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Tracking the economy....



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National News

Sanjeet Kumar [I MBA J]

iGate offers to buy back patni computer shares

The share prices of Patni Computer System surged on the Bombay Stock Exchange (BSE) after the promoters initiated the process to delist the company from Indian stock exchanges. Market analysts say the rising price of shares might be a dampener in the delisting process as the company has fixed a floor price of ₹356.74 to buy back the shares. Company may have to shell out more since it had earlier stated about its inability to offer more than ₹450 a share, and even had set a cap of \$215 million for this exercise.

Short-term rates of CDs rise to 11.6%

Rates on certificates of deposit (CDs) increased 25-30 basis points as banks rushed to refinance maturing debt, meet year-end targets and prepare for withdrawal pressure from companies, ahead of the deadline for advance tax payments. Axis Bank, UCO Bank, IDBI Bank and Indian Overseas Bank were among the banks that issued CDs. CDs maturing in three months were issued at 11.5-11.6 per cent, while those maturing in six months were issued at 11.1-11.2 per cent. One year maturities had a rate of 10.8-11 per cent.

SEBI's refusal to allow MCX-SX set aside

The Bombay High Court paved the way for the country's third stock exchange, MCX-SX. In a 150 page judgment, it set aside the Securities Exchange Board of India's (SEBI) order refusing permission to the exchange for equity trading. The high court asked SEBI to reconsider the application within a month. The court said SEBI's findings regarding 'persons acting in concert' and the 'buyback agreements' the promoters had entered into with other shareholders were erroneous.

At ₹28/day, the official poor get poorer but India's poverty falls

New Planning Commission data show poverty has declined eight per cent in the past five years. But, the bad news is the updated poverty estimates of the Tendulkar Committee have lowered the poverty line itself from ₹32 a day to ₹28.

This is bound to revive the bitter debate about who is poor, started first by a Supreme Court affidavit filed by the Planning Commission last year when it referred to the 2004-05 poverty line definition of ₹32 a day.

Fiscal deficit pegged at 5.1% of GDP

The Centre's fiscal deficit is estimated to widen to 5.9 per cent of GDP in the current financial year against the ambitious target of 4.6 per cent. For 2012-13, therefore, Finance Minister Pranab Mukherjee has chosen to be a little more realistic, targeting a deficit at 5.1 per cent of GDP. Much of this reduction is predicated on anticipated higher revenues from increases in excise duty and service tax.

UltraTech Cement in talks to buy Adhunik MSP Cement's plant for ₹700 crore

The Aditya Birla group, which built the world's seventh-largest cement business largely

through acquisitions, is in talks to buy north-eastern cement maker Adhunik MSP Cement's Meghalaya plant for over ₹700 crore. Due diligence for the unit located at the limestone-rich Jaintia Hills has been completed and the fate of the deal hinges on the availability of some statutory no-objection certificates as mining leases and environmental clearances are prerequisites for any large manufacturing transactions in the North-East.

RIL's profit to be hit by weak refining margins

A fall in Asian oil demand has forced Reliance to divert cargoes to Western markets to keep its refinery running flat out, but the shift is hurting refining margins and would have a bearing on its earnings. Reliance Industries' gross refining margins (GRMs) are expected to diverge from the benchmark Singapore GRMs, which could impact the overall profitability of its refining business.

Tech Mahindra, Mahindra Satyam boards approve merger at swap ratio of 2:17

Tech Mahindra will buy the remaining stake in Mahindra Satyam in a stock deal valued at about \$1 billion, becoming India's fifth-largest software exporter by revenue.

The merger will result in a company with combined revenue of about \$2.4 billion and more than 350 clients across different geographies and industrial sectors. The deal gives shareholders one Tech Mahindra stock for every 8.5 shares of Satyam. The exchange ratio for the merger was pegged at 2:17 ratio i.e. 2 shares of Tech Mahindra will be given for 17 shares of Mahindra Satyam. After merger 204 million equities will be transferred to trust.

Big tax hikes done, fuel next

Finance Minister Pranab Mukherjee unveiled a range of new taxation measures to mop up net additional revenue of ₹41,440 crore, the highest by him in any of his Budgets since 2009.

In his Budget for 2012-13, presented to Parliament amid hope of reforms after a year of policy stasis, Mukherjee increased the central excise duty rate by two percentage points to 12 per cent to raise an estimated ₹16,910 crore from manufacturing firms. He did not spare even the high-profile automobile industry by raising excise duty on large cars.

Simultaneously, he raised the service tax rate from 10 to 12 per cent and widened its coverage to include all services, except a small negative list and an exempted category. His service tax measures are expected to fetch him additional tax revenue of ₹18,660 crore.

Kingfisher owes ₹5,600 cr to PSU banks: govt

Cash-strapped Kingfisher Airlines owed over ₹5,600 crore to public sector banks as on February this year, the government has said.

The consortium of 13 PSU banks, including State Bank of India, have an exposure of ₹5,608.07 crore to Kingfisher Airlines (KFA) as on February 2012, Minister of State for Finance Namo Narain Meena said in a written reply in Lok Sabha on 24th February 2012.

International News

Sanjeet Kumar [I MBA J]

US, EU & Japan go to WTO against China exports cap

The European Union (EU), United States (US) and Japan formally asked the World Trade Organisation (WTO) to settle a dispute with China over Beijing's restriction on exports of raw material, including rare earth elements critical to major industries.

