



MDI

MURSHIDABAD

Management
Development
Institute

FIN-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 -138

TOP GAINERS

INDEX

| | |
|------------------|------------------|
| SENSEX | 60,261.18 |
| NIFTY 50 | 17,956.60 |
| NASDAQ | 11,079.16 |
| DOW JONES | 34,302.61 |

| Securities | Previous Closing | Closing Price | Percentage increase | High/Low |
|------------|------------------|---------------|---------------------|------------------|
| ADANIEN | 3,647.20 | 3,720.00 | 2.00% | 3,736.05/3,642.2 |
| INDUSINDBK | 1,209.15 | 1,233.20 | 1.99% | 1,237.30/1,210.1 |
| EICHERMOT | 3,103.25 | 3,164.90 | 1.99% | 3,196.00/3,060.0 |
| TATASTEEL | 118.10 | 120.35 | 1.91% | 121.60/118.15 |
| INFY | 1,480.60 | 1,504.00 | 1.58% | 1,519.40/1,468.0 |

TOP LOSERS

CURRENCY

- USD/INR ₹ 81.29
- GBP/INR ₹ 99.42
- YEN/INR ₹ 00.64
- EURO/INR ₹ 88.14

| Securities | Previous Closing | Closing Price | Percentage increase | High/Low |
|------------|------------------|---------------|---------------------|-------------------|
| TITAN | 2,446.60 | 2,420.00 | -1.09% | 2,456.90/2,400.00 |
| SBILIFE | 1,315.70 | 1,307.00 | -0.66% | 1,326.00/1,306.00 |
| APOLLOHOSP | 4,359.75 | 4,338.95 | -0.48% | 4,370.00/4,268.05 |
| NESTLEIND | 19,873.25 | 19,782.30 | -0.46% | 19,950.00/19,725 |
| L&T | 2,159.75 | 2,150.05 | -0.45% | 2,164.85/2,117.20 |

TAKE-O-TRADE

| SPOT | SIGNAL | TAKE AT | TARGET 1 | STOP LOSS |
|------------|--------|---------|----------|-----------|
| ITC | Buy | 330 | 396 | 300 |
| HINDUNILVR | Buy | 2520 | 3000 | 2268 |
| ADANIPORTS | Buy | 860 | 1030 | 770 |

Market Watch

- US inflation cools down to 6.5% in Dec 2022 from 7.1% in Nov 2022.
- Infosys Q3 results: revenue up by 20% YoY.

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.

FINANCIAL NEWS -NATIONAL

India's stock market will outperform all others in 2022 thanks to the Adani effect.

India is expected to be among the world's top-performing major stock markets this year after overcoming worries about rising interest rates and a slowing economy that have plagued peers. The S&P BSE Sensex Index has increased by 3% so far in 2022, the largest increase globally after Singaporean and Indonesian policies. Key Indian benchmarks reached record highs after a strong run of results, expanding the market to surpass that of the UK. The MSCI All Country World Index has decreased by 20% in the meantime. Winners this year include banks backed by a fast increase in credit demand and shares connected to billionaire Gautam Adani. Shares of technology companies that fell after going public and software outsourcing companies that were worried about a possible drop in demand from abroad were some of the largest losers.

For its operations in water and wastewater treatment, L&T receives "substantial" orders.

On Monday, Larsen and Toubro Construction stated that the Tumakuru Industrial Township Limited (TITL) within the Chennai Bengaluru Industrial Corridor has placed a sizable order with its water and effluent treatment division (CBIC). Additionally, it received repeat orders from the Asian Development Bank-funded Tamil Nadu Water Supply and Drainage Board (ADB). Orders from Rs 1,000 crore to Rs 2,500 crore are considered substantial by L&T. The company stated in a news statement that it has received an order from TITL to design, build, test, commission, operate, and maintain infrastructure works at the Tumakuru Node in Karnataka on an EPC basis. The project's scope includes the design and construction of 38 km of roads, as well as the installation of storm water drains, cross drainage structures, potable and recycled water supply systems, sewerage and effluent collection networks, power distribution systems, street lighting, a 7 MLD water treatment plant, a 3 MLD sewerage treatment plant, a 2.5 MLD common effluent treatment plant, service reservoirs, and an Integrated Command & Control Centre (ICCC) building.

