



Institute of  
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*FinNiche*  
The Finance Club of IMT-G

# FinXpress



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# EDITORIAL

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## Kudos to Placement Committee for a successful Final Placement Week !!!

This past week has been anything but ordinary. The campus has been abuzz with Companies looking for prospective suitors and students trying to land their dream jobs. With 400+ of our batch-mates already placed by the end of this years' final placement week Club FinNiche would like to extend a round of applause to the Junior Placecomms for the dedication and hard work they've put in. It's not an easy task to perform but they have pulled it off effortlessly. We congratulate all those who got placed this week and extend our warm wishes to those still in the process. May the odds ever be in your favor.

Just as the campus was buzzing with placements so was the world buzzing with tons of issues ranging from business to societal. This issue of Finxpress covers a plethora of such events that took place this week like the issue of Indian rupee that depreciated further against dollar and hit a two-year low or the curious case of India's GDP that accelerated to the tune of 7.4% for the quarter ended September as opposed to 7% last year for the same period.

We invite you to hop on, for the journey through the National and International happenings and do remember to save a glance for the markets and for our finance geeks the topic of discussion this fortnight is 'Poison pills' under our Finword section and our personality section covers Mallika Srinivasan aka 'The Tractor Queen of India' who is not only a successful entrepreneur but the first lady to ever to assume the role of the President of the Madras Chamber of Commerce and Industry.

And as always, we welcome any comments, suggestions or criticism regarding the magazine. Feel free to write to us and share your ideas.

Happy Reading!

Regards

The Editorial Team

Club FinNiche

## SNIPPETS

- **Latest Growth rate stands at 7.4% Q-to-Q**
- **Highlights**
- **International outlook**
- **RBI policy**
- **GST**

## India's GDP accelerates in Sept Quarter

The Central Statistical Office or CSO on 30 November 2015 announced that India's Gross Domestic Product (GDP) grew by 7.4 percent in the second quarter (July-September) of 2015-16 financial year compared to the same period during 2014-15. In the last quarter ended July'15 the GDP grew at a rate of 7%.

The high growth rate of the economy has been primarily attributed to a 10.6 percent growth registered by Trade, hotels and Transport and communication and services related to broadcasting sectors.

The manufacturing sector also showed a spike of 9.3 percent compared to 7.9 percent in Q2 of FY 2014-15.

### Highlights

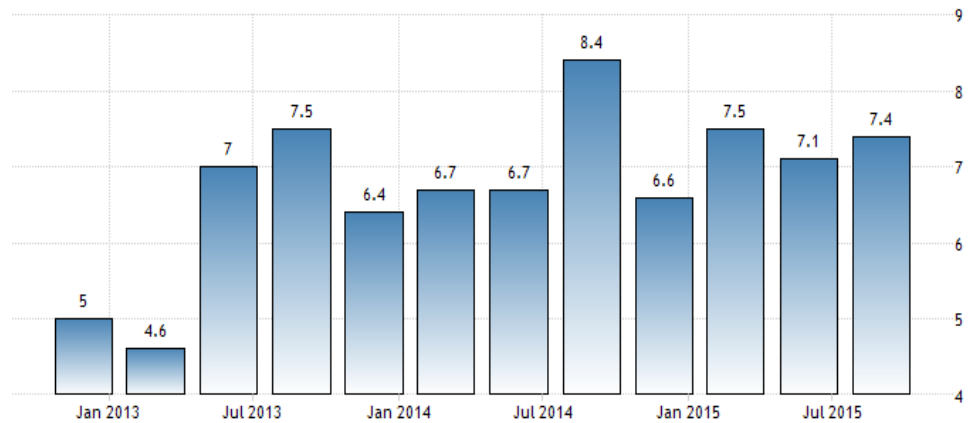
- Real GDP or GDP at constant (2011-12) prices in Q2 of 2015-16 is estimated at 27.57 lakh crore, as against 25.66 lakh crore in Q2 of 2014-15, showing a growth rate of 7.4 percent.
- The other economic activities which registered growth of over 7.0 percent are trade, hotels and

transport and communication and services related to broadcasting, financial, insurance, real estate and professional services and manufacturing.

- **Area wise growth:** Agriculture, forestry and fishing (2.2), mining and quarrying (3.2), electricity, gas, water supply and other utility services (6.7), construction (2.6) and public administration, defense and other services (4.7).
- **Gross Fixed Capital Formation (GFCF):** In terms of GDP, the rates of GFCF at current and constant (2011-2012) prices during Q2 of 2015-16 are estimated at 28.3 per cent and 30.1 per cent, respectively, as against the corresponding rates of 28.9 per cent and 30.3 per cent, respectively in Q2 of 2014-15.

