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THE CONTRIBUTORS

EDITION I



FROM THE DESK OF



HON'BLE VICE CHANCELLOR
PROF. SRIKRISHNA DEVA RAO

The publication offers a platform for many opinions and perspectives in addition to demonstrating the skills of our students. It encourages participation and conversation among members of our academic community by including a variety of subjects and themes. We take great pride in providing this chance for students to present their work and participate in a larger dialogue on crucial problems.



HON'BLE REGISTRAR
PROF. K. VIDYULLATHA REDDY

The magazine represents a culmination of the hard work and growth that our students experience during their time at our university. It serves as a reminder of the transforming power of higher education and a testimonial to the calibre of instruction and assistance we offer. We believe that this publication will motivate students in upcoming generations to pursue greatness and have a positive influence on their communities and fields.



SAJAL SRIVASTAVA
EDITOR-IN CHIEF

EDITOR'S LETTER



MOKSHIT BATRA
MANAGING EDITOR

Readers, good day

I am writing this letter thinking about the chaotic past few days whose culprit is the magazine you are reading. By starting from zero and finishing it in just six days, our team accomplished an amazing feat. You may think what was the rush to make it in a week? Well, the answer is simple, we are just seizing an opportunity to grow.

With the momentum on our side and positive reader feedback for the recent inaugural issue of the magazine, decided to move ahead and open our magazine to everyone who can make high-quality contributions and welcome anyone who wants their well-researched and insightful pieces published. You will be reading articles that were authored by people outside of the organization.

I am quite happy about this progress as the chief editor, and we want to keep progressing. Regardless of how we expand our publication, our goal—which is to make trading and finance part of everyday life—remains the same. Therefore, FinNomal has plenty to offer whether you are a veteran, an enthusiast, or just beginning to explore your interests.

You all will learn something new, be inspired, and have fun while visiting our magazine, which is full of insights, case studies, engaging activities, and attractive infographics.

Finally, I'd like to say welcome to this first issue of FinNomal and that I'm looking forward to walking this new route alongside you all.

Sincerely,
Sajal Shrivastava
(Editor-in-chief of FinNomal)



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**VEDANTA,
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STOCKS**



**MONEY
LAUNDERING IN
THE REAL WORLD
MARKET**



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THE ADANI HINDEN BURG SAGA

A DEEPER DIVE
INTO THE RISKS
OF FINANCIAL
GLOBALIZATION

Financial globalisation refers to the integration and interconnectedness of the world's financial systems and markets, brought about by advances in technology, trade liberalisation, and the growth of multinational corporations. This process has enabled greater access to capital, improved economic growth, and increased international trade, but it has also created new risks and challenges.

The Adani Hindenburg saga, which has steamed up the recent controversy, vividly illustrates these risks. Adani, a multinational conglomerate based in India, was accused of financial mismanagement and corruption, based on reports from investigative journalism outlet Hindenburg Research. The allegations sparked a wave of negative press coverage, leading to a significant drop in the company's stock price and the resignation of several top executives.

The Adani Hindenburg saga demonstrates several critical lessons about the risks of financial globalisation. Firstly, it highlights the importance of transparency and accountability in the global financial system. Companies operating in the global financial market must be held to high ethical standards and transparent in their financial reporting and dealings. Secondly, the Adani Hindenburg saga underscores the challenges of financial globalisation, including the interconnectedness of the world's economic systems, which can make it easier for companies to engage in fraudulent activities, and more challenging for regulators and investors to uncover and address these activities. This underscores the need for robust regulatory frameworks that address financial reporting, insider trading, and market manipulation.

ADANI GROUP STOCKS END IN RED ON TUESDAY

	% decline	Closing share price
Adani Power Ltd	4.99 ↓	₹267.6
Adani Total Gas Ltd	0.47 ↓	₹2,351.35
Adani Green Energy Ltd	8.17 ↓	₹2,486.80
Adani Transmission Ltd	8.14 ↓	₹2,475.10
Adani Ports and SEZ Adani	2.65 ↓	₹771.3
Enterprises Ltd	3.98 ↓	₹2,110.45
Adani Wilmar	4.99 ↓	₹583.25

Source: BSE



Image from BusinessToday, Data from BSE (Accessed: 12th Feb 2023)

Thirdly, the Adani Hindenburg saga highlights the importance of staying informed and being aware of the latest developments in finance and economics. To understand the dynamics of financial globalisation, it is crucial to be informed about the key actors and institutions that play a role in shaping the global financial system, as well as the latest trends and developments in the world of finance and economics.

Finally, the Adani Hindenburg saga is a reminder of the importance of ethical business practices and corporate governance in the global financial market. Companies must be held accountable for their actions and must act in the best interests of their stakeholders, including shareholders, employees, and customers.

Another case highlighting the risks of financial globalisation is the Enron scandal, which took place in 2001. Enron, once a major energy and commodities company, was at the center of a major accounting scandal, which resulted in the company's

collapse and the conviction of several top executives. The Enron scandal, like the Adani Hindenburg saga, resulted from financial mismanagement, insider trading, and fraudulent accounting practices, highlighting the need for stronger regulation and oversight in the global financial market.

In conclusion, the Adani Hindenburg saga and the Enron scandal are two examples of the risks and challenges of financial globalisation. They serve as cautionary tales for companies operating in the global financial market and underscore the importance of transparency, accountability, and ethical business practices. Additionally, these cases highlight the need for robust regulatory frameworks that ensure that companies are operating responsibly and ethically in the global financial market. By staying informed and being aware of the critical actors and institutions that play a role in the global financial system, we can better understand the dynamics of economic globalisation and make informed decisions about our investments and financial dealings.

Written By:
ESCANDITA TEWARI

THE EFFECTS OF GLOBAL GEOPOLITICAL EVENTS ON STOCK MARKETS

FROM DIPLOMACY TO DIVIDENDS

Global geopolitical events have a significant impact on stock markets and can cause significant shifts in investor sentiment, leading to changes in stock prices. This article will examine some of the major global geopolitical events of the past and their effects on the stock market to illustrate the impact these events can have.

The 9/11 attacks in 2001, for example, had a major impact on the stock market. In the days following the attacks, the Dow Jones Industrial Average (DJIA) fell by nearly 14% and the S&P 500 fell by over 12%. The decline was primarily due to the uncertainty created by the attacks and the fear of a potential economic downturn. However, the stock market eventually rebounded as investors realized that the economy was not as severely impacted as initially feared.

Early in March, an unsightly double bottom formed, which was confirmed a few days later as the price rose above the peak between the two valleys. Price rose dramatically, resulting in a new calendar year high for the Dow. It was all downhill from then until July when a falling triangle chart pattern developed. The breakthrough was downhill, and the terrorists attacked less than two weeks later.



The markets did not open on 9/11 or the next day. In reality, they were closed until September 17th. When the markets closed that day (9/17), the Dow had fallen 7%, or 685 points, from the previous closing. It only got worse. Price fell 17% lower on 9/21, measured from the closing on 9/10. The disastrous numbers continue to haunt and make the market more chaotic.

S&P500

A similar story may be seen in the Standard and Poor's 500 Index. In March, the same obnoxious double bottom occurs. The price fell after 9/11, although it was already on a downward trend. The clarity of the September The V-shaped chart pattern is amazing. Price fell in a straight line and then rose in a straight line till October. It developed a spreading formation, right-angled chart pattern, and ascending chart pattern there. The price then formed an expanding top chart pattern, which led to the new year. Causing a similar impact as DIJA.

An event in which I have a lot of interest is the 2008 financial crisis. It had a huge influence on the stock markets worldwide. The collapse of the US housing market, followed by Lehman Brothers' bankruptcy, sent shockwaves across the global financial system, leading stock prices to fall. Between its high in 2007 and its worst point in 2009, the DJIA plummeted by more than 50% and the S&P 500 fell by a comparable amount. The stock market's downturn had far-reaching consequences, affecting not only the stock market but also the world economy as a whole.

The trade war between the United States and China has recently had a substantial influence on the stock market. Tariffs implemented by both countries slowed global commerce, leading stock values to decrease. In the months after the commencement of the trade war, the DJIA sank by more than 6%, and the S&P 500 fell by a comparable amount. The stock market finally recovered after the two nations signed a tentative agreement, but the uncertainty produced by the trade war has lingered.

In conclusion, global geopolitical events have a big influence on stock markets and can generate large fluctuations in investor attitudes, resulting in price movements. As a result, investors must watch these developments and change their portfolios accordingly to reduce their exposure to possible dangers. Throughout history, there have been numerous geopolitical events that produce short-term volatility in the stock market, but it is crucial to remember that in the long run, the stock market has traditionally recovered from similar events. So, one shouldn't think of market crashes as Ragnarok.

Written By:
NAVSRAJIT KULSHRESTHA



EFFECTS

RIPPL

HOW PAKISTAN'S DROWNING ECONOMY MAY SUFFOCATE INDIA

The sun has been shining a little less in Pakistan, with the demise of the previous Prime Minister, Pervez Musharraf, and the constant hit to the economy, the people in Pakistan are anxious and the government is desperate, while the world remains still. The question is, should India, moving rapidly to achieve a much-developed financial sector be worried?

Plunging Economy of Pakistan

Pakistan is mired in a debt-driven spiral and is experiencing a severe economic crisis. Pakistan has been struggling to meet the basic needs of its citizens as the rupee is at all-time low and petrol prices are skyrocketing. Although Pakistan's economy has always been unsteady, it is now more vulnerable than ever to collapse. Pakistan's total external debt stocks increased to \$130.433 billion by the end-2021 from \$115.695 by the end of 2020. The country's external debt reached \$126.9 billion in September 2022.

Pakistan's debt-to-GDP ratio is 70% and 40-50% of government revenue is earmarked for interest payments this year. Out of Pakistan's \$27 billion in bilateral debt, around \$23 billion is

made up of Chinese loans. Pakistan's inflation is at a 48-year high at 2755% in 2023. Pakistani rupee faced the biggest -ever drop in over two decades; it lost 14.73% in interbank trading during the last three trading sessions.

Pakistan's foreign exchange reserves dropped to \$4.3 billion, the lowest since 2014. It is in constant political chaos as well. This may undermine the coherent timely response foursome administration.

Deep Running connections between India and Pakistan

India continues to be denied a commercial and investment partner that could be revolutionary due to the strained relations between the two countries. In 2020-2021, India and Pakistan had \$329 million in total bilateral trade.

According to the Ministry of Commerce, this increased to \$514 million in 2021–2022, with Indian exports outpacing imports from Pakistan. What further lingers between good relations is the terrorism emanating from territories within the control of Pakistan, which has been a constant nuisance to the Indian subcontinent.

The past incidents between Pakistan and India such as the Pulwama terror attack that led to the withdrawal of Pakistan from the MFN Status in India, and the raising of custom duties on goods imported from Pakistan has reduced the trade volume with Pakistan. So on the front of bilateral trade, there cannot be much noticeable impact there.

Expected Impact from the neighbour's demise

The cost of basic goods has skyrocketed in Pakistan. People have descended to the streets to protest for the same because they are in agony. There will likely be a significant influx of Pakistani refugees in India. In an interview, an activist added that the people of POK have suffered from starvation and pain for too long and are prepared to join India. Although to some extent welcome, this migration may result in serious law and order problems.

