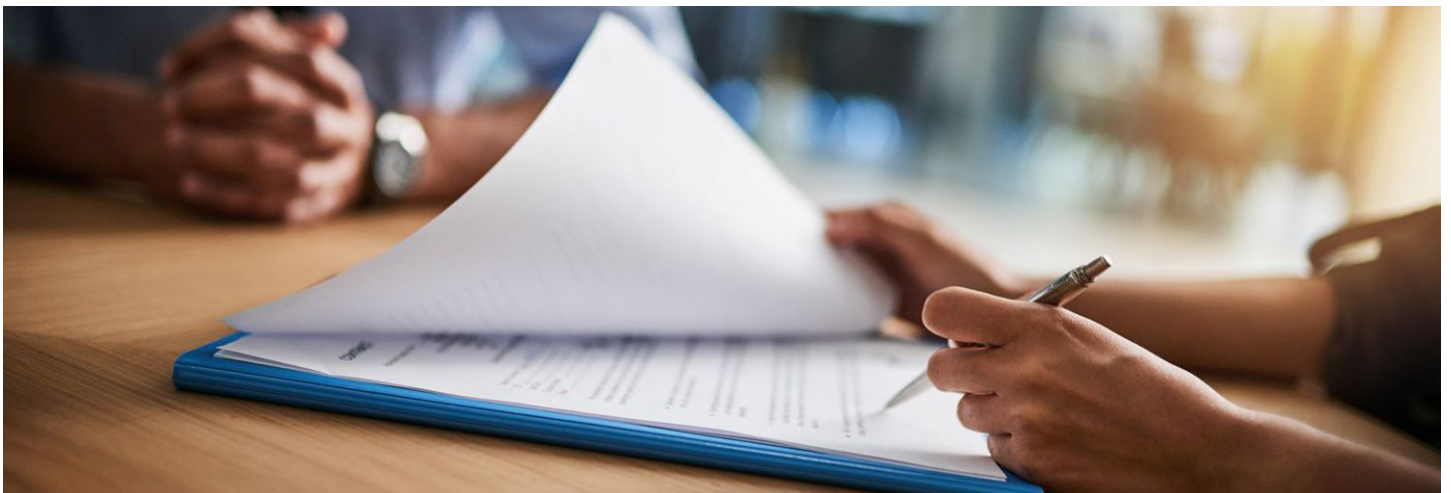
While doing transactions through credit cards, 18% GST is incurred. Before the launch of GST, all credit card services charged 15% service tax. It is also applicable to all credit card fees.



Some Other Hidden Charges Includes

- Foreign Transaction Fee
- Cash Processing Fee
- Reward Redemption Fee
- Exceeding Limit Charges
- Surcharges

MINIMUM PAYMENT DUE (MAD) TRAP- A HUGE IGNORANCE BY USERS



Well, if you think that after the payment of the minimum amount due to banks, there would be no other charges incurred on credit cards. You will completely set off your credit card bills within a few months, then you need to render your attention towards your mentality. Having the 'minimum amount due payment of the bill on your credit card will reduce the outstanding balance of the current month. Gradually making these payments won't

lower your debt, i.e. outstanding amount. In the case of revolving credit, by paying the monthly minimum due, which is 5% of the bill, you can repay the outstanding amount over some time to the issuer. The fixed number of payments is altered, and repayment of the amount till its outstanding bill is fully paid adheres. One fact should be kept in mind is that the interest would be imposed on the outstanding balance daily.

ONLY REPAYING THE (MAD)



Many credit card users believe that paying only the minimum amount due would save them from paying the financial charges of the card, which is the wrong belief. Paying the minimum amount due would save an individual from a late payment fee per month or any negative impact on credit score, yet they would be charged a finance fee on the unpaid card bill amount.

CASH WITHDRAWALS IN CREDIT CARDS Think Before You Do

It must be known to the credit card users that withdrawing cash through credit cards accompanies charges that can be proven a little costlier. It could be either cash advance fees or finance charges; interest rates charged 2.5% to 3.5% monthly are some of the stuff the user needs to pay thorough attention to. One

must be aware of the charges imposed by banks and consider it worth paying because it's not only a low-interest rate but can end up paying a sturdy cash advance fee. Hence, it is necessary to know all the facts and figures, terms and conditions required for applying for a credit card.



WHAT COULD BE THE SOLUTION?



The solution depends on your expenses. Knowing how to manage your expenses is beneficial during your need for pay. Also, it is recommended not to spend more than 60% to 70% of the amount as it creates difficulty in repayment. The hidden

charges are deducted on the other side. Accepting the only positive effect is also not considerable and ignoring the benefit because of the cons is also not fair. So, please beware of the facts and then apply for it.

