HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 110

Tuesday, May 7, 2024

mint

Think Ahead. Think Growth.

mint primer

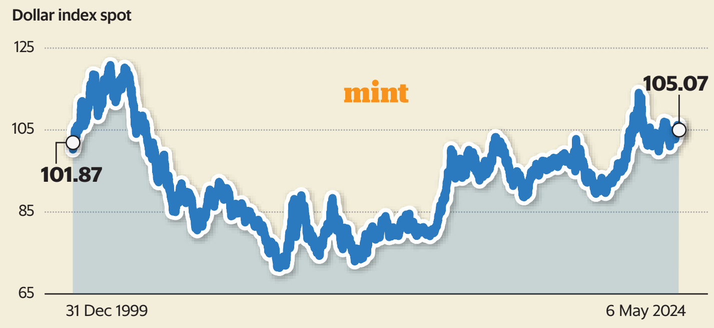
For a few $$ more: Signals from the rising greenback

BY ABHISHEK MUKHERJEE

The dollar is having an unusually strong year, gaining against most major currencies. That's got policymakers from Tokyo to London fretting over its implications for economies. *Mint* takes a look at one of the most important price signals of the global financial market:

Dollar's dominion

The greenback is gaining strength in tandem with a resilient US economy



Source: Bloomberg

PRANAY BHARDWAJ/MINT

1 What is happening with the US dollar?

The US dollar, the world's de facto reserve currency, has been gaining strength since the beginning of this year. A currency is considered "strong" when it rises in value against other currencies in the global foreign exchange market. The ICE US Dollar Index, which measures the greenback against a basket of six major currencies, is up around 4% in 2024 so far, though it is still some distance away from the levels witnessed in the early 2000s. The dollar has gained against almost every major currency this year, an unusually strong trend which demonstrates its primacy in the global financial system.

2 What is causing the dollar to strengthen?

The primary reason is that the US Federal Reserve, the country's central bank, is keeping interest rates at over 20-year-high levels as inflation is still above its target of 2%. The central bank, earlier this month, left the benchmark interest rates unchanged at 5.25 - 5.50% for the sixth straight meeting. Higher interest rates mean American assets like Treasury bonds offer better returns than most of the world—and that too at virtually zero risk. US equity markets too are trading at lifetime peaks. These factors have triggered a gush of foreign fund inflows into the US, strengthening the greenback.

AFP

3 How does this impact the rest of the world?

A stronger dollar means the currency on the other side of the trade is weakening. Two-thirds of 150 currencies tracked by *Bloomberg* have weakened against the dollar this year, including the euro, rupee and yuan. This raises the cost of imports as global trade is dollar-denominated. Key commodities like oil are priced in dollars, stoking risks of imported inflation.

4 What does this mean for India?

Since India imports 85% of its crude oil, a weaker rupee is a major risk to its economic health. The Reserve Bank sells dollars to prop up the rupee, but there's a limit to its firepower. India's foreign exchange reserves declined for the third straight week to stand at $637.922 billion in the week ended 26 April. A strong dollar also affects companies with dollar-denominated debt as they have to pay more in rupee terms to repay their dues. However, a firm greenback boosts the revenue and margins of exporters.

5 What is the near-term outlook for the dollar?

A resilient US economy, as seen in strong inflation and labour market data, has dimmed the prospects of the Federal Reserve easing its stance any time soon. Investors are pricing in interest rate cuts of just 50 basis points in 2024, compared to projections of 150 bps at the start of the year. Ratcheting up of geopolitical tensions has further boosted the safe-haven appeal of the US dollar. Against this backdrop, analysts say, the greenback is expected to maintain its upward trend at least till the second half of this fiscal year.

QUICK EDIT

A flying start

Going by high frequency indicators, India's economy seems to have got off to an impressive start in 2024-25. On Monday, the services sector purchasing managers' index (PMI) was reported at 60.8 in April. Though this is a slip from 61.2 in March, total sales and output are among the strongest in 14 years. Earlier, the PMI for manufacturing also showed similar strength at 58.8, the second highest since the beginning of 2021. Booms on this index can be gauged from the margin by which the reading exceeds the 50 mark that separates expansion from contraction. Further, India's goods and services tax revenue hit a record ₹2.1 trillion in April. All this spells optimism over this year's economic prospects. That this is happening despite the economy not firing on all cylinders, with private investment and consumption still not doing as well as they should, is quite remarkable. Interest rates aren't low either, with RBI's policy constrained by inflation worries. Its task could've got more complicated had a rate-easing cycle begun in the US. The Federal Reserve's 'higher-for-longer' stance has kept that pressure off, thankfully. Domestic variables can be challenging enough to watch.

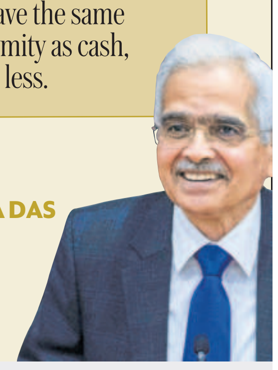
MINT METRIC

by Bibek Debroy

In Hyderabad, an amazing typing feat,
Ashraf's record will be tough to beat.
He typed Z to A very fast,
Leaving Guinness Records quite aghast.
Typing backwards is an unusual treat.

QUOTE OF THE DAY

Anonymity can be addressed through legislation and/or through technology. For example, through permanent deletion of transactions... The basic principle is that CBDC (central bank digital currency) can have the same degree of anonymity as cash, no more and no less.



SHAKTIKANTA DAS
RBI GOVERNOR

MINT PODCASTS

DAILY BIZ NEWS

Start your day well-informed with the engaging daily business bulletin 'Top of the Morning' podcast. In this insightful show, we bring you timely updates on global markets, the dynamic business world, and emerging trends, ensuring you kick-start your day with valuable insights and a wealth of knowledge.

MARGIN TRADING

Your broker can lend you some money if you want to buy shares, but don't have adequate balance in your broking account? In this episode of 'Why Not Mint Money,' we indulge in discussions with Jay Prakash Gupta, founder of Dhan, on what is margin trading facility.

PLACEMENT DYNAMICS

Professor Viswanath Pingali, chairperson-placements, at India's top B-school IIM-Ahmedabad deciphers the code to getting the best companies no matter what the economy is. Pingali discusses with *Mint's* Devina Sengupta on how to look at placement data beyond just compensation numbers.

mint

PLAIN FACTS

Why Musk prioritized China over India visit

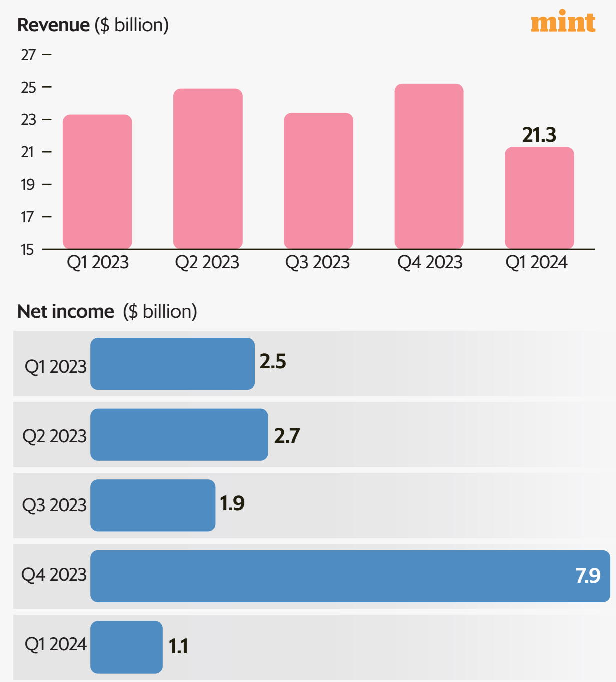
BY HOWINDIALIVES.COM

Elon Musk's recent trip to China kicked up intense debates in India. It happened barely a week after the Tesla head cancelled a visit to India and a meeting with Prime Minister Narendra Modi.

Musk was also expected to announce an investment of about $3 billion in India. He cited "very heavy obligations" at Tesla as a reason for cancellation. It turned out the Chinese visit had much to do with the heat the electric car company had been facing from the stock market.

The company reported revenues of $21.3 billion in the quarter ended March, down 9% from a year ago. This was the first drop in its revenues since 2020, when covid-19 disrupted production and deliveries. It also came amidst concerns about demand for electric vehicles (EVs), which is expected to grow only 11% this year, after 47% in 2023, as per UBS Group estimates. Tesla had responded to the tepid growth by cutting EV prices, which hurt its financials. Its revenue per vehicle delivered in the March quarter dropped 5% year-on-year. Net profits, which were hit by additional factors, slumped 55%. Free cash flows turned negative, as the company built 46,561 more vehicles than it could sell. Musk's trip to China, however, changed the negative sentiment. Tesla's share price, which was on a downward trend for months, jumped 15% a day after Beijing gave in-principle approval to roll out its full self-driving (FSD) cars there. During his visit, he also signed a deal with Baidu, which will open its mapping data and lane-level navigation service for the company.

Tesla's financials showed a dip in the March-ended quarter



Source: Tesla

Tesla's shares jumped 15% after Musk's China visit

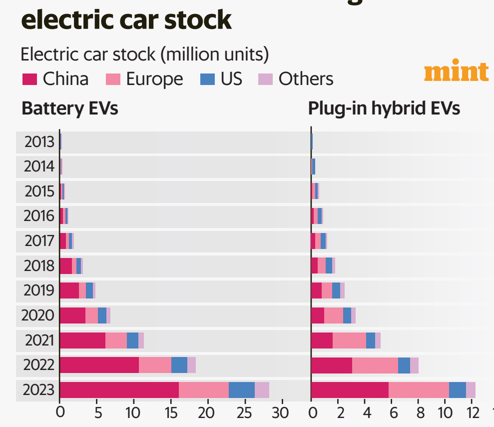
Source: Nasdaq/Yahoo Finance

Chinese Competition

THIS BREAKTHROUGH is considered to be important for Tesla, because China is the world's largest market for EVs. It has 54% of global electric car stocks. Almost 60% of new electric car registrations in 2023 were in China, against 10% in the US, according to the International Energy Agency's Global EV Outlook for 2024. China accounted for about 40% of Tesla's sales last year.

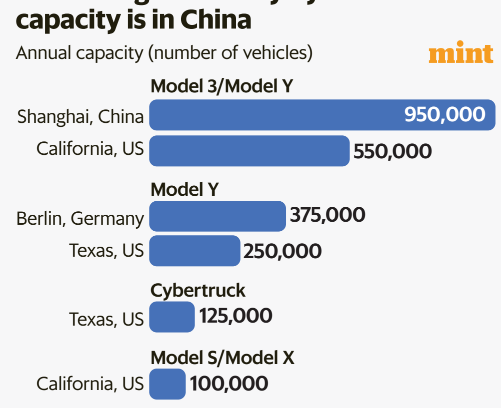
However, it is a tough market, with growing competition and intense price wars. BYD's profits dropped 47% sequentially, due to price cuts. If the price cuts continue, the industry could turn unprofitable, Goldman Sachs has warned, according to *Reuters*. It is not clear if the rollout of FSD in China would give a significant advantage to Tesla. Its Chinese rivals such as XPeng and Nio offer similar functionalities for lower or no cost to customers. Tesla offers its FSD system in the US for $99 a month.

China accounts for 54% of global electric car stock



Source: International Energy Agency

Tesla's largest factory by capacity is in China



Factories arranged in descending order of size.
Source: Tesla

Global Play

EVEN IF domestic competition makes the Chinese market tough, the country is still important for Tesla. With an annual capacity of 950,000 vehicles, Shanghai hosts Tesla's largest factory globally and is a regional export hub. Besides, China enjoys a cost advantage in batteries, a key component in EVs, due to its control of the mining industry. The administration also sees benefits in having Tesla and has allowed it to operate in the country without a domestic partner.

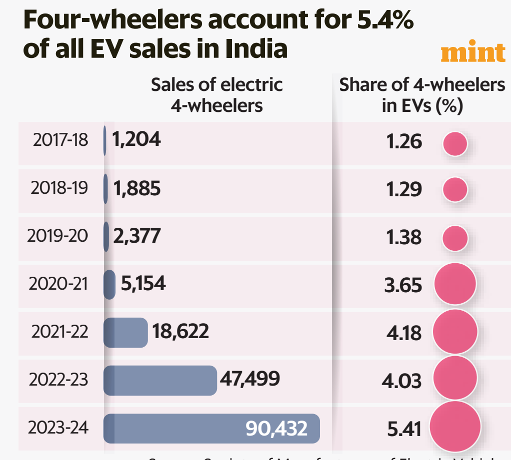
However, Tesla's close relationship with China has not gone down well in the US, which sees the Asian country as a geopolitical rival. In February, the US said it was probing potential security risks of Chinese-made cars. Tesla itself is fighting battles beyond the slowdown in EV demand. Last month, the National Highway Traffic Safety Administration in the US said it had opened an investigation against Tesla over its recall of 2 million vehicles last December following a series of crashes.

India Potential

TESLA PRIORITIZED China due to these immediate concerns. However, India, which wants 30% of all new vehicle sales to be EVs by 2030, is expected to play a key role in Tesla's global ambitions. Electric four-wheelers are gaining ground in India. According to the Society of Manufacturers of Electric Vehicles, their sales jumped 90% in 2023-24, and their share in the overall EV market increased from 4% in 2022-23 to 5.4% in 2023-24. However, to make inroads into the Indian market, Tesla might have to launch cheaper cars (its Model 3 and Model S are expected to be priced at ₹70 lakh in India). Even in the US, Tesla investors were concerned about the company's commitment to building cheaper cars. During the recent earnings call, Musk promised to launch less expensive models by end-2024. That could drive its sales in China too, even more than FSD.

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

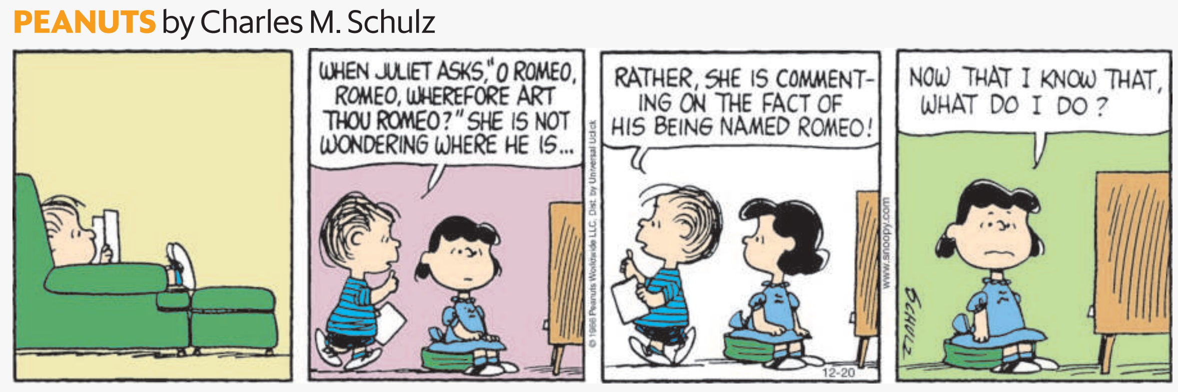
Four-wheelers account for 5.4% of all EV sales in India



Source: Society of Manufacturers of Electric Vehicles

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



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How PepsiCo stung Red Bull with Sting ▶P10

KKR set to buy medical devices co Healthium ▶P3

SENSEX 73,895.56 ↑ 17.41 | NIFTY 22,442.7 ↓ 33.15 | DOLLAR ₹83.50 ↓ ₹0.07 | EURO ₹89.93 ↓ ₹0.30 | OIL $83.90 ↑ $0.75 | POUND ₹105.03 ↓ ₹0.24

New drug export regime to ease quality concerns

Matching local certification with WHO's GMP follows licensing shift to Centre

Priyanka Sharma
priyanka.sharma@livemint.com
NEW DELHI

Drugs made in India for global markets will soon have their local certification aligned with global norms, as the central government moves to assure foreign buyers after recent incidents of sub-standard drugs sold abroad.

The drug regulator will upgrade India's Certificate of Pharmaceutical Product (CoPP) to match the World Health Organization's (WHO's) good manufacturing practices (GMP) certification as part of an overhaul of the export approval process, two officials familiar with the development said.

The CoPP and the WHO's GMP certificates are the preliminary documents required for obtaining product approval and market authorization for exporting pharmaceutical items from India. The move will also help foreign regulators ascertain the authenticity of Indian drugmakers.

"The plan is to put these certificates on the website of the Central Drugs Standard Control Organisation (CDSCO) so that importing countries or regulators can check whether these certificates are issued by CDSCO or not," one of the two people said.

The idea is to bring in transparency in the system, including greater oversight over the number of products shipped by Indian firms and their quality, the official said on the condition of anonymity.

Because of a lack of uniformity between CoPP and the WHO's GMP formats, foreign drug regulators find it difficult to validate the authenticity of Indian pharmaceutical companies, a second official said. The drug regulator in Vietnam writes to overseas embassies to verify these companies. The plan now is to unify and centralize issuance of the certificate, this official added.

The CDSCO is the apex regulatory authority for the pharmaceuticals, medical devices, and cosmetics industries, similar to the US's Food and Drug Administration. The Drugs Controller General of India (DCGI), operates under the CDSCO.

To ensure that Indian pharmaceutical companies are manufacturing quality products, the DCGI has directed companies to strictly adhere to the WHO's good manufacturing practices guidelines at their production facilities.

The move to bring uniformity in the CoPP and the WHO's certificates is welcome as it will bring confidence to exporters and overseas regulatory bodies that exports from India are of high quality and under the supervision of the central government, said Sudarshan Jain, secretary general of the Indian Pharmaceutical Alliance.

As part of the overhaul, the Union government recently wrested authority from states to become the sole entity responsible for issuing manufacturing licences for drugs meant for exports.

Under the new guidelines, state governments can issue CoPP certificates to pharmaceutical companies only if CDSCO officials are involved in joint inspections.

A health ministry spokesperson did not immediately reply to *Mint*'s queries.

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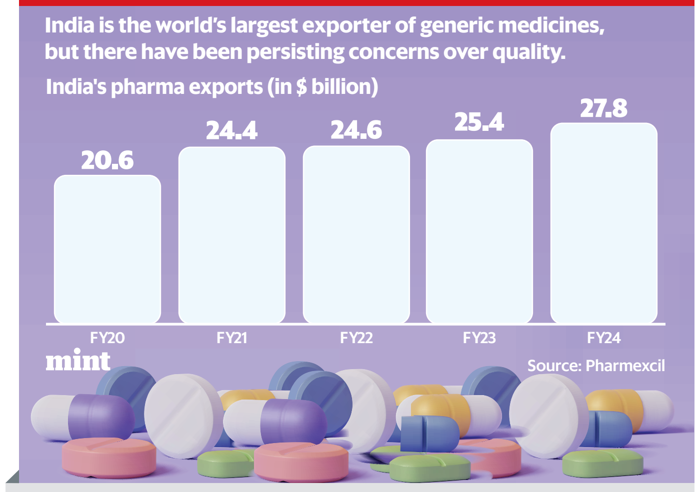
PULSE CHECK

India is the world's largest exporter of generic medicines, but there have been persisting concerns over quality.



PAPER TRAIL

LOCAL CoPP, WHO's GMP certificates are required for exports

THE move will help foreign regulators check authenticity

THE plan is to put these certificates on the CDSCO website

SARVESH KUMAR SHARMA/MINT

I-Sec delisting: Sebi vets complaints on outreach by ICICI

Nehal Chaliawala & Gopika Gopakumar
MUMBAI

The Securities and Exchange Board of India (Sebi) is looking into allegations that employees of ICICI Bank Ltd had reached out to some shareholders of ICICI Securities Ltd to try and influence them ahead of a crucial vote in March.

The shareholders voted to delist ICICI Securities and merge it with its parent firm. More than 500 shareholders of ICICI Securities coordinated on WhatsApp and social-media platforms to lodge around dozens of complaints with Sebi, a person aware of the matter said.

"Sebi is currently examining multiple complaints. Once there is proper evidence, the regulator will initiate an investigation. What action Sebi will take is difficult to say," the person said on the condition of anonymity.

Manu Rishi Guptha, a Bengaluru-based fund manager and a minority shareholder in ICICI Securities, said: "Investors have filed 60-70 complaints with Sebi and also complained on the SCORES platform." SCORES is Sebi's online platform for filing grievances. He added that the key allegations in these complaints are the violation of data privacy of its shareholders by ICICI Securities and the valuation at which the company is being delisted.

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

Mint reported earlier that employees of ICICI Bank had reached out to shareholders of ICICI Securities in the days leading up to the crucial shareholder meeting on 27 March, where it was decided to delist

TURN TO PAGE 6

After the delisting nod, many investors moved Sebi. REUTERS

DON'T MISS

MINT

Services PMI slips in April, but among fastest in 14 years

India's services sector growth fell in April, though expansions in total sales and output remained among the fastest in 14 years. The HSBC India Services Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 60.8 in April from 61.2 in March. >P2

Railways plans Vande Bharat Metro trains launch this year

The first of India's Vande Bharat metro trains will roll out from Indian Railways' Kapurthala Rail Coach Factory later this year, two people said, with the train's prototype ready for trials. The 12-coach trains can be extended to 16 if required. >P6

Adani in talks with lenders to raise $600 mn offshore loan

Billionaire Gautam Adani's conglomerate is seeking an offshore loan of about $600 million to refinance existing debt, according to people familiar with the matter. The loan will be raised by Dhamra LNG Terminal Pvt., a unit of Adani Total Pvt, they said. >P4

Britannia eyes double-digit volume growth in FY25

Britannia Industries said it will focus on a double-digit sales volume growth this fiscal year, as the company expects normal monsoons to aid consumption despite a likely rise in prices of wheat and sugar, key ingredients for packaged foods. >P7

Behind the MCX engine change at 30,000 feet

Ram Sahgal & Satish John
MUMBAI

Padala Subbi Reddy, outgoing MD & CEO of Multi Commodity Exchange of India Ltd.

Migrating to a new technology platform was like changing an airplane engine while flying at 30,000 feet, that too "lock, stock and barrel," recalls Padala Subbi Reddy, outgoing managing director and chief executive of Multi Commodity Exchange of India Ltd, the country's largest commodities derivatives exchange.

The technology transition that began in 2021, amid the pandemic-induced lockdowns, was "unprecedented globally" as something like that had never been done in any other exchange that was up and running, said Reddy, whose five-year term at MCX was the most eventful for the bourse that began operations a little over two decades ago.

"What we essentially did was a daredevil act," Reddy told *Mint* in a rare interview for the outgoing CEO.

"The task was formidable in that the new platform involved integration of the trading and clearing and settlement systems, made all the more challenging by the regulatory requirements to safeguard our markets against systemic risk. The markets regulator was very cautious given (that it was) the first time such a migration was happening, but they have been very supportive."

Reddy leaves MCX on 9 May; an internal committee will run MCX until a new CEO is appointed.

In February 2021, MCX awarded Tata Consultancy Services Ltd a contract to implement the new tech platform, christened Project Udaan, by September 2022.

TCS pipped the only other shortlisted candidate, the London Stock Exchange Group, a provider of financial infrastructure and data. Other candidates who had submitted expressions of interest to build the new platform included 63 Moons Technologies Ltd and Nasdaq Inc.

Earlier known as Financial Technologies India Ltd, 63 Moons was the founder of MCX. But it had to divest its 26% stake in the bourse in 2014 following a ₹5,600 crore scam in its subsidiary National Spot Exchange Ltd.

The Forward Markets Commission (FMC), which was then the regulator for the commodity and futures markets in India, declared that 63 Moons was not fit and proper to hold stake in any stock exchange. (The FMC was merged with the Securities and Exchange Board of India in 2015.)

63 Moons, however, was also the technology vendor for MCX, which had renegotiated its contract with 63 Moons in 2014 for eight years through September 2022.

The new platform, however, was delayed by a year with heavy cost overruns—a total of ₹472 crore, against a normal cost of ₹60 crore annually, which dragged down MCX's 2023-24 net profit by 44% to ₹83.1 crore.

