



GARUDA

E-NEWSLETTER – JULY, 2024



Shristi & Varun, Students form Hyderabad Branch Won National Level Pitch Deck Competition held by ICAI under the Banner of National Talent Search 2024.



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OFFICE BEARERS OF SICASA HYDERABAD 2024-25



CA. DEEPAK LADDA
SICASA CHAIRMAN



CA. U. SARAN KUMAR
SICASA CO-CHAIRMAN &
TREASURER

STUDENT COMMITTEE MEMBERS



SHASHI KIRAN REDDY
VICE-CHAIRMAN



K. DASARADH KUMAR
SECRETARY



MD. MUSTAFA RAZA
TREASURER



ABHINAY PULIDHANDA
EXECUTIVE MEMBER



LAKSHITA JAIN
EXECUTIVE MEMBER



PATHI VENNELA NAIDU
EXECUTIVE MEMBER



VAMSHI THUMKUNTA
CO-OPT MEMBER

SICASA CHAIRMAN'S MESSEGE

Dear CA Students,

I hope this message finds you well amidst your busy schedules. I am delighted to share some remarkable news and extend my heartfelt appreciation to each one of you.

Firstly, I would like to congratulate each and every student who have been successful in their examinations and to those who couldn't make it, remember that setbacks doesn't define you are potential.

I would also like to commend our vibrant student community for their enthusiasm in organizing and participating in various extracurricular activities. Events such as elocution and quiz competitions play a pivotal role in shaping not just your academic journey but also in nurturing holistic development. Your active engagement is truly commendable.

Moreover, the recently concluded sports meets, including the spirited badminton and cricket tournaments, were a testament to your sportsmanship and teamwork. Congratulations to all participants and the team for conducting the events with all honour.

I am particularly proud to announce the success of 'ANVESHNA'- The quest of Knowledge' our prestigious national conference for CA students. This event stands as a beacon of achievement, providing exceptional opportunities through valuable learning experience to student community and a special mention to the SICASA committee members and their team for their dedication and hard work in making this event a resounding success. Despite the demands of the tax season, their commitment and effort have been exemplary.

Let us continue to strive for excellence in all our endeavors, both academic and beyond.

Deepak Ladda

SICASA Chairman

Hyderabad

SICASA CO-CHAIRMAN'S MESSEGE

Subject: Message from Co-Chairman SICASA Hyderabad

Dear CA Students,

I hope this message finds you in high spirits.

I would like to extend my sincere gratitude to the Board of Studies (BoS) and the ICAI for their unwavering support in promoting professional development through conferences and similar endeavors. Your encouragement is instrumental in shaping the future leaders of our profession.

The Hyderabad branch of ICAI has also been keen in conducting various activities as Elocution and Quiz competitions organized last month which help in students overall development.

In addition to academic pursuits, our branch has also actively promoted forthrightness among CA students through sports events such as badminton and cricket meets. These initiatives not only foster physical well-being but also reinforce the values of teamwork and sportsmanship.

For those who may have faced challenges, I encourage you to remember that every obstacle is an opportunity for growth. As you navigate this phase, I leave you with a quote by Winston Churchill: "Success is not final, failure is not fatal: It is the courage to continue that counts."

Let us continue to support and uplift each other as we strive for excellence in our professional journeys.

CA. U. Saran Kumar

SICASA Co-Chairman & Treasurer

Hyderabad

JUNE MONTH PHOTO GALLERY



Huge Response of around 65+ CA Foundation Students for Quantitative Aptitude Revision Marathon by S Akshay Reddy Sir on 1st & 2nd June,2024 at Branch Premises hosted by Hyderabad Branch of SIRC of ICAI and Hyderabad Branch of SICASA



Glimpse From National Talent Search 2024 – Quiz Competition held on 9th June, 2024 at Branch Premises hosted by Hyderabad Branch of SIRC of ICAI and Hyderabad Branch of SICASA



Chairman of Hyderabad Branch(SIRC) CA. P. Ravi Sanakara Reddy Sir Presenting Momentos to Quiz Masters, Winners and Runners of Branch Level Quiz Competition held under banner of National Talent Search 2024 on 9th June, 2024 at Branch Premises hosted by Hyderabad Branch of SIRC of ICAI and Hyderabad Branch of SICASA