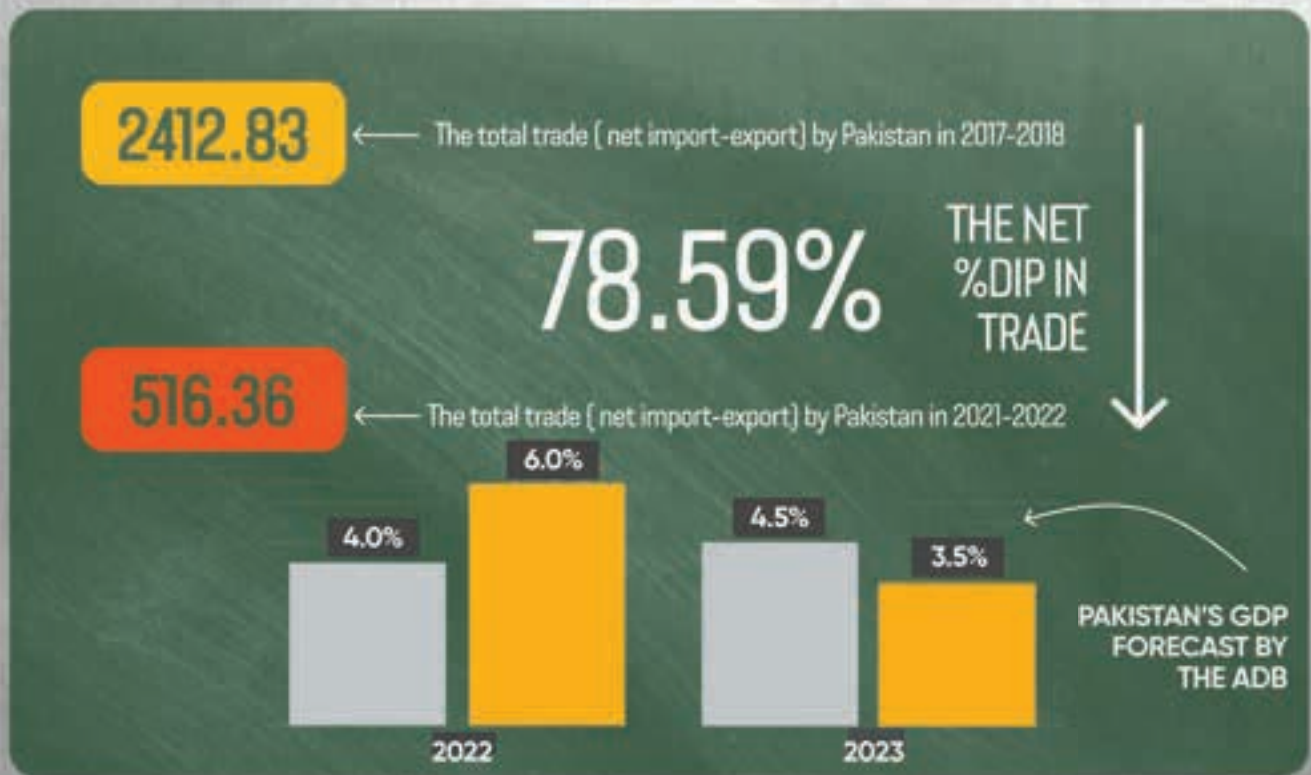
Large loans obtained by Pakistan from several sources, but mostly from China, will result in a rise in Chinese influence there. In light of the current political unrest in the nation, this could pose a serious threat to India's security. There is the worry that India could be affected directly or indirectly because of its proximity to China, with whom it is already at odds, at the Line of Actual Control.

PAKISTAN'S FOREIGN
EXCHANGE RESERVES
DROPPED TO **\$4.3 BILLION**,
THE LOWEST SINCE 2014.

\$247 BILLION

PAKISTAN'S CURRENT EXTERNAL DEBT

97% OF ITS GDP



Way Forward

According to the Indian Council for Research on International Economic Relations (ICRIER), Pakistan's severe economic problems indicate that India may have to put up with more Chinese influence in Pakistan, especially in South Asia. It is too soon to predict if an alliance between China and Pakistan will result in more or less anti-Indian activity. But to reduce risks brought on by a volatile scenario in our neighbourhood, India may require a fresh approach to its interactions with Pakistan's outside donors. Pakistan's unfortunate fate now serves as a warning to the neighbourhood because it demonstrates how jingoistic majoritarianism may destroy a country's social and economic foundation. Thus, India needs to assess the short-term, medium-term, and long-term effects of Pakistan's failure to maintain its economic stability, all the while hoping for the best, and preparing for the worst.

Written By:
KHUSHI GUPTA

MAX↑MISE

YOUR PROFITS



THE BASIC STRATEGIES FOR STOCK MARKET TRADING

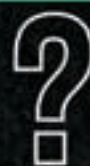
In simple terms, the stock market is an aggregation of buyers and sellers of shares who come together and indulge in speculation and trading. The main motive of most of the people who even simply browse through the technicalities of trading is to earn money. However, the question that has to be asked is if it is that easy. The answer is in the affirmative. There are a plethora of people who consider trading on the stock market to be a 'gamble'. Others think that it involves an extreme element of risk. Refuting these claims, what if I tell you that it is extremely easy and safe to earn money by trading? Will it be believable? Although it sounds like a utopian view, it is true. There are several strategies for the same which I have enumerated in this article.



Investors can broadly be divided and classified into two categories: speculators and long-term investors. Speculators indulge in quick and frequent buying and selling of shares whereas long-term investors hold the shares for many years at a stretch, without selling them. To ensure the safety of your investment with guaranteed returns, it is important to be a long-term investor.

However, just like every coin has two sides, the phenomenon of long-term investments also has its own merits and demerits. An investment is safe only if it is made in blue-chip companies or in the stock index itself, that is, the Bombay Stock Exchange or the National Stock Exchange. The reason for this is that the index as a whole and the reputed and well-established companies are the only ones that are bound to increase with time. If the investment is held for a long period, that is, for several consecutive years, the market value of the shares held will increase. I will give an example to prove my point. The value of the BSE in 1979 was 100 points but today, it has increased manifold to around 60000 points. Practically speaking, one lakh rupees invested in 1979 would have become around six crore rupees today, a profit of around six-hundred times! However, this wouldn't have been the case if the share had been sold.

SPECULATORS



**LONG-TERM
INVESTORS**



The common mistake that investors make is that they speculate and trade daily. This does give them profits but it cannot be compared to the gains that they would make had their investments been long-term. For example, when the Covid-19 pandemic struck, it sent waves of anxiety and stress all across the stock market because the share prices of almost all the companies had suddenly fallen drastically. There was a lot of uncertainty regarding future prices and so, in haste and panic, people sold the shares at massive losses. However, ultimately, the share prices sky-rocketed which would have given these people a lot of profits. The key to successful trading thus lies in long-term investments made in blue-chip companies or stock indexes as a whole.

Another important strategy is to invest more money when the share prices fall. I know this sounds ironic but it is an undisputed fact. The reason for this is that unless the company is on the verge of bankruptcy or is on the course of being wound up, the share price will invariably increase in the future. Thus, the lower the price you invest, the more profits you will reap.

No matter what approach you adopt towards investing in the stock market, these two strategies are essential and can't be done away with. The ease and safety with which one can earn money by adhering to these basic principles of the stock market are commendable. Patience is the key and if you possess this quality, no one will be able to stop you from becoming rich. This thought is evident from the quote by Paul Samuelson: 'Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.'

Written By:
MANAV PAMNANI



RBI'S WARNING!

IS CRYPTO THE NEXT TRIGGER FOR A FINANCIAL CRISIS?

TL;DR

The governor of the RBI, Shaktikanta Das, recently mentioned that he thinks cryptocurrencies will be the reason for the next financial crisis. This statement has got crypto experts, traders, economists and financial experts going back and forth over the truth of this statement.

THE RBI GOVERNOR'S STATEMENT

Cryptocurrencies have been a contentious topic for governments around the world. While certain countries like El Salvador have accepted cryptocurrency as legal tender, others have outright banned it. Mixed policies towards crypto have made it extremely popular in certain countries like Nigeria.

India has taken a stringent approach when it comes to handling crypto. Earlier this year, it began taxing virtual currencies, levying a 30% tax on gains and a 1% deduction on each cryptocurrency transaction.

Shaktikanta Das spoke at a media conclave on the 21st of December when he mentioned his controversial view on digital currencies.

The governor said that the RBI was not at war with cryptocurrencies. However, unrestricted usage of private currencies could be the reason for the next financial crisis.

"[Private Cryptocurrency Trade] is a hundred per cent speculative activity, and I still hold the view that it should be prohibited... Because if it is allowed to grow, please mark my words. The next financial crisis will come from private cryptocurrencies."

-Shaktikanta Das, RBI Governor

It is evident from Das' statement that he thinks a complete ban on digital currencies such as Bitcoin should be imposed. He also thinks that cryptocurrencies possess no intrinsic value on their own.

Shaktikanta Das mentioned to a room full of banking executives and lawmakers that private cryptocurrencies possess "huge inherent risks for our macroeconomic and financial stability." Das said this is referring to the recent FTX crisis that took place. Das also thinks that cryptocurrencies break the existing financial system.

He mentions, "They don't believe in a central bank; they don't believe in a regulated financial world. I'm yet to hear a good argument about what public purpose it serves."

It is important to note that these statements come as the RBI pushes to introduce its digital version of the Indian Rupee. Many central banks around the world are also looking to do the same. The consensus among the general public is that cryptocurrency could lead to disaster. Cryptocurrencies have been cited as a significant potential risk over the next year or two.

Cryptocurrency Experts Disagree

Crypto industry experts have opined that this assumption is largely misplaced. They have said that crypto assets comprise just 1 per cent of global financial assets. It is important to note that none of the crises, i.e., the Terra Luna or the FTX (the world's second-largest crypto exchange), had any impact on the global financial markets. More importantly, there were no bailouts, as is the tradition.

Rajagopal Menon, vice-president of WazirX, a crypto exchange: "The FTX crisis happened because of one individual – Sam Bankman-Fried's greed.

Also, it's important to remember that Bernie Madoff, Bear Stearns, and Lehmann brothers occurred in the most regulated markets – the United States. It is essential to have a constructive dialogue about regulation because for the last 10-12 years, many people have been trying to wish away crypto, but to no avail."

ANALYSIS OF SHAKTIKANTA DAS' STATEMENT

What is a Financial Crisis, and How are they Caused? To fully understand Das' statement. We need to know how a financial crisis works.

A financial crisis is a wide variety of situations in which some financial assets suddenly lose a large part of their nominal value.

Financial crises are primarily caused as a result of a complex web of market conditions, including financial bubbles, market manipulation, under-collateralised loans, excessive defaults, and the collapse of major institutions, according to experts.

Countering Das' statement, Purshottam Anand, Founder of Crypto Legal and member of India Blockchain Forum, said that depending on the prevalent market practices, every asset of significant size, for example – real estate, stocks, derivatives, bond and sovereign debt, can cause the next financial crisis. But that doesn't mean all these asset classes should be banned, he added. He further argued that regulators should not shrug off responsibility and ban every asset which can potentially cause the next financial crisis.

Amanjot Malhotra, India's head for Bitay, mentioned that crypto doesn't hold enough value to cause a global crisis. However, with the way crypto is being adopted, it is possible that a crypto crash could cause a financial crisis one day.

Conclusion

A statement such as this coming from the head of the central bank weighs a ton. It is something that not only the Indian government but possibly other governments worldwide will consider.

After the heavy tax on digital currencies earlier this year, it seemed that the Indian government was relatively in favour of blockchain currency.

This statement by the RBI Governor has put everyone into confusion.

There is no doubt that multiple meetings will be taking place between the RBI, the finance minister and other financial advisors on how to proceed with cryptocurrency in the nation.

Only time will tell what the future holds for cryptocurrency in India.



Written By:
MOKSHIT BATRA

You might have heard the phrase - "Don't put all your eggs in one basket." This is to avoid the case of all eggs breaking in case of a mishap. In the same way, investment is an activity with huge uncertainty about the future. Hence, in an attempt to hedge against the worst-case scenario, one should plan and diversify their portfolio.

What people normally invest in are collectively called asset classes. The five main asset classes are cash and cash equivalents, fixed-income securities, stocks and equities, funds, and alt investments.



IS YOUR PORTFOLIO DIVERSE?

Written By:
SAJAL SRIVASTAVA

Each asset class does best in a certain setting.

