

FAQ's

Q. Who can issue e-RUPI?

- Banks that are live with e-RUPI, Currently, 14 banks are Issuers.

Q. What is the maximum amount for voucher creation?

- The upper limit of Each Voucher is set to INR 10,000.

Q. How Can e-RUPI be redeemed?

- Permitted to redeem it only through purchase of goods and services from valid Merchants only.

Q. How many vouchers can be issued to one user?

- Up to 10 vouchers per Mobile number or Unique Beneficiary

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EDITORIAL

We are pleased to share the first issue of FinoMedha with you. This newsletter focuses on analysing the latest financial-news updates. To begin with The Government of India has launched its own digital solution, e-RUPI is an interface that allows the best distribution of the government schemes, removing the corrupt intermediaries and instead providing a direct disbursement of the funds to the beneficiary.

They provide a voucher-like facility that can be redeemed directly. Hence the beneficiary can directly take the advantage of the subsidy and the government funds are utilized effectively.

This is an innovative mechanism which can transform the way the subsidy side of the government can be utilized. Introduction of e-RUPI is also something which will do wonders for the banking sector.

The two pillars of this initiative are NPCI in association with Department of Financial Services. National Health Authority (NHA), Ministry of Health and Family Welfare (MoHFW), and partner banks are also part of this new age digital solution.

The highlight of this e-RUPI is that one can redeem it without an internet connection or digital payment app or internet Banking Access. This initiative shows how Technology if utilized for the benefit of the society prove to be transformational. For a Growing country like India where in the Gap between the Million beneficiary and Government programs kept widening due to intermediaries will be eradicated due to e-RUPI. Its contact less and seam less Process has Utility to Corporates, Consumers are the Healthcare sector.

Currently there are 14 partner banks who can issue such a Voucher and few of them are acquirers as well. There are 1641 Hospitals partnered with banks pan India which accept this payment mechanism. With the anticipated benefits of e-RUPI to the entire nation it can become the Golden child of both NPCI and the GOI.

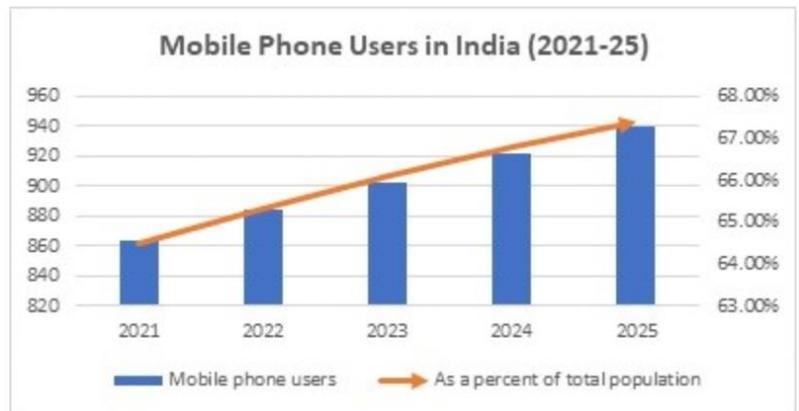
- *Siddhi Shah & Someshwari Sawant*

e-RUPI: Cashless and Contactless Instrument for Digital Payments and is a Sign of how India is evolving by Integrating people's lives with Technology.

Future Benefits:

- Government-issued Vouchers used for Welfare Schemes such as Medical Services.
- Corporates use Vouchers to Promote Employee Well-Being.
- Companies can use Vouchers to track their CSR Programmes.
- Because all Transactions are Recorded, there is no Scope for Tax Evasion, which increases the Tax Collection Rate.
- Improved Financial Liquidity for Small Businesses.
- A huge Boost for Telecommunications Companies, as these Vouchers would Reintroduce the use of SMS.

In India, 55,619 villages do not have Mobile Phone Coverage. According to Research in Conducted in Year 2021, only around 64.5% of the population have a mobile phone. This Range is expected to reach 939.3 million by Year 2025 which signifies 67.4% of the Total Population.



e-RUPI could pave the way for Greater Acceptance of Digital Currencies in the Future. The Voucher would aid India's Position in the World Leaders in Digital Payments. Overall, this is good news for India's Financial Infrastructure's Digitization. Finally, the success of e-RUPI, like all other Government Projects, will be determined by its Implementation & Execution.

-Rohan Agarwal

TERMINOLOGIES

Mark To Market Accounting

Mark to market is an accounting method that values an asset to its current market level. It shows how much a company would receive if it sold the asset today.

Overnight Index Swap

It is one type of interest rate swaps where the floating leg of the swap is linked to an overnight index, compounded every day over of the payment period. The parties agree to exchange the difference in the accrued interest arrived according to the fixed and floating interest rates at the maturity on the notional principal amount.

