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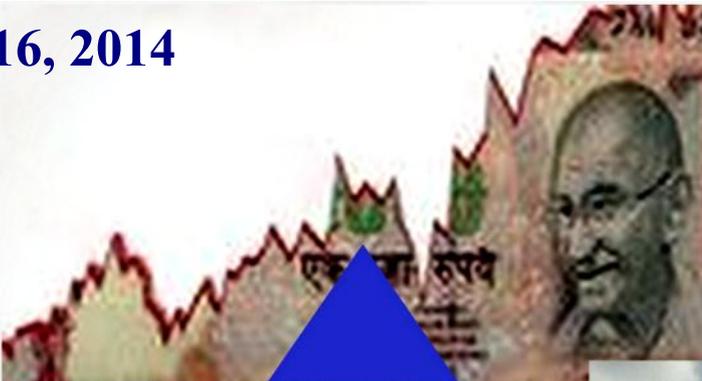
Issue 9



**CHRIST**  
UNIVERSITY

BANGALORE, INDIA

Declared as Deemed to be University under Section 3 of UGC Act 1956



# chaanakya

*Tracking the economy....*



CHRIST UNIVERSITY  
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*A Wealth Incorporation Publication*

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Mayank Kaushik

I MBA- M

## **India may scrap ban on FII investment in defence**

The finance and defence ministries are reviewing the five month old FDI policy that gave the local vendors the right of first refusal to help promote indigenous industry. The government may scrap the ban on portfolio investments in the defence sector and provide big relief to equipment manufacturers such as L&T and Piplaya, Besides giving more flexibility to Indian counterpart like Tata and Mahindra groups. In August 2013, the Cabinet allowed FDI in defence up to 26 percentage and above 26 percentage after clearance from Cabinet Committee on Security.

## **RBI extended issue of Inflation Indexed Bonds till March 31**

From earlier issue on 31<sup>st</sup> December 2013, inflation indexed bonds will now issue in March 2014 as RBI in consultation with government launched Inflation Indexed National Savings Securities – Cumulative that were open for subscription for December 23-31, 2013. The minimum limit for investment is ₹5000 whereas a maximum of ₹5 Lakh per applicant per annum is permissible. The interest rate which comprises of two parts – fixed and inflation rate based on Consumer Price Index will be compounded on half yearly basis and paid at the time of maturity. The bonds will be available for sale at branches of State Bank of India & its associates HDFC Bank, ICICI Bank, Axis Bank and Stock Holding Corporation of India.

## **PSU's set to sell Insurance products**

The Ministry of Finance has directed all the public sector banks to act as insurance brokers from January 15, 2014 by floating a subsidiary to increase their distribution network to avoid mis-selling of insurance products and increase insurance penetration. At present, banks are allowed only to sell products of one life, one non-life and one health insurance company. Banks with more than 3% of non-performing loans such as Central Bank of India, Allahabad Bank and United Bank of India cannot get into selling multiple insurance products.

## **Government likely to offer sops to increase sugar output**

Food Minister may soon take up the issue of recasting of loans taken up by mills, sops to produce 4 million tonnes of raw sugar which will help the ₹ 80,000 crore sugar industry which is currently facing a cash crunch due to higher cost of production and lower selling prices in the wake of surplus sugar. Meanwhile, the decision by Cabinet Committee on Economic Affairs for sugar mills to avail interest free loans from the banks to the tune of ₹ 6,600 crore would help the sugar manufacturers to make timely payment to cane growers.

## **RBI's Financial Stability Report 2013**

The Reserve Bank said that the government may be forced to borrow more over the next two years in the face of higher redemptions of bonds issued after 2008 crisis which will mature in 2014-15. In the fourth quarter of the

fiscal, government is likely to reduce the redemption pressure by swapping short term securities with long term securities for which it has provided ₹ 50,000 crore in the budget. The government of Gujarat, Rajasthan and Odisha have used the buyback route to reduce redemption pressure in the past.

### **FIPB clears Tesco & Vodafone investment proposals**

The Foreign Investment Promotion Board approved Tesco's proposal of ₹680 crore to enter into country's multi-brand retail sector in joint venture with Tata Group company. FIPB also cleared Vodafone's ₹10,141 crore plan to buy out minority shareholders like Ajay Piramal and Analjit Singh in its Indian arm. After the proposal, Tesco will pick up a 50 percent stake in Trent Hypermarket Ltd which is a wholly owned subsidiary of Trent Ltd, a Tata group company, to become the first global retailer to be approved by FIPB.

### **World Bank to give \$250 million loan to Uttarakhand**

Multi-lateral funding agency World Bank will provide USD 250 million loan to reconstruct houses and road in the disaster hit Uttarakhand according to the credit agreement signed by the government of India, the government of Uttarakhand and World Bank. The project will focus on the post disaster recovery plans in Uttarakhand as well as improve the resilience of the state's infrastructure and that of its communities from the impacts of such disasters in the future. From 15 to 17 June in 2013, Uttarakhand suffered unprecedented rainfall killing 4,000 people and 9,200 cattle and affecting more than 4,200 villages

### **Fiscal deficit will be contained at 4.8 per cent of GDP: P. Chidambaram**

India's economic growth slipped to decade low of 5 per cent in 2012-13 and in the current fiscal it estimated to be around the same level. It grew by over nine per cent before it was hit by the global crisis of 2008. Chidambaram expressed hope that the revised growth estimates for 2012-13 were likely to be better than the earlier projections. The government is scheduled to come out with revised growth estimates for 2012-13 on January 31 and the advance estimates for the current.. The CAD soared to the all-time high of \$88.2 billion or 4.8 per cent of the GDP in 2012-13. The government had taken several measures, including curbs on gold imports, to contain the CAD

### **Vodafone, Airtel apply for spectrum auction, others to follow**

Country's top telecom operators Vodafone and Bharti Airtel today applied for taking part in the spectrum auction scheduled for February 3, raising hopes that this round will see strong participation. In the last round of auction held in March 2013, none of the GSM operators had bid for radio waves, citing high reserve or base price. The government is expecting a minimum of ₹11,300 crore from the upcoming spectrum auction. It has set a revenue target of ₹ 40,874.50 crore for this fiscal from the auction, including auction amount, one-time spectrum charge and annual regular license fee. About 403 megahertz of 2G spectrum in the 1800 MHz band and about 45 MHz of spectrum in the premium 900 MHz band is being put up for auction.



Priya Thomas

IMBA - I

## **Fed reduced bond buys after seeing big job gains**

The Federal Reserve agreed last month to modestly reduce its bond purchases because of improvements in the job market that many Federal Reserve members felt would be sustaining in the long run. The Fed has also some plans to keep its short-term rate low since the unemployment rate dropped below 6.5 percentage due to inflation. Last month the Fed announced that it would reduce its monthly bond purchases from \$85 billion to \$75 billion starting this month. And it said it expected to further reduce the bond purchases in "measured steps" at upcoming meetings, if the economy and the job market continue improving.

## **Australia's Telstra may sell Sensis for \$2.7 billion says a report by Reuters**

Australia's biggest phone company Telstra Corp. is in talks with a U.S. private equity firm over the sale of its Sensis directories business for around Australian \$3 billion (\$2.7 billion). Telstra reported a 13 percentage rise in net profit after tax of Australian \$3.9 billion for the year ending June 2013, compared with Australian \$3.4 billion for 2012. The company's Sensis unit generated earnings before interest, taxation, depreciation and amortization of Australian \$571 million for the same period, down 22 percentage from the previous year. Chief Financial Officer of Telstra Andrew Penn told investors at the August results briefing that the transitioning of the Sensis business to a digital model "remains a challenging one".

## **Park extols Korea Bonanza with a North-South Unification**

President Park Geun Hye, who became South Korea's first woman leader by promising a more "creative economy," begins her second year vowing to pursue the unprecedented prosperity she said will result from unification with North Korea amid flagging interest from many citizens more than six decades after the peninsula's war. "Unification will allow the Korean economy to take a fresh leap forward and inject great vitality and energy," said Park. Selling the unification story builds on a presidential agenda that began with an initiative to strengthen productivity and growth in South Korea's economy through fostering innovation, entrepreneurship and capital investment. Park hosted Bill Gates and Mark Zuckerberg in two separate meetings at the Blue House, seeking ideas from the founders of Microsoft Corp. (MSFT) and Facebook Inc. (FB) to help energize an economic model designed to catch up with advanced economies which she said last year had "lost steam."

## **Wal-Mart's International Finance Chief to leave company.**

Cathy Smith, Wal-Mart Stores Inc's finance chief for the international division, will leave the company to take a "leadership position" at an unidentified company, Wal-Mart said on Saturday. Wal-Mart's U.S. chief financial officer Brett Biggs was slated to replace Smith at Wal-Mart International. Smith also leads the international division's strategy team. The



division generated \$135 billion in sales in 2013, before joining Wal-Mart in 2010; Smith had been executive vice president and chief financial officer at GameStop Corp.

