

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



FIN-O-DATE THE FINANCE MAGAZINE

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TOP GAINERS

INDEX

- SENSEX **60686.69**
- NIFTY 50 **18102.75**
- NASDAQ **15860.96**
- DOW JONES **36100.31**

CURRENCY

- USD/INR **₹ 74.38**
- GBP/INR **₹ 99.94**
- YEN/INR **₹ 0.65**
- EURO/INR **₹ 85.26**

LATEST BY:
Nov 13, 2021

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Tech M	1521.95	1585.00	4.14	1589.45/1531.30
Hindalco	453.95	468.55	3.22	470.50/458.95
HDFC	2908.85	2992.65	2.88	2998.00/2905.45
Wipro	641.80	660.05	2.84	662.50/645.80
Infosys	1733.30	1780.20	2.71	1782.85/1738.05

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Bajaj Auto	3749.95	3635.05	3.06	3782.00/3615.70
TATA Steel	1299.60	1287.25	0.95	1340.00/1271.10
Hero Moto	2700.90	2683.05	0.66	2720.00/2680.00
Axis Bank	738.05	736.05	0.27	742.80/733.50
IOC	133.30	132.95	0.26	134.80/132.05

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
HDFC Bank	BUY	1550	1640	1700	1510
TCS	BUY	3400	3700	3900	3300
Coal India	BUY	163	183	201	160

Market Watch

- Nifty faces strong resistance at 18000
- Nifty Bank has strong support at 38100-38200
- Rupee slightly strong against US Dollar.
- CNX IT may see a 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?

India now ahead of China in financial inclusion metrics

India is now ahead of China in financial inclusion metrics, with mobile and Internet banking transactions rising to 13,615 per 1,000 adults in 2020 from 183 in 2015 and the number of bank branches inching up to 14.7 per 1 lakh adults in 2020 from 13.6 in 2015, which is higher than in Germany, China and South Africa, as per a report. States with higher financial inclusion / more bank accounts have also seen a perceptible decline in crime along with a meaningful drop in consumption of alcohol and tobaccos, according to the report pencilled by Soumya Kanti Ghosh, group chief economic adviser at State Bank of India (SBI), on fifth anniversary of the note ban. Under the no-frills account scheme, the number of person with deposit accounts at banks has significantly increased, becoming comparable with emerging economy peers and even some of the advanced economics, he said. In the use of digital payments also, there has been noteworthy progress. The number of no-frills bank accounts opened.

Sundaram Finance Q2 net profit rises 10%

Sundaram Finance Ltd.'s standalone net profit for the second quarter ended September 30 rose 10% to 211 crores from the year-earlier period. Total revenue increased to 1,022 crores from 993 crore, while other income. Contracted to 3.35 crore from 14.90 crore, the firm said in a regulatory filing. Gross and net NPAs rose to 3.85% (2.44%) and 2.48% (1.44%) respectively. Disbursements were up 14% at 3,621 crore. The company reported a capital adequacy ratio of 23.4%. Executive vice chairman Harsha Viji said that the second quarter saw improvement on both business growth and collections. However, overall recovery to a new normal would take time, he pointed out. Customer sentiment had significantly improved, and the second half of the year would likely see broad based recovery, he added.

Paytm IPO crawls to full subscription before close

Indian fintech firm Paytm's initial public offering of up to 183 billion crawled towards a full subscription in the final hours of its issue period on Wednesday, signalling tepid demand for the country's largest stock market listing. Paytm's offer of 48.3 million shares had received 55.9 million bids, according to stock exchange data. Institutional investors bid for 1.88 times the shares reserved for them, while retail investors subscribed for 1.5 times the shares on offer. The lacklustre response stood in sharp contrast to the strong demand for other Indian start-ups like food delivery firm Zomato and e-commerce beauty platform FSN E-Commerce Ventures (Nykaa), which investors snapped up during the issue period and saw strong market debuts. Loss-making Zomato's issue was oversubscribed over 38 times and profitable Nykaa's issue was oversubscribed by almost 82 times. Paytm, backed by China's Ant Group and Japanese firm SoftBank's Vision Fund, has priced its issue at 2,080 - 2,150 per share.

