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Finomenon The Finance Cell, NMIMS

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THE FINANCIAL

A BI-ANNUAL MAGAZINE

Envisioning the Future of Finance for India @ 2030 and Beyond!

LETTER FROM FACULTY IN-CHARGE

Dr. Samveg Patel
Associate Professor &
Chairperson Finance

We must be proud of our economy which has been remarkably resilient to the slowdown in the external environment. Despite a slump in global demand and tightening monetary policies across the world, India is ready to become the fastest-growing economy in the fiscal year 2022-23. The world bank has revised the GDP forecast of India upward because of a strong performance in the first half-year. The Indian economy has surpassed the UK becoming the fifth-largest economy in the world. It has also witnessed significant progress in providing access to basic financial services to the larger population through the digitization of the Indian economy and by leveraging fintech technology. The prudent policy response to global geo-political events is supporting India to smoothly navigate amidst the global challenges.

The theme of this year's Business Conclave is "Envisioning the Future of Finance for India @2030 and Beyond". This issue covers the following sub-themes:

- Evolving Personal Finance Scenario
- Fintech and Digital Transformation
- Growing Popularity of Sustainable Finance
- Booming Insurance Sector
- Commercial Banking Transformation
- Ensuring Financial Inclusion

I am happy to announce the release of a new issue of The Financial, the bi-annual magazine of Finomenon, the Finance cell of NMIMS Mumbai, on the Business Conclave's theme. In the current financial year, Finomenon has launched several interesting equity research and sector analysis reports, market outlook reports etc. The cell has also successfully organized various interesting events throughout the year including national-level finance competitions, speaker sessions with industry stalwarts, and so on. I am sure that at Business Conclave 2023, we will have an interesting deliberation on the theme of finance and will provide some important takeaways.

Best Wishes!

PRESIDENT'S DESK

Priyanshi Jain
President, Finomenon

At Finomenon, the Finance Cell of SBM, NMIMS Mumbai, we've had a very eventful and enriching year. We constantly strive to provide a platform for finance enthusiasts to hone their skills and keeping that in mind, we took various initiatives throughout the year such as Finsights – our weekly concise blogs on trending topics, Fin Chronicles – a series of financial articles, Book-A-Month – our book review series, The Financial – our Bi-Annual Magazine, along with the speaker sessions and workshops organized by the committee. Not only this, but Finomenon also assisted the batch in preparing for their summer internship and final placement process. This year we increased our outreach and our competitions like Seeking Alpha and Moolyankan, Pan India Portfolio Management and Equity Research Competitions respectively, saw mind-boggling participation.

We efficiently managed our student-led investment fund, Samriddhi which gave steady returns over the year. In one of our many firsts this year, Samriddhi proudly introduced a new set of reports – Mad Over Market where we provide a snapshot of every month's market performance, news in focus and key events for that particular month. Along with that, we released Market Impact Reports, Sector Reports, Equity Research Reports and IPO Analysis Reports. To make finance more approachable and less intimidating to all, we organized workshops on financial modelling, equity research, acquisitions and deal analysis. Additionally, we hosted speaker sessions with industry stalwarts to further add value. We have published the top news headlines for 3 consecutive months and even shared our analysis of major happenings in the market like the Financial Analysis of FC Barcelona and Credit Suisse Buzz.

We aspire to continue with this legacy and to keep coming up with new initiatives that would help the students prepare for the industry and become future leaders.

EDITOR'S DESK

Mahima Agarwal
Editorial Head, Finomenon

In recent years, India has been a hotbed of major financial services innovations and disruptions. The Central Government has set itself on a path to dramatically digitalize the Indian population. At the same time, investment in new technology as well as a commitment to fundamental transformation has never been higher. This radical shift towards ubiquitous digitalization has been both an impetus and an opportunity for the Indian financial sector. Today, India is recognized as the world's third biggest fintech ecosystem, only behind US and China, and also has the highest fintech adoption rate globally.

Commercial banks, which form the lion's share of India's finance industry, also seem to go through a paradigm shift through increased mergers, acquisitions, consolidations, and privatization.
Amidst the rapidly expanding digital economy, India's insurance market is all set as well to achieve exponential growth. With the help of digital transformation and fueled by rising financial awareness and domestic savings, massive opportunities exist in terms of increasing penetration to underserved markets.

The most noteworthy change, however, has been in the attitudes of the general public. Gone are the days when Fixed Deposits were the most attractive investment opportunity for the common man.
As a result of growing financial literacy and risk appetite, the market has witnessed a transition towards equities, mutual funds, alternative investments, and even digital currencies.
Another key behavioral shift has been the rise of a more ethically conscious group of investors who value a company not only by its profits but also by the social and environmental impact they create. Consequently, ESG considerations have started to dominate many investment decisions today.
Here's time to welcome the era of Sustainable Finance!

The future of finance in India does look bright, isn't it? But, will it be inclusive as well? The onus is on the entire finance industry to promote financial inclusion and provide assistance to the less privileged who find conventional banking complex or inaccessible.
With so much expected to happen and change around us, it is important to have a discussion on how the finance industry will shape in the future.

On that account, the latest edition of our bi-annual magazine, The Financial, on the theme "The Future of Finance for India @2030 and Beyond", aims to provide a holistic view of the changing market dynamics. We hope that the opinion provided in the magazine will help you prepare better for the VUCA world.
Looking forward to your feedback and suggestions. Happy Reading!

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When Finance Meets Sustainability

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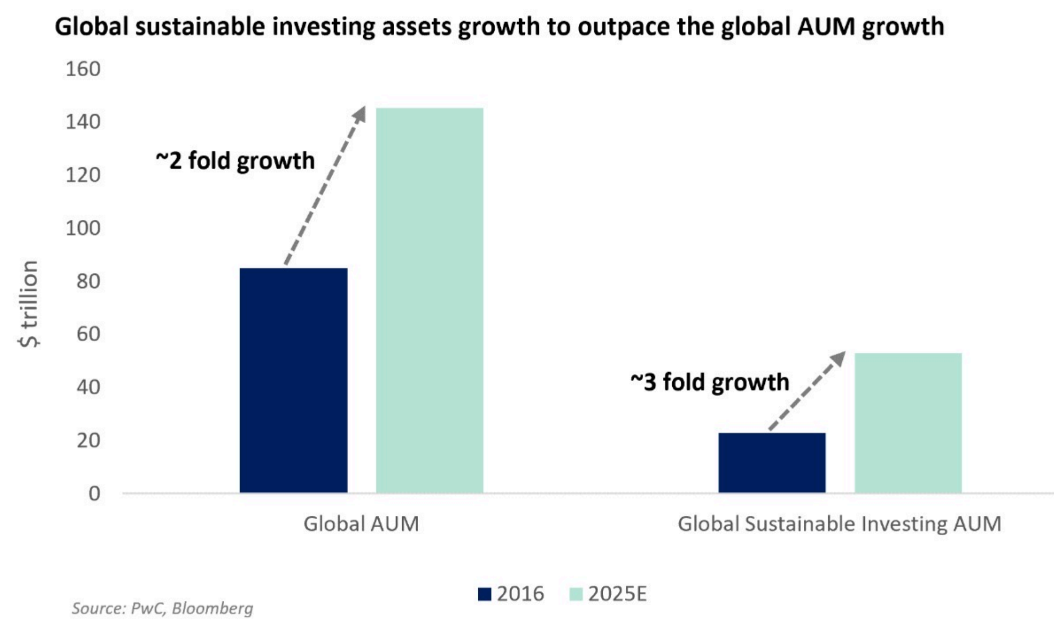
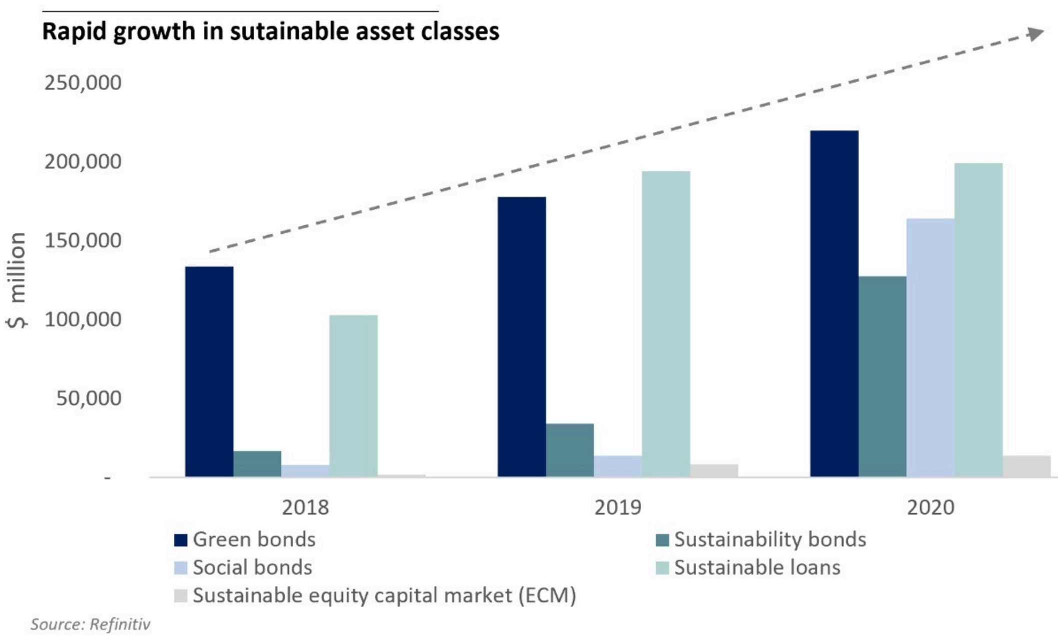




What used to be a buzzword, is now a requirement. Gone are the days when "Sustainable Finance" was a term thrown around for online clout. From ESG funds to shareholder activism, sustainability is driving the future of the finance industry. Analysts and risk advisors must now, alongside a company's financial performance, be able to evaluate its ESG performance and sustainability risks as well.

The climate target under the Paris Agreement is motivating a push for sustainability in every industry. It is not surprising that the financial sector is making great efforts to embrace more sustainable practices given that it is one of the biggest and most prominent industries in the world—six of Forbes' top 10 global companies are financial institutions and have a worth of $109 trillion. The financial sector has an opportunity as well as an obligation to employ capital allocation and stewardship methods to support a more sustainable, real economy.

Sustainable Finance & ESG – Evolution and Importance?

As the world becomes increasingly conscious of the kind of environment they want to live in, sustainable finance has emerged as a relatively new criterion that investors are using while making financial decisions. By 2025, it is expected that sustainable investments made by multinational corporations will surpass $53 trillion. Investment choices considering an economic activity's environmental, social, and governance (ESG) concerns are referred to as sustainable financial decisions.

It isn't exactly a brand-new concept. What was formerly known as corporate social responsibility (CSR), evolved into being known as ESG. However, there is a new perception on the subject, making ESG transparency a priority for decision-makers, boards, and regulators alike.

The Great Recession highlighted serious concerns about the role of finance and its fiduciary duty to clients to 'maximize' financial returns for 'beneficiaries'. Since 2005, the industry has rigorously debated the impact of integrating environmental, social, and governance (ESG) criteria into this duty.

Before diving deep into sustainable finance, it is important to first break down and understand the 3 elements of ESG.

The Environmental criteria includes energy consumption, resource requirements, and waste emissions by the companies. It also encompasses carbon emissions, climate change, and its incidental implications on living beings.

The Social criteria addresses companies' relationships and reputation with people and institutions in their places of business. It also involves labor relations as well as diversity and inclusion.

Every company is a legal entity, and hence requires Governance. The G factor is a company's internal system of rules, controls, and processes for governing itself, complying with the law and meeting the needs of external stakeholders - while making effective decisions.

Investing in green energy initiatives and businesses that exhibit social ideals like social inclusion or good governance, such as having more women on their boards, are both examples of sustainable investing. Sustainable finance recognizes the financial industry's power and strives to utilize it for the greater good of society.

The two ways in which it's done are:

1. It encourages businesses to be more mindful of the government, the environment, and social issues. Companies and organisations are compelled to value and take into account such concerns when making business decisions if they observe that an increasing number of investors choose to invest in businesses that consider ESG factors.

2. Investing in businesses that intentionally consider ESG issues is similar to putting control in the hands of people who could contribute to making the world a better place in the future. By directing private funds into carbon-neutral initiatives, sustainable finance may play a crucial part in the global transition to net zero.

STRONG ESG VALUES = STRONG EQUITY RETURNS?

The overwhelming weight of data indicates that organizations that prioritise ESG considerations do not create a burden on value creation—in fact, quite the contrary. A strong ESG proposition corresponds with stronger equity returns. Better ESG performance is also associated with lower downside risk, as indicated, for example, by lower loan and credit default swap spreads and stronger credit ratings.

According to a BlackRock analysis, 81% of a global sample of sustainable indexes beat their parent benchmarks, and businesses with higher ESG profiles are outperforming their competitors and reaping the benefits of a "sustainability premium."

The two main reasons behind this 'sustainability premium' are -

Shareholder returns and employee happiness are positively connected. Businesses that invest more in ESG standards have 14% better employee satisfaction rates and are more desirable to young professionals. A compelling ESG proposition can assist businesses in attracting top talent, improving employee motivation by fostering a sense of mission, and boosting overall productivity.

