



# The Face-off for Religare



**C**orporate battles are always fascinating to chronicle, and India has seen quite a few, big and small. So, it's not surprising that Indian corporate and business circles are busy discussing the latest boardroom battle that is currently playing out—the feud between the Burman family of Dabur and the board of the ₹6,300-crore financial services company Religare Enterprises, in particular its Executive Chairperson Rashmi Saluja. In a nutshell, the story is that the Burmans badly want Religare, but Saluja and her colleagues on the board are resisting the takeover attempt tooth and nail. Add the regulatory angle with the Securities and Exchange Board of India (Sebi) to the mix and you have the perfect corporate potboiler. The Burmans have been eyeing Religare since 2018 when they picked up a stake in the company. Since then, they have raised their stake bit by bit, even as the firm faced challenges. In September 2023, the Burmans' stake crossed the 25% threshold, beyond which they had to make a mandatory 26% open offer under Sebi regulations. But Saluja and the Religare management have resisted the open offer move and contend that the Burmans do not meet the 'fit and proper' criteria for owning the enterprise. On the other hand, serious charges of corporate governance lapses—especially on Saluja's high remuneration and stock options—have been levelled against her and the board, and markets regulator Sebi has had to step in.

In our cover story, *Krishna Gopalan* brings you the nuances of this bitter corporate face-off. The latest twist in this story is the Sebi order-cum-show-cause notice of June that ordered Religare to make the necessary applications to the various regulators—including the Reserve Bank of India and the Insurance Regulatory and Development Authority of India—for the open offer that Religare has attempted to stall for months. Religare then petitioned the Securities Appellate Tribunal (SAT) that, while ordering a stay on the show-cause notice, asked the company to file the open offer papers anyway.

For the Burmans, acquiring Religare makes eminent sense. The turbulence of the past (former promoters Malvinder and Shivinder Singh were mired in controversy and eventually arrested) is now behind it, and the company has demonstrated a turnaround. Besides, it ties in well with the Burmans' own financial services business and there are growth opportunities that Religare can tap, not least in the booming health insurance space. Saluja, meanwhile, is in no mood to let go and says she has the full backing of the Religare board. She believes the time now is for Religare to unlock value. Most experts believe this battle is far from over and will play out over the next few months as RBI also gets into the picture. Will the Burmans finally get Religare? Will Saluja be able to fend off the takeover? This will continue to be one interesting story to track. **BT**

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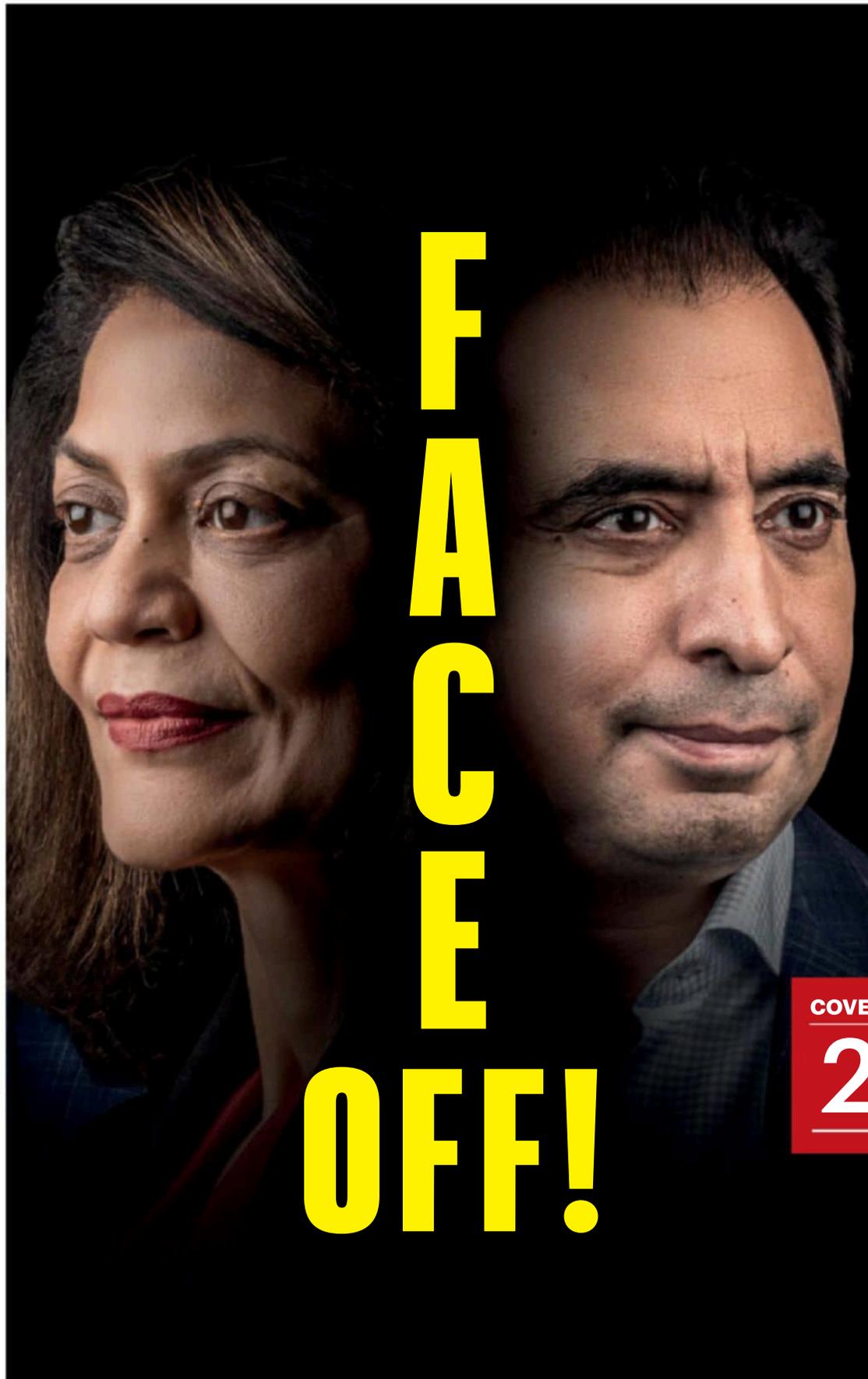
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**THE BURMAN FAMILY HAS BEEN LOCKED IN A BITTER FEUD FOR CONTROL OF THE ₹6,300-CRORE RELIGARE ENTERPRISES WITH THE CURRENT MANAGEMENT. WHAT IS THE ENDGAME?**

COVER BY **BANDEEP SINGH**; PHOTOS BY **HARDIK CHHABRA**

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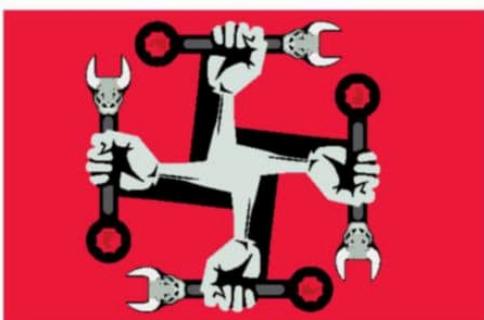
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Photo by **INDIAN RAILWAYS**; Text by **PRINCE TYAGI**

A VIEW OF THE CHENAB BRIDGE IN REASI DISTRICT OF JAMMU AND KASHMIR

SOURCE: PIB, PTI, MEDIA REPORTS

## HIGH AND MIGHTY

IN JUNE, INDIAN RAILWAYS SUCCESSFULLY TESTED A MAINLINE ELECTRIC MULTIPLE UNIT TRAIN ON THE CHENAB BRIDGE IN JAMMU AND KASHMIR. ONCE COMPLETED, THIS WILL BE THE WORLD'S HIGHEST RAILWAY BRIDGE. HERE ARE THE KEY FIGURES:



**₹1,486**

**crore**

The cost of the bridge, a steep rise from the estimated ₹512.74 crore per the 2004 contract

**359**

**metres**

Height of the bridge; surpasses China's record of 275 metres

**120**

**years**

Expected lifespan; will be able to withstand wind speeds up to 260 kmph

**₹35,000**

**crore**

Cost of the Udhampur-Srinagar-Baramulla Railway Link project, of which the bridge is a part

| THE POINT |

# RAGING BULLS

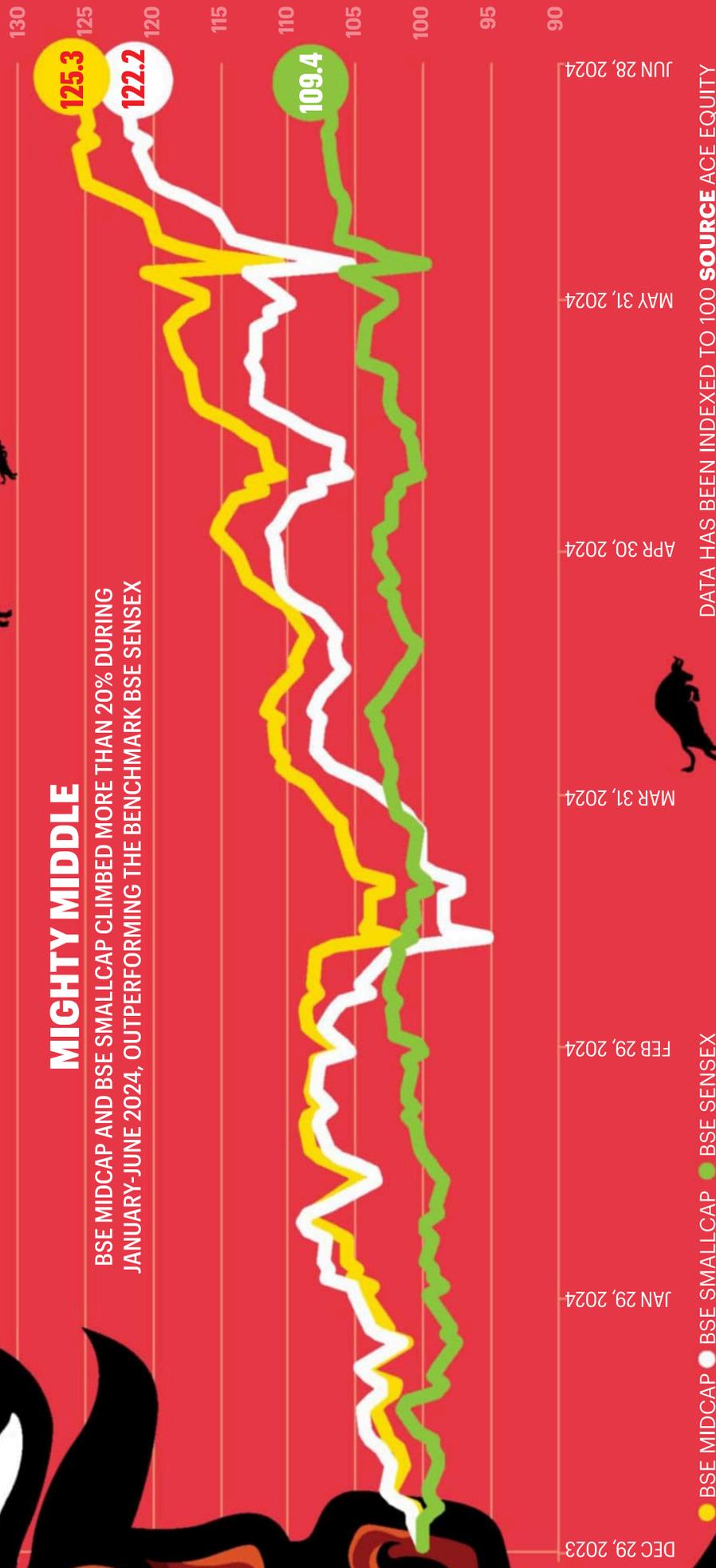
STRONG DOMESTIC INFLOWS AND INCREASING OPTIMISM FOLLOWING THE PRIME MINISTER NARENDRA MODI-LED NDA GOVERNMENT RETAINING POWER FOR THE THIRD STRAIGHT TERM PROPELLED THE INDIAN STOCK MARKETS TO RECORD HIGHS IN THE FIRST HALF OF 2024, DESPITE DOMESTIC AND GLOBAL VOLATILITY. MID- AND SMALL-CAP STOCKS HAVE FARED BETTER THAN LARGE-CAPS, EVEN THOUGH ANALYSTS HAVE RAISED CONCERNS ABOUT THEIR HIGHER VALUATIONS. MARKET ANALYSTS ARE OPTIMISTIC ABOUT THE SECOND HALF OF THE YEAR. ON JULY 3, THE BENCHMARK BSE SENSEX HIT A HISTORIC HIGH OF 80,000 POINTS, SUGGESTING BRIGHT PROSPECTS IN H2. HERE'S A LOOK AT THE MARKETS' PERFORMANCE IN H1:

By **RAHUL OBEROI** and **PRINCE TYAGI**

Graphics by **RAJ VERMA**

## MIGHTY MIDDLE

BSE MIDCAP AND BSE SMALLCAP CLIMBED MORE THAN 20% DURING JANUARY-JUNE 2024, OUTPERFORMING THE BENCHMARK BSE SENSEX



DATA HAS BEEN INDEXED TO 100 SOURCE ACE EQUITY

## RIGHT ON THE MONEY

COCHIN SHIPYARD AND AEGIS LOGISTICS WERE AMONG 12 STOCKS IN THE BSE 500 THAT DOUBLED INVESTOR MONEY IN THE FIRST HALF OF 2024...



NOTE RETURNS DURING JANUARY-JUNE 2024 SOURCE ACE EQUITY

## TRADE SHOW

THE REAL ESTATE, TELECOM, AND POWER SECTOR INDICES RALLIED THE MOST IN THE FIRST HALF OF 2024, WHILE THE FMCG AND IT SECTORS UNDERPERFORMED



NOTE RETURNS DURING JANUARY-JUNE 2024 SOURCE ACE EQUITY

₹439 LAKH CRORE

THE COMBINED MARKET CAP OF BSE-LISTED FIRMS AS OF JUNE 28, 2024, COMPARED TO ₹364 LAKH CRORE ON DECEMBER 29, 2023—UP NEARLY 21%

85,000

THE LEVEL BENCHMARK BSE SENSEX MAY TOUCH BY DECEMBER 2024, ACCORDING TO RELIGARE BROKING

## WEALTH DESTROYERS

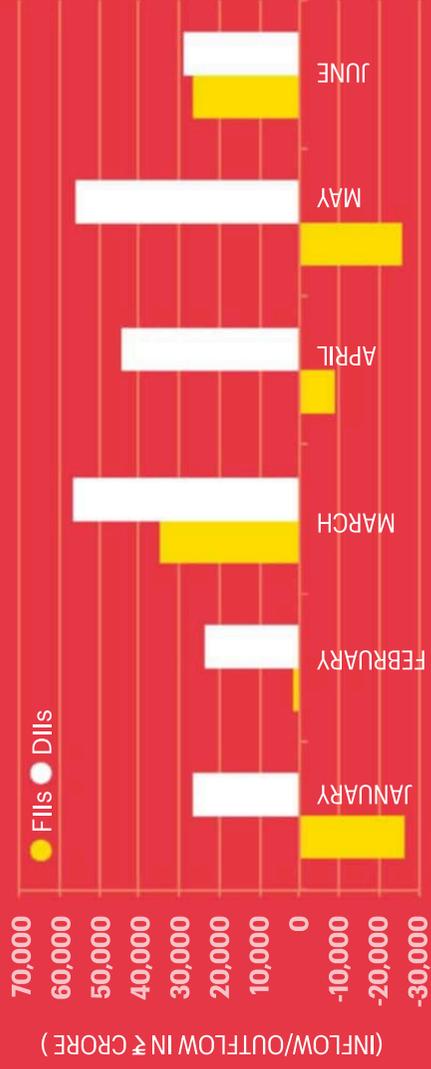
...WHILE ZEE AND PAYTM WERE AMONG 7 STOCKS THAT ERODED MORE THAN ONE-FOURTH OF INVESTOR WEALTH DURING JANUARY-JUNE 2024



NOTE RETURNS DURING JANUARY-JUNE 2024 SOURCE ACE EQUITY

## HOME SUPPORT

DOMESTIC INSTITUTIONAL INVESTORS BOUGHT SHARES WORTH OVER ₹2 LAKH CRORE IN H1 2024, WHILE FIIs BOUGHT A NEGLIGIBLE AMOUNT OF SHARES



NOTE INFLOW DURING JANUARY-JUNE 2024 SOURCE ACE EQUITY

27,000

THE BULL CASE TARGET FOR THE NIFTY 50 INDEX, WHICH IT MAY HIT BY MARCH 2025, PER AXIS SECURITIES; THE 50-SHARE INDEX WAS AT 24,010 ON JUNE 28

₹20,904 CRORE

SIP INVESTMENTS BY RETAIL INVESTORS IN MUTUAL FUNDS AS OF MAY 2024, COMPARED TO ₹17,610 CRORE IN DECEMBER 2023 AND ₹13,573 CRORE IN DECEMBER 2022, PER AMFI

# THE BUZZ

REGULATION

# SEBI TIGHTENS ITS GRIP

The capital markets regulator is changing tack; it will go after regulated entities that associate with unregistered finfluencers

BY NAVNEET DUBEY

PHOTO BY GETTY IMAGES



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► **THE SECURITIES AND** Exchange Board of India (Sebi) has made a series of interventions over the past year to check illegal stock advice being dispensed by financial influencers, or finfluencers, but with limited results. Finfluencer content continues to flourish in the face of repeated strictures from the regulator and the imposition of fines in some instances.

That has prompted Sebi to change tack. At a meeting at the end of June, Sebi's board decided that it was time to crank the pressure up a notch. It will now impose penalties on entities it regulates if they associate with finfluencers who give stock advice illegally.

Presenting the new framework after that meeting, Sebi Chairperson Madhabi Puri Buch spelt out the changes. "As you know, we have jurisdiction over entities that we regulate," the Chairperson remarked. It can regulate only registered investment advisors and research advisors who come under its purview.

Such organisations cannot affiliate with individuals who dole out investment advice without getting registered with Sebi. "The second is, irrespective of whether they are

**DRAWING A LINE** The rules will more clearly highlight the line between educational content and stock advice that has blurred in recent times

# STRICT STATUTE

**1** Fines can be imposed for violations under Regulation 26 Sebi (Stock Brokers) Regulations, 1992

**2** Registration certificates can be suspended under Regulation 27 of Sebi (Stock Brokers) Regulations

**3** It can initiate prosecution under Section 24 of Sebi Act for offences like trading without registration

**4** Sebi can penalise entities for failures such as non-compliance with reporting requirements, improper record-keeping

**5** It can enforce disgorgement of unlawful gains, mandating corrective actions

registered or unregistered, if they are making claims on portfolio performance, their service performance, etc., unless it is specifically provided for them to be able to give that information... then again, they are breaking the law," Buch said.

A Sebi-registered broker can buy and sell securities on behalf of clients. Other regulated entities offer securities-related services but may not directly execute trades on the exchange. But Buch made it clear that the rules do not apply to those who are solely engaged in creating educational content.

For entities regulated by Sebi, associating with such content creators could result in hefty fines and even the cancellation of licences. Prithviraj Senthil Nathan, Partner at King Stubb and Kasiva, Advocates and Attorneys, says, "Sebi can... impose

pants have welcomed these steps. Sanjay Saxena, Co-founder and CEO of India and Southeast Asia at fintech company CIFDAQ, says, "Measures like these ensure that investors are receiving guidance only from registered professionals, which will, in turn, foster transparency and trust in the financial markets. These new regulations will also discourage unauthorised financial promotion, support investor protection, and promote financial literacy."

Yash Parashar, Managing Director of trading platform Finera Solutions, says, "This will especially impact finfluencers who are just starting the journey, showing double- or triple-digit returns to lure clients." He says finfluencers putting up educational content could also get themselves registered

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## FOR SEBI-REGULATED ENTITIES, ASSOCIATING WITH FINFLUENCERS COULD RESULT IN HEFTY FINES

fines for violations under Regulation 26 of the Sebi (Stock Brokers) Regulations, 1992, and Chapter VIA of the Sebi Act." He says the regulator can also suspend or cancel registration certificates under Regulation 27 of the Sebi (Stock Brokers) Regulations and Chapter V of the Sebi Act.

Besides, it can initiate criminal prosecution under Section 24 of the Sebi Act for serious offences like trading without registration. "[Sebi can] penalise for failures such as non-compliance with reporting requirements, improper record-keeping, market manipulation. [And it can] enforce disgorgement of unlawful gains, mandating corrective actions, and ensuring compliance with Sebi's circulars and guidelines," Nathan adds.

Be that as it may, market partici-

to comply with the rules.

The rules will more clearly highlight the line between educational content and stock advice that has blurred in recent times, says Anand K. Rathi, Co-founder of investment platform MIRA Money. "Many influencers were not focussed on proper education; rather, they were promoting products without calculating their potential downsides, which affected the industry in a big way. While a few did a good job, I would estimate 95% of them were interested in selling products without understanding them."

Sebi has also enlisted the help of online platforms in curbing illegal activity. This will also help Sebi-registered entities identify and avoid those violating securities laws.

Dhirendra Kumar, Founder and CEO of financial advisory firm

Value Research, says the revised regulation will certainly prevent brokers from associating with unregistered advisors. “However, as with every restriction, some finfluencers will probably find it lucrative to try to circumvent the restrictions. Therefore, detection, enforcement, and strong punitive action are important,” he says.

The effectiveness of Sebi’s move in protecting the public hinges on how much exposure investors actually have to such recommendations.

14 | **SEBI HAS MADE IT CLEAR THAT THE RULES WON’T APPLY TO THOSE WHO CREATE EDUCATIONAL CONTENT**

“The impact is already noticeable, with many companies ceasing to use influencers to promote their products. However, even today, on platforms like Telegram and Instagram, unauthorised individuals still suggest which stocks and mutual funds to buy,” says Rathi. The curbs have to be strict and the penalties severe, such as removing or blocking influencers’ accounts, to deter them from making such recommendations, he says.

The message is clear. And those who play by the rules can survive. Value Research’s Kumar says, “The finfluencer zoo has a wide variety of species. I am sure some will become endangered, while others will probably still flourish.” **BT**

@imNavneetDubey

**AUTO INDUSTRY**

# Deluge of Discounts

**Domestic automakers are luring consumers with monsoon discounts. But such untimely concessions are a sign of rising inventory levels**

BY **ASTHA ORIEL**

▶ **AS YOU ENTER** a Maruti Suzuki India Ltd (MSIL) dealership in West Delhi, you can’t help but notice pamphlets of the recently-launched Dream Series edition. The showroom also features special monsoon discounts of up to ₹1 lakh on select models. A similar scenario is found at Tata Motors and Mahindra & Mahindra showrooms, where discounts of up to ₹1.4 lakh are offered on some models like Tata Safari, Tata Harrier, and XUV700 amid increasing competition. Meanwhile, Honda is offering discounts of up to ₹96,000 on models such as Amaze, City, and Elevate. IPO-bound Hyundai Motor India is also offering discounts of up to ₹2 lakh.

Auto discounts typically surface during the festival season, which usually kicks off in September. While advantageous for customers, this early occurrence points to increased inventory for dealers.

“The higher the inventory levels, the more the discount,” says Manish Raj Singhania, President, Federation of Automobile Dealers Association (FADA).

With increasing inventory levels, automakers are extending the discounts on a monthly basis. MSIL has extended its Special Edition Dream Series for Celerio, Alto K10, and Espresso to July. “We have witnessed a 17% increase in bookings after the launch of the Dream Series,” says Partho Banerjee, Senior Executive Officer, Marketing and Sales, MSIL.

Analysts believe now is the best time to buy a car as automakers are trying to liquidate their inventory.

On the other hand, the Society of Indian Automobile Manufacturers, expects original equipment manufacturers (OEMs) to take

responsible decisions to reduce inventory.

“In India, sales are seasonal and typically peak towards the end of the year and again in March. There’s a significant uptick in sales during the festival season—from Dussehra to Diwali,” says Rajeev Singh, Partner and Consumer Industry Leader at consulting firm Deloitte Asia Pacific.

The industry witnesses a lean

**35  
Days**

**STOCK AUTO DEALERS USUALLY HAVE. BUT FOR THE PAST THREE MONTHS, INVENTORY LEVELS HAVE PILED UP TO AS HIGH AS 67 DAYS**



**RAINING DISCOUNTS** A delay in monsoon, heatwaves, and the Lok Sabha elections are some reasons for sluggish demand

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patch between April and September, followed by the 17-day period of *Shradh*, considered an inauspicious time by Hindus, according to Singh. “Discounts will continue for the next two months only,” says Singh.

### HIGH INVENTORY

Auto dealers usually have a stock of up to 35 days. But FADA says the inventory level is currently at 62-67 days as OEMs have flooded the market with significant stock.

Singhania believes the inventory level is likely to be similar going forward.

Singh, on the contrary, expects inventory levels to normalise by the end of the year. “It (inventory levels) will get corrected. Dealers need to rotate money. So, they will not accept more stock from manufacturers,” says Singh.

A delay in the monsoon, an extreme heatwave, and the Lok Sabha elections are some reasons for sluggish demand. But, analysts are also citing a general slowdown in the auto industry. Deloitte’s Singh says the slowdown began in January.

The global slowdown in the industry began in FY23. Post-Covid,

## IN FOURTH GEAR

**1** Maruti Suzuki has extended its Special Edition Dream Series for Celerio and Alto K10 to July

**2** Maruti Suzuki, India’s largest carmaker, is offering discounts of up to ₹1 lakh on select models

**3** Tata Motors and M&M are offering discounts of up to ₹1.4 lakh on some models like Tata Safari

**4** Honda is offering discounts up to ₹96,000 on models like Amaze, City, and Elevate

there was pent-up demand that led to a sudden uptick in sales. A change in consumer preference, from demand for goods to demand for services, is the reason behind the slowdown, notes Singh. The industry anticipates a contraction of 3-5% as well.

“Our demand for passenger vehicles will soften this year, because of pent-up demand [settling down]. It’s not going to be possible for us to remain at that same level always. Some corrections will happen this year. But the long-term view is still strong,” says Singh.

The industry contributes 7% to GDP and a slowdown will have ramifications. While the government expects the industry to contribute 10-12% to the GDP in the next 10 years, it is unlikely as the sector is growing at the same pace as the GDP, reasons Singh.

“The industry might continue to contribute to only about 7% or 8% of our GDP, at least in the next six to eight years. I don’t see this changing unless India decides to become a big exporter of cars, like China,” observes Singh. **BT**

@OrielaAtha11

**BANKING**

# Succession Challenges

From building the loan portfolio to managing CASA and harnessing the power of AI, SBI's new Chairman will have his hands full for the next three years

BY ANAND ADHIKARI

PHOTO BY GETTY IMAGES



**CLIMBING THE LADDER** Challa Sreenivasulu Setty had joined SBI in 1988 as a probationary officer

► **FOR MORE THAN** 20 years, successive chairmen of the State Bank of India (SBI) have consolidated the lender's standing as the country's largest bank. From O.P. Bhatt, who made the elephant dance, to Arundhati Bhattacharya, the first woman to lead the bank, the bank has maintained its top position despite private sector competition. Now, the baton passes to Challa Sreenivasulu Setty, who joined the bank in 1988 as a probationary officer. Setty will replace the current Chairman, Dinesh Kumar Khara, who retires on August 28.

Setty, who was promoted to the SBI board as a Managing Director in January 2020, has his task cut out. Building loan portfolios in emerging sectors, expanding the Yono 2.0 app to attract tech-savvy customers, harnessing the power of AI and data analytics for seamless customer onboarding and fraud detection, addressing climate risk in the balance sheet, managing

## **SETTY WILL REPLACE SBI'S CURRENT CHAIRMAN, DINESH KUMAR KHARA, WHO RETIRES ON AUGUST 28**

the challenges of current account and savings account (CASA), and unlocking value in non-bank subsidiaries are some key challenges.

The bank, with assets of ₹61.79 lakh crore at the end of FY24, has already identified opportunities in sunrise sectors under the government's production-linked incentive (PLI) scheme. Companies are investing in renewables, green hydrogen, electric cars, lithium batteries, etc. With a 20% share in the lending market, SBI has always been at the forefront of new economic sectors.

However, Setty has to provide leadership in assessing risk and return to take the bank to newer heights.

The expansion of SBI's digital offering, Yono 2.0, will require Setty's attention. With a user base of over 74 million, it offers pre-approved personal loans and instant auto loans.

With climate risk becoming a critical concern for policymakers and regulators, the bank has started mobilising green term deposits to finance these initiatives. This is an area that necessitates his close attention. The falling CASA ratio is another such challenge. As depositors seek better returns from equity investments, the banking industry is confronted with a declining CASA ratio. SBI holds 23% market share in deposits and has a CASA ratio of 41%.

"SBI has fared better in this cycle, but continuing the same would call for heavy investment in the phygital infrastructure. That said, the bank's otherwise higher operating expenditure remains a key drag on the return on assets (ROA), and thus the new Chairman will have a challenge on hand to manage a healthy ROA, despite these cost challenges," says Anand Dama, Head BFSI at Emkay Global Financial Services.

Vaibhav Vidwani, Research Analyst at brokerage firm Bonanza Portfolio, says the declining CASA ratio is impacting SBI's cost of funds, putting pressure on net interest margins (NIMs) and net profitability.

"The improvement in asset quality was seen across all segments, barring the personal segment, which saw a marginal uptick in gross NPAs, which acted as a risk for banks as it also impacted credit costs adversely," Vidwani says. He adds that if the retail segment affects asset quality in the upcoming quarters, it could increase credit costs for banks and put pressure on profitability.

Finally, the listings of SBI Payment Services Ltd and SBI General Insurance Company Ltd are also lined up. While the incumbent Chairman Khara has been able to manage with a lower capital buffer, Dama of Emkay says the new Chairman will have to decide whether to raise capital from the market after exploring potential options to generate one-off gains, including the sale of its stake in YES Bank. Clearly, Setty has a lot on his plate for the next three years. **BT**

@anandadhikari

## TWO-WHEELERS

# Freedom Jam

Bajaj Auto is looking to reclaim leadership in the entry-level two-wheeler segment with its first CNG-powered bike

BY ASTHA ORIEL



**BREAKING THE MOULD** Rajiv Bajaj, MD of Bajaj Auto (left), and Union Minister Nitin Gadkari at the launch of the Freedom 125

► **"WE WANT TO** return the favour to Hero and Honda after 30 years," Rajiv Bajaj, Managing Director of Bajaj Auto, said during the launch of Freedom 125—the world's first motorcycle to run on compressed natural gas (CNG). This could mark a defining moment in the domestic two-wheeler industry as Bajaj Auto looks to reclaim leadership in the entry-level two-wheeler segment.

Right up until the early 1990s, Bajaj Auto dominated the domestic market with its iconic Chetak scooters. But that changed when Hero Honda introduced the Splendor 100cc motorcycle in 1993. By 1997-98, Hero Honda overtook Bajaj Auto, mirroring a paradigm shift in the industry, which went from being 70% scooters to 70% motorcycles.

Bajaj did react with the Pulsar in 2001—which went on to become the highest-selling model in the above-125cc segment—but it could not reclaim leadership in the entry-level segment. Currently, the 100cc segment is the turf of Hero MotoCorp, whereas Honda Motorcycle & Scooter India dominates in 125cc.

With the Freedom 125, priced at ₹1.1 lakh, Bajaj is trying to grab back a slice of the entry-level segment with a technology that can potentially become a game changer. “The message from Freedom 30 years later is *Tiger Zinda Hai* (Tiger is alive),” Bajaj said.

Bajaj Auto claims that, unlike its ICE counterparts, the Freedom 125 reduces fuel expenses by 50%. The 2-kg CNG cylinder and 2-litre petrol tank provide a combined range of 330 km. Moreover, the cost per km is only ₹1 for CNG, while it is ₹2.25 for petrol. According to Rakesh Sharma, Executive Director at Bajaj Auto, the hybrid CNG fuel tank will help customers save up to ₹1,500 per month.

Analysts observe that the motorcycle will find a niche amongst consumers who have easy access to CNG pumps. “It will especially appeal to those who are highly conscious of fuel costs and are willing to invest the time in filling up CNG, which typically costs less than petrol,” says Anurag Singh, MD of consulting firm Primus Partners.

Bajaj Auto is hoping to recreate the stellar gains it has seen in the three-wheeler CNG segment, where it commands a 70% market share.

The company will roll out the first 1,000 units of Freedom 125 beginning next quarter in Maharashtra and Gujarat.

A major hurdle would be the lack of CNG infrastructure and a single CNG pump in gas stations. Bajaj Auto says that it has partnered with oil marketing companies to set up CNG pumps. **BT**

@OrielaAtha11

ILLUSTRATION BY RAJ VERMA



ADVERTISING

# PROVIDING CLARITY

The recent I&B ministry clarification on the self-declaration of ads has cleared some doubts of advertisers; more clarity will emerge only with time

BY KRISHNA GOPALAN

► **ADVERTISERS ARE BREATHING**

easy after a clarification from the Ministry of Information and Broadcasting said that the self-declaration in advertisements will be restricted to the food and health sectors and needs to be done once a year.

Welcoming the move, Sandeep Goyal, Chairman of ad agency Rediffusion, says the I&B ministry's amendment, which came on July 3, is sensible and in the right direction. "The earlier requirement (self-declaration for each ad) was going to create a lot of bureaucracy. This yearly declaration for the food and health categories and probable amnesty for others will save a lot of unnecessary work," he says.

Earlier, the self-declaration rule, which came into effect on June 18, had said that all advertisers and advertising agencies had to obtain a 'Self-Declaration Certificate' for ads before they were printed or aired.

Goyal says that the objective of the new rule is to curb puffery. "As long as that objective is met, self-declaration is good for the ethics of the business." The annual self-declaration certificate will need to be uploaded on the ministry's Broadcast Seva website or the Press Council of India portal, apart from making available that proof to anyone airing or publishing that ad.

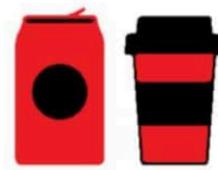
The decision from the ministry comes after there were issues with ingredients that went into some malted food drinks. "It is good since it fights socially ostracised categories like sugar and salt. Now is the time for restraint for those making ridiculous claims," says Harish Bijoor, CEO of brand strategy consulting firm Harish Bijoor Consults Inc.