The EU's trade chief, Karel De Gucht, said the three trading powers were making the dispute settlement request, the first step before filing a full trade case, following a successful EU challenge at the WTO on similar restrictions earlier this year.

Audi in talks to buy luxury Italian bike maker Ducati

Audi AG is in talks to buy Ducati Motor Holding SpA, the maker of luxury motorbikes ridden by celebrities such as Brad Pitt, from owner Invest industrial SpA. Audi, which has the right of first refusal on a purchase until mid-April, is considering a total price of about 850 million Euros (\$1.12 billion) for the Italian company, which would include assuming some 800 million Euros in liabilities.

Euro zone may up bailout fund capacity to near 700 billion Euros

The euro zone may raise the combined lending power of its bailout funds to close to 700 billion Euros from 500 billion Euros in a trade-off between German opposition to committing more money and calming markets, euro zone officials said.

Euro zone finance ministers and central bankers will discuss the size of their bailout funds the temporary European Financial Stability Facility (EFSF) and the permanent European Stability Mechanism (ESM) in Copenhagen on March 30-31.

Apple rewards investors with dividends, buyback

Apple announced that it would pay a stock dividend of \$2.65 a share in the fourth quarter and its board authorised a \$10 billion share buyback, two moves that will use up some of its cash hoard of nearly \$100 billion to reward investors.

Apple, which recently released the newest version of its iPad, was widely expected to announce a dividend. As its cash has piled up, Wall Street analysts and investors had begun to call more loudly for Apple to return some of it to shareholders.

US asks China to end 'distorting' currency policy

The US ambassador to China on Monday called on Beijing to end its "distorting" currency practices and stop discrimination against US firms, amid growing trade frictions between the two countries.

In a strongly-worded speech in Shanghai, Gary Locke called for fairness in the US-China economic relationship, reiterating criticism of Beijing's exchange rate policy, which

Washington says makes the Yuan currency artificially cheap.

Shell shuts Singapore refining unit on outage

Royal Dutch Shell Plc has shut a processing unit at its 500,000 barrels-per-day (bpd) Singapore refinery after black smoke was seen at the site.

The Singapore Civil Defence received a call at 10 a.m. local time about a fire alarm being activated on Pulau Bukom where Shell's refinery is located."SCDF resources were dispatched. However their services were not required as the incident was already resolved prior to their arrival.

HSBC in talks on possible Mauritius retail bank sale

HSBC, Europe's biggest bank, said it was in talks over a possible sale of its Mauritius retail banking and wealth management division, as HSBC continues its programme of selling non-core assets to boost investor returns. HSBC said the discussions were ongoing and added it remained committed to the Mauritius market, where it would still invest in its commercial banking division.

PayPal founder buys into New Zealand technology fund

A US billionaire who was among the early investors in Facebook and PayPal helped launch a new venture and capital fund to finance New Zealand technology companies.

The New Zealand-based Valar Ventures Fund was established with 40 million NZ dollars (\$32.36 million) and involved the New Zealand Venture Investment Fund (NZVIF) and Peter Thiel's Valar Ventures.

China's factory output slows, raises slowdown concerns

China's economic momentum slowed in March as factory activity shrank for a fifth straight month, leaving investors fretting about the risks to global growth and anticipating fresh policy support from Beijing.

The HSBC flash purchasing manager's index, the earliest indicator of China's industrial activity, fell back to 48.1 from February's four-month high of 49.6. New orders sank to a four-month low, an expected rebound in export orders failed to emerge and new hiring slumped to a two-year low.

Global oil outages at 1.2 mn bpd in March

Global oil supply outages are running at more than a million barrels a day helping provide justification for the United States and Britain should they release strategic reserves in a bid to cut oil prices. Civil unrest, adverse weather and technical glitches disrupted 1.2 million barrels per day (bpd) of global oil output in March on the 90 million bpd world market, according to a Reuter's calculation from information provided by companies, government agencies and traders.

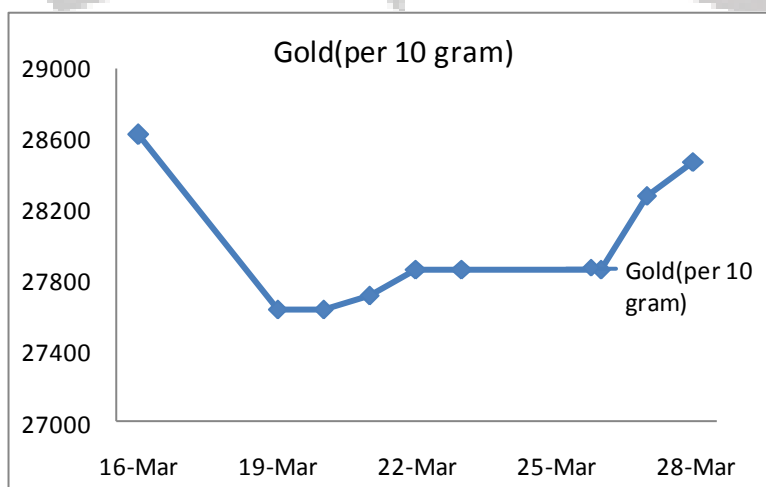
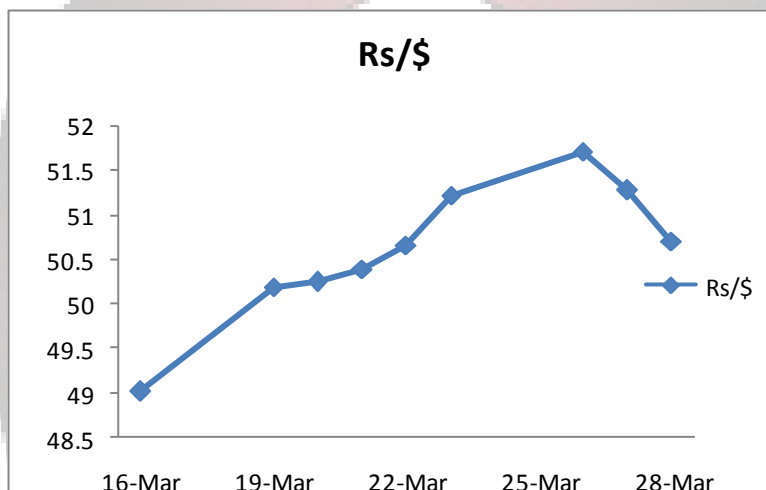
Rates