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mint Election Bites

Voter turnout: All eyes now on phase 3

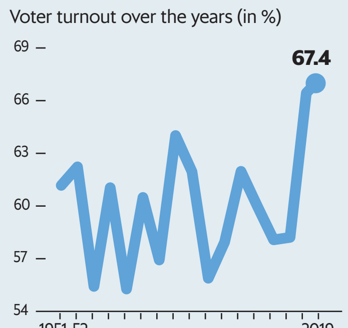
By Manjul Paul
manjul.paul@livemint.com

As 94 seats go to polls today in the third phase of the Lok Sabha elections, voter turnout will again be under scrutiny. The turnout in the first two phases was lower than it was in 2019, raising concerns about Indian voters' enthusiasm. In 2019, India saw its best ever voter turnout, but this, too, was lower than several G20 nations. As many as 297 million registered voters did not exercise their franchise in 2019. Here's a look:

81st: India's rank on voter turnout in the latest elections (among 183 countries whose latest polls were after 2017)

India's election participation rate has improved over the years

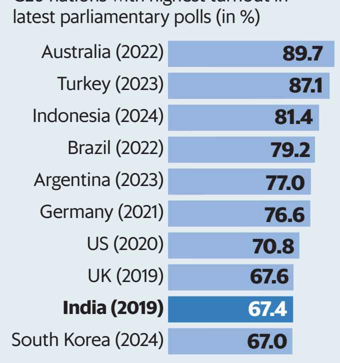
Voter turnout over the years (in %)



For 1984 and 1991, the data includes the states where polls were deferred until the following year.

But it still ranks low among G20 countries

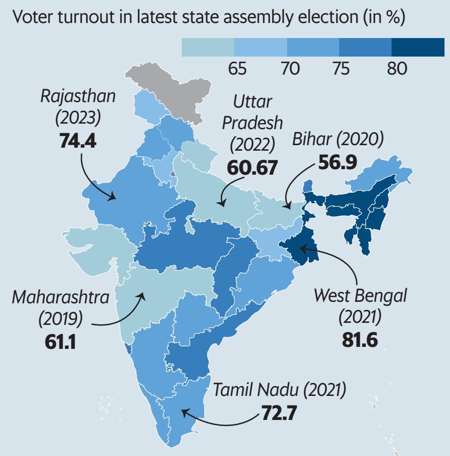
G20 nations with highest turnout in latest parliamentary polls (in %)



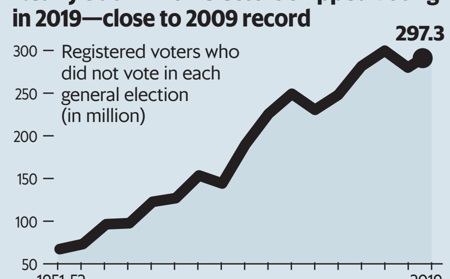
Source: International Institute for Democracy and Electoral Assistance (International IDEA); Election Commission of India

Some of the largest states saw low turnouts in their latest assembly polls

Voter turnout in latest state assembly election (in %)



Nearly 300 million electors skipped voting in 2019—close to 2009 record



At IT Inc., staffers are fetching less revenue

Jas Bardia
jas.bardia@livemint.com
BENGALURU

The revenue that each employee contributes to top IT services companies has been consistently falling ever since the end of the covid pandemic, a *Mint* analysis of companies such as Tata Consultancy Services (TCS) Ltd, Infosys Ltd, Wipro Ltd, HCL Technologies Ltd, Accenture Plc and Cognizant Technology Solutions Corp. showed.

The pandemic saw companies world over scrambling to digitize their businesses, a trend that made IT services companies hire people in droves to handle the demand. The pandemic is becoming a distant memory, but the hired people are still around, mostly. And revenues have stopped climbing as before. So, the money earned per employee is getting squeezed.

At least two analysts said that IT firms' clients are increasingly preferring offshoring—essentially, a job that is done offshore for the client like, say, in India—which has led to lower billing per employee and, consequently, revenue as well.

Noida-headquartered HCL Tech has the highest revenue per employee (RPE) among the top four, at $58,532 for 2023-24, but it also saw the

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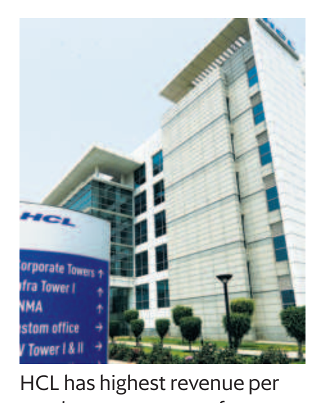

HCL has highest revenue per employee among top four. MINT

Small towns shopping online light up logistics companies

Priyamvada C.
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BENGALURU

More people in India's small cities and towns are now shopping online, a potentially massive market that e-commerce firms have been wooing for about a decade. But it's not only online marketplaces and e-stores that are reaping the benefits.

Logistics unicorns Ecom Express Pvt. Ltd and Xpressbees (BusyBees Logistics Solutions Pvt. Ltd), and delivery startups including Shadowfax Technologies Ltd, Delhivery and Shiprocket are now earning a significant chunk of their revenue from tier-II cities and beyond as more people in those markets start shopping online.

India's e-commerce market is projected to grow to $300 billion by 2030, according to an October report by Redseer Strategy Consultants. Much of this growth is expected to be driven by a rapid adoption of e-commerce in tier-II cities and beyond, and improved third-party logistics.

Varun Laul, a partner at private-equity firm Investcorp, said that with more than 60% of growth coming from smaller towns, "e-commerce has been penetrating downwards, and with that, you need the infrastructure to cater to those deliveries". Investcorp is an investor in Xpressbees and Laul is on the board of the firm.

Since Investcorp's investment in 2020, Xpressbees has more than doubled the number of pin codes it services to about 20,000. The company receives more than half its revenue from outside the top 10 cities. Xpressbees is well distributed across the country, Laul said, adding that each region has a distinct purchasing power and attitude.

Another example is Ecom Express, which gets 65% of its parcel volumes from tier-2 markets and beyond. The surge is driven by two kinds of consumers, its chief strategy officer Ashish Sikka said.

The first is the value-conscious customer, who shops on social-commerce platforms and typically buys clothes and footwear. The second is the brand-conscious consumer, who buys a wide variety of products primarily from large e-commerce platforms such as Amazon and Flipkart.

Several industry executives also emphasised two factors that are crucial for delivery in tier-II markets and beyond—speed and quality of delivery. While there are concerns about broken and defective products in all markets, ensuring speedy and accurate deliveries in tier-II markets and beyond has been tricky for logistics firms.

With nearly 75% of e-commerce products paid for in cash, the companies understand that the faster the delivery, the higher the chance of acceptance. "With every passing day, the probability of the customer accepting a cash-on-delivery order drops by almost 7%, so there is this consistent challenge of a high number of rejects,' said Atul Mehta, CEO of domestic shipping at Shiprocket.

To be sure, these firms have reduced delivery times from

TURN TO PAGE 6

India's e-commerce market is projected to grow to $300 billion by 2030, according to an October report by Redseer. ISTOCKPHOTO

MINT SHORTS

BSNL to launch 4G across India in August; to use indigenous tech

New Delhi: BSNL will start rolling out 4G services across India from August, using completely indigenous technology, official sources said. BSNL officials claimed to have recorded peak speed of 40-45 megabit per second on the 4G network which has been rolled out in the premium spectrum band of 700 Mhz as well as in 2,100 Mhz band during the pilot phase. The company rolled out 4G services in Punjab using indigenously developed technology by TCS and a telecom research organization C-DoT-led consortium and onboarded around 800,000 subscribers. **PTI**

Sitharaman administers oath to chief of GST appellate tribunal

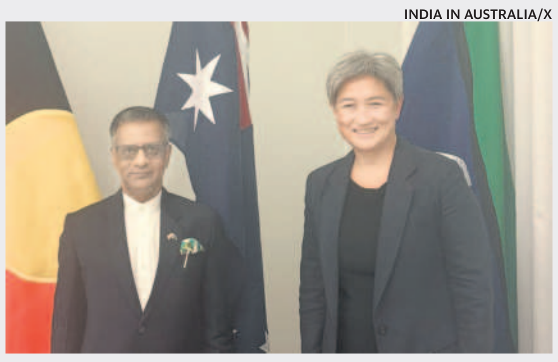

PIB

New Delhi: Finance minister Nirmala Sitharaman on Monday administered the oath of office to Justice (Retd) Sanjaya Kumar Mishra as the first president of the GST appellate tribunal (GSTAT). Mishra's appointment marks the beginning of the operationalization of the GSTAT, a crucial body for resolving GST-related disputes. **PTI**

Maldives urges Indians to be part of its tourism, help its economy

Dubai: Maldive's tourism minister Ibrahim Faisal on Monday urged Indians to contribute to the country's economy which is dependent on tourism. He also emphasised on the historical relations between his country and India. "We have a history. Our newly elected government also wants to work together (with India)," he said. **PTI**

Indian envoy, Australian minister discuss bilateral ties


INDIA IN AUSTRALIA/X

Canberra: Indian high commissioner to Australia, Gopal Baglay, met Australian foreign minister Penny Wong on Monday and held substantial discussions on the entire range of matters in bilateral cooperation between the two countries. The meeting came days after the Australian media reported that Canberra expelled two Indian spies in 2020 for allegedly trying to "steal secrets" about sensitive defence projects and airport security. **PTI**

Global health heavyweights team up for climate, disease funding

London: Three of the biggest global health funders have joined forces for the first time in a $300 million partnership aimed at tackling the linked impacts of climate change, malnutrition, infectious diseases and antimicrobial resistance. The Novo Nordisk Foundation, Wellcome and the Bill & Melinda Gates Foundation announced the research partnership, focused particularly on finding affordable solutions for people in low- and middle-income countries, in Denmark on Monday. **REUTERS**

Indian tariff suspension pushes Australian chickpeas prices

Canberra: Australian desi chickpea prices rose sharply after India suspended tariffs on imports, opening the door to a revival of a trade once worth hundreds of millions of dollars. Higher prices and increased demand from India will encourage farmers to plant more chickpeas, said industry body Grains Australia. India, the world's biggest chickpea consumer, on May 4 suspended tariffs until March 31 next year following a poor local harvest. **REUTERS**

Services sector remains strong, but begins FY25 slow

Despite dip in growth in April, expansions in total sales & output were among fastest in 14 yrs

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India's services sector growth fell in April, though expansions in total sales and output remained among the fastest in 14 years.

The HSBC India Services Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 60.8 in April from 61.2 in March, but it was higher than February's 60.6. The index hit a six-month peak of 61.8 in January.

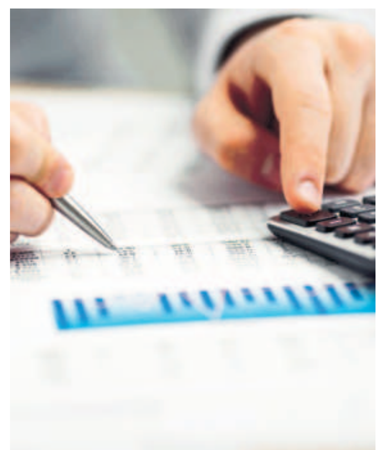
The reading has remained above the 50 mark, which separates expansion from contraction, for 33 months.

Manufacturing PMI in April stood at 58.8—the second-strongest expansion since the beginning of 2021.

The April services PMI figure was below HSBC's projection of 61.7, mentioned in its Flash Services PMI Business Activity Index last month.

"India's service sector made a strong start to the first fiscal quarter as growth of new business and output remained sharp and among the fastest in 14 years," the survey report said.

"In addition to buoyant domestic demand, firms noted new business gains from several parts of the world, which collectively underpinned the second-quickest upturn in international sales since the series started in September 2014," it added.


The April report noted that wage pressures and higher food prices led to an increase in cost burdens. ISTOCKPHOTO

The April report noted that wage pressures and higher food prices led to an increase in cost burdens, which firms partially passed on to their customers, though charge inflation eased from March's seven-year high figures.

58.8
India's manufacturing PMI in April

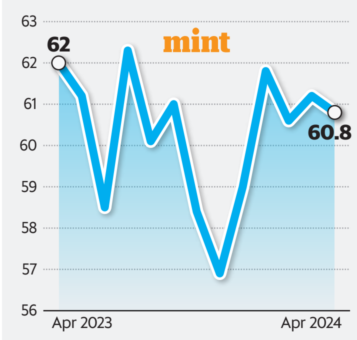
The data showed that services companies observed the second-fastest increase in new export business in the near ten-year series history, behind only that seen in March.

Anecdotal evidence highlighted gains from several countries in Asia, Africa, Europe, the Americas and West Asia, the survey added.

"India's service activity rose at a slightly softer pace in April, backed by a further rise in new orders, with a notable strength in domestic demand. Although new export orders remained robust, they showed a slight moderation from March figures," said Pranjul Bhandari, chief India economist at HSBC.

Slow but steady

PMI in April was lower than March, but crossed February's index.



Note: A reading above 50 denotes expansion, while one below 50 indicates contraction.
Source: S&P Global, HSBC
PRANAY BHARDWAJ/MINT

"In response to increased new orders, firms expanded their staffing levels, though the pace of hiring growth decelerated. Input costs continued to rise sharply, albeit slower than in March, but resulted in squeezed margins for service firms, as only part of the price rise was passed on to clients through output charges," he added.

61.8
Six-month peak hit by the index in January

"Overall, confidence among service providers for the year-ahead outlook improved markedly, bolstered by resilient demand conditions."

In terms of overall activity, aggregate output across both the manufacturing and service sectors rose significantly in April, albeit at a slightly slower pace, indicating sustained health in these sectors.

India's services sector—among the world's fastest-growing—accounts for more than half the country's gross domestic product. The robust performance in recent months is expected to help the country achieve its targeted economic growth for the fiscal year that ended on 31 March.

The Reserve Bank of India in February raised its GDP growth forecast for FY24 to 7% from the previous 6.5%, while the statistics ministry last week raised its estimate to 7.6% in its second revised estimate, up from 7.3% in the first advance forecast. Recent government data showed that the Indian economy soared ahead in the December quarter (the third quarter of FY24) with a surprise growth of 8.4%, belying fears of tempering.

The services PMI, compiled from responses from around 400 service sector firms, serves as a crucial economic health indicator. Meanwhile, the HSBC India Composite PMI Output Index fell to 61.5 in April, down from 61.8 in March, though above February's 60.6.

RBI to make CBDC available offline: Das

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The Reserve Bank of India is working to make its digital currency available without being dependent on internet access, according to governor Shaktikanta Das.

"One of the key features of cash is that it works offline," Das said Monday at an event hosted by the Bank for International Settlements. "We are working on making the CBDC (central bank digital currency) transferable in the off line mode also."

India is one of the few economies to experiment with a digital currency backed by a central bank, even as developed nations tread cautiously. The country expanded the use of its digital currency on a pilot basis, with at least 1.3 million customers and 300,000 merchants using it. CBDC usage in India has reached 1 million a day, but people still prefer using instant mobile payments mode, Das said.

"The key objective of the pilots has been a change in consumer behaviour vis-a-vis bank deposits—we need many more transactions to understand its wider economic effects, especially on monetary policy and the banking system," Das said.

By making CBDCs as "non-remunerative" and "non-interest bearing," any potential risk of bank dis-intermediation has been mitigated, he also said.

Supreme Court junks MSME plea against 45-day pay rule

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The Supreme Court on Monday declined a plea by micro, small and medium enterprises challenging a rule under the Income Tax Act which prohibits them from extending credit to buyers for more than 45 days.

Section 43B(h) of the Act aims to regulate credit extension practices among MSMEs, ensuring timely payments and addressing working capital shortages in the sector.

Failure to adhere to this timeframe attracts penalties, including compounded interest penalties at three times the bank rate set by the Reserve Bank of India.

Moreover, buyers risk losing the ability to deduct payments made to MSMEs from their taxable income. This provision applies when a business purchases goods or avails services from an enterprise registered under the Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act).

Some MSMEs expressed concerns that this provision


The Income Tax Act aims to regulate credit extension to ensure timely payment and address working capital shortage. ISTOCKPHOTO

might lead larger buyers to bypass small and medium suppliers and instead opt to purchase from unregistered enterprises.

The apex court allowed the Federation of All India Vyapar Mandal, which filed the plea on behalf of the MSMEs, to withdraw the petition and approach the high court.

Plea challenges Income Tax Act rule which bars businesses from extending credit to buyers beyond 45 days

In February, representatives from the traders' body Confederation of All India Traders (CAIT) met finance minister Nirmala Sitharaman, requesting a one-year postponement in the clause's implementation until April 2025.

In a memorandum to the finance ministry, CAIT expressed support for the government's decision, emphasizing the importance of ensuring timely payments to the MSME sector within 45 days.

6-month wait for telco rules

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NEW DELHI

The department of telecommunications is likely to take at least six months before it begins notifying rules under the Telecommunications Act 2023 that came into effect in December 2023, a senior official said, citing the need to "grandfather" several of the existing licences under the new rules.

About 39 rules have been formulated under the Act that will replace three archaic laws – the Indian Telegraph Act, 1885, the Indian Wireless Telegraphy Act, 1933 and the Telegraph Wires (Unlawful Possession) Act, 1950. Several provisions under these old laws will continue under the new law even as new provisions get added.

"The new law covers much more than what the earlier laws used to cover. Some licences that have been given in the last six to seven years will remain active as per rules of the older Acts. It has to be ensured that they continue and the new laws don't create any conflict, that itself will take a lot of time. So, not all rules


About 39 rules were formulated under the Telecommunications Act 2023 that will replace three archaic laws. MINT

will get notified in six months, it can take upto a year for all of them to be harmonized," the official said.

The official also noted that new provisions on right of way, consumer protection and assignment of spectrum would have to be included in the rules. Assignment of spectrum related to satellite broadband communications will also get delayed as the telecom department will first send a reference to the regulator for a fresh consultation on the airwaves and the process of allocation. Following the regulator's recommendation the allocation of airwaves in the category will take place and will be embodied in the rules.

A second official said that the rules would also have to take into account any legal changes that may occur during the course of events.

"It has to be ensured that once the rules are made, they're not liable to being challenged by anyone, either on the grounds that the new rules are not consistent with the old ones, or that it is discriminatory in any way or that it prevents creation of a level playing field. All of this has to be kept in mind before the rules are notified," the official added.

India's mini cucumbers are a global snacking delight—raw and pickled

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NEW DELHI

The popularity of Indian baby cucumbers – both raw and pickled gherkins – is growing across Europe, the US, South Korea and Brazil.

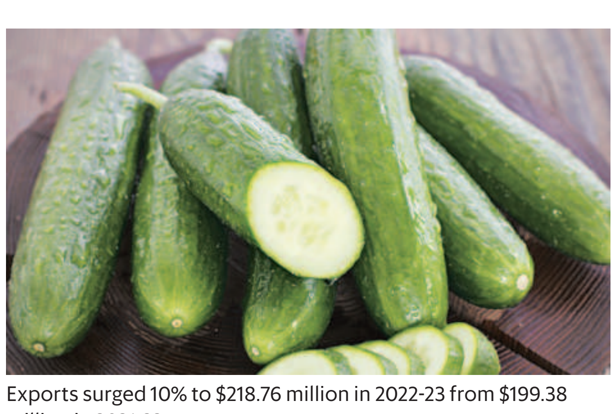
Exports have surged in Germany, Spain, the UK, Netherlands, France, Italy and Greece.

Shipments increased 10% to $218.76 million in 2022-23 from $199.38 million in 2021-22.

In the 10 months to January in FY24, India had exported raw and pickled baby cucumbers to the tune of $189.08 million.

Until January 2024, India had exported baby cucumbers and gherkins worth $15.66 million to Germany, making it the biggest importer after the US.

"Baby cucumbers are rich in antioxidants, vitamins, and minerals, making them an excellent choice for those looking to improve their health. It is suggested that it is helpful in regulating blood sugar level, aging, and decreeing the pain by preventing the cell damage," said Dr Yudhyavir Singh, who is


Exports surged 10% to $218.76 million in 2022-23 from $199.38 million in 2021-22. ISTOCKPHOTO

associate professor in the critical care department at the All India Institute of Medical Sciences (AIIMS), New Delhi.

"As the world embraces healthier eating habits, Indian baby cucumbers gherkins are sure to remain a popular choice for those seeking a tasty and nutritious snack that promotes good health as it is rich in antioxidants and anti-inflammatory properties," the AIIMS doctor said.

Spanish imports increased marginally at $13.55 million until January FY 24, compared with $13.43 million in FY23.

In the 10 months to January in FY24, India had exported gherkins to the tune of $189.08 million

Exports to the UK increased from $6.18 million in 2022-23 to $8.11 million until January 2024, a significant increase of 31.2%.

Iraqi purchases increased 25% from $3.69 million in 2022-23 to $4.61 million until January 2024.

Other countries that reported a rise in these imports include the Netherlands, Chile, China, Saudi Arabia, Italy, South Korea, Brazil, Kazakhstan and Greece.

India is the world's largest supplier of baby cucumbers and gherkins, having exported 181,452 tonnes to over 90 countries as of January in FY2024. Nearly 15% production of the world's baby cucumber and gherkin requirement is met by India.

The Agricultural and Processed Food Products Export Development Authority (APEDA) facilitates the export of baby cucumbers and gherkins.

On average, a farmer produces 4 metric tonnes of baby cucumbers per acre, and earns about ₹80,000, resulting in a net income of ₹40,000.

Baby cucumber is a 90-day crop, and farmers cultivate two crops annually.

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KKR set to buy medical devices co Healthium

The PE major will pick up Apax Partners' controlling stake in the firm

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BENGALURU

Healthium marks KKR's latest investment in India's healthcare sector. ISTOCKPHOTO

American private equity major KKR & Co. has agreed to buy Bengaluru-headquartered Healthium Medtech Ltd from UK-based private equity firm Apax Partners for an undisclosed sum.

The transaction will be made through a special purpose vehicle owned by KKR-managed funds to acquire a controlling stake in Healthium group, which includes Healthium, KKR said on Monday.

The firms, however, did not disclose the financial details of the transaction.

One person familiar with the development said KKR paid ₹6,500-7,000 crore KKR's Asian Fund IV to pick up a stake in Healthium.

Last week, *Mint* first reported that KKR, had placed its final bid to acquire the medical devices contract manufacturer.

The other bidders were Novo Nordisk, and a consortium, comprising India-focused PE firm ChrysCapital and Mankind Pharma.

Healthium marks KKR's latest bet in the healthcare space in India and Asia-Pacific. Its portfolio includes JB Health, Gland Pharma, Japan's PHC and Max Healthcare.

The Healthium deal is expected to close in the third quarter of this calendar year, subject to regulatory approvals.

Established in 1992, Healthium is a medical devices firm specializing in developing, manufacturing, and distributing a variety of surgical products globally. Its offerings cater to the diverse needs of surgeons, including advanced wound closure and arthroscopy products.


Friday, May 3, 2024
mint
livemint.com
KKR, Novo Nordisk, others bid for Healthium buy
WE BROKE THE NEWS
mint DATED 3 MAY 2024

Following Apax Partners acquisition of Healthium in 2018, the firm had strengthened its portfolio of wound closure devices and consumables, and invested in new franchises like arthroscopy, primarily through acquisitions.

It had also expanded its presence from 50 nations to more than 90, the firm said.

KKR's acquisition of Healthium now follows the medical devices firm's unsuccessful attempt to launch a public offer.

In November 2021, it had received approval from the Securities Exchange Board of India (Sebi) for a ₹1,500-crore initial public offering, which did not materialize.

The validity of the approval expired in 2022, and the company did not refile its draft papers.

Subsequently, in 2022-23, Healthium divested its UK business, the Clini group, which specialised in urology products, to KKR.

The same year, Healthium's consolidated revenue (excluding the discontinued UK business) grew 14.3% to ₹728.5 crore, supported by strong demand from domestic and export markets, according to a 31 January report by ratings agency Icra Ltd.

For the just-concluded deal involving KKR, Apax Partners and Healthium had appointed Jefferies LLC. as the financial adviser, and Kirkland & Ellis LLP as their legal counsel.

KKR had appointed Moelis & Co. as its financial adviser, and Simpson Thacher & Bartlett and AZB & Partners as legal counsel, the firms said in a joint statement.

HDBFS catalyses change through healthcare, environment and education

What do you get when you turn compliance in to unwavering commitment? Exceptional outcomes. HDB Financial Services (HDBFS), a pioneer in the financial services industry, is also setting aspirational benchmarks when it comes to Corporate Social Responsibility (CSR) commitments. These initiatives are not just about fulfiling mandates but about catalysing change and enabling individuals to take charge of their own lives. HDB Financial Services' CSR initiatives span across healthcare, environmental conservation and educational initiatives.

