



# CHANDAKYA

...Tracking the Economy

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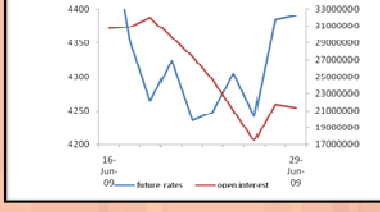
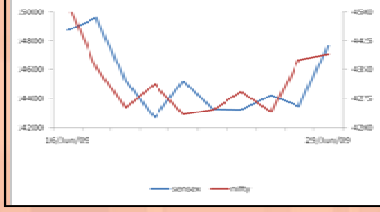
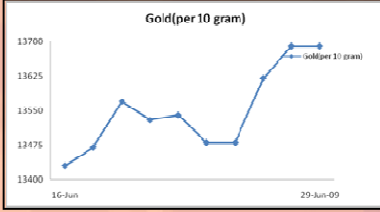
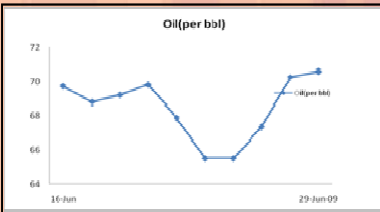
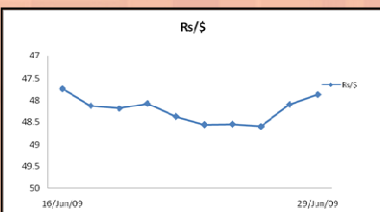
## International Headlines

- Bernard Mad off, the mastermind of biggest financial fraud in American history, was sentenced to 150 years in prison, the maximum sentence possible.
- Korea National Oil Co (KNOC) and China's Sinopec are competing for the takeover of Switzerland-based oil and gas explorer Addax Petroleum, with bids valuing the company at more than \$8 billion, including debt.
- The Obama plan, takes on some tough jobs, such as forcing large financial firms to boost their capital cushions and regulating over-the-counter derivatives and securitized instruments.
- The US threw its support behind greener vehicles and electric cars Tuesday, approving \$8 billion in loans to carmakers Ford Motor, Nissan and Tesla Motors.
- JPMorgan tops a list of the world's strongest banks, while Royal Bank of Scotland suffered the biggest loss ( \$59.3 billion) of any lender last year, according to new industry rankings.
- Plans by South African mobile giant MTN and India's Bharti Airtel to form a huge network straddling Asia, Africa and the Middle East could be affected by Iran's blockage of mobile network signals in the wake of the ongoing strife there
- Pakistan's parliament Thursday passed a Rs.2.9 trillion (\$36 billion) budget for fiscal 2009-10 focusing on sustainable development, revival of industry and providing relief to the vulnerable and the millions of refugees uprooted by the anti-Taliban offensive in the northwest
- The US economy shrank 5.5 percent in the first quarter of 2009, according to a final estimate by the US commerce department that confirms the worst six-month stretch in five decades.

## National Headlines

- Bandra-Worli sea link-The link was inaugurated by Sonia Gandhi, reducing the travel time between the southern part of the metropolis and its western suburbs from the present 60-90 minutes to 6-8 minutes.
- Govt's unique identification project- Mr Nandan Nilekani, co-chairman of Infosys Technologies, has been appointed by the Government to head a newly created authority that will supervise the creation of a unique identification database of the entire nation.
- Fiscal deficit crosses 27% -Fiscal deficit of the Union Government shot up to Rs 90,758 crore for the first two months of the current fiscal, already 27.3 per cent of the budget estimate.
- India's forex reserves rise- India's forex reserves rose by \$8 million to \$263.652 billion for the week ended June 19 as compared to \$263.644 billion in the previous week.
- Tata Motors brings home JLR trophy-Both Jaguar & Land Rover launched three models each from an exclusive company owned showroom in Worli, Mumbai.
- FIIs turn off Indian stocks to havens closer home-The recent selling appears to be triggered by profit-taking by overseas investors, as they re-balance their portfolio in favour of safer avenues back home.

