

GREEN DIGEST

EVERYTHING THAT CONCERNS YOUR MONEY

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MOAT?



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THE BIG STORY

Greenvissage

“What is your Moat?”

“Does your business have a Moat? No?”

“How is your business surviving without a Moat!”

– the Moat Economics Explained.



Backdrop

Once upon a time, there thrived a kingdom unmatched in prosperity. Its towering walls and majestic turrets epitomized the bastion of economic prowess within the realm. At its heart stood a grand castle, radiating brilliance and grandeur. Within its walls resided a king — ambitious and visionary. Yet, neighbouring monarchs harboured discontentment with his kingdom's prosperity, seeking opportunities to breach its defences and seize its wealth. However, unlike his predecessors, the king grasped the imperative of fortifying his realm against external threats to secure its prosperity. Determined to safeguard his kingdom, he embarked on a quest to bolster its defences, summoning his trusted advisors to devise a strategy. Enlightened by the gravity of the situation, one advisor, astute and perceptive, proclaimed, "My Lord, we must construct a Moat unlike any other — a moat not of stone and mortar, but of innovation and differentiation. Let us identify our kingdom's unique strengths and leverage them. Harnessing the power of technological innovation, and

nurturing the talents of our people shall be our foundation."

Embracing this counsel, they invested in cutting-edge technologies, and pioneering inventions that distinguished them from their rivals. Their artisans and craftsmen honed their skills, fashioning goods of unparalleled quality and artistry. As years elapsed, the Kingdom thrived under the leadership of the King. The economic moat expanded with each passing day, shielding them from the tempestuous currents of the marketplace. Though competitors came and went, none breached the fortress of innovation erected by the King. One fateful day, a formidable rival kingdom launched an assault, coveting the kingdom's riches. Yet, as their armies clashed against the kingdom's impregnable defences, they recognized the futility of their endeavours. The king's economic moat stood resolute, repelling the invaders and preserving the sovereignty of his realm. Thus, the legend of the king's economic moat reverberated throughout the land, inspiring generations of leaders and entrepreneurs to tread in his footsteps, fortifying their domains with innovation and resilience.

What is an Economic Moat?

An economic moat is a business concept that refers to a competitive advantage or barrier to entry that helps a company maintain its market position and sustain profitability over time. The term economic moat draws its analogy from the defensive structures, known as moats, that were built around castles in medieval times to protect them from invaders. In the business context, a moat serves a similar purpose by shielding a company from competition and threats in the marketplace. The actual meaning of a moat, in its traditional sense, is a deep, wide trench filled with water surrounding a castle or fortification. This physical barrier made it difficult for attackers to breach the castle walls and gain entry. The concept of an economic moat has gained significant attention in recent years due to its importance in understanding and evaluating businesses' long-term sustainability and competitive advantage.

Warren Buffett, the renowned investor and chairman of Berkshire Hathaway, often used the concept of economic moats in his investment philosophy. He famously said, "In business, I look for economic castles protected by unbreachable moats." This quote succinctly captured Buffett's strategy of investing in companies with strong competitive advantages or barriers to entry, akin to the protective moats around medieval castles. Buffett emphasized the importance of companies having durable competitive advantages that can withstand competition and maintain profitability over the long term. These advantages could include brand loyalty, unique technology, regulatory barriers, or other factors that make it difficult for competitors to encroach on the company's market position. In today's rapidly changing and competitive business environment, companies need to have something unique or special that sets them apart from rivals and makes it difficult for others to replicate or compete effectively. This uniqueness could be in the form of strong brand recognition, proprietary technology, economies of scale, network effects, regulatory barriers, or other factors that give the company a distinct edge. Investors, analysts, and business leaders pay close attention to economic moats because they are essential for a company's success and longevity. A strong economic moat can help a

company maintain high profit margins, attract loyal customers, fend off competitors, and generate sustainable growth over time. Therefore, identifying and understanding the sources of a company's economic moat is crucial for making informed investment decisions and strategic business choices.

Why is Moat so important?

At its core, a business moat represents the unique qualities, assets, or market positioning that differentiate a company from its competitors. These differentiators can take various forms. Strong brands evoke trust and loyalty among consumers, making it challenging for competitors to sway their allegiance. Companies with proprietary technologies or cutting-edge innovations often enjoy a significant advantage, as it becomes difficult for rivals to replicate or surpass their advancements. Larger enterprises can leverage economies of scale to lower production costs, offer competitive pricing, and potentially drive smaller competitors out of the market. Platforms or services that benefit from network effects, where the value of the product or service increases as more users join, create formidable barriers for new entrants. In regulated industries, companies that have already navigated complex regulatory frameworks can discourage new competitors from entering the market due to high compliance costs or legal barriers.

A moat is important for a business because it provides a competitive advantage that helps the business sustain its profitability and market position over the long term. A strong moat acts as a barrier that protects the business from competitors. It makes it difficult for rivals to enter the market or gain market share, thereby reducing the threat of competition eroding the business's profitability. With less competition, the business can maintain higher profit margins. This sustained profitability allows the business to reinvest in itself, fund growth initiatives, and reward shareholders through dividends or stock buybacks. Certain types of moats, such as strong brand recognition or customer loyalty, can help businesses retain customers even when competitors offer similar products or services. This loyalty translates into repeat business and a stable revenue stream. A moat can encourage innovation within the business by providing a cushion of

stability that allows management to focus on long-term growth rather than short-term survival. With less pressure from competition, the business can invest in research and development, new product lines, or expansion into new markets. Companies with strong moats are often viewed favourably by investors because they offer a level of predictability and stability. This can attract investment capital, support a higher stock price, and reduce the cost of capital for the business.

Successful Economic Moats

If you look around, you will find innumerable examples of how successful businesses have built their economic moats over the years. Companies like Coca-Cola and Nike have built strong brand identities over decades, fostering deep emotional connections with consumers. This brand loyalty acts as a moat, making it difficult for competitors to sway customers away with similar products. Social media platforms like Facebook and LinkedIn benefit from network effects, where the value of the platform increases as more users join. The vast user base and network effects create a significant barrier to entry for new competitors. Retail giants such as Walmart and Amazon leverage economies of scale to offer lower prices and a wider selection of products. Their massive purchasing power and efficient logistics operations create barriers for smaller competitors to compete on cost. Pharmaceutical companies like Pfizer and biotech firms often rely on patents to protect their proprietary drugs and technologies. These patents provide a legal barrier to entry, preventing competitors from producing identical products.

Companies operating in highly regulated industries, such as banking or healthcare, face significant regulatory hurdles. Established players like JPMorgan Chase or Pfizer have the resources and expertise to navigate complex regulations, creating barriers for new entrants. Enterprise software companies like Salesforce or SAP often have high switching costs associated with their products. Once integrated into a company's operations, switching to a competitor's software would entail significant time, resources, and potential disruption, creating a strong barrier to entry. Enterprise

software companies like Salesforce or SAP often have high switching costs associated with their products. Once integrated into a company's operations, switching to a competitor's software would entail significant time, resources, and potential disruption, creating a strong barrier to entry. Mining companies with access to rich mineral deposits or technology firms with exclusive access to rare materials may benefit from a moat based on their access to critical resources that competitors cannot easily replicate. By leveraging these examples and understanding how they create barriers to entry or sustain competitive advantages, businesses can identify opportunities to strengthen their moats and solidify their positions in the market.

How to build your moat?

Building a moat around your business is crucial for long-term success and sustainability in today's competitive landscape. Here's a practical guide to help you identify existing moats and develop strategies to fortify them –

Identify Your Strengths and Unique Selling Proposition (USP)

- Conduct a thorough analysis of your business to identify what sets it apart from competitors. Determine your unique strengths, whether it's proprietary technology, brand recognition, customer loyalty, or operational efficiency.

