

# 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

FEBRUARY 13, 2022

ISSUE- 116

#### INDEX

- SENSEX **58125.92**
- NIFTY 50 **17374.75**
- NASDAQ **14196.15**
- DOWJONES **35241.59**

#### CURRENCY

- USD/INR ₹ **75.55**
- GBP/INR ₹ **102.33**
- YEN/INR ₹ **0.65**
- EURO/INR ₹ **85.73**

LATEST BY:  
Feb 13, 2022

#### TOP GAINERS

Securities	Prev closing	Closing Price	Percentage increase	High/Low
IOC	119.95	122.10	1.79	122.65/119.05
IndusInd Bank	972.35	977.00	0.48	990.00/954.55
TATA Steel	1248.35	1251.80	0.28	1264.95/1233.10
NTPC	136.45	136.70	0.18	137.70/134.45
BPCL	369.65	369.80	0.04	374.50/365.00

#### TOP LOSERS

Securities	Prev closing	Closing Price	Percentage decrease	High/Low
Grasim	1768.56	1708.60	3.39	1760.00/1702.00
TECHM	1468.50	1423.65	3.05	1449.95/1421.00
INFY	1769.60	1719.65	2.82	1745.95/1713.00
UPL	770.10	751.35	2.43	766.95/750.00
HCLTECH	1190.35	1161.95	2.39	1179.00/1158.05

#### TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	TARGET 2	STOP LOSS
Reliance	BUY	2300	2500	2550	2200
Ramco Cement	BUY	800	950	1050	780
HCL Tech	BUY	1080	1200	1250	1050

#### 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.

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?**

### **CRYPTOS ARE A THREAT TO FINANCIAL STABILITY: DAS**

RBI Governor Shaktikanta Das on Thursday said that cryptocurrencies were threat to the country's financial stability and had no underlying value. "Investors in cryptocurrencies, when they are in vesting, should keep in mind that whatever they are investing is at their own risk. They should also keep in mind that cryptocurrencies have no underlying [asset], not even a tulip." The tulip reference is to a 17th-century market bubble when investors bet on the price of tulip bulbs. "Private cryptocurrency or whatever the name you call [it by] is a big threat to our macroeconomic and financial stability," Mr. Das said in response to a question on cryptocurrencies at a post-monetary policy press conference. Mr. Das said the RBI was working carefully to introduce its own Central Bank Digital Currency (CBDC). "We are making progress on CBDC after... cautiously examining it because there are risks," he added.

### **EXPECT AN INCREASE IN TELECOM TARIFFS IN 2022: BHARTI'S VITTAL**

Another round of telecom tariff increases is likely in 2022, Gopal Vittal, MD and CEO (India and South Asia), Bharti Airtel, said on Wednesday, adding that the company would not hesitate to be the first to make a move in this direction. "I do expect a tariff hike sometime in 2022. I don't think it's going to happen for the next three to four months... of course, it's got to be determined by the competitive dynamic and by what happens to the other players, but we wouldn't hesitate to lead it just as we have as we've done in the recent past," Mr. Vittal said on an analysts' call. Bharti Airtel had in November raised prepaid tariffs by up to 25%. Noting that the pricing in India was 'abysmally low' when compared with other markets, including sub-Saharan Africa, Bangladesh or Indonesia, Mr. Vittal added

### **BUDGET CAPEX NOT AS HIGH AS IT SOUNDS: CRISIL**

Credit rating agency Crisil on Wednesday said that the capital expenditure spelt out in the FY23 Union Budget was "not as high as it sounds". It, however, added that considering that governments usually tend to cut capex during a crisis, the Centre has maintained focus on growth-spurring initiatives amid the pandemic. The research wing of the agency said excluding the 1-lakh crore loans to States for capex included in the headline figure of 7.50 lakh crore or 2.91%, the actual spend in FY23 will dip to 2.58% of GDP, which is barely at par with the revised estimate of FY22. Crisil also pointed out that the overall number showing an increase had been 'offset' via a reduction in internal and extra budgetary resources (IEBR), which bucket funds the capex of central public sector enterprises. The IEBR has been budgeted at 1.82% of GDP, lower than the pre-pandemic average (FY18 to FY20) of 3.33%, it said. The overall central capex for FY22- the sum of effective budgetary capex and IEBR-would remain at 5.96% of GDP, the same as pre-pandemic average between FY18 and FY20.

