HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 10

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JYOTI

JYOTI CNC AUTOMATION LIMITED

(Please scan this QR code to view the Red Herring Prospectus)

Our Company was originally incorporated as 'AMB Engineering Company Private Limited', at Gujarat as a private limited company under the Companies Act, 1956 and received a certificate of incorporation issued by the RoC, on January 17, 1991. Thereafter, pursuant to a special resolution passed by the Shareholders of our Company on April 19, 2002, our Company's name was changed to 'Jyoti CNC Automations Private Limited', and a fresh certificate of incorporation dated May 08, 2002, was issued to our Company by the RoC. Subsequently, pursuant to a special resolution passed by the Shareholders of our Company on April 04, 2008, our Company's name was changed to 'Jyoti CNC Automation Private Limited', and a fresh certificate for incorporation dated April 28, 2008 was issued to our Company by the RoC. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by the Shareholders of our Company on September 17, 2012 and the name of our Company was changed to its present name, 'Jyoti CNC Automation Limited', pursuant to a fresh certificate of incorporation issued by the RoC on November 30, 2012. For details of changes in the name and registered office of our Company, see *'History and Certain Corporate Matters'* on page 247 of the Red Herring Prospectus dated January 2, 2024 (**"RHP"** or **"Red Herring Prospectus"**) filed with the RoC.

Registered and Corporate Office: G - 506, Lodhika GIDC, Village Metoda, Rajkot – 360 021, Gujarat, India; **Contact Person:** Maulik B Gandhi, Company Secretary and ComplianceOfficer; **Tel:** + 91-2827235182; **E-mail:** investors@jyoti.co.in; **Website:** www.jyoti.co.in; **Corporate Identification Number:** U29221GJ1991PLC014914

OUR PROMOTERS: PARAKRAMSINH GHANSHYAMSINH JADEJA, SAHDEVSINH LALUBHA JADEJA, VIKRAMSINH RAGHUVIRSINH RANA, AND JYOTI INTERNATIONAL LLP

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (EQUITY SHARES) OF JYOTI CNC AUTOMATION LIMITED (OUR COMPANY) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (ISSUE PRICE) AGGREGATING UP TO ₹ 10,000.00 MILLION (ISSUE). THE ISSUE INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH AGGREGATING UP TO ₹ 50.00 MILLION (CONSTITUTING [●]% OF OUR POST-ISSUE EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (EMPLOYEE RESERVATION PORTION). OUR COMPANY MAY, IN CONSULTATION WITH THE BRLMS, OFFER A DISCOUNT OF UP TO ₹ [●] OF THE ISSUE PRICE TO THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION (EMPLOYEE DISCOUNT), SUBJECT TO NECESSARY APPROVALS AS MAY BE REQUIRED. THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE 'NET ISSUE'. THE ISSUE AND THE NET ISSUE SHALL CONSTITUTE [●]% AND [●]% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, RESPECTIVELY.

We are the manufacturers of metal cutting computer numerical control (CNC) machines. We manufacture simultaneous 5-Axis CNC machines in India and supply a diverse portfolios of CNC machines including CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers (VMCs) and CNC Horizontal Machining Centers (HMCs).

The Issue is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations
QIB Portion: Not less than 75% of the Net Issue | Non-Institutional Portion: Not more than 15% of the Net Issue | Retail Portion: Not more than 10% of the Net Issue
Employee Reservation Portion: Up to [•] Equity Shares aggregating up to ₹ 50.00 Million

PRICE BAND: ₹ 315 TO ₹ 331 PER EQUITY SHARE OF FACE VALUE OF ₹2 EACH.
THE FLOOR PRICE IS 157.50 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 165.50 TIMES THE FACE VALUE OF THE EQUITY SHARES.
THE PRICE TO EARNINGS RATIO BASED ON DILUTED EPS FOR FINANCIAL YEAR 2023 FOR OUR COMPANY AT THE UPPER END OF THE PRICE BAND IS 324.51 TIMES AND AT THE LOWER END OF THE PRICE BAND IS 308.82 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PRICE TO EARNINGS RATIO OF 49.55 TIMES.
BIDS CAN BE MADE FOR A MINIMUM OF 45 EQUITY SHARES AND IN MULTIPLES OF 45 EQUITY SHARES THEREAFTER.
A DISCOUNT OF ₹ 15 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated January 2, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the *'Basis for the Issue Price'* section of the RHP *vis-a-vis* the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in *'Basis for the Issue Price'* beginning on page 158 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the RHP and the terms of the Issue, including the risks involved and not rely on any other external sources of information about the Issue available in any manner.

RISKS TO INVESTORS

1. **Highly Leveraged:** We have incurred significant indebtedness which exposes us to various risks which may have an adverse effect on our business. As of September 30, 2023, our total sanctioned and outstanding indebtedness was ₹ 12,805.40 million and ₹ 9,768.88 million, respectively.

   Consequently, we have high debt equity ratio and a low debt service coverage ratio. If we do not generate sufficient amount of cash flows from operations, our liquidity and our ability to service our indebtedness could be adversely affected. Set out below are our Debt to Equity Ratio, and Debt Service Coverage Ratio:

Particulars	6 months period ended September 30, 2023	Fiscal		
		2023	2022	2021
	Consolidated	Consolidated	Consolidated	Consolidated
Debt to Equity Ratio	3.25	10.17	19.25	6.44
Debt Service Coverage Ratio	0.70	0.88	0.56	0.41

2. **Losses incurred by Company:** We have incurred losses and consequently, had a negative return on equity in the past, as set out below. Losses in future could have an adverse impact on our growth prospectus.

(in ₹ million, except %)

Particulars	6 months period ended Sept. 30, 2023	Fiscal		
		2023	2022	2021
Profit / (loss) for the year / period	33.52	150.60	(483.00)	(700.29)
Return on Equity (%)	1.33%^	18.35%	(117.36%)	(62.20%)

^Not annualised.

3. **Substantial working capital requirements:** Our Company has a high working capital requirement. Our Company's working capital requirements (i.e., sum of trade receivables and inventory, as reduced by trade payables) as on September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 was ₹ 6,422.84 million, ₹ 5,528.06 million, ₹ 5,338.70 million and ₹ 5,494.25 million, respectively. As on September 30, 2023, our Company had sanctioned working capital facilities aggregating to ₹ 3,692.80 million. If our Company is unable to raise sufficient working capital, the operations of our Company will be adversely affected.
4. **Outstanding unsecured loans, and unsecured loans converted into Equity Shares:** We have availed unsecured loans which may be recalled by our lenders, at any time. We may also convert unsecured loan into Equity Shares subject to approval of shareholders, which may dilute your shareholding. As of September 30, 2023, our Company has availed unsecured loan(s) aggregating ₹ 820.35 million from certain Promoters and third parties which may be recalled at any time. Further, during Fiscal 2023 and Fiscal 2024, our Company converted unsecured loans advanced by 2 of our Promoters i.e., Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP, into Equity Shares (i.e. 3,450,000 Equity Shares on March 31, 2023 at an issue price of ₹ 145 per Equity Share, and 5,840,000 Equity Shares on August 19, 2023 at an issue price of ₹ 154 per Equity Share).
5. **Delay in re-payment of loan and interest:** Company, in the past, has rescheduled payments of its credit facilities from its lenders. Our Company has, in the past, also delayed in re-payment of principal amount and interest on loan availed by our Company, ranging up to 56 days.
6. **Delay in payment of Statutory Dues:** Company has in the past delayed in the payment of undisputed statutory dues such as provident fund, income tax, goods and services tax, cess to relevant authorities. These delays were all due to cash flow mismatch and lack of sufficient liquidity during these periods. In addition, our Company has also at disparate times in the past delayed in filing goods and services tax returns in compliance with applicable law.
7. **Customer concentration risk:** Our success is dependent on our relationship with our customers, and we do not, generally enter into long term purchase contracts. During the 6 months period ended September 30, 2023, and Fiscal 2023, Fiscal 2022 and Fiscal 2021, our top 10 customers contributed 39.92%, 20.08%, 22.58% and 29.54% of our revenue from operations, respectively.
8. **Dependence on Application Industries:** Our business is dependent on the performance of the Application Industries with a large portion of revenue being derived from a select few of Application Industries such as (1) Aerospace and Defence; (2) Auto and Auto Components contributing 37.22% and 34.68% of revenue from sale of machinery respectively. Any downturn in the Application Industries can adversely impact our business, results of operations, cash flow and financial condition of our Company.
9. **No long-term agreement with suppliers:** Company does not have long-term agreements with suppliers for our input materials and a significant increase in the cost of, or a shortfall in the availability, or deterioration in the quality, of such input materials could have an adverse effect on our business.
10. **Logistics risk:** We are completely reliant on third-party logistics service providers for transport of input materials and finished products. If such third-party logistics service providers discontinue their services, our business operations could be adversely impacted.
11. **Failure to manage inventory:** We are a manufacturing entity, and, at all points of time, a certain portion of assets comprise inventory of input materials and finished products. The total inventory of our various products during 6 months period ended September 30, 2023 and during Fiscals 2023, 2022, and 2021 was ₹ 8,683.49 million, ₹ 8,199.19 million, ₹ 6,340.41 million and ₹ 6,447.06 million respectively. Any failure on our part to effectively manage our inventory may have an adverse effect on our business.
12. **Dependence on machinery for our operations:** We operate two manufacturing units on land leased from the Gujarat Industrial Development Corporation (GIDC), at Rajkot, in Gujarat. Any break-down of our machinery will have a significant impact on our business.
13. **Matters of Emphasis by Statutory Auditors:** Our auditors have made certain comments in respect of our Company's standalone audited financial statements for 6 months period ended September 30, 2023 and the Fiscals 2023, 2022 and 2021. The comments indicate that our Material Subsidiaries had accumulated losses and their net worth were eroded.
14. **Delay in submission of financials:** Company has delayed in submission of our audited consolidated financial statements for Fiscal 2021 and Fiscal 2022 with the RoC, by around 5 months and 8 months, respectively due to delay on our foreign subsidiary (i.e. Jyoti SAS) to provide their financial statements to our Company during Fiscal 2022 and Fiscal 2021. We cannot assure you that no action will be taken against our Company.
15. **Downgrade in Credit Rating:** The credit rating of Company's borrowings for Fiscal 2024 as provided by Infomerics Valuation and Rating Private Limited is IVR BBB+ Stable for long term fund based facilities, and IVR A2 for short term fund based bank facilities and short term non-fund based bank facilities. Any downgrade in our credit ratings, may affect our Company's ability to avail of debt and could also impact the trading price of the Equity Shares.
16. **Foreign exchange fluctuation risk:** The cost of imported raw material as percentage of total cost of material increased from 7.66% in Fiscal 2023 to 34.42% during the six months period ended September 30, 2023. Any adverse foreign exchange fluctuation could increase our cost of operations and affect our profitability.
17. **Market Risk:** Our total income and profit for Fiscal 2023 was ₹ 9,526.00 million and ₹ 150.60 million, respectively. The Issue Price, market capitalization to total income multiple, price to earnings ratio and enterprise value to EBITDA ratio, may not be indicative of the market price of the Equity Shares on listing. Some of our select financial ratios are set out below:

Particulars	At Floor Price (₹)	At Cap Price (₹)
Market capitalization / Total Income (Fiscal 2023)	7.57	7.90
Price to earnings ratio (based on profit after tax for the year Fiscal 2023)	308.82	324.51
Enterprise value to EBITDA ratio (based on EBITDA for Fiscal 2023)	82.19	85.43

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18. Weighted average return on net worth for Fiscals 2023, 2022 and 2021 is (40.35)% and as on September 30, 2023 is 1.33% *(not annualised)*.

19. Weighted average cost of acquisition of (i) all shares issued by our Company; and (ii) all shares acquired by our Promoters and Promoter Group, in the 3 years, 18 months and 1 year preceding the date of the Red Herring Prospectus is set out below:

Period	Weighted Average Cost of Acquisition (in ₹)*	Cap Price (i.e., ₹ 331) is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest price - highest price* (in ₹)
Last 3 years	38.52	8.59	₹ 29 - ₹ 266
Last 18 months	38.52	8.59	₹ 29 - ₹ 266
Last 1 year	38.52	8.59	₹ 29 - ₹ 266

**As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated January 2, 2024.*

20. Set out below are the details of the weighted average cost of acquisition of the transactions undertaken during the 18 months preceding the date of the Red Herring Prospectus, as compared to the Floor Price and the Cap Price:

Particulars	Weighted Average cost of Aacquisition (in ₹)	Floor Price (i.e., ₹ 315)	Cap Price (i.e., ₹ 331)
WACA of Primary Transactions	32.92	9.57 times	10.05 times
WACA of Secondary Transactions	31.20	10.10 times	10.61 times

21. The 3 BRLMs associated with the Issue have handled 75 public issues in the past 3 Fiscals, out of which 23 issues have closed below the offer price on the listing date.

Name of the BRLM	Total Issues	Issues closed below IPO price on listing date
Equirus Capital Private Limited	10	1
ICICI Securities Limited	40	10
SBI Capital Markets Limited	10	5
Common Issues of above BRLMs*	15	7
Total	**75**	**23**

**Issues handled where there were no common BRLMs.*

BID/ISSUE PERIOD | **BID/ISSUE CLOSES TODAY^**

^ UPI mandate end time and date shall be at 5pm, on Bid/Issue Closing Date.

An indicative timetable in respect of the Issue is set out below:

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Issue Period (except the Bid/ Issue Closing Date)	
Submission and revision in Bids	Only between 10.00 a.m. and 5.00 p.m.
Bid/ Issue Closing Date*	
Submission of electronic applications (Online ASBA through 3-in-1 accounts) - For Retail Individual Bidders and Eligible Employees	Only between 10.00 a.m. and up to 5.00 p.m.
Submission of electronic applications (Bank ASBA through Online channels like internet banking, mobile banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹0.50 million)	Only between 10.00 a.m. and up to 4.00 p.m.
Submission of electronic applications (Syndicate non-retail, non-individual applications)	Only between 10.00 a.m. and up to 3.00 p.m.
Submission of physical applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m.
Submission of physical applications (Syndicate non-retail, non-individual applications) where Bid Amount is more than ₹0.50 million	Only between 10.00 a.m. and up to 12.00 p.m.
Modification/ revision/cancellation of Bids	
Upward revision of Bids by QIBs and Non-Institutional Bidders categories#	Only between 10.00 a.m. and up to 5.00 p.m. on Bid/ Issue Closing Date
Upward or downward revision of Bids or cancellation of Bids by Retail Individual Bidders and Eligible Employees	Only between 10.00 a.m. and up to 5.00 p.m.on Bid/ Issue Closing Date

** UPI mandate end time and date shall be at 5:00 pm on Bid/ Issue Closing Date.*
 # QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

Bid/ Issue Programme

Event	Indicative Date
Bid/ Issue Closing Date	**Thursday, January 11, 2024**
Finalisation of Basis of Allotment with the Designated Stock Exchange	**On or about Friday, January 12, 2024**
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account	**On or about Monday, January 15, 2024**
Credit of the Equity Shares to depository accounts of Allottees	**On or about Monday, January 15, 2024**
Commencement of trading of the Equity Shares on the Stock Exchanges	**On or about Tuesday, January 16, 2024**

ASBA# Simple, Safe, Smart way of Application!!!

Applications supported by blocked amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, For further details, check section on ASBA.

Mandatory in public issues. No cheque will be accepted.

UPI UNIFIED PAYMENTS INTERFACE

UPI-Now available in ASBA for Retail Individual Investors and Non - Institutional Investor applying for amount upto ₹ 5,00,000/-, applying through Registered Brokers, DPs and RTAs. UPI Bidder also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020, issued by the Central Board of Direct Taxes and the subsequent press releases, including press releases dated June 25, 2021 and September 17, 2021 and CBDT circular no.7 of 2022, dated March 30, 2022 read with press release dated March 28, 2023 and any subsequent press releases in this regard.

ASBA has to be availed by all the investors except anchor investors. UPI may be availed by UPI Bidders. For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section *"Issue Procedure"* on page 459 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("**AIBI**") and Stock Exchanges and in the General Information Document. ASBA bid-cum-application forms can be downloaded from the websites of the Stock Exchanges and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. RIBs Bidding using the UPI mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. HDFC Bank Limited and Axis Bank Limited have been appointed as Sponsor Banks for the Issue, in accordance with the requirements of the SEBI Circular dated November 1, 2018 as amended. For Issue related queries, please contact the BRLMs on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail Id: ipo.upi@npci.org.in.

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE

In case of any revision in the Price Band, the Bid/Issue Period will be extended by at least 3 additional Working Days after such revision in the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. In cases of *force majeure,* banking strike or similar circumstances, our Company in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of 3 Working Days, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in accordance with the Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Issue shall be available for allocation on a proportionate basis to qualified institutional buyers (**QIBs**) (such portion referred as **QIB Portion**), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to the Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (**Anchor Investor Portion**), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the price at which allotment is made to the Anchor Investors (**Anchor Investor Allocation Price**). Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than the Anchor Investor Portion) (**Net QIB Portion**). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds (**Mutual Fund Portion**), and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not more than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and (b) two-third of such portion shall be reserved for applicants with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors and not more than 10% of the Net Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are mandatorily required to participate in the Issue through the Application Supported by Blocked Amount (**ASBA**) process by providing details of their respective ASBA accounts, and UPI ID in case of UPI Bidders using UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks (**SCSBs**) or by the Sponsor Bank(s) under the UPI Mechanism, as the case may be. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For further details, see *'Issue Procedure'* on page 459 of the RHP.

Bidders/ Applicants should ensure that DP ID, PAN, Client ID and UPI ID (for UPI Bidders bidding through the UPI Mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for UPI Bidders bidding through the UPI Mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders'/Applicants' sole risk. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021, read with press release dated September 17, 2021 and CBDT circular no.7 of 2022, dated March 30, 2022 read with press release dated March 28, 2023 and any subsequent press releases in this regard.

Contents of the Memorandum of Association of our Company as regards its objects: For information on the main objects of our Company, please see the section "*History and Certain Corporate Matters*" on page 247 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, please see the section titled **"***Material Contracts and Documents for Inspection***"** on page 501 of the RHP.

Liability of the members of our Company: Limited by shares

Amount of share capital of our Company and Capital structure: As on the date of the RHP, the authorised share capital of the Company is ₹ 570,000,000 divided into 275,000,000 Equity Shares of face value ₹ 2 each and 10,000,000 Preference Shares of face value of ₹ 2 each. The issued, subscribed and paid-up share capital of the Company is ₹ 394,408,894 divided into 197,204,447 Equity Shares of face value ₹ 2 each. For details, please see the section titled "*Capital Structure*" on page 111 of the RHP.

Names of signatories to the Memorandum of Association of our Company and the number of Equity Shares subscribed by them: The initial signatories to the Memorandum of Association of our Company are (i) Harsukhbhai R. Jogia, (ii) Jayeshkumar G. Bhogayta, (iii) Jayesukhlal M. Bakotia, and (iv) Satishbhai B. Santhara who subscribed to100 Equity Shares each. For details of the share capital history and capital structure of our Company, please see the section titled *"Capital Structure"* on page 111 of the RHP.

Listing: The Equity Shares to be issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals, both dated November 10, 2023 from BSE and NSE for listing of the Equity Shares. For the purposes of the Issue, the Designated Stock Exchange shall be NSE. A copy of the Red Herring Prospectus has been filed and a copy of the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/Issue Closing Date, see *'Material Contracts and Documents for Inspection'* on page 501 of the RHP.

Disclaimer Clause of the Securities and Exchange Board of India ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities or the offer document. The investors are advised to refer to page 435 and 436 of the RHP for the full text of the disclaimer clause of SEBI.

Disclaimer Clause of NSE (Designated Stock Exchange) : It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 438 of the RHP for the full text of the disclaimer clause of NSE.

Disclaimer Clause of BSE : It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the Red Herring Prospectus. The investors are advised to refer to page 438 of the Red Herring Prospectus for the full text of the disclaimer clause of BSE Limited.

General Risk: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to *'Risk Factors'* on page 49 of the RHP.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE	Company Secretary and Compliance Officer
Equirus Capital Private Limited 12th Floor, C Wing, Marathon, Futurex, N M Joshi Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India. **Tel:** +91 22 4332 0734 **E-mail:** jyoti.ipo@equirus.com **Website:** www.equirus.com **Investor grievance e-mail:** investorsgrievance@equirus.com **Contact Person:** Ankesh Jain / Mrunal Jadhav **SEBI Registration Number:** INM000011286	**ICICI Securities Limited** ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025, Maharashtra, India **Tel.:** + 91 22 6807 7100 **E-mail:** jyoticncipo@icicisecurities.com **Website:** www.icicisecurities.com **Investor Grievance email:** customercare@icicisecurities.com **Contact Person:** Ashik Joisar / Harsh Thakkar **SEBI Registration No.:** INM000011179	**SBI Capital Markets Limited** 1501, 15th Floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Maharashtra, India **Tel:** +91 22 4006 9807 **E-mail:** jyoticnc.ipo@sbicaps.com **Website:** www.sbicaps.com **Investor grievance email:** investor.relations@sbicaps.com **Contact Person:** Janardhan Wagle / Krithika Shetty **SEBI Registration Number:** INM000003531	**Link Intime India Private Limited** C 101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083, Maharashtra, India **Tel:** +91 810 811 4949 **E-mail:** jyoticnc.ipo@linkintime.co.in **Website:** www.linkintime.co.in **Investor grievance e-mail:** jyoticnc.ipo@linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration Number:** INR000004058	**Maulik B Gandhi** G - 506, Lodhika GIDC, Village Metoda, Rajkot -360 021, Gujarat, India. **Telephone:** +91-2827-235182 **E-mail:** investors@jyoti.co.in Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Issue related queries and for redressal of complaints, Investors may also write to the BRLMs.

AVAILABILITY OF THE RHP: Investors are advised to refer to the RHP and the section titled *"Risk Factors"* on page 49 of the RHP, before applying in the Issue. A copy of the RHP shall be available on website of SEBI at www.sebi.gov.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and the website of the Company at www.jyoti.co.in and the websites of the BRLMs, i.e. Equirus Capital Private Limited, ICICI Securities Limited and SBI Capital Markets Limited at www.equirus.com, www.icicisecurities.com, and www.sbicaps.com, respectively.and on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively.

AVAILABILITY OF BID CUM APPLICATION FORMS: Bid cum Application Forms can be obtained from the Registered Office of **JYOTI CNC AUTOMATION LIMITED, Telephone:** + 91-2827235182; **BRLMs : Equirus Capital Private Limited, Telephone:** +91 22 4332 0734, **ICICI Securities Limited, Telephone:** + 91 22 6807 7100, and **SBI Capital Markets Limited, Telephone:** +91 22 4006 9807; **Syndicate Member: Equirus Securities Private Limited, Telephone:** 022 4332 0600; **SBICAP Securities Limited Tel:** +91 22 4006 9807 and **Investec Capital Services (India) Private Limited**, **Tel**: +91 22 6849 7400 and at the select locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Issue. ASBA Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

Sub-Syndicate Members: Alankit Assignments Ltd, Almondz Global Securities Ltd, Anand Rathi Shares & Stock Brokers Ltd, Asit C. Mehta Investment Interrmediates Ltd, Axis Capital Ltd, Bonanza Portfolio Ltd, Centrum Broking Ltd, Centrum Wealth Management Ltd, Choice Equity Broking Private Limited, DB(International) Stock Brokers Ltd, Eureka Stock & Share Broking Services Ltd, Finwizard Technology private Limited, HDFC Securities Limited, JM Financial Services Ltd, Jobanputra Fiscal Services Pvt. Ltd, Keynote Capitals Limited, Kotak Securities Limited, LKP Securities Limited, Inventure Growth & Securities Ltd, Motilal Oswal Financial Services Limited, Motilal Oswal Securities Ltd, Nuvama Wealth and Investment Limited (Edelweiss Broking Limited), Prabhudas Lilladher Pvt Ltd, Pravin Ratilal Share & Stock Brokers Ltd, RR Equity Brokers Pvt. Ltd, Sharekhan Limited, SMC Global Securities Ltd, Systematix Shares and Stocks (India) Limited, Trade Bulls Securities (P) Ltd, Way2wealth brokers Pvt Ltd and Yes Securities (India) Ltd.

Escrow Collection Bank and Refund Bank : Axis Bank Limited

Public Issue Account Bank : HDFC Bank Limited, • **Sponsor Banks:** HDFC Bank Limited and Axis Bank Limited

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For **JYOTI CNC AUTOMATION LIMITED**
On behalf of the Board of Directors
Sd/-
Maulik B Gandhi
Company Secretary and Compliance Officer

Place: Rajkot, Gujarat
Date: January 10, 2024

JYOTI CNC AUTOMATION LIMITED is proposing, subject to the receipt of requisite approvals, market conditions and other considerations, to undertake an initial public offering of its Equity Shares and has filed the RHP dated January 2, 2024 with RoC. The RHP is available on the website of SEBI at www.sebi.gov.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, the website of the Company at www.jyoti.co.in and the websites of the BRLMs, i.e. Equirus Capital Private Limited, ICICI Securities Limited and SBI Capital Markets Limited at www.equirus.com, www.icicisecurities.com, and www.sbicaps.com, respectively. Any potential investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, please see the section titled *'Risk Factors'* on page 49 of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision instead potential Investors should rely on the RHP filed with ROC.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (**"U.S. Securities Act"**) or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U. S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 10

Thursday, January 11, 2024

mint

Think Ahead. Think Growth.

mint primer

Does Google care about your data and privacy?

BY SHOUVIK DAS

Google has started testing its Privacy Sandbox initiative for Chrome. By ending cookies, Google wants people to believe that it will boost user-privacy. *Mint* analyses what the move means for advertisers, users and Google's $250 billion ad-revenue empire.

MINT

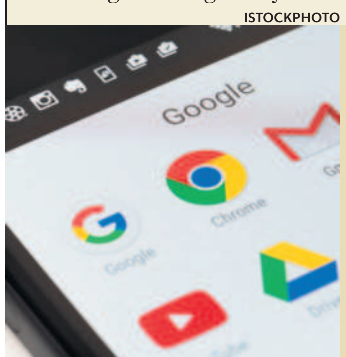
1 What's the issue with 3rd party cookies?

Google isn't the first company to move against third-party cookie tracking. Web browsers such as Safari, Mozilla Firefox and Microsoft's Edge have made it possible to block third-party cookie tracking. Cookies, small snippets of code stored on users' devices, recognize a user and track what they do on the web. This creates a digital footprint, which advertisers then use to target users with products and services. Google first pitched the idea of stopping cookie tracking in 2020, saying that the move will help "transparency, choice, and control how data is used"—and keep up with regulations globally.

2 What is the Privacy Sandbox approach?

The Privacy Sandbox replaces granular cookies with 'Topics'—a model where Chrome will keep a tab of users' search histories, and offer this to advertisers after anonymizing. The rationale is that instead of every single entity on the internet tracking a user, Google will protect user-privacy by giving advertisers indicative user-behaviour data. Instead of every party on the internet, Privacy Sandbox will be centered around Google controlling access to all user-data. While the trial has been commenced by 1% of all users of Chrome, Google will discontinue cookie tracking for all users by the third quarter of the calendar year.

ISTOCKPHOTO



3 Why is Google's move significant?

Chrome is the most popular web browser globally—over 60% of search engine use takes place on Chrome. In the September quarter, digital ads contributed nearly 78% to Google's global revenue. Its control of targeted ads on the internet is key for advertisers, as well as its own revenue growth. At the end of 2023, a total of 3.2 billion users accessed Chrome.

4 What's the debate on Privacy Sandbox?

Privacy body Electronic Frontier Foundation says it is concerned that once this change comes into effect, Chrome will become the sole controlling entity of all user-data. This will give Google lopsided control of the internet as cookies have been integral to the internet since nearly its conception. Google has stated that Privacy Sandbox will protect users' identity, and leave out sensitive identifiable information such as race and religion—hence curbing ads that may pose issues of bias.

5 What does the move mean for advertisers?

Advertisers around the world have raised concerns about Privacy Sandbox's Topics architecture—on whether this might make targeted ads less efficient. To be sure, cutting back on targeted ads could lead to a significant drop in revenues of smaller brands. Privacy advocates also argue that this move might give Google total control over small businesses, which will be even more dependent on a Big Tech firm. The move might also draw scrutiny from regulators, especially in the US, UK, EU, India and Singapore.

QUICK EDIT

Congress on faith

The opposition Congress party has often seemed internally conflicted about the issue that led the Bharatiya Janata Party's (BJP) ascent to political dominance in India over the span of a quarter century: a Ram temple in Ayodhya on a site that once had a mosque. On Wednesday, however, it caught fans and foes alike by surprise with its clarity on why its leaders Sonia Gandhi, Mallikarjun Kharge and Adhir Ranjan Chowdhury have "respectfully declined" an invitation to attend the temple's inauguration on 22 January. While acknowledging the widespread worship of Lord Ram and reiterating its respect for the temple's judicial approval, "Religion is a personal matter," the Congress stated. The BJP and its ideological mentor Rashtriya Swayamsevak Sangh, it added, "have long made a political project" of it, accusing them of opening the temple ahead of completion "for electoral gain." This response isn't short of risk, given how the BJP will likely spin it. The grand old party, though, might have calculated that it has no further votes to lose on the temple issue at this stage, while the optics of its co-option, as its attendance may convey, could yet hurt it. It is arguably a rational bet.

MINT METRIC

by Bibek Debroy

In a Ranji Trophy game,
Two teams from Bihar came.
The Association's Secretary and President,
Each sent a team for the event.
One for the records—with dubious fame.

QUOTE OF THE DAY

...PM Gati Shakti in the years to come will become a planning tool of infrastructure not only for India or Asia, but for the entire world.

PIYUSH GOYAL
COMMERCE AND INDUSTRY MINISTER

MINT PODCASTS

WEALTHY BEGINNINGS

Prepare yourself for financial success in the upcoming year with five essential resolutions that promise a prosperous start. Tune in now to the latest episode of the Why Not Mint Money podcast with host Aprajita Sharma and embark on a path towards financial well-being!

IT NO-POACH UNVEILED

Recent weeks have seen the Indian IT services industry raking up no-poach clauses when it came to senior employee exits. Legal claims have been made. What explains this sort of reaction? Are these clauses even legally enforceable? *Mint* explores in this latest episode.

DIABETES MANAGEMENT

Join Dr. Prashanth Subramaniam, head of medical affairs at Abbott Diabetes Care, and Dr. Abhijit Bhograj, consultant endocrinologist at A-Health Wellness, in an exclusive episode of Mint Techcetra. Tune in and unlock valuable insights on diabetes management in the digital era.

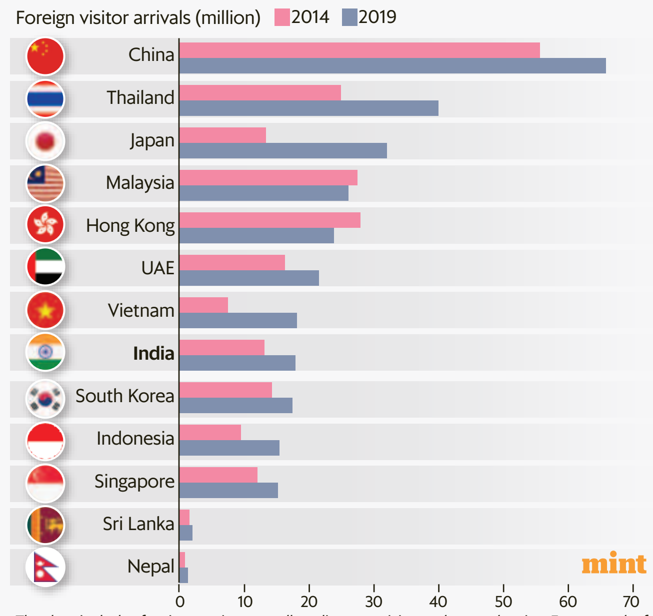
What incredible India needs to draw tourists

BY DEEPA VASUDEVAN

India's performance on some core expectations of tourists is poor. But a few improvements to the enabling environment and some tweaks to the marketing strategy can help showcase India's beauty to the world.

