

INTERVIEW WITH CO-FOUNDERS OF AI FIRM HUMANE INC.

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June 9, 2024 ₹200

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AMAZON'S INDIA MASTER PLAN

E-COMMERCE GIANT AMAZON HAS SEEN STEADY GROWTH SINCE IT ENTERED INDIA, EXCEPT FOR ITS OFFLINE BUSINESS. HAVING LOST OUT TO RELIANCE ON THE FUTURE RETAIL BUYOUT, HOW DOES IT PLAN TO RECOVER?



REINING IN BIG TECH



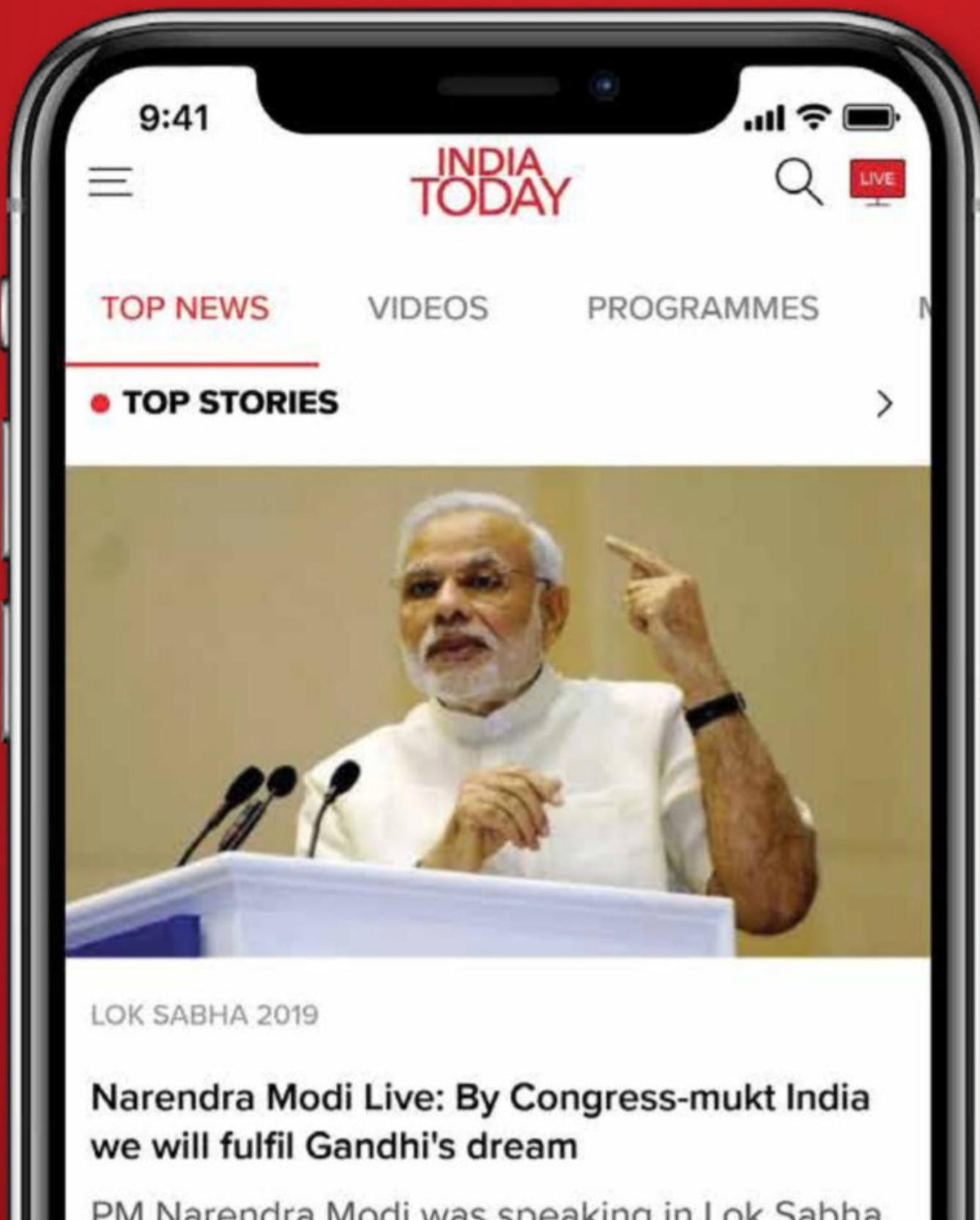
MANISH TIWARY,
COUNTRY MANAGER,
AMAZON INDIA

DL (DS)-04/MP/2022-23-24, RNI No. 53481/92 ■ FARIDABAD/145/2023-25 BPC Faridabad ■ Date of posting: Tue, Wed & Thursday

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Amazon India's Future Plan



When Reliance outsmarted Amazon in 2022 by signing fresh lease agreements with the owners of over 800 Future Retail stores, it dealt a blow to the American giant's offline plans in India. Today, after several twists and turns and courtroom battles, what Amazon reckoned would be a straightforward acquisition of Future Retail by way of its 49% stake in Future Coupons, looks uncertain. The offline piece would have given Amazon India an important engine of growth in a market that is complicated and dynamic. Despite this setback, Amazon India is busy doubling down on its growth plans. Last June, it committed to investing another \$15 billion by 2030, taking its total India investments to a hefty \$26 billion. That's ample evidence of the kind of aggressive growth the Jeff Bezos-founded company sees in the Indian market. Over 10 years since it stormed into India in 2013, Amazon has spread its wings across businesses and platforms. Today, its fulfilment centres are spread across 15 states, with over 43 million cubic ft of storage space. There are over 1.4 million sellers on the platform and Amazon Pay, its payments offering, has over 80 million users.

In our cover story, *Krishna Gopalan* takes a close look at where Amazon is heading after completing over a decade in the country. To be sure, there is serious competition too in the form of Walmart-owned Flipkart, which is estimated to be ahead of Amazon in terms of gross merchandise value (GMV), the key metric in e-commerce. In FY23, the GMV of Flipkart (minus its fashion arm Myntra) was at \$20 billion to Amazon India's \$18 billion. But Amazon India's Country Manager Manish Tiwary says the e-commerce story in India is still being written, and that companies have "barely scratched the surface". Tiwary is right: going by estimates of the Open Network for Digital Commerce (ONDC), Indian e-retail penetration is still at a puny 4.3% to China's 25% and the UK's 23%. That's major headroom for growth right there.

Talking about tech, *Surabhi* gets you the details about what's cooking as the government gets ready with a digital competition law to rein in global and Indian tech giants and ensure a level playing field. While several countries have been mulling legislation to ensure fair competition in digital markets, and Big Tech firms are being probed for alleged anti-competitive practices, Indian policymakers will need to strike a fine balance between ensuring fair play, maintaining the sanctity around usage of personal data, and ensuring market freedom. There's animated discussion around these issues in India, the world's second-largest internet market. In discussions with policymakers, many tech giants have said they aren't in favour of *ex ante* regulations. All eyes are now on what final shape and form the digital competition law will take. That's going to be one critical piece of legislation. **BT**

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PHOTO BY SELVAPRAKASH LAKSHMANAN

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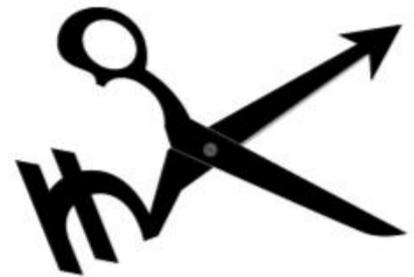
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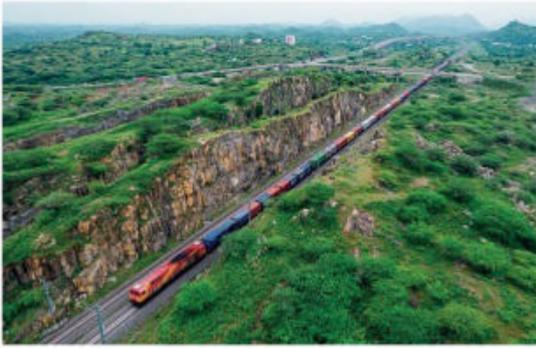
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Millennials’ Missing Homes

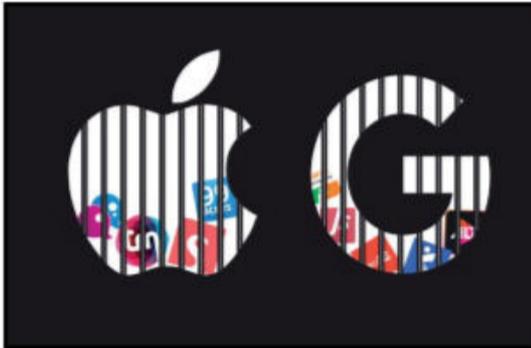
Sky-high property prices, coupled with slow income growth, have made the dream of owning a home a distant one for many millennials



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FOCUS / An IMPACT Feature

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The Cosmic Birla Group, originating from the East, stands as a prominent industrial conglomerate embodying innovation, expansion, and a steadfast dedication to achieving excellence. Initially centered on engineering products and components, the five decade old legacy business, led by a 34-year old Aditya Vikram Birla, Chairman and Managing Director, has transformed into a diversified enterprise over time. The enterprising leader of the Group took pride in addressing some questions about the Group:

What are the key entities of the Group?

“Cosmic CRF Ltd, listed on the BSE, serves as the leading entity within the group, providing a wide array of products. The Group’s strategic growth encompasses affiliated companies like AVB Entech, Comet Technocom, Comet Tradecom, Prilika Enterprise, Asansol Steel, Cosmic Steel Castings Ltd & N S Engineering Pvt Ltd. Furthermore, initiatives such as Cosmic EV Ltd (specializing in electric vehicle bikes), Cosmic Springs and Engineers Ltd, and Cosmic Rail Solutions Ltd underscore the group’s dedication to expanding and diversifying its presence across multiple sectors.”

How diverse is the Group’s product portfolio?

“The Group’s product range spans across cold-rolled formed sections, engineering goods, railway components, and items within sectors such as electrical transmission and defence. Additionally, the group is involved in real estate ventures and the production of primary steel goods and fast-moving consumer goods (FMCG)”

Please throw some light on the EV bike initiative which the Group has invested in.

“The Group has acquired Raft Motors in Mumbai to introduce a fresh line of electric vehicle bikes branded as Raft Cosmic EV. They currently operate a showroom and service center in Satna, Madhya



Pradesh and manufacturing facilities at Dhule & Bhiwandi (Maharashtra). Their inaugural showroom and service center in Kolkata opened on April 15th, 2024, at Sarat Bose Road, with plans for a second showroom in Khidderpore. By June 2024, a cutting-edge assembly unit will commence operations in Domjur, West Bengal, to meet the demand in eastern India. An investment of Rs 50 crore is allocated for the Eastern India region within the EV division, targeting an estimated annual production capacity of 25,000 units. Raft Cosmic EV contributes to sustainable practices by providing electric vehicles that are environmentally friendly.”

How do you gauge the Group’s journey as on date and in the future?

“We have taken a 51 year old legacy business group and made it the fastest growing business group of Eastern India. As a Group we have reached a total manufacturing strength of 1,00,000 metric tons. Our recent acquisition of NS Engineering Projects Pvt Ltd through the NCLT will soon make us one of the biggest cold rolled formed products manufacturers in the world. The fact that a marquee investor like Ashish Kacholia has invested in our Group is testament to the

trust that has been shown in the Group’s initiatives. The Group plans to reach a revenue of Rs 5,000 crore by the year 2028 and to make fresh investments to the tune of Rs 1,000 crore by the year 2027 towards new infrastructure and upgradation of existing infrastructure for state of the art manufacturing facilities across all sectors. The Group plans to expand to new horizons in the coming days and truly become a powerhouse from the east.”

Aditya Vikram Birla was recently invited to the India Conference at Harvard 2024 at Harvard Business School for a fire side chat on 'Transforming a Legacy Business into an Innovative Powerhouse' moderated by Sanjay Aggarwal, Partner, Finhive LLC. . This event was also graced by Madhubi Puri Buch, Chairperson, SEBI; Indermeet Gill, Chief Economist, World Bank; Deepa Malik, Indian Paralympic athlete; Karishma Kapoor, Bollywood actress; Radhika Gupta, CEO, Edelweiss; Hemang Jani of World Bank and Iqbal Singh Dhaliwal of J-PAL. This was a great opportunity to establish a connect with the potential talent at Harvard which can be a great contributor to the group’s human capital expansion and development plans.





bt Photo
graphik

Photo by **MANISH RAJPUT**; Text by **PRINCE TYAGI**

Electric buses being flagged off in New Delhi
in September 2023

SOURCE CMIE ECONOMIC OUTLOOK

RACING AHEAD

COMMERCIAL VEHICLE SALES (EX-SHOWROOM) WENT UP BY 26.7% IN FY24 AFTER GROWING 55.7% IN FY23, WITH REGISTRATIONS SETTING A NEW ALL-TIME HIGH OF 2.5 MILLION. WITH PREDICTION OF AN ABOVE-NORMAL MONSOON, SALES ARE EXPECTED TO ZOOM AHEAD



1.4

million

Number of passenger transport vehicles registered in 2023-24, higher than the pre-pandemic peak of 1 million in 2018-19

22.7%

YoY increase in registrations of construction vehicles to 22,040 in 2023-24, well above the pre-pandemic high of 17,963 in 2018-19

55.4%

Share of passenger transport vehicles in FY24 of the total commercial vehicle registration, a jump from 45.6% last year

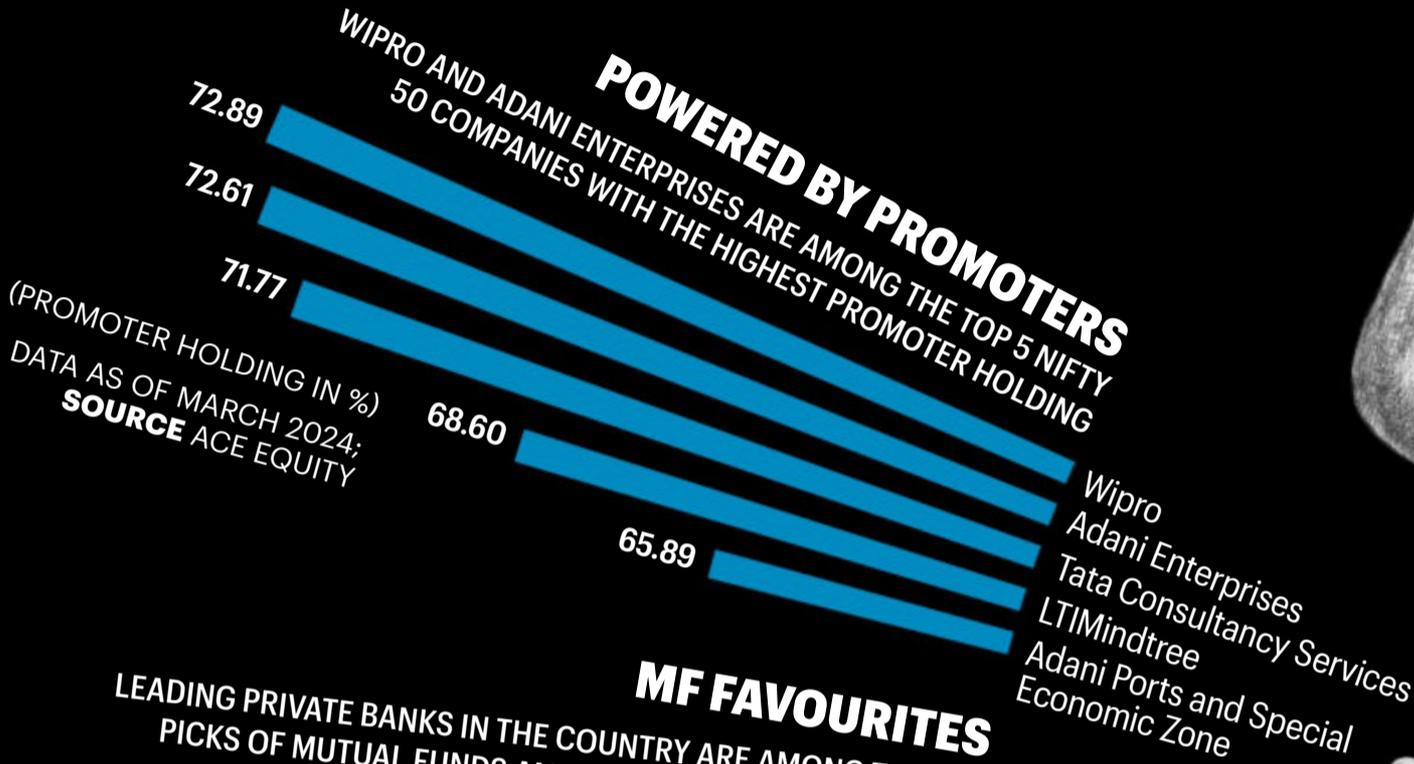
REPOSING FAITH

By **RAHUL OBEROI & PRINCE TYAGI**

Graphics by **RAJ VERMA**

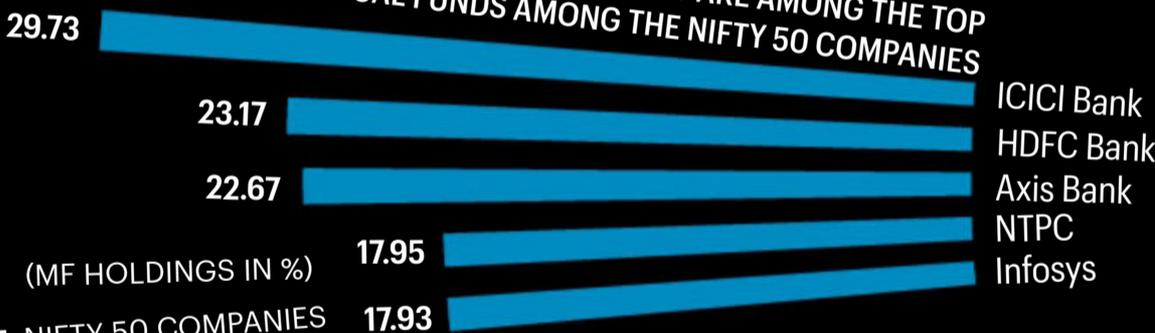
POWERED BY PROMOTERS

WIPRO AND ADANI ENTERPRISES ARE AMONG THE TOP 5 NIFTY 50 COMPANIES WITH THE HIGHEST PROMOTER HOLDING



MF FAVOURITES

LEADING PRIVATE BANKS IN THE COUNTRY ARE AMONG THE TOP PICKS OF MUTUAL FUNDS AMONG THE NIFTY 50 COMPANIES



NOTE NIFTY 50 COMPANIES WITH THE HIGHEST MF HOLDING; DATA AS OF MARCH 2024; **SOURCE** ACE EQUITY

GLOBAL BOOST

GLOBAL INVESTORS HOLD MORE THAN 50% STAKE IN ONLY TWO NIFTY COMPANIES—SHRIRAM FINANCE AND AXIS BANK



FIGURES FOR FII AND FPI STOCK HOLDING; DATA AS OF MARCH 2024 **SOURCE** ACE EQUITY



₹ **39.38**
LAKH CRORE

THE VALUE OF SHARES HELD BY THE GOVERNMENT (PROMOTERS) IN NSE-LISTED FIRMS AS OF MARCH 2024, WHICH IS THE HIGHEST EVER

₹ **33.96**
LAKH CRORE

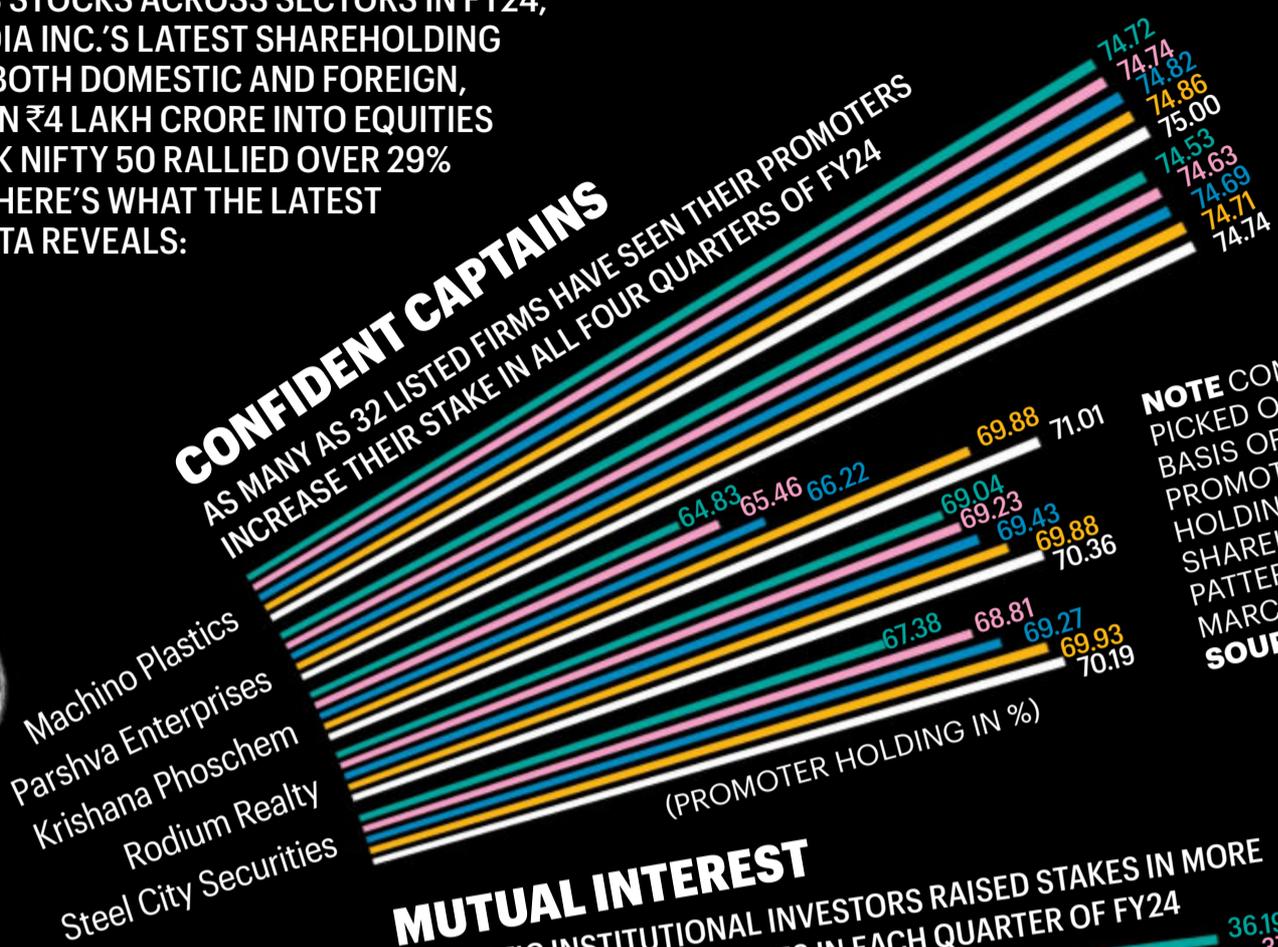
WORTH OF SHARES MUTUAL FUNDS HELD FOR THE QUARTER ENDED MARCH 2024 COMPARED TO ₹22.07 LAKH CRORE A YEAR AGO

INDICATING OPTIMISM IN THE MARKET, PROMOTERS, DOMESTIC FUND MANAGERS, AND GLOBAL INVESTORS INCREASED THEIR STAKES IN VARIOUS STOCKS ACROSS SECTORS IN FY24, ACCORDING TO INDIA INC.'S LATEST SHAREHOLDING DATA. INVESTORS, BOTH DOMESTIC AND FOREIGN, Poured more than ₹4 Lakh crore into equities as the benchmark Nifty 50 rallied over 29% during the year. Here's what the latest shareholding data reveals:



CONFIDENT CAPTAINS

AS MANY AS 32 LISTED FIRMS HAVE SEEN THEIR PROMOTERS INCREASE THEIR STAKE IN ALL FOUR QUARTERS OF FY24



NOTE COMPANIES PICKED ON THE BASIS OF HIGHEST PROMOTER HOLDING IN Q4FY24; SHAREHOLDING PATTERN AS OF MARCH 2024
SOURCE ACE EQUITY

MUTUAL INTEREST

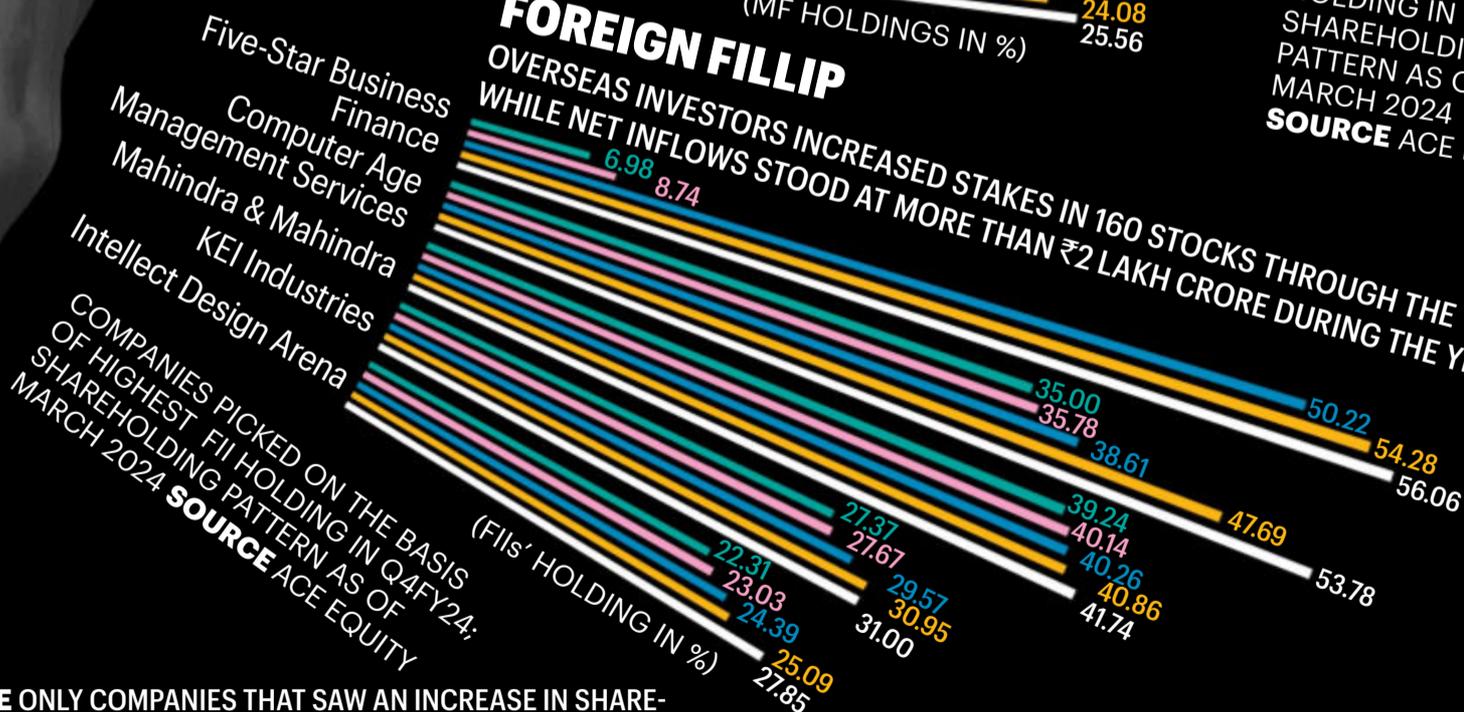
DOMESTIC INSTITUTIONAL INVESTORS RAISED STAKES IN MORE THAN 100 LISTED COMPANIES IN EACH QUARTER OF FY24



COMPANIES PICKED ON THE BASIS OF HIGHEST MF HOLDING IN Q4FY24; SHAREHOLDING PATTERN AS OF MARCH 2024
SOURCE ACE EQUITY

FOREIGN FILLIP

OVERSEAS INVESTORS INCREASED STAKES IN 160 STOCKS THROUGH THE YEAR, WHILE NET INFLOWS STOOD AT MORE THAN ₹2 LAKH CRORE DURING THE YEAR



