# GREEN DIGEST

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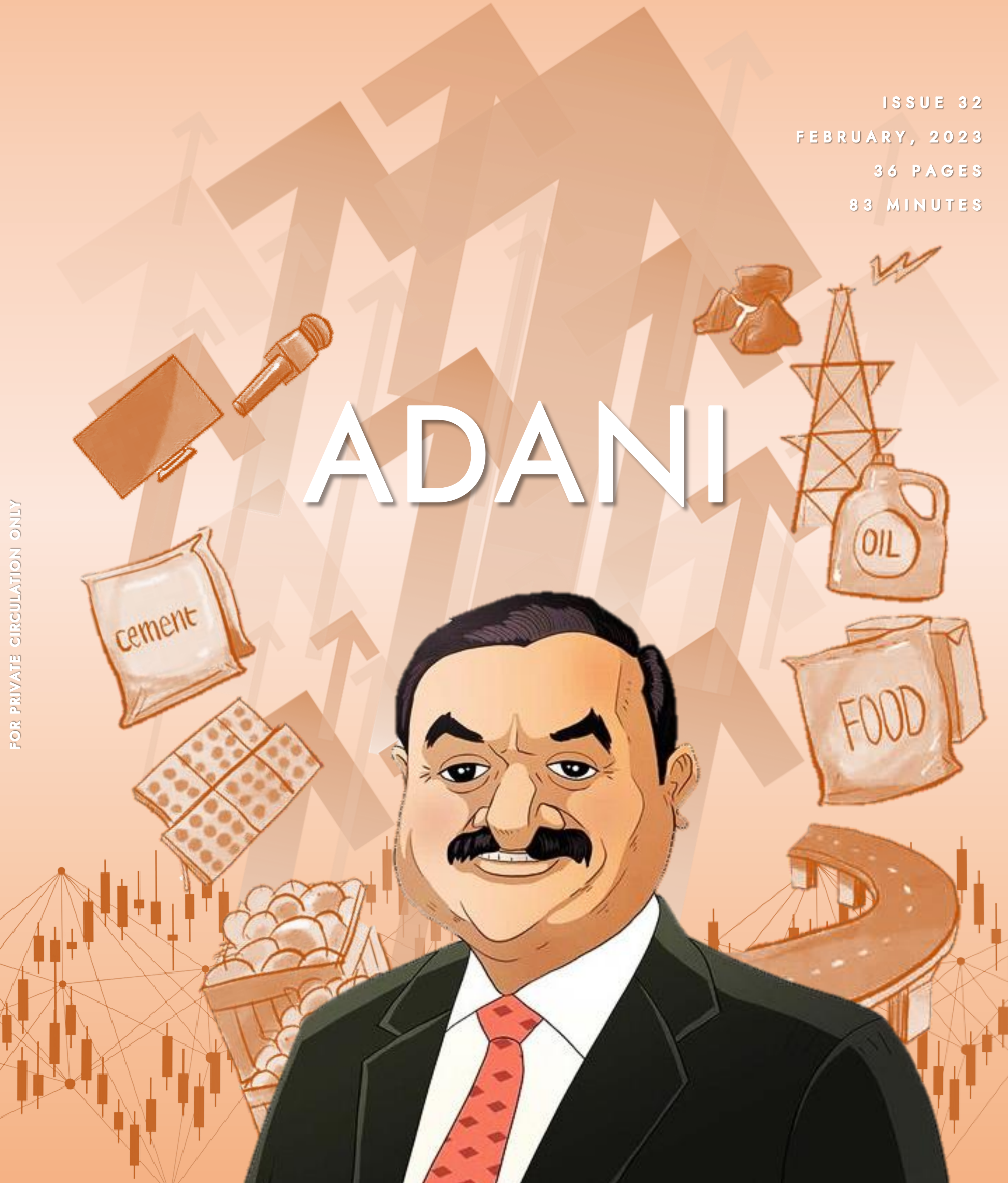
# ADANI



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# ABOUT US

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# THE BIG STORY

Greenvissage

# High debt, miraculous growth, complex structuring, political support, cloaked controversies and unexplained valuations… Dear Hindenburg, yeah, we already know it!

## Adani vs Short Sellers

We often hear stories about how zealous entrepreneurs turn dust into gold through their hard work over years. Such messiahs not only serve the well-being of society but also inspire many generations ahead. And then, we also hear stories about how greedy entrepreneurs turn gold into dust through fraud and corruption. Such rogues send a shock wave across society and lead the entire economy into turmoil. We are not sure whether our story today is of the first type or the latter! You might have the heard the news by now. A short-seller in the United States is claiming that an Indian entrepreneur is pulling out the largest con in corporate history. This is something the general public has been blabbering about for a long time, while the authorities have completely turned a blind eye to it. While many wish to unearth the truth, it's a dark dilemma that only leads to their own destruction!

Hindenburg Research, an American short-seller, has claimed that the Indian business magnate and world's third richest man – Gautam Adani, is pulling the largest con in corporate history through his enterprises – the Adani Group. The Hindenburg has been, thus far, confident about their two-year-long research and has presented a long list of questions for the Adani Group to clarify and showcase transparency. Meanwhile, the Adani Group has outrightly rejected the claims and has threatened to file lawsuits.

Bollywood might have failed to feature a good movie in recent times, however, this tussle is going to be one hell of an entertainment show. So grab your popcorn because, in this article, we are going to explain the plot of this story, so that you can catch up with the rest of the show, as it progresses. This is the story about the third richest man on the earth, sorry, the sixth… no, the seventh richest man at the time of writing this article; wait, please check the rankings once again when you are reading this. But hang on, before you get too excited, do keep a tab on your investments as well, otherwise, the climax might turn into anti-climax for you! The Adani group is so huge that its fall would devastate the entire economy. This might be the 'Lehmann Brothers' moment for India.

## About Hindenburg Research

Hindenburg Research LLC, a New York-based financial research and investigation firm, is known for identifying and exposing fraud and other financial misconduct in public companies. The firm was founded in 2017 by Nate Anderson and Daniel Yu and is known for its in-depth investigations and detailed research reports on publicly traded companies. The company's name originates from the 1937 Hindenburg disaster which the founders characterize as an avoidable man-made disaster. Before forming Hindenburg, Anderson worked with Harry Markopolos who flagged Bernie Madoff's Ponzi scheme and led to an investigation of Platinum Partners, a hedge fund that was charged with fraud worth USD 1 billion. In recent years, Hindenburg Research has published several high-profile reports on companies such as Tesla, Nikola, and Shopify. These reports have often been critical of the companies and their management, and have led to significant declines in the companies' stock prices. Interestingly, the research firm is also known as a 'Short-seller' and usually takes a short position on the stocks and publicly declares the same, along with its research and reports. In September 2020, the company released a report about Nikola which debuted on stock markets in June 2020 with valuations soaring to USD 34 billion, surpassing even the giant Ford Motors. The same company is now worth USD 1.34 billion following the revelations in the report and the legal repercussions that followed. In the past 3-4 years, the company has released about 30 reports and the average stock price decline after its report is 15%. Therefore, it's important to take their reports with a grain of salt. Also, an important disclosure here is that the company has been accused of sourcing information from large funds and serving as a front for their short traders, and is currently being investigated by the Department of Justice (DOJ) in the United States.

## About Adani Group

The Adani Group is a diversified conglomerate of companies headquartered in Ahmedabad, Gujarat. Gautam Adani, the founder of the group, had dropped out of college in the second year while pursuing a bachelor's degree in commerce. Before, starting his business venture, he worked as a diamond sorter in Zaveri Bazaar, Mumbai. He formed the Adani Group in 1988 as a commodity trading enterprise, dealing in agricultural products and textiles, and has grown exponentially over the past decade to become India's largest business conglomerate. The group has been known for its aggressive expansion and investment in various sectors. In the past few years, almost all companies in the group have experienced unfathomable growth with the conglomerate declaring its ambitions of creating the world's largest renewable energy landscape with investments in solar power, wind power, green hydrogen, and other hybrid power sources. The main areas of its business include agribusiness, energy, logistics, real estate, and telecommunications. The group is known are known for its large-scale infrastructure projects including the development of ports, airports, power plants and data centres. The group has 10 key publicly listed equities with a collective market value of about INR 17.8 trillion (USD 218 billion) which also includes a maze of private companies and family trusts. Through their holdings, Gautam Adani and his family have a fortune of over USD 120 billion on paper, of which USD 100 billion was generated in the past 3 years owing to the meteoric appreciation of its stock prices. Some of the group's key entities include –

1. **Adani Enterprises -** The flagship company of the Adani Group, involved in multiple businesses such as mining, integrated resources management, airports, roads, rail, metro, water, data centres, solar manufacturing, agro and defence
2. **Adani Ports and Special Economic Zone –** India's largest port operator, with 12 ports and terminals across the country and SEZ which operates on the ports of Gujarat, Maharashtra and Karnataka
3. **Adani Power –** India's largest private power producer, with thermal power plants in Gujarat, Maharashtra and Rajasthan
4. **Adani Transmission –** India's largest private power transmission and distribution company
5. **Adani Green Energy –** Development and operation of renewable energy projects such as solar and wind power

6. **Adani Total Gas –** Development of city gas distribution networks to supply piped natural gas to industrial, commercial, and residential customers, and also to supply CNG to the transport sector.
7. **Adani Wilmar -** Joint venture with Wilmar International, the largest agribusiness conglomerate in the world, which produces and sells cooking oil, soya-based products and other edible items
8. **Adani Logistics –** Provided logistics solutions for automotive, retail, and e-commerce industries, and also operates a network of warehouses and logistics hubs across India.
9. **Ambuja Cement –** Leading cement manufacturing company in India, recently acquired by the group
10. **ACC -** Leading manufacturer of cement and ready mixed concrete in India, recently acquired by the group
11. **NDTV –** Leading television news channel in India, recently acquired by the group

The group operates the Mundra Port, the largest port in India and Adani Power, the largest thermal power producer in India. Additionally, the group has also expanded into other countries, including Australia, Indonesia, and the United States. In Australia, it operates the Carmichael coal mine and rail project in Queensland. Adani Group also owns franchises in Legends League Cricket and Women's Premiere League. Thus, the Adani Group has not only grown leaps and bounds but also owns some of the strategically important assets of the country.

## History of Adani Group

Here is a brief timeline of the Adani Group's journey so far –

- **1988:** Gautam Adani starts the Adani Group as a commodity trading business.
- **1990:** The enterprise enters into the import-export business, with products such as frozen foods, dyes, plastic products, agricultural products, etc.
- **1991-92:** Expansion into agri-storage and warehousing business, signs joint venture with Cargill for salt exports.
- **1994:** Adani Enterprises gets listed on Stock Exchanges, with IPO getting subscribed 25 times and a listing price of INR 150 apiece
- **1997-98:** The group enters into the ports and logistics business, signs an agreement with the government of Gujarat to develop the Mundra port and sets up a 3,000-hectare industrial park. During this period, it also becomes the highest net foreign exchange earner for India. Adani Group also begins a coal trading business in India. It also signs a memorandum of understanding with Eastern Generation to jointly develop, own and operate thermal power projects.
- **1999-2000:** The group signs a memorandum with Wilmar Trading to form a joint venture and launches its FMCG flagship 'Fortune' brand for package edible oil.
- **2006:** Begins food processing business under Adani Agrifresh, and sets up grain silos under Adani Agri Logistics. The group also forays into thermal power and begins construction of a 660 MW thermal power project at Mundra Port. The name of the company also changes from Adani Exports to Adani Enterprises during this period.
- **2008:** Enters into oil and gas exploration business, forms joint venture company with Chemoil Energy for expansion of their bunkering business
- **2009:** The group sets up or acquires a total of eleven subsidiaries – Adani Gas, Adani Pench Power, Adani Power Singapore, Kutchh Power Generation, Rahi Shipping Singapore, Vanshi Shipping Singapore, Adani Cements, Maharashtra Eastern Grid Power Transmission, Mahaguj Power, Adani Infra, and PT Aneka Sumber Bumi Indonesia. With these companies, the group forays into cement and several other businesses.
- **2010:** Acquires the Carmichael mine in Australia
- **2011-12:** Announces entry into the renewable energy business, commissions India's largest solar power plant in Gujarat
- **2014:** Adani and Posco agree to build a rail line in Australia
- **2015:** Diversification to defence and aerospace sectors

- **2017-18:** The group begins manufacturing solar panels. It also acquires the power arm of Reliance Infrastructure for INR 18,800 crores. Adani Group also expands business into the data centre and digital infrastructure sectors in partnership with US-based Digital Realty. Adani Defence and Aerospace along with Elbit Systems inaugurate India's first private UAV manufacturing facility.
- **2020:** Acquires 51% equity stake in PLR systems engaged in the manufacture and supply of defence equipment for the armed forces
- **2021:** Forms AdaniConnex, a joint venture with EdgeConnex to develop and operate data centres throughout India. The group bags the largest expressway project in India.
- **2022:** Acquires stake in Ambuja Cements and ACC for USD 10.5 billion, becoming the second-largest cement maker in India. It also acquires the Gulf Giants cricket franchise in UAE's International League T20.
- **2023:** Adani Group becomes the largest solar power producer in the world with the commissioning of new solar power projects. The group purchases the Ahmedabad cricket franchise in the Women's Premier League.