Repo - 4.75%, Reverse Repo- 3.25%, Call rate- 2.25%-4.3%,PLR- 12.75%-13.25%  
Forex Reserve- \$261.31 billion , 91day T-Bill- 4.58%, 10 year G-Sec Yield- 7.65%,  
IIP- 271.1(+1.4%), Inflation- (-1.61%)



## **ABOUT WORLDCOM:**

MCI, Inc., an American telecommunications subsidiary of Verizon Communications, headquartered in Ashburn, Virginia was originally formed as a result of the merger of WorldCom and MCI Communications. For a time, WorldCom (WCOM) was the United States' second largest long distance phone company (after AT&T). WorldCom grew largely by aggressively acquiring other telecommunications companies, most notably MCI Communications. It also owned the Tier 1 ISP UUNET, a major part of the Internet backbone.

On October 5, 1999 Sprint Corporation and MCI WorldCom announced a \$129 billion merger agreement between the two companies but the deal could not get through because of pressure from the US Department of Justice and the EU on concerns of it creating a monopoly. The accounting scandal at the telecommunications company was about \$11 billion.

## **THE SCAM:**

Bernard Ebbers (CEO, WorldCom) became very wealthy from the rising price of his holdings in WorldCom's stock. However, shortly after the MCI acquisition in 1998, the telecommunications industry entered a downturn and WorldCom's growth strategy suffered a serious blow when it was forced to abandon its proposed merger with Sprint. By that time, WorldCom's stock was declining and Ebbers came under increasing pressure from banks to cover margin calls on his WorldCom stock that was used to finance his other businesses.

During 2001, Ebbers persuaded WorldCom's board of directors to provide him corporate loans and guarantees in excess of \$400 million to cover his margin calls. The board hoped that the loans would avert the need for Ebbers to sell substantial amounts of his WorldCom stock, as his doing so would put further downward pressure in the stock's price. However, this strategy ultimately failed and Ebbers was ousted as CEO in April 2002 and replaced by John Sidgmore

The fraud was accomplished primarily in two ways:

- Underreporting 'line costs' (interconnection expenses with other telecommunication companies) by capitalizing these costs on the balance sheet rather than properly expensing them.
- Inflating revenues with bogus accounting entries from 'corporate unallocated revenue accounts'.

In 2002, a small team of internal auditors at WorldCom worked together, often at night and in secret, to investigate and unearth \$3.8 billion in fraud. Shortly thereafter, the company's audit committee and board of directors were notified of the fraud and acted swiftly and the U.S. Securities and Exchange Commission (SEC) launched an investigation into these matters. By the end of 2003, it was estimated that the company's total assets had been inflated by around \$11 billion

## **CONSEQUENCES:**

- On July 21, 2002, WorldCom filed for Chapter 11 bankruptcy protection in the largest such filing in United States history at that time,
- WorldCom changed its name to MCI, and moved the corporate headquarters from Clinton, Mississippi to Dulles, Virginia,
- The company paid \$750 million to the SEC in cash and stock in the new MCI, which was intended to be paid to wronged investors,
- Bernard Ebbers and other WorldCom officials were found guilty of all charges and convicted of fraud, conspiracy and filing false documents with regulators,
- In March 2005, 16 of WorldCom's 17 former underwriters reached settlements with the investors.

## Investing in Real Estate Securities for High Yield

Direct real estate investing involves ownership of real property. If the property is income producing, such as single family homes, apartments, office buildings, warehouses or retail centers, the investor must be involved in the day to day management of his property. If the property management is outsourced the investor gives up a significant portion of his return to the management company; further the property manager must still be managed and major decisions affecting the property such as repairs, capital improvements, expenditures, market positioning, timing of sales, rent rates etc., must still be made by the investor.

Perhaps you, want to capture the high yields and potential capital appreciation of investing in real estate, but don't want the management hassles and time commitment involved in direct property ownership. If so, consider indirect real estate investment, i.e., investing in real estate securities.

### Types of Real Estate Securities

#### REIT's

Real Estate Investment Trusts are companies that own, manage and operate income producing real estate. They are organized so that the income produced is taxed only once, at the investor level. By law, REITs must pay at least 90% of their net income as dividends to their shareholders. Hence REITs are high yield vehicles that also offer a chance for capital appreciation. Investors can expect dividend yields in the 5-8 % range, ownership in high quality real property, professional management, and a decent chance for long term capital appreciation.

#### Real Estate Mutual Funds

Real Estate Mutual Funds invest in a select portfolio made up of direct investments in real estate & investments in stocks and bonds of companies in business of real estate. Your REMF will rent out the properties being invested into and earn rental income that it will pass on to you "the unit holder". When your REMF's tenure ends, it will sell these properties and generate capital appreciation and eventually pass on these earnings to you. Real estate mutual funds offer diversification, professional management and high dividend yields.