COMPANIES PICKED ON THE BASIS OF HIGHEST FII HOLDING IN Q4FY24; SHAREHOLDING PATTERN AS OF MARCH 2024
SOURCE ACE EQUITY

NOTE ONLY COMPANIES THAT SAW AN INCREASE IN SHAREHOLDING BY THE RESPECTIVE CATEGORIES OF INVESTORS IN ALL FOUR QUARTERS OF FY24 WERE CONSIDERED

● MAR '23 ● JUN '23 ● SEP '23 ● DEC '23 ● MAR '24

₹ **67.29**
LAKH CRORE

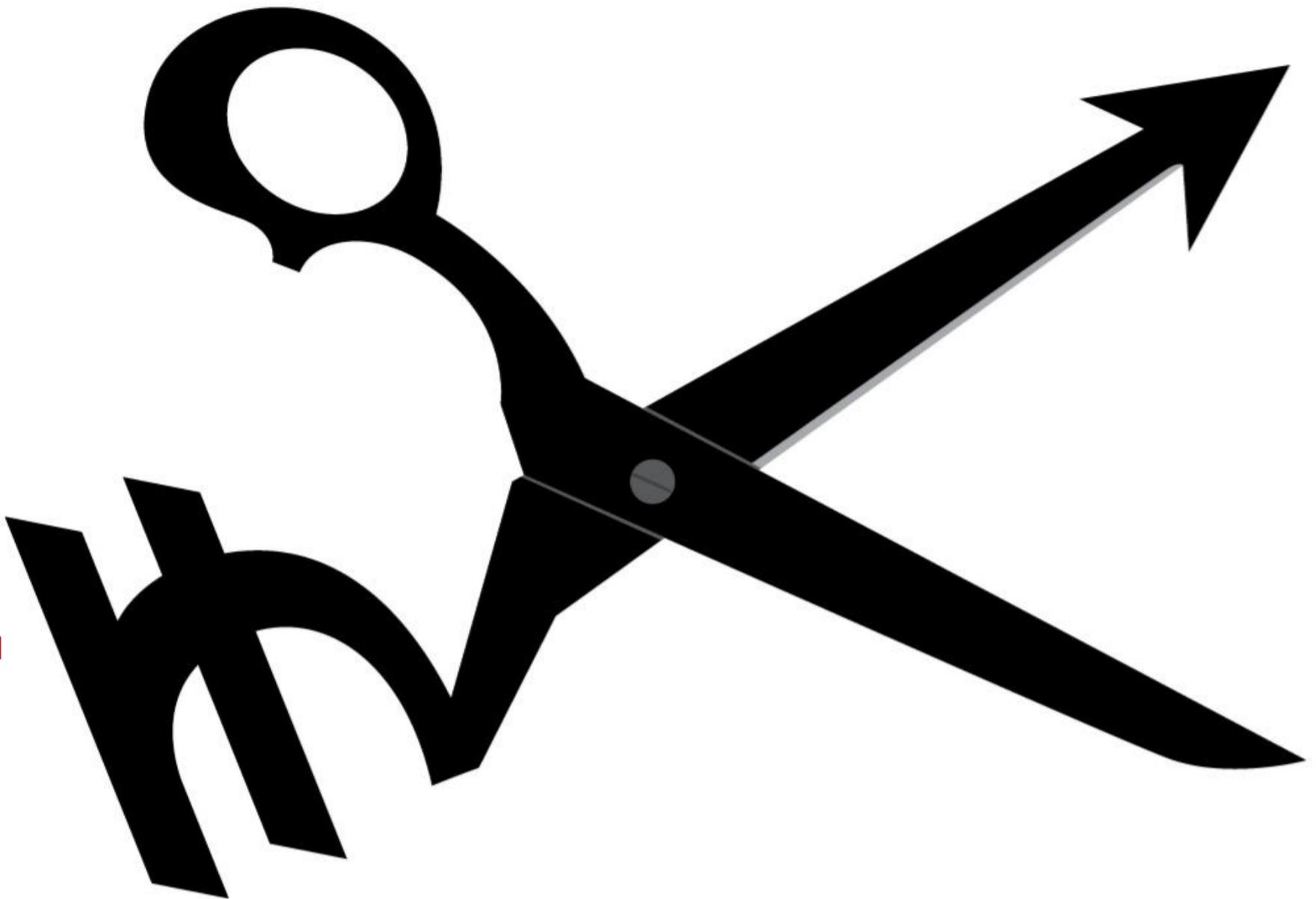
THE AMOUNT OF SHARES HELD BY FOREIGN INSTITUTIONAL INVESTORS AT THE END OF Q4FY24

₹ **156**
LAKH CRORE

THE VALUE OF SHARES HELD BY PRIVATE PROMOTERS AS OF MARCH 2024

SOURCE PRIMEINFOBASE.COM

THE BUZZ



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GST

ROBUST REVENUES

The GST revenue growth will remain strong but sustaining it may be difficult

BY SURABHI

► **IT TOOK A** little less than seven years since its introduction on July 1, 2017, for the goods and services tax (GST) to cross the ₹2 lakh crore-mark in April 2024. At ₹2.1 lakh crore, registering a 12.5% growth year-on-year, this was the highest ever monthly collection from the indirect tax levy.

This was more than double the mop up of ₹92,283 crore from GST in its first month of rollout in July 2017. The mop up from GST crossed ₹1 lakh crore for the first time in April 2018, when it amounted to

ILLUSTRATION BY RAJ VERMA

₹1.03 lakh crore. Over the years, the number of taxpayers under the indirect tax levy has nearly trebled to 14.6 million at present from just 5.95 million when it was launched.

Commenting on the April data, Union Finance Minister Nirmala Sitharaman noted that GST has improved tax buoyancy from 0.72 (pre-GST) to 1.22 (2018-23). “Despite compensation ending, state revenues remain buoyant at 1.15,” she said in a post on X (formerly known as Twitter).

She emphasised that even though the GST rate is lower than the prescribed revenue neutral rate and the

reflecting a buoyant marketplace. Moreover, experts underscore that April’s surge in collection figures is not solely a product of ongoing economic vibrancy but is also influenced by year-end compliances and a concerted effort to enhance overall compliance standards. They also point out that typically April of every year registers a jump in the mop-up from the levy.

Sacchidananda Mukherjee, Professor at the think tank National Institute of Public Finance and Policy, is of the opinion that the ₹2.1 lakh crore revenue

Prior to this, the collection from GST hit its highest ever mark in April 2023 at ₹1.87 lakh crore and before that in April 2022 at ₹1.68 lakh crore.

Explaining this, M.S. Mani, Partner at Deloitte India, points out that these collections could be the tipping point in the GST collection trajectory. “While some part of the increased collections are attributable to the financial year-end upswing, it is also reflective of the significant improvements in GST compliance by businesses,” he says, adding that the relentless focus on GST audits by both central and state GST au-

GOING FORWARD

1 GST collection surpassed the ₹2 lakh crore milestone in April 2024, the highest since its inception

2 Year-end filings and enhanced compliance efforts are the two leading factors propelling GST revenue forward

3 The number of taxpayers under GST has also nearly tripled to 14.6 million presently, from 5.95 million at its launch

4 Trade and industry stakeholders anticipate more GST reforms, such as better tax structures and smoother appeals processes

impact of Covid-19 has affected revenues, the tax collections (as a percentage of GDP) have now rebounded to pre-GST levels in both net and gross terms.

An important point to underscore here is that the dynamism of GST revenues has markedly strengthened, which is evident in the consistent average monthly run rate of ₹1.5 lakh crore observed in the previous fiscal. This uptrend in GST collections can be attributed to several factors. To begin with, the sustained momentum in economic activities has played a pivotal role,

collection in April was mainly due to the fact that businesses had filed returns for the year ending 2023-24 as March was the last month of the fiscal.

“Inflation is another factor due to which GST revenues have been high. The tax administration has also been using information to target offenders and increase compliance,” says Mukherjee, adding that he is not very confident that a ₹2 lakh crore-plus revenue collection every month from GST is possible. It is likely to have fallen again the very next month.

thorities, together with the periodic drives to stamp out evasion, has led to a large increase in the focus on GST compliance spread across businesses throughout the country.

Data on e-way bills, that are issued for transport of goods above ₹50,000 by GST-registered persons, indicate that the volume of these have eased marginally. In April 2024, 96.6 million e-way bills were issued as against 103.5 million in March. May’s tax collection numbers will be based on the transactions in April, including those through the e-way bills.

The ongoing reforms in GST are expected to persist, potentially resulting in increased tax revenues. Additionally, the Finance Minister recently swore in Sanjaya Kumar Mishra as the inaugural President of the GST Appellate Tribunal, marking a significant milestone. This inauguration is viewed as the initial stride, with long-awaited tribunals anticipated to commence operations in the coming months.

There is also expectation that the GST rate rationalisation exercise will be taken up

14 | **EXPERTS BELIEVE THAT MORE GST REFORMS CAN OCCUR AFTER THE GENERAL ELECTIONS ARE OVER**

after the General Elections. “The impact of such a rationalisation on different states will have to be seen as there is no GST compensation available now. A rate rationalisation may not be a cakewalk as states will not want to lose any revenue,” warns Mukherjee.

For the trade and industry sectors, which have eagerly awaited these reforms, their implementation would signify a significant stride forward. By streamlining the tax structure and expediting the appeals process, these reforms actually promise to catalyse a positive transformation. These reforms could further improve compliance and potentially result in increased tax revenues. **BT**

@surabhi_prasad

MARKETS

Fear Grips the Street

General Elections and fears over US inflation are spooking the Indian markets. How long will the uncertainty continue?

BY RAHUL OBEROI

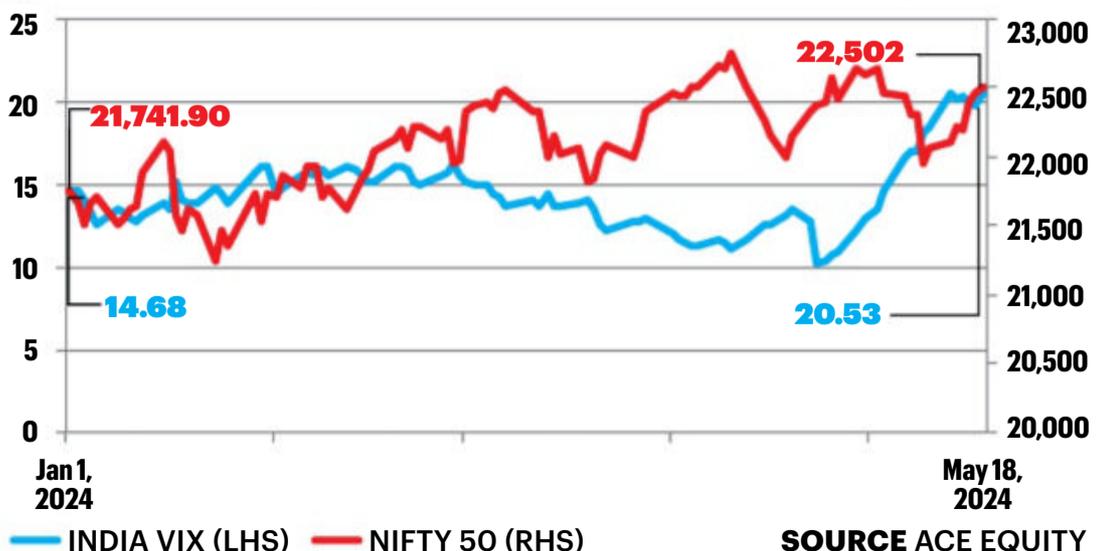
▶ **THE INDIA VIX**, also known as the volatility index, experienced a surge of over 100% in just 13 trading sessions till May 13. This sharp surge was propelled by a combination of factors, including the ongoing General Elections in the nation, relentless selling by foreign portfolio investors (FPIs), and broader global dynamics like the US Federal Reserve’s move on interest rates. Serving as a metric for gauging market expectations regarding volatility in the forthcoming 30 days, the India VIX is commonly recognised as the “fear gauge”.

Market watchers believe that during the Lok Sabha elections, the markets tend to be volatile, causing concern for traders. In 2019, the India VIX index hit a high of 28.66 during April-May, coinciding with the election period. This index is computed on the basis of the Nifty index option prices. A higher value indicates a higher anticipated volatility, while a lower value suggests that option traders are not expecting significant fluctuations.

The India VIX index climbed to 20.60 on May 13, the highest

VOLATILE TIMES

- The India VIX index rose over 100% in 13 session till May 13
- The benchmark Nifty index is down over 1% from its all-time high



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ILLUSTRATION BY **RAJ VERMA**

close since October 2022. The index was at 20.53 on May 18. Meanwhile, the benchmark Nifty 50 index plunged over 1% to 22,502 on May 18, against its all-time high of 22,794.70, which it scaled on May 3, 2024. On the other hand, the broader indices, like the Nifty Midcap 100 and Nifty Smallcap 100 also retreated nearly 0.09% and 0.7% from their respective all-time highs which they hit earlier this month.

Of late, the US Fed has kept its interest rate at 5.3% to curb inflation, which peaked at 9.1% in June 2022. The central bank has been keeping the policy rate on hold since July 2023.

But the fears of US inflation is not the only reason. According to analysts, traders are feeling anxious about voter turnout and have mixed sentiments regarding a decisive election outcome. The

latest VIX reading hints at continuing volatility in the run-up to the election results on June 4. G. Chokalingam, Founder of the market analysis firm Equinomics Research, says, "There is a little fear in the market due to the ongoing selling by foreign institutional investors. They may not come back before the election outcome. Therefore, the weakness in the market may continue. That is why the India VIX index also spiked in the recent past."

Similarly, JM Financial in its weekly note said that the lower voter turnout in the first three phases of the elections have increased uncertainty, even if the consensus is still firmly rooting for a return of the incumbent. Echoing this view is Santosh Meena, Head of Research at the investment firm Swastika Investmart. He believes that a temporary easing is on the cards. "A temporary easing may occur in In-

dia VIX around the resistance point at 23, another uptick is likely before the announcement of the election results," he says.

Global investors have offloaded shares worth more than ₹28,000 crore on a month-to-date basis till May 17. In contrast, an inflow of ₹34,008 crore by domestic institutional investors (DIIs) capped the downside in the equity markets during the same period. Sharing his views on the inflows of FPI, Saurabh Mukherjea, Founder and Chief Investment Officer of the portfolio management services firm, Marcus Investment Managers, says, "If we get political stability, foreign money will again flood into India."

Japan's largest lender MUFG Bank believes that as long as BJP wins a majority in the Lok Sabha again (over 272 seats), markets should view the outcome of India's general elections positively over time. There could be modest knee-jerk weakness in the rupee and risk assets if BJP loses some seats and maintains a majority. "We think this weakness should reverse over time as there will still be policy continuity in crucial areas," it noted in its report.

Analysts, as a result, have advised market participants to stay light on positions. As for the reasons behind the aggressive FPI selling in May, V.K. Vijaykumar, Chief Investment Strategist at the brokerage firm Geojit Financial Services, says there is some confusion there.

"There are reports attributing the FPI selling to possible setbacks to the NDA/BJP in the elections. It is important to understand that the FPI selling is due to a change in FPI stance from 'sell China, buy India' earlier to 'sell India, buy China' now. This is likely to be a near-term trend triggered by the cheap valuations of Chinese stocks," he says, adding that India's long-term prospects are much better than China's. **BT**

@imrahuloberoi

INDIAN ACCENT

The ESG rating providers certified by Sebi have to now come up with models that take India's specific circumstances into consideration

BY RICHA SHARMA

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ILLUSTRATION BY RAJ VERMA

► **A COMPANY WITH** investments in fossil fuels like coal and petroleum would certainly score low on ESG (environmental, social, and governance) parameters of any global rating provider. But an Indian ESG rating provider (ERP) may consider other factors at play, like the primacy of such fuels in a developing country. Take coal as an example. It looks

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set to remain the primary source of energy for the next few years considering India's developmental needs. That may not be a valid consideration for a foreign ERP, but an Indian one is expected to take this into account.

Such considerations seem to have been the trigger behind the Securities and Exchange Board of India's

(Sebi) decision in July 2023 to formulate a regulatory framework for ERPs. Recently, Sebi accorded ERP certification to players such as CareEdge, Stakeholders Empowerment Services (SES), ICRA, CRISIL, and a few more, including global ones. India is the first country to have such a regulatory framework for ERPs.

This follows other regulatory moves by Sebi to push companies to make sustainability a central tenet in their functioning. Earlier, Sebi had made it mandatory for the top 1,000 listed companies to make ESG disclosures in FY24. Starting FY25, the top 150 listed entities have to undertake reasonable third-party assurance as part of the Business Responsibility and Sustainability Report (BRSR) Core framework.

Rohit Inamdar, CEO of rating agency CareEdge ESG, explains that there are multiple rating regimes internationally drawn from global ESG disclosure standards such as the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB), which are being followed by ERPs such as S&P Global, Sustainalytics, MSCI, and Moody's, among others.

“BRSR/BRSR Core by Sebi kept in mind the kind of data collected by Indian corporations. Global rating models will be comprehensive and will pick key indicators from all jurisdictions, and our focus will be on Indian-specific parameters,” Inamdar tells *BT*.

Explaining the need for a customised ERP model, Sankar Chakraborti, Chairman of ESGRisk.ai, a subsidiary of Acuité Ratings & Research Ltd, says, “Take, for example, the use of coal in India, which is a big concern (among global players). Now, you cannot have a situation where everybody will stop using coal, so that is an aspect that rating agen-

RATING RATIONALE

1 Provide summary of key drivers, both qualitative (including controversies and their impact) and quantitative factors

2 Key drivers are the pillar-wise scores for the components E (environmental), S (social), and G (governance)

3 Weights to be declared of the scores of the three pillars—E, S, and G—in the rating

4 A brief explanation of rating intent to clarify if it represents risks not managed or performance against risks or impacts

5 The ERP must provide a summary of or link to the methodology it used in the rating process quickly

cies will have to consider in terms of building their tools and models.”

According to ERPs, the Sebi regulations are very comprehensive and transparent and, to some extent, address the divergence in ratings seen in global ERPs.

“Sebi has brought uniformity across rating scales by making it mandatory for all ERPs to do ratings on a scale of 0-100 (not the case globally). I will also have to disclose the scores of the constituent pillars of E, S, and G and provide weighting to each of them,” says Inamdar, who has been in the rating business for over two decades. “Within ESG, we will have to disclose themes and the relative importance of these themes in scoring, key rating drivers, and key rating sensitivity.”

Globally, concerns have been raised about the transparency of ERPs. How are Indian ERP players dealing with it?

J. N. Gupta, Founder and Managing Director of SES, says his company only uses public data obtained through BRSR disclosures, annual reports, company websites, and stock filings. “We have a tool that assesses the data and generates reports. You can upload graphs, tables, everything...” Gupta tells *BT*. He adds that SES pioneered ESG ratings back in 2018-19, and the first report was published in 2019 based on FY18 data.

The coverage has now increased to over 500 companies and will increase gradually based on client requirements.

SES has partnered with NSE to supply ESG ratings data to the bourse for its indices, besides covering various other domestic and FII clients since 2019.

Indian ESG rating players are also keeping an eye on global ERP regulations, especially European ones, to see if Sebi's regulations require further tweaks. **BT**

@richajourno

BOLLYWOOD

An Extended Interval

The IPL and the General Elections have hit Bollywood hard. On top of that, it has to deal with weak content

BY JSHIKA MADNANI

► **THE HINDI FILM** industry is facing a torrid time. If the impact of the Indian Premier League (IPL) has been managed over the years, it has to contend with the General Elections this year. Success rates of Bollywood films have dropped, coupled with a perception that the quality of content has taken a back seat.

Let's start with the IPL. It starts in mid-March and goes on till late-May. For viewers, it is a toss-up between watching a match at home or dealing with traffic to watch a movie in a the-

DOUBLE WHAMMY

A combination of the IPL and the General Elections has dealt a big blow to the Hindi film industry this summer

atre. On top of that, the later part of the IPL coincides with schools' summer vacations, a time film producers try to cash in on.

Manoj Desai, ED of Mumbai-based G7 multiplex and Maratha Mandir, admits to the IPL having had an impact over time. "When a match is at 7 pm, it harms all the evening shows. If it's on a weekend with two matches, both the afternoon and evening shows are hit," he rues.

Film critic and trade analyst Taran Adarsh admits that the polls have had a negative impact on movie releases and the industry. But there is a bigger problem, says Desai. "This year, movies failed because of bad content," he says. Between Diwali 2023 and Holi 2024, 57 Hindi films were released, but only Ranbir Kapoor-starrer *Animal* turned out to be a blockbuster. In recent months, two big-budget films bombed. *Bade Miyan Chote Miyan*, made on a budget of ₹350 crore and featuring Akshay Kumar and Tiger Shroff, grossed just ₹64.5 crore five weeks after its release, according to *sacnilk.com*, which tracks box office collections. The other dud was the Ajay Devgn-starrer *Maidaan* that was made on a budget of ₹250 crore and grossed less than ₹50 crore five weeks after its release, per *sacnilk.com*.

For Bollywood, poor content and viewers having many options to choose from are a recipe for failure. As things stand, Bollywood is hoping that the next set of big films—including *Baby John*, *Mr. and Mrs. Mahi*, and *Savi: A Bloody Housewife*—fare better at the box office, as these will be followed by *Kalki 2898 AD*, made with a jaw-dropping budget of ₹600 crore and starring Amitabh Bachchan, Prabhas, and Deepika Padukone. Trade analyst Komal Nahta says producers try their best to balance a release taking into consideration several factors. But "good content always has a way of attracting the audience". A simple piece of advice that is much needed now. **BT**

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HEALTHCARE

A Growth Pill for Aakash

As Byju's-owned Aakash Institute stares at an uncertain future, its healthcare arm—Aakash Healthcare—is planning an expansion

BY NEETU CHANDRA SHARMA

► **AAKASH HEALTHCARE, AN** arm of Aakash Institute, whose reins currently lie with the embattled edtech firm Byju's, plans a significant expansion over the next five years. It aims to add 1,000 to 1,200 beds and reach a valuation of approximately ₹3,500 crore.

The expansion will initially be self-funded and will add 800 beds. The

A STITCH IN TIME Aakash Healthcare plans to fund the expansion through internal funding. But to achieve the desired growth, it may also explore external options

growth strategy is underpinned by capacity expansion across various medical specialties, including tertiary care and super-specialty hospitals.

“The current valuation of our three hospitals totals ₹1,800 crore, earning an annual turnover of about ₹325 crore. We have set our sights to expand significantly over the next five years, self-financing initially to reach a capacity of 800 beds (in the initial phase) across all hospitals,” says Dr Aashish Chaudhry, Managing Director of Aakash Healthcare.

The company plans to fund this expansion through internal funding, but to achieve the growth, it may also explore external options. Prioritising

THE HEALTHCARE BRAND AIMS TO LEVERAGE THE EXPERTISE OF INDIAN DOCTORS GLOBALLY

regions with similar demographics, patient mindsets, and business strategies remains essential.

“Future expansion plans will revolve around diverse business models and Aakash Healthcare will consider various ownership arrangements to allow fast expansion and minimal upfront costs,” says Chaudhry.

The emerging healthcare brand has recently launched a pilot project in Agra that focusses on orthopaedics. More are expected to follow in three to five years across a host of Tier II cities, says Chaudhry. It is also branching into ancillary businesses and inroads are being made in 3D printing technology.

The firm aims to leverage the expertise of Indian doctors on a global front, bringing in advanced technologies and skills that would enhance patient outcomes and push innovation in healthcare design. **BT**

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

(₹ in Crore)

S. No.	Particulars	Standalone				Consolidated			
		Quarter ended		Year ended		Quarter ended		Year ended	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
		(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Total Income from Operations	12,253.72	12,097.35	45,815.37	45,227.52	12,305.39	12,557.44	46,913.12	46,605.64
2	Net Profit before Tax from Continuing Operations (including Regulatory Deferral Account Balances (net of tax))	5,033.80	5,117.00	18,009.46	17,243.38	5,124.80	5,335.30	18,513.95	17,701.62
3	Net Profit after Tax from Continuing Operations	4,127.77	4,166.77	15,377.48	15,124.54	4,166.33	4,322.87	15,573.16	15,419.74
4	Net Profit after Tax from Discontinued Operation	-	50.04	97.13	211.00	-	-	-	-
5	Net Profit after Tax for the period	4,127.77	4,216.81	15,474.61	15,335.54	4,166.33	4,322.87	15,573.16	15,419.74
6	Total Comprehensive Income comprising Net Profit after Tax and Other Comprehensive Income	4,099.98	4,180.13	15,241.72	15,228.84	4,137.21	4,288.11	15,338.55	15,315.24
7	Paid up Equity Share Capital (Face value of share ₹10/- each)	9,300.60	6,975.45	9,300.60	6,975.45	9,300.60	6,975.45	9,300.60	6,975.45
8	Reserves (excluding Revaluation Reserve) as shown in the Balance sheet	77,566.45	75,868.73	77,566.45	75,868.73	77,844.51	76,050.84	77,844.51	76,050.84
9	Securities Premium Account	5,509.28	7,834.43	5,509.28	7,834.43	5,509.28	7,834.43	5,509.28	7,834.43
10	Net worth	86,867.05	82,844.18	86,867.05	82,844.18	87,145.11	83,026.29	87,145.11	83,026.29
11	Total Borrowings	123,448.62	128,517.51	123,448.62	128,517.51	123,448.62	128,517.51	123,448.62	128,517.51
12	Debt Equity Ratio	1.42	1.55	1.42	1.55	1.42	1.55	1.42	1.55
13	Earnings per equity share from continuing and discontinued operations including movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic and Diluted (in ₹)	4.44	4.54	16.64	16.49	4.48	4.65	16.74	16.58
14	Earnings per equity share from continuing and discontinued operations excluding movement in Regulatory Deferral Account Balances (Face value of ₹10/- each): Basic and Diluted (in ₹)	4.63	4.56	17.25	16.21	4.67	4.67	17.36	16.31
15	Bonds Redemption Reserve	2,921.02	4,168.17	2,921.02	4,168.17	2,921.02	4,168.17	2,921.02	4,168.17
16	Debt Service Coverage Ratio	2.26	0.90	1.65	1.52	2.33	0.92	1.69	1.54
17	Interest Service Coverage Ratio	4.61	3.84	4.10	3.93	4.88	3.98	4.27	4.02

Notes : 1. The above is an extract of the detailed format of Consolidated and Standalone Financial Results filed with the Stock Exchanges under Regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Consolidated and Standalone Financial Results is available on the Investors section of our website <https://www.powergrid.in> and under Corporates Section of BSE Limited & National Stock Exchange of India Limited at <https://www.bseindia.com> and <https://www.nseindia.com> respectively.

2. Previous periods figures have been rearranged/reclassified wherever considered necessary.

For and on behalf of POWER GRID CORPORATION OF INDIA LTD.

Place : Mumbai

Date : 22nd May, 2024

G Ravisankar

Director (Finance)



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A MAHARATNA PSU

Q&A

“We are still at the beginning of expansion in India”

Jean-Marc Pontroué, CEO of Panerai, speaks on India being one of the fastest growing markets for the Geneva-headquartered luxury watch brand

BY SMITA TRIPATHI

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PANERAI, THE luxury watchmaker that blends Italian design with Swiss technology, recently opened its third and largest boutique in India, in Mumbai. Another one is likely to open in Bengaluru soon. Jean-Marc Pontroué, CEO of Panerai, in a free-flowing conversation with Business Today, talks about why Panerai will not manufacture diamond watches, how smartwatches are a disruptor but in a good way, and a lot more. Edited excerpts:

▶▶▶

How important is India as a market for Panerai?

For us it [India] is one of the fastest-growing markets. We are still at the beginning of expansion in India. It's still a business that is polarised between Delhi and Mumbai. But over the next decade, it will be one of the most promising markets for the luxury industry in general, and for watches in particular. Panerai has been

present in India for many years now. We started with a boutique in a hotel some 13 years ago. We will continue to expand our retail footprint in key cities in India in the future.

▶▶▶

Will you be looking at multi-brand outlets?

