FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

MDI MURSHIDABAD | Management Development Institute

WEEKLY FINANCIAL MAGAZINE FOR THE STUDENTS OF MDIM

FINARTHA

THE FINANCE CLUB OF MDIM

FIN-O-DATE

THE FINANCE MAGAZINE

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.

FINAऱTHA

MDI MURSHIDABAD | Management Development Institute

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JANUARY 23, 2022

ISSUE– 113

TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
Bajaj Auto	3308.75	3419.80	3.36	3473.95/3270.00
HUL	2261.80	2325.40	2.81	2334.35/2250.00
Maruti Suzuki	8036.35	8189.60	1.91	8244.00/7856.05
Hero Motocorp	2709.45	2750.10	1.50	2777/2657.25
Nestle	18734.10	18974.25	1.28	19062.25/18610.05

INDEX

- **SENSEX** 59037.18
- **NIFTY 50** 17617.15
- **NASDAQ** 13768.92
- **DOWJONES** 34265.37

CURRENCY

- **USD/INR** ₹ 74.42
- **GBP/INR** ₹ 100.88
- **YEN/INR** ₹ 0.65
- **EURO/INR** ₹ 84.45

LATEST BY:
Jan 23, 2022

TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Bajaj Finserv	17258.95	16335.20	5.35	17095.00/16220.00
Tech Mahindra	1666.90	1593.55	4.40	1653.00/1588.85
Shree Cements	26072.35	25037.20	3.97	25885.00/24811.55
Coal India	165.05	158.75	3.82	163.30/157.50
Divis Labs	4329.75	4179.40	3.47	4328.30/4137.80

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Cipla	BUY	860	960	980	830
Ramco Cement	BUY	940	1020	1050	920
IOC	BUY	120	135	140	115

Market Watch

- FIIs & DIIs both sold stocks in Indian Stock Market in last week.
- Nifty Pharma could be bullish for next week.
- High Liquidity in Stock Market.
- NIFTY forms DOJI which shows indecision.

WHAT'S BREWING IN THE MARKET?

INDIA AIMING AT $500 BILLION EXPORTS FOR FY23: DGFT OFFICIAL

A top government official stated on Friday that India has set a target of $500 billion in exports for the fiscal year 2022-23, claiming that the COVID-19 epidemic has taught the country to rethink global commerce. Exports reached $37.8 billion in December 2021, the highest monthly total ever, according to Additional DGFT Amiya Chandra at a webinar hosted by the Bengal Chamber of Commerce and Industry. "For the current fiscal year, we are on track to reach $400 billion. The country's exports have totaled $301.38 billion so far in the first nine months "he stated India is aiming for $1 trillion in exports by 2027, according to Chandra. "The fear that COVID-19 would result in a substantial drop in international commerce has proven to be unfounded. The epidemic, on the other hand, has taught us to rethink global commerce "he stated According to a Directorate General of Foreign Trade official, the fulcrum of international trade has shifted from Europe and the United States to Southeast Asia. He also stated that the world is shifting away from multilateral trade agreements toward bilateral accords, and that India is currently negotiating six FTAs. Artificial intelligence and other types of technology, according to Chandra, will become increasingly essential in trade problems in the future. He stated that a separate platform for MSMEs will be established soon.

RETAIL INFLATION FOR FARM, RURAL WORKERS RISE TO 4.78%, 5.03% IN DECEMBER

According to government data released on Thursday, retail inflation for agricultural and rural employees jumped to 4.78 percent and 5.03 percent in December 2021, respectively, owing to rising prices for some food goods. "In December 2021, the point-to-point rate of inflation based on the CPI-AL (consumer price index for agricultural labor) and CPI-RL (rural laborers) stood at 4.78 percent and 5.03 percent, respectively, compared to 3.02 percent and 3.38 percent in November 2021 and 3.25 percent and 3.34 percent in the corresponding month of the previous year (December 2020)," according to a labor ministry statement. In December 2021, food inflation was 2.99 percent (farm labor) and 3.17 percent (rural labor), compared to 0.88 percent and 1.07 percent in November 2021, and 2.97 percent and 2.96 percent in the same month in 2020. Agricultural and rural laborers' All-India Consumer Price Index numbers grew by 5 points each in December 2021, to 1,097 and 1,106 points, respectively.

