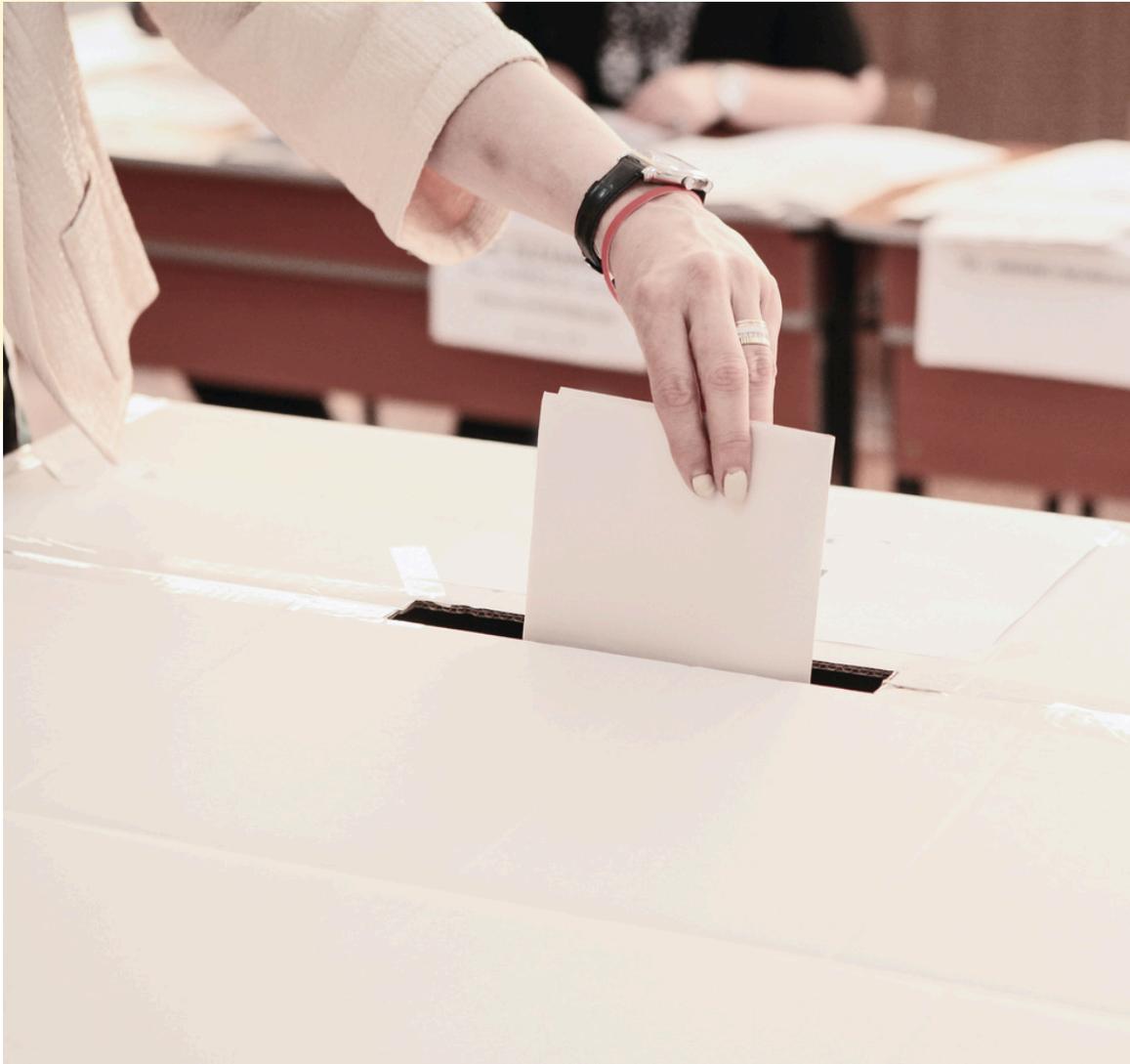


MAY 2024

NEWSLETTER



THE BRICS CHAMBER OF COMMERCE AND INDUSTRY

Building Business and Beyond

What's Inside?

