

FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM



MDI
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FINARITHA

THE FINANCE CLUB OF MDIM

WEEKLY
FINANCIAL
MAGAZINE
FOR THE
STUDENTS
OF
MDIM



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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



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INDEX

- SENSEX **57778.01**
- NIFTY 50 **17,209.05**
- NASDAQ **15085.47**
- DOWJONES **34580.08**

CURRENCY

- USD/INR ₹ **75.21**
- GBP/INR ₹ **99.53**
- YEN/INR ₹ **0.67**
- EURO/INR ₹ **84.93**

LATEST BY:
Dec 12, 2021

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Cipla	899.95	966.70	7.42	976.05/890.65
Dr Reddys Lab	4591.60	4750.90	3.47	4820.00/4576.15
Divis Lab	4799.80	4937.80	2.88	5077.70/4756.75
Nestle	19222.50	19222.25	0.23	19434.10/18982.50
TCS	3445.85	3446.85	0.03	3490.00/3411.90

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
JSW Steel	680.90	628.65	7.67	672.00/624.25
Hindalco	447.05	417.00	6.72	442.70/414.70
Tata Motors	492.75	460.20	6.61	486.75/458.00
IndudInd Bank	959.30	901.80	5.99	2,449.00/2,351.00
Adani Ports	762.45	717.15	5.94	136.90/129.70

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Reliance	BUY	2100	2300	2550	2000
IBULLS	BUY	207	230	245	200
TCS	BUY	3100	3400	3550	3050

Market Watch

- Market is in correction phase
- Sentiments of India market is negative
- Market might continue downtrend for this week
- NIFTY Media, NIFTY Metal can be bullish for the upcoming week.

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?

Exports dip widening trade deficit to a record \$23.27bn

India's merchandise exports slipped below the \$30-billion mark for the first time in eight months in November to \$29.88 billion, even as imports rose sharply, taking the monthly trade deficit to a fresh high. Imports outpaced exports, jumping 38% from pre-COVID levels compared with the 16% increase in exports, though they moderated slightly month-on-month to \$53.1 billion from \$55.4 billion in October. The trade deficit widened to a fresh record of \$23.27 billion, from \$19.9 billion in the previous month. This is almost 83% higher than the November 2019 levels. The previous highest monthly trade deficit of \$22.6 billion was recorded in September.

Worrying deficit

The trade deficit from April to November 2021 is now close to \$122 billion, 7.5% over the same period in FY20. The sharp 16% sequential slide in exports led to a flare up in the trade deficit to a record-high, and the three months since September have now recorded a deficit of \$65 billion, which is worrying, said ICRA chief economist Aditi Nayar. Imports, she pointed out, had exceeded \$50 billion in each of these months. "Holidays in the festive season have substantially dented the momentum in merchandise exports in November, bringing them down to the lowest level of FY22. We are cautiously optimistic that export momentum will revive, although the uncertainty engendered by the Omicron variant poses a concern regarding the immediate outlook," she said.

TFCC to pick up 46% in Ramcharan for \$4.14bn

TFCC International will pick up a 46% stake in Chennai-based Ramcharan Co. Pvt. Ltd. for \$4.14 billion. The investment horizon is spread over five to seven years and the first round would be closed by January 2022. TFCC International is a deep impact fund, with investments from high-net-worth individuals, government agencies and financial institutions, based in New York. It will infuse funds into Ramcharan Co. for investment in areas from environment to energy management systems and renewable energy devices with high storage capacity made from sodium silicate, it said in a statement. TFCC International has had investments in West Asia and South Asia, and is now looking at investments in India in the areas of environment solutions, renewable energy and low-cost housing. The investment in Ramcharan Co. is its first in the country. Ramcharan Co. has been, of late, into deep-tech, end of life chemicals converting unsegregated waste into energy and manufacturing new-generation energy storage devices.