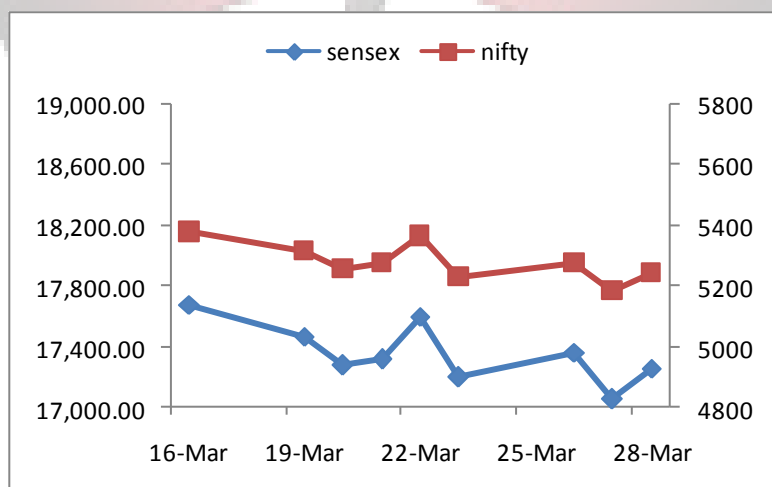
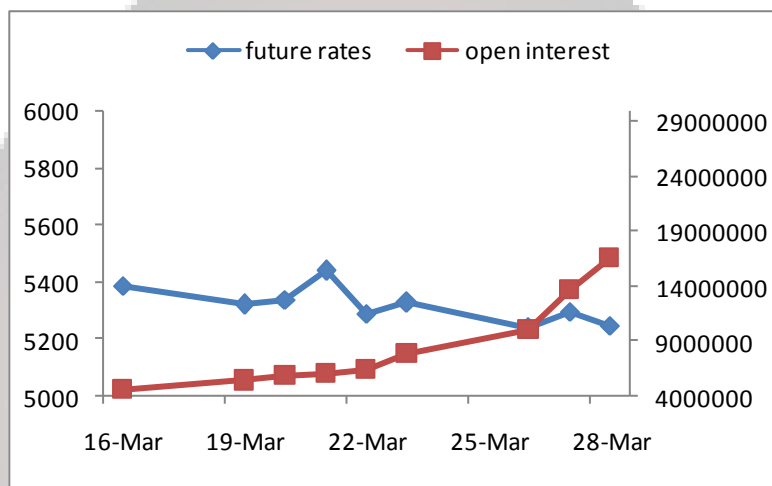
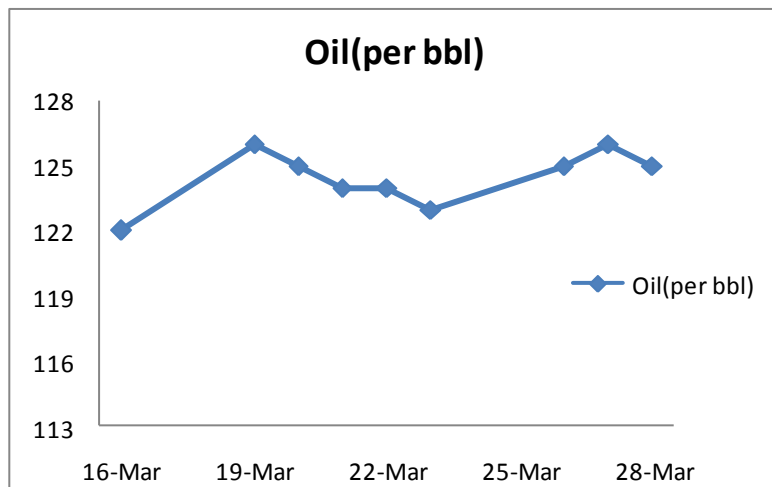
Pankaj Sharma [I MBA J]

Repo Rate	8.50%
Reverse Repo	7.50 %
Call rate	7.70%-10.00 %
Inflation	+6.95% for February 2012
Forex Reserve	\$ 295.140 Billion as on 23 rd March 2012
91day T-Bill	9.0227%
IIP	6.8% for January 2011
6.90 GS 2019	8.0907-8.0907%

Graphs

Pankaj Sharma [I MBA J]





Common Man and the Budget

Dhruv Chopra [I MBA I]



Many experts enunciated that the Budget was devoid of any “big-bang” announcements and stuck to achieving fiscal consolidation that was realistically possible under prevailing circumstances, though there are some doubts about the growth estimates made in the Budget. After the Finance Minister presented the Budget for 2012-13 few days back, there are many technical and forensic analyses happening over it again and again. Somehow in the jargon embedded coding of the Budget the aam aadmi’s understanding is somewhere lost in the numbers. And through this article the simple and subtle implications of the budget would be demystified with the reference to the common man who is more concerned about the jobs, education, startups, travel, shopping and more.