ESG businesses typically have a favourable reputation in the public eye. This makes ESG companies a better option when it comes to awarding contracts, along with the large client base. ESG companies also tend to be less regulated, use fewer resources, avoid losing money on carbon-intensive outmoded processes, and tend to retain the best people because of their current value system.

What makes a great ESG proposition financially viable?

According to experts, a great ESG framework is related to great cash flows in five ways:

Enhancing top-line growth:

More sustainable products will attract both B2B and B2C clients. Improved access to resources due to stronger community and government relations.

Lowering expenses:

With reduced energy and water consumption.

Limiting regulatory and legal interventions:

Strong ESG will increase strategic freedom through deregulation. Businesses also become eligible for subsidies and government assistance.

Raising staff productivity:

By attracting talent with greater social credibility and boosting employee motivation.

Optimizing investment and capital expenditures

Investment returns can be enhanced by allocating capital to sustainable plants and equipment. Investments that may not pay off in the long run due to long-term environmental issues should be avoided.

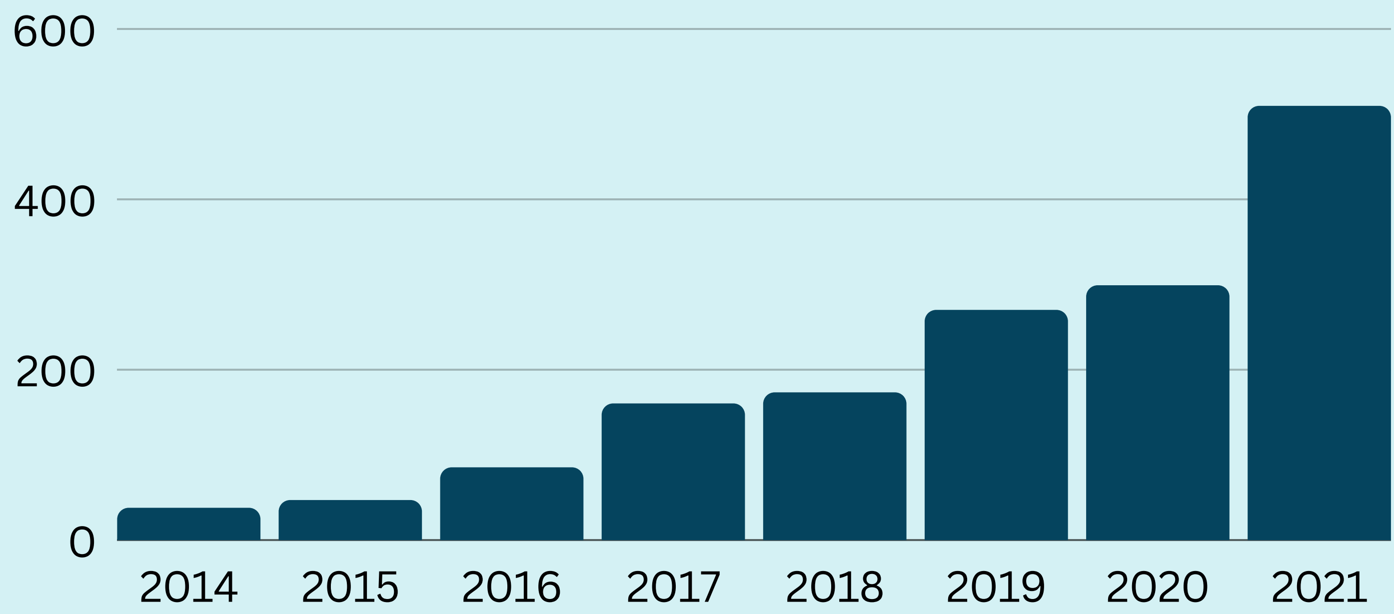
Green Bonds

Creating a greener economy demands large investments. And therefore, the green bond market is a strong indicator of countries' efforts to combat climate change.

Green bonds are fixed-income instruments whose primary intention is to fund climate and environmental projects. As a part of Green Finance, they finance projects aimed at energy efficiency, pollution prevention, sustainable agriculture with respect to all ecosystems, and sustainable water management.

Green bonds may include incentives such as tax exemptions and tax credits, to make them more attractive investments as compared to taxable bonds.
The market has expanded to $521 billion on a global scale and approximately 200 countries have committed to mobilizing green funding in accordance with the Paris Agreement on climate change of 2015.

Various studies strongly support the view that green bond issues indicate a sincere commitment towards climate-friendly conduct by companies. And hence, can be used as a tool for climate risk assessment.



Value of Green Bonds Issued Worldwide

Sustainability Linked Bonds

Sustainable linked bonds (SLB) are another type of investment security that supports the concept of green investing. An SLB is a type of borrowing instrument in which the financial and structural characteristics are determined by the issuer's ability to meet sustainability or ESG metrics within a specified timeframe. If the company fails to meet those targets, there will be a penalty: higher interest paid to investors. This performance-based instrument enables issuers to explicitly commit to future improvements in sustainability outcomes while benefiting from lower bond interest rates.

Investors are increasingly interested in this type of bond because it provides benefits that green or social bonds do not. To begin, unlike green bonds, SLBs are not "use-of-proceed" bonds, which means that the funds provided are not restricted to a specific purpose and can be used to fund any corporate activity. Furthermore, sustainability-linked bonds enable a broader range of issuers who would otherwise be unable to access green or social bonds. Green bonds necessitate large capital expenditures in green areas such as renewable energy, utilities, or green buildings, making them inaccessible to most businesses.

> However, "**greenwashing**" – making exaggerated or deceptive environmental claims – exists, and it emphasizes the importance of investors conducting their own due diligence before purchasing green bonds or sustainability-linked bonds.

Shareholder Activism

According to the most recent academic literature, investing solely in "green" businesses is not always the best strategy to promote ecological transformation. A more active approach, such as shareholder engagement by purchasing 'brown' company shares and putting pressure on their management teams, may be more effective.

In 2021, Engine No.1, an impact-focused hedge fund, took on ExxonMobil - one of the world's largest publicly traded energy companies - installing three directors on the company's board with the aid of institutional investors like Blackrock and Vanguard. Engine No.1 intends to utilise its position as a shareholder activist to put pressure on Exxon to lower its environmental impact.

Concluding Remarks

Even if the Paris Agreement targets for reducing greenhouse emissions are achieved, the world's GDP will still shrink by 4%. Emerging economies like India are more likely to be harmed by such a potential impact. Both the SEBI and the RBI have recognised the importance of sustainable financing in the aftermath of major weather occurrences.

RBI's discussion paper dealt with climate risks and sustainable finance, while SEBI's study investigates the ESG ecosystem through green and blue bonds.

In 2021, Indian businesses raised about $7 billion through ESG and green bonds. The quantity of money raised in Indian jurisdictions differs significantly from that raised in foreign or autonomous jurisdictions. The lack of interest in such assets in India is to be blamed for the disparity in their financial worth. In order to increase the sale of these bonds, SEBI is looking for feedback from stakeholders on potential revisions and forming a regulatory framework.

While there have been some improvements in public awareness and financing options in India in recent years, improved information management systems and enhanced collaboration among stakeholders may help reduce the information gaps surrounding green projects, paving the way for sustainable long-term economic growth.

Written and Designed by –
Kriti Jain, Prachi Mehta & Rounak Sarangi

The Evolving Face of PERSONAL FINANCE

From Fintech to Digital Currencies, the once-static Indian Finance Industry has been undergoing massive transformation, forcing all sub-sectors within the sector to continuously evolve and innovate.

The most significant and interesting change, however, has been in the attitude of the general public towards managing their own money.

Here comes the concept of Personal Finance into the picture!

What is Personal Finance?

In the simplest terms, personal finance is the process of planning and managing various aspects of an individual's money, ranging from income generation to systematically saving, spending, investing and protecting money. By efficiently managing their money, people can cater to their current needs while planning for their long-term financial goals.

THE EVOLUTION OF THE ART OF MANAGING MONEY IN INDIA

If we look at the past trends and the attitudes of the previous generations, we realize that the regular wage earner in the earlier times was focused on having a minimalistic lifestyle, saving for rainy days and investing was out of the picture due to high liquidity preferences. This was partly because of a lack of facilities and partly because of low risk-taking appetite among individuals. In the earlier days, even if someone had a notion of parting with their money in hopes of good returns, Fixed Deposits were considered the way to go because there was little to no trust in the banking system.

The change in consumer attitudes towards personal finance management resulted mainly due to increased awareness among the masses that even if they save money, inflation might eat up the value of their idle savings over time. Highly led by the influence of the western culture and bigger aspirations, the consumption in the overall economy went up and people started to look for ways to either:

- Look for additional sources of income (passive income) that can complement their main source of income which can help them cater to their increased expenditure on consumption, or
- Focus on saving and investing their income so that their personal financial goals can be attained and they are at least able to beat inflation.

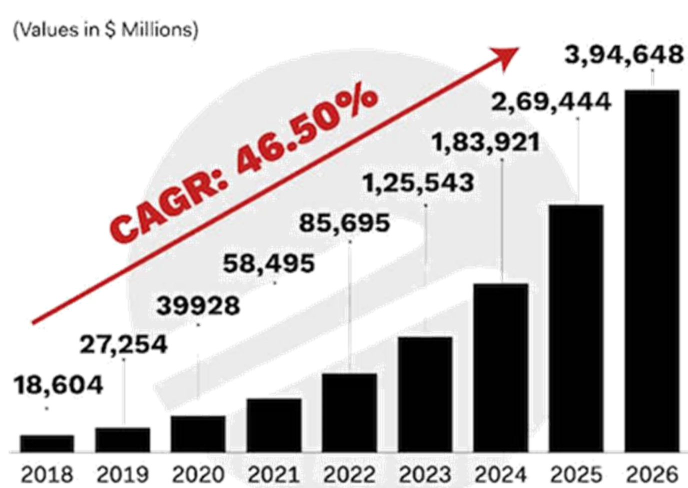
FUTURE TRENDS RESHAPING PERSONAL FINANCE

NEO-BANKS

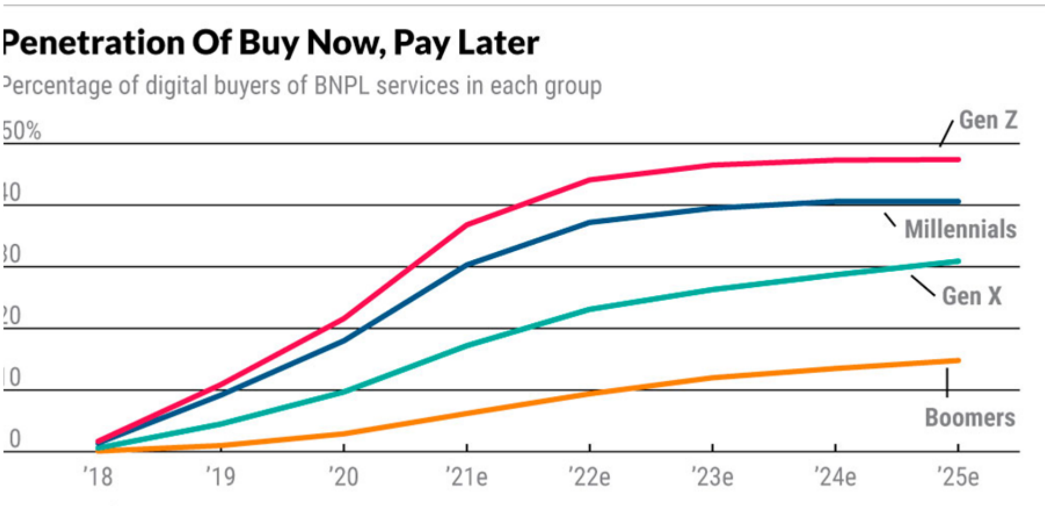
Due to the Covid-19 pandemic, the financial industry had to go through a lot of changes in the least possible time in order to meet the demands of the masses who were looking for viable means to carry out their financial transactions. Eventually, digitization and innovation took the front seat and made financial services more accessible, convenient and affordable.

Some of the key emerging areas transforming the personal finance industry are:

Growth of Neobank Market



Neo-banks are basically banks that carry out the usual banking operations without having a physical branch or a facility. With the introduction of neo-banks, traditional banks were forced to quickly digitize their services. As far as consumers are concerned, neo-banks help them manage their money by using only a mobile application.



BUY-NOW PAY LATER SERVICES

These kinds of services have received a huge push due to the pandemic and now, the adoption of BNPL is expected to grow at a CAGR of 24.2% due to no-cost monthly instalments and user-friendly repayment terms.

DIGITAL PAYMENTS

Various banking and peer-to-peer services and applications like PhonePe, GPay, Paytm, etc. are providing users with not only a payment wallet but also a platform that can help them effectively manage and track their money via services like utility bill payments, stock market trading, investment tools, etc. Digital payments are expected to grow rapidly over the next few years and are expected to account for 71.7 percent share of all payments by 2025.

