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Business India

THE MAGAZINE OF THE CORPORATE WORLD

June 10-23, 2024

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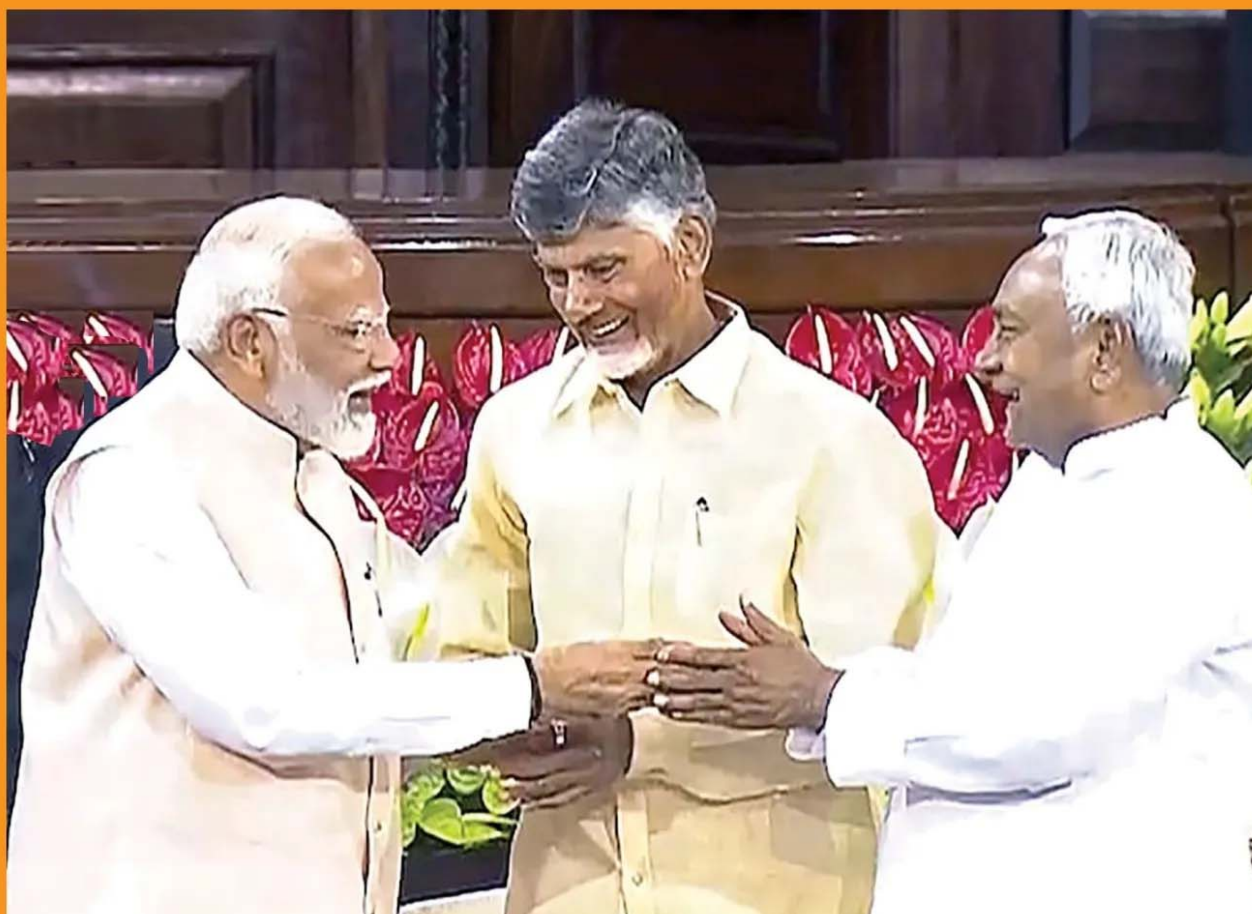

COALITION CHALLENGE

A shrunk mandate means compromises in governance

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Business India

The new Council of Ministers sworn in last evening reflects the fact that we are back to coalition governments. Is this a temporary phase, and are the days of a strong majority government behind us?

Many will argue that while there will always be national parties; the days of a single party sweeping the entire country are behind us. The sooner that all parties learn to work in coalitions, adjusting to others and accommodating their views, the better it is for the country to move ahead rapidly.

The nation, recognising what he has achieved, has given Prime Minister Modi, the mandate for the next 5 years. But with several caveats. In particular, the muscular and exclusionary Hindutva adopted by the BJP under him, may not be the Hinduism that was the ethos of the country for centuries.

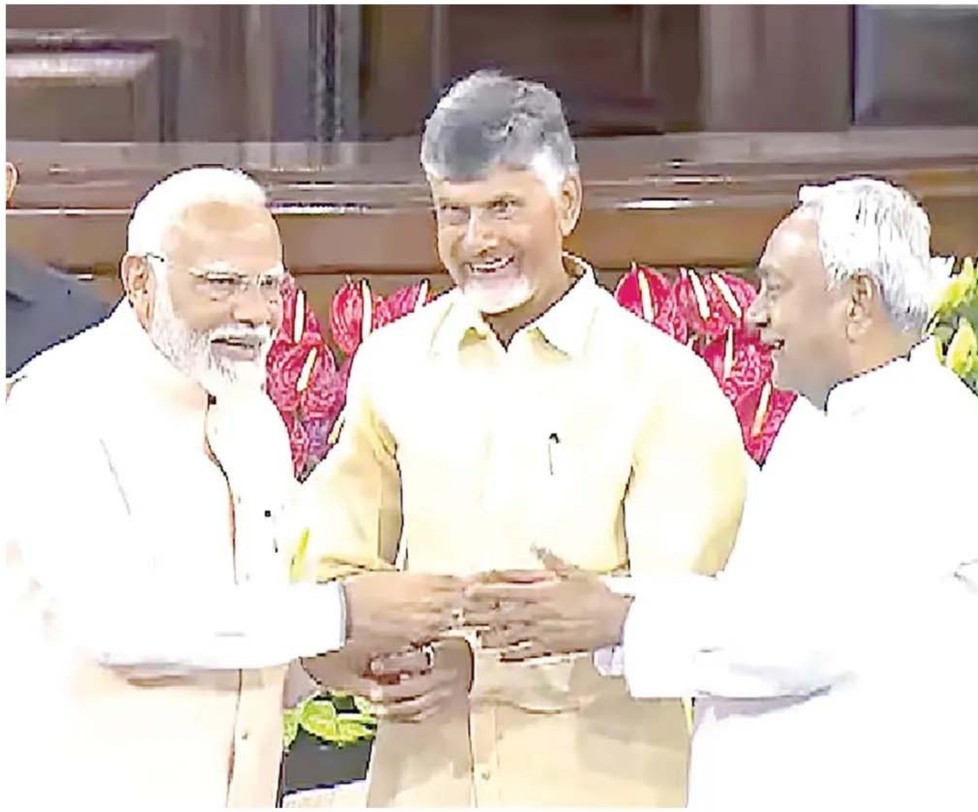
The results also reflect that the country is too large and too diverse for single-size solutions to work all over the country. Different States and regions are at differing stages of development, and have their own requirements. We also have to take into account the diverse social and political conditions in different States and regions. More important, centralising all major decisions just cannot work – especially in a vibrant democracy.

All are agreed that the goal is the rapid development of India to being a fully developed country. This means elimination of poverty, universal quality education, health care, prosperous agriculture and strong industry and housing and jobs. Of course, we require the massive investment and improvement in infrastructure we have seen recently. But massive investment in industry and infrastructure alone and that too without creating jobs on a massive scale, are not enough to make us a developed country. There are huge shortfalls in primary education and healthcare and housing too.

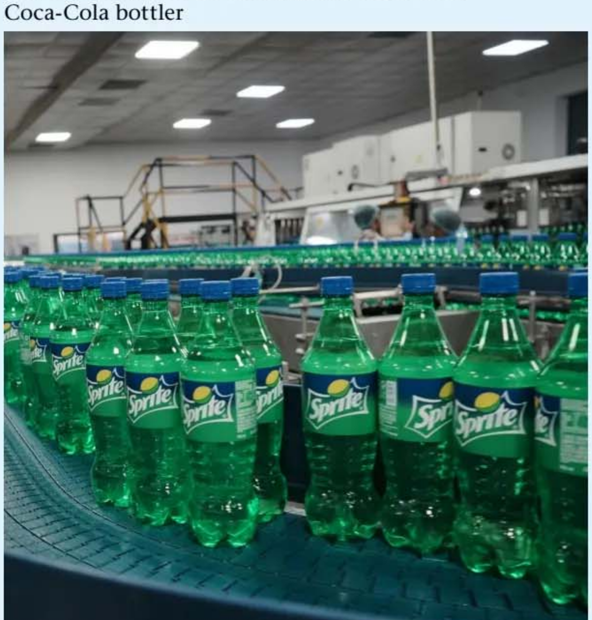
These are subjects to be dealt with at local levels with the local government institutions having adequate sources of funding. A top-down centrally-directed and funded approach has never worked. All the developed countries of the world have addressed these issues, which allowed them to become developed countries. Even China has addressed these issues in a decentralised manner, and their success has allowed them to shoot ahead. The creation of industry and infrastructure can best be handled by the markets.

All this brings us back to coalitions with local political forces which will help achieve these goals as a necessary step to Viksit Bharat. Prime Minister Modi must successfully work with coalitions, accepting differences and take all sections and communities, including religious minorities, along in a true spirit of one large national family. This will be the true test of his success.

Ashok H. Advani



CORPORATE REPORTS



Contents

Corrigendum
"This is with reference to printed magazine edition for period November 27- December 10, 2023, wherein cover story of R K Swamy Ltd titled as "The marketing maestro" was published, in this regard certain content of article was removed therefore readers may refer to link: **https://businessindia.co/magazine/rk-swamy-the-marketing-maestro for revised article."**

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An alternate way

The OFS can be used for IPOs to enhance efficiency and transparency

One of the major functions of the stock market is to enable corporations to raise capital for funding projects or expanding capacities. Sometimes, funds are raised to meet working capital requirements, deleverage, or allow promoters and private equity firms to exit. Risk capital is often provided by investors through IPOs, rights issues, or follow-on offerings. Raising capital through IPOs is one of the most popular methods, and this mode has evolved over the years from fixed prices determined by the capital controller to the open price and price band system prevalent now.

However, the current IPO system has its flaws. Firstly, it gives a misleading picture of subscription levels, as applications made with borrowed funds create a false impression of the issue being oversubscribed multiple times. Retail investors, following the trend of these so-called sophisticated investors, tend to be misled. In several cases, despite multiple oversubscriptions, the issue opens at or near the allotment price. One reason for this is that higher application money increases the chance of proportionate allotment. Leveraged investors and many HNIs flip the issue and sell it upon listing. To ensure the issue does not fall below the issue price, promoters, in league with merchant bankers, support the issue and buy shares through friendly brokers to maintain price stability. SEBI is taking steps to curb manipulators, but the problem is too large to be resolved by fining or suspending licences for specific periods. It has also reduced the period from the application date to the allotment date to improve the process.

The Offer for Sale (OFS) platform offers a much better way of raising funds. While currently used for follow-on issues, several PSU companies have effectively raised money for the government through the OFS platform. OFS mandates that at least 10 per cent should be held by the promoters. A lot of divestment by the government has been done through OFS, which is a much quicker method. The entire exercise is completed within a period of 3-4 days, with a two-day prior notice to the exchange required ahead of the issue. Sometimes, one extra day is given exclusively for retail investors. It is also more cost-effective for the company, saving costs in marketing, legal expenses, and time. Besides, it cuts the uncertainty involved from the date of filing the prospectus to the actual approval date.

SEBI can begin by giving companies the option of conducting IPOs through OFS (which can be renamed as the IPO Platform). There are two ways this can be done. One is with the existing system, allowing investors to place bids through their respective brokers who already have their required KYC details. It can mandate that all respective segments of investors must place bids only on one particular day. A separate window can be kept for investors placing bids through borrowed funds. Promoters can have the discretion of allotting a fixed percentage for this segment of investors, say 10 per cent. A small discount of 5 per cent, currently given to retail investors, can be retained, and they could bid at cut-off rates. This mode will be more transparent and will not allow manipulation of prices. The shares will be listed on the very next day or the second day as allotment will be done on the spot, depending on the number of bids received. Transferring shares to the respective accounts of the investors can be done through the clearing house, as is currently done for transactions in the secondary market. Post-allotment and transfer, the shares will be listed and can open at or near the allotment price, leaving less room for investors to flip their shares.

At a later date, once the system of raising IPO funds becomes popular, SEBI can even do away with the pre-set price band. Let it be entirely free, depending on the overall demand and supply for the new issue. The average indicative price can be arrived at, and all shares will be allotted at this price. Manipulation in this case can be checked by not allowing bids to be withdrawn on the same day. This will curb artificial rigging of prices by inflating demand. SEBI can implement the necessary checks and balances to curb these practices, allowing companies to realise a fair price. In the case of Tata Technologies, instead of the share prices moving up by more than 2x and 3x within a short time of listing, if shares were sold through OFS, the promoters (in this case, Tatas) would have gained more and realised a fair price. OFS is, in a way, democratising the IPO market and enabling proper price discovery by gauging the genuine demand of investors in the market. Promoters will also prefer shares going into the hands of genuine investors rather than short-term speculators. OFS will help revolutionise the IPO market. In either case, other investors who feel left out can always buy shares in the secondary markets post-listing. ◆

Rural cushion

The recent uptick in rural demand, prospects of favourable monsoon, and forecast of modest GDP growth bode well to give a fresh push to the rural economy

Prime Minister Narendra Modi's historic third time coronation may not have happened in comfortable circumstances as on the past two occasions (2014 and 2019) considering the decisive reliance on coalition partners this time. However, when it comes to regular economic management and sustaining growth numbers, he may not have to worry much as there is no dearth of cushions. This also includes a decisive perk in rural demand which has somewhat been in a subdued mode for several quarters in the recent past.

A few days before the announcement of election results, the full year growth figure for the previous fiscal was declared. And at 8.2 per cent, it is quite impressive considering the current global conditions where modest single digit growth numbers are quite challenging. But, India is expected to sustain the growth momentum in the near run as well as the RBI's latest projection earmarks. The latest monetary policy has given the forecast of 7.2 per cent GDP growth in 2024-25.

As mentioned above, there are a set of cushions for the near run economic growth and this includes demand push from the hinterland. A recent analysis of consumption trend clearly indicates that rural economy is going to decisively support the near run growth prospects. The RBI in its 'State of the Economy' report released last month, had maintained that the rural demand for fast moving consumer goods (FMCG) has outpaced urban markets for the first time in at least two years. Citing Nielsen IQ data, the report had further pointed out that the FMCG growth of 6.5 per cent in the recent quarter was driven more by rural growth of 7.6 per cent than the 5.7 per cent growth in urban consumption. "Rural consumption growth has gradually picked up pace and has surpassed urban (growth) in Q12024," the Nielsen report had earlier highlighted.

For market analysts, apart from FMCG, another major pillar to gauge the mood of the rural economy is two-wheeler sales (rural India accounts for more than half of the total sales) and here too a sense of uptick is well visible. Several agencies which keep a tab on rural demand trends have reported a double-digit growth trajectory in the two-wheeler sales in the recent months. The bullish trends have been particularly witnessed in the entry level motorcycle segment.

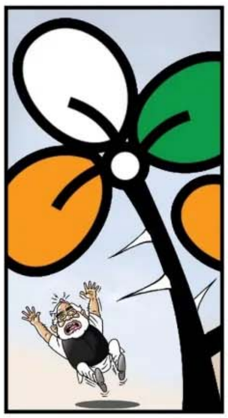
The good news is: this uptick is expected to further continue with the prospects of a good or above average monsoon this year. The symbiotic chord between monsoon and the rural economy is no secret to anybody and if the rainfall projections are met, India may be looking at improved farm output scenario. The recently announced full year GDP numbers pegged agriculture growth at a low 1.2 per cent in the last fiscal (erratic rainfall pattern last year is also cited as a culprit) but with good monsoon prospects in the coming months, the situation may change drastically. Economists will tell you that an annual 3-4 per cent growth in rural economy often turns out to be the recipe for robust growth of the national economy.

Going by the words on the street, one of the reasons for the current government's not so spectacular faring in the recent parliamentary elections has also been because of rural unrest, particularly in the agrarian sector. While farmers in the north were unhappy that their agitation on specific demands staged early this year led them to nowhere, farmers in the west were displeased with measures like ban on exports of commodities (e.g, onion in Maharashtra) which led them to financial loss. These instances have been further linked with larger macro issues like the growing inequality between the rich and poor and urban and rural pockets. More specifically, the government's nonchalant attitude to appreciate its rural economy assets.

The present equations: recent uptick in rural demand, prospects of favourable monsoon, and forecast of modest GDP growth, however, bode well to give a fresh push to the rural economy. The third term of the Modi government (now a coalition structure) would like to commence its connect with rural constituency afresh and, therefore, its maiden budget is expected to be agriculture and rural economy inclined containing packages and measures for their direct benefits. The positive economic undercurrents as exhibited by recent growth in critical indicators like FMCG and automobile sales provide the right opportunity as the mood among rural stakeholders seem to be positive. ◆

Mamata shows Modi the door

Bengal again rejected Modi and renewed faith in Mamata Banerjee. Now, it is her turn to demonstrate an optimistic future for the state



West Bengal was a prestige issue for Prime Minister Narendra Modi in this Lok Sabha election. He, his Home Minister Amit Shah, his senior cabinet ministers, and star campaigners were busy conducting extravagant roadshows. Modi was practically shuttling between Bengal and Delhi to win the election. While the country was reeling under price rises and unemployment, Modi was thumping his chest with his guarantees that cover a wide range of promises across sectors, citizens, and schemes.

Trinamool Congress (TMC) supremo and Chief Minister of Bengal, Mamata Banerjee, in her campaign, ripped into Modi over his so-called guarantees. She said: "Modi's guarantees are 420 (fraudulent). It is a shock of 440 volts if you touch them." If guarantees are issued and are not fulfilled, despite an ad blitz, it isn't a guarantee, she added. Mamata also mocked Modi's 400 paar slogan. Despite the BJP's personal attack on the chief minister and her nephew Abhishek on rampant corruption and the law-and-order situation (Sandeshkhali was the burning issue), Mamata's narrative portrayed Bengal's interest and propagated how the Centre was denying legitimate funds and benefits to the people of the state, amid the country's soaring unemployment rate. And in a smart move, her party also reminded voters of the numerous welfare schemes provided by the government over the years.

However, the BJP failed to address larger issues like unemployment and price rise Even the top leaders of the party failed to defend Mamata's allegation of non-disbursement of legitimate central funds to the state. Instead, the BJP decided to focus on local issues like Sandeshkhali and women's safety, which is far better than BJP-controlled Uttar Pradesh. On top of this, the weak leadership in the state caused a debacle in BJP's performance in West Bengal.

The political shrewdness of Mamata Banerjee has brought her party a resounding victory. Some of the welfare and social schemes of the West Bengal government, like Lakshmir Bhandar, Swasthya Sathi, Kanyashree, and Duare Sarkar, have paid electoral dividends. Lakshmir Bhandar provides financial help to women from economically weaker sections, including SC/ST, of Rs1,000-Rs1,200 per month, and Swasthya Sathi, the health scheme, is very popular, helping the party's outstanding performance to win 29 out of 42 Lok Sabha seats in the state. The Congress and Left alliance in the state failed to make any impact in this election. Congress won one seat in Malda, while the CPIM could not open its account. Winning 29 seats, TMC now has the third-largest representation in parliament. TMC has also joined the united opposition INDIA, which has demonstrated an impressive performance in the Lok Sabha.

The BJP, which had set the ambitious target of grabbing 35 seats, won only 12 seats compared to 18 seats in the last Lok Sabha election. Fear of the impact of CAA (Citizen Amendment Act) & NRC is also a reason for the BJP's poor show. TMC received a 45.77 per cent vote share in the election, which increased by over 2 per cent since 2019. The BJP's vote share sank to 38.73 per cent compared to 40.6 per cent five years ago.

Bengal clearly rejected Modi's strategy on religious polarisation. He reportedly used all the government machinery at his disposal to grab Bengal. He fell flat on his divisive ideology. What he did not realise is that wooing voters of Bengal with showmanship, muscle, and money power will not work. Traditionally, communal harmony is always given importance in Bengal. A political analyst remarked that everyone realised the TMC was the only party that could stand up to the BJP. A source says the BJP spent almost ₹1,400 crore on the Lok Sabha election in West Bengal, which yielded no results.

Post results, the fissure in the state unit of the BJP is now out in the open. Senior leaders of the state, Dilip Ghosh, Sukanta Majumder, and Soumitra Khan, openly criticised the selection of candidates and constituencies. Their target is Suvendu Adhikari, the opposition leader in the state assembly. He was given a free hand by the central leadership to conduct the election.

The TMC has achieved a thumping majority. The party should now introspect and address two major issues that troubled it in the election: first, corruption, and second, the internal feud between the old guard and the young Turks. It must stop pretending all is well.

According to a local businessman, in the last 10 years the corruption level in the TMC has increased manifold. People now expect the Chief Minister to crack the whip and weed out culprits, streamline the organisation, and adopt the right philosophy for an image makeover. The time has come to uplift the state economy and create more jobs. ◆

Bhil Tribe

COME & EXPLORE MADHYA PRADESH

A land where indigenous culture is a living masterpiece!

The Heart of Incredible India will take you on an enthralling journey to unveil the soul of India's indigenous heritage. Home to the largest concentration of indigenous communities in the country, Madhya Pradesh has 24 distinct tribes, each with their own vibrant language, traditional customs and local social structures.

The skilled artisans breathe life into age-old crafts, their nimble fingers weaving tales into textiles, shaping wood into exquisite sculptures, and adorning themselves with fine jewellery. Each piece they create is a testament to their rich history, passed down through generations.

Baiga Tribe

Madhya Pradesh resonates with ancient traditions, where tribes like the Bhil, Gond, Baiga and Bhariya have thrived for centuries. Pack your bags for a indigenous trail to converse with the Bhil, India's largest tribe, known for their colourful Pithora paintings that narrates stories on walls.

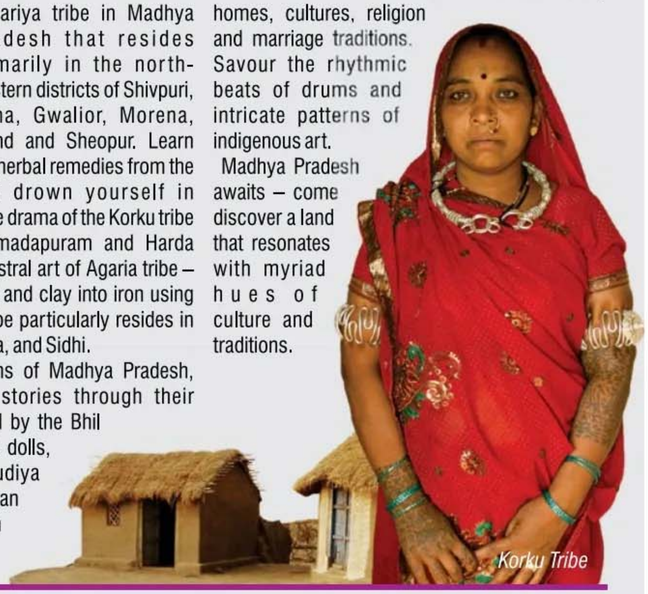
Navigate the indigenous belt while crisscrossing through Mandla, Chhindwara, Balaghat, Shahdol, Dindori, Hoshangabad, Jabalpur, Betul, Damoh, Sagar, and parts of northern Madhya Pradesh where the Gond tribe dwells. These mountain dwellers are known for creating decorative fabrics with intricate geometric patterns and animal motifs with natural dyes and weaving techniques passed down through generations. Explore the Baiga tribe that resides primarily in the southern region of the state particularly at Dindori, Mandla, Jabalpur, Shahdol, revered for their knowledge of the forest and their deep respect for nature's bounty.

Unravel the secrets of the Sahariya tribe in Madhya Pradesh that resides primarily in the north-western districts of Shivpuri, Guna, Gwalior, Morena, Bhind and Sheopur. Learn the herbal remedies from the Sahariya tribes and drown yourself in "Khambaswang", a dance drama of the Korku tribe from Chhindwara, Narmadapuram and Harda districts. Inhale the ancestral art of Agaria tribe – transforming black sand and clay into iron using ancient bellows. This tribe particularly resides in Dindori, Balaghat, Mandla, and Sidhi.

Nestled in the mountains of Madhya Pradesh, Jhabua echoes with stories through their ancestral dolls. Crafted by the Bhil and Bhilala tribes, these dolls, known as "Adivasi Gudiya Hastashilp," are more than just playthings. Each stitch and bead carries the weight of tradition, empowering the artisans and keeping their heritage alive. Adorned with intricate cultural hues, these dolls have reflections of a land embellished with artistic flavours. Unveil the synergy of the Korku tribes with nature as they design pieces with brass, beads, and shells.

Walk around to acclimatize with their lives, homes, cultures, religion and marriage traditions. Savour the rhythmic beats of drums and intricate patterns of indigenous art.

Madhya Pradesh awaits – come discover a land that resonates with myriad hues of culture and traditions.



Korku Tribe

Retaining leadership

Zydus Lifesciences Limited has many capabilities across the spectrum of the pharmaceutical value chain. From formulations to active pharmaceutical ingredients and animal healthcare products to wellness products, Zydus has earned a reputation for providing comprehensive and complete healthcare solutions. According to a source, the company has received final approval from the United States Food and Drug Administration (USFDA) to market Theophylline Extended-Release Tablets, 300 mg and 450 mg. Theophylline is used to treat asthma and chronic obstructive pulmonary disease (COPD). The drug will be manufactured at the group's formulation manufacturing facility in Ahmedabad SEZ, India. In the India formulation business, the company gained market share in dermatology and anti-infective therapies. On the super-specialty front, it retained a leadership position in the nephrology segment. The share of the chronic portfolio has increased consistently over the years and stood at 41.2 per cent for the year, which is an improvement of 360 bps over the last three years. In the US formulation business, it launched 5 new products and received approval for 12 ANDAs, including four tentative approvals during Q4FY2024.

zydus
Dedicated To Life

Financing green initiatives

CapitaLand India Trust has secured a sustainability-linked loan of S$200 million from the International Finance Corporation. This will increase CLINT's sustainable finance to S$1.16 billion, which is 79 per cent of its total loans. The loan will be used to refinance its existing revolving credit facilities. It will unlock additional availability of credit facilities and reduce the trust's finance costs. CLINT intends to reduce the absolute greenhouse gas emissions of its IT business park portfolio by 40.5 per cent by 31 December 2023 from the baseline year of 2019. As of 31 March 2024, CLINT's assets under management stand at S$3.1 billion. CLINT's portfolio includes 10 world-class IT business parks, three industrial facilities, one logistics park, and four data centre developments in India, with a total completed floor area of 21.0 million sq ft spread across Bangalore, Chennai, Hyderabad, Pune, and Mumbai.

Expanding distribution network

Bikaji Foods International is the third-largest ethnic snacks company in India with an international footprint, and is among the fastest-growing companies in the Indian organised snacks market. As a distributor, its territories have been increasing, and in the past year, it has added almost 100,000 outlets to its direct reach. This year, it opened CFAs in Ghaziabad and Varanasi, UP, and in the west of India, Ahmedabad and Pune. According to the management of the company, direct reach by FY26-end is expected to be at 400k outlets, with 150k outlets likely to be in focus markets. On the development front, the company plans to expand geographically, eyeing exports and intending to keep up with double-digit volume growth for the next 10 years. It plans to open 2-3 QSR (Quick Service Restaurants) in FY25. Amitabh Bachchan's contract has been renewed for the next 2 years, and 14 new advertisements have been shot.

Huge capex

Fiem Industries Ltd. (FIEM) is one of the leading manufacturers of automotive lighting and signalling equipment and rear-view mirrors in India, and among the first companies in India to introduce LED lights in two-wheelers. It has diversified its product portfolio by entering into LED luminaires for indoor and outdoor applications and integrated passenger information systems for railways and buses. It has a client base of more than 50 two-wheeler and four-wheeler OEMs. It has three world-class R&D design centres located in India, Italy, and Japan. It works with all major EV OEMs here. The company is expecting a capex of ₹85.86 crore. It plans to invest ₹250-300 crore to enhance existing capacity for the current segment, undertake new projects for four-wheelers, and meet capex requirements in South India and around its hub motor units. Production of Full LED headlamps is scheduled to start in the fourth quarter of the financial year 2024-25, and this will be an export business for the company. Recently, it made a breakthrough in the four-wheeler passenger car segment in the European market.