Among the several reasons why HDBFS' CSR initiatives are creating a marked impact is because of the organisation's deep involvement right from its inception all the way to measuring outcomes. From choosing a programme partner who is equally committed to the cause and believes in the power of transformative change, the company is involved in the programme implementation to ensure that CSR initiatives deliver maximum impact.

mint Brand Studio
HDB FINANCIAL SERVICES

DRIVING CHANGE THROUGH HEALTHCARE

In India, healthcare acces remains a pressing challenge, particularly for the underserved. HDBFS strives to address this gap by tailoring healthcare solutions, strengthening existing healthcare services and upgrading the medical infrastructure at hospitals--offering services at highly subsidised rates. Notably, HDBFS's Transport Aarogyam Kendras stand out as pioneering physiotherapy hubs, catering to truck drivers grappling with musculoskeletal issues. With centres in six major 'transport nagars' and ongoing camps pan India, HDBFS has enabled 75,000 drivers to reclaim control over their health.

CONSERVATION FOR CLIMATE CHANGE

As climate change looms large, ensuring water availability emerges as a critical challenge. HDBFS focuses on scientifically recharging fast depleting groundwater tables through its Integrated Watershed Management and Lake Restoration initiative. HDBFS has supported the development of over 1,000 water tanks of all forms including 80 lakes, thereby creating an additional water holding capacity of over three billion litres of water in the last four years. The benefits of these conservation efforts are extended to farmers who have small holdings, further catalysing a positive effect through the community. Another noteworthy initiative the company has undertaken is the Mission Million Trees Initiative. Through this initiative the organisation supports the planting of trees, which have the potential to serve as carbon sinks in the long run.

EMPOWERING THROUGH EDUCATION AND LIVELIHOOD SUPPORT

India's demographic dividend, which has been hailed as its strength, can accelerate the country's growth only if this demographic is provided with opportunities to thrive. HDBFS' CSR initiatives, as part of its livelihood support, are focused on equipping individuals with the skills and support to stay abreast with changing market conditions. Entrepreneurship focused initiatives prepare individuals to start out on their own while upskilling programmes help small-scale entrepreneurs to adapt to changing technologies and market scenarios.

HDBFS remains resolute in its mission to improve the lives of individuals; provide communities with the resources to thrive and grow and contribute towards maintaining the ecological balance to drive sustainable growth for all.

"At HDB Financial Services, our dedication to CSR surpasses mere compliance; it's about sparking transformation and empowering individuals and communities to take charge of their own futures. Highest levels of employee engagement in deployment of our CSR programs ensures that our initiatives are able to significantly impact lives. It is a testament to the power of collaboration and, above all, an unwavering commitment to making a difference

Ashish Ghatnekar
Chief – People & Operations, HDB Financial Services Ltd.

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We actively participate in various affordable housing initiatives of the Government of India, such as the **PMAY** scheme.

We are Aadhar Housing Finance.

(*As of December 31, 2023), ^Gross AUM of Aadhar Housing Finance Limited (Rs. Million): 133,271.0; 147,777.9; 172,228.3; 198,651.6 and Net Worth (Rs. Million): 26,927.6; 31,466.3; 36,976.0; 42,491.0 as on Fiscal 2021, Fiscal 2022, Fiscal 2023, and nine month ended December 31, 2023 respectively. As per CRISIL Report, Aadhar Housing Finance Limited has the highest AUM and net worth amongst select peers in India analysed, as on Fiscal 2021, Fiscal 2022, Fiscal 2023, and nine month ended December 31, 2022 and December 31, 2023.(** LIVE ACCOUNTS: (including assigned and co-lent accounts) 182,471; 204,135; 233,228; 255,683 as of March 31, 2021, 2022, 2023 and December 31, 2023, respectively). #The number of branches does not include regional and corporate offices.

Top 5 Risk Factors; 1.Our Erstwhile Promoters are subject to ongoing regulatory investigations by enforcement agencies including the Enforcement Directorate and the outcome of such investigations may adversely impact us and the Equity Shares held by our Promoter, BCP Topco and the market price of the Equity Shares of our Company. 2.We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business. 3.We depend on the accuracy and completeness of information provided by our potential borrowers and third-party service providers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations, cash flows and financial condition. 4.We have had negative net cash flows in the past and may continue to have negative cash flows in the future. 5.Any increase in the levels of non-performing assets in our AUM would adversely affect our business, results of operations, cash flows and financial condition.

Aadhar Housing Finance Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, an initial public offering of its equity shares ("**Equity Shares**") and has filed the red herring prospectus dated April 30, 2024 (the "**RHP**") with the RoC. The RHP is available on the website of SEBI at www.sebi.gov.in, website of stock exchanges i.e. NSE at www.nseindia.com, BSE at www.bseindia.com and on the website of the Company at https://aadharhousing.com/ and on the websites of the BRLMs, i.e. ICICI Securities Limited, Citigroup Global Markets India Private Limited, Kotak Mahindra Capital Company Limited, Nomura Financial Advisory and Securities (India) Private Limited and SBI Capital Markets Limited at www.icicisecurities.com, www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, https://investmentbank.kotak.com, www.nomuraholdings.com/company/group/asia/india/index.html and www.sbicaps.com, respectively. Any potential investors should note that investment in equity shares involves a high degree of risk. For details, potential investors should refer to the RHP, including the section titled *"Risk Factors"* beginning on page 24 of the RHP. Potential investors should not rely on the DRHP for making any investment decision. Specific attention of the investors is invited to *"Risk Factors"* on page 24 of the RHP.

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S&P BSE Sensex		Nifty 50		Nifty 500		Nifty Next 50		Nifty 100		S&P BSE Mid-cap		S&P BSE Small Cap	
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73,878.15	74,196.68	22,475.85	22,561.60	20,959.55	21,044.10	65,770.50	65,829.50	23,382.75	23,458.60	42,414.53	42,593.43	47,191.41	47,521.55
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
74,359.69	73,786.29	22,588.80	22,409.45	21,048.95	20,805.05	65,865.40	64,398.10	23,466.00	23,256.40	42,605.12	41,692.62	47,532.56	46,455.72

MINT SHORTS

Russia's budget getting twice as much oil money as year ago

Russia's oil revenue more than doubled in April from a year earlier, despite international sanctions intended to limit the flow of money to fuel President Vladimir Putin's war in Ukraine. Proceeds for the Russian budget from oil-related taxes jumped to 1.053 trillion rubles ($11.5 billion) last month compared to nearly 497 billion rubles in April 2023, according to *Bloomberg* calculations based on finance ministry data. Total oil and gas revenues in April increased nearly 90% year-on-year, to 1.23 trillion rubles, according to the data. Rising prices for Russia's crude helped to drive the increase in budget revenue. State taxes in April were calculated based on a Urals price of $70.34 per barrel, up from $48.67 a year ago when it was dampened in the wake of a price cap the Group of Seven nations imposed on Russian oil exports, data from the Federal Tax Service show. To be sure, a weaker ruble also contributed to the revenue growth. BLOOMBERG

The yield on 10-year rupiah bonds fell as much as 26 basis points to 6.91% on Monday. BLOOMBERG

Indonesian bond yields drop most since Nov on Fed bets

Indonesian bond yields slid the most since November to outperform Asian peers, as a revival of US interest-rate cut bets spurred demand for the notes after they got heavily sold off last month. The yield on 10-year rupiah bonds fell as much as 26 basis points to 6.91% on Monday, helping to pare the 55-basis-point jump recorded in April. The move followed a rally in Treasuries on Friday after weaker-than-expected US jobs data. Sentiment toward Indonesian assets is improving after a risk-off wave hit emerging markets last month amid a ratcheting up of Middle East tensions and fast-changing Federal Reserve policy bets. The Indonesian central bank's unexpected rate hike last month—which contributed to the bond selloff back then—is now seen helping to attract foreign flows with higher local yields and a wider gap with the US. The rupiah gained as much as 0.6% on Monday. The size of the move suggests foreign investors were likely re-entering the market. BLOOMBERG

Kotak Bank's Q4 is a silver lining

Manish Joshi
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Kotak Mahindra Bank has been under scrutiny lately, facing one setback after another. Towards the end of April, the Reserve Bank of India (RBI) asked the lender to stop onboarding new customers through its online and mobile banking channels, and also barred it from issuing fresh credit cards. This action stemmed from the RBI's scrutiny of the bank's IT operations spanning 2022 and 2023. Additionally, Kotak announced the resignation of its joint managing director K.V.S. Manian, who had been with the bank for almost three decades.

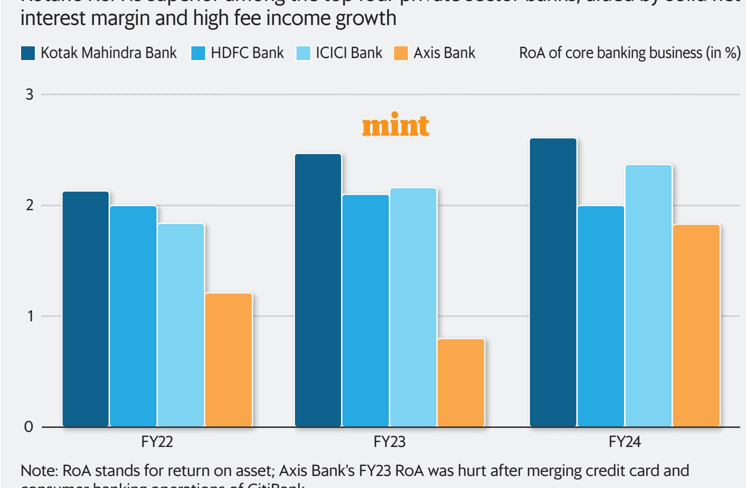
In the aftermath of RBI's intervention, Kotak witnessed a sharp decline in its share price, plummeting from a high of ₹1,846 on 24 April to a low of ₹1,544 by 3 May, just ahead of the release of the bank's March quarter results (Q4FY24), all within a span of six trading sessions.

The Q4 results, announced on Saturday, came as a relief, boasting robust performance propelled by a surge in fee income. Investors responded positively, driving the stock up by 5% on Monday.

Kotak Bank's results have to be analyzed on a standalone basis, as some of its subsidiaries like insurance have different dynamics and need to be valued on separate parameters. The bank's standalone operations accounted for 75.6% of the group net profit for FY24, thus necessitating deeper understanding.

A cut above the rest

Kotak's RoA is superior among the top four private sector banks, aided by solid net interest margin and high fee income growth



Note: RoA stands for return on asset; Axis Bank's FY23 RoA was hurt after merging credit card and consumer banking operations of CitiBank

Source: Company presentations

PRANAY BHARDWAJ/MINT

For Q4FY24, net interest income (NII) grew almost 11% year-on-year to ₹6,767 crore on a standalone basis after excluding the interest on income tax refund of ₹142 crore. The growth in NII is even more impressive considering that the bank's credit-to-deposits ratio at 84% is not stretched and deposit mobilization was healthy.

The robust deposit mobilization gives headroom to grow advances over the next couple of quarters when deposit growth could get affected by the RBI restriction for sourcing new customer business digitally. In the earnings call, the management has indicated a potential operating profit hit of ₹300-450 crore in FY25 due to the RBI ban. Meanwhile, Kotak's core fee based other income grew about 30% year-on-year in Q4FY24 to ₹2,841 crore with impressive increase across distribution, syndication and general banking fees. Core pre-provisioning operating profit excluding trading and MTM on treasury rose by 11.4% to ₹5,182 crore.

Asset quality continues to be sound with net non-performing assets (NPAs) at less than 0.5%, in line with most of the leading banks. But the key differentiating factor in favour of the bank is its RoA—one of the sector's best—at 2.6% for FY24. This was aided by a solid net interest margin of 5.3% along with a high share of fee income at nearly 23% of total income.

RBI MOVE IMPACT

IN the aftermath of RBI's intervention, Kotak witnessed a sharp decline in its share price

THE management has indicated a potential operating profit hit of ₹300-450 cr in FY25

The only blemish in terms of consolidated results is Kotak Mahindra AMC's lacklustre show where net profit fell in FY24 despite an increase in average assets under management of equity funds. As such, Kotak stock's positive reaction to the results is on expected lines. Still, the shares are down almost 12% since the RBI ban. In short, the stock's future course would hinge on clarity on RBI's regulatory stance. RBI's lifting of curbs will help in repairing reputational damage, although the timeline for this cannot be predicted.

Here, it's worth noting that the RBI lifted restrictions on loan products of Bajaj Finance within six months of their imposition, following satisfactory corrective measures. While there may be distinctions in how RBI approaches non-banking finance companies versus banks, this holds significance as it raises optimism for Kotak Bank to swiftly address RBI restrictions through prompt corrective actions, unlike HDFC Bank, which took over a year to resolve regulatory concerns.

India's services sector is booming, but signs of weakness visible

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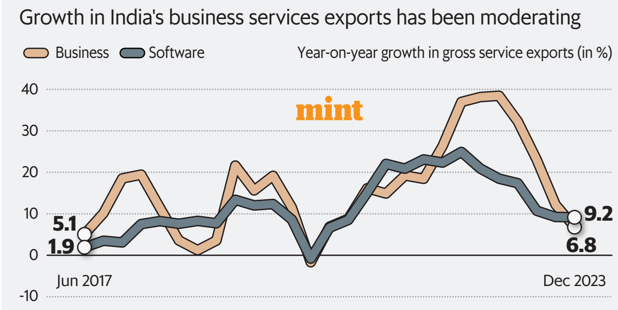
Business activity in India's services sector, a crucial driver of the country's gross domestic product (GDP) growth, softened in April but remained near its highest level in just under 14 years. The seasonally adjusted HSBC India Services Business Activity Index fell to 60.8 in April from 61.2 in March. A reading above 50 indicates expansion.

However, some signs of weakness are emerging. The PMI subindex for new exports dropped in April, making a weak start to FY25 amid concerns that interest rates staying higher for longer could hamper India's services-sector growth. Sluggish growth in developed markets could weigh on demand for IT services exports.

Healthy services exports, including IT services and business consulting & financial services, have largely offset the goods deficit in FY24, according to Emkay Global Financial Services. However, while growth in non-IT services exports could spill into FY25 as well, IT services exports growth could moderate to the low-single digits. That, along with lower remittances and slower goods exports amid weaker-than-expected global demand, may hurt.

Cooling down

Growth in India's business services exports has been moderating



Note: Quarterly data

Source: Reserve Bank of India, Emkay Research

PRANAY BHARDWAJ/MINT

The moderation in demand has also meant that Indian services providers are starting to lose their pricing power. The rate of selling-price inflation eased in April from a nearly seven-year high of 54.3 in March. Service providers have been seeing higher input costs (particularly for fruits and vegetables) and labour costs, and their operating expenses continued to increase in April. Their margins were squeezed as they could pass on only a part of the increased costs to customers. Going forward, the impact on input costs of elevated crude oil prices and potential changes in supply chains owing to geopolitical tensions should be monitored. On the macro front, sticky inflation could further delay interest-rate cuts. But for now, confidence among Indian service providers about business activity in the year ahead rose to a three-month high in April. Marketing efforts and efficiency gains, plans for competitive pricing, and predictions that demand conditions will remain favourable boosted optimism, said the PMI survey report.

But things may not be hunky-dory. "The PMI indicator shows growth conditions remain on the stronger side in both manufacturing and service sectors," said Gaura Sen Gupta, economist at IDFC First Bank. "That said, India's GDP growth is expected to moderate to 6.5% FY25 from around 8% likely in FY24, with a slowdown in companies' profit growth as input cost pressures rise," she added.

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

Govt bond buyback eases liquidity strain

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India's central bank is stepping in to ease banking system liquidity conditions as a national election which stretches over six weeks is hurting government spending, despite strong tax collections.

RBI has also stepped up short-term liquidity infusions. HT

Voting in India's national elections began on 19 April and will conclude on 1 June, with counting on 4 June.

Typically, government spending slows during polls and picks up only after a new government is in place and a budget is presented.

On Friday, the government announced a surprise buyback of bonds worth ₹400 billion ($4.8 billion), which will infuse funds into the banking system. Yields on bonds maturing in 2-5 years fell 3-5 basis points on Monday. Longer-term yields also cooled.

The buyback of securities is a liquidity injecting tool, and will help in easing liquidity in the system, a source familiar with the government's thinking said.

India's average banking system liquidity has been in deficit since 20 April and is expected to stay in deficit or close to neutral this month, according to economists.

"The buyback announcement could be an exercise to infuse liquidity because we have an interim budget and the general election, so the government expenditure is lesser than usual," Gaura Sen Gupta, India economist at IDFC FIRST Bank said.

In April-June 2023, government spending was ₹2.78 trillion, and stood at ₹1.75 trillion in the same period a year before, according to Anitha Rangan, an economist at Equirus Group.

"This year, April-June spending would be significantly lower than that due to elections," she said.

India's central bank has also stepped up short-term liquidity infusions.

Since mid-April, the RBI has infused ₹1.7 trillion via variable rate repo auctions, Citi economists stated in a note on Monday.

"The RBI might be anticipating that the election-related delayed decision-making in the government might constrain spending and in turn cause further liquidity tightness," they said.

The central bank's dividend is likely to be transferred to the government in May but spending may be delayed due to the elections, Citi said.

Rupee drops 7 paise as oil rises

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The rupee pared its initial gains and settled for the day 7 paise lower at 83.52 against the US dollar on Monday, weighed down by elevated crude oil prices.

Forex traders said a weak trend in domestic equities also dented investor sentiments.

At the interbank foreign exchange, the local unit opened at 83.43, then touched an intra-day high of 83.42 and a low of 83.55 against the greenback. The rupee finally settled at 83.52 against dollar, registering a fall of 7 paise over its previous close.

On Friday, the rupee inched up 1 paisa to settle at 83.45 against the US dollar.

The rupee has been weighed down by elevated crude oil prices. ISTOCKPHOTO

Forex traders said US dollar demand from importers and a recovery in crude oil prices weighed on the rupee.

"We expect the rupee to trade with a slight positive bias on the rise in risk appetite in global markets. However, any recovery in crude oil prices may cap sharp upside. Any renewed geopolitical tensions in the Middle East may also weigh on rupee at higher levels," said Anuj Choudhary, Research Analyst, Sharekhan by BNP Paribas.

USD-INR spot price is expected to trade in a range of ₹83.20 to ₹83.70, Choudhary added. Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.06% higher at 105.09.

According to Jateen Trivedi, VP Research Analyst - Commodity and Currency, LKP Securities, last week's non-farm payroll and unemployment data from the US, which came in lower and higher respectively, weakened the dollar index.

Adani in talks with lenders to raise $600 mn offshore loan

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Billionaire Gautam Adani's conglomerate is seeking an offshore loan of about $600 million to refinance existing debt, according to people familiar with the matter.

The loan will be raised by Dhamra LNG Terminal Pvt., a unit of Adani Total Pvt., the people said, asking not to be named because the details are private. The debt's tenor could range from three to five years, with the pricing likely linked to the Secured Overnight Financing Rate, they said.

The port-to-power group is discussing the planned transaction with lenders including Credit Agricole, DBS Bank Ltd, BNP Paribas, Mitsubishi UFJ Financial Group Inc., and Mizuho Bank Ltd, two of the people said. Adani is likely to conclude the borrowing in the next two months.

Billionaire Gautam Adani aims to refinance existing debt. HT

Adani Group did not immediately respond to *Bloomberg's* requests for comment.

The conglomerate is regaining the confidence of investors since being targeted early last year by US short seller Hindenburg Research. In March, the group saw robust demand for its first public bond sale since the shortseller crisis.

Lending to Adani Total, an equal venture between Adani Group and TotalEnergies, entails a relatively higher risk appetite compared to refinancing debt of a standalone company, according to Srinath Sridharan, an independent policy researcher and a corporate advisor.

RBI's draft norms on project finance hit PSU bank shares

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The shares of public sector banks fell during trade on Monday after the Reserve Bank of India's draft rules proposed higher provisioning norms on under-construction projects.

PSU Bank Nifty index fell 3.66% to close at 7,252.85 in trade on Monday.

On 3 May, RBI issued a draft prudential framework for lenders undertaking project finance, which proposed an increase in standard asset provisioning to 1-5% of loans from the current 0.4% in a phased manner on project loans that are not overdue to stressed.

When a project is in the construction phase, lenders must set aside a provision of 5% of the loan amount, according to the draft rules. This will reduce to 2.5% once a project is operational and further to 1% once the project has adequate cash flow to repay obligations.

RBI has allowed lenders three years to reach 5% provisioning—2% in FY25, 3.5% in FY26 and 5% by FY27.

The draft rules also say that banks should have a clear viability on the date on which a project is expected to begin commercial operations and increase provisions in case operations are delayed. Any delay over 3 years in beginning an infrastructure project should change the classification of loan from standard to stressed.

RBI's draft rules proposed higher provisioning norms on under-construction projects. MINT

RBI has also laid down criteria such as individual lenders in the consortium for projects with aggregate exposure up to ₹1,500 crore shall not have less than 10% exposure, and those lenders with higher aggregate exposure should have individual exposure of 5% or ₹150 crore, whichever is higher.

The draft norms are meant to safeguard the risks involved in project lending and to make higher prudential provisions, analysts said. Suresh Ganapathy, Macquarie Capital banking analyst, says that these rules will hit public sector banks more than private sector owing to their increased exposure.

"From financial companies' perspective, we think this will have two implications: 1) provisioning requirements will go up for lenders affecting their profitability; and 2) these companies may ration credit to project finance, be more selective, and/or raise lending rates, further postponing the capex cycle recovery," he said.

Analysts at IIFL Securities estimate that the impact of 5% standard asset provisioning will result in banks making additional provision of 0.5-3% of networth and a hit of 7-30 basis points on common equity tier I capital. Infrastructure focused NBFCs like REC, PFC and Ireda can see potential hit of 200-300bps to their capital ratio, they said.

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Prof Naresh Singh
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Co-Founder
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Mr Rohit Chauhan
Director-Public Policy
Head Digital Works


Prof Sidharth Chauhan
Associate Professor
Jindal Global University


Ms Sugandh Saxena
CEO, Fintech Association for Consumer Empowerment


Mr Sanjay Chaudhary
Vice President-Marketing
Lentra

1ST WORKSHOP ON RESPONSIBILITY FRAMEWORKS

- The workshop participants agreed that Indian Indices based on Frameworks are needed to measure progress, compliance, and impact assessment. To that end, everyone appreciated the collaborative approach of SKOCH Group and the work being done at the India 2047 Centre of Excellence.
- Given that India 2047 will be Digital, defining responsibility frameworks was found to be extremely important in providing guardrails and redressal mechanisms for citizens, compliance with the existing laws, and de-risking against future laws that can be foreseen. It was felt that the journey from **'Poster Boy of Digital Business to Villain of Digital Business'** is short due to the lack of regulatory clarity, the time taken to frame the regulation and the rapid-fire frequency of change in regulation.
- The SKOCH Centre of Excellence presented a superset of indicators for Corporate Digital Responsibility and mapped the practices in India, the UK, the USA, Brazil, Germany, France and Canada. A similar exercise was carried out for Digital Gaming and Digital Lending.
- There was a consensus on the methodology being used and the indicators identified. It was decided that the correct approach would be a graduated one that measures the incremental increase in compliances yearly. The Esports Federation submitted its suggestions in writing.
- Issues related to the Digital Lending Framework were presented by the Fintech Association for Consumer Empowerment (FACE), Sa-Dhan and MFIN. It was felt that digital lending to consumers needed responsibility frameworks. An eco-system approach followed in Microfinance and MSME flow-based lending could show the way.
- It was also felt, that quite a few existing regulations for Digital Lending could be applied to other Digital Businesses including Real Money Games.
- Dr Yatan Singh Balhara, AIIMS pointed out the serious challenges of Digital Wellness and how these spread over domains of several ministries and departments. Jindal School of Psychology and Dr Balhara will provide inputs on the Digital Wellness indicators.
- It was felt that the National Human Rights Commission (NHRC) could play a pivotal role in providing a better quality of life and a life of Dignity in the Digital Space.
- Jindal Global Law School and the Jindal School of Government and Public Policy would work on the responsibility framework for Artificial Intelligence (AI). They would also support the group on New and Emerging Strategic Technologies (NEST).
- Views on the Responsibility Framework for OTT were shared by Mr Amarendra Singh of the Ministry of Information and Broadcasting and a representative from the Ministry of External Affairs shared the vision of NEST. Dr Sabyasachi Saha of RIS will be contributing to this group, too.

