

# 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



SEPTEMBER 4, 2021

ISSUE- 93

### TOP GAINERS

#### INDEX

- SENSEX **58129.95**
- NIFTY 50 **17323.60**
- NASDAQ **15363.52**
- DOWJONES **35369.09**

#### CURRENCY

- USD/INR **₹ 72.99**
- GBP/INR **₹ 101.21**
- YEN/INR **₹ 0.67**
- EURO/INR **₹ 86.74**

LATEST BY:  
Sep 4, 2021

| Securities    | Prev closing | Closing Price | Percentage increase | High/Low        |
|---------------|--------------|---------------|---------------------|-----------------|
| Reliance      | 2294.40      | 2388.50       | 4.10                | 2395.00/2302.50 |
| ONGC          | 118.65       | 123.10        | 3.75                | 123.50/118.80   |
| Coal India    | 141.60       | 146.35        | 3.35                | 147.15/141.75   |
| IOC           | 110.15       | 113.10        | 2.68                | 113.50/110.10   |
| Titan Company | 1967.10      | 2019.30       | 2.65                | 2024.40/1970.10 |

### TOP LOSERS

| Securities    | Prev closing | Closing Price | Percentage decrease | High/Low        |
|---------------|--------------|---------------|---------------------|-----------------|
| HDFC Life     | 759.00       | 734.40        | 3.24                | 747.75/727.20   |
| Cipla         | 955.25       | 941.10        | 1.48                | 963.00/930.65   |
| HUL           | 2801.05      | 2766.70       | 1.23                | 2808.75/2756.00 |
| Bharti Airtel | 666.50       | 658.45        | 1.21                | 669.60/654.00   |
| HDFC Bank     | 1589.00      | 1576.05       | 0.81                | 1598.00/1568.30 |

### TAKE-O-TRADE

| SPOT        | SIGNAL | TAKE AT | TARGET 1     | TARGET 2     | STOP LOSS   |
|-------------|--------|---------|--------------|--------------|-------------|
| ZEEL        | BUY    | 172     | 202(+17.44%) | 230(+33.72%) | 166(-3.48%) |
| Coal India  | BUY    | 146     | 157(+7.53%)  | 163(+11.64%) | 140(-3.42%) |
| Auro Pharma | BUY    | 756     | 820(+8.47%)  | 843(+11.76%) | 726(-3.96%) |

#### Market Watch

- Market is at all time high
- Mid Cap & Small Cap would rise more w.r.t. Large Cap
- BANK NIFTY would continue its uptrend
- PHARMA & AUTO Sector might give an up move

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 SDR HOLDINGS RISE TO \$19.41 BILLION**

The Reserve Bank of India on Wednesday reported that India's holding of IMF's Special Drawing Rights (SDR) has gone up to SDR13.66 billion which is equivalent to US\$ 19.41 billion as per the exchange rate. According to RBI, the IMF allocated SDR 12.57 billion (equivalent to around US\$ 17.86 billion at the latest exchange rate) to India on August 23. The total SDR holdings of India, now stands at SDR 13.66 billion (equivalent to around USD 19.41 billion at the latest exchange rate) as of August 23, 2021.

### **GST COLLECTION IN AUGUST STANDS AT RS.1.12 LAKH CRORE**

Goods and Services Tax (GST) collection for the month of August 2021 stood at Rs 1.12 lakh crore, compared with Rs 1.16 lakh crore in July, reported the Finance ministry. GST collections had been consistently well above the Rs 1 lakh crore mark from October 2020 to May 2021. However, it slipped to Rs 92,849 crore in June, reflecting the economic disruption caused by the second wave. This is the second consecutive month that GST collections are above the Rs 1 lakh crore mark, indicating that economic recovery post the second wave of the Covid-19 is well underway.



