

VOLUME 12, MARCH 2021

# STRICTLY STREET

THE OFFICIAL NEWSLETTER OF AAMDANI

## TAKEAWAYS

- Increasing price of petroleum
- Case Study - Burger Singh
- Tesla's entry in India



## INCREASING PRICE OF PETROLEUM

### REASONS

- With the onset of pandemic, the demand of crude oil based products (mostly petrol and diesel) fell down drastically worldwide in the past few months of year 2020.



- The major factors resulting to the decline in demand of crude oil was the shutdown of industries, cancellation of flights using jet fuel, people who stopped using automobile as their mode of transport which runs on petrol/diesel.
- As a result of this, the price also fell down since all the oil producing countries did not cut back their supply due to competition amongst each other.
- On 13th of April, almost all the oil producing countries finally worked out on a historic agreement where USA worked out a deal with Saudi Arabia and the OPEC+ countries that they would reduce their supply by 9.7 million barrels per day.
- The step was taken to reduce the supply of crude oil so that prices remain stable since at that point of time the prices were dripping down to negative rates, at its worst to 40\$ per barrel.
- But, the Government of India rather than decreasing the price of Petroleum products increased the price by increasing the Excise duty on petrol and diesel on a large margin.

## IMPACT

1. Automobile Sector has been deeply affected due to rising prices of petrol/diesel. This industry saw a huge downfall in the sales of their production.
2. Companies engaged in the logistics and transportation of goods are also expected to increase their service rates soon due to the fuel price hike. Demand for increasing product delivery rates has already put consumer-oriented companies in a tough spot.
3. Oil is a very important commodity and it is required to meet domestic fuel needs. And in addition to that, it is a necessary raw material used in a number of industries. An increase in the price of crude oil means that would increase the cost of producing goods. This price rise would finally be passed on to consumers resulting in inflation.

# TEST YOUR AWARENESS



Q1- In India farm credit is regulated by

- a) SBI
- b) RBI
- c) NABARD
- d) Union Government

Q2 - Financial management is mainly concerned with which of these -

- a) All aspects of acquiring and utilizing financial resources for firms' activities
- b) Arrangement of funds
- c) Efficient Management of every business
- d) Profit maximization

Q3 - Market value of shares is decided by -

- a) the respective companies
- b) the investment market
- c) the government
- d) shareholders

## ADD TO YOUR VOCAB !

### SHORT SQUEEZE

Short squeeze is a term used by market participants to refer to a phenomenon where short sellers in a stock who have placed their bets on a stock's fall, rush to hedge their positions or buy the stock in the event of an adverse price movement, in order to cover their losses.

### ESCROW

An account used to set aside money for larger and/or periodic expenses, like property taxes. It acts as an intermediary between the saver who puts money in the account and the payee who manages the account and makes the payments



# CASE STUDY - BURGER SINGH



Who would think that having a bland burger would lead to the opening of a burger franchise? Kabir Jeet Singh did not like what he tasted in Britain when he was working in the burger outlet.

So, he added some spices and gave an Indian taste to it. And what happened after is history. Kabir returned to India and opened Burger Singh, which now has more than 35 outlets in the country and planned to open more than 60 outlets in 2020 till 2022. The first outlet came up in 2014 in Gurugram with an investment of Rs.30 lakh.

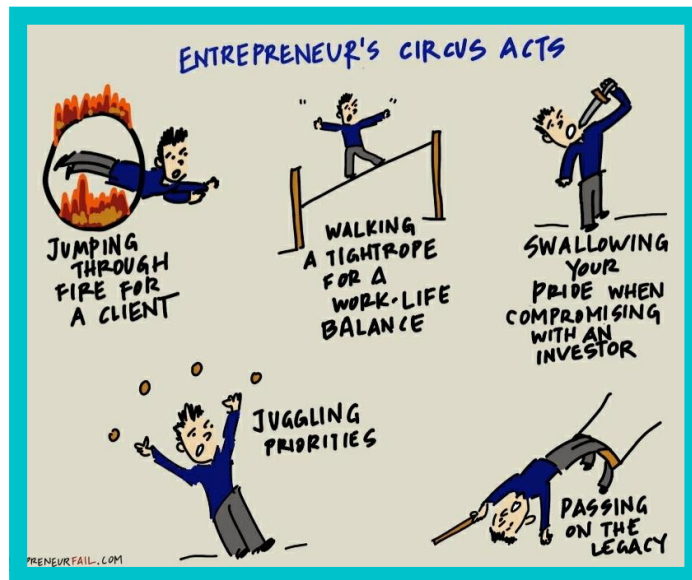


Serving burgers with an Indian twist was still a new thing in the country. While many saw these patties as American, Burger Singh experimented with Indian spices and served Bihari Gosht Burger, Chana Burger, Rajma Burgers, etc.

The company's turnover till January 2020 was noted to be Rs. 26 crores. But, even after so many outlets and revenue, Kabir Jeet Singh looks out for more.



# FINTOONS



Client: Why did I get a table rating  
I'm perfectly healthy

Also the client:



# TESLA'S ENTRY IN INDIA



Tesla, the well known electric car maker from Palo Alto, California, is going to enter the Indian market in early 2021 which has been confirmed by the Road Transport and Highways Minister, Nitin Gadkari.

Tesla will expand its operations depending upon the market response for the cars in Indian markets. It has been expected that the company will launch its most affordable and best selling Model 3 in the country.



The sales strategy will be direct without involving any dealers. It is also rumored that Tesla may establish its first facility in Karnataka, India.



## LONG-TERM

## THE LONG -TERM IMPACT OF TESLA'S INDIA EXPANSION

In India the upper-middle-class and affluent consumers in metropolitan and tier-1 cities make up the market for the four wheel EV. Tesla's entry will eventually increase the competition for automobile manufacturers. It is also expected that its entry has the potential to develop India's EV industry by introducing innovations and investment opportunities.

## THE SHORT-TERM IMPACT OF TESLA'S INDIA EXPANSION

## SHORT-TERM

It is expected that Tesla's entry will not have much effect in the short term since the company plans to import CBUs (completely built units) during the initial phase. The company plans to develop its own R and D units in the country . India's electronic vehicle ecosystem is still underdeveloped. The supply chain for EV is highly dependent on imports which eventually raise the end users' cost.

# WISE SAYINGS



**"The stock market is filled with individuals who know the price of everything, but the value of nothing."  
~ Phillip Fisher**

**"Beware of little expenses; a small leak will sink a great ship."  
~Benjamin Franklin**

**"To contract new debts is not the way to pay old ones."  
~George Washington**

## SOURCES

- 1.DNA India
- 2.Mint
- 3.The Hindu
- 4.Wikipedia

## ANSWERS TO "TEST YOUR AWARENESS"

1. NABARD
- 2.All aspects of acquiring and utilizing financial resources for firms' activities
- 3.the investment market