



THE

**JANUARY 2021**

# FINANCIAL

A BI-ANNUAL MAGAZINE

***BROADENING  
OF THE  
FINANCIAL  
MARKETS***

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# From the VICE CHANCELLOR'S DESK



The year passing by has been rife with volatility, uncertainty, and ambiguity. The stride of changes in financial services was breath-taking, and the consequences were profound not only for investment professionals but also for the entire society. We witnessed that the extent of development along all the segments of the financial market had not been uniform. While the equity markets are well developed, the debt markets primarily deal in private placements and is limited to the blue chip companies. Hence it stands to reason, the theme for the magazine, *The Financial*, "*Broadening of Financial Markets*". By broadening, the focus lies on the areas for development in the Indian financial sector in the future. Among other things, this may include broadening the involvement of the contractual saving schemes through fast inclusion of the insurance and pension schemes, increasing the spread of mutual funds, and strengthening of the institutional investors. By strengthening these interventions and participation, then that both the equity and debt markets will display greater breadth as well as depth. This will also help increasing the domestic liquidity of markets.

NMIMS has always been a cut above and envisions itself not merely as a B-school but as a centre for excellence. It is a learning environment ubiquitous with opportunities to engage in fruitful discourse with peers and like-minded individuals under the enlightening guidance of industry experts and renowned faculty.

At SBM, NMIMS, the programs are structured to not only impart future business leaders a world-class education but also inculcate the necessary fortitude to challenge the status quo and bring constant innovation. With the recent year being challenging for the entire world due to the pandemic and the lockdown, the global economy as well as the Indian GDP is expected to shrink. NMIMS is cognizant of this fact and has been taking various steps even in the online mode in nurturing students to stay ahead of the curve and become the torchbearers of a better, prosperous India.

To this goal, *Finomenon, the Mecca of Finance at NMIMS*, has been instrumental in driving real change amongst the students through its multitude of initiatives. Finomenon has become a knowledge centre for all finance-related information through its weekly blog called Finsights, monthly mailers of articles, and other scores of insightful research material with an aim to keep students abreast of current happenings. These propel them to take initiatives even in an online mode such as having an up to date website, organizing seminars and workshops by industry experts, and managing an all exclusive student-led investment fund, Samriddhi, keeping in mind the future.

To conclude, I take this opportunity to congratulate and commend the senior committee in their relentless pursuit to transform Finomenon into an excelling institution with their initiatives and keep the name of NMIMS soaring.

- Dr Ramesh Bhat  
Vice Chacellor,  
NMIMS



From the

# FACULTY'S DESK



The year 2020 began on a note of cautious optimism, anticipating a long-awaited cyclical recovery in the Indian economy. But soon the Covid-2019 pandemic pressed a reset button on all the expectations. The economy came to a standstill in the April-June quarter. In its June 2020 impact report, Samriddhi, the investment management arm of Finomenon, estimated a severe economic decline and a high negative impact for two out of every three sectors.

By the time Samriddhi released its November impact report, green shoots were visible. The IMF had reduced its estimated economic decline for this year and was projecting an economic recovery in 2021. Since then, while the economy is still enroute the arduous uphill journey, the stock market seems to have taken off on a flight.

The aggregate statistical picture certainly looks better now. But at a disaggregated level, lingering concerns remain. The MSMEs have been badly affected and have difficulty in raising funds, despite the relief measures provided by the Government and the RBI. The smaller NBFCs and microfinance institutions are seeing below par collections and may face funding constraints when growth opportunities resume.

The theme of this, year's *Illuminar "Broadening of the Financial Markets"* is relevant in this context. Broadening the range of financial instruments as well as channels can be enabled by financial innovation, technology, new models of investor outreach and empowerment. It will allow the funds to be harnessed for alternative applications as well as reach to the underserved. It is not a new idea whose time has come, but given the disruption, inequities and business survival challenges which the pandemic has created, its importance has increased manifold.

I am glad to announce the release of a new issue of *The Financial*, the bi-annual magazine of the Finomenon cell, on the Illuminar's theme. In 2020, Finomenon launched several interesting research reports. Samriddhi's student-managed investment fund, continued to perform well in its fourth full year of operation. The response to all the events including Moolyankan, the investment valuation competition, and Walk the Stock, the portfolio construction and management competition, was very encouraging. I am sure that at Illuminar, we will all have enriching discussions and useful takeaways.

- Dr. Sachin Mathur  
Faculty -In -Charge,  
Finomenon

from the

# PRESIDENT'S DESK



**ADITYA AGARWAL**  
President | Finomenon

The most cursory analysis of global international economic developments over the past few decades reveals that the world financial markets have undergone revolutionary changes. With the introduction of many new instruments and products in the space of banking, insurance and capital markets, the last decade has seen a major expansion and deepening of the financial markets. The Indian financial sector (banking, insurance and capital markets) was open to new private players, including foreign companies, during this period. To deliver a more sophisticated range of financial services to corporate, retail and institutional clients, the new players have embraced international best practises and modern technology. Innovation, improved customer service and quality in the financial sector in India have been brought about by the resulting competitiveness in the industry.

Going forward we are bound to face a lot of uncertainties in this dynamic world which gives rise to the demand for such financial products which are accessible to all, which are custom made for an individual person rather than one size fit all. With this in mind, we have tried to look at how we need to shift our focus from the traditional financial instruments and focus on financial products for tomorrow which justifies the central theme - ***"Broadening of Financial Markets"***.

At ***Finomenon, the Finance Cell of SBM, NMIMS Mumbai***, we've had a very eventful year. Despite the year taking a turn and the whole world shifting to an online platform, we were able to conduct all our activities in a very smooth manner. We took various initiatives for summers and finals placement preparation of the batch and organized several workshops and training for our B-School students who are stepping into the financial world. We increased our outreach and our competitions like Moolyankan, The Financial-Article Writing saw mind-boggling participations. Our FinSights, Interview Experiences and Article of the month have proven to be very effective preparation content.

Our ***student-led investment fund, Samriddhi***, gave returns of **17.71%** in a span of three months - an incredible jump from previous years. In one of our many firsts, this year, Samriddhi proudly introduced a new set of reports - MIRs where the incumbent Samriddhi cadre analyzed the recent performance of financial markets across various asset classes such as equity, commodities and forex markets as well as provided commentary on global economic growth and policy actions.

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# **FINANCIAL PENETRATION AND BROADENING**

**The cornerstone of an emerging economy**



Capital markets are pivotal to the economic development of any country and help in achieving the country's socio-economic goals. They aid in the financial intermediation process and capital formation of the country. Their importance cannot be disparaged for a developing economy like India. So, it is very important to understand the need for such financial broadening,

## NEED FOR FINANCIAL BROADENING

If you ask Indians about the financial instruments they invest in, the usual answers of most would be gold, fixed deposits or real estate. People lack the trust in the markets and have low appetite for risk. So, greater participation in the capital markets from different stratas of the society demands deeper penetration and financial inclusion down to the bottom of the socio-economic pyramid.

The drive for financial inclusion needs to be tempered with an equal measure of financial literacy for the target group (low-income group) to make aware decisions on savings, borrowings and future financial planning. According to a PWC report (Indian Financial Markets- Roadmap 2020), out of nearly 89.3 million farm households, 51.4% do not have access to any credit either from institutional or non-institutional sources. Certain sections of the society that have minimum access to formal financial instruments rely on informal and age-old mechanisms, thereby suffering due to large opportunity costs. This is an indication that the country requires greater market penetration and wider offerings in terms of financial instruments.



## SCENARIO OF DIFFERENT MARKETS IN INDIA

**EQUITY MARKET-** In India, only 2% of the population invests in the stock markets, whereas it is around 50% in the United States, and 7% in China. Currently, out of a population of 1.3 billion, the equity market has just 1.8 crores investors. Mutual funds market in India, with just 2 crore investors (less than 1.5% of the population) witnesses a similar story.

Millennials today prefer co-living spaces and houses on rent, instead of purchasing a house. The real estate asset class has witnessed a rising popularity of REITs as a financial instrument. One can diversify his/her portfolio with it and significantly reduce the risk as the prices of REITs do not fall as fast as stocks in a falling market. REITs also enable an investor to hedge against inflation if held for a long-term investment horizon. Investors should invest into REITs that invest in diverse properties and tenants. It's a more proficient alternative as it is easy to manage REITs than any real-estate property directly.

Technology-driven, innovative products in the financial markets are causing an evolution of mindset and an increasing participation by the millennials and the middle-income group. Traditionally, the metropolitan cities have been contributing the highest to the equity markets. But, since the past three-five years, tier-2 and 3 cities have been active participants, showing a rise in interest of a diverse set of population.





