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CHAANAKYA

SCHOOL OF BUSINESS AND MANAGEMENT

MBA - FINANCE SPECIALIZATION

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TABLE OF CONTENTS

Club Activities at a Glance	3
Alumni Speak	6
Faculty Speak	10
Fintech Vs. Techfin- Is it the Same?	14
IRCTC- Monopoly Express	15
Sustainability in Fintech	16
Can Meme Coins Rule the Crypto World?	17
Global Economic Indicators at a Glance- December 2021	18
Mergers and Acquisitions in the Oil & Gas Sector in India	20
Movie Review- The Big Bull	21
Painting	23
A Fragment of My Soul	24

EDITOR'S NOTE

Greetings readers!

It is our pleasure to bring to you the MBA Finance Students' contributions for December 2021. This issue is presented by **Team Mercury**, which is a group of students under the mentorship of **Dr. Sivakantha Setty** from the MBA Finance Specialization. In this issue, the writers have explored a wide range of contemporary developments in the world of finance . The section titled “Creative Corner” showcases the passion students have for art and poetry. We hope that the Newsletter will help the readers get an overview of the recent financial news. Along with every article, a “Snapshot” has been provided, which summarizes the entire article.

Team Chaanakya expresses sincere gratitude to our Dean. Dr. Jain Mathew and the entire leadership team, Head of Specialization, Dr. Mareena Mathew, Faculty Coordinator of Chaanakya, Dr. Nisha Shankar, our expert specialization mentors, and all the contributors for their cooperation and active participation.

Wishing our readers, A happy reading

Best wishes,
Team Chaanakya

This issue is presented by team

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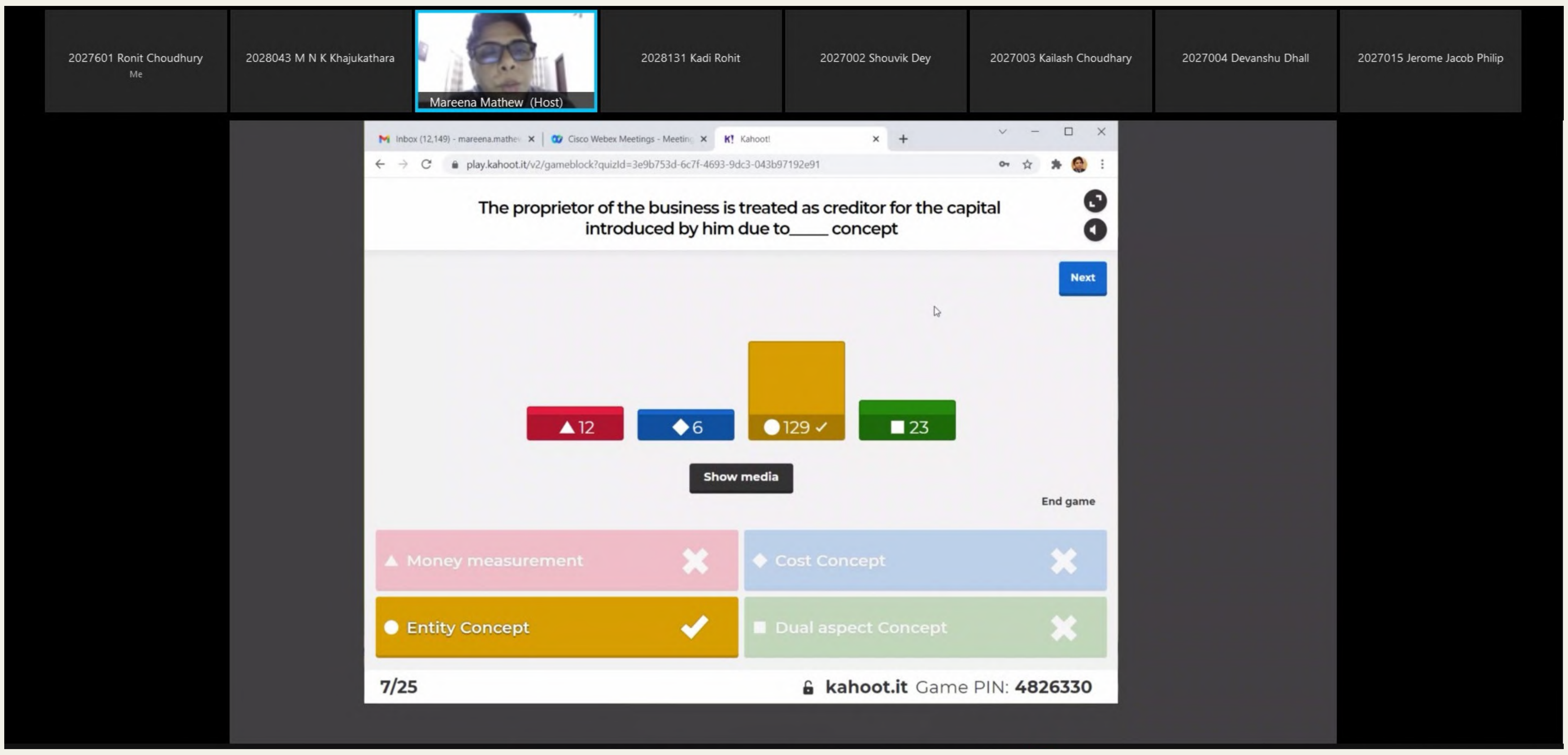
CLUB ACTIVITIES AT A GLANCE