With health, too, coming under the umbrella, cosmetics and skin-care ads will be looked at very carefully. "What goes into the mouth or on to one's skin must be governed very strictly. Over time, there is a good chance that the number of complaints will drop," says Bijoor.

## FOOD FOR THOUGHT



**THE RULES ARE NOW RESTRICTED TO THE FOOD AND HEALTH SECTORS**



**THE RULES CAME AFTER SOME MALT-ED DRINK BRANDS' INGREDIENTS RAN INTO TROUBLE**



**EXECUTION TO BE A CHALLENGE, GIVEN THE HIGH VOLUME OF ADS**



**ADVERTISERS WILL NEED TO MAKE CLAIMS WITH MORE DISCRETION**

| 21

The order put out states, "that the enforcement of the fundamental right to health... encompasses the right of a consumer to be made aware of the quality of products being offered for sale by manufacturers, service providers, advertisers and advertising agencies".

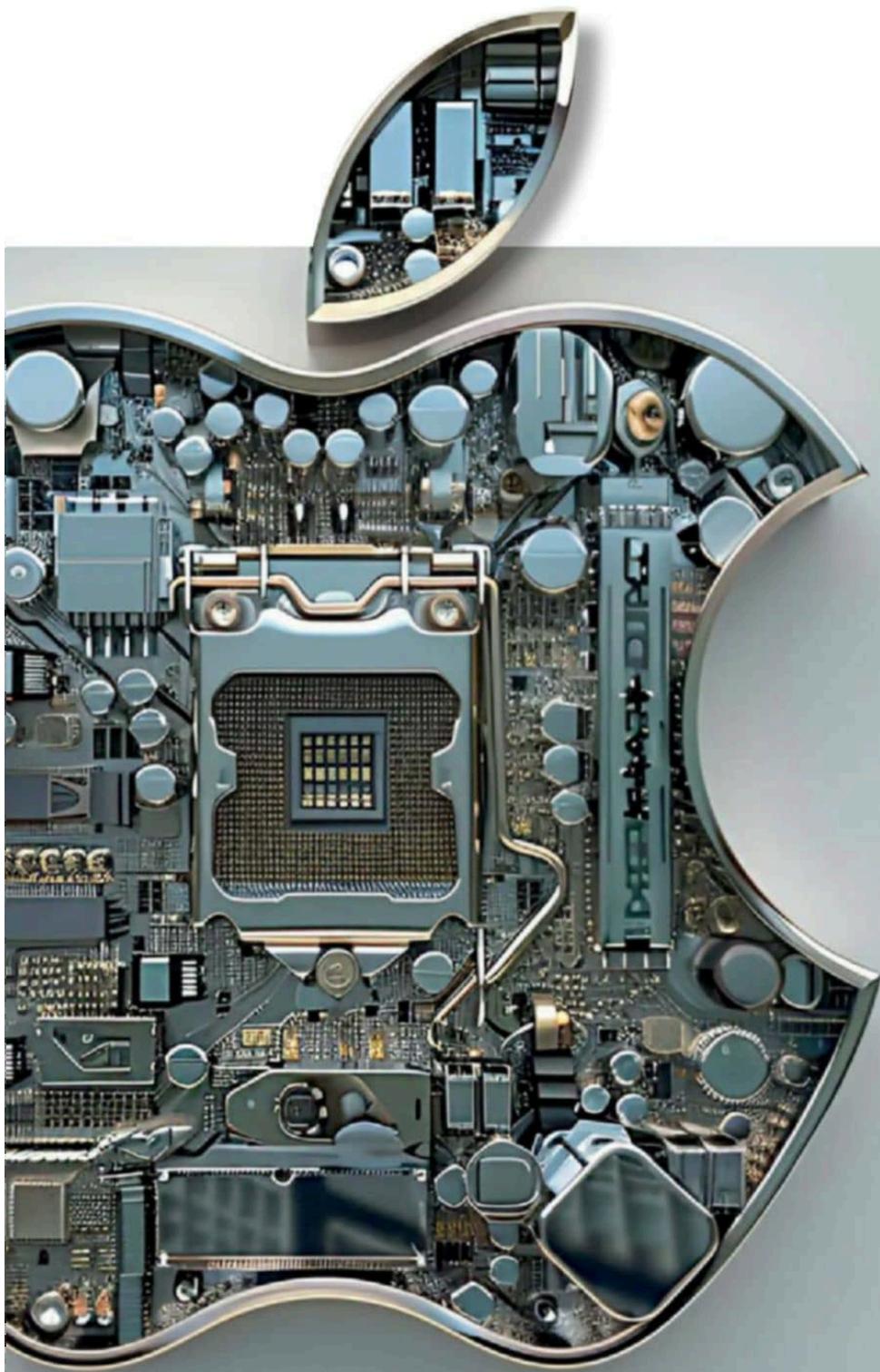
Given the volume of ads put out each year—Bijoor estimates the number to be 3 million for digital alone—execution will be a challenge. K.S. Narayanan, an independent food advisor, says all large companies or brands have an internal mechanism of vetting ad claims and packaging declarations, among other things, and to that extent, this is just an added compliance. "Entities that don't have such a process in place or are lax about the issue will hopefully restrain themselves from making misleading claims. It should be interesting to see how those brands crossing the line will be dealt with in terms of penal

provisions or perhaps cases being fast-tracked," says Narayanan.

The issue is still evolving and there will be many grey areas along the way. "The order will need to give more clarity on whether all advertising mediums are covered or if it is limited to those specified in the directive and advisory, such as TV channels, radio stations, print and digital media. One will need to know if this applies to out-of-home advertising," says Anushree Rauta, Partner, ANM Global, a full-service commercial law firm; and Founder, Iprmentlaw, a website that tracks media & entertainment laws.

With time, it is fair to say that more clarity will emerge on many issues. If advertisers become more responsible about their claims, it will only lead to more brand loyalty from consumers, especially when it concerns food and health. **BT**

@krishnagopalan



TECHNOLOGY

# SAFE AND SOUND

Apple Intelligence, the Cupertino-based tech giant's Gen AI model, focusses on privacy and users

BY **AAYUSH AILAWADI**

AI GENERATED IMAGE BY **VISHAL GHAVRI**

► **“AI FOR THE** rest of us.” That is how Craig Federighi, Senior Vice President of Software Engineering at Apple, described Apple Intelligence—which reveals the Cupertino-based tech giant’s plans in the generative artificial intelligence (Gen AI) space. What he was subtly referring to on that hot, sunny California morning in June at the company’s headquarters in Cupertino was how Apple’s AI vision puts the consumer first, unlike the enterprise focus of most other tech companies.

Federighi, who was speaking at Apple’s flagship software event,

## **IPHONE 15 PRO OR BETTER DEVICES WILL GET THE BETA VERSION OF APPLE INTELLIGENCE THIS FALL**

the Worldwide Developers Conference (WWDC), said: “This is a moment we’ve been working toward for a long time.” The world, too, has been waiting a long time to find out what the Tim Cook-led tech giant

Apple would do with Gen AI.

Apple Intelligence, the beta version of which will be rolled out for iPhone 15 Pro or better devices this Fall, comes with several useful features that include writing tools, a new Photos app, a feature that generates images and emojis, and the much-awaited integration with ChatGPT, among other things. Users also get a supercharged Siri, Apple’s personal assistant that is far more conversational than before and understands personal context.

But, above all, what comes through is Apple’s focus on pri-

All Magazine Hindi English international magazine

Journalism (Indian)  
India Today Frontline Open  
India Legal Organiser The Caravan  
Telhka Economic and Political Weekly The Caravan

Journalism (International)

Time The Week The New Yorker  
The Atlantic Newsweek New York Magazine Foreign Affairs National Review  
Money & Business

Forbes Harvard Business Review  
Bloomberg Businessweek Business India Entrepreneur inc ET Wealth  
Monyweek CEO Magazine  
Barron's Fortune International Financing Review Business Today  
Outlook Money Shares Value Research Smart Investment  
Dalal Street Investment Journal

Science, History & Environment

National Geographic National Geographic Kids New Scientist  
Down to Earth Scientific American  
Popular Science Astronomy  
Smithsonian Net Geo History  
Science Philosophy Now BBC Earth  
BBC Wildlife BBC Science Focus  
BBC History

Literature, Health & General  
Interest

The Writer Publishers Weekly TLS  
prevention OM Yoga Reader's Digest  
The New York Review of Books  
NYT Book Review Harper's Magazine The Critic Men's Health  
Mens Fitness Women's Health  
Womens Fitness Better Photography  
Architectural Digest Writing Magazine Pratiyogita Darpan

Sport

Cricket Today The Cricketer  
Wisden Cricket Monthly  
Sports Illustrated World Soccer Tennis Sportstar FourFourTwo  
Auto & Moto

Autocar India UK BBC TopGear  
Bike Car

Tech

Wired PC Magazine Maximum PC  
PCWorld Techlife News T3 uk India  
DataQuest Computeractive  
Popular Mechanics PC Gamer  
Macworld Linux Format  
MIT Technology Review

Fashion & Travel

Elle Vogue Cosmopolitan  
Rolling Stone Variety Filmfare  
GQ Esquire National Geographic Traveler Condé Nast Traveler  
Outlook Traveller Harper's Bazaar  
Empire

Comics

Tinkle Indie Comics Image Comics  
DC (Assorted) Marvel (Assorted)  
Indie Comics Champak

Home & Food

Real Simple Better Homes and Gardens Cosmopolitan Home  
Elle Decor Architectural Digest  
Vogue Living Good Housekeeping  
The Guardian feast The Observer Food Monthly Nat Geographic Traveller Food Food Network

Other Indian Magazines

₹The Economist  
Mutual Fund Insight Wealth insight  
Electronics For You Open Source For You Mathematics Today Biology Today Chemistry Today  
Physics For You Woman Fitness  
Grazia India Filmfare India  
Rolling Stone India Outlook  
Outlook Money Entertainment Updates Outlook Business  
Open Investors India The Week India  
Indian Management Fortune India  
Scientific India India Today Brunch  
Marwar India Champak Travel + Liesure India Business Traveller  
Smart investment Forbes india  
ET Wealth Vogue india Yojana  
Kurukshetra Évo INDIA New India Samachar Small Enterprise India  
Voice & Data

हन्दी मैगज़ीन

समय पत्रिका साधनापथग हलकषमी उदय इंडिया नरिंगधाम मॉडर्न खेती इंडिया टुडे देवपुत्र  
क्रेडिट टुडे हथोभा अर्नाखी हनिदुस्तान मुक्ता सरति चंपक परतियोगिता दरपण सेकसेसे मरि  
सामान्य ज्ञान दरपण फारम एवं फूड मनोहर कहानियां सत्यकथा सरस सललि स्वतंत्र वार्ता लाजवाब आउटलुकसचची शकिषावनति  
मायापुरी रूपायन उजाळा ऋषि पुरसाद जोश रोजगार समाचार जोश करंट अफेयर्स जोश सामान्य ज्ञान जोश बैकगो और एसएससी  
इंडिया बुक ऑफरकिरडस परकू तमिल  
राजस्थान रोजगार संदेश राजस्थान सूजससखी जागरण अहा! जदिगी बाल भास्कर योजना कुरकषैन्  
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vacy. Apple prioritises on-device processing and secure cloud computing, unlike the data-driven enterprise approach by other Big Tech firms, say experts. “What sets Apple Intelligence apart is its focus on on-device processing and keeping user data secure and private,” says Prabhu Ram, Head-Industry Intelligence Group at CyberMedia Research, a market research and consulting firm. “Apple has introduced a suite of advancements including on-device models, and a privacy-centric cloud infrastructure that supports more complex tasks while adhering strictly to Apple’s privacy standards.”

Agrees Tarun Pathak, Research Director at Counterpoint Research, a technology market research firm. “The on-device narrative fits well for Apple in its attempt to go big on privacy as a differentiator,” he says.

Through Apple Intelligence, the company is focussing on harnessing its chip expertise and hardware-software synergy, Pathak says. “Apple appears to go big on on-device AI and rely on smaller [language] models, something that is different from what Google, Samsung or ChatGPT are doing [in terms of Gen AI].” Pathak adds that unlike Google and Microsoft/OpenAI, Apple doesn’t have a frontier LLM (large language model) at the heart of its Gen AI. Instead, it has developed a suite of small and medium generative models, and a larger server-based model accessible via private cloud compute on Apple silicon servers.

While most of Apple Intelligence works on-device, for slightly complex prompts, Siri can tap into ChatGPT. “Apple’s move with OpenAI to integrate ChatGPT into Siri indicates a strategic approach to leverage external AI capabilities while developing its own models,” says Ram of CyberMedia Research. This sort of an integration is a first for Apple, which is known for its relatively closed ecosystem. And this move leaves the door open for a similar ar-

## PRIVACY PUSH



Apple Intelligence takes the wraps off the tech giant’s plans in the Gen AI space. Targeted at consumers, privacy is given priority



Apple prioritises on-device processing and secure cloud computing, unlike the data-driven enterprise approach by most other Gen AI firms



Apple Intelligence integrates with ChatGPT, which also enhances its smart assistant Siri, but has privacy protocols in place



No user data is stored, and the data is used only with the user’s consent



The Gen AI tool is integrated into other Apple services and this, along with its privacy and user-centric features, could make it more popular among users

angement with Gemini, Google’s Gen AI model, in the future, say experts.

But before a user can use external AI capabilities on Siri, a notification appears on top of the screen, prompting them to give their consent before any information is shared. To ensure privacy, Apple uses ‘private cloud compute’, which means the user’s data is never stored anywhere and is used only to fulfil the user’s requests. Even the user’s IP address is obfuscated during this cloud interaction. But if the user links their OpenAI account, then OpenAI’s data policies apply.

Industry watchers like Pathak appreciate the fact that Apple prompts users to give their consent before any information is shared. “Transparency is key... Users should be aware of where the consent is going and what it means for them,” says Pathak. And this is timely, he says, because very soon there will be policy and regulations across different regions around AI “as the adoption curve is faster than one would have expected a year ago”. Ram adds that localising the Apple Intelligence experience will be a major challenge for the tech giant as it will have to navigate the Digital Markets Act in Europe and China’s strict AI rules as it rolls out the service across markets.

Apple isn’t the first one to offer these features. But industry watchers say that the tech giant’s implementation of AI builds a sense of trust and credibility among users, which translates to wider adoption of Gen AI. Apple seems to be taking a more user-centric approach compared to the rest of the pack and the focus on privacy, security and offering a seamless experience across Apple devices might be the ideal way for the average customer to understand what AI is capable of. **BT**

@aayush\_a6

The author was in Cupertino at the invitation of Apple

Q&A

# “Our aim is to gain market share, grow faster than industry”

Prashant Tripathy, MD and CEO of Max Life Insurance, reflects on FY24, what’s in store for the life insurance company, AI interventions, and more

BY TEENA JAIN KAUSHAL • PHOTO BY HARDIK CHHABRA

24 |

**IN RETAIL SALES,** Max Life Insurance currently holds 9.4% market share of the private life insurance industry and upwards of 6% of the total industry. Prashant Tripathy, 53, MD and CEO of Max Life Insurance, says a delta of 5-6% above the industry will help the company gain further market share. In an interview with Business Today, Tripathy breaks down the FY24 numbers and talks about the growth drivers. Edited excerpts:

▶▶▶

**How has FY24 been for your company?**

FY24 was a very successful year. On an adjusted retail sales basis, we grew at more than three times the rate of the overall industry and double the rate of the private industry.

Our policies grew by 20%. We grew 2.2 times faster than the private industry in terms of the number of policies. Overall, from a sales

perspective, it was a very good year.

The value of new business (VNB) was positive, but as part of our chosen strategy, we indicated that this year we would focus more on capturing market share. Our market share in the private space has increased by 61 basis points.

which is the product of the two. But next year we aim to be consistent with our growth in sales. The previous year’s unusually-high margin of 31% was not sustainable, as it included significant non-par sales. However, our margins improved every quarter, finishing the last quarter with a 28.6% margin.

aim to achieve expedited growth in under-penetrated sectors like health and annuities. Then, we plan to continue to grow and expand our partnerships.

Fourth, we are heavily investing in technology, with a focus on AI and cloud infrastructure. We are also developing a super app for our sell-

**“FY24 WAS A VERY SUCCESSFUL YEAR. ON AN ADJUSTED RETAIL SALES BASIS, WE GREW AT MORE THAN THREE TIMES THE RATE OF THE OVERALL INDUSTRY”**

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**Why did the VNB increase by just 1%?**

The primary reason is that last year (FY23) had been exceptional. We typically have a margin between 26% and 27%, and it came back to that range this year. This year, our margin decreased and sales increased, affecting VNB,

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**What is your strategy for FY25?**

Our strategy is straightforward— to gain market share and grow faster than the industry. To achieve this, our focus is on a few key areas.

First, we plan to continue to invest in our proprietary channels. Second, we

ers and a customer app to enhance interaction and efficiency.

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**Which product gives you the most margins?**

Typically, margins are higher in protection, non-participating savings [policies], and annuities. The participating business



has middle-range margins, while the lowest margins are typically in ULIPs. Depending on customer needs, we aim for a balanced product mix.

▶▶▶

**Why has the industry started focussing on ULIPs?**

You have to see it in context. I've been in the industry for 17 years, and during times when markets rise quickly, you typically see a higher mix of ULIPs. It's just a matter of adjusting to market conditions.

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**What product mix do you aim to have in FY25?**

We are close to our ideal mix. Typically, a 60:40 mix (of traditional and ULIP) is good for us, but within that, we aim for 15-20% par, close to 35% non-par, around 15% for annuities and protection combined, and the balance through ULIPs. Currently, we have about 10% from protection.

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**How do you see synergies with Axis Bank increasing with the higher stake?**

The synergies are

substantial. Our Chairman, Rajiv Anand, is the Deputy MD of Axis Bank, and we have four top team members from Axis Bank on our board.

It is our largest distributor, contributing 52% to our sales. This deep collaboration helps us strategically in growth, product mix, and new channels.

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**Do you see a risk in having 52% of your business coming from one partner?**

It used to be higher. We are intentionally reducing this

dependence by signing up with more partners. This strategic move reduces risk and ensures a more balanced distribution.

▶▶▶

**Max Life is listed as Max Financial Services. Do you aim to list it directly?**

Max Financial Services is the holding company of Max Life, with no operating business/assets of its own, except its shareholding in Max Life. To simplify our structure, we aim to be directly listed and are working towards merging Max Financial Services with Max Life, subject to regulatory approvals.

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**What are your views on Irdai's stance on surrender charges?**

The industry aligns with Irdai's efforts to benefit customers. We believe the decision will create a win-win for both customers and the industry.

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**What are your views on composite licences?**

Composite licences, which allow life insurers to offer health insurance, can significantly expand our reach and opportunities.

This integration can leverage our vast distribution network to improve health insurance penetration. Enabling this integration can significantly expand our reach and sales opportunities. This time it's not in the hands of Irdai. This will be by government as law. **BT**

@teena\_kaushal



# ADANI PORTS CHANGING COASTAL LANDSCAPE

**Almost 95% of the trade volumes in India are carried through maritime transport. So, having world-class mega ports is equally important for the Indian coastline as is maintaining its biodiversity. Adani Ports and Special Economic Zone (APSEZ) has strategically built a string of ports (pearls) across the coastline of India along with ICDs (inland container depots) and warehouses, woven intricately with self-owned rakes, covering more than 90% of the hinterland.**

Infrastructure transformation coexists with the region's rich biodiversity across all its ports. From multi-fold augmentation in mangrove cover to turning a highly saline and arid land green through tech-led horticulture techniques, the Adani Group's vision of building sustainable value creations is not just propelling India's economic development but catering to the nation's climate goals.

APSEZ has created a green belt across all its ports, ICDs, and agri-logistics sites. So far, the company has done over 27 million terrestrial and mangrove plantations of over 100 species on approximately 7,820 hectares of land across all its locations. India's

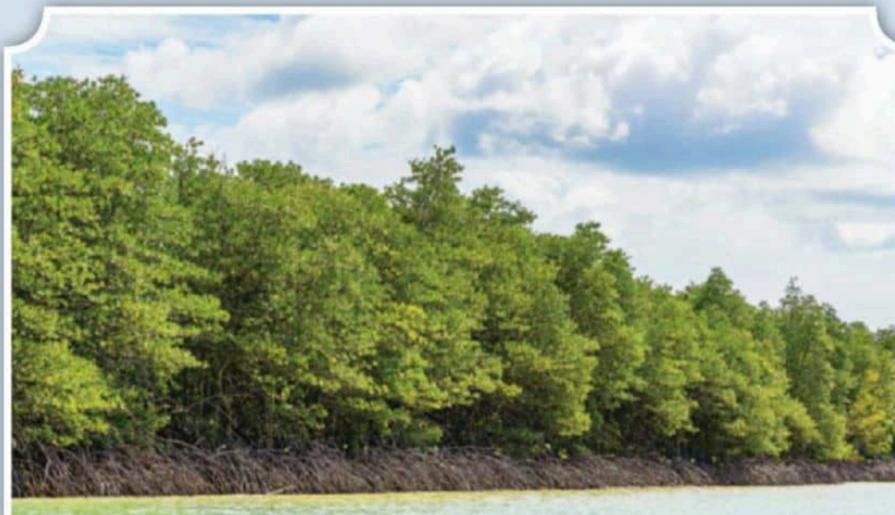
largest port operator has set a target of achieving net-zero status by 2040.

"By 2025, we will set a national benchmark of being the only carbon-neutral port operations and be net zero for APSEZ by 2040. Our climate-friendly transformation includes electrifying all cranes, switching all diesel-based internal transfer vehicles to battery-based ITVs, and installing an additional 1000 MW of captive renewable capacity," said Adani Group Chairman, Mr Gautam Adani.

"Our dedication to protecting the environment is also reflected in our expanding mangrove planta-

tions, aiming for a remarkable 5000 hectares by FY 25. This is yet another step towards a greener future and further testament of our commitment to climate stewardship," he said.

Mundra's landscape has changed over the years with the Adani Group's investments in the region. Mangrove and tree plantation undertaken by Adani Ports and Special Economic Zone (APSEZ) has completely transformed the once barren terrain. APSEZ is making sure that all environment conservation and safety protocols are followed for the protection and better management of this critical ecosystem, which provides source of liveli-





hood to millions. The plantation project provides sustainable alternative livelihood to local fishermen in the off-season months. Steps are taken to minimise the adverse effects of the unsustainable anthropogenic activities detrimental to this environment.

**Maintaining Coastal Ecosystem**

In line with the goal to build resilience towards climate change and commitment to reduce impact on the environment, several measures are undertaken by APSEZ, which has signed the India Business and Biodiversity Initiative (IBBI) declaration to act responsibly in several biodiversity areas such as target setting, inclusion in management systems, and engagement with stakeholders.

The company identifies biodiversity impacts and uses Comprehensive Environmental Impact Assessment to focus on terrestrial and marine life. As a signatory to the initiative, which is a commitment by the Board, biodiversity automatically features as a top agenda of the Board.

**Pledge to Grow 100 million Trees by 2030**

Adani Ports strives to undertake green initiatives in line with the broad vision of the nation, and also adheres with International Marine Organization’s alignment to nine UN Sustainable Developmental Goals (SDGs), which includes obligations on safe, efficient and sustainable ports.

On 1t.org, the World Economic Forum’s “Trillion Trees Platform”, Mr Gautam Adani pledged to grow 100 million trees by 2030. This commitment makes it one of the most ambitious corporate commitments ever made (<https://www.1t.org/pledges/growing-100-million-trees-by-2030>) to 1t.org so far. The 100 million would include mangroves as well as terrestrial trees.

**Strategic Steps to Protect Environment**

Along its more than 7,500 kilometres of coastline, India is blessed with a variety of coastal and marine ecosystems that offer a wide range of services like fisheries, coastal tourism, and other essential livelihood activities. Mangroves and sand dunes provide protection from storms and tsunamis.

A bio-shield has been developed on the seacoast in Tankari village of Jambusar taluka in Gujarat’s Bharuch district. Mangrove plantation, protected by natural bamboo fencing, helps protect the seacoast, boost fisheries and overall biodiversity in the region. Similarly, at Yarada beach near Gangavaram port in Visakhapatnam, beach nourishment work to combat soil erosion and protect infrastructure and natural surroundings.

Dhamra Port in Odisha is supporting the forest department’s initiative to conserve Kanika Island by mangrove and casuarina plantation, channel cleaning, etc. Since it is a nesting ground for rare Olive Ridley Turtles – recognised as vulnerable by the IUCN Red list – a corpus has been created for their conservation and protection.

The green initiatives undertaken across all ports are well on track to make the ports cleaner and greener. It is also a key component of ‘blue economy’, which has been defined by the World Bank as “sustainable use of ocean resources for economic growth, improved livelihoods and jobs, while preserving the health of the ocean ecosystem”.





**MOHIT BURMAN**  
CHAIRMAN,  
DABUR INDIA

# THE B FOR RE

**THE BURMAN FAMILY AND THE RELIGARE MANAGEMENT HAVE  
THE ₹6,300-CRORE RELIGARE ENTERPRISES. WITH F**

BY **KRISHNA GOPALAN** PHO



**RASHMI SALUJA**  
EXECUTIVE CHAIRPERSON,  
RELIGARE ENTERPRISES

# BATTLE— RELIGARE

**BEEN ENGAGED IN A LONG, BRUISING BATTLE FOR CONTROL OF  
REGULATORS STEPPING IN NOW, WHAT LIES AHEAD?**

PHOTOS BY **HARDIK CHHABRA**

# THE RELIGARE SAGA

**1 Religare Enterprises' promoters Malvinder and Shivinder Singh were accused of diverting funds in a group subsidiary between FY14 and FY18, leading to their arrest**

**2 In December 2018, Religare brought in Rashmi Saluja as Non-executive Independent Director; she was made Executive Chairperson a year later**

**3 The Burman family, promoters of Dabur, through its entities, had been picking up Religare's shares in the open market, eventually hitting 25% holding in September 2023, necessitating the 26% mandatory open offer**

**4 The incumbent Religare management has not sought clearances for the open offer and Sebi's interim order-cum-show-cause notice in June directed them to proceed with it**

**5 An application made by Religare with SAT resulted in the tribunal on July 10 directing it to file the open offer application while putting a stay on the Sebi notice**

**W**ILL YOU, WON'T you, will you clear the way, Religare?

The question sums up the Securities and Exchange Board of India's interim order-cum-show-cause notice that the securities market watchdog posted on its website on June 19. The trigger: the reluctance of the ₹6,300-crore Religare Enterprises Ltd (REL), a listed company, to get the paperwork done for the Burmans of Dabur to wrap up the open offer they made to its shareholders in September last year.

Sebi wants to know why Religare is not getting the clearances required from the regulators that govern its various businesses for the open offer to proceed and why it has ignored Sebi's "explicit" advice. The Burmans' open offer requires "a logical conclusion," Sebi says, after listing every recorded step in the nine-month saga and Religare's failure to back its charges against the Burmans.

Sebi's 12-page document, over 4,400 words long, says Religare

must promise to apply for clearances to the regulators concerned on or before July 12, 2024, or Sebi will restrain Religare from accessing the securities market. Religare is a diversified financial services company that operates in retail stockbroking, health insurance, and lending to small and medium businesses, among others. REL is registered as an NBFC with the Reserve Bank of India.

On July 10, the Securities Appellate Tribunal (SAT) directed Religare to file the necessary open offer application with "regulatory authorities including RBI to comply with the directions" contained in Sebi's interim order. An extension of time was granted till July 22 to submit this application. SAT has also given an interim stay on the show-cause notice issued to REL's top management and provided relief till the next hearing on August 29. This was after REL moved SAT seeking relief from Sebi's order.

But first, let's go back to how the Burmans accumulated stake in REL. Starting in April 2018, the Burmans, promoters of the



**"The REL board has just been stalling applying to RBI for the open offer... The Sebi order is clear that the board has not furnished any documentary evidence of why the Burmans are not fit and proper"**

**SHRIRAM SUBRAMANIAN**  
FOUNDER AND MD, INGOVERN  
RESEARCH SERVICES

₹12,400-crore Dabur India, a big gun in the FMCG space, used four group firms to start buying shares of Religare from the market. When their holding hit 25% last September, India's securities markets law required them to make an open offer to acquire 26% from the market, which would have given them majority control. The Burmans announced the open offer at ₹235 per share (the stock closed at ₹243 on the BSE on July 15, 2024), armed with the ₹2,116 crore required if the issue had been fully subscribed.

But what should have been an open-and-shut case has turned into a long-drawn battle, with REL's board digging in its heels. It said the company is worth much more and that the Burmans are not fit and proper to run a financial services firm such as Religare. The company's independent directors levelled allegations of fraud against the Burmans in letters written to Sebi, RBI and the Insurance Regulatory and Development Authority of India (Irdai).

The Burmans, whose Burman Family Holdings controls their businesses in life and general insurance, hospitality and media, said they were surprised by the opposition. They said they had discussed the open offer with REL before making it. The Burmans then retaliated with insider trading charges against Rashmi Saluja, Religare's Executive Chairperson, and accused REL of overpaying her. This was in addition to her having received high compensation through stock options at REL's invest business, and Care Health Insurance. To this, the REL board said no additional stock options had been issued to Saluja. This was preceded by a report by corporate governance advisory firm InGovern Research Services last November also raised the value of stock options in Care was more than ₹480 crore.

## THE BURMANS' HOLDING

- ▶ The Burman family holds a combined 25.16% in Religare
- ▶ Religare has no promoter shareholding

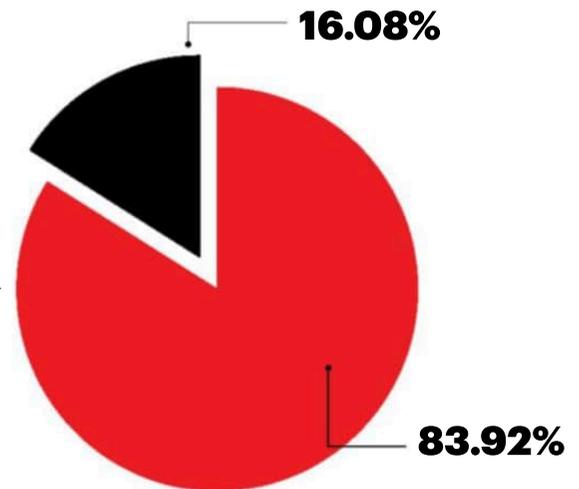
Religare Enterprises	(Shareholding in %)
• Puran Associates Private Ltd	9.32
• VIC Enterprises Private Ltd	7.46
• M.B. Finmart Private Limited	5.49
• Milky Investment and Trading Company	2.89

STAKE HELD BY ENTITIES OWNED BY THE BURMAN FAMILY IN RELIGARE; DATA AS OF MARCH 31, 2024 **SOURCE** ACE EQUITY

## THE STAKE BREAK-UP

- NON-INSTITUTIONS
- INSTITUTIONS

**NOTE** TOTAL SHAREHOLDING IN RELIGARE; DATA AS OF MARCH 31, 2024 **SOURCE** ACE EQUITY



## THE REMUNERATION ROW

**RELIGARE ENTERPRISES Ltd's (REL) annual report for FY23 mentions Rashmi Saluja's total remuneration as ₹8.12 crore. Of this, salary and allowances accounted for the biggest chunk at ₹5.82 crore, followed by ₹1 crore of guaranteed bonus, and accommodation, car and other perquisites at ₹1.30 crore.**

**A report put out by corporate governance advisory firm InGovern Research Services last November also raised the issue of stock options. "A reading of**

**REL's annual reports and its key subsidiaries shows the large, vested interest that Rashmi Saluja has due to excessive remuneration as well as regulatory breaches and non-disclosures by the company. In the past three to four years, total valuation of options of REL and of Care Health Insurance, its subsidiary, issued to Saluja is over ₹480 crore. This is in addition to compensation paid at REL," it said.**

**Besides, it also said that options in Care were issued**

**despite it being rejected by insurance regulator Irdai, and without consent from REL's shareholders. Religare was quick to refute the allegations. A statement then put out by REL said Saluja's remuneration was ₹8.12 crore and taking the perquisite value of the stock options, the number stood at ₹42.06 crore.**

**Saluja's high salary has been one of the major sticking points with the Burmans as well. BT**

@krishnagopalan

# THE MANY TWISTS AND TURNS



**THE BURMANS PICKED UP 5.27% IN RELIGARE IN SEPTEMBER 2023, TRIGGERING AN OPEN OFFER ANNOUNCEMENT. BUT THE RELIGARE BOARD SUBSEQUENTLY SOUGHT AN INDEPENDENT VALUATION**

32 |

- **FEBRUARY 2018**  
Malvinder and Shivinder Singh (in picture above) step down from Religare's board
- **APR-DEC 2018**  
The Burman family picks up a 9.9% stake in Religare Enterprises Ltd in April; Rashmi Saluja joins board
- **JUNE 2021**  
Religare raises ₹570 crore through a preferential issue; the Burman family participates and ups its stake to close to 14.5%

- **AUGUST 2023**  
Burmans buy another 7% and take holding to around 20%
- **SEPTEMBER 2023**  
The Burmans pick up 5.27% more in Religare, triggering an open offer by the family at ₹235 per share. The stock had closed at ₹272.45 in the previous trading session
- **OCTOBER 2023**  
Religare's board seeks independent valuation; believes REL is worth more

## OVER TO RELIGARE

So far, Religare has approached not only Sebi (for the takeover part) but also Irdai (since both groups are in the insurance business) and RBI (which regulates the NBFC business)—but not to seek their clearances for the Burmans' bid. Religare has raised objections to the bid.

Shriram Subramanian, Founder and Managing Director of InGovern Research Services, says the Sebi order-cum-show-cause notice leaves Religare with only one option: apply to RBI for clearance so that the Burmans' open offer draws to a conclusion.

"The board of REL has just been stalling applying to RBI for

the open offer by giving lame excuses. The Sebi order is clear that the board has not furnished any documentary evidence of why the Burmans are not fit and proper," he says.

Subramanian says the Burmans' open offer is a fait accompli, and it is only a matter of time before they take control of REL and replace its board and management.

The Sebi interim order says the SAST or Substantial Acquisition of Shares and Takeovers Regulations, 2011, does not specify any fit and proper criteria for the acquirer, except that it should not have been declared as a wilful defaulter/fugitive economic offender.

Religare, Sebi says, had not submitted any documentary evidence to show that the "acquirers suffer from any of the said infirmities".