INDIA 2047 CENTRE OF EXCELLENCE

RESEARCH · PROOF OF CONCEPT · BEST PRACTICES

RESEARCH

- Corporate Digital Responsibility
  - Responsible Digital Lending Framework
  - Responsible Gaming Framework
  - Responsible OTT Framework
  - Responsible Social Media Intermediaries Framework
  - More segments to be added...
- Harmonisation of ESG, CSR, CDR and SDGs
- Assessing Performance, Opportunities and Challenges for SIDBI

PROOF OF CONCEPT

- Monetisation of Digital Assets
  - Developing Use Cases for Digital Assets
  - Monetisation of Videos using Videotech and AI
  - More segments to be added...
- Identifying and Creating Use Cases for New and Emerging Strategic Technologies
- Benchmarking
- Comprehensive Economic Impact
  - CEI of Cloud
  - CEI of Endpoint Deployment

BEST PRACTICES

- India Involved Index
- Corporate Digital Responsibility Index
- Responsible Gaming Index
- Responsible OTT Index
- Responsible Digital Lending Index
- Responsible Social Media Intermediaries Index
- Case Studies
- Knowledge Repository

WORKSHOP
CORPORATE DIGITAL RESPONSIBILITY
Maple, India Habitat Centre
New Delhi | 4th May, 2024

WORKSHOP
HARMONISATION OF ESG, CSR, CDR AND SDGs
Marigold, India Habitat Centre
New Delhi | 18th May, 2024

PUBLIC POLICY FORUM
INDIAN INDICES GLOBAL BENCHMARKS
Silver Oak, India Habitat Centre
New Delhi | 13th July, 2024

CORPORATE DIGITAL RESPONSIBILITY

CDR has emerged as a paramount consideration in modern business ethos, encompassing a multifaceted approach to navigating the complexities of the digital landscape. It spans a broad spectrum of considerations, from ensuring robust data protection and cybersecurity measures to deploying technology ethically and understanding its societal impact. As the digital ecosystem evolves rapidly, so too do the demands placed upon corporations to navigate these terrains responsibly, reflecting an evolution of responsible behaviour that extends beyond digital realms.

RESPONSIBLE BEHAVIOUR

Industries such as gaming, social media, finance, and emerging technologies are pivotal players in this landscape. Regulatory interventions, corporate responsibility initiatives, and public health campaigns underscore the collective effort needed to address societal concerns. For instance, Over-the-Top (OTT) platforms and social media intermediaries play crucial roles in upholding ethical standards, safeguarding user data, and moderating content to ensure compliance with community standards and legal requirements. Similarly, financial institutions and fintech companies leveraging digital platforms must prioritise ethical standards, consumer rights, and financial well-being.

NEW, EMERGING AND STRATEGIC TECHNOLOGIES (NEST)

The significance of NEST in national development, security, and diplomacy cannot be overstated. This domain is essential for continuous monitoring, legal analysis, and collaboration opportunities. Emerging technologies such as artificial intelligence (AI), biotechnology and 3D printing underscore the need for conscientious and ethical use, considering their societal, environmental and ethical implications.

GLOBAL FRAMEWORK

Global frameworks such as the GDPR, the US Children's Online Privacy Protection Act (COPPA), and the Health Insurance Portability and Accountability Act (HIPAA) set standards for data protection and security. Countries worldwide are enacting their own data protection laws, reflecting the global relevance of CDR.

TECHNOLOGY AND ETHICS

Ethical considerations in technology, including AI governance and data ethics, are crucial for responsible development and deployment. Sustainability and digital inclusion are also key aspects of CDR, with initiatives promoting eco-friendly practices and accessibility to technology for all.

SELF-REGULATION

Companies increasingly embrace self-regulation and voluntary frameworks to uphold CDR principles, with transparency and accountability being central. Concerns about digital consumption's impact on mental health highlight the need for human-centric design and robust content moderation.

PREVENTION OF MENTAL HEALTH ISSUES

As digital consumption continues to rise, concerns regarding its impact on mental health have come to the forefront. Human-centric design principles, robust content moderation and user controls are pivotal in mitigating potential harms associated with addictive digital behaviours.

Embracing CDR is both a moral imperative and a strategic one for corporate India, reflecting the growing importance of responsible digital practices in the business landscape. ■

For more information, Speaker and Sponsorship opportunities email: **coe@skoch.in**

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I-Sec delisting: Sebi vets complaints on outreach by ICICI

FROM PAGE 1

the company and merge it with ICICI Bank. Both BSE and NSE subsequently sought a clarification from ICICI Bank and ICICI Securities, while experts raised concerns about data privacy and corporate governance violations.

In their identical responses to the exchanges, the two firms said they were reaching out to shareholders "to explain the proposed scheme and the e-voting process with the primary objective of maximizing participation in the vote". There was an overlap between shareholders and retail customers of the two entities, they said, without elaborating further on how ICICI Bank employees got the personal information of ICICI Securities shareholders.

A spokesperson for ICICI Bank directed *Mint* to this response when contacted, while Sebi and ICICI Securities did not respond to queries.

Five shareholders previously told *Mint* that the bank's employees had phoned and visited ICICI Securities shareholders at their homes to persuade them to vote in favour of the delisting. Some of the employees even asked for screenshots of their votes as proof.

One ICICI Securities shareholder, who had never dealt with ICICI Bank as a customer or investor, and was not a customer of ICICI Securities, was perplexed about how ICICI Bank employees secured contact details. *Mint* could not verify if the bank's employees attempted to influence votes.

BSE, NSE have written to ICICI and I-Sec for clarification. MINT

Minority shareholders voted to delist ICICI Securities and make it a 100% subsidiary of ICICI Bank on 27 March. The bank holds a 74.73% stake in the brokerage firm, while public shareholders hold the rest.

However, many retail shareholders, who collectively hold about 6% of the company, disagreed with the valuation at which it was being delisted. Shareholders of ICICI Securities will get 67 shares of ICICI Bank for every 100 shares they own of the brokerage firm.

Minority shareholders voted to delist I-Sec and make it a 100% subsidiary of ICICI Bank on 27 March

ICICI Bank and ICICI Securities have said the valuation was arrived at by independent valuers and vetted by independent experts for both the bank and the brokerage. ICICI Securities was the first company to use a new Sebi rule 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.

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Railways plans Vande Bharat metro trains launch this year

In the first two years after the prototype is approved, 50 such trains could be introduced

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The first of India's Vande Bharat metro trains will roll out from Indian Railways' Kapurthala Rail Coach Factory later this year, two people aware of the plan said, with the train's prototype ready for trials.

The 12-coach trains, which can be extended to 16 if required, will serve India's rapidly expanding inter-city and suburban routes. In the first two years after the prototype is approved, 50 such trains are expected to be introduced, the people said on the condition of anonymity.

The made-in-India trains will take India into select global club of metro train rolling stock makers, dominated by countries in Europe, South Korea, China and Canada. Metro coaches operating in various Indian cities are currently supplied by global train makers, with some of them manufacturing coaches and train sets in the country, including under technology transfer agreements.

Subsequently, Railways will place larger orders of over 400 trains, requiring investments worth ₹50,000 crore over next few years in manufacturing units.

While a 12-coach metro train currently costs ₹100-120 crore, domestic manufacturing would bring that down by a fourth, making it one of the cheapest metro systems globally.

"These trains are first being manufactured for domestic consumption to connect over 125 cities covering short distances between 100-250 km. First set of the trains would be run between 12 key cities including Lucknow, Kanpur, Agra, Mathura, Varanasi, Tirupati, Chennai etc. Based on the availability, export option would also be explored later," said the first person quoted above.


The 12-coach trains can be extended to 16 if required. PTI

A query sent to the railway ministry remained unanswered till press time.

Saurabh Agarwal, partner with EY Investment Growth Group said that a multi-pronged approach is necessary to achieve the goal of self-reliance. "Localization would have a cascading effect, generating more jobs, fostering increased investment in research and development, and ultimately reducing dependence on imports. These factors are all essential for achieving self-sufficiency in India," he said.

The 12-coach trains can be extended to 16, depending on the need. The coaches will feature all modern amenities available on Vande Bharat trains now. It will have a maximum speed of 120-160 km per hour, same as the existing chair car version of Vande Bharat semi high-speed trains, but come with faster acceleration required for inter-city trains with more stops. It will cater to the general category of passengers and daily commuters, and thus have an entire unreserved configuration.

Vande Bharat metro would be third in a series of trains proposed under the Make in India tag. Prime Minister Narendra Modi had earlier announced that three versions of Vande Bharat semi-high-speed trains would be launched to change the face of rail travel India.

The first chair car version of Vande Bharat rolled out on 15 February 2019. According to railway data, 51 Vande Bharat trains (102 Vande Bharat train services) are operational on 100 different routes, spanning 284 districts in 24 states and Union territories. The second chair car version of Vande Bharat train and the metro versions are expected to be launched later this year.

ON TRACK

FIRST set of the trains would be run between 12 key cities including Lucknow, Kanpur and Agra.	**BASED** on the availability, the option to export would also be explored later	**THE** coaches will feature all modern amenities available on Vande Bharat trains now	**VANDE** Bharat metro would be third in a series of trains proposed under the Make in India tag

ISTOCKPHOTO


Logistics firms are now earning a significant chunk of their revenue from tier-II cities.

Small towns shopping online light up logistics companies

FROM PAGE 1

six days to about three in tier-II markets and beyond. Logistics firms have broadened their presence to be closer to buyers, Mehta said, adding that Shiprocket has seen most of its growth from tier-III markets.

However, Shadowfax is an outlier as it continues to get most of its demand from the metros. While it receives over 60% of its parcel volumes from tier-1 cities, it sees only about a 10-15% year-on-year growth there, against 30% growth in tier-II markets and beyond.

"Currently, overall demand is skewed towards metros but that could change over the next two to three years," said Deepak Goel, chief of operations for last mile at Shadowfax, adding that growth has been moderating in the metros since the pandemic highs. Like other firms, Shadowfax is also dedicating resources to reduce delivery times in tier-II market and beyond by 12 hours to a day.

NSE-listed Delhivery is another example of a company that has seen sustained growth from the metros. While the levers of growth are different in metros and tier-2 towns, the company has seen a steady increase in order frequency.

"I think on the tier-II and tier-III side, the driver of growth is a combination of increased frequency, of course, but a lot of it is also people exploring e-commerce for the first time," CEO Sahil Barua said in a post-earnings call with analysts in February. Since the start of the year, Delhivery's shares have risen about 18% to ₹454 (as of close on 3 May).

Ambiguous addresses are another challenge that logistics players grapple with in smaller markets. Consumers in these areas often enter incorrect addresses or poor landmarks that make it hard to find them.

Despite the advent of a geo-spatial tools and apps, delivery workers often end up a kilometre or more from their destination in tier-III markets and beyond. To curb this, logistics providers and aggregators have devised sophisticated technologies to map the correct address, and also have huge troves of data with addresses of repeat buyers.

For instance, Ecom Express uses AI and machine learning to correct misrouted deliveries. It also nudges customers to manually fix their addresses.

Behind MCX engine change at 30K feet

FROM PAGE 1

Reddy attributed the delay to "bugs" that had to be removed before the TCS technology core—an integration of Deutsche Börse Group's T7 trading platform and TCS' BaNCS for delivery, settlement and risk management—could substitute 63 Moons' software.

After a series of dry runs eliminated all chinks, the new platform went on stream on 16 October last year. To Reddy's credit, the platform has stabilized, and MCX reported an after-tax profit of ₹87.9 crore for the January-March period after two quarters of losses.

Each time the project was delayed, the vendor could ask MCX for more money, said Reddy, recounting the challenges. "Probably, it wouldn't have been so stressful had the previous vendor been more cooperative in terms of the monetary compensation they were asking for; every extension was huge. We had no alternative; we couldn't replace the vendor overnight with any other system."

The lockdowns during the second wave of Covid-19 also posed a daunting challenge, preventing the colocation of the MCX and TCS teams.

After a series of dry runs eliminated all chinks, the new platform went on stream on 16 October last year. REUTERS

"The teams participated through VC (video conferencing), resulting in understanding gaps arising. As if this were not enough, certain members of our teams left, necessitating appointments of equally competent candidates. This also caused delays in the new platform," said Reddy.

"The lockdown was a pretty complicated process that we went through."

Reddy denied any proposal about a potential merger with BSE during the troubled phase or at present

The successful migration to the new technology platform saw investors re-rating MCX's stock. On Monday, the company's shares ended up 0.9% each at ₹4047.30, up 215% from the stock's 52-week low of ₹1,285.05.

Asked whether Uday Kotak, whose Kotak Mahindra Bank owns a 15% stake in MCX, was supportive during the challenging period, Reddy said there was "support" from shareholder directors. MCX is owned entirely by public shareholders, with Kotak Mahindra Bank being the single-largest shareholder.

"All the time they were helping... they understood the problems we were facing and said, 'Don't worry, go ahead and you will succeed'."

Investors in the company were also supportive, he said.

Reddy recalled a one-on-one call with an executive of a foreign portfolio investor in MCX. According to Reddy, the FPI executive said, "We are not looking at what you're paying to them (63 Moons); we are looking at the future of (the technology). We are standing behind you rock-solid."

Reddy denied any proposal about a potential merger with BSE during the troubled phase or at present.

"The technology issue and covid bogged us down for two-to-three years, which has restricted development of this market. Going forward, there is only upward trajectory for MCX," said Reddy, who will hang up his boots after 38 years of being associated with the capital markets, including with the Central Depository Services (India) Ltd and BSE. "There is huge potential in commodity derivatives and we have only scratched the surface."

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Centre plans new drug export regime to ease quality concerns

FROM PAGE 1

Another issue under consideration is on whether to allow manufacturers to supply and divert un-exported quantities of pharmaceutical items to other countries with the approval of the CDSCO and subsequent licences from overseas regulators.

"There are a few issues which need to be resolved to strengthen the pharma exports," the second official said.

"For example, if permission has been given for an export of 1,000 kg of pharma items to a party importing from some country, and if the importer cancels the order or if he consumes only 500 kg, the remaining 500 kg we need to destroy," said the official.

"Now, the plan is that this exporter can supply the remaining pharmaceutical goods to some other party with prior approval from DCGI and regulatory authorities of the other country. Therefore, a provision is being made to amend the (no-objection certificate) conditions of physical destruction of all un-exported quantity of the drugs."

A recent communication from Pharmexcil to the CDSCO that *Mint* has seen addresses this issue.

"The excess quantity manufactured under Test License and un-exported, needs to be destroyed by the manufacturer as per NOC conditions, which leads to great economic loss to the industry. This is mostly happening in potent molecules and high value products such as anti-cancers and biotech derived products etc," states the communication.

"It is requested that necessary changes and amendments in the conditions of NOC may be made, permitting the manufacturer to supply or divert the un-exported goods to another importer with the prior approval from CDSCO and subsequent license from concerned FDA," it added.

Around 60% of India's pharma exports go to highly regulated markets such as Europe and the US

Wastage in pharma exports is a huge loss to the country as well as the exporters, said Daara B. Patel, secretary general at the Indian Drugs Manufacturers Association. "We don't have any problem in exporting remaining pharma products to another party."

India is the world's largest exporter of generic medicines, which are authorized copies of patented drugs. In 2022-23, India exported pharmaceutical products worth $25.4 billion to about 210 countries. Around 60% of the country's pharmaceutical exports go to highly regulated markets such as Europe and the US, India's largest market.

But drugs manufactured in India have regularly been seized by global regulators primarily over safety and quality concerns.

In August, the WHO raised an alert over a batch of contaminated cough syrup found in Iraq and manufactured by Fourrts (India) Laboratories Pvt. Ltd.

At IT services companies, employees are fetching less revenue

FROM PAGE 1

steepest drop in that number, 12.5% less compared to 2018-19. Cross-country rival Wipro reported the lowest RPE of $43,868 among the top four in 2023-24. Likewise, TCS saw its RPE fall 6.3% to $47,815 in 2023-24 from 2018-19. But for Infosys, it gained 3% to $56,208.

Infosys, over the last four years, has seen among the fastest revenue growth among its peers, but at the same time, it has also seen a decline in headcount. The Bengaluru-based IT company saw headcount fall by 25,994 in FY24.

Analysts attributed the fall in RPE to higher offshoring compared with the pre-covid times. "Offshore delivery has gone up. Increase in offshore delivery mix contributes to lower revenue per employee but also drives higher volumes," said Apurva Prasad, vice-president for institutional research at HDFC Securities.

Working 'on-site', or on a client site like, say, in the US would allow an Indian IT company to generate higher billing per employee than in an offshoring model that has the job being done in, say, Bengaluru.

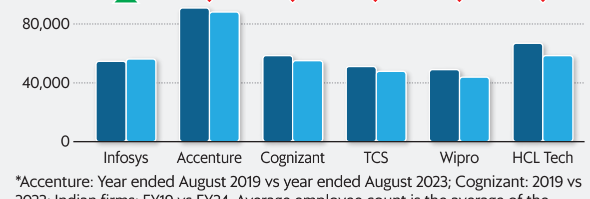
"There has been a 500-700 bps (basis points) increase in offshore revenue business compared to the pre-covid levels," said a Mumbai-based analyst on condition of anonymity. "Employee expense as a percentage of an IT company's revenue has increased and with the offshore shift, this proportion must have gone down but has not because salaries given to employees have gone up from FY19."

The covid outbreak sparked a hiring spree in IT as companies across industries looked to digitize their operations. This caused IT companies to hire more people to match the client load.

As IT companies had to hire more people, their wage bills spiked as they had to pay more salaries to those people. According to a *Mint* report, employee wage costs at India's biggest IT companies reached a six-year high as of the quarter ended September 2023.

Return on talent

Analysts attribute the fall in RPE to higher offshoring



*Accenture: Year ended August 2019 vs year ended August 2023; Cognizant: 2019 vs 2023; Indian firms: FY19 vs FY24. Average employee count is the average of the number at the start of a financial year and the number at the end.

mint Source: Mint analysis basis the companies' factsheets

PRANAY BHARDWAJ/MINT

While Indian IT bore the brunt of low revenue per employee, things at bigger foreign peer Accenture were not all that different.

As of 2022-23, each employee at Accenture contributed about $88,187 to its revenue, which is almost double the average of its Indian IT peers. Still, RPE declined 3% from 2018-19 to 2022-23.

Indian IT companies follow the April-March financial calendar, while Accenture and Cognizant follow September-August and January-December financial calendars, respectively.

Wipro reported the steepest drop in profitability per employee from 2018-19 to 2023-24

Accenture declined to comment on *Mint*'s queries whereas emails sent to Cognizant, Tech Mahindra, HCLTech, Wipro, and Infosys remained unanswered until press time.

Accenture gets almost 50% of its revenue through its consulting business, which has higher pricing power. "Accenture has been using the global delivery model and they have more than three lakh employees based out of India. As that number kept going up, average bill rate came down and revenue per employee came down. Having said that, Accenture's revenue per employee is more than that of its Indian IT peers because their onsite employees likely command higher bill rates due to the high-end consulting work. Even if they are based out of India, they will have higher bill rates due to sheer brand equity and bargaining power that Accenture commands," said Girish Pai, consultant to Nirmal Bang Institutional Equities.

Meanwhile, profitability per employee tanked for each of the above-mentioned IT firms barring Accenture, whose 2023-24 numbers are not out yet, from 2018-19 to 2023-24. Analysts attributed this to higher margins in 2018-19.

Wipro reported the steepest drop in profitability per employee from 2018-19 to 2023-24.

Movies go solo as wary OTTs keep distance

Streaming platforms are avoiding flop films, with many titles going unsold

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Some high-profile films that had announced they would stream on specific platforms after the theatrical release are yet to arrive on those services. @ITIGERSHROFF/X

In a departure from the practice of securing a streaming partner before a theatrical release, a growing number of films are now arriving in cinemas without OTT deals, leading to delayed showing, or none at all, on streaming platforms.

This shift comes as streaming services become wary of picking up box office failures and have seen titles remaining unsold or seeing insignificant viewership despite being bought at huge rates.

Over the past few months, Hindi language films such as *Aankh Micholi, Zwigato* and *Jogira Sara Ra Ra*, among others, released in cinemas without OTT partners and are yet to appear on any platform.

Some high-profile films that had announced they would stream on specific platforms after the theatrical release are yet to launch on services, with platforms backing out of these deals after box-office failures. Tiger Shroff's *Ganapath* and thriller *The Lady Killer* were to premiere on Netflix, but that is yet to happen.

Industry experts point to an afterthought by OTT platforms, suggesting that these acquisitions may not have been justifiable to their parent companies in hindsight.

"The norm for streaming platforms was to commit to a price based on the box office performance of the previous movie of the lead actor whose film is being considered," said a senior executive of a streaming platform, requesting anonymity.

"They would presume that the new film would at least meet a certain box office benchmark even if it didn't surpass expectations. However, no calculations are now working and deals are only happening in parts," the executive added.

While services pay a certain percentage of the committed amount before theatrical release, clauses in contracts allow them to terminate deals, the person added. Further, no service is considering small-scale films or commercial flops.

"There is no other option. There is no way the India executive can justify these acquisitions to international bosses," the person added.

To be sure, the whole model of risk mitigation before theatrical release started when television networks like Star, Sony, Zee and Viacom18 began outbidding each other for satellite rights of films, pushing prices up in the early to mid-2000.

Sony and Star specifically started buying rights of movies much before they even went into production.

Later, when OTT players came in, they followed the same practice to grab eyeballs. However, the streaming boom has now slowed, with neither subscriptions nor advertising having taken off as expected.

Film producer, trade and exhibition expert Girish Johar said a lot of films are in limbo after disastrous box office performance. Many others were unable to strike a deal at all.

"When these films were greenlit, the market was different. Everything changes after non-performance at the box office. Had things been better for the streaming industry itself though, some of these deals could have gone through," Johar said.

The fact that the quality of the film doesn't meet the company's standards, can also be a case that the platform makes, he added.

THE FLOP SHOW

TIGER Shroff's *The Lady Killer* and *Ganapath* are yet to be premiered on Netflix

EXPERTS say costly acquisitions may be tough for OTT platforms to justify to their parent firms

SERVICES pay a certain sum before the release but clauses in contracts allow termination

Britannia eyes double-digit volume growth

Suneera Tandon
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NEW DELHI


Britannia Industries vice chairman and managing director Varun Berry. MINT

Britannia Industries on Monday said it will focus on a double-digit sales volume growth this fiscal year, as the company expects normal monsoons to aid consumption despite a likely rise in prices of wheat and sugar, key ingredients for packaged foods.

"The situation on volume and revenue for the last year, they are almost at par. However, if you look at it by quarter, it's a very different story. In the last quarter, the volume growth was two times the revenue growth. This year we expect volume growth to be quite solid, barring the entry into the year, which is pretty similar to the year that's gone by. I would think that post election, post monsoon, we would be aiming towards a double-digit volume growth for sure," Varun Berry, vice chairman and managing director, Britannia Industries, said during the company's post-earnings call on Monday.

On Friday, the company reported a 3.1% rise in consolidated sales for the quarter ended 31 March to ₹4,014 crore. Profit fell 3.7% year-on-year to ₹536.61 crore. For the fiscal year ended March, consolidated revenue grew 3.5% to ₹16,546 crore.

In FY24, the maker of Good Day and Milk Bikis biscuits reported a 4% increase in sales volumes.

The company has seen a softening of prices of palm, laminates, and corrugates—overall commodity costs remained soft in the March quarter. However, the company warned of a slight inflationary pressure on wheat and sugar.

"Our outlook on this year is not deflationary, our outlook on this year is slightly inflationary, which is a healthy inflation of 3% or thereabouts. The crop seems to be fine as far as wheat is concerned. The government holding has been reasonably low. So, there is going to be government buying because of their programs. I would think that the wheat outlook is slightly inflationary during the year...Similarly sugar has not been a great crop—it's not bad, but it's not as good as last year's crop. So sugar will be slightly inflationary. We are making sure that we take whatever interventions that are required to get to our planned numbers as far as commodity is concerned," Berry said.

The company expects commodity inflation to hover at 3% to 4% post-elections in FY25. On Friday, it said it will stay vigilant on commodity prices and the evolving geopolitical landscape.

The company's comments follow several other large packaged goods makers that are now chasing volume growth after two years of price-led growth. A high inflationary environment had prompted companies to hike prices across the board, resulting in consumers cutting down on purchases of daily goods as well as switching to cheaper competing brands.

However, the trend may now be reversing.

Last week, Nestle India too hinted at ramping up volumes.

Marico misses Q4 earnings expectation

Reuters
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CHENNAI/BENGALURU

Marico, which owns the Saffola and Parachute brands of packaged oils, reported a smaller-than-expected quarterly profit on Monday as neither price cuts nor new product ranges could sway customer demand.

