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# MONEY SPEAKS

## Father Agnels Business School (Vashi)

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*We are thrilled to introduce the Volume 5, Issue 4 edition of the finance newsletter. This is intended to be a quarterly issue covering news from the financial world. The newsletter is also aimed at spreading financial literacy through our section on 'Financial Terminologies', 'Quiz', 'It's All About Numbers' and many more. A sneak peek at the journey of a well-known personality Mr. Vijay Shekar Sharma is very motivating for the young readers.*

*Happy reading and stay tuned for the next issue!*

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## 1. THE MONETARY POLICY



On **4<sup>th</sup> June, 2021** the **Monetary Policy Committee (MPC)** of India held its meeting to assess the current and evolving macroeconomic situation. Based on the current situation it came up with some major considerations that will help in achieving the objective to keep medium-term target for **Consumer Price Index (CPI)** inflation at **4 per cent** within a band of +/- 2 per cent, while supporting growth. Following are the highlights: -

1. To keep policy repo rate under the liquidity adjustment facility (LAF) unchanged at **4.0 per cent**.
2. **Reverse Repo Rate** under the LAF remains unchanged at **3.5 per cent** and **Marginal Standing Facility (MSF)** rate and **Bank Rate** at **4.25 per cent**.
3. The MPC also decided to continue with the **accommodative stance** in order to revive and sustain the growth on a durable basis with a view to mitigate the impact of Covid-19 on the economy.

The Monetary Policy Committee assessment of the Global and Domestic Economy are as follows: -

### 1. Global Economy:

The global economy had been gaining momentum in recovery mainly due to the push given by major Advanced Economies (AEs) and is powered by massive vaccination programmes and stimulus packages.

The activity in the emerging market economies (EMEs) remains uneven due to risk of renewed waves the virus mutants. Another downside is the slow progress of vaccination drives.

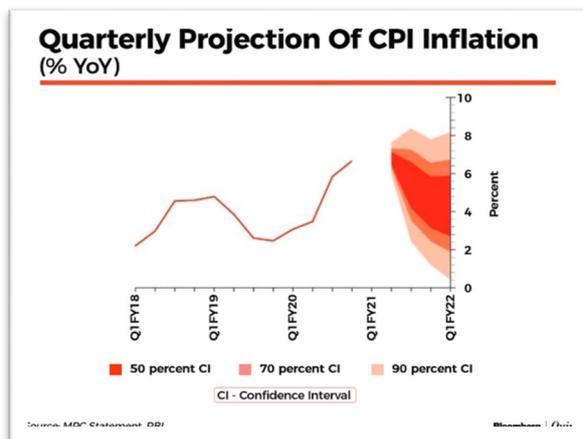
However, there is recovery in world merchandise trade as external demand continues to rise even though elevated freight rates and container dislocations act as constraints in the process. CPI inflation is starting to strengthen in most of the AEs. Inflation has taken notice in major EMEs which is close to or above the official targets in the recent months.

## 2. Domestic Economy:

The National Statistical Office (NSO) released provisional estimates of the national income and placed **India's real Gross Domestic Product (GDP)** contraction at **7.3 per cent** for the year 2021-22 and **GDP growth** of **1.6 per cent** year-on-year in Q4. The India Meteorological Department (IMD) forecasted a normal south-west monsoon with rainfall at 101 per cent of the long period average.

A broad-based improvement was seen in the industrial production in March 2021; however, it did not catch up with the levels of output in mining and electricity. Although GST collections were high, they reflected moderation in E-way bill generations. The impact of restrictions and lockdowns reflected on the higher frequency indicators as they recorded as moderation during April- May 2021.

Core industries registered a double-digit growth in their output for the month of April 2021 y-o-y. Headline inflation had registered a moderation to 4.3 per cent in April 2021 and food inflation had fallen to 2.7 per cent. However, inflation in transport and communication remained high.



**CPI inflation** is projected at **5.1 per cent** during 2021-22

Q1	5.2 per cent
Q2	5.4 per cent
Q3	4.7 per cent
Q4	5.3 per cent

**Reserve Money** expanded by **12.4 per cent** y-o-y for May 2021. **Money supply** and **bank credit** grew by **9.9 per cent** and **6.0 per cent**, relatively close to what it was a year ago.

India's foreign exchange reserves grew by **USD 21.2 billion** up until May 2021 and reached **USD 598.2 billion**.

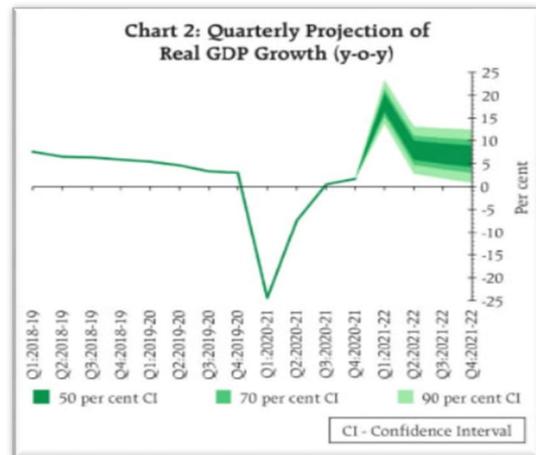
### The MPC's outlook on the economy:

The path of inflation is likely to have uncertainties and rise in the price of commodity prices, especially crude, along with logistics costs show a risky outlook in the future.