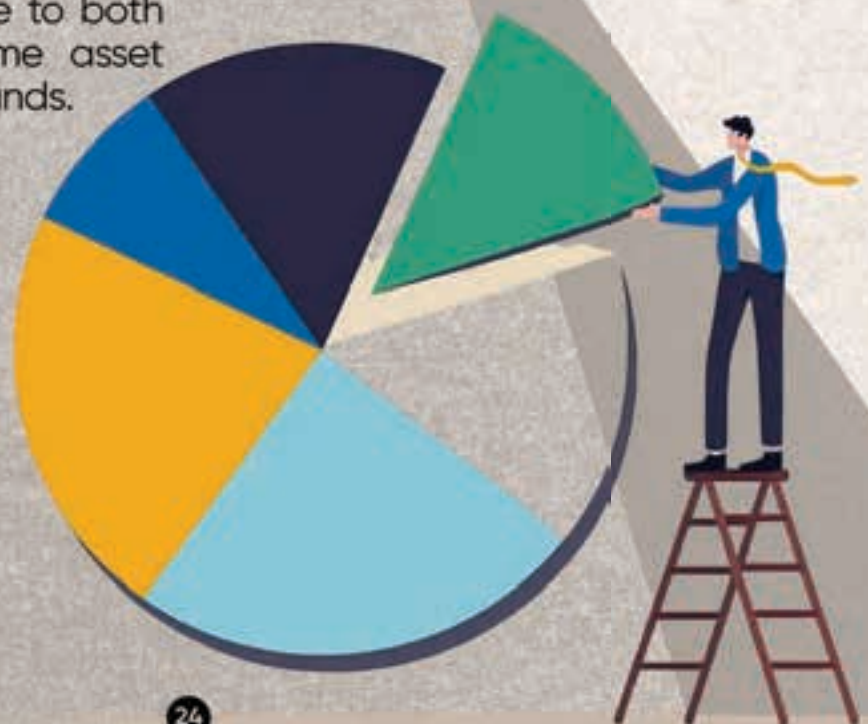
- The growth that exceeds forecasts and inflation that is mild or stable are the ideal conditions for stocks and corporate credit.
- Government debt (debt with fixed or nominal interest rates) performs best in disinflationary recessions.
- When inflation is greater, commodities and inflation-linked bonds perform well.
- Cash performs best when credit and money are scarce, for example.

Readers who find it difficult to manage their portfolios may always find solace in mutual funds. A wide range of investment demands, tenures, risk tolerances and liquidity needs are met by the products offered by mutual funds. Different credit quality profile products, such as Gilt funds (no credit risk), Banking and PSU Debt funds (low credit risk), corporate bond funds (medium credit risk), and credit risk funds, are also available from debt mutual funds (medium to high credit risks). You can diversify across multiple asset classes with the aid of mutual funds and may gain exposure to both the equities and fixed-income asset classes by investing in hybrid funds.

Before diving into diversification let's first understand what type of risk we deal with - Systematic risk or market risk, is caused by broad macro events like geopolitical events or inflation. This type of risk can move entire sections of the market, such as the large caps, specific subsets of an asset class, or the entire market itself. Systematic is difficult to evade due to its widespread effects and unpredictability.

Alternatively, unsystematic risk is caused by events or actions from specific companies, industries, or investment strategies. Unsystematic risk can be addressed through diversification. This article outlines a methodology that can be used to develop a diversification strategy to mitigate unsystematic risk.

The object of this game is to aim to maximize return while reducing risk or portfolio swings. The metric to compare the concept of risk and return is called the Sharpe Ratio. It is also called the "reward-to-risk ratio" with the 'return' in the numerator and the 'risk level' (the standard deviation of the returns) in the denominator of the ratio.

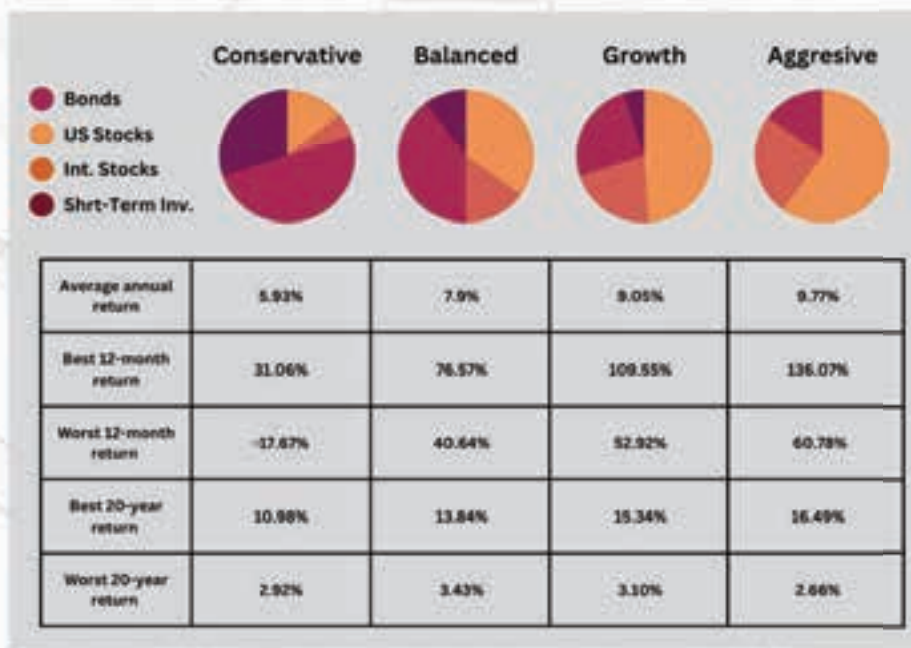


Combining uncorrelated investments can lower your risk as long as you consider the following three factors:

- i) The volatility traits and expected returns of each asset or return stream
- ii) The relationship between and/or among each asset or stream of returns.
- iii) The number of different assets in the portfolio

Let's look at an illustration: The chart in this article shows hypothetical portfolios with different asset allocations: 60% US equities, 25% other stocks, and 15% bonds make up the most aggressive portfolio, which had an average annual return of 9.77%. While its worst 12-month return would have seen a loss of roughly 61%, its best 12-month return is 136%. Most investors probably could not handle that level of volatility.

But by simply altering the asset allocation, it is possible to narrow the range of those swings without significantly compromising long-term performance. A portfolio, for instance, with a 49% domestic stock allocation, a 21% international stock allocation, a 25% bond allocation, and a 5% short-term investment allocation would have produced average annual returns of about 9% over the same period, albeit with a narrower range of extremes on the high and low end. In contrast to the other asset allocations, increasing a portfolio's fixed-income holdings may dramatically lessen market volatility while only marginally reducing one's expectations for long-term gains. Many investors believe that this trade-off is worthwhile, especially as people age and become more risk-averse.



We can clearly understand that diversity involves trade-offs. It lessens a shareholder's exposure to a particular stock, sector, or investment choice. While that might reduce the possible return for an investment, it also reduces volatility and, more importantly, the risk of a disastrous outcome. Investors should think about diversification. If not, they run a significant risk of having their efforts to raise their egg supply derailed by a significant shareholding. But in the end, Readers it is your choice – If you want to skate on thin ice or walk on eggshells.

QUIZ



SCAN FOR
ANSWERS

T E S T Y O U R K N O W L E D G E

Q1. EMPLOYING MORE OF CHEAPER DEBT MAY ENHANCE THE EPS. SUCH PRACTICE IS CALLED:

1. Financial Leverage
2. Capital Trading
3. Trading On Equity
4. Investment Decision

Q2. WHICH OF THE FOLLOWING CAN BE CONSIDERED AS A USE OF FUNDS?

1. A Decrease In Accounts Receivable
2. A Decrease In Cash
3. Increase In Account Payable
4. An Increase In Cash

Q3. WHICH STRATEGY MAKES THE TRADER MONEY WHEN THE STOCK PRICE DROPS?

1. Buying Long
2. Margin Accounts
3. Investing
4. Selling Short

Q4. THROUGH WHICH OF THE FOLLOWING CANAL ROUTE, MAXIMUM INTERNATIONAL TRADE IS TAKING PLACE?

1. Panama Canal
2. Suez Canal
3. English Channel
4. Kiel Canal

Q5. WORKING CAPITAL FACILITY TO EXPORTERS IS PROVIDED BY

1. Reserve Bank Of India
2. Export Credit And Guarantee Corporation
3. Commercial Banks
4. Ministry Of External Affairs, Government Of India

QUIZ



SCAN FOR
ANSWERS

T E S T Y O U R K N O W L E D G E

Q6. THE FULL FORM OF CIF IS:

1. Cost, Insurance And Freight
2. Cost, Insurance And Flight
3. Company, Insurance And Freight
4. Company, Investment Aid Freight

Q7. WHO IS KNOWN AS THE 'FATHER OF ECONOMICS'?

1. Adam Smith
2. Chanakya
3. Machiavelli
4. None Of These

Q8. IN INDIA, INCOME TAX IS LEVIED BY:

1. Union Government
2. State Governments
3. Ministry Of Finance
4. RBI

Q9. WHICH WAS THE FIRST INDIAN BANK TO INTRODUCE CREDIT CARD?

1. Central Bank Of India
2. SBI
3. Bank Of Baroda
4. ICICI

Q10. WHAT IS WORKING CAPITAL?

1. Equity Capital + Retained Earnings
2. Equity Capital - Total Liabilities
3. Total Assets - Total Liabilities
4. Current Assets - Current Liabilities

ON INVESTMENT
ON INVESTMENT
ON INVESTMENT
ON INVESTMENT
ON INVESTMENT

CAUTION AND CONSCIOUSNESS

THE NEED FOR DISCERNMENT
BETWEEN WEALTH- AND PROFIT
GENERATION AMBITION OF MONEY

WRITTEN BY
OSHIN MALPANI

When starting an investment journey, an essential requirement is to decide on the ambition of the money (investment) that is being put in and the ultimate goal or transformation that one wishes for that money. Broadly speaking, investments in the market put today could either lead to wealth generation (defined simply as the overall positive increase in the net financial value of a product, say an investment portfolio) or profit generation (defined simply as the positive episodic money made on a product, say an investment portfolio) or in the rare rendezvous portfolios, both (say, Rakesh Jhunjhunwala's strategies towards both making long term investments and fiercely trading). An increase in the value of a product offers more sustainable, long-term returns and lesser risks (leading to wealth generation) as opposed to an increase in a product that does not promise sustainable returns, is relatively short-lived, and is riskier. Hence, it becomes crucial that the investor design their investment strategies strictly on the behest of their chosen money-making ambitions rather than choosing one of the two ways blindly and with disregard for personal financial conditions, risk appetites, and expectation of returns.

In recent times, however, the market (and its participants) is seeing a considerable endorsement of technical analysis-based trading (aiming at profit maximization in the short term) over a fundamentals-based investment (aiming at wealth maximization in the long term). While this may be for many macro reasons (say, the high tide in markets during the pandemic), one of the reasons seems to be a rat-race euphoria among non-trading members motivated by the stories of successful trades or, even worse, among newer

trading members of the market who got an early taste of successful trades. This euphoria to trade, of course, is the fallacy of random reinforcement (RR), i.e., a sampling, in investors' psyche, of a logically misjudged pattern that assumes that all trades are going to be profitable because a few of them were. This euphoria risks sidelining the discerning investment strategy made, pushing disposable and investable money blindly toward trading. RR makes trading look glamorous and easy to the non-trading or newly traded participant looking for multi-bagger returns. But these few successful trades often hide more provisos than they reveal.

THE HIDDEN PROVISOS

The first (and perhaps the most primary) of these hidden provisos is the statistics against the sustainability of trading for wealth generation. Reports from the market often lament how a large portion of traders, with their trading returns, do not even beat the returns from a regular bank FD. The trusted bank FD is often disparaged (and rightly so) for the depreciation of the investment money as it fails to grow it anywhere near the rate at which inflation progresses, hence leaving the investor with lesser money in value terms than they had begun with. An instrument with the potential to perform worse than an already money-depreciating bank FD needs to be cautiously and consciously handled for the erosion of wealth it can bring in.

The second of these hidden provisos are informational neutrality (and in consequence, asymmetry). The need to be cautious against trading as the sole investment outlet is felt even more strongly in the case of retail investors (and traders). Trading as an activity is information-heavy as it involves tracking price movements and relevant news to the minutest detail to make micro-movement predictions. While it can be argued that the information asymmetry in the markets is largely removed, owing to technological innovations and the tightening of market regulations, it is also true that there is also now a curious case of informational neutrality for the first time in the markets. Here, the basic set of information is majorly available to the majority of the retail investors' population hence, neutralising any advantage to be had with a piece of sensitive or timely information. At the same time, the democratisation of most of the market information has made it even more precious to hold on to a special piece of information that is not generally available in the market. This leads to a heightened informational asymmetry when a piece of information that is not generally available to retail investors – say, kept restricted within the circles of market sharks and bigger market participants – is used to dictate price movements and trading strategies. All retail investors see is the movement in prices and quantities bid or offered due to pervasive informational neutrality and asymmetry. The Efficient Market Hypothesis (EMH) – the hypothesis that a stock's price performance reflects all relevant information – whether accurate or not in market theory, definitely applies to such retail traders who only see the movement in prices and quantities bid



***THERE IS ALSO NOW A CURIOUS
CASE OF INFORMATIONAL
NEUTRALITY FOR THE FIRST TIME
IN THE MARKETS***

or offered due to the above-mentioned pervasive informational neutrality and asymmetry. For them, the price effectively reflects all relevant information because no higher information will be accessible to them; there is nothing more to be known. These participants often have such little relevant information that even the little that they have loses its powers of rational guidance. Then technical analysis 'skill' becomes watching minute changes in graphs and predicting micro-second futures; 'skill' becomes so weak and lean that it starts getting converted into chance.



