

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



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SEPTEMBER 18, 2021

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INDEX

- **SENSEX** 58015.89
- **NIFTY 50** 17585.15
- **NASDAQ** 15044.00
- **DOWJONES** 34584.88

CURRENCY

- **USD/INR** ₹ 73.70
- **GBP/INR** ₹ 101.26
- **YEN/INR** ₹ 0.67
- **EURO/INR** ₹ 86.41

LATEST BY:
Sep 18, 2021

TOP GAINERS

Securities	Previous close	Last Price	Percentage increase	High/Low
Kotak Mahindra	1906.80	2007.95	5.30	2017.00/1913.00
HDFC Bank	1559.95	1582.15	1.42	1589.00/1559.20
Eicher Motors	2860.20	2898.55	1.34	2934.95/2864.30
Bharti Airtel	718.60	128.15	1.33	734.75/721.00
Maruti Suzuki	6930.95	7014.45	1.20	7064.75/6950.00

TOP LOSERS

Securities	Previous close	Last Price	Percentage decrease	High/Low
Tata Steel	1436.75	1385.90	3.54	1440.30/1360.00
Coal India	162.30	156.70	3.45	163.30/155.40
Hindalco	483.30	473.05	2.12	485.45/470.10
SBI	463.70	454.10	2.07	471.90/450.35
TCS	3903.30	3827.85	1.93	3945.00/3805.00

TAKE-O-TRADE

SPOT	SIGNAL	BUY AT	TARGET 1	TARGET 2	STOP LOSS
Maruti Suzuki	BUY	7000	7700	8300	6800
Bajaj Consumer	BUY	255	305	320	237
M&M	BUY	750	805	865	725

Market Watch

- Market is at all time high & consolidating.
- Auto Sector may be Bullish for upcoming weeks.
- Stay cautious of Freak Trades , happening frequently in recent times.
- Nifty may touch 18000 before major reversal.

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?

India, Singapore to link fast payment systems

The Reserve Bank of India (RBI) and the Monetary Authority of Singapore (MAS) unveiled an initiative on Tuesday to connect their respective fast payment systems - Unified Payments Interface (UPI) and Pay Now - to enable quick, low-cost cross-border financial transactions. The linkage is targeted to be operationalised by July 2022. The RBI said in a statement that "the UPI-Pay Now connectivity will enable users of both fast-payment systems to perform immediate, low-cost fund transfers on a reciprocal basis without the need to get onboarded into the other payment system."

Ola commences sale of electric scooter

Ola Electric launched the sale of its S1 electric scooter on Wednesday. The e-scooter, which is offered in two trims - Ola S1 and Ola S1 Pro - is now only available for purchase through the Ola app, not the Ola website. While the sale was supposed to start on September 8, the firm decided to push it back a week to September 15 due to "technical issues" with making the purchase website live for clients. Beginning in October 2021, deliveries will be made. Within 72 hours after purchase, buyers will be advised of projected approximate delivery dates. Ola Electric sold Rs 1100 crore worth of scooters in two days, with an average of four scooters sold every second.



Tata Group bids to acquire Air India

The Tata Group has made a financial offer to purchase Air India, which the government intends to privatise. Tata Sons, the group's holding company, confirmed the bid but declined to provide further specifics. Tata Sons owns 83.7 percent of Air Asia India and 51 percent of Vistara, a joint venture between Singapore Airlines and Tata Sons. Several parties have submitted proposals, according to the government. According to several media reports, SpiceJet chairman Ajay Singh has also lodged a financial bid. In a tweet, the Secretary of the Department of Investment and Public Asset Management said, "The transaction adviser has received financial offers for the disinvestment of Air India. The procedure has now progressed to the last stage."