Bankers Lien

A banker's right of lien is more than "General lien." It confers upon him the power to sell the goods and securities in default by the customer. Such a right of lien thus resembles a pledge and is usually called an implied pledge.

A Special Purpose Vehicle

(SPV) is a separate legal entity created by an organization. The SPV is a distinct company with its own assets and liabilities, as well as its own legal status. Usually, they are created for a specific objective, often to isolate financial risk.

Loan recovery procedures, if one has taken personal loan

In a scenario, where there is a secured loan, the bank can recover the loan by taking over the collateral in case of default. However, when it comes to an unsecured loan like a personal loan, the banks have the following legal procedures to recover borrower's debts -:

1. Putting a nip in the bud

A non-performing asset occurs only if the loan is not paid within 90 days from the day of default. A notice period of 60 days will be given to pay off the debts before starting legal proceedings. In this time, the borrower has a chance to repay its debts.

2. Bank goes for a legal proceeding for debt recovery

If the lender files a lawsuit against the borrower and gets a favorable order, then the borrower would have pay cash or other thing as directed by judgment and still if the borrower is unable to settle the dues, then it would attach the assets of the borrower.



3. Setting off with debt with banker's lien

The bank has the right to exercise banker's lien and right to set off, if there is contractual agreement made by the borrower.

4. Bank can approach Debt Recovery Tribunal

According to the DRT Act, a lender can begin recovery dues by addressing the Debt Recovery Tribunal only if the debt value is not less than Rs 20 lakh.

-Bobby Ninan



Facebook too offers collateral Free Loans to SMEs in partnership with Indifi Technologies

Facebook has started working with Indifi technologies to deploy Loans to small and medium enterprises i.e SMEs. This relationship with Facebook will provide opportunities for Indifi to expand its reach to millions of businesses that do advertisements on Facebook.

Loans range from 5 lakhs to 50 lakhs and they can be provided to companies across 200 cities in our country. And the major benefit for the companies is that it will be available at extremely attractive rates with no processing charges.

Around 17% - 20% per annum interest would be charged on a loan without any collateral. And 0.2% reduction in the interest rate would be given to women entrepreneurs in India.

In this process Indifi will be responsible for evaluating the business and bear the risk of lending. Indifi Technologies has its non-banking financial entity (NBFC), and it also partners with private banks to provide loans to SMBs.

-Swati Chaudhary

IN THE ECONOMY

Due to the covid-19 entire global market economy came to standstill. India saw a staggering V-shaped recovery in the last 12 months and CPI had averaged to -6.2% in FY21. RBI has raised its FY22 Average CPI expecting from 5% to 5.7% as discussed in August MPC. If this is allowed then inflation will average to 6% which is close to RBI's higher threshold. This inflation is caused due to the pandemic across the world which has caused supply-side constraints and a global surge in commodity prices. Policymakers have been troubled as there has been sticky and upward trending core inflation CPI ex-food & fuel).

Analysts have predicted that repo rates will be increased before 3QFY22 from 4% to 4.5% as suggested from India's Overnight Index Swap (OIS). Increased inflation and resuming of core activities in the economy and Federal Open Market Committee (FOMC) decision to lift the rates early by 2023.

So, RBI will be patient in its normalization approach and will support India's exports and capex-led economic growth with surplus liquidity and cheaper credit facilities till the FY22. RBI's core focus lies on an initial attempt of reducing the surplus liquidity through reverse repo auctions by an increase in reverse repo from 3.35% to 3.75% in tranches from Q4FY22. Post this, it will prepare to raise repo in FY23 to ensure sustainability.

-By Hardik Sanghvi



With InvIT's, get returns of 8-10% and good diversification

Infrastructure investment trust or InvIT's are becoming one of the popular asset classes among the rich investors which provides return of approximately 8-10%. In India, InvIT's are regulated by SEBI. InvIT's and REITs gained popularity mainly due to the drop in returns from fixed income instrument like fixed deposit. InvIT's allows companies to monetise revenue generating real infrastructure assets such as roads, bridges, power grids.

At least 90% of the income must be distributed through dividends and interest pay-outs on bi-annual basis. To boost investments in InvIT's several incentives like tax benefit are provided by government. In the recent year, two publicly listed InvIT's i.e., India Grid Trust which provided return of 56% whereas IRB InvIT provided 83% return.

Also, Power Grid InvIT listed in May this year, has till now gave over 20% return. InvIT's such as MEP, Roadstar, Shrem, Virescent Renewable Energy, and the Indian Highway Concessions Trust among others are planning to list in coming months. Although returns of InvIT's are 8-10 % but it is unsuitable for investors with a time horizon of less than three years who are exposed to short term price due to changes in interest rates and expected yield.