'THE WALL STREET BUBBLES - ALWAYS THE SAME'
BY KEPPLER 1901

Third of these hidden provisos is the underlying discourses and powers in the market. For this, one must see who holds information and how it influences the rat race euphoria toward trading. A little shortcut towards this discourse building is seeing how people argue for what they identify with, i.e., to look at what the ones promoting, defending, and reaffirming trading as a wealth-generating stream also identifies with. They are often the ones already engaged in trading advisory or consultative business or stand to directly or indirectly derive benefit from increased trading activity in the market. An example of this was seen with the savant market commentators building

advisories and discourses that were extremely bearish to well-regulated cryptocurrency-based investment activities. Without understanding the underlying blockchain technology and its potential, the commentators of the traditional market moved against cryptocurrencies. Who were the majority of these people? – The ones with businesses based on the traditional markets (say advisory firms or brokerage houses) or have most of their investments in the traditional markets. The rise of another competitive, viable investment stream is not good for their business, so the discourse burgeoningly went against it.

At this juncture, I should make some necessary concessions – trading in itself is not an inappropriate financial activity or based on just chance. It is not diametrically worse than fundamentals-based investments. Of course, many good trades happen with sound technical analysis, discipline, and information-driven rationalities. At the same time, losses are inevitable in fundamentals-based investment too (and worse, as they are accrued over a long time as opposed to the short-term losses accrued in trading capable of giving good feedback if the investment decision is wrong). Both of them run the risk of erosion of invested capital, albeit at different rates. An adage often repeated to new investors is that the market takes its fee to teach, that losses are inevitable and part and parcel of investing. But the way one wishes to lose their money – to give the market its fee to teach – can make a big difference in what one ultimately gains and losses. As an ending note, my favorite story to tell to argue the sound logic of fundamentals-based investments comes from around the sixth century Ionia, Asia Minor (a region in present-day Turkey) from a disgruntled philosopher – Thales, the Milesian. He, Aristotle in Politics writes,

“He [Thales] was reproached for his poverty, which was supposed to show that philosophy [and hence, rationality-based approach to decision making] was of no use. According to the story, he knew by his skill in the stars while it was yet winter that there would be a great harvest of olives in the coming year; so, having a little money, he gave deposits for the use of all the olive presses in Chios and Miletus, which he hired at a low price because no one bid against him. When the harvest time came, and many were wanted all at once and of a sudden, he let them out at any rate which he pleased and made a quantity of money.”

In conclusion, we must remember not to fall into the fallacy of random reinforcement mentioned above – a pattern should not be derived from disparate instances in technical analysis or fundamentals-based investments and the three-prong hidden provisos be honestly considered. While successful trading makes for glamorous market legends, great short-term gains, and a source of that crucial adrenaline, one bad trade also has the risk of sweeping all successes away. This essay has not moved against trading but against the rat race narrative that is pushing trading on people that do not necessarily possess the required finances or have the appetite for the inescapable risks.

BUDGET 23-24

BUDGET 23-24

BUDGET 23-24

BUDGET 23-24



A BOOST FOR INDIA'S
INFRASTRUCTURE GROWTH

Know more

STATEMENT
FOR YEAR

The finance minister, Nirmala Sitharaman, focused the Union Budget 23–24, which was released on February 1st, 2023, primarily on infrastructure improvement as a crucial step to reviving the badly pandemic-affected Indian economy. In this article, I'll attempt to make a comparison between the funding allotted for infrastructure development in Budget 23–24 and the funding allotted in Budget 22–23 from the prior fiscal year. The funding allotted for infrastructure development has increased significantly during Budget 22–23, making it one of the budget's standout features. A total of Rs. 5,54,000 crores has been set aside in Budget 23–24 for infrastructure development, an increase of about 20% over the Rs. 4,63,250 crores set aside in the previous fiscal year. This larger budget will be utilized to upgrade already-existing infrastructure and create new infrastructure, giving people greater facilities and fostering the economy. The transportation industry is one of the industries that will experience a significant increase in infrastructural

development. Road and highway development has been given a budgetary allocation of Rs. 1,18,000 crore for fiscal years 23 and 24, an increase of almost 15% over the previous fiscal year's allocation of Rs. 1,01,000 crores. This larger budget will be utilized to construct new roads, upgrade current highways and roads, improve connectivity, and shorten travel times. With an allotment of Rs. 8,000 crores or almost 40% more than it was in the previous fiscal year, the aviation sector has also seen a major rise in funding in the current budget. Better air connectivity and a boost to the tourism sector will result from the use of this greater budget to build new airports and upgrade existing ones. The current budget allocates Rs. 2,500 crores to the maritime industry, a significant increase of over 50% above the Rs. 1,700 crores allocated during the previous fiscal year. In order to strengthen sea connectivity and support the export industry, this increased allocation will be used to build new seaports and upgrade current ones.



Now coming to the railways, it has also received a significant boost in the current budget with an allocation of Rs. 1,10,000 crores, an increase of around 25% compared to the last fiscal year's allocation of Rs. 88,000 crores. Now this increased allocation will be used to improve the existing railway infrastructure, build new railway lines and provide better facilities to the passengers.

The energy sector has also seen a major boost in the current budget with an allocation of Rs. 3,000 crores, an increase of around 35% compared to the last fiscal year's allocation of Rs. 2,200 crores. This increased allocation will be used to set up new power plants and improve the existing ones, providing a better power supply and reducing the energy deficit.

With an allocation of Rs. 2,250 crores, the telecommunication sector has also seen a large increase in the current budget, an increase of over 45% above the allocation of Rs. 1,550 crores from the previous fiscal year. This larger budgetary allotment will be utilized to upgrade the current communications infrastructure and establish new communications infrastructure, resulting in better communications facilities and closing the digital divide which is isolating many from urban facilities and opportunities.

In conclusion, Budget 23-24's increased funding for infrastructure development over Budget 22-23 is a positive start towards restoring the Indian economy. The additional funding for the railway, electricity, telecommunication, aviation, and transportation sectors will improve facilities for the populace. The government's emphasis on infrastructure development will bring in foreign investment and create job opportunities.

75000

TOTAL
INVESTMENT IN
THE SECTOR

15000 INVESTMENT
FROM PRIVATE
SOURCES

35000

ALLOCATION FOR ENERGY TRANSITION

100

NUMBER OF CRITICAL TRANSPORT
INFRASTRUCTURE PROJECTS, FOR
LAST AND FIRST MILE
CONNECTIVITY FOR PORTS, COAL,
STEEL, FERTILIZER, AND FOOD
GRAINS SECTORS

Written By:
BHRIGU NATH CHAKRABROTY

ALGORITHMIC TRADING



OVER THE YEARS



Written By:
MADHAV GOYAL

Algorithmic trading may be traced back to the late 1970s when computerization and widespread access to market data made it practicable. Initially, algorithms were employed to evaluate market data and identify investment opportunities; but, as time progressed, they got more complicated and automated. Many organizations utilize algorithms to perform transactions and manage portfolios, making algorithmic trading a common practice in the financial industry today.

Simple rule-based systems were established early in the history of algorithmic trading. These algorithms analysed market data using basic mathematical models and made investment decisions appropriately. They were based on basic purchase and sell criteria and were used to

manually execute trades. As computer technology evolved, these systems got more complicated, and the use of algorithms in trading became increasingly common.

In the late 1980s and early 1990s, algorithmic trading began to use more complex mathematical models, such as statistical models and artificial intelligence algorithms. These models aided traders in analysing market fluctuations and making better investment decisions. As a result, algorithmic trading surged in popularity, and its adoption by financial institutions and hedge funds rose.

The proliferation of computerized trading in the late 1990s and early 2000s fuelled the widespread adoption of algorithmic trading. Algorithmic traders may now collect real-time market data and execute transactions more swiftly and efficiently than ever before thanks to electronic trading. This led to the development of more complicated algorithms, such as high-frequency trading algorithms, which use computer algorithms to execute trades fast and make decisions based on market data.



ALGORITHMIC TRADING IS A
PROCESS FOR EXECUTING
ORDERS UTILISING
AUTOMATED AND PRE-
PROGRAMMED TRADING
INSTRUCTIONS TO ACCOUNT
FOR VARIABLES SUCH AS
PRICE, TIMING AND VOLUME

Algorithmic trading has grown and gotten more complicated over the previous several decades. The greater availability of market data, as well as the development of new technologies like machine learning, have enabled the construction of more complex algorithms. These computers analyse market data and make investment decisions using sophisticated statistical models and artificial intelligence. They can analyse massive amounts of data in real-time, allowing traders to respond quickly to market conditions and make wise investment decisions.

Market growth will accelerate at a CAGR of almost

6%

\$3.79B

The incremental market growth (expected in 2025)

3.07%

Growth for 2021

Some critics say that algorithmic trading has contributed to market volatility and increased the risk of financial crises in recent years. In response, authorities have enacted new legislation to govern the use of trading algorithms and ensure the transparency of algorithmic traders' actions. Even after all this, the global algorithmic trading market size is projected to reach USD 18.8 billion by 2024, at a CAGR of 11.1% during the forecast period due to the increasing demand for fast, reliable, and effective order execution and reducing transactional costs are expected to drive the growth of the algorithmic trading market which is expected to drive the growth of the algorithmic trading market.

ATTRACTIVE MARKET OPPORTUNITIES

The history of algorithmic trading has been characterized by fast development and expansion. Algorithmic trading has developed in complexity and popularity in the financial industry over the previous several decades. As technology advances, it is projected that algorithmic trading will expand and become more complicated, allowing traders to make better-informed investment decisions and respond to market conditions more quickly. However, algorithmic trading will continue to be regulated and scrutinized as authorities attempt to ensure its responsible and transparent use.

LET'S PLAY WITH

FINANCIAL DERIVATIVES!

Financial derivatives are complicated financial instruments that, at first glance, may appear overwhelming. But, with a little imagination and originality, I aim to make the concepts understandable to the audience.

Consider financial derivatives to be tools for estimating the value of an underlying asset, such as a stock, commodity, or currency. These derivatives may then be purchased and sold as distinct financial instruments, allowing you to profit from changes in the underlying asset's value. Let's first explore the different types of derivatives. There are four main categories: forwards, futures, options, and swaps. Both forwards and futures are contracts to buy or sell an underlying asset at a predetermined price at a future date, which makes them comparable. The primary distinction between the two is that whereas forwards are private contracts between two parties, futures are traded on exchanges.

An option grants you the right, but not the responsibility, to purchase or dispose of an underlying asset at a particular price (referred to as the "strike price") within a predetermined window of time. For instance, you may purchase an option to purchase 100 shares of a stock at \$50 during the following three months. Lastly, A swap is an agreement between two parties to exchange cash flows in the future. One side may agree to pay a set interest rate, for instance, while the other agrees to pay a floating interest rate based on the going rate in the market. Now let's take a look at the examples I have prepared for you to understand the use of Financial Derivatives.

FIRST

Consider a multinational corporation that specializes in importing goods from India. This corporation is exposed to currency risk due to fluctuations in the value of the Indian Rupee against the US dollar. If the Rupee strengthens against the dollar, the cost of imports will increase, which will negatively impact the corporation's bottom line.

The company signs a currency swap agreement with a financial institution to lessen this risk. The financial institution agrees to pay the corporate a fluctuating interest rate in India, while the corporation agrees to pay the financial institution a set rate of interest in US dollars. In this method, the company removes the risk of currency swings and locks in a fixed exchange rate for a set period.

Here, because the value of the currency swap contract is based on the exchange rate of the underlying currency, it is a financial derivative. It enables the company to shift the management of its currency risk from the business to the financial institution.

SECOND

Consider a stock investor who is worried about the possibility of market swings. The investor signs an options contract with a broker to control this risk. The investor is given the option, but not the duty, to purchase or dispose of the shares within the defined timeframe at a predetermined price. In this manner, the investor can lessen the risk of suffering losses if the market price drops while still taking part in the possibility of gains if the market price rises.