Govt to consider bringing petrol, diesel under GST

A group of Indian ministers working on the country's goods and services tax is considering taxing petroleum items at a single national rate, potentially causing significant changes in consumer pricing and government revenue. At its meeting, the panel, led by Finance Minister Nirmala Sitharaman, will review the idea. Levies account for more than half of the country's gasoline expenditures, a thorny issue for the Reserve Bank of India, which is trying to keep borrowing prices low to help the economy recover from the pandemic. More over half of the country's fuel use is made up of diesel and gasoline.



'Inflation shifting down more than anticipated'

In an article on the State of the Economy in the RBI's monthly bulletin for September, central bank officials said that inflation is moving down more favourably than expected. "A protracted softening of core inflation can be predicted as pandemic wounds heal and supply circumstances are restored with productivity increases, reinforcing the growth-supportive posture of monetary policy, they stated in the report. Data suggests that grain prices will continue to fall. Prices of pulses, on the other hand, which had been declining in recent months, reversed course in September, with a strong spike in masoor prices. In September, the prices of all major edible oils



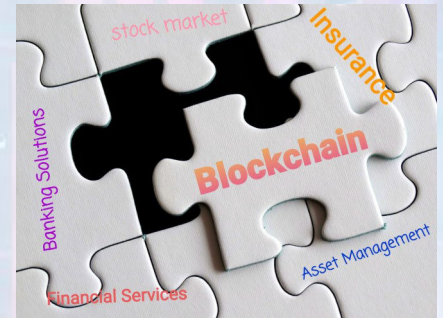


IS BLOCKCHAIN A MISSING PIECE OF FINANCE PUZZLE?

The one word which was the talk of the town and apparently is “Bitcoin”, which is being supported by the BLOCKCHAIN Technology. Applauded for being the tamper-proof technology, this upcoming sensation has piqued the financial sector as well. The conflux of finance and technology a few years would have made one scratch one’s head but this coming technological age has welcomed this open hands. Though there are certain hesitancy which revolves to the extension and scope but its acceptance within the framework worldwide is a welcome change in itself.

How Well It Fits?

- **Decentralized Ledger:** Blockchain being a digital ledger simultaneously updates across all its nodes as a new 'block.' This create multiple platforms to access and thus provides eases.
- **Consensus Validation:** For any transaction to be added to the blockchain, it needs to undergo an agreed upon validation process. This allows participants to place trust in their transactions even in the absence of a central authority
- **Immutable and Tamper-proof:** Each user with access to a blockchain is issued two cryptographic keys — private and public. The private key is used for 'write' access, while only the public key is exposed to other nodes to help verify requester details. This cryptographic security of user access makes it almost impossible for identities to be hacked and data to be compromised
- **User Authentication with Cryptographic Security:** In an age of social distancing and pandemic where digital payments and transactions are easy options, the cyber crimes are at all time high. The no-theft mechanism of high security acts as protective shield from the fraudulent activities.
- **Smart Contracts:** The smart contract encoding can make the accessibility and enforceability more and effective. For eg; The nodes of granting a loans once get fulfilled will lead to release of loan to the customer.



How Blockchain Is the New Solution?

- Quick Stock Market Settlements
- Simplified Payment and Banking Solutions
- Asset Management Accuracy

Although I have been talking about all the positive aspects of Blockchain in Financial framework but there is a major question of regulation that need to be understood and dealt with and hence the piece needs some trimmings to correctly fit in the financial system to increase inclusivity.

IPO WATCH: GO AIR

ABOUT THE COMPANY:

GoAir, which has rebranded itself as '**Go First**', is the aviation venture of the **Wadia Group**, which is one of the country's oldest conglomerates with a diverse range of businesses. The Bombay Burmah Trading Corporation Limited, founded 150 years ago, the 140-year-old Bombay Dyeing and Manufacturing Company Limited, the 102-year-old Britannia Limited, the 66-year-old National Peroxide Limited, and the decade-old Wadia Reality Private Limited are among the Wadia group's leading brands. GoAir is a low-cost carrier (LCC) with the goal of making air travel more affordable and accessible to the general public. GoAir was founded on April 29, 2004, and began flying in November 2005, with its first route connecting Mumbai and Ahmedabad. It has carried 83.8 million passengers since 2010 and as of December 31, 2020. GoAir operates flights to 37 locations as of January 31, 2020, including 28 domestic and 9 overseas destinations. The airline's network includes cities both in India and internationally. As of February 10, 2021, the GoAir fleet consists of 56 aircraft, 46 of which are A320 types and 10 of which are A320 CEO variants. Between September 2018 and November 2019, the airline led the industry in on-time performance for 15 months in a row and had the fewest flight cancellations (as of January 31, 2021). The Wadia group owns 73.33 percent of the carrier, while other companies, including Baymanco Investments Ltd, hold the remaining shares. The latter owns a 21.05 percent ownership in the company.



FINANCIAL HIGHLIGHTS

	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUE	₹4,601	₹5,937	₹7258
TOTAL ASSETS	₹7,554	₹11,134	₹14,082
PROFIT	₹(-32.39)	₹(-387)	₹(-1271)

All values in Rs. Cr.

Cash flows from operations fell to **Rs.232 crore in FY21**, down from **Rs.1,738 crore** the previous year. Between 2016 and 2020, GoAir has constantly lost money. To add to the financial troubles, GoAir's total debt is **Rs.7,346 crore**.

IPO DETAILS: According to the Draft Red Herring Prospectus, the airline intends to raise up to **Rs 3,600 crore** through the sale of shares. It also intends to raise up to **Rs.1,500 crore** through a pre-IPO placement. According to SEBI's latest report, the airline, which filed its preliminary papers for the IPO in May, received its observations on August 26. Due to a pending investigation into Bombay Dyeing Manufacturing Company Ltd and its owners, the Wadias, the Securities and Exchange Board of India (SEBI) had temporarily suspended Go Airlines (India) Limited initial public offering (IPO). ICICI Securities, Citi and Morgan Stanley are global coordinators and book running lead managers. GoAir has not yet announced the listing date to the public. Generally, the IPO will last for about 3 to 4 days after which the shares will be allotted to the public based on the demand. The price range for the GoAir IPO has not been announced publicly yet.

OBJECTIVES OF THE IPO: According to the DHRP, the airline intends on using about **2,015.81 crore** of the net IPO proceeds to pre-pay or arrange repayment of all or a portion of certain existing borrowings. A sum of **Rs. 279.26 crore** would be used to "replace letter of credits, which are granted to specific aircraft lessors in order to secure lease rental payments and future aircraft maintenance, with cash deposits." According to the DHRP, the airline also intends to return Indian Oil Corporation for fuel given to it in the amount of **Rs 254.93 crore**. The funds will also be used to invest in new planes. The amount will be used to fund a current order of 98 A320 Neo aircraft, which will be delivered in instalments until 2024.



ALTERNATIVE INVESTMENT: REAL ESTATE

Investment in real estate can provide income in the form of rents as well as the potential for capital gains. Real estate as an asset class can provide diversification benefits to an investor's portfolio and a potential inflation hedge because rents and real estate values tend to increase with inflation. Real estate investments can be differentiated according to their underlying assets. Assets included under the heading of real estate investments include:

Residential property is considered a direct investment in real estate. Some buyers pay cash but most take on a mortgage (borrow) to purchase. The issuer (lender) of the mortgage has a direct investment in a whole loan and is said to "hold the mortgage." Issuers often sell the mortgages they originate and the mortgages are then pooled (securitized) as publicly traded mortgage-backed securities (MBS), which represent an indirect investment in the mortgage loan pool. Property purchased with a mortgage is referred to as a *leveraged investment* and the owner's equity is the property value minus the outstanding loan amount. Changes in property value over time, therefore, affect the property owner's equity in the property.

