NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 106

Thursday, May 2, 2024

mint

livemint.com

A quiet Godrej billionaire gifts all riches to relatives ▶P1

Why ICICI Securities investors are upset with MFs ▶P1

Paytm

The sound of India's growing business

Trusted payment partner for crores of Indian businesses

Launching ⭐ New & Improved ⭐ Paytm Soundbox

Powerful Speaker Clear Audio

Long-lasting 7-day Battery

4G Network Connectivity

Accept Rupay Credit Card on UPI

Accept payment from all UPI Apps

Business Loan* Up to ₹10 Lakh

Service Guarantee 24×7 Chat Support

To order, scan QR code

business.paytm.com/soundbox

*Paytm does not provide any loan. Loan is provided by our Lending Partners (i.e. a registered Bank/NBFC) at their sole discretion. T&C Apply.

mint

India's No. 1 Choice for IPO Coverage & Analysis

Access News, Issue Dates, GMP & Subscription Updates on Mint

Scan to know more

Source: Similarweb mobile web search data

Mint App | www.livemint.com | Mint Newspaper

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 106

Thursday, May 2, 2024

mint

Think Ahead. Think Growth.

mint primer

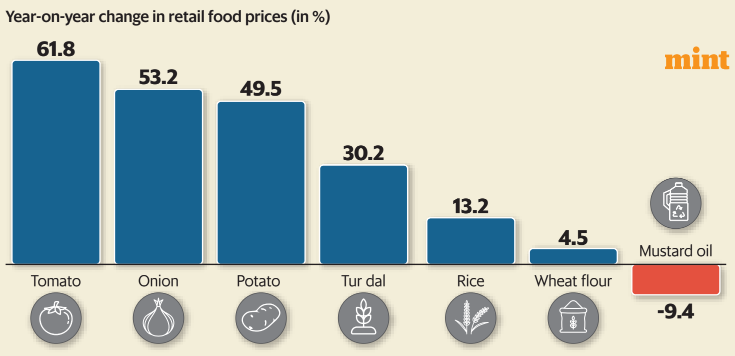
Red hot prices and other effects of the heatwave

BY SAYANTAN BERA

The heatwaves sweeping India can lead to a spike in food inflation, especially vegetables and mangoes where prices are already steep. After a prolonged spurt in cereal and pulse prices, are we facing a volatile new front in the battle against inflation? *Mint* explores.

On fire

Data shows that retail food inflation was at a high of 8.5% in March



Data as of 30 April 2024

Source: Department of Consumer Affairs

SARVESH KUMAR SHARMA/MINT

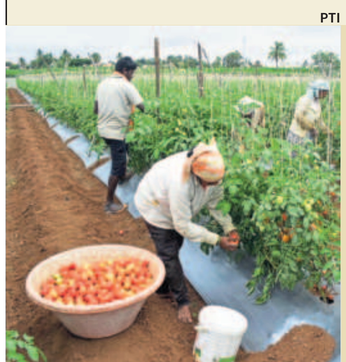
1 What's a heatwave and how bad is it?

The heatwaves sweeping eastern, central and southern states began two weeks ago. A heatwave, the India Meteorological Department (IMD) says, happens when a rise in air temperature turns fatal for humans exposed to the heat—when maximum temperatures are at least 4.5-degree Celsius higher than normal. On Tuesday, maximum temperatures were in the 43–46-degree Celsius range in parts of Telangana, Odisha, Jharkhand and Maharashtra, and 4-8 degrees above normal in parts of West Bengal and Bihar. IMD has forecast more than usual number of heatwave days in May, across several states.

2 Will this hit crops and food prices?

The heatwave is unlikely to impact the wheat crop as harvesting is on. Other winter crops like pulses and oilseeds have been harvested already, and the upcoming Kharif crop season only begins with the onset of the south-west monsoon in June. But the heatwave can severely hit production, storage, and transport of perishable crops like fruit and vegetables. Short duration vegetables are not only susceptible to heat, but also among the most volatile elements in the food inflation basket. Data shows that retail food inflation was at a high of 8.5% in March. Consumer vegetable prices were already 28% higher year-on-year.

PTI



3 Which items can see a supply crunch?

As on Tuesday, tomato prices were 62% higher than last year. In the summer, tomatoes from cooler growing regions feed the demand as supplies from hotter plains dry up. The heatwave is among factors that have impacted production of mangoes in Karnataka, Gujarat and Maharashtra, leading to higher prices of the popular summer fruit.

4 What about dairy products?

A heatwave reduces milk output due to heat-stress and loss of appetite. Studies have shown that the severe heatwave in 2022 reduced milk yields by up to 15%. While milk supplies fall with rising temperature, demand for milk products and beverages spike in the summer. How cooperatives manage the demand-supply gap will determine if retail prices of milk and milk products rise in the coming months. Other than dairy, egg production also takes a hit due to heat-induced mortality among poultry birds.

5 What other impacts do heatwaves have?

Heatwaves usually intensify the water crisis in arid regions and cause fatalities. This year, a drinking water crisis has hit Karnataka, Maharashtra and Rajasthan. Rainfall from 1 March to 24 April was 18% less than the long period or 50-year-average, as per IMD. Heat stress also lowers labour productivity, especially in the informal sector. The International Labour Organization says India is projected to lose 5.8% of its annual working hours by 2030 due to heat stress. That's equivalent to 34 million full-time jobs.

QUICK EDIT

The AI frontier

With artificial intelligence (AI) seen as the next big frontier for tech businesses, Microsoft's global expansion budget has been grabbing attention. The company has declared it plans to invest $1.7 billion in Indonesia over the next four years to expand its cloud infrastructure, especially for AI support. This will be the American company's biggest investment in Indonesia, which has the third-largest pool of software developers in the region, behind only India and China. Microsoft, placed in pole position for the Generative AI race by its recent OpenAI deal, expects to train 840,000 people in Indonesia for AI. To the extent that AI may mark an inflexion point in digital technology, with competition in this field set to turn red-hot, Indian IT firms will have to keep pace with the AI trajectory. So far, the domestic IT services industry has given the impression of being caught somewhat off-guard by what AI developments could imply for the software work they do. The good news is that it's still early days for AI, industry leaders are scanning the horizon, and too much is at stake for every move not to be tracked. For a leap ahead, India must combine local talent with openness to all models.

MINT METRIC

by Bibek Debroy

In Puducherry, a tiger roaming around.
In cities such creatures rarely abound.
With orange and red stripes,
The animal conformed to stereotypes,
CCTV showed it was a painted hound.

QUOTE OF THE DAY

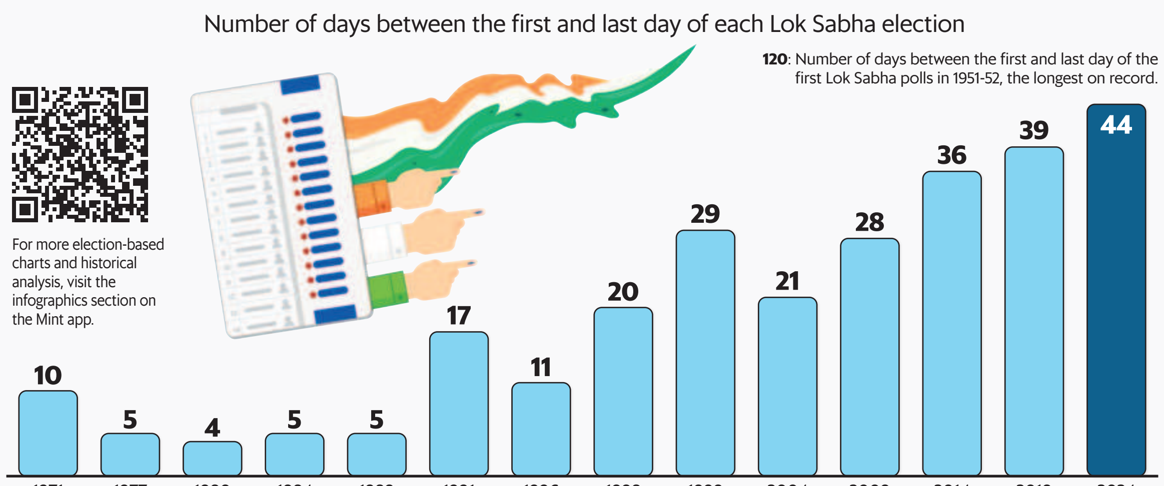
The plastic pollution crisis continues to engulf the world and we have just a few months left before the end-of-year deadline, agreed upon in 2022. I urge members to show continued commitment and flexibility to achieve maximum ambition.

INGER ANDERSEN
EXECUTIVE DIRECTOR, UNITED NATIONS ENVIRONMENT PROGRAMME

mint Election Bites

INDIA IS IN THE MIDST OF ITS LONGEST ELECTION SEASON IN DECADES

Number of days between the first and last day of each Lok Sabha election



For more election-based charts and historical analysis, visit the infographics section on the Mint app.

This refers to polls that took place as part of the main schedule, and excludes constituencies that voted separately due to various reasons, e.g. in the 1984 polls, Assam and Punjab did not vote until 1985, and Vellore seat voted separately in 2019 due to a postponement.

Data: Shuja Asrar/Tanay Sukumar, Design: Satish Kumar

Source: Election Commission of India

PLAIN FACTS

Inside the digital ads blueprint of BJP, Cong

BY HOWINDIALIVES.COM

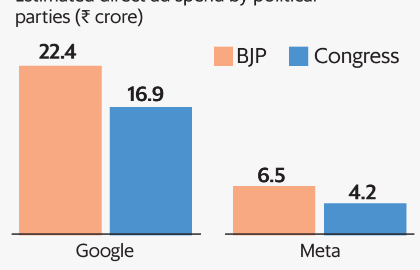
In an election that is as much being fought on the ground as on digital media, the two leading parties are adopting different approaches in how they woo voters through their advertising on social media. While both are tapping features offered by Meta and Google to scientifically target audiences, the Bharatiya Janata Party (BJP) is doing a lot more micro-targeting with its political ads than the Congress.

This is borne out by an analysis of granular data put out by Meta (Facebook and Instagram) and Google (YouTube and Google search). For this piece, we considered data between 16 March, when the election schedule was announced, and 23 April, covering up to ₹50 crore of direct ad spending. The platforms enable targeting on several counts. Meta, for example, lets an advertiser specify to whom (age and gender), where (state) and how much, how many times ('impressions') and to what spending limit it wants an ad to be shown.

Each permutation and combination of such attributes generates a unique ad ID, and this is where the BJP is more active. As per our calculations, at the upper band of both payment and usage, the Congress would have spent 25% and 34% less than the BJP in directly placing ads on Google and Meta, respectively. But the BJP had 32-35 times more unique ad IDs as compared to the Congress. As a result, its average spend per ad ID would be about 5% that of the Congress. In other words, the BJP is doing a lot more micro-targeting than the Congress.

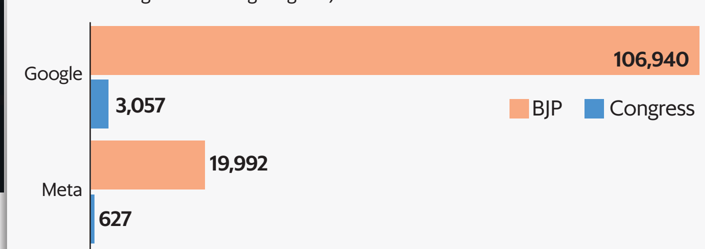
BJP leads Congress in direct ad spend, but not by much

Estimated direct ad spend by political parties (₹ crore)



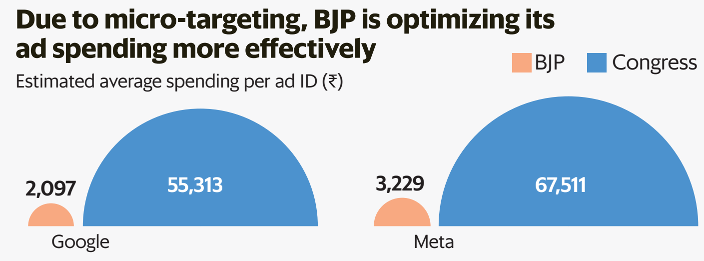
BJP has adopted a micro-targeting digital ad strategy

Number of ad IDs (i.e. number of distinct permutations of various demographic attributes being used for targeting ads)



Due to micro-targeting, BJP is optimizing its ad spending more effectively

Estimated average spending per ad ID (₹)



The analysis covers the period from 16 March (when the 2024 election schedule was announced) to 23 April (the latest data available). It considers only direct spending, i.e. it does not cover ads possibly placed through influencers or other entities. Whenever a range was given for price budget or impressions, we considered the upper band. For example, if the price range for an ad ID was ₹20,000-24,999, we considered ₹24,999. Each ad ID is a unique permutation of variables like demographic and region targeted, date, amount and impressions sought, among other things.

Source: howindialives.com calculations based on granular data from Meta/Google

Degrees Of Selections

IN TODAY'S digital age, where user data is easily captured, digital platforms can enable formidable targeting. For example, a BJP ad released on Meta in Hindi in Dadra and Nagar Haveli on 23 April was targeted to 14 types of demographic combinations, all classified on age and gender alone. It defined that 33% of the people who see the ad should be male users aged 18-24, and 14% should be female users aged 18-24. There were 12 other age-gender combinations, with shares ranging between 0.0794% and 8%, collectively adding up to 100%.

The Congress is also doing the same thing with its ads, but it is slicing and dicing its audience in far fewer ways than the BJP. Take Kerala, which voted on 26 April. During the period of analysis, the BJP ran 1,700 ad IDs on Meta that specified Kerala as a region where these ads should be shown in some measure, and placed an upper limit of 368 million impressions (how many times an ad rendered). By comparison, the Congress ran 57 such ad IDs for 6.1 million impressions.

The amount paid by an advertiser is a function of the demographic targeted (gender, education, age, etc) and location, among other things. On Meta, the BJP has a lower unit rate spending than the Congress.

There are other differences on Meta. The Congress always put each unique ad ID on both Facebook and Instagram. The BJP, by comparison, also ran campaigns on Facebook only or on Instagram only. But the big difference is, and remains, scale. On Meta, the ads placed by BJP during this period had an upper limit of 1.3 billion impressions, against 120 million of the Congress—or, about one-tenth of the BJP.

Video Over Images

IN ADDITION to strategy in digital ad selection, this variance is also driven by the degree to which the BJP has cornered political funding in the past decade.

According to the Association for Democratic Reforms, a civil society organization, the BJP reported total income of ₹2,361 crore in 2022-23. The Congress, by comparison, reported total income of ₹452 crore that year—about 19% that of the BJP. Similarly, the BJP was the beneficiary of nearly half of all electoral bonds (by value) that were issued under the now-scrapped funding scheme between April 2019 and January 2024.

In terms of ad spending on Google, however, the variance is less. During our analysis period, the BJP defined an upper limit for ad impressions of 2.85 billion on Google, against 1.32 billion for the Congress. In other words, while BJP bought an estimated 11-fold more impressions than the Congress on Meta, the ratio on Google was just about twofold.

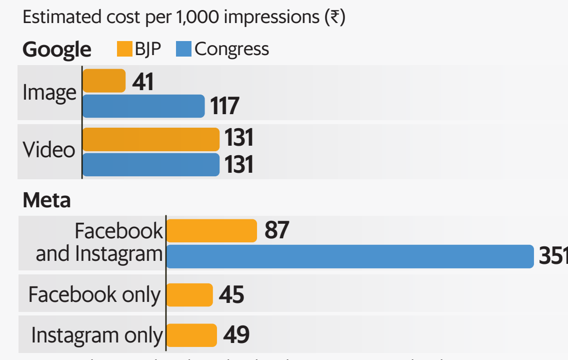
One of the big shifts in this election is the greater importance of the video format, as compared to messaging via static images. The years since the 2019 election have seen a further drop in the cost of smartphones and accessing the internet via the mobile has become even more mainstream after the pandemic. As a result, on Google, 70% of the BJP's estimated ad spend and 79% of Congress' ad spend was towards videos. This is an increase for both parties over 2019, especially for the BJP.

The Congress is nearly matching the BJP in video impressions on Google—an estimated 1.02 billion versus 1.19 billion. On images, however, the difference is huge—307 million versus 1.65 billion. A big reason for this mismatch is the income chest of the respective parties, which is also necessitating a less-endowed party like the Congress to pick its battles.

www.howindialives.com is a database and search engine for public data.

Other than on Google video, BJP has a lower unit ad cost

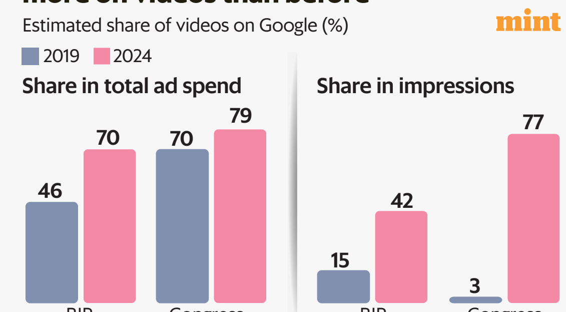
Estimated cost per 1,000 impressions (₹)



Congress has not placed Facebook-only or Instagram-only ads.

On Google, both parties are spending more on videos than before

Estimated share of videos on Google (%)



The analysis considers only direct spending, i.e. it does not cover ads possibly placed through influencers or other entities. Whenever a range was given for price budget or impressions, we considered the upper band. For example, if the price range for an ad ID was ₹20,000-24,999, we considered ₹24,999. Each ad ID is a unique permutation of variables like demographic and region targeted, date, amount and impressions sought, among other things. Data for 2019 from 10 March (when elections were announced) till 18 April (second phase of elections).

Source: howindialives.com calculations based on granular data from Meta/Google

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 106 Rs. 10.00 . Price with Hindustan Times Rs. 15.50 18 PAGES

Thursday, May 2, 2024

mint

livemint.com

Will Good Glamm's global gambit pay off? ▶P10

Behind Manian's exit from Kotak Mahindra Bank ▶P5

HSBC Credit Cards.
Designed to reward you.

Take the first step towards a world of delightful experiences with HSBC Credit Cards.

HSBC Premier
Scan to know more

HSBC Cashback Credit Card
Scan to apply now

HSBC

A quiet Godrej billionaire gifts all riches to relatives

Bird-lover with \$3.8 bn net worth, Rishad Naoroji owns ₹7,050 cr shares in listed cos

Nehal Chaliawala
nehal.chaliawala@livemint.com
MUMBAI

Reclusive Godrej billionaire Rishad Kaikhushru Naoroji has decided to gift most of his shares in group companies to nephews and nieces, an executive aware of the development said, in a rare instance of corporate India's super-rich leaving wealth to relatives.

Naoroji, 72, is a third-generation member of the Godrej business family and a cousin of Adi, Nadir and Jamshyd Godrej, and Smita Godrej Crishna.

Naoroji owns shares in four of the five listed Godrej companies—Godrej Agrovet, Godrej Consumer, Godrej Properties and Godrej Industries, in which his shares were worth about ₹7,050 crore as on 1 May. He also owns stakes in unlisted companies across the enterprise.

His shares will be transferred to the two branches of the family, proportionate to their realigned holding in these companies, according to the executive mentioned above.

Naoroji's gift comes on the back of family members agreeing to divide the business among themselves and the 127-year-old group making it official on Tuesday.

Son of Kaikhushru and Dosabai, Naoroji is an avid conservationist, who has stayed away from actively managing the Godrej group businesses. An only son to his parents and the youngest in his generation, he has no direct descendants.

One of the wealthiest Indians, Naoroji owns stakes across group companies that will form part of the now bifurcated Godrej Enterprises Group and Godrej Industries Group.

TURN TO PAGE 6

BIRDS OVER BILLIONS

Rishad's shares will be transferred to the two branches of the family, proportionate to their realigned holding in group companies.

See related reports on P6

Stake of RKN Enterprises in listed Godrej group companies

mint	Share (in %)	Value (in ₹ cr)
Godrej Industries	12.7	4,111.3
Godrej Consumer Products	1.3	1,650.6
Godrej Agrovet	2.2	226.8
Godrej Properties	1.4	1,053.5
Value of Rishad Naoroji's shares in Godrej firms		7,042.1

Source: BSE

PARAS JAIN/MINT

Why I-Sec investors are upset with MFs

Nehal Chaliawala & Ram Sahgal
MUMBAI

Minority shareholders of ICICI Securities Ltd have questioned the rationale and intent of mutual funds that bought shares of the brokerage firm in February at a premium only to vote in favour of delisting the company shortly after at a special meeting of minority shareholders on 27 March.

By buying the shares at a premium, and then voting for the delisting to get ICICI Bank shares in exchange, the funds hurt the interests of their unit holders, say the minority shareholders. The purchase of ICICI Securities shares at a premium also gave a false impression that they expected the delisting to fail and the brokerage's share price to rise, the investors said.

The funds hurt the interests of their unit holders, say the minority shareholders.

"What was the rationale for the mutual funds to buy the ICICI Securities shares at a premium if they knew they were going to vote in favour of delisting the company?" said Manu Rishi Guptha, a Bangalore-based fund manager and a minority shareholder in ICICI Securities. Guptha is also

TURN TO PAGE 6

DON'T MISS

ISTOCKPHOTO

GST receipts at record ₹2.1 tn in April hint at robust growth

Goods and services tax (GST) collection touched a record ₹2.10 trillion in April, reflecting robust economic growth. This is the first time GST collection has crossed the ₹2 trillion mark, since the unified indirect tax regime was rolled out seven years ago. >P2

Govt to allocate, not auction, satellite broadband spectrum

The government will go ahead with allocation of spectrum for satellite broadband outside of auctions, in accordance with the law laid down under the Telecommunications Act 2023, said two people familiar with the development. >P5

Mothers can soon report jab side-effects on babies on U-WIN

Mother may be allowed to report side-effects of routine immunization of their babies on the government's U-WIN platform, according to plans under consideration. Earlier, adverse events used to be recorded manually. >P9

HSBC Credit Cards.
Designed to reward you.

Take the first step towards a world of delightful experiences with HSBC Credit Cards.

The Metal HSBC Premier Credit Card
- Super low forex markup of 0.99% anytime, anywhere globally - no conditions apply!
- Unlimited airport lounge access, globally
- 1:1 reward point redemption across 20+ airlines and Apple products

Scan to know more

Get this card with an HSBC Premier relationship[1].

HSBC Cashback Credit Card
- 10% cashback[2] on all dining, food delivery, and grocery purchases
- 1.5% unlimited cashback[3] on all other spends
- 4 complimentary domestic lounge visits per year

Scan to apply now

HSBC | Opening up a world of opportunity

Issued by The Hongkong and Shanghai Banking Corporation Limited, India. Incorporated in Hong Kong SAR with limited liability. [1]T&C apply, visit www.hsbc.co.in/premier for details. [2]10% cashback i.e. up to ₹1000 per statement cycle on category such as dining, food delivery and grocery. [3]Cashback not eligible on select categories such as fuel, rental, govt. transactions, e-Wallets, insurance, education, B2B goods and services, jewellery, charity, toll fees, cash advances, payments of outstanding balances, payments of card fees and other card charges. A joining fee of only ₹999 will be charged (not eligible for existing cashback card customers). There will be a renewal fee of ₹999, which will be waived-off on reaching a spend milestone of just ₹200,000 in a year. Never respond to unsolicited offers of money received through emails/phone/other media. For any clarification, visit www.rbi.org.in or www.sebi.gov.in or www.irda.gov.in.

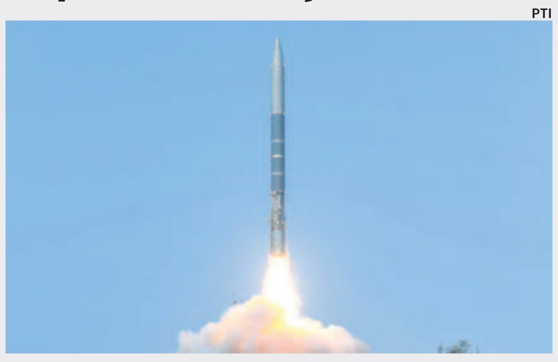
MINT SHORTS

Quality concerns a threat to over half of India's spice exports: GTRI

New Delhi: India needs to address the quality issue with regard to its spice exports with urgency and transparency as the ongoing quality concerns could threaten over half the country's spice shipments, economic think tank Global Trade Research Initiative (GTRI) said in a report said on Wednesday. Every day new countries are raising concerns about the quality of Indian spices, which demands urgent attention and action, it said. **PTI**

India flight-tests missile-aided torpedo release system

PTI



Balasore: India on Wednesday successfully flight-tested the supersonic missile-assisted release of torpedo, an anti-submarine warfare system, from an island off the Odisha coast, a defence official said. Several state-of-the-art mechanisms such as symmetric separation, ejection and velocity control have been validated in this test, the defence official said. **PTI**

EC revises protocol on storage of symbol loading units after SC order

New Delhi: The Election Commission has come out with a new protocol for handling and storage of symbol loading units (SLUs) following the directions of the Supreme Court. The court had ordered that the machines should be sealed and secured in a container and stored in a strongroom along with the EVMs at least for 45 days post the declaration of results. **PTI**

Sugar mills end season with higher-than-expected output

MINT

Mumbai/New Delhi: India's sugar production has been higher than expected this year after the completion of cane crushing at most mills, industry officials said on Wednesday, with a late pick-up in rains raising output. With the majority of India's sugar mills having now completed crushing for the 2023/24 season, output so far stands at 31.59 million metric tonnes, as per the National Federation of Cooperative Sugar Factories Ltd. That is down 1.8% from the previous full year. **REUTERS**

India's power consumption rises 11% to 144.25 billion units in April

New Delhi: India's power consumption rose around 11% to 144.25 billion units (BU) in April as compared to the year-ago period, mainly due to increase in temperatures. In April 2023, power consumption stood at 130.08 BU, government data showed. The highest supply in a day (peak power demand) also rose to 224.18 GW in April 2024 as against to 215.88 GW in April 2023. The power ministry has estimated around 260 GW of peak demand during summer. **PTI**

Revanna seeks 7 days to appear before SIT for alleged sex abuse

Bengaluru: Hassan MP and Lok Sabha election candidate of the BJP-JD(S) alliance Prajwal Revanna, who left the country as soon as the election to his constituency ended, has sought seven days' time to appear before the Special Investigation Team (SIT) formed by the Karnataka government to inquire into the huge cache of about 3,000 explicit videos and photos allegedly pertaining to him, which have gone viral on social media. **PTI**

GST receipts at record ₹2.1 tn in April hint at robust growth

GST collections grew 12.4% y-o-y, driven by a strong rise in domestic transactions, imports

Gulveen Aulakh
gulveen.aulakh@livemint.com
NEW DELHI

Goods and services tax (GST) collection touched a record ₹2.10 trillion in April, reflecting robust economic growth.

This is the first time GST collection has crossed the ₹2 trillion mark, since the unified indirect tax regime was rolled out seven years ago.

"This represents a significant 12.4% year-on-year growth, driven by a strong increase in domestic transactions, up 13.4%, and imports, up 8.3%," a finance ministry statement said.

After accounting for refunds, the net GST revenue for April stood at ₹1.92 trillion, 15.5% higher than the same period last year.