Glimpse From National Talent Search 2024 - Elocution Competition held on 9th June, 2024 at Branch Premises hosted by Hyderabad Branch of SIRC of ICAI and Hyderabad Branch of SICASA



Chairman of Hyderabad Branch(SIRC) CA. P. Ravi Sanakara Reddy Sir & Chairman of Hyderabad Branch of SICASA CA. Deepak Ladda Sir Presenting Momentos to Jury, Winner & Runner of Branch Level Elocution Competition held under banner of National Talent Search 2024 on 9th June, 2024 at Branch Premises



Crazy 21 Teams Turned Up for Box Cricket For Boys and 5 Teams For Girls Conducted by Hyderabad Branch of SIRC of ICAI and Hyderabad Branch of SICASA on 16th June, 2024 at Hyderabad.



Huge Response of around 65+ CA Foundation Students for Quantitative Aptitude Revision Marathon by S Akshay Reddy Sir on 1st & 2nd June,2024 at Branch Premises hosted by Hyderabad Branch of SIRC of ICAI and Hyderabad Branch of SICASA

ARTICLE BY STUDENT-1

BALLOTS & BULLS - Effect of Elections on Stock Market

Benjamin Graham has said - *"In the short run, the market is a voting machine but in the long run, it is a weighing machine."*

Kshiteej Kabra says – *"This 2024 election, let the market be a money machine!"*

I am dividing this article into 3 parts –

1. Historical Insights: Market Trends and Election Outcomes

Discover the numerical patterns and historical data that illustrate the intricate relationship between market performance and election cycles.

2. Future Forecast: India's Political Landscape and Market Projections

Analyze the key statistics and projections that shed light on how India's political future could influence market dynamics.

3. Wealth Creation: Let politicians win seats & you earn the money!

Explore expert-recommended stocks to buy now, complete with detailed analysis and sources, to secure your financial growth.

Writer's Disclaimer –

All stock suggestions presented in this article are based on research conducted by industry experts. Please refer to the original reports and analyses by these sources before making any investment decisions.

On a personal note, I firmly believe that being a knowledgeable finance enthusiast is crucial in today's rapidly evolving world. Therefore, a long-term investment strategy, particularly during the pre- and post-election result period, can be highly beneficial.

Part 1 – Historical Insights: Market Trends and Election Outcomes

According to data compiled by foreign brokerage UBS, the domestic stock market has consistently delivered positive returns one year after the outcome in all five of the most recent Lok Sabha elections. However, in the month immediately following

the elections, the market posted positive returns only twice, flat returns once, and negative returns twice.

2019 Lok Sabha Elections

Election Period: Held in seven phases from April 11 to May 19, 2019.

Results Declaration: May 23, 2019.

Market Reaction:

May 23, 2019: Sensex fell by 0.76%.

May 24, 2019: Sensex surged by 1.61%.

May 27, 2019: Sensex increased by 0.63%.

May 28, 2019: Sensex added another 0.17%.

Overall Performance: The BSE barometer climbed a total of 3.75% in four of the five sessions post-election results.

2014 Lok Sabha Elections

Election Period: Conducted in nine phases from April 7 to May 12, 2014.

Results Declaration: May 16, 2014.

Market Reaction:

May 12, 2014: Sensex soared by 2.42%.

May 13, 2014: Sensex climbed another 1.36%.

May 16, 2014: On the results day, the Sensex increased by 0.38%.

Subsequent Sessions:

May 17, 2014: Sensex rose by 0.90%.

May 18, 2014: Sensex climbed 1.00%.

May 19, 2014: Sensex inched up by 0.06%.

2009 Lok Sabha Elections

Election Period: Held in five phases between April 16 and May 13, 2009.

Results Declaration: May 16, 2009.

Market Reaction:

May 16, 2009: Sensex gained 0.75% on the results day.

May 17, 2009: Sensex increased by 1.44%.

May 20, 2009: Sensex surged by a substantial 3.75%.

For the year 2024 –**Analysis and Predictions**

ICICI-direct Analysis: Historically, Nifty corrected by 6% during the polling phase in the past four elections but hit new highs around the election outcome in three instances.

Nomura India Prediction: Predicted that a BJP victory, securing a simple majority, would likely calm investor nerves, ensure policy continuity, and support macro financial stability.

Recent Market Context (2024)

May 21, 2024: The BSE Sensex was trading 75.37 points, or 0.10%, lower at 73,930.57. The index was just 1,193 points, or 1.61%, away from reclaiming its record high of 75,124.28, achieved on April 9.