-  **New Members**
-  **Business Meets and Events**
-  **BRICS and Beyond News**
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NEW MEMBERS



MR. RAJAN CHOPRA

PARTNER,
SHIVA INTERNATIONAL

INDIVIDUAL MEMBER

Mr. Rajan Chopra is the esteemed Director of Shiva International, a leading manufacturer specializing in plastic packaging materials. Under his visionary leadership, the company excels in producing high-quality eye drop bottles, cosmetic packaging, and food-grade containers. With a keen eye for innovation and quality, Mr. Chopra has propelled Shiva International to the forefront of the packaging industry, ensuring they meet stringent safety and environmental standards. His commitment to excellence and sustainable practices has earned the company a stellar reputation, making it a trusted name among global clients. Mr. Chopra's dynamic approach continues to drive the company towards new heights of success.

NEW MEMBERS



MR. KOUSHAL GARG

DIRECTOR,
GURU KRIPA TIMBER TRADER
PVT. LTD.

INDIVIDUAL MEMBER

Mr. Koushal Garg is an experienced professional in the timber industry, specializing in the trading of raw imported timber, round logs, and sawn wood. He operates both in the wholesale and retail markets, providing high-quality wood products to a diverse clientele. With a deep understanding of the timber trade and a commitment to excellence, Mr. Garg has established a reputation for reliability and expertise in the field.

NEW MEMBERS



MS. PRITI GOEL

FOUNDER & CEO,
PRISHA WEALTH
MANAGEMENT PVT LTD.

ASSOCIATE MEMBER

Priti Goel comes from a hardcore banking experience of over 23 years. She is the founder of Prisha Wealth Management and Ex Citi, Barclays and HDFC. She has studied from St. Stephen's College, International Management Institute, Rice University and Cornell University.

With a robust skill set that includes Retail Banking, Banking, Relationship Management, Financial Risk, Credit Risk and more, Priti Goel contributes valuable insights to the banking industry.

In the last 4 months, she has authored lots of financial articles for marquee financial newspapers such as Economic Times, MINT, Financial Express, Fortune India, ABP Live and some editorials for BRICS Chamber of Commerce as well. She has given her unique take on investments, financial planning and investment advisory.

NEW MEMBERS



DR. MANSI BATRA KAWATRA

**ASSISTANT PROFESSOR,
GALGOTIA UNIVERSITY**

ASSOCIATE MEMBER

Dr. Mansi Batra Kawatra holds a Ph.D. in Economics and is renowned for her exceptional leadership qualities, self-belief, and outstanding oratory skills. With a distinguished academic background, she has contributed significantly to the field of economics through her research and publications. Dr. Kawatra's leadership is characterized by her visionary approach and ability to inspire and motivate teams towards achieving organizational goals. As a self-believer, she embodies confidence and resilience, consistently overcoming challenges and driving success. Additionally, her eloquence as an orator has made her a sought-after speaker at numerous conferences and seminars, where she effectively communicates complex economic concepts with clarity and insight.

