

# 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



### FIN-O-DATE THE FINANCE MAGAZINE

JANUARY 9, 2022

ISSUE- 111

#### INDEX

- SENSEX **59744.65**
- NIFTY 50 **17812.70**
- NASDAQ **14935.90**
- DOWJONES **36231.66**

#### CURRENCY

- USD/INR **₹ 74.28**
- GBP/INR **₹ 100.91**
- YEN/INR **₹ 0.64**
- EURO/INR **₹ 84.39**

LATEST BY:  
Jan 9, 2022

#### TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Grasim	1720.55	1797.65	4.48	1807.00/1722.00
ONGC	150.80	157.05	4.14	157.50/151.35
Hindalco	479.10	493.50	3.01	495.25/480.05
HDFC Life	646.90	660.30	2.07	662.95/646.00
Shree Cements	26528.05	27046.25	1.95	27266.25/26572.55

#### TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
M&M	839.85	829.00	1.29	849.75/822.50
Bajaj Finserv	17986.50	17756.90	1.28	18142.95/17580.00
Bajaj Finance	7748.25	7659.35	1.15	7785.00/7585.00
Larsen	1924.50	1904.90	1.02	1934.95/1897.15
HDFC	2596.70	2596.70	0.90	2618.30/2585.00

#### TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
ACC	BUY	2250	2450	2550	2150
HDFC Life	BUY	660	720	740	640
Gillette	BUY	5300	5900	6200	5100

#### Market Watch

- FPI invested 2000 Crore in Indian Stock Market in last couple of days.
- DIIs continued buying which prevented further downfall.
- High Liquidity in Stock Market.
- NIFTY BANK could 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?**

### **TCS TO MULL BUY- BACK PLAN ON JANUARY 12**

Tata Consultancy Services Ltd. (TCS) on Friday said its board of directors would consider a proposal to buy back equity shares of the company from share holders, at a meeting to be held on January 12. The board will also consider the company's results for the third quarter ended December. A proposal to declare the financial year's third interim dividend to equity shareholders is also on the agenda for the board meeting to be held in Mumbai. Earlier, TCS shares rose 1.26% to close at 3,854.85 on the BSE on Friday. In 2020, TCS had announced a share buy-back plan worth \*16,000 crore, which had closed on January 1, 2021.

### **GOLD BOND ISSUE PRICED AT 4,786/GM**

The issue price for the next tranche of Sovereign Gold Bond Scheme 2021-22, which will open for subscription for five days from Monday, has been fixed at 4,786 per gram, the RBI said on Friday. HIMA. The Sovereign Gold Bond Scheme 2021-22 - Series IX will be open for subscription for the period January 10-14, 2022. The nominal value of the bond "works out to 4,786 per gram of gold", the RBI said in a statement: The Government of India has decided to offer a discount of 50 per gram less than the nominal value to investors applying on line and the payment made through digital mode.

### **MALABAR GOLD EYES FY25 REVENUE OF 75,000 CRORE**

Leading jewellery retailer Malabar Gold & Diamonds which has set a target of becoming the world's largest retailer with revenue growth of 2.5 times to more than 75,000 crore by FY25 - is on an aggressive expansion spree, is planning to open 33 showrooms in the next three months with an investment of 1,200 crore. The Kozhikode-based jewellery retailer is already among the largest in the country, both in terms of revenue and footprint, with about 280 showrooms spanning 10 countries. Malabar Group chairman M.P. Ahamed told reporters sales had grown about 50% so far this fiscal over FY21 and that he was confident of closing FY22 with a revenue of 31,000 crore. The group is seeking to be the world's largest jeweller by FY25 with revenue of more than 75,000 crore and 750 showrooms. "By FY25, we will have 750 stores and be the largest gold retailer in the world not only in terms of revenue but also in terms of retail presence," he said. Hinting that the public offer plan was off the table now, he said the priority was to expand the business.