THINGS TO BE REMEMBERED BEFORE APPLYING FOR CREDIT CARD

It is rightly said, 'One Must Cut His Coat According To His Cloth', as an excess of anything is harmful. Hence, one must use his credit card wisely and effectively. The factors that negatively influence credit card use should also be remembered. Overspending, Fraudulence, and high-interest charges could be some of them.



THE FACT OF OVERSPENDING

The fact that 'Money can't Buy Happiness' has vanished and 'can't' is transformed into 'can', the current mindset of almost all individuals. The important lesson one needs to learn is saving money because there are situations that can determine the psychology that is created in the minds of a person to have an unnecessary purchase despite having everything. This overspending can even create a huge debt though being aware of it. Even though credit cards are considered one



of the safest and most secure financial tools, a common mentality of a person may still be reckoned to be online fraud.

FRAUDULENCE

Fraudsters, thieves, or criminals may also steal your credit card information and misuse the same. Besides, if any third party makes any fraudulent transaction, it is the user's responsibility to inform the bank within three days to avoid misleading.



Credit cards are also beneficial for borrowing money due to affordable EMIs, the security guarantees, and the allowance of transferring money from one account to another despite being a safe credit card provider. Consider an example; if a person has a pending bill on one credit card, and does not have sufficient funds to pay the bill at that particular moment, then one can choose to transfer the balance from one credit card to the other and make benefit from the interest rate charges of the new card. So, please apply for your credit card wisely with proper consultancy and ensure all the dimensional facts about it.

EVOLUTION OF SECURITIES MARKET IN THE THIRD DECADE OF THE 21ST CENTURY



A Brief Outlook

When the world was facing the outbreak of COVID-19, a group of individuals was utilising their time to learn about the ways of multiplying income. When the country faced the economic crisis in the 21st Century,



investors were on their way to earning from the stock market. Wasn't that interesting? Well, it is we Indians who are always on the step to find a solution to every problem faced by nature. The development of securities markets in India is one of them. Though India was very down in terms of the economy before the 1990s, it has also reached its height today. After falling from the situation, major reforms were introduced, knocking the best for investors and traders.

The initiation of the paperless trading system itself created an innovation in the country after establishing the Depository System and SEBI in India. The securities market stimulates economic growth to the limit that it can contribute the following.

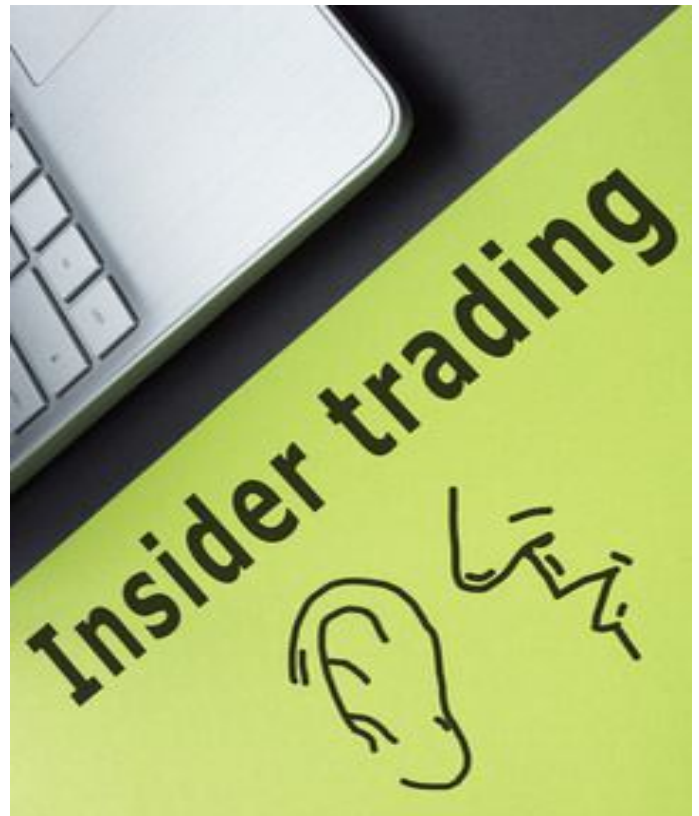
- Enlarge the quantities of real savings and capital formation from any given level of national income.
- Increases net capital inflow from abroad.
- Raises the profitability of investment by developing the allocation of investment funds.
- Decreases the cost of capital.

Developmental Benefits For The Existence Of Security Market

Let us know what the developments and growth that threw light on the recent years of the 21st Century were.