Registering a 7.4 percent growth, India continues to be the fastest growing large economy in the world in 2015. In early 2015, India had overtaken China as the fastest

INDIA GDP ANNUAL GROWTH RATE



SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION (MOSPI)

fastest growing major economy in the January-March quarter, growing 7.5 per cent against China's 7 per cent. India furthered its the growth momentum in the April-June quarter with 7 percent.

As per a recent forecast of the International Monetary Fund (IMF), India will remain as the fastest growing major economy during 2015. It will grow at 7.5 per cent in 2015 as against China's 6.8 per cent and 3.3 per cent of developed nations during the same period.

Volatility in China's stock markets in recent times coupled with its dwindling economic activities especially in the manufacturing sector are expected to result in India's predominance over China in terms of growth rates.

The accelerated GDP growth rate also provides evidence that the government's strategy of kick-starting stalled projects and reinforcing India's manufacturing base

to accelerate economic growth was on the right track.

Reserve Bank of India (RBI) governor Raghuram Rajan kept the key repurchase rate unchanged at 6.75% in the year's last monetary policy review on 1 December. This will keep under check any sense of exuberance; and also shows that the economy is still on the way of recovery.

A key reform in the waiting, the goods and services tax (GST), which is aimed at dismantling inter-state barriers to trade in goods and services and economically unify India, has been held up by political wrangling between the government and the opposition. According to some economists, it would boost India's GDP growth by 1-2 percentage points.

One would expect the logjam to break this winter session of the parliament, to give way to a comprehensive tax regime in the country.

## Rupee hits 67 to the dollar: Why is it sliding?

### SNIPPETS

- **Rupee-euro carry trade**
- **RBI's liquidity infusion**
- **Impending Fed rate hike**

While a slide in the dollar following a less-than-expected stimulus by the European Central Bank (ECB) spelt some relief to Asian currencies, the rupee hit a fresh two-year low and hit the 67 mark on Friday.

The domestic currency hit a low of 67.01 against the greenback on Friday, the lowest since September 4, before recouping some of the lost ground. The domestic currency though recouped some losses and settled at 66.70, down 4 paise over previous close of 66.66.

### **Rupee-euro carry trade**

The ECB played spoilsport on Thursday by announcing a less-than-expected stimulus for the slowing economy of the region. The move triggered selling across equity markets globally. However, the euro and different Asian currencies, barring the rupee, were trading firm against the US dollar on hope that a rise in the euro will put a halt to the dollar rally, at least for the time being.

The ECB on Thursday cut deposit rate by 0.10 per cent to minus 0.30 per cent (from minus 0.20 per cent) and said it would extend its 60 billion euro, or \$63.5 billion a month, bond-buying scheme to at least March 2017.

The euro has around 58 per cent weight in the dollar index, while the Japanese yen has about 14 per cent weight. The dollar index tracks the movement of the dollar against a basket of six major world currencies. A weakness in these economies can push the dollar index higher, which can in turn influence emerging market currencies.

The index, which was at around 70 level in March 2008, was hovering at around 80 level in June 2014. It recently breached the 100 mark and is now ruling at the 98 level.

Analysts said there might have been winding up of carry trade between the rupee and the euro, which may have been weighing on the domestic currency.

### **RBI's liquidity infusion**

The Reserve Bank of India will conduct bond purchases of up to Rs 10,000 crore via open market operations (OMO) on Monday. The central bank will also conduct a 28-day variable term repo for Rs 25,000 crore to inject funds into the banking system. Rating agency India Ratings in a note said, "RBI's decision to infuse liquidity via both term repo and open market operations (OMO) routes will have a salutary and sentiment impact on money market rates as well as bond yields."

"Theoretically, RBI's intention to open the OMO window to infuse rupee liquidity may be negative for the rupee. However, losses in the rupee may be contained to a large extent by exporters' dollar sales and positional unwinding of the dollar as we near the December 15-16 FOMC meeting," the rating agency added.

**Impending Fed rate hike:**

The real culprit behind the recent slide in the rupee and other currencies globally is the impending Fed rate hike. Fed chair Janet Yellen on Thursday warned that waiting too long to wind up the near-zero interest rate regime could propel the central bank to tighten too

quickly. It is most likely that the US fed will raise interest rates in December 15-16 policy.

