

# 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.



# FINAARTHA



## MDI | Management Development Institute MURSHIDABAD



OCTOBER 23, 2021

ISSUE- 100

### INDEX

- SENSEX 60821.62
- NIFTY 50 18114.90
- NASDAQ 15090.20
- DOW JONES 35677.02

### CURRENCY

- USD/INR ₹ 75.00
- GBP/INR ₹ 103.20
- YEN/INR ₹ 0.66
- EURO/INR ₹ 87.35

LATEST BY:  
Oct 23, 2021

## TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
HDFC	2844.10	2903.95	2.10	2938.35/2856.00
Bajaj Auto	3804.00	3866.50	1.64	3910.00/3813.05
ONGC	155.00	157.05	1.32	158.35/154.50
Kotak Mahindra	2143.75	2171.40	1.29	2201.65/2122.75
Axis Bank	807.50	14806.80	1.10	825.00/806.80

## TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Hindalco	493.75	470.45	4.72	492.00/464.50
Coal India	182.40	175.90	3.56	184.30/175.30
Tata Motors	508.00	490.90	3.37	510.70/487.40
ITC	244.70	236.60	3.31	245.80/23.70
TATA Consum	814.80	795.25	2.40	821.80/790.00

## TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Birlasoft	BUY	415	460	480	405
Cipla	BUY	880	950	980	860
Sun Pharma	BUY	805	830	840	795

### Market Watch

- Nifty may remain in uptrend above 17900 .
- Nifty Bank outperforms other sector & runs at all time high
- Rupee weakens against US Dollar.
- 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?

### **Energy transition poses inflation risk**

The ongoing worldwide transition to green energy poses a significant risk of triggering. Energy price shocks similar to the 1970s, which would accelerate inflation, said Jayanth Varma, the sole member of the RBI's Monetary Policy Committee (MPC) to vote against continuing with the central bank's accommodative policy stance. "This means that the up side risks to long term inflation and to inflation expectations are now more aggravated," Mr. Varma said at the last MPC meeting, the minutes of which were released on Friday.

"My second recent concern is about the tail risk to global growth posed by emerging financial sector fragility in China reminiscent of Japan of the late 1980s," he said. "Both of these risks... are well beyond the control of the MPC, but they warrant a heightened degree of flexibility and agility," Mr. Varma stressed.

### **India will act against unfair trade practices**

Taking on countries curbing exports from India, Commerce and Industry Minister Piyush Goyal said on Friday that India will take reciprocal action wherever it faces an unfair or unjust treatment trade matters. Reiterating India's call to bring down non-tariff barriers in international trade, he said global trade should operate within a rule-based multilateral trading system with 'honesty and transparency as core values.

"We are engaging with like-minded nations like the EU, U.K., Canada, Australia and UAE for early conclusion of free trade agreements," he said, addressing an IIFT convocation event. He urged Indian universities to tie up with eminent global institutions to enhance Indian students' exposure to the best of technology, law, economics and international trade.

### **'SEBI approves 16,600-cr. IPO of Paytm'**

Digital financial services firm Paytm has received market regulator SEBI's approval for its 16,600-crore initial public offer, a source involved in the process said on Friday. The company expects to hit the bourses by the end of this month and is planning to skip the pre-IPO share sale rounds to fast track listing.

Paytm's plan of shelving the pre-IPO fund raising is not related to any valuation differences, the source said on condition of anonymity. Paytm is said to be looking at a valuation of 1.47-1.78 lakh crore.

### **Yes Bank net rises 74% on lower slippage**

Yes Bank on Friday reported a profit after tax of \*225 crore for the quarter ended September, an increase of 74.3% from a year earlier, mainly due to lower provisioning requirements.

Yes Bank's MD and CEO Prashant Kumar attributed the rise in profit to better business growth and lower provisioning. "With lower slippages and better recoveries and upgrades, our provisioning requirement has come down," he told reporters. Net Interest Income declined 23.4% to 21,512 crores. Net interest margin dipped to 2.2% from 3.1%.

