FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

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.

FINA₹THA

MDI MURSHIDABAD | Management Development Institute

FIN-O-DATE
THE FINANCE MAGAZINE

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ISSUE– 92

INDEX

- **SENSEX** 56124.72
- **NIFTY 50** 16705.20
- **NASDAQ** 15094.40
- **DOWJONES** 35434.47

CURRENCY

- **USD/INR** ₹ 74.22
- **GBP/INR** ₹ 101.60
- **YEN/INR** ₹ 0.67
- **EURO/INR** ₹ 87.16

LATEST BY:
Aug 29th, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Ultracemco	7307.10	7565.60	3.54	7594.80/7318.20
Hindalco	424.10	437.90	3.25	439.00/427.00
SBI Life	1151.80	1184.05	2.80	1192.5/1145.30
Larsen	1595.75	1638.10	2.65	1666.70/1598.05
Dr. Reddys Labs	4503.50	4600.55	2.15	4610.80/4506.00

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
IndusInd Bank	1001.50	990.20	1.13	1000.85/987.00
Infosys	1727.70	1708.80	1.09	1727.70/1705.20
M&M	781.40	775.15	0.80	785.00/765.00
TATA Consum	853.30	847.95	0.63	860.90/844.00
Nestle	20052.70	19957.35	0.48	20100.00/19896.00

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Kotak Bank	BUY	1700	1760(+3.50%)	1820(+7.00%)	1683(-1.00%)
SBIN	BUY	400	436(+9.00%)	464(+16%)	390(-2.50%)
JSW Steel	BUY	670	740(+10%)	770(+16%)	655(-2.00%)

Market Watch

- Markets are making new Highs day-by-day
- Wait patiently & BUY the Dip
- BANK NIFTY may see an Uptrend
- IT sector looks strong while PHARMA sector lags

Edited By: ADARSHA NAMAN | MDIM | PGDM 2021-2023

Zomato’s shares slump

Zomato’s shares fell by 5% to Rs 120.60 apiece on BSE (Bombay Stock Exchange) in intraday on Tuesday, following a 9% crash in the previous session. The stocks had been under pressure as the lock-in period for investors has finally ended. Analysts opines that the end of the one-month lock-in period for investors along with the issues in the US operations have led to the slump. However, there is no change in fundamentals and so long-term investors are advised to maintain their position with stoploss of Rs 105, said by Rahul Sharma, Co-Founder of Equity99. Zomato’s IPO was able to create a new era due to its unique business model, and is first of its kind listed company. Although the company is still making losses, it is enjoying good valuations considering future prospects.

Rise in Foreign Direct Investments

Foreign direct investments into the country are on a rise, touching USD 12.1 billion in May this year. Commerce and Industry Minister Piyush Goyal said that the government is working on a mission mode to achieve exports target of USD 400 billion in 2021-22."India has received the highest ever FDI inflow in 2020-21. It surged by 10 % to USD 81.72 billion and FDI during May 2021 is USD 12.1 billion, that is 203% higher than May 2020," he said.
According to the minister, India's average applied import tariff (duty) has dropped to 15 % in 2020 from 17.6% in 2019, and the country's applied tariffs are way below the bound rate of 50.8%. Talking about employment, he said more than 54,000 start-ups were providing about 5.5 lakh jobs and over 20 lakh jobs will be created by 50,000 new start-ups in the next five years.