India gets far fewer foreign tourists than comparable Asian countries

Foreign visitor arrivals (million) 2014 2019



The data includes foreign tourists as well as diaspora visitors who need a visa. For example, for India, the 17.9 million visitors include 10.9 million foreign tourists and 7 million NRIs.

Source: World Tourism Organization

India needs to offer a more enabling environment for tourists

India's rank on select components of Travel and Tourism Development Index 2021 (out of 117)

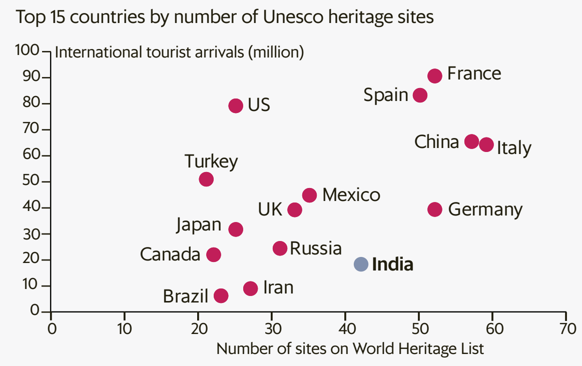
Environmental sustainability	6
Tourist infrastructure	8
Health and hygiene	12
ICT readiness	20
Safety and security	26
Prioritization of tourism	32
Ground/port infrastructure	81
Price competitiveness	91
Air transport infrastructure	93
Cultural resources	96
Non-leisure resources	106
Natural resources	113

ICT: Information and communications technology

Source: World Economic Forum

India's tourist arrivals don't align well with its wealth of attractions

Top 15 countries by number of Unesco heritage sites



International tourist arrivals are for 2019 in order to depict a "normal" pre-covid year. The World Heritage List includes both cultural and natural sites.

Source: Unesco, World Tourism Organization

India can actively widen its tourist base beyond diaspora-dominated countries

Top 10 source countries for foreign tourist arrivals, 2022

Source: Ministry of tourism

India received 7.2 million foreign tourists in the first 10 months of 2023, a leap from the 4.6 million in the year-ago period. The last two months, for which data is yet to come, are peak tourist months; so, the full-year total could surpass the pre-pandemic (2019) figure of 10.9 million. The return of tourists is welcome, but fact is that India does not attract as many tourists as it should. How do we come to this conclusion?

A good starting point is to compare tourism in India with that of other destinations in Asia, given that with the post-pandemic rise in health concerns and geopolitical tensions, more travellers prefer frequent short-haul trips to nearby locations. The numbers are sobering: In 2019, Thailand and Japan received about twice as many visitors as India, Vietnam had nearly the same number, and China welcomed a whopping 65 million tourists.

One can argue that India offers an experience vastly different from the beaches of Phuket or the war memorials of Vietnam. India has 42 cultural and natural properties identified as Unesco World Heritage Sites, the sixth most in the world. But it lags behind top countries on the list in terms of tourism: Mexico and the UK, for instance, draw far more visitors than India does.

WHAT NEEDS FIXING?

For a tourist destination to be attractive, it should meet some basic requirements. These include safety (not being robbed, assaulted, murdered), freedom from harassment (from touts, beggars, hustlers), cleanliness (around roads, tourist attractions, eating places), sanitation (clean and safe toilets in public places), connectivity (transport links and digital connectivity) and a choice of hotels and restaurants. Extras such as digital payments and price competitiveness make a location more desirable, but are not necessarily deal-breakers.

India's performance on these core expectations is not great. That may explain why it slipped from 46th to 54th place between 2019 and 2021 on the World Economic Forum's Travel and Tourism Development Index. As per the index, tourists did appreciate the country's natural and cultural resources and also gave a thumbs-up to its airports, roads, and ports. But India was ranked very low on safety, hygiene, and tourist infrastructure such as accommodation. The conclusion: pull factors are in place, but the overall tourist experience can be better.

WHY IT MATTERS

The travel, tourism and hospitality sectors collectively employ thousands of workers who may lack formal degrees but have skills related to their specific roles in the tourist ecosystem. According to the tourism ministry, in 2019-20, the direct contribution of tourism to GDP was 2.7%, and overall contribution was 5.2%. The industry employed over 34 million directly, and nearly 80 million across related industries.

Foreign tourists also bring in foreign exchange, though the industry is not commonly viewed as a dollar generator. In 2022-23, tourism earned \$21.6 billion of foreign exchange. To put that in perspective, this was higher than the \$19.8 billion from pharma exports and close to the \$21.4 billion generated by exports of organic chemicals.

Tourism plays a key role in propping up city economies. More than half of foreign tourists come via Delhi or Mumbai, which are among the top 10 in the world in terms of direct tourism employment: Delhi at fifth, with over a million jobs, and Mumbai at 10th, with 354,000, as of 2019, as per the World Travel and Tourism Council.

MARKET THE PACKAGE

India will need to package and market its astonishing array of tourist experiences smartly. To start with, the tourist base can be widened beyond the traditional source countries, namely, the US, UK, Canada, Australia and Bangladesh. The share of tourists from south-east Asia can be increased, given our cultural and geographical proximity with that region.

> **Despite its size and diversity, India ranks below many others on annual tourist arrivals**

Countries compete fiercely for the tourist dollar on multiple fronts: India will need to do the same. In 2023, Malaysia and Thailand waived visas for Indians; a reciprocal arrangement with adequate checks could boost tourists from these countries. Two, visas for high-income digital nomads to live and work remotely from India may be considered, as these workers typically contribute heavily to the local economy. Three, women travelling solo or in groups are an important emerging demographic, and specific female-friendly programmes could be designed for them. Four, social media can be used innovatively to grab eyeballs—Instagram Reels of happy tourists are more effective than traditional campaigns. Five, green tourism supported by community participation has already taken off in Meghalaya, and more such success stories could be nurtured and advertised. Finally, India is well-placed to become a medical service hub: hospitals in major cities already manage large numbers of patients from South Asia and Africa.

A few improvements to the enabling environment and some tweaks to the marketing strategy are all we need to showcase India's beauty to the world.

The author is an independent writer on economics and finance.

PEANUTS by Charles M. Schulz

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 10 Rs. 10.00 . Price with Hindustan Times Rs. 15.50 22 PAGES

Thursday, January 11, 2024

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SENSEX **71,657.69** ↑ **271.48** NIFTY **21,618.7** ↑ **73.85** DOLLAR **₹83.04** ↑ **₹0.08** EURO **₹90.90** ↑ **₹0.07** OIL **$78.29** ↑ **$0.01** POUND **₹105.67** ↑ **₹0.17**

Budget to focus on 5 key social segments

Special attention on the poor, women, youth, farmers, tribals

Gireesh Chandra Prasad
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NEW DELHI

Union finance minister Nirmala Sitharaman's pre-election budget is set to focus on welfare schemes for five key sections of society—women, poor, youth, farmers and tribals—as the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) aims a third term in office on the back of Prime Minister Narendra Modi's promise of inclusive growth.

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Accordingly, allocations for existing schemes for these sections of the society are likely to see an enhancement while new schemes may be announced, two persons privy to discussions in the government said.

"Schemes meant for these sections of the society will get emphasis in the budget. For example, education and skill development will get special attention, addressing the aspirations of the youth," one of the two people said.

The Centre allocated over ₹1.12 trillion for the two departments handling school education and literacy and higher education in 2023-24. The welfare of women will also be a key pillar of Sitharaman's budget speech on 1 February given Modi's vision of women-led development. In the recently held assembly polls in Madhya Pradesh, women voters were a focal point and both Congress and BJP, which won the state poll, had offered schemes for women.

For the ministry of tribal development, which implements schemes for the welfare of tribals, the allocation was raised sharply in 2023-24. "That trend is set to continue in 2024-25 as

TURN TO PAGE 6

WELFARE PUSH

Allocations for existing schemes for these sections of the society are likely to see an enhancement and new schemes may be announced.

The Centre's expenditure on key welfare schemes (₹ crore)

Scheme	FY23*	FY24**
PM-Kisan Samman Nidhi	60,000	60,000
MGNREGS	89,400	60,000
Samagra Shiksha	32,152	37,354
Centrally sponsored schemes for women, child development	23,663	25,190
National Rural Livelihood Mission	13,336	14,129
Pradhan Mantri Fasal Bima Yojana	12,376	13,625
Eklavya Model Residential Schools	2,000	5,943
Skill India programme#	NA	2,278

Source: Budget documents

NIRMALA SITHARAMAN, Union finance minister

*Revised estimates, **Budget estimates, #consists of three schemes, two of which were launched in the Union Budget 2023-24

mint

FOCUS FIVE

THE Centre allocated over ₹1.12 tn for education in FY24

FOR the tribal affairs ministry, outlay was raised sharply in FY24

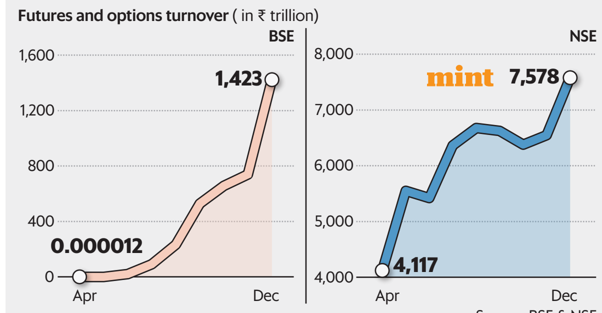
WOMEN'S welfare will also be a key pillar of FM's budget speech

SARVESH KUMAR SHARMA/MINT

Gaining ground

Zerodha's clients are seen as a key driver of BSE's share in Sensex options rising from 7.38% in Q2 to 15.8% in Q3.

Futures and options turnover (in ₹ trillion)



Source: BSE & NSE

PRANAY BHARDWAJ/MINT

Zerodha entry lifts BSE's options game

Ram Sahgal
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MUMBAI

Clients of India's largest stock broker Zerodha are one of the driving forces behind BSE's growing success in the derivatives segment since May 2023, after the exchange's two decades of attempts to gain market share went in vain, people aware of the matter said. Interestingly, a spurt in Sensex volumes coincided with Zerodha teaming up with two related entities to raise its total shareholding in the exchange.

The market share of BSE in the derivatives segment, dominated by National Stock Exchange (NSE), rose from a mere 0.004% in the June quarter to 7.38% in the September quarter and further to 15.8% in the December quarter.

In the June 2023 quarter, Zerodha held 3.7% stake in BSE as a non-promoter non-public shareholder, and its name didn't figure in the public shareholder category, NSE data shows. At the end of September quarter, Zerodha, acting in concert with NKSquared and Kamath Associates, held 4.39% of BSE's equity capital. As Zerodha is shown as non-promoter non-public shareholder with 3.7% in the September quarter, this implies the other two entities purchased 0.69% during the period.

NKSquared Global was founded by Nikhil Kamath, who along with his brother Nithin Kamath, is Zerodha's

TURN TO PAGE 6

Stars to shine at Mint BFSI Summit and Awards today

Alokesh Bhattacharyya
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MUMBAI

Reserve Bank of India (RBI) governor Shaktikanta Das will deliver the opening keynote address at the Mint BFSI Summit and Awards on Thursday, flagging off a full day of intense deliberations, debates and conversations around the theme of financial wellness in a changing world.

Joining the central bank governor will be Debasish Panda, the chairperson of the Insurance Regulatory and

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Development Authority of India (Irdai); Kamlesh Varshney, whole-time member at capital markets regulator Securities and Exchange Board of India (Sebi); and veteran banker K.V. Kamath, who is currently the chairman of National Bank for Financing Infrastructure and Development (NaBFID).

They will be joined by more than two dozen top bankers,

TURN TO PAGE 6

DON'T MISS

REUTERS

Vibrant Gujarat: Maruti plans new unit; Adani to invest ₹2 tn

The Vibrant Gujarat summit has kicked off with Maruti Suzuki announcing a ₹32,000 crore plant; Adani group planning to invest ₹2 trillion, most of it in clean energy; and Reliance Industries stating that its energy complex will be commissioned this year. >P5

Food processing ministry faces 6.1% budget cut in the next fiscal

The Union ministry of food processing industries may get a budgetary allocation of ₹3,087 crore for FY25, a fall of 6.1% from the budget estimate for FY24 on account of its lower expenditure at ₹2,912 crore against the estimate of ₹3,287 crore in current fiscal. >P2

OTTs tap influencers to build content for AVoD streaming

Over-the-top platforms are increasingly using social media influencers in roles, or scripting and production of snackable, short-format content developed on modest budgets as they focus on free advertising video-on-demand content streaming. >P3

NOTE TO READERS The Media Marketing Initiative on Page 13, 14 and 15 is the equivalent of a paid-for advertisement, and no *Mint* journalist was involved in creating it. Readers would do well to treat it as an advertisement.

Food processing likely to see budget cut as utilization falls

Ministry sees low expenditure in FY24 so far; may get a budgetary allocation of ₹3,087 crore

Puja Das
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NEW DELHI

The ministry of food processing industries (MoFPI) may get ₹3,087 crore in the upcoming interim budget for FY25, a senior official said, marking a 6% reduction from what was estimated for the current financial year.

This is because the ministry has spent only around ₹2,912 crore against a budget estimate (BE) of ₹3,287 crore for FY24.

"Although we proposed a higher budget allocation of ₹4,200 crore, we may be allotted around ₹3,087 crore in the FY25 budget," the official said. "The expenditure so far has been lower than the allocated budget in FY24 and since it is an interim budget, more funds may be given later if and when required."

"The allocation could be higher or lower than the quoted figure, but roughly it may be around ₹3,087 crore. We will come to know the final allocation once the interim budget is announced on 1 February."

This amount is expected to include over ₹1,200 crore for the production linked incentive (PLI) scheme for the food processing industry, around ₹900 crore for the Pradhan Mantri Formalization of Micro food processing Enterprises (PMFME) scheme and about ₹750 crore for the Pradhan Mantri Kisan Sampada Yojana (PMKSY) in FY25, according to the official.

The PLI scheme for millet-based products promotes millets, pegged as a sustainable crop. PTI

In the FY24 BE, the ministry received an allocation of ₹2,453 crore for the PLI scheme, ₹1,530 for PMKSY and ₹639 crore for PMFME.

Queries sent to the ministry of food processing industries and expenditure department remained unanswered at press time.

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"The government is supporting and nurturing food startups and processing, but it should also focus on addressing labour challenges that cause a lack of interest among farmers, especially the younger generation, in cultivating millets," said Shantanu Patil, co-founder of Meloop Foods Private Ltd. "The current appeal of fruit, soybean, and cash crops like sugarcane overshadows the attractiveness of millet farming in Solapur, Beed, Latur and Dharashiv region. To make it more appealing, the introduction of incentives and the provision of harvesters are crucial as harvesters play a pivotal role in reducing labour costs, forming a critical missing link in the agricultural chain. We are hoping the union budget will be inclined towards providing incentives/ subsidies for harvesting machines for millets, which will decrease labour costs," Patil added.

The PLI scheme for the food processing industry (PLISFPI) was approved by the Union Cabinet on 31 March, 2021, and given a budget of ₹10,900 crore for implementation from 2021-22 to 2026-27.

The scheme incentivizes MSMEs that focus on innovative products in the food processing sector. Additionally, the PLI scheme for millet-based products promotes millets, which are special grains that need less resources to grow, provide excellent nutrients, and can withstand changes in the weather, which helps in achieving the goal of sustainability.

Launched in June 2020, PMFME is a centrally sponsored scheme which is designed to address the challenges faced by the micro-enterprises and to tap the potential of groups and cooperatives in supporting the upgradation and formalization of these enterprises.

PMKSY was envisaged as a comprehensive package for creating modern infrastructure with efficient supply chain management from farm gate to retail. It aims to grow the food processing sector and help provide better returns to farmers, create jobs, especially in the rural areas, reduce wastage of agricultural produce, improve processing and increase exports of processed foods. "The Plant Protein Clusters with the government's support can propel this nascent industry by offering immense potential for foreign exchange gains and addressing the current vacuum in the global plant protein market," said Sanjay Sethi, executive director of Plant Based Foods Industry Association.

E-way bills rise as businesses push goods in December

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E-way bills are an indicator of economic activity. HT

The number of e-way bills or electronic permits for shipment of goods generated within and across states increased to 95 million in December, up from 87.5 million in November as businesses pushed goods into the supply chain in the last month of the third quarter.

E-way bills saw a dip in November from a historic high of over 100 million in October that marked a surge in festive demand for goods.

E-way bills are an indicator of economic activity. The sales trend in December, as shown in data released on Wednesday by GSTN, the company that processes Goods and Services Tax (GST) returns, is expected to get reflected in January's tax collections.

Central and state governments collected ₹1.65 trillion in GST revenue in December, a notch below the monthly average so far this fiscal of ₹1.66 trillion.

But GST revenue receipts still showed a double digit growth of 10.3% compared with a year ago.

S&P Global on 3 January said India's manufacturing output expanded strongly in December despite a loss of growth momentum. According to S&P Global, despite falling from 56.0 in November to an 18-month low of 54.9 in December, the manufacturing purchase managers' index was indicative of a marked improvement in the health of the sector.

A reading of 50 separates expansion from contraction.

The latest reading was above the long-run series trend, but contributed to the lowest quarterly average of 55.5 since the first quarter of FY2023, S&P said.

Another high frequency indicator, railway freight data, had shown an improvement in the official figures released on 4 January. The Railways said that in December, it achieved originating freight loading of 138.99 million tonnes against 130.66 million tonnes in December 2022, higher by 6.37%.

Freight revenue of ₹15,097.61 crore was reported in December 2023 against ₹14,574.25 crore a year ago, showing a 3.59% improvement.

India has space for only 39 million barrels of crude. BLOOMBERG

Govt scraps $600 mn plan to top up strategic oil reserves

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India's finance ministry has scrapped a ₹5,000 crore ($602 million) plan to top up the nation's strategic crude oil reserves, given market volatility and the prospect of a further decline in prices.

Instead of buying at current levels—Brent crude has already slumped about a fifth from a September peak, and could fall further if supply remains plentiful—the ministry is asking state-owned Indian Strategic Petroleum Reserves Ltd (ISPRL) to lease out empty underground storage to refiners and global oil majors, according to people familiar with the matter.

They asked not be named as the discussions aren't public.

An oil ministry spokesperson didn't immediately reply to text messages seeking comment, while a finance ministry spokesperson didn't respond to an email seeking comment.

India has limited oil storage capacity, with space for only 39 million barrels of crude—barely enough for eight days of consumption—to use in the event of an emergency.

It filled the storage in 2020, when Brent crude prices crashed, but has since released about a third of that oil to local refiners.

The ministry's decision not to refill its reserves, at odds with other large consumers, comes as New Delhi seeks to lower its fiscal deficit to 5.9% of its gross domestic product in the fiscal year to March, from 6.4% a year earlier. It has instead sought to lease out space, but refiners have expressed limited appetite. That could mean the underground storage caverns remain empty unless market conditions turn, the people said. India keeps its strategic oil stockpiles at three sites. A combined 13.5 million barrels of storage space at Visakhapatnam and Mangalore are currently empty, the people said.

One of the two 5.5 million-barrel caverns at the Mangalore site has been leased to Abu Dhabi National Oil Co. The finance ministry has asked ISPRL to discuss the lease of the second unit with local refiners and Adnoc.

India signs cooperation pacts with the UAE, Czech Republic

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UAE President Mohamed bin Zayed Al Nahyan in Gandhinagar. AFP

India has signed a slew of bilateral cooperation agreements with the UAE and the Czech Republic at the Vibrant Gujarat summit.

With the UAE, India reached agreements on healthcare, development of food parks and renewable energy, while with the Czech Republic it signed a strategic partnership on innovation.

UAE President Mohamed bin Zayed Al Nahyan was the chief guest at the summit. Czech Prime Minister Petr Fiala, Mozambique President Filipe Jacinto Nyusi, and Timor-Leste President Jose Ramos Horta also attended the summit.

The cooperation with the UAE has been particularly intense.

Foreign secretary Vinay Mohan Kwatra said the agreement on renewable energy would pave the way for increased cooperation on green hydrogen and solar power. The two sides are also discussing grid interconnectivity, he said.

"If you want to see one of the landmark transformations in a relationship between India and another country, India-UAE is a prime example of that," said Kwatra.

Progress has been made also on development of food parks in India, which was part of the I2U2 partnership involving India, Israel, the UAE, and the US. In 2022, the UAE had pledged $2 billion in investments for the development of food parks at an I2U2 meeting.

Apart from agreements on healthcare sector and innovation with the UAE, a pact on logistics cooperation was also signed between the government of Gujarat and Dubai-based logistics firm DP World.

At the same time, India and the Czech Republic released a strategic partnership on innovation. The partnership will focus on "sectors such as startup and innovation, cyber-security, digital domains, artificial intelligence, defence, nuclear energy and circular economy," India's foreign ministry said in a joint statement released after a meeting between Prime Minister Narendra Modi and Czech Prime Minister Petr Fiala.

Estonia urges India to explore oil shale

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The Adani group is exploring business opportunities in Estonia, the Baltic country's economy minister said, with both sides set to continue talks at the Vibrant Gujarat summit.

"In Vibrant Gujarat, we're going to meet the Adani group. I understand they have taken notice of Estonia and we are trying to take this conversation forward. So, I hope they will come soon to investigate more deeply," Tiit Risalo told *Mint*.

Queries mailed to the Adani group went unanswered.

Risalo said major Indian business houses are exploring opportunities in green energy and IT services. Cybersecurity was another key interest for bilateral cooperation, with India interested in participating in Nato's Locked Shields cybersecurity exercises.

He said Estonia, which hosts the exercises, is ready to invite India to participate.

Estonia is also keen to increase cooperation on oil shale, a big element in its domestic energy consumption.

Estonia is the only country in the world where oil shale is the primary source of energy. BLOOMBERG

It is the only country in the world where oil shale is the primary source of energy, supplying 76% of the energy used for electricity generation in 2018, according to the Organization for Economic Co-operation and Development.

India has looked at collaborations with Estonia in IT, block chain technologies, cyber security and other fields

"Estonia is not very rich in natural resources but what we do have is oil shale. And usually people don't go after it, because there have been better ways to produce energy more efficiently. But now in the context of our green turn, we are also exiting this. We don't burn it anymore but we have a very strong base of chemical research based on oil shale. And we are looking into different ways to use this material in much smarter ways and, significantly, India also has ample resources of oil shale that are not yet used so far. And so, we are searching for cooperation here," said Risalo, who has served as minister for economic affairs and information technology since April 2023.

The Estonian minister and a business delegation have met with officials of the ministry of petroleum and natural gas, which has expressed interest in the proposal for cooperation. The Indian government has also asked Estonian energy firms to participate in the India Energy Week in February.

He added that Estonia is looking at research and development cooperation with India on green hydrogen.

Thus far, both countries have had a fairly limited economic relationship. Bilateral trade in 2022 stood at just over $256 million, according to data from India's Embassy in Estonia. India has looked at collaborations with Estonia in IT, block chain technologies, cyber security and other fields.

Risalo acknowledged the limited economic relationship between the two countries but stated that his country is part of the European Union and can serve as a gateway for Indians firms into European markets.

MINT SHORTS

India imposes anti-dumping duty on 3 Chinese products

New Delhi: India has imposed anti-dumping duties on three Chinese products—wheel loaders, gypsum tiles, and industrial laser machinery—for five years to guard local manufacturers from cheap imports. These duties were imposed following recommendations by the commerce ministry's investigation arm Directorate General of Trade Remedies. PTI

More smart meters likely, but target may not be met: Icra

New Delhi: Installation of smart meters in the country is expected to increase in the next two years but government may not be able to meet the target of 250 million smart meter installations by 2025, according to Icra. A report by the rating agency said the awarding of smart meters by state distribution utilities or companies (discoms) would increase to 222 million over the near-to-medium term from the 99 million awarded so far. VAAGEESH THIRUMALAI

'Steel ministry not seeking higher import duties'

New Delhi: The ministry of steel has no immediate plans to seek higher taxes on imported steel even though the country has become a net importer of the alloy due to rising shipments from overseas, particularly China, a senior government official said. India's top steel producers have asked the government to impose higher taxes on imports to curb overseas supplies. PTI

Bharat 'chana dal' emerges as biggest selling brand

MINT

New Delhi: The government-procured chana dal retailed under the 'Bharat' brand has emerged as the biggest selling brand among householders, with 1/4th market share in less than four months of its launch due to the price advantage, consumer affairs secretary Rohit Kumar Singh said on Wednesday. It was launched in October 2023. PTI

India to demand faster inspection of pharma firms

HT

New Delhi: India will demand fast-tracking US health regulator's USFDA inspections, or audit of domestic pharma firms, lifting an export ban on wild-caught shrimp and flag the issue of export control regulations for tech products and technologies at the Trade Policy Forum (TPF) meet on Friday, an official said. PTI

States/UTs to be ranked on startup initiatives

New Delhi: The commerce and industry ministry's arm DPIIT on 16 January will announce ranking of states and union territories for 2022 based on initiatives taken for startups, an official said. The exercise aims to evaluate measures taken by states/UTs to boost the startup ecosystem during a specified period. PTI

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MINT SHORTS

Glamplus raises pre-Series A funding from Upsparks, others

Bengaluru: Business-to-business-focused BPC marketplace Glamplus secured $1.9 million (₹16.5 crore) in a pre-Series A funding round from a host of investors including Upsparks Capital, Eagle10 Ventures, ITI Growth Opportunities Fund, Inflection Point Ventures and Kube VC along with angel investor Gopal Krishna Varshney and IR capital partners. The funds will be directed towards B2B expansion in tier I and tier II cities and to venture into international markets. Glamplus is a B2B marketplace that assists and allows small, medium and large salons/spas/retail beauty chains to adopt technology for running their day-to-day operations more efficiently.

CDM Capital, others back fintech startup Mylapay

ISTOCKPHOTO

Bengaluru: Mindeed Technologies and Services Pvt Ltd, which operates Mylapay has raised $550,000 (₹4.6 crore) in a seed funding round led by venture capital firm CDM Capital. The round also saw participation from Singapore-based Saison Capital, the VC arm of Credit Saison and 77 Capital, led by Amit Goel. Founded in 2019 by Mohanraj Ravi, Santhanakumar Dhanabalakrishnan, and Sundar Balasubramanian, Mylapay is a Chennai-based fintech startup specializing in payment enablement. It provides cloud-based solutions that are designed to optimize the entire card payment processing cycle. Mylapay intends to use the funds to improve its cloud-based infrastructure.

Ambitio secures pre-seed funding from First Cheque, angels

Bengaluru: Artificial intelligence (AI)-based edtech startup Ambitio has raised $186,684 (₹1.55 crore) in a pre-seed funding round co-led by First Cheque and undisclosed angel investors from the US and India. Founded in 2022 by Dirghayu Kaushik, Vikrant Shivalik, and Vaibhav Tyagi, Ambitio is an AI platform that helps in the admission process of students who intend to join universities abroad. Ambitio AI Copilot enables applicants to identify courses and craft essays and statements of purpose (SOPs). It claims to have access to a database of around 2 million admits.

COMPILED BY K. AMOGHAVARSHA

Streaming, influencers tie up for ad-led model

The idea is to cater to the youth, while adopting a cost-effective strategy

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NEW DELHI

The shows not only cater to the young demographic favoured by influencers but also adopt a cost-effective strategy.

The focus on free advertising video-on-demand (AVoD) content streaming on over-the-top platforms has opened up opportunities for social media influencers. They are increasingly being involved in roles, or working on scripts and production of snackable, short-format content developed on modest budgets.

The shows not only cater to the young demographic favoured by influencers but also adopt a cost-effective strategy, featuring social media personalities instead of mainstream actors. Moreover, comics and influencers infuse their inherent wit and individuality into creating these shows.

While actor Kusha Kapila was recently seen in *Dehati Ladke*, streaming on miniTV, the free service owned by Amazon, stand-up comics like Khushaal Pawar and Neel Salekar appeared in a comedy show, called *Constable Girpade* earlier. Though not available for free, Netflix introduced an original series titled *Social Currency* in 2023, showcasing a group of social media personalities.

"Many platforms are now offering content for free and to keep their audience engaged, primarily focusing on creating snackable content—shows and movies that are quickly produced and released. This approach aligns with the preferences of the audience, the young demographic, known to have limited attention span. Influencers bring in their built-in audience, contributing as writers, directors or musicians," Divyansh Gala, group head of outreach at SoCheers, a digital agency, said.

While influencers secure new revenue streams and expand their audience base with long-form content, platforms thrive on established viewership, fresh perspectives, and engaged communities, boosting marketing efforts, diversifying content and deepening user engagement, he said.

With paid subscriptions plateauing and global parents of OTT companies increasingly focus on profitability, platforms are looking to create content for the youth, without breaking the bank, said experts.

"Many are exploring themes like college life, relationships, and career struggles. Influencers and comics are not just featuring in these shows but are the creative minds behind the scenes, writing and acting. It's a game-changer for fresh, relatable content. Influencers bring authenticity and a direct line to audiences. For OTTs, it's a golden ticket to relevance. This trend holds true for regional influencers as well, bringing a localized and authentic touch to content, effectively engaging their target audience," said Hitarth Dadia, chief marketing officer and partner at Mumbai-based marketing agency Nofiltr. According to Sahil Chopra, founder and chief executive at digital marketing agency iCubesWire, the idea is to create content for a diverse audience, including low-middle-income families, young adults, and teens with a content mix that appeals to a larger demographic.

The bite-sized, budget-friendly shows with popular influencers work for everyone. "For viewers, it's a break from routine and for platforms, it's engagement goldmine," Shrenik Gandhi, co-founder and CEO, White Rivers Media, said.

BEYOND MAINSTREAM

INFLUENCERS are increasingly working on scripts and production of snackable content	**COMICS** and influencers infuse their inherent wit and individuality into creating the shows	**PLATFORMS** are looking to create content for the youth, without breaking the bank

Mental health firm Amaha raises ₹50 cr

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BENGALURU

Amaha, a mental health startup, on Wednesday said it has secured ₹50 crore in an extended Series A funding round led by Fireside Ventures. Angel investors contributed about ₹15.6 crore in this round, it added.

Amaha plans to utilise the capital to expand its services. Formerly known as InnerHour, the Mumbai-based startup offers treatments and care plans for mental health conditions such as anxiety, depression, bipolar disorder, ADHD, OCD, schizophrenia, and addictions, catering to over 600 cities in India.

Fireside Ventures, that primarily invests in consumer-focused startups, has a portfolio of companies in food and beverage, personal care, kids and education, lifestyle, and home products sectors. Last year, it had invested in other wellness startups such as The Good Bug and Inito. The growing visibility of mental health and wellness startups in recent years is partly attributed to heightened awareness and advocacy by celebrities, such as cricketers and actors, and organizations and social media sites.

Amaha runs in-person centres in Mumbai, Bengaluru, and Delhi-NCR, and also offers digital services

Founded in 2016, Amaha runs in-person centres in Mumbai, Bengaluru, and Delhi-NCR, besides offering app-based digital services. "We'll go beyond digital because there is a lot of unmet need within the industry," Amit Malik, founder, and chief executive, Amaha, said.

Despite widening losses in 2023, Amaha has been investing to upgrade infrastructure, including physical clinics and technology, and is optimistic about profitability. "We expect to become profitable within 15-18 months," Malik added.

Actis established an infrastructure investment trust, or InvIT, NXT-Infra Trust, which houses the six highway assets. MINT

Actis starts 2024 with $229 million monetization plan

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Private equity firm Actis, which had a rather quiet 2023 in India after a hectic 2022 with deals worth over $1 billion, has started the New Year with its move to monetize its biggest bet in the country.

The emerging markets-focused PE firm had stitched at least four transactions in India in 2022 across the real estate, renewable energy and highway sectors, including a warehousing joint venture with Mahindra Lifespaces. It also acquired Rx Propellant, and Welspun Group's six highway assets. It sealed the highways deal for an enterprise value of $775 million, or about ₹6,000 crore back then, marking its biggest transaction in India, amid changes in its strategy to strike bigger bets in the country.

Actis established an infrastructure investment trust, or InvIT, NXT-Infra Trust, which houses the six highway assets. The InvIT has filed draft documents with India's capital markets regulator to raise ₹1,900 crore (about $229 million) by selling units to institutional investors as well as corporate entities.