Commercial real estate properties generate income from rents. Homes purchased for rental income are considered investment in commercial property. Large properties (e.g., an office building) are a form of direct investment for institutions or wealthy individuals, either purchased for cash or leveraged (a mortgage loan is taken for a portion of the purchase price). Long time horizons, illiquidity, the large size of investment needed, and the complexity of the investments make commercial real estate inappropriate for many investors. Commercial real estate properties can also be held by a limited partnership in which the partners have limited liability and the general partner manages the investment and the properties, or by a real estate investment trust (REIT).

Real estate investment trusts (REITs) issue shares that trade publicly like shares of stock. REITs are often identified by the type of real estate assets they hold: mortgages, hotel properties, malls, office buildings, or other commercial property. Income is used to pay dividends. Typically, 90% of income must be distributed to shareholders to avoid taxes on this income that would have to be paid by the REIT before distribution to shareholders. Two additional assets considered as real estate are timberland and farmland, for which one component of returns comes from sales of timber or agricultural products. Timberland returns also include price changes on timberland, which depend on expectations of lumber prices in the future and how much timber has been harvested. Farmland returns are based on land price changes, changes in farm commodity prices, and the quality and quantity of the crops produced.

Potential Benefits and Risks of Real Estate

Real estate performance is measured by three different types of indices. An **appraisal index**, such as those prepared by the National Council of Real Estate Investment Fiduciaries (NCREIF), is based on periodic estimates of property values. Appraisal index returns are smoother than those based on actual sales and have the lowest standard deviation of returns of the various index methods. A **repeat sales index** is based on price changes for properties that have sold multiple times. The sample of properties sold and thus included in the index is not necessarily random and may not be representative of the broad spectrum of properties available (an example of sample selection bias). **REIT indices** are based on the actual trading prices of REIT shares, similar to equity indices.

Historically, REIT index returns and global equity returns have had a relatively strong correlation (on the order of 0.6) because business cycles affect REITs and global equities similarly. The correlation between global bond returns and REIT returns has been very low historically. In either case diversification benefits can result from including real estate in an investor's portfolio. However, the methods of index construction (e.g., appraisal or repeat sales indices) may be a factor in the low reported correlations, in which case actual diversification benefits may be less than expected.

OPTIONS IN STOCK MARKETS

An option is a **contract** giving **the buyer the right**, but **not the obligation**, to buy or sell an **underlying asset** (a stock or index) at a **specific price** on or **before a certain date**.

2 TYPES OF OPTION CONTRACTS CALL OPTION

PUT OPTION

Your Market View	Option Type	Position also called	Other Alternatives	Premium
Bullish	Call Option (Buy)	Long Call	Buy Futures or Buy Spot	Pay
Flat or Bullish	Put Option (Sell)	Short Put	Buy Futures or Buy Spot	Receive
Flat or Bearish	Call Option (Sell)	Short Call	Sell Futures	Receive
Bearish	Put Option (Buy)	Long Put	Sell Futures	Pay

FEATURES OF OPTION CONTRACT

- Premium or down payment:** The holder of this type of contract must pay a certain amount called the 'premium' for having the right to exercise an options trade. In case the holder does not exercise it, s/he loses the premium amount. Usually, the premium is deducted from the total payoff, and the investor receives the balance.
 - Strike price:** This refers to the rate at which the owner of the option can buy or sell the underlying security if s/he decides to exercise the contract. The strike price is fixed and does not change during the entire period of the validity of the contract. It is important to remember that the strike price is different from the market price. The latter changes during the life of the contract.
 - Contract size:** The contract size is the deliverable quantity of an underlying asset in an options contract. These quantities are fixed for an asset. If the contract is for 100 shares, then when a holder exercises one option contract, there will be a buying or selling of 100 shares.
 - Expiration date:** Every contract comes with a defined expiry date. This remains unchanged until the validity of the contract. If the option is not exercised within this date, it expires.
 - Intrinsic value:** An intrinsic value is the strike price minus the current price of the underlying security. Money call options have an intrinsic value.
 - Settlement of an option:** There is no buying, selling or exchange of securities when an options contract is written. The contract is settled when the holder exercises his/her right to trade. In case the holder does not exercise his/her right till maturity, the contract will lapse on its own, and no settlement will be required.
- No obligation to buy or sell:** In case of option contracts, the investor has the option to buy or sell the underlying asset by the expiration date. But he is under no obligation to purchase or sell. If an option holder does not buy or sell, the option lapses.