Coming after the second-highest monthly GST receipts of ₹1.78 trillion in March, the latest numbers were indicative of impressive economic growth as well as the government's efforts to improve compliance and tighten tax evasion, tax experts said.

Central Goods and Services Tax (CGST) collection was ₹43,846 crore in April, while state Goods and Services Tax (SGST) netted ₹53,538 crore. Integrated Goods and Services Tax (IGST) was ₹99,623 crore, including ₹37,826 crore collected on imported goods.

After refunds, the net GST revenue for April stood at ₹1.92 trillion. PTI

Compensation cess on GST levied on automobiles, tobacco and aerated drinks was ₹13,260 crore, including ₹1,008 crore collected on imported goods.

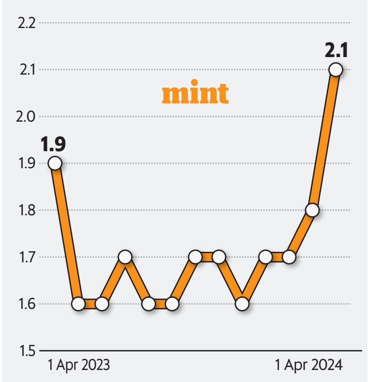
Finance minister Nirmala Sitharaman, in a post on X, formerly known as Twitter, said her ministry had cleared IGST of ₹50,307 crore to the Centre and ₹41,600 crore to states, which at ₹91,907 crore was ₹4,413 crore more than the net IGST collections of ₹87,494 crore. "There are no dues pending on account of IGST settlement to the states," she said.

13.4%
GST growth due to rise in domestic transactions

Gross GST collection in FY24 reached ₹20.18 trillion for the first time, up 11.7% from FY23. This is higher than the 9.1% nominal Gross Domestic Product (GDP) growth projected for FY24 by the statistics ministry, reflecting buoyancy in GST collections.

Fresh high

GST collections crossed the ₹2-trillion mark for the first time in April.



Source: Ministry of finance

PRANAY BHARDWAJ/MINT

The statistics ministry had also said in its second advance estimate of GDP that net taxes on products were expected to grow 15.5% in FY24, faster than 10.6% in the year before.

Among states, Maharashtra led with the highest collections of ₹37,671 crore, recording 13% growth, while Karnataka was second with ₹15,978 crore collected in the month, showing 9% growth. Gujarat was third, with collections of ₹13,301 crore. Uttar Pradesh with ₹12,290 crore collections, up 19%, was higher than Tamil Nadu's collections at ₹12,210 crore.

8.3%
y-o-y GST growth on account of imports

The robust GST collection shows the economy is on a fast track to formalization, and businesses are rapidly becoming organized while coming into the mainstream, said Vivek Jalan, partner at Tax Connect Advisory Services LLP.

"The economy is thus getting set for a big-bang final Budget in July 2024 and looking towards bringing alcohol, petrol, diesel and real estate under GST on the one hand, and implementation of the Direct Tax Code replacing the age-old Income Tax Act on the other, along with implementation of the Global Minimum Tax," Jalan added.

"The consistent growth in GST collections, with this one being the highest collection ever, is a big cheer and reflects upon the strong domestic economy, especially given the fact that growth on account of domestic transactions is 13.4% as compared to imports which is at 8.3%," said Abhishek Jain, partner & national head, indirect tax, KPMG. Jain also noted that another significant reason could be linked to deadline for GST audits and corresponding notices issued this year.

"With the next wave of GST reforms expected after the formation of the new government, the growth may be further accelerated," said Partik Jain, partner, PwC India.

Bomb threat by e-mail at 100 Delhi-NCR schools

PTI
feedback@livemint.com
NEW DELHI

In a scare of unprecedented scale, at least 100 schools in the Delhi-NCR area received an identical bomb threat by email early Wednesday, triggering mass evacuations and massive searches as panicked parents rushed to pick up their children.

The threat was declared a hoax as "nothing objectionable" was found during searches, police said.

Police officials in the know said the email schools received had the same source, suspected to have been sent from Russia and aimed at creating panic.

They added that it is also possible that culprits may have masked their identity using the dark net.

A senior officer said that since the incident is related to national security, Delhi Police is likely to register an FIR under stringent sections of the IPC.

According to Delhi Fire Service (DFS), at least 97 calls from different schools were received till 12 noon on Wednesday. They started receiving calls about the bomb threat at 6 am. An official said that DFS also received calls even after noon.

Many private schools in Noida, Greater Noida, Ghaziabad and Gurugram also received the bomb threats but local police dismissed them as hoax.

Exports of plastics fall as demand slows

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI

India's plastics exports fell 3.5% to $11.55 billion in FY24 from $11.96 billion in FY23, despite registering a positive year-on-year growth of 5.6% in March 2024 to $1.11 billion, according to commerce ministry data analyzed by *Mint*.

The decline was due to muted global demand, restrictive trade policies, and geopolitical tensions affecting international trade.

Export figure for March 2024 had represented a 5.6% growth over exports of $1.05 billion in March 2023

The figure for March 2024 represented a 5.6% growth over exports of $1.05 billion in March 2023.

To be sure, the cumulative value of all of India's merchandise exports during April 2023 to March 2024 stood at $437.1 billion, a decline of 3.1% compared with $451.1 billion during the same period last year, on account of unfavourable global economic conditions, trade policies, and geopolitical tensions affecting international trade.

Overall, while the plastic and made-up fishing nets sectors have shown resilience and growth, the decline in the cumulative value of merchandise exports highlights the larger challenges faced by India's export sector. It underscores the need for continuous efforts to boost exports and navigate the evolving global trade landscape, experts said.

In March last year, most plastic products reported a negative growth in exports.

These included films and sheets, FIBC (flexible intermediate bulk container), woven sacks, woven fabrics, tarpaulin; floor coverings, leathercloth and laminates, plastic pipes & fittings; fibreglass reinforced plastic (FRP) and composites, etc. had reported higher exports while consumer and houseware products, and writing instruments.

India, US eye wider naval ship repair ties

Shashank Mattoo
shashank.mattoo@livemint.com
NEW DELHI

The US and India are auditing Kolkata port as they eye a new Master Ship Repair Agreement (MSRA) that will allow US warships to access repair services at the port, according to persons aware of the matter.

This is part of attempts by New Delhi and Washington to make India a major hub for maintenance and repair of US Navy ships in the Indo-Pacific. The US navy signed MSRA deals with Larsen and Toubro as well as Mazagon Dock Shipbuilders Ltd last year.

Just last month, Cochin Shipyard Ltd also signed a similar deal. These agreements provide the world's most powerful navy access to Indian ports, including Cochin and Chennai's Kattupalli. Talks are also on for an MSRA agreement with Goa Shipyard Ltd.

Queries mailed to the Kolkata Port Trust, the US Embassy in New Delhi, and the ministry of external affairs remained unanswered at press time.

"MSRA qualifies a shipyard to compete for carrying out ship repair projects for US Navy. The MSRA includes clauses on security, payments, and liabilities. The agreement is reviewed every five years, or as required. Undertaking repairs of these ships serves the commercial interests of Indian shipbuilders and will potentially lead to more such opportunities. An American Navy ship shall be berthed in an Indian shipyard for the duration of its repair," minister of state for defence Ajay Bhatt told the Lok Sabha in 2023.

India and the US are currently auditing the Kolkata port as part of efforts to enter a new Master Ship Repair Agreement. MINT

The pacts provide the US navy access to Indian ports, including Cochin and Chennai's Kattupalli

The addition of Kolkata port to this growing network will deepen India's defence relationship with America. It could also potentially lead to increased interest from American allies abroad, like the UK, in using India as a hub for ship maintenance and repair.

In March this year, the United Kingdom's Royal Navy said two of its auxiliary ships would undergo repair and maintenance at Kattupalli shipyard in Chennai.

"President Biden and Prime Minister Modi also welcomed India's emergence as a hub for maintenance and repair for forward deployed US Navy assets and the conclusion of MSRA with Indian shipyards. This will allow the US Navy to expedite the contracting process for mid-voyage and emergent repair. As envisaged in the defence industrial road map, both countries agree to work together for the creation of logistic, repair, and maintenance infrastructure for aircraft and vessels in India," the two countries said in a joint statement in June, during PM Narendra Modi's state visit to America.

These agreements reflect the closer defence relationship between New Delhi and Washington, which has developed rapidly in the last two decades.

The two countries hold a slew of military exercises, have signed a number of foundational defence agreements and have unveiled plans for cooperation between the defence industries in both countries, including plans for HAL and General Electric to co-produce the F-414 jet engine in India.

Cooling products fly as met dept predicts continued severe heatwave

Dhirendra Kumar
dhirendra.kumar@livemint.com
NEW DELHI

Severe heatwaves are likely to continue for the next three days, the India Meteorological Department (IMD) warned, a scenario that could see a spike in demand for power and consumer goods as people try to beat the intense heat. Additionally, the underground water table may deplete further, leading to a shortage of water to irrigate summer crops.

Maximum temperatures of 44 to 47 degrees Celsius are likely to continue over Gangetic West Bengal, east Jharkhand, north Odisha, and Rayalaseema till 3 May, gradually easing thereafter.

Heatwaves are predicted over Telangana, interior Karnataka, coastal Andhra Pradesh, Yanam (Puducherry), Kerala, Konkan, Maharashtra and Gujarat. Karnataka will face heavy heatwaves during the next 4-5 days.

The IMD said eastern India will experience a heatwave for the next three days, and sounded a red alert for severe heatwave conditions in Gangetic West Bengal for three days and in Odisha for two days.

The IMD attributed the severe heatwave conditions to a less frequent thunderstorms in east and north-east India. "Prolonged heatwave spell over East and South Peninsular India in April is due to the absence of thunderstorm and the persisting anticyclone," said IMD director general Mrutyunjay Mahapatra.

Women police officers cover their faces to beat the heat at a poll rally of Prime Minister Narendra Modi on Wednesday. REUTERS

"Heatwave conditions are expected in Gangetic West Bengal and Bihar from 1 May to 2 May, gradually easing thereafter. Isolated areas in Sub-Himalayan West Bengal and Jharkhand may also experience heat wave to severe heat wave conditions during this time, with some pockets retaining these conditions for the following three days."

The summer season has got off to a strong start with more consumers spending on discretionary categories such as air conditioners and refrigerators, said Kamal Nandi, executive vice president and business head at the Godrej Appliances.

Consumers have been avoiding spending on high ticket items, a trend that is now easing up given the intense heatwave.

"The start has been very good. In April we have seen a 100% growth in air conditioners, even air coolers have seen over 100% jump in sales versus last year. This is one of the strongest April's we have seen," he added. This is despite the fact that some parts of the North are yet to see an uptick in demand, he said.

The rise in temperature will also lead to an increase in the sale of beer. Vinod Giri, director general, Confederation of Indian Alcoholic Beverage Companies (CIABC) told *Mint*, "With the onset of early summer, beer demand has surged across India.

"However, the industry is concerned that supplies may fall short. Prolonged elections and related restrictions are disrupting supply chains all over the country. There are also inexplicable regulatory hurdles in some big states...Taking all into account industry may be looking at 13-14% growth during summer over last year."

Rituraj Baruah, Suneera Tandon and Varuni Khosla have contributed to this story. For a longer version, visit www.livemint.com

CORRECTIONS AND CLARIFICATIONS

Mint welcomes comments, suggestions or complaints about errors.

Readers can alert the newsroom to any errors in the paper by emailing us, with your full name and address to **feedback@livemint.com.**

It is our policy to promptly respond to all complaints. Readers dissatisfied with the response or concerned about *Mint's* journalistic integrity may write directly to the editor by sending an email to **asktheeditor@livemint.com**

Mint's journalistic Code of Conduct that governs our newsroom is available at **www.livemint.com**

FOR ANY QUERIES/DELIVERY ISSUES
CALL: 60004242, Monday-Saturday, 10am-6pm (Delhi, Mumbai, Bengaluru, Kolkata, Chennai, Hyderabad, Ahmedabad, Chandigarh, Pune and Lucknow) **MAIL: delivery@livemint.com TO SUBSCRIBE:** Give a missed call on **7039035039** or visit **www.mintreaders.com** or write to us at **subscription@livemint.com**

First published in February 2007 to serve as an unbiased and clear-minded chronicler of the Indian Dream.

RAVI KRISHNAN (EDITOR); PUBLISHED/PRINTED BY **MANHAR KAPOOR** ON BEHALF OF HT MEDIA LTD, 18-20 Kasturba Gandhi Marg, New Delhi 110001

Printed at HT Media Ltd presses at •Plot No. 8, Udyog Vihar, Greater Noida, Distt Gautam Budh Nagar, Uttar Pradesh 201306; •MNSPrinters Pvt. Ltd, 345/4, Bhatrahalli, Near KR Puram RTO, Old Madras Road, Bangalore 560049; •Saraswati Print Factory Pvt. Ltd, 789, Chowbhaga (W), Near China Mandir, Kolkata 700 105; •MNSPrinters Pvt. Ltd, 76/1, Poonamallee High Road, Velappanchavadi, Chennai 600077; •Bhaskar Print Planet, Survey No. 148P, Changodar Bavla Highway, Sanand (Tal), Distt Ahmedabad, Gujarat. •Jagati Publications Ltd, Plot No. D75 & E52, APIE Industrial Estate, Balanagar, Rangareddy Distt. Hyderabad 500037 *Also available in Chandigarh, Pune and Lucknow.
RNI Registration DELENG/2007/22485; Mint welcomes readers' responses to all articles and editorials. Please include your full name, address and telephone number. Send in your views to the editor at letters@livemint.com. ©2024 HT Media Ltd All Rights Reserved

MINT SHORTS

ADM shares fall as CEO cites transition from booming years

Archer-Daniels-Midland Co.'s shares slumped as the agribusiness giant warned of pressured margins for the remainder of the year, even as quarterly earnings beat estimates. A combination of headwinds including ample grain supplies, slower farmer selling and increased supplies of alternative ingredients for biofuel production in the US are eroding profits for crop traders and processors, according to CEO Juan Luciano. BLOOMBERG

Former BharatPe COO launches maiden venture capital fund

@DHRUVDBAHL/X

Bengaluru: Dhruv Dhanraj Bahl, former chief operating officer (COO) of fintech unicorn BharatPe, has launched his maiden venture capital fund Eternal Capital targeting to raise ₹120 crore, with another ₹120 crore reserved as greenshoe option. It has since received soft commitment from multiple entrepreneurs and operators to the tune of ₹102 crore already, Bahl told *VCCircle*. MALVIKA MALOO

Angel investor Karna D. Shinde backs healthtech startup Neuro42

Bengaluru: Neuro42 has raised an undisclosed amount in a funding round from angel investor Karna D. Shinde. Notably, this is the third round of investment in the company by Shinde over the years. Neuro42 is developing and commercializing an intraoperative MR, AI and robotic platform that allows easy access to MR imaging for screening, diagnosis and interventions of neurological diseases. K. AMOGHAVARSHA

Ellementry secures investment from She Capital to fuel growth

Bengaluru: Ellementry has raised an undisclosed amount in an external funding round from early-stage venture capital firm She Capital. The startup will utilise the funding to expand its product offerings, production capabilities and market presence domestically as well as internationally. It has its in-house manufacturing setup spanning different materials, including terracotta, ceramic, wood, and papier mâché. K. AMOGHAVARSHA

HarbourVest eyes 25% growth in India outlay

It has infused $1.5 bn across primary, secondary deals and co-investments.

Ranjani Raghavan
ranjani.raghavan@livemint.com
MUMBAI

HarbourVest Partners, an American private markets investor, is expanding the number of funds as well as direct investment in India, joining an increasing number of firms focusing on the country. Previously, it supported Indian private equity funds Chrys-Capital and Kedaara Capital.

"In India, we've been on a deployment ramp over the past 10 years. If we look at the capital that we deploy annually, the proportion going to India has been on an uptrend," said Kelvin Yap, managing director, HarbourVest, in an interview with *Mint*.

HarbourVest Partners has so far invested at least $1.5 billion in India in primary and secondary transactions, and direct co-investments. "We expect a material increase in investments, and anticipate at least 25% growth in investments in India this year, as well as over the next few years," Yap added.

Based in Singapore, Yap oversees the company's fund investments and direct co-investments across the Asia Pacific region.

HarbourVest Partners has offices in Beijing, Hong Kong, Singapore, Seoul, Sydney, and Tokyo, with more than $125 billion in assets under management as of 31 December 2023. It has been working with Indian fund managers for over a decade, with investments spanning venture, seed, growth-stage, and buyout funds. HarbourVest also has direct investments in the likes of ShareChat and Jana Small Finance Bank, according to data platform *VCCEdge*.

"The macro picture for India looks really great. We are witnessing positive structural changes, which promote further expansion of the Indian middle class. That is expected to drive rapid consumption growth," Yap said, explaining why it is scaling its investments in India.

"Additionally, India is a beneficiary of a global trend towards supply chain diversification. That is a positive catalyst for manufacturing and export sectors in India. It is an interesting backdrop for us to invest in."

Yap said the firm is invested in "more than a handful of venture capital funds" in India, without naming them. "We remain excited about early-stage venture, because in our view, innovation never stops. We participate through top venture managers. In recent years, we have been focused more on early-stage venture, and over mid-stage or late-stage growth."

In April, Kedaara Capital and ChrysCapital had announced their fundraising milestones. While Kedaara Capital's fourth India fund secured $1.7 billion, from HarbourVest, among others, ChrysCapital's $700 million continuum fund, which was announced earlier this week, also saw HarbourVest participate as an investor. The Indian market is witnessing "a lot more buyout transactions today" compared to the past years, Yap said.

"Sectors that have generated strong private equity returns include healthcare, pharmaceuticals, business services, consumer, financial services and IT services," he added.

HarbourVest managing director Kelvin Yap.

RIDING THE WAVE

OVER the past decade, the investor has consistently increased its bets in India every year

IT works with Indian fund managers to invest in venture, seed, growth-stage and buyout funds

THE firm is betting big on global supply chain diversification, which is likely to benefit India

Stride Ventures to diversify bets with $165 mn third fund

Priyamvada C.
priyamvada.c@livemint.com
BENGALURU

Stride Ventures managing partner Apoorva Sharma.
APOORVA SHARMA/LINKEDIN

Venture debt firm Stride Ventures has closed its third fund at $165 million, nearly a year after the first close. The fund garnered support from a diverse investor pool, including insurance companies, family offices, corporate treasuries, and high net-worth individuals (HNI), the company said in a statement on Wednesday.

"We have been broadening our impact across the Indian startup ecosystem, with comprehensive financial solutions for working capital, inorganic expansion, capital expenditure and growth," Apoorva Sharma, managing partner at Stride Ventures, said.

The fund primarily focuses on consumer-centric brands, financial services, and clean-tech sectors. Its portfolio companies include Moneyview, CureSkin, Moove, BlueStone, Foxtale, NewMe, Nat Habit, and AgroStar.

"This approach aligns with global growth trends within the startup ecosystem," said Ishpreet Singh Gandhi, founder and managing partner, Stride.

In 2019, the firm had raised $50 million for its first fund and two years later, it raised a $200 million second fund.

The third fund is smaller due to limited funding opportunities, it said.

Stride, which has allocated over $650 million across its funds, has also been exploring investments in Abu Dhabi and has been in discussions to raise additional capital, the company said.

Stride is sector-agnostic and seeks to meet capital requirements of more than 140 Indian startups, spanning consumer, fin-tech, B2B commerce, health-tech, agritech, mobility, energy solutions (EVs) and B2B SaaS.

In the past one year, India's venture debt space has surged past the billion-dollar mark, to $1.2 billion following growing confidence among founders, venture capitalist and investors, to drive deals for the sector, said Stride in a report in February.

The billion-dollar milestone comes as companies and startups worldwide have been struggling with a decline in funding activity due to high-interest rates, uncertain macro-economic conditions as well as geopolitical concerns have dampened investor sentiment globally.

Consequently, startups are increasingly showing a preference for one-stop debt solutions that simplifies fundraising and financial packages.

The trend further underscores India's maturing market and the growing sophistication of venture-debt solutions tailored to address the needs of companies.

Now, Oppo turns to NCLT for recovering dues from Byju's

Priyanka Gawande
priyanka.gawande@livemint.com
MUMBAI

China's Oppo Mobiles Pvt. Ltd on Wednesday filed an insolvency plea against Byju's to recover its dues, joining a growing list of operational creditors taking legal action against the struggling edtech company.

The plea, filed in the Bengaluru bench of National Company Law Tribunal under Section 9 of the Insolvency and Bankruptcy Code (IBC), seeks to initiate a corporate insolvency resolution process after Byju's defaulted on its payments. Oppo did not disclose the amount due.

Byju's will have two weeks to respond. NCLT will hear the case on 28 May.

MZM Legal is appearing for Byju's, while Oppo is represented by Vruksha Law Chambers. The NCLT bench, headed by Justices K. Biswal and Manoj Kumar Dubey, is hearing several insolvency petitions against the troubled Byju's. Other operational creditors include BCCI, Teleperformance Business Services and Surfer Technologies. On Wednesday, Teleperformance requested more time to finalize the settlement with Byju's, while Byju's counsel also made a similar request.

The NCLT granted 15 days for the settlement discussions, saying that if both the parties failed to reach a settlement by 28 May, the case will proceed on its merits.

On 18 April, Teleperformance had initiated insolvency proceedings, following Byju's default on a ₹5 crore repayment.

In another case, the NCLT bench has imposed a fine of ₹20,000 on Byju's for failing to reply to a plea filed by Surfer Technologies. After the senior counsel for Byju's informed the tribunal that a compliance affidavit had been filed regarding the cost, the tribunal granted Surfer Technologies two weeks to file a rejoinder in the matter.

MZM Legal is appearing for Byju's, while Oppo is represented by Vruksha Law Chambers

KKR Q1 profit tops estimates

Bloomberg
feedback@livemint.com

KKR & Co. reported first-quarter profit that beat Wall Street estimates after the alternative asset manager changed how it relays financial results to emphasize recurring earnings over lumpier private equity asset sales.

Adjusted net income rose 20% to $863.7 million, or 97 cents a share, the company said Wednesday in a statement. That beat the 95 cent average estimate of analysts surveyed by *Bloomberg*.

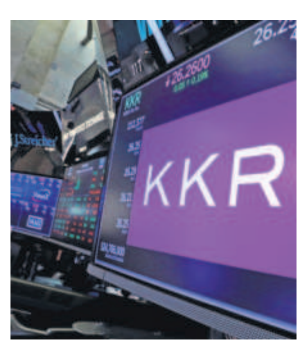
KKR created a new reporting metric—total operating earnings—that includes fee-related earnings at its asset management unit, earnings from long-term private equity holdings and profit from its Global Atlantic insurance arm. This was the first quarter the firm had 100% ownership of the insurer. New York-based KKR reported $962.3 million in total operating earnings for the quarter, including $20.7 million from strategic holdings.

Fee-related earnings rose 22% to $669 million in the quarter. A 33% gain in insurance operating earnings to $272.8 million was driven by higher yields and growth in the investment portfolio.

Assets under management rose 13% during the quarter, to $578 billion. KKR laid out a plan at its investor day earlier this month to reach at least $1 trillion of assets under management in five years. Taking a cue from Berkshire Hathaway Inc.'s business model, the firm recently created the strategic holdings unit to manage long-term private equity bets that generate dividends.

KKR, founded in 1976 by Henry Kravis, Jerome Kohlberg and George Roberts, has grown beyond its private equity roots into an alternative-asset management giant with strategies including buyouts, credit, infrastructure, real estate and insurance.

The firm highlighted retirees and individuals as being key to its growth strategy to reach $1 trillion of assets.



KKR's adjusted net income rose 20% to $863.7 million. REUTERS

Microsoft chief executive officer Satya Nadella. AFP

Microsoft's worries over Google's edge led to OpenAI stake

Bloomberg
feedback@livemint.com

Microsoft Corp.'s motivation for investing heavily and partnering with OpenAI came from a sense of falling badly behind Google, according to an internal email released Tuesday as part of the justice department's antitrust case against the search giant.

The Windows software maker's chief technology officer, Kevin Scott, was "very, very worried" when he looked at the AI model-training capability gap between Alphabet Inc.'s efforts and Microsoft's, he wrote in a 2019 message to CEO Satya Nadella and co-founder Bill Gates. The exchange shows how the company's top executives privately acknowledged they lacked the infrastructure and development speed to catch up to the likes of OpenAI and Google's DeepMind. The email was released late Tuesday after media organizations including the *New York Times* and *Bloomberg* intervened in the landmark antitrust suit to push for greater public access. The US justice department has argued that OpenAI's ChatGPT and other innovations may have been released years ago if Google hadn't monopolized the search market. Scott, who also serves as executive vice president of artificial intelligence at Microsoft, observed that Google's search product had improved on competitive metrics because of the Alphabet company's advancements in AI. The Microsoft executive wrote that he made a mistake by dismissing some of the earlier AI efforts of its competitors.

"We are multiple years behind the competition in terms of machine learning scale," Scott said in the email. Significant portions of the message, titled *'Thoughts on OpenAI,'* remain redacted. Nadella endorsed Scott's email, forwarding it to chief financial officer Amy Hood and saying it explains "why I want us to do this."

Microsoft and OpenAI declined to comment. A Google spokesperson did not immediately respond to a request for comment.

Microsoft has poured more than $13 billion into its partnership and backing of OpenAI, tapping the startup's generative-AI technology to enhance its Bing search service, Edge internet browser and, most notably, integrate an AI Copilot service into Windows.

Google's search market monopoly curbed the release of technological innovations for years

Can biotech startups upstage Eli Lilly and Novo Nordisk?

The Economist

Between 2021 and 2023 two parts of the drug-making business were in contrasting states of health. An index of American big pharma rose by a third, outperforming the broader stockmarket thanks to robust sales of blockbuster drugs. One made up of smaller biotechnology companies sank by roughly as much, weighed down by rising interest rates and dissipating pandemic-era euphoria for all things medical. Unlisted biotech startups have, like most young firms, struggled to attract capital. Last year they drew just $17bn in investments, down from $37bn two years earlier. Fewer went public and more went bust.

This year the giants are still going strong. On April 30th Eli Lilly, maker of a hit weight-loss treatment, delivered another dose of strong quarterly results. On May 2nd Novo Nordisk, a Danish rival with its own anti-obesity drug, is expected to do the same. Together the two are worth $1.2trn, up from $350bn three years ago. But biotech's vitals, too, are improving. That is good news for investors, patients and the pharmaceutical industry as a whole.

In the first three months of 2024 investors injected $5.1bn into biotech startups, the most in seven quarters. Eight firms have launched initial public offerings (IPOs) since January, raising a combined $1.5bn, compared with $2.5bn for all firms that went public in 2023. Another nine have sold themselves to larger drugmakers for $1bn or more—the busiest start to a year in a decade. In February Novartis, a Swiss titan, said it intended to buy MorphoSys, a German cancer specialist, for $2.9bn. The following month AstraZeneca, a British-Swedish giant, acquired two biotech firms for over $3bn. IQVIA, a research firm, expects $180bn-200bn in biotech and pharma deals this year, up from $85bn in 2022.

One reason for the revival is the painful triage of the past two years. Many firms with bleak prospects were eliminated; the number of biotech bankruptcies in 2023 was the highest in a decade. Those that remain are sturdier on average. Their more down-to-earth valuations also make them more appealing takeover targets for cash-rich big pharma. Fifteen of the world's largest drugmakers have a collective $800bn at their disposal for mergers and acquisitions (M&A), IQVIA calculates.