Some experts believe Fed rate hikes would be gradual. "I think there has always been two ways to look at the Fed increase. It is very clear that even if there is an increase, the pace of rate hikes is going to be quite calibrated and measured and slow and slower than it was the last time the US raised interest rates. The second thing is a liftoff means two things - one is that yes, capital costs are going to be higher but, two, its growth is now stabilizing and even firming up, which should be good news for most emerging markets.

# INTERNATIONAL

BY BHAGIRADH SISTA

## In the Goldilocks Zone - Japan !

- **Japan strengthens its financing arms and India seems just right to benefit from it**
- **The Japanese government targeted ¥30 trillion worth exports by 2020.**
- **The financial arms of Japan - Explained**
- **What's in the store for India!?**

Japan's infra exports got a fresh fillip in March 2013 when Prime Minister Shinzo Abe held a meeting with his key planners. Since then, 21 meetings have been held discussing Railways, Human Resources Department, Prevention of Disasters and country/region specific themes. Needless to say, India is invariably there on this body's agenda. The reasons are not too hard to find.

Since 2003, Japan has begun to look at India as its long term strategic view point for business development. By 2007, then then PMs of Japan and India - Abe and Manmohan Singh respectively, signed the landmark document for setting up the Dedicated Freight Corridor (DFC) and Delhi Mumbai Industrial Corridor.

The xenophobic riots in China against Japanese establishments made many believe that China was not too safe destination to invest. This became a fruitful opportunity to India as Japan began to look towards India. Also, there were disputes on sharing of sea routes between China and Japan made India as a right choice as a business partner. Japan currently has two barriers for the growth of its economy. Its exports to the US and the EU and rest of the developed world is flagging. Second barrier is that the population is rapidly ageing. Japan strongly needed a base which could finance the growth of its own



economic engine. The question is why Japan didn't look on other South Asian allies as its option.?

True, Japan did look to Vietnam and other South Asian allies. But they are too small for its appetite. The market potential of those countries is too small to rely with. India seems just right - often called as the Goldilocks condition. India was extremely large in terms of its appetite for infrastructure spending, technology and growth. Its economic policies had moved unerringly towards greater liberalization. It had tasted excellent rates of return from its investments in India's automobile sector. And it was also aware how, over the years, Maruti-Suzuki had become a bigger contributor to Suzuki's bottom line than other Suzuki investments worldwide.

Hitherto, most of the investments were done by JICA (Japan International Cooperation Agency). In 2013-14 alone, Japan's ODA (Overseas Development Assistance) loans commitment to India had exceeded ¥312 billion ~ ₹156 billion.

This has made India the largest recipient countries for OFDA from Japan. Disbursement for the year stood at ¥1456 billion and total number of ongoing projects amounted to 66. ODA loans come at concessional rates of interest, normally of 1-2 percent. At other end of the spectrum JICA also offers grant aid (which need not be repaid), technical cooperation and citizen participation. Grants accounted for ¥1.49 billion, technical cooperation ¥348 billion. 234 Indians visited Japan in 2013-14, while 659 Japanese experts came to train the people and oversee the projects. India was 9th largest recipient of this type of aid under this category. But, the older modes of financing required a relook especially after the March 2013 meeting. As against ¥10 trillion of infrastructure related exports from Japan to the world in 2010, and about ¥16 trillion in 2013 (figures for 2014 will be ready only by mid-2016 and for 2015 a year after that), the government worked out a target of ¥30 trillion worth infra exports by 2020. Once again it's possible that India will play a major part in such exports.