Sources – *Economic Times, ICICI Direct, Nomura India, UBS*

Part 2 - Future Forecast: India's Political Landscape and Market Projections

Barack Obama - ***"A nation cannot prosper long when it favors only the prosperous."***

Predicts that if the current government secures 330-350 seats, the stock market could experience a short-term rally. This rally could potentially push the Nifty 50 index past the 23,000 mark. However, this initial surge is likely to be followed by profit-taking as investors reassess valuations and execution realities.

"Immediate market rally followed by short-term profit booking. High single-digit or low double-digit returns for Nifty this year," Bernstein stated.

Expects infrastructure, manufacturing, domestic cyclical sectors, some financials, and state-owned enterprises (PSUs) to perform well. Consumer and IT sectors are likely to underperform. Small and midcap stocks may temporarily outshine large-caps.

Source: Bernstein

Anticipates that the BJP will retain an absolute majority in the Lok Sabha elections, pushing the stock market indices, the S&P BSE Sensex and the NSE Nifty50, to new heights. "Overall, we believe the financial market sentiment will likely remain positive," UBS said.

Outlined two scenarios if the BJP secures a third term:

BJP retains a single-party majority: Markets are likely to remain confident about policy continuity, with potential for further reforms including disinvestment, the land bill, and the uniform civil code. Positive financial market sentiment is expected.

BJP forms government with NDA majority (>272 seats): Markets might be slightly less confident about policy stability as fiscal consolidation could be slower than expected. Despite potential pressure from other political alliances, macro stability could persist, leading to a mixed impact on financial markets.

Source: UBS

Forecasts a positive market reaction if the NDA secures close to 400 seats.

"We believe such an outcome would be positive for the Indian Rupee (INR), as it should alleviate recent market concerns over a less-favorable election outcome. It would mean PM Modi continues to lead, maintaining positive macroeconomic and policy prospects," said Nomura.

Expects domestic sectors, particularly financials, consumer discretionary, industrials/infrastructure, and PSUs, to outperform. IT services and healthcare are likely to underperform. Predicts a sell-off in domestic-oriented sectors, particularly industrials, infrastructure, and PSUs. Banking, consumption, and pharmaceuticals are expected to outperform.

Source: Nomura

Raamdeo Agrawal, chairman and co-founder, believes Prime Minister Narendra Modi's return to power for a rare third consecutive term will boost shares of defense, infrastructure, railway, and capital goods companies.

"These are areas where the government has focused and invested money. There is a high probability that the ruling government will continue. If they return, they'll go with much more vigor," Agrawal told Reuters.

Source: Motilal Oswal Financial Services

The Indian Lok Sabha elections are a critical determinant in shaping the stock market's trajectory. Market sentiment and investment strategies are heavily influenced by the anticipation of election outcomes and the subsequent economic policies implemented by the elected government. Historical data and statistical trends highlight the profound impact electoral results have on market performance. A decisive and stable mandate typically catalyzes a bullish market trend, while political uncertainty and potential policy reversals can trigger volatility and market corrections. Consequently, investors keenly track electoral developments, recognizing that the political landscape is intricately linked to economic forecasts and market dynamics.

Part 3 – Wealth Creation: Let politicians win seats & you earn the money!

Here are several stock recommendations along with their key statistics and sources of information:

1. Ramco Industries

- Current Price (LTP): ₹237.05
- Target Price: ₹320
- Stop Loss: ₹220
- Upside Potential: 35%

Reasons to Buy:

- Strong performer in the construction materials sector, particularly during election periods focusing on infrastructure projects.
- RSI in overbought zone, suggesting momentum.
- Trading above key moving averages indicates a potential breakout.
- Recommended purchase price: ₹240 to ₹247.
- Holding period: 15 to 40 days.

Source: Ambala

2. Tata Motors

- Current Price (LTP): ₹960.55
- Target Price: ₹1,200
- Stop Loss: ₹900
- Upside Potential: 25%

Reasons to Buy:

- Strong support at ₹920 and a double-bottom reversal pattern on daily charts.
- RSI (14) at 46, indicating momentum and strength.
- Potential for short-term price targets of ₹1,200 and above.