CLUB ACTIVITIES - DECEMBER 2021

BACK TO BASICS

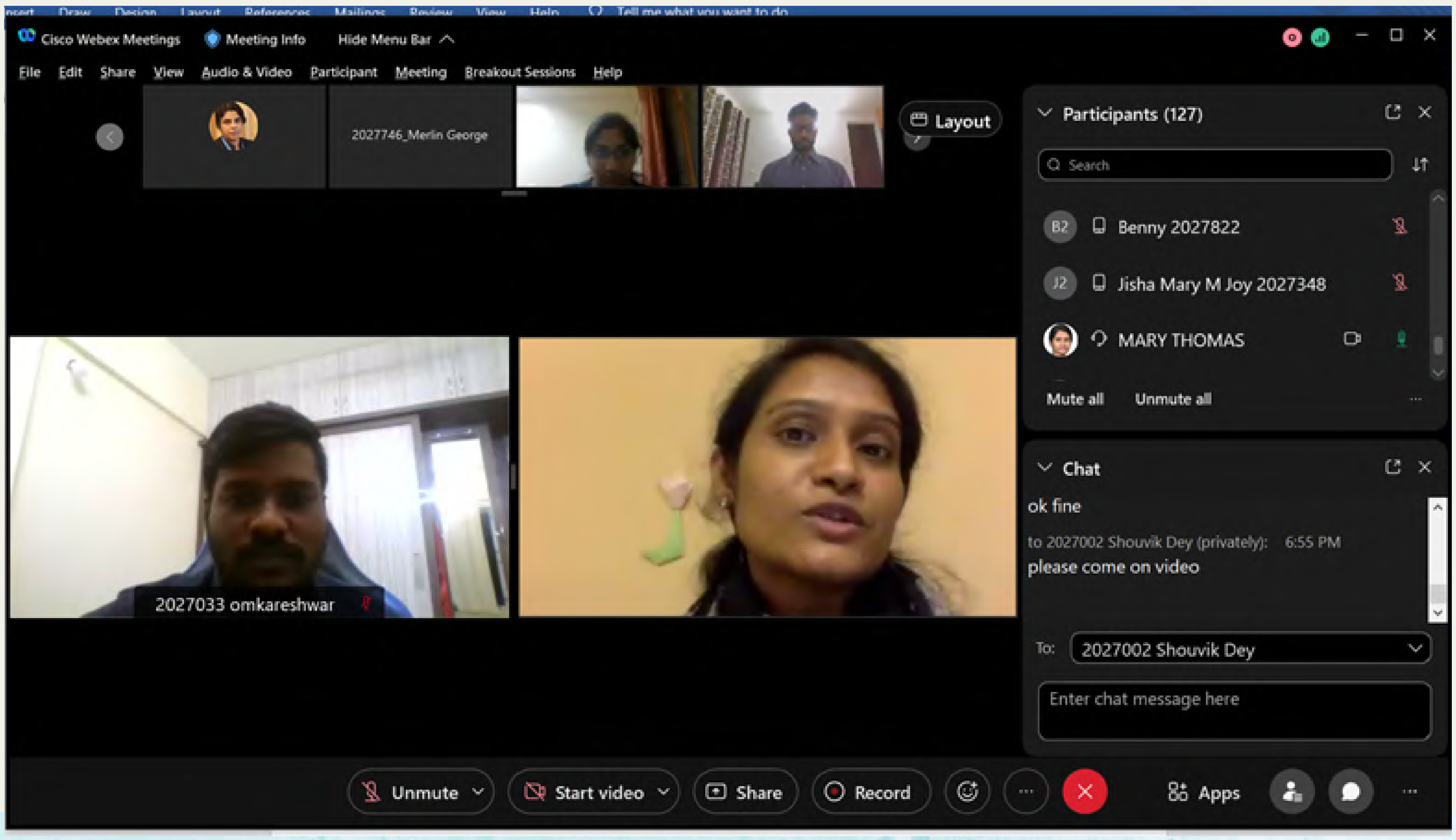
The Back to Basics sessions was conducted as a form of placement preparation for the students of the Finance Specialization. These sessions covered the basics of Finance from topics encompassing Accounting, Financial Management, and General Financial Awareness through interactive Kahoot quizzes. The Back to Basics sessions were facilitated by Dr. Aparna Hawaldar, Prof. Krishna M.C., and Dr. Mareena Mathew.



CLUB ACTIVITIES - DECEMBER 2021

CHARCHA

Charcha was a mock GD session conducted by the Finance Specialization to aid students in their placement preparation. Students were selected from every mentoring group who were then divided into two groups as a part of the GD. The session was judged by Dr. Mary Thomas who provided her valuable insights about the right demeanor during group discussions.



ALUMNI SPEAK

OUR DISTINGUISHED SBM ALUMNI – LAKSHYA AGRAWAL

Pre MBA, Lakshya was an engineer, worked as a freelance developer on various projects revolving around application development and testing. Currently he is working as a Relationship Manager with IDFC First Bank in the Assets division, namely the Business Lending division.

INTERVIEW WITH LAKSHYA AGRAWAL

Q1. Briefly explain about your professional career?

Pre MBA being an engineer, worked as a freelance developer on various projects revolving around application development and testing. Currently working as a Relationship Manager with IDFC First Bank in the Assets division, namely the Business Lending division. Business Lending focuses on MSME businesses and offers them products for various business needs, majorly focusing on the working capital requirements fulfilled by products such as Overdraft and Cash Credit facilities. Being my first bank stint, the first 6 months were a lot of learning and understanding the ecosystem there. A lot of product knowledge was also involved as being a banker clients expect you to recommend a product suitable for their requirements.

Q2. Why did you choose this career?

When I heard of banking as a career, I just saw it as majorly as a lot of sales and cold calling. However, a bit of research about the profile opened my eyes to the fact that functional knowledge is the foundation of successful interactions with prospective clients. Various other verticals exist in the bank ranging from liabilities to wealth exist in the system providing their set of offerings and learnings. At present, I am working towards gaining more knowledge and insights about trade forex products for future avenues. Being in a new-era bank like IDFC First showed me a lot of growth potential for my career and so I went ahead with it.

Q3. How is MBA helping you in your career?

Doing an MBA is playing a critical role in my current role as it has not only assisted me in polishing my existing soft skills but has also inculcated in me various others which definitely help me in interacting with the clients more confidently and in a professional manner with the necessary knowledge needed to back the same. The various projects and case studies that we underwent in our academics had made us already ready to go and work on real-time projects with accuracy and conviction.

Q4. Briefly explain how the banking sector is controlling and minimizing NPAs during as well as post the pandemic?

During the pandemic, there was a lot of panic amongst employees and business owners as the markets had been shut down and revenue inflow of the businesses suddenly came to a halt. All of the banks have exposure in the form of loans to individuals and businesses, and with them not being able to pay their interest payments the banks' risk exposure increased. Banks started seeing a rise in the NPA figures not soon after. Govt came out and responded with moratoriums and various fiscal measures. When considering businesses, the Government launched the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) for MSMEs. Here the govt asked the banks to provide the companies with unsecured emergency funding where the govt took the guarantee for the same. There was certain eligibility set for the same as to how much each size bracket could avail. Post pandemic, banks have revised their eligibility criteria for giving new loans out to businesses hence minimizing their exposure and also increasing their profitability over time.

Q5. What are the skills required for this job from your point of view?

