HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 305

Friday, December 20, 2024

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13. **Trade receivables, contract assets and inventories form a substantial part of our current assets and net worth:** Our business is working capital intensive and hence trade receivables, contract assets and inventories form substantial part of our current assets and net worth. The trade receivable, contract assets and inventories for the period specified is set forth below:

Particulars	Three months period ended June 30, 2024	For Financial Year ended March 31, 2024	For Financial Year ended March 31, 2023	For Financial Year ended March 31, 2022
Trade Receivables	9,140.26	10,261.41	6,448.95	6,397.35
Contract Assets	21,128.42	19,510.83	14,669.05	10,944.29
Inventories	4,654.62	3,782.67	3,109.96	2,784.86
Total (A)	**34,923.30**	**33,554.91**	**24,227.97**	**20,126.50**
Total Assets (B)	**48,361.70**	**46,206.08**	**34,454.91**	**28,418.65**
Percentage constitution of Total Assets (A/B*100)	**72.21%**	**72.62%**	**70.32%**	**70.82%**

14. **Risk related to concentration of Customers:** Our business is substantially dependent on the revenue from operations generated from our top one, top five and top ten clients, the break up of which is set forth below:

Particulars	Amount*	(%)	Amount FY 2024	(%)	Amount FY 2023	(%)	Amount FY 2022	(%)
Top 1 client	1,588.08	17.71	10,917.75	27.23	8,206.26	26.59	5,099.36	22.33
Top 5 clients	4,604.91	51.34	25,465.10	63.52	22,285.87	72.21	15,279.36	66.89
Top 10 clients	6,050.46	67.46	31,228.50	77.89	26,955.78	87.34	19,049.29	83.40

**Amount of revenue from operations generated in the three months period ended June 30, 2024.*
Percentage of revenue from operations generated in the three months period ended June 30, 2024.

15. In the past, growth rate of our domestic business has been lower than the overall growth rate of our business.
16. Foreign portfolio registration certificate of Global Axe Investment Fund (formerly known as Aviator Global Investments Fund) ("**GAIF**"), one of our Promoter Group entities, and Great International Tusker Fund ("**GITF**") has been rendered invalid by SEBI. GAIF and GITF have also invested in our Promoter, Ajanma Holdings Private Limited, through the FDI route
17. **Other risks:**

- The weighted average cost of acquisition of Equity Shares for Promoter Selling Shareholder is ₹10.50 per Equity Shares and the offer price at upper end of the price band is ₹ 432 per Equity Share.
- The Price to Earnings ratio based on diluted EPS for financial year ended March 31, 2024 for the Company at the upper end of the Price band is as high as 22.05 times as compared to the average industry peer group PE ratio of 55.05 times.
- Weighted Average Return on Net Worth for Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022 is 17.69%.
- The four Book Running Lead Managers associated with the Offer have handled 53 public issues in the past three Financial Years, out of which 14 issues closed below the issue price on the listing date:

Name of the BRLMs	Total Public Issues	Issues closed below Offer Price on listing date
Inga Ventures Private Limited	2	1
Axis Capital Limited	43	11
HDFC Bank Limited	3	1
IDBI Capital Markets & Securities Limited	2	1
Common Issues handled by the BRLMs	3	-
Total	**53**	**14**

- Weighted average cost of acquisition of all shares transacted in the one year, 18 months and three years preceding the date of the Red Herring Prospectus:

Period	Weighted average cost of acquisition (in ₹)*^#	Cap Price is 'X' times the weighted average cost of acquisition	Floor Price is 'X' times the weighted average cost of acquisition	Range of acquisition price: lowest price - highest price (in ₹)*
Last one year	477.09	0.91	0.86	148.76 - 484.00
Last 18 months	205.16	2.11	2.00	140.40 - 484.00
Last three years	32.73	13.20	12.53	4.00 - 484.00

** As certified by our Statutory Auditors, by way of their certificate dated December 10, 2024.*
 # Adjusted pursuant to a resolution passed by our Board on February 6, 2024 and a resolution passed by the Shareholders on February 12, 2024, each equity share of face value of ₹10 each has been split into 5 Equity Shares of face value of ₹2 each. Accordingly, the issued, subscribed and paid-up capital of our Company was sub-divided from 24,792,742 equity shares of face value of ₹10 each to 123,963,710 Equity Shares of face value of ₹2 each.

BID/OFFER PERIOD

BID/OFFER OPEN

BID/OFFER CLOSES ON : MONDAY, DECEMBER 23, 2024[(1)]

[(1)]UPI mandate end time and date shall be at 5.00 p.m. on the Bid/Offer Closing Date.

An indicative timetable in respect of the Offer is set out below:
Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) (**"IST"**)
Bid/Offer Closing Date*	
Submission of Electronic Applications (Online ASBA through 3-in-1 accounts) – For RIBs and Eligible Employees Bidding in the Employee Reservation Portion other than QIBs and NIIs	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹0.50 million)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications where Bid Amount is more than ₹0.50 million)	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Bidders categories #	Only between 10.00 a.m. and up to 5.00 p.m. IST on Bid/ Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIBs and Eligible Employees Bidding in the Employee Reservation Portion	Only between 10.00 a.m. and up to 5.00 p.m. IST

** UPI mandate end time and date shall be at 5.00 pm on Bid/Offer Closing Date.*
 # QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

Bid / Offer Programme

Event	Indicative Date
Bid/Offer Closes on	Monday, December 23, 2024
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Tuesday, December 24, 2024
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about Thursday, December 26, 2024
Allotment of Equity Shares/ Credit of Equity Shares to demat accounts of Allottees	On or about Thursday, December 26, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Friday, December 27, 2024

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

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

Mandatory in public issues. No cheque will be accepted.

UPI — UNIFIED PAYMENTS INTERFACE

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

ASBA has to be availed by all the investors except anchor investors. UPI may be availed by (i) Retail Individual Investors in the Retail Portion; (ii) Non-Institutional Investors with an application size of up to ₹ 500,000 in the Non-Institutional Portion. For details on the ASBA and UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section *"Offer Procedure"* on page 401 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("**AIBI**") and Stock Exchanges and in the General Information Document. ASBA bid-cum-application forms can be downloaded from the websites of the Stock Exchanges and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi= yes&intmId=43, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. UPI Bidders Bidding using the UPI mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Axis Bank Limited and ICICI Bank Limited have been appointed as Sponsor Banks for the Offer, in accordance with the requirements of the SEBI Circular dated November 1, 2018 as amended. For Offer related queries, please contact the BRLMs on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail Id: ipo.upi@npci.org.in.

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

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Promoter Selling Shareholder may, in consultation with the Book Running Lead Managers, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks (**"SCSBs"**), other Designated Intermediaries and the Sponsor Banks, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers (**"QIBs"**) (**"QIB Portion"**), provided that our Company, the Promoter Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (**"Anchor Investor Portion"**), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (**"Net QIB Portion"**). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, subject to valid Bids being received at or above the Offer Price, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. One-third of the Non-Institutional Portion shall be available for allocation to Non-Institutional Bidders with a Bid size of more than ₹0.20 million and up to ₹1.00 million and two-thirds of the Non-Institutional Portion shall be available for allocation to Non-Institutional Bidders with a Bid size of more than ₹1.00 million provided that under-subscription in either of these two sub-categories of the Non-Institutional Portion may be allocated to Non-Institutional Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders (except Anchor Investors) are mandatorily required to participate in the Offer through the Application Supported by Blocked Amount (**"ASBA"**) process by providing details of their respective ASBA accounts and UPI ID in case of UPI Bidders, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks (**"SCSBs"**) or by the Sponsor Bank(s) under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 401 of the RHP.

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

Contents of the Memorandum of Association of our Company as regards its objects: For information on the main objects of our Company, please see the section "*History and Certain Corporate Matters*" on page 229 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, please see the section titled **"***Material Contracts and Documents for Inspection***"** on page 454 of the RHP.

Liability of the members of our Company: Limited by shares

Amount of share capital of our Company and Capital structure: As on the date of the RHP, the authorised share capital of the Company is ₹ 350,000,000 divided into 175,000,000 Equity Shares of face value ₹ 2 each. The issued, subscribed and paid-up share capital of the Company is ₹ 249,993,534 divided into 124,996,767 Equity Shares of face value ₹ 2 each. For details, please see the section titled "*Capital Structure*" on page 82 of the RHP.

Names of signatories to the Memorandum of Association of our Company and the number of Equity Shares subscribed by them: The initial signatories to the Memorandum of Association of our Company are Digambar Chunnilal Bagde, Hasmukh M Joshi, Ghanshyam D Rathod, Subhasish Mukhopadhyay, Hiren M Patel, D Suryanarayana, each of whom subscribed to 10 equity shares of face value of ₹10 each. For details of the share capital history of our Company, please see the section titled "*Capital Structure*" on page 82 of the RHP.

Listing: The Equity Shares that will be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters each dated July 9, 2024. For the purposes of the Offer, BSE is the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) and Section 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see *"Material Contracts and Documents for Inspection"* on page 454 of the RHP.

Disclaimer Clause of the Securities and Exchange Board of India ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities or the offer document. The investors are advised to refer to page 381 of the RHP for the full text of the disclaimer clause of SEBI.

Disclaimer Clause of BSE (Designated Stock Exchange) : It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the Red Herring Prospectus. The investors are advised to refer to page 382 of the Red Herring Prospectus for the full text of the Disclaimer Clause of BSE Limited.

Disclaimer Clause of NSE : It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 383 of the RHP for the full text of the Disclaimer Clause of NSE.

General Risk: Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have neither been recommended, nor approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the Bidders is invited to *"Risk Factors"* on page 31 of the RHP.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER	COMPANY SECRETARY AND COMPLIANCE OFFICER
INGA®	AXIS CAPITAL	HDFC BANK We understand your world	IDBI capital	LINKIntime	**Gandhali Upadhye** 501, A, B,C,E Fortune 2000, Block G, Bandra Kurla Complex, Bandra East, Mumbai - 400 051 Maharashtra, India. **Tel:** +91 22 6197 9600 **E-mail:** cs@transraillighting.com
Inga Ventures Private Limited 1229, Hubtown Solaris, N.S. Phadke Marg, Opp. Telli Galli, Andheri (East), Mumbai - 400 069 Maharashtra, India **Tel:** +91 22 6854 0808 **E-mail:** transrail.ipo@ingaventures.com **Website:** www.ingaventures.com **Investor grievance ID:** investors@ingaventures.com **Contact person:** Kavita Shah **SEBI registration number:** INM000012698	**Axis Capital Limited** Axis House, 1st Floor, Pandurang Budhkar Marg Worli, Mumbai - 400 025, Maharashtra, India **Tel:** + 91 22 4325 2183 **E-mail:** transrail.ipo@axiscap.in **Website:** www.axiscapital.co.in **Investor grievance ID:** complaints@axiscap.in **Contact person:** Simran Gadh/Harish Patel **SEBI registration number:** INM000012029	**HDFC Bank Limited** Investment Banking Group, Unit no. 701, 702 and 702-A, 7th floor, Tower 2 and 3 One International Centre, Senapati Bapat Marg Prabhadevi, Mumbai - 400 013, Maharashtra, India **Tel:** +91 22 3395 8233 **E-mail:** transrail.ipo@hdfcbank.com **Website:** www.hdfcbank.com **Investor grievance ID:** investor.redressal@hdfcbank.com **Contact person:** Sanjay Chudasama/ Bharti Ranga **SEBI Registration number:** INM000011252	**IDBI Capital Markets & Securities Limited** 6th Floor, IDBI Tower, WTC Complex Cuffe Parade, Mumbai - 400 005 Maharashtra, India **Tel:** +91 22 4069 1953 **E-mail:** transrail.ipo@idbicapital.com **Investor grievance ID:** redressal@idbicapital.com **Contact Person :** Indrajit Bhagat / Drashti Dugar **Website:** www.idbicapital.com **SEBI registration number:** INM000010866	**Link Intime India Private Limited** C 101, 1st Floor, 247 Park, L.B.S Marg Vikhroli (West), Mumbai - 400 083 Maharashtra, India **Tel:** +91 22 810 811 4949 **E-mail:** transraillighting.ipo@linkintime.co.in **Website:** www.linkintime.co.in **Investor grievance Id:** transraillighting.ipo@linkintime.co.in **Contact person:** Shanti Gopalakrishnan **SEBI registration number:** INR000004058	Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Investors may also write to the BRLMs.

AVAILABILITY OF THE RHP: Investors are advised to refer to the RHP and the section titled *"Risk Factors"* on page 31 of the RHP, before applying in the Offer. A copy of the RHP is available on website of SEBI at www.sebi.gov.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of the Company at www.transrail.in and on the websites of the BRLMs, i.e. Inga Ventures Private Limited, Axis Capital Limited, HDFC Bank Limited and IDBI Capital Markets & Securities Limited at www.ingaventures.com, www.axiscapital.co.in, www.hdfcbank.com and www.idbicapital.com, respectively.
Availability of the Abridged Prospectus: A copy of the abridged prospectus shall be available on the website of the Company, the BRLMs and the Registrar to the Offer at www.transrail.in, www.ingaventures.com, www.axiscapital.co.in, www.hdfcbank.com and www.idbicapital.com and www.linkintime.co.in, respectively.
AVAILABILITY OF BID CUM APPLICATION FORMS: Bid cum Application Forms can be obtained from the Registered Office of **TRANSRAIL LIGHTING LIMITED, Tel:** +91 22 6197 9600 ; **BRLMs : Inga Ventures Private Limited, Tel: +**91 22 6854 0808; **Axis Capital Limited, Tel:** + 91 22 4325 2183**, HDFC Bank Limited Tel:** +91 22 3395 8233 **and IDBI Capital Markets & Securities Limited Tel:** +91 22 4069 1953; **Syndicate Members: Greshma Shares and Stocks Limited, Tel:** 022 40656400; **HDFC Securities Limited, Tel:** +91 22 3075 3400 and at the select locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. ASBA Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.
Sub-Syndicate Members: Axis Securities Limited, Almondz Global Securities Limited, Anand Rathi Share & Stock Brokers Ltd, Anand Share Consultancy, ANS Pvt Ltd, Ashwani Dandia & Co, Asit C Mehta Investment Intermediates Limited, Bonanza Portfolio Limited, Centrum Broking Limited, Dalal & Broacha Stock Broking Pvt Limited, Finwizard Technology Private Limited, G Raj & Co. (Consultants) Limited, ICICI Securities Limited, IIFL Securities Limited, Jhaveri Securities, JM Financial Services Limited, Jobanputra Fiscal Services Pvt. Ltd, Kantilal Chhaganlal Securities, Kalpataru Multiplier Ltd, Keynote Capitals Limited, KJMC Financial Services Limited, Kotak Securities Limited, Lakshmishree Investment & Securities Pvt Limited, LKP Securities Limited, Marwadi Shares & Finance, Morgan Stanley Financial Advisors, Motilal Oswal Financial Services Limited, Next World India Private Limited, Nextbillion technology private limited, Nirmal Bang Securities, Nuvama Wealth (Edelweiss Broking Limited) , Patel Wealth Advisors Pvt Ltd, Prabhudas Lilladher Private Limited, Pravin Ratilal Share & Stock Brokers Limited, Religare Broking, Rikhav Securities Ltd, RR Equity Brokers Private Limited, SBICAP Securities Limited, Sharekhan Ltd, SMC Global Securities Limited, Sunidhi Securities And Finance Ltd, Tanna Financial Services, Upstock Pvt Ltd, Yes Securities (India) Limited and Zerodha Broking Limited.
Escrow Collection Bank and Refund Bank : Axis Bank Limited • **Public Offer Account Bank :** ICICI Bank Limited • **Sponsor Banks:** Axis Bank Limited and ICICI Bank Limited
All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For **TRANSRAIL LIGHTING LIMITED**
On behalf of the Board of Directors
Sd/-
Gandhali Upadhye
Company Secretary and Compliance Officer

Place: Mumbai
Date: December 19, 2024

TRANSRAIL LIGHTING LIMITED is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to undertake an initial public offering of its Equity Shares and has filed the RHP dated December 10, 2024 with the RoC. The RHP is available on the website of SEBI at www.sebi.gov.in, on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, on the website of the Company at www.transrail.in and on the websites of the BRLMs, i.e. Inga Ventures Private Limited, Axis Capital Limited, HDFC Bank Limited and IDBI Capital Markets & Securities Limited at www.ingaventures.com, www.axiscapital.co.in, www.hdfcbank.com and www.idbicapital.com, respectively. Any potential investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, please see the section entitled *'Risk Factors'* on page 31 of the RHP.

The Equity Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state law of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or any state law of the United States. Accordingly, the Equity Shares are only being offered and sold outside the United States in *"offshore transactions"* as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no public offering of the Equity Shares in the United States.

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Friday, December 20, 2024

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Bharat Dal, coming soon to an online grocer near you ▶P1

Pvt retailers' 'happy hours' irk state-run oil firm dealers ▶P9

This is a public announcement for information purposes only and is not a prospectus announcement and does not constitute an invitation or offer to acquire, purchase or subscribe to securities. Not for release, publication or distribution directly or indirectly, outside India.
Initial public offer of equity shares on the main board of the Stock Exchanges in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").

Senores
Committed to Global Wellness!

(Please scan the QR code to view the RHP)

SENORES PHARMACEUTICALS LIMITED

Our Company was originally incorporated as "Senores Pharmaceuticals Private Limited" a private limited company under the Companies Act, 2013 through a certificate of incorporation dated December 26, 2017, issued by the Registrar of Companies, Central Registration Centre. Thereafter, the name of the Company was changed to "Senores Pharmaceuticals Limited" upon conversion to a public limited company pursuant to a Board resolution dated August 1, 2023 and a special resolution passed in the general meeting of the Shareholders held on August 24, 2023 and the approval of the central government dated September 4, 2023, and consequently a fresh certificate of incorporation dated September 4, 2023, was issued by the RoC to reflect the change in name. For further details, see *"History and Certain Corporate Matters – Brief History of our Company"* on page 244 of the Red Herring Prospectus dated December 15, 2024 ("**RHP**") filed with the RoC.

Registered and Corporate Office: 1101 to 1103, 11th floor, South Tower, ONE 42 opposite Jayantilal Park, Ambali Bopal Road, Ahmedabad, Gujarat, India, 380054. **Contact Person:** Vinay Kumar Mishra, Company Secretary and Compliance Officer; **Tel:** +91-79-29999857
E-mail: cs@senorespharma.com; **Website:** www. senorespharma.com; **Corporate Identity Number:** U24290GJ2017PLC100263

OUR PROMOTERS: SWAPNIL JATINBHAI SHAH AND ASHOKKUMAR VIJAYSINH BAROT

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF SENORES PHARMACEUTICALS LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF UPTO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UPTO ₹ 5,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 2,100,000 EQUITY SHARES (THE "OFFERED SHARES") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER FOR SALE"), COMPRISING UP TO 250,000 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION BY SWAPNIL JATINBHAI SHAH, UP TO 550,000 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION BY ASHOKKUMAR VIJAYSINH BAROT, UP TO 300,000 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION BY SANGEETA MUKUR BAROT AND UP TO 1,000,000 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION BY PRAKASH M SANGHVI (THE "SELLING SHAREHOLDERS"). THE OFFER SHALL CONSTITUTE [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE OFFER INCLUDES A RESERVATION OF UP TO 75,000 EQUITY SHARES, AGGREGATING UP TO ₹ [●] MILLION (CONSTITUTING [•]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●] % AND [●] %, RESPECTIVELY, OF THE POSTOFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE OFFER FOR SALE

Name of the Selling Shareholder	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)*
Swapnil Jatinbhai Shah	Promoter Selling Shareholder	Up to 250,000 Equity Shares aggregating up to ₹ [●] million	51.31
Ashokkumar Vijaysinh Barot	Promoter Selling Shareholder	Up to 550,000 Equity Shares aggregating up to ₹ [●] million	57.54
Sangeeta Mukur Barot	Promoter Group Selling Shareholder	Up to 300,000 Equity Shares aggregating up to ₹ [●] million	37.20
Prakash M Sanghvi	Other Selling Shareholder	Up to 1,000,000 Equity Shares aggregating up to ₹ [●] million	60.97

**As certified by M/s. Pankaj R. Shah & Associates, Chartered Accountant, by way of their certificate dated December 15, 2024.*

We are a global research driven pharmaceutical company engaged in developing and manufacturing a wide range of generic pharmaceutical products in the B2B segment for the Regulated Markets of US, Canada and United Kingdom and Emerging Markets across various therapeutic areas and dosage forms. We also operate a Critical Care Injectables Business, supplying critical care injectables to hospitals across India through distributors, and manufacture APIs for the domestic market and SAARC countries.

The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations.
• QIB Portion: Not less than 75% of the Net Offer • Non-Institutional Portion: Not more than 15% of the Net Offer
• Retail Portion: Not more than 10% of the Net Offer • Employee Reservation Portion: Up to 75,000 Equity Shares aggregating up to ₹[•] Million

PRICE BAND: ₹372 TO ₹391 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH
BIDS CAN BE MADE FOR A MINIMUM OF 38 EQUITY SHARES AND IN MULTIPLES OF 38 EQUITY SHARES THEREAFTER
THE PRICE TO EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2024 AT THE UPPER END OF THE PRICE BAND IS 32.02 TIMES

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated December 16, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the *"Basis for Offer Price"* section beginning on page 145 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transactions, as applicable, disclosed in the *"Basis for Offer Price"* section beginning on page 145 of the RHP and provided below in this advertisement.

In making an investment decision and purchase in the Offer, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Offer, including the merits and risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

For details, refer to *"Risk Factors"* on page 34 of the RHP.

1. Dependence on third party marketing partners and distributors: The table below sets out the revenue contribution and revenue contribution as a percentage of our total revenue from contracts with our largest marketing partner/ distributors, our top five marketing partners/ distributors and our top ten marketing partners/ distributors, for the six months ended September 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022:

Marketing Partners	Six months ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ million	As a percentage of our revenue from operations (%)	In ₹ million	As a percentage of our revenue from operations (%)	In ₹ million	As a percentage of our revenue from operations (%)	In ₹ million	As a percentage of our revenue from operations (%)
Largest marketing partner/ distributors	258.31	14.27%	370.84	17.29%	59.00	16.70%	7.50	5.29%
Top five marketing partners/ distributors	711.46	39.30%	767.95	35.80%	185.65	52.54%	8.87	6.26%
Top ten marketing partners/ distributors	913.34	50.46%	844.67	39.37%	196.46	55.60%	8.87	6.26%

The loss of one or more marketing partners or distributors, the deterioration of their financial condition or prospects, or a reduction in their demand for our products or our inability to maintain and increase the number of our arrangements for the marketing and distribution of our products could adversely affect our business, results of operations, financial conditions and cash flows.

2. Dependency on the Regulated Markets: Our business is dependent on the sale of our products and continued growth of the Regulated Markets of US, Canada and United Kingdom. The table below sets out our breakdown of revenue from Regulated Markets Business and Emerging Markets Business, for the indicated periods:

Sr. No	Business Segment	Six months ended September 30, 2024		Fiscal 2024		Fiscal 2023#		Fiscal 2022#	
		Revenue contribution (in ₹ million)	Percentage of revenue from operations (%)	Revenue contribution (in ₹ million)	Percentage of revenue from operations (%)	Revenue contribution (in ₹ million)	Percentage of revenue from operations (%)	Revenue contribution (in ₹ million)	Percentage of revenue from operations (%)
(A)	Regulated Markets Business	1,103.69	60.97%	1,451.52	67.66%	207.40	58.69%	8.87	6.26%
(B)	Emerging Markets Business	585.87	32.37%	442.02	20.60%	-	-	-	-

#RPPL, our Subsidiary, through which we undertake our Emerging Markets Business became our subsidiary with effect from December 14, 2023. Accordingly, we do not have any revenue from operations from the Emerging Markets Business for Fiscal 2023 and Fiscal 2022. The revenue from operations from our Emerging Markets Business in Fiscal 2024 is the revenue earned from December 14, 2023 to March 31, 2024.

If market growth for our products decreases in these regions, market acceptance for our competitors' products in these regions increase and results in substitution of our products, or we fail to respond to changes in market conditions or customer preferences in these regions, our business, results of operations, financial condition and cash flows could be adversely affected.

3. Negative operating Cash Flow: We have had negative cash flows from operating activities in the last three Fiscal years set out in the table below:

Particulars	Six months ended September 30, 2024	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
	(in ₹ million)			
Net cash from operating activities	63.86	(198.71)	(10.79)	(104.47)

Such negative cash flows from operating activities were mainly attributable to the increase in working capital requirements which was on account of commencement of operations of SPI and acquisition of our subsidiaries, Havix and Ratnatris.

4. Customer concentration Risk: The table below sets out the revenue contribution and revenue contribution as a percentage of our total revenue from contracts with customers of our largest customer, our top five customers and our top ten customers, for the six months ended September 30, 2023, Fiscal 2024, Fiscal 2023 and Fiscal 2022:

Customers	Six months ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	In ₹ million	As a percentage of revenue from operations (%)	In ₹ million	As a percentage of revenue from operations (%)	In ₹ million	As a percentage of revenue from operations (%)	In ₹ million	As a percentage of revenue from operations (%)
Largest customer	372.13	20.56%	590.66	27.53%	113.59	32.14%	78.99	55.74%
Top five customers	1,028.88	56.84%	1,286.96	59.97%	291.34	82.45%	140.68	99.28%
Top ten customers	1,252.04	69.17%	1,675.91	78.12%	328.10	92.85%	141.70	100%

If one or more of such customers choose not to source their requirements from us or to terminate our contracts or purchase orders, our business, cash flows, financial condition and results of operations may be adversely affected.

Continued on next page...