Understand Your Industry and Competitive Landscape

- Evaluate the competitive dynamics within your industry, including the strengths and weaknesses of key competitors. Identify potential threats and emerging trends that could impact your business.

Assess Existing Moats

- Evaluate the effectiveness of your current moats in protecting your business from competition. Determine the sustainability and scalability of your competitive advantages.

Strategies for Building Moats

– Continuously invest in research and development to develop new products, services, or technologies that differentiate your business. Prioritize exceptional customer service and create memorable experiences to build strong customer loyalty. Invest in

branding efforts to create a strong brand identity and differentiate your business from competitors. If applicable, create platforms or services that benefit from network effects, where the value increases as more users join. Explore opportunities to scale your operations to benefit from economies of scale, such as bulk purchasing or centralized logistics. Protect your innovations and proprietary technologies through patents, trademarks, or trade secrets to prevent competitors from replicating them. Navigate regulatory frameworks effectively and ensure compliance to create barriers to entry for potential competitors. Collaborate with complementary businesses or strategic partners to leverage their resources, expertise, and networks.

Monitor and adapt - Continuously monitor your competitive landscape, industry trends, and customer preferences to stay ahead of the curve. Adapt your strategies and moats as needed to respond to changes in the market environment.

Communicate Your Moat - Communicate your competitive advantages and moats to stakeholders, including investors, customers, and employees. Highlight your strengths and differentiation factors to reinforce your brand positioning and market presence.

Track Performance and Measure Success - Establish key performance indicators (KPIs) to track the effectiveness of your moats and competitive advantages. Regularly evaluate your business's performance against these KPIs to measure success and identify areas for improvement.

By following these practical steps, you can identify existing moats in your business, develop strategies to strengthen them and build new competitive advantages to fortify your market position and ensure long-term success.

(References – New York Times, Investopedia, Toptal, Wallstreetprep)



EXPERT OPINION

Greenvissage



Reliance built a market cap of 20 trillion in 47 years, Nvidia grew by 22 trillion in one day! Is Nvidia living in a tech bubble? How long will its monopoly endure?

By Amit Chandak, Managing Partner, Greenvissage



Introduction

You must have played the classic board game – Monopoly – buying and selling properties to become the wealthiest player and driving the opponents into bankruptcy. Oh dear, it is so exciting and so much fun! However, in the bustling landscape of commerce, where businesses look for supremacy, Monopoly is exactly the phenomenon that is both revered and feared. In the realm of business, a well-earned monopoly can often be the harbinger of prosperity, a beacon guiding both companies and consumers toward untold riches. It is like a grand chessboard where one player is manoeuvring the entire board with cunning strategy and unwavering ambition. Well, Nvidia Corporation, the United States tech giant, is in a similar position today. The rise of artificial intelligence products has skyrocketed the demand for AI chips and Nvidia holds 80% of the market share in this space. Its competitors AMD, Intel and Qualcomm, are lagging far behind in the competition. Therefore, as AI continues its upward trajectory, Nvidia remains the buzzword. When a business enjoys a monopoly, it consolidates its power

and streamlines its operations, paving the way for greater efficiency, lower costs, and, ultimately, heightened prosperity for all stakeholders involved. Yet, like any potent force, the Monopoly must be wielded with care and foresight, or it can lead to stagnation or abuse. In the dance between competition and consolidation, it is the judicious balance that propels businesses toward greater heights of success and ensures a thriving ecosystem of commerce for generations to come. So, yes, Nvidia is propelling like a rocket. Its ascent may seem unstoppable, but the looming question remains - how long will its monopoly endure?

Why is Nvidia making news?

Chipmaker Nvidia has been making headlines recently due to its impressive surge in market capitalization. As of February 2024, the company boasts a market cap of USD 1.941 trillion, solidifying its position as the world's fourth most valuable company. Nvidia's stock price has seen remarkable growth over the past year. 2022 was a challenging year for Nvidia, with its

stock price experiencing a 50% decline compared to its peak in 2021. However, the stock price was around USD 290 in February 2023, and stands at USD 776 in February 2024, representing a near 168% increase. This remarkable rise can be attributed to several factors, including booming demand for its graphics processing units (GPUs) used in artificial intelligence applications, strong financial performance exceeding expectations, and its recent achievement of briefly reaching the USD 2 trillion valuation mark. Nvidia has exceeded analyst expectations with its impressive financial reports throughout 2023, showcasing its ability to capitalize on the rising demand for AI chips. Nvidia has reported record-breaking revenue and earnings in its latest financial reports. For the fourth quarter of 2023, they reported revenue of USD 22.1 billion, up 22% from the previous quarter and 265% year-over-year. Full-year revenue for fiscal 2024 reached USD 60.9 billion, a 126% increase compared to the previous year. The Data Center segment, which provides GPU solutions for artificial intelligence and other demanding workloads, has been a key driver of Nvidia's growth. This segment saw its revenue increase by 409% year-over-year in the fourth quarter. This rapid growth, coupled with its continued innovation in the AI sector, has placed Nvidia at the forefront of technological advancements and cemented its place as a major player in the global market. Nvidia's position as a leader in the AI chip market has gained increased recognition and appreciation from investors, leading to a surge in their stock price. Nvidia continues to invest heavily in research and development, driving innovation in AI and graphics processing technologies. This focus on innovation positions them well for future growth in an evolving technological landscape.

Nvidia's journey so far

Nvidia Corporation was founded in 1993 by Jensen Huang, Chris Malachowsky, and Curtis Priem. Initially, the company focused on the development of graphics processing units (GPUs) for gaming and professional markets. Their first major product, the NV1, was released in 1995, followed by the RIVA series. Nvidia quickly gained recognition for its high-performance graphics technology, establishing itself as a key

player in the gaming industry. In the early 2000s, Nvidia expanded its focus beyond gaming into professional visualization, with products like the Quadro series aimed at professionals in fields such as architecture, engineering, and content creation. They also ventured into high-performance computing (HPC) with products like Tesla GPUs, targeting scientific and research applications. Nvidia introduced CUDA (Compute Unified Device Architecture) in 2006, a parallel computing platform and programming model that enables developers to use Nvidia GPUs for general-purpose processing tasks beyond graphics. This marked a significant shift as GPUs could now be utilized for a wide range of computational tasks, including AI and machine learning.

The 2010s saw Nvidia emerging as a leader in AI and deep learning. Their GPUs, particularly those based on the CUDA architecture, proved to be highly efficient for training and running deep neural networks, which are fundamental to many AI applications. Nvidia's Tesla GPUs became widely adopted in data centres for AI training tasks, fueling the growth of AI technologies across industries. Nvidia introduced specialized GPU accelerators tailored for AI workloads, such as the Tesla P100 and V100, which offered significant performance improvements for deep learning tasks. They also developed comprehensive AI platforms like the NVIDIA DGX systems, integrating hardware and software optimized for AI development and deployment, further solidifying their position in the AI market. In addition to data centre AI, Nvidia has made significant strides in powering AI for edge devices and autonomous vehicles. Their NVIDIA Drive platform offers solutions for autonomous driving, including hardware such as the NVIDIA Drive AGX and software for perception, mapping, and planning. These efforts have positioned Nvidia as a key player in the burgeoning field of autonomous transportation. In recent years, Nvidia has continued to innovate in AI, GPU technology, and related fields. They have made strategic acquisitions, such as Mellanox Technologies, to strengthen their position in high-performance computing and networking. Looking ahead, Nvidia is poised to play a critical role in shaping the future of AI, with ongoing research and development efforts focused on advancing GPU technology, accelerating AI adoption, and expanding into new application areas.

Where is the competition?