Source: Riyank Arora, Technical Analyst at Mehta Equities

3. Saurashtra Cement

- Current Price (LTP): ₹124
- Target Price: ₹150
- Stop Loss: ₹115
- Upside Potential: 21%

Reasons to Buy:

- Likely to benefit from increased construction activity during election times.
- 101% return in one year, indicating readiness for a breakout.
- Moderate buying zone as per daily timeframe RSI of 58.
- Support above 20-day SMA.
- Recommended purchase price: ₹120 to ₹123.
- Holding period: 10 to 40 days.

Source: Ambala

4. AXIS Bank

- Recommended Purchase Price: Near ₹1,110
- Target Price: ₹1,200
- Stop Loss: ₹1,090

Reasons to Buy

- Attractive valuation for long-term growth.
- Stable financial performance and strong market position.

Source: Deven Mehata, Equity Research Analyst, Choice Broking

5. SBI (State Bank of India)

- Recommended Purchase Price: Near ₹810
- Target Price: ₹890
- Stop Loss: ₹780

Reasons to Buy:

- Dominant market position and robust financial health.
- Strategic government initiatives favoring PSU banks.

Source: Deven Mehata, Equity Research Analyst, Choice Broking

6. TVS Motor Company

- Recommended Purchase Price: Near ₹2,110
- Target Price: ₹2,310
- Stop Loss: ₹2,000

Reasons to Buy:

- Strong brand presence and expanding market share.
- Positive outlook for the auto sector.

Source: Deven Mehata, Equity Research Analyst, Choice Broking

7. LIC (Life Insurance Corporation)

- Recommended Purchase Price: Near ₹1,000
- Target Price: ₹1,090
- Stop Loss: ₹955

Reasons to Buy:

- Leading insurance provider with a vast market.
- Strong financial performance and government backing.

Source: Deven Mehata, Equity Research Analyst, Choice Broking

8. Hindalco Industries

- Recommended Purchase Price: Near ₹375
- Target Price: ₹420
- Stop Loss: ₹355

Reasons to Buy:

- Leading player in the aluminum and copper sectors.
- Benefiting from global commodity price trends.

Source: Deven Mehata, Equity Research Analyst, Choice Broking

Additional Stock Recommendations

- **PSU Banks:** Bank of Baroda, Bank of India
- **Auto Sector:** Mahindra and Mahindra, Maruti Suzuki
- **Defense Sector:** Hindustan Aeronautics, Bharat Electronics, Bharat Dynamics, DCX Systems
- **FMCG:** Hindustan Unilever, Marico, Varun Beverages

Source - CA Vatsal Vinchhi, Equity Analyst, Choice Equity Broking

Stocks - DLF, Canara Bank, Tata Steel, Nippon Life India Asset Management, Tata Motors

Source - Vishnu Kant Upadhyay, Assistant Vice President – R&A at Master Capital Services

Kshiteej Kabra
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ARTICLE BY STUDENT-2

Startup financing and Venture Capital

In the current digital era, propelled by remarkable advancements in the field of artificial intelligence, much of the progress has been driven by entrepreneurs who could extract value from startups. Genuine innovation and original ideas have always been possible with the right resources and effective execution by startups. From the initial unfamiliarity with the world of startups to the conversations around dinner tables, we have all come a long way. In a country like India, where development is paramount, with its massive efforts to become a super economy, it is the innovation that startups drive with the courage to change the world. In the current world, a significant portion of companies that contribute to innovation to solve 21st-century problems are startups. Companies like OpenAI, Zomato, and Zepto have demonstrated their potential to tackle new world problems with groundbreaking ideas.

Startups have not just sustained creating value but have also set new standards in technology, marketing, entrepreneurial skills, and organization management. As former President of India, APJ Abdul Kalam, once said, “My message, especially to young people, is to have the courage to think differently, courage to invent, to travel the unexplored path, courage to discover the impossible and to conquer the problems and succeed”. This message resonates with the spirit of startups today, as they strive to think differently and deliver unique solutions to consumers.

Though the primary goal of a startup is to generate value for significant valuation, startups have not confined themselves to pricing and valuation. They are also exploring various fields to advance worldly technology along with creating employment and national security. India has seen many startups ranging from delivering foods to delivering rockets to the governments and nations to secure their stands and push towards the progress of mankind. The essence of a startup lies in generating value through innovation and modern marketing.