SEBI has issued two basic guidelines for any REMF to be followed i.e.:-

- It is mandatory for an REMF to invest at least 35 per cent of its corpus in completed real estate assets (read flats, row houses, bungalows, shops). These could be either residential or commercial properties, but must be finished and ready-to-use and not under construction.
- At least 75 per cent of the corpus should be invested in real estate or related securities. These can be debentures of real estate companies and mortgage-backed securities and equity shares of real estate companies listed on the stock exchange.

#### Real Estate Limited Partnerships

Limited Partnerships are a way to invest in real estate, without incurring a liability beyond the amount of your investment. However, an investor is still able to enjoy the benefits of appreciation and tax deductions for the total value of the property. LPs can be used by landlords and developers to buy, build or rehabilitate rental housing projects using other people's money. Because of the high degree of risk involved investors in Real Estate Limited Partnerships expect to earn 20% + annually on their invested capital.

Real Estate Limited Partnerships allow centralization of management, through the general partner. They allow sponsors/developers to maintain control of their projects while raising new equity. The terms of the partnership agreement, governing the on-going relationship, are set jointly by the general and limited partner(s). Once the partnership is established, the general partner makes all day to day operating decisions. Limited partner(s) may only take drastic action if the general partner defaults on the terms of the partnership agreement or is grossly negligent, events that can lead to removal of the general partner.

### High Yield Private Mortgage Notes

These notes are fully collateralized by income producing real estate, and are used by the professional real estate investor for the acquisition, rehabilitation or equity cash out of residential and commercial properties. Investors have the opportunity to obtain above market returns of 12 - 14% in first trust deed positions and 15 - 18% returns in second trust deed positions. These loans are usually for duration of one year and provide a monthly income with interest payments.

These loans never exceed 65% of the current appraised property value. Private Mortgage Brokers originate these loans, and are able to obtain these high yields because of unique advantages they offer to the professional real estate investor. They are able to close most loans in 2 weeks or less whereas institutional lenders require 6 weeks or more to close and fund a commercial mortgage loan. Further these loans are asset based; the real property itself is the basis of the lending decision. Hence, if the property is producing sufficient income to pay the note interest and the value of the property will fully secure the note and provide sufficient equity, then the borrower's credit is not an issue. Instead of concentrating on minute detail of the borrower's credit history as institutional lenders do, private mortgage note holders concentrate their due diligence efforts on the real estate securing the loan. They provide a borrower with the ability to borrow on underwriting criteria not available through institutional lenders; hence investors in private mortgage notes are able to receive much higher yields with no increased risk.

### Conclusion:-

So, if one wants to generate returns for him/herself from the real estate sector and does not want to get indulged in the hassles for managing the property by them Real Estate Securities are the best to invest into. Real estate securities are not very much popular in India & are into their initial period of start up, but as SEBI has already issued guidelines for the first two discussed above and returns are very high in this sector they have a very bright future.

## Buzz Words

**Semi-Strong Form Efficiency:** A class of EMH (Efficient Market Hypothesis) that implies all public information is calculated into a stock's current share price. Meaning that neither fundamental nor technical analysis can be used to achieve superior gains.

**Short Squeeze:** A situation in which a lack of supply and an excess demand for a traded stock forces the price upward

**Sports Illustrated Swimsuit Issue Indicator:** An indicator based on the nationality of the model on the cover of the Sports Illustrated swimsuit addition that attempts to provide insight on the stock market return for that year. The indicator suggests that when the cover model is from the U.S. the S&P 500 will generate a return above its historical rate while a non-American cover model leads to under performance by the S&P 500 for the year.

**STOXX:** A series of market indexes that are representative of the European and global markets. These indexes cover a wide range of market segments including the broad market, blue chips, individual sectors and global indexes.

**Theoretical Ex-Rights Price:** The market price that a stock will theoretically have following a new rights issue. Although the stock price is not likely to change immediately following the new rights issue, it will change as the rights expiration date approaches.

*The time of maximum pessimism is the best time to buy and the time of maximum optimism is the best time to sell.*

*John Templeton*

## STEEL LONG

**SPOT PRICE: (Per MT) Rs.21600**

**FUTURE PRICE: (Contract expiring on 20/JUL/2009) Rs.20840.00**

Steel is one of the symbols of modern industrial civilization. Steel is considered as the most important industrial raw material in construction and engineering industries. Global production of steel is 20 times higher than that of all non-ferrous metals put together.