While Nvidia does hold a strong position in the graphics processing unit (GPU) market, particularly for high-end segments, AMD, Intel and Qualcomm also offer competitive products. AMD's Radeon series GPUs directly compete with Nvidia's GeForce lineup, offering strong performance at competitive price points, especially in the mid-range segment. They are also a major player in the CPU (Central Processing Unit) market, with their Ryzen processors gaining significant market share against Intel's offerings. While Intel's discrete graphics cards (sold under the ARC brand) haven't yet reached the performance level of Nvidia's top offerings, they are still a relatively new entrant in the dedicated GPU market and are showing potential for future improvement. Additionally, Intel remains a dominant force in the integrated graphics market, where their graphics solutions are embedded into CPUs, making them a major player for casual users and budget-conscious consumers. While not directly competing in the PC graphics card market, Qualcomm is a leader in mobile processors, where they integrate powerful GPUs alongside CPUs for smartphones and tablets. Their Adreno GPUs compete effectively with Nvidia's Tegra series in the mobile space. However, Nvidia has established some key advantages that contribute to its strong market position.

Nvidia's foresight played a crucial role in its success. The company recognized the potential of AI years before the current boom, investing heavily in developing cutting-edge chip designs specifically tailored for AI applications. This vision gave them a significant lead over competitors, who are still struggling to catch up. Nvidia has been primarily focused on GPUs since its inception, whereas AMD and Intel have historically focused more on CPUs. This early specialization allowed Nvidia to build expertise and brand recognition specifically in the graphics processing field. Beyond hardware, Nvidia strategically developed CUDA, a programming interface that works seamlessly with its chips. This unique combination of powerful hardware and user-friendly software makes Nvidia's solutions the preferred choice for AI developers worldwide. AI demands immense computing power, and

Nvidia's chips are ideally suited for this task. From training complex AI models to processing vast amounts of data, Nvidia's technology empowers the cutting edge of the AI revolution.

While Nvidia enjoys a dominant position, potential threats exist. The competitive landscape is constantly evolving, and AMD, Intel, and Qualcomm are all actively investing in research and development to improve their offerings. While Nvidia may currently hold the lead in some segments, the future of the GPU market remains dynamic and open to potential shifts. Enterprises, governments, and cloud hyperscalers such as Microsoft and Alphabet are unlikely to commit exclusively to a single supplier. Therefore, if AMD manages to offer a solution that approaches the performance level of Nvidia's H100 chip, it stands a strong chance of securing a significant portion of the market share. Meanwhile, export restrictions to China and rising competition from Chinese chipmakers could also challenge Nvidia's market share. Additionally, the company's dependence on Taiwanese chip manufacturer TSMC for production poses potential geopolitical risks. However, despite these challenges, analysts are optimistic about Nvidia's future, given the projected growth in the AI market.

The Semiconductor Industry

The semiconductor industry experienced a significant growth spurt during the PC revolution of the 1980s. As personal computers transformed from niche gadgets to indispensable tools in everyday life, the demand for computer chips skyrocketed, marking the inception of a new era. Over the past four decades, these tiny but mighty chips have permeated almost every facet of our existence, finding their way into appliances, automobiles, and an array of technological devices. Yet, as technology continues to evolve, so too do the fortunes of the companies manufacturing these chips, with their successes and challenges intricately intertwined with the shifts in technology. Although revenue growth has experienced a resurgence in recent years, it's evident that the industry has matured, marking a shift from high growth to stability.



Despite the maturation of the semiconductor industry, profitability has remained constant. Gross and operating margins have consistently reflected healthy figures, with a notable uptick observed since 2010, underscoring the increased profitability in certain segments of the chip business. However, periodic dips in profitability serve as a reminder of the cyclical nature inherent in the industry, highlighting the need for resilience and adaptability amidst evolving market dynamics. It's important to note that these margins may be understated due to the accounting treatment of research and development (R&D) expenses, which are classified as operating expenses rather than capital expenditures. As the semiconductor industry has grown in size and profitability, investors have closely monitored and priced in these developments, resulting in fluctuating market capitalizations for semiconductor companies. Despite these fluctuations, semiconductor companies generally maintain light debt loads, leading to enterprise values closely aligned with market capitalization.

Changes in customer demand, driven by shifts from personal computers to smartphones and emerging sectors such as automobiles, crypto, and gaming, underscore the industry's adaptability to evolving consumer preferences. Looking ahead, forecasts for the semiconductor industry hint at continued growth, fueled by increasing demand from emerging sectors such as automobile and industrial electronics. However, the potential surge in demand from artificial intelligence products underscores the unpredictable nature of technological evolution, highlighting the industry's resilience and capacity for innovation in the face of uncertainty. As we peer into the future, it's clear that the semiconductor industry will continue to play a pivotal role in driving technological innovation and shaping the global economy.

(References – Indian Express, The Guardian, The Washington Post)



GREENVISSAGE EXPLAINS

Greenvissage



Why are McDonald's and other chain outlets under scrutiny in India?

McDonald's, the global fast-food giant, known for its burgers and nuggets, is facing regulatory scrutiny in India as the Maharashtra Food and Drug Administration (FDA) has accused the chain of using substitutes in its food items instead of real cheese, sparking concerns about misleading labelling and potential health implications. This controversy has not only put McDonald's under the spotlight but has also raised questions about the practices of other major chain outlets operating in the country. The issue came to light when the Maharashtra FDA suspended the license of a McDonald's outlet in Ahmednagar after discovering the use of substitutes in burgers and nuggets instead of real cheese. Subsequent investigations revealed similar concerns about other outlets, prompting authorities to broaden their inspections to include other global fast-food brands. The heart of the matter lies in the authenticity of the ingredients used by these fast-food chains, particularly concerning cheese.

Cheese alternatives, also known as cheese analogues, are designed to mimic the taste, texture, and functionality of traditional dairy cheese. These substitutes often replace milk or dairy fat with more cost-effective vegetable oil. The Maharashtra FDA has accused McDonald's of using cheese analogues without proper disclosure on food labels or display boards, potentially misleading consumers about the authenticity of the ingredients. The Maharashtra FDA's inspection identified several items on McDonald's menu allegedly containing cheese analogues, including cheesy nuggets, burgers, and desserts. The discovery prompted the FDA to issue a show-cause notice to McDonald's, urging

the chain to address the concerns raised.

Meanwhile, Westlife Foodworld Limited, the parent company of McDonald's India has vehemently denied the allegations, stating that it uses only globally approved gold-standard suppliers and real cheese in its products, regulatory authorities remain vigilant. The company has also shared letters from their cheese supplier Dlecta Foods Private Limited mentioning that the cheese sauce used in frozen cheese nuggets was produced by them and was not analogue. Westlife has further clarified that it had informed the FDA in December 2023 about the removal of the term 'cheese' from several items on its menu. They had renamed Cheesy Nuggets as Veg Nuggets, McCheese Veg Burger as Cheddar Delight Veg Burger, and Blueberry Cheese Cake as Blueberry Cake, among others.

The controversy has broader implications beyond McDonald's as it has highlighted the need for stricter regulations and greater transparency in the food industry, particularly concerning labeling and ingredient disclosure. As investigations continue and regulatory authorities intensify their inspections, the case serves as a reminder for all food establishments, especially multinational chains, to prioritize transparency, authenticity, and adherence to regulatory guidelines. In an era of heightened consumer awareness and scrutiny, maintaining trust and integrity in the food supply chain is paramount for the industry's sustainability and credibility.

(References – Live Mint, Times of India, First Post)



What are Nutraceuticals and why are regulators concerned?