### **SUNDARAM FASTENERS Q3 NET DIPS 17% AS COSTS RISE**

Sundram Fasteners Ltd. (SFL) reported standalone net profit for the third quarter ended December slid 16.8% to 103.34 crore on an increase in commodity prices and logistics costs. Revenue from operations rose 8.7% to 1,024 crores. Costs of material consumed increased by 12% and total expenditure rose by 14%, it said in a regulatory filing. "The increase in commodity prices, as well as the costs of logistics and other inputs had a significant impact on the margins, which was mitigated through cost reduction measures and price from the customers," SFL said. SFL said it had been able to contain interest cost due to efficient working-capital management and a reduction in average borrowings. Domestic sales volume witnessed a marginal increase of 3.4% to 1658 crore while export volume grew by 21.2% to 336 crores. The company's board declared an interim dividend of 36.45 per share.

## *“Can NEO-Banks be the torch-bearer of the New Age Banking in India?”*

Neo bank is a new concept emerging in Indian Banking Sector, which will be operated completely through online mode using “Information technology” and “Artificial Intelligence”. Neo banks are coming up with more customer satisfaction, customer convenience, speedy customer service and transparency. Neo banks are mainly non-banking service provider providing banking services with an ultimate safeguard to their customers. The budget of 2021-22 introduces the digital currency of RBI which opens up a new level field for the Neo Banks to function. An establishment of neo banks in India is not so easy because in back 2018, A Reserve bank of India had restricted the trade in crypto currency in all form stating the reason that it is a “threat to security” which result in a temporary halt in coming of neo banking in India. Later, in 2019 Reserve Bank of India has passed circular allowing fin-tech firms to enter in an Indian banking market in a restricted ecosystem with the concept of neo banks.

### **Some Major Difference between Traditional and Neo Banks**

1. Neo bank is completely an online process where all the transaction takes place through online mode via mobile application or through web service; they do not any physical setup for the purpose of providing any services. Whereas traditional have physical setup for providing services
2. Neo banks is a cheaper way to make transaction as compared to traditional bank like there is no monthly charge levied by the neo bank unlike traditional bank. Neo banks do not charge any amount from the customers for keeping money in e-wallet.
3. The major difference between neo bank and traditional bank is that traditional banks have their own license where as neo banks do not have their own license as of now. They have to rely on some licensed partner for providing their services.
4. Neo bank’s services can be availed at any time of the day without any interruption but it is not same with traditional banks
5. Neo bank is completely based on Information Technology and Artificial Intelligence which make the transaction seamless and also keep a watch on customer activity over application which cannot be seen in the case of traditional banks
6. neo bank and digital bank they both look very similar to each other in their activities, in such a way as they both are giving online services to their customer. But there is a slight difference between neo bank and digital bank that is digital bank is an online medium of the traditional bank for providing services whereas neo bank is completely different and entirely based on IT and Artificial Intelligence.

### **Neo Bank Structure**

1. Core Infrastructure: This layer mainly works in backend, as there are multiple bank partners allowing neo banks to render their services. They have payment gateway associated with traditional bank partners.
2. B2B/ B2C Modules: This is the front-end service of a neo bank. It shows the list of services provided by the neo banks to their customers.
3. Customers: Neo banks have larger customer base which under B2B module includes IT Outsourcing Company, Travel Industry, Marketplaces, E-Commerce Sellers, NGOs and Education etc.

Neo bank provides ease of doing banking activities with the help of API, it also ensures fast payment and collection method, financial assistance, investment schemes, cashless environment etc. Neo bank is the future of banking sector. It enables the seamless banking with various services that eliminate the gap between traditional banks and customers. It is very much essential to convert traditional banks into neo bank in the age of digitalization. Neo bank targets SMEs because they are focusing on development of the country at minimum cost. Therefore, neo bank can be suitable banking option for fast payment and collection process and for tax compliances as most of the neo bank also allow customers to file their GST return and other indirect taxes.

According to Digital Evolution Index, “India is among the top nation that has huge potential for digital payment. Cashless society is required and we will be able to achieve it. The aim must go from a cash economy to a less cash economy”







## IPO WATCH: STERLITE POWER

### ABOUT THE COMPANY

Sterile Power is a leading private sector developer and provider of power transmission infrastructure and solutions. It has operations in India as well as Brazil. Through two business segments, Global Infrastructure and Solutions, the firm creates integrated power transmission infrastructure and delivers solution services. It is the largest private player in terms of project portfolio under the inter-state TBCB route, with a market share of 26 percent of transmission projects awarded through the TBCB route and a 13 percent market share of transmission projects auctioned by ANEEL, according to the Brazilian Electricity Regulatory Authority ("ANEEL"). Through two business segments, Global Infrastructure and Solutions, the firm creates integrated power transmission infrastructure and delivers solution services. The Global Infrastructure business unit, which has operations in India and Brazil, bids for designs, constructs, owns, and operates power transmission assets, whereas the Solutions business unit is made up of two sub-units: the products sub-unit, which manufactures and supplies a wide range of products such as high performance power conductors, optical ground wire ("OPGW"), and extra-high voltage ("EHV") cables, and the Master System Integration ("MSI") sub-unit, which integrates power transmission systems.