Expanding portfolio

Embassy Office Parks REIT, India's first listed REIT and the largest office REIT in Asia by area, has completed the acquisition of Embassy Splendid TechZone, a Grade-A business park in Chennai. The ₹1,185 crore acquisition was funded primarily through a debt raise of ₹1,200 crore and internal accruals. This increases Embassy REIT's total portfolio to 50.5 million sq ft, positioning it as one of the largest office REITs globally, and marks its entry into the new growth market of Chennai. Embassy REIT owns and operates a 45.4 million sq ft portfolio of nine infrastructure-like office parks and four city centre office buildings in India's best-performing office markets of Bengaluru, Mumbai, Pune, and the National Capital Region. Its portfolio comprises 36.5 million sq ft of completed operating area and is home to over 250 of the world's leading companies. The portfolio also includes strategic amenities, including four operational business hotels, two hotels under construction, and a 100 MW solar park supplying renewable energy to tenants. Embassy REIT's ESG programme has been awarded a 5-star rating from both the British Safety Council and GRESB. It has also been recognised as the world's largest 'USGBC LEED Platinum-Certified' office portfolio by Green Business Certification Inc. ◆

BUSINESS INDIA ◆ THE MAGAZINE OF THE CORPORATE WORLD Businessmen in the News

L&T Technology Services has inaugurated a simulation centre of excellence (CoE) for Airbus at its Bengaluru campus. The CoE is designed to provide engineering support for Airbus aircraft structural simulation activities across its business units in France, Germany, the UK and Spain. Equipped with simulation software, hardware and computational machinery, it aims to standardise processes across all Airbus European business units and aircraft programmes, streamline efficiency and enhance productivity. Launched about 18 months ago with a specialised core team, the CoE is likely to be scaled up over the next two years. "The establishment of the simulation CoE for Airbus reflects our deep-seated commitment to pushing the boundaries of innovation alongside Airbus," says **Alind Saxena**, president, sales & executive director, LTTS. "This centre is not just about technology; it's about creating a standardised, efficient framework that propels Airbus' industry-leading aircraft into the future. Together, we are not just navigating the present landscape but also shaping the future of aviation, ensuring our collaboration remains a key driver of our success in India and the world." ◆

Vedanta Aluminium has announced the appointment of its CEO **John Slaven** as vice-chairman of the International Aluminium Institute (IAI). In this capacity, Slaven will spearhead global initiatives aimed at fostering the sustainable transformation of the aluminium industry and promote the critical role of aluminium in enabling the energy transition to a Zero Carbon modern world. "I am delighted to accept the responsibility of vice-chairman of the IAI," says Slaven. "Aluminium has already proven itself essential in the global transition to a Net Zero future. I believe the onus lies on us as global leaders of the collective industry to boost awareness of aluminium's limitless potential and champion its applications in building a greener planet. The IAI has undertaken stellar efforts in this regard, and I look forward to working with my fellow board members and colleagues to reinforce aluminium as the definitive metal of the future". ◆

The Hyderabad-based **SatNav Technologies** has evolved into a global leader in cloud-based IT and custom mapping solutions. At the core of its offerings lies QuickFMS, an award-winning facilities management software that boasts a user base exceeding 1.8 million across six countries. QuickFMS stands out for its versatility, offering modules such as property management, space management, asset management, and maintenance management, among others. The company offers QuickFMS in various deployment models with a transparent pricing structure that includes one-time deployment fees, mapping or customisation charges, and software licence fees tailored to the

chosen model. The company has witnessed a remarkable journey of growth and innovation since its inception. It began with incubation by Satyam Computers, fostering a focus on IT products and intellectual property development and subsequently transitioned into SatNav Technologies, focusing on IT mapping products, navigation, telematics, and facilities management, all while retaining its valuable intellectual property. "In recent years, we have continued its evolution by aligning with Microsoft Azure and expanding its international presence through reseller partnerships. With a commitment to enhancing alignment with Microsoft Marketplace, growing the network of resellers in various countries, and expanding its customer base globally, SatNav Technologies is poised for a bright future," says **Amit Kishore Prasad**, founder, MD, and CEO. ◆

In a move towards sustainable mobility, **MG Motor India** and **Hindustan Petroleum Corporation Ltd** (HPCL) have announced a strategic partnership, to enhance and enrich India's EV charging infrastructure. Under this agreement, MG and HPCL will together install 50kW/ 60kW DC fast chargers at key locations covering highways and cities across India. "The key to a successful transition to electric mobility is a robust EV ecosystem," observes **Gaurav Gupta**, chief growth officer, MG Motor India. "As an early mover in the EV space, MG has been at the forefront of the development of a strong EV ecosystem. Along with our ecosystem partners, we are working to create a vast network of EV charging stations, in addition to battery recycling & battery second life solutions for end-to-end sustainability of electric vehicles. Our partnership with HPCL is yet another step to expanding the EV charging infrastructure in India to energise and enhance customer confidence in EVs. HPCL's vast network and significant presence in India will ensure that existing and prospective EV users across the country have convenient access to our charging solutions." Adds **Rajdip Ghosh**, chief general manager, highway retailing, HPCL: "HPCL has a nationwide network of 22000+ Fuel Stations and is committed to a sustainable future by providing green fuel to the customers. Also, it aims to install 5,000 electric vehicle charging stations by December 2024. Through this partnership with MG Motor India, HPCL shall leverage the vehicle base of MG to increase the utilisation of its chargers installed across India. HPCL will analyse charger usage to improve customer experience and strategic expansion in EV Charging infrastructure at places. This synergy will help in the growth of the EVs in the coming days." ◆

Oriflame, is the leading Swedish well-being brand known for its commitment to safe, performing, and responsible products. **Edyta Kurek**, the company's senior vice-president & head, India and Indonesia, was recently in Mumbai and spoke about the company's dual-focused strategy. "Our social selling model empowers individuals to achieve both well-being and financial freedom. We foster micro-entrepreneurship and provide training and skills to build successful careers. This approach offers not only flexibility but also acts as a startup builder, equipping individuals with the tools they need to thrive. As part of our strategic transformation, were placing a strong focus on connecting with young, consumers conscious about their well-being. We understand the importance of wellness to today's consumers. By aligning with these trends and values, we create a movement towards sustainable and ethical beauty wellbeing practices that resonate with the youth, offering products that enhance their wellbeing while empowering them to achieve financial freedom." ◆

The **government of Ghana**, Ascend Digital, K-NET, Radisys, Nokia and Tech Mahindra, with Mobile Network Operators (MNOs) AT, Ghana and Telecel Ghana, have announced their partnership on a new shared infra Next-Gen InfraCo (NGIC). This collaboration aims to deliver affordable 5G mobile broadband services across Ghana. The NGIC has been awarded 5G licence and is expected to launch 5G services across Ghana within the next six months, followed by expansion to other parts of Africa. "The creation of a shared 5G Mobile Broadband Infrastructure is critical for delivering affordable, high-speed data access to the people of Ghana and help achieve our Digital Ghana vision," says **Ursula Owusu-Ekuful**, minister for communications & digitalization, Republic of Ghana. "The creation of NGIC as a neutral, shared platform, accessible to all mobile network operators and tower companies, will help to expand 5G services rapidly across the country. We are inspired by India's digital infrastructure and low-cost mobile data usage and keen to replicate it in Ghana," she adds. Informs **Mikko Lavanti**, senior vice-president, the Middle East and Africa, Nokia. "Establishing

an Open Access Network like NGIC will foster innovation and create numerous opportunities across various sectors. We are proud of our partnership with NGIC in helping Ghana realise its digital vision and unlock its full potential". ◆

In a bid to strengthen its malt spirits portfolio, liquor-maker **Jagatjit Industries** is mulling to launch single malt whisky by March 2025. The company aims to achieve a revenue of ₹970 crore in 2024-25, says **Roshini Sanah Jaiswal**, promoter & executive director, Jagatjit Industries. The company which has been working towards the launch for the last 12 months, has increased malt production from 120,000 litres a month to 200,-300,000 litres a month. In 2020, it had planned to launch a single-malt named Hamira; however, the plan was dropped due to Covid-19. "We have now changed the mix to include more malt spirit and are increasing the production gradually, so that the bottom lines will not be under pressure. The launch of the single malt will help achieve better margins, which will reflect in the following year," Jaiswal adds. The Indian single malt category is gaining momentum as most liquor giants, domestic and international, have forayed into the category, stirring up the competitive landscape. "We are not late to the party, the single malt category is only being born, it's not even cracked the surface in India," Jaiswal remarks. "Our differentiation will come from flavours, casks and the quality of the whiskey." The company plans to launch the product in a tentative price range of ₹,4000 and above. ◆

Erekrut is an innovative technology-led job platform that connects recruiters, campuses and job seekers. Its mission is to inspire & connect the professional community by bringing the best recruiting experience through the use of relevant technology and customisation as per individual needs that brings transparency and connectivity at all levels. It enables recruiters to onboard candidates from expansive data of job seekers and young talent from colleges worldwide. Recruiters manage candidates using Erekrut Application Tracking System while customising the assessment as per their

needs or using free job assessments provided by Erekrut. Using Erekrut ATS, recruiters can maintain their funnel for future needs. Erekrut provides a similar Student Tracking system for campuses across to connect with recruiters and manage the placements hassle free. Recruiters can also connect with colleges and assess students in advance for their future needs. Both campuses and recruiters can promote themselves using customizable micro-website created at Erekrut. "Our goal is to give best fit filtered candidates as quickly as possible. We help institutions in achieving 100 per cent placement support to millions of students studying. Erekrut is poised not only to become the most preferred hiring portal but also the most preferred choice of the recruiters and institutions," says **Ravinder Goyal**, co-founder, Erekrut. ◆

Seeking a concerted approach

ISF calls for formalisation of the informal workforce of over 400 million


Ashok Lohmod, EVP, SBI Cards
Mridul Srivastava CPO, Spectra & VNL

The Indian Staffing Federation (ISF), the apex body representing India's fast growing contract staffing industry, has unveiled *India@ Work: Vision Next Decade,* a blueprint for formalisation of India's vast informal workforce and implementation of labour codes in the country. ISF's vision paper comes at a time when India prepares for an economic surge, though the growth has been uneven and leaving millions of workers seeking government policy/subsidy support.

ISF's Vision paper urges for the formalisation of a vast informal workforce of over 400 million in the country, which could be driven through organised staffing companies. The report cites that India, with almost 85 per cent of informal labour, generating more than half of the country's GDP, requires a shift towards structured, formal employment. While the government is trying to address issues for the migrant workers, ISF is going beyond stop-gap solutions, inviting inclusion through formality in the labour market. A noticeable distinction was seen during the pandemic, when the formal workforce, comprising less than 15 per cent of the total, had access to their social security, which aided them in overcoming the challenges, says the report.

Key recommendations made in the paper by ISF include removing employment bottlenecks, urgency to action, implementation of the four labour codes in India, policy changes and encouraging schemes, consideration of employment services as 'merit services', with lower GST slab tax rates at 5 per cent with ICT benefits, instead of the current 18 per cent and linking of skilling initiatives to employment.

Helping India rise "ISF stands by its pledge to provide end-to-end employment solutions to build a formal India, where improving access for underprivileged workers is one of the core focuses," says Lohit Bhatia, president, Indian Staffing Federation, commenting on ISF's visionary aim to 'help India rise'. "We will be looking majorly on three crucial aspects to address the challenges posed – increasing the social security ambit; improving the concept of in-hand wage and implementation of labour codes; and minimising any obstacle to a favourable working condition."

"Incorporating data-driven methodology, ISF is bound by its commitment to adopt any new possibilities by implementing newer tools and technology for better results," asserts Manmeet Singh, vice-president, Indian Staffing Federation. "The plan is to harness information sourced from government-provided LIN and Jan Dhan Bank accounts to monitor and boost the formal labour sector".

"The plight of lower-income and semi-skilled workers underscores the pressing need for concerted action," adds Suchita Dutta, executive director, Indian Staffing Federation. "Income inequality and rising poverty levels serve as stark reminders of the challenges we face. With 85 per cent of India's workforce operating in the informal sector, it is imperative to initiate a structural shift towards formalisation to ensure equitable opportunities and sustainable livelihoods for all."

According to the ISF, as India prepares for an economic surge, the pickup in industrial activity is still uneven, leaving millions of labour/workers seeking government policies/subsidy support. There is a visible imbalance that cannot be ignored any further. Millions of livelihoods have come to be dependent on the government-sponsored financial support system towards informal and unorganised workers.

Pent-up demand, on one hand, is driving the consumer spend, pushing sectors like ecommerce, consumer goods, logistics, hospitality, travel and tourism while on the other hand, labour-intensive sectors like manufacturing, goods and transport services, construction and real estate face extreme lack of access to formal employment structures. It is evident that most sectors is likely to be deeply impacted with this prolonged gap indirectly, rising a great wage and social protection problem in near future.

The labour market has been severely hit at record speed, particularly so for lower-income and semi-skilled workers, who do not have many options. With activity in labour-intensive sectors worsening, income inequality and increasing poverty are two looming challenges arising for the informal and unorganised sector.

ISF believes that India's collective institutions of protective labour legislation and wage setting system have created significant rigidities and

inflexibilities in labour markets and it is an empirical issue. There are concerns among policy makers and academics alike that the collective institutions of restrictive labour legislations in the labour market, has hampered output, investment and formal employment expansion. The proposition is to remove the bottlenecks, so that 400 million informal employees can expect transition to formal employment.

Past challenges and wage disparity have led to acceptance of differential treatment without protection 'as a norm' for daily wage workers, labourers, construction workers – leading them to remain in informal employment. Employers who are not able to adhere to the laws of the land like providing minimum wages, social security, GST, have encouraged such form of employment by creating a perception for workers that they are getting more 'in-hand' salary. The current rigidities and inflexibilities play a large role for the labour market constraints that make effective protection of labour and any initiative for adjustment/changes practically impossible. The whole system acts as a disincentive towards future formal employment creation.

The federation is also of the opinion that the government can bring encouraging schemes that will formalise the workforce. The current initiatives could be extended, whereby the lower contribution in social security at the hands of the entry level worker can also include MSME workers, daily wagers, gig and platform workers and domestic workers.

Social security It also says that schemes can be introduced for ESIC contribution whereby the government can motivate more workers to be brought into the social security ambit with a similar three years of contribution. This will also motivate employers to bring many informal workers into formal employment. Most of these schemes can be funded by reduced MNREGA and Ayushman Bharat schemes, as naturally the benefits of increased social security require much lower spends on government benefit schemes for daily wagers.

"The incidental coverage of nearly 400 million additional individuals will mean healthcare coverage of nearly 10x of the current ESIC coverage at nearly 38 million beneficiaries," says the statement. "The impact in healthcare of covering additional 400 individuals can add investment in Indian healthcare to easily cover 500-bed hospitals across all 740 districts in the country."

Besides, the government, according to the ISF, should focus to linking the skilling to employment. The initiatives can be propelled from district levels, wherein skill companies can be prompted to mobilise daily wagers, train and move them to first-time formal employment across sectors like construction, mining, transportation and manufacturing. For these industries, the scheme on social security support should be immediate.

Despite widespread reforms, including trade policy reforms and recent revival packages announced, a key issue that often emerges in policy discussions is the lack of labour market reforms. Specifically, some sectors will be benefitted by dedicated labour, higher retention, increased productivity at plants/construction sites, lower absenteeism due to health-related issues. Qualified labour that can be trained for higher order roles in future, thereby assisting in worker retention and enhanced skilled category workers. The sectors that can drive large number towards formalisation are SME and MSME, construction sector, manufacturing goods and transportation sector.◆

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MANUFACTURING

Evolving IT landscape

Quess Corp, India's leading business solutions provider, has launched the 'Annual Digital Skills Report 2023-24', offering insights into the technology skills shaping the future of work in India. Despite navigating global uncertainties, the report paints a cautiously optimistic picture, highlighting the resilience and growth potential within the country's IT sector. While established functional skills like development, ERP, testing, design & engineering and networking remain in high demand, niche areas like cloud, cybersecurity, and analytics are experiencing a significant surge, indicating a dynamic and evolving IT landscape.

"Looking ahead, we anticipate a rise in IT hiring fuelled by the expansion of Global Capability Centres (GCC) and the stabilisation of the global economy," says Kapil Joshi, deputy CEO, Quess IT staffing, commenting on the tech hiring landscape. "Key technological advancements like big data and AI is likely to drive this growth. While challenges remain, India's IT industry is well-positioned to navigate these shifts and emerge stronger than ever, thanks to the combined strengths of its people, innovation and strategic vision."

According to Quess, 66 per cent of the aggregate demand emerged from the top 5 skill suites, namely development, ERP, testing, design & engineering and networking. In addition to these functional skill suites, there was a green shoot in talent demand for skills related to cloud (16 per cent), cybersecurity (215 per cent) and analytics (256 per cent) between H1 2023-24 and H2 2023-24.

The scalability and cost-efficiency benefits of cloud computing are driving rapid adoption, creating a need for cloud architects, engineers, and security specialists to design, manage and optimise cloud infra and apps, informs the Quess report. As businesses are increasingly migrating their operations and data to the cloud, robust cyber-security measures have become critical, necessitating skilled talent that can identify vulnerabilities, implement security protocols and manage incident response strategies. This heightened focus on cyber-security is further amplified by the recent tabling of the Cyber Security Bill, which aims to address the growing complexities in the digital space and for furthering the incentives of the development of skilled professionals in this field.

Organisations are increasingly leveraging data analytics to gain deeper insights, fuelling demand for data analysts, data scientists and business intelligence specialists, even as the year 2024 saw a distinct shift in tech talent demand across various industries. Noteworthy trends emerged in industries like finance (BFSI 19 per cent), automotive (15 per cent), consulting (9 per cent) and product development (6 per cent).

Cornerstone for growth The report views that the manufacturing sector has witnessed a fascinating evolution. While traditional powerhouses like automotive and aerospace continued to lead, there was a significant expansion into emerging areas like semiconductors, electronics and electrical industries. This diversification highlights the industry's embrace of technological advancements and its focus on innovation in product development and supply chain management.

In retail, technology integration has become a cornerstone for growth and customer experience in the retail sector. With the rise of e-commerce platforms and omni-channel retailing, the demand for tech talent skilled in data analytics, AI, and digital marketing has skyrocketed. They are leveraging technology to optimise operations, personalise customer interactions and gain consumer insights to stay competitive in this dynamic landscape.

In the healthcare & life sciences, the industry is undergoing a digital revolution driven by factors like electronic health records, telemedicine, and personalised medicine. The need for tech talent is fuelled by the desire to enhance patient care, improve clinical outcomes and streamline administrative processes. As healthcare organisations are embracing digital solutions, the demand for skilled professionals in areas like healthcare informatics, data analytics, and cybersecurity continues to rise.

The Quess report says that India's tech landscape is experiencing a boom, with the Southern region emerging as the undisputed leader. A staggering 68 per cent of hiring requests flow from this region, followed by the West (16 per cent), North (8 per cent) and East (2 per cent). This dominance is mirrored in the commercial real estate market, where Bengaluru, NCR, and Hyderabad reign supreme, collectively capturing 65 per cent of office space leasing activity. This trend suggests a potential 'back-to-office' phenomenon, with tech companies driving space absorption at 26 per cent.

However, the growth story extends beyond established hubs. Tier II and Tier III cities like Ahmedabad, Chandigarh, Indore and Jaipur are gaining traction due to their growth potential, signalling a more geographically diverse and inclusive tech landscape with exciting opportunities across the nation. ◆

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Passing the baton

Patnaik: Odisha's Mr Clean

The soft-spoken Naveen Patnaik, a miracle of Indian politics, has passed the baton to a new Bharatiya Janata Party (BJP)-led government in Odisha after 24 years and three months in power in Odisha. When he tendered his resignation, it marked the end of the tenure of a regional satrap who ruled a state for the second-longest period after Pawan Kumar Chamling of Sikkim. Despite his long stint in office, he did not get ensnared in any corruption scandal. In that sense, he was Odisha's Mr Clean.

A reluctant politician in the beginning, he proved to be a cut above the rest. His early interest lay in art and literature. At one point, he loved to hobnob with the international jet set. Indeed, politics was never on his mind till the death of his father and two-term CM Biju Patnaik in 1997. When it became imminent, he didn't shy away from taking the plunge. He broke away from the Janata Dal and launched his own Biju Janata Dal.

That Patnaik thrived politically with some obvious handicaps makes his stint as CM even more remarkable. For instance, Patnaik could not speak Odia without reading it off a paper from scripts written in Roman alphabets. Perhaps, he was the only chief minister in the country who was not completely comfortable with the local language.

Unlike other politicians, Patnaik set his focus on the state rather than nurturing national ambitions and that gave him flexibility in dealing with several governments at the Centre while pushing for the state's interest. How will history view Patnaik? When he took oath as the 14th CM of Odisha, the state was struggling to revive after the deadly after effects of the 1999 cyclone. It was difficult for any leader to think beyond relief and rehabilitation at that time. Odisha was then a poor state lagging on many national social parameters. After two-and-a-half decades of Patnaik's leadership, the state now presents a picture of aspiration, grit and determination. It is now a sought-after destination for industrialists due to its natural resources.

A household name

The recipe for Patnaik's success as a CM over two-and-a-half decades, was a right mix of welfare and development catering to the poor and aspirational class simultaneously. 'Naveen Babu' became a household name with his welfare schemes of free rice, health care and houses. His model of politics of state first is now being adopted by several state governments in the south.

Patnaik's contribution to the promotion of hockey by building a world class sports infrastructure will always be remembered. The support has not only helped in nurturing the existing talent but also encouraged the emergence of new stars like Amit Rohidas.

The performance of Patnaik's Biju Janata Dal (BJD) in the assembly elections was not poor – a 40.22 per cent vote share, that was marginally ahead of the BJP's 40.07 per cent. But the BJP was able to win in more constituencies, getting 78 of the 147 seats as against the BJD's 51. The BJD's performance in the simultaneously held Lok Sabha polls was slightly worse – its vote share dipped by 2.76 points to 37.46 per cent while the BJP's increased to 45.41 per cent, by a whopping 5.34 points. Clearly, a section of BJD voters preferred the BJP for the Lok Sabha despite voting for the incumbent in the assembly elections.

The BJD's failure can be attributed to Patnaik's diminishing appeal, his frail health and his dependence on former bureaucrat-turned politician V.K. Pandian who became his right-hand man. The party had assiduously built its popularity on the basis of welfare measures, including targeted schemes in the largely agrarian state. Patnaik garnered much of the credit for these schemes and each electoral victory over the years deepened his support base. But the BJP emphasised on his failings. The insularity of this campaign notwithstanding, the question of Patnaik's succession was deftly used by the BJP to sow doubts in the BJD's base. A number of defections from the BJD to the BJP over the years also helped the BJP seize the initiative. That prior to the elections, both parties had engaged in parleys to contest as an alliance and the BJP later broke off the talks suggest that the BJP had an inkling that it stood a better chance fighting the BJD.

The BJD's policy of endorsing most of the BJP-led government's measures, including controversial ones, and to play the role of a friendly party that was not part of the NDA backfired, just as it did with the YSRCP in Andhra Pradesh. Political analysts believe that the BJD's loss of power and the rapid decline of the YSRCP and BRS (in Telangana) offer a cautionary tale about these parties' policy of equivocation vis-à-vis the BJP.◆

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Refuelling PMGKAY

Depleting food reserves prompt wheat imports

Wheat stocks in state warehouses dropped to 7.5 million metric tonnes in April, the lowest in 16 years

The new government is expected to give the go-ahead to begin wheat imports after a six-year gap. The government had so far resisted calls for wheat imports as overseas purchases risk angering farmers, an influential voting bloc, but the limitation ends with the mammoth six-week-long election. The move is aimed at replenishing reserves which have got depleted as a result of its free food grain programme under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY).

Nearly 18.5 million metric tonnes of wheat are required as part of this programme. Under the scheme, 5 kg of food grain is given free to 813.5 million people. The government is committed to spend ₹11.8 lakh crore to extend this programme for the five years with effect from 1 January 2024. The decision, taken by the Modi cabinet last year, placed the PMGKAY amongst the world's biggest social welfare schemes aimed at ensuring food and nutrition security. Beneficiaries can lift free of cost food-grains from any fair price shop in the country under the One Nation One Ration Card initiative.

The supply of free food grain is believed to have fetched some dividends to the BJP during the recent Lok Sabha election and negated some of the anti-incumbency that was brewing in rural India. In a bid to outdo the BJP, the Congress party had promised a monthly supply of 10 kg of free grain to beneficiaries if voted to power, or double what Modi's government provides. But the promise came a bit too late.

The move to import wheat is also meant to hold down prices that leaped following three years of disappointing crops. Domestic prices have stayed above the state-set minimum purchase rate of ₹2,275 per 100 kg, and have started rising recently. After five consecutive record harvests, a sharp rise in temperatures shrivelled India's wheat crop in 2022 and 2023, prompting the world's No. 2 producer to ban exports. Even this year's crop will be 6.25 per cent lower than a government estimate of 112 million metric tonnes, according to forecasts.

Imports would avert a local price surge after October's demand peak for the Dussehra-Diwali festival season. Imports of 3 million to 5 million metric tonnes are expected to eliminate the need for the government to sell large quantities from reserves.

To facilitate imports this year, the government will have to do away with the 40 per cent tax on wheat imports this year, paving the way for private traders and flour millers to buy from producers such as top exporter Russia, albeit in modest volumes. The government is likely to scrap the import tax in time for Russia's harvest.

A compelling case

While India's import requirements are not huge, they could help lift global prices. Recently, benchmark wheat prices in Chicago jumped to their highest in 10 months, before edging lower as hopes for rain in parched Russian sowing areas led investors to lock in profits. Despite the recent surge in global wheat prices, fuelled by worries that adverse weather conditions could cut output in Russia, industry insiders say duty-free imports were viable. "There is a compelling case for the removal of the wheat import duty," said Pramod Kumar, president of the Roller Flour Millers' Federation of India. "That is the best possible way to ensure sufficient supplies in the open market."

"The considered view is that the wheat import duty should be removed after June, so that the private trade can import wheat," said a government official. "And to protect our farmers' interest, the duty should be reinstated before wheat planting starts in October."

The government has struggled to replenish state wheat stocks. Since the harvest began in April, the government managed to buy only 26.2 million metric tonnes against a target of 30 to 32 million. That was despite its advice to trading houses to refrain from purchases to enable state stockpiler the Food Corporation of India to procure large quantities.

Wheat stocks in state warehouses dropped to 7.5 million metric tonnes in April, the lowest in 16 years, after the government was forced to sell more than 10 million tonnes, a record, to flour millers and biscuit makers to tame prices. "The removal of the import duty will help us ensure that our own reserves don't fall below the psychological benchmark of 10 million tonnes," said the government official. State procurement is unlikely to cross 27 million metric tonnes.

As for the economics of import, experts aver that despite the recent rise in global prices, imports at zero duty are economically viable. Perhaps that is another reason why the new government is poised to remove the duty to enable the trade to import. ◆

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Special status debate

Naidu, Nitish demand greater share of pie

Naidu, Nitish: will the government keep them happy?

As new coalition partners from Andhra Pradesh and Bihar join the Modi government, the demand for special category status to distressed states has once again gained currency. Currently, both these states do not qualify for special status. So will the government keep N. Chandrababu Naidu and Nitish Kumar, chief ministers of the two states, happy?

Both Janata Dal (United) and Telugu Desam Party have played a key role in government formation at the Centre as the BJP has failed to get majority on its own. The TDP has won 16 seats while the Janata Dal (United) 12 seats, the second and the third largest constituents of the NDA after the BJP (240). The TDP, led by Naidu, had quit the NDA in 2018 on the issue of special category status. A senior JD(U) leader has already made clear that Bihar will press for the tag once again. The government can, of course, revisit the framework of central aid to states and the matter can then be referred to the 16th Finance Commission or the NITI Aayog. A positive outcome will open up a Pandora's box and other states too will demand the same treatment.

As the new government grapples with the problem, it would be worthwhile recalling that special category status was terminated after the BJP came to power at the centre. The dissolution of the Planning Commission in August 2014, followed by the 14th Finance Commission not making a distinction between special and general category states, marked the end of the special category status for states in India. Instead, from 1 April, 2015 the 14th Finance Commission upped the tax devolution to 42 per cent from the earlier 32 per cent and also introduced revenue deficit grants for states facing a resource gap.

The 15th Finance Commission (2021-26) has also kept the tax devolution nearly at the same level. The Centre argues that higher tax devolution provides the states with more resources. Moreover, the concept of plan assistance is no more there as the Planning Commission has been scrapped.

Until April 2015, special category status for states meant that on achieving statehood, Central grants funded 90 per cent of the expenditure for Centrally-sponsored schemes, while the state's own contribution was limited to 10 per cent.