Nutraceuticals, encompassing a range of products from vitamins and minerals to herbal supplements, have witnessed a surge in popularity worldwide, driven by claims of better health, anti-ageing effects, disease prevention, and overall well-being. This trend has been further fueled by the COVID-19 pandemic, with a heightened interest in dietary supplements for boosting immunity. The Indian nutraceutical market is poised for significant growth, with estimates projecting a surge from USD 4-5 billion in 2022 to USD 18 billion by 2025. Major players include pharmaceutical companies like Sun Pharma, and Dr Reddy's Laboratories, and FMCG companies like Dabur, HUL, and P&G. These companies offer a wide range of products, including vitamins, dietary supplements, herbal supplements, and functional foods. Recent developments indicate a growing interest among pharmaceutical companies in expanding their presence in the nutraceutical sector. For instance, Dr Reddy's Laboratories established a wholly-owned subsidiary dedicated to nutraceuticals, vitamins, minerals, herbs, and supplements in September 2023. Additionally, acquisitions like JB Chemicals & Pharmaceuticals' purchase of the probiotic brand Sporolac for INR 628 crore in 2022 highlight the industry's dynamic landscape.

Despite their widespread consumption, there is limited evidence supporting the health benefits of nutraceuticals, especially in well-nourished adults. In India, reports of mislabeling and substandard quality have raised concerns about consumer safety. In the financial year 2022-23 alone, over 40,000 cases were filed against the sale of unsafe protein powders and dietary supplements failing food safety norms. According to the latest survey conducted by Local Circles, a significant surge has been witnessed in

nutraceutical consumption in India, with seven out of ten individuals confirming regular intake of various health supplements. Alarming, 69% of respondents admitted to using nutraceutical products without consulting a doctor or healthcare professional. The majority of consumers (68%) purchase nutraceutical products from local medical or general stores, indicating the accessibility and availability of these products in offline retail outlets. However, online platforms are also gaining popularity, with 25% of consumers opting to purchase nutraceuticals online. Despite the availability of nutraceutical products through various channels, only 31% of consumers rely solely on doctor-prescribed options. Approximately 78% of respondents expressed their desire for the government to cap the prices of essential nutraceuticals like Vitamin A and C, citing concerns about affordability and accessibility.

The Ministry of Health and Family Welfare in India is proposing to bring nutraceutical products under the supervision of the Central Drugs Standard Control Organisation (CDSCO). Currently, these products fall under the purview of the Food Safety and Standards Authority of India (FSSAI), which primarily regulates their quality but lacks control over their usage and marketing. The proposed move aims to enhance quality control by establishing a committee comprising key entities such as FSSAI, CDSCO, the Indian Council of Medical Research (ICMR), the Ministry of Ayush, and the Department of Pharmaceuticals. This initiative could potentially bring nutraceuticals under the purview of the National Pharmaceutical Pricing Authority (NPPA), making them more affordable for the general public.

(References – Local Circles, Money Control, Business Standard)



Will TRAI's new CNAP feature disrupt apps like Truecaller?

In a bid to address the growing menace of spam calls and unsolicited communications, the Telecom Regulatory Authority of India (TRAI) floated a consultation paper in November 2022, seeking feedback on the potential introduction of Calling Name Presentation (CNAP). This feature aims to provide called individuals with information about the calling party, similar to popular caller identification apps like Truecaller Bharat Caller ID and Anti-Spam. Existing technologies typically present the number of the calling entity on the potential receiver's handset. However, without information about the caller's identity, subscribers may choose not to answer calls, fearing they could be unsolicited commercial communications or spam calls. This could lead to even genuine calls being unanswered. Community research platforms like LocalCircles have corroborated these concerns, with surveys indicating that a significant proportion of respondents receive multiple spam calls daily, despite being registered on the Do-not-Call Directory (DND). TRAI has proposed four models for facilitating the CNAP mechanism. The first model which is the Operator-Based CNAP Database model requires each telecom service provider (TSP) to establish and operate a CNAP database of its subscribers. The second model involves Sharing the CNAP Database Between Operators whereby the operator of the calling entity shares its CNAP database with the receiver's operator. TRAI's third model involves a Centralized Third-Party Database that would operate a centralized CNAP database. Another option floated by TRAI includes Synchronized Databases whereby each TSP maintains a CNAP database while also retaining a copy of a synchronized central database operated by a third party, facilitating internal lookup by the receiver's operator.

The potential introduction of Calling Name Presentation (CNAP) by telecom regulatory authorities like TRAI could pose a significant challenge to existing third-party caller identification apps like Truecaller. CNAP would be integrated directly into the native phone features provided by telecom service providers. Unlike Truecaller, which requires users to download and install a separate app, CNAP would offer caller identification seamlessly without the need for additional software. Being an official feature provided by telecom operators, it may offer greater accuracy and reliability in caller identification compared to crowd-sourced databases like Truecaller. The subscriber information would also be more up-to-date and accurate caller details. With growing concerns about privacy and data security, users would also prefer CNAP over third-party apps like Truecaller, which collects and stores user data for caller identification purposes. From a cost perspective too, being a native feature provided by telecom operators, CNAP would be offered to subscribers at no additional cost or as part of their existing service plans. TRAI acknowledges potential challenges related to latency in setting up calls and the need for CNAP to be interoperable. While some models may lead to slight increases in call setup time, others could be quicker depending on the coordination required between operators. Additionally, concerns have been raised about the responsiveness of CNAP mechanisms across different network technologies, such as transitioning between faster wireless networks 4G or 5G and slower ones 2G or 3G. Experts have raised concerns about the balance between caller anonymity and caller identification, highlighting potential privacy implications.

(References – The Hindu, Money Control, Economic Times)



COMPLIANCE UPDATES

Greenvissage



Goods and services tax

■ **Edit Option for GST Invoices to be Eliminated** In a bid to enhance compliance and tackle the issue of fake invoicing in the Goods and Services Tax (GST) regime, the government plans to abolish the edit facility for both buyers and sellers to revise their output liability. Revenue Secretary Sanjay Malhotra revealed that this proposal, aimed at curbing misuse by unscrupulous entities, will be deliberated upon in the upcoming GST Council meeting. Currently, buyers and sellers can rectify errors even after tax credit is claimed, a loophole exploited by fraudulent entities. Removing the edit option post invoice submission will bolster the economic framework by thwarting fraudulent practices, reducing false Input Tax Credit claims, and minimizing commercial disputes. However, while this move promises advantages, it poses challenges such as reduced flexibility for rectifying genuine errors, increased administrative burden, and potential system integration issues. Small businesses may encounter compliance hurdles, and initial inaccuracies could escalate disputes. (Money Control)

■ **Enhanced E-Invoicing Initiatives** GSTN has announced the launch of a revamped e-invoice portal. The enhancement has introduced features such as PAN-Based Search, Automatic E-invoice Exemption List, Global Search Bar, Local Search Capabilities, Revamped Advisory and FAQ Section, Daily IRN Count Statistics, Dedicated Section on Mobile App, improved Accessibility Compliance and improved UI/UX. In the past year, over 1.6 crore e-invoices were reported through the new IRPs, showcasing system robustness. GSTN has also introduced an internal e-invoice comprehensive health dashboard for ecosystem monitoring. With the expansion of IRP Portals, accessibility to e-invoicing reporting, hourly auto-population of e-invoices in GSTR-1, e-invoice download for the past six months, and the e-invoice QR code verifier app, GSTN aims to streamline compliance for taxpayers nationwide. An enhanced version of the e-invoice verifier app with new features will be launched shortly. (vGSTN)