- Impetus to the Public Private Partnerships with additional funds would definitely create more employment opportunity. The budget also encouraged establishment of National Investment and Manufacturing Zones across the country.
- There would be marginal relief due to increase in the tax exemption limit. And also with the age limit of the senior citizens has been reduced the deduction in the medical expenses can be availed.
- With the increase in excise duty and customs for some of the consumer durables like white goods, consumer electronics and brown goods the marginal relief from the tax exemption limit would be vanished.
- To ensure better flow of credit to deserving students, the government proposes to set up Credit Guarantee Fund and also a proposal to create 6000 schools at the block level to bench mark excellence.
- Given that the Government has not allowed FDI in aviation yet, this means that the airline ticket prices are likely to keep increasing as the airlines continue to struggle. But tax exemptions for the development of an aircraft maintenance, repair and overhaul in a welcome step.
- Healthy excise but expensive service: Excise duty on all processed soya food products is reduced from 10% to 6% but this benefit sucked by an increase in rate of service tax to 12% from 10%.
- Unbranded gold jewelry would be brought under the tax net and import duty on the tola bars would be doubled to 2%. On other bars the revised bar is around 4%, this would further make the precious metal more unaffordable.
- Imported SUVs/large cars would attract custom duty of 75% as compared to 60% earlier and the domestically built in cars would now be taxed at a flat rate of 27% up from 22%.

Overall, the increases in excise duty and service tax will directly affect consumer spending. The quantum of the affect is difficult to gauge but it is expected to impact the society at large.

Sources: ET and ICRA report

Image Source: <http://www.boloji.com/index.cfm?md=Content&sd=Articles&ArticleID=7019>

Alternative Assets Can Help Increase HNI's Wealth

Bhavesha Dhanesha [I MBA J]

We usually decide to invest in popular and common financial instruments in the Indian market. Equities and bonds are considered to be common instruments for investment, and not to mention about FDs and various Government savings schemes that can hardly beat the growing inflation of our economy. Also volatility of the market adds to the fear of losing money.

But now HNIs (High Net worth Individuals) can try different investment avenues. Now wealth managers can guide their HNI clients to diversify their portfolio in alternatives assets like direct real estate, gold ETFs, unlisted private equity, structured products and direct art. Alternative assets account for 29,565 crore, or a mere 0.34% of individual wealth in India. Karvy Private Wealth considers this segment to be one of the fastest but is meant for rich clients having more than ₹10 crore of investable surplus and a time horizon of 5 years. Depending on their risk taking ability, 5% - 15% of their portfolio can be allocated to such assets.

Direct investment in real estate

Severe liquidity crunch in last couple of years has led to a very slow progress in this sector. But, wealth managers find it as an investment opportunity and recommend direct investment in such projects. Funding the builders who are in a tight spot and are close to completion of the project is advised if find value in them.

Unlisted private equity

Aggressive clients can invest in start up ventures directly or through a private equity fund. The risk is much higher compared to listed companies. Investment bankers look for ventures that can be listed in future and is a source of value investing and existing investors can reap the benefits of such listing. Around 4% - 5% of the total equity portfolio can be allocated towards it.

Structures products

Structured products are the most popular alternative assets in India, with 21,387 crore allocated to them in 2011. These are hybrid products -a combination of equity, debt and gold. Lower on the risk spectrum, with a tenor of 2-3 years, many such products come with capital guarantee, with a kicker in the form of participation on the upside of the underlying asset. Depending on the views of the wealth manager, different structures can be created. In India only principal-protected structured product ideas are recommended.

Gold ETFs

Gold is a source of investment that can be used as a hedge against inflation and an alternate currency. It has been the best performing asset over the last one year, giving a return of 35%. An investor should always allocate 5% to 10% of its portfolio for gold.

Most wealth managers recommend buying gold through the ETF (exchange traded fund) route. ETF units track the price of one gram or half-a-gram of gold.

Direct art

Poor past performance of art funds has led to disappointment on part of the investors. However, wealth managers will advise to invest in direct art only if an investor has a good understanding and the patience to reap benefits from it. There have been instances when such investments can become dead and may also fetch superior returns. For example, a painting bought 8 years ago from an Art Gallery, Mumbai, is now worth 10 times more of its value but had very less value 2 or 3 years back. The reason behind such a high jump in its value is due to an event related to the painter. The painter expired and the value shot up very high. The investment time frame for direct art is longer than for other investments and could be as much as 10 years. Returns can be huge, but liquidity is very low.