### **RELIANCE RAISES \$4BN IN FOREIGN CURRENCY BONDS**

Reliance Industries Ltd. (RIL) said it has raised \$4 billion in long-term debt of up to 40 years through the largest-ever foreign currency bond issuance by an Indian company. The company plans to use the proceeds of the Senior Unsecured Notes across 10, 30 and 40-year tranches for refinancing of existing borrowings. The bonds, due for maturity in 2032, are priced at 2.875%, while those due in 2052 and 2062 were priced at 3.625% and 3.750%, respectively. RIL said the issue was oversubscribed almost three times. "The notes have been priced at 120 basis points (bps), 160 bps and 170 bps over the respective U.S. Treasuries benchmark," it said in a statement. "RIL has joined a select group of issuers from Asia to have made jumbo bond issuances," the company said adding "this is the largest ever foreign currency bond issuance from India and first ever 40-year tranche by a BBB private sector corporate from Asia ex-Japan," it said.

### **BANKS' ASSET QUALITY AT RISK FROM COVID- 19 THIRD WAVE, SAYS ICRA**

The asset quality of Indian lenders, especially the restructured loan book, is at risk from a potential third wave of COVID-19, ICRA Ratings said in a report. "With the increased spread of the new variant Omicron, there is a high possibility of the occurrence of a third wave," said Anil Gupta, Vice President, Financial Sector Ratings, and ICRA Ratings. "As banks restructured most of these loans with a moratorium of up to 12 months, this book is likely to start exiting the moratorium from Q4 FY2022 and Q1 FY2023," he noted.

## **“Changing Dynamics of the New Development Bank”**

The inclusion of Egypt recently to the league of the new entrants of the New Development Bank, expands the horizon of NDB. After a round of successful negotiations, NDB started expanding its membership in September 2021 with the admission of Bangladesh, United Arab Emirates (UAE) and Uruguay. Egypt is the fourth new member admitted into NDB, further expanding the Bank’s global outreach.

### **About New Development Bank (NDB)**

1. NDB is a multilateral development bank. It was jointly founded by the BRICS countries in 2014, at the 6th BRICS Summit in Fortaleza, Brazil. But it was formally opened on July
2. The bank was set to support the infrastructure and sustainable development efforts in BRICS grouping and other underserved & emerging economies for a faster development through cutting-edge technology and innovation. Its headquarter is at Shanghai, China.
3. NDB had received observer status in the United Nations General Assembly, thus, it established a firm basis for active and fruitful cooperation with the UN.



### **NDB as a paradigm shift**

The extent to which the NDB BRICS can be considered an alternative to the World Bank is analysed through first defining which criteria must be met for a Multilateral Development Bank to be effective in the current system, and then comparing how the two banks fulfill these criteria to measure their operational effectiveness. A qualitative approach allows an understanding of the ways in which the NDB BRICS differs from the well-established World Bank in terms of size, financial capabilities, organisational structure, and interaction with other development organisations. However, the differences, it is argued, are not as ground breaking as they may first seem. It is postulated that the NDB BRICS offers a continuation of the trends, shifts, and movements seen in the Multilateral Development Banks which came before. The NDB BRICS thus provides a substitute in choice to the World Bank, and plays a complimentary role in the system it so strongly objected to at its establishment. The BRICS countries account for 40 percent of the world’s population and have accounted for a large share of world economic growth mainly due to China’s and India’s high growth rates. It is also largely thanks to the economic rise of these two countries that absolute poverty has decreased globally. Today, BRICS accounts for around 23 percent of the world’s domestic product .

### **How this move will benefit Egypt?**

1. The NDB will provide a new platform to Egypt, for fostering cooperation with BRICS countries on infrastructure and sustainable development.
2. NDB will also help Egypt in engaging with other emerging economies and developing countries.

### **Way Forward**

Egypt is a very large market with ambitious development plans to expand urban development and infrastructure via projects in various fields. The big confidence in the strength and flexibility of the Egyptian economy and its ability to absorb shocks and achieve high growth rates, especially after the government's implementation of economic reform measures. Egypt has enormous investment opportunities in various fields, as well as a large and open market, not only at the local level, but it's also connected with the African, Arab and European markets.