■ **DGGI Summons Foreign Airlines Over Alleged GST Evasion** The Directorate General of GST Intelligence (DGGI) has

initiated a crackdown on GST leakage by foreign airlines operating in India, summoning their Indian offices over alleged tax evasion related to import of services from their head offices abroad. DGGI alleges that while certain services such as passenger and cargo sales are conducted through Indian branch offices, other services like rental, aircraft maintenance, and crew salary are provided by the head offices abroad, subject to GST under the reverse charge mechanism, which the airlines have purportedly not paid. Among the airlines summoned are British Airways, Lufthansa, Singapore Airlines, Etihad Airways, and others. Investigations by DGGI Meerut and Mumbai zones have been ongoing since October 2023. (CNBC TV18)

■ **Government Allows GST Data Sharing for Faster Credit Access** The Indian government has authorized GST Network to share data on GST-registered businesses, with their consent, through the Reserve Bank's Public Tech Platform for Frictionless Credit, facilitating quicker loan processing based on shared Goods and Services Tax (GST)-related information. Developed by the Reserve Bank of India (RBI) subsidiary, Reserve Bank Innovation Hub, the platform aims to streamline the flow of essential data to lenders for credit disbursement purposes. The Central Board of Indirect Taxes and Customs (CBIC) notification confirms the designation of the Public Tech Platform for Frictionless Credit as the system for data sharing, endorsed by the Council. The move is expected to enhance credit efficiency by reducing processing time and costs. With authenticated monthly sales and purchase data directly accessible to lenders, GST filings are set to become pivotal for accessing credit and government-backed credit schemes in the future. (Business Standard)

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

Income tax

■ **CBDT Sets INR 1 Lakh Threshold for Withdrawal of Old Tax Demands** The Income Tax department has implemented a



scheme outlined in the 2024-25 Budget, setting a limit of INR 1 lakh per assessee for the withdrawal of small tax demands until Assessment Year 2015-16. This scheme, announced by Finance Minister Nirmala Sitharaman, entails the withdrawal of tax demands up to INR 25,000 for AY 2010-11 and up to INR 10,000 for AY 2011-12 to 2015-16. The Central Board of Direct Taxes (CBDT) has issued an order in line with this scheme, leading to the withdrawal of tax demands totalling about INR 3,500 crore. The ceiling of INR 1 lakh encompasses various components such as the principal tax demand, interest, penalty, or fee, including cess and surcharge. However, this remission does not apply to demands raised against tax deductors or collectors under TDS or TCS provisions. Taxpayers should verify the status of their demands online, but the waiver does not grant immunity from criminal legal proceedings or entitle them to any claims for credit or refunds. (Financial Express)

■ **IT Department Introduces Automated Reconciliation System** For those who missed the income tax return (ITR) deadline, the income-tax department is set to introduce a screen-based automated reconciliation system aimed at addressing mismatches between filed returns and departmental data. Initially covering financial years 2021-2022 and 2022-2023, the system will alert taxpayers via SMS and email without issuing notices, allowing them to reconcile discrepancies through their e-filing accounts. Leveraging technologies like artificial intelligence and machine learning, approximately 7,00,000 cases will be addressed initially, with a gradual expansion. Taxpayers failing to explain discrepancies can be rectified by filing updated ITRs, avoiding penalties under Section 139(8A) of the Income Tax Act. This initiative follows the successful implementation of the Annual Information Statement (AIS), contributing to increased ITR filings and collections, with 63.5 million taxpayers accessing AIS during the current financial year. Moreover, a pilot project identified 30,000 cases with serious mismatches, demonstrating the efficacy of this approach. The third cycle of e-verification, targeting about 300,000 cases, is set to commence in March. (Economic Times)

■ **Enhanced Reporting Requirements with ITR-2 and ITR-3** The Central Board of Direct Taxes (CBDT) has rolled out the

ITR-2 and ITR-3 forms for filing income tax returns for the fiscal year 2023-24, placing added reporting burdens on taxpayers earning over INR 50 lakh or possessing multiple properties. Taxpayers fitting these criteria must furnish additional details such as the Legal Entity Identifier (LEI), contributions to political parties with payment specifics, and particulars regarding deductions claimed for dependent care, including medical expenses. Additionally, taxpayers subject to tax audits can now verify their ITR using an Electronic Verification Code (EVC), expanding verification options beyond a Digital Signature Certificate (DSC). (Economic Times)

■ **No TDS on SIM Card Sales to Distributors** The Supreme Court delivered a verdict relieving telecom companies from the obligation to deduct Tax Deduction at Source (TDS) for selling prepaid SIM cards to their distributors at rates below market prices. This decision resolves conflicting judgments from the Calcutta High Court and Delhi High Court. Telecom giants Vodafone Idea and Bharti Airtel, along with the income tax department, had contested these rulings. The court's ruling clarifies that the sale of SIM card starter packs to distributors, followed by resale to retailers and customers, doesn't warrant a TDS deduction. While the income tax department argued for a principal-agent relationship between telcos and distributors, the telcos insisted on a principal-to-principal arrangement. Telcos asserted that the reduced price constituted a discount rather than a commission, hence exempting them from TDS deduction. Conversely, the revenue department contended that these transactions constituted commissions, mandating TDS payment. (Economic Times)

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

Customs and Foreign Trade

■ **EDI in North Eastern Land Customs Stations** Finance Minister, Nirmala Sitharaman, virtually inaugurated the Electronic Data Interchange (EDI) at Land Customs Stations (LCS) in the North East Region (NER). This EDI



implementation aims to streamline the movement of goods and customs clearances, fostering regional trade and economic growth. Sitharaman emphasized the importance of real-time data on goods movement and urged Customs to address export challenges while maintaining vigilance in sensitive border areas. The launch of EDI at remote LCSS, including those along the Indo-Bangladesh and Indo-Myanmar borders, marks a significant leap towards enhancing efficiency and ease of doing business in the region. Overcoming challenges of connectivity, CBIC deployed VSAT technology at locations lacking Optical Fibre or Mobile Networks, reflecting its commitment to leveraging technology for national progress (PIB India)

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

Corporate and allied laws

■ **Government to Review Related Party Clause** In light of recent governance concerns surrounding Zee Entertainment Enterprises, a senior government official revealed plans to reassess the related party clause of the Companies Act 2013, potentially strengthening its provisions. Citing the need for stricter measures, the official emphasized the prevalence of related party transactions in major investigations, particularly spotlighting Zee's recent scrutiny. Market regulator Securities and Exchange Board of India (SEBI) has summoned former Zee directors as part of an investigation into alleged fund diversion through related-party transactions, accusing promoters of unlawfully withdrawing INR 200 crore for personal benefit, including providing collateral for debt owed by affiliated companies. SEBI's widened probe encompasses transactions between ZEEL and promoter-owned private entities, with interim orders issued to safeguard investor interests amidst ongoing investigations. (Money Control)

■ **MCA Launches Centralised Processing for Corporate Filings** The Ministry of Corporate Affairs has initiated centralised processing for filings under the Companies Act and Limited Liability Partnership (LLP) Act, aiming for efficient and

faceless processing to enhance ease of doing business. The Ministry of Corporate Affairs announced the operationalisation of the Central Processing Centre (CPC), which has already received 4,910 forms for processing in a time-bound manner. Initially, 12 forms and applications under the Companies Law will be handled by the CPC, with plans to expand its scope from April 1 onwards. Anticipating an annual processing volume of approximately 2.50 lakh forms, the ministry highlighted the CPC's role in relieving jurisdictional Registrar of Companies (RoC) from administrative burdens, enabling them to focus on core functions like inquiries and inspections. This move aligns with the government's broader strategy to streamline regulatory processes, complementing existing initiatives like the Central Registration Centre and Centralised Processing for Accelerated Corporate Exit. (Financial Express)

