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FOREWORD



Idea Behind This Weekly Newsletter

Being a Commerce College, students are expected to know the changes in the business world. This weekly newsletter will help the students get acquainted with a glimpse of what happened in the week gone by. It will also have insights into various business and commerce related updates which will help you gain in-depth knowledge. Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.

- DR. D. M. Doke
Principal

A FALL AND RISE OF JET AIRWAYS INDIA LTD -ONE OF THE BIGGEST REVIVAL PLAN

Mr. Gaurav G Rangnekar,
Alumni,
M.L.Dahanukar College of Commerce

One of the leading prime airlines "Jet Airways Ltd" had cancelled all their operations in the month of June 2019 (FY 2019-20). This news had shocked the entire stakeholders of the company. The company was making consistent losses in each quarter in the financial year but it has never happened that any company has almost touched to one step above the liquidation in such a short period of time (18-30 days- time period). It was a sudden decision of the top management to cancel the operations because of extremely low cash in bank to fund its daily business operations.

The company had huge debt to its Financial Creditors as well as to operational creditors. Here financial creditor refers to those entities who has funded the company in form of Loan (Banks, Private institutions etc), on other hand Operational creditors refer to those entities who supply or are the suppliers to the company to run its operations (suppliers of raw materials, inputs etc).

Since two financial years (FY 2019-20 , FY 2020-21), many revival proposals were drafted with NCLT by many acquiring firms like Hinduja and others but none of the proposals worked and were rejected by NCLT and the financial creditors. SBI is one of the major financial- creditor in this case.

A London based company Kalrock Capital and Indian company Jalan group made a considerable fair revival plan of the company and the plan was accepted by the NCLT and other regulatory bodies on 22nd June , 2021.

The proposal was

- 95% Hair cut to the financial and operational creditors.
- (Financial creditors will be paid Rs 385 crore against the due of Rs 7807 crore).
- 1 Equity share for every 100 shares held by existing shareholders.
- (In the ration of 1:100)

- Etihad Airways had almost 17-18% of the holding, but their holdings will be extinguished and Rs 10,000 will be paid to them (not to public shareholders).
- Kalrock Capital and Jalan group will infuse only Rs 600 crore, hence the new shareholding pattern.

89.79%	Kalrock and Jalan Group
0.21%	Public shareholding
9.5%	Financial Creditors , Employees

- The public shareholding pattern shall be later increased and structured as per the rules and regulations of SEBI within the stipulated time period.

The Top four Financial lenders of the company till the closure of operations.



The revival plan of Jet Airways Ltd might be considered as one of the successful revival plan in the history in India (if the plan works as per the proposal).

REVERSE MORTGAGE SYSTEM - A STEADY SOURCE OF INCOME FOR SENIOR CITIZENS?

Isha Mahajan,
TYBAF

After retirement, many senior citizens often find themselves burdened with expenses, but having almost no source of income. With children living separately or abroad, they are left with no option but to manage these expenses with meagre funds. A Reverse Mortgage might be the solution. A Reverse Mortgage is an ideal option for retired house owners who are senior citizens and require a regular income to supplement their pension without depending upon anyone else.

For most Senior Citizens, the house is the largest component of their wealth. Conceptually, Reverse Mortgage seeks to monetize the house as an asset. A homeowner who is 60 or older and owns considerable home equity can get an advance against the value of their home.

Features of Reverse Mortgage:

- Advance against assessed value of house
- Payment options- lumpsum or regular intervals
- No tax on amount received from bank
- Rates are transparently fixed and not linked to interest or Repo rates
- Owner occupies the house even after end of the tenure of advance, up to their death
- No prepayment charges

Reverse Mortgage is a financial product that is designed for elderly people. It is thus not surprising that Reverse Mortgage mostly exist in countries with a relatively high median age and an advanced financial market. The United States features the oldest and largest Reverse Mortgage market to date. Smaller Reverse Mortgage markets exist in Canada, Australia, Hong Kong, China, Spain and the United Kingdom.

Over the last 20 years, the Reverse Mortgage market in the United States has grown considerably. Australia started offering Reverse Mortgage in the early 1990s. The industry has grown to meet the demand for debt consolidation, additional income, and funding for home improvement among elderly homeowners.

Absence of a strong public pension scheme and prevalence of the nuclear family housing system has led to wider acceptance of Reverse Mortgage in western economies.

With high property prices, an aging society and a sophisticated business-friendly legal and regulatory environment, Hong Kong, Korea and Singapore, feature promising preconditions for Reverse Mortgages.

India is one of the few developing countries where Reverse Mortgage has been introduced. Reverse Mortgage was launched in India in 2007. Many Nationalized and private banks in India offer Reverse Mortgage scheme.

Lack of awareness and an emotional bonding to our homes have been the main reasons why Reverse Mortgage has remained unpopular. The Reverse Mortgage market in India is yet to get popularity due to a house being considered a family asset, which is typically passed on to our children or legal heirs.

Reverse Mortgage is also regarded as a complex product by senior citizens in India. Many senior citizens are not even aware that such a product is in existence despite the scheme being launched in India in 2007. It is barely marketed by banks mainly because if a senior citizen takes a Reverse Mortgage loan for 10 years and ends up living for another 40 years, there's nothing that the bank can do to recover its amount. It has to wait till the borrower dies.