A total of 11 states – Assam, Tripura, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, Sikkim, J&K, Uttarakhand and Himachal Pradesh carried the special category status and thereby the 90:10 benefit, along with Central assistance for projects of special importance.

Currently, the 90:10 rule is still applicable to the north-eastern and hill states, although there is no special status category. The criteria listed by the government include: (1) hilly and difficult terrain (2) low population density and/or sizeable share of tribal population (3) strategic location along the borders with neighbouring countries (4) economic and infrastructural backwardness and (5) non-viable nature of state finances. Meanwhile, all the other states receive Central funding in a 60:40 share – 60 per cent being the Central government's contribution.

No more special category

The Central government has made it clear multiple times that it will not consider the demands for special category status by any new state. Referring to the 14th Finance Commission's opinion, Finance Minister Nirmala Sitharaman last year said that no more special category status would be given.

Back in 2010, in addition to Bihar, there were requests from Odisha, Chhattisgarh, and Rajasthan as well for a special category status due to their difficult financial situation.

As special category status for states does not exist in today's context, the Centre can at best work out a financial aid package for Andhra Pradesh and Bihar, just like it did in 2015 and 2016. And there may not be any "official" demand yet but finance ministry mandarins could already have done some math on their end, particularly for a fresh package for Andhra Pradesh.

In 2015, the NDA 1 had announced a ₹1.25 lakh crore financial package for Bihar, covering roads, highways, railways, power, gas pipelines and refineries, to name a few. Prior to this, the UPA too had been providing Central assistance to Bihar for its infrastructure development.

While Andhra Pradesh received ₹10,461 crore of Central assistance between FY15 and FY17 as per the 90:10 resource sharing rule, apart from the higher tax devolution and revenue deficit grants of the finance commission. Despite this, Chandrababu Naidu walked out of NDA 2.0 in 2018. ◆

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A perilous path

As the West dominates wealth and power, India should not seek an independent track

BRIJ KHINDARIA

For years, India has been edging closer to the US, Israel and France for military partnerships that bring with them the moral responsibilities of allies without the legal commitments of treaty allies. Those bonds have strengthened during Prime Minister Narendra Modi's previous two terms and will likely become still closer during his next term.

The bonds do not entail dependency on the partners but they do require close co-operation in decision-making and regular co-ordination on how the Indian military operates its defensive and offensive postures, including compatibility among weapon systems. India has edged closer to these partners and taken half-steps away from the former Soviet Union and Russia because the Russian economy has been falling continually behind the US and the West. It no longer has reliable longer-term supply chains for the high-tech weapons systems India needs. The US military also has the most experience of actual war fighting in diverse terrains and situations during the past 50 years.

The US-led western allies remain the world's more progressive and open-minded powers committed to human rights and democratic freedoms, despite their occasional arrogance born of their astounding collective wealth, high-tech leadership and overwhelming conventional and nuclear military power.

Wisely, India's military establishment is moving to increase self-reliance in weapons system with technological and other collaboration with Western providers after decades of dependence on Russia. Modi's government is also encouraging private sector involvement in the development and manufacture of weapons in consultation with the Indian military in all spheres, including logistics, cyber, space, missiles, army, navy and air force. This is a slow process but, finally, it has begun.

It also opens exceptionally profitable opportunities for Indian companies to acquire high-level expertise to global standards. In light of the Ukraine war and European security fears, European countries will rebuild their weapons manufacturing capacities and have urgent need for components and complete systems built to their quality standards in India.

European doubts about US reliability are swirling currently because of Russia's recent gains in the Ukraine war and uncertainties about how far America's fragmented political system can be trusted to defend Europeans, since it is dithering over supplying funds and weapons to Kyiv.

However, the good sense of Modi's defence partnerships with the West despite risks is evidenced by the numbers. The combined GDP of the US-led NATO alliance, including 31 European countries, is more than \$46 trillion (in 1922) out of a total world GDP of about \$120 trillion. In comparison, China's GDP is about \$17 trillion and Russia is \$2.3 trillion. In effect, NATO-member GDP is over 20 times that of Russia and 2.5 times of China.

Significantly, the military spending of NATO members was \$1.3 trillion in 2023, equalling 55 per cent of the world total according to SIPRI, the Swedish monitor of military expenditures worldwide. Of that, the US defence budget was \$916 billion or nearly 70 per cent of the total. This compares with Russia's 2023 wartime defence budget of \$109 billion, up by 57 per cent from 2014 when Russia annexed Crimea.

China's 2023 military budget was nearly \$300 billion representing the 29th consecutive annual rise. At about \$84 billion, India's military spending was the world's fourth largest. Iran, which is touted as the military scourge of the Middle East, could afford to spend only \$10.3 billion in 2023.

Whatever reservations some Indian analysts may have about American and European hypocrisy, there is no doubt that they dominate global wealth and military power. Trying to carve out a separate independent track for India could be a perilous path.

Currently, there is much talk about how China has overtaken the US in 21st century technologies like batteries for electric vehicles, alternative green energies, some life sciences, and cyber, quantum and communication technologies. But the American scientific and technology ecosystems that fulfil investments ranging from gigantic projects to risky start-ups will not be easily beaten -- more so, because the US has preponderant influence in global financial markets and regulations that govern trade and commercial arbitration of disputes.

China does not have pockets deep enough to out-compete the US in so many futuristic areas that require inputs from non-Chinese supply chains. Its major companies are also vulnerable to arbitrary American decisions to stifle them in Western markets for political reasons, such as Huawei. With worsening trade and military tensions between Beijing and Washington, and intensifying border tensions with Delhi, China is unlikely to be a safe commercial or technology partner for India at least for the moment. ◆

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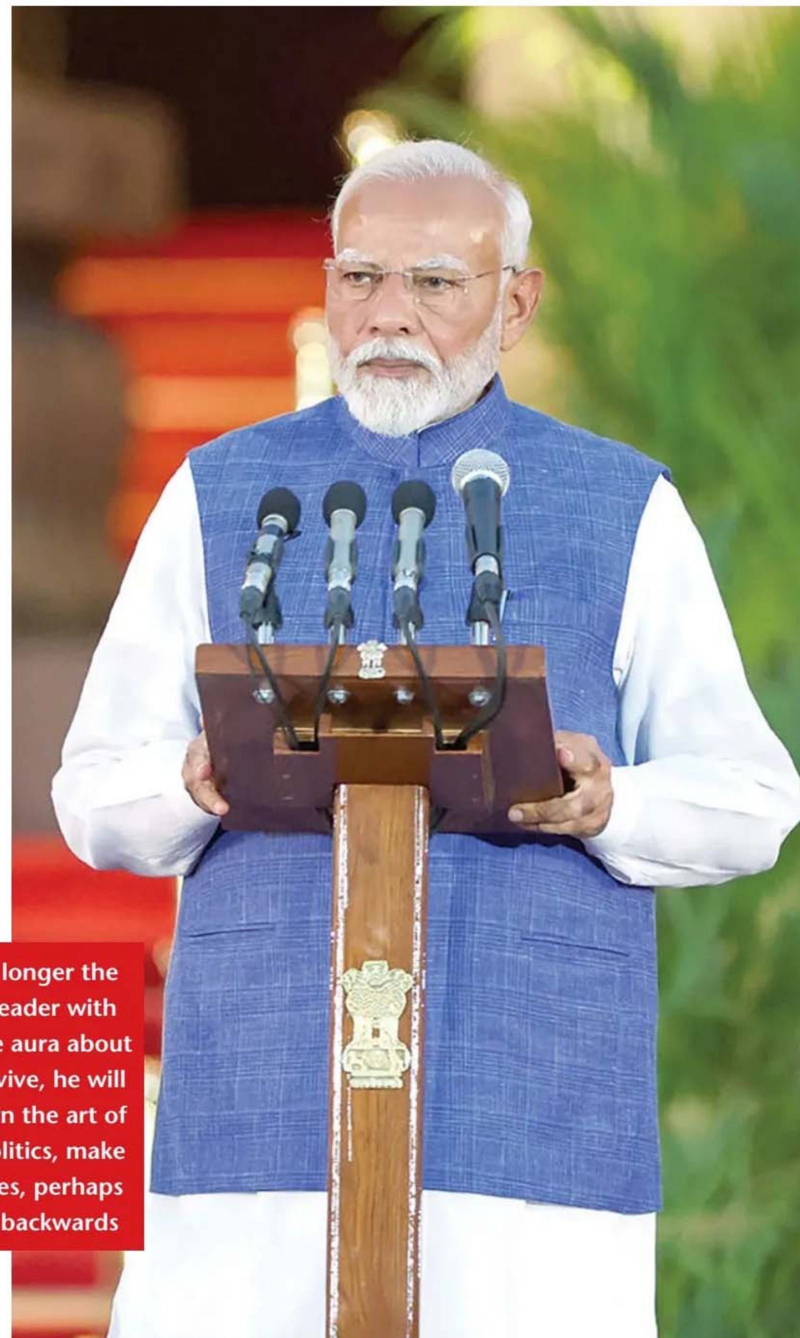
COALITION CH

A shrunk mandate for Modi means compromises and problems in governance

The outcome of the recent Lok Sabha election is a chastening experience for Prime Minister Narendra Modi, given that the Bharatiya Janata Party was for the first time in the last 10 years unable to cross the halfway mark of 272 in Parliament on its own. The BJP fell well short of the lofty tally of 370 seats that Modi set for the party. A staggering 19 ministers in the Modi government bit the dust; the losers included Smriti Irani (women and child development), Rajeev Chandrasekhar (IT and telecom), RK Singh (power), and Arjun Munda (tribal affairs). Modi is now dependent on outside support to stay afloat in Parliament, much like his recent predecessors. The era of coalition politics is back.

The Lok Sabha verdict carried echoes of 2004, when another incumbent BJP government under Atal Bihari Vajpayee, which was widely expected to win a landslide mandate, fell short of numbers and was edged out by the Congress. This time, Modi's political longevity was boosted by the BJP's political allies in the National Democratic Alliance, namely the Janata Dal (United) and Telugu Desam Party, which notched up respectable numbers in Bihar and Andhra Pradesh respectively to help him cross the halfway mark. The NDA now has 292 seats in Parliament, with the BJP accounting for 240. It lost 63 seats, almost 20 per cent less than the last time.

Modi is no longer the Supreme Leader with an invincible aura about him. To survive, he will have to learn the art of coalition politics, make compromises, perhaps even bend backwards



SHEKHAR GHOSH

HALLENGE

In contrast to the BJP, the opposition INDIA bloc, especially the Congress, ridiculed and dismissed by Modi, his peers, and large segments of the media fraternity, has performed creditably. The talk of a 'Congress-mukt Bharat', which had been the leitmotif of the BJP since it ousted the former in 2014, now sounds a bit hollow given that Rahul Gandhi has pulled his party out of the depths of irrelevance and almost doubled its share of seats. In an interview with a TV channel during the election campaign, Modi condescendingly said that if there was one thing missing in his life, it was "a strong opposition in 2014 to 2024". A strong opposition now appears to be on the cards. The INDIA bloc has bagged 233 seats. The Congress secured 99 seats. Others have won 18 seats in the lower house of Parliament.

Suddenly, Modi is no longer the Supreme Leader with an invincible aura about him. To survive, he will have to learn the art of coalition politics, make compromises, perhaps even bend backwards.

Modi has kicked off his third consecutive term by constituting a 72-member council of ministers, which doesn't exactly gel with his first-term credo of less government, more governance. While Rajnath Singh, Amit Shah, Nitin Gadkari, Nirmala Sitharaman, S Jaishankar, and Piyush Goyal are among the 19 retained as cabinet ministers, he has inducted two former chief ministers, Manohar Lal Khattar (Haryana) and Shivraj Chauhan (Madhya Pradesh), along with BJP president JP Nadda, into his team, thus signalling continuity with change.

Consolation Prize

The BJP's consolation prize was in wresting Odisha from the Biju Janata Dal patriarch Naveen Patnaik, who had helmed the state for 28 years. The party (filled with defectors from the Congress) also swept Arunachal Pradesh. Assembly elections in both these states were held simultaneously with the 18th Lok Sabha election. The BJP also made a leap forward in states where it had been a symbolic force. In three states – Telangana, Tamil Nadu, and Kerala – its vote share increased, though it may not have translated into many seats.

Modi has put up a brave face so far, but the fact that he is now working in a changed political environment was evident from his repeated emphasis on coalition dharma in his post-verdict speeches. "If a majority is necessary to run a government, consensus is necessary to steer the country," he told the newly-elected NDA MPs in the Central Hall of Parliament. It is an NDA government now, not simply BJP, he reminded his senior party colleagues who called on him. Ram Madhav, a member of the RSS national executive who had once been seconded to the BJP as national general secretary, notes: "The situation calls for greater accommodation and better understanding…"

Naidu and Kumar: slippery customers

But given Modi's centralised, top-down style of governance, will he be able to adjust to the realities of coalition politics quickly? So far, he has enjoyed unfettered power since 2001, first as Gujarat's Chief Minister till 2014 and as Prime Minister after that. Can a leopard change its spots?

Bearing on Modi 3.0

The 4 June verdict will now have a bearing on the functioning of Modi 3.0, as the BJP will be heavily dependent on its allies to run the union government. This will result in compromises, the resultant problems in governance, and the dilution of the BJP's core agenda. So, no Universal Civil Code or One-Nation, One-Election, which were to be Modi's dream projects in the upcoming term. Even the Citizen's Amendment Act will have to be implemented with care. It will be difficult to brush aside the sensitivities and priorities of key allies. Consultation will precede reforms of any nature. For instance, while N Chandrababu Naidu of TDP, who swept the Andhra Pradesh assembly poll, was once a votary of economic reforms and one of the early promoters of IT, the same cannot be said of him now as his state is facing acute financial distress. Naidu's demands will start surfacing once his white paper on the state's finances is out.

Some of the promises which Naidu has made during the assembly election may pit him against the BJP. He has promised 4 per cent reservation to Muslims in his state, apart from ₹1-lakh financial assistance to every Muslim who visits Mecca on the Haj pilgrimage. The BJP will have to turn a blind eye.

The JD(U), led by Nitish Kumar, has been talking of a nationwide caste

The 72-member council of ministers contradict with the party's credo, 'less government, more governance;

THE LOSERS

Smriti Irani, Chandrasekhar, RK Singh and Munda

census, something that is anathema to the BJP, and a review of the Agniveer recruitment scheme for the army. Then there is the question of special status for the state. "Special status to Bihar has been a demand of the JD(U). Bihar has not received the kind of economic support it should have got. When Narendra Modi takes oath as the Prime Minister for the third time, the people of Bihar expect a special package that will put the state on the path to becoming a more developed economy," says Arvind Nishad, spokesman of JD(U). With the assembly election scheduled for next year, Kumar will be under pressure on this front. Revisiting the subject of special status, abolished in 2015, may not be that easy


SHEKHAR GHOSH

(*See Government & Politics; Page 18*).

Another JD(U) leader said, "Kumar has been demanding electricity at subsidised rates from NTPC and other central producers. Bihar purchases electricity at a very steep cost. The state also has subsidies for consumers. He may ask for 'one nation, one tariff' for electricity."

Package Clamour

Along with special status, there will also be a clamour for financial packages. Recently, the Supreme Court had suggested that the centre consider a 'one-time financial package' for Kerala in the present financial year to help it tide over funds shortage. The centre has been sitting over this issue, arguing that it was 'handicapped' on this issue as it had rejected similar 'bail-out' packages for other states. Naidu is now expected to up the ante for financial aid for his languishing Amaravati (the new state capital) project and the Polavaram irrigation project.

While both Kumar and Naidu have said that they will stand by the NDA, they are considered slippery customers in political circles. Both have had a history of antagonism with Modi. Kumar, of course, is vulnerable as he is dependent on the BJP for support in his home state.

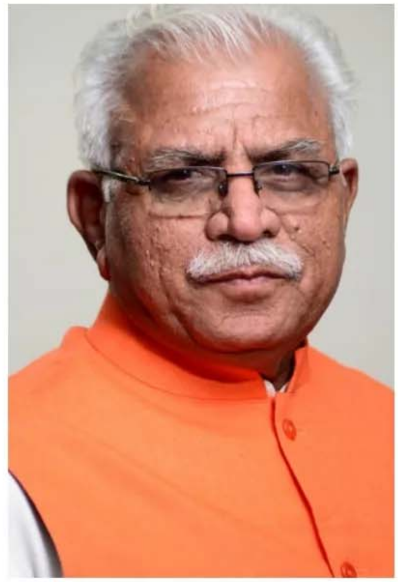
It is primarily the state of Uttar Pradesh that brought the saffron party below the majority mark. UP had scripted Modi's uninterrupted reign at the Centre for two terms. This time, a number of factors combined to thwart the BJP's carefully-crafted strategy and the prime among them was the reverse social engineering attempted by the saffron party's main challenger – Samajwadi Party chief Akhilesh Yadav. Taking advantage of the virtual collapse of the Bahujan Samaj Party, Yadav co-opted the BJP's 'non-Yadav OBC and non-Jatav Dalit' social combination into his ticket distribution strategy. This is the section that had voted overwhelmingly for the BJP in 2014 and 2019. In doing so, SP broke the previous perception of being an MY (Muslim-Yadav) party.

The fear of the BJP tinkering with the Constitution and doing away with reservations made the Dalits and backwards shift to the INDIA bloc. The SP-Congress alliance also largely ensured the consolidation of Muslim votes.

Questions Arise

The electoral verdict has raised questions about Modi's strategy and even the UP-strongman Yogi Adityanath's appeal. The BJP's campaign slogan, "Abki baar, 400 paar" (this time, more than 400), set a target of 400 seats for its alliance and 370 seats for the BJP itself. That pitch carried a tone of overconfidence at a time when a large section of the population is grappling with the realities of soaring prices, joblessness, and income inequality. Also, as India's long-drawn-out election campaign played out, Modi had increasingly turned to fearmongering over an alleged plot by the opposition to hand over the nation's resources to Muslims, at the cost of its majority Hindus.

Large parts of Maharashtra, Punjab, Rajasthan, and Haryana, to a certain extent, states that have been witnessing



Chauhan and Khattar: from state to Centre

distress among agrarian communities, citizens dependent on jobs in the army and resenting the Agniveer scheme, as well as socially disadvantaged groups anxious about the future of the reservation policy, expressed their disapproval of the BJP's policies and political antics.

Goldilocks Era?

The new government is taking over at a time when economic growth in FY2023-24 beat all expectations to record 8.2 per cent. Although GDP and GVA growth moderated to a four-quarter low of 7.8 per cent and 6.3 per cent respectively in Q4 FY24 from the revised prints of 8.6 per cent and 6.8 per cent in Q3, the extent of the dip was rather limited compared to expectations. The growth in the former was also boosted by the continuing sharp 22.2 per cent expansion in net indirect taxes in real terms in Q4 FY24. This resulted in the growth in GDP exceeding that in the GVA by a considerable 148 basis points (bps) in the quarter.

Similarly, the fiscal deficit for FY24 shed nearly 20 basis points further to reach 5.6 per cent. An equally important development is that after a gap of 10 years, S&P Global revised its outlook on India to 'positive' from 'stable', thus providing a window of opportunity within 24 months for a rating upgrade after a gap of 17 years.

According to Motilal Oswal Financial Services Ltd: "India is witnessing its own mini-Goldilocks (steady growth and low inflation) moment with excellent macros, solid corporate earnings (Nifty ended FY24 with 25 per cent earnings growth and FY25/26 earnings are likely to post 14-15 per cent CAGR), focus on manufacturing, capex and infrastructure creation, and valuations at 20x one-year forward earnings. This verdict and the consequent political stability and continuity in policy-making will act like an icing on the cake and keep India as the cynosure of all eyes, in our view," the report said.

Indeed, before the results came out, many brokerages believed that the current policy environment itself is providing a good investment opportunity. Private industrial capital spending is set to pick up with ongoing supply chain diversification benefits and the government's Production Linked Incentive (PLI) scheme to boost targeted manufacturing industries. The impression was buttressed by the Ministry of Commerce and Industry, which claimed that healthy corporate and bank balance sheets, rising capacity utilisation and upbeat business sentiment point to an improving private investment outlook. Companies have invested around ₹1.07-lakh crore through December 2023 across the 14 sectors covered under the PLI scheme, with exports surpassing ₹3.40-lakh crore since the scheme's implementation.

IDBI presents a low-hanging fruit. The path is clear for the disinvestment of 60.72 per cent in the bank, which includes the government's 30.48 per cent and LIC's 30.24 per cent

However, can a weakened Modi government sustain the policy continuity and continue its work of shortening the fiscal gap, that it has been able to do in the last few years? Some economists say this is doable but perhaps not at the pace it would have preferred to.

New Trajectory?

Others believe that the smaller mandate for Modi raises risks of more populist spending to consolidate political support, even though the BJP in its manifesto did not give many hints of populist spending, neither did the Interim Budget announced by Nirmala Sitharaman. The full budget due to be announced in July would account for the government's plans with the Reserve Bank of India's record ₹2.11 lakh crore worth of surplus transfer. It could use this bonanza to further consolidate the fiscal position. Conversely, it could use the money to garner political support in view of the assembly elections in Maharashtra and Haryana where its position appears to be shaky.

Looming large over the canvas are the issues of inflation, jobless growth, slow private investment, real wage stagnation, widening wealth-income inequality, and poor economic incentive-led schemes (like PLI) at the cost of decreasing allocations for essential social welfare programmes (MGNREGA, Nutrition Programmes, etc). These are factors that prompted voters – especially in rural areas – in the north, west, and parts of the south to come out against the BJP. In a revealing post-verdict analysis in *The Indian Express,* Arvind Subramanian, noted economist and chief economic advisor in Modi 1.0, felt that there were two ways to reconcile the economy (and the attendant official hoopla about its growth) with the election results. Clearly, growth has not been as dynamic as the official numbers suggest, nor has it been very balanced. "Put another way, the overall pie has not grown sufficiently rapidly and it has been shared unequally, but in a different manner than believed. As a result, the unskilled people working in the agricultural, informal and manufacturing workers – the bulk of the workforce and voters – experienced the economy in a way that accords with ground-level reporting; that is, negatively."

These issues are unlikely to disappear in the coming future. The government's challenge is to address these issues and also undertake key economic reforms. But the weakened majority could pose challenges to reforms as it will need to rely more heavily on its coalition partners. Passing contentious reforms could prove more difficult, particularly around land and labour, which have recently been flagged as priorities by the BJP in its election manifesto to boost manufacturing. In any case, ramming bills in Parliament with a resurgent opposition will now not be possible.

Nadda: will he bring fresh thinking?

Recent numbers released by the RBI on foreign direct investments for FY24 raise concerns over weak gross inflows, though the outgoing government said that the alarm being raised over the decline in net FDI to $10.6 billion is overdone. Fall in net FDI flows is led by repatriation and divestment touching a decadal high of $44.4 billion. Critics say the high repatriation figure implies that foreign promoters and investors are exiting India or withdrawing large sums out of the country.

That may not be the case. India is still among the top ten economies which are expected to receive large FDI flows in 2024. But the government will have to ensure that there is no let-up in promoting ease of doing business at all levels of the regulatory structure to support the growth, vigour, continued infrastructure investment drive, and commitment to fiscal consolidation.

Post-election results and formation of the new government, all eyes will be on the full budget for FY25, which is likely to be presented in July. Of particular interest to rating agencies will be the fiscal deficit target. Will it be revised lower to 5 per cent or even below that? The budget should also give details of the reform agenda for the next 5 years.

The key to broad-based growth would lie in the signals that the budget will send about post-election policy continuity. A continued focus on infra development will also help.

IDBI Test Case

Another area that will be closely watched is privatisation. The privatisation of assets in the insurance and banking sectors has been kept in abeyance for some time now. In the Budget 2021-22, the finance minister announced the strategic disinvestment of the government's and LIC's shareholding in IDBI Bank, along with the transfer of management control. In the last 20 months, however, this got mired in various issues, including delays in regulatory approvals, security clearances, valuation differences, and state elections, as well as the general election.

IDBI presents a low-hanging fruit. The path is clear for the disinvestment of 60.72 per cent in the bank, which includes the government's 30.48 per cent and LIC's 30.24 per cent. IDBI Bank's market valuation has almost doubled from ₹45,000 crore in October 2022,

The JD(U), led by Nitish Kumar, has been talking of a nationwide caste census, something that is anathema to the BJP, and a review of the Agniveer recruitment scheme for the army

when the Department of Investment and Public Asset Management invited bids, to the current ₹92,000 crore.

In terms of performance, there has been a big improvement in the last year when the process was delayed. For instance, total revenues are up from ₹24,941 crore in FY23 to ₹30,037 crore in FY24. In the same period, net profits are up 54 per cent from ₹3,645 crore to ₹5,634 crore. Gross NPAs are down from 6.38 per cent to 4.53 per cent. The return on assets (ROA) is up from 1.20 per cent to 1.65 per cent.

This could be the first bold move of handing over a public sector asset to a private player or even a foreign player. While the stake was offered to private banks, NBFCs, and other interested investors with a minimum net worth of ₹22,500 crore, there was interest from Canadian billionaire Prem Watsa's CSB Bank (erstwhile Catholic Syrian Bank), Kotak Mahindra Bank, and Emirates NBD. Banking consultants feel there could be a bidding war for IDBI Bank if another suitor emerges with better pricing as the stability of the government and the future growth trajectory will create wealth in the financial services space. But will the new government bite the bullet?

Inner-Party Dynamics

Now that Nadda has been inducted into the cabinet, Modi will have to look for a new party president. In the coming days, Modi will have to navigate his party's relationship with the RSS. The loss of over 60 seats should be a matter of concern for the Rashtriya Swayamsewak Sangh. Even party stalwarts like Nitin Gadkari suffered an erosion of voter support in the Sangh bastion of Nagpur. Statements from senior party leaders like Nadda that the Modi dispensation is no longer dependent on the RSS may have caused some strain between the two.

Besides, state assembly elections in Maharashtra, Haryana and Jharkhand are due this year. The BJP and its allies are facing serious anti-incumbency in Maharashtra and Haryana and the INDIA alliance is expected to mount a serious challenge. If the BJP loses these states, then doubts will begin to surface in the BJP over Modi's continued appeal.

Modi will also have to cultivate a second line of leadership like Atal Bihari Vajpayee and LK Advani did by encouraging leaders like Arun Jaitley, Sushma Swaraj, Pramod Mahajan and Shivraj Chauhan and to an extent even Modi himself. It makes good optics to call on the members of the Margdarshak Mandal, Advani and Murli Manohar Joshi, to discuss the new government formation. But a good leader has to look into his party's future as well. Sooner rather than later, the question may be asked within the BJP: After Modi, who? ■

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Old categories, new brands

Trends of new brands, rejuvenating old categories, and growing them

JAGDEEP KAPOOR

A $10 billion paint market in India, in 2024, which could grow to $15 billion by 2029, is seeing new entrants, making their way, into an old category. Across many decades, the brands which are there in this old category are: Asian Paints, since 1942, which went public in 1967. The other existing brands in this old paint category are: Berger Paints, Kansai Nerolac, Akzo Nobel with its Dulux brand. There are others too.

Over the last few years, new entrants have started coming into this market. The new entrants are aggressive, come out with clear positioning, have strong distribution network, good advertising, innovative pricing and have a competitive edge, in one way or the other. This means that the new entrants are serious players who want to consider the Indian paint industry as a serious growing market and want to participate in it and grow. This is causing a huge appeal and upheaval in the market. To use the industry language, they are literally painting the town red.

Indigo Paints, JSW Paints, and now Birla Opus Paints are the new entrants which are making their mark as new brands in an old category.

That does not mean that the existing players are sitting idle. They have come out with new initiatives in terms of products as well as in terms of communication, to defend their market share and to be able to continue to retain their loyal customers and consumers.

I would not be surprised, if other large industrial houses also want to enter this particular paint market and also plan to participate strongly in it. The market would definitely grow and the biggest beneficiaries would be the customers. This market requires substantial amount of reach and servicing, and there is a lot of scope, for growth, as you penetrate down the town classes.

Interestingly, this phenomenon of new brands entering old categories is not only restricted to the paint industry. There are many other industries which are going to witness a similar trend.

In the car market, there are similar trends emerging in the last few years. While in the old category of cars, brands from Maruti, Tata Motors, Mahindra and Mahindra, Hyundai, Volkswagen, Škoda and others have entered with their new brands in recent years and are revitalising the market. MG and KIA, with their sub-brands have entered with much fanfare. They have launched their sub-brands such as MG's Gloster, Hector and Blackstorm. Existing sub-brands like Creta, i10 or sub-brands like Alto, Dzire, Wagon R, or sub-brands like Safari from existing players are active in the market.