The first and the most important skill for any job is the communication skills of an individual. There is need for technical as well as functional skills related to the various products being offered. As the profile is focused on interacting with the client and fulfilling their requirements, its necessary to have active listening skills developed in one as it will not only help you in understaning the clients' needs but also assist you with interacting with the clients and engaging in a dialogue with them, which will lead to you learning more information about them playing an important role in decision making. It’s also important to have patience and dedication to work as the processes could be time-consuming.

Q6. What advice would you give to students who are about to graduate?

With placements coming up and everyone entering the professional lives I’d just say focus on the basics of the subjects. The recruiters and the companies you go to work for will look in you the communication skills, your dedication as well as your ability and will to learn. Be open to all the opportunities that come across. Being a start of careers for a lot, it’s important to be open to learning and expose yourself to challenging situations. A certain profile might not look attractive from the Job Description, be it the role or the CTC, try for it and the learnings you gain from each experience will only make you all more ready for future prospects! Unless you try different things you never know how you’d have found it or how good you’d have performed in it. For the finish, wish everyone the best of luck for their futures and always be confident with whatever you do.

FACULTY SPEAK

INTERVIEW WITH DR. GANESH L

Q1. What's the impact of the Omicron variant on the global economy?

WHO has termed Omicron as a mutated version of covid-19. As identified by the researchers of Imperial College London, only 15 -20% of Omicron-affected people seek hospital care. Covid dashboard stated that as of Dec 29, 2021, there were 281,808,270 confirmed cases and 8,687,201,202 vaccines have been administered. In India the percentage share of people fully vaccinated is 42.57% partial vaccinated (one dose) 17.22% (ourworldindata.org dated Jan 1, 2022). It has already created panic in many western countries about the global economic recovery. Because of low vaccine penetration and high spreading mutation of new microns, there may be a massive spike in the global economy. In spite of this, how many companies are adopting the new technology of New Normal, chances are there for an economic slowdown rather than inflation.

Q2. How will highly-mutated variants of covid-19 affect global trade and economic recovery?

Already the world is affected with covid 19 and the nation is slowly in the recovery stage from V-shaped economic decline. It is alarming to note that this omicron is fast in spreading and penetration of vaccines is also in a slow process. The supply chain is the major affected domain during covid 19. If Omicron rises dominantly, this will severely disrupt the movement of goods. Looking at the bad experience of covid-19 and predicting omicron impact, business magnets ordered electronic and auto components additionally for successive months to reduce the cross-border trade restrictions. On the other hand, if the world experiences a heavy job loss, segregation of components will also lead to inventory problems. Hence, initiatives should be taken

by the Government to pre-plan for financial support by relaxing certain norms, particularly to MSMEs to come out of an economic slowdown.

Q3. How will Omicron cause severe disruption to already battered supply chains?

Supply chains are the most massive disruptive area and a huge shipping crunch occurs during the pandemic. Omicron variants may pose “a fresh risk" to the ongoing global recovery especially in the manufacturing sector. Business CEOs are expecting shortages of workers, workers working together in the production area, supply-side problems of exporting and importing of components.

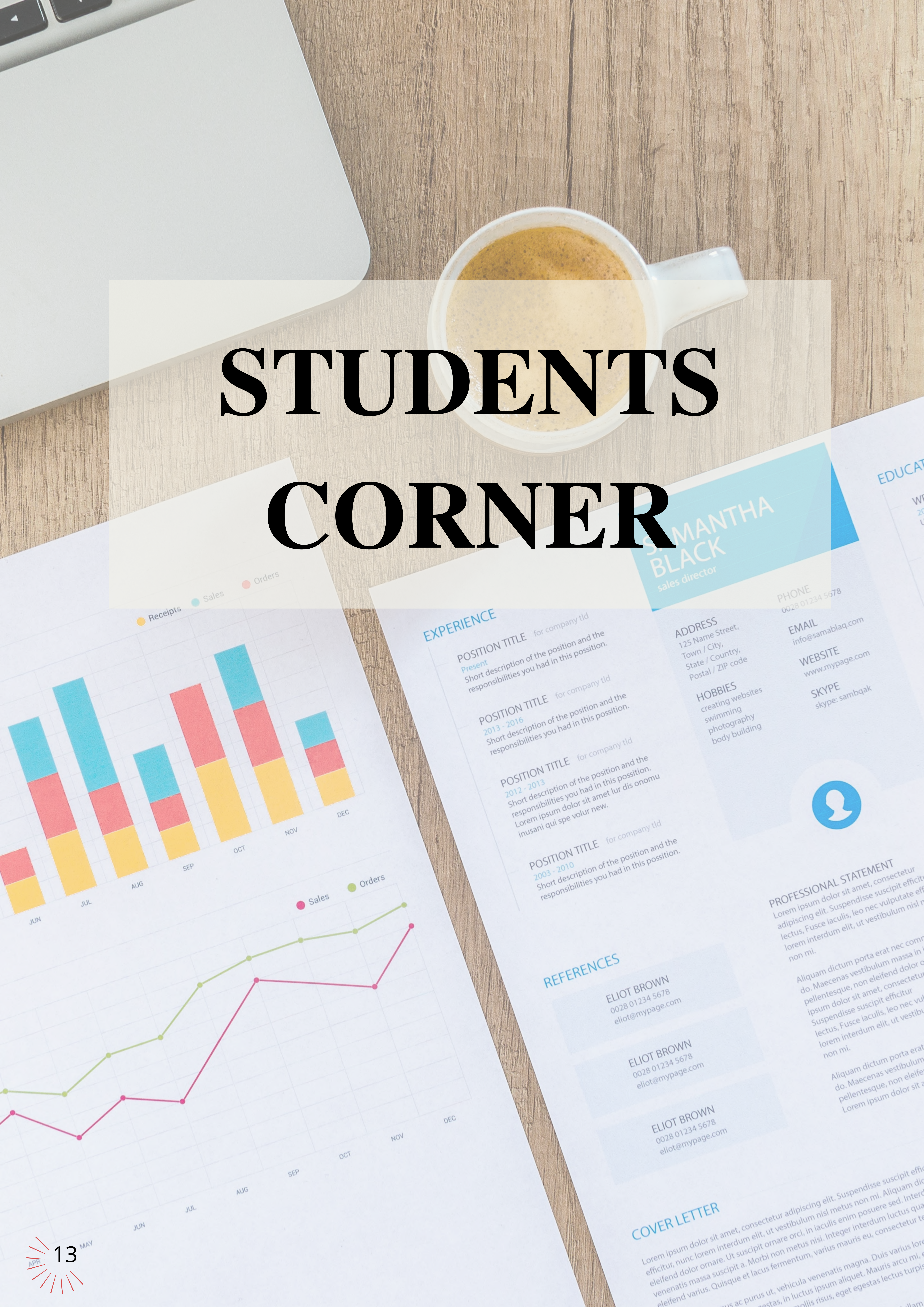
Q4. How will Omicron affect the demand side?