India Cements Q2 profit contracts 69% to 22cr.

India Cements Ltd.'s standalone net profit for the second quarter ended September contracted 69% to 21.97 crore on the impact of the COVID second wave, lower net plant realisation rate, and higher input cost. The second-quarter results were to be seen in the backdrop of the COVID-led lockdown in the core markets of Karnataka, Kerala and Tamil Nadu, and the unprecedented rains and floods in some States, said vice chairman and managing director N. Srinivasan. Asserting that the second quarter also witnessed cost pressure by way of increasing fuel and coal prices, he said that all these were expected to put pressure on the output and earnings margins in the coming months. During the period, total revenue improved to 1,190 crores from 1,070 crore. Total expenditure rose to 21,164 (1966 crore), of which power and fuel cost 355 crore. Cement production improved by 8%.

CAD seen at 1.4% by March as crude soars

India's widening current account deficit (CAD), driven by the massive spike in commodity prices led by crude oil, is set to put pressure on the fragile recovery, Barclays warned after revising upwards its CAD forecast to \$45 billion, or 1.4% of GDP, by March. According to Barclays, the worries arise from the fact that the trade deficit has been jumping continuously since July. From an average monthly trade deficit of \$12 billion till June, it jumped to \$16.8 billion in July-October, with September showing the highest ever deficit at \$22.6 billion, the brokerage said. The brokerage added that the widening trade deficit could prove more sustained than initially assumed.

TATA Steel Q2 profit surges to 12,547 cr.

Domestic steel giant Tata Steel on Thursday said its consolidated net profit jumped manifold to 12,547.70 crore in the July-September quarter, helped by higher income. The net profit was at 1,665.07 crore in the corresponding quarter of the previous financial year, Tata Steel said in a BSE filing. Its total income during July-September 2021 stood at 60,553.63 crore against 39,157.79 crore in the year-earlier period. Total expenses were at 47,135.28 crore in July-September against 37,000.28 crore a year earlier. Tata Steel is among the top steel companies in the world with an annual crude steel capacity of 33 million tonnes per annum.

INTEGRATED OMBUDSMAN SCHEME, 2021 by Reserve Bank of India

The Reserve Bank - Integrated Ombudsman Scheme, 2021 was launched on 12th November and opens up a number of possibilities.

The Scheme integrates the existing three Ombudsman schemes of RBI namely-

- (i) the Banking Ombudsman Scheme, 2006;
- (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and
- (iii) the Ombudsman Scheme for Digital Transactions, 2019.

The Integrated Ombudsman Scheme has been framed by the Reserve Bank in exercise of the powers conferred on it under the Banking Regulation Act, 1949, Reserve Bank of India Act, 1934 and The Payment and Settlement Systems Act, 2007.

The scheme will provide cost-free redress of customer complaints involving deficiency in services rendered by entities regulated by RBI, if not resolved to the satisfaction of the customers or not replied within a period of 30 days by the regulated entity (i.e. Banks/NBFCs).

Some of the salient features of the Scheme are:

1) It will no longer be necessary for a complainant to identify under which scheme he/she should file complaint with the Ombudsman.

2) The Scheme defines 'deficiency in service' as the ground for filing a complaint, with a specified list of exclusions. Therefore, the complaints would no longer be rejected simply on account of "not covered under the grounds listed in the scheme".

3) This scheme will be based on 'One Nation - One Ombudsman' with one portal, one email, and one address for the customers to lodge their complaints. At present, RBI has three separate ombudsmen — for banks, NBFCs and digital payments. These are operated from 22 RBI ombudsman offices across the country. These will be integrated into one centralised scheme to make the grievance redress mechanism simpler and much more effective. The Scheme has done away with the jurisdiction of each ombudsman office.

4) A Centralised Receipt and Processing Centre has been set up at RBI, Chandigarh for receipt and initial processing of physical and email complaints in any language.



Some Key Takeaways

*The Executive Director-in charge of Consumer Education and Protection Department of RBI would be the Appellate Authority under the Scheme.

*RBI would appoint the Ombudsman and a Deputy Ombudsman for three years. Complaints may be made physically or electronically.