New sub-brands, from existing players have started making their mark, like Nexon and Punch, in both IC and EV versions. The trend of new brands in old categories is growing very fast, accelerating the rate of growth in those categories.

Similarly, Aditya Birla group is entering the old category of jewellery, through the new brand Novel Jewels. Existing players like Tata group's Tanishq will be watching keenly. On the other hand, a few years ago, Tata, through their new brand Taneira entered the old category of sarees. While new companies are entering old categories, with new brands, existing corporates are also entering old categories, with new brands.

This is an extremely healthy trend, for the Indian market, since growth will be triggered, and consumers will get a greater choice of brands. Companies will see a lot of marketing activity with new challenger brands in old established categories!

Strategically, the new challenger of brands in old categories, will have to bring out marketing plans of differentiation, having a separate and distinct competitive edge, better reach, innovative product, quality, and communication, which help the brands to enter the minds and hearts of existing and new consumers. These new challenger brands in old categories will not only have to fight the existing strong brands, but will also have to cater to new aspirations and expectations of new consumers, especially the younger ones.

> **Having new brands come into old categories, is a wonderful marketing environment in our country today**

Having new brands come into old categories, is a wonderful marketing environment in our country today. Certain categories which were considered as saturated or were considered having plateaued, will get a new life and will come alive with new players which will change the entire scenario helping the top line and the bottom line of companies grow substantially. Not to forget, existing players in old categories, coming up with new brands to strengthen their portfolio, and to counter challenge the new companies coming in.

With this trend, we are in for an exciting market in time. ◆

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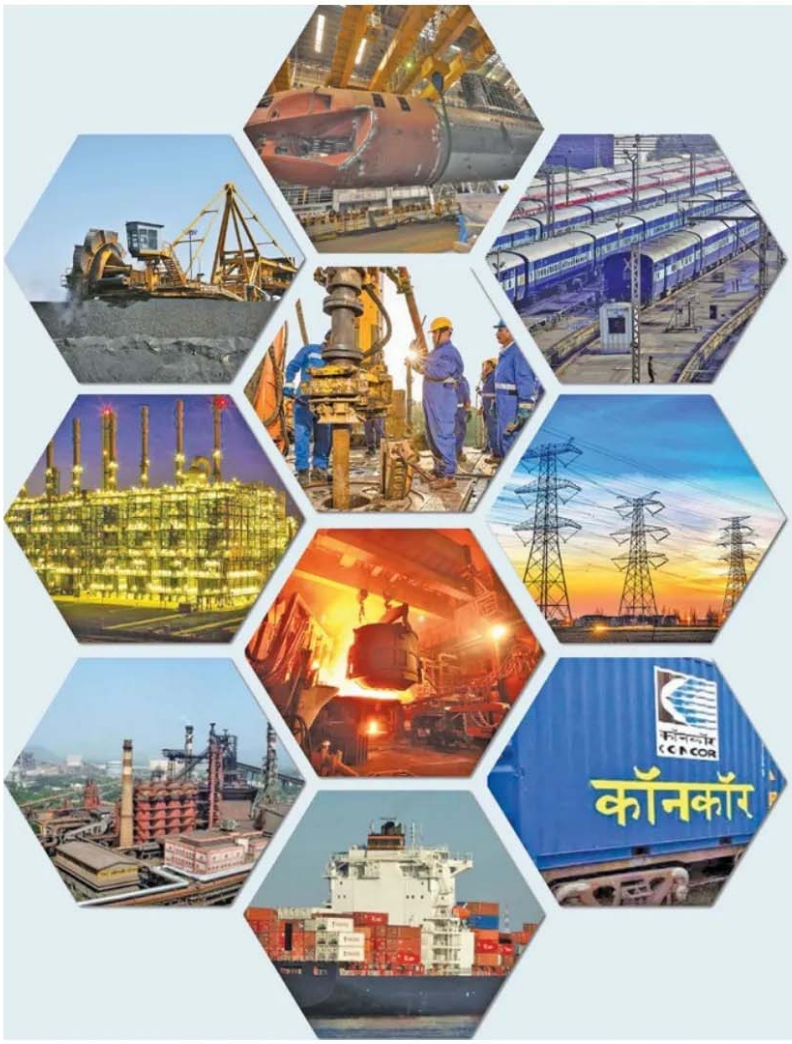
PSU back on investors' radar

With markets stabilising, PSU shares are again being favoured by investors



Market expectations had soared leading up to 4 June, the day the election results were to be announced. Investors were ready to celebrate Modi's thumping victory yet again. That the BJP would come back to power was a no-brainer. The BSE Sensex hit an all-time high on 3 June, with an intraday high of 76,738. The initial trends only fuelled expectations. The PSU index, inspired by its more flamboyant counterpart, Sensex, also made a 52-week high.

However, the celebrations were short-lived. When it became increasingly clear that the BJP would not achieve the desired majority, traders wasted no time wallowing in self-pity and went on a selling spree. Emotions took a back seat as the Sensex dipped sharply, losing 6 per cent to close at 72,079. Towards the end of the day, it became clear that despite the lower-than-expected seats won by BJP and its coalition partners, investors were heaving a sigh of relief. Foreign Institutional Investors (FIIs), who had sold heavily in the run-up to the results, bought heavily in the spot market and continued to square off their sales in the F&O segment. FIIs collectively invested ₹8,500 crore.

Political pundits were conducting post-mortems on the poor showing at the hustings, some publicly, and several thousands on WhatsApp groups, each giving their reasons. Poor selection of candidates, paratrooping them in 2-3 weeks ahead of the actual elections, over-confidence, and the heat were among the more commonly cited reasons. Investors also reckoned that a BJP government dependent on coalition partners would curb the government's freedom, with some reforms taking a back burner.

After the initial panic over the lower NDA seat count, there was a relief rally on 5 and 6 June, with Narendra Modi set to take the Prime Minister's oath on 9th June. While FIIs turned apprehensive again and sold close to ₹16,000 crore, preferring to wait until the actual portfolios were allotted, Indian investors were back in action.

Besides the mainline stocks and group companies' stocks of Adani, Reliance Industries, and Tatas, to some extent, PSU shares, also saw a lot of selling pressure before stabilising, albeit at lower levels. The PSUs, in particular, saw heightened interest as they were seen as companies that could benefit from Modi 3.0 rule. PSU shares had already been on the investor radar over the last 2 years.

Business India has done quite a few stories on PSUs, the last being a cover story in January 2022 titled 'The Underdogs'. The article dealt with the reasons why these jewels of India were not favoured by investors. Was it just a perception problem, and if so, can the solutions taken to resolve it work? The PSU index, over the 4 years up to 21 January, 2022, had remained virtually unchanged and had actually given negative returns, closing at 8676 in

January 2022. The main issue at that time was perception, with not much done to change it. One expert had said that the government was not communicating enough and the market was willing to listen. While none of the experts were critical about the leadership, there were concerns about the short tenure of the leadership. The rationale was that it did not give them sufficient time to plan and ably execute a long-term strategy.

Investors' darlings

It would not be an understatement to say that over the last 2 years, there has been a considerable change in how PSUs are being viewed. PSU stocks in defence, railways, capital goods, power, power finance, and oil companies have suddenly become the darlings of investors, with prices moving up sharply compared to 2022. Bharat Heavy Electricals, one of the leading engineering and manufacturing companies, has seen its shares, which were around ₹51, go up nearly sixfold. BEML, another company in manufacturing, railways, and mining, has also seen its shares triple in value. BEML has also separated its land assets into a separate company. Coal India, which was around ₹160, has gone up by more than threefold. Shipping Corporation has likewise given 2x returns, even after separating its land assets into a different company.

Cochin Shipyard has increased 8.3 times in the last year alone. Mazagon Dock has increased tenfold in the last two years. REC, formerly Rural Electrification Corp, has gone up by 4.5 times. Most petroleum companies, including Indian Oil, HPCL, and ONGC, have doubled in the 2 years since the end of May 2022. The best returns were seen in defence and railways shares. Hindustan Aeronautics has increased nearly fivefold in the last 2 years. Bharat Electronics and Bharat Dynamics have also given equally spectacular returns.

SANJAY BORADE

The PSUs will remain on the radar of investors for a long time and continue to drive the market

A. Balasubramanian
MD, Aditya Birla Sunlife Mutual Fund

PSU banks, which were the 'bad boys' in the class, have also caught the fancy of investors post Covid and after writing off huge NPAs. Performance has improved markedly, with several PSU bank shares having risen considerably. Bank of India has doubled, and Bank of Baroda has gone up 2.5 times. Central Bank of India, which was under ₹20, has given 3x returns.

The point is that PSU shares have been rerated over the last 2 years. In some cases, the pace of growth in share prices has been more than their peers in the private sector. The PSU index has also given good returns. It is not just the last 2 years; even over a longer period since 2019, the PSU index has outshone the returns of the Sensex, BSE 500, and even BSE midcap index. (See graph.) Over the last 5 years, the PSU index has given 198 per cent, point-to-point returns, compared to 186 per cent for BSE midcap and 112 per cent for BSE 500. Till recently, with midcaps and small caps being favoured over large caps, the Sensex had increased by just 79 per cent. The moot question is whether investors will have just a fling with PSUs or if their fancy will be sustained.

"The PSUs will remain on the radar of investors for a long time and continue to drive the market," says A Balasubramanian, MD of Aditya Birla Sun Life Mutual Fund. They are fundamentally better and have been the big beneficiaries of the enhanced capex expenditure by the government in the last 2 years. The Centre's capex has risen from ₹6 lakh crore to ₹9.5 lakh crore in the interim budget of 2024-25. In percentage terms, the capex as a percentage of total expenses in the budget has risen from 12.2 per cent in FY22 to nearly ₹10 lakh crore in FY24. In the interim budget for 2024-25, ₹11.11 lakh crore has been earmarked for capital expenditure. Bala, as he is popularly known in the financial sector, adds: "Unlike the earlier perception, PSUs have very good visionary leaders, who will take the growth forward. Modi, when he was the Chief Minister of Gujarat, had placed bureaucrats, many of whom were from the IAS, in charge of Gujarat PSUs. Full operational freedom was given to them, and they were assured there would be no political interference. This freedom allowed the leaders to turn around the PSUs,

SANJAY BORADE

There is a distinct amount of aggressiveness witnessed in the performance of PSUs

Deven Choksey
MD & Promoter, KR Choksey

making them profitable and starting to pay handsome dividends to the state. Divestment was not required. Modi, as the PM, is now trying a similar tactic with the Central PSUs." Bala feels that the P/E of the PSU index, which is low compared to other indices, will move up with increased awareness about CPSUs' dividend and growth-paying abilities. The P/E will thereafter narrow. In 2022, Bala had pointed out that having a PSU tag does not make a company inefficient. Several other countries have government companies that are competing with the best globally.

Deven Choksey, MD and promoter of KR Choksey Shares and Securities Pvt Ltd, says: "There is a distinct amount of aggressiveness witnessed in the performance of PSUs. They are becoming more performance-oriented, and managers are also becoming alert. The intention is clear – to get the right valuation which can enable companies to go in for raising funds." Secondly, Choksey says: "PSUs are well capitalised. Over the last few years, they have changed the method of giving contracts. Instead of selecting vendors on an L1, L2, and L3 basis, they are awarding contracts on a design and build basis. This is the same practice that is being followed by the private sector. The increasing usage of the Open Network Digital Commerce platform is also streamlining procurement processes and obtaining the best rates. It is a more transparent system and helps in optimising costs."

"These are small changes, but they have all been reflected in the improved performance of the companies and subsequently their market capitalisation. To give a few examples, when BPCL was put up for divestment, its valuation was under ₹60,000 crore. *Business India* had argued several times that BPCL should not be sold cheaply and that the fair valuation, even during the Covid period, should be above ₹1,00,000 crore. Currently, it is more than ₹1.25 lakh crore, with the

A PSU Index mirrors Sensex sectorally

It is quite interesting to note that the PSU segment is similar to the universe of the Sensex. Even the construct of the index is quite similar. Finance forms a little over 36 per cent, the same as the Sensex. Power, oil, and gas each contribute 17 per cent, with capital goods around 15 per cent and metals and mining around 10 per cent (see sectoral chart). It is quite possible that the sector was probably formed some years ago and there is a need to revise it. The breakup of finance and giving separate weightage to insurance companies may be considered. As is having a separate sub-head for defence, with stocks of BEL, BDL, Hindustan Aeronautics, Mishra Dhatu Nigam, Mazagon Dock, Garden Reach, and Cochin Shipyard being rightful claimants in this segment. The railways' market cap is relatively small, but the nomenclature of transportation can be further divided to include railways. There is also no reason for excluding SBI, the pride of the Indian banking sector, from the PSU index. While it is true that SBI operates more like a private sector bank, if SBI can be included in Bharat 22, why not in the main PSU index? The only difference between the Sensex and the PSU index is the lack of IT shares in the latter.

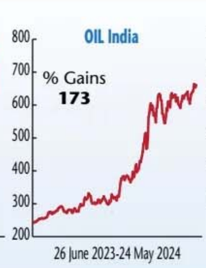
SANJAY BORADE

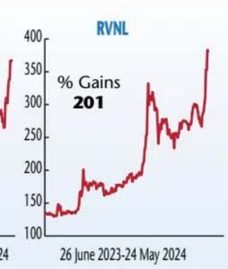
The government should look at the IPO of Indian Railways, which could be another big game changer

Ajay Garg
Founder & MD, Equirus Capital

PSU index outshines the rest

Year	PSU	Sensex	BSE 500	Midcap
2019	6,956	41,254	15,667	14,968
2020	5,781	47,751	18,300	17,941
2021	8,141	58,254	23,811	24,970
2022	10,018	60,841	24,606	25,315
2023	15,558	72,240	30,720	36,839
2024	20,732	73,961	33,344	42,853
Gains	198%	79%	112%	186%





government still holding the majority. Likewise, IDBI, which was also under ₹50,000 crore when it was listed for divestment, is now nearing the ₹1 lakh crore mark. With the government also divesting a minority stake in LIC (market cap over ₹6 lakh crore), the overall market cap of all PSUs is now ₹67 lakh crore compared with the ₹145 lakh crore market cap of the Sensex. Undoubtedly, there are three PSU shares, SBI, Powergrid, and NTPC, which are also included in the Sensex. Even so, the market cap of PSU shares is growing by the day."

Anish Tawakley, Deputy CIO – Equity at ICICI Prudential AMC, says: "PSUs have moved from being one of the most unloved stocks to a level where they are not cheap. This has been largely possible owing to the good work done by the PSU managements coupled with the way the government has ensured that these companies were disciplined in capital allocation and in returning cash to shareholders. Another factor which helped PSU names is a stable policy regime."

The key point here is a stable policy regime. A stable government policy helps the boards of respective PSUs to plan out their long-term projects, knowing that there will be no backtracking on approved projects. Further, having once cleared the projects, funds will not be squeezed by last-minute appeals for more funds, either through dividends or contributions to one scheme or another. In fact, the government, through its Department of Investment & Public Asset Management (DIPAM), in November 2020 mandated that profit-making PSUs pay 30 per cent of their profit or 5 per cent of their net worth by way of dividends. Since the results of all listed PSUs are declared quarterly, it mandated that instead of bunching dividend payments after the closure of the accounting year, they should pay interim dividends more frequently. Anish Tawakley adds that "there has been a significant improvement in the business cycle across sectors where PSUs are present. There are several sectors where PSU names either have

PSUs have moved from being one of the most involved stocks to a level where they are not cheap

Anish Tawakley
Dy. CEO, Equity, ICICI Prudential AMC

a dominant share or are sector leaders, so any improvement in sector fundamentals helps these stocks. This has led to an improvement in market sentiment and consequently valuations."

Contributing to PSU

Finance	**38**
Information	**14**
Oil & Gas	**12**
Transp.Equipment	**7**
Capital Goods	**5**
Telecom	**4**
Others*	**20**

*Power, Metals & mining

A serious affair?

Is the relatively newfound interest in PSUs a mere flirtation, or will the interest be sustained? Many long-term investors are betting on the shares, rationalising that if the country is on a growth path to become a developed nation by 2047, PSU shares will be one of the key drivers of growth. While some PSUs have started exporting services and goods overseas, they will be in a sweet spot the day the government seriously tries to expand global trade.

Ajay Garg, founder and MD of Equirus Capital Ltd, a full-service investment bank, says: "Given the Government's focus on Make in India and revitalising investments in railways, alongside providing impetus to make shipbuilding and defence manufacturing export-oriented, this has propelled many stocks in these areas (defence and railways) which are dominated by PSUs, onto a different trajectory. The stock market rally in these sectors is a reflection of this. As these are stocks with strong moats and strong credentials, when unleashed to tap global opportunities, they will see good rerating. I have recently also suggested that the government should look at the IPO of Indian Railways, which could be another big game changer."

Some investors, such as those investing in mutual funds, may have a different perspective. Tawakley says: "The valuations across the PSU universe have meaningfully expanded. Since the start of 2024, we have turned cautious on the PSU space due to valuation concerns."

Deven Choksey, noted for his wealth-building business, says that "the fancy for PSUs will last, and in some cases like the oil industry, it will also change. With the petroleum companies embarking on green energy initiatives in a big way, the perception of these companies will change. The government is earnestly trying to meet its carbon reduction targets, with Prime Minister Narendra Modi committing to India becoming a net zero carbon emitter by 2070. These very petroleum PSUs will be the harbinger of change, having surplus funds which will be invested in green energy initiatives".

Business India also feels that PSUs have great potential, going forward. Capex is not an issue with most companies being profitable. With more and more professionals being inducted into management, the PSU tag will not be seen as an insult but rather an added advantage. If the government seriously wants to remove the PSU tag, it can create a holding company and hold a golden share in all companies where its equity goes beyond 50 per cent through divestment. However, there is no immediate need to divest if the PSU companies and banks are able to provide ₹1 lakh crore as dividend and increase this amount steadily in the years to come. As long as the government chooses to be in the business of business, it may well endeavour to run it like a professional businessman. Perhaps as a benevolent business house with an eye to meet the needs of all stakeholders, not just investors. As long as profit-making is not compromised. ◆

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A force to reckon with

SLMG Beverages is India's largest independent Coca-Cola bottler

SLMG Beverages Pvt Ltd, the flagship company of the Lucknow-based ₹10,000 crore Ladhani group, has made significant strides in the last few years. The ₹7,500-crore company has emerged as the largest independent bottler of The Coca-Cola Company in India and South West Asia. SLMG's association with Coca-Cola spans more than three decades, making it a highly successful bottling franchise across Uttar Pradesh and Uttarakhand for the US beverage major.

More recently, the company has also won the bottling franchise rights for Bihar and has commissioned a fully-automated modern bottling facility in Trishundi Industrial Area in Amethi, Uttar Pradesh. The ₹700-crore Coca-Cola bottling plant was inaugurated by Uttar Pradesh Chief Minister Yogi Adityanath in October last year. Earlier in 2018, the company commissioned a state-of-the-art bottling facility at Kursi Road, Lucknow, in record time of around a year.

With seven production facilities in Uttar Pradesh, SLMG, backed by a network of over 1,500 distributors and over 30 warehouses, caters to 1.5 million outlets in Uttar Pradesh and Uttarakhand. It bottles more than 40 million bottles per day. SLMG manufactures and distributes a wide range of carbonated soft drinks, as well as a large selection of non-carbonated beverages, including packaged drinking water. It operates under a unique business model with end-to-end execution capabilities, spanning manufacturing, distribution, and warehousing to customer management, in-market execution, and managing cash flows for future growth. Coca-Cola provides brands, concentrates, and marketing support to SLMG. In return, SLMG assumes complete control over the manufacturing and supply chain processes, driving market share gains, enhancing cost efficiencies, and managing capital allocation strategies.

SN Ladhani: scaling new heights

The soft drinks market in India is poised for substantial growth. According to ResearchAndMarkets.com, the non-alcoholic beverages market in India was valued at around ₹1,37,700 crore in FY23 and is expected to reach around ₹1,98,600 crore by FY28, expanding at a CAGR of around 7.29 per cent.

"When Coca-Cola re-entered the Indian market 30 years ago, we produced the first Coca-Cola bottle in India and are proud to continue The Coca-Cola Company's legacy and widen our reach to consumers across our territories. The last few years have been quite remarkable for us as we have significantly ramped up our capacities in order to meet the ever-increasing demand. We aim to be amongst the top 10 bottlers of Coca-Cola worldwide by 2030, pursuing a vision to build a high-performance, future-ready and sustainable organisation," states SN Ladhani, Chairman and Managing Director of SLMG Beverages.

India growth story

"Coca-Cola continues to believe in the India growth story, which is the fifth-largest market for the company globally and presents a compelling landscape for the beverage industry. The inauguration of SLMG's facility in Trishundi exemplifies our commitment towards sustainable, long-term business growth contributing towards the national economy. The investments being made by SLMG are steps towards laying the groundwork for our goal of expanding capacities, and our leading portfolio of brands positions us to win in the marketplace," says Sundeep Bajoria, Vice President, India Franchise, Coca-Cola India.

Buoyed by its recent success, SLMG has earmarked an investment of ₹3,000 crore in the calendar year 2024 to expand its capacity in its existing territories and towards its entry into the Bihar market. In 2023, the company invested ₹2,000 crore in expansion and modernisation.

Paritosh: replicating success stories

The Coca-Cola Company has recently announced its decision to transfer its bottling operations in three territories, including Bihar. SLMG has secured the rights for the Bihar market, and as per the agreement, it will assume ownership and operational responsibility of the territory.

Currently, SLMG caters to the 250-million population in Uttar Pradesh, excluding the National Capital Region, four districts of Madhya Pradesh, and the whole of Uttarakhand. With Bihar now in its portfolio, it will grow its market to 360 million. The company is looking to achieve revenues of around ₹10,000 crore in FY25.

"The last few years have been quite remarkable for us. The Coca-Cola Company has reposed trust in us, and we have tried to live up to their expectations. Now we have Bihar in our portfolio, and we look forward to replicating our success stories of UP and Uttarakhand in this new territory as well," says Paritosh Ladhani, Joint Managing Director of SLMG Beverages

"The Indian soft drink market is growing consistently, backed by the 140-billion population. Our per capita consumption is still quite low and we are aspiring to catch up, going ahead. Coca-Cola is bullish on the long-term prospects of the Indian business. At SLMG, we have recently increased our capacity to explore the opportunities being offered by the market. Simultaneously, we are also building up our organisational structure and transforming ourselves into a more robust set-up. Towards this end, we have appointed Costin Mandrea as Chief Executive Officer of Coca-Cola SLMG operations," says Vivek Ladhani, Executive Director, SLMG Beverages.

With more than 25 years of rich experience in the beverage industry, Mandrea brings a wealth of expertise and strategic vision to his new role. He has held key leadership positions in the Coca-Cola bottling system in Western and Central Europe, Russia, and Japan, where he demonstrated expertise in driving business growth through company-wide transformation, sales force

SLMG's Trishundi plant is the most modern bottling facility in the world operations, customer engagement, and route-to-market strategies.

Mandrea holds a degree from the University of Bucharest and has participated in numerous leadership development programmes throughout his career. His tenure at Coca-Cola has been marked by successful transformation initiatives and strategic leadership roles, contributing significantly to the company's profitability and market presence.

"With great pleasure, we welcome Mandrea aboard as the CEO of SLMG. His leadership and strategic acumen makes him a perfect fit to lead our company into its next phase of expansion and success. Amidst our accelerated growth phase at SLMG, we firmly believe he is the perfect leader to navigate us towards unprecedented success. With his proven track record and dynamic approach, we are poised to achieve remarkable milestones," states the SLMG chairman and managing director.

"I am honoured and excited to join Coca-Cola SLMG as its Chief Executive Officer. I look forward to collaborating with the talented team and leveraging my experience to drive innovation and growth for the company," remarks Mandrea.

Having joined the company on 1 January this year, the new CEO has been spending most of his time in the market, meeting customers and his salespeople. He has also spent much of his time in the facilities, getting to know his teams. "So, it's an incredible experience. It's the best place in the Coca-Cola world to be today – India. And Uttar Pradesh, Uttarakhand, and recently Bihar, are role models for what it means to be a strong bottler with an appetite for growth, with clear commitment to invest in technology, in people, and to become a global bottler," says Mandrea.

"The mandate I am giving to myself and to the team in our first meeting is that we are building the first Indian world-class bottler, a bottler that is made in India and is able to stay at the same table with the bottlers from Latin America, with the bottlers from Europe, with the bottlers from Asia. So, this is what we are doing, and I have full commitment and support from the board."

The CEO has charted out a

Mandrea: driving business growth

two-pronged growth strategy for SLMG. On the one hand, the company will continue to invest in capacity building; on the other, it will look for newer territories to expand the business. After showing impressive performance in Uttar Pradesh and Uttarakhand, the company is now looking to replicate the same in the newly acquired territory of Bihar (from February this year).

Focus on expansion

"A bottler can always grow in a few ways. You can grow organically by executing better in the market, investing wisely, developing capabilities, and fostering innovation. We are fortunate to operate in one of the most dynamic areas of India, which is Uttar Pradesh and Uttarakhand. When you look at the per capita opportunities and the demographics – young, hardworking people – this is exactly our type of consumer. So, we focus on expanding the market here," explains Mandrea.

"There is another way we can grow and that is by expanding our territory. SLMG had this experience in 2019 when it took on additional franchise territories and implemented its model of investing, executing in the market, and growing people. This was very successful, with great results in terms of market share, revenue, engagement, and retention. From February this year, we have had the privilege to expand into a new territory, Bihar, which is very similar to UP and Uttarakhand," adds the CEO.

The recently commissioned bottling facility at Trishundi in Amethi, UP, is the most modern in terms of technology and has the largest capacity in SLMG's portfolio. The facility, with a total manufacturing capacity of 4,600 bottles per minute, was established with an investment of ₹700 crore. This unit has the capability to produce beverages in cans, Tetra Pak cartons, and plastic bottles to cater to varied customer preferences. It also runs a line for packaged drinking water. The company has also announced an additional investment of ₹200 crore for capacity expansion at the same location.

"This is a world-class bottling unit. Even the US does not have this kind of technical facility. Our plant and machinery are the latest, whereas in the US, the plants were set up 10 years ago. So, we have an edge over them," says Ladhani.

As a responsible bottler, SLMG plans to spend more than ₹100 crore on sustainability, safety, and the environment this year to promote sustainable solutions to combat climate change. Of the total investment, ₹75 crore will be spent on sustainability and ₹25 crore on quality. This strategic allocation of resources demonstrates the company's intention to be at the forefront of the industry's sustainability efforts.

"Our investment in quality, safety and sustainability is not just a business strategy but a commitment to a better future for all. We envision a world where excellence and responsibility go hand in hand, and SLMG is leading the

way towards this vision. SLMG Beverages Pvt Ltd is a beacon of sustainability, setting the course for a greener, cleaner, and more responsible future in the beverage industry," says Paritosh Ladhani.

As the chosen bottling partner of Coca-Cola, SLMG aims to become the best-run bottler, celebrated for its inspired team, phenomenal growth story and unwavering commitment to sustainability. This commitment emphasises the company's dedication to maintaining the highest standards in every facet of its operations. The emphasis on quality and safety fits seamlessly into SLMG's broader vision for sustainable growth.

In line with Coca-Cola's global initiative to create a 'World Without Waste', SLMG aims to achieve net-zero carbon emissions by 2050. This bold target signals the company's determination to play a central role in tackling climate change and reducing its environmental footprint.

One of SLMG's notable initiatives is the deployment of reverse vending machines (RVMs) in Agra. There are currently 12 machines, with plans to add a further 20 in 2024. These machines incentivise consumers to recycle by accepting empty beverage containers, contributing to the circular economy and reducing plastic waste.

Meanwhile, The Coca-Cola Company, the world's largest beverage firm, remains optimistic about its India business despite a slow start in the first two months of this year. January and February were a bit soft, but business bounced back in the following

Vivek: exploring opportunities

months of March and April, according to a company release. "We expect India to continue to have a strong year this year," said James Quincey, chairman and CEO of The Coca-Cola Company, during the company's recent quarterly earnings call with investors.

Thums Up on top

The firm reported its March quarter (Q1 CY2024) results, with net revenue rising 2.5 per cent to \$11.23 billion, ahead of Street estimates of \$11.01 billion. Quincey also noted that Indian brands such as Thums Up remained strong in terms of their sales performance in the country. The company has made net gains of \$293 million related to the refranchising of its bottling operations in certain territories in India this year. Coca-Cola has refranchised bottling operations in select Indian territories, including Rajasthan, Bihar, and some parts of the north-east, to streamline company-owned and franchise-owned bottling operations in the country.