Demand-side problems like elevated gas prices may also sharply get affected. In spite of reducing risks like wearing masks and social distancing, the world is experiencing a level of uncertainty. People are still at the edge of risk. This will create a larger impact in the long term which affects both sides of market forces. In such a crisis situation shorter supply chains are a sustainable option for the speedy recovery.

For this to happen, companies need to develop resource-based business models that encourage products to be more easily recycled.

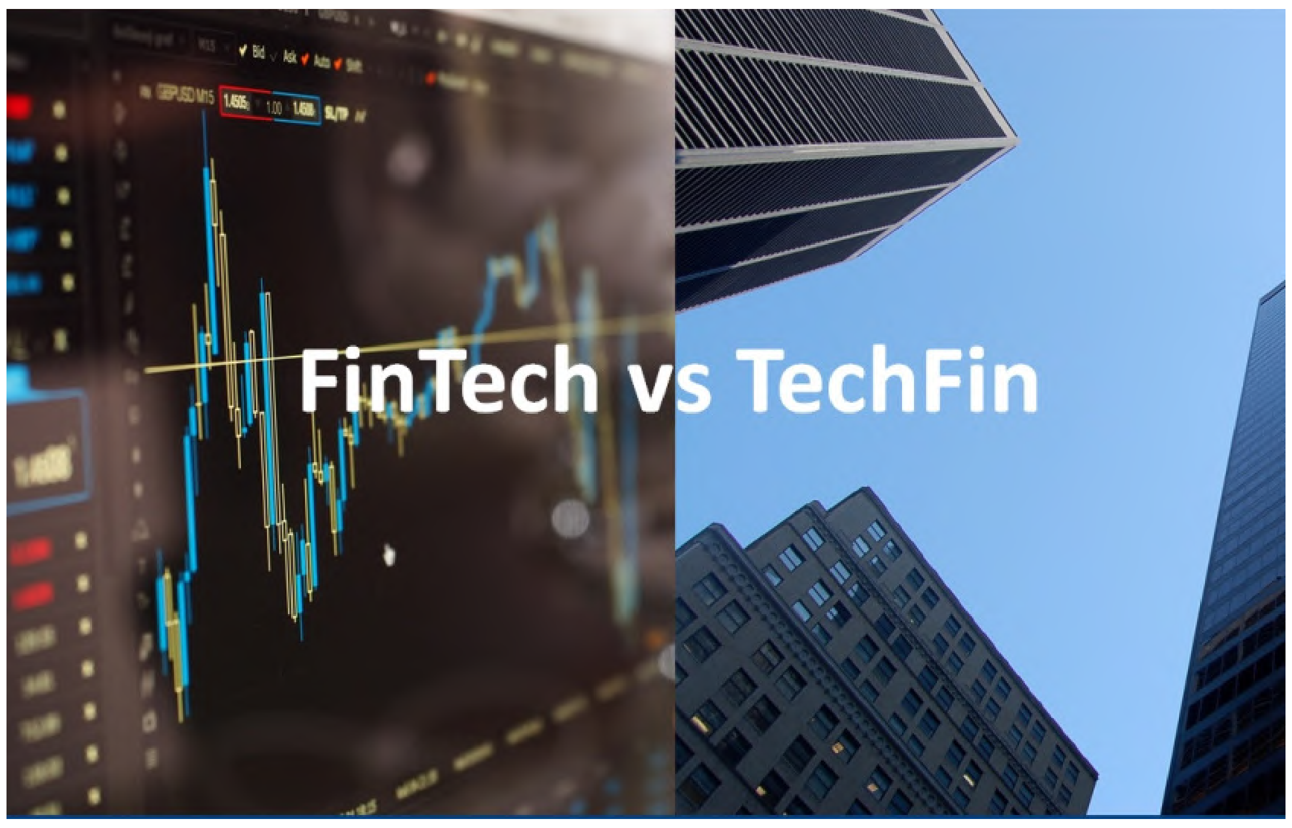
Q5. That one major initiative taken by the government to come out of the economic slowdown?

If the world experiences a heavy job loss, segregation of components will also lead to inventory problems. Hence, initiatives should be taken by the Government to pre-plan for financial support by relaxing certain norms, particularly to MSMEs to come out of an economic slowdown.



STUDENTS CORNER

FINTECH VS TECHFIN- IS IT THE SAME?



When we are talking about the term TechFin, we should first understand the difference between FinTech and TechFin.

FinTech is a space where existing financial products like loans, savings investments, trading, or payment are delivered in such a way that it increases the customer experience while using the app. Whereas,

TechFIn is a term used in which the existing financial products are delivered to the customer in a superior, efficient, and productive way from that of its existing process. They are financial service provided by large tech companies with a huge customer base. For example, Google provides financial services through its app Google Pay.

TechFin has a few advantages over Fintech & other financial platforms, and they are as follows:

- The barriers to entering into the financial service will be less for these companies as people are well aware of their other services and are using them
- As these companies have a huge customer base, they will have enough data to know what the customers need and provide services to the users based on their needs
- TechFin companies will have more resources than FinTech companies, which gives them a competitive advantage. Especially older financial institutions will have more advantages as they have more experience in the areas of security, financial expertise, governance, etc.

TechFin has the great potential to be a disruptive technological advancement as they have a large number of customers alreasy using the existing technology, who may readily accept their new services. They will increase competition between FinTech providers, themselves, and traditional financial service providers. The future of finance lies with the finance economy. However, a time will come where both TechFin and FinTech companies will merge, and their offering will be similar.

The article probes into the difference between FinTech and TechFin, two words often used interchangeably. There lies a thin line of difference between FinTech and TechFin with the latter having access to greater customer base, low barriers to entry, and greater experience in the areas of security, financial expertise and governance.

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IRCTC - MONOPOLY EXPRESS

IRCTC

Introduction

Indian Railway Catering and Tourism Corporation (IRCTC) is an Indian public sector undertaking that provides ticketing, tourism and catering services for Indian Railways. IRCTC was established in 1999 and was classified as a Miniratna in 2008. It was later listed on the NSE in 2019 with a reduction in government holding to 87%. Later in 2020, the Government of India divested another 20% bringing down the stake to 67%.