### **RIL net surges 43% on oil product demand**

Reliance Industries Ltd., India's most valuable company, reported second-quarter profit that jumped 43% to exceed market expectations, as higher demand for oil products boosted its mainstay oil-to-chemicals business. The conglomerate, led by billionaire Mukesh Ambani, said consolidated profit rose to 136.80 billion in the quarter ended September 30, from 95.67 billion a year earlier.

Analysts, on average, had expected a profit of \*134.65 billion, according to Refinitiv data. Revenue from the oil-to-chemicals unit, home to both its refining and petrochemicals operations, rose 58.1%, benefiting from a sharp recovery in demand across products and higher transportation fuel margin, the company said. Reliance's telecom unit Jio reported a 24% rise in profit. Overall revenue from operations rose 50% to 1.74 trillion from a year earlier.

### **Mercedes to directly sell cars to client**

German luxury carmaker Mercedes-Benz on Friday implemented its customer centric 'Retail of the Future' (ROTF) 'direct-to-customers' business model. In this new format, Mercedes-Benz India will retain the ownership of the entire stock of cars and retail them via appointed 'franchise partners' (dealers), by invoicing them directly to the customers.

The company will also be responsible for processing and fulfilling the customer orders. With ROTF, there will be one nationally set price by the company, which will be uniform across the country, it said. "ROTF caters to the evolving trends of our customers, while empowering our franchise partners," said Martin Schwenk, MD and CEO of the company.



## ***The grey lines between the black and white market***

This year we have the upcoming trend of companies opening up or going public, a lot of companies in the tunnel like Paytm, Coursera etc have gone public and many are in the line. The pandemic changed not only the social behavior of the country but also the financial aspects. To keep the fuel ongoing, the companies have sold off a part of their stock in the Stock Market which we all know as Initial Public Offering or IPO. Since this is the new trend of the market, the issues of the unauthorized selling and buying becomes the part of it. So today we would learn one very important aspect of it which is the GRAY/GREY MARKET.

### **What is an IPO Grey Market?**

1. IPO grey market is an unofficial market where IPO shares or applications are bought and sold before they become available for trading on the stock market.
2. It is also termed a parallel market or an over-the-counter market.
3. Deals take place through unofficial distribution channels.
4. The deals takes place before the shares are even issued by the company in an Initial Public Offering (IPO)

### **Are they Regularized?**

As this market is unofficial in nature, there is no regulations that are currently enforced on them . Though they are not considered illegal but the SEBI does not endorse it either. The transactions are parallel but SEBI is not involved in any of the transactions in the Grey Market which makes it a risky ground.

### **Why is it so Popular?**

1. It's an excellent opportunity for investors to purchase a company's shares even before they are listed, especially if they feel that the company's stock will increase in value.
2. If an investor has missed the deadline for the IPO application or wishes to buy more shares then they can approach the IPO grey market.

For companies, the grey market helps them to know how the demand for their shares is and how the company's shares might perform once it is listed.

Apart from that, an IPO grey market could be used to gauge how the company's stock will perform once it is listed.

### **Way Forward**

The IPO grey market is an unofficial market that performs outside SEBI's purview so no guarantees. All transactions are undertaken on the basis of trust and carry counterparty risk. Thus only the person engaged has the sole liability incase he/she incur the loss.



## IPO WATCH: FINO PAYMENTS BANK

### ABOUT THE COMPANY:

Fino Payments Bank is a fast-growing fintech firm that focuses on payments and offers a wide variety of digital financial products and services. Through its pan-India merchant network, the bank provides goods and services to its target market, which is an unserved and underserved segment of Indian society. Except for referrals from third-party loan providers, its merchant-led approach is a capital-light business strategy in terms of network growth. It does not, however, provide any lending products or take on credit risk for loans. With effect from June 2017, the bank began operations. Liability products and other banking products that create fee and commission-based income, such as CASA, micro-ATMs and AePS transactions, domestic remittances, and the issue of debit cards, are all part of the product and service offering. As of March 2021, the platform had facilitated roughly 434.96 million transactions with a gross transaction value of Rs 1.33 trillion. It opened 297,774 new CASA accounts in the quarter ended September 2020, a 20% increase over new CASA accounts opened in the quarter ended March 31, 2020. Fino Payment Bank is a wholly-owned subsidiary of Fino Paytech Limited, whose principal shareholders include ICICI Bank Limited, Intel Capital Corporation, International Finance Corporation, HAV3 Holdings (Mauritius) Limited, Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited, and Bharat Petroleum Corporation Limited, among others. Currently it has approximately 17,269 active BCs across India. As of March 2021, it also had 54 branches and 143 customer service stations.