Infosys makes into the $100 billion market capitalization club

Shares of the India’s second largest information technology company, Infosys rose nearly 1% to hit record high of Rs 1755.60 on the BSE. The market capitalization of the Bengaluru-based IT company Rs 7.45 lakh crore($100 billion). Infosys became India’s fourth company to enter $100billion club after Reliance Industries, TCS and HDFC Bank.
The rise in the demand of digitization and transformation to cloud computing has managed to keep the buying interest of the investors. Its revenue rose 42% while revenue from its digital business advanced 53.9%, Infosys net profit in June quarter rose 23% annually to Rs 5,195 crore. Last month, and Infosys revised its

India's GDP to grow at 18.5% in April-June quarter this fiscal: SBI report

India's gross domestic product (GDP) is expected to grow at 18.5 percent with an upward bias in the first quarter of the current fiscal year, according to a SBI research report. The estimate is lower than the RBI's GDP growth projection of 21.4 percent for the April-June quarter. The report says that the forecast was based on the **"Nowcasting"** Model. State bank of India has developed the "**Nowcasting Model**" with 41 high frequency indicators associated with industrial & service activity as well as global economy. The report also expects gross value added (GVA) to be 15 percent for the first quarter of the current fiscal year. The report also mentions that the corporate GVA of 4069 companies saw a growth of 28..4 percent in Q1 FY22, lower than the growth recorded in the fourth quarter of the previous fiscal. The report further mentions that despite being a trend that lower mobility leads to lower GDP and vice-versa, the response is asymmetric. "The relationship between the two has become weaker as can be seen in Q1 FY22 , however, GDP growth is high as well as positive.

FPI INVESTS RS. 7245 CRORE IN AUGUST

Foreign portfolio investors (FPI) have invested Rs. 7245 crore in the Indian capital markets in August, mainly due to positive sentiments fueled by improving macroeconomic environment. According to the data from the depositories, Rs. 5001 crore was invested in equities and Rs.2244 was invested in the debt segment, between August 2-20. The total net investment was Rs.7245 crore ($977 Million). But other emerging Asian markets such as South Korea, Taiwan and Thailand continue to be negative to the tune of $5269 million, $855 million and $341 million respectively with an exception of Indonesia, which has reported foreign portfolio investment inflow of $156 million.

DECLINE IN INDIA'S FOREX RESERVE

India's foreign exchange reserve took a hit due to fall in core currency assets and gold, and was decreased by $2.099 billion. The forex reserve of India now stands at $619.365 billion. In the previous week, the foreign exchange reserve was increased by $889 million to all time high of $621.464 billion. As per the weekly data by Reserve bank of India (RBI), foreign currency assets (FCA), an important component of the reserves, also took a hit and decreased by $1.358 billion to $576.374 billion. The data also showed that the value of gold reserves declined for the second week, decreasing by $720 million to $36.336 billion.

RBI APPOINTS AJAY KUMAR AS EXECUTIVE DIRECTOR

Reserve bank of India has appointed Ajay Kumar as executive director with effect from August 20, 2021.He has an experience of over 3 decades in fields like foreign exchange, banking supervision , currency management and financial Inclusion. Now, Ajay Kumar will head the departments of currency management, foreign exchange and premises as the executive director.

“WHAT LIES ON THE OTHER SIDE OF THE TUNNEL”
NATIONAL MONETISATION PIPELINE

Extending the plans in the direction of Public-Private Partnership, the Government of India unveils its Asset Monetisation Pipeline. The National Monetisation Pipeline aims for an aggregate monetisation benefit of 6 lakh crores for a period of four financial years (2022-2025). About 70 percent of the estimated value is concentrated in three major sectors of Road, Railway and Power in this pipeline.

Picture Courtesy: NITI Aayog

QUICK BYTES

- Only Monetization Rights, No Ownership Rights.
- Involves Brownfield de-risked assets
- Structured Partnerships and Contractual Frameworks

The step comes as a rainbow amidst the storms of Covid-19 pandemic and strained fiscal situation of the country. It aims to involve and engage the private players in the market and transfer them the revenue rights withholding the ownership rights. The Government is expecting to generate revenues from the languishing and under-utilized Brownfield assets and no involvement of land and states in this investment process.

ROAD AHEAD

- Digging out the locked assets.
- Creating visibility for the infrastructural assets thus gearing up the National Infrastructure Pipeline Project.
- Contribute to India’s economic growth through the multiplier effect.
- Invitation to pension fund and institutional investors in the Infrastructural field.