'Now that you've got a job, save and invest in an SIP'. This is a common advice that freely floats in the air. SIP in India is already a popular investment option especially among the retail investors. To accelerate the participation by retail investors, intermediaries like portfolio and mutual fund managers need to be further promoted.

## COMMODITY AND CURRENCY MARKET

Commodities are emerging as an important asset class that can help market savvy investors diversify risks. Domestically, gold is the only commodity where retail investors can participate. Further, other investors such as FIIs, banks, etc. should be permitted to invest in the commodities markets. The options and futures market can be explored more by bringing in futures for carbon emission, weather derivatives or credit derivatives. The recent developments include the RBI and SEBI giving clearance to launch options in currency derivatives. The currency markets too can launch diversified products such as futures and options on cross currencies and currency ETFs.



## BOND MARKET

India has an active bond market but is limited to a few instruments as against the US bond market which is deep and highly liquid. The bond market in India is still developing, be it corporate bonds or government bonds. Debt mutual funds were the only way a retail investor could add bond exposure to his portfolio.

The advancement on the lines can take place with refined regulatory guidelines, market access, investor demand and improved benchmarks. These factors shall enable India to capitalize on a robust bond market that will ultimately unlock new financing opportunities and enhance capital allocation. Efforts should be channelized towards broadening the bond market by introducing innovative products and achieving greater depth and an active yield curve. Recently, an app developed by NSE gives direct access to retail investors to invest in Indian government bonds. The Bharat Bond issuance in December 2019 provided a much-needed liquid and low-cost bond ETF for investors. But the Bharat bond is the only ETF available. Instruments like Inflation linked bonds (ILB), junk bonds, specialized debt funds for infrastructure funding have the potential to widen the debt base. The whole system should focus on attaining easy access along with a sophisticated settlement process.



## MARKETS EVOLVING?

### HOW ARE THE

While we're aware that there's a lot to tap, nevertheless, India has come a long way. The Indian stock markets have seen exponential growth in terms of number of listed companies, trading volumes, market capitalization, number of investors, and is emerging as a force to be reckoned with. The Indian market indices more than doubled in FY19, as compared to the previous decade. Sensex and Nifty 50 indices have grown at a CAGR of 9% during FY11 to FY19 owing to increased inflows in the markets by the foreign investors as well as domestic institutional investors. Even the volume of trade on the NSE platform has grown at a CAGR of around 10% during FY11 to FY19, whereas BSE index has seen fluctuations over the same time period and saw a decline of 4.3% CAGR during FY11 to FY19.



When we talk about change in today's world we cannot forget the impact of technology. The participation in the financial markets shall go up with the disruptions like high-technology backed discount broking platforms and high speed mobile-internet that is steadily finding its way to smaller towns and villages. Rise in investor education and easy availability of information on one's mobile devices has tapped sizable small-townners who have started looking out for new and innovative products to diversify their portfolio. These small investors can take the country a long way by adding to the investor base. Overtime, they have been looking into the growing non-traditional financial instruments available. The boost of do-it-yourself investors and advancement of robo-advisory and artificial intelligence driven investing platforms is accelerating the process. With platforms offering free mobile trading apps with zero percentage brokerage and trading fees as low as Rs10, there is disruption in favor of the investors.

## BROADENED FINANCIAL ECOSYSTEM

There are various new opportunities coming to the Indian Financial market:

**Invoice discounting-** This a new non-traditional investment option, open for both- individuals and corporations under which an investor can simply purchase unpaid invoices by businesses against blue-chip companies. They purchase the invoice at a discounted price for a short tenure at the end of which they receive back the capital and the profit. This helps the investor diversify and get higher than market returns. The investment is generally for 30-90 days and helps reduce the effect of market volatility on the portfolio. There are digital platforms such as "KredX" offering these services.





## ROBO-ADVISORY

An investor can now get financial advice straight from a robot (an algorithm) rather than dealing with a financial advisor. The robo-advisors seek out all information such as financial position, goals, aspirations and risk appetite of users, just like a human advisor. The services range from automated plans, goal-based asset allocation, automated portfolio reallocation and re-balancing, to comprehensive financial advisory. There are three kinds of advisors- Fund-Based Robo Advisory, Equity-based Robo Advisory and Comprehensive Wealth Advisory. Platforms offering fund-based advisory are Scripbox, Goalwise (now acquired by Niyo), Fisdor, Finpeg, Orowealth, and Kuvera, while for equity based there are platforms such as Smallcase, Fyers, Tauro Wealth, and Markets Mojo. For a comprehensive wealth advisory there exist few major platforms such as INDWealth, Cube Wealth, and Arthayantra.



## PEER TO PEER LENDING

Peer-to-peer or P2P lending is another innovation in the Indian financial spectrum. Herein a financing platform connects borrowers and lenders without the presence of any intermediaries such as banks. It has become an attractive investment opportunity as there are high interest rates, low costs, and the possibility of quick transactions due to lack of middlemen. It currently gives a net return of 18-22% to lenders. The industry is now being regulated by RBI. Some of the P2P lending platforms are Faircent, OMLP2P, Lendenclub, Finzy, i2ifunding, Cashkumar, Rupeecircle, Lendbox, etc.

## DIGITAL GOLD

Another interesting phenomenon in our gold-loving country has been the introduction of digital gold. It is a form of electronic money based on mass units of gold. Rather than buying gold in its physical form, investors purchase a kind of representative money that is exchangeable for gold on demand. These are backed by gold storage by the company providing them. They are issued by a number of companies like Paytm as well.





# THE WAY FORWARD

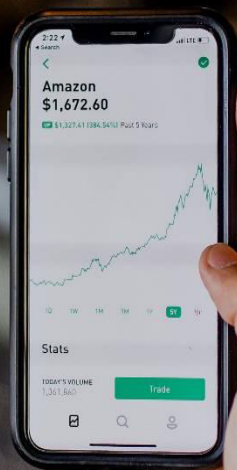
India has a large rural population that needs to be brought forward in the financial realm. The banks should build strong distribution models such as satellite branches, mobile branches, business correspondents (BC), and mobile networks, to provide different avenues for access to the financial markets even for the rural population. SMEs in India have also found it difficult to raise capital until recently SEBI proposed to encourage promotion of dedicated exchanges for listing and trading of securities issued by Small and Medium Enterprises. Initiatives by RBI, like the RBI 100% Inclusion Program and for improving credit delivery can drive the country towards the right trajectory. The ongoing efforts of the government, the market regulator and the broking companies have been reasonably helpful in growing the country's financial literacy. Together with the broking companies, stock exchanges have conducted regular investor awareness campaigns. A rising number of mutual fund portfolios, domestic retail inflows into the financial markets and a spurt in demat accounts depict the payoff of the efforts of all the stakeholders in unison.

Millennials are driving this change and these investors do not just rely on advisors, they do their own research with independence. These tech-savvy investors also prefer investing through apps which have instant investing options. The way forward is about the capacity expansion of the financial sector, and not just about the economic growth. With new products gaining traction in the market, there is a need for an organized system in place. The new age where more resources are available and convenience is preferred, people will get attracted to newer products and would choose convenient options which are more liquid and provide a systematic plan for the investor. The path forward should aim at achieving greater accessibility, flexibility and smoothening of the financial system. With this, even the global financial sector is moving towards an integrated structure which would involve more standardization and transparency in terms of operations. It therefore becomes imperative for the Indian financial markets to become competitive and advance at a greater pace than it already is. This would serve as the right step in the right direction.

Thus, access to finance is as important as access to food and clothing  
The need of the hour for an emerging economy is the spread of awareness on the same.

*Written by:  
Aashi Arora, Vanshika Bagaria, Niyati Daga*





# Why the average

# Indian

# Isn't Investing

It is often a part of a pitch of a scheme when professionals with dignified degrees and savvy suits say *that hardly 1% of the Indian population participates in capital markets.*

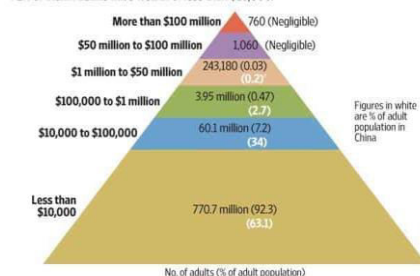
A utopian dream is sold to investors that as the economy grows & more people get into the stock market the stock price of a company is only going rise. Then why are the % of people participating is too low, to begin with? Do people don't know how to grow their wealth? Or is it the 'Hindu rate of growth' mindset popularized in the 1970s to show Indian society contentment with lower income. The answer hides in plain sight and is vastly different from anything people often say.

