MDI MURSHIDABAD

Management Development Institute

FIN-O-DATE

THE FINANCIAL GAZETTE OF MDIM

Weekly financial magazine for the students of MDIM

FINODATE

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.

Issue -131

TOP GAINERS

INDEX

SENSEX	**60,950.36**
NIFTY 50	**18,117.15**
NASDAQ	**10,475.26**
DOW JONES	**32,403.22**

Securities	Previous Closing	Closing Price	Percentage increase	High/Low
ADANIENT	3590.40	3825.90	6.56%	3849.90/3566.75
HINDALCO	410.35	430.35	4.80%	432.00/412.00
BAJAJFINSV	1732.50	1800.65	4.48%	1805.00/1721.05
JSWSTEEL	680.20	702.60	3.29%	703.95/682.35
ADANIPORTS	833.85	858.80	2.99%	867.00/832.00

TOP LOSERS

CURRENCY

- **USD/INR ₹ 81.98**
- **GBP/INR ₹ 93.28**
- **YEN/INR ₹ 00.56**
- **EURO/INR ₹ 81.67**

Securities	Previous Closing	Closing Price	Percentage increase	High/Low
HEROMOTOCO	2646.35	2598	-1.83%	2637.20/2573.45
DRREDDY	4589.90	4520.00	-1.52%	4600.00/4525.10
CIPLA	1163.10	1146.05	-1.47%	1175.25/1141.00
HINDUNILVR	2546.35	2520.00	-1.03%	2546.00/2515.25
DIVISLAB	3781.45	3743.00	-1.02%	3793.20/3710.80

TAKE-O-TRADE

SPOT	SIGNAL	TAKE AT	TARGET 1	STOP LOSS
HINDUNILVR	Buy	2400	2880	2160
TCS	Buy	3150	3780	2835
TATASTEEL	Buy	100	120	90

Market Watch

- LIC Housing Finance stock comes under pressure on weak Q2 results.
- Tatas to raise Rs 40000 crore from NHB bond market in mega home loan push

FINANCIAL NEWS -NATIONAL

SBI surpasses RIL to become the most profitable firm in Q2 with 14,752 cr net.

State Bank of India, the largest lender in the nation, surpassed Mukesh Ambani's Reliance Industries, which posted net earnings of $13,656 crore, to become the nation's most profitable company in the September quarter of FY23 with a consolidated net income of 14,752 crore. Reliance Industries, which held the title of most profitable corporate entity for decades, lost out to State Bank of India (SBI), which reported net profit of Rs. 13,265 crore on a standalone basis. Reliance also made a loss of Rs. 4,039 crore due to windfall tax on its exports during the quarter. Before taxes, RIL's net income consists of 4,729 crore from Jio Platforms and 4,404 crore from the retail sector. This is only slightly less than the 13,680 crore earned during the same period last year. In contrast, SBI's standalone net increased 74% to 13,256 crore in the July–September quarter, setting a new record for the bank and outpacing all other typically more successful businesses by a significant margin.

BankBazaar.com will become profitable in FY23 and file for an IPO the next year: CEO

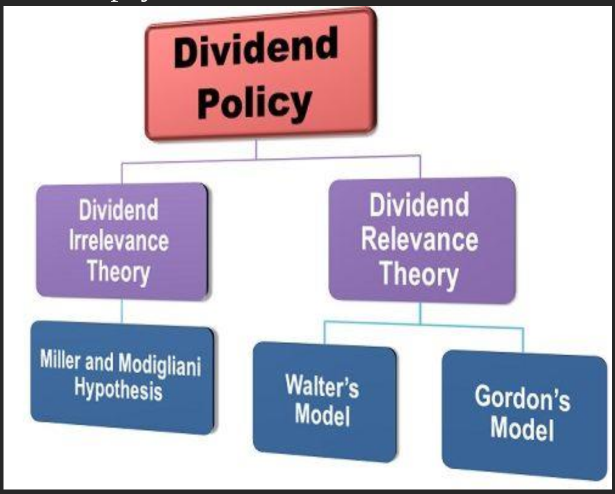
According to founder and CEO Adhil Shetty, BankBazaar.com, which aims to be the most lucrative co-branded credit card network, anticipates turning profitable this fiscal year and intends to file for an IPO by the end of the next year. BankBazaar.com, which was first launched in 2008 as a website for comparing loans, currently primarily operates in the co-branded credit card market and has issued two cards in collaboration with Yes Bank and RBL Bank. The company's top line increased by 85% year over year in the third quarter of FY23, reaching $170 crore in sales. In Q2, the business's credit card sales increased by 115%. "We are pleased to be expanding profitably and to have increased our top line by 85% in the second quarter of FY23. We generated annualised revenue of 170 crore (up by 85% from a year ago) in the second quarter, and in both August and September, we had positive EBITDA "Adhil Shetty, the CEO, stated in a PTI interview. "Therefore, we anticipate that whatever increase we achieved in the second quarter will continue, and this is the growth we hope to achieve for the entire year. And we want to provide in the same manner that we did in August and September. For FY23, we would like to strive for and achieve a full-year profit "He went on to say.