### **Spain bonds gain with peripheral debt as confidence rises**

Spanish government bonds rose for a second week, pushing 10-year yields to a seven-year low, according to the evidence that says euro-area recovery is gaining momentum and it has boosted demand for the region's higher-yielding debt. Rates of Spanish two- and five-year notes dropped to records as European Central Bank President Mario Draghi strengthened a pledge to keep interest rates low for an extended period. The additional yield investors get for holding Portugal's 10-year securities instead of Germany's slid to the least in three years. Yields on similar-maturity Irish bonds fell to the lowest since 2006 as the nation returned to debt markets after exiting its international bailout last month.

### **China says to rein in local debt, push financial reform**

China's top planning agency pledged to curb local government debt while the central bank said it will keep the monetary policy stable in 2014 as it pushes financial reforms. The National Development and Reform Commission (NDRC) said it would curb the "disorderly expansion" of local debt, remarks that came after the National Audit Office said local governments had run up total debt of 17.9 trillion Yuan as at the end of June 2013. The NDRC said that although overall, debt levels were under control but it would take measures to keep debt down, including allowing local government financial companies to issue bonds to replace some existing short-term debt that has high interest rates, and encouraging private capital into infrastructure projects.

### **Treasuries & Gold rally as dollar drops after jobs data**

Treasuries rallied with gold and the dollar retreated after slower growth in U.S. payrolls last month eased concern stimulus cuts would accelerate. The Standard & Poor's 500 Index rose to cap a weekly gain. The 10-year Treasury yield fell 10 basis points to a three-week low of 2.86 percent. The dollar weakened against all but one of its 16 major counterparts. Gold gained the most in a week.

### **China urges IMF to give more power to emerging markets**

China called on the IMF to stick to a commitment to give emerging markets more power at the world body after U.S. lawmakers set back historic reforms that would give developing countries a greater say. The remarks by Chinese Foreign Ministry spokesman Hong Lei were an indirect criticism of the United States, the biggest and most powerful IMF member, where lawmakers failed to agree on key funding measures, though Hong did not mention the United States by name. The proposed \$1 trillion spending bill for the U.S. federal government did not include funding for the International Monetary Fund. Congress must sign off on the IMF funding to complete 2010 reforms that would make China the IMF's third-largest member and revamp the IMF board to reduce the dominance of Western Europe. The changes would also give greater say to nations such as Brazil and India to reflect their growing economic heft.



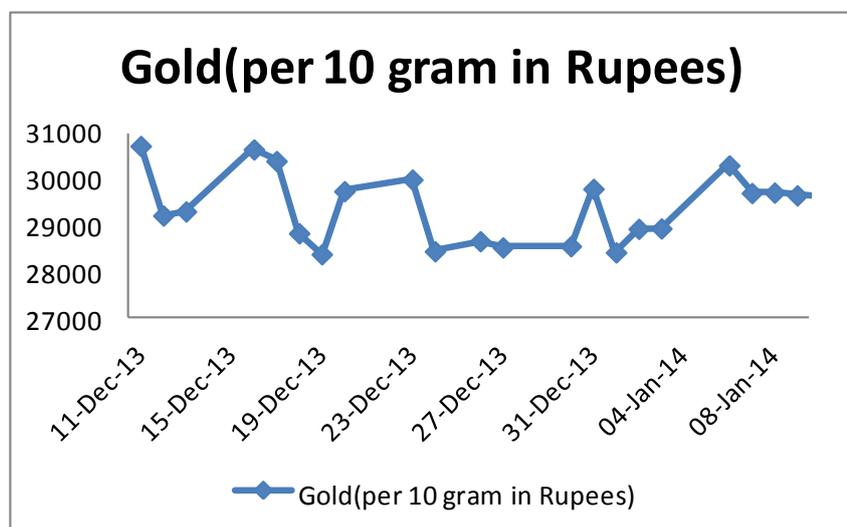
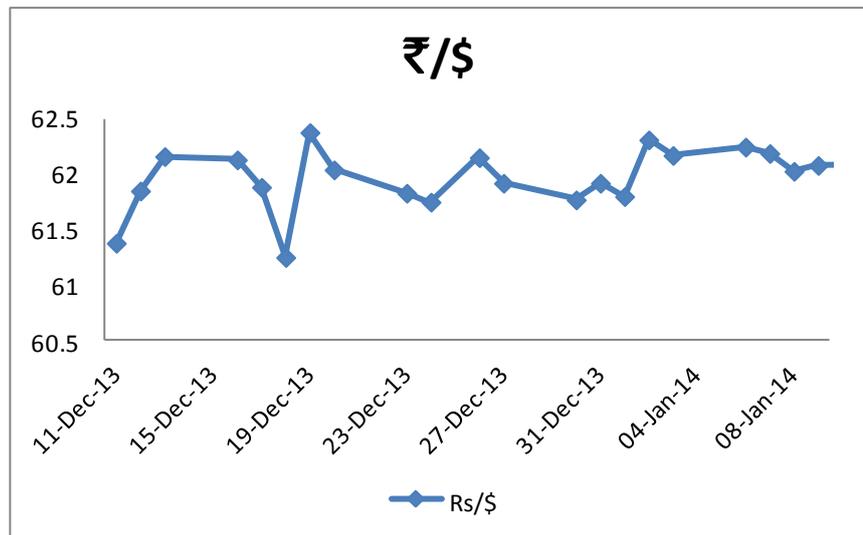
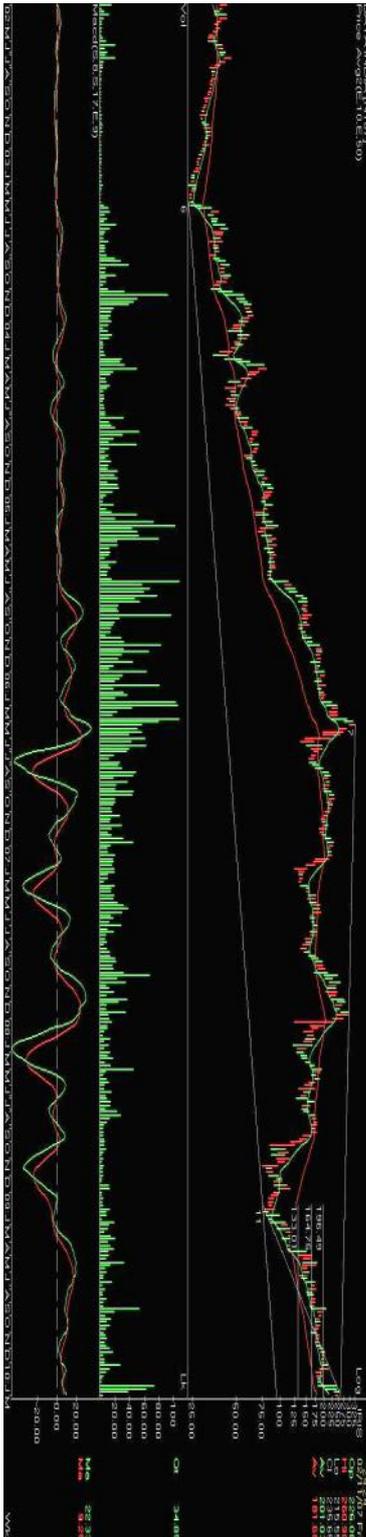
# RATES AND GRAPH

