What 2024 holds for businesses in india *(The Morning Context)*

- The overhang of 2023 will be hard to shake off coming into the new year, particularly for startups, which saw the funding slowdown from 2022 becoming even more acute Indian startups saw funding drop by more than half last year
- In tech there is a resurgent global excitement around artificial intelligence and all the possible products and businesses that can be built on top of it
- public markets ended the year on a high with one of the best Decembers in a decade or two, to the point where many strong companies and even entire industries appear far too expensive from the investor's perspective
- In time-honoured tradition, we're taking the opportunity of the new year to make a few predictions on the big changes, developments and conflicts ahead for Indian startups and business
- The imperatives and expectations around Reliance's break-up in 2024 Was about Mukesh Ambani's moment of reckoning in our 2023 outlook and how the Adani juggernaut had outpaced Reliance Industries. The aftermath of Hindenburg Research's allegations has put the Adani group (Rs 13 lakh crore) well behind Reliance (Rs 19 lakh crore) in the market cap league table. However, Ambani's challenges go well beyond Adani's reflection in his rearview mirror
- The opacity around the plans of the only demerged business Jio Financial Services continues four months after its listing. More crucially, Reliance Industries is looking clunkier than ever with outsized interests in media and entertainment like Network18 and Jio Studios , digital services in Jio Platforms and retail grocery, electronics and fashion
- Demerging and listing these businesses is expected to unlock value while providing the market with a clearer basis for valuation. Besides value unlocking, the demerger will also be the cornerstone of Ambani's succession plan, which is likely to be complicated
- Reliance's market cap including Jio Financial has grown by just 8.4% in 2023 and at an even lower 7.5% in 2022. Any demerger-led surge in 2024 will lift not just Ambani's fortunes but also the frontline indices
- Big fintech M&As on the horizon India's fintech sector has had a tough year. In 2023, companies reliant on external capital for sustenance struggled amid a muted funding environment
- The Reserve Bank of India's regulatory diktats, especially around digital lending, made survival even tougher
- And 2024 is likely to be harder for most fintech startups, with the possibility of down rounds, layoffs, permanent closures and fire sales
- ZestMoney is a classic example. The buy now pay later platform's failed talks with PhonePe to sell its business at less than a third of its valuation in 2021 was a warning sign. The startup officially shut down in December
- Throughout 2023, several such companies struggling with their businesses. FamPay, for instance, was unable to raise money and had to downsize its operations. Instamojo shxuttered its payment aggregator business after failing to secure a licence. In December, Paytm decided to lay off over 1,000 employees and cut down on its loan aggregation business

- These trends are likely to continue in 2024. Larger well-capitalized fintechs, banks, NBFCs and conglomerates looking to venture into fintech would be on the lookout for cut-price deals
- one such company that has made its fintech ambition abundantly clear is Jio Financial Services
- The Mukesh Ambani-owned company, which went public last year, is already looking for acquisition targets in order to kickstart a range of businesses in payments, lending, insurance and wealth management
- Jio Financial will likely go on an acquisition spree this year a high-profile fintech acquisition is on the cards
- Apart from that, HDFC Bank, Walmart-backed PhonePe and State Bank of India might also be among the active buyers in a fintech market where most smaller players are jostling to survive in the second straight year of a funding winter
- A grand reset for Indian media and entertainment, In many ways, 2023 has set the stage for a massive shake-up in the Indian media and entertainment industry. Four of the top media and entertainment companies are now looking at consolidation to create two behemoths in the sector
- The impending merger of Zee Entertainment and Sony Pictures Network (now Culver Max Entertainment), The two companies that decided to join forces way back in 2021 have seen quite a few legal obstacles over the past two years. Finally, it seems the path is getting clear and the two firms are expected to complete the merger this year
- The second consolidation, however, is a massive one. Reliance Industries is reportedly talking to Disney about a merger with the latter's India business. Going by a report in The Economic Times, the two have already signed a non-binding agreement
- CRED to apply for a banking licence has seen several fintech companies exploring the possibility of a banking licence. Slice, for example, received the central bank's nod to acquire North East Small Finance Bank. Zerodha is pushing for a payments bank licence. And, Mobikwik is reportedly eyeing Bank of Baroda's stake in Nainital Bank. The trend is likely to continue this year
- One startup that could be looking to enter the banking sector is CRED. In 2024, the loss-making fintech company hopes to turn the corner and achieve profitability. To summarize, CRED wants to sell loans and insurance on its platform, have its own wealth management service, run a peer-to-peer network that operates as a marketplace of lenders and borrowers, offer concierge services to its premium users and become the go-to platform for users to pay bills and make purchases
- all of this speaks of an ambition that makes sense for a bank but not for a fintech startup that is yet to break even. In 2021, founder Kunal Shah acquired an NBFC called Parfait Finance. prediction is that Shah would at the very least use his influence and connections to explore the possibility of a banking licence
- The fight for international skies Through 2023, IndiGo and Air India matched each other, move for move, in network expansion, pilot hiring and new aircraft

orders. While the competition will continue in 2024, the most fascinating part of the duel will play out in the high-profile and high-margin international markets