India is the eighth largest crude steel producer in the world and accounts for more than 3 percent of the total global output. In 2005-06 (Apr-Mar), India's total steel output is estimated to be around 42.63 million tons.

Steel market is broadly divided into flat and long. As the categorization suggests, flat represents a hot or cold plate product with varying dimensions of 100 mm to 200 mm as well as 1 mm to 10 mm. Long products are bars or rods of varying sizes.

### Current Market Trend:

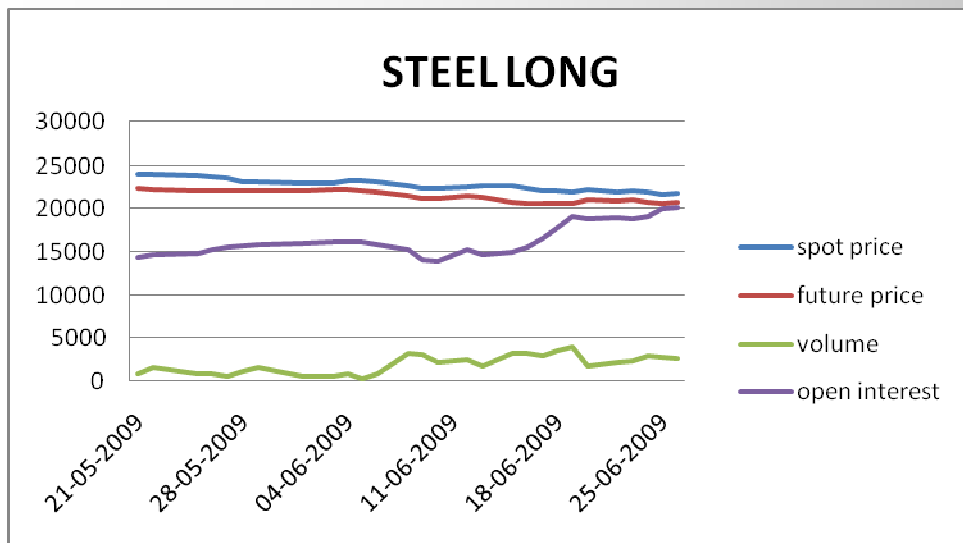
#### Fundamental Analysis

Steel Long prices have fallen by more than 11% this month falling from a level of Rs.22180/mt to Rs.20930/mt. There has been less domestic demand for the metal as fundamentals for the global steel industry remain weak with large players cutting output on falling demand in the face of a worldwide slowdown. Growth in global consumption of finished steel will slow down to 3 percent this year from around 8 percent in the last few years.

#### Technical Analysis

Steel prices (NCDEX Jul 09 Contract) closed at Rs.20930/MT down by Rs.20/MT as compared to Monday's close of Rs. 20950/MT.

The metal is trading below its 200 Day EMA and has been in bearish phase due to the ongoing recessionary phase .The 14-Day RSI is at 42.7 and is moving in sideways manner.



### Outlook

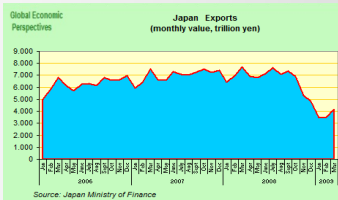
The Finance Ministry is withdrawing a 15 percent export duty on some steel and iron products in view of the steep fall in international prices. Inflation figures have also been dropping, thus putting pressure on the prices of spot steel. The large pennant formation depicted in the Daily chart indicates that the current levels of around Rs20930/Mt can prove to be a good level containing further drop in prices. A convincing break of the support zone of Rs20930/MT would call for a return to the previous lows of around Rs19000/MT touched in the month of Nov'08; otherwise rebound from present levels is in the cards and higher levels of around Rs.22500/MT and then 23300/MT can be expected.

Export Oriented Economy is a Good Economic Model:

A high export oriented economy is an economic model followed by many countries in the world where exports are more than imports and the nation earns foreign revenue as a result of higher exports. A high export oriented economy does not imply that it is bad. Improve Profits and Sales, Develop Domestic Competitiveness, Increase World Wide Market Shares, Diversification & Risk Minimization, Minimize per unit overheads, Balance ones' seasonal Demand are some of the advantages of a Exports. Consider the example of Japan which is a high export based economy. A major portion of Japanese exports is directed towards US, Europe, China, and Britain. Total export of Japan in 2008 stood at £3.68bn.