In order to contain the pressure rising from increasing petrol and diesel prices, the Centre and States need to adjust their taxes in a co-ordinated manner.

**Real GDP growth** is projected at **9.5 per cent** in 2021-22 between the four Quarters as:

Q1	18.5 per cent
Q2	7.9per cent
Q3	7.2 per cent
Q4	6.6 per cent



The export sector will be supported by global recovery while domestic conditions remain highly accommodative and supportive.

The second wave of Covid-19 has impacted the outlook and necessary interventions in policy making and timely measures are being taken. The vaccination process is expected to increase gradually and help in restarting the economic activities at a faster pace. Healthcare across urban and rural areas are critical. Policies are being taken to enhance recovery and bring back normalcy.

Taking all the above points into consideration, the MPC has decided to retain the prevailing repo rate at 4 per cent and continue with the accommodative stance to revive and sustain economic growth and durability while diminishing the impact of Covid-19 on the economy.

- Rasika Sawant

## 2. SHYAM METALICS AND ENERGY LTD IPO



### **About the Company:**

Incorporated in 2002, Shyam Metalics and Energy Limited (SMEL) is India's leading integrated metal producer company. The company is primarily engaged in the production of long steel products such as iron pellets, sponge iron, steel billets, TMT, structural products, wire rods, and ferro alloys. As of February 2021, it is among India's largest producers of ferro alloys in terms of installed capacity and the fourth-largest player in the sponge iron industry.

The company serves institutional customers and end-users. Jindal Stainless Limited, Rimjhim Ispat Limit are some of its domestic clients whereas Norecom DMCC, Norecom Limited, POSCO International Corporation, World Metals & Alloys, Traxys North America LLC, JM GLocal Resources, Vijayshri Steel Pvt Ltd, etc. are the international clients. The company has a partnership with 42 distributors to offer its products across 13 states and 1 union territory.

Currently, the firm has 3 manufacturing plants located in Sambalpur in Odisha, and Jamuria and Mangalpur in West Bengal. As of Dec 31, 2020, its manufacturing units have an aggregated installed metal capacity of 5.71 million tonnes per annum. The company is looking to expand its capacity from 5.71 MTPA to 11.60 NTPA by 2025. The Sambalpur and Jamuria plants are integrated steel manufacturing plants that produce captive railway sidings, captive power plants, iron pellet, sponge iron, bilet, thermo mechanically treated (TMT), wire rod, and structural mills, and ferro alloys plants. Further, its manufacturing facility at Mangalpur comprises sponge iron and ferro alloy plants, and a captive power plant.

### **Objective of the Issue:**

The IPO proceed will be used towards the following purposes;

- Repayment and/or pre-payment of company and its subsidiary (SSPL)'s debt fully or partially.
- General corporate purposes.

### Company Promoters:

Mahabir Prasad Agarwal, Brij Bhushan Agarwal, Sanjay Kumar Agarwal, Subham Capital Private Limited, Subham Buildwell Private Limited, Narantak Dealcomm Limited, Kalpataru Housefin & Trading Private Limited, Dorite Tracon Private Limited, and Toplight Mercantiles Private Limited are the company promoters.

### Competitive Strengths:

- Leading integrated metal producer in India.
- Strategically located manufacturing plants with a robust infrastructure.
- Diversified product portfolio.
- Strong financial performance and distribution network.

### Company Financials

Particulars	For the year/period ended (₹ in million)			
	31-Dec-20	31-Mar-20	31-Mar-19	31-Mar-18
Total Assets	51,051.47	52,037.88	40,524.34	34,706.28
Total Revenue	39,956.32	43,953.02	46,845.60	39,203.99
Profit After Tax	4,563.21	3,403.29	6,367.83	5,280.39

### Shyam Metalics IPO Details

IPO Opening Date	Jun 14, 2021	IPO Closing Date	Jun 16, 2021
Issue Type	Book Built Issue IPO	Listing At	BSE, NSE
Face Value	₹10 per equity share	Basis of Allotment Date	Jun 21, 2021
IPO Price	₹303 to ₹306 per e.sh	Initiation of Refunds	Jun 22, 2021
Market Lot	45 Shares	Credit of Shares to Demat Account	Jun 23, 2021
Min Order Quantity	45 Shares	IPO Listing Date	Jun 24, 2021

Application	Lots	Shares	Amount (Cut-off)
Minimum	1	45	₹ 13,770
Maximum	14	630	₹ 1,92,780

A retail-individual investor can apply for up to 14 lots (630 shares or ₹192,780)

Shyam Metalics IPO Promoter Holding	
Pre-Issue Share Holding	100%
Post Issue Share Holding	88.35%

