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.

FINAऋTHA

MDI MURSHIDABAD | Management Development Institute

FIN-O-DATE
THE FINANCE MAGAZINE

OCTOBER 9, 2021

ISSUE– 98

INDEX

- SENSEX 60059.06
- NIFTY 50 17895.20
- NASDAQ 14579.54
- DOW JONES 34746.25

CURRENCY

- USD/INR ₹ 75.13
- GBP/INR ₹ 102.29
- YEN/INR ₹ 0.67
- EURO/INR ₹ 86.93

LATEST BY:
Oct 9, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Reliance	2572.40	2671.25	3.84	2684.40/2581.50
Wipro	642.95	661.15	2.83	667.55/645.00
Infosys	1691.00	1723.85	1.94	1731.50/1698.40
Tata Motors	376.50	382.95	1.71	397.55/380.00
Tech Mahindra	1417.20	1439.95	1.61	1447.00/1418.50

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
SBI Life	1215.05	1196.45	1.53	1229.00/1191.95
NTPC	142.80	141.10	1.19	143.90/140.30
Coal India	190.70	188.45	1.18	191.70/184.10
HUL	2669.40	2640.05	1.10	2678.55/2625.40
Shree Cements	28059.35	27757.15	1.08	28219.20/27721.95

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Tech M	BUY	1440	1540	1520	1420
HCL Tech	BUY	1300	1350	1370	1280
Wipro	BUY	645	685	690	630

Market Watch

- Nifty may remain sideways b/w 17400-18000.
- Metal sector may see a rise.
- Real Estate sector may see a rise.
- NIFTY IT may see an upside.

WHAT'S BREWING IN THE MARKET?

Nomura says policy normalization has begun in India

With the Reserve Bank of India giving clear signals of moderating the liquidity surplus in the banking system, policy normalization has begun in the country, economists from Nomura wrote. On Friday, RBI's Monetary Policy Committee left key rates unchanged, but said it would discontinue is 'Government Securities Acquisition Programme' (G-SAP) for now. RBI Governor Das also announced a gradual increase in the quantum of funds to be withdrawn from the banking system through variable rate reverse repo operations. The size of these operations has been increased from Rs 2 lakh crore at present to Rs 6 lakh crore by December. While the central bank lowered its inflation forecast on the back of a softening of food prices, its actions on the liquidity front clearly signaled its intention to start normalizing the ultra-loose monetary policy adopted to tackle the Covid-19 crisis. According to Nomura, the central bank is likely to raise the reverse repo rate – currently the operative cost of overnight funds for money markets in December.

Tata Group to take on board a fourth of Air India's total debt

The Tata Group will effectively take on a fourth of Air India's total debt and has to hold on to at least 51% of the carrier for a year and keep 12,000 of the carrier's employees, also for a year, as part of privatisation conditions. It will also stick to a business continuity clause for three years and retain the brand for five years as part of the deal. Talace Pvt Ltd, a unit of the automobile-to-aviation conglomerate, Friday won the bid for Air India and its subsidiary Air India Express. The total bid amount based on the enterprise value is Rs 18,000 crore. Of that, Rs 15,300 crore is the debt that's being acquired while the remaining Rs 2,700 crore will be cash paid to the government. Air India's debt was Rs 61,562 crore on August 31, primarily raised on sovereign guarantees to fund its losses. The airline's accumulated losses at the end of March stood at Rs 83,916 crore. After the deal, the larger part of the debt and assets will be transferred to a special purpose vehicle known as Air India Asset Holdings Ltd.

Ola Electric said to raise $200 million at over $5-billion valuation

Ola Electric has raised $200 million, or about Rs 1,500 crore, from a clutch of investors in a fresh funding round, valuing the electric vehicle maker at more than $5 billion, sources said. The fresh funding comes days after the Bhavish Aggarwal-led company raised $200 million at a post-money valuation of $3 billion. The latest funding round saw participation of existing investors and some US-based blue-chip tech funds, sources said. The capital will be used to accelerate vehicle development, including mass-market scooters, electric motorcycles and electric cars, as well as other form factors. On September 30, Ola had announced raising more than $200 million from Falcon Edge, SoftBank Group Corp. and others. While that round was closed around June, the official announcement was made recently. The company has previously raised over $600 million from investors, including Tiger Global and Matrix India. This included a $100 million debt from Bank of Baroda that was announced in July.