By 2037, India is expected to move up to third place in the World Economic League Table.

According to Cebr, India's growth trajectory will take it from its current position of fifth on the World Economic League Table to the third slot by 2037. According to the Centre for Economics and Business Research, India's annual GDP growth rate is anticipated to average 6.4% over the next five years before increasing to an average of 6.5% during the next nine years.

Advantages and Disadvantages of Foreign Exchange Market

The over-the-counter (OTC) foreign exchange market is where exchange rates for different currencies are decided. With a worldwide network of financial centres operating around the clock, it is by far the biggest financial market in the world and only closes on the weekends. Since currencies are always exchanged in pairs, each currency's "value" is based on the value of the other currency in the pair. The value of a country's currency depends on whether it is a "free float" or "fixed float." Free-floating currencies are those whose relative value is determined by free-market forces.

A fixed float is where a country's governing body sets its currency's relative value to other currencies, often by pegging it to some standard. Free-floating currencies include the U.S. dollar, Japanese yen, and British pound, while examples of fixed floating currencies include the Panamanian Balboa and the Saudi Riyal. One of the most unique features of the forex market is that it is comprised of a global network of financial centres that transact 24 hours a day, closing only on the weekends. As one major forex hub closes, another hub in a different part of the world remains open for business. This increases the liquidity available in currency markets, which adds to its appeal as the largest asset class available to investors. The most liquid trading pairs are, in descending order of liquidity: EUR/USD, USD/JPY and GBP/USD.



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Advantages

- Investors are not subjected to the stringent standards or restrictions present in other markets since there are fewer laws than in those other marketplaces.
- The majority of investors won't be required to pay the standard commissions or fees that you would on another exchange.
- There is no cut-off time to be able to engage in the market because it is open continuously. You may trade whenever you like.
- If risk and return are a concern, you may enter and exit the market anytime you choose, and you can purchase as much currency as you can afford based on your account balance and your broker's leverage requirements.

Disadvantages

- Although there are benefits to the market being unregulated, there are dangers as well because there is no meaningful regulation that can guarantee transactions are risk-free.
- Leverage can increase earnings but it can also result in substantial losses. Investors run the risk of losing a tonne of money if their deals go south since there are no fixed restrictions on leverage.
- FX transactions exclusively depend on appreciation, therefore they offer lower residual returns than certain other assets. In contrast to stocks, which can also give returns through dividends, and bonds, which can provide returns through interest payments.

Source of Image: <https://theinvestorsbook.com/>

GLOBAL FINANCIAL AFFAIRS

US wholesale inflation eases to 7.4% in Nov; 5th straight slowdown

Wholesale prices in the United States rose 7.4 per cent in November from a year earlier, a fifth straight slowdown and a hopeful sign that inflation pressures across the economy are continuing to cool.

The latest year-over-year figure was down from 8 per cent in October and from a recent peak of 11.7 per cent in March. On a monthly basis, the government said Friday that its producer price index, which measures costs before they reach consumers, rose 0.3 per cent from October to November for the third straight month.

Rising prices are still straining Americans' finances, particularly for food, rent and services such as haircuts, medical care and restaurant meals. Yet several emerging trends have combined to slow inflation from the four-decade peak it reached during the summer.

Gas prices have tumbled after topping out at USD 5 a gallon in June. Nationally, they averaged USD 3.33 a gallon Thursday, according to AAA, just below their average a year ago.

And the supply chain snarls that caused chronic transportation delays and shortages of many goods, from patio furniture to curtains, are unravelling. US ports have cleared the backlog of ships that earlier this year took weeks to unload. And the cost of shipping a cargo container from Asia has fallen sharply back to pre-pandemic levels.

As a result, the prices of long-lasting goods, from used cars and furniture to appliances and certain electronics, are easing.

Friday's producer price data captures inflation at an early stage of production and can often signal where consumer prices are headed. Next week, the government will report its highest-profile inflation figure, the consumer price index.

The most recent CPI report, for October, showed a moderation in inflation, with prices up 7.7 per cent from a year earlier. Though still high, that was lowest year-over-year figure since January.

Federal Reserve Chair Jerome Powell, in a speech last week, pointed to the decline in goods prices as an encouraging sign. Powell suggested that housing costs, including rent, which have been a major driver of inflation, should also start to slow next year.