#### What's in Store !?

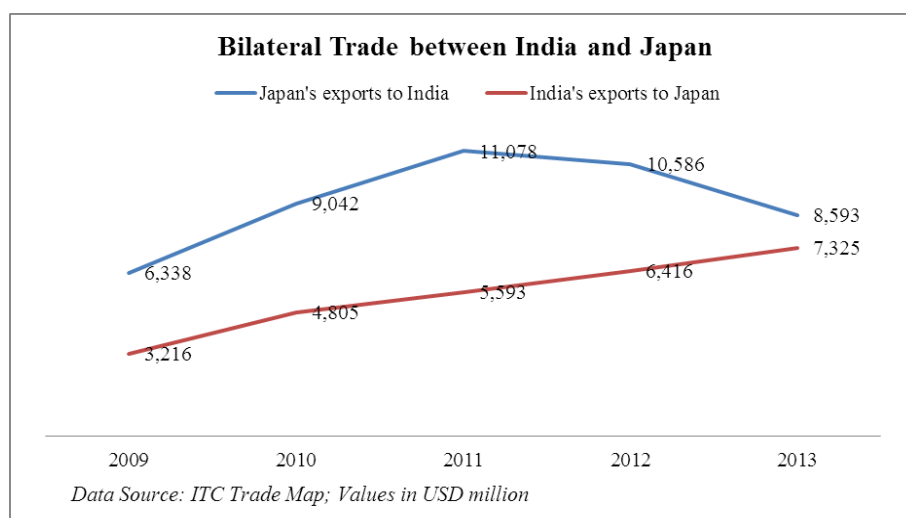
One of the latest recipients of JICA assistance is the Pune Sewerage project, which involves 11 sites with a combined capacity of 396mld (million litres daily). The total cost is ¥22 billion and the loan amount is ¥19 billion. The

project is expected to start in Jan 2016 and could get completed by Mar 2023. The project will include a Sewerage Treatment Plant (STP), an intermediate pumping station, a centralised SCADA for STP, a main/sub branch sewers, community toilet facility, public participation, institutional capacity development and environmental management, along with consulting services.

#### Financial Arms

Japan has financing arms such as JICA, JBIC (Japan Bank for International Cooperation), NEXI (Nippon Export and Investment Insurance), other Japanese banks for commercial borrowings like Sumitomo, Mizuho, and JOIN (Japan Overseas Infrastructure Investment Corporation for Transport and Urban Development).

JOIN is the latest entrant to this team, established in October 2014. It's the 1st and only government-private sponsored fund in Japan that specialises in overseas infra investment. It supports many recipient countries with safe and reliable infra through PPP projects. This also takes up the equity investment and focuses on HR development. The variety of projects in India include trans-harbour link between Sewree and Panvel in Maharashtra, High Speed Metro and projects on skill development is already underway in Chennai.





# INTERNATIONAL

BY ALANKRITA

## Cameron - Modi Meet

### SNIPPETS

- **Highlights of Modi's UK trip was the much-touted rupee-denominated 'masala bonds' that will raise capital in London for India's modernization of railways, housing, green energy etc.**

Amid all the current controversies surrounding the prime minister and its party in the foreign media after the electoral defeat in Bihar and increasing chorus revolving around religious fundamentalism comes the most refreshing UK - India meet.

This is also of significance as the doubts regarding the seriousness of India towards the UK has started originating in the UK media. In spite of Cameron efforts in his First term, he was snubbed by then UPA government. This is one of the reason why in his second term China has got the pride of place.

£40 billion worth of contracts, including for the project to build a nuclear power station in Britain were signed in the last month successful visit by Chinese President Xi Jinping's to the UK . In one of the most significant shifts in British foreign policy in decades, the UK is trying to position itself as a key partner of China in Europe. Therefore, PM's diplomacy comes at the right time. Brand India got reestablished when Modi declared with self-confidence at Guild Hall in London that, "at this point of time it is wiser to be in India" than anywhere else.

### Investments

Numbers shows that UK is the largest European investor in India, and India is the

second largest investor in the UK. There are significant historical, linguistic and cultural ties that remain untapped. Indian students are the second-largest group in Britain. From education, health, culture, infrastructure, science and high-technology to areas such as policing and intelligence, Britain is still a global leader. Modi would surely like increased investment in his Make in India initiative. Delhi needs to be more receptive as Britain is keen to share its expertise at this point of time.

### Outcome of the meet

Maximum out of the complementarity between a services-dominated British economy and a consumption-oriented and manufacturing-embarked Indian economy have been extracted by Prime ministers Cameron and Modi.

Win—Win deal occurred in the field of Information Technology, where TCS will train 1,000 British university graduates in business and commercial skills and UK will help establish a new institution to train one million Indian cyber-security professionals. Coordination between Indian and British forces in the Indian Ocean and the Asia Pacific were declared , symbolizing a changed historical reality . Overall this visit came as a slap on Modi denouncers.

# TRENDING NEWS

ISSUE 10

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## COMMODITIES

**GOLD 25715  
INR/10 G**

**SILVER 35198 INR/  
KG**

**CRUDE OIL 2684  
INR/BARREL**

## EXCHANGE RATES

**66.65 INR/ 1 USD**

**72.54 INR/ 1 EURO**

**0.54 INR/ 1 YEN**

**100.72 INR/ 1  
STERLING**

### **Japan's Economy Recovering Slowly**

Economic Minister Akira Amari hopes that discussions between public and private sector would encourage more corporate capital spending and help sustain a moderate economic recovery inspite of weaknesses seen in the economy.

