INDUSTRY Insights

DECEMBER 2023

MEMBERS IN INDUSTRY COMMITTEE

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

तमसो मा ज्योतिर्गमय

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Behind every successful business decision, there is always a CMA

Vision Statement

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

Mission Statement

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

Institute Motto

असतोमा सद्गमय	From ignorance, lead me to truth
तमसोमा ज्योतिर् गमय	From darkness, lead me to light
मृत्योर्मामृतं गमय	From death, lead me to immortality
ॐ शान्ति शान्ति शान्तिः	Peace, Peace, Peace

About the Institute

The Institute of Cost Accountants of India is a statutory body set up under an Act of Parliament in the year 1959. The Institute as a part of its obligation, regulates the profession of Cost and Management Accountancy, enrols students for its courses, provides coaching facilities to the students, organises professional development programmes for the members and undertakes research programmes in the field of Cost and Management Accountancy. The Institute pursues the vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. In today's world, the profession of conventional accounting and auditing has taken a back seat and cost and management accountants are increasingly contributing toward the management of scarce resources and apply strategic decisions. This has opened up further scope and tremendous opportunities for cost accountants in India and abroad.

After an amendment passed by Parliament of India, the Institute is now renamed as "The Institute of Cost Accountants of India" from "The Institute of Cost and Works Accountants of India". This step is aimed towards synergising with the global management accounting bodies, sharing the best practices which will be useful to large number of trans-national Indian companies operating from India and abroad to remain competitive. With the current emphasis on management of resources, the specialized knowledge of evaluating operating efficiency and strategic management the professionals are known as "Cost and Management Accountants (CMAs)". The Institute is the largest Cost & Management Accounting body in the world, having approximately 5,00,000 students and 1,00,000 members all over the globe. The Institution headquartered at Kolkata operates through four regional councils at Kolkata, Delhi, Mumbai and Chennai and 116 Chapters situated at important cities in the country as well as 11 Overseas Centres. It is under the administrative control of Ministry of Corporate Affairs, Government of India.

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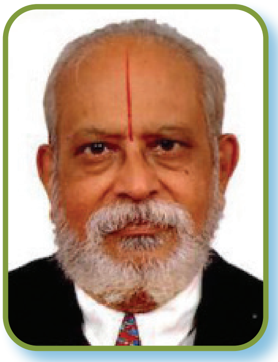

CMA TCA Srinivasa Prasad
Chairman
Members in Industry Committee
The Institute of Cost Accountants of India

MESSAGE

Dear Esteemed Members,

Hope this message finds you all in good health and high spirits. As we are in the beginning of yet another, of what promises to be a remarkable year, it is my privilege on behalf of the Members in Industry Committee to extend my warmest greetings to each one of you.

In dedicating the December 2023 issue of 'Industry Insights' to the Agriculture Industry, we recognize the pivotal role that agriculture plays in shaping the economic landscape and ensuring the well-being of communities around the world. The sector's significance has grown by leaps and bounds in recent times as we keep meandering through the myriad of challenges such as climate change, evolving consumer demands and the need for sustainable practices.

On National Farmer's Day, December 23, we honour and appreciate the dedication of farmers whose hard work sustains communities and nourishes the world.

We encourage each one of you to actively engage with the content of this edition, share your thoughts and contribute proactively to the ongoing discourse within our community. I am sanguine, together, we can foster a collaborative environment that propels the agriculture industry towards greater resilience, sustainability and prosperity.

We extend our heartfelt gratitude to the editorial team for their tireless efforts in curating yet another insightful issue. Your commitment to excellence is truly commendable.

Wishing you all a joyful festive season and a prosperous New Year. May our collective efforts continue to elevate the industry and lead to a positive transformation in the times to come.

Best Regards,

CMA TCA Srinivasa Prasad

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Agriculture Cost Management: Nurturing Financial Viability in Farming

Agriculture heavily depends on natural resources such as land and water. Land is typically inherited, acquired, or leased, while water is sourced through irrigation systems, often supported by government initiatives. The agro-climatic conditions of a region play a significant role in shaping agricultural practices. The integration of Agricultural Costing and Management Accounting techniques can provide substantial benefits to agriculture and agri-businesses.

As markets become more competitive and resources scarcer, the emphasis on utilizing costing and management accounting techniques for decision-making, planning, and monitoring/control becomes crucial for effective overall management. Despite this, the current application and utilization of these techniques in agriculture seem limited, particularly in recognizing farmers as 'agripreneurs' engaged in a 'for-profit' economic activity.

Agriculture is the backbone of our civilization, providing food and resources for billions of people. However, it is also a complex and challenging business, with farmers facing a variety of risks and uncertainties. One of the most critical challenges is managing costs effectively. In today's volatile market, even small fluctuations in input prices or yields can significantly impact a farm's profitability.

What is Agriculture Cost Management?

Agriculture cost management is the process of planning, monitoring, and controlling the costs associated with agricultural production. It involves a variety of strategies and techniques aimed at:

- Reducing Input Costs: This includes finding ways to use less fertilizer, water, and other inputs, or negotiating better prices with suppliers.
- Improving Efficiency: This involves optimizing production processes to get the most out of every resource.
- Minimizing Waste: This includes reducing losses during harvesting, storage, and transportation.
- Diversifying Income: This involves finding new ways to generate revenue, such as through value-added products or agritourism.

Cost Management: Why is it Significant for Agricultural Operation?

Effective cost management is essential for the success of any agricultural operation. It can lead to:

- Increased Profitability: By reducing costs and improving efficiency, farmers can increase their profit margins.
- Improved Resilience: Farms that are well-managed are better able to withstand economic shocks and market fluctuations.
- Enhanced Sustainability: By using resources more efficiently, farmers can reduce their environmental impact.

Overcoming Obstacles to Agriculture: Strategies for Farmer for Effective Cost Management

Agriculture cost management is an essential skill for any farmer who wants to be successful in the long term. By implementing effective cost-management strategies, farmers can improve their profitability, resilience, and sustainability. In today's challenging agricultural landscape, cost management is more important than ever. By adopting innovative and sustainable practices, farmers can ensure a brighter future for themselves and their families.

The Task Force on Agri Cost Management envisions self-sustainable villages through the lens of Agri Costnomics. With a mission to cultivate Agri Entrepreneurship, the focus lies on education, empowerment, and enhancement of farmers, in collaboration with Statutory and Public Institutions. The action points for 2022-23 include circulating a Research Monograph, launching a 'Diploma in Agri Cost Management' with IGNOU, collaborating with FPOs and NABARD, refining cost ascertainment mechanisms, establishing Micro Agri Enterprises, fostering bonds with Agri Universities, advocating Happy Villages, and publishing an Agri Bulletin. The core theme for 'The Management Accountant' in June 2022 is 'Revolutionizing Agriculture for Enhancing Food Security.' Help Desks on Agri Cost Management will be set up in four chapters across the country, and May 22 will be celebrated as Agriculture Month. Additionally, three Regional Conventions/Webinars on Agri Cost Management, organized by the Institute of Cost Accountants of India, aim to further this transformative agenda.

There are a number of strategies that farmers can use to improve their cost management. Some of the most effective include:

- Budgeting and Forecasting: Creating a budget and regularly forecasting costs can help farmers identify areas where they can save money.
- Record Keeping: Keeping detailed records of income and expenses is essential for tracking progress and making informed decisions.
- Precision Agriculture: Using technology such as GPS and sensors to collect data on soil conditions, crop health, and other factors can help farmers make more precise decisions about input use and other practices.
- Contract Farming: Entering into contracts with buyers can help farmers secure a guaranteed price for their crops and reduce the risk of market fluctuations.
- Cooperative Buying and Selling: Working with other farmers to buy inputs and sell products in bulk can help farmers negotiate better prices.
- Investing in Technology: Investing in new technologies, such as automated irrigation systems or precision planting equipment, can save time and money in the long run.

Agricultural Cost Management in India: Role of Cost Accountant

India's economy still revolves mostly around agriculture, which is also the foundation of the nation's socioeconomic growth. About two thirds of the population are dependent on it, and it contributes approximately 19 percent of the GDP. In this regard, Indian government also took several initiatives. Several focal areas have been the focus of Indian government initiatives such as Pradhan Mantri Fasal Bima Yojana, Pradhan Mantri Krishi Sinchai, Kisan Credit Card, Pradhan Mantri Annadata Aay SanraksHan Abhiyan, PM KISAN Scheme etc. aimed at increasing farmer income. The Pradhan Mantri Fasal Bima Yojana ensures crop insurance, the Pradhan Mantri Krishi Sinchai Yojana ensures irrigation facilities, and the PM KISAN Scheme offers farmers income support. The Kisan Credit Card and other channels offer access to institutional finance. In addition to maintaining a strong procurement system, the overarching Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA) programme guarantees farmers the Minimum Support Price (MSP) for a variety of Kharif and Rabi crops. Furthermore, the government announced it will turn over 3.25 lakh fertiliser stores into Pradhan Mantri Kisan Samruddhi Kendras across the nation. These will be locations where farmers can purchase seeds and fertilisers, as well as conduct soil tests and obtain helpful knowledge regarding agricultural methods.

Consequently, agricultural household's income went up. The estimated average monthly income of an agricultural household grew from Rs. 6426 in 2012–13 to Rs. 10,218 in 2018–19, according to the National Sample Survey.

In the context of the "Augmentation of Farmers' Income," the anticipated contribution from the Institute of Cost Accountants of India (ICAI) is envisioned to be substantial. Leveraging its expertise in cost accounting and management, the ICAI can play a vital role in devising strategies and solutions aimed at enhancing farmers' income. The ICAI, with its proven track record in economic contributions through activities such as statutory cost audits and analytical reporting, is well-positioned to provide valuable insights and recommendations. By utilizing cost-effective approaches and management techniques, the institute can assist in optimizing resource utilization, improving agricultural efficiency, and identifying avenues for increased profitability in farming operations (Concept Note On "Augmenting The Farmers' Income: Road Map for CMAs", February, 2021).

In the dynamic landscape of agriculture, the Role of a Cost Accountant holds significant importance, contributing to the financial stability and strategic decision-making processes within agricultural enterprises. Understanding the intricacies of cost accounting in this sector is crucial for optimizing resources, enhancing efficiency, and ultimately ensuring sustainable growth.

The image of a cost accountant might conjure up visions of spreadsheets and corporate offices, but their expertise extends far beyond the boardroom. Studies show they can boost farm profitability by up to 20% (International Farm Business Management Information Network, 2022). In the vital field of agriculture, cost accountants play a crucial, yet often unrecognized, role in ensuring the success and sustainability of farms and agribusinesses.

In the competitive realm of agriculture, where profit margins can be slim, the precision of cost accounting becomes paramount. Accurate cost assessments empower farmers and agricultural businesses to make informed decisions, from choosing optimal crop varieties to implementing efficient cultivation practices. The significance of this role is reflected in various key aspects, including:

1. Beyond Bookkeeping: Strategic Decision Making

While traditional accounting focuses on recording financial transactions, cost accountants delve deeper, providing insights into the true cost of production. They track expenses for individual crops, livestock, or farm activities, allowing farmers to understand where their money is going and identify areas for improvement. This granular level of detail empowers farmers to:

- Optimize Resource Allocation: By analysing costs associated with land, labour, fertilizer, and equipment, farmers can make informed decisions about resource allocation, maximizing productivity and minimizing waste.
- Improve Pricing Strategies: Understanding the full cost of production enables farmers to set competitive and profitable prices for their crops. The goal of Agricultural Costing is to enhance access to valuable produce by creating a balance between the interests of buyers and sellers. This is achieved through the development of frameworks for 'pricing' models that consider market dynamics, ensuring fair and transparent transactions.
- Benchmark Performance: Cost comparisons against industry averages and past performance metrics help farmers assess their efficiency and identify areas for improvement.
- Make Informed Investment Decisions: Before investing in new technologies or expanding operations, cost accountants can provide crucial cost-benefit analyses, ensuring farmers make financially sound decisions.
- Export Pricing: CMAs play a significant role in shaping Export Pricing Policy Mechanisms. Additionally, CMAs can contribute by advising agro-entrepreneurs in determining prices for both primary products and their derived value-added products, ensuring a strategic approach to pricing in the competitive export landscape.

2. Navigating the Uniqueness of Agriculture

Unlike other industries, agriculture faces unique challenges like weather fluctuations, seasonal variations, and volatile commodity prices. Cost accountants possess the skills and knowledge to navigate these complexities by:

- Accounting for Seasonality: Costs associated with planting, harvesting, and storage are spread throughout the year. Cost accountants develop methods to accurately allocate these costs throughout the production cycle, providing a clearer picture of profitability.
- Mitigating Risk: Cost-benefit analyses of insurance options and risk management strategies help farmers make informed decisions to protect their investments from unpredictable events.
- Embracing Innovation: As the agricultural landscape evolves with new technologies and practices, cost accountants help farmers assess their financial implications and make data-driven decisions about adoption.

3. Beyond Profitability: Sustainability Champion

In today's world, the role of the cost accountant extends beyond mere profit maximization. They are increasingly called upon to integrate sustainability considerations into their analyses. This means:

- Tracking Environmental Costs: The true cost of production should include the environmental impact of farming practices, such as water usage, greenhouse gas emissions, and soil degradation. Cost accountants can quantify these costs and help farmers adopt sustainable practices.
- Promoting Ethical Sourcing: By analysing the social costs associated with labour practices and supply chains, cost accountants can help agribusinesses ensure ethical sourcing and responsible production.
- Capacity Building: Cost Accountants can lead Capacity Building programs for farmers and Self-Help Group (SHG) members, enhancing the skills of primary producers for improved food security, increased household incomes, and strengthened collective bargaining power. Additionally, training local women in best agricultural practices contributes to enhanced productivity. The Institute can leverage its expertise to train SHG members in the Community Audit concept, promoting financial inclusion and transparency. Developing unique Community Auditor Training Modules further enhances the Institute's commitment to empowering agricultural communities.