They are eager to put this money to use, especially as many of their lucrative patents are about to expire. In 2028 branded drugs with combined annual sales of $100bn will lose intellectual-property protection, reckons Evaluate, a data-provider, putting this at risk from cheap generic alternatives. The equivalent figure averaged $33bn over the past decade. At the same time, finding new cures is getting harder. Jack Scannell, boss of Etheros Pharmaceuticals, a biotech firm, has analysed large drugmakers' research and development (R&D) budgets and regulatory approvals. He finds that in the 1960s $1bn in R&D (at 2008 prices) resulted in around ten new drug approvals. Nowadays that same $1bn doesn't get you even one.

Big pharma's response has been to focus on marketing and distribution, and outsource much of the innovating to the biotech sector. In 2023, 57% of all new drugs approved in America originated at small companies, up from 40% eight years earlier. The upstarts are responsible for more than three in four new clinical trials in the early stages and two in three late-stage ones. Kasim Kutay, chief executive of Novo Holdings, which owns a controlling stake in Novo Nordisk as well as a portfolio of smaller startups, believes that nimbler biotech firms' singular focus on a particular disease area may give them better odds of success in drug development compared with sprawling big pharma.

Those odds may improve further thanks to artificial intelligence (AI). Drugmakers have toyed with machine learning for years. BCG, a consultancy, has identified about 200 firms founded in the past decade that use algorithms to find drug targets promising molecules. Many have little to show for it. BenevolentAI and Exscientia, two buzzy startups from Britain, recently reported disappointing results from clinical trials for their AI-discovered drugs (to treat eczema and cancer, respectively).

However, recent rapid advances in AI raise hopes that it can make R&D more productive, for real this time.

Christopher Meier of BCG predicts a wave of AI-based drugs. In January Isomorphic Labs, a startup spun off from Google's AI lab, signed deals with Eli Lilly and Novartis worth nearly $3bn to use its platform to discover small-molecule therapies. In April Xaira, an AI-drug discovery startup, raised $1bn, one of the largest funding rounds in biotech history. Insilico, another hot AI-based startup, says that its software identified a new drug target and designed a molecule fit for human trials in only 18 months and at a cost of $2.7m. That is a pittance compared with the billions big pharma spends these days on a portfolio of drugs, only one in ten of which tends to get approved. If AI can reduce the failure rate even by a few percentage points, it could have a huge financial impact, says Pratap Khedkar, boss of ZS, a health-technology consultancy. That would be salutary for the biotech firms, big pharma and plenty of patients, too.

©2024 THE ECONOMIST NEWSPAPER LIMITED. ALL RIGHTS RESERVED.

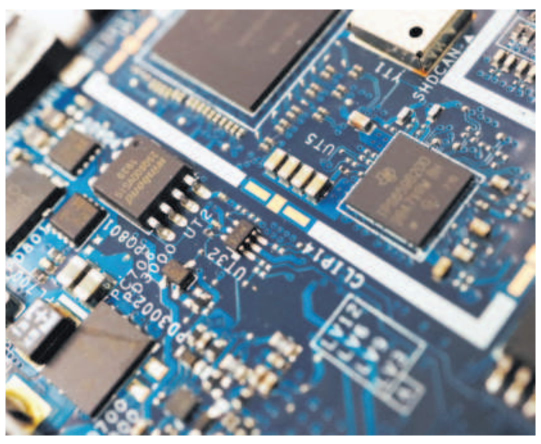
In the first three months of 2024 investors injected $5.1bn into biotech startups. BLOOMBERG

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
CLOSE	74482.78	22604.85	20997.20	64900.50	23436.50	42121.40	47315.93
1-WEEK CHANGE (%)	1.01	1.06	1.67	3.35	1.39	3.79	1.77
1-MONTH CHANGE (%)	1.13	1.24	3.66	7.05	2.25	7.12	9.61
3-MONTH CHANGE (%)	4.70	5.03	7.27	18.37	7.28	10.34	5.38
6-MONTH CHANGE (%)	17.95	18.10	24.79	47.81	22.83	37.69	30.69
1-YEAR CHANGE (%)	21.88	25.13	37.96	64.25	30.90	65.23	63.63

MINT SHORTS

Emerging market rate hike fears hit global bonds

Global investors are unwinding bets on local-currency bonds as some emerging-market central banks come under pressure to raise interest rates—rather than cut them as widely anticipated just weeks ago. Money managers differ on the roster of countries that may have to tighten monetary policy in response to a changed global landscape, but among them are turbulent economies such as Turkey and South Africa, and even emerging giants like India and Mexico. Whether those nations will actually raise borrowing costs depends in part on moves in currencies and commodities in the coming weeks to months. But fears of a delayed easing cycle are already upending the most popular trade at the start of the year: buying local-currency bonds seen as benefiting from rate cuts. A *Bloomberg* gauge of the asset class posted the biggest monthly decline since September, erasing $62 billion in market value. **BLOOMBERG**



Strong demand for chips continued to lead growth in exports in South Korea. REUTERS

South Korea exports rise for the seventh month in April

South Korea's exports rose for a seventh straight month in April, trade data showed on Wednesday, as strong demand for chips continued to lead growth while automobile sales and US shipments climbed to record highs. Overseas sales by Asia's fourth-largest economy rose 13.8% from the same month a year earlier to $56.26 billion, a bit higher than a rise of 13.7% tipped in a *Reuters* survey of economists. It came after a 3.1% rise in the prior month, which was the slowest in the current run of gains that started in October. Finance minister Choi Sang-mok said the data confirmed that an economic recovery was continuing, after the trade-reliant economy grew in the first quarter at the fastest pace in more than two years, beating estimates. Exports of chips grew for a sixth consecutive month, rising 56.1%, along with gains across IT products, while sales of automobiles climbed 10.3% to post the highest-ever monthly export value of $6.79 billion. **REUTERS**

Can Maruti Suzuki avoid speed bumps?

Abhishek Mukherjee
feedback@livemint.com

If someone told you a couple of years ago that Mahindra's SUV Scorpio would one day outsell Maruti Suzuki's entry-level hatchback Alto, you may have questioned their sanity. But the unthinkable actually happened in FY24, when 141,462 Scorpios (both the N and classic models) were sold, compared to 111,955 Altos, revealing a tectonic shift in the Indian automotive market.

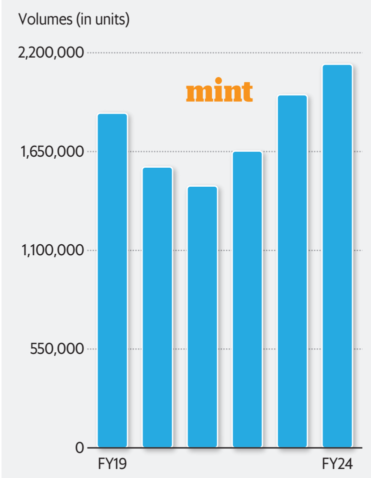
Does this mean Maruti Suzuki has handed over its crown to the competition? Far from it. India's largest carmaker ended FY24 with its highest-ever unit sales and net profit, both for the fourth-quarter and the financial year. It also led India's passenger-vehicle exports in FY24 for the third year on the trot.

But as car enthusiasts know only too well, a gleaming machine can sometimes be hiding several niggles under the hood. The company's Q4 numbers were a case in point. Its earnings before interest, taxes, depreciation, and amortisation (Ebitda) grew 40% year-on-year to ₹4,685 crore but missed analysts' estimates. More importantly, the Ebitda margin of 12.3% trailed consensus estimates of 12.8%. The margin miss was led by a one-off 60-basis-points impact related to CSR and material costs, coupled with reduced CNG vehicle production owing to a shortage of components.

The lower CNG mix (26.9% in Q4 from 30.8% in Q3) and higher share of entry-level vehicles also weighed on the company's average selling price (ASP), which dropped 1.5% sequentially to ₹6,54,672.

CNG forms a key component of Maruti's operational flywheel. CNG vehicles have higher selling prices and margins than Maruti's mainstay, mini and compact vehicles (which account for 52.4% of its total sales). The company commands a 70% share of the CNG vehicle market and around 20% of its overall sales come from CNG models.

At a peak
Maruti Suzuki's sales volume in FY24 were at a record high



Source: Company
PRANAY BHARDWAJ/MINT

While analysts are confident that the lower CNG mix will reverse this quarter, the more crucial factor to the company is the raging trend in SUVs, which shows no signs of cooling. From less than 30% in FY18, SUVs now account for the biggest portion of the domestic car market at 50.4%. Robust demand for SUVs made India the world's third-largest passenger-vehicle market in FY24, with sales crossing 4 million for the first time.

Maruti Suzuki, which ushered in the small-car revolution in India, was initially caught unawares by the SUV craze. As late as 2022 its share in the SUV market was a paltry 9.5%, even trailing South Korea's Kia, which had entered the market only in 2019.

However, thanks to a slew of launches and its global partnership with Toyota, Maruti overtook Mahindra to become the country's largest SUV maker in the first half of FY24. Its current SUV market share stands at about 22%, and the company is targeting 50% in the next few years.

Hyundai, Tata Motors, M&M and other carmakers are aggressively expanding their SUV lineups. At the premium end, high-tech EVs from global brands are luring buyers.

Maruti is no stranger to the effects of increased competition, having seen its market share erode to 41% from a peak of 51% in FY19. On the operational front, commodity prices are likely to increase marginally in FY25, particularly steel (10-11% of Maruti's net sales), aluminium (3%) and copper (1%).

Small-car sales face headwinds

The company is also facing headwinds in its bread-and-butter mass-market segment. First-time buyers stood at 40-43% in FY24. The company management said it was not seeing any recovery in this segment, and thus the FY25 and FY26 outlook for small cars seems stressed.

And after a 24% run-up so far in 2024, analysts are advising investors to temper their near-term expectations from Maruti Suzuki shares. The number of 'buy' calls on the stock has dropped from 38 at the start of the year to 34, according to Bloomberg data.

That said, it would be foolhardy to write off a company with the pedigree of Maruti Suzuki.

"We feel the concerns over the car industry's growth slowdown are short-term in nature as interest rates peak while the feel-good factor continues from strong returns generated by different asset classes," analysts at InCred Equities said in a note.

"Maruti Suzuki is better placed in the short term to ride this slowdown by debottlenecking CNG vehicle supply chain and meeting the long waiting period. The new EV launch in early 2025F should ease technology transition risk," they added.

HURDLES ON WAY

MARUTI'S Q4FY24 Ebitda grew 40% y-o-y to ₹4,685 crore but missed analysts' estimates

THE lower CNG mix and higher share of entry-level vehicles weighed on the co's average selling price

RISING competitive intensity in SUVs and lacklustre demand for hatchbacks are the headwinds

SBI Cards' EMI route for credit-card default may not be the panacea

Manish Joshi
feedback@livemint.com

SBI Cards and Payments Services Ltd's healthy 25% growth in overall credit card spending in FY24 failed to translate into even a 10% profit increase, disappointing investors. But, the stock still commands a price-to-earnings multiple of 29x based on FY24, reflecting optimism about the future. However, the Q4FY24 trend mirrors the preceding three quarters, with no signs of material improvement in the near future.

SBI Cards' net profit rose by 11% year-on-year (y-o-y) in Q4 with a huge 60% jump in written-off dues weighing down profitability. The 25% growth in advances, i.e. credit card outstanding amount, compensated for the 60 basis points (bps) shrinkage in the net interest margin (NIM).

Fee income grew by 12% year-on-year to ₹2,000 crore, in line with almost the same growth rate in spending by cards, which was mainly driven by increase in cardholders to 18.9 million. Blended spending per card, which includes corporate and retail, was slightly down. Although the company earns income via interchange fees or merchant discount rate fees, it pays a portion of fees earned on corporate card expenditure as rebates. So, while fees earned grew, less corporate spending meant fees paid fell 36%. This benefit helped SBI Cards.

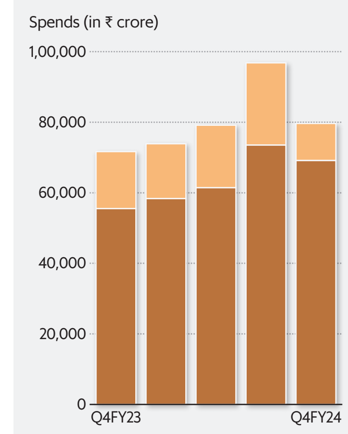
True, the company is prone to seasonality like festival expenditure in Q3, but there are clues from quarter-on-quarter trends that help understand movement in key variables from a near-term perspective. So, while there is some respite due to decline in cost of funds by 20 bps sequentially, impairment or provision may remain higher going forward, too, with stage 3 outstanding dues, or non-performing assets (NPAs), rising 12% sequentially to ₹1,424 crore.

SBI Cards plans to convert outstanding dues to EMI of 12 months or more for some customers. However, while NPA accretion remains high, lower recovery from defaulters is a big disappointment. For instance, the company's recoveries were ₹491 crore in FY24, down 16% y-o-y. This indicates that credit card defaulters may not have had temporary cash flow problems but it could be a permanent loss of income or unwillingness to pay. So, there are doubts whether allowing EMI option can alleviate the problem.

In terms of growth, the company hopes to maintain new card customer addition at 1 million per quarter, consistent with Q4FY24. Though the numbers for Reliance-SBI Cards, launched in November, are not available separately, it should boost growth, leveraging Reliance's wide customer base across telecom and retail. The company and the industry should also benefit from credit card spending via Rupay credit card as unified payment interface (UPI) has gained popularity for payments on UPI-enabled apps.

Nevertheless, SBI Cards has not struggled with retail credit card spending growth. But unless it addresses high customer default rates to spur profit growth, investors are likely to adopt a wait and watch approach.

Temporary blip
SBI Cards' corporate spends fell sharply in Q4FY24 leading to a higher share of retail spends



Source: Company
PRANAY BHARDWAJ/MINT

Mark to Market writers do not have positions in the companies they have discussed here

FPIs turn net sellers in April, pull out ₹8,671 crore

PTI
feedback@livemint.com
NEW DELHI

After infusing money for two months, foreign portfolio investors (FPIs) turned net sellers in April, dumping Indian equities worth ₹8,671 crore on concerns over a tweak in India's tax treaty with Mauritius and a sustained rise in US bond yields.

This came after a net investments of ₹35,098 crore in March and ₹1,539 crore in February, data showed. The total inflow for 2024 so far is ₹2,222 crore in equities and ₹44,908 crore in the debt market.

Kislay Upadhyay, smallcase manager and founder of Fidelfolio, said the outflow was due to adjustments after heavy inf-lows in March, a short-term gain prospect in longer duration bond in anticipation of a rate cut and 'wait and watch' mode of investors till the announcement of election results.

While the tweak in India's tax treaty with Mauritius on investments made in India via the island nation still bothers foreign investors, weak cues from global markets with unce-rtain macro and interest rate outlook didn't augur well for emerging market equities, said Himanshu Srivastava, associate director, manager research, Morningstar Investment Research India, said.

Markets may extend rally this month

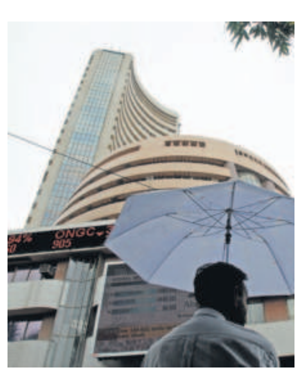
PTI
feedback@livemint.com
NEW DELHI

Markets may continue their winning run in May after registering gains in the past three months as investors' sentiment are upbeat amid India's promising growth prospects, the current government's potential re-election in the ongoing polls and robust participation from domestic investors, analysts said.

The 30-share BSE Sensex had declined 0.67% in the month of January this year.

However, markets charted a strong recovery path from February onwards.

In February, the BSE benchmark climbed 1.04%, while it jumped 1.58% in March. In April, the bellwether index advanced 1.12%.



Investor sentiment is still upbeat. HT

"Overall, the markets are anticipated to maintain their upward trend, backed by robust inflows and participation from both domestic institutions and individual investors.

"Going forward, if the corporate earnings of the remaining companies display a positive sentiment then the markets are likely to continue their bullish sentiment," Arvinder Singh Nanda, senior vice-president of Master Capital Service Ltd, said.

"Positive market sentiment is anticipated to persist if the Middle East tensions lessen, earnings remain steady, and the Chinese economy continues to move towards resurgence," Nanda added."Markets have surged to record highs due to various factors. Firstly, the positive market sentiment, driven by strong prospects for the Indian economy, has bolstered investors' confidence.

"Expectations of imminent rate cuts have further encouraged investors to buy Indian stocks despite recent corrections. We forecast the Nifty 50 to maintain a positive bias, considering historical trends of rallies during general election years and projecting a gradual ascent," Suman Bannerjee, CIO of hedge fund Hedonova, said.

The BSE Sensex hit its all-time peak on 9 April. The index also breached the 75,000 mark the same day

The BSE Sensex hit its all-time peak of 75,124.28 on 9 April this year. The index breached the historic 75,000 mark for the first time on the same day.

Ambuja Cements misses Q4 profit estimate on lower prices

Reuters
feedback@livemint.com

Ambuja Cements, India's second-largest cement maker by market capitalization, reported on Wednesday a smaller-than-expected profit rise in the fourth quarter as lower prices weighed.

Cement makers are expected to report subdued income from sales in the reported quarter, owing to a nearly 5% decline sequentially in the cement prices across India.

The March quarter usually sees cement makers report strong volumes as they push prices down to clear year-end inventory backlogs. Analysts also expect lower fuel costs and domestic coke prices to help offset weak cement prices.

There was a nearly 5% decline in prices in Q4. HT

UltraTech Cement, the largest Indian cement maker by market value, as well as Dalmia Bharat and ACC have reported better-than-expected profit so far in the fourth quarter.

These companies saw strong sales volumes offset the weaker pricing in the fourth quarter.

The Adani Group-backed company said on Wednesday its profit after tax for the quarter ended 31 March rose to ₹5.32 billion ($63.7 million), from ₹5.02 billion a year ago. Analysts, on average, estimated the company to report a profit of ₹7.56 billion, as per LSEG data.

Still, revenue from operations climbed 12.3% to ₹47.80 billion, beating analysts' estimate of ₹47.72 billion.

Investors scour the globe for shelter as Wall Street turbulence rattles

Reuters
feedback@livemint.com
LONDON

Global investors are eyeing European and emerging market assets to protect themselves from further turbulence in US stocks and bonds as stubborn inflation causes bets on the timing of Federal Reserve interest rate cuts to be revised.

April was a washout on Wall Street, with the S&P 500 share index and US Treasuries posting their biggest monthly loss since September.

Money managers are now looking for ways to limit losses if the trend does not reverse.

That could entail the restructuring of portfolios that had been lifted for years by richly-valued US equities, said Sonja Laud, CIO at Legal & General Investment Management, which manages roughly $1.5 trillion.

"Diversification will be a lot more important going forward," she said, adding that LGIM was not expecting superior returns from global stocks but now preferred European shares to those from the United States.

Amelie Derambure, senior multi-asset manager at Amundi, Europe's biggest asset manager, said she still expected long-term gains from US stocks but had bought put options to protect against a 10% fall. She had also switched some cash out of Treasuries into euro zone bonds.

In April, S&P 500 share index and US Treasuries posted their biggest monthly loss since September. AFP

US stocks have provided about 80% of the price return of the MSCI World share index since 2020 in dollar terms, Pictet Asset Management calculates.

The "Magnificent Seven" group of tech stocks, supercharged by an artificial intelligence boom, contributed over 60% of the S&P's total return last year.

But as sticky inflation drives expectations that the Fed will hold US borrowing costs at a 23-year high of 5.25%-5.5% or even hike again, the cost of betting on long-term gains from big tech's hefty AI investments versus holding cash is rising.

A sharp fall in Facebook owner Meta's shares in April highlighted the risks of hoping for stellar tech earnings in an environment where rates stay high. Until recently, markets had expected the Fed to start cutting in June.

The S&P remains highly valued, with a price-to-earnings multiple almost 7 percentage points above Europe's Stoxx 600, LSEG data shows.

Investors said the Stoxx appealed because it is stacked with companies in so-called value sectors such as banking and energy which benefit from steady global growth but tend not to suffer when borrowing costs rise. "We are increasing exposure to Europe," said Luca Paolini, chief strategist at Pictet Asset Management. "The general macro outlook is supportive for a cheap, cyclical value market."

European fund manager Carmignac reduced some U.S. tech holdings in April and was seeking opportunities closer to home, the group's head of cross-asset Frederic Leroux said. "Diversifying towards Europe today makes a lot of sense," he said. "Each time you have a new wave of (U.S.) inflation you will see a big outperformance for Europe." Moderating euro zone inflation means the European Central Bank is expected to start cutting interest rates on 6 June..

Micron to roll out first India-made chips by early 2025

Gulveen Aulakh
gulveen.aulakh@livemint.com
NEW DELHI

Micron is setting up a semiconductor chip assembly unit in Sanand. BLOOMBERG

The first semiconductor chips to be made in India will roll out from US-based Micron Technology Inc.'s unit at Sanand in Gujarat in the first half of 2025, but a majority of these will be exported from the first day itself.

"We expect to have products roll out early next year, in the first half, which is a very good turnaround given that we had announced this whole engagement in the middle of last year," said Micron India's managing director Anand Ramamoorthy in an interaction with *Mint*.

"No factory in India will ever be building for India only. It will be a small part, and the bulk of it will be for exports, and that's actually a good thing because we want our factories to be globally viable," he added.

Micron is the first global semiconductor player to enter India. The country wants to create its own semiconductor manufacturing and chip ecosystem to reduce dependency on imports of the critical component that is used across industries including defence, automobiles and telecommunications. Ramamoorthy said the chips from the Sanand unit could be used in several sectors, including data centres, smartphones, notebooks and the Internet of things, but the allocation would be decided closer to final production.

"We want to serve all customers. How we route those bits into different verticals will be based on various factors like turnaround time, pricing dynamics, customer needs, their inventory position, so we have to be agile. Over time, all the verticals will be serviced (from here)," he said. Micron could also look at new opportunities in two-wheeler electric vehicles and government contracts that are unique to the Indian market, he added.

The Sanand unit could be used in several sectors, including data centres, smartphones, notebooks, etc

On the possibility of working with Tata Electronics Pvt. Ltd's semiconductor fabrication units coming up in Assam and Gujarat, Ramamoorthy said some partnerships could emerge with Tata group companies since they were already customers. "We (have) worked with the Tata group companies; many of them are customers, which will continue. And, at the right time, we might even explore if there is something more we can do in terms of taking our product lines into their factories. But that's too early and not discussed yet," he said.

Behind Manian's sudden exit from Kotak Mahindra Bank

Manian's abrupt departure has left the banking industry executives in shock

Gopika Gopakumar
gopika.g@htlive.com
MUMBAI

KVS Manian exited barely two months after he was elevated as joint managing director of Kotak Mahindra Bank. @MANIANKVS/X

K.V.S. Manian's abrupt exit from Kotak Mahindra Bank Ltd, a week after the central bank's knuckle-rap and barely two months after he was elevated as joint managing director, may have derailed the lender's carefully-scripted restructuring.

Kotak Mahindra Bank informed the stock exchanges late Tuesday that it had accepted Manian's resignation with immediate effect, stating that he had "stepped down to pursue other opportunities in the financial services sector".

It appears, however, that Manian, 62, who has spent nearly three decades at the bank and had been in consideration for the top role, may not have anticipated having to leave immediately.

Manian's exit comes at a time when Kotak Mahindra Bank is scrambling to get its credit card operations back on its feet following the Reserve Bank of India's censure and just as the lender was settling in under its chief, Ashok Vaswani.

On Tuesday, the bank's board held a 30-minute meeting on Manian's exit following which it asked him to leave with immediate effect.

The board is expected to meet in four days to consider the lender's fourth-quarter and full-year financial results.

There has been speculation that Manian had concerns about his new role at Kotak Mahindra Bank, and that he was in the running to lead another lender. His resignation at this moment, however, has come as a shock to banking industry insiders, especially as the Reserve Bank of India hasn't confirmed his name for another position, say people familiar with the developments.

Manian did not respond to calls and text messages from *Mint*. Kotak Mahindra Bank did not reply to emailed queries.

Manian, in his resignation letter, indicates he was willing to serve a notice period. "I'm happy to help and facilitate the transition in a manner that you feel comfortable with. Accordingly, do let me know the date by which I can be relieved," Manian said in the letter, available as part of the bank's regulatory filing.

Last week, RBI barred Kotak Mahindra Bank from onboarding new customers through its website or mobile app, and restricted it from issuing fresh credit cards citing "serious deficiencies" in its technology system.

While RBI's action may not have had a bearing on Manian's exit, Kotak Mahindra Bank has announced a new reporting structure, its second since February.

The wholesale, commercial and private bank businesses, which Manian was heading, will now directly report to the bank's new managing director and chief executive Ashok Vaswani.

The asset reconstruction division will report to deputy managing director Shanti Ekambaram, who will also oversee the investment banking and institutional equities businesses. Ekambaram, who also has about 30 years at the bank, was named deputy managing director in February as part of a restructuring under Vaswani, who took charge on 1 January.

For Manian, founder Uday Kotak's trusted aide and long-term loyalist, an exit from Kotak Mahindra Bank may have been in the works for some time, according to media reports.

NDTV Profit reported in February that Manian was being considered, among others, for the CEO's position at Federal Bank once incumbent Shyam Srinivasan steps down in September. The two other names likely to be considered are Federal Bank's executive directors Shalini Warrier and Harsh Dugar.

That said, Federal Bank is yet to officially send the names of potential candidates for its CEO role to RBI, according to a banker who spoke on condition of anonymity. Typically, the regulator takes 2-3 months to approve a candidate. "Unless Manian has received an informal assurance from the bank or RBI, it doesn't make sense for him to resign so soon," said a Kotak Mahindra Bank executive.

Another banker said the news of Manian's sudden exit from Kotak Mahindra Bank has come as a shock.

"Manian was not happy being No:2, and he believes he could work for some more time. Asking somebody like Manian to leave immediately is not akin to Kotak's culture; it is similar to a foreign bank," said this banker. "That said, the board must have thought from a governance perspective that it is better to ask him to leave if he is joining competition."

PARTING WAYS

KOTAK Mahindra Bank informed the stock exchanges late Tuesday that it had accepted resignation

IT stated that Manian "stepped down to pursue other opportunities"

THE board is expected to meet in four days to consider the lender's financial results

THERE has been speculation that Manian had concerns about his new role at the bank

The co plans to increase melting capacity.. ISTOCKPHOTO

Jindal Stainless to invest ₹5,400 cr to expand

Naman Suri
feedback@livemint.com
NEW DELHI

Delhi-based Jindal Stainless Steel Ltd (JSL) on Wednesday said it will make an investment of ₹5,400 crore to boost production capacity and make acquisitions.

The company's investment strategy involves pursuing growth through a blend of organic and inorganic expansions over the next three years. It will finance the acquisitions and capacity additions mostly through internal accruals.