### **ECONOMY: EIGHT CORE SECTORS' OUTPUT UP 9.4% IN JULY**

The output of eight core sectors grew by 9.4 percent in July, mainly due to a low base effect and uptick in production of coal, natural gas, steel, cement and electricity, official data showed on Tuesday. According to the commerce and industry ministry data, production of coal, natural gas, refinery products, steel, cement and electricity jumped by 18.7 percent, 18.9 percent, 6.7 percent, 9.3 percent, 21.8 percent and 9 percent in July, respectively. Crude oil output contracted by 3.2 percent during the month under review. Fertilizer segment recorded a growth of 0.5 percent. During April-July this fiscal, the eight sectors grew by 21.2 percent against a negative growth of 19.8 percent in the same period last year.

### **ADANI GREEN ENERGY RAISED \$750 MILLION**



Adani Green Energy Ltd. (AGEL) announced on Thursday that it has raised \$750 million to fully fund equity needs for its under-construction pipeline. As per the firm, the fully-funded pipeline is on track to be the world's largest renewable energy platform by 2030. Adani Green Energy now has an overall order book of \$3.5 billion. According to the firm, it has an all-around participation from "Real Money Investors" comprising 48% from Asia, 28% from Europe, Middle

East and Africa and 24% from North America.

### **LUCAS TVS TO INVEST RS.2500 CRORE ON A Li-On BATTERY UNIT**

Lucas TVS Ltd. and U.S. based 24M Technologies Inc. are setting up a RS. 2,500 crore manufacturing unit near Chennai for making semi-solid lithium-ion (Li-ion) battery cells. The plant, which will produce the battery cells initially for the Indian market, will begin commercial production by the second half of 2023, Lucas TVS said in a statement. The firm expects to build similar plants throughout India to support the growing energy storage, electric mobility and lead acid battery- replacement markets.

## THE DREAM OF SELF DEPENDENT INDIA HAS FINALLY COME TRUE. IS IT?

According to the recent data released by Bloomberg, India's equity market has emerged as the top performing among major economies in both year-on-year and year-to-date period.

Indian indices gained 45% in the past financial year and 19% in year-to-date period (April 2021-August 2021). India has outperformed in the MSCI developed and developing Index, a measure of performance of equities in the developed and developing economies, by 15% and 29%, respectively in the past year.

Earlier Indian stock market was largely dependent upon the World Market. However, India's return correlation with global equities has dropped to 61% from over 80% a few months ago.

This is the silver lining to the India's dream to be self dependent.

| COUNTRY         | 1Yr % | Y2D % | COUNTRY          | 1Yr % | Y2D % |
|-----------------|-------|-------|------------------|-------|-------|
| India [Nifty]   | 45.00 | 18.97 | Australia [AS30] | 23.34 | 14.00 |
| Mexico [Mexbol] | 36.85 | 18.79 | Germany [DAX]    | 21.43 | 15.61 |
| Taiwan [TWSE]   | 33.61 | 15.70 | Japan [Nikkei]   | 19.01 | 1.02  |
| France [CAC]    | 33.31 | 20.27 | UK [FTSE]        | 18.44 | 10.67 |
| Korea [Kospi]   | 32.96 | 9.51  | Brazil [IBOV]    | 18.31 | 1.51  |
| US [DOW]        | 25.34 | 15.68 | China [Shcomp]   | 4.94  | 1.94  |
| Canada [SPTSX]  | 23.89 | 18.09 | Malaysia [KLCI]  | 0.95  | -3.53 |

SOURCE: THE ECONOMIC TIMES

### What is meant by Return Co-relation?

This basically means that how dependent two variables are on each other. The dropped value of India's world co-relation shows that change in world market scenarios won't affect India drastically as it used to a few months ago.

### What are the reasons for Indian Equity Markets to perform exceptionally well?

- Institutional flow from overseas i.e. Foreign Portfolio Investors (FPI's) have invested close to 2.2 lakh crore rupees in the past year thereby increasing the value of Indian stock market.
- The domestic sides, retail flow through systematic investment planning (SIP) is at Rs. 1 lakh crore rupees.