The Future of Agriculture: Data-Driven Decisions

As the agricultural industry becomes increasingly data-driven, the role of the cost accountant will continue to evolve. They will be at the forefront of developing and implementing systems to collect, analyse, and interpret vast amounts of data on everything from soil health to market trends. This data will be used to:

- Optimize Production Processes: Real-time data analysis can help farmers adjust irrigation, fertilization, and pest control practices in real-time, maximizing yield and resource efficiency.
- Predict Market Fluctuations: Analyzing historical data and market trends can help farmers make informed decisions about planting choices and selling strategies, reducing the impact of price volatility.
- Personalize Farm Management: Data-driven insights can be used to tailor farm management practices to specific field conditions and crop varieties, leading to increased profitability and sustainability.

Agricultural cost management is a critical aspect of modern farming, continually evolving with technological advancements and changing economic landscapes. Farmers employ various strategies to optimize production expenses, including efficient resource allocation, precision farming techniques, and the adoption of innovative technologies. Monitoring input costs such as seeds, fertilizers, and machinery, while simultaneously exploring sustainable practices, enables farmers to enhance productivity and profitability. Government subsidies, when available, can also play a pivotal role in mitigating costs. Diversifying income sources and staying informed about market trends are integral components of a comprehensive agri cost management approach. In this dynamic field, staying adaptable and embracing advancements in agricultural practices contribute to the overall sustainability and success of farming operations.

While the image of the cost accountant may not readily come to mind when we think of agriculture, their role is invaluable. They are the unseen heroes behind the harvest, providing the data-driven insights and strategic guidance that helps farms thrive in the face of complex challenges. As the agricultural sector continues to evolve, the expertise of cost accountants will be more crucial than ever in ensuring its profitability, sustainability, and resilience.

(Source: https://pib.gov.in/FeaturesDeatils.aspx?NoteId=151185&ModuleId%20=%202)

CMAs IN THE LEADERSHIP

CMA Bikash Prasad
President and CFO
Olam Agri, Singapore

Profile

Bikash joined Olam Group in 2006, and currently holds the position of President and CFO for Olam Agri. His prior roles included the Global Head of Corporate Finance for the Olam Group and the CFO for the Olam Group Africa business. Bikash has played a pivotal role in driving finance transformation, corporate restructuring, and carve-outs for the group, raising capital through a rights issue and private placement of Olam Agri with the sale of a minority stake (35.4%) to SALIC, IPO readiness, strategic planning, group reporting, handling board and board committees and various other strategic initiatives.

Bikash is a qualified accountant from the Institute of Cost Accountants in India. He is an international speaker and actively participates at global industry and finance forums. He is passionate about academics and speaks at various B-Schools, IFAC PAIB and CA and CMA chapters globally. He was awarded "CFO of the Year" in 2016 by the CFO South Africa forum and Commercial Leader of the Year 2023 by Tigerhall, Singapore. He also has an observer seat at the PAIB of IFAC.

Olam Agri is a market-leading differentiated food, feed, and fibre agribusiness with a global origination footprint; 38 MMT of volume, US$ 28 Bn revenue, and US$ 622 MM EBIT (FY 22). The Olam Agri group has an industry leading EBIT CAGR of c.31% from 2020 to 2022 and the highest returns amongst its peer group on Return of Equity and EBIT / Invested Capital.

1. Leadership and Strategy:

How do you envision the future growth and strategic direction of Olam Agri in the coming years?

1. Our vision is to become the world's most differentiated, and a leading global food and agri-business and food security company.

2. To achieve this vision, we make targeted and selective investments in areas where we have strategic and competitive advantages and can harness our operating capabilities to achieve higher growth rates and higher returns compared to industry peers. By doing so, we improve our operational strengths and achieve a competitive differentiation.

3. Specifically, we adopt an asset-light operating model in our origination and merchandising business, which has proven to capture concurrent high throughput rates and high return on invested capital rates compared to the industry.

4. Additionally, we focus on emerging markets, such as Africa and Asia which have a long runway for growth, and which enable us to leverage significant growth opportunities and earn attractive returns on our investments.

As the President and CFO, what leadership principles do you believe are crucial for success in the agribusiness industry?

1. As a leader, I would embrace and inspire our people with Olam Agri's values and culture – Entrepreneurial, Sustainable, Agile, Collaborative and Resourceful. These values reflect our principles and purpose as a company that aims to forge a bold, new chapter of growth, while differentiating ourselves from our competitors, to achieve our goal to meet the changing needs shaping the global food and agricultural landscape.

2. Further, championing an integrated mindset is the foundation for succeeding as a CFO. It is a critical success factor in delivering a comprehensive multi-capital approach to planning, decision-making, measurement and reporting, and involves breaking down siloes and enabling organisational interconnectivity.

3. The CFO and the finance function transformation are founded on infusing value ownership into the organisational culture, adopting multi-capital accounting and reporting, business partnering, embedding sustainability and integrated reporting.

4. Continued disruption and uncertainty in the business environment require a directional change of the CFO role to further elevate the value contribution of the finance function to help build the factory, farm and supply chain of the future.

2. Financial Management:

How do you approach financial risk management in Olam Agri, especially in the context of the global agricultural market fluctuations?

1. Financial risk management is part of our overall enterprise-wide risk management framework that covers 52 risk events across 11 categories, encompassing trading, operational, currency, agricultural, political, and sovereign, reputational,

regulatory and compliance, capital structure and financing, natural perils, strategic risks, and others (including IT and cybersecurity).

2. On global agricultural market fluctuations, these are part and parcel of our trading, operational and currency risks which we monitor, measure and report daily to Management and quarterly to our Audit Board Committee.

⅄ Can you share insights into the financial performance of Olam Agri and key financial strategies in the current market scenario?

1. For the first half of 2023 (H1 2023), Olam Agri achieved strong performance on a normalised basis against the previous first half of 2022 which had an exceptionally strong performance.

2. We demonstrated resilient performance in H1 2023, with exceptional performance and growth in the Food & Feed - Processing & Value-added segment on the back of resilient consumer demand and successful adjustment of prices to accommodate increased production and raw material costs.

3. Our key financial strategy has been to budget for higher interest costs and optimise cost structures overall. We are not immune to near-term impact from rapid benchmark interest rate hikes affecting companies globally. Some of the higher interest costs will be recovered through an increase in selling prices to the market.

4. Historically, our revenue has grown from US$16.2 billion in 2020 to US$26.9 billion in 2022 at a CAGR of 28.9% while our EBIT grew from US$363 million in 2020 to US$622 million in 2022 at a CAGR of 30.9%. Our operating margins and Pre-tax ROIC significantly improved during these period.

3. Sustainability and Corporate Social Responsibility (CSR):

⅄ How does Olam Agri integrate sustainability and CSR initiatives into its business operations? What role do you see Olam Agri playing in promoting sustainable practices within the agriculture sector?

1. We have a clear purpose – to transform food, feed and fibre for a more sustainable future, by being a trusted partner that unlocks value for customers, enables farming communities to prosper sustainably, and strives for a food-secure future for all – and one of our corporate values is to be sustainable. As a global agri-business, we play a key role in promoting sustainability in our business and in our sector.

2. The agriculture sector currently faces three significant challenges: Supporting population growth; producing more effectively and farming more responsibly. We have put in place sustainability practices to achieve our sustainability commitments while enhancing our growth and capitalising on opportunities, in line with our purpose of 'transforming food, feed, fibre for a more sustainable future', supported by our strong corporate governance.

3. We have implemented sustainability initiatives across our value chain and different stakeholders covering the five areas set out below, to achieve the UN Sustainable Development Goals by 2030: In sourcing landscapes; in farms and communities; in processing facilities; for our people and for customers and consumers.

4. In line with our sustainability objectives, we have set four business outcomes:

a. Future-proofing our supply base – in Nigeria, Seeds for the Future supports self-sufficiency in food products across our value chains in the country by supporting farmer's production, enabling education, empowering women in farming communities, and promoting health and nutrition across the country. For example, drought- and heat-resistant wheat varieties are being tested. This project aims to cover 10,000 smallholder farmers across 100,000 hectares of land and increase annual crop yields by 50% by 2030. In Nigeria, between 2020 to 2021, we piloted the Post-harvest Loss programme which utilises mechanised harvesters and threshers to help rice farmers cut crop losses by 46%, increase paddy yields by 14%, earn nearly U.S.$200 more per hectare and emit 14% less GHG in 2021 compared with 2020. We intend to scale up the pilot programme to our

32,000 smallholder rice farmers in Nigeria by 2025 through partnerships with Heifer International, farmer cooperatives and Hello Tractor. To address hotspots for losses among wheat farmers in Nigeria, we will test modified harvesting tools, and implement new methods of moisture testing and innovative storage solutions in the next crop growing season. In Côte d'Ivoire, we support 20,000 cotton farmers through training on good agricultural practices ("GAP") and soil regeneration techniques like cover cropping and composting. Certain farmers also receive improved inputs like delinted seeds, which are more resilient to land degradation and climate change. With delinted seeds, for example, farmers can increase plant density so as to improve yields and revenue. In 2022, farmers using delinted seeds yielded on average 15% more than those using non-delinted seeds.

b. Enhancing our product offerings – we are enabling farmers to access new markets by supporting them to acquire new certifications, and we are innovating fortified products that are aligned with consumers' demands and local micronutrient needs. We are also developing fortified products to address consumer demands. In 2021, we produced approximately 73 billion servings of fortified rice, flour and oil;

c. Reducing our emissions – we are adopting climate-smart practices on-and-off farms to reduce our climate impact and enhance productivity, by providing training to rice farmers in Thailand. In Thailand, our training and support for climate-smart agricultural practices has helped approximately 16,000 rice farmers to reduce their greenhouse gas emissions by 19% and increase their gross margins from rice by over 20% (at baseline reference price). We have also undertaken off-farm initiatives, such as cookstoves, afforestation and waste-to-utilisation to reduce our climate impact and energy use; and

d. Sourcing responsibly – to enhance transparency in our supply chain, we leverage digital toolkits, including Olam Farmer Information System (OFIS), Olam Direct, AtSource, Spyder 2.0, and Terrascope. In 2022, we supported nearly 400,000 smallholder farmers through our livelihood programmes. Under the 'Pay-at-harvest' crop insurance initiative, we partnered with Heifer International and Pula to provide farmers in Nigeria with an innovative crop insurance product based on Area Yield Index. In 2022, its pilot year, approximately 3,110 rice farmers received 113 million Naira (amounting to average of U.S.$83 per farmer) in insurance pay-outs to protect their livelihoods against yield losses from dry spells, floods, pests and plant diseases. In Côte d'Ivoire, from 2018 to 2022, we mobilised and trained 6,000 community members primarily women, to form 178 Village Savings and Lending Associations (VSLA).

4. Technology and Innovation:

➤ In what ways is Olam Agri leveraging technology and innovation to enhance its agricultural processes and supply chain efficiency? How does the company stay ahead in adopting new technologies to remain competitive in the agribusiness sector?

1. Leveraging technology in agricultural practices:

a. We invest in digital capability and technology to improve cotton yield of integrated ginning in Africa.

b. We extensively use geospatial technology that gives us detailed insights into our vast supply zones and allows us to identify high risk zones so as to obtain accurate data about the land use change, which is critical in developing effective action plans.

2. Leveraging technology in supply chain efficiency and operations:

a. Telematics are enabled in our wheat milling business in Africa. For example, in Nigeria where we have our own transportation fleet, our logistics platform is equipped with GPS-enabled technology, which provides real time location and delivery time information, benefitting both us as manufacturer as well as our customers.

b. The bulk of our IT capital expenditure has been incurred on technology solutions such as SAP, while the remaining expenditure was on custom-built solutions such as commodity trading and risk management and digital systems, and we focus on scaling our digital systems, and developing our information collection and analytics systems.

3. We focus on brands, innovation in our offerings and value-added products, such as fortified rice with health, wellness and immunity benefits. Product innovation is also an important component in improving our wheat milling operations. Developing new, higher-value products has been part of this process. We have a research and development team and quality control lab which is equipped, and is staffed with trained professionals who are focused on innovation and new product development. For instance, in 2016, we launched a new product using a technology which involved de-branning wheat prior to milling. In rubber processing, we also harness innovation with the use of robotics and fully automated packing process to achieve high operational leverage.

4. To stay ahead, we continue to invest in the technological advancement and digitisation of the agricultural industry as advances in equipment, tools, automation and digital/data-driven solutions are critical to increasing efficiency in farm and production management and improving yields.

5. Global Market Dynamics:

- How does Olam Agri navigate and adapt to the challenges posed by geopolitical and economic changes in various regions where it operates? What strategies are in place to address the impact of global trade dynamics on Olam Agri's business?

1. First and foremost, as a global agri-business, we diversify our operations across a global network of multiple sources and suppliers from major producing countries, and of multiple destination markets so that no supplier or customer or country accounts for more than 10% of sourcing or sales revenue.

2. We have in place a global political and sovereign risk insurance that protects us against business interruption, political violence, war (except Ukraine) as well as exposures to political risk in Africa.