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

Finance and Banking

■ **RBI Revamps BBPS Norms** The Reserve Bank of India (RBI) has revamped the Bharat Bill Payment System (BBPS) to facilitate greater participation and bolster customer protection, aligning with its June 2023 announcement. According to the new guidelines, commercial and cooperative banks, non-bank payment aggregators, and entities authorized as Bharat Bill Payment Operating Units (BBPOUs) can now participate in BBPS as operating units without the need for a separate authorization, requiring only an intimation to the RBI central office before commencing operations. BBPS serves as an integrated bill payment platform facilitating bill payment/collection through various payment modes. Managed by NPCI Bharat Bill Pay (NBBL) as a Central Unit (BBPCU) since its launch in 2014, transactions facilitated through BBPS mandate bill retrieval before payment initiation. The RBI's revised guidelines mandate NBBL to establish a dispute resolution framework for centralized end-to-end complaint management, ensuring compliance with RBI's guidelines on online dispute resolution for digital payments. All participating



customer operation units and biller operating units must integrate into the central system, facilitating customers and billers to raise and resolve disputes as per NBBL's dispute resolution framework, utilizing the BBPS reference number generated during transaction initiation. Moreover, customer operating units and biller operating units are obligated to address failed transactions within the prescribed timelines outlined in RBI's circular on Harmonisation of Turn Around Time and customer compensation for failed transactions using authorized payment systems. (Economic Times)

■ **97.62% of INR 2,000 Banknotes Returned** The Reserve Bank of India (RBI) announced that approximately 97.62% of the INR 2,000 banknotes have been returned to the banking system, leaving around INR 8,470 crore still in circulation with the public. Last year in May 2023, the RBI declared the withdrawal of INR 2,000 denomination banknotes from circulation. The total value of INR 2,000 banknotes in circulation, which stood at INR 3.56 lakh crore has dwindled to INR 8,470 crore. It's important to note that Rs 2,000 banknotes remain legal tender, and individuals can deposit or exchange them at any of the 19 RBI offices across the country. Additionally, the option to send INR 2,000 banknotes through India Post to any RBI Issue Office for credit to their bank accounts in India is also available. Initially, individuals and entities holding such notes were given until September 30, 2023, to exchange or deposit them, with an extension until October 7, 2023. Since October 8, 2023, individuals have had the option of either exchanging the currency or having the equivalent amount credited to their bank accounts at the 19 RBI offices. (Economic Times)

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

Accounting and management

■ **NFRA to Intensify Scrutiny for Non-Audit Services** The National Financial Reporting Authority (NFRA) is gearing up to scrutinize auditors, particularly the Big Four, for providing non-audit services to clients for whom they serve as statutory

auditors, raising concerns over potential conflicts of interest. While the move aims to ensure audit independence, it may spark contention due to perceived legal ambiguities and deviations from existing guidance notes by the Institute of Chartered Accountants of India (ICAI). Although Section 144 of the Companies Act 2013 delineates prohibited services, NFRA's authority to regulate beyond these confines could prompt further debate. Notably, audit firms generally refrain from offering non-audit services to listed entities under their audit purview but may engage in such activities with unlisted firms. However, NFRA's intervention may complicate matters, possibly leading to over-regulation, according to industry experts. These non-audit services, while lucrative, raise concerns over independence and potential conflicts of interest. (Financial Express)

■ **ICAI Proposes Reciprocal Rights for Foreign CAs in India** The Institute of Chartered Accountants of India (ICAI) has proposed granting practising rights to chartered accountants from the United Kingdom and Canada in India, subject to reciprocal arrangements allowing Indian chartered accountants to practice in these countries. ICAI President Ranjeet Kumar Agarwal revealed that this proposal, part of ongoing negotiations for Free Trade Agreements (FTAs) with the UK and Canada, aims to foster mutual benefits. This move marks a significant departure as it would be the first time foreign chartered accountants could practice in India. Once implemented, foreign chartered accountants would need to register with ICAI for regulation. Agarwal highlighted the potential advantages, noting the complementary skill sets and the demographic shift in the UK towards outsourcing work to India. Emphasizing the demand for Indian chartered accountants globally, Agarwal noted projections indicating a requirement for 30 lakh chartered accountants in the next 20-25 years. Currently, over 42,000 Indian chartered accountants work overseas, underscoring the profession's international relevance and demand for Indian expertise. (Money Control)

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Payroll and personal finance

■ **EPF Rejection Rates Surges** The rejection rates for EPF final settlements have escalated dramatically, soaring from approximately 13 per cent in 2017-18 to nearly 34 per cent in 2022-23, reflecting over one-third of claims being dismissed by the EPFO. Out of the 73.87 lakh claims received in the fiscal year 2022-23, a staggering 33.8 per cent were rejected, attributing the surge to the complete transition to an online system for processing claims, according to EPFO officials. Earlier reliance on employer-end verifications has shifted significantly to Aadhaar-linked online portals, contributing to discrepancies often as trivial as a single alphabet mismatch in member names or varied Aadhaar details. The rise in rejection rates has been extensively discussed in Central Board of Trustees meetings, where concerns over customer dissatisfaction were flagged, ranging from non-transfer of PF accumulations to delays in claim settlements. EPFO, with over 29 crore total subscribers, has emphasized its customer-centric approach and continuous efforts to enhance service delivery, amidst processing over 5 crore claims during 2022-23, amounting to claim payments exceeding INR 1.5 lakh crore (The Indian Express).

■ **General Insurance Council Introduces 'Cashless Everywhere'** The General Insurance Council has unveiled the 'Cashless Everywhere' facility, enabling policyholders to receive cashless treatment in any hospital across India. This initiative aims to alleviate the burden on policyholders who seek treatment outside the insurance company's network hospitals, simplifying the claims process. Currently, only 63% of customers avail of cashless treatment, while the rest opt for reimbursement claims due to treatment in non-network hospitals. Under the new initiative, policyholders must notify the insurance company 48 hours before admission for both emergency and elective procedures, adhering to the company's operating guidelines. The initiative aligns with the broader goal outlined by IRDAI during the Global Fintech Festival in September 2023, aiming to achieve 100% cashless settlement claims in health insurance at the earliest (Business Standard)

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BUSINESS NEWS

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Government

■ **Central Government Approves Fertilizer Subsidy for Kharif Season** The Indian government has greenlit a significant subsidy amounting to INR 24,420 crore for Phosphatic (P) and Potassic (K) fertilizers, specifically targeting the Kharif season of 2024-25 (April-September). Fertilizer companies will receive the subsidy at approved rates, facilitating the reduction of fertilizer costs for farmers. Subsidies on nitrogen (N), potassic (K), and sulphur (S) remain consistent for the upcoming Kharif season, providing stability in pricing for farmers. Three new fertilizer grades have been incorporated into the NBS scheme, granting farmers a broader selection based on their soil requirements and crop needs. The total allocation for fertilizer subsidies in the forthcoming fiscal year registers a decrease compared to the previous year, potentially attributed to the declining international fertilizer prices. (Money Control)

■ **Cabinet Approves Liberalized FDI Policy for Space Sector** The Union Cabinet of India has approved significant changes to the Foreign Direct Investment (FDI) policy for the space sector. The new policy allows for 100% FDI under the automatic route for specific activities, including the manufacturing of components and systems for satellites, ground, and user segments. Up to 74% FDI under the automatic route is allowed for satellite manufacturing and operation, satellite data products and ground and user segments. Up to 49% FDI under the automatic route is now permitted for launch vehicles and associated systems or subsystems, the creation of spaceports for launching and receiving spacecraft. This policy change aligns with the vision outlined in the Indian Space Policy 2023, aiming to promote private sector participation and boost the country's spacefaring ambitions. (Economic Times)