Subramanian says Sebi's first order "was in the form of advice... But Religare contested it, saying Sebi lacked jurisdiction. However, this order is quite hard-hitting and makes it clear that the board of Religare behaved in an arbitrary manner and gave itself disproportionate rights without any basis."

The Burmans are clear about the way forward. "Our priority was, and has always been, to complete the open offer immediately upon receipt of the statutory approvals. Although we have aggres-

PHOTO BY GETTY IMAGES

## NOVEMBER 2023

Religare's independent directors, in letters to Sebi, RBI, and Irdai, level allegations of fraud against the Burmans and say they are not 'fit and proper' for the transaction

## NOVEMBER 2023

Burmans ask for improved governance at Religare related to limiting Saluja's compensation and level insider-trading allegations, saying she sold REL shares before the open offer

## NOVEMBER 2023

Reports surface in the media on Mumbai police filing an FIR against Mohit Burman (*in picture*) and Gaurav Burman in connection with the Mahadev betting app scam; Burmans say no communication received; later say the FIR is a step provoked by vested interests to block the Religare buyout



## MAY 2024

Burmans make fresh complaints of insider trading against Saluja; say she was in possession of price-sensitive information not disclosed to the exchanges

## JUNE 2024

Sebi serves an interim order, directing Religare's management to apply to all regulators, including RBI, to make an open offer; stays Sebi action on show cause till August 29



SOURCE OFFICIAL STATEMENTS, MEDIA REPORTS

sively pursued such approvals, the board of REL, led by its Executive Chairperson, has deployed illegal means to block the open offer," a Burman family spokesperson says in a reply to *BT*.

In a conversation with *BT* before Sebi's interim order, Saluja had said that, until the open offer succeeds, the existing management and board will run Religare Enterprises. "I am executing my responsibility, and the regulators are doing their job. Why do you want to mix the two?" she said (*see full interview*).

The Burman-Religare battle has left minority shareholders in the lurch. Arush Khanna, Partner

at Numen Law Offices, points out that Sebi's interim order has made some damaging observations about how the Religare management's stand is not in the interest of its minority shareholders.

Specifically, on the role of Sebi, he says, "Being a creature of a special statute, Sebi cannot supplant RBI, Irdai, or any other regulator in the discharge of their respective functions. However, Sebi is vested with sufficient discretion and broad powers to protect the interest of all stakeholders in the securities market." Khanna refers to Section 11B of the Act read with Regulation 32 of SAST, which says Sebi is empowered to issue direc-

# SEBI'S INTERIM ORDER

► The Burman family has complained to Sebi that Religare Enterprises Ltd (REL) has refused to apply for open offer approval from RBI

► The family is willing to discharge its obligation of acquiring shares through the open offer, but REL was frustrating their efforts, says Sebi's notice

► It says the rights of REL's shareholders are sacrosanct and cannot be interfered with or held hostage to the designs of REL's management

► REL has to constitute a committee of independent directors to place proposals on the open offer to its shareholders

► REL's assertion that Sebi has no jurisdiction to intervene in the matter is misplaced and reflects its contempt for regulatory bodies





# “THE RELIGARE BOARD IS FIRMLY BEHIND ME”

Religare Executive Chairperson Rashmi Saluja on the battle with the Burmans, allegations, and more

BY KRISHNA GOPALAN

In a white polo T-shirt, Rashmi Saluja is calm as we speak in the conference room of Religare Enterprises Ltd (REL) in Delhi's Okhla area. In this interaction held before Sebi's interim order-cum-show-cause notice, the Executive Chairperson of REL says the regulators are doing their job and the company's board should be allowed to function. Edited excerpts:

►►► Why have things turned hostile between the two parties after the Burmans announced the open offer for Religare? I have a simple point to make. I don't want to be given credit for the company's turnaround but at least don't discredit us. By doing that, you are not just affecting us, but the regulators and shareholders, and the perception of REL takes a beating. If you ask me whether things could have been handled bet-

ter, the answer is yes. Until the open offer succeeds, it is the existing management or board that needs to run the company. Therefore, I am executing my responsibility while the regulators are doing their job. Why do you want to mix the two?

►►► There have been serious corporate governance allegations made against you and REL [the issue took off in a big way after InGovern's report on Saluja's remuneration was put out last November]. What do you have to say about that?

Let me make it clear that no big decision has taken place without approvals at all levels. Be it the NRC (nomination and remuneration committee) or shareholders, it has to be cleared by them. There is no way I can do anything without notifying anyone. I certainly don't have that luxury! If there was transparency at Religare from the time I took charge, what has changed since last September? Absolutely nothing! Let us leave it to the regulators to decide on all this. We just want the board to function and the management to work well, rather than combat these allegations.

►►► Yes, but these are not small allegations and dents everyone's reputation. What is your view on that? Casting aspersions is easy, and the impact is not understood.

There is nothing personal and I am answerable to the board, the management, regulators, and shareholders. You need to judge me and the company on the basis of performance and nothing more. I have gone well beyond my mandate and that's precisely why [they] are looking to acquire Religare. Would you have looked at the company with this kind of seriousness five years ago? Making personal allegations is in poor taste. Today, the organisation has a positive environment, and we continue to do our work. Truth will and shall prevail.

The board is firmly behind me because of all the good work that has been done. We have clearly justified the mandate. If the one-time settlement had not been done, nobody would have even looked at us. For the next one year, we have enough liquidity in the NBFC business, and nothing is required for the health insurance business. There is no need to borrow from anyone and the NBFC is debt-free.

►►► It is still an uncertain period ahead. How are you looking at what could be a very difficult future?

We have not stopped working since the open offer was announced last September. In fact, we are in a great place with each of Religare's businesses growing. The fraud tag has been removed and there is a lot



of pride after the one-time settlement. There is no problem on either regulation or compliance. There is no agency after us and the markets are looking at us very favourably. I want to emphasise that from September to now, the company has only grown stronger. The uncertainty of the open offer was very much there during the period. We will be there till we hang our boots. We will continue to do our duty and are determined to unlock value for REL.



**Why is there so much controversy that always surrounds Religare?**

A lot of companies in the past did not have high levels of transparency. Today, with technology and more demanding auditors, there is not only transparency but independence to ask questions as well.

If we had [done] something wrong, the one-time settlement would have been inconceivable, and the company would have gone to the NCLT (National Company Law Tribunal). The banks know we have kept our word since repayments were done before time. We have four businesses, and you can check with anyone who is involved with us.

I give full credit to the board and management who have worked like a family. The share price has come a long way from ₹17 when I took charge and look at the wealth created. We must become an exemplary organisation and one that enthruses investors, be it those who have put in money or those who want to be a part of the story. **BT**

tions to protect the interests of the shareholders wherever necessary.

## NIGGLING ISSUES

Barely a month after the Burmans announced the open offer, Religare's board wrote to Sebi claiming that the Burmans were not "fit and proper" to become a promoter of a financial services company.

The Burman family spokesperson tells *BT* that Saluja was informed of their intention to launch an open offer. "We never expected the Executive Chairperson or the board to stall the open offer. We voted for the appointment of the Executive Chairperson in the shareholders' meeting after the launch of the open offer. The board publicly welcomed our open offer," the spokesperson claims.

Those familiar with the issue say Religare's management became hostile because it feared losing control. Religare has no defined 'promoter', so Saluja calls the shots. Besides, each of the three regulators—Sebi, RBI, and Irdai—has different criteria for "fit and proper," especially for NBFCs.

Ashish Kumar Singh, Managing Partner at law firm Capstone Legal, says that when it comes to a listed NBFC's or bank's shares being acquired, there is an added layer of scrutiny by RBI. "The primary purpose is to protect the interests of customers of the said company and to ensure that there is no conflict of interest with that or its businesses."

He elaborates that RBI's decision is based on many considerations and that includes credentials of proposed shareholders,

proposed new directors of the company and conflict check with the target entity. The other factor is whether the new shareholders are fit and proper persons to conduct financial service activities. "That decision rests with RBI and the existing board has no role to play in this process other than to just forward the names and credentials of the proposed shareholders."

Singh says that until RBI studies that matter, it is difficult to say whether the Burmans' open offer is a clear "open and shut case".

"Each application submitted to the RBI is determined on its own merits, and one cannot

assume that the approval is a mere technical formality," Singh says. That means the issue could take even longer before it is resolved.

The Burman family spokesperson says the immediate priority is to extend

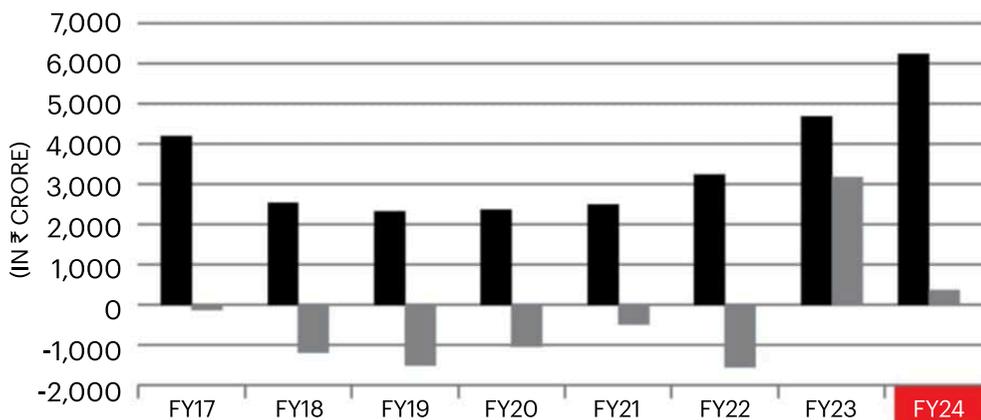
full support to the regulators and obtain their approvals "to ensure the public shareholders get their exit and REL/its shareholders are able to move forward with their respective businesses".

The Burmans expected the open offer process to have been a lot smoother. "More than it being challenging, it is unfortunate that the interest of REL and its shareholders are being jeopardised by the board and its Executive Chairperson. We have faith in the regulatory process and, to that extent, remain confident in overcoming these challenges created by the board and REL's Executive Chairperson," says the spokesperson.

## EXPERTS SAY THE FOCUS SHOULD BE ON GROWING THE BUSINESS AND PROTECTING THE INTERESTS OF MINORITY SHAREHOLDERS

## BACK IN THE BLACK

▶ After a very difficult period following the original promoters' departure, Religare Enterprises is now a profitable company



● REVENUE FROM OPERATIONS ● NET PROFIT  
SOURCE ACE EQUITY, COMPANY ANNOUNCEMENTS

## DECODING THE FY24 NUMBERS

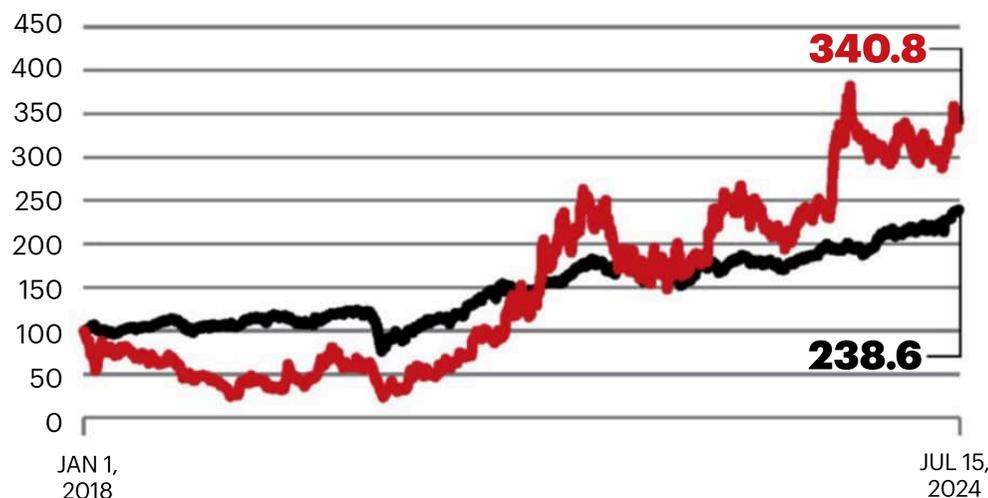
▶ For Religare Enterprises, health insurance is key to its growth

	Revenue	Segment profit*
● Care Health Insurance	5,757	406
● Religare Broking	323	40
● Religare Finvest	182	-6

NOTE FY24 NUMBERS IN ₹ CRORE; \*PROFIT BEFORE TAX  
SOURCE ANNUAL REPORT

## SURGING AHEAD

▶ The Religare Enterprises stock hit a record low during the difficult times before recovering smartly



● BSE SENSEX ● RELIGARE ENTERPRISES  
DATA HAS BEEN INDEXED TO 100 SOURCE ACE EQUITY

## WHY IT MATTERS

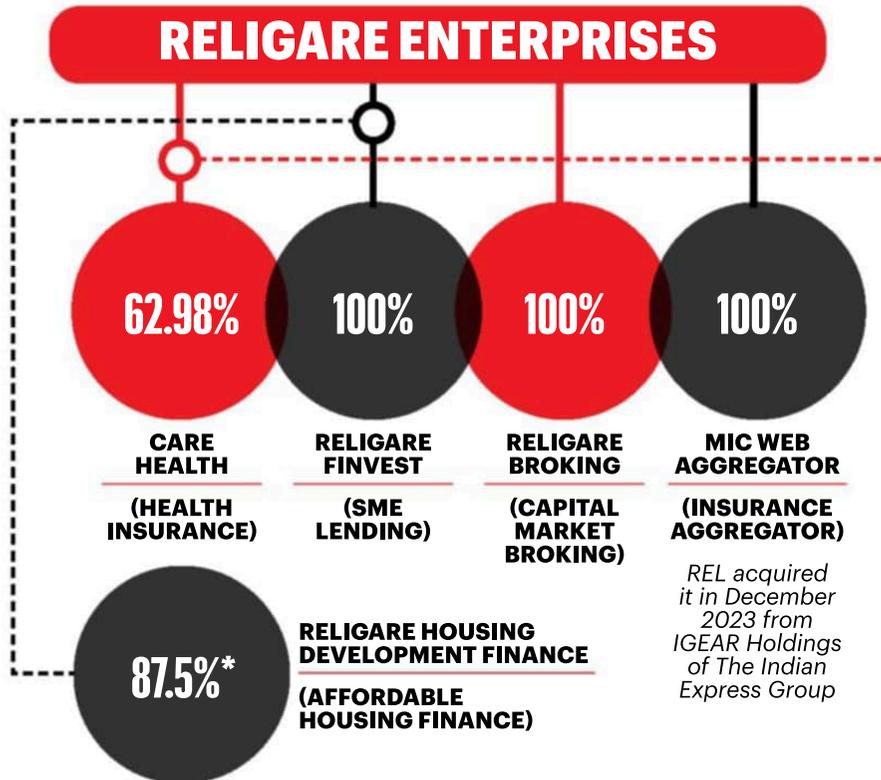
Religare has had a rocky ride since 2018, when its promoters, Malvinder and Shivinder Singh, were accused of diverting over ₹2,000 crore from group company Religare Finvest, and arrested. The Singh brothers had to divest their stake and step down. Saluja came aboard, and in March 2023, the company did a one-time settlement of ₹2,178 crore with 16 lenders of the finvest (SME lending) business (see chart 'Current Business Structure'). By February 2024, the finvest business had repaid over ₹9,000 crore in all. "We had tried a debt restructuring earlier but the fraud tag came in the way. There was no question of a credit rating since a negative perception existed," recalls Saluja. The situation is vastly different today and REL is now profitable (see chart 'Back in the Black').

Financial services are familiar territory for the Burmans. They hold stakes in Aviva Life Insurance and Universal Sompo General Insurance; earlier, they were involved in ABN Amro Securities and Fidelity Mutual. The Burman family spokesperson says Religare is a business with potential for growth and expansion. No wonder, then, that they want it badly.

"We have a strong record of turning around companies where the full potential is not realised because of management and governance-related concerns," the spokesperson says. Religare's wide range of financial services also makes it attractive. "With the Burman group's record and ability to access capital and attract and nurture top management, we believe there is a lot that can be done to significantly bolster REL's business," the spokesperson says.

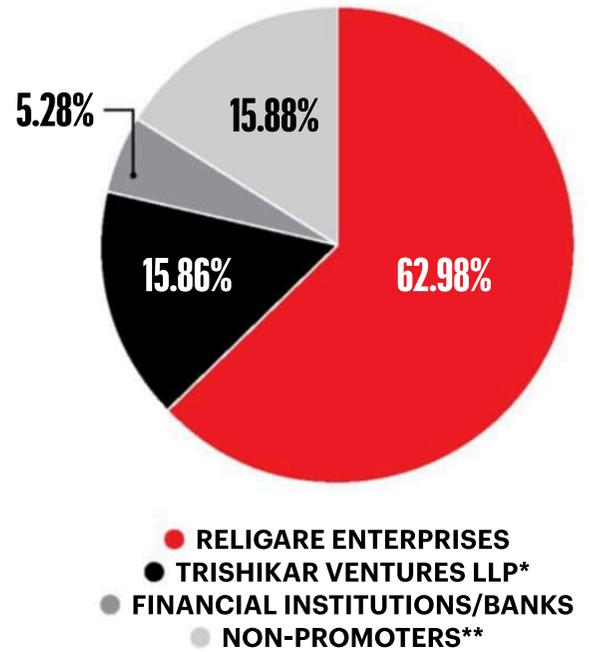
Analysts say Religare has a promising business model. Says Vinit Bolinjkar, Head (Research)

## CURRENT BUSINESS STRUCTURE



\*THE REMAINING 12.5% IS WITH MAHARISHI HOUSING DEVELOPMENT TRUST  
**SOURCE** COMPANY REPORTS, VENTURA RESEARCH, ICRA

## CARE HEALTH'S SHAREHOLDING



\*A FUND OWNED BY KEDAARA CAPITAL  
 \*\*INCLUDES MUTUAL FUNDS AND FOREIGN PORTFOLIO INVESTORS  
**SOURCE** CARE HEALTH INSURANCE PUBLIC DISCLOSURES FOR FY24

at brokerage Ventura Securities, “The business can be easily capitalised with a financially strong promoter. Plus, the Burmans are known to be long-term players with a lot of patience,” he says.

Meanwhile, under Saluja, Religare’s businesses are growing. Take housing finance. Bolinjkar says there is room for at least 10 more players. “The need in REL across its businesses comes down to the ability to invest, raise capital and address the negative governance perceptions. There is an obvious momentum,” says Bolinjkar.

He says most of the valuation in REL comes from Care. “In Kedaara Capital, they already have a good investor, and there is more room to unlock value,” Bolinjkar says. Saluja points out that Care, as a stand-alone health insurance firm, is the second largest and fastest growing

entity with a CAGR of 35%. “Health insurance will grow as a nation progresses, and we are in a sweet spot. Our combined ratios [claim-related losses and expenses upon total premium earned] have come down, and there is a great partner in Kedaara,” she says.

Vineet Patni, an insurance sector veteran, says, “Health insurance penetration in India continues to be low with limited or poor access to quality healthcare. There is also a growing cost of healthcare leading to significant pressure on individuals.” Patni, a Partner at Wepartner Consult LLP, was earlier CXO at Bajaj Allianz and Bharti AXA.

Rising per capita incomes also lead to more cases of non-communicable diseases, making health insurance even more necessary. Patni says Care focussed on quality

products and individual businesses rather than group businesses. “That is way more profitable and rewarding to a player in the long run. It has a strong niche with higher price points but offers simpler and better service,” he explains. From his point of view, Care is an established player with the potential to scale up significantly with funding.

What is the way ahead? As things stand, nothing is more important than growing the business in a market full of opportunities, and protecting the interests of minority shareholders. Whoever gets control of the new-look REL will have to focus on these two aspects.

There is still much that will play out in this hostile takeover, and time is a key player in this tale. **BT**

@krishnagopalan

# “Our approach now is Invest India 2.0”

**Invest India MD & CEO Nivruti Rai** says along with investments, she is also working on enhancing trade and technology at the national investment promotion and facilitation agency

PHOTOS BY **HARDIK CHHABRA**



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**Invest India acts as a point of reference for potential investors and facilitates investments for initiatives such as Make in India and Startup India. Set up in 2009 as a non-profit venture under the then Department of Industrial Policy and Promotion, it provides end-to-end support and is a one-stop solution for both domestic and foreign investors. Acting as a bridge between investors and the government, 51% of Invest India's shares are held by industry associations (17% each by Ficci, CII and Nasscom) and the remaining 49% is with the Centre and state governments. It has facilitated projects such as an apparel manufacturing facility by Singapore's Ramatex in Tamil Nadu and a copper tube manufacturing facility by Malaysia's Mettube in Gujarat. In fact, over the last fiscal alone, Invest India has**

**facilitated the entry of investors with plans to invest upwards of \$1.27 billion.**

**Nivruti Rai, MD & CEO of Invest India, knows how India Inc. works and what investors want. Rai, 56, worked for 29 years at Intel, of which she spent seven years as Intel India Country Head. It has been a year for Rai at the helm at Invest India and she has used that time to understand how investors view India, and she has taken measures to address their concerns.**

**In an interview with *Business Today's Surabhi*, she speaks about the PLI scheme and why it's important to boost manufacturing, India's semiconductor manufacturing plans, and the future of AI. Edited excerpts:**

**Q:** It has been a year since you took over. How has the journey been? What are your priorities?

**A:** I call the journey that we are on Invest India 2.0. My assumption is that Invest India 1.0 was very successful in terms of marketing India. Our approach now is Invest India 2.0. I was told to run Invest India like I ran my previous company. We have a vision for the next few years, and we have six focus sectors, which we call PM 6 or Priority Mandate Six. Each of these six sectors has many sub-sectors. **These six sectors are: electronics and semiconductors, automotive and EVs, renewable energy (with a focus on solar and green hydrogen), agro and food processing, textiles, and pharma and healthcare, where we are focussing on biologics and biosimilars. And infrastructure—physical and**



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**“In the last seven years, average FDI that came into India was \$71 billion; in the seven-year period before that, it was \$41 billion, and in the seven-year period prior to that, it was \$18 billion”**

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digital—remains a focus, as it binds all of us. Once I knew my focus areas, I started building value chains in terms of components and countries from where we can source them. We also looked at companies that can manufacture them, and our target markets. We built a road map for every sector and sub-sector based on this. I have a road map for companies that I want to chase, I have a policy modification road map that I want to enable. We are also doing analytics in such a way that it is logic-driven with macroeconomics, geopolitics, treaties, partnerships, JVs, manufacturing

and R&D. I have brought this holistic view.

While the tailwinds for India are very strong, some companies are still on the fence. They want to know about the ease of doing business. And then some investors have also asked about our S&P rating (BBB-), which is much lower than that of, say, Malaysia (A-). This is a problem I have to address. While S&P ratings are not meant for investment by companies, investors also use them as a parameter for investment. My team and I are working on what we call a landing platform where the whole country will be mapped for the six focus sectors that we have identified for now. We will then look at clusters and get a rating done of all these clusters. When I do the clusterisation, I will work with rating agencies. By the way, we have started to show the cluster and a cluster-wise rating.

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**“Investors have asked about India’s S&P rating (BBB-), which is lower than that of Malaysia (A-)... While S&P ratings are not meant for investment, investors use them as a parameter”**

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To say India is behind in hi-tech is a fallacy. We are just trying to portray the right picture. I believe that we at Invest India are best positioned to partner with nations for sovereign money, with investors for VC/PE, for institutional investors for long-term funds. I have plagiarised my own statement that I built for Intel, for Invest India. At Intel, I would say, ‘I want to maximise Intel with maximum India,’ but I would take the second part equally that ‘I want to maximise India with maximum Intel’. Now at Invest India, I say, ‘I want to maximise India with a maximum world,’ but I also want to maximise the world with maximum India. We have the capability. We have R&D capability, we have scale, we have a national-level platform on the might of software. We have 60 million-plus MSMEs. How do we get them a global audience in a global market? My new charter is, of course, to bring investments, whether through FDI or through trade. This is Invest India. Earlier, we did not have the mandate for trade and technology, but this

is needed now. Investment, trade and technology are kind of hand in glove.

**Q: On the ground, private investments haven’t really taken off and the PLI scheme has had mixed success. What kind of measures need to be taken further?**

**A:** I have a very strong background in statistics, and I do not believe that looking at one year’s or two years’ FDI data is the story to tell. We analysed the last 21 years, and we saw that in the last seven years, the average FDI was \$71 billion. In the seven-year period before that, it was \$41 billion, and in the seven-year period prior to that, it was \$18 billion. Now we see the trend. Our goal for the coming seven years is to get \$110 billion FDI on average every year. I am highlighting to investors that the Indian economy has huge growth potential. I am telling companies and countries—in the terminology of young India—to partner with us or else they will have the Fear of Missing Out or FOMO.

**Q: What are the expectations from the private sector in terms of further reforms?**

**A:** We have travelled to many places, and I have asked investors why they are on the fence. The No. 1 concern was not just policy consistency, but policy transparency. They said that if we change policies, we should explain the process and keep them in the loop. The second concern was about policy consistency and not to change policies quickly based on whims and fancies. The third was in terms of ease of doing business—people want more freedom of repatriation. They also want the benefit of partnerships and free trade agreements in terms of exports and imports. Easier listing of companies is another reform they want. All of these are not very hard to change. People also want to understand [the process] a little bit better. Our team is working with a start-up on an I-Chat tool. It is not ready to be rolled out. It will have all the policies and regulations of all the states and Union Territories with an AI solution. It will enable investors to quickly look at policies and benefits and compare them across states. For instance, if they want to invest in car tyre manufacturing, it will provide a table of good incentives and a supplier ecosystem, as well as information on states that already have car tyre manufacturers and the state policies that can help and give benefits. We are also doing supply chain clustering with HSN code (a global method to classify goods) that can be fed into this. For now, the tool will only be for policy comparison. But my goal will be that the landing platform will have suppliers plotted across the country and then investors can see where they can go and get



**“Technology has huge advantages. But we have to leverage tech for its disadvantages... If you look at the advantages of AI, then the tech price to pay to address its disadvantages is peanuts”**

what suppliers. All of this will ensure that people don't feel that investment in India is a black box. Nobody has said it. But they want to know the policies and I want to make it easy and transparent [for investors]. We will also help them track the return on their investment and not just leave once the investment is done. For this, we have built a programme called Aftercare. That is how we are handholding investors. We are rebuilding our website, and these facilities will be available on that.

**Q: What are your thoughts on the PLI scheme and how is it doing?**

**A:** The PLI scheme is in 14 sectors, and we have a total outlay of ₹1.97 lakh crore. In that, we have 760 applications, who have already invested around ₹1.26 lakh crore. As of January 2024, a total of ₹4,415 crore has already been disbursed in eight sectors. The interesting thing is that these eight sectors include [some of our PM 6] sectors—electronics, food, pharma, IT. So, 53% of the outlay or ₹1,04,220 crore is in these eight sectors. In all, 55% of them are towards these four sectors of electronics, automobiles and auto components, solar PV modules and advanced chemistry cell (ACC).

You ask if these PLI schemes are working? The answer is, yes, absolutely. These are, I would say, accelerators. Our country needs to do a lot still in terms of manufacturing, compared to China. But there's a huge difference from where we were 10-15 years ago. To continue on this path of growing our manufacturing, we need partners. For those partners to not have any cost disadvantage, I have to, as a nation, provide this crutch (of PLI) and this crutch is meant to support the investors till we as a nation address the cost of sales. The US has a CHIPS Act (that provides incentives for chip manufacturing in the US) as over the last 15-20 years, manufacturing of semiconductors moved outside the US and Europe. The bulk of manufacturing landed up in countries like Taiwan and South Korea. The PLI scheme in India is working; we can see it in semiconductors. We are planning an investors' summit, and we will invite those companies and countries that will together build a strategy for India and not just India, but India for the world.

**Q: Do you think India's aspiration to turn into a semiconductor hub is finally taking shape because we've seen a couple of investments coming in?**

**A:** I would say the journey has begun. Every journey has a crawl, walk, [and] run. Right now, we are crawling, but I assure you in five years, we will be walking and running. Why five years? Because for any fab to manu-

factory 20,000-40,000 wafers a month, it will take five years. And we'll start with our own demand. Semiconductor demand in India today is about \$40 billion and by 2030 it is estimated to cross \$100 billion, which is 10% of the global demand. That will be our walking part of the journey getting into running. We will not take as much time to grow as TSMC or Samsung took, because we will learn from them. They were the first few pure-play foundries... There is no shame in partnering—JV is a very good strategy.

**Q: What are your thoughts on AI given that there are concerns around job losses in India?**

**A:** I am of the belief that technology has huge advantages. But we have to leverage technology for its disadvantages. When fossil fuel took centre stage, we saw that the environment was getting polluted, and then we worked on green energy. When we saw the by-product from crude oil, we started the manufacture of nylon fibre. We have always seen a circular economy. If you look at the advantages of AI, then the price to pay to address its disadvantages is peanuts.

42 | [Then], little surgeries that can be done through robotics can save lives of people in villages. If we build a framework to address the negatives of AI, we can enjoy the benefits—and the benefits are far bigger. For example, we all have natural intelligence. We have set up a system of police, judiciary, and laws—and those who don't follow this are punished. The same structure has to be done for AI. And it is happening; countries and companies have to participate and collaborate. I feel India plays a huge role here—with its huge population and democratic goals. If there is a consortium planned for regulating AI, India can play a big role. It can be like the WHO, like a World AI Organisation. We are preparing a proposal. We will take it to the G20 and to other countries that are partnering and participating with us.

**Q: There's been a start-up funding winter. Do you think it's coming to an end?**

**A:** [Bringing it] to an end is our responsibility. There is \$20 billion of dry powder available. But we need... deep tech start-ups where investors will invest. Our GDP is close to \$4 trillion now. China and the US together have a GDP of about \$40 trillion. I want to target that market. All this SaaS-based, retail-based [start-ups] are good, but I need deep tech [start-ups]. We are now seeing start-ups in deep tech, product, semiconductor IP and EV... The government is also working on enabling seed funds for start-ups. We have a Startup India Seed Fund, a fund of funds, a Startup India Investor Connect and a Credit Guarantee Scheme for Startups.



**“People should not feel that investment in India is a black box.... [Investors] want to know the policies and I want to make it easy and transparent [for them]”**

We are also working with incubators. We have also analysed patent data globally and there is an increase in patent filing by India. We are looking at companies and countries with which JVs can be formed. Our recent success has been in bringing together Argonne National Laboratory of the US and Smart Living Lab at IIT Hyderabad for joint research on climate modelling in our cities and developing associated sensor capabilities. We will do much more because we have to enable the dry powder to be leveraged for driving growth of not just India, [but] for the world. **BT**

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# Splitting Up Together

Separations in family businesses are often precarious and though some are resolved amicably, most come with issues that need to be dealt with via a structured framework

BY KETAN DALAL

**44 | THE GODREJ FAMILY'S** decision to split their 127-year old legacy business amicably and harmoniously has been widely reported. There have been many such examples of family separations in the past. Some are done with great dignity, some not, and some are still embroiled in controversy and unseemly family battles in public view. The TVS Group arrangement and the separation in the R. P. Goenka family are good examples of a family separation done with grace.

On the other hand, the disputes in the Chhabria family (Prakash and Deepak Chhabria of Finolex cables), Raymond's imbroglio, the siblings feud (between Baba Kalyani and Sugandha Hiremath) for the control of Hikal Ltd, are examples of unresolved bitter disputes.

## INSTITUTIONALISING A FRAMEWORK

Many family businesses were es-

tablished in a different era and have evolved, and in many cases, several family members across generations are involved in large companies with diverse businesses. Many of them lack a structured framework and conversations to institutionalise are sensitive. However, the need for an institutionalised framework is crucial and business families need to consider answering questions about the family's ethos, rights of owners, alignment of ownership, employment policy, the guardrails, how to institutionalise communication and governance among other questions.

This could be done in the form of charters, Memorandums of Understanding, and indeed, even shareholders' agreements, and by recognising that many family businesses are like joint ventures. The key issue today is the lack of structured relationships and the issues that arise therefrom.

## STAKEHOLDERS' INTERESTS

It is also important to realise that in addition to the family, there are other stakeholders, all of whose interests need to be borne in mind, in the context of evolving such a framework.

From experience, as mentioned above, one has seen that the ability to have honest conversations around this and design such a framework is very helpful, including in a situation where the family de-

cides to split later. Leaving many of these issues open-ended and without a structure has the potential to create disputes due to lack of clarity.

## ISSUES AROUND FAMILY SPLITS

Assuming a separation is necessary, it need not be acrimonious, as indeed the Godrej family separation has shown. Of course, one has to recognise that there will be various issues and they usually fall in four broad baskets—social, commercial, regulatory, and fiscal:

### ● Social Issues

Issues such as respect for age, contribution of founders and elders, and many such soft but important factors are crucial in arriving at settlements. Experience has shown that lack of attention to these aspects has often derailed family splits.

### ● Commercial Issues

Key issues that usually arise relate to valuations of businesses, use of brand names, non-compete, transitional issues, payment schedules, and obviously issues around lenders, employees and shareholders etc. A 'give and take' approach is crucial to move forward.

### ● Regulatory Issues

These are crucial. For example, LODR (listing obligations and



A family settlement, inherently, is a realignment of rights within the family, and there should not be any tax issues, but obviously documentation needs to be drawn up to reflect this. However, it is important to note that as per certain judicial precedents, companies cannot claim an exemption for the transfer of assets. One of the other dimensions of fiscal cost is stamp duty, which needs to be borne in mind in case of a family settlement.

#### SUMMING UP

To sum up, experience has shown that evolving a structured relationship, including ownership framework and institutionalising governance are usually helpful in mitigating the impact of possible disputes.

Often, with time, families need to separate, but it can be done with grace and dignity, and not acrimoniously. In any case, family splits are often long winded and involve multiple steps and entities, and it is usual to capture them in a master Family Settlement Agreement or a document serving as the mother document, from which many actions flow. For example, transfer of shares can be at nil prices and retirement from partnership firms could be at book value and an overall settlement is often reached with net amounts.

It is important for family businesses to ask themselves a key question—do we have a structured framework to run this and, indeed, if the time comes to split it, is the framework conducive to move it forward? **BT**

*The author is Managing Director, Katalyst Advisors. Views are personal*

## In addition to the family, there are other stakeholders, all of whose interests need to be borne in mind

disclosure requirements) regulations require shareholders' agreements to be disclosed, and indeed, disclosure of family settlements as well. Also, there could be a change of control requiring an open offer in some cases, NCLT approval in cases of mergers and demergers, CCI ap-

proval in some cases and sectoral regulations need to be considered as well.