As part of the investment, JSL has formed a joint venture (JV) with a Singapore entity for developing and operating a stainless steel melt shop (SMS) in Indonesia with an annual production capacity of 1.2 million tonnes per annum (MTPA) at an investment of more than ₹700 crore.

The facility will increase the company's melting capacity by over 40% to 4.2 MTPA over the next two years.

Along with the Indonesian facility, the company will also be expanding its downstream lines in Jajpur, Odisha, at an investment of around ₹1,900 crore over the next two years. This will help the company increase its melting capacity. Additionally, the company has also earmarked nearly ₹1,450 crore towards the associated upgrade of infrastructure facilities, such as railway siding, sustainability-related projects, and renewable energy generation around the Jajpur facility.

It is also acquiring a 54% equity stake in Chromeni Steels Private Ltd (CSPL), which owns a 0.6 MTPA cold rolling mill located in Mundra, Gujarat. The transaction entails an outlay of around ₹1,340 crore, comprising a takeover of existing debt of ₹1,295 crore and a balance of ₹45 crore towards equity purchase.

"With these acquisitions and investments, we have orchestrated a clear growth plan to become one of the leading players in the world. The Indonesian JV will get us the best of speed and raw material security, and the augmentation of the Jajpur lines will offer enhanced value for domestic and export customers," said Abhyuday Jindal, managing director, JSL, in a press conference.

Govt for allocation of satellite spectrum

Gulveen Aulakh
gulveen.aulakh@livemint.com
NEW DELHI

Provisions of the Telecommunication Act 2023 permit satellite broadband to be allocated outside auctions. ISTOCKPHOTO

The government will go ahead with allocation of satellite broadband outside of auctions, in accordance with the law laid down under the Telecommunications Act 2023, said two people familiar with the development.

The decision has been taken after high-level consultations within the communications ministry, one of the people said, even as the miscellaneous application filed by the government in the Supreme Court has not been accepted.

"For the items specified in the Act that will be given through administrative allocation, the law will be followed," one of the people said, asking not to be named.

According to the first schedule of Telecommunication Act 2023, 19 types of services including satellite broadband which is technically called global mobile personal communication by satellites (GMPCS), and others like TV broadcast, direct-to-home (DTH), national long-distance calling, maritime and in-flight connectivity services, can be allocated outside auctions.

"The courts had to be informed and the application has been disposed of. The government will not go back to the Court," the person said.

The Economic Times reported on Wednesday that the Supreme Court registrar had not accepted the government's miscellaneous application for allowing administrative allocation of spectrum in special cases on grounds that it did not disclose reasonable cause to be entertained, while also noting the time lapsed since the judgement in 2012.

The decision has been taken after high-level consultations within the communications ministry

The report added that the government sought a review of the order passed by the court in the guise of an application.

The Supreme Court in 2012 had said that competitive auctions will be the route for distribution of natural resources owned by the public.

A review petition to the judgment was withdrawn by the government.

A presidential reference by the Union government also followed the judgement.

Mint had reported last week quoting officials that the application filed by the government did not seek to change the 2012 order issued by the court, and that auction will continue to be the only mechanism for giving out spectrum for telecom services.

To be sure, currently the government allocates spectrum in certain categories on administrative basis, for instance, airwaves to state-run carrier Bharat Sanchar Nigam Ltd, spectrum for radar for weather forecasting, for maritime communications on ships, communication and radar for the armed forces.

A second person aware of the development said that the telecom department was close to preparing a reference to the Telecom Regulatory Authority of India (Trai) for beginning fresh consultation on allocation of airwaves for satellite broadband.

"The reference to the regulator is being prepared and will be sent out soon," the person said, asking not to be named.

Domestic car sales growth flat in April due to muted demand

PTI
feedback@livemint.com
NEW DELHI

Polls impacted PV sales. PTI

Passenger vehicle sales in India kicked off on a flat note in new fiscal 2024-25 with 3.38 lakh units sold in April, impacted by high base effect and muted demand due to the ongoing general elections.

Dispatches of passenger vehicles from manufacturers to dealers were at 338,341 units in April 2024 as compared to 332,468 units in the same month last year, a growth of 1.77% with major players Maruti Suzuki India, Hyundai and Tata Motors reporting marginal growth in their domestic wholesales.

The flat growth witnessed in April is due to the high base that the industry had last year, coupled with the impact of ongoing general elections, Maruti Suzuki India senior executive officer, Marketing & Sales, Partho Banerjee told reporters in a virtual interaction. "We have started on a very high base this year...Right now the country is going through elections and there is a model code of conduct...During the elections the markets are a little muted. Once elections are over, I think we will be seeing a different market," he said.

He further said, "Till the month of June I think things will be more or less like this and after June maybe we will see revival in the market." Maruti Suzuki's total domestic passenger vehicle sales were 137,952 units compared to 137,320 units in the year-ago period. Similarly, Hyundai Motor India's domestic wholesales saw an increase of 1% to 50,201 units last month from 49,701 units in the year-ago period.

Hyundai Motor India COO Tarun Garg said the PV industry's growth seen in April was a reflection of what was estimated in beginning of 2024 of about an overall low single-digit growth.

"It is more because of the high base effect of the last two years and not necessarily a slowdown," he said in a virtual interaction, adding the inquiry levels and booking were at similar levels to the last year.

With the improvement in the supply chain, the overall order book of the industry has reduced, Garg said.

The prediction of a normal monsoon augurs well, specially from a rural sales perspective which has also been accelerated by the rapid development in road infrastructure and rising aspirations of the consumers there, he added.

Tata Motors reported a 2% increase in total domestic PV sales, including electric vehicles at 47,883 units last month as compared to 47,007 units in April 2023.

Chingari, Instagram Reels keeping small town India captivated

Lata Jha
lata.j@htlive.com
NEW DELHI

Short-video platforms such as ShareChat, Chingari and Instagram Reels are immensely popular in India's small towns and non-metro cities, where users spend more than half an hour a day watching content on travel, food, and festivals.

A recent Ficci EY report has captured these trends on content consumption, geographical concentration of the audiences, and their demographic profile. It reveals that nearly 7 in 10 consumers, or 68%, of short-video platforms are based in tier-two cities like Bhubaneswar, Jaipur, Kanpur, Kota and Patna, where the popularity of the format is twice as high as tier-one cities. Further, a user spent on average 37 minutes everyday watching these videos in 2023, up from 33 minutes in 2022. For the youth, travel and entertainment are the most preferred content categories, while more than 70% of videos consumed is less than 30-second long.

"We have observed a surge in demand for relatable, culturally-diverse content that resonates with users from non-metro areas. Creators are tapping into regional languages, local traditions, and every-day life experiences to create content that speaks directly to these audiences," Sumit Ghosh, CEO and co-founder, Chingari, said. "From showcasing local cuisines, traditions, and festivals to addressing social issues prevalent in small towns, content creators are actively engaging with this demographic," Ghosh added.

Some of the genres and categories that have been successful among small-town audiences on the platform include comedy skits featuring regional humour and dialects, dance performances incorporating folk and traditional forms, and daily-life vlogs offering glimpses into the lives of people in small towns, he said.

Nearly 7 in 10 consumers of short-video platforms are based in tier-II cities like Kanpur, Kota and Patna. BLOOMBERG

A Meta spokesperson said creators from small cities and towns are bringing forward their perspective, taste in fashion, and flavour of food, and that's appealing to their local and hyperlocal audience.

"Short-form video content made this possible, as it democratized creativity across India. Anyone, anywhere, could display their talent on Instagram and is able to be discovered by large and diverse audiences," the spokesperson added.

Cashing in on topical events, for a recent IPL match between Kolkata Knight Riders and Chennai Super Kings, five creators from the east came together to give live commentary and banter on an Instagram Broadcast Channel that appealed to their respective followers, the person pointed out. Instagram is a photo and video-sharing platform owned by Meta.

REGIONAL DELIGHT

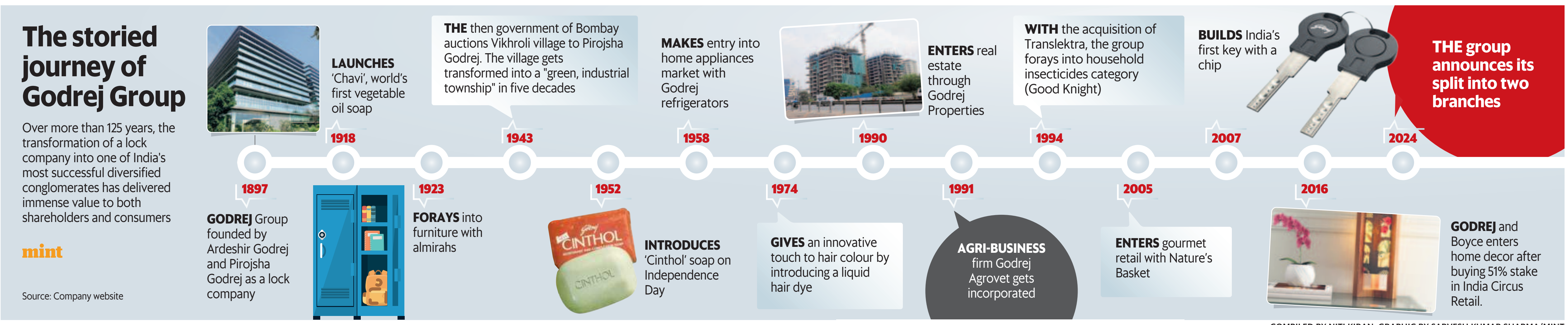
SMALL-TOWN successful genres include comedy skits, regional humour and dialects

REGIONAL creators are bringing forward their perspective, taste in fashion, and flavour of food

Roposo, content featuring Bollywood-inspired shopping and hip-hop styles, amongst others, has garnered significant engagement, said Mansi Jain, senior vice-president and general manager of the shoppertainment platform. Genres like fashion, DIY (do-it-yourself) tutorials, and cultural storytelling resonate particularly well with users from small towns, Jain added.

"Creators are increasingly focusing on concise and impactful storytelling within brief time frames, capturing viewers' attention quickly and holding it throughout the duration of the video. They are utilizing rapid transitions, snappy edits, and engaging visual effects to maintain viewers' interest and prevent boredom. Further, many are prioritizing strong hooks at the beginning of their videos such as intriguing visuals, catchy music, or compelling opening lines that immediately draw viewers in and encourage them to continue watching," said GBS Bindra, chief business officer at Hipi.

Hipi content often encourages viewer participation through interactive elements such as challenges, and duets, Bindra added.



COMPILED BY NITI KIRAN, GRAPHIC BY SARVESH KUMAR SHARMA/MINT

Godrej family division raises scope for new realty venture

Nyrika from one family branch free to enter realty, where Godrej Properties from other branch already operates

Varun Sood
varun.sood@livemint.com
BENGALURU

One branch of the Godrej family could enter property development in future under the terms of their family agreement, though some riders in the treaty may limit its short-term growth, even as the other branch already operates in real estate.

For long, Godrej & Boyce Mfg Co. Ltd owned the group's land assets, while Godrej Properties Ltd did the property development. Following the division, Nyrika Holkar, whose family branch will own Godrej & Boyce, is free to build a real estate business, while her older cousin Pirojsha Adi Godrej from the other branch leads Godrej Properties.

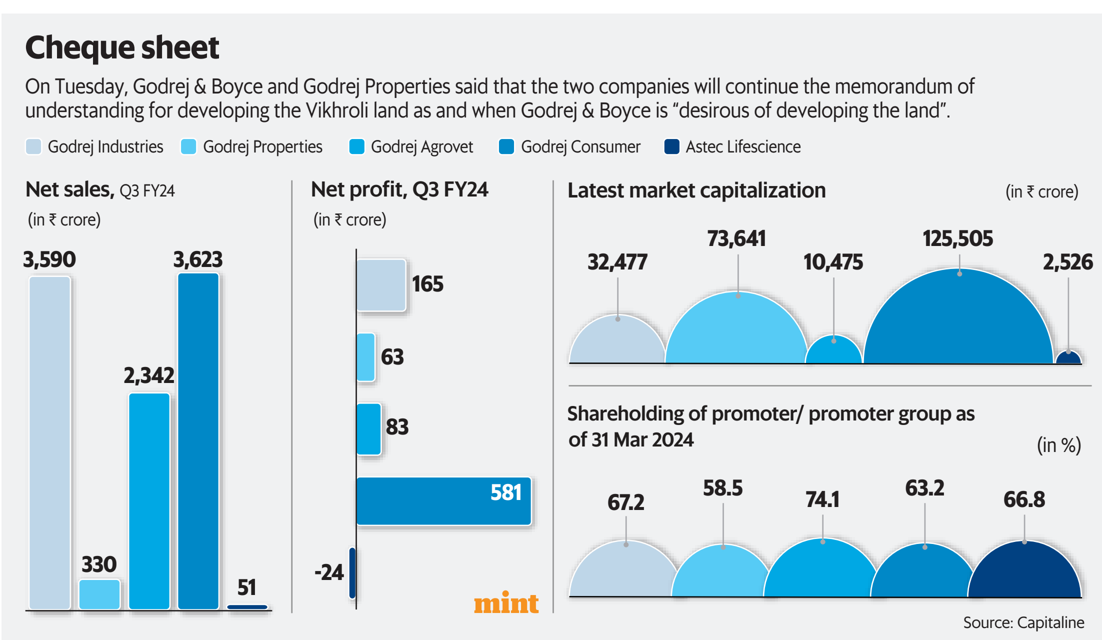
Under the family agreement disclosed to the exchanges on Tuesday night, Jamshyd Godrej-owned Godrej & Boyce Manufacturing Co. Ltd cannot buy new land for six years under a non-compete pact, which will take effect when the Competition Commission of India clears it.

Once the non-compete period is over, Godrej & Boyce can buy land, but not under Godrej brand name, according to executives familiar with the settlement process.

Nyrika, 42, is the daughter of Smita and Vijay Crishna and niece of Jamshyd Godrej, chairman of Godrej & Boyce.

Godrej & Boyce retains the right to list its real estate business, although the group has no immediate plan to do so, according to an executive briefed on the development.

It is unclear how much land Godrej & Boyce owns across the country, but the Group is estimated to own about 3,000 acres in Vikhroli, an eastern suburb of Mumbai.



SARVESH KUMAR SHARMA/MINT

Mint could not ascertain the commercial and financial arrangement between Godrej & Boyce and Godrej Properties, including if any loans were made by Godrej & Boyce to Godrej Properties.

Spokespersons for both Godrej groups declined to comment. When approached, Godrej family members said they have collectively decided not to talk to the media about the realignment.

Separate statements

Unlisted Godrej & Boyce, which clocked ₹14,573.9 crore in revenue in FY23, counts 14 business divisions, including consumer appliances, storage and security solutions and electrical and electric motors. It has manufacturing plants in four cities in Maharashtra, two in Uttarakhand and Punjab, Tamil Nadu and Gujarat.

The company got about ₹300 crore in rent income in 2023 from leasing its commercial real estate, according to a note from rating agency Crisil.

Pirojsha, 43, is the chairman of Godrej Properties, which was founded in 1990 and listed on stock exchanges in 2010. It ended with ₹2,252.6 crore in revenue in FY23.

On Tuesday, Godrej & Boyce and Godrej Properties said in separate press releases that the two companies will continue the memorandum of understanding for developing the Vikhroli land as and when Godrej & Boyce is "desirous of developing the land".

"Considering both the Groups have agreed to continue with the MoU for the Vikhroli land, there does not appear to be any immediate material impact for Godrej Properties," said a Mumbai-based analyst at foreign brokerage. "We will wait for clarity from the two groups on the future of the two real estate businesses before coming to any conclusion."

Godrej Properties' bookings surged 135% year-on-year in the fourth quarter ended 31 March, totaling over ₹9,500 crore. "This is the highest-ever quarterly sales announced to date by any publicly listed real estate developer in India," the company said in a statement at the time, adding that it would "significantly exceed our bookings guidance of ₹14,000 crore for FY24".

FAMILY FRONT

UNDER the family agreement, Godrej & Boyce Mfg Co. Ltd cannot buy new land for six years

GODREJ & Boyce Manufacturing Co. Ltd retains the right to list its real estate business

THE Group is estimated to own about 3,000 acres in Vikhroli, an eastern suburb of Mumbai

UNLISTED Godrej & Boyce, which clocked ₹14,573.9 cr in revenue in FY23, counts 14 biz divisions

A complex task

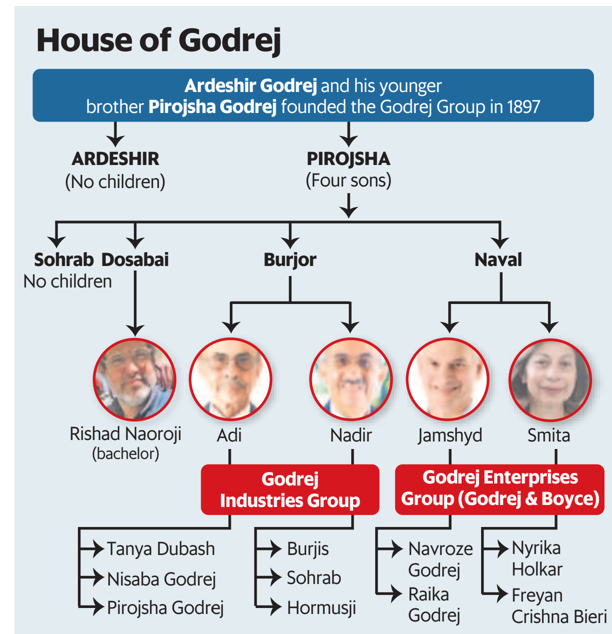
Adi Godrej's great uncle, Ardeshir, a Parsi entrepreneur, and his brother, founded the Godrej group in 1897, beginning with locks, safes and soaps. Ardeshir did not have children, and the business came to be run by his three nephews, including Adi's father.

Nadir Godrej took over as chair of Godrej Industries in 2021, after his older brother Adi took over as chairman emeritus.

Settling land ownership between the family members of Adi and Nadir in one family branch, and Jamshyd and Smita in the other, was one of the complex tasks, according to an executive, with discussions continuing for over two years, before a settlement was announced on Tuesday night.

"The ABG (Adi Barjorji Godrej)/NBG (Nadir Barjorji Godrej) Family will have the exclusive right to adopt, use, own and register the 'Godrej' name and brand in connection with development, marketing of real estate projects and real estate services relating to sale and/or purchase, of real estate projects, and the business of leasing or licensing to third parties," reads the family agreement, sent to the exchanges on Tuesday.

"The JNG (Jamshyd Naoroji Godrej)/SVC (Smita Vijay Crishna) Family will have the exclusive right to adopt, use, own and register the 'Godrej' name and brand for the real estate development business and the leasing/licensing business carried out in respect of any land parcels (including the land in Vikhroli) owned by, or leased as of January 1, 2024 on a long-term basis, to the JNG Family and/or SVC Family, directly or indirectly through their Affiliates ("G&B Existing Land Holdings") or any real estate asset class developed over the Existing G&B land Parcels by the JNG Family and/or SVC Family, directly or indirectly through their Affiliates," said the filing.



A reclusive Godrej billionaire gifts all riches to relatives

FROM PAGE 1

An email seeking comments from Naoroji sent on Wednesday remained unanswered till press time.

An unorthodox billionaire—*Forbes* estimates his net worth at $3.8 billion—Naoroji left the day-to-day management of the Godrej business to his cousins. He, in turn, spent his years among nature, following his passion for birds of prey.

After graduating from Mumbai's HR College of Commerce and Economics, Naoroji moved to studying and photographing raptors across the world and contributing to their conservation.

In 2006, he authored a book called *Birds of Prey of the Indian Subcontinent* that covers about 70 species of raptors. In 2011, he founded the Raptor Research and Conservation Foundation in Mumbai.

A member of the Parsi community, Naoroji has described himself in the past as an atheist. He has remained unmarried, and has reportedly said he does not believe in the institution of marriage.

The transfer of Naoroji's shareholdings to his kin comes at a time when the wider Godrej group is bifurcating along family lines to align with their differing visions for the conglomerate.

Families of siblings Jamshyd Godrej and Smita Godrej Crishna will take control of Godrej Enterprises Group, which will include unlisted Godrej and Boyce. The company has interests in aerospace, aviation, defence, engines and motors, construction, furniture, and software and IT, among other things. It also controls the Godrej family's land parcel in the Vikhroli suburb of Mumbai that is estimated to span 3,000 acres.

Nyrika Holkar, the daughter of Crishna, will be the fourth-generation business leader of this faction and will succeed uncle Jamshyd Godrej.

Families of brothers Nadir and Adi Godrej will form Godrej Industries Group that will be chaired by Nadir. He is to be succeeded by nephew Pirojsha Godrej in August 2026.

Godrej split: What it means for the group's listed firms

Dipti Sharma
dipti.sharma@livemint.com
MUMBAI

The Godrej family's decision to split the 127-year old conglomerate could raise valuations of the holding company—Godrej Industries—and could also unlock value in Godrej Properties and Godrej Capital in particular; however, investors would do well to wait for the fineprint.

Godrej Industries is currently trading at a discount of more than 50%.

The restructuring of the group, announced late Tuesday, will result in two entities: Godrej Enterprises Group and Godrej Industries Group.

While Godrej & Boyce Mfg. Co. Ltd will be owned by the families of siblings Jamshyd Godrej and Smita Crishna, operating within the Godrej Enterprises Group, the families of brothers Nadir and Adir Godrej will inherit five listed companies—Godrej Industries Ltd, Godrej Properties Ltd, Godrej Agrovet Ltd, Godrej Consumer Products Ltd, and Astec Lifesciences—under Godrej Industries Group.

At the end of March, Godrej Industries held 23.7% in Godrej Consumer Products, 47.3% in Godrej Properties, and 64.88% in Godrej Agrovet. Godrej Agrovet, in turn, owns a 64.76% stake in Astec Lifesciences as a promoter. The combined valuation of these five listed companies is ₹2.4 trillion.

Historically, valuations of group companies have typically increased following such a split, given the clear alignment of powers and a transparent shareholding pattern, said Sachin Jain, head of investments at family office Sukvi Ventures.

With ownership well-defined, the direction of business becomes clearer, board resolutions can be passed unanimously, and stakeholders know which vision to pursue, he added. He explained that buying stakes in holding companies offers the potential for value-unlocking if they decide to demerge their investments or reduce or sell stakes in their subsidiaries. He acknowledged the risk that a demerger may take long or not occur at all.

Nonetheless, he said that as the market value of the investments rises, the value of holding companies would also rise.

A point in case is Godrej Industries, which holds stakes in the other four listed companies, is currently trading at a discount of more than 50%.

Godrej & Boyce, which is the owner-developer, and Godrej Properties, which is the development manager, have agreed to maintain their memorandums of understanding for developing this land parcel. While the MoUs are expected to be honoured, the split has the potential to affect the value of Godrej Properties, according to Rupesh Sankhe, an analyst at Elara Securities (India).

He suggested keeping an eye on whether the unlisted land bank, under another promoter, chooses to go public separately in the future, as this could significantly impact the role of minority shareholders.

The Godrej family arrived at an amicable split after a settlement was signed between the two factions after talks for at least two years so "the split may be largely neutral for stock prices of the listed entities except to the extent open offers are triggered due to the split," said Dhiraj Relli, managing director and chief executive, HDFC Securities Ltd.

Why I-Sec investors are miffed at mutual funds

FROM PAGE 1

CEO and founder of MRG Capital, a Sebi-registered PMS.

Guptha is leading a group of over 100 shareholders of ICICI Securities who last week filed a class action suit with the National Company Law Tribunal (NCLT) against ICICI Bank Ltd's proposal to delist ICICI Securities from the stock exchanges.

Fifteen asset management companies (AMCs) had bought shares of ICICI Securities in February and then voted in favour of the delisting, show data from public disclosures. Of these, relatively significant buyers were UTI Banking and Financial Services Fund, UTI Balanced Advantage Fund, and Axis Quant Fund, which bought more than 450,000 shares of ICICI Securities in February. These mutual fund schemes did not previously hold any ICICI Securities stock.

A spokesperson for Axis Mutual Fund declined to comment. UTI Mutual Fund did not respond to *Mint's* queries.

Kotak Mutual Fund and ITI Mutual Fund, too, bought ICICI Securities shares at a premium in February, but they voted against the delisting proposal in March.

The minority shareholders are also crying foul about the valuation at which ICICI Securities is being taken private just six years after it was listed on the stock exchanges. They argue that while the brokerage was listed at a price-to-earnings ratio of around 32x, it is being taken private at a ratio of around 15x.

Shareholders of ICICI Securities will get 67 shares of ICICI Bank for every 100 shares of ICICI Securities they hold. MINT

Not everyone is unhappy, though. A leading fund manager working with one of the funds that voted in favour of the delisting said the company had gained as it had entered ICICI Securities later than most other funds and because the price of ICICI Bank's shares had since outperformed those of ICICI Securities.

"For some fund managers who had entered earlier, the swap ratio might not have been favourable, but that was not the case with us," the fund manager said, asking not to be named as they are not authorized to speak to the media. "Also, the share of ICICI Bank has risen since."

As part of the delisting, shareholders of ICICI Securities will get 67 shares of ICICI Bank for every 100 shares of ICICI Securities they hold, translating to a share swap ratio of 0.67. The minority shareholders are peeved because ICICI Securities shares had traded at a premium to this swap ratio in February.

The volume weighted average price (VWAP) of ICICI Securities shares for February was 0.79 times that of ICICI Bank shares during the same period, as per *Mint's* calculations. The closing price of ICICI Securities shares after every trading session throughout February was between 0.75 times and 0.81 times of ICICI Bank's shares. This translates to a premium of 12-21% to the swap ratio of 0.67.

The spread between the VWAPs of ICICI Bank and the securities subsidiary widened from ₹220 per share in February to ₹368 in April.

The funds themselves have in their disclosures noted that while the delisting process was legally compliant, ICICI Securities did not offer its minority shareholders a chance to participate in a price discovery process or allow them an option to stay invested in the company even after the proposed delisting.

The delisting proposal and the swap ratio were declared on 25 June 2023.

Fifteen AMCs had bought shares of ICICI Securities in February and then voted in favour of the delisting

The swap ratio was arrived at by independent valuers appointed separately by ICICI Securities and ICICI Bank. ICICI Securities was the first company to use a new provision in Sebi's regulations that grants an exemption from the reverse book building process for price discovery when delisting a listed subsidiary engaged in a similar business as the parent.

"The implied valuation of ICICI Securities Ltd was at a premium of 2% to the closing price one day prior to the announcement, and at 23% to the closing price four days prior to delisting—the stock price ran up by over ₹100 in just four days prior to the announcement," Axis Mutual Fund said in its proxy voting disclosures.

"At current market prices, too, the implied valuation is at a 3% discount to the market price, but at a 43% premium to the market price four days prior to the date of the announcement."

Minority shareholders of ICICI Securities have also objected to employees of ICICI Bank allegedly reaching out to them and urging them to vote at the company's shareholder meeting on 27 March.

Some investors allege that the bank's employees had induced them to vote in favour of the delisting.

In a response to stock exchange queries regarding this, ICICI Bank conceded it had reached out to shareholders of its subsidiary.

