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CHAANAKYA

SCHOOL OF BUSINESS AND MANAGEMENT
MBA - FINANCE SPECIALIZATION

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EDITOR'S NOTE

Its better late than never...

Greetings readers!

It is our pleasure to bring to you the contributions of the MBA Finance student writers for the month of February 2020. The Pandemic had taken its toll leading to a delay in publishing this issue. However, we have embraced the Christite Spirit by bringing our efforts back on track and not cancelling the issue. We will be releasing the remaining issues in the coming weeks.

This issue is presented by Team Minerva which is a group of students under the mentorship of Dr. Anirban Ghatak from the MBA Finance Department. The writers have put in their effort on different topics and put forth a variety of content ranging from highlighting the achievements of financial leaders and companies to noting the recent financial innovations and economic numbers in wake of COVID-19. We believe that this Newsletter will provide you with a quick and balanced insight of the recent financial activity as well as a peek into the students' co-curricular activities held through the Finance Club. This issue also includes "Snapshot" in the end of every article covering a brief summary of the same.

Team Chaanakya expresses sincere gratitude to our Dean, Dr. Jain Mathew and the entire leadership team, Head of Specialization, Dr. Mareena Mathew, Faculty Coordinator of Chaanakya, Dr. Nisha Shankar and our expert specialization mentors and all the contributors whose active co-operation made this issue possible and fruitful.

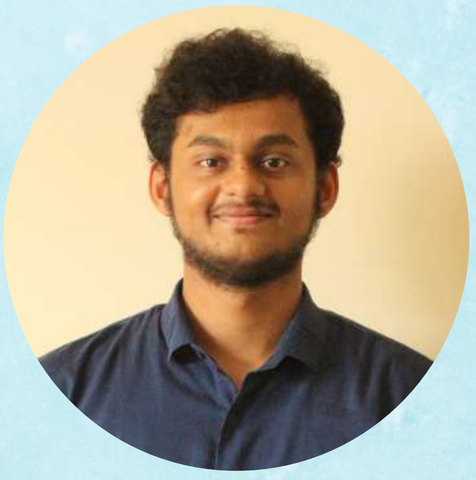
Wishing our readers, A happy reading

Best wishes,
Team Chaanakya

This issue is presented by team

MINERVA

Dr. Anirban Ghatak



Bharatkumar R Gaonkar

Ajay K Jaison

Padmavarthini S

Sourav Guha

Meghna

Lopamudra Dash

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Arkaprabha Das

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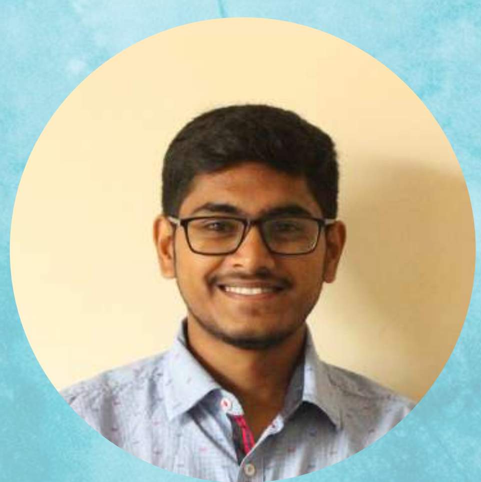

M Jagadeesh

Kaushal Oswal

Krishna Devang Choksi

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CLUB ACTIVITIES - FEB 2020

Mr. Amit Kumar Rathi, M.D. of Unitus Capital talked on Career Outlook and how Finance is an art for every type of business. Mr. Amit Kumar addressed how technology is changing the perspective of the finance industry by emphasizing how Artificial Intelligence and Fintech are changing the job scenario.
(February 1, 2020)

Sandeep Jhunjhunwala, Director – Tax and Regulatory Services, Nangia Advisors LLP was guest of honor for Post- Budget Presentation where selected teams presented their views on "Expectations from Union Budget". Afterwards, Mr. Sandeep gave his views on the budget and also commented on changes in the Personal tax structure.
(Team Veles bagged 1st Position)
(February 4, 2020)

Mr. Arun Narayanaswamy, Engineering Leader, VMware, presented his views on Subscription-based Business models as opposed to ownership-based ones since the current generation desires to own fewer possessions. He talked about companies like OYO, Airbnb, Ola, Uber and Bounce. Mr. Arun pointed out certain areas which are important for finance managers like MRR (Monthly Recurring Revenue), Annual Contract Value and Churn.
(February 25, 2020)

ALUMNI SPEAK

OUR DISTINGUISHED ALUMNI – MR. SAYANTAN MUKHERJEE

Mr. Sayantan Mukherjee completed his MBA in Marketing Specialization from Christ University (2007-2009 Batch). He is a Business Finance professional with over 10 years of experience. He started his career as a Derivatives Trader with Futures First Info Services Pvt. Ltd. in 2009. He is currently working as the Manager, Finance for the Middle East business of Energy and Utilities Business Unit of Wipro Ltd in Saudi Arabia.His responsibilities include end to end business finance ownership of the portfolio in line to P&L management, budget structuring and large bid responses.

MR. SAYANTAN MUKHERJEE

MY EXPERIENCE IN THE CORPORATE WORLD OR SOMETHING LIKE IT...

BY MR. SAYANTAN MUKHERJEE

You know what one of my favorite dialogue is: “Life can be difficult sometimes. It gets bumpy with things not going exactly like you planned. But that’s what makes it interesting. In life the first act is always exciting. The second act: that is where the depth comes in”.

Now here is why I just told you this. When I was approached about providing a write up for the college newsletter, I was thrilled and said an instant yes. But when I started thinking over it to pen down my thoughts, I didn’t know what I should write about. Somewhere deep down, my conscience would not allow me to pick up any topic pertaining to Finance as Google maybe able to do a better job at that. So, I decided to write about my journey in the corporate world. I am by no means a definitive expert on this topic. But I would like to share with you all my experience in the journey so far.

Spoiler Alert: By now if you have made up your mind for this to be another failure to success story or rags to riches story, I am sorry to be disappointing you. This is the story of just another alumnus for whom corporate life is the means to an end.

Before I begin my story let me ask if you know exactly what you want to do in corporate life. If your answer to this question is yes, congratulations you are part of the 1% population who belong to this category. Before you start feeling proud about yourself sorry, I just made that up. The point that I am trying to make is I am a part of the category of people who do not know what they want to do in corporate life. Yet I mean in my case. And with this very thought let me take you through the journey of my corporate life so far

The first experience with corporate life came in the year 2008. College exams got over by the end of March and I managed to land an internship at ITC. Now what are the expectations that an MBA first year pass student has from their first corporate experience: To be paid, a PPO maybe or at least a consideration while the final placements are on. Mine was slightly different. The only expectation which I was having from my internship was that I should be done for the day soon enough so that I can go back home and binge watch IPL matches. As lame as that sounds in my defense it was the inaugural year for IPL and for a cricket crazy nation like ours, IPL was truly a phenomenon. PS: Don’t even think about asking which team I support. That is a painful story for another day. Coming back to the corporate world, the most important thing which I could relate to right from Day 1 in the organization: Ethics and Integrity were the main guiding principles of the organization. As a Rookie, the expectation that the organization had from me was straight forward. They were not expecting me to move mountains during these two months. They were banking on my basic experience to help them with something that they needed time on while they were providing a platform for me to get accustomed to the corporate setup. The quote which came handy during this time and is the handiest one to date is “Do the right thing all the time even when no one is watching”. So, guys please do not bunk the Holistic Education classes. The syllabus may seem generic but inculcating the right values go a long way in shaping your experience in the corporate world. While I could catch most of the matches of IPL, there were a few which I had to miss.