INDIA RATINGS PROJECTS ECONOMY TO GROW AT 7.6% IN FY23

According to India Ratings and Research, the country's GDP is expected to rise 7.6% year on year in 2022-23. The Indian economy will exhibit a considerable increase after a two-year hiatus, according to the agency, with real GDP in 2022-23 predicted to be 9.1% higher than in 2019-20. (pre-COVID level). "However, the Indian economy would be 10.2 percent less in FY23 than the FY23 GDP trend figure. In a study, the agency assessed that persistent weakness in private consumption and investment demand contributed 43.4 percent and 21%, respectively, to the gap.

FDI FLOWS TO INDIA SLIP 26% IN 2021: UN REPORT

According to the UN trade authority, FDI flows to India in 2021 were 26% lower than in 2020, owing to significant mergers and acquisitions that were not replicated. According to the UN Conference on Trade and Development (UNCTAD) Investment Trends Monitor released on Wednesday, worldwide foreign direct investment flows increased by 77% to USD 1.65 trillion in 2021, up from USD 929 billion in 2020, exceeding its pre-COVID-19 level. According to the survey, developed economies witnessed the most significant increase, with FDI reaching an expected USD 777 billion in 2021, up from an extremely low level in 2020.

"A boost for 'less cash' by RBI"

The expansion of digital payments in India has been phenomenal. We now see digital payment methods being employed not only in malls and kirana stores, but also in roadside tea booths, cafes, and vegetable vendors. As a result of its rapid acceptance, India now boasts the biggest amount of digital payment transactions in the world, surpassing other countries.

The widespread availability of enabling infrastructure, which includes mobile phones, telecom networks, merchant acceptance modes, product innovation such as UPI and national QR codes, and incentives such as fee waivers, discounts, and rewards, among other things, has accelerated digital-transaction adoption. Of course, the pandemic functioned as a catalyst, causing people to adjust their behaviour. As a result, the number of digital payments in the country has increased significantly.

However, the country's goal of creating a cashless society is still a long way off. In fact, over the last few years, both cash in circulation and cash as a percentage of GDP have increased. While the majority of e-commerce purchases are paid for digitally in Tier-1 cities, the situation is reversed in Tier 4 cities, where the majority of such transactions are still paid for using cash. There are various reasons for the widespread usage of cash, including a lack of consistent and stable internet connectivity, acceptance infrastructure availability, customer service (particularly in the case of disputes, scams, and other issues), and the need for anonymity. We've seen a lot of attempts to address these needs, ranging from client protection to the creation of the Payment Infrastructure Development Fund.

The Reserve Bank of India's (RBI) recent circular allowing Small Value Digital Payments in Offline Mode is one such initiative in this area, and it is intended to drive innovation in order to enable digital payments when internet connections are unreliable or even non-existent. Prior to the current circular, a client purchasing milk from a roadside booth in a Tier 4 town could have had difficulty completing a digital payment. Due to a shaky network connection, she may have to deal with the transaction failing to start or dropping in the middle. In addition, she occasionally noticed her account being debited without the stall owner receiving the full amount of the transaction. Any such event not only encourages her to use cash, but also causes her to change her behaviour in subsequent similar situations. The new circular enables payment system operators to provide a convenient, low-value-payment acceptance method not only in the aforementioned situations, but also in regions where network connectivity is unavailable. The offline mode can only be enabled with the user's permission, and the payment service provider (PSP) must put in place protections to protect the customer.

The offline mode is only available in proximity (face to face) mode, and it can be utilised for transactions worth up to '200 with a maximum transaction value of Rs 2,000. Only in the online mode with two-factor authentication can the cumulative limit be reset (or AFA, like an OTP). There's no need to send alerts for every transaction right away. However, as soon as PSP receives the transacted amount, an alert must be sent, and an alert might include numerous transactions, however each transaction must be adequately stated. The circular allows such transactions to be made with cards without requiring the use of the contactless (NFC) transaction channel, enabling for use of a substantial portion of the card infrastructure that does not enable contactless payments. Allowing offline mode will drive payment sector innovation, allowing for digital payment alternatives that do not require internet access.