BUSINESS MEETS AND EVENTS

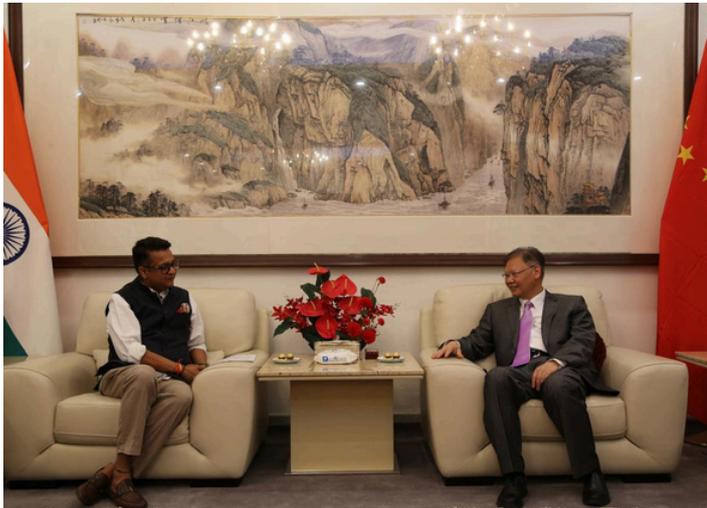
B2B MEETING WITH THE RUSSIAN EMBASSY



On May 3, 2024, a notable gathering took place at the Russian Embassy in India, where Ms. Ruby Sinha, President of the Women Vertical and Governing Body Member - BRICS CCI, Mr. Gulshan Narang, President of the MSME Vertical and Governing Body Member - BRICS CCI, alongside Ms. Ankita Sachdev, Joint Director - BRICS CCI, met with Mr. Roman Babushkin, Minister Counsellor and Deputy Chief of Mission. This meeting marked the unveiling of the comprehensive report titled "New Era of BRICS: Horizons in Tech and Business for Women Empowerment." Deliberations during the session underscored the imperative of mutual collaboration and the advancement of women's entrepreneurship and Micro, Small, and Medium Enterprises (MSMEs) within the BRICS framework. The discussions also explored strategic partnerships aimed at fostering innovation, driving economic growth, and promoting gender equality. Such collaborative efforts signal a steadfast commitment to enhancing cooperation for the collective advancement of the BRICS community.

BUSINESS MEETS AND EVENTS

BRICS CCI CONGRATULATES THE NEWLY APPOINTED AMBASSADOR OF THE PEOPLE'S REPUBLIC OF CHINA



On **30th May, 2024**, the BRICS Chamber of Commerce & Industry (BRICS CCI) had the honor of visiting the Embassy of the People's Republic of China to extend their congratulations to **H.E. Xu Feihong**, the newly appointed Ambassador of China to India. The meeting was attended by key members of the BRICS CCI team, including **Mr. Sameep Shastri, Vice Chairman, Mr. Atul Banshal, Executive Director of International Affairs, Ms. Ruby Sinha, President of the BRICS CCI WE Vertical, Ms. Ankita Sachdev, Joint Director and Ms. Yashika Pokhriyal, Assistant Director**. Ambassador Xu Feihong, renowned for his diplomatic expertise and dedication to fostering international cooperation, welcomed the BRICS CCI representatives warmly. He articulated his vision for deepening ties in various sectors including trade, investment, and cultural exchange, highlighting these areas as crucial for the collective development and prosperity of the BRICS nations. The BRICS CCI delegation presented their ongoing and future initiatives aimed at bolstering economic ties, with a special focus on sustainable development, technological innovation, and youth leadership programs. These discussions underscored a shared vision for a more integrated and cooperative BRICS community.

BRICS AND BEYOND NEWS

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BRICS EDUCATION LEADERS SHARE MENTORSHIP INSIGHTS AT 'OCEAN' ROUNDTABLE

On May 2, 2024, the All-Russian Children's Centre 'Ocean' convened a virtual roundtable, attracting 80+ delegates from BRICS nations. Notable attendees included Usman Rassukhanov, Director of the Department of International Cooperation and Public Relations at the Russian Ministry of Education. The discourse

centered on mentoring within short-term children's groups, stressing its pivotal role in professional growth. Discussions encompassed international program participation and the efficacy of 'Ocean's' mentoring system. Experts advocated for systematic support and the amplification of positive practices. Natalya Seminyuda, Deputy Director for Development at 'Ocean,' underscored diverse mentoring modalities, underscoring the event's thematic significance.

Source: BRICS Russia 2024

BRICS CUSTOMS SERVICES LAUNCH INITIATIVE TO STREAMLINE TRADE WITH AEO RECOGNITION

On May 13, 2024, the BRICS customs services held their inaugural meeting on authorized economic operators (AEOs). This initiative, launched under South Africa's 2023 BRICS Chairship, seeks to streamline international trade. During Russia's 2024 Chairship, BRICS aims to approve a joint

action plan and draft an agreement for mutual AEO recognition. Key agreements on document content, timelines, and validation procedures were reached, marking significant progress in BRICS customs cooperation.