- In January, Air India will commence operations of its recently inducted Airbus A350-900 aircraft. With a range of about 15,000 km, the aircraft will add to the airline's long-haul, non-stop operations to either side of the globe.
- While these wide-body aircraft will cement Air India's advantage in the long-haul routes, for the shorter destinations, Air India Express is already proving to be a formidable rival for IndiGo. The country's largest airline is limited by its narrow-body fleet, which can't fly non-stop beyond 7,400 km
- That doesn't mean Pieter Elbers, IndiGo's chief executive, is waiting for the long-range Airbus A321XLR aircraft to make his first move. By the time these aircraft join IndiGo's fleet in the second half of this year, the low-cost airline would have firmed up plans to provide premium services, including business class seats, a fresh menu and a possible new look for its crew, on international routes
- The year that just ended was nothing short of nightmarish for India's real-money gaming companies. For years, the sector where players pay to participate in games, from fantasy cricket to Ludo, for a chance to win real money had a good run where companies made heavy profits and investors saw big returns
- All of this ended in 2023. For one, the government imposed a higher goods and services tax on real-money gaming. Not going into the details of this change we have explained it here but the gist of it is that the new taxation slab has rendered many businesses unviable
- It's fair to say that 2023 will go down as the year that shook real-money gaming to its core. However, the fate of this sector is expected to be sealed in 2024
- This year will see the companies fight for their future in Indian courts as well as with the government. In a few months, the higher taxation rate is up for review with the GST authorities, who will decide if there is a need to reverse or revise the changes made last year
- But more importantly, the fight over retrospective taxation will play out in the Indian courts this year. Quite a few companies, including Dream11, Gameskraft and Deltatech Gaming, have filed petitions against the tax demands and these will be heard in the coming months
- SBI to get a new chairman by the country's largest lender, State Bank of India, is all set to get a new chief by the end of August this year
- The SBI chairman has traditionally been picked from the bank's existing cadre. If seniority is taken into consideration for the top post a norm till now Setty stands the best chance
- The transition comes at a crucial time, especially for the investors. Over the past year, SBI's shares have gone up by just 4.82% the Nifty PSU Bank index has seen a 32% growth. Much of this waning investors' interest has to do with the way the bank has been functioning lately under Khara
- Headwinds for big tech in India seems 2024 is going to be a year of many fires for big tech firms in India. And there are quite a few reasons

- we are months away from the 2024 general elections and there is already an increase in the government's engagement with the likes of Google, Meta
- In recent months, the ministry of electronics and information technology has repeatedly expressed concerns over misinformation through deepfakes and artificial intelligence
- It has even issued two advisories asking the social media networks to comply with the existing information technology rules, specifically highlighting the deepfake issue
- As the country gears up for the election, the instances of new, unexpected directives from the government are also likely to increase
- the Indian government is getting ready to notify rules under the recently passed Digital Personal Data Protection Act. The law in itself is fairly controversial and the specific rules under it are bound to be heavily debated
- We are expecting a lot of activity here. there is already enough noise in the Indian tech ecosystem against some of the alleged monopolistic practices of Google and Apple
- Given all these factors, 2024 looks like a plateful of chaos for big tech companies in India
- India's green hydrogen story kicks off the country's ambition to become a green hydrogen powerhouse is likely to get a major boost this year
- The government plans to finalize the first tranche of companies that will make electrolyzers and green hydrogen under its national programme
- This comes a year after India approved the National Green Hydrogen Mission, spurring a race among businesses to build capabilities and find technology partners
- The programme set aside Rs 19,744 crore to achieve at least 5 million metric tonnes per annum of hydrogen production capacity by the end of this decade
- 34 companies have been shortlisted to receive incentives for manufacturing electrolyzers and green hydrogen. These include some of the biggest names Reliance Industries, the Adani group, Bharat Petroleum, Larsen & Toubro, Jindal Group, JSW Group and UPL. There are also relatively small challengers such as the Greenko Group, Avaada Group, ACME Group and Torrent Power
- Green hydrogen is being touted as the silver bullet for decarbonizing polluting sectors and addressing energy needs. But producing green hydrogen is costly and unviable at the moment
- India is hoping to change that by incentivizing companies. Reliance Industries chairman Mukesh Ambani, for instance, has pledged to bring down costs to $1 per kg by 2030, from $5-7 currently
- Reliance will have one more year before it starts commercial production in 2025. The cost pledge will be put to the test this year
- Although it is a risky gamble for businesses, it could also set them off on a long-term growth path
- A maze of carbon tariffs is coming for Indian companies The European Union will start levying a carbon tax on imports of cement, iron and steel, aluminium, fertilizers, electricity and hydrogen from January 2026