SPEED BREAKERS IN THE PATH

- Lack of identifiable revenue streams in various assets.
- Limited number of enthused investors and discouraging bids.
- Issues relating to ownership rights might brim up on the top giving long term headaches.
- Less mature institutional mechanisms still playing the part in the country.

The teething issues will arise since the project is in its nascent stage and so we need to prepare for the checks and balances during the actual projections. Weighted risks and benefits should be in place for both the public and the private partners. There should also be a balance between the utility and profits aspired. The pipeline is a promising stimulus which can help in the growth and development provided that efficient calibrations are calculated to evade the hazardous outcomes.

IPO WATCH:PAYTM

About the company:

Paytm was founded in August 2010 by Vijay Shekhar Sharma in Noida, Uttar Pradesh with an initial investment of $2 Million. It started as digital payment platform for purposes like prepaid mobile and DTH recharge and after it added services like postpaid mobile, landline bill payments, movie tickets booking, train and bus booking etc. In 2014, It launched Paytm wallet. Later it also went into E-commerce business with attractive online deals.

In 2015, it added education fees, gas , water and electricity bill payments into its services. In 2017, it became India's first payment app to cross 100 million app downloads. The very same year, the company launched Paytm Gold in the market, which allowed it's customers to buy gold online. That year, they also launched **Paytm Payments bank**, which offers services like savings and current account with the facility of debit card, helping in secure, fast and easy payments. That very same year, Paytm enabled payments using BHIM UPI to facilitate payments between customers and merchants.

IPO NEWS

Paytm filed its Draft Red Herring Prospectus (DHRP) on 15th July.

Highlights from DHRP:-

- **Paytm IPO issue size:** Rs.16600 Crore (Rs. 8300 cr via fresh issue and Rs. 8300 cr via offer for sale)
- **IPO Date:** Date is still to be disclosed but it is expected in the coming months.
- **Use of Funds:** Paytm will only infuse the funds raised through fresh issue i.e. Rs.8300 cr. The funds via offer of sale i.e. 8300 cr will be used to pay out some of the existing investors.

Purpose of using the funds:

- Paytm will use the fund in growing and strengthening the Paytm ecosystem through acquisition and retention of consumers and merchants and providing them with greater access to technology and financial services. For all this company has decided to spend Rs. 4300 cr.
- The company will invest in new business initiatives, acquisitions and strategic partnerships. For doing all this, Paytm will spend Rs. 2000 cr.
- For general corporate purposes, company has set aside Rs.2000 cr.

PAYTM FINANCIALS

Business Segments of Paytm:

- Paytm payments
- Paytm Credit
- Paytm for business.
- Paytm money, insurance, Ecommerce, others.

STOCK MARKET ANIMALS

Animals in Stock Market are commonly known terms to define the types of Traders or Investors or Market Scenarios.It also tells many information about their characterstics . Apart from BULLS & BEARS ,we have many other animals which we are going to discuss.

1.BULLS

Traders or Investors who are OPTIMISTIC about upcoming possibility of the Share Market. They believe that Market will continue its Uptrend or will start to rise. Hence, they increase their stake thereby contribute towards hike in the share price of the companies. As a result, BULL MARKET condition starts where the market appears to be Optimistic & touches new highs.

2.BEARS

Traders or Investors who are PESSIMISTIC about the future scenario of the Share Market & believe that Market is going to fall.
Most of the time, Bears are responsible for fall in Share Market leading to BEAR MARKET. Bears are Investors or Traders who are totally opposite of the Bulls.

3.RABBITS

Traders who take a Trade for a very short period of time are called RABBITS. They are also called SCALPERS. The Trading time of these Traders range from few seconds to few minute. They try to scalp small Profits during the day multiple times. They do not hold Trade more than a Day as they do not want Overnight or Long-term risk.