Source:

<http://economictimes.indiatimes.com/personal-finance/savings-centre/analysis/hnis-can-add-alternative-assets-like-gold-etfs-commodities-to-jazz-up-investment-portfolio/articleshow/12090903.cms?curpg=2>

Buzz Word

Prachi Sharda [I MBA J]

Call Swaption

A type of option between two parties that can be exercised on a swap where the buyer of the swap has the right, but not obligation to, receive an agreed upon fixed interest rate. The buyer pays a premium for the right to swap at this fixed rate. Short for a call swap option, a call swaption can be used as a hedging tool to avoid risk if a bond issuer believes interest rates might decrease

Corruption Perception Index - CPI

A ranking of countries according to the extent to which corruption is believed to exist. The corruption perception index was created in 1995 by Transparency International. It ranks almost 200 countries on a scale of zero to 10, with zero indicating high levels of corruption and 10 indicating low levels. Developed countries typically rank higher than developing nations due to stronger regulations.

Dow Jones BRIC 50 Index

A market capitalization-weighted stock index containing 50 of the most liquid and largest companies operating in Brazil, Russia, India and China (BRIC nations). The index uses the Dow Jones Global Indexes as its stock universe for the four nations, which cover approximately 95% of the market capitalization on local exchanges. Fifteen positions are targeted for each Brazil, Russia and China, while Russia's representation is targeted for five positions.

Sources:

<http://www.investopedia.com/terms>

BGR Energy Systems Limited

Deebadwita De [I MBA J] and Shashank Mishra [I MBA N]

BGR Energy Systems Limited is an India based company operating in the utility industry. It is headquartered in Chennai. The company offers services ranging from product manufacturing to Turn key project execution. BGR Energy Systems Ltd undertake Turnkey EPC Contract for complete power plant mechanical, electrical, C&I, and civil works. The Company usually operates in two segments namely capital goods and construction, engineering procurement construction or the EPC Contracts.

The Company was originally incorporated in the year 1985, as a joint venture between GEA Energietechnik (GmbH), Germany and the Promoter, Mr. B. G. Raghupathy. The main aim was to manufacture and sell online condenser Tube Cleaning Systems, Rubber Cleaning Balls Debris Filters which are used in Thermal and Nuclear Power Plants. In the year 1993 Mr. B. G. Raghupathy and the members of his family became the sole shareholders of the Company and began to expand the range of product and services range in the Power and Oil & Gas industries. On June 28, 2007 the Company was name was to BGR Energy Systems Limited.

Company Profile:

- BGR Energy carries on the business in two segments namely the Supply of Systems and the Equipment and Turnkey Engineering project contracting.
- In the Turnkey Engineering project contracting business, the company engineers, manufactures constructs and commissions projects in the Power, Oil and Gas sector.
- The Company consists of five complementary businesses, namely the Power Projects business, the Oil and Gas Equipments business, the Air Fin Coolers business, the Environmental Engineering business and the Electrical Projects business.
- It has manufacturing facilities in Panjetty, Tamil Nadu and Andhra Pradesh.
- Progen Systems and Technologies Ltd which is a subsidiary of BGR Energy Systems Ltd has built a manufacturing plant in Tamil Nadu and it has designed and manufactured Process equipments like Heat Exchangers, Pressure vessels, reactors, Columns, Surface condensers, HP/LP Heaters and Boiler components.
- GEA-BGR Energy Systems Ltd is a joint venture with GEA Energietechnik GmbH, Germany which has manufacturing plant and manufactures online tube cleaning systems, debris separator, self cleaning system/strainer, sponge cleaning balls for power and desalination plants worldwide.
- BGR Energy Systems Ltd has also tied up with the power plant equipment manufacturer giant Hitachi for super-critical technology for steam generators, and turbines and generators.

Key Highlights:

- During financial year 2010-11, the total income of the Company has crossed ₹4700 crores, thus has become a Billion Dollar company in revenues.
- The sales have also recorded a growth of 55% and have stood at ₹4747.49 crores as compared to that of ₹3069.25 crores in the previous year.
- The Power Projects Division of the company has secured a contract for Balance of Plant ("BoP") for 2 x 660 MW coal based supercritical thermal power project at Krishnapatnam, Andhra Pradesh from Thermal Powertech Corporation India Limited, which has been promoted by the Gayathri projects, and the Semcorp, Singapore. The value of the order is estimated at ₹2168 crores.
- The Company's strategic alliance with Hitachi for Super Critical Steam Turbine and Generators and Steam Generators have also been successfully consummated into joint ventures.
- The company has joined the premier billion dollar club this year by achieving sales of ₹4747.49 crores which is a growth in turnover of about 55%.
- EBIDTA grew at a successful rate to 11.60%.
- The company has also become the first private sector player to commission three 500 MW units in one financial year.