Company Contact Information	Shyam Metalics IPO Lead Manager(s)
Shyam Metalics and Energy Limited Trinity Tower, 7th Floor, 83, Topsia Road, Kolkata – 700046, India Phone: +91 33 4016 4000 Email: <a href="mailto:compliance@shyamgroup.com">compliance@shyamgroup.com</a> Website: <a href="http://www.shyammetalics.com/">http://www.shyammetalics.com/</a>	<ul style="list-style-type: none"><li>• Axis Capital Limited</li><li>• ICICI Securities Limited</li><li>• IIFL Holdings Limited</li><li>• JM Financial Consultants Private Limited</li><li>• SBI Capital Markets Limited</li></ul>

- Lubdha More

### 3. JSW HYDRO ISSUES US\$707 MILLION GREEN BONDS



#### **Introduction:**

On May 10<sup>th</sup> 2021, JSW Hydro Energy Limited issued USD 707 million secured Green Bond notes. The issued notes have tenor of 10NC5 years and covered under 144A/ Reg S due in 2031.

#### **About JSW Energy Limited:**

**JSW Energy Limited** is amongst India's leading private sector power producing company that believes in the efficient utilisation of all available resources. From managing operations, enhancing social and economic benefits, minimizing environmental impacts and employing cutting-edge innovation, JSW Energy has grown steadily and strongly through the years. Today, the company's presence extends across several Indian states and includes stakes in natural resource companies in South Africa.

As part of its vision to become a full-spectrum power company, JSW Energy launched **JSW Power Trading Company Ltd. (JSWPTC)** in 2006. JSWPTC has obtained a category "I" license to trade in power, which is the highest Power Trading license issued by Central Electricity Regulatory Commission to trade in power across India. Today, it is one of the leading power trading companies in India.

**JSW Hydro Energy**, the issuer is a wholly owned subsidiary of JSW Energy Limited. JSW Hydro is the largest private hydropower producer in India and operates two hydropower plants (i) 300 megawatts (MW) **Baspa II** and (ii) 1,000 MW **Karcham Wangtoo**, located in Himachal Pradesh.

#### **Purpose of Issue:**

The proceeds of the issue will be used to repay existing green project-related Rupee denominated indebtedness

## About the Issue:

**JSW Hydro Energy Limited** is issuing **USD 707 million** or **Rs 5,187 crore** fixed-rate **secured Green Bond notes** with tenor of **10NC5 years 144A / Reg S** offering that will be due in 2031. The expected issue was given a **Ba1** rating by **Moody's** and **BB+** by **Fitch** signifying a higher degree of default risk.

Barclays Bank, Deutsche Bank, Citigroup, Credit Suisse, J. P. Morgan, Societe Generale and Standard Chartered acted as bookrunners for the issuance.

The bonds have door-to-door tenor of **10 years** and weighted average life of **7.12 years**.

The issue of green bonds by JSW Hydro Energy is their **debut USD issuance** and is the **first offshore issuance** from the Indian Hydro Power sector.

The USD bond issuance was announced on 4<sup>th</sup> May 2021 which was then followed by virtual meeting with investors across Asia, EU and the US. In Asia, on 10<sup>th</sup> May, the deal was launched at an **Initial Price Guidance (IPG)** of **4.50 per cent** area. The books were **oversubscribed 4.3 times** and peaked at USD 3 billion with strong support from over 155 accounts.

The strong investor demand from quality accounts allowed a **37.5 bps** tightening from the IPG and priced the deal at **4.125 per cent**.

Some of the key covenants to the issue were

- (i) Distribution lock-up linked to graded DSCR threshold and FFO/ Net Debt threshold ratio
- (ii) Working Capital loans do not exceed USD 55 million
- (iii) Other standard high yield covenant

The issue was processed against certain movable and immovable assets of co-issuers, current assets and rights under project documents, 51 per cent shareholder pledge of each co-issuer as security.

- Brendan Mendonza

## 4. FINANCE, DUE DILIGENCE AND CRYPTOCURRENCY



Finance is a field that could make or break an organisation, individual or household. Therefore, actions must be well thought out and well managed. The social stigma about finance being all about numbers comes to an end when due diligence comes into the picture. An individual, a group, or an entrepreneur must not just be familiar with figures, but also practise due diligence while making decisions.

Stocks and cryptocurrencies have seen an exponential surge in interest as the world has gone online, resulting in increased rivalry. This May, the cryptocurrency market grew in value from roughly \$200 million to about \$2 trillion. Even though government still remains sceptical and RBI still expresses its concerns about cryptocurrency, one cannot help but wonder if the path of Finance is advancing towards, remains profitable in the long term.

Just like there are two sides to every coin, the new running trend of cryptocurrencies has brought up the idea of using idle money and has granted everyone's wish of becoming a financial expert in their own way. But it also brings risk and vulnerability to frauds by unscrupulous persons and hackers thus layman falls prey to frauds and loses money. Although Nirmala Sitaraman has showed no interest in imposing a complete ban on cryptocurrencies, the future of crypto remains unknown; in fact, many institutions have already begun to express concerns about their customers using bitcoin to make payments.