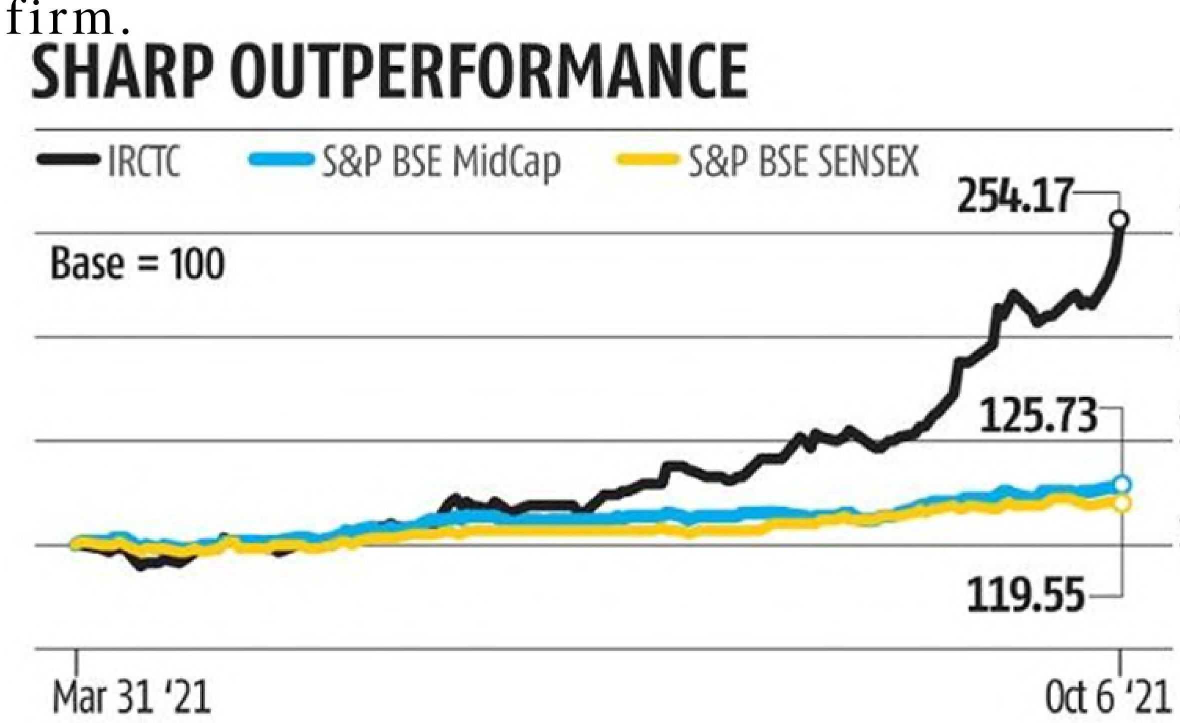
Stock Rally

During the past one month, IRCTC has soared more than 50% thanks to various factors that triggered the shares' price. Prices were triggered by the nature of its business, which is monopolistic, and due to the reopening of the economy resulting in an increase in travellers. The board also announced a stock split of 1:5, which fuelled its move. The stock split will make shares more affordable for retail investors and increase liquidity. The face value of the company's shares has changed from Rs 10 to Rs 2 each. It is also expected that IRCTC has some steam left as some analysts expect the stock to be included in MSCI Index, resulting in an inflow of $170 million for IRCTC.

The stock has witnessed a rise of more than 50% in the past one month and 100% in six months when compared to 2.5% rise in S&P BSE. However, the stock's performance may be down in the short-term owing to the fact that IRCTC has to share 50% of the revenue gained from connivances fees to the Government of India. Owing to the volatile nature of the stock, it was placed under NSE's future and options ban list after it crossed 95% of market wide position limit. Company 52 week high is 1278.60 Rs and 52 weeks low is 286.86 Rs. Last Trade Price (LTP) as of 28th Oct 2021 was Rs 923, currently trading at a P/E of 165.72.

Recommendation

My call would be to buy and stay invested for the long term rather than the short term as the company is expected to give stellar returns due to its nature of business. A systematic investment plan is another good option to shield away from short-term volatility and impulsive market reactions. The company's fundamentals are sound and they are working on various fields to generate revenue. However, sudden policy changes by the Government of India can be a threat to the firm.



Source:
https://profitmaster.in/news/details/SHARP-OUTPERFORMANCE-IN-IRCTC-STOCK

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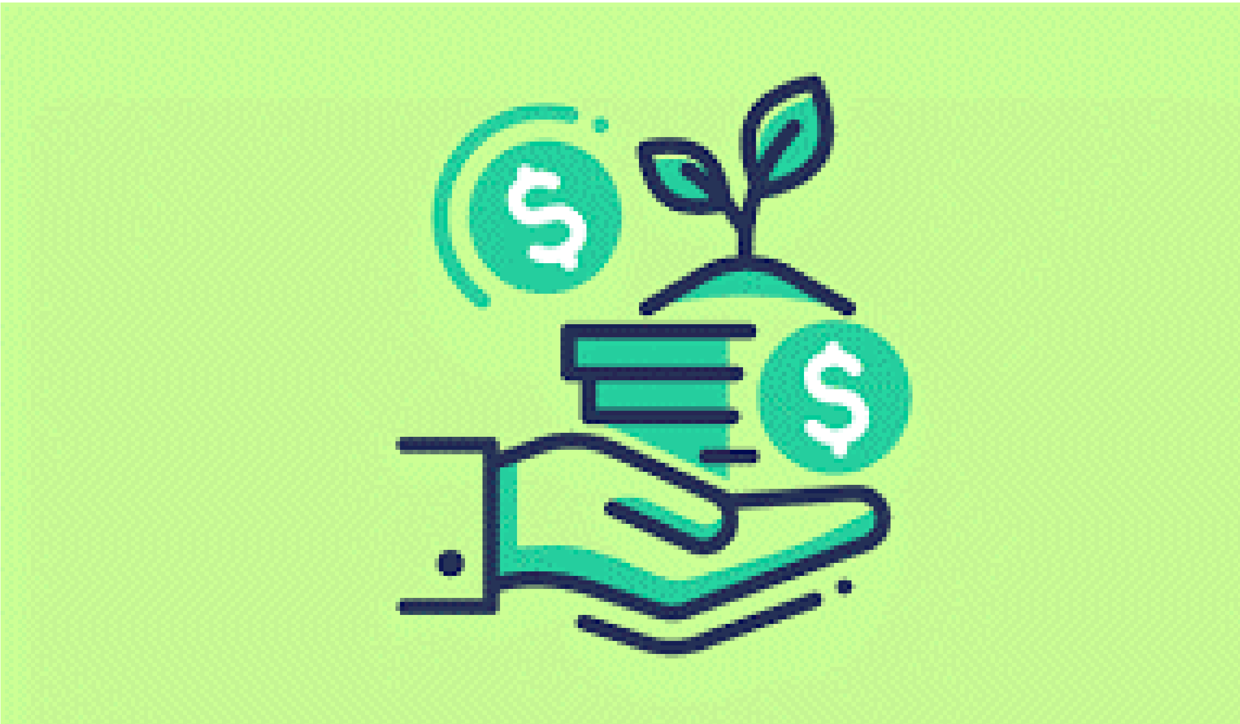
SUSTAINABILITY IN FINTECH