THIRD

The most typical illustration for understanding futures contracts is a farmer who farms corn. Due to changes in the market price of corn, the farmer is subject to price risk. The farmer signs a futures contract with a commodity trading company to reduce this risk. Under this agreement, the farmer promises to sell a specific quantity of corn at the agreed-upon price and delivery date. By doing this, the farmer secures a price for his corn, regardless of future price declines in the market.

Financial derivatives are a vital instrument for reducing risk and maximising returns. They provide clients the chance to lower risk exposure, hedge against price swings, and make better investing selections, among other advantages. It is easier to recognise derivatives' worth and usefulness in the financial world by comprehending how they are used in practical situations. So readers keep on learning and practicing.

Written By:
PRANJAL SHRIVASTAVA

DID YOU KNOW?

F I N N O M I N A L F I N A N C E F A C T S

BSE - ASIA'S OLDEST AND LARGEST EXCHANGE

The BSE is the oldest exchange in Asia, with over 5000 companies listed. Consequently, the exchange is the only one in the world with the highest number of listed companies.

THE MOST EXPENSIVE STOCK IN THE WORLD

Berkshire Hathaway is the world's most expensive stock. A single stake in the company costs about 2 crore rupees.

A COMPANY IN INDIA THAT IS WORTH MORE THAN THE WHOLE MARKET CAPITALISATION OF THE KARACHI STOCK EXCHANGE

Tata Consultancy Services (TCS) and Reliance Industries Ltd (RIL) are two Indian corporations with market capitalisations above the whole market capitalisation of the Karachi Stock Exchange (KSE). The KSE was inaugurated on September 18, 1947.

PRIVATE STOCK EXCHANGE

Somalia has a "pirate stock market" where residents may invest in pirate organisations organising hijacking expeditions.

JAPAN BLUNDER

In 2005, an inexperienced bank trader in Japan attempted to sell one share of J-Com stock for 640,000. Inadvertently, he sold 640,000 shares for 1 apiece, which is comparable to selling \$3 billion worth of shares for \$5,000.

DID YOU KNOW?

F I N N O M I N A L F I N A N C E F A C T S

BULL AND BEAR

The titles "bear and bull" were given to the stock market because of caballeros (Spanish knights) in California. The caballeros pitted grizzlies from California against bulls. They noticed bears with downward swipes and bulls with upward hooks, so providing the parallel.

SUIT AND TIE MATTERS

The New York Stock Exchange is regarded the most conventional since dealers must wear a suit and tie in order to access the trading floor.

PATIENCE IS THE KEY

In addition to Steve Wozniak and Steve Jobs, Ronald Wayne was also a cofounder of Apple. In 1976, he sold his 10 percent stake in the business for \$800. His 10% would have been worth \$35 billion today.

LOOKS CAN BE DECEPTIVE

You may believe that London is the largest stock market hub, but Shanghai really ranks second. The NYSE trades \$1,520 billion in shares every month, compared to \$1,278 billion in Shanghai. The London Stock Exchange Group's monthly trading volume is just \$165 billion.

AUSTRALIA SUPREMACY

According to research conducted by Credit Suisse in 2010, Australia has the best performing stock market in the world between 1900 and 2009, Internet bubble and global financial crisis (GFC) included.

FALL FROM GRACE

VEDANTA, NIYAMGIRI & STOCKS

What happens when a mining giant joins hands with the government, gains power over the natural and man-made resources in the country, and uproots the lives of the people with no such machinery to defend them?



WHAT WENT WRONG?

The Odisha government, while benefiting from the inhumane capitalistic practices of Vedanta Alumina, a subsidiary of SAIL- Sterlite Industries India, permitted them to mine bauxite without even considering the religious sentiment of the local tribes attached to the hills. On top of this, the government agreed with Vedanta, which gave the mining conglomerate the power to take control of land as they pleased and water and other natural resources deemed necessary for business. While one may say that Indian laws surrounding the business must have been stopped, the truth of the matter is that Indian laws do not have stringent protections in place for the land rights of tribal communities, and the first act of such a kind was introduced in 2006 while this agreement was drawn up in 2004. The conflict escalated when social and environmental activists met the same fate as those whose homes they were trying to protect, and media outlets highlighted the story.

The government permitted them to split apart in hopes of mining 72 million tonnes of bauxite for over two decades, forcing the Dongria tribe to unequivocally protested against Vedanta for more than a decade. This unrest forced the Supreme Court to intervene. The court asked all the 12 gram-sabhas of the hills to vote and decide the project's fate, and all voted against it. Despite the discontinuation of the project, the ecological devastation was immense. Large forest areas were cleared out for transportation facilities. The water sources near Niyamgiri were used to store 'red mud', a toxic waste product of the alumina industry. The same waste was also dumped around the refinery. The refining plant was a massive contributor to air pollution, exuding sulphur dioxide, carbon dioxide, and nitrogen oxides. Despite Vedanta's claims of safe disposal of toxins, residents of the villages started complaining about skin issues and breathing problems. The health issues were undeniably caused by the "development project" of Vedanta.

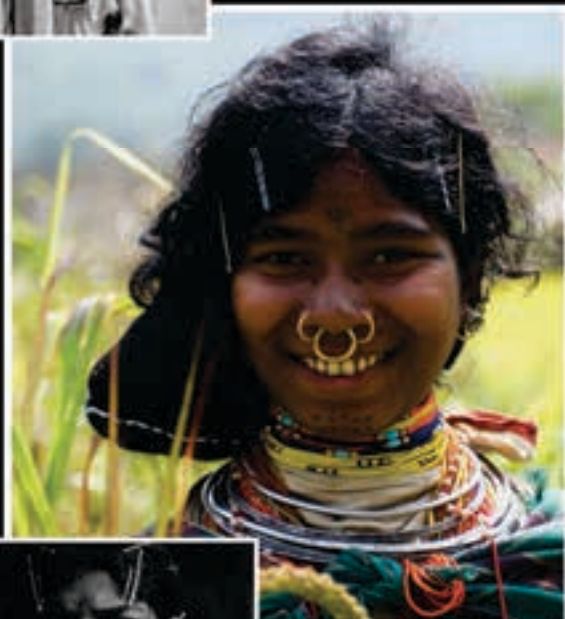


In 2008, after the Niyamgiri Hills case saw the light of day for a large audience, Vedanta's stock price fell precipitously from 216 to 84 rupees, showing almost a 61% decline. Investors had begun to act following a thorough investigation of Vedanta's practices in 2007. The committee on ethics for the Norwegian government pension fund withdrew \$13 million in assets from the firm. A 2.3 million pound stake in Vedanta, owned by the Scottish investment firm Martin Currie was sold in 2008.

According to the company's press representative, Scott White, consumers must expect businesses to act morally and legally. The existing stock was caused by uncertainty regarding the bauxite project's problems. It appears that many foreign banks were deceived by Vedanta's glossy CSR brochures and were oblivious that sustainability was irrelevant to the company's primary operations. Thirty foreign banks generously contributed to it, including Barclays, Calyon, Deutsche, HSBC, JPMorgan Chase, SC, and WestLB.

The business disclosed a significant loss, driven mostly by unusual items totalling Rs 19,956 crore. These items included a goodwill impairment charge of Rs 19,180 crore related to the acquisition of Cairn India. The business reported a loss of Rs 21,104 crore for the 2016 March quarter due to a steep fall in crude oil prices. The company released unaudited financial figures up until December 2016. The figures were affected by unusual transactions totalling Rs 33,645 crore,

2008 FALL OF STOCK



mostly an impairment in the oil and gas company. In addition, the company had also depreciated goodwill associated with the Australian Copper Mines of Tasmania by Rs 281 crore. The increase in the number of losses was one of the most significant reasons for the fall in the price of the stock.

Vedanta Resources Ltd. (VEDL) shares further fell 4.95% to Rs 240.15 after protesters killed 12 people in Tamil Nadu. The downtrend in the stock movement continued as 12 people were killed in the southern Indian state of Tamil Nadu after police fired at violent protesters. Vedanta traded at a 12-month forward PE of 7.05, the lowest among metals and mining firms in India. Vedanta Ltd fell as much as 4.1 percent after CLSA cut its price target and retained a 'sell' rating, citing concerns on slow volume ramp-up in zinc & aluminum businesses.

Vedanta Ltd's financial performance during the previous ten years, the company is of middling quality. When compared to its historical key valuation ratios, Vedanta Ltd. appears to be in the Fair range in terms of valuation. Strong evidence exists to support the notion that Vedanta Ltd.'s price will probably increase in the near future but only in the short run, and that is also subject to their ability to stay true to their social responsibility.

As the world moves towards sustainable development and tries to fix procedures to meet its goals, companies like Vedanta will use this administration delay to milk resources out and mint money till the last moment possible. Despite several of these institutions having made commitments to sustainability and human rights programs, they do business with a corporation that has one of the worst records in the world in terms of the environment and human rights.



Rs 19956

Total Losses incurred by Vedanta Business group

61%

The decline in Vedanta stock prices in 2008

WHAT'S NEXT FOR VEDANTA'S STOCK

Written By:
SURYANSHA RAWAT
MANINEE RAJ
SAMANVI BATHULA

UNLEASHING THE POWER OF

FOREX TRADING

MYTHS BUSTED?

"Don't you need to be a millionaire to participate in Forex trading?" "Isn't it only reserved for the financial bigwigs?" Have you ever encountered such misconceptions about Forex Trading?

Many people hold these beliefs, but is that really the case? Contrary to the popular belief, the Forex market is not just for the elite Wall Street tycoons. In fact, it is an incredibly accessible and lucrative arena for ordinary individuals to dip their toes into trading. With its unparalleled liquidity and vast profit potential, Forex trading is a truly democratic platform for all. These are just a few of the common misconceptions surrounding the Forex market that are simply not true.

It's just another Huge Scam! There are malicious actors who prey on novice and overeager traders, exploiting their lack of experience for their own gain. The Forex market, like any other, is vulnerable to the machinations of swindlers.

You have to forecast trends in the market? No, You don't need a crystal ball to trade. Predicting the future is an elusive pursuit, and if it were attainable, there would be no need for a market. The key to success lies in comprehending the odds and adapting sensibly to alterations in circumstances.

You may Reap a Monthly Return on investment! Forex is not a vehicle for saving but rather an investment that is contingent upon the varying value of foreign currencies. A trader can only reap benefits if the worth of the currencies they have selected increases.

Visit a Casino instead, it's essentially the same thing! This myth might be applied to any sort of trade. But regrettably, a lot of people wrongly believe that forex trading is just gambling. While luck can be a factor in any venture, Forex trading goes beyond chance. Yes, you may play the odds and place wiser wagers, but it still remains a game of luck. It is speculative, but it isn't gambling.

It is a rarity that one encounters a day in the forex markets where events remain stagnant. To master the intricacies of the forex market and emerge victorious in forex trading, these are the key principles that you must keep in mind. Trading with an Edge Proficient traders only risk their funds when a market prospect offers them a strategic advantage, augmenting the chances of a successful trade.

'FOREX TRADING IS LIKE A GAME OF CHESS, WHERE EVERY MOVE COUNTS AND STRATEGY REIGNS SUPREME.'

Draw inspiration from the success story of 'the Trading Geek'. This successful trader and YouTuber, 'The Trading Geek' rose from poverty to prosperity through his passion for Forex trading. Despite challenges, he persevered and worked hard to attain financial independence, starting with a \$7 hourly wage. Armed with knowledge from 'The Ten Essentials of Forex Trading' and 'Trading in the Zone,' he honed a profitable strategy and a psychological approach. He now earns a minimum of \$100,000, living the life he always dreamed of.

'THE TRADING GEEK'S JOURNEY: FROM \$60 TO \$100K+'

SIMPLIFYING TECHNICAL ANALYSIS

Consider the scenario of two utterly different forex traders:

- Trader A boasts a luxurious office, equipped with a state-of-the-art trading computer, multi-screen setup, real-time market news, and an abundance of technical charts with multiple indicators, etc.
- Trader B operates in a minimalistic office, equipped only with a basic laptop and a few, no more than two, technical indicators added to their market charts.