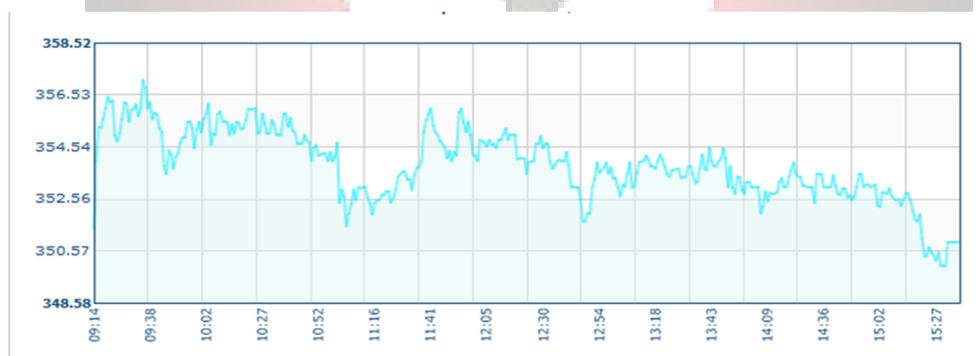
Balance Sheet of BGR Energy Systems

----- in Rs. Cr. -----

	Mar '11	Mar '10	Mar '09	Mar '08	Mar '07
	12 mths	12 mths	12 mths	12 mths	18 mths
Sources Of Funds					
Total Share Capital	72.16	72.00	72.00	72.00	10.80
Equity Share Capital	72.16	72.00	72.00	72.00	10.80
Share Application Money	0.00	0.00	0.00	0.00	0.00
Preference Share Capital	0.00	0.00	0.00	0.00	0.00
Reserves	877.60	631.20	489.15	399.33	73.21
Revaluation Reserves	0.00	0.00	0.00	0.00	0.00
Net worth	949.76	703.20	561.15	471.33	84.01
Secured Loans	860.29	531.36	635.98	498.98	238.84
Unsecured Loans	476.02	401.24	71.82	2.35	4.87
Total Debt	1,336.31	932.60	707.80	501.33	243.71
Total Liabilities	2,286.07	1,635.80	1,268.95	972.66	327.72

	Mar '11	Mar '10	Mar '09	Mar '08	Mar '07
	12 mths	12 mths	12 mths	12 mths	18 mths
Application Of Funds					
Gross Block	209.89	170.43	113.17	61.04	50.75
Less: Accum. Depreciation	47.47	31.34	22.12	16.05	20.16
Net Block	162.42	139.09	91.05	44.99	30.59
Capital Work in Progress	12.96	10.36	5.42	1.10	3.02
Investments	136.80	4.78	4.78	155.65	5.11
Inventories	38.36	15.44	12.48	12.90	26.22
Sundry Debtors	3,157.19	1,978.73	1,278.02	734.62	366.80
Cash and Bank Balance	946.50	137.63	15.85	38.27	7.68
Total Current Assets	4,142.05	2,131.80	1,306.35	785.79	400.70
Loans and Advances	884.72	772.07	671.15	284.41	94.33
Fixed Deposits	0.00	885.81	594.98	267.41	84.43
Total CA, Loans & Advances	5,026.77	3,789.68	2,572.48	1,337.61	579.46
Deferred Credit	0.00	0.00	0.00	0.00	0.00
Current Liabilities	2,698.45	2,074.87	1,337.12	526.86	264.29
Provisions	354.42	233.24	67.67	39.83	26.18
Total CL & Provisions	3,052.87	2,308.11	1,404.79	566.69	290.47
Net Current Assets	1,973.90	1,481.57	1,167.69	770.92	288.99
Miscellaneous Expenses	0.00	0.00	0.00	0.00	0.00
Total Assets	2,286.08	1,635.80	1,268.94	972.66	327.71
Contingent Liabilities	130.89	52.73	17.08	93.52	29.08
Book Value (Rs)	131.62	97.67	77.94	65.46	77.78

Stock Performance: Last Updated: March 19, 2012



Recommendation:

The stock has been beaten up big time because of the gloomy industry outlook and high interest rates. With an improved industry outlook in coming time, it is expected that the stock will breakeven. The recommendation for the stock is “BUY” for a period of 12 months.

Call: Buy
CMP: ₹350.90
Target Price : ₹370
Time Period:12 months

Sugarcane

Srinivas Prasad K [I MBA J]



Sugarcane is the prime source of sugar in India. Sugar is a commodity of mass consumption and the cheapest source of energy in India, supplying around 10% of the daily calorie intake. India is the second largest producer of sugar, falling marginally behind Brazil, and also the largest consumer of sugar in the world, with the demand nearly equaling the supply in most cases.

Maharashtra is the largest producer of sugar in the country followed by Uttar Pradesh. Together these two states account for over 60% of the total sugar production in the country. Total production for marketing year 2011-12 is estimated at 26 million tonnes, with the consumption at 22 million tonnes

Shares of sugar companies on Monday (26th march 2012) soared by up to 7 percent in the morning trade as the government allowed exports of additional 1 million tonne (MT) of the sweetener or Empee Sugars and Chemicals was trading 7.42 per cent higher at ₹13.60, while Sakthi Sugars shot-up 4.67 percent to ₹25.75 on the BSE. Other major gainers were Shree Renuka Sugars which was up 3.28 percent, Bajaj Hindusthan climbed 2.10 percent, Balrampur Chini Mills went up by 0.84 per cent, while Dwarikesh Sugar rose by 0.63 percent. Further, Triveni Engineering was up 0.31 pe cent and Dhampur Sugar Mills gained 0.58 percent.