Debt-to-GDP ratio of states worrying: RBI

The combined debt-to-GDP ratio of states is expected to remain at 31% by end-March 2022, which is worryingly higher than the target of 20% to be achieved by 2022-23, according to an RBI report. In view of the pandemic induced slowdown, in its projections, the 15th Finance Commission expects the debt-GDP ratio to peak at 33.3% in 2022-23 (in view of the higher deficits in 2020-21, 2021-22 and 2022-23), and gradually decline thereafter to reach 32.5% by 2025-26, RBI said in its 'State Finances: A Study of Budgets of 2021-22' report.

Maruti, Audi to raise prices as costs surge

Maruti Suzuki on Thursday said it would increase the prices of its vehicles next month to offset rising costs. "Over the past year, the cost of the company's vehicles continues to be adversely impacted due to an increase in various input costs," India's largest car-maker said in a statement. "It has become imperative for the company to pass on some impact of the above additional costs to customers through a price hike," it added, without specifying the quantum of increase. Maruti Suzuki has raised prices multiple times in 2021, with the total increase amounting to about 5%. Separately, German luxury carmaker Audi announced a price increase of up to 3% across its entire model range owing to rising input and operational costs. "To offset rising input and operational costs, a price correction is necessary," said Balbir Singh Dhillon, head of Audi India. "The new price range... will ensure the brand's premium price positioning, thereby assuring sustainable growth," he added.

L&T and ReNew sign green hydrogen pact

Larsen & Toubro Ltd. (L&T) and ReNew Power, a renewable energy company, have entered into an agreement to tap the emerging green 14 TOLIBRO hydrogen business in India. Under this pact, L&T and ReNew will jointly develop, own, execute and operate green hydrogen projects in India and nearby countries. "This partnership is a significant milestone in the journey towards building a green energy portfolio for L&T," said S. N. Subrahmanyam, CEO & MD, and L&T. Sumant Sinha, chairman & CEO, ReNew Power said, "This partnership will allow both companies to pool their knowledge, expertise and resources to take maximum advantage of this transition." "It is anticipated that green hydrogen demand in India for applications such as refineries, fertilizers and city gas grids will grow up to 2 MMTPA by 2030 in line with the nation's green hydrogen mission. This would call for investments upward of \$60 billion," both the partners said.



“Do innovation brings the dynamism in the definition of Money?”

Past this week some new landscapes were aimed to be drawn through monetary perspectives. Recently, Ministry of Finance talked about RBI's intention of including CBDCs (Central Bank Digital Currency) in the definition of bank note. Ever since the Demonetization came in the picture, a lot of plateaus and peaks have been formed on this monetary landscape. The rapidity with which the dimensional aspects and applications of innovations are seeping in the banking sector and financial picture is alarming. The real concern lies in the misconceptions about money that it brings along.

However it seems that whenever innovation has popped up it has largely missed the inclusivity by a whisker. Crypto currencies took the chance of parading the central bankers to small town investors into the Gold Rush. Contrary to pushed thought, it is not possible to ignore CBDCs as the response to the Cryptographic Currency gaining momentum. However, digital efforts of the Central Bank of China is one of the major stimulus. So RBI is in the game now.



As the scale of the digital interventions from both private and public balance sheets increased, something interesting happened—what started as a “token” morphed almost imperceptibly into a “promise,” albeit disguised as a “token.” CBDCs can only be liabilities of the central bank even if “tokenised,” which prevents us from seeing the socio-economic rudiments of money. Distributed ledger technology ingeniously combines finite tokens with an infinite archive. Yet, the shift from crypto as “money” to “assets” is a stunning defeat. The failure of cryptos as money rests on the same tokenised view of money as notebandi. “Finite” tokens, cryptographic or not, simply cannot work as money because they cannot answer the central planner's ill-conceived question: What stock of money is required by the economy? The finitude of cryptos might appear to give them scarcity value, but with around 7,000 cryptos currently in circulation, clearly something other than mere finitude drives value.