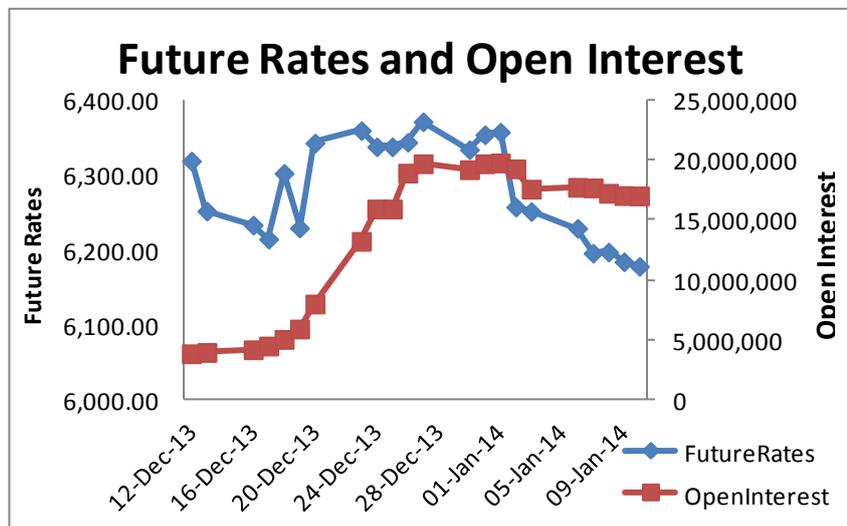
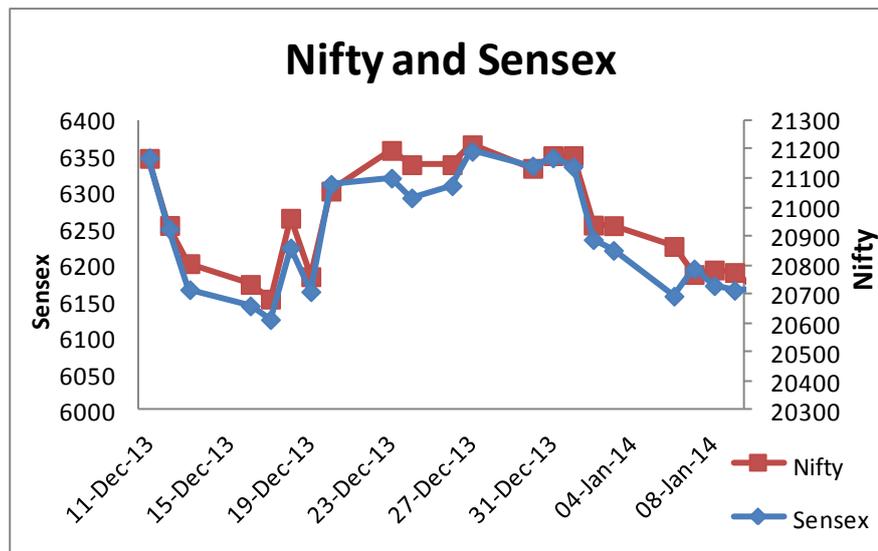
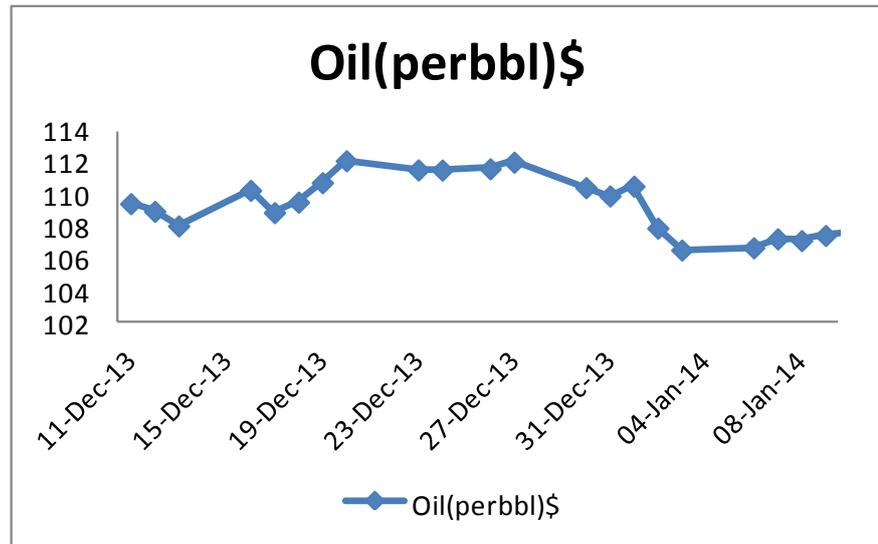
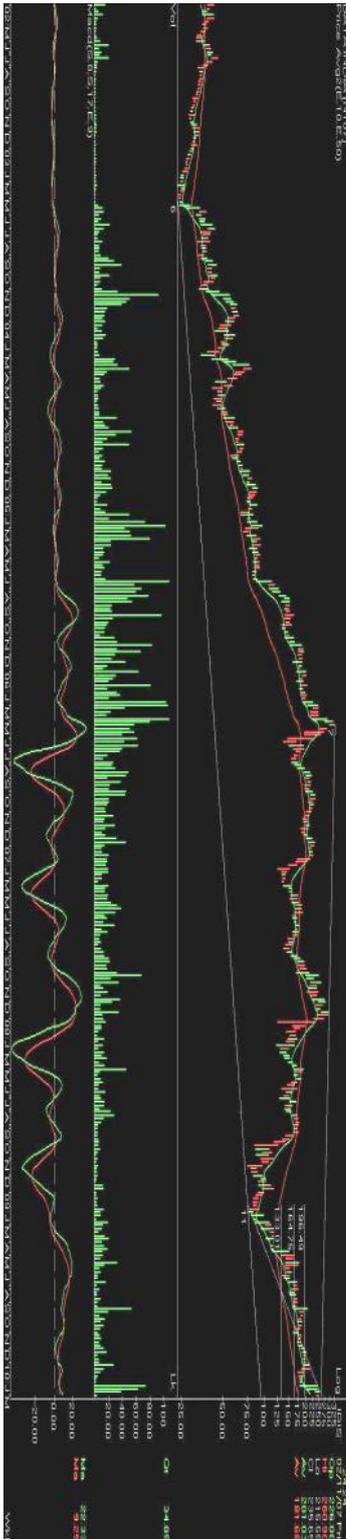
Nivedita Pallavi

IMBA - L

Repo Rate	7.75 Percent
Reverse Repo	6.75 Percent
Marginal standing facility	8.75Percent
Call rate	6.80-7.80 Percent( 9th Jan 2014)
Inflation	+7.52 Percent For December 2013
Forex Reserve	\$ 268.634 Billion as on 27 <sup>th</sup> Dec 2013
91day T-Bill	8.7293 Percent
IIP	1.80 Percent (decrease) for Nov2013
9.15 GS 2024	9.15 Percent (indicative YTM)

## Graph





# M-PESA IN INDIA

Maria Lisbel

IMBA –I

The term M-Pesa is comprised of two words where “M” stands for mobile and “Pesa” in Swahili means money. It is an SMS based system which is basically used to make payments, deposit funds, withdraw as well as transfer funds. The inception of the idea of M-Pesa happened when the researchers at Gamos and the Commonwealth Telecommunications Organisation discovered that Africans were using time as a substitute to cash transfers, they had noticed that the Africans were transferring airtime to their relatives or friends who were then using it or reselling. It was in 2004 when the researcher approached M-Cel, when the first authorized airtime credit swapping started which was a launch pad for the birth of M-Pesa. Safaricom which is a Vodafone group having realised its importance launched M-Pesa in Kenya during the year 2007, and has since expanded to 8 countries with 17 million users. It is one of the most successful mobile transfer services in the world. It was initially started as a microfinance loan repayment initiative but later became as a P2P method of payment as well as a mode of national remittances.

One of the major success factors for Safaricom was its market dominance with a customer base of 80 percent. It enjoyed a large network of airtime resellers, strong brand recognition and large budgets in order to finance the heavy investments needed to finance the service. The other critical success factor was its pricing structure where 5 percent airtime commission was passed to the retail store and 1-2 percent for Safaricom, and since the transactions happened in bulk a reasonable profit was collected by the retail stores and its pricing comprised of no charges for SMS that delivered the service. The commission was stated in the currency form, which made it easier for customers to understand the precise cost of their transaction and helped them to compare it against the cost of costlier alternative money-transfer arrangements, and its low pricing strategy unlike the bank accounts which needed to record a return on investment it indeed helped to attract more customers. Kenya possesses suitable infrastructure in terms of bank networks of Equity Bank and other banks and microfinance institutions, hence there is no shortage of liquidity for M-Pesa agents in rural as well as urban areas, which was one of the primary reasons as to why M-Pesa in some Sub-Saharan African countries have failed. M-Pesa keeps track of all the transactions that have taken place, and its chances of cash getting stolen is minimised, since all of it is stored in M-Pesa accounts and is fully backed by the same amount of cash reserves. Every account holder is allotted a unique 4 digit code which he/she needs to enter into the mobile phone whenever he/she wants to carry out the transactions. This prevents others from gaining access into the account holder’s account and thus helps the money to be kept safe.

M-Pesa has transformed the lives of millions in Kenya, it has helped millions like Masai herdsmen in easy cash transfers, and has generated employment



opportunities for millions as Safaricom agents, it has enforced women empowerment, money security and has helped in capital formation, which in turn has made M-Pesa to be an efficient branchless banking alternative that has transformed Kenya, a developing economy which was struggling to compete at global level into a leader in innovative mobile technology and has become a global role model for financial inclusion. The money that M-Pesa creates is not outside the banking system, any amount outside the banking system which goes through M-Pesa is 100 percent backed by the pooled accounts held in commercial banks, and the mobile money stored and transferred by the M-Pesa customers is counted as a part of M1 which is also known as the Narrow Money which is a measure of the money supply in the country (i.e., currency with the Public + Demand Deposits with Banks + other Deposits with the RBI).