- **Fiscal Issues**

Institutionalising a framework would usually not have tax issues, but family settlements need to think about tax consideration.

THERE HAS BEEN A 60% EXPANSION IN THE NATIONAL HIGHWAY NETWORK IN  
WINDS OF CHANGE ARE BLOWING WITH THE PRIVATE PLAYERS FLOCKING

# PORTALS

**HIGHWAYS TO SWELL** The government is hoping to reduce its reliance on the EPC mode that was used extensively in projects such as the Atal Setu in Mumbai

THE LAST DECADE, BUT PRIVATE INVESTMENTS HAVE BEEN ABSENT. HOWEVER,  
TO BOT (BUILD, OPERATE, TRANSFER) PROJECTS AGAIN BY **RICHA SHARMA**

# COMING BACK



# MODES OF COL

## ENGINEERING, PROCUREMENT, AND CONSTRUCTION (EPC) MODE



National Highways Authority of India is responsible for financing, construction, operating and maintaining the road stretch



The land acquisition, project clearances and other regulatory norms have to be completed by the government

## HYBRID ANNUITY MODE (HAM)



40% of cost is to be borne by the government during construction and 60% to be raised by concessionaire during construction



Government pays back the 60% as annuity payments over the period of operation along with interest to the concessionaire

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**IT CAME CRASHING** down about 10 years ago. Once the most sought-after format for highway construction, projects under the BOT (Build-Operate-Transfer) Toll model—that were constructed completely by private players—nosedived from 96% of awards in 2012 to zero just seven years later in 2019.

And there it has languished since, rising a tad to 3-5% till FY23 before it collapsed to zero again in FY24, bogged down by the burden of the glory years of 2006-13, when money was cheap, private sector enthusiasm was high, traffic projections were optimistic, and the government was keen to build miles and miles of roads. But when the dust settled, those private players were left to grapple with high debt burdens, higher land acquisition costs, costly litigation, low traffic and lower toll collections, and ever-increasing timelines. Big players like HCC, Gammon, and IVRCL were caught in a debt trap, and others have been hesitant to enter the BOT arena as a result.

Instead, there was a shift to-

wards EPC (engineering, procurement, and construction) and HAM (hybrid annuity model) projects. In EPC, the National Highways Authority of India (NHAI) handles everything from acquiring land to getting project clearance, etc. In HAM, introduced to boost the waning interest of private players, the government fronts 40% of the project cost, and the awardee has to raise the rest of the amount. The government pays the remaining amount in annuity mode over the period of operation—the private players have no right to collect a toll.

But this shift has left the NHAI with significantly high debt. Its debt stands at ₹3.48 lakh crore as of September 2023—the majority of it piled up between FY18 and FY21. In 2014, NHAI's debt was ₹23,800

crore. Considering the government's continued focus on infrastructure development in recent years, getting private players to invest in the road sector again is a top priority for the Ministry of Road Transport and Highways (MoRTH), headed by Minister Nitin Gadkari.

Things are expected to change now with the government sweetening BOT agreements. A confident NHAI has announced a pipeline of 53 projects worth about ₹2 lakh crore through the BOT mode in the next three to five years.

Among other things, the revised model concession agreement (MCA) announced by the NHAI provides significant risk mitigation compared to the earlier model. It now allows firms to borrow from non-bank lenders and has enhanced

# INSTRUCTION

## BUILD-OPERATE-TRANSFER (BOT)—TOLL MODE



The concessionaire is responsible for financing, construction, operating and maintaining the road stretch entrusted to them



The concessionaire recovers investment through toll collection during the concession period, which is over 30 years

## BOT (Annuity)



The developer builds the highway, operates it for a specified duration and transfers it back to the government



The government starts paying the developer after the launch of commercial operations. Payment is made every six months

## WHAT'S HAPPENING

- 1** From more than 80% in FY13, the share of BOT projects declined to zero five years later
- 2** To boost private participation, the government introduced the Hybrid Annuity Model in 2016
- 3** The NHAI has relied primarily on EPC and HAM modes over the past decade
- 4** But with the NHAI picking up the tab, its debt has ballooned in recent years
- 5** NHAI is hoping that the tweaks to the BOT terms will spur a return of private players

compensation if the tariff projections are built into the revised MCA.

### WHO'S INTERESTED?

With the revision in the MCA, the question is: will there be any takers? Construction players that have high risk appetites, coupled with strong capital availability, and a few foreign investors are ready to take the plunge, eyeing better returns from BOT. However, experts are cautious, considering the high risk associated with this mode. In this model, private developers buy the land, build the highway, and collect tolls for a specified period, usually 20 years.

IRB Infrastructure Developers Ltd, the biggest in the BOT space with a market share of 30%, is eyeing 10-15% of the awards, which works

out to around ₹20,000-30,000 crore of the ₹2 lakh crore worth of projects announced.

Having mastered the BOT mode, the company has already completed and handed over 13 concessions, industry parlance for projects, back to the nodal agencies in three decades. As of today, the company is operating the largest BOT portfolio of 18 concessions spread over 11 states.

According to the company, the reason for its success in BOT projects lies in the minimal equity requirements for ongoing projects.

“IRB is an integrated player; it does the execution of the project and the operation and maintenance (O&M) of projects. BOT projects are funded 70% by debt and 30% by equity. We generate around 18-20% cash Ebitda (earnings before inter-

est, taxes, depreciation, and amortisation) on construction and O&M projects,” Anil D. Yadav, Director of Investor Relations at IRB Infrastructure Developers Ltd, tells *Business Today*. It helps that the firm has a sovereign wealth fund as a 49% financial partner. “Hence, our equity requirement gets reduced to around 15%, which gets funded from our construction profit,” Yadav adds.

Another player, GR Infraprojects Ltd, is also looking to bid for 10-15% of BOT projects. Others likely to enter the race include PNC Infratech Ltd and Ashoka Buildcon, while Dilip Buildcon and H.G. Infra Engineering Ltd will continue to focus on EPC and HAM projects.

The NHAI has already invited bids for 13 projects under the BOT mode worth ₹30,000 crore. More

bids are expected in the second quarter of FY25 after a lull in awards during the first quarter because the Model Code of Conduct for the General Elections was in place.

“The NHAI is focussing on the award of contracts on a BOT basis and projects worth over ₹44,000 crore with a combined length of over 900 km [are] in the pipeline for award in FY25,” NHAI sources say.

### GROWING INTEREST

Even with the revision in the policy, it’s the big guns in the construction sector that are expected to shop for BOT projects. According to industry experts, BOT is not for small-time players looking for quick returns. Only sensible players who understand the risks involved with long-term projects will invest.

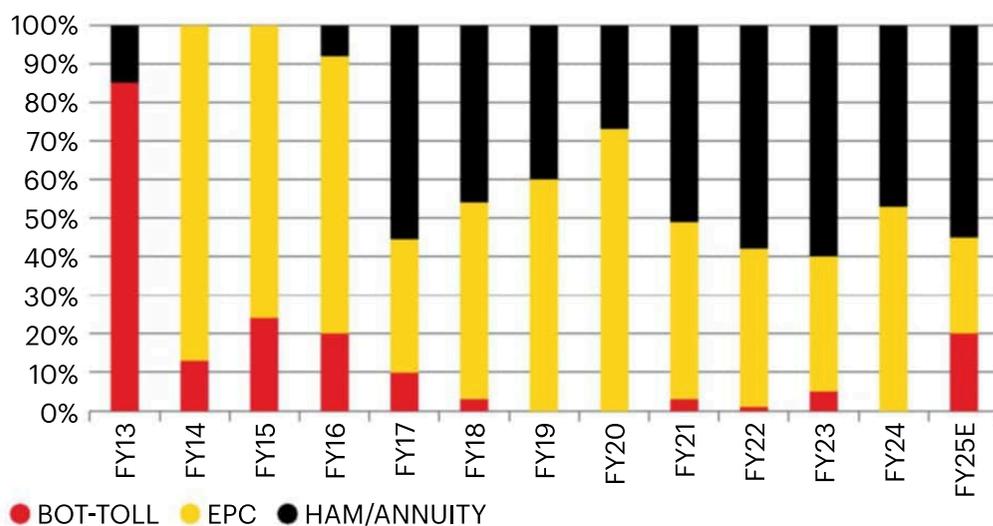
That is where firms like IRB Infra, GR Infracore, and PNC Infracore come in. Anand Rathi, CFO at GR Infracore Ltd, says, “The HAM model has been successful, and it may take four to five years before BOT could also be termed a success. This will certainly depend on how proactive NHAI will be in getting all the required clearances.”

The company will bid for BOT projects keeping in mind profitability and hopes that the NHAI will facilitate all clearances, including forest and environmental ones. The BOT projects have a high debt component of 70%, and a delay in land acquisition and regulatory clearances, coupled with high interest rates, ends up escalating project costs.

While a majority of private players look at HAM projects as the best choice, keeping in mind the 40% capital support from the government, IRB has decided to stay away

## BOT TO BOUNCE BACK

● BOT projects lost traction between 2012 and 2018 due to increasing debts and delayed projects ● BOT is expected to return as a key mode of highways award in FY25 with government’s push



● BOT-TOLL ● EPC ● HAM/ANNUITY  
**E** ESTIMATE; **SOURCE** MINISTRY OF ROAD TRANSPORT AND HIGHWAYS, IND-RA

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from this mode and rather focus on BOT construction. HAM remained the preferred mode of award, constituting around 55% of the total projects awarded during FY21–24.

“Over the last three decades, IRB Infra has gathered rich domain knowledge and expertise to develop BOT projects of any size for all geographical terrains,” says Yadav. He points out, “We were entrusted to operate and manage India’s first BOT project, the Bhiwandi Bypass project on the Mumbai-Agra Highway [in 1998], and it was handed back after the successful completion of the concession.” The company has an order book of ₹35,000 crore.

The optimism stemming from the revised MCA has also spread to rating agencies. India Ratings and Research (Ind-Ra) feels the changes will help increase BOT’s share in projects to 20% in FY25 from zero

in FY24. It estimates the capital expenditure requirement under this mode to range between ₹40,000–50,000 crore in FY25, and it believes the figure could rise steadily to ₹1 lakh crore by 2030.

CareEdge Ratings, too, expects a shift in preference from EPC towards HAM and toll projects in the medium term. It feels the share of EPC projects could reduce to around 25–30% going forward.

This shift couldn’t be more timely. As mentioned earlier, NHAI is grappling with a lot of debt. So much so that it has been stopped from borrowing from the market. It is now looking to lighten the burden by monetising assets and getting private investments.

One of the significant features of the revised MCA is the new termination payment regime, whereby 90% of the debt is fully covered by the NHAI in case the concessionaire

defaults. The introduction of a buy-back provision if additional tollways and competing roads are built reduces traffic risk for the developer.

Rathi of GR Infraprojects says the tenure of the concession agreement can also now be extended by 30% if a competing road is built.

### LIMITED COMPETITION

Despite the changes, BOT is unlikely to see very high competition. Unlike HAM projects with over 20 bidders, industry players expect five to six domestic and two to three international players to bid under BOT.

“Given the stringent fundamentals [required], we foresee limited competition in this field. Considering the higher capital requirement, competition is lowest for BOT projects,” says IRB’s Yadav. GR Infra also sees moderate competition. “I believe competition to be moderate as more upfront contribution (construction as well as equity support) is put by the authority,” adds Rathi.

Companies like PNC Infratech say they are exploring BOT opportunities but are aware of the revenue risk. HG Infra, a player in the EPC segment, says it is not interested.

“Our order of preference would be in the sequence of EPC, followed by HAM, and then our last preference would be BOT-Toll,” T.R. Rao, Director of Infra at PNC Infratech, said in a recent investor call.

Rating agency CRISIL sees some signs of a shift of large developers from HAM to BOT, as margins have fallen in the former due to increased competition in light of relaxed bidder eligibility criteria. One reason for the BOT debacle in the past was aggressive bidding by small players who could not hold



PHOTO BY HARDIK CHHABRA

**We are committed to reviving the BOT model and making it investment-friendly... This will not only strengthen road infra but will have a ripple effect that will help to strengthen the economy...**

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**NITIN GADKARI**  
MINISTER OF ROAD, TRANSPORT AND HIGHWAYS,  
AT A CONFERENCE ON JANUARY 17, 2024

### RISK ALLOCATION

MODEL	FINANCING	OPERATION & MAINTENANCE	REVENUE/TOLL COLLECTION
EPC	Government	Government	Government
HAM	Government (40%)/ Private (60%)	Private	Government
BOT-Toll	Private	Private	Private
BOT-Annuity	Private	Private	Government

on to this capex-intensive mode that has a long gestation period.

The rating agency flags two issues—bidding discipline and lenders’ willingness—as looming risks for BOT 2.0. It says aggressive bidding could impact the take-off of projects, and all eyes will be on lenders’ willingness to re-enter BOTs.

“Average bid premiums (for HAM) tumbled from a peak of 15-20% to around 4-6% in the last few fiscals. As a result, the share of the larger developers has dropped substantially since many of them have refrained from bidding aggressively to protect margins,” Aniket Dani, Director of CRISIL Market Intelligence and Analytics, tells *BT*.

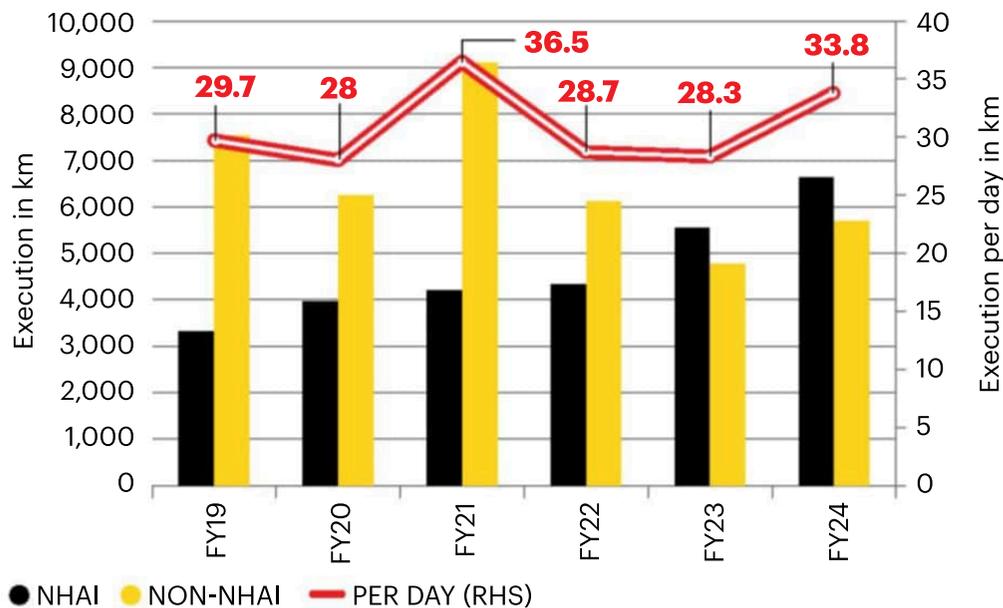
With the amendment in the MCA and given the scope of higher profitability due to lower bidding competitiveness in the BOT space, many large developers are keen on taking up such projects, he adds. But they may find it challenging based on their current balance sheet capacity to finance BOT projects with higher funding requirements.

“Furthermore, the gestation period for BOT projects is longer, which results in higher risk on the part of the players since capital is tied up for a longer period. This also limits the number of players bidding for this model,” explains Dani.

While HAM and BOT projects will co-exist in the near term, BOT aims to reduce NHAI’s debt burden, besides opening up a new avenue for financially stronger players. There is also growing interest among foreign investors. “While the interest among developers to bid for BOT projects post the revamping of concession is yet to be seen, participation from foreign funds by tying up with Tier I EPC developers for

## ANNUAL EXECUTION

● The government has announced that it wants to increase high-speed access control highways to 50,000 km from 4,000 km now ● ICRA estimates that both NHAI and non-NHAI execution could touch 12,500-13,000 km, with per day execution expected to reach 35.6 km



● NHAI ● NON-NHAI — PER DAY (RHS)

**NOTE** NON-NHAI REFERS TO STATE AGENCIES OTHER THAN THE NHAI  
**SOURCE** ICRA

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**“Given the stringent fundamentals [required], we foresee limited competition. Considering the higher capital needed, competition is lowest for BOT”**

**ANIL D. YADAV**  
DIRECTOR-INVESTOR  
RELATIONS, IRB

executing the road construction is envisaged. Multiple investors are in discussion with EPC players to bid for BOT projects,” Rishabh Jain, Associate Director at Ind-Ra, tells *BT*. Bidder participation, though, is expected to increase only after the initial few bids.

Per Ind-Ra, the equity contribution could increase to 20-25% under BOT from 10-15% under the HAM mode, but that will be offset by higher margins and lower competition.

### WILL HISTORY REPEAT?

Between 2008 and 2012, companies like HCC and Gammon got lured into BOT from EPC due to the promise of quick returns as high as 100% compared to 10% in EPC. But

## KEY AMENDMENTS TO MODEL CONCESSION AGREEMENT

### Addressing risks during construction



Fixed payment mitigating dependence on toll



Termination payment to concessionaire in the event of default

### Better protection against traffic deviation



There will be more frequent testing of target traffic



Higher cap on compensation in case of competing route

### Clarity on disputable clauses



There is now a detailed calculation of termination payments



Introduction of new traffic measurement unit to align with revenues

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they soon fell into a debt trap owing to construction delays caused by the non-availability of land and necessary clearances, adding cost and time overruns, aggressive bidding, lower-than-estimated revenue, and weak balance sheet capacity.

Ind-Ra asserts that developers need to be mindful of aggressive bidding, taking projects beyond the appetite of their balance sheet, and overestimating toll revenue for greenfield projects. They must protect themselves from volatility.

PNC's Rao says the government cannot go for a larger number of BOT contracts until the mode becomes viable for construction companies. So, there has to still be a sizeable HAM mode also on offer.

Besides, the impact of the evol-



**“...it may take four to five years before BOT could also be termed successful. This will certainly depend on how proactive NHAI will be in getting all the required clearances”**

**ANAND RATHI**  
CFO, GR INFRAPROJECTS LTD

ing infrastructure landscape—with competing roads and alternative modes of transportation (like dedicated freight corridors for freight and inland waterways)—on the BOT model remains to be seen. According to CareEdge, the introduction of the revised MCA under the BOT-Toll model is a welcome move; however, the extent of bidding aggression and on-ground enforcement of contractual clauses will remain key monitorables. Rathi says the major risk would be the non-availability of land, which would deprive the concessionaire of tolling rights for the entire stretch, which is not the case in HAM/EPC.

The increased focus on BOTs also comes as HAM projects are facing some headwinds. That's because banks have tightened capital requirements as smaller developers transitioned from EPC to HAM after technical and financial norms were relaxed. They're struggling now to secure financial closure after bidding aggressively.

It's visible in the increase in the number of projects that are awaiting the appointed date—or the date when the project finally starts—to 110. Of these, 55 projects were awarded in 2021 and 2022. That's a delay of 18–30 months in starting the construction, says an Ind-Ra report. “Projects with financially strong and medium sponsors have mainly been impacted by delays in land acquisition,” it notes.

For these and the other reasons laid out earlier, the government and NHAI will hope that the sweetened BOT model will bring the private players back. **BT**

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# SPEARHEADING PATIENT CONVENIENCE AND TREATMENT ADHERENCE WITH ADVANCED DRUG DELIVERY AND DIFFERENTIATED, INNOVATIVE PRODUCTS!

**Z**IM Laboratories Limited (ZIM) stands out in the pharmaceutical industry for its unwavering commitment to innovation and advancements in patient-centric drug delivery solutions. Established in 1989, ZIM has carved a unique niche with its vision of making quality healthcare accessible to all. Co-promoted by Dr. Anwar Daud, Chairman and Managing Director, and Mr. Zulfiqar Kamal, Director Finance, ZIM focuses on developing solutions that emphasize patient convenience and treatment adherence.

In a highly competitive and ever-evolving market, ZIM has rapidly solidified its position as a therapy-agnostic and R&D-focused Pharmaceutical company. Renowned for developing, manufacturing, and supplying innovative Pharmaceutical and Nutraceutical products in oral solid dosage form, ZIM serves markets across the Rest of the World (RoW), Pharmerging, and Key Developed regions. Under the prudent leadership of Dr. Daud and Mr. Kamal, ZIM concentrates on emerging technologies to develop innovative products that positively impact stakeholders and offer significant value. By minimizing reliance on deemed exports and low-margin business, they have invested in and upgraded their R&D capabilities and manufacturing facilities to comply with necessary standards of their target markets. ZIM Laboratories has three state-of-the-art manufacturing facilities in Nagpur: a Solid Oral Dosage Facility (General), an Oral Thin Film (OTF) Facility, and a Solid Oral Dosage Facility (Cephalosporin).

A pivotal moment in ZIM's evolution was the successful development of their 'Proof-of-Concept' for Oral Thin

Films, using their in-house Thinoral® technology. These films are designed to be instantly wetttable, rapidly dissolving, and non-sticky, making them an ideal delivery method for both solid and liquid drug molecules. These flexible films are easy to store and integrate seamlessly with various taste-masking techniques, enhancing patient convenience and compliance. In addition to Thinoral®, ZIM continues to advance its portfolio with New Innovative Products (NIP), complex and smart generic pharmaceuticals using proprietary technologies like Micro-Emulsion Coating Technology (MECT), Pellet Cold Forming Technology (PCFT), Rapid Gelation Drug Release Technology (RGDRT), and Matrix Pore Forming Tablet Technology (MAPOTAB) for cutting-edge drug delivery solutions. Positioned as newer generation molecules, some of these NIP hold the potential to be the first or second generics in select markets. These innovations have garnered significant attention from major industry players and investors alike, heralding a new era in the Pharmaceutical and Nutraceutical industries.

The team at ZIM is deeply invested in innovation as a catalyst for future growth. Their advanced technologies include Pellets with varying release patterns, Directly Compressible (DC) Granules, and Taste Masking Technology Platforms. The pioneering development of Oral Thin Films (OTF) and New Innovative Products (NIP) further underscores ZIM's commitment to pushing industry boundaries. These innovations have diversified ZIM's product range, creating value-added, differentiated generics and higher-margin products. This has facilitated entry into regulated markets like the EU, Brazil, Australia, Canada, and South Africa, and strengthened their presence in RoW and Pharmerging markets. With 5 NIP filings and 3 OTF product registrations in the EU to date, alongside a robust portfolio of patents (24 granted and 55 applied for to date), ZIM has solidified its reputation as an innovative, globally-oriented Pharmaceutical and Nutraceutical manufacturer serving over 50 countries.

ZIM is making significant strides by, strategically expanding their presence and capabilities. They established ZIM Laboratories Middle East DMCC in



**Mr. Zulfiqar Kamal**  
Co-Promoter & Director Finance, ZIM Laboratories Limited

September 2023 to bolster their footprint in the MENA region, particularly in Saudi Arabia and the UAE. Concurrently, ZIM entered into a joint venture with an Australian marketing company to introduce their NIP and OTF products into the Oceania market. To fortify their readiness for regulated markets like the EU and Brazil, ZIM continued to invest in Capital Expenditures, focusing on expanding and upgrading their manufacturing facilities. These initiatives support their efforts to comply with stringent regulatory standards and meet the potential demand for NIP in regulated markets. Significant funds have also been committed to team building, strengthening marketing team competencies, and enhancing processes, aimed at tapping into the potential of their targeted markets.

ZIM Laboratories Limited continues to spearhead patient convenience and treatment adherence with its innovative drug delivery solutions. Their steadfast commitment to R&D and patient-centric innovations positions them as a strong and innovative partner, poised for continued growth and success in the pharmaceutical industry.

## ZIM'S TECHNOLOGY MILESTONE

- 1989: WHO GMP Accreditation
- 1993: Development of Pellets Technology
- 2000: Introduction of Taste Masking Technology
- 2005 & 2010: Addition of New Cephalosporin Block
- 2013: Establishment of a New Orally Disintegrating Strip Manufacturing Block
- 2014: WHO GMP Status for Orally Disintegrating Strip Manufacturing Facility
- 2015: EU GMP Accreditation
- 2018: Successful EU GMP Audit and Re-Accreditation, followed by listing on the BSE Limited
- 2022: Listing on the National Stock Exchange of India Limited and developed 10 New Innovative Products

# DHEERAJ ARORA

## THE NEW AGE LEADER OF AN ICONIC ORGANIZATION



Under Dheeraj Arora's leadership, Hygienic Research Institute Pvt Ltd, a prominent brand in India, has established new benchmarks in the beauty and personal care sector. His strategic vision and dedication to fostering positive change are driving HRIPL forward, fostering ongoing growth and innovation.

### Dheeraj Arora

Managing Director & CEO  
Hygienic Research Institute Private Limited (HRIPL)

**H**ygienic Research Institute Private Limited (HRIPL) stands as a beacon of excellence in the Indian beauty and personal care products industry. Founded in 1957, the company has evolved over seven decades to become a multi-brand, multi-category enterprise, focusing on hair care, skin care, and salon services. With a commitment to quality, innovation, and customer satisfaction, HRIPL has established itself as a leader in the market, backed by a professional team, efficient supply chain, and strategic partnerships.

At the helm of HRIPL's success is Dheeraj Arora, an accomplished business leader who serves as the Managing Director & CEO. With a career spanning over two decades in the Fast-Moving Consumer Goods (FMCG) sector, Dheeraj has honed his expertise through pivotal roles at Unilever and Britannia, both within India and in developing and emerging (D&E) markets. Proficient across various domains, including General Management, Sales & Customer Development, as well as Modern Trade & eCommerce strategies, he spearheaded the expansion of the Organized Trade business in HUL, leaving an indelible mark on the company's trajectory. His strategic acumen

was instrumental in implementing the path-breaking 'Winning in Many Indias' framework, alongside the rollout of a cutting-edge data-tech enabled front-end execution system that now serves over 15 countries worldwide.

A qualified engineer, Dheeraj is an MBA in sales & marketing from Management Development Institute (MDI), Gurgaon, which he followed up with a Digital Strategy Program at INSEAD. This diverse educational background, coupled with his hands-on experience, equips him with a unique blend of High Tech-High Touch approach, emphasizing the profound impact of the 'butterfly effect - every small action will make a big difference' — a philosophy he passionately advocates.

With a diverse portfolio of renowned brands like Vasmol, Streak, and Florozone, catering to a diverse set of customers across the country, the company operates six manufacturing facilities located in Himachal Pradesh, Assam, Maharashtra, and Bangladesh, ensuring international quality standards and employing best-in-class manufacturing technology. Under Dheeraj's leadership, HRIPL has leveraged cutting-edge technology to enhance its operations and deliver superior products

and services to customers. Collaborations with technology partners such as Bizom, SAP Hana, and Darwin Box have enabled the company to streamline its supply chain, optimize processes, and drive efficiency across its operations. Dheeraj expounds, "The essence of leadership lies in the opportunity to create positive change, not just within the confines of the company and its stakeholders, but also in the lives of customers, consumers, and society at large".

Dheeraj's vision and commitment to excellence has earned HRIPL numerous awards and recognitions, including being named among the Top 50 Great Places to Work in Manufacturing and receiving the ET Best Brands (2019) recognition. His exemplary contributions to the realm of eCommerce have earned him accolades, including being recognized as the 'Most Influential eCommerce Professional & Business Icon of the Year'23'.

With his visionary leadership, Dheeraj is poised to guide HRIPL towards a future characterized by consistent, competitive, and profitable growth, solidifying his legacy as a titan in the industry.

**DR. MINNIE BODHANWALA**

**DEFINING PAEDIATRIC EXCELLENCE IN INDIA**

Driven by an all-encompassing passion for excellence, Dr. Bodhanwala is redefining Paediatric and Women Healthcare in India. Her institution, the Wadia Hospitals of Mumbai, have emerged as the centres of excellence setting new standards and milestones in paediatrics.

**D**r. Minnie Bodhanwala is the CEO of Nowrosjee Wadia Maternity Hospital & Bai Jerbai Wadia Hospital for Children, Parel, Mumbai. Transforming the Wadia Hospitals with her dedication, excellence, innovation and sustainable vision, she has pitchforked these charitable semi-government organizations to the forefront as flagship institutions providing quality, safe and affordable healthcare to the underprivileged Women and Children, with facilities at par with top corporate hospitals. With 925 beds and staff strength of almost 1800 including medical, paramedical and administrative staff, she overlooks a huge medical establishment.

Choosing to sacrifice her domain of expertise, she embraced hospital management to enhance her sphere of influence and bring succor to a larger swathe of people. Dr. Bodhanwala recalls, "I always wanted to become a Doctor and help the community at large. I pursued Dentistry and was also a professor". The journey from doctor to a healthcare administrator was incidental. She got an opportunity to set up the first dental unit on a train, as the coordinator surgeon for the project. She says, "It was the turning point in my life. I realized that I could reach a larger number of people and create much more impact in society as a healthcare management professional. Inclined towards the management aspect of healthcare, I pursued my MBA". Thus began her eventful career as a healthcare leader.

Dr. Bodhanwala possesses strong domain knowledge in implementation and execution of business strategies, ensuring high-quality standards in service delivery, identifying control enhancement modules; escalating significant issues identified and proposing resolutions. Motivated by the lady who has founded her hospitals, Dr Bodhanwala says, "What I like the most about Bai Jerbai Wadia is her simplicity and great vision for the society especially the women and children at a time when they were ignored the most in the early 19th Century. It is because of the vision of women like her that we are here today. I draw great inspiration from her and strive to carry forward her purpose".

Dr. Bodhanwala led Wadia Hospitals has an enviable set of achievements. They are recognized as Centers of excellence for Pediatric Cardiology, Pediatric Neurology, Pediatric Neurosurgery, Pediatric Surgery, Nephrology, Hemat-Oncology, Bone Marrow Transplant, Human Milk

Bank, IVF and many more. With 155 beds, the hospital is one of the largest NICU in the world. It is the nodal centre for Club Foot treatment in Maharashtra. It provides a zero day dialysis for new-born. They have a dedicated clinic for Cancer, Malnutrition, HIV, TB, Epilepsy, Occupational therapy etc. The Hospital has a MDVI clinic for children, one of a kind initiative in this region. She has also set up an IVF center for the poor patients who cannot afford it. With more than 35 Pediatric centers of excellence under one roof, the hospital treats more than 3,00,000 patients every year.

Dr. Bodhanwala has more than 100 Awards to her credit. A recipient of the Global Women on Boards Certificate 2023 by Lead Women, Paris and the Women on Boards Certificate 2022 by Harvard T. H. Chan School of Public Health, Boston, she was featured in India Forbes March 2019 as a "Globally Recognized Indian Business Leader". She has been ranked 2nd among 25 legends of Healthcare Industry in India by Medicare Insight Magazine.

Dr. Bodhanwala says, "I have always believed in building systems and implementing them to achieve the desired results. Understanding problems and being creative in solving them is something that has impacted the way I work and helped me achieve success in whatever I do. I could only attribute my success to the team I work with and of course my family."

A trailblazing executive in Healthcare, Dr. Bodhanwala has a long journey ahead, inducting new practices and setting newer standards.

**Dr Minnie Bodhanwala**  
CEO  
Wadia Hospitals of Mumbai



# MATHEW JOB

## A TRANSFORMATIONAL LEADER



Mathew Job has a track record of outstanding achievement in the business world, especially through his transformative leadership as the Executive Chairman of Watertec India Ltd and prior to that as the CEO of Crompton Greaves Consumer Electricals Ltd. With a career spanning three decades, his journey from a salesman to a visionary leader has been marked by resilience, innovation, and a commitment to excellence.

on deep consumer insights and using their technological prowess. This approach has enabled Watertec to maintain leadership in polymer-based bath fittings and expand its market share across India. Watertec's milestones include pioneering the use of POM for superior quality, establishing a nationwide presence and bringing a host of innovations to the market. Recent developments like acquisition by Warburg Pincus and strengthening of the leadership team will give further impetus to the company's growth trajectory.

Watertec aims to consolidate its leadership in bathroom solutions nationally, focusing on innovation, quality, and expanding market presence. The company remains committed to corporate social responsibility, promoting community upliftment, water conservation, and ethical practices. Articulating his vision for the company, Mathew elaborates, "One of the areas we are working on currently is to redefine the purpose of the company, to answer the question why we exist. One might ask why we need to do this in a company that is more than 25 years old. It often happens that as organizations grow and the markets and consumers evolve, our original purpose gets a little diffused or less relevant. (Re)articulating an organization's purpose – why it exists, not what it does – is incredibly important work. A clearly defined and inspiring purpose serves as the organization's North Star, providing the basis for everything that it should and should not be doing and fostering the behaviours necessary to bring it to life".

Beyond business, Mathew Job emphasizes work-life balance, advocating for efficient task delegation and prioritizing personal well-being. He advises future leaders to be passionate about what they do, have high degree of conviction, and learn from failures to achieve sustainable growth.

His visionary leadership will continue to propel Watertec, now in its 27th year, towards excellence and enable it to shape the future of the industry, for the coming decades.

**Mathew Job**  
Executive Chairman of  
Watertec India

Mathew spent the initial fifteen years of his career at Philips. Thereafter, he has held pivotal roles at Grohe, Racold, and Crompton Greaves Consumer Electricals before joining Watertec India. He has navigated his companies through challenging times such as demonetization and the COVID-19 pandemic, earning recognition from the Great Place to Work Institute for his exemplary crisis leadership at Crompton. He comes with a legacy of empowerment that underscores his commitment to creating positive change and inspiring future leaders in the industry.

Mathew's hallmark seems to be tenacity, consistent resilience and foresight. He says, "Any journey of transformation or improvement is a long-distance race and not a sprint. You don't need to be the first one off the blocks to win at the end. Hence one can take some time to understand the company's context. You need to find the right balance between the

urgency to get things moving and taking time to understand and appreciate the unique context of the organization".

At Watertec India, Mathew continues to drive innovation in the bathroom and sanitary industry. His leadership emphasizes environmental sustainability, blending technology with intelligent design to deliver products that maximise end user experience while minimising water consumption. Under his guidance, Watertec has set new industry standards with consumer-centric designs and a focus on responsible water usage.