So will the socio-economic benefits be enhanced with the recent move of the RBI remains largely under the wraps but it is interesting to note what benefits are envisioned by Central Bank once the scope of “bank note “ extends to its digital currency— CBDCs. **Those few benefits are as-**

- 1) Reduced Dependency on Cash
- 2) Higher seigniorage due to lower transaction costs
- 3) Reduced settlement risk.
- 4) A more robust, efficient, trusted, regulated and legal tender-based payments option

However one pertinent questions that haunts most people today is-How can these crypto currencies and CBDCs replicate the anonymity and security of cash in an online space? Will the digital money duplicate or would turn an alternative to cash ?

So in this race of leading economies, the jostling CBDCs of RBI against the strong footed towers of cryptos will have to weed out the disparities of socio-economic front in India. And above all need to fill the security gaps generated with the innovation which is half-done. So before making a grand move into the new definitions and extending scopes, Central Bank and Central Government must look into and devise necessary arrangements for the pitfalls already existent or might be created in future.

It would be advisable to j'adoube and create defence before Endgame becomes fatal for Indian Economic decisions.



IPO WATCH: DROOM

ABOUT THE COMPANY

Droom Technology Limited is a technology and data science-driven online car e-commerce platform that combines an asset-light e-commerce platform with a vertically integrated ecosystem of automotive products and services to make it simpler to buy and sell automobiles online. It was founded by Sandeep Agarwal in 2014. With over 1.15 million vehicles listed as of September 30, 2021, the company is the only major Indian player with a completely online transactional model and offers one of the largest selections of automobiles among the major online players in India, including both used and new cars, two-wheelers, and other vehicles. In the six months ended September 30, 2021, it received 89.27 million visitors to its website/app, and it has 20,725 Auto Dealers in 1,151 cities. It has 2,78,807 used autos in 11 categories valued at Rs.146.49 billion, with 56,412 vehicles sold for Rs.59,347.25 million in gross merchandise value. Droom is led by a seasoned management team with years of experience in the sector. Sandeep Aggarwal, the company's creator, promoter, chairman, full-time director, and CEO, has a background in technology spanning over 20 years. He was no stranger to the startup world, having previously founded ShopClues.com, a well-known Indian e-commerce site. Akshay Singh is the Chief Strategy Officer, while Mohit Ahuja is the Chief Marketing Officer.



FINANCIAL HIGHLIGHTS

	<u>2019</u>	<u>2020</u>	<u>2021</u>
TOTAL ASSETS	1290.29	1364.78	1148.38
TOTAL REVENUE	1461.11	1813.68	1355.23
PROFIT & LOSS	-1053.70	-896.03	-688.83

All values are in Rs. Cr.

IPO DETAILS:

The capital market regulator SEBI received the automobile e-commerce platform, Droom's IPO paperwork in November 2021. According to the DHRP, the company wants to generate Rs 3,000 crores through an initial public offering. The issue comprises of a Rs 2,000 crore new issuance of shares, a Rs 1,000 crore Offer for Sale, and a Rs 400 crore private placement option. The equity shares will have a face value of Rs 1 each. The leading book running managers are ICICI Securities, Edelweiss, Axis Capital, HSBC, and Nomura. The offer's registrar is Kfin Technologies. Sandeep Aggarwal and Droom Pte Ltd, the firm's promoters, own 100% of the company. Droom Pte. Ltd, a Singapore-based holding company, would sell up to Rs 1000 crore as part of the OFS. IPO price band and date has not been declared yet. The company's equity shares will be listed on the BSE and NSE.

OBJECTIVES OF THE IPO:

The net proceeds from the new issue portion of the offer would be utilized to support organic growth efforts of Rs 1,150 crore, inorganic development initiatives worth Rs 400 crore, and general corporate purposes worth Rs 400 crore.



Securities

Securities can be classified as fixed-income or equity securities, and individual securities can be combined in pooled investment vehicles. Corporations and governments are the most common issuers of individual securities. The initial sale of a security is called an **issue** when the security is sold to the public.