Source: BRICS Russia 2024



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IRAN MOURNS PRESIDENT EBRAHIM RAISI'S DEMISE IN HELICOPTER CRASH

Iranian President, Ebrahim Raisi, accompanied by Foreign Minister Hossein Amir-Abdollahian, tragically perished in a helicopter crash in East Azerbaijan province on May 20, 2024. This sorrowful event unfolds amidst heightened tensions, echoing President Raisi's steadfast support for Palestine and recent escalations with

Israel. Mohammad Mokhber, formerly serving as Iran's First Vice President, has assumed the role of interim president, appointed by Supreme Leader Ayatollah Ali Khamenei following President Raisi's untimely demise.

Source: The Hindu, NDTV

TATARSTAN PREPARES FOR BRICS GAMES

Tatarstan's Sports Minister Vladimir Leonov provided an update on preparations for the BRICS Games during a briefing. He emphasized international engagement, noting that Brazil, China, and India intend to broadcast the events with native commentators. A summit of BRICS sports ministers will convene in Tatarstan on June 22-23 to discuss the future evolution of the



BRICS Games and potential sporting events in Russia, including Tatarstan. The BRICS Games are scheduled to be held in Kazan from June 12-23.

Source: TV BRICS

BRICS AND BEYOND NEWS

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MEETING OF THE BRICS HEADS OF SPACE AGENCIES IN MOSCOW, RUSSIA

On May 23, 2024, Moscow hosted a meeting of the Heads of BRICS Space Agencies, attended by Russia BRICS Sherpa Sergey Ryabkov. Roscosmos Director General Yury Borisov proposed creating an international safety system for space activities, using an open information platform. This initiative includes data

exchange on space debris, solar activity, and asteroids. Borisov also suggested BRICS collaboration on manned space exploration and expanding remote sensing satellites. The meeting included a draft statement calling for the prevention of weapons in space and maintaining space sustainability. Additionally, Russia proposed establishing the BRICS Space Council.

Source: BRICS Russia 2024

MEETING OF THE HEADS OF THE ACADEMIES OF SCIENCES OF THE BRICS COUNTRIES

On May 29, 2024, the Russian Academy of Sciences hosted the heads of the academies of sciences of the BRICS countries in Moscow. The event, themed "Academic Partnership in the Interests of Peace, Mutual Development, and Prosperity," featured speeches by key personalities in Russia. Notable remarks

were delivered by Wu Zhaohui, Vice President of the Chinese Academy of Sciences; Ali Akbar Salehi, Vice President of the Academy of Sciences of Iran; Gina El-Feky, President of the Academy of Scientific Research & Technology of Egypt; and Ashutosh Sharma, President of the Indian National Science Academy. The conference continues on May 30 at the Kurchatov Institute.

Source: BRICS Russia 2024



BRICS CCI PRESENTS LAW | NEWS DIGEST

MR. RAHUL BAGGA



CONVENER, BRICS CCI LAW &
ARBITRATION VERTICAL FOUNDER,
AUMIRAH

Indian Patents Act to be amended to strengthen provisions

<https://timesofindia.indiatimes.com/city/delhi/amendments-to-indian-patents-act-to-strengthen-provisions/articleshow/110477203.cms>

The department for promotion of industry and internal trade (DPIIT) will soon move amendments to the Indian Patents Act to strengthen provisions around disclosures related to use of traditional knowledge and genetic resources, while filing patent applications.

Last week, developing countries, including India, managed to secure a commitment for disclosure of traditional knowledge and genetic resources at the World Intellectual Property Organisation (WIPO), with 15 countries already endorsing the treaty, dubbed as the first to address the issue that has been under discussion since 1999.