AI-BASED FINANCIAL ADVISOSRS

In the wealth management industry, machine learning is increasingly used to understand an investor's profile, risk appetite and expected returns. Also, using these techniques, an individual can get the best of both worlds - the precision of AI coupled with the rational thinking of the human mind

INVESTMENT IN CRYPTOCURRENCIES

There is a growing demand for currencies that aren't regulated or controlled by the government. Although as of today, cryptocurrency is not accepted as legal tender in India, still it is a considered to be a viable investment alternative if people are able to understand the fundamentals behind the coins. The popularity of cryptocurrencies is growing at a phenomenal rate, however, there are still many challenges in wider crypto adoption and considering the volatility of this asset class, investments should be made by people keeping in mind all the risk factors.

DIGITAL LENDING

In the current financial ecosystem, digital lending startups play a very crucial role as one of the fastest-growing industry segments. The basic purpose of digital lending is to provide a bridge between banks and borrowers who may not show excellent credit scores. Since these startups have the support of the government, they are expected to soon enter into the personal finance industry as well. It is expected that digital lending will account for 60% of total Indian Fintech market by 2030.

FRACTIONAL INVESTMENTS

Earlier, when an individual had to consider investing his/her money in hopes of good returns, it was often the case that he had to shell out a lot of money in one installment. Now, with the integration of technology and increasing awareness, people can very efficiently venture into fractional or bite-sized investments. For example, an asset as reliable as gold can be sold in fractions of a gram and an individual can even venture into real estate investments via small-value units of Real Estate Investment Trusts (REITs).

BOTTOM LINE

Even though only about 3% of the Indian population invests in the stock markets currently, as compared to over 50% in the US, this number is expected to grow drastically given the increased interest of the current generation in seeking financial independence and freedom. As per IBEF, India will become the 4th biggest private wealth market globally by 2028.

In a bid to make this a reality and meet the ever-increasing demands of the rising population, the government has been designing strategies to simplify payments, lending, insurance and other banking and financial services. The effects so far have been dominantly positive. Rightly, the Indian Financial Industry is all set to reach newer heights in the coming decade with tech and innovation taking the centre stage.

Written & Designed by-
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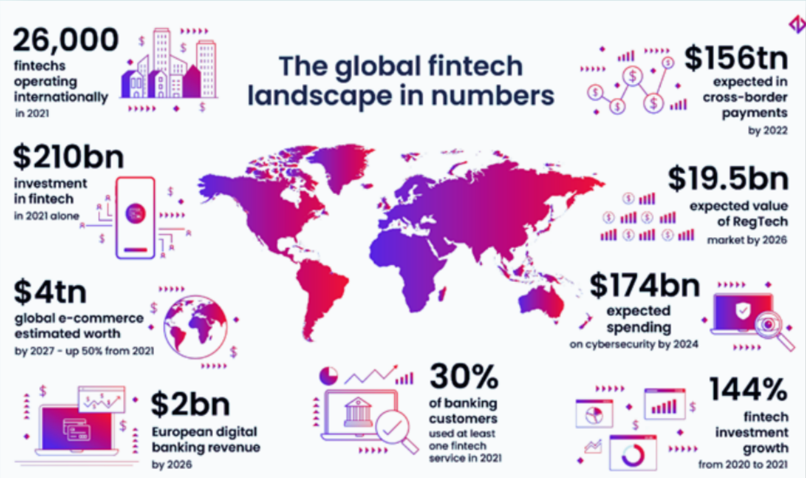
FINTECH

POSTER CHILD OF INDIA'S DIGITAL GROWTH STORY

INTRODUCTION

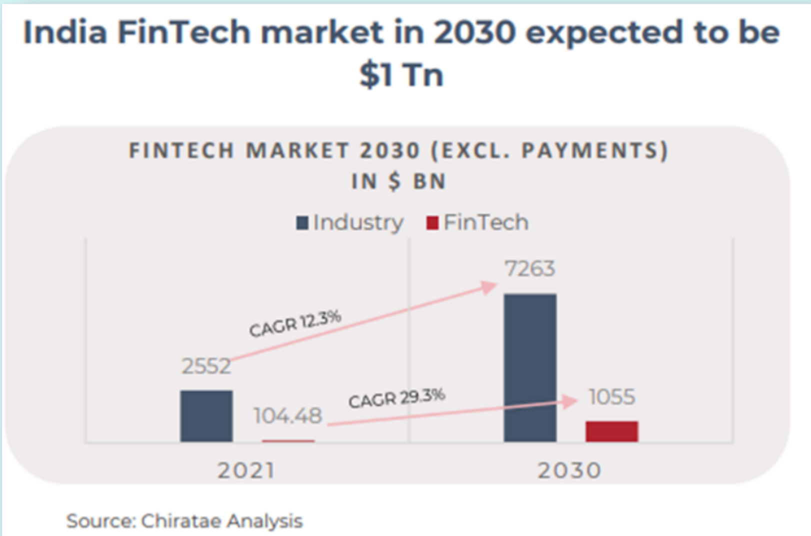


GLOBAL FINTECH ECOSYSTEM

India, one of the world's fastest-growing economies, has unquestionably become a huge FinTech hotspot in recent years. India's FinTech industry, with over 2200 companies, has experienced phenomenal growth over the last five years, keeping up with global trends. Boosting a market size of $50 bn as of 2021, Fintech is expected to become a $1 tn industry by 2030. The amount of money invested in these companies has also been noteworthy as they have raised around $30 billion since 2017. As of July 2022, 23 fintech companies have attained the coveted "billion-dollar valuation" milestone.

With $29 billion, India's fintech sector currently accounts for 14% of global funding. Indian businesses are making great progress toward their international presence. Companies like Ola, Zomato, Oyo, etc. have built their track records and amassed significant scale in India. Many FinTech firms are currently following suit.

INDIAN FINTECH ECOSYSTEM



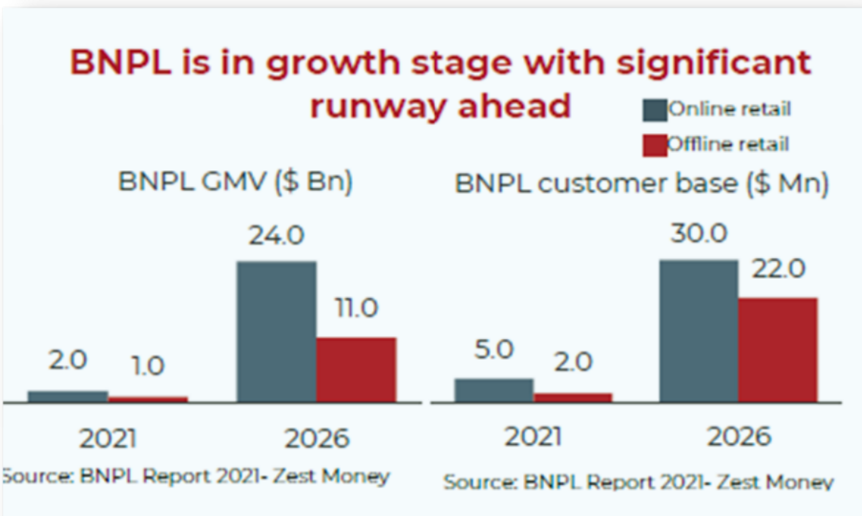
The Future of Indian FinTechs

According to a study done by EY, the prospective Indian FinTech business is expected to grow 10X and generate $200 billion in revenue and $1 trillion in AUM by 2030.

Source: EY

1.**Lending:** The Digital Lending space has witnessed investments worth more than $9bn in the last 5 years and it is predicted that it will reach $515 bn in book size by 2030.

2.Payments: Buy Now Pay Later (BNPL) is on an exponential growth trajectory, emerging strong in not only the B2C segment but also in the B2B space.



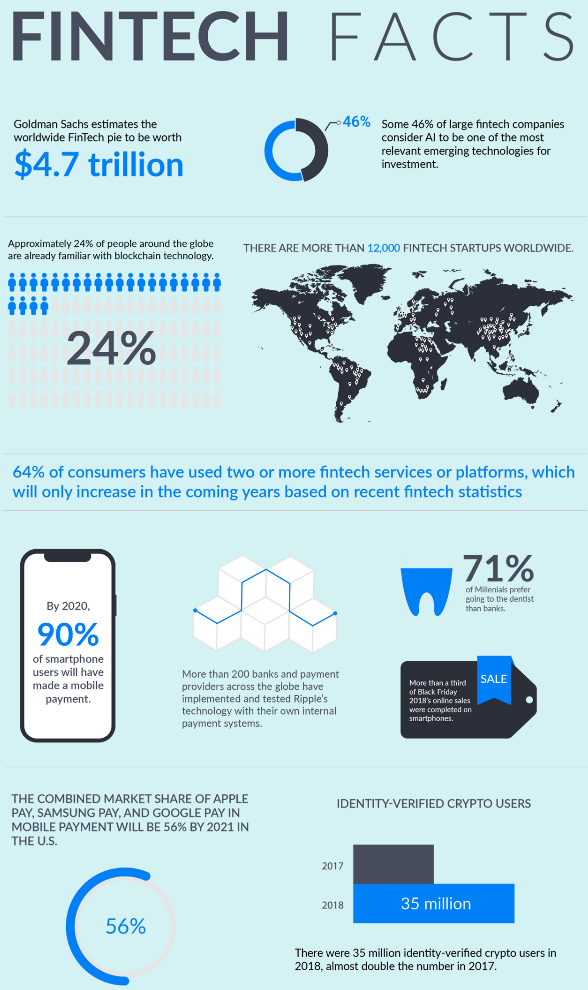
3.WealthTech: The Indian WealthTech space is also poised for significant growth with expectations of reaching a value of $237 bn as a result of India's favorable demographics with increasing disposable incomes and increasing financial awareness and desire to create wealth. There is also a surge in the flow of money in the stock markets across the world which will support the rise of WealthTech.

4.**InsurtTech**: Following global trends, the Indian Insurtech sector continues to record stellar growth with a 2X increase in total funding in 2021. It is on the path to growing 15 times over and reaching $88bn+ by 2030 owing to significant untapped insurance opportunities coupled with the government's digital efforts.

5. **Neo-Banking:** Neo-banks try to differentiate themselves from traditional banks and compete with them by offering better and more user-friendly solutions via mobile-based technology. They have seen 5 times jump in funding in the year 2021 and it is anticipated to hit a $215 bn mark by 2030. However, they might face stiff competition from digital units of traditional banks. For example – Yono by SBI is currently leading the neo-banking club when it comes to monthly active user base of ~54 mn.

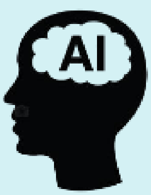
Some other trends we predict in the Fintech Space are:

We expect regulators to actively encourage innovation and the growth of Fintech in India while at the same time keeping a balanced regulatory oversight. The financial inclusion revolution is being powered by India Stack and innovations by Fintechs who are targeting to serve the underserved in tier 3+ cities and towns of the country. India can potentially establish itself as the world's largest hub for technology and talent given a 5X growth in its digital tech talent, infrastructural agility, and supportive regulatory reforms. Going forward, FinTechs are said to expand and become more profitable primarily due to India's strong customer demand, investment inflows and a strong IT skill pool with the required infrastructure and laws will aid the same.



How Tech is Going to Shape the Future of Fintech in India?

As per a study carried out by McKinsey, the following technologies are said to shape the future of FinTech in the next decade:



Artificial Intelligence to Aid in Vast Value Creation: According to McKinsey, artificial intelligence has the potential to bring up to $1 trillion in value to the global banking sector each year. Financial modelling will improve significantly across the industry due to increased use of machine-based identification of factors. Consumer protection will advance to a new level thanks to developments in secure multi-party computing, advanced encryption, zero-knowledge proofs and other privacy-conscious data analysis techniques.

Cloud Computing is a Big Bet: As per McKinsey, the top 500 global corporations' EBITDA will exceed $1 trillion by 2030 due to cloud technology. Institutions will access flexible storage and computing services at a cheaper cost thanks to cloud computing, which also frees them from non-core activities like IT infrastructure and data centers.

The Rise of DeFi: Decentralized Finance, a type of blockchain-based finance that makes use of smart contacts eliminating the need of a central intermediary, is taking off. It can potentially replace intermediaries, this is because decentralized finance utilizes deterministic smart contracts, which do away with counterparty risks and intermediary expenses while enhancing market efficiency through real-time transparency.

IoT to Unlock a New Era of Trust in Finance: From the perspective of financial applications, numerous investment strategies and regulatory frameworks increasingly take ESG factors into account. For instance, the indexing of carbon trading to IoT measures will increase, providing new options for astute players. Insurers will utilise IoT more frequently to identify risk more precisely, while also enhancing consumer interaction and speeding up and streamlining the underwriting and claims processes.

Key Risks Faced by The Indian Fintech Industry

Procedural Bottlenecks: As per a report by the World Bank, Indian Fintech startups need to go through 2.5x more procedures as a result of which they take 4.5x the number of days and spend 7x the cost per capita on compliance as compared to those in the UK, a financial services industry leader.

Lack of Infrastructure: Due to inadequate infrastructure such as low internet penetration, the emergence of fintechs was initially sluggish. Although the Indian government is addressing such problems with generous policies, the advantages will become apparent only in the long run.