*The scheme includes both Commercial and Urban Cooperative Banks.

*The previous three schemes are repealed.

IPO WATCH: GO FASHION

ABOUT THE COMPANY:

Go Fashion (India) Limited, founded in 2010, is one of India's largest women's bottom-wear brands. Under the 'Go Colors' brand, the company is involved in the creation, design, sourcing, marketing, and selling of a variety of women's bottom-wear goods. In terms of colors and styles, the company has one of the most diverse portfolios of bottom-wear products among women's apparel merchants. Go Colors sold bottom-wear in over 50 designs and 120 colors as of May 31, 2021. The company has 450 exclusive brand stores (EBOs) scattered throughout 23 Indian states and union territories as of May 31, 2021. Large format stores (LFSs) such as Reliance Retail Limited, Central, Unlimited, Globus Stores Private Limited, and Spencer's Retail are among the company's distribution networks. The number of LFSs in the company has increased from 925 in 2019 to 1,332 in May 2021. Products are also sold through the company's website, online marketplaces, and multi-brand shops (MBOs). Products include bottom-wear items such as churidars, leggings, dhotis, harem pants, Patiala, palazzos, culottes, pants, trousers, and jeggings are sold in ethnic wear, western wear, fusion wear, athleisure, denims, and plus sizes. It is one of the few Indian garment companies to recognize the market possibility in women's bottom-wear and serve as a 'category builder' for the category.



FINANCIAL HIGHLIGHTS

	<u>2019</u>	<u>2020</u>	<u>2021</u>
TOTAL ASSETS	4041.31	5191.86	5483.67
TOTAL REVENUE	2909.79	3968.39	2822.52
PAT	309.41	526.34	35.39

All values are in Rs. Cr.

IPO DETAILS:

The public subscription period for Go Fashion Ltd's initial public offering (IPO), which owns the women's fashion brand Go Colors, will begin on November 17 and end on November 22. The company has set a price range of 655 to 690 per equity share with a face value of Rs.10. Anchor investor bidding will begin on November 16th. The Rs.800 crore initial share offering consists of a fresh issue of up to 125 crore equity shares and an offer-for-sale (OFS) of up to 12,878,389 equity shares by the promoter and existing shareholders. The issue accounts for 27.20 percent of the company's post-issue paid-up capital. Investors can place the bids for a minimum of 21 equity shares and in multiples of 21 shares thereafter. The exchange listings are expected to happen on or around November 30th, with the final basis of allotment on November 25th. The IPO is anticipated to raise 1,013 crore at the top of the price band. According to Go Fashion, qualified institutional buyers (QIBs) would receive 75% of the issue size, non-institutional investors will receive 15%, and retail investors will receive the remaining 10%. The issue's lead managers are JM Financial, DAM Capital Advisors (previously IDFC Securities), and ICICI Securities. The BSE and NSE will both list the equity shares. The issue's registrar is KFin Technologies Pvt. Ltd.

OBJECTIVES OF THE IPO:

The net proceeds from the new issue will be used to fund the opening of 120 new EBOs (exclusive brand outlets), as well as funding working capital needs and other general company reasons.