The consumer goods major said its consolidated net profit rose 5.3% to ₹318 crore for the fourth quarter ended 31 March, from ₹302 crore a year earlier. Analysts, on average, had expected a profit of ₹323 crore, as per LSEG data.

Marico, which also owns the Set Wet and Livon brands of haircare products, has been doubling down on new launches in the last few quarters, including hair creams and shower gels, to boost its availability in rural markets.

The company also slashed prices in crucial domestic portfolios such as Parachute hair oil and aftershower gels.

However, none of this induced Marico's inflation-hit customers to buy its products, with major segments such as hair oil declining on a high base.

This, coupled with higher prices of raw materials such as copra, squeezed its bottom line as demand for its packaged oil bounced back later in the quarter.

Copra, the dried coconut from which coconut oil is extracted, is key for the production of its Parachute coconut oil.

The company said its consolidated net profit rose 5.3% to ₹318 crore for the fourth quarter ended 31 March

Revenue from operations rose 2% to ₹2,278 crore, snapping a three-quarter run of falling revenue, but missed analysts' average estimates of ₹2,287 crore by a small margin.

Marico's shares turned volatile at the close of trade as results came in 15 minutes before the closing bell, before ending 2.6% higher. They are down 2.8% so far this year.

Among peers, Hindustan Unilever missed quarterly earnings estimates but said a recovery in demand in rural areas is underway, while Nestle India reported a bigger-than-expected rise owing to higher product prices.


The impact of the curbs on IIFL Finance's overall business is likely to be around ₹500 crore. REUTERS

IIFL Finance faces cash crunch after curbs on gold loans

Reuters
feedback@livemint.com
MUMBAI

IIFL Finance is facing a liquidity crunch as banks have turned cautious while lending to it following a clampdown on the non-bank lender's gold loan business, a senior official and two bankers told *Reuters*.

"Banks are neither sanctioning new lines (of credit) nor disbursing from already sanctioned limits," the official at the company, who did not want to be named, said.

Banks have stopped lending to IIFL Finance's gold and other businesses, the official said, adding that the impact of the curbs on the overall business is likely to be around ₹500 crore.

IIFL Finance did not immediately respond to a *Reuters'* email seeking comment.

In early March, the Reserve Bank of India (RBI) ordered IIFL Finance to stop sanctioning, disbursing and selling gold loans, citing "material supervisory concerns" in its gold loan portfolio. Soon after the curbs, IIFL Finance cancelled a proposed $400 million dollar bond fundraising plan. Its top shareholder Fairfax India agreed to provide up to $200 million in liquidity support to assuage liquidity concerns. The company has since raised ₹500 crore through bonds and is looking to raise ₹1,272 crore through a rights issue of shares.

"Banks are currently in a wait-and-watch mode, and are waiting for the regulatory dust to settle before taking on more exposure," an official with a state-run bank said.

"While co-lending should automatically restart once the RBI ban is lifted, we are staying away from term loans at present."

Banks lend funds jointly under a co-lending arrangement to spread the credit risk. As of 31 December, 57% of IIFL Finance's total borrowing was from banks. The bankers refused to be named as they are not authorized to speak to the media.

IIFL Finance had unencumbered cash and liquid balance of around ₹4,035 crore as on 5 March, as per rating agency Icra.

"The drawdown in liquidity is faster-than-expected as other businesses of the company also have to survive," the company source said.

IIFL Finance had unencumbered cash and liquid balance of around ₹4,035 crore as on 5 March, as per rating agency Icra

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Managing Director

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YoY Revenue*	YoY Operating Profit*	YoY PAT*
31.7% ↑	11.4% ↑	18.9% ↑
YoY AUM Growth^	**YoY SIP Gross Flows (Apr-Mar 24)**	**Run rate of Monthly SIP Book**
32.3% ↑	33.0% ↑	726 Cr

(*Growth Numbers is for FY24.) • (^Growth in Yearly Average AUM as of FY24)

EXTRACT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH, 2024

(Rs. In Cores except for EPS)

Particulars	Consolidated			
	Quarter ended 31/03/2024	Quarter ended 31/03/2023	Year ended 31/03/2024	Year ended 31/03/2023
	Audited	Audited	Audited	Audited
Total Income from operations	239.7	177.0	805.1	611.3
Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	59.8	55.3	185.8	156.8
Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary items)	59.8	55.3	185.8	156.8
Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	44.6	41.2	138.7	116.7
Total Comprehensive income for the period [Comprising profit/(loss) for the period (after tax) and Other Comprehensive Income (after tax)]	43.8	41.2	137.6	116.5
Equity Share Capital	-	-	20.7	20.7
Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	460.7 (As on 31st Mar, 2024)	329.3 (As on 31st Mar, 2023)
Earnings Per Share (FV of Rs. 5/- each)				
Basic :	10.76	9.96	33.51	28.18
Diluted :	10.76	9.96	33.51	28.18

* EPS is not annualized for quarter ended periods

Notes: The above is an extract of the detailed quarterly financial results filed with Stock Exchanges under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the quarterly consolidated financial results and quarterly standalone financial results for the Quarter and Year ended on 31st March, 2024 along with the notes, are available on the websites of Stock Exchanges at www.nseindia.com and www.bseindia.com and also on the Company's website at www.prudentcorporate.com.

EXTRACT OF KEY NUMBERS OF AUDITED STANDALONE FINANCIAL RESULTS

(Rs. In Crores except for EPS)

Particulars	Standalone			
	Quarter ended 31/03/2024	Quarter ended 31/03/2023	Year ended 31/03/2024	Year ended 31/03/2023
	Audited	Audited	Audited	Audited
Total Income from Operations	191.1	137.2	665.5	518.2
Profit Before Tax	42.8	26.5	140.3	99.6
Profit After Tax	31.9	19.8	104.9	74.2

An Independent Retail Wealth Management Services Group

₹83,384 Cr	16.87 Lacs	29,605	25.53 Lacs	49.03 Lacs	119
Mutual Fund AUM	Unique Retail Investors	Mutual Fund Distributors	Live SIPs	Live Folios	Pan India Branches

All data are as of Mar, 2024

Place: Ahmedabad
Date: 6 May, 2024

For and behalf of the Board of Directors
Sd/-
Sanjay Shah - Managing Director
DIN: 00239810

Big tech's great AI power grab

Alphabet, Amazon and Microsoft are on the hunt for new energy sources

The Economist

The International Energy Agency has predicted that data centres (including those dedicated to AI and equally energy-hungry cryptocurrencies) will gobble up more than 800TWh globally in 2026, more than double the amount in 2022. BLOOMBERG

Big tech wants more computing power. A lot more. According to their latest quarterly reports, Alphabet (Google's corporate parent), Amazon and Microsoft—the world's cloud-computing giants—collectively invested $40bn between January and March, most of it in data centres equipped to deal with growing artificial-intelligence (AI) workloads. Last month Meta, which does not have a cloud business but does run a data-hungry social-media empire, said its capital expenditure could reach $40bn this year as a result of AI-related projects. That is not far off the $50bn that Saudi Aramco, an oil colossus, is planning to splurge. Microsoft is likely to spend more.

The comparison with the famously capex-happy energy industry is apt not just because of the sums involved. AI needs vast amounts of processing power. And that processing power needs vast amounts of electricity. On May 2nd Bob Blue, chief executive of Dominion Energy, one of America's biggest utilities, said that data-centre developers now regularly ask him for "several gigawatts" (GW). Dominion's total installed capacity is 34GW.

JPMorgan Chase, a bank, calculates that Microsoft, Amazon's cloud arm (AWS), Alphabet, Meta and Microsoft consumed 90 terawatt-hours (TWh) of electricity in 2022, as much as Colombia. And that was mostly before ChatGPT set off the AI revolution in November that year.

The ensuing hoopla led the International Energy Agency (IEA), an official forecaster, to predict that data centres (including those dedicated to AI and equally energy-hungry cryptocurrencies) will gobble up more than 800TWh globally in 2026, more than double the amount in 2022. BCG, a consultancy, reckons that data processing could triple its share of American power consumption by 2030, to 7.5%.

And not just any power will do. The technology titans want theirs to be clean. In April their industry association warned Georgia Power, which had managed to fast-track the approval of 1.4GW of new fossil-fuelled generation by pointing to rising demand from data centres, that its members would build fewer of these in the southern American state if the utility spewed extra carbon. Combined with rising demand from increasingly electrified transport, heating and parts of heavy industry, digital technology's power needs are putting enormous strain on the businesses that generate and distribute electricity.

BloombergNEF, an information firm, reckons that annual grid investment needed to fully decarbonise global electricity by 2050 will need to rise from about $300bn in 2022 to $600bn in 2030 and well over $800bn in 2050. Risk-averse utilities, which would normally undertake grid-expansion projects under the watchful eye of cost-minded regulators, have neither the money nor the appetite to do so.

Enter big tech itself. The deep-pocketed giants have already been the biggest force behind green "power-purchase agreements", which helped kickstart America's renewables boom by persuading utilities and other investors to build wind and solar farms. They are now getting in on the green-energy action more directly.

On May 1st Microsoft and Brookfield, one of the world's biggest infrastructure investors, announced a deal to build 10.5GW of renewables capacity in America and Europe by 2030. The arrangement is meant to enable the software giant to meet its pledge to have 100% of its electricity use, 100% of the time, come from zero-carbon sources by 2030. Microsoft and Brookfield have not revealed the price tag, but adding a gigawatt of wind or solar capacity can cost about $1bn.

One problem is that data centres tend to consume power at a steady rate, including when the sun is not shining nor the wind blowing. So technology firms are also thinking of ways to make data-processing more flexible. In March Sidewalk Infrastructure Partners, an infrastructure-technology company co-created by Alphabet, presented a detailed plan for how this could be achieved. It involves a combination of microgrids (which can run independently but also exchange energy with others nearby), batteries and advanced software in order to enable shifting less time-sensitive tasks, such as training AI models, to periods of fallow demand.

Jonathan Winer, one of Sidewalk's founders, expects such data centres to pop up first in energy-constrained places like Arizona, California and Massachusetts.

Renewables are not the only area of big tech's power interest. In March AWS paid $650m for a 960-megawatt (MW) data centre in Pennsylvania powered by a nuclear reactor located next door. Microsoft has struck a deal with Constellation Energy, America's biggest nuclear operator, for supply of nuclear power for its data centre in Virginia, as a backstop when wind and solar are unavailable. Both firms have also been looking at "small modular reactors", a promising though unproven nuclear technology.

Google, meanwhile, is dabbling in geothermal energy. The search giant has signed the first-ever corporate deal to develop "enhanced" geothermal power with Fervo, a startup that has raised $430m in venture capital. Inspired by the shale industry, the hot-rocks hotshot has developed horizontal wells, monitored using fibre-optic cables. Its site in Nevada produces round-the-clock, carbon-free power for the local grid—which Google then acquires. Tim Latimer, Fervo's boss, says that every drilling rig his firm operates can add 100MW of power. The firm is developing a 400MW commercial plant in Utah that will start feeding the grid in 2026. The Department of Energy reckons that innovations like Fervo's could expand geothermal output in America around 20-fold, to more than 90GW, by 2050.

Google and Microsoft have also teamed up with Nucor, a giant American operator of steel mini-mills, which consume lots of electricity. In March the trio announced that they will aggregate demand and jointly offer contracts to clean-energy projects, both early-stage commercial ones and entirely novel "first-of-a-kind" ventures. The idea is to guarantee custom for developers of promising technologies like long-duration energy storage, clean hydrogen, next-generation geothermal and nuclear energy.

The AI industry's most exotic power plays come courtesy of Sam Altman, the techno-optimistic boss of OpenAI, maker of ChatGPT and Microsoft's main model-making partner. In a quest to power the AI revolution, he has invested in Helion, a nuclear-fusion startup, and Exowatt, a startup developing solar modules that can act as both electricity generators and thermal-storage batteries.

Mr Altman is now looking to raise $500m for Oklo, which is working on nuclear micro-reactors that run on spent fuel from larger ones and that could power individual factories, corporate campuses and, of course, AI server farms. These wagers may seem fanciful. Then again, 18 months ago so did the idea that an AI could write essays or paint like a human.

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Boeing's big space test: Using Starliner to ferry NASA crews

Micah Maidenberg
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Boeing's work on Starliner goes back over a decade. NASA in 2014 awarded Boeing and SpaceX contracts for vehicles to fly crews. AP

A new Boeing spacecraft is set to carry astronauts for the first time this week, a major test of whether the much-delayed project is ready to handle NASA missions.

Starliner, the name of Boeing's gumdrop-shaped ship, is scheduled to blast off Monday at 10:34 p.m. ET, ferrying astronauts Sunita Williams and Barry Wilmore to the International Space Station. The vehicle is slated to return them to Earth about a week after docking with the facility, landing in the western U.S. under parachutes.

Boeing has developed rockets, spacecraft and other vehicles for the National Aeronautics and Space Administration for decades, including hardware for the Apollo moon missions. But the aerospace company has tripped up with Starliner, struggling at times with software, a communications system, valves, parachutes and even a type of tape used in the vehicle. The project has led to $1.4 billion in accounting losses for Boeing.

Monday's planned mission comes as Boeing faces intense scrutiny over its bread-and-butter airplane business. Lawmakers and airline executives have blasted the company's manufacturing failures after a segment on one of its planes blew out midair earlier this year, threatening passengers and crew on board. Air-safety regulators have ratcheted up oversight of the company's operations.

THE WALL STREET JOURNAL.

"Spaceflight is risky. It is unforgiving of mistakes," NASA Administrator Bill Nelson said in an interview. "NASA is integrated with Boeing to make sure that this flight is as safe as possible."

Mark Nappi , a Boeing vice president, said the company's spacecraft is ready to carry astronauts. Since taking over management of Starliner about two years ago, Nappi said he has focused his team on shifting from design and development to operations. Around 500 people are working on the program.

"We've been very disciplined, following the process. NASA is right there with us and that makes me feel comfortable," he said during an interview in March.

Starliner's problems have left the agency dependent on Elon Musk's SpaceX for those flights from the U.S. , prompting concern at the agency about relying too heavily on one supplier. SpaceX didn't respond to a request for comment.

Leaders at both Boeing and NASA have said they won't hesitate to again postpone Starliner's flight, should any safety risks emerge in the run-up to the launch.

Starliner will blast off from Florida, propelled by an Atlas V rocket, a proven booster that rocket operator United Launch Alliance has flown for years. After Starliner separates from the rocket, it will take about a day to reach the space station, where it is designed to autonomously dock with the lab.

The astronauts Starliner will carry—Williams, 58 years old, and Wilmore, 61—are retired Navy aviators who have been in orbit before. Each traveled to the space station on both NASA's former space shuttle and Russian Soyuz vehicles.

Williams said the team working on Starliner, including herself and Wilmore, rigorously analyzed problems that emerged with the vehicle earlier, including the stuck valves and software challenges.

"We all pushed on it," she said in a recent interview. "We feel very confident that we're at a point that we're good with how the spacecraft is going to operate."

Boeing's work on Starliner goes back more than a decade. NASA in 2014 awarded the company and SpaceX contracts to create new vehicles to fly crews to and from the space station, seeking two distinct spacecraft from U.S. aerospace companies. At the time, the agency depended on Russia for crew rotations, following the retirement of its shuttle fleet.

NASA rated Boeing as better prepared than the Musk-led company for technical maturity, management and other categories used to evaluate the bids. At SpaceX, which had been transporting cargo to the space station, some former employees said the company took it as a challenge to beat Boeing in astronaut missions.

In late 2019, Boeing launched the first Starliner mission, an uncrewed operation designed to test the vehicle under flight conditions without astronauts on board. The mission went poorly , dogged by software coding errors and the unexpected loss of a communications system. Starliner didn't attempt one of its major goals for the mission—docking with the space station.

After the flight, NASA officials increased oversight of Boeing's Starliner efforts, saying the agency had relied too much on the company's internal engineering decisions. A review team analyzing the botched 2019 mission recommended Boeing make dozens of changes, including more testing of how hardware and software on the vehicle are integrated.

SpaceX in 2020 flew two astronauts to the station on its competing Crew Dragon vehicle, marking the first human space flight from the U.S. in nearly a decade.

In 2021, Boeing stacked Starliner on a rocket in what was meant to be a do-over of the earlier flight. But the company ran into trouble again, this time with stuck valves in a propulsion system. It later resolved the issue and completed the uncrewed operation , setting it up for a mission with astronauts last year.

The company and NASA delayed that mission, though, after identifying issues with the Starliner parachute system as well as potentially flammable tape Boeing used. Boeing's Nappi said neither problem posed major risks but did narrow the margin for safe operations.

"Since it was the first flight, and we don't have much history with the vehicle, it was Boeing's decision not to accept that," he said. The company completed another test of its parachute system in January and removed about a mile of the tape from Starliner.

SpaceX has demonstrated its ability to safely and reliably fly its fleet to the research lab, said Steve Stich, a program manager at NASA. The company has launched astronauts for the agency nine times over the past four years.

"But you're just one flight away from some anomaly that you didn't catch," showing why the agency wants to have two vehicles, he said. With Boeing's Starliner, he said, "It's worth taking the risk of that first test flight, which is always hard."

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Why the Fed is right to bide its time on rate moves

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U.S. Federal Reserve Chair Jerome Powell thinks interest rates are restrictive and thus should be contributing to reducing inflation. REUTERS

If you want to know the trouble with a balanced outlook, ask a tightrope walker.

The Federal Reserve has finally reached the stage of being balanced between whether interest rates are too high or too low. Unfortunately, it's a precarious balance, with exceptionally weak evidence that rates are in the right place. They might be too low or too high, but it will be hard to stay balanced for long.

Last week, Federal Reserve Chair Jerome Powell said a rate increase was "unlikely," giving markets what they wanted to hear. He also retreated a bit from his previous pivot toward rate cuts, saying the Fed would first need to be confident that inflation was heading back to target—which it hasn't been recently .

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Powell thinks interest rates are restrictive, that they are slowing the economy and thus should be contributing to reducing inflation. The problem is there is also lots of evidence that they are not. Start with the signs in the Fed's favor, that monetary policy is indeed putting a squeeze on growth.

Labor: Jobs are far less plentiful than they were. While there are still more vacancies being advertised than before the pandemic, workers are much less likely to quit their jobs. Consumers report jobs are harder to find , and small employers have slashed hiring plans.

Friday's payrolls figures showed the second-lowest monthly number of new jobs since October, and the rise in hourly earnings was small.

Credit: More consumers and companies are struggling to cope with the interest burden on their debts. More than 3% of borrowers failed to pay their credit-card bills on time in the fourth quarter of last year, the highest delinquency rate since 2011, and double the low reached three years ago. Young and poor borrowers who took out loans to buy a car or truck are also getting into trouble more often than before the pandemic.

Something similar is going on with companies: Those closest to the edge are at much greater risk of tipping into bankruptcy than normal—even as profit margins for the biggest companies remain high.

This shows up as a higher proportion of the worst-rated junk bonds trading at prices more deeply distressed than at any time outside of a recession, according to Viktor Hjort at BNP Paribas. The deep distress of the worst-hit contrasts with a lack of stress in the wider junk-bond market.

Money: The Fed's tightening has coincided with a collapse in the money supply, something the monetarist school of economics thinks should lead to lower inflation. The broadest measure of the money supply, known as M2, has fallen year-over-year for 16 months. This is something it had never before done in data back to 1960.

The trouble is that, if monetary policy is so tight, why isn't it showing up in broader financial measures?

An economy beset with problems shouldn't have the S&P 500 stock index trading at just 2.4% below its all-time high. It shouldn't have implied volatility, as measured by the Cboe Volatility Index, or VIX, at boom-time levels of 14. And it shouldn't have junk bonds paying around the smallest amount of extra yield above safe Treasurys of the past 30 years.

If the Fed is right that financial conditions are tight, the markets are wrong.

How could that be? On jobs, maybe employers weren't put off from hiring by high rates. Maybe it was the massive immigration of the past three years combined with people coming back into the workforce that allowed jobs to be filled and wage pressures to be reduced.

Economist Dario Perkins at TS Lombard points out that postpandemic normalization also helped. The biggest drops in vacancy rates occurred in sectors such as transport and health that had the biggest postpandemic recruitment problems.

Credit trouble is obviously being caused by the Fed's rate rises, but it is far from obvious that it is widespread enough—yet—to slow the economy. Companies with low-income customers have suffered, but consumer spending as a whole is strong. In fact, personal-consumption spending rose in March at the fastest pace since January last year.

Credit trouble is being caused by Fed's rate rises, but it is far from obvious that it is can to slow the economy

Rate increases are meant to crimp demand, but haven't. Similarly, corporate capital spending is elevated. While planned spending has dropped back sharply from peak levels, it is picking up again.

The money supply isn't obviously holding back the economy, either.

Monetarists think the shrinking of the money supply shows a slowdown to come, and it might. But mainstream economics gave up tracking the money supply decades ago because it was such a poor predictor.

Even true believers ought to be concerned that perhaps year-over-year change is less relevant after the huge spike in deposits caused by pandemic-era handouts. On top of that, broad money has been rising again since October.

The problem is that both sides have a good case, which is why I keep writing about the two-speed economy . If enough people or companies struggle with higher rates—or see that they might—it would bring down consumer demand and slow inflation, and perhaps cause a recession.

But, for now, enough consumers and big businesses are thriving, and demand could stay robust and perhaps push inflation higher. I can see why the Fed wants to wait and see how these conflicting pressures play out before deciding if it needs to raise or cut rates.

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NEWS IN NUMBERS

50%
THE SHARE of Indian international air passenger traffic that the country's carriers are expected to capture by FY28, from 43% in FY24, as per Crisil Ratings

32,457
THE NUMBER of persons who died due to heart attacks in India in 2022, up 14% from 28,413 in 2021, according to a government report

₹4,014 cr
THE CONSOLIDATED sales reported by Britannia in the March quarter up 3.1% from ₹3,892.02 crore during the year-ago period, held back by weak rural demand

₹6,500 cr
THE APPROXIMATE amount US private equity firm KKR is said to have paid Apax Partners to acquire Bengaluru-headquartered Healthium Medtech

$189 mn
THE VALUE of gherkins exported by India in 11 months to January in FY24, compared to $218.76 million in the entire FY23, with the US, Germany being the top markets

HOWINDIALIVES.COM

Quadria Cap picks stake in NephroPlus

Quadria Capital on Monday said it has invested $102 million in India's largest dialysis chain NephroPlus, picking up a minority stake in the company as the Asia-focussed private equity firm keeps investing in regional healthcare providers.

"The transaction will support NephroPlus in serving the growing demand for high quality, affordable dialysis services across India and other markets in Asia," Singapore-headquartered Quadria said.

The PE firm expects demand for dialysis, a blood purifying treatment for kidney disorders, to grow over the next five in the markets it is targeting to grow.

The Economic Times on Friday reported that the fresh investment values NephroPlus at more than $239.6 million. NephroPlus operates about 450 dialysis centres and operates in three main countries namely India, the Philippines and Uzbekistan. REUTERS

The EC has warned the political parties against misuse of AI-based tools to create deepfakes. MINT

EC directs parties to clear fake content

The Election Commission (EC) on Monday directed political parties to remove fake content from their social media platforms within three hours of such content being brought to their notice.

This is part of directives issued by the poll panel to political parties for responsible and ethical use of social media in election campaigning to ensure a level playing field for all stakeholders after taking cognisance of certain violations by them.

Recently, deepfake videos featuring Union home minister Amit Shah, Congress leader Rahul Gandhi and actors Aamir Khan and Ranveer Singh posted on certain social media handles were taken down and criminal complaints were filed.

The Election Commission also warned the parties against misuse of artificial intelligence-based (AI) tools to create deepfakes that distort information or propagate misinformation and emphasized the need to uphold the integrity of the electoral process. PTI

MIST COOLING SYSTEM

A mist cooling system in operation at the Nagpur railway station, installed to give passengers respite from the soaring heat, on Monday. PTI

Marine heatwaves are leading to widespread coral bleaching

A moderate heatwave has been observed on 3 May over the Lakshadweep coast

Jayashree Nandi
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NEW DELHI

Marine heatwaves starting October 2023 have caused widespread coral bleaching in the Lakshadweep Sea, ICAR-Central Marine Fisheries Research Institute (CMFRI), said in a statement on Monday.

Around 75% of corals around Lakshadweep have bleached according to K. R. Sreenath, senior scientist at CMFRI. Some varieties are hardy and are on the brink of bleaching.