## Controversies involving Adani Group

Adani Group has been involved in several controversies before.

- Gautam Adani has been described as a close aid to earlier the Gujarat Government and now the current Indian Government regime. The group has been accused of receiving low-cost fuel from Gujarat state-run gas company, and also of exceptions in Government's energy policy for Adani's Godda power plant in Jharkhand. There have been several key policy changes in the past few years which seemingly align with the business of Adani Group.
- In 2010, the Central Bureau of Investigation (CBI) arrested Rajesh Adani, the managing director of Adani Enterprises, for custom duty evasion amounting to INR 80 lakh.
- In 2017, the customs authorities alleged that the Adani Group was diverting funds to tax havens overseas. Gautam Adani was also accused of using shell companies in Dubai to divert the funds.
- In 2014, the Directorate of Revenue Intelligence also mapped out a money trail through South Korea and Dubai, to an offshore company in Mauritius allegedly owned by Vinod Adani, Gautam Adani's elder brother.
- In 2018, the Adani Group was surrounded by environmental and biodiversity protection issues in Australia, as the mining project involved the occupation of 86,000-acre space. As a result, when banks denied funding its project, the group funded the project with its internal resources. Later, the company also changed its name from Adani Mining to Bravus Mining.
- In 2022, CreditSights, a unit of Fitch Ratings, warned that Adani Group was overleveraged and its aggressive expansion has hurt the cash flows and credit metrics. It also stated that the group may end up in a debt trap in the worst-case scenario.
- Recently, the Directorate of Revenue Intelligence (DRI) also seized 2,988 kg of heroin at the Mundra port in Gujarat which was smuggled from Kandahar, Afghanistan via Bandar Abbas in Iran. The containers were initially declared to contain semi-processed talc stones and bituminous coal. The incident put Mundra Port under scanner for illegal activities and smuggling.
- A little-known fact about Gautam Adani is that he was one of the hostages hiding in the basement of the Taj Hotel during the tragic 26/11 terrorist attacks in Mumbai, and was rescued by NSG commandos the following day.

## Allegations in the Hindenburg Report

Hindenburg has raised some serious concerns in their report on the Adani Group. In their own words, they have "uncovered evidence of brazen accounting fraud, stock manipulation and money laundering at Adani", and have also alleged that "Adani has pulled off this gargantuan feat with the help of enablers in government and a cottage industry of international companies". The allegation that shocked the investors the most was that "Indian securities regulator SEBI seems more inclined to protect the perpetrators than punish them." Here are the key observations and allegations made by Hindenburg Research in its 31,000-word report –

**Mysterious growth** – The Adani Group has seen a gravity-repealing surge in its stock price over the past three years.

| Company Name | MCap (Mil INR) | MCap (Mil U.S $) | 1-YR Stock % Gain | 3-YR Stock % Gain |
|---|---|---|---|---|
| Adani Enterprises | 3,928,558 | 48,108 | 101% | 1398% |
| Adani Transmission | 3,095,771 | 37,910 | 36% | 729% |
| Adani Total Gas | 4,275,567 | 52,357 | 118% | 2121% |
| Adani Green Energy | 3,047,678 | 37,321 | 4% | 908% |
| Adani Power | 1,062,201 | 13,007 | 167% | 332% |
| Adani Ports | 1,668,599 | 20,433 | 8% | 98% |
| Adani Wilmar** | 734,123 | 8,990 | 149% | 149% |
| Total | 17,812,498 | 218,127 | | |

**Overvalued stocks** – The listed companies of Adani Group are overvalued by more than 85 per cent where most of these companies are in the infrastructure business where growth is low and slow.

| Name | Price/ Earnings | Industry Avg. | Implied Downside | Price/ Sales | Industry Avg. | Implied Downside | EV/ EBITDA | Industry Avg. |
|---|---|---|---|---|---|---|---|---|
| Adani Green Energy | 815x | 24x | -97.10% | 60.6x | 1.1x | -98.13% | 101x | 12x |
| Adani Power | 29x | 24x | -18.17% | 3.9x | 1.1x | -70.66% | 13x | 12x |
| Adani Total Gas | 831x | 20x | -97.64% | 139.3x | 1.0x | -99.31% | 303x | 9x |
| Adani Transmission | 312x | 24x | -92.43% | 27.3x | 1.1x | -95.84% | 69x | 12x |
| Adani Enterprises | 508x | 12x | -97.68% | 5.7x | 0.5x | -91.33% | 66x | 8x |
| Adani Wilmar | 90x | 30x | -67.12% | 1.3x | 1.1x | -20.90% | 37x | 15x |
| Adani Ports | 35x | 2x | -93.26% | 10.5x | 0.9x | -91.65% | 20x | 2x |

**High leverage** – Adani Group is heavily leveraged owing to huge borrowings and debts as compared to the industry. It is alarming that the cash flows are negative in four of its entities and the current ratio is below 1 in five of its companies. The Adani Group has also breached debt terms and obligations on multiple occasions.

| Name | Net Debt/ EBITDA | Industry Avg. | Current Ratio | FCF (mil ₹) |
|---|---|---|---|---|
| Adani Green Energy | 12.1x | 6.3x | 0.5 | -146,850 |
| Adani Power | 3.3x | 6.3x | 0.9 | 71,527 |
| Adani Total Gas | 1.5x | 4.1x | 0.2 | -2,383 |
| Adani Transmission | 9.1x | 6.3x | 0.8 | -19,615 |
| Adani Enterprises | 6.4x | 2.9x | 0.7 | -120,420 |
| Adani Wilmar | 1.9x | 2.9x | 1.2 | 3,886 |
| Adani Ports | 4.1x | 1.3x | 1.5 | 52,220 |

**Pledging by promoters** – In addition to the high debts of the companies, the promoters' have also pledged their holdings to raise more financing.

| | % Shares Publicly Held by Promoter Group | % Promoter Shares Pledged |
|---|---|---|
| Adani Green Energy | 60.75% | 4.36% |
| Adani Power | 74.97% | 25.01% |
| Adani Total Gas | 74.80% | 0% |
| Adani Transmission | 74.19% | 6.62% |
| Adani Enterprises | 72.63% | 2.66% |
| Adani Ports | 65.13% | 17.31% |

**Family control** – Of the 22-member leadership team, 8 people are from the Adani family and are placed in some key roles in the companies. Meanwhile, Gautam Adani, a school dropout, is chair 6 out of the 7 major companies. Thus, the business of the group is closely held by the Adani family and it is more like a family business rather than a publicly held entity.

**Corruption and money laundering** – Adani Group has repeatedly faced allegations of corruption, money laundering, and theft of taxpayer funds of an estimated USD 17 billion, however, "investigations have been either stalled or stonewalled by various arms of the India Government".

**Accusations against the family** – Rajesh Adani, Gautam Adani's younger brother, was previously arrested twice for customs tax evasion through forged documents and for illegal imports. He is still the Managing Director of Adani Group. Meanwhile, Samir Vora, Gautam Adani's brother-in-law, has been accused of being "a ringleader of a diamond trading scam". He is currently, the executive director of Adani Australia. Also, Vinod Adani, Gautam Adani's elder brother, "operates a vast empire of shell companies" that channel funds to Adani Group companies. Though it has been claimed that Vinod Adani is not involved in the Adani Group, it is alleged that he actively manages the group's affairs in Dubai.

**Stock parking entities** – Entities such as Monterosa, Elara Capital, New Leaina, and Opal investments have created offshore funds and shell companies that own a majority of the public shareholding of the Adani Group. Most of these offshore foreign funds are registered in Mauritius, do not have any meaningful web presence or any marketing material, have no mentions in the news and interestingly have invested in Adani Group stocks only and have maintained their holdings despite volatility. The ownership of these funds is unknown, and it is suspected the same belongs to the insiders. These entities account for 30%-47% of delivery volume in Adani Group stocks. Now, Adani Group's promoter holding is already close to the 75 per cent mark, the maximum allowed by the Securities and Exchange Board of India (SEBI) to protect the interests of the minority shareholders. As per rules, a company can be delisted from the Indian stock markets, if the promoter holding is more than this limit. It is suspected that the secret holdings along with the disclosed ones together exceed the maximum permitted, and thereby, allowing circuitous trading, manipulation of stock price and abuse of the minorities. In Right to Information (RTI) replies and replies to parliamentary questions, the Government has mentioned that an investigation on the same is going on.

| Fund Name | Jurisdiction | Assets (U.S. $) | % of Assets in Adani Co's |
|---|---|---|---|
| APMS Investment Fund | Mauritius | 2.3 billion | 99.4% |
| Cresta Fund | Mauritius | 674 million | 89.5% |
| LTS Investment Fund | Mauritius | 1.5 billion | 97.9% |
| Elara India Opportunities Fund | Mauritius | 3 billion | 98.8% |
| Opal Investments | Mauritius | 613 million | 100%** |

**Track record of stock rigging –** Adani Group has been involved in various stock market scams and frauds, something that has been overlooked by investors and analysts. In the 'Ketan Parekh Scam, 2001' charges were also levelled against Adani promoters for aiding and abetting Ketan Parekh. Seven promoter companies were banned from stock markets for two years, however, later the same was settled and reduced to fines. Later, the SEBI alleged that 34 brokers, sub-brokers and clients had colluded in 2003, to carry out synchronized reversal trading or fictitious trading of Adani Enterprise, resulting in a 128 per cent spike in share price. Similar trades happened in 2004-05 as well, resulting in numerous fines and sanctions. It is also suspected that Ketan Parekh who shifted his operations to London after being served a 14-year ban from stock markets, remained active in stock rigging until 2010. Allegedly, his daughter's LinkedIn profile reads 'Researcher, at Elara Capital'.

**Round tripping of money –** Adani Group's seven key listed companies have 578 subsidiaries, of which, many are listed in Cyprus, Mauritius, Panama, Singapore and the UAE, and the same were engaged in 6,025 disclosed related party transactions during FY 2022. It is suspected that Vinod Adani who is not actively involved in the operations of the Adani Group, runs a vast network of shell companies that transact with Adani Group companies. It is estimated that Vinod Adani has set up at least 38 fictitious companies in Mauritius. A few Adani Group executives were also found to be directors of these companies. To cover their shell nature, the websites were built for 13 companies on the same day using the same template and the same vague business description. Although Vinod Adani and other executives are directors in these companies, these transactions have not been reported as related party transactions. All these companies have lent money to the Adani Group entities where the source of this money is unknown as these companies do not have any offices, operations or employees. These companies have also been used to record loss transactions to ensure higher reported profits in listed entities. Similarly, various other suspicious transactions have also occurred where the money goes out of the company. In short, money from fictitious unknown sources is being pumped into the companies and similarly, also being pumped out, to round trip the same.

**Absence of financial controls –** In a large conglomerate there are several checks and balances through company executives and auditors who prevent financial lapses in the company. However, in the case of all Adani Group enterprises, there is an extensive turnover of its CFOs.

| Entity | CFO Resignat |
|---|---|
| Adani Enterprises | 5 CFOs in 8 ye |
| Adani Green Energy | 3 CFOs in 5 ye |
| Adani Ports | 3 CFOs in 5 ye |
| Adani Power | 3 CFOs in 5 ye |
| Adani Total Gas | 2 CFOs in 4 ye |
| Adani Transmission | 2 CFOs in 2 ye |

More shockingly, the independent auditor of Adani Enterprises and Adani Total Gas, two complex listed high-profile companies with numerous subsidiaries, is a small firm named 'Shah Dhandharia & Co Chartered Accountants' consisting of 4 partners with 11 employees. This firm's Chartered Accountants who signed the financials were merely 23 and 24 years old when they first audited these companies. Other entities of Adani Group are audited by reputed Big 4 firms such as Deloitte and EY, however, have received negative comments in their audit reports. EY has provided a qualified opinion in the audit report of Adani Power for FY 2022, mentioning material weaknesses in internal financial controls and has also mentioned that the Mundra Power Plant's net worth was completely eroded due to losses.