A 101-year-old private bank changes its fixed-rate offerings and now provides up to 7.50% on 750-day terms.

1920 saw the establishment of the Catholic Syrian Bank Limited, or CSB Bank. With 609 branches and 468 ATMs spread throughout 18 states and 2 union territories, it has been in operation for 101 years. The bank has modified the interest rates on fixed deposits under Rs. 2 Cr. as well as savings bank accounts. According to the bank's official website, the new rates are valid as of 02/11/2022. The bank now offers a maximum interest rate of 7.00% on FDs with 555-day maturities, and a maximum interest rate of 6.50% is now applicable to savings accounts as a result of the revision

What Is Dividend Policy?

A company's dividend distribution to shareholders is governed by a dividend policy. Theoretically, according to some experts, the dividend policy is meaningless because investors can sell a piece of their stock portfolio or shares if they need money. Despite claims to the contrary, the dividend programme provides income for stockholders. The biggest shareholders are frequently the company executives, who stand to benefit the most from a high dividend pay-out schedule. The majority of businesses see a dividend policy as being essential to their overall business plan. The size and timing of dividend payments, as well as a number of other parameters, must be decided by management. There are three types of dividend policies—a stable dividend policy, a constant dividend policy, and a residual dividend policy. The simplest and most often employed dividend policy is one that is stable. The strategy is to pay out a consistent and predictable dividend each year, which is what the majority of investors desire. Investors get a dividend whether earnings are up or down. Instead than focusing on the volatility of quarterly earnings, the dividend policy is intended to be in line with the company's long-term growth. With this strategy, the shareholder has more assurance regarding the size and timing of the pay-out. The main disadvantage of the stable dividend policy is that during boom years, investors could not see a dividend rise. A corporation that follows the constant dividend policy distributes a certain portion of its annual profits as dividends. Investors are exposed to the whole earnings volatility in this fashion. Investors may not get a dividend if earnings are down; if earnings are higher, they may receive a greater payout. Earnings and dividend volatility is the method's main disadvantage. Given the significant volatility of dividend income, financial planning is challenging. Even though residual dividend policy is quite unstable, some investors believe it to be the sole proper dividend policy. With a residual dividend policy, the business distributes any dividends that are still available after paying for working capital and capital expenditures (CAPEX). Although this strategy is risky, it is the most practical for running a firm. Investors do not want to fund a business that uses the necessity to pay dividends as an excuse for its growing debt. In the literature on finance, the phrase "information content of dividends" is frequently used. The information content of dividend hypothesis is a firm-specific claim that managers utilise the dividend to transmit asymmetric information about the firm's potential future profitability. When Kinder Morgan (KMI) decreased its dividend distribution by 75% in 2015, the stock price of the company plummeted, shocking the financial community. However, a lot of investors discovered that the business was stable and making wise financial choices for the future. In one instance, a company's decision to reduce its dividend actually benefited them; six months after the reduction, Kinder Morgan's stock price increased by approximately 25%. The firm increased its dividend distribution by 25% again at the beginning of 2019; this action served to boost investor trust in the energy company.



Source Of Image: https://businessjargons.com/

As recession threatens, the Bank of England increases interest rates to their highest level since 1989.

On Thursday, the Bank of England boosted interest rates to their highest level since 1989, but it also warned that Britain was in a lengthy recession and that borrowing costs would likely rise less than expected.

The Bank of England raised interest rates to 3% from 2.25%, even as it warned that Britain's economy might not grow for another two years, a depression that would last longer than the 2008-09 financial crisis.

On Wednesday, the US Federal Reserve raised interest rates by 75 basis points but warned that borrowing costs in the US would likely climb faster than expected in order to combat inflation.

Unemployment will progressively grow to 6.4% by late 2025, nearly doubling from its current rate of 3.5%, the lowest since the mid-1970s.

The majority of the Monetary Policy Committee's nine members agreed that interest rates would need to rise further, but probably not to the 5.2% that was priced into financial markets when the BoE released its predictions.

"Further increases in Bank Rate may be required for a durable return of inflation to target, albeit at a lower peak than priced into financial markets," the BoE stated, providing investors with unusually explicit guidance.

Markets were expected the Bank Rate to peak at roughly 4.75% earlier on Thursday. Following its announcement, that peak has decreased to less than 4.7% in September of next year.

The MPC reiterated its earlier advice, saying, "The Committee continues to evaluate that, if the outlook signals more persistent inflationary pressures, it would respond decisively, as warranted."