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5. <u>Geographic concentration risk:</u> We have historically derived a major portion of our revenue from the United States. The table below sets out revenue from operations in the United States in absolute terms and as a percentage of total revenue from operations for the periods indicated below:

Countries	Six months ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue derived (in ₹ million)	As a percentage of revenue from operations (%)	Revenue derived (in ₹ million)	As a percentage of revenue from operations (%)	Revenue derived (in ₹ million)	As a percentage of revenue from operations (%)	Revenue derived (in ₹ million)	As a percentage of revenue from operations (%)
United States	1082.45	59.80%	1,429.31	66.63%	263.49	74.56%	8.87	6.26%

6. <u>Regulatory risk:</u> The pharmaceutical market is subject to regulation and failures to comply with the existing and future regulatory requirements in any pharmaceutical market could expose us to litigation or other liabilities, which could adversely affect our reputation, business, financial condition and results of operations. There have been instances in the past where our drugs failed to meet standards prescribed under applicable law and action was taken against us by regulatory authorities.
7. <u>Operational risk:</u> Pharmaceutical companies, such as ours, have obligations to, and are required to comply with the regulations and quality standards stipulated by, regulators in India and other jurisdictions. Our manufacturing facilities and products are subject to multiple periodic inspection/audit by these regulatory agencies. Inspections by regulatory authorities that identify any deficiencies could result in remedial actions, production stoppages or facility closure, which would disrupt the manufacturing process and supply of products to our customers.
8. <u>Risks associated with maintaining quality service standard and contract terms with customers:</u> Adherence to quality standards is a critical factor in our production process as any deviations from the required specifications by our Company or failure to comply with the technical specifications of our customers regarding the composition of drugs, may lead to a recall of products or cancellation of the orders placed by our customers. In the past, we have had three instances of products being recalled from markets.
9. <u>Conflict of interest:</u> Some of our Directors and Promoters are interested in certain Group Companies, Subsidiaries, and Promoter Group, that are engaged in the same business. Further, certain of our Promoter Group, Subsidiaries and Group Companies are in the same line of business as us, which may result in a conflict of interest.
10. <u>Underutilisation of the manufacturing capacities:</u> The table below capacity utilization of our Atlanta Facility, Chhatral Facility and Naroda Facility for the periods indicated:

Particulars	For the six months ended September 30, 2024	As at and for the year ended March 31, 2024	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Atlanta Facility	48.07%	21.07%	23.67%	14.25%
Chhatral Facility	56.46%	57.39%	60.35%	48.07%
Naroda Facility	85.56%	75.10%	59.72%	67.76%

11. <u>Limited operating history:</u> Our Company was incorporated in 2017 and we acquired our subsidiaries Havix and RPPL on May 3, 2023 and December 14, 2023, respectively. Further, effective January 1, 2024, RLPL has merged with our Company. Due to our limited operating history, investors may not be able to evaluate our business, future prospects and viability.
12. Our Company will not receive any proceeds from the Offer for Sale amounting to ₹ 821.10 million at the upper price band. OFS size is 14.11% of the total issue size at the upper price band. The Selling Shareholders shall be entitled to proceeds from the Offer for Sale.
13. The average cost of acquisition for the Selling Shareholders ranges from ₹37.20 to ₹60.97, and the Offer Price (at upper price of the Price Band) is ₹ 391 per Equity Share.
14. The weighted average cost of acquisition of specified securities transacted by our Promoters, the Promoter Group, the Selling Shareholders or Shareholder(s) with rights to nominate Director(s) or other special rights, in the last eighteen months, one year and three years preceding the date of this Red Herring Prospectus is as follows:

Period	Weighted average cost of acquisition (in ₹)*	Upper end of the price band (₹391) is 'X' times the weighted average cost of acquisition	Range of acquisition price: Lowest price – Highest price (in ₹)
Last eighteen months	73.73	5.30	63.00-320.00
Last one year	171.07	2.29	63.00-320.00
Last three years	69.19	5.65	63.00-320.00

***As certified by M/s. Pankaj R. Shah & Associates, Chartered Accountants, by way of their certificate dated December 16, 2024.**

15. Weighted Average Return on Net Worth of our Company for Fiscals 2024, 2023 and 2022 is 19.38%
16. The BRLMs associated with the Offer have handled 41 public issues in the past three financial years, out of which 9 issues have closed below the offer price on the listing date

Name of BRLM	Total Public Issues	Issues closed below the Offer Price on listing date
Equirus Capital Private Limited	15	4
Ambit Private Limited	5	0
Nuvama Wealth Management Limited	18	3
Common issue handled by the above BRLMs	3	2
Total	41	9

BID/OFFER PROGRAMME

BID/ OFFER OPENS TODAY

BID/ OFFER CLOSES ON TUESDAY, DECEMBER 24, 2024^

^ UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date

An indicative timetable in respect of the Offer is set out below:
Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10:00 am and 5:00 pm (Indian Standard Time ("IST"))
Bid/ Offer Closing Date*	
Submission of electronic applications (Online ASBA through 3-in-1 accounts) - For RIBs and Eligible Employees bidding in the Employee Reservation Portion	Only between 10:00 a.m. and up to 5:00 p.m. IST
Submission of electronic applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10:00 a.m. and up to 4:00 p.m. IST
Submission of electronic applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10:00 a.m. and up to 3:00 p.m. IST
Submission of physical applications (Bank ASBA)	Only between 10:00 a.m. and up to 1:00 p.m. IST
Submission of physical applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and NIIs where Bid Amount is more than ₹500,000)	Only between 10:00 a.m. and up to 12:00 p.m. IST

Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Investors categories#	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 4.00 p.m. IST on Bid/Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIBIs	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 5.00 p.m. IST on Bid/Offer Closing Date

** UPI mandate end time and date shall be at 05:00 p.m. on Bid/ Offer Closing Date.*
 # QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

Post Offer Schedule:

Event	Indicative Date
Bid/ Offer Closing Date	Tuesday, December 24, 2024
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Thursday, December 26, 2024
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about Thursday, December 26, 2024
Credit of Equity Shares to demat accounts of Allottees	On or about Friday, December 27, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Monday, December 30, 2024

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE")

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

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made in accordance with Regulation 6(2) of the SEBI ICDR Regulations, through the Book Building Process wherein in terms of Regulation 32(2) of the SEBI ICDR Regulations, not less than 75% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (such portion referred to as "**QIB Portion**"), provided that our Company, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (the "Anchor Investor Portion"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("**Anchor Investor Allocation Price**"), in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (excluding the Anchor Investor Portion) (the "**Net QIB Portion**"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not more than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two third of such portion shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors and not more than 10% of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price All potential Bidders (except Anchor Investors) are required to mandatorily use the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective ASBA accounts, and UPI ID in case of UPI Bidders, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank(s) under the UPI Mechanism, as applicable, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For further details, see *'Offer Procedure'* on page 462 of the RHP.

Bidders/Applicants should ensure that DP ID, PAN and the Client ID and UPI ID (for UPI Bidders bidding through UPI Mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID and UPI ID available (for UPI Bidders bidding through the UPI Mechanism) in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for UPI Bidders bidding through the UPI mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes notification dated February 13, 2020 and read with press releases dated June 25, 2021, September 17, 2021 and March 28, 2023 and any subsequent press releases in this regard.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS: For information on the main objects of our Company, investors are requested to see "*History and Certain Corporate Matters*" on page 244 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, see "*Material Contracts and Documents for Inspection*" on page 511 of the RHP.

LIABILITY OF THE MEMBERS OF OUR COMPANY: Limited by shares.

AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorised share capital of our Company is ₹ 540,000,000 divided into 54,000,000 Equity Shares of face value of ₹10 each and ₹ 50,000,000 divided into 500,000 Preference Shares of face value of ₹100 each. The issued, subscribed and paid-up Equity share capital of our Company is ₹ 332,658,650 divided into 33,265,865 Equity Shares of face value of ₹ 10 each. For details of the capital structure of the Company, see "*Capital Structure*" beginning on page 101 of the RHP.

NAMES OF THE INITIAL SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: The initial signatories of the Memorandum of Association of the Company are Swapnil Jatinbhai Shah and Ashokkumar Vijaysinh Barot. For details of the share capital history and capital structure of our Company see "*Capital Structure*" beginning on page 101 of the RHP.

LISTING: The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters, each dated September 27, 2024. For the purposes of the Offer, NSE shall be the Designated Stock Exchange.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities stated in the Offer Document. The investors are advised to refer to page 439 of the RHP for the full text of the disclaimer clause of SEBI.

DISCLAIMER CLAUSE OF BSE: It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the RHP has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to the page 441 of the RHP for the full text of the disclaimer clause of BSE.

DISCLAIMER CLAUSE OF NSE (the Designated Stock Exchange): It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 442 of the RHP for the full text of the disclaimer clause of NSE.

GENERAL RISKS: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to *"Risk Factors"* on page 34 of the RHP.

ASBA* | **Simple, Safe, Smart way of Application!!!**

*Applications Supported by Blocked Amount ("**ASBA**") is a better way of applying to offers by simply blocking the fund in the bank account. For further details, check section on ASBA. **Mandatory in public issues. No cheque will be accepted.**

UNIFIED PAYMENTS INTERFACE

UPI-Now available in ASBA for Retail Individual Investors and Non Institutional Investor applying in public issues where the application amount is up to ₹ 500,000, applying through Registered Brokers, Syndicate, CDPs & RTAs. Retail Individual Investors and Non-Institutional Investors also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 read with press release dated September 17, 2021, CBDT Circular No. 3 of 2023 dated March 28, 2023.

*ASBA has to be availed by all the investors except Anchor Investors. UPI may be availed by (i) Retail Individual Bidders in the Retail Portion; (ii) Non-Institutional Bidders with an application size of up to ₹ 500,000 in the Non-Institutional Portion. For details on the ASBA and UPI process, please refer to the details given in the Bid Cum Application Form and abridged prospectus and also please refer to the section "Offer Procedure" on page 462 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("**AIBI**") and Stock Exchanges and in the General Information Document. The Bid Cum Application Form and the Abridged Prospectus can be downloaded from the websites of BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**") and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes & intmId=43, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Axis Bank Limited and HDFC Bank Limited have been appointed as the Sponsor Banks for the Offer, in accordance with the requirements of SEBI circular dated November 1, 2018 as amended. For Offer related queries, please contact the Book Running Lead Manager ("BRLMs") on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail Id: ipo.upi@npci.org.in.*

BOOK RUNNING LEAD MANAGERS

Equirus Capital Private Limited
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E-mail: senores.ipo@equirus.com
Website: www.equirus.com
Investor grievance e-mail: investorsgrievance@equirus.com
Contact person: Jenny Bagrecha
SEBI Registration Number: INM000011286

AMBIT Acumen at work
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Website: www.ambit.co
Investor grievance e-mail: customerservicemb@ambit.co
Contact Person: Miraj Sampat
SEBI Registration Number: INM000010585

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Tel.: +91 22 4009 4400
E-mail: senores@nuvama.com
Website: www.nuvama.com
Investor grievance e-mail: customerservice.mb@nuvama.com
Contact Person: Lokesh Shah
SEBI Registration Number: INM000013004

REGISTRAR TO THE OFFER

Link Intime India Private Limited
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Tel: +91 8108114949
E-mail: senorespharma.ipo@linkintime.co.in
Website: www.linkintime.co.in
Investor grievance e-mail: senorespharma.ipo@linkintime.co.in
Contact person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

COMPANY SECRETARY AND COMPLIANCE OFFICER

Vinay Kumar Mishra
SENORES PHARMACEUTICALS LIMITED
1101 to 1103, 11th Floor, South Tower, ONE 42, Opp. Jayantilal Park, Ambali Bopal Road, Ahmedabad, Gujarat - 380054
Tel: +91 79 2999 9857; **E-mail:** cs@senorespharma.com
Website: www.senorespharma.com

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode. For all Offer related queries and for redressal of complaints, Investors may also write to the BRLMs.

AVAILABILITY OF THE RHP: Investors are advised to refer to the RHP and the *"Risk Factors"* beginning on page 34 of the RHP before applying in the Offer. A copy of the RHP will be made available on the website of SEBI at www.sebi.gov.in and is available on the websites of the BRLMs, Equirus Capital Private Limited at www.equirus.com, Ambit Private Limited at www.ambit.co and Nuvama Wealth Management Limited at www.nuvama.com, the website of the Company, SENORES PHARMACEUTICALS LIMITED at www.senorespharma.com and the websites of the Stock Exchanges, for BSE at www.bseindia.com and for NSE at www.nseindia.com.

AVAILABILITY OF THE ABRIDGED PROSPECTUS: A copy of the Abridged Prospectus shall be available on the website of BSE at www.bseindia.com and NSE at www.nseindia.com.

AVAILABILITY OF BID CUM APPLICATION FORM: Bid cum Application Form can be obtained from the Registered Office of our Company, **SENORES PHARMACEUTICALS LIMITED:** Tel: +91-79-29999857; **BRLMs:** Equirus Capital Private Limited, Tel.: +91 22 4332 0735; Ambit Private Limited, Tel.: + 91 22 6623 3030 and Nuvama Wealth Management Limited, Tel.: + 91 22 4009 4400 and **Syndicate Members:** Equirus Securities Private Limited, Tel:+022 4332 0600; Ambit Capital Private Limited, Tel: +91 22 6623 3039 and Nuvama Wealth Management Limited, Tel: +91 22 4009 4400 and at selected locations of Sub-Syndicate Members (as given below), Registered Brokers, SCSBs, Designated RTA Locations and Designated CDP Locations for participating in the Offer. Bid cum Application Forms will also be available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and at all the Designated Branches of SCSBs, the list of which is available on the websites of the Stock Exchanges and SEBI.

SUB-SYNDICATE MEMBERS: Almondz Global Securities Limited, Anand Rathi Share & Stock Brokers Ltd., ANS Pvt Limited, Asit C Mehta, Axis Capital Limited, Bonanza Portfolio Limited, Eureka Stock & Share Broking Services Ltd., Finwizard Technology Pvt. Ltd., HDFC Securities Limited, ICICI Securities Limited, IDBI CAPITAL, IFCI Financial Services Ltd., IIFL Securities Ltd., Jhaveri Securities, JM Financial Services Limited, Jobanputra Fiscal Services Pvt Ltd., KJMC Capital Market Services Limited, Kotak Securities Limited, LKP Securities Limited, Motilal Oswal Financial Services Limited, Nirmal Bang Securities Pvt. Ltd., Nuvama Wealth Management Limited, Prabhudas Lilladher Pvt Limited, Pravin Ratilal Share & Stock Brokers Limited, Religare Securities Ltd., RR Equity Brokers Private Limited, SBICAP Securities Limited, Sharekhan Limited, SMC Global Securities Limited, Systematix Shares And Stocks India Ltd., Upstox Securities Private Limited and Yes Securities (India) Limited.

ESCROW COLLECTION BANK AND REFUND BANK: ICICI Bank Limited.
PUBLIC OFFER ACCOUNT BANK: HDFC Bank Limited. | **SPONSOR BANKS:** HDFC Bank Limited and ICICI Bank Limited.
UPI: UPI Bidders can also Bid through UPI Mechanism.
All capitalised terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For **SENORES PHARMACEUTICALS LIMITED**
On behalf of the Board of Directors
Sd/-
Vinay Kumar Mishra
Company Secretary & Compliance Officer

Place: Ahmedabad
Date: December 19, 2024

SENORES PHARMACEUTICALS LIMITED is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed a red herring prospectus dated December 15, 2024 with the RoC. The RHP is made available on the website of the SEBI at www.sebi.gov.in as well as on the website of the BRLMs i.e., Equirus Capital Private Limited at www.equirus.com, Ambit Private Limited at www.ambit.co and Nuvama Wealth Management Limited at www.nuvama.com, the website of the NSE at www.nseindia.com and the website of the BSE at www.bseindia.com and the website of the Company at www.senorespharma.com. Any potential investor should note that investment in equity shares involves a high degree of risk and for details relating to such risks, please see the section *"Risk Factors"* beginning on page 34 of the RHP. Potential investors should not rely on the DRHP for making any investment decision but should only rely on the information included in the RHP filed by the Company with the RoC.

This announcement does not constitute an offer of the Equity Shares for sale in any jurisdiction, including the United States, and the Equity Shares may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration. Any public offering of the Equity Shares to be made in the United States will be made by means of a prospectus that may be obtained from the Company and that will contain detailed information about the Company and management, as well as financial statements. However, the Equity Shares are not being offered or sold in the United States.

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 305

Friday, December 20, 2024

mint

Think Ahead. Think Growth.

mint primer

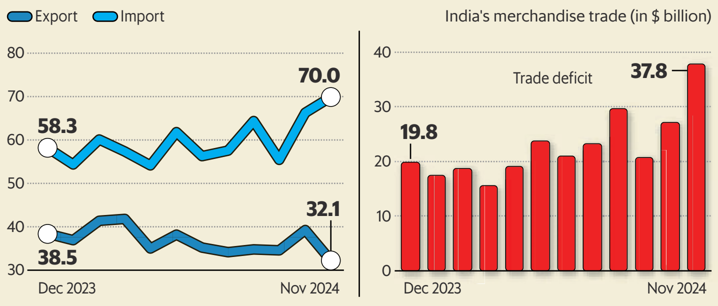
How India's trade gap soared, and how it might hurt

BY DHIRENDRA KUMAR

India's gold imports jumped fourfold to nearly $15 billion in November, powering a 27% surge in goods imports. At the same time, exports fell 4.9%. The result: A record trade deficit of $37.84 billion. *Mint* examines the implications.

Trade dilemma

Prominent drivers of the trade deficit were higher gold imports and falling realizations from petroleum exports.



mint

Source: Ministry of commerce & Industry

1 What led to the record trade deficit in Nov?

India's imports in November soared to $69.95 billion, sharply up from $54.48 billion in November 2023. Merchandise exports, on the other hand, declined to $32.11 billion from $33.90 billion in the same period. Prominent drivers of the trade deficit were higher gold imports and falling realizations from petroleum exports. Gold imports touched $14.86 billion, a fourfold increase from $3.44 billion in November 2023, driven by higher volumes, likely fuelled by festive and wedding season demand. A sharp decline in the export realization of petroleum products added to the trade deficit.

2 Is the manufacturing sector slowing down?

The decline in goods exports could suggest challenges in India's manufacturing sector, particularly since exports are becoming increasingly imported components and raw materials. Production-linked incentives and the introduction of quality control orders to reduce import dependency are yet to show significant results. Small enterprises making components are finding operations sustainable, given the higher logistics and production costs, and those components are being imported. This indicates the need for a stronger domestic manufacturing base to compete globally.


BLOOMBERG

3 What are the challenges from high trade deficit?

Widening trade deficit puts pressure on the current account balance. Rising imports have increased demand for dollars, weakening the local currency. The rupee has fallen sharply in November and December, compelling the RBI to intervene to contain volatility. If imports continue to rise, it will have a direct impact on India's forex reserves.

4 Is there room for optimism?

The government remains optimistic about achieving $800 billion in total exports (merchandise and services) in FY25. While current challenges persist, growing non-oil exports and improving domestic demand are positive indicators. The WTO's outlook for a moderate expansion in global trade through 2024-25 also provides hope for a rebound. Experts expect gold imports to normalize in the coming months. The rise in non-petroleum exports, which grew by 7.4% in November, is a sign of resilience.

5 What about services exports?

While merchandise exports struggled, services exports have continued to perform strongly, with November's surplus reaching a record $18 billion. Services exports grew to $35.67 billion, outpacing merchandise exports in November. The services sector has clocked a compounded annual growth rate of 10.5% between FY19 and FY24. At this pace, services exports are projected to surpass merchandise exports by FY30, driven by sectors like management consulting, legal services and engineering.

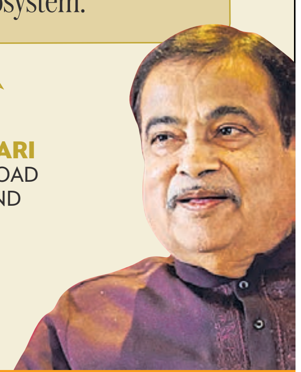
QUICK EDIT

Surge of inflows

On remittances from abroad, India remains the world's top beneficiary. For 2024, such inflows stood at $129 billion, according to a blog by World Bank economists, almost double that of second-ranked Mexico, which got $68 billion, and more than two-and-a-half times China's $48 billion. Globally, such cross-border transfers, usually made by a country's diaspora to support family members back home, grew 5.8%, stronger than the 1.2% rise in 2023. This reflects a recovery in job markets in rich countries after the pandemic slump. Remittances rose 57% in the past decade, outpacing foreign direct investment, which declined 41%, widening the gap between the two. Remittances give countries like India valuable foreign exchange, helping keep their external balances on an even keel. They also tend to hold up well under economic adversity. Cross-border transfers, however, must get cheaper and faster in a world of cryptocurrencies that know no borders. This is reason enough for India to accelerate its e-rupee project and the West not to back away from global initiatives aimed at digital-currency interoperability. The US, on its part, should create a digital dollar.

QUOTE OF THE DAY

The Indian electric vehicles market potential is of ₹20 trillion by 2030, creating 50 million jobs across the entire EV ecosystem.



NITIN GADKARI
MINISTER OF ROAD TRANSPORT AND HIGHWAYS

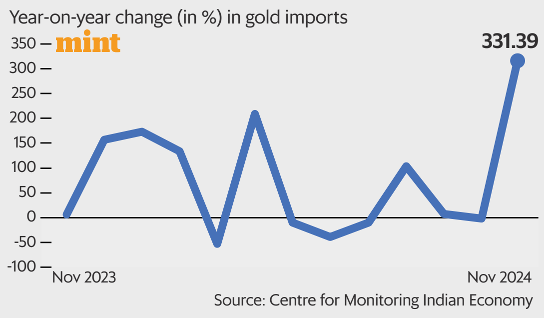
INSIDE

PLAIN FACTS

DATA RECAP: THE WEEK IN CHARTS

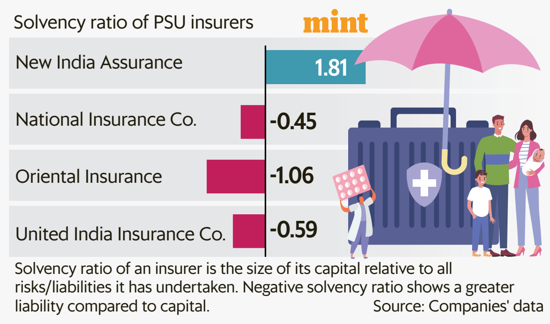
India's trade deficit widened to a record high in November, while loss-making general insurers are set to get a capital boost in the upcoming budget. Here is this week's news in numbers, curated by Nandita Venkatesan.

Gold Rush



INDIA'S TRADE deficit widened to a record high of $37.84 billion in November, primarily driven by a 331% year-on-year surge in gold imports, commerce ministry data showed. Gold imports rose on the back of festive and marriage-related demand, and rising prices. As a result, merchandise imports grew 27% on-year to $69.95 billion last month. On the other hand, exports contracted 4.9% to $32.11 billion. The widening deficit is a concern amid slowing economic growth and a weakening currency.

Insuring Insurers



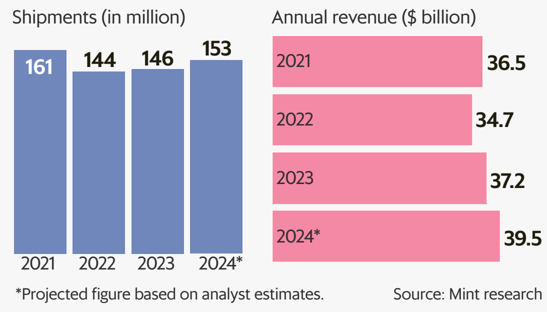
THE GOVERNMENT is considering a capital infusion of ₹4,000-5,000 crore into its loss-making general insurers in 2025-26, *Mint* reported. The upcoming budget may allocate additional funds based on the insurers' progress in financial performance in April-December. Three of the four state-owned general insurers—National Insurance, United Insurance, and Oriental Insurance—have negative solvency ratio currently, which means their total debt is greater than their equity.

₹9,861 crore

Mega Buyout

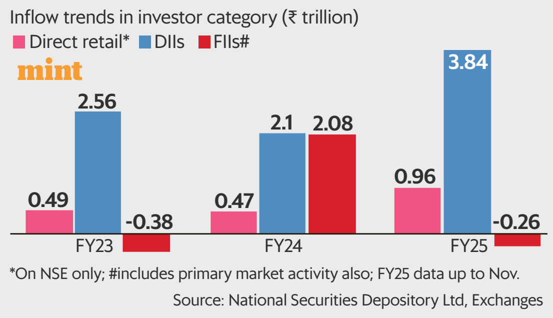
THAT'S THE amount the Hinduja Group is expected to spend on acquiring Reliance Capital. According to chairman Ashok Hinduja, the acquisition is expected to be completed by January. The deal will come nearly a year after the National Company Law Tribunal approved the rescue plan for the bankrupt lender. Hinduja plans to go with the existing management of Reliance Capital to run businesses, but may also divest 34 out of the company's 39 subsidiaries.

Smartphone Slump



THE SMARTPHONE market is staring at a prolonged downturn. Annual shipments have declined since the high of 2021, with the 2024 volume projected to be 5% lower than that of 2021. However, the average selling price has grown from $227 (₹17,500) in 2021 to $258 (₹22,000) this year, mainly due to demand for premium models. The lacklustre momentum has raised question marks over India's aim of becoming a $500 billion electronics economy by 2030, from over $40 billion currently.

Retail Rules



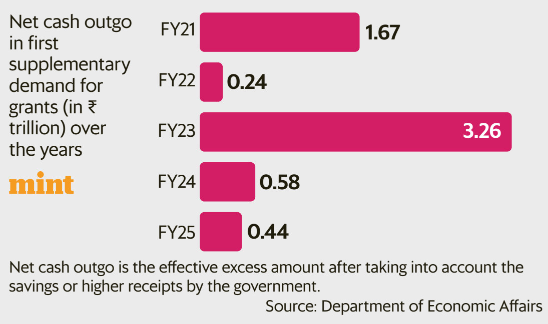
INDIAN RETAIL investors invested nearly ₹1 trillion in the first eight months of the current fiscal year (April-November), surpassing their total investments in the previous two years, *Mint* reported. Around a third of this investment (₹29,594 crore out of ₹95,876 crore) occurred during the October market dip, indicating a growing comfort with volatility. While this strategy has yielded positive results with recent market recovery, analysts caution that volatility may persist.

₹1.46 trillion

PLI Progress

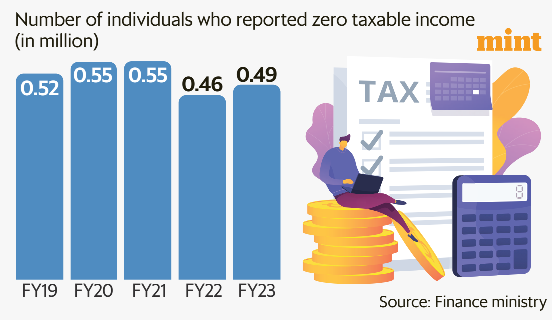
THE INVESTMENT realized from incremental production and sales until August across 14 key sectors getting benefits under various production-linked incentive (PLI) schemes, the government said in a written reply to the Lok Sabha. The PLI schemes, including for electronics manufacturing, pharma and automobiles, were announced with an outlay of ₹1.97 trillion, with incremental production and sales of over ₹12.5 trillion and employment generation of over 950,000.

Modest Needs



THE GOVERNMENT'S first supplementary demand for grants, which seeks additional funds over and above the amounts authorized in the Budget, was the lowest since 2021-22, a *Mint* analysis showed. This indicated improved fiscal management and fewer economic shocks, economists said. However, fertilizer subsidies remain an expenditure overhang. The Mahatma Gandhi National Rural Employment Guarantee Scheme has not yet found a place in the demand for grants.

Chart of the Week: I-T Trends



THE NUMBER of individuals reporting zero taxable income in their income tax returns increased to 490,408 in 2022-23, recording a 6% rise from the previous year but less than the 549,288 individuals in 2020-21, the government told the Rajya Sabha. In 2023-24, only 6.68% of the population filed income tax returns.

Follow our data stories on the "In Charts" and "Plain Facts" pages on the Mint *website.*

PARAS JAIN/MINT

TOP FIVE OTT ORIGINAL HINDI FILMS

1 AMAR SINGH CHAMKILA

Platform: Netflix
Cast: Diljit Dosanjh, Parineeti Chopra

2 DO PATTI

Platform: Netflix
Cast: Kriti Sanon, Kajol

3 AGNI

Platform: Prime Video
Cast: Pratik Gandhi, Divyenndu

4 BHAKSHAK

Platform: Netflix
Cast Bhumi Pednekar, Sanjay Mishra

5 LOVE, SITARA

Platform: ZEE5
Cast: Sobhita Dhulipala, Rajeev Siddhartha

TOP FIVE FOOD SHOWS

OTTplay

1 MASTERCHEF AUSTRALIA

Platform: Disney+ Hotstar
Language: English

2 IS IT CAKE?

Platform: Netflix
Language: English

3 MASTERCHEF INDIA

Platform: SonyLIV
Language: Hindi

4 SUVARNA PAAKASHAALE

Platform: Disney+ Hotstar
Language: Kannada

5 MAST MASALEDAAR KITCHEN KALLAKAAR

Platform: ZEE5,
Language: Marathi

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 305

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20 PAGES

Friday, December 20, 2024

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livemint.com

Jan Aushadhi gets a shot in the arm ▶P10

Artificial intelligence meets 3D hologram technology ▶P3

SENSEX 79,218.06 ↓ 964.14 NIFTY 23,951.70 ↓ 247.15 DOLLAR ₹85.08 ↑ ₹0.12 EURO ₹88.59 ↓ ₹0.57 OIL $73.32 ↑ $0.22 POUND ₹107.72 ↓ ₹0.07

Fed sneezes, Indian markets catch cold

Disappointment on Fed rate trajectory hits stocks worldwide

Ram Sahgal
ram.sahgal@livemint.com
MUMBAI

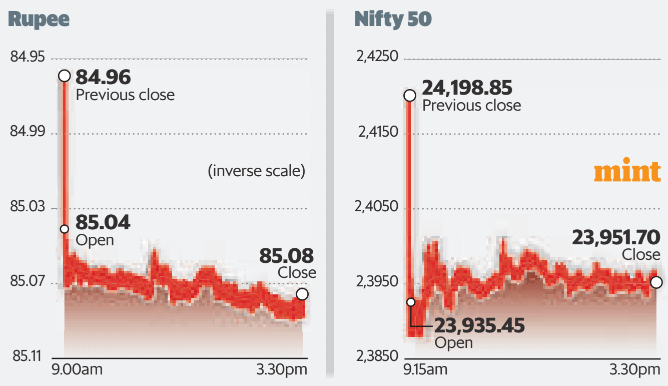
Desperation swept over global markets on Thursday after the US Federal Reserve indicated a slower easing of interest rates, sending Indian stocks lower for the fourth day in a row. Markets now await the onset of the annual Santa Claus rally, when stocks tend to rise during the Christmas-New Year holiday season.