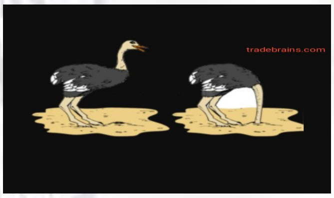
4.TURTLES

Traders or Investors who prefer Long Time Horizon for Trading or Investing are known as TURTLES.As their view is Long term, they remain unaffected by short term Volatility of the Market. They believe in punching few Traders. That's why they are slow to buy & slow to sell.

5.PIGS

"BULLS MAKE MONEY,BEARS MAKE MONEY,PIGS GET SLAUGHTERED**".**
Traders or Investors who are Impatient, willing to take high risks, emotional & Greedy are known as PIGS. They don't do any kind of analysis ,always look out for some TIPS & try to book some quick BUCKS fro the Share Market. They are the biggest looser in the Stock Market.

6.OSTRICH

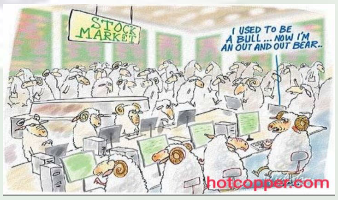


Investors who bury their head in the sand during bad markets expecting that their Portfolio won't get affected badly. Instead of analysing the Market, they just skip the situation which puts them even in worse situation later. Ostrich Investors believe that if they don't know about their Portfolio's performance, it might survive & come out right.

7.CHICKENS

Investors who are afraid of the Stock Market & prefer to stay away from the Market Risks by sticking to Conservative ways like BANK DEPOSITS,BONDS,DEBENTURES, or GOVERNMENT SECURITIES.

8.SHEEPS



Investors who prefer to stick to one investing style & don't change according to the Market conditions. They do not want to explore new strategies & like to be reserved.

9.STAGS

Investors or Traders who aren't really interested in a BULL or BEAR market. They wait patiently & lookout for Opportunities. They do stagging with the hope to get listing gains by investing in an IPO. Hence, they are called STAGs.

10.WOLVES

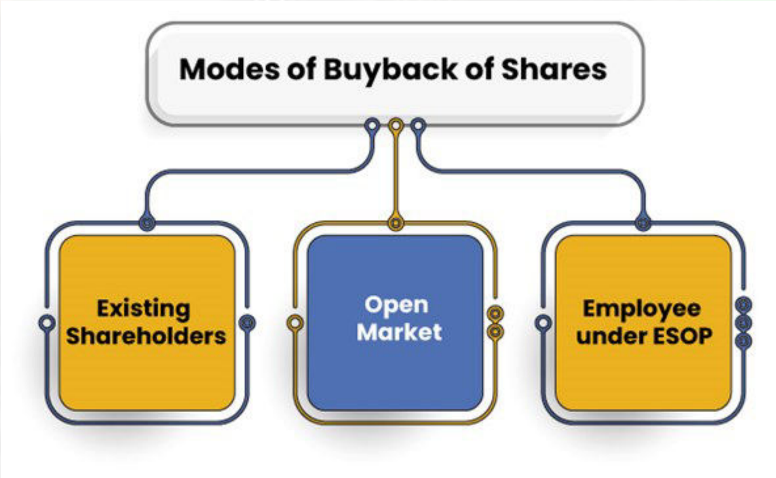
Powerful Investors or Traders who use unethical means to make money in the Share Market are known as WOLVES. Mostly they are involved behind the scams manipulating the Share Market by hook or crook. They do illegal activities like Insider Trading, Flash crash, spreading Fake news.

Article By: ADARSHA NAMAN | MDIM | PGPM 2021-2023

BUY-BACK OF SHARES

Buy-back is an action under which a company listed on the stock market buys back its shares from the existing shareholders which is usually at a price higher than the current market price of the share of the company.