### FINANCIAL HIGHLIGHTS

	<u>2019</u>	<u>2020</u>	<u>2021</u>	
TOTAL REVENUE	3711.21	6913.97	7910.27	
TOTAL ASSETS	6840.72	6240.01	10102.91	
PAT	623.84	320.36	204.74	<i>All values are in Rs. Cr.</i>

### IPO DETAILS:

The IPO comprises of a Rs 300 crore new issuance and a 15.60 million share offer for sale, according to the company's Draft Red Herring Prospectus (DRHP), which was submitted with SEBI on July 30. **The Fino Payments Bank initial public offering (IPO) will take place on October 29, 2021, with the IPO closing on November 1, 2021. The IPO may list on November 12, 2021, with an allotted date of November 9, 2021.** According to the DRHP, the OFS will be carried out by promoter Fino Paytech Limited, which owns 100% of the Payments Bank. Employees would also receive shares worth Rs 3 crore as part of the deal. The Bank may pursue a Pre-IPO Placement of up to Rs 600 million in consultation with the BRLMs. The fresh issue size will be decreased to the extent of the Pre-IPO Placement, subject to the minimum offer size, if the Pre-IPO Placement is completed. The issue's book running lead managers are Axis Capital, CLSA India, ICICI Securities, and Nomura Financial Advisory Services, while the registrar is KFin Technologies.

### OBJECTIVES OF THE IPO:

The main objective of the IPO is to increase the Bank's Tier 1 capital base in order to satisfy future capital needs and costs related to the offer.

## Sources of Short-Term Funding From Banks

**Lines of credit** are used primarily by large, financially sound companies.

*Uncommitted line of credit.* A bank extends an offer of credit for a certain amount but may refuse to lend if circumstances change.

*Committed (regular) line of credit.* A bank extends an offer of credit that it “commits to” for some period of time. The fact that the bank has committed to extend credit in amounts up to the credit line makes this a more reliable source of short-term funding than an uncommitted line of credit. Banks charge a fee for making such a commitment. Loans under the agreement are typically for periods of less than a year, and interest charges are stated in terms of a short-term reference rate, such as LIBOR or the U.S. prime rate, plus a margin to compensate for the credit risk of the loan. Outside the United States, similar arrangements are referred to as *overdraft lines of credit*.

*Revolving line of credit.* An even more reliable source of short-term financing than a committed line of credit, revolving lines of credit are typically for longer terms, sometimes as long as years. Along with committed lines of credit, revolving credit lines can be verified and can be listed on a firm’s financial statements in the footnotes as a source of liquidity.

Companies with weaker credit may have to pledge assets as collateral for bank borrowings. Fixed assets, inventory, and accounts receivable may all serve as collateral for loans. Short-term financing is typically collateralized by receivables or inventory and longer-term loans are secured with a claim to fixed (longer-term) assets. The bank may also have a *blanket lien* which gives it a claim to all current and future firm assets as collateral in case the primary collateral is insufficient and the borrowing firm defaults. When a firm assigns its receivables to the bank making a loan, the company still services the receivables and remains responsible for any receivables that are not paid.

**Banker’s acceptances** are used by firms that export goods. A banker’s acceptance is a guarantee from the bank of the firm that has ordered the goods stating that a payment will be made upon receipt of the goods. The exporting company can then sell this acceptance at a discount in order to generate immediate funds.

**Factoring** refers to the actual sale of receivables at a discount from their face values. The size of the discount will depend on how long it is until the receivables are due, the creditworthiness of the firm’s credit customers, and the firm’s collection history on its receivables. The “factor” (the buyer of the receivables) takes on the responsibility for collecting receivables and the credit risk of the receivables portfolio.