Multi-brand is one of the potential facets of our

tinue to focus on the US and Europe or will Asia play a more important role?

The US remains the number one market for Panerai. But we have a good balance between Asia, Europe, and the Middle East. The brand has a strong position in some of these key markets. We are opening 45

is not really that we are prioritising any one region. We are just tracking all these business opportunities geographically to make sure that Panerai is present wherever lovers of luxury watches are living or travelling to.

▶▶▶

Do you feel that smartwatches are a disruptor

“SMARTWATCHES IS A FUNCTIONAL BUSINESS, WHILE OURS [LUXURY WATCHES] IS AN ASPIRATIONAL ONE”

expansion. It's not like we are purely in a mono-brand development scenario. We, however, believe that it is in key cities like Delhi, Mumbai, and Bengaluru, that our customers can best experience the brand's boutiques.

▶▶▶

Going forward, in terms of strategy, will you con-

new boutiques around the world this year. Our big flagship stores are called Casa Panerai. These are approximately 250 sq. m and spread over two floors. We are opening in New York, Milan, and Paris. We opened one in Sydney, another one in Amsterdam, and one in Taiwan. We will soon have another in Bengaluru. So it

for the luxury watch market?

Smartwatches are a great product and I'm not one of those in the watch industry who are afraid of such devices. Smartwatches are encouraging people to wear watches. Half of the people in the world don't wear watches. So, first, it is telling people that wearing watches is natural. Second,



The newly-inaugurated Panerai Boutique at Jio World Plaza in Mumbai (top); and Panerai CEO Jean-Marc Pontroué

it's not the same business. It can have some influence on what we do for sure. Because you have only two wrists, you cannot wear hundreds of watches. I'm a big fan of it because it has been a disruptor in our industry. It has led the new generation to realise that wearing watches could be a good way to get information about your health, performance, news, etc. But that is a functional business, while ours is an aspirational business. Panerai is about passing on your watch to your kids. It's an investment. A

smartwatch lasts for two or three years and is then replaced. It's a consumable, one that you use and throw. We are not in that business.



Do you feel that watches are still a sound investment?

We have 28 models with retail price higher than the original price. We developed a model for a charity auction where the estimated price was between 60,000 and 180,000 Swiss francs but was bought by a Taiwanese collector

for 355,000 Swiss francs. For us, it was important because it shows the desirability of the brand.



Panerai has been traditionally about men's watches but now there are a lot of unisex watches. Will we have a specific range for women?

Men remain 75-80% of our customers, but we now see a growing number of women wearing big watches. The 38 mm dial in different colours and with coloured straps is a growing point of interest.

Over the last few years, an increasing number of women are buying our watches, even though the brand is extremely 'masculine'. We don't want to change the positioning and the messaging of the brand. We will not make diamond watches. I know India is a big market for stone watches. But we won't do so.



Nearly all global luxury watch brands happen to be European. Would you expect any new watch brand to come up from any other parts of the world?

You know, I never say never, ever. Nobody would have expected that disruption would come from the US when it came to smartwatches. So, you never are protected from being sure that everything will continue to come from Switzerland.

By the way, only 3% of watches come from Switzerland. 97% are of non-Swiss origin. The value is, however, 80% Swiss. Customers buy a slice of history. They have been buying our storytelling since the 1860s. It's very hard to be taken seriously in the higher-end watch segment if you don't have at least 100 years, 200 years, or 300 years of history. And that's what is perhaps protecting our business from new arrivals compared to other fashion accessories. **BT**

@smitabw

“New age and virtual digital assets are increasingly becoming popular with HNIs”



Minal Thukral
Head of Growth & Strategy, CoinDCX

In recent years, India has been at the forefront of the crypto narrative, particularly in terms of retail adoption. However, a new chapter is unfolding as more and more High Net Worth Individuals (HNIs) are now exploring crypto investing. This shift is driven by a combination of global industry developments and regulatory advancements. The approval of Bitcoin ETFs by the U.S. Securities and Exchange Commission (SEC) and the Bitcoin Halving event in April 2024 have heightened HNI interest in crypto assets. Moreover, the Compliance-first approach adopted by Indian exchanges has bolstered confidence among HNIs, making crypto investing an attractive proposition.

Minal Thukral, Head of Growth & Strategy at CoinDCX, sheds light on these trends, emphasizing the growing sophistication and diversification strategies adopted by HNIs in the crypto market.

What are some notable investment trends amongst HNIs globally?

HNI investors, renowned for their significant financial resources, exhibit a strategic focus on wealth creation. Apart from investing in conventional markets,

in recent times, we've observed a notable trend among HNIs towards diversifying their investment portfolios by exploring new asset classes. One such avenue gaining traction is Alternative Investment Funds (AIFs), which have witnessed

remarkable growth, with Assets Under Management (AUM) surging by over 30% in the past year alone. AIFs offer HNIs access to a diverse range of investment opportunities, including venture capital funds, angel investing, real estate

ventures, long-only funds, and unlisted markets.

Similar to AIFs, which offer high risk and high returns, crypto has emerged as an asset class that has captured the attention of HNIs. Particularly after the rally that occurred in Bitcoin in 2023, catching many investors by surprise, we see they have begun experimenting with this new asset class to balance their portfolios.

Why are HNIs increasingly drawn to crypto investments?

The crypto market undoubtedly presents a unique opportunity for investors, especially for diversifying their portfolios beyond traditional assets. By incorporating crypto assets like Bitcoin, investors can spread risk and potentially enhance returns. This diversification strategy becomes particularly relevant amidst market uncertainties such as inflationary pressures, Sensex fluctuations, and the ongoing surge in Bitcoin prices.

Furthermore, adopting a long-term investment horizon and focusing on established large-cap crypto can help investors navigate market volatility and capitalize on sustained growth trends. With careful consideration and strategic allocation, there is indeed a compelling opportunity to explore the potential of crypto within a well-rounded investment strategy.

What industry developments have contributed to the recent surge in HNI participation in crypto markets?

The recent surge in crypto markets can be attributed to some key industry developments. Firstly, the mainstream acceptance of crypto Exchange-Traded Funds (ETFs) has boosted investor confidence in crypto. In jurisdictions like the United States and Hong Kong, the introduction of Bitcoin (BTC) ETFs has provided institutional and HNI investors with regulated avenues to gain exposure in crypto, leading to substantial net inflows exceeding ₹1,07,000 crores till May, 2024. The involvement of large financial institutions such as BlackRock, Vanguard, Franklin Templeton, Valkyrie, Fidelity, Invesco, etc has encouraged increased participation in the crypto market.

The Bitcoin halving event in April 2024 has further fueled HNI interest in crypto assets. The halving event, which reduces the rate at which new Bitcoins are created, increases scarcity, positioning Bitcoin as even scarcer than gold.

Consequently, Bitcoin reached an all-time high of \$73,738 USD, with strong upward momentum observed throughout Q1 2024 and a remarkable 300% increase in the calendar year 2023. This sustained price appreciation has captured the attention of HNIs, prompting them to explore crypto investments as part of their wealth management strategies.

HNIs typically prioritize a compliance-first approach to investing due to several concerns. What are some of these concerns?

Security of funds is a paramount concern for HNIs. They prioritize investment opportunities that adhere to compliance standards and demonstrate long-term sustainability, aiming to safeguard their wealth and mitigate risks associated with their investment portfolios.

“Compliance-first approach adopted by Indian Exchanges has bolstered confidence among HNIs”

How prepared are Indian exchanges to address these concerns?

In India, progress in ensuring compliance has played a pivotal role in facilitating HNI participation in crypto markets. The presence of exchanges that prioritize adherence to compliance standards, including registration with the Financial Intelligence Unit India (FIU IND) and rigorous KYC procedures, has instilled trust and confidence. For instance, at CoinDCX, we always have a compliance-first approach. We were the first exchange in India to register as an FIU IND entity. We have already won the trust of more than 1.5 crore retail customers. I believe this has worked in our favor in onboarding HNIs, family offices, and institutional investors. Offering secure and transparent platforms for engaging in crypto trading has been a key factor in our success.

What proportion of HNI investments in crypto typically aligns with blue-chip offerings, and what factors drive their preference for established crypto over newer projects?

In CoinDCX, a significant proportion of HNI investments in crypto, as well as those from family offices and institutional investors, typically aligns with blue-chip offerings. Approximately 75-80% of their portfolio is invested in established crypto assets like Bitcoin (BTC) and Ethereum (ETH). These blue chip assets have a proven track record of resilience and longevity in the market, instilling confidence among investors. They offer liquidity and stability compared to meme coins or newer and lesser established projects.

Could you elaborate on the initiatives taken by CoinDCX to attract and cater to HNI investors?

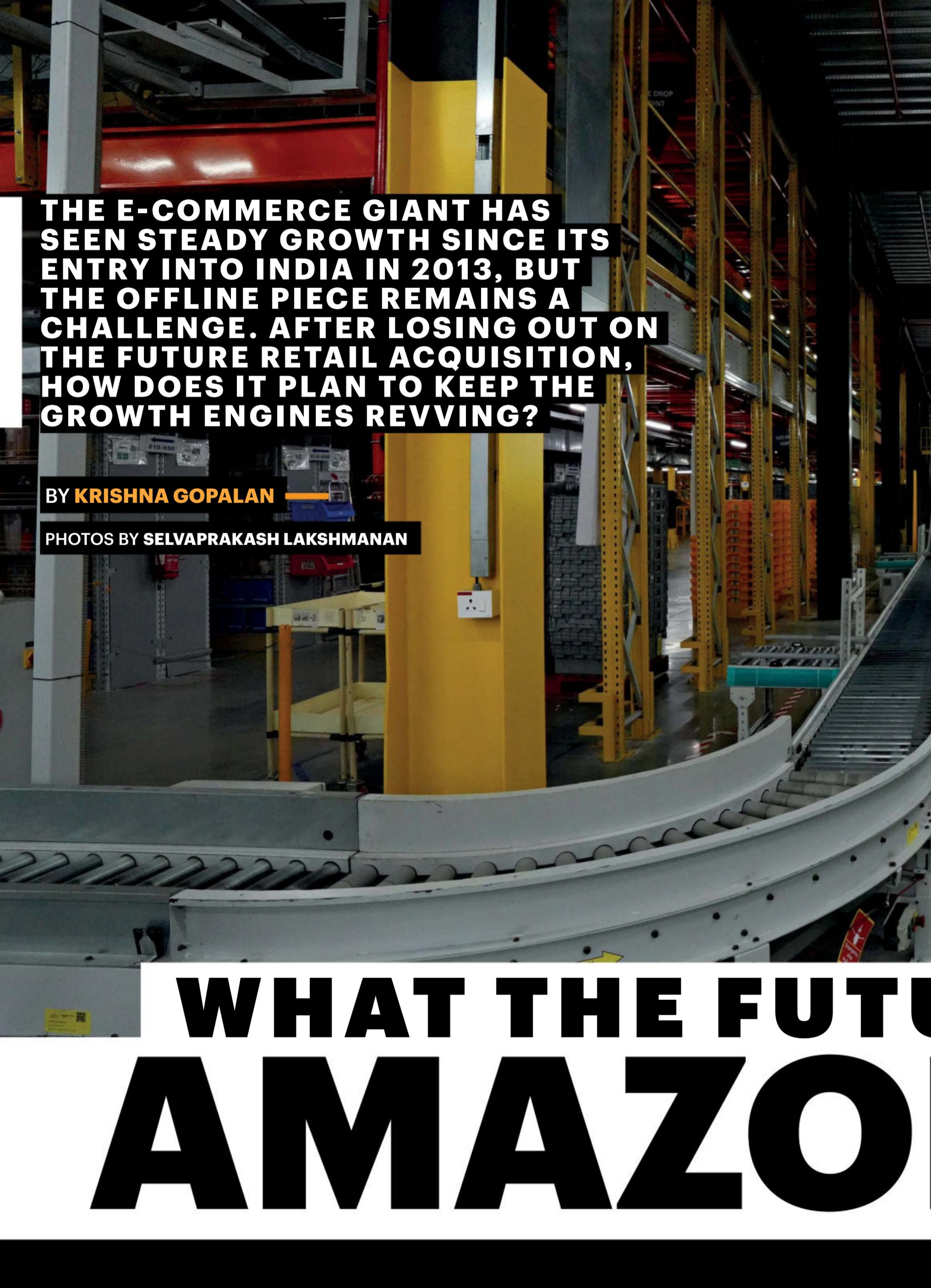
CoinDCX has introduced several initiatives tailored to attract and serve HNI investors, including dedicated key account managers, fee waivers for asset management and custody, free INR deposits and withdrawals, and exclusive discounts on trading fees. Moreover, HNI investors benefit from personalized support, exclusive research reports, customized newsletters, and priority access to new product launches, enhancing their overall investment experience.

Additionally, CoinDCX Prime offers efficient crypto trade reporting and assisted KYC/onboarding services, further streamlining the investment process for HNI investors while ensuring compliance with regulatory requirements.

CoinDCX’s HNIs Services

Assisted KYC and Onboarding services to get started on your investing journey with us.

- **A dedicated Key Account Manager** assigned for all portfolio advisory and trading needs.
- **Advisory** on tax and compliance matters addressed through our experts.
- Exclusive access to our **Passive Income products** curated exclusively for our long-term investors.
- Access to **trading fees/ other discounts**



THE E-COMMERCE GIANT HAS SEEN STEADY GROWTH SINCE ITS ENTRY INTO INDIA IN 2013, BUT THE OFFLINE PIECE REMAINS A CHALLENGE. AFTER LOSING OUT ON THE FUTURE RETAIL ACQUISITION, HOW DOES IT PLAN TO KEEP THE GROWTH ENGINES REVVING?

BY **KRISHNA GOPALAN**

PHOTOS BY SELVAPRAKASH LAKSHMANAN

**WHAT THE FUTURE
AMAZON**



ENGINES OF SUCCESS Amazon's fulfillment centres, such as the 400,000 sq. ft BLR8 in Bengaluru, are powering its growth story

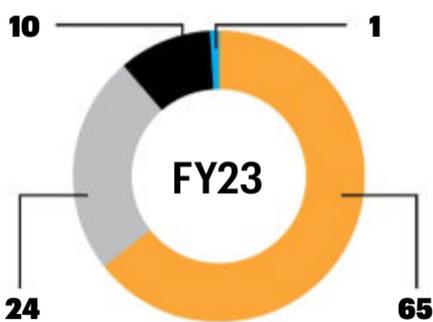
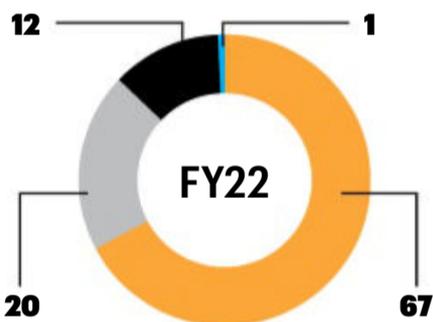
URE HOLDS FOR N INDIA

THE INDIA PLAN

- 1 As part of its localisation efforts, Amazon India will offer services in more languages
- 2 It is doubling down on its seller base, which is at 1.4 million today
- 3 For this, the thrust on digital will be a strategic advantage
- 4 It is also looking to increase the product portfolio, which is at 120 million today
- 5 It will continue to strengthen the infra back-end by adding more fulfilment centres

REVENUE ROSTER

- > Amazon has created a multi-revenue business model in India
- > It helps reduce dependency on any one area



- MARKETPLACE SERVICES
- OTHER MARKETPLACE-RELATED SERVICES*
- MARKETING SUPPORT
- ROYALTY REVENUES

NOTE: *PRIMARILY INCLUDES SALES OF ADVERTISING SERVICES; ALL FIGURES IN %
SOURCE: AMAZON SELLER SERVICES ANNUAL REPORT FOR FY23

IN MID-NOVEMBER LAST year, Manish Tiwary, Amazon India's Country Manager, made a presentation to the parent company's external board at its Seattle headquarters. Tiwary spoke not just about the opportunities in India but also about innovations on the customer and seller fronts and the vast talent pool. The board, which includes eminent names such as India-born Indra Nooyi, a former Chair and CEO of PepsiCo, looked pleased.

"There was palpable excitement," Tiwary tells *BT* at Amazon India's headquarters in Bengaluru. Turned out in a pair of jeans topped with a collared T-shirt and a blazer, he recalls how the discussion veered around, among other things, the work on Generative AI taking place out of India. "After Seattle, the largest talent pool for Amazon is in India," he says.

Amazon has grown rapidly since launching its e-commerce business in India in 2013, although it was not the first player to enter the market. Six or seven players occupied the space, including Flipkart, its main rival today, which had a six-year head start.

From revenues of ₹112 crore in FY13, Amazon closed FY23 with ₹22,198 crore but with a loss of ₹4,854 crore, which is not unusual given how it invests in its operations. A recent report by financial services and research firm JM Financial estimates Amazon India's gross merchandise value (GMV) was around \$18 billion in FY23, compared with Flipkart's \$20 billion (excluding Myntra, its fashion e-commerce business). Last June, Amazon committed to investing \$15 billion in India over the next seven years, bringing its total

investment across its businesses to \$26 billion.

Tiwary is clear that the e-commerce tale in India is still being written, and companies like Amazon "have barely scratched the surface". Penetration levels for e-commerce are at 1-2%, he reckons. ONDC or One Network for Digital Commerce, a not-for-profit company created by the government, pegs e-retail penetration to be only 4.3%, well below China's 25% or the UK's 23%.

Competition does exist, most notably from Flipkart (launched in 2007 but acquired by Walmart in 2018) and others, including Reliance's JioMart. But the headroom for growth is unlimited. Amazon would have been even more pleased had it bagged Kishore Biyani's Future Retail, a big player in offline retail, but it was outsmarted by Reliance. Its acquisition has been locked in courtroom battles for years, and the prospects of a speedy resolution appear to be bleak (*see box*).

BESPOKE EVERYTHING

Amazon attributes its growth here to its India-specific approach, among other things. Tiwary, who joined Amazon in mid-2016 after over two decades at Hindustan Unilever Ltd, points out that organised trade was small. "If you asked a seller for a catalogue, all you got was a stunned look!"

He keeps talking about the opportunities here and why Amazon is well-positioned for a specific reason. "Our DNA is around digital, and that applies to everything we do," says Tiwari.

The Covid-19 pandemic fast-tracked digital adoption across businesses, and Amazon was no exception. A presence across



MANISH TIWARY
COUNTRY MANAGER, AMAZON INDIA

THE NETWORK

▶ **Fulfilment centres**

Spread across **15 states** and more than **43 million** cubic ft of storage space

▶ **Sorting centres**

In **19 states** with a total processing area of **2.3 million** sq. ft

▶ **Amazon Pay**

80 million+ users

▶ **Sellers**

Over **1.4 million**

categories helped as people turned to online purchases. Take the pharmacy business, where a brick-and-mortar store typically keeps 4,000-5,000 medicines. Around half of this relates to chronic ailments. “When we launched, we were clear about having 20,000 [kinds of] medicines,” he says. The focus was on the consumer, ease of availability, and the thrust on chronic diseases.

“Amazon India’s entire portfolio has 12-13 crore [120-130 million] products, which creates the stickiness,” Tiwary says. Amazon sells almost everything, from plumbing fittings to patent leather shoes, from books (Amazon Inc. began as an online retailer of books) to Bombay Duck (dried fish).

Tiwary, who heads the entity known as Amazon Seller Services Pvt. Ltd, says the small seller will be Amazon’s backbone even 50 years down the line. “Our approach has been to build infrastructure in advance,” he says. Last January, Amazon launched Amazon Air in India with two Boeing 737-800 aircraft operated by Quikjet Cargo Airlines, making it the first e-commerce company in India with an air cargo network. Other initiatives include cash on delivery and fine-tuning the Amazon app to make it lighter when India was still on 2G and 3G. The e-commerce giant’s other businesses in India are Amazon Internet, Amazon Wholesale, Amazon Data, Amazon Pay, and Amazon Retail.

“Innovation is a big part of our business. Offering our service in seven languages was an obvious thing to do to make the customer comfortable,” he explains. Two years ago, it bought GlowRoad, an Indian social commerce start-up, in an all-cash deal, as “we don’t have social commerce anywhere

PHOTO BY BANDEEP SINGH



MUKESH AMBANI, CHAIRMAN & MANAGING DIRECTOR, RELIANCE INDUSTRIES

FUTURE TENSE

Amazon's proposed buyout of Future Retail has been locked in courtroom battles for years and is unlikely to have a quick resolution

► **The deal to acquire the Kishore Biyani-promoted Future Retail should have been a breeze for e-commerce giant**

Amazon. Instead, it is locked in a legal battle with no clarity on the outcome.

In 2019, Amazon picked up a 49%

stake in Future Coupons, giving it an indirect 4.81% stake in Future Retail, which owned Big Bazaar, FBB, Easyday and a host of other retail formats. This deal is said to have given Amazon the right of first refusal over acquiring Future Retail. Once the pandemic hit, Biyani's businesses, already heavily leveraged, were in a very challenging position. In August 2020, Reliance Retail agreed to buy out the wholesale, retail and logistics businesses of Future Group for ₹24,713 crore. Amazon cried foul, and approached the Singapore International Arbitration Centre. It got more complicated in February 2022 when Reliance took charge of 835 Future Retail stores across formats at prime locations. Future Retail had lease agreements with various owners; now, Reliance entered into fresh agreements with them, becoming the new tenant. The stores were then rebranded; for instance, Big Bazaar became Smart Bazaar, with the Reliance group logo.

Offline retail is a significant opportunity in India—one that Amazon must crack. It already is a joint

TWISTS AND TURNS

- **AUGUST 2019**
Amazon acquires 49% stake in Future Coupons for ₹1,500 crore; gets indirect 4.81% stake in Future Retail Ltd (FRL)
- **AUG-OCT 2020**
Reliance Retail agrees to buy Future Group's retail, wholesale, and logistics businesses; Amazon approaches the Singapore International Arbitration Centre
- **NOVEMBER 2020**
CCI gives nod for FRL buyout; Sebi okays deal in January; Reliance takes over lease for FRL's stores
- **AUG-DEC 2021**
Amazon wins case in Supreme Court; CCI penalises Amazon and suspends Future Coupons deal
- **FEB-MARCH 2022**
Reliance Retail terminates the lease of over 800 stores owned by FRL and takes complete charge of these stores

SOURCE MEDIA REPORTS, INDUSTRY

else, and it was done in line with the emerging trend”.

Neil Shah, Research Vice President and Partner at Counterpoint Research, a global tech industry research firm, points out that Amazon came into India late but with a strong brand and reputation. “They also had set processes and global-scale experience running

billions of dollars of e-commerce operations. It became easier for them to scale up quickly with the right local talent and a level of localisation that aligned well with the Indian consumers,” he says.

Jaspreet Bindra, Founder of consulting firm Tech Whisperer UK, says that Amazon did not treat the Indian business as an

extension of the US. “Amazon has taken a more long-term approach here with a lot of emphasis on localisation initiatives. They needed a large market like India since China was difficult for political and localisation reasons,” he says.

He cites Amazon's tech prowess, especially in machine learning and deep learning. “It put



KISHORE BIYANI,
FOUNDER & GROUP CEO, FUTURE GROUP

venture partner in More Retail with Samara Capital (Amazon holds 49%, Samara holds the rest), but Future Retail would have given it scale. According to Neil Shah, Research Vice President and Partner at Counterpoint Research, it must be viewed in the backdrop of increasing spending power and more brand affinity driving the

premiumisation trend. “Clearly, Amazon wants to grow quickly in grocery and fashion since both are huge in terms of the consumer’s wallet share. In that sense, not getting Future Retail is a setback.” Plus, Reliance itself has grown aggressively with Reliance Mart, Reliance Digital and its portfolio of international brands. Other

companies, too, have this space in their cross hairs. Manish Tiwary, Country Manager at Amazon India, says the matter is still in the courts and the company won’t say anything further.

From a legal standpoint, Arush Khanna, Partner at Numen Law Offices, says Amazon’s proposed acquisition has suffered several regulatory setbacks. The Competition Commission of India (CCI) stated that Amazon failed to disclose the interconnected set of agreements that effectively gave it control over Future Retail. Amazon then appealed this order before the National Company Law Appellate Tribunal (NCLAT). “The CCI’s order imposing a penalty of ₹202 crore on Amazon for non-disclosure was upheld by the NCLAT in 2022. Whilst the recovery of penalty has been stayed by the Supreme Court, Amazon would have

to await the final decision of the apex court to ensure it has a clean slate in its proposed acquisition,” he explains.

The most important issue relates to time and Khanna maintains that given the heavy docket of caseload before the Supreme Court, it is difficult to expect a speedy outcome of the regulatory hurdles imposed by the CCI on Amazon. “Meanwhile, in view of the ongoing insolvency proceedings of Future Retail, nothing stops the Reliance group from filing a resolution plan for the revival and acquisition of the company,” says Khanna, adding that this will create further push-back for Amazon as its application for intervention before the National Company Law Tribunal (NCLT) in Mumbai has been dismissed. The chances of Amazon acquiring Future Retail, therefore, seem bleak. **BT**

them ahead regarding PIN code optimisation, setting up logistics, routing algorithms, and selling fresh groceries,” Bindra says.

Amazon has joined the quick commerce story through Amazon Fresh, using its tech and infrastructure to offer products at specified time slots. With Swiggy’s Instamart, Zomato’s Blinkit and

Zepto in the market, it is becoming extremely competitive.

TECHNOLOGY THE GROWTH DRIVER

Amazon and Flipkart dominate the e-commerce landscape. While Amazon’s growth has been organic, Flipkart has been much more aggressive. According to Shah, Flip-

kart has been a local success story that is more mainstream and localised. “It has made diverse bets and gone through some key changes since Amazon’s entry, helping it to keep ahead. Acquisitions such as eBay (its India operations), Myntra, Jabong, PhonePe, and Cleartrip, among others, have helped Flipkart get an edge in the fashion and

payments space,” he says. Bindra points out that Flipkart was “massively funded” in its initial days and had a head start over Amazon India. “They built categories like mobiles, fashion and home appliances very well,” he says.

The firm used its tech prowess to customise its India business. Kishore Thota, Director (Shopping Experience), India & Emerging Markets, Amazon, who moved from Seattle in the initial phase, says India became the most visited Amazon location at one point.

Amazon first figured out the ecosystem, with over 25 languages and a heterogeneous customer base. “Everything was built specifically for India from the seller’s or the customer’s side. Some of those learnings are moving to other markets,” Thota says. Take the case of the emerging shopper who is new to e-commerce. “For that person, the trust factor is still being built, and the frequency of shopping is a little low,” Thota says. This emerging shopper can be found worldwide, and Amazon is taking its India lessons places.

For instance, there are customers in advanced markets, such as the US, who prefer paying in cash, and customers in Mexico and Brazil who opt for credit. “India then becomes a base market for the emerging shopper worldwide. The priority is to solve for India and eventually look for similar scenarios elsewhere,” Thota says.

FROM ORDER TO DELIVERY

Amazon’s ‘fulfilment’ centres are the engines of its success. Taking us on a walk through BLR8, one such fulfilment centre, Abhinav Singh, VP (Operations), says that a product shows up on the website the moment it is stocked. Just BLR8



“Amazon had set processes and global-scale experience... It became easier for them to scale up quickly with the right local talent and a level of localisation”

NEIL SHAH
RESEARCH VICE PRESIDENT
AND PARTNER, COUNTERPOINT
RESEARCH



“Amazon has taken a more long-term approach here (in India) with a lot of emphasis on localisation initiatives. They needed a large market like India since China was difficult for political and localisation reasons”

JASPREET BINDRA
FOUNDER, TECH WHISPERER UK

sprawls across 400,000 sq. ft and 2.3 million cubic ft. Why 400,000 sq. ft? “We hit upon this as the ideal number. Larger buildings could reduce supply chain costs, but you will also have a higher degree of automation,” he says. “The priority is to get it right on pricing, selection and convenience.”

Plus, there is a new way Indians are shopping: live commerce. India is witnessing more live commerce on video, where customers can come into contact with an influ-

encer or use AI tools. A buyer can virtually place a television using augmented reality or AR to see what it might look like in a living room. Costs are saved here since a shopper typically orders three curtains, for instance, and then buys one after trying them out. “We are a native technology company, and the question we always ask ourselves relates to how we can automate something,” says Thota.