Earlier, Coca-Cola had announced its intention to reinvest a significant portion of its capital investment into expanding capacity in India. The beverage giant highlighted the substantial growth experienced by its India business in 2023, leading to increased investments aimed at scaling up operations. During a post-earnings management commentary in February, Coca-Cola's president and chief financial officer, John Murphy, emphasised the company's commitment to building capacity for its global dairy business, Fairlife, and its Indian operations. Murphy noted that India, along with Brazil, played a key role in driving growth in the Asia-Pacific region.

Coca-Cola reported 2 per cent growth in developing and emerging markets, attributed largely to the performance in India and Brazil during the December quarter. India stands out as Coca-Cola's fifth-largest market, indicating its strategic importance for the company's global operations. Murphy underscored the company's financial strength, stating that they have the flexibility to reinvest in their business for growth while also returning capital to shareholders. In contrast, developed markets experienced one per cent growth, with notable contributions from Mexico and Germany.

Meanwhile, Coca-Cola's bottling partner in India, Hindustan Coca-Cola Beverages (HCCB), has announced a significant investment of ₹3,000 crore in Gujarat to bolster its manufacturing capabilities for juices and aerated drinks. This expansion is anticipated to be operational by 2026. Recent announcements also include HCCB's decision to divest some of its company-owned bottling operations in certain regions, signalling a strategic realignment within the Indian market. HCCB is Coca-Cola's largest bottler in India with 16 operational factories. Coca-Cola has 11 bottlers in India that operate 54 plants across the country.

Amidst all these developments, SLMG has emerged as Coca-Cola's largest independent bottler in India. The company has made rapid progress in the last few years and has invested heavily in building up the most modern capacities. Both its greenfield bottling plants, fitted with state-of-the-art technology, are world-class facilities and thus have a distinct edge over others. With other initiatives in place, the company has won the trust of The Coca-Cola Company, as evidenced by its recent acquisition of new territory in Bihar. With all this, SLMG is today a future-ready organisation, backed by its new CEO, and is geared up to tap into the emerging opportunities in the market. ◆

ARBIND GUPTA

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SLMG is investing aggressively in ramping up its bottling capacity

Growing strategically

Mohali-based Ajooni Biotech is expanding through strategic tie-ups to enter new markets

Singh: promoting innovative agricultural practices

On 17 May, 2024, animal healthcare solutions firm, Ajooni Biotech Ltd (ABL), announced that it had entered into a partnership with Unati Agri-Allied & Marketing Multi State Cooperative Society Limited (UAMMCL) to revolutionise pure vegetable cattle feed and moringa (also known as drumsticks) production. This partnership aims to enhance Ajooni Biotech's pure vegetable cattle feed business through forward and backward integration, encompassing raw material supply, warehousing, storage and consumer connectivity, as well as research and development within the operational area.

According to Jasjot Singh, MD, ABL: "This collaboration is set to bolster the agricultural sector by creating robust, sustainable supply chains and promoting innovative agricultural practices. UAMMCL is supported by the Department of Biotechnology (Government of India) and the Punjab State Council For Science & Technology."

As part of its strategic growth plan, ABL will adopt modern irrigation techniques for cultivating moringa plants. In collaboration with UAMMCL, the company will initiate the moringa plantation process from the ground up to the processing of moringa leaves and seeds to manufacture final products, focusing on both pure vegetable animal and human nutrition as well as renewable energy solutions. The company is expecting a substantial increase in turnover and additional margin from this MoU.

Established in 2010, Ajooni Biotech is one of the leading pure-vegetarian-based animal healthcare solutions providers, improving the productivity of dairy farmers and sustainably increasing livestock yields. It manufactures a wide range of cattle feed, cattle feed chips, camel feed, cotton oil cake, mustard oil cake, and various feed supplements to cover the entire life cycle of an animal. It is among the main suppliers to leading companies like IFFCO Kisan, Mother Dairy, Paras Dairy, and Saahaj Dairy. The company will manufacture cattle feed and supplements under its own brand name, Ajooni. It is also a GOLD ZED, ISO, and GMP-certified company, manufacturing ISI mark cattle feed.

Ajooni Biotech has two state-of-the-art manufacturing facilities with a cumulative animal feed production capacity of 45,000 MTPA and a liquid supplements capacity of 30 lakh litres per annum. It is currently working with more than 10,000 farmer families in seven states of Northern India and plans to grow nationally. Singh elaborates: "We specialise in offering high-quality, pure vegetarian cattle feed and pure vegetarian supplements that cater to the dietary needs of cattle. Our products are designed to promote healthy growth, improve fertility, and enhance overall well-being in cattle. With our focus on animal health and welfare, we're committed to providing farmers with the best possible solutions for their cattle."

The company has also entered the B2C market, marking a significant expansion of its business scope. This new initiative will allow it to reach individual consumers directly, offering them a wider range of products and services. "We are in the process of appointing new dealers and in the first month, more than 100 dealers have already been appointed on an all-India basis," adds Singh.

Gurmeet Singh Bhatia, founder and promoter of ABL, says: "We have entered into an agreement with other brands like Sahaj, Mother Dairy and IFFCO for the manufacturing and distribution of cattle feed and feed supplements in the states of Punjab, Himachal Pradesh, Jammu & Kashmir, Haryana and Rajasthan."

Meanwhile, the company came up with its IPO on the NSE Emerge platform in December 2017 and migrated to the main board of NSE in May 2022. The company's stock was listed on 2 January, 2018 on the Emerge platform of the National Stock Exchange of India Limited.

Strategic tie-ups

Earlier, on 15 April, 2024, it had entered into a strategic partnership with the National Dairy Development Board (NDDB) Dairy Services. NDDB Dairy Services is a pivotal entity in India's dairy industry. With 170 milk unions operating across 285 districts and encompassing approximately 96,000 villages, they play a crucial role in the livelihoods of over 10.7 million farmers and labourers who are integral members of its network.

Last year, in June 2023, the company entered into a pilot moringa farming project in Rajasthan. It is in the process of acquiring land for its own seed production to meet its future requirement of seeds for phase-wise commercial cultivation of moringa on 200 hectares of land, subject to successful trials of pilot-scale farming on 10 hectares of land, validation of processes, and availability of required funds.

The moringa farming project is expected to produce moringa mash, bio-coal, oil, carbon credits, and seed cake, and it is anticipated to generate profit margins of approximately 20 per cent. The project aims to improve animal productivity, reduce global warming, and enhance farmers' income.

Ajooni Biotech has launched its rights issue with the aim of raising ₹43.81 crore from existing shareholders. It will offer 8.76 lakh fully paid-up equity shares with a face value of ₹2 each at a price of ₹5 per equity share. Interestingly, the promoter group is also participating in the rights issue. Rating agency CRISIL has raised the company's long-term credit facilities rating to 'CRISIL BB+/Stable'. The funds raised through the issue will be utilised to finance expenditure towards the acquisition of land, site development, civil work, acquisition of plant and machinery, part financing of working capital requirements, and corporate purposes.

The company is setting up a new plant with an investment of ₹16.50 crore in Khanna, Punjab. This unit, adjacent to their existing plant, spans 87,000 sq ft. The new unit will be entitled to incentives, including three per cent interest subvention, a capital subsidy of ₹50 lakh offered by the Government of India, 100 per cent GST reimbursement, and 100 per cent stamp duty reimbursement, among many others.

Jasjot Singh adds: "We propose to utilise up to ₹8.06 crore out of issue proceeds to meet the expenditure towards the acquisition of land, site development, and other civil work. The installed production capacity of this new unit would be 75,000 MT per annum, which is likely to increase in subsequent years. However, the actual utilisation is expected to be 50 per cent in the first year, 70 per cent in the second year, and 80 per cent in the third year, with approximately 90 per cent and above in future years."

Ajooni Biotech is a leading pure-vegetarian-based animal healthcare solution provider

Great potential

According to Expert Market Research Forecasts from 2023 to 2028, "the Indian animal feed market size reached ₹95,670 crore in 2022. It is expected that the market will reach ₹1,57,820 crore by 2028, exhibiting a CAGR of 8.7 per cent during this period."

As it happens, India currently represents one of the largest feed producers in the world. Animal feed includes various raw, processed and semi-processed products that are fed to livestock. Some of the most common feeds include pasture grasses, cereal grains, hay and silage crops, and other by-products of food crops, such as brewers' grains, pineapple bran and sugar beet pulp.

Moringa is regarded as a miraculous tree. The moringa farming project is expected to produce moringa-mash, bio-coal, oil, carbon credits, and seed cake and expected to generate profit margins of approximately 20 per cent. ABL's moringa project is aimed at improving animal productivity, reducing global warming, and enhancing farmers' income.

The company expects the project to be a win-win for all stakeholders. Moringa has the potential of doubling farmers' income over a period of time. Biodiesel made from moringa and intercrop of camelina oil and sustainable aviation fuel from camelina will help bring energy security and reduce the outflow of foreign exchange.

In FY23-24, the company reported a 7.55 per cent rise in turnover compared to FY2022-23. It is expecting a substantial increase in turnover and additional margin from this MoU. It reported a 45 per cent rise in EBITDA at ₹4.43 crore and a 94 per cent rise in net profit at ₹2.20 crore. Furthermore, it has secured an export order from Avon Animal Health, Bangladesh, to deliver animal health products and educate farmers on their efficacy. Additionally, it is working on expanding into the B2C market by appointing over 100 dealers across India. It plans to surpass 300 distribution touchpoints and aims to strengthen its market presence and offer innovative products directly to consumers.

Apart from pure vegetable cattle feed and supplements, Ajooni Biotech is focusing on the commercial production of moringa, which is set to commence in FY26. It has leased 64,000 sq yards of land in Derabassi, Punjab, for the cultivation of a moringa nursery and plantation. The company expects a turnover of ₹250-270 crore by FY2026-27 from the pure vegetable cattle feed and supplement category, with a PAT margin of around 5-6 per cent. It further anticipates generating additional annual revenue of ₹150-200 crore from its moringa operations, with projected profit margins of 40-50 per cent from FY2025-26 onwards. ◆

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Undergoing metamorphosis

RPEL focusses on innovation in high-value stainless-steel products for growth

Ratnaveer Precision Engineering Limited (RPEL), based in Gujarat, is transforming its low-commodity stainless-steel business into a high-value niche product through backward integration. Established in 2002, RPEL makes a wide range of stainless-steel products, including washers, pipes, tubes, sheets and solar mounting hooks. The company produces over 2,500 washers of different sizes and international standards. Founded by Ramanand Sanghvi, RPEL is under the management of Vijay Ramanlal Sanghvi and his family.

In recent years, RPEL has prioritised the synergistic system of backward integration, where it recycles the steel waste generated during manufacturing its products and transforms it back into raw material for further use in manufacturing. The company operates four manufacturing units — two located in Vadodara, one in Waghodia (near Vadodara), and another one in Ahmedabad. By backward integration of stainless-steel sheets, washers and solar hooks, the company has effectively reduced its production costs.

RPEL's manufacturing Unit I and Unit II are specifically dedicated to producing goods for sale, while Unit III and Unit IV focus on processing manufacturing by-products and converting them back into raw materials. This unique integration strategy not only strengthens the company but also maximises its return on investments compared to its competitors.

About 11 per cent of raw materials are generated through backward integration, with the remaining 89 per cent being procured from external suppliers. Avinash Gorakshakar, head, research, Profitmart Securities, highlights the significance of RPEL's backward integration model, stating that it significantly amplifies the company's investment returns. RPEL's products have a wide range of applications, including automotive, solar power, wind energy, power plants, railways, oil & gas, pharmaceuticals, sanitary & plumbing, instrumentation, electro-mechanics, interior design, building & construction, electrical appliances, transportation, kitchen appliances, chimney liners and other industries.

Innovative approach

The company's seamless backward integration process, which transforms metal scrap into high-quality finished products, sets sustainable manufacturing benchmarks. This innovative approach not only enhances efficiency, but also underscores the company's commitment to environmental sustainability. RPEL has also ventured into producing electro-polished tubes for the dairy and pharmaceutical sectors, demonstrating its adaptability and versatility. With an in-house design team, RPEL ensures that each product is a meticulous blend of form and function, setting unparalleled standards in precision engineering. Moreover, RPEL is dedicated to meeting orders from ISRO and HAL, ensuring that all pipes adhere to stringent ASTM standards, guaranteeing their reliability and durability in military and aerospace operations.

A milestone in RPEL's growth trajectory was the announcement of a capital expenditure plan of ₹106 crore for capacity expansion in the current fiscal year. The first tranche of ₹45 crore

Sanghvi: focus on innovation

has already been allocated, marking a bold testament to the company's growth ambitions. This strategic move focusses on tapping into opportunities within the Indian defence sector.

"Our focus on innovation and quality has driven our success and this investment reaffirms our commitment to providing superior products and services," elaborates Vijay Sanghvi, managing director, RPEL. "Our pipes, designed to withstand corrosive and stressful environments, will support vital installations in the Indian Navy, ISRO, and HAL projects. Furthermore, we aim to supply stainless steel pipes to the Indian Navy, Army, and Air Force, ensuring optimal performance in critical applications such as engines, boilers, and air defence installations".

RPEL exports to 31 countries, including the UAE, Turkey, Greece, Israel, Italy, Hungary, Germany, Poland, France, Spain, the Netherlands, the US, Austria and Sweden. It has more than 138 customers and a significant export presence, with 60-65 per cent of export revenues. RPEL meets the quality requirements and standards of various countries, including ANSI & ASME (USA), DIN (Germany), BS (UK), AFNOR (France), UNI (Italy), and ISO (International).

Next move

RPEL now focusses on completing its capital expenditure plans to move ahead with value-added products, with increased margins. To support this plan, the company completed its initial public offering (IPO) in September 2023. The IPO included a fresh issue of 13,800,000 shares, valued at ₹135.24 crore, and an offer for sale of 3,040,000 shares, worth ₹29.79 crore, bringing the total issue size to ₹165.03 crore. With a market capitalisation of about ₹570 crore, the share now trades in the range of ₹113.35-117.18. The stock hit a 52-week high at ₹154 and a 52-week low at ₹98.

RPEL intends to expand its portfolio of stainless-steel washers by adding circlips to the product line. Today, it offers over 2,500 SKUs of stainless-steel washers to its customers. The products include inner ring washers, spring washers, nord lock washers, retaining rings, internal tooth washers, and external tooth washers of various sizes and specifications. The wide range of products enables them to meet customer demands and efficiently compete with their competitors.

Industry experts believe that stainless steel manufacturing is a fragmented industry in India, with small and mid-size players dominating the market. Easy availability of raw materials, no intellectual property for production processes, and no brand loyalty have made this industry attractive for small and mid-size players. Some notable competitors include Panchdeep Metal Corp, Jyoti Steel India and Jindal Stainless Steelway.

"Stainless steel is a commodity business; so, cheaper prices attract more sales, though margins are compromised," informs Sarthak Sarat, analyst, ValuePickr Research. "For other products manufactured by the company, such as washers and roofing hooks, the competition is regional and mid-sized players. For stainless steel pipes and tubes, the competition includes Jindal Saw, one of the biggest players in India, which controls the market by influencing prices and government decisions for import restrictions."

RPEL is also betting big on the growing demand for high-margin specialised fasteners used in pillars supporting bullet train tracks. The company has already supplied 3 kg U-bolts, a critical piece of equipment, for the Ahmedabad-Mumbai Bullet Train project. The pillars are currently under construction. These fasteners are high-strength products made with advanced metallurgy to hold the rails of bullet trains under high speed, vibrations, and heat generated.

"The government's proposed plan to augment bullet train infrastructure in the North, South, and Eastern parts of the country is likely to benefit companies like us, who make precision products customised to meet the specifications of high-speed bullet trains," elaborates Sanghvi. "The U-bolts have been designed to meet project specifications with safety as our top priority. The U-bolts need to function smoothly under high speed, vibrations, and heat generated due to the movement of such trains, and we have paid special attention to this while designing our products," he adds. Sanghvi has ambitious plans to secure orders from the defence sector, railways and the aerospace industry for its pipes division and has already initiated its capital expenditure plan.

For the financial year ended March 2024, the company has reported a 23.94 per cent increase in net profit at ₹31.04 crore, underscoring its strong performance and strategic growth initiatives. Revenue increased to ₹602.40 crore, reflecting a solid increase of 25.20 per cent year-on-year. The EBIDTA grew by 21.23 per cent to ₹57.04 crore in 2023-24.

"The demand for stainless steel products, particularly precision products, is steadily rising in the domestic market, especially for bullet trains, railways, road transportation, defence, and the aerospace industry," Sanghavi sums up. "We expect our order book to remain strong moving forward and margins to improve substantially in the next two to three years, backed by high-margin value-added products". ◆

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Looking at IPOing Indian Railways

Indian Railways, as a participant of the capital market, can help reduce the income gaps and improve the overall country rating

AJAY GARG

VIJAY AGRAWAL

As SEBI advises investors to be cautious with small cap and mid cap ideas (95 per cent of the IPOs are in that category), one is compelled to look at which other IPO ideas could make sense. Because a healthy primary market where deals are continuously being done is the key hallmark of a well-functioning economy, which is aspiring to grow fast. We have also seen recently that PSU stocks are at an all time high vis-a-vis the level of interest and appreciation and that will fuel government disinvestment agenda.

Against this backdrop, the government should look at listing Indian Railways. At ₹2.5 lakh crore of revenue, it will be in the top 10 list of the largest companies by revenue and it will be the most unique, given that it is a monopolistic business run by the government only. Also, as a 170-year-old brand and with a planned passenger capacity of 124 billion, it has the largest customer interface in the country. Ownership of the organisation will be a dream for all Indians and, during the last few years, we have seen transformation in railways, which needs to be fuelled further. Further, its highest ever revenue recorded, of ₹2.4 lakh crore in 2022-23, is 25 per cent higher than the 2021-22 revenue of ₹1.9 lakh crore.

Notable salient features of Indian Railways include the fact that its freight revenues have increased by 15 per cent to ₹1,62,000 crore, while the passenger revenues went up by 61 per cent to ₹63,100 crore. Also, it has a stellar operating ratio of 98.14 per cent. Railways was able to generate ₹3,200 crore from its internal accruals for investments. The rapid expansion on rail track laying, along with aggressive electrification targets, as well as better and efficient trains like Vande Bharat, is a big shift to make the service more consumer friendly.

The government, over the last decade, has outlaid and spent ₹16 lakh crore, with the highest of ₹2.4 lakh crore coming in the current year. Still the amount is woefully short, as we continue to see choked services and unavailability of services to meet the growing need of the economy and the aspiration of a developed nation status. If this outlay remains part of the government budget, it will always be constrained vis-a-vis the need to balance the various budgetary needs and also maintain the fiscal deficit.

Increasing capex spending: The government has budgeted ₹16 lakh crore since 2011-12 for operation, expansion and modernisation of Indian Railways, at a CAGR ~13 per cent.

Railways is not a company, and it may need reorganisation for creating its P&L and balance sheet like a corporate entity. We had seen that, given the intent, the government could do the same for LIC and, after initial price discovery volatility, the stock has rallied during the last six months in the ongoing PSU appreciation. Railways will be far more complex but not impossible.

Valuation: Indian Railways can command valuation of more than $500 billion (above ₹40 lakh crore)

Generally, global railway companies have stagnated revenues. Hence, their market capitalisation to revenue is on the lower side, with a median of 6.5x. Indian Railway's revenue is growing more than 7 per cent CAGR and will grow more than 10 per cent due to capex planned and increase in capacity and focus on ancillary revenues. Hence, we can apply revenue multiple of 12x on forward revenue of ₹3 lakh crore to Indian Railways. To this, we will add the railways entities, which are already listed and the value of their holding, which comes to ₹4 lakh crore. Therefore, value of ₹40 lakh crore +. This will make Indian Railways one of the largest market cap companies and pave the way to become our first trillion dollar market

Source: Press Releases

cap stock, as this will be a perfect play on Indian economy and will get a lot of long-term holders.

Going with the flexibility provided by SEBI, an initial dilution of 5 per cent will mean IPO size of ₹2 lakh crore, will classify it as one of the mega transactions. To share a perspective, the 2021-22 total IPO raised was @ ₹1.2 lakh crore which, in 2022-23, came down to ₹42,000 crore.

Railways has good reasons for the premium valuation:

Garg is founder & managing director, and Agarwal is managing director, Equirus

Company	Mcap (₹ Bn)	EV (R Bn)	FY24A/E sales (₹ Bn)	FY24A/E EBITDA (₹ Bn)	FY24A/E (₹ Bn)	Market Capitalization/Sales
Indian Railway Finance Corp Ltd	1,907	6,091	292	290	79	6.5x
Indian Railway Catering & Tourism Corp	749	725	43	15	12	17.5x
Container Corp Of India Ltd	593	559	88	20	13	6.8x
Rail Vikas Nigam Ltd	506	552	219	13	14	2.3x
IRCON International Ltd	212	175	130	10	11	1.6x
RITES Ltd	184	151	26	6	5	7.2x
Railtel Corp of India Ltd	142	137	27	5	3	5.4x
Mean						6.75x

Source: Bloomberg

Global Players	Mcap $ Bn	Revenue US$ Bn (TTM)	Sales CAGR % FY 24	Market Capitalization/ Sales
Union Pacific Corporation	155	24	3%	6.4
Canadian National Railway	83	13	NM	6.6
Canadian Pacific Railway	81	8	NM	9.7
CSX Corporation	75	15	2.7%	5.1
Norfolk Southern	58	12	3.1%	4.8
		Mean		**6.5**

Source: Equirus analysis and Bloomberg

• At 4.86 lakh hectares, it is one of the largest land holders and, as lots of cities have developed around railways stations, these are prime locations.
• At about 5 per cent non-passenger or freight revenue, the railways has huge potential for monetisation. For example, Mumbai Airport shows 60 per cent non-aero revenue for all other services and facilities provided at the airport.
• As travel and tourism are on a big swing and will be key driver of the economy, Indian Railways will be one of the centrestage platforms to capitalise the same.
• India intends to become the manufacturing hub, which will lead to significant increased investment for freight corridors and large growth there.

There will be an argument that railways are a social sector and passengers fare must have an inclusive mindset. We have seen with the telecom experience that, given India's large numbers, costs can be brought down. I started my career waiting for 10 pm so one could do personal STD calls when the rates used to come down by half but, today, there is no such thought process. And all this has happened with opening of the telecom sector to capital market forces and moved it away from the monopoly of MTNL and BSNL.

Once Indian Railways is able to become participant of the capital market and frees itself from the government resources – at the same fiscal deficit, it will give more flexibility to invest in other parts, which help reduces the income gaps or alternatively the government can reduce the fiscal deficit and improve the overall country rating.

Looking overseas

Spark PWM plans to open office in Dubai, targeting an AUM of ₹1 lakh crore in five years

Ganashyam & Arpita: helping clients effectively manage and transfer wealth across generations

Over the last decade, the wealth management industry (WMI) in India has experienced robust growth. According to the Securities & Exchange Board of India, this market has already raised $80 billion in assets under management (AUM) in India.

"This is backed by the country's increasing affluent segment that has created a sizeable customer base for wealth management and investment advisory services. Our culture of saving and investing has further fuelled the demand. Mass affluent and high net worth individuals (HNIs) are increasingly moving away from traditional asset classes such as fixed deposits, real estate and gold to focus on an asset allocation based approach that includes an increasing allocation to equities and opportunities in the rapidly growing alternative investments space", explains Ganashyam S, MD & CEO, Spark PWM Private Limited, a subsidiary of Spark Capital Advisors (India) Limited, one of the fastest growing companies in the Indian wealth management landscape. It was formerly known as Spark Family Office & Investment Advisors (India) Private Limited.

The key promoters of Spark are Y. Ramarao (chairman & senior MD), Kapil Ramamurthy (part of the founding team) and Thyagesh Baba (based in Singapore). Spark Capital has organically expanded its offerings, culminating in over $10 billion worth of PE and M&A transactions across diverse sectors. Spark Capital ventured into building an institutional equities business in 2007 and pivoted it over 15 years to be India's top ranking domestic institutional brokerage. In late 2022, Spark Capital divested that business to repurpose its focus and energies on the next phase of its journey.

As a logical extension to its DNA of understanding and working closely with promoters and using knowledge and research to differentiate and add value to clients, Spark Capital seeded its asset management business in 2018. Today, it has offerings across asset classes. Notable among these are the long-only equity offerings (PMS) and a structured credit fund (Category II AIF), with a solid track record across strategies. It also manages an Angel Fund (Category I AIF) and has recently received the approval for a mid-stage to late-stage PE fund (Category II AIF).

"Spark Private Wealth and Spark Capital are now focussing themselves to harness the compelling landscape of opportunity in financial services at the interplay of increasing private wealth with individuals and families, greater financialisation of savings and rapidly growing entrepreneurial wealth creation. Through Spark Private Wealth, it offers a holistic proposition that integrates Spark Group's knowledge and research DNA, investment banking and asset management expertise to curate bespoke ideas and solutions along with helping clients in any of their investment banking related requirements," says Arpita Vinay, MD & CEO, Spark PWM.

Spark PWM has a clientele of about 2,400 families and the firm has just crossed the AUM of ₹20,000 crore mark (May 2024) from ₹3,000 crore in 2023. With a team size that has increased fivefold to about 300 people, it operates from eight locations – Mumbai, Delhi, Chennai, Kolkata, Bengaluru, Hyderabad, Ahmedabad and Pune, and three satellite locations.

Transformative turn

Spark PWM's growth trajectory took a transformative turn with the introduction of new leadership at the start of 2023. Under the strategic guidance of Vinay and Ganashyam, appointed as MD and co-CEO, the company has undergone a remarkable transformation evolution.

Vinay has played a pivotal role alongside Ganashyam in driving the expansion and growth of Spark PWM. Their collaborative efforts have spearheaded the company's trajectory, setting new avenues for the organisation. Vinay's ability to seamlessly integrate her personal and professional pursuits underscores her multifaceted leadership style, making her a role model for aspiring women leaders in the industry.

"Spark PWM specialises in serving affluent families, business owners, family offices, new age entrepreneurs, and CXOs, guiding them through the complexities of the financial landscape," says Vinay, who is recognised for her leadership and innovation in the WMI circles.

Spark Private Wealth is already 300-member strong, with some of the most seasoned private bankers and an experienced products & ideation team dropping anchor with the firm. A true to label open-architecture platform enables the team to offer best of breed solutions through some of the most experienced investment managers and domain specialists in the industry. Through the multi-family office proposition, the team is able to offer comprehensive portfolio monitoring and investment management (across

SANJAY BORADE

multiple wealth and asset managers/ advisors), structuring, estate planning and tax services to ultra HNI families ensuring complete alignment of interest.

"Anticipating substantial expansion, Spark PWM has attracted top-tier talent from the industry, boasting our current headcount of over 130 relationship managers (RMs) from a total staff of 300. This growth trajectory is a leap from a 60-member team in April 2023, showcasing the company's ambition. We specialise in HNI with investible wealth of $1-5 million, focussing on the multi-family office solution to helping clients effectively manage and transfer wealth across generations," says Ganashyam, who expects the company to break even by the next quarter, starting July 2024.

"It will be a monthly break-even, on all cost," says Vinay. "So, at that scale and size, it will be amongst the first. It is also the proof of execution of the proposition being able to monetise over relationships".

Vinay's career journey is a transition from her early days at Tata Steel as an engineer to rising through the ranks in the wealth management sector, working for HSBC as head, premier banking, as well as MD and co-head, Centrum Wealth. Ganashyam started his career in management consulting with A F Ferguson & Co. He had a stint at Anand Rathi when it was starting up and was also briefly with ABN Amro Private Banking. Then he joined HSBC and rose to become the head, wealth management for the bank for India. He was co-head, Centrum Wealth, before joining Spark.

Asset management

It has an alternative investment fund (AIF) Specs Fund I, which closed at ₹255.5 crore with a portfolio IRR of 17 per cent. The AIF Specs Fund 2 is about ₹550 crore and will close by May 2024 (this figure may change by the end of this month). It has also received SEBI approval for angel funding, as also mid-stage-to-late-stage funding (called as pre-IPO funds).

"Backed by a robust investment policy framework and leveraging extensive research and execution capabilities, we position ourselves at the forefront of identifying future-winning ideas," says Deepan Kapadia, CIO, Spark PWM. "As part of Spark Capital's ecosystem, the company goes beyond traditional wealth management, incorporating investment banking and asset management expertise into its offerings."