### FINANCIAL HIGHLIGHTS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>TOTAL ASSETS</b>	6754.27	9145.72	12267.17
<b>TOTAL REVENUE</b>	2092.39	3004.32	3555.01
<b>PAT</b>	870.12	942.97	-524.80

*All values are in Rs. Cr.*

### IPO DETAILS:

Sterlite Power, led by Anil Agarwal, submitted draft documents with the Sebi in August, 2021 to fund roughly Rs. 1,250 crore. The company got the approval from the Securities and Exchange Board of India (SEBI) in December, 2021. A pre-IPO transaction of up to Rs 220 crore may be considered by the firm. The issue size will be lowered if this placement is finished. Agarwal and Twin Star Overseas are promoting Sterlite Power.

The IPO opening date, allotment date and listing date has not declared by the company yet. The firm intends to list its shares on both major stock exchange, i.e. National Stock Exchange as well as Bombay Stock Exchange.

The issue's lead managers are Axis Capital, ICICI Securities, and JM Financial.

### OBJECTIVES OF THE IPO:

The objectives of the IPO are:-

- Prepay/repay all or a portion of the company's dues.
- To further the goals of the company as a whole.

## SECURITIZATION

**Securitization** refers to a process by which financial assets (e.g., mortgages, accounts receivable, or automobile loans) are purchased by an entity that then issues securities supported by the cash flows from those financial assets. The primary benefits of the securitization of financial assets are (1) a reduction in funding costs for firms selling the financial assets to the securitizing entity and (2) an increase in the liquidity of the underlying financial assets.

Consider a bank that makes mortgage loans to home buyers and retains and services these loans (i.e., collects the mortgage payments and performs the necessary recordkeeping functions). To gain exposure to a bank's mortgage loans, investors traditionally could only choose among investing in bank deposits, bank debt securities, or the common equity of banks.

Compared to this traditional structure, with the bank serving the function of financial intermediary between borrowers and lenders, securitization can provide the following benefits:

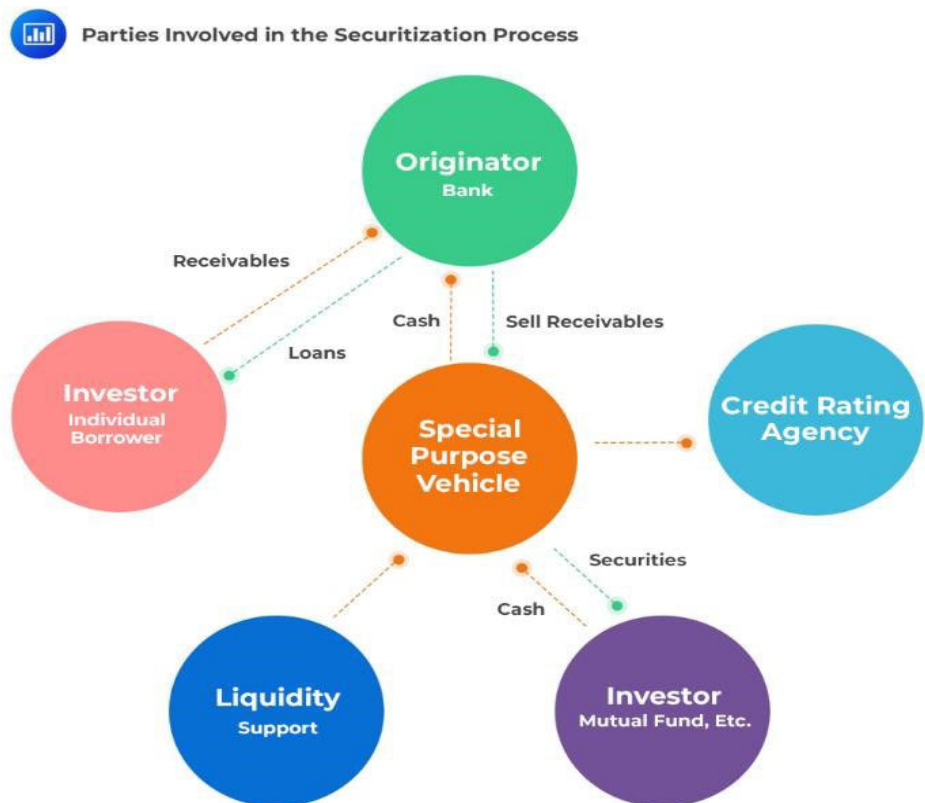
Securitization reduces intermediation costs, which results in lower funding costs for borrowers and higher risk-adjusted returns for lenders (investors).