If you assumed that Trader 1 embodied the characteristics of a highly successful and seasoned foreign exchange trader, you may have been mistaken. The portrayal of Trader 2 aligns more closely with the typical traits and practices of a successful forex trader. Excessive indicators often lead to bewilderment and uncertainty, thus causing traders to overlook the bigger picture due to a myopic focus on details.

Preserving the Capital

'Playing great defence is the most important rule of trading.' Why? The number one reason traders fail in forex is a lack of capital preservation. Blowing out an account before entering a profitable trade is the main cause of failure. Play great defence and protect your trading capital.



In conclusion, forex trading offers unique opportunities for investors to earn profits, but it also involves significant risks. Successful forex trading requires a solid strategy and careful analysis of market conditions. With the right approach, forex trading can be highly rewarding.

Written By:
ARCHITA SHARMA

What are mutual Funds?

If I have to define Mutual Funds in simpler words, I would describe them as a company that pools money from many investors and invests it in stocks, bonds, or other assets. The holdings of bonds, stocks, and assets that the fund owns are known as its portfolio. A portion of these holdings is represented by the shares that each investor in the fund owns.

How does mutual fund trading works?

Trading in mutual funds is a straightforward process. Investors can purchase or sell shares in a mutual fund through a brokerage account or directly through the fund company. When an investor wants to purchase shares, they place an order with the broker or fund company, and the transaction is executed at the next available Net Asset Value (NAV) price.

What are the risks involved

The biggest risk involved in mutual fund trading is market risk, also known as systematic risk. This is the risk that the value of the securities in a mutual fund's portfolio will decline due to general market conditions, such as a recession or bear market. Market risk is inherent in all investments and cannot be eliminated. Additionally, some mutual funds employ strategies to try to reduce market risks, such as investing in a mix of stocks, bonds, and other securities.

Trends and growth in Mutual Fund trading

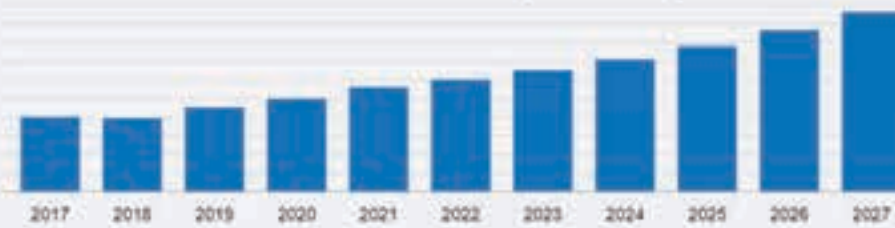
Covid-19 impact on the mutual fund market:-

Due to an increase in corporate defaults as a result of the severe disruption to cash flow, the COVID-19 pandemic has had a moderate impact on the market for mutual fund assets. Customers are now taking advantage of mutual fund offers through online platforms, however, as lockdown in several areas has negatively impacted consumer travel and disrupted businesses around the world. As a result, during the pandemic situation, this has emerged as one of the key growth factors for the market for mutual fund assets.

HOW TO TRADE IN
MUTUAL
FUNDS?



Market Size Outlook (USD Trillion)



2017 : USD 80.60



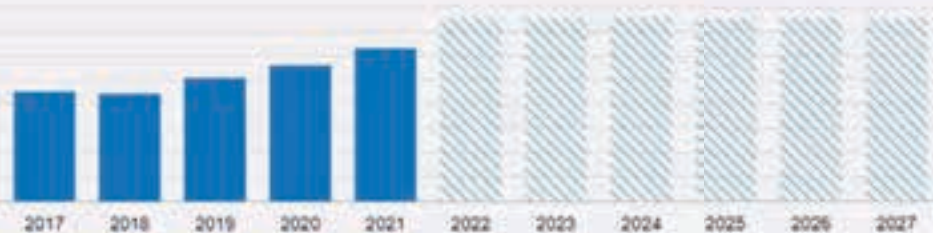
Source: AMFI , Accessed 12th February 2023

Growth in Mutual Fund:-

One of the factors driving the growth of investments in mutual funds is the increased emphasis on domestic savings, as well as the increase in disposable income and the mobilization and allocation of income towards profitable investments. Additionally, it enables small and large fund savers worldwide to take part in investment plans and profit from the expansion of the capital market. Between 2022 and 2027, the mutual funds market is anticipated to expand at a CAGR of 9.76%. The market is expected to grow by USD 71.62 trillion in size. The market's expansion is dependent on several variables, such as investor base expansion, market liquidity, and rising financial savings as a percentage of overall household savings.

Mutual Funds Market

Share by Type (USD Trillion)



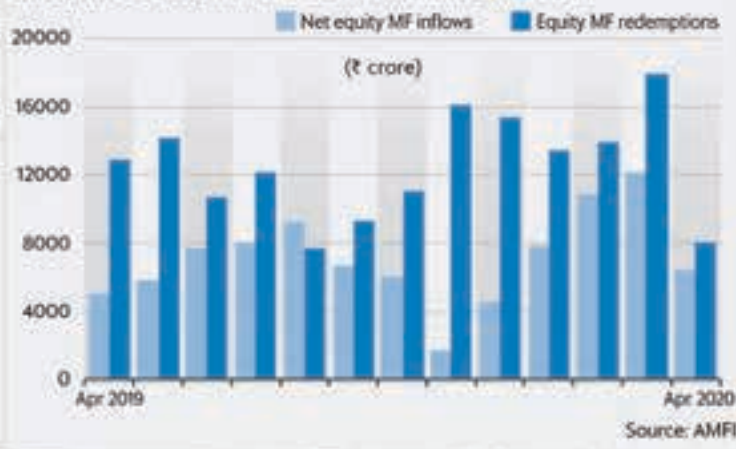
Stock Funds Segment

2017 : USD 45.08 trillion

Source: AMFI , Accessed 12th February 2023

Slowing inflows into equity MFs

Inflows into equity mutual funds in April fell to a four-month low of ₹6,411.88 crore, which is down 47.33% from March.



Source: AMFI , Accessed 12th February 2023

Is Investing in Mutual Funds in 2023 a safe option for you?

As you are aware of the already rising interest rates, The RBI may increase interest rates once more this year before pausing. As a result, you should only invest in these plans if you dare to deal with volatility. You might also experience some immediate losses. However, once interest rates start to decline, if you have the patience, you might be able to reap attractive returns. A lot of financial advisors think that debt investments, particularly medium- and long-term funds, will provide better returns in the future.



Fastest-Growing Segment in the Mutual Funds Market

Stock funds will see significant growth during the forecast period. Stock funds invest in corporate stocks. Stock funds are divided into groups based on the proportion of investments they make in mutual funds. Since stock funds have the potential to create wealth over the long term, they make excellent choices for capital growth investments. They are a good choice for investors looking for long-term investments and stock market exposure. Thus, during the forecast period, the global mutual funds market will be driven by the rising demand for stock funds.

In conclusion, medium-duration funds are a good option if you're looking for a debt mutual fund where you can park money for four years or longer and are willing to accept some risk and volatility. Due to the likelihood of further increases in interest rates in the upcoming months, be aware that these schemes could be volatile. To reduce the pressure of inflation in the economy, the RBI is likely to increase rates once more.

Written By:
ISHITA CHATURVEDI

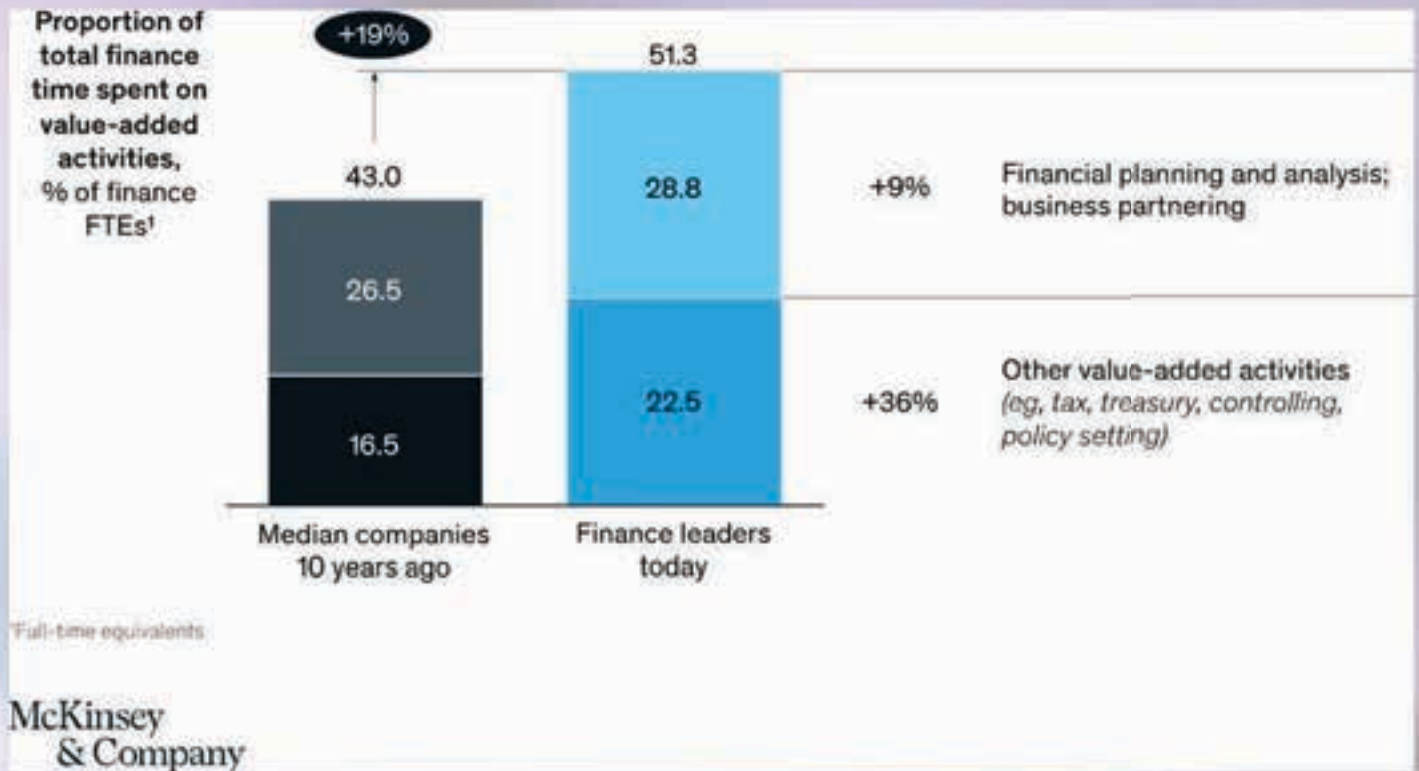
DIGITAL AGE FINANCE

The information age was the succession of agricultural and industrial ages. It is the stage of human civilization where there is an explosion of opportunities to access and create information. The introduction of the world wide web, which was almost 25 years ago, and the invention of communication technology like the telephone, television, the radio, etc., led to what we now call the Information age.

It is still evolving, and we still live in it to some extent. Most people are aware of this fact. But, just as there was a transition period from the nomadic age to the agricultural age and another transition period from the agricultural age to the industrial age, and from the industrial age to the information age, we are now in yet another transition period. And it appears that many people are unaware of this, which is why I bring this article to my readers.

MANY STILL TALK ABOUT THE INFORMATION AGE AS IF IT WERE THE MOST RECENT STAGE OF SOCIETAL DEVELOPMENT, IGNORING THAT THE NEXT STAGE SHOULD HAVE ARRIVED BY NOW. WE ARE, IN FACT, ALREADY THERE.





Source: Analysis by McKinsey & Company, Accessed 12th February, 2023

This wave of change began to take shape roughly ten years ago when technology in all its forms experienced unprecedented development rates in history and the inclusion of digital media in every aspect of business operations. Needs that could not be met before could now be met, and businesses jumped at the chance to profit from an ever-changing set of demands that arose from a market that had now been empowered with access to limitless information, putting it in a constant state of morphosis. This transition from the information to the digital age can also be seen in the finance function as it shifts from a cost center to a value centre. A value centre is a business unit that benefits the company in addition to its direct contribution to profits. The finance department must create value for other departments or functions inside the organization to be

called a value centre. The finance department, for example, can add value by providing accurate and timely financial information that assists other departments in making better decisions. Finance executives can further distinguish themselves by devoting more time to value-added activities like financial planning and analysis (FP&A), strategic planning, treasury, operational-risk management, and policy formulation. Finance executives today devote 19% more of total finance-staff bandwidth to value-added activities than the average business did 10 years ago (Figure 1). This prioritizing enables finance professionals to develop deeper competencies in value-added areas, resulting in a positive feedback cycle that may result in even bigger advantages in the future.