// Insider Trading //

The Government of India has tried to monitor the activities related to insider trading through its artificial intelligence and advanced tracking system. The Securities and Exchange Commission (SEC) detects the trading activities, especially around specific events such as earnings announcements or any kind of declaration, acquisitions, and other events in respect of the company's value that may fluctuate their prevailing stock prices significantly. Insider Trading Regulations in 1992, apprised by SEBI, prohibited insider trading as it is unfair to investors.



How To Prevent Insider Trading?

- Conduct due Diligence
- Non-Disclosure of Private Information to Outsiders
- Being Cautious of Informal Settings
- Avoiding Recommendations on Inside Information
- Observance of Irregular Trading Patterns
- Organising Blackout Periods

As a result of this case, Insider Regulation was introduced in November 1992 to dismantle the creation of obstacles for small and medium investors. The SEBI is entitled to litigate any company that does not perform the act, and the officials are liable to penalty and fine or imprisonment if they violate the laws.



// Depository Or Paperless Trading //

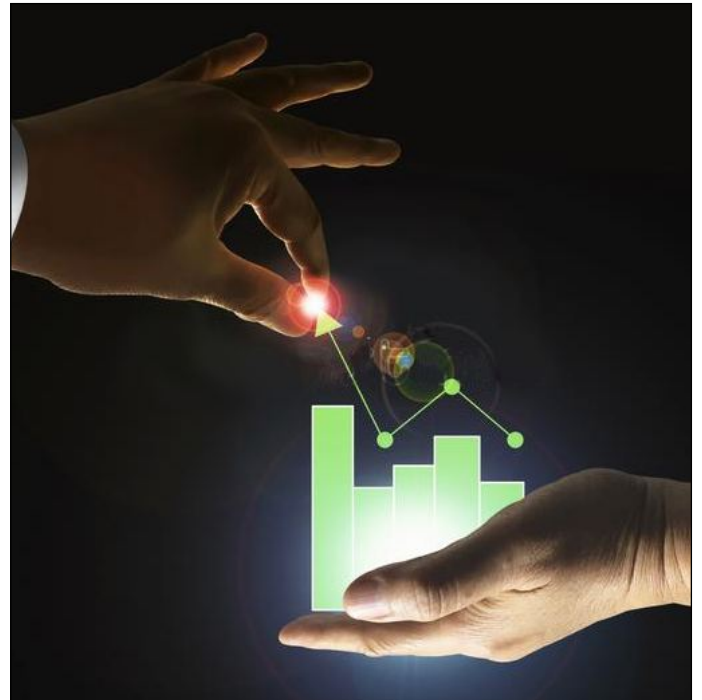
Paperless trade refers to digitising these information flows, making trade-related data and documents available and enabling the exchange electronically. Following the paperless trading system can also save businesses money by increasing productivity. The Depository Act was passed in 1996, allowing dematerialising of securities and transfer

of security through electronic book entry to help decrease settlement risks and infrastructure congestion. Dematerialisation of securities is one of the core initiatives for upgrading and modernising the market and boosting the confidence of investors' protection through eradicating bad deliveries and counterfeiting of shares and stimulating the transfer of shares.



// Surveillance Of Price Manipulation //

Market Manipulation refers to artificial inflation or deflation of a security's price. SEBI had introduced surveillance and enforcement measures against market manipulation, intermediary investors, and traders violating the laws. All the stock exchange surveillance departments are coordinated with SEBI, providing information on the daily settlements and monitoring reports, and creating a database for trading on the Bombay Stock Exchange and National Stock Exchange.



// Regulation Of Stock Broker And Mutual Funds //



Stockbrokers and Sub-Brokers Regulation Act, 1992 describes the dual registration of the stock brokers with both SEBI and stock exchanges. According to this act, capital adequacy norms were enforced, and they were given 3% for individual brokers and 6% for corporate brokers. Sub-brokers can transact business only through the stock broker with whom he is registered. If he wants to do business through more than one stock broker, he has to be registered separately with each one of them.

SEBI regulates Mutual Funds to provide portfolio disclosure and standardisation of accounting proceedings. The primary

interest of SEBI in controlling Mutual Fund schemes was to protect the investors from fraudulent deals.

Apart from this, the Regulation of foreign institutional investors (FIIs) and Bombay onLine trading (BOLT) were some of the

major reforms in India's securities market history. Buyback of shares was also permitted by SEBI in 1998, in which a company is allowed to buy back its shares out of its free reserves, securities premium account, and other securities.

Introduction Of LPG To The Country

In the early nineties, India's economy suffered from a major crisis due to a foreign exchange crunch that pushed the economy down. The country exhausted its foreign exchange reserves, and because of all these reasons, India introduced the LPG, i.e. Liberalisation, Privatisation

and Globalisation. The government announced the new economic policy in 1991 with this LPG model. This reform expanded global trade and business, boosted Indian exports at large, and enriched the economic growth rate to build sufficient foreign exchange reserves.