Reverse Mortgage is a novel and socially preferred alternative to selling or moving out of the house in order to generate a fixed income stream. Currently, there is a lack of awareness about this product in India; however, wide spread awareness can help the elderly to understand its benefits over traditional loans and also the advantages that Reverse Mortgage offers. Development of a strong financial and regulatory framework is also needed to make this concept successful in serving the needs of the senior citizens in India.

CLUBHOUSE: A WHISTLEBLOWER?

Ms. Gauri Naik,
SYBMS

'Clubhouse' is a very popular buzzword at the moment. It is a social networking app where you can create and join a list of virtual rooms, an increasing number of millennials are found participating on this platform where some of the terms involved are staggering, disturbing many individuals about personal information being disclosed. Users are annoyed as clubhouse notifies your followers when you enter a random room with weird titles, which they find intimidating as a threat to their privacy. The main concern here stands, 'is social media a safe space'? because privacy is still largely misunderstood online.

There has been a word around that people who choose to keep some information confidential are often misinterpreted of wrong doing. If you don't want a particular piece of information to be disclosed you shouldn't be accused of doing something illegal or immoral. After all privacy is about having the power to control what you wish to reveal. This is a misconception that only those people want privacy who have something to hide. Cyber space is relatively considered more secure with artificial intelligence but in cases like these, where one can have all the access to your activity status is a sheer violation of security. Apparently the technology that connects us also controls us. Imagine someone being able to see and keep a track of everything you've been upto behind the screen, aren't you afraid? After all someone having tabs on you is not really a pleasant sight to be at. In that sense clubhouse doesn't have an inbuilt function of, 'privacy by design'. There's also a 'who nominated you' information, open for all to see which the users would rather prefer to keep it to themselves.

The question here arises if you have nothing to hide, why do you want to keep it confidential? It's a simple phenomenon; you don't want people to find out about your personal details. You hold the right to manage your information and if you are being debarred from doing so, you have the authority to take necessary measures regarding the same as the right to privacy under article 21 of our constitution. You take ownership of what you do and how you choose to reveal it to the people at large. Don't let social media trick you.

A NEW FEATURE IN MESSAGES BY GOOGLE MAKES IT EFFORTLESS TO EMPHASIZE AN URGENT CONVERSATION

**Ms. Tanisha Singh,
Alumni,
M.L.Dahanukar College of Commerce**

Messages is an instant messaging application developed by Google for its Android mobile operating system. To make it more efficient, Google is rolling out an update to its SMS client on Android smartphones. The new feature aims to keep Message users well organized and inbox free of clutter.

This new characteristic sorts out your messages into different categories, including personal, transaction, OTP, and offers to help you easily find the urgent message at that time. All of this happens securely on your device so your conversations stay in the app and you can access your categorized messages offline.

Also, to reduce the volume of unwanted messages the app also provides the facility of moving suspicious spam messages to a spam folder. Furthermore, the new feature also presents the alternative to automatically delete your one-time passwords (OTPs) 24 hours after they are received, so you don't have to waste time deleting them manually.

SENSEX CLOSED WITH HIGHEST RECORD AT 52,880 POINTS

**Ms. Dipti Jadhav,
SYBAF**

With the end of second wave in India the growth of economy has taken place as the Sensex closed with the new high record on Monday about 395 points or 0.8% up at 52,880 points. The hold up of Sensex was done by Reliance Industries, HDFC bank, and ICICI bank as the new daily Covid infection number dipped to a more than three-month low level.

The day's progress came on the back of a strong domestic fund buying with a net inflow figure of Rs 646 crore, while foreign funds were net sellers at Rs 338 crore. According to the statement of Siddhartha Khemka of Motilal Oswal Financial Services, investor sentiment was positive on account of fall in covid infections and indication of more availability of vaccine. Hopes of a sustained reopening of the economy led to buying in sectors which were most affected by covid. Moreover, hope of good monsoon led to buying in banking and FMCG stocks.

Tech Mahindra and HCL Tech were among the top gainers.

PAYTM TO LAUNCH INDIA'S HIGHEST INITIAL PUBLIC OFFERING (IPO)

**Ms. Dipti Jadhav,
SYBAF**

Paytm's owner One97 communication is set to raise capital of over Rs 17,000 crore (\$2.3 billion) through an initial public offering which will profit the company around \$24-25 billion.

The fund will raise \$2.3 billion that shall comprise a combination of primary and secondary issuances sale by existing investors. The aimed valuation takes place slightly below Bajaj Finserv which has a market capitalisation of Rs 1.93 lakh crore. If the company succeeds in achieving the valuation it will be among the top ten most valuable listed financial services stocks. The bankers for the IPO are Morgan Stanley, Goldman Sachs, ICICI securities, JP Morgan, Axis capital, Citi and HDFC Bank.

**Designed by:
Bhavya Bhat, TYBAF**

If you wish to contribute your articles to be featured in the next issue, please mail your articles on swapnils@mldc.edu.in or contact on 9987094858 by Tuesday of every week and wait for the issue to be released on Saturday.

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