Due diligence is required here because, unlike fiat currencies, cryptocurrencies are decentralised (meaning a central authority does not control its demand and supply or track transactions). Furthermore, because each investor must make their own assessment, considerable concerns have been stated in addition to the pandemic, and the topic of "to invest or not to invest" has become the new topic of the decade.

- Divya Naik

## 5. GLOBAL MINIMUM TAX

The finance ministers of wealthy G7 countries said that they are about to reach a ground-breaking agreement on the lowest global corporate tax rate that companies would have to pay regardless of where they locate their headquarters.

The agreement would also impose an additional tax on some of the largest multinational companies, potentially forcing technology giants like Amazon, Facebook and Google as well as other big global businesses to pay taxes to countries based on where their goods or services are sold, regardless of whether they have a physical presence in that nation.

Such an agreement will be the end of what U.S. Treasury Secretary Janet Yellen believed to be a "30-year race to the bottom of corporate tax rates."

### Why Global Minimum Tax?

Multinationals present in Major and Advanced Economies would be discouraged from shifting their sales revenues to low-tax countries and instead pay the minimum tax globally.

Revenues from intangible sources such as drug patents, software and intellectual property royalties are increasingly transferred to these jurisdictions, so companies in traditional home countries can avoid paying higher taxes.

The Biden administration hopes to reduce the erosion of the tax base by providing a minimum tax rate of 15% and allowing competition or innovation, infrastructure and other traps, while not financially penalizing American companies.

The Trump administration had taken point on the minimum tax rate with "Global Intangible Low-Taxed Income" or 'GILTI' for foreign companies in 2017. Which was only 10.5% i.e., half of the national corporate tax rate.

### Where does it stand?

The G7 negotiations are driving a wider range of existing efforts. Over the years, the Organization for Economic Cooperation and Development (OECD) has coordinated tax negotiations between 140 countries on tax rules for cross-border digital services. It has helped in keeping in check the erosion of the tax base, including the global corporate minimum tax.



The OECD and G20 countries hope to reach a consensus on both by mid-year, however, discussing minimum standards for global companies is technically simpler and less controversial. If a broad consensus is reached, it will be difficult for any low-tax country to stop this deal.

The OECD estimates that the minimum will make up for US\$50-80 billion in additional taxes which firms will end up paying globally. The global minimum tax rate would apply to all overseas profits. The government can set the tax rate for any local company they want, but if a company pays a lower tax rate in a particular country, their home government can "top up" their taxes removing the benefit of shifting profits.

The OECD said that governments broadly agreed to a basic structure for minimum tax system, but didn't come up with the rate.

The United States proposed that the global minimum tax rate stand at 15%, which is higher than Ireland and other countries, but lower than the G7 level. The Biden administration has been particularly eager to reach an agreement because a global minimum tax is closely tied to its plans to raise the corporate tax rate in the United States to 28 percent from 21 percent to help pay for the president's infrastructure proposal.

However, in the discussions before G7, this figure was slightly lower than 21%, and countries including France believed that it should be seen as a platform to set a higher and more ambitious level. Any final agreement may have a serious impact on low-tax countries and tax havens.

Due to the influx of billions of dollars in investment from multinational companies, the Irish economy has grown substantially. Resisting the EU's efforts to unify tax rules, Dublin is unlikely to accept higher minimum tax rates.

However, the struggle for low-tax countries is less likely to focus on disrupting larger-scale negotiations and more on supporting the minimum rate. Efforts are being made to keep the minimum rate as close as possible to 12.5% or seeking to avail certain exemptions.

- Shalini Thakur

## 6. INFLATION ON THE RISE



Rising crude oil and manufactured goods prices pushed wholesale price-based inflation to a new high of **12.94 per cent** in **May 2021**.

The increase in Wholesale Price Index (WPI) inflation in May 2021 was also influenced by a low base effect.

This is the fifth month in a row that WPI-based inflation has increased and in April 2021, the WPI inflation hit double digits at **10.49** per cent (as shown in Figure 1.1).

**WPI - Inflation**

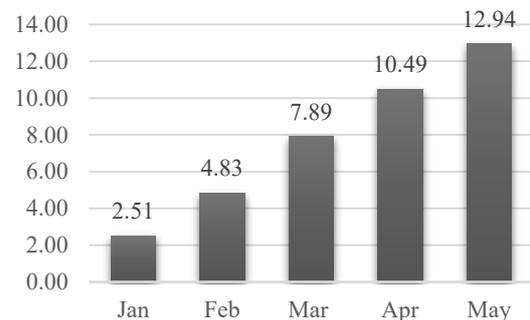


Figure 1.1

The annual inflation rate, based on monthly WPI, stood at **12.94 per cent** for **May 2021** year-on-year (Y-o-Y) as compared to -3.37 per cent in May 2020 (Y-o-Y).