The Fed chair also signalled that the central bank will likely raise its benchmark interest rate by a smaller increment when it meets next week. Investors foresee a half-point Fed hike, after four straight three-quarter-point increases.

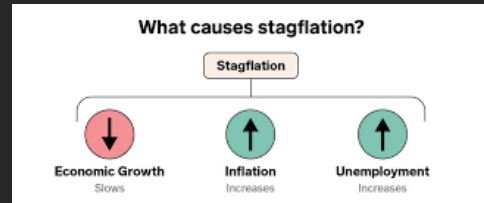
Yet Powell noted that services prices, which reflect the largest sector of the US economy, are still increasing at a historically fast pace. Rapidly rising wages are a key driver of services inflation, he noted. That's because as wages rise, many businesses pass on their higher labour costs to their customers through higher prices, which drives up inflation.

STAGFLATION

“Stagflation” is a **combination of high inflation and economic stagnation**. Inflation drives prices up but purchasing power down. Imagine spending 50 euros on the same groceries every week. As prices go up, you'll start to get less bang for your buck.

What happens during Stagflation:

Stagflation is an economic cycle characterized by **slow growth and a high unemployment rate accompanied by inflation**. Economic policymakers find this combination particularly difficult to handle, as attempting to correct one of the factors can exacerbate another. Stagflation, also called recession inflation, is often accompanied by consumer belt-tightening due to anxiety about the long-term effects of economic uncertainty.



Difference between stagflation and Inflation:

Stagflation is a situation where unemployment is very high, the economic growth rate is too low, and the inflation rate is high. Inflation is the rate at which prices of services and goods in an economy increase. Stagflation should be avoided as it is unhealthy for the economy of the nation whereas inflation is expected and natural.

What investors do during Stagflation:

The mainstream media is focused on comparing the 2020 economy to the Great Recession and Great Depression. It's because these events sound so great that they become the focal point of everyone's economic fears. The reality is we're more likely to face a long period of stagflation. Understanding what that means and which assets do well in stagflation are the keys to outlasting this rough market. Consumers should treat their finances like a small business. That involves keeping track of operational and overhead costs, along with tracking revenue versus spending. Increased prices and decreased wages equate to razor-thin margins. The working class is presumably in a bind, and the government's economic stimulus is unlikely to change that.

How to Get of Stagflation:

- Diversify Your Investment Portfolio.
- Short Sell.
- Cut Operation Costs.
- Automate Business Processes.
- Evaluate Your Prices and Improve Product Quality.
- Reduce or Eliminate Debt.
- Acquire Property, Assets, or Other Businesses.



Image source- <https://www.educba.com/stagflation/>

IPO WATCH : Radiant Cash Mgmt Service Ltd

About Radiant Cash Mgmt Service IPO

The company is one of the most significant players in the retail cash management segment. They offer integrated cash logistics in over 12,150 pin codes. They have one of the highest EBITDA margins among peers in the organised cash management service segment. The company caters to several marquee clients, including some of the largest foreign and Indian private and public sector banks, large e-commerce companies, retail chains, insurance companies, e-commerce logistic businesses, railways and many more.

Important Details

- The company caters to a broad set of outsourcing services about cash management for its diversified client base.
- Their integrated cash management services are supported by customised technology and control processes creating cross-selling opportunities for the company.
- The company is a leader in integrated cash management in the country, occupied mainly by unorganised smaller businesses.

Now, Radiant Cash Mgmt Service is all set to launch the IPO & will be on offer for sale.

Here are key details about the , Radiant Cash Mgmt Service IPO:

| | | | |
|------------------|-------------------------------|-------------------------|-----------------|
| CEO Name | Col. David Devasahayam | Company Established on: | April 2005 |
| Opening Date | 23 Dec 2022 | Closing Date | 27 Dec 2022 |
| Allotment Status | 30 Dec 2022 | Credit of Shares to the | |
| Listing Date | 4 Jan 2023 | Demat Account | 7 Jan 2023 |
| Lot Size | 150 Shares | Issue Size | 388 Cr. |
| Listed On: | NSE, BSE | Price Band | 94-99 per share |