-Grishma G. Patil

Insurance cover: a weapon to manage MSME's risks!

MSME's have realized the significance of insurance to protect their businesses as a result of the Covid-19 outbreak. MSME's account for over 29% of the country's GDP and employ approximately 11 million people. Only 5% of India's 6.3 crore MSME's are registered, creating an untapped market worth close to \$40 billion.

Financial, management, industry, competition, market, legal & accidental, technology, criminal activities, and other main risks that MSME's face can all be covered by insurance. The difficulty is that because they are small businesses, they are unable to interact with professionals and learn about the subject. As a result, they do not receive reliable insurance counsel. This is where insurance companies may help.

MSMEs can protect their businesses with the appropriate insurance coverage based on a number of variables, including their financial capability and the nature and size of their operations.



By tapping into this market, the insurance industry can experience an increase in sales by assisting these small businesses in stabilizing. Increased awareness can assist MSME's in mitigating their risks and ensuring the long-term viability of their enterprises.

-Sailesh Kukreja



Bharti Airtel Board approves raising up to ₹21,000 crore via rights issue

Bharti Airtel's Board of Directors authorised a rights issue of up to Rs 21,000 crore on August 29'21 at a price of Rs 535 per fully paid-up equity share (including a premium of Rs 530/- per equity share) at its meeting. The company has set the right entitlement ratio as 1:14.

A "Special Committee of Directors" is formed to deliberate on the issue's terms and conditions. The promoters and promoter group of the company need to subscribe to the full extent of their aggregate rights, as well as any unsubscribed shares.

The telecom giant is gearing up for 5G in the next 2-3 years and is aiming to expand and improvise its broadband services also as it is a growth driver for the company.

This is the company's third fundraising round in the last three years, after a total of Rs 420 billion (37 percent dilution) in FY20 through the issue of rights, QIP, and FCCB. This rights issue will result in a 46 percent dilution.

-By Harshita Shekhawat

JUBILANT PHARMOVA

CMP- 620



Safe investors should enter only after breaking 678.8 levels, risky investors can take a trade with 583.85 as stop loss

Stock is about to give crossover under MACD Indicator

Who is "Holding"

	June 2019	Sept 2019	Dec 2019	March 2020	June 2020	Sept 2020	Dec 2020	March 2021	June 2021
Promoters	50.7	50.7	50.7	50.68	50.7	50.7	50.7	50.68	50.7
FIIS	27	27.2	27.4	27.91	27	26.1	25.7	25.69	24.8
DIIS	4.64	2.61	2.66	1.87	1.57	1.13	1.02	1.28	1.75
Public	17.7	19.5	19.2	19.54	20.8	22.2	22.6	22.29	22.7

How is the "Income" flowing?

	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Growth
Sales	13703	17013	20892	18199	21419	12.60%
OPM	20%	13%	18%	13%	25%	
Net Profit	-3615	-24566	1712	-628	2518	22.22%

Is the "Cash" flowing?

A strong growth can be seen in the cashflow from operating activity in the last 3 years, indicating a strong growth in the business. Since the debts are being paid off, the Cash flow from financing activities is showing a negative balance. Both these factors are indicating a strong potential for the company.

Please consult your Financial Advisor before investing or trade at your own risk

Industry Scenario

Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies. (IBEF)

All you should know

Market Cap	Rs 9881 Cr
Current Price	Rs 620
52 weeks High/Low	999/585
Stock Pe	10.9
Industry Pe	23.7
Debt	2829
ROE	16.2%
EPS	57
Dividend Yield	0.81%
Book Value	Rs 298
Graham Number	Rs 618
Intrinsic Value	Rs 507
ROCE	15%
CROIC	10.1%

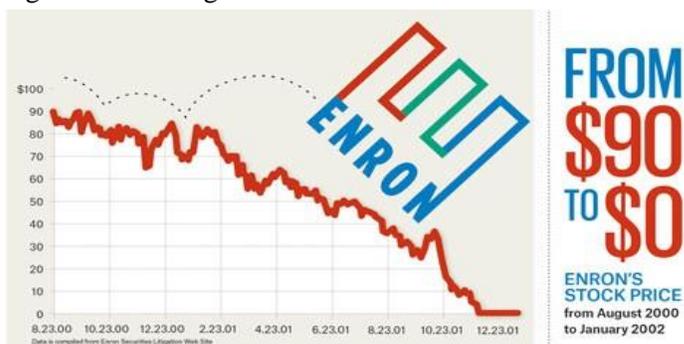
Peer Comparison

The industry peers are trading at really high P/E (Divi's labs-66.58, Gland Pharma-61.58, Lupin-25.83). The company is trading at a p/e of 10.9 as compare to the industry p/e of 23.7. Market leaders are almost debt free.