Xiaomi In Patent Dispute Row In India And France

<https://news.abplive.com/technology/gadgets/xiaomi-patent-dispute-lawsuit-infringement-sun-patent-trust-ltea-technology-delhi-high-court-1691179>

Chinese smartphone manufacturer Xiaomi got embroiled in a legal dispute over patent infringement in its key markets such as India and France, the media has reported. The patent lawsuit has been filed by Sun Patent Trust, which alleged that Xiaomi has used its LTE-Advanced (LTE-A) technology since 2018

without securing the necessary licenses. LTE-A, is an enhancement of the standard 4G LTE, and provides superior speeds and performance.

BRICS CCI PRESENTS **LAW | NEWS DIGEST**

India granted record 41,010 patents in 2023-24 so far

<https://timesofindia.indiatimes.com/city/delhi/amendments-to-indian-patents-act-to-strengthen-provisions/articleshow/110477203.cms>

The Indian patent office has granted "highest" number of 41,010 patents till November 15 this fiscal year, Commerce and Industry Minister Piyush Goyal has said. In 2013-14 fiscal year, 4,227 patents were granted.

American Tesla Beats Down Indian Tesla In Court!

<https://news.abplive.com/technology/gadgets/xiaomi-patent-dispute-lawsuit-infringement-sun-patent-trust-ltea-technology-delhi-high-court-1691179>

The American electric vehicle giant Tesla Inc. headed by billionaire CEO Elon Musk has won the trademark dispute that it had with an Indian company. It has been reported that the Delhi High Court has granted initial relief to Tesla Inc., in its ongoing trademark dispute with Gurugram-based Tesla Power. The court has directed Tesla Power to cease manufacturing, selling, or marketing electric vehicles (EVs) under the Tesla trademark. The Indian Tesla has already instructed its distributors and dealers to remove the Tesla trademark from its electric scooters.

All You Need To Know About India's Crypto Bill

<https://www.forbes.com/advisor/in/investing/cryptocurrency/crypto-bill/>

The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021 was introduced in the Lok Sabha. The bill seeks to create a favorable framework for the creation of digital currency that will be issued by the Reserve Bank Of India (RBI).

Indian Govt allows direct overseas listing of Indian companies; notifies relevant section under companies law

<https://www.financialexpress.com/market/govt-allows-direct-overseas-listing-of-indian-companies-notifies-relevant-section-under-companies-law-3294280/>

In a significant move, the government has permitted Indian companies to list on foreign exchanges, subject to certain conditions.

The corporate affairs ministry has notified the relevant section under the companies law in this regard.

THE IMPORTANCE OF MARGIN OF SAFETY IN INVESTING: HOW TO PROTECT YOUR INVESTMENTS AGAINST POTENTIAL RISKS AND LOSSES



MS. PRITI GOEL

FOUNDER & CEO OF PRISHA WEALTH MANAGEMENT PRIVATE LIMITED AND A CERTIFIED INVESTMENT ADVISOR
 ASSOCIATE MEMBER, BRICS CCI

Margin of safety (will be hereafter called as 'MoS') is a principle of investing in which an investor only purchases securities when their market price is significantly below their intrinsic value.

MoS is a percent difference between the intrinsic value of a stock and the current price, calculated as " $\text{MoS} = (\text{Intrinsic Value} - \text{Market Price}) / \text{Intrinsic Value}$ ". Wider the margin, better the in-built cushion that allows a few losses but protect against major losses for overly optimistic valuations.

Market price is defined as prevailing price of a security, traded in real market and is based on supply & demand dynamics. **Intrinsic value** is a perceived or calculated value of an investment that factors in company's assets, earnings potential, dividend, quality of management team, intellectual property and brand recognition. Investors utilize both qualitative and quantitative factors to determine a security's intrinsic value. Investors & analysts may have different methods of calculating intrinsic value and rarely are they exactly accurate and precise. And it's not easy to predict a company's earnings or revenue.