The government's first aim, according to Britain's new finance minister Jeremy Hunt, is to "grab inflation, and now the Bank has taken action in accordance with their ambition to return inflation to target."

Since its latest rate hike on September 22, the BoE has had to deal with weeks of political and financial market upheaval.

A day later, the government of former Prime Minister Truss unveiled a $52 billion unfunded tax cut proposal, which markets reacted horribly to, driving the pound to a record low versus the dollar and forcing the Bank of England to support the bond market to aid pension funds.

The Fed in the Red

In some ways, the Federal Reserve is like a company. It has a balance sheet with assets that bring in money on one side and liabilities that cost money on the other. But then what the Fed keeps on its balance sheet has ramifications for the economy.

The balance sheet is the tool they use to control and manage interest rates, and for last the 15 or so years, the Federal Reserve has made money off this balance sheet until today. Because of Fed's policies. They lose money because they raise interest rates a lot.

How the Fed makes money and why they're not now:

On the asset side, they have US treasury securities like bonds, they're considered stable low risk low-risks and the Fed buys them, sometimes a lot of them to help stabilize the economy. The point of it is to bring down the longer-term interest rate, so if more people are purchasing the securities, in this case, the Fed, that's gonna drive down the interest rate there's more demand for the bond mortgage-backpacked securities too which is what they sound. When they invest in them they're investing in people's mortgages.

The Federal Reserve has all the currency in circulation on the liabilities side. It's why all money has a federal Reserve Note written on it. It's a liability of the Fed, the US Central Bank. The Fed is also a bank for other banks and their main liability is reserves of money that other banks keep at the Fed. It's another way they can influence the economy. There's some concern that if you had all this money out there they could have even more inflation, and they could have the economic effect they don't intend. So one of the ways to prevent that money from spurring even more demand is that have banks hold it at the Fed, and the Fed controls interest rates by setting the rate of interest on those reserves.

When the Fed raises interest rates on these reserves, it affects other markets from bank loans to mortgages. But really, it means the Federal Reserve has to pay more in interest to those banks. For the last few years that amount was really low, usually below 1% yet the Fed's assets on average paid 2.3% in interest. So the Fed's assets brought in more interest than its liabilities were costing. The Fed was turning a profit, and it would send that profit to the US Treasury. In the last 11 years, this profit would range from about $4 to $12 billion a month.

The money that the Fed sends to the Treasury means the treasury doesn't have to raise as much money in the private market. It means the borrowing needs of the US Government are smaller, it means deficits are lower than they would otherwise be. But now that the Federal Reserve is raising interest rates, that profit is now a loss. This idea of the Fed having a profit or loss is relatively new.

IPO WATCH : Bikaji Foods IPO

Often served as a side dish with a cup of tea or coffee, savoury tasty bhujia has become a go-to evening snack for many Indians over the years. Now, a prominent manufacturer of this spicy and crunchy snack – Bikaji Foods – is all set to make its debut on the stock exchanges.

Bikaji Foods is the second fastest-growing company in India's organised snacks space. The company, which owns and operates the Bikaji brand, is also the third largest ethinic snack company in India. More importantly, it is the largest manufacturer of Bikaneri bhujia with annual production of 29,380 tonnes. The company manufactures various products including bhujia, namkeen, packaged sweets and papad.

This fast-moving consumer goods company (FMCG) was started by Shiv Ratan Agarwal – the grandson of Gangabishan Agarwal, founder of the Haldiram brand. Set up as a co-partnership in 1986, Bikaji Foods has today established market leadership in the ethnic snacks market in Rajasthan, Bihar and Assam. It has also steadily expanded its footprints across India with operations in 23 states and four union territories.

Now, this company is launching the Bikaji IPO. The Bikaji Foods Ltd IPO, which will open for subscription on 3 November 2022, is fully an offer for sale.

Here are some key details about Bikaji Foods IPO:

Company Name	**Bikaji Foods International Limited**	Company Type	**Private**
Founder's Name	**Shiv Ratan Agarwal**	Company Established On	**1995**
IPO Opening Date	**03 November 2022**	IPO Closing Date	**07 November 2022**
IPO Allotment Status	**11 November 2022**	Credit of Shares to the Demat Account	**14 November 2022**
IPO Listing Date	**16 November 2022**		
IPO Face Value	**₹ 1 per share**	IPO Lot Size	**50 shares**
IPO Issue Size	**₹ 881 crore**	IPO Price band	**₹ 285- ₹ 300 per share**
IPO to be Listed on	**NSE, BSE**		

Financial Snapshot

Particulars	**FY 20**	**FY 21**	**FY 22**
Revenue From Operations	₹ 1,074.5 crore	₹ 1,310.7 crore	₹ 1,610 crore
Net Profit	₹ 56.3 crore	₹ 90.3 crore	₹ 76.0 crore