While there are numerous advantages to changing finance into a value centre, there are also risks that firms should be aware of. Some of the problems of financial transformation include:

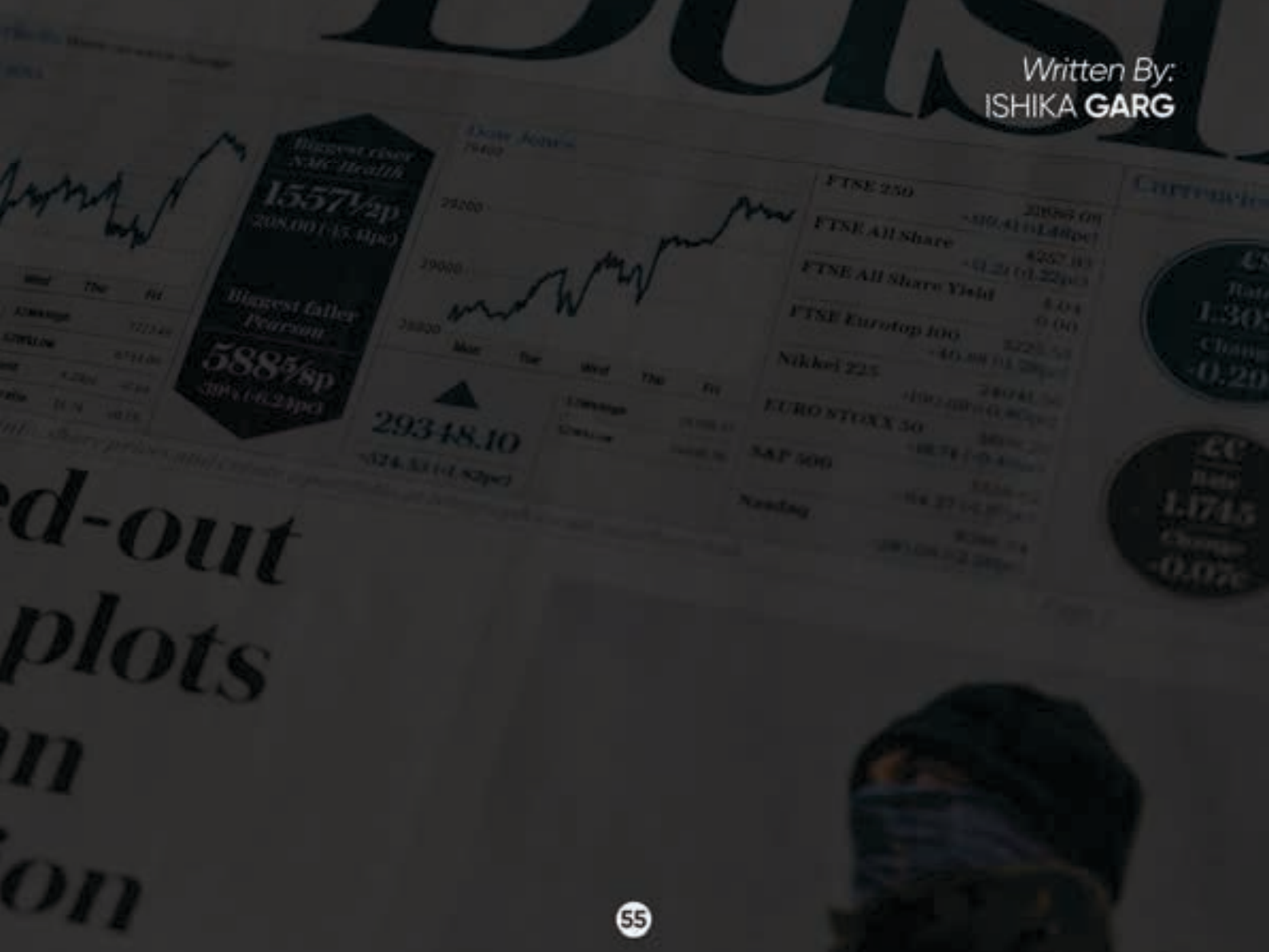
- Employees may resist change if they have previously worked in a traditional financial department. It is critical to ensure that personnel receives enough training on new processes and technologies.
- The costs of deploying new finance technologies and processes can be high. Businesses must ensure that they have sufficient funds to implement these changes appropriately.

- Implementing new finance technologies and procedures can be difficult for firms. A sound change management plan must be in place to guarantee that the transfer goes well.

Regardless of the hurdles, changing finance into a value centre is critical for organizations seeking to thrive in today's environment. Companies can increase their financial efficiency and effectiveness by implementing new technology and processes. This, in turn, will assist firms in creating value for their shareholders and other stakeholders.

Busi

Written By:
ISHIKA GARG



GLOSSARY

KNOW YOUR FINANCE

ALPHA

Alpha is the evaluation of a portfolio's performance compared to a specific benchmark, often a stock market index. In other words, it refers to the degree to which a trader has "beaten" the market over time. Depending on how close the alpha is to the market, it may be positive or negative.

CHARTIST

A chartist is a trader who relies mostly on charts to analyse the past price movements of a financial asset to predict and speculate on its future performance. Technical analysts are sometimes known as technical traders.

ARBITRATOR

An investor that seeks to capitalize on market inefficiencies such as market volatility, price, and dividends.

EBITDA

EBITDA is a way of evaluating a company's performance that disregards financial decisions and the tax environment. Earnings before interest, taxes, depreciation, and amortization is the exact definition of EBITDA.

GLOSSARY

KNOW YOUR FINANCE

HEDGING

A hedge is an investment or transaction designed to reduce your risk exposure. Hedging is the practice of reducing risk via investment.

DELTA

In options trading, Delta is a statistic used to assess how the price of an options contract fluctuates when the price of the underlying asset changes. Occasionally, it is also known as the hedging ratio.

LEVERAGE

Leveraged products are financial instruments that enable traders to expand their market exposure without increasing capital expenditure.

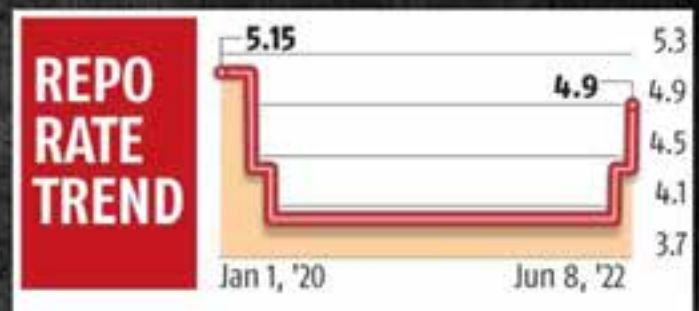
FRONT RUNNING

Front-running is the practice of trading stocks or other financial assets by a broker who has first-hand information on an upcoming transaction that will have a significant impact on the asset's price.

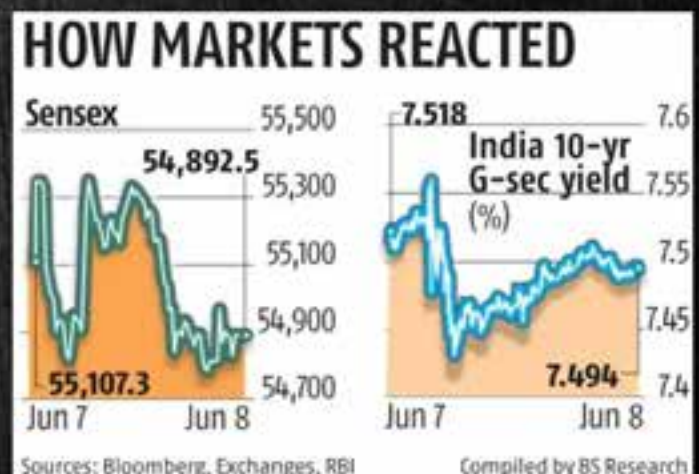
REPO RATE EXPLAINED



The core of the functionality of the RBI revolves around regulating the money supply in the economic landscape. Throughout economic fluctuations, the role of directing the banking sphere is vital. The repo rate, which is the rate charged by RBI for lending to commercial banks, helps volume to control inflation. The rate is increased, which pulls money from the economy as a measure against inflation. Such a move would act as a disincentive for the commercial banks to borrow from the central bank, ultimately arresting inflationary pressure. The reverse happens in the event of a fall in inflation, wherein the repo rate is reduced. Recently, the RBI's liquidity adjustment facility was hiked by 25 basis points to 6.5%, with a projection of 6.4% GDP growth for the upcoming fiscal year. The MPC (Monetary Policy Committee) of the RBI undertook the measure to rein in retail inflationary pressure, which can be expected to be around 5.3% in the fiscal year 2024. The lending rate would go up, eventually enhancing the funds' cost. As a result, the EMI on various personal, home, and vehicle loans will go up. Since around 43.6% of loans in total share a link with the repo rate, the move would be impactful.



Source: Business Standard Research (RBI) Accessed : 12th February 2023



Source: Business Standard Research (Bloomberg Exchange, RBI) Accessed : 12th February 2023

Additionally, the marginal cost of funds-based lending rates (MCLR) that cover around 49.2% of the bank loan portfolio will also rise. There could be a realignment in the deposit rates as well. The risks emerging from slowdowns worldwide, tensions on the geopolitical side, and strictness in the overall financial scenario would pose risks, forcing the prediction of the GDP forecast for 2023 down to 6.8% from 7% earlier. Regarding the inflation predictions, the RBI decreased the target for 2023 to 6.5% from 6.7% (that's still beyond the RBI's comfort limit of 4%). The inflationary forecast is about 5.3% in 2024.

The stock market and interest rates follow an inverse relationship with each other. So, when the central bank hikes the repo rate, the sudden reaction of the stock market is evident. In detail, an increase in the repo rate makes the companies cut back on expansion-related investment, leading to a dip in growth, impacting earnings and cash flows, and ultimately dropping the value of stocks. In short, the rise in interest rates signifies more significant savings and lower capital flow in the economy, culminating in the fall in the stock market. The recent repo rate hike was known to the market, creating an insignificant impact. The Sensex traded around 261 points which is 0.43%, higher at 60,547.32, and the NSE Nifty by 96 points at 17,817, as a response in the market.

Written By:
PRIYANSHI NAGPAL

MONEY LAUNDERING

AND THE MARKET OF THE REAL WORLD

“Integrity, transparency, and the fight against corruption have to be part of the culture. They have to be thought of as fundamental values,” are the utopian ideals shared by Angel Gurría, former Secretary General of The Organisation for Economic Cooperation and Development. However, a common man hardly seems impacted when big news on money laundering hits the news. But it is these criminal activities such as money laundering that had resulted in bank failures around the globe such as the European Union Bank and the first Internet Bank.

If money laundering goes unchecked it can erode any country's integrity in its financial institutions. It has the potential to negatively impact currency and interest rates because of the high level of capital market integration. In the end, dirty money makes its way into international financial systems, where it may damage national economies and currencies. Therefore, money laundering is not just an issue for law enforcement; it also poses a severe danger to both national and international security.

It can defeat the principles of the traditional free market of legitimate businesses, as these instances employ front companies that offer their goods and services at much cheaper prices than regular firms who draw capital funds from the market, hence making it impossible for legal businesses to compete with such entities who run on subsidized funding. Moreover, managing assets, obligations, and business operations effectively present significant difficulties for financial organizations that depend on criminal proceeds.

Large amounts of laundered money could, for instance, enter a financial institution and then abruptly and unnoticeably vanish through wire transfers in reaction to non-market circumstances like law enforcement activities. This may cause issues with liquidity and bank runs. When money laundering is discovered, it can result in the freezing of assets and a decline in liquidity in the market. This can make it more difficult for investors to buy and sell stocks, which can negatively impact market activity.

Money laundering is thought to account for between 2 and 5 percent of global GDP, or at least \$600 billion, were estimates made by Michel Camdessus, International Monetary Fund's former managing director. These statistics do not paint a rosy picture. All of these consequentially implies governments losing influence over economic policy in some developing market nations where these criminal gains may far exceed annual budgets. It more difficult for investors to buy and sell stocks, which can negatively impact market activity.