Impact Of LPG On The Indian Economy

- Increase in GDP Growth
- The Rise in Industrial Production
- Curb on Fiscal Deficit
- Observing Inflation
- Slight Decline in Poverty
- Introduction of Domestic Market at International Levels
- Participation of Public-Sector Companies



Besides, the increase in Foreign Direct Investment (FDI), generation of employment opportunities, Reduction in rates of interest and tariffs, and the most important economic development of the nation is the major reform initiated for the development of the Indian economy. Eventually, the growth in the stock market and stock prices were also witnessed due to policies implemented and actions undertaken. Today, we can say that India is stepping ahead with its growth, and after gradual struggles, the graph of the stock market has become stable. To make it worth commendable, the prosperity of the Stock Market and Indian economy in the 21st Century was not easy but challenging.

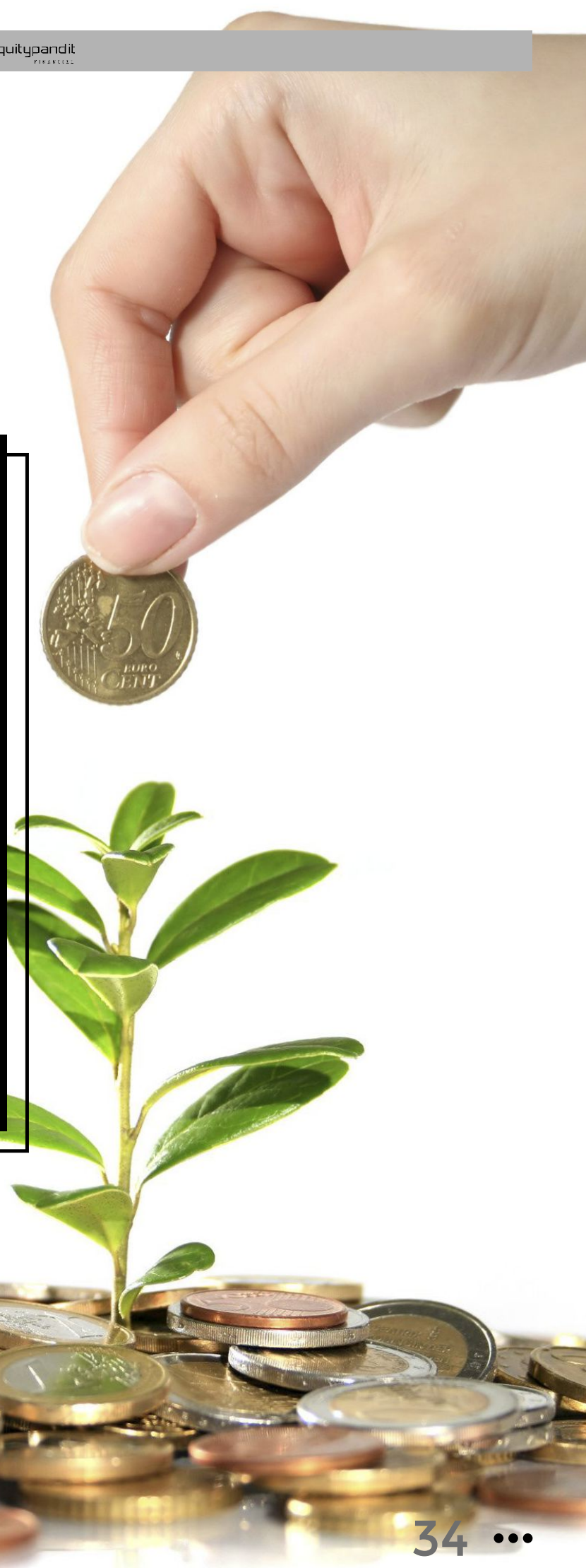


Real Estate Vs Stock Market

Which Is A Better Investment?



When it comes to investment, Stock Market and Real Estate both form major choices of investors. Both have their own set of merits and associated risks and challenges. While it is valid that investment is entirely about an individual's preference, understanding of the market, and financial objective, fledgling investors are usually confused and find it difficult to decide where to invest to attain greater profits. This article aims to address this dilemma once and for all thoroughly. Let's get started.



WHY IS THE STOCK MARKET A GOOD OPTION?



Affordable



Well, The Indian Stock Market allows greater flexibility in investing smaller amounts. So, there is no issue even if you do not possess a hefty amount of money. You can still invest.

Higher Returns

The biggest merit of the Stock Market is that it can generate high returns in a short period. That, in any way, doesn't imply that it doesn't provide higher returns for a longer period.