According to the Indian National Centre for Ocean Information Services, a marine heatwave event of moderate category with area of spreading 98.56% has been observed on 3 May over the Lakshadweep coast. And one of moderate to extreme category with area of spreading 100% has been observed on 3 May over the South Tamil Nadu coast.

"Marine heatwaves are rare extreme weather events that involve prolonged periods of abnormally high ocean temperatures. These temperatures often exceed the 90th percentile of typical regional ocean temperatures based on historical data. In Lakshadweep, the Degree Heating Week (DHW) indicator, which measures accumulated heat stress, has surged above 4°C-weeks. According to the National Oceanic and Atmospheric Administration (NOAA), this level of DHW poses a substantial risk of coral bleaching, threatening the region's diverse marine ecosystems," CMFRI said in a statement.

> In Lakshadweep, DHW has surged above 4°C-weeks, CMFRI said. This level poses a substantial risk of coral bleaching, according to NOAA

According to the Pacific Island Ocean Observing System, DHW shows how much heat stress has accumulated in an area over the past 12 weeks (3 months) by adding up any temperature exceeding the bleaching threshold during that time period. When DHW reaches 4°C-weeks, significant coral bleaching is likely, especially in more sensitive species. When DHW is 8°C-weeks or higher, widespread bleaching and mortality from thermal stress may occur.

"Such heat stress levels signify a severe threat to coral health, leading to extensive bleaching where corals lose the symbiotic algae (zooxanthellae), compromising their survival by depriving them of essential nutrients," said CMFRI's Sreenath.

Zee Media Corp removes CEO Ojha

Zee Media Corp. Ltd on Monday said Abhay Ojha is no longer its chief executive officer (CEO) following the termination of his employment effective 4 May.

In a regulatory filing, the company said its board of directors at a meeting on Monday approved and confirmed the cessation of Ojha's employment and his consequent termination as the CEO of the company. Zee Media Corp. did not elaborate on the reasons for Ojha's removal.

Ojha was promoted as CEO of Zee Media Corp. last year. He had joined the firm in 2022 as chief business officer and P&L head of linear channels, excluding WION and Zee Business.

Last month, Piyush Choudhary, who was chief manager, legal, at Zee Media, had resigned effective from the close of business hours of 30 April. PTI

A special court in February refused bail to Jet Airways founder Naresh Goyal. HT

Jet's Naresh Goyal gets interim bail

The Bombay High Court on Monday granted interim bail for two months on medical grounds to Jet Airways founder Naresh Goyal, who has been arrested by the Enforcement Directorate (ED) in a money laundering case.

A single bench of justice N. J. Jamadar said Goyal shall pay a surety of ₹1 lakh and not leave Mumbai without prior permission from the trial court. "The applicant (Goyal) shall be released on interim bail for a period of two months. He shall abide by all conditions imposed," the bench said. The high court also directed Goyal (75) to surrender his passport. He had sought the interim bail on medical and humanitarian grounds as both he and his wife Anita Goyal are suffering from cancer.

A special court in February refused bail to Goyal but permitted him to be admitted to a private hospital of his choice and seek medical treatment. Goyal then moved the HC, seeking bail on merits and to be released on interim bail on medical grounds. Goyal's counsel Harish Salve had urged the court to consider the case on humanitarian grounds. PTI

Sunita Williams to fly into space for a third time

Indian-origin astronaut Sunita Williams is ready to fly into space for the third time today as the pilot aboard Boeing's Starliner spacecraft in its the first crewed test flight. Boeing's Starliner will blast off for the International Space Station from Cape Canaveral in Florida. Starliner will carry Williams, 58, and Butch Wilmore to the International Space Station, marking what could be a momentous and long-awaited victory for the beleaguered Boeing programme.

The scheduled lift-off is set for 22:34 local time on Monday (8:04 am IST on Tuesday) "We are all here because we are all ready. Our friends and family have heard about it and we've talked about it and they are happy and proud that we are part of the process to fix it all," the BBC quoted Williams as saying. PTI

Indian-origin astronaut Sunita Williams. PTI

Arvind's fourth qtr profit rises 7.32%

Textiles manufacturer Arvind Ltd on Monday reported a 7.32% rise in consolidated net profit at ₹104.42 crore in the fourth quarter ended 31 March 2024.

The company had posted a net profit of ₹97.3 crore in the same quarter of the previous fiscal, Arvind Ltd said in a regulatory filing. Consolidated revenue from operations during the quarter under review stood at ₹2,074.51 crore as against ₹1,880.76 crore in the corresponding period a year ago, it added.

The board of directors has recommended a final dividend of ₹3.75 per equity share and a one-time special dividend of ₹1 per equity share, totalling a dividend of ₹4.75 per equity share of face value of ₹10 each for the fiscal ended 31 March 2024, subject to shareholders' approval in the ensuing annual general meeting, it added.

For the fiscal ended 31 March 2024 net profit was at ₹352.63 crore as compared to ₹413.17 crore in FY23, the filing said. Consolidated revenue from operations in FY24 stood at ₹7,737.75 crore, it added. PTI

Israel tells civilians to leave Rafah

Israel's military has told civilians to move out of parts of Rafah, a possible prelude to a long-expected attack on the Gazan city.

The Israel Defense Forces "will act with extreme force against terrorist organizations in your areas of residence," a spokesman said on X on Monday morning. He urged residents of eastern Rafah to go north to an "expanded humanitarian area" near Khan Younis, another city in Gaza.

The move comes after cease-fire talks between Hamas and Israel in Cairo over the weekend stalled, the main sticking point being the Iran-backed militant group's insistence that any truce is permanent. Hamas also killed three Israeli soldiers with a rocket barrage on Sunday on the border crossing of Kerem Shalom, one of its worst missile attacks in weeks. Israeli PM Benjamin Netanyahu has for months said civilians in Rafah would be moved out before any attack. There are around 1.4 million in the city, most of whom fled there after the outbreak of the Israel-Hamas war in October. It's unclear how long it would take for the bulk of the civilians to leave. Israeli officials privately admit it could take weeks. BLOOMBERG

Styrenix
PERFORMANCE MATERIALS

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EXTRACT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2024

(INR in Crore except EPS)

Sr No	Particulars	For the Quarter ended on March 31, 2024	For the Quarter ended on December 31, 2023	For the Quarter ended on March 31, 2023	For the Year ended on March 31, 2024	For the Year ended on March 31, 2023
1	Total Income from Operations	601.10	486.40	618.26	2,231.43	2,387.37
2	PBDIT : Profit before Depreciation, Interest and Tax expense	74.26	59.61	69.20	272.80	290.31
3	Net Profit / (Loss) for the period (before Tax and Exceptional items)	64.42	49.70	58.22	233.26	246.96
4	Net Profit / (Loss) for the period before tax (after Exceptional items)	64.42	49.70	58.22	233.26	246.96
5	Net Profit / (Loss) for the period after tax (after Exceptional items)	49.36	34.94	42.43	173.17	183.01
6	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period after tax and Other Comprehensive Income (after tax)]	49.45	34.90	42.53	173.29	183.65
7	Equity Share Capital	17.59	17.59	17.59	17.59	17.59
8	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	--	--	--	705.15	697.16
9	Earnings Per Share (of Rs. 10/- each) (for continuing and discontinued operations) Basic and Diluted	28.07	19.87	24.13	98.47	104.07

Notes :
(1) The Audited financial results for the Quarter and Year ended March 31, 2024 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at their meeting held on May 6, 2024. The Statutory auditor have expressed unmodified opinion on the aforesaid results.
(2) The above is an extract of the detailed format of the financial results for the quarter and year ended Mar 31, 2024 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.The full format of these financial results are available on the Stock Exchange websites (www.bseindia.com / www.nseindia.com) and company's website (www.styrenix.com).

For STYRENIX PERFORMANCE MATERIALS LIMITED
Rakesh S Agrawal
Chairman

Place : Vadodara
Date : May 06, 2024

HOW PEPSICO STUNG RED BULL WITH STING

The energy drink has emerged as one of PepsiCo's top selling beverage brands. How long will the dream run last?

Energy drinks at a Reliance Fresh store in New Delhi. PepsiCo's distribution muscle has ensured Sting's availability across the board, from paan shops to modern retail.

SARVESH KUMAR SHARMA/MINT

Sumant Banerji
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NEW DELHI

On a scorching hot April afternoon, in Noida's sector 150, a group of 15 workers, largely masons and labourers, take a quick 15 minute power nap after lunch. Before resuming work at an upcoming multi-storey residential complex nearby, Lalan Das, one of the labourers, scoots off for a bottle of Sting, PepsiCo's energy drink. His colleagues settle for a puff of bidi.

"I look forward to having one bottle of this everyday now," he says. "I have had to cut down on bidi to accommodate this but I feel less tired at the end of the day."

Nearly 50km away, in the heart of Delhi, Arun Malik also has a similar routine. Before heading home from a premier school he works for near Connaught Place, he heads to a grocery store for a swig of Sting. It is one of his guilty pleasures. "It is not an addiction but I like the taste. It is better than the colas," he says, flipping the empty bottle in a trash can before jumping on to his chauffeur-driven sports utility vehicle.

Das and Malik are at the opposite ends of India's long socio-economic scale. But the duo underline the sort of popularity Sting has gained in India since its launch six years ago, in 2017.

At ₹20 for a 250ml bottle, it is the country's first affordable energy drink. It is also low on sugar—6.8gm to Sprite's 9.5gm and Red Bull's 11gm per 100ml of serving. However, its relatively high caffeine—72mg—acts as a stimulant and makes it edgy. But that's still less than a double shot of espresso. Starbucks' doppio contains about 150mg of caffeine.

According to Euromonitor International, a market research company, the energy drinks segment has grown at a compound annual growth rate (CAGR) of over 110% in the last five years *(see table)*. All of it is largely due to the success of Sting. From less than 0.5% share before its launch in 2017, energy drinks now account for almost 5% share in the overall market in 2023. For PepsiCo, it has played an even more outsized role. Last year, the drink accounted for 15% of its local bottler Varun Beverages Ltd (VBL)'s overall volume portfolio. VBL accounts for 90% of PepsiCo's production and sale of beverages in India.

"In a lot of markets and especially in the emerging markets, energy drinks are 14%-15% of the mix. Sting has reached around 14%-15% of our portfolio mix and there is still a lot of potential left for the energy drinks industry," Ravi Jaipuria, chairman, VBL, said at an investor call on 6 February. "It is now a six-year-old brand and still doing extremely well. We think there is enough room for us to play."

While Sting has upset Red Bull's apple cart in India—one of the world's most sold energy drinks—it is also a rare win for PepsiCo over arch-rival Coca-Cola in India, particularly when it comes to beverages.

"Sting is a clear leader in its category and its success since its launch is the fastest of any soft drink brand in the history of the beverage category in India," a PepsiCo spokesperson says in an emailed response to *Mint*.

What made the drink such a success story? Before we delve into this, here's a short history of energy drinks.

A SHORT HISTORY

Energy drinks, globally, are not a novel concept. Dietrich Mateschitz founded Red Bull in the mid-1980s. Inspired by functional drinks from East Asia, he launched the Red Bull Energy Drink in Austria on 1 April 1987.

Sting was born in Vietnam around 2002 after PepsiCo executives in the country recognized the need for an affordable energy brand. But the product was not the company's first crack at opening up this segment in India. In 2008, it had introduced SoBe—abbreviation for South Beach—into the market. It was launched at ₹75 per 245ml can, targeting 24 years plus consumers in metro cities in India.

This had followed Coca-Cola's own attempt with an energy drink, Shock, in 2001. Aimed more at diversification beyond the colas, both the brands did not find too many takers in India at that point. The products were discontinued within a few years.

Instead, the credit for creating the energy drinks category in India goes to Red Bull which entered the market in 2009. By 2017, there were a dozen energy drink brands in the market with Red Bull commanding the giant's share but the category was niche—around eight million cases a year, according to industry estimates. Not surprisingly, there was uncertainty around Sting's prospects.

"Currently, nobody has put energy drinks at the right pricing, which is what we are planning to do. This product will take market (share) from existing energy drinks as well as some of the regular products," Ravi Jaipuria had said during an investor call in November 2017.

His prediction turned out to be accurate.

> The growing popularity of energy drinks among the youth, and increased scrutiny of health drinks in general, could trigger another round of regulation.

₹20 MIRACLE

Launched at an aggressive price of ₹50 per 250ml can, Sting undercut Red Bull, the market leader back then, by nearly 50%.

But more than pricing, Sting got an initial lift from the void left in the market by the exit of many players following tighter regulations. In May 2015, the Food Safety and Standards Authority of India (Fssai), the country's food safety regulator, banned a few variants of Monster energy drink sold by US-based Monster Beverage Corp., and ordered the recall of Restless Energy Drink sold by Pune-based Pushpam Foods and Beverages Pvt. Ltd. The regulator was concerned about the combination of ginseng and caffeine in energy drinks. Fssai also banned a few variants of Cloud 9 sold by Goldwin Healthcare Pvt. Ltd, and Tzinga, a product by Hector Beverages Pvt. Ltd, on compliance issues.

Some of these brands subsequently adapted and re-entered the market but lost out on the first mover advantage in the process.

PepsiCo, over time, reduced prices even further. In 2020, it introduced Sting in PET bottles that cost ₹20. This opened the floodgates for the brand and caught rivals including Coca-Cola napping.

"The ₹20 price point was a game changer for the category as it lowered the entry barrier for the otherwise pricey energy drinks category," Aditya Goel, co-founder, Love in Store, a store loyalty management firm that works with large consumer goods companies, says. "The second thing that worked for the brand is VBL's distribution muscle," he adds.

That distribution muscle ensured Sting's availability across the board, from paan shops to modern trade stores.

Goel says that becoming widely available in general trade stores works well for on-the-spot consumption, a segment that contributes significantly to sales of beverages in India. "No other energy drink brand is as widely distributed as Sting. They also accompanied this with high level marketing," he adds.

"Sting has gained significant popularity, particularly among the 15-19 age group, comprising a substantial 126 million individuals. This demographic, mainly consisting of students prioritizing affordability, finds Red Bull often beyond their reach," says Amulya Pandit, consultant at Euromonitor International. "Furthermore, Sting has received a positive reception in rural areas, where consumers may not distinguish between different soft drink categories," he adds.

In four years, Sting completely monopolized the segment with 90% share, relegating even Red Bull to the margins. From an estimated sale of 23 million cases in 2021, volumes grew to 65 million cases in 2022 and a record 110 million cases in 2023.

THE WIND

PepsiCo or VBL may not have foreseen the kind of success Sting would receive but it came at a critical time for the company. By 2017, PepsiCo in India was not in the best of shape. It was losing market share in many beverage segments, struggling to compete not just with arch rival Coca-Cola but also with homegrown brands such as Dabur and ITC.

A *Mint* report from December 2017, which quoted Euromonitor data, had a rather ingenious headline: *'PepsiCo's mid-life crisis in India'*. In carbonated beverages, flagship product Pepsi lost share to touch 13.4% (retail value) in calendar year 2016 from 14.9% in 2013, the report stated. Fruit juice brand Tropicana's market share dropped from 10.2% in 2013 to 8.8% in 2016 while Slice slipped marginally from 15.6% in 2013 to 15.4% in 2016, the report further added. Similarly, its packaged water brand Aquafina saw its share drop from 11.1% in 2013 to 9.9% in 2016.

The company bled—in 2016-17, PepsiCo India posted a loss of ₹148 crore, its fourth consecutive year of losses. It needed a success story desperately and Sting provided that wind beneath its wings.

"While energy drink is certainly not a new category, it did receive a boost after Sting's launch. New brands gaining rapid penetration and also expanding the category is a rarity and Sting is thriving at both," says K. Ramakrishnan, managing director—South Asia, Kantar Worldpanel, a market research company.

"Inside homes, Sting is currently reaching 2.7% of the urban households annually. Nearly eight out of every 10 households that consume energy drinks purchased Sting in the last one year," he adds. "Out-of-home, too, Sting has a similar hold," he further informs.

Sting's success reflects in the success of VBL.

Between 2018 and 2023, VBL's top line has more than tripled to ₹16,042.6 crore and net profit zoomed seven times to ₹2,101.8 crore. Last year, the company's realization per case hit a record ₹175.7 from around ₹145 in 2019, resulting in an operating margin of 22.5% for the calendar year.

"As the mix of Sting improves in our overall sales, it leads to higher net realization as well, as it is slightly more profitable than the other brands," Raj Gandhi, group CFO, VBL, told *Mint*.

PepsiCo India turned profitable in fiscal 2018. In 2022-23, it recorded sales of ₹8,031 crore and profit of ₹255.75 crore. However, this performance may have to do more with the growth of its food business.

mint SHORT STORY

WHAT

Across the world, Red Bull is a popular energy drink and one of the most sold. However, in India, PepsiCo's energy drink Sting has taken a massive lead.

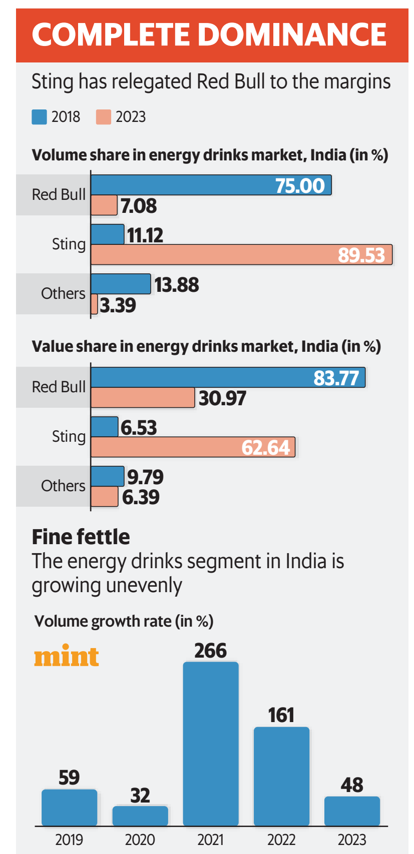
WHY

PepsiCo, over time, reduced prices. In 2020, it introduced Sting in PET bottles that cost ₹20. This opened the floodgates for the brand. In addition, its distribution muscle helped.

NOW

Coca-Cola has re-entered the energy drink market with Charged. The firm, like PepsiCo, has a wide dealer footprint and huge marketing budgets. It could stunt Sting's growth.

COMPLETE DOMINANCE



SATISH KUMAR/MINT

HEADROOM FOR GROWTH?

Having come this far, how much further can Sting go? VBL cites the examples of Vietnam and Pakistan where Sting accounts for 30% and 25% of PepsiCo's overall portfolio, respectively.

In India, Sting has headroom for network expansion. "Our reach today is up to 3.5 million dealers out of the base of 12 million. We got a big runway after Sting, where we added 400,000 exclusive dealers. These dealers were never purchasing the goods from us earlier, and now after Sting, they have also started carrying our other products," Gandhi said during an investor call on 9 November 2023.

But there are challenges, too. For one, the entry of Coca-Cola in 2022 with Thums Up Charged Berry Bolt, now called Charged, is Sting's new rival. Coca-Cola, too, has a wide dealer footprint and a marketing muscle that is at par with PepsiCo.

"Already, we are beginning to see that the growth of energy drinks is starting to slag. Coca-Cola's entry will have an impact. It will stunt Sting's potential growth," says Pandit of Euromonitor.

PepsiCo, on its part, remains confident. "Sting will benefit from category growth with the entry of other 'me-toos' and its product superiority, engaging consumer activation, superior distribution will ensure it remains the most loved energy drink in the market," the spokesperson quoted above says.

The other worry is any potential regulatory action by Fssai. Though the regulator did intervene in 2015 as mentioned before, the growing popularity of energy drinks among the youth, and increased scrutiny of health drinks in general, could trigger another round of regulation. That could present a curve ball for Sting.

"We are completely compliant with all the regulatory laws of the markets we operate in. Consumption of a bottle of Sting is comparable to having a cup of a hot beverage like coffee," PepsiCo's spokesperson says. "Further, as a responsible brand, Sting gives all mandatory specific cautionary declarations on our product label."

Considering that there are no regulatory headwinds, we are all set for an engrossing battle ahead, one that would test Coca-Cola for a change.

Coca-Cola did not respond to clarifications sought by *Mint*. Red Bull said that globally, the company has "a no employee spokesperson philosophy".

(With inputs from Suneera Tandon)

Not cashback, these 2 fintechs offer crypto, digital gold as card rewards

Digital assets aren't properly regulated in India but ANQ Finance and GoSats claim to have met all compliances

Yash Roongta
mintmoney@livemint.com

India is indisputably a price sensitive market and customers latch on to every new card offering that comes with marginally better points, cashbacks and rewards. It is only natural then that new card issuers try to offer even better rewards, be it in terms of zero forex fees or generous airport lounge benefits. How about cashbacks in the form of digital assets such as bitcoins? A lot of crypto investors would be interested.

Mint found out about two fintechs—ANQ Finance and GoSats.io—that offer digital gold and bitcoin as rewards for any spending done via their prepaid cards. Both the fintechs suggested that traditional card cashbacks are in the form of reward points which need to be accumulated for benefits that, however, depreciate over time. And it happens frequently whenever card issuers go in for devaluations of their popular cards, as in the case of Axis Magnus or HDFC Infinia.

However, both digital gold and crypto do not have well defined regulations in India. As per the stance taken by market regulator Sebi, digital gold is still an unregulated instrument. Last year in August, NSE asked all its exchange members to stop selling digital gold because it didn't consider that as a security. Crypto, although under the purview of Sebi, is still not considered as a legal tender in India and the regulator generally has a cautious stance against it.

"Crypto as a cashback is a tricky proposition as you will have users who are gaining crypto rewards but don't understand anything about how the asset class works and what to do with them" said Dipika Jaikishan, co-founder of GetBasis, a prepaid fintech card with focus on women.

So, can offering digital assets as a reward on a regulated structure (prepaid instruments, or PPI) be considered legal? Both the fintechs say they are not considered as regulated entities but work with an existing PPI licence holder and have met all due compliances by them. In this case, both PPI providers, Pine Labs and Livquik, declined comment on their tie-ups with the two fintechs.

ANQ Finance last week also launched co-branded Rupay credit cards called Pi & Phi in partnership with Yes Bank that offers generous rewards. These rewards can be converted into digital gold or Anq coin.

"We are replacing meaningless reward systems with wealth creation," said Ashish Khandelwal, founder of ANQ Finance.

"I agree crypto is still a grey area in India, but that should not stop innovation. Regulators always follow innovation and once those concrete regulations come in, we hope to be in the right way and scale things from there" said Roshan Mohammed, co-founder of GoSats.

A detailed email sent by *Mint* to the Reserve Bank of India did not elicit any response.

Apart from the obvious regulatory risk, there are two things investors should be aware of before opting for these cards: First, that these digital assets earned as rewards will attract crypto and gold taxation, a fact that a lot of spenders may not be aware of. As per GoSats, if those digital assets are redeemed within the app to buy a gift voucher or reload the card, it will be considered as a rebate and the consumer can get ₹50,000 as a rebate every fiscal year. But hardly anyone can keep track of this across the multitudes of cashbacks/rebates they will receive across various apps in that fiscal year. That's practically impossible.

Second is that these digital assets are always kept in the custody of the fintechs, which will not open a new bitcoin or digital gold wallet in your name. The fintech will keep it in their names but assign it to you and this will only be reflected on the app. In the event of a bankruptcy, it is unclear if investors will be able to claim their rewards. As per ANQ Finance, users are allowed to convert their digital gold into physical gold only after it reaches a certain threshold. GoSats says its users are allowed to transfer Bitcoin to an external wallet once it reaches ₹1,000 in value.

To be clear, both the fintechs don't explicitly allow the buying and selling of bitcoin or digital gold on their app. They argue that a user can only accumulate them while spending money via their card and, as per GoSats and ANQ Finance, they are not violating any guidelines. For users keen on accumulating digital assets passively while spending on their cards, ANQ Finance and GoSats offer a newer, interesting option albeit while operating in a regulatory grey zone.

Can card issuers give reward points in crypto/digital gold?

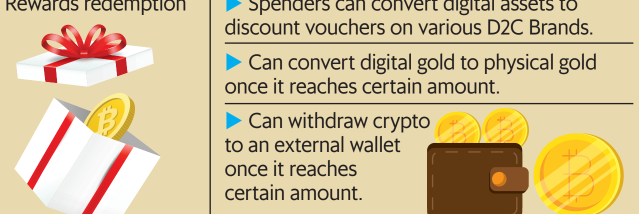
Fintechs like ANQ Finance and GoSats offer digital gold and crypto as rewards on prepaid cards

- Digital gold is an unregulated instrument and NSE last year asked it's market participants to stop selling it.
- Crypto, although taxed, is not considered a legal tender in India.