## IPO WATCH: VEEDA CLINICAL RESEARCH

### ABOUT THE COMPANY

Veeda Clinical Research is one of the largest independent full-service clinical research organizations (“CRO”) in India as of March 31, 2020, based on revenue (Source: F&S Report). With over 16 years of expertise, they have collaborated with members of the pharmaceutical industry all around the world to provide effective clinical research solutions. Veeda Clinical Research has evolved from a single facility in 2004 to four now, with the capacity to process one lakh samples each month. The firm specializes in Bio Availability/Bio Equivalence (BA/BE) investigations. Aside from BA/BE testing, it provides a wide range of services across most parts of the drug development and drug-launch value chain in global markets such as North America, Europe, and Asia. In FY21, it executed research for 157 clients, including Dr. Reddy's, Mankind Pharma, Granules India, and Novugen Pharma. Veeda Clinical Research had completed over 3,500 studies and created over 1,000 bio-analytical procedures spanning generics as of March 2021. It has also completed over 85 global inspections with regulatory bodies such as the USFDA, the UK -MHRA, WHO, ANVISA, DGCI, and the EMA.



### FINANCIAL HIGHLIGHTS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>TOTAL ASSETS</b>	<b>285.55</b>	<b>181.54</b>	<b>133.7</b>
<b>TOTAL REVENUE</b>	<b>195.81</b>	<b>151.27</b>	<b>218.44</b>
<b>PROFIT AFTER TAX</b>	<b>63.29</b>	<b>0.43</b>	<b>52.62</b>

*All values are in Rs. Cr.*

### IPO DETAILS:

Veeda Clinical Research announced on Wednesday (September 29, 2021) that it has filed a draft red herring prospectus (DRHP) with capital markets regulator Securities and Exchange Board of India (Sebi) in preparation for the launch of its first public offering (IPO). The Clinical Research Organization's IPO would include new equity shares valued up to Rs 331.60 crore and a Rs 500 crore offer for sale (OFS) by the promoters and current shareholders. CX Alternative Investment Fund (up to Rs 8.08 crore), Arabelle Financial Services Limited (up to Rs 90.19 crore), Bondway Investment Inc. (up to Rs 259.77 crore), Stevey International Corporation (up to Rs 0.04 crore), and Basil Private Limited (up to Rs 141.93 crore) are among the investors in the OFS. The issue's book running lead managers are SBI Capital Markets Limited, ICICI Securities Limited, JM Financial Limited, and Systematix Corporate Services Limited. The company got approval to launch IPO by SEBI in December 2021. The shares will be listed at both National Stock Exchange as well as Bombay Stock Exchange. The IPO launch date, allotment and listing date are yet to be announced by the company. The lot size will also be revealed in due time.

### OBJECTIVES OF THE IPO:

The net proceeds of the new issuance will be used to repay debt, fund capital expenditure, invest in/fund additional acquisitions by subsidiary Bioneds, fund working capital requirements, and for general corporate reasons.



## MARKET EFFICIENCY

An **informationally efficient capital market** is one in which the current price of a security fully, quickly, and rationally reflects all available information about that security. This is really a statistical concept. An academic might say, “Given all available information, current securities prices are unbiased estimates of their values, so that the expected return on any security is just the equilibrium return necessary to compensate investors for the risk (uncertainty) regarding its future cash flows.” This concept is often put more intuitively as, “You can’t beat the market.”

In a perfectly efficient market, investors should use a **passive investment** strategy (i.e., buying a broad market index of stocks and holding it) because **active investment** strategies will underperform due to transactions costs and management fees. However, to the extent that market prices are inefficient, active investment strategies can generate positive risk-adjusted returns.

One method of measuring a market’s efficiency is to determine the time it takes for trading activity to cause information to be reflected in security prices (i.e., the lag from the time information is disseminated to the time prices reflect the value implications of that information). In some very efficient markets, such as foreign currency markets, this lag can be as short as a minute. If there is a significant lag, informed traders can use the information to potentially generate positive risk-adjusted returns.