Ease of Transactions

A unique feature that differentiates Stock Market from other investment options is that transactions are hassle-free and faster, providing a lot of convenience to investors. Also, the process of buying and selling is relatively easier.



Well Protected



Since it is efficiently regulated by the Security and Exchange Board of India (SEBI), the chances of financial malpractices and fraudulent activities are bleak.

Ownership



The Ability to vote brings a sense of confidence and empowerment. Voting privileges mean stakeholders have some control over who runs the company and associated managerial decisions.

Liquidity

One characteristic trait that puts the Stock Market on top of the list is liquidity and ease of conversion. Stocks are usually regarded as liquid assets as they can be easily converted to cash or any other financial instrument.



Wealth Creator

It is easy to comprehend that investing in companies that record steady growth and contribute significantly to nations' economies also creates investors' wealth.



Diversification

The stock market in India offers different types of financial instruments, such as bonds, shares, mutual funds, derivatives, etc. The stock market ensures investors gain in many ways by providing such a level of asset diversification.



Transparency

Transparency is at the core of the stock market. Establishing an institution like SEBI makes investment in the stock market safe and secure.



Favourable Tax Treatment

Dividend income and capital gains are taxed comparatively lower than employment income and interest income from bonds or GICs.

WHY TO RECONSIDER IT?

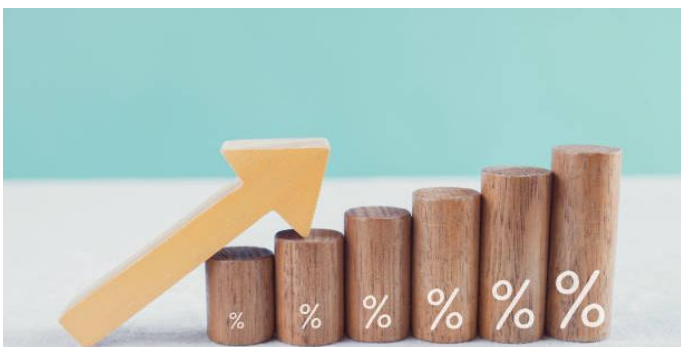


Risks and Volatilities

The Stock market is not devoid of Risks including Headline Risk and Market Risk. Also, there are chances of volatilities. Often the stock prices rise and frequently fall due to volatility. Subsequently, many investors buy a share at a high price and sell it at a lower price.

High Brokerage

Well, this can bring overall profits down. Moreover, taxes on profitable stock sales can truly hurt investors' sentiments.

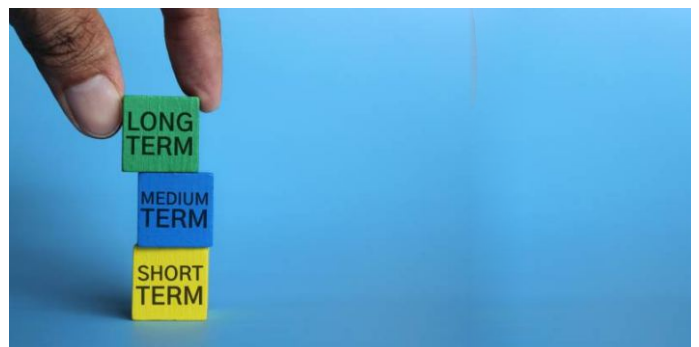


Procedural Complexities

Understanding the functioning of the stock market remains a task in itself. It is a bit complicated, and it takes time to research that, in a case where institutional and professional investors exist in the game.

Missing Long-Term Commitment

Since liquidity is high, long-term commitment is rare in the stock market. Whether finance or life, short-term things don't bring deeper satisfaction.



KNOW WHY REAL ESTATE CAN BE A GOOD OPTION



Wealth



There is no doubt that real estate not only generates financial and social wealth but also enlarges your stature. Being one of the most profitable investment options in the Indian Financial Market, real estate has made many millionaires.

Affordable

Not as affordable as the stock market, but real estate has now become easily accessible for everyone thanks to the emergence of Real Estate Investment Trusts (REITs) and Real Estate Investment Groups (REIGs).



Leverage

It remains real estate's strongest advantage to date. For instance, suppose you make a 25% down payment on a house worth Rs 60 00,000. After five years, the value of a house increases to Rs 70 00,000.



Asset for the Future

Real estate is a boon for the people who seek financial security after retirement. Real estate creates wealth for future generations as it can be passed on to upcoming generations.

Low Risk

Unlike the stock market, real estate is usually free from various risks and market volatilities. In India, it is one of the safest and most reliable investment options so far.



Tax Benefits

Section 24, sections 80C and 80EE of the Indian IT Act, provides an IT rebate if salaried people invest in real estate.