The company's commitment to sustainability is evident in its innovative product designs and adoption of Industry 4.0 standards, leveraging robotics and automation in manufacturing. Watertec produces 40 million pieces annually, ensuring high-quality, durable products that meet global standards. Central to Watertec's success is its in-house R&D team, which drives continuous innovation based



# AlgaEnergy: Debabrata Sarkar USHERING IN A REVOLUTION WITH MICROALGAE

Led by the charismatic Debabrata Sarkar, Microalgae Solutions is harnessing the power of a “blink and you will miss it” species to usher in a green revolution that has the wherewithal to rejuvenate and revitalize our planet.

**M**icroalgae are very essential for soil formation. They play a crucial role in soil's health and fertility. In one gram of fertile soil, there are over 5 million microalgae cells that capture the atmospheric carbon dioxide and biofix it into organic carbon. AlgaEnergy is the biotechnology pioneer who has perfected the process of replicating this natural model to commercially produce microalgae through an advanced circular cultivation model. Using industrial CO2 emissions to grow the algae, they mitigate greenhouse gas effects to produce valuable microalgae biomass. Microalgae Solutions India Pvt Ltd (MASI) used this output to make biostimulants and biofertilizers. These have been tested by leading Agricultural Universities and by millions of end-user farmers. The results have been extremely promising.

Debabrata Sarkar's MASI is all about harnessing nature's smallest miracles for a brighter and greener tomorrow. This Agriculture Graduate with a Management Degree from IIM Kolkata is using his profound love for nature, to merge cutting-edge science with the restorative powers of a species, to create a set of natural alternatives that will

**Debabrata Sarkar**  
Chairman and Managing Director



deliver a viable, greener alternatives that will ensure the long term food security for the planet. From its humble beginnings as a subsidiary of AlgaEnergy, a global biotech pioneer, it has embarked on a remarkable journey marked by resilience, innovation, and a steadfast commitment to sustainable impact.

MASI is emerging as the game changer in crafting natural solutions and sustainable alternatives to cover the whole crop input chain across the globe. With a head start of more than 50 years of research on microalgae, AlgaEnergy leveraged forefront knowledge and continues to do so. They are extending their skillsets to churn out innovative solutions for agriculture, with the sustainable and renewable properties found in diverse species of single-cell microalgae.

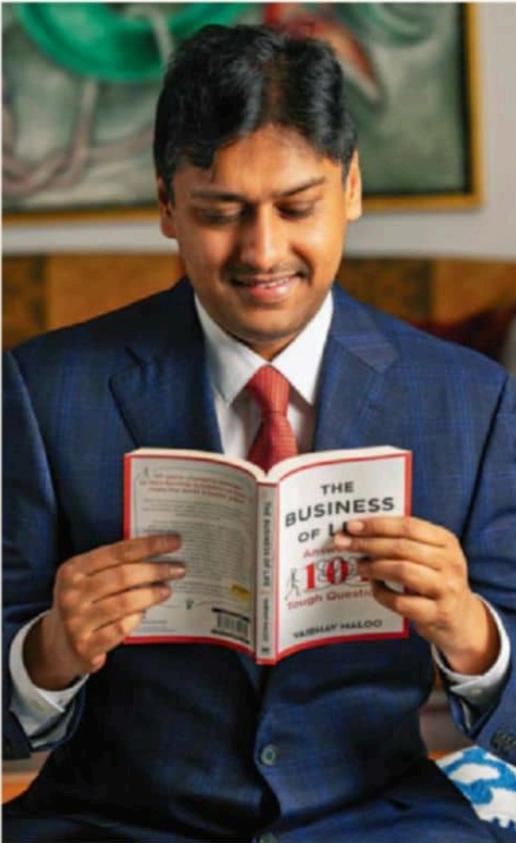
Spearheading a JV between AlgaEnergy-KREPL Group to create MASI, he has cultivated an impactful partnership to drive a meaningful change. By making it a profitable venture in a short span of time, he has demonstrated his drive and passion for the cause. He has powered his company to the pole position as an organization that is agile and has a strategic approach to the sector. Making MASI the employer if first choice for today's talented youngsters, he plans simultaneous expansion, viewing

challenges not as obstacles but as opportunities for growth and development.

However, Debabrata's objective and purpose transcends mere numerical achievements. It is all about the lives touched, communities empowered, and the resources conserved in the planet. The visionary Chairman and Managing Director of MASI is now driving the charge across India and the Asia Pacific regions.

The accolades and the recognition that that come the way of Debabrata and his firm are a testament to his commitment to the cause and the profound impact that their work has on our earth. Prestigious scientific publications like IOSR Journal certify Microalgae's role in wastewater treatment. Forbes India acknowledging its revolutionizing impact on the agricultural industry, playing a role towards creating a greener, more sustainable future. Achievers World, Agriculture Today, Fortune India, and TEDx have all applauded Microalgae Solutions' pioneering strides in sustainable technology, climate-smart agritech, and eco-agriculture revolution. Articles in esteemed publications like Economic Times, Business World, and Outlook Business, bring out Microalgae Solutions' role in ushering in a biorevolution, paving the way for a resilient, prosperous India.





# VAIBHAV MALOO TRANSFORMING ENSO GROUP INTO AN INTERNATIONAL CORPORATE POWERHOUSE

The word 'enso' epitomises strength, elegance, and one-mindedness. It beautifully encompasses the vision of the founder Vinay Maloo. The exemplary growth of the organization resonates with this rationale, as they are single-mindedly striving to make a strong mark on the global stage.

for its rapid international expansion. The company's success is attributed to its robust corporate strategy, characterized by comprehensive analysis, persistent opportunity evaluation, sustainable growth practices, and adept execution of complex business opportunities.

Central to Enso Group's success is its commitment to upholding high standards of work ethics, fostering local partnerships, mobilizing financial resources effectively, and navigating diverse global economies with agility. These core competencies have enabled Enso Group to establish profitable businesses while integrating social and environmental considerations into its decision-making processes.

Under Vaibhav Maloo's leadership since 2009, Enso Group has continued to innovate and excel. With a background in Business Administration from Carnegie Mellon University and further education from Oxford and Cambridge, Vaibhav Maloo brings a wealth of strategic insight and entrepreneurial spirit to the group. His tenure has seen him spearhead key roles in business development, operations, and marketing, driving Enso Group's growth trajectory with a focus on sustained excellence and innovation.

Beyond business, Enso Group remains dedicated to fostering harmony between humanity and nature, ensuring safe and ergonomic working environments, and minimizing the wasteful use of natural resources. This commitment underscores their broader goal of contributing positively to the communities in which they operate.

Recently, Vaibhav Maloo expanded his influence as an author with his book "Business of Life: Answers to 101 Tough Questions," reflecting his multifaceted role as an entrepreneur, columnist, and philanthropist. His leadership continues to inspire a team of dedicated professionals

towards achieving Enso Group's vision of global prominence through ethical practices and innovative solutions.

In essence, Enso Group exemplifies how a steadfast adherence to Indian values of strength, unity, elegance, and purpose can drive exceptional business success on a global scale. With a firm commitment to sustainability and social responsibility, Enso Group is poised to continue setting benchmarks in the corporate world while leaving a positive impact on society and the environment.



**Vaibhav Maloo**  
Managing Director, Vaibhav Enso Group

**E**nso Group, led by Managing Director Vaibhav Maloo, embodies quintessential Indian values and stands out as a beacon of success in today's competitive business landscape. Founded in 2005 by Chairman Vinay Maloo, the conglomerate has grown exponentially, expanding its footprint across more than ten countries and diversifying into sectors like energy, mining, real estate, solar energy, and healthcare.

Enso Group's journey began with strategic ventures into oil exploration in Jordan, which laid the foundation

## THE ENSO CONGLOMERATE

**First Nation Potash :** FNPCL develops and mines potash in the Saskatchewan region, Canada in an area covering 61,400 acres.

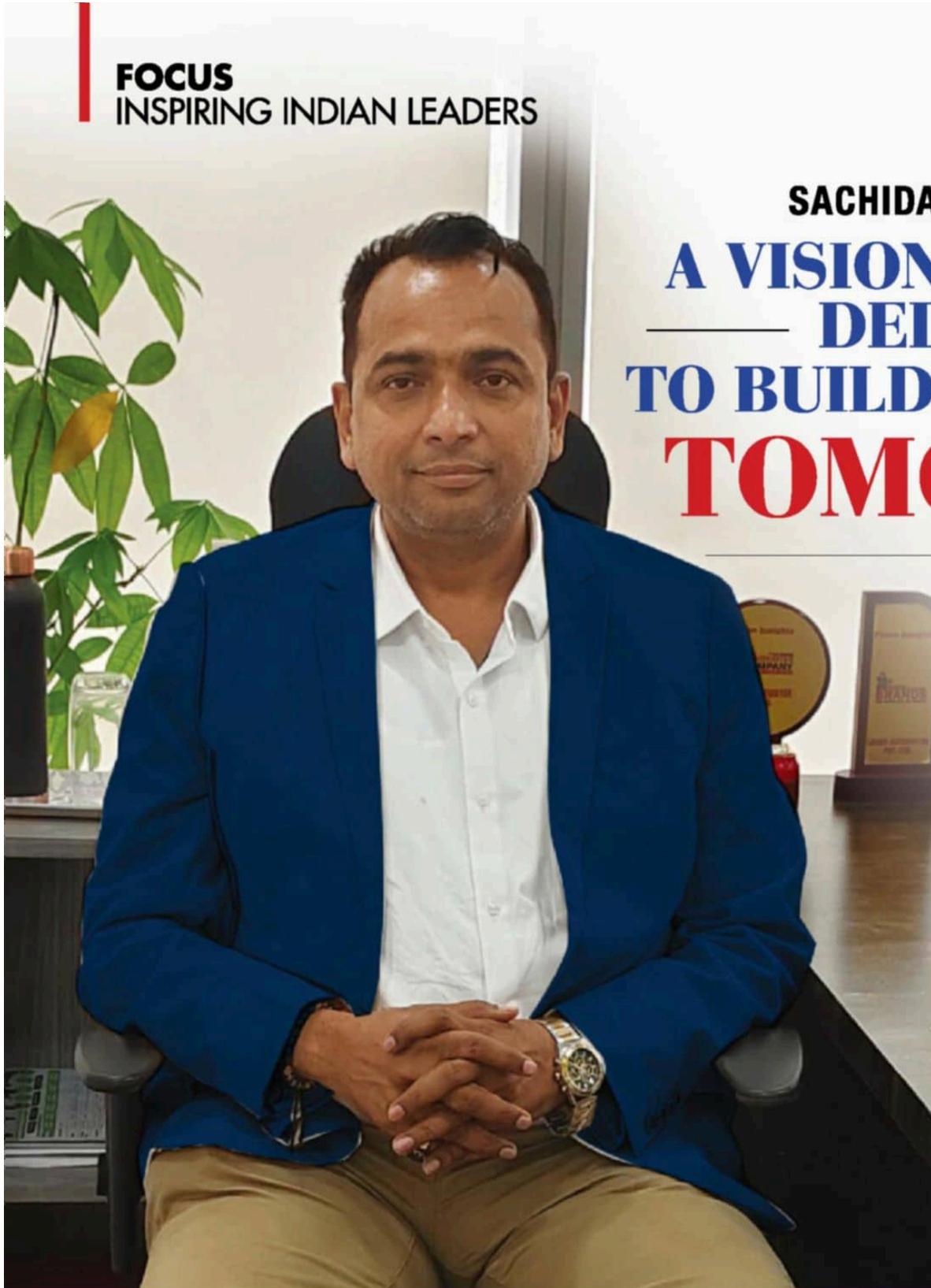
**Enso Global Trading :** This international trading solutions provider trades in Petroleum Products, Agricultural Products, Metals and Fertilizers.

**Enso Oils & Lubricants :** It focuses on selling high-quality oils, lubricants, and specialised fluids to a diverse range of industries.

**Kada NefteGaz :** KNG holds the license for the exploration and production of hydrocarbons in the Irkutsk region in the Eastern Siberian part of Russia.

**Betul Hospitalities :** Sprawling over 100+ acres by the sea in Goa, the project comprises a Luxury Resort, SLB Villas and Water Park.

**Enso Websworks :** It has demonstrated its prowess by introducing cutting-edge solutions like 'Infoprofile,' a flagship product that is a result of meticulous research and development.



**SACHIDANAND UPADHYAY**  
**A VISIONARY LEADER**  
**DEDICATED**  
**TO BUILDING A BETTER**  
**TOMORROW**

**Sachidanand H Upadhyay, Managing Director, Lords Mark Industries Ltd.**

At Lord's Mark Industries Limited, led by Sachidanand Upadhyay, we are committed to fostering positive change within the industries we operate in and actively contributing to the advancement of society as a whole. A dynamic and rapidly growing conglomerate with business units in Solar, Diagnostics and MedTech sectors, the group strives to drive innovation, quality and excellence in everything they do.

**S**achidanand H Upadhyay is the key promoter of Lords Mark Industries Ltd. A technocrat with a keen vision for growth, he leads the group from the front. Born on December 3, 1977, his educational foundation was laid at Vidya Mandir School in Dahisar. However his entrepreneurial aspirations were ignited by the likes of Shri. Ratan Tata.

Commencing his professional journey with M/s Ion Exchange (I) Ltd, Upadhyay garnered extensive experience through pivotal roles in renowned corporations such as Nutrients Confectionery, Hindustan Lever Ltd. and Blue Dart, before he ventured out on his own in 1998 with Lords Mark Industries. Leveraging his expertise in the paper industry to find a firm footing in the business firmament, he has since then diversified into Solar/LED industry, Healthcare, Automotive and Pharmaceutical sectors.

With a legacy spanning 25 years, the group has now established itself as a prominent player in the market. As

part of their growth strategy, they have expanded their presence with subsidiaries in upcoming and growing sectors of the Indian market like EV, insurance, defence, biotech and MedTech. They are also actively exploring opportunities for expansion into the global market.

Under Upadhyay's leadership, Lords Mark Industries has grown exponentially in the past decade. Realizing the importance of technology and the need to keep abreast with the evolving needs of the consumers, he has developed an ecosystem that is always tuned in to the environment. This thinking is the core of the DNA of the group. Keeping value creation at the heart of every decision, the company has prudently spread itself across four business units including paper, renewable energy, healthcare, and diagnostic and EV infrastructure technologies. In the future, it plans a big foray into the Automotive, Insurance and Organic space. Its vision is to deliver value to all stakeholders and partners by creating sustainable businesses and becoming a globally recognized brand in conglomerate industries.

With a strong commitment to customer satisfaction, innovation, and social responsibility, Upadhyay is an excellent example of a leader who has worked continuously in the direction of fulfilling the company's vision of delivering value to each stakeholder and partner by creating sustainable businesses.

Under Upadhyay, Lord's and its subsidiaries have made a mark in Electric Vehicle, Genome Testing, Vitamin Industry and Healthcare. Growth through diversification has become the norm for them, emerging as the cornerstone of their success.

The Lords Group has been engaged by the Government of India for its Smart City projects to provide solar lighting systems. The company has tied up with the world's largest electronics conglomerate Philips, to provide solar lighting in Bihar, installing the smart solar street light system based on RMS (Remote Monitoring System).

Lord's has also joined hands with the Government of India in "SAUBHAGYA" to provide lights to every home in a village – UPNEDA-UP, APDCL-Assam.

Sachidanand Upadhyay certainly is lighting up a bright future for the country.

DR. GRACE PINTO

# THE VISIONARY LEADER SHAPING THE FUTURE OF EDUCATION

The Ryan Group's rise in the horizon of Indian education can be termed as nothing short of a movement. It was backed by the passion of a husband-wife dynamic duo, whose perseverance and determination has ensured that generations of modern Indians enjoy an education that is truly empowering. That's leadership for you.

The year was 1976. The city was Mumbai, which was then known as Bombay. Dr. A. F. Pinto laid the foundations of India's premier K-12 chain of schools. Evolving into the Ryan Group of Institutions, it has not grown into a mighty oak of education, comprising 150 institutions spread across 40 cities and 18 states. Under the visionary leadership of Dr. Grace Pinto, it has emerged as the fountainhead of educational leadership, committed to quality education and forward-thinking methodologies.

Dr. Grace Pinto's journey has been that of resilience, enterprise, and a passion for societal change.

Introducing methodologies and processes that were much ahead of the times, she ushered in a revolution in the rather staid field of education in the country. Any new idea faces resistance and rejection. So did she. Facing initial setbacks with unwavering determination and a risk-taking spirit, her leadership blossomed underscoring the profound impact effective leaders can have on the outcome. This quality of hers has rubbed off on the persona of the institution, playing a cardinal role in its growth trajectory.

Dr. Pinto's ethos and vision is to create an educational edifice of global education that fosters holistic development, nurturing global citizens who are charged with self-confidence, community spirit, tolerance and emotional intelligence.

As the Managing Director of Ryan Group, Dr. Grace Pinto has forged an institution

## Dr. Grace Pinto

Managing Director  
Ryan International Group of Institutions

that has become analogous to crafting "all-round excellence" in youngsters. As a hands-on Edupreneur and strategic visionary, she oversees the education of nearly a quarter of a million students every single day. Her leadership is characterized by amiability, articulation, and awareness, leaving an indelible mark on the educational system by adapting it to contemporary needs.

It is no wonder that the Ryan Group of Institutions has been shortlisted in TOP 10 for World's Best School Prizes – Environmental Action 2024 by T4 Education. It has also been acknowledged as Asia's Leading Brand at the Global Brand and Leadership Conclave 2024, held at London.

Dr. Grace Pinto herself has been the recipient of ET Inspiring Women Leaders Award 2024 and 'Women Leadership Award 2023' by Economic Times, the "Lifetime Achievement Award 2022" at the hands of H. E. Mr. Prithvirajsing Roopun, GCSK, President of the Republic of Mauritius, and the "Her Power Award 2022" by Brand Story.

Dr. Grace Pinto has created an enduring legacy of profound impact by transforming education and empowering youth. The trailblazer that she is, we expect to see more from her in the years to come.

### AWARDS AND RECOGNITIONS:

- The Economic Times – Best Education Brand 2024
- Elets WES – Dubai - Education Excellence Awards 2024
- Mid-day - Most Respected Education Brand Award 2023
- AsiaOne & URS Media International - Most Influential School for Holistic Development 2023
- Navabharat - CSR Awards for Child Education and Upliftment 2023
- Times Education Icon Awards 2023
- Times Survey Ranking 2023
- ZEE Media - Best School Chain of the Year Award 2023

# VARADHAN – THE EXEMPLARY MASCOT OF INNOVATION AND EXCELLENCE

Rising from a family of academics, Varadhan has transcended the gap between theory and practical applications, to emerge as a leading innovator and technocrat, who now defines the cutting edge in the Indian Process Industry.

**V**aradhan comes with impeccable academic credentials. He is a thoroughbred Mechanical Engineer from MNNIT Prayagraj. He consolidated it further with a Management degree from OUBS UK, 2005.

His professional journey began with a brief stint handling the maintenance of mechanical equipments at a Tyre MNC in the early 1980s post which he decided to foray into marketing with a south based engineering corporate. Varadhan smiles and recalls, "I was the employee of the year many a time at this corporate and was instrumental in taking the organization to newer heights during my 20 year stint there".

Sharpening his technical skills and domain knowledge, Varadhan decided to pursue his dream to emerge as the First Entrepreneur in his family. He says, "I believed in transforming the style of business. I wanted to create an organisation that I could entirely call my own". His first attempt at entrepreneurship was in the form of a partnership with a very close friend. It ended with a lot of heartburns, but this failure only strengthened his focus on the four pillars; Customers, Channel Partners, Employees and the Nation First.

As Varadhan puts it, "Failure only strengthened my positive thought process and always egged me on to move ahead ensuring I don't repeat anything that led to my earlier failures".

Mascot Systems Private Limited (MSPL) was christened in 2012. The products in the Mascot Basket addresses environmental issues and delivering ROI to customers. It offers niche products required for the process industry, mainly to support the reduction of harmful emissions with **DuPont Kalrez**, and ensure better process and environmental safety of equipments with **REMBE Safety for Life**. Mascot Systems occupies the pole position in the industry commanding a turnover of about Rs.100 plus crores as a group.

Varadhan's natural brilliance and passion for his work has made him a legend in the industry and a brand unto himself. He has been involved in bringing about changes in Rotary equipment and has been revolutionizing sealing technology across the mechanical and process industry. He has set a record applying for three patents in the field of Bearing seal designs. In all probability, the credit to design the "thinnest bearing Isolators" will be his.

Varadhan's technical knowledge is sought and taken into consideration when it comes to the designing and planning of any sealing products. In this aspect, he has been closely associated with DuPont Kalrez to improve efficiencies in the process industry. His work towards improving mean time between failures in rotating equipments supports the entire industry, enabling them

to enhance productivity to much higher levels. Working with Bharat Petroleum ,DuPont and L & T Valves, he was able to work on reducing the emission levels from 1500 ppm to as low as 15-30 ppm through their brilliant offering in Kalrez Valve Stem Packing (KVSP).

Varadhan says, "As a team @ MSPL, we develop new designs and have in-house R&D facilities to develop newer products for the industry both in mechanical and Instrumentation departments". With all these ground breaking efforts, this well-known entrepreneur aims to take his firm to the 200 cr. league, in the next 3 years.

His passion for driving and spending time in creating delicious vegetarian dishes in his Kitchen adds flavour to this evergreen personality.

Varadhan has been serving as the Vice-President of the SME Chamber of India and is a part of their National Advisory Board since June 2023.



"Failure only strengthened my positive thought process and always egged me on to move ahead ensuring I don't repeat anything that led to my earlier failures".

—Varadhan



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Telhka Economic and Political Weekly The Caravan

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Voice & Data

हन्दी मैगज़ीन

समय पत्रिका साधनापथग हलकषमी उदयइंडिया नरिगधाम मॉडर्न खेतीइंडिया टुडेदेवपुत्र  
कुरकिट टुडेग हथोभा अर्नाखीहनिदुस्तानमुक्ता सरति चंपक परतयोगिता दरपण सक्सेस मरि  
सामान्य ज्ञान दरपण फारम एवं फूड मनोहर कहानियां सत्यकथा सरस सललि स्वतंत्र वार्ता लाजवाब आउटलुकसचची शकिषावनति  
मायापुरी रूपायन उजाळा ऋषि पुरसाद जोश रोजगार समाचार जोश करंट अफेयर्स जोश सामान्य ज्ञान जोश बैकग्री और एसएससी  
इंडिया बुक ऑफरकिरडसपरक् तमिल  
राजस्थान रोजगार संदेश राजस्थान सूजससखी जागरण अहा! जदिगी बाल भास्कर योजना कुरकषैन्  
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# THE JANA TURNAROUND

WITH AJAY KANWAL AT THE HELM AS MD AND CEO,  
JANA SMALL FINANCE BANK HAS SUCCESSFULLY  
TURNED AROUND ITS OPERATIONS AND IS NOW  
AIMING FOR A UNIVERSAL BANKING LICENCE

BY **ANAND ADHIKARI**



## **BIG AIM**

Ajay Kanwal, MD and CEO,  
Jana Small Finance Bank

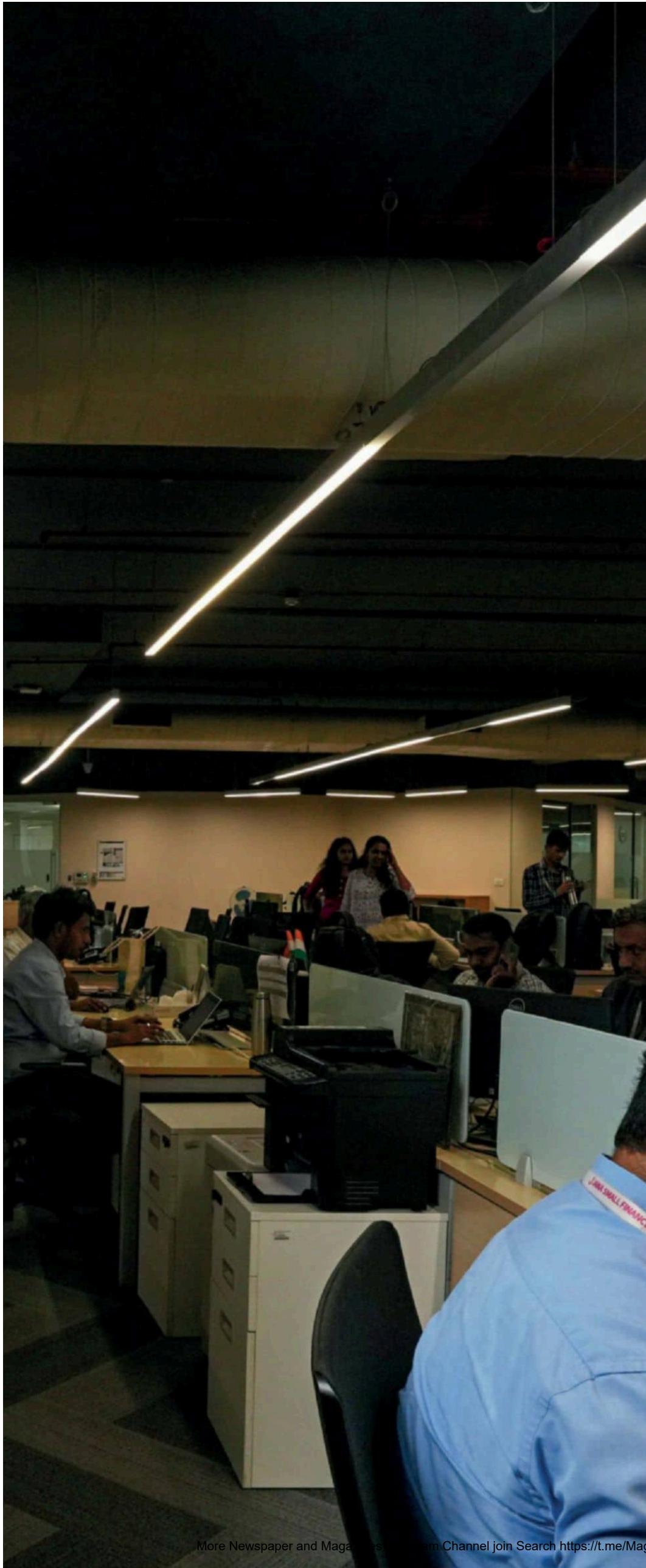


PHOTO BY SELVAPRAKASH LAKSHMANAN

**1992:** When the Harshad Mehta securities scam shook India, electronics engineer Ajay Kanwal, with a management degree from University of Mumbai, was in a cushy job at Citibank. He watched the scam unfold and saw how deeply troubled rival Standard Chartered Bank in India was. The UK-headquartered bank had to sell a couple of its buildings and bring in money to stabilise its operations in India. But Kanwal admired its resilience when the chips were down. It stood firm throughout the crisis. So, amid this turmoil, Kanwal took up a job at StanChart.

**2014:** When Kanwal took charge of Korea First Bank, one of the most expensive acquisitions of StanChart (for \$3.3 billion in 2006), he faced significant challenges. While the acquisition was made to strengthen the bank's presence in South Korea, then Global CEO Peter Sands was often asked by investors when the bank would turn around. Upon arriving at the bank's headquarters,

## SMALL BANK, BIG AMBITIONS

**2006**

Janalakshmi Financial was set up as a private limited company

**2008**

RBI grants NBFC licence to Janalakshmi; later, it is classified as an NBFC-MFI

**2014**

TPG Asia invests ₹248 crore in Janalakshmi

**2015**

Gets RBI approval to convert NBFC to small finance bank (SFB)

**2016-2017**

Caladium Investment puts in ₹370.5 crore; Bajaj Allianz Life Insurance, Bajaj Allianz General Insurance, ICICI Prudential Life Insurance invest

**2018**

HarbourVest Partners, ICICI Lombard General Insurance invest; Jana starts gold loans and SFB operations

**2019-2020**

Launches affordable housing loans; Amansa Holdings and Hero Enterprise Partner Ventures invest; crosses ₹10,000 crore in deposits in Sept 2020; launches two-wheeler loans

**2023**

Raises ₹560 crore from investors like Radhakishan Damani, Akash Bhanshali, Ashish Kacholia

**2023**

New investors like Dovetail, Deepak Talwar, Volrado, and Singularity invest ₹306 crore

**2024**

₹570-crore IPO subscribed close to 20 times; its stocks were priced at ₹690 on July 11, against the offer price of ₹414 per share

*the guard escorting Kanwal suggested entering through the back entrance due to a protest by the employees' union. But he decided to take the front gate. Known as a "solution and growth manager", Kanwal quickly assessed the situation and devised a plan. Within six months as the Regional CEO for North East Asia, he suggested appointing a local CEO to improve communication and gain the trust of the employees. The strategy worked, and the bank soon turned around.*

**Kanwal**, 58, could have secured another assignment with a foreign bank after he left StanChart in 2017, but he wanted to pursue something more entrepreneurial. "It was probably more me," he says, sitting in the headquarters of Jana Small Finance Bank—where he is MD & CEO—at Bengaluru's The Fairway Business Park. Shortly after leaving StanChart, he conducted due diligence on three NBFCs in India but decided not to go that way. Soon, Ajay Banga, who was President & CEO of Mastercard then, invited him to come on board as an advisor to handle the card network's relationships across Asia. Global private equity firm TPG also inducted him as an advisor to oversee three investee companies: Sri Lanka's Union Bank of Colombo, India's Jana Financial Services, and Indonesia's Bank BTPN.

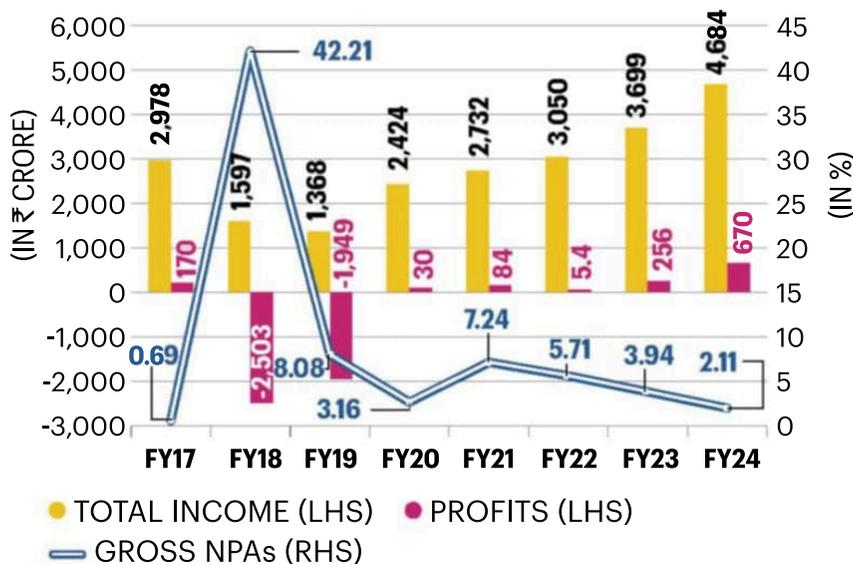
Jana, originally known as Janalakshmi Financial Services, was a microfinance institution (MFI) that faced huge losses in 2016 due to demonetisation. The MFI, which was unable to win a universal banking licence in 2013, was founded by Ramesh Ramanathan, who had worked with Citibank in New York and London. Kanwal was tasked with finding solutions for Jana's post-demonetisation woes and preparing it for a small finance bank (SFB) licence.

In his advisory role, Kanwal

## JANA'S WORLD

● After losses post-demonetisation, the bank is back in black with record profits

● Steep fall in gross NPAs with a more balanced portfolio of secured and unsecured loans



SOURCE ANNUAL STATEMENTS



### NEW STRATEGY

- 1 Offer multiple products to existing customers; focus on cross-selling
- 2 Evaluating new products like used two-wheeler loans in smaller geographies
- 3 Focussing on penetration into current states and expanding to Tier I and Tier II centres
- 4 Enhancing location strategy by mapping industry performance and tightening policies



### CHALLENGES AHEAD

- 1 Tough competition from other SFBs and private banks in the secured segment
- 2 NIMs to fall as secured advances will increase going forward
- 3 Needs scale of operations for banking ambitions
- 4 Private equity-led shareholding in the bank, which could change hands

shared his assessment with Ram-anathan, who asked him during their second meeting, “Why don’t you come in as CEO?” As he spent more time with Jana, Kanwal’s conviction about the company’s future grew stronger. When he submitted data on the top 2 million micro borrowers to the credit bureaux to check their other banking relationships, he found that only 1% had housing loans or loans against property (LAP). The rest had no other assets beyond their micro-loans, and there was single-digit penetration in two-wheeler loans. This was a huge runway to build the business. “If you are feeling pas-

**JANA SFB IN FY24 HAS GIVEN A LONG-TERM GROWTH GUIDANCE OF 20% FOR ADVANCES, 1.8-2% FOR ROA, AND 30-40% FOR PROFIT AFTER TAX**

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sionate about it and want to do it, take up the banking challenge,” advised Banga. Kanwal joined Jana in August 2017. Four months earlier, Jana had secured an SFB licence. Kanwal’s brief was to set things right at Jana and start SFB operations as soon as possible.

The first major task was to mobilise capital. Jana was in the red as asset quality had deteriorated. Kanwal soon received equity investments from TPG and GIC. “There were two or three key factors that attracted investors,” he says. First, the SFB licence was a significant milestone. Second, the



# “BANKING HAS TO BE A BORING BUSINESS”

Ajay Kanwal, MD and CEO of Jana Small Finance Bank, on scripting a turnaround, the way ahead, and more

BY ANAND ADHIKARI

PHOTO BY SELVAPRAKASH LAKSHMANAN



**AJAY KANWAL** decided to take the road less travelled. After a stint at Standard Chartered Bank, he headed to Bengaluru to manage a small microfinance firm, Janalakshmi Financial Services, which converted to a small finance bank (SFB) in 2017. With over three decades of experience dealing with high-end customers, 58-year-old Kanwal, who is MD & CEO of the SFB, set about laying a new foundation for growth at the loss-making Jana. In a little over six years, those efforts have paid off, with Jana scripting a turnaround. Kanwal talks about how that was achieved and the ambition of converting into a universal bank. Edited excerpts:

▶▶▶ *What was your first impression of Jana Financial Services?*

I was studying India for a long time because it was

of a leading private equity firm, TPG, as an investor was proof that they must have done some due diligence. I was also looking to do something

proach to doing things. I saw a good opportunity in Jana to build a sustainable model at the bottom of the pyramid. There is a huge, addressable

**“[Getting] the universal banking licence will help us with liabilities, specifically CASA”**

the biggest market for us at Standard Chartered... and my view of India was very positive. After Standard Chartered, I took up an advisory role at Mastercard and TPG. That’s how Jana came under my fold as TPG’s investee company... The presence

more entrepreneurial. The Jana assignment offered a good opportunity. Large institutions like Standard Chartered and Citibank teach you a lot about processes and governance. They learnt from their mistakes and followed a systematic ap-

market for a bank like us. Middle India is so big. I believe that banking has to be a boring business. It needs to be a long-term business. We are happy to finance asset creation for businesses, but not consumption for individuals.