3. We also diversify our manufacturing operations across countries, for example, our wheat milling operations spread across Nigeria, Ghana, Cameroon and Senegal; integrated cotton ginning across Cote d'Ivoire, Chad and Togo; and integrated feed & protein in Africa and Asia.

6. Supply Chain Management:

- How does Olam Agri manage its intricate supply chain, and what measures are taken to ensure a seamless flow from farm to market?

1. We have extensive origination capabilities that are supported by established relationships with a broad and deep network of farmers, plantations, and refiners; developed trading teams with strong buying relationships; deep knowledge of key origins through our strong analytics capabilities (including global analysts, crop-forecasters, and advanced systems); and integrated freight and logistics capabilities to provide a complete end-to-end value chain from origination to destination markets.

2. We are highly adaptable. Our Origination & Merchandising segment leverages its local presence and relationships in multiple export markets and through extensive farmgate sourcing networks. This adaptability has presented us with a competitive advantage in the face of supply chain disruption and shifting global trade flows. Thus, we retain more flexibility to direct resources to fast growing trade corridors, while leveraging our supplier relationships at multiple key export markets. This allows us to not compromise on our ability to deliver to our customers.

3. We have also established relationships with sovereign and global multinational organisations to directly address the food security needs in import regions. These include the Strategic Supply and Cooperation Agreement under the strategic partnership with SALIC, which provides us with access to new markets in the Middle East and establish long-term supply chain solutions.

- Can you share examples of successful supply chain optimization initiatives within the organization?

1. There are significant synergies which we enjoy between our Origination & Merchandising and our Processing & Value-Added segments: In global sourcing, we leverage the global sourcing capabilities of our Origination & Merchandising segment for the best quality inputs at a competitive price for wheat and rice. We leverage the hedging capabilities of our

Origination & Merchandising segment to manage price volatility of inputs such as wheat, corn, soybean and soybean meal. We also leverage the freight flows and port presence of our Origination & Merchandising segment to predict and lock in competitive freight rates.

2. Conversely, we leverage the optionality that our Processing & Value-Added segment provides to maximise profits. Firstly, we can decide whether to sell wheat to third parties or mill it at the milling plants under our Processing & Value-Added segment depending on profitability. Secondly, we can decide whether to use our owned or leased vessels to service freight demand from our Processing & Value-Added segment or purchase freight from the open market. We can leverage the on-the-ground intelligence of our Processing & Value-Added segment to gauge downstream supply-demand dynamics. We also capitalise on the large volume of captive demand from our Processing & Value-Added segment for key commodities traded by our Origination & Merchandising segment.

7. Government Policies and Regulations:

⅄ How does Olam Agri stay compliant with diverse international and local regulations governing the agribusiness sector?

1. We adopt strong corporate governance principles as have been followed and led by our listed major shareholder Olam Group, a mainboard listed company on Singapore Exchange since 2005 that is majority owned by Temasek Holdings.

2. Our Board Audit & Compliance Committee have set out its terms of reference on its evaluation, on reporting and accountability, on financial reporting and related risk management and internal controls oversight, internal and external audit, interested persons' transactions.

3. Our Board Risk & Market Compliance Committee has responsibilities around risks profiles, reviewing risk limits, and reviewing benchmarks for any major risk exposures and reports prepared by the Chief Market Compliance Officer.

4. We also have global and regional legal and compliance teams established to manage our compliance with international and local regulations.

⅄ What role does the company play in advocating for favourable policies that support sustainable agriculture?

1. As a global agri-business, we are part of certain global trade associations, which regulate, among other things, the provision of labour and the terms and conditions of trade in some of our products. For example, we are part of the International Cotton Association, American Cotton Shippers Association, Australian Cotton Shippers Association, Flour Millers Association of Nigeria and Rice Farmers Association of Nigeria, all of which have been supportive of sustainable agriculture.

2. We participate in industry multi-stakeholder platforms to press for sustainable agriculture and development, for example we are part of the World Business Council on Sustainable Development (WBCSD).

3. We also support governments in their pursuit of sustainable agriculture. For example, we partner with a conservation society to jointly protect the Nouabale Ndoki National Park, which is adjacent to our timber concession. In our concessions, we support the government's anti-poaching programme and sponsor eco-guards who patrol the forest.

8. Market Trends and Competitor Analysis:

⅄ How does Olam Agri stay informed about industry trends, and what steps are taken to proactively respond to changing market dynamics?

1. Participating across multiple products in the agricultural sector as a leading global agri-business, we are plugged into the global network and are naturally kept informed of the industry trends.

2. We have in-house team of seasoned professionals, including a dedicated commodity research analyst team, comprising global analysts, which specialises in corn, wheat and barley, oilseeds and edible oils. In our freight business, we have a freight research analyst

team in Nyon, Switzerland, which is focused on freight research across both the grain and mineral sectors, as well as an on the ground freight analyst in China. We have established consumer research capability for rice, which allows us to understand consumer needs and trends. In our funds management business, we combine our deep commodity and financial markets insights with its proprietary quantitative research capabilities.

⅄ What competitive advantages does Olam Agri possess compared to other players in the agribusiness sector?

1. We are a global food and agribusiness with diversified presence across key elements of value chains for principal food and agricultural commodities. Our business model is differentiated by our scale and leadership in emerging markets.

2. Relative to our competitors, we have differentiated leadership positions across each of our segments: In our Origination & Merchandising segment, our asset-light strategy within our Origination & Merchandising division provides us with the flexibility to adapt quickly and establish a presence in new trade corridors. This adaptability has presented us with a competitive advantage in the face of supply chain disruption and shifting global trade flows. Thus, we retain more flexibility to direct resources to fast growing trade corridors, while leveraging our supplier relationships at multiple key export markets. This allows us to not compromise on our ability to deliver to our customers and represents an advantage versus a business model that is more heavily invested in the upstream and midstream parts of the value chain, which commit the business to maximise utilisation rates for the invested infrastructure. In Processing & Value-added segment, we leverage our strong global wheat origination capability to provide security of supply to our wheat milling operations.

3. Fixed asset-light operating set-up with high level of flexibility and resilience driving strong growth and returns. Our business model leverages a high degree of flexibility with regards to the level of asset intensity in each of our segments, which we believe leads to higher asset turnover and strong return on invested capital. Within the Origination & Merchandising segment, we have opted to use an asset-light strategy, while in Processing & Value-Added we leverage targeted and strategic investments in key markets focusing on high value output which helps drive EBIT/MT growth. We believe this presents significant strategic advantages versus our peers, which tend to have wider, capital-intensive infrastructure supporting their operations. Compared to a strategy of investing heavily in sourcing origins where companies may face difficulties in shifting sourcing operations flexibly, we are able to pivot in an agile manner to countries which are fast-growing net exporters. We believe this is a key advantage within a global environment which is experiencing long-term shifts in geographical distribution of agricultural production as a result of changes in climate.

4. Synergies: As elaborated in our answer to Question 6, we believe that there are significant synergies which we enjoy between our Origination & Merchandising and our Processing & Value-Added segments.

5. Most importantly, our business model to lead the sustainable transition of global food systems, embedding positive impact across climate, livelihood and nature is one that will underpin customer stickiness and our overall competitive positioning and sustainable long-term value vis-a-vis that of our peers.

9. Financial Reporting and Transparency:

⅄ How does Olam Agri ensure transparency in financial reporting, and what measures are in place to uphold the highest standards of financial governance?

1. Finance reporting and governance are part of our overall governance framework and principles, which are described in our answer to Question 7 and is under the purview of the Board Audit & Compliance Committee, chaired by an Independent Director with extensive experience in risk and assurance. We have an independent internal audit function and have a robust finance function which is divided into four key roles:

a. Controller: Responsible for (a) ensuring timely and efficient financial reporting with minimal controllable losses, (b) scaling up offshoring to drive process standardisation, automation and cost efficiencies, and (c) ensuring robust control and compliance through embedded specialist functions (including tax);

b. Performance Manager: Responsible for (a) robust and timely performance tracking, and (b) achieving better predictability of outcomes, target capital structure and financial gearings;

c. Co-Strategist: Responsible for (a) supporting delivering plan and strategy, (b) driving special business projects to support growth including digital transformation, (c) supporting our merger and acquisition activities in collaboration with the Strategic Investments and Business Development team, and (d) building a strong Senior Leadership and Next Gen Team to deliver on plan and strategy; and

d. Value Manager: Responsible for (a) ensuring value maximisation through planned interventions to improve business performance, (b) managing currency and interest rates, optimum funding mix, effective tax rate, and (c) driving cost and capital productivity.

2. Our four key finance roles strengthen our Company's senior leadership's ability to deliver on plan and strategy, enable collaborations with other functions and business units and further the digitalisation of finance within our Company through integrated digital systems that promote collaboration, value addition and enhanced controls.

3. Our finance function also plays a key role in achieving our sustainability and ESG strategy through accounting of our greenhouse gas emissions as well as for our climate mitigation projects. We are developing procedures for the assessment, measurement and reporting of financial impact from climate-related risks and opportunities in accordance with the frameworks developed by the Task Force on Climate-Related Financial Disclosures, the Taskforce on Nature-related Financial Disclosures and the International Sustainability Standards Board.

⅄ Can you elaborate on the key financial metrics that the company focuses on for reporting and analysis?

1. Our key financial metrics are:

a. Sales volumes of the products we supply to our customers (instead of revenues which are partly determined by commodity prices that are not within our control);

b. Earnings before interest and tax (EBIT);

c. EBIT per metric tonne supplied;

d. Invested capital, comprising fixed capital and working capital;

e. Balance sheet metrics: Inventory Turnover Days, Debtor Turnover Days, Advance Payment to Suppliers Turnover Days, Trade Creditor Turnover Days, Working Capital Turnover Days, Readily Marketable Inventory (RMI), Net Debt, Adjusted Net Debt (net of RMI and secured receivables), Net Debt/Equity and Adjusted Net Debt/Equity, Net Debt/EBITDA and Adjusted Net Debt/EBITDA;

f. Cash flow metrics: FCFF and FCFE;

g. Return ratios: Return on Equity and EBIT/Average Invested Capital;

h. Effective Interest Rate; and

i. Effective Tax Rate.

10. Risk Management:

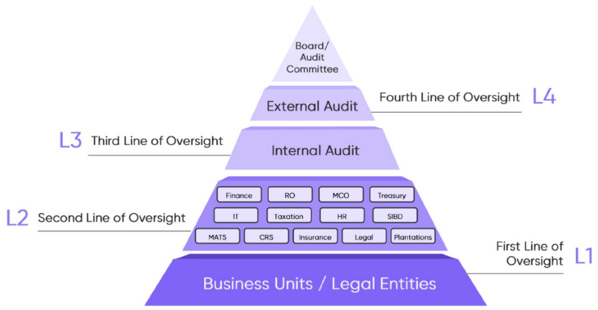
⅄ What methodologies does Olam Agri employ for identifying and mitigating various types of risks, including market, operational, and regulatory risks?

1. Our risk framework covers 52 risk events across 11 categories, encompassing trading, operational, currency, agricultural, political and sovereign, reputational, regulatory and compliance, capital structure and financing, natural perils, strategic risks and others (including IT and cybersecurity). 16 of these 52 risks are considered quantifiable for potential negative impacts. Each risk event is monitored by a specific function, which is reported to the Board on a quarterly basis through the Integrated Risk & Assurance Framework, anchored by internal audit.

The reporting includes a validation of the controls and an assessment of each risk event for the quarter.

2. Our risk management process begins with monitoring by a specific function. We then assess the likelihood of the risk occurring and the potential impact on three-point scales of high, medium or low likelihood. We analyse the potential impact on earnings for risks that are considered quantitative. Business units, functions and internal audit teams are required to prepare quarterly reports for presentation to and discussion by the Board, Audit and Compliance Committee and Risk and Market Compliance Committee. This process enables us to identify our main risks and prepare associated processes, systems, and mitigation plans.

3. We have four key lines of oversight as shown in the diagram below:



4. Engaging in the hedging of risk exposures and anticipating market developments are critical to protecting and enhancing our returns. As such, we are active in the derivatives markets for grains, oilseeds, edible oils, cotton, rubber, ocean freight and foreign currency. We seek to leverage the market insights gained through our global operations by managing our physical and derivative positions on a daily basis.

5. Our central Risk Office based in Singapore monitors and controls our trading, credit, counterparty and transactional currency risk exposures. Led by our Chief Risk Officer, it ensures the adequacy and appropriateness of risk measurement and controls; allocates risk limits among the businesses; monitors risk utilisation and adherence to limits; and endeavours to build a culture of risk awareness and compliance. In doing so, our Risk Office ensures risk exposures remain within market and transactional currency Value at Risk ("VaR"), and credit and counterparty nominal risk envelopes set by the Board. We measure and monitor both 1-day, 95%ile VaR and 1-day, 99%ile VaR on our market and transactional currency risk exposures. Our central Risk Office is supported by risk control teams in eight locations, including Singapore, Brazil, Russia, Ukraine, the United Arab Emirates, the Netherlands, India and China. As of December 31, 2022, we have 25 risk control employees in offices around the world.