### **Govt. to push for GST and Real Estate bills next week**

Hard as the week is for the government, still it has proposed heavy business in both the houses next week. It has plans to pass six bills in Lok Sabha and seven in Rajya Sabha. However the main focus would be on passage of the key GST Bill in Lok Sabha.

### **Indian Eco. can grow at 9% for a decade: Prof. Summers**

Eminent Harvard University Professor Lawrence Summers is very optimistic about the potential of India to grow at 9% for a decade and at 8% in subsequent years if it takes bold reform measures and maximizes its potential. Summers also believes that India should not follow blindly the Tiger's economic growth model and should give more stress to developing services sector and taking speedier and predictable decisions.

### **Free-trade agreement talks between India-EU to resume**

Talks on India and European Union free-trade agreement will resume in January, raising hopes of a speedy completion to the long drawn process. EU is one of the largest sources of overseas investment in India and with the recommencement of free-trade talks, value added exports of products like gems, textiles, pharmaceuticals , etc. would get a boost.

### **Q2 FY16 saw a dip in private sector firms' PAT: RBI**

According to the data based on the abridged financial results of 2,711 listed non-government non-financial companies, country's private sector firms' have seen a depression in PAT as compared to 25.6% growth rate in the year ago period, RBI data showed. Expenditure contracted at a higher rate than sales . However, IT sector showed an improvement in both EBITDA and Net Profit Margins.

### **Gold Monetization Policy Voluntary**

The finance Ministry has today clarified that the decision to monetize idle gold is purely voluntary. The main objective of the scheme is to promote financial savings. A good part of monetized gold can be used

to meet domestic requirement and hence can help in reducing gold imports and saving foreign exchange thereby solving problem of current account deficit.

#### **Green light for Fed Reserve rate hike**

US employment rose exponentially in a show of the economy's resilience which most likely paves the way for Fed Reserve to raise interest rates for the first time since a decade. The clear message from the labor market to the Fed is "Just Do It".

#### **SBI: Aggressive rather than Passive**

As the country goes from being under banked to properly banked, competition will increase due to a host of several

banks, SBI would adopt an aggressive strategy by ramping up the business correspondents model by offering a wide variety of digital products. SBI however did not require any capital immediately to meet Basel III norms.

#### **US third quarter productivity revised higher but weaker**

Nonfarm productivity in US grew at a faster pace than previously thought in the third quarter, though at a weaker trend. The economy grew at a rate of 2.1% rate in July-September period. This was in line with economists' expectations and reflected upward adjustments to third quarter Gross Domestic Product estimate last week.

# MARKETS

## NSE NIFTY

### TOP GAINERS

- SUNPHARMA
- CAIRN
- BHARTIARTL
- SBIN
- TATASTEEL

### TOP LOSERS

- ZEEL
- TATAPOWER
- POWERGRID
- M&M
- HDFC

The BSE index ended up with 0.8 percent decrease, while the NSE index closed 0.88 percent lower. Both indexes ended the week largely flat. For the month, the BSE index lost 3.10 percent, while the NSE index lost 3.30 percent as losses in Metals, FMCG and Public Sector Undertakings sectors led the lower.

	Open	High	Low	Close
<b>SENSEX</b>	25868.49	26235.2	25628.44	25638.11
<b>NIFTY</b>	7851.6	7970.7	7779.2	7781.9
<b>BSE SENSEX</b>				



### CNX NIFTY



# FIN-WORD

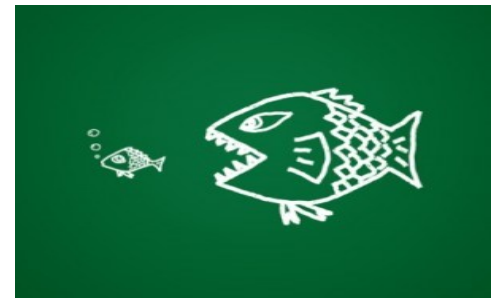
BY RISHAV SIDDHARTH

## Poison Pills

Poison Pills is the most effective defense tactics used by most of the companies to discourage hostile takeovers. A poison pill makes the transaction being pursued by a hostile bidder totally unattractive from an economic perspective, compelling the bidder to negotiate with the target's board of directors. This is achieved by making the target company's stock more expensive. The goal is to force the bidder to negotiate with target's board and not directly with the shareholders.