According to the Commerce and Industry Ministry, “The high rate of inflation in May 2021 is primarily due to low base effect and rise in prices of crude petroleum, mineral oils viz. petrol, diesel, naphtha, furnace oil, etc. and manufactured products as compared to the corresponding month of the previous year”.

Inflation in **fuel and power** reached **37.61 per cent** in the month of **May 2021** against **20.94 per cent** in the month of **April 2021**, that is almost double. Petrol prices were up 62 per cent in May, 42.37 per cent in April 2021 and 18.4 per cent in March.

While in the case of **manufactured products**, the inflation for the month of May 2021 was at **10.83 per cent** against **9.01 per cent** in the preceding month. The prices had risen by **9.01 per cent** in April 2021, up from **7.3 per cent** in March 2021.

Even though there was a heavy rise in the price of onions during the month of May, the overall inflation for food products increased marginally to 4.31 per cent.

Index Numbers & Annual Rate of Inflation (Y-o-Y in %)											
Major Group	Weight	Jan-21		Feb-21		Mar-21		Apr-21		May-21	
		Index	Inflation								
All commodities	100.00	123.4	2.51	122.2	4.83	120.4	7.89	119.2	10.49	117.5	12.94
Fuel & Power	13.15	100.7	-3.82	105.7	2.03	109.2	9.75	108.6	20.94	110.5	37.61
Manufactured goods	64.23	125.3	5.47	126	6.06	127.9	7.84	129.4	9.01	131	10.83
Food articles	15.26	155.8	-2.93	157.50	1.81	156.40	3.44	162.10	4.92	159.70	4.31

DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE

In the **Monetary Policy** that came out on **4<sup>th</sup> June 2021**, RBI decided to keep interest rates **unchanged at 4 per cent** for the sixth time in a row. The Monetary Policy Committee (MPC) intends on maintaining an accommodative policy stance to support growth. With upside risks from increased commodity prices and the re-emergence of stronger supply limitations in the present phase of lockdowns, the RBI forecast retail inflation at **5.1 per cent** for the fiscal year ending March 2022.

The retail inflation measured by the **Consumer Price Index (CPI)** increased to **6.3 per cent** in May 2021, over and above the RBI's threshold of 6 per cent. The CPI inflation had reduced to 4.23 per cent in the month of April in view of reduction in food prices.

The **Consumer Food Price Index (CFPI)** or the inflation in the food basket also spiked on-month during May 2021 to **5.01 per cent**, from 1.96 per cent in April 2021.

The spike in food basket was due to a sharp rise in prices of oils and which climbed 30.84 per cent on-year in May 2021. Apart from this, the egg prices segment saw a rise of **15.16 per cent** while that meat and fish gained **9.03 per cent** and pulses rose **9.39 per cent**. The vegetables segment slipped **(-)1.92 per cent** however fruits grew **11.98 per cent**.

- Brendan Mendonza

## 7. MONEY SPEAKS PRESENTS - THE CORPORATE BLOG

### BYJU'S THE LEARNING APP

Byju Raveendran (Founder & CEO)



#### **Introduction:**

BYJU's - the Learning app was launched in the year 2015 and has been a huge success. It is used by more than 15 million students all over the world and has 9,00,000 paid subscribers. The app helps the students to learn on their own rather than rely on spoon-feeding. Its approach combines the re-invention of learning, world-class teachers, proven pedagogical methods, and personalized learning.

BYJU's was founded by Byju's Raveendran, India's youngest billionaire with a net worth of \$3.05 billion as per Forbes list of India's 100 Richest People (2020).

#### **Overview:**

The Bangalore-based educational technology platform BYJU's is an online tutoring and coaching firm that was started in the year 2011. BYJU's parent company is 'Think and Learn Pvt Ltd'. The main aim of BYJU's is to provide coaching through online video lectures for students of class 1 to class 12 and also for people who prepare for competitive exams like IIT – JEE, NEET, CAT, GRE, and GMAT.

Byju's works on a freemium business model wherein it offers customers both complementary and paid (premium) services. Students are asked to submit their details on its application or website and offers them a free 15 days trial. Once the free trial is exhausted, the student has to buy the courses from BYJU's to access the complete content. The company provides one-to-one mentoring to its subscribers and also provides feedback to the child's parents. BYJU's also offers classroom coaching in Noida, Gurgaon, and some other areas.

Byju Raveendran was an engineer with a shipping company based in the UK. During that period, he would help his friends prepare for their CAT exams. Deciding to take the exam himself, Byju aced the exam. Not joining any of the IIM's, he started taking mathematics workshops instead which became so popular, that at one point 20,000 students participated in one such workshop. His former students who graduated from the IIMs encouraged him to start taking online classes following which 'Think and Learn Pvt Ltd' was formed to create content

for school students. He then launched Byju's – The Learning App in 2015, and the app was downloaded by more than 5.5 million people in the first year itself.

Today, Byju's is the world's most valued education technology and became the most valued start-up valuing at USD 16.5 billion. It has more than 15 million student users all over the world and has 9,00,000 paid subscribers.