Unique services include SIM-overlay solutions that can even enable additional capabilities on basic mobile phones to safely trade, as well as innovative offerings employing Secure Element (SE), which is contained in every mobile phone SIM. SIM-overlay solutions can be used to replenish the cumulative limit for offline transactions by enabling end-to-end encryption over USSD/ SMS messages, which do not require internet connectivity. A good use case for offline payment mode would be a circumstance that requires low-value, instant transactions, such as reloadable wallets/cards for rapid ticketing on mass transportation systems or multi-use city cards/wallets.

However, it is critical that the RBI circular's recommended precautions and client protection policies be properly followed so that the programme does not cause customer discomfort. In this context, advertising should be launched to raise client knowledge of the protective features and benefits.

Another advantage of the offline transaction mode that might be investigated is the lowering of real-time demand on central systems. As the country implements more digital payments, such controls will become increasingly vital in reducing concentration hazards.

IPO WATCH: ABANS HOLDINGS LTD.

ABOUT THE COMPANY

Abans Holdings, the Abans Group's financial services arm, operates a diversified global financial services business that offers corporate, institutional, and high-net-worth individual clients NBFC services, global institutional trading in equities, commodities, and foreign exchange, private client stockbroking, depositary services, asset management services, investment advisory services, and wealth management services. It is an RBI-registered non-deposit taking financial institution that focuses on lending to individual traders and other small and medium firms in the commodities trading industry. It is also a SEBI-registered Stock and Commodity Exchange Broker with memberships on all of India's major stock exchanges, as well as an FCA-registered financial services firm in London, that provides institutional and non-institutional trading, wealth management, and private client brokerage services, primarily in equity, commodities, and foreign exchange. It presently operates in six countries: the United Kingdom, Singapore, the United Arab Emirates, China, Mauritius, and India. They are members of the London Metal Exchange (LME), the Dubai Gold & Commodities Exchange (DGCX), the Dalian Commodity Exchange (DCE), and the Shanghai International Energy Exchange (INE), as well as India's BSE, NSE, MSEI, NCDEX, ICEX, MCX, and IIEL.

FINANCIAL HIGHLIGHTS

	2021	2020	2019
TOTAL ASSETS	1181.73	1213.05	1086.15
REVENUE	1325.51	2765.21	4371.37
PAT	42.03	34.88	35.33

All values are in Rs. Cr.

IPO DETAILS:

Abans Holdings filed preliminary paperwork with capital markets regulator SEBI in September 2021 to raise money through an initial public offering (IPO). According to the draft red herring prospectus, the initial share-sale would include a fresh issue of up to 38 lakh equity shares and an offer for sale of up to 90 lakh equity shares by promoter Abhishek Bansal (DRHP). Bansal now owns 96.45% of the company, and after the IPO, he will own 71.19 percent of the company. A pre-IPO placement of up to 2.5 lakh equity shares is being considered by the firm. If the placement is completed, the size of the new issue will be lowered. The issue's only book-running lead manager is Aryaman Financial Services. The shares of the Abans holding Ltd. will be listed on both National stock exchange as well as Bombay Stock Exchange. The issue opening, allotment and listing date are yet to be disclosed by the company.

OBJECTIVES OF THE IPO:

The proceeds from the new issuance will be used to invest in its NBFC subsidiary, Abans Finance, to fund the expansion of its capital base in order to meet future capital requirements, as well as for general corporate reasons.

EQUITY VALUATION MODEL

Analysts use a variety of models to estimate the value of equities. Usually, an analyst will use more than one model with several different sets of inputs to determine a range of possible stock values.

In **discounted cash flow models** (or **present value models**), a stock's value is estimated as the present value of cash distributed to shareholders (*dividend discount models*) or the present value of cash available to shareholders after the firm meets its necessary capital expenditures and working capital expenses (*free cash flow to equity models*).

