

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



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INDEX

- SENSEX **58765.58**
- NIFTY 50 **17532.05**
- NASDAQ **14575.21**
- DOW JONES **34326.46**

CURRENCY

- USD/INR **₹ 74.15**
- GBP/INR **₹ 100.43**
- YEN/INR **₹ 0.67**
- EURO/INR **₹ 85.96**

LATEST BY:
Oct 2, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
M&M	803.05	827.85	3.09	831.00/787.00
Coal India	185.10	188.70	1.94	189.90/182.40
IOC	125.30	127.40	1.68	128.85/125.00
Dr Reddys Labs	4880.70	4955.85	1.54	4970.00/4852.25
ONGC	144.50	146.25	1.21	149.65/144.10

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Bajaj Finserv	17786.75	17177.80	3.42	1324.00/1258.45
Maruti Suzuki	7338.05	7162.30	2.40	679.00/650.75
Asian Paints	3244.65	3177.85	2.06	451.90/440.00
Bajaj Finance	7668.10	7522.75	1.90	5254.00/5092.00
Bharti Airtel	675.90	675.90	1.80	816.95/795.10

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Bajaj Consumer	BUY	250	265	270	245
INFOSYS	BUY	1660	1770	1800	1640
Hero Moto	BUY	2800	2960	3080	2750

Market Watch

- Nifty may remain sideways b/w 17400-18000.
- China's shortage of COAL forces it to import at high prices.
- Real Estate sector may see a rise.
- NIFTY PHARMA may see an upside.

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?

'Will conclude BPCL sale, LIC IPO by Q4'

Chief Economic Adviser Krishnamurthy Subramanian said on Saturday that the government is confident of completing the proposed stake sales in Life Insurance Corporation of India and Bharat Petroleum Corporation Ltd. (BPCL) by the end of this fiscal year. "The privatisation of Air India is going well, with two bids received so far. We expect Bharat Petroleum to be privatised and LIC to be listed in the fourth quarter of this year" according to Dr. Subramanian. The Chief Economic Adviser, describing the three stake sales as important components of the 1.75 lakh crore in privatisation proceeds estimated in the Budget this year, said the enterprise policy focused on the private sector was one of the key pillars of reforms being pursued by the government. With the exception of three to four public sector operations in three or four vital areas, including as defence and oil and gas, the rest would be "privatised or brought into right hands so that efficiency advantages can be realised," he added. The proposal also included the proposed privatisation of two public sector banks (PSBs).

EV firm Omega Seiki to invest 800crore, plans IPO

Omega Seiki Mobility, a subsidiary of the Anglian Omega Group, plans to invest Rs 2800 crore in EV manufacturing and expand its operations beyond India, according to chairman Uday Narang. "We have invested Rs. 1200 crore of our own money so far... in 12-18 months, we would increase this investment to Rs. 1,000 crores," Mr. Narang said, adding that the company was planning an IPO next year. "Our goal is to be the "Tesla of electric commercial cars from India," and we're well on our way," he said. The company was preparing to launch three new two-wheeler models. In India, the business has already established 40 dealer ships and expects to add another 75 by March 2022.

Invesco moves NCLT as ZEEL 'fails' to call EGM

The National Company Law Tribunal has been sued by Invesco Developing Markets Fund and OFI Global China Fund for failing to summon an extraordinary general meeting (EGM) of Zee Entertainment Enterprises Ltd. (ZEEL). Earlier this year, the Invesco Developing Markets Fund (previously Invesco. Oppenheimer Developing Markets Fund) and OFI Global China Fund LLC, which together own 17.88 percent of ZEEL, petitioned for an EGM of shareholders to remove Managing Director Punit Goenka. ZEEL, which had last week announced its merger with rival Sony Picture Networks India to create the largest media firm in the country, termed the steps by its minority shareholders "impulsive or premature". The matter is listed before the Mumbai Bench of the NCLT for hearing on Thursday, industry insiders said. ZEEL declined to comment on the development and said it remained committed to acting within the framework of the law.

Piramal acquires DHFL pays 14700 cr. In cash

On Wednesday, Piramal Enterprises Ltd. (PEL) announced that it had acquired the bankrupt Dewan Housing Finance Corp. Ltd. (DHFL) by paying creditors 14,700 crore in cash as per the resolution plan. The acquisition of DHFL by PEL for a total consideration of 34,250 crore, including Rs. 19,550 crores of 10-year NCDS (at 6.75 percent p.a.), was the first successful IBC resolution in the financial services sector, according to chairman Ajay Piramal. He went on to say, "This accelerates our goal to become a premier digitally oriented, diversified financial services conglomerate." When the administrator took over the case for resolution, creditors also received the Rs. 23,800 crores in funds that were with DHFL.



RURAL INDIA TRAPPED IN THE DEBT

According to the Census 2011, the rural India population forms approximately 69% of Indian population but hardly 10% stays back. What could be the reason for such disparity in the percentage. The answer lies in the inclusivity not in terms of social alone but also the financial. In a very recent study of All India Debt and Investment Survey (AIDIS) conducted by NSO (National Statistical Office) to assess and put forward the dwindling rural credit market in India.