"The family office arrangement that we now have with Spark was set up by our late father," observes Nehal Vakil, promoter family of Asian Paints. "He sat with the team to form an investment policy statement for our family and had the family office team devise a well-defined framework for all operational processes and advisory services provided by them. We were made aware of what our expectations should be from the family office and the Spark team has risen to the occasion and fulfilled those roles remarkably. They are sensitive to the needs and mindsets of my siblings and I so that we are all able to actively participate and be heard. One of us has had the added benefit of mentorship by the senior members of the team and that has helped them manage their responsibilities in the various roles they play. The team's technical knowledge, a tight moral compass and a genuine understanding of our family and its dynamics has helped us stay together in our endeavour for sensible financial planning and growth".

"The family office team has always made itself available to us and was a significant help when our father passed away quite suddenly," she adds. "The transition during that time was challenging to say the least and their support in advisory and executory processes along with their understanding of our emotional state, was a blessing".

"My family and I have a significant wealth management relationship with Spark and the relationship has been growing over time. We have had the opportunity to interact with several senior members of the team including their leadership. We have been impressed with the quality of the team and the capabilities and experience that they bring to the table. Their proposition is indeed comprehensive and the range of services they offer caters to the needs and requirements of families like ours. We find that the team has a sharp understanding of markets and we as investors have benefited from the quality of their advice and support," describes Jay Bharat Mehta from the original promoter family of J B Chemicals and Pharmaceuticals.

"The team has been completely understanding my needs and requirements as defined by my brief to them," says Piyush Pandey, eminent advertising professional and chief advisor, India, Ogilvy. "In fact, one of the senior members of their core team, Vaishvik Toprani has been handling my portfolio for almost two decades. I have no hesitation in sharing that he understands the nature of my profession, which is that of a creative person and not someone who has a financial understanding of investments. Vaishvik has stayed one step ahead of my needs and has shared his recommendations with me along with a reason why."

On the overseas plans, the management is looking to open an office in Dubai on receiving DIFC licence. "We also have an ambitious target to achieve ₹1,00,000 crore AUM mark in the next five years," says the chairman, who feels the WMI in India is all set for a steep growth trajectory which will alter the local wealth management market. ▪

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A blueprint for entrepreneurs

Basiz dominates global fund administration

Today, the Indian financial system and investment sector are thriving. Over the past decade, the country has embraced digitalisation and complex technologies to simplify and navigate fund administration with ease. Alternative investment funds (AIFs) are becoming more mainstream, with total investments by AIFs in the country amounting to a whopping ₹3.99 lakh crore.

Thie Mumbai-based Basiz Fund Services provides administration services for a wide range of AIFs, including hedge funds, private equity and venture capital funds, mutual funds, family offices, insurance portfolios, cryptocurrency funds, and managed accounts. Established 20 years ago, the company was a leap of faith into the unknown for its founders, Aditya Sesh and Sujata Seshadrinathan.

Sesh started his career as a CA in 1991. His wife, Seshadrinathan, is an alumnus of NM College and has a Doctorate in Business Administration from SP Jain School of Global Management with a Dean's List Merit Scholarship. "She was the first woman to be awarded a doctorate in blockchain adoption in India," he says. She smiles and elaborates: "It has been a unique and exceptional experience so far. As first movers in our respective fields, we have both had it a little bit more difficult than others. But that never deterred us. Our lives have been intertwined personally and professionally from the very beginning, which we consider to be a big blessing. For us, Basiz is our third child," says Seshadrinathan.

SANJAY BORADE

Sesh and Sujata: 'Basiz is our third child'

Hidden gems

In the early 2000s, the couple realised that India's entrepreneurial landscape had a lot to offer and there were many hidden gems of business opportunities to be found in the country within the fund administration sector. And that is how, in 2004, Basiz Fund Services was established. "But the journey was not all smooth sailing. We faced challenges at every step," says Seshadrinathan.

Sesh explains: "We conceptualised Basiz because we saw a gap in the Indian market for specialised fund administration services that could meet international standards. At the same time, global fund administration also had gaps to solve, especially in reporting. But it was a highly niche specialisation, with not many people aware of the scope of our offerings. For the first 18 months, we had no clients. But there was no stepping back for us; the journey was already underway, and we were determined to see it through. After relentless efforts, we onboarded the Union Bank of Switzerland in 2006 – our first major client. It was a turning point for us." Today, Basiz has Fortune 500 global banks and fund administrator clients located all over the world, with branches in Singapore, Bahrain and the US.

Explaining the company's business model, Shabarish Seshadrinathan, VP at Basiz who also oversees its business development, says: "The scope of our financial services is tailored to support AIFs. We manage fund administration for our clients, such as accounting, financial reporting and investor relations. Our mid-office support services streamline the management and operational processes of funds. For investors based in the US, we offer specialised services to meet regulatory and operational needs, including compliance with the US Tax, Foreign Account Tax Compliance Act (FATCA). This diversified range of services makes us an integrated and preferred platform for marquee investors looking to delve into AIFs."

Sesh and Shabarish's financial acumen is complemented by Seshadrinathan's technological expertise, keeping their skills well-rounded. Sesh explains: "We work as co-promoters within the firm, and she works relentlessly as the director of IT and process."

Seshadrinathan's latest technological innovation, Basiz Master Draft, has been patented and is the first of its kind in India. She elaborates on it, explaining: "Basiz Master Draft is an advanced digital tech tool that is designed to assist agreement drafters and reviewers globally. It helps users draft agreements by keeping track of comments from reviewers, provides drafting insights, negotiating tools, and offers a strong repository, which can be customised."

A critical factor behind the firm's success has been its foresight. The company has always prioritised domestic self-reliance in the financial sector. Seshadrinathan says: "We began servicing the world long ago. Then, we began looking for Indian clients for the first time before other players did. We are the first fund administrator to be approved to operate in Gujarat International Fin-Tec (GIFT) City."

The company's presence in the North East's Tripura has played a crucial part in its operational expansion, a feat that few domestic players have achieved. Elaborating on its Tripura project, Sesh says: "We have always believed that we need to have a North Eastern chapter in our journey. The people of Tripura deserve and are capable of working with international operations, which is why we signed a crucial MoU with the state government of Tripura in 2022 to inaugurate the state's first fund administration operation centre.

"We are profitable and have expansion plans in place for the next couple of years. The company's gross economic value is over ₹125 crore today, and we aim to keep building on it," adds Seshadrinathan. ◆

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Watching for tomorrow

Is it time to launch a board tech committee?

Dr M. MUNEER

RALPH WARD

When cyber attacks disrupted such reputed enterprises as Equifax, Marriott, Best Buy and Yum! (KFC/Taco Bell parent), and the like, we had proposed constituting a dedicated board cyber security committee. While this was a useful governance approach, the many facets of technology overall have become so crucial to business today that a comprehensive technology committee may be a wiser approach.

A designated, permanent tech committee is not the norm yet, though global numbers are on the rise. At the global S&P 500 level, technology committees have edged ahead of risk committees in popularity -- at 12 per cent. However, there are a few caveats -- the committee is often blended with other duties such as strategy, innovation or risk. Also, tech committee use is quite sector specific -- Healthcare sector enterprises used maximum (21 per cent) and utility companies the least (11 per cent)

Board talent needed for a tech committee is still a work in progress. The open-ended definitions of 'technology', mean that a director who attends a weekend business school session on AI can claim to be an expert, but aim to do better. A study of 40,000 US directors defined 'digital savvy' as "understanding, developed through experience and education, of the impact that emerging technologies will have on business. Companies with three or more such 'savvy' directors showed 17 per cent higher profit margins and a 34 per cent higher market cap.

Here are some first-hand tips for board technology committees:

The tech committee must watch for what is coming to the market, and make that a regular part of board conversation. This is a crucial role of the committee -- it assures a regular touch point on these issues and contributes to the board's understanding with planned conversations on technology trends, opportunities and risks. The committee can have 3-4 members, meet quarterly, and its charter can spell out a broad range of issues, including cyber risk, digital issues, AI and the internet of things. Start as a work in progress, and you can continually update the charter. Chair duties can involve working closely with management to review materials that come to the committee, and then assure a full readout of minutes to the full board.

The tech committee of an electronics tools company brings a strong bench of tech talent, making committee members industry-savvy and does deep dives on coming trends. But, even less technology-focussed companies should include at least one or two members who bring a wealth of experience in a number of related domains such as risk. How tech impact their own businesses and what insights can they share with the board would be their mandate.

We believe that procedures and paperwork drive board behaviour, and that begins with solid charters for committees. Laying out a well-discussed, regularly reviewed statement of duties, powers, areas of focus (and just as importantly, areas reserved for other committees) is fundamental to the heavy lifting demanded of today's working board committees.

When you are planning a charter, first note that the titles and ambit of these committees are quite diverse for just being 'technology'. Traditional board committees, such as Audit, have a well-established mandate and role, and also largely uniform functions. The audit committee of a finance firm, a health care company, or a retail chain will all pretty well handle the same tasks. But the technology used, compliance demands, and strategic issues facing each sector will give their tech committees widely varying concerns and skill needs.

Procter & Gamble's Innovation and Technology Committee is suited to a large consumer products company, and goes beyond just tech oversight to include innovation needs for new products, markets, acquisitions, and company structure. The technology committee of Canadian Solar helps the company stay on the cutting edge of energy technology. Their charter also includes a good eight-point listing of its duties and responsibilities. At Hong Leong Bank in Malaysia, the information and technology committee boasts a very detailed charter of the committee's tech oversight portfolio, especially on cyber resilience. Australian transport firm SGFleet constituted a board innovation & technology committee with a compact charter that targets the logistics and tech needs of its specific sector.

Tech committees should budget for outside advisors. Given the complexity and the lightning rate of change, the committee can't hope to know everything from within its membership, or even management. Assure resources to tap outside consulting on technology, and also its legal, compliance, privacy and ethical issues.

Given the speed of change in how technology affects business, be sure your committee charter spells out a specific mandate to act as the external eyes and ears of the board on issues like AI, cyber risk and data regulation. More than any other committee, tech committee must watch for what's coming tomorrow. ◆

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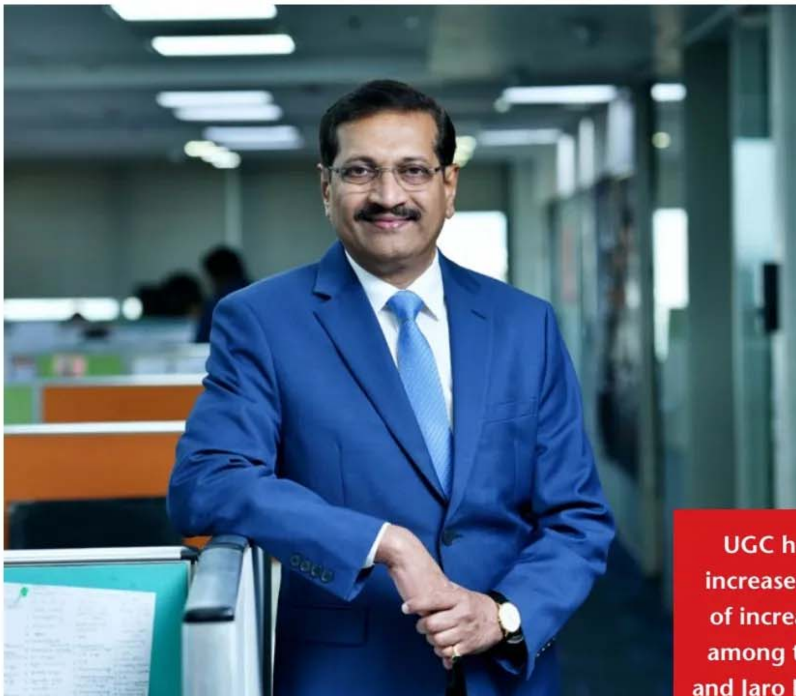
Revolution in online education

Jaro Education is making strides in reshaping the education landscape through strategic affiliations with various institutions



SANJAY BORADE

In the wake of the Covid-19 pandemic and the implementation of the National Education Policy, 2020 (NEP), the landscape of higher education in India is undergoing a transformative shift. The pandemic has accelerated the adoption of online learning platforms, and Jaro Education is at the forefront of this educational revolution. Recently, the University Grants Commission (UGC) announced that online degrees will be on par with offline degrees and allowed students to pursue further higher studies. This has significantly increased the demand for online learning post Covid.

The Indian government is promoting online education for two key reasons. Firstly, it aims to democratise access to quality education by providing online programmes from renowned universities like the IIMs and IITs to students in Tier 2 to Tier 4 cities. Secondly, the government aims to increase the higher education gross enrolment ratio from 28 per cent to 50 per cent by 2035, which can be facilitated through online education. Additionally, the government plans to establish IITs and IIMs in major cities to improve access to quality education. These institutes will receive government support for the first 5 years, after which they must sustain themselves, with online education emerging as the most profitable avenue for generating revenue.

"NEP 2020 and the post-Covid era mark a pivotal moment in the history of higher education in India. With the rapid adoption of online learning and the implementation of innovative policies, we are witnessing a transformational shift towards digital education. The approvals taken by universities for their online postgraduate degrees from UGC have recently increased due to the growing demand among students, and Jaro Education has been quick to respond, witnessing an increase in approvals from universities and a rise in admissions for its online postgraduate degrees," says Sanjay Salunkhe, CMD of Jaro Education, who started the company in 2009. Salunkhe highlights Jaro Education's position as a trusted provider of quality education, with a strong and growing number of Tier-1 university partners and a market-leading position in India. Jaro Education boasts on-campus high-tech studios and 22 office classrooms, having added 91 new programmes with existing partners since the beginning of its relationship with them.

> **UGC has recently increased in account of increase demand among the students and Jaro Education has been quick to respond, witnessing an increase in approvals from universities and a rise in admissions for its online postgraduate degrees**
>
> **Sanjay Salunkhe,**
> CMD, Jaro Education

Jaro Education has become a dependable partner to 32 renowned institutions, including IIMs, IITs, leading B-Schools, and universities in India, ranking among the top 100 institutions for their respective streams by the National Institutional Ranking Framework (NIRF). Some notable partners include Symbiosis, Amity, Manipal University, and DY Patil University. Globally, they have partnered with Wharton, MIT Sloan, and universities in Australia and Canada, among others.

With a pan-India presence of over 22 offices-cum-classrooms in major cities and 15 on-campus immersive tech studios at various IIMs such as IIM Ahmedabad, IIM Trichy, IIM Kozhikode, IIM Nagpur, and IIM Vishakhapatnam, Jaro Education caters to a total of 32 partner institutions. The roster includes 6 IITs, 7 IIMs, and premier universities in India and internationally, 22 of which are ranked among the top 100 institutions for their respective streams by NIRF.

More than 350,000 student enrolments have taken place over Jaro

Education's 15-year journey, delivering over 250 programmes. Historically, the company had a strong presence in the western region but has since expanded across India, with 13 offices in the western region, 6 in the northern, 8 in the southern, and 2 in the eastern region.

In FY24, Jaro Education has approximately 28,000 students enrolled in graduate and postgraduate degrees in management, finance, business analytics, and certification programmes. It has evolved from humble beginnings to become a powerhouse in the online education sector, boasting net revenues of ₹203 crore in FY24, a 61 per cent year-on-year growth, driven by an increase in partnerships with Tier I institutions in India and overseas, as well as geographic expansion, increased student enrolments, more programmes per institute, and fee hikes. This has resulted in an operating profit (EBIDTA) of ₹61 crore, with a PAT of ₹41 crore.

Strong brand foundation

"We have been entirely bootstrapped and profitable since inception, driven by our goal to enable universities to expand their addressable markets while providing rich educational engagement, experiences, and outcomes to students. We have leveraged a strong brand foundation, emphasised the correlation between reputable brands and quality education, prioritised partnerships with top-tier brands from the outset, and implemented well-planned resource allocation strategies for growth. Presently, 80 per cent of the company's revenue stems from online degrees, with the remainder derived from certification and upskilling programmes. This revenue mix is expected to persist over the next 3 years," says Ranjita Raman, CEO of Jaro Education.

The company offers comprehensive solutions for students and professionals, including C-Suite personnel, across domains and industry verticals. "At least 50 per cent of our learners have more than 2 years of work experience, and 23 per cent have more than 5 years of work experience. Our university relationships are characterised by close, ongoing collaboration with faculty and administration, as well as a deep integration between our universities' academic missions and operations, and our technology and services. These factors have led us to become one of the most preferred and largest distribution channels for partner institutions in the online higher education and upskilling space, and to develop strong and lasting collaborations with them," explains Salunkhe, who is also exploring partnerships with overseas institutions.

"With our global scope and insights into the online MBA and certification programme space, we seek to facilitate the expansion of our partner institutions' services, offerings, and brand presence. In certain instances, we have leveraged our existing relationships to provide faculty members to partner institutions, as well as creating collaborations between premier universities in India and global universities," adds Salunkhe, aiming to nurture talent, cultivate meaningful partnerships, and catalyse positive change in the dynamic higher education arena.

"We believe our approach to identifying potential growth opportunities enables us to systematically identify degrees at universities that we believe have the highest probability of success. We utilise data-driven marketing strategies to improve marketing effectiveness, test marketing sources, and enhance the enrolment experience for our students. We have entered into engagements with several marketing firms for marketing, branding, and advertising services," adds Raman.

"We anticipate growth through strategic expansions, including partnering with renowned universities, IIMs, and IITs, augmenting enrolments in existing programmes, introducing new programmes, and extending our reach to Tier 2 to Tier 4 cities. The scalability of this business model is evident: any increase in student numbers, course offerings, revision in fees, or new partnerships leads to revenue and profitability gains," adds Salunkhe, believing that education is the key to unlocking individual potential and driving societal progress.

"By reaching out to 100 reputed institutes, we aim to democratise access to education and empower learners from all walks of life to pursue their academic and professional aspirations," he sums up with his ambitious expansion plans, where the company is poised to continue its legacy of transforming lives through education, with Salunkhe's mission to serve as a catalyst for professional growth, harmonising the realms of industry and academia ◆

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Bridging the gaps

Social Compact sets up a framework to formalise informal workforce

The Covid-19 crisis brought to the fore the real challenges faced by the informal worker community – social security. With the grim Covid-19 scene of migrant workers, mostly informal or contract workers, heading home in larger numbers due to the absence of jobs and salary assurances from their employers, the formal sector suddenly realised it cannot function without an informal labour community.

Social Compact, a multi-stakeholder platform, brings together corporates, worker organisations and experts into a co-solutioning relationship to ensure greater equity and dignity for industry-employed informal workers in India. It is part of Dasra, a philanthropy organisation and NGO for NGOs. The main objective of setting up Social Compact was to improve the trackability and worker well-being parameters for the informal workers working in the formal sector. It aims to ensure greater dignity and equity for informal workers within industries in India, and mainstream a collective aspiration that responsible business is a successful business.

Since inception two-and-a-half years ago, Social Compact has worked with over 60 companies, largely principal employers themselves but also some supply chain partners, as also some others along the value chain, who are manpower contractors. While the platform is sector-agnostic, it has primarily worked with companies in machinery and equipment manufacturing, automobile, realty and construction sectors, as these segments employ a large number of contractual workers.

"The pandemic highlighted the existing lack of transparency and respect for informal workers," says Pradeep Bhargava, chairperson, Social Compact & former managing director, Cummins. "Individual company efforts weren't enough to address the widespread issues. Social Compact goes beyond awareness campaigns to ensure informal workers are treated with dignity and have access to basic necessities."

Social Compact has a six-point framework that talks about wages, occupational health and safety, gender parity, grievances redressal, access to entitlement and skilling and growth. It enables a customised process for each company and its supply chain – from reflection to remedial action and monitoring in three broad steps:

Self-reflection: Companies can rapidly identify the maturity of its worker practices for temporary, contractual and supply chain workers, through Social Compact's lean and expertise-led enablement support.

Integration into business as usual: For sustained improvement to business, the companies will be advised to integrate Social Compact recommendations into business through at two level streams – systematic integration and direct site-level integration.

Supply chain engagement: Social Compact engages with companies to replicate this exercise along their supply chain to ensure worker wellbeing in the ecosystem.

Bhargava: going beyond awareness campaigns

As part of its outreach with companies, Social Compact first asks companies to self-assess their maturity in supporting worker well-being using a questionnaire with simple Yes/No answers. This helps the NGO understand the companies' perception of the level of their business systems and highlights areas for improvement. After this, Social Compact goes to the ground and chooses two-three sites in the company and talks to all representatives of all the informal groups (whether they are operators, gardeners, fitters or welders) and talk to them to understand their experiences. The NGO also speaks with the site management as well as the intermediaries such as contractors on site to gauge their involvement, responsiveness and commitment to improve worker wellbeing practices.

Grievance redressal mechanism

This was a game changer, as it can check whether the company is following up all the set processes, when it comes to informal workers. After this, Social Compact shares its findings with recommendations like creating proper grievance redressal mechanisms (often a neglected area) and implementing existing policies to ensure all workers are aware of their rights. In fact, the grievance redressal mechanism has become the hottest adoption recommendation of Social Compact.

As per its baseline, only 14 per cent companies have grievance redressal

Social Compact improves the trackability and worker well-being parameters

SOME KEY NUMBERS:

- In 24+ months, Social Compact has shared insight-driven systemic recommendations with companies engaging over 3,00,000 workers, triggering systemic impact for 55,000+ vulnerable workers in India.
- It has 60+ Principal and supply chain member companies.
- There are three Apex Industry bodies & chambers of commerce too.
- Five Catalytic on-ground WFCs are located in Chakan and PCMC in Pune and Ahmedabad, Savli and Vatva in Gujarat.
- Since inception in September 2021, WFCs have had the following impact:
- Over 11,700 people supported;
- Over ₹80 lakh monetary benefits converted; and
- Over ₹32 lakh worth of dues recovered through legal case resolution
- Two upcoming WFCs are New Delhi and Coimbatore.

systems in place that maintains a formal record of all issues raised by the workers. After site visits and talking to informal workers, Social Compact shares system-wide recommendations (whether there is a gap in a company's policy or there is a gap in implementation, monitoring or there is an awareness gap). After recommendation, the NGO handholds the company and prioritises things.

"The high cost savings from using informal labour isn't the main issue," says Sonvi Khanna, lead, Social Compact. "The main problem is a conditioned mindset that undervalues informal workers. To address this, we have developed a three-step process for 60-odd companies we work with and converted the framework into 40 broad simple indicators, like 'do the informal workers have an appointment letter' and, if yes, 'whether it is in a language they understand', safety measures, etc".

Apart from its direct work with companies, Social Compact also has five Worker Facilitation Centres (WFCs) across Maharashtra and Gujarat. The goal of WFCs is to empower labour communities by building systemic partnership to unlock government entitlements. WFCs are a key strategy of Social Compact to build on-ground awareness and agency amongst workers on their entitlements through industry employers while also providing access to remedial support.

According to United Nations, addressing the informal economy is a priority to achieve the 2030 Agenda's 17 Sustainable Development Goals and truly Leave No One Behind. More than half of the global workforce is estimated to work in the informal economy, which is often associated with low productivity, poverty, low wages, and under-employment. Informality is correlated with vulnerability through the denial of rights at work, the absence of sufficient opportunities for quality employment and the lack of effective social protection. Women, youth, persons with disabilities and indigenous people are overrepresented among workers in the informal economy.

The Covid-19 pandemic has exposed the global urgency of addressing the informal economy. It exposed the vulnerability that so many face across the globe and how informality acts as a barrier to a just transition and accelerated progress on sustainable development. As a result, key policy blind spots emerged, especially among workers and entrepreneurs in the informal economy who could not rely on emergency response measures and social protection. The pandemic also exacerbated the scale of informality, as many joined the informal economy to cushion the impact of lockdowns and the economic downturn. The informal economy has traditionally functioned as a buffer, absorbing shocks in the formal economy and limiting increases in overall unemployment.

The rural-urban divide is significant for the informal economy. Globally, employment in rural areas is twice as likely to be informal than in urban areas – 82 per cent versus 43 per cent. Workers in agricultural informal employment represent more than a third of rural employment globally and more than two thirds in low-income countries. Informality varies significantly across economic industries. Six industries have informal employment rates that exceed the global average: agriculture (nine of 10 workers); domestic work (more than eight of 10 workers); construction (close to three of four workers); and accommodation and food service activities, as well as vehicle repair among other services activities (about three of five workers for those three last industries). The United Nations development system has thus recognised the values of economic activity-based approaches to address informality. ◆

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The Cambodian delegation announcing the launch of the first direct flight between India and Cambodia

Angkor, now significantly closer!

The launch of the direct flight with Cambodia should boost bilateral ties and tourism

The wondrous world of Angkor Wat – the Hindu-Buddhist temple which is considered as the largest religious structure in the world, is now just a flight away (almost) for Indians. Visited by 6.6 million visitors in 2019, the last full year of travel, it has not really been on the radar of the average Indian tourist due to both a lack of awareness as well as no direct flights to Cambodia.

The latter situation is about to be remedied come 16 June, when Cambodia Angkor Air, is set to launch flights between Delhi and Phnom Penh. Initially the plan is to have flight K6760/K6761 four times a week (Monday, Wednesday, Friday and Sunday).

This groundbreaking service marks the first direct connection between these two nations, connecting India to yet another south-east Asian nation. Significantly, the airline already has plans to open new routes connecting Phnom Penh to other cities in India soon, as well as a direct flight connecting Delhi to Siem Reap, the airport catering to Angkor Wat, says Eng Molina, the airline's chief commercial officer. "The Indian outbound tourism market is growing rapidly," he says, adding that the airline aims to cater to Indians looking to explore new destinations such as Cambodia.

"Our future plans include increasing frequency to daily flights on the Phnom Penh-Delhi route. We also see potential in expanding direct service to other Indian cities like Mumbai, Bengaluru and Kolkata," he adds, estimating the initial load factor for the summer schedule to average out at about 70 per cent. He also says the airline, which is the national flag carrier of the nation, is exploring codeshare with Indian airlines.

Bilateral ties

While the two nations have ancient connections, with Angkor often credited as the largest Hindu temple globally, Cambodia is seeking to boost ties by marking a 'Cambodia-India Cultural Tourism Year' in 2024. Kuong Koy, Cambodia's Ambassador to India, says direct flights will aid Indian entrepreneurs looking to invest in Cambodia. He says that while the number of Indians visiting Cambodia was 75,000 people pre-pandemic, in 2021 the number fell to 45,000.

Kuong expresses optimism that the launch of the flight will lead to a doubling of tourist flows between the two nations annually. "More people from Cambodia are seeking to come to India for medical treatment as the cost of treatment in India is comparatively less when compared to the neighbouring countries," he points out. He also points to the popularity of the Buddhist circuit amongst Cambodians.

Seila Hul, Under Secretary of State, Ministry of Tourism, Cambodia, says recently there has been a significant increase in the number of Indians visiting Cambodia. Chhay Sivlin, president, Cambodia Tourism Association, says the association is working on tour packages. "At present, Angkor Wat (in Siem Reap) is very popular among Indians visiting Cambodia," she says. "However, we see potential in promoting our other cultural heritage sites like Temple of Preah Vihear (dedicated to Hindu deity Shiva), besides mangrove forest, river cruises, and bird-watching sites like Prek Toal. Our focus is on both leisure and MICE segments."

Eng estimates the price of an economy return fare would be about ₹23,000, including taxes. To sweeten the deal, Cambodia Angkor Air says it will offer special promotional fare for travellers booking tickets on this route. ◆

The airline will fly A320 and A321 on the India routes

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The future of intelligent innovations

Innovations in healthcare technology will boost patient autonomy, empowering them to manage their own care and treatment

The penetration of digital tools and technology over the past few years has set the healthcare industry on a transformational journey. Globally, organisations continue to innovate solutions and support for patients and healthcare professionals as digitization and automation of products and services offer tremendous potential. With this, the medtech industry is ever-growing.

ATUL KURANI

India too has acquired the status of the fastest-growing medical devices market among the emerging ones. The country's National Medical Devices Policy aims to take the industry from $11 billion currently to $50 billion in the next five years. It is built around the public health objectives of access, affordability, quality, preventative and promotive health, research, and innovation.

The adoption of AI in the healthcare industry is already underway. From generative AI to surgical robots, the healthcare industry now wants technology to play a much bigger role. AI and digitalization can also impact the entire value chain, reaching the underserved communities and providing equitable access to healthcare products and services.

Tech complimenting health: Rapid technological advances in healthcare will continue to enhance both the physical and mental health aspects. Artificial intelligence (AI) and machine learning (ML) algorithms can analyse large volumes of medical data to optimize manufacturing processes, predict equipment failures, and improve the overall quality of medical devices. Generative AI has the potential to bring transformational changes to healthcare delivery by enhancing diagnostics, personalising treatment, streamlining operations, and improving patient outcomes.

Nanotechnology can offer breakthroughs in areas such as drug delivery, biomaterial, and diagnostics. Nano-sized material and devices can interact with biological systems at the cellular and molecular levels, leading to innovative medical solutions.

