

FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM



FINARITHA

THE FINANCE CLUB OF MDIM

WEEKLY
FINANCIAL
MAGAZINE
FOR THE
STUDENTS
OF
MDIM



**LET BUSINESSES OWN THE WORLD
YOU BE THE RULER**

ABOUT US



Finartha, the finance club of Management Development Institute Murshidabad formed with the ambitions of bridging the gap between the academic and professional worlds. As a student—run organization, the club brings together students with a shared interest in Finance to enjoy presentations from industry professionals, competitions, quizzes, finance-related discussions, casual and formal networking events as well as a variety of social events. It provides the platform for interactive discussions and orients oneself towards the world of business and commerce. The club plans to get into media through social as well as print media to update the students, academic professionals and industry veterans about its various activities. It thrives on providing the students with additional resources needed to develop themselves into strong candidates for the prospective job market. If one is zealous enough for the activities which go into finance and its substrates then 'Finartha' is the platform to quench that zeal.



FINARATHA



MDI | Management Development Institute MURSHIDABAD



FIN-O-DATE THE FINANCE MAGAZINE

February 14, 2021

ISSUE- 83

INDEX

- **SENSEX** 51544.30
- **NIFTY 50** 15163.30
- **NASDAQ** 14095.47
- **DOWJONES** 31458.40

CURRENCY

- **USD/INR** ₹ 72.59
- **GBP/INR** ₹ 100.48
- **YEN/INR** ₹ 0.69
- **EURO/INR** ₹ 87.98

LATEST BY:
Feb 14th, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Adani Ports	591.85	616.60	3.36%	621.65/586.10
ICICI Bank	630.65	647.60	2.60%	649.90/629.40
Infy	1292.65	1309.80	1.50%	1323.75/1301.55
Axis Bank	740.10	750.40	1.32%	754.70/734.55
HDFC Bank	1572.35	1581.95	1.09%	1592.50/1573.00

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
ITC	226.45	719.60	3.91%	225.75/215.80
GAIL	136.45	581.10	2.75%	137.25/132.35
ONGC	99.45	315.90	2.46%	99.40/96.55
Sun Pharma	643.65	140.85	2.35%	654.40/622.35
Coal India	137.15	536.50	2.33%	137.00/132.75

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Ambuja Cement	BUY	283.00	310.00	350.00	270.00
Emami	BUY	517.00	560.00	600.00	495.00
Sobha	BUY	500.00	550.00	623.00	482.00

Market Watch

- Sensex reaches all time high thus suggesting bullish momentum
- Make sure you do not indulge in counter trend trading
- Sectors effect will shape the broader market
- I would recommend you to have a close look at IT, Pharma and Infra structure stocks. Auto will be volatile.

Disclaimer: Futures, stocks and options trading involves substantial risk of loss and is not suitable for every investor. You are responsible for all the risks and financial resources you use and for the chosen trading system. You should not engage in trading unless you fully understand the nature of the transactions you are entering into .

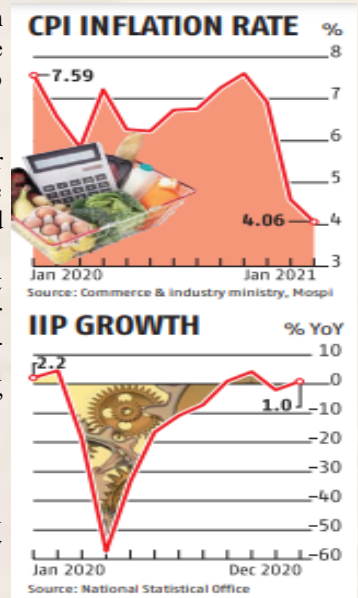
What's Brewing In The Market?

Inflation cools to 16-mnth low; IIP growth rebounds India's market cap-to-GDP ratio is now over 100%
CPI inflation falls to 4.06% in Jan; industrial output grows 1% in Dec

The growth-inflation dynamics seem to be improving for the economy, with industrial output posting mild expansion in December and the retail price inflation rate declining to a 16-month low in January. However, economists believe that growth is still weak and non-food articles like fuel continue to face inflationary pressures, which may force the Reserve Bank of India (RBI) to remain "accommodative".