The success of M-Pesa is something to be learnt from especially by the developing economies like India. According to the RBI almost 40 percent of the Indians do not have access to banks and most of them belong to the low income rural areas and with 85 percent of the population in India having access to mobile phones, M-Pesa wouldn't be having a bleak future in India. Hence the financial inclusion plays a crucial role in assisting the rural sector to avail the various welfare programmes granted by the government. Recently M-Pesa was launched in India by Vodafone in collaboration with its fully owned subsidiary Mobile Commerce Solutions Ltd, and ICICI Bank which is the country's largest private sector bank.

Since in India there is no market dominance in the mobile operator market, there is a need for the various mobile network operators in India to collaborate and integrate their mobile money services so that these services are not restrained to operating in just a single mobile network, which in turn will expand the distribution of a service such as M-Pesa within the vast the Indian economy. There is also severe competition within the mobile industry itself like Bharti Airtel launched its Airtel Money, Idea cellular launched MyCash in partnership with Axis bank, the Green Mobile Money which was launched by PayMate, Corporation Bank and Tata Indicom, thus competing with such a diverse range of financial services may prove fatal for M-Pesa, hence to gain a fair market share the different financial service providers must collaborate with M-Pesa like in Kenya. Hence such ideas can be incorporated in the M-Pesa model in India which will transform the way the money transfer transactions take place.

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# DEBATE:: JOINT STOCK COMPANY

Gaurav Vidyarthi

IMBA -L

Neenu Sunny

IMBA -L

A joint stock company is a company which is owned by the shareholders of a company. Each shareholder owns the portion of the company according to the share they hold in the company. Some of the shareholders will own larger portion of the company comparing to the other shareholders. Shareholders are able to transfer their shares without the continued existence of the company. The company has so much advantages and Joint Stock Company is famous all over the world.

A huge amount of money can be collected from various financial sources. The liability will be minimized to the face value of the shares what the owners of the company has purchased. Joint Stock Company has perpetual existence due to the separate legal existence. There is a transferability of shares which enhances the liquidity of the investment in a company. The risk is shared by many people as the shares of the company are hold by many shareholders. The company can take many useful decisions by managing the resources efficiently. The economies of scale allow the company to produce quality goods at lower prices. Decisions in the company are taken by the director who is selected democratically by the management of the company. Every shareholder decides democratically about the problems using the power of voting. Joint Stock company's auditing is compulsory. It creates employment opportunities and helps in mobilizing the savings which are scattered in the community.

Formation of the company is difficult and it requires lot of legal formalities. The trade secrets cannot be hidden as the balance sheet and the profit and loss accounts should be published. The decision making process is time consuming. The company is managed by board of directors and owned by the shareholders. The profit is taken by the shareholders and only a commission is given to the directors. The value of the share can be manipulated by the shares holders so there is a speculation of shares in the stock exchange. The shareholders who are real owners have lesser power as the decisions are taken and managed by the directors. A lot of regulations have been an obstacle to the normal working of the company. The number shareholders are large so there will be a conflict between these shareholders in some issues. All the decisions in the company are taken by the shareholders who hold the majority of the shares.



# STOCK WATCH:: EROS INTERNATIONAL MEDIA

Sandipa Das

I MBA – N

Vaibhav Raina

I MBA – N

## About the company

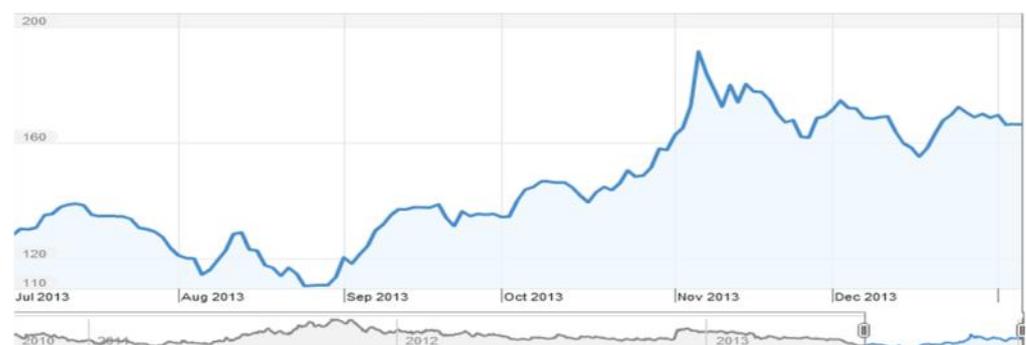
- It is a Mumbai based Indian motion picture production and distribution company.
- Eros co-produces, acquires and distributes Indian language films in multiple formats worldwide, including theatrical, television syndication and digital platforms.
- The group distribution network is of over 50 countries with offices in India, UK, USA, Dubai, Australia, Fiji and Isle of Man.
- In 2006, Eros International Plc the holding company of the Eros Group, became the first Indian media company to list on the Alternative Investment Market (AIM) of the London Stock Exchange.
- In 2010, Eros listed its Indian subsidiary Eros International Media Limited on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India.
- Eros international won top honors at the Zee ETC Bollywood Business Awards 2012 for Top Grossing Banner and Excellence in International Distribution.

## Recent news

- Eros International forays into Telegu market by co-producing a film along with 14 Reels Entertainment which is released on 10<sup>th</sup> January.
- Eros International media is co-producing JAI HO along with Sohail Khan Production's.
- Eros International Forays Into Telugu Market with Mahesh Babu's '1' Nenokkadine
- Eros International Plc and Sanjay Leela Bhansali's Goliyon Ki Rasleela Ram-Leela Storms the Box-Office

## Stock performance of Eros International for last 6 months

### Highlights:



- Eros International Profits up by 41% to ₹ 37 Cr in Q2-FY14; Revenue Down to 13% YoY
- Eros International's IPO Stars on the NYSE.



- Eros Int'l sees bumper FY on string of blockbusters.
- India's leading Bollywood studio Eros International, celebrates Initial Public Offering on the New York Stock Exchange

<b>Investment Valuation Ratios</b>	<b>Mar '12</b>	<b>Mar '11</b>	<b>Mar '10</b>
Face Value	10.00	10.00	10.00
Dividend Per Share	--	--	--
Net Operating Profit Per Share ( ₹ )	87.42	52.26	74.86
Free Reserves Per Share ( ₹ )	--	50.43	12.71
Bonus in Equity Capital	72.27	72.53	--
<b>Profitability Ratios</b>			
Operating Profit Margin(%)	21.17	21.89	14.25
Profit Before Interest And Tax Margin(%)	20.16	21.13	13.72
Gross Profit Margin (%)	20.65	21.54	13.88
Adjusted Net Profit Margin(%)	13.36	14.29	9.53
Return On Capital Employed(%)	18.06	15.38	24.22
Return On Net Worth(%)	16.39	12.59	31.80
Return on Long Term Funds(%)	18.06	18.41	38.06
<b>Liquidity And Solvency Ratios</b>			
Current Ratio	1.34	1.05	0.80
Quick Ratio	1.33	1.65	1.26
Debt Equity Ratio	0.53	0.31	1.04
Long Term Debt Equity Ratio	0.53	0.10	0.31
<b>Debt Coverage Ratios</b>			
Interest Cover	14.95	12.54	10.36
Financial Charges Coverage Ratio Post Tax	10.22	6.92	5.90
<b>Management Efficiency Ratios</b>			
Inventory Turnover Ratio	153.64	233.31	226.92
Debtors Turnover Ratio	7.66	5.96	6.75
Investments Turnover Ratio	153.64	233.31	226.92
Fixed Assets Turnover Ratio	11.65	24.40	25.81
Total Assets Turnover Ratio	3.40	-2.02	-1.34
Asset Turnover Ratio	0.92	0.90	1.89
<b>Cash Flow Indicator Ratios</b>			
Earning Retention Ratio	100.00	100.00	100.00
Cash Earning Retention Ratio	100.00	100.00	100.00
	<b>Mar'12</b>	<b>Mar '11</b>	<b>Mar '10</b>
<b>Earnings Per Share</b>	11.97	7.61	7.22
<b>Book Value</b>	73.02	60.43	22.71

Eros International is a company which has got a 100% retention ratio and does not pay any dividend, even though there earning per share is showing an increasing trend in the last three years. Thus there is an increasing trend in the book value of the shares as well. It is also safe to invest in this company as the interest coverage ratio is also high but at the same time as the company is paying no dividend so it's not suitable for the people who expect a regular payment.