6. The diagram below sets out the limit approval framework as part of our risk management process.

		1 Market Risk	2 Currency Risk	3 Credit and Counterparty Risk
Board of Directors		• Company-level 1-day 95%ile and 1-day 99%ile VaR limits in US$	• Company-level 1-day 95%ile and 1-day 99%ile VaR limits in US$	• Company-level credit and counterparty risk limits in US$
Risk Office	BU Level	• VaR: 1-day 95%ile and 1-day 99%ile VaR limits in US$ (within approved company-level limits)	• Nominal: US$ equivalent limit for each currency	• Credit (US$) and counterparty (US$ or tons) risk limits (within approved company-level limits)
	SBU Level	• VaR: 1-day 95%ile and 1-day 99%ile VaR limits in US$ (within approved BU-level limits) • Outright (non-proprietary trading only): Outright limit in tons for each product • Basis (non-proprietary trading only): Basis limit in tons for each product • Loss (proprietary trading only): Loss limit for each proprietary trading desk in US$ • Drawdown (proprietary trading only): Drawdown limit for each proprietary trading desk in US$	• Nominal: US$ equivalent limit for each currency	
	Unit Level		• Nominal: US$ equivalent limit for each currency	• Credit (US$) and counterparty (US$ or tons) risk limits (within approved BU-level limits)
	Trader / Individual Level	• VaR (proprietary trading only): 1-day 95%ile and 1-day 99%ile VaR limits for each proprietary trader in US$ • Loss (proprietary trading only): Loss limit for each proprietary trader in US$ • Drawdown (proprietary trading only): Drawdown limit for each proprietary trader in US$		• Credit (US$ and tenor) and counterparty (US$ or tons and tenor) risk limits for individual counterparties
BU/SBU Heads, Country Head or Designates		• Outright: Outright limit in tons for a product • Basis: Basis limit in tons for a product		• Individual counterparty-level credit (US$ and tenor) and counterparty (US$ or tons and tenor) risk limit-setting authority to certain BUs, SBUs and countries as detailed in the Risk Policy

7. Sustainability is another key focus of our risk framework, covering social (safe and decent work, and economic opportunity), environmental (healthy ecosystems, water, climate action, healthy soils and waste) risks and any reputational risks which may arise from the environmental impacts of our businesses, such as a major pollution or effluent event. These risks are monitored by our Corporate Responsibility and Sustainability function, led by our Chief Sustainability Officer.

How do you strike a balance between risk-taking and risk aversion in the context of strategic decision-making?

Management and the Board Risk & Market Compliance Committee at the beginning of the year will assess between market opportunities and risks and set risk limits for business unit, as part of our budget for the year and longer-term plan for the Company.

11. Mergers and Acquisitions:

⅄ Can you discuss any recent mergers or acquisitions that Olam Agri has undertaken and the strategic rationale behind them?

1. M&A has played a critical role in driving growth for us, being a growth-company. The most recent acquisition is the aquafeed business of CUU Long Fish Import-Export Corporation in Vietnam for approximately US$15 million in end-2022. The strategic rationale for the acquisition was to diversify our fish feed presence from Africa into Southeast Asia, even as we continue to expand in Africa.

2. In 2019, we made our largest ever acquisition in Olam Agri's history of Dangote Flour Mills in Nigeria for US$360 million, which augmented our existing infrastructure and put us in the No. 1 position in the country and one of the 2 largest millers in the whole of Africa. Our enlarged presence with extensive expertise in wheat milling operations, consumer insights and strong ground network allow us to foster long-term relationships with our consumer and business customers. We have also been able to build operating leverage and optimise cost and business processes to create an efficient wheat milling business. We benefit from our strategically located asset base which has created high barriers to entry. We have a growth plan with a proven track-record which focuses on ramping up our existing infrastructure base and growing organically within the market.

⅄ How does the company ensure a smooth integration process post-acquisition?

As part of Olam Group, we have proven a track record in mergers and acquisitions with multiple acquisitions since 2007 and developed a system internally to ensure a smooth integration process. Acquisitions include Crown Flour Mills Limited in 2010, Amber Foods Limited in 2016, Dangote Flour Mills Plc in 2019, Queensland Cotton in 2007, Pima Cotton U.S.A franchise in 2020, Société Agro-Industrielle de la Comoe (rubber business) in 2016, Ruyat Oil in 2018, Congolaise Industrielle des Bois (forestry concessions) in 2011 and so on. We have a dedicated Strategic Investment and Business Development (SIBD) function, which closely works with Finance and Business Units in driving smooth integration of systems, processes, reporting, culture and values, human capital, compliance, etc.

12. Talent Management:

⅄ How does Olam Agri attract and retain top talent in the agribusiness sector, and what initiatives are in place for employee development?

1. We have a Global Management Team that is responsible for promoting our Olam culture, values and entrepreneurial DNA. The over 530 members of our Global Management Team have an average of more than 20 years' experience in the industry and on average over eight years of tenure in Olam. As part of our aim of building an inspired and high performance organisation, our strategic focus areas for talent management in 2023-24 are:

a. Building engaged, inspired teams by enhancing employee inspiration and engagement, emphasising employee well-being, and fostering diversity, equity and inclusion.

b. Creating a high-performance organisation by attracting and retaining talent, driving our talent and performance management process to enhance high-performance culture, offering differentiated compensation and rewards including short-term and long-term incentive programmes.

c. Organisation building by embedding purpose, culture and values in our employees and becoming the employer of choice for talent through compelling employee value proposition and being recognised as an excellent employer globally; and

d. Preparing for capability, leadership and succession within the organisation through leadership development, robust succession pipeline and building capability in origination, trading manufacturing and supply and demand forecasting.

2. According to a survey of our employees conducted in December 2021, 71% of our employees polled reported feeling engaged with our Company with 72% finding meaning and purpose in their work and 70%

feeling inspired by working with us. The survey results also showed that 82% of our employees reported that their immediate work colleagues are highly capable and together make an extraordinary team and 88% felt that they make a significant contribution to our Company's success. In addition, this culture of empowerment is reflected in our recognition by third-party authorities such as by Kincentric as Best Employer in China in 2020, 2021 and 2022, Best Employer in Thailand in 2021, by HR Asia as Best Companies to Work for in Asia in 2020, 2021 and 2022 and by Top Employer Africa in 2021, 2022 and 2023.

3. We conduct periodic reviews of our employees' job performance and determine salaries and discretionary bonuses based upon those reviews. In addition, we offer internal training programmes tailored to different job requirements in order to enhance our employees' talent and skills.

4. Olam adopts an employee lifecycle strategy to develop inspirational leaders and attract top talent to drive productivity covering:

a. Attraction: Raising employer brand awareness and Olam as a great place to work with a strong company culture, and being competitive with attractive compensation and benefits.

b. Recruitment: Aligning individual personas, values and talents with the Olam values and culture, adopting various recruitment avenues, and being clear on the requirements for different finance roles.

c. Onboarding: Establishing an impactful and detailed onboarding programme that includes a buddy programme, a network of introductory engagements with leaders and peers, and clarity of role expectations.

d. Development: Providing high powered development programme, inspiration leadership and encouraging aspirational behaviours. Development includes career conversations aligned to success profiles for different roles, enabling finance employees to prepare for new roles

5. Retention: through cultivation of relationships based on values (openness, honesty and respect) alignment on Olam's mission and team aspirations, engagement surveys, and understanding of team and individual needs.

The above lifecycle model is supplemented with a 6Cs Finance Engagement Model that is deployed across the entire finance function in all locations. We use 6Cs model for employees engagement.

Can you share insights into the company's approach to diversity and inclusion in the workplace?

1. We are focused on gender diversity across our operations. Due to our heritage in the agriculture and trading sector, there are historical biases for male dominated roles which we are focused on addressing. In 2019, Olam Group put renewed focus on ensuring leadership opportunities were available to women, introducing leadership mentoring for high potential female managers, training recruiters for unconscious bias, and ensuring recruiters put forward at least 30% female candidates, as well as revising our maternity policy. We continue to focus on gender diversity through our "GROW" programme providing a forum to female managers within our Group.

2. Traditionally, as we expanded into Africa and Asia, and other emerging markets, we had recruitment challenges for managerial roles, given that agricultural operating locations can be rural areas with very limited infrastructural facilities. Roles therefore were often filled by expatriates with the relevant experience. To address this, another key area of focus for us is

to provide more managerial job opportunities to local talent, and we have set a goal of having local talent hold around 50% of management roles in their home market by 2025. We believe that a higher representation of local managers will result in a more sustainable staffing model and will also enhance our ability to understand and operate in local markets better.

13. Climate Change and Environmental Impact:

➤ How does Olam Agri address the challenges posed by climate change, and what initiatives are in place to minimize the environmental impact of its operations? Can you provide examples of sustainable farming practices implemented by Olam Agri?

1. Under the "Climate Positive" pillar of our sustainability framework, we closely monitor our carbon footprint and take action to decarbonise our farms, factories and supply chains. We are working to minimise our carbon and waste footprint by investing in energy efficiencies, improving farming practices and identifying waste utilisation opportunities.

2. The area of fertile land has dramatically reduced in the past 40 years and every year, the world loses a further 12 million hectares of productive land, with far-reaching consequences, including falling crop yields, massive food loss, as such access to crop supply is a key consideration in the agricultural sector. In Nigeria, between 2020 to 2021, we introduced the Post-harvest Loss pilot programme, seeking to reduce the waste created between harvest and processing. The programme utilised mechanised harvesters and threshers that we estimate helped rice farmers cut crop losses by almost half, earn nearly U.S.$200 more per hectare, increase paddy yield by approximately 14%, and emit approximately 14% less global greenhouse gas in 2021 compared with 2020. We intend to look for ways to scale up our pilot programme to all of our 32,000 smallholder rice farmers in Nigeria by 2025 which may entail partnerships with Heifer International, farmer cooperatives and Hello Tractor.

3. Food systems are estimated to produce around approximately one-third of global GHG emissions. We are adopting climate-smart practices on-and-off farms to reduce our climate impact and enhance productivity. Olam Group signed up to the Science-based Targets Initiative (SBTi) since 2019, committing to set near-term science-based emissions-reduction targets in line with a well-below 2 degrees Celsius pathway (i.e. to contribute to limiting global warming in this century to 2 degrees Celsius as per the aims of the Paris Agreement, an international treaty on climate change). It followed up by signing the Business Ambition for 1.5 degrees Celsius campaign, committing to set a target for Net-Zero emissions by 2050 (to contribute to limiting global warming to the more ambitious target of 1.5 degrees Celsius). Having made our SBTi commitment, we are in the process of setting SBTi targets and embarking on decarbonisation pathways. In Thailand, our training and support for climate-smart agricultural practices has helped approximately 16,000 rice farmers to reduce their greenhouse gas emissions by 19% and increase their gross margins from rice by over 20% (at baseline reference price).

4. We measure our carbon footprint across three scopes – direct emissions from owned or controlled sources (Scope 1), indirect emissions from the generation of purchased energy (Scope 2), and indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (Scope 3), in line with the GHG Protocol "Corporate Accounting and Reporting Standard". We are acting to reduce our Scope 1, 2, 3 GHG emissions, as well as our customers' Scope 3 emissions through operational excellence, innovation, regenerative farming, and collaborative partnerships, such as our climate-smart agricultural. In particular, the Scope 3

emissions that we consider material are those relating to purchased goods and services, capital goods, fuel and energy, transportation and distribution, and waste generated in operations. We also analyse climate risks and identifying GHG emissions hotspots and decarbonisation opportunities. We use Terrascope, an end-to-end decarbonisation platform launched in June 2022, to assist companies with managing and reducing their carbon emissions.

5. Additionally, we work with our key customers, industry bodies, suppliers, employees, and local communities to develop and implement sustainable supply chain practices. For example, we introduced a number of key technologies to our out-growers in Thailand and Vietnam for climate-smart rice farming (including laser land levelling, alternate wetting and drying, site-specific nutrition management, and straw and stubble management), significantly reducing GHG emissions while increasing farmer incomes. We worked with Kasitsart University and Can To University in Thailand and Vietnam respectively to conduct baseline and impact studies on farmers' incomes. Based on the impact assessments conducted in Thailand and Vietnam in 2021 and 2022 respectively, 19,000 farmers in Thailand reduced their GHG emissions by 21%, improved water quality by 14% and increased their income by 20%, and 10,000 farmers in Vietnam reduced GHG emissions by 9% and increased their income by 17%.

6. In partnership with the Republic of Congo, since 2012, we have operated the Reducing Emissions from Deforestation and Forest Degradation ("REDD+") initiative to realise value from 92,530 hectares of unharvested standing forest in our Pikounda Nord concession. REDD+ is an effort to create a financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. Registered under the Verified Carbon Standard of Verra, the project is expected to generate approximately 4.9 million tons of gross Voluntary Carbon Units between 2012 to 2041 for the pre-compliance Voluntary Carbon market.

14. Stakeholder Engagement:

➢ How does Olam Agri engage with various stakeholders, including farmers, local communities, and investors, to foster positive relationships?