Real Ownership

Unlike the stock market, real estate provides complete control over your property. In the Stock market, promoters of the company and fund managers have more control of your investments. But when it comes to the latter, you are the boss.



Diversification of Assets

Like the share market, real estate also provides for greater diversification of assets. Despite the similarity, there have been cases when the stock market is doing badly, but real estate, on the other hand, goes well.

Greater Inflation Hedge

Inflation hedging is a term that denotes the practice or method used to offset the anticipated drop in a currency's price.

Since Real Estate provides for diversification of assets, it leads to a greater Inflation Hedge.



WHY TO RECONSIDER IT?

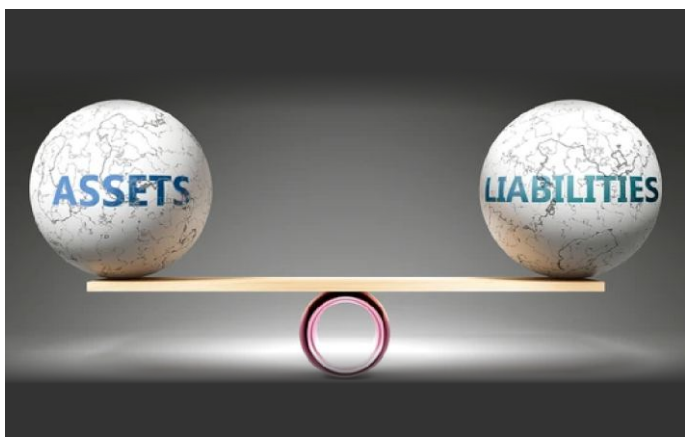
Higher Transaction Costs

Higher transaction costs make Real Estate a bit unattractive option. It affects the value of the investment at a large scale and can even make it difficult for you to turn a profit.



Higher Maintenance

Apart from money, Real Estate demands your attention and care. Excessive management and maintenance are required, which is not the case with the stock market.



Liability

Fortunate are those who own an asset that doesn't incur certain liabilities. Real estate is not one.



Low Liquidity

Another concern. Inability to quickly sell the property might give you a headache but not profit.



The financial picture of a country is never in a state which unilaterally favours a particular kind of investment. It is neither reasonable nor desirable. Therefore, from an economic point of view, it is always suggested to have a diverse investment plan with multiple options offering different benefits.

As we learned, both the stock market and real estate have the potential to uplift your investment profile. It, however, depends on the investor how well he manages his financial resources considering market risks and extremities.

It is generally advised that investors apply a variety of methods, approaches and analyses. Evidence-based investing is one example involving incorporating research findings for optimum investment solutions. It ensures that the investor makes the right choice.

Zomato, in its recently released Q1F23 results, had reported consolidated revenue of Rs 1,141.3 crore, recording a significant jump of 67% from the Rs 844.4 crore in the same period last year. The company is also said to have halved its consolidated loss to Rs 185.7 crore in the June quarter from Rs 356.2 crore in the previous year. As soon as the company reported a narrowing net loss in its quarterly review, shares surged 9% to Rs 50.45 in intraday trade on the BSE on Tuesday.

As per company reports, this development can be primarily attributed to a 10% sequential growth in gross order value (GOV), the total amount charged by the restaurant to the customer for an order, including the delivery charges. Reports have also suggested growth in revenue per order and order volumes in general.

This certainly comes as a sigh of relief amid ongoing turbulence. It is noteworthy that the past few weeks have not gone well for the food delivery company. In fact, the past year's data shows that the company's





profitability is following a downward trajectory path. While the revenue and valuation rise, the company loses on the profit front. Business is about profit, after all.

In July 2021, Zomato decided to go public, opening its Initial Public Offering (IPO) at an over USD 8 billion valuation. While ostensibly appeared a meticulous drive, it was more of a contingency plan. The company witnessed a massive drop in business after the first Covid-19 wave. During the period, it entered into various



ventures, including Zomato Market, but nothing succeeded. Since the company desperately needed to raise money worth USD 50 million,

the only option left was to go public. Although things initially went well as the response was overwhelming, the issues at the core remained unsolved.

One thing established by the past year's data is that Zomato's share price is falling slowly and steadily. This can be largely and primarily attributed to ongoing financial losses, lack of transparency in business disclosures, unintelligible acquisitions and so on. Also, since the company is now traded publicly, the end of the Lock-in period gave a massive blow to the food aggregator company. Shares of Zomato fell over 14% as the lock-in period for the online food delivery platform's pre-IPO stock ended. Surprisingly, it touched a new low of Rs 46. The lock-in period (or lock-up period)

refers to the period for which investments cannot be sold or redeemed.