While reducing the US policy rate by 25 basis points, the Fed signalled it may reduce rates twice in 2025 instead of four times as projected earlier. The Nifty and Sensex fell in line with global peers as foreign investors dumped domestic bluechip stocks. The cut in Fed's rate forecast strengthened the dollar, dragging the rupee below 85 per dollar to a new low.

The Nifty closed below 24,000, settling 1.02% lower at 23951.70, while the Sensex closed below 80,000, shedding 1.2% to 79218.05. The day saw intense selling in banks, technology, and oil and gas, heavyweight sectors where foreign portfolio investors (FPIs) have a sizeable presence.

FALLING STREAK

Nifty and Sensex closed 1.02% and 1.2% lower, after the Fed decision to slow rate cuts rattled stocks worldwide. Rupee fell to ₹85.08 to the dollar



Source: Bloomberg

FED LED

FPIs may have raised shorts in derivatives to account for the fall

DOW Jones, Nasdaq had slumped 2.58% and 3.6% overnight

INVESTORS will eye US GDP print for Q3, minutes of MPC meet

SARVESH KUMAR SHARMA/MINT

The market undertone remains bearish, with domestic indices likely to take cues from their global peers, though analysts don't rule out a bounce after the straight four days of straight decline.

"This (fall) is in reaction to the Fed commentary," said Deepak Jasani, head of retail research at HDFC Securities. Jasani expects Indian markets to witness a Santa rally from next week after the recent rout. "FPIs will leave for their Christmas and New Year vacation from next week, and the market will see some reprieve with domestic

TURN TO PAGE 6

Soaps to biscuits to cost more as oil, wheat turn dear

Suneera Tandon
suneera.t@htlive.com
NEW DELHI

Your next pack of cookies could be lighter than the one you got for the same price last time. Welcome back to shrinkflation, where manufacturers reduce pack sizes to make up for costlier ingredients. Alongside, direct price hikes are taking effect too.

Packaged consumer goods makers Britannia Industries Ltd, Parle Products Pvt. Ltd, ITC Ltd and Godrej Industries Ltd are working on reducing pack sizes—grammage in industry parlance—or nudging up prices. As key raw materials such as wheat and oil cost more, prices of biscuits, cakes, soaps and packaged staples are expected to rise as much as 7% in the coming quarters, industry executives said.

"Commodity prices are on the boil," said Rajneet Singh Kohli, chief executive officer of Britannia Industries, referring to costlier flour and cocoa. Palm oil is now 40% costlier from a year ago, Kohli said, thanks in part to the recent 20% import duty on edible oils. Britannia, which sells bread, biscuits and cheese products, will raise prices by 3–5% across the next two quarters, Kohli said.

Britannia, Parle, and Godrej plan to cut grammage. MINT

"It will not cover the entire inflation, but we will take cost efficiency measures at our end to ensure that we don't pass on the entire thing to consumers," Kohli said on the sidelines of an industry event last week. He said the company will most likely cut grammage than make direct price hikes.

A Care Ratings report noted a 13% annual increase in global edible oil prices over the past six months. To top it, India on 14 September imposed a basic customs duty of 20% on crude soybean oil, palm oil and sunflower oil, resulting in an effective duty rate of 27.5% on

TURN TO PAGE 6

Bharat Dal, coming soon to an e-grocer near you

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI

Virtual shelves of online grocers, such as Amazon, Flipkart, and Swiggy, may soon see the debut of an unlikely item: Subsidized dal from the Government of India.

The ministry of consumer affairs is expected to mandate e-commerce companies to offer cheaper pulses under the Bharat Dal scheme on their platforms, two people aware of the matter said.

The platforms, also including BigBasket, Blinkit, Zepto and Jio Mart, had earlier committed to retail subsidized pulses but most of them have yet to make the essential commodity available on their websites, limiting the impact of the scheme, the people said on the condition of anonymity.

While quick-commerce companies Blinkit and Zepto have started selling subsidized pulses, that is not enough, the first person said. "All players have to sell it," the person said, "enabling consumers in urban and semi-urban areas to benefit from the scheme."

Moong and *masoor* to chick-

TURN TO PAGE 6

DON'T MISS

MINT

RBI flags state sops even as tax revenue, spending quality rise

The Reserve Bank has flagged concerns about sops announced by several states, even as their tax revenue grew faster than economic growth rate post pandemic, and spending quality improved in favour of more productive asset creation. >P4

In the works: A repairability index for consumer durables

The consumer affairs ministry is developing a repairability index for consumer durables on the lines of star-rating system used for evaluating the energy efficiency of electrical appliances, Union minister for consumer affairs Pralhad Joshi said. >P2

Accenture reports $1.2 bn Gen AI bookings in November quarter

Accenture Plc secured $1.2 billion Gen AI bookings in the quarter-ended November 2024, bringing its total orders in the segment to $4.2 billion since September 2023. This is its highest Gen AI bookings in any quarter, signalling a rise in new-tech spends. >P6

Dubbing by superstars enhances Hollywood films' market value

Dubbing by Indian superstars like Shah Rukh Khan and Mahesh Babu can greatly lift the reach and box office potential of Hollywood animation films releasing in the local theatres. Take, for instance, Walt Disney's *Mufasa: The Lion King* that is set for release this week. >P7

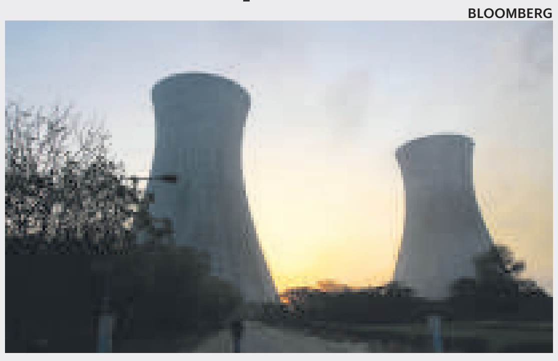
MINT SHORTS

'Break glass ceiling in global standards, shed passive attitude'

New Delhi: Consumer affairs secretary Nidhi Khare on Thursday asked Indian manufacturers to shed their "passive" attitude and recognize their potential in setting global standards, particularly in sectors like artificial intelligence. Speaking at a Confederation of Indian Industry event, Khare expressed concern over India's absence from the top five nations in international standards meetings, which she said were dominated by European countries. **PTI**

Coal-based power generation rises 3.9% in April-October

BLOOMBERG



New Delhi: The government on Thursday said coal-based power generation rose 3.87% in the April-October period of the current fiscal year compared to the same period last year. Imports for blending purposes by thermal power plants dropped 19.5% during the same period, it added. Coal imports during the April-October period dropped 3.1% to 149.39 million tonnes (mt) over 154.17 mt in the corresponding period last year. **PTI**

IOC to invest over ₹21,000 cr in Bihar refinery, city gas projects

Patna: Indian Oil Corp. Ltd (IOC), the country's top oil marketing firm, will invest over ₹21,000 crore to expand the Barauni refinery in Bihar as well as in setting up a city gas distribution network across the state, a senior executive said on Thursday. Previously, the company, along with partners, had spent ₹9,512 crore in reviving the Barauni fertilizer plant, starting urea production in October 2022. **PTI**

Govt asks dairy federations to focus on circular economy

MINT

New Delhi: The government on Thursday said dairy federations should work on circular economy besides focusing on enhancing milk procurement and increasing the price paid to farmers. In a review meeting with industry stakeholders on Wednesday, animal husbandry and dairying secretary Alka Upadhyaya said a circular economy will help reduce the dairy sector's carbon footprint and help enhance farmer income. **PTI**

Sugar industry urged to explore ethanol-diesel blending, green H2

New Delhi: Road transport and highways minister Nitin Gadkari on Thursday called upon the sugar industry to explore multiple avenues for diversification, including ethanol-diesel blending and green hydrogen production. Addressing the annual general meeting of the Indian Sugar and Bio-Energy Manufacturers Association virtually, Gadkari emphasized the need for setting up ethanol and compressed natural gas (CNG) pumps, including through private sector participation. **PTI**

US consulate likely to open in Bengaluru in Jan: Ambassador

New Delhi: The US is working on its commitment to open a consulate in Bengaluru next month, Eric Garcetti, the US ambassador to India, said on Thursday. The US had earlier announced that it will open two new consulates in Bengaluru and Ahmedabad. Garcetti's remarks were made during an interactive session organised by the US-India Business Council in New Delhi. **PTI**

In the works: Repairability Index for consumer durables

India cannot be a dumping ground for inferior-quality products, says minister Pralhad Joshi

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NEW DELHI

Union minister for consumer affairs, food and public distribution Pralhad Joshi. HT

The consumer affairs ministry is developing a Repairability Index for consumer durables on the lines of star-rating system used for evaluating the energy efficiency of electrical appliances, Union minister for consumer affairs, food and public distribution Pralhad Joshi said.

The Repairability Index is designed to assess and rate products based on how easily they can be repaired. This initiative emphasizes the availability of essential components and spare parts in the market, making it easier for consumers to repair their products rather than discard them, the minister told *Mint* in an interview.

"India cannot be treated as a dumping ground for inferior-quality products. Manufacturers must take responsibility for deficiencies in service and be held accountable," he said.

This initiative aims to help consumers utilize their products for longer periods, as many new models are deliberately designed to make older versions obsolete, forcing consumers to purchase replacements.

The star rating-type index will be prepared in consultation with all the key stakeholders, such as the Department for Promotion of Industry and Internal Trade, the ministry of environment, industry bodies, manufacturers and consumer groups.

Just as the Bureau of Energy Efficiency introduced star ratings for energy efficiency, the Repairability Index will help consumers evaluate how easily a product could be repaired. Products with higher repairability will receive better ratings, he said.

The index will mandate manufacturers to establish service centres across the country and provide repair services within a specified timeline.

There have been numerous complaints registered on the National Consumer Helpline regarding premium vehicles and consumer durables manufactured by multinational companies. These complaints highlight delays of up to 45 days for the shipment of spare parts. Such practices are against the interests of consumers who invest substantial amounts of money in these products. "Lengthy wait times for repairs are unacceptable and must be addressed," Joshi said.

The Repairability Index will encompass all categories of products, including consumer durables and vehicles.

"Getting a product repaired on time remains a significant challenge. After-sales service has consistently been an area of concern. The backlog of 5 lakh cases in various consumer courts is a clear example of the deplorable state of the service sector in the country," said Ranjeet Ranjan, a member of the parliamentary standing committee on consumer affairs, food and public distribution, and a Rajya Sabha member.

"Introducing repairability ratings will undoubtedly empower consumers to make informed choices by understanding the reliability and repairability of products. Additionally, this initiative will foster competition among manufacturers to improve their services and ensure the availability of spare parts to achieve better ratings," she said.

Ashim Sanyal, representing consumer groups, echoed Ranjan's concerns and emphasized the need for a robust mechanism to establish and enhance parameters for the Repairability Index.

A well-defined Repairability Index will not only ensure transparency but also hold manufacturers accountable for after-sales service and the availability of spare parts, Sanyal, chief executive, Consumer Voice, said.

To read an extended version of this story, go to livemint.com.

PROLONGING DURABILITY

MANY new models are designed to make older versions obsolete, forcing new purchases

THE government's initiative aims to help consumers utilize their products for longer periods

PRODUCTS with higher repairability will receive better ratings, encouraging sustainable decisions

THE Repairability Index will mandate manufacturers to establish service centres across India

Govt plans jail terms, fines for illegal loans

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The government is seeking to clamp down on unregulated lending with a proposed law that would impose prison terms of up to seven years and fines for unauthorized loans, including those through digital platforms.

A draft law seen by *Reuters* follows stepped-up government scrutiny since 2022 on digital lending applications following an increase in complaints about unfair lending and predatory recovery practices for loans made to vulnerable and low-income groups.

According to the draft law, any lending activity except that authorized by the Reserve Bank of India (RBI) and by Indian law would be banned. Unregulated lending activities would attract a prison term of up to seven years, and a maximum penalty of ₹1 crore.

The penalties would be even stiffer for unlawful means used to harass and recover funds, with illegal lenders punished with a prison term of up to 10 years, and a penalty as high as twice the loan amount, according to the draft.

The draft law also bars unregulated entities from making any deceptive or false claims persuading people to apply for loans. Offenders would face a prison term of up to five years and a penalty of ₹10 lakh.

Discrepancy in Nov trade data suspected

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The commerce ministry this time around may witness a repeat of 2011 when a discrepancy of about $9 billion was detected in the trade data for the April-November period.

This time, the issue involves suspected errors in calculating gold import figures for November 2024.

In 2011, there was over-reporting of export data on account of miss-classifications and double counting due to problems in the computer software, which was getting upgraded.

Noticing an unusual surge in the gold imports in November this year, pushing the country's trade deficit to a record, a commerce ministry official on Wednesday said that the Directorate General of Commercial Intelligence and Statistics has taken up a detailed examination of the gold import data and reconciliation would be done with the data received by the Central Board of Indirect Taxes and Customs.

India's gold imports in November reached a record high of $14.86 billion, registering a fourfold increase, mainly on account of festival and wedding demands. The jump in gold imports pushed the trade deficit (the difference between imports and exports) to a record $37.84 billion in November.

India's gold imports in November reached a record high of $14.86 billion, registering a fourfold jump

Trade experts and jewellers have mixed opinions on the matter, with some suspecting a possible error in the data compilation, while others are stating that double-counting is "very" unlikely.

The downward correction in import data, if any, would lower the trade deficit figures, they added.

"The gold import data in November looks different. It should not be this much high," an official of the gems and jewellery industry said.

'Standardize power purchase pacts'

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Solar power projects of about 30GW are yet to take off due to delays in the signing of power purchase and supply pacts. AFP

The Lok Sabha's Estimates Committee has recommended that the renewable energy ministry come up with a single-window system and develop standardized power purchase agreement (PPA) templates while setting definite timelines for various approvals to expedite the signing of such pacts.

The committee, in its initial report on solar parks in December last year, had highlighted delays in finalizing PPAs between solar power park developers and states or power distribution companies (discoms) as one of the significant challenges in achieving the target of 40GW of installed capacity in these parks by 2023-24. It had attributed the delay in the signing of the power purchase pacts to factors such as lack of clear directions from the ministry, a prolonged internal approval process and involvement of multiple ministries after finalization of tenders.

The panel, in its latest report tabled in Lok Sabha, has said that the Union ministry of new and renewable energy told the committee that PPAs are bilateral agreements signed between solar project developers and discoms, and the ministry or any other central government ministries have no direct involvement in their execution.

The Estimates Committee has called for setting definite approval timelines to expedite the signing of PPAs

The Estimates Committee, consisting of 30 members of the Lok Sabha, scrutinizes the government's budget estimates and expenditures. No minister can be a member of this panel.

The renewable energy ministry has also pointed out that the Union ministry of power has already issued standard bidding guidelines under section 63 of the Electricity Act, 2003, which provide an indicative timeline for the bidding process.

"The committee are not satisfied with the reply of the ministry, as it does not address the committee's recommendations for simplifying the process and reducing bureaucratic bottlenecks," the panel, headed by Bharatiya Janata Party Lok Sabha member Sanjay Jaiswal, said in its report tabled on Wednesday.

"The committee, therefore, reiterate their earlier recommendation for establishment of a single-window system and develop standardized PPA templates to set definite timelines for the approval process at each level within the ministry. The committee expect the ministry to take immediate action in implementing these recommendations and apprise them on the progress made," it said.

Signing of PPAs has slowed recently. In September, *Mint* reported that solar power projects of about 30GW are yet to take off due to delays in the signing of PPAs and power supply agreements.

The renewable energy ministry, headed by Pralhad Joshi, told the committee that out of the seven solar parks being developed by public sector enterprises, only one solar park of 100MW has been commissioned by Solar Energy Corporation of India in Chhattisgarh, while the remaining six solar parks are under implementation, and the progress is being monitored regularly and the issues related to them are addressed from time to time.

To read an extended version of this story, go to livemint.com.

'Building worker homes near factories will boost competitiveness'

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NEW DELHI

Niti Aayog, the Union government's policy think tank, has called for building workers' homes closer to factories by amending existing industrial zoning laws, in order to boost labour productivity and enhance the competitiveness of the country's manufacturing sector.

The government will launch the Site Adjacent Factory Employee (SAFE) accommodation scheme to provide housing to industrial workers, after Union finance minister Nirmala Sitharaman spoke about such a scheme in her budget speech in July, Niti Aayog said in a report.

"Rental housing with dormitory-type accommodation for industrial workers will be facilitated in public-private partnership mode with viability gap funding (VGF) support and commitment from anchor industries," Sitharaman had said in her budget speech.

Niti Aayog said it proposed the SAFE accommodation scheme after consulting with several Union government entities such as the ministries and departments of finance, textiles, housing and urban affairs, and electronics and information technology, as well as the state governments of Andhra Pradesh, Tamil Nadu, Gujarat, Karnataka and Uttar Pradesh. Industry leaders from textiles, automobiles, leather, food processing and electronics also contributed to the consultation, it said. The scheme will be launched as a pilot in 'champion states' under the aegis of the ministry of housing and urban affairs, Niti Aayog added.

Niti Aayog said it proposed the SAFE accommodation scheme after consulting with several Union government entities. MINT

It said building infrastructure for this is possible only if investors get lucrative returns, which would require workers to pay about ₹4,000 a month for an 80 sq. ft space. This, however, would work out to around 30% of a worker's monthly salary, making it unaffordable, the think tank added. Direct government support could reduce the cost of these spaces by about 25%, it added, cutting the monthly rent for workers to about ₹3,000.

"While this amount is within the affordability range of most workers formally employed at or above minimum wages, consultations with employers also indicate a willingness to share a portion of the workers' rental costs," Niti Aayog said.

It said these would be long-term, dormitory-style accommodations exclusively for industrial workers, located near their workplaces. They would be exempt from the goods and services tax, it said, and called on the appropriate authorities to make this exemption. They would not require environmental clearances, Niti Aayog said, as the environment ministry has issued a draft notification exempting projects such as industrial sheds, schools, colleges, and educational hostels from seeking ECs.

Developers can get VGF of up to 30% of the project cost—excluding land—from the Union government, Niti Aayog said. The Department of Economic Affairs will provide 20% of the funds, and the sponsoring nodal ministry will provide 10%, using the same model as the 'financial support to public-private partnerships in infrastructure' scheme, it added.

To read an extended version of this story, go to livemint.com.

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MINT SHORTS

Lightspeed leads $8mn funding in learning startup Seekho

Bengaluru: Seekho, an OTT platform for learning, has raised $8 million in a Series A round of funding led by Lightspeed Venture Partners, while existing investor Elevation Capital also participated in the round. The startup operates an app which provides short videos for educational purposes on topics like business, technology and money. It has started with videos in Hindi, and aims to expand to the other categories and geographies, to build a "Netflix for Learning". ROSHAN ABRAHAM

Lender QuiD Cash bags pre-Series A cheque from MINTCAP

Bengaluru: Business-to-business (B2B) supply chain digital lending platform QuiD Cash has secured $4.5 million in a pre-Series A round of investment led by existing backer MINTCAP Enterprises. The latest funding announcement comes after the Bengaluru-based company raised pre-seed and seed funding from a host of investors in February and March, which included MINTCAP Enterprises and Stone Park Capital. QuiD said it intends to use the capital raised to invest in technology and the growth of the company. ROSHAN ABRAHAM

Curie Money raises seed funding from India Quotient, others

ISTOCKPHOTO

Bengaluru: Fintech platform Curie Money has raised $1.2 million in a seed investment round led by venture capital firm India Quotient. The round also saw participation from prominent institutional investors and angel investors in the fintech sector, the company said in a statement. The investment will be deployed to strengthen Curie Money's core team, advance product development, scale its technology infrastructure, and build strategic partnerships. ROSHAN ABRAHAM

Climate-tech startup Fitsol raises $1 mn from Transition VC

New Delhi: Climate-tech startup Fitsol has raised $1 million (about ₹8.5 crore) from Transition VC and plans to deploy the raised capital to accelerate growth across key areas. It will also use the fresh funds to expand operations by hiring top talent, according to a company statement. The company will also allocate funds to build the first-of-its-kind sustainability solutions marketplace, tailored specifically for the B2B segment, it said. PTI

Veefin raises $11.5 mn for product development, acquisitions

New Delhi: IT company Veefin has raised ₹136 crore (about $11.5 million) in the latest funding round for product development and acquisitions, it said on Thursday. Veefin is planning to raise another ₹155 crore in the next round by January to accelerate the growth of the company's product portfolio, solidify its position as the global leader in working capital technology, and enhance integration across its recent acquisitions. PTI

AI meets 3D hologram tech

Holographic devices combine 3D projections with AI, allowing users to interact through speech and gestures

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NEW DELHI

It's not every day that you get to see or interact in person with Bollywood superstar and *Kaun Banega Crorepati* anchor Amitabh Bachchan. But if you visit the Juhu branch of IDFC FIRST Bank in Mumbai, you can engage with an artificial intelligence (AI)-powered holographic avatar of the veteran actor, who is the bank's brand ambassador.

Developed in partnership with Ikonz Studios, the Holographic Extended Reality (HXR) device offers the bank's customers an opportunity to interact with Bachchan's digital avatar and get information on its products and services. The use of 3D holograms is not new. Back in 2012, Narendra Modi used a 3D holographic avatar to address people in Gujarat when he was chief minister. Two years later, he spoke to the nation as prime minister from more than 100 locations simultaneously.

AI-powered 3D holograms, however, promise to enhance the engagement. Last month, Amsterdam-based Alicia Framis married an AI 3D hologram to fulfil her need for companionship. Describing the marriage as "a romantic relationship between a human and AI," Framis asserted on her website that "robots and humans will soon become sexual partners" but "the next important step is emotionally connecting humans with AI. Holograms are closer to her emotions than robots."

AI-powered holographic devices may work well as marketing ploys or brand statements but deploying them at scale could pose challenges. AFP

Holographic devices blend 3D holographic projections with AI, allowing users to interact naturally through speech and gestures. Unlike static displays, these systems can simulate lifelike interactions, enabling personalised experiences.

By working with icons like Bachchan, businesses can forge stronger connections with users, enhancing both trust and engagement. This strategy aligns with global trends such as the holographic concerts of Elvis Presley, ABBA and Coachella's iconic Tupac Shakur performance, which demonstrate how the entertainment industry has embraced this technology.

That said, the potential applications of AI 3D holograms extend far beyond banking and entertainment. In education, the Indian Institutes of Technology are exploring holographic classrooms where students interact with 3D scientific models, enhancing their understanding of complex concepts.

Retail giants such as Reliance are testing holographic displays in flagship stores to personalize customer engagement. In healthcare, Apollo Hospitals has shown interest in holographic imaging for real-time surgical guidance. Startups Ikonz Studios and Arvind 3D are adapting similar technologies for local markets.

Globally, companies like Hypervsn specialise in advertising-focused 3D projections, while RealView Imaging's medical holography allows surgeons to visualise and manipulate 3D images of organs in real time. And those like Horizon Workrooms use virtual reality headsets for avatar colleagues sitting inside a simulated meeting room as an option to video meetings. Despite their promise, AI-powered holographic devices come with limitations. They may work well as marketing ploys or brand statements but deploying them at scale could pose challenges. When Modi addressed people in Gujarat in 2012, then BJP leader Keshubhai Patel claimed that each public meeting cost ₹54 crore, totalling ₹216 crore.

While costs would have fallen since then, they remain a significant barrier. Developing and maintaining holographic systems can also be resource-intensive, with expenses stemming from both hardware and software. Globally, professional-grade holographic setups can cost anything from $2,000 (₹1.7 lakh) to $10,000, with customised solutions reaching significantly higher price points. This could prove a deterrent for cost-sensitive markets like India. Microsoft HoloLens 2, as an example, has not seen much success, and there have been layoffs in the tech firm's mixed-reality unit.

IN THE SPOTLIGHT

RETAIL giants are testing holographic displays in flagship stores to enhance engagement

APOLLO Hospitals has shown interest in holographic imaging for real-time surgical guidance

There are other issues too, which involve how humans view digital avatars. In 2018, a Japanese man, Akihiko Kondo, tied the knot with an animated 16-year-old holographic doll called Miku. However, he had to abandon his virtual wife a few years later since he could not communicate with her due to outdated software.

Other technological challenges persist. Holograms often require controlled lighting and specific spatial configurations, limiting their utility in outdoor or unconventional settings. Moreover, while AI integration enhances interactivity, it is not without flaws. The market for global digital hum-ans, or AI avatars, was valued at $21.5 billion in 2023, as per estimates by Dubai-based Kings Rese-arch. It is forecast to touch $454.75 billion by 2031.

But companies developing AI-powered holograms must address existing limitations while making the technology more accessible, failing which these smart digital humans will remain marketing ploys, at best.

For an extended version of this story, go to livemint.com

Cinnamon Wealth readies to float debut private credit fund

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NEW DELHI

Cinnamon Wealth, which is a women-focused asset and wealth management company, is all set to launch its maiden private credit fund, the Women Enterprisers Fund, by January, a top company executive told *VCCircle*.

VCCiRCLE

The Women Enterprisers Fund will invest in women-led enterprises and will channel capital into India's MSME sector. The investment vehicle will prioritize investments in businesses that are owned, co-owned, or led by women.

"We are targeting a total fund size of ₹500 crore, with a base amount of ₹250 crore and an additional ₹250 crore allocated as a green shoe option," said Vijay Emmanuel, co-founder and CEO of Cinnamon Wealth.

The fund will focus on investments in sectors such as BFSI, consumer discretionary, dairy, fashion, chemicals, and healthcare. "Healthcare, in particular, is a key vertical for us, with strong prospects for growth," said Emmanuel.

Vijay Emmanuel, co-founder and CEO of Cinnamon Wealth.

"While we are largely sector-agnostic, we avoid investing in areas like real estate, gems, and jewellery. We are placing special emphasis on manufacturing, as it's crucial for GDP growth. While tech is oversaturated, manufacturing has been neglected, and its slowdown directly impacts overall economic growth," Emmanuel added. The fund is raising capital from family offices, high-net-worth individuals, and financial institutions.

Cinnamon Wealth was founded in 2024 by the husband-wife duo of Anurita and Vijay Emmanuel. Anurita founded skincare brand Cinnamon Beauty. Vijay was the director of South Asia at Deutsche Bank in Singapore, where he managed a €3 billion portfolio. He has over 27 years of experience in banking and finance, spanning commercial banking, asset management, wealth management, private banking, and cross-border banking across India, Singapore, the Middle East, and London.