Source- Upstox & Google

FORWARD CONTRACT

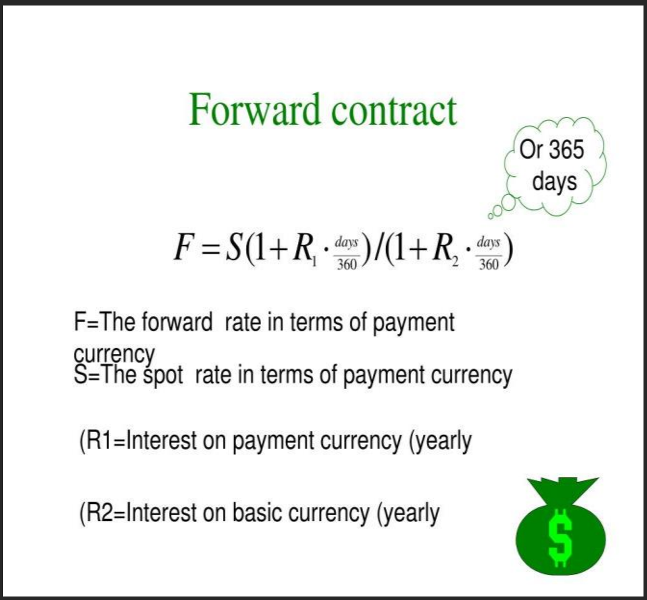
A contract is an instrument, one party agrees to buy and the counterparty to sell a physical or financial asset at a specific price on a specific date in the future. A party may enter into the contract to speculate on the future price of an asset, but more often a party seeks to enter into a forward 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).

A major differences between forwards and futures is futures contracts have standardized contract terms. For each commodity or financial asset, listed futures contracts specify the quality and quantity of assets required under the contract and delivery procedure (for deliverable contracts). The exchange sets the minimum price fluctuation (called the tick size), daily price move limit, the settlement date, and the trading times for each contract.



IMPACT OF A BANK RUN ON BANKING INSTITUTIONS

When several customers of a bank or other financial institution simultaneously withdraw their savings out of worry for the bank's solvency, this is known as a bank run. The likelihood of default rises as more people withdraw their money, which encourages additional people to do the same. Extreme circumstances may arise where the bank's reserves are insufficient to cover the withdrawals.

Bank runs are caused by concerns about bank bankruptcy, which are ultimately motivated by a desire to avoid losing money. Customers assume (often correctly) that if a bank fails, they will lose every penny in the account. This worry is understandable—your hard-earned savings appear to be in jeopardy, so you make a hasty retreat.

It's unfortunate that even rumours that a bank won't give people their money can come true. Even if a bank is somewhat unsteady, it is nevertheless not in danger of failing. However, if everyone withdraws money at once because they think the bank is or will be insolvent, the bank suddenly becomes considerably weaker.

The scenario gets worse when a bank is unable to meet consumer withdrawal requests or even if there is just a rumour that the bank won't be able to. Clients may try to withdraw as much cash as they can out of fear of being the "last one to the exit" and as a result, banks may be unable to pay customers their money. In the worst instance, a bank might become insolvent, which would result in total failure. Insolvency risks rise during and after a panic if a bank wasn't already going to fail.

An economic downturn might result from a bank run at one specific financial institution or on a nationwide scale. Investors or account holders may even try to transfer money to foreign institutions if they think the banking or financial system of a certain nation is about to collapse. A bank may go bankrupt due to losses on the selling of assets for less money. When numerous banks experience runs at the same time, a bank panic happens.

In the event that a bank run occurs, banks must act more proactively. They might try to moderate the pace. In the event that a bank run is imminent, banks may decide to close for a while. This stops people from gathering in a line and withdrawing cash. They can search for borrowings as well. If banks don't have enough cash on hand, they can borrow from other organisations. Huge loans might keep them from filing for bankruptcy.

A bank run is a terrifying possibility that could result in bank losses and failures as well as a decrease in the economy. By putting your money in insured deposits up to the maximum amount and refraining from herd behaviour, you can reduce the panic that causes bank runs and even contribute to the support of the economy.

Image credit : wallstreetmojo

TEAM FINARTHA

THE FINANCE CLUB OF MDIM

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BATCH 2021-23 & 2022-2024


SHREYAS TEWARI


MOHAMMAD TABISH


SHUBH TANEJA


SHIVANI TRIPATHI


ADARSHA NAMAN


CHIRAG SHARMA


ELIZABETH REJI

YADUKRISHNA MR


PRAGASH RUPAN


RAGHBENDRA JHA


ANUNAY CHOUDHARY


HARSHIT VIISHWAKARMA

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