The reason is another important aspect of corporate life: It is an outcome driven world. As harsh as it may sound, there are no step marks in the corporate world. Your hard work although valued looks like you scored a century but ended up on the losing side. The desire to achieve an outcome within the timelines lead to missing a few of the matches.

With this experience and other associated learnings, I came back to college and like most other students I too tried to implement the learnings from my experience into the second- year college life. Or so I thought. I came back to college and got busy with TSTK. For the uninitiated, it means Trimester se Trimester tak. (Apologies for the use of a different language there). In simple terms, that means let me survive (read pass) this trimester and then I will look forward to the next. Somewhere here let me quote my Economics Professor "It is extremely difficult to fail in MBA. You need to do a lot of hard work to fail".

Now with placement season on the horizon the goal was simple: Get into whichever company is willing to recruit you. The goal seemed very logical as ours was the batch passing out during the subprime crisis. As luck would have it, meandering aimlessly helped. I was not thinking about targeting specific companies where I would sit for placements and eventually, I got placed in one of the first companies to visit the campus: Futures First. I never remotely imagined I would get into a trading firm for my first job. I had to take a leap of faith. If you are still with me, I will let you know the reason why I thought so towards the end. After I joined the company, I realized the culture was diametrically opposite than ITC. Instead of stoic silence all around which is perfect for a client support setup, there would be people playing Table Tennis in one corner or simply chilling in another. It was a live trading floor and the culture needed to suit accordingly. While everything else seemed totally different it caught my attention that the learnings I had during my internship were still valid. Integrity and outcome-based assessment were non-negotiable here too. As I moved forward these became pillars of the person that I am today. Don't get me wrong. Integrity is not something that I started practicing only after I reached the corporate level. It is present in all phases of life. But once in corporate it becomes a solid pillar of one's character. While the outcomes may not always be in your favor always giving it your best shot is what you need to do. However, Integrity is something that is non-negotiable in any form to all corporate organizations.

After some time working as a trader, realization stuck me. I still had no clue of what I want to do in corporate life. But for a change it stuck me that trading is something which is not interesting me any further. That is when I got an opportunity with Wipro where I continue to work till today. I got an offer to work for the Business Finance function in Wipro. Here I would like to take you back to the dialogue which I mentioned at the start of the story. As quickly as I said yes, with the next step I was not so sure. While I was still clear on taking up whatever comes my way, I was not sure whether the role would suit me or whether I would be able to perform to the role's expectation.

Nonetheless I took a leap of faith again. Things have worked out so far and I am happy doing what I am doing today. The values I learnt about earlier play a much stronger role in my corporate life today.

Through my experience in this part of life so far, I have had some learnings. Let me share with you some advice which may come in handy once you start your corporate life journey:

- Demonstrate unyielding integrity in everything that you do.
- Drive things to closure or work in an outcome-oriented model. You will find millions in corporate life playing a game of tennis passing the ball from one court to the other. Be the person who will drive things to closure.
- It is great if you have a clear goal of what you want to do in corporate life. It is equally ok if you like to take things as they come. (You need to be careful of how you put this across, not many would understand you). Corporate life can be a medium for means to an end. You take this as an opportunity to do what you love to do in life. For example, I love to travel. Corporate life enables me for those moments.
- Not everybody can make money by playing cricket. (Read doing things which they love to do). It is great to be striving to do what you love to do. But it is equally important to be able to do it and not procrastinate it. You cannot wait forever to build a career out of what you love to do. Today my job enables me to travel. It provides me the flexibility to do what I love to do in my life. That is the most important thing for me.
- Treat your corporate life like your normal life just a more formal version (Not to be confused with a boring version). It is ok to be confused or frustrated at times. Not all things will go your way.
- Take care of your health. The work most people do today is extraordinarily physically passive. (No offense meant to the sales folks). Don't ask me for my pic though.
- Connect with your friends and family. While you are busy building a career in corporate life, the relationships keep drifting apart. Your career is just a part of your life and not your life itself.
- Make friends at office. Corporate life becomes extremely happy and you look forward to it if you have friends at office. Set your boundaries but find your set of people who you can hang out with.
- People with good interpersonal skills have good chance of succeeding in corporate life. There are enough tools to help you with the technical requirements. Nurturing relationships is what needs the personal human touch.
- At the end it all depends from individual to individual. Don't judge basis somebody else's experience. While this is true for life in general, it applies religiously to corporate life as well.

If you are still reading this, you are already late for submitting the next assignment in college. On a more serious note, I thank you for bearing with me through my corporate life journey so far and hope you can get some insights out of it. I took a leap of faith twice and mentioned that I will let you know the reason for that later. Let me break it to you now that the stream in which I studied MBA was Marketing. But as you would have noticed by now, my entire experience has been in the Finance domain. I do not regret my choice of stream of study or my choice of career for they have made me what I am today.

While many may criticize my choices, for me a corporate job has never been about working towards a fixed goal. It has always been the means to an end...

INTERVIEW WITH DR. BIKRAMADITYA GHOSH

Interviewer- Bharatkumar R Gaonkar (1927657)

Q) Many leading indices across the globe took a huge hit last week. What is your opinion on it?

A) The analysts are indicating that Coronavirus is the primary reason for the fall of indices. But I feel that despite the Coronavirus, valuation holds the key. If indices go above a certain valuation, they need just a trigger to fall. The trigger can be panic caused by economic, social or catastrophic events.

Q) Many analysts thought that the market was overvalued earlier. Do you think the impact of Coronavirus has brought it to its proper valuation?

A) No, despite the effect of Coronavirus, the market still hasn't come to its proper valuation. Many companies are still overvalued in the market.

Q) Do you think the market would go down further? What do you think the trend would be?

A) Generally, when the markets are down, one panic is enough to push it further down. So, it is possible.

Q) Some weeks ago, Indian stock market was at its all-time high when the economy was still underperforming. What do you think is the reason for it?

A) Theoretically, the stock market indicates the performance of the economy. But for all practical purposes, the stock market is not so linked with economic performance. There are behavioral factors such as overconfidence, herding behavior, and anchoring effect behind this. They act as a hindrance to value investing.

Q) Do you think the market will go down further? When will it become stable?

A) One of my empirical calculations is indicating that there could be a catastrophic event occurring in May 2020 and one around May 2021. These could be either a credit crisis or AGR (Adjusted Gross Revenue) related crisis. In case of such events, the market could crash as high as 7% from the current level.