On Wednesday, Uber Technologies exited its entire 7.8% stake in Zomato by selling 612 million shares through multiple block deals. Most of the shares sold were acquired by Fidelity Investment Trust's Fidelity Series Emerging Markets Opportunity Fund, which bought 5.44 crore shares at Rs 50.26 per share. After this news, shares of Zomato dropped to 6.8% on Wednesday, marking the company's worst decline in over a week.

The next day, Tiger Global, a hedge fund company, nearly halved its stake and sold more than 184 million shares, or 2.34%, of Zomato, between 25 July and 2 August in the open market. It reaffirms that investors are not likely to stay for long if the situation for Zomato doesn't change on the ground. The company invested in Zomato in September 2020 and February 2021. Its total stake has now been reduced to 2.77%. Even before Tiger and Uber, Moore Strategic Ventures, a venture capital firm, had exited Zomato in July. It sold its entire holding of 4.25 crore shares at a price of Rs. 44 per share. All these exits signify something wrong with the food delivery firm.

In June 2022, Zomato acquired loss-incurring Blinkit for Rs 4,447 crore in an all-stock deal. Blinkit (formerly



Grofers) is a Gurgaon-based instant delivery service. The shares hit a low of 14% after the acquisition. Much anticipated for investors, the unfathomable deal raises questions over the company's overall vision. One, acquiring a loss-making entity doesn't seem a great choice, at least in the food delivery business category. Two, instant delivery is not beneficial unless the business model is robust. In a recent development, Zomato announced a cut in investment in Blinkit to USD 320 Million from USD 400 million.

Earlier in June 2020, Zomato had decided to cancel its acquisition of Lucknow-based drone delivery startup TechEagle Innovations, which it acquired 18 months back. One thing that needs to be noted is that the acquisitions made by Zomato have never extensively benefited it.



Anyway, as the shares had been under pressure lately, the company announced the allotment of 4.66 crore shares to its employees from its employee stock option plan (ESOP) at one rupee per share. At current share prices, the entire allocation is worth about Rs 200 crore. The company's shares were trading at Rs 43 per share at the time of writing.

It is to be realised by now that the crisis can't be postponed for long, at least with haphazardly taken decisions. The idea of food delivery appeared to be a revolution when it was introduced. But the business model, by its very nature, is not feasible, at least for Zomato. The company has failed on many grounds.

Firstly, as far as the food delivery business is concerned, the market has not developed into a duopoly. In Indian cities, there exist local food delivery chains. Had only



been Zomato and Swiggy, the situation would have been different. Monopoly, or at least duopoly, could have given Zomato some sort of advantage.

Lately, Zomato and Swiggy were caught by the Competition Commission of India for indulging in unfair pricing. Allegedly, the companies were accused of deep discounting, exorbitant commissions, data masking, and imposing price parity terms on restaurant partners. Now, Swiggy is still privately listed. It is not bound to share all the trade data. The decision to go public has exacerbated problems for Zomato. When any negative news comes, its shares drop, and investors lose interest and confidence.

Secondly, Zomato has recognized delivery persons as partners, not employees. The absence of any incentive has left delivery boys disappointed. Zomato simply exists in digital space. It has no real assets. When you don't have tangible assets, the satisfaction of your workers should become your asset. This, unfortunately, is not the case with Zomato.



Lastly, the idea of instant delivery can never give invariable results when several variable factors exist. Since delivery persons are not recognised as employees, they work for many such companies simultaneously. Also, considering external factors, assuring instant delivery today is not as easy as it was a decade ago. Burgeoning fuel prices have raised the

biggest question mark on the business model. It is bound to collapse if there are no alternatives. The situation has reached a point where cycles are used for delivery. Imagine how instant the delivery can be. Instead of wrongly directed upheaval, the company should think about necessary changes, something as simple as a tie-up with Yulu bikes.



Legacy That 'India's Warren Buffet' Left Behind

Comprehending Astonishing Life of Rakesh Jhunjhunwala



Rakesh Jhunjhunwala took his last breath on the morning of August 14. Indian billionaire business tycoon had a net worth of about USD 5.8 billion. As per Forbes, he was India's 36th richest person and the world's 438th richest person.

Called Big Bull of Dalal Street, Jhunjhunwala's last venture was in the aviation industry with the launch of the low-cost carrier Akasa Air. He co-founded this with former Jet Airways CEO Vinay Dubey. India's newest airline started its commercial flight operations on August 7. However, how the company goes after its owner's unfortunate demise is yet to be seen.

One thing that made Jhunjhunwala special and a large figure in the Indian stock market is that he never refrained from trying something



new and entering diverse domains. The veteran investor was the chairman of Hungama Digital Media Entertainment and Aptech Limited.