The InvIT intends to use the proceeds for extending loans of ₹1,736 ($209 million) to special purpose vehicles (SPVs) that operate the six assets. The SPVs will subsequently use the loans to redeem the optionally convertible debentures issued to Actis.

The outstanding amount in relation to the optionally convertible debentures issued by the SPVs was ₹1,836.88 crore as of 31 December 2023, comprising an aggregate principal amount of ₹1,673.50 crore and estimated interest of ₹163.38 crore, according to the InvIT's draft papers. It will also look to buy more infrastructure assets in the future, it said.

VCCiRCLE

In 2023, the PE firm had signed a deal to acquire two road assets from Patel Infrastructure, VCCircle has learnt. It was Actis's only deal in India last year but is not yet announced. Media reports suggest Actis was looking to acquire five highway assets from Patel Infrastructure.

Apart from the roads sector, Actis remains heavily invested in renewables, having floated and sold big platforms—Sprng Energy and Ostro Energy. It owns BluPine Energy, its third renewables platform in India. BluPine had earlier acquired 404 MW solar assets in 2022 as part of its growth strategy.

Nuvama-Cushman JV to raise ₹3K cr for local investments

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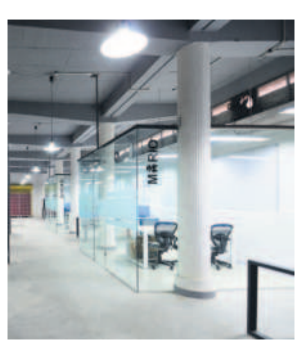

The cos will join forces to invest in prime office space across high-growth markets. MINT

Nuvama Wealth Management's asset management division and global commercial real estate services company Cushman and Wakefield will join forces to invest in prime office space across high-growth markets in India. The joint venture entity, Nuvama and Cushman and Wakefield Management Pvt. Ltd, aims to raise ₹3,000 crore and offer a full suite of capabilities for investing in commercial real estate, they said.

Its first realty fund, Prime Offices Fund, will be investing in Grade A-plus office spaces in micro markets across Bengaluru, national capital region, Pune, Mumbai, Chennai and Hyderabad, which account for over 70% of leasing activity in India. The fund will focus on new projects, as well as completed and leased assets.

"The Prime Offices fund will allow us to tap the immense potential of India's office sector and offer investors unparalleled access to diverse, and high-yield real estate opportunities," Anshul Jain, managing director, India and Southeast Asia, said.

Through the joint venture, Nuvama will offer better fund-management insights to investors, while Cushman will offer expertise for commercial real estate projects. "India continues to be a standout player in the office sector both regionally and globally," Matthew Bouw, chief executive officer for Asia Pacific, Cushman and Wakefield, said. "With average demand forecasted at around 40 million sq ft a year till 2027, India's estimated net absorption is expected to account for around 50% of the total office demand in Asia Pacific."

The joint venture will focus on providing opportunities to domestic investors in Indian commercial real estate, which has traditionally been dominated by global investors, the companies said. "We are seeing growing domestic investor interest, which has remained an experimental play for most so far because of paucity of well-scaled local vehicles in pre-REIT (real estate investment trust) space," said Ashish Kehair, managing director and CEO, Nuvama, which oversees client assets worth ₹2.89 trillion, and caters to a diverse set of customers, including 3,300 of India's wealthy families.

Upekkha's new fund hits 1st close

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BENGALURU

The fund has set a target to secure $40 million. ISTOCKPHOTO

Upekkha, an accelerator for software-as-a-service (SaaS) startups, on Wednesday said it has marked the first close of its new fund with commitments of $15 million, Prasanna Krishnamoorthy, managing partner of Upekkha told *VCCircle*. The fund, registered in the US, has set a target to secure $40 million.

WestBridge Capital, which primarily invests in public and private companies in India will be the anchor investor, Krishnamoorthy, former chief technical officer of Microsoft Ventures, added.

Godard Abel, the chief executive of business-to-business SaaS marketplace G2, has also invested in the fund, which has a lifespan of 12 years.

Upekkha will invest in early-stage B2B SaaS firms in India which are focussing on building global businesses.

VCCiRCLE

The new fund will be managed by Krishnamoorthy, Shekar Nair, Thiyagarajan Maruthavanan and Gokul KS.

"The fund is a way to double down on our thesis. We started with the idea to help founders, by providing them with a playbook as well as guidebook, that will help them avoid two-three years of mistakes that they can make," said Krishnamoorthy.

Upekkha will sign an average cheque of about $125,000 in over 240 startups during its tenure. In 2024, the fund plans to back around 70 startups.

"We are finding that all SaaS startups will have some artificial intelligence (AI), so we are helping our founders add AI into their products," he said.

Through its fund and accelerator platform, Upekka helps founders in their journey of building B2B SaaS businesses from India, by offering the initial capital, guidance, network and community.

It has a portfolio of over 165 startups.

"Prior to Upekkha, India did not have a robust ecosystem and platform that assisted early-stage SaaS entrepreneurs to build strong, successful businesses," Sumir Chadha, managing partner and co-founder at WestBridge Capital, said in a statement. " We see Upekkha as a key partner bridging the gap, and enabling founders to build global SaaS businesses from India."

'In 2024, you'll see higher valuations for better companies'

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Early-stage venture capital firm 8i Ventures, which has backed M2P Fintech, Slice and Blue Tokai, marked the first close of its $50 million second fund in 2022 via commitment from high-net-worth individuals and family offices of Salgaocar and DSP group's Kotharis. Founded in 2019 by Vikram Chachra and Vishwanath V., it backs business-to-business fintech firms, and e-commerce facilitators. It is now looking to build a portfolio of 15-20 firms with its second fund. In an interview with VCCircle, Chachra speaks on the delay in the final close of its second fund, returns from the first fund and changes in early-stage investment strategies.

VCCiRCLE

Edited excerpts:

How was 2023 for the venture capital ecosystem?

Startups that went public recently focused on becoming sustainable enterprises as opposed to being a startup force. So, when the leaders go into a sustainable mode, they set the trend for everyone else. 2023 was the year when everyone was figuring out where the fall (in funding) was heading. Funding slowdown isn't over yet despite so much money on the side.

When will you hit the final close of the second fund?

We didn't use any distributors for this fund and wanted to reach out to limited partners directly. Our goal for the second fund was to raise 25% of institutional capital, which we achieved quickly. But we got additional interest from institutions. So, we decided to extend the timeline for more institutional capital. Now, it looks like we will raise more than 50% as institutional capital. We also extended the timeline because we slowed down on funding and decided to wait for super-high-quality money. We look to make the final close some time in the middle of this year. We will be either meeting or exceeding our target.

What returns are you sitting on from the first fund?

Our internal rate of return for the first fund at present is around 50%. We continue to perform very well.

How did early-stage investments changed amid the ongoing funding winter?

It is still a great time for seed stage, but the bar is going to be very high for Series A. One thing we are making sure is we fund a company for a minimum of 24 to 30 months. We will be careful in monitoring burn rates and targets so that nobody goes crazy.

> It is still a great time for seed stage, but the bar is going to be very high for Series A
>
> **Vikram Chachra**
> Founding partner, 8i Ventures

How do you see startup valuations from hereon?

In 2024, quality startups will start coming to the fore, so you'll start seeing higher valuations for better companies. Even in early stage of investments, you will see laggards become very evident. They will either shut down or get absorbed. So, the consolidation we thought would happen in 2023 will now happen in 2024.

Which areas do you intend to invest in?

We're excited about the opportunities in digital public infrastructure, cross-border payment, as well as general commerce infrastructure.

What will be the upcoming trend for venture capital?

Globally, particularly in the US, the AI era has begun. But it is at an early stage, so you see foundational technologies or platforms controlled by Big Tech or well-funded players like OpenAI. India has just one main player, Sarvam AI.

Index	Close	Percent change	Previous close	Open	High	Low
S&P BSE Sensex	71,657.71	0.38	71,386.21	71,383.20	71,733.84	71,110.98
Nifty 50	21,618.70	0.34	21,544.85	21,529.30	21,641.85	21,448.65
Nifty 500	19,517.85	0.30	19,459.55	19,463.55	19,532.30	19,354.10
Nifty Next 50	54,077.65	0.22	53,960.65	53,997.65	54,131.95	53,490.05
Nifty 100	21,885.80	0.32	21,815.15	21,806.10	21,907.50	21,704.50
S&P BSE Mid-cap	37,490.53	0.23	37,404.32	37,475.97	37,517.45	37,071.46
S&P BSE Small Cap	43,972.73	0.35	43,821.16	43,958.61	44,002.49	43,649.00

MINT SHORTS

Rice prices in Asia poised to stay elevated on tight market

The rice market is set to remain tight at the start of the year on India's ongoing export restrictions and an expected boost from festival demand, providing impetus for elevated prices to climb even higher. The grain is vital to the diets of billions and further price gains would stretch household budgets. Thai white rice 5% broken—an Asian benchmark—eased to $646 a tonne on Wednesday, slipping for the first time since early December, but still remains near a 15-year high. "We know rice markets will remain tight for the foreseeable future, largely due to India's export ban," according to Peter Clubb, a commodities market analyst at the International Grains Council in London. "We also have Eid coming up in April, and the period before Eid tends to see good demand from markets with significant Muslim populations in Asia and Africa." Top shipper India is expected to keep its export restrictions in place. BLOOMBERG

Investors turned their sights to China's neighbour while stocks at home showed no signs of revival. REUTERS

China's bedraggled investors flock to surging Japan ETFs

Chinese investors tired of losses from their domestic stocks are piling into hot Japanese shares via a handful of onshore exchange-traded funds. Turnover in the China AMC Nomura Nikkei 225 ETF soared on Wednesday to 373 million yuan ($52 million), the highest level on record and 10 times its average over the past year. Two of the four other Japan ETFs traded in China have seen record turnover as well. Activity in the AMC Nomura fund has swelled since the middle of last year as mom-and-pop investors turned their sights to China's neighbour while stocks at home showed no signs of revival. Japan's Topix Index rose 25% last year to a 34-year high as China's CSI 300 Index dropped 11% amid concerns about the country's economic recovery, geopolitical challenges and troubles in the property sector. The AMC Nomura ETF, the biggest of China's five Japan-focused funds for qualified domestic institutional investors, has ascended another 6.3% since Friday. BLOOMBERG

Paint cos face competition blues

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Paint manufacturers are taking it slow amid the looming threat of heightened competition, besides tepid demand.

Grasim Industries Ltd, a part of the Aditya Birla Group, is gearing up for a product launch in the March quarter of the current fiscal year (Q4FY24). This has raised concerns among investors about the potential impact on market share from the new entrant.

"Grasim has not rolled out any plan for dealers, they are currently meeting dealers and trying to build a network," IIFL Securities said in a report on 5 January, based on dealer interactions.

Despite the sector having high entry barriers, companies, such as Grasim, with deep pockets might adopt aggressive pricing strategies to lure customers. While clarity in this matter is yet to emerge, incumbent firms have started defending their market positions.

"As per dealers, price cuts of (~)2-3% were undertaken by Asian Paints Ltd and Berger Paints India Ltd to push sales, while sales of economy and premium products were similar," IIFL said in the report. Also, dealers highlighted that the intensity of discount has risen, particularly in the economy range of products, due to increased competition from local players.

Note that Grasim has committed to invest ₹10,000 crore in its paints business, seeking to become a profitable No. 2 company. Other major entrants include JSW Paints Ltd, JK Cement Ltd and Pidilite Industries Ltd.

Listed companies also face challenges from regional manufacturers in the unorganized sector lately. Lower input cost is reported to have given smaller players increased pricing flexibility, especially in the economy paint segment. Therefore, the management commentary on pricing strategies will be pivotal when companies announce their December quarter results (Q3FY24). Analysts warned that the shift towards economy paints and recent price cuts could affect the value growth in Q3.

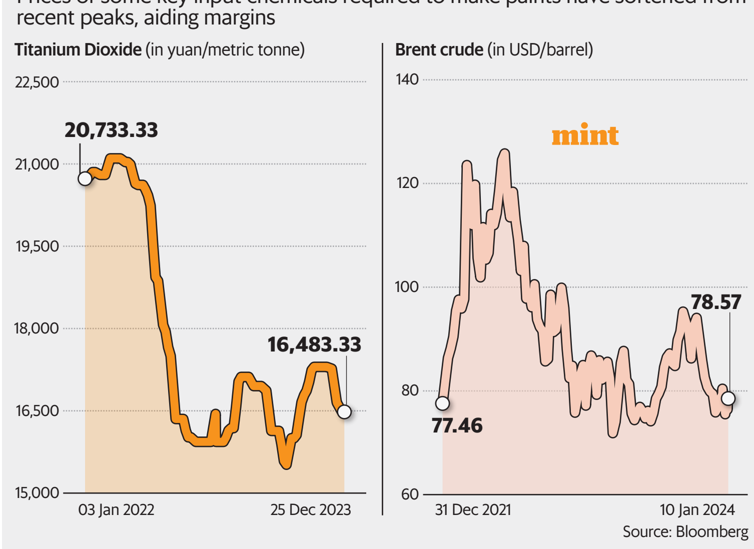
Meanwhile, demand during the festive season fell below expectations, leading to subdued volume offtake in October and November, as per dealers' channel checks by brokerages. December showed improvement, but Q3 is unlikely to impress.

Analysts expect mid-to-high single-digit year-on-year volume growth for leading listed paint companies, supported by a favourable base. According to Kotak Institutional Equities estimate, Asian Paints would see volume growth of around 9% partly aided by commodity products like putty and tile adhesives, and economy range of products. Close competitor Berger may marginally underperform Asian Paints in domestic decorative paints after five-six consecutive quarters of outperformance with 7% volume growth in Q3. On the gross margin front, prices of titanium dioxide and crude oil – crucial for monomers, have softened from a year ago. This should result in expansion. ICICI Securities expects the correction in raw material prices to result in gross margin expansion of 150-200 basis points y-o-y for paint firms. "We assess Q3FY24 to be the last quarter for the low base effect-led margin expansion; we model normalisation from Q4FY24," ICICI said in the report.

That said, healthy project launch pipeline in the realty sector can boost decorative paints demand. Even so, the overhang of competition and likely pricing pressure remain a risk to the sector's FY25 earnings estimates as margins could largely remain range-bound on a high base. This may contain steep upside in the stocks. In 2023, shares of key decorative paints firms Asian Paints and Berger appreciated 10% and 25%, respectively. Valuations offer little respite with Asian Paints' and Berger's stocks trading at about 55 times and 49 times estimated FY25 earnings, showed *Bloomberg* data.

A breather

Prices of some key input chemicals required to make paints have softened from recent peaks, aiding margins



Source: Bloomberg
PRANAY BHARDWAJ/MINT

TAINTED CANVAS

AMID muted demand, paint companies take price cuts to boost volume growth

MARGINS may expand in Q3FY24, but are expected to normalize thereafter

Timely execution of large projects to power up SJVN's prospects

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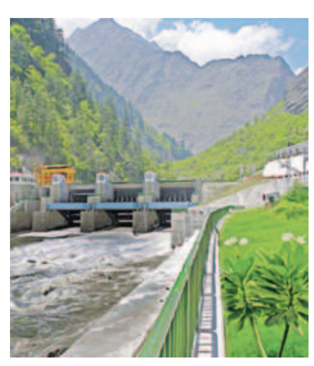
Shares of state-run power generation firm SJVN Ltd have performed impressively, gaining about 94% in the past six months to ₹91 apiece.

Apart from being a key hydro power generator, it stands to benefit from the government's increased thrust on adopting renewable energy, specifically solar and wind power. Besides, the electricity generation tariff norms notified by the Central Electricity Regulatory Commission (CERC) has uplifted investor sentiment.

For its existing hydroelectric power projects, CERC has kept the regulated return on equity unchanged at 16.5%, but raised it to 17% for projects commissioning after April 2024.

The norms will be applicable for five years starting 1 April.

According to Elara Securities (India), for pumped storage projects this 50 basis point increase is expected to stimulate investments in the sector and SJVN is poised to benefit from it. For now, SJVN's earnings outlook depends on how large projects progress. "The timely execution of four hydro units of 225 MW each on river Arun in Nepal, and two thermal units of 660 MW each at Buxar in Bihar may help SJVN nearly double its profit after tax by FY27," said Sudhanshu Bansal, analyst at JM Financial Institutional Securities.



SJVN Ltd is a key hydro power generator.

SJVN's management expects the commissioning of all Arun-3 units by mid-FY25, and the first unit at Buxar likely to be operational by June. Developments related to Naitwar Mori hydro project, comprising two 30 MW units in Uttarakhand will also be important.

By FY26, it aims to expand its capacity by 10 GW with projects spanning hydro, thermal, solar, and wind energy.

In FY24, SJVN has set a capital expenditure (capex) target of ₹10,000 crore. In the first half of the financial year, only ₹3,800 crore of capex has been utilized. Therefore, the capex trajectory in H2 remains to be seen.

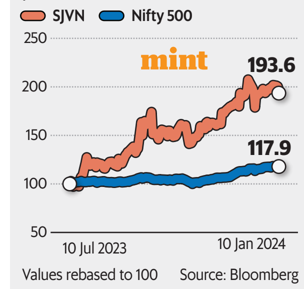
Its earnings growth outlook will hinge on securing new projects, timely signing of power purchase agreements and conducting more auctions as the renewable energy implementation agency, acting as a facilitator between the developers and state discoms. This will help the firm earn trading margin.

On the flipside, delay in completion of projects would be a damper. Since SJVN caters to many public sector units, elevated receivables and high debt could also be a concern.

As of September end, SJVN's debt stood at ₹16,993 crore. Interestingly, 2023 was a good year for stocks of many state-run companies. A rub-off effect of that may also have played out for SJVN, so potential downside risks should not be overlooked.

Energized

SJVN shares have steeply outperformed Nifty 500 in the past six months



Values rebased to 100 Source: Bloomberg
PRANAY BHARDWAJ/MINT

Mark to Market writers do not have positions in the companies they have discussed here

ICICI leads rupee corporate bond mkt

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ICICI Bank Ltd ended Axis Bank Ltd's 16-year reign as the largest arranger of rupee-denominated corporate bonds as sales climbed to a record last year.

India's second-largest lender by market value managed ₹980.3 billion ($11.8 billion) of offerings in 2023, including self-led transactions. That's 17% of the total, according to data compiled by *Bloomberg*. HDFC Bank Ltd stood second, with deals worth ₹797.4 billion.

Axis Bank, which dominated the local-currency bond market from 2007 to 2022, came in third after arranging ₹763.5 billion of transactions.

The lender "focused on higher fees business instead of just chasing volumes," Neeraj Gambhir, group executive and head of treasury, markets and wholesale banking products at Axis, said in an interview.

Axis will stick to the same strategy this year and look to arrange more deals for AA to A rated issuers as well as private credit firms, Gambhir said. The lender will also focus on issuance from real estate investment trusts and InvITs as it expects them to become big borrowers in the bond market, he added.

ICICI Bank didn't reply to an email seeking comments.

Businesses in the world's fastest-growing major economy raised a record ₹10.4 trillion selling bonds in 2023, and Gambhir expects issuance to increase by 15% this year as companies will likely take advantage of borrowing costs coming down if global central banks cut interest rates as expected.

Gambhir expects the new investment guidelines for banks that take effect in a few months to provide further impetus to the corporate bond market.

The central bank in September allowed lenders to include company notes in their held-to-maturity book, and not be required to mark-to-market against yield movements. "Apart from refinancing needs, we expect capital expenditure cycle to gain strength in the second half of the calendar year prompting firms to tap the bond market," Gambhir said.

ICICI Bank managed ₹980.3 bn of offerings in 2023. HT

The central bank in September allowed lenders to include company notes in their held-to-maturity book

Rupee gains 11 paise, at 83.02

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Rising for the sixth straight session, the rupee jumped 11 paise at 83.02 (provisional) against the US dollar on Wednesday, tracking a firm trend in equity markets and easing crude prices. A weak greenback overseas and expectations of favourable global and domestic macroeconomic data also boosted the domestic currency, forex traders said.

At the interbank foreign exchange market, the local unit opened at 83.13 and traded between the peak of 82.97 and the lowest level of 83.18 against the greenback during the session.

It finally settled at 83.02 (provisional) against the dollar, registering a gain of 11 paise from its previous close.

The domestic currency settled 1 paisa higher at 83.13 on Tuesday.

Anuj Choudhary, research analyst at Sharekhan by BNP Paribas, said the Indian rupee appreciated following recovery in the domestic markets and a soft US dollar.

A slight decline in crude oil prices also supported the rupee. He said the investor sentiment was boosted after the World Bank retained India's growth rate projection at 6.3% for FY24 and 6.4% for the next fiscal. The rupee is likely to trade with a slight negative bias on risk aversion in the global markets amid the global economic slowdown and the ongoing geopolitical tensions in the Red Sea and Middle East. Also, investors may remain cautious ahead of inflation data from India and the US.

"USD-INR spot price is expected to trade in a range of ₹82.70 to ₹ 83.40," Choudhary added.

Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.16% lower at 102.11 on Wednesday. Brent crude futures, the global oil benchmark, declined 0.67% to $77.07 per barrel.

Investor sentiment was boosted after WB retained India's growth rate projection at 6.3% for FY24

Markets up on gains in IT stocks, Adani's mega investment plans

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India's Nifty 50 and Sensex rose on Wednesday, led by gains in IT companies ahead of quarterly results and boosted by a jump in some Adani group stocks on the conglomerate's plan for a $24 billion investment.

The blue-chip NSE Nifty 50 gained 0.34% to 21,618.70 points, while the S&P BSE Sensex added 0.38% to 71,657.71. Both the benchmarks lost about 0.5% each, before reversing gains in the final hour. IT stocks rose 0.5%. Market leaders TCS and Infosys are due to report quarterly results on Thursday, kicking off the earnings season in earnest.

While the results are expected to be subdued due to weak spending by key US clients, the forecasts will be in focus. In that regard, U.S. inflation data on Thursday is key. A soft print will likely fortify bets of a rate cut in March, making stocks generally, and IT companies in particular, attractive.

The overall earnings season is critical with valuations at all-time highs. The Nifty 50's PE ratio (price-to-earnings) is 22.6 times one-year forward earnings, well above the five-year average of 21.6. "The markets are too stretched right now. An earnings-led consolidation or mild correction is required and likely in the next few weeks," said Aneesh Srivastava, chief investment officer at Esquire Capital Advisors.

Nifty constituents Adani Enterprises and Adani Ports rose 2.77% and 1.44%, respectively.

The blue-chip NSE Nifty 50 gained 0.34%. MINT

Investors buy gold bonds worth record ₹7,500 crore in Dec

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Indian resident demand for sovereign gold bonds hit a record high of 12.1 tonnes, valued at ₹7,505 crore in the recently concluded third tranche last month, reflecting the robust demand despite equity markets ruling at record highs.

The gold backing the outstanding bonds now stands at 134.17 tonnes, worth ₹63,579 crore, which is far higher than the ₹27,326.42 crore of assets under custody at December end by the gold ETF schemes launched by mutual funds.

This was the second straight tranche which witnessed subscription demand exceeding 10 tonnes since the bonds were launched in November 2015.

The earlier issue on 20 September witnessed subscription of 11.67 tonnes valued at ₹6914.48 crore.

"Factors behind the surging demand include gold generating robust returns in recent times, continuation of the trend of financialisation of savings and the interest component of the bonds," financial planner Amol Joshi, founder, PlanRupee Investment Services, said

The advantage of the bonds is that the quantity of gold for which the investor pays is protected, since he receives the existing market price at the time of redemption after eight years.

The sovereign gold bond offers a superior alternative to holding gold in physical form. The risks and costs of storage are eliminated.

Investors are assured of the market value of gold at the time of maturity and annual interest of 2.5% on the initial investment.

Joshi said the interest component makes sovereign gold bonds a "one of its kind" product.

Naveen Mathur, director, commodities and currencies, Anand Rathi, said that though the outlook for the yellow metal is positive, returns in the upcoming financial year could halve to 5-6% from 10%-plus returns seen in the current fiscal (FY24), as global inflation would remain under control and US Fed rate cuts from the second half of this year could weaken the dollar, which will be a positive for gold.

According to the Reserve Bank of India (RBI), the bonds are issued in denominations of one gram of gold and in multiples thereof.

Minimum investment in the bond is one gram with a maximum limit of subscription of 4 kg for individuals, and Hindu Undivided Family (HUF), and 20 kg for trusts and similar entities notified by the government from time to time for each financial year (April to March).

Factors behind the surging demand include gold generating robust returns in recent times. BLOOMBERG

RIL set to commission energy complex this yr

The complex will create jobs, and help Gujarat export green products

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Mukesh Ambani, chairman and managing director of Reliance Industries Ltd, addresses the Vibrant Gujarat Global Summit 2024 at Gandhinagar in Gujarat on Wednesday. AFP

Reliance Industries is preparing to commission the Dhirubhai Ambani Green Energy Giga Complex, a 5,000-acre manufacturing facility for renewable energy-related products, in Jamnagar in the second half of 2024, its chairman and managing director Mukesh Ambani said on Wednesday. Addressing the Vibrant Gujarat Summit, the western state's flagship investment conclave, in Gandhinagar, Ambani said that along with generating a large number of jobs, the giga complex will also help Gujarat become a major exporter of green products.

"For this, we have started building the Dhirubhai Ambani Green Energy Giga Complex over 5,000 acres in Jamnagar. This will generate a large number of green jobs and enable production of green products and materials and will make Gujarat a leading exporter of green products. And we are ready to commission this in the second half of 2024 itself," he said.

RIL is betting big on the green energy and energy transition space, as it aims to achieve net zero by 2035 through the use of renewable and bioenergy.

As part of its strategy to create the world's largest fully integrated green energy manufacturing ecosystem, it is setting up the green energy giga complex to develop photovoltaic panels, energy storage, green hydrogen, and fuel cell systems, according to its annual report for FY23.

5,000
Acres on which the green energy giga complex is spread

Highlighting that Reliance has invested more than $150 billion across the country in the past ten years, over one-third of which was poured into Gujarat, Ambani said that the company would continue to play a key role in the state's growth trajectory with significant investments in the next ten years.

The green energy giga complex would help Gujarat become a major player in terms of green growth, he said.

"Today Gujarat is fully 5G-enabled—something that most of the world does not yet have. This will make Gujarat a global leader in digital data platforms and AI adoption. 5G-enabled AI revolution will make Gujarat's economy more productive, more efficient and more globally competitive, he emphasized on the opening day of the three-day summit.

Besides generating millions of new employment opportunities, it will also produce AI-enabled doctors, AI-enabled teachers and AI-enabled farming, which, according to Ambani, would revolutionize healthcare, education and agricultural productivity in the state. "This will benefit every Gujarati in urban as well as rural areas, since to my mind AI also means an 'All Inclusive' growth."

Reliance will make Gujarat a pioneer in new materials and the circular economy and in line with this objective, a carbon fibre facility is being set up at Hazira, he added. He also said that Reliance Retail will accelerate its mission to bring "quality products" to consumers and empower lakhs of farmers and small merchants.

"Our retail business improves the quality of life of all households of Gujarat with better products and services," he said.

Acknowledging the government's target of turning India into a developed nation by 2047, he said that India would be a $35 trillion economy by that year, when India celebrates 100 years of Independence.

"No power on earth can stop India from becoming a 35-trillion-dollar economy by 2047. And as I see Gujarat alone will become a 3-trillion-dollar economy."

'Adani group to invest ₹2 tn in Gujarat'

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GANDHINAGAR


Gautam Adani, chairman, Adani group, addresses the Vibrant Gujarat Global Summit 2024 in Gandhinagar on Wednesday. PTI

Richest Asian Gautam Adani on Wednesday announced a ₹2 trillion investment in Gujarat over the next five years, largely in setting up the world's largest clean energy project that will be visible even from space.

The apples-to-airport conglomerate is building three giga factories for manufacturing solar modules, wind turbines and hydrogen electrolyzers.

In Gujarat's Rann of Kutch desert, it is building the world's largest green energy park, covering 725 sq. km. It will produce 30 gigawatt of electricity from solar energy as well as set up an integrated renewable energy manufacturing ecosystem for solar and wind.

"Over the next five years, Adani Group will invest over ₹2 lakh crore in Gujarat—that is $25 billion—thereby creating over 1 lakh direct and indirect jobs," Adani said at the 10th Vibrant Gujarat Global Summit here.

The group is "constructing the world's largest green energy park in Khavda, Kutch, generating 30 GW of renewable energy over 725 sq. km, even visible from space," he said.

The building blocks of the green supply chain will create the largest integrated renewable energy ecosystem. "This includes solar panels, wind turbines, hydrogen electrolysers, green ammonia, PVC, and expansions in copper and cement production," he said.

Adani said the group has already invested more than ₹50,000 crore out of the ₹55,000 crore investment committed by 2025 at the previous summit.

The chairman of Adani Group said since 2014, India's GDP has grown by 185%, and per capita income by 165%. "This achievement is unparalleled, especially considering this decade's geopolitical conflicts and pandemic challenges." Praising Prime Minister Narendra Modi, he said, "You have taken us from a country seeking a voice on global platforms to a nation that now creates the global platforms. The solar alliance platform, an initiative you conceptualized, and your leadership at the G20 platform, set a benchmark for a more inclusive world order. Adding Global South to the G20 is a defining moment in modern history."

"Prime Minister, you don't just predict the future, you shape it."Modi, he said, reoriented India to becoming the world's fastest growing nation, and position it as the global champion driven by the philosophies of Vasudeva Kutumbakam and Vishwa Guru.

Maruti plans ₹35,000 cr plant in Gujarat

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AHMEDABAD/GANDHINAGAR


Toshihiro Suzuki, president, Suzuki Motor Corp. AP

Maruti Suzuki India Ltd will invest about ₹35,000 crore to set up its second automobile manufacturing plant in Gujarat that will have a capacity to produce 1 million vehicles every year, Suzuki Motor Corp. president Toshihiro Suzuki said on Wednesday.

The facility is expected to commence operations from FY29.

Maruti Suzuki will invest another ₹3,200 crore to set up a fourth production line at its wholly-owned subsidiary Suzuki Motor Gujarat Pvt. Ltd for increasing production of electric vehicles.

"The investment of ₹3,200 crore will add a new production line which can produce 2.5 lakh (250,000) units per year. It will increase the current annual production of Suzuki Motor Gujarat from the current 7.5 lakh (750,000) to 1 million units," Suzuki said at the Vibrant Gujarat Global Summit, which was inaugurated by Prime Minister Narendra Modi on Wednesday.

Suzuki Motor also plans to export new models of Jawa bikes that are made in India to Japan and European countries, he said.

Maruti Suzuki India said it plans to have a production capacity of about 4 million vehicles by FY31

Maruti Suzuki India, in which the Japanese automaker holds a 58% stake, said it plans to have a production capacity of about 4 million vehicles by FY31.

"India has been steadily growing as a manufacturing hub under the leadership of Prime Minister Narendra Modi and, as a result, India has now become the world's largest automobile hub," Suzuki said.

To mitigate the impact of carbon emissions, the Japanese firm announced it is establishing biogas plants in Gujarat, and will produce compressed natural gas, bio-ethanol and green hydrogen. "Taking advantage of India's animal wealth, we will start the production of biogas from cow dung together with the National Diary Development Board (NDDB). Suzuki, Japan, has already started construction of four biogas plants in the state," he said.


The company makes 45 variants or 'expressions' of single malts which it exports around the world. ISTOCKPHOTO

Amrut Distilleries to raise capacity in Bengaluru by 30%

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Amrut Distilleries Pvt. Ltd, makers of the Amrut single malt, is looking to expand the company's production capacity in Bengaluru by 30% in FY25. The whisky maker aims to ramp up capacity to cater to the unprecedented demand seen for its premium and high-end products.

At present, the demand for single malts is outstripping supply, Thrivikram G. Nikam, the company's executive director told *Mint*. The company makes 45 variants or 'expressions' of single malts which it exports around the world. About seven of those are sold in India. It expects to close the year at a gross revenue of ₹480 crore.

Over the next few years, Amrut Whisky plans to sell its Indian malts across 75 countries, up from 57 at present

Nikam said this segment of the business is a higher margin one and the company will look to grow this further in the coming years. The capacity expansion will also help increase the production of its popular entry-level whisky, MaQintosh.