FORWARD CONTRACTS

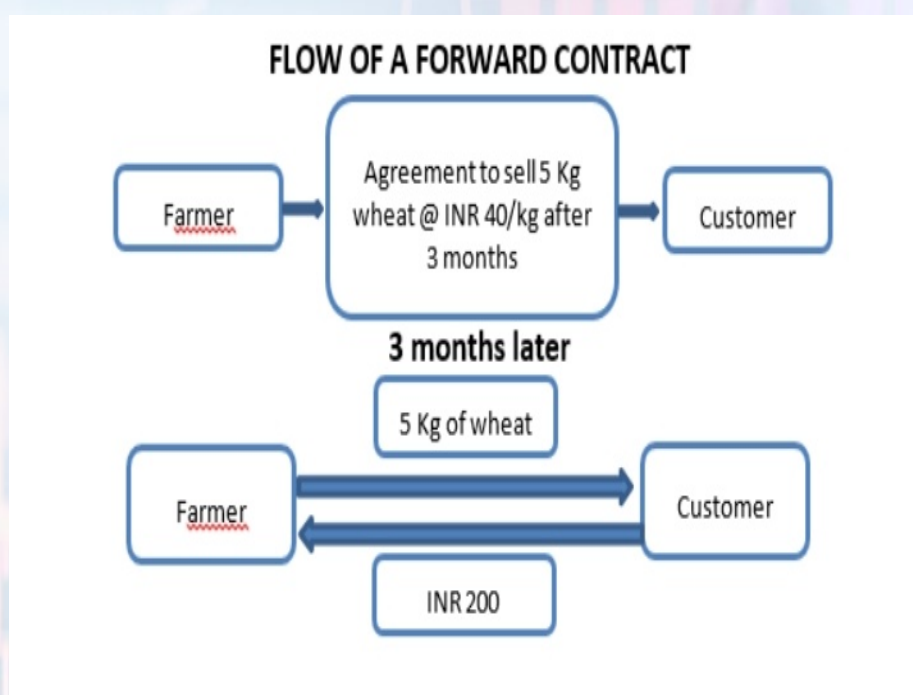
A **forward commitment** is a legally binding promise to perform some action in the future. Forward commitments include forward contracts, futures contracts, and swaps. Forward contracts and futures contracts can be written on equities, indexes, bonds, foreign currencies, physical assets, or interest rates.

A **contingent claim** is a claim (to a payoff) that depends on a particular event. **Options** are contingent claims that depend on a stock price at some future date. While forwards, futures, and swaps have payments that are based on a price or rate outcome whether the movement is up or down, contingent claims only require a payment if a certain threshold price is broken (e.g., if the price is above X or the rate is below Y). It takes two options to replicate the payoffs on a futures or forward contract.

Credit derivatives are contingent claims that depend on a credit event such as a default or ratings downgrade.

Forward Contracts

In a **forward contract**, one party agrees to buy and the counterparty to sell a physical or financial asset at a specific price on a specific date in the future. A party may enter into the contract to speculate on the future price of an asset, but more often a party seeks to enter into a forward contract to hedge an existing exposure to the risk of asset price or interest rate changes. A forward contract can be used to reduce or eliminate uncertainty about the future price of an asset it plans to buy or sell at a later date.



Typically, neither party to the contract makes a payment at the initiation of a forward contract. If the expected future price of the asset increases over the life of the contract, the right to buy at the **forward price** (i.e., the price specified in the forward contract) will have positive value, and the obligation to sell will have an equal negative value. If the expected future price of the asset falls below the forward price, the result is opposite and the right to sell (at an above-market price) will have a positive value.

The party to the forward contract who agrees to buy the financial or physical asset has a **long forward position** and is called the *long*. The party to the forward contract who agrees to sell or deliver the asset has a **short forward position** and is called the *short*.

A *deliverable* forward contract is settled by the short delivering the underlying asset to the long. Other forward contracts are settled in cash. In a **cash-settled forward contract**, one party pays cash to the other when the contract expires based on the difference between the forward price and the market price of the underlying asset (i.e., the **spot price**) at the settlement date. Apart from transactions costs, deliverable and cash-settled forward contracts are economically equivalent. Cash-settled forward contracts are also known as *contracts for differences* or *non-deliverable forwards* (NDFs).