The development and progress of a nation follow a similar path. The economy has always been a cumulative result of experiences and innovations that provide sustainable and long-lasting solutions to problems. Building a robust economy depends on the extent of trial and error it accommodates to develop effective problem solvers. Startups play a crucial role in introducing new solutions that drive the world, and the mechanics of the economy work to sustain these reasonable and reliable solutions for mankind. It is essential for an economy to encourage startups to generate new ideas.

The famous adage, "Finance is the blood flow of an organization," is poignantly true. No matter how great the idea or execution plan, it is finance that enables an organization to operate. And to solve this ever-existing problem, venture capitalists have emerged as a modern solution. By identifying the essence of ideas in building organizations, venture capitalists essentially finance startups based on the potential of their ideas. Sam Altman, CEO of OpenAI, has said, *"The best VCs are really good coaches. They help startups navigate challenges and make better decisions without trying to run the company."* Venture capitalists have boosted innovation and set high standards for future generations by supporting robust startups and entrepreneurs. The ability to identify the significance of an idea and provide the necessary resources requires courage and expertise. Fortunately, the economy has developed conditions that enable venture capitalists to fund various startups, and the fruits of their efforts are evident in the form of highly valued startups that have already made a significant impact.

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ARTICLE BY STUDENT-3

STARTUP FINANCING AND VENTURE CAPITAL

STARTUP FINANCING: Startup financing is a funding that entrepreneurs invest in their business. The funds mainly used for working capital, product development, technology, hiring and marketing. The following are the few alternate funding options for startups:

- Personal financing and credit lines
- Business loans
- Govt grants and subsidies
- Venture Capital
- Incubators
- Collecting pledges from Peer-to-peer lending.

VENTURE CAPITAL(VC): Venture capital is money that is provided by investors to startups that has potential to reshape markets and grow very fast. The money deployed from VC firm is usually comes from institutional investors, corporations or wealthy individuals looking to make some serious investments. Some of the venture capital firms are Sequoia, Accel, Blume, Matrix, India quotient, YourNest VC, Beenext, Blackstone, Kalaari Capital.

VC funding and borrowing from a bank is different. Since a VC usually gets equity of the invested company. The companies get VC's support for their growth trajectory, expertise and network which are valuable resources. They also have to make sure that the parties who have backed the VC's get healthy return on their investments. Even with the given risks, VC's invest in the certain startups for their ability to scale easily.

Only 30% of the startups backed by VC's have survived more than 5 years. About 3 out of every 4 startups fail so VC has to make sure the projects that do make enough money of it to cover the losses of the other failures. About one in five companies will be failed in the seed funding stage itself.

THE STARTUP FINANCE CYCLE

STAGE 1

PRE SEED FUNDING: This is the early stage of the company where funding happens for development of the concepts and ideas of the company. At this stage personal savings (bootstrapped companies), money from friends and family will be used in most of the companies.

STAGE 2

SEED FUNDING: This is the early stage of the company where funding happens for company get going by building a prototype. Funding is used for product development and market research. At this stage private equity company will be funding the company in the exchange of the equity shares. Such like, angel investors, incubators, crowdfunding, early stage VC, family & friends. They also share their expertise too since this is also the pre revenue stage.

STAGE 3

SERIES A FUNDING: It is for when the company has established a product and market fit, started to make some serious buzz and its customer base is growing fast along with investing in technology.

SERIES B FUNDING: It is when company had started to make some considerable revenue in selected markets and is looking to expand its operations.

SERIES C FUNDING: It is when the company has grownup and is likely operating on a bigger or on global scale.

This series of funding will be going on until your surplus equity is available.

STAGE 4

EXIT: 1. Either the company will be acquired or taken over by the giant company. The founder and investors can take over the profits and exit the company.