There are two basic types of **multiplier models** (or **market multiple models**) that can be used to estimate intrinsic values. In the first type, the ratio of stock price to such fundamentals as earnings, sales, book value, or cash flow per share is used to determine if a stock is fairly valued. For example, the price to earnings (P/E) ratio is frequently used by analysts.

The second type of multiplier model is based on the ratio of **enterprise value** to either earnings before interest, taxes, depreciation, and amortization (EBITDA) or revenue. Enterprise value is the market value of all a firm's outstanding securities minus cash and short-term investments. Common stock value can be estimated by subtracting the value of liabilities and preferred stock from an estimate of enterprise value.

In **asset-based models**, the intrinsic value of common stock is estimated as total asset value minus liabilities and preferred stock. Analysts typically adjust the book values of the firm's assets and liabilities to their fair values when estimating the market value of its equity with an asset-based model.

Cash dividends, as the name implies, are payments made to shareholders in cash. They may be regularly scheduled dividends or one-time special dividends. **Regular dividends** occur when a company pays out a portion of profits on a consistent schedule (e.g., quarterly). A long-term record of stable or increasing dividends is widely viewed by investors as a sign of a company's financial stability. **Special dividends** are used when favorable circumstances allow the firm to make a one-time cash payment to shareholders, in addition to any regular dividends the firm pays. Many cyclical firms (e.g., automakers) will use a special dividend to share profits with shareholders when times are good but maintain the flexibility to conserve cash when profits are poor. Other names for special dividends include *extra dividends* and *irregular dividends*.

Stock dividends are dividends paid out in new shares of stock rather than cash. In this case, there will be more shares outstanding, but each one will be worth less. Total shareholders' equity remains unchanged. Stock dividends are commonly expressed as a percentage. A 20% stock dividend means every shareholder gets 20% more stock.

Stock splits divide each existing share into multiple shares, creating more shares. There are now more shares, but the price of each share will drop correspondingly to the number of shares created, so there is no change in the owner's wealth. Splits are expressed as a ratio. In a 3-for-1 stock split, each old share is split into three new shares. Stock splits are currently more common than stock dividends.

Reverse stock splits are the opposite of stock splits. After a reverse split, there are fewer shares outstanding but there is a higher stock price. Because these factors offset one another, shareholder wealth is unchanged.

A **share repurchase** is a transaction in which a company buys outstanding shares of its own common stock. Share repurchases are an alternative to cash dividends as a way of distributing cash to shareholders, and they have the same effect on shareholders' wealth as cash dividends of the same size. A company might repurchase shares to support their price or to signal that management believes the shares are undervalued. Share repurchases may also be used to offset an increase in outstanding shares from the exercise of employee stock options. In countries that tax capital gains at lower rates than dividends, shareholders may prefer share repurchases to dividend payments as a way to distribute cash to shareholders.

YES BANK Q3 RESULTS

YES Bank, a private lender, reported a 77 percent year-on-year (YoY) increase in net profit for the December quarter, to Rs 266 crore, compared to Rs 151 crore in the same quarter last year. The bank was widely expected to disclose losses for the quarter, according to analysts.

Provisions for the quarter fell by 82.1 percent year on year to Rs 375 crore, down from Rs 2,089 crore the previous quarter. The bank's net interest income (NII) fell by 31% year on year to Rs 1,764 crore from Rs 2,560 crore the previous quarter. The net interest margin (NIM) for the quarter was 2.4 percent, up from 2.2 percent in September and 3.4 percent in the previous quarter.