**Scandals and investigations** – The Adani Group has been involved in several scandals and "a key source of Adani Group's early cash inflows stemmed from misappropriation of taxpayer funds, siphoning from listed companies and corruption". However, despite detailed investigative records, "every government action has either been stalled, stonewalled or dismissed by other arms of the government." Between 2004-2006, the Directorate of Revenue Intelligence (DRI) had alleged that Adani Enterprises was involved in circular trading of diamonds to claim INR 6.8 billion in illegal export credits. In 2013, the customs levied several fines on Adani Enterprises and others involved, however, in 2015, the tribunal completely overturned the decision. Between 2006 to 2010, Adani Enterprises exported huge volumes of illegally mined iron ore, as per a report by Kanataka State. The investigation accused Adani Enterprises of corruption, however, the investigations were stalled so many times that the Supreme Court judge resigned in protest, over the unwillingness of the Government. In 2014, the Directorate of Revenue Intelligence (DRI) alleged that Adani Power subsidiaries over-valued the import of its boilers, generators and turbines which were zero-rated or low-duty imports, to siphon money abroad. Imports were shipped from China, however, billed from Dubai after inflating the prices of such imports. Another reason for overvaluation was the energy tariff calculations which included return on investment as a criterion. Similarly, coal shipped from Indonesia was invoiced by a group entity after overvaluing the same. The inflated costs resulted in higher tariffs and therefore, generated higher revenues for Adani Power which consumers suffered by paying electricity bills. Despite having overwhelming evidence, the DRI investigation was shelved by DRI three years later. The practices continue to date, as Adani Transmission awarded a coal import contract in 2019 to a company whose Director is also the Managing Director of Adani Wilmar (Singapore). The unrelated company has also lent money to Adani Group enterprises.

**Absence of analyst reports** – The broker research coverage for Adani Group stocks, except for Adani Port, is severely low as compared to its peers of similar market capitalization.

| Adani Company | # Analysts Covering, Per Bloomberg (Jan-23) | Indian Company With Similar Market Cap, Number of Analysts Covering |
|---|---|---|
| Adani Green Energy | 1 | Bajaj Finance: 33 analysts |
| Adani Enterprises | 2 | Larsen & Toubro: 44 analysts |
| Adani Transmission | 2 | HCL Technologies: 46 analysts |
| Adani Total Gas | 1 | ITC: 37 analysts |
| Adani Ports | 22 | Mahindra & Mahindra: 48 analysts |
| Adani Wilmar | 7 | Dr Reddy's: 43 Analysts |
| Adani Power | 1 | Britannia: 41 analysts |

**No investment by Mutual Funds** – Adani Group features on various domestic and overseas indices and yet all active mutual funds have steered clear of it. Adani Green, Adani Enterprises, Adani Total Gas and Adani Transmission do not have any shareholding from active mutual funds, above 1 per cent, despite the size of these companies and the staggering returns it has given over the past few years.

| Adani Company | Comments |
|---|---|
| Adani Transmission | 19 mutual funds owning aggregate of 0.13% of equity |
| Adani Green Energy | 19 mutual funds owning aggregate of 0.12% of equity |
| Adani Enterprises | 31 mutual funds owning aggregate of 1.19% of equity |
| Adani Total Gas | 20 mutual funds owning aggregate of 0.13% of equity |

**Shutting down critics** – Adani Group has been long known for shutting down its critics through power and money. In 2017, Adani Group launched a series of legal actions to jail a leading Indian investigative journalist who wrote a series of articles about alleged tax evasion by the Adani Group. In 2020, when Adani Group was criticised on social media over environmental issues relating to the Australian coal project, Adani Group wrote to the law minister to investigate the planned negative tweetstorm. In 2021, the conglomerate also sought a gag order against a Youtuber who published a video criticising the company. It is also alleged that the Adani Group attempted to raid an environmental protestor's home in Australia, and had a private investigator follow him. It is unnatural for a conglomerate of Adani's size to take up a fight with individuals and bully them.

## Adani Group's response

Adani Group used the classic method of denial and threat.

- In its media statement, the Adani Group has termed the report as a "malicious combination of selective misinformation and stale, baseless and discredited allegations", and also a "maliciously mischievous, unresearched report". The conglomerate has also called the Hindenburg team "Madoffs of Manhattan" and the report "a calculated attack on India" bringing in the trending notion of nationalism in a rather corporate tussle. The Hindenburg team was quick to reply and responded with "Fraud cannot be obfuscated by Nationalism." It has also stated that the Adani Group has given a bloated response to the allegations raised, leading the focus away from substantive issues.
- The conglomerate has also questioned the timing of the report, as it was released just a few days before the mega Followon Public Offer (FPO) of Adani Enterprises. The company is headed to equity markets to raise INR 20,000 crore through FPO, the largest ever in India, offering its shares at a comfortably lower price band of INR 3,112 to 3,276 apiece, as compared to its stock price at the time of announcement. However, by the time FPO opened, the price had already fallen to 2,800 levels.
- Adani Group also responded with a "413-page response to the 106-page report of Hindenburg Research" - that's what most news headlines read the next day, giving an appearance of a detailed elaborate response to each of the 88 questions raised. However, pages 1 to 26 are merely general information about Adani Group to showcase power, while pages 55 to 413 consist of 11 annexures containing legal rulings which are usually lengthy documents and already available in the public domain. Thus, the actual response was from pages 27 to 54 i.e. 28 pages which also requoted the questions. These responses too were limited to a few sentences, after clubbing several queries together, and mostly consisted of denial and dismissal, or distraction if the first two weren't the option.



- The language of the Adani Group's responses has been so animated that it didn't give the impression of a corporate response, but more of a political speech. Given the stature of Adani Group, it could have easily hired the services of large professional firms such as McKinsey, BCG, Deloitte or EY to develop a response which would have carried a professional weightage too.

## The road ahead

Hindenburg Research has placed an excellent report in the public domain with allegations backed by substantial evidence, however, for the Indian public it is no big news. SEBI has reportedly taken note of the report and is making advance moves to counter the stock market disaster, however, the investors' faith in the regulator has already eroded. Over the years, people have already developed a perception of the Adani

Group and its activities from the various scandals and investigations. It's almost like people already know everything and Hindenburg's report now merely provides some written evidence for the same. Auditors qualified the reports, analysts refrained to comment, mutual funds steered clear from its stock and even the retail investors were suspicious all the time – it seemed like a ticking bomb that was about to burst someday. However, little did we know, that at the same time bomb would be wrapped as a gift and sent back to us. Adani Group has huge borrowings from the banks and if the group falls, the lending banks too will fall and so will the entire financial industry through a domino effect. LIC India, the largest insurance company, which holds the precious savings of common citizens, is heavily invested in the Adani Group, and the fall in the stock prices of Adani Group also means a dip in the savings of common people. While active funds managed to stay away from Adani Group, passive mutual funds, ELSS and retirement-based funds usually invest based on indices and therefore, would be affected by the prices. The Government which has lent a hand to the conglomerate would also be questioned and therefore, political instability is also in the picture. However, the biggest impact would be on the infrastructure, as the Adani Group holds some of the key strategic assets of the country – ports, mines, airports, roads, railways, highways, metro, warehouses, thermal, solar and wind power plants, electricity and gas distribution networks, data centres, etc. It is hard to imagine the country coming out of this disaster without hurting itself - if the Adani Group doesn't survive this, it will be our loss, and if it does, it will still be our loss! The political unwillingness over the past decades has all come back to haunt us today. Will the Government act this time, or dig another grave and bury it deep once again?

*(Disclaimer: This article has been written based on the report by Hindenburg Research on the Adani Group and the media reports. All facts, disclosures, observations and allegations presented or mentioned in this article are taken from the same report.)*

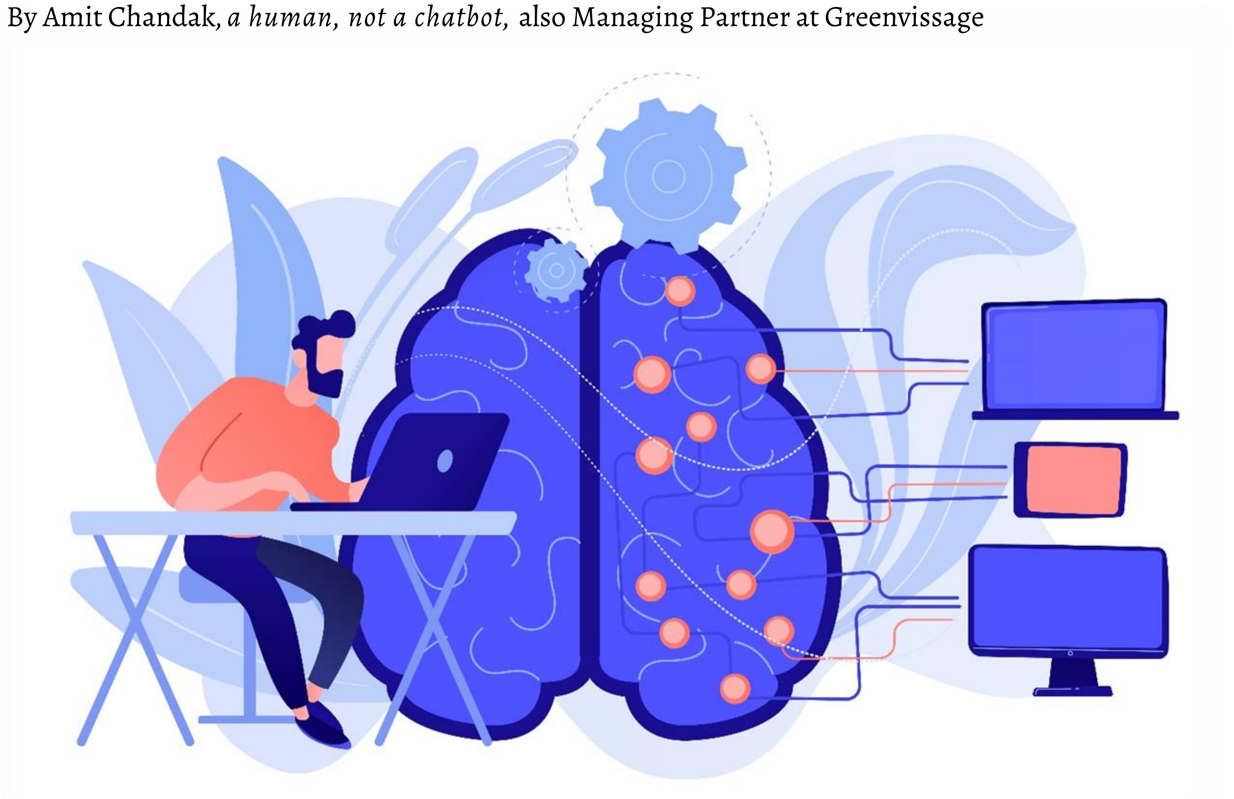
**Shell companies identified as belonging to Adani Group (alleged)**