- However, from this year onwards, Indian companies exporting to that market will have to submit reports on their processes every two months. This will add significantly to their compliance burden
- It is not just the EU and the UK, Australia and the US are also contemplating a similar tariff. Last year, Taiwan also passed a law that included elements of a carbon border tax
- This means large exporting companies will have to start preparing for navigating a maze of regulations, and the consequent rise in costs and compliance
- Internally, too, India is setting up its own regulated carbon market. It wants companies to start trading carbon credits and also introduce emission caps on highly polluting sectors
- These would also pose challenges for Indian companies, which are already grappling with increased disclosure norms from the Securities and Exchange Board of India
- While governments clash over whether such a tax is fair or not, companies will have no choice but to adhere to the regulations if they want to protect their export base
- But with governments planning retaliatory carbon tariffs, there is likely to be a lot of uncertainty. Such precariousness around regulations signals a confusing year for Indian exporters

Entitled Solutions raises Rs 4 Cr in extended seed round

- Entitled Solutions, an inclusion platform to make health and financial services accessible to urban low-income workers
- has raised Rs 4 crore in an extended seed round from SIS Ltd, Facility Management and Cash Logistics
- The proceeds will be used to support product development, scale platform partnerships to expand reach to over 2 million workers over the next few months
- Founded by Anshul Khurana, Entitled works on a B2B2C model and integrates with employers and gig service platforms to enable services for the workers associated with them
- It claims to have enabled affordable financial and health access to over 700,000 low-income workers, including those in the new-age gig economy
- The platform partners with employers to provide access to emergency funds, rewards, discounts on healthcare and daily essentials, saving programs, and counselling for its employees
- The startup has previously raised rounds from HDFC Capital, LetsVenture, Sotheby's and seasoned angels like Nipun Sahni

Pavestone VC leads $2.75 Mn pre Series A round in LivNSense

- Artificial intelligence-driven decarbonisation platform LivNSense has raised $2.75 million in pre-Series A round led by Pavestone Technology Fund
- The company plans to allocate the funds towards building its green AI platform to deliver 100s megatons of carbon reduction and create impacts globally

- Co-founded in 2018 by Avinash Kumar and Priyanka Kumar, LivNSense is an Industrial AI company that addresses net zero challenges to reduce GHG carbon emissions across the globe
- LivNSense has launched GreenOps, a specialised energy balance AI platform to address net zero challenge
- According to the Bengaluru-based company, it helps firms focus on decarbonization across process value chains with patented IPS and is used by leading global players across cement & asphalts, metals and petrochemical manufacturing industries to help reduce carbon emissions and improve profitability
- LivNSense registered revenue of 2.45 crore during FY23 as compared to Rs 2.18 crore during FY22 with a profit of Rs 4.76 lakhs and 7.27 lakhs respectively
- Pavestone is a SEBI Regulated Alternative Investment Fund (AIF) with a target corpus of Rs 700 crore and has backed companies like E42.ai, Newspace, and Bellatrix Aerospace

Financial advisory platform Cashvisory raises Rs 1.2 Cr in pre Seed round

- Financial advisory platform Cashvisory has secured Rs 1.2 crore in a pre-seed round led by SucSEED Indovation Fund along with participation from EvolveX
- The company plans to use the funds to roll out its go-to-market strategy, offering tailored investment portfolios, including stocks, small cases and launching AI driven mobile apps
- Co-founded in 2020 by Arpita Sinha and Utkarsh Chaudhary, Cashvisory offers a completely digital DIY platform unlike traditional investment platforms and provides a guided journey for users, simplifying complex financial concepts with a gamified approach and real-time what-if analysis
- It aims to democratise quality financial advice, ensuring affordability and accessibility for every professional
- The Kolkata-based company said that it has witnessed 350% growth in its user base, helped several users to make their first investment and is looking to take its customer base to 10,000
- The major companies in this space are Go4Advisory, FinEdge, Finbingo, FundsIndia and others
- SucSEED Indovation Fund focuses on early-stage tech seed initiative and has already invested in more than 65 startups