MoS principle was popularized by Benjamin Graham. Warren Buffet apply a 50% discount to the intrinsic value of a stock when determining his price target. He builds the MoS in case his estimates are incorrect or biased. The intrinsic value is difficult to know; even Buffet struggles with it.

THE IMPORTANCE OF MARGIN OF SAFETY IN INVESTING: HOW TO PROTECT YOUR INVESTMENTS AGAINST POTENTIAL RISKS AND LOSSES

While MoS doesn't guarantee a successful investment, it acts as a cushion against errors in judgment or calculation. Each investor can set their own MoS based on their risk tolerance. A very risk averse investor may only consider buying stocks that are trading 30% (example) or more below their intrinsic value but a less risk averse investor may be willing to buy that are trading less than 10% (example) below their intrinsic value.

Let's look at the co-relation between Margin of Safety and other critical investing principles.

Risk Mitigation

MoS plays a pivotal role in mitigating investment risk. Financial markets are unpredictable, subject to sudden shifts influenced by various factors. Incorporating a safety margin, shields portfolios from losses and fosters a resilient investment strategy.

Consider two stocks, Company A and B. Investors have calculated the intrinsic value to be \$100 each. Company A is currently trading at \$50, B at \$90. MoS for A is 50%, for B, is 10%. Basis MoS, Company A seems to carry a low risk. It is likely that investors have miscalculated the intrinsic value due to any factor(s) such as unexpected changes in company's financials, sudden negative event leading to drop in stock market, a natural disaster, etc. In such scenarios, Company with higher MoS cushion will have more room to drop in value before the investment would result in a loss.

Preservation of Capital

Preserving capital is a conservative investment strategy with the primary goal of avoiding losses in a portfolio. MoS aligns with this objective by providing a safety net and helps prevent significant capital erosion during market downturns. The central thesis (or first rule) of value investing is around preserving capital. By ensuring a margin of safety, investors aim to protect their invested funds. For risk averse investors or those nearing retirement, this is a crucial strategy. It safeguards wealth over speculative gains.

THE IMPORTANCE OF MARGIN OF SAFETY IN INVESTING: HOW TO PROTECT YOUR INVESTMENTS AGAINST POTENTIAL RISKS AND LOSSES

Long-term Perspective

MoS contributes to both immediate protection and long-term stability. Investors with long-term perspective appreciate that markets can be volatile in short term. They emphasize intrinsic value over market noise that enhances portfolio durability. Having a MoS provides peace of mind; a psychological comfort that if things don't go as planned, the financial buffer offers reassurance. By looking beyond short-term fluctuations, investors build portfolios that withstand, market volatility and endure over time.

Value Investing Principle

Key to value investing is to find stocks with a good MoS, or plenty of upside potential. Buying stocks at bargain prices gives a better chance of earning a profit later when they are sold (i.e. "Buy Low, Sell High"). MoS also makes it less likely to lose money if the stock doesn't perform as had expected.

Other tenets of value investing are - patience (holding onto undervalued stocks until their market price aligns with their intrinsic value), long term (it is not about quick gains but about long term wealth creation); fundamental analysis (scrutinizing financial statements, industry trends and company prospective to identify value opportunities); thorough research, discipline, and a contrarian mindset, even when the market behaves irrationally.

Key Metrics

MoS is a crucial financial ratio. It's an investment theory suggesting that securities should be purchased only when their market price is below their intrinsic (inherent) value. In other words, investors seek a cushion against potential losses by buying assets at a discount. A higher MoS increases the likelihood of positive returns on investment.

THE IMPORTANCE OF MARGIN OF SAFETY IN INVESTING: HOW TO PROTECT YOUR INVESTMENTS AGAINST POTENTIAL RISKS AND LOSSES

Diversification

Diversification involves owning a mix of assets in a portfolio to reduce risk. Achieved by spreading investments across asset classes, sectors and geographies. While it cannot eliminate systematic risks but it largely addresses unsystematic or idiosyncratic risks. MoS focusses on investing in assets with a lower risk of loss. Look for undervalued stocks with low price-to-earnings (P/E) ratios, high dividend yields, or strong balance sheets. Combining diversification and MoS can build a resilient portfolio to weather market volatility and generate decent returns over period of time.