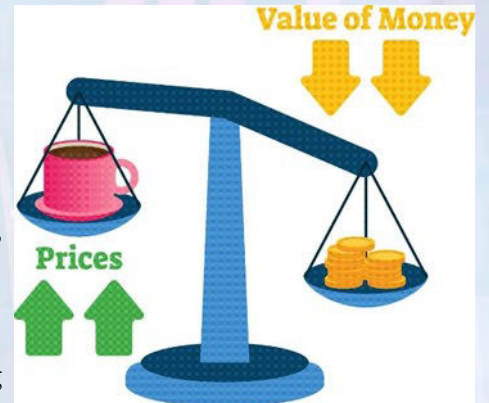




## **INFLATION**

Inflation is defined as an increase in the price of most every day or common goods and services, such as food, clothing, housing, recreation, transportation, consumer staples, and so on. Inflation is defined as the average change in the price of a basket of goods and services over time. Deflation is the opposite and uncommon reduction in the price index of this bundle of items. Inflation is defined as a drop in the purchasing power of a country's currency unit. This is expressed as a percentage.

As commodities and services become more expensive, a currency unit's purchasing power declines. This has an effect on a country's cost of living. When inflation is strong, the cost of living rises along with it, resulting in a slowdown in economic growth. In order for spending to be encouraged and saving to be discouraged, a certain degree of inflation is essential in the economy. Due to the fact that money loses its value over time, it is critical for people to invest their money. Investing ensures a country's economic progress.



### **How is Inflation measured?**

In India, two key indices, the WPI (Wholesale Price Index) and the CPI (Consumer Price Index), are used to assess wholesale and retail price fluctuations, respectively. The CPI measures the price differential between goods and services purchased by Indian consumers, such as food, medical care, education, and gadgets.

The WPI, on the other hand, captures the items or services sold by firms to smaller businesses for resale.

WPI (Wholesale Price Index) and CPI (Consumer Price Index) are both used to calculate inflation in India.

### **Causes for Inflation**

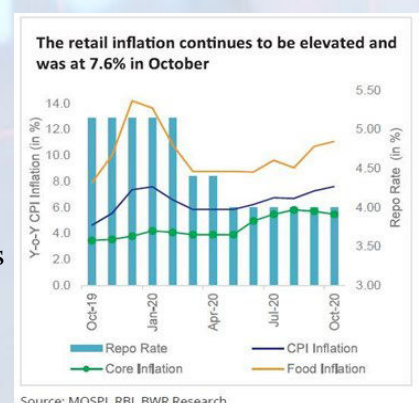
The primary reasons of inflation in India have sparked heated arguments and discussions. The following are some of the main causes behind the price increase:

- A demand-supply gap is created by high demand and limited production or supply of numerous commodities, resulting in a price increase.
- Money that circulates too freely loses its purchasing power, resulting in inflation.
- People who have more money tend to spend more, which leads to a rise in demand.
- 

### **Current scenario of Inflation**

According to senior government officials, inflation caused by high crude oil prices is a temporary phenomenon, and the economy is progressively opening up, with both public and private investments rising up. With international travel and some nations opening up, the tourism and travel sector, which has been struck the worst, is gradually rebounding.

"At this point of time, it (inflation) is a worrying factor but I don't think this phenomenon will stay for long," Ministry of External Affairs Secretary for Economic Relations, Dammu Ravi said at a virtual event of the Public Affairs Forum of India (PAFI).





# TEAM FINARTHA

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BATCH 2020-22 & 2021-23

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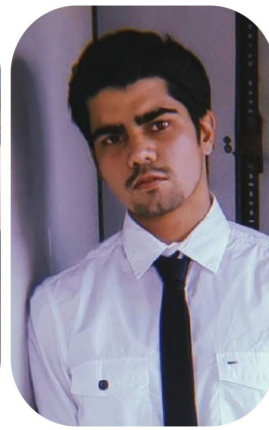
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**Joy  
Dutta**



**Megha Poddar**



**Rahul  
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Srivastava**



**SHREYAS  
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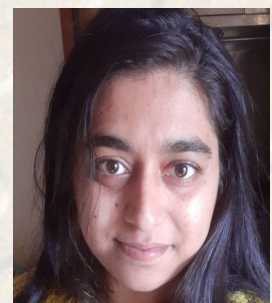
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