RBI's Decision on repo, reverse repo rate and GDP

The Reserve Bank of India's Monetary Policy Committee (MPC) on Friday left the repo rate and the reverse repo rate unchanged at 4.00% and 3.35%, respectively. The GDP growth forecast of 9.5% for the current financial year was also held steady. At its fourth bimonthly policy statement of 2021-22 (Apr-Mar), the rate-setting panel projected Consumer Price Index-based inflation at 4.5% for the Oct-Dec period, 5.8% for Jan-Mar and 5.3% for the financial year as a whole. The MPC's decision on interest rates was unanimous, RBI Governor Shaktikanta Das said. The MPC also decided on a 5 to 1 majority to continue with the accommodative stance as long as necessary to revive and sustain growth on a durable basis, while ensuring that inflation remains within the target, going forward, Das said.

Green Term Loans through Indian Lens

In the race of technological advancements, we all have reached to a stage where financial development has to carry the burden of the environmental liabilities. The repayment of the dues towards the environment can be broadly understood under Green Financing. Data indicate that while there have been substantial improvements in public awareness and financing options in India, a reduction in asymmetric information through better information management systems and increased coordination amongst stakeholders could pave the way towards a greener and sustainable long term economic growth. Green Finance is the solution for accomplishing the contract between economy and environment.

To understand it better, today I will be speaking about the **GREEN TERM LOANS**, which is a form of financing extended to enable and empower businesses to finance projects which have a distinct environmental impact, or rather, which are directed towards financing 'green projects'. The discussion is significant as the NTPC Renewable Energy ltd (REL) has signed its first Green Term Loan agreement of Rs. 500 crores with a tenor of 15 years with Bank of India for its 470 MW Solar Projects in Rajasthan & 200 MW Solar Project in Gujarat.

Benefits

1. To raise corporate value by demonstrating the active promotion of Green Projects after procuring the Green Loans.
2. Helps to fulfill the Corporate Social Responsibility targets by Creating Sustainable environment
3. An increase in Green Loans is expected to increase private funds in Green Projects, contributing to the substantial reduction of GHG (GreenHouse Gas) emissions and the prevention of degradation of natural capital.
4. The promotion of Green Projects can lower energy costs, strengthen energy security, revitalize the regional economy, and enhance resilience in the event of disasters.

Green Loans are a relatively recent innovation, but volumes have risen dramatically over the past few years to over US$99bn in 2018. The rise of green and sustainability linked loans signals the early stages of a fundamental shift in the wider economy. The Reserve Bank has implemented by including the small renewable energy sector under its Priority Sector Lending (PSL) scheme in 2015. Under this scheme, firms in renewable energy sector13 are eligible for loans upto ₹ 30 crore (increased from ₹ 15 Crore since September 4, 2020) while the households are eligible for loans upto ₹ 10 lakh for investing into renewable energy. In September 2019, India announced a target to reach 450 GW of renewable energy generation by 2030.

IPO WATCH: OYO

ABOUT THE COMPANY:

OYO Rooms, also known as OYO Hotels & Homes, is an Indian online travel agency (OTA) that specialises in budget homes and living spaces. OYO was founded in 2013 by Ritesh Agarwal and comprised mostly of budget hotels at the time. Thousands of hotels, vacation homes, and millions of rooms have opened in more than 80 countries, including India, Malaysia, the United Arab Emirates, Nepal, China, Brazil, Mexico, the United Kingdom, the Philippines, Japan, Saudi Arabia, Sri Lanka, Indonesia, Vietnam, and the United States. Ritesh Agarwal founded Oravel Stays in 2012 to facilitate the listing and booking of low-cost lodgings; in 2013, he rebranded the company OYO. The company had around 17,000 workers worldwide in 2019, with over 8000 in India and South Asia. It's a full-service hotel company that rents and franchises hotel properties. Oyo Rooms teamed up with Yatra, Airbnb, and EaseMyTrip to create the Confederation of Hospitality, Technology, and Tourism Industry (CHATT), a business association for India's tourism industry, in June 2021.Since 2012, it has concentrated on the short-term lodging market. Its one-of-a-kind business strategy assists customers in transforming fragmented, unbranded, and underused hospitality assets into branded, digitally enabled shops with increased revenue potential. OYO offers high-quality storefronts at a reasonable price to its clients. OYO was rated the most valuable Travel & Hospitality brand in India, as well as the 30th most valuable brand overall in India, in a Kantar study for 2020. The company is promoted by Ritesh Agarwal, his holding company RA Hospitality Holdings, and SoftBank Vision Fund. SoftBank owns 47 percent of the company, while Agarwal and his holding company own a combined 33 percent.

FINANCIAL HIGHLIGHTS

	2019	2020	2021
REVENUE	**6518**	**13413**	**4157**
TOTAL ASSETS	**11743**	**14109**	**8751**
PROFIT	**(-2294)**	**(-11080)**	**(-4102)**

All values are in Rs. Cr.