Peer Companies	Price ₹	Change ₹	Change %	EPS ₹	TTM P/E (Trailing 12 months)	Dividend Yield	1YrReturn %
Zee Entertainment	281.15	1.2 ↑	0.43	8.8806	31.66	0.71	21.53
Sun TV Network	369.55	2.6 ↑	0.71	17.7876	20.78	2.57	-16.27
Dish TV India	57.15	-1.05 ↓	-1.8	-1.2664	0	0	-26.82
UTV Software Commns.	1082.2	0 =	0	-131.9412	0	0	98.57
TV18 Broadcast	23.4	0.55 ↑	2.41	0.2595	90.19	0	-34.91
Network 18 Media Inv	33.2	0.7 ↑	2.15	0.1828	181.57	0	-26.63
Entertain. Network	326.9	-5.05 ↓	-1.52	16.9355	19.3	0.31	29.44
Eros Internatl.Media	<b>180.6</b>	<b>1.60</b> ↑	<b>0.89</b>	<b>8.41</b>	<b>21.41</b>	<b>0.83</b>	<b>-11.568</b>
TV Today Network	110.25	-1.25 ↓	-1.12	7.8257	14.09	0.68	22.03
Raj TV Network	494	-0.75 ↓	-0.15	9.1684	53.88	0.2	136.31
Hinduja Ventures	301.25	-0.75 ↓	-0.25	38.1187	7.9	4.98	-47.15
Zee Media Corpn.	13.86	0.04 ↑	0.29	1.0887	12.73	0	-20.57
Balaji Telefilms	43.1	0.25 ↑	0.58	2.8121	15.33	0.93	-26.51
ETC Net(Amalgamated)	265.7	0 =	0	3.1166	85.04	0.94	0.25
Sri Adhikari Brother	73.7	-0.1 ↓	-0.14	1.3245	55.64	0.81	-19.8

The Eros international stock is doing very well in the current market scenario with a 32% return and still doing good trading at above 175



**Target : 183025**  
**CMP : 180.65**  
**Buyback : 177.00**

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# INVESTOR CHECK :: SME SECTOR AN OPPORTUNITY UNEXPLORED

Praveen Kumar Singh

MBA-I

Over the last two decades, the Indian SME sector has grown exponentially in terms industrial output, exports, innovation and employment generation, fuelled by globalization, liberal domestic economic policies from Ministry of Finance & regulator SEBI. Indian SME sector is worth \$50 billion (approx.) which contributes 45 Percentage of total industrial production in India. The Indian SME growth model has captured the imagination of economic strategists and policy makers around the world.

BSE's SME & NSE's Emerge provided institutional trading platform to enable the listing of start-ups and SMEs without having to sell shares through Initial Public Offer (IPO). A company would be eligible for such a listing if it has not completed 10 years after incorporation, and its revenues have not exceeded ₹ 100 crore in any of the financial years. In addition, the company should have got an investment of at least Rs 50 lakh by an alternative investment fund, or a venture capital fund, or by a merchant banker, or an angel investor, or a public financial institution, among other such investors.

SME can be profitable for small investors as small and mid-sized companies have tended to produce better long-term returns & govt. initiatives like Finance Minister's proposal to provide ₹5,000 crore to SIDBI for refinancing incremental lending by banks to SMEs & in view of the problems being faced by handloom weavers, inability to repay debts to handloom weaver cooperative societies which have become financially unviable, FM has proposed to provide ₹ 3,000 crore to NABARD that contributes too in returns.

## **The IPO open for subscription: Chemical industrial valve limited:**

A Mumbai-based company is engaged in the business of manufacturing carbon steel and stainless steel valves of various types & sizes from 15mm upto 400mm for companies like HPCL, SAIL, NPCL, Hindalco & BHEL to name a few.

### **Objective:**

The Net Proceeds from the Issue are proposed to be utilised by Company for the following objects:

1. To acquire additional plant & machinery at the existing manufacturing facilities of our Company located at  
Village: - Vadvali, Tal: - Wada, District: Thane
2. To fund the interiors of corporate office of the company acquired a Thane.
3. To meet the incremental working capital requirements
4. To meet the expenses towards general corporate purposes.
5. To get the equity shares of our Company listed on SME platform of BSE.



**Issue details:**

<b>Security Type</b>	Equity
<b>Issue open date</b>	15 Jan 2014
<b>Issue Close Date</b>	18 Jan 2014
<b>Issue Size (No. Of shares)</b>	4952000
<b>Face Value</b>	10.00
<b>Issue price</b>	15.00
<b>Listing on</b>	BSE SME
<b>Proportion of offer to Public</b>	46,72,000 (2336000,available for allocation to Investors of up to ₹ 2.00 Lacs, 2336000 available for allocation for Investors of above ₹ 2.00 Lacs)
<b>Issue reserved for Market maker</b>	2,80,000
<b>Pricing Method</b>	Fixed Price
<b>Minimum allotment (shares)</b>	8000
<b>Minimum allottees</b>	50
<b>Registrar</b>	BIGSHARE SERVICES PRIVATE LIMITED
<b>BRLM</b>	CHOICE CAPITAL ADVISORS PRIVATE LIMITED

**Fixed Price issue:** An issuer company is free to price the issue & later disclose the basis of pricing the share. Price at which the securities are offered and would be allotted is made known in advance to the investors. Demand for the securities offered is known only after the closure of the issue. 100 per cent advance payment is required to be made by the investors at the time of application.

**References:**

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Ministry of finance. Retrieved January 10, 2014, from <http://finmin.nic.in/>

Dhiraj Sharaf

IMBA - N

## **Put some light on your Company, the job profile and the role you play in your organization?**

*The Smart Cube offers research and analytics services with a strong focus on insights based outcome. We are primarily active in finance and strategy domain. The profile is pretty flexible, where a person is exposed to diverse set of work initially before settling on to one project. So far I have worked to cover world financial market news, a bit of financial models for valuation purpose, some Bloomberg (database) assignments, developing VBA module, writing investment and industry themes.*

## **What encouraged you to choose this industry and join the particular company?**

*I was always fond of finding new information which could add to my knowledge bank. I realised working in this industry is a gateway to pursue my interest and would keep me in touch with financial world*

## **How is your experience in the company as well as industry so far?**

*The Smart Cube believes in the culture of respect and collaboration where employees are given lot of respect and importance. The company has scaled up with the industry which holds significant opportunities for growth.*

## **How is professional world different from the life in MBA?**

*It calls for lot of etiquettes and sincerity. The deadlines are sacrosanct and one has to keep the organisational goal and client focus at priority. One shall always be clear in communication and work management and not doing so is a matter of in college but it's a matter of your job in company.*

## **What do you feel you're most significant leadership opportunity has been? Has the definition of leadership changed for you after stepping into the corporate world?**

*I took role of I believe in- leadership by action where your actions inspires and empowers others to reach their goals of becoming a true leader.*

## **What is the most challenging project or situation that you have encountered in your work?**

*It came in when I was staffed to write an investment theme (theme cannot be disclosed because of confidentiality issue). For the first two days (i.e. 18 hours), I only read about the industry, understanding the dynamics, drivers and how it has shaped over the time. It took lot of patience as before sending the article for editing a lot of reviews happen at different levels*

## **What is your ultimate dream for your long-term career? And how would you define success?**

*I define success in one sentence – "Living a balanced life". In long term I see myself as an entrepreneur in education field or an investment advisory business.*



**Are there any additional courses / certifications that you recommend in this field?**

*In this industry, it is good to be an avid reader. With respect to financial research CFA is much coveted certification. However, in future I personally see CAIA as an emerging and niche career choice*

**Who is your role model and how he/ she inspires you?**

*I do not have a role model. I think you are a different person every day, try to surpass the standards of what you were tomorrow and keep yourself surrounded with positive and motivating personalities.*

**What are you doing to ensure that you continue to grow and develop in industry?**

*I believe working on different kind of work is a great learning in itself. I just try to put an extra focus on thinking how else the same job could be done more efficiently.*

**What are the characteristics you believe one should possess to join this company?**

*We primarily look for a right attitude and strong technical and communication skills. A candidate may well be rejected because of wrong attitude despite having excellent knowledge.*

**What are the opportunities for us (juniors) in your company?**

*It is a small but growing company; candidates interested in Financial Research may look to apply. We mostly hire MBA (Finance) from campus for FRG vertical.*

**Will you be willing to come and share more about the industry and the company and our experience with us in an alumni interface?**

*No second thought about it. I would feel privileged to interact with fellow Christies.*