The company, an early entrant in the Indian malts business, first began making this category two decades ago in 2004, at a time when the demand for this product was next to zero.

"We decided to explore the export market that time primarily in the UK where single malts were popular. Later, in 2010, we started to receive international recognition and awards and began to sell the spirit in India as well," he said. In the next few years, the company plans to sell its Indian malts across 75 countries. At present, it is available in 57 countries.

The premium single malt business, which contributes over 120,000 cases (12 bottles a case) and its premium gins, rums and blended whisky contribute to around 70,000 cases per annum. On an annualized basis, it expects to close the year with a sale of 5.8 million cases. The export of its Indian malts accounted for 60,000 cases this year. In 2018, the company expanded its capacity from 300,000 litres per annum to 1 million litres with an investment of ₹25 crore excluding the space it purchased in Bengaluru.

OVL opens GIFT City treasury hub to efficiently consolidate funds

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OVL's hub will cater to its 25 arms, including step-down subsidiaries, in 15 countries.

ONGC Videsh Ltd has incorporated a wholly-owned unit in Gujarat's Gift City that will function as a treasury hub catering to OVL and its 25 arms, including step-down subsidiaries, across 15 countries.

"OOIL (OVL Overseas IFSC Ltd) expects to efficiently consolidate funds available with the group in various countries and raise additional funds needed to achieve the ambitious target of producing 40 million metric tonnes oil and oil equivalent (MMToe) by 2040 from overseas assets," ONGC Videsh (OVL) said in a statement on Wednesday.

OOIL will act as ONGC Group's gateway to the world for its overseas ventures and investments, the company said.

ONGC Videsh, recognized as one of 14 Navratana enterprises of the government, is the overseas arm of ONGC, the flagship national oil company. OVL plays a key role in securing the energy interests of India, which imports a significant part of its hydrocarbon requirements.

The primary business of ONGC Videsh is to prospect for oil and gas acreages outside India, including exploration, development and production of oil and gas.

It owns participating interests in 32 oil and gas assets in 15 countries.

In terms of reserves and production, ONGC Videsh is India's second-largest petroleum company, next only to its parent ONGC.

The International Financial Services Centre, which has been developed as a multi-services special economic zone at Gujarat International Finance Tech-City (Gift City), allows domestic and multinational companies the option to shift their overseas investments onshore.

The government has provided a competitive tax structure for IFSC in a bid to develop it as a hub for international financial services activities.

On Tuesday, state-owned Power Finance Corp. Ltd announced plans to establish a wholly-owned financial subsidiary at IFSC.

Tata plans chip plant in Gujarat

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N. Chandrasekaran, chairman, Tata Group. REUTERS

Tata Group is planning to build a huge semiconductor fab in Gujarat's Dholera, and it will begin operations in 2024 itself, chairman N. Chandrasekaran said on Wednesday.

He said the salt-to-software group is in the final stages of negotiations for the plant.

"Tata group has also made a commitment, and is on the verge of concluding and announcing a huge semiconductor fab in Dholera, and we are about to complete these negotiations and start in 2024," Chandrasekaran said at the 10th Vibrant Gujarat Global Summit here.

The chairman also said the group will begin construction of a 20 gigawatt lithium ion storage battery factory in the state's Sanand city in the next two months.

Chandrasekaran said in the recent past, the group has made a "significant commitment" to expand its presence in Sanand, which, he said is becoming a home for all of the group's electric vehicle technology.

The expansion in Sanand has been undertaken to meet the growing demand for EVs, he added.

Apart from that, the group is also building the C295 defence aircraft in Vadodara initially and will later start manufacturing it at Dholera, Chandrasekaran said.

First phase of the Indian Institute of Skills being constructed in partnership with the central and state governments will be launched by March 2024 in the state, he said.

"We see Gujarat as a very very important destination, not only for business growth but for the future advanced technology industries that India is looking to grow in," he said.

At present, 21 companies from the group are present in the state and employ over 50,000 people, the chairman said, stating that the group has been closely linked to the state because of its founder's hometown being Navsari.

He said the "steady and spectacular" progress in Gujarat demonstrates the visionary leadership of Prime Minister Narendra Modi, who started the event two decades ago.

Chandrasekaran said the economic benefits which have accrued to the state have also had a tremendous impact on social development.

He described Gujarat as a "gateway to the future" because of its strengths.

Film-makers bank on sequels as original content disappoints

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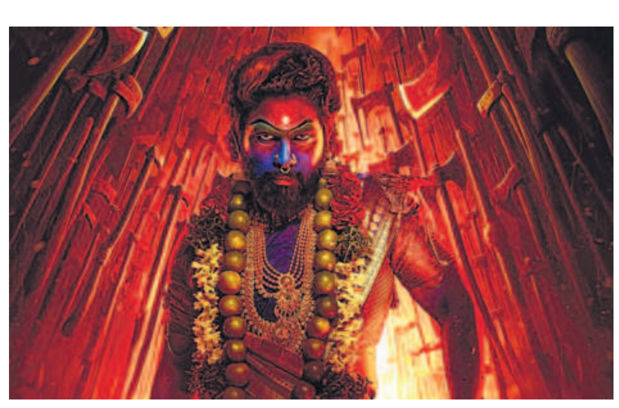
Five titles that are either sequels or part of established franchises, such as *Pushpa: The Rule-Part 2*, are expected this year.

A list of the most anticipated Indian movies scheduled for theatrical release in 2024, according to IMDb, an online movie database, includes five titles that are either sequels or belong to established franchises—*Pushpa: The Rule-Part 2*, *Welcome to the Jungle*, *Singham Again*, *Bade Miyan Chote Miyan* and *Indian 2*.

This is a clear indication that producers are reluctant to bet on fresh content and original scripts, preferring to playing it safe by rolling out sequels to titles that have established their mass appeal and commercial success. This caution is reinforced by the failure of *Dunki*, a star vehicle with an original script, to excite the masses, trade experts and theatre owners said.

In fact, major hits across Hindi and the southern languages after the pandemic have primarily been films that are part of established franchises and cinematic universes that the audiences are familiar with. For instance, *Sooryavanshi*, *KGF: Chapter 2*, *Bhool Bhulaiyaa*, *Pathaan* and *Gadar 2* set the cash registers ringing.

"Franchise films have been a dominant force driving growth and stability for Hollywood over the past two decades. The contribution of franchise films to the Hindi theatrical domestic box office has grown from a mere 17% in 2019 to 45% in 2023. As the theatrical landscape increasingly leans on event-driven films, choosing the right film to expand or initiate the franchise can go a long way in creating a powerful theatrical product," Sanket Kulkarni, head of business development (theatrical), at media consulting firm Ormax, had said as part of a report that identified the top 100 Hindi film franchises (current and potential) based on audience equity.

According to film trade experts, the brand and recall value associated with franchises is unmatched. At a time when where several stars are failing to get great openings, theatre owners say it is safe to bet on a brand that can drive footfall.

Major hits in Hindi and southern languages after the pandemic have been part of established franchises

"The idea is to make a film that can cater to universal audiences, and not target specific niches alone. One way to do it is to get a star on board, who can manage big openings. If that isn't happening, you need an IP (intellectual property) that already has a fan base," independent exhibitor Vishek Chauhan said. A franchise made well with a bankable star remains the most lethal combination, he added, citing the example of Shah Rukh Khan-starrer *Pathaan,* which is part of Yash Raj Films' Spy Universe, and Tamil film *Leo* featuring Vijay that is the third instalment in director Lokesh Kanagaraj's cinematic universe including action thrillers *Kaithi* and *Vikram*.

To be sure, few studios and film-makers want to take the risk of betting on an entirely fresh script at a time production, distribution and marketing costs of theatrical films has skyrocketed. There is huge money involved in the brand equity of a proven hit, and any film that does work now, is also bound to see a sequel.

Govt working on clean ATF road map: Scindia

The Centre is likely to start giving recommendations for SAF from 2027

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The civil aviation ministry is working on formulating a road map for the adoption of sustainable aviation fuel (SAF) by Indian airlines, and the government is likely to provide recommendations on the same from 2027, Union civil aviation minister Jyotiraditya Scindia said.

"We are working on SAF, we are looking at putting in place at least 1–5% recommendation to use sustainable aviation fuel...recommendation from 2027 onwards because we have not become part of the initial phase (of Carbon Offsetting and Reduction Scheme for International Aviation), we have become part of the second phase," Scindia told *Mint*.

Union minister for civil aviation Jyotiraditya Scindia says the government is looking at putting in place recommendation for 1–5% use of sustainable aviation fuel. MINT

Sustainable aviation fuel is any fuel with properties similar to those of conventional jet fuel, but with lower carbon emissions. CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) is the first global market-based measure by International Civil Aviation Organization (ICAO), a United Nations agency, to reduce emissions from international aviation. In 2016, the Montreal-based ICAO agreed to establish CORSIA framework, to set a carbon-neutral growth target from 2019 onwards.

600
mn litre sustainable aviation fuel volume hit in 2023

As per ICAO, the adoption of CORSIA has been chalked out under three phases: a pilot phase (2021–2023); first phase (2024–2026); and a second phase (2027–2035). The participation of countries in the pilot and first phase is voluntary.

Earlier, the Indian government was contemplating issuing a directive, making it mandatory for all airlines to use blended SAF by 2025 with a phased implementation of green fuel use by Indian airlines, starting with 1% green fuel by 2025, and 5% by 2030.

"[I]t is easier said than done, because the equipment today can take SAF, but the problem in the world, not only in India, is production, storage and transport of SAF. Vistara has done an international flight with SAF while SpiceJet has done it on a domestic flight with SAF, so the problem is not whether your machine can use it, the problem is getting to the bowser to put it into the aircraft," Scindia said.

Recognizing the need for sustainable alternatives, the ICAO has been working on approving various pathways for producing green fuel. In India, leading pathways for sustainable SAF production include the use of cooking oil, municipal solid wastes, agricultural residues, cane molasses and syrup, as well as the power-to-liquid pathway through the use of hydrogen technology.

"We are talking with the ministry of petroleum and natural gas, Indian Oil is also setting up a facility to manufacture SAF, some airlines are also looking to invest into some of those SAF ventures with oil marketing companies, so it is progressing, but it is something that the world is working on together," he added.

In 2023, SAF volumes reached over 600 million litres (0.5 million tonnes), double the 300 million litres produced in 2022. SAF accounted for 3% of all renewable fuels produced, with 97% of renewable fuel output going to other sectors. In 2024, SAF production is expected to triple to 1.875 billion litres (1.5 million tonnes), accounting for 0.53% of aviation's fuel need, and 6% of renewable fuel capacity.

SpiceJet to use fresh funds to cut liability, expand network

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SpiceJet aims to use a sum of ₹2,250 crore that it is raising to reduce debt accumulated during the pandemic, pay off statutory liabilities, and expand its services to new destinations, chairman and managing director Ajay Singh said on Wednesday.

SpiceJet CMD Ajay Singh says the airline will soon launch flights to Lakshadweep and Ayodhya.

The low-cost carrier has gone through a difficult phase, and is now on a path to recovery, Singh said at the company's 39th annual general meeting via videoconferencing.

"We will launch flights to Ayodhya soon. We also have routes to Lakshadweep under Ude Desh ka Aam Naagrik scheme, we will start flights for Lakshadweep as well," Singh said, and added that the tourism sector was growing in India, and SpiceJet aimed to ride that growth.

In a fresh lifeline for the financially-stressed airline battling multiple creditors and lessors, SpiceJet had decided in December to raise over ₹2,250 crore through a preferential issue of shares and warrants. The airline further clarified in the annual general meeting notice that it aims to raise the amount in two tranches of ₹1,591.5 crore by June 2024 and ₹650 crore by July 2025.

SpiceJet's net liabilities stood at ₹12,584.9 crore as of September 2023, lower than ₹13,147.3 crore in June 2023

From the first tranche, it aims to use ₹360 crore for payment of statutory obligations such as tax deducted at source (TDS), goods and services tax (GST), provident fund (PF); ₹285 crore as settlement with creditors for past dues; ₹355 crore by December 2024 to uplift and unground its fleet, and for new fleet acquisition; ₹140 crore for aviation turbine fuel expenses; ₹54.5 crore for employees; and ₹397 crore for general corporate purposes.

From the second tranche, it aims to use ₹144 crore for payment of statutory obligations such as TDS, GST, and PF; ₹115 crore for settlement with creditors for past dues; ₹145 crore for the uplift and ungrounding of fleet and for new fleet acquisition; ₹60 crore for jet fuel expenses; ₹24 crore for employees; and ₹162 crore for general corporate purposes.

The company's net liabilities stood at ₹12,584.9 crore as of September 2023, lower than ₹13,147.3 crore in June 2023.

The company has tapped investors, including Aries Opportunities Fund, Elara India Opportunities Fund, Resonance Opportunities Fund, Prabhudas Lilladher, Nexus Global Fund and Mahapatra Universal Ltd for the fundraise.

"The current infusion of funds is definitely oxygen for SpiceJet, which has been reeling from financial pressure. This fund infusion will help SpiceJet improve market share and growth prospects in coming months," Kranthi Bathini, equity strategist, WealthMills Securities Pvt. Ltd, said.

The Gurugram-based airline reported a consolidated net loss of ₹449.4 crore in the September quarter, against a net loss of ₹833.2 crore a year ago. Its total income fell 18% on-year to ₹1,725.8 crore in the quarter, while expenditure fell 26% to ₹2,175.2 crore.

The covid-19 pandemic took a severe toll on SpiceJet. Its consolidated net loss jumped from ₹302 crore in 2018-19 to ₹937 crore in 2019-20, ₹1,030 crore in 2020-21, ₹1,744 crore in 2021-22, before declining to ₹1,513 crore in 2022-23. The airline reported a net profit of ₹197.6 crore in the June quarter this year.

Alongside, the airline's market share has been falling steadily since the pandemic outbreak, on account of shortage of funds, leaving 26 of its aircraft grounded, and an active fleet of nearly 40 aircraft.

Singh also said that the company, which is listed on BSE, is completing formalities to list on NSE as well.

Summons to SpiceJet CMD in Maran case

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The Delhi high court on Wednesday put off till February the hearing of a plea by Sun group chairman Kalanithi Maran against non-payment of dues by SpiceJet, and directed Ajay Singh, the low-cost carrier's chairman and managing director, to be present at the next hearing.

The court adjourned the proceedings at the request of SpiceJet's counsel and asked Singh to appear before a new bench in February. This is the third time that Singh has been summoned in the case.

The dispute between Maran and SpiceJet has been delayed since September 2023, partly due to changes in the benches handling the case. Three separate benches have heard the case so far, and a fourth one will conduct the February hearing.

Maran claims SpiceJet and Singh owe him ₹440 crore in interest from an arbitral award, while SpiceJet claims it has already paid ₹100 crore following a court directive in August and owes ₹194 crore more. SpiceJet also anticipates a reimbursement of ₹400 crore from Maran if its arbitration challenge is successful.

During the previous proceedings, SpiceJet highlighted its financial challenges, citing operational losses, a negative net worth, and employee-related obligations that could lead to insolvency. The airline had asked the court to withhold judgement until a division bench of the high court ruled on its challenge to the arbitral award.

Zerodha entry lifts BSE's F&O game

FROM PAGE 1

co-founder. Kamath Associates was set up as a sub-broker to Reliance Money in the 2000s. In 2010, the Kamath brothers co-founded Zerodha, which claims to be India's largest stock broker contributing 15% of all daily retail order volumes in futures and options (F&O), stocks and initial public offerings, among others.

Zerodha declined to comment on *Mint*'s queries about the nature of its stake in BSE and on whether its clients were enhancing liquidity of Sensex options by increased trading participation in the product. BSE also declined to comment.

However, Alok Churiwala, the managing director of Churiwala Securities, a BSE registered broker, said, "The presence of big brokers as trading members helps impart liquidity to any exchange product, thanks to the sheer size of their clientele who are hungry to trade on segments like F&O despite several Sebi (Securities and Exchange Board of India)-mandated risk disclaimers on trading such products."

While giving credit to BSE managing director and chief executive Sundararaman Ramamurthy's "untiring efforts" to gain traction in the F&O segment, Uttam Bagri, former chairman of BSE Brokers' Forum, said, "The stars aligned with BSE's focus on Sensex derivatives and led to an explosion of trading interest at the retail level post-covid whose online access was seamlessly enabled by new-age brokers."

NSE and BSE accounted for F&O turnover of ₹9,001 trillion in December 2023, almost 400 times the cash market turnover of ₹22.72 trillion that month. Index options account of almost all of the F&O turnover.

BSE launched a Sensex weekly contract on 16 May with Friday expiry to avoid clashing with Nifty and Bank Nifty options' expiry on Thursday.

Pre-election budget to focus on five important social segments

FROM PAGE 1

well," said the person, who spoke on the condition of anonymity. In the 2023-24 budget, the allocation for the ministry saw an increase of nearly 71%, a major part of which went for the Eklavya Model Residential Schools (EMRS) programme that provides free education to children from scheduled tribes from classes six to eleven in a residential set-up. Indicating the government's emphasis on tribals, the government's drive to ensure welfare programmes reach all eligible persons who have not yet been covered—the Vikasit Bharat Sankalp Yatra, was flagged off at Khunti, a village in Jharkhand with substantial tribal population, on 15 November by Modi, the person cited above said.

Union finance minister Nirmala Sitharaman. PTI

Farmers are expected to benefit from a likely 33% increase in the social transfer under the PM-Kisan Samman Nidhi. Under the scheme, ₹6,000 is transferred every year to small and marginal farmers. In 2023-24, the Centre allocated ₹60,000 crore for this scheme, which will go up commensurately in 2024-25, said a second person, who also spoke on the condition of anonymity.

Exact budgetary allocations for different ministries for the next fiscal are currently being worked out. While the government gets an early sense of the expenditure pattern for the current year, the revenue receipt trends are known as the fiscal year draws to a close.

An email sent to a finance ministry spokesperson seeking comment on Wednesday remained unanswered.

Experts pointed out that the strategy of addressing the needs of the vulnerable sections of the society through the budget while separately undertaking reforms and making it easier for doing business are likely to help the ruling coalition connect with not only the masses but also with the well-off while pursuing development goals. "The government is already focused on the aspect of inclusiveness in politics. The Modi government has transited to class politics. Indian politics, which has traditionally been seen as caste-centric has now become class-centric, which is a fundamental shift in Indian politics. The poor, farmers, youth and women have become a class for the ruling administration and if you focus on these segments, caste gets to the margins. It has been happening through the immaculateness of the service delivery system which eliminated middlemen," said A.K. Verma, the director of the Centre for Study of Society and Politics.

'Reduce duty on mobile phone parts'

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Mobile phone exports from India can more than triple to $39 billion over the next two years, from $11 billion in FY23, if the government reduces import tariffs on components, and eliminates them in some categories, the Indian Cellular and Electronics Association said on Wednesday.

Reduction in import taxes can raise mobile exports to $39 bn over the next two years. MINT

These shipments can even swell to $50 billion, if India rationalises import duties and undertakes reforms to ease doing business, the industry body said.

The mobile phone industry association has urged the government ahead of the interim budget to have just three import tax slabs of 0%, 5% and 10%, down from seven, so as to simplify tariff applicability and reduce potential litigations. They have argued that reducing the duties will unlock manufacturing competitiveness, which can buoy exports.

The country needs to reorient its strategy from import substitution to exports-oriented growth, as 99.2% of the phones sold in India were made locally, the association emphasized. Back in 2014-15, India imported 78% of its phone requirements.

"We had asked for higher duties earlier to protect local manufacturing ecosystem, but now if we don't have lower duties on components and sub-assemblies, we will not be competitive in the global market," said Pankaj Mohindroo, chairman of the association. He added that the lower import duties or zero duties in some components can help India compete with manufacturing countries like Vietnam and Mexico, even as the country aims to lure global value chains away from China.

The Indian mobile industry is expected to make about $50 billion worth of mobile phones in FY24, which is likely to rise to $55-60 billion next fiscal year. Exports are likely to rise to about $15 billion in FY24, and then to $27 billion in FY25.

"Over the next two years, the government should begin a glide path for component tariffs because lower tariffs also prevent shift of global value chains away from India while it gives a complimentary PLI scheme," he said.

The mobile phones industry wants the Centre to have three tariff slabs of 0%, 5% and 10%, instead of seven

With the glide path, local production can rise to $82 billion by FY27, higher than $64 billion without the glide path.

Lowering of duties for chargers, adapters and printed circuit board assembly (PCBA) to 15% from 20%, mechanics to 10% from 15% and making the inputs to mechanics duty-free can dramatically bolster India's exports potential. Components like cells, parts of PCBA, camera module and connectors should attract zero-duty, from 2.5% currently, to enable component manufacturing to take place in the country, which will feed into the cost-competitiveness of mobile phone manufacturing, the association suggested.

Mohindroo added that levying higher duties on imports of these components was negating the benefits being offered under the successful production linked incentive (PLI) scheme for mobile manufacturing. Higher tariffs worked for finished products but not for components, as they were increasing the cost of domestic production by 7-8%. The association has also suggested reducing import duty on mobile phones from 20% at present to to 15%, since local manufacturing of the finished goods had risen exponentially over the past few years.

Stars to come out at annual Mint BFSI Summit and Awards today

FROM PAGE 1

insurers, mutual fund honchos, fintech wizards and tech leaders, as the programme cuts through the clutter of issues facing the industry and attempts to find solutions.

In a first for *Mint* in the 16th year of the event, the programme will bring into its fold all major arms of the banking, financial services and insurance (BFSI) industry. In the previous 15 years, it had looked sharply at issues faced by banks.

Another first in this edition is the introduction of the Mint BFSI Awards to recognize and reward the top performers in the industry across banking, life and general insurance, non-banking financial companies (NBFCs) and mutual funds, both equity and fixed income. The study was done in collaboration with *Mint*'s knowledge partners *howindialives.com* and Fisdom.

The transformation of the successful 15-year Mint Annual Banking Conclave into a BFSI industry conclave is backed by the increasing interlinking of businesses in the industry. Most large organizations that run banks also have insurance arms—sometimes both life and general. They also have mutual funds. And they also sometimes have their own fintech arms or are partnering with them.

RBI governor Shaktikanta Das will deliver the keynote address. MINT

Several NBFCs that are in the business of lending are bigger than banks and are run by large, respected business houses. They are no less critical to the lending ecosystem. In fact, the RBI governor had recently noted that much of NBFC funds are coming from banks and that share is rising. Is that a concern? Or is it just a reflection of the fact that different arms of the BFSI industry are perhaps working more in tune with one another than ever before.

For India to attain its goal of a $5-trillion economy, this synergy needs to strengthen further. How that can be done, and how the industry can strengthen its own roots as well as that of the economy, is at the centre of the Mint BFSI Summit on Thursday.

As banks grapple with corporate defaults, non-performing assets, and wrestle to recover bad loans through the Insolvency and Bankruptcy Code, they have also shown remarkable growth in profits in the past few quarters, resulting from a variety of factors including the rise in interest rates that have fed into their net interest income. Just how long can this last? Both issues will be taken up by domain experts on Thursday for a detailed deliberation.

As fintech firms struggle to find venture capital (VC) money, initial public offerings seem to have taken centrestage. There's a list of fintechs that have announced their plans for going public in the next 12-18 months. Having said that, the India public market values profitability more than anything else. How fintechs see public listing—as an alternative to VC funding or beyond that—will be a focal point of discussion during the day.

Tech and, especially artificial intelligence, is at the heart of all transformation in the BFSI industry. A panel of tech heads of banks will deliberate on how the arrival of generative AI has created a new set of opportunities for them in India. Apart from the obvious consumer use case, AI can also help banks improve fraud detection and reduce financial crime risk, help in providing real-time credit risk analysis, and optimize business processes to save time and resources, cut costs and increase operational efficiencies.

Meanwhile, mutual fund distributor numbers have been stagnating at around 100,000 as commissions have been rationalized. Alongside, the number of registered investment advisors has stagnated and platforms are incentivized to push broking (F&O) over mutual funds. What's the solution?

The insurance industry, meanwhile, has been slow on the digital bandwagon, and with new-age fintechs breathing down their necks, digitalisation should be a priority for them. And it's not only about introducing chatbots and AI-enabled tools, but also using digital technologies for risk assessment, underwriting, addressing customer complaints and potential claim situations, and more. Insurance is still in low-single digit as a share of gross domestic product, and technology must be leveraged much more than present for this share to grow sustainably.

India's value retail can reach $170 bn by 2026

This segment is set to grow at CAGR of 15% till 2026, says report

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Apparel leads the value retail category, followed by furniture, beauty and personal care, and footwear. BLOOMBERG

India's value retail market, excluding food and grocery, is likely to surge to $170 billion by 2026 from $111 billion in FY23, as per a report by Wazir Advisors. This segment is set to grow at a compound annual growth rate (CAGR) of 15% between 2023 and 2026, surpassing the overall retail sector's expected 10% CAGR, which is projected to reach $1,219 billion by FY26.

Apparel leads the value retail category, followed by furniture, beauty and personal care, and footwear. The Indian market has witnessed the entrance and expansion of major value retailers, particularly in smaller cities.

Following Trent's Zudio's success, numerous large retailers like Reliance Retail's Yousta, Aditya Birla Fashion & Retail Ltd's Style-Up, and Shoppers Stop's InTune have ventured into the value apparel sector, focusing on affordable clothing, footwear, and accessories.

Yet, a significant portion of the value retail market remains in the hands of unorganized players, who held 79% of the market share in 2023, selling unbranded goods at low prices. Organized retail, encompassing both physical and digital formats, constitutes 21% of this sector in India.

"The key to value retail in India lies in accessible pricing across essential categories, targeting the mass, economy, and mid-economy segments," said Pakhi Saxena, head of retail and CPG, Wazir Advisors.

Despite organized retail's three-decade presence in India, its spread has been limited primarily to metro and tier 1 cities. As organized brick and mortar retail continues facing challenges in smaller cities, digital channels are expected to drive value retail growth, with platforms like Amazon, Flipkart, and Snapdeal expanding their focus beyond major cities, it said.

From 1995 to 2010, India saw the rise of large retailers like Shoppers Stop and Westside, focusing on mid-to-premium brands in metropolitan areas. The 2010-2015 period marked the emergence of more value-oriented retailers, such as M-Bazaar and Citi Style, catering primarily to tier 2 and 3 markets. This shift led to a distinct segmentation between national and regional champions in the fashion segment.

"Players such as M-Bazaar and Citi Style, which primarily focused on the eastern and northern regions of the country, offered curated assortments for tier 2 and 3 markets. This triggered a sharper segmentation of value retailers into national and legacy retailers and regional champions, particularly in the fashion segment," the report added.

The average transaction value for value retailers typically ranges from ₹500 to ₹2,500, with average basket sizes of 2.5 to 7 items. Value retail stores are primarily situated in tier 3 or smaller cities and towns, with an average of 50% of their presence concentrated in such markets.

Despite challenges posed by the pandemic, several retailers like Vishal Mega-mart, Style Bazaar, and V Bazaar have maintained a robust CAGR of over 15% from 2018 to 2022.

RETAIL REVOLUTION

THE Indian market has witnessed the entrance and expansion of major value retailers

UNORGANIZED players held 79% of the value retail market share in 2023

VALUE retail stores are primarily situated in tier 3 or smaller cities and towns

Former TCS exec Phiroz Vandrevala dies

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Phiroz Vandrevala joined TCS in 1982.

Phiroz Vandrevala, former executive director of Tata Consultancy Services (TCS), passed away at the age of 70.

On Tuesday, TCS released a statement on X saying it was "saddened to share the news of the passing of Mr Phiroz Vandrevala, former director on the board of TCS."

Vandrevala, who joined TCS in 1982, played a role in taking the company public in 2004 and also in steering the company to new geographies. As part of the leadership team at the country's largest technology services firm between 2007 and 2016, he mentored a generation of leaders. TCS's revenue jumped from $4.3 billion to $16.5 billion during this time.

"Over his long tenure in the company, he made many significant contributions, including being part of the efforts to take TCS public in its IPO in 2004, opening up new markets, and mentoring a new generation of TCSers. As Vice-Chairman and MD of Diligenta, he led TCS' life insurance and pensions industry business to new heights," TCS said in a statement.

Interestingly, Phiroz's younger brother Firdose was also a long-time senior executive of the Tata Group, having worked at Tata Steel and Tata Power.

"Phiroz was a very popular man," Firdose told *Mint*. "Most people would confuse me with my brother. When I got transferred from Tata Steel to Tata Power, some newspapers used my name and his photograph."

"Today, in some WhatsApp groups, people still got confused between the two of us and some thought I had passed away," said Firdose, fondly remembering his brother.

As vice-chairman and MD of Diligenta, he helped scale up revenue from the life insurance and pensions industry before leaving the company in 2016.

"He was widely regarded for his service to the industry by leaders in the business community and in government," said a TCS statement.

A qualified chartered accountant, Vandrevala was on the expert committees constituted by the Reserve Bank of India and also served as an independent director on the boards of companies, including Jubilant Food-Works and Punj Lloyd.

Additionally, he was co-chair of the Indo-British Partnership and held the rank of chairman of Nasscom, the industry body.

"His leadership was pivotal during a critical period in our history. A remarkable professional and an extraordinary human being, he will be deeply missed. His contributions to the industry and community will always be remembered," said Nasscom in a statement.

'Global air travel at 99% of pre-covid level'

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IATA noted that the domestic traffic for November 2023 was also up 34.8% compared to November 2022. ISTOCKPHOTO

The latest air travel data for November has revealed that global air travel has reached 99% of pre-covid levels with Asia-Pacific leading the recovery path, International Air Transport Association has said.

International traffic rose 26.4% as compared to November 2022 and the Asia-Pacific region continued to report the strongest year-over-year increase, as per IATA. Asia-Pacific airlines witnessed a 63.8% rise in November traffic compared to November 2022, which was the strongest year-over-year rate among the regions. The capacity for Asia-Pacific airlines rose 58.0% and the load factor or capacity utilisation was up 2.9 percentage points to 82.6%.

IATA measures air traffic in Revenue Passenger Kilometres (RPK), a key figure that indicates the number of kilometers travelled by paying passengers.

"We are moving ever closer to surpassing the 2019 peak year for air travel. Economic headwinds are not deterring people from taking to the skies. International travel rem-ains 5.5% below pre-pandemic levels but that gap is rapidly closing. And domestic markets have been above their pre-pandemic levels continuously since April," Willie Walsh, IATA's director general said.

Simultaneously, IATA noted that the domestic traffic for November 2023 was also up 34.8% compared to November 2022 and 6.7% above November 2019 level.

"Growth was particularly strong in China at more than 272% as it recovered from the covid travel restrictions that were still in place a year ago. US domestic travel, benefiting from strong Thanksgiving holidays demand, reached a new high, expanding at 9.1% over November 2019," IATA added.

Internationally, African airlines also showed strong recovery in November at 22.1% growth, Latin American airlines at 20%, then Middle Eastern airlines at 18.6%, European airlines at 14.8%, and North American carriers at 14.3%.

NEWS IN NUMBERS

₹3,000 cr
THE AMOUNT a new JV between Nuvama Wealth Management and Cushman & Wakefield plans to raise for a fund that will invest in prime offices across India.

8 million
THE NUMBER of smart meters installed as of Dec 2023 reflecting the slow pace of installations, according to ICRA. The Centre wants to install 250 mn by 2025.

₹13,742 cr
THE AMOUNT raised through public issues of non-convertible debentures as of Nov 2023 this fiscal, the highest since 2019-20, according to Sebi data.

$170 bn
THE ESTIMATED size of India's value retail market, excluding food and grocery, by 2026, up from $111 billion in FY23, according to Wazir Advisors.

171
THE NUMBER of Boeing MAX 9 planes grounded by the US Federal Aviation Administration after an accident in a flight operated by Alaska Airlines last week.