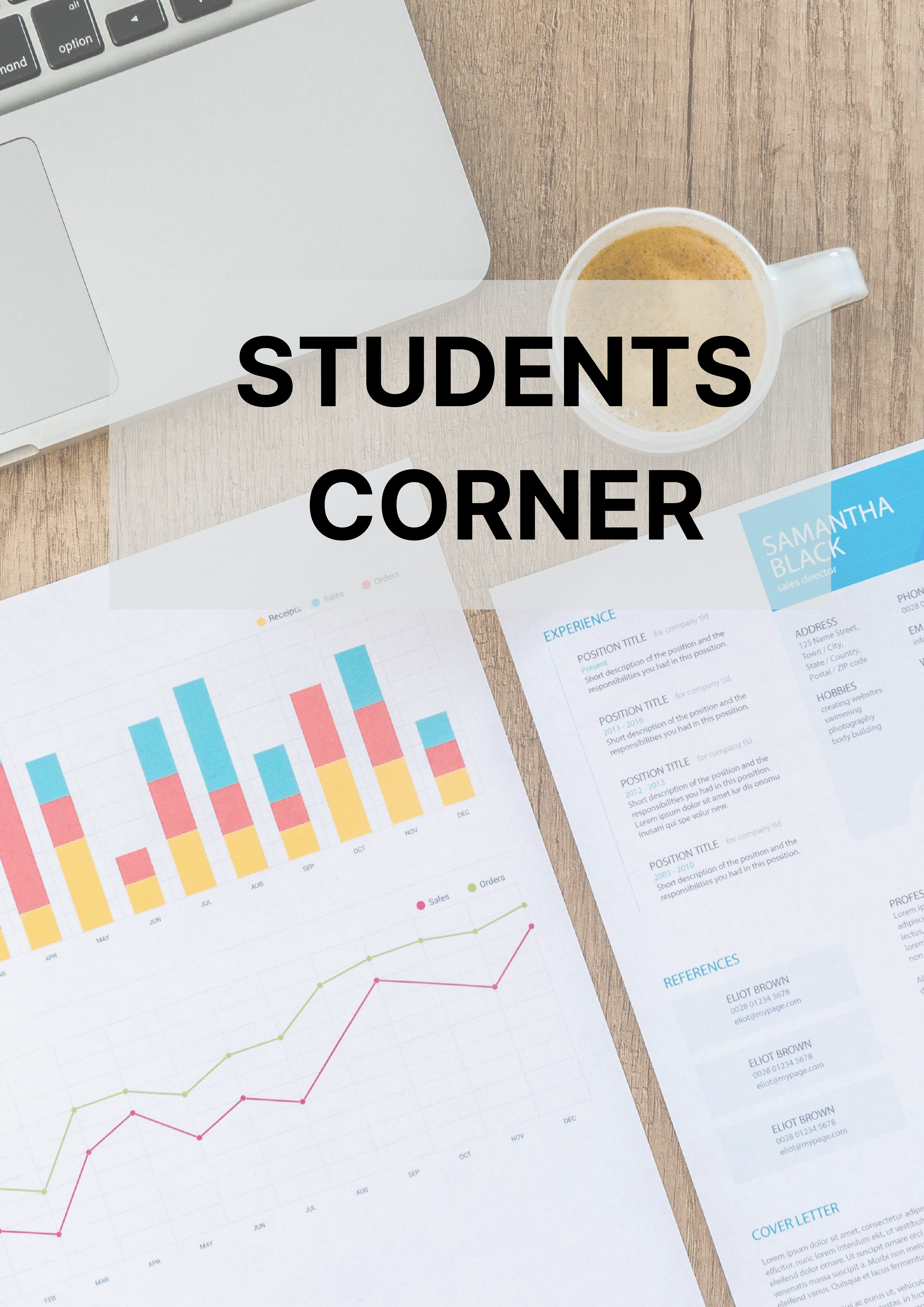
Q) Due to the last week's stockmarket crash, nearly 5.5 lakh crore rupees of investors' wealth is wiped off from BSE. Do you think this would scare off the prospective investors thinking of investing?

A) Unfortunately, India's financial literacy is very low. Thus, it would scare off the prospective investors. According to the report by the World Bank by Annamaria Lusardi, Indian financial literacy lies in the fourth quartile. Even countries like Bangladesh and Pakistan are ahead of us. This is not an encouraging sign. There has to be a drastic improvement in financial literacy. If financial literacy is high, I don't think these kinds of events would scare off people.

Q) The price of gold is increasing with a decrease in the stock market. Why is it so?

A) Gold shares an inverse relationship with equity in the short-run. That is why we see an increase in the price of gold when the stock market crashes. But in the long run (more than 10 years), the Gold-Equity correlation is almost close to zero.

STUDENTS CORNER



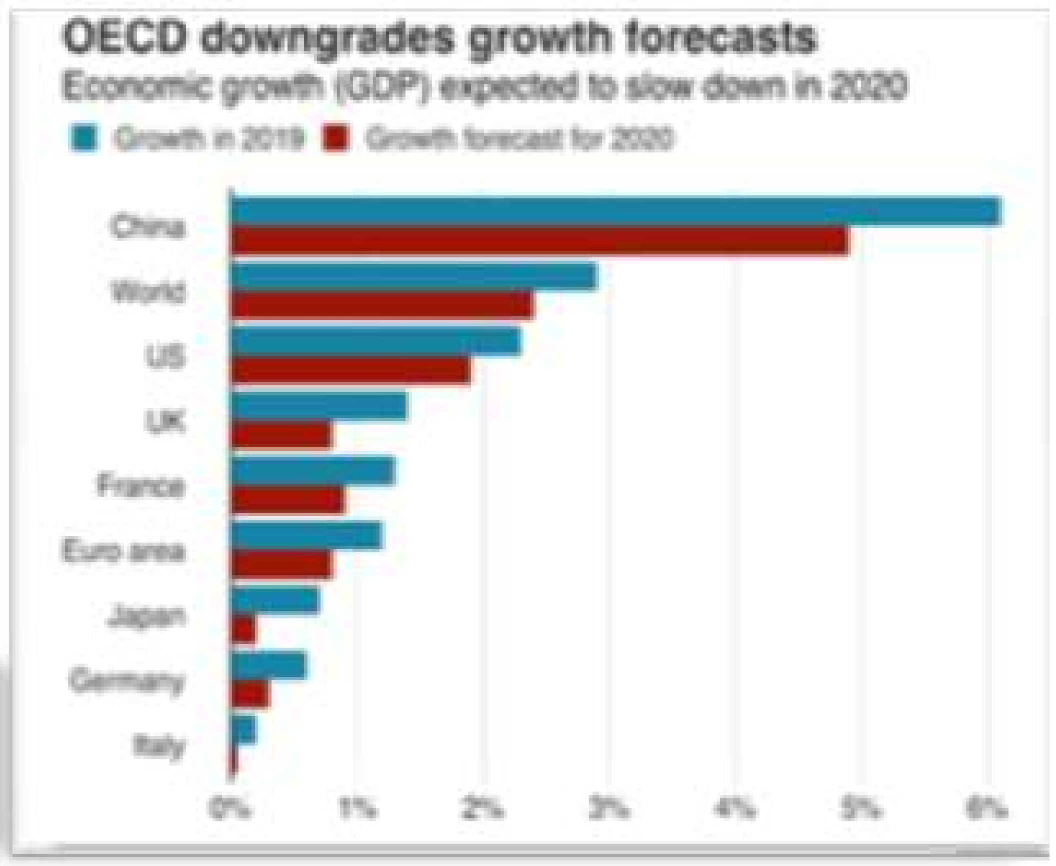
COVID19 - NIGHTMARE FOR GLOBAL ECONOMIES

The Coronavirus outbreak which got spread from China, has caused the Global Economy to panic due to broken supply chains, empty stores, disrupted manufacturing and reduced demand on a whole. There exists a huge concern regarding the virus spreading quickly to various countries, as this may force consumers to work from home and also avoid stores, restaurants, and other businesses. Major companies across the Globe have remained calm with the hope that the Government will curb new infections and consumer spending will remain unchanged. But, if the executives of these companies see a threat lasting beyond the first three months of the year, they may spare planned investments and even start laying off workers. This would result in an economic contraction and would force companies to lay off employees and set aside investment plans.