| Entity Name | Jurisdiction | Date Formed | Key Director Connection Identified |
|---|---|---|---|
| Acropolis Trade and Investments | Mauritius | 2017.04.27 | Vinod Adani |
| Afro Asia Trade and Investment | Mauritius | 2015.10.09 | Subir Mittra |
| Altroz Trade and Investment Ltd | Mauritius | 2021.04.29 | Subir Mittra |
| Assent Trade & Investment Pvt Ltd | Mauritius | 2010.10.04 | Vinod Adani |
| Asset Trade & Investment | Mauritius | 2008.06.09 | Vinod Adani |
| Athena Trade and Investments Pvt Ltd | Mauritius | 2017.07.18 | Subir Mittra |
| Atlantis Trade & Investment Pvt Ltd | Mauritius | 2017.02.08 | Vinod Adani |
| Birch Trade and Investment Ltd | Mauritius | 2021.10.19 | Subir Mittra |
| Brahma Opportunities A, Ltd | Mauritius | 2007.11.26 | Vinod Adani |
| Concord Trade & Investment Pvt Ltd | Mauritius | 2009.02.16 | Vinod Adani |
| Delphinium Trade and Investment Ltd | Mauritius | 2021.02.02 | Subir Mittra |
| Dome Trade and Investment | Mauritius | 2017.08.18 | Vinod Adani |
| Efficacy Trade and Investment | Mauritius | 2018.01.19 | Vinod Adani |
| Endeavour Trade and Investment Ltd | Mauritius | 2021.04.29 | Subir Mittra |
| Fervent Trade and Investment | Mauritius | 2018.01.19 | Vinod Adani |
| Flourishing Trade and Investment | Mauritius | 2017.08.18 | Subir Mittra |
| Fortitude Trade and Investment | Mauritius | 2017.08.18 | Subir Mittra |
| Gardenia Trade and Investment Ltd | Mauritius | 2021.02.02 | Subir Mittra |
| Global Resources Investment Holding | Mauritius | 2015.10.09 | Vinod Adani |
| Growmore Trade & Investment Pvt | Mauritius | 2010.09.15 | Chang Chung-Ling |
| Growth Trading & Venture Pvt Ltd | Mauritius | 2009.10.23 | Vinod Shantilal Shah |
| Harmonia Trade and Investment Ltd | Mauritius | 2020.11.17 | Subir Mittra |
| Hibiscus Trade and Investment Ltd | Mauritius | 2021.04.29 | Subir Mittra |
| Infinite Trade and Investment | Mauritius | 2021.02.02 | Subir Mittra |
| Juventus Trade and Investment Ltd | Mauritius | 2020.12.03 | Subir Mittra |
| Krunal Trade & Investment Pvt Ltd | Mauritius | 2005.10.04 | Vinod Adani |
| Lingo Trading & Investment Pvt Ltd | Mauritius | 2009.12.10 | Chang Chung-Ling |
| Oasis Trade and Investment | Mauritius | 2017.08.21 | Vinod Adani |
| Orbit Trade and Investment | Mauritius | 2017.08.18 | Vinod Adani |
| Pan Asia Trade & Investment | Mauritius | 2017.02.08 | Subir Mittra |
| Primrose Trade and Investment Ltd | Mauritius | 2021.02.02 | Subir Mittra |
| Resource Asia Trade & Investment | Mauritius | 2011.04.18 | Vinod Adani |
| Resurgent Trade and Investment Ltd | Mauritius | 2020.12.03 | Subir Mittra |
| Robust Trading & Venture Pvt Ltd | Mauritius | 2009.10.23 | Vinod Shantilal Shah |
| Ventura Power Investments Pvt Ltd | Mauritius | 2007.08.08 | Vinod Shantilal Shah |
| Virtue Trade & Investment Ltd | Mauritius | 2011.01.31 | Vinod Adani |
| Worldwide Emerging Market Holding | Mauritius | 2015.10.30 | Subir Mittra |
| Xcent Trade and Investment Ltd | Mauritius | 2021.04.29 | Subir Mittra |

# EXPERT OPINION

# ChatGPT – Has the future arrived, or just another internet fad?

By Amit Chandak, *a human, not a chatbot,* also Managing Partner at Greenvissage



*Disclaimer: This article has been written by a human. We tried to assign this task to a popular bot, but it failed miserably.*

## Introduction

In 1999, when personal computers were the latest trend, a science fiction movie by the title 'The Matrix' garnered a lot of popularity. If you haven't already watched this exciting film franchise, the plot is as follows. In the year 2199 artificial intelligence has taken over the human race. Human bodies have been enslaved and plugged into a huge machine to generate bio-electricity which the AI machines feed on. Meanwhile, the human mind is kept engaged in a simulation designed and controlled by the AI called the 'Matrix'. Humans are living under the impression that they are on Earth in the year 1999, while in reality, they are in the year 2199. Fascinating, isn't it? Although a movie, the film highlights the perception of AI in the late 1990s – "it is a threat to humanity." And that hasn't changed much till today! Automation has always been perceived as a threat to humanity. When the industrial revolution began, people revolted because they believed their jobs would be lost. When the computer revolution began, people again feared losing their job. And the same happened when the internet revolution began. However, humans are still employed and the unemployment rate isn't undergoing any major change. Once again, a new discussion has emerged as, ChatGPT, a chatbot is flexing its skills – Can Artificial Intelligence imitate the human capability of thinking? For the past month, LinkedIn (the social media website where everyone fakes how glorifying their work is), has gone crazy over ChatGPT. The website is full of optimists who have been making claims that ChatGPT is going to change content marketing, ChatGPT is going to change journalism, ChatGPT is going to change education, ChatGPT is MBA qualified, and CA exams are the next target… Has the future that we were told about arrived sooner than expected, or is this just another internet fad that will go down soon? Let's uncover the same in this article.

## What is ChatGPT?

We perform our day-to-day tasks through body movements, logical reasoning, communication and intelligence. Modern technologies try to replicate the same human capabilities so that human tasks can be automated and performed by machines. For example, natural language processing tries to replicate human communications, robotics replicates our body movements, machine learning replicates logical reasoning, and artificial intelligence replicates human intelligence. There are many other subsets of these technologies such as computer vision, drones and autonomous vehicles, 3D printing, neural networks, and blockchains that try to imitate humans, to make our life easier. Chat Generative Pre-trained Transformer, shortened to ChatGPT, is an artificial intelligence-based language model. AI language models are a type of AI technology that seeks to train and generate human-like communications based on the input it receives. It uses deep learning techniques such as neural networks to analyze large amounts of text data and generate new text that resembles the input data. The generated text can be used for various applications such as chatbots, language translation, and question answering. ChatGPT was developed by San Francisco-based OpenAI which is a research organization dedicated to developing and promoting friendly AI that benefits humanity as a whole. This not-for-profit organisation was founded in 2015 by Elon Musk, Sam Altman, Greg Brockman, Ilya Sutskever, John Schulman and Wojciech Zaremba. Microsoft is a partner in OpenAI and has invested USD 1 billion in the company.

## How was ChatGPT developed?

The central theme for the development of all technologies is data – that's why you see the growing importance of generating data (and also the privacy concerns around its misuse). Large subsets of data help in analysing the possible variations and developing the responses for those variations. ChatGPT is a large language model (LLM). LLMs are trained with massive datasets to predict what word comes next in a sentence. LLMs predict the next word in a sentence and also the next sentences similar to how the auto-complete works, however, at a much mind-bending scale. This allows them to write paragraphs and entire pages of content, however, they don't always understand exactly what a human wants. This is where the ChatGPT has done a marvellous job with Reinforcement Learning with Human Feedback (RLHF) training. It was discovered that large data enabled the ability of language models to do more. According to Stanford University, GPT-3, the technology behind ChatGPT, has 175 billion parameters and was trained using 570GB of text. For comparison, its predecessor, GPT-2, was over 100 times smaller with only 1.5 billion parameters. The increase in scale changed the behaviour of the model. This is why GPT-3 can perform tasks it is not explicitly trained to such as translating sentences without any specific training examples. GPT-3 was trained using data from the internet including sources like Reddit discussions, to learn the human style of dialogue and responses. Because of this training, ChatGPT can understand the human intent in a question and provide helpful, truthful, and harmless answers, something that other simpler bots cannot do. It can challenge questions and also discard parts of the question which make no sense.

## What are the limitations of ChatGPT?

ChatGPT is an advanced language model developed by OpenAI, but it is not perfect and has limitations. It is specifically programmed not to provide toxic or harmful responses and therefore, it avoids answering any such questions. Here are a few key limitations of ChatGPT –

**Incorrect answers –** ChatGPT can write answers which sound plausible, but, in reality, are incorrect or nonsensical. Many people have discovered and posted on social media how ChatGPT provided their incorrect answers and some really wildly incorrect answers. According to OpenAI, fixing this issue is challenging because there's currently no perfect source of truth and thus, the model knows what the internet has. The model can be trained to be more cautious, however, it would then decline too many questions.

**Lack of context –** ChatGPT can generate a response based on the input it is given, however, it does not have a complete understanding of the context of the conversation or the world. This can lead to responses that are inaccurate or inappropriate.

**Limited common sense -** ChatGPT has been trained on a large dataset of text, however, it does not have the same level of common sense and knowledge as a human. It struggles to understand complex questions or provide answers that are not supported by the data it was trained on.

**Bias in training data –** The training data that ChatGPT was trained on can contain biases and inaccuracies which often lead to biased or incorrect responses.

**Input sensitivity –** ChatGPT is a machine learning model which means that its responses can be influenced by the input it is given. This can lead to unexpected or inappropriate responses if the input is unclear or malicious. In simple words, expert prompts can generate better answers, while simple key-ins may result in more errors.

## Is GPT the only regenerative model?

ChatGPT is a highly advanced language model developed by OpenAI, but some other similar models and companies offer similar capabilities. Here are a few of its competitors – (a) BERT by Google - Bidirectional Encoder Representations from Transformers (BERT) is a pre-trained language model developed by Google (b) XLNet by Carnegie Mellon University – XLNet is a pre-trained language model developed by Carnegie Mellon University that uses permutation-based training process. (c) RoBERTa by Facebook AI – RoBERTa is a pre-trained language model developed by Facebook AI that was created to address some of the limitations of BERT. (d) ALBERT by Google – ALBERT (A Lite BERT) is a pre-trained language model developed by Google that uses a lighter model architecture for improved performance.

## Can ChatGPT replace search engines?

While ChatGPT helps generate texts, paragraphs, letters, emails, articles and essays, one of the major implementations of ChatGPT in the future could be in search engines. People usually search with questions on search engines expecting some quicker straightforward answers, however, the capability of search engines is limited to providing links to the articles. Google has done a fantastic job at generating questions related to key search terms and providing excerpts from various articles which is often useful. However, ChatGPT can take this a step forward with direct answers and also responses that feel more like an interaction. But then, calling it a 'Google killer' doesn't seem plausible. It is unlikely that ChatGPT will completely replace search engines in the future. While it is capable of generating human-like responses to questions, search engines like Google have a broader range of capabilities and use complex algorithms to provide relevant and accurate results. ChatGPT is designed to generate text-based responses, while search engines are designed to retrieve relevant information from the internet. While ChatGPT can provide answers to questions, search engines provide a wider range of information and resources. Google has a strong hold on the search engine market and is constantly updating its algorithms to improve results. Search engines will use language models like ChatGPT to enhance search results, however, currently, it doesn't seem like it will replace search engines entirely.

## How should ChatGPT be used?

While ChatGPT is a powerful tool for generating human-like responses, it is important to understand its limitations and use it with caution. ChatGPT recreates human language by using data from the internet. However, the online data is not necessarily factual. People are often mean, wrong or even sarcastic, things that artificial intelligence may not be capable of detecting. Therefore, such chatbots should be used as a tool to answer questions, or for brainstorming captions, strategies or lists. It is important to cross-check the data. As generative AI is gaining traction, it is predicted that a new category of professionals called the 'prompt engineers' would replace the traditional programmers. Just the way we use search engines today, prompting generative AI will become part of our jobs in the future. However, the current version of the technology is far underdeveloped from the expectations around it. An email or text composed by ChatGPT cannot be distinguished from one composed by a human, however, the human ability to put tough sentiments into flawless sentences cannot be replaced. We cannot make blanket statements about when it is okay to use AI to compose personal messages, however, for people who struggle with written or spoken communication, ChatGPT can be a life-changing tool. As we increase our use of regenerative chatbots, it is important to ask ourselves, are we enhancing our communication, or deceiving and shortchanging?


# GREENVISSAGE EXPLAINS

Greenvissage

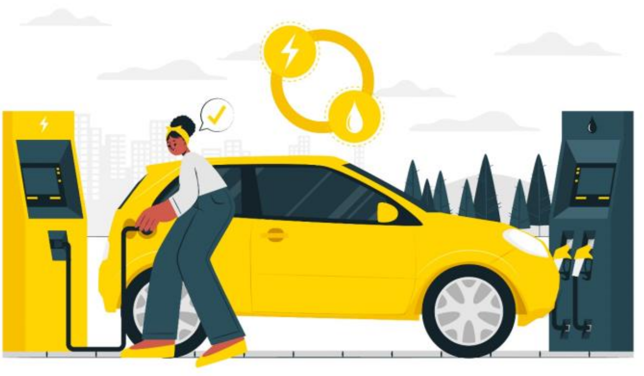
## Is a critical illness plan a better option than independent health insurance?


Life insurance policies offer a variety of riders or simply add-ons which can be helpful if understood properly. However, most insurance agents focus on selling the policy rather than explaining the same. Hence, people are often oversold on the benefits but still confused about the terms and conditions of the policy. One such common confusion is between a) buying a term insurance policy with a critical illness rider, or b) buying an independent health insurance policy alongside term insurance. A critical illness plan is a fixed benefit plan which offers a pre-decided sum assured if the diagnosis of a specified illness is confirmed. It helps the policyholder to cover several out-of-pocket expenditures and is useful for diseases where hospitalization may be minimal but the expenses high such as stroke, Alzheimer's or Parkinson's. Such plans often cover support for a reduction in income, if a person is affected by the illness. However, a critical illness plan is not an indemnity plan i.e. the actual expenses incurred by the policyholder are irrelevant here, and only the sum assured as mentioned in the policy is paid out. Therefore, one needs to evaluate their finances properly before opting for any of the two options. The critical illness plan might be suitable for people who are capable of covering their health expenses from other kinds of savings or need additional coverage on top of their existing health insurance plan.  In most cases, it is usually recommended to buy a separate health insurance plan in addition to a term insurance policy, and avoid the additional premium for critical illness add-on altogether. There are three major reasons underlying this recommendation.