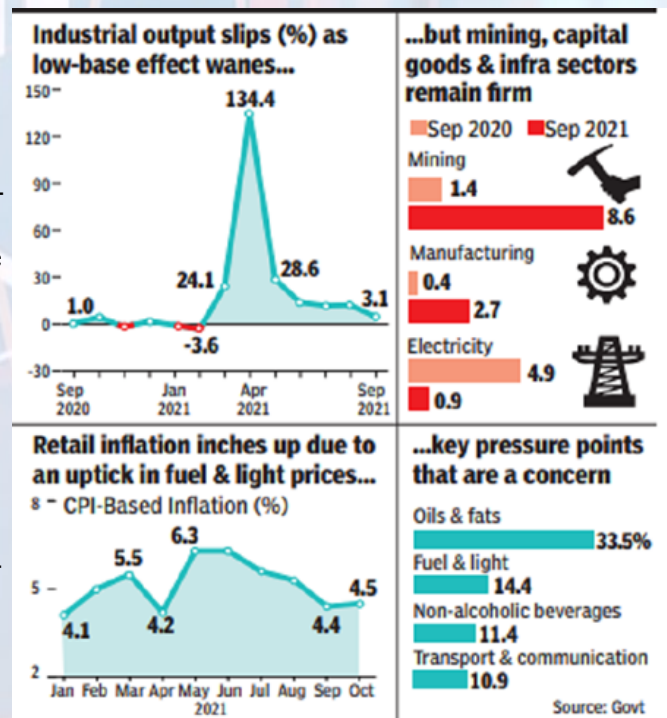
CPI BASED INFLATION OR RETAIL INFLATION

When we talk about inflation, we usually mean the rate of inflation as measured by the consumer price index (CPI). The CPI measures changes in the retail prices of goods and services that households buy on daily basis. To calculate inflation, we calculate the percentage change in the CPI over the same time period the previous year. Deflation is defined as a drop in prices (negative inflation). In its responsibility of ensuring price stability in the economy, the Central Bank (RBI) pays special attention to this metric. CPI also aids in determining the true worth of earnings, wages, and pensions, as well as the purchasing power of a country's currency and rate regulation. The CPI, which is one of the most essential statistics for determining economic health, is based on a weighted average of commodity prices. It essentially provides an estimate of the cost of living. Simply explained, the Consumer Price Index (CPI) highlights periods of deflation or inflation in consumers' daily living expenses. The CPI will climb over time if there is inflation (when goods and services cost more). If the CPI falls, it indicates deflation, or a continual decrease in the price of goods and services.



RETAIL INFLATION IN INDIA

The National Statistical Office (NSO) issued data on Friday showing that inflation, as measured by the consumer price index (CPI), grew 4.5 percent on an annual basis, slightly higher than the previous month's 4.4 percent and lower than the 7.6 percent reported in October 2020. Inflation in the city stood at 5%, while rural inflation fell to a 10-month low of 4.1 percent. In October, core inflation (excluding food and fuel) remained stable at 6.1 percent, up from 5.9 percent the previous month. Vegetable prices declined 19.4 percent last month, but oils and fats prices increased 33.5 percent. Retail inflation increased marginally in October, owing to higher prices for fuel, light, and some foods, while industrial output growth slowed to a seven-month low in September as the base effect faded, allowing the Reserve Bank of India (RBI) to maintain its accommodative interest rate policy for the time being. Despite rising global gasoline and edible oil costs, measures such as lowering the excise charge on fuel, imposing stock limitations, and waiving the basic import duty on edible oils are expected to keep local inflation under control. As vaccination momentum continues and mobility returns to pre-pandemic levels, service sector inflation is likely to stay elevated. Separate NSO data indicated that the index of industrial production (IIP) increased by 3.1 percent on an annual basis in September, down from 11.9 percent the previous month but higher than the 1% reported in September 2020. Manufacturing increased by 2.7 percent in September, compared to 0.4 percent the previous month, while mining increased by 8.6 percent. In September, the electrical industry increased by 0.9 percent, compared to 4.9 percent in September 2020. The capital goods sector, which is used as a barometer of industrial activity, increased by 1.3 percent in February after contracting by 1.2 percent the previous month.



TEAM FINARTHA

The **FINANCE CLUB OF MDIM**

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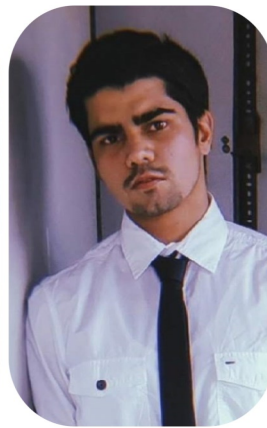
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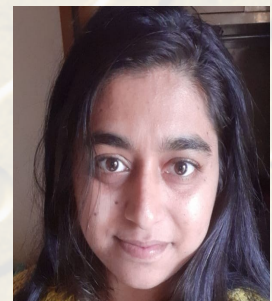
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