The company has also onboarded Rakesh Suri as its head of alternates and fund manager. Suri brings over 22 years of experience in global and domestic fixed-income markets. He has managed AUM exceeding ₹15,000 crore at Deutsche Bank Mutual Fund and PGIM India Mutual Fund.

"Our ticket size will be around 10% of the total AUM for startups that meet our criteria. For others, we'll allocate funds incrementally based on their ability to achieve milestones. The first cheque amount will depend on the startup's potential and growth prospects," said Suri.

Moreover, the fund will adhere to sectoral and individual investment caps. "We'll cap sectoral investments at around 30% of the fund. Additionally, we'll have industry and single-investment caps, likely between 10% and 15% for individual investments, to mitigate risk. Once the sector cap is reached, no further investments will be made in that area," said Emmanuel.

Multiples PE makes its second bet on the logistics sector

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Private equity firm Multiples PE, founded by Renuka Ramnath, has made its second bet on the logistics sector, with a $35 million (nearly ₹300 crore) investment in INSTANT-XP for a minority stake.

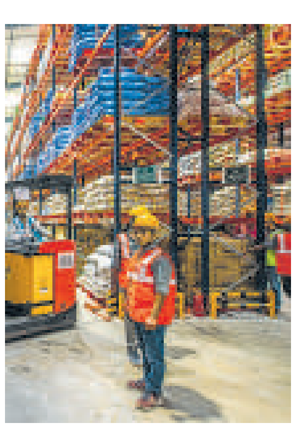
The PE firm had earlier invested in e-commerce logistics company Delhivery in 2014. It sold some of its stake in Delhivery to Tiger Global in 2015 and fully exited in 2021.

"INSTANT-XP is a proxy play on India's consumption and industrial activity. This partnership between INSTANT-XP and Multiples will further accelerate the company's growth while maintaining a strong focus on processes and governance to grow responsibly," said Sridhar Sankararaman, MD, Multiples Alternate Asset Management in a press statement.

VCCiRCLE

The PE firm and INSTANT-XP, operated by Instant Transport Solution Pvt. Ltd, didn't disclose other financial terms of the transaction including the size of the stake that Multiples picked up and the company's valuation.

However, a person close to the development separately told *VCCircle* that Multiples PE likely bought a stake of more than 20% stake in the company.



The PE firm has invested $35 million in INSTANT-XP for a minority stake. MINT

INSTANT-XP intends to use the investment proceeds to enhance its technological capabilities, multiply revenue growth and expand its network and service offerings, said MD and CEO Jasveer Singh.

Founded in New Delhi in 2003 by brothers Rajbir Singh and Jasveer Singh, INSTANT-XP offers transport, logistics and container renting services. According to its website, it currently has a fleet of 1,110 vehicles, with 561 of them being 32-feet, SXL trailers.

In FY23, while the company's profit after tax remained steady at ₹11.77 crore, total revenues rose by a fourth to ₹533.97 crore.

Zetwerk closes Series F round, aims to go public in 18 months

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Zetwerk, a business-to-business (B2B) manufacturing services marketplace backed by marquee investors including Peak XV, Accel and Avenir Growth Fund among others, has closed its Series F funding round that values the unicorn startup 15% higher than its last valuation, co-founder and CEO Amrit Acharya, told *VCCircle* in an exclusive interaction.

The Bengaluru-based startup, which entered the coveted unicorn club in 2021, has raised $90 million in multiple tranches in 2024. The round, which values Zetwerk at about $3.1 billion, was led by entrepreneur Vinod Khosla's venture capital firm Khosla Ventures and IndiGo's co-founder Rakesh Gangwal. British investment management firm Baillie Gifford also joined as a new investor, with participation from existing backers Greenoaks and Avenir Growth.

VCCiRCLE

VCCircle reported about Gangwal's Wheelhouse Venture Capital investing $20 million in the startup earlier this year.

Zetwerk plans to use the capital to support its expansion plan in areas including renewables, consumer electronics, and aerospace.

"Firstly, we are thinking of going public (in the near future), so it makes sense to start getting typical IPO investors, who have a long time horizon and will be invested in the business for 5-10 years," said Acharya.

Zetwerk co-founder and CEO Amrit Acharya.

The company aims for a public listing in about 18 months and has started the process; however, it has not finalised details including issue size.

Founded in 2018 by Acharya, Srinath Ramakkrushnan, Rahul Sharma and Vishal Chaudhary, Zetwerk helps small and medium enterprises in the manufacturing sector translate their digital designs into physical products. "Secondly, growth capital also is helpful for the business. We started as a purely India business, but today the business is reasonably international. We also have to expand supply outside India, (where a part of the capital will be used)," he added.

Presently, Zetwerk derives about a fifth of its revenue from international markets such as the US, which it forayed into in 2021.

The startup plans to ramp this up by inv-esting in its business in these markets, particularly Europe.

Further, Acharya said Zetwerk ended the financial year 2024 with about ₹14,500 crore of revenue. This is about 27% higher than ₹11,449 crore of operating revenue it generated in the fiscal before, according to data from *VCCEdge*.

Further, the company reported ₹191 crore of adjusted Ebitda (or operating profit adjusted for employee stock option costs) in FY24, higher than ₹188 crore in FY23.

Operational profitability is a crucial metric as the company prepares to go public.

"Profitability is a good milestone. We are already there," said Acharya, adding that "sizable growth" in scale also helps. Zetwerk grew its GMV to ₹17,564 crore in FY24 to about ₹13,000 crore in FY23.

Index	Close	Percent change	Previous close	Open	High	Low
S&P BSE Sensex	79,218.05	-1.20	80,182.20	79,029.03	79,516.17	79,020.08
Nifty 50	23,951.70	-1.02	24,198.85	23,877.15	24,004.90	23,870.30
Nifty 500	22,752.15	-0.79	22,934.40	22,594.95	22,782.25	22,590.00
Nifty Next 50	70,625.70	-0.88	71,250.00	70,026.95	70,821.35	69,849.15
Nifty 100	24,884.95	-1.01	25,137.60	24,783.70	24,934.10	24,776.45
S&P BSE Mid-cap	47,379.25	-0.30	47,524.06	46,669.99	47,410.83	46,643.30
S&P BSE Small Cap	56,337.69	-0.28	56,496.71	55,573.51	56,376.26	55,549.25

CGD stocks climb wall of worry

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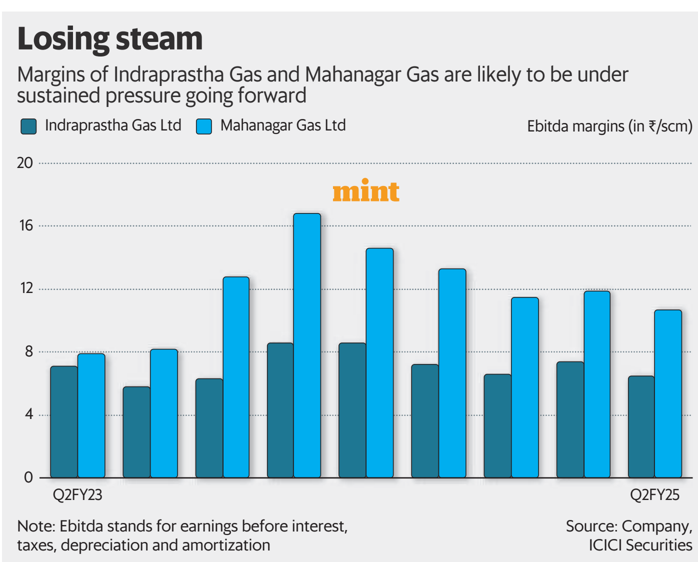
State-run city gas distribution (CGD) firms are bracing for a decline in earnings in the December quarter (Q3FY25). Blame the recent 36% average supply cut in cheaper natural gas allocated by the government. However, a rebound in CGD stocks suggests that investors are overlooking the immediate hit, betting instead on the anticipated inclusion of natural gas under the goods and services tax (GST).

Shares of Indraprastha Gas Ltd (IGL), Mahanagar Gas Ltd (MGL), and Gujarat Gas Ltd (GGL) have recovered 21%, 11%, and 12%, respectively, from their November lows following the latest administered price mechanism (APM) gas de-allocations. Bringing natural gas under GST would enable CGDs to claim input tax credits for GST paid to vendors, potentially improving profitability amid rising input costs.

Nuvama Research estimates a 9-11% upside potential to FY26 Ebitda for CGDs from such a move.



However, it's not clear if the GST Council will take it up at its meeting scheduled for 21 December. Additionally, a large part of potential GST benefits will have to be passed on to consumers considering the anti profiteering rules. So, investors need to focus on margin compression.

"Following the surprise twin APM de-allocation for CGDs, gas costs shall increase by ₹1–3.5/scm for our coverage CGDs assuming the gas shortfall is covered equally by New Well Gas and spot LNG," said the Nuvama report dated 17 December. This could result in a 17-44% sequential decline in their estimated Q3FY25 Ebitda margins, it added.

Hiking retail prices for compressed natural gas (CNG) is a tough choice for CGDs as that could discourage consumers from switching away from diesel or petrol to CNG.

"We knew that the listed companies would not be able to sustain their high margins and abnormally high profits for long, even before the de-allocation began," Vivekanand Subbaraman, lead oil and gas analyst at Ambit Capital, told *Mint*. "They operate in saturated markets and will not be able to increase volumes (of CNG) as they have not bid for newer geographical areas for expanding distribution network, unlike the unlisted companies."

IN HOT WATER

THE recent 36% average supply cut in cheaper natural gas allocation may hit CGD earnings in Q3

HIKING retail prices for CNG risks deterring consumers from switching from diesel or petrol

Among the listed firms, IGL and MGL are likely to bear the brunt due to their heavy reliance on government-supplied gas for CNG. GGL, with its focus on piped natural gas (PNG) and lower exposure to CNG, is better positioned.

To promote clean energy, the government prioritized the CNG sector, supplying gas at subsidized prices. This helped IGL and MGL to enjoy high profitability. But their heydays are likely over, as the government has decided to re-allocate a large chunk of its APM gas to the power sector to meet rising energy demand.

Natural gas, a non-renewable resource, is facing supply constraints, and the government is encouraging CGD companies to source it from new wells operated by upstream companies like Oil and Natural Gas Corp. Ltd, albeit at higher prices.

APM gas is priced at $6.5/mmbtu, while new-well domestic gas costs $9/mmbtu, and international spot liquefied natural gas (LNG) $15.8/mmbtu. CGD companies will need to rely on a mix of domestic premium-priced gas, US Henry Hub (HH) benchmark-linked LNG, term LNG, and spot LNG to meet their needs.

In summary, weak fundamentals make CGDs unattractive despite GST implementation hopes.

Coromandel is betting on gains from backward integration

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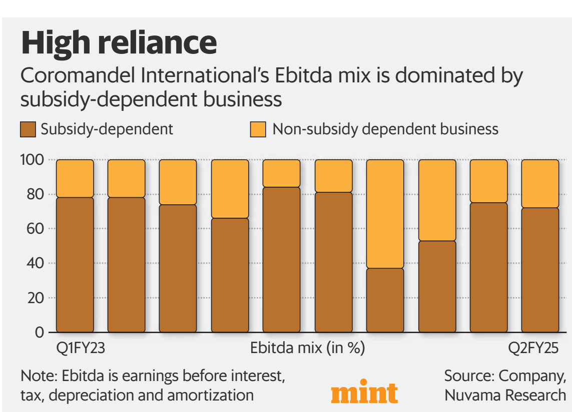
Despite a dull first half (H1FY25), shareholders of Coromandel International are brimming with optimism. The fertilizer firm's stock hit a new 52-week high of ₹1,882 on Wednesday, taking its gains so far this year to 46%.

In his first interaction with analysts this week, managing director and CEO S Sankarasubramanian highlighted the increased thrust on cost savings from backward integration. The company expects it to result in an increase of about 40% in Ebitda per tonne for manufactured fertilizers to around ₹7,000 by FY28 from the guidance of ₹4,500-5,000 per tonne for FY25. In H1, it stood at ₹4,800.

The bulk of the gains are likely to come from captive manufacturing. The company is ramping up sulphuric acid and phosphoric acid capacities to 2,000 tonnes per day (tpd) and 650tpd, respectively, at its plants in Kakinada, which will be operational in FY25 and FY26. The management is upbeat on H2 prospects as the fertilizer business is expected to see healthy growth and better year-on-year margins.



Coromandel derived 72% of its Ebitda in H1 from subsidy-dependent fertilizer businesses. With an aim to earn about half its profit from non-subsidy businesses, it plans to launch contract development and manufacturing operations (CDMO) for agriculture and specialty chemicals.

Coromandel also has a 58% stake in Dhaksha Drones, which offers solutions for precision agriculture, defence, and industrial operations. The company has an order book of around ₹250 crore for defence, but a meaningful earnings contribution could accrue gradually. Coromandel aims to expand its distribution reach by doubling the number of retail outlets from 850 to sell more agrochemical products apart from fertilisers.

The stock's rally so far this year has been attributed to a good monsoon and expectations of a favourable government policy on nutrient-based subsidy. Coromandel is also debt-free and has a healthy cash balance of ₹4,214 crore as of H1. Adjusted for this, the current market capitalisation discounts FY27 Ebitda estimates by 14x, based on projections by Motilal Oswal Financial Services.

While that may appear reasonable, a subsidy-dependent business means no further expansion of the multiple is warranted. But, execution delays in capacity expansion at Kakinada could trigger earnings downgrades.

Mark to Market writers do not hold positions in the companies discussed here unless otherwise informed

RBI flags state sops even as taxes, spend quality improve

Gopika Gopakumar & Gireesh Chandra Prasad
MUMBAI/NEW DELHI


RBI stressed the need for a credible fiscal consolidation roadmap for states. AP

India's banking regulator has flagged concerns about a slew of sops announced by several states, even as their tax revenue has grown faster than the economic growth rate after the pandemic year of FY21, and spending quality improved in favour of more productive asset creation.

"Several states have announced sops pertaining to farm loan waiver, free electricity to agriculture and households, free transport, allowances to unemployed youth and monetary assistance to women in their Budget for 2024-25," the Reserve Bank of India (RBI) said in its study of budgets of 2024-25 released on Thursday.

"Such spending could crowd out the resources available with them and hamper their capacity to build critical social and economic infrastructure," it said. A credible road map for states' fiscal consolidation was needed, RBI said.

Meanwhile, the average buoyancy of states' tax revenue went up in the post-pandemic period of FY21-25 to 1.4 from the pre-pandemic average of 0.86 during FY13 to FY20, RBI said in its study.

The average buoyancy of state tax revenue rose post-pandemic to 1.4 from the pre-pandemic average of 0.86

Improved tax buoyancy implies greater efficiency in collection, which has helped states in allocating greater funds for building highways, bridges and other facilities. Typically, a buoyancy above 1% indicates collections growing faster than nominal GDP.

The report noted that states have earmarked ₹9.2 trillion as capital outlay in 2024-25, about 2.8% of gross domestic product (GDP), compared to ₹7.6 trillion in FY24, which accounted for 2.6% of GDP.

Even as capital expenditure is projected to increase this year, states are expected to maintain fiscal discipline with the gross fiscal deficit budgeted at 3.2% of GDP in 2024-25, a marginal increase from last year's level, said the report.

States' increasing capital expenditure is in line with Centre's strategy of spending more on this sector as it stimulates growth. The central government has an effective capex of ₹15 trillion this fiscal, including the grants given to states for investing in infrastructure.

RBI, however, highlighted that Arunachal Pradesh, Himachal Pradesh, Sikkim and Tripura have forecast high gross fiscal deficit in 2024-25, while large states like Gujarat and Maharashtra have budgeted lower deficit as a share of GDP.

RBI asked states to have a clear and time-bound glide path for debt consolidation.

States' revenue expenditure is projected to increase to ₹47.5 lakh crore in FY25, which accounts for 14.6% of GDP as against ₹ 39.9 trillion or 13.5% of GDP last year.

For an extended version of this story, go to livemint.com.

I-bankers see more China IPOs in 2025

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Investment bankers are pinning hopes on initial public offerings in Asia to grab a bigger slice of equity capital markets volumes in 2025, after such transactions fell to the smallest proportion in eight years as Chinese deals remained muted.

New listings in mainland China have underwhelmed since last August, when the securities regulator tightened local issuance to stabilize its stock market. Similarly, Hong Kong's IPO market has struggled due to China's economic woes and Beijing's regulatory crackdowns on various sectors.

IPOs on mainland exchanges and in Hong Kong raised just about $27 billion this year through Thursday, on track for the lowest annual volume since 2013, according to data compiled by *Bloomberg*. Across the whole of Asia Pacific, first-time share sales accounted for just 30% of all ECM volumes, below the 43% average for the years 2017 to 2023, the data show.

"China volume will continue to grow in 2025," said James Wang, co-head of equity capital markets for Asia excluding Japan at Goldman Sachs Group Inc. "Investors have come to recognize China risk, but also see valuations being pretty attractive in selective assets."

Meanwhile, follow-on stock offerings and convertible bonds have helped fill the void. Dollar-denominated convertible and exchangeable bonds by companies in the region have raised a record $29 billion this year, up 40% from the tally in 2023, as companies sought cheap money against the backdrop of high interest rates.

IPOs on mainland exchanges and Hong Kong raised $27 bn this year so far. ISTOCKPHOTO

Convertible-bond issuance is likely to continue in 2025 despite expectations for borrowing costs to fall, Goldman Sachs' Wang said.

A drop in equity issuances in China, which historically made up the bulk of the region's transactions, has resulted in a larger proportion of deals in other countries. IPOs in India have raised a record $19.4 billion this year, with bankers expecting even more next year. Japan IPOs raised $6.3 billion this year, more than each of the previous two years' volumes.

The magnitude of Chinese equity deals next year hinges on the China Securities Regulatory Commission's willingness to approve domestic listings. Offshore, the pipeline of Chinese IPOs depends on mainland companies seeking second listings in Hong Kong.

Ajmera bets on acquisitions, JVs to expand m-cap tenfold to $5 bn

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Ajmera Realty and Infra India Ltd aims to expand its market capitalization (m-cap) by 10x to $5 billion through acquisitions and joint ventures (JVs), said Dhaval Ajmera, director at Ajmera Group.

Ajmera added that to achieve the goal, the company is targeting at least 25-30% growth each year in terms of volumes, sales, and profitability. While he did not specify a timeline, he said it may stretch beyond five years.

The Mumbai-based company's m-cap stands at ₹4,015.61 crore (about $472 million). In 2024 so far, its stock has surged 148% to ₹1,112.15.

The family-run real estate firm plans to invest ₹2,300 crore generated from internal cash accruals over the next three to four years in acquisitions, JVs, joint development agreements (JDAs), and society redevelopment opportunities.

Through such projects, the company expects to monetize its 11.1 million square feet land bank in Mumbai and acquire more land in other locations, Ajmera told *Mint*. "We are definitely looking at a $5 billion m-cap," he said. "The plan is to acquire properties or probably get into JVs or transactions at multiple locations rather than probably one location."

With three generations at work, Ajmera said the company can oversee seven to 10 projects simultaneously. The company is targeting pre-sales worth ₹1,350 crore in 2024-25. If achieved, it will complete its five-year goal of increasing pre-sales fivefold in four years.

Ajmera's 25-30% growth target isn't farfetched. In the fiscal ended March 2024, its net sales surged 35% to ₹489 crore, and net profit rose 20% to ₹85.33 crore. In the year prior, net sales dropped 11% even as its profit climbed 75%.

The company's debt stood at ₹790 crore as of September. It aims to bring it down to "almost zero in the next six to eight months" without compromising on "working capital requirements", Ajmera said.

"In a city like Mumbai, having an excellent land bank is a big plus for a developer that can also capitalize on their brand equity to develop it on their own," said Gautam Saraf, managing director of Mumbai and new business at property consultant Cushman and Wakefield. "...with opportunities for society redevelopment, JVs, JDAs that they have been pursuing, it could lead to inorganic growth."

For an extended version of this story, go to livemint.com.

What Sebi's latest reforms mean for SME IPOs and MFs

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On 18 December, the Securities and Exchange Board of India (Sebi) approved several key amendments to improve business operations, investor protection, and the efficiency of market participants. *Mint* explains:

How has Sebi tightened the rules for small businesses to access the public markets?

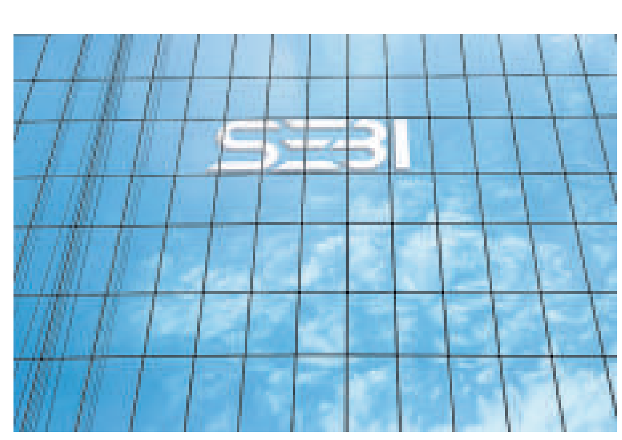
Sebi has imposed stricter requirements to ensure that only financially sound and operationally viable small and medium enterprises (SMEs) can raise capital through initial public offerings (IPOs). An SME can launch an IPO only if it had a minimum operating profit of ₹1 crore in at least two of its three most recent fiscal years. This is to ensure that only businesses with a proven record can access public funding, reducing risks for investors.

Sebi has imposed new restrictions on the offer for sale (OFS) portion in an SME IPO. Shareholders in a pre-IPO SME can now sell up to 20% of the total issue size, but not more than 50% of their total holding.

The lock-in period for promoters' shares has also been revised: 50% of excess shares will be unlocked one year after the IPO, and the remaining 50% after two years.

Finsec Law Advisors founder Sandeep Parekh said, "It seems to be going back almost 35 years back..." Mischief in odd cases, or over frothy market in these IPOs for the past two years, should not mean that "we discard the disclosure based system for the arcane merit-based systems", he said.

A company must be profitable to launch an IPO, there is a restriction on the quantum of shares sold (by shareholders), how the money can be used (only 15% for general purpose) or where it can't be used (to repay promoters), he said.



Sebi has set stricter requirements to ensure only financially sound and viable SMEs can raise capital through IPOs. REUTERS

What is PaRRVA?

The Past Risk and Return Verification Agency (PaRRVA) will verify and validate the risk-return metrics associated with various financial services providers, including investment advisors, research analysts, and algorithmic trading services. The goal is to provide investors with independent verification of the risk and return characteristics of these services.

EXPLAINER

PaRRVA will focus on verifying the metrics provided by financial service providers. The process will involve ensuring that the calculations, assumptions, and representations of risk-return data are accurate, reliable, and adhere to recognized standards. A recognized stock exchange will serve as the PaRRVA Data Centre (PDC).

Parekh said PaRRVA would impose and unnecessary cost on an already thin community of over-regulated investment advisers. Finfluencers remain free to say anything, while investment advisers will now need to go to an external agency for proving a simple arithmetic fact, he said.

What were some of Sebi's other proposals?

Merchant bankers can now only engage in Sebi-approved activities; non-approved activities have to be hived off as a separate legal entity in two years.

Category 1 merchant bankers, with a ₹50 crore net worth, must earn a minimum revenue of ₹25 crore to retain registration. Category 2 merchant bankers, with ₹10 crore net worth, are restricted from managing mainboard equity issues and must earn a minimum revenue of ₹5 crore.

Merchant bankers must maintain at least 25% of the minimum net worth requirement as liquid net worth. They are also prohibited from managing public issues if their key personnel or employees hold over 0.1% of an issuer's shares.

What are the changes to mutual fund regulations?

Key changes include allowing employees of an asset management company (AMC), such as fund managers, to invest in schemes with a reduced minimum investment amount. The frequency of disclosures has been reduced.

AMCs are required to conduct and disclose stress testing for their schemes, assessing the impact of adverse market conditions and helping investors better understand risks.

For an extended version of this story, go to livemint.com.

'Kia India doesn't rely on hybrid incentives'

Bets on agility amid regulatory shifts, plans two mass market EVs in 2025

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Kia India, known for its sharp focus on sport utility vehicles (SUVs), is treading with flexibility in the dynamic Indian passenger vehicle market, where regulatory uncertainty and shifting consumer trends leave automakers scrambling for direction. Gwanggu Lee, managing director and CEO of Kia India, emphasized the importance of agility over rigid strategies, pointing out that committing to a single course could be perilous.

"In India, it's very dangerous if we just stick to one direction because it's such a dynamic country," said Lee in an interview. "The policy environment here is constantly changing, and OEMs need to adapt swiftly to new developments."

Kia, having access to a broad range of technologies, is hedging its bets on multiple fronts, from electric vehicles (EVs) to hybrids and even compressed natural gas (CNG) models. However, Lee is wary of regulatory unpredictability, which complicates long-term investment strategies. "As a businessman, it's very hard to know which direction to follow when the policy winds shift. Dynamic policy sounds great but can be a huge risk. A more predictable direction would be more favourable," he added.

Kia is open to expanding its hybrid portfolio, but isn't banking on government incentives to make it viable. India does not offer tax break for hybrid vehicles, unlike EVs, which enjoy reduced GST rate. Despite this, Lee remains pragmatic about the economics of hybrids. "If we invest in hybrids, I don't expect incentives," he said. "Hybrid technology is fundamentally based on the same platform as internal combustion engines (ICEs). The real benefit lies in fuel efficiency and customer affordability, rather than breaks."

(L to R) Hardeep Singh Brar, senior VP; Teck Koun Kim Kia from Global Design Centre; Gwanggu Lee, MD & CEO, Kia India; and Joonsu Cho, CSO, at the launch of Kia Syros

Kia is committed to launching two mass market EVs in India next year, including an electric version of the Syros compact SUV it unveiled on Thursday, as part of its broader electrification strategy. However, Lee is cautious about the pace of EV adoption, considering the government's evolving targets. "At the beginning of this year, experts told me EV penetration could reach 30%, but a few months later, the expectation fell to 17%."

10%
Expected SUV market share by 2025 from 7% now

The auto major's electrification efforts will be key to adhere to Corporate Average Fuel Economy (CAFE) norms and stricter carbon emissions regulations. Kia India expects to gain SUV market share to 10% next year from about 7%, as it gains incremental volumes from the Syros SUV and the market sees a rebound with higher government spending, Hardeep Singh Brar, head, sales and marketing, Kia India, said.

Lee said the segment's growth potential is driven by rising incomes and an expanding middle class.

"India's car industry grows in line with the economic development," he said. "The key is the emergence of new middle-class households, which will support car market growth."

While EVs and hybrids dominate the green mobility discourse in India, Kia is also exploring other options including CNG. However, Lee indicated that its application might be limited to smaller SUVs and passenger cars. For the segments that it operates in, it may choose to focus on EVs and self-charging hybrids. "CNG is a potential avenue, but it doesn't support the performance requirements of larger SUVs," he said. "We are focused on ensuring no compromises in performance, especially for our SUV offerings."

"Kia's global presence gives us access to a wide range of technologies," Lee said. "The key is the timing—knowing when to adapt and bring these technologies to the Indian market."

SFB bid: Fino to bet on merchant loans

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Fino Payments Bank plans to use its network of merchants as the first set of customers to lend to, while also using them as loan collection points, if the regulator approves its proposal to convert into a small finance bank.

In December 2023, Fino applied for the small finance bank licence and has about 1.8 million merchants providing financial services as agents of the bank. Rishi Gupta, managing director and chief executive, Fino Payments Bank, said in an interview that a significant portion of the merchants can operate as collection agent for loan repayments.