Low Financial Literacy: The poor level of financial literacy in Indian society is another barrier to the penetration of fintech in India. To increase financial inclusion, India, for instance, introduced the Pradhan Mantri Jan Dhan Yojana. Post this, 180 million bank accounts were opened. However, a World Bank research claims that more than 48% of those accounts were left idle for a whole year without being used.

Cyber Threats: Fintech businesses handle private customer information. Online transactions could result in significant financial losses due to several cybersecurity concerns. Fintechs must strengthen their defenses against any threat provided by hackers. Digitally accessible financial information on people and businesses is enormous which increases the likelihood of cybersecurity breaches.

Digital Rupee

Digital Rupee is the Future of Money: Considering cryptocurrencies as a severe threat to the stability of the nation's financial system, India launched its e-Rupee on December 1st, 2022.

The RBI's CBDC is designed to provide people with another way of using money, but it isn't all that different from the banknotes that are already in circulation. The difference is that the digital rupee is meant to be traded digitally,

A CBDC/ e-Rupee, however, cannot be compared to a cryptocurrency.

The CBDC would be exchangeable for cash because it is a digital representation of the paper money that central banks like the RBI create. You will be able to utilise the digital rupee as legal tender to make purchases.

The RBI's decision to introduce a digital rupee is primarily intended to advance India in the race for virtual money; and, of course, since cryptocurrencies are becoming more and more important.

Money transfers across borders and currency exchanges are time-consuming and expensive. The instant cross-border money transfer is expected to improve bank cash management and operations, due to the launch of the digital rupee.

Wrapping Up

We see that the Indian Finance Industry is undergoing a digital transformation for the better. FinTech has the ability to significantly alter India's financial services and financial inclusion landscape. The historically cash-based Indian economy has reacted favorably to the fintech possibility, which was primarily brought on by an increase in e-commerce, widespread smartphone usage and the impetus provided by the Indian government. Similarly, the rollout of Digital Rupee is also a big step in India’s digital transformation story and is an excellent opportunity for India to improve the security of the entire payments infrastructure. However, it needs to fortify itself against various risks to ultimately aid India in becoming a $10tn economy.

Written by - Radhika Sharma
Designed by - Sakshi Rajwani, Khushi Doshi

INSURANCE SECTOR ON THE RISE

The Indian Insurance Sector has experienced stellar growth in recent years. Encouraging government policies, rising income, and middle-class Indians' growing financial literacy have all contributed to the Insurance industry's remarkable recent growth.

The government increased the FDI limit in the sector to 74%, up from 49% in 2021, a boon for foreign players which could further drive innovation and competitiveness. It is expected that the total insurance premiums (Life and Non-Life) will grow by ~14% per annum over the next decade, making India the sixth-largest insurance premium market in terms of premium volume by 2032.

Booming Life Insurance

The Indian life insurance industry has more than ₹46K crores in deployed capital, ₹52 lakh crores in managed assets, and ₹4.5 lakh crores in infrastructure investments. The key drivers in the recent past have been – the pandemic-induced risk awareness and increasing demand for group policies - amidst an advantageous regulatory environment. Life insurers have also focused on building robust digital distribution channels after covid-19 in order to be able to increase online sales and establish direct control over customer interactions.

Health - the Crown Jewel in the Non-Life sector

The Non-Life Insurance industry also grew, but at a slower rate, due to the Russia-Ukraine war and high inflation. The sector contracted marginally in 2020 as a result of slowed economic activities caused by COVID-19 lockdown measures. A strong increase in health premiums, however, offered aid, and the non-life sector in general returned to 5.9% growth in 2021. In 2021, health premiums increased by 22.5% in real terms, making it the largest non-life area of business. Motor, the second largest non-life segment, is estimated to grow significantly over the next decade owing to bullish economic sentiments.

Insurance and ESG

Compared to other financial services companies, life insurers are better positioned to make investments based on sustainability considerations as their long-term capital serves as an enabler. Insurers can reduce the risk profile of green infrastructure projects by shifting away from insuring high-emission assets. They can also be long-term investors in such projects, especially life insurers - with their long-term capital, contributing to the development of a green economy.

Insurance for all by 2047!

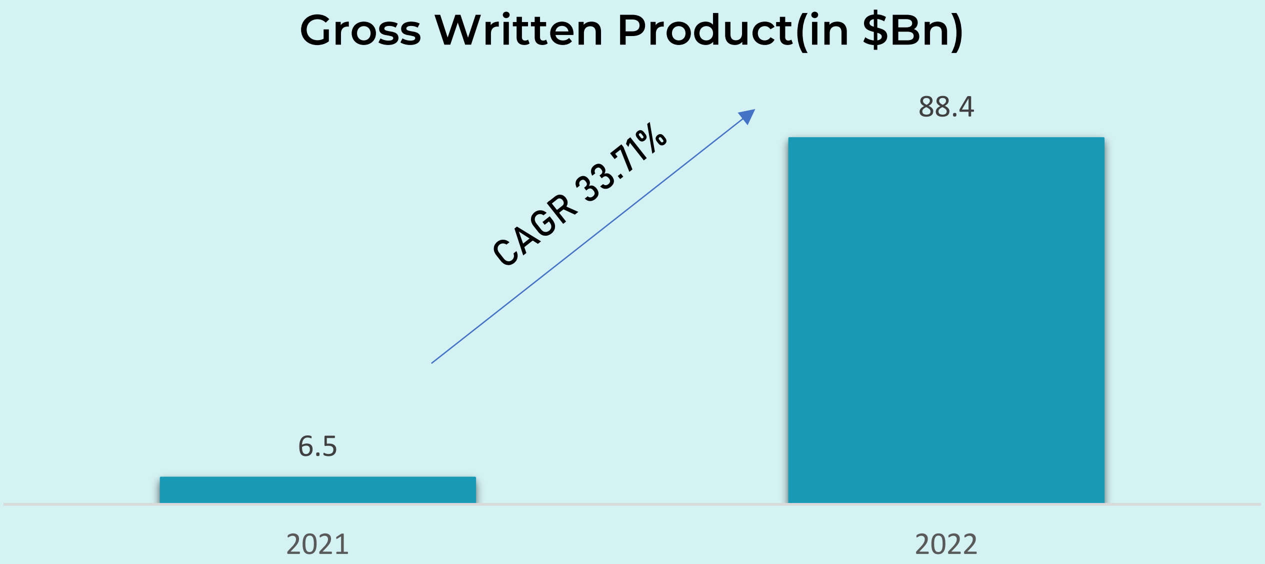
"Insurance for all by 2047" is the new IRDAI mission to increase insurance penetration in the country. Wherein the authority aims to provide adequate life, health, and property insurance coverage to every Indian citizen. This action will make the sector more attractive to investors.

To achieve this objective, the insurance sector's three primary pillars are being reformed: consumers (policyholders), insurance providers (insurers), and insurance distributors (intermediaries) by selling the right products to the right customers; establishing a thorough grievance redress mechanism; simplifying doing business in the insurance industry; ensuring the regulatory architecture is matched with changing market conditions; and increasing innovation, competition, and distribution efficiency while integrating technology.

InsurTech on Fast Track as the Future Beckons

Inspired by the term 'Fintech', Insurtech stands for "insurance and technology". It is the use of technological innovations to reduce costs and improve efficiency in the current insurance industry model. Based on the belief that the insurance industry is ripe for innovation and disruption, Insurtech is pursuing opportunities that large insurance companies have less incentive to pursue - such as providing ultra-customized policies, social insurance, and dynamically pricing premiums based on observed behaviour using new streams of data from Internet-enabled devices. The Indian Insurtech market is an attractive space for investors to invest in as it is expected to grow by 15x to reach $88.4 Bn by 2030.

The insurtech market is expected to grow by ~ 15X to reach $88.4 Bn by 2030



The Bottom Line

Technology is causing havoc in the traditional insurance industry. This new industry provides clients with a new way of doing things by obtaining information differently, processing contracts more effectively, and properly analyzing data. Though some may fear that the insurance industry will lose its personal touch, insurtech intends to deliver lower-cost, more personalized, and more flexible coverage.

Written by – Prachi Mehta & Rounak Sarangi
Designed by – Yuvadeep G

ARTICLE WRITING COMPETITION

WINNER | THEME 1

TRANSFORMATION IN THE COMMERCIAL BANKING SPACE

Commercial banking in India has undergone significant changes in the last few decades, driven by a number of factors including economic liberalization, technological advancements, and changing customer needs and preferences.

These changes have had a significant impact on the operations, business models, and performance of commercial banks in India, and have also influenced the regulatory environment and the overall banking sector.

The Indian banking sector has traditionally been dominated by state-owned banks, which have accounted for a large majority of the total banking assets in the country.

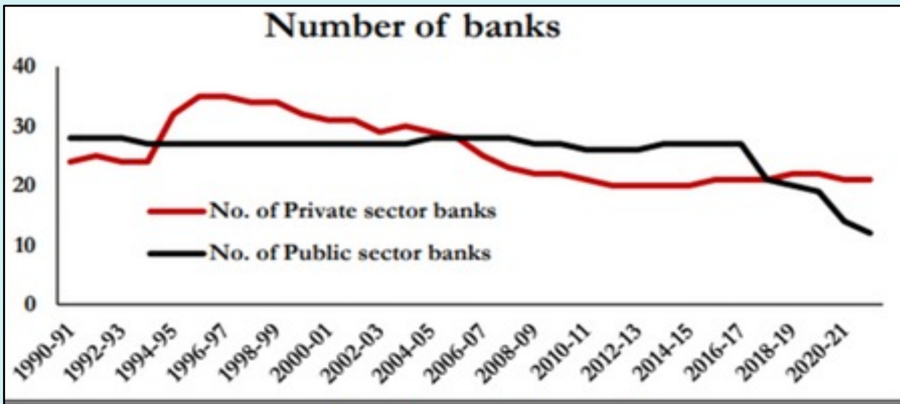
However, in recent years, there has been a trend towards privatization and M&A activity in the sector, as the government has sought to liberalize and modernize the banking industry.

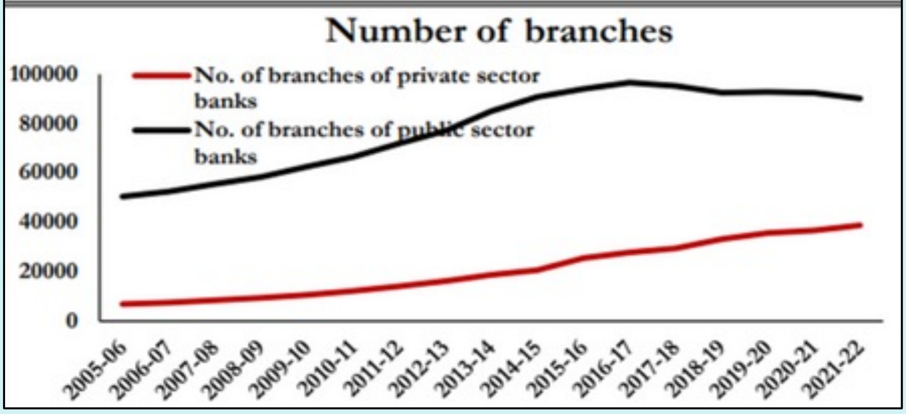
In 2019, the Indian government announced its intention to sell a controlling stake in the state-owned bank, IDBI Bank, to private investors. This marked the first time that the government had sold a controlling stake in a state-owned bank to private investors, and it was seen as a significant step towards the privatization of the sector.

One of the most significant examples of the merger trend was that of State Bank of India with five of its associate banks in 2017.

This merger created a single entity with a total of 22,500 branches and 58,000 ATMs, making it the largest bank in India by assets.

Source: India Policy Forum 2022, RBI

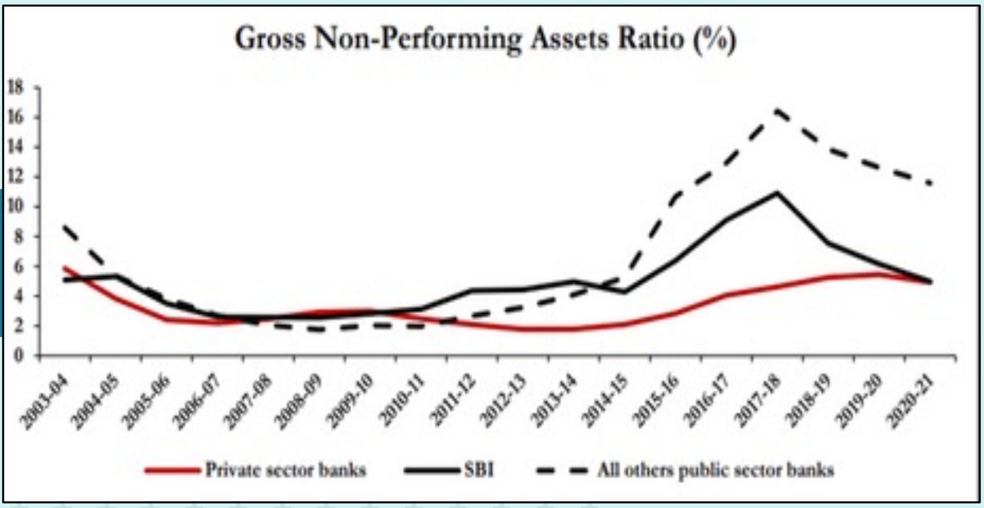




State-owned banks have often been criticized for their slow decision-making processes due to government interference, and low levels of customer service, which has made it difficult for them to compete with private sector banks. The private banks and SBI are, in fact, responsible for practically all of the banking sector's growth since 2014.