India is still poor! Calling a country with a \$2.5 trillion dollar economy, poor, would be a highly erroneous statement. But is it? 92% female, 82% male workers earn less than Rs10000 per month according to the Azim Premji University 2018 report 'State of Working India'.

At this level of income, people are living on a life of sustenance and the level of saving is also low. Lower savings mean that amount they would be willing to invest would also be low.

## India's wealth pyramid

92% of Indian adults have wealth of less than \$10,000.



Figures in white are % of adult population in China

All adults with wealth above \$1 million  
Graphic by Subrata Jana/Mint

Source: Credit Suisse Global Wealth Report, 2017

If we assume that a person can save ₹2000 out of ₹10000 income and they invest half of it in a reputed company in ITC on 6<sup>th</sup> July 2020. Over a 6 months period, it would give a return of 7% (213.9-199.8) to turn the principal amount into 2140.

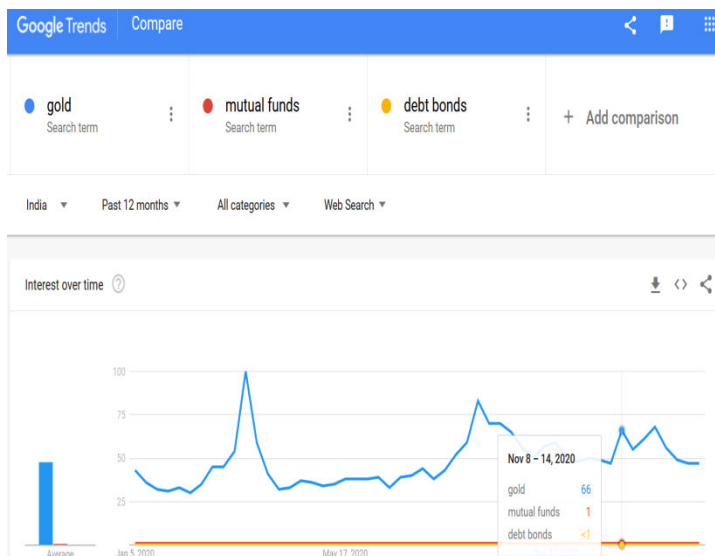
While this does protect your savings against inflation, it does nothing for wealth generation because the principal amount is small, to begin with. In an unfortunate case, the stock price goes down as it often does, that person's meager savings would also go down. While this is a part and parcel of investing, where the patience to hold a stock is a virtue, 82% of the Indian population works in the unorganized sector.

What this means in a case of illness or slowdown in the economy, the workforce doesn't have health insurance or notice period policy. In shorter words, they don't get the benefits of investing. It makes sense for them to invest in saving a safer form like gold which is a liquid asset, quite useful in times of need.

People could invest in Gold ETF GOLD and Gold bonds, but many people don't understand these asset classes which exposes another problem- Financial Illiteracy. Lack of financial literacy leads to people investing in schemes that offer lucrative returns but otherwise don't have any real asset on which it is based. According to a BBC article that till 2014, Indian investors have lost at least \$160 billion to schemes like Saradha, IMA Jewels, PMC bank scam, and many more. Years of corruption and mishandling in the system have eroded the trust of investors. Investors will now invest in trusted and big players or either invest in asset classes like gold. Neither of these helps new players and stifles competition. Lack of competition makes the market an oligopoly and inefficient.

*The solution for this problem interestingly lies in one of the biggest scams- the Sahara Chit Fund Scheme.* In this scheme, its agents went to the deepest corner of this country to collect a monthly payment from the poorest of the poor.

# The problem was most of these funds went to repaying the earlier borrowers as interest.



Sahara was a trusted brand at that point in time with its brand present on Indian cricket and hockey team along with the regular advertisements in the national and regional papers. If the largest bank by the number of branches in India, State Bank of India could accept micropayments from the people for investment in schemes directly related to capital markets, The reason it is not done currently is because of escalation of cost of transacting business as the people throng at the branches. This can be solved with machines that automatically accept the payment which can be placed near the government offices.

With Jan Dhan Yojana ensuring every 4 out of 5 Indians have a bank account, with a simple request from the smartphone, money can be directly transferred from the account to the SBI for cheaper fundraising.

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## HOW RICH ARE YOU?

There may be a surprise in store for you. Enter your monthly household income below, click the "Submit" button and find out.

How Rich Are You?

Enter your total monthly household income

My total monthly household income is:

Your Position: You are in the **TOP 12.90%** of the richest households in India

Source: Indian Readership Survey 2011, Q4 data





Finally, the role of RBI and SEBI needs to be more active. To regulate banks, RBI decided to establish a supervisory and regulatory cadre to consolidate the supervision department with a deadline of 31<sup>st</sup> January 2020 to join. This cadre is separate from the regular cadre and once a candidate gets in, he/she cannot be transferred to another department. *The response has been lukewarm with only 5% of the proposed 1500 people have joined the cadre.* According to RBI Officers Association (RBIOA), officers were unhappy with the structure of the new department and cited HR issues such as mobility, lack of promotion opportunities, and performance appraisal system.

Till date these issues have not been resolved. Both RBI and SEBI is highly understaffed and has increased responsibilities due to the current scenario. With the increased staff, RBI and SEBI need to go to the grassroots level to make the investors aware of the powers and responsibilities of these esteemed organizations. These institutions need to take a more frontal control along with the government to ensure every retail investor is safe from the 'thugs' of the capital markets and grow their hard-earned wealth.

These methods eliminate long lines at the branches and make all the players in the market satisfied. Institutions like Post Office Savings Bank can also help in accepting small deposits for further investment in capital markets. *This method could take the capital markets to the grassroots level at the cheapest cost.*

Another urgent step that needs to be taken by the government is tighter regulation. During the period of Liberalization, Privatization, and Globalization of the 1990s, the Indian government in order to make it more efficient decided to deregulate the markets. While Red-Tapeism was a draconian period, Regulation should promote healthy competition and prevent the bad companies to operate in the market.

Regulation in the current period should not be compared to protectionist policies of the past. For example, The collapse of the IL&FS crisis was communicated to RBI back in 2017 by an informer. His complaint wasn't taken seriously and set aside. Moreover, RBI and SEBI don't even have a system to protect the identity of the informers, preventing people inside the fraudulent system to report the irregularities.

*"every retail investor is safe from the 'thugs' of the capital markets and grow their hard-earned wealth."*



-Amit Pant,  
Wellingkar Institute of Management Development and Research



*"In Investing, what is Comfortable is Rarely Profitable."*

- Robert Arnott

With their ever-increasing appetite for risk, the Indian investor is on the lookout to try newer options while investing. The conventional stock, bond and cash investment doesn't interest them anymore. Calculated Risk-taking through 'Alternative Investments', has become the hottest trend of the market. The Indian investor has a bouquet of investment options to choose from-- private equity, IP, land, venture capital, and private placement debt, real estate -- they are all up for grabs.

One of the most exciting avenues where alternative investing has set-up-shop in is the domain of real estate; considered as one of the most resilient, secure and trustworthy forms of investment. Quite ironically, Real estate investments indeed are one of the most traditional and diversification-friendly investment options out there. And now talking about the most recent innovation in this field we have REITs and InvITs.

In today's world, investors look for constant high returns as well as capital preservation. Apart from the traditional assets of equity, debt and gold, these benefits are also offered through Real Estate, especially in the form of REITs and InvITs.

## REITs & InvITs –THE EMERGING FINANCING INSTRUMENTS FOR AN EMERGING INDIA

The unique structure of this new asset class (which essentially simplifies real estate investments) endows it with benefits that are lacking in other traditional assets. The fact that they offer a steady dividend income, and guarantee long-term capital appreciation, especially in rapidly developing countries such as India where real estate has always been a booming sector, makes them a very lucrative opportunity; especially for investors who are looking to diversify their portfolio while maintaining decent returns, and are looking for assets which have low correlation with the broader equity, debt and global markets, REITs and InvITs seem to be a perfect choice.

These instruments have made it possible for many small investors to have a share of India's booming real estate sector pie, which was earlier out of bounds for them, given the large ticket sizes involved.





# INTRODUCING REITS AND INVITS

A REIT is a real estate investment trust. In its simplest form, it pools money from investors and buys large commercial properties. Often, these properties are rent-producing in nature (example - retail office buildings/parks, malls etc.). The total rent received by all the properties under the REIT comprises its rental income.