ETHICS: NOW AND THEN

THE END

Enron was incorporated with Houston Natural Gas company and Omaha based InterNorth. The story Enron Corporation is a perfect anecdote portraying how a successful business was terminated. This descent affected thousands of investors and other stakeholders. Let's take a look at the scandal through the following Time



1985	<ul style="list-style-type: none"> • Enron was incorporated with the merger of Natural Gas company and InterNorth.
1995	<ul style="list-style-type: none"> • Fortune named Enron "America's most innovative company" for the sixth time in a row.
1998	<ul style="list-style-type: none"> • Andrew Fastow, the man behind establishing a network of firms to hide Enron's losses was promoted to CFO
2000	<ul style="list-style-type: none"> • Stock of Enron jumped to \$90.56 reaching it's all time high.
Feb. 12, 2001	<ul style="list-style-type: none"> • Kenneth Lay is replaced as CEO while still holding the position as a director.
Aug. 14, 2001	<ul style="list-style-type: none"> • Lay once again became CEO, in the same year broadband segment of Enron booked a loss of 137 million which dropped the shares of Enron to \$39.95, a 52 week low which was due to the analyst becoming suspicious about the business and ratings were taken down.
Oct. 12, 2001	<ul style="list-style-type: none"> • Arthur Anderson directs the auditors to tamper with the documents and keep only basic documents.
Oct. 16, 2001	<ul style="list-style-type: none"> • Enron's losses increased to \$618 million and \$1.2 billion in write off in addition to the share prices dropping to \$38.84.
Oct. 22, 2001	<ul style="list-style-type: none"> • Enron reveals that the company is under investigation by the Securities and Exchange Commission which was followed by the share prices falling to \$20.75.
Nov. 8, 2001	<ul style="list-style-type: none"> • Enron admits to falsifying it's earnings by \$586million
Nov. 29, 2001	<ul style="list-style-type: none"> • As the SEC deepens into the affairs of Enron, Arthur Anderson becomes a victim to the legal facade.
Dec. 2, 2001	<ul style="list-style-type: none"> • With stock falling to \$0.26 Enron declares bankruptcy
Jan. 9, 2002	<ul style="list-style-type: none"> • The Justice Department notifies a criminal inquiry against the company.
Jan. 15, 2002	<ul style="list-style-type: none"> • The New York Stock Exchange delisted Enron.
June 15, 2002	<ul style="list-style-type: none"> • Arthur Anderson, the accounting company of Enron is proven guilty.

Andrew Fastow and other executives of Enron were behind the legal facade of hiding Enron's debt. They first had to chalk a strategy to conceal the huge stack of debts and hazardous assets associated with the company from the creditors. To do this they were required to fabricate a special purpose vehicle. The Special Purpose Vehicle (SPV) would include a part of Enron's fast growing shares as a part of the deal. Further, the stock would then be utilised to hedge an asset in the firm's balance sheet.

This concluded with Fastow getting fired. In addition to this, the company's financial statements were to be restated from 1997. Enron owed \$690 million until 2000 and lost a handsome sum of \$591 million. Dynegy, which had plans to merge with Enron, withdrew the deal on Nov28. Subsequent to this the United States Bankruptcy Court approved the reorganization plan by Enron, the new board of directors elected renamed the company as Enron Creditors Recovery Corporation (ECRC). The company's purpose was "To restructure and liquidate portions of the activities and assets of the 'pre-bankruptcy' Enron for the benefit of creditors". Creditors were paid more than \$21.7 billion dollars between the periods of 2004-2011. The last pay out occurred in May 2011.

Chetana Stands For



CIMR FINANCE FORUM

CIMR Finance forum is a team of Finance specialization professors, headed by programme chair PGDM Dr. Nalini Krishnan. The team comprises of Prof. Rabindra Singh (Area Chair, Finance), Dr. Chirag Shah, Dr. Chetana Asbe and Dr. Ruchika Agarwal. The team has undertaken various initiatives in order to develop our Finance specialization students and give them the required exposure to be prepared for the world outside the campus.

This newsletter is one such initiative that consists of articles on recent events of importance in the domain of finance and economics. The Forum also organised another event- "Finopreneur 2021". Finopreneur was an internal competition designed by CIMR Finance Forum for Finance specialization students which tested their creativity, analytical skills and the ability to make data-driven decisions.

The Forum actively seeks to bring out the best in their students with such initiatives and this team believes in the moto 'It is team work that makes the dream work'.

To share your experience, please write to us at newsletter@cimr.in



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