Financial Highlights from Q3FY22 Results:

P & L Highlights					
(INR in Crores)	Q3FY22	Q2FY22	Growth %	Q3FY21	Growth %
Net Interest Income	1,764	1,512	16.6%	2,560	-31.1%
Non-Interest Income	734	778	-5.7%	1,087	-32.5%
Total Net Income	2,498	2,290	9.1%	3,648	-31.5%
Operating Profit/ (Loss)	731	678	7.7%	2,176	-66.4%
Provision	375	377	-0.7%	2,089	-82.1%
Profit / (Loss) after Tax	266	225	18.2%	151	76.8%
Basic EPS (INR)	0.11	0.09	18.1%	0.06	76.8%
Key P & L Ratios					
Return on Assets [1]	0.4%	0.3%		0.2%	
Return on Equity [1]	3.2%	2.7%		1.6%	
NIM	2.4%	2.2%		3.4%	
Cost to Income Ratio	70.7%	70.4%		40.4%	
Non-Interest Income to Total Income	29.4%	34.0%		29.8%	

The bank's cost of funds was 5.1 percent, down from 5.4 percent in the previous quarter and 6.1 percent in the same period last year. The gross non-performing asset (GNPA) ratio dropped sequentially to 14.7% from 15% in the September quarter, owing to lower slippages of Rs 978 crore (versus Rs 1,783 crore in Q2FY22).

The provision coverage ratio for nonperforming assets (NPAs) was 79.3%. The bank stated in a BSE statement that the resolution momentum maintained during the quarter, with Rs 610 crore in cash recoveries and Rs 573 crore in upgrades. For the first time since the September quarter of 2019, the balance sheet surpassed Rs 3 lakh crore. According to the bank, it was up about 6% sequentially. According to the lender, granularity continued to improve, with the retail: corporate mix at 57:43, up 300 basis points sequentially. The CASA ratio was 30.4 percent, up 100 basis points from the previous month. Retail disbursements totalled Rs 9,313 crore in the third quarter, with SME disbursements at Rs 4,940 crore and wholesale disbursements at Rs 4,760 crore.

Balance Sheet Highlights					
(INR in Crores)	31-Dec-21	30-Sep-21	*Growth % (q-o-q)*	31-Dec-20	*Growth % (y-o-y))*
Advances	176,241	172,839	2.0%	169,721	3.8%
Deposits	184,288	176,672	4.3%	146,233	26.0%
Shareholders' funds	33,873	33,608	0.8%	36,956	-8.3%
Total Capital Funds	40,690	40,294	1.6%	46,606	-12.2%
Total Balance Sheet	**304,597**	**288,523**	**5.6%**	**260,062**	**17.1%**
Key Balance Sheet Ratios					
Capital Adequacy	17.7%	17.6%		19.6%	
CET I Ratio	11.6%	11.5%		13.1%	
Book Value per share (INR)	13.5	13.4		14.8	
Gross NPA	14.7%	15.0%		15.4%	
Net NPA	5.3%	5.5%		4.0%	
Provision Coverage Ratio (*including technical write-offs*)	79.3%	78.9%		81.5%	
Total Gross Restructured Loans [2]	6,878	6,184		1,523	
Security Receipts (Net)	1,045	1,417		1,492	
CASA Ratio	30.4%	29.4%		26.0%	
Average LCR	123.8%	117.6%		111.2%	

In December, the number of new CASA accounts opened in a month surpassed 1 lakh, according to YES Bank. Since March 31, 2021, the bank has opened 22 new branches and added 1,065 employees. During the quarter, the bank completed the sale of YES AMC.

TEAM FINARTHA

The FINANCE CLUB OF MDIM

BATCH 2020-22 & 2021-23

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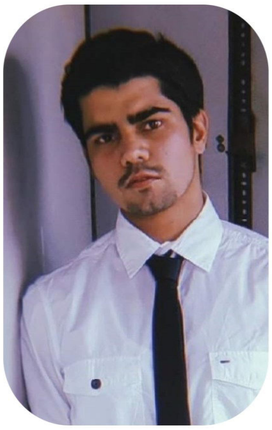

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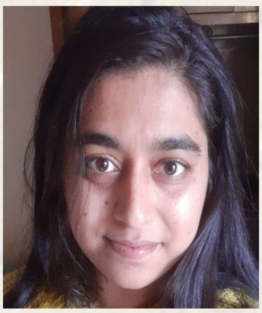
SHREYAS TEWARI

ADARSHA NAMAN

MOHAMMAD TABISH

SHUBH TANEJA



SHIVANI TRIPATHI