HOWINDIALIVES.COM

Rajat Sabharwal joins HSBC India biz

HSBC Holdings Plc hired the head of equities from Credit Suisse in India as it builds out its business in the world's most populous country. The London-based bank has tapped Rajat Sabharwal, who spent more than 17 years at Credit Suisse to lead its own equities business in India, according to people familiar with the matter who asked not to be identified citing confidential information. He joined HSBC in his new role this week, one of the people said. Sabharwal, based in Mumbai, reached the rank of managing director at the Swiss lender, according to his LinkedIn profile. Earlier, he worked at Kotak Securities. Credit Suisse is in the middle of a multi-year restructuring after its emergency takeover by larger rival UBS Group AG last year, which will see much of its investment bank closed. Spokespeople for HSBC and UBS did not immediately respond to emailed requests for comment. BLOOMBERG

Jet founder has also been allowed to consult his private doctors for multiple ailments. PTI

Naresh Goyal to visit his ailing wife

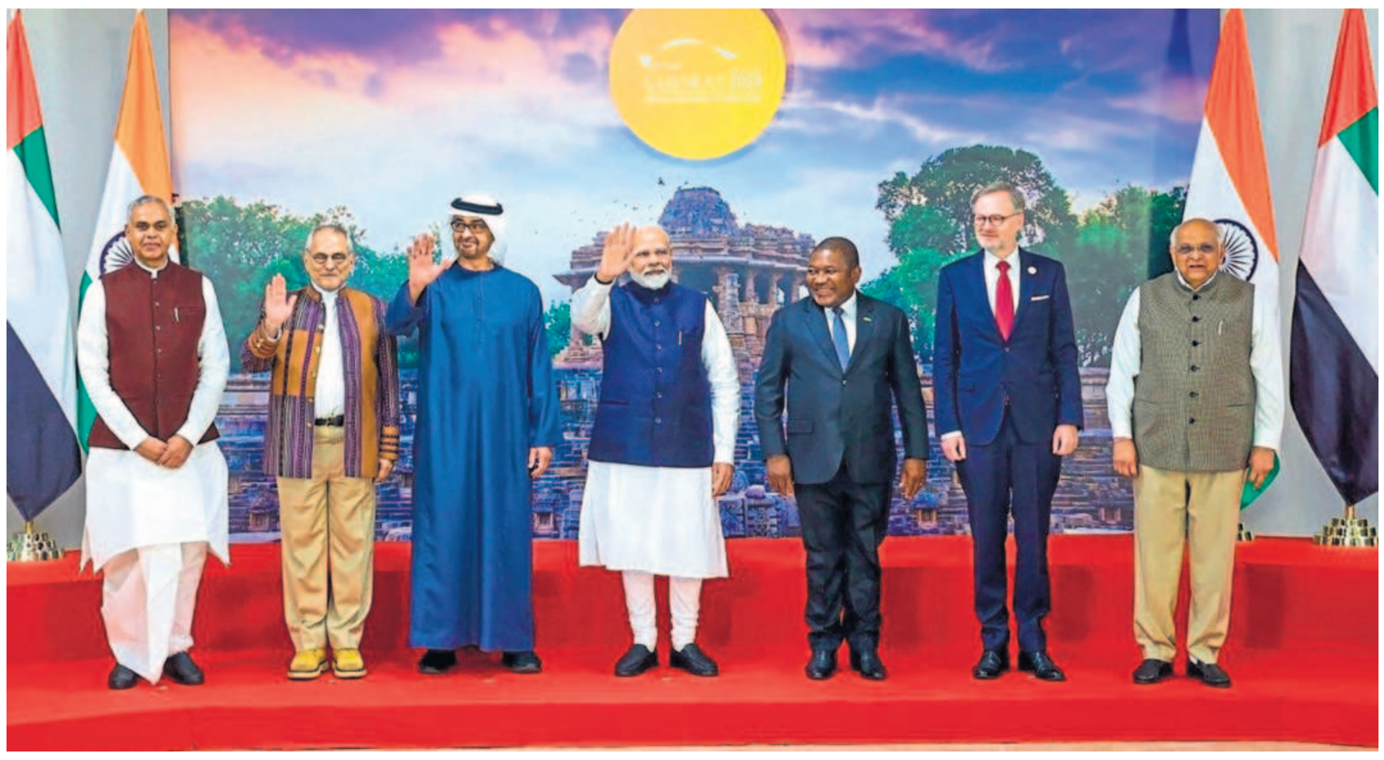
A special court in Mumbai has permitted Jet Airways founder Naresh Goyal, an accused in the alleged fraud of ₹538 crore on Canara Bank, to meet his ailing wife on 13 January on humanitarian grounds. He has also been allowed to consult his private doctors for multiple ailments.

The order came days after Goyal told the court that he had "lost every hope of life and it would be "better if he died in jail" than living in such a situation. Goyal had submitted that he was missing his wife very badly who is in the last stage of cancer.

Special Judge MG Deshpande on Tuesday permitted Goyal to meet his wife at their Mumbai residence on 13 January and also allowed him to consult his private doctors for multiple ailments he is suffering from, between 10 to 12 January. The judge said there is no dispute or difference regarding the fact that the accused is turning 75 years old and has multiple illnesses.

His body is not responding properly to keep him well. No prejudice will be caused to the ED if the same is allowed, the judge said. PTI

VIBRANT GUJARAT SUMMIT



(L-R) Gujarat governor Acharya Devvrat, president of Timor-Leste Jose Ramos-Horta, UAE president Mohamed bin Zayed Al Nahyan, prime minister Narendra Modi, Mozambique president Filipe Jacinto Nyusi, prime minister of the Czech Republic Petr Fiala and chief minister Bhupendra Patel at the Vibrant Gujarat Global Summit 2024 on Wednesday. PTI

India set to become one of the top three economies: PM Modi

The prime minister envisioned India's strategic development over the next 25 years

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AHMEDABAD

Prime minister Narendra Modi on Wednesday reiterated that India is set to become of one of the top three global economies. Inaugurating the 10th Vibrant Gujarat Global Summit in Gandhinagar, PM Modi underscored India's remarkable economic trajectory, advancing from the eleventh to the fifth largest economy over the last decade.

"Experts can analyse this, but I guarantee that India will become the third largest economy in the world," the Prime Minister said.

Modi attributed India's economic rise to a decade of structural reforms, enhancing the country's capacity, capability, and competitiveness amid global challenges.

The first edition of Vibrant Gujarat was launched in 2003, under Modi who was then the chief minister of the state. The Summit, of particular significance to Gujarat, resumed after the 2021 edition was cancelled due to constraints brought about by the covid-19 pandemic.

In his opening address, Modi envisioned India's strategic development over the next 25 years, aiming for 'viksit' (developed) status by 2047, marking a century of Independence. The 25 years which the government terms 'Amrit Kaal', aligns with national developmental goals.

> Modi attributed India's economic rise to a decade of structural reforms, enhancing the country's capacity, capability, and competitiveness

Despite the absence of figures like Tesla's Elon Musk, this year has drawn global business giants, including Lakshmi Mittal (Arcelor Mittal), Toshihiro Suzuki (Suzuki Motor Corp), and Mukesh Ambani (Reliance Industries), among others.

The event witnessed significant investment announcements. Lakshmi Mittal unveiled plans for the world's largest steel plant in Gujarat by 2029 and Suzuki committing ₹35,000 crore investment to the state. Ambani spotlighted Reliance's $150 billion investment in Gujarat over a decade, while Adani pledged ₹55,000 crore till 2025 and ₹2 trillion more in five years.

Micron Technology's chief executive officer Sanjay Mehrotra announced the operationalization of the first phase of Micron's assembly and test facility in Gujarat by early 2025. Additionally, Tata Group revealed plans to build a new semiconductor fabrication plant in Gujarat, with operations set to begin this year.

Delhi HC upholds PepsiCo's patent

The Delhi High Court has set aside a single judge's order revoking PepsiCo India's patent registration in respect of a potato variety used for making chips.

A division bench headed by Justice Yashwant Varma on Tuesday allowed the food and beverages giant's appeal challenging the order of a single judge of the high court and restored its renewal application on the file of the registrar concerned. The court directed that the application be decided in accordance with the law and the present order, and dismissed the cross appeal against the order by farm rights activist Kavitha Kuruganti.

"The appeal of PepsiCo, LPA 590/2023 is allowed. The impugned judgment and order dated 5 July 2023 shall consequently stand set aside to the extent indicated above," the bench, also comprising Justice Dharmesh Sharma, said. PTI

Sebi said "issuance of observations (has been) kept in abeyance". MINT

Asirvad Micro Fin IPO put on hold

Capital markets regulator Sebi has kept in "abeyance" the proposed ₹1,500 crore initial public offering (IPO) of Asirvad Micro Finance, a subsidiary of listed NBFC Manappuram Finance. However, the Securities and Exchange Board of India (Sebi) did not clarify further. Reacting to the development, shares of Manappuram Finance plunged as much as 7.45% to a low of ₹163.40 apiece on the BSE on Wednesday. Asirvad Micro Finance had filed preliminary papers with Sebi in October 2023 to garner ₹1,500 crore through an IPO. The public issue was purely a fresh issue of equity shares with no offer for sale (OFS) component, as per the draft red herring prospectus (DRHP). Without disclosing the reason, Sebi said "issuance of observations (has been) kept in abeyance" with regard to the IPO of Asirvad Micro Finance, an update on the regulator's website showed on Wednesday. PTI

Medi Assist to raise ₹1,172 crore via IPO

Medi Assist Healthcare Services, which offers third-party administration services to insurance firms, on Wednesday fixed a price band of ₹397 to ₹418 per share for its ₹1,172-crore initial public offering (IPO).

The issue will be open for public subscription from 15-17 January, and the bidding for anchor investors will open for a day on 12 January, according to the statement.

The maiden public issue is entirely an Offer For Sale (OFS) of 28,028,168 (or 2.8 crore) equity shares of Medi Assist by promoters and existing shareholders. As part of the OFS, promoters—Vikram Jit Singh Chhatwal, Medimatter Health Management and Bessemer Health Capital LLC—will offload shares, besides investor Investcorp Private Equity Fund I will offer shares, among others. PTI

Delhi sees record power demand

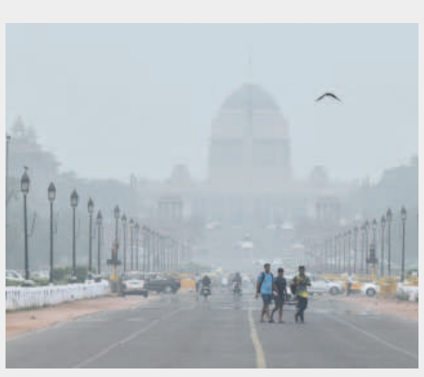
The national capital's peak power demand touched 5,611 megawatts (MW) on Wednesday, the highest ever for winter months. Data from the state load despatch centre showed that Delhi's peak power demand clocked 5,611 MW at 11.08 am on Wednesday, higher than the previous record of 5,559 MW, registered on 5 January 2024.

On Wednesday, Delhi experienced a minimum temperature of 7.1 degrees Celsius.

Since 1 January 2024, the city's peak power demand has increased by over 8% amid the winter chill. Last year's winter peak was 5,526 MW on 6 January, but this year's demand is projected to exceed 5,700 MW. So far, daily demand has consistently been above 5,000 MW, except for 2 January.

In the areas served by BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL), peak demands reached 2,350 MW and 1,174 MW, respectively. Tata Power Delhi Distribution Ltd (DDL) reported a peak of 1,753 MW on Wednesday. VAAGEESH THIRUMALAI

Byrnihat most polluted city in 2023



Delhi, known for high air pollution, ranked as the eighth most polluted city. HT

Byrnihat in Meghalaya topped the list of the most polluted cities in India in 2023, closely followed by Begusarai in Bihar and Greater Noida in Uttar Pradesh, according to a report released on Wednesday. Delhi, known for its persistently high air pollution levels during winter, ranked as the eighth most polluted city, the report by independent think tank Centre for Research on Energy and Clean Air (CREA) said.

Sunil Dahia, South Asia's analyst at CREA, said 227 cities with air quality data available for over 75% of the days in 2023 were studied.

Among these cities, 85 were included under the National Clean Air Programme (NCAP). The data showed that 78 out of the 85 NCAP cities had PM10 levels exceeding the NAAQS (60 microgrammes per cubic metre).

The NCAP, initiated in 2019, aims for a 20-30% reduction in PM2.5 and PM10 concentration by 2024 in 131 cities that hadn't met prescribed air quality standards from 2011 to 2015.

The government has now set a new target of achieving a 40% reduction in particulate matter concentration in these cities by 2026. PTI

The Speaker also held that Shiv Sena chief did not have power to remove any leader from the party. PTI

'Eknath Shinde-led party is real Sena'

Maharashtra assembly Speaker Rahul Narwekar on Wednesday held that the Eknath Shinde-led faction of the Shiv Sena was the "real political party" when rival groups emerged in June 2022.

Reading out his ruling on disqualification petitions filed by Shinde-led Sena and the rival faction led by Uddhav Thackeray against each other's MLAs, Narwekar also said Sunil Prabhu of the Sena (UBT) ceased to be the whip from 21 June 2022, and Bharat Gogawale of the Shinde group became the authorised whip.

As the tenor of the ruling became clear, celebrations broke out among chief minister Shinde's supporters, who burst firecrackers, while Sena (UBT) leaders Sanjay Raut and Aaditya Thackeray said their party will approach Supreme Court against the Speaker's order. "All the petitions seeking disqualification of MLAs are rejected. No MLA is being disqualified," Narwekar said. The Speaker also held that the Shiv Sena 'pramukh' (chief) did not have the power to remove any leader from the party. He also did not accept the argument that the will of the party chief and the will of the party were synonymous. PTI

ICEA moots duty cut on phone inputs

Import duty cut on mobile phone components can increase domestic production of handsets by 28% to $82 billion and boost export, crucial to support indigenous manufacturing, industry body ICEA said on Wednesday.

India Cellular and Electronics Association (ICEA) chairman Pankaj Mohindroo said the next phase of mobile manufacturing growth has to come from exports as the production for the local market is close to saturation. He said India will need to enhance competitiveness in mobile manufacturing at the global level by matching the tariffs or reducing the cost of production with respect to countries like China and Vietnam, where import duty on most of the mobile components is nil or in a lower tax bracket. ICEA has projected that lowering duties on mobile inputs will enhance local production of mobile phones to $82 billion by 2026-27 compared and $64 billion with business as usual. PTI

UK to send aircraft carrier strike group to visit India in 2025

In a move that will strengthen India's defence ties with the United Kingdom, British defence minister Grant Shapps announced that London will send an aircraft carrier strike group to visit the Indian Ocean Region in 2025. It will also send a high-readiness littoral response group to the region in 2024. The announcement was made as defence minister Rajnath Singh made his first visit to the UK. It was also the first visit to the UK by an Indian defence minister in 20 years.

The two sides discussed the future of their defence partnership. New Delhi and London agreed to embark on more complex military exercises.

"There is absolutely no question that the world is becoming increasingly contested, so it's vital that we continue to build on our strategic relationships with key partners like India. Together we share the same security challenges and are steadfast in our commitment to maintaining a free and prosperous Indo-Pacific," said UK defence minister Shapps, who has been in his current position since August 2023. SHASHANK MATTOO

Defence minister Rajnath Singh with his UK counterpart Grant Shapps. PTI

MINT SHORTS

Euro zone economy bottoming out, outlook weak: ECB policymakers

The euro zone may have been in recession last quarter and prospects in the near term remain weak, European Central Bank (ECB) policymakers said on Wednesday as they reaffirmed the bank's policy stance. Euro zone growth has been hovering on either size of zero for most of 2023 and only a mild pick up is seen this year, helping to cool inflation, which has overshot the ECB's target for years and forced policymakers to raise interest rates to record highs last year. "There is evidence that sentiment indicators are bottoming out, but the near-term economic outlook remains weak in line with our projections," board member Isabel Schnabel said on social media platform X. **REUTERS**

SEC X account hacked to falsely say bitcoin ETFs approved

REUTERS

A highly anticipated decision by the US Securities and Exchange Commission (SEC) on whether to approve a spot-Bitcoin exchange-traded fund (ETF) quickly morphed into a major cybersecurity incident on Tuesday. The SEC's X account was compromised and a fake post claiming that the agency had green lit plans for the products fuelled a brief surge in the price of the world's biggest cryptocurrency. Traders have been speculating for weeks that the agency could approve several of the products as soon as Wednesday. **BLOOMBERG**

Amazon to lay off several hundred staff in Prime Video, Studios

Amazon.com will lay off several hundred employees in its streaming and studio operations, it said in an internal note on Wednesday as companies extend their massive job cuts over the past two years into 2024. The online retail behemoth has cut more than 27,000 jobs last year as part of a wave of US tech layoffs after the industry hired heavily people during the pandemic. "We've identified opportunities to reduce or discontinue investments in certain areas while increasing our investment and focus on content and product initiatives that deliver the most impact," Mike Hopkins, senior vice-president of Prime Video and Amazon MGM Studios, told employees in a note seen by *Reuters*. **REUTERS**

United Nation to seek $3.1 billion in aid for Ukraine in 2024

AFP

United Nations (UN) agencies will next week ask for $3.1 billion to finance aid to Ukraine this year, a senior humanitarian official told the UN Security Council on Wednesday. The comment—made by Edem Wosorno, director of the Operations and Advocacy Division for the United Nations Office for the Coordination of Humanitarian Affairs (OCHA)—comes as OCHA and the UN refugee agency prepare to launch their response plans for Ukraine on 15 January. **REUTERS**

Global unemployment seen rising modestly in 2024: UN labour body

The global unemployment rate is expected to inch up to 5.2% this year primarily because of a rise in joblessness in advanced economies, the International Labour Organization (ILO) said on Wednesday. ILO's 2024 World Employment and Social Outlook report forecasts the number of unemployed people will rise by 2 million, lifting the global unemployment rate to 5.2% from 5.1% in 2023. ILO, a UN agency, said that after a short growth spurt as countries recovered from the pandemic, aggregate labour productivity growth had quickly returned to the low pace seen over the previous decade. **REUTERS**

China's messaging to the US: Don't rock the boat

Beijing's diplomatic outreach has gone into high gear in recent days ahead of Taiwan election

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A new buzzword is emerging in Beijing's messaging to Washington: the "San Francisco vision"—a veiled warning to the U.S. not to rock the boat after a reset in ties at a November summit in California between President Biden and Chinese leader Xi Jinping.

Diplomatic outreach has gone into high gear in recent days, including with a New York appearance Tuesday by an English-speaking senior envoy of the Chinese Communist Party. The push comes ahead of Saturday's election in Taiwan that will usher in a new president for the first time in eight years and amid a raft of other geopolitical hot-button issues where the nations don't see eye-to-eye.

Last year, the catchphrase was "return to Bali," the place of another Biden-Xi summit, in similar rhetoric aimed pressuring the Biden administration not to squander hard-to-come-by goodwill between the two nations.

How interested Beijing remains in sustaining communication channels with the U.S. may become more apparent in its responses to the Taiwan election results.

For China, Liu Jianchao, minister in charge of the International Department of the party's Central Committee, warned in New York, Taiwan is at the "very core of the core interests."

"Any international response—be it real or perceived—that deviates from China's preferred political narrative about the election will likely garner a very harsh Chinese counter-response," Craig Singleton, a senior fellow at the Foundation for Defense of Democracies, a Washington think tank, told a recent conference.

Chinese President Xi Jinping and his US counterpart Joe Biden on the sidelines of the 2022 G20 summit in Bali, Indonesia. AFP

Tipped as a possible future Chinese foreign minister after almost four decades dealing with international affairs, Liu, who is also traveling to Washington and San Francisco, largely reiterated Beijing's positions on major global issues and the inherent strengths of the Chinese economy. While in New York he was also scheduled to meet American financiers and the United Nations Secretary-General, António Guterres.

"My visit this time is to have candid exchanges with people from across the American society on how to implement the San Francisco vision," Liu told members of New York's Council on Foreign Relations, a think tank.

Wu Xinbo, dean of the Institute of International Studies at Shanghai's Fudan University, said the new outreach reflects Beijing's eagerness to see the Biden administration maintain a positive momentum in relations even during a U.S. election year.

"The San Francisco vision refers to promoting dialogue and cooperation while managing the difficulties, including over the Taiwan issue," he said.

China cut off military and some other types of communication and cooperation with the U.S. in mid-2022 to protest a visit to Taiwan by then-Speaker of the House Nancy Pelosi. The Biden-Xi summit months later helped steady the relationship, but goodwill dissipated when a Chinese balloon was spotted above the U.S. early last year, angering Washington and prompting Beijing to adopt the "return to Bali" language as relations turned icy.

Military talks resumed only in December, following several close encounters at sea and in the skies between the nations' forces. In a round at the Pentagon this week, the two sides discussed a range of issues related to the South China Sea, North Korea and Ukraine, as the U.S. reaffirmed its commitment to the one-China policy, according to a summary from the Defense Department.

Now, Chinese diplomats are using this month's 45th anniversary of the establishment of U.S.-China relations to call on Washington to sustain the more positive mood established in California, which also led to agreements for dialogues and cooperation on issues ranging from artificial intelligence to the opioid fentanyl. The Foreign Ministry even pointed to recent table tennis matches in both the U.S. and China, harking back to the friendlies that marked some of the first links between the countries in the 1970s.

In addressing an anniversary reception in Beijing, Chinese Foreign Minister Wang Yi recently said that the U.S.-China relationship is the world's most consequential and that it needs to be calibrated for transformations not seen in a century, Xi's reference to the growing power of developing countries, including China.

He said the two sides should see San Francisco as a new starting point and called on the U.S. to respect China's development path rather than tie itself in knots over it. "We hope that the U.S. side will go easy on itself," he said.

In an interview with a Chinese television network this week, China's ambassador to the U.S., Xie Feng, said that after the consensus reached in San Francisco with great difficulty, the nations should work as partners. He urged the U.S. to abandon its view of China as a rival, what Beijing terms "Cold War thinking."

"The important thing is still the correct perception," Xie said.

US, UK naval forces repel 'largest attack' by Houthis

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WASHINGTON/LONDON

US and British naval forces shot down 21 drones and missiles fired by Yemen-based Houthis on Tuesday towards the southern Red Sea, the US said, with Britain hinting at further measures to protect international shipping lanes.

British defence secretary Grant Shapps said it was the largest attack in the area by the militants to date as the three-month-long war between Israel and Hamas in Gaza spills over into other parts of the Middle East.

"This is an unsustainable situation," Shapps told reporters, adding "watch this space" with regards to further possible action by Britain and its international partners. "This cannot continue and cannot be allowed to continue."

US Central Command said no injuries nor damage were reported, adding that this was the 26th Houthi attack on commercial shipping lanes in the Red Sea since 19 November.

Later in the day, Houthi military spokesperson Yahya Saree said the Iranian-backed militants fired a large number of ballistic and naval missiles and drones at a US ship that was "providing support" to Israel.

In a televised speech, Saree did not say when the Houthi strike had occurred or what damage, if any, the vessel had suffered, but that the operation was a "preliminary response" to a previous US attack that killed 10 Houthi fighters.

The Houthis, who control most of Yemen, have been targeting Red Sea shipping routes to show their support for Hamas, a Palestinian Islamist group.

Blinken meets Palestinian leader as Israel keeps up attacks

AFP
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GAZA STRIP

US top diplomat Antony Blinken on Wednesday met the head of the Palestinian Authority and travelled to Bahrain on his Middle East tour aimed at stopping the Israel-Hamas war from escalating.

The Israeli military said it killed dozens of "terrorists" and hit another 150 targets in Hamas-run Gaza, where the health ministry said 147 people had been killed over the previous 24 hours.

The bloodiest ever Gaza war started by the unprecedented 7 October Hamas attack on Israel has raged on for more than three months and killed over 23,000 people in the besieged Palestinian territory, according to its health ministry.

Palestinian president Mahmud Abbas spoke with Blinken of the need "to stop the Israeli aggression against Palestinian people in the Gaza Strip and the West Bank," which has also been torn by deadly unrest, said the official Palestinian news agency *Wafa*.

US secretary of state Antony Blinken. AFP

Blinken told Abbas that Washington supports "tangible steps" towards the creation of a Palestinian state—a long-term goal which the hard-right Israeli government of Prime Minister Benjamin Netanyahu has opposed.

The secretary of state reiterated the US position that a Palestinian state must stand alongside Israel, "with both living in peace and security," said US state department spokesman Matthew Miller.

Abbas was later set to discuss a "push for an immediate ceasefire" in Gaza in talks with Jordan's King Abdullah II and Egyptian President Abdel Fattah al-Sisi in the Red Sea port city of Aqaba.

Blinken later arrived in the Gulf state of Bahrain, home base of the US Fifth Fleet, for talks with King Hamad on preventing a regional escalation of the war, the state department said.

Since the Gaza war started, fears have grown of a widening conflict between Israel and Iran-backed armed groups, especially Lebanon's Hezbollah but also groups in Syria, Iraq and Yemen.

Battle set to begin at UN court

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THE HAGUE

A legal battle over whether Israel's war against Hamas in Gaza amounts to genocide opens Thursday at the United Nations' (UN) top court with preliminary hearings into South Africa's call for judges to order an immediate suspension of Israel's military actions. Israel stringently denies the genocide allegation.

The case strikes at the heart of Israel's national identity as a Jewish state created in the aftermath of the Nazi genocide in the Holocaust. It also involves South Africa's identity: Its ruling African National Congress party has long compared Israel's policies in Gaza and the West Bank to its own history under the apartheid regime of white minority rule, which restricted most Blacks to "homelands" before ending in 1994.

Two days of preliminary hearings at the International Court of Justice begin on Thursday

Israel normally considers UN and international tribunals unfair and biased. But it is sending a strong legal team to the International Court of Justice to defend its military operation launched in the aftermath of the 7 October attacks by Hamas.

Two days of preliminary hearings at the International Court of Justice begin with lawyers for South Africa explaining to judges why the country has accused Israel of "acts and omissions" that are "genocidal in character" in the Gaza war and has called for an immediate halt to Israel's military actions.

Israel's offensive has killed more than 23,200 Palestinians in Gaza, according to the health ministry in Hamas-run Gaza. About two-thirds of the dead are women and children, health officials say.

Misinformation seen as top global risk in year of pivotal elections

Daniel Michaels
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In a world increasingly fraught with risks, leading near-term concerns are shifting to the dangers of technology and related problems like the spread of disinformation, and away from economic worries, according to an annual survey of policymakers, industry leaders and experts on risk conducted by the World Economic Forum.

The survey of more than 1,400 experts and leaders, released on Wednesday ahead of the WEF annual meeting in Davos next week, points to a moderately risky global environment through 2026 that deteriorates significantly over the coming decade.

Half of the 10 top global risks foreseen through 2034—including the top four—are related to climate change and environmental degradation.

Risks from large-scale armed conflict, such as Russia's invasion of Ukraine and Israel's battles with Palestinian militants, are also perceived as greatly increasing. The survey, which was conducted in September and early October, was largely concluded before Hamas militants attacked Israel on Oct. 7, prompting Israel's large-scale incursion into the Gaza Strip. The war has since spread into a regional conflict that now includes attacks on commercial shipping through the Suez Canal, with potential broader economic impact.

"Underlying geopolitical tensions combined with the eruption of active hostilities in multiple regions is contributing to an unstable global order characterized by polarizing narratives, eroding trust and insecurity," said WEF Managing Director Saadia Zahidi in a preface to the report.

The survey is notable for the decline in concerns about immediate economic dangers such as inflation and a recession. Top concerns in last year's survey—which was conducted in the immediate aftermath of the Covid-19 pandemic and its resulting economic shocks—included high inflation and persistent pressure on prices for food and energy. While those worries remain at the forefront, they have been eclipsed by other dangers after the world economy weathered 2023 better than most analysts had predicted.

Among economic concerns, cost-of-living pressures remain high, with the pricing and availability of

Former US president Donald Trump. The US will hold a national election this year. AP

housing emerging as a new flashpoint worldwide. Such pocketbook issues can engender other risks such as societal polarization, which ranks as the No. 3 concern over the next two years in the survey.

But with inflation subsiding and employment remaining strong in most advanced economies, money worries have been eclipsed by fears around new technologies and their impact on society.

The concern isn't abstract: More than 75 countries will hold national elections this year, including for leaders in the U.S., South Africa, Mexico and India. Taiwan kicks off the exceptionally busy calendar on Saturday with a cliffhanger vote that has drawn intense interest from China, which considers the island a breakaway province.

The survey observes: "The widespread use of misinformation and disinformation, and tools to disseminate it, may undermine the legitimacy of newly elected governments. Resulting unrest could range from violent protests and hate crimes to civil confrontation and terrorism."

Alongside more traditional risks, the report examines more systemic risks from changes in fundamental spheres other than the environment, such as demographics, technology and the geo-strategic landscape. Respondents see governance systems pushed beyond what they were established to handle and a decline in international cooperation to address cross-border problems.

Extreme-weather events are seen as the leading risk over the coming decade and the No. 2 risk through 2026. Other environmental risks in the next decade include critical changes to Earth's systems, biodiversity loss and ecosystem damage, natural-resource shortages and pollution.

Involuntary migration—a leading societal risk in the report—is in many cases prompted by environmental problems and feeds into social polarization, another top societal risk identified.

"These transnational risks will become harder to handle as global cooperation erodes," Zahidi said.

A SHORT HISTORY
The smartphone maker is less than 10 years old in India but its short journey has already seen several twists and turns

2014	2015	2017	2019	2020	2021	2022	2023
Vivo starts India operations	Announces manufacturing plans; becomes IPL title sponsor	Market share doubles to 10% within a year; signs 5-year IPL title sponsorship deal	Becomes the No. 3 brand; plans ₹7,500 crore investment in manufacturing; terminates IPL deal	Chinese companies come under the scanner of tax authorities	Back as IPL title sponsor	ED conducts searches; Vivo exits IPL sponsorship deal	**ED makes several arrests, including Lava MD Hari Om Rai; Vivo interim CEO arrested and then released on bail**

DOES VIVO HAVE A FUTURE IN INDIA?

The smartphone maker is battling charges of money laundering. This has implications for its business partners and employees

Gulveen Aulakh & Devina Sengupta
NEW DELHI/MUMBAI

File photo: Hong Xuquan alias Terry, the interim chief executive officer of Vivo India, arrives at the Enforcement Directorate office in New Delhi on 2 January. PTI

In December 2014, a company called Grand Prospect International Communication Pvt. Ltd, Himachal Pradesh, was incorporated by three foreign nationals— Zhengshen Ou, Bin Lou and Zhang Jie. They were assisted by an Indian chartered accountant, Nitin Garg.

The company was in the business of trading mobile phones. The entity procured phones and accessories from Vivo Mobile India Pvt. Ltd and sold them to distributors in Himachal Pradesh, Jammu, Kashmir, Leh and Ladakh.

Zhengshen Ou and Zhang Jie opened bank accounts with HDFC Bank. And the plot thickened from here on.

According to a chargesheet from India's Directorate of Enforcement (ED), the body responsible for enforcing economic laws and fighting economic crime, the duo used forged identification documents and falsified addresses. One of the addresses mentioned was a government building and the house of a senior bureaucrat. They used false driving licences to apply for director identification number and open the bank accounts, the ED alleged. In fact, four foreign nationals from the company had forged driving licences.

Why did they forge the identification documents?

The plot further thickened. From the ED charge sheet, we learn that the link between Grand Prospect International Communication and Vivo Mobile India wasn't that of simple trading.

Vivo Mobile India was incorporated just four months before Grand Prospect International Communication started, in August 2014. Vivo is a Chinese company founded in 2009 at Dongguan, an industrial city in China. The company grew rapidly to become one of the most recognized smartphone makers. Thus far, it had a dream run in India, too, and as of December last year, is the country's second largest smartphone seller with a market share of 16%. Around 2017, it had a market share of 5%. Nonetheless, investigations by ED have rocked the boat, spreading fear among the company's management and senior employees.

"M/s GPICPL (Grand Prospect International Communication) was part of the complex money-laundering structure created by concealing its true ownership from Indian government authorities in a fraudulent manner using forged identity documents. Analysis of financial statements of GPICPL also reflect economic control of Vivo India over it. Investigation has clearly established that M/s GPICPL is controlled by Vivo India, which, in turn, is controlled by M/s Vivo Mobile Communication Co Ltd, China," the ED charge sheet, dated 6 December 2023, stated.

"However, on paper, the relation with Vivo India and Vivo China was kept concealed and they were falsely shown as separate legal entities before the Indian government authorities as disclosing the beneficial owner and controller of these entities would have exposed them to government scrutiny," the charge sheet further added.