### Benefit of this Report On India and Its Markets

- The Indian stock markets will appear more appealing for the investors to invest
- There will be sudden rise of stock prices
- Investments will lead to better economic conditions
- Visibility of India as a leading economic power
- Make In India campaign might gear up.

### Hiccups that might be felt

FPIs are highly unpredictable and might shift to other favourable countries which can cause sudden crash of the Indian stock market.

### How to be cautious?

It is always advisable to calculate the risks and returns before investing as this can help in shielding the investors from the sudden breakouts that might occur.

### Additional Information

In the past year, Indian equities have added about \$1trillion to the country's market capitalization. Currently, India's equity market is the most expensive among the top markets. Indian equities trade at 23 times FY22 expected earnings.

In addition to this, Morgan Stanley report states that the current situation is indicative of the fact that the Indian equities make a strong relative case and an improving growth environment. Also, mean reversion in margins, lower tax rates and falling interest cost set the stage for strong relative fundamentals. This in turn could lead to India's re-rating.

## IPO WATCH: NYKAA

### About the company:

Nykaa is one of the biggest omnichannel retailers of beauty and wellness product. It was founded in 2012, by Falguni Nayar, a former director at Kotak Mahindra Capital Company. It was launched as an e-commerce website containing different beauty and wellness products. The brand name Nykaa has been derived from sanskrit word “**nayaka**”, which means **one in the spotlight**. The company is based in Mumbai. Since its inception in 2012, the company has expanded quickly and became one the most profitable unicorns in the country. In 2015, the company expanded from being an online-only company to an omnichannel business and started selling fashion products. In the year 2018, the company launched Nykaa Man, first e-commerce store for men’s grooming in India. The very same year, the company launched Nykaa design studio, to further its expansion into fashion industry. In 2020, it launched **Nykaa PRO**. It is a premier membership program that provides special access to beauty products and services via the mobile app.



### FINANCIAL HIGHLIGHTS:

| Financial Year | FY17(In billions) | FY18(In billions) | FY19(In billions) | FY20(In billions) |
|----------------|-------------------|-------------------|-------------------|-------------------|
| Revenue        | Rs. 2.14          | Rs.5.1            | Rs. 12            | Rs. 18.6          |

In FY2019, Nykaa reported a net profit of Rs.2.31 crores & revenue from operations was Rs. 1159 crore. The company’s EBITDA( Earnings before interest, tax, depreciation and amortisation) was Rs. 94 crores in FY2020.

### IPO DETAILS:

Nykaa filed its Draft Red Herring Prospectus (DHRP) with SEBI in August, 2021. According to the report, Nykaa is aiming to raise funds worth between \$500-\$750 million via its initial public offering. The company is also seeking valuation of approximately \$3.5 billion. The upcoming IPO will contain a fresh issue as well as an offer for sale. Nykaa IPO issue size contains a fresh issue of Rs. 525 crores and an offer of sale of around 4.3 crore equity share. The company has Kotak Mahindra Capital and Morgan Stanley on board to manage the IPO. The company is also backed by Hero Enterprise, Research Co., and Fidelity Management. Nykaa is seeking at listings on both the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

### OBJECTIVES OF THE IPO:

- Fulfillment of general corporate purposes.
- To meet its capital expenditure requirements.
- To expand its business in to areas attracting investors on an unprecedented level.

### NYKAA IPO LAUCH DATE:

The launch date for the IPO has not been announced yet. The tentative launch date is either in the latter half of the 2021 or at the beginning of 2022.

### EXPECTED SHARE PRICE:

The expected share price of Nykaa has not been announced yet. However, it is speculated that the share price is to be nearly three times what the investors may have initially paid.

## GRAY (or GREY) MARKET

An unofficial market for financial securities is known as a grey market. When a stock that has been suspended from trading trades off the market, or when new securities are bought and sold before official trading begins, grey (or "grey") market trading occurs. Because it is a "when issued" market (i.e., it trades securitized securities), the grey market allows the issuer and underwriters to measure demand for a new offering.