Gupta said the merchants will be used as loan collection points while the bank would also cater to the credit demand of these merchants. They run the bank's touchpoints and provide services like opening of bank accounts, cash withdrawal, and more. The other target base is its current base of 13 million customers, he said.


Managing director and CEO Rishi Gupta said Fino Payments Bank have to build teams for credit appraisal, sales and collections.

Fino Bank has a majority (34%) of its merchants in the eastern part of the country, 32% in the north, 21% in the west, and 13% in the south.

Conceptualised by a committee headed by former RBI board member Nachiket Mor, payments banks are supposed to reach out to under-banked and unbanked masses, accepting deposits of up to ₹2 lakh for each customer. The primary difference between them and a small finance bank is payments banks can't lend. There are six such banks, including Airtel Payments Bank, Fino Payments Bank, Jio Payments Bank, India Post Payments Bank, NSDL Payments Bank and Paytm Payments Bank.

"Some questions started to come from the RBI and we are answering them. If and when RBI gives us an approval, it will be in the form of an in-principle nod. We will get 18 months to actually convert into an operating bank," said Gupta. "We want to convert within one year of that nod."

According to Gupta, conversion would entail changes to three things: team, technology and capital. "We do not need capital right now as we have higher capital than what is required. On the technology side, we are migrating our old systems to a completely new Finnacle system. On teams, people have shown interest in joining us at a later date." He also said the bank will build teams required for lending.

"For collections, we have a cash management services vertical within Fino where we do collections from agents and some customers also come and deposit money at our points." He said the bank has to build teams for credit appraisal and sales, as well as collection. The teams will be built over 12-18 months after RBI's in-principle approval to convert to a small finance bank, he added.

Nirmal Bang Institutional Equities analysts said while the bank awaits RBI's nod for SFB licence, it is building its technology, liability and is running pilots for merchant loans, gold loans and a partnership-based lending portfolio.

For an extended version of the story go to livemint.com

Pricing probe: CCI raids Pernod, AB InBev

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India's antitrust body raided some offices of alcohol firms Pernod Ricard and Anheuser-Busch InBev as it investigates accusations of price collusion with retailers in a southern state, persons familiar with the matter said.

Wednesday's surprise raids by Competition Commission of India (CCI) targeted offices in Hyderabad, and some retailers in nearby Telangana state, five persons said, in one of the biggest industry crackdowns. Sources spoke seeking anonymity as they were not authorised to speak to the media.

In a statement, AB InBev, which makes Budweiser beer, said, "While we can't comment on specifics, we take antitrust compliance very seriously. We are working together in collaboration with the authorities."

An anonymous complaint alleged Telangana sellers formed "cartel-like" pacts to boycott all brands but AB InBev's

Pernod, maker of brands such as Chivas Regal, said in a statement it complies with the Indian laws and is cooperating with the authorities.

The CCI did not immediately respond to a request for comment on the matter, but its rules require details of raids and investigations in price collusion to be kept confidential until the conclusion of cases.

In the previous biggest crackdown in the beer industry in 2018, raids were conducted on Carlsberg, AB InBev and United Breweries in an investigation that ran for years. Heineken-controlled United Breweries and Carlsberg were fined more than $100 million collectively in 2021, but both have denied wrongdoing.

This week's raids at Pernod's Hyderabad office follow a case filed by local rival Radico Khaitan, three of the persons said. Last year, *Reuters* had reported that Radico accused Pernod of violating antitrust laws by entering into agreements with retailers in Telangana that offered them "discounts and benefits" to abstain from selling Radico's 8PM whisky brand.

Sources said the AB InBev raid was related to an investigation triggered in July 2022, details of which are not public. The case was based on an anonymous complaint.

I-T department sought to tax Western Union citing it ran a PE in India. MINT

Delhi HC rejects tax plea against Western Union

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The Delhi high court rejected a plea by the income tax department against American multinational Western Union Financial Services, citing provisions of the India-US double taxation avoidance agreement (DTAA).

The court on 18 December held that Western Union did not have a so-called permanent establishment (PE) in India and, therefore, could not be taxed under the Income Tax Act, 1961, for transactions between 2001 and 2016.

The high court bench ruled that the mere provision of software by a foreign company to its Indian agents did not constitute a PE to attract tax liability.

"The software utilized for connecting the Indian agents to the mainframe, being intangible property, would invariably be excluded from the threshold of PE. The argument of the premises of the Indian agents constituting a PE is clearly misconceived since these were independent third parties with their own business portfolios. Their premises, in any case, would not satisfy the test of virtual projection," the judgement stated. Under the Income Tax Act, 1961, a foreign entity is taxable in India if it has a permanent establishment, which refers to a fixed place of business such as a branch, office, or dependent agent through which its business is wholly or partly conducted in India.

Section 5 of the India-US tax treaty specifies that a foreign enterprise does not have a permanent establishment in the other country merely by conducting business through an independent agent, like a broker or commission agent, as long as the agent operates in the ordinary course of business.

However, if the agent works exclusively or almost exclusively for the enterprise and the transactions are not at arm's length, the enterprise may be deemed to have a permanent establishment.

The India-US DTAA, signed on 12 September 1989 and effective from 18 December 1990, aims to prevent double taxation and allocate taxing rights between the two nations.

For an extended version of this story, go to livemint.com.

Accenture clocks $1.2 billion Gen AI orders in Nov quarter

Overall spending environment hasn't changed, abundant skills available in India: Accenture

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Accenture Plc, the world's largest software services company, secured $1.2 billion in generative AI (Gen AI) bookings in the quarter ended November 2024, bringing its total orders in the segment to $4.2 billion since September 2023. This is its highest Gen AI bookings in any quarter, signalling that clients are increasing spending on the new technology.

Accenture, which follows a September-August financial year, was the first software services company to state Gen AI deal value in June last year when it won $100 million in pure-play Gen AI projects in the quarter. India's information technology (IT) services providers are yet to spell out revenue from pure-play Gen AI projects.

However, in the company's post-earnings call with analysts on Thursday, chief executive Julie Sweet noted that the overall spending environment remains the same. Hence, companies keen on Gen AI are prioritizing their spending on the segment, rather than increasing spending overall.

"Right now, it still generally feels more like a prioritization within current budgets; and so, we'll see what happens in January and February," she said. Companies will have to focus on spending on data foundation first and then on AI itself, she said.

Accenture reported $1 billion in Gen AI projects in the three months ending August 2024, taking its total order bookings to $3 billion in a year.

Gen AI bookings made up 6.4% of the company's overall order bookings of $18.7 billion for the quarter. To put it in perspective, Accenture's total order bookings from Gen AI are roughly the same as the FY24 revenue of LTIMindtree Ltd, India's sixth largest software services company.

Gen AI entered boardroom discussions after the launch of ChatGPT in November 2022. The technology can make content in written, audio and visual forms just by means of a prompt.

Accenture's total order bookings from Gen AI is roughly the same as the FY24 revenue of LTIMindtree Ltd. REUTERS

While Accenture is optimistic about the growth in Gen AI, at least one analyst said it may add pricing pressure.

"We think the IT services industry is experiencing pricing pressure in many lines of business, consistent with the past few quarters. For CY25, we think BPO and application development and maintenance will continue to experience pricing pressure as well as incremental deflationary forces driven by generative AI," Keith Bachman, an analyst with BMO Capital Markets, wrote in a note dated 5 December. "In particular, we believe that renewals will be challenging since customers will seek, and likely get, lower renewal prices than historical norms as the power and capabilities of generative AI increase," said Bachman.

Accenture ended November with 799,000 employees, which is an increase of 24,000 from the preceding quarter. The bulk of the hiring was in India.

"We did add about 24,000 people in the first quarter, which is really reflective at the momentum that we see in our business," said Angie Park, chief financial officer of Accenture. "We continue to hire for the demand that we see and the skills that we need. And I would give you a little bit more context that the hiring that we saw this quarter similar to last was that it was concentrated in India," she added.

Chief executive Sweet attributed the hiring in India to skill-based capabilities.

A big reason why companies turn to India is the availability of skills, she said. "Ten years ago, it was about labour arbitrage. Today, it's about the ability to get these skills at scale," she said.

Even as Accenture's Gen AI bookings reflect optimism, the company reiterated its stance on the macroeconomic environment.

"We have a strong start in Q1, we have strong guidance in Q2 which was really driven, it was broad-based and driven by our organic growth. At the same time, you heard Julie say, the macro remains the same. There's no change in the overall environment," said Angie Park, chief financial officer of Accenture.

Accenture's revenue in the first quarter totalled $17.69 billion, up 7.8% sequentially.

For an extended version of this story, go to livemint.com.

NEW-TECH SHIFT

ACCENTURE'S record Gen AI bookings signal that clients are upping new-tech spending

THE company reported $1 billion in Gen AI projects in the three months ending August 2024

IT took Accenture's total order bookings to $3 billion at the end of the last financial year

GEN AI bookings made up 6.4% of the company's overall order bookings of $18.7 bn for the qtr

MOVES

A weekly list of C-Suiters who have moved up the corporate ladder either within or outside their companies.

Ajay Ajmera	Appointed as **group chief information officer** at **Rockman Industries**
Alok Mehta	Appointed as **president, CBO - Talevate & HEX and group CHRO** at **CL Educate**
Amita Karia	Appointed as **chief financial officer** at **Universal Music**
Anand Jha	Appointed as **chief human resources officer** at **BIBA Fashion**
Anshul Mittal	Appointed as **head M&A** at **ZETWERK**
Arvind Vats	Appointed as **chief financial officer** at **Orient Electric**
Dr. Ravindra Utgikar	Appointed as **vice president & SBU head** at **Wilo Group**
Ganesh Lakshminarayanan	Appointed as **MD and group VP India and SAAR** at **ServiceNow**
Gaurav Kwatra	Appointed as **chief marketing officer** at **iD Fresh Foods**
Gurpreet Bhatia	Appointed as **president & CEO** at **Arvind Advanced Materials**
Ira Bindra	Appointed as **group president - people and talent** at **Reliance Industries**
Jyothi Bathula	Appointed as **global head and MD India GCC** at **Mashreq Bank**
Karan Kumar	Appointed as **chief marketing officer** at **Hero Realty**
Manoj Mishra	Appointed as **chief human resources officer** at **Jagran New Media**
Mayank Jain	Appointed as **chief operating officer** at **Zee Learn**
Munish Kumar	Appointed as **group CEO** at **Apollo Sindoori Hotels**
Nitesh G	Appointed as **vice president sales** at **Haldiram Food International**
Pushpa Nalavade	Appointed as **managing director- business services, acceleration centres, India** at **PwC India**
Srikanth Iyer	Appointed as **sales director** at **Nivea India**
Vineet Davis	Appointed as **chief operating officer - renewable energy** at **PwC India**

Source: Accord India, executive search worldwide

Fed decision to slow pace of rate cuts hits Indian stocks

FROM PAGE 1

investors at the helm amid low volumes," Jasani added.

FPIs sold shares worth a provisional ₹4,224.92 crore on Thursday, while domestic institutional investors net purchased ₹3,943.24 crore worth of equities.

FPIs are likely to have raised fresh shorts in derivatives to account for the fall, but data supporting this was not released by NSE until press time.

The decline in local markets followed an overnight slump of 2.58% and 3.6% each in the Dow Jones and Nasdaq indices after the Fed announcement. In Asia, South Korea's Kospi and Jakarta Composite shed almost 2% each, with China's CSI 300 being the major lone exception to close 0.9% higher. France's CAC traded down almost 1.5%, while Germany's Dax traded down a per cent at press time.

The open interest (OI) positions in the Nifty monthly futures contract underline Jasani's expectations of a near-term bounce. While OI increased by just a fifth of a per cent, contract price fell almost a per cent to ₹24,021.50 a share (25 shares make a contract). The contract expires next Thursday.

A fall in price accompanied by open interest remaining relatively flat indicates the market may be close to bottoming out.

The rupee fell 12 paise to close at a life-low of 85.07 on likely FPI outflows, as companies where they hold significant stakes saw severe selling.

The open interest positions in the Nifty monthly futures contract increased by only a fifth of a per cent on Thursday. REUTERS

Investors will now watch for the US GDP data for the third quarter later tonight, and the minutes of the Reserve Bank of India's 6 December monetary policy committee meeting expected on Friday.

ICICI Bank, Reliance Industries, HDFC Bank, Infosys, and Tata Consultancy Services together accounted for almost three-fifths of the Nifty's fall of 247.15 points.

The broader markets outperformed the benchmarks, with the Nifty Midcap 150 and Nifty Smallcap 250 falling 0.24% and 0.3% to 21571.3 and 18,057.20 respectively.

"Overall, we expect Indian markets to remain subdued and track global cues in this volatile environment," said Siddhartha Khemka, head of research, wealth management at Motilal Oswal Financial Services.

"For traders, the key support zones are at 23870 /79000 and the 200-day SMA (simple moving average) or 23825/78800," said Shrikant Chouhan, head of equity research at Kotak Securities.

"If the index remains above these levels, we could see a quick pullback rally towards 24150–24200/79500–79800. Conversely, if it falls below the 200-day SMA or 23825/78800, it could slip till 23750–2372/78500–78350."

Bharat Dal, coming soon to an online grocer near you

FROM PAGE 1

peas play a crucial role in India's food inflation. While the pace of price rise for the key staple and a source of protein eased in October, demand continues to outstrip production. The output of pulses in India rose to 24.5 million tonnes (mt) in FY24 from 16.3mt in FY16, but was short of the demand that increased to about 27mt.

The Bharat Dal scheme was introduced last year to offer pulses at cheaper prices when inflation in the category had soared to double digits.

The first phase was rolled out in July last year due to lower gram (*chana*) production and ended in June 2024. The second phase began in October this year.

While online marketplaces such as Amazon and Flipkart can only host sellers and are not allowed to directly sell products to consumers, they agreed to become partners at the start of both phases.

The Bharat Dal scheme was introduced last year to offer pulses at cheaper prices when inflation soared

"Since they have agreed to be our retail partners, they must make pulses available to consumers. It will benefit millions of consumers who prefer buying through online portals," the second person quoted earlier said. "It has also come to our notice that some e-commerce players are displaying the product but marking it as out of stock. This needs to be fixed."

Queries emailed to the e-commerce companies and the consumer affairs ministry remained unanswered at publishing time.

The output of pulses in India rose to 24.5 million tonnes in FY24. HT

"The buying pattern of consumers has changed significantly and the non-availability of discounted pulses on e-commerce platforms is adding to the woes of consumers, who are forced to buy essential pulses at higher prices," said B. B. Singh, a former official of the Indian Council of Agricultural Research. "As long as subsidized pulses are available, they should be made accessible to consumers. The reach of e-commerce is expanding to tier-II and -III cities. It's the best way to benefit consumers from government schemes."

India's e-commerce market is projected to increase from $58.97 billion in 2024 to $101.40 billion by 2029, according to market research firm Statista, growing at a compounded annual growth rate of 11.45%.

For an extended version of this story, go to livemint.com.

Soaps to biscuits to cost more as palm oil, wheat turn dear

FROM PAGE 1

imported crude oils, prompting local edible oil sellers to raise prices. Meanwhile, wheat flour and cocoa too have seen significant inflation.

Biscuit maker Parle has begun raising the prices of some products and pack sizes.

"Across foods, we will see companies take between 5% to 7% price hikes; some have already started doing that. However, with the kind of increase we have seen (in commodities), this price increase will not be sufficient to mitigate inflation fully.The reason behind this is that edible oil is up 40–45% versus last year, while wheat flour is up 20–25% compared with last year. Sugar prices are up, too," said MayankShah, vice-president, Parle. Price hikes will roll out over the next two to three months, Shah said.

Companies will likely balance direct price increases with grammage reductions to mitigate the full impact of rising costs on consumers, Shah added.

India's last episode of shrinkflation was in 2022 when commodity prices were similarly high. The phase came to an end in the middle of 2023 as input prices fell.

In the September quarter, India's fast-moving consumer goods industry grew by 5.7% in value. According to market researcher NielsenIQ, this was due to a 4.1% volume growth and 1.5% price growth. The FMCG sector faced a tough operating environment in the quarter due to subdued macroeconomic conditions, inventory corrections, adverse weather, and high inflation.

Volume growth for most

India's last episode of shrinkflation was in 2022 when commodity prices were similarly high. It ended in the middle of 2023. MINT

companies remained under pressure, analysts at Motilal Oswal said in a report released earlier this month. However, companies are expected to take calibrated price hikes to offset rising raw material costs. This will boost revenue growth in the second half of fiscal 2025, they said.

"Edible oil and wheat prices have gone up significantly.This does create pressure on margins in short term because price change cannot be effected immediately," said Hemant Malik, executive director of ITC, which sells a wide portfolio of staples and snacks including Bingo chips and Sunfeast cookies.

"Pricing is expected to correct to account for inflation. There is a limit to how long current pressures can be sustained and to how much value you can get from cost and efficiency measures. We closely monitor industry trends across segments and typically align with the market leader, and lead pricing where we have leadership," he said in an interview last week.

Companies may balance direct price hikes with grammage cuts to mitigate the impact of costs on consumers

Last week, Godrej Consumer Products Ltd, which sells Cinthol and Godrej No.1 soaps, said it has made select price hikes in its soaps portfolio.

"The surge in palm oil and derivatives prices to the extent of an year-on-year increase of 20-30% has impacted the soaps category, which represents a 1/3rd of our standalone business revenue. To partly offset the cost increases we have taken price increases, reduced grammage of key packs and reduced various trade schemes," the company said in a quarterly update.

"Such pricing actions typically have minimal impact on category consumption but do result in reduced inventory across wholesale and household pantry. Historical patterns indicate a normalization in volume growth following price stabilization," it said.

Micromax, Phison set up JV for storage chips

MiPhi has started manufacturing from Micromax's Greater Noida facility

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Indian mobile phone company Micromax Informatics has tied up with Taiwanese NAND storage chip maker Phison Electronics to develop high-end storage products for enterprise, automotive and artificial intelligence (AI) models.

The joint venture (JV) called MiPhi, in which Micromax holds a 55% stake, has started manufacturing the storage chips or solid-state drives from Micromax's Greater Noida facility and will train users on integrating the chips with existing infrastructure.

"By combining our local market expertise with Phison's critical technological prowess, we are poised to deliver breakthrough solutions," said Rahul Sharma, co-founder of Micromax Informatics, in a release on Thursday.

"With this venture, we aim to bring down the cost of GPU (graphics processing unit) per token by one-tenth by bringing the lowest per token cost in the world. This will help us in disrupting the AI landscape not only in India but also in specific agreed-upon regions," said Sharma.

As part of its go-to-market strategy, MiPhi will leverage Micromax's established relationships with Indian clients and Phison's advanced NAND storage solutions (which can retain data even when power is switched off) for collaborations across industries. The companies, however, did not reveal the capacity or scale of manufacturing from the Greater Noida facility.

Local sales teams across India will focus on embedded solutions for automobiles, the Internet of Things (IoT), mobile devices, data centres, information technology hubs, consumer devices, and removable storage devices and systems. The company will also focus on customized design solutions for AI and security applications.

Rahul Sharma, co-founder of Micromax Informatics, says commercial shipments from the JV will begin in the first quarter of 2025.

MiPhi will specialize in custom-designed NAND storage solutions for AI, enterprise and automotive use cases, addressing the needs of both Indian and specific agreed-upon markets.

India has been a hub for technological growth, and the vision set by the government further enables homegrown companies to innovate at an exponentially higher rate, said K.S. Pua, chief executive officer of Phison.

"By uniting Micromax's local market understanding with Phison's world-class storage technologies, we're well-positioned to create impactful solutions across SMBs (small and medium businesses), automotive, IoT, AI, enterprise workloads, and beyond," he added.

Pua noted that the company's technology AIadaptive can help institutions and companies reduce the training costs of AI models by a tenth, which will be its pitch to the Indian market.

Designing storage chipsets for servers is critical for any country, from both security and strategic perspective.

Sharma said trials with a few leading organizations in India will be completed this month, and commercial shipments will begin in the first quarter of 2025. "Our concept is designed first for India and then for the world. Our aspiration is to get the first design ready in two years. We are building up a team and expect to have 1,000 engineers in the next three years. Phison will train all of them," he added.

TECH TONIC

MIPHI will specialize in custom-designed NAND storage solutions for AI, auto enterprise use cases	**THE** 55:45 JV will train users on integrating the chips with existing infrastructure	**MICROMAX** founder Sharma said MiPhi is expected to have 1,000 engineers in next three years

Star dubs lift Hollywood films in India

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Dubbing by Indian superstars like Shah Rukh Khan and Mahesh Babu can greatly lift the reach and box office potential of Hollywood animation films releasing in the local theatres.

Take, for instance, Walt Disney's *Mufasa: The Lion King* that is set for release this week. Trade experts say that voices of names like Khan and Mahesh Babu, who have respectively dubbed for Hindi and Telugu versions of the film, can enhance the box office potential of such Hollywood movies by nearly 40% in India.

While American films have long been dubbed for Indian audiences, studios have recently been keen on engaging mainstream Bollywood and southern film voices to add value and help marketing and promotional campaigns.

"Dubbing by celebrities may add a couple of crores to the overall costs of a Hollywood film, but that is usually seen as part of the marketing budget. Having Shah Rukh Khan on board also brings in the added advantage of him participating in marketing, doing media interactions and reaching out to a wider audience to enhance the potential and value of the film," Rahul Puri, managing director of Mukta Arts and Mukta A2 Cinemas, said.

Shah Rukh Khan has lent his voice for the Hindi version of Walt Disney's *Mufasa: The Lion King*, set for release this week. AFP

Especially in the case of a father-son story like *Mufasa*, Puri said the strategy of having Khan and his sons Aryan and AbRam create a connect with audiences during publicity may actually work. Names like him and Mahesh Babu help generate additional content for print, digital and television media across the country.

To be sure, the previous instalment of *The Lion King* in 2019 had also seen Khan lend his voice for dubbing, and the film earned over ₹150 crore at the box office in India. Other animated titles such as *The Jungle Book*, which made ₹188 crore in 2016, have also benefited from celebrity dubs.

"There is clearly an audience that is up for such strategies and can relate to the star power, even if it comes just via a voice. India is a small market for Hollywood in the overall scheme of things but has huge potential to grow," film producer, trade and exhibition expert Girish Johar said. Trade experts point out that while top Indian film stars can charge ₹5-10 crore for dubbing jobs, the returns are usually positive for the Hollywood studio that is looking to localize its offerings. Further, it is a win-win for both parties, since the actors also get to be associated with an international project and an opportunity to stay relevant between their own local language releases.

Industry experts point out that it is an established practice in Hollywood to sell animated films on the names that dub them, such as Mike Myers being the voice of *Shrek*.

Read an extended version of this story at livemint.com.

The last-ditch efforts to win over critics of the Nippon-U.S. steel deal

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In a meeting room facing the century-old U.S. Steel plant, Takahiro Mori offered his vision for the plant's next chapter under a new owner.

Flanked by steelworkers and city leaders, the vice chairman of Japan's Nippon Steel last week pledged to invest nearly $950 million in U.S. Steel's largest mill. Nippon Steel also offered bonuses to all U.S. Steel employees, amounting to $20 million for workers in Gary.

Mori was winning the room at City Hall. He hasn't had the same luck in Washington, D.C., where political leaders control the deal's fate.

A year has passed since Nippon Steel announced that it would buy U.S. Steel for $14.1 billion. The takeover bid has run into opposition from politicians and union leaders as well as skepticism from investors. Now the steel market is weak, and the clock is winding down on a national-security review that could precede President Biden's blocking the deal.

While Biden has yet to block the takeover formally, the White House last week reiterated his position that U.S. Steel should be domestically owned and operated. President-elect Donald Trump has similarly rejected the Pittsburgh-based company's being sold to a foreign company, warning Nippon Steel in a Dec. 2 social-media post: "Buyer Beware!"

Investor sentiment in U.S. Steel is souring. Shares closed Wednesday at $30.98, the lowest level since September and well below the $55 price that U.S. Steel shareholders approved in April.

If the deal collapses, U.S. Steel Chief Executive Officer Dave Burritt has warned that the company can't match Nippon Steel's planned investments, and would likely close plants and move its headquarters out of Pittsburgh.

Union opposition

The deal's announcement last December followed months of bidding from several suitors for U.S. Steel, including the company's main rival, Cleveland-Cliffs.

A couple of hours after the sale was announced, the United Steelworkers union blasted the deal for failing to keep U.S. Steel "domestically owned and operated."

The union, which represents about 10,000 hourly U.S. Steel employees, has stewed for years over layoffs and the company's shifting production to a nonunion plant in Arkansas. It said Tokyo-based Nippon Steel could diminish U.S. Steel's production capabilities so the company could import steel from Nippon's plants elsewhere.

Nippon announced it would buy U.S. Steel last year. AP

"We believe steel is a local business, and U.S. customers should receive steel made in the United States," Nippon Steel's Mori said last week.

Mori has spent months rejecting the union's claims and doggedly campaigned for support from mayors, governors and members of the steelworkers union. Mayors from Gary and communities near Pittsburgh arranged a meeting between Mori and the steelworkers union president, Dave McCall, on Wednesday, aiming for an agreement between the labor group and the Japanese steelmaker.

Mori has promised job security, $5,000 bonuses if the deal is completed and nearly $3 billion of investments in U.S. Steel's older plants.

The takeover bid has run into opposition from politicians and union leaders as well as skepticism from investors

Union leaders panned Nippon Steel's pledge to pay the bonuses as "simple bribery."

The union's opposition has helped Republicans and Democrats alike line up against the deal, despite Japan's status as one of America's closest allies. A panel of federal agencies has been evaluating the deal's risks to U.S. national security and has a Dec. 23 deadline to complete its work. The committee's report could give Biden justification for blocking the sale.

If the deal collapses, U.S. Steel will likely have a tough time in the near term boosting sales and profit on its own. Steel prices are down nearly 40% from a year ago. Buyers have repeatedly rejected price increases from steelmakers since the spring with plenty of cheaper steel still available.

"Last year at this time, steel prices were on fire. This year, it's just blah," said Jeremy Flack, CEO of Flack Global Metals, a Phoenix-based distributor of steel and aluminum.

If the deal is blocked, falling steel prices and weakening manufacturer demand make it unlikely that U.S. Steel would attract hefty offers from other deep-pocketed suitors, industry analysts said.

'A good deal'

The yearlong struggle between the union and Nippon Steel has divided U.S. Steel employees and political leaders representing areas where mills are located.

Last week, hundreds of union members gathered at U.S. Steel's Mon Valley Works mill near Pittsburgh to display support for the deal. In Gary on the same day, Mori picked up an endorsement from the city's top official.

U.S. Steel founded Gary, named after the company's chairman, in 1906 as a planned city to pair with the mill under construction at the same time on the southern shore of Lake Michigan.

Mayor Eddie Melton said U.S. Steel's warning that some older plants would close if the deal collapsed was a factor in his decision to support Nippon Steel.

"For the city of Gary, this partnership would mean so much," Melton said. "This is a good deal across the board for everyone."

Some workers backing the deal have become critical of McCall, the union's president, for not negotiating with Nippon Steel and risking thousands of jobs if mills close.

"I don't think there will ever be another investment that will sustain jobs other than what Nippon is offering," said Matt Albensi, 30, a crane operator with seven years of service.

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Others, like David Morgan, support the union's tough stance.

"We still work together where we have to, but it's definitely strained," said Morgan, grievance-committee chairman for the union at a Mon Valley Works plant in West Mifflin, Pa., a site where local union leaders are supporting Nippon Steel.