By government mandate, REITs are required to distribute 90% of their rental income to their investors, in the form of dividends. This usually translates into an annual return of 8%+. Apart from the dividend income, the property also appreciates in value over time, since these are mostly premium properties, in the most prime locations.

This translates into long-term capital income for the investor, apart from the steady inflow of rental dividends. The critical feature of REIT is the accessibility that it provides to investors, in terms of liquidity, which has always plagued traditional real estate investments. REIT units are priced at a fraction of the actual cost of the property and can be freely traded on the stock exchanges.

InvITs are Infrastructure Investment Trusts, and they are merely a modified version of REITs, as they solely focus on the infrastructure sector. Assets such as roads, gas pipelines, power transmission etc. form the core portfolio of InvITs. They provide similar advantages as REITs, albeit in a different sector. Dividend-income, long-term capital appreciation and diversification are the key benefits offered by them.

Liquidity has increased manifold since the introduction of REITs and InvITs. Despite its multiple advantages, these instruments have become available for the Indian investor, only in recent times. The first REIT to be registered and traded in India was the Embassy Office Parks REIT. It was launched in 2019 and was backed by the US-based Blackstone group. InvITs though, had an earlier debut, with IRB's InvIT debuting in 2017.



*The critical feature of REIT is the accessibility that it provides to investors, in terms of liquidity, which has always plagued traditional real estate investments. REIT units are priced at a fraction of the actual cost of the property and can be freely traded on the stock exchanges.*

## ADVANTAGES OVER OTHER ASSET CLASSES

### A Risk Mitigator:

From a supplier perspective, an essential aspect of REITs & InvITs is that the estates which constitute their underlying assets are exempted from being listed on balance sheets. This allows the REIT provider to focus on infrastructure operations and do away with incorporating tedious calculations and valuations on their company finances. Hence, such an exemption, which is a characteristic of this investment-innovation, enhances the company's return-on-investments and considerably mitigates risk--the benefits of which are then directly passed on to the subscribers of the fund.

### A Positive Externality:

Besides being one of the few investment-vehicles whose quality improves by their mere existence, REITs offer a medium of funding infra-development projects through equity instead of debt. Now, we all know how the infra-sector is the backbone of the Indian economy or any economy for that matter. Hence, they have a positive externality embedded in them, such that investment in REITs can fast-track long-drawn and stagnant projects, which can benefit other sectors of the economy, thereby creating a domino effect and improving overall market sentiments. Therefore, investments in REITs become a game-of-time, whereby rightly timed investments, in not just REITs but also their dependent sectors, can multiply target portfolios, manifold.



## Consistent High Returns:

Now coming to the most interesting aspect about REITs and what makes them so lucrative. Up until the beginning of last year, they were deemed a failed investment vehicle owing to the high levels of ambiguity surrounding their operations and governance structure. But recent mandates by the Reserve Bank have gone a long way in dictating the regime under which REITs & InvITs may operate, clearly defining the necessary regulations. The most prominent amongst these is the mandate to necessarily pass at least 90% of their rental income to their investors, making the end-investors the party that benefits the most from such an investment.

## REITs V. 'REAL' REAL ESTATE

Now the last leg of our comparison focuses on whether REITs are any better than investments in physical real estates. Well, the truth is that REITs & InvITs both offer a reliable and more liquid path for investments in real estate. They give a prime opportunity to their investors to participate in and reap benefits from the growth of real estate assets without engaging in the hassles of buying the 'real' real-estate, i.e., the actual physical asset. In essence, they provide a medium to hold real estate in Demat form. The added liquidity of these assets is another boon for investors willing to diversify into the real-estate sector.

Additionally, the interest gains and rental gains that REITs generate are not taxable, and all gains can be retained by the investor, which is a significant advantage when contrasted against taxable non-capital-gains that physical assets, or even debt or equity funds generate.

*"prominent amongst these is the mandate to necessarily pass at least 90% of their rental income to their investors"*

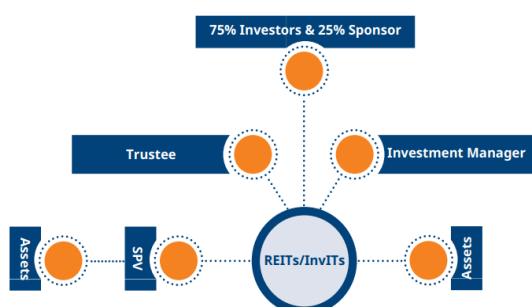
## WRAPPING UP

Concluding, REITs and InvITs offer smaller investors an excellent opportunity to jump in on the booming Indian real estate bandwagon, and reap the benefits of diversification, a steady rental income and long-term capital appreciation. The non-taxability of the returns, as well as the surety vis-a-vis the rental-dividend pay-out, makes it a safe haven for investors who are looking for decent returns, without compromising on their capital safety.

However, real-estate is not everyone's cup of tea. Investors must be mindful of their risk-appetite, long-term goals, liquidity position and asset class-mix, before deciding whether or not to invest in REITs and InvITs. But from a long-term perspective, these instruments offer a great opportunity of diversifying one's portfolio into uncorrelated assets, apart from the usual mainstays of equity and debt.

-Team Oblivion,  
Vash Golyan & Nishant Kumar Satyam  
IIM Indore

### Indicative structure of REITs and InvITs





# **SAMRIDDHI**

# **Intelligence Report**

## **FMCG Sector**

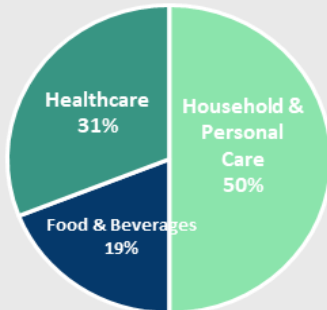


# INDUSTRY OVERVIEW



**FMCG is the fourth largest sector in the Indian Economy and consists of the following segments –**

**Exhibit 1. FMCG Sector Segment Wise Distribution**



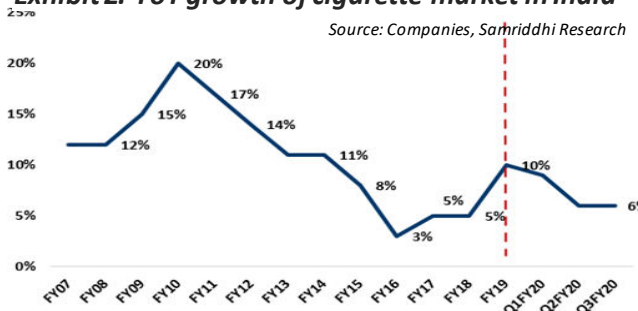
Source: IBEF

**Tobacco:** 91% of tobacco consumption is represented by unorganized traditional tobacco products. Expected price hikes on account of recession and taxation (increased to 10%), may further affect volumes of branded cigarettes in the near future. The organized segment is a near monopoly with ITC alone forming > 80% of the market share.

**FnB:** The organised market is worth INR 2.5 trillion with dairy and baked products forming about 50% share. COVID has catalysed the growth of the packaged food segment, which remains highly fragmented with Nestle & Britannia forming about 6% of the total domestic market.

**Home and Personal Care:** FMCG companies have expanded their portfolio by launching new-hygiene products. The Hair-Care market of INR 220 billion is dominated by Hair Oil (50%) followed by Shampoo (30%). With weak consumer sentiments and falling discretionary income, there has been a major drop in the sales of these products. Detergents form about 75% of the Home Care Market based on revenue share, the segment has grown due to premiumisation.