**What was the strategy when you started the bank?**

Our strategy was clear: address the needs of middle India. Today, a micro-borrower approaches different institutions for housing, two-wheeler, or personal loans. These institutions generally look at the cash flow of a borrower rather than his or her net worth. Borrowers do not want to go to multiple places. They want all those services under one roof. In places like Singapore and Hong Kong, the housing loan institution becomes your anchor bank. Based on the net worth, the borrower gets new loans from the same bank because it knows the borrower and the value of the mortgaged property. Every time I visited smaller markets, the biggest gap I noticed was in asset building. Therefore, we launched affordable housing loans and loans against property (LAP). Our average ticket size is close to ₹12 lakh... Today, affordable housing and LAP make up around 40% of our portfolio... If you look at credit cycles over the decades, property has been the most resilient asset class... We decided to become an anchor bank. We had 5.4 million active customers when we started the bank, and in total, there were 8 million customers available for future cross-selling. Today, we have 12 million customers.

**Your bank has a low CASA ratio. How do you plan to****improve the ratio?**

In six years, we have built a CASA ratio of 20%. We will increase this by 200-300 basis points every year. We will gradually increase it to 30% in the next three years. If we want to increase CASA, we will have to open more branches, hire more relationship managers, spend on branding, etc. Our cost-to-income ratio will shoot up. We need CASA, but there has to be a pace for the organisation. We have high-margin businesses, and the current cost of funds is comfortable.

**You aspire to convert into a universal bank. Don't you think it is too early?**

The original RBI guidelines suggested a minimum of five years for converting into a universal bank. We have been operating as a scheduled commercial bank for six-and-a-half years.

According to the guidelines, SFBs should have net NPAs of less than 1%, gross NPAs of less than 3%, and a track record of net profits in the last two financial years. It also emphasises a diversified asset book. We meet all these parameters. The licence will help us with liabilities, specifically CASA.

As we move up the pyramid, we need a lower cost of funds. If we don't reduce that, we won't be able to underwrite better-quality assets. **BT**

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change in management signalled new hope and potential. Lastly, a crucial question was whether Jana could successfully start the bank. "We assured investors that the Reserve Bank of India would be supportive, and we had enough resources to commence banking operations," says Kanwal. The SFB finally started operations in March 2018. (See box 'Small Bank, Big Ambitions').

However, before operations began, the first task was to cut costs. Kanwal visited the treasury office in Mumbai's upmarket Worli and found that it had 20 Bloomberg terminals. "Why set up such a large-scale treasury when there was no money to trade?" he wondered. Now, Jana has only two such terminals. "In any turnaround, there is 80% hard work and 20% results initially," he says. Today, the

## KANWAL HAS GUIDED JANA SFB FROM A FULLY UNSECURED PORTFOLIO TO A MORE BALANCED LOAN MIX OF 60% SECURED ASSETS

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results show. In FY23, the bank made a profit of a little over ₹256 crore; in FY24, the number grew to nearly ₹670 crore. Going forward, the bank has given a long-term guidance of 20% growth in advances, growth in return on assets (RoA) of 1.8-2%, and profit after tax (PAT) growth of 30-40%, says Abhilash Sandur, Jana's Chief Financial Officer.

But it won't be easy. Jana may face challenges from existing players and new entrants in the microfinance and small business lending space, says Amit Goel, Co-founder & Chief Global Strategist at Pace 360, an asset management company. "Moreover, successfully transitioning from unsecured microfinance (their current strength) to a more diversified loan

portfolio (including secured loans) will be crucial,” Goel says.

**B**ut let’s get back to how the CEO cut costs. Kanwal leads by example. He doesn’t have a cabin but sits in an open cubicle with other employees. His business card features the phrase “*Paise ki Kadar* (value for money)”. Earlier, Jana had an 11-floor office on Bengaluru’s Union Street. To-

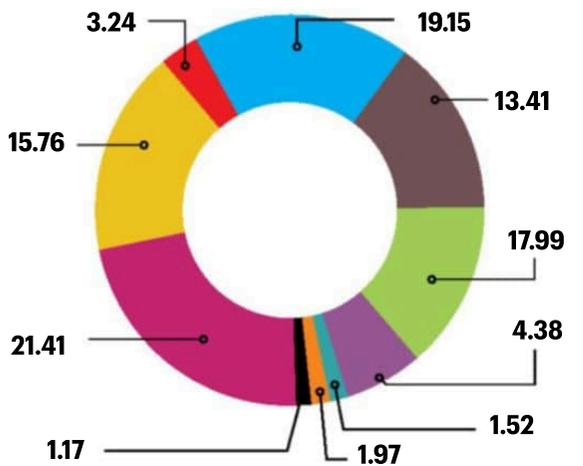
crore,” says Kanwal. The cost to income ratio, a barometer of costs, has gone down from 70%-plus five years ago to 57% now.

If you happen to be near Jana’s headquarters in the morning, you’ll see a flurry of activity. One day, Kanwal was hurrying to reach office before the 8:15 am deadline when he saw another employee, a woman in her mid-to-late 30s, running alongside with a laptop and lunch bag. They both swiped

cusses on employee productivity. Earlier, office hours began at 9:30 am, but he soon realised that 60% of the employees arrived much later. Soon HR put up a stern notice for latecomers. “The new timing works best for everyone to avoid peak traffic both in the morning and evening,” says Kanwal (work hours get over at 5:15 pm). More importantly, Kanwal has instilled a culture of cost-consciousness at all levels.

## LOAN MIX

- Jana is building a secured portfolio with affordable housing as an anchor product
- Agri loans, which are unsecured, have been linked to end users



**SECURED ADVANCES**

- MICRO LAP
- MSME LOANS
- AFFORDABLE HOUSING
- TERM LOANS TO NBFCs
- LOAN AGAINST FD
- TWO-WHEELER LOANS
- GOLD LOANS

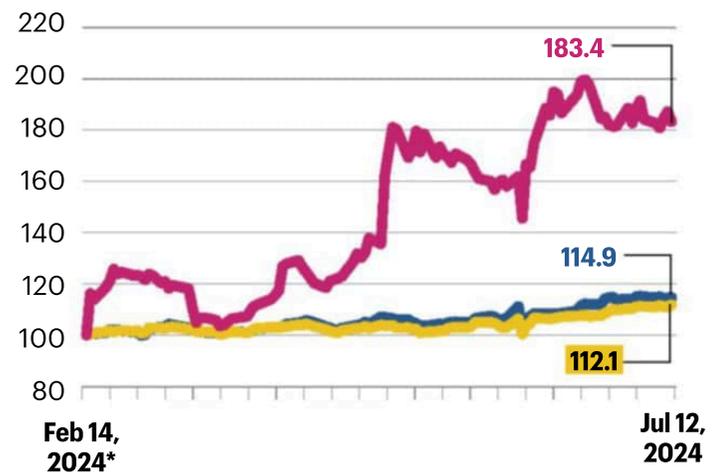
**UNSECURED LOANS**

- INDIVIDUAL & MICRO BUSINESS LOANS
- AGRI LOANS
- GROUP LOANS

FIGURES IN % SOURCE COMPANY PRESENTATION

## SMALL IS BEAUTIFUL

- The stock has outperformed the Sensex and BSE Bankex since its listing
- The IPO has rewarded investors with more than 50% returns



\*LISTING DATE; DATA HAS BEEN INDEXED TO 100 SOURCE ACE EQUITY

day, the bank’s headquarters occupy two floors at Fairway Business Park, saving ₹20 crore per annum on rent.

“More the [number of] people in the head office, the more you have to keep in the middle office... We had 575 people [in the head office] when I came in; today we have 254 people. The business has grown from ₹8,900 crore to ₹52,500

in seconds before the deadline; the rule is that two late entries would result in deduction of a day’s leave. “You must be cursing me, right?” Kanwal asked the woman. Still huffing and puffing, she replied, “Yes, initially, but not now.” She explained that because of the new timings, her children had become more disciplined. Kanwal has introduced a work culture that fo-

For instance, during an official trip, Kanwal arrived in Delhi in the morning and had finished his work by the evening. He then found that his office had booked him the next flight to Lucknow. Kanwal called them up, suggesting he spend the night in Delhi rather than arrive in Lucknow at midnight. “Sir, you will spend ₹12,000 for a room in Delhi and ₹7,000 in Lucknow for

the same hotel brand,” came the response. Kanwal quietly took the flight to Lucknow. Incidentally, no one travels business class. Kanwal has also launched an initiative called “Rakshak,” where anyone who speaks up against corruption and protects the bank receives ₹5,000 in reward. In a microfinance business, where there is a large amount of cash and gold transactions at branches, “it acts as a deterrent”, he says.

primarily targeting its microloan customers, and focussed on housing loans. This strategy paid off, with the bank becoming profitable and reducing net NPAs to less than 1% by March 2020. But the onset of Covid-19 posed new challenges. Urban branches saw an increase in gold sales as people sold gold to meet medical expenses, leading to a ₹300-crore outflow in the book. As the pandemic subsided, the bank refocussed on gold loans. “As the

dur says that it will be cushioned by the growth in CASA, better asset quality and assets like LAP.

When the bank was making losses, Kanwal introduced a unique approach to ESOPs. Instead of a standard letter, he asked his team to create the format of a share certificate. “We gave ESOPs to all the employees,” says Kanwal. Today, employees enjoy substantial returns, with the recent listing seeing a 50% jump from the IPO price.

According to Kanwal, the next step for Jana is to obtain a universal banking licence. While that is natural progression for many SFBs, some industry watchers like Ankur Saraswat, Research Analyst at Trustline Securities, a financial services and investment solutions provider, raise a difficult question.

“By allowing it to transition into a universal bank, is it to be understood that SFBs haven’t been as successful as one would have thought and hence upgrading it to a universal bank would allow it to tap the broader market and not restrict itself to unbanked areas for generating business income?” asks Saraswat. There are no easy answers.

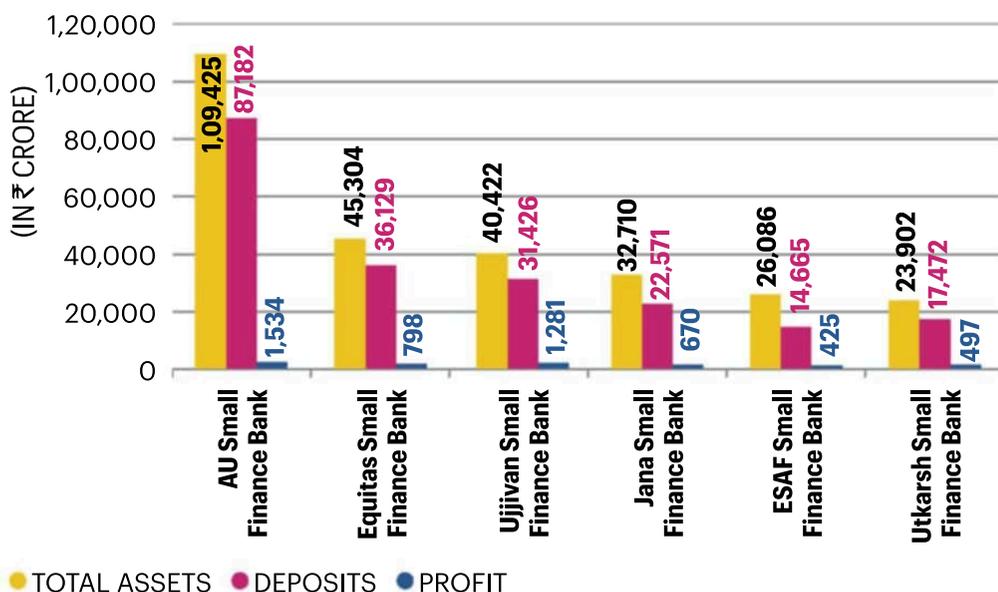
Kanwal, who takes out time to play golf on the weekends, takes a minute to reflect on his global stints. He accepts that life was more predictable and easier, but “at the end, what did you leave as a legacy?” Jana, though, has been “a truly satisfying experience”, he says. “If your passion is to create something, there is no greater satisfaction than that,” shares Kanwal, who is currently reading the book, *The Leader Who Had No Title* by motivation guru Robin Sharma. The title of the book resonates strongly with his own leadership philosophy. And it will be a testament to Kanwal’s leadership if Jana successfully transforms to a universal bank. **BT**

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## HOW SFBs STACK UP

● AU Small Finance Bank is the largest in terms of total assets

● Jana SFB is the fourth-largest in terms of assets and deposits



● TOTAL ASSETS ● DEPOSITS ● PROFIT  
NOTE DATA AS OF MARCH 2024 SOURCE COMPANIES

Under Kanwal’s leadership, the bank has gradually transitioned from a fully unsecured portfolio to a more balanced loan mix of 60% secured assets. This strategic shift aims to position the bank as the anchor for housing loan customers, enabling cross-selling of other loan products (see interview). Jana introduced gold loans as a cross-sell product,

collection numbers for microloans started increasing, the demand for other products like gold [loans] saw an upswing,” Kanwal says.

In the agri sector, the bank focusses on end-use products. For instance, for those involved in dairy farming, the bank provides loans to purchase cows. While the growing share of secured loans would reduce the net interest margins, CFO San-

| FINANCE **BANKING** |

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# IN SEARCH OF CASA

As savers become investors, banks are grappling with a dwindling current account and savings account ratio. Is this a blip or the new reality for banks?

BY **TEENA JAIN KAUSHAL**

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ILLUSTRATION BY **NILANJAN DAS**



# N

## THE CURIOUS CASE OF CASA

Savers now prefer investing in equities and FDs over low-yield savings accounts

CASA has come down for banks because of reduced savings and current account balances

Banks face higher costs as CASA ratios decline, reducing their ability to generate low-cost funds

Lower CASA ratios can reduce banks' profitability and impact their NIMs

Banks may see a slight improvement in their CASA ratio when interest rates fall

**EW DELHI-BASED** physiotherapist Sanjana Sharma, 42, used to keep a chunk of her earnings aside in a savings bank account to meet her emergency needs. But she no longer favours her savings account. Instead, she parks her money in fixed deposits (FDs). The reason: the growing disparity in interest rates. With FD rates as high as 7-8%, while savings account offer just around 3%, she has transitioned from being a saver to an investor.

Similarly, Noida-based Ashish Kumar, a 24-year-old software engineer, began a systematic investment plan (SIP) in a large-cap equity fund soon after he started working. Given the challenges the IT sector has faced in recent times, he has put his money into liquid funds—which may yield returns of up to 7%—for contingency needs. With average returns of 25% in the past year, he has decided to forego keeping money in a savings account.

Like Sharma and Kumar, many are abandoning savings accounts in favour of investing. Instead of letting their money sit idle, they're opting to invest in FDs and liquid funds, or taking the plunge into equities, which have yielded much higher returns in recent years. India, once a country of savers, has transformed to one of investors, and the change has been "phenomenal," Uday Kotak, Founder & Director of Kotak Mahindra Bank, told *BT* recently.

This shift has had a ripple effect in the banking industry. With more money moving out of savings accounts, the CASA (current account and savings account) ratios of banks have taken a hit. Of the total outstanding deposits (₹212.53 lakh crore) of scheduled commercial banks as of March 31, 2024, term deposits accounted for 59% (₹125.44 lakh crore), with the remaining 41%

being CASA deposits. The FY24 figure is much lower than the 43.5% in FY23 or 45.2% in FY22.

A declining CASA ratio is worrisome for the industry, as it is an important indicator for assessing the financial health and performance of a bank. It represents the proportion of a bank's deposits that are in current and savings accounts compared to its total deposits, and it reflects the bank's ability to attract low-cost funding. A lower CASA ratio means banks have to pay more to get funds to lend, which increases overall costs and hence impacts profitability.

For instance, if a bank offers interest of 3% for ₹100 in a savings account but lends ₹100 at an interest of 7%, it stands to gain because of the higher income from the interest levied on the loan versus the interest amount it has to pay the depositor. Do note that banks don't pay interest on current account balances.

For the Top 5 banks in terms of market capitalisation, the average CASA ratio has declined from 49.41% in FY22 to 41.74% in FY24 (see chart). Let's delve deeper into the reasons for this fall.

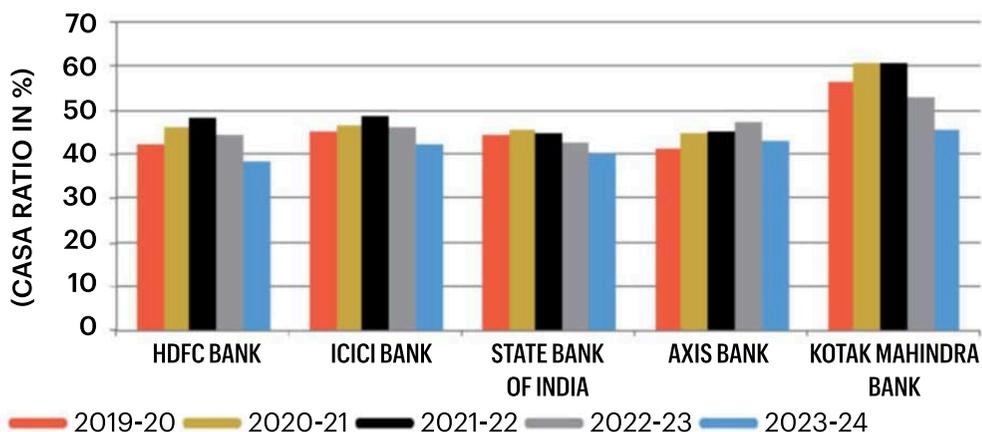
### ANATOMY OF THE FALL

Several factors have contributed to the decline in CASA ratio. One reason is the high interest rates in recent years. Since May 2022, the Reserve Bank of India has increased the repo rate—the rate at which RBI lends money to commercial banks—by 225 basis points (bps) to combat high inflation. As the repo rate rose, banks also raised deposit rates to attract more deposits, limiting liquidity in the system to control inflation and meet the growing credit demand.

"One of the biggest causes for this decline is the upward interest rate regime. When we see an upward

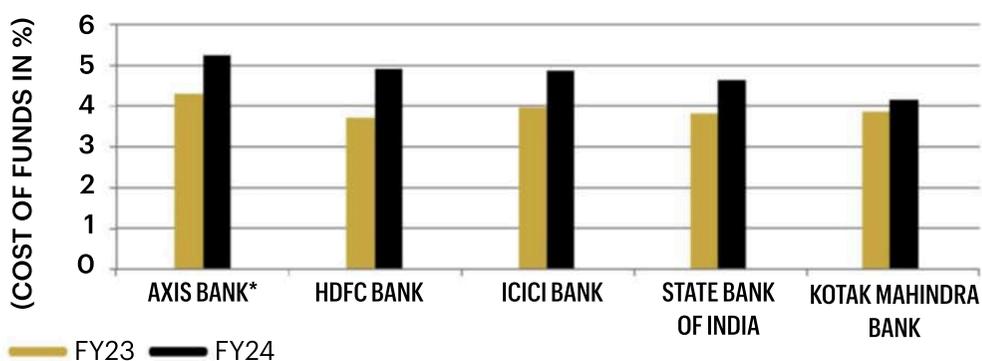
## TRENDING DOWN

● The CASA ratio of major banks has declined up to 7 percentage points in FY24



## RISING COST OF FUNDS

● The fall in the CASA ratio is a key reason for the rise in banks' cost of funds



\*AVERAGE OF THE LAST FOUR QUARTERS

SOURCE CMIE INDUSTRY OUTLOOK, INVESTOR PRESENTATION

interest rate regime, people tend to move their money from CASA accounts to term deposits, because the arbitrage between the savings account and the term deposit increases,” says Sarvjit Samra, MD & CEO of Capital Small Finance Bank. The bank’s CASA fell from 41% in FY23 to 38.3% in FY24. It offers 3.5% interest on savings bank deposits.

Money shifting from savings accounts to other investment avenues—such as liquid funds—is another reason for the decline. Many prefer liquid funds to savings and current accounts due to better returns (around 7%) and quicker turnaround times of T+1 day (T:

trading day). Not surprisingly, liquid funds received a monthly inflow of ₹25,873 crore in May 2024, and their net assets under management surged 12.4% year-on-year to ₹4.98 lakh crore, per data from the Association of Mutual Funds of India.

But who is making this shift? “Wealthier individuals with knowledge of mutual funds (MFs) were the first to move their money. They moved out their money from their savings accounts and invested in liquid funds/MFs, causing the initial drop in CASA ratios,” says Virat Diwanji, Head of Consumer Bank at Kotak Mahindra Bank.

Then, people who are risk-averse

but seek higher returns than savings invested in term deposits. State Bank of India, the country’s largest bank by assets, currently offers 5.1% returns on 1-year-, 6.75% on 2-year-, and 6.5% on 5-year term deposits—much higher than the returns it offers on its savings accounts. Another reason is rising spending. “People are spending more and saving less. Other reasons like auto sweep facility offered by banks and increase in bulk deposit have resulted in low CASA ratio,” says Madan Sabnavis, Chief Economist at Bank of Baroda. The shift has increased the pressure on banks’ cost structures, squeezing their net interest margins in FY24.

## MARGIN PRESSURE

The Nifty Bank index returned 18% YoY compared to the 25% offered by the Nifty 50 index as of June 21, 2024. The pressure on banks’ net interest margins (NIM) has been one reason for the banking index’s slower performance. NIM—the difference between interest income and interest paid to lenders—is a crucial indicator of a bank’s profitability. As banks’ cost of funds rises due to lower CASA ratios, NIM shrinks, signaling reduced profitability.

In Q4FY24, despite healthy loan growth increasing banks’ net interest income by 10.2% YoY, their NIMs fell 16 bps, according to a CareEdge Ratings report. “As deposit rates increase, term deposits have seen stronger growth compared to CASA, impacting the cost of funds and subsequently affecting NIM,” the report says. Over the past year, banks’ outstanding term deposits grew 18.5%, against 5.7% growth in savings.

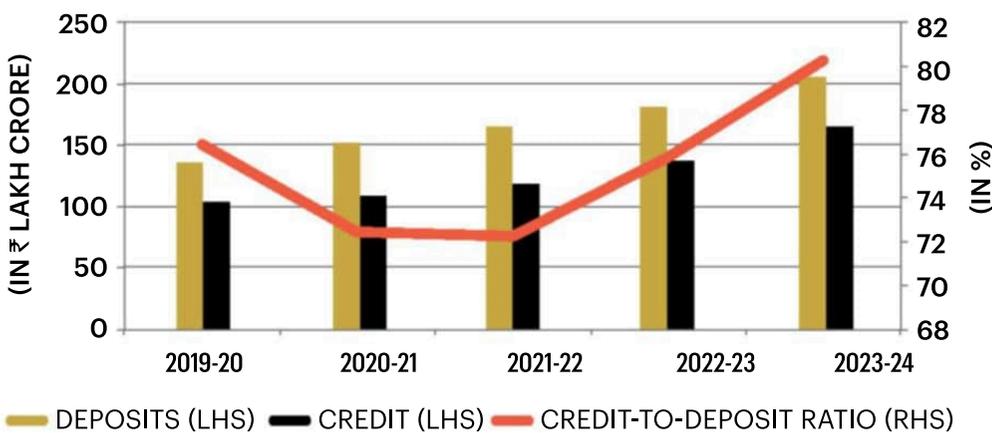


**“When we see an upward interest rate regime, people tend to move their money from CASA accounts to term deposit accounts, because the arbitrage between the two increases”**

**SARVJIT SAMRA**  
MD & CEO, CAPITAL SMALL FINANCE BANK

## TOO THIN A CUSHION

● The credit-deposit ratio of banks is currently hovering around 80%, the highest in 10 years



SOURCE CMIE INDUSTRY OUTLOOK

## COMPRESSED NIMs

- Net interest margins (NIM) of private sector banks declined more than those of public sector banks in Q4FY24
- Overall, the NIM of all scheduled commercial banks declined by 1 basis point in Q4FY24

Banks	Q4FY24 NIM	YoY change in bps	QoQ change in bps
Public sector banks	<b>2.79%</b>	<b>-11</b>	<b>3</b>
Private sector banks	<b>3.67%</b>	<b>-33</b>	<b>-9</b>

SOURCE CAREEDGE RATINGS REPORT

Several other factors also contribute to the decline in banks' NIMs. In a rising interest rate environment, deposits are re-priced more quickly, whereas changes in floating-rate loans occur at their reset periods. These adjustments do not affect fixed-rate loans. This lag between deposit repricing and loan reset has an impact on bank margins. "The impact on the loan book occurs at the reset period for floating-rate loans, while fixed-rate loans remain unchanged. As a result, the industry experienced a margin contraction last year," explains Samra. "With most of the lending rate revisions taking place in H2 of FY24, the impact of these will be reflected in FY25. And deposit rates have more or less peaked. Thus, we believe there is a strong case for improvement in our NIM in the current fiscal," he adds.

## SAVING THE DAY

The shrinking CASA ratio has forced banks to adopt innovative measures to lower funding costs. For instance, Kotak Mahindra Bank launched Kotak ActivMoney, which offers FD-like interest rates up to 7% per year while allowing customers to access their funds anytime. With ActivMoney, surplus funds above a threshold get automatically transferred into an FD, enabling users to earn higher savings interest, while helping the bank retain its customers and save costs.

To increase its CASA ratio, SBI started advertising about its savings accounts during the recent ICC Men's T20 World Cup, marking the first such campaign in many years.

Banks are also exploring alternative sources of funding if CASA continues to decline. "Banks can issue certificates of deposit (CDs),"

Diwanji says. “There are norms and limits to how much they can issue, but they are issued at higher interest rates to meet liquidity needs. While this may not help reduce costs since AAA-rated CDs are priced slightly higher than sovereign money rates, it at least provides liquidity,” he adds.

However, banks aren’t overly concerned about low CASA right now due to high loan demand. As long as they can get funds, they can keep lending and generate revenue. Banks are also utilising technology to streamline operations and reduce costs to maintain profit margins.

During the fortnight ending March 22, 2024, banks’ deposits grew 13.5% YoY while lending surged 20.2%, per CareEdge. With banks’ deposit growth lagging their credit growth, the credit-deposit ratio, which indicates how much money banks are lending compared to their deposits, is at its highest in 10 years, hovering around 80%.

### WHAT LIES AHEAD

With RBI expected to lower the repo rate, the rest of 2024 could be favourable for banks that are struggling with falling CASA ratios. “The RBI may consider rate cuts from October 2024 after reviewing factors such as ongoing inflationary pressures, the global growth-inflation dynamic, and the policy rate environment,” says Dhawal Dalal, CIO-Fixed Income at Edelweiss MF.

But BNP Paribas cautions against misinterpreting the potential cuts as a sign of immediate relief for bank margins, since repo-linked mortgages and most prime corporate loans re-price almost immediately. However, it will set “the ground for benign margin expansion by easing the cost of funds and accelerating high-yield fixed-rate loan disburse-



**“Wealthier individuals with knowledge about MFs move their money first. They moved out money from savings accounts and invested in liquid funds/MFs, causing the initial drop in CASA ratios”**

### VIRAT DIWANJI

HEAD, CONSUMER BANK,  
KOTAK MAHINDRA BANK

**AS PEOPLE GET USED TO HIGHER RETURNS, EXPERTS DOUBT IF CASA RATIOS WILL EVER RETURN TO THEIR EARLIER LEVELS**

ments. The cost of funds benefit will be gradual and will come from FD re-pricing and increased CASA momentum,” it says.

This year’s monsoon will also play a major role. With many factors at play, the timing of the first rate cut is uncertain. As people get used to high returns from other asset classes such as MFs and equities, experts doubt if CASA ratios will return to their earlier levels. “Historically, when a declining interest rate regime starts, more money tends to stay in current and savings accounts. Whether this will happen again is something we have to wait and watch,” says Diwanji. “The CASA ratio will certainly improve a bit, but returning to original levels is doubtful.”

On the other hand, Bank of Baroda’s Sabnavis expects CASA to remain the same. “A drop in interest rates won’t likely affect the CASA ratio. The rate cut needs to be accompanied by a decline in competition for deposits,” he says.

While analysts have differing views on the impact of rate cuts on the CASA ratio, all eyes are on RBI’s policy action in October. **BT**

@teena\_kaushal

PRE-BUDGET SPECIAL **DISINVESTMENT** |

# FULLING THE GAPS

## THE ROAD MAP



▶ The BJP-led coalition government is expected to maintain the focus on disinvestment



▶ The target for divestment and asset monetisation is likely to be retained at ₹50,000 crore for FY25 in the Budget

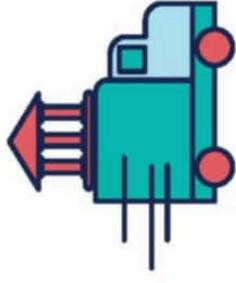
Concerns around coalition politics notwithstanding, the **Centre is likely to maintain its current stance on disinvestment and asset monetisation.** Investors and markets await the Union Budget to reveal the government's actual intent

BY **SURABHI**

ILLUSTRATION BY **NILANJAN DAS**



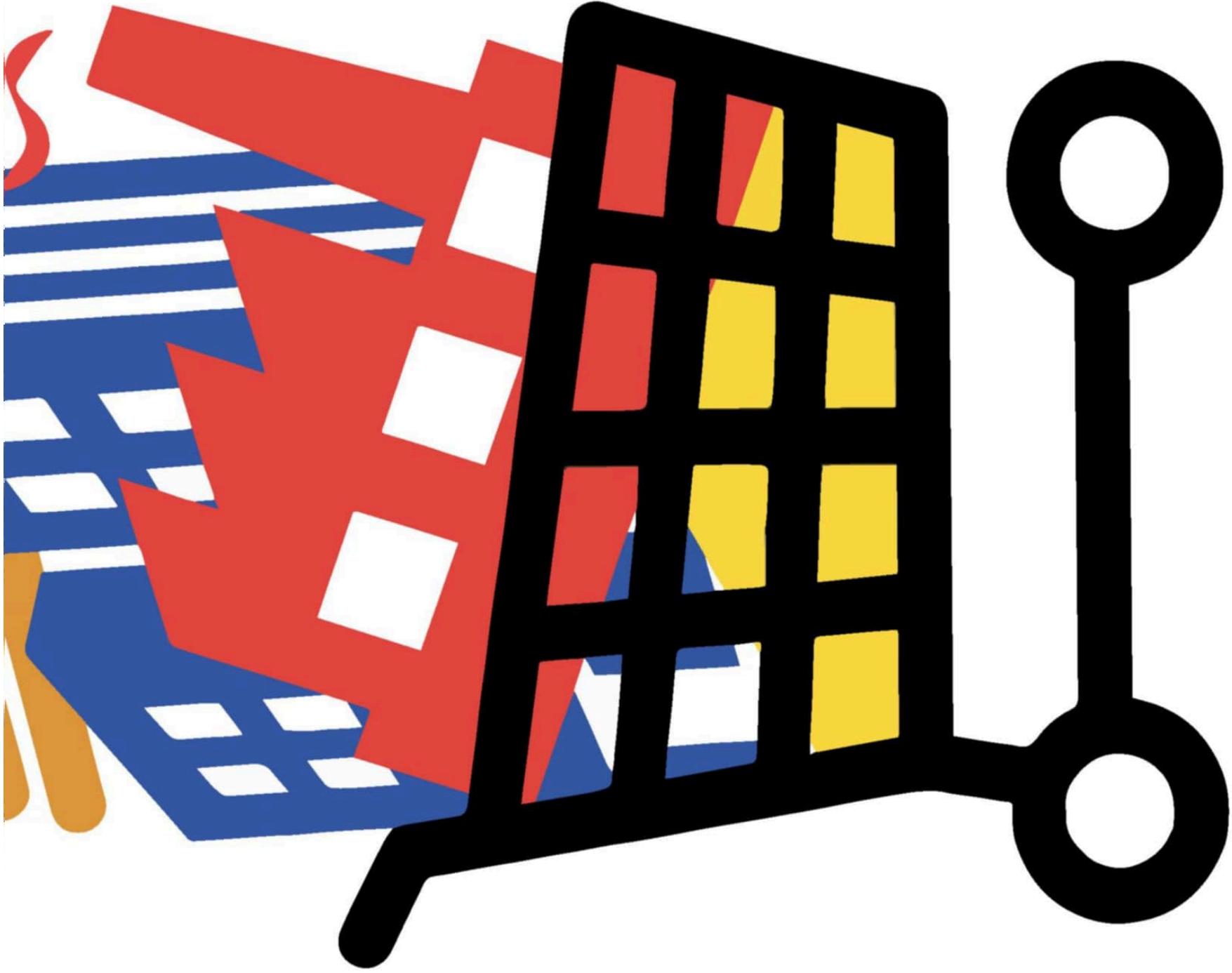
▶ Ongoing stake sales in IDBI Bank and Shipping Corp. to be taken forward

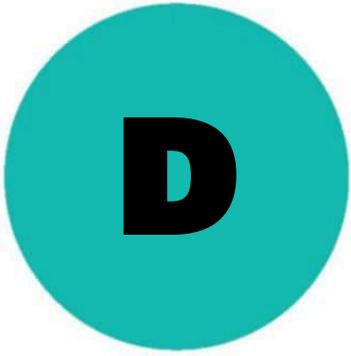


▶ Dividends to continue to be a good source of revenue



▶ Fresh targets to be announced for FY25 under National Monetisation Pipeline





**DISINVESTMENT RECEIPTS.** In a break from the past, this term went missing in the Interim Budget 2024-25. It was replaced by a category called “miscellaneous capital receipts” with a target of ₹50,000 crore for FY25. A closer reading of the fine print of the Budget documents reveals that this includes “receipts on account of management of equity investments and public assets through various mechanisms”.