Morgan, 50, who has worked for U.S. Steel for more than 20 years, said he objects to Mori's appealing to impressionable workers and plant-level union leaders after being rebuffed by McCall. "That doesn't sit right with me," he said.

The next big Fed debate: Has the era of very low interest rates ended?

Fed officials are trying to figure out the just-right interest rate. Some think they may be close

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US Fed chair Jerome Powell described recent rate cuts as an effort to recalibrate borrowing costs to a more 'neutral' setting. AP

Investors shuddered on Wednesday after Chair Jerome Powell suggested the Federal Reserve was ready to take a break from cutting rates—and that the total quantity of reductions might be shallower than previously thought.

Powell has described recent rate reductions as an effort to recalibrate borrowing costs to a more "neutral" setting. His framing raises a question that hasn't been relevant until now: What, exactly, is "neutral" in the post-pandemic economy?

The neutral rate of interest, or the rate that keeps the economy at full employment with stable inflation, can't be directly observed. Instead, economists and policymakers infer it from the behavior of the economy. If borrowing and spending are strong and price pressures are rising, the current interest rate must be below neutral. If they are weak and inflation is receding, rates must be above neutral.

The debate over where neutral rests wasn't particularly important earlier this year, because interest rates were at a level nearly all Fed officials deemed to be restrictive. That was intentional. Officials raised rates aggressively in 2022 and 2023 to lower inflation by cooling down economic activity.

But the question is front and center now because the Fed has cut rates by a full percentage point, or 100 basis points, and the economy appears to be in reasonably good shape. Like a captain who tries to avoid slamming into the dock as a boat nears its slip, central bankers could become more cautious in making cuts if they think they might be closer to their ultimate destination because the neutral rate has gone up.

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"We don't know exactly where it is, but...what we know for sure is that we're a hundred basis points closer to it right now," Powell said Wednesday. "From here, it's a new phase, and we're going to be cautious about further cuts."

In September, Powell suggested it was unlikely interest rates would return to the ultralow levels that prevailed before the pandemic, when many countries were issuing bonds with negative yields. "My own sense is that we're not going back to that, but, honestly, we're going to find out," he said. "It feels to me that the neutral rate is probably significantly higher than it was back then."

Officials are trying to figure out where neutral sits at the same time President-elect Donald Trump has promised to revamp trade and immigration policies. New shocks could complicate efforts to determine the economy's new normal. With inflation still above their target, that could add to further caution in cutting rates.

Estimates creeping up

Following the 2008 financial crisis, economists and Fed policymakers steadily revised down their estimates of the neutral rate. Superlow interest rates and reservoirs of monetary stimulus didn't deliver much of an economic boost. Some economists argued that low interest rates were here to stay, thanks to demographic headwinds from an aging workforce and a chronic shortfall of demand for new investment.

Some of these same economists think neutral rates have gone up in the past few years, after a barrage of fiscal stimulus shocked the economy into a new equilibrium during the Covid-19 pandemic.

The view last decade that borrowing costs would stay low became embedded in bond yields, mortgage rates, equity prices and countless other assets. The prospect of a higher neutral rate suggests mortgage rates, for example, might be stuck above where they were in the 2010s.

Economists cite several factors that could be boosting the neutral rate, including higher government deficits that will reduce private savings. Meanwhile, investment demand could be higher because of the green-energy transition, a desire to diversify supply chains, and an artificial-intelligence-fueled frenzy for electricity-intensive data centers.

Over the past year, neutral-rate estimates by Fed officials have gradually crept higher.

Every quarter, Fed officials project where rates will settle over the longer run, which is in effect their estimate of neutral. The median estimate declined from 4.25% in 2012 to 2.5% in 2019. It stayed at that level through 2023 but has steadily crept higher in all four quarterly projections this year—to 3% in those released Wednesday.

Eight of 19 officials' estimates were above 3%. In June 2023, only two officials thought neutral was above 3%. With the latest cut, the benchmark fed-funds rate will sit around 4.3%.

'Know it by its works'

Powell has long been dismissive of using overly precise estimates of the neutral rate to set policy. The Jesuit-educated central banker often asserts that officials only "know it by its works."

The upshot is that even if the neutral rate has gone up, "we won't have clear, strong evidence of that" in time to set policy accordingly, said Jon Faust, who served as a senior adviser to Powell from 2018 until June.

Faust said there's good reason to think neutral could be as low as 2.5% and as high as 4%.

In the run-up to this week's rate cut, a handful of Fed officials had begun to voice unease with assuming that the central bank could make deeper cuts based on what might be a flawed notion about the location of neutral.

"A strategy of repeatedly lowering the fed-funds target range toward a more neutral level relies on confidence that the neutral level is materially lower than where rates are now," Dallas Fed President Lorie Logan said in a speech last month. Recent data offers evidence that neutral has gone up, and there are "some hints that it could be very close to where the fed-funds rate is now."

Logan warned the Fed would face an unappetizing prospect of having to hike rates if the central bank cuts too far past neutral and inflation reaccelerates.

A new regime

To be sure, the strength of the economy in the face of higher interest rates in recent years could reflect some temporary factors, such as elevated immigration or the ability of households and companies to lock in lower rates during the pandemic. Some economists think as those forces wane, the Fed's interest-rate stance could start to bite into economic activity more than it has.

But as more time passes with the economy growing steadily, "it should at least raise the possibility among policymakers that we've just been shocked into a new regime" of higher neutral rates, said Jason Thomas , chief economist at private-equity manager Carlyle Group.

Just as market participants and policymakers slowly concluded 10 years ago that lower interest rates weren't simply due to the Fed's easy-money policies but instead reflected broader structural forces, so too could investors and central bankers conclude over the next few years that higher interest rates might not simply reflect the Fed's rapid hikes of 2022-23 to corral high inflation.

Recent data pointing to an increase of labor productivity "signals to me that this is an economy that is fundamentally different than what was observed in the decade after the global financial crisis," said Thomas. By next spring, more economic actors might "come to the realization that 'higher rates were all due to the Fed' is not a full explanation for what's happened."

If officials conclude that the neutral rate has moved up, then the Fed could be done cutting for quite some time, said Thomas.

"This last cut puts them low enough that they could say, 'This might be the upper bound on where the neutral interest rate actually is, and we'll just wait it out to see it,'" said Eric Rosengren, who was president of the Boston Fed from 2007 to 2021.

Unable to criticize Putin, Russian oligarchs turn ire on central banker

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For more than two years, Russia's expanding war economy fueled consumer spending and juiced company profits. But latterly, the conflict has pumped up inflation and interest rates, pummeling bottom lines and leaving a trail of disgruntled Russian oligarchs and executives in its wake.

Instead of blaming the war for the hostile business environment though, Russia's business elites are pinning their discontent on the governor of the country's central bank.

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Elvira Nabiullina, in a so-far fruitless effort to crimp inflation, has jacked up the bank's key interest rate to a record, sending borrowing costs soaring.

"Today's central bank rates are a very serious challenge to the development of the economy and industry," billionaire Alexei Mordashov, who controls steelmaker Severstal, was quoted as saying recently by Russian business publication RBC. "Is this the right medicine? I hope that the medicine does not turn out to be more harmful than the disease."

The corporate discontent is a symptom of the increasing economic pressures facing President Vladimir Putin's Russia. Propped up by oil sales and massive military spending, the economy has been surprisingly resilient, but the conflict has also amplified economic imbalances, propelled inflation higher and set off a deep labor crunch. Recent additional U.S. sanctions caused the ruble to plummet, while local companies are slashing expansion plans.

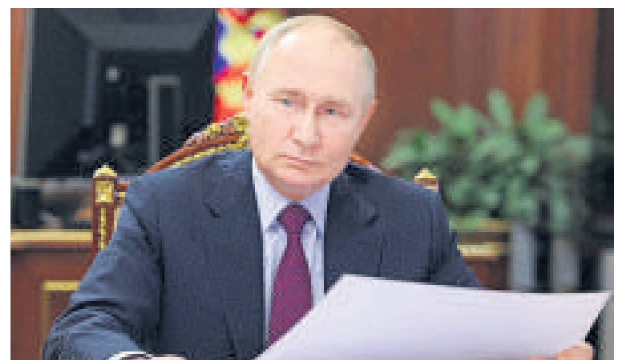
"The elites are fighting for survival and while they remain loyal to Putin, they are increasingly discontent," said Alexandra Prokopenko, a former Russian central bank official who is now a fellow at the Carnegie Russia Eurasia Center in Berlin. "Nabiullina has become a convenient target."

Russia's benchmark interest rate is set at 21%, and the central bank is expected to raise it further Friday. But inflation remains stubbornly high at around 9%. Surging butter prices have led to a spate of thefts of the product in supermarkets across Russia. Vodka prices have jumped, too.

In Russian boardrooms, with interest rates and inflation rising in tandem, margins are shrinking as costs mount. MTS, Russia's largest mobile operator, recently blamed a near-90% drop in its third-quarter net profit on increased costs associated with servicing its interest payments. Rosneft, Russia's largest oil producer, said last month it would be forced to delay modernizing its refineries, citing high interest rates.

Fears of a wave of bankruptcies are rising, too. More than 200 shopping centers in Russia are under threat of going bankrupt because of rising debt burdens, according to an industry association. Nearly a third of Russian freight haulers say they fear bankruptcy next year.

Sergei Chemezov, a close Putin ally who heads Russia's state defense conglomerate Rostec, has been among the most vocal members of the elite, calling the interest-rate level "a serious brake on further industrial growth."


The corporate discontent is a symptom of the increasing economic pressures facing President Putin's Russia. AP

"Taking out a loan at a crazy interest rate is suicide for a business," he told Interfax news agency. "This is the path to bankruptcy."

Another frequent critic of the central bank, tycoon Oleg Deripaska, asked earlier this year for the "enslaving" rate to be lowered to 5% for the country "to breathe."

At a recent economic forum, Viktor Khaikov, the president of the National Association of Oil and Gas Services, asked a large audience for a show of hands of those industrialists who have significantly reduced their investments in technological development due to increased interest rates. All raised their hands.

With the backlash against Nabiullina growing, some have called for her dismissal.

Earlier this month, Sergei Mironov, leader of the third-largest party in Russia's State Duma, suggested Nabiullina should be sacked and held personally accountable for the economy's troubles. The lobby group Russian Union of Industrialists and Entrepreneurs has proposed giving the government oversight of some aspects of monetary policy.

"In effect, Nabiullina has to choose: preserve the institutional independence of the Central Bank, or become the sworn enemy of a large part of Russian business," Russian independent business outlet the Bell wrote.

Still, Putin is unlikely to replace the governor or change monetary policy, Kremlin observers say.

An ally of the Kremlin leader for over two decades and a key member of his economic team, Nabiullina's emergency measures early in the war arrested the slide in the ruble and bought time for the government's stimulus measures to reach the real economy.

Recent additional U.S. sanctions caused the ruble to plummet, while local companies are slashing expansion plans

She has defended the bank's monetary policy as necessary to fight rising prices.

"High inflation thwarts sustainable economic growth," Nabiullina said in October. "It is a dangerous illusion that elevated inflation can be kept within a certain range."

Putin has so far stayed out of the fray, urging business leaders at a meeting Monday to see beyond monetary policy. "The economy is more than the interest rate," he said. Observers say that the Russian president, keenly aware of the deep economic crisis of the 1990s when inflation skyrocketed, is likely to give priority to price stability.

"Nabiullina has the full backing of Putin. She could even drive the Russian economy into recession if it is necessary to control inflation," said Janis Kluge, an economist focusing on Russia at the German Institute for International and Security Affairs.

Although unlikely to sway Nabiullina, the business elite's objections are emblematic of how the war has hampered any long-term business planning.

"Russian businesses and bureaucrats operate with extremely short planning horizons," Prokopenko, the former Russian central bank official, said. "If they had a road map for, say, 2026 or 2030, they might be willing to endure short-term challenges, including Nabiullina's inflation-curbing policies. But without this long-term perspective, frustration mounts."

To be sure, although economic risks are growing, experts don't foresee an immediate crisis that would constrain Putin's ability to wage war. Russia has managed to mostly overcome Western restrictions on its oil sales, and war spending continues unabated. Military expenditure hit a post-Soviet high this year and is planned to rise further, to around $130 billion next year, or more than 6% of gross domestic product.

That, though, means that the clash between the business elite and the central bank is destined to continue.

Re: Russia, a research group, expects Russian authorities to continue pursuing what it calls a "two tap" policy: While the central bank is trying to cool the economy by raising the interest rate, or tightening the monetary-policy tap, the government is heating up the economy by injecting funds, loosening the budget-spending tap.

"This strategy does not effectively address inflationary pressures, posing a challenge to broader economic stabilization efforts," it said in a recent report.

NEWS IN NUMBERS

8000

THE NUMBER of people the US aerospace and defence giant RTX Corp plans to employ in India by 2027, up from 7000 now, to power its global operations

₹9.49 cr

THE FINE imposed by Sebi on YouTube influencer Ravindra Balu Bharti and his firm over unlawful gains, besides a ban from the securities market until 4 April

3,500

THE NUMBER of buses Maharashtra State Road and Transport Corporation plans to add to its fleet in 2025, including 1300 buses on lease

48%

THE PERCENTAGE of international flight bookings that were made in 0-7 days before travel by Indians, supported by easier travel and visa access

₹246 cr

THE AMOUNT Transrail Lighting has raised from anchor investors, including ICICI Prudential AMC and SBI General Insurance, ahead of its IPO

HOWINDIALIVES.COM

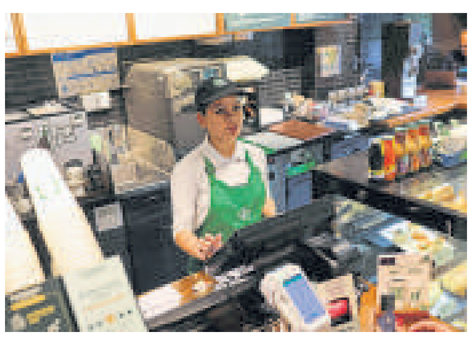
Supply-chain issues ground 102 aircraft

The government on Thursday said 102 aircraft are on the ground due to supply-chain issues and that it has been encouraging development of the ecosystem for manufacturing of planes by public as well as private enterprises in the country.

Supply chain woes have been impacting the airlines' industry in recent years, especially after the coronavirus pandemic and due to certain geopolitical developments.

In a written reply to the Lok Sabha, minister of state for civil aviation Murlidhar Mohol said aircraft operating in India are periodically inspected for compliance with directorate general of civil aviation regulations.

The aircraft can also be withdrawn by the airline from flying when the spare parts and consumables to maintain the aircraft are not available from Original Equipment Manufacturer (OEM) and manufacturer to keep it airworthy. **PTI**



Starbucks had 457 stores across 70 Indian cities at September-end. REUTERS

Tata denies reports on Starbucks exit

Tata Consumer Products Ltd (TCPL) on Thursday denied reports on the exit of cafe chain Starbucks from the Indian market, terming them as "baseless".

Tata in a 50:50 joint venture with US-based Starbucks Corporation operates a cafe chain in India under the brand name of Starbucks, which is the leading cafe chain in India.

Starbucks had 457 stores across 70 cities at September-end and the company aims to take it to 1,000 by FY28.

The company's revenue from operations was up 12% to ₹1,218.06 crore in FY24.

However, its loss for the period widened to ₹79.97 crore from ₹24.97 crore in FY23 due to the expansion.

Its advertising promotional expenses were up 26.8% to ₹43.20 crore and royalty was at ₹86.15 crore, according to financial data accessed through the business intelligence platform Tofler.

Last month TCPL managing director and chief executive Sunil D'souza said that it will focus on scaling up the Starbucks cafe chain here and is not looking at store profitability. **PTI**

THE SEASON TO BE JOLLY

Women shop for Christmas decorations at a shop in Jammu, on Thursday. AP

Private retailers' 'happy hours' irk state-run oil firm dealers

OMC dealers seek a price cut to protect share from discounts by Jio-BP, Nayara outlets

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A ₹3 per litre "happy hours discount" by private petrol retailers has seen outlets of state-run firms—Indian Oil Corp., Hindustan Petroleum Corp. and Bharat Petroleum Corp.—lose up to 50% market share at various locations, said dealers from across India, urging their companies to immediately reduce prices.

The government deregulated petrol and diesel sales in 2010, allowing private competition in domestic fuel retail and benefit consumers. Dealers of state-run IOC, BPCL and HPCL from Punjab, Bihar, Rajasthan, Madhya Pradesh, Haryana and the National Capital Region (NCR) said that this is now happening, and urged the companies to reduce fuel rates in response to their competition.

"Posters of ₹3 per litre discount are there outside most of Jio-BP petrol pumps...who will purchase petrol from nearby pumps of state-owned companies where prices are fixed centrally. We are losing between 25% to 50% of our daily sales depending on the proximity with private retail outlets," said Monty Sehgal, a Jalandhar-based dealer of a state-owned oil marketing company (OMC) and the spokesperson of the Petrol Pump Dealers Association of Punjab.

> ₹3 per litre 'happy hours discount' by private petrol retailers has seen outlets of IOC, HPCL and BPCL lose up to 50% share in various locations

Rajasthan Petroleum Dealers Association president Rajendra Singh Bhati wrote to the petroleum ministry and chairpersons of three state-owned OMCs on 10 December, urging them to cut rates by ₹4-5 a litre and shield their market shares from private pumps of Jio-BP and Nayara. "Our pumps have registered 30-40% drop in the sales of petrol and diesel," the letter written in Hindi said. "About 30% petrol pumps would inevitably closed if this situation continues for two months because dealers would not be able to bear the cost of maintain outlets for long"

IOC, BPCL, HPCL, Jio-BP, Nayara and ministry of petroleum did not respond to emailed queries.

Social media posts of private firms confirmed the discounts. "Fuelling is going to be the happiest part of your road trips and commutes because...Jio-BP has extended its Happy Hours Saving offer—you can save ₹3/L of petrol between 10am–5pm; you also stand a chance to win grand bumper prizes and exciting weekly and daily prizes," a 12 December post of Jio-BP on social media said.

Ola Electric set to expand network

Ola Electric on Thursday said it will expand its sales and service network to about 4,000 outlets on 25 December.

With over 3,200 new stores complementing its existing footprint, the Bengaluru-based firm is bringing its portfolio of electric vehicles (EVs) closer to consumers across metros, Tier-II, and Tier-III towns, Ola Electric said in a statement.

Ola has launched #SavingsWalaScooter campaign, an initiative to bring EVs closer to every Indian household, it added. Co-located with service facilities, these stores will ensure customers receive sales and after-sales support, it added.

Ola has recently expanded its product portfolio with the launch of Gig and S1 Z scooter ranges. With introductory prices starting at ₹39,999 and options tailored for rural, semi-urban, and urban markets, the EVs have become more accessible, the company stated. **PT**

Genesis will acquire stake worth $4 million in SpiceJet to settle a $16 million dispute. REUTERS

Genesis to acquire stake in SpiceJet

SpiceJet on Thursday said aircraft lessor Genesis will acquire a stake worth $4 million in the airline as part of settling a more than $16 million dispute.

For the settlement, the airline will also pay $6 million to Genesis. The budget carrier, which recently raised ₹3,000 crore amid financial headwinds, has been settling various disputes with lessors and other entities.

Subject to the settlement terms being satisfied, SpiceJet said both parties have agreed to withdraw all ongoing litigations and disputes related to this matter at the appropriate forums.

In a release, the airline said it has reached an amicable settlement with Genesis, resolving their over $16 million dispute. In September, Carlyle Aviation agreed to convert $30 million of lease arrears into SpiceJet equity at ₹100 per share. **PTI**

Concord IPO day 1: Subscribed 59%

The initial share sale of Concord Enviro Systems Ltd, an environmental engineering solutions firm, received 59% subscription on the first day of bidding on Thursday.

The initial public offering (IPO) got bids for 29,79,585 shares against 50,15,356 shares on offer, as per data available with the National Stock Exchange.

The retail individual investors portion received 1.02 times subscription while non-institutional investors part got subscribed 35%.

Concord Enviro Systems has raised ₹150 crore from anchor investors.

The ₹500-crore IPO will close on 23 December. The shares are available in a price range of ₹665-701 per share.

The IPO comprises a fresh issuance of equity shares worth ₹175 crore and an offer-for-sale of 4.641 million equity shares valued at ₹325.33 crore, at the upper-end of the price band, by promoters and an investor. This aggregates the issue size to ₹500.33 crore. **PTI**

VW nears labour deal in Germany

VW is trying to reduce costs amid slowing demand for EVs in Europe and US. AP

Volkswagen AG (VW) and labour leaders are moving closer to an agreement to restructure the automaker's namesake brand without shuttering factories in Germany, according to people familiar with the matter.

Management is willing to keep plants running and reinstate job security agreements until 2030 in return for workers foregoing bonus payments, said the people, who asked not to be named because the discussions are private.

Additional cost cutting measures discussed include moving production of the Golf hatchback from Germany's Wolfsburg factory to Mexico, and ending production of VW-branded electric vehicles in Zwickau to trim capacity, the people said.

An agreement would prevent widespread walkouts and hand chief executive officer Oliver Blume the fresh start he's seeking to turn around Europe's biggest carmaker. VW is trying to reduce costs and excess capacity across its German production network as it confronts dwindling market share in China and slowing demand for electric vehicles in Europe and US. **BLOOMBERG**

Transport minister Nitin Gadkari says EV market has potential to create 50 million jobs by 2030. PTI

EV market likely to touch ₹20 tn by '30

Union minister Nitin Gadkari on Thursday said the electric vehicle (EV) market potential is likely to touch ₹20 trillion and will create around 50 million jobs across the entire EV ecosystem by 2030.

Addressing the '8th Catalyst Conference on Sustainability of E-Vehicle Industry-Evexpo 2024', Gadkari said estimated EV finance market size will be around ₹4 trillion by 2030.

"The Indian EV market potential is of ₹20 trillion by 2030, creating five crore jobs across the entire EV ecosystem," he said.

The road transport and highways minister said 40% of air pollution in India is because of the transport sector.

"We import fossil fuels worth ₹22 trillion, that is a big economic challenge. And this import of fossil fuels is creating a lot of problems in our country," Gadkari said. He added that the government is concentrating on green energy as 44% of India's power basket is solar power.

He said the size of India's automobile industry was ₹7 trillion when he took charge as transport minister in 2014 and the industry is worth ₹22 trillion today. **PTI**

Bharti Airtel clears 2016 spectrum dues

Indian telecom carrier Bharti Airtel has made an early payment of ₹3,626 crore to the government, the company said on Thursday, settling all its liabilities for the spectrum acquired in 2016.

India's No. 2 wireless carrier had paid ₹8,465 crore towards the liabilities in September.

Indian telecom operators owe the government significant spectrum fees, following years of high-stakes auctions and competitive bidding for airwave rights.

Bharti Airtel has paid a total of ₹28,320 crore of spectrum liabilities in 2024, it said.

The company, which did not disclose its overall spectrum liabilities, did not immediately respond to a *Reuters* request for comment.

It has already paid its 2012 and 2015 spectrum fees. **REUTERS**

Air India orders 34 trainer aircraft

Air India has placed an order for 34 trainer aircraft, including 31 single engine planes, for its flying training organisation in Maharashtra that is expected to come up by the second half of 2025.

The order includes 31 single-engine aircraft from piper aircraft in the US and three twin-engine planes from Austria-based Diamond Aircraft, the airline said in a release on Thursday.

The Flying Training Organisation (FTO) is being set up at Belora airport in Amravati, Maharashtra. It is expected to be operational by the second half of next year post regulatory approvals.

Sunil Bhaskaran, director of Air India's Aviation Academy, said the FTO will help in building a self-reliant ecosystem of qualified pilots for both Air India and the country's aviation industry.

The airline has opened its new Aviation Training Academy in Gurugram. **PTI**

PE investment in Indian real estate up 32% in 2024: Knight Frank

Indian real estate attracted $4.15 billion of private equity (PE) investments this calendar year, up 32% annually, led by higher inflow in the housing segment, according to Knight Frank India.

Real estate consultant Knight Frank India on Thursday released a report 'Trends in Private Equity Investment in India 2024'.

The consultant reported that the private equity investment in Indian real estate reached $4,153 million in the calendar year 2024.

The warehousing sector led the way, accounting for 45% of total investments, followed by the residential sector at 28% and the office sector at 26%.

During 2024, PE investments more than doubled in the residential sector to $1,177 million, demonstrating investor confidence in this segment which has been noting a consistent rise in end-user demand.

Mumbai is the most favoured destination with 50% share in the total PE investments in Indian real estate. **PTI**

Mumbai is the most favoured destination with 50% share in the total PE investments in Indian real estate. MINT

JAN AUSHADHI GETS A SHOT IN THE ARM

More than a decade after it was launched, the affordable-drug scheme is finally seeing sales pick up

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MUMBAI

A stone's throw away from a Pradhan Mantri Jan Aushadhi Kendra in suburban Mumbai stands another pharmacy, called 'Mumbai Jan Aushadhi'. Its walls are lined with branded generics—copies of once-patented drugs that are now sold and marketed by pharma companies.

Branded generics are not typically found in Jan Aushadhi kendras—pharmacies registered under a central government scheme to promote affordable medicines. Mumbai Jan Aushadhi is able to sell them because, despite its misleading name, it is not part of the scheme. The canny owner has been riding on the government scheme's name to draw customers, without giving too much mindspace to little irritants such as copyright law.

"We wanted to start a Jan Aushadhi kendra because they are doing so well," the proprietor told *Mint*, requesting anonymity. "But we couldn't because there is already one registered 800 metres away." Under the scheme's guidelines, no two Jan Aushadhi centres can exist within a 1 km radius.

In September, Jan Aushadhi sales reached a monthly record high of ₹200 crore, surging 42% over the same month last year, according to the ministry of chemicals and fertilizers, under whose purview the scheme falls. Overall sales for 2024 reached ₹1,000 crore in October, outpacing the previous calendar year, when they had crossed the ₹1,000 crore mark only in December. Jan Aushadhi kendras across the country see about 1 million footfalls daily, according to a government release dated 21 October.

The goal of the scheme, which was started by the Congress-led United Progressive Alliance (UPA) government in 2008 and rebranded by the BJP-led National Democratic Alliance (NDA) government in 2015, was to sell crucial drugs and medical supplies at affordable prices. But quality and supply issues, as well as low profitability, have hindered its growth all these years.

Despite these challenges, pharmacists are rushing to open Jan Aushadhi kendras, or pharmacies that resemble Jan Aushadhi kendras. The number of Jan Aushadhi kendras has grown from 80 in 2014 to over 14,000 today, according to the 21 October government release cited above. The target is to have 25,000 by FY27.

In November, Arunish Chawla, secretary of the department of pharmaceuticals, told *Mint* that the Jan Aushadhi Kendra scheme is expected to cross ₹2,000 crore in sales this financial year, growing 40% year-on-year. By his calculation, that would be equivalent to ₹10,000 crore in open market sales.

By achieving this projection, the Jan Aushadhi scheme hopes to become a significant retail channel in India's pharmaceutical market. In October, the overall domestic market for pharma products grew 6% year-on-year to ₹2.18 trillion in moving annual turnover, according to research firm Pharmarack, although domestic volumes declined marginally by 0.3%. Products from branded drugmakers GSK and Alkem Labs were among the highest selling during October 2024.

> The number of Jan Aushadhi kendras has grown from 80 in 2014 to over 14,000 today, according to a government release. The target is to have 25,000 by FY27.

"People know what Jan Aushadhis are, and they know this is where they will get affordable drugs...the brand works," the pharmacy owner cited above told *Mint*. Mumbai Jan Aushadhi gets a lot of customers because of the scheme's name. The pharmacy sells branded medicines at prices that closely rival those sold at registered Jan Aushadhi kendras, with discounts of up to 70%, thus retaining clients.