Continuous Monitoring

Establishing a MoS is not a one-time activity. As circumstances evolve, it requires regular evaluation and adjustments. Eg: monitoring market trends, company performance & economic indicators. Benefits include; timely corrections, enables adjustment on changing conditions, proactive monitoring prevents costly failures. MoS and continuous monitoring works hand in hand. Former provides buffer against risks, latter ensures timely adjustments for safety and efficiency.

"A margin of safety is necessary because valuation is an imprecise art, the future is unpredictable, and investors are human and do make mistakes" - Seth Klarman"

UNBOXING SWEAT EQUITY FOR BUSINESSES IN INDIA



MR. RAHUL BAGGA

FOUNDER, AUMIRAH
 INDIVIDUAL MEMBER, BRICS
 CCI

Embarking on our “Unboxing Sweat Equity for Businesses” series, this first article unravels the intricacies of sweat equity shares – a tool that allows businesses to turn hard work into real ownership. As the startup world continues to thrive on passion and perseverance, sweat equity has emerged as a game-changer, enabling companies to incentivise key contributors without draining limited cash resources. But what exactly are these elusive sweat equity shares? Who can issue them, and who can earn them? When should they be granted, and how does one navigate the legal complexities involved? This introductory piece lays the foundation, demystifying the basics of sweat equity to provide a comprehensive understanding before we delve deeper into the nuances in subsequent instalments.

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In the fast-paced world of entrepreneurship and startups, where cash is often scarce, but ambition and hustle are abundant, sweat equity shares have emerged as a powerful tool for turning hard work into real ownership. This innovative concept allows individuals to earn a stake in a company not through monetary investment, but by pouring their blood, sweat, and tears into its growth and success. By exchanging their invaluable time, skills, and effort for equity, dreamers and go-getters can turn their sweat today into a tangible piece of the pie tomorrow – transforming their labour of love into a legacy of wealth and achievement.

UNBOXING SWEAT EQUITY FOR BUSINESSES IN INDIA

Sweat Equity Shares – By definition

Sweat Equity Shares (“SES”) are equity shares which are issued by a company to its directors or employees at a discount or for consideration, other than cash, as compensation for providing their expertise, intellectual property rights, or other “value additions” that enhance the company’s performance.

The Companies (Share Capital and Debentures) Rules, 2014 define the term “value additions” as the actual or expected economic benefits a company gains or anticipates gaining from an expert or professional’s contribution of know-how or intellectual property rights. Value additions refer to the tangible or intangible benefits a company derives from an individual’s specialized knowledge, skills, or intellectual property, which are not part of their regular compensation, and for which sweat equity shares are issued as a form of reward or incentive.

In essence, SES allow companies to compensate key individuals with equity ownership, acknowledging and rewarding their valuable contributions beyond their regular job responsibilities, which drive the company’s growth and success.

Who are eligible for SES?

SES can be issued to permanent employees of the company itself, permanent employees of its subsidiary companies, as well as the company’s directors, whether whole-time or not. SES can also be issued to consultants or advisors who provide invaluable guidance, connections, or domain knowledge to a company, in lieu of hefty professional fees that a cash-strapped startup may struggle to afford.

UNBOXING SWEAT EQUITY FOR BUSINESSES IN INDIA

The issuance of SES follows a specific process that includes determining eligibility criteria, valuing individual contributions, and establishing a typical vesting period. Eligibility for SES is often based on factors such as job position, performance, and length of service within the company. Companies assess the value of an individual's contribution by considering various factors, including their impact on business growth, innovation, and overall success. The valuation methods may vary but are typically based on a fair market value assessment or an agreed-upon formula.

The vesting period is the duration during which the individual must fulfil certain conditions, such as remaining employed with the company or maintaining a consulting relationship, to fully own the granted shares. This period helps align the interests of the recipient with the long-term goals of the company.