**Exhibit 2. YoY growth of cigarette market in India**

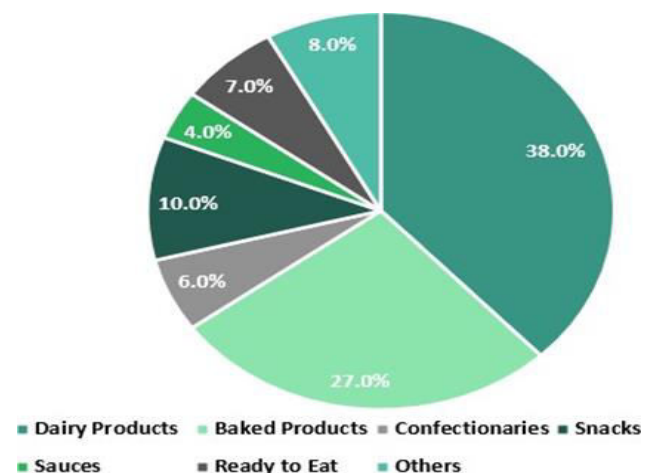


Source: Companies, Samridhi Research

**Exhibit 3: Major Players in each FnB Segment**

Segment	Key Players
Dairy	Amul, Mother Dairy, Kwality Wall's, Parag, Heritage
Bakery	Britannia, Parle Agro, ITC Limited, Monginis
Ready to Eat	Nestle, MTR, ITC Limited
Beverages	Dabur, PEPSICO, Tata Global Beverages, Hindustan Unilever Limited
Confectionary	Mondelez International, Parle, Nestle
Snacks	PEPSICO, Haldiram's, ITC Limited, Parle

**Exhibit 4. Packaged Food Industry in India**



Source: Prataap Snacks AR

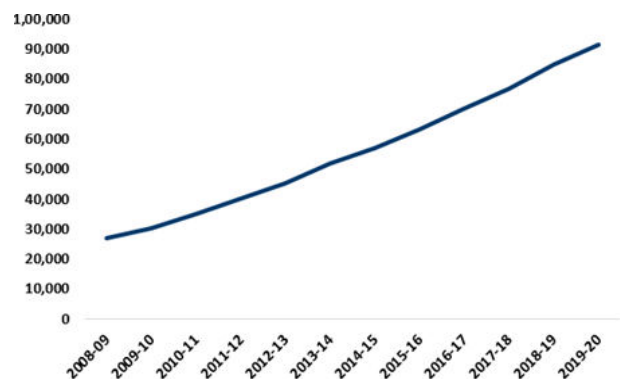




1. **Rising Income:** The household disposable income in India has risen at a CAGR of 9.8% this decade and consumer spending in India is expected to grow to an total of \$6 trillion by 2030 accompanied by a transformation of the economy from the bottom of the pyramid to middle class. Hence rising affluence is causing a demand shift towards premium products, driving expenditure.
2. **Rural-Urban Growth:** The rural population spends about 50% of its income on FMCG products and about 45% of the total industry revenue is from rural geographies. This is led by rural wage growth, direct benefit transfers, rising trend of Minimum Support Prices, improving credit access along with improving implementation welfare schemes. Rural Per capita consumption is also expected to grow to 4.3 times its current levels by 2030, higher than the projected 3.5 times in urban areas, driving growth.
3. **Demographic Dividend and Technology:** By 2030, the median age of the Indian population would be about 31, compared to 40 in the USA and 42 in China – forming the largest proportion of working age population with a billion people aged between 15 and 64 indicating a large population with high purchasing power driving FMCG growth. Technology led inclusion would also streamline online grocery demand and further drive sales with increasing ease of accessibility.
4. **Market Penetration and Consumer Preferences:** The per capita FMCG consumption in India is \$29, while other Emerging Market economies have, on an average, a 4X times higher value. For certain products, such as shampoo, the penetration level in India is >90%, even as the per capita shampoo consumption is just 150 ml, ~33% of the amount in other Emerging Market Economies signifying significant room for market expansion for existing product lines.
5. **Easy Accessibility and E-Commerce Sales:** Online FMCG Sales have been outpacing conventional FMCG Sales channels due to growing internet user base and increasing e-commerce usage which is projected to grow to 11% of total branded FMCG sales by 2030.

6. **GST Impact:** With the implementation of GST, the tax rates on FMCG products declined from the range of 22%- 24% to between 5%-18% significantly pushing down distribution costs to 1.5% from the initial 2%-7% of overall costs, incentivising wider distribution, improving accessibility, sales and margins.

**Exhibit 5. 11.7% CAGR in per capita Private Final Consumption Expenditure over the past decade. Rising levels of food category expenditure driving FMCG sales**



Source: RBI DBIE

## COVID IMPACT

### Market Performance

The NSE FMCG sectoral index outperformed the broad market index during the lockdown period. Despite the overall volumes being hit, the market perceived a lower risk in this segment due to panic purchases and allowance of essential commodities movement. In line with expectations of margin stability on account of low gearing with strong operating cashflow generation along with a favourable product mix, front and back end operational efficiency, lower distributor attrition and reduction in discretionary spends of companies, favourable investor sentiments led to expansion in the valuation premium of the sector over the broad market index.

### Demand Side

**Sales Pattern:** Companies recorded an increase in average quantity of staple FMCG products purchased per store trip coupled with a falling number of average total trips made to the store during lockdown 1.0.

Farm and non-farm rural wage growth has been low since pre-lockdown period. However, at this time, when inflation was high, real wage growth was -3% to -5%, eroding rural purchasing power. Hence, already tepid rural consumption was worst affected by the COVID shock, negatively impacting FMCG volumes.

**Rise in demand for health and hygiene products:** Due to the rising demand for health and hygiene related products on account of the pandemic, category specific sales rose exponentially. The Indian Sanitizer market is now expected to grow to over USD 280 Million by 2030.

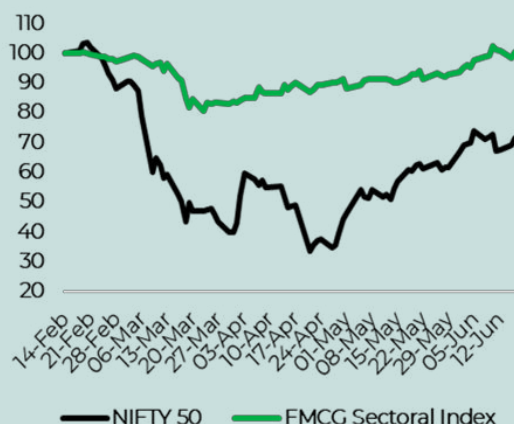
## Supply Side

**Supply Chain and Mobility Issues:** Transport and logistical services witnessed a complete shutdown, fueled by both restricted mobility across districts as well as lack of drivers and workforce due to the migrant labor crisis - halting the entire FMCG supply chain and distribution channel. Even though movement of essential FMCG commodities was permitted, the supply chain became inefficient with daily movement of trucks falling to less than 10% of normal levels.

**Production Capacity Shortage and Raw Material Sourcing:** Due to lockdown related problems in critical raw material availability and presence of factories in red-zones coupled with manpower challenges, the capacity utilization of FMCG manufacturing plants fell to as low as 5% to 10% in April and March 2020.

**Softening of Commodity Prices aiding margins:** The declination in crude oil prices due to a twin demand-supply shock reduced the packaging and transportation costs of the sector, aiding margins amidst low revenues.

**Exhibit 6. NSE FMCG vs Nifty 50 (Price-COVID Impact)**



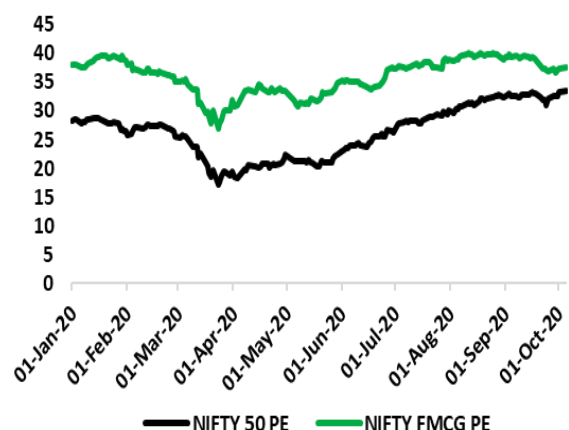
## M&A ACTIVITY SYNOPSIS

The M&A deal environment has been tepid as total deal values fell from \$128bn in FY19 to \$82bn in FY20. However, opportunities of consolidation in certain market segments and attractive valuations created investment opportunities despite the economic slump.

Going forward, the completion of RIL FRL deal, leading to retail consolidation could impact the FMCG sector as RIL would have higher bargaining power with the FMCG industry in terms of working capital, procurement and favorable contract terms with FMCG companies. Hence, on initial examination, threat of negotiating power depletion causing pricing pressure and margin dilution may seem possible for FMCG companies.

Post the acquisition, the combined entity with the aid of Jio-Mart would help the sector with better distribution and increased market penetration since it would leverage the existing traditional sales channel which is still expected to sustain an 80% to 85% share by 2025 as well as online channels. With the efficiency, growth and scale of RIL, some of the margin benefits would be passed on to these FMCG players helping them lower the cost of distribution, and customer acquisition allowing them to have lower working capital and higher ROA with RIL's efficiency in the retail space.





**Exhibit 7. NSE FMCG vs Nifty 50 (P/E Ratio)**



Source: NSE

Given there is pressure for a higher throughput and that private labels do not form more than 0.5% - 1% of the total market, we do not expect a very large proportion of cheaper private labels occupying the shelf space from FMCG products in the combined entity, like they do for FRL. Hence, post the integration, branded FMCG products may obtain a larger area of shelf space, potentially increasing sales.