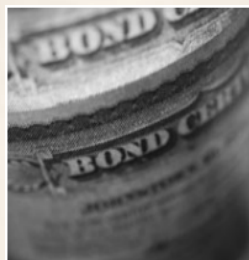
The Index of Industrial Production (IIP) grew by 1 per cent in December on a year-on-year (YoY) basis compared with a 2 per cent decline in the previous month, the data released by the National Statistical Office showed. On the other hand, the consumer price index (CPI)-based inflation rate fell for the third consecutive month to 4.06 per cent in January as food inflation, pulled down by deflation in vegetables, drastically declined. CPI inflation stood at 4.59 per cent in December, and 7.59 per cent in January last year. Food inflation moved down to 1.89 per cent in January from 3.41 per cent in the previous month. "In view of the growth-inflation dynamics and the guidance given by the RBI, we believe that the central bank will continue with its accommodative policy and keep the policy rate in a pause mode over the next 6-9 months," Sunil Kumar Sinha, principal economist at India Ratings, said.

Industrial activity has posted growth in only three months in the current financial year so far. The IIP had turned positive in September after a gap of six months on the back of the festival season demand, indicating normalcy in economic activity after months of disruption caused by Covid-19.



RBI to issue 40-yr bond
First introduced in 2015, these are the highest-tenured bonds issued by govt

The Reserve Bank of India (RBI) will introduce new 40-year benchmark bonds next Thursday, it said in a notification on its website. The 40-year securities are the highest-tenured bonds issued by the government. It was first introduced on October 26, 2015, and the government raised Rs. 1 trillion from it. After that, another set of 40-year bonds was issued on May 6, 2019, and Rs. 83,462 was raised.



INDIA'S ULTRA-LONG BONDS

Nomenclature	Date of issue	Date of maturity	Outstanding stock (₹ cr)
7.72% 2055	Oct 26, 2015	Oct 26, 2055	1,00,000
7.63% 2059	May 6, 2019	Jun 17, 2059	83,461.952
7.19% 2060	Apr 13, 2020	Sep 15, 2060	98,381.042
6.80% 2060	Aug 31, 2020	Dec 15, 2060	1,01,176.429

Source: RBI

However, in 2020, two 40-year bonds were issued – one on April 30 and another on August 31. The bonds have been used to borrow Rs. 2 trillion from the market. The reason why the second bond came in quick succession to the first was because the first one had hit nearly the Rs. 1-trillion borrowing mark. The government issued another set of papers to ease the redemption pressure. The new bonds will be used to raise Rs. 7,000 crore, and be part of a Rs. 31,000-crore borrowing programme to be done using four securities.

The central bank will decide whether to retain an additional Rs. 2,000 crore in each security, it said in its statement. Therefore, in this fiscal year, the government will be issuing three 40-year bonds – in line with its three 10-year benchmark bonds' issuance. The 40-year bonds are illiquid in the market. On Friday, only 18 trades happened in this segment for a total of Rs. 245 crore. The most traded was a bond maturing in 2035, with 513 transactions for a value of Rs. 5,495 crore.

Ola ties up with ABB to deploy robots at its scooter factory

Ola has roped in Swedish automation giant ABB as one of its key partners for robotics and automation solutions for its mega-factory in India that will roll out Ola electric scooter. SoftBank-backed Ola's facility, billed to be the world's largest scooter factory, is expected to be ready and operational in the coming months.

Ola will utilise ABB's automation solutions in its factory's key manufacturing process lines, including its painting and welding lines. The ABB robots will be deployed extensively for the battery and motor assembly lines.

"We are delighted to bring on board ABB, as a key supplier and partner for robotics and automation solutions that will be deployed at our scooter mega-factory," said Bhavish Aggarwal, chairman and group CEO, Ola.

Ola is building its mega-factory on Industry 4.0 principles and to be powered by its own proprietary AI Engine and tech stack that will be deeply integrated into all its systems, continuously self-learning and optimizing every aspect of the manufacturing process. This will provide unprecedented control, automation, and quality to the entire operations, especially with Ola's implementation of cyber-physical and advanced IoE systems.



Vodafone Idea loss narrows

Vodafone Idea Ltd saw its losses narrowing down to Rs 452.1 crore in the third quarter ended December 2020. This came after a one-time gain from the sale of its stake in Indus Towers. The telco had posted a loss of Rs 7218.2 crore in the preceding quarter and a loss of Rs 6,438.8 crore in the October-December quarter of the previous year.