The coverage of a critical illness plan is limited to a list of specified illnesses. This list varies anywhere between 10 and 50 critical illnesses, consisting of rare illnesses such as cancer, heart attack, kidney failure, renal failure, stroke, live disorders, paralysis, etc. There may be a few policies that offer a higher number of illnesses. However, it does not cover the expenses towards regular surgeries or minor treatments. Also, any illness due to lifestyle habits such as smoking, drinking, drugs and substance abuse are usually excluded from the plan. These plans also exclude HIV, Pregnancy issues, Childbirth issues and Congenital disease death within 30 days of diagnosis. Those who have experienced are well aware that hospitalization costs often skyrocket even for non-critical illnesses and therefore, it is important to have a health insurance policy which covers routine illnesses as well rather than having a cover only for critical illnesses. Secondly, in the case of a critical illness plan, the benefit expires once you have been paid out i.e. the benefit can be availed once and thereafter, the policy lapses. However, most critical illnesses have chances of high chances of reoccurrence. On the other hand, in the case of a health insurance plan, the sum assured gets reinstated, each time the policy is renewed which is not the case with critical illness plans. Also, if you happen to contract more than one critical illness, the payout would be made only for one such illness while health insurance provides coverage for multiple illnesses as well. The third drawback of a critical illness plan is the nuance coverage of such plans. For example, while cancer is usually covered in a critical illness plan, there are certain kinds of cancer and all early-stage cancers which are not included in the same. Such illnesses can also cost substantial money, and therefore, it is always better to be covered through a health insurance policy rather than solely relying on a critical illness plan.

## How is buying an EV more economical than buying a fuel-based vehicle?

The world is swiftly moving towards embracing Electric Vehicles (EVs) as the concerns over climate change are at an all-time high. However, many people are still buying fuel-based vehicles as they live under the myth that buying an EV would cost a fortune. It's rather the other way around as EVs are already proving to be more economical in the long run. Let us evaluate the finances of both options and you will know for yourself which is better.

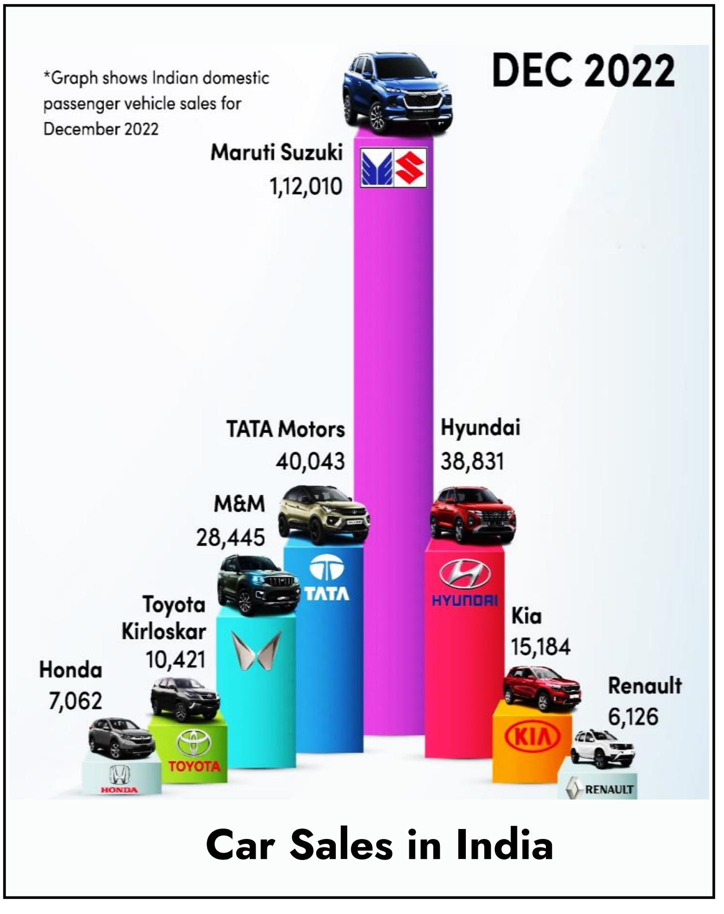


Firstly, the cost of purchasing the vehicle under the two options is not much different. A large number of brands have already announced to launch of their electric vehicles in India. Tata has already launched its most affordable Tiago EV model which is priced at INR 8.5 lakh onwards. Citroen and Mahindra, too are going to launch their EV hatchbacks with estimated prices below INR 12 lakh. So, in terms of purchase cost, Evs are available in all price segments including the affordable car segment. Secondly, the running cost of fuel-based car variants is high as petrol and diesel prices are skyrocketing. Meanwhile, an electric vehicle is environmentally friendly and undoubtedly a cost-effective alternative. EV batteries are known for converting 59-62% of energy into vehicle movement while petrol-run vehicles only convert 17-21%. Typically, an EV has a running cost of INR 1.2-1.5 per km which in the case of fuel variants is at least INR 9-10/km. Hence, over seven years, you would have barely spent one lakh rupees for running an EV, while a petrol car would cost close to five lakh rupees. Coming to the cost of maintaining the vehicles, EVs have way lesser number of components to be maintained, unlike petrol or diesel cars which need regular servicing of gears, engines, and replacement of other worn-out parts. In the case of an EV, these parts are replaced with an electric motor, controller and battery pack and therefore, the cost of maintaining the car is lower. For example, the maintenance of the Tata Nexon EV is as low as INR 2,800 per year (or per 10,000 km) which in the case of petrol cars would range between INR 15,000-20,000 per year. The EVs currently have a special tax benefit in various states which ranges from 50-100% exemption on road tax, apart from certain other relaxations in loans for purchasing an EV. Meanwhile, the road tax is being increased in almost every state, with Karnataka charging the highest in the country. This is being done to compensate for the environmental hazards and also to force people to buy EVs. Thus, financially, it is more prudent to buy an EV. However, EVs have several other issues of their own. Many people have faced issues with charging as they are unsure of how long the charging shall last, or where they would find the nearest EV station. The EV charging stations have been developed on a full scale yet and the number of such stations is very low. Further, the batteries are also often inconsistent in their performance. While India has announced a battery-swapping policy, the implementation and adoption of battery-swapping are nowhere to be found yet. Thus, there are a few important gaps that EVs need to plug into before they can be adopted on a large scale.

## What is happening at GoMechanic and why are its founders in trouble?

India's startup sector has boomed over the past few years with over 100 unicorns. However, many of these startups are now struggling to raise funding and therefore, are opting to lay off employees. GoMechanic, the Gurugram-based car servicing and auto spare parts portal, backed by Sequoia India, is the latest in the series of such layoff announcements. The company has laid off 70% of its workforce due to a financial crunch. Amit Bhasin, the co-founder, in a social media post mentioned that the founders take full responsibility for the situation and have unanimously decided to restructure the business. Interestingly, he further went on to confess that the company neglected financial reporting norms and that a third-party forensic audit will be conducted soon. The confession has sent shockwaves around the industry. Apparently, the startup was in talks with Khazanah, the sovereign wealth fund of Malaysia and also SoftBank to raise funds. As a part of the funding process, it was made subject to due diligence conducted by EY, the premiere global auditing firm. EY, in its report, brought forward various lapses in the company's accounts and operations. EY alleged that GoMechanic overstated its revenue and also diverted funds. Please note, these are allegations which will be confirmed only when the forensic audit is complete. However, the due diligence report has raised several red flags such as the use of fictitious garages to inflate sales numbers, high pay cheques to founders even when the company is in losses, selective payments to certain garage units, and discrepancies in revenue and user metrics among others.

A detailed analysis of the financials of GoMechanic reveals GoMechanic's revenue rose to INR 97 crore during FY 22 double from INR 47 crore in FY 21 and depicting a 5x growth in past four years. However, the net loss to has increased 23x in the last four years from INR 4.8 crore IN FY 19 to INR 114.2 crore in FY 22. And yet, the four founders have drawn a fat pay cheque in form of incentives, in addition to their remuneration, totalling INR 9 crore apart from other reimbursements. Two co-founders, Nitin Rana and Rishabh Karwa were paid a further incentive worth INR 2.9 crore and INR 2.7 crore respectively, apart from the remuneration mentioned above. The company has also given a corporate guarantee for a loan taken by Parcit Autocrazy Private Limited for an INR 5 crore credit facility from Kotak Mahindra Bank. Autocrazy is a manufacturer of auto accessories under the brand name of GoMechanic and has a turnover of around INR 65 crore with a net profit of INR 76 lakh during FY 21. Interestingly, the company's registered address, as well as email id, is the same as that of Nitin Rana, one of the co-founders of GoMechanic. The company's directors Ramesh Kumar and Abhishek Rana also seem to be related to Nitin Rana. It is important to note here that Autocrazy is not disclosed as a related party in the financials which carries higher disclosure requirements in annual reports as well as tax returns. The company has also extended huge advances to its vendors and workshops which stand at INR 72 crore in FY 22, doubling from INR 36 crore in FY 21. It's not that the company is rich in cashflow, as significant receivables worth INR 41 crore are overdue for more than six months, while receivables worth INR 2.7 crore have been marked as doubtful as they have been overdue for over a year or more. These advances to vendors and the overdue receivables have been alleged as fictitious transactions to overstate revenue and divert funds. Thus, for now, the startup seems to be in trouble and only the outcome of a third-party audit can clear the clouds. The race to be the fastest-growing and highest-valued is leading many companies to opt for unfair practices making it imperative for investors to once again dive deeper into the numbers before taking big bets.



# COMPLIANCE UPDATES

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## Goods and services tax

**Automatically dropping the GST proceedings** The Goods and Services Tax Network (GSTN) has added new functionality of Automated Drop Proceedings against GSTINs who have been suspended due to the non-filing of returns. This functionality will be useful for taxpayers who have filed their pending returns – the last six returns in the case of monthly filers and the last two returns in the case of quarterly filers. Taxpayers can revoke the suspension once the due returns have been filed by clicking on 'Initiate drop proceeding' on the GST portal. (GSTN)

**PAN verification during GST registration** The Central Board of Indirect Taxes and Customs (CBIC) has announced that while applying for GST registration, their permanent account number (PAN) issued by the income tax department will be verified through a one-time password on the mobile number and e-mail address linked to it. Therefore, taxpayers have to ensure that the mobile number and email id on their income tax portal is active and available, before applying for GST registration. (CBIC)

**Payment doesn't mean admission of liability** Delhi High Court, ruling in the case of Ramprakash Chauhan, has held that the payment of tax and penalty to release the detained goods cannot be treated as an admission of liability on the part of the assessee. The same cannot be the reason to uphold the GST liability. (Delhi High Court)

(For queries or more information about goods and services tax, contact our colleague Ashish at ashish.gandhi@greenvissage.com)

## Income tax

**Reporting of interest income** The Central Board of Direct Taxes (CBDT) has removed the threshold of INR 5,000 for reporting interest income in the Statement of Financial Transactions (SFT) by reporting entities by modifying the Notification 2/2021 dated April 20, 2021. Therefore, any interest income earned by an individual, irrespective of the amount of such interest, would be required to report by the banks and financial institutions as covered by the notification. However, Jan Dhan's accounts have been excluded from the reporting requirements in the SFT. The government is ensuring that the interest income, the data for which is readily available from the banks, does not escape taxation. With full details being reported to the income tax department which will also reflect in a taxpayer's Annual Information Statement (AIS), it becomes imperative for the taxpayer to match the same and report the full value of the interest earned. (CBDT)

**LTCG exemption due date extended** The Central Board of Direct Taxes (CBDT) has extended the time limit for compliances related to long-term capital gains tax exemption, till March 31, to provide relief to several taxpayers. The tax department had provided relaxation in June 2021 for certain compliances such as investment, deposit, payment, acquisition, purchase and construction to claim exemptions under Section 54 to 54GB of the Income-tax Act, 1961. According to the circular, taxpayers who could save on long-term capital gains by investing in another property or bonds between April 1, 2021, and September 29, 2021, were allowed to do so by September 30, 2021. The same has now been extended further to March 31, 2023. (Financial Express)