Companies	Commentary
 Hindustan Unilever Limited	<p><b>Deal:</b> In March 2020, HUL signed an agreement with Glenmark Pharmaceuticals to acquire their hygiene brand Vwash.</p> <p><b>Transaction value:</b> Undisclosed</p> <p>HUL has acquired intellectual property rights including trademarks, design and know-how related to the brand Vwash worldwide. This is a strategic transaction for HUL which will give the company the opportunity to enter the booming segment of female intimate hygiene. It will enable HUL to serve consumer needs through scientific solutions. The acquisition was done keeping in mind the increased focus of consumers on health and hygiene. HUL is looking to scale up Vwash by building awareness, driving penetration, leveraging distribution and enhancing offerings for the chemist channel.</p>
 TATA CONSUMER PRODUCTS	<p><b>Deal:</b> In May 2020, Tata Consumer Products acquired PepsiCo's stake in NourishCo. Beverages Limited</p> <p><b>Transaction value:</b> Undisclosed</p> <p>NourishCo is a 50:50 JV of TCPL and PepsiCo. TCPL bought out PepsiCo's stake in NourishCo Beverages. The transaction is consistent with Tata Consumer's focus on widening the brand's portfolio in the food &amp; beverage space. The liquid beverages category has exciting growth potential and the brand wishes to strengthen and widen its presence in the same.</p>
 NourishCo	
 ITC Limited	<p><b>Deal:</b> In July 2020, ITC acquired Sunrise Foods Private Limited, a leading spices manufacturer in Eastern India, in an all cash deal for INR 2,150 Cr.</p> <p><b>Transaction value:</b> 100% stake for INR 2,150 Cr.</p>
 SUNRISE PURE	<p><b>Analysis:</b> The transaction is a part of the firm's inorganic growth strategy towards diversifying its portfolio away from its cigarettes business. Since ITC is already selling spices in the Ashirwaad brand in certain South Indian states, the acquisition would expand its product portfolio and provide significant growth synergies. By leveraging its strengths of a strong distribution network, competitive advantage in Agro-Commodity sourcing, strong rural channels as well as packaging knowledge from its agri-business segment, the entity post-acquisition would realize cost synergies.</p>



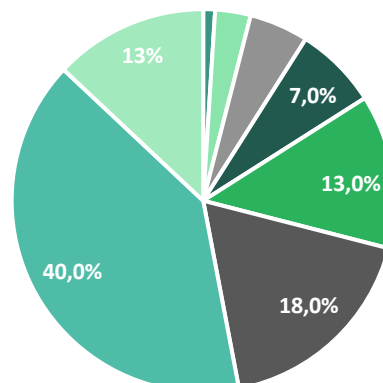
## Competitive Market Analysis

The FMCG market till date is largely dominated by traditional trade (unorganized segment) which contributes ~85-86%. HUL continues to lead the market in the organized segment leveraging its inhouse distribution network and using differential marketing strategies.

## Change in Market Demand

During the on-going pandemic, consumers shifted their preferences towards products offering health and nutrition benefits. In the near term, it is expected that the Rural demand shall fare better than urban demand. Also, smaller product packs are expected to see increased demand particularly in the mid-range priced products.

Exhibit 8. FMCG Market Cap Denomination



■ Jubilant ■ Marico ■ Britannia ■ Dabur  
■ Nestle ■ ITC ■ HUL ■ Others

Source: Samridhi Research

## COMPANY PROFILES



Hindustan Unilever  
Limited

Segment	Top Brands in Product Portfolio
Personal Care	Dove, Sunsilk, Lux
Home Care	Surf Excel, Rin, Wheel, Vim
Food and Beverages	Kissan, Kwality Walls, Bru, Taaza



Segment	Top Brands in Product Portfolio
Milk Products and Nutrients	Cerelac, Every Day, Lactogen
Processed Food	Maggi Noodles, Maggi Sauce, Maggi pasta
Confectionery	Kitkat, Munch, Milkybar, Polo
Beverages	Nescafe, Nestea, Milo



Segment	Top Brands in Product Portfolio
Edible	Saffola Oats, Oil, etc
Hair Oils	Nihar Naturals and Parachute
Personal Care	Livon, Set- Wet, X-Men
Others	Just for baby, Just for kids



# SAMRIDDHI JOURNEY

Samriddhi has completed almost 5 years and in this time, it has proved its mettle through the fund performance and publishing detailed research reports. It has provided returns to investors not only in the monetary term but also in terms of in-depth industry knowledge.

Team Samriddhi will also take this opportunity to express gratitude towards its investors. The investor base comprising of Students, Faculty and Administration of NMIMS Mumbai have stood with Samriddhi showering us with their support and faith. We believe our class of investors to be our biggest asset in our quest to materialize a vision of shared prosperity. We cannot overemphasize the impact of the investor's meetings and their feedback and we will continue to welcome the same.



At the outset, it is imperative to mention the Objective of the Fund - to seek for and award prospects for 'Growth Sustenance' and 'Value Creation' across only Equities forming part of the NSE200 Index. Samriddhi is to be categorized under Growth and Frontline Equity Funds which and we use a meticulous investment methodology that is governed with strict discipline. Our fund objective, along with the proprietary portfolio management technique helps us to avoid the trappings of speculative returns that are often ephemeral. We strategize the portfolio across carefully picked stocks which provide us reasonable assurance of capital growth.





MARKET UPDATE  
& RESPONSE TO COVID

Our research proves that the former are superior measures to reflect management focus on value creation.

Samridhi also actively aims to distinguish itself via its proprietary research through three flagship publications: Samridhi Intelligence Report (SIR), Samridhi Equity Research Report (SERR) and Market Impact Report. Our research reflects our current views on investment ideas, sectoral attractiveness, market trends and developments and valuations. Team Samridhi published a comprehensive SERR on Asian Paints covering in depth various facets of Asian Paints' operations along with deep insights into the Indian paints sector, an SERR on the Indian FMCG sector in light of COVID-19 and two Market Impact Reports covering our view on the Indian economy and financial markets. Our research corroborates with and substantiates our investments to achieve returns in step with the risk we shoulder.

In our quest to a vision of shared prosperity for all our stakeholders, Team Samridhi aims to continue with its endeavour to constantly challenge the conventional wisdom of value investing by striving to stay ahead of the curve. Our guiding principle of keeping our investor's expectation closest to our heart will allow us to stay true and strong.

The four pillars of our Investment methodology are as follows:

**QUALITY** - Companies which maintain high standards in accounting and information disclosure and also boasts of the ability to sustain profitability on a cash flows basis.

**GROWTH** - Unlike contemporary measures, we set our standards for Growth from the Economic moat perspective. We award value where we see growth to be above industry averages and sustained with distinguished businesses generating profitability and growth.

**RISK** - A paramount component in our framework, our understanding of risk comes from the investment standpoint rather than the company standpoint, whether bad debt, non-core businesses or one-offs cushion real profitability issues, or when the company reverts further below the mean across mature industry life-cycle stages, among other aspects.

**PROFITABILITY** - We look at profitability from the lens of Capital owners' return, viz. Return on Invested Capital (ROIC), Cash Flow Return on Investment (CFROI) as against insufficient PAT/EBITDA measures. This helps us filter value picks from wealth destroying companies.

SAMRIDDHI INTELLIGENCE  
REPORT

IT SECTOR

11th January, 2021

www.finomenonnmims.com

finomenon\_nmims



# SAMRIDDHI FUND FACT SHEET



## INVESTMENT METHODOLOGY

Samriddhi focusses on the pursuit of investment opportunities in the Indian equity market from the universe of NSE 200 stocks to seek and award equity investment prospects on the principles of Growth, Sustenance and Value Creation



## INVESTMENT OBJECTIVE

To seek to generate long-term capital appreciation from a portfolio comprised entirely of Equity securities from the NSE200 Index



## INVESTMENT PHILOSOPHY

The fund seeks to invest in stocks with strong fundamentals strictly screened on robust parameters of Quality, Growth, Risk and Profitability that form the four pillars of the fund's investment philosophy.