> ED has alleged that multiple Indian laws were violated by the company and since inception, Vivo India siphoned off ₹70,837 crore to foreign firms controlled by Vivo China.

The ED first carried out searches at Vivo India and its associated companies on 5 July 2022. By then, Zhengshen Ou and Zhang Jie had left India. Grand Prospect International Communication wound up operations after the investigations began.

Vivo India created a web of many entities similar to Grand Prospect International Communication—at least 17 more companies—siphoning off nearly ₹71,000 crore to China, the ED alleged.

Several arrests have been made and a court room drama is expected soon. We will return to the charges in a bit. But currently, a larger question looms. Will the probe and the legal battles dent the smartphone maker's brilliant run in India? How did the company script such a success story in the first place?

THE RISE

The chief executive officers (CEOs) of Vivo India, all foreign nationals, have had very short stints. Between 2014 and now, five chief executive officers (CEOs) have served the company—Ye Liao (2014); Alex Feng (2015); Kent Cheng (2016); Jerome Chen (2019) and Hong Xuquan (2021/22). Hong Xuquan is an interim CEO. He was taken into custody by ED in December and then released on bail.

Interestingly, the frequent changes at the top did not disrupt the momentum of the company's sales. Vivo entered India at an opportune time. BlackBerry devices, a rage in the corporate world for many years, were on its last legs. Nokia was on a steady decline. Amazon had entered India and the competition with Flipkart, India's home-grown e-tailing platform, had intensified. That opened up cheaper channels to sell phones. But Vivo didn't want to be just an online-only brand. It pushed offline sales aggressively with the belief that India was a strategic market, second in importance after the home market of China.

In 2017, one of the writers of this story, drove down from Chennai airport to Puducherry. The route was a sea of blue (Vivo) and green (Oppo) signboards. Oppo is yet another Chinese electronics manufacturer that grew fast in India.

The focus on the offline market worked since the competition—the likes of Xiaomi and Samsung—were moving towards online platforms. The brick-and-mortar retail approach meant that Vivo was offering higher-than-competition margins to retailers. That ensured reach, even to India's smallest towns in the shortest possible time. Even in multi-brand outlets, Vivo stationed two salaried employees to push sales.

"Our focus was the retailers and if Samsung gave a 5-6% margin, we offered 10-12%. If retailers allowed us to advertise on sign boards in front of their shops, we offered an additional 0.5-1% margin," a former Vivo employee, who worked with the company between 2017 and 2019, said.

"Samsung had that brand pull and we had to compete with all marketing models and focus on products to get the customers," the executive, who didn't want to be identified, added.

In 2014, Vivo introduced X5 Max, one of the slimmest devices at that time, followed by Moonlight selfie in V5+ in 2016 and then Nex in 2018, which had a pop-up camera and in-display fingerprint. The product innovations helped it break through the clutter and get consumer attention at a time when the market was dominated by Samsung, Nokia, Motorola and even Indian players like Micromax and Karbonn.

"Vivo's main game plan in 2014 and for the next few years was to focus on the products. They were the first to come up with the slimmest phone at a time when consumers were holding heavy phones and there was not much focus on looks," said Tarun Pathak, research director at Counterpoint Research.

From a brand recognition perspective, the Indian Premier League (IPL), the popular Twenty20 cricket league, did the trick. In 2016, Vivo signed a two-year contract with the Board of Control for Cricket in India by making a bid of ₹100 crore per year for IPL title sponsorship. Two years later, it paid ₹2,199 crore to retain the title sponsorship for the next five years. Amid scrutiny by government agencies, Vivo terminated its agreement to sponsor the IPL tournament in 2019 but was back in 2021 as the title sponsor. It exited yet again in 2022—Tata Group is now the chief sponsor of the tournament.

Meanwhile, the Indian government's thrust on import substitution, re-established India as a phone manufacturing destination. Vivo invested in local phone assembly in Greater Noida, Uttar Pradesh.

The company began local assembly in 2015 and in 2019 earmarked ₹7,500 crore to expand manufacturing. In 2023, Vivo said that it will double annual manufacturing capacity to 120 million units from the existing 60 million. A new facility is expected to go live this year.

THE CHANGE

In mid 2017, a military standoff between India and China in the Doklam region, an area claimed by both China and Bhutan, triggered a backlash against Chinese brands in India. But that was a temporary blip. Geo-political tensions, however, continued to escalate following the 2020 Galwan Valley face-off.

India's policies on foreign investments started changing. The country amended its rules for foreign direct investments, especially those flowing from countries that shared a land border. India also moved to prevent opportunistic takeovers of Indian companies during the pandemic. Chinese smartphone brands—Vivo, Oppo and Xiaomi— came under the taxman's scanner. Rajeev Chandrasekhar, minister of state for electronics and IT, said in the Parliament last year that the three companies have evaded taxes, including customs and goods and services tax (GST), amounting to ₹9,000 crore between 2018-19 and 2022-23. The minister added that Vivo evaded taxes worth ₹2,923.25 crore, comprising ₹2,875 crore in customs duty and ₹48.25 crore in GST.

mint SHORT STORY

WHAT

In December, ED levelled charges of criminal conspiracy, concealment of beneficial ownership and money laundering among others against more than a dozen present and former employees of Vivo India.

NOW

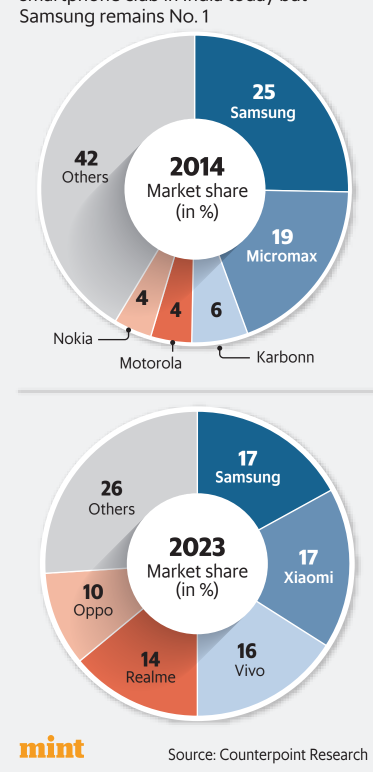
Will this impact the company's business operations and its market share? Some market watchers feel it won't—the country-of-origin does not matter to Indian consumers; the product quality does.

BUT

Some retailers say that Vivo India is now offering thinner margins. The fallout is far worse for employees, particularly senior employees. Potential employers are not entertaining their CVs.

DRAMATIC SHIFT

Chinese companies dominate the Top 5 smartphone club in India today but Samsung remains No. 1



Source: Counterpoint Research
SARVESH KUMAR SHARMA/MINT

THE FALL

Like we mentioned earlier, the ED first investigated Vivo in July 2022—44 locations belonging to the company were raided across north India. In December last year, the probe agency levelled charges of criminal conspiracy, concealment of beneficial ownership and money laundering among others against more than a dozen present and former employees of Vivo India, besides several entities. The agency alleged that multiple Indian laws were violated by Vivo China and, since inception, Vivo Mobile India siphoned off ₹70,837 crore to foreign companies controlled by Vivo China.

Eight forged driving licences were used by foreign nationals to open bank accounts of various state distributor companies and get director identification numbers. The forged IDs could have been used in activities that posed a threat to national security, ED stated.

The agency's investigations found that Hari Om Rai, Indian phone maker Lava International's managing director, had assisted Vivo China in incorporating the state distributor companies which were, on paper, shown as independent legal entities, but their finances were controlled by Vivo India. The investigation further found that there was complete Chinese control over the Indian entities. This was deliberately concealed from Indian authorities.

ED arrested Rai, chartered accountants Nitin Garg and Rajan Malik, and Guangwen Kyang, a Chinese national, for wrongdoing under the Prevention of Money Laundering Act in October last year. They remain under judicial custody as of 10 January.

Vivo India's interim CEO Hong Xuquan, chief financial officer Harinder Dahiya and consultant Hemant Munjal were also held on charges of money laundering on 21 December. However, the three were released by a trial court, which was challenged by ED in the Delhi High Court. The High Court upheld the release but ordered the executives to not leave the country.

"We are deeply alarmed by the current action of the authorities. The recent arrests demonstrate continued harassment, and as such induce an environment of uncertainty amongst the wider industry landscape. We are resolute in using all legal avenues to address and challenge these accusations," Vivo India said in a statement when the executives were arrested.

The company did not respond to *Mint*'s requests for clarifications. Queries sent to Lava International and Nitin Garg did not elicit any response either. HDFC Bank did not get back on the clarifications *Mint*

TURN TO PAGE 11

Got insurance policy? Know the cost of surrendering it

The process involves multiple visits to the branch office, affects surrender value of policy

Anil Poste
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Financial security and tax relief are two critical reasons why most people buy life insurance policies. Yet, while it is very easy to buy insurance—it can even be purchased online these days and the premium payments are fairly simple—surrendering your policy is no easy task. The process is lengthy, time-consuming and even involves multiple visits to the insurance branch office.

Take the case of Sandeep Jagtap, a 38-year-old former banker and a businessman in Mumbai. When Jagtap tried to surrender his insurance policy, which had a term of 15 years, last year—five years after purchasing the policy—he found himself confronting several obstacles. For one, the insurer did not clearly communicate the surrender value of the policy. Jagtap was also required to visit the insurance office several times. It was frustrating, says Jagtap.

During Jagtap's visits to the insurance office, an employee there tried to divert his attention towards different insurance products instead of assisting him. It took Jagtap 20 days to finally surrender the policy.

Financial experts say that insurance companies make it extremely difficult for customers to surrender their policies, and thus, every year, a large number of Indians get saddled with life insurance policies that they do not want. People want to surrender policies for various reasons, including a change in their financial goals or because they were mis-sold the policy in the first place. For instance, Mohit Rohan Shrivastava (36), an employee at JLL Business Services at Gurugram, decided to surrender his policy because he had come across better investment options. Jagtap did it because he needed funds to buy a house.

Alpeshkumar, 37, an IT professional based in Kolkata, wanted to surrender the policy because he was mis-sold one. Yet, he quit after multiple attempts, blaming it on the insurer's offline process and a huge surrender penalty.

Taxation and returns

Among the many categories of insurance, endowment policies which combine insurance and investing are generally the subject of mis-selling. Buyers typically want to surrender these types of policies, say experts.

Vishal Dhawan, founder, Plan Ahead Investment Advisors says that, as a rule of thumb, the fewer premiums you have already paid, the better off you would be if you surrender the policy. This is because you will be able to direct your future savings into higher yielding investments for a long period of time and this will outweigh the loss resulting from surrender charges. Also insurance charges tend to be front-loaded and hence if you have been paying premiums for many years, many of the steep costs and charges will be behind you, not ahead.

Typically, many insurance buyers end up surrendering or discontinuing their policies within the first few years of buying it, say financial experts. For instance, almost half the customers of India's largest insurer LIC surrender this type of policies within approximately five years, as per available data. The persistence ratio of LIC, post 61 months of a policy being sold, is 55.17, as on 30 September 2023. Persistency ratio tells you the percentage of policyholders maintaining premium payments over a specific period. A higher ratio implies stability and satisfaction, while a lower one suggests an increased likelihood of policy surrenders. LIC's persistency ratio of 55.17 implies that almost half its customers choose not to continue their policies for the long term. An email sent to LIC about this did not elicit any response.

Another factor to consider is tax. The tax deductions claimed while paying the premiums of an insurance policy are reversed if it is surrendered in two years.

"The surrender value of a life insurance policy is generally not taxable. However, it becomes taxable under specific conditions. If the premium payment exceeds 10% of the sum assured for policies issued after 31 March 2012, or 20% of the sum assured for policies issued between 1 April and 31 March 2012, the surrender value becomes taxable. Additionally, for policies issued on or after 1 April 2023, the surrender value becomes taxable if the annual premium exceeds ₹5 lakh. It's important to note that any deduction claimed under Section 80C of the income tax Act will be reversed if the policy is surrendered within two years." said Prakash Hedge, a Bengaluru-based chartered accountant.

Tax deductions claimed while paying the premiums are reversed if it is surrendered in two years

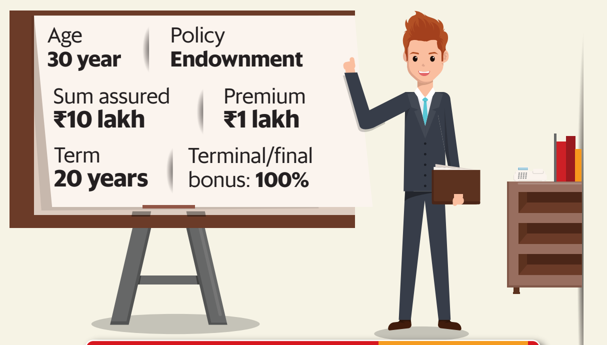
Once you have made the decision to surrender, you also have to navigate the complex set of procedures that insurers have created to discourage surrender of policies. Often insurers insist that you must visit the insurer's office in person. This can become an issue if you have moved to a different city or are outside India.

Conclusion

The decision on surrendering an insurance policy or not does not require complex calculations. You have to make an estimate of the returns you will get in a competing product (say, a hybrid mutual fund) if you were to divert future premiums to the mutual fund instead of using them for the insurance policy.

What about the insurance cover? You should account for this in your calculation by assuming that you will couple the hybrid fund with a term insurance policy. Term insurance premiums are a small fraction of endowment policy premiums because term insurance has no maturity value—it only pays out to your family if you die during the policy term. In case you are not able to do this calculation on your own, it is better to consult a Sebi-registered investment adviser.

The challenges of surrendering an insurance policy

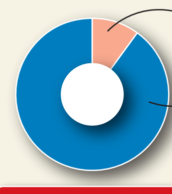


Bonus rate 7% | Final value ₹34 lakh | IRR 4.81%

Source: Calculations by International Money Matters Pvt. Ltd

Alternative strategy

Investor surrenders policy after 3 years and gets back just **₹70,000**
From year 4, he invests annual savings of **₹1 lakh** as follows:



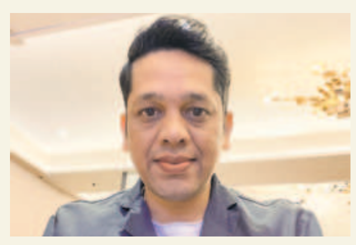
mint

Assumed BAF return 10% | Final value ₹40 lakh | IRR 6.23%

Note that IRR is less than 10% because of the loss incurred on surrender

Policy surrender journey

Mohit Roshan Srivastava, 36
Works at JLL Business Services, Gurugram
Policy term: 15 years
Opted for surrender: 5th year
Challenges faced:
- No online surrender process. It is still offline even at the home branch in the age of digital India.
- Cumbersome surrender process, making it difficult to exit.
- Low surrender value; keeping the policy is the only option for risk averse retail investors as they focus too much on notional loss.

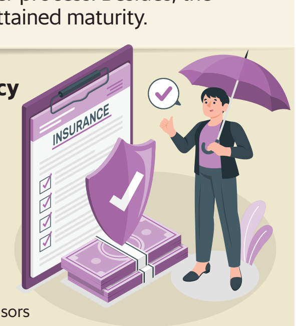


Sandeep Jagtap, 38
Businessman, Mumbai
Policy term: 20 years
Opted for surrender: 10th year
Challenges faced:
- Surrender value was not informed clearly.
- Was asked to visit the office multiple times.
- Employee tried to pitch different product .
- Multiple confirmation calls from the company despite clearly mentioning about the surrender.

Alpeshkumar, 37
IT professional, Kolkata
Policy term: 10 years
Opted for surrender: 4th year
Challenges faced:
- Was required to travel from my work place in kolkata to Delhi NCR to surrender my policy physically.
- Had to reach out to the employees multiple times.
- Stringent clauses and other costs brought down the surrender value.
- After several attempts, quit the surrender process. Besides, the policy attained maturity.

Returns in % per annum.

	LIC Komal Jeevan policy	LIC Jeevan Anand policy
In case LIC insurance policy is held to maturity	5.29	5.8
Reinvest moeny and future premiums into a balanced fund: Surrender post 5 premiums	7.2	7.43
Reinvest moeny and future premiums into a balanced fund: Surrender post 10 premiums	5.6	4.03



The assumed returns are 9% per annum on a balanced fund, and we have assumed a 10.4% capital gain tax rate on the gains made on the investment in the balanced fund.

Source: Plan Ahead Wealth Advisors

PARAS JAIN/MINT

MINT 20* MUTUAL FUND SCHEMES TO INVEST IN

mint 20 BEST FUNDS

We have hand-picked 20 mutual funds for your portfolio that have jumped through hoops of good returns, low risk, good portfolio hygiene and our own qualitative research. We have restricted the choice universe to 10 categories out of the total 37 and given you at least two options to pick from each.

EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index Fund - Growth	15.43	15.72	13,627
HDFC Index Fund - Nifty 50 Plan	15.28	15.49	10,614
Category average	14.67	15.28	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	15.72	17.07	10,805
Parag Parikh Flexi Cap	22.24	22.83	48,294
Category average	17.11	16.93	
EQUITY SMALL AND MIDCAP			
Axis Midcap	18.22	19.76	23,549
SBI Small Cap	24.12	23.63	22,895
Category average Midcap	24.33	21.20	
Category average Smallcap	30.22	24.18	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	16.81	18.70	6,533
Mirae Asset Tax Saver	18.47	19.15	18,843
Category average	18.34	16.74	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	12.00	14.01	9,724
ICICI Prudential Balanced Advantage	12.49	12.42	51,736
Category average	11.75	11.87	
ARBITRAGE			
Kotak Equity Arbitrage	5.38	5.31	31,452
Tata Arbitrage	5.04	5.31	7,980
Category average	5.05	5.03	

OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	4.90	23-Jul-20	12,933
Motilal Oswal S&P 500 Index Fund	16.83	28-Apr-20	2,887

Returns as on 8 January 2024; Corpus data as of November 2023; Growth option in regular plans has been used
Absolute returns for 'Out of box', CAGR for the rest. For detailed methodology refer to:
Keep a smart, flexible and minimalist MF portfolio
https://www.livemint.com/money/personal-finance/keep-a-smart-flexible-and-minimalist-mf-portfolio-11638378827521.html
Download mint app for latest in Business News - https://bit.ly/32XEfFE
*Debt funds can be viewed in the full table online
Data and analysis by CRISIL Research
Compiled by Neil Borate

Does smartphone maker Vivo have a future in India?

FROM PAGE 10

sought on the bank accounts opened using forged documents.

THE FUTURE

Let's circle back to the question of what happens to Vivo India from now on. Does it have a future in the country?

Chinese phone makers, despite all the scrutiny and bad press, have continued to do well. In fact, they command over two-thirds of the market today. As per data from TechArc, a research and consulting firm, the share of Chinese brands and their sub-brands totalled 72% in 2023, compared to 68.5% in 2022.

This leads market watchers to believe that Vivo India might survive the legal battles and its fallout.

"While an ED investigation does jitter the confidence of partners to some extent, in the past, we have seen that such issues haven't had a major impact on business performance," Faizal Kawoosa, co-founder at TechArc, said.

"To consumers, the origin of the company doesn't seem to matter. The crucial factors remain product quality at affordable prices and the physical presence of the store close to them," said an industry executive, asking not to be named. In addition, there are no quality Indian brands that can currently challenge the dominance of the Chinese phones, he added.

Eight forged driving licences were used by foreign nationals to open bank accounts of various state distributor companies and get director identification numbers.

Nonetheless, the current trouble does have implications on retailers and employees.

According to a retailer based out of Gujarat, in Vivo India's early years, the company took its business partners for parties in fun locations, like Bangkok. "The margins we received were in double digits at one point and rivals were not even close. Now, after the ED raids, the parties have stopped. And the company is offering 2-3% margins," he said.

Vivo India did not respond to a clarification sought on the margins offered to retailers.

The fallout is far worse for employees, particularly senior employees. Potential employers are not entertaining their CVs. According to industry executives, present and even past Vivo employees are living in fear. "There is a concern that investigation agencies may call them for questioning anytime or arrest them. Any employer would want to avoid that," said a human resources executive asking not to be named.

All this implies low employee morale, which can impact operations. Vivo India, clearly, has a lot to work on—reassure employees, retailers, distributors, suppliers. All this while fighting serious allegations of fraud and money laundering.

gulveen.aulakh@livemint.com

HERE ARE THE TOP 5 MUTUAL FUND CATEGORIES FOR LONG-TERM INVESTMENTS

POWER POINT

NEHAL MOTA

Respond to this column at
feedback@livemint.com

When it comes to investing for long-term wealth creation, mutual funds stand out as one of the better options. The assets under management (AUM) of mutual funds have reached an unprecedented ₹48 trillion corpus, underscoring the widespread confidence in this investment avenue. With over 20 categories of mutual funds and numerous subcategories, selecting the most suitable option can be challenging. In this article, we will explore the top five categories of mutual funds for long-term growth.

Large and mid-cap equity mutual funds: This category of mutual funds provides sustainable growth with moderate risk. It invests in large-cap companies, well-established and ranked from 1-100th among the top listed companies. Additionally, it includes mid-sized companies with rankings from 101-250th among listed companies, offering expansion potential. According to Sebi regulations, a minimum of 35% each should be invested in large-cap and mid-cap for this category. With an investment horizon of 5+ years and moderate risk-taking ability, these funds are suitable for investors with long-term goals like home buying or children's education. Over the past five years, the benchmark for this category has generated around an 18% return, while the top-performing funds have yielded returns between 19% and 20%.

Mid-cap mutual funds: Investing in this category involves relatively higher risk, as it focuses on stocks of mid-sized companies ranked from 101 to 250th among listed companies. The investment horizon is more than 7 years with a high-risk tolerance. The growth of these companies may be significantly impacted during economic downturns, requiring investors to be patient and stay invested for the long term. Over the past five years, the benchmark for this category has generated around a 22% return, with the top-performing funds delivering returns between 22% and 24%.

Flexi-cap mutual funds: Flexi-cap funds are required to invest across all market caps – large-cap, mid-cap, and small-cap stocks, making them a dynamic equity scheme. The fund can invest in any listed company, irrespective of its market cap, with the investment structure predefined in the key information document. This flexibility allows the fund manager to make portfolio changes according to market dynamics, mitigating risk and reducing volatility. It is suitable for moderately risk-averse investors with an investment horizon of more than seven years. Over the past five years, the benchmark for this category has generated around a 16% return, while the top-performing funds have provided returns in the range of 20% to 25%.

Balanced advantage funds: Belonging to the dynamic asset allocation category, these mutual funds invest in both stocks and debt instruments. The allocation between these two asset classes changes based on market conditions, aiming to provide optimal returns with minimum risk. This category offers a blend of equity for growth and debt for stability, allowing the fund manager to adjust the investment levels in both asset classes according to different market cycles. Suitable for investors with a moderate risk tolerance and an investment horizon of more than five years, the benchmark for this category has generated around a 16% return over the past five years, with the top-performing fund achieving approximately a 17% return.

Equity-linked saving schemes (ELSS): These funds invest in stocks across all market caps, similar to flexi -ap funds, but with the added benefit of certifying the investment under section 80C for tax saving. Investors in ELSS enjoy dual benefits of tax savings and growth. ELSS has the least lock-in period of three years, making it a preferred choice for tax-saving investments compared to other options with lock-ins exceeding five years. Over the past five years, the benchmark for this category has generated around a 16% return, while the top-performing funds have delivered returns in the range of 17% to 23%.

The AUM of mutual funds have reached an unprecedented corpus of ₹48 trillion

Conclusion: The dynamic landscape of these five categories, ranging from the blend of large- and mid-cap, and mid-cap funds to the flexibility of flexi cap funds, the strategic adaptability of balanced advantage funds, and the tax efficiency of ELSS funds, presents diverse opportunities for an investor. Building a mutual fund portfolio with the potential for market-beating returns and an effective risk-adjusted ratio becomes achievable with these options. Each category comes with its distinct risk-return profile, offering a spectrum of choices to align with varying investment objectives. Seeking counsel from a qualified financial advisor remains pivotal in making well-informed investment decisions in line with one's risk-taking ability, investment horizon, and financial goals.

Nehal Mota is co-founder & CEO, Finnovate.

Vibrant GUJARAT 10-12 Jan 2024
Gateway to the Future | 10th Global Summit

Celebrating 20 YEARS OF SUCCESS

MINT MEDIA MARKETING INITIATIVE

PM NARENDRA MODI INAUGURATES 10TH EDITION OF VIBRANT GUJARAT GLOBAL SUMMIT

34 partner countries and delegates from over 130 countries are participating in the three-day event. The summit also celebrates '20 years of Vibrant Gujarat as the Summit of Success'

Prime Minister Narendra Modi inaugurated the 10th edition of Vibrant Gujarat Global Summit-2024 at Mahatma Mandir, Gandhinagar, on Wednesday. The theme of this year's summit is 'Gateway to the Future' and includes the participation of 34 partner countries and 16 partner organizations.

The summit is also being used as a platform by the Ministry of Development of North-Eastern Region to showcase investment opportunities in the North-Eastern regions.

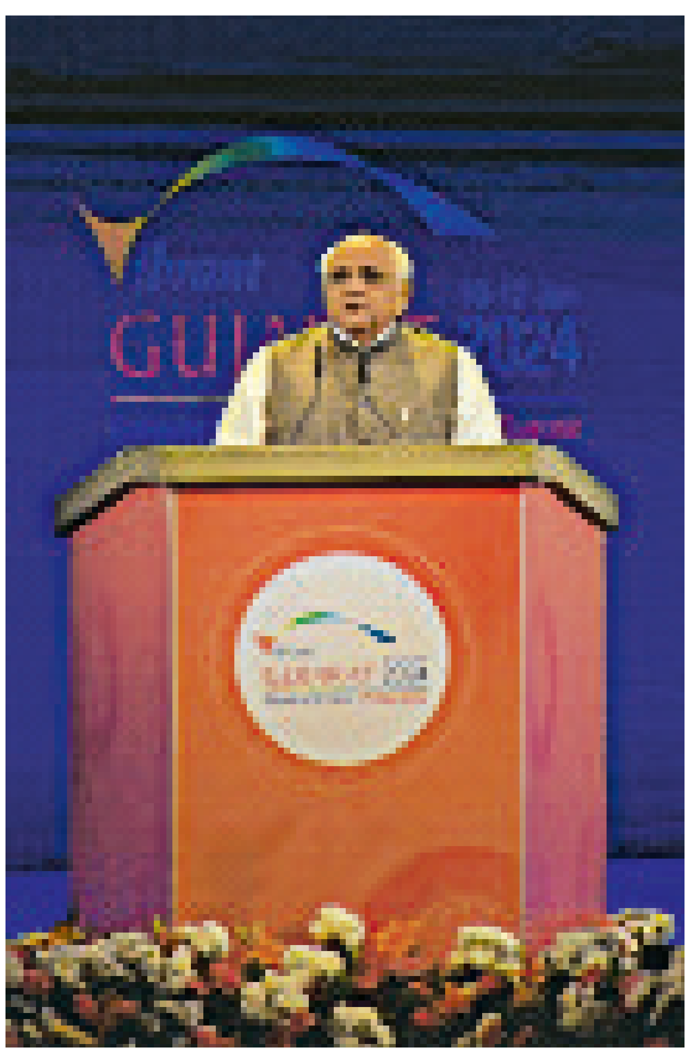
President of the United Arab Emirates & Ruler of Abu Dhabi, H.R.H Sheikh Mohammed bin Zayed Al Nahyan also made his address at the beginning of the summit.

Multiple industry captains addressed the occasion. Lakshmi Mittal - Chairman of ArcelorMittal Toshihiro Suzuki - President of Suzuki Motor Corporation, Japan, Mukesh Ambani of Reliance Group, Sanjay Mehrotra - CEO of Micron Technologies, USA, Gautam Adani - Chairman of Adani Group, Jeffrey Chun - CEO Simmtech, South Korea, N Chandrasekaran - Chairman Tata Sons Limited, Sultan Ahmed bin Sulayem - Chairman of DP World, Shankar Trivedi – Sr. VP Nvidia and Nikhil Kamat - Founder and CEO of Zerodha addressed the gathering and informed about their business plans. The business leaders praised the Prime Minister's vision.

Shin Hosaka - Vice Minister for International Affairs, Japan, Ibraheem Yoosef al Mubarak - Assistant Minister of Investment, Saudi Arabia, Tariq Ahmed - Minister of State for the Middle East, North Africa, South Asia, Commonwealth and United Nations, UK, Vahan Kerobyan - Minister of Economy, Armenia, Tiit Riisalo - Minister of Economic Affairs and Information Technology, Ryad Mezzour - Industry and Commerce Minister, Morocco, Prakash Sharan Mahat - Finance Minister of Nepal, Tran Luu Quang - Deputy Prime Minister of Vietnam, Petr Fiala - Prime Minister of Czech Republic, and Filipe Nyusi - President of Mozambique, José Ramos-Horta - President of Timor Leste also addressed the Vibrant Gujarat Global Summit.

"India is moving forward in the role of a 'Vishwa Mitra' in a fast-changing world. Today India has given the world confidence in achieving common collective goals. India's commitment, efforts and hard work for global welfare is making the world safer and prosperous. The World looks at India as an important pillar of stability. A friend who can be trusted, a partner who believes in people-centric development, a voice that believes in global good, an engine of growth in the global economy, a technology hub for finding solutions, a powerhouse of talented youth and a democracy that delivers."

Narendra Modi
Prime Minister of India



CM Bhupendra Patel Extends Warm Welcome to All Delegates

In his address, the CM mentioned that 50% of MoUs signed during Vibrant Gujarat Global Summit-2024 are 'Green MoUs'

Chief Minister of Gujarat Bhupendra Patel extended a warm welcome to delegates from over 130 countries at the inaugural ceremony of the Vibrant Gujarat Global Summit-2024 and emphasized the summit's significance in fostering international collaboration.

The CM, in his address, lauded Prime Minister Narendra Modi's global vision encapsulated in the theme 'One Earth, One Family, One Future'.

"I welcome 34 partner countries and delegates from over 130 countries to the Vibrant Gujarat Summit. PM Modi has taken the idea of 'One Earth, One Family, One Future' to the world. The success of India's G20 presidency has made the country proud," the CM said.

Patel highlighted India's pride in the success of its G20 presidency and expressed optimism about the positive impact the summit would have on Gujarat's global standing and partnerships.

"Vibrant Summit's pioneer and architect PM Modi has described the Summit as a platform for business bonding as well as binding. Today, the presence of you all here is a proof of it," the CM said.

He also mentioned that most of the Memorandums of Understanding (MoU) signed at this year's summit were green MoUs.

"I am elated to tell you that 50% of MoUs signed during this Summit are 'Green MoUs'," the Gujarat CM said.

World looks at India as an important pillar of stability, a friend who can be trusted: PM Modi

In his address during the inaugural session of the Vibrant Gujarat Global Summit-2024, Prime Minister Narendra Modi said that strengthening of partnerships with I2U2 and other multilateral organisations along the principles of 'One World, One Family, One Future' has now become a prerequisite to global welfare

Addressing the gathering at the inaugural session of the Vibrant Gujarat Global Summit-2024 (VGGS-2024) Prime Minister Narendra Modi reiterated the pledge to make India 'viksit' by 2047, making the next 25 years 'Amrit Kaal' of the country. "It is time for new dreams, new resolutions and continuous accomplishments," he said.

He noted the significance of the first Vibrant Gujarat Summit of the 'Amrit Kaal'.

The Prime Minister said that the participation of H.R.H Sheikh Mohammed bin Zayed Al Nahyan, President of the United Arab Emirates & Ruler of Abu Dhabi in the Vibrant Gujarat Global Summit as the chief guest is special as it signifies the deepening ties between India and UAE.

PM Modi said that his thoughts and support towards India are filled with warmth and heartiness as he mentioned Vibrant Gujarat becoming a global platform for economic development and investment-related discussions.

He highlighted the India-UAE partnerships in increasing support to the renewable energy sector, innovative healthcare, and investments of several billion dollars in India's port infrastructure. He also mentioned the initiation of operations by UAE's Sovereign Wealth Fund in GIFT City and aircraft and ship leasing activities by transworld companies.

The PM gave huge credit to H.R.H Sheikh Mohammed bin Zayed Al Nahyan for the soaring partnerships between India and UAE relationships.