Note that market prices should not be affected by the release of information that is well anticipated. Only new information (information that is unexpected and changes expectations) should move prices. The announcement that a firm’s earnings were up 45% over the last quarter may be good news if the expected increase was 20%. On the other hand, this may be bad news if a 70% increase was anticipated or no news at all if market participants correctly anticipated quarterly earnings.

Markets are generally neither perfectly efficient nor completely inefficient. The degree of informational efficiency varies across countries, time, and market types. The following factors affect the degree of market efficiency.

**Number of market participants.** The larger the number of investors, analysts, and traders who follow an asset market, the more efficient the market. The number of participants can vary through time and across countries. For example, some countries prevent foreigners from trading in their markets, reducing market efficiency.

**Availability of information.** The more information is available to investors, the more efficient the market. In large, developed markets such as the New York Stock Exchange, information is plentiful and markets are quite efficient. In emerging markets, the availability of information is lower, and consequently, market prices are relatively less efficient. Some assets, such as bonds, currencies, swaps, forwards, mortgages, and money market securities that trade in over-the-counter (OTC) markets, may have less available information.

Access to information should not favor one party over another. Therefore, regulations such as the U.S. Securities and Exchange Commission’s Regulation FD (fair disclosure) require that firms disclose the same information to the public that they disclose to stock analysts. Traders with material inside information about a firm are prohibited from trading on that information.

**Impediments to trading. Arbitrage** refers to buying an asset in one market and simultaneously selling it at a higher price in another market. This buying and selling of assets will continue until the prices in the two markets are equal. Impediments to arbitrage, such as high transactions costs or lack of information, will limit arbitrage activity and allow some price inefficiencies (i.e., mispricing of assets) to persist.

Short selling improves market efficiency. The sales pressure from short selling prevents assets from becoming overvalued. Restrictions on short selling, such as an inability to borrow stock cheaply, can reduce market efficiency.

**Transaction and information costs.** To the extent that the costs of information, analysis, and trading are greater than the potential profit from trading misvalued securities, market prices will be inefficient. It is generally accepted that markets are efficient if, after deducting costs, there are no risk-adjusted returns to be made from trading based on publicly available information.

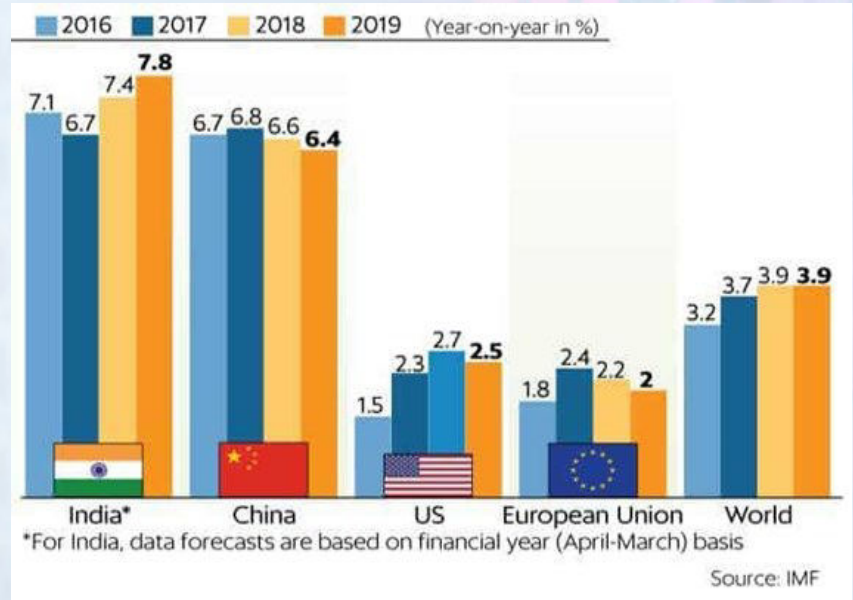


## INDIA AS ASIA'S SECOND LARGEST ECONOMY

India is expected to overtake Japan as Asia's second-largest economy by 2030, when its GDP is expected to surpass that of Germany and the United Kingdom to become the world's No. 3, according to IHS Market.