The Indian market means unpredictability and disruption.

HOW THEY STACK UP

> A larger user base helps in boosting revenues for both Amazon and Flipkart

> Flipkart led FY23 in terms of GMV with around \$20 billion to Amazon India's \$18 billion, per estimates by JM Financial

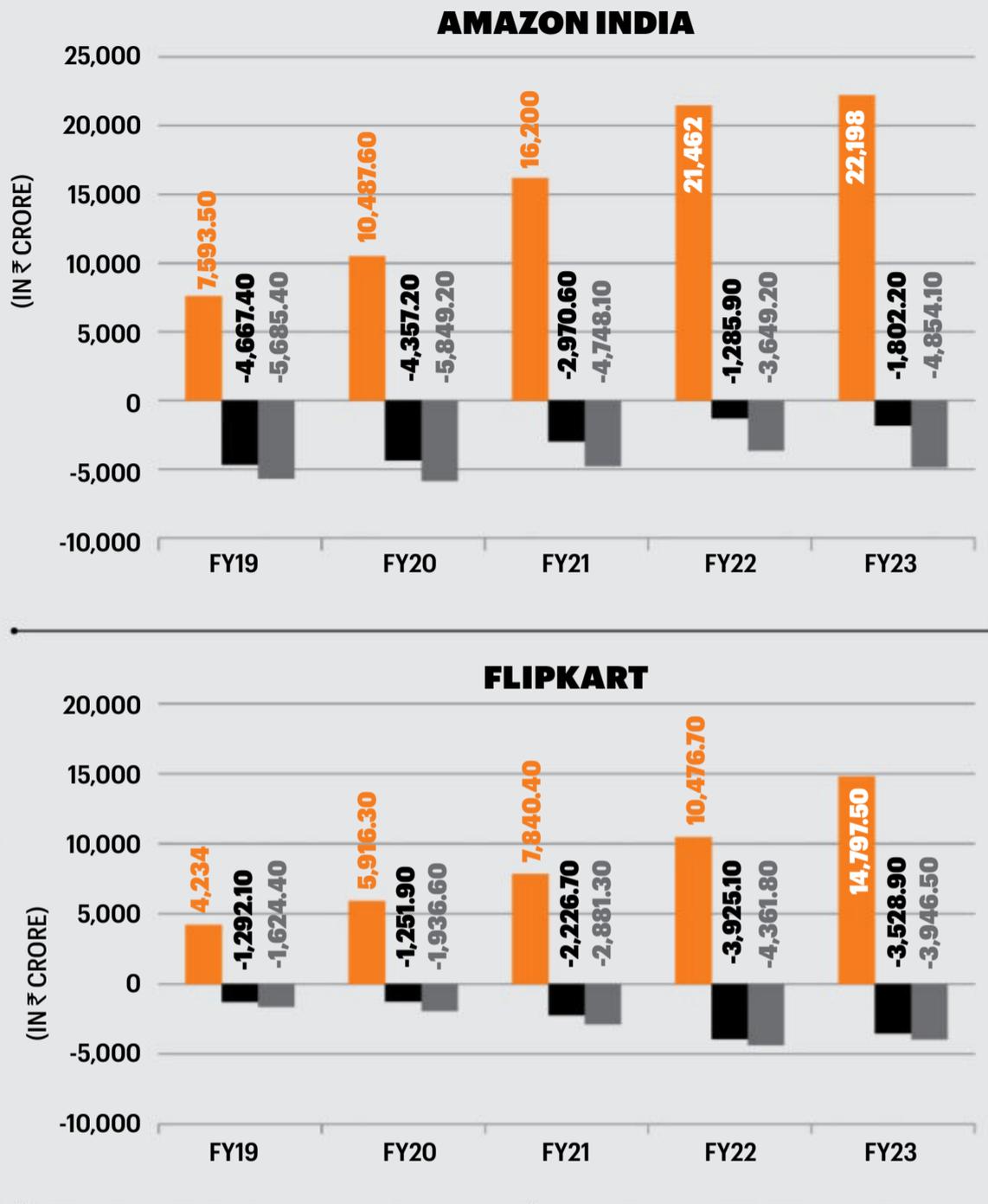
● OPERATING REVENUE

● EBITDA

● NET PROFIT/LOSS

NOTE EBITDA IS EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTISATION

SOURCE TOFLER, ROC



JioMart, with its deep pockets, can never be underestimated, and many other B2C businesses make for formidable competition.

Then, there is the not-so-small-matter of the ONDC, billed as the world's first inclusive large-scale e-commerce system. Tiwary thinks it is still in the early days. "It is largely a hyperlocal model of grocery and food delivery. We are also working closely with them on transport and some technology."

Shah believes that UPI will

eventually have to embrace and integrate ONDC, driving the democratisation of e-commerce for vendors and consumers.

GOING FORWARD

While the marketplace is the biggest revenue generator (*see graphic*), an area like advertising can't be ignored. Tiwary recalls how, a decade ago, launching a national brand was a very expensive affair. "Today, advertising on Amazon has become a very effective medium that helps

our sellers establish their brands," he says. The likes of Bathla Ladders started on Amazon, as did many start-ups. In 2017, he had a couple walking in to say they had an idea and needed help to push it. "That was Mamaearth," Tiwary says. He cites boAt, which became the fastest-growing wearable electronics brand on the back of e-commerce.

The seller base is varied and includes a 90-year-old lady in Chandigarh or just another aspiring unicorn taking its baby steps.

AMAZON'S INDIA A-TEAM

The e-commerce giant, through its various divisions, is focussed on a local approach



ABHINAV SINGH
VP (OPERATIONS),
AMAZON INDIA



MAHENDRA NERURKAR
VP (INDIA &
EMERGING MARKETS
PAYMENTS), AMAZON PAY



KISHORE THOTA
DIRECTOR (SHOPPING
EXPERIENCE), INDIA &
EMERGING MARKETS, AMAZON

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“From where India’s per capita income is today placed (\$2,400), it can take off [and] along with that, consumption as well. That is the magic about India,” Thota says.

Harish Iyer, EVP (Media & Investments) at Interactive Avenues, India’s largest digital agency, says that the trust that Amazon has built as a reliable e-commerce platform is a significant advantage for D2C brands. “Leveraging Amazon’s reputation plus its customer base and robust algorithms can catapult these brands to new heights of visibility and consumer trust. The ‘fulfilment’ backend helps simplify logistics for these brands, allowing them more time to enhance product quality and marketing strategies,” Iyer says.

A key feature of Amazon’s strategy is its wide range: customers should be able to shop, make payments, buy flight tickets and

gold—get pretty much everything. Then there is Amazon Pay, which Amazon India launched in February 2019 to capitalise on the market opportunity offered by UPI. Amazon Pay users do not have to enter their bank or debit card details.

Mahendra Nerurkar, Vice President for India & Emerging Markets Payments at Amazon Pay, explains why being open to newer payment processing methods in a market like India is important. “Limited credit card penetration showed how large cash was, and with UPI, there is more engagement on Amazon today. It is a universal phenomenon in Singapore, Australia and Mexico and has greatly simplified user experience.”

A big hitch in credit cards was the redemption of points. Amazon’s co-branded card with ICICI Bank addresses that and makes it easy for the customer.

A pertinent question is when will Amazon start to become profitable. Tiwary speaks of a clear road map. “We are a large company, and this is a commercial enterprise. We are very happy with the progress and the trajectory, with the primary objective continuing to be customer experience,” he explains.

Amazon has been here for over a decade, and Indianisation is visible. With its tech expertise and scale, there is a good chance that growth will continue. But with Amazon losing the Future Retail piece, Tiwary will need all the other growth engines to fire. It helps that Amazon has a long-term approach and vision for India. That patience will make success possible in the vastly complicated Indian terrain. That is what Amazon is banking on. **BT**

@krishnagopalan



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“WE HAVE A MODEL MADE IN INDIA, FOR INDIA, AND BY INDIA”

Manish Tiwary, Country Manager of Amazon India, on the opportunities in the country, digital, and more

BY KRISHNA GOPALAN

36 | FOR A COMPANY that entered the consumer business in India in 2013, Amazon’s growth has not gone unnoticed. It was up against competition that came earlier. But Amazon used its understanding of technology to focus on areas such as supply chain and greater consumer understanding to enhance the overall experience. It was critical to have an India-specific approach and be Indian along the way. With an increasing base of both customers and sellers, the road ahead is filled with opportunities, though these are early days for India. In an interview with *Business Today* at Amazon’s country headquarters in Bengaluru, 54-year-old Manish Tiwary, Country Manager of Amazon India,

talks about the India story, innovation, and a lot more. Edited excerpts:



It’s a big opportunity for Amazon in India...

We are clear [that] e-commerce is at a very early stage in India. You just have to look around to see the levels of optimism and what potential lies ahead of us. For a company with our DNA, everything that we do has digital at the core of it—be it e-commerce, the [Amazon] Kindle or Amazon Prime.

If you look at the basics in India like the growth rates, population, demographics, infrastructure, or the progress in digital, there are many reasons to feel enthused. It is a senti-

ment that is echoed by all of us here or even when we speak to our management at Seattle (Amazon’s headquarters).



For Amazon, what is the India strategy all about?

When we started off in 2013, the objective was to win here and we, therefore, wanted a team that understood India. There was a clear global strategy, and we were asked to create something that dovetails into what is good for India. That’s exactly why talent is so important to us. What is better than one lakh (100,000) people sitting out of India! It just makes India a powerhouse of innovation.

The proportion of organised trade in

India was not too much in the early days. There was nothing called a catalogue and all we got were stunned looks if we asked for one. India is a different market for many reasons. The cost of working capital is very high, and the backbone is the small businessman. [The] penetration of banking services was quite limited, and most people did not understand English. Orders were taken over the phone and if small machines had to be sent to the warehouse, it was a challenge. Hence, we decided to go for a new fulfilment model, where it would now be picked up. Today, we have ideas created out of India and [those are] being moved to other parts of the world like Latin America and Egypt.

A lot has changed, and a small seller can now upload an image of, say, a collared T-shirt and create a catalogue. If working capital is a challenge, there is Gen AI that can be used. Eight years ago, if someone had told me that in 2023, we would have 14 lakh (1.4 million) sellers, it might have been hard to believe. At that point, we had just 100 sellers. Today, we have 43 million cubic ft of storage space apart from our own aircraft; we are one of the largest users of Indian Railways among e-commerce companies; are part of a waterways project. A lot of distance has been covered.



PHOTO BY SANDESH RAVIKUMAR

In the early days, none of us knew anything about e-commerce. We wanted to change the way India buys and sells. Now, we can say that what we have here is a model made in India, made for India, and made by India.



Obviously, we are speaking of a lot more that can be done...

Oh yes! Penetration levels are at 1% or a maximum of 2%. I was born in Jamshedpur much before digital was even spoken of. One often paid in advance to buy things.

Today, I see people there buying upholstery online from Skipper (a well-known furnishing store) in Kolkata. We are speaking of a very different scenario where books, upholstery, [and even] an 800-litre refrigerator can be purchased through e-commerce. Digitisation has equalised all of us and it is great to see an ecosystem with the idea at the core of everything.



How critical is the customer in all this?

To us, it is about the

experience. Take a look at this office in Bengaluru. It looks exactly like any of Amazon's offices globally. We differentiate ourselves on the basis of culture and leadership principles. The first year after I joined, Amit Agarwal (then Amazon India's boss) and I did not speak about numbers at all. It was only around customer rating and the delivery promise. It is critical for us to focus all our attention on this. We will never indulge in gimmicky stuff and compromise

on the customer-facing experience. These are easy things to speak of, but most companies don't do it since it adds to costs. Now, we have millions of customers on Amazon Prime and the brand is very strong. It is about having a sustainable experience. The word 'customer' has to come up all the time. If you succeed with that, the customer will come back to you.

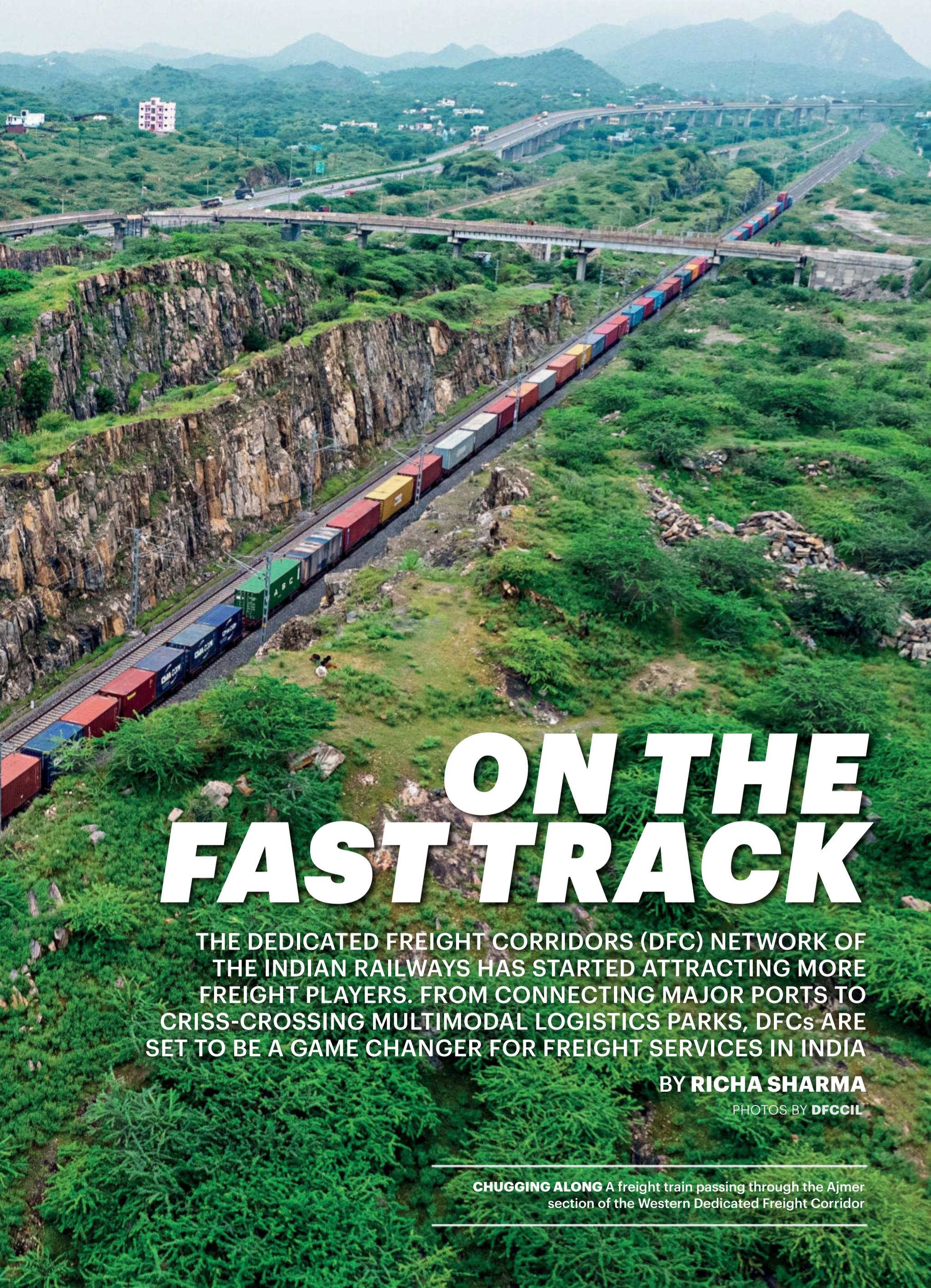


Where will innovation figure in the midst of all this?

We have to just keep the innovation funnel going. If our vision is to change the way India buys and sells, it gets even more important as the next 100 million customers, or the next 10 million sellers, come aboard. One is speaking of a market with a huge population and businesses around that come with scale. Frankly, we have a long, long way to go. It is very easy to quote numbers on the potential and opportunities in India, but we must innovate to succeed. This is a very competitive market as all of us know. If a one-day delivery was a big thing earlier, it is now down to getting that done in minutes. **BT**

@krishnagopalan





ON THE FAST TRACK

THE DEDICATED FREIGHT CORRIDORS (DFC) NETWORK OF THE INDIAN RAILWAYS HAS STARTED ATTRACTING MORE FREIGHT PLAYERS. FROM CONNECTING MAJOR PORTS TO CRISS-CROSSING MULTIMODAL LOGISTICS PARKS, DFCs ARE SET TO BE A GAME CHANGER FOR FREIGHT SERVICES IN INDIA

BY **RICHA SHARMA**

PHOTOS BY **DFCCIL**

CHUGGING ALONG A freight train passing through the Ajmer section of the Western Dedicated Freight Corridor



THE SUMMER BEGAN early in 2022. That March was the hottest on record. That sparked a huge jump in power consumption as people relied on their ACs and coolers to beat the heat wave. That meant a higher demand for coal to feed India's thermal power plants, which account for over 70% of the country's power generation.

The jump in demand led to a surge in rail traffic, sparking delays. In fact, the Indian Railways had to cancel over 1,000 passenger trains to facilitate the quick delivery of coal to power plants.

Such instances are set to be a thing of the past, all thanks to the Eastern Dedicated Freight Corridor (DFC). This 1,337-km dedicated rail route for coal movement connects Son Nagar in Bihar to Ludhiana in Punjab, intersecting central, eastern, and northern coalfields and feeding coal to over two dozen thermal plants in the North. Most importantly, it is expected to cut the transit time from coal mines in the East to power plants in the North by 24 hours on average.

"The days of blackouts due to coal shortages because of the inefficiency of Indian Railways are over," Nanduri Srinivas, former Director of Operations and Business Development of the Dedicated Freight Corridor Corporation of India Ltd (DFCCIL), tells *BT*. "Some of the power plants in the North have cut down on coal reserve stocking, which has helped in releasing the required operational capital as coal is reaching faster due to the eastern DFC," adds Srinivas, who retired on December 31, 2023.

The western arm of the DFC, which spans 1,506 km and connects Dadri in Haryana with Mumbai, has reduced the transit time of export and import (EXIM) traffic by almost 50%. This section allowing double stacking of containers—on the Indian Railways routes only single containers are loaded on trains—provides connectivity between the country's major ports, like Mundra and Pipavav in Gujarat, and the northern hinterlands. The section connecting Jawaharlal Nehru Port (JNPT), Mumbai, is likely to be commissioned by the end of 2024.

Once all the pieces are in place, the DFC—which was born in 2006 with the incorporation of the In-

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CORRIDORS OF TRANSFORMATION



GAME CHANGER:

The DFCs can bring a paradigm change for logistics movement, as they offer a more reliable means to carry more freight



TIME IS OF THE ESSENCE:

The Railways is looking to cut down freight transit time drastically with the DFCs



REVERSING THE TREND:

The Railways is looking to increase its share in freight traffic to 45% by 2050 from 26% now



THIS IS THE WAY:

The DFCCIL is looking to add non-traditional freight, especially small parcels and e-commerce goods, to increase revenue



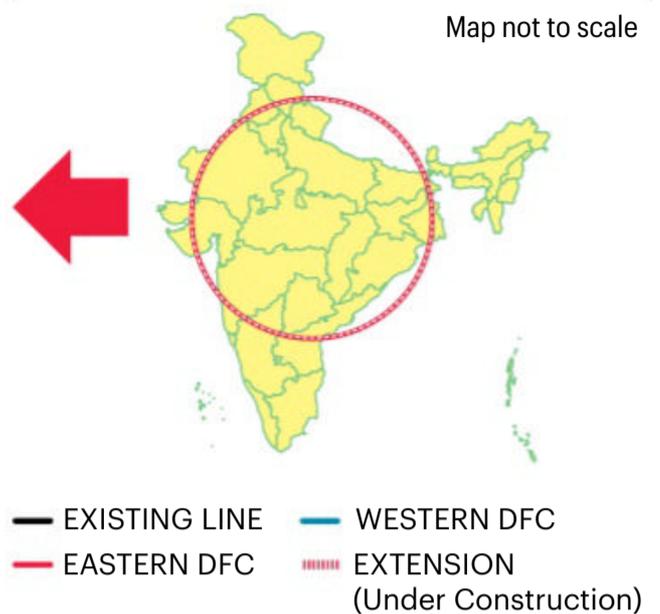
GETTING THE PRICE RIGHT:

But it needs to rationalise tariff to make it competitive vis-à-vis road to attract more players



EAST MEETS WEST

The DFCs connect the eastern coalfields with northern power plants, and western ports with northern factories



DFC IN NUMBERS

	Length (km)	Route	Traffic Type	Funding (₹ crore)	FUNDER
Western DFC	1,506	Dadri to Mumbai	Container goods/ EXIM/automobile	72,800	JICA* & Railways
Eastern DFC	1,337	Ludhiana to Son Nagar	Coal/fertilisers	51,200	World Bank & Railways
Total	2,843	SOURCE DFCCIL; *JAPAN INTERNATIONAL COOPERATION AGENCY			



11,000
HECTARES ACQUIRED FOR THE PROJECT



535
MAJOR BRIDGES



304
ROAD OVER BRIDGES



4,643
MINOR BRIDGES



53
OVER RAIL FLYOVERS



557
ROAD UNDER BRIDGES

dian Railways PSU DFCCIL but picked up pace after the NDA government came to power in 2014—is expected to lead to a shift in the movement of freight. From 2000-01, the share of freight traffic had shifted decisively in favour of road—from 63% in 1990-91, the share of rail dipped to a low of 26% by 2021-22, per the DFCCIL, with a corresponding jump in the road share from 37% in 1990-91 to 74% in 2021-22.

Now, the Railways is looking to increase the share of rail in freight loading to 45% by 2050. To make that

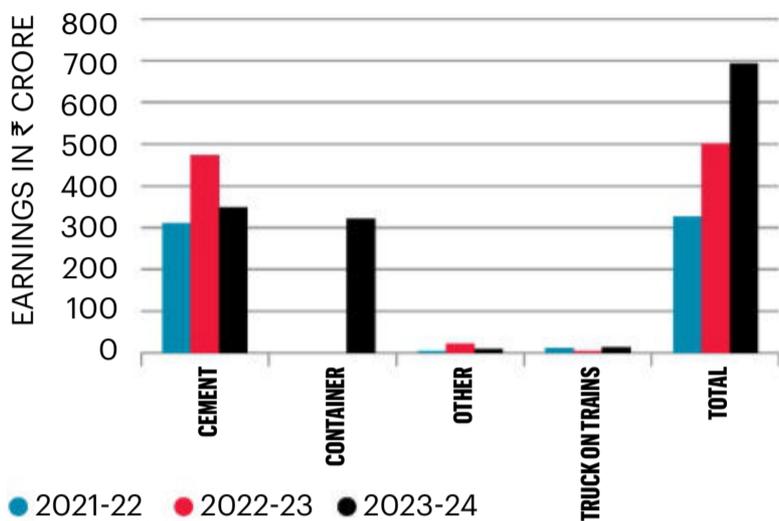
happen, it has pumped ₹1.24 lakh crore into the two DFCs, which are likely to be fully commissioned by the end of 2024.

ON THE DFC, freight trains run at a maximum speed of 100 kmph, against 75 kmph on the Indian Railways network, where passenger trains get priority. More importantly, the average speed is 45 kmph on both the DFCs, almost double the

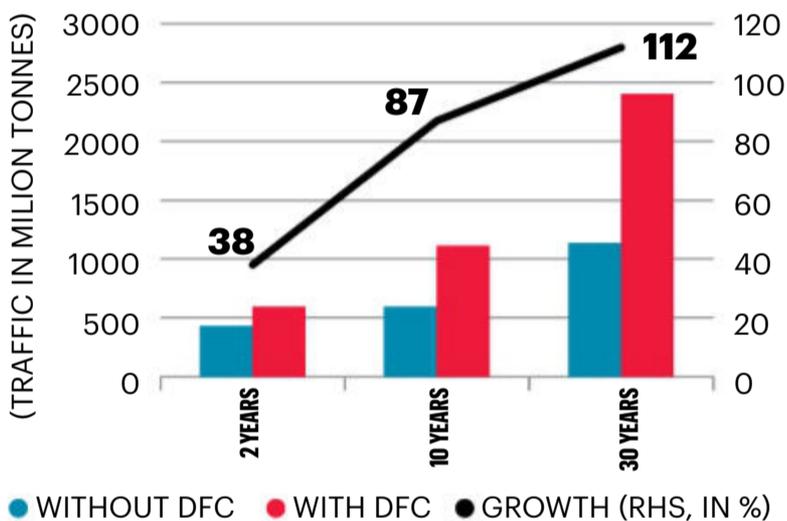
THE IMPACT

- DFC has led to an increase in freight loading across segments
- The overall revenues of DFCCIL rose 38% YoY in FY24 to ₹693 crore

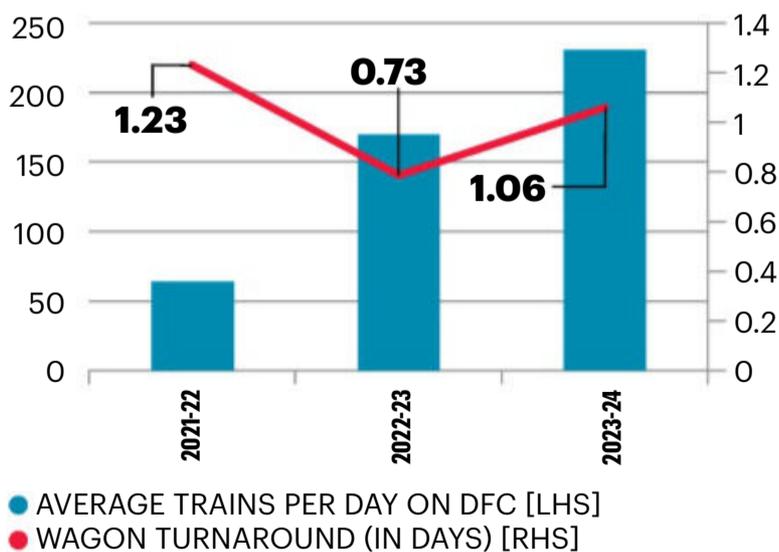
Impact on loading



Traffic estimates



Operational performance



SOURCE DFCCIL

25 kmph on the Indian Railways network.

This hasn't escaped attention. Steadily, the DFCs have started attracting major freight players, with containers and cement loading increasing nearly 50% in FY23, as they facilitated the movement of 7,560 rakes and earned ₹501 crore, against 5,053 rakes earning ₹326.44 crore in FY22. However, it dropped 33% in FY24 to 5,654 rakes, with a reduction in cement loading due to heavy rains and other factors. But thanks to an increase in container traffic and the launch of the Truck on Train (ToT) service—where trucks are loaded directly on the train—its revenue touched ₹693.23 crore, an increase of 38% over the previous year.

Among the services, ToT has found an eager audience in the dairy behemoth Amul, which uses it to send milk to Delhi-NCR. The country's largest carmaker, Maruti Suzuki India, too, is a client. "It is also used for sending auto components and engineering equipment from Delhi-NCR to western India," R.K. Jain, Managing Director of DFCCIL, tells *BT*. "For e-commerce players, special cargo services have been introduced using new modified general coaches. This drastically cuts transit time and saves on fuel and manpower costs for road trucks, resulting in great savings."

Chintan Dilip Lakhani, Vice President & Sector Head-Corporate Ratings at rating agency ICRA Ltd, says DFCs are expected to decongest an already saturated rail network and help shift freight transport to more efficient rail with improved operational features like higher axle loads, enlarged dimensions, and higher speed. "Efficient usage of the DFC and the development of ancillary infrastructure like warehouses and improved last-mile connectivity remain important for a meaningful shift from roads to railways," he says.

The Association of Container Train Operators (ACTO), whose members hold permits to run container trains across India, says the DFC has the potential to bring about a 15-20% shift from road to rail.

"There are three things that need redress. First, operational issues with transit: better running, less stabling due to the unavailability of crew, so assets become more efficient. Second is rational pricing of freight, and third is related to flaws in wagons designed for double stacking as the newer container wagons have some technical restrictions on how much load you can double stack which is less than the older ones," says Manish Puri, President of ACTO.