(For queries or more information about income tax, contact our colleague Sneha at sneha.halder@greenvissage.com)

## Customs and foreign trade

**Ban on export of rice likely to be lifted** India, the world's biggest rice exporter, is likely to lift restrictions on grain shipments to mark a further easing of a global wave of food protectionism after Russia invaded Ukraine. Authorities are actively considering removing curbs on some rice exports as domestic prices are stable. India accounts for about 40% of global rice trade and relaxation of the exports will reduce the prices in Asia which are trading near the highest since mid-2021. India imposed a 20% duty on shipments of white and brown rice in September and banned broken rice sales abroad. The curbs, which apply to about 60% of Indian rice exports, came on top of restrictions on wheat and sugar sales. (CNBC)

**Government reduces windfall tax** The Government has announced to lower the windfall tax on the sale of locally-produced crude oil to INR 1,900 per tonne from INR 2,100 per tonne within a gap of two weeks. The Government has also reduced additional excise duty on the export of Aviation Turbine Fuel (ATF) to INR 3.5 per litre from earlier INR 4.5 per litre and has reduced export duty on diesel to INR 5 per litre, including cess, from the previous levy of INR 6.5 per litre. The tax on windfall profits was first imposed on July 1, as oil-producing companies were making huge profits due to high oil prices. (Live Mint)

**Import of Covid vaccines exempted from import duty** The Central Board of Indirect Taxes and Customs (CBIC), through a notification, has exempted custom duty on the import of Covid-19 vaccines till March 31 to ensure domestic availability amid fears of a surge in cases. This will only be applicable where the importer of such vaccines is Central Government or State Government, effective from January 14. In April 2021, the CBIC first exempted Covid-19 vaccines from 10 per cent customs duty which has been extended several times now. (Economic Times)

**Higher scrutiny of identified goods** The Central Board of Indirect Taxes and Customs (CBIC) has notified the Customs (Assistance in Value Declaration of Identified Imported Goods) Rules, 2023 with effect from February 11. Under these rules, the CBIC will issue a list of identified goods which will be subject to stricter scrutiny for their true value. The board has come opted for this mechanism to check the undervaluation of imported goods. As per the rules, two committees comprising tax officers are being set up for screening and evaluation. The screening committee will do a preliminary examination of identified goods, and the evaluation committee will do a detailed examination of the same. (Business Standard)

(For queries or more information about customs and foreign trade, contact our colleague Adnan at adnan.ginwala@greenvissage.com)

## Corporate and allied laws

**Migration of company forms** The Ministry of Corporate Affairs (MCA) migrated several forms such as DIR 3, DIR 3C, DIR 11, DIR 12, and INC 12 to the V3 portal between January 7 and January 22. The regulatory body also waived additional fees for filing these forms if the due date for filing fell within the above period. Further, additional 15 days have also been allowed to allow filing the forms without incurring additional fees. (MCA)

**Dues under SARFAESI to prevail over MSMED dues** The Supreme Court has maintained in a recent ruling that recoveries under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) with regards to secured assets will prevail over the recoveries under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 to recover the amount under the award or decree passed by the facilitation council. (LiveLaw)

**No hard copies of annual reports** The Securities and Exchange Board of India (SEBI), the capital markets regulator, has extended the relaxation to listed companies for not dispatching the physical copies of the annual reports to their shareholders till September 2023, under the SEBI (Listing Obligations and Disclosure Requirements) Regulations. Earlier, the regulator had provided the relaxations until December 2022. The decision to extend has been taken based on representations from various stakeholders. (SEBI)

**MGT-3 to be certified by professionals** The Ministry of Corporate Affairs (MCA) has notified the Companies (Management and Administration) Amendment Rules, 2023 which come into force with effect from January 23, 2023. Under the amended rules, the form MGT-3 is now required to be certified by Chartered Accountants, Company Secretaries or Cost Accountants. (MCA)

**SEBI alters OFS framework** The Securities and Exchange Board of India (SEBI) has decided to alter the framework for Offer for Sale (OFS) through the stock exchange route. The revamp will clear the way for non-promoter shareholders to opt for the OFS mechanism while simultaneously chalk out a cooling-off period for promoters and non-promoters based on the liquidity of the shares on the exchange. Last year, SEBI eased the rules for OFS by non-promoter shareholders, by eliminating the requirement of a minimum shareholding who were until then required to hold a 10 per cent stake in the company. Offer for Sale is a convenient and transparent way for publicly traded companies to offload their shares to meet the minimum public shareholding requirement. The new mechanism is going to be available to companies with a market capitalisation of INR 1,000 crore and above based on the average daily market capitalisation for the six months. (Moneycontrol)

■ **Proposed amendments to IBC law** The Government has proposed changes to the insolvency law to enhance the efficiency of the bankruptcy process and expand the scope of the framework. The proposed changes include redesigning the fast-track corporate insolvency resolution process to permit creditors to drive the insolvency for a corporate debtor outside of the judicial process. This will be done while retaining some involvement of the adjudicating authority to improve the legal certainty of the outcome. Besides, the government has also proposed to amend section 10 to delete the right of the corporate debtor to propose an insolvency professional. The Government has currently sought public comments for proposed changes. (Moneycontrol)

(For queries or more information about corporate and allied laws, contact our colleague Adnan at adnan.ginwala@greenvissage.com)

## Finance and banking

■ **RBI permits re-KYC to be submitted remotely** As per the present guidelines if there is no change in KYC information, a self-declaration to the effect from the individual customer is sufficient to complete the re-KYC process. The Reserve Bank of India (RBI) has advised banks to provide facilities to individual customers to submit self-declaration through channels such as registered email id, registered mobile number, ATMs, internet banking, mobile application, letter, etc. without the need for a visit to the bank branch. Further, if there is an address change, customers can furnish updated addresses through any of these channels and the bank can undertake verification within two months. In the case of fresh KYC, the same can be done remotely through a Video-based Customer Identification Process (V-CIP), apart from visiting the bank branch. Fresh KYC documentation is required to be undertaken when the KYC documents available in bank records do not conform to the present list of Officially Valid Documents (OVD) or where the validity of the KYC document submitted earlier has expired. The banks are also mandated to provide an acknowledgement of the receipt of the KYC documents or the self-declaration submitted by the customer. (Business Standard)

■ **M1xchange to launch export financing platform** M1xchange, the Reserve Bank of India (RBI) licensed trade financing platform, has announced that it is testing a new International Trade Financing Services (ITFS) platform, being the international version of its trade financing services. The company has said that the new platform will allow MSMEs to avail early payment at interest rates as low as 4-9 per cent against their invoices after exporting their goods and services to the US, Europe, Middle East and Singapore markets from various financiers onboarded with ITFS. M1xchange is amongst the four trade-financing platforms to get the license in 2021 from the International Financial Services Centres Authority (IFSCA). (M1xchange)

■ **Due date for new locker agreements extended** Reserve Bank of India (RBI) had mandated the banks to renew their locker agreements with existing locker customers by January 1, 2023. However, owing to a revision in the Model Agreement drafted by the Indian Banks' Association (IBA) to fully comply with the revised instructions, the RBI has extended the deadline for banks in a phased manner to December 31, 2023. Banks are expected to notify all their customers of the revised requirements by April 30 and ensure that at least 50 per cent and 75 per cent of their existing customers have executed the revised agreements by June 30 and September 30 respectively. Banks also have to report the status of compliance with these instructions on DAKSH supervisory portal every month. (RBI)

(For queries and more information about banking and finance, contact our colleague Kethaan at ksparakh@greenvissage.com)

## Accounting and Management

**NFRA to implement E-lockers** The National Financial Reporting Authority (NFRA), the regulator for auditors of listed and large Indian companies, has been working to implement a mechanism for auditors to help them to keep their files safe in a tamper-proof way – a mechanism similar to DigiLocker which caters to individuals. The move comes amid the recent regulatory action taken by the Public Company Accounting Oversight Board (PCAOB), the NFRA's American counterpart, which imposed a fine on KPMG India and sanctioned the audit firm along with its engagement partner Sagar Pravin Lakhani for instances of manipulation of the audit files. (Economic Times)

**Mandatory Joint Audit of companies** The Government is considering implementing a mandatory joint audit of companies, with public interest entities and large listed companies, being the first under scanner for the phased rollout. The proposal is aimed at tightening the audit framework and enhancing the credibility of audit reports. It will be tabled as a part of the amendments to the Companies Act. However, corporates believe that costs will increase due to mandatory joint audits which involve hiring two audit firms. Large audit firms have also raised concerns as it would impact the audit quality. Further, it is contended that smaller audit firms may not have the resources and expertise to take up such jobs. (Financial Express)

(For queries or more information about accounting, contact our colleague Rahul at rahul.mundada@greenvissage.com)

## Payroll and personal finance

**In Focus:** Exiting an insurance policy

1. We usually buy traditional life insurance policies and regret them later. The reason is usually the inadequate life cover and the returns which are lower than even fixed deposits. So what if you don't want to continue the policy? Well, depending on the holding period and terms of the insurance policy there are usually three options available to a policyholder a) Converting the policy into a paid-up plan b) Surrendering the policy c) Continuing to pay the premiums. Each option makes sense at different points.

2. Under the paid-up plan option, the policyholder can stop paying the premium and yet the policy stays remains active. However, this comes with curtailed benefits such as reduced cover and lower returns. This option is usually available in insurance policies after paying premiums for the first three years.

3. Another option is to surrender the policy. In this case, the policyholder will get the refund of the insurance premiums paid, at a rate, as mentioned in the insurance policy. The refund is usually lesser than the amount of premium paid. Besides, the option to surrender a policy is usually available during the first 2-3 years

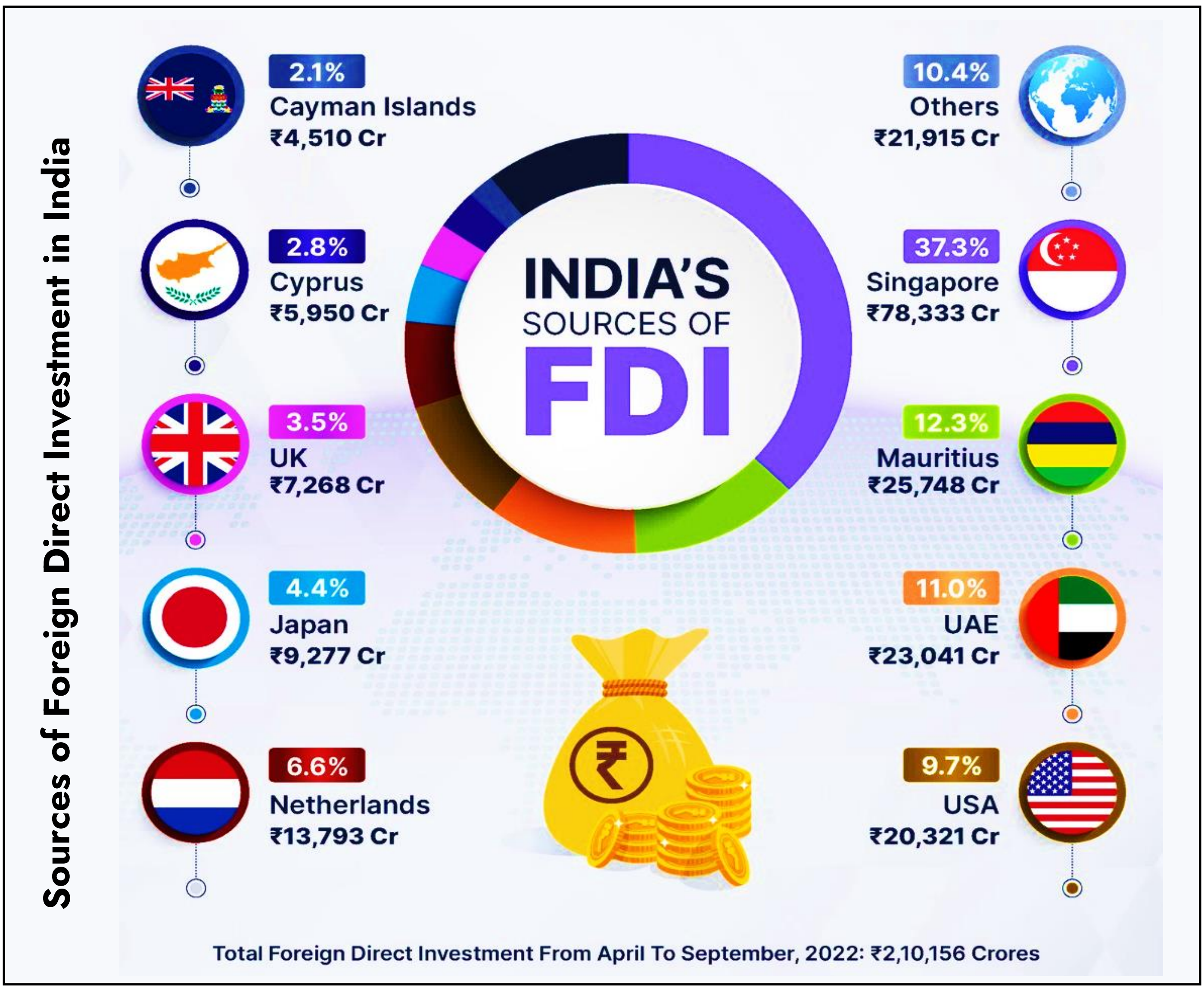
4. It makes sense to exit an insurance plan by surrendering it, only when you are 2-3 years into the policy. The refund can be used to buy a term insurance plan for higher cover and the balance amount can be invested in a mutual fund, for higher returns. However, when the option to surrender is not available, or multiple years have passed after taking the policy, one can go for a paid-up plan in such a situation if one does not want to incur a loss and still exit the plans. However, in cases where the policy is close to its maturity date, it is always better to pay the premium.