In August last year, Vodafone Idea, along with other parties (Vodafone Group, Bharti Airtel, Indus Towers and Bharti Infratel) had agreed to proceed with the completion of the Indus-Infratel merger. Subsequently, in November, the scheme became effective and the merger of Indus and Infratel was completed.

Vodafone Idea said in its notes to accounts that in November, it sold the 11.15 per cent stake in Indus for Rs 3764.2 crore to Bharti Infratel, thereby reporting a gain on sale of Rs 2,118.9 crore. During the quarter, Vodafone Idea saw its revenues rising to Rs 10,894.1 crore on higher 4G additions.

ONGC to form gas subsidiary

State owned ONGC plans to form a subsidiary for the business and pick up per cent stake in Indian Gas Exchange Ltd (IGX) as strategic investment. In a bid to tap the potential in the clean energy space.

The subsidiary is being formed with the objective of sourcing, marketing and trading of natural gas, LNG business, Hydrogen enriched CNG (HCNG), gas to power business, bio-energy /bio gas bio/methane and other biofuels business.

ONGC said its board has also approved the acquisition of a 5 per cent equity in Indian Gas Exchange Ltd (IGX) as a strategic investment.

IGX is a subsidiary of IEX, India's first and leading power exchange.

IGX Ltd is at present India's first and only authorized gas exchange, which provides an automated platform for the trading of natural gas, covering a wide range of products.

WEAK QUARTER		
Quarter ended December		
(In Rs crore)	2019	2020
Turnover	23710	17024
Expense	19059	15421
Net Profit	4226	1378

As an important stakeholder in the gas sector, it would be critical for ONGC to participate in the gas in change for development of the gas sector. ONGC interests towards realising maximum value from its gas marketing efforts may be substantiated through this first gas trading platform in India.

Profit down 67%

The exploration firm reported an over 67 per cent fall in the December quarter net profit on the back of a drop in oil and gas prices. The standalone net profit in the October-December quarter stood at Rs 1,378 crore compared with Rs 4,226 crore in the same quarter a year ago. Turnover was down 28 percent at Rs 17,024 crore.



CHINA WITH HIGHEST FDI AMID COVID

For China, investment was booming despite the global crisis in 2020. The mainland became the largest recipient of foreign direct investment with \$163 billion in inflows. This has put the mainland on the pedestal—because according to the United Nations Conference on Trade and Development—the US attracted \$134 billion last year. In Latin America and the Caribbean, for example, foreign direct investments dropped by 37 percent, while it fell by 18 percent in Africa and by 4 percent in developing Asia. That said, East Asia had accounted for one-third of global foreign direct investment in the same period, while developed countries saw a significant fall by 69 percent.

Largest recipient of FDI in 2020

Since the onset of the coronavirus pandemic, the mainland climbed to the top position receiving the highest foreign direct investment. In 2019, the US had received \$251 billion in inflows, while the mainland had received \$140 billion. The United Nations Conference on Trade and Development said that the foreign direct investment “finished 2020 more than 30 percent below the trough after the global financial crisis in 2009.”

On the economic front, it is reported that the mainland had picked up pace in the fourth quarter of the year on the back of its growth surpassing expectations. With that, the mainland is expected to further expand this year despite the pandemic putting pressure on economic growth globally. Touching upon the mainland’s pandemic-growth, it is worth noting that its gross domestic product had climbed 2.3 percent, according to official data.

Interestingly, this in turn has made the mainland the only major world economy to have dodged a contraction in 2020. Although the mainland is found to be in a good position to thrive, it has surprised many with its rapid economic recovery from the pandemic. Another added pressure to its global relations is the trade war with the US that anticipated a slow recovery in contrast to its current state.

China’s FDI must not overshadow global diversification

For that reason, investors have been piling into the mainland’s stocks. However, it is important to note that it must not overshadow the critical need for global diversification, according to Nigel Green, chief executive of deVere Group. “China’s benchmark index the CSI 300, which tracks shares on the Shanghai and Shenzhen stock exchanges, jumped nearly 2 percent as investors around the world rushed for exposure to the People’s Republic’s economic recovery from the Covid pandemic.” In Green’s view, “these fresh impressive gains for Chinese equities come after an incredible year in 2020 in which the index added more than 27 percent,” and the fact that the investment trend on the mainland is expected to continue through 2021 is quite impressive.