■ **Telangana to Invest in Biopharma** The Government of Telangana has announced plans to invest significantly in the life sciences sector. INR 2,000 crore investment will fund the next phase of Genome Valley, a major life sciences research and manufacturing hub. The state plans to develop ten new 'Pharma Villages' with an investment potential of INR 1 lakh crore, aiming to generate 5 lakh jobs. The government will soon release a policy specifically for the life sciences sector to attract

further investment. These initiatives aim to establish Telangana as a leading centre for life sciences research, development, and manufacturing in India. (Money Control)

■ **Tamil Nadu Embraces '7 Grand Tamil Dream' for State Development** The Tamil Nadu government unveiled its budget for the fiscal year 2024-25, anchoring its priorities around the '7 Grand Tamil Dream' initiative, emphasizing social justice, women's empowerment, and holistic state advancement. The fiscal deficit has been estimated at INR 1,08,690 crore in the Budget Estimates for 2024-25, which is 3.44 per cent of the GSDP, as against INR 92,075 crore in Budget Estimates for 2023-24. Substantial allocations have been earmarked for social welfare schemes, reinforcing the state's strides in poverty alleviation, as underscored by the NITI Aayog report. The 'Kalaigharin Kanavu Illam' scheme seeks to eradicate rural homelessness by constructing 8 lakh concrete houses by 2030, envisioning a hut-free Tamil Nadu. The budget includes provisions for bolstering civic amenities, notably roads, particularly in regions adjoining city corporations, amplifying the state's infrastructure framework. (Business Standard)

Economies

■ **India's Q3 GDP Surges, Exceeding Expectations** India's Gross Domestic Product (GDP) soared at an impressive rate of 8.4% in the third quarter, surpassing expectations and marking the highest quarterly growth in six quarters. Economists, who had forecasted a growth rate of 6.5%, were taken aback by this robust performance. The revised growth projection for the fiscal year 2023-24 now stands at 7.6%, up from the earlier estimate of 7.3%, indicating a promising trajectory for the Indian economy. The driving forces behind this remarkable growth were the manufacturing and construction sectors, which exhibited notable expansion, while the agriculture sector experienced a marginal contraction. Despite the overall positive outlook, some analysts caution that the surge in net indirect taxes might have artificially inflated the GDP figure, implying that the underlying economic activity might not be as vigorous as it appears on the surface. (Money Control)

■ **Nikkei Index Surges to Historic Highs** The Nikkei stock index, a pivotal gauge of Japan's market vitality, has surpassed a record untouched for over three decades. This breakthrough, marking the index's ascent beyond the 39,000 threshold for the first time, signifies a momentous milestone following years of sluggish growth after the 1989 asset bubble burst. Recent efforts by the Tokyo Stock Exchange (TSE) to enhance corporate governance have incentivized firms to prioritize shareholder returns. The depreciation of the Japanese yen against major currencies, including the US dollar, has bolstered profits for Japanese exporters, instilling confidence among investors. A resilient global economic landscape has fostered a positive sentiment towards equities worldwide, benefiting individual markets such as Japan. Japanese companies are exhibiting improved financial health, with record earnings in recent quarters, bolstering investor confidence and market optimism. Foreign investors, particularly drawn to technology firms, have significantly contributed to the surge in Japanese stocks, evident in substantial purchases recorded by the Tokyo Stock Exchange. Despite attaining record highs, analysts maintain that Japanese stocks are not currently overvalued, with the Tokyo market's price-to-earnings ratio standing at around 16, notably lower than counterparts like the S&P 500 and the Sensex. The Nikkei 225's remarkable return exceeding 28% in 2023 underscores the burgeoning optimism surrounding Japan's market trajectory. (Economic Times)

■ **US Inflation Edges Up in January, Rate Cut Remains Possible** In January, US prices experienced a slight uptick, yet the annual inflation rate marked its lowest increase in almost three years, keeping the possibility of a June interest rate cut from the Federal Reserve under consideration. Personal Consumption Expenditures (PCE) Price Index showed a 0.3% rise last month, according to the Commerce Department's Bureau of Economic Analysis. December data was revised downward, indicating a 0.1% increase instead of the previously reported 0.2%. Annual PCE Inflation stood at 2.4% in January, the smallest year-on-year increase since February 2021, following a 2.6% advance in December. Economists had anticipated a 0.3% monthly climb and a 2.4% year-on-year increase. Core PCE Price Index excluding food and energy

components, increased by 0.4% last month, after a downwardly revised 0.1% rise in December. Core inflation rose 2.8% year-on-year in January, the smallest advance since March 2021, down from 2.9% in December. The Federal Reserve tracks PCE price measures for its 2% inflation target. Despite the uptick in inflation, the Fed has remained cautious, with financial markets pushing back expectations for a rate cut from May to June. Analysts are cautious in their assessment, waiting for February data to determine if January's acceleration in inflation is a one-off occurrence or indicative of a more concerning trend for the Federal Reserve. (Nasdaq)

Corporates

■ **Reliance and Disney to Merge Streaming Services in India** Reliance Industries' Viacom18 and Walt Disney's Star India are poised for a merger, heralding a major consolidation in India's burgeoning video streaming industry. The amalgamation of Disney+Hotstar, a premier subscription service, with JioCinema, an ad-supported platform, will forge a formidable entity boasting a vast user base and an extensive content repertoire. With this merger, Reliance is positioned to gain a competitive edge in the cutthroat streaming market, potentially reshaping the landscape and affecting rivals such as Netflix and Amazon Prime Video. The merged entity will have a valuation of INR 70,352 crore (USD 8.5 billion). Reliance Industries will own a controlling stake in the entity and will invest INR 11,500 crore (USD 1.4 billion). Disney will maintain its presence in India but may recalibrate its approach to prioritize profitability. As video content consumption surges among India's internet users, the streaming sector emerges as the foremost internet usage category, accentuating the significance of this merger. (Money Control)

■ **Supreme Court Seeks Government Hospital Rates for Private Hospitals** Shares of major hospital chains including Max Healthcare, Fortis Healthcare, and Apollo Hospitals, fell after the Supreme Court warned the Indian government regarding potential price regulations for private hospitals. The

court is considering implementing Central Government Health Services (CGHS) rates, which are standardized treatment charges, across India. This move aims to address the significant disparity in treatment costs between private and government hospitals. The government has been directed to propose a plan for setting standard rates within a month, or the court may implement CGHS rates as an interim measure. A public interest litigation (PIL) filed by an NGO highlighted the vast difference in treatment costs between private and government hospitals. The Supreme Court expressed concern about the lack of regulation in private healthcare pricing. If implemented, standardized rates could significantly impact the profitability of private hospitals, potentially leading to lower revenue and changes in pricing strategies. This could also affect the quality of healthcare services offered by private hospitals. (Business Standard)

■ **Adani Group Seeks to Raise USD 400 Million Through Bonds** Adani Energy Solutions Ltd aims to raise USD 400 million through private placement of US dollar-denominated bonds. The bond offering is expected to occur within the next three months. This comes after the company successfully refinanced previous debt and its bonds recovered from losses. This attempt follows scrutiny faced by the Adani Group in 2023 due to allegations by Hindenburg Research, which the group has denied. The successful refinancing and bond recovery are seen as positive signs for Adani's ability to raise funds. Adani Energy Solutions is a power transmission company, formerly known as Adani Transmission. Adani Green Energy Limited and affiliated entities are also planning a separate USD 409 million bond offering. Overall, the Adani Group's attempt to raise USD 400 million through a bond offering suggests a renewed confidence in their ability to access funds after facing challenges in 2023. (Business Standard)

■ **NSE Indices to Undergo Significant Changes** The NSE Indices have witnessed notable alterations, notably in the Nifty 50, Nifty Next 50, and Nifty 500. Shriram Finance is set to replace UPL in the Nifty 50, with an estimated passive inflow of USD 271 million, while UPL faces outflows of USD 100 million. In the Nifty Next 50, Adani Power, IRFC, Jio Financial Services, PFC, and REC will join, while Adani Wilmar, Jio Financial