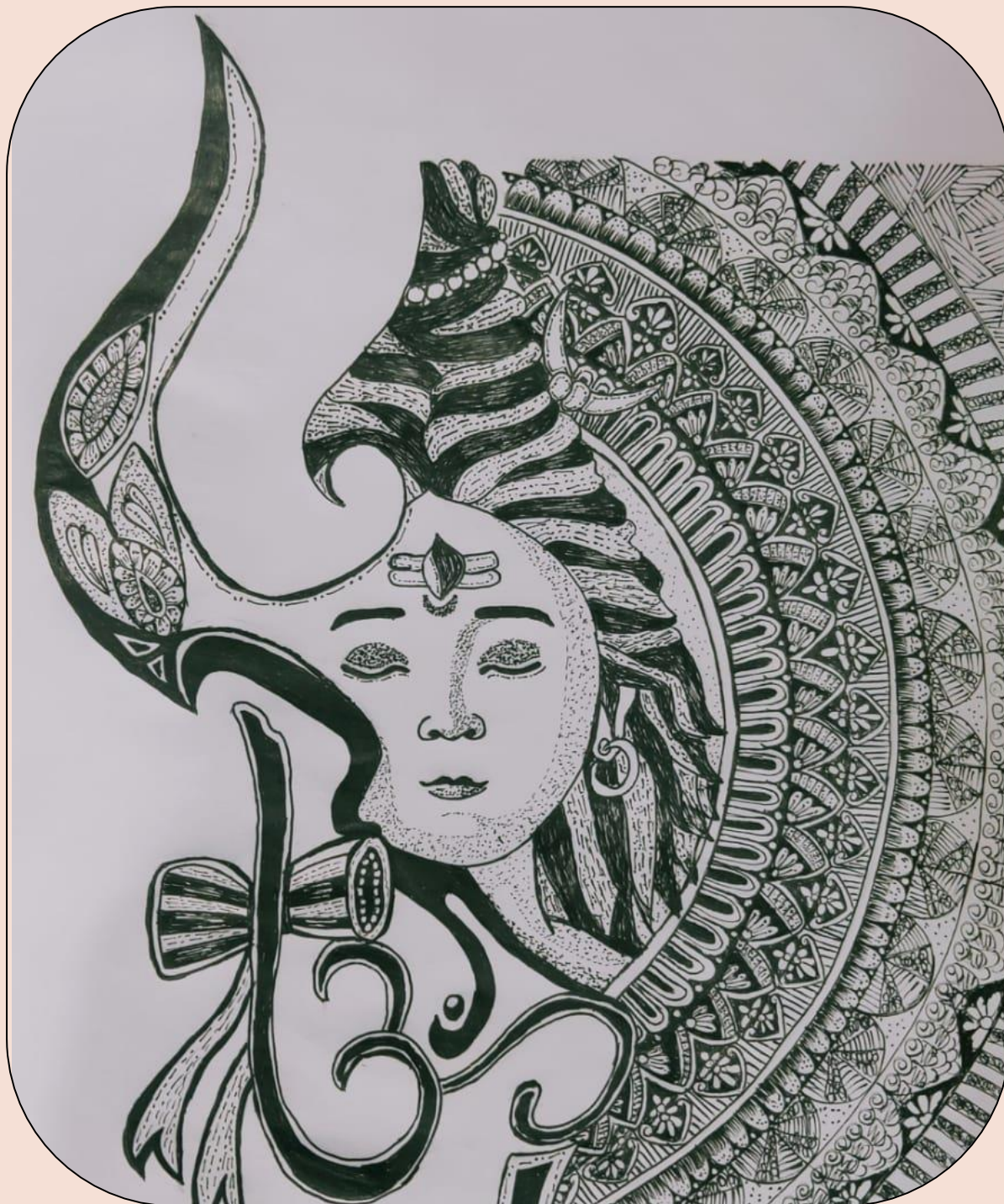
2.Or the company can be converted from private to public company by rolling out an IPO (INITIAL PUBLIC OFFERING) and raise funds directly from the public through a stock exchange. If it is in India the it is through NSE, BSE. Ex: Paytm, Nykaa, Zomato. If it is from outside India the it is through NASDAQ, SGX, DAX.

This is the stage where VC's get their highest return of their investments.

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ART CORNER





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INVITATION FOR ARTICLE

SICASA Hyderabad is inviting articles for E-Newsletter: INSIGHT for the month of June 2024. All the students who want to get featured can submit their articles, artworks, poems, short stories etc. which are related to Chartered Accountancy curriculum for our further newsletters.

Send us your works on: sicasahydnewsletter@gmail.com

Last date for submission: 3rd August 2024.

Rules:

1. No word limit but the articles shall be confined to topic opted.
2. Article should be sent in word document only.
3. No plagiarism allowed; content sent should be original.
4. Send your works to the mail with the following attachments:
 - Your work
 - Full name along with student registration number & firm name
 - Passport photo
 - Contact details.
 - Subject of email must contain the details of your work
(E.g., Article/Artwork etc.)