The recent mergers and consolidations have brought about a number of benefits, including increased efficiency and profitability. Larger, more diversified banks are able to offer a wider range of products and services, and are better equipped to handle risks and challenges.

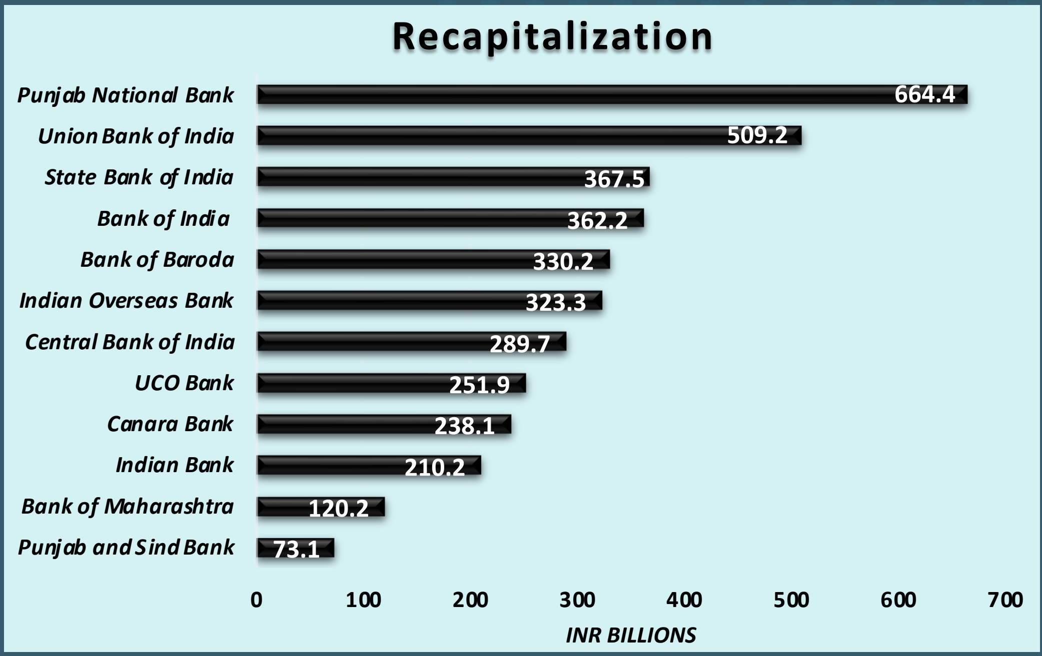
In addition, these institutions are often more profitable than smaller banks, as they are able to achieve economies of scale and reduce costs. Data from the RBI supports this claim, with the average return on assets for merged banks being higher than that of non-merged banks in the fiscal year 2020-2021.



Source: Reserve Bank of India statistical tables

Another factor contributing to the trend of privatization and M&A in the Indian banking sector has been the need to address the issue of non-performing assets (NPAs). State-owned banks have been particularly impacted by the problem of NPAs, which have weighed on their profitability and capital ratios.

Between 2010-11 and 2020-21, the government injected $65.67 billion into PSBs to assist them weather the NPA crisis. Despite this enormous inflow of cash, their NPAs are still high when compared to commercial banks. What is interesting is that the market value of these banks remains much below the funds injected in their recapitalization.



Source: Credit Suisse

Also, by selling off stakes in these banks to private investors, the government has sought to bring in new management and capital that can help to meet these higher regulatory requirements, drive operational improvements, enhance customer service, as well as shore up their balance sheets and improve their financial health. Overall, the government should look to focus on privatisation of smaller public sector banks, since a few large PSBs are already created. There seems to be little value creation scope left in additional mergers at this point.

Could Public Sector Banks be Redeemed without Privatization?

To answer this question, let's look at solutions previously adopted by RBI and Government to manage the recent NPA crisis.

The PCA (Prompt Corrective Action) mechanism was implemented by the RBI in April 2017 in an effort to improve the health of banks that were seen to be suffering from low profitability, poor asset quality, and high debt. Under this, it placed limitations on dividends, branch growth, compensation of management and hiring. It also carried out specialised audits of the bank's operations.

From banks' performance data, there is evidence that the banks participating in PCA were underperforming before they were put on PCA and they made hardly any progress after leaving PCA. In fact, NPAs rose while the return on assets decreased. It is therefore difficult to avoid the conclusion that these institutions will continue to be a financial burden on the public in the years to come.

What about Financial Inclusion Concerns?

One worry is that, particularly in rural or underdeveloped areas, the privatisation of state-owned banks might result in job losses and restricted access to financial services.

However, implementation of social goals may actually be accomplished without ownership, according to experience with priority sector loans. The main goal stated at the time of the nationalisation in 1969 was probably to ensure that credit was available to certain industries.

But nearly since the RBI formally started Priority Sector Lending rules, private banks have been subject to it in the same way as PSBs. Data from banks demonstrates complete private bank compliance with the requirement to lend to sectors with a 40 percent priority. Hence, this should not be a major concern.

What should Government Keep in Mind?

In order for a privatization to be effective, the government must stop overseeing and managing the bank. Potential buyers would not be receptive to the idea of the government being involved in the management of companies. For example, Air India initially received no bids because the government insisted on maintaining a 24 percent ownership part in it. In the case of banks, the government's part ownership participation is not really an issue, but maintaining control over them is.

It wasn't able to find a buyer until it offered to sell all of its ownership.

Also, it should provide the private buyers enough time and flexibility to transform the banks, including its workforce rationalization and management strategies.

WRAPPING UP

Overall, the increasing privatization and consolidation of banks in India can be seen as part of a broader trend towards market-based reforms in the banking sector. These reforms are aimed at improving the efficiency and competitiveness of the sector.

Hence, it is reasonable to expect privatization and consolidation will become the new normal in the Indian commercial banking space as the government and banks look for ways to adapt to the changing economic and regulatory environment.

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Ensuring Inclusivity in the Finance Space

Inclusion as a business opportunity?

India has a population of more than 1.3 billion people, of whom 65 percent reside in rural areas. A significant segment of this population lacks simple access to financial services. The affordability of financial services is a crucial driver in advancing financial inclusion in the nation.

The overarching objective of financial inclusion is to provide access to affordable banking services for underprivileged individuals, especially in rural areas. Financial inclusion helps low-income farmers, non-agricultural businesses in rural areas, and other underserved groups. It is difficult for low-income farmers and other groups to get conventional loans. Financial inclusion may be bolstered not just by conventional banking institutions, which should see inclusion as a business opportunity and social duty, but also by the self-help group movement and microfinance institutions. This calls for depoliticizing the financial system and new forms of regulation.

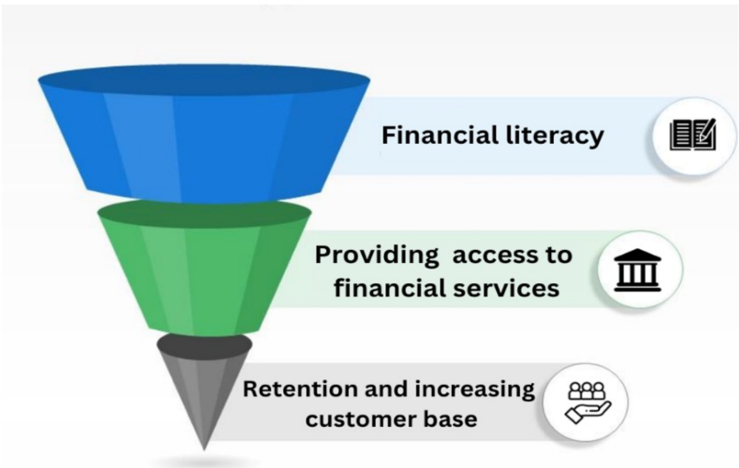
Key Challenges and Issues

Financial inclusion demands a comprehensive strategy that considers both supply and demand. Political interference, including loan waivers and write-offs, has harmed several official rural credit institutions. Small farmers and other vulnerable people need friendly rural banking. It demands a certain ethos, culture, and attitude. While 80% of Indians have bank accounts, about 45% remain inactive owing to various causes such as:

1. Lack of financial literacy and gender gap.

2. Access: Financial institutions face issues like lack of infrastructure, reliable internet, power, and other support services. High bank fees and other considerations also make standalone bank branches unviable.

3. Retention: Low income and unemployment discourage Indians from utilizing financial services.



Roadmap for Providing Financial Services in Unbanked Rural Areas

1) Providing Financial Literacy

Financial knowledge helps people become self-sufficient and attain financial stability since a lack of fundamental financial information leads to bad investments and financial choices.
Building up trust is an important factor in rural India for financial inclusion. It has been observed that people in rural areas give more preference to personal relationships over digital transactions.

Thus, banks and other financial service providers have to slowly build up trust over time to bring financial inclusion. Financial institutions should provide financial knowledge on smart investment options, cheap EMI options, etc. This can be done by employing the local population and encouraging them to participate in these initiatives to build trust in the system.

Another factor is increasing awareness of government initiatives among people in rural areas like PMJDY, DBT Scheme, LPG subsidy, MNREGA payments, old age pension, scholarships, Aadhaar Enabled Payment Services (AePS), and UPI.
Lastly, promoting USSD services in Rural India, which allows users without a smartphone or internet connection to use mobile banking for fund transfers, checking balances, etc. As they have an advantage over the internet, payments made over the USSD channel should be encouraged (by paying back the fees associated with the USSD procedure).
In India, USSD can be especially helpful in rural areas where some part of the population still lacks dependable internet connectivity, and will therefore reach a substantial share of non-smartphone users.

2) Providing Access to Financial Services

Bank the Unbanked - To combat this problem and help banks overcome the last-mile connection issues associated with rural clients, the RBI required the construction of a network of BCs to assist banks in accessing rural consumers and promoting the spread of formal banking services to unbanked regions.

BC Model - Expanding Financial Distribution Network and its Scope

The BC model not only encourages financial inclusion but also provides a way for people in rural India to increase their income.
By enabling people to use their existing retail outlets and skills to expand financial products, services, and literacy within their local communities, the concept fosters a spirit of entrepreneurialism. With no initial setup fees or ongoing operating expenses, it enables banks to broaden their clientele and offer a restricted range of financial services.
Banks can use the infrastructure that the BCs have built without having to invest any capital. BCs are a crucial component of the RBI's plan to enhance financial inclusion in India. In addition to reducing costs and increasing bandwidth, BCs allow banks to offer doorstep banking in far-flung areas of the nation.
Having a physical touchpoint for its services also solves the problem of last-mile delivery of financial services.

Institutions for Implementation of Financial Inclusion in Rural Areas:

- Scheduled Commercial Banks
- Small Finance Banks
- Business Correspondents
- Micro-Finance Institutions
- Payment Banks
- Regional Rural Banks

Steps to Implement

1) By granting everyone access to basic banking services, including savings and remittance accounts.

2) Maximizing the number of bank branches, BCs, mini ATMs, and digital payment channels in order to expand the reach (to promote a cashless economy).

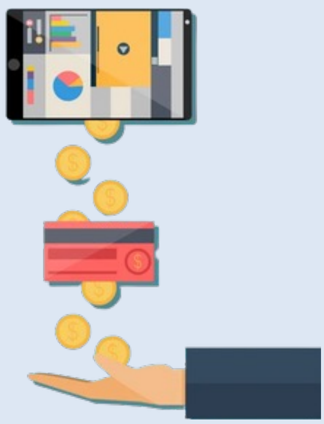
3) Ensuring that the digital infrastructure pipeline is put in place, serving as a crucial support system for DBT flows, implementing social security and pension plans, facilitating credit flows, and encouraging a cashless economy and digital payments.

4) Promoting digital and cashless payment methods through alternative banking formats: The extension of banks and banking services is now essential for the development of enterprises and activities in rural areas. In order to meet this growing need, new banking formats are required, including digital financial services, cheap mini ATMs, BCs and white-label ATMs.

5) Developing the necessary technological infrastructure would enable people to use data without sacrificing their privacy and will improve the advantages of financial inclusion in India. Even the penetration of brick-and-mortar traditional branches and ATMs needs to be increased especially in rural areas of India.

Cash In Cash Out (CICO) Network

It refers to a mechanism whereby customers can exchange cash for electronic money and vice-versa.
Cash is mostly used for everyday transactions, so banks must ensure the networks have sufficient cash-in and cash-out facilities. They should make sure that the CICO points are close (within 500 meters) to the transaction points. For cash management requirements, a brick-and-mortar branch within a five km radius must support these CICO locations and consumers.
A model like CICO can support BCs and ATMs for availing cash in rural and semi-urban areas without weakening the aggressive chase for a cashless system of transactions, as banks are already reducing their ATM deployment owing to a lack of feasibility.