The impact of coronavirus hit the Indian markets hard on 29th February 2020, “Black Friday” with the benchmark indices facing their worst single-day decline in five years. The Sensex dropped 1,448 points, or 3.6 percent to end at 38,297; the lowest close since 14th October 2019. This has also led to the decline of the Rupee value. The Nifty also plunged, breaking the key support levels. Metal and IT stocks declined the most, with their sectoral indices dropping by 7.1% and 5.6% respectively.

It is hard to find any positives from such an outbreak, but in pure business terms, some major consumer goods companies like Reckitt Benckiser and Unilever have seen a boost in sales for its Dettol Sanitizers and Lysol Products.

On the whole, the GDP of most of the countries expects a slowdown in 2020 as per the (Organization for Economic Co-operation and Development) OECD forecasts. The Government must take major initiatives to eradicate the virus and to bring the economies back to shape.



- Coronavirus resulted in an economic contraction and laying off workers by major companies across the globe.
- The Sensex dropped 1,448 points, or 3.6 percent to end at 38,297 on 29th February, 2020.
- The consumer goods companies like Reckitt Benckiser and Unilever have seen a boost in sales for its Dettol Sanitizers and Lysol Products.

RIDA AHMED
1927847

THE 'BLACK FRIDAY' OF STOCK MARKET

Sensex, on 28th February 2020 saw the worst fall since 2015. The market opened with the fall of 1,200 points and by end of the day it closed by 1,448 points or 3.64% down to 38,297. A total of Rs. 5.50 lakh crore of investors' wealth was wiped out. Worldwide, all the indices showed the worst fall, leaving the investors worried on the weekend. When the economy was not doing well, the outbreak of coronavirus affected the global trend which also showed the impact on the Indian Sensex.

The biggest reasons for the Indian stock market index fall:

1. **Novel Coronavirus (COVID-19):**
   The outbreak of Novel Coronavirus impacted the global economy in many ways. On 28th February, all the global markets showed the worst fall, since every market fell by an average of 4.4% to 4.6%. Since the Coronavirus Pandemic was not getting controlled, global markets saw the biggest decline.
2. **The decline in corporate growth in 2020:**
   The outbreak of the virus has brought the economy into a standstill. Tourism and supply chain to the world economy have brought many transactions to a halt. This has shown a decline in the world economy and decline in corporate growth in 2020.
3. **Rupee plunges:**
   The rupee was holding strong against the dollar for the past few months. On Friday, the rupee broke to its six months trading range of 72 against the dollar on rising volume and open interest. This shows the money has started flowing out and a future fall in Rupee will accelerate this trend.

These are the reasons for the fall of Sensex on 28th February 2020. This fall made the investor left worried for future trading. But on 2nd March 2020, the Sensex showed a recovery sign from the fall. The market opened a good sign where Sensex showed an up of 506 points from the previous trading day fall.

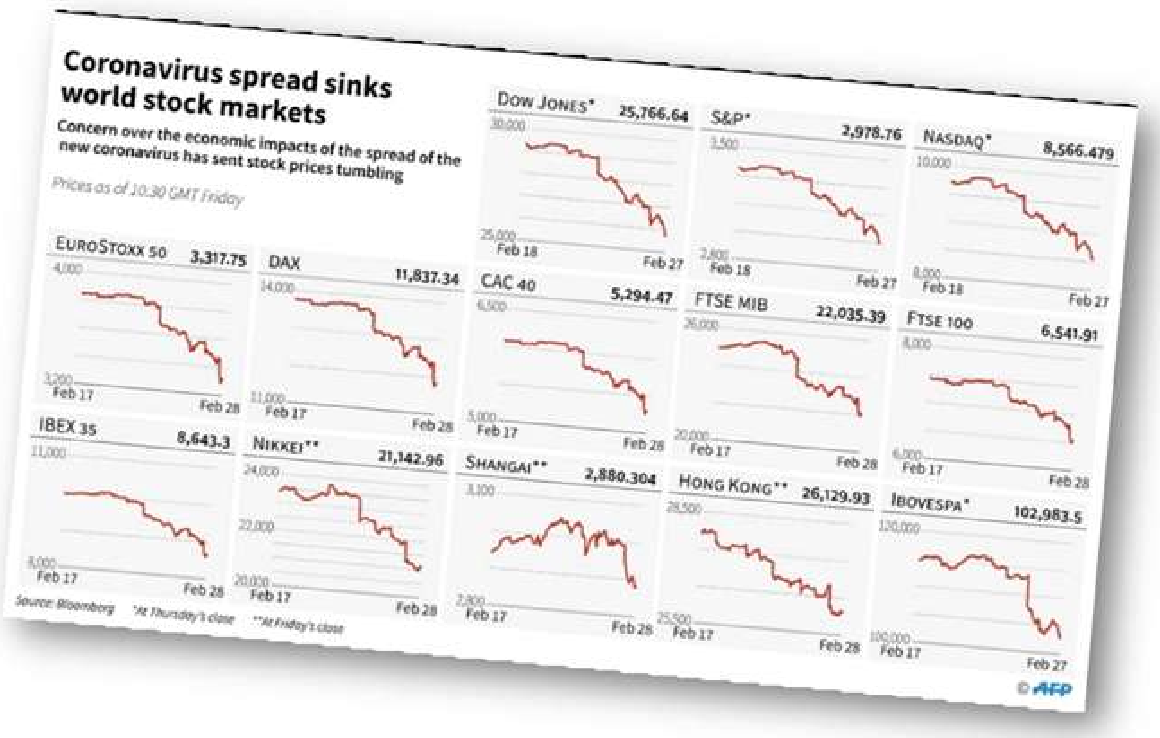
If the trend continues the global economy will move to a recession situation. All the economies should work together to retrieve the economy into a growth situation.

One of the most important indices of the Indian stock exchange, the Sensex, fell to historic low on 28th Feb, 2020 due to:

- Novel Coronavirus (Covid-19)
- The decline in corporate growth in 2020
- Rupee plunges

RAHUL B N
1927857

FUTURE OUTLOOK AMIDST THE PANDEMIC



The impact of Coronavirus has been seen on various stock exchanges in the world lately. The reason for this is the fact that the virus still does not have a cure, and its spreading with high intensity all over the world. The virus has already claimed the lives of a massive amount of people, and its increasing spread has created an alarming situation for the whole world.

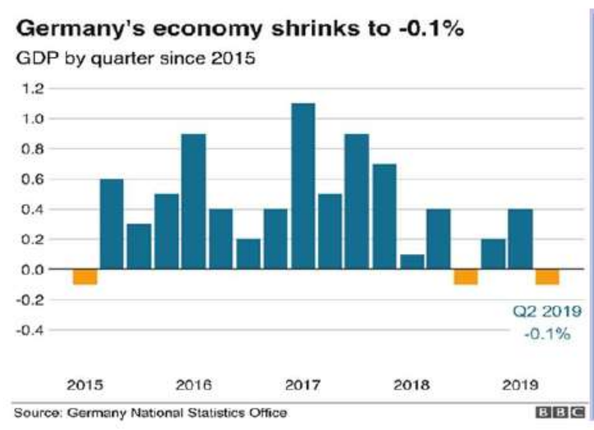
The Standard and Poor (S&P) 500 Companies in U.S. have seen high volatility a few weeks after the Coronavirus outbreak news in China came out. The trend of a continuous bullish market in the U.S., now has a threat of being affected by the Coronavirus. After the few positive cases of Coronavirus in the U.S., the stock price volatility is increasing and the prediction is that, if the cases grow, then the market will see a bearish side soon.