"ICICI Bank and ICICI Securities have been undertaking efforts to reach out to equity shareholders with a view to explain the proposed scheme and the e-voting process with the primary objective of maximizing participation in the vote," it explained.

nehal.chaliawala@livemint.com

Amazon sales surge as company focuses on artificial intelligence

AI boom powered growth in its cloud-computing unit, helping the company shake off a post-pandemic slump

Sarah E. Needleman
feedback@livemint.com

Amazon.com reported record first-quarter sales as the AI boom powered growth in its cloud-computing unit, helping the company continue to shake off last year's post-pandemic slump.

Revenue rose 13% to reach $143.3 billion, an all-time high in the January-to-March period, and profit surged to $10.4 billion. Both figures exceeded Wall Street expectations.

Amazon CEO Andy Jassy has significantly reoriented the company to focus on AI innovations since falling behind Microsoft, Google and other peers in the space.

Earlier this month, in his annual letter to shareholders, he laid out his vision for how generative AI could be a critical building block in establishing Amazon's next pillar of growth following its online retail Marketplace, Amazon Prime and its cloud-computing unit , Amazon Web Services.

Sales in the Amazon Web Services arm, known as AWS, a critically important profit center for the company, increased more than 17% in the first quarter to about $25 billion. The division's operating profit rose nearly 84%.

Jassy said AWS's AI capabilities are reaccelerating that business's growth rate, which is now at $100 billion in annual revenue.

Amazon on Tuesday projected second-quarter sales overall of $144 billion to $149 billion, slightly below analyst expectations of $150.2 billion, according to FactSet.

"There's a very large opportunity in front of us," Jassy said on a conference call with analysts. "I don't know if any of us has seen a possibility like this in technology in a really long time, for sure since the cloud, perhaps since the internet."


CEO Andy Jassy has significantly reoriented the firm to focus on AI innovations since falling behind Microsoft, Google and other peers in the space. MINT

Amazon's stock rose 2% after hours. Through Tuesday's close, the stock has risen about 15% so far this year.

Amazon's latest quarterly results showed demand for its cloud services is once again increasing at a healthy clip, said Daniel Morgan, senior analyst and portfolio manager at Synovus Trust.

THE WALL STREET JOURNAL.

"This puts Amazon on par with Alphabet and Microsoft in regards to reinvigorated growth back into the data center," he said.

AWS sales had decelerated last year, after years of rapid expansion. Lower enterprise demand hurt the unit, though Amazon indicated it expected growth to pick up again as businesses responded positively to the company's latest cloud offerings.

Investors have paid close attention to AI spending levels at the world's largest technology companies, punishing those whose path to profitability is less clear. Alphabet's Google, Microsoft and Meta Platforms all forecast significant capital spending increases , with Meta saying it would boost spending by up to $10 billion to support its AI investments. Meta shares fell more than 10% after it issued a relatively disappointing revenue forecast for the second quarter.

"We expect the combination of growth and high demand for GenAI to meaningfully increase year-over-year capital expenditures in 2024," Chief Financial Officer Brian Olsavsky said on the conference call.

He said the $14 billion in capital expenditure during the first quarter will be the low point for the year. The majority of the spending will be on AWS infrastructure and generative AI investment.

Amazon is a large investor in AI startup Anthropic, and AWS in November introduced an AI chatbot for companies that it calls Amazon Q. On Tuesday, the company said Amazon Q is now generally available through AWS.

Earlier this year, Amazon said it was launching an AI-powered shopping assistant named Rufus on its mobile app. Executives said it is designed to improve the shopping experience and enhance the search bar.

Amazon is dealing with multiple challenges, including a new wave of competition from fast-growing e-commerce companies and an antitrust lawsuit from the Federal Trade Commission that could seek a breakup of the company.

Revenue rose 13% to $143.3 billion, an all-time high in January-to-March period, and profit surged to $10.4 billion

In January, Amazon was forced to end its takeover deal with robotic vacuum maker iRobot after European officials planned to block the acquisition.

Amazon also is facing an order from the U.S. Consumer Product Safety Commission that could make it responsible for the safety of goods that it sells for outside vendors on its website and ships for them through its logistics network.

During the first quarter, operating income for the company's North America unit jumped to almost $5 billion, from $898 million a year ago. Sales rose 12.3% to $86.3 billion in the segment.

"The top line has clearly turned the corner and regained momentum," said Andrew Lipsman , founder of consulting firm Media, Ads + Commerce.

"And as e-commerce improves, advertising tends to improve, which drives the bottom line."

Amazon said advertising revenue grew 24% to $11.82 billion. The growth comes after the company in January began showing ads on its Prime Video platform unless customers pay more.

Amazon said it released 20 films and series during the quarter, including the debut season of "Fallout," which is based on a popular videogame franchise and attracted more than 65 million viewers worldwide. Amazon also said it plans to create a new series from popular YouTuber MrBeast.

The e-commerce company has invested billions of dollars into building out its Prime Video service, and acquired MGM for $6.5 billion in 2022.

Layoffs and leadership changes have colored Amazon's recent history. Last year it laid off roughly 27,000 employees and in January the company eliminated hundreds more jobs across its film and television studio and its Twitch streaming platform in an effort to rein in costs. It hasn't since announced further cuts. Amazon's overall head count, including its army of warehouse workers, totaled 1.53 million at the end of 2023, slightly below its level a year earlier.

Jassy, who became CEO in 2021, has pushed to boost profits. He also has sought to strengthen Amazon's supply chain by moving packages faster and placing warehouses closer to customers, as the company attempts to reduce delivery times and costs.

©2024 DOW JONES & CO. INC

The Telegraph up for sale again: Here is who might buy it

Bloomberg
feedback@livemint.com

The Telegraph, one of Britain's oldest and most influential newspapers, is back on the block after UAE-backed investment group RedBird IMI officially walked away from its proposed takeover following a political furore.


RedBird IMI is selling on the rights to both *The Telegraph* and *The Spectator*. BLOOMBERG

RedBird IMI on Tuesday said it would sell on the rights to *The Telegraph* and *The Spectator*, reigniting a media battle for control of two publications that are famously intertwined with the upper echelons of the Conservative Party.

The Spectator is the world's oldest weekly magazine still in print while *The Daily Telegraph* dates back to 1855. The publications came into play last summer when Lloyds Banking Group Plc seized assets of the Barclay family, who owed £1.2 billion ($1.5 billion). The lender kicked off an auction but in December the Barclays repaid the debt with a loan from RedBird IMI—a joint venture between RedBird Capital Partners and UAE deputy prime minister Sheikh Mansour bin Zayed Al Nahyan's IMI.

Investment group RedBird IMI has walked away from a proposed takeover following a political furore

Former *CNN* chief Jeff Zucker planned to take over *The Telegraph*, but the move was scuppered by Tory politicians who feared there was a threat of a foreign state influencing a British newspaper.

Here are some of the likely bidders.

Jonathan Harmsworth

Daily Mail proprietor and chairman Jonathan Harmsworth is thought to be circling. *Daily Mail* & General Trust Plc bid for *The Telegraph* in 2004 and has explored approaches in recent years.

Daniel Kretinsky

Czech billionaire Daniel Kretinsky joined last year's auction for *The Telegraph* before RedBird IMI pounced.

Paul Marshall

Hedge fund manager Paul Marshall has written polemics in *The Telegraph*. The founding partner and chief investment officer of hedge fund Marshall Wace Llp discussed with Citadel founder Ken Griffin the possibility to take over the Telegraph Media Group.

David Montgomery

National World Plc, run by media veteran David Montgomery, has called itself the "best qualified" bidder for the Telegraph after the UK government effectively blocked the RedBird IMI takeover.

Rupert Murdoch

News Corp.'s Rupert Murdoch has coveted *The Spectator* for decades, and has previously bid for it, *Bloomberg* reported. If involved, the media tycoon is likely to remain focused solely on *The Spectator*.

EPL, the world's biggest football league, faces a moment of reckoning

Bloomberg
feedback@livemint.com

UK Chancellor of the Exchequer Jeremy Hunt praised the English Premier League (EPL) in a report earlier this year for helping British sport "stand tall on the world stage".


As the season draws to a close, more people inside English football are saying the Premier League is sleepwalking into chaos. AP

Yet within months, one of the league's most famous clubs is struggling to remain in business. Everton FC has held talks with restructuring advisers after its proposed takeover by Miami-based 777 Partners stalled, a deal that the Premier League declared it was "minded to approve" only a few weeks ago.

Successive UK governments have extolled the world's best-known football league as a cultural export contributing billions of pounds to the economy and supporting thousands of jobs. But away from the hype, the prevailing political wind is changing.

The ownership of clubs, their finances and how the league is governed are under scrutiny. As this year's season draws to a close, more people inside English football are saying the Premier League is sleepwalking into chaos.

Club owners are squabbling over everything from how to make money to supporting smaller teams in lower tiers, compounded by a recent decision by the Premier League to force changes to the historical FA Cup competition. There's also festering controversy over penalizing clubs breaking financial rules, while serial champion Manchester City is fighting charges of over hundred breaches dating back over a decade. The club denies wrongdoing.

Now politicians are intervening by creating a regulator, something that's been opposed by the 20-member league for years. The decision means the Premier League will become the only major league across the world that has its own dedicated regulator. Or, to look at it another way, it's now the only major league in the world not trusted to manage itself.

"Certainly, there's significantly more political scepticism and distrust," said Conservative lawmaker Caroline Dinenage, who is chair of the culture, media and sport select committee in the UK Parliament.

A spokesperson for the Premier League declined to comment, referring to a recent UK parliamentary committee hearing and an editorial from Premier League chief executive officer Richard Masters published in February 2023.

Everton FC held talks with restructuring advisers after proposed takeover by 777 Partners stalled

"It is a risk that regulation will undermine the Premier League's global success," he wrote, "thereby wounding the goose that provides English football's golden egg."

According to club executives and football finance analysts, the problems aren't helped by a dysfunctional business model for a competition that reckons it contributes at least £8 billion ($10 billion) a year to the British economy.

Every January, consulting firm Deloitte lists the football teams with the biggest revenue in Europe. Premier League teams dominate, with six clubs featuring in Europe's top 10 this year. What Deloitte's table doesn't show are the large losses most Premier League teams make.

Collectively, the Premier League's revenue has jumped to almost £7 billion a year mainly because of broadcasting rights payments, yet the most recent accounts showed only four clubs made an operating profit.

The persistent losses have led to the league bringing in financial rules designed to rein in spending on player wages and transfers. So far, after 11 years of the rules being in place, only Everton and Nottingham Forest—both during the current season—have been docked points for failing to adhere to them.

Those who have the resources and want to spend aren't always happy. Executives such as Amanda Staveley said clubs are too constrained financially, and the Premier League was going through a "difficult time."

"You've got to remember we're running an entertainment business," Staveley, co-owner of Saudi-backed Newcastle United, said at a recent *Bloomberg* event. "We have forgotten we have to grow this business," she said, adding "that's not easy" in the current climate, given all the restrictions.

In truth, every club could adhere to the rules. But decades of light touch regulation from the Premier League has created a culture of spend big now and worry later. The current spending rules were introduced by the league in 2013, in part to try to curb what was deemed to be excessive spending by Roman Abramovich's Chelsea and then by UAE-backed Manchester City. They failed.

Over recent years, an increasing share of the revenue has been spent on players and agents. Total wages have soared to £3.6 billion in the 2021-22 season from about £2 billion in 2014-15 , according to Kieran Maguire, a football finance expert at the University of Liverpool.

Alan Sugar, a former owner of Tottenham Hotspur, famously described a bumper £5.1 billion TV deal in 2015 as similar to prune juice in that it "went in one end and out the other," explaining that the money would end up going almost entirely to players and their agents.

Such huge spending on player wages and transfer fees in the Premier League—in the summer of 2022, Nottingham Forest spent more on transfers than European giants like Barcelona, Paris Saint-Germain and Bayern Munich—is juxtaposed with a reluctance by the same club owners to redistribute some of their riches to the 72 other teams that make up the top four tiers of the so-called "football pyramid."

Failure to reach an agreement on this deal has played a part in the establishment of a regulator that the Premier League's Masters says he fears. "We are taking a big risk with a very successful industry," he said in a recent meeting in London.

mint
Think Ahead. Think Growth.
#1 news site in India


Thank you for helping us double our readership over the past year
100% Trust by Global Business Leaders.
100% Growth.
Scan to know more
Source: Press Gazette | YoY change in visits, Mar'24
Mint App www.livemint.com Mint Newspaper

Fed to signal it has stomach to keep rates high for longer

Firmer price, wage pressures could lead longer-term rates to rise as expectations of cuts fall

Nick Timiraos
feedback@livemint.com

An ancient Chinese proverb that counsels "do nothing, and everything will be done" could sum up the Federal Reserve's latest approach to interest-rate policy.

Fed officials will hold their benchmark federal-funds rate steady at its highest level in more than two decades, around 5.3%, at their two-day policy meeting that begins Tuesday.

Firmer-than-anticipated inflation in the first three months of the year has likely postponed rate cuts for the foreseeable future. As a result, officials are likely to emphasize that they are prepared to hold rates steady, at a level most of them expect will provide meaningful restraint to economic activity, for longer than they previously anticipated.

With no new economic projections at this meeting and minimal changes expected to the Fed's policy statement, Fed Chair Jerome Powell's press conference will be the main event on Wednesday. Here's what to watch:

The inflation setback

Since officials' meeting in March, the economy has continued to demonstrate strong momentum. But inflation has disappointed after a string of cool readings in the second half of 2023 stirred optimism the central bank might be able to lower rates.

In March, Powell held out the prospect that strong price pressures in January had been a bump on the road to lower inflation. Firm readings for February and March (even if not quite as hot as January) punctured that optimism. They raise the prospect that inflation might settle out closer to 3%. The Fed targets 2% inflation over time.

Powell is likely to repeat a message he delivered two weeks ago, when he said recent data had "clearly not given us greater confidence" that inflation would continue declining to 2% "and instead indicate that it's likely to take longer than expected to achieve that."

The focus at this meeting will be how Powell characterizes the interest-rate outlook. While most Wall Street strategists think one or two rate cuts are still possible later this year, the prospect of such a recalibration without clear evidence of economic weakness remains a bigger wild card than it did just a few weeks ago. Some think the Fed might not cut at all.

The Fed's rate outlook hinges on its inflation forecast, and the most recent data raises two possibilities. One is that the Fed's expectation that inflation continues to move lower but in an uneven and "bumpy" fashion is still intact—but with bigger bumps. In such a scenario, a delayed and slower pace of rate cuts is still possible this year.

A second possibility is that inflation, rather than on a "bumpy" path to 2%, is getting stuck at a level closer to 3%. Without evidence that the economy is slowing more notably, that could scrap the case for cuts altogether.

Rate policy remains "well-positioned"

Powell is likely to acknowledge that officials have less conviction about when and how much to reduce interest rates. In March, most officials projected two or more rate cuts would be appropriate this year, and a narrow majority penciled in at least three cuts.

Even though officials won't submit new projections this week, at other meetings without them, Powell has taken the opportunity to reaffirm those one-meeting-old projections or, alternatively, declare them out of date. Wednesday's meeting is more likely to yield the latter outcome.

At the same time, Fed officials have indicated that they are broadly comfortable with their current stance. This makes a hawkish pivot toward entertaining rate increases unlikely.

"Policy is well-positioned to handle the risks that we face," Powell said on April 16. If inflation continues to run somewhat stronger, the Fed will simply keep rates at their current level for longer, he said.

As financial-market participants anticipate fewer cuts, longer-dated bond yields will rise. In effect, this achieves the same kind of tightening in financial conditions that Fed officials sought when they raised interest rates last year. Higher yields across the Treasury yield curve should ultimately hit asset values, including stocks, and slow the economy's momentum.

If inflation stays firm "that is what they will want to see, ultimately," said Subadra Rajappa, head of U.S. rates strategy at Société Générale.

Low risks of a hawkish pivot

The difficulty for Fed officials in communicating their outlook right now boils down to the conditional nature of the "if/then" statements volunteered by Fed officials, which are premised on one set of outcomes. When the economy performs in ways that officials don't anticipate, their past statements may no longer be valid.

To that end, Powell might be hard-pressed to rule out any additional increases, even though it is likely premature for officials to meaningfully move in that direction.

But a hawkish pivot, suggesting an increase in rates is more likely than a cut, appears unlikely, for now. Any such shift is likely to unfold over a longer period. It would require some combination of a new, nasty supply shock such as a significant increase in commodity prices; signs that wage growth was reaccelerating; and evidence the public was anticipating higher inflation to continue well into the future.

THE WALL STREET JOURNAL.

A key measure on wages will be released Tuesday morning by the Labor Department, which will report the employment-cost index for the first quarter. Fed officials consider that measure the most comprehensive measure of pay growth. Signs that wage pressures have continued to ease would likely allay concerns about stickier service-sector inflation.

The balance sheet

Fed officials have said they could announce "fairly soon" their plan to slow the runoff of their $4.5 trillion in holdings of Treasury securities, which are part of their $7.4 trillion asset portfolio. That has led analysts to expect a formal plan announcing the slowdown at their meeting this week, though some see a chance this happens at their subsequent meeting in June.

At issue is a program the central bank initiated two years ago to passively reduce those holdings by allowing bonds to "run off" its balance sheet without buying new ones. It acquired trillions in Treasurys and mortgage bonds to stabilize financial markets in 2020 and to provide additional stimulus in 2021.

Every month, officials have allowed as much as $60 billion in Treasury securities and as much as $35 billion in mortgage-backed securities to mature without being replaced. The process is designed to shrink the Fed's balance sheet, which topped out at nearly $9 trillion two years ago.

At the March meeting, officials appeared to coalesce around a plan to reduce the pace of runoff "by roughly half." Because high interest rates have kept mortgage-bond runoff at a subdued level, officials wouldn't change that part of their program and instead lower the cap on monthly Treasury redemptions.

The latest changes aren't related to the setting of interest rates and are instead designed to avoid a messy upheaval in overnight lending markets that occurred five years ago.

The reduction in assets is also draining the financial system of bank deposits held at the Fed, which are called reserves. Officials don't know at what point reserves will grow scarce enough to push up yields in interbank lending markets. Slowing the process now is seen as preferable by many officials because it could allow the portfolio runoff to continue for somewhat longer without risking the same kind of market ruckus that occurred in 2019.

©2024 DOW JONES & CO. INC.

Fed chair Jerome Powell said recent data had not given the regulator confidence that inflation would keep declining to 2%. AP

Judge sentences founder of Binance to four months in jail

Caitlin Ostroff &
Patricia Kowsmann

SEATTLE

Billionaire Changpeng Zhao, founder of the world's biggest crypto exchange, was sentenced Tuesday in a Seattle federal court to four months in jail.

"You had a responsibility to comply with United States regulations. Not some but all," U.S. District Judge Richard A. Jones said. "You failed at that opportunity."

Zhao, 47, pleaded guilty in November to violating U.S. anti-money-laundering requirements. He agreed to step down as Binance's chief executive and pay a criminal fine of $50 million.

"I deeply regret my behavior and I'm sorry," Zhao said to the judge. Zhao's mother, sister, nephew and eldest son appeared at the hearing, sitting in the first row of the gallery. "I fully recognize the seriousness of the mistakes I made. I learned an important lesson here I will carry with me."

The sentence was a culmination of a multiyear U.S. criminal investigation into Binance and showed how U.S. law enforcers have targeted the national-security and money-laundering risks posed by cryptocurrencies. The government has thrown more of its arsenal at the freewheeling crypto industry, including using sanctions to disrupt exchanges and dealers that allegedly cater to cybercriminals and U.S. adversaries.

Binance was enmeshed for years in a dragnet of U.S. criminal and civil law enforcement, including regulatory claims that it illegally served Americans and violated investor-protection laws. Other large crypto firms face similar investigations and government lawsuits, showing how an industry that once disavowed regulation is now within its grip in the U.S.

Changpeng Zhao—or CZ as his 8.9 million X followers know him—is the biggest face of crypto. He founded the firm in 2017 and turned it into the most important hub of the global crypto market. The criminal probe shadowed the company even as its market share initially grew after the collapse last year of FTX, one of its main offshore competitors.

Binance pleaded guilty to anti-money-laundering violations in a deal with the Justice Department—agreeing to pay fines totaling $4.3 billion and to allow oversight by an independent monitor. For Zhao, prosecutors had asked the judge to impose a sentence of three years in prison, double the sentencing guidelines of 18 months. By not implementing an effective anti-money-laundering program, Zhao allowed hackers, drug dealers and sanctions violators to use the exchange to move hundreds of millions of dollars, all while making money, they argued.

"Zhao's willful violation of U.S. law was no accident or oversight," prosecutors said. "He made a business decision that violating U.S. law was the best way to attract users, build his company, and line his pockets." Lawyers for Zhao requested no jail time and a period of probation, citing the founder's lack of prior criminal history and the ramifications he had already faced, including stepping down as Binance's chief executive. Zhao also agreed to pay a criminal fine of $50 million.

Zhao's defense team submitted 161 letters of support on his behalf from family, current and former colleagues, employees of firms Binance had invested in and users of the platform. Binance's human-relations department reached out to some current employees directly to ask for letters of support for Zhao, according to people familiar with the matter.

Other employees have clashed with Zhao in the past, with the former general counsel being forced out and other lawyers resigning last year, among an exodus of executives, The Wall Street Journal previously reported.

THE WALL STREET JOURNAL.

Zhao remains Binance's majority shareholder. He got into crypto after first hearing about bitcoin during a poker game in Shanghai in 2013. He sold his Shanghai apartment for bitcoin and worked for several crypto startups before launching Binance in 2017. The crypto exchange quickly amassed a large following, spinning up a website that offered services in many languages to reach potential users around the world. Traders lauded it as easier to use than its rivals. Prosecutors said that Binance knew in 2018 that it had millions of U.S. users, but didn't set up a program to detect money laundering or violations of sanctions laws. As a result, Binance processed trades between Americans and users believed to be in Iran valued at $899 million between January 2018 and May 2022.

"Binance critically undermined the effectiveness of U.S. sanctions against Iran," prosecutors said. The Binance founder wrote in a September 2019 chat that it was "better to ask forgiveness than permission" for amassing so many American users despite laws that appeared to forbid doing so, according to prosecutors.

Lawyers for Zhao declined to comment, as did a spokesman for Binance. Binance employees were surprised when Zhao turned up at a Seattle federal courthouse last November to plead guilty to the charge.

The crypto executive slowed down Binance's settlement discussions in 2023 by telling his lawyers he refused to go to jail or step down, according to people familiar with the matter. Zhao, a Chinese-Canadian, avoided traveling in 2023, staying in the United Arab Emirates, which lacks an extradition treaty with the U.S.

Binance lawyers wanted Zhao to settle the investigation in part because the Justice Department obtained videos of early company meetings with Zhao and executives, people familiar with the matter said. Binance's lawyers felt the videos showed Zhao's guilt and described the evidence as "dead to rights," they said.

Global regulators have investigated Binance for years. The crypto exchange's headquarters jumped from China to Japan to Malta before the company said it operated without a headquarters. Countries including the U.K., Singapore and South Africa issued warnings that Binance wasn't licensed to offer complex financial products to users.

In 2021, the Cayman Islands said Binance wasn't allowed to operate an exchange from the Caribbean nation. "Binance does not operate a cryptocurrency exchange out of the Cayman Islands," a Binance spokeswoman told Journal reporters in 2021. That same Cayman entity, Binance Holdings Ltd., pleaded guilty to three counts last November, saying it does business as Binance.com.

Zhao and Binance still face a civil lawsuit from the Securities and Exchange Commission over allegations that they misused customer funds and ran an illegal exchange in the U.S.

Ahead of sentencing for his criminal charges, Zhao had been required to remain in the U.S. despite his efforts to return to the United Arab Emirates, where he lives and has citizenship. Prosecutors said Zhao was a flight risk. During this time, Zhao launched a new project, an educational platform called Giggle Academy that seeks to provide free basic education from grade 1 to 12.

Meanwhile, Binance has continued to thrive. Trading on Binance reached its highest level in almost three years last month, according to data provider CCData. A new CEO, Richard Teng, took the reins when Zhao pleaded guilty. The exchange is still home to more crypto trading than any competitor.

Dave Michaels, Patricia Kowsmann and Vicky Ge Huang contributed to this article.

©2024 DOW JONES & CO. INC.
feedback@livemint.com

Why Musk now needs China more than it needs him

Selina Cheng &
Raffaele Huang

HONG KONG

Elon Musk's whistle-stop trip to Beijing for an audience with China's Premier Li Qiang highlighted how the power dynamic is shifting between Tesla and the Chinese government.

Tesla's chief executive left the country with assurances that the carmaker will be able to roll out its self-driving technology. The software underpins Musk's hopes for rekindling Tesla's growth in the world's biggest electric-vehicle market, where it is being outmaneuvered by homegrown rivals.

China, meanwhile, used his trip to promote its message that it is open to American businesses, despite rising tensions with the U.S. State media quoted Musk giving a stamp of approval to China's EV market, saying his comments dispelled U.S. concerns about overcapacity. Beijing also sought to show that foreign firms can thrive under its tight regulatory controls over data.

Musk emerged with a win, analysts said, but the meetings underscored that while China remains crucial to Tesla, Beijing now needs Tesla less to spice up its EV and autonomous-driving industry. Tesla has seen China sales fall as its rivals there flood the market with hundreds of new models, contributing to the American carmaker's first year-over-year quarterly car sales decline since 2020 and a sharp profit drop.

"China needed Tesla to open the EV market, I'm not sure China needs Tesla to open the market for autonomous vehicles," said Bill Russo, a Shanghai-based consultant for Automobility. Some Chinese companies are already capable of sophisticated driving technology on their own, he said.

THE WALL STREET JOURNAL.

Chinese officials feted Musk when he went to China in the early years of the relationship. They offered land, low-interest loans and tax incentives for Tesla to build a factory in Shanghai and its approval boosted consumers' perception of Tesla in the world's biggest auto market. Then Premier Li Keqiang even took a Tesla for a spin within the gated Zhongnanhai leadership compound in 2019.

The deal worked out well for both sides. Tesla helped ignite China's EV industry, which is now the envy of the world. Shanghai became Tesla's most productive and cost-efficient factory, enabling it to lower the prices of its cars. Sales of Tesla's made-in-China Model 3 and Model Y soared, making the country its second-biggest market, as well as an export hub.

But Chinese carmakers inspired by Tesla have become fierce rivals, gobbling up its market share there and increasingly challenging it overseas. Expectations among many analysts that Tesla would expand its Shanghai factory to manufacture a more affordable EV have dimmed. Instead, a plot of land adjacent to its initial plant is being used by Tesla to produce its energy-storage Megapacks. Workers at the car factory say operating hours were cut to five days a week from seven in March as it wasn't running at full capacity.

When talking about plans for Tesla's "Full Self-Driving," or FSD, features during a call to discuss the company's dismal earnings last week, Musk said Tesla would release the service "in any market that—where we can get regulatory approval for that, which we think includes China."

Days later, he flew to Beijing to seek Chinese leaders' blessing. During his less-than-24-hour visit, Chinese regulators also gave Tesla's cars clearance for data that they collect on the road, potentially paving the way for the government to loosen bans on the vehicles going to sensitive sites such as military complexes and some government buildings.

Musk also agreed to a deal with China's Baidu for its FSD rollout, reassuring Chinese leaders over the security risks of Chinese user data.