Digital therapeutics can address conditions like mental health using interactive platforms. AI-powered platforms such as conversational agents can identify signs of depression or distress. With their integration into smartphones or virtual assistants, providing instant support and finding human therapists could become easier and efficient.

Immersive learning environments can leverage augmented reality/virtual reality (AR/VR), transporting healthcare professionals into simulated scenarios for hyper-realistic medical training. AI-driven coaching can provide personalized feedback in real-time, ensuring continuous improvement.

Meet at home: Technology is enabling alternative healthcare models that meet consumers where they are. There's an increasing momentum around wearables and at-home smart medical devices. Over time, more consumers will opt for wearables and companion apps to track their health and fitness in real-time, instead of waiting for care as and when its required.

The growing demand for wearables and at-home medical devices will also lead to consumer-friendly and affordable incentives. For example, health insurance companies may offer subsidized plans to increase the sales of these devices, enabling further data collection necessary for improving health outcomes. This will be complemented by sophisticated telemedicine platforms, allowing patients to connect with healthcare providers from the comfort of their homes. Virtual hospital wards, based on AR/VR and Internet of Medical Things (IoMT), will facilitate continuous monitoring of patients through wearable technology, without having to visit the hospitals in-person. With physical movement being restricted in the past few years, telehealth created a parallel and innovative way of seeking medical advice. Today, telehealth can not only offer virtual consultations but also remote diagnostics.

The responsibility beyond: Sustainability, without a doubt, is fundamental to every business today. The increasing use of AI and data analytics in healthcare requires significant computational power, leading to higher energy consumption. Medtech companies must invest in energy-efficient technologies and data centres powered by renewable energy to mitigate their carbon footprint.

With their widespread adoption, AI systems should become transparent and explainable, allowing healthcare providers and patients to better understand decision-making. Accountability is essential when AI systems are involved in clinical decisions with regards to adverse events and errors, which could possibly happen and how they need to be addressed.

Innovations in healthcare technology will boost patient autonomy, empowering them to manage their own care and treatment. The tech evolution marks a significant shift towards patient-centric care and uplifts healthcare professionals as more confident, intuitive, and efficient responders. ◆

The author is VP, Global Health Medical Practice & IoT, Capgemini Engineering, India

Beyond manufacturing

Toyota's business focuses on productivity through improving its people and implementing sustainable practices

Women working at the shop floor

Toyota Kirloskar Motor (TKM), the Indian subsidiary of the Japanese automaker, Toyota Motor Corporation (TMC), is an 89:11 joint venture between TMC and the Vikram Kirloskar-owned Kirloskar Systems that has been in India since 1997. The journey began with the iconic Qualis. Over the years, TKM has sold over 2.2 million vehicles in India, including several world-class products such as the Urban Cruiser Hyryder, the Innova Hycross (both with Hybrid EV variants), and the Hilux.

As part of the regional restructuring, the parent corporation has integrated India's business into the 'India, Middle East, East Asia & Oceania Region', making these markets crucial to the global business landscape. This significant move reflects the increasing value of the country's potential, derived from its dynamic and skilled workforce. During the recent completion of 25 years of operations in India, TKM announced a series of investments marking a substantial stride towards establishing India as a global hub for the manufacturing of clean and green technologies.

The TKM facility in Bidadi spans 432 acres and employs around 5,000 people in two plants with a total production capacity of 3,42,000 vehicles per year. With the high demand for Toyota cars, the plants operate at 100 per cent capacity utilisation. Through the company's various productivity efforts, there has been an over 30 per cent increase in production, resulting in an output rise of around 31,700 vehicles per year.

The Toyota Production System (TPS), designed by the parent company, is implemented across the assembly line. The philosophy is based on the premise of making work easier on the shop floor through Just-in-Time, linking production processes in a continuous flow, and 'Jidoka', automation with human involvement. One unique characteristic of this principle is offering ownership of the process to every employee on the shop floor. It is said that in the case of detecting abnormalities, any employee has the right to stop the assembly line and prevent the defective product from progressing further.

The company believes in improving productivity by simplifying processes and creating ease and convenience for their workers. Another principle followed by the team is called 'Karakuri', which involves creating simple, energy-efficient engineering designs that improve work through low-cost mechanical innovations. Virodha Patil, assembly manager, said: "We offer employees multiple opportunities for growth under Bright Shop activity, a human skill development programme through global skill-up training. We send employees to Japan to be trained and come back to share their knowledge with their team members."

As part of the expansion plans, a Memorandum of Understanding (MoU) has been signed between the Government of Karnataka and Toyota Kirloskar Motor for a new third plant in Bidadi, with investments of around ₹3,300 crore, to be completed in 2026. The production capacity is expected to increase by 100,000 units annually. The new plant will operate in two shifts and provide additional direct employment for 2,000 people.

The products

Toyota has a market share of 5.8 per cent with growth across its model range, including cars sold under both the Toyota and Maruti Suzuki badges, as part of a global partnership between the two Japanese parent companies. The company has a line-up of SUVs and MPVs, which include models such as the Innova Crysta, Innova Hycross, Fortuner, Rumion, and Hilux, and the sedan, Camry. The badge-engineered models include the Glanza (based on the Baleno), Rumion (based on the Ertiga), and Urban Cruiser Hyryder (based on the Grand Vitara). The partnership has also resulted in Maruti borrowing Toyota's Innova Hycross (Invicto). The company recently launched the Taisor, a rebadged Maruti Suzuki Fronx.

During FY23-24, the company reached a sales volume of 2,63,512 units, marking a double-digit growth of 48 per cent compared to the preceding year and becoming the fourth-largest carmaker after Maruti Suzuki, Hyundai, and Tata Motors. The company has continued to record consistent increases in its monthly sales units. The rising market demand for Toyota's vehicles is resulting in long waiting periods starting from two months for the Hyryder and stretching up to 14 months for the Hycross. The hybrid variants of both the Hyryder and Hycross have the longest waiting periods. Speaking about the situation, Vikram Gulati, country head and executive vice president, TKM, said: "While bookings are open for the models, we have introduced a third shift and strategies to improve efficiency to cover the production gap. We are very grateful for the enthusiastic support for our vehicles."

While the Government of India is driving the change towards the adoption of electric cars as a green alternative to ICE vehicles, Toyota is steadfast in its commitment to hybrid vehicles. TKM and MSIL (Maruti Suzuki India Limited) are leading the hybrid car market with the Hycross, Hyryder, Grand Vitara, Invicto, and Camry. Meanwhile, globally, TMC has been producing hybrid variants for decades and aims to further help decarbonise internal combustion engines by making them compatible with alternative fuel sources.

As part of their electrification strategy, they intend to continue using the current ICE supply chain and increase electrified vehicle penetration while keeping ICE. Based on their assessment, company officials state that while the company can produce EVs (electric vehicles), they need to consider all available technologies to meet local conditions and diverse needs, hence they prefer to follow a technology-agnostic approach.

Subsequently, TKM will lobby for merit-based taxation on hybrid technology in the upcoming GST Council meeting after the elections. The GST levied on ICE vehicles, including hybrids, is at 28 per cent. And with the inclusion of cess, the tax rate for certain vehicles comes up to 40 per cent. Meanwhile, EVs are taxed at a mere 5 per cent. The move to offer tax concessions aligns with the Government's view to tackle climate change and reduce emissions. "There is a need for the policies to match the objectives to meet our targets of carbon reduction and the national goals for decarbonisation. We hope that the Council will evaluate the needs of the market with the available technologies and decide accordingly," remarks Gulati.

The people

Toyota has always valued human talent and believes in nurturing it through its Technical Institute. The Toyota Technical Training Institute (TTTI) was established in 2007 to provide three-year and two-year residential training in Automobile Manufacturing to young

talent in Karnataka. The facility adjoins the Bidadi plant and offers its students hands-on experience in TPS. TTTI confers academic degrees certified by the Japan-India Institute for Manufacturing (JIM), Automotive Skill Development Council (ASDC), and Directorate General of Training (DGT) to 62 TTTI Regular and 41 Toyota Kaushalya students, under the scheme of DGT-Flexi MoU for students from rural Karnataka. The courses offered include Automobile Assembly and Automobile Welding, Painting and Mechatronics.

The training focuses on holistic development by imparting deeper knowledge of automobiles, enriching their skills as craftsmen, and developing their bodies through physical fitness activities. The students arriving at the institute are from vernacular mediums, rarely knowing any language other than Kannada and are generally of a shy nature. For this reason, the institute offers them lessons to improve their language as well as personality development skills. Their behaviour and attitude are shaped through the implementation of the Toyota way in every aspect of their daily life, from the way they dress to the way they walk. The students are expected to perform 'shramdaan', giving back to society through service in underprivileged communities.

Despite coming from diverse and challenging backgrounds, they are given the prospect of achieving their dreams and goals. To this effect, the students have won high honours at the National Skills Contest and World Skills Contest. The institute has graduated over 900 students who have secured 100 per cent employment opportunities. According to G Shankara, executive VP, finance and administration, TKM: "Since we started 17 years ago, we have seen a great transformation in the students and are planning to extend our methods across the state. We have also seen an increase in women's participation and are creating awareness to inculcate skilling for them." The facility offers the opportunity for rural, talented, and deserving youth to become industry-ready technicians with global standard skill sets. TTTI currently has 564 students, of whom 235 are girls. The institute has seen a surge in applications across Karnataka (4,600 this year). They have plans to expand their facility to accommodate more students, from 600 to 1,200.

The Toyota Environmental Challenge 2050 (Challenge 2050) is a set of global challenges to go beyond eliminating negative environmental impacts and create positive value for the planet and society. Their global goal is to become carbon neutral across the vehicle life cycle by 2050. The TKM Manufacturing Plant at Bidadi and 8 Onsite Supplier Companies have achieved 100 per cent renewable energy from June 2021 onwards.

The CSR activities include modernising government health centres, creating water purification units for safe drinking water, constructing infrastructure for government schools, the Toyota Anganwadi Development Programme, and the Ecozone. Ecozone is a 25-acre state-of-the-art environmental facility on the TKM premises. It was established to restore the native biodiversity. It includes 17 educational theme parks that highlight green mobility, sustainable architecture, water conservation, renewable energy, and other aspects of climate change.

Toyota culture follows sustainable practices in manufacturing and beyond. Their existing products and practices reflect their commitment to environmentally responsible actions. ◆

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Unleashing potential

Canon formulates growth strategy to significantly expand its business in India

Key global leadership at Canon's strategy meet in Mumbai

Japanese technology giant Canon is betting big on the rapidly growing Indian market. Having grown at double digit for the last two years, the company is all geared up to maintain this momentum going forward as well. Backed by its recently-unveiled growth strategy, where the focus will be on India-specific products and expanding the channel coverage by deepening its distribution in Tier-II and III cities, the $29-billion company is aiming to increase India's contribution to 30 per cent of Asia (without Japan) by 2035.

Apart from expanding its core businesses (printing, imaging and surveillance), the company for which India has emerged as a new growth engine in Asia, is also looking to strengthen its industrial (semiconductor manufacturing equipment) and medical (medical devices) businesses in India.

Highlighting India's crucial role in its global growth strategy, Canon has announced its outlined plans for strengthening its overall business in India. Reaffirming the brand's commitment to India, these announcements were made during Canon's strategy meet in Mumbai, attended by key global leadership.

Speaking on the occasion, Hideki Ozawa, Executive Vice President of Canon Inc, Chief Representative of Canon Asia Group, Chairman & CEO of Canon Marketing Asia, said, "As Canon continues to etch its global legacy across diverse domains, we recognize that India stands at the heart of our strategic ambitions. India's dynamic economy, vibrant culture, and tech-savvy population make it a critical market for Canon. And our existing segments (managed by Canon India Pvt Ltd), be it cameras, printers, or office solutions have thrived here, driven by the trust and loyalty of Indian consumers."

"India remains a beacon of opportunity for us and recognizing the immense potential that the market holds, we are aiming to strengthen the semiconductor and medical business. As Canon's legacy meets India's boundless potential, we hold an optimistic vision for Canon India to emerge as the leading company in the region by 2035, thereby propelling Canon Asia to secure its position as the top sales region globally," added Ozawa.

Developing talents

Commenting on the semiconductor and flat panel display industry, Kazunori Iwamoto, Advisory Director, Deputy Chief Executive of Optical Products Operations, Unit Executive of Semiconductor Production Equipment Unit of Canon Inc. said, "In the semiconductor business in India, we aim to introduce our advanced skillsets and knowledge to India, taking advantage of our over 50 years history in the exposure equipment business. Canon provides a variety of manufacturing solutions for the cutting-edge electronics industry. In addition, not only by our cutting-edge technology and wide range of products, but also by developing talents through our global training curriculum, we will contribute to India's semiconductor industrial growth."

Sharing insights on the expansion of medical business, Koh Yamada, President, Canon Medical Systems India Pvt Ltd said, "Canon Medical Systems India Pvt. Ltd. is a subsidiary of Canon Medical Systems Corporation in Japan. Canon Medical Systems has a comprehensive portfolio of advanced medical imaging from diagnostic and interventional imaging systems to healthcare IT solutions for the wider healthcare enterprise."

"Recognized as a world leader in innovation, Canon Medical Systems continues to develop breakthrough technology and applications including using AI, to support diagnostic imaging and therapeutic needs, all while optimizing patient outcomes. We understand that more and more people are suffering from non-communicable, life-style diseases such as cardiovascular diseases, cancer, and diabetes, and hope that our unique technologies can contribute and help medical professionals better deal with them.

Commenting on the Semiconductor and Flat Panel Display industry, Kazunori Iwamoto, Advisory Director, Deputy Chief Executive of Optical Products Operations, Unit Executive of Semiconductor Production Equipment Unit of Canon Inc. said, "In the semiconductor business in India, we aim to introduce our advanced skillsets and knowledge to India, taking advantage of our over 50 years history in the exposure equipment business. Canon provides a variety of manufacturing solutions for the cutting-edge electronics industry."

"Our latest technology, called Nanoimprint lithography equipment, imprints a pattern on a mask onto a wafer to form a fine pattern. In addition, not only by our cutting-edge technology and wide range of products, but also by developing talents through our global training curriculum, we will contribute to India's semiconductor industrial growth." ◆

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Poll vaulting with AI

AI should be used during elections only with robust frameworks and regulations

JASPREET BINDRA

The launch of ChatGPT in November 2021 firmly brought Artificial Intelligence (AI) and Generative AI into the public arena. AI, a fundamental shape-shifting technology, has the potential to reshape businesses, geopolitics, our personal lives and even democracy. One of the most critical applications of AI is in the sphere of elections, particularly in large democracies like India.

As the world's largest democracy, India's electoral processes are complex and influential, impacting over a billion people. Over the last few months, there has been a whole lot of hand-wringing on how AI, especially deep fakes, can be abused to influence voters and elections. This is certainly a real and looming fear, and regulators, civil society, the press and citizens themselves should be doing everything possible to prevent this from happening on a larger scale.

However, there is the other side of the coin, where using this powerful technology in the right way for the right outcomes can strengthen the electoral process, and thus democracy itself. The ethical use of AI in these elections can play a pivotal role in shaping public sentiments and enhancing the democratic experience. This article explores how AI, when used ethically, can contribute positively to electoral processes in India.

AI technology offers sophisticated tools for analysing large volumes of data, providing insights that were previously unattainable. For instance, AI can help in identifying voting patterns and demographic preferences, enabling political parties to understand better and meet the needs of their constituents. Ethical AI systems, designed with transparency and accountability, can aid in crafting policies that reflect the genuine needs and desires of the populace. This capability is particularly crucial in a country as diverse as India, where electoral needs can vary dramatically from one constituency to another.

Furthermore, AI can enhance the efficiency and integrity of the election process itself. By automating and securing electoral rolls and voting mechanisms, AI can help reduce the risk of errors and fraud, ensuring a more trustworthy electoral process. For example, AI-driven systems can be used to verify voter identities and eligibility quickly, reducing the queue times in polling stations and making voting more accessible and less cumbersome for citizens.

Public communication is another area where ethical AI can make a significant impact. AI-driven analysis of public sentiment on social media platforms can give the election commission insights into areas of misinformation or electoral discontent. Such tools can be used to counteract misinformation effectively and ensure that the electorate is informed by accurate and timely data. It's crucial, however, that these AI tools are used with stringent ethical guidelines to prevent any manipulation of voter opinion or invasive surveillance.

The potential for AI to contribute positively does not end with the election process. Post-election, AI can be employed to monitor public reactions and sentiments towards the new government's policies and actions. This ongoing feedback loop can help governments adjust their strategies and policies in real time, aligning them more closely with the public's needs and enhancing governance.

The ethical use of AI in shaping public sentiment during elections requires robust frameworks and regulations. India has an opportunity to lead by example by establishing strict guidelines for AI use in elections, ensuring that the technology is used to bolster democracy rather than undermine it. These guidelines should emphasise transparency, accountability, and inclusivity, ensuring that all segments of the population benefit from the AI implementations without bias. Moreover, educating the public about AI and its implications in elections is equally important. An informed electorate can better understand and critique the use of such technology in their electoral processes, contributing to a more transparent and democratic usage.

Thus, the ethical use of AI during elections holds tremendous potential to enhance democratic processes in India. By improving the efficiency and integrity of elections, providing deep insights into public needs, and ensuring a continuous dialogue between the government and its citizens, AI can significantly contribute to a more engaged and informed democratic society. It is imperative, however, that this powerful tool is wielded with careful ethical considerations to truly benefit and fortify the pillars of democracy. As India continues to evolve its digital infrastructure, the conscientious and judicious use of AI in elections could serve as a beacon for other democracies around the world.

Like nuclear technology, AI has two sides. It has the horrific potential of a Hiroshima but when used well, it can help us, society and democracy strengthen its foundations – elections being one of them.

The author is Managing Director & Founder, The Tech Whisperer

'Hedge-style'

Hedged is on a mission to make intelligent tech accessible to all of India's retail traders and investors by providing a homegrown platform

The fastest-growing sector in India is derivatives. There is an approximate 500 per cent increase happening every few months. People are flocking to this field, and as more people enter, the losses are only increasing because newcomers are not aware of what needs to be done.

"I think there has to be a strong way to control this. We wanted to be pioneers in this field, helping the small investor who is losing money because they are new and lack know-how," says Rahul Ghose, the founder and CEO of Octanom (which in Spanish and Greek means eight ways to make money while you sleep). Octanom Tech Pvt Ltd (OTPL) is an options trading and hedging specialist with 44 employees.

With nearly two decades of deep financial market experience, Ghose's investech firm, started in February 2023 for retail traders in India, has spearheaded the development of Hedged, India's first 'hedge-style' investment platform. "I am hell-bent on reducing India's investment losses and revolutionising its trading landscape," explains the 35-year-old Ghose, who combines his expertise in finance with technological innovation to empower individuals to make informed investment decisions.

Ghose pioneered Octanom, building 'Hedged.in' to help redefine the investment and trading landscape across the country. "With just 3.5 per cent of Indians directly investing in stocks, Hedged emerges as the solution, offering lower-risk, machine-driven hedged recommendations and innovative investment solutions that empower investors to make informed decisions and combat fear stemming from a lack of knowledge, time constraints, and market unpredictability," says Ghose. His proprietary AI-driven platform and robust algorithms offer retail investors unparalleled insights into options trading that help safeguard against market volatility and enable strategic portfolio positioning without intermediaries.

SANJAY BORADE

Ghose: transforming the trading landscape

Hedged is equipped with innovative tools like the Nifty Crash Meter for market predictions, Live Funds for volatility protection for one's investments, and Hedged TV for comprehensive education. "Hedged helps investors with risk mitigation and strengthens their confidence in building wealth in the long term. In just 12 months, the platform has grown to have the highest audited success rate among all similar competitor platforms in India," adds Ghose, formerly country head of MoneyFlix and VP of Sharekhan.com. His tenure in upper management provided invaluable insights into customer pain points and market dynamics. Recognising the prevailing fear of loss among investors, he embarked on an entrepreneurial path to address this challenge.

Genesis of trading

It is interesting to hear Ghose's journey. "Our neighbour in Chennai used to be this gentleman who never went to work, but he drove a very fancy Tudor red-coloured car. I asked my dad about him. He never went to the office, yet he had a big house and a fancy red car. My dad told me that all he did was trading. Somehow that caught my attention, triggering my interest. So, my parents funded me a little bit, but I kept losing for a couple of years. I think my parents must have funded me at least ₹50 lakh over 4-5 years," says a candid Ghose, who studied engineering. His dad ran a business where he restored vintage cars and had a small real estate business.

After completing his engineering in 2009, Ghose got a campus placement at TCS. "I quit in 11 months and got an internship job at a family office to help their team with their investments. After that, I joined Sharekhan in 2013 as a senior analyst on the technical side," points out Ghose, who spent nine years there. "I jumped up about 12-13 roles in nine years to the second position. Big salary. My parents were very unhappy when I quit. They said: 'Why do you want to do business?" he adds.

Realising there were three problems that nobody was addressing in financial markets, Ghose identified that every single financial investment instrument, be it PMS, mutual funds, stocks or ETFs, has one problem: they are all long-only. "This means markets have to go up for you to make money in any of these instruments. And what happens as a result? When markets have a bad year, like during Covid, retail investors get scared and pull out their money. This was one problem I wanted to solve. Second, SEBI says that 90 per cent of people lose money in trading. There are 26 platforms in India today that try to provide

Octanom solves some of the largest pain points plaguing retailers today

information. But there is no platform in India to help people who are losing money. I wanted to be that platform. If people are losing money, they can turn to somebody. We audit our own results. This means whatever results come up on my platform, a third-party company audits them, ensuring low risk." He advocates a responsible way of trading and investing where risk should be low.

"In the last 14 months, we have had 35,000 people on the platform. Our biggest talking and selling point to date is that people love the low-risk approach because they can sleep peacefully at night. What investors thought was the biggest problem is our biggest strength," adds Ghose.

Funding the venture

"I have observed that market volatility has often been a challenge when it comes to investments, especially among retail traders. So, we saw a need in the market and joined hands and minds to seek solutions to bridge this gap," observes Praveen Dwarkanath, Head of Algorithms and Operations at OTPL.

"Technology has crept into every nook and cranny of our lives and will continue to play a pivotal role in changing the financial markets landscape as well. OTPL explores this to the fullest by leveraging AI and technology to provide safer and more reliable trading and investing methods to investors across India. With respect to financial technology, Ghose has been a beacon. The industry has greatly benefited from his innovative approach to options trading and hedging," points out Shivkumar Puppala, CTO at OTPL.

Ghose put in ₹1.5 crore, and the company has raised ₹10 crore upto now. The founding members of Sharekhan, like Shankar, the CTO at the time, and Ketan Parikh, both funded as pre-seed capital. Additionally, more than eight CEOs and family offices have funded the company.

Ketan Parekh, ex-CTO of Sharekhan, says: "Ghose is a trailblazer in the financial markets space. His deep expertise in options trading and hedging, combined with his innovative approach, is impacting the industry. As the founder, he has been instrumental in developing Hedged, which is transforming the trading landscape for retail investors who are constantly plagued by losses. Having worked with him during his tenure at Sharekhan.com, I have seen first-hand his dedication to addressing investor challenges and his passion for reducing investment losses."

Shankar Vailaya, Ex-COO of Sharekhan, adds: "Ghose is a visionary in the financial technology industry and has greatly influenced the sector. His dedication to reducing investment losses and leveraging technology to empower investors is truly commendable. His leadership is driving advancements in the investech space."

Currently, the company has a 3.5 times marketing-to-revenue ratio. "Which is unheard of for a start-up," says Ghose, planning to launch two other platforms by the end of this year. These are called Greein and ELRS (Equity Loss Reduction System). Greein is going to be India's first alternative to trading views and a platform that empowers retail traders and investors with the most sophisticated technology to trade in Indian markets.

ELRS is an AI-based loss reduction engine. "Octanom is the first in the world to make it. It reduces the loss of existing positions of participants. The Octanom team always wondered why there is no service or product that helps people when they are losing money, and thus came the birth of ELRS," sums up Ghose, hoping to reach the ₹100 crore revenue mark by FY28. Deeply passionate about investment technology, Ghose aims to save $1 billion in investment losses over the next decade. ◆

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Enhancing customer experience

An AI-powered platform may improve customer experiences for banks

Jeet: steadfast commitment

Newgen Software Technologies Ltd, a leading global provider of low-code digital transformation platform, has launched LumYn, a ground-breaking Gen AI-powered hyper-personalisation platform, designed specifically for the banking sector. This innovative growth intelligence platform is set to enhance profitability and considerably improve customer experiences for banks worldwide.

In the current financial landscape, customers demand personalised service and tailored solutions. LumYn addresses this need by combining predictive intelligence with advanced conversational AI capabilities, enabling banks to build a hyper-personalised understanding of each customer's need, behaviour, preferences and intent to drive deeper engagements, while ensuring data privacy and security.

"LumYn is not just a personalised AI platform; it's a hyper-personalised one, layered with Gen AI capabilities," says Virender Jeet, CEO, Newgen Software. "This means that LumYn goes beyond traditional personalisation by understanding and adapting to customers' evolving preferences, behaviours and life stages in real-time. The platform is set to redefine how banks interact with their customers, offering a powerful tool to stay competitive in an ever-evolving market".

"We are delighted to introduce LumYn to our portfolio," adds Rajan Nagina, head, AI, Newgen Software. "This platform's ability to derive actionable insights from customer behaviours and preferences stand a testament to Newgen's expertise in banking and cutting-edge AI/ML technology. LumYn will significantly deepen customer engagement and drive business growth."

Some key features of LumYn include conversational AI, which enables business users to interact with customer data (transactions, behaviour and interactions) using natural language and customisable AI models to tackle unique business challenges, promoting growth. The platform also aims to strengthen customer relationships by creating behavioural segments based on spending habits and lifestyles, enabling targeted marketing campaigns. Apart from all this, it leverages a library of pre-built AI models to deliver faster insights and quicker deployment, enhancing cross-sell opportunities. LumYn also ensures data transparency with visible modelling processes.

The listed entity, Newgen has shown remarkable progress in the last few years. In the last five years or so, the company has grown at a CAGR of about 20 per cent. In the recently ended fiscal year, it grew 28 per cent y-o-y to ₹1,244 crore. PAT during the period grew 42 per cent to ₹252 crore.

"We are delighted to close another good growth year in terms of revenues and profits with strong growth in India and EMEA markets," says Diwakar Nigam, chairman & managing director, Newgen Software. "Our large customer base has been increasing, leading to strong growth in revenue per customer. For the quarter, we have registered our highest ever quarterly revenue at ₹375 crore in Q4. Profit after tax crossed ₹100 crore for the first time in a quarter".

Rolling out new versions

"Our commitment to innovation and delivering value to our customers remains steadfast," adds Jeet. "During the year, we worked constantly on refining and expanding the capabilities of our platforms and solutions. We have successfully rolled out several new versions, with enhanced features, improved design and deployment journeys, enhanced AI/ML capabilities, improved security, and user-centric upgrades. We have increased revenues from existing customers as well as added 51 new logos in 2023-24".

Newgen Software provides enterprise-wide unified digital transformation platform (NewgenONE) for automating the end-to-end process and comprehensively manages content and communications, backed by AI-based cognitive capabilities, strong governance and robust integration ecosystem. The core products of NewgenONE platform are Contextual Content Services (ECM), Low Code Process Automation (BPM), Omnichannel Customer Engagement (CCM) and Artificial Intelligence Cloud.

Globally, successful enterprises rely on Newgen's industry-recognised low-code application platform to develop and deploy complex, content-driven, and customer-engaging business applications on the cloud. The platform has a wide spectrum of use cases across industries from on-boarding to service requests, lending to underwriting, and many more.◆

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Redefining opulent ways

Hyderabad-based Navanaami is changing the city's real estate landscape

The trend towards luxury residences is rapidly catching on with customers in Indian cities. Real estate companies are eager to capitalise on this opportunity by entering the market for luxury and ultra-luxury residences. The latest entrant in this segment, Navanaami Projects from Hyderabad, aims to capture its market share.

Founded in 2005 by first-generation entrepreneur G Venkat Naveen Gadde, Managing Director, Navanaami is redefining the real estate landscape in Hyderabad. It is primarily self-funded, with the organisation backing its projects and operations through private funds and financial institutions. Since its inception, it has gone from strength to strength, completing 10 projects worth over ₹1,000 crores, spanning over one million sq ft of developed area. Navanaami's latest luxury project, Megaleio, was recently unveiled in Hyderabad.

"The launch of Megaleio is a dream come true for all of us. At Navanaami, it is our commitment to push the boundaries of design and innovation. Megaleio represents a harmonious convergence of design, sustainability, and uncompromising luxury. As we work towards making our dream a tangible reality, we are proud to share that Megaleio will stand as a celebration of Hyderabad's rich heritage and a bold statement of its aspirations for the future. We invite the world to experience a new paradigm of living, where the boundaries of imagination are pushed, and every moment is a celebration of the extraordinary," said Gadde at the unveiling ceremony.