Key Findings

1. Average debt per rural household accounting Rs. 59,748 is nearly half the urban household.
2. The Incidence of Indebtedness (IOI) is nearly 35% spread across the institutional and non-institutional agencies. Over 10% households are still dependent on non-institutional credit system.
3. Another eye opening data revealed that major of the non-institutional credit (nearly 44%) have a rate of interest as high as 20-25%. This is double of the institutional rate of interest which is 10-15%
4. There is disproportionate Debt to Asset Ratio. The numbers show the great gulf between the top 10% asset holders and bottom 10% asset holders. This imbalance is visible in their expenditure behavior as well. The bottom 10% spends on the basic household expenditure while the top owners go for investment activities. A direct example of Maslow's hierarchy of needs.



SOURCE: GOOGLE IMAGE

Interpretations

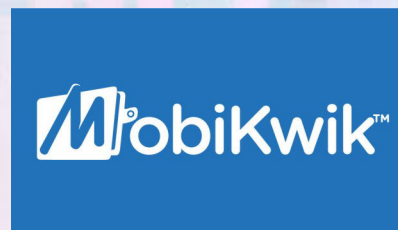
1. Dependence on the non-institutional credit sources exposes the vulnerabilities and backwardness. The deep ingrained non-institutional credit mechanism in the form of professional and money lenders speaks for the FARM DISTRESS.
2. A small portion of institutional percolation is undoubtedly the silver lining of the financial inclusion but a lot of revamping need to be done to serve the platter which accommodates the rural consumption needs and also bring in the fresh alternatives for collateral. Collateral in the form of assets determines the access to institutional credit.

Easing out the complicated procedures and creating awareness among the rural. We need to seek opportunities in the distress and create a ATMANIRBHAR RURAL INDIA for achieving the INCLUSION OF ALL.

IPO WATCH: MobiKwik

ABOUT THE COMPANY:

MobiKwik is an Indian digital payment startup that offers a mobile phone-based payment system and a digital wallet. It is a leading provider of **Buy Now Pay Later (BNPL)** and mobile wallet services. **Bipin Preet Singh and Upasana Taku**, a husband and wife duo, **established MobiKwik in 2009**. Bipin Preet Singh, an IIT Delhi graduate from 2002, spotted a chance to increase mobile recharge options. He put money into the business, built the website and payment methods. MobiKwik began as a website with a closed wallet, but over time, they expanded their business to include mobile apps. Initially, the business worked with online merchants to make their wallet a payment option on e-commerce sites. In 2012, MobiKwik introduced a digital wallet system that allowed users to deposit money online for bill payments and other purposes. MobiKwik offers loan, accident, life, and fire insurance, as well as IMPS money transfer, credit card bill payment, mutual funds, and DTH recharge services. In November 2016, the company announced that it has 1.5 million merchants and 55 million customers using its service.



FINANCIAL HIGHLIGHTS

	<u>2019</u>	<u>2020</u>	<u>2021</u>	
REVENUE	160	370	302	
TOTAL ASSETS	335	338	423	
PROFIT	(-148)	(-100)	(-111)	<i>All values are in Rs. Cr.</i>

For the financial year ending March 31, 2021, MobiKwik's total earnings fell 18 percent to Rs. 302 crore, while losses increased 12 percent to Rs. 111 crore.

IPO DETAILS:

On July 12, 2021, MobiKwik IPO filed a DRHP with SEBI. According to the DRHP filed with SEBI, the MobiKwik IPO will have an issue size of Rs. 1900 crore, with a fresh share issue of up to Rs. 1500 crore. In addition, promoters and some shareholders will make a Rs. 400 crore offer for sale in the IPO. With this planned IPO, the company hopes to achieve a valuation of around \$1 billion. Qualified institutional buyers will receive 75 percent of the IPO shares, while non-institutional and retail investors will receive 15% and 10% of the shares, respectively. The date as well as the price and quantity for MobiKwik IPO has yet to be announced. Link Intime India Pvt. Ltd. is the registrar of the IPO. The shares will be listed on the BSE and NSE, respectively.

OBJECTIVES OF THE IPO:

The IPO's net proceeds will be used for the following purposes:

- To fully or partially prepay/repay the company's outstanding borrowings.
- Meeting organic or inorganic growth initiatives.
- To address corporate objectives.

ALTERNATIVE INVESTMENT: INFRASTRUCTURE

Infrastructure investments include transportation assets such as roads, airports, ports, and railways, as well as utility assets, such as gas distribution facilities, electric generation and distribution facilities, and waste disposal and treatment facilities. Other categories of infrastructure investments are communications (e.g., broadcast assets and cable systems) and social (e.g., prisons, schools, and health care facilities).

Investments in infrastructure assets that are already constructed are referred to as **brownfield investments** and investments in infrastructure assets that are to be constructed are referred to as **greenfield investments**. In general, investing in brownfield investments provides stable cash flows and relatively high yields, but offers little potential for growth. Investing in greenfield investments is subject to more uncertainty and may provide relatively lower yields, but offers greater growth potential.