There are several methods of implementing a poison pill.

- One strategy is to give shares to the existing shareholders at a discounted price. This increases the number of shares the acquirer has to buy. Another variant of this is to provide highly advantageous preferred shares that is convertible to common shares, should the company be acquired. This immediately dilutes the percentage of the target owned by the acquirer, and makes it more expensive to acquire 50% of the target's stock.
- Flip-over: the target takes on large debts to make the debt load to be too high to be attractive.



- Ownership Flip-in: The company buys a number of smaller companies using a stock swap, diluting the value of the target's stock.
- Creating an employee stock option plan which vests only if the company is acquired in a takeover. This makes it more difficult to retain the key employees
- One non stock related method is to create key management incentive plan called "golden parachutes" which provides for expensive compensation payments if acquired by another company and fire all the key executives.

Poison pills are often controversial as they increase cost of the company if the poison pills are implemented. Also, they interfere with market efficiencies that encourage takeovers when there are favorable economic conditions.

# PERSONALITY

BY ALANKRITA

## The Tractor Queen

### SNIPPETS

- By betting on farm mechanism, Mallika Srinivasan is linking tractor maker Tafe's future to farmer prosperity and India's food security

The well known entrepreneur of India , pride of her parents, deeply rooted, Strong headed , the eldest daughter of industrialist A Sivasailam, present chairman and CEO of TAFE - Tractors and Farm Equipment Limited, Mallika Srinivasan was born on November 19, 1959



Always brilliant in academics , she did her MA (econometrics) from Madras University. Thereafter, She did her MBA from the Wharton School of the University of Pennsylvania. Married to Venu Srinivasan, the CMD of TVS Motor, she is living happily with their two children.

In 1986 , proud Mallika Srinivasan returned to India with business management degree from Wharton for joining her fathers business. She

joined the group as the General manager, at that time the turnover of the company was Rs 85 crore. She grew up learning by her fathers passion for a larger passion—both in life and in business. Under the expert guidance of her father and the whole hearted support of the team, She transformed the business to become a hi technology-oriented company It has now become a Rs 9300 crore company, the initial choice of the farmers. Today this unlisted company with a market share of 24 percent is the second largest tractor maker in the country, selling 1.5 lakh units. Mahindra and Mahindra is market leader with 42 percent share. Tafe is also the third largest tractor maker in the world in volume terms after Mahindra & Mahindra and John Deere.

The Company, which has witnessed many ups and downs. But, it was the strong determination of this courageous woman that slowly and steadily made the firm climb the ladders of success. She is the first lady to have assumed the role of a president of the Madras Chamber of Commerce and Industry. She is also a prominent member of the governing board of the Indian School of Business, Hyderabad.

# START-UP TRACKER

BY HERSH BHANU

## 1concern

### 1concern

Revolutionizing Emergency Management

**About:** Oneconcern.inc is a disaster solutions company that provides rapid damage estimates across all natural disasters using artificial intelligence on natural phenomena sciences. It aims to optimize the chaos ridden disaster reaction routine by providing actionable information for resource allocation and response recommendation.

For instance to track earthquakes, oneconcern's founders believe that algorithms can use seismic data and structural knowledge of buildings to judge which parts of a city will be most at risk and prioritize rescue efforts. They have developed an algorithm, loaded it with public data including the age, type and construction materials of individual buildings in a town. It was then trained to understand the ways in which earthquakes can damage buildings. By combining this knowledge with seismic data following a quake, developers of

one concern believe that this system can effectively predict how buildings will react to the shock waves.

The focus is to improve the efficiency of disaster management or save lives. And alternatively build cumulative data to go on to serve analytics in the Insurance sector.

**Personnel:** One Concern based in Palo Alto, California is a team of three Stanford founders all of whom have a common mission of making homes and cities safer by helping the city and the disaster relief leaders make more informed decisions rapidly during any incident.

The team has been toiling for the past 4 months, coding the idea.

**Investors:** Include affluent investors who entered at seed stage in case of Dropbox and zoosk. Namely Pejman Nozad, Haystack, Pejman Mar Ventures, Knight Foundation, Urban. Us, Deep Fork Capital, Sandy Kory, Crunch Fund, and 5 others.



**Ahmad Wani**  
CEO  
CEO and Co Founder @One Concern |  
Studied @Stanford University



**Timothy Frank**  
Founder  
Civil Engineer/Emergency Manager/Leader @US Air  
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