The increasing outbreak of the virus in Asia and Europe, has resulted in the devaluation of many currencies. The prices of gold are hitting highs. Many experts say that if the virus is not brought under control, multiple countries would face recession.

The suspect is that if the outbreak of the virus is not brought under control in time, then the world will again face a depression like the 2008 crisis.

As India is already going through economic slowdown this year, and if there happens to be a global slowdown due to the Coronavirus outbreak, then it will add to India's economic woes. The wealth of people has been decreasing - including some well-known businessmen like Mr. Mukesh Ambani, whose wealth decreased by $5 billion last year, followed by Mr. Azim Hashim Premji, who suffered a loss of $869 million.

An alarming situation for the world economy and the stock market has now been created, which can be controlled only by containing the spread of the virus.



- The virus originated in China, spread intensely to other countries
- S&P faced a threat of a downward trend, more severe than the 2008 crisis
- India’s economic condition could worsen if the virus is not contained

KRISHNA DEVANG CHOKSI
1928037

SKILLFUL DECEIT AND INDIAN BANKS

The headlines in recent times have had heavy usage of NPAs. Banks have been at the forefront of trouble for the longest time, and 'Incredible India' is just as much a relevant tag as is the 'Great Indian' fraud. The majority of the credit for the recent tumultuous banking headlines can be rightly borne by Vijay Mallya, Nirav Modi, and in recent times, the Wadhawans. We have a significant chunk of the banking industry that have faltered in their precautionary measures of avoiding such major disasters and thousands of common men distraught over such. Only quantifying the damage can highlight the extent of damage, which in the case of Vijay Mallya is about Rs 9,000 crores which he owes to 17 banks, as for Nirav Modi, a whooping Rs 11,000 crores that he fraudulently borrowed from Punjab National Bank, and the Wadhawan's, which was a case a lot like PNB, but lacked tact in execution and yet they caused a stir in the banking system, especially those of Co- operative Banks. This, however, is not all, as per the latest Reserve Bank of India (RBI) data, an unprecedented 6,801 frauds, totaling Rs 71,500 crores, were detected in FY19. Although it seems like an ailment of today, let's not forget the speculative mania that had engulfed the housing market during the bubble years of 2004-2005, the housing loan scam that valued at roughly Rs 50,000 crore.

At a recent conference, a veteran happened to say a phrase, "If you owe the bank Rs 1 lakh, that's your problem. If you owe the bank Rs 100 crores, that's the bank's problem".

This is especially true as we can say the lapses and loopholes in the banking system have resulted in them going for years without detecting that they are victims of such deception. Some of them have the problem of underreporting, and underreporting of such fraud stems from reputational risks, interference of probe agencies, and the instinct of self-preservation. There are a few very critical reasons as to why our banking system is on a downward spiral of that of destructive NPAs, a structural asset-liability mismatch, delay in recognizing NPAs, and absence of fundamental corporate governance standards. All of the above loopholes have distinct solutions, but they mostly revolve around increasing vigilance and raising standards of governance. Banks form a very crucial part of the Indian economy, and hence, regulations and timely implementation of these regulations is quintessential to the health of the system.

- A total of 6,801 frauds worth Rs 71,500 crores were detected in FY19
- Asset Liability mismatch and delay in recognizing NPAs are reason for frauds

MEGHNA
1927550

EMERGING TRENDS IN THE INDIAN BANKING SECTOR

India’s banking sector has experienced a change in outlook in the past two decades - evolving from physical banking to becoming digitally enhanced. The shift can be attributed to changes across the following five key segments:

Customers’ Trust: The advent of the 2000s saw a shift in the mindset of consumers. Customers’ perception of money being an asset meant to be preserved had changed to an instrument that offered growth opportunities. This led to a gradual inflow of money into the banking sector. The changes in the 2010s were faster because customers had grown trust in banks because of the convenience they offered in easier processes in the form of digital banking.

Technology: The adoption of the Core Banking Solutions (CBS) in 2002 not only enabled bank and client interactions and streamlined management of account-related details, but also facilitated the calculation of interest, penalties, maturity, etc.

Credit Preferences: Informal lending and borrowing from family and relatives played a major role and was prevalent in the early 21st century. But with the trust growing in the banking system, consumers started to move away from the stigma associated to borrowing from banking sector.

Regulations: The industry has moved from a pro-banking regime that did not support the NBFCs and other small players till the late 2000s to one in which businesses like payments banks, NBFCs are now flourishing.

Profitability: Due to a growth-oriented industry in the early 2000s, banks were driven towards acquiring more customers to ensure their profitability. To achieve this, branches were opened across India at an unprecedented rate. The next decade saw a shift, with banks not only concentrated on maintaining their profitability, but also customer retention. India's banking sector is set to enter an entirely new space in the upcoming decade.

The advancements in applications of Artificial Intelligence (AI), Machine Learning (ML), Blockchain, Robotics, and FinTech seems to be the next big driver in banking. These technologies will change current profitability metrics and enable much-enhanced operational efficiency, digital currency, robotics, quality control, and analytics-driven data collections strategies to make businesses much ‘smarter’ in identifying and servicing customers’ needs.

- After 2011, banks have been able to provide services with almost no down time
- Tools like AI and ML are the next banking drivers
- People are more ready to borrow from NBFCs and e-Lending agencies.

ARKAPRABHA DAS
1928003

BHARTI AIRTEL LTD.- BLAZING STOCK OF THE MONTH

The guideline criteria which ought to be looked for, while betting on an upside in stocks are the macro economic factors. About 400 out of the BSE-500 stocks recorded negative returns in February 2020. This was obvious from the way the February monthly returns on NIFTY remained at -7.1% while the returns on the SENSEX stood at - 6.5%. The overall misfortune of investors amounted to a Rs. 10 trillion loss during the month.

There was not much of a surprise on the gainers end. Bharti was the top gainer as telecom industry moved towards a duopoly. With the Supreme Court's hearing and subsequent rulings of the AGR issue as on 14th February 2020 and Bharti Airtel committing to pay up Rs10,000 crore by 20th February 2020 and balance by March 17th, 2020, it seemed likely that it may clear its Rs. 35,586 Crore due to the Government against the Adjusted Gross Revenue(AGR).

Shares of Bharti Airtel Ltd reached a 52-week high. The stock picked up by about 39% from January, since the Supreme Court hearings and its follow-ups on AGR duty. Undoubtedly, Airtel shares would appreciate because of the rise of a duopoly. Though, this ascent may be hindered by a cost increment that may occur because of the lessening plausibility of tower foundation sharing, as a result of a possible exit of Vodafone or other players. These cost increments may be higher than the initial rise in share prices that they would enjoy.

In such circumstances, the stock value ascend for Bharti Airtel will slow down the duopoly probability even though this state is mostly undeniable.

airtel

- Shares of Bharti Airtel Ltd. reached a 52-week high in the month of February.
- Stocks of Bharti Airtel Ltd. have picked up by 39% since January
- With the possibility of a duopoly looming, and Airtel being one among them, prospects look bright for it.