**What are your short-term, mid-term and long-term plans, respectively, for future?**

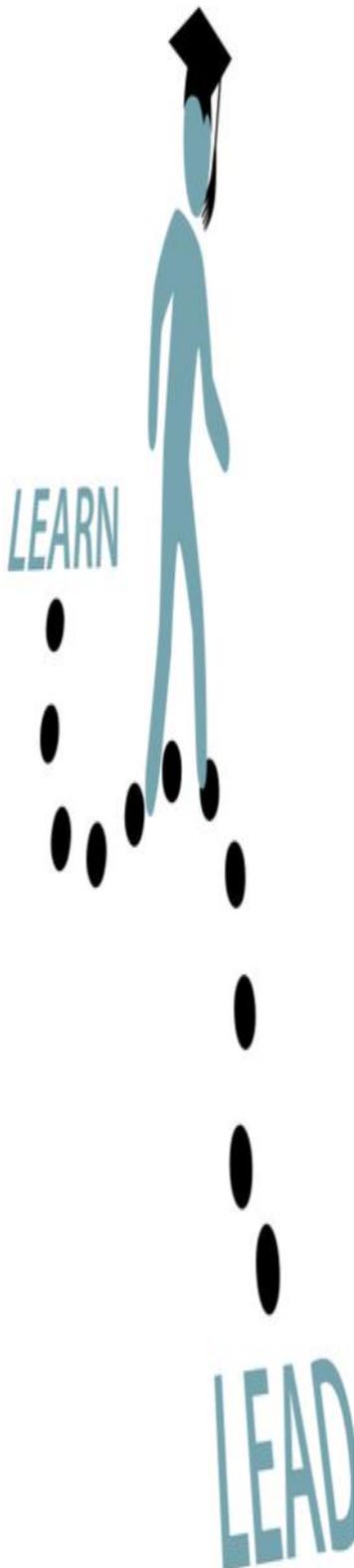
*Short-Term: Achieve CFA (US) Charter in 2 years*

*Medium-Term: Reach an upper middle level management by 6 to 7 years*

*Long-Term: Become an Entrepreneur*

**A message for Christies?**

*Strive to do it right and excel in first attempt. Who knows one may not even get a second chance.*



Abhishek Suryaraj

I MBA - L

Copper having symbol “cu” and atomic number 29 is a malleable and ductile metallic element with very high thermal and electrical conductivity. It is one of the major contributors to the national economies of various countries. It stands at third place in terms of consumption after steel and aluminum. Major producers of Copper are Chile, Zambia, Japan and Russia. In 2012 India had produced almost 4% of total world production.

### Major uses of Copper

Copper is used as a conductor of heat and electricity, a building material and constituent of various alloys. Mainly it is used to make electrical wires and industrial machinery. Generally we prefer to use it in its pure form but combined with other elements to form alloys when it's harder form is required. Copper is also corrosion resistant and antimicrobial, so it has also many antibiofouling applications.

In MCX (Multi Commodity Exchange) Copper is measured in units of kilograms, quoted in units of 1kilogram and sold in the lots of 1000 Kilograms.

### News about Copper

Market for the Copper is too much volatile now days. It has seen almost continuous loss in the market and expected to incur loss in the future. There are various reasons for the decline in the price of the copper including the concern over China's growth and strengthening of US dollar. Traders are advised to stick with short selling strategy.

### Current performance of Copper in the Commodity Market

Copper is currently being traded with a spot price of ₹ 458.65 (08<sup>th</sup> Jan 2014).

The current Spot prices in MCX for Copper futures are:

₹463.70/ KG for 28<sup>th</sup> Feb 2014

₹ 468.60/KG for 30<sup>th</sup> Apr 2014

₹ 469.40/ KG for 30<sup>th</sup> Jun 2014

### References:

<http://www.mcxindia.com/SitePages/ContractSpecification.aspx?ProductCode=copper>

<http://www.commodityonline.com/commodity-market/commodity-prices/copper>

<http://www.nasdaq.com/>

<http://www.mcxindia.com/SitePages/realtimedata.aspx>

<http://www.investing.com/analysis/commodities>



# SCAM:: INDIAN HELICOPTER BRIBERY SCAM

Pragya Tamrakar

IMBA - L

Indian government signed a contract with AgustaWestland in the year 2013 for the purchase of helicopters. AgustaWestland is a multinational helicopter design and manufacturing company formed in 2000 whose parent company is Finmeccanica .In February 2013, India signed a contract to purchase twelve AgustaWestland AW101 helicopters for the communication squadron of Indian Air Force in order to serve the purpose of tours of the President, the Prime minister and other VVIPs. This contract soon got turned into a big scandal when a controversy came into light on 12th February 2013 with the arrest of Mr.Gieseppe Orsi, the CEO of Finmeccanica. Several top-notch politicians and officials of military were accused of accepting bribes from AgustaWestland. The very second day, the Defense Minister of India, Mr.A.K Antony ordered an investigation into the contract .This scam is commonly known as **Chopper scam** or **Chopper Gate**.

An enquiry was ordered against 11 officials including Air Chief Marshal Mr.S.P Tyagi, his cousins as well as a European middleman with four other companies. The middle man named Guido Haschkey in Italy was taken into custody .He was suspected as a key link between the Indian defense officials and UK based firm AgustaWestland. In February 2013, evidences emerged stating Italian officials paying bribes to India for securing the deal. After this, Indian government also approached CBI to initiate the investigation into this matter. On getting sufficient evidences a FIR was registered against the Air Chief including his cousins and the four companies. S.P Tyagi and Agusta-Westland have rejected the allegations made against them. On 25 March 2013, Mr. A.K. Antony confirmed allegations stating: "Yes, corruption has taken place in the helicopter deal and bribes have been taken. The CBI is pursuing the case very vigorously".

A complaint was filed to carry out an investigation regarding the sale of 21 helicopters by the AgustaWestland. According to the complaint, Agusta Westland has been selling choppers in India through its agent, Sharp Ocean Investments Ltd (SOIL).An investigation on Sharp Ocean Investments Ltd, was ordered to be carried out by the tax department to investigate the possibility of tax evasion by the same on the commission received for the sale of helicopters. It was also found that the Chhattisgarh government paid ₹ 65 lakhs for the purchase of VVIP choppers. The contract was on the verge to be suspended by Mr.A.k Antony even after acquiring three helicopters from AgustaWestland, after evidences emerged in Italy regarding bribes paid to various officials for securing this deal. The Defense Ministry has issued the first show cause notice to AgustaWestland in February 2013.The ministry also decided to hold the further payments in spite of 45 percentage of the contract already been paid and three helicopters already been acquired .

On January 1st,2014 the contract with AWIL (AgustaWestland International



Ltd) involving ₹ 3,600 crores was dismissed because of the breach of the **Integrity Pact** signed by the company. The particular decision was taken after the defense minister had a meeting with the Prime Minister, Dr. ManMohan Singh, the Law minister and the Attorney general agreed to the fact that the pre-contract terms were violated. The contract finally got cancelled after allegations of scam came into light that Rs 360 crores was paid as bribe. Despite of this, the Indian government has decided not to black list AgustaWestland or parent company Finmeccanica but it will restrict action only to cancelling 556 million Euros contract. The reason for not blacklisting is that AgustaWestland is also because it has the charge of supplying 56 naval utility helicopters to the Indian Navy and 14 twin-engine helicopters to the Indian Coast Guard. Though the company denies any wrongdoing, it will remain committed working with India to resolve the issues. The cancellation is expected to incur a huge loss to AgustaWestLand and a big blow to its parent company, Finmeccanica. Though Indian government is quite confident that the cancellation of the deal will not result into any loss, still it began the process to "encash" the bank guarantees provided by AgustaWestland in the deal.

India had become the world's biggest defense equipment buyers in the recent years and it is expected that the country is again planning to purchase a new fleet of helicopters after the cancellation of this deal.

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[http://en.wikipedia.org/wiki/2013\\_Indian\\_helicopter\\_bribery\\_scandal](http://en.wikipedia.org/wiki/2013_Indian_helicopter_bribery_scandal)

## BUZZWORD

Sandipa Das I MBA N

### Safe Asset

Assets which, in and of themselves, do not carry a high likelihood of lawsuit risk. Mere ownership of this type of asset does not expose the asset owner to a significant risk of litigation. Assets such as stocks, mutual funds, bonds, bank accounts and your personal residence are examples of safe assets. The distinction between safe assets and dangerous assets is particularly important in asset-protection planning. Mixing the two could cause contamination of the safe assets by being housed in an investment vehicle with dangerous assets. Safe assets, due to the relatively low degree of litigation risk involved with their ownership, can be owned together with other safe assets. However, safe assets are also more vulnerable to creditor seizure to satisfy a debt or judgment.