Apart from this, he also became one of the board of directors of Prime Focus Limited, Geojit Financial Services, Bilcare Limited, Praj Industries Limited, Provogue India Limited, Concord Biotech Limited, Innovasynth Technologies (I) Limited, Nagarjuna Construction Company Limited, Viceroy Hotels Limited, and Tops Security Limited.



Early Life

Rakesh Jhunjhunwala was born on July 5, 1960, in Rajasthan to Radheshyamji Jhunjhunwala and Urmila Jhunjhunawla. However, he spent most of his childhood in Mumbai. His father was an Income Tax Commissioner. After schooling, he was admitted to Sydenham College before enrolling in the Institute of Chartered Accountants of India (ICAI).



Entering the Indian Stock Market

In the 1980s, his inclination toward trading grew due to his father's influence. He started investing in 1985 with a capital of only Rs 5,000. He earned his first major profit in 1986. After this, it was impossible to stop him. Slowly and steadily, he became the Big Bull of Dalal Street with his business acumen and calibre.

The Jhunjhunwala Formula

It is said that every successful investor has a trick. This is also the case with Rakesh Jhunjhunwala. He had one mathematical formula that helped him identify his stocks, most of which have given strong performance. In an interview, he was eventually introduced to a simple mathematical equation- Earnings per share (EPS) x price-earnings ratio (PER) = price.

Portfolio

Also known as India's Warren Buffet, Jhunjhunwala's portfolio included many companies from diverse backgrounds. His portfolio included companies like Star Health, Titan, Escorts, Canara Bank, Nazara Technologies etc. However, the biggest stocks in his portfolio are - Titan, Metro Brands, Star Health and Allied Insurance Company, Tata Motors, and Crisil in value terms. For Jhunjhunwala, it is said that his biggest portfolio gains came after the age of 55. It proves that age doesn't matter, at least in the stock market.



Personal Life



In 1987, Jhunjhunwala married Rekha, an investor. Interestingly, his private stock trading company Rare Enterprises, derives its name from the two initials of his and his wife's names. The couple had

three children- Nishtha, Aryaman and Armavir. Daughter Nishtha was born in 2004 after six cycles of IVF, while twin sons Aryaveer and Aryaman were born in March 2009.

Philanthropy



Closed ones revealed that he had plans to donate a quarter of his wealth to charity. For a long time, he had been supporting organisations such as St Jude, Friends of Tribals Society, Olympic Gold Quest, Agastya International Foundation and Ashoka University.

Apart from this, he was also a member of the Board of Advisors of India's International Movement to Unite Nations (IIMUN.)

Legacy

Jhunjhunwala had proved that success on a gigantic scale could be attained from stocks. He was termed as an investor with a 'Midas Touch'. It means something. Generations of investors who share the same dream of becoming a millionaire will idolise him for a long.



STOCK TO BET ON



Divi's Laboratories Ltd.



Piramal Enterprises Ltd.



AXISBANK



Bharti Airtel Ltd.



Ambuja Cements Ltd.

Exclusive Recommendation By:

EquityPandit Financial Services Pvt. Ltd.

(SEBI Registration Number INA000006688)

Confused about which stock to invest in ?

Ask the Experts for free!!

Click Here



Click Here

Want to know all the important business news and events?

Find it Here



Click Here

How Indian Market Would Move Today?

Want to stay ahead with latest trends of major stocks and indices?

Click Here





About EquityPandit

EquityPandit is a leading research and advisory firm in India. The firm is one of the biggest players with a dominant position in both institutional and retail. The company specialises in the business of analysis, information and, intelligence.

The business is supported by efficient, powerful research and back-office team. EquityPandit's set of diligent advisors helps its customer plan and get more out of one's money. We offer a diversified range of product according to the difference in needs of an investor, trader or a broker.

The firm's philosophy is entirely client-centric, with a clear focus on providing long term value addition to the client while maintaining the highest standard excellence, ethics, and professionalism. The entire firm activities are divided across distinct client groups, individuals, private clients, corporate and, institutions all of which are supported by the powerful research team.

Disclaimer

The recommendation made herein does not constitute an offer to sell or a solicitation to buy any of the securities mentioned. No presentation can be made that the recommendation contained herein will be profitable or that they will not result in losses. Readers using the information contained herein are solely responsible for their action. Information is obtained from sources deemed to be reliable but is not guaranteed as to accuracy and completeness.



www.equitypandit.com

Copyright © 2020 EquityPandit Financial Services Pvt. Ltd.
All rights reserved.

SEBI Registered Investment Advisor
SEBI Registration Number : INA000006688

Investment/Trading in markets is subject to market risk.