For example, a marketing executive joining an early-stage e-commerce company could be granted SES instead of a market-rate cash compensation, incentivizing them to contribute to the company's growth and success.

In the case of a founder-led business, the founders themselves may receive SES commensurate with their vision, effort, and the opportunity costs they have incurred by dedicating their time and resources to building the company from the ground up. This serves as recognition of their significant contributions and aligns their interests with the company's long-term performance.

SES can also be issued to consultants or advisors who provide invaluable guidance, connections or domain knowledge to a company, in lieu of hefty professional fees that a cash-strapped startup may struggle to afford.

Can you issue SES?

Companies can only issue sweat equity shares after being incorporated for a minimum of one year.

UNBOXING SWEAT EQUITY FOR BUSINESSES IN INDIA

As per the guidelines, the total SES issued in a year cannot exceed 15% of the paid-up share capital or shares worth INR 5 crores, whichever is higher. Furthermore, the SES issued cannot surpass 10% of the company's total issued and paid-up equity share capital.

However, an exception has been carved out for startups by the DPIIT, permitting startups to issue SES up to 50% of their paid-up capital up to five years from the date of incorporation. Therefore, as long as a startup falls within this threshold, it can leverage this exception to incentivize and retain key personnel through equity-based compensation.

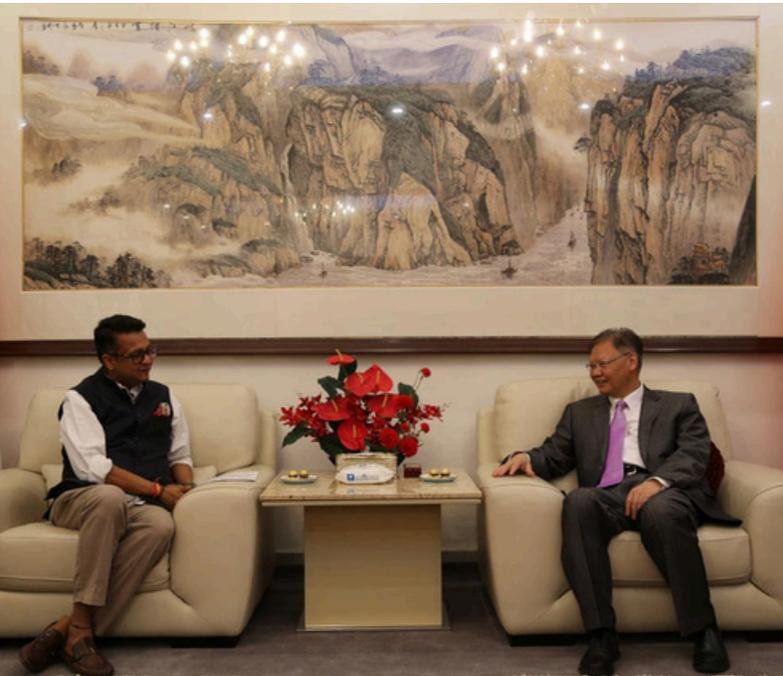
Here is a one paragraph conclusion and one paragraph opinion from the perspective of an experienced corporate lawyer in India:

The way forward

SES represent a strategic tool that enables companies, including startups, to compensate and incentivize key individuals whose contributions are pivotal to business growth and success. By aligning the interests of employees, consultants, and advisors with the company's long-term objectives, sweat equity fosters a culture of ownership and drives innovation. However, companies must navigate the complexities involved, adhering to legal guidelines, and ensuring compliance with prescribed limits on issuance. When utilized judiciously, sweat equity can unlock the full potential of human capital, fuelling entrepreneurship and propelling businesses towards sustained prosperity.

¹ Department for Promotion of Industry and Internal Trade, G. S. R. 180(E) (Feb. 17, 2016).

GALLERY



BRICS CHAMBER OF COMMERCE AND INDUSTRY



THANKS FOR READING

BECOME A MEMBER TODAY!

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