**Acquisitions:**

- July 2017, Think and Learn acquired TutorVista (including Edurite) from Pearson.
- January 2019, Byju's acquired a US-based Osmo for \$120 million.
- August 2020, Byju's also acquired Indian startup WhiteHat Jr for \$300 million.
- February 2021, Byju's acquires Mumbai-based doubt clearing platform Scholr.
- April 2021, Byju's acquired test prep firm Aakash Educational Services Ltd.

**Competitors:**

BYJU's major competitors are Meritnation.com, Vedantu, Teachable, Khan Academy, Simplilearn, Schoolwise, and Toppr.

**Achievements:**

- 2018 - EY Entrepreneur of the Year Award (Start-up)
- 2017 - Amazon Web Services Mobility Awards (Established Education App of the Year)
- 2018 - Business Standard Annual Awards for Corporate Excellence
- 2017 - CNBC TV18 India Business Leader Awards (Young Turk of the Year)
- 2016 - CNBC TV18 CRISIL Emerging India Award (Education)
- 2016 - Global Mobile App Summit & Awards (Education)
- 2016 - Future of India Awards

- Rasika Sawant

## 8. MONEY SPEAKS PRESENTS - THE PERSONALITY BLOG

### VIJAY SHEKHAR SHARMA

(Founder and CEO of Paytm)

#### VIJAY SHEKHAR SHARMA

(Born 8<sup>th</sup> July, 1978)

- Indian billionaire businessman, founder and chief executive officer of Paytm, a financial technology company.
- Ranked as the youngest billionaire in 2017 by Forbes.
- Recipient of Yash Bharati, the highest civilian award of the Government of Uttar Pradesh

**Alma Mater:** Delhi College of Engineering



Vijay Shekhar Sharma was born in Aligarh, Uttar Pradesh, India, on 8<sup>th</sup> July, 1978. He is the founder and current Chief Executive Officer of Paytm, an Uttar Pradesh-based financial technology business.

Vijay studied in a Hindi medium school. He was an exceptionally brilliant and outstanding student in school but life was not easy for him. Being a small-town boy from Aligarh and studying in a Hindi medium school, his poor proficiency in English came in the way of not getting into IIT. Vijay was one of the two people from his village who wanted to pursue engineering. He got into Delhi College of Engineering, but could hardly understand what was taught in class.

The turning point in Vijay's life came when he went to the market one Sunday and picked up a Forbes magazine. He learnt about the success stories of mega brands like Apple, Intel, HP and how they became one of the biggest names in start-up circuit. Each of the companies had one thing in common, all were built from basement garages. Inspired from all the stories, Vijay wanted to go to **Silicon Valley**, but that was not possible due to lack of money and resources. However, in spite of giving up his dream, he taught that he could create one here in India. Vijay, taking inspiration from the advent of Yahoo and the stories of people from Silicon Valley, began a journey of his own. His college hostel room became the office, and a nearby shopkeeper's phone became the office landline. He found a partner in one of his friends and his first company- **XS Corps** started its operations in the year 2000. Meanwhile, he cleared all his examinations. Then he started another company- **One97 communication, the parent company of Paytm.**

As a global influencer, Vijay was in the list of **Time Magazine's** '100 most influential people' in 2017, he was named as the 'youngest Indian billionaire' with a net worth of \$1.3 billion in 2017, he was awarded by **The Economic Times** as the 'Entrepreneur of the year' in 2017, and he was named as 'Businessman of the Year' at **GQ Men of the year Awards** 2016.

Vijay has the ability to make you laugh because he himself laughs at his and life's idiosyncrasies — it's part of what makes him one of the most disarming and charming **CEOs** today. But the self-effacing humor doesn't take away Vijay's staunch belief in inspiring change. His life itself can be a metaphor for the startup journey.

Vijay's success inspires a whole generation of entrepreneurs those who may not necessarily have a pedigree background but who believe that they can dream big even if they are from a village with patchy internet or mobile connectivity. Dreaming big is what Vijay passionately believes in. Small wonder then that "**Go big or go home,**" is the poster right at the entrance of Paytm's corporate office in Delhi.

The success of Vijay lies in his determination of sticking to his goals. He had the courage to be on top and never stopped working hard. That is the reason Vijay Shekhar Sharma is becoming one of the most successful entrepreneurs.

-Shreya Poojari

## 9. FINANCIAL TERMINOLOGIES

1. **Depreciation** -Depreciation is the process of systematically allocating costs of long-lived assets over the period during which the assets are expected to provide economic benefits.
2. **Assets** -Assets are resources controlled by the company as a result of past events and from which future economic benefits are expected to flow to the entity.
3. **Liabilities** - Liabilities represent obligations of a company arising from past events, the settlement of which is expected to result in a future outflow of economic benefits *from* the entity.
4. **Free Cash Flow** - The actual cash that would be available to the company's investors after making all investments necessary to maintain the company as an ongoing enterprise.
5. **Defensive Interval Ratio** - It is a liquidity ratio that estimates the number of days that an entity could meet cash needs from liquid assets

$$\text{Defensive Interval Ratio} = \frac{\text{Cash} + \text{Marketable Securities}}{\text{Daily Expenditure}}$$