Workflow

User gets a RBI regulated prepaid card → Loads money into the wallet → Uses it for spending → Gets digital assets like digital gold & crypto as cashback

What's being offered



Fintech	ANQ Finance	GoSats
PPI license partner	Pine Labs	LivQuik
Banking partner	YES Bank	NA
Type of cards offered	Prepaid card, credit card	Prepaid card
Rewards offered	Bounties in the form of digital gold and bitcoin, spenders can choose.	Rewards in form of satoshis (bitcoin) and digital gold. Spenders can choose.
Rewards assignment	Rewards are held in name of firm but assigned to user on app.	Rewards are held in name of firm but assigned to user on app.
Rewards redemption	▶ Spenders can convert digital assets to discount vouchers on various D2C Brands. ▶ Can convert digital gold to physical gold once it reaches certain amount. ▶ Can withdraw crypto to an external wallet once it reaches certain amount.	▶ Spenders can convert digital assets to discount vouchers on various D2C Brands. ▶ Can convert digital gold to physical gold once it reaches certain amount. ▶ Can withdraw crypto to an external wallet once it reaches certain amount. ▶ Can reload existing prepaid card with more cash by selling assets.
Taxation	▶ Crypto and digital gold taxation applies if asset is sold for cash in bank. ▶ If asset is converted to digital vouchers, can be considered as rebate which is not taxable upto ₹50,000.	
Bankruptcy protection	If fintech goes bankrupt, it's unclear how investor can recover their digital assets.	

Watch out
- Earning crypto as rewards can be addictive for users to spend more money via the card.
- RBI prepaid card regulations have no clear rules on what type of rewards can be offered.

PRANAY BHARDWAJ/MINT

POWER POINT

VISHAL KHANDELWAL

We welcome your views and comments at
mintmoney@livemint.com

SEEKING WISDOM AT THE WOODSTOCK OF CAPITALISM

In the heart of America lies a modest, sleepy city called Omaha. It doesn't boast towering skyscrapers or bustling crowds like some of its metropolitan counterparts. But once a year, this unassuming city becomes a vibrant hub of activity, drawing people from all corners of the globe who get together here to attend the Berkshire Hathaway Annual General Meeting (AGM), hosted by one of the world's best investor ever, Warren Buffett.

On Saturday, 4 May, I had the privilege of attending the AGM for the first time in my life, and it was an experience like no other. Sure, what attracted me the most to this year's meeting was undeniably the chance to be in the same room as a legend like Buffett, and also to pay my tribute to Charlie Munger who passed away late last year. But what I did not expect was the sense of community that permeated every corner of the event.

Imagine being surrounded by friends and strangers alike, all brought together by a shared passion for learning and growth. As we waited in line to enter the venue under a light drizzle and chilly winds at 5 am, conversations sparked up effortlessly. People shared their experiences from past meetings, recounting memorable moments and the valuable lessons they had learned from Buffett and Munger. Some were attending the AGM for the first time, some for the 25th time.

And it wasn't just about the big names on stage. It was about the connections forged in the crowd, the camaraderie that made everyone feel like part of something bigger than themselves. In those moments, it didn't matter if you were a seasoned investor or a newcomer to the world of finance or investing. What mattered was the mutual respect and admiration for those who had paved the way before us.

As the day unfolded, I realized that the true charm of the Berkshire AGM lies not just in what Buffett or Munger have had to say on investing, business and life over the years, but in the connections made and the friendships formed. It's about coming together as a community, bound by a shared curiosity and a desire to grow.

> In life, as in investing, it's not always about the immediate returns

Jason Zweig, noted American financial journalist and columnist for *The Wall Street Journal*, wrote this beautiful passage in an article in 2004 while sharing his experience of attending the Berkshire AGM: "Few things make humans feel worse than being alone. Buffett knows that no one wants to face the uncertainties of investing all by our lonesome. We want to be comforted and feel we're part of a community. That's the greatest gift he gives his investors: not massive wealth or brilliant insights but the deep-rooted solace of knowing that they belong, that they are in this together with others, that they are not alone."

It's rare to find words that resonate deep within our souls. Yet, this profound passage from Jason, capturing the essence of Buffett and Munger's impact on their followers, does just that. It speaks not merely of financial investments but delves deeper into the intrinsic human yearning for companionship and community.

Even while this was my first time in Omaha, I have been a student of Buffett and Munger for years, and have come to understand that their ethos is not just about building wealth, but about building relationships and trust—or Munger's "seamless web of deserved trust"—and nurturing a community that thrives on mutual respect and shared growth. This ethos, when embraced, can diminish the pangs of loneliness and replace them with a comforting assurance that we are all in this together.

For me, like thousands of others who travelled thousands of miles for glimpse of Buffett speaking at the 'Woodstock of Capitalism,' this was like a pilgrimage. And this pilgrimage was not about securing financial gain or getting ahead with insider tips. It was about the experience—being part of a community that values deep investing principles, long-term thinking, and the wisdom that comes from decades of experience.

In life, as in investing, it's not always about the immediate returns. Sometimes, the most valuable journeys are those taken for the joy they offer and the growth they foster. For me, attending the Berkshire AGM was about the sheer joy of being here, and the irreplaceable atmosphere of shared wisdom—a pilgrimage in the truest sense, to the mecca of wisdom, to an experience that proves that the while the world will always be full of smart and intelligent people, there would never be another Buffett, or another Munger.

Vishal Khandelwal is the founder of SafalNiveshak.com

At $2 mn per minute, Treasuries mint cash like never before

Bloomberg
feedback@livemint.com

For the first time in nearly a generation, fixed income is living up to its name.

This, at a certain level, is simply the consequence of benchmark rates in the US jumping from 0% to over 5% in a span two years. But at a time when all of Wall Street seems fixated on whether the Federal Reserve will actually cut interest rates this year—and heated arguments break out over whether the 10-year US bond should yield, say, 4.5% or 4.65%—it's easy to lose sight of one important fact: That after being held hostage by zero-rate policies for almost two decades, US Treasuries are finally reverting back to their traditional role in the economy.

That is, as a source of income that investors can lock in and rely on, year after year, for years to come—regardless of where yields are at any given moment.

The numbers tell the story. Last year, investors pocketed nearly $900 billion in annual interest from US government debt, double the average over the previous decade. That's set to rise as over 90% of Treasuries carry coupons of 4% or more. In mid-2020, just 5% yielded that much. Because of the higher interest, investors are also better shielded against any jump in yields. Currently, rates would need to go up by over three-quarters of a percentage point over the next year before Treasuries start to lose money, at least on paper.

Over the past decade, that margin of safety at times virtually disappeared.

"With the help of our friends at the Fed, they did put the income back in fixed income," said Anne Walsh, who oversees about $320 billion as chief investment officer of Guggenheim Partners Investment Management. "And fixed-income investors, we get to reap the benefits of higher yield. That's a good thing."

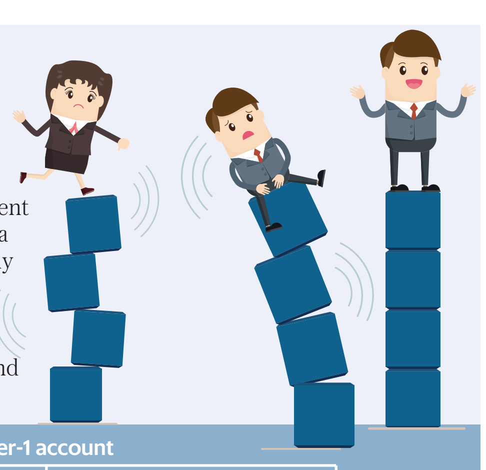
> US Treasuries are returning to their traditional role after years of being held hostage by zero-rate policies

Two recent economic trends have worked their favor.

First is that, while inflation is tantalizingly close to the point where the Fed might consider cutting rates, lately, progress toward its 2% goal has stalled. That's pushed out rate-cut expectations into at least the latter part of the year.

Second, and perhaps more importantly, is simply that the economy keeps humming along, which suggests the Fed won't need to lower rates all that much when it does begin.

Check how your NPS investments are faring



There are very few retirement products that help you accumulate a retirement nest egg and one such product is the National Pension System (NPS). It is a market-linked, defined-contribution product that needs you to invest regularly in the funds of your choice. The returns are based on the performance of the fund that you choose. There are eight pension fund managers to choose from and one of the ways to do that is by tracking the returns. Here is a breakdown of the performance of different funds—equity fund, government bond fund and corporate bond fund—of the private sector NPS.

Returns (in %): 1 year, 3 years, 5 years — Tier-1 account

Fund Manager	Equity fund 1 year	Equity fund 3 years	Equity fund 5 years	Government bond fund 1 year	Government bond fund 3 years	Government bond fund 5 years	Corporate debt fund 1 year	Corporate debt fund 3 years	Corporate debt fund 5 years
Aditya Birla Sun Life Pension	32.73	18.22	15.89	7.33	5.97	8.24	7.27	5.93	8.21
HDFC Pension Fund	32.77	18.67	16.25	7.33	5.57	8.22	7.43	6.13	8.37
ICICI Prudential Pension Fund	37.38	20.19	16.64	7.26	5.70	8.01	7.29	5.88	7.96
Kotak Pension Fund	35.26	19.78	16.64	7.50	5.85	8.16	7.18	5.73	7.40
LIC Pension Fund	32.51	19.37	15.69	7.15	5.67	8.29	6.80	5.71	8.16
SBI Pension Fund	32.08	18.35	15.01	7.48	5.66	8.06	7.07	5.78	8.02
UTI Retirement Solutions	36.61	19.63	16.03	7.49	5.69	7.97	7.05	5.65	7.76
Benchmark index	Nifty 50 Total Return			CCIL All Sovereign Bond-TRI			CCIL Bond Broad-TRI		
	37.06	19.62	16.73	7.32	5.55	7.79	7.09	6.02	8.70

mint

Returns as on 26 April 2024; 1-year returns are absolute returns

PRANAY BHARDWAJ/MINT

Source: Npstrust.org

How is a seafarer's income taxed in India?

Harshal Bhuta

I am a seafarer and have stayed in India for roughly 135 days and worked on an Indian-flag ship for the remaining period (approximately 230 days) in the last financial year. I receive my salary in NRE (non-resident external) account.

In the last financial year, I sold some part of my ancestral land that was lying vacant for ₹77 lakh. The buyer had deducted tax at source while making the payment.

Will my income, which usually comprises salary and interest income, be taxed because of the land sale during the year?

—*Name withheld on request*

ASK MINT
NRI TAXATION

Being a seafarer, there are certain concessions granted to you for determination of tax residence in India under the Income Tax Act, 1961 (ITA). Since you have left Indian territory as a crew member on an Indian-flag ship, you have to cross the threshold of 182 days or more stay in India in order to qualify as a tax resident of India. In your case, since you have stayed in India for only 135 days during the previous financial year, you will not satisfy this test and accordingly you will not become a resident under the normal provisions which determine tax residence on the basis of period of stay in India.

However, the ITA has been amended since FY 2020-21 to provide for a deemed residence test. Under this test, even if you qualify as a non-resident (by taking into consideration that your period of stay in India is below the threshold of 182 days), you could still become a tax resident of India if you are not liable to tax in any other country and that you have Indian income exceeding ₹15 lakh for the particular financial year in question.

In your case, apart from the fact that do not qualify as a resident based on your period of stay in India, ordinarily you would not become a tax resident of any other country since you were working on-board the ship for rest of the period when you were not present in India.

Further, assuming that the capital gains income (after considering indexation) from sale of land exceeds ₹15 lakh, you will become a deemed tax resident of India under this additional test.

For persons becoming deemed tax resident of India, incomes which accrue outside India (barring some) are not taxable in India. Therefore, your salary earned from exercise of employment in international waters would not be taxable in India.

Further, the Central Board of Direct Taxes (CBDT) has issued clarifications through specific circulars that mere credit of salary to NRE account would not make it taxable in India.

However, since your ancestral land is situated in India, capital gains earned by you on its sale would remain taxable in India.

Harshal Bhuta is partner at P.R. Bhuta & Co. Chartered Accountants.

Do you have a personal finance query? Send in your queries at **mintmoney@livemint.com** and get them answered by industry experts.

OUR VIEW


AP

Universal healthcare is a must for Viksit Bharat

Wider health insurance coverage, as with India's accident care plan, is welcome. But it's a stopgap at best. We should aim for an efficient state-run healthcare system that covers all

Considering India is among the countries with the highest number of road accidents in the world, it's welcome news that victims are on the Centre's policy agenda for help. Too many lives are lost in such accidents. Prompt medical attention might have saved many of these lives. Those in dire need sometimes get turned away or face the danger of delayed treatment while hospitals figure out who will pick up their bills. Delays can harm even patients whose health is insured, as prior approvals for cashless procedures can take hours in a loop of claim checks. Given this backdrop, the government's plan to facilitate cashless accident emergency care is thoughtful. On Monday, *Mint* reported that the ministry of road transport and highways has a scheme in the works that would provide up to ₹1.5 lakh of cashless treatment for every victim of a traffic mishap. This facility will be available to all without exception, regardless of whether they are covered by a health insurance policy or not, and will cover hospitalization for up to a week from the incident's date at all facilities under the Ayushman Bharat plan. With payment assured, treatment refusals and delays should drop. The money so spent would be reimbursed through the Motor Vehicle Accident Fund, which was set up in January 2022 to compensate hit-and-run victims. The purpose of this fund will be enlarged accordingly.

While further details of the scheme are still awaited, its planners seem keen to keep its fiscal cost low. The extent to which medical bills can be passed onto insurers of people's health and/or vehicles is being explored. Talks are said to be underway with general insurers on using a part of the premium paid by vehicle owners for third-party coverage. If put in place, such a programme would save lives. In spirit, it would follow Ayushman Bharat, a scheme of subsidized health coverage aimed at greater insurance inclusion. The logic of such safety cushions draws upon the 'law of large numbers': As the numbers under watch go up, events in the real world get closer to a pattern that theory says is most probable. So, the more people we cover, the more reliably we can attain payout stability, plot future expense trends and sustain the insurance cushion. As road crashes offer us a pile-up of data to analyse, the latest proposal's fiscal math can be worked out quite easily.

Expanded insurance works well for quick welfare expansion, but it's a stop-gap arrangement at best. Ultimately, a Viksit Bharat must provide direct healthcare services via a network of reliable facilities that attend to everyone promptly, efficiently and costlessly (or cheaply). This is what sets apart the world's happiest countries. The predictability benefit of large numbers applies to state-run health systems too. If this is leveraged well, the rigmarole of insurance could be left out of the welfare deal. A robust public health system would also restrain runaway prices charged by the private sector, whose domination, profit orientation and large bills are what make health plans so vital in India. Moreover, unequal access to quality services is a problem far better solved directly than through insurance; going cashless under the latter tends to require too many okays for people to count on, especially if precious time is ticking away. While private medical care should be free to thrive, subsidized state provisions are a must. Unless we intend to proceed along a suboptimal path as our economy expands, fiscal planning for a big upgrade of services should begin.

GUEST VIEW

Our approach to the regulation of cryptocurrency needs clarity

Efforts at reining in crypto haven't yielded results and the path ahead is riddled with cryptic clues

MITALI MUKHERJEE
is director, journalist programmes, at Reuters Institute for the Study of Journalism, University of Oxford, and author of 'Crypto Crimes'.

In March this year, Sam Bankman-Fried, founder of the now defunct crypto exchange FTX, was sentenced to 25 years in prison on the back of fraud and conspiracy charges. In an interview over email to *ABC News* a few weeks later, he wrote: "It's most of what I think about each day."

It is certainly what many others think about as well. Prosecutors say conservative estimates of losses from this fraud stand at $8 billion for FTX customers, $1.7 billion for FTX investors, and $1.3 billion for Alameda lenders. Once the richest and most influential man in crypto, Fried or 'SBF' was the creator of the hugely successful crypto trading exchange FTX and the Alameda Research trading firm. His crypto empire came crashing down in November 2022, an outcome of multiple acts of financial fraud and deceit, all spearheaded by him.

The collapse of FTX marked a hellish patch for crypto currencies that sank to multi-year lows. After peaking at $3 trillion in November 2021, the FTX debacle saw the value of the overall crypto market slump to a two-year low of $796 billion. It also prompted a much needed regulatory crackdown.

Here in India, the relationship between regulation and crypto has remained fuliginous at the best of times. The three key protagonists in the crypto tale—the Reserve Bank of India (RBI), Securities and Exchange Board of India (Sebi) and the government—have at different times held diametrically opposite views on cryptocurrencies. Of the three, it is clearly the central bank that has always been the most strident in its criticism and distrust of the crypto ecosystem.

However, it is the government that appears to have wound itself and policy action in knots. A cryptocurrency bill has been in the works since 2021, but still hasn't seen the light of day. What came in its place in 2022 was a tax whammy. Crypto currency trades in India attract a levy of 1% tax deducted at source (TDS) along with 30% capital gains tax, without any provision of offsetting crypto losses. The government categorized crypto assets as "Virtual Digital Assets," while refusing to address the moot question of whether they were legal or not. "Whether it is legitimate or illegitimate is a different question. But I will tax [crypto gains] because it is a sovereign right to tax," finance minister Nirmala Sitharaman said on the matter.

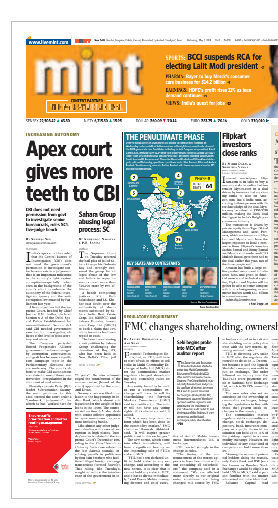
For an industry that has often resembled the dotcom bubble in its narrative, regulation in India has constantly shied away from addressing the who, what and how of crypto. Crypto believers swear that this is the answer to financial democratization and crypto sceptics say it's just fraud spelt with a 'c'.

When I started collating the numbers around crypto trading in 2021, data by research firm Crebaco showed that about 15 million Indians had invested in cryptocurrencies through Indian exchanges. New sign-ups were driving close to a 150% month-on-month surge in trading volumes. The government and policymakers were clearly nervous. Crypto was popular with the younger generation and there was a visible trail of incidents across India involving kidnapping, extortion, money laundering and drug deals where crypto coins were the weapon or ransom currency of choice. So, even as a clear policy eluded crypto, two decisions were taken. The first was a hefty tax, perhaps aimed at curbing trading enthusiasm; the second was a notification released in March 2023 that brought crypto currencies and other digital assets under India's anti-money laundering law. The PMLA intent here was to check money laundering by essentially placing the onus of transparency and checks on Indian crypto exchange platforms.

However, things haven't worked out as planned. By the end of 2023, a report by think-tank Esya Centre reveals that about 3-5 million Indian users shifted to offshore platforms, resulting in $3.8 billion worth of trading volume moving out of domestic exchanges. It's a loss of users and of taxes. Clearly, neither the 30% tax nor the PMLA inclusion has been a deterrent for those trading crypto; only a nuisance. One that private network connections have helped circumvent. Even as the information technology ministry blocked access to overseas platforms like Binance, Kucoin and Bitfinex, India-based crypto platforms and entrepreneurs have quietly moved business to locations like Dubai, probably because neither Indian policies nor the stress of staying based in India seemed appealing anymore.

While India's crypto industry continues to play a guessing game of 'what next' with regulation, what's clear is that our lack of policy clarity has never helped. The US has learnt the hard way that it needs to do more than just battle a stream of crypto-related litigation. The UK, EU, Singapore, Japan and Australia have moved forward with cogent regulatory frameworks for digital assets. For India, step one will be identifying who is taking charge of the situation. Should it be Sebi, which has purview over other financial markets? Should it be RBI, which is our bank regulator and monetary authority? Or should it be yet another body, a hybrid with financial and digital overview? The bigger question of regulation, however, isn't who. It is why.

10 YEARS AGO



www.livemint.com mint New Delhi Wednesday, May 7, 2014

SPORTS: BCCI suspends RCA for electing Lalit Modi president

PHARMA: Bayer to buy Merck's consumer care business for $14.2 billion

EARNINGS: HDFC's profit rises 11% as loan demand continues

VIEWS: India's quest for jobs

SENSEX 22,508.42 ▲ 63.30 NIFTY 6,715.30 ▲ 15.95 DOLLAR ₹60.09 ▼ ₹0.14 EURO ₹83.75 ▲ ₹0.16 GOLD ₹30,010 OIL $107.49 ▼ $0.23

INCREASING AUTONOMY

Apex court gives more teeth to CBI

CBI does not need permission from govt to investigate senior bureaucrats, rules SC's five-judge bench

Sahara Group abusing legal process: SC

THE PENULTIMATE PHASE

KEY SEATS AND CONTESTANTS

Flipkart investors close ranks

QUICK EDIT

Needed: A star chamber

REGULATORY REQUIREMENT

FMC changes shareholding, ownership rules

Sebi begins probe into MCX after auditor report

JUST A THOUGHT

> Of all the forms of inequality, injustice in health is the most shocking and inhumane.
>
> MARTIN LUTHER KING JR.

MY VIEW | MUSING MACRO

University campus dissent: The kids are (not) alright

AJIT RANADE

is a Pune-based economist.

The title of this column refers to a famous song by Pete Townshend of the iconic rock band, The Who. Part of their debut album in 1965, it captures the spirit of youth culture of the 1960s—rebellious, trying to break free from tradition and stereotypes and yet somehow also meet society's expectations. The Who's innovative, defiant and unruly style influenced many future generations of rock bands. The song itself has lasting appeal and has been covered by other artistes and there is also a recent movie by the same name. *The Kids are Alright* has become a catch-phrase representing the resilience and potential of youth as they face daunting challenges. It is the restless, resistant and resilient youth who rouse the social conscience when others are silent.

As Israel continues to brutally bomb Gaza, the kids in America are not alright about it. Across the country, college campuses have erupted with student protests, asking their universities to divest from all companies that do business with Israel. They want to end partnerships with Israeli universities. They are calling it a 'genocide,' as nearly 40,000 Palestinians have died, the majority of them women and children. Palestinian flags have gone up on campus greens. College administrators have been trying and failing to defuse the tense and escalating situation. Encampments have sprung up on the campuses of elite Ivy League colleges like Harvard, Yale, Princeton and Columbia, all the way to mid-west institutions in Michigan and Texas and places like Berkeley in California. The police have had to be called in, and there have been hundreds of arrests. These students are taking the risks of expulsion, disciplinary action and damage to their careers. These include many foreign students, including those from India. Student unrest has also spread to France, England and Australia. Even the faculty in many places have joined forces with students. It is a great testimony to youth power that the powers that be, whether in Washington, Wall Street or Silicon Valley, can no longer be reticent and have had to respond. Even the President of the US has shown some sympathy, although officially the US continues to stonewall all resolutions to restrain Israel at the United Nations. Some US lawmakers have asked Columbia's president to resign, while others warned that colleges should not cave into "right wing" pressure. The protests have divided lawmakers and social commentators, but the students themselves seem united the US.

This is not the first time that students are leading the voice of conscience in America. In the 1980s, college kids across campuses forced divestment in companies that did business with South Africa. This was their protest against its apartheid regime back then. Much earlier, in the 1960s, there was massive and decisive student unrest against the Vietnam war.

> As in America, our campuses should also become the crucibles where human capital is forged

The present pro-Palestinian student-led movement will prove to be a watershed in the evolution of America's relationship with Israel. The word 'genocide' has gained currency in the discourse on what is going on in Gaza. Israel's response to the 7 October brutalities of Hamas that killed innocent civilians is increasingly seen as disproportionate and unjustified. The US can no longer instinctively side with Israel no matter what the latter does.

The social conscience and global awareness of American kids stands in stark contrast to the recent clueless fumbling of placard-holding young protestors in Delhi. These college students from a prestigious university, when asked by a journalist on camera, unfortunately exposed themselves as ignorant youth who had probably been unwittingly coddled into doing political propaganda. They seemed to have no idea what they were supposed to be protesting. Their answers provided much comical relief in the style of late-night TV comedy shows of David Letterman and Conan O'Brien, who routinely parody the clueless. The troubling aspect is that these were college kids who are supposed to be socially and politically aware. They represent human capital of the future. Of course, it is totally inappropriate to extrapolate from one hilarious episode, but the difference in what's happening on American campuses and this scene on the streets of Delhi, both on live television at the same time, is telling.