THE DFCCIL'S EFFORTS seem to be showing results, though they are modest. In FY23, the proportion of containerised cargo moving through rail increased marginally compared with road. Freight

CUTTING DOWN TRANSIT TIME

● Coal transit from eastern, northern and central coalfields to power plants in North reduced by 24 hours

● In the routes where transit time has been cut the most, the reduction is over 30 hours

	Reserve stock days	Running time of IR before DFC (hours)	Running time of DFC route (hours)	Saved transit time (hours)
GTPP Siding Lehra	12	71.1	38.1	33
GVK Power Goindwal Sahib	4	74.18	42.1	32.08
RTP Siding Ropar	21	67.3	37.1	30.2
Nabha Power	13	66.06	35.54	30.12
Suratgarh Thermal Power	7	72.1	42.23	29.47

SOURCE DFCCIL

Subrata Tripathy, CEO of Ports Business at Adani Ports and SEZ Ltd, says the double-stack ratio at Mundra Port has seen a significant jump of around 10%.

“The double-stack ratio has significantly grown from 54% last year to about 63%, and that’s only accruing out of the continuous DFC that has since been connected, both on the main line as well as the subsidiary feeder route (Mundra Port). This gives us an advantage of double stacking as well as the relative distance advantage over the main competitors, Pipavav and JNPT,” Tripathy said during an investor call in February. Both Adani Ports and Concor did not respond to queries sent by BT.

Sanjiv Garg, former MD of Pipavav Railway Corporation Ltd, says the port has also seen faster container movement post-DFC connectivity. “Pipavav port

loading across Indian Railways saw a 5% YoY increase to 1,591 million tonnes (MT) in FY24, the highest ever.

One place where the shift is becoming evident is in the Dadri DFC section in Uttar Pradesh, which connects the nearby multimodal logistics hub spread across 823 acres being built at a cost of over ₹7,000 crore and allows double stacking of containers. It is also at the intersection of the eastern and western DFCs.

About 60-70% of containerised traffic moves between western and northern India, and it is primarily EXIM traffic shipped through major ports like Mundra, Pipavav, and JNPT.

The country’s biggest hauler, Container Corporation of India (Concor), feels that once the DFC connects to JNPT by the end of FY25, there will be a significant shift of cargo from road to rail.

“The rail coefficient (percentage of freight carried by rail over the total availability) will increase from 18% to around 25-30% at JNPT. The JNPT coming on the DFC will be very exciting for us because we are building new terminals,” Concor CMD Sanjay Swarup said during an investor call.

The Mundra and Pipavav ports have already started reaping the benefits of the DFC connection, with an increase in volumes and a reduction in wagon turn-around times.

has electric line connectivity with DFC, while Mundra still has single-line diesel connectivity,” he says.

According to logistics players, the DFC has turned out to be great, especially for exporters of retail and lifestyle goods from north India and for importers of goods such as electronics, for whom speed to market is extremely important.

Vikash Agarwal, MD of logistics firm Maersk South Asia, says transit time and reliability are the key differentiators, and the DFC has been a great boon for trade as it offers both speed and reliability.

“We have seen that transit times from the hinterland near the NCR to the ports on the western coast have reduced from 72 hours to 36 hours,” Agarwal tells BT. “Using rail as a mode of transport also helps reduce the carbon footprint, which has become a significantly important aspect for many organisations,” he adds.

TO, OPTIMISE THE USE of DFCs, the Railways has been looking to diversify its freight basket with non-conventional traffic.

The prime example is Amul using the ToT service, through which it loads milk trucks on rakes at Palanpur in Gujarat that are unloaded 659 km away at Rewari in Haryana. The RoRo (roll-on, roll-off) service

NEW BUSINESS STREAMS

● The DFCCIL is looking to cast its net wider in terms of revenue sources, beyond traditional freight



STRATEGY

- 1 Capture unconventional traffic (like FMCG, e-commerce delivery services) via competitive pricing and delivery models
- 2 Deploy the latest tech solutions (dynamic ETA using Maps, different payment options, tracking via QR code, SMS notifications)
- 3 One-stop service for all requirements—pick-up, drop, aggregation, packaging and storage
- 4 Bring rail parcel service to customer's doorstep—eliminate customer visit to parcel office



TARGET

- 1 Both business-to-business (Amazon, Flipkart, Delhivery, DHL, etc.) and business-to-customer models
- 2 An app-based system to aggregate scattered demand, bridge first mile and last mile connectivity with advanced cargo tracking
- 3 Collaborate with small businesses / entrepreneurs to join as agent, hub managers and aggregators
- 4 Collaborate with Indian Railways and India Post to make this a pan-India project

has cut milk transportation time to 8-9 hours from 24 hours via road. In FY24, the DFC moved 207 ToT rakes, resulting in earnings of ₹13.65 crore.

Auto major Maruti Suzuki India has started using this service to send auto components from its plant in Manesar, Haryana, to Gujarat's Mehsana, reducing transit time by 12 hours. Maruti moved about one-fourth of its auto components through the DFC in FY24. Also on the Railways' radar is smaller freight. Amazon was the first e-commerce player to leverage DFC on the Rewari-Palanpur route starting mid-2023.

For parcel services, the Railways has been using modified passenger train coaches that were otherwise discarded after use. It is also in talks with other companies like Flipkart and Delhivery.

Nanduri says the Railways needs to adopt the Blue Ocean strategy—or exploit avenues not open today—to increase its earnings. The Railways primarily deals with heavy and long-haul freight like cement, steel, feldspar, fertiliser, and others, but leaves behind a very sizeable amount of parcel freight that goes by road.

“Parcel goods are large in number, and some are very valuable, and the Railways needs to venture into this segment to increase earnings and utilise world-class infrastructure,” he adds.

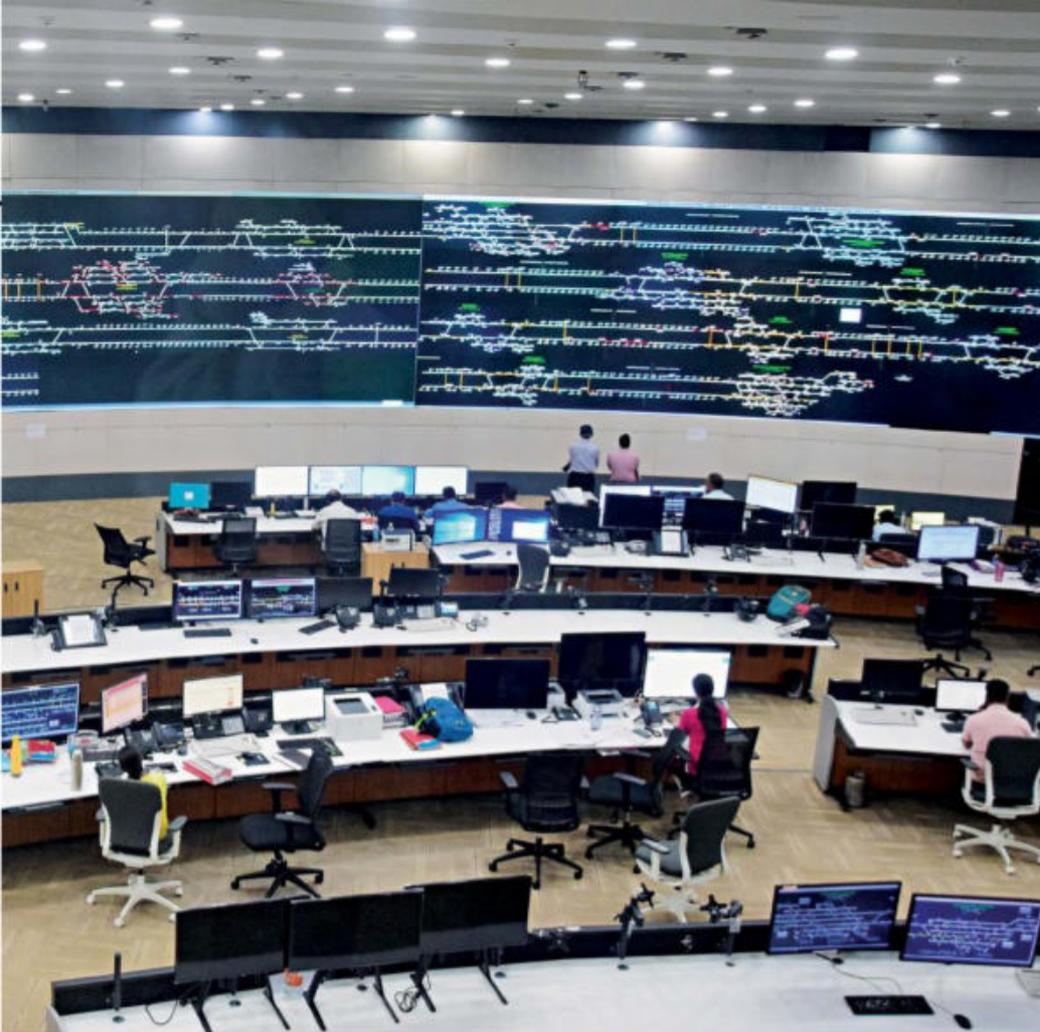
On the challenge from road in terms of first- and last-mile connectivity, DFCCIL CMD Jain says the corridors are complementing roadways. “Innovative services like ToT are steps in this direction. DFC is also creating Gati Shakti cargo terminals at its stations for

ease of freight movement with the help of trucks,” Jain says. The Railways has invited entities to set up private freight terminals and multimodal logistics parks for better synergy with road.

THE FIRST TRAIN on the DFC between New Bhaurpur and New Khurja in Uttar Pradesh was flagged off by Prime Minister Narendra Modi in December 2020. The two arms of the DFC can run a maximum of 120 trains per day in each direction (480 in all). But they are limited right now to around 250-280 based on customer demand. The eastern DFC gets more traffic owing to coal and fertiliser movement, while the western DFC is yet to pick up.

Sanjiv Garg, Secretary General of industry body Chartered Institute of Logistics Transport (CILT), says the Railways should easily be moving 3,000 MT freight annually, but it does just half of that. “DFC-CIL was created as a separate entity, but the Railways hasn't given it the freedom to decide policy measures. You are pricing yourself higher than what the market would have allowed and trying to recover costs from freight by cross-subsidising passenger fares,” he says.

Freight costs remain a key concern for logistics players, and they have been demanding tariff rationalisation to make it more competitive and attract more business. For instance, the Railways charges ₹1,350 for transporting feldspar of 65 tonnage weight for a distance of 750 km (first and last-mile connectivity still by road). On



NERVE CENTRE Inside the Operational Control Centre at Prayagraj in Uttar Pradesh

STRENGTHS AND CHALLENGES



STRENGTHS

- Faster and assured transit
- Higher reliability in terms of time
- Can carry longer and heavier loads
- It has terminals in uncongested areas
- Has land parcels for developing multimodal logistics parks



WEAKNESSES

- Most terminals are connected through village roads. Connectivity to highways is being pursued
- A number of road over bridges/road under bridges are not planned for freight movement
- There is high dependence on the Indian Railways for stock and crew
- It follows the same pricing mechanism as that of the Indian Railways, though demand-supply economics is reversed
- There is a lack of a viable model for carrying light goods/smaller consignments

road, it works out to ₹1,300 with door-to-door delivery for a similar distance in a truck of 40 tonnes carrying capacity. The Railways has also imposed a 10% busy season charge on freight since October 2023. In the past few years, feldspar has moved to road.

Nanduri explains that for the modal shift the Railways is eyeing, it needs to go out of its way to change tariff. “What we need is a One Wagon, One Tariff policy. The Railways charges freight based on commodity rather than wagon type. For example, sand, clay, feldspar, and cement, all transported in a similar kind of wagon, have separate tariffs. Why not charge per wagon, irrespective of commodity?” asks Nanduri.

Maersk’s Agarwal also puts cost as the decisive factor. He says India is a very cost-sensitive market, and if the cost-benefit is not passed on to customers, they start losing interest, even if it means compromising on the speed or reliability of supply chains.

“The Indian Railways has introduced a busy season surcharge on container traffic, which defeats the purpose of being more cost-efficient,” says Agarwal. “Consolidating volumes through collaboration between rail operators will drive economies of scale, leading to lower operating costs. Further, innovative pricing mechanisms can eliminate traditional weight-slab-based pricing, and punitive charges such as underframe charges (standard maintenance of wagons) must be abolished.”

According to the DFC, pricing, crew availability, and wagons are decided by the Railways. Customers have flagged issues like trains getting delayed at entry and exit points of the Indian Railways system due to crew unavailability. Some DFC stretches have connectivity with the railway network, and that is creating bottlenecks at some places.

ACTO’s Puri explains that about 80% of the freight cost is built into the cost paid to the Railways. “I need to see a benefit in that from the Railways, and I cannot only be happy with my 20% (operational cost), where I can save 1-2% on capital costs or double stacks. That is a very critical aspect of my cost where I am getting zero benefit and therefore the customer is getting zero benefit, and the road will continue to challenge me,” he says.

But nobody is in any doubt that the DFC represents world-class infrastructure and that it will increase rail’s share of freight traffic in the years to come. For now, faster coal movement to ensure continuous power supply looks to be the most tangible benefit of the DFC. **BT**

@richajourno

| THE BT INTERVIEW |

“ChatGPT helped people understand the benefits of using AI”

Humane Inc. Co-founders Imran Chaudhri and Bethany Bongiorno on AI, their product, the company’s vision, and more



P

Power couple Imran Chaudhri and Bethany Bongiorno has been involved in the making of some of the most iconic tech products. Chaudhri, a British-American designer, spent nearly 22 years at Apple and played a crucial role in shaping the design and user experience of some of its most popular products. Having worked alongside Steve Jobs and Apple CEO Tim Cook, Chaudhri was one of the main forces behind the design language for the Mac, iPod, iPhone, iPad, and more. Bongiorno, a software engineer who spent more than eight years at Apple, worked on iOS and macOS and played a pivotal role in the launch of the original iPad.

While they understand the transformative power of technology, they also recognised a growing pain point—the constant pull of smartphones and the way tech was beginning to overshadow humanity. They believe that “the future is not your face”. This shared vision became the genesis of Humane Inc., founded in 2018.

Their first product is the Ai Pin, which imagines a future where AI seamlessly integrates into our everyday lives, an almost inconspicuous companion whispering useful suggestions whenever invoked. A screen-less wearable, the Ai Pin acts as an intelligent assistant, which reduces your screen time on the smartphone. A simple voice command or gesture allows you to capture a photo, translate a

conversation on the go, or summarise your chats using AI. And if you want to see the output instead of hearing it, the pin can project it onto your palm with an in-built laser projector. The device runs on its own operating system, Cosmos, which can be powered by the multiple large language models (LLMs) for Gen AI available in the market, including OpenAI’s ChatGPT and Google’s Gemini.

While the product is available in the US, it hasn’t been smooth sailing for Humane. At the time of going to press, there were unconfirmed reports that the company was exploring a potential sale. Meanwhile, the Ai Pin has been hit by a spate of negative reviews by very popular tech influencers. A lot of these reviews point out its shortcomings—battery life, responsiveness, pricing (it starts at \$699 in the US, with a subscription plan of \$24 a month) and

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“We believe that customers should own their own data and not have anyone else being able to use and exploit it”

the fact that it is still an unfinished product. But that’s the challenge of bringing a revolutionary product to an otherwise stagnant market.

Products and strategies will evolve, but given the support Humane has received from some of the most influential names in tech, these criticisms are unlikely to negate its long-term vision. Among the big names that have invested are OpenAI’s Sam Altman, Microsoft, SK Networks, LG Technology Ventures, Tiger Global, Qualcomm Ventures and Volvo Cars Tech Fund.

In an interaction with *Business Today’s*



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Tech Editor *Aayush Ailawadi* at the recent Mobile World Congress, Humane Inc.'s Chairman & President Chaudhri and CEO & Co-founder Bongiorno speak about the Ai Pin, their vision for the company, what it's like to work as a couple, and the need for AI safeguards. Edited excerpts:

Q: Is the Humane Ai Pin the form factor towards which AI should be headed?

IC: That's what we think. We're really excited about what it means to have a new kind of coexistence with tech, one where something like the Ai Pin allows you to maintain a level of presence and freedom that's driven by AI, that you wouldn't get otherwise if you're using a touchscreen or a keyboard and mouse. **The Ai Pin allows you to have all the computer that you are used to having, but then return back to a little bit of your presence.**

Q: How has the product evolved since you unveiled it?

IC: Every 1.0 product always has a greenfield of innovation that allows it to grow into itself. And we've built this with that in mind. The operating system (OS) can be upgraded at any time. It's not like one of those products

“What we're focussed on are broad consumer things that can coexist with you and put you back into the world we live in, versus take you out”

where you have to wait a yearly cycle to update. We can push upgrades to the device... whenever a new feature comes on, we can just push it to the devices immediately.

BB: You wake up and you're up to something new, which I think is what we expect now from software and hardware. We also know that people want to keep it [the Ai Pin] for a longer time. So, we needed to build an OS that would allow us to just constantly be making it better.

Q: As the powering force behind Humane, how does your dynamic as a couple work?

BB: It's Imran's vision and we know nothing but working together. That's how we met. For us, that's our happy place. And I think one of the things that's really different about him and I is that **we have a lot of respect for one another in terms of our skill sets and strengths,**



and we give each other the space to really own what we're great at. But we also communicate all the time, and I think that's something that we get a lot of practice at. It's really critical, and I think it's also a huge benefit. When you're an entrepreneur and founder, it can be pretty lonely. And I think for us, having one another... especially during times like Covid-19 that were really challenging... was a huge benefit.

Q: And Covid-19 was when a chunk of this product was being developed...

IC: That's right. It [the Ai Pin] is essentially a Covid-19 baby. As Bethany pointed out, just having that dynamic really helped us get through a lot of the difficult moments that any company would have just surviving Covid-19—especially a new company, one that had not established itself. But the level of intuition and camaraderie that comes into the team that Bethany and I are in, to be able to lead the amazing team that we've got at Humane, has been really fascinating.

Q: Sam Altman has invested in Humane. Is that something that you guys benefit from?

IC: Sam has been a great supporter for us. When we started very early on in 2018, one of the burdens that we had was trying to explain to the world the benefit of what we're doing. OpenAI and ChatGPT really helped

with that problem. It really helped people understand what the true benefit of being able to have these LLMs do a lot of execution for you. So, that's been great for us to ride the same sort of waves together. We obviously have been working on not only software, but also hardware that allows you to take AI with you everywhere, as we like to say. It's been great in terms of camaraderie and the level of support.

Q: Can the Ai Pin benefit from the learnings of ChatGPT, Gemini and what's happening with the other LLMs as well?

BB: One of the things that we knew from the beginning was that there was a huge benefit to us building this vision as an independent company, in the sense that we wanted to be able to leverage the best technologies out there. We knew that there were going to be many LLMs. In some cases, in certain regions you would be required to use certain LLMs or may be prevented from using others. And so, the power for us was going to be in building an OS that allowed you to be flexible. And in some cases, you as a customer might want to choose or, for a particular query or question, we might want to route you to the one that's better for one versus the other. Our OS, which is called Cosmos, is really about building a layer that Humane has developed that helps route to the best LLM or the best service and also do our own processing on it. This ends up giving the customer what they really want and be able to be truly global.

Q: Is India a potentially huge market for Humane?

IC: Absolutely. In some ways you can't ignore your biology. For me, India is a very special place not only because of that (my heritage), but there's just an amazing amount of energy [and] passion when it comes to technology. Great things are going on there, and we want to figure out how we can harness and create a lot of opportunities in India for what we're doing.

Q: Let's talk about responsible AI. Do you think it is incumbent on Big Tech companies, start-ups, and younger companies such as yours to put safeguards in place and set a yardstick and parameters for the others to follow?

IC: Absolutely. You've seen what's happened with large companies that have forsaken people's trust. And there have been many incidents where things have happened. We have the benefit of being able to start anew with those learnings, and so we put a lot of those things into place. Responsible AI is one thing, but also just being able to have the right kinds of safeguards in place



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“When you’re a founder and entrepreneur, it can be lonely... having one another... especially during Covid-19... was a huge benefit”

for your data, privacy, and security. We’ve done things that you probably haven’t seen. We’ve built in certain types of safeguards to make the device not only secure, but also quite transparent. We believe that customers should own their own data and not really have anyone else being able to use and exploit it. So you have the ability to view, delete, and manage all your data as well. I think when it comes to being able to integrate the right kinds of AIs for what they are able to do and how you can bring them in and just how far they can go, those types of things, along with privacy and data attitudes, will have to be the roles of the companies that people are engaging in there. I believe that you should be choosing your companies based on their perspective.

Q: Apple is focussing on Vision Pro, which it calls spatial computing. Do you believe that

there’s enough potential in mixed reality? Is that something Humane can do in the future?

IC: I think there’s just a different path there. We look at what we’re doing as ambient computing, and I think spatial or immersive computing has a very amazingly potent use case. But what we’re really focussed on are broad consumer things that can coexist with you and actually put you back into the world we live in, versus take you out. And, you know, I think the technology that people [are] exploring in spatial (computing) is amazing. It just really comes down to intention and we’re focussed on something different.

Q: How do you manage to unwind and ensure that

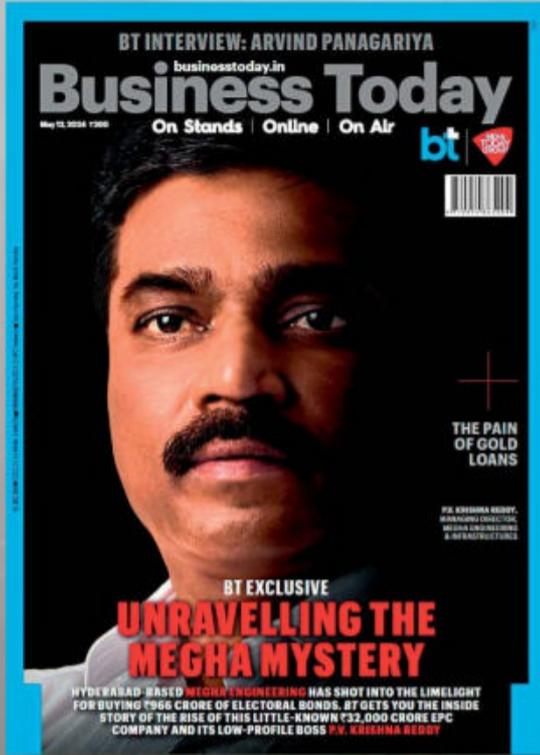
there’s a safe boundary between what’s work and what’s play?

BB: Yes I think that we have a way that we communicate to tell each other when we both need space. We take that space in different ways. For me, space looks like no one talking to me, total silence. Space to Imran means loud music, creative energy and meditation. For us, it’s about just constantly checking in. We also really like to spend down time—when we’re not working on Humane—doing creative things, whether it’s projects in our house or we had a development project that we worked on with a space that we own. Things that get us to use our hands and be creative together, which is something we really love and we’re really passionate about, but maybe not focussing on the problems that we’re solving at work.

And for us, I think quiet time with our family—we have an almost 17-year-old daughter, and those moments with just the three of us are really special and important. So, we try to make space for that every day. So, we definitely make sure that we get that we have an amazing support system as well around us. That really helps. We’re constantly spending time with them as it keeps you grounded, and I think that’s really important. **BT**

@aayush_a6

This interview took place before the reviews of the Ai Pin were published



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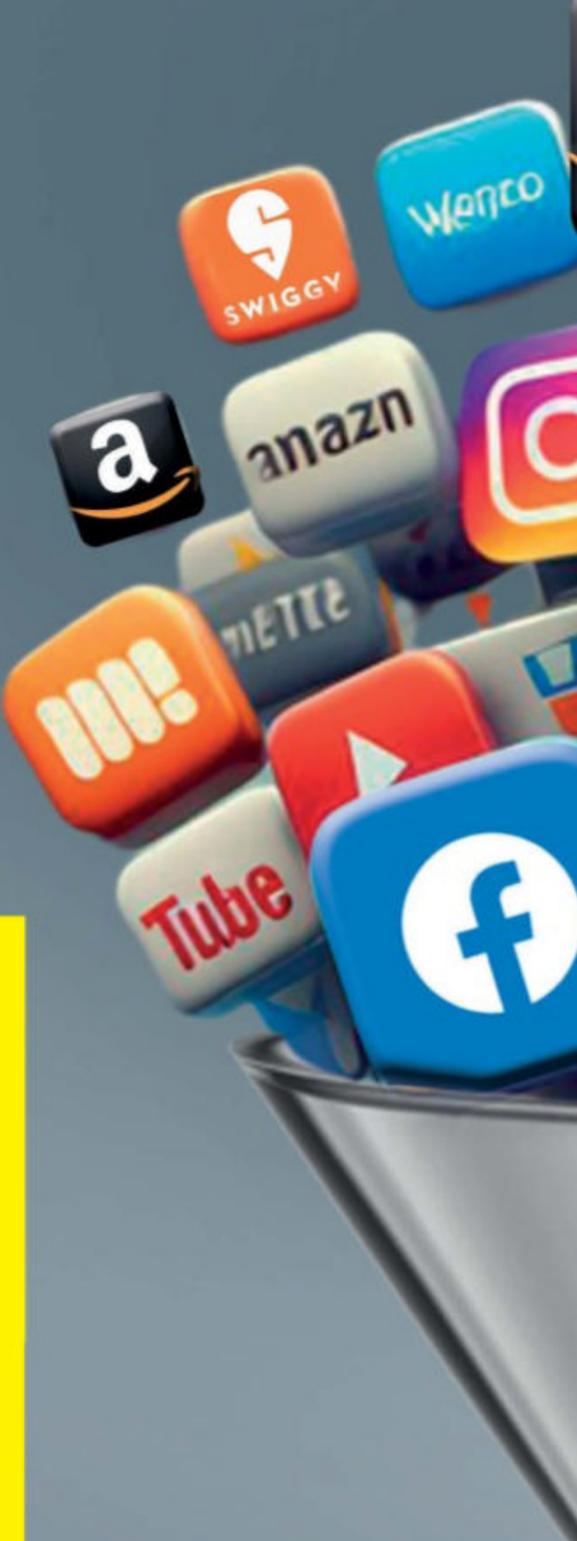
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DIGITAL DICHOTOMY

Where does one draw the line between protecting consumer interests and maintaining market freedom? Industry and experts are debating this even as the Digital Competition Bill seeks to rein in Big Tech firms in India, the world's second-largest internet market

BY SURABHI



THE STORY SO FAR

▶ The Competition Commission of India imposes penalties on Google, and is investigating practices by firms, including Apple and Meta

▶ The Competition (Amendment) Act 2023 introduces provisions on penalties based on global turnover and deal value thresholds for M&A that will impact tech firms

▶ The Standing Committee on Finance, in its report in December 2022 on anti-competitive practices by Big Tech firms, identifies 10 practices, including anti-steering provisions, bundling and tying; calls for a digital competition bill

▶ The Ministry of Corporate Affairs sets up a high-level committee in February 2023 to look into a digital competition law, submits report in March 2024



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IT IS A fine line to tread. How does one protect consumer interests while maintaining the freedom of the markets? Industry, sectoral experts, and policymakers have been debating this vexing question for long but have found no easy answers yet. In the meantime, India is working on introducing a digital competition law that would have significant ramifications for a host of Big Tech firms—both domestic and foreign—including the likes of Google, Meta, Apple, Amazon, Uber, MakeMyTrip, and Zomato, to name a few.

Over the past few years, India has joined a number of jurisdictions globally to work on regulating competition in digital markets. Some of them are also weighing in on a separate legislation for the digital economy with *ex ante* or pre-

emptive regulations for large tech firms. For instance, the EU's Digital Markets Act (DMA), that has fully come into effect. The DMA has identified six gatekeepers—Alphabet, Meta, Microsoft, Amazon, Apple and ByteDance—which will have to comply with regulations to ensure that there is competition in the markets. The UK Parliament, too, is in the midst of approving the Digital Markets, Competition and Consumers Bill that would empower its Competition and Markets Authority to regulate competition in digital markets. Back home, the country's antitrust regulator, the Competition Commission of India (CCI), has been probing anti-competitive practices by many of these Big Tech firms, and has already penalised some of them.