However, amid all of this there is more for investors to keep in mind in terms of positioning themselves well in the long-term. It is true that the mainland has had an impressive economic recovery; it is likely to pick up pace and make a very attractive investment destination. “But as 2020 showed us with perhaps too much clarity, things can change quickly and so-called ‘certainties’ can shift overnight. Therefore, as ever, it is essential that investors have a truly diversified portfolio. This includes across geographical regions, assets classes, sectors and currencies. A good fund manager that can secure global exposure and actively seek out opportunities in Asia, especially in China, will best position investors to reap rewards in 2021,” Green said.



All about Hedge Funds

1. What are Hedge Funds?

Hedging means safeguarding, and it means defending against risks in the sense of investing. The funds raised from accredited investors such as banks, insurance companies, High Net-Worth Individuals (HNIs) & families, and endowments and pension funds are used for a hedge fund. This is why these funds also act as overseas investment firms or alliances for private investment. They do not need to be registered with SEBI, nor do they need, like other mutual funds, to regularly report their NAV.

There are asset groups such as derivatives, equities, shares, currencies, and convertible securities in a hedge fund portfolio. Therefore, they are known as alternative investments as well. They need proactive management as a collection of assets that aims to 'hedge' risks against market ups and downs for investor capital. They prefer to use considerable leverage, unlike the traditional equity mutual fund. They hold both long and short positions, including positions in derivatives that have been classified and unlisted.

2. Who should invest in Hedge Funds?

Hedge funds are mutual funds that are operated by experts privately. For this reason, they seem to be a little on the more costly side. Hence, only for the financially well-off are they accessible and feasible. Not only do you have to be someone with surplus money, but also an ambitious risk hunter, since the manager buys and sells assets to keep up with the fluctuations of the market at a dizzying pace.

3. What are the Features of Hedge Funds?

India's hedge fund industry is relatively new, and in 2012, when the Securities and Exchange Board of India (SEBI) approved alternative investment funds, it earned a green flag (AIF). They have the following characteristics:

A. High Net-Worth Investors: Hedge funds can only be purchased by eligible or approved investors. They are mostly people with high net worth (HNIs), banks, insurance companies, endowments and pension funds. For investors investing in these funds, the minimum ticket size is Rs 1 crore.

B. Diverse Portfolio: Hedge funds have an extensive investment portfolio that includes currencies, derivatives, commodities, real estate, equities, and bonds. Yes, they necessarily cover all asset groups that are constrained only by the mandate.

C. Higher Risks: An investment strategy for hedge funds will expose funds to tremendous losses. The lock-in period for investment in general is relatively long. The leverage used by these funds will result in a substantial loss on investments.

4. How do Hedge Funds work?

Returns from hedge funds are indicative of the ability of the fund manager, rather than the conditions of the market. Given the movement of the market, fund managers here do their utmost to reduce/remove market exposure and produce good returns. In small business industries, they operate to reduce risks by further diversification. Some of the techniques that managers of hedge funds use are:

a. Sell short:

Here, the manager, hoping for the prices to drop, can sell shares to buy-back in future at a lesser price.

b. Use arbitrage:

Sometimes the securities may have contradictory or inefficient pricing. Managers use this to their advantage.

c. Invest in securities with high discounts:

TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

BATCH OF 2019-21 & BATCH 2020-22

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Devansh Chokhani | Abhishek Satpathy | Neha Kedia | Puneet Agarwal | Jitendra Kumar (Secretary)



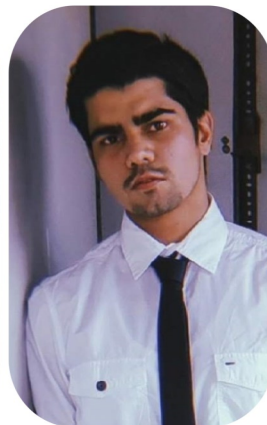
Shubham
Bhattacharya



Joy
Dutta



Megha Poddar



Rahul
Dhankhar



Navin
Srivastava