Services (moved to Nifty 50), Muthoot Finance, PI Industries, and P&G Hygiene & Health Care will exit. Passive inflows are projected at USD 89 million for Jio Financial Services and range from USD 23 million to USD 48 million for the others. The Nifty 500 has added 34 new companies including AstraZeneca Pharma and Indian Renewable Energy Development Agency. These adjustments are effective March 28, 2024, and are anticipated to influence passive fund flows. (Financial Express)

Startups

■ **Government Launches Bharat Startup Ecosystem Registry** The Indian government has launched the Bharat Startup Ecosystem Registry to create a comprehensive database of all stakeholders involved in the country's startup ecosystem. This platform aims to create a single source for details on various categories of startups, entrepreneurs, and other ecosystem players. The registry aims to allow easy access and discovery of various participants, fostering collaboration and growth. The platform will include diverse categories, from early-stage ventures to established companies, providing a holistic view. Each registered user will receive a unique ID and personalized dashboard to connect with relevant stakeholders and access resources (Business Standard)

■ **Zepto Launches Subscription Service for Unlimited Deliveries** Zepto, the quick commerce platform, has launched a subscription program offering unlimited free delivery on groceries, up to 20% discount on groceries at an introductory price of 19-39 per month for most users. The company expects increased customer spending of up to 30% and increased customer retention of 10% during the pilot period. Zepto is the second quick commerce platform after Swiggy Instamart to offer subscription plans. The company is aiming to gain market share through competitive pricing and wider offerings including food delivery. Zepto's revenue grew significantly (14x) in FY23 but losses had also widened (3x). The company plans to expand its product assortment and achieve near profitability in two quarters. (Business Standard)

■ **Razorpay Impresses with Growth Amid Stagnant Bottom**

Line Razorpay, a leading payment gateway and neo-banking platform, demonstrated remarkable growth in the last two fiscal years, soaring 2.7 times from INR 841 crore in FY21 to INR 2,279 crore in FY23. Despite this surge, the company's bottom line remained stagnant in FY23. Revenue from operations surged by 53.88% to INR 2,279 crore in FY23. Razorpay's revenue primarily stems from fees paid by merchants for transactions, totalling INR 2,293 crore in FY23, including INR 14 crore from non-operating income. Despite fierce competition from Cashfree and PayU, Razorpay, valued at approximately USD 7 billion, is poised for expansion following the acquisition of the final payment aggregator license in December 2023, enabling the onboarding of new customers. Moreover, with an annualized total payment volume (TPV) of USD 150 billion, the company anticipates further growth through strategic innovations and regional expansion in Southeast Asia. Razorpay is also in the process of relocating its domicile to India, with plans for an IPO in the next couple of years. (Entrackr)

■ **SoftBank Reduces Stake in Paytm Amidst Regulatory**

Concerns SoftBank has significantly divested its stake in Paytm, reducing its holding from 13.24% to 2.83% over 10 months, marking the fifth instance of share disposal in the ongoing fiscal year. The board at Paytm approved the disposal of equity shares, breaching SEBI's takeover regulations. This divestment saw SoftBank's shareholding contract from 5.01% to 2.83%, totalling INR 580 crore. With a cumulative disposal of INR 4,380 crore in the current fiscal year, SoftBank has been shedding stakes in companies that previously filed IPOs. Notably, Paytm faces regulatory concerns following business restrictions imposed by the Reserve Bank of India earlier this year, impacting various business verticals related to the payments bank. Amidst these challenges, Vijay Shekhar Sharma stepped down from his position as part-time non-executive chairman, leading to a reconstitution of Paytm's board of directors. One97 disclosed plans for the appointment of a new chairman for Paytm Payments Bank, reflecting ongoing efforts to navigate regulatory hurdles. (Entrackr)

■ **Odisha's Vision for Startup Success**

Odisha is setting ambitious goals to position itself among India's top three startup destinations by nurturing 5,000 startups by 2025 through its initiative, Startup Odisha. The government agency facilitates strategic partnerships, offers a supportive ecosystem, and fosters investment opportunities. With a new startup policy in the works, Odisha aims to align with global best practices, emphasize ESG factors, and promote women's entrepreneurship. The state is establishing a network of incubators and implementing initiatives like Startup Yatra and Startup Xpress to guide aspiring entrepreneurs. Despite challenges such as the lack of existing industry and talent compared to established hubs, Odisha is leveraging its strengths in sectors like agriculture, sports, and fisheries to attract startups, signalling its commitment to becoming a leading destination for innovation and entrepreneurship in India. (Your Story)

Conglomerates

■ **Apple's Focus on Generative AI**

At Apple's annual shareholder meeting, CEO Tim Cook emphasized the company's heavy investment in generative AI, aiming to enhance user experiences and productivity. Cook stated that artificial intelligence would unlock transformative opportunities for users, highlighting Apple's commitment to breaking new ground with GenAI this year. He assured investors of Apple's long-standing dedication to AI, contrasting its methodical approach with competitors. Cook's announcement follows recent confirmation of generative AI features to be rolled out for consumers by year-end, addressing concerns about Apple's purported lag behind rivals in AI research. Amidst speculation about AI integration into upcoming iOS, iPadOS, and macOS versions, Cook's reassurance coincides with reports of the company reallocating resources from its electric car project to AI initiatives, underscoring Apple's strategic focus on GenAI and virtual reality for future growth. (New York Times)



ECONOMIC INDICATORS

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ECONOMIC INDICATORS

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Dec-23	8.40	8.10
Inflation (%)	Jan-24	5.10	5.69
Unemployment (%)	Jan-24	6.78	8.65
Trade Balance (\$m)	Jan-24	(17.50)	(19.80)
Business confidence	Dec-23	135.00	132.00
Manufacturing PMI	Feb-24	56.70	56.40
Services PMI	Feb-24	62.00	61.80

Global Indices

Index	Country	%
BOVESPA	Brazil	1.51
BSE SENSEX	India	1.91
CAC 40	France	3.54
DAX	Germany	4.37
DOW JONES	USA	1.53
FSTE 100	UK	0.01
HANG SENG	Hong Kong	5.15
INDIA VIX	India	(3.29)
KOSPI	South Korea	5.74
MOEX	Russia	1.51
NASDAQ	USA	3.64
NIFTY 50	India	2.14
NIFTY BANK	India	1.66
NIKKEI 225	Japan	8.66
S&P 500	USA	3.46
S&P ASX 200	Australia	1.36
SHANGHAI COM	China	6.52

Commodities Future

Commodity	Expiry	Price	%
Gold	Apr-24	62,643.00	0.46
Silver	May-24	71,376.00	1.11
Crude Oil	Mar-24	6,535.00	7.82
Natural Gas	Mar-24	155.10	(10.71)
Aluminum	Mar-24	199.85	(0.05)
Copper	Mar-24	728.35	1.66
Cotton	Mar-24	61,800.00	7.11

Currency Exchange Rates

Pair	Current	Prior	%
INR/1 USD	82.92	83.03	0.13
INR/1 GBP	105.03	104.73	(0.29)
INR/1 EUR	89.86	89.52	(0.38)
INR/100 YEN	55.36	55.98	1.11

Cryptocurrencies

Pair	Crypto	Price	%
BTC/USD	Bitcoin	63,392.00	48.51
ETH/USD	Ethereum	3,494.00	51.32
USDT/USD	Tether	1.00	0.01
BNB/USD	Binance	409.30	35.75

Small Savings Schemes

Scheme	Current	Prior	%
SSCS	8.20	8.20	-
SSA	8.20	8.00	0.20
NSC	7.70	7.70	-
PPF	7.10	7.10	-
KVP	7.50	7.50	-



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