India is currently the world's sixth largest economy, behind the United States, China, Japan, Germany, and the United Kingdom.

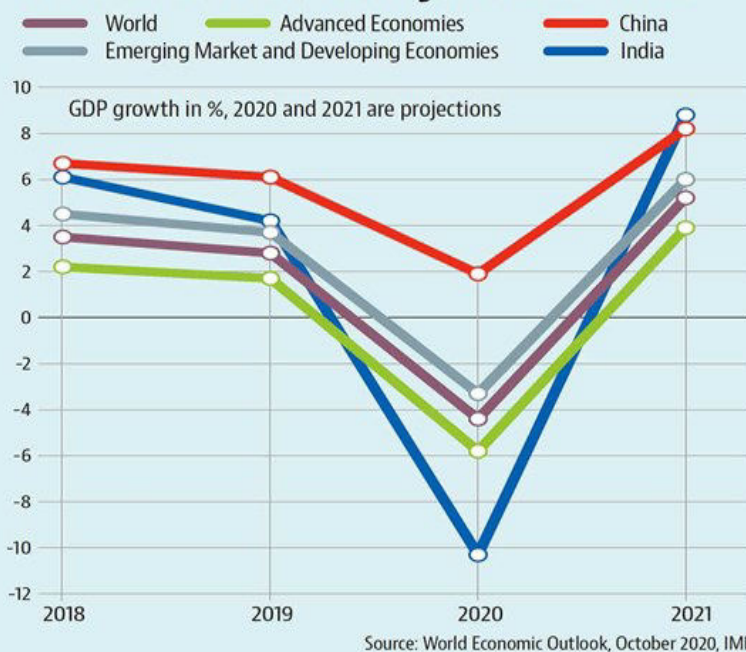
The nominal GDP of India is expected to increase from \$2.7 trillion in 2021 to \$8.4 trillion in 2030. By 2030, India's GDP will have surpassed that of Japan, making it the second-largest economy in the Asia-Pacific region. The Indian economy will also be greater than the main Western European economies of Germany, France, and the United Kingdom by 2030.



A number of significant growth drivers boost the Indian economy's long-term prospects.

"A significant positive element for India is its big and rapidly increasing middle class, which is helping to increase consumer spending," according to IHS Markit, which predicts that the country's consumption expenditure would double from \$1.5 trillion in 2020 to \$3 trillion in 2030.

### How Covid-19 hit major economies



According to IHS Markit, India's real GDP growth rate for the whole fiscal year 2021-22 is expected to be 8.2%, rebounding from a severe drop of 7.3 percent year-on-year in 2020-21. The Indian economy is expected to develop at a healthy pace of 6.7 percent in the fiscal year 2022-23. India has become an increasingly important investment destination for multinationals in several areas, including manufacturing, infrastructure, and services, due to its quickly rising consumer market and massive industrial sector.



# TEAM FINARTHA

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**BATCH 2020-22 & 2021-23**

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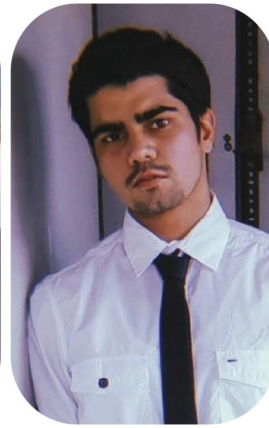
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**Joy  
Dutta**



**Megha Poddar**



**Rahul  
Dhankhar**



**Navin  
Srivastava**



**SHREYAS  
TEWARI**



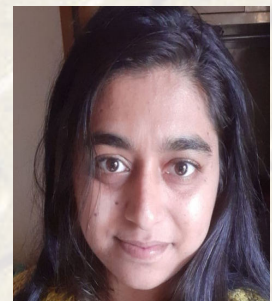
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