1. Farmers and local communities: In the "Livelihood Positive" pillar under our sustainability framework, we undertake various initiatives to foster inclusive livelihoods, as well as feeding and nourishing the world through our products and services. The initiatives that fall under this pillar largely center around farmer incomes, human rights, equity and inclusion, food security and nutrition, as well as reducing harvest and post-harvest loss. For example, we have joined the IDH Sustainable Trade Initiative, committing to take action to build a living wage economy, the Champions 12.3 Coalition to reduce food loss and waste, in line with UN Sustainable Development Goal 12.3 and have signed the UN Women's Empowerment Principles to promote gender equality and women's empowerment in the workplace. Our key agenda items are:

a. Increasing quantity, quality and value through training, access to farming services, tools, inputs and credit, and access to market;

b. Building resilience through income diversification, regenerative practices, and access to financial services, savings and insurance; and

c. Supporting education and health through adult literacy classes, digital literacy, skills development and access to healthcare and clean water, with our key programmes being:

i. the Food-Secure Future programme, which was launched in 2022 and reached over 40,000 farmer households in 2022. Under this campaign, we aim to provide nutrition through education on dietary diversity and breastfeeding, food availability through crop diversification and kitchen gardens, and food access through food-focused income diversification; and

ii. the Workforce Nutrition Scorecard, which we contributed to through our collaboration with Global Alliance for Improved Nutrition (GAIN) and the Consumer Goods Forum in the Workforce Nutrition Alliance (WFNA). In 2022, 43 worksites across 16 countries covering 99% of Olam Agri's primary workforce were assessed against the Workforce Nutrition Scorecard, and three-quarters met the targeted threshold across the four priority areas of the WFNA (namely, healthy food at work, breastfeeding support, nutritional check-ups and nutrition education). We are now rolling out action plans to help workers improve their access to nutrition education and healthy diets. For example, in our flour mills in Nigeria and Cameroon, free healthy food is available and promoted to all our employees.

In 2021, we rolled out a comprehensive global quality and food safety management system to ensure we consistently work to quality procedures and policies. We have continued to seek third-party certification for key food manufacturing facilities. 11 of 17 applicable sites (grains, rice, edible oil and superfoods) are currently certified to Global Food Safety Initiative (GFSI) standards (either ISO 22000 or BRC), and the remaining six are planned for certification by 2024.

In 2022, we provided nearly 400,000 smallholder farmers with sustainability support through our out-grower programmes and trained 138,000 farmers specifically on GAP.

To further advance our progress and sector-wide progress on living incomes, we have in cooperation with our partner Agri-Logic conducted a Living Income analysis in several of our supply chains: in respect of rice and sesame in Nigeria, and rubber in Côte d'Ivoire. The tool we use determines the total income of farmers based on about 10 datapoints and compares this with a verified living income reference value (for instance, the reference value determined by third-party studies using the Anker Methodology, a methodology used to estimate living wages and living incomes). We are planning to expand the scope of our living income studies in the coming years.

In community relations, we recognise that while we have made progress in addressing our sustainability impact over the years, soil degradation, and climate change, and intractable issues of farmer poverty and rural under-development, requires collective effort and food sector transformation on an unprecedented scale. We engage bilaterally and in industry fora with a wide range of stakeholders including investors, customers, and NGOs, and seek to respond to questions in a timely and meaningful fashion. Examples of engagement include the Oxfam Agri-business scorecards for 2018, 2020 and 2022. We have also adopted a Grievance Procedure to enable stakeholders such as our workers, community members and other interested parties to raise breaches of human rights, policies, or other unacceptable practices.

In addition, we support improving the quality of and access to education. In 2020, we were involved in building an elementary school and other school infrastructure in Congo, to support indigenous people's children accessing education. We also provided schoolbooks and other materials in Congo. In Côte d'Ivoire, parents may keep their children at home to work the land rather than attend school when they cannot afford to pay for labour to help on their farms. As such, we provide farmers with labour-saving technology to reduce their reliance on manpower on farms.

2. Investors: They are primarily our shareholders – Olam Group, and SALIC. They are represented on the Board and meet at least quarterly with Management.

15. Quality and Safety Standards:

⅄ How does Olam Agri ensure the quality and safety of its agricultural products, and what certifications or standards does the company adhere to?

1. Quality: Our quality processes include the following:

1. Food safety. We have the FSSC 22000 Version 5.1 food safety certification.

2. Commitment to fortification. We have an in-house vitamin premix facility.

3. Lean & Six Sigma processes. We have a team of "yellow and black belts" to ensure consistent product quality. The Six Sigma is a process that makes use of statistics and data analysis to analyse and reduce errors or defects in manufacturing processes.

4. Innovation. We have a research and development team and quality control lab which is equipped, and is staffed with trained professionals who are focused on innovation and new product development.

2. Safety: We aim to promote a proactive safety awareness and accident prevention culture by empowering our employees to do the right thing, raising risk awareness and supporting solutions to improve our health and safety performance. Our overarching safety goal is to embed a 'Zero Harm Culture' in the workplace, a culture that is inclusive of not just employees, but contractors and visitors as well. We have health and safety teams that define standards and monitor compliance with our systems for ensuring workplace health and safety. These systems are risk-based and are implemented through our documented health and safety management systems to ensure that we comply with the relevant legal responsibilities. Our commitment to human rights has been embedded in our Code of Conduct and Fair Employment Policy, the latter being in line with the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The safety programme 'An Even Safer Olam' was launched in 2019, and remains central to our safety performance improvement efforts. Under this overarching programme, we have multiple industry standard initiatives such as 7-life saving rules & safety imperative programme. We track safety performance across all facilities which are categorised into four tiers; Tier 1: Large manufacturing plants; Tier 2: Grain elevation/processing or fleet/upstream assets; Tier 3: Logistics/Warehouses; Tier 4: Trading/Offices. Substantial progress has been made in reducing the LTIFR. In 2022, the LTIFR was 0.22 across all facilities, which compared with 0.32 in 2019.

⅄ Can you discuss any recent innovations or improvements in quality control processes?

Please see response to Question 4.

16. Digital Transformation:

⅄ How is Olam Agri embracing digital transformation in the agribusiness sector, and what role does technology play in enhancing operational efficiency? Can you share examples of successful digital initiatives within the organization?

Please see response to Question 4.

17. Financial Inclusion in Agriculture:

⅄ What steps does Olam Agri take to promote financial inclusion among smallholder farmers, especially in developing regions? How does the company contribute to the economic empowerment of local farming communities?

Please see responses to Question 13 and 14.

18. Global Trade and Supply Chain Disruptions:

⅄ Given the recent global trade challenges and supply chain disruptions, how does Olam Agri manage to ensure a steady flow of agricultural products to its customers? What contingency plans are in place to address unforeseen disruptions in the supply chain?

Please see response to Question 5.

19. Impact of Technology on Agriculture:

⅄ In what ways do you see technology transforming traditional agricultural practices, and how is Olam Agri adapting to these changes? Can you highlight any innovative technologies that have had a significant impact on the efficiency of Olam Agri's operations?

Please see response to Question 4.

20. Post-Pandemic Recovery and Resilience:

⅄ As the world emerges from the pandemic, how is Olam Agri positioning itself for recovery, and what strategies are in place to build resilience in the post-pandemic era?

1. We anticipated that post the pandemic there would be more challenges than recovery opportunities in our industry (as our business had remained resilient during the pandemic), such as the response by China to the pandemic and its slower than expected recovery, global supply chain disruptions, slower global growth, food inflationary effects on emerging markets and growing global concerns on food security.

2. We therefore position ourselves as a global player to help resolve food security concerns by connecting supply with demand through our multi-origination and multi-destination network, enabling global sourcing and agility in the face of disruptions, and providing the key value add of mitigating disruptions in supply. Our business operates within selected fast-growing trade corridors which are vital to the food security needs of Asia, Africa and the Middle East, such as the soybean flow from Brazil to China. Furthermore, we have helped provide alternative routes to mitigate the disruption of grain flow from the Black Sea to Sub-Saharan Africa and Asia, an important trade corridor impacted by the conflict in Ukraine. We pivoted from the Black Sea region to Northern Europe as our primary source of wheat.

3. Our extensive origination capabilities are supported by established relationships with a broad and deep network of farmers, plantations, and refiners; developed trading teams with strong buying relationships; deep knowledge of key origins through our strong analytics capabilities (including global analysts, crop-forecasters, and advanced systems); and integrated freight and logistics capabilities to provide a complete end-to-end value chain from origination to destination markets. We have also established relationships with sovereign and global multinational organisations to directly address the food security needs in import regions. These include the Strategic Supply and Cooperation Agreement entered into as part of our strategic partnership with SALIC in Saudi Arabia, which is expected to provide us with access to new markets in the Middle East and establish long-term supply chain solutions. We are present in six of the 12 key commodities the country relies on for its food imports and so the investment is a step towards supporting the national food security strategy and aspirations of its Vision 2030.

4. We also directly address food security needs of emerging markets by investing in processing and distribution infrastructure in selected destination markets.

⅄ Can you share lessons learned from navigating the challenges posed by the COVID-19 pandemic?

1. We learnt that it is critical for us to continue to diversify our operations to mitigate the risks around supply chain disruptions.

2. We also know that it is crucial to enhance and stand ready to protect the health and safety of not only our employees but also our farming communities, which continuously face health and hygiene issues.

3. The importance of building an inspired team to overcome challenges in running a global team remotely should another pandemic hits us.

4. The need to focus on capital productivity and deliver superior returns.

INDUSTRY TITBITS

CMA Industry Insights – December 2023 Issue

Insurance Sector Related News

Founder of Star Health in talks with TVS Group for new health insurance venture

According to recent report, the founder of Star Health and Allied Insurance is engaged in discussions with the TVS Group for equity participation in his new health insurance venture. The 79-year-old entrepreneur, who exited Star Health, has decided to start a new company in the health insurance sector, along with former Star Health CEO. The TVS Group, based in Chennai, has a history in the insurance domain, having previously owned Madras Motor and General Insurance before the industry's nationalization. After nationalization, Madras Motor merged into United India Insurance. Subsequently, in the post-liberalization era, Sundaram Finance, initially promoted by Madras Motor, launched Royal Sundaram Insurance, a general insurance company.

Insurers may get aid to deal with nature's fury

A parliamentary panel is set to suggest policy measures for the insurance sector to equip it to deal with the impact of natural calamities on large infrastructure projects. The standing committee on finance-headed by former minister of state for finance Jayant Sinha has considered issues around reinsurance following complications in insurance claims related to the Teesta Stage III Hydropower project in Sikkim that was washed away by a glacial lake outburst. The power project, which was completely washed down by a glacial lake outburst flood, was insured for Rs. 11,400 crore by a consortium of insurers, including a public sector entity, but reinsurers capped the payout at Rs. 500 crore.

Insurer launches insurance covers for Damage to EV battery, charging station while charging

Zuno General Insurance (formerly Edelweiss General Insurance) has launched three new add-on insurance covers for electric vehicle (EV) insurance policies. These include insurance for private charging stations, charging accessories and also protection of vehicle during charging. Zuno claims that these add-on policies are an industry first offering and is aimed to cover a grey area in the insurance industry. Coverage includes:

- Coverage for loss or damage to the insured EV by fire, self-ignition, or short circuit while it is either charging its battery or parked at a charging station.
- Coverage of charging cables, connectors, adapters, and all standard charging accessories for protection against accidental damage and theft and,
- Comprehensive coverage for privately-owned charging stations solely used for charging insured vehicles. This cover will safeguard EV owners against fire, theft, and accidental damage of their private EV charging stations.
- Personal accident coverage for cases of injury or death resulting from a fire, blast, or short circuit at their private charging station while charging the insured vehicle.

Banking Sector Related News

- According to the survey of Reserve Bank of India, Indian banks increased their overseas presence to 417 in the year 2022-23 whereas the employee strength also rose by 0.5% and 6.2% for foreign branches and subsidiaries, respectively. However, the number of branches and employees of foreign banks in India contracted to 774 during the year 2022-23 from 858 in 2021-22. The transfer of retail business from a major foreign bank to a domestic private sector bank led to a decline in aggregate deposits and credit, but increased capital and investments.

- The Reserve Bank of India imposed penalties on three cooperative banks for non-compliance to its guidelines and an order to this effect was issued on December 14. The Pune Merchants Cooperative Bank and Pune Municipal Corporation Servant's Cooperative Urban Bank received a penalty of rupees 1 lakh while Indapur Urban Cooperative Bank has been directed to shell out Rs 5 lakh in penalty.

- India's largest banks State Bank of India (SBI), HDFC Bank and ICICI Bank along with the central government drawing up a financing framework for green hydrogen projects where the framework will lay down guidelines for risk assessment, credit appraisal, and concessionary finance to make assessment of such H2 projects easier for banks that will aid credit flow to the sector and furthermore, the committee will work under the aegis of the Ministry of New and Renewable Energy (MNRE).

- Kotak Mahindra Bank ties up with Indian Institute of Technology Kanpur (IIT-K) to launch Kotak School of Sustainability. Termed as India's first fully integrated school of sustainability, it will have dedicated centres of excellence (COEs) covering different aspects of sustainability such as environment, ecology, clean energy, climate finance, circular economy, sustainable societies and policy. To set up the Kotak School of Sustainability, it will cost around Rs 200 crore where Kotak will be contributing Rs 70 crore in the first phase. The Kotak School of Sustainability aims to contribute growing India's skilled workforce towards achieving the goal of long-term sustainable development, including its net-zero target by the year 2070.

- IndusInd Bank has recently launched its 'Indus Solitaire Program', a community banking initiative meticulously designed and crafted for the diamond industry. This curated banking program will be offered through the bank's flagship branches in prime locations across various cities with a concentration in Mumbai and Surat and will provide a range of exclusive benefits along with distinct features and enriched offerings to customers in the diamond industry. The program also includes 24x7 locker access, add on family accounts, customized diamond industry employee salary accounts and zero cross currency markup fee on foreign exchange along with other services.