In the past few years, significant progress has been achieved in both Fintech and sustainability. Fintech promotes the use of funds for energy and environmental initiatives, the development of renewable energy and environmental infrastructure, and offers several social, environmental, and ecological advantages. Climate change is one of the major significant risks confronting our country in the future decades, and the financial industry plays a critical role in addressing it. All nations across the world have been encouraged to rethink previous methods and focus more heavily on technology and sustainability. The COVID-19 pandemic has proven the existing relationship between sustainability, finance, and technology.

The financial sector has been changed by the emergence of new technologies, and climate risk management is a significant aspect of that change. Furthermore, all of these modifications may be influenced by sustainability criteria.

Fintech is in sync with the ESG world, aiming to create a more inclusive, ESG-resilient, circular, and environmentally friendly financial system that supports sustainable development. Fintech has a role in achieving the SDGs. In the field of sustainable finance, blockchain technology offers a lot of potentials. Fintech plays a critical role in altering agriculture's business process into a more sustainable one.

Fintech provides farmers with a variety of funding options, including crowdfunding and digital payment systems. A digital marketplace that connects all the agricultural stakeholders including farmers, investors, landowners, and consumers) into a platform that promotes transparency, empowerment, resourcefulness, and public engagement. Fintech promotes the use of finances for energy and environmental activities like renewable energy and environmental infrastructure, which offers many social, environmental, and ecological advantages.

SNEHA S PILLAI
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CAN MEME COINS RULE THE CRYPTO WORLD?

Cryptocurrencies are considered the future of investing. Subsequently, meme coins are a 'sub-trend' in the realm of said cryptocurrencies. Meme coins are not associated with any product, instead, they are associated with some kind of THEME revolving around internet-themed jokes.

Doge is the first meme coin that was launched, which is associated with a famous Dog in the memes. Cryptocurrencies are normally very volatile in nature and when it to meme coins, the volatility factor is substantially higher than normal cryptocurrencies.

The trend has been observed that the investors on these meme coins are not serious per se but rather they just invest to be a part of the trend wave. That being said meme coins are also traded for institutional purposes, especially when these coins get significant attention from investors or when a famous/sound person backs up these coins.

Doge coin could be the perfect example for this. Doge coin was launched in order to mock other cryptocurrencies like Bitcoin. Doge coin showed sharp hikes in 2021 after Elon Musk tweeted in favour of meme coins. Dogeshowed a hike of over 40 times when the tweet made by Elon Musk went live about accepting Doge coins for his Moon project, which is famous in tandem with the phrase “Doge to Moon”. Doge is also one of the best examples of high volatility since this coin was backed by a single personality, if Elon Musk decides to reconsider his support, then the coin’s value would see a downward trajectory.

Presently, there are 124+ meme coins in the crypto world. These meme coins are unpredictable, recently SHIBA INU rose to 230 percent after the sale of 6.3 Trillion Shiba coins. All these meme coins are highly dependent on social media activities and the influencers who drive the campaign. Investing in meme coins is not a bad idea, but getting greedy and being solely dependent by investing a huge amount on meme coins can be worse.

The article discusses the volatile nature of a sub-category of cryptocurrencies- 'Meme Coins'. The example used to probe the case at point is Doge Coin that saw an astronomical increase by 40 times due to a tweet made by Elon Musk in support of the coin.

TANNU SINGH
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GLOBAL ECONOMIC INDICATORS AT A GLANCE - DECEMBER 2021

Rise in 10-year Bond yield:

- Bond yield saw a 23-month high tracking the rally of US Treasury Yields after the news of the Fed supposedly hiking up interest rates sooner than anticipated.
- RBI pledged to maintain an accommodative position to support economic recovery and kept the interest rate at a record low of 4%.