Japan is famous for top global brands that represent some of today's fastest-growing companies. Among Japan's world-leading brands are Toyota, Honda, Sony and Canon. These brands propel Japan's principal exports, namely transport equipment, motor vehicles, electronics and electrical machinery. Japan is also an important player in chemical exports. Japan is vulnerable to external economic fluctuations as it is an export based economy. The global recession has certainly affected Japan's exports as can be seen from the graph below.

The rate of decline in Japan's export slowed in March, after four-months of record breaking contractions. Evidently, this constitutes some sort of sign that the intensity of the recession may have started to ease. On a seasonally adjusted basis, exports rose 2.2 percent month on month from February signifying that while the economy is spiraling down, at least it is no longer spiraling down at an accelerating rate. It is important to note that Japan had not faced a trade deficit for the last 30 years despite being a highly export driven economy. The exports should not be concentrated towards a few countries but spread across the world to minimize the risk in case of a downturn. The current recession is a passing phase and once the recovery starts, Japan and other export driven countries will emerge to be the biggest beneficiaries.



Yes Export Oriented Economy is BAD Economic Model:

#### EXPORT ORIENTATION AND THE INDIAN ECONOMY

Export promotion and import substitution are often considered mutually contradictory policies. Economic prescription to country should solely be determined in the backdrop of economic situation the country in question faces. I am stating my case against obsession with an export lead growth story of India using fundamental Economic Principles. The National Income identity for an open economy  $Y=C+I+G+NX$  where C, G, I represent consumption, Govt, and investment expenditure and NX represents net exports. Y the GDP at M.P of the country is in question.

Hence  $Y-C-G$  (National saving)  $=I+NX$ . Moving beyond algebra, an export lead growth story would mandate a substantial part of national savings to be exported at the cost of domestic investment expenditure implying that I and you save to feed somebody sitting abroad. We are a country with 35% of population illiterate 25% of population **BPL**. Given the dire situation we face diverting substantial amount from domestic expenditure to export expenditure would be an unwise economic policy. Obsession with an export lead growth would also lay our economy bare open to external economic shocks something we can ill afford. Any fall in export demand would bleed our economy badly as reverse multiplier action comes to play. A strong domestic currency would hurt the exporters at the cost of importers. RBI was in frenzy when rupee reached record high level of Rs 39 to a dollar and had to impose restriction on foreign capital something India so urgently requires.

Government of India is running massive fiscal deficit of about 6% of GDP, which is threatening to raise Interest Rates which would ultimately affect investment demand and consequently threaten economic activity in the country. We generate savings as high as 35% of our GDP and despite that govt runs such high fiscal deficits. To pull our country out of recession we need to step up domestic investment in a big way and this calls for a reduction in Export Expenditure. A high level of exports can at best help us earn foreign exchange. RBI faced with problem of managing huge FE reserves is left with no choice but to invest the reserves in US treasury bills, consequently our export earning goes back abroad.

An export oriented growth model would lead us to finance over consumption abroad when our people die of hunger. The decision is after all left to us

The global economy is now at the trough of a deep recession. Crashing stock markets, companies going bankrupt, rising debts and losses have taken the front-pages of newspapers. Is Indian economy seriously affected by these changes and if yes, to what extent??A question that has to be given serious thought.

The central economic regulators of India - RBI and SEBI have been taking different initiatives to curb the economic meltdown in India since last year. These include the reduction in repo, reverse repo, SLR and lending rates. Recently SEBI had come up with the concept of anchor investors. Anchor investors are qualified institutional buyers (QIB) who can buy up to 30% of the 50% stake allotted for institutional buyers in an IPO. The minimum amount involved should be 10 crores and there is a lock-in period of 30 days. 25 % of the amount has to be given on application and the rest within 2 days of the closure of the IPO.

The presence of a qualified anchor investor with a good past record will boost the confidence of retail investors to make investments in that particular share. But the current lock in period of 30 days is a little less that it arouses the doubt whether the concept would actually serve its purpose. The anchor investors can sell off their stake after 30 days and leave without any obligation. Although there is a guideline that the promoters of the company should not have any relation with the anchor investor, there can be chances of fraud. The anchor investors might step in for increasing the share worthiness for a brief period of 30 days, without knowing the future prospects for a particular company.