6. **Cash Conversion Cycle** - It is a financial metric that measures the length of time required for a company to convert cash invested in its operations to cash received as a result of its operations
7. **Cost of Capital** - The rate of return that suppliers of capital require as compensation for their contribution of capital.
8. **Law of Demand** - The principle that as the price of a good rises, buyers will choose to buy less of it, and as its price falls, they will buy more.
9. **Monetary Policy** - Actions taken by a nation's central bank to affect aggregate output and prices through changes in bank reserves, reserve requirements, or its target interest rate.
10. **Liquidity Trap** - A condition in which the demand for money becomes infinitely elastic (horizontal demand curve) so that injections of money into the economy will not lower interest rates or affect real activity.

11. **Return on Equity** – The Return on Equity ratio essentially measures the rate of return that the owners of common stock of a company receives on their shareholdings. Return on equity signifies how good the company is in generating returns on the investment it received from its shareholders.

$$\text{Return on Equity (RoE)} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

12. **Stock Split** – When a company declares a stock split, the number of shares of that company increases, but the market cap remains the same. Existing shares split, but the underlying value remains the same. As the number of shares increases, price per share goes down.

- Mayur Panchal



## 10. QUIZ

1. What is the full form of 'CAG'?
  - a) Consolidated Audit General
  - b) Commercial Auditor General
  - c) Comptroller and Auditor General of India
  - d) Commercial Account Growth
  
2. Which of the following Tax is not included in Goods and Services Tax (GST)?
  - a) Excise Duty
  - b) Custom Duty
  - c) Value Added Tax (VAT)
  - d) Service Tax
  
3. A 'Closed Economy' is an Economy in which ...?
  - a) The money supply is fully controlled
  - b) Deficit financing takes place
  - c) Only exports take place
  - d) Neither exports nor imports takes place
  
4. The lowering of Bank Rate by the Reserve Bank of India (RBI) leads to ...?
  - a) More liquidity in the Market
  - b) Less liquidity in the Market
  - c) No change in Liquidity in Market
  - d) Mobilization of more deposits by Commercial Banks
  
5. In \_\_\_\_\_ Economies, all productive resources are owned and controlled by the Government.
  - a) Dual
  - b) Socialist
  - c) Mixed
  - d) Capitalist
  
6. In an Economy, if the share of its primary sector is 50% or more in the total output of the Economy, it is called as?
  - a) Industrial Economy
  - b) Service Economy
  - c) Agrarian Economy
  - d) Command Economy

7. The total sum of the Goods and services produced in a country in a year minus depreciation is called?
  - a) Gross Domestic Product
  - b) Gross National Product
  - c) Gross National Income
  - d) Net Domestic Product
  
8. Housing Finance Companies in India are under the regulatory framework of...?
  - a) National Housing bank (NHB)
  - b) RBI
  - c) SEBI
  - d) Ministry of Finance
  
9. Which is the uniform GST rate that has been set up for State Authorised Lottery prizes by the GST Council?
  - a) 18%
  - b) 32%
  - c) 28%
  - d) 10%
  
10. Which of the following is not a component of Foreign Direct Investment (FDI)?
  - a) Equity Capital
  - b) Portfolio Investment
  - c) Reinvested Savings
  - d) Intra Company Loans
  
11. A persistent fall in the general price level of goods and services is known as?
  - a) Deflation
  - b) Disinflation
  - c) Stagflation
  - d) Depression
  
12. Which of the following is not included in the assets of a Commercial Bank?
  - a) Advances
  - b) Deposits
  - c) Investments
  - d) Money at call and short notice

13. Which of the following agencies releases the Index of Industrial production to measure Industrial performance in India?
- The National Sample Survey Office (NSSO)
  - The Reserve bank of India (RBI)
  - The Central Statistical Office (CSO)
  - The Indian Statistical Institute (ISI)
14. Which among the following publishes the Economic Survey of India?
- National Development Council
  - Ministry of Finance
  - Institute of Finance
  - Indian Statistical Institute'
15. Which of these institutions fixes the Repo rate and Reverse repo Rate in India?
- Ministry of Finance
  - Comptroller and Auditor general of India
  - State Bank of India
  - Reserve Bank of India
16. 'Pump Priming' a term coined by Prof. J. M. Keynes is an effective tool to?
- Create employment through public investment even in unproductive activities during depression in the Economy
  - Control Inflation through fiscal Measures
  - Encourage Private Entrepreneurs to invest in core sectors
  - Create Infrastructure in urban areas
17. Which of the following should be increased to control inflationary trends in the economy?
- (i) Repo rate                      (ii) Cash Reserve ratio                      (iii) Bank rate
- Only (i)
  - Only (ii)
  - Only (i)&(ii)
  - (i), (ii)&(iii)
18. Which economist developed International Trade theory in 1817 based on Comparative Advantage and Specialization?
- Paul Krugman
  - Milton Friedman
  - Gary Becker
  - David Ricardo