Infrastructure Related News

- **Essar Group and Gujarat government signed an MoU for an investment of Rs 55,000 crore in Gujarat.**

The Essar Group and Gujarat government have inked a memorandum of understanding (MoU) for investments of Rs 55,0000 crore in the port, power, and energy transition sectors in Gujrat. Over 10,000 jobs would be created by these developments.The Essar group intends to develop a 1-gigawatt green hydrogen initiative. An approximate investment of Rs 30,000 crore is required for this initiative. The principal aim of this investment is to create an affordable worldwide centre for the manufacturing and supply of low-emission fuels, with a particular focus on green hydrogen and ammonia. Further, Essar Power, another company of the same group, has declared an extra Rs 16,000 crore investment for phase-II expansion at its Salaya power plant.

(Source:https://www.business-standard.com/companies/news/essar-group-signs-mou-with-gujarat-govt-to-invest-rs-55-000-crore-123121400762_1.html)

- **India and Asian Development Bank (ADB) sign agreements to provide $500 million to boost the Indian infrastructure sector.**

India and the Asian Development Bank signed agreements on Monday for two $250 million loans, primarily for the nation's infrastructure. Two significant projects that will be supported in large part by these loans are:

- National Industrial Corridor Program: The $250 million loan would help the National Industrial Corridor initiative in India. The purpose of this project is to create new industrial hubs around the nation. These hubs are going to be important for India's industrial and economic development.

- Delhi-Meerut Semi High-Speed Rail Corridor: The 82-kilometer Delhi-Meerut Semi High-Speed Rail Corridor Regional Rapid Transit System (RRTS) project will be partly financed by the remaining $250 million loan. With this project, a quick rail-based transit system between Delhi and Meerut will be better connected. Building tunnels, elevated portions, and stations, among other corridor components, will be made possible in large part by the money provided by ADB. This project is aimed to enhance connectivity between Delhi and Meerut through a quick rail-based transit system. The funding from ADB will be used in building several components of the corridor, including tunnels, elevated sections, and stations.

However, these activities demonstrate how committed India is to implementing its infrastructure development projects.

(Source:https://economictimes.indiatimes.com/news/economy/infrastructure/india-adb-ink-pacts-for-500-mln-loans-to-bolster-infra-sector/articleshow/106100076.cms)

- **From about Rs. 51,000 Crore in 2013-14 to more than Rs. 2,40,000 Crore in 2022-2023 - capital investment on India's national highways has surged dramatically.**

Parliament was informed by Union Road Transport and Highways minister Nitin Gadkari on Thursday that there has been a substantial rise in capital expenditure on national highways, with over Rs 2,40,000 crore in 2022–2023 compared to approximately Rs 51,000 crore in 2013–14. The country's NH network has expanded as a result of the increased budgetary allocation; it now spans 1,46,145 km and includes the states of Chhattisgarh, Uttarakhand, Karnataka, Maharashtra, Rajasthan, and the northeastern states. The network was around 91,287 kilometers in March 2014.

Between March 2014 and the present date, the length of the 4 Lane plus NH network, including High Speed Corridors, has grown by almost 250%, from approximately 18,371 km to approximately 46,179 km. Additionally, the length of NHs with fewer than two lanes have shrunk from roughly 27,517 km in March 2014 to roughly 14,870 km, or just 10% of the total NH network. The Ministry of Road Transport and Highways has concentrated on building new High-Speed Corridors. Implementation of the project has already begun on 21 green field access-controlled routes, including highways, where 3,336 kilometers of work have been completed. The previously mentioned advancements have improved logistical efficiency while simultaneously enhancing connectivity and accessibility to NHs across the nation.

(Source: https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1986174)

Entrepreneurship and Startup Related News

- Startup funding in India have slowed down across all stages while the funding in the late stage witnessed the biggest drop of about 73% as compared to startup funding in the last year 2022, to $4.2 billion in 2023 so far. The Indian tech startup ecosystem continued to fall in the year 2023 while the investments into tech startups by the investors during the year hit a five year low of around $7 billion, taking India's global tech startup rankings from third to fourth place.
- India have now got more than 189 spacetech startups. There were merely 1 spacetech startups in the year 2014 which have now risen to 189 in the year 2023, and also the investment in space startups have risen considerably to $124.7 million as said by Union Minister of science and technology Jitendra Singh. The government has also set up a Space Technology Incubation Centre (S-TIC) to attract young entrepreneurs and students with innovative ideas and enable them to carry out research and set up new ventures in the space tech area.
- As per CRISIL Oister Report, the investments in private market and tech startups runs better

than the public market. The Alternate Investment Funds (AIFs) investing in private markets and startups delivered an excess return earned on an investment above the benchmark return of 13.5% over the public market and the new age startups have continued to outperform the public market in the recent era of technological revolution.

- Foodtech giant Swiggy introduced a 2% collection fee charges on all restaurant orders and the new fee will be effective from December 20, 2023. The founder of Swiggy further said that the fee will be charged to facilitate online payments from customers on its platform and it is intended to cover the costs incurred by Swiggy for smooth payment processing.

ESG Related News

- Lufthansa Group announced an agreement with aerospace giant Airbus for the pre-purchase of 40,000 tons of carbon removal credits, to be delivered through the removal of CO_2 from the atmosphere using Direct Air Capture (DAC) technology, as part of the Airbus Carbon Capture Offer (ACCO). The certificates, to be delivered over four years, will be available from 2026.

  (Source: https://www.esgtoday.com/lufthansa-joins-airbus-carbon-removal-program-with-40000-ton-carbon-credit-purchase/)

- Private equity investor Apax announced the final close of the Apax Global Impact Fund (AGI), with commitments of approximately $900 million for investments in companies that provide products and services addressing environmental and social issues. According to Apax, the fund aims to support companies delivering tangible social or environmental impact, targeting key themes including Health & Wellness, Environment & Resources, Social & Economic Mobility, and Digital Impact Enablers, utilizing a proprietary impact measurement system to evaluate and monitor impact and identify and track outcomes across the portfolio.

  (Source: https://www.esgtoday.com/apax-raises-900-million-for-global-impact-fund/)

- The European Financial Reporting Advisory Group (EFRAG) and the Global Reporting Initiative (GRI) announced on December 1, 2023 a new cooperation agreement to deepen cooperation on sustainability reporting, including plans to collaborate in areas including reporting standards development and training. The announcement marks the second collaboration agreement between EFRAG and the GRI, following an initial agreement launched in 2021 for the development of EU sustainability reporting standards and supporting convergence with global standards.

  (Source:https://www.esgtoday.com/efrag-gri-to-collaborate-on-sustainability-reporting-standards-development-training/)

- Paris-based global bank BNP Paribas announced on December 13, 2023 the launch of BNP Paribas Climate Impact Infrastructure Debt, a new fund aimed at financing climate change mitigation, and supporting energy transition projects across continental Europe. The fund is targeting €500-750 million from institutional investors, including a seeding commitment from BNP Paribas' insurance business BNP Paribas Cardif.

  (Source: https://www.esgtoday.com/bnp-paribas-launches-new-climate-impact-infrastructure-debt-fund/)

- In the EU, companies will need to report along the lines of the European Sustainability Reporting Standards, which are designed to be interoperable with the ISSB. Hong Kong was expected to introduce the world's first set of ISSB-specific rules in January 2024 but postponed to January 2025. The U.K. is set to launch its own ISSB-aligned disclosure standards for registered companies by the summer of 2024, while Australia intends to finalize its ISSB-aligned reporting framework for large firms by July 2024.

(Source:https://www.msci.com/documents/ 1296102/42241274/2024++MSCI+Sustainability+and+Climate+Trends+to+Watch+Paper+Final.pdf?2)

- Australia's competition regulator the Australian Competition and Consumer Commission (ACCC) announced on 12th December 2023 the release of its final guidance on environmental claims, aimed at helping companies comply with rules to avoid misleading green marketing and advertising green claims, and protecting consumers from greenwashing.

(Source:https://www.esgtoday.com/australia-releases-anti-greenwashing-guidance-for-companies/)

News Related to Digital India

- Unified Payments Interface (UPI) transactions have grown from 92 crores in FY 2017-18 to 8,375 crore in FY 2022-23 at a Compound Annual Growth Rate (CAGR) of 147% in terms of volume. Similarly, the value of UPI transactions has grown from ₹ 1 lakh crore in FY 2017-18 to ₹ 139 lakh crore in FY 2022-23 at a CAGR of 168%.
- UPI has achieved 8,572 crore transactions during current financial year till 11th December, 2023.

UPI has been the major driving force in the overall growth of digital payment transactions in the country accounting for 62% of digital payment transactions in FY 2022-23. The Year-on-Year growth in the value of bank notes in circulation has decreased from 9.9% in FY 2021-22 to 7.8% in FY 2022-23.

- Unified Payment Interface (UPI) transactions clocked a fresh peak in value in November by hitting Rs 17.4 trillion, up 1.4 per cent compared to Rs 17.16 trillion in October. Transactions reduced by 1.5 per cent to 11.24 billion, compared to a record high of 11.41 billion in October. The number of transactions were 10.56 billion in September, with a value of Rs 15.8 trillion. According to data shared by the National Payments Corporation of India (NPCI), this was 54 per cent higher in volume terms and 46 per cent in value terms compared to the same month last year.
- To enhance the scope of UPI payments, the Reserve Bank of India (RBI) on December 8, 2023, increased the transaction limit for UPI payments to hospitals and educational institutions to Rs 5 lakh. Earlier the limit was set at Rs 1 lakh per transaction. The National Payments Corporation of India (NPCI) has set a deadline of December 31, 2023 for deactivating UPI IDs that have been inactive for over a year. This means that if you haven't made a transaction using a UPI ID for over a year, it will be blocked after December 31, 2023.

Highlights from MSME Sector

- According to the most recent data provided by the Ministry of Statistics &Programme Implementation, the percentage share of exports related to Micro, Small, and Medium Enterprises (MSME) products in the overall All India Export stands at 45.56% for the fiscal year 2023-24. This figure highlights the significant contribution of MSME-related products to the country's total export landscape.
- UDYAM portal records 3.16 crore registrations as of December 2023 since its launch in 2020.
- The 3rd Edition India MSME Defence Week, held virtually from December 5th to 8th, 2023, was organized by the Ministry of MSME, Ministry of Commerce and Industry, and EEPC India. The event featured a series of four-day webinars concentrating on emerging opportunities in defence manufacturing and exports, specifically tailored for MSMEs operating in the Land, Naval, and Aerospace segments. This virtual platform facilitated widespread participation and discussions, empowering small and medium enterprises in the defence sector.
- The Hasta Shilpa Mela 2023, a vibrant handicrafts fair, is currently taking place at Eco Park in New Town, Kolkata, spanning from November 24 to December 17, 2023. This cultural extravaganza is orchestrated by the micro, small, and medium enterprises and textile department of the West Bengal Government. Showcasing a diverse array of exquisite handicrafts, the fair serves as a platform to celebrate and promote the rich artistic heritage of the region while providing a unique shopping experience for visitors.

Stock Market and Industry Related News

1. Sun Pharma Invests $30 Million in Lyndra Therapeutics, Acquiring 16.7% Stake for Drug Delivery Innovation

Sun Pharmaceuticals Ltd., a leading player in the Indian pharmaceutical industry, has announced a strategic investment of $30 million in Lyndra Therapeutics Inc., a Massachusetts-based company renowned for pioneering novel delivery technology for long-acting oral (LAO) therapies. This move signifies Sun Pharma's commitment to advancing pharmaceutical innovation and expanding its footprint in cutting-edge drug delivery technologies.

Source: https://images.livemint.com/img/ 2023/01/14/1600x900/sunpharma1_ 15680 4217 2843_1673696503438_1673696503438.JPG

Lyndra Therapeutics, founded in 2015 by prominent scientists from MIT's Langer Lab, has developed the LYN drug delivery platform known for its revolutionary oral drug delivery technologies. Sun Pharma's investment, equating to approximately 16.7% fully diluted shares, is aimed at supporting the development of these innovative technologies and gaining access to the platform for specific molecules and territories.

The agreement underscores Sun Pharma's strategic vision to stay ahead in the rapidly evolving pharmaceutical landscape, where breakthrough drug delivery mechanisms are key to ensuring patient adherence and treatment efficacy.

2. Union Budget 2023-24: Nirmala Sitharaman's 'Saptarishi' Priorities Unveiled

In the Union Budget 2023-24 presentation, Finance Minister Nirmala Sitharaman revealed a fiscal strategy rooted in seven interconnected priorities, collectively named 'Saptarishi.' These priorities encompass a broad spectrum of sectors and objectives, emphasizing holistic and inclusive development. Let's delve into each of these priorities:

Source: https://www.moneycontrol.com/news/business/budget/budget-2024-saptarishi-priorities-unveiled-in-budget-2023-know-what-they-are-11922331.html

1. Inclusive Development:
    - Key Initiatives: Agriculture Accelerator Fund, Digital Public Infrastructure for agriculture, Atmanirbhar Horticulture Clean Plant Programme, and a mission to eradicate Sickle Cell Anaemia.
    - Focus Areas: Agriculture, health, education, and skilling.
2. Reaching the Last Mile:
    - Establishment of ministries: AYUSH, Fisheries, Animal Husbandry and Dairying, Skill Development, Jal Shakti, and Cooperation.
    - Programs: Aspirational Blocks Programme, Pradhan Mantri PVTG Development Mission, and increased allocation for PM Awas Yojana.
    - Infrastructure: Upper Bhadra Project in Karnataka and Bharat Shared Repository of Inscriptions.
3. Infrastructure and Investment:
    - Financial Allocation: Rs 10 lakh crore for infrastructure investments (3.3% of GDP).