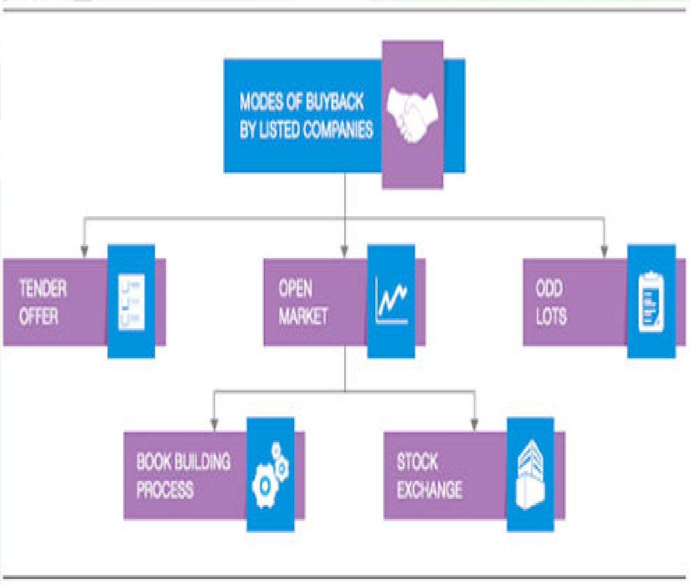
Any company buys back its own shares to increase the proportion of shares by reducing the number of shares outstanding in the market. Buy back helps the company to comparatively increase value of the undervalued stocks. Any company can buy back its own shares only from 3 sources that are allowed by the companies (amendment) act 1999 that are 1. Free reserves 2. Securities premium account 3. The proceeds of any shares or other specified securities. However, buy-back cannot be made out of the proceeds of an earlier issue of the same kind of shares.



There are numerous reasons why the buybacks are done:

1. Buy-back helps a company to boost the share prices of their undervalued stocks. The stock buyback reduces the number of shares in the market that thus increases price of the remaining shares.
2. Excess cash in the business that is not invested in any projects promotes the buyback of the shares. The company would prefer to reward the shareholders and increasing the value of the business rather than keeping it idle in the bank account.
3. Buybacks are a tax efficient method of rewarding the shareholders. Company rewards shareholders by paying out dividends that are taxable both in the hands of shareholders as well as the company. Buyback helps them rewarding the shareholders as well as saving the tax in paying out the dividend.
4. There are different business models which have different capital structure. Capital structure is represented by debt-equity ratio. Some business models require large debt base to run their business, buybacks can help them reduce the equity base of the business thus achieving the optimum capital structure.

Buy back can be seen as the best situation in a business but buy-backs have a downside as well:



- Reduces the cash surplus within the company. The much-needed cash by a company that acts as a cushion for the company in tough times is substantially reduced.
- The management might wrongly value the share price of their company under a bias approach that might show the overvalued share as an undervalued share. In this situation buy back is not a good option to pursue.
- Buy back uses the funds that can be used by the company to more productive projects to increase the earning of the company. But buyback diverts the funds of the company from productive investments.
- Buy backs may misrepresent the financial ratios of the company like Earnings per share (EPS), Return on assets (ROA), Return on Equity (ROE) not giving a fair view of company.

TEAM FINARTHA

The FINANCE CLUB OF MDIM

BATCH 2020-22 & 2021-23

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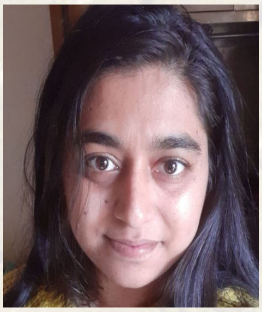
Shubham Bhattacharya | **Joy Dutta** | **Megha Poddar** | **Rahul Dhankhar** | **Navin Srivastava**

SHREYAS TEWARI

ADARSHA NAMAN

MOHAMMAD TABISH

SHUBH TANEJA



SHIVANI TRIPATHI