IPO DETAILS:

Oravel Stays Ltd, the parent company of OYO, has filed a draft prospectus for an initial public offering (IPO) of Rs 8,430 crore ($1.1 billion), joining the ranks of India's technology unicorns seeking a listing on the stock exchanges in a record year for IPOs. According to Oyo's draft red herring prospectus, India's third -most valuable startup intends to raise Rs 7,000 crore by issuing new shares and an offer-for-sale of up to Rs 1,430 crore by current investors. Under the OFS part, existing shareholders SVF India Holdings, A1 Holdings, China Lodging Holdings, and Global Ivy Ventures will offer shares. The OFS will also include the Softbank Vision Fund, Grab, a Singapore ride-hailing firm, and Global Ivy Ventures. Kotak Mahindra Capital Company, JPMorgan India Private Ltd, Citigroup Global Markets India Private Ltd, ICICI Securities, Nomura Financial Advisory and Securities, and JM Financial Ltd are the global coordinators and book running lead managers for the issuance. The issue's registrar will be Link Intime India. OYO IPO shares are proposed to be listed on the BSE and NSE. IPO lot size and allotment date are yet to be announced.

OBJECTIVES OF THE IPO:

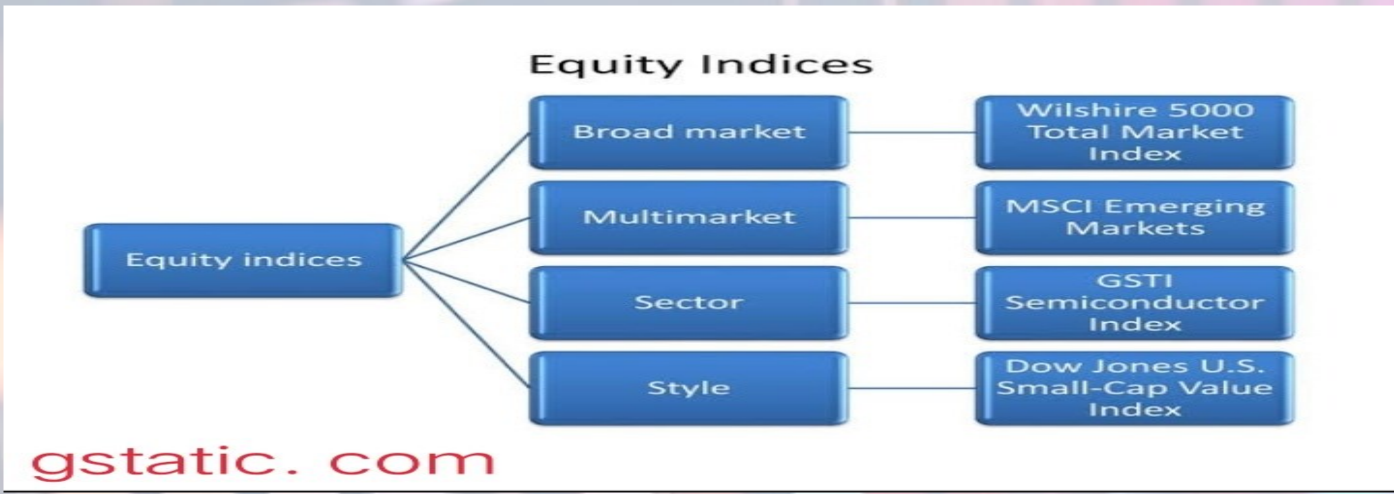
The net proceeds from the new issue would be used to prepay or repay, in part, certain borrowings taken out by Oyo's subsidiaries totaling Rs 2,441 crore, as well as to support organic and inorganic development plans totaling Rs 2,900 crore and for general corporate reasons.

TYPES OF EQUITY INDEXES

Investors can use a variety of equity market indexes. These equity indexes can be classified as follows:

Broad market index. Provides a measure of a market's overall performance and usually contains more than 90% of the market's total value. For example, the Wilshire 5000 Index contains more than 6,000 equity securities and is, therefore, a good representation of the overall performance of the U.S. equity market.

Multi-market index. Typically constructed from the indexes of markets in several countries and is used to measure the equity returns of a geographic region (e.g., Latin America indexes), markets based on their stage of economic development (e.g., emerging markets indexes), or the entire world (e.g., MSCI World Index).



Multi-market index with fundamental weighting. Uses market capitalization-weighting for the country indexes but then weights the country index returns in the global index by a fundamental factor (e.g., GDP). This prevents a country with previously high stock returns from being overweighted in a multi-market index.