Leveraging JAM Trinity

The evaluation of creditworthiness of households and unofficial enterprises should be improved through technology. Additionally, this would encourage banks to open brick-and-mortar locations in remote areas.
Also, by using platforms like Jan Dhan and Aadhaar, a new data-sharing framework will be adopted that will make it simpler to acquire credit while providing sufficient data privacy measures.

3) Retention and Increasing Customer Base

Farmers' risk factors should be taken into consideration when formulating regulations in order to maintain rural consumers and develop financial inclusion. Additionally, rural banking has to be reorganized such that advisory services for both farms and non-farm enterprises may be added to loans.

Depoliticizing the financial sector is also essential to preserving the sustainability of regulated financial institutions.

Women, households in the bottom 20% of the income distribution, people living in rural regions over the age of 35, and those in poverty make up a sizable portion of the population that is still unbanked. Additional perks and incentives, such as no transaction fees for the first two years, greater interest rates on savings accounts, etc., would encourage increased inclusion from this financially deprived section of our society.

In addition to digitization, strengthening cyber security and data protection using blockchain and smart contracts will help both in getting more people onboarded to avail financial services and in retaining the present customers.

Concluding Thoughts

The achievement of financial inclusion in India depends on a comprehensive approach that strengthens the nation's present digital platforms, infrastructure, human resources, and legislative frameworks while also fostering the development of new technological innovations. If enough efforts are done to overcome the existing difficulties, financial inclusion has the potential to expand the benefits of economic advancement to the poor.

Written by: Pratim Saha & Palki Agarwal, SBM NMIMS, Mumbai
Designed by: Vaasu Gupta, Vanshika Relhan and Aman Gupta

SAMRIDDHI JOURNEY

Samriddhi has completed almost 7 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.

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.

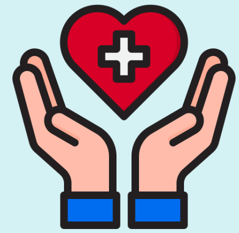
At the outset, it is imperative to mention the Objective of the Fund **– to seek for and award prospects for 'Growth Sustenance' and 'Value Creation**' across only Equities forming part of the NSE200 Index. Samriddhi is to be categorized under Growth and Frontline Equity Funds which and we use a meticulous 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.

Samriddhi also actively aims to distinguish itself via its proprietary research through three flagship publications: Samriddhi Intelligence Report (SIR), Samriddhi Equity Research Report (SERR) and Market Impact Report (MIR). Our research reflects our current views on investment ideas, sectoral attractiveness, market trends and developments and valuations. Team Samriddhi published a comprehensive SERR on Titan Company Limited covering in depth various facets of the company's operations along with deep insights into the Indian consumer retail segment, an MIR covering our view on the Indian economy & financial markets and two SIRs one on the Healthcare Industry with special focus on hospital & diagnostics sector and other on the Indian Power sector. The team has started a new initiative called Mad over Markets (MoM) which is a monthly report of the past month's market performance and the news which moved markets.

We have also published an IPO report on Electronics Mart India Limited, a financial analysis report on FC Barcelona and a report on the Credit Suisse Crisis. We also celebrated Samriddhi Day with an investor presentation followed by an insightful speaker session by Mr. Raj Mehta, Fund Manager at PPFAS Mutual Fund. 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 Samriddhi 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.

SAMRIDDHI REPORT



INDUSTRY OVERVIEW

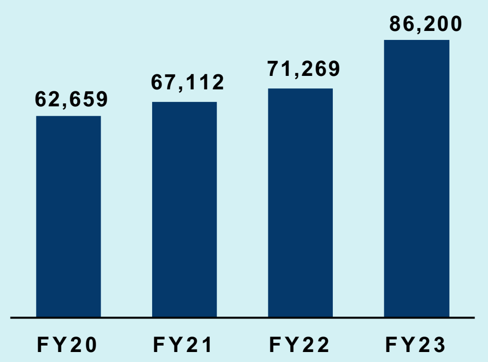
India's healthcare market have been expanding at a CAGR of 22.5%, driven by a growing population, expanding middle class, rising incomes, an uptick in lifestyle diseases, and increased health awareness. The sector's rapid expansion is backed by advancements in healthcare coverage and services and rising public & private spending. As a result of the Covid-19 pandemic, there is a greater demand for self-reliance in the Indian healthcare system, with a shift in emphasis toward innovation and research, drug and equipment manufacturing, digital transformation in health services, equitable access to healthcare solutions, mental health, and wellness. Numerous sectors, including hospitals, diagnostics, medicines, and medical equipment, comprise the healthcare industry.

The Indian Pharmaceutical sector, known as the "Pharmacy of the World" holds a strong international reputation. India holds around 20% of the global market share for generic medications, making it the largest exporter in the world. Despite this, India's public healthcare system still has inadequate facilities because of years of inadequate funding. While prospects are bright for healthcare services in India as demand for these services will continue to remain positive, prospects for the industry would be even brighter if the healthcare services get extended to the uncovered set of population in the country. Healthcare sector is the 5th largest employer, adding approximately 2.7 Million new jobs between FY17-FY22

Industry Sub-parts

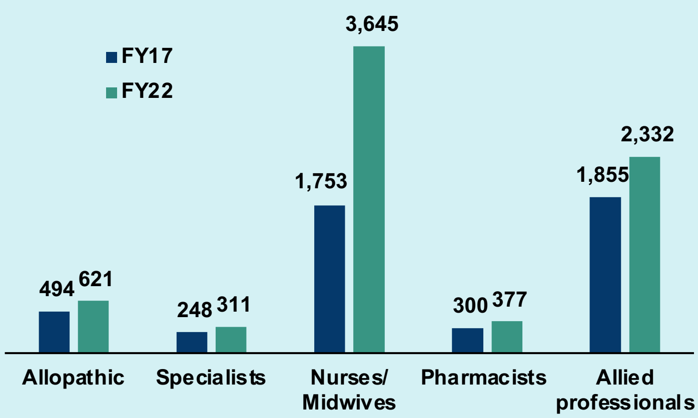
Types (market share %)	Explanation
Hospitals (68%)	Includes government and private healthcare centres; district, general and private hospitals; nursing homes
Pharmaceutical (19%)	Includes manufacturing, processing, purification and packaging of chemicals be used as medicines
Diagnostics (4%)	Includes businesses and laboratories that offer analytical and diagnostic services
Medical Equipment (9%)	Includes primary manufacturing medical equipment and supplies

Budget Allocation for Ministry of Health and Family Welfare – Trend (In Rs. Cr)



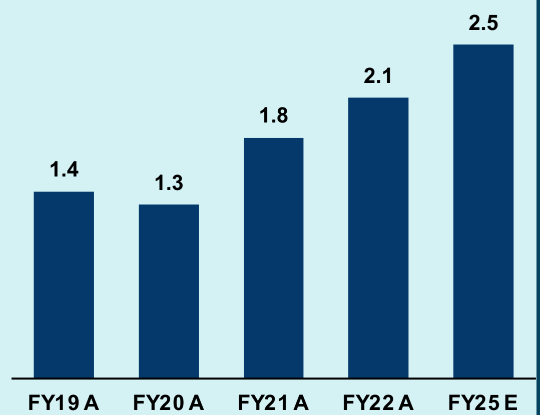
Source: PRS India

Increase in direct jobs in Indian healthcare sector



Source: World Bank, Economic Survey

Government Healthcare Expenditure as a % of GDP



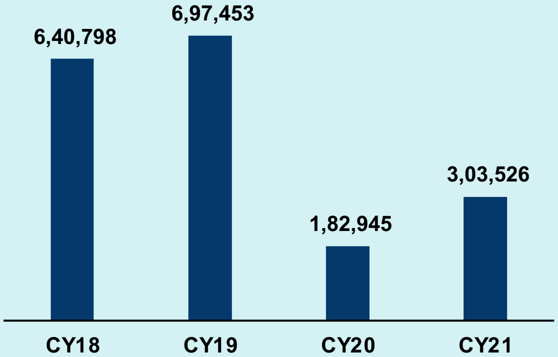
Source: Niti Ayog

GROWTH DRIVERS

Telemedicine: A combination of poor last-mile healthcare delivery and easy access to technology has made telemedicine a strong growth story in the healthcare industry. Researchers cite an aging population as one of the biggest factors fueling the rise in telemedicine services. Along with that is the technological revolution, e-commerce space has exploded, so people are looking at various innovations to connect and bridge the gap in healthcare access.

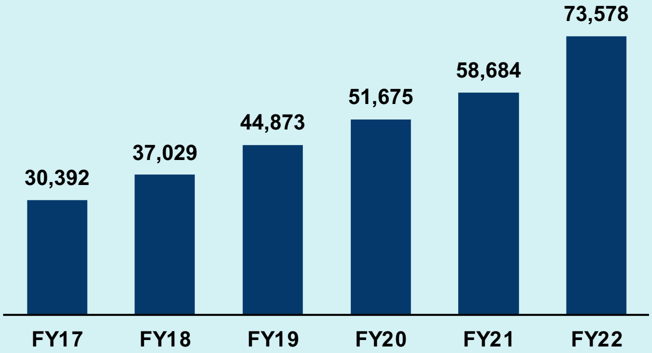
Medical Tourism: India is quickly becoming a popular destination for medical tourists from around the world. Wellness tourism, in particular, is rising faster than global tourism, as an increasing number of customers incorporate wellness into their vacation plans. Patients from neighboring countries, are increasingly flocking to India due to the availability of world-class medical infrastructure, highly experienced English-speaking doctors, and competitive medical treatment pricing.

Tourist Arrivals on Medical Visas in India



Source: Ministry of Tourism

Health insurance premium paid (In Rs. Crore)



Source: IRDAI

Increasing awareness about healthcare insurance: Health insurance encourages the demand for healthcare services as the insured pays premium for policy which is reimbursed by the insurer in case he/she has to undergo treatment on account of illnesses, sickness or diseases. The health insurance premium grew in double digits in each of the years during FY17 to FY22 and increased at a healthy CAGR of 19.3% during this period. Greater awareness of the benefits of medical insurance will directly benefit the healthcare industry.

Expansion to Tier 2 and Tier 3 cities: There has been an increased investment diversification for the overall development of healthcare infrastructure in Tier 2 and 3 cities. There has been development of 6 AIIMS facilities in tier 2 cities. Government initiatives like Ayushman Bharat, Ayush Mission and Pradhan Mantri Swathya Suraksha Yojna are proving to be game changers for the smaller towns and rural areas.

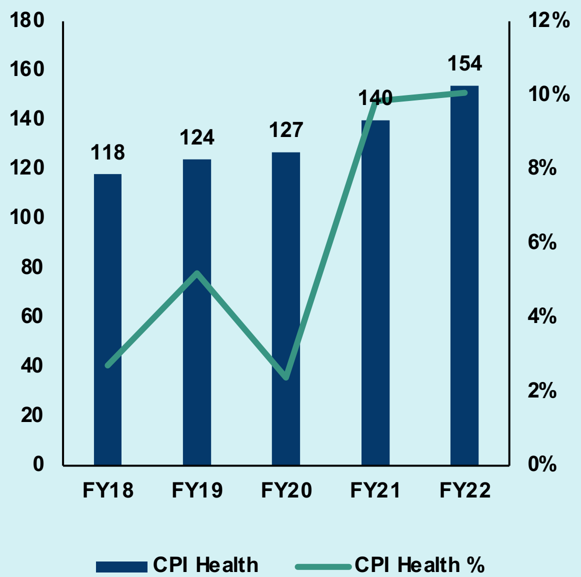
COST DRIVERS

1. **Supply chain disruptions:** International quarantine restrictions have affected commodity and logistical pricing, which has led to production cost increases. Notably, prices for a variety of commodities have increased in FY21, including those for energy, grains, industrial and precious metals, cotton, and animals. Healthcare inflation increased significantly as a result of the pandemic's effects on supply and demand.

2. **Patent costs:** In the next five years, the impact of patent expiries is estimated to be about US$166 Billion while it will be partly offset by spending on associated generics and biosimilars. More than 250 new active substances (NAS) are expected to be launched in the US and are expected to contribute $114 billion in spending.

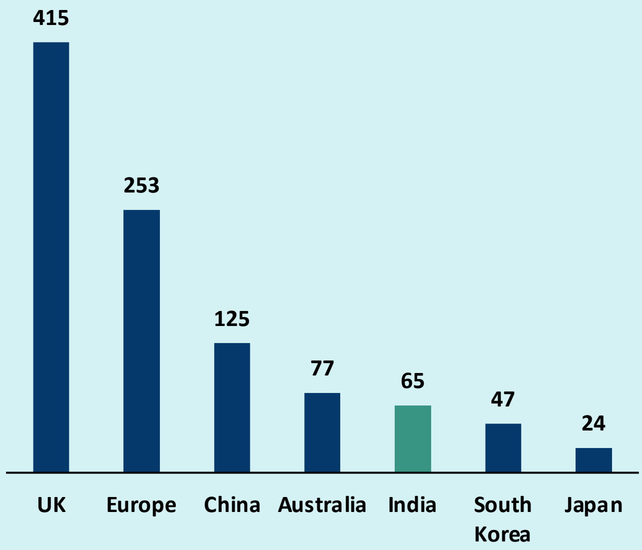
3. **Pandemic-led Reinvention of Healthcare Delivery:** As healthcare is getting personal, demand for teleconsultations with continuous monitoring has soared — with 38x higher demand than before the pandemic. Such a huge increase has led to higher investments in this space which will push companies to innovate and find newer models to enhance virtual healthcare delivery.