#### *References:*

<http://www.investopedia.com/terms/s/safe-asset.asp>



# DID YOU KNOW :: HOLDING COMPANY

Gaurav Vidyarthi

I MBA - L

A holding company is a company or firm that owns other companies' outstanding stock. The term usually refers to a company that does not produce goods or services itself; rather, its purpose is to own shares of other companies. Holding companies allow the reduction of risk for the owners and can allow the ownership and control of a number of different companies. In the United States, 80% or more of stock, in voting and value, must be owned before tax consolidation benefits such as tax-free dividends can be claimed.

## **Advantages of holding companies**

1. Subsidiary company maintains their separate identity.
2. The public may not be aware of the existence of combination among the various companies.
3. Holding company need not invest entire amount in the share capital in subsidiary company and still enjoy controlling power in such company.
4. It would be possible to carry forward losses for income tax purposes.
5. Each subsidiary company prepares its own accounts and therefore financial position and profitability of each undertaking is known.
6. Holding company may additional acquire or dispose the shares in subsidiary company in the market whenever if desired.

## **Disadvantages of holding companies**

1. There is a possibility of fraudulent manipulation of accounts.
2. Intercompany transaction may not be at fair prices.
3. Minority shareholders interest may not be properly protected.
4. The accounts of various companies may be made upon different dates to manipulate profit or financial position of Group companies.
5. The shareholders in the holding company may not be aware of true financial position of subsidiary company.
6. Creditors and outsiders shareholder in the subsidiary company may not be aware of true financial position of subsidiary company.
7. The Subsidiary Companies may be force to appoint person of the choice of holding company such as Auditors, Directors other officers etc. at in dually high remuneration.
8. The Subsidiary Company may be force for purchases or sale of goods, certain assets etc. as per direction of holding



**DID YOU  
KNOW**

# FINANCIAL SERVICE INDUSTRY ANALYSIS::BANKING INDUSTRY

Mayank Kaushik

Nivedita Pallavi

Vaibav Raina

Priya Thomas

Praveen Singh

Pragya Tamrakar

## Introduction

Indian Banking Industry plays a crucial role & serves as a backbone for the Indian economy not only in the terms of the revenue it generates, the amount of job opportunity it provides but also its helps the RBI in regulating its policy regarding controlling of inflations, selling of government bonds etc. Indian banking industry is ₹ 81 trillion as of now and have market share of 63 percentage in Indian financial system. India's banking sector is on a high-growth trajectory with around 3.5 ATMs and less than seven bank branches per 100,000 people, according to a World Bank report.

The statistics is going to improve as Govt. of India has aimed to financial inclusion i.e. access to a range of quality financial services at affordable prices, delivered with convenience and dignity, which can change the course of an individual's, families, or business's future. Reserve Bank of India (RBI)'s Committee Report on Comprehensive Financial Services for Small Businesses and Low Income Households headed by Nachiket Mor aims by January 1, 2016 that each Indian resident above the age of eighteen years, would have an individual full-service, safe, and secure electronic bank account.

## Regulatory Environment

The Indian banking industry is governed by a very diligent regulatory and supervisory framework. The Reserve Bank of India is the primary regulatory body for all banks in India. The RBI is the central bank of the country and is responsible for managing the operations of the entire financial system. Reserve Bank of India is entrusted under the Banking Regulation Act, to be solely responsible for the regulation and supervision of banks. It is also empowered to inspect and regulate banks keeping in view the banking policy in place and in the interest of the banking system as a whole. The 'monetary authority' function of the RBI is also critical to the functioning of banks, as it has direct implications on interest rates and bank credit.

Within the RBI most of the regulatory powers with respect to commercial banks and LABs are vested in the Department of Banking operations and Development, whereas the RRBs and state cooperative banks are governed by the Rural Planning and Credit Department. The urban cooperative banks are regulated by the Urban Banks Department of the RBI. Other agencies like NABARD and the registrar of cooperative societies are also involved, along with the RBI in the regulation and supervision process of RRBs and cooperative banks.

## Key Success Factors

- Innovation
- Focus on growing markets & legal compliance
- Expansion of client base
- Growth through cooperation with independent asset managers (IAM'S)



- Increase in digital communications
- Increase in possibilities for out-sourcing
- Growth through new business models and minimum level of assets under management
- Customer based services
- Quality of services provided

## Major Players in Banking Industry

- **International Players**
  - Industrial & Commercial Bank of China Limited , Beijing , China
  - Deutsche Bank AG , Frankfurt am Main , Germany
  - BNP Paribas SA , Paris , France
  - Crédit Agricole SA , Montrouge , France
  - Barclays Bank PLC , London , UK
- **Indian Players**
  - HDFC Bank
  - State Bank Of India
  - ICICI Bank
  - Axis Bank
  - IDBI Bank

## Recent Global Trends in Banking

### 1. Focus on capital adequacy to respond to Basel 3

Basel 3 is a comprehensive set of reform measures to strengthen the regulation, supervision and management of the banking sector after the 2008 financial crisis. The reform measures targeted

- Increasing the minimum common equity requirement from 2 percent to 4.5 percent
- A capital conservation buffer of 2.5 percent to withstand periods of stress.

### 2. Increasing adoption of Social Media

Social media can help banks enhance their brand image and value, reduce servicing & marketing costs, grow their revenue, and support the design and development of innovative products.

**Enhance brand image/value:** Social media can help banks enhance their brand image and value by connecting with customers in real time and delivering propositions.

**Reduce service and marketing costs:** Banks can leverage social media to provide quick solutions to customer queries, distribute messages and alerts, start discussion forums aligned to specific client segments, and communicate marketing activities/brand positioning.

**Grow revenue:** Social media has the potential to help banks increase their top line. Other industries have seen their sales volume grow through a well defined social media strategy.

**Support product innovation:** Social media provides a platform for banks to better understand the specific needs of their customers and to design innovative custom products for them.

### 3. Convergence of mobile and online banking technology

Changing consumer preferences for multichannel banking are driving IT investments into online and mobile channels. The key factors supporting convergence of mobile and online channels are:

**Changing Customer Preferences:** As more and more consumers demand multichannel delivery of products and services, they will be gradually migrating away from branches, ATM, and call centers to online and mobile channels.

**Rapidly Improving Technology:** A browser-equipped mobile phone could serve as a highly effective virtual wallet for consumers by performing the functions of cash, checks, debit, and credit cards.

**Business Banking Evolution:** Mobile banking has supported the evolution of business banking by serving as a vehicle for channel extension, customer acquisition, social commitment and funds transfer and remittances.

**Mobile Payments:** Different industries have adopted different platforms and solutions for mobile payments. Five business models that have emerged over the past few years are: business-to-consumer (B2C), business-to-business (B2B), consumer-to-consumer (C2C), peer-to-peer (P2P), and remittance.

### 4. Big data and consumer data analytics

A large number of techniques and systems have been developed to aggregate, structure, and analyze big data. These techniques have been derived from several fields such as statistics, applied mathematics, and economics.

Leveraging big data efficiently creates value and firms should focus on how they will design, organize, and manage big data in the future. There are five areas where big data is expected to deliver value for firms:

**Increased Transparency:** Making big data more easily accessible to relevant stakeholders in a timely manner can help banks make timely and insightful decisions.

**Improved Performance:** Taking a big data approach means storing more transactional data in digital form. This will help firms collect more accurate and detailed performance data in real-time for making more informed decisions.

**Better Client Segmentation:** Big data allows organizations to create highly specific segments and to tailor products and services precisely to each segment's needs.

**Automation of Decision Making:** Big data helps in facilitating sophisticated analytics that can substantially improve decision-making, minimize risks, and unearth valuable insights.

**Innovation around Products and Services:** Big data enables companies to create new products and services, enhance existing ones, and invent entirely new business models.

### Key Skills Required & Scope of MBA Finance in Banking Industry

In the field of banking the scope of MBA (finance) is enormous. Some of the areas in banking sector (including investment banking) available for MBA (finance) are product development, asset management, industry coverage,

porate finance, capital markets, mergers and acquisitions, project finance, trading, structured finance, derivatives, advisory, equity and fixed income research, international sales/ emerging markets, public finance, retail brokerage/private client brokerage/ stockbroker, ratings analyst. The area is varied and job profile includes trader, portfolio manager, asset manager, analysts etc.