The anchor investor can bid for their issue one day prior to the auction and get 30% stake of QIB. This may dilute the share holdings of other institutional investors as the 50% they enjoyed earlier has been cut down to 35% with the coming of anchor investors. This can result in a decreased inflow from FII's and FDI's which may affect the growth and liquidity of the economy. If the share is sold at a higher price than the bid price, the anchor investor has to pay the extra amount to receive the stake. This increases the risk for anchor investors as they may have to pay extra amounts than expected in certain cases. But this, in turn, enables the retail investors to hold the shares at the same rate as that of anchor investors. That is, it ensures equal ownership for same investment. The minimum investments of 10 crores enable only credit worthy buyers to be anchor investors.

SEBI has come up with this concept at the time when the PSUs like BSNL and Coal India Ltd are trying to issue IPOs. The presence of anchor investors can increase the share worthiness considerably. But the chances for PSU's going for anchor investors are very less because they might invite criticism in the name of non transparency in the sale of shares.

**By Sonia Jans  
(MBA II)**

*The question is not do you take money out of stocks and put it into real estate, or the reverse. There's so much money out there looking for a home. I don't think it's either/or. Sam Zell*

The no entry load concept agreed upon by SEBI will encourage the entry of more anchor investors as the entire amount provided by them will be taken as investment. The anchor investors can decide on the commission that has to be paid to the broking firms depending on their worthiness. This may reduce the entry load expense which was initially 2.25% of total investment.

As in any case there are some fallbacks in this concept that may hinder in to serve its purpose. SEBI has to set up a commission to improve upon this. Extending the lock-in period to a minimum of one year in which the shares can be in the form of convertible debentures could be one . This reduces volatility to a great extent.

While the concept of anchor investors is said to be a boon now, we are yet to find out whether this could actually boost up investor confidence.

## Did You Know ?

- *Bank For International Settlements* is an international organization fostering the cooperation of central banks and international monetary policy makers. Established in 1930, it is the oldest international financial organization, and was created to administer the transaction of monies according to the Treaty of Versailles. Among others, its main goals are to promote information sharing and to be a key center for economic research.
- Xetra was one of the first global electronic trade systems and has grown to account for more than 90% of all stock trades on the Frankfurt Exchange. In addition to opening up the German markets for increased foreign investment, it is currently being used by stock exchanges in Ireland, Vienna and Shanghai. Launched in 1997 and operated by the Deutsche Börse, the Xetra platform offers increased flexibility for seeing order depth within the markets and offers trading in stocks, funds, bonds, warrants and commodities contracts.
- The slowest day in NYSE history was March 16, 1830, when only 31 shares changed hands.
- The First US Income Tax ran from 1861-1872. It was designed to pay for the Civil War and was a tax of 3% of income in excess of \$800.
- The term Ponzi scheme is named for the pyramid investment scheme devised by Charles Ponzi in Boston in 1920. Ponzi promised 50% returns in six months but investors ended up losing million of dollars. In reality he was merely paying older investors with the investments made by newer investors.
- Andrew Jackson is renowned for his hatred of the Second Bank of the United States. He is largely responsible for its demise. In what was called a Bank War, he took federal Money out of the US bank and had it deposited in State Banks. Then he also fought the National Bank's recharting in 1836.

*Stock market bubbles don't grow out of thin air. They have a solid basis in reality, but reality as distorted by a misconception. George Soros*



A daily illegal transaction of Rs. 40,000 crores in Gujarat alone!!  
Specialized software that can penetrate BSE Index!!  
Proven Underworld links – for the first time – in Indian stock markets!!

The total amount of daily transaction in dabba trading is half of the country's Rs. 83,000 crore defence budget. All in a single day of transaction. All in a single state. This was the first instance of live capture of dabba trading that occurred in Gujarat on Indian Television. It's a scam that can put even a million Harshad Mehtas and Ketan Parekhs to shame. Its just the tip of the iceberg though. After all, if this is the case with Gujarat, what is the true picture of the nation?

*Dabba means box and a dabba operator*, in stock market terminology is the one who indulges in dabba trading. His office is like any other broker's office having terminals linked to the stock exchange showing market rates of stocks. However, the difference is that the investor's trades do not get executed on the stock exchange system but in the dabba operator's books only. A dabba operator acts as a principal to all the trades and not as an agent of the client. He is a counter party to the trades, whereas, he should be the Clearing Corporation who guarantees trades on the BOLT/NEAT system. This kind of operation, where trade is kept within the books of the operator is called "dabba" in the popular market terms.