Increasing health inflation in India



Source: Company Filings

Number of healthcare patent filed by various countries



Source: Department for Promotion of Industry and Internal Trade

4. **Drug development & approval:** The global COVID-19 pandemic has been a wake-up call to governments across the world. It may prompt them to increase healthcare budgets and encourage higher investments in pharmaceutical R&D and manufacturing to treat new infections and diseases. Over the next five years, an average of 54-63 new active substances (NAS) are expected to be launched globally per year. Approvals from the USFDA and other statutory compliances also increase healthcare expenses.

5. **Technology advancements:** Hospitals incur large sums of money for developing state of the art facilities and for keeping up technological advancements. The new technology is generally imported and can be very expensive to purchase and then maintain as well.

COMPARATIVE SUMMARY

HOSPITALS

Major Costs (% of sales)	Fortis	Apollo HOSPITALS	MAX Healthcare
Purchase of Medical Consumable and Drugs	25%	52%	24%
Employee Benefit Expenses	17%	12%	19%
Finance Costs	3%	3%	26%
Professional & Consultation Fees to Doctors	19%	7%	21%
Depreciation and Amortization	5%	4%	6%

DIAGNOSTICS

Major Costs (% of sales)	Dr Lal PathLabs	METROPOLIS The Pathology Specialist
Purchase of Medical Consumable and Drugs	**24%**	**22%**
Employee Benefit Expenses	**17%**	**19%**
Finance Costs	**1.5%**	**2%**
Depreciation and Amortization	**5%**	**5%**

DEALS IN HEALTHCARE SECTOR

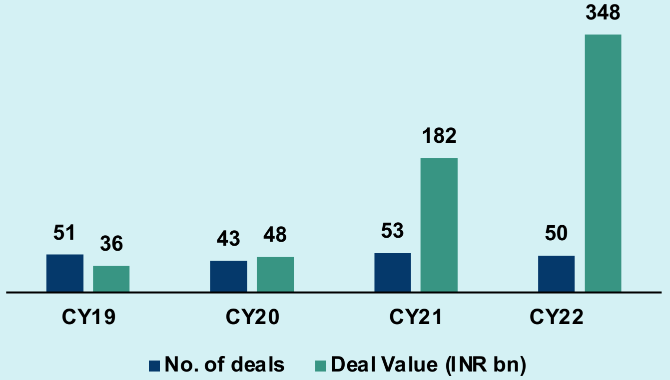
Biocon Biologics acquires Viatris: Biocon Biologics agreed to buy Viatris Inc.'s global biosimilar portfolio for $3.34 billion in the first half of 2022. This will allow Biocon to become a vertically integrated biosimilars leader

Mankind Pharma acquires Panacea Biotec: Mankind Pharma acquired Panacea Biotec's domestic formulation brands business in India and Nepal in the first half of 2022 for Rs. 1,872 crores. It will enable Panacea Biotec to become a debt free company and will allow it to focus on exports of pharmaceuticals

Glenmark Life Sciences IPO: Glenmark Life Sciences Limited IPO opened for subscriptions in July of 2021 and was fully subscribed. It opened at a meagre premium of 4.32% on listing day.

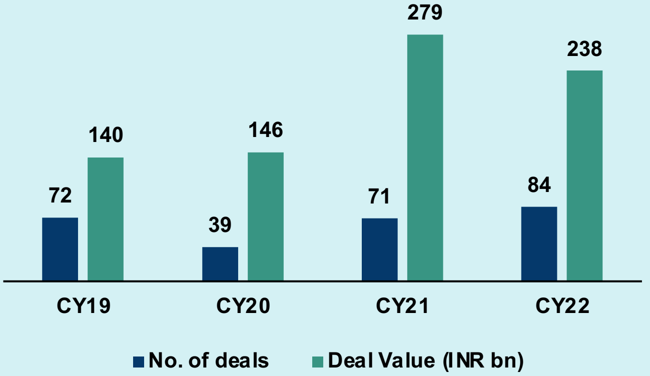
Gland Pharma IPO: Gland Pharma IPO at the end of 2020 had an issue size of Rs. 6,479.55 Cr at an issue price of 1500. It listed at a 13.3% premium on listing day

M&A Activity in Healthcare Sector



Source: Equirus Healthcare Tracker

PE Activity in Healthcare Sector



Source: Equirus Healthcare Tracker

Samriddhi Investor's Fund

Equity Factsheet

Data as of 18th Jan, 2023

Investment Objective

To seek to generate long-term capital appreciation from a portfolio comprised entirely of equity securities from the NSE 200 Index.

Portfolio Managers

Paridhi Jhunjhunwala, Kartikay Sharma, Akshat Baid, Renil Shah, Sanil Desai

Investment Methodology & Philosophy

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.

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 Facts

Particulars	Portfolio
Inception	2016
Benchmark	NSE 200 Index
NAV (as of 18-01-2023)	**₹ 688**
Total number of holdings	22
Subscription frequency	Annual
Withdrawal frequency	Annual

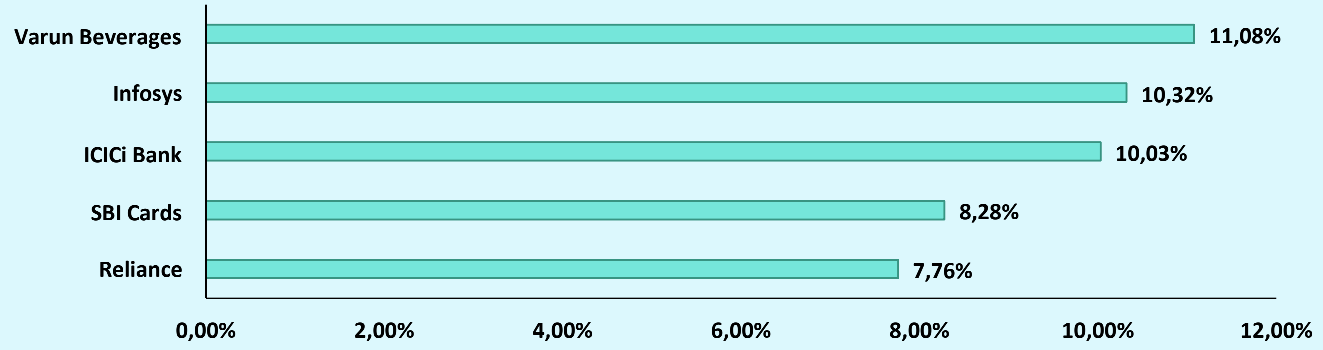
Fund Performance

Particulars	Portfolio	NSE 200
Beta	0.90	1
Standard Deviation	15.57%	17.49%
Returns (9M Annualised)	3.38%	3.50%
P/E	30.94	22.88

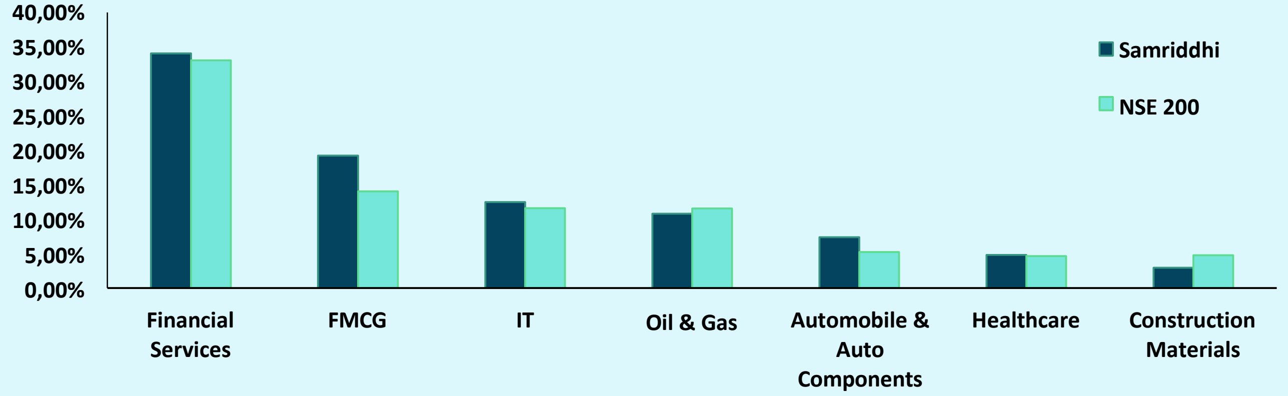
Market Cap (%)

Particulars	Percentage
Large Cap	71.00%
Small Cap	29.00%

Top Holdings & Weightages



Sectoral Weightages



ALUM CONNECT

Describe your MBA journey at NMIMS.

Harshita

Varnika

My MBA journey at NMIMS was a very enriching experience. Although it was online, our batch tried to make the best of it by participating in as many activities as possible. Most of my time went into committee work and participating in inter-college finance competitions, working for which was more fun than actual work.

What would you tell your younger version if you could return to the start of your MBA? How can one make the best out of it?

Harshita

Varnika

Do all the things you ever wanted to do academically in these two years, interact with as many people as possible and don't let opportunities slip out of your hand by assuming you aren't good enough. Remember, you didn't join an MBA course to be a nobody.

VARNIKA BAGARIA

FINOMENON PRESIDENT (2021-22)

Undergrad- B. Com Hons,
St. Xavier's College Kolkata

Summer Internship-
Goldman Sachs

Current Position- Corporate Treasury Analyst,
Goldman Sachs

ALUM CONNECT

What does Finomenon mean to you?

Harshita

Finomenon is like a family to me. I spent most of my time here and have made the best of friends and the best of memories here. It helped us ease into the MBA programme when our seniors went out of their way to guide us in the placement process and made online MBA fun.

Varnika

How was your experience of leading Finomenon and being the face of finance in college? Did it prepare you for the corporate world ahead?

Harshita

My experience of leading Finomenon was bittersweet. Motivating everyone to participate in online events when everyone was dealing with zoom fatigue was not easy. It made me realise the importance of teamwork and forced me to come out of my comfort zone, which helped me prepare for the corporate world. Along the way, I formed some great bonds and memories.

Varnika

You were the only batch who had their MBA in the online mode for both the years. How do you feel about that?

Harshita

While the timing was unfortunate for our batch, we tried to make the best of it by keeping things fun online. All our batch mates were extra supportive and stood by each other every step of the way, whether it was placements, classes, committees or exams. In a time when everyone was struggling with the frustration of staying at home because of lockdown or dealing with covid, we all found solace in an alternate world which was an online MBA for us.

Varnika

ALUM CONNECT

Any tips on how to stand out during your summer internship?

Harshita

More than anything, how you get along with the team is the most important. So it is important to socialise with your team and offer them your help for any additional project where you think you could add value. Do not hesitate to ask meaningful questions. It shows that you are interested in the role. However, don't forget that you are judging the company, role and culture too to understand whether you would be a good future fit, so do not get overwhelmed by the pressure to convert the internship into a PPO and take your time to get to know the firm.

Varnika

Would you like to share some of your best memories with us?

Harshita

The times we could escape the online world and meet our batch mates offline were the most special. Hosting our first offline event in college – Fin Fiesta, was the highlight for us all. We finally got to meet each other offline, ideate the event, and deal with the struggles of planning logistics offline, which we weren't aware of in the online world. The games organized were fun, not only for the entire batch but also for us. The event was followed by the Finomenon Farewell which was equally memorable.

Varnika

Interviewer - Pratik Halan | Designer - Harshita Kandpal

ALUM CONNECT

Avantika

Describe your MBA journey at NMIMS.

Shubhankar

It was a fantastic journey. I tapped into my passion for finance and delved deeper into its finer aspects. I was always open to new experiences and was a part of Ecolibira and Explore along with Finomenon. I also pursued my CFA Level 1 which taught me how to multi-task and create a balance between my passion and academic pursuit. I'm fortunate to have found my closest friends here. It's that phase of my life where I explored as much as I could and went all out to enjoy my college life to the fullest.

Avantika

What would you tell your younger version if you could return to the start of your MBA? How can one make the best out of it?

Shubhankar

If I could go back in time, I'd tell my younger self to attend classes more regularly and be more focused. I'd stay away from the fear of falling behind. I'd tell myself it's absolutely fine to take time to identify your domain of liking. I'd work more closely with my professors and assist them in projects they work on. They work with alums and corporates on interesting projects and I feel I missed out on a great opportunity. NM is what you make of it. It presents you with excellent opportunities, and you have to capitalize on the same.

SHUBHANKAR MAYANK

FINOMENON VICE PRESIDENT (2021-22)

Undergrad- B.Tech (Information Technology), Manipal Institute of Technology

Summer Internship- Credit Suisse

Current Position- Market Risk Analyst, Credit Suisse

ALUM CONNECT

What does Finomenon mean to you?