"Pushing forward Tesla's FSD in China is of strategic value to Beijing, which aspires to build itself as a global data leader," said Feng Chucheng, founding partner at Hutong Research. "This will be much desired for Beijing to prove that its data regulatory regime is gaining traction."

Chinese state television showed the meeting between Li and Musk. Li, previously the Communist Party chief in Shanghai when Tesla was setting up its production facilities there, called Musk his "old friend" and Musk's 3-year-old son "a handsome little boy" during their meeting.

The encounter marked a contrast to the grillings the chief executive of Chinese company-owned TikTok has received during appearances before lawmakers in Washington. It also came days after President Biden passed a law ordering the video-sharing app's U.S. operations to be sold or face a ban.

Chinese firms have become rivals, gobbling up Tesla's market share there and challenging it overseas

Li used Sunday's meeting with Musk to signal to foreign businesses that the government welcomes their presence, at a time when foreign direct investments are falling.

"China's huge market is always open to foreign businesses. China does what it promises," Li said, according to a government readout of the meeting. China is committed to offering a better business environment allowing foreign corporations to feel safe about investing in China, he added.

Global Times, a nationalistic Communist Party-backed newspaper, said in an article that China's current EV capacity has been jointly forged by both Chinese and foreign companies, in response to U.S. claims that China had a problem with EV overcapacity.

State media commentary highlighted Musk's comment Sunday that all cars will be electric in the future. "Based on what Musk said, not only is there no overcapacity, it is far from sufficient," the commentary said.

Treasury Secretary Janet Yellen warned against industrial overcapacity in China during a visit to Beijing in early April and the Biden administration has mooted restrictions on Chinese car over national security concerns related to the data they collect. The European Union is considering imposing tariffs on Chinese cars as it investigates state EV subsidies.

Musk has often been a dependable ally to Beijing. He has publicly praised its ruling Communist Party and China's economic miracle. Musk was rebuked by the government of Taiwan after he described the self-ruled island as China's equivalent of Hawaii, with Taiwan's Foreign Ministry suggesting the Tesla CEO had sold himself to Beijing.

Musk traveled to China a week after he postponed a trip to India, another of China's geopolitical rivals, where he was expected to meet Indian Prime Minister Narendra Modi and unveil plans for Tesla's entry to the country.

Investors saw the China trip as a success, sending Tesla's shares up 16% Monday. Whether the latest blessing from Beijing will reverse Tesla's sliding fortunes in the country, remains to be seen. Tesla is stuck with two aging mass-market EV models despite a recent refresh and the introduction of the Cybertruck, which hasn't yet been released in China.

Still, the endorsement from a top Chinese official could spur new sales for the U.S. carmaker, said Russo, the auto consultant.

Tesla is stuck with two aging mass-market EV models despite a recent refresh and the introduction of the Cybertruck. AP

©2024 DOW JONES & CO. INC.
feedback@livemint.com

NEWS IN NUMBERS

₹2.10 tn
INDIA'S GOODS and Services Tax (GST) collection in April 2024, up 12.4% year-on-year, and the first time it crossed the ₹2 trillion mark

$11.55 bn
INDIA'S PLASTICS exports in FY24, down 3.5% from FY23, due to muted global economic conditions, restrictive trade policies and geopolitical tensions

₹8,671 cr
THE AMOUNT sold by FPIs in April, as they turned net sellers after two months, on the back of a rise in US bond yields and higher crude oil prices

120,110
THE NUMBER of study visas issued by the UK to Indian nationals in 2023, down 14% from a year ago, even before the tightening of visa norms this year

22%
THE DROP in prices of Bitcoin from its peak of $73,803 in March. It fell 6% on Wednesday ahead of an interest rate decision by the US Federal Reserve

HOWINDIALIVES.COM

DGCA deregisters Go First's 54 planes

Aviation watchdog DGCA (Directorate General of Civil Aviation) has deregistered all the 54 planes leased by Go First, days after a court allowed lessors to take back their aircraft from the bankrupt airline.

Bogged down by financial turbulence and engine woes, budget carrier Go First stopped flying in May last year and is undergoing an insolvency resolution process.

Foreign lessors that have leased planes to the airline had moved the court to take back the aircraft. Against this backdrop, the Delhi High Court on 26 April directed the DGCA to forthwith process the applications filed by the lessors for deregistration of 54 planes.

The high court had also said the process shall be done in not later than five working days.

A senior official at the regulator on Wednesday confirmed that all the 54 aircraft of the airline have been deregistered. PTI

HEAT ALARM

A woman pushes a water roller tank towards her home after drawing water from a well in Kasara, Maharashtra. A significantly high number of heat wave days is expected over the northern plains, central region and the adjoining areas of peninsular India in May, with above-normal maximum temperatures likely over most parts of the country, India Meteorological Department director-general Mrutyunjay Mohapatra said on Wednesday. REUTERS

IL&FS MF pays debt infra clients ₹600 cr

IL&FS Mutual Fund on Wednesday said it has paid a little over ₹600 crore to investors in its infrastructure debt fund.

The debt scheme—IL&FS Infrastructure Debt Fund Series 1C—was redeemed on due date on 30 April, making it a timely redemption, according to a statement issued by IL&FS Group.

The scheme redeemed ₹606 crore against the original invested capital of ₹275 crore delivering a return of 8% per annum to the investors since inception.

IL&FS Mutual Fund (IDF), which is among the largest infra debt funds in the mutual fund format, had successfully redeemed schemes on time in January 2023. Total funds returned to the investors of the mutual fund over the past five years are ₹1,580 crore.

IL&FS Infrastructure Debt Fund is managed by IL&FS Infra Asset Management Ltd. PTI

In New Delhi, the price of aviation turbine fuel has been increased by ₹749.25. MINT

Oil cos slash prices of commercial LPG

Oil marketing companies have raised jet fuel prices and slashed prices of commercial LPG (liquefied petroleum gas) cylinders with effect from Wednesday.

In the national capital, the price of aviation turbine fuel (ATF), or jet fuel, has been increased by ₹749.25 to ₹1,01,642.88 per kilolitre. The price of ATF in Kolkata, Mumbai and Chennai has been revised upwards to ₹1,10,583.13, ₹95,173.70 and ₹1,05,602.09 per kilolitre, from ₹1,09,898.61, ₹94,466.41 and ₹1,05,399 in April, according to the Indian Oil Corp's website.

The increase in ATF prices comes at a time when global energy market has witnessed massive volatility over the past month amid escalation in the Israel-Iran tensions. On 5 April, Brent crude touched a high of $91.17 per barrel, the highest since October. At the time of writing the story, the June contract of Brent on the Intercontinental Exchange was at $87.86 per barrel, lower by 0.61% from its previous close.

The rise in fuel prices may also prompt airlines to raise flight ticket rates as expenses on jet fuel account for about 40% of a carrier's operating cost. RITURAJ BARUAH & FAREHA NAAZ

Mothers may soon report jab side-effects on babies on U-WIN

At present, only healthcare providers have access to the U-WIN platform

Priyanka Sharma
priyanka.sharma@livemint.com
NEW DELHI

Mother may be allowed to report side-effects of routine immunization of their babies on the government's U-WIN platform, according to plans under consideration.

Earlier, adverse events—which include fever and rashes—used to be recorded manually, and doctors were informed accordingly. The move coincides with British pharmaceutical company AstraZeneca admitting its covid vaccine, Covishield, can induce blood clots in rare instances.

The government's Universal Immunization Win (U-WIN) platform registers and tracks routine vaccination and immunization. At present, only healthcare providers have access to the U-WIN platform. They are able to track information in real-time on vaccination, adverse effects, follow-ups, registration and certification.

U-WIN is similar to the CoWIN portal for covid-19 which recorded over 2 billion vaccinations in just 18 months.

India's Universal Immunization Programme (UIP) is one of the largest public health initiatives in the world, providing free vaccination against 12 life-threatening diseases to around 27 million newborns and 30 million pregnant women annually.

> U-WIN is undergoing a pilot phase in two districts of each state and UT, which has registered over 40 million beneficiaries and 125 million jabs

Currently, U-WIN is undergoing a pilot phase in two districts of each state and Union territory, which has registered over 40 million beneficiaries and recorded 125 million vaccine doses.

A nationwide rollout is planned for the new government. "During covid-19, all efforts were made that how should people do self-reporting post vaccination on the CoWIN portal. The same idea is being replicated to create self-reporting on U-WIN platform wherein mothers can report any kind of adverse events of their babies. Also, pregnant mothers can document and access updates about their vaccination schedules," said an official requesting anonymity.

Notably, U-WIN is set to become the world's largest electronic immunization system serving millions of beneficiaries under the universal immunization programme. This is expected to lead to higher vaccination coverage and further reduce infant mortality.

Queries sent to the health ministry spokesperson remained unanswered.

Johnson & Johnson is proposing to pay $6.48 billion over 25 years for the settlement. REUTERS

J&J arm attempts to settle talc lawsuits

A subsidiary of Johnson & Johnson is now proposing paying approximately $6.48 billion over 25 years as part of a settlement to cover allegations that its baby powder containing talc caused ovarian cancer.

The lawsuits filed against J&J had alleged its talcum powder caused users to develop ovarian cancer, through use for feminine hygiene, or mesothelioma, a cancer that strikes the lungs and other organs.

J&J said that the reorganization plan for the subsidiary that was being announced on Wednesday was significantly different from the previous reorganization that was announced.

Those differences include a three-month solicitation period during which ovarian claimants can vote for or against the plan. This is something that was denied in prior bankruptcy cases, the company said. PTI

New York Life picks stake in Max offices

New York Life Insurance Co. has invested ₹388 crore to acquire a 49% stake in two operational office complexes of Max Estates, a real estate firm of Max Group.

Max Estates would use this fund mainly for expansion and growth.

In a regulatory filing, Max Estates announced a strategic investment of ₹388 crore from New York Life Insurance Co., America's largest mutual life insurer.

"Upon the transaction's close, New York Life will acquire 49% stakes in two SPVs (special purpose vehicles) of Max Estates that hold Max Towers and Max House (Phase I & II). Both are rent yielding operational commercial real estate projects located in Noida and Delhi, respectively," the company said.

Max Estates will hold 51% in the two special purpose vehicles once the transactions are concluded. PTI

Vistara jet makes emergency landing

A flight from Bhubaneswar to New Delhi returned minutes after take-off and made an emergency landing after the aircraft was caught in a hailstorm and was damaged on Wednesday, an official said.

The 169 passengers and crew on board are safe.

The New Delhi-bound Vistara flight landed back at the Biju Patnaik International Airport (BPIA) here barely 10 minutes after taking off, the officials said. The aircraft's windshield developed a crack due to the hailstorm that lashed several parts of Odisha this afternoon.

"A windshield has been damaged, while no harm was caused to the passengers," BPIA director Prasanna Pradhan said.

Meanwhile, the airline in a statement said, "We confirm that Vistara flight UK788 encountered adverse weather soon after take-off, resulting in a crack in its windshield and minor damage to the radome." Radome is the 'nose' of an aircraft where the airborne weather radar is hidden. PTI

Tesla's human resources head exits

Elon Musk has been fixated on cutting costs and staff since Tesla sales started to fall. AP

Tesla Inc.'s top human resources executive, Allie Arebalo, has left the company, joining a handful of other senior leaders that have recently departed.

Arebalo is no longer with the company as of this week, according to two people familiar with the matter, who asked not to be identified discussing private personnel information. It's not clear whether the HR executive, who reported directly to CEO Elon Musk, was let go as part of broader job cuts across Tesla or if she stepped down.

Musk and Arebalo didn't immediately respond to requests for comment.

The electric-vehicle maker has been slashing jobs across the organization, targeting a staff reduction of about 20%, *Bloomberg* reported last month. Some of Musk's top lieutenants have also resigned in the past few weeks, including senior vice president Drew Baglino, one of only four named Tesla officers.

Musk has been fixated on cutting costs and staff since vehicle sales started to decline in recent months. He also eliminated most of the company's supercharger team, which oversees partnerships with other automakers in the process of adopting Tesla's charging connectors. BLOOMBERG

For the entire FY24, Adani Power's net profit almost doubled to ₹20,828.79 crore. AFP

Adani Power Q4 net profit dips 48%

Adani Power Ltd on Wednesday reported a 47.78% decline in its consolidated net profit to ₹2,737.24 crore for the March quarter, mainly on account of increased expenses.

Its net profit was ₹5,242.48 crore in the January-March period of the preceding 2022-23, the company said in an exchange filing.

During the fourth quarter, the company's total income was ₹13,881.52 crore against ₹10,795.32 crore a year ago. The expenses stood at ₹10,323.58 crore in the period under review compared to ₹9,897.60 crore a year ago.

However, for the entire FY24, the company's net profit almost doubled to ₹20,828.79 crore from ₹10,726.64 crore registered in FY23.

In FY24, the company's income rose to ₹60,281.48 crore against ₹43,040.52 crore in FY23. Its expenses increased to ₹39,489.97 crore in FY24 from ₹35,365.82 crore in the preceding fiscal. In a statement, Adani Power said the depreciation charge and finance cost for the quarter increased to ₹990 crore and ₹820 crore, respectively, due to the commissioning of the Godda project.

Adani Power ended FY24 with a stronger balance sheet and sound liquidity, it added. PTI

Adani Wilmar Q4 profit rises to ₹157 cr

Adani Wilmar reported a 67.5% rise in its fourth-quarter profit on Wednesday, helped by higher demand for its edible oil and softer raw material costs.

The Fortune brand cooking oil maker said its consolidated net profit rose to ₹157 crore in the quarter ended 31 March, from ₹93.61 crore a year earlier.

The company, which is a joint venture between Adani Enterprises and Wilmar International, sells edible oil variants, including mustard, sunflower and soybean.

Adani Wilmar said sales volume rose 11% during the January-March period, driven by strong festival demand and increased retail presence. Its total expenses fell 6.6%, led by a 9% decline in raw materials costs.

Revenue from operations fell 4.6% to ₹13,238 crore, its fifth consecutive quarter of decline. The company last month flagged lower revenue for fiscal 2024 due to weaker edible oil prices. REUTERS

Vedanta plans to invest $20 billion in India in 4 years: Agarwal

The Vedanta Group is aiming to invest $20 billion across all its businesses in India over the next four years, its chairman Anil Agarwal said on Wednesday. The group will sell the steel business only at the right price, and is committed to continue running it if it does not get the right price, Agarwal told *PTI* on the sidelines of a company event.

"At the moment, we have a plan to invest $20 billion across sectors in four years time," Agarwal said. The investments will be focused on technology, electronics, and glass businesses apart from the other activities that the group is engaged in, he said. Semi-conductors and glass—used in making smartphones and laptops screens—are very essential from a future perspective, he said, adding that the group is present in both the businesses already. It has land in Gujarat for a semiconductor plant and is scouting for a credible and strong partner, he said. On the glass front, it is already into manufacturing in other countries but not in India, Agarwal said, hinting that the plan would involve undertaking some capacity building locally. PTI

Vedanta chairman Anil Agarwal. PTI

WILL GOOD GLAMM'S GLOBAL GAMBIT PAY OFF?

The group has taken the international route to become profitable amid multiple challenges back home

Ranjani Raghavan & Suneera Tandon
MUMBAI/NEW DELHI

When Darpan Sanghvi flew to New York for a big-bang joint venture with tennis star Serena Williams early last month, he was all smiles. Sanghvi, founder and CEO of the content-to-commerce Good Glamm Group, appeared to have pulled off a coup by roping in the retired tennis star as a JV partner for the 'Wyn' brand. He believes the US will play a big part in the company's future, one that he hopes will be profitable, and one in which Williams will have a key role thanks to her name and fame.

Wyn Beauty, with its range of products for the face, lips and eyes, has debuted in 685 stores of Good Glamm's US distributor, beauty chain Ulta. The products, priced between $20 and $30, are vying with other popular celebrity-backed brands such as Rihanna's Fenty Beauty and Kylie Jenner's Kylie Cosmetics.

Back home in India, however, news of Good Glamm's expansion had ruffled some feathers. Several founders and investors, whose companies had been acquired by Good Glamm back in 2021, were seething over their unpaid dues. Why was the group spending money in a highly competitive foreign market when it had contractual obligations to fulfil, they asked. Some of them have since filed default notices against the Good Glamm Group and a legal tussle has begun.

Amid all this, the group has also been working on a restructuring plan, which was triggered by the need to cut costs. With the funding taps running dry, the group's investors, who include Prosus, Accel Partners, Warburg Pincus and Bessemer Venture Partners, put in around $42.5 million in March and April to tide the company over till it became profitable.

In a move to cut costs, the group has let go of over 120 employees in the last 12 months. Separately, co-founder Priyanka Gill and Good Glamm Brands CEO Sukhleen Aneja have quit in recent months. Gill, however, continues to remain a co-founder.

TARUN KUMAR SAHU/MINT

mint SHORT STORY

WHAT

The Good Glamm group, which is looking to go public, believes that to achieve its target of profitability and reach revenue targets, it needs to crack the US market.

BUT

In India, the IPO-bound company has cut costs and laid off staff. Several founders and investors, whose companies it had acquired, are seeking their dues and are in litigation.

NOW

If it wants to go public, Good Glamm will need to stabilize its domestic business, scale international revenue, resolve all outstanding issues, and soothe its shareholders.

LISTING ASPIRATIONS

The Good Glamm group, which is looking to go public, has posited that to achieve its target of profitability and grow into its revenue targets, it needs to go overseas and crack the competitive US market. It aims to turn profitable over the next two quarters and continue scaling up revenue. Expanding overseas, the company believes, will help it hit its revenue, growth and profit milestones. "It will increase our total addressable market," Sanghvi told *Mint*.

Industry watchers, however, feel the group needs to execute a big winning strategy or have a big pull brand to become successful and eventually list. The company is aiming to hit three times its last reported numbers by Diwali 2025. Good Glamm has not yet filed its 2022-23 financials—the company has revealed that it generated ₹640 crore in revenue in 2022-23, but did not disclose losses.

"We will look to have around ₹1,500 crore to ₹1,700 crore in revenue leading into the IPO, with international contributing around 30-35% of that," said Sanghvi. Crucially, it wants to go public while maintaining four-six quarters of profitability. For that to happen, Good Glamm needs to scale up its domestic business, and get its newly launched international business to fire.

OVERSEAS AMBITIONS

International expansion is "very, very tough," said the former CEO of a beauty and skincare brand who didn't want to be identified. Indeed, Indian brands have struggled to crack the international market. Companies such as Godrej Consumer Products, Dabur and Marico took decades to build their international business, and even this was mostly in emerging markets. Marico first expanded overseas via an international subsidiary in 1999. However, these companies also expanded through foreign acquisitions.

"Venturing into an overseas market requires a fresh approach towards product formulation, local marketing execution, local nuances, and bandwidth both from a management and resource point of view," said Rohan Agarwal, director, Redseer Strategy Consultants, an advisory firm.

Sanghvi argues that the move overseas will help Good Glamm tap into a wider target market. "Launching in the US has allowed us to create a global distribution platform, which allows us to take our Indian brands globally on the same cost base. This expansion doesn't just increase revenue but also gives us significant operating leverage, thereby magnifying operational efficiency over time and increasing the bottom line also significantly," he claimed.

Good Glamm has invested around ₹250 crore over the past three years on its international expansion, including its partnership with Williams. "All the investments were made last year, prior to the fundraise we did this year," said Sanghvi. He added that the group does not need to pour more money into marketing or advertising for its US expansion. The venture has already yielded returns, he insisted, without providing any specifics.

The market, however, is sceptical. Most brands that have gone international have done so with a war chest. Good Glamm doesn't have one. "The deal with Serena is super smart for Good Glamm. It gives them credibility and with Ulta they get good distribution," said Zia Patel, who has worked with several large Indian brands and is the brand strategy director at Ochre Brands in the UK. But Ulta also has more than 25,000 products from over 6,000 brands, including its own label. Retailing is also a hard way to earn money, said Patel.

"They (Good Glamm) have good distribution, packaging, a story, name and product range. The thing I am less sure about is how they are going to build awareness and brand consumer loyalty given that Wyn is not a niche brand. What's the experience going to be like? How is Wyn going to stand out in this crowded market apart from Serena and the story about performance? This will require investment in marketing and smart social influencer strategies," said Patel.

Good Glamm's plans for its international business also include giving its domestic brands a boost. But it has not fully laid out how it intends to do this, or why US consumers will be interested in its Indian brands. The company also needs to conserve as much cash as it can amid the funding drought.

CONTENT TO COMMERCE PLAY

To understand Sanghvi's intentions, one has to zoom out and look at the company's claim to fame—its content to commerce play. MyGlamm, a direct-to-customer (D2C) beauty products brand, was founded by Sanghvi in 2017. It acquired POPxo, a digital media platform, in 2020, and BabyChakra, an online parenting startup founded by Naiyya Saggi, in August 2021. The two acquisitions were a key part of its plans to build a content-to-commerce play. Other brands would also be acquired along the way. The various businesses were consolidated under the Good Glamm Group, with Gill and Saggi coming on board as co-founders.

A year later, the Good Glamm Group reorganized its business by creating three divisions—Good Brands Co. (for consumer goods), Good Media Co. (digital media properties), and Good Creator Co. (influencer engagement)—following a string of acquisitions. It added a fourth vertical, Good Community (an omnichannel network of consumers), in 2023.

The plan was to use the media platforms to engage consumers, drive traffic to the websites of its brands, and ultimately sell these D2C brands, including those of the flagship cosmetics brand, MyGlamm.

Online brands derive a lot of sales from influencers on Instagram, Facebook and other social platforms. Good Glamm, however, believes that it is better to have your own ecosystem of content and influencers. This saves the fees paid to other e-commerce platforms and gives the group more control over consumers.

Crucially, this model, Sanghvi felt, would build loyalty and bring down customer acquisition costs in the long run. Good Glamm's India business revenues have grown from ₹50 crore in 2020-21 to ₹640 crore in 2022-23 by relying on this content-to-commerce strategy, he told *Mint*.

That growth was driven by an aggressive acquisition strategy. Between 2020 and 2022, Good Glamm bought 11 companies; half of these acquisitions were around content and the creator economy, including Twinkle Khanna's Tweak India and viral media website *ScoopWhoop*, to get access to their customer base.

It also acquired video analytics business Vidooly and influencer platform Winkl as well as video commerce business Bulbul, which would go on to form the core of its Good Creator Co. influencer marketing business. And then it acquired core consumer brands such as personal care brand St. Botanica and home and hygiene business Sirona Hygiene.

"Our acquired brands have grown at an aggregate of 200% since acquisition on the back of our unlocking direct-to-consumer (DTC) as a channel. Pre-acquisition, the acquired brands cumulatively did less than 10,000 monthly orders on DTC and today they do over 750,000 orders a month," Sanghvi said.

To an extent, the strategy appears to have worked. The group says it has achieved over 18 million transactions and is aiming to hit 40 million over the next three-four years through this strategy. Good Glamm is also among the few online-first beauty and personal care companies in India to have scaled the ₹500 crore milestone. Others that have done so include Mamaearth and Sugar Cosmetics, as well as retailer Nykaa. But the challenges for Good Glamm are unique.

"If you need to grow in India using the content-to-commerce strategy, you need the right product-to-market fit, and a sizable enough community/target audience to have any material impact on your sales," said Agarwal. Others are also sceptical about whether the content-to-commerce strategy will work on a larger scale.

Good Glamm has also seen a shift in its customer base. In the first two years, the bulk of the company's revenue came from the metros. Currently, 70% of its revenue come from tier 2, 3 and 4 markets. Of this, 40% is generated by flagship MyGlamm. Sanghvi noted that the content-to-commerce strategy, which had allowed the company to drastically reduce marketing spends, had led to the shift from tier 1 to lower-tier markets.

"70% of our top-of-the-funnel comes through content platforms. We acquire between 400,000 to 500,000 new customers a month. We have grown nearly 3X in terms of orders in these last two years, while keeping our customer acquisition at six million new annual customers," Sanghvi said.

POOR BRAND RECALL

India's beauty and personal care market has become increasingly competitive in the last couple of years. If Good Glamm wants to scale up, it needs to spend more on brand building, especially on relatively new brands, multiple executives familiar with the business said, asking to remain anonymous.

Despite the big marketing push in the early years, the company's brand recall is still weak, industry executives noted. Of its own brands, MyGlamm has seen better success, generating organic demand, according to those in the broader consumer goods industry.

"While some brands have benefited via their own D2C channels, overall, it's been a challenge. Even though there are a lot of positives around the group's strategy, one thing they haven't been able to do is invest behind brands in the right manner. They are not at a stage where consumers are asking for their brands; they are still in a push model," said a third executive, who is within the company's ecosystem.

The company said its acquired brands have benefited from its strategy. Over the last 12 months, however, it has had to slash costs. Specifically, Good Glamm has reduced its marketing spends to 30% of its revenue from 75% three years ago. "Over the next year, we want to bring it down to 20-25%," Sanghvi said.

Sanghvi said the company's rate of new customer acquisition has remained the same, despite cost cuts.

"Most definitely it (cost cutting) would have had a significant impact on their growth prospects. There is a correlation between the drop in marketing spends and revenue, especially for new-age brands. You have to also understand that online brands are not trial driven and

TURN TO PAGE 11

TOP BUYS

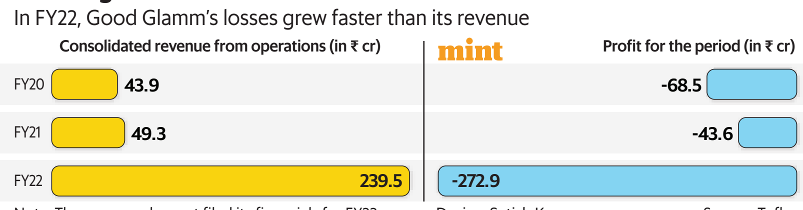
Between 2020 and 2022, Good Glamm bought 11 companies. Here are the big ones:

Company name	Sector	Date and year	Initial stake (%)	Amount (in ₹ cr)
POPxo	Digital media platform	August 2020	100	N.A.
BabyChakra	Parenting content platform	August 2021	100	N.A.
St. Botanica	Haircare and skin	October 2021	N.A.	N.A.
The Moms Co.	Mom and baby care products	December 2021	80	N.A.
Miss Malini Entertainment	Digital media and celebrity talent management	December 2021	100	N.A.
Sirona Hygiene	Intimate hygiene	December 2021	60	100
Organic Harvest	Beauty and personal care products	December 2021	51	100

Source: Company/ media reports/Mint research

Zooming losses

In FY22, Good Glamm's losses grew faster than its revenue



Note: The company has not filed its financials for FY23.
Design: Satish Kumar
Source: Tofler

MINT 20* MUTUAL FUND SCHEMES TO INVEST IN

mint 20 BEST FUNDS

We have hand-picked 20 mutual funds for your portfolio that have jumped through hoops of good returns, low risk, good portfolio hygiene and our own qualitative research. We have restricted the choice universe to 10 categories out of the total 37 and given you at least two options to pick from each.

EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
LARGE-CAP			
UTI Nifty Index Fund - Growth	15.88	14.88	16,199
HDFC Index Fund - Nifty 50 Plan	15.77	14.68	12,764
Category average	**15.13**	**14.48**	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	16.47	16.98	12,072
Parag Parikh Flexi Cap	21.42	22.98	60,559
Category average	**17.83**	**17.11**	
EQUITY SMALL AND MIDCAP			
Axis Midcap	19.58	21.29	25,537
SBI Small Cap	24.63	25.31	25,435
Category average Midcap	**24.51**	**22.44**	
Category average Smallcap	**27.79**	**24.96**	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	17.26	18.71	7,510
Mirae Asset Tax Saver	18.17	19.20	21,476
Category average	**19.97**	**17.97**	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	13.68	14.66	10,738
ICICI Prudential Balanced Advantage	13.29	12.82	56,175
Category average	**12.94**	**12.23**	
ARBITRAGE			
Kotak Equity Arbitrage	5.77	5.39	40,051
Tata Arbitrage	5.38	5.31	10,755
Category average	**5.42**	**5.08**	

OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	5.25	23-Jul-20	13,485
Motilal Oswal S&P 500 Index Fund	17.61	28-Apr-20	3,290

Returns as on 29 April 2024; Corpus data as of March 2024; Growth option in regular plans has been used
Absolute returns for 'Out of box', CAGR for the rest. For detailed methodology refer to:
Keep a smart, flexible and minimalist MF portfolio
https://www.livemint.com/money/personal-finance/keep-a-smart-flexible-and-minimalist-mf-portfolio-11638378827521.html
Download mint app for latest in Business News - https://bit.ly/32XEfFE
*Debt funds can be viewed in the full table online
Data and analysis by CRISIL Research

Compiled by Neil Borate

How an RIA set right this Mumbai family's finances

Balpreet Singh sought the services of a fee-only registered adviser to meet his financial goals

Anil Poste
anilkumar.poste@livemint.com

A well thought-out financial plan plays an important role in achieving your life goals, be it buying a house, saving for your child's education, or even planning for retirement. It is easier planning for such financial goals, one at a time. For instance, by planning your vacation in advance and saving up for it rather than taking a loan, you can enjoy your trip stress-free and avoid the financial strain of loan repayments. But how does one plan for multiple financial goals at the same time? That is where a financial adviser comes in.

Choosing the right financial adviser is pivotal in managing one's finances effectively. And Mumbai resident Balpreet Singh decided early on that he would need the help of an adviser. He then sought the services of Abhishek Kumar, a fee-only Sebi registered investment adviser (RIA) based in Bangalore. Kumar analyses Singh risk appetite and tailored a personalized portfolio with the right asset mix to meet multiple financial goals at different points in time.

Singh's financial planning journey was spurred by the realization of the need for a retirement corpus, alongside funds required to meet various financial goals. "Most of us got to know a little about financial planning from our parents or elders. Almost 18-20 years back, there wasn't too much know-how on personal finance. I kept doing things in bits and pieces. There was no structured planning of my finances," says Singh.

Later on, Singh found that his traditional approach to financial planning was no longer sufficient and also realized the need for personalized guidance. "I had bought some insurance money back plans and unit linked insurance plans but there was no systematic investments. I felt the need to plan my finances better and decided that I should have a trusted adviser who could help me pursue my financial goals. I connected with Abhishek Kumar in early 2019 and we started planning things out in early 2020," says Singh.

Meanwhile, his wife Chanchal Kaur took a major decision to step back from her academic career to devote time for their daughter's crucial educational years, leaving Singh as the primary earner. This shift naturally led to a decrease in the family's income, necessitating a reevaluation of their financial strategy. Kumar's guidance was instrumental in creating a financial plan that addressed this income gap, ensuring that their financial goals remained on track despite the change in circumstances.

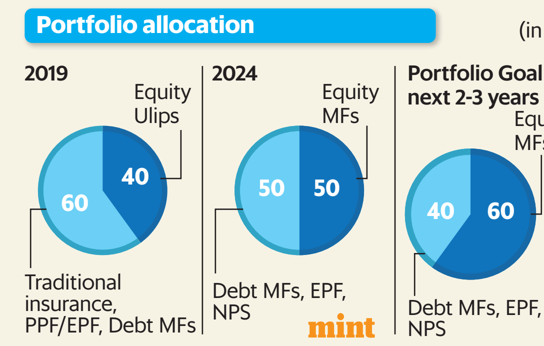
How financial planning helped this family

Having a timeline for each goal helped Balpreet's family plan multiple goals without one goal affecting another

Reet Kaur (15) Student | Balpreet Singh (45) Head (IT) | Chanchal Kaur (41) Asst. professor

Family risk appetite - Aggressive

Portfolio allocation (in %)



What changed after RIA's advice?

- **Increased lifecover**: Covered 10x of their annual post-tax income
- **Sufficient healthcover**: Family floater policy of **₹15 lakh**, with **₹25 lakh** super top-up
- **Added accidental cover**: **₹50 lakh** covers accidental death, disabilities
- **Structured portfolio**: Built asset mix based on risk appetite and financial goals
- **Planned an emergency corpus**: 6 months; amount increases with increased income
- **Early payment of home loan**: Using annual bonuses to fast track the loan closure,in next 3-4 years
- **Investment approach**: Investing **60%** of annual income, moved from Ulips to SIPs

Financial goals	Plan
Daughter's education **Timeline: 2 years**	Budgeted **₹15 lakh** and **₹30 lakh** for their daughter's graduation and post-graduation. Moving from equity to debt, once she starts her undergrad in 2026 and post-grad in 2030.
New house **Timeline: 2 years**	Selling the current house to buy a bigger one, utilize investments to fund the additional money required.
New car and trip abroad **Timeline: 1 year**	Investing in short-term debt investments for these goals

Major decision

Chanchal Kaur decided to support their daughter's education by stepping back from her academic career, making Balpreet the primary earner.

Advice

Created a plan to bridge this income gap, keeping their financial goals intact.

Advice from:
Abhishek Kumar, a Sebi-registered fee-only investment adviser

NPS: National Pension Scheme; EPF: Employee Provident Fund; PPF: Public Provident Fund; SIP: Systematic investment plan; Ulip: Unit-linked insurance plan; MF: Mutual fund.

PRANAY BHARDWAJ/MINT

Portfolio rejig

On Kumar's advice, Singh restructured his investment portfolio significantly. Previously, his investments were skewed towards traditional insurance plans and Ulips, with only a small portion devoted to mutual funds (MFs). He now follows a more balanced approach, with nearly 50% of his portfolio allocated to equity MFs and the remaining 50% invested in debt instruments such as public provident fund, employee provident fund and the National Pension Scheme. This shift not only diversified his investments but also aligned them with his long-term financial goals.

Singh shares that he has reduced the number of funds in his portfolio, avoids investing in new funds and focuses on just a few funds for his financial goals, "Based on our risk appetite, we are investing in a mix of Nifty50 Index and flexi cap funds for our equity allocation. Earlier, we were investing in multiple equity MFs and were finding it difficult to manage multiple funds on our own. We are in better control of our equity allocation now," Singh says.

Goals and timeline

Singh's financial goals include ensuring a comfortable post-retirement life in the next 20 years, providing for his daughter's education, purchasing a bigger home without impacting his retirement corpus, and taking a family trip abroad. He also aims to maintain his current lifestyle post-retirement. Kumar has charted out a specific timeline for each financial goal to achieve these objectives. "We have planned our retirement taking into consideration my current monthly fixed expenses and the future value of our investments," says Singh.

> **Choosing the right financial adviser is pivotal in managing one's finances effectively**

He has also set aside funds for his daughter Reet Kaur's education. "For our daughter's graduation and post-graduation as life milestones, we had budgeted ₹15 lakh and ₹30 lakh, respectively, based on the current level of expenses for college. She would start her undergrad college from 2026 and, based on Kumar's suggestion, we are reallocating the money required for this goal from our equity portfolio to debt portfolio to protect this corpus for her graduation." His daughter wishes to travel abroad after her 10th board exams. Singh plans to fund this trip by pre-planning a corpus instead of taking a loan.

Singh also aims to purchase a larger home and a new car without compromising his retirement savings. His strategy involves selling his current property, along with additional required funds for which has been investing, to acquire a new one. This approach ensures that his retirement savings remain untouched while he upgrades his living space. "We would like to buy a bigger house and change our car. These have been planned in a way that it should not be impacting our retirement goals and our daughter's education expenses" says Singh.

Uncertain risks

When he started his career, Singh relied solely on his employer's health cover. The covid pandemic made him opt for a larger cover and reduce the dependency on his employer. "We bought a family floater base policy of ₹15 lakh and a super top-up policy of ₹20 lakh. We bought both policies based on Abhishek's advice. Before that, we were entirely dependent on the cover provided by our employers. Currently, we have a family floater cover of ₹10 lakh, provided by my employer. We are paying an annual premium of ₹27,000 and ₹5,000 for personal base and super top-up policy," says Singh.

Singh has opted for a term plan covering 10 times his annual post-tax income, and aims to increase this cover to meet rising lifestyle expenses and inflation so as to protect his family's major financial obligations in case of his untimely demise. "We have a term plan cover which is 10 times our annual post-tax income and could cover their major financial goals in case of loss of life of the primary earning member of the family," says Singh. He also has an additional personal accident insurance policy, with a coverage of ₹50 lakh.

For any unforeseen challenges, Singh's family has an emergency corpus for six months, which they plan to increase over a period of time, as advised by Kumar.

Earlier, Singh used to channel a large part of his monthly income into premiums of traditional insurance policies, which did not align with his expected returns, risk appetite and financial goals. "We are currently putting 60% of our monthly income in systematic investment plans (SIPs). After buying adequate term plan cover, we paid up those policies and routed the amount saved on premium to monthly SIPs, investing in a mix of equity and debt funds. Of late, it's only SIPs in equity and flexi-cap funds as per our future goals," says Singh.

Kumar has also asked Singh to close his ongoing 10-year home loan as early as possible. "We have an ongoing home loan and the outstanding is currently 25% of the original amount. We are planning to pay it off within 3 to 4 years using the annual bonus," he adds.

Will Good Glamm's global gambit pay off?

FROM PAGE 10

depend heavily on discounts," said Red Seer Consulting's Agarwal.

Indian brands have struggled to crack the international market. AFP

THORNY INTEGRATION

Amid the push for profitability, Good Glamm is also in litigation with some of its shareholders over unpaid dues, something it needs to resolve ahead of its public listing.

Last month, it entered into an arbitration with the Indian Angel Network (IAN), one of the shareholders in Sirona Hygiene, in which Good Glamm had acquired a majority stake in 2021. Weeks earlier, three shareholders—IAN, the founders of Sirona Hygiene and NB Ventures—served a default notice on Good Glamm for unpaid dues related to the 2021 Sirona acquisition.

At the time, Good Glamm had paid around ₹100 crore to acquire a stake of 60-70% in Sirona Hygiene, with the remainder to be acquired in tranches over the next two years. Initially, the tranche due to be paid out in 2022 was deferred to 2023. In the early months of 2024, three shareholders of Sirona Hygiene triggered the 'put' clause, which allowed them the right to sell the rest of their stake to Good Glamm. However, both Good Glamm and the shareholders are now claiming a default.

"There has been legal back and forth...they are digging up old contracts and making farcical allegations so that they don't have to pay us," said one of the shareholders, asking to remain anonymous.

Good Glamm, however, said in a statement that it was contractually compliant.

The founders of Moms Co. and the company are also in litigation over the remaining 10% stake that Good Glamm needs to acquire. Separately, Good Glamm has negotiated a later payment deadline with the founders of Organic Harvest to acquire the 49% stake in that company that it does not own (Good Glamm had acquired 51% in 2022).

A Good Glamm spokesperson said that the company has not defaulted on any of its obligations to Organic Harvest.

One founder also acknowledged unpaid dues related to the acquisition but declined to be identified. "The company has taken a call that it needs to focus more on the business as opposed to paying off dues," the founder said.

Several founders *Mint* spoke to are of the view that Good Glamm has scaled the acquired businesses and benefited from the acquisitions, so it is only fair that the dues are fully paid.

With all these problems simmering in the background, the company is gunning for a public listing next year. Clearly, if it is to get there, Good Glamm will need to stabilize its domestic business, scale international revenue, resolve all outstanding issues, and soothe its shareholders.

ranjani.raghavan@livemint.com

IS THERE SPACE FOR BOTH ACTIVE AND PASSIVE INDEX FUNDS IN YOUR MF PORTFOLIO?

POWER POINT

DEV ASHISH

Respond to this column at
feedback@livemint.com

Many investors are already aware of the differences between active and passive funds. And if they are active on social media like X (formerly Twitter), they would also know how often the fans of both sides collide in futile keyboard battles. It is still early days in India for passive funds, but without doubt, there is a growing interest. But is it really necessary to choose only one type of fund (active or passive) for your portfolio? Can we not have schemes from both passive and active funds in our portfolios?

In my humble view, a good mix of active and passive funds is a better bet to build an optimal portfolio. Don't get me wrong. I am not saying that being a passive-only investor is wrong. There is certainly a case to do that as well. But what I am offering here is my take on the same.

Let's talk about large-caps first. Recent data might show that active large-cap funds have done better 'as of now'. But on close scrutiny of the rolling-returns data of the last several years, it is clearly evident that a majority of active large-cap funds are increasingly finding it difficult to beat the index (like Nifty50 TRI) consistently. Given the limited number of stocks in large-cap space (top-100 stocks by market-cap) and market regulator Sebi's categorization definitions, the ability of fund managers to generate alpha consistently via active large-cap funds is on a downtrend.

And due to this reducing probability and intensity of outperformance, I feel that you should take the passive route of index funds based on Nifty50/Sensex/Nifty100 for exposure to large-caps. Technically, even the Nifty Next50 index qualifies as large-cap, but its volatility-return nature is closer to mid-caps than large-caps. Moving on, how do you invest in small and mid-caps (smids)? This is where active investing holds the real edge. When it comes to large-caps, these are widely tracked, and a lot of information is already available publicly. The information about businesses or stocks in smids segments is available less easily and hence, there is

a potential for a good fund manager to do better research and show their mettle in stock-picking. Easier said than done but it is this angle that brings in the potential for alpha generation. And if you deep dive into the data, you will notice that a large proportion of active smids tend to do much better than benchmark indices or comparable passive funds.

Another thing to note is that active large-cap funds beat the index occasionally but not by much. However, good smids tend to beat their benchmarks quite comprehensively. So even though the expenses of passive funds are low, the quantum of outperformance (or alpha over index) by active smids in good years more than compensates for the higher expenses.

> A good mix of active & passive funds is a better bet to build an optimal portfolio

Of course, there is no guarantee of active funds beating the index. But for some who identify as (at least) moderately aggressive investors, the potential for outperformance is a risk worth taking. Isn't it? So, while I am all in favor for investing in pure passive funds for large-caps, I also advocate for active funds in the smids space. So, unless you are a very conservative investor, there is space for both fund types to coexist in your portfolio.

But whatever you do, don't try to constantly shuttle between pure active to pure passive and vice-versa based on the last 1-2 years' return. Either pick a side and stick with it for long, or as we deliberated above, keep funds from both sides in your diversified portfolio to cater to different market segments.

Dev Ashish is a registered investment adviser and founder of Stable Investor.

OUR VIEW

ISTOCKPHOTO

KYC jinx: Shareholders deserve better than this

It's unfortunate that so many investor accounts have been put 'on hold' for identity data gaps. Yes, compliance matters. But companies and mutual funds could have put up a better show

New Know-Your-Customer (KYC) regulations effective from 1 April have sent many investors into a tizzy, as they find their accounts locked for failing to meet yet another demand by authorities for verifiable data to establish their identities. Yes, we had a fresh round of KYC compliance. Under revised rules, holders of securities regulated by the Securities and Exchange Board of India (Sebi) had to validate their email IDs in addition to phone and Aadhaar numbers, the latter duly linked with PAN cards issued for taxation. Past KYC okays obtained with utility bills or bank documents were left invalid by this exercise. As the number of people affected by the lock-out is substantial, this is large-scale disruption. According to a joint release by India's five KYC registration agencies (KRAs), as many as 12% of the over 108 million investor accounts under Sebi's oversight have been put "on hold." These can no longer be operated by investors, as their KYC data was found to have gaps. As a result, they can neither invest further at these windows, nor withdraw funds for any exigency. Even if it is temporary, it's harsh. By and large, we can assume these are their own reserves—assets acquired with hard-earned and tax-paid money—that they have been barred from. That too, with less than fair notice, as the high lock-out proportion indicates. So many accounts cannot all be fraudulent, surely.

With scarce information on what exactly went wrong, locked-out investors have fumbled around to figure out how to rectify the situation. To be sure, KYC rules are necessary. Equity and mutual fund (MF) holdings must not end up in the wrong hands. Fake accounts need to be nabbed and asset fraud stamped out. Our digital identity system, which hosts biometric details, is designed to aid this endeavour. To the extent tax authorities need to check tax evasion, the PAN link could be justified too. But coercive action of this sort is best avoided. Rather than a shuttering, even if done only after repeated deadline extensions, a gentle policy nudge may have achieved the purpose. Accounts that lack a KYC update could have been slapped with an extra fee, for example, the payment call of which would have shaken asset holders into action. This would especially have been of help to elderly investors, many of whom are neither tech-savvy nor attuned to regulatory shifts and find it difficult to keep up with frequent resets of the maze that online validation is.

Given the puzzle that KYC can be for so many of us, a better approach would be for the onus to be shared more widely. Not just KRAs, which have helplines, even companies should make a greater effort to ensure law-abiding investors do not get barred from their holdings just for KYC neglect. In the case of MF investors, for instance, fund houses should take it upon themselves to see that people's folios are compliant. Similarly, publicly listed companies should display the grace to keep all their shareholders in the loop of changes that have a bearing on their ownership status, guide them on what exactly is needed, and work with them to get the requisite updates done. These guidance efforts need to go well beyond the mass despatch of confusing and perfunctory messages that are dense with jargon. Regardless of how tiny the stakes of investors in these companies are, they happen to be part-owners, after all, and deserve the courtesy of a proper heads-up—via personal engagement over the phone, if it comes to that. Asset ownership must not be taken lightly.

GUEST VIEW

Public policy education in India deserves much greater attention

A wider and better understanding of India's challenges could improve our policymaking processes

SURESH PRABHU & SHOBHIT MATHUR
are, respectively, a former Union cabinet minister and vice chancellor, Rishihood University.

India's rapid economic growth and increasingly complex social and public challenges underscore the need for robust public-policy education. However, public policy programmes fall short of adequately preparing the next generation of policymakers, civil servants and engaged citizens.

Traditionally, public policy education in India has been confined to post-graduate degree programmes, often offered in isolation from the real-world complexities that policymakers face. These programmes focus on theoretical frameworks and case studies from the West, without addressing the unique social, cultural and political dynamics that shape policy challenges in India.

To truly empower the country's citizens and public sector, public-policy education must evolve to become more accessible, practical and contextually relevant. This means expanding the avenues through which people can engage with public policy beyond the traditional degree programme format.

To begin with, public-policy education should be integrated into the curriculum of undergraduate and postgraduate programmes across all disciplines. Even students pursuing degrees in engineering, business or arts should be exposed to the basics of public policy, systems thinking and the role of citizens in shaping their communities. This cross-pollination of ideas will help bring forth a generation of problem-solvers who understand the interconnected nature of societal challenges and are able to contribute meaningfully to policymaking processes.

Education does not end with graduation. Executive programmes on public policy matters should be made available to working professionals across diverse sectors. Many of the most pressing policy issues—from urban planning and environmental protection to healthcare and education—have become ubiquitous concerns in the workplace. By offering executive-level programmes, workshops and short courses, we can equip professionals with the knowledge to navigate these complex challenges, ultimately improving the quality of decision-making and service delivery.

It is not obvious but important to recognize that public-policy education can also play a key role in empowering the country's entrepreneurs. Too often, budding business aspirants become so sharply focused on developing products or services that they fail to adequately consider the domestic and international regulations that can significantly impact their operations. Many owners of startups only realize the importance of public policy when they encounter unexpected legal or bureaucratic hurdles that threaten the viability of their ventures. By integrating public policy curricula into entrepreneurship programmes and offering specialized courses for business founders, we can equip the next generation of business leaders with a deeper understanding of the policymaking landscape.

This will not only help entrepreneurs navigate the complexities of regulation and compliance, but also enable them to become active advocates of policy reforms that support innovation and the growth of small businesses. As India positions itself as a global hub for entrepreneurship, public-policy education could become instrumental in fostering a thriving, informed and resilient startup ecosystem.

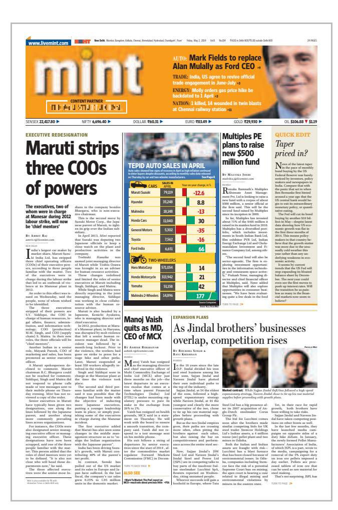
Public policy is a fascinating subject. The pedagogy should leverage innovative delivery formats, such as immersive travel programmes, hybrid models for working professionals and intensive summer schools. These alternative models can provide learners with hands-on experience, exposure to diverse perspectives and opportunities for collaborative problem-solving, all of which are crucial for developing a nuanced understanding of public policy. Through immersive learning, learners can engage with a wide range of experts from policymakers and civil society leaders to academics and social entrepreneurs. This multidisciplinary approach will not only deepen their knowledge, but also foster a network of like-minded individuals who can share ideas and work together long after the academic programme has ended.

The ultimate goal of re-imagined public policy education should be to create a more informed, engaged and empowered citizenry. When people from all walks of life have a deeper understanding of the policymaking process and the ways in which they can influence it, they become more invested in the well-being of their communities and the country as a whole.

Moreover, by exposing a diverse pool of talented individuals to the challenges and complexities of public service, such programmes can help create a robust pipeline of future leaders for the public sector. Local governments, state agencies and national ministries could tap this talent pool, attracting the brightest minds to tackle the country's most pressing issues.

In a time of rapid change and rising uncertainty, India needs a public-policy ecosystem that is responsive and capable of addressing the unique needs of its people. By rethinking the way we approach public-policy education, we can encourage a new generation of engaged citizens and policy entrepreneurs to help us collectively shape a brighter future for the nation.

10 YEARS AGO


www.livemint.com

mint

AUTO: Mark Fields to replace Alan Mulally as Ford CEO

TRADE: India, US agree to revive official trade engagement in June-July

ENERGY: Moily orders gas price hike be backdated to 1 April

NATION: 1 killed, 14 wounded in twin blasts at Chennai railway station

SENSEX 22,417.80 NIFTY 6,696.40 DOLLAR ₹60.31 EURO ₹83.49 GOLD ₹29,930 OIL $106.88 $1.19

EXECUTIVE REDESIGNATION

Maruti strips three COOs of powers

The executives, two of whom were in charge at Manesar during 2012 labour strike, will now be 'chief mentors'

TEPID AUTO SALES IN APRIL

CARS	SALES IN APRIL	Year-on-year change, in %
Maruti Suzuki	79,119	-12.6
Hyundai	35,248	8.8
Mahindra	18,148	-13
Honda Cars	11,040	30
General Motors	5,302	-35
Toyota	7,562	-16
Ford India	6,651	66
TWO-WHEELERS		
Hero MotoCorp	571,054	14
Honda Motorcycle	313,942	21
Yamaha	51,158	42
Mahindra 2-Wheelers	14,896	177

Multiples PE plans to raise new $500 million fund

QUICK EDIT

Taper priced in?

Manoj Vaish quits as MD, CEO of MCX

EXPANSION PLANS

As Jindal brothers' businesses overlap, competition rises

JUST A THOUGHT

My mantra about everything that has to do with public policy is: identify and reject the false choice.

KAMALA HARRIS

MY VIEW | WORLD APART

We are in a frantic race for post-industrial dominance

RAHUL JACOB

is a Mint columnist and a former Financial Times foreign correspondent.

The scale of investment by the world's two superpowers as they conduct a proxy war through aggressive industrial policies is epic. Given the opaque nature of China's Communist Party government, the most cited estimate is that even five years ago, China was spending 1.7% of GDP on industrial-policy projects. That ratio has surely gone up since. This January, the government expanded its goals to include an emphasis on "photonic computing, brain-computer interfaces, nuclear fusion," according to *The Economist*, and in a classic Beijing micro-management mandate, decreed that research institutes "spend more than half of their basic funding on scientists under 35 years of age."

The US spends less than China as a proportion of GDP, but a JPMorgan report last year estimated that the three bills passed in 2021-22 with industrial policy aims would lead to investment of $2.4 trillion.

Some find it fashionable to credit China's leaders with omniscience, but despite China's lead in, say, manufacturing large battery cells, electric cars, wind turbines or solar panels, US efforts seem better aimed. Improving its creaky infrastructure and making semiconductor chips are worthy goals, especially given the real danger of Beijing invading Taiwan, which dominates global chip production. The risk for the US is that these initiatives might over-stimulate its economy and keep interest rates high. For Beijing, it is larger still—public debt could rise to unsupportable levels.

Beijing's industrial policy dividends have been impressive thus far. The Rhodium group estimated that in 2020, China's spending on science and technology was 2.8%. *The Economist* in April quoted the Australian Policy Institute's list of 64 "critical" technologies and said that China leads the world "in all but 11." The list suggests China leads in 5G and 6G telecom, drones, radar and robotics. At many levels, China is a serial overachiever. The same article pointed to an index published by the World Intellectual Property Organisation that uses yardsticks such as infrastructure, patent awards and citations. "A middle-income country with China's GDP would expect to rank in the 60s. China ranks 12th."

So far, so impressive—if occasionally so gullible. There have been questions raised about the Chinese race to publish intellectual property papers, for example, and the country is yet to build gigantic chip manufacturers such as Taiwan's TSMC.

The real challenge, though, is that President Xi Jinping's China has kept investment as a proportion of GDP at above 40%, a distorted-reality view of economics, while effectively suppressing domestic household consumption. Gross capital formation in China is 43.3% of GDP. By comparison, the OECD average is just 23.7%.

Industrial policy is playing a role that's subject to the risk of resources being misallocated by policymakers

It is becoming harder to argue for Chinese exceptionalism in fiscal management. Xi seems keen to emulate the Soviet Union's late Nikita Khruschev in his threats aimed at the US in the context of a post-industrial race for the future. But the backdrop of a housing bubble deflating and impoverished local governments—an integral part of China's alternately impressive and wasteful infrastructure rollout of the past couple of decades—hurtling towards *de facto* bankruptcy would make these grand plans difficult to achieve. Bloomberg estimated that at the end of 2022, property developers owed $2.5 trillion while local government financing vehicles owed $13 trillion. This is a debt problem on the scale of Japan's after its bubble burst in the early 1990s, but with less capable macroeconomic management. The *FT* reported recently that directives from the State Council to 10 highly indebted provinces and two large cities barred them from building more highways and government buildings. Banks have been directed to lend to high-profile manufacturing projects instead that President Xi has clunkily called "new quality productive forces."

Even economic experts are voicing concern, which takes special courage in Xi's China. The truth is that we have seen this movie before. Earlier versions starred China taking advantage of its 2001 accession to the World Trade Organization (and the world's naivete) to dump products in markets abroad because large-scale subsidies had been part of its game-plan well before industrial policy became the global epidemic it has in recent years.