The government on Monday allowed further 1 MT of sugar exports in view of surplus production and to help mills clear mounting cane arrears, under the Open general license. that have reached ₹8,409 crore till February, to farmers. With government allowing 3 MT of sugar export so far . The total production stands at 25.197 MT while the consumption, including 2 MT of sugar exports, stand at 24.153 MT. With a surplus of 1.642 MT of sugar as on Monday, the government can now allow the shipping of more sweetener. With cane arrears pending at sugar mills estimated to be around ₹6,000 crore in 2011-12. This comes as relief to sugar mills who can now pay off their arrears within time. The government has also decided to relax procedures and norms of sugar export to expedite the exports. "Under the present norms, exports are happening in lower quantity within the stipulated time. Small firms are selling their permits to bigger firms.

Sources:

<http://www.firstpost.com/investing/sugar-stocks-turn-sweet-as-govt-allows-additional-export-of-1-mt-256723.html> (2:00PM, 27th march)

<http://www.sugarbazar.com/NewsForms/NewsPage.aspx?id=866> (2:00PM, 27th March)

<http://www.ncdex.com/GlobalSearch/Search.aspx?SearchText=SUGARM200&SearchTitle=SUGAR> (2:00PM, 27th March)

Citi Bank Scam

Ankita Pagaria [I MBA J]

Shivraj Puri, a banker and relationship manager of Citi bank Gurgaon branch took all the investors and (financial) regulating authorities for a ride by creating a sham scheme by promising unusually high returns of 18 per cent thereby embezzling a mind boggling ₹300-350 crore from 20 accounts of high-net worth clients. Mr.Puri used to seek deposits from high-net worth customers for the lucrative schemes. He then used to transfer the funds to a custodian account which later was found out to be an individual account opened by the name of some Mr.Premnath who was discovered to be Puri's relative. Then this fund used to move to the accounts of puri's relative which henceforth was used for stock trading by DEMAT accounts at the hands of brokerage houses like Religare, Bonanza, IIFL (etc.). So as to win the trust of his alert victims, Puri showed a forged notification of market regulator Securities and Exchange Board of India for garnering funds from them. According to a leading news daily at Religare, he ran two accounts-one on his own name and the other one a joint account of him and his mother. Trade worth ₹60-70 crore is done in these accounts since June 2009 (however Religare claims that they had alerted the fraud intelligence unit once the trading crossed ₹10 crore). At Bonanza (parliament street branch) he had three DEMAT accounts; one in his own name and the other two in the names of his relatives.

In IIFL, he had two DEMAT accounts; one in his name and the other one a joint account. All the above accounts have been frozen currently. Police officers investigated Puri's pancy scheme through transaction details of Norman Martin Brokers Pvt Ltd, the brokerage firm owned by Puri's father, to see whether the Citibank relationship manager used Raghuraj Puri's (Mr.Puri's father) company to move the scam money to stocks. So basically Mr.Puri and family was trading on their discretion with the funds of around 20 odd, unaware investors without even getting their consent. Subsequent to the complaint naming the involved employee and other external individuals (Mr.Puri and family) who appear to be perpetrators in these suspicious transactions, the Gurgaon Police has registered an FIR under the section 420" 467" 471 and 120 b of Indian Penal Code and have alerted other agencies to seize his accounts. Airports across the country have also been alerted.

This scam further got appalling when police arrested Sanjay Gupta, assistant vice-president (accounts) of Hero Corporate Services who themselves claimed to be the victims of this sham scheme by investing ₹200 crore but turned out to be playing a key role in defrauding investors. Gupta was aware that Puri used fake letter and forged notification of market regulator Securities and Exchange Board of India for raising funds from his victim. Mr. Puri had parked his funds in a brokerage firm floated by Gupta, who ran several small financial firms outside the Hero group, Busy Finance and G2S. Gupta is believed to have received commissions worth ₹20 crore from Puri for bringing in clients, including the Hero Group. The after effects were as expected. The victimized investors are aghast. Another one; Mr.Sanjeev Aggarwal, founder of Helion and Daksh claim that all his money (₹32 crore) was pulled out of his account without even letting him know he (Mr. Puri) is doing it. He has filled an FIR against the Citi top brass, including CEO Vikram Pandit, India head Pramit Jhaveri and nine other senior officials. Police stepped in and took all the necessary steps to unveil this scam; they also took the help from chartered accountants to crack the case. Citi group have themselves started hunting for anymore of Puri's partners in crime and took all possible steps for undoing all wrongs. SEBI too assigned a team look into the matter. And finally authorities have arrested a relationship manager at the bank amid claims that he had used false documents to sell the fraudulent investments to dozens of the financial institution's clients.

Buffet's Top 10 Tips to Get Rich

Vinay Goel [I MBA L]



1. Reinvest Your Profits:

He used this strategy at school when he used to invest at school. By 26, he'd accumulated \$174,000.

2. Be willing to be different:

When Buffett began handling money in 1956 with \$100,000, he started with a handful of investors. Back then he was dubbed an oddball. He worked in Omaha, not Wall Street, and he refused to inform his parents where he was investing their money. Instead of following the crowd, he went out of the box and looked for underrated investments and ended up vastly beating the market average every single year.

3. Never Suck Your Thumb:

He calls any unnecessary sitting and thinking as "thumb sucking." Whenever people offered him a business or an investment, he on spot answer was always, "I won't talk unless they bring me a price."

4. Spell Out the Deal Before You Start:

Your bargaining power is always at its greatest before you begin a job. This is a time when you have something good to offer to the other party.