Avantika

I set my eyes on Finomenon much before I joined college and looked it up on all platforms. I was extremely impressed with their body of work and I proudly say that Finomenon played a catalyst role in my placements. I would attribute my major lessons in finance during college to Finomenon. I vividly remember my learnings while working on Samriddhi's Airtel report which was a steep learning curve. I loved how we got to work under different divisions due to the rotation policy in Finomenon.

Shubhankar

How was your experience of leading Finomenon and being the face of finance in college? Did it prepare you for the corporate world ahead?

Avantika

As the VP, I juggled many responsibilities and thoroughly enjoyed working alongside my Finomenon family. I cherish the late nights we pulled where we had a lot of fun. We worked on meeting our budgets and securing sponsorships. We mapped companies and squeezed our brains to chart out strategies. My most memorable experience is interacting with our juniors. Working for Samriddhi Fund honed my Excel skills and came in handy in my corporate life. The strong alumni network that Finomenon has is one of its highlights. They are always available to be that compass guiding you in the right direction.

Shubhankar

You were the only batch who had their MBA in the online mode for both the years. How do you feel about that?

Avantika

The online part was good for most of it. We regretted not having spent enough time on campus and I still imagine what it would be like to stay late on campus with friends and academic groups. Online classes allowed me to balance out my academics with extra-curricular activities and spend more time with my family. To find my way through online classes, I connected with people from different walks of life. We did miss out on trips initially but made up for the same later. We made a lot of beautiful memories, both online and offline, that can't be summed up in words.

Shubhankar

ALUM CONNECT

Any tips on how to stand out during your summer internship?

Avantika

The secret mantra to doing well in the summer placements is 'Be yourself and be honest'.Starting from filling out your forms till you finish your internship, reflect your personality in your behavior and do not fake it. Whenever it gets tricky, remind yourself that you've been selected for a reason and with time you'll naturally rise to the occasion. Read up on your basics and have a strong foundation before joining your internship. Ask the right questions as this indicates your curiosity and interest in the role. Focus on how best you can contribute to the organization, be it in any capacity, and avoid indulging in power and politics.

Shubhankar

Would you like to share some of your best memories with us?

Avantika

My best memories involve the time spent with my academic group members, who made my MBA journey the most beautiful. They supported me through thick and thin. Naming a few special moments would be challenging as there were many. Finomenon was a place where I made lovely friends and met my mentors. It has a special place in my heart and was truly an influential segment of my MBA experience. A few of us catch up even today and continue to maintain a strong rapport.

Shubhankar

Interviewer and Designer - B Avantika

FINOMENON JOURNEY

PICK OF THE WEEK

It is an initiative by Finomenon to check students' stock market awareness through a weekly quiz on our Instagram page. Highlights of the company and previous quarter results are published along with the Top 3 winners who've rightly identified the stock on our official Instagram handle.

SAMRIDDHI DAILY NEWS

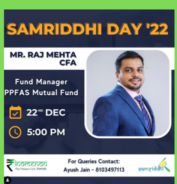
It is an initiative by Finomenon to keep the batch abreast of the current news in focus relating to the financial markets in a short and crisp format every day.

BUSINESS CONCLAVE' 23

We also host a Business Conclave wherein distinguished guests from various branches of finance (CXOs) are invited to share their views on the ongoing economic scenario and the future of the finance industry. The conclave happens to be one of the most awaited and enriching events of the year.

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.



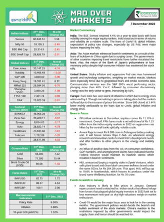
SAMRIDDHI DAY

Celebrating the anniversary of our student-led fund, Samriddhi, we organized a speaker session with Mr. Raj Mehta, CFA (Fund Manager at PPFAS Fund). This was followed by an Annual Investor Presentation Meet where we talked about our investment strategies and addressed our investors' queries.

SAMRIDDHI INTELLIGENCE REPORT (SIR)

On the occasion of Samriddhi Day, Finomenon launched two Samriddhi Intelligence Reports (SIR) on the power and healthcare sectors covering themes like sector overview, growth drivers, key risks, future outlook, etc.

FINOMENON JOURNEY



MAD OVER MARKETS

Finomenon releases a monthly report providing the readers a snapshot of the month's market performance and news in focus. It also shows the performance of various global, Indian and sectoral indices for the month and in addition to this, it presents the monthly change in forex rates and macroeconomic indicators.

FIN CHRONICLES

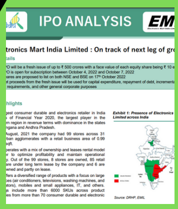
It is a series of financial articles where we covered topics like Decoding the Rise'N'Shine of Adani Group. The article covered some overarching themes such as factors leading to the rise of Adani, the latest mergers and acquisitions, concerns and risks, economic and market ramifications and the future outlook.

FINSIGHTS

Finsights are brief analyses of trending topics in the business and finance world. Some of the topics covered in this session so far are Algo Trading Saga, Digital Rupee, Fall of Cryptocurrency, Meme Stock Mania, and so on.

SAMRIDDHI EQUITY RESEARCH REPORT

The SERR includes industry-level equity research on a wide range of companies designed primarily to enhance learning among students. The company chosen for this particular report was Titan Ltd.

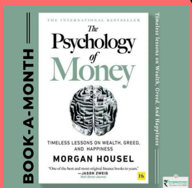


IPO ANALYSIS

We also extensively research on various IPOs in India covering a host of details like offer details, key financials, company analysis and risks involved with the IPO among others.

BOOK-A-MONTH

In a bid to promote the habit of reading amongst students, Finomenon reviews and shares insights from various books on finance and economics. Of late, we have covered books like the Psychology of Money by Morgan Housel and The Intelligent Investor By Benjamin Graham.



FINOMENON JOURNEY

SUMMERTHAN & WINTERTHAN

An initiative by Finomenon to float finance dossiers, research reports, interview experiences and articles on key recent happenings from the world of business and finance so as to facilitate the students preparing for their summer internship and final placements process.

CFA RESEARCH CHALLENGE

The CFAI hosts an annual global competition in which university students receive practical learning, guidance and focused training in financial analysis. Each team's analytical skills, valuation, report writing, and presentation skills are tested. They gain practical experience by taking on the role of a research analyst.

CFA ETHICS CHALLENGE

It is a competition by the CFAI that is designed to increase students' awareness of the ethical dilemmas which they may face once they enter the corporate world. It incorporates common ethical issues and the application of the CFA Institute Code of Ethics and Standards of Professional Conduct.

SEEKING ALPHA

Finomenon hosted a PAN India Portfolio Management competition for first and second-year B-school students wherein they got an opportunity to pitch stocks in their portfolio. They discussed how the portfolio is affected by macroeconomic and microeconomic factors and the various ratios which make their portfolio optimum.

ARTICLE WRITING COMPETITIONS

Finomenon held two All-India article writing competitions for its Bi-Annual magazine, ‘The Financial’ (November & January Edition). It intended to bring together fin-tastic minds to ideate and offer a comprehensive study on India’s resilience during the recession paranoia and the ever-evolving future of finance in India.

MOOLYANKAN

As a part of Pagarna’22, Moolyankan is Finomenon’s flagship PAN-India Equity Research Competition which allowed the participants to grasp various valuation techniques while forecasting the future performance of the company based on their understanding. The participants’ presentation skills and conviction were put to test throughout the event.

FINOMENON JOURNEY

DECODING FINANCE

An interactive session for first-year students conducted by finance professionals to talk about various profiles offered by finance companies in addition to resume-building tips. The speakers were- Mr. Harshvardhan Shah, Risk Analyst at MSCI Inc., Mr Darshil Shah, Equity Research Analyst at HDFC Securities and Mr. Nishit Betala, Rating Analyst at CRISIL Ltd..

GUEST SESSION WITH MR. MOHNISH PABRAI

Finomenon hosted a session with the author of the Best Selling Novel "The Dhandho Investor", Mr. Mohnish Pabrai on the topic, "Methods of Value Investing". The insightful event turned out to be the perfect beginning for the new academic session

EQUITY RESEARCH & MERGER & ACQUISITION WORKSHOPS

Finomenon in collaboration with Forevision, organized workshops on financial modelling, equity research and acquisitions, buyout and deal analysis. Students learnt the intricacies involved in a deal right from the basics. Finomenon also assisted the students in obtaining an exclusive corporate project to put their newly acquired abilities to use.

MARKET IMPACT REPORT

As a part of our investor relations, we released The Market Impact report which was a comprehensive report containing themes like fiscal and monetary policies of major countries as well as outlook on the Indian Equity, Commodities, Forex Markets and trends of different industries.

B TALKS

An exclusive research competition for the Junior Committee members of Finomenon aimed at preparing them for their summer internship process wherein each team presented detailed analysis of the companies allotted to them by analyzing their MD&A reports and financial statements.

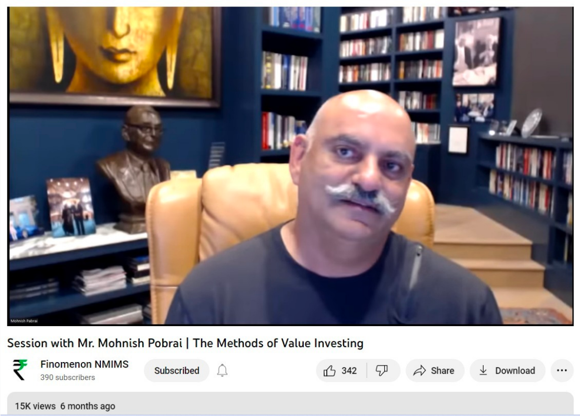
BEAN COUNTERS

As a part of the intra-college fest, Parichay, Bean Counters, an annual fun-filled event served as an ice breaker for the first-year students. There were three rounds; a quiz followed by a portfolio allocation round and lastly a campus treasure hunt.

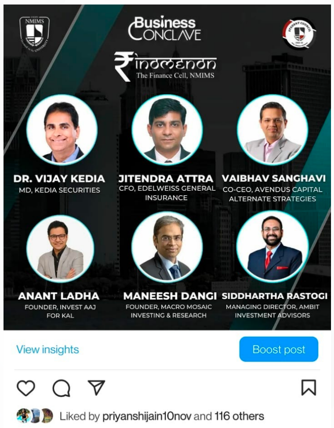
Finomenon
The Finance Cell, NMIMS

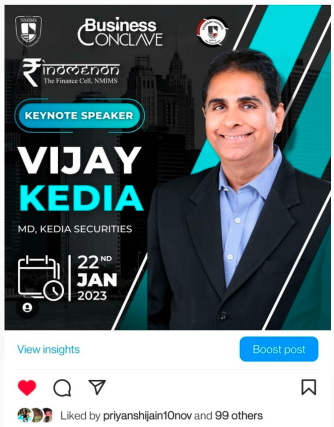
THE ECHO OF OUR EFFORTS!

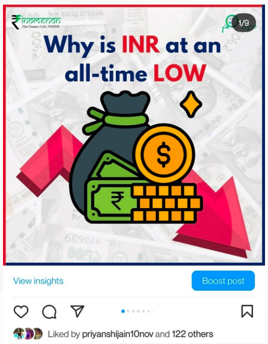
Over the year, we have received tremendous responses to the work we have put together as a team and we couldn't be more grateful. Your feedback is what has helped us bring the best to you!
I would like to express my gratitude to the entire Finomenon Family without whom we wouldn't have been able to make a mark through our regular articles and reports aimed at spreading financial awareness, our speaker sessions, workshops and competitions among others.
Here's a small glimpse for you ...

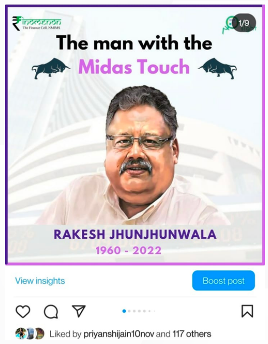


Mohnish Pabrai – IT'S TRENDING! Our session with Mr. Mohnish Pabrai garnered 15,000 + views on our official youtube channel.









DEVEN SETHI

CREATIVES & PROMOTIONS HEAD, FINOMENON

EDITORIAL TEAM

THE SENIOR COMMITTEE

L to R: Deven Sethi, Priyanshi Jain, Kartikay Sharma, Ayush Jain, Nikhil Verma, Mahima Agarwal, Akshat Baid, Paridhi Jhunjhunwala, Renil Shah, Sanil Desai, Spandan Garg

MEET THE TEAM

KHUSHI DOSHI

ROUNAK SARANGI

VANSHIKA RELHAN

KRITI JAIN

VAASU GUPTA

RADHIKA SHARMA

PRACHI MEHTA

SUMIR MEHTA

RAGHAV SATIJA

YUVADEEP G

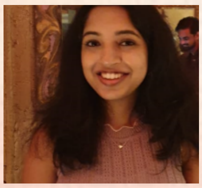
HARSHITA KANDPAL

GOURAV BOKARIA

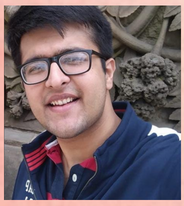
DEEPANSHU ASHARA

ADITI VOHRA

SHREYA PRASAD



HRIDAY KAPANI



RAMIT BAJAJ

AMAN GUPTA

B AVANTIKA

SAKSHI RAJWANI

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