- Special Focus: Railways, 100 critical transport infrastructure projects, and the creation of Urban Infrastructure Development Fund (UIDF).

4. Unleashing the Potential:

   - Business Reforms: Reduction in over 39,000 compliances and decriminalization of 3,400 legal provisions.
   - Innovation: "Make AI in India" vision, National Data Governance Policy, and the introduction of Entity DigiLocker.
   - Focus Areas: Ease of doing business, artificial intelligence, and data governance.

5. Green Growth:

   - Vision: "LIFE" (Living in a Friendly Environment).
   - Initiatives: National Green Hydrogen Mission, funds for energy transition, and Battery Energy Storage Systems.
   - Sustainability: GOBARDHAN scheme for 'waste to wealth' plants and support for the vehicle scrapping policy.

6. Youth Power:

   - Skill Development: Launch of Pradhan Mantri Kaushal Vikas Yojana 4.0 for Industry 4.0 skills.
   - Opportunities: Skill India International Centres, National Apprenticeship Promotion Scheme, and encouragement for regional economic growth.

7. Financial Sector:

   - Measures: Infusion of Rs 9,000 crore in the revamped credit guarantee scheme for MSMEs, introduction of Mahila Samman Savings Certificate, and increased deposit limit for Senior Citizen Savings Schemes.
   - Economic Development: Additional collateral-free guaranteed credit for MSMEs.

Finance Minister Sitharaman's 'Saptarishi' priorities reflect a comprehensive approach to addressing various aspects of India's development, aiming for inclusive growth, environmental sustainability, and empowerment of the youth.

3. Google Removes Over 2,500 Fraudulent Loan Apps from Play Store: Government Report

The Indian government disclosed in Parliament that Google has taken down or suspended more than 2,500 fraudulent loan apps from its Play Store between April 2021 and July 2022. Finance Minister Nirmala Sitharaman, in a written response to the Lok Sabha, outlined the government's ongoing collaboration with regulatory bodies to curb the menace of fraudulent loan apps.

Sitharaman noted that the government is in constant communication with the Reserve Bank of India (RBI) and other relevant regulators to address this issue. The Financial Stability and Development Council (FSDC), chaired by the Finance Minister, actively monitors and discusses matters related to fraudulent loan apps to maintain cyber security preparedness.

As part of its measures, the RBI has shared a 'whitelist' of legal apps with the government, which, in turn, was shared with Google by the Ministry of Electronics and Information Technology (Meity). Google has updated its Play Store policy for loan lending apps, allowing only those apps published by Regulated Entities (REs) or those working in partnership with REs.

Source:https://images.livemint.com/rf/Image-621x414/LiveMint/Period1/2015/05/13/Photos/google.jpg

Between April 2021 and July 2022, Google reviewed around 3,500 to 4,000 loan lending apps, leading to the suspension or removal of over 2,500 fraudulent apps. The Indian Cyber Crime Coordination Centre (I4C) under the Ministry of Home Affairs (MHA) has been proactively analyzing digital lending apps and reporting suspicious ones to Meity based on parameters such as user complaints and cybercrime data.

To combat cybercrimes and raise awareness, the government, RBI, and banks have implemented measures such as electronic-Banking Awareness And Training (e-BAAT) and a Nation-wide Intensive Awareness Programme (NIAP) in collaboration with lending institutions.

4. India's Net Direct Tax Collections Surge 20.7% to Rs 13.70 Lakh Crore in FY23-24

India's net direct tax collections for the period of April 1 to December 17 in the financial year 2023-24 witnessed a robust growth of 20.7% year-on-year, reaching Rs 13.70 lakh crore, as per provisional data released by the Ministry of Finance.

Breaking down the overall direct tax collections, corporate tax contributed Rs 6.95 lakh crore, while personal income tax and securities transaction tax combined amounted to Rs 6.73 lakh crore.

Before factoring in refunds, gross direct tax collections for the same period stood at Rs 15.96 lakh crore, marking a significant 17% increase compared to the previous year. Among these figures, gross corporate tax collections reached Rs 7.90 lakh crore, while gross personal income tax and securities transaction tax reached Rs 8.03 lakh crore, according to the ministry's statement on December 18.

The net direct tax collection is budgeted at Rs 18.2 lakh crore for the entire fiscal year 2023-24, representing a growth of 10.5%. Recent reports suggest that the actual growth in direct taxes may surpass this budgeted target and settle around 17-18% due to an expanded tax base resulting from increased compliance.

The provisional data also reveals that the Finance Ministry has issued refunds totaling Rs 2.25 lakh crore in the current financial year, reinforcing expectations that the Union government will meet its fiscal deficit target of 5.9% of GDP for 2023-24.

Source: https://navi.com/blog/wp-content/uploads/2022/11/Paper-Money.jpg

5. India's Sugar Production Drops 11% to 74.05 Lakh Tonnes in October-December 2023 Period

India's sugar production witnessed an 11% year-on-year decline, totaling 74.05 lakh tonnes during the period from October 1 to December 15 of the current marketing year, according to data from the Indian Sugar Mills Association (ISMA). The sugar marketing year in India runs from October to September.

While sugar production in Uttar Pradesh increased to 22.11 lakh tonnes during the specified period in the 2023-24 marketing year compared to 20.26 lakh tonnes in the corresponding period of the previous year, Maharashtra and Karnataka reported lower output. In Maharashtra, sugar production declined to 24.45 lakh tonnes from 33.02 lakh tonnes, and in Karnataka, it dropped to 16.95 lakh tonnes from 19.20 lakh tonnes.

ISMA had recently projected the total sugar production for the 2023-24 marketing year at 325 lakh tonnes, excluding diversion for ethanol, with an opening stock of 56 lakh tonnes. The demand is estimated to be 285 lakh tonnes. To ensure an adequate domestic supply and control prices, the government has restricted sugar exports for the current marketing year, with no exports allowed. In the previous marketing year 2022-23, India exported 64 lakh tonnes of sugar.

As part of efforts to boost ethanol production, the food ministry recently permitted the diversion of 17 lakh tonnes of sugar for ethanol manufacturing using sugarcane juice, sugar syrup, and B-heavy molasses.

Source: https://img.etimg.com/thumb/msid-102671817,width-1200,height-900,imgsize-229212,resizemode-8,quality-100/markets/stocks/news/adding-sweetness-to-portfolio-5-stocks-from-sugar-industry-with-upside-potential-of-up-to-35.jpg

6. Indian Government Expects Onion Prices to Drop Below Rs 40/kg by January

The Indian government anticipates a decline in onion prices to below Rs 40 per kilogram by January, down from the current average of Rs 57.02 per kilogram, according to Consumer Affairs Secretary Rohit Kumar Singh. Last week, the government imposed a ban on onion exports until March next year due to rising retail prices exceeding Rs 80 per kg in Delhi and around Rs 60 per kg in markets. Singh stated that the export ban will not impact farmers and aims to prevent a small group of traders from exploiting price differentials between Indian and Bangladeshi markets. The move is expected to benefit Indian consumers.

Onion inflation in the Consumer Price Inflation (CPI) basket has been in double digits since July, reaching a near four-year high of 42.1% in October. Between April 1 and August 4 of the current fiscal year, India exported 9.75 lakh tonnes of onions, with Bangladesh, Malaysia, and the UAE being the top importing countries. Onion prices have risen recently, prompting the government to take measures such as stepping up the sale of buffer onion stock at a subsidized rate of Rs 25 per kg and imposing a Minimum Export Price (MEP) of USD 800 per tonne on onion exports until December 31. Additionally, a 40% export duty on onions has been imposed up to December 31.

News related to Education and Indian Economy

1. Millets Expected to be a Focus in India's Upcoming Interim Budget

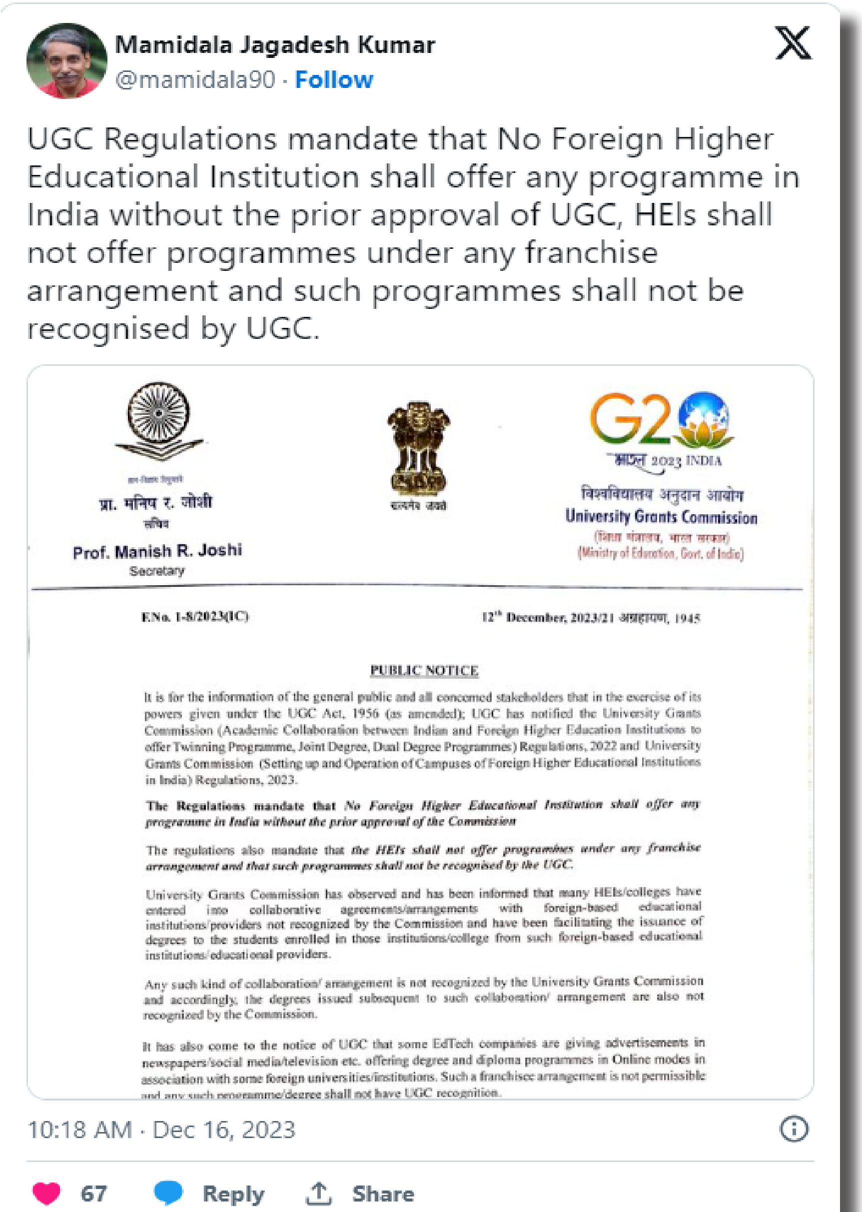
Millets, highly nutritious food grains, are anticipated to be a focal point in India's upcoming interim budget. The Indian government, recognizing millets' significance, has actively promoted them as a viable alternative to wheat, aiming to reduce pressure on the country's food basket. Finance Minister Nirmala Sitharaman had highlighted India's role as the global hub for millets in last year's budget speech, calling it "Shree Anna" and stating that the country is the largest producer and second-largest exporter of millets.

Source:

https://images.moneycontrol.com/static-mcnews/2023/09/G20-Millets-770x433.jpg?impolicy=website&width=770&height=431

The government has been promoting millet-based diets, observing 2023 as the 'International Year of Millets.' Prime Minister Narendra Modi has expressed the world's increasing understanding of the importance of millets, and efforts are being made to market and make them available to people. Millets are expected to contribute to global food security and address challenges related to diseases arising from unhealthy food habits.

2. UGC Warns Against Admission in Unrecognized Courses with Foreign Universities


Mamidala Jagadesh Kumar
@mamidala90 · Follow

UGC Regulations mandate that No Foreign Higher Educational Institution shall offer any programme in India without the prior approval of UGC, HEIs shall not offer programmes under any franchise arrangement and such programmes shall not be recognised by UGC.

प्रा. मनिष र. जोशी
सचिव
Prof. Manish R. Joshi
Secretary

सत्यमेव जयते

G20 भारत 2023 INDIA
विश्वविद्यालय अनुदान आयोग
University Grants Commission
(शिक्षा मंत्रालय, भारत सरकार)
(Ministry of Education, Govt. of India)

F.No. 1-8/2023(IC) 12th December, 2023/21 अग्रहायण, 1945

PUBLIC NOTICE

It is for the information of the general public and all concerned stakeholders that in the exercise of its powers given under the UGC Act, 1956 (as amended); UGC has notified the University Grants Commission (Academic Collaboration between Indian and Foreign Higher Education Institutions to offer Twinning Programme, Joint Degree, Dual Degree Programmes) Regulations, 2022 and University Grants Commission (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations, 2023.

The Regulations mandate that ***No Foreign Higher Educational Institution shall offer any programme in India without the prior approval of the Commission***

The regulations also mandate that ***the HEIs shall not offer programmes under any franchise arrangement and that such programmes shall not be recognised by the UGC.***

University Grants Commission has observed and has been informed that many HEIs/colleges have entered into collaborative agreements/arrangements with foreign-based educational institutions/providers not recognized by the Commission and have been facilitating the issuance of degrees to the students enrolled in those institutions/college from such foreign-based educational institutions/educational providers.