Fixed-income securities typically refer to debt securities that are promises to repay borrowed money in the future. Short-term fixed-income securities generally have a maturity of less than one or two years; long-term term maturities are longer than five to ten years, and intermediate term maturities fall in the middle of the maturity range.

Although the terms are used loosely, *bonds* are generally long term, whereas *notes* are intermediate term. *Commercial paper* refers to short-term debt issued by firms. Governments issue *bills* and banks issue *certificates of deposit*. In *repurchase agreements*, the borrower sells a high-quality asset and has both the right and obligation to repurchase it (at a higher price) in the future. Repurchase agreements can be for terms as short as one day.

Convertible debt is debt that an investor can exchange for a specified number of equity shares of the issuing firm.

Equity securities represent ownership in a firm and include common stock, preferred stock, and warrants.

Common stock is a residual claim on a firm's assets. Common stock dividends are paid only after interest is paid to debtholders and dividends are paid to preferred stockholders. Furthermore, in the event of firm liquidation, debtholders and preferred stockholders have priority over common stockholders and are usually paid in full before common stockholders receive any payment.

Preferred stock is an equity security with scheduled dividends that typically do not change over the security's life and must be paid before any dividends on common stock may be paid.

Warrants are similar to options in that they give the holder the right to buy a firm's equity shares (usually common stock) at a fixed exercise price prior to the warrant's expiration.

Pooled investment vehicles include mutual funds, depositories, and hedge funds. The term refers to structures that combine the funds of many investors in a portfolio of investments. The investor's ownership interests are referred to as *shares*, *units*, *depository receipts*, or *limited partnership interests*.

Mutual funds are pooled investment vehicles in which investors can purchase shares, either from the fund itself (open-end funds) or in the secondary market (closed-end funds).

Exchange-traded funds (ETFs) and **exchange-traded notes (ETNs)** trade like closed-end funds but have special provisions allowing conversion into individual portfolio securities, or exchange of portfolio shares for ETF shares, that keep their market prices close to the value of their proportional interest in the overall portfolio. These funds are sometimes referred to as *depositories*, with their shares referred to as *depository receipts*.

Asset-backed securities represent a claim to a portion of a pool of financial assets such as mortgages, car loans, or credit card debt. The return from the assets is passed through to investors, with different classes of claims (referred to as *tranches*) having different levels of risk.

Hedge funds are organized as limited partnerships, with the investors as the limited partners and the fund manager as the general partner. Hedge funds utilize various strategies and purchase is usually restricted to investors of substantial wealth and investment knowledge. Hedge funds often use leverage. Hedge fund managers are compensated based on the amount of assets under management as well as on their investment results.

LIRA CRASH SLAMS TURKEY'S FACTORIES, FARMERS AND RETAILERS

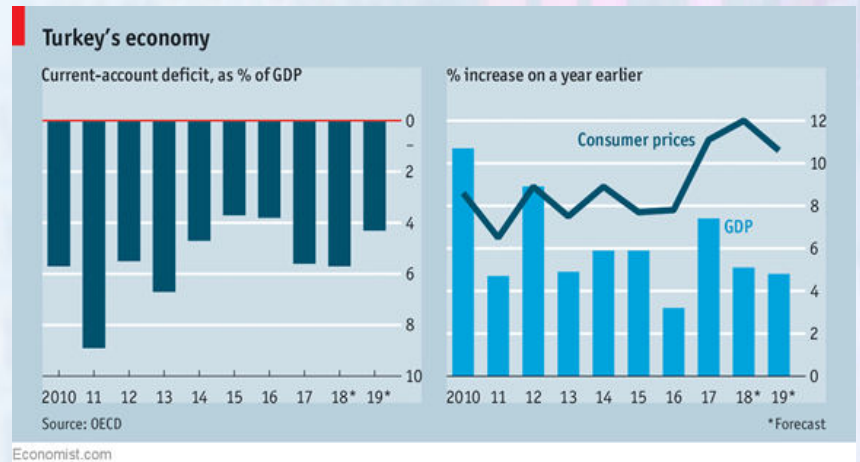
The lira crisis in Turkey is threatening to bankrupt Mehmet Sapci's 86-year-old pharmaceutical company. When the coronavirus pandemic hit, his company, Merkez Ilac, was able to use its production lines to produce disinfectants that were important in halting the spread of COVID-19. However, he claims that because the lira's depreciation has increased the price of imported raw materials, he and other pharmaceutical producers are seeing their profit margins dwindle.