Brownfield or Greenfield – Which is best?



In addition to categorizing infrastructure investments by type or whether or not construction of the assets is complete, they may be categorized by their geographic location.

Investment in infrastructure can be made by constructing the assets and either selling or leasing them to the government or by directly operating the assets. Alternatively, investment in infrastructure can be made by purchasing existing assets from the government to lease back to the government or operate directly. Infrastructure investments can also be made by a public-private partnership.

Infrastructure assets typically have a long life and are quite large in cost and scale so direct investment in them has low liquidity. However, more liquid investments backed by infrastructure assets are available through ETFs, mutual funds, private equity funds, or master limited partnerships (MLPs). Publicly traded vehicles for investing in infrastructure are a small part of the overall universe of infrastructure investments and are relatively concentrated in a few categories of assets.

Investing in infrastructure assets can provide diversification benefits, but investors should be aware that they are often subject to regulatory risk, risk from financial leverage, and the possibility that cash flows will be less than expected. Investors who construct infrastructure assets have construction risk. When the assets are owned and operated by a private owner, operational risk must also be considered.

THE LONG-TERM BATTLE OF ACQUISITION

Tata Sons Private Limited began as a trading company in 1868, specializing in the lucrative opium and tea trade with Mongolia and China, before transitioning from direct business operations to become the Tata Group's primary holding company. About 66 per cent of Tata Sons' equity capital is held by philanthropic trusts donated by Tata family members. Air India is India's national airline, with its headquarters in New Delhi. Air India Limited, a government-owned company, owns the airline and runs a fleet of Airbus and Boeing planes that fly to 102 domestic and international destinations. The airline was founded by J. R. D. Tata as Tata Airlines in 1932; Tata himself flew its first single-engine de Havilland Puss Moth, carrying air mail from Karachi's Drigh Road Aerodrome to Bombay's Juhu aerodrome and later continuing to Madras.



More than half a century after the country's largest conglomerate relinquished control to the government, Tata Sons Pvt. is ready to retake control of troubled Air India Ltd., ending the government's influence over an airline that for decades defined the lofty dreams of a newly independent nation. Prime Minister Narendra Modi has started on a major privatization plan to cover a mounting budget deficit, and the scheduled handover marks a key success for him. It also brings an end to a decades-long battle to get the money-losing flag carrier off the ground. Several governments have attempted to sell the airline, but have run into political opposition or a lack of interest from possible buyers. With a market share of 26.7 per cent, Tata Group will become the second-largest airline operator in the domestic market, trailing IndiGo (57 per cent market share). Tata Group, on the other hand, would emerge as the market leader in the international area, with a large proportion of the market. When Air India became a commercial airline and went public in the 1940s, it immediately became popular among those who could afford to fly. Air India lost its competitive edge in both local and international markets as private carriers emerged in the 1990s, followed by a wave of low-cost, no-frills airlines in the mid-2000s. The airline, which is known for its Maharaaja mascot, found itself in a situation where it wasn't the only option for flying internationally, and its reputation for immaculate service and hospitality began to fade. Losses began to increase after Air India merged with state-owned domestic carrier Indian Airlines Ltd. in 2007, and by 2013, the country's then-Civil Aviation Minister declared privatization was critical to the airline's future. The government approved that path in 2017, and a committee was formed to begin the process.



IndiGo, the only airline to publicly express interest in buying sections of Air India, withdrew out of the running in 2018, claiming it lacked the financial resources to buy the carrier in its whole and turn it viable. Air India gives Tata Group a third airline brand to add to its portfolio, given that the company already owns a majority stake in AirAsia India and a joint venture with Singapore Airlines Ltd called Vistara. The Economic Times had previously indicated that Tata could be the successful bidder. Air India, which hasn't made a profit since merging with Indian Airlines in 2007 and now owes around 600 billion rupees (\$8.1 billion) in debt, does have some appealing assets, including valuable landing and parking slots at London's Heathrow airport, which could help Vistara attract business travelers with direct flights to Europe. Once completed, the purchase will be a test of the company's aviation expertise. Tata Group has been chastised for not running its existing aviation companies efficiently, despite the fact that they only account for a small fraction of total revenue.

TEAM FINARTHA

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BATCH 2020-22 & 2021-23

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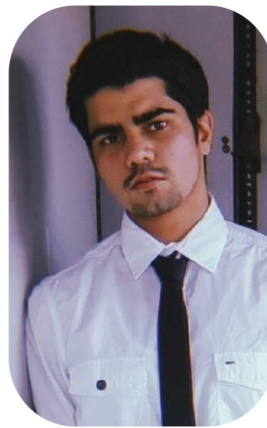
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**Joy
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Megha Poddar



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**SHREYAS
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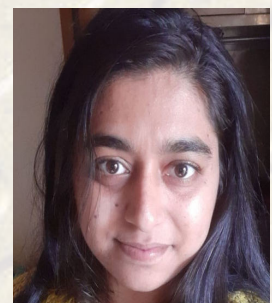
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