Sector index. Measures the returns for an industry sector such as health care, financial, or consumer goods firms. Investors can use these indexes in cyclical analysis because some sectors do better than others in various phases of the business cycle. Sector indexes can be for a particular country or global. These indexes are used to evaluate portfolio managers and to construct index portfolios.

Style index. Measures the returns to market capitalization and value or growth strategies. Some indexes reflect a combination of the two (e.g., small-cap value fund). Because there is no widely accepted definition of large-cap, mid-cap, or small-cap stocks, different indexes use different definitions. These definitions may be specified values of market capitalization or relative definitions, such as defining large-cap stocks as the largest 500 firms in a given market. In constructing value stock and growth stock indexes, price-to-earnings ratios or dividend yields are often used to identify value and growth stocks. Over time, stocks can migrate from one classification to another. For example, a successful small-cap company might grow to become a mid-cap or large cap company. This causes style indexes to typically have higher turnover of constituent firms than broad market indexes.

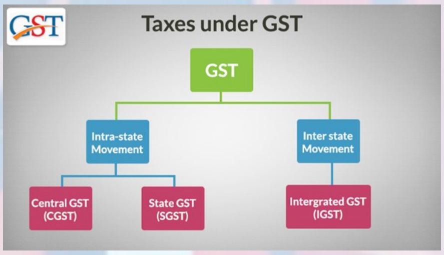
Article By: ADARSHA NAMAN | MDIM | PGPM 2021-2023

GOODS AND SERVICES TAX (GST)

The Goods and Services Tax (GST) is a tax on goods and services. It is an indirect tax that has mostly superseded many other indirect taxes in India, such as excise duty, VAT, and services tax. The Goods and Service Tax Act was passed by Parliament on March 29, 2017, and into effect on July 1, 2017. Goods and Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. The GST is levied at every point of sale under the GST regime. In the case of intra-state sales, both the federal and state governments levy GST. The Integrated GST is applied to all interstate sales. GST was implemented as a revolutionary transformation and the most significant overhaul of India's tax structure since independence. GST replaced a slew of indirect taxes, including state sales taxes, service taxes, excise taxes, and so on, with a single, consistent central tax regime that applied to all goods and services. The most significant effect of GST, however, was that it transformed India into a single unified market, allowing unrestricted movement of products across state borders, as opposed to the previous situation in which state borders served as barriers. GST allowed vehicles to move more quickly, resulting in the need for fewer warehouses in certain states. GST, on the other hand, includes many tax rate bands for various product categories and also the cascading impact has been eliminated by the GST. At each stage of the transfer of ownership, tax is only calculated on the value-addition.

What are the GST components?

The CGST, SGST, and IGST are the three taxes that apply under this system.



CGST: This is the tax levied by the federal government on intra-state transactions (e.g., a transaction happening within Maharashtra)

SGST: The tax levied by the state government on intra-state transactions (e.g., a transaction happening within Maharashtra)

IGST: It is a tax levied by the federal government on interstate transactions (e.g., Maharashtra to Tamil Nadu)

Was it a success or failure?

In terms of fiscal federalism, the GST is a little different. Because it required a greater concession of taxing authority for the states – states do not charge direct taxes or customs duties – the central promised them a guaranteed revenue rise of 14% for five years to persuade them to agree. When GST collections fell due to the epidemic, this issue became contentious. The gravity of the problem was acknowledged in the GST Council secretariat's August 2020 bulletin. "The compensation demand for the current fiscal year (2020-21) is predicted to be 3 lakh crores, but the cess collection is expected to be just 65,000 crores. "The total gap is estimated at 2.35 lakh crore, with 97,000 crores due to GST shortage and the remainder due to the economic impact of Covid-19," it said.The fact that under the GST framework, state governments are assured revenue growth has created a moral hazard for the GST Council. From time to time, there are recurring demands for lower GST rates on a variety of commodities, which has the effect of lowering the weighted average GST rate and thus overall tax collections.

The general budgetary picture of the Indian state will determine whether or not the GST regime gets simplified in the near future. With an increase in the share of indirect taxes, India's tax burden has shifted regressively. Unlike direct taxes such as income tax, indirect taxes do not discriminate between the rich and the poor, putting a greater burden on the latter. The pandemic has led to an increase in inequality and deterioration in the quality of employment. This will increase the temptation to exploit the indirect tax route. The GST's future trajectory will be influenced by the current fiscal concerns.

TEAM FINARTHA

The FINANCE CLUB OF MDIM

BATCH 2020-22 & 2021-23

ISSUE - 98| DATE - 9th October

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