Whatever complaint you may make about American institutions of higher education, that they have become prisoners of 'wokeness,' that political correctness is out of control, or that the diversity agenda has gone too far (all of these being favourite grumbles of Donald Trump supporters), you cannot deny that US universities remain bastions of free speech and creative thinking. They push the envelope, be it on social norms or science. They still attract the brightest and most competitive applicants from all over the world. The current predicament of university administrators is not that they want to suppress dissent against Israeli policy, but how to achieve a balance between free speech and providing a safe non-violent environment to all stakeholders, none of whom should feel intimidated. Within the boundaries of the college, where even the police cannot enter without permission, freedom of expression is sacrosanct. This is a *sine qua non* for a stimulating environment where science and art can flourish, where knowledge and insight can bloom. India's universities must also become that crucible where the dynamic human capital of tomorrow is forged—by healthy debate and dissent, by fearless questioning and exploration. Only then will our kids be alright.

MY VIEW | UNCOMMON SENSE

Startups have a lot to learn from long established organizations

From teams and advisors to 'good bureaucracy' and governance, vital lessons can be drawn from the longevity of large firms

HARSH MARIWALA & ABHEEK SINGHI
are, respectively, founder and chairman of Marico, and the chair of practices at Boston Consulting Group India .

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When I was a boy of 14, my father was so ignorant that I could hardly stand to be around him. But when I got to be 21, I was astonished at how much the old man had learned in seven years." This quote, often ascribed to Mark Twain, captures the disposition that young companies sometimes have towards large ones. In this article, we focus on what startups can learn from established organizations.

Get trusted advisors and challengers: Entrepreneurs bring passion and conviction to the business, and they are often in love with their ideas. The founder is larger than life, almost like a force of nature, and this is celebrated—both within the company and in the media. Think of Jobs, Musk or Zuckerberg in the global context or Agarwal(s) and Bansal(s) in India. Sometimes, this passion leads to spectacular success, but this could also lead to blind spots, poor investments and suboptimal outcomes. Behaviours that drive a startup's success also paradoxically increase the risk of an early failure. Startups can greatly benefit from having someone play the role of a trusted challenger or advisor to the founders by holding a mirror and helping maintain a balance—a role often played in a large company by some board members or external advisors.

Build a team of owners: Many startups have a super(wo)man entrepreneur driving initial success but as the business scales up, it becomes increasingly difficult for one person to do everything. Winning startups recognize the need for a senior team with complementary skills to scale up the business and empower the team in a balanced manner. Consider how the Google founders and investors hired Eric Schmidt as CEO as early as 2001 (Google was founded in 1998) and also carved out the roles between themselves thoughtfully. The same philosophy applies to the entire senior team that emerges. As the business scales up, it is important to focus on the employee value proposition with the same dedication as the consumer proposition. Some readers may recall a print advertising campaign that Marico ran targeting not consumers but employees. In our view, startups need to think of the human resource team as product managers for the organization. Most importantly, founders need to delegate but not abdicate. As the organization grows, their role expands to not doing everything, but ensuring it gets done.

Focus on reality metrics: During various startup booms, metrics ranging from eyeballs and monthly active users to gross merchandise value (GMV) have been fashionable, but only for a while. Sooner than later, the focus shifts to what established companies have always known: the topline is vanity, bottom-line is sanity and cash is reality. Startups that relentlessly focus on relevant operating and financial metrics are the ones that attract investors in the long run and succeed in becoming large companies. These metrics would, of course, change depending on the nature of the business and stage of the market's development. For example, in the fast-evolving e-commerce market, the focus has shifted from GMV to unit economics to overall profitability and the underlying drivers for the same, be it the transaction size, demand density or associated advertising revenue. Identifying the right metrics for the business, measuring those and improving performance helps build the business for long term.

Develop a 'good bureaucracy': Startups are known for speed, action and individual initiative, but these can sometimes lead to chaos, arbitrariness and confusion. Bureaucracy, on the other hand, is associated with insistence on procedure and documentation. In academic usage, bureaucracy is sometimes characterized as comprising hierarchy (division of labour and specialization), continuity (a defined structure), impersonality (independent of individuals) and expertise. Large companies have systems and processes so that the organization can be run efficiently for the long run. Startups can benefit from embracing 'good bureaucracy'—by setting in place fit-for-purpose systems. Striking an apt balance between creating the right structures and processes to support decision making while leaving room for managerial discretion should be the desired outcome. In our view, that sweet spot is always a work-in-progress for the best companies as they adapt to the changing context.

Go for governance from Day One: Governance starts with but is much more than mere compliance. Sometimes startups feel that this aspect can be taken care of "when we become larger." This attitude is a recipe for disaster, since core governance principles have to be embedded in the business's DNA and ways of working from the very start. The starting point is being clear on the distinction between the entrepreneur and the organization. The media has reported several disputes between boards or investors and founders in the last year, some on account of the *Laxman rekha* or dividing line between the individual and institution getting crossed, and others due to a culture of taking short-cuts or not following due process. Startups that eventually succeed start thinking of governance from Day One. Getting the right investors and advisors is really what helps founders build businesses for the long run.

In our last article, we wrote about what traditional large companies could learn from 'startup cheetahs.' In this piece, we make the point that startups also have a lot to imbibe from the wisdom and longevity of established elephants.

These are the authors' personal views.

MINT CURATOR

GenAI's big drawback is that it doesn't reject clients' bad ideas

Amazing but slavish creative tools can't really rival human minds

PARMY OLSON
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Creativity on command may not work out as well as AI purveyors say ISTOCKPHOTO

Yael Biran has worked for the last 25 years as an animator for mostly corporate clients, capitalizing on her talent for colourful illustration, movement and figuring out what her customers want but don't know how to articulate. Recently, she was "freaking out" about her work. She had big expenses on the horizon and her usual workflow of about a dozen annual projects had dwindled to three in the past year. The reason: artificial intelligence (AI).

More of the clients and creative agencies she worked with were trying to do animation work themselves and she suspects they were using AI tools for it. Biran is resigned to what that means. Another animation veteran she knows just retrained to be a gardener, and Biran is mulling new paths too, but she has a stark warning for what clients are about to lose: the people who challenge your terrible ideas. "What we give to clients is the ability to say 'no' to their ideas," says Biran. "They're not visual people and they know what they think they want. And then a lot times it really needs tweaking. Sometimes in a major way."

The content that generative AI models can now conjure can look as good as anything created by humans. Creative agencies have been using tools from New York-based video generation startup Runway to develop concert backdrops for Madonna and graphics for CBS's *Late Show With Stephen Colbert*, often saying it saves them hours or weeks of work. Earlier this year, actor and movie producer Tyler Perry said he was halting a $800 million studio expansion because of OpenAI's video generator Sora, whose capabilities he called "mind-blowing."

Critics of the tech say that will lead to a flood of boring, derivative work in film and TV since AI tends to spew a pastiche of pre-existing art, like Biran's swirling watercolour figures or the quirky cartoons. But when companies use AI to generate animations for their own marketing, the effect could be worse thanks to the relative lack of visual, creative thinkers among their ranks. They'll use AI tools to churn out graphics that—as with Hollywood's overuse of CGI—look impressive but fail to make a meaningful impression on other humans.

One design agency, for instance, tried making a short animated film graphic for a British health-care provider that was meant to train doctors on their bedside manner. The script said medical professionals should listen carefully to their patients and avoid behaving like they were going through a checklist. Yet the resulting animation showed a physician sitting with a patient and a giant list being marked off above them. That's not how visual communication works, says Biran. "People will see a checklist and go away thinking, 'checklist.'"

When corporate clients try putting together a slideshow, they'll also gravitate toward displaying some the same text already being spoken in a presentation, but that can make a presentation more confusing. There's a reason for the phrase 'a picture paints a thousand words.'

Images can elevate subtext and advance a message, but figuring out which images are best requires people who are skilled at thinking visually, like Biran. "We think in pictures, and we gravitate towards metaphors," she explains. "And so we can help identify the subtext."

Corporate clients often believe they are visual thinkers too, perhaps because so much of the content people see online now is visual on platforms like TikTok, YouTube and Reels. But passively consuming graphical content doesn't mean you can do a decent job making it.

"AI can clearly enhance our capabilities, but some clients are now questioning the need to hire creatives," says Leila Makki, who runs a video production company for brands and agencies. A big reason may be the anticipation of OpenAI's Sora. "They're genuinely uncertain, but dismissing creatives for AI is short-sighted and counterproductive."

Businesses would do well to avoid outsourcing too many aspects of creative work to artificial intelligence, even as they shift much of their marketing spending—which for North America and Europe tends to hover at around 9% of capital expenditures—to generative AI. Biran predicts that in a few years, more companies will realize they need visual thinkers "and they will circle back and ask for our help."

That may be an optimistic view, given that generative AI models are becoming more sophisticated, with the possibility of greater reasoning capabilities to boot.

But companies will also need people who understand visual communication to challenge their ideas, and they won't get that from sycophantic AI models that don't actually experience colour and sound. They'll get that from humans, who will need to be paid.

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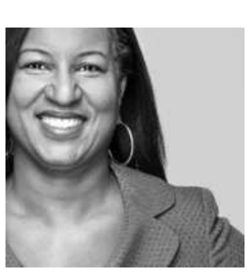
GUEST VIEW

Artificial intelligence holds the key to urban resilience

JUSTINA NIXON-SAINTIL



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The cities that some 4.4 billion people call home are increasingly at risk of catastrophic climate-driven events. Rising sea levels and flooding threaten coastal megacities like New York City and Jakarta, and extreme heat waves, like those that afflict cities across South Asia and the Middle East each year, are projected to become more frequent and severe.

While our built environments and infrastructure are being tested by unpredictable weather and changing populations, many urban communities are facing heightened climate-related health and economic risks. Dangers such as air pollution and natural disasters can be especially acute in developing countries, where they threaten to drive more people into poverty.

At the same time, cities contribute disproportionately to the broader challenges we face today. Cities already account for an estimated 70% of global carbon dioxide emissions and 78% of energy consumption, and these figures could grow in an urbanizing world. According to UN-Habitat, the share of people living in urban areas is expected to increase to 68% by 2050.

Clearly, cities will play a central role in how the world addresses climate change. One factor that could give cities much-needed support and unlock opportunities for building greater resilience is artificial intelligence (AI). If developed and deployed responsibly and ethically, AI could potentially accelerate urban climate solutions, enable science-based and sustainable development, and deliver innovation at an unprecedented pace, allowing us to put the most vulnerable communities first.

But the first step is to improve our understanding of AI's many potential applications as a tool for resilient cities. For example, the challenge of handling vast amounts of data is a major obstacle to modelling future climate scenarios accurately and making informed planning decisions. Fortunately, through the power of AI, foundation models and geospatial analytics could help us visualize our cities in a new way.

Consider the metropolitan areas facing severe and changing weather patterns. With real-time and historical climate data and AI-powered predictive capabilities, governments could introduce new tools for disaster response and readiness. Everyone, from ordinary citizens to those tasked with protecting and maintaining critical infrastructure, could be better informed and prepared.

AI also has the potential to help make city operations more sustainable at every level, thus reducing cities' outsize emissions and environmental impact. Intelligent software applications could integrate AI to analyse buildings' energy usage, water consumption, and waste management, providing insights that allow communities and organizations to make more responsible decisions about sustainability.

Deploying AI against climate change could make the planet's cities more adaptable and sustainable

Moreover, with the addition of connected devices to drive in-depth data collection, safety measures such as urban infrastructure maintenance could be more effective and efficient than ever before. Think of all the bridges and roadways threatened by unprecedented weather events. When combined with AI, the uses of data extend far beyond basic monitoring and reporting.

Nor will AI's urban applications stop there. The technology has the potential to optimize public transportation and traffic planning to achieve more sustainable urban transit. It could help to identify the best locations for expanding much-needed green space, while also preserving urban biodiversity and natural resources.

Governments, public-service providers and non-profit organizations alike have growing opportunities to access and explore AI tools, such as through requests for proposals and pro-bono programs, like those offered by IBM.

However, recent research shows that while 69% of cities are already exploring or testing the uses of generative AI, only 2% are implementing it. As IBM's chief impact officer, I know that access to technology and the skills required to use it effectively can be major obstacles to implementation.

The need for greater access becomes all the more urgent when one considers the unequal distribution of climate-driven threats. Within our cities, problems like air pollution and a lack of access to clean energy disproportionately affect the poorest and most vulnerable residents.

These are the communities that have the most to gain from AI.

We all have a responsibility to make AI solutions support vulnerable populations. That means providing equal access to climate tools, supporting training in AI and related skills, and also creating programs designed to respond to the specific needs of historically marginalized urban populations. Upskilling, especially, will play a key role in accelerating vulnerable communities' adoption of climate-mitigation and adaptation tools. The private sector can do its part by forming partnerships with public agencies and working closely with organizations that are already engaged in supporting vulnerable communities.

By embracing AI and putting it to work in the fight against climate change, we can help make our cities safer, more adaptable, and more sustainable. The technology to give people the tools to anticipate, address, and recover from climate-driven events is here. But it is up to all of us—communities, governments and companies—to put it to the best possible use.

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Boot camp and easy banter on a holiday

High on energy and camaraderie, group exercise helps push your limits and allows you to experience a foreign city like a local

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A little after 6.30am on a recent Wednesday, I found myself doing an extended plank at Independence Square in Colombo among a group of exercisers and under the watchful eye of two fitness trainers, Tusari Ekanayake and Nathan Nikko. Not far away was a phalanx of military cadets doing crunches. The postcard perfect setting was framed by a rapidly more belligerent sun.

On my previous trip to Sri Lanka, I had discovered TASS, a sports science, training and sports injury rehab centre that hosts group exercise classes every day. Many are outdoors—leading me to discover the joy of working out outdoors while on vacation. To many, exercising while on holiday would seem to miss the point of a break from our daily disciplines, but group exercise gives one instant access to excellent trainers and a band of fellow fitness devotees. For an hour or so, one feels like a local, part of the regular rhythms of a city.

Many gyms around the world allow visitors to join for a week or less. In Hong Kong, the plush Pure Fitness chain offers a month-long pass that enables a visitor to attend group classes that include a tai chi-yoga hybrid called Body Balance and a weight training routine called Body Pump. More than a decade ago, I had become addicted to the frenetic energy and camaraderie of large group exercise classes while living in Hong Kong. Pure Fitness uses formats created by Les Mills in Auckland, whose group classes set to fabulous music are franchised to 18,000 gyms in more than 100 countries.

TASS, founded ten years ago, has developed its own classes that incorporate weights, body weight training, and occasionally, a CrossFit routine. The sessions run 45 minutes. I did four in a week in early April and found very little repetition. A recent class started with a one-mile run past a pristine cricket field, so numerous in central Colombo that it often seems a city that permanently inhabits an era when sport was played in whites.

TASS

An outdoor group exercise class conducted by TASS in Colombo, Sri Lanka

The kettle bell was deployed that morning to make lunges more challenging and build strength. When one of the class struggled to hold the two-minute plank, others in the group spontaneously gathered to cheer her on.

> Most gyms around the world allow tourists to join fitness programmes for a week; some even offer month-long passes

Even though I was headed for the beachside town of Bentota on the weekend, I squeezed in a class at 7am dubbed Saturday Sizzle. Imran Khan, the gym's business development manager and a fitness trainer, explained the aim is to "push your limits non-stop for 45-50 minutes and keep the heart rate high." Serendipitously, the exercises chosen that morning seemed tailor-made for a club tennis player like me, focusing on squats and lunges that help build strength for staying low at the point of contact with the tennis ball. There were also routines to build oblique strength, an underappreciated necessity to generate topspin.

My favourite was the slam ball routines, repeatedly thrown against a wall as tennis stars often do as warm-up. Another involves a 15kg weighted ball, slammed on the matted floor repeatedly. This has something strangely cathartic about it—violence without inflicting pain or suffering consequences. When the time was up on Saturday, I was still walloping a large tyre outside with a heavy elongated hammer with such abandon that I had to be told to stop.

A management role model of leading from the front, Thanura Abeywardena, TASS' managing director, is usually in the gym training clients before heading to the office. He founded TASS a decade ago, fulfilling a dream as a schoolboy to set up a sports science and injury rehab centre.

On a recent Monday, about 10 people had signed up for the morning class. Abeywardena, 40, seems to have the ability to do everything at once. I had just started a 500m race on the rowing machine, when I noticed the pedal strap on my right foot needed to be a little tighter. Before I could adjust it, Abeywardena had raced across from his personal training client to do it. He has a combustible, charismatic energy, shouting across the gym to one of the group trainers to load weights onto the thighs of someone doing a wall squat, while also keeping a watchful eye on the couple he is training.

Group exercise anywhere lends itself to high spirits. This was especially true of this class: It was languid one moment, ferocious the next, a boot camp with banter. During 'Monday madness' a month ago, after slamming ropes, rowing, yanking cables and flipping tyres, my 20 reps box jumps looked ragged, and Nathan said I should lower the level. Still high on adrenaline, I ignored the advice and tripped a few seconds later. (As Khan jokes, if one can't keep up, there is a conveniently located cemetery right next door.) TASS could consider boot camp weeks for tourists, the way hotels promote spa retreats. I paid as little as ₹600 per session and plan to do their strength and injury prehab midweek sessions on my next visit.

High-intensity interval training takes you out of your comfort zone—just as travel should, on occasion. Cooling down on a Saturday, I found myself in the multi-religious Borella Cemetery, so well-tended and with such beautiful statuary and tranquil Christian and Buddhist chapels that it should double as a movie set. The first gravestone I encountered had as its inscription the words from the Bible used on my father's tombstone. Until months before his death at 76, he continued with his daily, early morning commitment to tennis and to 5BX, a Canadian Air Force exercise drill favoured also by actor Helen Mirren, 78. That morning, the inscription on the gravestone – "I have fought the good fight, I have finished the race, I have kept the faith" – seemed also a broader encouragement to keep going even when exercise takes you almost beyond your limits.

Rahul Jacob was travel, food and drink editor of the FT Weekend *between 2003 and 2010.*

No, apple cider vinegar can't keep kilos away

Experts bust five wellness myths that are popular on social media

ISTOCKPHOTO

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During one of my recent doom-scroll sessions on the 'gram, I came across a fitness influencer who sticks "yoga teacher & nutritionist" against her name, has 236,000 followers, and in one of her videos was claiming to teach us how to 'naturally' increase height. Hanging from a bar is something I started doing as a kid and, firmly in my 40s now, I still do it. Since forty years of hanging from a bar have failed to do anything for my height, it got me thinking about how much of all this fitfluencer content is factual or scientific. While I'll save the question of whether one should follow fitness, health and nutrition advice from someone with vague credentials for another day, for now let's explore how much water some popular health myths hold.

A spoon of ghee/butter in coffee is good for health: This is a topic of debate in the health and wellness world, says Shalini Garwin Bliss, executive dietician at Manipal Hospital in Gurugram. She notes that proponents argue that the healthy fats in ghee or butter can provide a slow release of energy and promote satiety. However, Chandni Haldurai, the head nutritionist at Cult Fit, warns against this, no matter how delicious it sounds. "Although these fats can give you a brief energy boost, their high-calorie content quickly adds up," Haldurai says.

Apple cider vinegar helps burn fat: This idea is big these days as even gym trainers and coaches support the idea of having daily doses of apple cider vinegar. "There is no magic bullet for weight loss. Simply consuming apple cider vinegar daily is unlikely to lead to significant weight loss without complementary lifestyle changes like following a balanced diet and an exercise routine," says Bliss.

> Claims about exercises that promise to increase one's height are completely false

Jaggery and demerara sugar are safe: Next time you put that second spoon of jaggery or demerara sugar in your tea or coffee, remember that despite being less processed than refined sugar, both are still sugars and can have an impact on blood sugar levels. "Due to their low processing and trace nutrients, they might be marginally preferable solutions, but people with pre-diabetes or diabetes shouldn't choose them," warns Haldurai.

Freshly squeezed and cold-pressed juices are healthy: It is true that fruit juices that have been freshly squeezed or cold-pressed retain more nutrients than packaged juices, but they have little to no fibre. Whole fruits provide the most advantages due to their high fibre content, which helps slow down the absorption of sugar, says Haldurai. However, if you must have your fruits in liquid form, smoothies made with whole fruits, yogurt or vegetables are preferable.

Hanging leads to height gain: If hanging from bars actually led to height gain, many of us would have been giants. "It's a myth that certain exercises or stretching techniques such as pull-ups and hanging from a rod can make you grow taller," says Dr. Amite Pankaj Aggarwal, director and head of the department for orthopaedics in Fortis Hospital, Shalimar Bagh, New Delhi. There's no good evidence or study to support these claims, he concludes.

My mother works out more than I do: Milind Soman

The super-model, actor and fitness enthusiast on how fit moms inspire fit families and why he runs as much as he does

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Milind Soman ran his first full marathon (42km) in 2008 when he was 43. Since then, the super-model-actor and fitness enthusiast has finished a number of marathons on terrains as diverse as deserts, hills and snow, both in India and internationally. He is also by far the name most closely associated with running and marathons in the country today. It's a recognition he wears easily but Soman recollects that he didn't really enjoy the sport all that much when he started.

"I didn't like running, but as a child I'd heard about the story of Pheiddipides running from Marathon to Athens and the whole amazing myth about him dying after he ran. I'd decided then that I'd do at least one marathon in my life as some rite of passage," reminisces Soman, admitting that he'd only signed up for the first Mumbai marathon when it was announced in 2003 because "it was happening in my city and I had no excuse to not run." While he doesn't term the first experience 'life-changing', Soman says that running has brought "so much more" to his life. "I don't run for exercise, to lose weight, to be fit or for any other reason except that I love to run. It gives me joy. I cannot overestimate the value that running has in my life today," he says.

Soman says that thousands of people do approach him in person and on social media to tell him how he's inspired them to take up the activity. "They publish stories on Instagram. They follow everything I do because what I do is simple, it's not something that's very technical, I don't even go to the gym or have a trainer, and so anybody can follow me," he says.

For Soman, the simplicity of his routine hinges on the belief that one's health and fitness habits need to come from a place of self-awareness. "I don't want to depend on somebody else telling me what to do. Whether it's what to eat, when to eat, how much to eat or when to exercise and how much to exercise, I want to learn it all through my own experience," he says. It's

INSTAGRAM.COM/MILINDRUNNING

this self-awareness that Soman feels is lacking from the fitness discourse happening in the country today.

Easy availability of information means that most people are relying on external sources rather than tuning in to understand what their bodies need. "While I think it is okay for someone to start their fitness journey by listening to somebody, it eventually boils down to them taking that first step," says Soman.

The fitness advice he doles out for newbies prescribes to his philosophy and is simple. "To me the whole idea of endurance sport is not about achieving a specific target like timing or speed. Its about being comfortable doing something that is difficult," he says, and so, his advice is to 'start slowly'. "Remember that you need to be comfortable all through. So, take the first step. If it's comfortable, take the second step, then the third, but if the third step is not comfortable, stay there till it becomes comfortable and then move on to the fourth," Soman explains. He also advocates trying different exercises, not just running. "See what suits you best, understand your strengths and weaknesses and work on your weaknesses," he adds.

Standing at the cusp of 60, Soman's insights come from a place of experience and it's this blend of experience and wisdom that he hopes to tap into as the running ambassador for performance wear brand, PUMA. Talking about it, Soman says that besides the gear, it was the brand's vision to increase the running space in India that resonated with him. "They want more people in India to run, exercise, and take care of their health."

Taking people along on the fitness journey is something that Soman is familiar with as co-founder of the Pinkathon marathon, a running event that was designed only for women. "Thousands of women joined that journey that we started in 2012, and while Pinkathon hasn't happened for the last three-four years, the community continues to be active," he says before deliberating on the need for initiatives that focus on pulling more women into fitness.

"I think women are important because when it comes to families, it is women who decide what their families will eat, what their families' lifestyles will be. So, if a woman is fit, healthy and understands what is necessary to have a better life, those are the habits and values that her children are going to imbibe," he says citing his own mother, Usha Soman, as an example.

"My mother is 85 years old. She works out more than I do and goes trekking in the Himalayas. She inspires a lot more people than me," he says. While he shrugs off the question of how he prepares for marathons with "I normally just run," Soman is keenly aware of age catching up. Recalling a recent conversation with a follower on social media, Soman says, "I had this person ask me, 'Why are you running all the time, what are you afraid of?' My response was, 'I am afraid that one day I may not be able to run, and so I have to do as much as I can before that happens'."

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