In *dabba* trading, most of the times, neither written contracts are made, nor are the bills issued. The settlement cycles are authorized by the dabba operator, himself. There is no daily mark to market settlement if the trade is in client's favor, whereas losses are extracted regularly from the clients.

Some dabba traders hedge their positions in the market by partly executing the trade in the market, maybe in their own proprietary accounts or some *benami* names. Dabba traders disappear when the market goes against them, resulting in huge losses for their clients. The brokers who permit such activity in their branches or even sub-broker's offices are the affected parties.

In India, Gujarat and Uttar Pradesh are two main centers for dabba trade. As if dabba trading in stocks and commodities was not enough, punters in Rajkot and other part of Saurashtra have even started foreign currency trading.

The Indian dabba trade is a variation of the American bucket shop operations of the 1920s, which were known to have mafia links. In India, a sizeable number of brokers and sub-agents were found to have links with the underworld.

The regulator woke up to this reality after fears were expressed that the quantum of money involved in these illegal trades had climbed radically. Many of the genuine players in the market were afraid that the legal stock markets could be impacted adversely by the huge amount of money being used to run these illegal trading activities.

The government and SEBI are now moving to curb this activity. Already, offices of Bansal Sharevest Securities Private Limited, who was supposed to be a big Dabba Trading Player, have been closed down. Action is also being taken against other Dabba players. Reports also indicate that the government suspects income tax evasion to have taken place. It remains to be seen whether SEBI will be able to impose a complete clampdown on this activity, which, players say, still continues.

Globally, Indian Securities Markets have earned a "Place of Pride." Indian investors have gained a lot from the rising indices. Let us be alert citizens and report all instances of *dabba* in our locality.

Remember healthy market is the foundation of wealth creation.

**By:**  
**Maria Thomas**  
**MBA'B'**

## Quiz

1. Which company has been awarded a Rs 250-crore contract by Bharat Sanchar Nigam Ltd to roll out the next generation of broadband technology
2. An arrangement in Australia that eliminates the double taxation of dividends.
3. Which term reflects the persuasiveness of the offering company's overly generous offer to the target company. By offering such a large premium, the acquiring company essentially uses its clout to squeeze an agreement out of the target company's management.
4. A slang term for a loan extended to a borrower with "no income, no job and no assets". Whereas most lenders require the borrower to show a stable stream of income or sufficient collateral, this type of loan ignores the verification process.
5. A term used to describe a situation where a regulated public utility business financially separates itself from a parent company that engages in non-regulated business in order to protect consumers of essential services such as power, water and basic telecommunications from financial instability or bankruptcy in the parent company resulting from losses in their open market activities.
6. A clearing method used by Japanese commodity exchanges to set prices. It is a form of auction market in which the time of order entry is not distinguished, and an opening price is derived on the principle of price priority

*The key to making money in stocks is not to get scared out of them.*

*Peter Lynch*

*Wall Street is the only place that people ride to in a Rolls Royce to get advice from those who take the subway.- Warren Buffett*

*The first rule is not to lose. The second rule is not to forget the first rule. Warren Buffett*

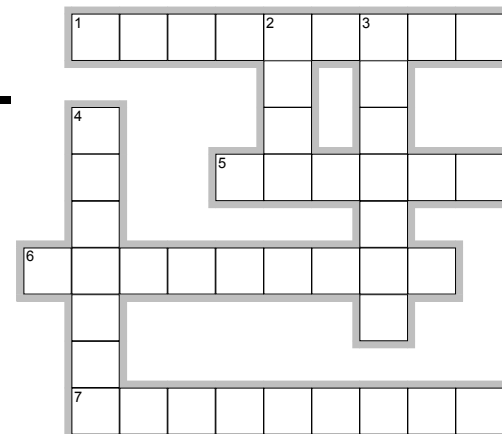
## Crosswords

### Across

1. Who is often referred as the Father of Index Fund investing and the pioneer in mutual fund industry. He created the first S&P 500 Index fund.
5. A ratio used to determine return relative to drawdown (downside) risk in a hedge fund
6. Who is appointed as the new CFO of Mahindra Satyam
7. What is a typical underwriting agreement called which allows the underwriters to buy up to an additional 15% of shares at the offering price.