Financial Snapshot

| Particulars | FY20 | FY21 | FY22 |
|-------------|---------------|---------------|----------------|
| Revenue | ₹ 286.4 crore | ₹ 221.6 crore | ₹ 248.28 crore |
| Profit/Loss | ₹ 38 crore | ₹ 32.3 crore | ₹ 36.18 crore |

Money and Banking

In earlier times, economic transactions used to happen as barter exchanges i.e. one commodity is exchanged for the other commodity. But for barter exchanges to happen there must be **double coincidence of wants** i.e. there should be diametrically opposite demand of the two parties doing the exchange. Consider, for example, an individual has a surplus of rice which he wishes to exchange for wheat. If he is not lucky enough, he may not be able to find another person who has the diametrically opposite demand for rice with a surplus of wheat to offer in exchange. The process can become very cumbersome in case of a large economy. To smoothen the transaction, an intermediate "commodity" is necessary which is acceptable to both the parties. The individuals can then sell their produce for this commodity and use this commodity to purchase the other goods that they need. Now what should be the characteristics of this commodity

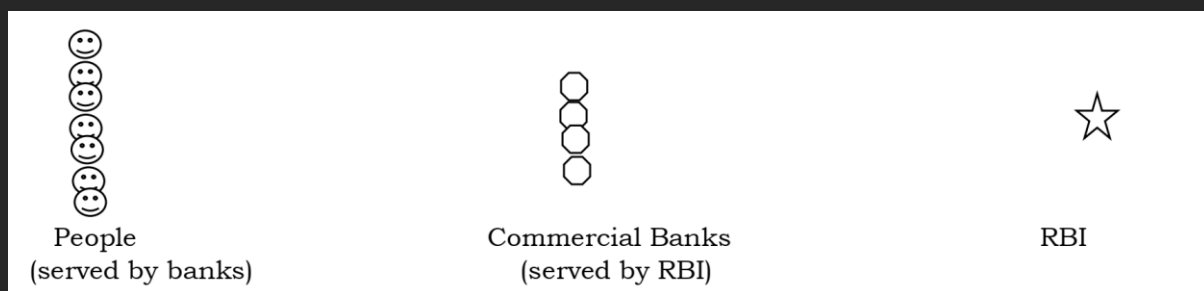
Suppose this intermediate "commodity" is decided to be "iron" or "water". Then in such a case, if water and iron are easily/ freely available in the country, then a person who has produced rice with so much of effort would never be willing to exchange his rice in return for iron or water as he can easily/ freely get iron and water in the economy. That means the intermediate "commodity" should be such that it is very limited in supply and difficult to get. So, we decided this intermediate "commodity" as gold or silver as both were very limited in supply and started buying and selling of goods in exchange of gold and silver. Such a commodity is called money. This system of gold and silver continued for a long time.

But there were problems associated with this also. Suppose there is a country (economy) where people are buying and selling goods and services with the help of the gold coins. If the production of goods and services (GDP) is increasing every year then the country may require more gold coins for transaction of the increased goods and services. If the supply of gold coins is not keeping pace with the increase in goods and services then there could again be problems in transaction process. And the other problem associated with this system was, every time a person is purchasing a commodity, he needs to carry the physical gold with him.

Now, suppose there is a person X in the economy whom everybody used to trust. One day an individual say A deposited his physical gold with the person X and he issued the individual A, a paper slip with his signature and the amount of gold written on that slip (suppose 1 milligram). When this person A went in the market to purchase goods worth 1 milligram (mg) of gold from a person B, then rather than offering 1 mg of gold, A offered the paper slip to B that X had signed. B willingly accepted that paper slip from A as B also knew and trusted that person X, and had trust that whenever he will go to X and offer him the paper slip, he will get 1 mg of gold. In the same way everybody in the economy deposited their gold with the trustworthy person X and in return got paper slips and started buying and selling goods with these paper slips. These paper slips became the currency "Rupee" and X is the RBI.

Still, **if the production of goods and services is increasing every year, then we require more Rupees** and if we do not have gold how will we get the Rupee. In such a situation, RBI used to issue the paper slips without the deposition of physical gold (but by keeping some other assets). So, if the production of goods and services (i.e. the output) are increasing in the economy, then RBI can issue more Rupee currency notes (by accepting some other assets) to facilitate transaction in the economy. *The logic is if RBI is issuing the currency notes then it must be backed by some asset (not necessarily gold).*

Now we have a huge population and if all the people are going to transact with RBI asking for Rupee notes or deposition of gold then it will be very difficult for RBI to manage them. So, a layer of commercial banks was created between RBI and the public.