The most common type of grey market is the sale, by individuals or small companies not authorised by the manufacturer, of imported goods which would otherwise be either more expensive in the country to which they are being imported, or unavailable altogether. An example of this would be the import and subsequent re-sale of Apple products by unlicensed intermediaries in countries such as South Korea where Apple does not currently operate retail outlets and licensed reseller mark ups are high.



### White Market

- This is the open market
- All trading takes place according to rules and regulations

### Black Market

- This is the illegal market
- Goods traded here are smuggled into the country

### Gray Market

- This is the parallel market
- Deals take place in unofficial distribution channels

edelweiss.com

## DESCRIPTION:

Grey market goods refer to legal, non-counterfeit goods sold outside normal distribution channels by entities which may have no relationship with the producer of the goods. This form of parallel import frequently occurs when the price of an item is significantly higher in one country than another. This commonly takes place with electronic equipment such as cameras. Entrepreneurs buy the product where it is available cheaply, often at retail but sometimes at wholesale, and import it legally to the target market. They then sell it at a price high enough to provide a profit but under the normal market price. International efforts to promote free trade, including reduced tariffs and harmonised national standards, facilitate this form of arbitrage. Whenever manufacturers attempt to preserve highly disparate pricing. Because of the nature of grey markets, it is difficult or impossible to track the precise numbers of grey market sales.

Grey market goods are often new, but some grey market goods are used goods. A market in used goods is sometimes nicknamed a green market. The two main types of grey markets are those of imported manufactured goods that would normally be unavailable or more expensive in a certain country and unissued securities that are not yet traded in official markets. Sometimes the term dark market is used to describe secretive, unregulated (though often technically legal) trading in commodity futures, notably crude oil in 2008. This can be considered a third type of grey market since it is legal, yet unregulated, and probably not intended or explicitly authorised by oil producers. The import of legally restricted or prohibited items such as prescription drugs or firearms, on the other hand, is categorised as black market, as is the smuggling of goods into a target country to avoid import duties. A related concept is bootlegging; the smuggling or transport of highly regulated goods, especially alcoholic beverages. The term bootlegging is also often applied to the production or distribution of counterfeit or otherwise infringing goods. Grey markets sometimes develop for video game consoles and titles whose demand temporarily exceeds their supply causing authorised local suppliers to run out of stock. This happens especially during the holiday season. Other popular items, such as dolls, can also be affected. In such situations, the grey market price may be considerably higher than the manufacturers suggested retail price. Online auction sites such as eBay have contributed to the emergence of the video-game grey market.

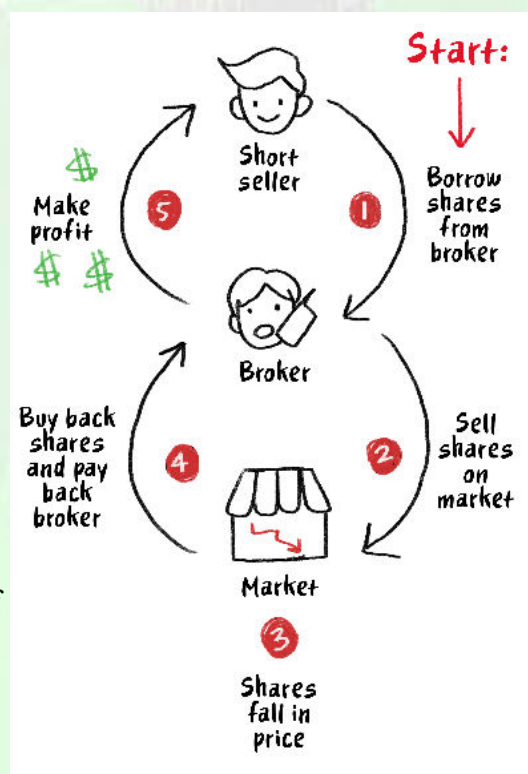
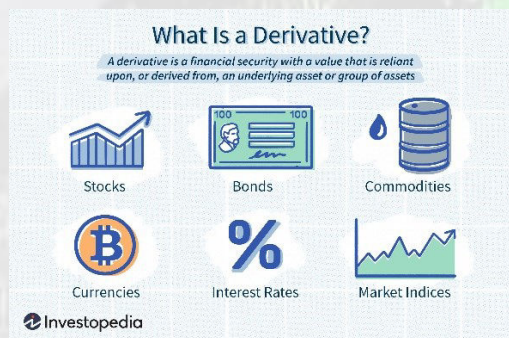
## DERIVATIVES MARKET