SOUROV GUHA
1928124

THE ROOTS OF INDIAN BANK

Indian Bank is an Indian state-owned financial services company established in 1907 and headquartered in Chennai, India. As per the announcement made by the Indian Finance Minister Nirmala Sitharaman on 30 August 2019, Indian Bank will be anchor bank for the Kolkata-based Allahabad Bank, and this merger is expected to come on the force from 1st April 2020, making it the seventh-largest bank in the country. As of 31st March 2019, the global business reached a level of Rs. 4,29,972 crores with a growth of 15.89%. Domestic business was at Rs. 4,15,582 crores. The merger entity of Allahabad Bank and Indian Bank will register a business of Rs. 10 crores in the next two years. Meanwhile, Indian Bank is likely to retain its name even after the merger with Allahabad Bank. The merger team is now working on a new logo and tagline that can capture the identity of both the partners.

The top officials of Allahabad Bank are now planning to expand the new entity with 10,000 branches to register 10 lakh crore businesses in the next 10 years. The process of integration will take around 12 to 18 months. The banks are planning for a horizontal merger, which does not take much time.

Very few processes are expected to be merged from day one as complete integration of core banking system will take many more days. Both the banks have a common core banking platform, BaNCS, developed by TCS.

In March 2019, the combined business of Allahabad Bank and Indian Bank stood at Rs 8 lakh crore. Together these banks had a branch network of 6,104 branches. Allahabad Bank had more branches in the North, whereas Indian Bank had more branches at the South. Together when combined, this becomes the seventh-largest lender in the country. As in March 2019, Allahabad Bank had a total business worth Rs. 3.77 lakh crore, and Indian Bank had a total business of Rs. 4.29 lakh crore. The government assumes that these two banks would be good enough to uphold the business at a greater rate if merged together.

- The merger is to be effective from 1st April 2020
- The merger will register a business of Rs 10 crores in the next two years
- Together, when combined, it will be the 7th largest lender in India

FABIN FRANCIS
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STOCK MARKET CRASH 2020 - THE ANSWERS YOU SEEK

A stock market crash is a rapid decline in stock prices. It generally happens when the price of stocks in major indexes such as the Dow Jones Industrial Average or S&P 500 drops or falls by a double-digit percentage either in a matter of days or in a couple of weeks. This crash mostly occurs when there is war, a terrorist attack, or even because of over-optimistic investors.

Three main reasons for the overall fall in stocks in the major stock markets in February are:

- COVID-19
- 2020 Elections
- Recession Fears

COVID-19: The coronavirus outbreak is an ever-increasing threat to global supply chains, particularly in China. The epidemic is crushing consumer demand, as people limit travel, which has dropped the oil prices, or stay at home due to fear. Moreover, disruptions in China's economy and factories could be a significant cause. Most of the companies have been relying on China as both a supplier and a customer for almost two decades.

2020 Elections: Presidential candidates have grabbed a big opportunity with regard to Mr. Trump's response to the global outbreak of coronavirus and its impact on the American economy. The epidemic, and its effects on the economy, is an opportunity for the candidates for criticizing Mr. Trump's management abilities. It could harm Mr. Donald Trump's re-election prospectus. And if candidates with proper management abilities do not rise to the occasion, it may affect the economy with more severe problems, like reduction in stock prices. It has instilled fear in the hearts of investors.

Recession Fears: Investors fear that the coronavirus outbreak may affect the global economy, resulting in a slowdown, which might lead to a full-fledged recession. One major problem here is to contain the disease; the Chinese Government has been quarantining people, which is leading to a massive shutdown in economic activity all around the world, which in turn is resulting in an economic slump.

The fall in stock prices on February was mainly due to the coronavirus outbreak, and this has inversely affected the global economy in a lot of ways, the various Governments will have to come up with proper plans to get the economy back on track.

- A Stock Market Crash happens when the price of stocks in major indexes drops or falls by a double-digit percentage either in a matter of days or in a couple of weeks.
- The Coronavirus Outbreak is causing major disruptions in the Global Supply Chain.
- A severe Recession is due, because of the Coronavirus outbreak.

PIUS TOM
1927615

‘OPPO KASH’ – THE MOST SOUGHT-AFTER FINANCIAL SERVICE

The Chinese Smartphone maker Oppo recently launched its financial services arm ‘Oppo Kash’ in India. Initially, it will provide services like Mutual Fund Investments and loans up to Rs. 2 Lacs. Eventually, it aims to offer multiple functions, including payments, lending, savings, insurance, financial education, and economic well-being score. Oppo Kash is powered by Finshell, which is also a subsidiary of Oppo, and is operating in the financial services sector. The app will come pre- installed on all Oppo phones and will also be available for download in Google Play Store and Oppo App Store.

According to a statement by Mr. Sumit Walia, VP, Product and Marketing, Oppo India, the new arm aims to gain 10 million customers in the next five years and offer financial services worth Rs. 50,000 Crore. To help customers invest in mutual funds, enquire about loans, or such related queries, Oppo has set up a robust customer service team. The services will be offered in multiple Indian languages to cater to India’s rich diversity.

It is noteworthy here that Oppo is not the only Chinese smartphone maker who has shown interest in entering the financial services market in India. Other players like Xiaomi and Realme have already become a part of this lucrative segment, with Xiaomi launching an ‘Mi Pay’ app too.

- Oppo Kash will initially provide services like mutual fund investments and loans up to Rs 2 Lacs.
- It aims to gain 10 million customers in the next five years and offer financial services worth Rs 50000 Crore.

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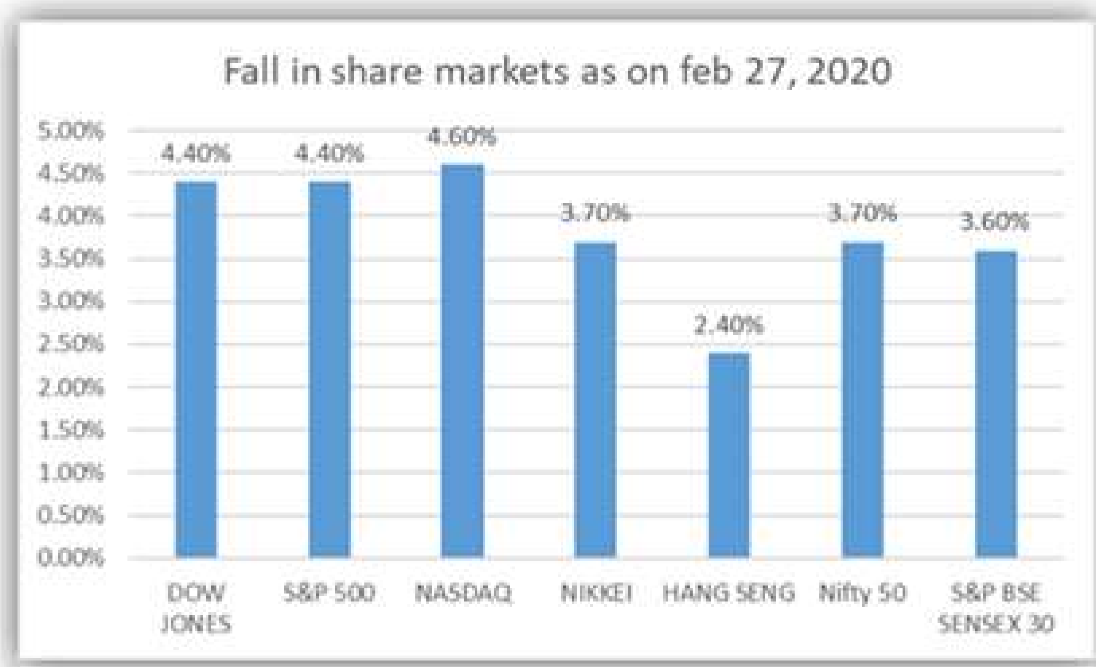
CHAANAKYA

VIRUS IS INJURIOUS TO MONEY!