“With close to 15 jurisdictions thinking in terms of bringing rules on dos and don'ts or *ex ante* regulations for large digital companies, there clearly is a problem in how these players behave and hence pro-competitive behavioural rules may be required,” says Payal Malik, Visiting Professor, Digital Economy Startups and Innovation, and the ICRIER Prosus Centre for Internet and Digital Economy (IPCIDE) at policy think tank ICRIER.

Consumer interests, especially related to personal choice and data, have been a key issue for regulators globally as they try to tackle chal-

lenges around regulating competition in digital markets. Another factor is complaints by smaller domestic start-ups that they are not being given a fair chance by these Big Tech firms. The Alliance of Digital India Foundation (ADIF), which was set up in 2020 as a think tank for India's digital start-ups, has been at the forefront in many of these cases.

Global investors are closely watching how these developments pan out in one of the largest developing markets in the world. India had the world's second-largest internet user base with over 821 million users in 2023, per data analytics website Statista, and the numbers are still growing. A recent report by Invest India, the national investment promotion and facilitation agency, has forecast that by 2030, the country will have the second-largest online shopper base, with nearly 500 million customers.

UNDER THE LENS

Big Tech has often faced regulatory scrutiny in India. For instance, Alphabet Inc.'s Google has been under CCI's scanner time and again. Recently, CCI ordered a probe into its Play Store billing policies, under which it charges commissions for providing digital services to apps for in-app purchases.

But it's not just Google. CCI has often probed Big Tech firms for anti-competitive practices and abuse

Consumer interests, especially related to personal choice and data, have been a key issue for regulators globally as they try to regulate digital markets

of their dominant position. In 2022, India's competition watchdog imposed monetary and non-monetary penalties on MakeMyTrip, Goibibo and OYO for indulging in anti-competitive conduct. The office of CCI's Director General, which looks into cases of anti-competitive behaviour, is understood to have completed probes against several other Big Tech firms including Apple, Meta, Swiggy, Zomato, Flipkart, Amazon and BookMyShow, say sources.

The other aspect has been legislation. With the Competition (Amendment) Act, 2023, a start has been made to give legislation more teeth to regulate the digital markets. While many of the new provisions will have an impact across sectors, experts believe that certain provisions would have an effect on the operations of Big Tech firms. These include provisions about the calculation of penalties based on global turnover, a new deal value threshold for M&As above which companies would require approval from CCI, as well as a system of settlement and commitment that can be availed by any entity against which an inquiry has been ordered.

"There are some things that definitely do impact tech, but the applicability primarily is not focussed towards tech," says Anshuman Sakle, Partner at law firm Khaitan & Co. According to him, the major change in the Act itself, which will likely impact tech the most, is that when there is a calculation of penalties, it will be looked at from the perspective of global turnover. "A lot of these companies have far greater turnovers globally than what they would have in India. That... will hit them hard," he says.

Agrees Prateek Jain, Associate Director at ADIF, adding that penalties and provisions targeting deal value thresholds will significantly



DECODING THE DRAFT DIGITAL COMPETITION BILL

| 55

▶ **Calls for *ex ante* regulations for clearly identifiable digital services or core digital services (CDS)**

▶ **CDS to include online search engines, online social networking services, video-sharing platform services, interpersonal communications services, operating systems**

▶ **Identification of systemically significant digital enterprises (SSDE) based on financial and user thresholds in the past three financial years**

▶ **Entities meeting SSDE thresholds to report to CCI within 90 days and comply with obligations to prevent anti-competitive practices**

▶ **Obligations include not using self-preferencing products, no direct or indirect usage of non-public data of users, and consent-based usage of business users' and end users' personal data by third parties**

▶ **Contravention of provisions can lead to investigation and subsequent penalties**

SOURCE CDCL REPORT, INDUSLAW REPORT

impact digital players. “These amendments address a critical loophole wherein significant digital mergers and acquisitions, often termed as ‘killer acquisitions’ previously escaped scrutiny due to their low monetary value at the time of transaction,” he says, adding that the deal value threshold of ₹2,000 crore would mean that transactions involving substantial digital players operating in India will be mandatorily scrutinised by CCI.

While industry has taken these changes in its stride, a major concern is the draft Digital Competition Bill (DCB), put out for public comments by the Ministry of Corporate Affairs (MCA) along with the report of a high-level committee on digital competition law in March 2024. The deadline for submitting comments ended on May 15.

56 | The genesis of this committee and the subsequent bill is from a December 2022 report on anti-competitive practices by Big Tech firms by the Parliamentary Standing Committee on Finance. The report identified 10 anti-competitive practices, including anti-steering provisions that often prevent app publishers from moving out of the app store for alternative payment mechanisms; deep discounting; exclusive tie-ups; advertising policies; and restricting third-party apps. It had also called for *ex ante* regulations for identified digital gatekeep-



“The objectives of competition law and the proposed DCB are the same: to maintain competition in the digital markets”

VINOD DHALL
FOUNDER CHAIRMAN, CCI;
SENIOR ADVISOR,
TOUCHSTONE PARTNERS

ers or systematically important digital intermediaries as well as a separate digital competition bill.

“The Committee observes that the current *ex post* framework under the Competition Act, 2002, needs to be supplemented to better address concerns related to alleged anti-competitive practices of large digital enterprises,” says the March 2024 report. To this effect, the draft DCB has recommended

ex ante measures be introduced to complement the current *ex post* framework by identifying large digital enterprises with a ‘significant presence’ in India in selected ‘core digital services’ (CDS) and setting pre-determined rules for their conduct. (See box ‘Decoding the Draft Digital Competition Bill’).

THE BIG DEBATE

The recommendations, which have garnered equal amounts of praise and criticism, came after extensive discussions with stakeholders. Questions have arisen over the need for a separate digital competition bill as well as pre-emptive measures, which a section of the industry as well as many experts believe will work as a “blanket ban” and impact investments and innovations in the fast-evolving sector.

In fact, industry body Internet and Mobile Association of India (IAMAI), in its comments on the draft bill, has said it may dry up venture investments in tech start-ups. In their discussions, most Big Tech firms including Amazon, Apple, Google, and Meta, and domestic giants like Flipkart and OYO said that they were not in favour of *ex ante* regulations.

Most Big Tech firms that *BT* reached out to for their views on the draft DCB did not respond to a request for comments.

“There’s an active debate in some countries about whether to adopt

THE INTERNATIONAL EXPERIENCE



▶ **Most countries are examining issues around competition in digital markets and investigating Big Tech firms like Google and Apple**



▶ **European Union’s Digital Markets Act is *ex ante* and establishes a set of criteria to identify “gatekeepers”**

new rules that single out a handful of leading technology services. While these prescriptive laws seek to promote competitive digital markets, they can involve trade-offs that raise prices and limit choice for consumers and businesses,” Adam Cohen, Director of Economic Policy at Google, wrote in a recent blogpost.

Since the introduction of the changes in the EU’s DMA, Google has seen increased traffic to a small number of successful intermediary services and significantly less engagement with a wide range of businesses like airlines, hotels, local merchants and restaurants, he wrote.

“The full impact of EU’s DMA is yet to be seen. It is already creating challenges for companies to comply with in terms of data privacy and business growth,” says an industry source, adding that seeking consent from users for every new purchase or application can lead to “consent fatigue”. Monetisation or revenue is also a problem as tech firms point out that user data is one of the simplest ways to make a profit.

Many believe that these problems will further exacerbate in a developing market like India, which is keen on attracting investments, is a start-up hub, and aims to become a \$1-trillion digital economy by 2030.

Sakle of Khaitan notes that the need for an *ex ante* regulation is being felt by competition regulators globally because they believe the market



“With close to 15 jurisdictions thinking in terms of bringing rules on dos and don’ts for large digital firms, there is a problem in how these players behave”

PAYAL MALIK
VISITING PROFESSOR, DIGITAL ECONOMY STARTUPS AND INNOVATION, AND IPCIDE, ICRIER

is moving so fast that by the time any probe is completed, the purpose and point of it becomes a little bit of a lost cause. “All these new digital markets primarily are ‘winner-takes-all’ kind of markets. It ends up getting one large player in that particular space, which kind of rules the roost.”

Others like Malik of ICRIER believe that an *ex ante* framework will ensure that the competition regulator can work faster to regulate firms

in the sector. She notes that at present, competition law tends to be very case-specific, and remedies are not all pervasive for addressing similar conduct in a different context either in an ecosystem or across ecosystems. According to her, while there is a need to debate the nature and form of a digital competition law, the fundamental position remains that this is the right time to frame some guidelines to check anti-competitive behaviour. “By and large, there can be *ex ante* regulations for Big Tech firms, but [their] design should be such that the remedial obligations identified should be self-executing, individualised and compliance-driven,” she says.

However, former CCI chairman Vinod Dhall says that a key principle of competition law is consumer welfare and the bar for intervention by the competition authority is very high. “The competition law is *ex post*, not *ex ante*, and is obliged to examine matters case by case,” he says, adding that the objectives of competition law and the proposed DCB are the same: to maintain competition in the digital markets.

“The question is whether the same objective can be achieved by strengthening the competition law,” he says, adding that the Competition Act itself can be strengthened.

Industry players also question the need for a separate digital competition Act as many of the clauses

 **The UK Parliament is working on the Digital Markets, Competition and Consumers Bill**



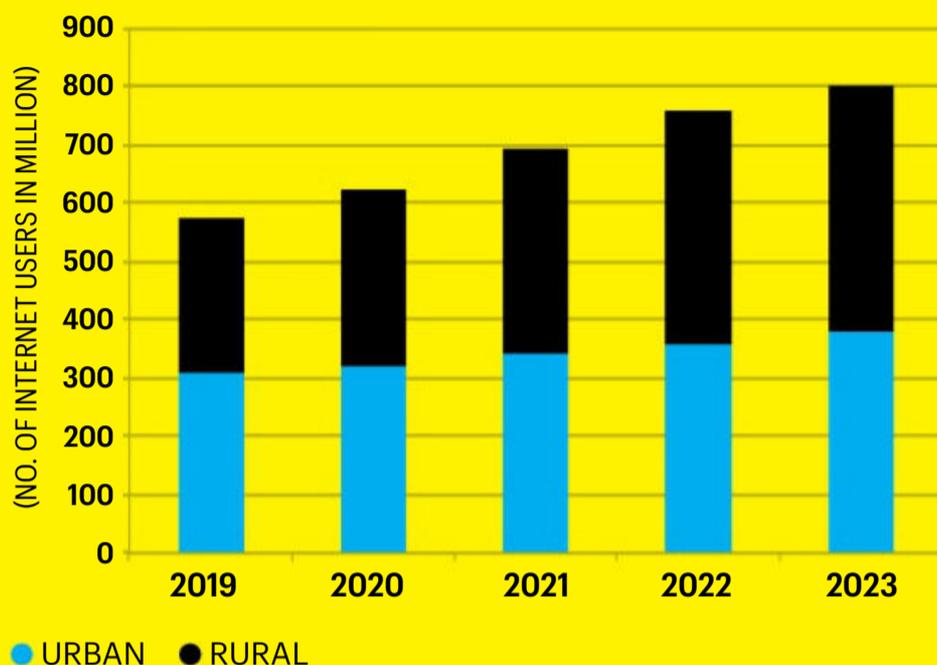
 **The US has toyed with the idea of a legislation, but has not come up with one; it is investigating firms**



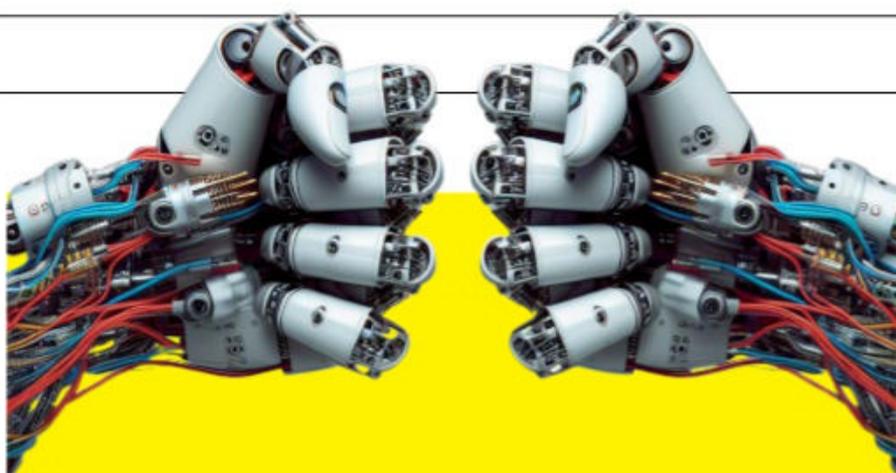
 **Japan’s Transparency and Fairness of Digital Platforms, 2020, is *ex ante* law; also has Specified Digital Platform Act**

INDIA'S INTERNET USAGE

- Internet users in India have crossed 800 million
- Nearly 90% of the users use the internet daily



SOURCE 'INTERNET IN INDIA 2023' REPORT BY IAMAI AND KANTAR



WHAT'S AT STAKE

- ▶ Since the draft Digital Competition Bill was introduced, questions have arisen about the efficacy of such a law, and *ex ante* provisions
- ▶ In consultations with the committee, firms, including Amazon, Apple, Meta, Uber, Flipkart and Google, have said they are not in favour of *ex ante* regulations

around data usage and privacy are already there in the Digital Personal Data Protection Act, 2023. There are also concerns about how the CCI, with already stretched resources and staff, will enforce the proposed provisions of the DCB.

Besides these, industry has also red flagged several provisions in the DCB. These include the proposed thresholds, which are seen to be low and could include a vast number of firms, including non-tech ones with a digital presence.

The draft bill has prescribed financial and user thresholds for the past three financial years that would be used to identify enterprises engaged in CDS that would be considered as systemically significant digital enterprises (SSDE).

THE WAY AHEAD

Saksham Malik, Senior Programme Manager at public policy think tank

The Dialogue, says there might be a need to customise the scope of CDS and the quantitative thresholds for designation of SSDEs in the law. "While the list of CDS includes various services that have not observed any structural competition bottlenecks, the numbers provided under quantitative thresholds are too low. Both aspects can likely lead to the

law covering a significantly large part of the technology industry without sufficient need," he says.

A report by IndusLaw also highlights that the DCB empowers the CCI to demarcate any enterprise as an SSDE even if it doesn't meet any of the thresholds, if the watchdog believes that such an enterprise has a significant presence in



"All these new digital markets primarily are 'winner-takes-all' kind of markets. It ends up getting one large player in that particular space, which kind of rules the roost"

ANSHUMAN SAKLE
PARTNER, KHAITAN & CO.

▶ **Critics of the bill and large tech firms are concerned it will impact investments and stifle innovation in the fast-evolving sector**

▶ **MSMEs are concerned that it will hurt business, as it will limit the ability of platforms to use data for targeted advertising**

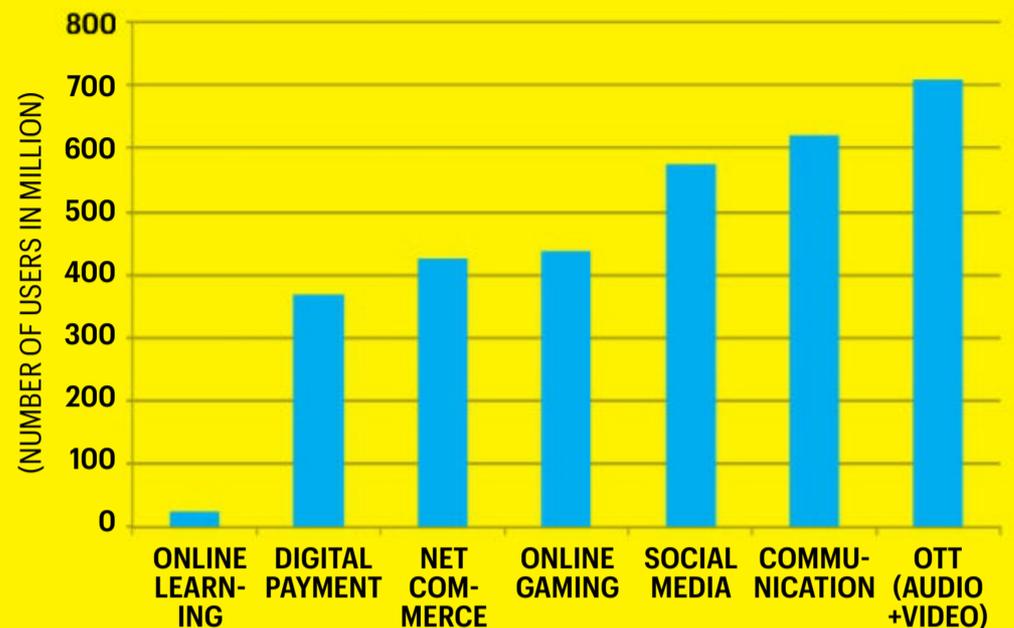
▶ **Small Indian start-ups believe regulating practices will level the playing field for them**

▶ **The bill will protect consumers' data, as being done internationally**

▶ **CCI seen to not have enough staff strength to take up the responsibility of enforcing the proposed provisions of the bill**

USE CASE

● **OTT, communications, and social media are top activities for internet users in India**



SOURCE 'INTERNET IN INDIA 2023' REPORT BY IAMAI AND KANTAR

respect of a CDS, based on an assessment of the information available with it considering any or all of the qualitative factors set out in the DCB.

A section of micro, small and medium enterprises are of the view that the proposed law could adversely impact them due to the limitations placed on targeted ad-

vertising by large digital platforms.

For now, there doesn't seem to be a clear answer or consensus on any of these issues. But what almost all stakeholders agree upon is that there needs to be more discussions before the bill is finalised.

Malik of The Dialogue says the DCB will require significantly more time for consultation. "An extended

timeline... will allow the ecosystem to conduct more analysis on the impact of the law on the economy, and also bring in stakeholders like gig workers, small sellers and consumers in the discourse," he says.

Sakle of Khaitan notes that all tech companies would want the level of prescriptiveness in any law to be as less as possible. "What end shape and form the draft DCB takes will be based on discussions and debates in the next few months," he says.

The MCA has indicated that it is keen on taking forward the bill on priority and it is likely to be a key focus area once the new government is formed. More discussions will, of course, follow and industry and experts are hopeful that a happy consensus—like that for the DPDP Act—may be forged. But that's still some distance away. **BT**



“While the list of CDS includes various services that have not observed any structural competition bottlenecks, the numbers provided under quantitative thresholds are too low”

SAKSHAM MALIK
SENIOR PROGRAMME MANAGER-COMPETITION LAW AND POLICY, THE DIALOGUE

@surabhi_prasad



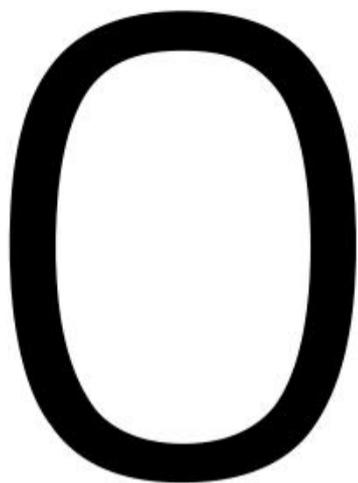
TIME TO



UNSHACKLE?

YOUNG INDIA IS OBSESSED WITH APPS. BUT THE GATEWAY TO THEM IS CLOSELY GUARDED BY TWO TECH BEHEMOTHS—GOOGLE AND APPLE—WHO CONTROL 99% OF THE MARKET IN INDIA. IS IT TIME FOR INDIA TO BREAK FREE FROM THIS DUOPOLY AND HAVE ITS OWN APP STORE?

BY **DANNY CYRIL DCRUZE** | ILLUSTRATION BY **NILANJAN DAS**



ON MARCH 1, 2024, Google pulled 10 popular Indian mobile apps—BharatMatrimony, Jeevansathi, Naukri.com, 99acres, Shaadi.com, Truly Madly, QuackQuack, Stage, Altt, and KukuFM—due to payment policy violations from its Play Store, only to reinstate them. Since then, there has been much discussion on the need for an Indian app store to break up the Google-Apple duopoly.

The tech giants dominate the app world—Google’s Android enjoys 94.94% market share in India, and Apple’s iOS has a 4.22% share.

“Indian companies will comply—for now. But what India needs is an App Store/Play Store that is a part of the Digital Public Infrastructure—like UPI and ONDC. The response needs to be strategic,” wrote Sanjeev Bikhchandani, Founder and Executive Vice Chairman of Info Edge—which runs Jeevansathi, Naukri.com, 99acres, among others—on microblogging site X, tagging Commerce and Industry Minister Piyush Goyal, soon after the incident. And he wasn’t the only one from India Inc. advocating for an Indian app store.

This isn’t the first time Google removed an app from India from its Play Store. In 2020, it had pulled fintech app Paytm for a few hours, citing violations of policies. After a few months, Paytm Founder Vijay Shekhar Sharma launched a mini app store

within the Paytm app to reduce its reliance on Google. Sharma has been vocal about developing an Indian app store since.

From purchasing a toothbrush to obtaining an AI certification, apps are available for almost everything. And India, the second-largest smartphone user market after China, recorded a staggering 25.96 billion app downloads on mobile devices in 2023 and generated good revenue (*See chart ‘App Time’*). According to data analytics website Statista, India’s app market revenue has grown to \$3.3 billion in 2023 from \$2.7 billion in 2022. With a rising economy and increasing internet penetration, a focus on expanding the Digital Stack, and a thriving IT industry, the number is set to rise in the coming days. But, is the time ripe for India’s own app store?

THE APP ‘TAX’

Since the smartphone era began in the late 2000s, Google’s Android and Apple’s iOS have been the go-to options. Apps make these operating systems—which power smartphones—the success they are today.

In March, after Google removed those 10 popular apps from its Play Store, IT Minister Ashwini Vaishnaw was quick to respond. “India is very clear, our policy is very clear...our start-ups will get the protection that they need,” he had said.

Google, while re-listing the apps, had said that it “maintains its right to implement and enforce its business model, as established in various courts,” prompting many start-up and tech entrepreneurs to highlight the need for an Indian alternative and stoking the idea of a home-grown app store.

Another reason for a renewed push for an alternative is the app ‘tax’. Start-ups have highlighted

STORE WARS



Google and Apple own more than 99% of the app market in India



Despite the Make in India initiative, there remains a gap between the app stores of global tech giants and locally developed ones



The debate is whether the government should step in, or whether an Indian start-up should grab this opportunity



Developers are the biggest gainers or losers in this digital power struggle

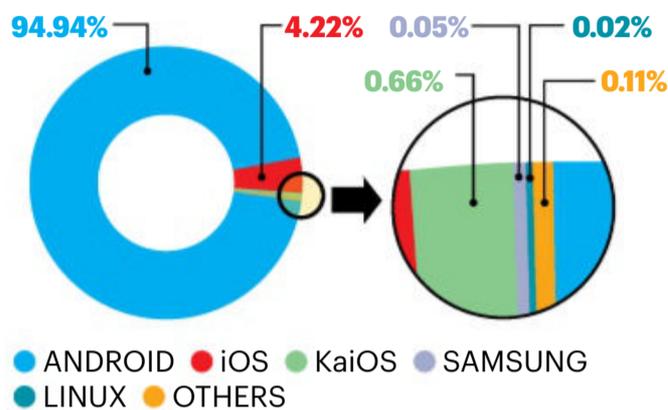


On top of that, AI could be the biggest threat to the modern app ecosystem on smartphones

THE DUOPOLY

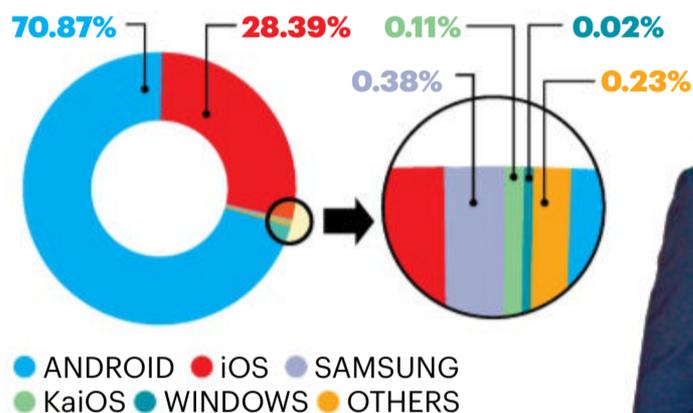
● Android (Google's Play Store) and iOS (Apple's App Store) are the two dominant operating systems; apps have been the driving force behind their success

Market Share of Mobile OS in India

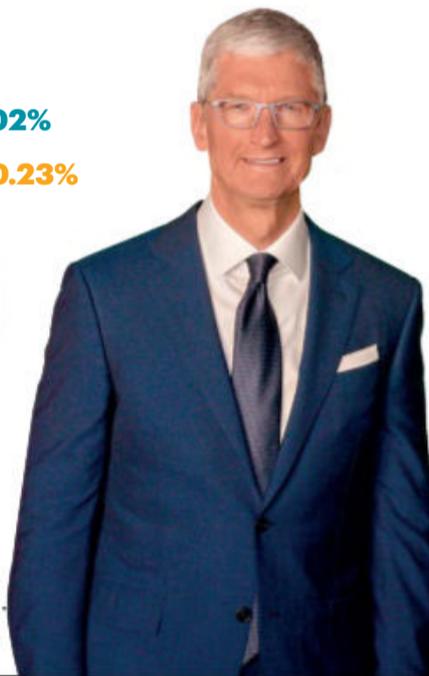


SUNDAR PICHAI, CEO of Alphabet and Google

Global Market Share of Mobile OS



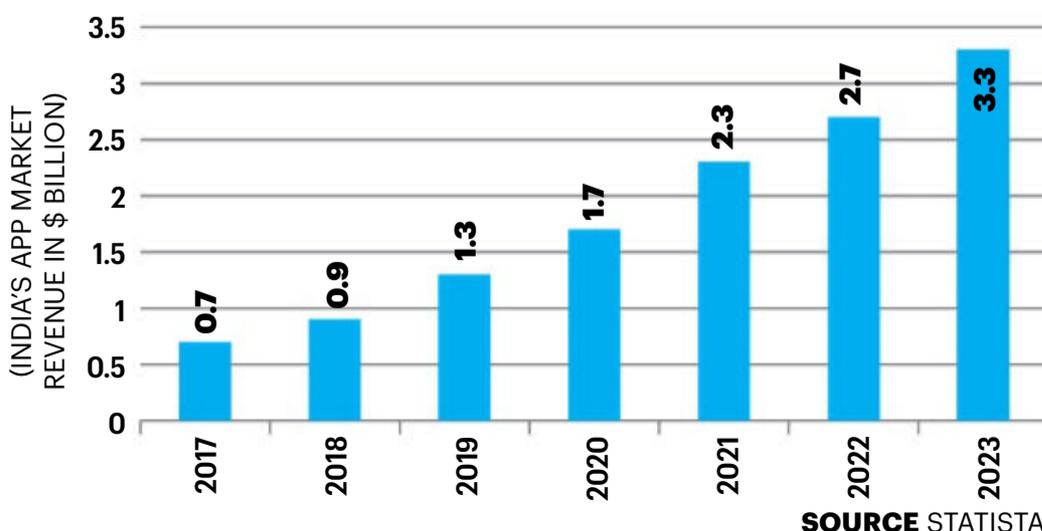
DATA AS OF APRIL 2024
SOURCE STATCOUNTER



TIM COOK, CEO of Apple

APP TIME

● The annual revenue of the app market in India has almost doubled from 2020 to 2023



SOURCE STATISTA

the high transaction fees demanded by Big Tech leading to shrinking profit margins. Mayank Kumar, Co-founder of edtech firm upGrad, says that many new companies are willing to pay a commission to get access to the market. "However, in the current ecosystem, this commission often becomes disproportionately high. The larger companies end up taking between 15-30% of the revenue, which makes it extremely challenging for younger companies to profit," he says.