With securitization, the investors' legal claim to the mortgages or other loans is stronger than it is with only a general claim against the bank's overall assets.

When a bank securitizes its loans, the securities are actively traded, which increases the liquidity of the bank's assets compared to holding the loans.

By securitizing loans, banks are able to lend more than if they could only fund loans with bank assets. When a loan portfolio is securitized, the bank receives the proceeds, which can then be used to make more loans.

Securitization has led to financial innovation that allows investors to invest in securities that better match their preferred risk, maturity, and return characteristics. As an example, an investor with a long investment horizon can invest in a portfolio of long-term mortgage loans rather than in only bank bonds, deposits, or equities. The investor can gain exposure to long-term mortgages without having the specialized resources and expertise necessary to provide loan origination and loan servicing functions. Securitization provides diversification and risk reduction compared to purchasing individual loans (whole loans).





## DIGITALE RUPEE AND THE CASHLESS ECONOMY

Finance Minister Nirmala Sitharaman revealed in the Union Budget that the government was considering implementing its own Central Bank Digital Currency (CBDC) by 2023, or in India's instance, a digital rupee. The declaration appeared to most observers to be a sort of gatekeeper. After all, what is the use of a CBDC in India at this point, when basic financial inclusion, let alone digital banking, has yet to reach the masses. According to a BIS poll of central banks performed in 2021, 86% of the institutions were actively researching the potential for CBDCs, while 60% were experimenting with the technology and 14% were executing trial programmes. It should be noted that, with the exception of China, no other large economy has performed comprehensive trials on CBDC implementation. Singapore, which had been hot on China's tail, appears to have put its intentions to issue a CBDC on hold. Sweden, interestingly, was thought to be seriously considering issuing its own CBDC, an e-krona.

A CBDC provided the perfect justification for many central banks to move to a more acceptable form of electronic currency as the use of paper currency declined. When comparing the scenarios in India and Sweden, bank notes still account for 15% of the money supply in India, whereas they account for only 1.5 percent in Sweden. Despite having floated the notion for more than five years, the Riksbank of the Scandinavian nation is not moving forward on this front.

CBDCs will be structured in such a way that they can be tracked by central banks, as opposed to the anonymity of currency. The elimination of a costly network of intermediaries or correspondent banks that facilitate cross-border transfers could also be on the government's radar. Sending remittances home to Indian individuals working overseas could become more cost-effective and easier as a result of this. Apart from that, conversion of rupees to dollars and vice versa could be easier in international business/e-commerce. The other argument is that India, which is the world's biggest recipient of remittances, might save a lot of money if it routes its transactions through the Nexus project, which is a worldwide network proposed by the

Bank for International Settlements, rather than using a digital rupee. India's projected roll-out of its own CBDC, according to crypto-specialists, is in response to the enormous acceptance of private cryptocurrencies by millions of Indian consumers. However, it is unclear how the government will persuade private crypto users to use the CBDC issued by the RBI.

The digital rupee could be used for a variety of purposes, including programmable payments for subsidies and speedier lending and payments by financial institutions. There is also a case to be made in favour of CBDCs because they may help to increase financial

inclusion among those who do not yet have access to the banking system but are aware of it owing to cell phones. For all intents and purposes, the CBDC might herald a realistic transition to a cashless economy, which was already underway following demonetisation.

Stakeholders continue to believe that the government should take things slowly when it comes to implementing the digital rupee. India should ideally follow the lead of mature economies, which have developed a multi-year strategy for the adoption of digital currencies that considers all risk considerations, including payment system governance and police what is legal and what is not.





# TEAM FINARTHA

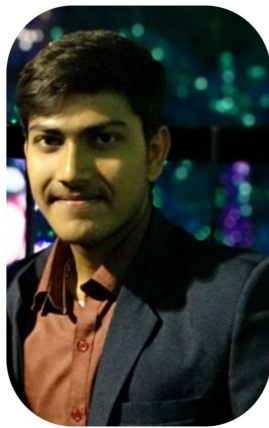
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**BATCH 2020-22 & 2021-23**

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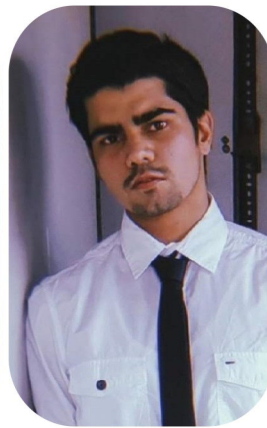
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**Joy  
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**Megha Poddar**



**Rahul  
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