### FUND PERFORMANCE

	BETA	Std Deviation	3M Return	Alpha	P/E	Treynor Ratio	Sharpe Ratio	Tracking Error	M-squared
<b>FUND</b>	0.84	27.39%	17.71%	0.85%	36.72	0.14	0.45	7.38%	22.4%
<b>NSE200</b>	1	29.84%	16.86%	-	40.17	-	0.21	-	-

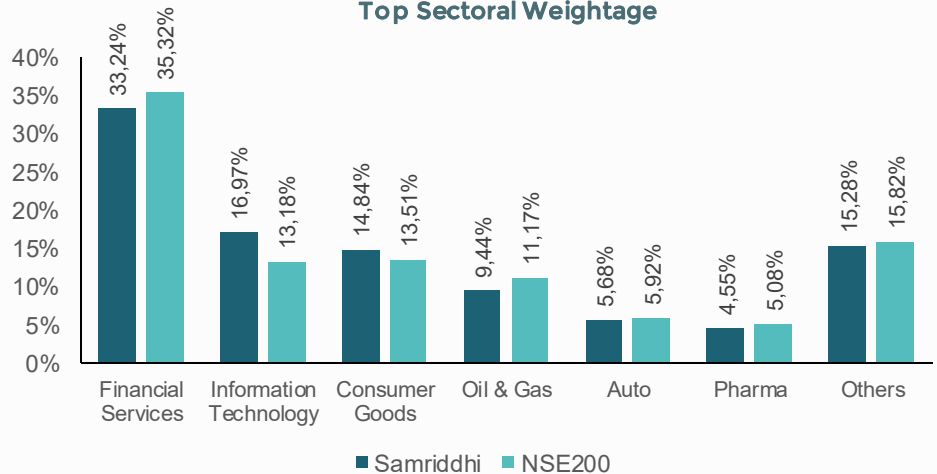
### FUND FACTS

Inception	2016
Benchmark	NSE200
NAV as on (11-Dec-2020)	Rs. 672
Total Holdings	50
Subscription Frequency	Annual
Withdrawal Frequency	Annual

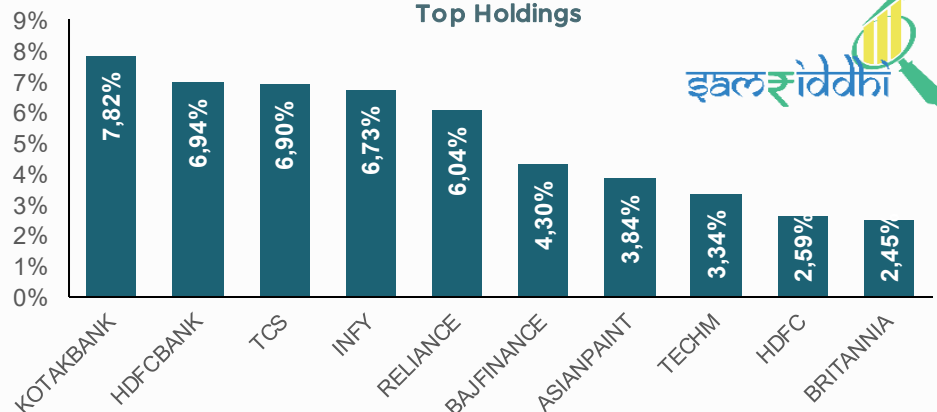
### MARKET CAPITALIZATION

Large Cap	86.05%
Mid Cap	12.01%
Small Cap	0%
Cash	1.94%

### Top Sectoral Weightage



### Top Holdings





Finance Week

Illuminar '20



Bean Counters



Fin-Fiesta

B-Talks



Webinars

Summerthan



Winterthan



Finshodhan



Decoding Finance



Webinars



Walk the Stock



Samriddhi Day



The Finance Mogul



Interview experience



Moolyankan

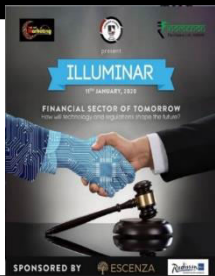


# THE FINOMENONAL JOURNEY

With this rollercoaster year coming to an end, here is a glimpse at our ride!

## FINANCE WEEK

The central theme for the year was "Financial Sector of tomorrow" which focused on the role of technologies such as AI, Automation and Big Data and the shaping of the landscape of the financial industry. We witnessed eminent speakers like Ms Nina Nagpal, Managing Director, Citicorp Finance (India) Ltd; Ms Radhika Gupta, CEO, Edelweiss Asset Management; Mr Vishal Shah, Managing Director, Tresvista; Rohit Mahajan, President-Risk Advisory, Deloitte Touche Tohmatsu India; Mr Vinay Gupta, Global Finance Director, Deutsche Bank and Mr Mudit Yadav, Founder, My Success Coach. Amongst these, 4 of the speakers were a part of the Panel discussion which was moderated by Dr. Paritosh Basu.

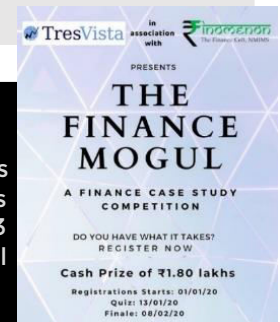


## ILLUMINAR '20

Illuminar is an Annual Business Conclave of NMIMS, Mumbai which is hosted by Finomenon, the Finance cell. It gives the budding business leaders a glimpse into the dynamism across the global economy and empowers them to feel the pulse of the energetic atmosphere.

## THE FINANCE MOGUL

This year TFM was in association with Tresvista which allowed us to give the winners prizes worth Rs.1.8 Lakhs! TFM was a battle of wits and grit amongst the best minds of the country. It was an inter B-school Finance case study competition, with 3 thrilling rounds - online trading and quiz round, case study submission & final presentation to our judges.



## FIN-FIESTA

It was a weeklong saga of competitions and fun events. With intriguing events like Mad Libs, SITCOM Mania, Cup race and Freeze, this year saw participants pouring in, in large numbers

Finomenon presents



## DECODING FINANCE

An interactive session conducted by Mr. Harshit Shah and Mr. Ronak Gala, the Co-Founders of Leap Up. The session shed light on the different roles in the Finance Sector. It addressed the fear of Finance, their doubts and debunk the myths related to the field of finance.



## B-TALKS 2020

"The winner's edge is not in a gifted birth, a high IQ, or in talent.  
The winner's edge is all in the attitude, not aptitude.  
Attitude is the criterion for success."

Greetings from Finomenon!

It was a tough fight involving immense diligence and out of the box thinking, with the contestants battling for every inch of the ground.  
But yes, the victory was worth all the pains taken.

We present before you the winners of  
*B-Talks, 2020*

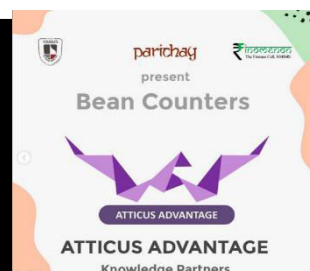
Winners: Vibhu Ramuka, Lakshita Lamba, Pranav Gupta, Ujjwal Kumar Patel (ICTCI Bank)

First Runners - up: Tushar Gupta, Samir Tandon, Avinash Sharma, Anubij Agrawal (TATA Consumer Products)

Business Talks is an initiative exclusively for Finomenon junior committee members, a boost for their Summer placements. They were allocated companies from Nifty 100 and were asked to analyze and present the MD&A report, giving the students a holistic idea.

## BEAN COUNTERS

As a part of the intra-college fest, Parichay, **Bean Counters** served as an ice breaker for the first-year students. The event witnessed a huge turnout from the entire batch. Round 1 was an online quiz, followed by a treasure hunt game with the grand finale, Finopoly (Monopoly with a twist of finance)!



## MOOLYANKAN



It is our flagship Pan-India Equity research competition. It allows participants to gain knowledge on conducting equity research, stock valuation and assessing future scope of a stock.

## FINSHODHAN

A competition exclusively for Finomenon Junior committee members, **Finshodhan** is a great opportunity to learn from and witness a competition analogous to CFA-RC. It covers research on multiple companies and valuation techniques.



## SAMRIDDHI DAY



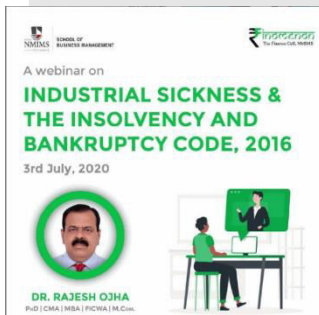
This year **Samriddhi day** celebrated the anniversary of the student led fund. It was celebrated with a session that hosted Mr. Saurabh Mukherjea (author of "Coffee Can Investing") and Mr. Anupam Gupta (co-author of 'The Victory Project'). Celebration also involved an inter division stock simulation game.

## WALK THE STOCK

This year **Walk the Stock** was in association with StockGro as our trading platform. It is a PAN-India multistage trading competition, giving the feel of stepping into the shoes of a real life trader. Along with the chance to pitch their own portfolio to a panel of judges.