The launch of Megaleio is a dream come true for all of us, says Gadde

Expansion mode

The project is ideally located just 20 minutes from Rajiv Gandhi International Airport and 15 minutes from the Financial District. Spread over 4.1 acres, Megaleio will be surrounded by 1,200 acres of greenery and in the vicinity of the protected waterbodies Himayat Sagar and Osman Sagar. The two towers comprise a total of 50 floors and 150 residences, offering customers three variants: 11,111 sq ft, 9,999 sq ft, and 8,888 sq ft. According to company officials, they have already sold 20 per cent of the units, mainly to high net-worth individuals (HNWIs) and non-resident Indians (NRIs). The Knight Frank Wealth Report 2024 indicates that the number of Indian ultra-high-net-worth individuals is expected to increase from 13,263 in 2023 to as high as 19,908 by 2028, representing a 50.1 per cent growth. The ultra-wealthy population in Hyderabad is expected to increase from 467 to 728 by 2026.

"With Megaleio, Navanaami will be redefining the city skyline. Megaleio was envisioned to build a community where people choose to stay and experience a holistic and fulfilling living experience," explains Krishna Kanth Kothari, Director, Navanaami. The company also plans to expand its operations to other cities such as Bhubaneswar and Raipur. Cities like Hyderabad are showing accelerated growth in this segment. According to CBRE South Asia's report 'India Market Monitor Q1 2024', luxury homes priced at over ₹4 crore recorded a 10 per cent year-on-year growth in January-March 2024 across the top seven cities, including Hyderabad.

Another report from Cushman and Wakefield on residential real estate indicates that the luxury segment captured an 18 per cent share of the new supply during Q1 2024. The market share in the high-end and luxury category continues to rise and has reached almost 50 per cent in Q1-2024, following the trend observed in metro and tier cities. Consumer preference is now shifting towards projects offering premium amenities in the competitive ultra-luxury residences market.

Apart from Navanaami, several established real estate companies are active in luxury projects. Bengaluru-based Prestige Group has an upcoming project in South Mumbai's posh Worli area; M3M Group launched the 'M3M Altitude' project on Golf Course Extension Road, Gurgaon; DLF is planning to launch super-luxury projects in Gurugram and Goa; and Birla Estates recently launched Silas at Birla Niyaara in Mumbai.

There is huge potential in the luxury homes segment. With demand from NRIs and HNWIs, the real estate sector is set to play an important role in creating further growth opportunities in this segment. ◆

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Green drive!

GreenCell's NueGo electric buses are going places

Chawla (inset): we are bullish on electric mobility

Climate change is a real issue the world is facing today. In India, there's a lot of focus on moving to electric vehicles from ICE, which is typical diesel and e-maas (electric mobility as a service). As we have seen in India, the penetration of two-wheelers and three-wheelers has increased in the last couple of years. Even electric buses are making a big impact. Why buses are the most important is that 70-72 per cent of India moves on buses and not on trains. Every day the tally of people who move by buses is the maximum. And, if we really want to bring a change in emissions or pollution, then buses need to make an impact and play an important role in getting many more people than cars. That is exactly what NueGo (a brand from GreenCell Mobility) electric buses are doing by plying across Indian cities.

"In India, roughly a million buses ply the roads," explains Devndra Chawla, MD & CEO, GreenCell Mobility. "India is the second largest bus country in the world after China and we have roughly 1 million buses, 200,000 of which run for the state and 800,000 for private transport companies. And 70-73 per cent of the people move by these means. So, our endeavour is to make sure that the 'clean energy, clean movement' concept is well-supported and funds are made available in all these areas, such as solar, wind, power and water energies and waste removal. We are the EV arm of the enterprise, 100 per cent funded by Eversource Capital. So, e-maas means that we want to make this big shift and support all the initiatives in India to make buses electric. We already have converted roughly 1,000 plus buses in India, which makes us the second largest operator of EV buses in India".

Huge opportunity

NueGo EV buses operate from Delhi to Chandigarh, Agra, Shimla and Jaipur, as also from Chennai to Tirupati, to name a few routes. The company set a target to run more buses inter-city, because that's where there is maximum people movement. The buses have so many features for the safety of the passengers and the drivers. "I'm proud that today 30 per cent of passengers are women. We have been able to win the trust of women to travel in our buses. We are also one of the companies, which employ the highest number of women in the bus industry. We also have LGBTQs in our workforce to drive the buses. We are adding buses even as we speak and our total number of buses has exceeded 1,000 in 100 cities, covering Bhopal, Indore, Delhi, Chandigarh, Agra, Rishikesh, Jaipur, Hyderabad, Bengaluru, Chennai, Vijayawada, Tirupati, Shimla and many more," adds Chawla, commenting on the expansion.

Greencell's operations started one-and-a-half years back and, within a short time, NueGo buses were present in the northern, central and southern regions of India. In Maharashtra, they run buses in Pune, Nashik and Nagpur. The company's major presence is in Uttar Pradesh with a maximum number of buses (700) operates in cities, such as Lucknow, Varanasi, Ayodhya and Kanpur, to name a few. They also plan to take the number of buses from 4,000 to 6,000 in the next 3-4 years. Indian bus travel market is roughly worth $55 billion and, by 2030, it could touch $100 billion. The opportunity is huge in the bus travel and the company wants to mainly focus on this segment. Currently, the buses ferry about 150,000 people, both inter- and intra-city every day.

"I think battery prices have been coming down in the last four years by 30-40 per cent," says Chawla, talking about the EVs' future in India. "I anticipate that, in the next one year, the prices will further come down and the cost of owning an EV will not be so costly. I strongly believe that the gap between ICE and EVs will narrow so much in the coming years that India will start converting to EVs faster. A lot of start-ups and big companies are also putting up charging infrastructure to help the EV movement."

GreenCell is sitting pretty in terms of competition, with really nobody doing inter-city EV right now. In India, you can have 10 Greencell mobilities in the next 10 years, because it's such a big market and, in a way, good for the customer. The company is more than happy to compete, because that will make its performance better and improve the services. GreenCell has been promoted by investors, such as EverSource Capital, REC, Standard Chartered Bank, Asian Development Bank, and Sumitomo Mitsui Banking Corporation. "We are bullish that electric mobility as a service will be big and we want to be a part of the India Green story," concludes Chawla confidently. ◆

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NEW ISSUES

'Next Billion Users'

By offering the best customer experience, ixigo wants to be the most customer-centric travel company

SANJAY BORADE

Bajpai and Kumar: empowering Indian travellers

Cometh the opportunity, cometh the business idea! In the next 5 years, it is expected that 20 per cent of the next billion users (NBUs) will come from Tier I cities, and a substantial 50 per cent from Tier II and Tier III cities. Significantly, the remaining 30 per cent will come from rural India, states an F&S report.

ixigo, a leading diversified online travel agency (OTA) for the NBUs, focuses on localised content and app features that aim to solve the problems of Tier II and Tier III travellers. A house of brands, Le Travenues Technology Ltd (ixigo) owns and operates multiple brands – ixigo flights, ixigo trains, ConfirmTkt, and Abhibus – each of which has its own app, serving all the use cases of flights, trains, buses, and hotels for their respective target customer groups.

Launched in 2007, Le Travenues Technology Ltd (ixigo) is a technology company focused on empowering Indian travellers to plan, book, and manage their trips. ixigo was initially launched as a meta search website for flights in June 2007 and went mobile-first in 2013. Later, it added the convenience of booking tickets for trains and flights, in addition to hotel and cab booking services, to foray into the OTA market.

Aloke Bajpai, CMD and Group CEO of ixigo, says: "We are a technology company focused on empowering Indian travellers to plan, book, and manage their trips. Our focus on travel utility and customer experience for travellers in the next billion user segment is driven by technology, cost-efficiency, and our culture of innovation, which has made us India's leading travel ecosystem for the next billion users. Our vision is to become the most customer-centric travel company by offering the best customer experience to our users."

IXIGO
ISSUE OPENS ON 10 June 2024
SIZE ₹ 740 crore
PRICE BAND: ₹88 to 93
LISTING BSE and NSE

ixigo evolved from a utility platform to rank among India's top two largest OTAs. ixigo was the fastest-growing OTA in India, in terms of revenue from operations between Fiscal 2020 and Fiscal 2023 (Source: F&S Report). Its revenue from operations has grown at a CAGR of 92.29 per cent between Fiscal 2021 and Fiscal 2023. ixigo was the largest Indian train ticket distributor in the OTA rail market, with the largest market share of around 51 per cent, in terms of rail bookings, among OTAs as of 31 March, 2023.

Tech Moat

Rajnish Kumar, Director and Group Co-CEO of ixigo, says: "Technology forms the basis for our operating leverage and is instrumental in achieving efficiencies in our business processes and operations. We use AI, data science, and machine learning to transform our travel information and crowdsourced data into business intelligence that enhances our travel offerings and improves our operating efficiency."

ixigo's proprietary search, caching, train PNR prediction, and crowdsourcing algorithms help it improve customer experience and leverage information from users to provide accurate and meaningful information to solve user pain points. The recently launched ixigo PLAN is an intelligent AI-based trip planner that delivers detailed itineraries and real-time destination information to help travellers plan their journeys. Furthermore, the Abhi Assured product for buses provides customers with compensation of up to 150 per cent of the fare in case of service quality issues, along with a full refund in case of cancellations by customers.

Saurabh Devendra Singh, Group CFO of ixigo, says: "ixigo has a diversified business model with operating leverage. In terms of operational performance, we have seen three times growth in Gross Transaction Value (GTV) and six times growth in passenger segments (FY21-23). We have seen four times growth in Gross Revenue (FY21-23) with a healthy EBITDA margin (8.85 per cent in FY23)."

ixigo also benefited from investments by Peak XV Partners Investments V (formerly SCI Investments V), SAIF Partners (now Elevation), Gamnat Pte Limited (an affiliate of GIC), Malabar India, India Acorn (White Oak), Trifecta Leaders, and Bay Capital, among others. As part of its initial public offering, ixigo is proposing to raise up to ₹740 crore at the upper end of the price band of ₹88 to ₹93 per equity share of face value ₹1, with a proposed market cap of around ₹3,600 crore. ◆

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HYATT CENTRIC PROVIDES GUESTS A TRUE ESSENCE OF KOLKATA'S HOSPITALITY

An ode to the City of Joy

COURTESY: HYATT CENTRIC BALLYGUNGE

The meticulously decorated lobby at Hyatt Centric Ballygunge

Hyatt Centric hotels, a prominent brand from the Chicago-based Hyatt Hotels Corporation that is known for location specific customisation in the heart of the city. Upscale and cosmopolitan, these properties attract selective guests who want the best of what's essential – all at the center of a prime destination.

Now Kolkata has witnessed the opening of the first Hyatt Centric of the East at Ballygunge – a 5-star landmark addition to South Kolkata's hospitality after decades. The property is owned by Mukti Projects Limited. "Hyatt Centric Ballygunge Kolkata is a significant addition to our Hyatt Centric portfolio in India as Kolkata has long been a cornerstone of art, culture, food and literature and we are delighted by the opening of a second Hyatt hotel in this vibrant city," explains Dhruva Rathore, vice president of development, India & South West Asia, Hyatt.

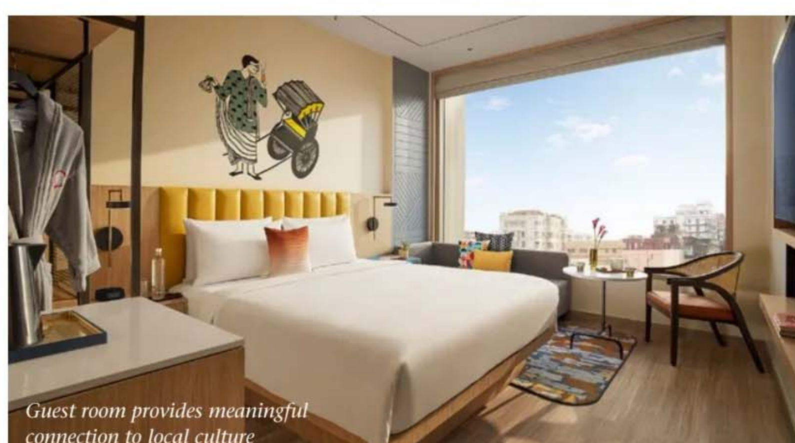
Located at the heart of the city's business and shopping district, The Hyatt Centric is the ultimate endpoint for savvy travellers. The property seamlessly blends traditional art with contemporary decor, promising guests a one-of-a-kind immersion into cultural richness and modern luxury.

The hotel lobby meticulously decorated with a mix of traditional motifs and modern design. Inspired by the College Street in North Kolkata is popularly known as Boi Para boasts being the world's largest repository of books, rare manuscripts and academic journals. A replica of the College Street is carefully created in one corner of the lobby. This art work, with numerous open books and landmarks, is pivotal to Kolkata's essence, such as the Howrah Bridge and Victoria Memorial, and Calcutta's streets have been artistically hand-painted on it.

The 93 key rooms including 7 suits, Hyatt Centric Ballygunge Kolkata is set to offer guests an indulgent experience with diverse fine dining options, the Spa, the hotel's fitness centre and a spectacular infinity pool. The versatile event spaces at Hyatt Centric Ballygunge Kolkata are perfect for corporate and social occasions. The Gallery, a modern over 3,000 sq ft ballroom with flexible partitions, is ideal for large events. It can accommodate more than 180 conference delegates and more than 300 guests for a wedding banquet. The hotel's in-house catering services are ideal for presenting guests with creative and personalised regional cuisine by expert culinary and banquet teams.

Versatile event spaces Studio I & II offer 987 sq ft of adaptable space, suitable for various functions. The Lounge, designed as a collaborative living room, is suitable for brainstorming sessions armed with high-speed wired internet, and audio-visual services, to elevate the events.

"We are excited to offer Hyatt Centric brand's exquisite hospitality and personalised service to the local residents and visitors of the City of Joy," says Glen Dsouza, general manager, Hyatt Centric Ballygunge Kolkata. "Our hotel goes beyond being a place to stay, it will have an elevated guest experience that captures the very essence of Kolkata. Our objective is turning each stay into an opportunity to discover the magic of Ballygunge Kolkata, fostering a deep connection between our guests and the city."



Guest room provides meaningful connection to local culture

Desouza: hoping to achieve 55 per cent occupancy in first year

YAYAvar offers flavours from the country's railways and highways

TESS: all day Euro-Asian bistro

This is an expansion of Hyatt's footprint in the City of Joy. This hotel is the seventh Hyatt Centric hotel in India, joining branded properties in New Delhi, Goa, Mumbai, Dehradun, Bengaluru and Chandigarh.

For wellbeing and leisure, unwind at the hotel's outdoor pool. Located on the 7th floor, Spa is a place of respite. Catering to fitness enthusiasts staying at the hotel, the Fitness Center, is accessible to all guests and is fully furnished with high-tech cardio and fitness equipment. The warmly authentic and relaxed atmosphere of the hotel creates the perfect setting for guests to work, stay and relax.

A wide range of amenities and services are available in all the rooms. Each room and suite at Hyatt Centric Ballygunge Kolkata is curated to offer a comfortable and stylish retreat for guests. The hotel's accommodations showcase a distinctive and immersive experience, seamlessly blending cultural richness with modern design through the enriching yet playful layering of textures, graphics, and curated curiosities. The eco-friendly property provides meaningful connection to local culture while enhancing the facilities for an elevated guest experience. Tremendous effort has been spent on adornment and all artefacts. However, the only eyesore is a few dilapidated buildings in the neighbourhood visible from some guest rooms.

Committed to ensuring a seamless and digitized guest experience, the hotel promotes a digital-forward lifestyle with technological capabilities from contactless check-in to keyless entry and in-room smart amenities, enhancing guest comfort and convenience throughout their stay. A special attention is given to single woman traveller for keeping in mind of their safety and security.

Kolkata is known for its rich culture and cuisines. Guests in the hotel can indulge in a diverse array of culinary offerings, including Cal-On, a charming terrace garden; craft brewery, offering curated mixology. YAYAvar, locally pronounced as Jajabor, a concept restaurant, celebrates exploration through sight and taste. Dive into India's diverse culinary landscape at YAYAvar. Inspired by travelogues, the menu offers flavours from the country's railways and highways, inviting guests on a unique culinary journey, and TESS, an elegant Euro-Asian bistro offering authentic Thai cuisine and European comfort food. Open daily, these culinary venues promise to tantalize the taste buds and offer guests an unforgettable gastronomic experience. "Our restaurants also hold great attraction among the neighbourhood. They often walk in our restaurants for delicious cuisines with the families," informs Dsouza.

Hyatt Centric Ballygunge is conveniently located. The guests can explore local attractions such as Kalighat Temple, Birla Planetarium, Science City, Victoria Memorial, Eden Gardens, New Market and other must-visit sights.

As the hotel industry maintaining a reasonable growth rate, Desouza is hoping to achieve a 55 per cent occupancy rate. "However, 60 per cent will be cherry on the cake," he smiles. ◆

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Diving deep

Avantika Malhotra, daughter of a merchant navy veteran Captain Vikrant Malhotra, designs a unique collection based on Ocean Theme. 'Whispers in the Current' is not just a fashion collection, but a heartfelt tribute to the ocean's mesmerising beauty. Avantika, the designer, says, "This collection is a reflection of my deep-rooted connection to the sea, a connection that has been a constant presence in my life. I wanted to capture the essence of the underwater world – the fluidity, the tranquility, and the mysteries that lie beneath the surface." For Avantika, the ocean has been a lifelong muse, weaving through her memories and experiences. Growing up as the daughter of a merchant navy veteran and a master mariner Captain Vikrant Malhotra, Avantika has called coastal states of India like Maharashtra, Kerala, Odisha, West Bengal, Gujarat, etc, her home. Her passion for scuba diving, which began at eleven and led to her achieving an advanced open-water certification at fifteen, further deepened her bond with the sea. The dichotomous nature of the ocean, capable of soothing and disturbing, became the focal point of her collection. Through Whispers in the Current, Malhotra aims to explore the ocean's captivating power and initiate conversations in personal comfort zones, drawing on her own experiences of scuba diving as a conduit for this message. ◆

A proud moment

The reward for work well done is the opportunity to do more, said Jonas Edward Salk, the American virologist and medical researcher who developed one of the first successful polio vaccines. **Vellayan Subbiah** knows this much more than anybody else. Hailing from an illustrious industrialists' family in Chennai, Vellayan Subbiah has been chosen as the **EY World Entrepreneur of the Year 2024**. Winning recognition at a global stage is a proud moment for him. As a fourth-generation member of the hugely respected Murugappa group in Chennai, the entrepreneurial trait in Vellayan Subbiah is a proven one. The way he adroitly piloted the financial services arm of the group through tough times gives a clue or two to his innate entrepreneurial instinct. It has been quite a journey for Vellayan Subbiah, who is currently the Executive Vice-Chairman of Tube Investments of India and Chairman of Cholamandalam Investment and Finance Company Ltd. From being a professional engineer to captaincy role in the family business, he has come a long way indeed. "As part of the family business, the spirit of entrepreneurship runs deep within me," he said. He joins a select band of three Indians who had earlier landed this EY Global Entrepreneur recognition. Narayana Murthy, Uday Kotak and Kiran Mazumdar too had been honoured with EY Global Entrepreneur award earlier. A simple person, he puts his trust in people. He doesn't fight shy of taking risks. He is the son of M.V. Subbiah, former chairman of the Murugappa group. Vellayan Subbiah has indeed assiduously worked his way through within the group to emerge as an able skipper. ◆

The making of Navi Mumbai

He came to Bombay (now Mumbai) in 1963 and became directly involved in infrastructure projects through CIDCO, the City and Industrial Development Corporation of Maharashtra. At that time, recalls retired IAS officer **R.C. Sinha** who headed CIDCO, Navi Mumbai – then only a small township of Vashi, had a population of just 30,000. "We recognised the potential of the new city, and endeavoured to shift Mumbai residents there," he said while participating in a recent 'brainstorming session' organised by Mumbai Press Club on "Making Mumbai a Liveable, Modern City". However, he noted, the area lacked basic amenities like water supply, direct-dialling telephones and round-the-clock electricity. "Establishing a railway line was crucial for its development, and CIDCO bore 67 per cent of the railway construction costs, with the Maharashtra government contributing the rest." With the objective of getting people working in Bombay to living in Navi Mumbai, CIDCO introduced an agricultural market in the new city, relieving the congestion in South Mumbai significantly. Sinha then faced new challenges when he was building the Mumbai-Pune Expressway, a development for which he is best known. These included the acquisition of 980 hectares of land amidst hurdles such as forest and environmental clearances, for which he enlisted political support and created expedited processes to achieve it in a record-breaking six months. "Recognising the importance of time, we expedited infrastructure projects, completing 52 flyovers in the Mumbai Metropolitan Region in an average of 30-1/2 months, significantly shorter than the norm of 48 to 60 months," he added. Brihanmumbai Municipal Corporation commissioner Bhushan Gagrani and architect P K Das, known for his sustainable city planning approach, also participated in the session. ◆

Inspire and aspire

Maruti Suzuki India (MSI) has announced the launch of Nexa Music Season 3, a transformative platform celebrating the vibrant and diverse indie (independent) music scene in India. Music is a cornerstone of the Nexa philosophy, embodying the brand's belief in creating experiences that inspire and aspire. "Nexa Music is about breaking boundaries and creating extraordinary experiences. With Season 3, we are embracing India's rich and diverse musical landscape. With Nexa Music, our goal is to discover and nurture artists from every corner of the country, bringing their unique voices to the forefront. Under the spotlight of esteemed musicians like **A.R. Rahman**, these artists will create original compositions that resonate globally. We anticipate an overwhelming response to Nexa Music Season 3 as we continue to offer the Nexa global experience", said **Partho Banerjee**, senior executive director (marketing & sales), MSI. Added A.R. Rahman: "India is a treasure trove of diverse musical talent. Nexa Music Season 3, in partnership with Qyuki, is an extraordinary initiative to unearth and celebrate both English and regional music from across the country. The last two seasons have given several artists access to global platforms for displaying their talent. I am delighted to be part of this journey and look forward to discovering exceptional talent that will bring the richness of Indian regional and English music to the world stage." ◆

Lead kindly light

Dr. Kishore Manilal Shah Self Vision Centre by Sauradip Chemical Industries Pvt was inaugurated at Ramnarain Ruia Autonomous College. Founded in 1974 by Dr. Kishore M. Shah, Sauradip is a pioneer of green thinking in the performance chemicals sector. **Nadir Godrej**, Chairman & Managing Director, Godrej Industries, was the Chief Guest and **Sandeep Kokane**, Executive Vice president, R&D, JSW Paints was the guest of honour. S.K. Jain, Chairman S. P. Mandali specially came from Pune to grace the occasion. Godrej praised the work of Dr. Kishore Shah for starting the self-vision centre. Self-Vision Centre was first started in 2003. The vision centre helps visually challenged students live better lives and get good jobs. The centre is equipped with all the latest equipment. For the convenience of visually challenged students in 2008, a Brailee library was started with an audio facility by Sandeep Kokane. Shah was proud to announce that 1,000 students have graduated from this vision centre. ◆

A home for the homeless

With two ashrams in Pune, former corporate honcho **Rajheev Agrawal** left all of it voluntarily at the peak of his 33-year career and dedicated his life and life's savings to give a home to destitute people and orphaned girls. "We aim to give these people, many of whom we rescued from a life of begging on the streets, and give them education and training to enable them to stand on their own feet in mainstream society with respect and dignity," says Agrawal, who has set up **Majha Ghar Foundation** with his wife Minakshi. "We are trying to ensure a secure, dignified life and empowerment for those who struggle to meet their basic needs and life." Majha Ghar, a homeless shelter, is part of Apna Ghar Ashram, which runs 50 ashrams around India and has been taking care of 9,000 such people with love and care for the last 22 years. "We fondly call these people Prabhujis (a form of God) instead of destitutes. We have positively impacted more than 50,000 lives," he says. Agrawal, who quit pickles-and-spices major Nilons as Director and CEO after 18 years during which he steered the company to a growth of

60-fold in revenue and 150 times in terms of profits, says his change of course was part of his personal plan. Majha Ghar offers resources to help its Prabhujis to get back on their feet – clean and hygienic accommodation, nutritious food, medicines, clothes and all necessities totally free of cost. Those with critical illnesses or are bed-ridden are taken care of for life by the ashram, which also performs their last rites as per the religion of each, he adds. ◆

Promoting brand India

The Gem & Jewellery Export Promotion Council (GJEPC) is the apex body driving India's export-led growth in the gem and jewellery sector, with over 10,000 members in its fold. GJEPC promotes brand India and identifies potential partners and buyers in international markets through buyer-seller meets. GJEPC invites countries to explore areas of cooperation in the supply of rough diamonds, coloured gemstones, and sourcing of finished jewellery. Vipul Shah, Chairman of GJEPC, spoke about their recent international initiatives. Excerpts:

How have exports grown in this fiscal year?

Plain gold jewellery has shown remarkable growth in exports, especially since the UAE CEPA. We are pleased that it continues to play a significant role in the gem and jewellery industry. With the benefits expected from the FTAs signed with the UAE, Australia, and EFTA, we anticipate further growth in the coming years. The export of plain gold jewellery continues to soar, marking a significant 27.45 per cent increase, reaching $342.27 million in April 2024, compared to $268.56 million.

The total gross export of gold jewellery (both plain and studded) saw a promising 11.03 per cent growth, reaching $718.34 million in April 2024, compared to $646.97 million. To further boost exports, we have devised a robust promotion plan, focusing on tapping into new markets. Additionally, we are investing in the generic promotion of diamond and gold jewellery, in collaboration with the Natural Diamond Council (NDC) and the World Gold Council (WGC), respectively.

What efforts are being made to increase gem & jewellery exports across the globe?

GJEPC organised a delegation visit to Latin America in May 2024. The delegation toured Brazil, Colombia, and Panama to explore markets, boost India's exports, and build stronger economic ties in the Latin American and Caribbean (LAC) region. Our engagements in Brazil, Colombia, and Panama have not only showcased the unparalleled craftsmanship and diversity of India's gem and jewellery sector but also paved the way for enduring partnerships. We are committed to expanding India's footprint in the global market, and this tour has strengthened our economic ties with the LAC region.

What kind of opportunities do Latin American countries provide?

Our engagements in these Latin American countries have been both fruitful and inspiring. The rich histories, cultural wealth, and economic potential of Brazil, Colombia, and Panama provide a strong foundation for mutually beneficial partnerships. Together, we are poised to achieve remarkable milestones that will benefit our industries and peoples. Through these strategic engagements in Brazil, Colombia, and Panama, the GJEPC delegation aims to bolster India's gems and jewellery exports, build stronger economic ties, and facilitate collaborative opportunities in Latin America, thereby driving growth in the Indian gems and jewellery sector.

Which industry bodies did the GJEPC team meet in Brazil?

In Brazil, the delegation met with key industry leaders to discuss potential collaborations and market expansion. Highlights of the visit included a meeting with Ecio Morais, Director of IBGM, organisers of the popular Feninjer jewellery show in São Paulo. Discussions centred on creating a dedicated India Pavilion for exhibitors dealing in loose stones. The team also held talks with the Monte Carlo group, the second-largest jewellery store chain in Brazil, exploring opportunities to strengthen business ties between the two nations. Additionally, the delegation conferred with the CEO of SAUER Group, a reputed name in the Brazilian jewellery sector, focusing on potential partnerships and market expansion strategies. Meetings with representatives from the prominent jewellery group ESMEBRAS further underscored the delegation's commitment to building strong bilateral trade relations.

The delegation participated in interactive meetings with the Indian Embassy in Brazil and major retailers such as H Stern, Monte Cristo, Vivara, VQ Jewellery, and Villar Joias, facilitating valuable networking opportunities.

How did GJEPC network in Colombia?

The GJEPC delegation visited Colombia, where they engaged in several key activities to enhance trade relations. A networking lunch with the Ambassador of India to Colombia, Vanlalhuma, provided a platform to discuss promoting Indian jewellery in the Colombian market. Ali Pastorini, President of Mubri and GJEPC coordinator in the LAC region, facilitated interactions with Colombian jewellers.

What is the potential in Panama?

In Panama, the GJEPC delegation aimed to solidify India's presence in the LAC region's gems and jewellery sector. During their visit, the Indian Ambassador to Panama, Costa Rica & Nicaragua, Dr Sumit Seth, addressed the gathering, emphasising the importance of strengthening economic ties between India and Panama. ◆