This fresh categorisation is seen to reflect the government’s strategy of a measured approach to stake sales and dividends from central public sector enterprises (CPSEs). This approach ensures that CPSEs are not just seen as a means to raise revenue, but the government also takes measures to enhance and improve their productivity and management. The stance is likely to continue in the Union Budget.

Despite concerns about the impact of coalition politics and regional allies on strategic stake sales, it is business as usual for the government. According to senior government sources, the current policy on disinvestment and strategic sales of CPSEs will continue, at least for now. The Union Budget 2024-25, too, is likely to maintain the ₹50,000-crore disinvestment target. Asset monetisation, which has seen reasonable success in recent years, too, will continue.

Together, these will ensure that the central government continues to have sufficient fiscal space to undertake expenditures while maintaining fiscal discipline.

While there could be some demands in the future from allies, ongoing strategic stake sales—including those in IDBI Bank and Shipping Corporation of India—will continue, say sources. Work on stake sales in other CPSEs such as BEML may be started later in the year. But strategic sales of CPSEs such as Container Corporation of India and Bharat Petroleum Corporation Ltd (BPCL) are off the table for now, they add. In fact, Petroleum and Natural Gas Minister Hardeep Singh Puri had said in June that BPCL was not for sale.

These stake sales will be complemented by a steady source of revenue from CPSE dividends, as has been the trend in recent years, the sources indicate. The Interim Budget had pegged dividends from CPSEs at ₹48,000

crore for FY25, a tad lower than the Revised Estimates of ₹50,000 crore for FY24. This target could be slightly revised upwards given that the actuals for FY24 were higher at ₹63,749 crore, the sources add.

## DIVIDENDS AND MORE

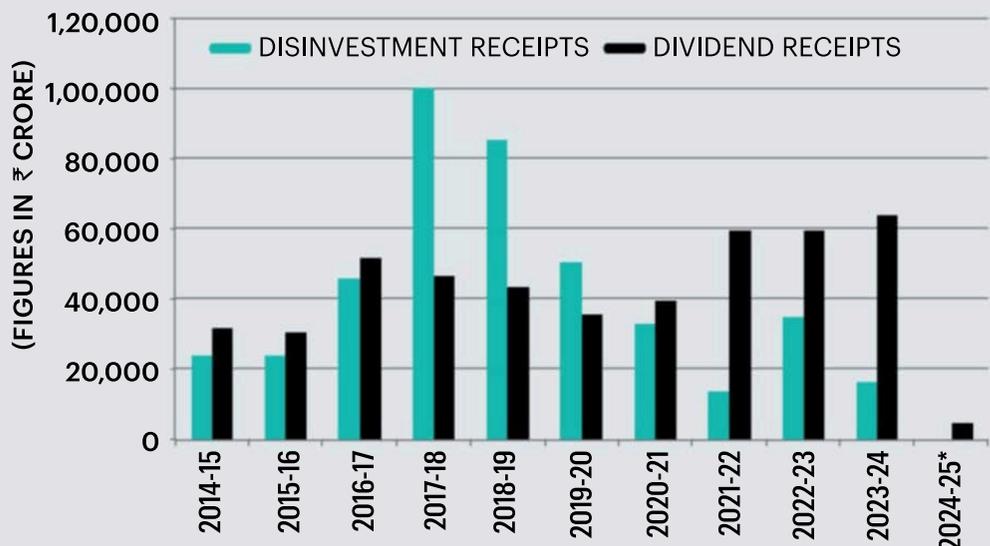
Tuhin Kanta Pandey—Secretary in the Department of Investment and Public Asset Management—had said in a post-Interim Budget interaction that dividends have been a steady source of income. “We continue to get the dividends as long as the CPSEs perform well and earn profits,” he had said. In FY25, the Centre has so far received ₹4,917 crore as dividend from CPSEs.

Taken together, receipts from disinvestment and CPSE dividends have fetched close to ₹9 lakh crore since FY15, with some big-ticket transactions, such as the listing of Life Insurance Corporation of India and the strategic sale of Air India.

However, progress has often

## PSU BONANZA

- ▶ Divestment proceeds and dividends have been a good source of revenue
- ▶ Together they have raised close to ₹9 lakh crore in the last 10 years



\*DATA AS OF JULY 4, 2024 SOURCE DIPAM

been in fits and starts, and with proposals having been withdrawn due to concerns from ministries or prevailing market conditions. Over the years, the actual disinvestment proceeds have been lower than estimated and have been scaled down in the Revised Estimates from the Budget Estimates. Even in FY24, the target from miscellaneous capital receipts was lowered to ₹30,000 crore in the Interim Budget from the earlier ₹61,000 crore (which included ₹51,000 crore from disinvestment proceeds).

In recent months, disinvestment transactions have been put on hold due to the Model Code of Conduct for the General Elections. Stake sales are expected to pick up pace now, although experts believe it is unlikely that too many big transactions would take place in FY25, given that there are just about eight months left.

The Centre has also identified land parcels and buildings of BSNL and MTNL for monetisation.

A recent report by rating agency CareEdge highlights the potential for disinvestment, saying the government could raise as much as ₹11.5 lakh crore at current market rates, while maintaining a majority stake of 51%. “Indian Railway Finance Corporation, Hindustan Aeronautics, Coal India, and Oil and Natural Gas Corporation are the top firms in terms of divestment potential mathematically,” the report says, noting that the decision to divest in listed firms may be influenced by the industry’s strategic nature, the companies’ profitability, financial market conditions and welfare and social considerations.

Rahul Ahluwalia, Co-Founder & Director of the Foundation for Economic Development, points out that apart from Air India, there hasn’t been a strategic sale of a CPSE in recent years, although there have been a few PSU-to-PSU transfers. “It is highly advisable that the government should exit PSUs, but it is unlikely that this will happen. Greater disinvestment and privatisation in financial sector enterprises such as banks is advisable as they influence a lot of other sectors and the government stepping away will be good,” he says, adding that as of now, there is no indication of the new government’s stance on disinvestment and CPSE stake sales.

“But given that the ministry allocations have been retained, status quo is likely. We, however, do not expect to see too much disinvestment but we do not foresee a dramatic change in stance either,” he says.

Maulik Sanghavi, Partner-Corporate Finance and Investment Banking at accounting and tax advisory firm BDO India, concurs that there is a strong case for disinvestment in PSUs as the government has often supported them by providing them with business opportunities or funds. “These companies also need to be run professionally and efficiently,” he says. He points out that in the past year and a half, PSU stocks have been doing well and the government should think in terms of offloading some shares as it would be a good opportunity for both investors as well as the Centre.

Vinay K. Srivastava, Associate Professor at I.T.S

## NATIONAL MONETISATION PIPELINE

**₹6 LAKH CR**

Total target from NMP for the period 2021-22 to 2024-25

**₹3.86 LAKH CR**

Worth of assets monetised in the last three years



**₹2.3 LAKH CR**

Total amount raised in FY22 and FY23, versus the target of ₹2.5 lakh crore

**₹1.56 LAKH CR**

Achieved in FY24 as against the target of ₹1.8 lakh crore

**₹1.9-2 LAKH CR**

Likely target for FY25 under NMP

SOURCE PIB

## THE DISINVESTMENT PLAN

### Status Check

▶ **36 PSUs** for which the Centre has given in-principle nod for divestment since 2016

▶ **5 PSUs** are under consideration for closure or have been closed (including Scooters India and Hindustan Fluorocarbons)

▶ **2 PSU disinvestment** transactions off the table—BPCL and Container Corporation of India

▶ **11 strategic disinvestment** transactions are in various stages of discussion

▶ **5 strategic sales** seen in the near future: IDBI Bank, Shipping Corporation of India, HLL Lifecare, Project & Development India, and Pawan Hans

### On the Block

**FINANCIAL SERVICES**  
IDBI Bank

**TRANSPORT & LOGISTICS**  
Shipping Corporation of India, Pawan Hans

**PHARMA**  
HLL Lifecare, Indian Medicines Pharmaceutical Corporation

**STEEL**  
NMDC Steel, Salem Steel Plant, Rashtriya Ispat Nigam, Ferro Scrap Nigam

**OTHERS**  
BEML

**SOURCE** PARLIAMENT PAPERS, RESEARCH REPORTS

Ghaziabad, expects disinvestment to pick up pace now that the polls are over. He says the government is likely to move back to the term ‘disinvestment receipts’ in the Union Budget. He, however, advocates that rather than focussing on profit-making CPSEs, the effort should be to exit loss-making CPSEs or alternatively to restructure them and monetise their assets before engaging their employees elsewhere.

The number of loss-making CPSEs has reduced to 57 or 25% of the 254 operating CPSEs in FY23 from 33% in FY20, he points out. “Such initiatives will also help improve the finances and functioning of CPSEs. This would be like killing two birds with one stone; on the one hand, it would improve the overall net profit of the CPSEs; on

the other, it would increase the disinvestment goal and improve fiscal arithmetic from proceeds derived from divestment or monetisation of these loss-making units,” he says.

### ASSET MONETISATION

The Union Budget 2024-25, to be presented by Finance Minister Nirmala Sitharaman, is likely to include fresh targets for asset monetisation under the National Monetisation Pipeline (NMP), which is expected to provide more space to focus on capital expenditure. Indications are that the target for FY25 may be raised to ₹1.9-2 lakh crore.

For FY25, several infrastructure ministries have already begun identifying targets under NMP. For instance, the National Highways

Authority of India has already identified and published an indicative list of 33 assets to be monetised during 2024-25, which is expected to help investors plan efficiently and accelerate monetisation.

NMP had listed potential core assets of central ministries and public sector enterprises for FY22 to FY25 with a target of ₹6 lakh crore. Of this, assets worth ₹3.86 lakh crore have been monetised in the past three years, according to official data. A total of ₹2.3 lakh crore was raised in FY22 and FY23, against the target of ₹2.5 lakh crore. In FY24, ₹1.56 lakh crore was raised against the target of ₹1.8 lakh crore.

Srivastava notes that NMP has been doing well. “But the numbers do not directly reflect in the Centre’s balance sheet and fiscal mathematics, and we have to see if and how these funds help in infrastructure projects because NMP was introduced to finance the infrastructure pipeline,” he cautions.

Big-ticket stake sales that excite the market and investors have been few and far between and much more can be done on disinvestment, especially exiting loss-making firms. But the Centre’s measured approach on CPSEs has served it in good stead. What’s more, it has also meant that there is no last-minute rush to offload stake in CPSEs to meet targets that has in the past led to a muted response from the markets. But the pressure is on for extra resources, given that Bihar and Andhra Pradesh have presented large wish lists to the Centre that would require a huge amount of funds. For now, investors and markets await the Union Budget on July 23 to reveal the actual intent of NDA 3.0 on disinvestment. **BT**

@surabhi\_prasad

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## EXPANDING HORIZONS

# Leading the Way in Mining High-demand Copper

GMDC's trajectory towards future growth is marked by several pivotal projects, notably the operationalization of its Copper Project mine at Ambaji. This mine, rich not only in Copper but also in Lead and Zinc, underscores GMDC's commitment to resource diversification. Spanning 184 hectares, the Copper Project has an estimated asset value of US\$3 billion. The Ambaji Copper Project is strategically positioned to capitalize on the growing demand for copper in electric vehicles, electricals, construction, and renewable sectors.

- Commencing coal mining operations in Odisha
- Exploring the possibility of Lignite Gasification for fueling mining operations

### Gujarat Mineral Development Corporation Ltd.

(A Government of Gujarat Enterprise)

Khanij Bhavan, 132 Feet Ring Road, Nr. University Ground, Vastrapur, Ahmedabad - 380052



# REFORMS AND RETURNS

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AS THE NATION PREPARES FOR THE UNION BUDGET 2024-25, INVESTORS ANTICIPATE CONTINUED POLICY SUPPORT ACROSS SECTORS—ESPECIALLY FOR INFRASTRUCTURE, MANUFACTURING, AND RURAL—WHICH WOULD TRIGGER RALLIES IN SHARES IN THESE SECTORS

BY RAHUL OBEROI ILLUSTRATION BY RAJ VERMA

**H**AVE YOU HEARD of RRR? No, we aren't talking about the Oscar-winning blockbuster film, though this RRR is a blockbuster of a different kind. We're talking about the trinity of Reforms, Rewards, and Returns, from the lens of market participants. Reforms, if successfully implemented, can provide rewards and generate positive returns. And that, for market participants, is a blockbuster.

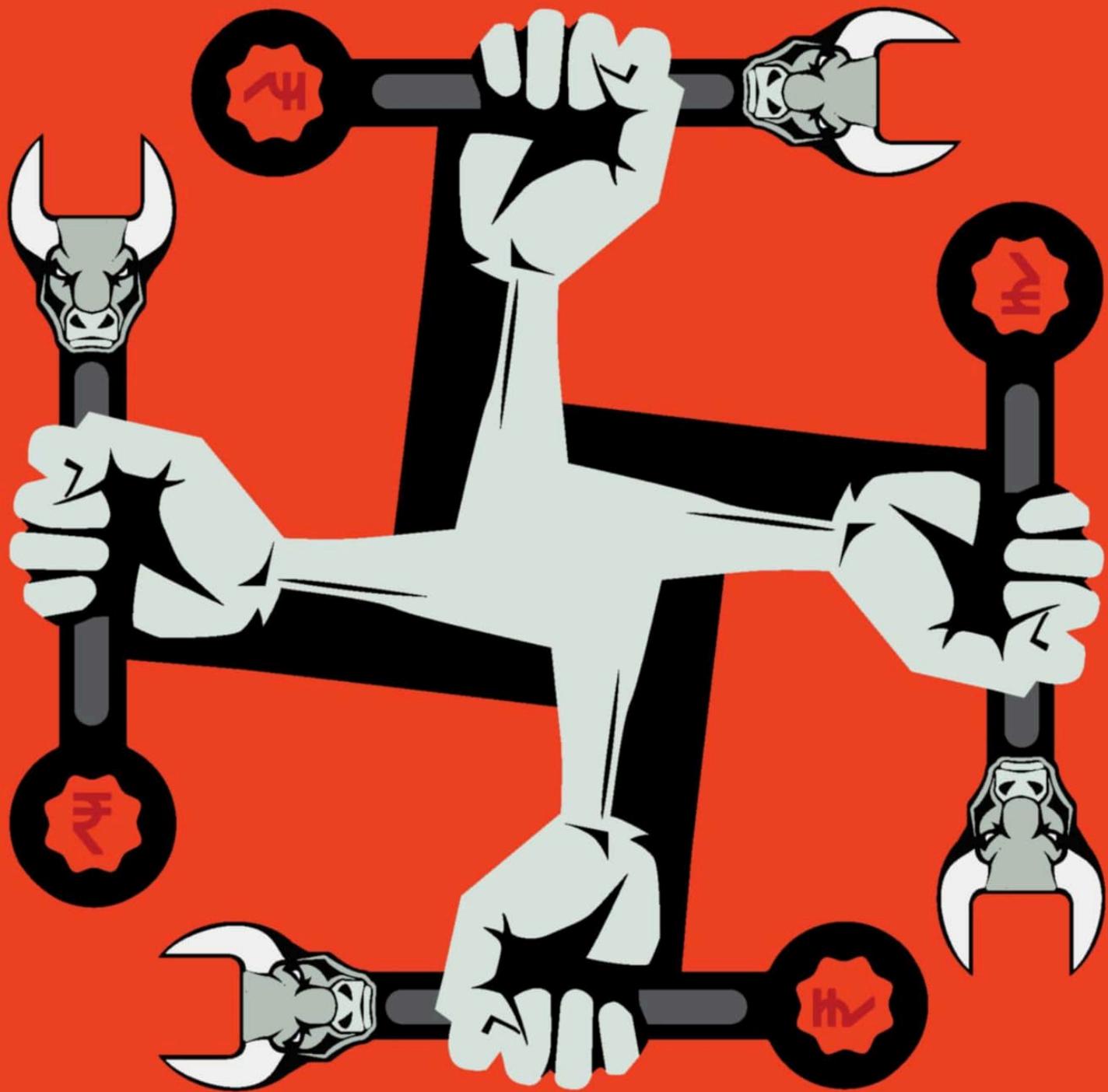
Let's break it up. Reform is high on the agenda for Narendra Modi, who recently became India's Prime Minister for the third consecutive term. With the Union Budget 2024-25 around the corner, expectations are high on the Street of continued policy support across sectors—especially infrastructure, manufacturing, and rural—to sustain the growth momentum, which in turn will boost the markets.

Government schemes and policies have contributed immensely to India's growth in the past decade. As a

result, sectors such as consumer durables, industrials, capital goods, real estate, and infrastructure have outperformed the market during that period. The numbers confirm this. Since May 2014, the BSE Consumer Durables index advanced the most at 661%, followed by the BSE Industrials (520%), the capital goods index (411%), consumer discretionary (400%), realty (361%), and information technology (355%), while the benchmark BSE Sensex advanced 230%.

Mohit Batra, Founder and CEO of equity research firm MarketsMojo, says, "The Modi-led government has undertaken significant reforms over the past decade, transforming India—from being part of the Fragile Five to the fastest-growing economy globally."

One such reform is the goods and services tax (GST). The implementation of GST in 2017 has benefited sectors such as consumer durables, industrials, capital goods, and real estate, per market analysts. Another government programme that helped the sector was the



## POLICY PUSH

1

CONSUMER DURABLES, CAPITAL GOODS AND INDUSTRIALS DELIVERED SIGNIFICANT RETURNS IN THE PAST DECADE

2

GOVERNMENT REFORMS LIKE GST, MAKE IN INDIA, AND PLI SCHEMES HELPED SHARES FROM THESE SECTORS DELIVER GOOD RETURNS

3

THE INTRODUCTION OF INITIATIVES LIKE REITs, RERA, AND PMAY TRIGGERED RALLIES IN REAL ESTATE STOCKS

4

THE BANKING SECTOR'S PROFITABILITY SOARED, AND REFORMS LIKE IBC STRENGTHENED INVESTOR CONFIDENCE

5

THE UNION BUDGET 2024-25 IS EXPECTED TO FOCUS ON INFRASTRUCTURE, JOB CREATION, AND RURAL SECTORS

‘Make in India’ initiative that aims to reduce reliance on imports. Take the Blue Star stock as an example from the consumer durables space; its stock price surged 1,166% to ₹1,710.60 on July 5, 2024, from ₹135.15 on May 30, 2014. It’s not alone; Titan Company, Havells India, and Voltas also rallied 952%, 879%, and 678%, respectively, during the same period.

“Government initiatives targeted at boosting manufacturing have acted as tailwinds for many cyclical sectors in India. These include Atmanirbhar Bharat, Make in India, and PLI,” says Dikshit Mittal, Fund Manager and Senior Equity Research Analyst at LIC Mutual Fund. “As capacity utilisation increases and there is more visibility of earnings from new markets, including exports, the need for capital expenditure (capex) arises. That has led to growth in earnings for companies in the industrials and capital goods sectors,” Mittal adds.

The government has so far announced PLI schemes for 14 key sectors with an outlay of ₹1.97 lakh crore to enhance India’s manufacturing capabilities and exports. “The PLI scheme is designed to encourage domestic manufacturing in a range of industries, including electronics and white goods,” says Alok Agarwal, Head-Quant and Fund Manager, Alchemy Capital Management. “Additionally, the Digital India campaign aims to enhance internet accessibility and digital infrastructure contributing to the expansion of consumer durables such as smartphones and other electronic gadgets,” he adds.

In the real estate sector, the Regulation and Development Act (RERA), 2016, has increased the trust of buyers by bringing in transparency. The Pradhan Mantri Awas Yojana (PMAY) and other affordable housing schemes also boosted real estate demand. The introduction of REITs provided an alternative investment avenue, increasing liquidity in the sector. As a result, stocks of realty majors gained. For example, Brigade Enterprises jumped 2,008% to ₹1,344.60 on July 5, 2024, from ₹63.77 on May 30, 2014. Godrej Properties (up 1,247.45%), The Phoenix Mills (up 1,186.60%), Prestige Estates Projects (up 780.72%) and Oberoi Realty (up 645.13%) are other major gainers.

“RERA forced developers with weak balance sheets and poor governance standards to either improve their business or wind up. The cut in interest rates by the central bank to



**“Government initiatives targeted at boosting manufacturing have acted as tailwinds for many cyclical sectors in India. These include Atmanirbhar Bharat, Make in India, and PLI”**

**DIKSHIT MITTAL**  
FUND MANAGER & SENIOR EQUITY RESEARCH ANALYST, LIC MUTUAL FUND ASSET MANAGEMENT



**“The government’s focus on spending across sectors like infra, power, defence, and the capitalisation of banks has enabled PSUs in their respective sectors to grow”**

**KUNAL SHAH**  
SENIOR RESEARCH ANALYST, CARNELIAN ASSET MANAGEMENT & ADVISORS

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revive the economy, after lockdowns aimed at containing Covid-19 infections, led to higher affordability. This, along with subdued new launches, led to subsequent absorption of inventory. Market share gains by organised players further helped the listed real estate sector,” says Mittal.

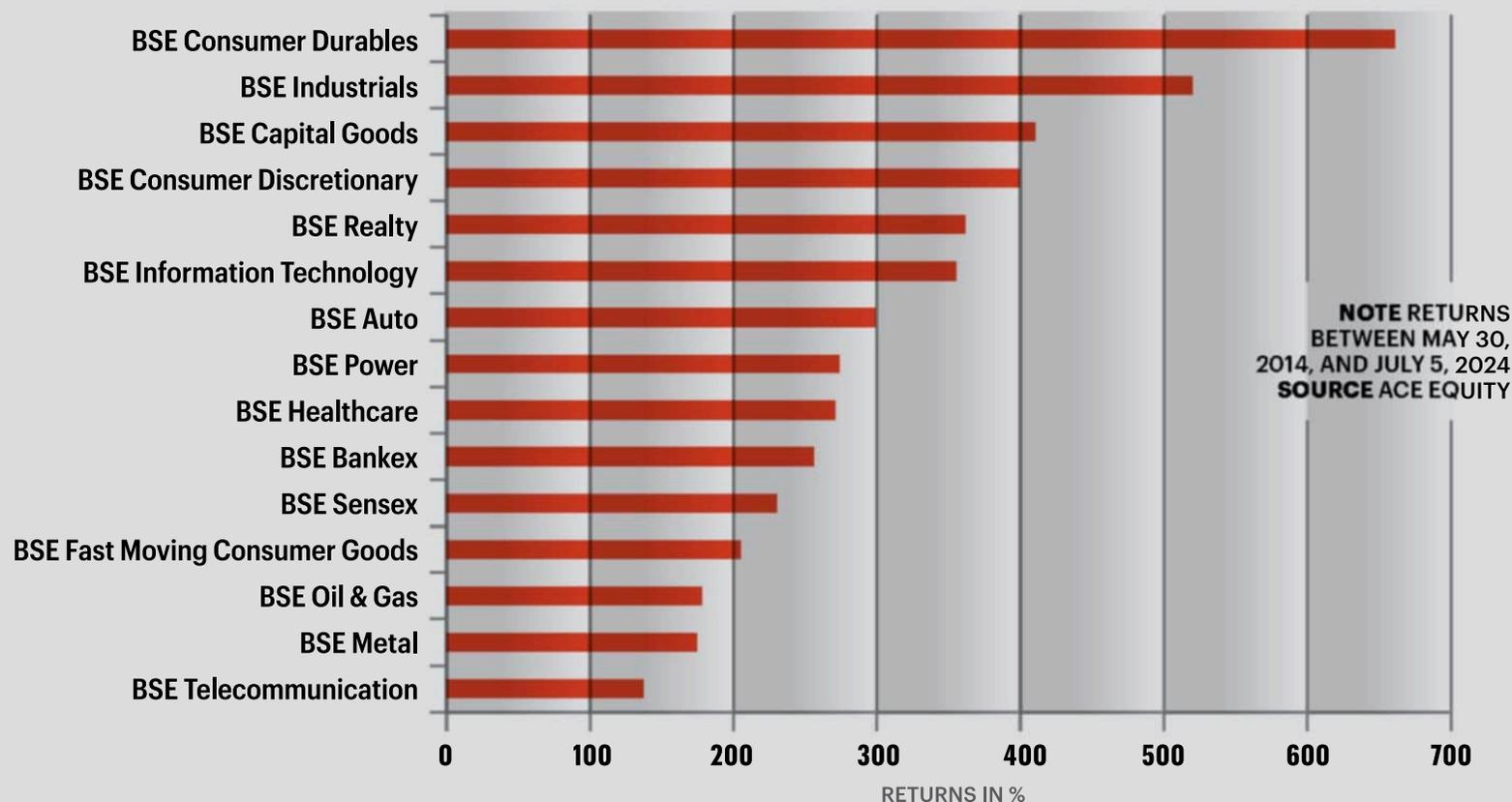
Meanwhile, the combined profitability of the banking sector jumped more than 5x to ₹3.22 lakh crore in FY24 from ₹62,005 crore in FY14. The BSE Bankex gained 256% between May 30, 2014, and July 5, 2024. Sharing its view on the Indian banking sector, investment firm CLSA says Indian banks are well-placed after a roller coaster decade. “Balance sheets are the strongest they have been in over a decade. The return on equity is at its highest since FY11,” it adds in a report.

Coupled with all these initiatives, Agarwal believes that liberalisation of FDI, banking reforms, and the Insolvency and Bankruptcy Code have improved investor confidence, increased productivity and improved growth conditions, all of which aided in India’s overall economic development pushing the Indian stock market to new highs.

**THE MARKET IS LIKELY TO TAKE THE BUDGET POSITIVELY IF THERE IS NO MAJOR NEGATIVE TAX SURPRISE, SAY EXPERTS**

## LEADERS AND LAGGARDS

▶ Consumer durables and industrial stocks have led the rally since May 30, 2014 ▶ FMCG, oil & gas, metal, and telecom have underperformed the markets in the past 10 years



## THE ROAD AHEAD

The upcoming Budget will set the tone of policy actions for the next five years. LIC MF's Mittal believes that the Budget will ensure policy continuity. "It may focus on infrastructure spending, job creation, sustaining capex momentum, and pushing for revenue growth," he says, adding that there could be some steps to improve consumer purchasing power. Markets are generally driven by earnings outlook and cost of capital, so if there is no major negative tax surprise, they are likely to take the Budget positively, he adds. They are already upbeat—the BSE Sensex recently breezed past the 80,000-mark.

Analysts are also positive on the PSU space. The combined net profit of listed state-owned firms surpassed ₹5 lakh crore for the first time in FY24, compared to ₹1.55 lakh crore in FY14. "There has been a change in governance, focus on transformation, and good leadership, which has changed the landscape for PSUs in various sectors. The government's focus on spending across sectors like infrastructure, power, defence, and the capitalisation of banks has enabled PSUs in their respective sectors to grow," says Kunal Shah, Senior Research Analyst at Carnelian Asset Management & Advisors.

All these could have a positive impact on PSU stocks, while the government's focus on the rural sector might benefit FMCG, consumer durables, and agri stocks. "With fiscal deficit under control and the big amount coming in from the RBI [as dividend], we can surely see

some extra rural-led spending, which will be good for the rural segment of the country," says Shah. In May, the RBI announced a record dividend of ₹2.11 lakh crore to the Government of India for FY24.

Vaibhav Porwal, Co-founder of investment services firm Dezerv, says the Budget will strike a balance between enhancing consumption and increasing investments, essential elements for sustainable growth. "While India's macroeconomic fundamentals are strong, policy efforts shall be directed towards transforming India into a developed economy by 2047," he says, adding that the capital spending to GDP ratio doubled from FY19 to FY24 as the government prioritised infrastructure investment. He expects government support for infra projects to continue. "We also expect the government to incentivise states and private companies to contribute to the next phase of infrastructure development."

Hemant Sood, MD of financial services firm Findoc, concurs. He says that the government will look to further boost investments in infrastructure. "The Budget will also be focussed on many sectors like IT-BPM (Business Process Management), semiconductor, manufacturing, and defence, alongside real estate under the Aatmanirbhar Bharat vision and subsequent PLI schemes will make the economy extremely efficient," he says.

That's music to investors' ears. **BT**

@iamrahuloberoi



# Building A Growth Ecosystem

India has emerged as one of the fastest-growing economies in the world. But there is a need to boost private consumption in a nuanced manner that motivates inclusive, equitable growth

BY SANJEEV KRISHAN

90 |

**INDIA HAS EMERGED** as the fastest-growing large economy in recent years, with consumption being one of the main growth drivers for several decades. However, the momentum of consumption now appears to be slowing down—we recorded a growth of about 4% in financial year 2023-24 (FY24), as against 5%+ since FY10 (with the exception of FY21). This highlights a decoupling between consumption and GDP growth, with public capital expenditure taking the lead. If we peel back the layers of this consumption story, we see that the urban rich continue to drive private consumption, while rural demand has largely stagnated.

According to the Household Consumption Expenditure Survey 2022-23, urban per capita consumption is about 71% higher than that of rural areas (compared to about 84% in FY12). As India continues to cement its path towards a Viksit Bharat, this gap needs to be bridged on priority.

Covid-19 and geopolitical chal-

lenges impacted GDP growth globally. While the US and China have explored direct cash transfers and reduced borrowing costs to boost consumption, this has presented its own challenges, including higher debt-to-GDP ratios. India, on the other hand, has refrained from fiscal measures of this kind and has focused on building infrastructure to enable long-term sustainable growth. However, what remains inevitable is the need to boost consumption even in the short term. Considering India's inherent diversity, a nuanced approach that motivates inclusive and equitable growth is needed—one that supple-

or initiatives could strategically contribute towards equitable growth—right from encouraging rural entrepreneurship and creating jobs to addressing the expectation and supply gap for consumers in rural India.

**ENABLING RURAL ENTREPRENEURSHIP:** With about 65% of the Indian population living in rural India and about 47% of the population still dependent on agriculture for its livelihood, boosting rural income, providing alternative means of employment, and thus driving consumption are intrinsically linked to India's growth story.



## Public-private partnerships could strategically contribute towards equitable growth

ments the government's focus on infrastructure development and supports the manufacturing sector as well.

While uncontrollable factors like climate change and other disruptors will continue to impact the ecosystem, a combined effort between the government and the private sector towards the 'controllables' could create significant value. Public-private partnerships

● **Improving Agricultural Income:** Increased availability of resources—equipment, raw material and skills—can sustainably increase agricultural productivity. Agri reforms with stakeholder representation and consultation can empower farmers to expand their customer base through traditional and digital marketplaces, improve price discovery, and minimise wastage.

Supporting production can be another avenue—localised units which could be financed with zero or low interest rates. Additionally, these units could utilise technologies like flash-freezing and canning that would serve the dual purpose of supporting food security and driving rural income.

- **Development of Rural MSMEs:** A continued focus on

ist attractions and improving the overall tourist experience through structured skilling would also create an alternative source of sustainable income. New-age experiences including agri-tourism, curated wildlife trails and hikes, in addition to the development of waterfronts can boost local economies. Likewise, developing and reinforcing infrastructure that creates improved social spaces for hospitality,

initiatives for improving access to credit, policy measures that encourage investment could play a big role. Programmes that increase awareness and provide learning to MSMEs on ONDC-based procurement and sales can increase customer access and reduce dependence on third-party marketplaces, reducing the burden from commissions and working capital cycles.

**INNOVATION:** The heterogeneity of the Indian consumer calls for companies to reinvent their business models and evolve to effectively address customer expectations. Democratised technology and innovations such as AI could create solutions to solve on-ground challenges, which when done even at a small scale can create meaningful stakeholder impact.

And finally, upskilling is critical across all these levers. Industrial training through collaboration between the public and the private sector can prepare the workforce for jobs within the manufacturing space.

Additionally, programmes that aid the development of problem-solving and decision-making capabilities would create transferable skills. In parallel, functional training initiatives that enable on-the-job learning would also help the existing and prospective workforce enhance its productivity.