### Down

2. Part of an economic theory for valuing financial securities and calculating the cost of capital.
3. Where were the multiple exchange rates first employed?
4. An Act of selling different commodities in different markets at different prices is known as



EclipseCrossword.com

*Put not your trust in money, but put your money in trust.*

*Oliver Wendell Holmes*

## ALUMNI SPEAK

**NAME:** Madhura Sivaraman

**CURRENT ORGANIZATION:** DTZ (Debenham)

**WORK PROFILE:** To create leading edge property solutions to corporate, in line with their overall strategic and financial objective.

**PERSONAL MAIL ID:** [madhura.sivaraman@gmail.com](mailto:madhura.sivaraman@gmail.com)

**CONTACT NUMBER:** +91 9003077240

**BATCH:** 2005 - 2007

**CURRENT LOCATION:** Chennai (TN)

**EXPERIENCE IN THE ORGANIZATION:** 2 years

**MESSAGE FOR THE STUDENTS:** "It's not enough to dream...Chase them!

Don't always blame others (the faculties, the university, the curriculum)... There is only one person you need to blame - and that is The Mirror.

**ALL THE BEST!!**

"A pioneering effort...It provides news of interest and provides the much needed support and guidance to students. An extensive training material, it tutors to reach beyond mere academics and allows an in-depth analysis into the selected subject"

**NAME:** Arjun N Lakkur

**CURRENT ORGANIZATION:** Kotak Mahindra Bank Limited

**PREVIOUS ORGANIZATION:** Small Industries Development Bank of India

**WORK PROFILE:** Credit Analyst - The job involves analyzing financial information and assesses the risk of offering credit to businesses.

**CONTACT NUMBER:** +91 97399 76842, **BATCH:** 2005-07

**CURRENT LOCATION:** Bangalore

**EXPERIENCE IN THE ORGANIZATION:**

I have been in Kotak for the past 1 year. Initially I started off as a Business Analyst for Corporate Banking Group. My profile mainly involved providing assistance to the Sales side of the group in analysing the financial information, assessing risks, management reporting, conduct rating studies, documentation, maintaining portfolio hygiene etc. After my stint in Corporate Banking for 6 months, I became the Credit Manager for Business Banking Group, jointly handling Karnataka and AP region. Here the profile is more or less similar to the previous one while carrying some distinctive changes like being an independent entity in assessing the risks involved in offering credit and Authority in structuring and sanctioning credit facilities to the borrowers. My experience in both the organizations that I have worked has been very enriching while learning the intricacies involved in banking atmosphere every passing day. It has been very challenging (in terms of decision making), motivating (in gaining more knowledge and move up the hierarchy) and attractive (in terms of monetary benefits). Overall I wish to say that I am proud of being a Credit Analyst.

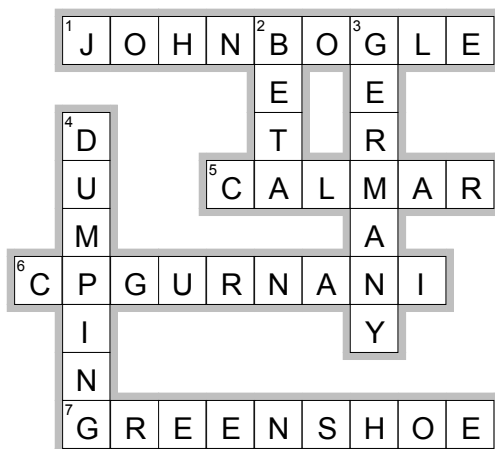
**MESSAGE FOR THE STUDENTS:** My message to the budding managers would be;

a) Be truthful to yourself (and to the world)

b) Assess yourself (Identify what your strengths are and select a job/profile that matches your strengths - you will enjoy your professional life)

"A bargain is something you can't use at a price you can't resist." *Franklin Jones*

# Crosswords Answers



EclipseCrossword.com

## Quiz Answers

1. **Sterlite**
2. **Franked dividend**
3. **Bear hug**
4. **Ninja loan**
5. **Ringfencing**
6. **Itayose**



TEAM



Abhinav Srivastava & Nitin Mishra  
Maria T. Fernandes  
Megha Garg

Ravi M R  
Paloma Lobo  
Meryn  
Noopur Sinha  
Archana Kushwah

Hitesh Manek

Gyanesh Shroff

Investors check  
Quotes  
Student's Article  
Quiz, Did U Know  
Debate, Rates  
Graph, Buzz Words  
Financial Scandals  
Int. news, Article  
Co-ordinator, Communication  
& Commodities Market  
Design, Crosswords,  
Compiling & Editing  
Compiling and Editing