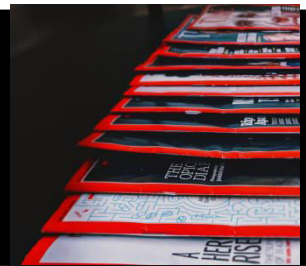
## WEBINARS



With the intent of keeping all the finance enthusiasts abreast with learnings from various fields across finance, we conducted **webinars and workshops** all year round. The sessions spanned areas of finance such as Industrial sickness & the Insolvency and Bankruptcy code, Private Equity & Venture Capital, Fund raising from capital markets, Financial Analytics etc, from industry experts like Mr. Pranav Parikh, MD Edelweiss Finance.

## SUMMERTHAN

In an effort to prepare the first-year students for summer internships, Finomenon shared Finance dossiers and Summerthan articles with the students. It spanned across topics like Fintech in Insurance, US-China economic & Trade Agreement etc.

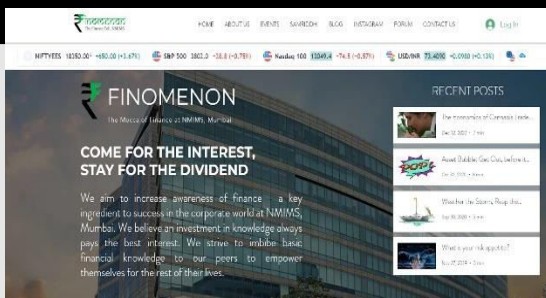


## WINTERTHAN

It is an initiative where Finomenon shares with final year students preparatory material for placements such as industry reports, and articles related to technical concepts in the domains of derivatives, fixed income, economics, M&A etc.

## INTERVIEW EXPERIENCE

We also provided transcripts of interview experiences of previous year's students to further help the preparation of the second-year students. We also provided first year students with interview experiences of the students from last year. These experiences prove to be crucial help as the students understand how to prepare and what kind of expectations do the interviewers have from them.



## WEBSITE

Our **website** is a one stop knowledge hub for all finance enthusiasts. You can find information about our committee, the latest news, articles on current affairs, information related to our upcoming and past events etc. A link to our website: <https://www.finomenonnmims.com/>

# & many more coming soon!

# RAGHAV S

## PRESIDENT (2019-20)

# ALUMNI

## RECONNECT

Raghav S is working as a Credit Risk Analyst at Morgan Stanley. He converted his summer internship into a PPO. He graduated as an engineer in Electrical and electronics. Prior to joining NMIMS, he worked as an Associate Software Engineer at Bosch.



### Describe your journey at NMIMS

I appreciate the kind of exposure that the crowd at NMIMS offers. For me, college was a lot about making friends. I can say that the journey at Finomenon was a very crucial part of my life at college. From giving my first interview to getting through the committee and spending 2 years of my time for Finomenon was an amazing learning curve. I was very clear in my thoughts that I have to get into the committee to experiment with Finance and see if it was something I'd fit in. I had started trading in stocks way back, but that wasn't enough to know if finance was what I wanted to step into. The journey was a mix of fun and challenges. A lot of my time was spent in playing football as I was a part of the football team. It's good to have something along with Finomenon as it helps you to switch your mind every now and then and helps to instigate creativity.

### A memorable moment at college that you still cherish and would want to share with us..

To just state one is quite difficult. But I still cherish those NMSL, Illuminar days when we used to set pranks and pulled it off against our Finomenon juniors.

### How did your summer internship prepare you for your corporate life?

I would mention here that the most important aspect of working in an organisation is how you blend in with the culture, and how you get along with people you're surrounded by. It is important that the people you're working with are comfortable to work with you. That's very crucial; the level of comfort. I'm not understating the fact about knowledge and technical aspect, or how you present the same, but even before all of it, it's imperative to "get along well with people". Plus, networking helps you in the long run. So, it's always advisable. This mantra helped me convert a PPO at Morgan Stanley.

### What were the major challenges faced at NMIMS and how did you overcome them?

"I enjoyed being a part of all the challenges". So, MBA bombards you with a lot at once. And the next thing you know is "prioritise". So, during the summer internships, I didn't get a shortlist for days. But, ultimately, you ought to see that light at the end of the tunnel and keep yourself together. I was sure to not succumb to any pressure and be a part of any company. In the second year, I pushed my limits to know my actual potential. I believe I faced several challenges at Finomenon too. Getting things done at Fino, the blockages, ideation, problem solving and aligning so many perspectives together didn't come easy. Working with everyone in the committee and just having conversations helped overcome whatever challenges came my way.

### How did you feel being the face of the finance field in the college as a part of Finomenon?

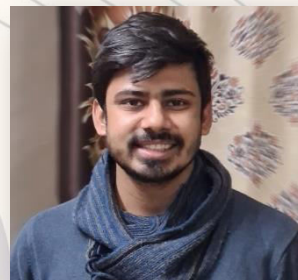
At finomenon, I remember we worked with all our enthusiasm to support the batch. The content that was put up, the help in the times of placements, and aiding them through the entire process gave immense satisfaction. So, it was about how many human lives are impacted. And we knew it came to fruition when people used to write to us thanking for the support of learning material etc. after their placements. So, that part gave immense joy.

### Any word of advice for the students graduating during such unprecedented times?

These are difficult times, but let's not forget to live in the present and make the best out of it. It is important that one makes the experience a good one for oneself. Because at the end of the day; "experiences matter" and you won't get this time back. This is the time when one can experiment with everything and enjoy what you are pursuing. It's about trying out different things and not regretting after these two years. So, enjoy. All the best!



Chitij Asthana is currently working as a Credit Policy Manager at IDFC First bank. He did his summer internship at JPMorgan Chase & Co. Prior to NMIMS, he was doing his B.Sc (Hons) in Mathematics at Sri Venkateshwara College in Delhi.



### Describe your journey at NMIMS

Coming from a mathematics background, I found the MBA culture of group work and team culture to be quite different than my graduation experience. It served as a good exposure in terms of interacting and networking with different people and getting to know them.

I got into Finomenon, the placement committee and Treblemakers. However, chose to stay with Finomenon as it would complement my academic knowledge in finance and also because I had great interest in its activities. A defining aspect of my MBA was the immense workload. It was a different flavour of workload as opposed to graduation and handling this workload taught me interpersonal skills and how to handle people and conflicting situations.

I also played cricket and table tennis taking part in internal competitions., picked up managerial skills. All in all, my journey has been amazing. I met a lot of people, learnt a lot of things and more importantly gradually evolved from being a student to being a manager

### How is your life after MBA?

I'm currently working for IDFC first bank. Since IDFC is a recently established bank, there are still many processes that are changing, the environment is still very dynamic and things are not as standardized as they would be for an established organization. There is a lot of ad hoc work that needs to be done and hence we are working almost round the clock. Although I miss the fun and dynamic working environment that my MBA life provided, I find my work quite challenging, fun and satisfying.

### If you could have done something different in your MBA life what would it be?

I felt that as a first year student, I should have been more proactive in reaching out to my seniors and seeking their assistance while preparing for summer placements. Not just the summer placements, even at a general level, I felt I could have networked more with my seniors and gotten to know them better.

### What were your favourite subjects and the faculty that you admired the most?

My favourite subjects were Industrial Analysis and Portfolio Management (IAPM) and Microeconomics. I liked microeconomics as it was quite close to the ground level reality and gave insights into the behaviour of individual and corporate and their impacts. I liked IIPM because it was the subject that gave me insights into the world of financial markets, stocks and investing which are so often associated with finance and these were also topics I wanted to know more about. The professors that taught me these subjects were Prof ChandrimaSikdar and Prof Sachin Mathur respectively. Sachin Sir's way of teaching and his emphasis on the important principles of portfolio building and evaluation made the subject interesting. Coming to Chandrimamaam, her level of energy was just amazing, the passion with which she taught the subject was nothing short of inspiring.

### What were the major challenges faced at NMIMS and how did you overcome them?

The major challenge that I faced was juggling the personal, academic and extracurricular facets of my life. Many a times, I would face conflicts in attending to each of these. The only way I could think of was to analyse the importance of each and then prioritize accordingly. Along with this, I also felt it was necessary for me to be bold about what was important to me and take a firm stand on the same.

### What were your key takeaways from the MBA program?

Academically, I obviously learn a lot about finance and other domains. Apart from that, I also developed my interpersonal skills, learnt team management and how to be proactive and better manage time. Additionally, I understood the importance of interacting with others and building a meaningful network. I learnt how understanding things from a different perspective can help broaden a person's mind.

# MEET THE TEAM



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