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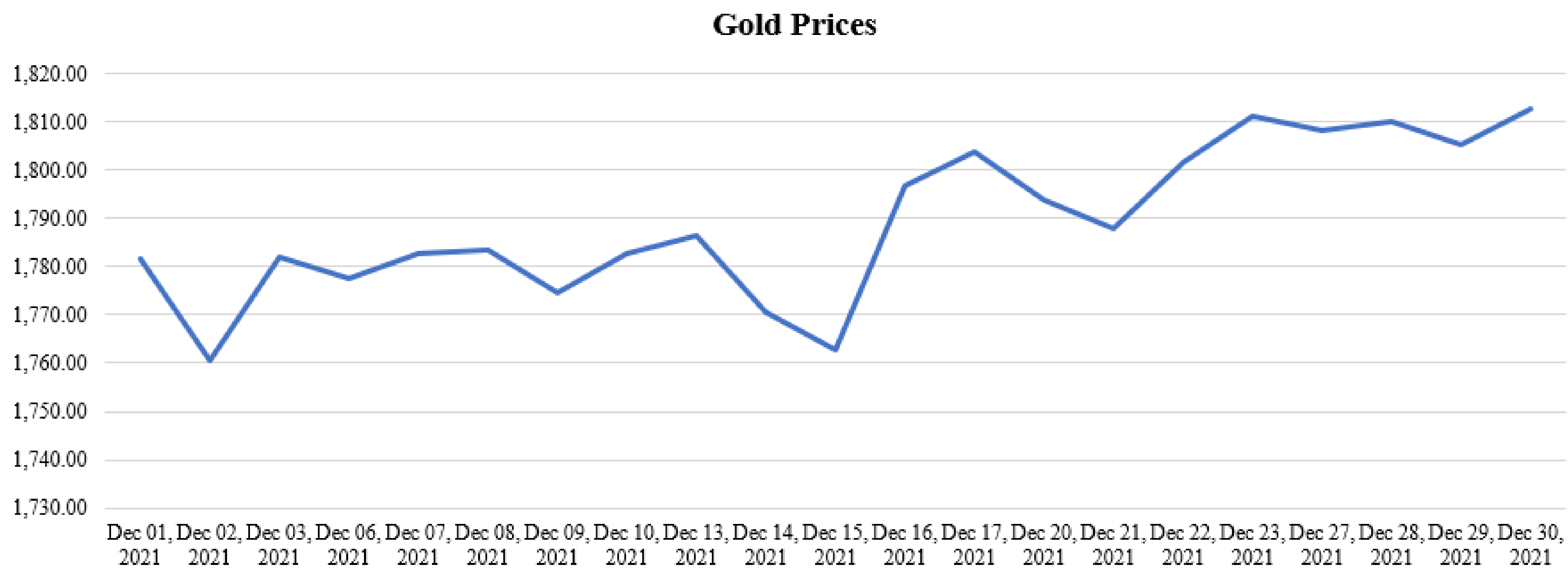
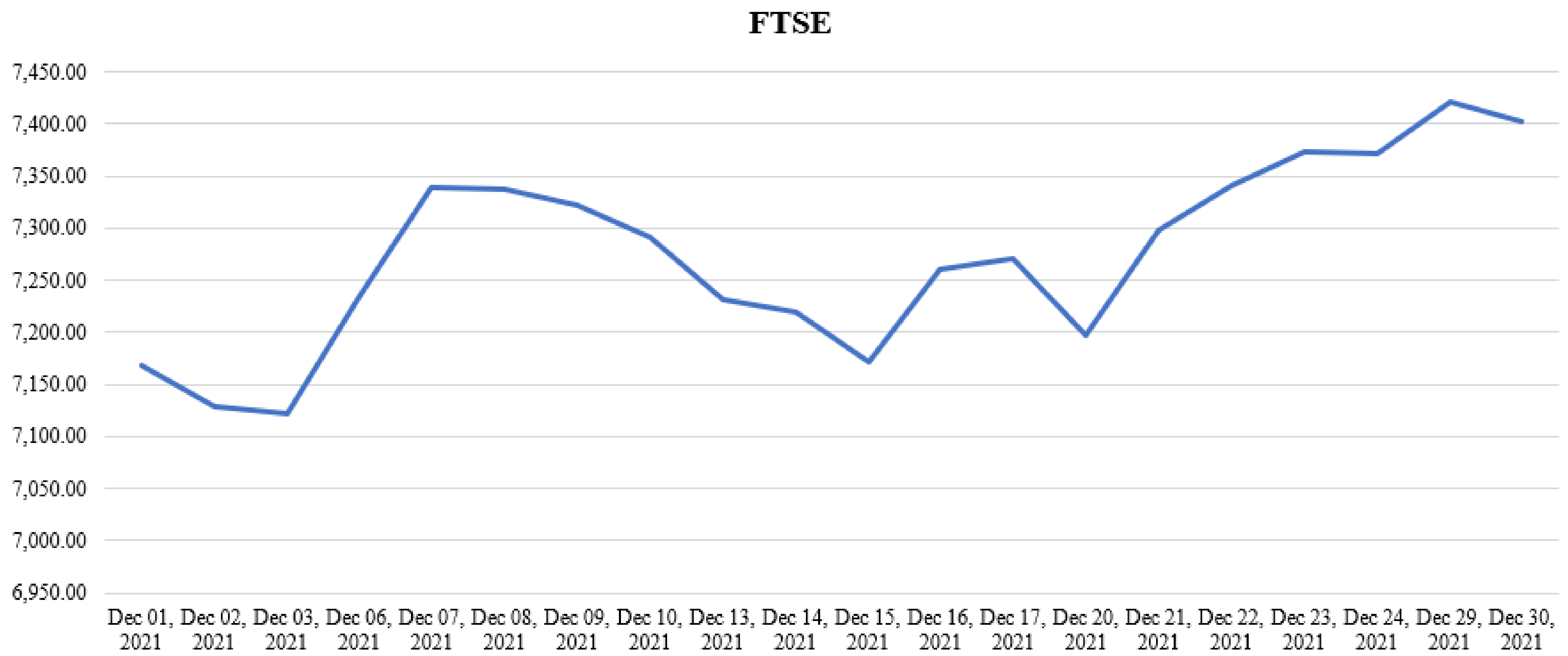


Rise in Gold Prices:

- With the surge in the Omicron variant of Coronavirus around the world, global investors have landed their support on gold leading to the fluctuations in price
- Gold prices in India have capped their downside compared to the fall in COMEX equivalent prices because of the relief from rupee depreciation.
- Gold prices also capped an upside which led to the sharp rise after the Fed initiated the unwinding of the pandemic stimulus from January 2022.

GLOBAL ECONOMIC INDICATORS AT A GLANCE - DECEMBER 2021



Rise in FTSE:

- Ashtead Group was the best performing FTSE stock for December 2021 and rallied by 73%. The industrial equipment company saw a boost in revenues with the global economic rebound and reopening of building sites.
- Aerospace group Meggit also saw a rally by 58% after their takeover from US rival Parker Hannifin.
- Corda, a specialty chemicals producer Croda also saw a gain of 53% mainly due to them producing ingredients used in Covid-19 vaccines.