**However, an MBA should hone the below skills to be master in their field**

<b>Role</b>	<b>Key Skill Required</b>	<b>Skill Gaps</b>
Executive - Sales	Detailed understanding of various retail banking product Awareness of regulatory norms Orientation towards generating high volumes	Knowledge of the Banking Industry Selling skills Sales effectiveness Presentation
Executive - Operations	Bank MIS System Knowledge of banking software like Finacle Ability to detect fake notes by usage of UV ray technology RBI clean note policy	Lack of knowledge on Banking law and practice
Branch Manager	Complete knowledge of banking operations, regulations and products Legal norms People management	People management
Field executive	Knowledge of the various products and documents Managing customer's expectations	Poor knowledge of banking products Poor selling skills
Manager - Treasury	Understanding of asset liability management concept Analytical bent of mind	Understanding of all the asset classes Quick decision making ability
Assistant Manager / Manager	Sound understanding of accounting concepts for credit appraisal Risk management concepts	Accounting concepts and credit Evaluation. Knowledge of various laws and regulations governing banking operations

**Skills Requirement and Skill Gaps for in Treasury**

Relationship Manager	Institutional sales General economic awareness and awareness specific to the industry of the client Awareness of regulatory norms	Awareness about product structuring General economic awareness and ability to establish a dialogue with the client
Senior Relationship Manager	Handling of big ticket transaction Deal origination	

## COURSES AND CERTIFICATIONS IN BANKING

### 1. Indian Institute of Banking & Finance:

Indian Institute of Banking & Finance (IIBF) also known as Indian Institute of Bankers is a leading organization in banking as well as finance education .It is basically a Distance Learning Institute. It has been working with multiple partners for providing corporate solutions. It aims to develop competent, proficient and qualified bankers as well as financial professionals through various professional development programmes. It offers:

- **Diploma courses:**

- Diploma in international banking and finance
- Diploma in banking technology
- Diploma in banking and finance
- Diploma in commercial derivatives for bankers

- **Certificate in Continuing Professional Development (CPD):**

This is a course which is focused towards self learning and development. It is an extremely formal, structural and verifiable training program which helps in providing a framework for professional and personal development of members in a specialized way. It helps in developing performance and better career prospects.

### 2. The Institute of Certified Bankers (ICB):

KEDSEE (knowledge, economy, development, skill, e- learning and experience) is the world's largest financial e-learning company which offers web-based coaching for certification in various exams in Risk Management and Financial Analysis. It consists of 750 accredited e-Learning courses on topics such as banking, finance, accounting, insurance, risk Management as well as financial planning/wealth management. It consists of a large number of certification programs in the field of anti money laundering, asset securitization, bank branch management - bookkeeping and accounting, basics of banking, budgeting, credit analysis etc.

### 3. Finitiatives Learning India Pvt. Ltd:

Finitiatives Learning India Pvt. Ltd precisely known as Flip is an initiative by a senior IIM alumnus which is offering an e- learning platform for certifications in the field of Banking and Finance. The certifications offered by this organization are committed towards adding value to the individual as well as business. Some of the certifications offered by this organization include -

- Branch Banking and Retail Liabilities
- Corporate Banking, RM and Credit Analysis
- Credit Risk and Operational Risk
- Finance and Banking Fundamentals India
- Finance and Banking Fundamentals International
- Investment Banking

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# QUIZ

Abhishek Suryaraj

I MBA -L

Pawan L

I MBA – K

1. Which bank is promoted by 20th Century Finance Corporation and Keppel Tatlee Bank of Singapore in India?
2. Name the first Indian woman CEO of a Foreign Bank?
3. What do you call when a firm's actual bank balance is greater than the balance shown in the firm's book?
4. What does 'Asset Tripping' mean?
5. Where is the European Central Bank located?
6. In 1921 the three Presidency Banks in India named Bank of Bengal, Bank of Bombay and Bank of Madras were amalgamated to form which other Bank?
7. Which e-commerce store is offering products crafted around the vision of "India first"? Also name the person who coined this term?
8. Person is the pioneer in mutual fund industry and often referred as the Father of Index N Fund investing, created the first S&P 500 Index fund. Name this person?
9. Who is known as "Oracle of Omaha"?
10. In India where is the paper for the currency is manufactured?
11. Which was the first private mutual fund company in India?
12. What are illiquid stocks that do not follow Sebi rules called?
13. A banking theory that suggests that when a company reveals bad news to the public, there may be more related negative events that are yet to be revealed.
14. What is the term or phrase used to describe financial transaction that involves tax evasion?
15. Which bank recently launched the 'bank on bike' initiative with an aim to outreach to villages that have not yet had any banking facilities?

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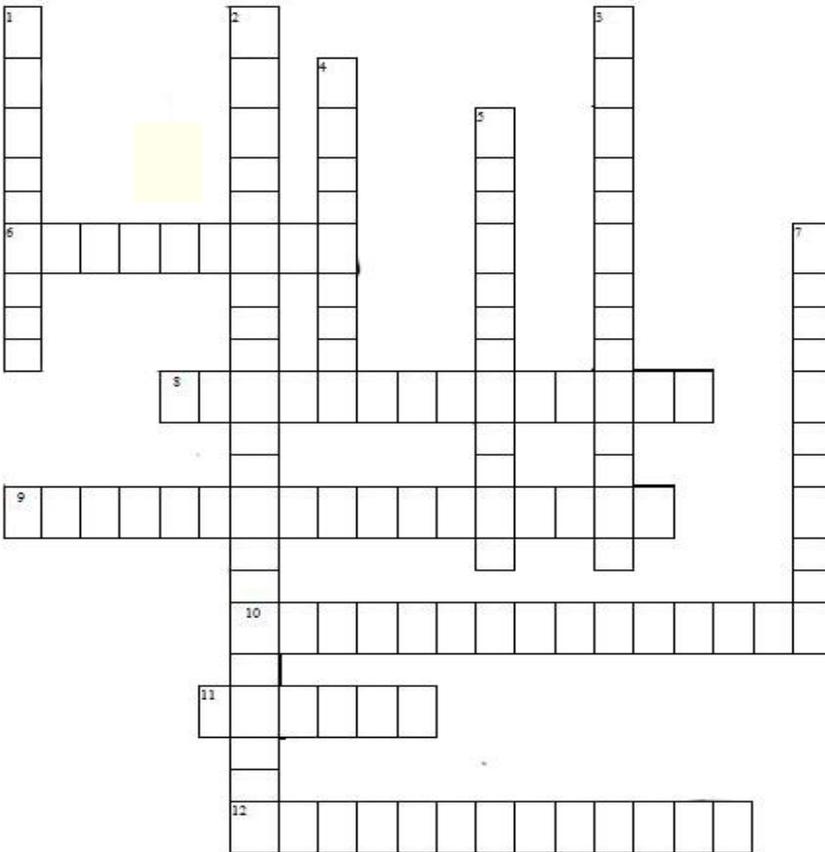
## Answers of December edition:

1. Vietnam
2. Iodestone
3. Black Tuesday
4. Sahara
5. Neeraj Sahai
6. Biba
7. Tarun Tejpal and Family
8. Doug McMillon
9. IIM Ranchi
10. Bharti Airtel
11. Business world
12. D Shivakumar
13. Urdu Capability
14. Sachin Tendulkar
15. Mortgage

# CROSSWORD

Neenu Sunny

I MBA-L



## Across

6. The nominal value or dollar value of a security stated by the issuer.
8. The difference between actual output and standard output of a production or manufacturing process, based on standard inputs of materials and labor.
9. A type of dividend to which capital gains tax rates are applied.
10. A basis used for depreciation purposes.
11. A global electronic marketplace for buying and selling securities.
12. The natural fluctuation of the economy between periods of expansion and contraction.

## Down

1. A stock mutual fund that primarily holds stocks that are deemed to be undervalued in price and that are likely to pay dividends.
2. A source of income for workers who have lost their jobs through no fault of their own.
3. A municipal bond used to secure a mortgage on property or other physical assets that can be liquidated.
4. An accounting term used to classify an asset on a company's balance sheet that is leased.
5. A general term describing a financial ratio that compares some form of Owner's equity (or capital) to borrowed funds.
7. Cash fees or payments made by an investor or customer to a brokerage firm in return for their services.

12. ECONOMICCYCLE  
 11. NASDAQ  
 10. UNADJUSTEDBASIS  
 9. QUALIFIEDDIVIDEND  
 8. YIELD VARIANCE  
 6. FACEVALUE  
**Across**  
 7. HARDDOLLARS  
 5. GEARINGRATIO  
 4. LEASEHOLD  
 3. OBLIGATIONBOND  
 2. UNEMPLOYMENTINSURANCE  
 1. VALUEFUND  
**Down**



**TEAM  
MEMBERS**



# chaanakya

## About Us

**Chaanakya** is the official Finance Magazine of  
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**Christ University Institute of Management**

**Christ University, Hosur Road,  
Bangalore - 560029,  
Karnataka, India**

**Tel: +91-80-4012 9531/9532**

**Fax: +91-80-4012 9000**

**Website: [www.christuniversity.in](http://www.christuniversity.in)**

**Please mail your valuable reviews and feedbacks at**

**[chaanakya@mba.christuniversity.in](mailto:chaanakya@mba.christuniversity.in)**

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