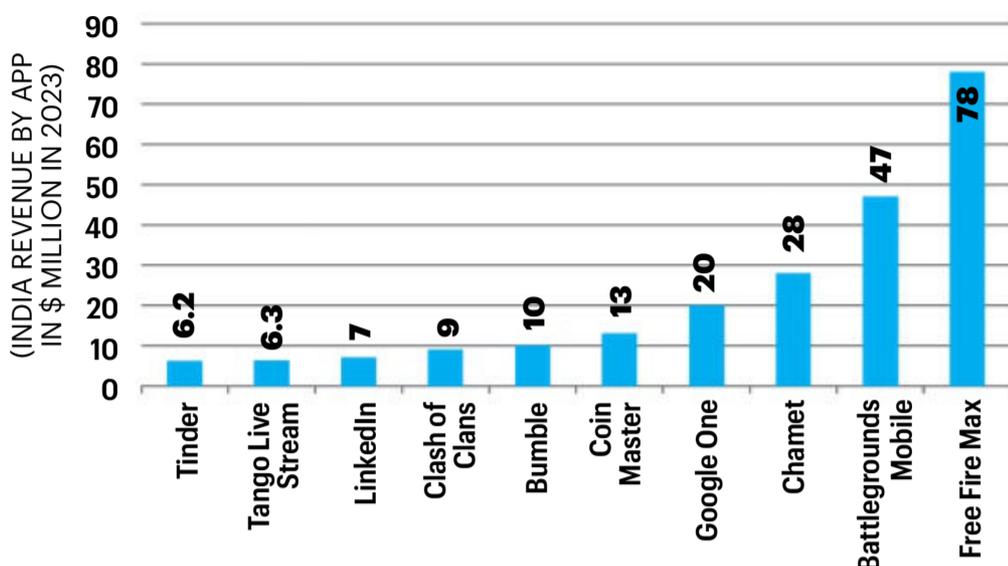
According to Kumar, older firms that have achieved scale, say, 10 million users or revenues of ₹2,000-3,000 crore, can navigate the ecosystem better. "However, this creates barriers that prevent many younger companies from scaling effectively, which needs to be addressed and regulated systematically."

Indus Appstore, a made-in-India solution to this problem, is trying to bridge this gap by listing popular Indian apps. The PhonePe-owned company has a long carousel of never-ending apps ranging from popular Indian names like Blinkit, MakeMyTrip, Paytm, and JioCinema to even international brands such as Instagram, Snapchat, and WhatsApp. "The Indian tech ecosystem has grown significantly in the last decade. Indian companies are building population-scale tech products that cater to the diverse needs of the Indian market, one of the largest smartphone markets in the world," says Indus Appstore Co-founder Akash Dongre.

The growing digital infrastructure and a robust India Stack give home-grown firms a rare opportunity. "An Indian app store presents a fascinating and compelling opportunity. Such an app store could steer inclusive digital growth and offer a richer user experience, catering to India's unique voice, vernacular, and video landscape," says Prabhu Ram, Head of Industry Intelligence Group at CyberMedia Research. By catering to India, this app store can empower domestic app development and pri-

RISING REVENUE

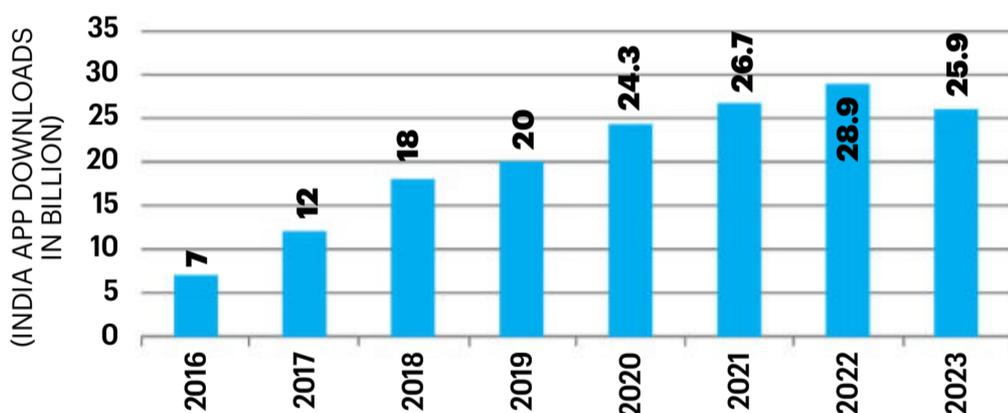
● Gaming apps have dominated the app market revenue charts in India



SOURCE APPMAGIC, SENSOR TOWER

APP AND DOWN

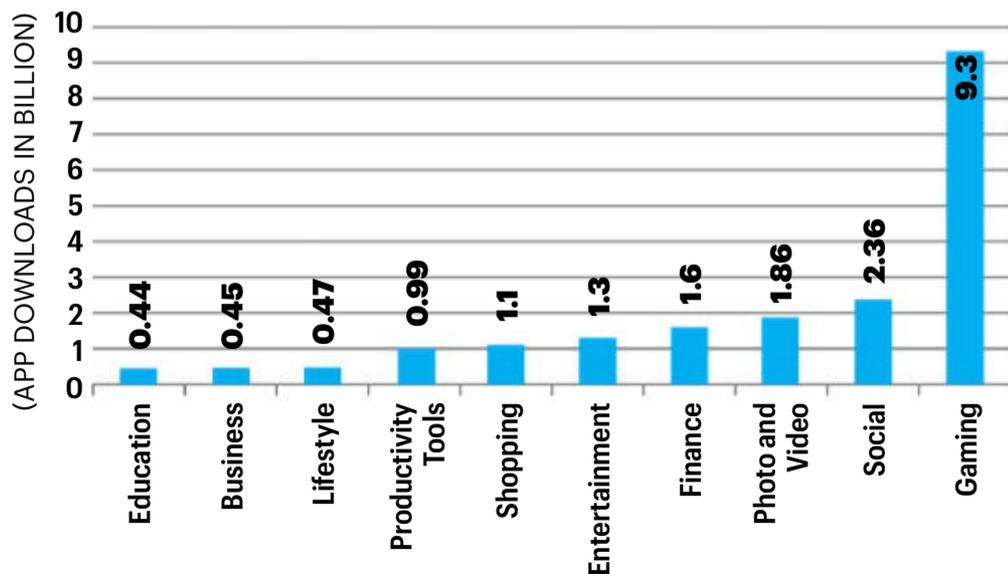
● Following a steady rise in app downloads, India witnessed a slight dip in 2023



SOURCE DATA.AI

JUST LOVIN' IT

● Indians downloaded more gaming and social media apps in 2023



NOTE TOP 10 SECTORS BY APP DOWNLOADS IN 2023 SOURCE DATA.AI

oritise local languages, he adds.

Agrees Tarun Pathak, Research Director at Counterpoint Research. “A local app store could potentially offer a more Indianised version of an app store, catering to the specific needs and preferences of Indian developers and consumers.” However, developers will go where the critical mass resides, and most consumers are used to downloading apps from the Apple App Store and Play Store, he adds.

DEVELOPERS' DILEMMA

The question remains whether a government-driven approach is the way forward or should the market take its course? A government-driven one reaps benefits such as regulatory oversight, accessibility, and economic strategy that is in favour of the country. However, it could also lead to potential downsides like slow-moving bureaucracy and stifled innovation, say experts. The government may be less agile and innovative compared to a start-up, which could offer cutting-edge technology and operational efficiency but might struggle with security and market fragmentation.

upGrad's Kumar is of the opinion that the government could act as a facilitator but the app store should be built by an Indian brand. “With the leverage of the government, infrastructure can be then laid and on top of that, many of us will build good business and good companies, utilising this foundational support to innovate and expand effectively,” he says.

But transitioning to a made-in-India app store poses several challenges for developers, primarily centred around user adoption and financial viability. Developers might initially struggle with a smaller user base, which can significantly affect their app's visibility and profitability compared to established international platforms with vast global audiences.

Pathak highlights the importance of discovery and visibility for developers. “The main challenge lies in discovery and visibility. Unless the new app store is pre-installed by OEMs, it might

struggle to gain traction. Customers generally opt for convenience, and making a switch after several smartphones might not be easy," he says.

Having experienced the initial roadblocks, Indus Appstore's Dongre explains, "For developers, the biggest challenge will be the scale of distribution an app store can provide. Global competition has acquired users by virtue of being a pre-loaded application on every smartphone sold in India. Indian app stores will have to ensure that they solve for distribution to help developers acquire users through them."

Attracting developers to build for a home-grown platform is one problem, but getting the user to sideload the app store is another. It will require partnerships and a lot of capital. "How the app is going to be discovered is important. Unless you mandate the OEMs to pre-install a new app store, visibility will remain a challenge," says Pathak. He explains that most smartphone users are on the fourth or fifth smartphone of their lives. They are used to downloading apps from Apple's App Store and Google's Play Store since their first smartphone. Making a switch will not be easy.

"An Indian app store would require a fair, level playing field to compete with global tech giants. The entry of new players into the market is severely restricted as some of the existing players have signed opaque revenue-sharing agreements with OEMs," says Dongre. Regulators and policymakers need to prevent the abuse of dominance by these players through unfair practices, he adds. "Globally, regulators have started flagging these unfair practices and started working towards opening up the market."

THE WAY AHEAD

Some experts feel that the Indus Appstore is a step in the right direction. It has seen rapid adoption, with over 1 million installs within a month of its launch in February 2024. It of-

POINTS TO PONDER



THE DEVELOPER'S DILEMMA

While currently developers have to pay a certain fee to these two app stores, they still opt for them because downloads and discovery matter



INDIA STORY

Home-grown Indus Appstore saw 100,000 downloads within just 3 days of its launch; the store has 200,000 mobile apps under 40-plus categories



THE APP-LESS FUTURE

AI assistants could become the new interface of apps. These smart assistants may be able to meet localised needs of the users. Rabbit R1 and Humane AI devices envision this future

fers over 200,000 mobile apps and games across 45 categories.

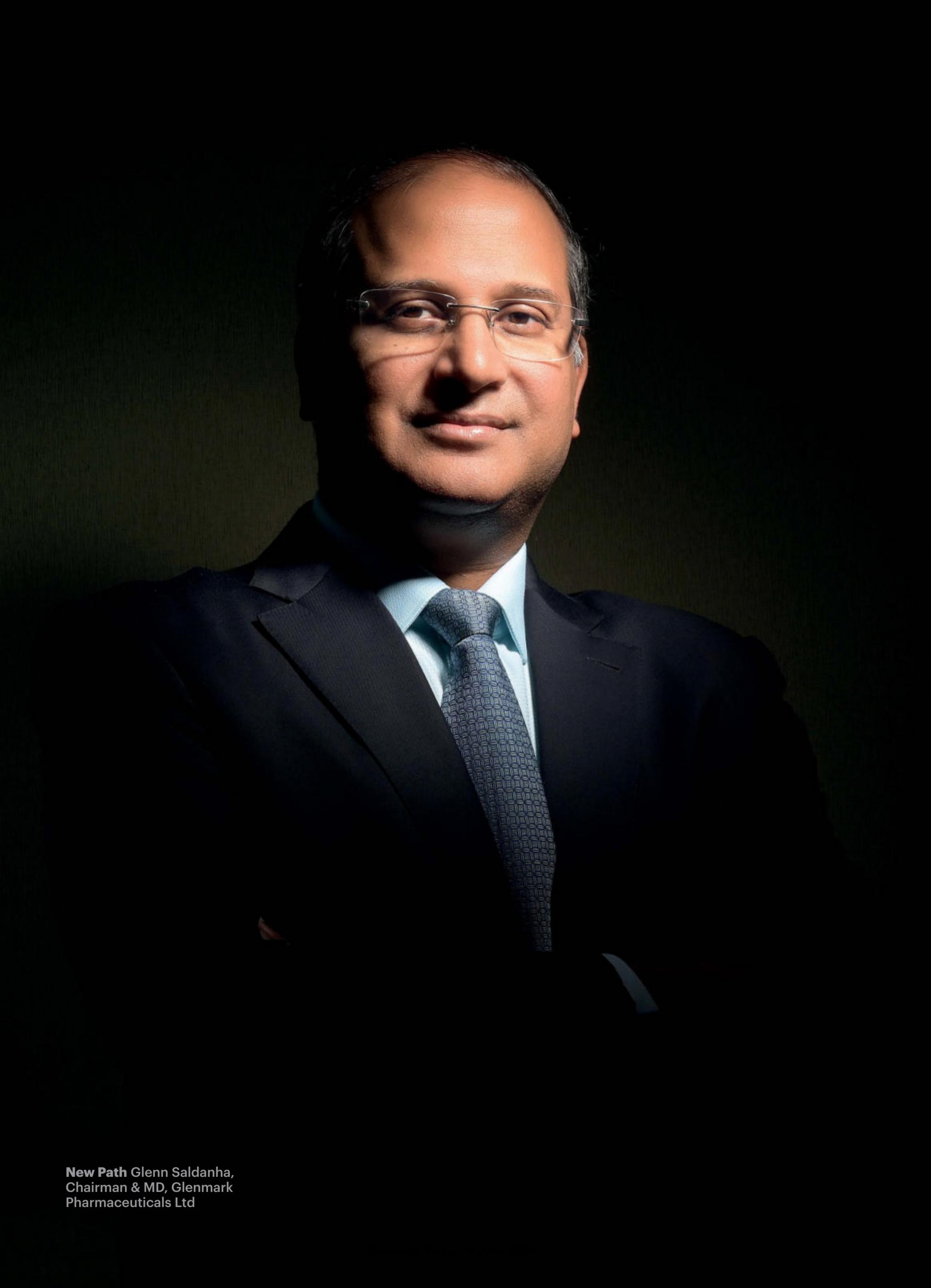
It also fixes the issue of payment gateways. The app store allows app and game developers to choose any third-party payment gateway for in-app billing, charging no commission if an external payment gateway is used. To accelerate developer registrations, Indus is also offering zero listing fees to developers for one year. The app store also provides some bespoke solutions for the Indian demographic. It is available in 12 Indian languages, with voice search enabled and even a video-led discovery model.

While it aims to challenge the dominance of Google's Play Store and Apple's App Store, it is a long way from success. It will depend on the brand's ability to woo both developers and users, navigate the regulatory landscape, forge partnerships, and develop effective monetisation strategies. All this, while keeping an eye on a pivotal technology such as Gen AI.

The advent of AI is transforming our interaction with technology. It's creating a paradigm shift that could make conventional app stores less relevant. Two companies, Rabbit and Humane, are already imagining hardware without apps in the form we've come to expect. Meta's Ray-Ban smart glass is also trying to make the human-technology interface much less screen-based.

Pathak believes the future of smartphones will go beyond app stores. It may get replaced with Gen AI assistants, which will lead to a more customised user experience.

However, these advancements are still in their very early stages. Their impact on the future of app stores will depend on how well they meet user needs and how they evolve with the ever-changing tech landscape. Till then, both developers and users will have to depend on app stores. **BT**



New Path Glenn Saldanha,
Chairman & MD, Glenmark
Pharmaceuticals Ltd

MAKING A MARK

PHARMA MAJOR GLENMARK IS STRATEGICALLY PLOTTING ITS WAY UP, ALL BY SHIFTING ITS FOCUS TO BRANDED AND SPECIALITY MEDICINE AND ENSURING IT GETS ITS R&D RIGHT

BY NEETU CHANDRA SHARMA

PHOTO BY MILIND SHELTE

M

UMBAI'S AFTERNOON SUN has bathed Glenmark House in Andheri East in a warm glow as Glenn Saldanha, Chairman and Managing Director of Glenmark Pharmaceuticals Ltd, strides into a boardroom for an interview. Saldanha, who has led Glenmark for nearly 30 years, the last 12 as CMD, has had enough of the volatile business of making APIs or active pharmaceutical ingredients, taking debt for working capital and depending on best-selling brands with margins measured in teaspoons.

Debt is now a bad word in Glenmark House. Saldanha's buzzwords now are complex generics and speciality drugs (read: fat margins). Glenmark jettisoned its ₹4,600-crore debt in the second quarter of 2024 by selling a 75% stake in its API business to Nirma Ltd on September 21, 2023, for around ₹5,651 crore. It aims to be debt-free by 2026.

Its success with Ryaltris, a nasal spray that is a fixed-dose combination of an anti-allergic and a steroid, launched in Q1 of 2021-22, has cleared

NEW POSITIONING

1 **Glenmark's focus on creating a global presence in the respiratory segment suggests a strategic shift towards specialised therapeutic areas**

2 **Its renewed focus on complex generics and speciality products aligns with industry trends towards higher-margin products**

3 **Gaining market share in India and expanding into Europe and RoW markets indicates a focus on geographic diversification and growth opportunities**

4 **Monetising the innovation portfolio through licensing deals reflects a strategy to leverage intellectual property for additional revenue streams**

5 **Sharper focus on free cash generation underscores financial discipline and liquidity management priorities**



the congestion of ideas. Glenmark expects Ryaltris to fetch sales of \$80 million in 2025—and it has not even entered major markets such as China and Brazil. (Ryaltris has been commercialised in 31 geographies.) The US Food & Drug Administration (FDA) cleared Ryaltris in January 2022.

Glenmark's journey has not been smooth. The company has grappled with manufacturing issues, which led to warnings from the FDA. The debt burden has impacted its ability to invest freely.

Complex generics and speciality drugs will spur profits, reduce its dependence on debt for working capital, and help it capture more international markets.

WITH DEBT DO WE PART

Working capital needs and the depreciation of the Indian rupee versus the US dollar drove the increase in debt. As of December 31, 2023, Glenmark had a debt of around ₹3,523 crore. The Nirma deal, the company said, is expected to extinguish its total debt and turn it net cash positive. Glenmark Life Sciences will operate independently and focus on meeting dynamic market demands.

Glenmark's revenue (consolidated) increased marginally 2.9% year-on-year (YoY) for the nine-month period ended December 31, 2023 (9MFY24), while its operating profit (consolidated) declined nearly 45% YoY to ₹952.83 crore. However, the company witnessed a loss (consolidated) of ₹219.2 crore compared to a profit of ₹780.5 crore during the year-ago period, due to exceptional items (loss) of ₹454.17 crore during this period, related to litigation in the US.

For the quarter ended December 2024 (Q3FY24), its top line (consolidated) declined 16% YoY, primarily due to a temporary dip in sales following changes in its distribution model in India. These changes will also allow Glenmark to expedite the nationwide roll-out of its anti-counterfeit packaging. Adjusted to exclude the one-time impact, the consolidated revenue would have seen an approximate growth of 9% over the previous year.

In FY23, Glenmark's gross sales (consolidated) increased by 5.6% over the previous year. The Ebitda for the period was ₹2,278.4 crore, with an Ebitda margin of around 17.5%. However, due to the exceptional loss related to the litigation, the profit after tax was significantly reduced to ₹377 crore, down 62% YoY.

Glenmark, currently in a transitional phase, is optimistic despite the identified challenges. "We continue to outperform in our key therapy areas and look forward to a resurgence of our US business... driven by new product launches," says Saldanha.

Brokerage ICICI Securities expects a 90% upside in profit after tax on Glenmark Pharma and a 5.5% YoY drop in revenues in the January-March quarter of FY24.

FOCUS ON KEY THERAPIES

Glenmark is focussing on dermatology, respiratory, and oncology. It has filed two ANDAs (abbreviated new drug applications) with the FDA for generic nasal sprays and completed trials for a generic

version of Flovent in inhaler form for asthma treatment. It plans to seek approval in 2024-25. Its respiratory product portfolio spans India, emerging markets, and Europe. “In India, Glenmark has surged to the second position in this segment, driven by products such as Ascoril, Alex, Vilor-F, Nindanib and Nebsmart,” says Alok Malik, President and Business Head-India Formulations for Glenmark. “Dermatology is another core area where we excel, ranking second in India.”

It is also working on oncology, aiming to increase its contribution to the overall business through multiple drug launches in India and other markets.

Apart from its core therapy areas, the company says it also has a substantial presence in the diabetes and cardiovascular segments in India. The company recently launched Lirafit, the first liraglutide biosimilar for type 2 diabetes in India. The biosimilar is poised to provide potential clinical benefit at a

massively reduced cost and be easily accessible to patients.

“Our goal is to achieve two-thirds of our consolidated revenue from branded markets,” says Saldanha. The company focusses on strategically expanding in key regions while strengthening its existing market presence.

Saldanha says Glenmark uses advanced forecasting techniques, demand planning, and supply chain analytics to anticipate market needs accurately. “This optimisation of resources in inventory and supply chain management is vital for enhancing operating margins and overall working capital,” says Saldanha.

COMPLEX GENERICS & SPECIALITY MEDICINE

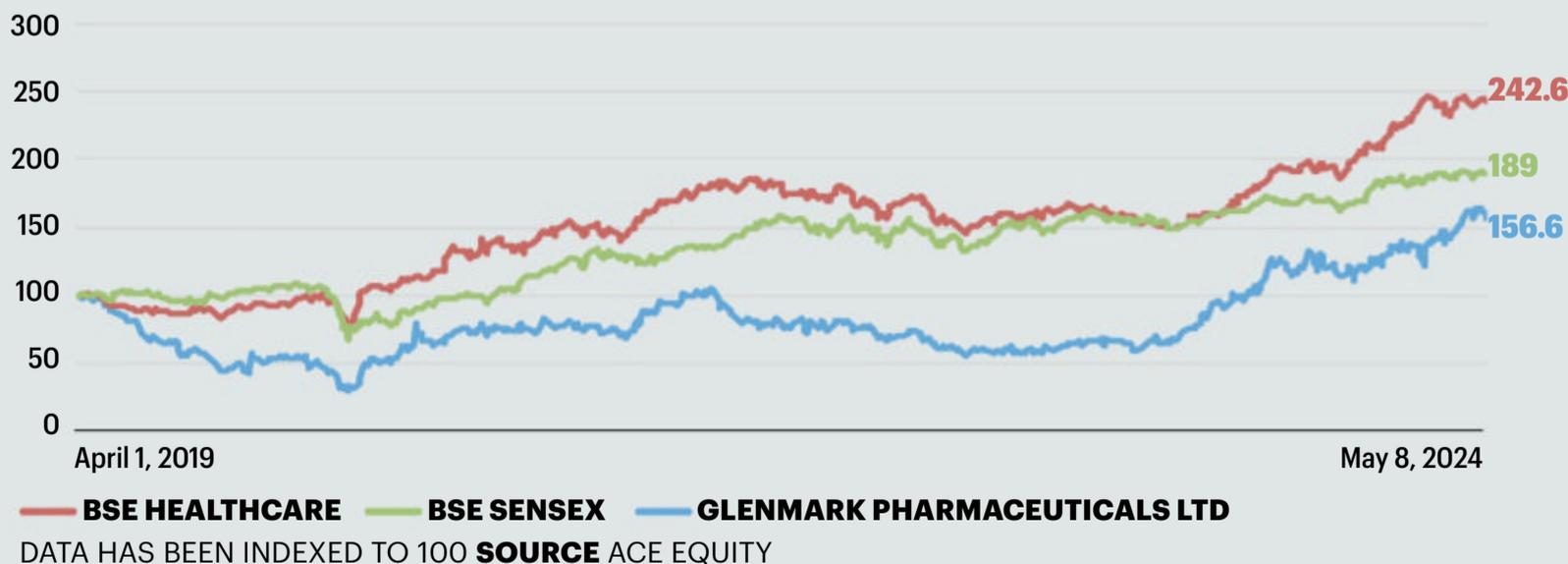
Saldanha says Glenmark’s strategy will have two components: One, it will move up the value chain towards developing speciality medicines like Ryaltris and complex generics. Two, it will innovate novel drugs for unmet medical needs.

Glenmark has evolved into a global pharmaceutical company emphasising complex generics and speciality medicines. “Over the years, we have heightened our emphasis on these speciality products, unlocking the full potential of our resources,” says Saldanha.

Glenmark plans to expand its dermatology, respiratory, and oncology range to fuel its growth. “This strategic focus includes consistent investments in complex generics and speciality products,” says

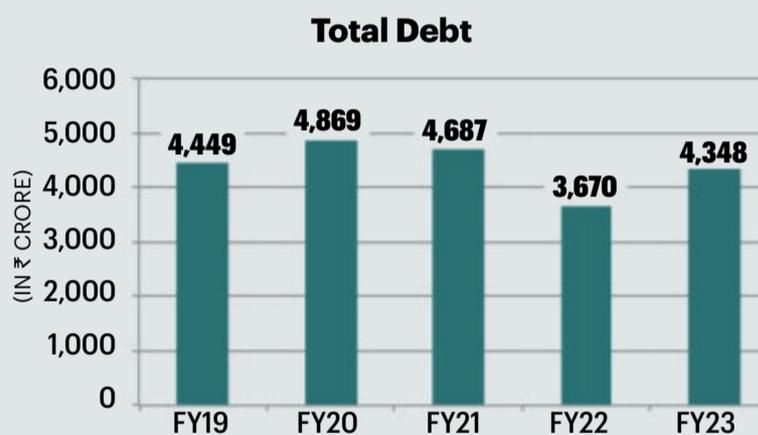
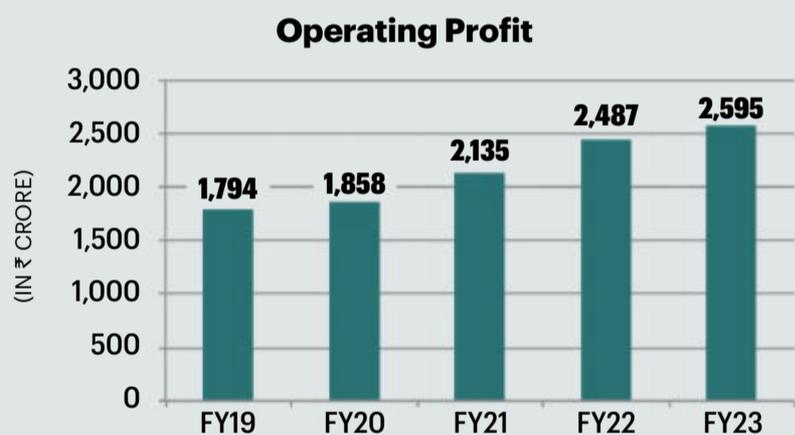
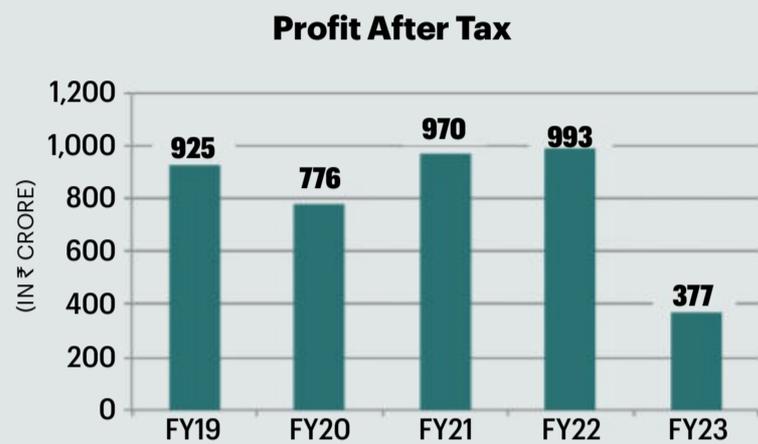
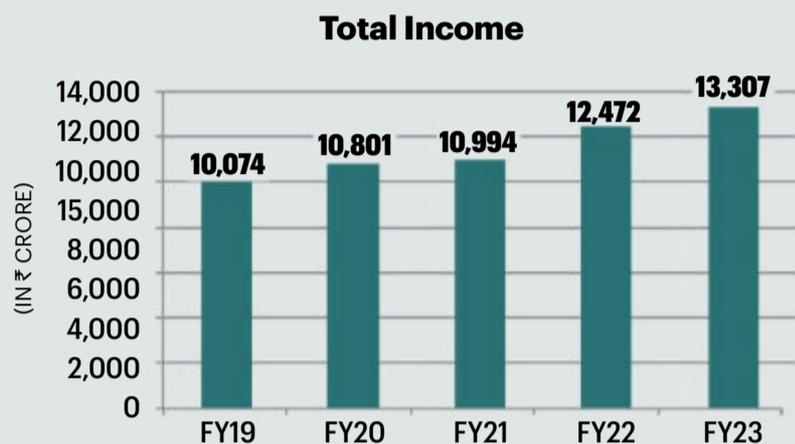
TRAILING THE BENCHMARK

● Despite rising 57% in the past five years, the Glenmark stock has underperformed the BSE Sensex and BSE Healthcare indices



FINANCIAL DIAGNOSIS

- Glenmark's top line has risen 32.1% in the last four years, while its operating profit has risen an impressive 44.7%
- Total debt has declined by 2.3% in the four years, which is a positive sign



NOTE DATA ON A CONSOLIDATED BASIS
SOURCE ACE EQUITY

Saldanha. “Glenmark will continue enhancing its existing business, introducing new products in established therapy areas, and exploring new markets.”