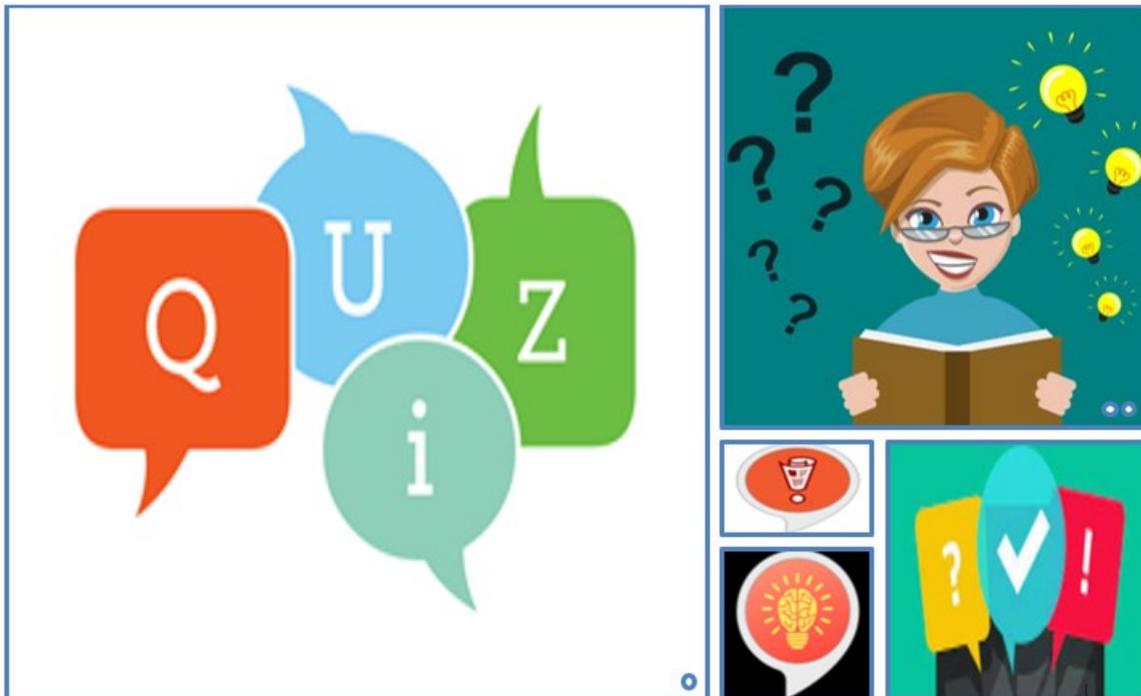
19. What is the Full Form of BSE?

- a) Balance sheet Equity
- b) Balance Stock Equity
- c) Base Stock Exchange
- d) Bombay Stock Exchange

20. Which of the following schemes enjoy the benefit of triple tax exemptions, i.e., exempt – exempt – exempt (EEE) status?

- a) Public provident fund (PPF)
- b) Equity Linked Savings Scheme
- c) Senior citizens savings Scheme (SCSS)
- d) National savings certificate Scheme

Prepared by - Mahima Thomas



**ANSWERS:**

1. C	2. B	3. D	4. A	5. B	6. C	7. D	8. B	9. C	10. B
11. A	12. B	13. C	14. B	15. D	16. A	17. D	18. D	19. D	20. A

## RBI RATES

RBI Rates		As on
Policy Repo Rate	4.00%	30th June, 2021
Reverse Repo Rate	3.35%	30th June, 2021
Marginal Standing Facility Rate	4.25%	30th June, 2021
Bank Rate	4.25%	30th June, 2021
CRR	4%	30th June, 2021
SLR	18.00%	30th June, 2021
Base Rate	7.40% - 8.80%	30th June, 2021
MCLR (Overnight)	6.55% - 7.05%	30th June, 2021
Savings Deposit Rate	2.70% - 3.00%	30th June, 2021
Term Deposit Rate > 1 Year	4.90% - 5.50%	30th June, 2021

Government Securities Market		23rd June, 2021
5.85% GS 2030		6.0249 per cent
5.77% GS 2030		6.1990 per cent
5.63% GS 2025		5.6524 per cent
5.15% GS 2025		5.5665 per cent
4.26% GS 2022		4.2387 per cent
3.96% GS 2022		4.1521 per cent
91-day T-bills		3.4679 per cent
182-day T-bills		3.7189 per cent
364-day T-bills		3.8851 per cent

RBI Exchange Rates		
INR / 1 USD	74.20	23rd June, 2021
INR / 1 EUR	88.63	23rd June, 2021
INR / 100 JPY	66.95	23rd June, 2021
INR / 1 GBP	103.66	23rd June, 2021

Share Market		
BSE	52588.71*	23rd June, 2021
Nifty 50	15772.75 *	23rd June, 2021

Commodity Market		
Crude Oil	5459.00	23rd June, 2021
Brent Crude	5592.45	23rd June, 2021
Gold (per 10gm)	47,070.00	23rd June, 2021
Silver (1kg)	67,775.00	23rd June, 2021