To be sure, the biggest appeal of a Jan Aushadhi kendra is that it sells unbranded generics that are anywhere between 50%-90% cheaper than their branded counterparts, putting them within the reach of a majority of lower-income patients.

According to a government press release dated 3 October, medicines worth ₹6,100 crore have been sold through Jan Aushadhi kendras in the last 10 years, leading to an estimated ₹30,000 crore being saved for consumers.

A lot of those savings have come in recent years. In the last fiscal year (FY24) alone, the scheme saved people ₹7,350 crore in medical expenses, up from just ₹44 crore nearly ten years ago, according to an estimate by the department of pharmaceuticals, in its latest annual report.

Medicines worth ₹6,100 crore have been sold through Jan Aushadhi kendras in the last 10 years, leading to an estimated ₹30,000 crore being saved.

JESSICA JANI/MINT

PROFITABILITY CHALLENGE

Under the rules framed for the scheme, anyone can apply to set up a Jan Aushadhi kendra, provided they have B. pharma or D. pharma licence or employ someone who does. Once set up, the kendras can procure supplies from both government and private manufacturers. There is a 20% margin on the maximum retail price (MRP) of each drug sold under the scheme.

Additionally, pharmacists get an incentive of 15% on monthly purchases made from Pharmaceuticals & Medical Devices Bureau of India (PMBI), the implementing agency for the Jan Aushadhi scheme, up to a ceiling of ₹15,000 per month.

The scheme, by design, is meant to be a low-value, high-volume play to make drugs affordable, especially for low-income groups. The challenge for kendra owners and suppliers is to generate those volumes to make a decent profit. For instance, at a 20% margin, a Jan Aushadhi earns a profit of ₹4.4 on a strip of pantoprazole priced at ₹22. The pharmacy would therefore need to sell 1,136 strips to earn a profit of ₹5,000.

Most private pharmacists, too, have a margin of 19-20% on the drugs they sell. But they make a much bigger profit on each sale because of the vast difference in price. For instance, a private pharmacy earns ₹35 selling just one strip of Alkem's generic pantoprazole brand Pan-40, which has an MRP of ₹170. So, unlike the Jan Aushadhi, it needs to sell only 150 strips to make a profit of over ₹5,000. (Note: Some pharmacists offer a discount on the MRP, but still earn a handsome profit.)

For some, profitability isn't an issue. 65-year-old Vijay Gosar set up a Jan Aushadhi kendra in Mumbai in 2016. He has since opened five more stores across the city, along with two branded generics pharmacies. Gosar has 30,000 patients registered with his first store buying medicines regularly for chronic illnesses. Across his six stores, he has about 100,000 patients. Asked whether this is enough for him to run a profitable business, he said, "More than enough. I have a staff of 50 spread across all my stores—that's what I can tell you."

But there is more to Gosar's story—his profitability does not rest on Jan Aushadhi alone. He also has a branded store next door. "The branded basket has 80,000 products [Jan Aushadhi has about 2,000]," he said. "Our goal is to ensure that patients do not return empty-handed...so if someone comes to my Jan Aushadhi store and asks for a medicine that is not available, I will send them next door; and if they come to my branded store and ask for cheaper drugs, I will send them to the other side," he explained.

Many Jan Aushadhi owners sell branded generic drugs through their registered pharmacy, often without the buyer's knowledge. A pharmacist who was employed at a Jan Aushadhi until last year told *Mint* that this was partly to beef up profit margins, and partly because of supply issues. "For instance, if they ordered a stock of 50,000 units of a drug, they would only get 30,000," he explained.

Mint visited four Jan Aushadhis across Mumbai independently and asked for pantoprazole tablets for acidity. Three of the four gave us branded generic versions of the drug first, and only offered the unbranded Jan Aushadhi version when asked. (Jan Aushadhi medicines are packaged in a signature white and blue package, with a stamp and logo indicating they are part of the scheme).

Notably, the branded medicines were not much more expensive than the Jan Aushadhi drugs. In one case, a branded version of Pantoprazole, Pantaric-40, was being sold at ₹20, at a whopping 80% discount to the product's ₹102 maximum retail price. The Jan Aushadhi version was being sold at ₹12.

"Consumers are often unaware of the difference between a branded generic and an unbranded generic sold under Jan Aushadhi," said one of the pharmacists *Mint* visited. "They want to buy whatever is cheapest."

Mint reached out to PMBI chief executive officer Ravi Dadhich for comment but has not received a response.

ON A WAR FOOTING

With annual sales of just ₹1,470 crore as of FY24, the Jan Aushadhi system is still a tiny drop in India's domestic pharmaceutical market. The high volumes that the scheme is supposed to generate haven't happened yet.

That perhaps is the reason the scheme isn't seen affecting the prospects of branded drugs immediately. According to a December 2023 report by Kotak Securities, lower prices in the trade generics and Jan Aushadhi channels are expected to dent the annual growth of branded drugs only by 70-110 bps until FY28.

But the increase in sales momentum may see that change over the long term. Distributors on the ground told *Mint* that sales have surged this year largely because of a concerted awareness campaign by PMBI.

Prem Thacholi, a distributor in Ernakulam, Kerala, is expecting to end this fiscal year with a 50% year-on-year increase in his turnover, well up from 5-10% in the previous three years. Thacholi supplies Jan Aushadhis across Kerala, and has been in the business for about 10 years.

Thacholi's sales have shot up this year largely thanks to the addition of 400 new kendras in Kerala over the last year, as well as addition of new products to the Jan Aushadhi scheme. Another key driver has been awareness camps conducted by the distributor, on directives from the PMBI and the department of pharmaceuticals (DoP).

"We conduct these camps in tribal and rural areas and underpenetrated colonies once in two months, where we build awareness about Jan Aushadhi," said Thacholi.

Another reason for the rise in footfalls is a key product that the scheme added to the basket in 2019: sanitary napkins. Each napkin is sold at ₹1, a point that distributors and pharmacists, as well as government communication, emphasize. This has increased the number of women and young girls, especially from low-income groups, who frequent Jan Aushadhis. "We have been distributing the napkins in schools, colleges, and hostels as well," Thacholi said, explaining the pickup this year. Sales of sanitary napkins in Kerala have shot up 300% this year, he said.

"The department has been on a war footing since the last two years," a Delhi-based distributor, who requested anonymity, told Mint. He is expecting sales to grow 35-40% this financial year.

There are currently 36 distributors associated with Jan Aushadhi that supply kendras across the country. Unlike with pharmacies, there is no restriction on where a distributor can supply—they can go pan-India. There is also no cap on new entrants.

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QUALITY ISSUES

Two major issues have plagued the Jan Aushadhi scheme since inception: questions about quality, and supply delays. While the main warehouse is in Gurugram, the government has opened stock points in Bengaluru, Chennai, and other locations to address the supply challenge. This has largely addressed the problem, Thacholi said.

But the quality of drugs sold by Jan Aushadhis remains a concern. While there is limited research on this, most doctors are reticent about prescribing unbranded generics. "They are not harmful, but they tend to be less potent. For patients with chronic conditions like diabetes or hypertension, this can be dangerous," said a Mumbai-based doctor.

Another concern is the anonymity of the manufacturers. A Mumbai-based patient, who was using nebivolol tablets from a Jan Aushadhi for several months in 2023 to treat hypertension, stopped when he started experiencing headaches. "They may have changed the manufacturer. We don't really know who the manufacturer is in this case," he told *Mint*, requesting anonymity.

In an effort to build trust, the department of pharmaceuticals has been working with drugmakers to ensure quality compliance. Only manufacturing plants that are WHO-GMP certified—that comply with the World Health Organization's good manufacturing practices—are eligi-

TURN TO PAGE 11

mint SHORT STORY

WHAT

The goal of the Jan Aushadhi scheme, which was launched in 2008, is to sell crucial drugs and medical supplies at affordable prices, especially to people from low-income groups.

BUT

Quality and supply issues have long hindered the scheme's growth. The govt has opened more stock points to improve supply and cracked down on drugmakers to improve quality.

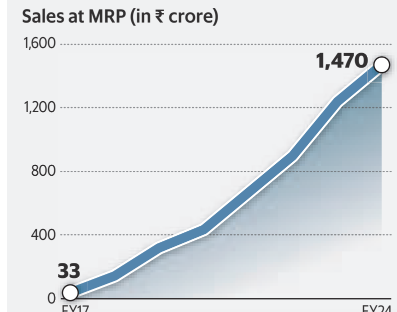
NOW

Jan Aushadhis are seeing more footfalls. In FY24 alone, the scheme saved people ₹7,350 cr in medical expenses, up from just ₹44 cr nearly ten years ago, according to government data.

GAINING SCALE

Business at Jan Aushadhi kendras have risen sharply in recent years.

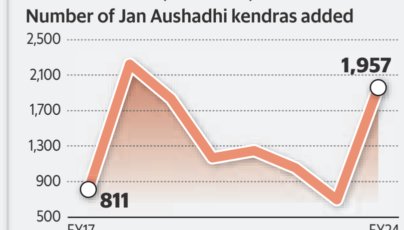
Sales at MRP (in ₹ crore)



Spreading wings

Significant number of stores have been opened across the country in recent years

Number of Jan Aushadhi kendras added



Critical partner

Jan Aushadhi kendras have become important retail outlets for pharma giants

Contract value for supplies made in 2021-22 (in ₹ crore)

Name (products)	Contract value for supplies made in 2021-22 (in ₹ crore)
Cipla Ltd (Respiratory drugs)	59.2
Cadila Pharmaceuticals Ltd (Soluble Insulin, cancer drug)	57.2
Wockhardt Ltd (Insulin injections)	25.6
Windlas Biotech (Anti-parasitic drug)	6.5
Akums Drugs (High cholesterol drugs)	2.6
Bajaj Healthcare Ltd (Asprin)	2.4
Lupin Ltd (Respiratory and Blood pressure drugs)	1.1

Source: Department of pharmaceuticals, ministry of chemical and fertilizers, Jan Aushadhi website

SARVESH KUMAR SHARMA/MINT

The ombudsman dilemma: Free relief or stacked deck?

With rejected claims and rising dispute barriers, can policyholders match the insurers' clout?

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When businessman Mukesh Garg's two claims were rejected, he represented himself before the insurance ombudsman, a statutory body for out-of-court settlements, but sought third-party help with the paperwork—a decision he later regretted.

"Two of my claims got rejected in a year. The ombudsman issued an award in my favour in the first one, but when he found out that a company helped me out, he did not hear my case and passed an award against me in the second one."

Garg's situation highlights a significant challenge in the system. While the policyholder and insurance company get a chance to present their cases, neither can engage a lawyer or third party.

For most policyholders, navigating this process can be daunting. After an insurer rejects a claim, a policyholder's first step is approaching the insurer's grievance handling department. If the issue is not resolved, they can reach out to the ombudsman. The hearing date is fixed and both sides present their arguments either online or physically.

No level-playing field

One does not have to pay any fee to lodge a complaint with the ombudsman. It is a cost-effective system where claims up to ₹50 lakh can be resolved. However, people unaware of its existence or those who do not understand the process may reach out to third parties seeking support. Ombudsman officers can't learn about it, but if they do, they may view it in a negative light.

A couple of complainants told *Mint* they were asked to write a letter stating they would not pay money to any third party. *Mint* has seen one such copy.

"I was told my case is genuine but I still would not get my claim because I sought an agency's help in filing my case with the ombudsman. I am in a full-time job. My husband has health issues. I don't understand insurance. If I sought somebody's help in doing the paperwork to ease my burden, why is it wrong?" said a person seeking anonymity as her case is sub-judice.

Consumer policy expert and former member of the insurance ombudsman advisory committee Bejon Misra said: "Insurers may not be sending lawyers to the ombudsman's office, but those representing them before the ombudsman has a rich insurance background and access to lawyers in the firm or has a legal background. It's a fight between a common man and a large entity. You cannot question complainants if they seek support from insurance experts. Irdai (Insurance Regulatory and Development Authority of India) must allow representation if complainants want."

The ombudsman's view

Ombudsman officers fear it will hurt the free-of-cost nature of the system. "Ombudsman officers are impartial and understand that policyholders cannot present their case as structurally as an insurer will," said R.M. Singh, a former insurance ombudsman of Madhya Pradesh and Chhattisgarh. "People should rely on them. Most complaints go in the complainants' favour. Lately, it is seen that small agencies have mushroomed to assist policyholders for a fee. It must not be encouraged because otherwise it would become part of the process and gullible policyholders may be taken for a ride by unscrupulous players."

Policyholder Arjun Singh trusted the system and approached the ombudsman. But he was disappointed. "It was apparent that the ombudsman officer was biased towards the representative of the insurer. The ombudsman chief insulted me and did not let me speak, and I had to go back and forth for the paperwork with the insurance firm and ombudsman to get my claim."

Milind A. Kharat, who worked as an insurance ombudsman in Mumbai and Goa said the objective is quick resolution of complaints where complainants do not have to bear any expenses. Consumer courts involve legal costs such as advocate fees and stamp duty and it still leads to delayed resolution.

A case for non-legal assistance

Sumit Bohra, president, Insurance Brokers Association of India, said at least brokers should be allowed to represent their clients. "We brought up the matter with the regulator as our clients reach out to us when they face issues in claims settlement. If we want to ensure that illegal players do not dupe policyholders, the regulator should recognise a few entities who can offer such a support if they seek it," said Bohra.

There are 17 ombudsman offices in India. In FY24, they resolved 49,705 complaints, out of which 16% were in favour of complainants, 15% in favour of companies, 6% complaints were withdrawn, 23% were not entertained and 27% were mediations, data showed.

"An ombudsman makes fair recommendations to the complainant. If he accepts it, it is forwarded to the insurer for compliance. In such cases, hearings with the complainant and insurance company is not needed, so it leads to faster resolution. It could either be in favour of the complaint or insurance company or a mid-way out," said Kharat. In FY24, 67.40% of the complaints, including awards and mediation, favoured complainants.

In FY24, 67.40% of the complaints, including awards and mediation, favoured the complainants, data showed

Analysis showed Mumbai, Bengaluru and Jaipur were top states where awards favoured the complainants. Delhi ranked the lowest with only 53 awards in favour of complainants versus 612 in favour of the insurer.

Ombudsman offices spend an average ₹12,000 to process a complaint, far lower than what it was. The Insurance Ombudsman Council receives funds from insurance companies based on their turnover. Misra suggests the cost of disposing complaints must be recovered directly from insurers against whom the complaint is registered. "It would nudge insurers to resolve complaints at their end and policyholders won't have to reach out to the ombudsman in the first place," said Misra.

Ajit Kumar from Kerala faced a different challenge. He filed a complaint against an online broking firm at the ombudsman, but they did not accept it. "They told me that they need a record of my communication with the grievance officer of the broking firm, but it didn't have one. I have mails from the CEO, but the ombudsman is demanding my communication record with the grievance officer," he said. To be sure, brokers were included in the ambit of ombudsman recently, but most of them do not have a designated grievance officer like insurance companies do.

"The ombudsman should entertain Kumar's complaint and accept a claims denial statement by a claims executive of the broker. Irdai must make it mandatory for broking houses to have a grievance officer to bring symmetry in operation, otherwise decisions will be based on each ombudsman's perceptions," said R.M. Singh.

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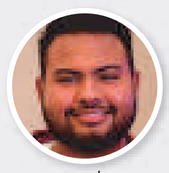
Insurance ombudsman: A double-edged sword?

The cumbersome process of communicating with insurers and the ombudsman often drives policyholders to seek third-party support, which is, however, viewed negatively.

MUKESH GARG
Grievance: Non-disclosure of pre-existing disease
Issue with ombudsman:
Seeking advice from third-party agency
"The ombudsman officer dismissed my complaint saying I paid money to a third-party to present my case."



ARJUN SINGH
Grievance: Rejection of claim despite sharing all documents multiple times
Issue with ombudsman:
Officers dismissive of queries
"I was called for physical hearing, but I did not get a chance to speak; later mediation award was issued"

No level-playing field

- Third-party representation not allowed at Ombudsman offices
- A few start-ups/agencies/individuals offer assistance for a fee
- Such consultations are discouraged

It is a fight between a common man and a large entity. You cannot question complainants if they seek support from insurance experts
Bejon Misra, consumer policy expert
(served as a member of insurance ombudsman advisory committee)

What to do if your claim is rejected

FILE your complaint with the grievance officer of the insurance company/broker
↓
REACH out to insurance ombudsman
↓
VISIT https://cioins.co.in/complaint/online
↓
THE ombudsman may suggest mediation
↓
DEMAND hearing if ombudsman recommendation is unacceptable to you
↓
HEARING is possible online or offline
↓
THE complaint must be resolved within **90 days**
↓
REACH out to consumer court if unsatisfied with ombudsman award

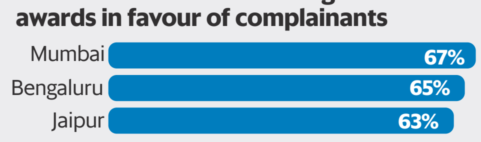
Insurance ombudsman in numbers

56,907 Total number of complaints received in FY24

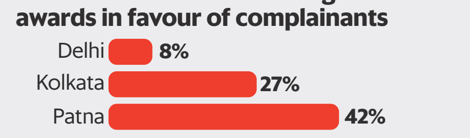
49,705 Number of complaints disposed of in FY24

*Mediation (mostly in favour of complainants or a mid-way out)

3 ombudsman offices having most awards in favour of complainants



3 ombudsman offices having least awards in favour of complainants



Source: Ombudsman Annual Report 2023-24

PARAS JAIN/MINT

WHAT'S THE FOREX RATE?

Whether you are planning overseas travel or want to send money abroad, it is always a good idea to shop around for the best forex exchange rate. From banks, travel aggregators to money changers, various small and big players sell foreign exchange. To simplify your work, here is a list of INR to USD forex rates offered by some of the major banks and travel aggregators. We recommend that you also check the commission being charged by these players to ensure that you are getting the best deal.

mint

FOREX RATES (₹/$)

Bank/travel aggregator	Wire transfer*		Buy forex	
	inward	Outward	Forex/travel card	Cash
SBI	84.16	85.66	85.83	86.15
Bank of Baroda	84.46	85.34	85.75	86.20
Canara Bank	84.57	85.30	85.51	NA
IndusInd Bank	83.42	86.42	87.21	87.51
Kotak Bank	83.46	86.37	86.77	87.34
HDFC	83.38	86.42	86.67	87.12
ICICI	83.03	86.52	86.54	88.15
Axis Bank	83.27	86.82	NA	87.08
Yes Bank	83.43	86.38	87.31	87.31
Thomas Cook	83.07	85.91	85.36	86.75

Note: Data collected from website of respective entities as on 18 Dec 2024; Rate mentioned in the table denotes INR/USD. The rate is as mentioned on the website of the Bank/FI and it may vary according to different amount slab; *Wire Transfer/TT Buying is Inward Rem to receive Forex & Wire Transfer/TT Selling is Outward Rem to send forex.

Compiled by BankBazaar.com

After intensive care, Jan Aushadhi sees sales spike

FROM PAGE 10

ble for tenders.

Several Jan Aushadhi suppliers, such as ANG Lifesciences and Ridley Life Science, were blacklisted this month for supplying substandard drugs. In the last tendering round for the scheme, held in 2021-22 for supplies up to 2024, these vendors won orders worth tens of crores for antibiotic drugs such as roxithromycin.

There is a 20% margin on the maximum retail price of each drug sold under the scheme.

JESSICA JANI/MINT

Another major supplier, Zee Laboratories Ltd, has been blacklisted by several state medical services, including Chhattisgarh, Odisha and Tamil Nadu. In fact, Zee Laboratories was barred by the Jan Aushadhi system last year until 2025 for supplying substandard drugs, including some that are widely used, such as Paracetamol. Other large suppliers in the list include Unimarck Healthcare and Mascot Health Series Pvt. Ltd.

At the same time, many larger contract pharma manufacturers have become significant suppliers to the Jan Aushadhi system. Among them is Macleod's Pharmaceuticals, which filed papers for an initial public offering in 2022 (but deferred the issue). Another is Mumbai-based Inventia Healthcare.

Theon Pharmaceuticals, a third-party pharmaceutical manufacturing company, has been supplying PMBI for the last ten years, managing director Amit Bansal told *Mint*. Sales to Jan Aushadhi comprise 30% of the company's government tendering business, he added. "We would like to dedicate increased capacities to Jan Aushadhi, because the payments are on time," said Bansal.

The profit margin, however, is a challenge. "We can't have huge margins...just that our basic costs on operations get covered," Bansal said. "We also have to be competitive, because there are other quality manufacturers in the market," he added.

Other key suppliers include Delhi-based Synokem Pharma, which sold a significant stake to American PE firm TA Associates last year for ₹1,000 crore.

WHO BENEFITS?

While the consumer demographic is a mix, pharmacists see an increasing number of senior citizens and people from low-income groups availing drugs from Jan Aushadhi kendras for chronic conditions. A rickshaw driver aged less than 30, who suffers from blood cancer, has been a regular patient at Gosar's shop this year. "His monthly medicine bill used to be around ₹7,000, and now it is around ₹1,200," said the pharmacist.

Apart from the low prices of drugs sold at Jan Aushadhis, rising competition and aggressive discounts by online pharmacies have led brick-and-mortar pharmacies to lower their prices. A quick survey of the branded generic pharmacies in the periphery of Gosar's shop showed that most offer a flat discount of 17-20% on the products they sell. The lower prices have, however, forced the pharmacies to cut costs in order to improve their margins.

"My competition is the three pharmacies that have recently opened up next to mine, more than anything else," said a Mumbai-based pharmacist who owns two shops. "Some of them are offering massive discounts trying to get an edge, and we are all forced to match that," he added. At the end of the day, it is those who can focus on finetuning their operational efficiency, who will survive, he added.

One thing, however, is clear: affordable medicines are here to stay. And consumers won't mind that.

WHY PHYSICAL BANK BRANCHES REMAIN CRUCIAL IN AN ERA DOMINATED BY DIGITAL

POWER POINT

DHEERAJ SANGHI

We welcome your views and comments at **mintmoney@livemint.com**

Faced with the rapid growth of digital technologies and an expanding millennial and Gen Z customer base, banks in the US and Europe cut back on physical branches over the last decade. While this strategy did influence a global realignment, Indian banks bucked the trend, and instead focussed on branch expansion, which led to one of the strongest growth periods for the Indian banking industry.

Now, the likes of JP Morgan Chase and Bank of America plan to open 500 and 165 new branches, respectively, over the next two to three years, underscoring the need for a physical network to meet the requirements of retail banking.

Personal touch: Research shows that while 70% of consumers are open to buying through digital channels, only 23% fulfill their financial needs digitally. For finance and wealth management, customers prefer real interactions with advisors before arriving at a final decision.

Physical branches provide the space necessary for such face-to-face consultations and offer customers access to knowledgeable staff who can provide personalized advice. This is more challenging to achieve through digital banking channels. Also, online communication is counterintuitive when customers are faced with a plethora of complex choices. This is especially true when addressing customer-specific issues, with the branch staff being more successful at effectively resolving concerns while upholding the highest customer satisfaction and loyalty standards.

While digital banking will continue to gain traction in the near future, traditional bank branches will evolve into "phygital" branches—where physical and digital experiences converge to create seamless banking solutions.

Business expansion: Even though digital disruption has made the brick-and-mortar model extinct or almost extinct across multiple domains, sectors like banking, education and healthcare have instead used digital technologies and analytics to augment customer experiences and unlock further operational efficiencies.

Aspects such as trust, human engagement, and relationship management remain non-negotiable in such industries, explaining the need for more branch expansion to serve both existing and new customers in retail banking. This has helped banks capture a larger share of the market, as new customers rely on personal assistance to make key savings and credit-related decisions.

Also known as the network effect on banking parlance, this has meant that banks with a larger number of physical branches have been able to capitalize on a proportionately higher share of the available business. In an era where retail banking is increasingly dominated by digital transactions, the traditional brick-and-mortar model continues to remain relevant for both banks and their customers alike.

HT

Technology integration: To facilitate this transformation, banks are introducing interactive kiosks, augmented reality displays, and advanced AI systems across their physical branches. This kind of technology integration will not only empower customers with personalized advice but also deliver an intuitive transactional experience during every visit. Branch personnel will focus on providing them with relevant information to make informed decisions and work on building relationships rather than just handling transactions.

Trust, human engagement, and relationship management remain crucial for customers

As a result, banks are already reimagining their branch layouts to facilitate such interactions, with most re-engineering internal processes and legacy organization structures to meet this objective. Thus, the "phygital" banking model will continue to evolve in line with the advancement in digital technology, with banks working to improve the return on assets (RoA) by operating bank branches as individual profit centres.

With 80-95% of the current retail banking business in India being contributed by physical branches, banks will have to constantly upgrade their branch network to maintain a strong brand presence and meet ever-evolving customer needs. Achieving this while fostering trust and loyalty will assume paramount importance in the foreseeable future as banks innovate new methods to integrate technology with human interaction.

Sanghi is country head-branch and affluent banking, Yes Bank.

OUR VIEW

MINT

Let footpaths lead us to faster economic growth

If good roads are signposts of prosperity, so are urban walkways. But India's pedestrian infrastructure suffers neglect that an economy in need of inclusive growth cannot afford

In a Peak Bengaluru moment this month, a walking tour group organized a 15-day 'BLR Walkfest,' getting people to find out if the city is 'walkable.' True to the city's brand-it-and-we'll-do-it culture, about a hundred people signed up for every walk, which included talks on historic landmarks and lots of filter-coffee drinking, to see if they could do what millions of Indians do daily—use pavements to get around the city on foot.

Many Indians ride in cushy carriages all their lives without ever stepping on a footpath, but a vast majority, most of them poor, either walk to work or work on paved sidewalks. We are so short of pedestrian infrastructure that if jaywalking were illegal in India, as it is in some countries, it would legally be impossible to get from point A to point B on foot. This is not to say Indians don't walk: 2011 Census data shows that more than 45 million Indians get to work at distant locations on foot, compared to 5 million in cars and 24 million on two-wheelers. The typical commute for these 45 million is in a range of 2-5km, which means that's the likely distance they must walk. But we clearly don't have the infrastructure to support them. About 19% of our 150,000 road-accident deaths in 2021 were of pedestrians, going by road transport ministry data. If the numbers are sifted further to look at just street-mishap deaths in cities, pedestrians make up one-fourth of the fatalities, and more than half of those were people aged under 45. We are losing young working adults who support families and contribute to the economy because our urban spaces are not designed for everyone. And given the obstacle course urban pedestrians face, they're forced to waste time and energy that could be put to better use.

If good roads lead to prosperity, the same applies to walkways, especially in an economy that needs the bulk of its people on an upward-mobility path for overall demand to grow. Yet, our walkers suffer neglect, left to play a dangerous game of dodge with vehicles of every shape and size. Footpaths vanish without warning, turning a walk into an adventure sport. Many pavements act as storage spaces for everything from construction debris to gas cylinders. Bikes and cars encroach freely. And stepping on a slab that gives way beneath one's feet is a common horror. Skywalks are mostly an afterthought and their endless steps could prepare one for an Everest Base Camp trek. For the elderly and disabled, the dangers multiply. Despite motor cars being around for more than a century, most Indian cities lack what it takes for pedestrians and vehicles to co-exist in peace. Creating pedestrian infrastructure is not as simple as laying down a few footpaths; it is about considering every citizen's needs. For walkers to lead more productive and less risky lives, we need safe streets, interconnected footpaths and well-designed road intersections, apart from street lighting that actually works, active policing to prevent crime and law-abiding drivers. Walking has many benefits—for physical and mental health, the economy and the environment. Public-policy plans and guidelines abound on inclusive infrastructure, but evidence of their implementation is scarce. It's almost as if infra-driven growth is expected to be a motorized affair. We need a footpath challenge of the kind Bengaluru hosted in many more cities where influential folks rarely walk along the paths that millions do. We must all know what it's like walking 2-5km to earn a living.