**SEBI proposes an end to margin money with brokers** The Securities and Exchange Board of India (SEBI), the stock market regulator, has proposed a new mechanism through which the margin money (amount held to buy stocks) will remain blocked in the bank account and will be debited in the favour of the clearing corporation only when the trade is executed. The move aims to ensure there is no malpractice in the handling of client money by brokers and also for the clients to keep earning interest even when their money is blocked for trading. This is similar to how the exchanges handle the bid money of investors for initial public offers (IPO). The move will eliminate the role of brokers and limit them to provide a risk management platform along with trade execution. India will be the first market in the world to bring in such a proposal. (Business Line)

**Claim settlements by insurance companies** The Insurance Regulatory and Development Authority of India (IRDAI) have released the data relating to the claim settlements by the general and health insurance companies for the financial year 2021-22. According to the latest data, amongst the private general insurance companies, Navi General Insurance (erstwhile DHFL General Insurance) has topped the list with 99.99 per cent claim settlement in the first three months of initiating the claim, followed by Reliance General Insurance and HDFC Ergo General Insurance with 98.65 per cent and 98.49 per cent, respectively. Amongst the public sector insurance providers, United India Insurance topped with a 97.25 per cent claim settlement ratio. Among standalone health insurance companies, Care Health Insurance settled 100 per cent of claims within the first three months. (Economic Times)

- **T+1 settlement on Stock exchanges** The Securities and Exchange Board of India (SEBI) has announced that the stock markets will now shift to a shorter trading cycle of T+1 settlement from January 27 onwards. Currently, the stock market follows the T+2 settlement system where the trades are settled after two days. The new faster settlement would allow the buyers and sellers to get shares and money in their accounts one day after the date on which the trade is executed. Therefore, if an investor buys shares on Monday, they will be received in their Demat account on Tuesday, unless the same is a holiday. Shorter settlement cycle will allow investors to trade more as funds would be processed faster. (Business Standard)

(For queries or more information about payroll and personal finance, contact our colleague Snigdha at kumari.snigdha@greenvissage.com)




# BUSINESS NEWS

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## Government

■ **New Guidelines for Social Media Advertisements** The Department of Consumers Affairs has released new endorsement guidelines "Endorsement Knowhows for Celebrities, Influencers and Virtual Media Influencers on Social Media Platforms" under which social media influencers would have to pay heavy fines for misleading advertisements. Under the guidelines, it is now mandatory for social media influencers and celebrities to disclose their material connection or interest, such as shareholding in the advertised company, employment of self or family, gifts, free trips, hotel accommodation, discounts and awards while endorsing any product, service or brand. Any violation of the guideline can attract a fine of up to INR 10 lakh for each offence and up to INR 50 lakh for repeat offences. Rohit Kumar Singh, the Secretary, said that social media influencing is expected to grow exponentially over the years and therefore, it is important to regulate the area to avoid misleading advertising on social media. (Times of India)

■ **New cooperative societies to promote farming** The Cabinet Committee on Economic Affairs has decided to set up three cooperative societies under Multi-State Cooperative Societies (MSCS) Act, 2002 to focus on exports, organic farming, and quality seeds, for the benefit of farmers. The committee approved setting up and promoting a national-level multi-state cooperative export society with support from relevant ministries, for undertaking exports of all goods and services produced by cooperatives and related entities. The proposed society will provide support to exports from the cooperative sector and act as an umbrella organisation for carrying out and promoting exports. (Live Mint)

■ **IIT Madras to develop indigenous 'BharOS'** After developing indigenous 5G services, the Indian Government has now unveiled its plan to launch an indigenous 'Made in India' operating system (OS) known as 'BharOS'. The new OS is being developed by the Pravartak Technologies Foundation, an incubated firm under the Indian Institute of Technology, Madras (IIT-M) and will ensure the security and privacy requirements of Indian users. In the beginning, the 'BharOS' will be provided to businesses and organisations to handle sensitive user information through a secure network for communication. (NDTV)

■ **Government to launch Merchant Credit Card** The government has announced that it is considering rolling out Merchant Credit Card (MCC) facilities for traders in the MSME category to help overcome short-term liquidity problems. MCC is being designed on the lines of the Kisan Credit Card and will offer incentives such as short-term, collateral-free loans up to a limit at a cheaper rate to the MSME units. (Financial Express)

■ **Government to scrap old vehicles** According to a notification by the Road Transport and Highways Ministry, from April 1 onwards, all vehicles owned by the Central and State Governments including buses owned by transport corporations and public sector undertakings which are older than 15 years will be deregistered and scrapped. The rule does not apply to the special purpose vehicles used for operational purposes for defence, law and order, and internal security. The notification is in line with the vehicle scrapping policy announced in the Union Budget 2021-22 whereby the fitness test is mandatory after 20 years for personal vehicles, and after 15 years for commercial vehicles. Under the new policy, the Government will provide up to a 25 per cent tax rebate on road tax for vehicles that are purchased after scrapping old vehicles. (Moneycontrol)

## Economies

■ **The disparity between rich and poor in India** According to the latest report by Oxfam, India's top 1 per cent own more than 40.5 per cent of the country's total wealth in 2021. The number of billionaires in India has increased to 166 in 2022, from 102 in 2020. The report also noted that the poor in India are unable to afford even necessities to survive. According to the estimates in the report, 64 per cent of the total goods and services tax (GST) collections came from the bottom 50 per cent of the population, while only 4 per cent came from the top 10 per cent. (BBC)

■ **Adani Enterprises launches FPO** Adani Enterprises, Gautam Adani's flagship firm has filed an offer letter with stock exchanges for a proposed INR 20,000 crore follow-on public offer (FPO). The FPO was open for bids between January 27 and January 31. Of the INR 20,000 crore proceeds of the FPO, INR 10,869 crore will be used for green hydrogen projects, work at the existing airports and construction of a greenfield expressway. Another INR 4,165 crore is disclosed to go towards repayment of debt taken by its airports, road and solar project subsidiaries. (Business Standard)

**IMF bullish on Indian Economy** The International Monetary Fund (IMF) has expressed optimism about the Indian economy by suggesting that the real GDP would grow at 6.8 per cent in the current fiscal and 6.1 per cent in 2023-24. The estimates are high even as the world economy is looking at recessionary trends due to the geopolitical situation of the prolonged Russia-Ukraine conflict. According to the IMF reports, the real GDP of the Indian economy grew by 8.7 per cent in 2021-22 which brought the total output above pre-pandemic levels. (Business Standard)

**India becomes the third largest vehicle market** According to the Society of Indian Automotive Manufacturers (SIAM), India has overtaken Japan to become the third largest vehicle market in 2022 after China and the United States. More than 4.13 million vehicles including passenger and commercial were sold in India between January and November 2022. (Times of India)

**Pakistan to receive USD 9 billion in flood aid** Antonio Guterres, the United Nations Secretary-General, has mentioned in a statement that Pakistan has been promised, more than USD 9 billion in aid by the international community, to rebuild and recover from the catastrophic floods last year, terming the same as 'Monsoon of Steroids'. Pakistan's Prime Minister Muhammad Shehbaz Sharif recently hosted the International Conference on Climate Resilient Pakistan in Geneva, Switzerland. According to the Prime Minister, the country needed a minimum of USD 16.3 billion over the next three years for recovery and reconstruction, half of which is expected to be met by domestic resources. The largest commitment of USD 4.2 billion came from the Islamic Development Bank Group, while World Bank announced a USD 2 billion contribution. Other contributors included the Asian Infrastructure Investment Bank, Saudi Arabia, the European Union, Japan and China. Heavy rains in June 2022 which continued until August caused Pakistan's worst-ever flooding, submerging one-third of the country. More than 4 million acres of agricultural land were inundated which resulted in a food crisis and huge financial losses. (DW)

**World Bank reduces growth forecasts** The World Bank has slashed its growth forecasts for most countries and regions. It has also warned that new adverse shocks can tip the global economy into a recession. Global gross domestic product (GDP) will probably increase by 1.7 per cent this year. This is half of the rate forecasted by the World Bank earlier, marking the year as the third-worst in the last three decades, after the contractions of 2009 and 2020. (Moneycontrol)

## Corporates

**Telecom companies undesirous of implementing CNAP** Telecom companies Jio, Airtel, and Vi have jointly advised the government to make the mandate for the installation of Calling Name Presentation (CNAP), or caller ID, by telecom service providers, as an opt-in functionality rather than a mandatory requirement. While the telecom operators have agreed that the feature is good to have, however, are against the mandate of making it mandatory to implement, as the companies are concerned with user privacy, provisioning of technical devices and cost-efficiency. The telecom regulator had earlier announced that it is making it mandatory for telecom operators to display caller id for all calls to reduce unsolicited and nuisance calls to consumers. (Economic Times)

**Axis Bank to launch digital current account** Axis Bank, the domestic private bank, has announced a collaboration with Open, the digital banking fintech company to launch a digital current account for its customers. The account would specifically cater for the needs of new-age small and medium enterprises, freelancers, homepreneurs, influencers and others. The current account holders will get access to Axis bank's banking services along with Open's financial automation tools for business management including payments, accounting, payroll, compliance, expense management and other such services. (Financial Express)

**Tata Group to set up iPhone Plant in India** Tata Group, the airline-to-software conglomerate, is in talks with Taiwan's Wistron Corp, to take over a major plant in the southern region of India to give the country its first homegrown iPhone maker. The companies have discussed various tie-ups, however, it seems Tata will take a majority of the joint venture and oversee the main manufacturing operation, with support from Wistron. (Business Standard)

**Vodafone Idea seeks 7,000 Crore in loans** Vodafone Idea (Vi), the distressed telecom operator, has requested a host of lenders including State Bank of India, Punjab National Bank, HDFC Bank and IDFC First to provide loans up to INR 7,000 crore. The company requires urgent funding to clear a portion of its dues to Indus Towers. However, banks are unwilling to extend fresh loans to the company till there is clarity over the infusion of funds by promoters or if the debt to equity conversion by the government. According to the banks, the promoters had promised to raise INR 25,000 crore, however, have raised so far only INR 4,900 of which has been used to clear dues of Indus Towers. (Business Standard)

**Surinder Chawla becomes CEO at Paytm** One 97 Communications, the parent company of Paytm, has announced that the Reserve Bank of India (RBI) has approved the appointment of Surinder Chawla, the veteran banker, as the new Managing Director and Chief Executive Officer of Paytm Payments Bank (PPBL). The appointment has been approved for three years. Surinder Chawla has experience of over 28 years across marquee banking institutions such as HDFC Bank, RBL Bank, ABN Amro Bank and Standard Chartered Bank. (Paytm)

**Fresh fraud detected in SREI** SREI Infrastructure Finance, the debt-ridden financing company, has revealed in a regulatory filing that the transaction auditor of the company has indicated a fresh fraud amounting to INR 296 crore under the erstwhile promoters. As per the report prepared by the transaction auditor, the concerned transactions occurred during the financial years 2014-2015 to 2021- 2022. The fraud relates to certain disbursements made to a company called ARSS where the amount of INR 295.69 crore is the gross outstanding, including principal and interest recoverable from the customer, as on September 30, 2021. (Outlook India)