*If the production of goods and services in the economy is increasing, to facilitate the transaction we require more money in the system. So generally, money (supply) in the economy shall increase **proportionately** with the increase (nominal) in production of goods and services.*

Seigniorage: Seigniorage refers to the profit from money creation and, thus, is a way for governments to generate revenue without levying conventional taxes. Seigniorage is the profit that accrues to the central banks by in the following ways:

- (i) While issuing currency, the reserves/backup that the RBI keeps with itself, these reserves give RBI interest Income on the total amount of currency in circulation
- (ii) Interest accruing from bank balances with central banks arises from funds banks have to hold with the central banks to meet their reserve requirements (CRR), either as interest-free balances or at below market interest rates.
- (iii) the inflation tax concept which is measured as the product of the inflation rate and the monetary base. (Because of inflation the currency note that the public is holding loses value which reduces the liability of RBI in real terms)

Ethical Concerns associated with Corporate Finance

The area of finance known as "corporate finance" is concerned with how businesses approach their capital structures, investment choices, and accounting. Using corporate finance, one may evaluate a company's development as well as the effects it has on its shareholders and the economy of the nation. A corporation can behave ethically or unethically within the various confines of corporate finance. When unethical behaviour prevails, it has a negative effect on shareholders as well as the economy of the nation. As a result, all of the immoral problems that are present in corporate finance need to be addressed. If the proper steps are taken, the multiple negative economic effects that unethical concerns have on shareholders, corporations, and the government's economy can be greatly decreased.

Corporate finance immoral actions have a significant impact on businesses. The longevity of a company is first and foremost endangered whenever its executives act unethically. Corporations are frequently severely harmed when the law cracks down on unlawful and unethical behaviour because they may be forced to pay millions of dollars in damages. This may signal the end of business activities for several corporations. Secondly, all of a company's goodwill with the public is frequently destroyed by unethical behaviour. This can result in investors bailing out and clients choosing rival businesses' products and services.

The ongoing creation of policies intended to address unethical issues is one action that must be taken to address ethical concerns in corporate finance. What is and is not acceptable in corporate finance is determined by policies. By doing this, policies also assign various institutions the duty of upholding them. In this approach, the policies are put into operation, consistently assisting in reducing unethical behaviour and eventually completely eliminating it. Such measures would be very advantageous to businesses, shareholders, and the nation's economy.

The institutions' job should be to inform the public, conduct investigations, and prosecute businesses that violate the law. Corporate organisations should build internal checks and balances to guarantee they are in compliance with the rules governing corporate finance with the aid of education on ethical issues in corporate finance. Institutions should have access to information that will enable them to look into firms to determine whether or not they are acting ethically. Finally, the institutions' role would remain diagnostic and not curative unless they could take legal action against businesses. It is crucial that the institutions have the authority to respond appropriately for this reason.

Unethical behaviours are rife in the world of corporate finance. These actions harm businesses, shareholders, and the economy where these businesses are based. Tax evasion, insider trading, accounting fraud, and corruption are a few of the unethical behaviours. The lifetime of firms is considerably decreased by these immoral tactics, which also harm public trust by giving the public a false impression about the viability of stocks. This frequently has a detrimental effect on the national economy and also negatively affects stockholders. Making sure there are regulations in place to stop these unethical behaviours can help to combat them. These laws ought to be upheld by independent organisations that cooperate with the judicial and law enforcement systems. Independent organisations should educate businesses, look into potential instances of unethical behaviour, and take appropriate legal action. Corporate finance can be free of all unethical behaviour in this way.

TEAM FINARTHA

THE FINANCE CLUB OF MDIM



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BATCH 2021-23 & 2022-2024



SHREYAS TEWARI



MOHAMMAD TABISH



SHIVANI TRIPATHI



ADARSHA NAMAN



SANSKAR SHUKLA



ELIZABETH REJI



YADUKRISHNA MR



PRAGASH RUPAN



RAGHBENDRA JHA



ANUNAY CHOUDHARY



HARSHIT VIISHWAKARMA