Derivatives market in India has a history dating back in 1875. The Bombay Cotton Trading Association started future trading in this year. History suggests that by 1900 India became one of the world's largest futures trading industry. However, after independence, in 1952, the government of India officially put a ban on cash settlement and options trading. This ban on commodities future trading was uplift in the year 2000. The creation of National Electronics Commodity Exchange made it possible. In 1993, the National stocks Exchange, an electronics-based trading exchange came into existence. The Bombay stock exchange was already fully functional for over 100 years then. On 12<sup>th</sup> June 2000, The National Stock Exchange of India Ltd (NSE) commenced with the trading in derivatives along with the CNX Nifty index futures which was based on Nifty 50 index.

**DERIVATIVES MARKET** is the financial market for derivatives, financial instruments like forwards, future, options and swaps. Derivatives are securities whose value is dependent on or derived from an underlying asset, which can be commodities, precious metals, currency, bonds, stocks etc. In India derivatives instruments are available for **STOCKS, CURRENCY, BONDS AND COMMODITIES**. In derivatives market, commodities are bought or sold on future dates. The derivatives market restrict the dealing of these future contracts in the form of **LOTS**. Unlike the cash market where there is no restriction on the no of shares an investor/trader wants to buy, in derivatives market every company restricts different lot size that can be bought or sold.

To understand, firstly derivatives are a financial instrument like any other instrument like shares, bonds, debentures. To understand how the derivative function lets take up an example, derivative is nothing but the expected future value of any commodity, share, bond, currency. So if we invest in the derivative of suppose wheat then the derivative value of wheat increases with the increase in the value of the wheat and vice-versa. Similarly derivative for the stock index that is nifty 50 index depends upon the underlying assets i.e, Nifty50 index if the index goes up then the derivative of the index.

Derivatives are used for primarily used for 2 major things. Firstly, Speculation that refers to trying to gage as to what will be the direction of the market, will it go up or down in the future. Where if the market may go up then position is held to make profits. On the other hand if we speculate that in futures the markets may go down then we short sell that simply means first selling the share and thereafter buying it that is called as squaring off. Taking up an example, if the nifty index today is at 1500(hypothetical) and we speculate that the market may go down then I short sell the nifty derivative at 15000 and now in future if the nifty falls down to 12000 now I buy Nifty at 1200 and the difference of 3000 if my profit. Secondly, Hedging is an investment strategy and technique to prevent loss and risks in any market situation. It acts as a preventive measure – like insurance.





# TEAM FINARTHA

## The FINANCE CLUB OF MDIM

BATCH 2020-22 & 2021-23

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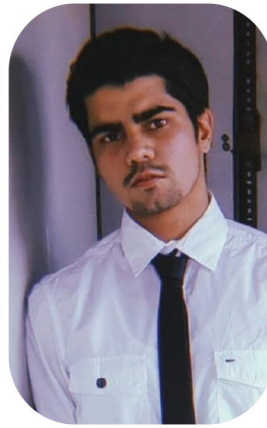
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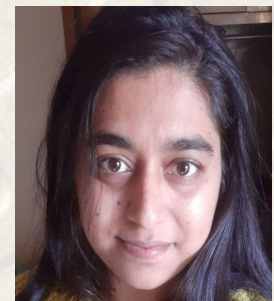
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