## Startups

**Bharat receives Payment Aggregator license** Resilient Payments, a fully owned subsidiary of BharatPe, the Fintech unicorn has received an in-principle authorisation from the Reserve Bank of India (RBI) to operate as an online payment aggregator. Several other fintech players including Open, Infibeam, and Cashfree have recently received the license to operate as payment aggregators. A payment aggregator provides payment services to merchants and e-commerce websites by accepting payment instruments from customers. The companies pool the funds received from customers and transfer them to merchants after a fixed interval. The company's services include facilitating integrated payment options such as transactions of cash and cheque and online and offline touchpoints, besides allowing bank transfers for merchants without the need to set up accounts directly with a bank. Meanwhile, PayU India has been asked to reapply for the license. The company's complex corporate structure has been quoted as the reason for rejection. Therefore, PayU India has halted the onboarding of merchants on its platform. (Moneycontrol, Economic Times)

**Swiggy to lay off 8-10% workforce** Swiggy, the food delivery company, has announced it will cut 8 to 10 per cent of its 6,000-strong workforce amid a funding slowdown, with the product, engineering, and operations teams set to shrink in size. In a performance review conducted in October, several employees were said to have been put under a performance improvement plan. The company has also delayed filing its preliminary papers for its public listing due to the poor performance of tech stocks in India and abroad. The company reported a revenue of INR 5,705 crore for the financial year 2021-22, up from INR 2,457 crore in the financial year 2020-21. However, losses have also widened to INR 3,629 crore, against INR 1,617 crore during the previous year. (YourStory)

**EaseMyTrip acquires a 55% stake in CheQin** EaseMyTrip, the online travel tech platform, has acquired a 55 per cent stake in another startup, CheQin for INR 3 crore. CheQin, a real-time marketplace, allows travellers to bargain with hoteliers without any effort. CheQin is a real-time marketplace, which allows travellers to bargain with hoteliers without any effort. The deal is expected to strengthen EaseMyTrip's hotel channel in terms of technology, adaptability, personalisation, and the acceptance of bulk booking and long-stay requests. According to Nishant Pitti, EaseMyTrip CEO and Co-founder, The company is focusing on the growth of its non-air segments and the acquisition is a step towards revolutionising the hotel business altogether. (PTI)

## Conglomerates

**Yum Brands shuts restaurants for 24 hours** Yum Brands, the parent company of Pizza Hut, Taco Bell and KFC, has revealed in an official statement that the company faced a ransomware attack which forced it to close hundreds of locations in the United Kingdom. Around 300 Yum Brand restaurants were closed for 24 hours to contain the breach. According to the company, the hackers were able to access certain information technology systems, however, there was no evidence of customer data being stolen. While the brand outlets were open once again after the temporary shutdown, the company has reassured us that it is working to restore the affected systems. (Reuters)

**Microsoft partners with ChatGPT** Satya Nadella, the CEO of Microsoft, has announced that the company has extended its partnership with OpenAI, the research lab and creator of ChatGPT, an artificial intelligence chatbot. Microsoft has reportedly invested USD 10 billion, to take the value of OpenAI to roughly USD 29 billion. Earlier, Microsoft had announced that it would lay off 10,000 employees and redeploy investment to new priorities such as AI. OpenAI, formed in 2015, is led by Sam Altman, the former president of startup incubator Y Combinator and has Elon Musk as one of the early investors who also served on its board until 2018. OpenAI's ChatGPT became an internet sensation when it was released in November allowing users to experiment with its ability to write essays, articles and poems as well as computer code in just seconds. ChatGPT is already facing a ban in various universities and school districts and has sparked nervous debates about the future of office work. OpenAI is also the creator of Dall-E, a program that can swiftly draw up digital images and illustrations at a simple request. (NDTV)

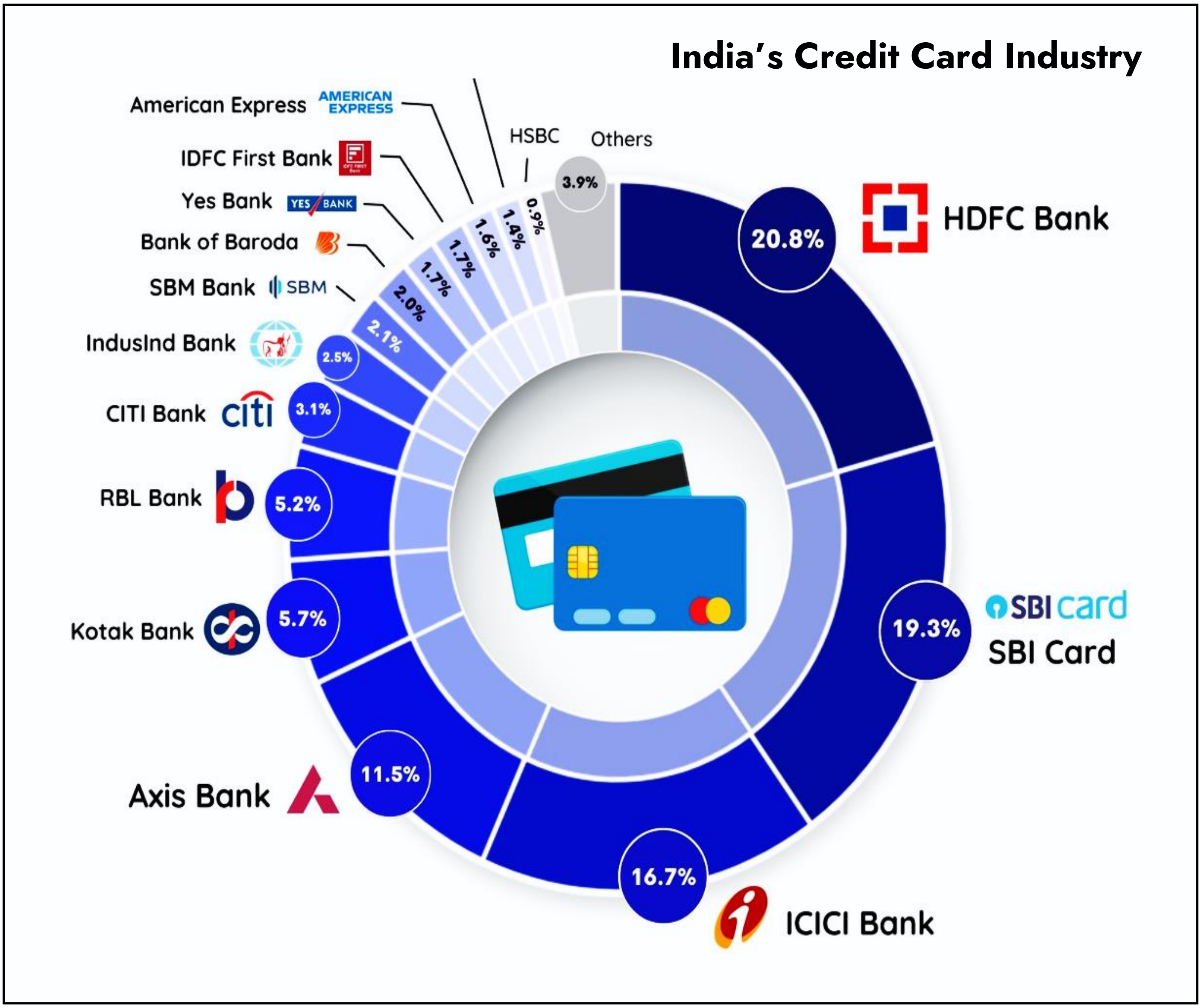
**Apple begins hiring in India** Apple India has begun hiring its retail store employees in India as the company is preparing to build its stores across the nation. Apple's employment page on the website advertises opportunities for Indian employees including business experts. Apple's hiring comes amid soaring tech employees layoff in India and throughout the world. (India Today)

**Google to layoff 12,000 employees** As tech layoffs intensify across companies, Google has announced that it is planning to cut roughly 12,000 jobs or 6 per cent of its workforce worldwide. Sundar Pichai, the CEO, has said that the cuts will affect jobs globally and across the entire company and that he takes full responsibility for the decisions that led us here. (Moneycontrol)

**Samsung announces new SSD** Samsung, the South Korean tech giant, has announced PM9C1, the latest solid-state drive (SSD) which is a storage disk mounted in computers. The SSD features its own 5nm controller and seventh-generation V-NAND. The SSD is geared for computers and laptops for demanding computing and gaming tasks, as it can read and write rates of 6,000 MB/s and 5,600 MB/S, respectively, which are 1.6 and 1.8 times faster than its predecessor. The SSD will be available in storage capacities of 256 GB, 512 GB, and 1 TB. (Lifewire)

**Walt Disney asks employees to return to office** Walt Disney has joined the list of employers who are growing impatient with pandemic work norms, as the company has asked its employees to spend more time in the office. Bob Iger, the Chief Executive, said that the employees working hybrid schedules are now required to visit the office four days a week from March 1 onwards. Vanguard and Snapchat have already established similar norms for hybrid programs. Meanwhile, NBC Universal and Warner Bros have asked employees to visit three days a week under the hybrid program. While a few corporates have taken the tough stance on returning to the office as the coronavirus pandemic receded, many other companies have treaded lightly over the fear of losing employees. (CNBC)

- **No relief to Google from NCLAT** The National Company Law Appellate Tribunal (NCLAT) has refused to stay the second Competition Commission of India (CCI) order imposing a penalty of INR 936 crore on Google for abusing its dominant position through its Playstore policies. Google had approached the NCLAT seeking a stay on the CCI's order that asked Google to cease abusive practices in the Playstore.




# ECONOMIC INDICATORS

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# ECONOMIC INDICATORS

## Key Economic Indicators

| Indicator | As on | Current | Prior |
|---|---|---|---|
| GDP Growth (%) | Sep-22 | 6.30 | 13.50 |
| Inflation (%) | Dec-22 | 5.72 | 5.88 |
| Unemployment (%) | Dec-22 | 8.30 | 8.00 |
| Trade Balance ($m) | Dec-22 | (23.76) | (23.89) |
| Business confidence | Dec-22 | 134.00 | 138.00 |
| Manufacturing PMI | Dec-22 | 57.80 | 55.70 |
| Services PMI | Dec-22 | 58.50 | 56.40 |

## Commodities Future

| Commodity | Expiry | Price | % |
|---|---|---|---|
| Gold | Apr-23 | 56,815.00 | 1.95 |
| Silver | Mar-23 | 68,055.00 | (1.62) |
| Crude Oil | Feb-23 | 6,346.00 | 3.36 |
| Natural Gas | Feb-23 | 223.60 | (29.69) |
| Aluminum | Feb-23 | 221.55 | 8.15 |
| Copper | Feb-23 | 777.35 | 5.86 |
| Zinc | Feb-23 | 294.80 | 8.68 |

## Global Indices

| Index | Country | % |
|---|---|---|
| NIFTY 50 | India | (2.45) |
| BSE SENSEX | India | (2.12) |
| INDIA VIX | India | 13.50 |
| NIFTY BANK | India | (5.42) |
| DOW JONES | USA | 1.72 |
| NASDAQ | USA | 8.86 |
| S&P 500 | USA | 4.64 |
| FSTE 100 | UK | 3.88 |
| NIKKEI 225 | Japan | 4.72 |
| SHANGHAI COM | China | 5.39 |
| MOEX | Russia | 2.96 |
| CAC 40 | France | 9.09 |
| DAX | Germany | 8.30 |
| S&P ASX 200 | Australia | 6.26 |
| BOVESPA | Brazil | 2.75 |
| KOSPI | South Korea | 8.44 |
| HANG SENG | Hong Kong | 10.42 |

## Currency Exchange Rates

| Pair | Current | Prior | % |
|---|---|---|---|
| INR/1 USD | 81.74 | 82.63 | 1.08 |
| INR/1 GBP | 100.90 | 98.47 | (2.46) |
| INR/1 EUR | 88.60 | 86.92 | (1.93) |
| INR/100 YEN | 62.77 | 61.63 | (1.85) |

## Cryptocurrencies

| Pair | Crypto | Price | % |
|---|---|---|---|
| BTC/USD | Bitcoin | 22,994.80 | 35.81 |
| ETH/USD | Ethereum | 1,580.11 | 25.08 |
| USDT/USD | Tether | 1.00 | (0.05) |
| BNB/USD | Binance | 311.20 | 18.96 |

## Small Savings Schemes

| Scheme | Current | Prior | % |
|---|---|---|---|
| SSCS | 8.00 | 7.60 | 0.40 |
| SSA | 7.60 | 7.60 | - |
| NSC | 7.00 | 6.80 | 0.20 |
| PPF | 7.10 | 7.10 | - |
| KVP | 7.20 | 7.00 | 0.20 |

For queries and feedback, please write to us at **info@greenvissage.com**

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