Referring to the august presence of the President of Mozambique Filipe Nyusi — an alumnus of IIM Ahmedabad — the PM expressed pride for the inclusion of the African Union of G20 permanent membership during India's Presidency. He said President Nyusi's presence has deepened the India-Mozambique as well as India-Africa ties.

According to PM Modi, Petr Fiala's first visit to India as Prime Minister of the Czech Republic signifies the Czech Republic's old ties with India as well as with Vibrant Gujarat. PM Modi mentioned cooperation in the automobile, technology and manufacturing sectors.

PM Modi also welcomed Nobel laureate and President of Timor Leste José Ramos-Horta and highlighted his use of Mahatma Gandhi's principle of non-violence with his country's freedom struggle.

Referring to the 20th anniversary of the Vibrant Gujarat Summit, the PM Modi remarked that the summit has showcased new ideas, and created new gateways for investments and returns.

Throwing light on this year's theme of 'Gateway to the future', PM Modi said that the future of the 21st century will be brightened by shared efforts. During India's G20 Presidency, the PM said that a road map for the future has been presented and it is being forwarded by the vision of Vibrant Gujarat Global Summit. He also mentioned the strengthening of partnerships with I2U2 and other multilateral organizations along the principles of 'One World, One Family, One Future' which has now become a prerequisite to global welfare.

"The priorities and aspirations of India's 1.4 billion citizens and their belief in human-centric development coupled with the government's commitment to inclusivity and equality is a major aspect of world prosperity and development," PM Modi remarked.

Today, the Prime Minister mentioned that India is the 5th largest economy in the world while it lagged at 11th position 10 years ago. He also underlined that in the next few years, India will go on to become one of the top 3 economies in the world, as predicted by various rating agencies in the world.

"Experts can analyze this, but I guarantee that India will become the 3rd largest economy in the world", PM Modi emphasized.

He further added that India has become a ray of hope for the world at a time when the world has witnessed multiple geopolitical instabilities. Reflecting on India's priorities whose glimpse can be seen in the Vibrant Gujarat Global Summit, the Prime Minister mentioned sustainable industries, manufacturing and infrastructure, new age skills, futuristic technologies, AI and innovation, green hydrogen, renewable energy, and semiconductors.

Speaking about spending time in this trade show with His Excellency Nyusi and His Excellency Ramos Horta yesterday, the Prime Minister said that the trade show has showcased products made with world-class state-of-the-art technology in sectors like E-Mobility, Start-Ups, Blue Economy, Green Energy and Smart Infrastructure. He said that new opportunities are constantly being created for investment in all these sectors.

The Prime Minister elaborated on the government's focus on structural reforms as the basis of the Indian economy's resilience and momentum as these reforms have enhanced the economy's capacity, capability, and competitiveness. He said that recapitalization and IBC have led to a robust banking system, abolition of about 40 thousand compliances have led to ease of business, GST has removed the labyrinth of taxation, better environment for diversification of global supply chain, the recent signing of 3 FTAs, including one with UAE; opening of many sectors for automatic FDI, record investment in infrastructure and 5 times increase in capex.

He also mentioned unprecedented strides in green and alternatives sources of energy, 3 times increase in renewable energy capacity, 20 times capacity in solar energy capacity, affordable data prices have led to digital inclusion, optical fiber to every village, roll out of 5G, third largest startup ecosystem with 1.15 lakh registered startups. He also touched upon the overall record increase in exports.

Vibrant GUJARAT 10-12 Jan 2024

Gateway to the Future | 10th Global Summit

Celebrating 20 YEARS OF SUCCESS

MINT MEDIA MARKETING INITIATIVE

Global Business Leaders Hail PM's Vision at Vibrant Gujarat Global Summit-2024

Lakshmi Mittal, Executive Chairman, Arcelor Mittal,

recalled visiting the 20th anniversary of Vibrant Gujarat last year in September and praised the Prime Minister Narendra Modi's emphasis on process continuity to create an institutionalized framework for the mega global event of Vibrant Gujarat Summit. He also highlighted the PM's belief in the principles of 'One Earth, One Family, One Future' and strengthening the voice of the global south in every international forum. Underlining the importance of steel in making a nation self-dependent, Mittal recalled the foundation stone laying of ArcelorMittal Nippon Steel India Hazira Expansion Project in 2021 and informed that the first phase of the project will be completed by the stipulated target year of 2026. He also touched upon investing in green sectors such as renewable energy and green hydrogen.

Toshihiro Suzuki, President, Suzuki Motor Corporation, Japan, credited PM Modi for his strong leadership and thanked him for the support provided to manufacturing industries in the country. Stating that India has now become the 3rd largest automobile market in the world, Suzuki highlighted the impact of the

PM Modi's progressive approach on the country's economic growth. He also touched upon the company's plans to roll out the first EV produced in India while also exporting it to European countries and Japan as he underlined the efforts on increasing production capacity. He also mentioned the organization's plan to contribute to reducing greenhouse emissions through ethanol, green hydrogen and the production of biogas from cow dung.

Mukesh Ambani, Chairman, Reliance Industries Ltd, called Vibrant Gujarat the most prestigious investment summit in the world today as no other summit of this kind has continued for 20 long years and is going from strength to strength. "This is a tribute to our PM Narendra Modi's vision and consistency", he said. He informed that he has participated in every single edition of Vibrant Gujarat.

Expressing pride in Gujarati origins, Ambani credited PM Modi for the transformation of Gujarat. He elaborated on how India's Prime Minister makes the impossible possible - 'Modi hai to mumkin hai' and said that the slogan finds resonance in the global audience and they agree. Remembering his father Dhirubhai, Mukesh Ambani said that Reliance was and always will be a Gujarati Company. "Each Reliance business is striving to fulfill the dreams of my seven-crore fellow

Gujaratis", he said.

Ambani made five pledges to Gujarat. First, Reliance will continue to play a leading role in Gujarat's growth story with significant investments in the next 10 years. "We will help Gujarat's target to meet half of its energy needs through renewable energy by the year 2030". A 5000-acre Dhirubhai Energy Giga Complex is coming up in Jamnagar which will be ready to be commissioned in the second half of 2024 itself, he informed. Second, due to the fastest rollout of 5G, today Gujarat is fully 5G enabled. This will make Gujarat a leader in digital data platforms and in AI adoption. Third, Reliance Retail will expand its footprint to bring quality products and help lakhs of farmers and small merchants. Fourth, he said, Reliance will make Gujarat a pioneer in new materials and circular economy. The group is establishing a world-class carbon fiber facility at Hazira. He said in accordance with the PM Modi's announcement of intention to bid for the 2036 Olympics, Reliance and Reliance Foundation will join forces with several other partners to work to improve the sporting, education and skills infrastructure in Gujarat.

He further added that "today's India is indeed the best time for the young generation to enter the economy, to innovate and to provide ease of living and ease of earning to 100s of millions of people. The coming generations will be thankful to the Prime Minister for being both a nationalist and an internationalist. You have laid a solid foundation for Viksit Bharat." He concluded by saying that no power on earth can stop India from becoming a 35 trillion dollar economy by 2047. And I see Gujarat alone becoming a 3 trillion-dollar economy."

Sanjay Mehrotra, CEO, Micron Technologies, USA, thanked PM Modi for his vision to open up the country to semiconductor manufacturing and said that it will become a huge economic driver in the future as India marches forward to become the third-largest economy in the world. He also thanked the state and central government for their support in helping establish a world-class memory assembly and test facility in Gujarat as he mentioned the infrastructure partnership

with TATA Projects for the facility. He informed that the first phase covering an area of 5,00,000 sq ft will be operational by early 2025 thereby creating 5,000 direct jobs and 15,000 additional community jobs over the coming years. "Combined investment by Micron and Government over both phases could reach up to 2.75 billion US Dollars," he said.

Gautam Adani, Chairman, Adani Group expressed pride in being a part of every edition of the Vibrant Gujarat Summit so far. As he thanked PM Modi for his extraordinary vision, Adani lauded his hallmark signatures, grand ambitions, meticulous governance and flawless execution. He credited the Prime

Minister for his appeal which ignited a nationwide movement as the states marched forward competing and cooperating to fundamentally remodel India's industrial landscape. He underlined that since 2014, India's GDP has grown by 185% and per capita income by 165%, which is remarkable especially in an era marked by geopolitical instability and pandemic challenges.

Mentioning the inception of the International Solar Alliance and the PM's leadership during India's G20 presidency, inclusion of the Global South to the G20, Adani said that it set the benchmarks for a more inclusive world order and is a defining moment in Indian history. "You don't predict the future, you shape it," Adani said.

He said that the India of today is poised to shape the global future of tomorrow, owing to the PM Modi's vision of making India 'Viksit Bharat' by 2047. He also announced an investment of Rs55,000 crores in the state by 2025 while surpassing the target of Rs50,000 crore investments in various sectors creating 25,000 direct and indirect jobs.

Adani also touched upon expanding towards a green supply chain for an Atmanirbhar Bharat and creating the largest integrated renewable energy ecosystem including solar panels, wind turbines, hydro electrolyzers, green ammonia, PVC and expansion in copper and cement projects. He informed about Adani Group's plan to invest over Rs2 lakh crores in the next five years in Gujarat, thereby creating over 1 lakh direct and indirect jobs.

Jeffery Chun, Global CEO, Simmtech, South Korea, said that as key supply chain partner in the semiconductor assembly and test facilities expressed excitement for their India project as

a co-location investment following their major customer Micron's project in the state of Gujarat. He informed that they are preparing another round of colocation investment in India and noted state and central government support. This will make India's presence in the semiconductor supply chain network much stronger and will enable India's local player to be part of the global supply chain ecosystem.

N. Chandrasekaran, Chairman, Tata Sons Ltd, said that the steady and spectacular progress of Gujarat consistently over such a long time demonstrates visionary leadership and the mindset of our PM Modi. He underlined that economic development has also resulted in tremendous social development and Gujarat has established itself as the gateway to the future. He highlighted the origin of Tata Group in Gujarat as the Founder Jamshedji Tata was born in Navsari. Today 21 Tata Group companies have a strong presence in the state. He also

elaborated on the expansion plan of the group in Gujarat in the areas of EV vehicles, battery production, C295 defence aircrafts and semiconductor fab, advance manufacturing skill building. "Gujarat is one of the most important destinations for Tata Group and we will play a key role in its development journey", he said.

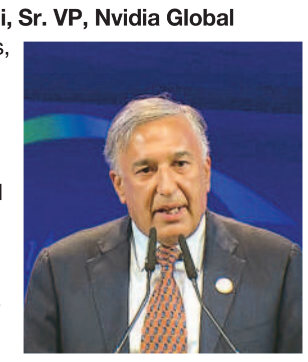
Sultan Ahmed bin Sulayem, Chairman, DP World, UAE, said that it is heartening to see the Prime Minister's vision for a vibrant Gujarat becoming a reality as he congratulated the Gujarat Government for organizing the Summit. He credited the government for developing and promoting various industrial clusters such as GIFT City, Dholera Special Investment Region and the Gujarat Maritime Cluster and said that it will act as a gateway to the future. Throwing light on the bilateral economic ties between India and UAE, he informed about the nation being one of the

biggest overseas investors in Gujarat having invested more than 2.4 billion dollars since 2017. He also mentioned Gujarat exporting goods worth more than 7 billion US dollars last year.

Noting that India was the world's fastest-growing major economy in the world, Sulayem emphasised that the growth is set to continue under the strong leadership of PM Modi. He also credited investment initiatives such as Gatishakit, which will help India and Gujarat realise their potential as economic powerhouses.

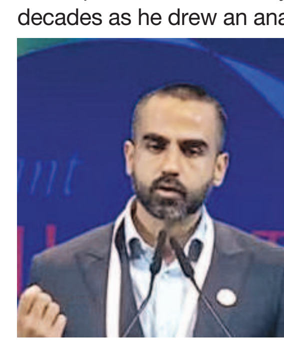
He mentioned DP World's plan to invest and develop state-of-the-art container terminals at Kandla, Gujarat with a capacity of 2 million containers. He expressed pride in partnering with the Indian government in expanding the country's logistics infrastructure and thanked the Gujarat Government for the opportunity to become part of the Vibrant Gujarat Summit.

Shankar Trivedi, Sr. VP, Nvidia Global Field Operations, noting the growing importance of generative AI recalled that PM Modi invited Jensen Huang, the CEO of Nvidia to deliver a lecture to the leaders to senior



members of the Indian government and said that "It was the first time that a global leader actually talked about AI. Thanks to the leadership of Prime Minister Modiji, it has been a catalyst of adoption of generative AI in India and also here in Gujarat. Explaining Nvidia's forays into skill development regarding generative AI, he said that 'India has talent, scale and amazing data and unique culture". He also underlined Nvidia's support for Make in India.

Nikhil Kamath, Co-Founder & CFO, Zerodha, threw light on the overall development of the country over the past two decades as he drew an analogy to his journey as an entrepreneur. He remarked that the last 10 years have been incredible as he hailed the country's startup ecosystem and the rise of small entrepreneurs



and e-commerce which was not the case 10 years ago. He credited the PM for facilitating a stable ecosystem allowing startups to thrive.

UAE President Al Nahyan addresses VGGS-2024

PM Narendra Modi, in a post on social media platform X, lauded the UAE Prez and said that his statements were very encouraging

The United Arab Emirates (UAE) President Mohamed bin Zayed Al Nahyan addressed the Vibrant Gujarat Global Summit-2024 on Wednesday. The speech signifies UAE's strong ties with India and Prime Minister Narendra Modi.

Following his speech, PM Modi, in a post on social media platform X, lauded the UAE President and said that his statements were very encouraging. "My brother HH @ MohamedBinZayed has not only graced the @VibrantGujarat Summit but also spoke at the Summit. His remarks were extremely encouraging. India cherishes his thoughts and his efforts to boost India-UAE ties," PM Modi wrote on X.

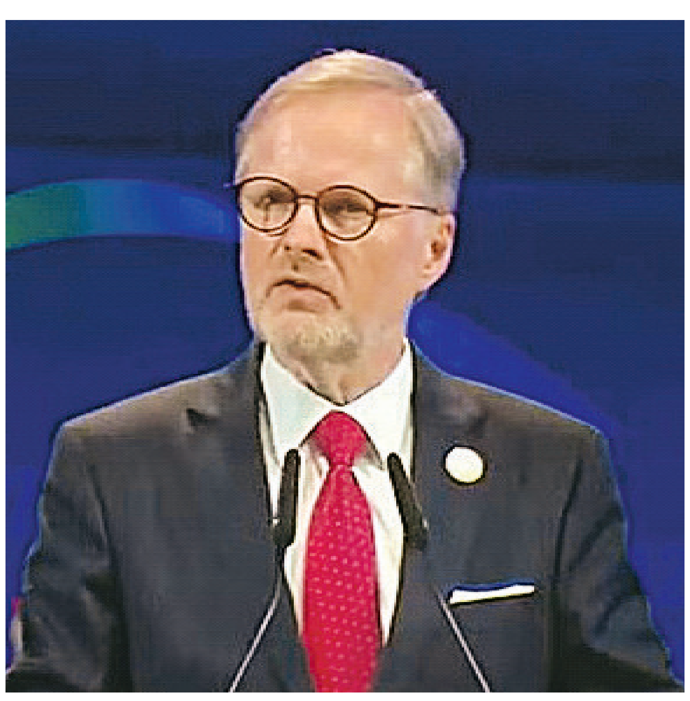
"India is proud of his ideas and efforts to strengthen India-UAE relations," he added.

PM Modi, who received UAE President Mohammed bin Zayed Al Nahyan at the Ahmedabad airport on Tuesday, described the UAE leader as "my brother" and said it is an honour to have him in India.

"Welcome to India, my brother, HH @ MohamedBinZayed. It's an honour to have you visit us," PM Modi said in a post on X.

He attached pictures that reflected the warm bond between the two leaders. The pictures showed two leaders hugging each other and holding each other's hand at the airport.

Potential for Czech-Indian Collaboration is Great: Czech PM Petr Fiala



In his address at the Vibrant Gujarat Global Summit 2024, the Czech PM said that the goal is to have reliable, efficient and sustainable energy

In his address at the Vibrant Gujarat Global Summit 2024, Prime Minister of the Czech Republic Petr Fiala, on Wednesday, said that the potential for Czech-Indian collaboration is great not only in energy but also in wastewater treatment or sustainable agriculture, and added that he is interested in long-term strategic investment.

He mentioned that the strategic investments would include AI (Artificial Intelligence) research and especially semiconductors.

"The goal is to have reliable, efficient and sustainable energy," Czech PM said, adding that this is about the green environment and the potential for Czech-Indian collaboration is great not only in energy but also in wastewater treatment or sustainable agriculture.

Adding further, Fiala said, "My government is mainly interested in long-term strategic investment. This includes AI research, electromobility and especially semiconductors. They are key for high-tech industries today, from cars to mobile phones."

He said that the Czech Republic is also paying close attention to innovation in the energy sector.

"Unlike many European countries, we believe in the future of nuclear power. We have 50 years of expertise in nuclear power. Our top interest is the development of small modular reactors… It is also a chance to improve our Czech-Indian capacities in nuclear energy research. We are very serious about innovation in renewable energy and green digital technologies," he added.

HEADS OF VARIOUS COUNTRIES LAUD

PM NARENDRA MODI'S VISIONARY PLANNING AND ACTIONS

Presidents, Prime Ministers, Ministers, Ambassadors, and Delegates of more than 130 countries participate in the Vibrant Gujarat Global Summit 2024

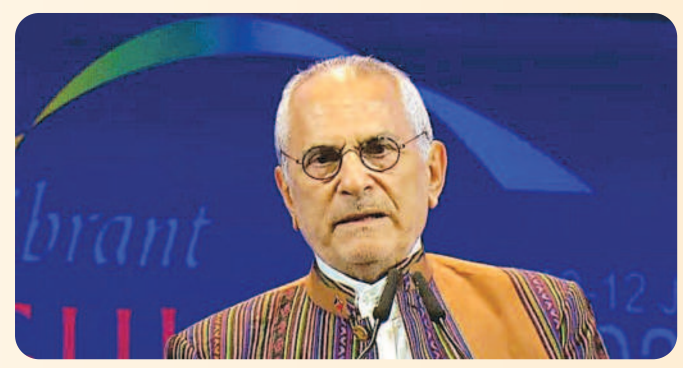
Jose Ramos-Horta, President, Timor-Leste

Referring to his visit to India in 2003, President of Timor Leste, and Nobel laureate José Ramos-Horta said that, the External Affairs Minister supported India's right to become a permanent member of the UN Security Council.

He said that he would continue to advocate for India and Indonesia, two Asian countries, to become permanent members of a reformed, representative at the UN Security Council. India has always shown its cooperation on the global stage.

He also acknowledged India's major contribution to the forces in Timor-Leste. He also shared about the natural resources and investment opportunities available in Timor-Leste, and praised the coffee grown in his country.

Talking about the prosperity related to biodiversity, he said that we also have huge opportunities for the tourism industry there. We are eager to partner with countries like India.

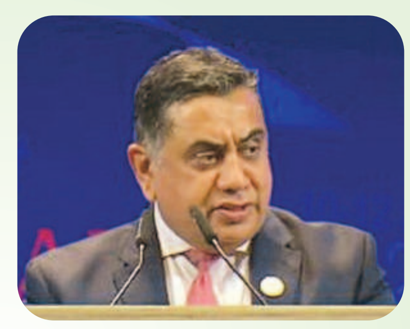


Shin Hosaka, Vice Minister, International Affairs, Japan

Shin Hosaka, Deputy Minister of International Affairs of Japan said that India and Japan are special strategic global partners. India and Japan share a history behind them. We have been investing in India and Gujarat and collaborating in technology. etc and will continue to do so. We are grateful to the Prime Minister and India for the warm care and help they received from India during natural calamities. He also appreciated India's G20 Presidency. He also mentioned about the cooperation between the two countries in the field of semiconductors. Japan is and always will be India's trusted and reliable friend.

Lord Tariq Ahmad, Minister of State, UK

Lord Tariq Ahmad, the UK's Minister of State, surprised the audience by beginning his speech in Hindi, emphasising his roots in India. He praised the Vibrant Gujarat Global Summit as a true master class, providing an immersive experience of the Indian story. Lord Ahmad highlighted the centuries-old relationship between India and the UK, noting the perfect combination between the two nations and the close ties in various areas, including cricket and culture. He mentioned that India is the second-largest investor in the UK with over 900 Indian businesses operating in the UK. The trade between the UK and India is valued at $3.8 billion, witnessing a 24% increase last year. Lord Ahmad expressed excitement about the potential for partnerships between the UK, India, and Gujarat.



Highlighting the relationship between Gujarat and the UK, he mentioned that the Statue of Unity was designed by a UK artist and expressed a desire to deepen this partnership.

Lord Ahmad emphasised the importance of mutual cooperation in the education sector and referenced the Memorandum of Understanding (MoU) in the field of higher education. He conveyed confidence that the relations between the UK, India, and Gujarat will endure for a long time.

Prakash Sharan Mahat, Finance Minister, Nepal

In his statement, Prakash Sharan Mahat, Finance Minister of Nepal, praised the leadership of Prime Minister Narendra Modi. He stated that India has become a new economic superpower and has achieved this status by assuming the presidency of the G20.

He also emphasised the historical relations between Nepal and India and said that cooperation between the two countries in the areas of religion, culture, and economy has become stronger. He also mentioned the recent power purchase agreement between Nepal and India. Under this agreement, Nepal will export 10,000 megawatts of electricity to India over 10 years. This agreement will open up opportunities

for investment in hydropower in Nepal and help both countries achieve their green energy transition goals.

He also highlighted the economic initiatives being taken by the Nepal government. He said that Nepal will be hosting an investors' summit in April 2024. The purpose of this summit is to attract foreign investment in Nepal.

Taavi Rõivas, Minister of Economic Affairs and Information Technology, Estonia

Estonia's Minister of Economic Affairs and Information Technology, Taavi Rõivas, expressed that India is a religious nation, much like Estonia, and both countries are committed to preserving their cultural and linguistic heritage. Estonia has been an independent nation for the past 30 years, and today, they are at the forefront of using technology for the benefit of citizens globally. Estonia is dedicated to collaborating with Gujarat, as Gujarat has become synonymous with development. Estonia is ready to work with the Gujarat government in various areas, including e-governance, green technology, cyber security, education, and others, to contribute to the progress of both regions.

Vahan Kerobyan, Minister of Economy, Armenia

Armenia's Minister of Economy Vahan Kerobyan expressed that the development of industry requires a special environment. A business-friendly environment is created only through policy. We have had very good bilateral relations with India as Europe and India have had trade relations for centuries. The summit truly feels like a gateway to the future, he added.

Filipe Nyusi, President, Mozambique

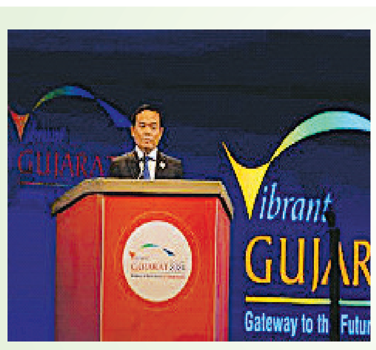
In his address Filipe Nyusi, President, Mozambique, said that Gujarat's industrial development and growth particularly in petrochemical refinery and diamond cutting & polishing industry is praiseworthy. Companies from India and other countries should invest in Energy sector in Mozambique. Mozambique has major natural gas reserves and high potential of Hydro and Solar energy.

Engineer Ibrahim bin Youssef Al-Mubarak, Assistant Minister of Investment, Kingdom of Saudi Arabia

The Minister congratulated India for becoming the fifth largest economy in the world. Focus sectors of Saudi Arabia are Services, Tourism, IT, Green Energy, Smart Cities, etc. He mentioned that more than 200 companies have recently invested in Saudi Arabia.

Ryad Mezz, Minister of Industry and Commerce, Morocco

Moroccan Minister of Industry and Trade Ryad Mezzour expressed his pleasure in participating in the summit. He stated that it is an honour to be present at a summit with such a global reputation. He also praised the fact that the summit includes not only large countries but also small countries. He stated that India has become Morocco's largest investor country. He added that mutual cooperation can strengthen economic development.



Tran Luu Quang, Deputy Prime Minister, Vietnam

Tran Luu Quang, Deputy Prime Minister, Vietnam, stated that the focus is on discussing new development drivers and trends, including green economy, circular economy, digital economy and smart cities. These are the areas of priority in Vietnam's development and international integration process.

OUR VIEW

ISTOCKPHOTO

Our import duty regime needs urgent correction

The budget is an opportunity to rectify inversions. We need generally lower tariffs and not just item-wise fixes for better trade performance and integration with global value chains

Indian policymakers are expected to fix inverted import duties for sectors like textiles, leather and engineering goods, so that inputs are not charged at a higher rate than ready-to-use products. The commerce ministry has reportedly reached out to the finance ministry to sort out such distortions for more than a dozen items in the Union budget. Manufacturers have long sought corrections, as high input duties increase local production costs, but government action has been slow. Still, it's a good sign that another attempt may soon be made. After all, enlarged domestic costs not only make it harder to compete overseas, it can even mean that imports work out cheaper in many cases in spite of tariffs on finished products. Hence, an inverted duty regime tends to work against 'Make in India.' In any case, for Indian factories to participate more in global value chains, we must rationalize our tariff regime so that it is not an outlier amid globally sprawled participants with lower charges, and assure investors of rate stability in the future.

To be sure, several duty inversions have already been addressed by the government over past years. In some of these cases, however, the apparent fix took the form of tariff hikes on final-product imports. Also, an item-by-item approach has proven insufficient to untangle a jumble of complications we have ended up with. Apart from basic customs duty, there are other levies, with duty drawback and remission schemes covering several sectors. Some input items are said to serve multiple ends that are taxed differently, so what's an inversion in one case may not be for another. The very complexity of our entry levies could deter businesses looking at factories located in India as links in their trans-border operations. Instead of a rate system that displays excessive variability without a clear rationale (and what's arbitrary is often in the eye of the would-be investor), we need a broad policy of tariff reduction that conveys a coherent purpose: a general openness to trade. This will not only push local manufacturers to get globally competitive, but is critical in a globalized world of products made with components from various countries.

The signals sent out by India's tariff policy have not been helpful. By the World Trade Organization's analysis, average import tariffs for origin countries with which India does not have free-trade agreements have risen to 18.3% in 2021 from 13.5% in 2014. Although these are nowhere near the largely three-digit levels that kept our economy closed before 1991, the uptrend has attracted adverse attention abroad for defying the spirit of globalization. While our rates are not so high as to barricade imports, they still have distortive effects. To cheapen local factory output across the board, inputs generally need to be cheaper; and to drive domestic efficiency and quality upwards, what's made in India needs increased exposure to foreign competition. Of course, since not all players would be able to survive sudden import-barrier drops, a definitive reversal of our tariff trend would carry the risk of a shake-up with more losers than winners. To mitigate this, a calibrated reduction path may be needed. Still, minimally, what's important is to signal a clear direction in which our policy is headed. There would be fiscal implications too, no doubt, but tariffs should not be treated as a revenue source. In any case, the money lost would be far outweighed by the eventual gains if manufacturers achieve the competitiveness needed to become 'China plus' suppliers to the world at large.

GUEST VIEW

Consumer lending: Business as usual or time to adopt caution?

There are signs of binge borrowing at the retail level and the risk of it going overboard isn't trivial

SWANAND KELKAR
is managing partner at Breakout Capital.

During a recent shopping expedition, we encountered a consumer offer that turned the concept of present-value of money on its head. We were looking to buy a refrigerator and were informed that if we opted for a no-cost six month equated monthly instalment (EMI) plan, we would get a discount. No such discount was available on making the full payment instantly.

In effect, we were being told that if we paid later, we would pay less. While a large part of this discount is funded by the appliance manufacturer, some of it is picked up by the lender that provides the EMI option. Their customer analytics probably tells them that a certain proportion of customers who avail such offers delay subsequent payments. In those cases, they can charge a usurious rate of interest which ends up subsidizing the customers who pay on time. This could give a nice bump-up to loan growth, which is a metric that investors closely track, even as more consumer data is stored that can help cross-sell other products as an added advantage.

The old Hindi line of "*Aaj nagad, kal udhaar*" has given way to credit discounts, and consumers seem to have enthusiastically jumped onto this bandwagon. This is evident in the recent net household financial savings data that the Reserve Bank of India (RBI) published. At 5.1% of gross domestic product (GDP) in 2022-23, it has fallen to a multi-year low. Importantly, it is a steady increase in financial liabilities that has been the main contributor to lower net savings. A simultaneous trend can be observed in the country's household debt-to-GDP ratio, which has gone up by almost 5 percentage points over the past five years to about 40%.

While India's household debt ratio is slightly lower than the worldwide emerging-market average of 49%, there are a few nuances to be mindful of. First, household debt ratios are positively correlated with per capita income levels. As economies get richer, financial systems deepen and household incomes can support higher levels of debt. Among large emerging markets, it's only the richer economies of China, Taiwan and Korea that have a household debt-to-GDP ratio in excess of 60%. Indonesia and the Philippines, with per-capita GDP lower than $5,000, have household debt ratios of 19% and 26% respectively.

Second, research by Motilal Oswal Securities estimates that non-mortgage debt in India is at 27% of GDP. This is comparable to developed economies like America, Japan and Australia. In a developing economy, home loans tend to account for a bulk of household debt, but in India's case, it is other types of consumer loans like auto, personal and agricultural loans that seem to account for a larger share of overall debt.

Third, any debt ratio has to be viewed in the context of the interest rates that are charged on it. Indian consumers face one of the highest rates of interest in Asia, which means that the same level of household debt tends to be a lot more burdensome in India than in many other countries.

The implications of these trends are not hard to fathom. For one, Indian consumers are effectively borrowing from their future earnings to consume goods and services today, which means strong income growth is a necessary condition for this trend to continue.

Also, it is hard to trace the end use of personal loans advanced, and if some of these are being used for speculative activities like trading in equity derivatives, investments in crypto assets, online gaming etc, it can create asset quality problems for lenders even without an income shock. While India has seen corporate credit cycles in the past, we have not really seen a full-fledged consumer credit cycle. This means we are not aware of all the fault-lines if stress levels were to worsen. At a macro level, lower household savings crimp the country's investment ratio, all else being equal, and over the last five years, India's gross domestic savings ratio has declined from over 32% to 29% in fiscal 2022-23.

So, is this reason enough to be alarmed? Apart from a few lenders highlighting slightly higher stress in certain consumer loan categories, there aren't any warning signals. RBI's most recent *Financial Stability Report* sounded no alarm bells either with respect to overall retail credit quality, even though it highlighted some instances of consumer indebtedness. About 43% of customers availing consumption loans already had three other active loans, and about 30% of customers had availed more than three loans in the past six months. A few years ago, we noted the trend of rising consumption loans in these pages , highlighting what its enablers were. At that time, we wrote: "Like all powerful trends, this trend could be prone to getting over-extended in due course of time."

RBI deserves credit for pre-emptively increasing risk weights and tightening norms for unsecured consumer lending. But some revelries are so intoxicating that warnings do not dampen the spirit of revellers. In the context of these trends at this point in time, we are dancing in a room in which the clock has no hands.

10 YEARS AGO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Shares hit lifetime high as company posts better-than-expected profit, raises full-year revenue outlook
Revenue growth rates remain unexciting
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Govt rejects Vedanta's bauxite mining plans in Niyamgiri
Timelines proposed to monitor projects

JUST A THOUGHT

> Complete free trade is not politically feasible. Why? Because it's only in the general interest and in no one's special interest.
>
> MILTON FRIEDMAN

THEIR VIEW

Prudence mustn't choke credit availability for the needy

ANUJ AGARWAL & VIDYA MAHAMBARE

are, respectively, chief economist and head of research at TruBoard Partners, and professor of economics and director (research), Great Lakes Institute of Management.

In November, the Reserve Bank of India (RBI) raised the risk weights that lenders apply to unsecured retail loans and bank loans to non-banking financial institutions (NBFCs). The objective was to check the rapid growth in unsecured lending in recent years. These are loans that are not backed by collateral. Hence, in case of a repayment default, the lender must bear the full loss. Higher risk weights translate into lenders needing more funds to maintain their capital adequacy ratios so that defaults can be absorbed with less impact on their balance sheets. However, higher risk weights lower banks' net returns on such loans. In turn, banks tend to lower lending in such segments or charge higher interest rates.