5. Watch Small Expenses:

Warren Buffett invests in businesses which are run by managers who are obsessed even over the tiniest of cost. He once acquired a company whose owner counted the sheets in rolls of 500 sheet toilet paper to see if he was being cheated and Buffet really appreciated this. He also admired a friend who painted only the road facing side of his office building.

6. Limit What You Borrow:

“Negotiate with creditors to pay what you can. Then, when you're debt-free, work on saving some money that you can use to invest,” as quoted on his official website.

7. Be Persistent:

With obstinacy and resourcefulness, you can even win against a well established competitor. In 1983, Warren Buffett acquired the Nebraska Furniture Mart as he liked the way its founder, Rose Blumkin, did business. She was a Russian immigrant, who built the mart from a pawnshop into the largest furniture store in North America. Her strategy was to undersell the rich ones and she was a merciless delegate who was very good in negotiation. To Warren Buffett, Rose personified the unwavering courage that makes a winner out of an underdog.

8. Know When to Quit:

Once, when Warren Buffett was in his teens, went to the racetrack. He gambled on a race and lost. To get back with his funds, he bet on another race. He lost again which actually left him with nothing. He felt sick and wasted nearly a week's earnings. But Buffett learnt from this and never repeated any such mistakes. He says, “Know when to walk away from a loss, and don't let anxiety fool you into trying again.”

9. Assess the Risk:

In 1995, an employer of Warren Buffett's son, Howie, was accused by the FBI for price-fixing. Warren Buffett advised Howie to imagine the worst and best case scenarios if he stayed with his company. His son quickly realized the risks of staying in the company anymore and he quit the very next day. Hew says asking yourself “and then what?” can help you much more and will let you see all the possible consequences when you're struggling hard to make a decision.

10. Know What Success Really Means:

He says, “I know people who have a lot of money and they get testimonial dinners and hospital wings named after them. But the truth is that nobody in the world loves them. When you get to my age, you'll measure your success in life by how many of the people you want to have love you actually do love you. That's the ultimate test of how you've lived your life,” as quoted in his official website.

Sources:

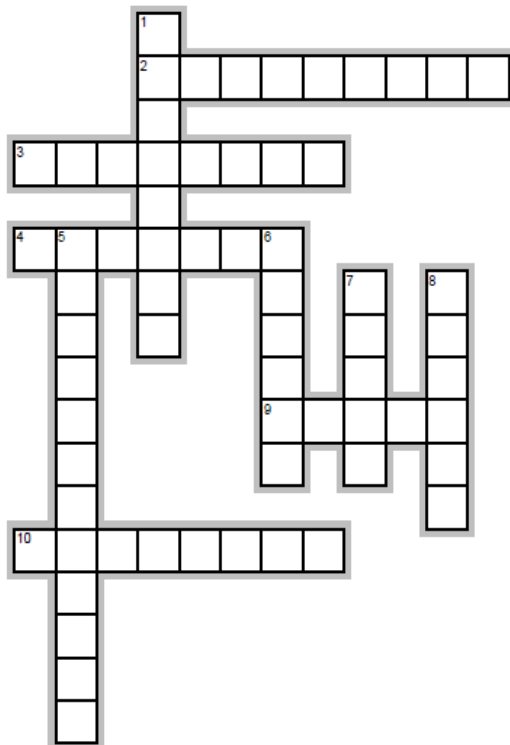
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Crossword

Reddy Sreedhar T [I MBA L]



Across

2. Mahindra Satyam-Tech Mahindra, the 2.4 billion dollar conglomerate appointed this person, as the CEO of the company.

3. The scandal in which a memo was delivered by Pakistani-American businessman, Mansoor Ijaz to the Pentagon asking for U.S. help to thwart a feared coup in Pakistan. Name of the scandal is-

4. The National Bank for Agriculture and Rural Development (Nabard) on 22 February 2012 sanctioned a 423 crore rupees loan assistance to this Indian state government under the Rural Infrastructure Development Fund for an irrigation project in the water scarce district of Sabarkantha.

9. As per the report released by Stockholm International Peace Research Institute (SIPRI) on 19 March 2012, this country has emerged as the world's largest

importer of arms in 2007-2011. As per the 2002-06 report China was the largest importer now placed at 4th position.

10. ICICI Bank on 20 March 2012, launched a new card product for the super rich class and the bank's Wealth Management customers named 'ICICI Bank', is the third in the bank's gemstone series of credit cards, after ICICI Bank Coral and ICICI Bank Rubyx.

Down

1. This US fast food chain (an Olympic sponsor since 1976), on January 2012 extended its global sponsorship agreement with the International Olympic Committee until 2020.

5. India inked an IDA (International Development Association) credit worth 152 million dollar with the World Bank on 21 March 2012 to finance the Centre's efforts to help improve the efficiency, quality and accountability of health services in this state, i.e, India's most populous state.

6. Former Indian sports woman, 'Manisha Malhotra' on 16 February 2012 conferred upon a top International Olympic Committee Award for her contribution in promoting sport among women. Which game was she famous for?

7. '..... Auto India' on 23 March 2012 is the third car manufacturer after Tata Motors and Honda, hiked the price of its cars by 2.2 – 5.1 per cent and the new prices are in line with changing market conditions and would be effective immediately.

8. Indian Power giant Tata Power on 5 March 2012, joined hand with South African firm to explore growing opportunities in South African electricity generation market.



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