In addition to vocation-specific skills, basic financial and accounting skills will help with wealth creation and further formalise the economy. **BT**

*The author is Chairperson, PwC in India. Views are personal*

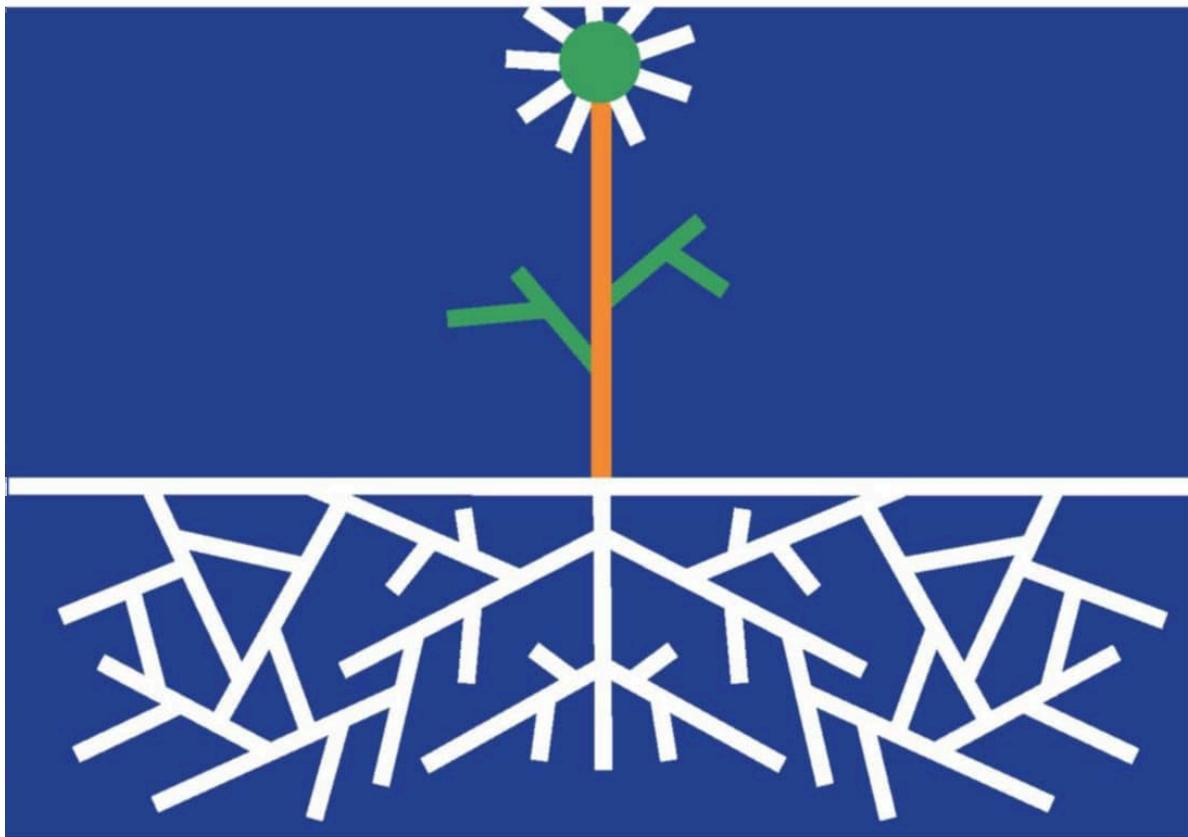


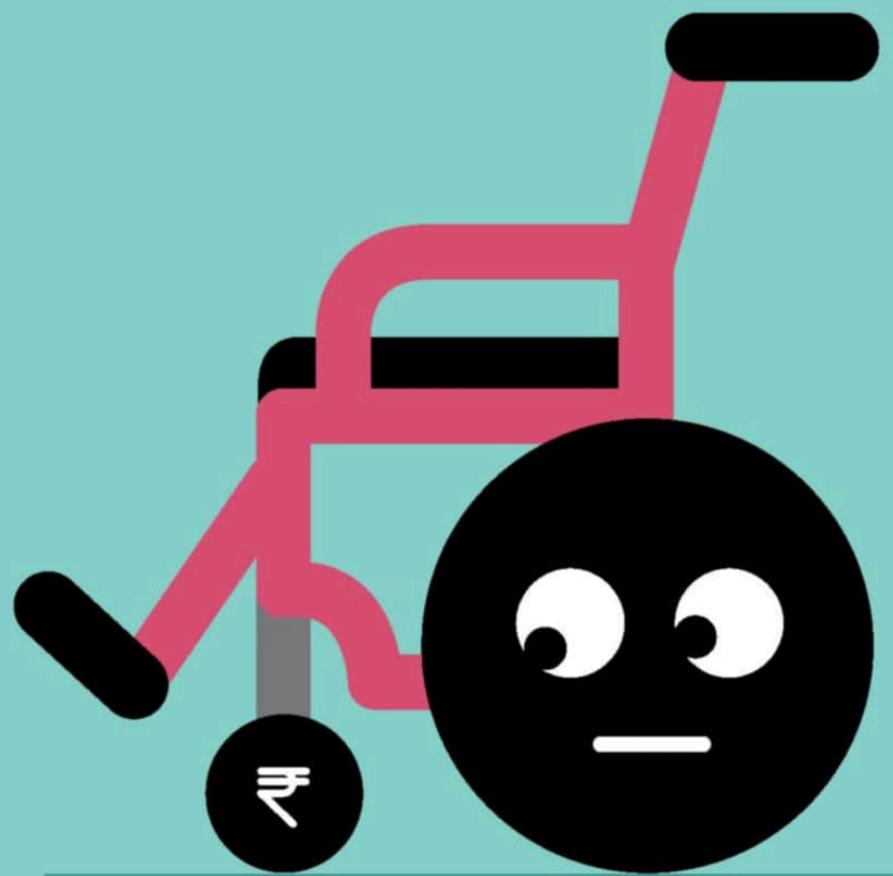
ILLUSTRATION BY ANIRBAN GHOSH

the One District One Product (ODOP) initiative and encouraging traditional craftsmanship through geographical indication tags and leveraging the Open Network for Digital Commerce (ONDC) can drive economic and social mobility.

- **A 'Master Plan' To Boost Tourism:** Developing new tour-

retail, and leisure can help create revenue models centered on a service culture while also creating ancillary jobs.

**IMPROVING MSME RESILIENCY:** Micro, small, and medium enterprises (MSMEs) today employ over 20 million people, and account for about 45% of the country's exports. In addition to existing



# CASHLESS QUANDARY

IRDAI AIMS FOR 100% CASHLESS TREATMENT IN HOSPITALS. IT HAS NOTIFIED INSURERS TO PUT THE NECESSARY SYSTEMS IN PLACE BY JULY 31, 2024. BUT ITS 2023 ANNUAL REPORT CASTS A DOUBT ON THE VIABILITY OF THIS GOAL

# O

**ON A PARTICULARLY** cool June night in Meerut, Uttar Pradesh, 60-year-old Ashish Jha found himself reeling from severe chest pain. A visit to a nearby hospital didn't help. His insurance policy, meant to be a lifeline, was unable to provide cashless treatment for his heart surgery as the hospital lacked the facilities for cashless claims settlement.

Cashless treatment, where the health insurer settles the patient's bills directly with the hospital, has been a pet project of the Insurance Regulatory and Development Authority of India (Irdai). It has raised the bar further, mandating that all cashless claims be processed within three hours of the receipt of discharge authorisation and has asked insurers to put necessary systems in place by July 31. But as the example above illustrates, the initiative faces significant hurdles. Per the latest Irdai report, 42% of the 23.36 million claims in 2023 were settled through reimbursements.

Recently, the Irdai introduced a series of reforms to enhance policyholders' access to and benefits from health insurance. These changes specifically address concerns such as quick cashless treatment everywhere, pre-existing disease coverage, and inclusion of senior citizens.

The question now is, will these reforms lead to a smoother experience for policyholders, or will they be presented with more challenges?

## OBSTACLES GALORE

When Jha delved deeper into the issue he faced, he found that it stemmed from the complicated back-and-forth between insurers' claim settlement teams (in-house/third-party administrators), hospitals, and patients.

To help with such eventualities, Irdai has asked insurers to set up dedicated help desks in hospitals and that seems to be a big problem as it requires robust infrastructure and building a network of hospitals is time consuming. Some urban hospitals already have partnerships with insurers and D2C health consulting services (for example, Artivatic.AI, an AI insurance platform, provides rapid claim settlements within 20-30 minutes), but extending this facility to smaller healthcare centres will necessitate significant upgrades.

"I think the three-hour claim settlement is only applicable for tie-up hospitals as all hospitals don't have partnerships with a health insurer," says Naval Goel, Founder and Chief Executive Officer of insurance portal PolicyX.com.

Another change that Irdai has brought in is the reduction in waiting periods for pre-existing diseases (PEDs). But policyholders might still face out-of-pocket costs. "The move has reduced the waiting period by one year, but policyholders have to bear all the expenses themselves for three years for PEDs," says Goel.

## WHAT'S THE RUB?

A recent study by insurance marketplace Policybazaar, titled 'Is India happy with health insurance claims?', reveals a troubling trend. Nearly 70% of individuals with reimbursement claims were forced to rely on emergency funds.

While the new regulation allows

## BOTTLENECKS IN CASHLESS FACILITY



**LACK OF AWARENESS:** Many policyholders may not be aware of their cashless entitlement or the process for availing it



**INFRASTRUCTURE CHALLENGES:** Limited internet connectivity and a lack of insurer tie-ups with hospitals in rural areas can hinder cashless transactions



**POTENTIAL FOR FRAUD AND ABUSE:** New systems can introduce vulnerabilities, requiring safeguards to prevent misuse by patients, hospitals, or third-party administrators



**SECURITY CONCERNS AROUND PATIENT DATA:** Cashless transactions involve sharing a patient's medical information, necessitating strong protocols to protect privacy



**HIGH COST OF IMPLEMENTATION:** Developing and maintaining cashless infrastructure requires investment from insurers, hospitals, and technology providers

policyholders to seek cashless treatment at any hospital, the facility might be available only in a few non-network hospitals or nursing homes. This situation is more common in Tier II and III cities.

Network hospitals have ties with health insurers and offer cashless claims facilities, while non-network hospitals may or may not. Instead, policyholders are required to make reimbursement claims with their insurer.

“Expanding the cashless facility to include all hospitals, especially in rural and/or remote areas will require significant administrative effort and investment,” says Colonel Sanjeev Govila (Retd), a Certified Financial Planner and CEO of financial planning and investment company Hum Fauji Initiatives.

Govila adds that managing a seamless cashless system requires robust operational frameworks and constant monitoring to prevent abuse and ensure efficiency.

In an emergency, Jha had to settle the bill himself and then claim reimbursement later. Under the ‘Cashless Everywhere’ initiative, Jha could have been treated at any hospital, and a cashless facility would have been available even if such a hospital wasn’t in the insurer’s network.

Dinesh Khare, a 38-year-old teacher at a primary school, has a similar story. He met with an accident in Varanasi and was admitted to a nursing home for emergency treatment, but could not avail of the cashless claim facility as he failed to inform the insurer within 48 hours.

To get a cashless treatment, a customer should inform the health insurer within 48 hours of admission for emergency treatment. Experts say that needs to be increased to about 72 hours.

Reports suggest around 49% of

## BENEFITS OF CASHLESS TREATMENT FACILITY



**Increased transparency in healthcare costs**

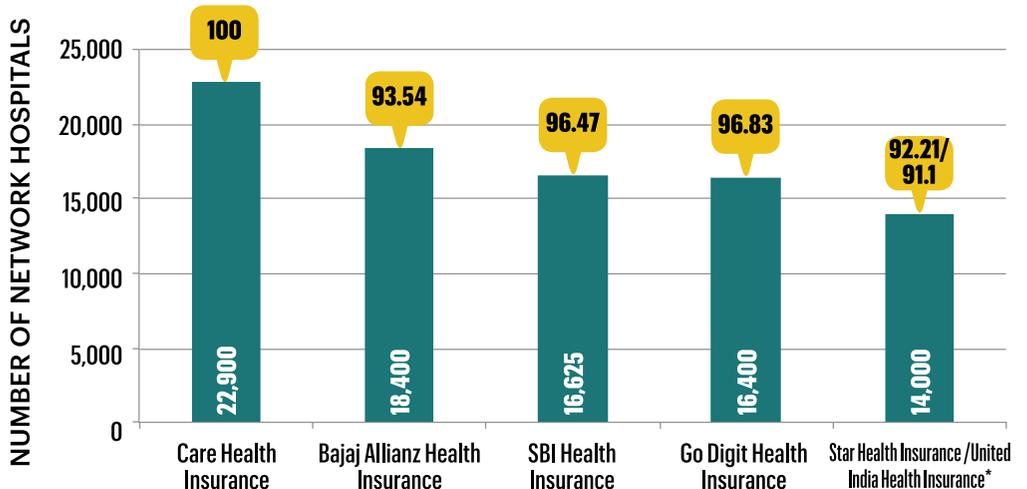
**Reduced administrative burden for hospitals**

**Improved cash flow for hospitals**

**Faster access to treatment for patients**

### TOP BRASS

● Out of the 40,000+ hospitals, Care Health Insurance boasts the biggest network of hospitals at 22,900 ● Except Care Health Insurance, none of the insurers has achieved 100% claim settlement ratio (claims paid within three months)



**NOTE** FIGURES IN BUBBLES REPRESENT CLAIM SETTLEMENT RATIO IN 2022-23; \*STAR HEALTH INSURANCE AND UNITED INDIA HEALTH INSURANCE HAVE THE SAME COUNT OF NETWORK HOSPITALS; DATA IS FOR JUST A SMALL SAMPLE OF HEALTH INSURERS **SOURCE** POLICYBAZAR.COM

PHOTO BY **HARDIK CHHABRA**

hospitals fall under the network category. “The estimate is that there are over 40,000 private hospitals in India. Of these, insurance companies are present only in 20,000-25,000,” says Girdhar J. Gyani, Director General of the Association of Healthcare Providers in India, a body representing private hospitals.

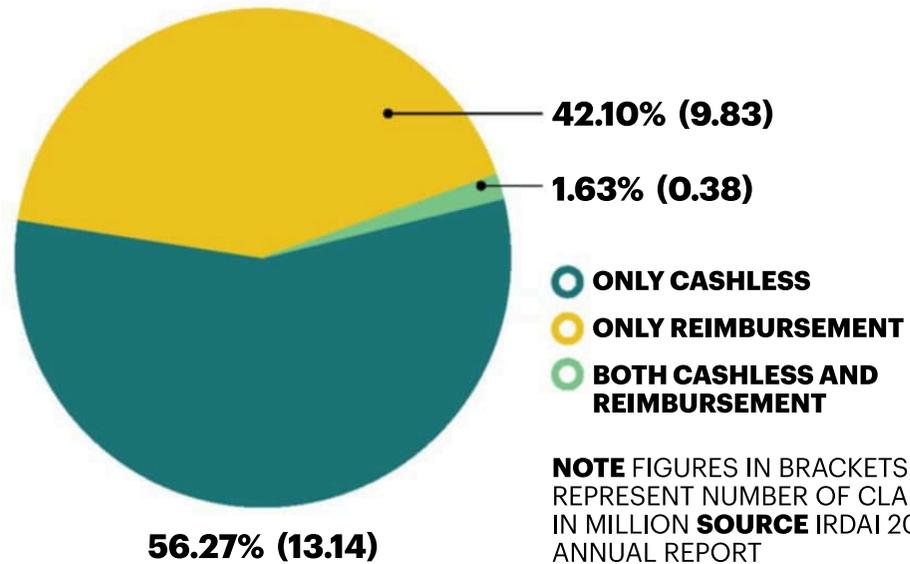
Irdai’s latest annual report shows that during 2022-23, general and health insurers settled 23.36 million health insurance claims with a total payout of ₹70,930 crore. And 56% of the claims were settled through the cashless mode, 42% through the reimbursement mode, and 2% were settled through a combination of the cashless and reimbursement modes.

Sarbvir Singh, Joint Group CEO of insurance platform PB Fintech, says, “The National Health Claims Exchange will significantly aid in facilitating the exchange of health claim information between payers, providers, beneficiaries, and other relevant entities. On an average, every health insurer has a tie-up with about 10,000-15,000 hospitals for cashless treatment. However, customers can also raise requests for treatment in other hospitals with this initiative.” The National Health Claims Exchange, to be set up by the Union health ministry and Irdai, is a digital platform that will bring together insurance companies, healthcare sector service providers, and government insurance scheme administrators.

Even with these initiatives, providing cashless treatment at any hospital is challenging. Currently, major cities have a network of hospitals, but rural and semi-urban areas need support. “Nationwide implementation would require partnerships between insurers and hospitals. Standardised procedures and efficient verification processes are essential, enhancing access and

## STATUS CHECK OF CLAIMS

● In total, 23.36 million claims were settled in FY23. The regulator is pushing for a cashless facility ● 56% of health claims were settled through cashless mode, 42% through reimbursement mode, and 2% through both cashless and reimbursement mode last financial year



reducing out-of-pocket expenses,” adds Rakesh Goyal, Director of broker Probusinsurance.com.

However, a cashless facility doesn’t mean you don’t have to pay anything from your pocket. Health insurance policies have certain terms and exclusions. You must read them carefully. Both hospitals and insurers might need to upgrade their technology infrastructure. Secondly, health insurance policies need to reduce exclusions, co-payments, deductions, etc., to make policies more attractive.

Rupinderjit Singh, Senior Vice President of Retail Health at online insurance provider ACKO, says, “Cashless Everywhere is being run to have a common cashless network across health insurers. This should come by the middle of this financial year. However, as of now, only a handful of hospitals are enabled with cashless facilities.”

Experts propose stricter enforcement by Irdai, coupled with incentives for hospitals to join networks. Policyholders need

greater transparency—a clear understanding of network hospitals, covered procedures, and potential out-of-pocket expenses.

They feel the proposed reforms would require a unified list of hospitals compiled by all insurers. A centralised agreement with hospitals should be established through the General Insurance Council, including all licenced insurers. This can ultimately grant every policyholder access to a single, integrated system, streamlining claims processing. Maintaining cashless infrastructure would require investment from insurers, hospitals, and technology providers, which can lead to a rise in premiums.

The insurance industry, which has registered a compound annual growth rate of 10.3% in the last 10 years, could perhaps take the lead.

The stakeholders must focus now on ensuring that the shield of cashless claims settlement facility reaches every citizen soon. **BT**

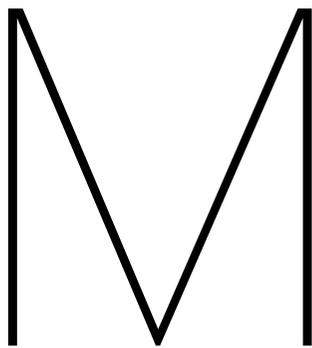
@imNavneetDubey



# Empowering MSMEs Financially

MSMEs form the backbone of the Indian economy and improving access to finance will be key in enabling them to become the cornerstone of a \$5-trillion economy

BY PRAKASH KUMAR



**98 | MICRO, SMALL, AND** medium-sized enterprises (MSMEs) are pivotal contributors to economic growth, particularly in developing nations, where they play an important role in creating employment opportunities and contribute to industrial production. In India, MSMEs account for 30% of the GDP and over 45% of exports. These businesses, ranging from micro business entities to mid-sized manufacturers and export-oriented entities, are at the core of the value chain of the economy. MSMEs also aid in reducing the disparity in income distribution by providing job possibilities and industrialising rural regions. The MSME sector is considered a vital engine in India's vision of 'Viksit Bharat 2047'.

In light of the crucial role played by MSMEs in India's growth story, we make an effort to investigate their relevance and how they might contribute to inclusive growth, and also highlight the problems, difficulties and possibilities that MSMEs in India are facing.

## CHALLENGES FOR MSMEs

- **Access to finance:** The 'vast' informal nature of entities and absence of relevant data puts the small enterprises at a disadvantage in accessing formal finance from banks and other regulated financial intermediaries. Further, access to capital markets by MSMEs or listing on SME exchanges is underpenetrated, may be due to them shying away from growth to continue to avail benefits extended to the sector. Other reasons may include vulnerability to macroeconomic shocks impacting valuations of SMEs and lack of awareness regarding the processes of listing.
- **High collateral requirements:** High collateral requirement is a major hurdle for MSMEs seeking finances as they often lack significant assets. This restricts their ability to expand their enterprises and also stifles innovation. Businesses with promising ideas may not be able to secure funding to develop prototypes, conduct market research or adopt new technologies.
- **Limited financial literacy and managerial skills:** Many MSMEs struggle with a lack of financial literacy and management skills. This creates a roadblock to their long-term success. Many MSME owners lack the expertise to effectively manage cash flow. This can lead to poor budgeting practices, unnecessary spending, and difficulty gauging profitability. Without understanding financial instruments, they might miss out on better loan terms, supplier negotiations, or strategic investments that fuel their growth.
- **Regulatory compliance burden:** Compliance with regulatory requirements sometimes eats away valuable time and resources of MSMEs, and regulators are constantly working on solutions. Initiatives like streamlining regulations, offering online filing platforms, and providing temporary exemptions for start-ups aim to ease the compliance burden. Uneven implementation across states, limited awareness of support mechanisms among MSMEs, and the inherent complexity of the regulatory landscape are hurdles.
- **Market competition and globalisation challenges:** The MSME sector often finds itself on a tightrope walk with globalisation. Foreign companies, armed with advanced technology and economies of scale, pose significant competition and sometimes undercut Indian MSMEs on price and quality. This can limit market share and

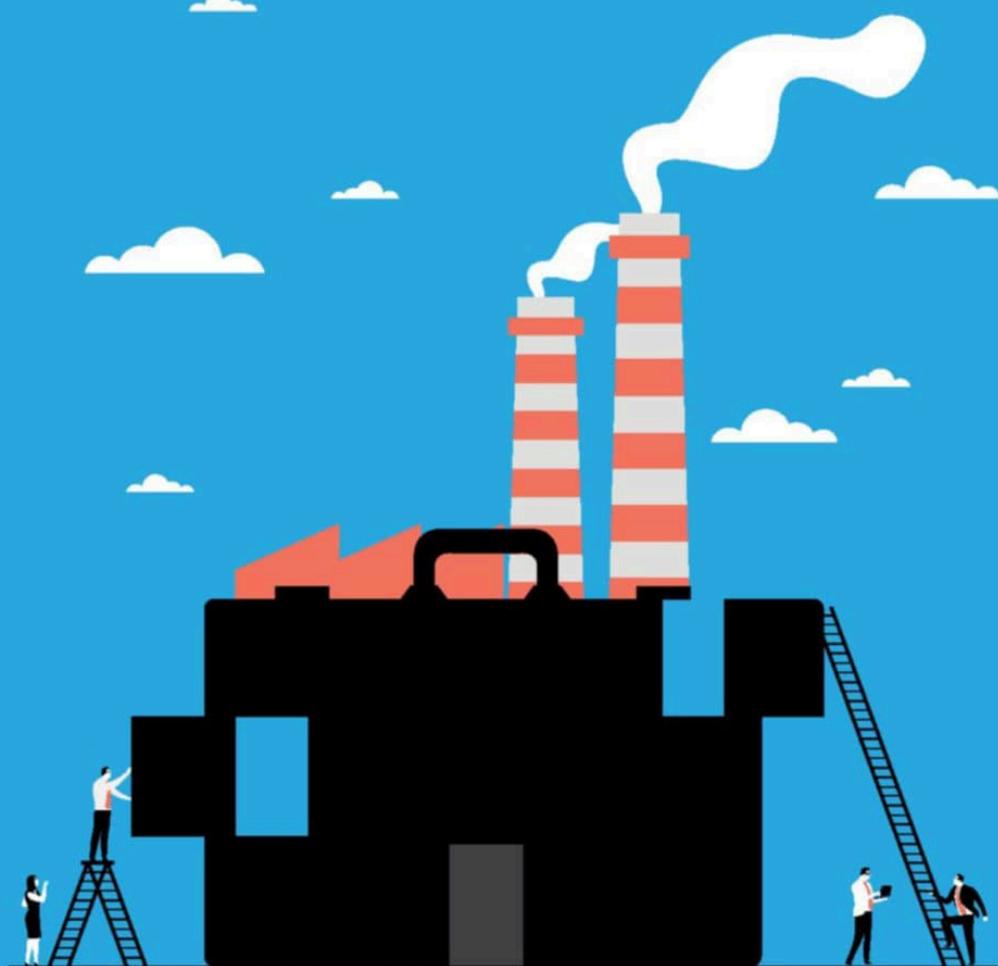


ILLUSTRATION BY RAJ VERMA

## India Stack's digital rails are now the foundation of tools being developed to improve credit flow to MSMEs

push MSMEs to constantly innovate just to stay afloat.

### FINANCING OPTIONS

The government is taking significant steps to bridge the gap MSMEs face in terms of availability of finance. The foundation laid in the form of Public Digital Infrastructure—India Stack—is a robust digital infrastructure that has promoted innovation in financial services. The various digital rails of India Stack are now the foundation of creative tools being developed for improving credit flow to the MSME sector.

The Open Credit Enablement Network and Account Aggregator framework shall be other significant additions to the layers of India Stack. These additions will enable formal credit to flow at a relatively faster pace to the most vulnerable groups, particularly small businesses, with shorter repayment periods if desired. These platforms will also provide financial institutions with an opportunity to reach large groups at lower cost of services or distribution. With Open Network

for Digital Commerce facilitating all service providers at one place, the platform truly possesses the potential to revolutionise digital commerce, both domestic and international.

The support provided by the government to the Indian start-up ecosystem has positioned the country as the third largest start-up ecosystem in the world, behind the US and China. Initiatives such as Fund of Funds Scheme (FFS), Self-Reliant India Fund, Startup India Seed Fund Scheme, Credit Guarantee Scheme for Startups, etc., have led to the start-up ecosystem flourishing.

The Small Industries Development Bank of India (Sidbi) was established under the Sidbi Act, 1989 to promote, finance, and develop the MSME sector. It operates schemes categorised into indirect finance and direct finance. Indirect finance includes assistance through banks and financial institutions, creating a multiplier effect on credit flow, while direct finance involves assistance through Sidbi's network.

We are witnessing a point of inflection in lending towards the MSME sector. Technology has been the fulcrum in altering the perception towards financing MSMEs. However, the benefits are yet to be fully absorbed by the sector, particularly by the informal micro enterprises.

Improving access to finance for MSMEs will be key in enabling them to become the cornerstone of a \$5-trillion economy. The ongoing digital revolution, along with the commitments of the government to enhance ease of doing business, shall be fundamental in channelising large-scale investments for economic development, of which the MSME sector will be one of the key beneficiaries. Towards this end, Sidbi stands committed to innovating and undertaking interventions to reach the last mile and support the sector that forms the bedrock of the nation. **BT**

*The author is Deputy MD at Sidbi.  
Views are personal*

# THE GOOD LIFE

TRENDS

# GOURMET



1



2



1

Singaporean Chilli Lobster prepared by chef Dabiz Muñoz at Ein Prosit in Udine

2

A chef plates a signature dish from Gucci Osteria, Florence, at Cairo Food Week

3

Dessert served at AlpiNN Food Space & Restaurant, Brunico, during the CARE's festival

PHOTOS COURTESY OF: 1. EIN PROSIT; 2. CAIRO FOOD WEEK; 3. LUCA DALGESSO

# GOURMET



3

CURATED FOOD  
FESTIVALS FEATUR-  
ING WORLD-FAMOUS  
CHEFS MAKE GOURMET  
EXPERIENCES MORE  
ACCESSIBLE TO  
ENTHUSIASTS  
BY **RAAJ SANGHVI**

# HEAVEN

**I**n the past decade, the culinary world has experienced a seismic shift with the rise of gourmet festivals, redefining how we celebrate and appreciate food. Gone are the days when food festivals were modest, local affairs organised as community events. Today, gourmet festivals are grand global events held annually in glamorous locations, attracting the crème de la crème of the culinary world.

These festivals are meticulously curated events showcasing high-end gastronomy. Typically lasting a week, they feature star-studded line-ups of world-famous chefs like Massimo Bottura, René Redzepi, and Alain Passard. They involve masterclasses, wine tastings, panel discussions, exhibitions, documentary screenings, foraging trips, after-parties, and of course delicious food. Held in stunning locations such as St Moritz, Rovinj, Udine, Cairo, Brunico, and Tulum, gourmet festivals attract sophisticated foodies seeking unique experiences and bragging rights. Interestingly, it's often easier and more affordable for culinary enthusiasts to enjoy their favourite chefs' creations at these events, as they are subsidised by sponsors, eliminating the need to secure reservations at Michelin-starred restaurants.

Want to mingle with the culinary elite at a top gourmet festival? Here are three you should have on your radar:

## CARE'S

**LOCATION:** Brunico, Italy

**TICKETS:** Can be purchased online on [care-s.it](https://www.care-s.it)

**COST:** €100-250 for individual dinners

**MONTH:** February-March

**USP:** Haute cuisine on the ski slopes of the Dolomite Alps

The CARE's festival is a paradise for ski enthusiasts, set amidst the breathtaking Dolomite Alps in the charming tourist town of Brunico, on the border of Italy and Austria. The journey to the festival is a scenic drive through limestone peaks and picturesque valleys surrounding this UNESCO World Heritage



**1 HAUTE ON THE ICE** The Lumen Museum in Kronplatz, Italy, where the CARE's festival is held every year

Site. Founded a decade ago by Norbert Niederkofler, the region's most famous chef and owner of the three Michelin-starred Atelier Moessmer, the festival was envisioned to promote ethical and sustainable approaches to food.

Originally exclusive to chefs, CARE's now attracts food lovers worldwide, who book stays in the region's converted castles and boutique hotels. The opening event kicks off with a thrilling ski-lift ride to the Lumen Museum in Kronplatz, 2,275 metres above sea level, and home to Niederkofler's AlpiNN Food Space, which is possibly the world's highest restaurant. While attendees are encouraged to



**2** **DOING IT RIGHT** CARE's festival founder and chef Norbert Niederkofler plating a dish at his three-Michelin-starred Atelier Moessmer in Brunico, Italy

ski down the slopes, for those like me who are not champion skiers, lessons are included in the festival's offerings.

"We don't have a planet B, so we should take care of planet A," says Niederkofler, whose passion for nature has inspired other famous chefs like Ana Roš, Rodolfo Guzman, José Avillez, Prateek Sadhu, and Darren Teoh to participate each year. Weekend activities include sunrise hikes and foraging excursions up the mountains, local wine appreciation sessions, collaborative meals using regional produce, unique barbecues and cookouts, and late-night after-parties at local dive bars.



1

**1 FOOD FOR THE PHARAOHS**  
View of The Great Pyramids of Giza in Cairo from Khufu's

## CAIRO FOOD WEEK

**LOCATION:** Cairo, Egypt

**MONTH:** May

**TICKETS:** Can be purchased on *cairofood-week.com*

**COST:** \$100-600 for individual dinners

**USP:** Global gastronomy against the backdrop of the historic Pyramids of Giza

Cairo Food Week, a rising star on the gourmet festival circuit, has garnered global attention in just two years. This 10-day event, set against Egypt's iconic pyramids, features over 40 unique culinary experiences, bringing together world-famous chefs, local artisans, and food experts to celebrate Egypt's rich gastronomic heritage.

"Cairo Food Week celebrates the diverse cultures and traditions that make food such a vibrant part of our lives," says Sherif Tamim, Co-founder of Flavor Republic, the festival's organiser. Earlier this year, renowned chefs—including Dubai's Mohamad Orfali and Gregoire Berger, Italian celebrity pizzaiolo Franco Pepe and Turkish chef Maksut Askar—descended on the land of the pharaohs to indulge in the city's culinary delights.

Attendees enjoy activities such as a picnic cruise on the Nile, a modern Egyptian lunch at Khufu's overlooking the Pyramids of Giza, and for the adventurous, a



2

**2 A DIVERSE SPREAD**  
Chef Virgilio Martínez plating a dish during the opening night of Cairo Food

camel ride around the Sphinx. This year's opening night featured a six-course menu showcasing Peru's diverse altitudes and ecosystems by chef Virgilio Martínez from Lima. But, the highlight for me was the venue: guests were given special access to the Grand Egyptian Museum, still under construction.

PHOTO COURTESY OF: 1. KHUFU'S; 2. CAIRO FOOD WEEK



1

**1 CELEBRATING CULINARY MASTERS** Udine's central square, the Piazza della Libertà, featured portraits of that year's visiting chefs in 2022

## EIN PROSIT

**LOCATION:** Udine, Italy

**MONTH:** October

**TICKETS:** Can be purchased online on [einprosit.org](http://einprosit.org)

**COST:** €50-180 for individual dinners

**USP:** Michelin-star heaven with an unmatched line-up of celebrity chefs

“Last year, Ein Prosit had a line-up boasting over 65 Michelin stars,” says Manuela Fissore Barker, who along with her husband Thomas Barker, helps organise the festival. Held in the quaint town of Udine in Northeastern Italy, Ein Prosit is the gold standard of gourmet festivals. Now in its 25th year, it offers the city's 100,000 residents a taste of the world's finest culinary experiences.

When I attended in 2022, Udine's central square, the Piazza della Libertà was transformed with portraits of visiting chefs. A standout meal featured Indian chef Himanshu Saini from Dubai's two Michelin-starred Trèsend Studio collaborating with Italian chef Moreno Cedroni from Senigallia's two-starred Madonnina del Pescatore. The grand finale was headlined by Dabiz Muñoz, the three Michelin-starred maverick chef from Madrid, serving traditional pael-



2

PHOTOS COURTESY OF EIN PROSIT

**2 KEEPING THE TRADITION ALIVE** A barbecue dinner presented by Don Julio from Argentina during Ein Prosit in Udine

las elevated with luxury ingredients like lobster, white truffles, and caviar, accompanied by a live performance from Croatian cellist sensation 2Cellos.

Ein Prosit's true magic is its city-wide metamorphosis. Chefs, liberated from their kitchens, appear relaxed, enjoying camaraderie and engaging with their fans. In 2022, famous Italian chefs Niko Romito and Enrico Crippa were spotted sipping morning espressos at the local cafeteria; Brazilian chef Alex Atala was seen pouring sake with Japanese master chef Yoshihiro Narisawa at after-parties, and Massimo Bottura strolled the city streets, photographing the Romanesque-Gothic architecture. **BT**

@RaajSanghvi

# BEST ADVICE

KAPIL MAKHIJA | MD & CEO | UNICOMMERCE ESOLUTIONS

Unicommerce eSolutions is an integrated e-commerce enablement SaaS platform



PHOTO BY HARDIK CHHABRA

106 |

“Zoom in to identify the real problem”

## What was the problem you were grappling with?

Complexities in e-commerce have been rising with the evolving requirements of brands and retailers. Unicommerce’s technology stack, which acts as the nerve centre for all e-commerce operations, became the support system for some of India’s largest brands. With each aspect of the e-commerce supply chain demanding a specific solution, we moved towards widening the platform’s horizon to address the post-purchase challenges being faced by brands.

To enhance the platform’s comprehensiveness, we had to support the new and emerging needs of our clients and also handle their load of transactions, while keeping our platform user-friendly and cost-effective.

## Whom did you approach for advice and why?

Technology is the saviour of all modern-day businesses and like any leader would, I reached out to my tech team. At Unicommerce, we have some of the sharpest tech minds and I trust their knowledge and instinct.

## What was the advice you received?

After working through various iterations and participating in a series of lengthy discussions on use cases and service options, our Chief Technology Officer, Bhupinder Garg, summarised the way forward saying, “Zoom in to identify the real problem, zoom out to address it.” It made perfect sense to solve the specifics and also plan for the surrounding context. The right execution can only be done by looking at the larger picture where one can visualise the impact of the fitments.

## How effective was it in resolving the problem?

This problem led to the birth of UniShip, our post-shipment journey solution that offers a marketplace-like post-shopping experience and UniReco, a reconciliation tool for brands that sell across multiple marketplaces, helping them minimise revenue leakages.

As an end-to-end solutions platform for e-commerce companies, retailers, and D2C brands, Unicommerce touched a run rate of 750+ million annual transactions, in the September 2023 quarter. **BT**

—TEAM BT

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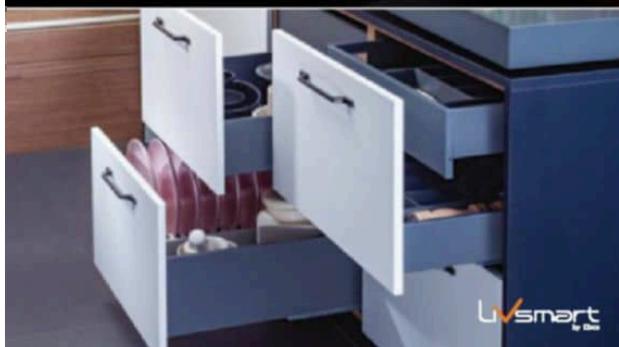
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