Retail loans by scheduled commercial banks grew at a compounded annual growth rate (CAGR) of 17% for the 5 years ended 31 March 2023. Non-retail loans grew at a CAGR of 7% in this period, while retail loans by NBFCs have grown at a CAGR of 26% for the 5 years ended 31 March 2022. Lenders, especially banks, pivoted to retail lending after witnessing poor asset quality in corporate, agricultural and MSME lending. The share of retail loans in outstanding bank credit increased to over 30% in 2023 from about 20% in 2018. The NBFC lending trend is along similar lines.

Retail loans can be broadly classified into those taken for asset purchases (i.e., for a house, consumer durable, education, etc) and for consumption or events (holidays, wedding celebrations, etc). RBI has expressed concerns over the quality of unsecured retail advances as bank assets. These include consumer-durable loans, credit-card spends, open-ended personal loans, *et al*. According to industry sources, the risk of quality deterioration (i.e. of loans not repaid) is concentrated in small-ticket personal unsecured loans (of under ₹50,000).

Unsecured personal loans, however, are not necessarily unproductive. Consider consumer durable loans. Most improve the quality of life of loan-bearers and potentially increase the earning capacity of relatively low-income households that do not have sufficient savings to buy such products with upfront lump sums. For example, smartphones have enabled gig workers to earn respectable livelihoods. The accessibility of easy financing options (no-cost EMIs and other buy-now-pay-later schemes) has made smartphones and other consumer durables more attainable for low-income households.

If RBI's directive reduces the availability of such loans to these households, it may hinder India's overall economic demand and recovery. It's important to note that an increase in lending rates, a likely consequence of elevated risk weights, may not deter wilful defaulters who are typically undeterred by higher interest charges. However, genuine demand for and the availability of small-ticket consumer loans, crucial for the well-being of lower-income groups, might be adversely affected. Lenders therefore need to be cognizant of the intent behind RBI's directive.

> **Unsecured retail loans are not necessarily unproductive even if lending practices need to change**

Retails loans are just a call or tap away nowadays and disbursal is almost instant. Hardly any of us has escaped recurrent phone calls offering personal loans and "lifetime free" credit cards. Technology has sharply brought down the delivery cost of small-ticket loans. This has helped formal lenders reach nearly every pin code in the country. PayTM recently said that as of 30 November, over 70% of its unsecured loans were under ₹50,000. The latest data from CRIF High Mark, a credit information company, shows that over 85% of personal loans in fiscal year 2021-22 were under ₹1 lakh, compared to just 35.3% in 2017-18. The number of credit cards in India has grown at a CAGR of 17%, while the amount outstanding on these cards has grown at a CAGR of 24% for the 5 years ended 31 October 2023.

Many new-age lenders and fintech firms pride themselves in having proprietary models and relying on alternative data to assess the credit risk while giving out loans to customers. Lenders must fine-tune their models to determine risks and willingness to repay. They need to identify genuine customers for credit. While increasing the reach of formal credit is necessary, robust mechanisms must be implemented while dealing with new-to-credit customers. It is a challenge to estimate any borrower's intent to repay. Credit scores are one such tool to assess a borrower's creditworthiness with some credit history. However, the credibility of credit bureaus has become questionable after RBI imposed fines on them for not maintaining accurate borrower data.

While there is a valid need for improved risk assessment before granting loans, industry practices that play on the cognitive biases of consumers, such as claims of zero-cost EMIs, cash-backs, instant discounts on EMIs, etc, must be curtailed and regulated. Such advertisements play on the aspirations of people and promote impulse-buying behaviour. Attention must also be given to identifying wilful defaulters and enhancing loan-repayment collections from them.

A prudent approach to risk management is essential. It is equally imperative to safeguard the availability of credit for vulnerable sections of society. Lenders may become too risk averse in the light of recent RBI actions and earnest low-income borrowers could suffer. Balancing these considerations will be pivotal in stabilizing the financial system and fostering a more inclusive and sustainable economic growth trajectory.

These are the authors' personal views.

GUEST VIEW

India's burden of public debt has stayed within reasonable limits

The Centre has spent heavily on its developmental priorities without borrowing more than what our GDP growth can handle

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ISTOCKPHOTO

In its recently released report on Article IV consultations with India, the International Monetary Fund (IMF) stated that in case of an adverse exigency, India's debt to gross domestic product (GDP) ratio may go up to 100% by 2028. This reflects a worst-case scenario, like a widespread resurgence of covid, severe global economic downturn, etc, and definitely not what we can reasonably foresee in the near future. Still, such headline-grabbing statements have managed to put a spotlight on the reality of India's public debt situation. This merits a deeper dive.

Any meaningful understanding of where India is placed on that parameter would require assessing the scale of the country's public debt, its drivers and sustainability. To sharpen the focus of this op-ed, we limit the scope of our discussion to only the central government's debt.

Scale: For fiscal year 2013-14, Reserve Bank of India (RBI) data suggests that the Centre's total debt was ₹58.6 trillion. This increased to ₹157.4 trillion by 2022-23. That's an addition of ₹98.9 trillion to the debt stock. But the absolute level of debt, taken in isolation, is inadequate to convey anything meaningful. For instance, the impact of ₹5 lakh debt on an individual who earns ₹2 lakh per annum will be different, compared to the same burden borne by someone who earns ₹20 lakh annually. Likewise, debt relative to income or output levels, or the debt-to-GDP ratio is a more relevant metric to comment on its scale. RBI data shows that by the end of fiscal 2013-14, central government debt was around 52.2% of India's GDP. By the end of 2022-23, this increased to 61%. Clearly, debt did increase over the last 9 years. Before moving any further, however, it's important to discuss why this happened.

Drivers: The addition to the country's debt stock was primarily driven by two major developments.

First, since 2014, the Narendra Modi government has been investing enormous public funds to create state-of-the-art infrastructure and empower all citizens by enabling equitable access to quality social, physical and digital infrastructure. Between fiscal years 2014-15 and 2022-23, the government invested ₹115 trillion (about $1.5 trillion) in this vision. That's an average spend of ₹12.8 trillion per year, almost twice the average annual spend between 2009-10 and 2013-14 of ₹6.85 trillion. The developmental expenditure budget for 2023-24 (at ₹22.64 trillion) is almost thrice the same for 2013-14. Clearly, the quantum of fund deployment and capacity of the country to absorb such large-scale investments has been raised substantially over the past 9 years. Debt has been an important source to finance this transformation.

Second, covid. The pandemic required the Centre to do everything necessary to protect the lives and livelihoods of all. The government leveraged this adversity to create a comprehensive welfare and social security framework that provides free foodgrains, vaccines, cash support and subsidies to all needy Indians. Alongside, the Atmanirbhar Bharat plan for self-reliance in manufacturing and other economic sectors was also kick-started. These initiatives had to be funded without diverting funds from other developmental priorities. A portion of debt therefore also got utilized on these initiatives. This is evident from the fact that the Centre's debt-to-GDP ratio, which declined consistently from 2013-14 till 2018-19 (from 52.2% to 49.6%), reversed its trajectory and jumped to nearly 62.8% by 2020-21 during covid times. Since 2020-21, however, this ratio has been declining and is now at around 61%.

Is central debt sustainable? Since 2014-15, India's economy has grown annually at an average rate of 6%. This pace of growth helped India expand its GDP by approximately 85% from $2 trillion to $3.7 trillion. Net tax revenues increased almost 2.5 times from ₹8.15 trillion in 2013-14 to ₹20.9 trillion in 2022-23. This growth has been made possible by consistent and large-scale public investments. India's economy is likely to continue growing at 6%-plus levels over the medium term. The non-performing asset (NPA) levels of banks are at decadal lows. The balance sheets of corporates are deleveraged. As a result, there are clear signs that private investments have started flowing into the economy. It is therefore reasonable to expect the private sector to drive future capital expenditure, easing the need for the government to add debt.

Also, the *Economic Survey 2022-23* notes that more than 98% of public debt is contracted at a fixed rate of interest. This means predictable interest payments. India is thus relatively well insulated from interest rate volatility. Further, 95.2% of the central debt is denominated in Indian rupees (i.e held by resident Indians). Only 4.8% is denominated in foreign currency, implying negligible exposure to foreign exchange volatility.

A global comparison of post-pandemic debt levels suggests that India's debt is well within acceptable limits. As of 2022, India's overall debt-to-GDP ratio (with obligations of the Centre and states combined) was 81%. In contrast, the ratio for France was 112%, Japan 260%, the UK 102%, the US 121%, Singapore 167% and China 77%.

Evidence suggests that central government debt is not only within acceptable limits, but also strongly insulated from external risks and volatility. The country's pace of economic growth further provides sufficient room to the government to achieve fiscal consolidation without needing to compromise its investment priorities.

Post-pandemic, the Centre has already reduced its fiscal deficit sharply from 9.2% of GDP in 2020-21 to an expected 5.9% in 2023-24. This should instil reasonable confidence in the Centre's ability to continue reducing its debt over the medium term. However, the Centre's debt may just be a red herring. Debt levels in some states like Punjab, Himachal Pradesh, West Bengal, etc, are touching worrisome levels. That's where the real challenge may lie. It is time to closely monitor the fiscal management of states.

These are the authors' personal views.

MINT CURATOR

Boeing seems to be losing the aircraft market to rival Airbus

It would be ironic if Airbus were to adopt Boeing's financial focus

CHRIS BRYANT
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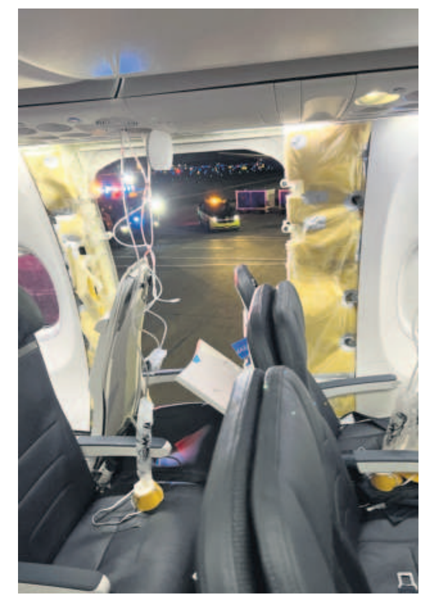

An Alaska Airlines Boeing 737 Max mishap has revived safety concerns REUTERS

When Boeing was building a seemingly unassailable position in commercial aviation in the 1960s and 70s, passengers' faith in its relentless focus on quality inspired the slogan "If it ain't Boeing, I ain't going." After the latest calamity to befall the company—the in-flight blowout of a 737 Max door plug of a plane operated by Alaska Airlines that fortunately wasn't fatal, unlike the two crashes involving 737 Max jets in 2018 and 2019— aviation needs a new catchphrase that encapsulates Boeing's shattered safety reputation and the ascendance of its sole big rival. This flier suggests, "If it ain't Airbus, the regular bus will do just fine."

In the wake of the Lion Air and Ethiopian Airlines disasters, I wrote that the Airbus-Boeing duopoly had become "extremely unbalanced." At this point, I'm running out of hyperbole to describe the starkly diverging fortunes of the two aircraft makers.

Notwithstanding a punishing pandemic and supplier difficulties that have slowed Airbus' advance, on just about every metric the European firm is trouncing its US rival [whose CEO has reportedly admitted a "mistake" related to the Alaska Airlines incident]. Barring an unforced error, it's hard to see Boeing catch up.

Airbus's rise reminds me of the allegory of the tortoise and the hare. For a long time, investors were transfixed by Boeing's superior financial performance which Airbus struggled to match. The European company was formed via the merger of assorted national aerospace units, meaning Airbus' factories were spread across several countries and governments were always interfering to ensure they weren't disadvantaged. Though it enjoyed impressive sales success, thanks to innovations such as fly-by-wire, Airbus was forever engulfed with international bribery allegations or financial albatrosses such as the A380 superjumbo. But Airbus' persistence paved the way for the mess Boeing is in today. The 2010 launch of a more fuel-efficient version of the single-aisle A320 known as the Neo prompted its archrival to hurry its riposte, the 737 Max, leading to design compromises that may have played a role in the two crashes.

The grounding of the 737 Max helped Airbus add to its lead in single-aisle jets—the industry's cash cow. The European firm has capitalized on trade tensions that forced Boeing to pause deliveries to China and caused a long hiatus in Chinese orders. While Airbus executives said at the Paris air show in June that the duopoly is "alive and kicking," analysts at RBC Capital Markets expect Airbus to account for 60% of narrow-body plane deliveries until 2026. Boeing's latest safety issues will slow its production even more.

To be sure, Airbus has its own supplier issues, which constrain its ability to capitalize on this opportunity, the most serious being those affecting engines produced by RTX's Pratt & Whitney unit for the A320 Neo. This will require hundreds of jets to be grounded for inspections and may slow Airbus' ambition to up production. So, as my colleague Brooke Sutherland has noted, airline customers who want a new jet before the end of the decade may have no choice but to order from Boeing.

A hobbled rival isn't necessarily a good thing from Airbus' perspective, as it may prompt Boeing to develop new aircraft. But I think Airbus has little to fear on that front. Boeing has held back from building a mid-market aircraft to take on the long-range version of the A321 because executives worried it wouldn't deliver the substantial fuel efficiency improvements that justify such massive investment.

Besides, Boeing's balance sheet is in such a bad state—the US company has almost $17 billion in negative net assets and $39 billion of net indebtedness—it probably can't afford it. Airbus' stock has recouped all the losses caused by the pandemic even as productivity remains suboptimal due to the thousands of extra workers the company has hired to enhance manufacturing resilience. The shares touched a record high on Tuesday. With net cash likely to have exceeded €10 billion ($10.9 billion) at the end of December, it's also on the cusp of being able to return more money to shareholders.

Prioritizing investors instead of making investments in quality and resilience is what got Boeing into trouble—the US manufacturer spent around $44 billion on share repurchases between 2013 and 2019, according to data compiled by Bloomberg. Airbus has always been far more conservative and may find other uses for its cash, including acquisitions.

Nevertheless, it would be no small irony were Airbus to partly echo Boeing's cash-returning strategy. At that point, there will be no doubt that the tortoise has decisively beaten the hare.

MY VIEW | BEHAVIOUR BY BRAIN

Rice farming can inspire a collaborative work culture

BIJU DOMINIC

is chief evangelist, Fractal Analytics, and chairman, FinalMile Consulting.

Recently, I watched a chat with Lieutenant General Kanwal Jeet Singh Dhillon in which he described an unusual situation. His wife had heard of his death, mistakenly, not once but twice in his career. When it happened the second time, he was a commanding officer in Kashmir and his family lived in a military station near Ranikhet in Uttarakhand. His wife heard the tragic news around midnight. The next morning, she knew that family members of other soldiers in the military station will come home to console her. But she was sure of one thing. As the commanding officer's wife, she did not want to be seen as a weak or shattered woman in front of family members of her husband's junior colleagues. So in the morning, she combed her hair, dressed up and was ready to face visitors with a dignified demeanour.

Since the covid pandemic days, there has been a lingering question in the corporate world. Is work predominantly an individual activity or is it mainly a social activity? In this context, the above-mentioned video could serve to remind the corporate world what the fundamental nature of work is.

This video is a reminder that in the Indian armed forces, work is very much a group activity. Not just fellow soldiers, but even their family members who live together in the cantonment area are an integral part of the larger work culture of the armed forces. So Lieutenant General Singh's wife knew even at the saddest moment of her life that she too had an onerous duty to perform: she had a responsibility to keep the morale high of an entire military station.

Evolutionarily, work has never been an individual activity. For hundreds of millennia, hunting was the predominant work that humans undertook. And hunting was always done in a group with equal participation from men and women. It is interesting to note that those individuals who hunted alone or who did not join the group in its hunting expeditions were usually outcasts of that group.

Yet, one area where individualism is the norm is our educational system. This system has developed an environment in which each individual competes against others on academic performance. Success in a classroom happens when one has beaten everyone else in an examination race. Any type of collaboration while doing a project or writing an exam is termed "copying" and is considered unethical and even illegal. For the most part, collaboration and winning as a team are out-of-syllabus subjects in our educational system.

How do we transform students who have been trained to be very individualistic to become corporate citizens who act as true team players? An answer possibly arises from rice farming.

And so can the armed forces. The key is to remember that work at its best is a social endeavour

Rice cultivation needs standing water and thus complex irrigation systems that have to worked upon each year, with water to be drained, etc. One farmer's use of water affects his neighbour's yield. So rice farmers need to work together in collaborative ways. Rice farmers coordinate their water-use and keep track of everyone's labour contribution. On the other hand, wheat is a crop that does not need too much water or irrigation. Wheat farmers need to share water much less. To plant and harvest it takes half as much work as rice does. How does this farming scenario impact the behaviour of respective farmers?

A test case was China, where the Yangtze River divides northern wheat growers from southern rice cultivators. Studies have found that the southern part with rice cultivation, which requires sharing of water between various farmers, evolved to be a far more collaborative society. Rice villages established strong norms of reciprocity to cope with labour demands that were twice as high as drier-land crops like wheat. On the other hand, wheat farmers in the northern part of China grew up to be more individualistic. They were found to be just as individualistic as people in Western countries, which incidentally are predominantly wheat-growing.

A crucial question faced by corporate leaders is whether they can build a successful organization with more 'wheat farmers' or 'rice farmers.' To create more rice-farmer type of corporate citizens, who have a strong tendency to collaborate, organizations need to develop an environment where cooperation among employees is essential for each person's ultimate success. Unfortunately, during the last few years, because of the covid pandemic, workplaces have typically become less collaborative in nature.

With many employees working from home, a new individualistic narrative of work has emerged. With many an employee attending virtual meetings with their cameras switched off, forging camaraderie and emotional connections among team members has become a very difficult task. This is really hard on fresh talent that joined the corporate world in the last few years around the pandemic. They still haven't got an opportunity to shed the 'wheat farming' orientation of their educational upbringing and adapt to the 'rice farming' demands of the corporate world.

Post the pandemic, in the manufacturing industry and service sectors, work is back as a social activity. In the knowledge industry, however, work is yet to become a fully social activity. It is high time this industry's leaders learn a trick or two from rice farmers, and even more so from the Indian armed forces, on how to create a work culture that is truly social and appropriately collaborative.

'Camp memories' from Jammu in the 1990s

Abandoned houses in Nadimarg village in Kashmir, where 24 Kashmiri Pandits were shot dead in March 2003. GETTY IMAGES

Siddhartha Gigoo's memoir captures life in the Udhampur camp in Jammu in the 1990s and the continuing trauma of Kashmiri Pandits

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Siddhartha Gigoo was 15 when he left the Kashmir Valley. Despite securing admission in DAV College, Chandigarh, he chose to study—much to the consternation of his mother—in "camp school" in Udhampur, Jammu.

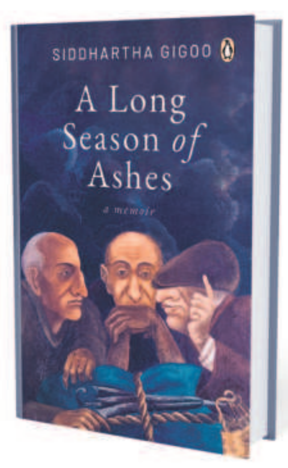
The school—five tents as classrooms—was set up for the children of Kashmiri Pandit families living in the "migrant camp" on Dhar Road, after fleeing the valley in the winter of 1990. There were 1,200 families, some from remote villages of Kashmir, living in 12x12ft canvas tents, sharing three toilets. In the initial few years, many died in the harsh conditions, which included heatstroke and snake bite.

"It was a conscious decision to study in camp school, and then camp college. From the conditions I saw in the camp, I knew this was not a matter of months or years, and that I should capture this—I maintained a journal," says Gigoo, 49, winner of the 2015 Commonwealth Short Story Prize (Asia) for his short story *The Umbrella Man*.

Gigoo's memoir, *A Long Season Of Ashes*, to be released next week, chronicles the story of exile through his eyes—the alienation, deprivation and the loss of a sense of identity among the people living in camps in the Jammu province. People lived in tents for over a decade, and were then moved to one-room tenements (ORTs). Some of these ORT colonies still exist in Jammu. Gigoo has also authored two books of poetry, and co-edited two anthologies of stories on Kashmiri Pandits, including *A Long Dream Of Home*.

Gigoo's non-linear narrative is choppy, going back and forth between time and places: Srinagar of a happier times; the fear and upheaval of 1989-90; a day in June in Udhampur, when his father sat with his head immersed in a bucket of cold water unable to bear the heat; in Delhi of 2012, his grandmother saying, "*Wumber ha gayam zaeth (My life has become long)*".

On 19 January, it will be 34 years since Kashmiri Pandits were forced to leave the Valley. Gigoo raises some pertinent questions: What will become of us years from now? How should we understand our history and its impact on us? In an interview, the Delhi-based Gigoo talks about the importance of preserving camp memory. Edited excerpts:



A Long Season Of Ashes *By Siddhartha Gigoo, Penguin Random House India 480 pages, ₹799*

How difficult was it to write this book?

This book is basically a selection of my diaries and letters (between him and his father) written from 1990 onwards about what we have gone through as a community, as a family, and at the individual level. I have tried to retain the language, keeping it raw. It was also my own exploration of how human memory works. So, in one sense, the book was easy to write because much of it was already written. What was difficult was trying to capture the camp life—to depict that inner trauma is almost impossible. It was not a one-month, two-month thing, a decade of living in camps in Udhampur and Jammu, from 1990-2000, and then ORTs.

Why is it so vital to document camp life?

That camp life of 20 years destroyed people. Nobody knows that inner destruction, the psychological scars because nobody cared. It destroyed our way of life. If you visit Muthi or Jagti camps in Jammu, people there won't talk—it's painful, they don't want to relive that horror. Even at the community level, we don't talk about those inner scars. I don't see any book or film depicting that inner trauma. Words can't capture what it was to go down a hill several times a day for five years to fetch water because our rented home had no running water. My grandmother used to collect water in *katoris* (small bowls), pressure cooker, any empty vessel she could find.

'I care about the grammar of displacement... We are not migrants because we did not leave of our own accord...'

The camp in Udhampur does not exist now, I don't think there is even a photograph of it. Of all the camps in Jammu, there must be at the most 10 photographs, which we keep floating on social media every year. Fifty years from now, if somebody wants to know about camp life, which book will they turn to? In the history of modern India, students should know that this was the largest displacement of a community after Partition.

How does one preserve this lived history for the future generation?

There is borrowed inherited memory. The question is how should we treat our memory? Should we preserve it or discard it because it is so painful? When there is no memory, there is no history. And without our history, we are nothing. Fifty years from now, it's possible people will say nothing happened to Kashmiri Pandits. So, then we are neither Kashmiris nor Pandits. Who are we? An entire community will be wiped out from its land. Our children and their children will be speaking in Hindi (or some other language), assimilated. Somebody will ask them, "What about your grandparents?" They will have no memory, the horror their grandparents/great-grandparents went through.

Ideally, we should have, if not 100, at least 60 books... If it's not written anywhere, it does not exist. All we have is this remembrance day (19 January). In that context, my book is only a footnote.

What was the reason for highlighting the plight of Kashmiri Pandits employed in the Valley under the Prime Minister's rehabilitation package, in a book which is essentially a memoir?

Because they are living as refugees in their own homeland. Their 15ftx12ft transit quarters have asbestos-sheet roofs and four families share a bathroom. Is that rehabilitation? That's what it has come down to—we are a package. These people live in camps in Jammu and transit quarters in Kashmir. In 2021, there was a spate of targeted killings of civilians. Terrorist outfits issued threats that they would turn the transit quarters into graveyards. What does that threat convey? It basically means you are not welcome here. I see no action (being taken) as far as the community is concerned.

Why is it misleading to call Kashmiri Pandits migrants?

Semantics, language, is very important. I am very careful when I am writing: we did not go through an ordeal, we were made to go through an ordeal. Somebody did not care, that's why we were made to go through that. I care about the grammar of displacement. The camps were all called migrant camps. Migrant quota, migrant student. We are not migrants because we did not leave of our own accord. It's not a diaspora. It's not like people immigrating to Canada or migrants seeking employment in Mumbai. It was a forced displacement. We should not have been called migrants, maybe internally displaced people (IDP). Maybe only then the UN and other international agencies might have recognised us and our plight. All we have right now is paper domicile. But anybody who has lived for a certain number of years in Kashmir can get a domicile certificate.

To what extent does 'exile memory' haunt you?

Every single day. My dad keeps talking about our ancestral home in Nawa Kadal, Srinagar. He has a photo of that house. He will always remember that home, while he will struggle to recall the house or sector numbers of all the rented houses we have lived in since leaving Kashmir. It was the same with my grandfather, who lost his memory. This might be true of all our elders. If you read the obituaries of Kashmiri Pandits, even now they state "original resident of so and so place in Kashmir". Why do we do that? Because that place is our umbilical cord.

Disclaimer: The writer contributed to the anthology Once We had Everything, *co-edited by Siddhartha Gigoo.*

Andrew Scott and (right) Paul Mescal in 'All Of Us Strangers'

Andrew Scott accesses his vulnerability

In 'All Of Us Strangers', Scott plays a screenwriter revisiting his childhood

Agencies
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On a recent winter day in New York when the sun was shining, Andrew Scott rushed into a coffee shop between recording sessions for an upcoming series. "I'm scheduled tighter than a teenage pop star," he said, beaming.

Scott, the 47-year-old Irish actor, is in demand like never before. That's partly due to accrued good will. A regular presence on stage in the West End, Scott is known to many as the "Hot Priest" of *Fleabag* or the cunning Moriarty of *Sherlock*. Soon, he'll play Tom Ripley in the Netflix series *Ripley*, adapted from the Patricia Highsmith novel.

But the real reason Scott's time is short right now is Andrew Haigh's new film, *All of Us Strangers*. In it, Scott plays a screenwriter working on a script about his childhood. The film is gently poised in a metaphysical realm; when Adam (Scott) returns to his childhood home, he finds his parents (Claire Foy, Jamie Bell) as they were before they died many years earlier.

At the same time, the movie, loosely adapted from Taichi Yamada's 1987 book *Strangers*, balances a budding romance with a neighbor (Paul Mescal), a relationship that unfolds with profound reverberations of family, intimacy and queer life. In a dreamy, longing ghost story, Scott is its aching, shimmering soul.

"The challenge of it was to try to go to that place but not gild the lily too much," Scott says. "As an actor, I have to be in touch with that playful side of myself and that part of you that's childish. I was actually quite struck by how vulnerable I looked in the film."

Scott's tender performance has made him a contender for the Academy Awards

Scott's acutely tender performance has made him a contender for the Academy Awards. At the Golden Globes on Sunday, he was nominated for best actor in a drama.

He's been acting since he was young; drama classes were initially a way to get over shyness. Scott's first film role came at age 17. He has often spoken about seeking to maintain a childlike perspective in acting. In that way, *All of Us Strangers* is particularly fitting. On Adam's trips home, he sort of morphs back into the child he was. In one scene, he wears his old pajamas and crawls into bed with his parents.

Haigh, the British filmmaker of *45 Years* and *Weekend*, began thinking of Scott for the role early on. They met and talked through the script for a few hours.

"He's a similar generation to me. He's a tiny bit younger than me, but he's from the same generation," says Haigh. "He understands that experience."

Scott came out publicly in 2013, but his natural inclination is to be private. "I feel like I've given so much of myself in the film, you think you don't want to give it all away," he says. He describes *All of Us Strangers*—which Haigh shot partly in his childhood home—as personal, but not autobiographical in its depiction of the alienation that can linger after coming out.

"Mercifully, I feel very comfortable for the most part. But it stays with you that pain, and it actually makes you more compassionate, I think. Because we shot in Andrew's childhood home, that sort of threw down the gauntlet in relation to how much of his own personality he was giving," says Scott. "I wanted it to be sort of unadorned, unarmored and raw. That's why I think there's such tenderness in the film."

On bended knee for a dairy treat in Sofia, Bulgaria

From a range of cheeses to warm yogurt dishes, the Balkan country serves up a lactose lover's dream buffet

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A few years ago, on an impromptu summer trip to the Balkan nation of Bulgaria, I found myself on bended knee in front of an open window asking for a princess. Now, before thoughts of a romantic proposal enter the mind, let me set the record straight. I was in the capital, Sofia, that is famous for its rather strange-looking pavement-level *klek* shops. The shops are reconverted bomb shelters of apartment buildings dating back to the Cold War era, and take their name from the Bulgarian word for kneel.

After the fall of communism in Bulgaria in 1989, residents of the apartments converted them into shops that could serve just one kneeling customer at a time through small sliding windows, with the shopkeeper's head at the level of the customer's feet.

The aforementioned princess is the name of an open-faced grilled sandwich with the brine-y sirene cheese crumbled over it. Sandwiches like the princess and a range of dairy products are often sold out of *klek* shop windows in the capital. Sirene, made with goat or sheep milk and similar to Greek feta, is used in all sorts of pastries and salads in Bulgaria.

DAIRY IS QUEEN

It's near impossible to miss a meal with sirene in Bulgaria. One of the most popular snacks in Bulgaria, the coiled laminated pie-like *banitsa*, is a baked pastry made of phyllo (or *fini kori*, as the Bulgarians call it). It has a layered stuffing of eggs, sirene and yogurt.

Another snack made of fired wheat and milk dough disks, *mekitsa* is topped with jam and sirene with a dusting of icing sugar finishing them off in a snowy blizzard of sorts. It morphs into the equally scrumptious *buhti*, a round dough ball topped with the jam-sirene-sugar combination. Another snack with this cheese is *milinki*, soft bread rolls stuffed with eggs and sirene.

Using a different sort of yellow brine cheese called *kashkaval*, another popular cheesy bread in Bulgaria is *tutmanik*. It's similar to pita, and made with yeast dough and milk. Unlike sirene, *kashkaval* is found in the cuisine repertoire of a number of other Balkan countries, including Serbia, Kosovo and North Macedonia.

The yogurt-based meatball dish *topcheta*; and (right) *shopska* salad. ISTOCKPHOTO

As it was summer, I made sure to fill up on refreshing cheese-enhanced salads. There was the sirene *shopska* salad with chopped onion, tomato and peppers, and the *snezhanka* or snow white salad had chopped cucumbers with yogurt, dill, garlic and diced walnuts.

MILKY WAY

For a lover of all things dairy like myself, it was interesting to learn—via a free food tour, Balkan Bites, around Sofia—that just like other Balkan cultures, the per capita consumption of dairy products and particularly yogurt called *kiselo mlyako* (sour milk) in Bulgaria is traditionally higher than the rest of Europe. Our guide, Marja, told us that the country is notable as the historical namesake for *Lactobacillus bulgaricus*, a micro-organism chiefly responsible for the local variety of dairy products that are as abundant as they are tasty.

The thick *kiselo mlyako* is the main ingredient of the cold summer soup, *tarator* that I made sure to get my daily fix of at the many food halls and restaurants around the compact Sofia city centre. Generally served as a first course, this refreshing soup—that many believe has Greek underpinnings—has some popular summer ingredients, including fresh cucumbers, walnuts, garlic, yoghurt, dill and herbs with a dash of vinegar or lemon juice for an added zing.

Another soup made with *kiselo mlyako*, and one that reminded me of a delicate Kashmiri *yakhni* gravy, was the *topcheta*. A simple meatball preparation, it is thickened with egg yolks and a dollop of yogurt.

While there is no doubt that the number one non-alcoholic beverage in Bulgaria is the fermented corn and wheat libation called *boza*, fermented milk drinks too are popular. Influenced by the 500 years of Ottoman rule, which gave Bulgaria a wide range of dishes like *kyufte* (*koftas*), *baklava* and *shish kebabs*, are drinks like *ayran*. It is a blend of cold yogurt, water and salt, and is often flavoured with sprigs of mint, similar to a savoury *lassi*. *Mütenitsa* or Bulgarian buttermilk is another great summer thirst-quencher.

An oft-repeated proverb in Bulgaria is centered around food: *nikoy ne e po-golyam ot hlyaba* (no one is larger than bread). But, for a country that celebrates dairy in all forms, replacing bread with cheese would perhaps be more apt.

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