It has been seen in some circumstances that the sheer size of the asset base built up from laundered revenues may be utilized to corner markets or even tiny economies. Also, currency and interest rates can be negatively impacted by money laundering since launderers reinvest their money in places where their operations are less likely to be discovered rather than where rates of return are higher. Moreover, companies that are found to be involved in money laundering may face legal and regulatory penalties, including fines, loss of licenses, and criminal prosecution. This can lead to a decline in the stock prices of these companies and can harm the market as a whole.

For instance, the Enron scandal is an example of how money laundering and accounting fraud can have a significant impact on the stock market and the

economy as a whole. It highlights the importance of strong corporate governance and effective regulation to prevent such activities and protect investors and the public from financial loss.


Also, in the famous Russian Laundromat case, it could be seen how huge market participants without proper controls may be abused to launder billions of pounds using very simple procedures. Although this case did lead to the highest punishment ever levied by the Financial Conduct Authority of the United Kingdom (£163 million), the case hasn't led to any substantial changes in how authorities and law enforcement approach examining how the markets might be misused to launder money or how businesses engaged in this sector manage the risk of money laundering. As succinctly put in a Chinese Proverb, the Fish sees the bait, not the hook;



A person sees the gain, not the danger. Money laundering might seem the better way off but in a greater context, it can cause sudden shifts in the demand for money as well as greater volatility in global capital flows, interest rates, and exchange rates. Sound economic policy may be challenging to implement due to the unexpected nature of money laundering and the ensuing loss of policy control.

Right now, the current atmosphere places the onus of mitigating market-based risks of money laundering

on the due diligence of a customer. However, a general outlook of firms should be to identify and assess risks in areas of heightened vulnerability. Also, in a larger context international cooperation and global benchmarking will become key in reducing the criminal abilities of money launderers as it is imperative to take a strong stance against money laundering to protect the integrity of the financial system and maintain investor confidence in the stock market.

A black and white photograph showing a close-up of a hand holding a crumpled US dollar bill. The bill is held between the thumb and index finger, with the rest of the hand supporting it from below. The bill is significantly wrinkled and folded. Visible text on the bill includes 'THE UNITED STATES OF AMERICA', 'FEDERAL RESERVE NOTE', and the serial number 'J490721F'. The background is blurred, showing what appears to be another person's hand or arm.

Written By:
IGYASA SHARMA

MAXIMISING STOCK

REDUCING RISK AND

IMPROVING

TRADING WITH AI

COMPLIANCE



Artificial intelligence (AI) is becoming increasingly important in the financial industry and playing a crucial role in reducing risk and improving compliance in stock trading. Historically, stock trading has relied heavily on human intuition and experience to make informed decisions, but with the introduction of AI, the financial industry has seen a significant improvement in risk reduction and compliance. AI algorithms can process vast amounts of data, identify patterns, and make more accurate predictions than human intuition, leading to reduced risk of incorrect decisions and lower risk of fraud and financial crimes, thereby improving compliance and ensuring a more secure and stable financial market.

AI has become increasingly common in stock trading, with over 70% of financial institutions now using AI algorithms for trading, a significant increase from just 10% in 2015.



This trend is expected to continue as more financial institutions adopt AI in their operations. One of the earliest uses of AI in stock trading can be traced back to the 1980s when expert systems were used for analyzing market data and forecasting stock prices. Today, AI is used for a variety of purposes including automated compliance checks, risk assessments, and order execution, reducing the risk of human error and ensuring compliance with regulations such as those set by the SEC and FINRA. AI algorithms can analyze vast amounts of data to identify potential compliance violations, thereby improving the overall security and stability of the financial market.

One way AI is improving compliance in stock trading is by automating many of the manual compliance processes. AI algorithms, for example, can automatically monitor trades and flag any that appear suspicious or non-compliant. This reduces the risk of human error and makes compliance with regulations easier for financial institutions.

Real-time data insights are another way that AI is reducing risk and improving compliance in stock trading. AI algorithms can rapidly process massive amounts of financial data, such as stock prices and market trends, and provide real-time insights that can assist traders in making informed decisions. This reduces the risk of making incorrect decisions and improves compliance by ensuring that trades are made on the basis of accurate and up-to-date information. AI algorithms, for example, can be trained to analyse data from various sources, such as news articles and social media, in order to identify emerging trends and forecast future market conditions. During the COVID-19 pandemic, AI algorithms were used to analyse news and social media data in order to forecast the stock market's reaction to the pandemic. The outcomes of these forecasts assisted traders in making more informed decisions and reduced the risk of financial loss.

In recent news, artificial intelligence (AI) has been used to improve compliance in the stock trading industry in various ways. For example, the New York Stock Exchange (NYSE) announced in 2020 that it would use AI algorithms to monitor real-time trades and flag any that are suspicious or non-compliant. This is a significant step towards improving compliance and lowering the risk of financial crimes in the stock trading industry.

Another example of AI improving stock trading compliance is the use of AI algorithms to detect insider trading. Insider trading is a serious problem in

the financial industry because it allows individuals to profit from privileged information that the general public does not have. AI algorithms can analyse massive amounts of financial data and spot patterns that may indicate insider trading. Ensuring that trades are based on accurate and up-to-date information, this helps to reduce the risk of fraud and improve compliance. This has been a source of concern in recent years, particularly in the aftermath of high-profile AI algorithm failures, such as the 2018 Cambridge Analytica scandal.

To summarise, artificial intelligence (AI) is playing an important role in reducing risk and improving compliance in stock trading. AI is assisting financial institutions in complying with regulations and reducing the risk of financial crimes by automating many of the manual processes involved in compliance, providing real-time data insights, and detecting insider trading. This is a significant advancement for the financial industry, and we can expect to see even more progress in the use of AI for risk reduction and compliance in stock trading in the coming years.

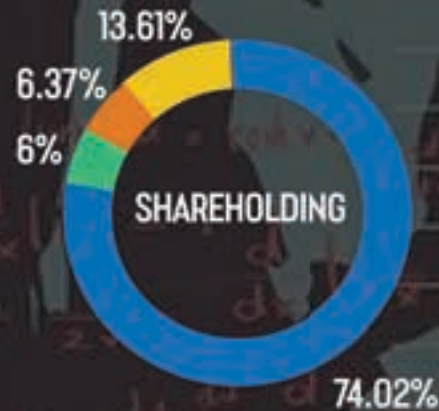
Written By:
MANHAR SINGLA

CAMPUS ACTIVEWEAR

Sports and athleisure footwear are manufactured by Campus Activewear Limited, a firm located in India. Sports and athleisure footwear goods are the company's main line of business when it comes to production, distribution, and sales.

TECHNICAL ASPECT

This analysis was done on 10 February 2023, Current Market Price is 420 INR. The stock was in a downtrend for almost 110 days where it lost around 40% of its value. The Big Bullish Candle (6.10%) on 9 Feb shows a good sign of buyers again in action.



THE BEAR IS BULL

FINNOMAL
STOCK
INSIGHTS

MACD (MOVING AVERAGE CONVERGENCE DIVERGENCE) & RSI (RELATIVE STRENGTH INDEX)

The MACD line which is the Blue Line just cuts the Orange Line which is the Signal Line from below which is considered as a buy signal. The RSI's value is also 61.3 which is also a buy signal.



To support the reversal another Big Bullish Candle (6.46%) on 10 Feb was formed. The Blue line is the Exponential Moving Average of 50 days. The candle on 10 Feb cut the EMA also which is also considered a buy signal. The 2 Yellow Lines are the Resistance Levels & the dotted Yellow line could be the area false breakout/breakdown area.

SUMMARY

To summarise, after around 3 and a half months there's a chance of reversal which is supported by Volume, Rsi, Macd & Candlestick Pattern. It could be a great buy call. The First target could be at 461 i.e., around 10%. The Second target could be at 476 i.e., around 13.5%.



THE TESLA BOUNCE

Companies like Tesla (TSLA -5.03%), which have historically traded at values much above average for the stock market, have been severely hurt by the bear market in the technology sector.

Tesla stock lost over three-quarters of its value during the devastation, but it is off to a scorching start in 2023 with a 38% gain as of this writing. Investors' interest was piqued again by the company's 2022 full-year financial results, which were published on January 25. CEO Elon Musk was particularly bullish about the company's prospects for 2023 at the time.

PRODUCTION ON RISE

2022 was a pivotal year for manufacturing, and 2023 might be even better. In 2022, Tesla had its most significant growth in history, with the launch of two new Tesla Gigafactories, one in Austin, Texas, and the other in Berlin. They join the company's current plants in California and Shanghai, doubling its production capacity to two million electric vehicles each year.

Tesla is ramping up new factories and has managed to raise output by 47% year on year to 1.37 million cars in 2022. However, according to the company's most recent projection, 2023 might be the year Texas and Berlin run closer to full capacity, with around 1.8 million units planned.



HERE ARE SEVERAL REASONS WHY TESLA STOCK IS STILL A SCREAMING BUY EVEN IF IT HAS ALREADY BEEN A TOP PERFORMER THIS YEAR.

2023 might see significant growth advancement. Tesla just announced a \$3.6 billion upgrade to its Nevada facility, which manufactures battery packs and other electric car components. The proposal includes two additional facilities at the same location that would enhance the existing capacity for batteries and components while also serving as the primary manufacturing base for the new Tesla Semi vehicle, which will begin selling in late 2022.



THE GOOD OLD BASE THEY BUILT

By 2030, Musk envisions a company producing 20 million electric vehicles with the help of at least 10 additional Tesla Gigafactories, so the next few years could be very busy.

It's also important to focus on Tesla's other businesses like its solar power and battery storage segment, which generated \$3.9 billion in revenue in 2022. The company deployed 6.5 gigawatt-hours of storage for the year, up 64% from 2021 and up 528% since 2018.

But one of its largest opportunities could be realized toward the end of the decade. Tesla plans to mass-produce a humanoid robot, called Optimus, by 2027. With a price tag of \$20,000, this could be a multibillion-dollar windfall that could change manufacturing and low-skill labor forever.



Source: Statista; Accessed : 12th February 2023

On the electric vehicle front, Tesla is set to unveil a new model at its investor day on March 1, which could help the company maintain a long-term edge over its competitors.

Despite the great run in Tesla stock year to date, its forward price-to-earnings (P/E) multiple is still under 30. While that's a premium to the tech sector average -- represented by the Nasdaq-100 index trades at a forward multiple of 23 -- it's still substantially lower than the valuation the stock commanded in 2020 and 2021 when it approached 100.

RUNNING THE REVENUE

While this would be a fantastic achievement, it would represent a 31% decrease in top-line growth from 2022, when sales increased 51%. Given the enormous expansion in automobile manufacturing and sales, how is it feasible? Tesla has been cutting costs on its vehicles, and analysts are taking that into account.

Having said that, Musk stated at the fourth-quarter results conference that consumers are presently purchasing vehicles twice as quickly as Tesla can make them and that January's order volume was the highest in the company's history for this period. Analysts' revenue forecasts for 2023 may be too low.



Notably, the fourth quarter saw margin compression as a natural result of pricing cutbacks. Tesla's automotive gross profit margin was 25.9%, 470 basis points lower than the previous year. This might potentially have an impact on its profits power.

So, for all of Tesla's progress and potential, investors can still pick up the stock at an attractive price.



Written By:
ARYAN KUMAR

SPECIAL MENTIONS



PROF. RAHUL GANDHI BURRA
FACULTY MENTOR



CA PRAVEEN MUNUKUTLA
FACULTY MENTOR



ARYAN KUMAR
TECH HEAD



ESCANDITA TEWARI
DESIGN & CREATIVES

THE FINTEAM



ARYAN KUMAR



ISHA DHULL



KRIKA CHANDNA



DHAIRYA JAIN



SAJAL SRIVASTAVA



MOKSHIT BATRA



SAMANVI BATHULA



MADHAV GOYAL



NAVSRAJIT KULSHRESTHA

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Make sure each and every intellect on this planet is financially versed and aware.

~ પૈસાસ્વાગત છે ~
~ પૈસાસ્વાગત છે ~
~ પૈસાસ્વાગત છે ~
~ પૈસાસ્વાગત છે ~

“Financial freedom is available to those
who learn about it and work for it”

R o b e r t K i y o s a k i



FinNomal

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