For example; we have an option for reliance industries available with us. Price of reliance shares is Rs2390 and the trader speculates that the price of the share will go up, he will in such a case buy the call option. The expiry of any option comes at the last Thursday of the month except the indices which have weekly expiry on Thursday. Call option can be bought in a lot, reliance in our example has a lot size of 505 shares. But this a really hefty amount to be paid which equates to Rs 12,06,950. To facilitate the same there is premium that can be paid in this case which is 2% of the whole amount i.e., Rs 24139. If the prices go up from 2390 to 2500 then the buyer can book his profit, in options profits are unlimited and loss is limited to the amount of the premium paid. Exactly the opposite goes for the seller of the options where losses are unlimited and profits are limited to the premium amount.

Option Chain Snapshot

Enter Strike Price Range: From To GO

Calls					Puts					
LTP (Rs)	Net Change	Volume	Open Interest	Change in Open Int	Strike Price	LTP (Rs)	Net Change	Volume	Open Interest	Change in Open Int
53.00	-20.35	951,750	460,750	14,000	2,380.00	35.50	9.80	1,864,000	401,750	5,500
45.10	-17.55	5,710,000	2,752,000	-77,500	2,400.00	47.80	13.55	4,328,500	1,024,000	-73,250
36.30	-16.55	2,975,750	716,500	-18,000	2,420.00	57.00	13.20	1,543,750	288,750	-42,750
30.00	-14.05	6,113,500	1,600,750	145,250	2,440.00	72.95	17.85	1,471,750	504,750	-9,000
24.85	-11.60	5,342,250	1,546,000	220,750	2,460.00	85.30	18.30	513,500	177,000	1,500
19.95	-10.00	3,100,750	759,500	76,500	2,480.00	106.00	25.05	120,500	63,250	-
16.50	-8.30	11,483,750	5,015,500	303,000	2,500.00	119.00	23.80	332,250	374,250	3,250

View Detailed Option Chain >>

Open Interest Dashboard

Change in Open Interest (OI)				Change in Volumes			
	Current OI	Change	% Chg		Current Vol	Change	% Chg
Future	30,981,000	-1,321,500	-4.09%	Future	16,148,750	3,913,750	31.99%
Call	24,735,000	1,073,750	4.54%	Call	52,411,500	-10,742,000	-17.01%
Put	11,217,250	-465,750	-3.99%	Put	23,936,250	1,935,500	8.80%
Total	66,933,250	-713,500	-1.05%	Total	92,496,500	-4,892,750	-5.02%

TEAM FINARTHA

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BATCH 2020-22 & 2021-23

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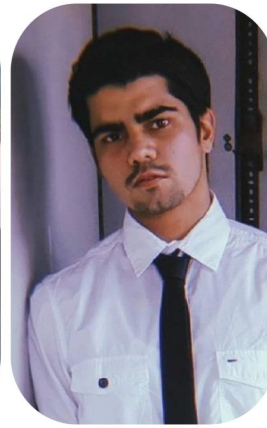
**Shubham
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**Joy
Dutta**



Megha Poddar



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Srivastava**



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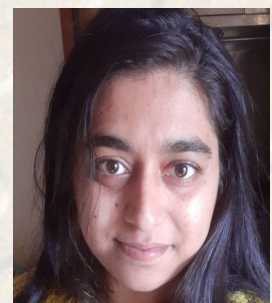
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