By 28th February 2020, about 5.5 lakh crore rupees had been withdrawn from the BSE market by the investors due to the fear of the Coronavirus spreading and causing widespread supply chain disruptions. This change had made the Sensex crash by 1,448.37 points or a fall by 3.64 percent to 38,297.29, which is the second-worst fall since August 2015. The NSE Nifty index has shown a fall of 414.10 points, or 3.56 percent, to 11.219.20.

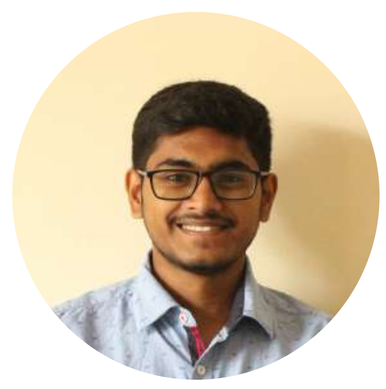
The Indian stock market has reacted to the happenings in the global market where $5 trillion had been wiped out as loss due to the fall in the market, which has been recorded as the fastest market collapse in history. In the Indian stock market (Sensex and Nifty), 12 lakh crore rupees have been wiped out due to the crash.



"As long as India can remain somewhat disconnected from coronavirus, the country's share market looks like a haven relative to the region," said Ross Cameron, head of Northcape's Japan office in Tokyo. As compared to the global share market fall, India is considerably in a safer position even though the market is falling very badly. As the NSE Volatility Index (NSEVI) has increased by 30.8 percent as at the end of February, the fear of Coronavirus is choking the share market to a historical fall.

- On 28th February, 2020 Sensex crashed by 1448.37 points, second worst fall since August 2015.
- $5 trillion had been wiped out from the Global Market by the end of February.
- The NSE Volatility Index (NSEVI) has increased by 30.8 percent towards the end of February.

M JAGADEESH
1927512



ABOLITION OF DDT - WHO WINS, WHO LOSES?

The Union budget presented in February 2020 has removed the Dividend Distribution Tax (DDT) and made dividends taxable in the hands of investors. It caused some of the equity investors to enjoy low tax slab rates. Until March 31, 2020, the companies were liable to pay tax at 20.56% directly to the government. The removal of DDT has made everyone to come under one platform and pay taxes according to their tax slab. It will allow companies to invest more in the economy and will increase Foreign Direct Investment (FDI). Previously, an individual paid 10% on dividend received from Indian companies and there was no tax paid on the dividend received from mutual funds. Now an individual is only liable to pay tax according to their slab rates.

Winners

Retail Investors who have income up to Rs 10,00,000 need not pay the earlier tax rate of 20.56% as their current slab rates are even lower. The domestic Mutual Fund manager will no longer suffer the indirect incidence of DDT. Foreign Portfolio Investors (FPIs) can pay tax on dividends earned in India at either 20% or lower rates depending on their imposed slab rate. This benefit is also for Multinational and Foreign Companies who receive dividends from their Indian Subsidiaries.

Losers

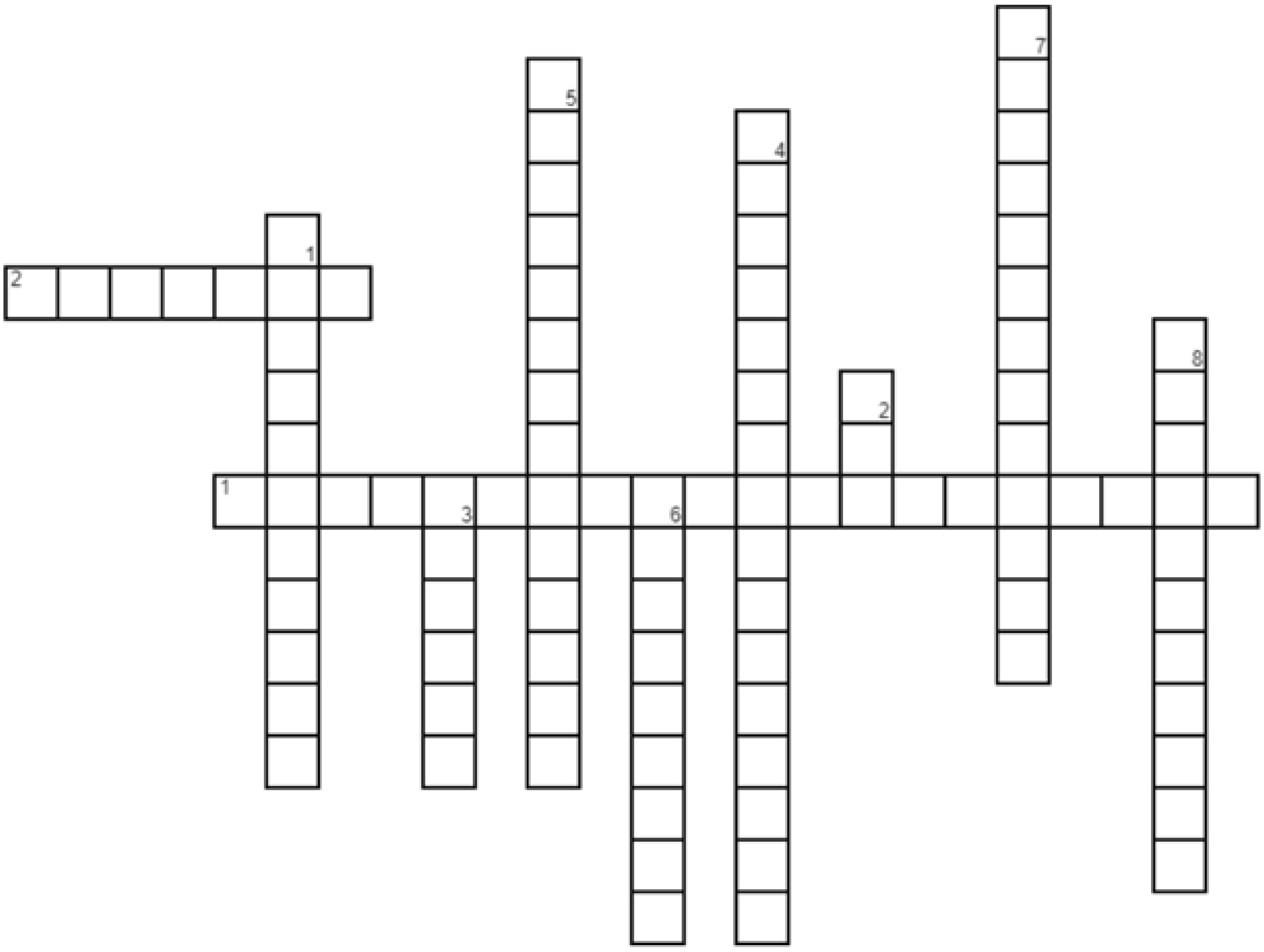
Individual Investors whose income exceeds Rs 10,00,000, need to pay an effective tax rate of 31.2%. An individual's income exceeding Rs 50 lakh, Rs 1 crore and Rs 2 crore need to pay even higher, i.e. 34.3%, 35.8%, and 39% respectively. The big promoters will have to pay a 42.74% tax rate.