MY VIEW | TECH WHISPERS

We should expect 12 AI trends to stand out in 2025 and beyond

The first four predictions are about enhanced human-AI interaction and how our lives will change

JASPREET BINDRA
is a founder of AI&Beyond and the author of 'The Tech Whisperer'.

As OpenAI and Google joust this December, with the former's 12 Days of Innovation challenge, and the latter countering it with its Gemini 2 AI model, I look beyond these skirmishes to predict my Twelve Trends for AI going into 2025 and beyond. I will describe them over three columns. Each of these has a theme, and today's four predictions are around how humans and AI will draw closer to each other—in work, life and relationships.

Prediction One of Twelve—English is the new coding: As our generation was growing up, we were told that learning English was the passport to success. We did that and were arguably successful in our careers and businesses. Our children in turn are told that learning how to code is the passport to success, thus coding is the new English. This led to 10-year-olds being dragged to code camps to learn Python and JavaScript. With Generative AI, this changes: Every time we write an English prompt for ChatGPT or any of its ilk, we are actually 'coding', i.e., giving it a set of instructions to perform some task for us, whether it's a summarization, video-creation or a write-up. Except that now we are doing it in our natural human language rather than the language of the machine. This is profound, as it has the potential to democratize coding and make eight billion of us code. Microsoft's Satya Nadella declaimed that instead of learning the machine's language, machines would have to learn ours. Jensen Huang of Nvidia joined the chorus saying that the true potential of AI is that none of us would have to learn how to code. Thus, English, or any other natural language, becomes the new coding language.

Prediction Two of Twelve—AI is the new UI: AI will become the new user interface. Bill Gates presciently wrote in November 2023 (*bit.ly/3tSMNkB*): "...you won't have to use different apps for different tasks. You'll simply tell your device, in everyday language, what you want to do." A UI has been how humans and machines have interacted with each other, as the difficult UIs of machine language and DOS (disk operating system) gave way to a GUI (graphical user interface), search bars, browsers and apps. Simpler UI led to a faster, intuitive and more productive interaction with a machine. The AI-driven shift will lead to voice UI as the spoken word becomes the new way to interact with machines, similar to our interactions with other humans. We will chat with ChatGPT or Gemini to work with them on our day-to-day tasks. Our devices will morph, with voice becoming the primary interface rather than a large screen. The first proto-devices are already out, though not terribly successful, like the Rabbit R1 and AI Pin. An AI assistant becomes the UI.

Prediction Three of Twelve—AI and humans are the new creators: GenAI is a cognitive technology and can do creative tasks like writing, creating art and composing poetry. This has left many human creators deeply worried about their jobs as creativity was supposed to be a uniquely human skill. I believe, however, that Generative AI will boost human creativity. Take OpenAI's Sora, for instance, released last week. When Sam Altman had teased it a year back, he had invited creative prompts on X to instantly generate videos with it. Indian entrepreneur Kunal Shah famously gave 'A bicycle race on ocean with different animals as athletes riding the bicycles with drone camera view' and Sora produced a spectacular video (*bit.ly/3ZgGnHD*). However, it was not Sora that was being creative, but Kunal, who would not have imagined a creation like this unless he had a tool like Sora or Runway to manifest his innate human creativity. Thus, I believe that a combination of humans and AI will give rise to a new era of creativity.

Prediction Four of Twelve—AI creates a new customer: The Industrial revolution brought with it the transactional Industrial customer who rarely used technology, and the internet brought the digital comparison-driven and social customer who searched and clicked her way through brands.

A new kind of customer will emerge in this age of AI—someone who lives in the era of infinite hyper-personalized choice and has immersive and conversational interaction with brands. AI that anticipates her needs and brand relationships that are collaborative rather than functional or emotional (*bit.ly/4ffrueN*). This will mean a big change in business and marketing as they adjust to this reality.

The next set of predictions will be around what I consider the biggest trend of 2025—Agentic AI. Here is a video (*bit.ly/4fnaJ1h*) that offers more.

QUICK READ

Instead of us learning to code, AI will learn human languages. So, English, or any language, will be the code. And we won't interact with multiple apps. AI agents will perform our everyday tasks.

Also, GenAI will complement and not replace human creativity. Beyond that, AI will create a new kind of customer, which will transform marketing and compel businesses to adapt.

10 YEARS AGO


mint

GST Bill tabled in Parliament

Mobile

JUST A THOUGHT

I've been to so many manufacturing plants. I've yet to walk into one where I did not think AI solutions wouldn't help.

ANDREW NG

GUEST VIEW

Our manufacturing must adapt to a dynamic world

SANJEEV KRISHAN

is chairperson, PwC in India

The global economic landscape is becoming increasingly interlinked and dynamic. Despite multiple shifts, 2023 saw global merchandise exports worth over $24 trillion, an increase of 6% over 2019, demonstrating resilience in the face of disruptions. Global value chains accounted for 52% of global trade in 2022, with suppliers, firms and customers across the world showing a high level of inter-connectedness. Yet, a shift in perspective is underway, with a number of large economies turning towards 'protectionism,' thus increasing both trade and geopolitical conflicts.

Amid this uncertainty, India's relationship with its largest trade partners—China and the US—is also evolving. The recent border deal and meeting between Prime Minister Narendra Modi and President Xi Jinping could pave the way for better India-China relations and trade. Concurrently, the outcome of the US presidential elections foreshadows policy changes that can reshape the future of global trade. Given that imports account for almost 14% of the US gross domestic product (GDP), any imposition of high import tariffs will hurt both consumption within the US and export-focused economies across the Global South.

In this context, India's growth journey, with its ambitious Viksit Bharat target by the centenary of its independence, needs to be charted out strategically. Increasing exports will play a key role, and the government has set a target of $1 trillion worth of merchandise exports by 2030 and $1 trillion of service exports. In many ways, the foundation for this aspiration was laid in the 1990s through liberalization and measures to enable trade competitiveness. Focused reforms since then, including the production-linked incentive schemes and 'Make in India' initiative, combined with infrastructure development programmes, trade agreements and stronger participation in multilateral forums, have garnered significant manufacturing investments in India.

However, India still has some distance to go to benefit from its global supply chain diversification initiatives. Sustaining momentum over the next phase of growth would require focusing on enhancing productivity at scale. Sporadic development in pockets will not be enough—quantifiable progress will be defined by the ability to embrace technology and competitively scale multiple industrial developments. Likewise, enhancing productivity will be a function of increasing the share of value-accretive manufacturing as well as overall export volume. This would entail supporting micro, small and medium enterprises (MSMEs) through knowledge and capacity-building initiatives to ensure inclusive export growth. Simultaneously, technological upskilling to encourage on-ground innovation, combined with access to complementary knowledge and systems, can help Indian businesses improve the sustainability of their supply chains and raise their credibility globally.

We need to streamline the processes associated with accessing and using our physical and digital infrastructure. While the turnaround time at Indian ports has declined from 4.3 days in 2012-13 to 2.1 days in 2022-23, it is still higher than the global median of 1.04 days. Similarly, the release time for exports is high. Increasing efficiency in export processes through the establishment of on-premises testing facilities and reducing the number of manual touchpoints can help. Such infrastructural support, when combined with single window clearances, credit support and knowledge units, will help boost MSMEs and large corporates alike.

Another focus area is research and development (R&D) and innovation. Despite policy and budgetary support, India's gross expenditure on R&D is under 1% of its GDP. Implementing targeted outcome-driven incentives such as the production- and employment-linked incentives supported by the Union budget can help institutionalize the process. Creating direct entry programmes between academic as well as research institutes and the industry, coupled with increased collaboration with the startup ecosystem can further bridge the gap between theoretical research and practical requirements.

Building Gift city-like centres to cater to manufacturing export hubs, with easy access to ancillary support services can encourage synergies. Technology will also play an important role in facilitating an 'automation-plus approach' on factory floors and can aid migration of labour into automation-augmented manufacturing. This will lead to an upskilling of the workforce and improve overall productivity. Multiple Indian states host investment promotion programmes and establish their presence at international forums such as World Economic Forum's (WEF) annual meeting at Davos. These are welcome, but need to be supported by coordinated policy action, with the central government focusing on improving both the ease of doing business and India's investment attractiveness.

The road ahead is promising. A key factor will be the ability to closely monitor short and long-term shifts in the market and trade patterns. As India braces for changes in the environment, it is well positioned to tap the growing opportunities. Strategic global partnerships, conducive trade policies and a robust domestic manufacturing industry can ensure that India remains a preferred business destination for the world.

QUICK READ

The opportunities for Indian manufacturing look promising but the country must adapt to constant shifts in global supply chains to strengthen its export performance.

India must streamline its export processes, ease clearances and boost research and development. A policy focus on these could yield a robust manufacturing sector.

THEIR VIEW

India in 2025: While challenges resurface, so do opportunities

India needs job generation for balanced growth. With world trade in flux, mid-tech sectors hold promise if deals are struck

PRANJUL BHANDARI
is chief India and Indonesia economist at HSBC

BLOOMBERG

Much has been said about India's growth slowdown to 5.4% in the quarter ending September. It was a rather sharp turnaround for those who had gotten used to the 7.5%-plus growth clip.

Part of the slowdown can be blamed on what looks like a one-off, offbeat quarter. Specific things went wrong. First, a string of climate change events hurt agricultural production and, second, in the midst of a series of high-stake elections, the government's expenditure slowed. Both are already showing signs of easing, and some of the slowdown could reverse over the next quarter.

Temperatures have normalized, with reservoirs full again after a long hiatus and, as a result, agricultural production has picked up. So far, farmers are using their earnings to build back savings or repay debt, as evidenced by rising cash balances in rural accounts. If the winter crop does well, it is likely that a larger share of that income will be used for rural spending, igniting a part of the economy that has been rather subdued.

Elevated inflation, pulled up by high food prices, has hurt mass purchasing power. The seasonal winter food disinflation, expected on the back of stronger agricultural production, could revive some of that purchasing power, boosting mass-level consumption.

However, this is just one part of the story. The other is a reality check, and this needs to be assessed carefully. Based on our analysis of a host of different metrics, we estimate that India's potential growth—its ability to grow sustainably without stoking inflation or external balances—is actually around 6.5%, not the 7.5%-plus number of the last two years.

We believe that the bulk of the growth exuberance over the past few years has been led by the rise of 'new India', a small (15% of GDP) but fast growing (15% year-on-year annually) part of the economy, which comprises several high-tech sectors.

The rise in manufacturing in selected sectors (like mobile handsets), the expansion of global capability centres and the proliferation of digital startups led to high growth and incomes at the top of the pyramid. The rise in the GST rate on luxury items and real estate demand were offshoots of the rise of 'new India'.

After several heady years, the base of 'new India' is rising, and growth in these sectors is normalizing to more sustainable levels. For instance, growth in services exports has softened from a heady 27% year-on-year average in 2022-23 to a still-high 14% in 2023-24. Understandably, urban consumption is normalizing as well. And overall GDP growth is converging to its 6.5% potential rate.

The good news is that 6.5% growth is still pretty impressive in the current global order. The challenge now is to maintain this level, and for that, growth needs to be more broad-based. Unbalanced growth, as we have seen in the past, can lead to excesses and eventually become unstable. Recall how urban consumption over the last year expanded strongly alongside an unfettered rise in unsecured consumer loans, eventually requiring the central bank to clamp down.

So, what's the best way to ensure that growth is more widespread? In other words, how to diversify from capital- to labour-intensive growth?

The rise in agricultural production is likely to help in the short term; however, in an era of weather disruption and climate change, this can't be a permanent solution. Something more tangible is needed.

And, here, an opportunity might be opening up. During Donald Trump's first term as US president, trade tensions with China ultimately led to a diversion of trade and investment to other markets, such as Asean, which saw faster growth as a result.

With tariff fears engulfing the world once again, supply chains may get rejigged again should high tariffs be levied on economies that run large trade surpluses with the US. And this could be an opportunity for India, which was not a primary beneficiary of the previous US trade tensions. Looking at this through the lens of foreign direct investment (FDI)—an important marker of which economies are benefitting from rejigged supply chains—India has so far not been a prime recipient of FDI in mid-tech sectors like textiles, small electrical gadgets and toys.

These are also sectors that are more labour-intensive than the high-tech FDI sectors where India has done better. Attracting mid-tech FDI could be an important way to create the jobs needed to uphold growth and make it more broad-based.

However, it also means working hard on several fronts to seize the opportunity—expanding free trade agreements (FTAs), enhancing infrastructure development, developing a skilled workforce and streamlining business practices. In particular, bilateral trade agreements with advanced economies like the US could benefit India by reducing tariffs levied on labour-intensive Indian exports. Indian textile exporters, for one, have long blamed the preferential access to US markets enjoyed by economies that already have FTAs.

India's old problems, such as the need for better jobs for its teeming millions, are well known. Nevertheless, opportunities are knocking on the door as well. Whether the country seizes the day will define its fortunes in 2025 and beyond.

QUICK READ

Most of the growth exuberance over the past few years has been led by the rise of 'new India', a small (15% of GDP) but fast growing part of the economy that comprises high-tech sectors.

How do we make growth more labour-intensive for a better balance? As global trade patterns are poised to shift, an export opportunity lies in attracting FDI in various mid-tech sectors.

MINT CURATOR

The US Fed seems as clueless as markets about its 2025 path

Powell didn't dwell on Trump uncertainty. That's understandable

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Fed chair Jerome Powell is not in a position to guess what Trump will do AFP

In normal times, the conduct of monetary policy is like driving a car through a fog of uncertainty. You have a general idea of where you're going, but must move slowly to avoid accidents. At the moment, it's more like driving while double blindfolded—in a car with malfunctioning breaks. The most prudent move is to stop.

With this week's decision, the US Federal Reserve has now cut rates by 100 basis points to 4.25%-4.5%, appropriate adjustments given the moderation in inflation from its peaks of 2022. But nobody knows what comes next—and I mean nobody. The key feature of the Fed's latest economic projections was the uncertainty around them. The median forecaster on the Fed's rate-setting panel projects that inflation progress will slow meaningfully in 2025, and that the central bank will cut rates just two more times by next December. But among the 19 Fed board members and Federal Reserve Bank presidents, 15 now say that the risks to their forecasts for core personal consumption expenditures inflation data are weighted to the upside, the most since 2022; 14 said that their uncertainty about core PCE, the Fed's favoured inflation gauge, had increased since they last filled out the survey in September.

Why is everyone so uncertain all of a sudden? *First*, there's President-elect Donald Trump. Though Fed Chair Jerome Powell has been careful about opining on politics, Trump's agenda introduces a raft of two-sided risks. His threat to impose sweeping tariffs on US trade partners could mechanically increase price levels. Yet, if we look to Trump's first presidency, the trade war he unleashed prompted the Fed to cut rates in response to an upheaval in financial conditions and the prospect of reduced business investment.

Powell brought to Wednesday's press conference details from 2018 Fed research that suggested looking past tariff-induced inflation. Yet, this environment is clearly different from what existed pre-pandemic in a variety of ways, with inflation expectations shaken by the past four years.

Trump has also promised to extend tax cuts enacted in 2017 and maybe add new ones, which could have the effect of further juicing economic growth and inflation—especially if they are deficit-funded. And he's threatened mass deportations of undocumented immigrants that could cut into the labour supply.

Second, there's the wobbly nature of US inflation data itself—a risk that Powell played up. Asked if the uncertainty among officials was all about Trump, he reminded reporters that the latest inflation readings had been far from pristine. The core personal consumption expenditures deflator rose by a too-high 0.3% in each of September and October. Though the pace is likely to have cooled in November, the upshot is that realized inflation will almost certainly exceed the Fed's earlier 2024 projections. And recent experience suggests that upside inflation surprises tend to be concentrated in the first quarter, despite attempts to compensate for such trends through seasonal adjustment. Overall, I suspect that Powell emphasized these bumps and wiggles in the data partially to avoid too many Trump questions, but he's right that the data has been frustrating.

Third, there's uncertainty about how the interest rate backdrop is actually affecting the economy. Some members of the Fed's rate-setting committee have argued that the world has fundamentally changed in recent years, and that policy rates as they stand today may actually be close to the 'neutral' rate—the setting that's neither stimulative nor restrictive, but just right.

As Powell said Wednesday, "We are significantly closer to neutral," but also "still meaningfully restrictive"—whatever that word salad means.

Others think we may already be pulling into the neutral station. Federal Reserve Bank of Cleveland President Beth Hammack, who registered the lone dissent against Wednesday's rate cut, said this month that "we may not be too far from a neutral setting today." And Fed Governor Michelle Bowman said in November that "we may be closer to a neutral policy stance than we currently think."

The upshot of all of this is that the Fed's best option is to put the car in park, and it has left the door open to doing just that. In his remarks Wednesday, Powell said that the central bank is "at or near a point at which it will be appropriate to slow the pace of further adjustments." I don't think that all of this necessarily means that rates will be suspended here indefinitely.

There's a scenario in which the Trump agenda could ultimately precipitate an economic slowdown and rate cuts. It all depends on which campaign promises he keeps. All we know is that we don't know enough, and Powell himself is as clueless as many in markets.

MY VIEW | PEN DRIVE

Artificial intelligence: The latest opium of the masses

SAMIRAN GHOSH

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A new phenomenon is captivating the collective public consciousness. It does not require temples, prayer mats or Sunday sermons. Artificial intelligence seems to be replacing religion as the "opium of the masses," an overwhelming force slowly taking control of our lives, promising utopian futures and sparking endless debates. From chatbots whispering sweet nothings to predictive algorithms knowing you better than your therapist, AI is the shiny addictive toy everyone wants to play with, whether they understand it or not.

The allure of AI is akin to that of religion in its heydays; AI has captured the public imagination. Need to sort your emails, plan your retirement or write a love letter? AI to the rescue. It is the digital messiah, offering convenience and efficiency wrapped in an easy-to-use user interface. Studies show that global AI adoption in businesses shot up by 270% between 2015 and 2022, with the AI industry projected to hit $1.8 trillion by 2030. On the social side, from viral AI-generated creations to ChatGPT penning bedtime stories for kids, AI is a pop-culture movement as much as a tech revolution.

The numbers are miraculous. ChatGPT reached 100 million users in two months, while it took Instagram 2.5 years to do the same. Even TikTok, the last big smash hit, needed nine months to get similar numbers. Threads did it in just over 4 days, but is yet to develop a cult-following like ChatGPT.

Granted, AI offers significant uses. Using AI-powered data analysis, Google Flood Hub provides free flood alerts up to 7 days in advance in 80 countries. The Ocean Cleanup organization employs AI to create detailed maps of ocean litter in remote locations, raising plastic-removal efficiency. But AI cheerleaders get carried away. Poverty, inequality, world hunger, relationships... the list goes on. Granted that technology can assist problem-solving, but portraying AI as a miracle worker is a disservice to AI.

Let's shine light on a few epic AI failures. Tesla's Autopilot has been linked to 13 fatal accidents in 2024 alone; hundreds of accidents and over 40 fatalities since it became street-legal. IBM Watson for oncology failed to improve cancer care. The project cost $62 million for M.D. Anderson Cancer Center without achieving its goals. Chatbot Grok falsely accused NBA star Klay Thompson of vandalism in April 2024. One could go on.

Corporations are not laughing their way to the bank with their AI investments either. A Gartner report indicates that about 30% of Generative AI projects will be abandoned after the proof-of-concept stage by the end of 2025. Companies struggle to demonstrate value from these projects, often requiring huge upfront investments. A RAND Corporation report reveals that over 80% of AI projects fail, double the failure rate of traditional IT projects. Common causes include miscommunication of goals, inadequate data prep and lack of necessary infrastructure.

For a long time, I have believed that the ills of AI lie in its very name. 'Artificial intelligence' has an implicit bias. It implies the possibility that machines will develop some form of consciousness and emotions, acquire a human-like 'personality,' and ultimately overcome human limitations—and voila, AGI! To some experts, an easy way to fix AI is to rectify the name itself. Call it by what it actually does: Systematic Approaches to Learning Algorithms and Machine Inferences, or Salami, in short.

That changes perceptions and expectations. Can Salami develop any consciousness? What about emotions and a personality? Will Salami replace a human? Can you fall in love with a Salami? Maybe this could show us how ridiculous expectations of AI are.

No conversation on AI is complete without talking about GenAI, the tech industry's recreational weed. Its great accomplishment was democratizing the use of AI quickly. And therein lies the issue. A recent Blueoptima study tackled the question of GenAI's impact on developer performance by analysing 218,000+ developers across 880 million+ 'commits' (with control groups and all).

The results? A modest but consistent 4% productivity boost without sacrificing code quality, which would reduce a team of 100 to 96 engineers (or boost output by 4%) Good, but not game-changing. It also found that only 1% of developers committed GenAI code without "significant rework." The study concludes that while GenAI tools can enhance software developer productivity, the impact depends on how they work with software development workflows. It's most effective when AI augments rather than replaces human expertise. The latest *DORA Report* found AI tools marginally upped individual productivity but reduced overall team productivity. Can organizations not get the same 4% with better planning, project management and good old common sense? Not to mention reducing CO2 emissions. Just something to think about.

AI, like religion, is what we make of it. Let's create something that does not require digital exorcisms in the future. Let's find a balance. Let's approach AI with wisdom to recognize its benefits and scepticism to question its limitations. Think of it as being spiritually aware but not mindlessly faithful.

QUICK READ

The allure of AI is akin to that of religion in its heydays. Artificial intelligence has captured the public imagination with promises of a better tomorrow and is often seen as an answer to all our woes.

We need something that does not require digital exorcisms in the future. We must approach AI with wisdom to recognize its benefits and scepticism to question its limitations.

The history of a heritage sweater that's always hot

The Fair Isle jumpers with a classic knit, popular among celebrities and royals, originated on the remote island of Fair Isle in the 17th century

Teja Lele

Kate Middleton in a festive Fair Isle turtleneck COURTESY THE PRINCE AND PRINCESS OF WALES/INSTAGRAM

Selena Gomez brought bulky, retro jumpers and oversized cardigans back to life as Mabel Mora in the true-crime show *Only Murders In The Building* and nothing screams winter like the vintage Fair Isle sweater. The traditional knit sweaters from the Shetland Islands in the UK have been trending for over a century. Edward VIII was photographed in a Fair Isle jumper in 1921. Edmund Hillary and Tenzing Norgay wore wearing Shetland jumpers when they summited Mount Everest in 1953. Beatles star Paul McCartney was spotted in a Fair Isle jumper on a visit to Shetland in 1970. Emma Watson donned one for her turn as Hermione in *Harry Potter And The Deathly Hallows*. Last Christmas, Kate Middleton was snapped in a festive Fair Isle turtleneck as she added ornaments to a towering Christmas tree.

The intricate technique, which originated on the remote British island—home to 50 people now—has been practised for generations. The local legend goes that the El Gran Grifon was wrecked on Fair Isle in 1588, and the 17 households took the sailors in. The Spanish sailors are said to have taught the knitting technique to the island residents. That's just one story. Evidence shows Fair Isle knitting has Scandinavian connections, a theory supported by the fact that the Shetland Islands were a Norwegian state before becoming part of Scotland in 1469.

Janette Budge, a true-blue Shetlander, knitwear designer and tutor, says it's hard to put a date to the start of Fair Isle knitting. "Hard evidence of stranded knitting was discovered with the Gunnister Man, a body discovered on Shetland mainland in 1951. The body, dating to the late 17th or early 18th century, carried a stranded knitted purse. We don't know if it was knitted in Shetland or not, but stranded knitting was there," she says.

Europe was knitting back in the 15th century, and Shetland was on trade routes with Denmark, Germany and Iceland from around 1468. Trade was brisk during the summer months, with Shetland knitwear being sold or bartered. Knitting was mostly a task left to the women. The men typically went to sea or mended nets and made wooden items. By the mid-1700s, Fair Isle had made a mark with its distinctive knitwear. Islanders continued to barter homemade woollenwear—caps, stockings, jumpers—for tea, sugar and brandy.

> Fair Isle designs have, through centuries, followed geometric patterns, along with symbols related to the island life

Budge says that before oil was discovered west of the islands in the 1970s, Shetland was an area of hardship. "Knitting was one of the cornerstones to keeping the family going, whether it was the plain stockings knitters made at home, the later Shetland fine lace in the 1800s or Fair Isle knitting," she says.

Like most island girls, Budge learnt to knit when she was six. Having knitted for the most part of her life as a hobby, she explains what sets the technique apart: "Fair Isle knitting has its own distinctive style, often with an irregular hexagon style motif filled with crosses, diamonds and squares, and coupled with a large X alternating with the hexagon. This is often interspersed with small patterns, usually of one to five rows in height."

Fair Isle designs have, through centuries, followed geometric patterns, such as the crosses and hexagons of the popular Oxo pattern, along with symbols related to life on the islands, such as flowers and ram horns. "There has been some evolution with the addition of stars, flowers, sheep and puffins. There has been a big change in colour as more colours have been developed by local wool companies," Budge says.

Many knitters moved to machines a few decades ago. "In the beginning, everything was knit by hand. When V-bed domestic knitting machines became available, all the plain and rib sections of a garment or accessory were knit on the machine and only the Fair Isle sections, like the yoke, were knit by hand," Budge says. The motifs could still be designed by the maker and yarns changed manually when a colour change was needed. "Today, fewer sweaters are completely hand knit but accessories such as hats, headbands, gloves, mittens and fingerless mittens are still available," she says. All processes, from shearing the sheep to milling and dyeing the yarn and finishing a piece happen on the tiny island.

Budge is working with Shetland PeerieMakkers, a charity working to teach skills and techniques to children aged 8-11 years. She says knitting was part of the curriculum in Shetland schools for decades, but was one of the casualties of the education budget cuts in 2010. "The charity provides needles and traditional knitting belts while Jamiesons of Shetland donates all the yarn needed. This helps to keep our traditions alive," she says.

What would be the price of a genuine, hand-knit Fair Isle sweater? Budge says it would vary, depending on the knitter and the yarn used. "It is hard to find someone who will knit a 100% hand-knitted sweater. Hand-frame, machine-knitted can be bought for £150-600 for a bespoke garment, depending on size."

Teja Lele is an independent journalist who writes on lifestyle.

Write to us at lounge@livemint.com

Christmas celebrations at PhoenixMarketcity Bengaluru.

For the weekend

Lots of Christmas cheer and art

A *Mint* guide to what's happening in and around your city

BENGALURU
CHRISTMAS MARKET
20 December-1 January
From handmade jewellery to home decor, shop for Christmas decorations and gifts for your loved ones and yourself. You can also savour seasonal goodies like gingerbread cookies, hot chocolate and mulled wine.
Noon-8pm. PhoenixMarketcity Bengaluru, Mahadevapura.

DELHI
ANUPAM SUD: THE JOURNEY A FULL CIRCLE
Till 7 February
Featuring over 60 works, this show celebrates contemporary artist Anupam Sud. From her early etchings created in the 1970s to experimental print collages developed during covid, the exhibition highlights Sud's contributions to etching and printmaking, spanning 50 years.
11am-7pm (Sundays closed). Palette Art Gallery, Golf Links. For details, visit www.paletteartgallery.com

MUMBAI
NEUMA: CHRISTMAS WITH THE NUTCRACKER
Till 25 December
The fine-dining restaurant is offering festive cocktails, jazz nights and a lavish Christmas spread. Among the highlights are Patata Brava, Mushroom Pâté Brûlée, Ancho-Charred Tenderloin, Christmas Yule Log and Cherry Hot Pie.
Noon-1.30pm. Neuma, Apollo Bandar, Colaba.