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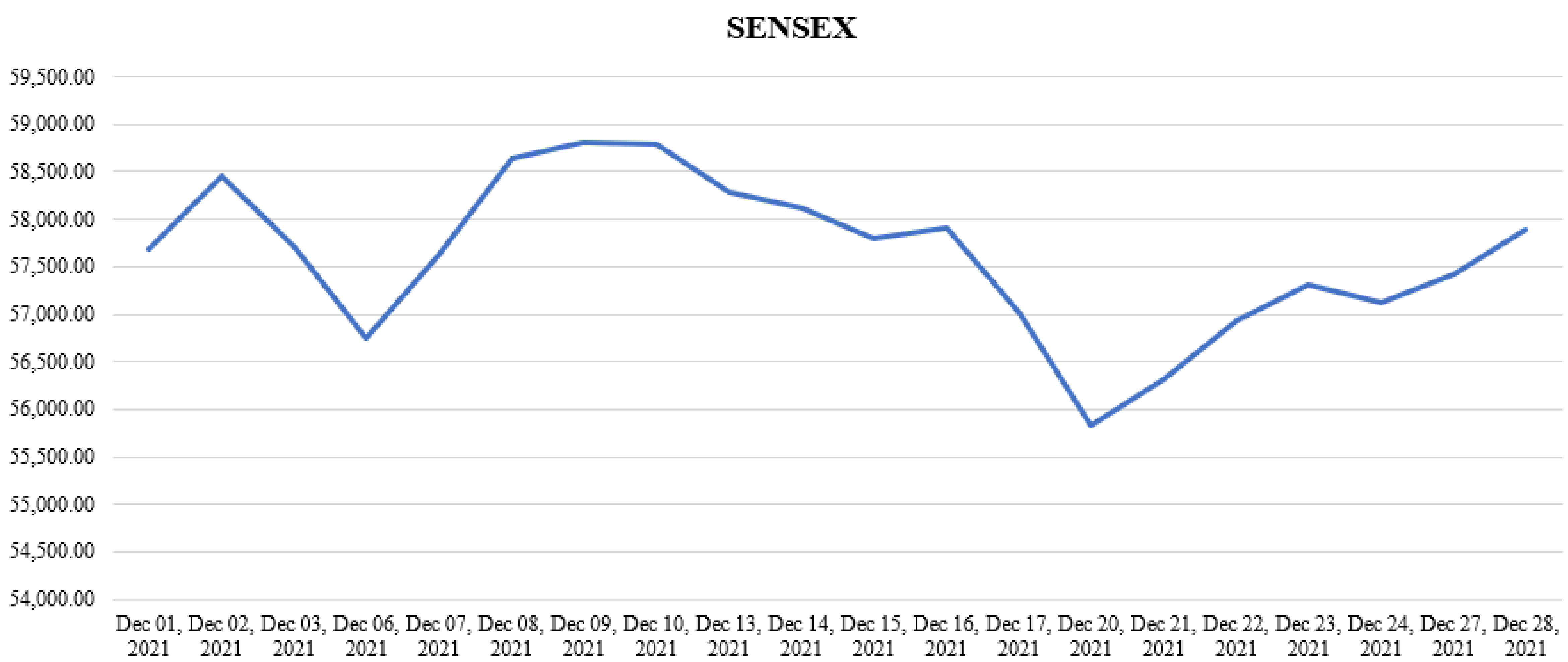

Fall in SENSEX:

- Despite substantially healthy growth in comparison to other months, Sensex saw a relative downturn in the month of December due to uncertainties of crude and commodity prices, speed of US tapering andCOVID recurrence.

MERGERS AND ACQUISITIONS IN THE OIL & GAS SECTOR IN INDIA

In finance, Mergers and Acquisition means the transfer of ownership of the company to the another company. Operating units are transferred or consolidated with other entities. These mergers and acquisitions take place because of the increase or decrease in the enterprise size or changing nature of the business or the competitive position. Mergers and acquisitions from a legal point of view indicates that two entities are formed into one. Mergers are primarily done because of the increase in the size of the business or to increase the market share of the company.

The purpose of this topic is to investigate why firms choose to expand in an inorganic manner. Mergers can help the acquiring organizations and also enhance their operating performance. But previous studies have proved that mergers do not improve financial performance, at least in the immediate short term.

Mergers and acquisitions have been the primary means through which corporations around the world have grown. Companies pushed to take the inorganic route by intense competition, the necessity to penetrate new markets, and saturation in local markets. In today's economy, it is more critical than ever for companies to maximize shareholder wealth.

Mergers and acquisitions allow shareholders to maximize their value. According to the Hubris theory, the announcement of a merger or acquisition does not result in a return for shareholders because the transaction just transfers wealth from bidding owners to target shareholders. Several studies have been conducted in various nations to determine whether mergers and acquisitions maximize investor returns. Surujit Kaur and Beena conducted empirical research on 115 manufacturing companies between 1995 and 2000. According to the analysis, acquiring companies did not produce high revenue for their shareholders.

The research covered oil and gas sector. The merger of two acquiring companies, IOCL and RIL, was examined. RIL failed to provide a high level of EPS for shareholders, as well as other post-acquisition metrics. Similar findings were achieved for IOCL, which was unable to demonstrate its financial strength using the study's financial parameters.

To recapitulate, mergers and acquisitions do not generate significant shareholder wealth or profit margins for the acquiring corporation. However, in the long run, a consolidated corporation would be better equipped to deal with rising competition, cost-cutting pressures, and growth in a changing business climate.

M SHRAVAN KUMAR
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MOVIE REVIEW: THE BIG BULL

Movie- The Big Bull
Director- Kookie Gulati
Platform- Disney + Hotstar
Cast- Abhishek Bachchan, Nikita Dutta, Ileana D'Cruz, Sohum Shah, Ajay Devgn, Lekha Prajapati, Sumit Vats, Ram Kapoor, Saurabh Shukla, Mahesh Manjrekar, Kanan Arunachalam, Supriya Pathak

The movie "The Big Bull" was launched in the year 2021. The movie is based on a person named Hemant Shah, a small-time stockbroker who manipulated the loopholes in the archaic banking system of the country to create a massive bull run on the stock exchange. The Indian economy was moving into liberalisation, so it was only a matter of time before his dreams ended up as a nightmare. The movie came after the bestseller, the world knows as 'Scam 1992'. Thus, there was very little the world didn't know about this. The writer and director subsequently had a tough time condensing the adventure of the main protagonist of this story into a two-and-a-half-hour movie.

The movie is about Hemant Shah, who found problems with the stock market system in India. After knowing about how the system operates, Hemant Shah started finding success in the stock market. Abhishek Bachchan delivered a good performance, but still, his role lacked depth and detail. The writers have tried to create some tension with scenes of run-ins between Hemant and police, politicians and media.

The dialogues in the movie were also ineffective and were limiting the characters. The bond between Nikita Dutta and Hemant Shah was also lacking chemistry. The dialogues were also not demanding the characters to come out of their comfort zone and look powerful. The character of a journalist played by Ileana D'Cruz had the role of digging into Hemant's dubious track record. Ileana D' Cruz was able to give an honest performance. The other characters in the movie, like Viren, Hemant's young brother and other actors like Ram Kapoor, were decent.

The key learning from this movie are:

- Wait patiently for a wealth of a person to grow and success does not happen overnight.
- Risk management and trading psychology should be given more importance in technical analysis.
- Borrowed money should not be used in trading. In the movie, Hemanth had some investment ideas but didn’t have the capital for it. Hence he ends up taking a fake Bank Receipt of 2 crores with his friend’s help.

Overall, the movie tried to tell the story of India's biggest financial scams in a decent manner. But it looked more like a story of a common man and not of a con man.

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