There is going to be a tug of war between different classes of shareholders from the next fiscal year. The PSUs and MNCs are also expecting a hike in their Dividend payouts, depending upon their promoter's stand. In the case of PSUs, it may insist that savings from DDT abolition to be paid out as dividends. Already, they are enjoying high dividend yield, which makes their payouts to go high in the future. Similarly, MNCs also share their profits with their parent company, thus increasing their payouts.

- The removal of DDT has made everyone to come under one platform and pay taxes according to their tax slab
- Those who will be benefitting includes: Retail Investors, Foreign Portfolio Investors, Multinational and Foreign Companies having Indian Subsidiaries
- Individual Investors will be at loss as they need to pay higher taxes
- Abolition of DDT will lead to higher retained earnings and prevention of double taxation

SURYA
1927751

THE FINANCE CROSSWORD



Across:

1. Most liquid asset after cash
2. Standardized Contracts traded on exchange

Down:

1. Contract whose value is based on the underlying assets
2. Forward Contracts are traded here
3. Measure of Company's performance
4. Computed by dividing Company's profits by total number of outstanding shares
5. Finance required for day to day expenses
6. Indicator of how quickly an asset can be converted into cash
7. Example of a liquid asset
8. The most non-liquid asset

KAUSHAL OSWAL
1928011

Key will be released in the upcoming issue

NCD BY JM FINANCIAL PRODUCTS

What is JM Financial Products?

JM Financial Products is a Non – Deposit Taking Company (NBFC) in India, which issued secured Non-Convertible Debentures (NCD) in February 2020. JM Financial Products NCD opened its subscription on13th February 2020. They provided yield as high as 10% per annum thus attracting a lot of investors. JM Financial products offered NCDs for 24 months, 40 months, 60 months and up to 120 months. They mainly focused on offering secured and unsecured loan products that are flexible to meet the needs of Corporates, SMEs and Individuals.

What does Secured NCDs mean?

An NCD can either be Secured or Unsecured. A Secured NCD is backed by issuing the Company's assets. The Company will have to fulfill its debt obligation whatsoever. This makes secured NCDs safer since they have lower default risk. JM Financial products offered secured NCDs from February2020.

a. The interest can be paid on a monthly basis, annual basis or on maturity

b. The face value of NCD is Rs1,000.

c. The minimum investment is for ten bonds, which means that investors must buy for a minimum of Rs 10,000. Beyond this, an investor can invest in multiples of one bond.

d. These NCD bonds are listed on BSE. Hence, they are liquid investments.

e. NRIs cannot invest in these NCDs.

f. CRISIL has rated NCDs as AA/stable and ICRA has rated NCDs as AA. This rating of the NCDs indicates high degree of safety regarding timely servicing of financial obligations.

What are the main objectives of issuing these NCDs?

1)It is for the purpose of onward lending, financing and for the repayment/ prepayment of interest and/or principal of borrowings of the Company.

2)It is also used for general corporate purposes.

Should you invest in Non-Convertible Debt Instruments?

NCDs are secured in nature and will offer high-interest rates. Investing in NCDs in NBFC companies is highly risky. Investing money in NCDs for a term of 10 years would be riskier. Products offering 2 to 5 years of tenure can be attractive for high-risk investors. One should avoid investing in 10 years' NCDs as we cannot predict how the company would perform in the long run.

Alternatively, investors can invest in a diversified portfolio of mutual funds, which can provide higher returns with similar risk, though not guaranteed.

- JM Financial Products NCD opened its subscription on 13th February, 2020
- The face value of NCD is Rs.1,000
- Rated AA/stable by CRISIL indicating high degree of safety

AJAY K JAISON
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CHANAKYA

THE ACCOUNTANT (2016) - A REVIEW

Genre: Action thriller
Director: Gavin O'Connor
Cast: Ben Affleck, Anna Kendrick, J. K. Simmons

The movie revolves around the life of the male lead- Christian Wolff (Ben Affleck), who is an accountant. He has autism spectrum disorder since childhood, which conveys through a flashback and takes care of the Rice family- Dolores Rice and Frank Rice. The female lead- Dana Cummings (Anna Kendrick), who is an employee in a robotic organization- Living Robotics, has to analyze the 10-year financial statements and performance of the organization. When Christian Wolff (Ben Affleck) joins the firm and works with her, he resolves the entire 10-year financial records and history of the organization, overnight. Meanwhile, The Treasury Head, Ray King (J. K. Simmons), appoints Marybeth Medina (Cynthia Addai-Robinson) of the Department of the Treasury, who is in the hunt for this mysterious accountant. Brax is an interesting character whose real face will reflect towards the end of the movie. The interruption of the investigation drives the film suspicious. Christian Wolff tries to save the Rice family when two thugs attack them. Through this, he gets an alert as the next plan was to kill Dana Cummings. At the same time, Marybeth Medina suspects that about
Christian Wolff with the help of an IRS agent relating to his various suspicious activities. When Brax kills Ray's wife and Christian Wolff, who is supposed to defend Ray but ends up killing him & taking Brax's side, after realizing that they were brothers is the climax of the story.

The movie's outcome of financial knowledge is abundant. It conveys to us how to handle financial dimensions professionally. Through this movie, we learn right from bookkeeping skills to the way he analyses the ten-year ledger reports of the robotic organization. Also, we observe how the accountant is accurate on the evaluation of the assets before sanctioning the loan, investigations regarding money laundering, manipulation of data, especially assets and liabilities in the financial statements. In short, this movie is a perfect package of:

1. Entertainment- where each scene connects to
the thrilling climax of the story and
2. Learning- involves how a finance official handles his life and profession at the same time.

PADMA VARTHINI S
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RAKESH JHUNJHUNWALA – THE KING OF INDIAN STOCK MARKET

- Rakesh Jhunjhunwala started investing in the stock market with the capital of only Rs. 5000 and has reached a capital of Rs. 8000 Crores.
- Rakesh earned his first major profits in 1986. He bought 5000 shares of Tata Tea Company, at Rs. 43 rupees per share, and sold it after 3 months at the rate of Rs. 143 per share. Due to which Rakesh earned a profit of Rs. 5 lakhs.
- In 2002-03, Rakesh bought 60 million shares of Titan Company at the rate of Rs. 3 per share and later the shares were worth Rs. 390 per share, because of which his investments went beyond Rs. 2100 Crores.
- According to Rakesh, the easy spell is - “Buy Right and Hold Tight”, meaning buying the right stock and keeping it on hold.
- Rakesh Jhunjhunwal manages a privately owned stock trading firm called - RARE Enterprises. The name is derived from the first two initials of his name and his wife’s name - Mrs. Rekha Jhunjhunwala.

- He has an ‘overall’ holding of 8.45% in Titan Company Limited.
- According to Forbes Magazine, Rakesh Jhunjhunwala is considered as 46th Richest Person in India as of 2013, with net worth of $1.25 billon.
- Rakesh Jhunjhunwala is often referred as Warren Buffet of India and he is known to be a big fan of Bollywood. He has produced one hit movie called English Vinglish.
- In past one year he has made a daily gain of Rs. 8.4 Crores in the stock market. This gain equals to a million dollars per day. Net worth of Rakesh Jhunjhunwala was nearly growing by Rs. 60 Crores a week and Rs. 240 Crores a month. If we break down further, he made hourly around Rs. 35 lakhs in stock market. This money is enough to buy Audi or BMW car every hour.

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