"Cancer drugs, diabetic meds, surgical disinfectants - all pharmaceuticals are affected," Sapci told Al Jazeera, "Since they are all tied in some way to imports." "And, because imports are influenced by the currency rate, producing medicine is a huge challenge for us right now." We risk running out of medications for the Turkish people." This year, the Turkish lira has lost more than 45 percent of its value against the US dollar. The Turkish currency lost about 30% of its value versus the dollar in November, resulting in an all-out catastrophe.

The lira's recent woes began on November 18, when the country's central bank slashed interest rates to 15%. Despite inflation nearing 20% in October, the Fed reduced rates for the third time since September. Price pressures are increasing. Turkey's annual consumer price inflation topped 21.31 percent in November, according to government figures released on Friday. That's the most it's been in three years, and it's more than four times the central bank's target rate. Lower interest rates, according to mainstream economic theory, contribute to higher inflation since money loses its value relative to other currencies when it is cheaper to borrow, encouraging consumers to spend more and firms to produce more. In a two-hour-long televised interview on state television on Tuesday night, Erdogan outlined how his government plans to fight what he called an "economic war of independence" that would pull it out of an interest-based economy. Raising interest rates, Erdogan said, was out of the question, because it would stifle industrial production in Turkey and make it harder to attract long-term foreign investment.

However, foreign exchange markets and many economists oppose Erdogan's unconventional beliefs. "The assumptions in this new 'model,' if we can call it that," Harun Ozturkler, an econometrics professor at Kirikkale University, stated. "They are assuming that lowering interest rates will lead to high exchange rates, and the Turkish lira will devalue, depreciate, and then Turkish goods and services will become cheaper in terms of our trade partners' currency," he told Al Jazeera, adding that Erdogan believes the lira will eventually recover its value as a result of the subsequent boost to Turkish exports.

According to Ozturkler, Turkey's economy is already largely reliant on imported commodities, which account for almost 70% of all imports. Because they can no longer forecast costs and profit margins due to the rapidly shifting Turkish lira exchange rate, companies in the country will cut down production. Foreign investors, on the other hand, are unlikely to rush to Turkey because of its financial institutions' unpredictability, according to Ozturkler. In recent years, Erdogan has fired a string of central bank chiefs, and on Thursday, he replaced the country's finance minister with a loyalist.



TEAM FINARTHA

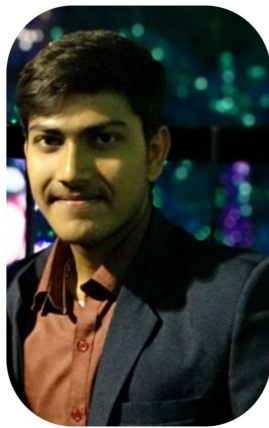
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BATCH 2020-22 & 2021-23

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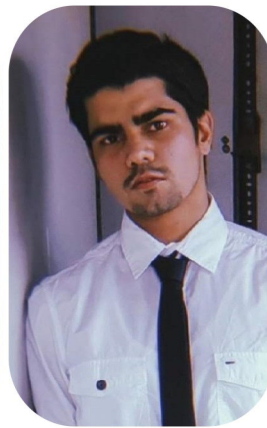
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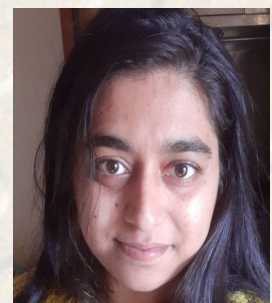
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