In a chilling chart, the JPMorgan report shows that in the decade from 2010, opioid use in the US rocketed, inversely tracking the loss of manufacturing jobs there. "A total of 5.7 million factory jobs (in the US) were lost from 2000 to 2010—nearly 10 times more than during the previous 30 years, from 1970 to 2000." The political climate in the developed world will no longer allow China to export its way out of the economic doldrums, heightening the risk of massive overcapacity in future-focused industries.

By comparison, India's industrial policy seems a familiar tale of too little, too... er, too little of it thought-through, actually. It is hard to categorize a subsidy scheme for textiles or white goods as 'strategic' when the sensible thing would have been to sign free trade agreements with the EU years ago to allow our garment exporters to compete on a level field. *Mint* reported recently that imports from China grew from $70.3 billion in 2018-19 to $101.75 billion in 2023-24. Are we really weaning ourselves off Chinese exports? As an IMF report notes, well designed policies to improve the business environment would have been better than targeted government interventions that carry the risk of resources being misallocated.

GUEST VIEW

What will the rising mercury this year mean for inflation in India?

India's balance of food-supply likelihoods has raised the question of whether fiscal 2024-25 will see monetary easing at all

RADHIKA RAO
is executive director and senior economist at DBS Bank.

BLOOMBERG

Temperatures continue to hit new highs every subsequent year. In its March 2024 update, the World Meteorological Organisation's (WMO) annual *State of the Global Climate* report confirmed that 2023 was the warmest year on record, with the global average near-surface temperature at 1.45° Celsius above the pre-industrial baseline. Add to this, it was the warmest 10-year period on record. The agency added that the 2023-24 El Niño had peaked, but was still one of the five strongest on record. While the weather pattern was gradually weakening, it will continue to impact global climate, with above-normal temperatures predicted over almost all land areas between March and May this year.

The India Meteorological Department recently predicted that above-normal temperatures are likely to prevail over most parts of the country during the 2024 hot weather season (April to June), except some parts of east, northeast and northwest India. In official parlance, a heatwave is recorded if the maximum temperature of a station reaches at least 40° Celsius for plains and 30° Celsius or more for hilly regions. A departure from normal in the range of 4.5-6.4° Celsius is viewed as a heatwave, while anything more than 6.4° Celsius above the norm is termed a 'severe' state.

Bolster defences: Indian authorities have taken proactive measures to mitigate the impact of heat. For instance, power ministry officials have held reviews on ensuring uninterrupted power availability in cooperation with counterparts like India's coal and railway departments. Coal stocks have also been built up to meet peak demand, which is likely to be higher this year than experienced in past summer months. The ministry has projected 260GW peak power demand in the second quarter of 2024, higher than the record set by the third quarter of 2023. Despite greater installed capacity for renewable energy, the country's base load is still fossil-fuel heavy.

Concurrently, a two-decade long emergency provision has also been invoked that will require idle gas-fired power stations (left unused due to commercial concerns) to operate through May and June to meet an increase in electricity demand and prevent shortages akin to 2022. Earlier, an emergency rule for coal imports was invoked; it was supposed to be in force till June, but will now run through the end of the third quarter. Lastly, regular maintenance of power plants will be deferred to the monsoon period and new capacity additions will be fast-tracked. The general elections underway will span May, with results due on 4 June.

Economic impact: The economic impact of heat is likely to be the most telling on perishable crops—especially vegetables beyond the T(omato) O(nion) P(otato) three—and food-led inflation, aggravating the seasonal increase in prices during summer, apart from on public health. The *zaid* season—i.e., the period between *rabi* and *kharif*—covers short-duration crops, including some vegetables, fruits and fodder. While the impact on *rabi* crops is likely to be limited, as harvesting is already underway, daily data shows that select vegetable prices have risen, impacted by inadequate cold-chain infrastructure and the fallout on standing crops.

Food has already punched above its weight in the past 7-8 months, with vegetable inflation unlikely to materially recede from the prevailing 28% year-on-year pace. Notably, costs did not correct to the extent expected during winter, with high temperatures now likely to keep year-on-year growth in double digits over the next few months. The retail prices of potatoes were up 22%, onions 40% and tomatoes 36% in March 2024 from a year before, with other seasonal varieties also likely to be vulnerable. If the month-on-month increase in sequential food inflation quickens from our baseline of 1.1% quarter-on-quarter in April-June 2024 to 1.8-2.0%, headline inflation can potentially jump by 50-70 basis points in the quarter, taking full-year inflation 40-50 basis points above our baseline at 4.5% year-on-year in 2024-25.

Short-term solutions—such as improved supply networks, better inter-state movement and rotation of short cropping cycles—can be deployed, but are unlikely to provide immediate relief. The strengthening of India's cold-chain infrastructure and handling of produce will gain importance. Reliance on the upcoming monsoon is high. Today's reservoir level is at about 31.4% of full capacity, lower than 39% in the comparable period last year. Rains are dearly needed. Dissipating El Niño and the start of La Niña in the third quarter would bode well for crop output and resultant farm income levels, but the spatial and temporal variation of monsoon rains will be equally pertinent.

Policy impact: RBI's Monetary Policy Committee (MPC) has maintained a cautious and hawkish stance. The impact of weather conditions on food inflation—and consequently on inflationary expectations—will be closely monitored. Given the global conditions, including delays in the US rate-cutting cycle, higher oil prices and fluctuations in the value of the rupee, we expect the MPC to extend its wait-and-watch mode and track the monsoon's progress. The debate over RBI's policy path ahead has shifted from what 'the scale of cuts' will be to whether there will be 'cuts at all' in 2024-25. Upside risks to the central bank's inflation forecast of 4.5% for 2024-25 are also likely to delay any change in its policy stance to 'neutral.'

Domestic 10-year bond yields have corrected from their mid-April highs, but a dip below 7% is unlikely amid still-high oil prices, a strong dollar and hardening US Treasury yields. The next catalyst for debt markets will be the upcoming index inclusion of Indian bonds, with the first of the global benchmark indices due to start this process in June 2024 and another in January 2025. Mindful of the volatility that could accompany these inflows, India's monetary authority has steadfastly kept the currency on an even keel, whilst absorbing incremental inflows into its foreign exchange buffer.

MINT CURATOR

Indian banks are slipping on a banana peel of tech adoption

Rapid progress in digital banking has exposed the system to risks

ANDY MUKHERJEE
is a Bloomberg Opinion columnist covering industrial companies and financial services in Asia.

Kotak Mahindra Bank has had some digital operations clamped by RBI MINT

After being saddled for years with the biggest bundle of bad loans anywhere in the world, India's financial system had only recently found its footing. But with profitability at a decade high and capitalization in excess of the regulatory minimum, the country's banks have begun slipping again. This time, they're falling on the banana peel of technology.

The latest casualty is Kotak Mahindra Bank. Last week, the regulator ordered what was until recently India's fourth-largest lender by market value to stop taking new customers via its online and mobile banking channels and refrain from issuing fresh credit cards. The Reserve Bank of India (RBI) said it had found "serious deficiencies" in how the bank manages user access, vendor risk and data security. This is stiff punishment. More than 98% of the transaction volume in Kotak's savings accounts were from digital or non-branch methods in the December quarter; 99% of new credit cards and 95% of personal loans it sold were also online. While Kotak says it has already taken some steps and will "swiftly resolve balance issues at the earliest," the brazenness of last year's scam at UCO Bank is likely to make RBI cautious in lifting the ban. UCO is a small, state-owned lender based in Kolkata. Last November, it found some customers had got nearly $100 million via interbank electronic fund transfers, but accounts at the sending institutions hadn't been debited.

This month, investigators said that this was no error, but a scam. A couple of outside engineers had allegedly fiddled with UCO's servers, creating money out of thin air, and crediting it to different accounts. Several account holders made "wrongful gains by withdrawing the proceeds," according to the bank's police complaint.

This is the crux of the issue. RBI's press release highlighted "frequent and significant outages in the last two years" in Kotak's services that inconvenienced customers. While these are annoying, the big risk is a UCO Bank-type scenario where the same money can be spent twice because it shows up in two accounts. If something like that happens at scale, it could pose serious risks to financial stability. All benefits from digitization pale in front of such a threat.

Digitization has undoubtedly brought benefits, particularly to non-state-owned lenders. Take Kotak, which now has 8.5% of the deposits of State Bank of India (SBI), compared with less than 6% seven years ago. This gain didn't take a commensurate expansion in physical presence. SBI has added nearly 5,000 branches since 2016—10 times as many as Kotak. Even as they have gained from it, banks paid insufficient attention to tech. In December 2020, RBI barred HDFC Bank, India's largest private lender, from issuing new credit cards and launching fresh digital initiatives. The card ban was lifted after eight months; the digital blockade lasted over a year.

This isn't just an Indian problem. Singapore's DBS Group, which has aspired to rank alongside some of the world's most admired tech brands, has also stumbled on small things like an overheated data centre.

In India, fintech sped up money transactions, but it has also meant complexity. An otherwise staid banking system, running software on servers on bank premises, faces a tsunami of tiny transactions coming via intermediaries that mostly do cloud computing. A widely used smartphone-based protocol, UPI, logged more than 100 billion transactions last year. There are some 50 million merchants accepting online money via QR codes, but the regulator isn't sure if all are legit. Fast and furious may have opened the floodgates to fraud.

A rattled RBI is in a mood to punish. Earlier, it instructed Paytm, the homegrown payments pioneer, to freeze its banking business because of persistent non-compliance. Separately, it asked Visa Inc to stop the use of its business cards for commercial payments with a fintech firm in between.

Drastic supervisory steps may be necessary at times, but they will not be enough. The Indian regulator needs to update its own understanding of technology—the last edition of RBI's 164-page financial stability report devoted a mere four paragraphs to digital safety, even though the central bank's survey showed cybersecurity as a "high-risk" category.

Threat levels are rising. A 2022 study by DeepStrat, a New Delhi-based consulting firm, had raised concerns about what it called a "fraud stack"—a large number of bank accounts "controlled by crime cartels without their owners being aware of their identities being misused," as explained by Anand Venkatanarayanan, one of the report's authors.

In one instance, the customer's address in a bank's records was the same as that of the bank branch. When such mule accounts hide in plain sight, attacks become highly probable.

©BLOOMBERG

MY VIEW | BEHAVIOUR BY BRAIN

A status quo bias tends to keep innovative ideas hidden

BIJU DOMINIC

is chief evangelist, Fractal Analytics, and chairman, FinalMile Consulting.

Imagine you discovered an idea that could dramatically solve one of the most significant problems of an industry. What will you do with that idea? Would you shout about it from your rooftop or will you keep quiet about it? Here is the story of how an idea that could change the fortunes of the digital-advertising industry was treated. This story is a telling example of how most of us treat paradigm-shifting ideas.

Digital advertising is today a $600 billion industry. In 1994, when digital advertisers started using banner advertising, the click-through rates (CTRs) were about 40%. But in 2022, CTRs stood at a mere 0.35%, a drop of more than 100 times from the 1996 level. One could try to cover up this humongous drop in CTRs by blaming an exponential increase in digital stimuli and the ever-shortening attention spans of digital consumers. But the fact remains that this drastic drop in CTRs has happened in spite of new strategies like sophisticated data-mining techniques, deep personalization based on data from sophisticated online cookie trackers and the use of search-engine optimization.

Tim Hwang, a former global policy lead on artificial intelligence at Google and author of the book *Subprime Attention Crisis: Advertising and the Time Bomb at the Heart of the Internet*, has warned of consequences for the global economy from the declining effectiveness of digital advertising. Once the actual inefficacy of digital advertising is more widely known, the value of online advertising will probably drop drastically. In this view, much like the subprime-loan crisis of the US mortgage industry pulled the plug on the world economy during the West's Great Recession about a decade-and-a-half ago, an implosion in what digital advertisements are seen by the market to be worth could hit the value of several technology majors that depend on digital advertising money for their revenues.

Given this precarious situation of the digital advertising world, a new idea put forward by Amazon is hugely relevant. As a leading player in the digital marketing world, trust Amazon to know a lot more than others about what works and what does not work in the digital world. Amazon claims to have found a way to improve CTRs. The Amazon Ads website says: "An advertiser may have stand-alone images of their product against a white background, like a coffee mug. When that same coffee mug is placed in a lifestyle context—on a kitchen counter, next to a croissant—in a sponsored brands mobile ad, we have seen that click-through rates are more than 40% higher compared to ads with standard product images."

The human mind resists change but innovation can be nurtured only by being open to ideas

Wow! Given the precipitous fall of CTRs over the years, an idea that promises 40% improvement should be big news, even headline-worthy. But that was not what happened. Even on the Amazon Ads website, this new idea was not even a subhead. It was tucked away in a Q&A section one had to chance upon. Why was this idea underplayed and treated so badly?

First of all, to all those who have worked in the traditional advertising world, that idea is not new. In the traditional ad industry, art directors and photographers have long been aware of how an attractive product shot for a point-of-sale poster can impact business. They would often spend days, if not weeks, thinking through a particular product shot and its background, along with special props and models if required. But the enormous time taken to photograph a product in an appropriate context was probably not the reason that Amazon played down its idea.

Today, Generative AI, backed with creative prompting strategies, can churn out good-quality images in a very short time. Everyone knows that. So why was an idea promising a more effective digital connect, one that could potentially alter the design of product tiles and product display pages across e-commerce sites, not given due importance?

Many of us hold onto outdated and ineffective ideas because of an inherent behavioural trait called the *status quo* bias. The human brain does not like to change. It likes to continue doing what it has been doing all along.

Ever since e-commerce began, it has been a sort of dictum that a product tile or display page should only feature a stand-alone product shot against a white background. It soon became the norm of all e-commerce websites. Based on work that my team had done, this column was one of the few to question that *status quo* (*bit.ly/49ZcYVP*). But otherwise, it was business as usual in the e-commerce business; even Amazon's website had only drab product shots against the usual white background.

The idea that Amazon Ads has recently proposed to make product displays more appealing questions the *status quo* of the e-commerce business. Will e-commerce players break free of their bias? It seems unlikely. As the philosopher of science Thomas Kuhn once said, faced with a paradigm-shifting idea, the more intelligent a person is, the more intelligent the reasons this person will come up with for why the *status quo* is better.

What is the best bet for an innovative idea of yours to overcome the *status quo* bias that seems to prevail all around? Go to a family-run concern with your idea. From my experience, the heads of family-run businesses are far more open to accepting innovative ideas than professional managers in multinational companies. It takes a very different mindset to nurture innovative ideas that challenge the *status quo*.

Reimagining how the Indian state works

Higher public spending alone is not enough to overcome the myriad problems India faces, argues a new book by Karthik Muralidharan

Niranjan Rajadhyaksha
feedback@livemint.com


The Union and state governments jointly spend ₹7.5 trillion on education every year GETTY IMAGES

More than 270 million Indian children go to school every day. Very few children never see the inside of a classroom these days. School enrolment ratios have climbed over the past three decades, though drop-out rates increase in the later years of schooling. The gender gap in school enrolment has also narrowed.

That is the good news. The problem is that too many of these children finish school with minimal skills. The annual survey on the state of Indian education that civil society group Pratham releases every January inevitably makes for grim reading. The latest edition revealed that a quarter of school children between the ages of 14 and 18 struggle to read a Standard II level text in their regional language. More than half in this cohort is unable to do the simple division of a three-digit number with a one-digit number. Three out of four children who can read English fail to explain the meaning of the sentence they read.

Is it merely a question of shovelling more money into the education system through budgetary allocations? The Union and state governments jointly spend ₹7.5 trillion on education every year. There are frequent calls to double this number. Overcoming the myriad problems in areas such as education, health, nutrition, safety, justice and social protection needs more than higher public spending. It requires a re-imagination of how the Indian state works. This is a compelling argument, and the central one in *Accelerating India's Development: A State-Led Roadmap for Effective Governance* by Karthik Muralidharan, a professor of economics at the University of California San Diego.

Public systems fail to translate even the best designed policies into effective implementation. Besides authoring a string of influential academic papers, Muralidharan has also worked closely with several state governments to understand how their programmes work on the ground, and what can be done to make them more effective. He has been part of what is called "the credibility revolution" in development economics, or more specifically the use of tools such as randomised control trials to better understand how specific government policies impact outcomes on the ground to establish causality rather than mere correlation.

Muralidharan argues that increasing public spending without improving the efficiency of the Indian state is akin to spending more money on fuel for an antiquated car that needs to be replaced. His twin roles as an academic scholar and a policy advisor ensures that the book offers not just analysis but also specific reform suggestions over a wide range of public policy fronts. The result is a masterclass in development economics. Its multiple insights are accessible to a broader audience because it is not written clannishly for a select few.

There are six areas where India needs to do more work. First, the Indian state has to fix the statistical system so that decisions are taken on the basis of data rather than anecdotes. Second, India needs more government employees while at the same time making them more effective and accountable. Third, the quality of public spending matters; how you spend is as important as how much you spend. Fourth, cash-strapped governments need to collect more taxes as a percentage of gross domestic product. Fifth, service delivery should increasingly be pushed to the local level where administrations have a better sense of citizen needs. Sixth, effective states collaborate with the private sector and civil society to deliver to their citizens.

> Fixing the plumbing of the Indian state will entail challenging embedded interest groups at every level

While laying out this framework, Muralidharan places a stick of dynamite under some misconceptions that are common in India. For example, the Indian state is not overstaffed. A comparable country such as Brazil has seven times more public employees for every thousand citizens. Or: China is much more decentralised than India. More than 65% of all government employees in China work for local governments; only 10% do so in India.

Building state capacity is not an easy task. Muralidharan writes that he looks at the state as an organisation by examining its inner wiring. The role of technology as an overarching tool to fix some of the deficiencies in service delivery is also evident. The question that comes to mind is whether such a managerial approach, while essential, underplays the importance of political economy in its deepest sense.

Accelerating India's Development: A State-Led Roadmap for Effective Governance *By Karthik Muralidharan; published by Penguin Random House India 832 pages, ₹1,299*

Embedded in many of the discussions on state capacity for better governance are two wicked issues. The first is that a wide section of the political class derives its power from a broken state, and hence has little incentive to fix it. The second tricky issue is that state capacity is weakest at the local level. However, these are not politically, financially or administratively empowered to do the job well. They are weak in terms of funds, functions and functionaries. The temptation is then to centralise tasks that actually require decentralisation, driving governance reforms to a level in the federal system that is relatively untouched by local politics. There is an implicit trade-off between the principle of decentralisation against the reality of centralisation, especially when technology reduces transaction costs.

Just as there are many who believe that the Indian state can give a better deal to citizens if key departments are provided with higher budgetary allocations, there are also those who hope that social indicators will automatically improve as the Indian economy continues on its current growth path. There is some basis for the latter view. Richer countries generally have better indicators of education, health, nutrition, safety and social protection. India's own social indicators are close to what is predicted by its current levels of income.

Muralidharan shows that if average incomes continue to increase at 6% a year till the centenary of our liberation from colonial rule, infant mortality in India can be expected to fall from 27 per 1000 births today to 13 in 2047. That would still be above China's current infant mortality rate of 8 per thousand births. Even an acceleration of economic growth will not bring our infant mortality in 2047 below current Chinese levels today. It is much the same with other indicators such as stunting, reading capabilities and numerical skills.

The reforms that Muralidharan has outlined will require more than political imagination. The 1991 reforms were a turning point for the Indian economy. However, most of the macroeconomic changes could be pushed through with a stroke of the pen by the Union government (though this in no way minimises the achievements of the economic reformers of that generation). Fixing the plumbing of the Indian state will entail challenging embedded interest groups at every level. Meanwhile, the elite that could have added its heft to demands for governance reforms has partially opted out through private schools, private healthcare, private transport, private security. The poor have no such option. Accelerating India's Development is brimming with ideas on how to make the Indian state raise its game in the coming years.

Niranjan Rajadhyaksha is executive director of Artha India Research Advisors.

Celebrated author Paul Auster dies at 77

Auster was best known for his 'New York Trilogy' of metaphysical mysteries

Agencies
feedback@livemint.com

American author Paul Auster who made his name with noirish, existentialist novels about lonely writers, outsiders and down-and-outers that were a huge hit in Europe particularly, has died aged 77.

The author with the soulful, sunken eyes gained cult status in the 1980s and 1990s with his "New York Trilogy" of metaphysical mysteries and his hip film *Smoke*, about the lost souls who patronise a Brooklyn tobacco shop. In March 2023, his wife, fellow author Hustvedt, announced he had been diagnosed with cancer.

Auster's work straddles the divide between the middlebrow and the highbrow. His more than 30 books are as likely to be found in airports as on university reading lists and have been translated into more than 40 languages.

Auster grew up in Newark, New Jersey, the son of Jewish Polish immigrants. He moved to New York to attend Columbia University and after graduating spent four years in France, where he lived from translations while honing his craft as a writer.

The turning point came with the sudden death of his father, which spurred Auster to write *The Invention of Solitude*, a haunting reflection on father-son relationships, a recurring theme in Auster's work. Published in 1982 it was a critical success and set Auster free with his writing. The same year he married Hustvedt, forming one of New York's starriest intellectual couples.

> Auster's work straddles the divide between the middlebrow and the highbrow

His big breakthrough came with "The New York Trilogy", a philosophical twist on the detective genre featuring a shady quartet of private investigators named Blue, Brown, Black and White. That period also brought a downbeat dog tasked with getting his dead owner's unpublished manuscript out of a bus station's luggage locker in *Timbuktu* (1999) and a series of existential capers: *Moon Palace* (1989), *The Music of Chance* (1990) and *Leviathan* (1992).

In 2017 he broke with his concise style to deliver a 866-page tome, *4 3 2 1*, charting American society through the life of an everyman, Archie Ferguson. Auster presented it as his masterwork. But while America's National Public Radio found it "dazzling", others were less positive. *The Irish Times* deemed it "the last fat novel of a collapsed American pride".

Bloodbath Nation—the book he brought out in January 2023 with his photographer son-in-law Spencer Ostrander about gun violence in America—took him into new terrain. Auster penned the text to accompany Ostrander's haunting black-and-white pictures from the sites of 30 mass shootings.

A century on, Auster faced his own private anguish. In 2021, his son Daniel was found guilty of negligent homicide in the death of his 10-month-old daughter Ruby from an overdose. The following year, Daniel died of an overdose at the age of 44. Auster never publicly discussed their deaths.

A restaurant in Rishikesh offers a taste of food of the gods

Curated thalis bring diners a taste of temple food from Ladakh to Madurai, enduri pitha to ringan nu shaak

Raul Dias
feedback@livemint.com

Rishikesh is a city of contrasts. The smells, sights and sounds seem so familiar—similar to other towns and cities by river ghats, where prayer and pilgrimage are the mainstay—and yet there is something surreal and exotic about it. Perhaps it has something to do with the all-pervasive sense of calm and spirituality—extending beyond religion— that one feels there. It extends to almost everything in Rishikesh, even to the food.

Take, for instance, an experience at the restaurant VARR. As soon as you enter, a gentleman, clad in a crisp white dhoti and vermillion-hued kurta, anoints your forehead with a cooling paste of sandalwood. He then chants a few mantras as part of the *achanam* ritual, which involves purification of the hands with drops of *ganga jal*. The river water on your palm is then replaced with a spoonful of delicious *panchamrit*, a concoction made with milk, *ghee*, honey, *ganga ja*l, and holy basil, which is usually served after *puja* and *havan*. The gentleman ends the welcome ritual by placing around your neck a *tulsi mala*, a garland made from the wood of the same holy basil tree.

It takes a while to realise that the person welcoming you isn't a priest but the restaurant's manager. The eatery is located within Holywater by Ganga Kinare hotel in Rishikesh's Avas Vikas Colony. With the tagline "Temple food of India", this conceptual restaurant was started in 2021 as a place that would source, refine, modify and serve offertory dishes made in temple kitchens across the country. The menu is modelled on temple *prasadam* and has *bhog*-inspired dishes curated by Chef Deepak Bhatt, who is from Uttarakhand.

The dishes are vegetarian, made with *desi ghee*, but not all are strictly *sattvic*—which means devoid of pungent ingredients such as onion and garlic. Over two dozen dishes are spread across four distinctly-themed *thalis*, which are priced at Rs 1,050 per person for unlimited helpings, and carry titles such as 'Uttsava Raj Bhog', 'Rachna Raj Bhog', 'Naivedyam Raj Bhog' and the 'Annandam Raj Bhog'.


Bhog-inspired thali

These extensive platters are rotated across different days of the week. However, their format remains the same—each features appetisers, mains, drinks and desserts, served on gleaming *kansa thalis*.

"It is a common misconception that all temple food is *sattvic*. In fact, almost all temple foods follow the traditional Yogic approach of *mitahara*, which is moderation in eating," explains Bhatt. "Yog focuses on *Saguna Brahma*, or the right balance of all three *gunas*—*sattva*, representing purity of soul, *rajas*, or an action-oriented mindset, and *tamas*, which stands for *ahamkara* or ego."

At VARR, diners are introduced to temple offerings from all across the country, be it from the famous Gurudwara Pathar Sahib situated along the Leh-Kargil road in Ladakh, the Sree Padmanabhaswamy in Thiruvananthapuram, or the Somnath temple in Gujarat and Manipur's Govindajee temple. One gets to sample dishes like *puttu*, a cylindrical steamed sweet rice cake, stuffed with jaggery, and served at the Meenakshi temple in Madurai, and the local Garhwali *pahari palak* offered at the Badrinath Dham. Also interesting is the *ringan nu shaak*, a dry vegetable dish made with small eggplants in a thick peanut-based sauce, and served at the Dwarkadhish Mandir in Gujarat. Then there is, of course, the famous *kada prasad*, made with equal portions of whole wheat flour, *ghee*, and sugar, from Amritsar's Golden Temple.

There are other sweet options as well, like Mathura *ke pede*, believed to have originated from the birthplace of Krishna. And though not strictly temple foods, one can also sample sweets such as the *sandesh* from West Bengal, made with *chhena* and sugar with hints of saffron. It finds mentions in medieval Bengali literature and in the hymns of Chaitanya Mahaprabhu.

One of the highlights of the menu is the wide variety of comforting *khichdis*, which are huge favourites at temple feasts. At VARR, the most popular one seems to be the Abada Jagannath *namak khichdi*. Made in the kitchens of Jagannath Puri, this is a simple preparation of rice and lentils cooked only with salt and served with ghee. According to tradition, 14 days before the famous Rath Yatra, Lord Jagannath fell sick. He, along with his siblings, was served boiled food, with this *khichdi* representing comfort.

In fact, a large chunk of the menu features dishes from the Jagannath Temple. For instance, one can find the *enduri pitha*, a steamed rice dumpling wrapped in banana leaf and the famous *chana dal,* a sweet and savoury lentil dish, which is an integral part of the *mahaprasad*, and is made with 12 whole spices such as cinnamon, cloves, coriander, mustard, fennel, cumin and fenugreek. There is also the *panira bhappa*, an appetiser served to the deity, and crafted with fresh cottage cheese, which is marinated in lemon juice, coated in coriander masala, freshly grated coconut and mustard seeds. It is then wrapped in banana leaf and steamed.

Many of us would have tasted some of these dishes at temple *bhogs* across the country, but to find them assembled in one place makes for a unique experience.