Any such kind of collaboration/ arrangement is not recognized by the University Grants Commission and accordingly, the degrees issued subsequent to such collaboration/ arrangement are also not recognized by the Commission.

It has also come to the notice of UGC that some EdTech companies are giving advertisements in newspapers/social media/television etc. offering degree and diploma programmes in Online modes in association with some foreign universities/institutions. Such a franchisee arrangement is not permissible and any such programme/degree shall not have UGC recognition.

10:18 AM · Dec 16, 2023

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Source: Twitter

The University Grants Commission (UGC) has issued a warning to Indian students against enrolling in courses offered by universities collaborating with foreign institutions not recognized by the UGC. The UGC, exercising its powers under the UGC Act, 1956, has notified regulations pertaining to academic collaboration between Indian and foreign higher education institutions. These regulations mandate that no foreign higher education institution can offer any program in India without prior approval from the UGC.

Additionally, the UGC cautioned EdTech platforms against providing degree and diploma programs online in association with foreign universities, emphasizing that such franchise arrangements are not permissible. The UGC stated that programs or degrees offered through such arrangements will not be recognized by the UGC, and actions will be taken against defaulting EdTech companies and higher education institutions under applicable laws and regulations.

3. IIT Kanpur Signs MoU with Indian Navy for Technology Development

The Indian Institute of Technology, Kanpur (IITK), and the Indian Navy have entered into a Memorandum of Understanding (MoU) at the Naval Headquarters. The primary objective of the MoU is to foster technology development, innovative solutions, and joint Research and Development (R&D) initiatives. Rear Admiral K Srinivas, Asst. Chief of Materiel (Dockyard & Refits), and Prof. S. Ganesh, Director of IIT Kanpur, signed the MoU. This collaboration aims to provide solutions to field-level issues, enhance training effectiveness through the exchange of faculty and guest lectures, and promote joint R&D initiatives.

Source: https://images.indianexpress.com/2023/12/IIT-Kanpur-1.jpg?w=640

The partnership focuses on joint research initiatives involving teams from the Centre of Excellence (Marine Engg.) at INS Shivaji, Lonavla, and IIT Kanpur. The structured collaboration signifies IIT Kanpur's commitment to advancing knowledge, fostering strategic partnerships, and contributing to the nation's defense capabilities.

4. IIT Delhi Expands Campus in Haryana's Jhajjar and Sonipat

The Indian Institute of Technology, Delhi (IIT-D), is in the process of expanding its campus in Haryana's Jhajjar and Sonipat. The project is being implemented in phases, according to Subhas Sarkar, the Minister of State in the Ministry of Education. Currently, two facilities, IIT Delhi Technopark (I-TEC) and Central Research Facility (CRF), are fully operational at the IIT Delhi (Sonipat) campus.

Source: https://images.indianexpress.com/2023/12/IIT-Delhi-1.jpg?w=640

Additionally, a High Capacity Computing (HPC) facility for Artificial Intelligence (AI) is being established with the support of the National Supercomputing Mission. To enhance research infrastructure, a new building under the 'Sophisticated Analytical & Technical Help Institutes (SATHI)' scheme is under construction adjacent to the CRF building. The expansion aims to strengthen research capabilities and contribute to technological advancements.

5.Finance Ministry Highlights Challenges in Estimating Actual Disinvestment Proceeds

The Finance Ministry has acknowledged the difficulty in estimating the actual proceeds from disinvestment in the current fiscal year, citing the dependency on market conditions and investor interest. The Budget Estimate for disinvestment receipts in 2023-24 stands at Rs 51,000 crore. As of December 13, 2023, the Department of Investment and Public Asset Management (DIPAM) has realized about Rs 10,050 crore through disinvestment transactions.

Source: https://etimg.etb2bimg.com/photo/101203800.cms

Minister of State for Finance Bhagwat Kishanrao Karad stated, "Disinvestment is an ongoing process, and execution of disinvestment transactions depends upon administrative feasibility, market conditions, domestic and global economic outlook, and investor interest. In view of this, it is difficult to anticipate the quantum of actual proceeds from disinvestment during the current fiscal."

The government's disinvestment policy includes strategic disinvestment, involving the entire or substantial sale of the government's shareholding in Central Public Sector Enterprises (CPSEs) along with the transfer of management control. Minority stake sales are also conducted in Public Sector Enterprises (PSEs) where the government retains control, using SEBI-approved methods such as Initial Public Offer (IPO), Offer for Sale (OFS), and buyback of shares based on prevailing market conditions and investor interest.

6. RBI Imposes Penalties of Rs 40.39 Crore on Banks and Financial Entities in FY 2022-23

In the financial year 2022-23, the Reserve Bank of India (RBI) imposed penalties amounting to Rs 40.39 crore on various entities, including banks and non-banking financial companies (NBFCs). Minister of State for Finance Bhagwat Karad provided this information in a written response to the Lok Sabha on December 18.

The penalties included fines on cooperative banks, private sector banks, public sector banks (PSBs), foreign banks, small finance banks, regional rural banks, housing finance companies (HFCs), and NBFCs. Cooperative banks faced 176 penalties amounting to Rs 14.04 crore, while private sector banks were fined Rs 12.17 crore, PSBs Rs 3.65 crore, foreign banks Rs 4.65 crore, small finance banks Rs 0.97 crore, regional rural banks Rs 0.42 crore, HFCs Rs 0.10 crore, and NBFCs Rs 4.39 crore.

Karad explained that the RBI is mandated to take enforcement action, including the imposition of monetary penalties, based on the Enforcement Policy and Framework approved by the Board for Financial Supervision of RBI. The penalties were imposed for contraventions of various statutes and directions issued by the RBI.

Source: https://entrackr.com/storage/2019/01/RBI-1200x600.jpg

The minister highlighted that the RBI has issued guidelines on fair practices code to be adopted by banks, NBFCs, and HFCs, covering various aspects of lending.

Market Report: A Recap of the Key Developments for the month of November 2023

Introduction

The Indian stock market, a pulsating hub of economic activity, has once again emerged as a focal point of interest and scrutiny in the month of November 2023. Investors, analysts, and policymakers keenly observed the market's response to an array of factors ranging from economic indicators to global events. This article endeavors to provide a comprehensive analysis of the significant developments that unfolded during this pivotal month, shedding light on the forces that shaped the investment landscape.

Indian Stock Market Indices

Foreign institutional investors (FIIs) and domestic buyers engaged in short-covering prior to the assembly election results on 3 December. As a result, the market capitalization of BSE increased to $3.99 trillion on Wednesday, significantly surpassing the government's nominal gross domestic product (GDP) estimate of $3.62 trillion for the current fiscal year (FY24).

Following an interval of two months, the Nifty 50 index reclaimed the 20,000-mark.

A provisional 2,360.81 crore worth of shares were acquired by domestic institutional investors (DIIS), whereas foreign portfolio investors (FPI) made purchases amounting to ₹71.91 crore. It is expected that FPI increased their pre-existing favorable wagers on stock futures.

Fig 1: Nifty 50: About to reach a record level

Fig 2: Sensex – attaining a new height

Return of FPIs in Indian Stock Market

November 2023 is marked by return of FPIs in Indian stock market after a hiatus of few months. There are several reasons behind the reversal of FPI flows in November. Due to the steep decline in US inflation and the sharp increase in US GDP, the primary concerns of Fed hawkishness and a harsh landing have been resolved. That eliminates the majority of the worldwide headwinds. But the significant increase in FPI inflows in November occurred subsequent to the disclosure of GDP data, which revealed a 7.6% real growth in GDP. This statement confirmed India's position as the largest economy with the highest rate of growth for the current year as well. The cumulative FPI purchasing was approximately $1.08 billion; however, the pivotal factor in this instance was the reversal in FPI sentiment. FPIs launched their purchases in secondary markets at the end of November, having increased their investments from IPO flows.

Further, throughout the month US bond yields and the US dollar index (DXY) diminished steadily. The yields on US bonds have decreased by 79 basis points in the past four weeks, which is a significant amount. The decline in the US dollar index from 107 to 103 is anticipated to have a positive impact on the Indian rupee.

Fig 3: USD – INR Exchange Rate

The crucial GDP data was released in November, revealing a real GDP expansion of 7.6% in the second quarter. This is a 7.8% increase from the previous quarter and is likely to prompt the RBI to raise its GDP growth forecast for FY24 from 6.5% to approximately 7%. Additionally, the nominal GDP increased by 9.1% compared to the initial quarter, with the construction, utilities, mining, and manufacturing sectors taking the lead.

Two additional significant data indicators emerged domestically that provided further support for the resumption of FPI flows. October's growth in the core sector was 12.07%, the fifth consecutive month in which growth exceeded 8%. An excellent advance indicator for both the IIP and GDP. Furthermore, the fiscal deficit update as of October's conclusion remains at 45% of the target for the entire year, suggesting that the government might have no trouble maintaining its fiscal target of 5.9%.

Assets under custody (AUC) is the closing market value of all equities held by FPIs. The AUC is a function of flows and also the movements in the major stock market indices. Between October 2023 and November 2023, the FPI AUC has surged by 7.27% to $ 674.67 billion. Why this number is relevant is that it is higher than the earlier peak of $667 billion achieved on FPI AUC in October 2021. After a gap of over 2 years, the FPI AUC has once again scaled up, thanks largely to the index rally. The table below captures the top sectors in terms of FPI AUC as of November versus October.

Industry Group	FPI AUC (Nov 2023) USD in billion	FPI AUC (Oct 2023) USD in billion
Financials (BFSI)	216.15	205.90
Information Technology (IT) Services	65.80	61.64
Oil and gas	56.70	53.46
FMCG	46.63	44.87
Automobiles and components	46.14	41.90
Healthcare	38.08	33.97
Capital goods	29.79	26.39
Power	24.20	22.27
Consumer durables	22.90	21.74
Consumer service	20.49	17.71
Metals and mining	19.37	17.92
Telecommunications	18.96	17.20
Construction	14.50	13.65
Cement	12.18	11.36
Realty	11.90	10.05
Chemicals	11.69	11.03
Services	11.47	10.60

Source: NSDL

In the end, it was the IPO market that facilitated FPI flows, which subsequently dispersed to secondary markets. Prominent initial public offerings (IPOs) that garnered optimistic reception from the FPIs included IREDA, Tata Technologies, Gandhar Oil, and Flair Writing Products. IPO news is probably the primary catalyst for FPI interest in India.

IPOs

The month of November 2023 also witnessed few successful IPO launches:

i) Tata Technologies Limited

Tata Technologies Limited, which was incorporated in 1994, provides engineering services on a global scale. Digital solutions and product development are available from them. This includes providing global original equipment manufacturers (OEMs) and their tier-1 suppliers with turnkey solutions.

The book-built issue of Tata Technologies Limited IPO is Rs 3,042.51 crores. The issuance comprises an offer to sell a total of 6.09 crore shares.

IPO bids for Tata Technologies commenced on November 22, 2023, and concluded on November 24, 2023. Tata Technologies' initial public offering (IPO) allocation was concluded on Tuesday, November 28, 2023. The shares became BSE and NSE-listed on November 30, 2023.

The price range for Tata Technologies' initial public offering is between ₹475 and ₹500 per share. Thirty shares is the minimal lot size required for an application. 15,000 is the bare minimal investment quantity required of retail investors. In the case of sNII, the requisite minimum investment is 14 lots (420 shares), equivalent to ₹210,000; conversely, bNII requires 67 lots (2,010 shares), or ₹1,005,000.

ii) IREDA

Indian Renewable Energy Development Agency Limited, which was incorporated in March 1987, is a public limited government corporation.

IREDA is a seasoned financial institution with more than three decades of experience actively promoting, developing, and extending financial assistance for energy efficiency and conservation initiatives, in addition to new and renewable energy projects.

The book-built IREDA IPO is valued at Rs 2,150.21 crores. The issuance comprises a fresh issuance of 40.32 crore shares, valued at Rs 1,290.13 crores, in addition to an offer to sell 26.88 crore shares, valued at Rs 860.08 crores.

Bidding for the IREDA IPO commenced on November 21, 2023, and concluded on November 23, 2023. The IREDA IPO allotment was officially concluded on November 24, 2023, Friday. The shares became BSE and NSE-listed on November 29, 2023.

A 30 to 32 IPO price range has been established for IREDA shares. 460 shares is the minimal lot size required for an application. ₹14,720 is the bare minimum investment sum mandated for retail investors. In the case of sNII, the minimal lot size investment is INR 206,080 for 14 lots (6,440 shares). Conversely, bNII requires 68 lots (31,280 shares), equivalent to INR 100960.

iii) Flair Writing Industries Limited

The book-built Flair Writing IPO is valued at Rs 593.00 crores. The offering comprises a fresh issuance of 0.96 crore shares, valued at Rs 292.00 crores, in addition to an offer to sell 0.99 crore shares, worth Rs 301.00 crores.

Bidding for the Flair Writing IPO commenced on November 22, 2023, and concluded on November 24, 2023. The finalization of the allocation for the Flair Writing IPO took place on Wednesday, November 29, 2023. The shares became BSE and NSE-listed on 1 December 2023.

The price range for Flair Writing's initial public offering is ₹288 to ₹304 per share. For an application, a minimum lot size of 49 shares is required. ₹14,896 is the bare minimum investment sum mandated for retail investors. In the case of sNII, the minimum lot size investment is 14 lots (686 shares) totaling ₹208,544, whereas for bNII, it is 68 lots (3,332 shares) worth ₹1,012,928.

NOTES

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