Glenmark reckons profitable growth will come from a sharper focus on complex generics, including injectables, drug-device combinations, and respiratory products.

Ryaltris, used to treat symptoms of seasonal allergic rhinitis in people 12 years and older, is a game-changer for Glenmark. It marks the company's entry into the lucrative speciality drug market, allowing it to increase profits and build its first global brand. “With Ryaltris marking our entry into speciality products, it has further strengthened our conviction to increase the share of branded products in our overall product mix to improve our profitability and

financial position further,” says Saldanha.

“Our efforts are directed towards developing and launching new drugs and formulations poised to become global brands, aligning with our evolving strategic objectives,” says Saldanha. Glenmark's continuous innovation has given it a good pipeline. “Our expansive pipeline of products across therapeutic areas positions us to capitalise on rapidly growing markets as well as emerging regions such as Asia, West Asia, and Africa,” he says. “Leveraging our existing portfolio and upcoming

product launches, we aim to penetrate new markets, particularly in key regions like Europe and Asia.”

Saldanha says Glenmark uses its scientific expertise and robust development capabilities to climb the value chain towards complex generics and speciality medicines.

The company’s growth extends across all key emerging markets, with strategic partnerships enhancing its capabilities. In dermatology, Glenmark acquired exclusive rights to commercialise Winlevi, an anti-acne cream, in Europe and South Africa. The company collaborated with Pfizer in India to market abrocitinib, which is used to treat atopic dermatitis, the most common form of eczema.

Saldanha highlights the potential of a licence agreement with Jiangsu Alphamab Biopharmaceuticals and 3D Medicines (Beijing) for Envafolimab, an injection for treating certain advanced solid tumours and cancer in India, Asia Pacific, West Asia, Africa, Russia, the Commonwealth of Independent States, and Latin America.

INNOVATION ENGINE

“Innovation is deeply ingrained in Glenmark’s ethos. With a legacy of over two decades in new drug discovery, we have out-licensed nine clinical stage assets, totalling around \$300 million,” Saldanha says.

Earlier this year, Glenmark announced a partnership with its biotech subsidiary, Ichnos Sciences Inc., to form Ichnos Glenmark Innovation (IGI), an alliance to advance cancer treatment. The IGI alliance combines Glenmark’s expertise in the research and development of small molecules with Ichnos’s skill in creating novel biologics. Its focus is on developing innovative therapies for treating haematological malignancies and solid tumours.

IGI’s pipeline has three innovative oncology molecules in clinical trials. The

US FDA has granted two of them “orphan drug” designation, which entitles special support to drugs that show promise in treating, preventing, or diagnosing rare diseases but don’t have a mass market.

Saldanha says IGI has out-licensed two drugs for autoimmune diseases to prominent companies. “All of Glenmark’s investments in innovative assets will be channelled through IGI. This alliance marks a significant step towards Glenmark’s vision of introducing novel drugs from India to the global market while optimising development costs and delivering long-term value to shareholders,” says Saldanha.

The company recently secured an out-licensing deal for its OX40 antagonist monoclonal antibody portfolio, further amplifying Glenmark’s credibility as a leading research-led pharmaceutical company from India.

CONSOLIDATION FOR GROWTH

According to the wealth management platform KRChoksey, Glenmark Pharmaceuticals is the 14th in India’s market, with a share of about 2.13%. Glenmark also has nine brands among the top 300, and is second in respiratory and dermatology, fifth in cardiac, and 17th in diabetes, according to the IQVIA MAT February 2024.

Glenmark reckons profitable growth will come from a sharper focus on complex generics, including injectables, drug-device combinations, and respiratory products

Glenmark’s commitment to pioneering products is evident in Zita DM, a tailored formulation for diabetic patients. KRChoksey praises this as meeting a crucial market need. They also highlight Glenmark’s first biosimilar, Lirafit, of liraglutide, an anti-diabetic, in India.

“Glenmark has shifted to a formulations-only model, focussing on key therapeutic areas. Its high-margin India and RoW sales and a recovering US market are expected to drive growth. Cost optimisation efforts and a reduction in innovation R&D spending will enhance profitability and potentially bridge the valuation gap with peers,” says Nitin Agarwal, Managing Director & Head of Institutional Equity Research, Lead Analyst, Healthcare, Pharmaceuticals and Chemicals, DAM Capital Advisors Ltd. **BT**

@neetu_csharma

DOING IT RIGHT

Pradeep Aggarwal,
Founder-Chairman,
Signature Global (India)



BRICK BY BRICK

FOUNDATION

SIGNATURE GLOBAL, WHICH STARTED IN AFFORDABLE HOUSING IN 2014, IS TURNING ITSELF INTO A MID-INCOME AND PREMIUM HOME DEVELOPER

NEW STRATEGY

AS THE AFFORDABLE HOME SEGMENT TURNED UNVIABLE DUE TO THE STEEP RISE IN INPUT COSTS, IT IS NOW FOCUSSED ON HOMES PRICED UP TO ₹3 CRORE

SIGNATURE MOVE

SIGNATURE GLOBAL, A LEADER IN AFFORDABLE HOUSING, IS LOOKING TO GET BACK IN THE BLACK WITH A SHIFT IN FOCUS TO MID-SEGMENT AND PREMIUM HOUSING AFTER LOW-COST PROJECTS BECAME UNVIABLE FOR DEVELOPERS

BY **ARNAB DUTTA**

PHOTO BY **HARDIK CHHABRA**

IMPLEMENTATION

AS A RESULT, THE SHARE OF AFFORDABLE HOMES IN ITS UPCOMING PORTFOLIO HAS FALLEN TO 1%, FROM 50% IN 2017

UNIT REALISATION

CHANGE IN STRATEGY AT A CRUCIAL JUNCTURE BOOSTED THE COMPANY'S PER UNIT REALISATION BY 200% BETWEEN FY21 AND FY24

PROFITABLE

WHILE PROFITABILITY REMAINED A CHALLENGE FOR THE PAST FEW YEARS, THE COMPANY CLAIMS TO HAVE TURNED PROFITABLE AT THE NET LEVEL IN FY24

FOR PRADEEP AGGARWAL, Founder-Chairman of Signature Global (India), good corporate governance is not just about complying with rules and stating the said compliance in officialese in the annual report. Aggarwal is a stickler for corporate governance as he knows it defines success in any field—including the fields of the then Gurgaon’s Sector 107 in 2014.

That was where (and when) Aggarwal, after two decades in the stock markets, put together a crack team to enter the real estate business as the government pushed the concept of affordable housing.

Aggarwal announced his first housing project in 2014, and investors and buyers lapped it up. The project was oversubscribed three times. The prices clicked (up to ₹25 lakh for 1BHK and 2BHK apartments, unbelievably affordable even then). The delivery schedule clicked (announced in 2014 and delivered in 2018). Construction quality clicked.

Solera, Signature Global’s first housing project, was born. Even today, the complex of six G+14 towers flanked by a G+3 row is a star draw in Gurugram (Gurgaon’s new name since 2016).

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Around Solera, dozens of real estate firms in Delhi-NCR, of which Haryana’s Gurugram district is a part, went bust because of poor governance, leaving homebuyers high and dry. Some, like Amrapali Developers, got into unrelated businesses, diverted funds, and were accused of bouncing cheques. The Supreme Court bailed out some homebuyers. Parliament deployed the Real Estate Regulatory Authority, or RERA, in 2016. Unscathed by the crisis, Signature Global is one of the leading players today (see graphic ‘The Big Boys’ Club’). Aggarwal ensures that the company’s projects align with the stringent RERA.

For Aggarwal, who started his career in 1986 as a 17-year-old in his father’s agri-commodities business in old Delhi’s Naya Bazar, becoming a realtor was not an obvious choice. After the Harshad Mehta scam of 1992 left the market in tatters, he saw an opportunity in arbitrage operations. “I started in 1993 and was primarily into arbitrage, which is considered a ‘risk-free’ business,” he says.

Today, at 55, dressed in his navy blue suit, Aggarwal is the picture of a go-getter in his corner room at Signature Global’s headquarters in Gurugram as we talk about his plans and how, in 2013, Aggarwal and his brothers (Lalit, Devender and Ravi) got into real estate. The trigger was the Haryana government’s policy to encourage private developers in the



“Thriving in this evolving [Indian real estate] market requires a deep understanding of fluctuating costs”

SUMIT RAKSHIT
MANAGING DIRECTOR,
PROJECT MANAGEMENT
SERVICES, SAVILLS INDIA



“In a market where few developers have survived, they (Signature Global) have done well given the focus on governance and financial discipline”

ANUJ PURI
CHAIRMAN, ANAROCK GROUP

affordable housing market. “Being in the stock market, we have had this habit of extensively researching companies and sectors. We did door-to-door surveys in corporate offices and realised a high demand for homes priced at ₹25-30 lakh. But very few such apartments were coming up in Gurugram,” he says.

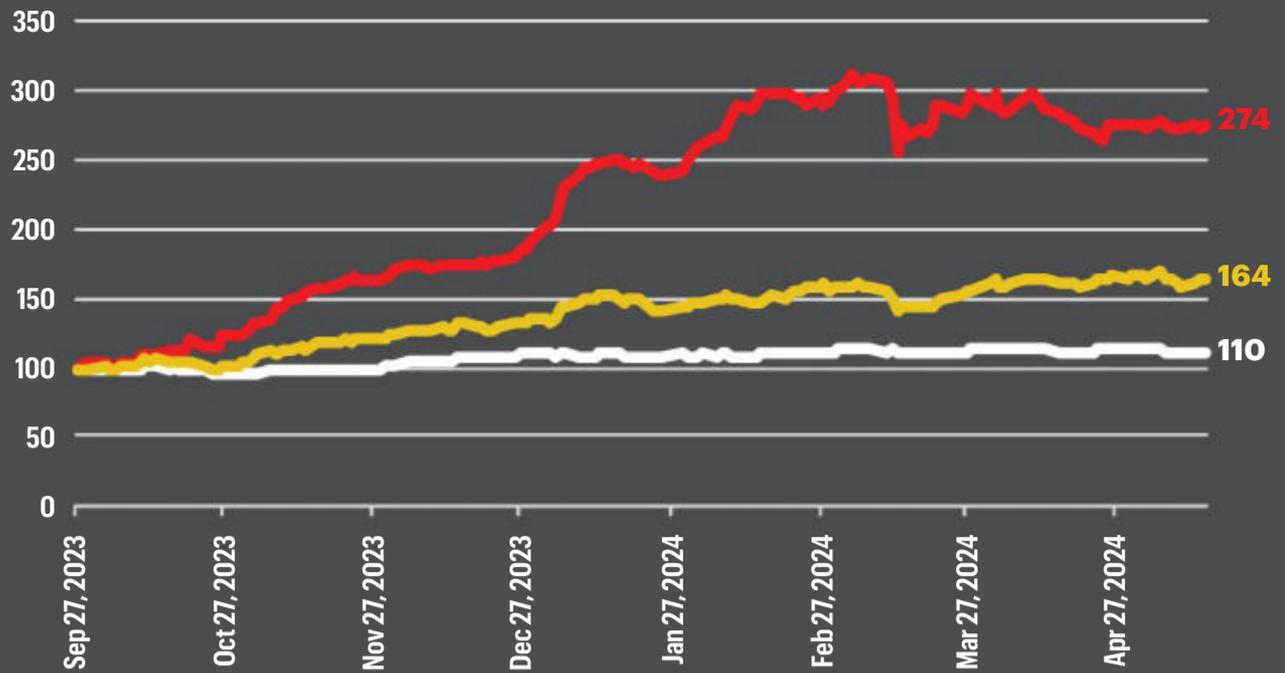
Although the Aggarwals had zero experience in the real estate sector, their expertise in management, finance, marketing, and team building proved useful. “But most importantly, we focussed on corporate governance,” he says.

Experts concur. Signature Global has flourished because of its stringent practices, says Anuj Puri, Chairman of Anarock Group, which is into real estate services. “It’s a wholesome team of four brothers. In a market where few developers have survived, they have

TRENDING UPWARDS

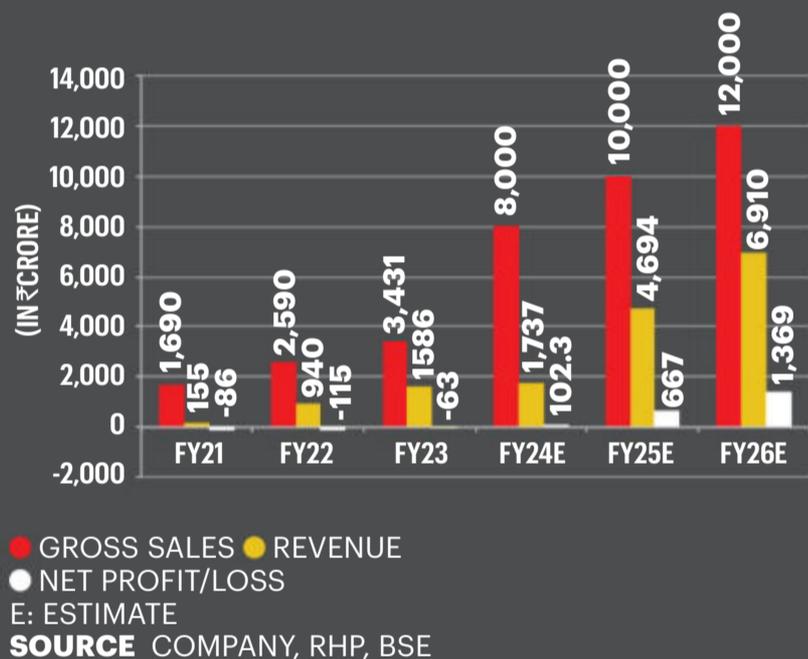
• The Signature Global stock surged 227% to ₹1,257 as of May 15, 2024, from its issue price of ₹385

● SIGNATURE GLOBAL (INDIA)
● BSE REALTY
● BSE SENSEX
BASED ON CLOSING FIGURES; DATA HAS BEEN INDEXED TO 100
SOURCE ACE EQUITY



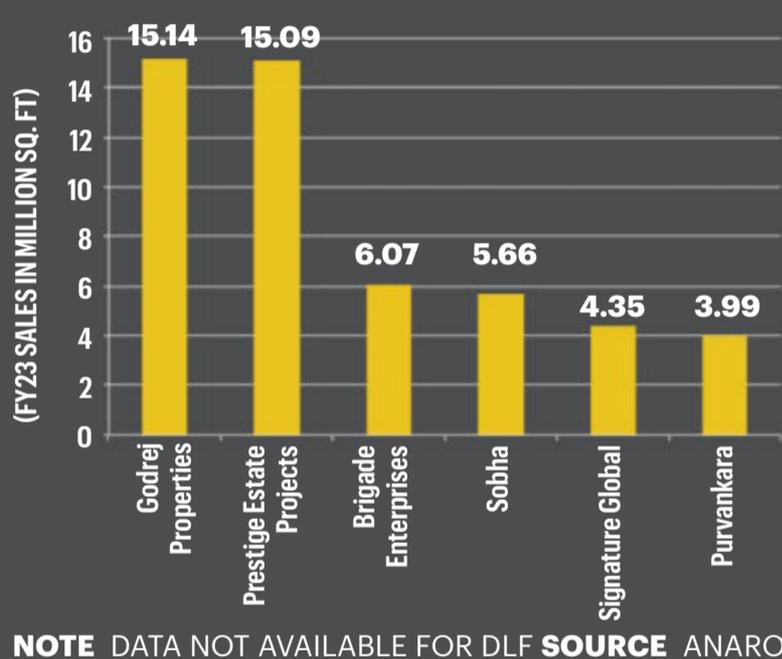
FINANCIAL METRICS

• Signature Global's revenue is expected to rise sharply from FY23 levels as the share of premium homes grows in its portfolio



THE BIG BOYS' CLUB

• With multiple projects launched simultaneously, Signature Global now features among the league of top developers in the country



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done well given the focus on governance and financial discipline,” he says.

In 2015, ICICI Prudential lent ₹150 crore to the company for the Solera project. In 2016, leading global investment firm KKR came on board with project finance of ₹200 crore. In 2017, HDFC Ltd, which had launched a fund for affordable housing projects, became a lender. Anarock's Puri says, “It managed to bring in investors with pedigree at an early stage, which was a good sign.”

Signature Global's entry and rise in the affordable housing market parallel the segment's rise. After Narendra Modi took over as Prime Minister of a BJP government in 2014 and Haryana went the BJP way soon after, the government began pushing affordable housing.

It launched the Pradhan Mantri Awas Yojana in 2015 to help the poor become homeowners. Private develop-

ers were offered incentives to develop affordable housing. The government defined two segments: urban and rural. In urban areas, a housing unit with a carpet area of up to 60 sq. metres and priced up to ₹45 lakh is considered affordable, while in rural areas, the carpet area is more, at 90 sq. m. The government nudged banks to offer lower home loan interest rates for families earning up to ₹18 lakh a year. Soon, the share of affordable homes in India's housing market peaked at 45% in 2017.

Riding the wave, Signature Global has since launched over 19,600 affordable homes and delivered 10,450 units. “Times were good. Affordable housing was the talk of the town. Even though profit margins may have been lower than those of other segments, we didn't have to push our products. There used to be a long queue of customers,” Aggarwal recalls.

'AFFORDABLE' BECOMES UNREALISTIC

By 2019, however, cracks began to appear. Rising construction and land costs strained developers' margins. When the Covid-19 pandemic hit in 2020, wiping out the jobs and incomes of the millions looking for affordable housing, the segment became more unviable for developers.

Anarock Property Research, a market analyst, said the share of affordable homes (priced below ₹40 lakh) in the overall new launches in the top seven metros fell sharply after the pandemic upended lives. From 40% in early 2020, the share of affordable housing decreased to 20% (April-June 2021). Recent data shows that homes priced below ₹50 lakh now account for only 15% of India's overall residential real estate market. But premium homes (those priced above ₹1 crore) are having a good run across the top seven metros, with their share rising to 43% in Q1 of 2023 and 47% in Q1 of 2024.

British real estate services company Savills, which

sell these low-rise units at ₹60-70 lakh. And we also got first mover advantage," he says. Moreover, in what Aggarwal calls the "luxury segment for the middle class," measuring 1,200 sq. ft, these 3BHK units come with swimming pools and health clubs since there is no price cap. Now, Signature Global had something for middle-class buyers again. It took the chance. Soon, it was among the top developers in the Delhi-NCR region.

Ventura Securities, a stock market analysis firm, says, "Signature Global is the largest real estate development company in Delhi-NCR in the affordable and lower mid-segment housing in terms of units supplied (in the below ₹80 lakh price category) between 2020 and the three months ended March 31, 2023, with a market share of 19%." Data from Anarock Research shows that in FY23, Signature Global sold 4.35 million sq. ft, next only to DLF, Godrej Properties, Prestige Estate, Brigade Enterprises and Sobha.

Signature Global was listed on the bourses in

PROFITABILITY REMAINS A CONCERN FOR SIGNATURE GLOBAL. SINCE FY21, THE COMPANY HAS BEEN REPORTING LOSSES AT THE NET LEVEL

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came to India in 2016, says steel, aluminium, and cement became significantly costlier. Steel prices went up by 69% between 2019 and 2023, aluminium went up by 56%, and so did cement. Sumit Rakshit, Managing Director of Savills India's project management services, says, "Thriving in this evolving market requires a deep understanding of fluctuating costs."

THEN 'AFFORDABLE' MOVED UP MARKET

Aggarwal says he had sensed an opportunity in mid-segment housing in 2019, as some homebuyers were looking for larger units. "It was also important to diversify the business, as depending on only one segment has its downside." When the price of land began to surge (by 200-350% in and around Gurugram), building affordable projects did not make sense. At that time, the Haryana government announced its Deen Dayal Awas Yojana to encourage players in mid-income housing (₹50-75 lakh) to offer smaller developed plots (80-100 sq. m). Signature Global used this scheme to launch its first project in Sohna.

"These projects had multiple benefits. Unlike in affordable housing, there was no price cap; we could

September 2023. Since its listing at ₹458 a share, the stock surged to ₹1,413 by early March. On May 15, its stock traded at ₹1,257 a share on the BSE.

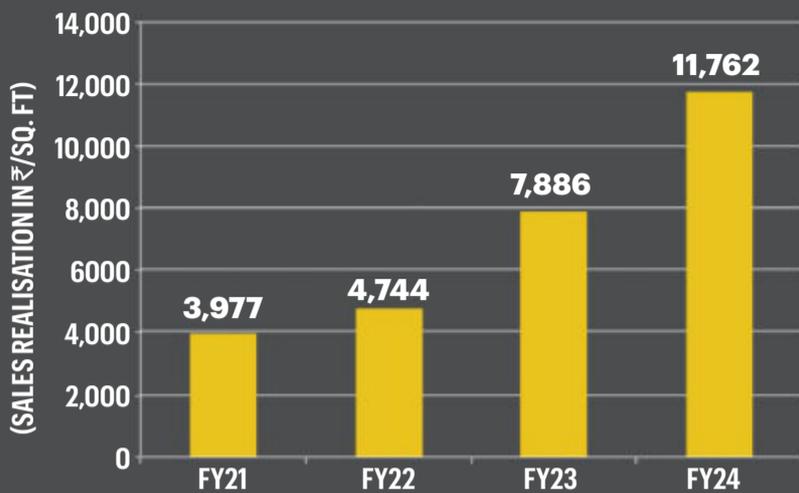
Anarock's Puri says the consolidation in the NCR market has helped Signature Global. "It is now one of the most sought-after developers... there aren't many good companies left in the NCR market. So, they are now among the only few reliable developers other than DLF in the residential space in a meaningful way. That's why the markets are saluting them."

After testing the waters with a project off the Dwarka Expressway, Aggarwal is ready to try his luck in premium housing. In Gurugram's Sector 37D, it has launched its first premium high-rise project, with apartments at ₹2.5-3 crore at ₹13,000 a sq. ft. "There are some 1,000 units, and we have received nearly 5,400 applications," he says. The project has generated sales of ₹3,600 crore, which, together with its April-December sales of ₹3,124 crore, has boosted its FY24 sales to close to ₹8,000 crore. (Signature Global reported sales of ₹3,431 crore in FY23.)

Moving towards pricier units has also helped the realtor improve realisation per sq. ft from less than

STRONG SALES

Focus on mid-income and premium housing projects lifted Signature Global's per sq. ft realisation over the past three years



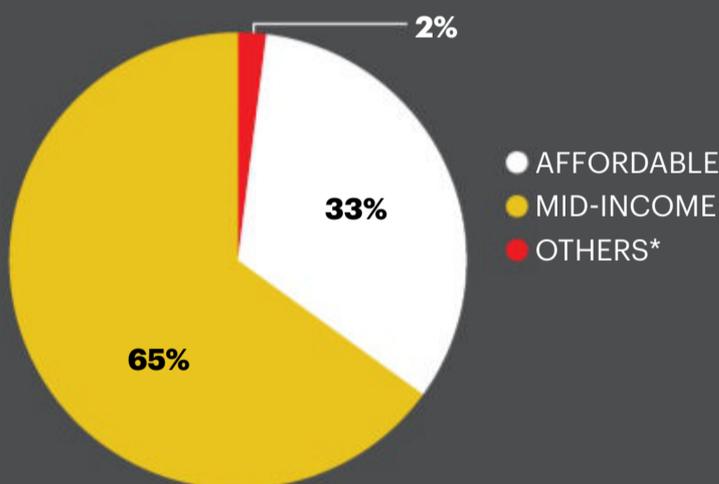
SOURCE COMPANY FILINGS

FOCUS ON MID SEGMENT

In upcoming projects, Signature Global, which entered the mid-income home market in 2018, expects the segment's share to rise to 68%

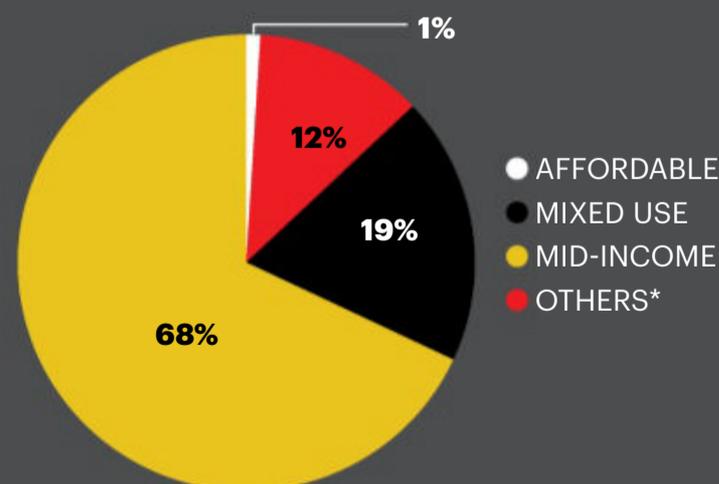
ONGOING PROJECTS

(16.9 MILLION SQ. FT)



FORTHCOMING PROJECTS

(28.4 MILLION SQ. FT)



*INCLUDES PREMIUM PROJECTS

SOURCE COMPANY

₹4,000 in FY21 to ₹11,762 at the end of FY24.

Profitability remains a concern. Since FY21, the company has been reporting losses at the net level. While Covid-19 had impacted its sales, when it moved into mid-income housing, it had to borrow money to buy land. In the first nine months of FY24, Signature Global's net losses were primarily due to increased debt from significant land acquisitions.

"We booked a consolidated net profit of ₹21.7 crore in the December quarter. By 2025-26, we aim to complete and deliver over 17 million sq. ft of space across our mid-housing and affordable housing projects in Gurugram, with a projected revenue of ₹11,000 crore," Aggarwal says. "Strategically, we aim to do fewer land acquisitions in the coming quarters, and increased revenue would push up net profit."

PREMIUM TO WASH OUT RED

A third of Signature Global's projects are in the affordable segment. Of the projects on the drawing board, only 1% are in the affordable segment, while premium projects will be in double digits.

ICICI Securities reckons Signature Global will turn profitable at the net level in FY24, with a net profit of over ₹100 crore, which will go up to over ₹1,350 crore by FY26. Net revenue will grow to over ₹6,900 crore from ₹1,586 crore in FY23, given its lean banking business model that ensures rapid conversion from acquisition to delivery.

Adhidev Chattopadhyay, Vice President-Equity Research, ICICI Securities, says, "Signature delivered 43% sales booking CAGR over FY21-23, largely through affordable/mid-income housing projects."

Given its strong launch pipeline of projects with a cumulative sales value of more than ₹40,000 crore over FY24 to FY26, "we estimate that Signature may clock a 38% sales booking CAGR over FY23-27 with sales booking at ₹10,000-12,000 crore annually at average realisations of over ₹13,000 a sq. ft," he adds.

Looking to dominate premium housing, Signature Global plans to launch projects worth ₹12,000 crore in Sector 71 and Sohna (priced over ₹2.5 crore a unit) and in Sector 37D and 84 (priced over ₹1 crore).

But Aggarwal claims Signature Global is still a "common man's company", and he is ready to develop affordable housing again if the government tweaks the norms and offers cheaper land. For now, it is tallying the numbers for Q4FY24 to see if it has made a sequential profit after the net profit of ₹21.49 crore in Q3. That will show it is on the right track. **BT**

@arndutt

MILLENNIALS' M

SKY-HIGH PROPERTY PRICES, COUPLED WITH SLOW IN
A HOME A DISTANT ONE FOR MANY MILLENNIALS. THI
AND POTENTIALLY DEEPEN EXISTING SOC



MISSING HOMES

INCOME GROWTH, HAVE MADE THE DREAM OF OWNING HOMES
A REALITY FOR MANY, BUT THIS TREND COULD LEAD TO STAGNATION IN SOCIAL MOBILITY
DUE TO INCREASING SOCIAL INEQUALITIES BY NAVNEET DUBEY

ILLUSTRATION BY ANIRBAN GHOSH

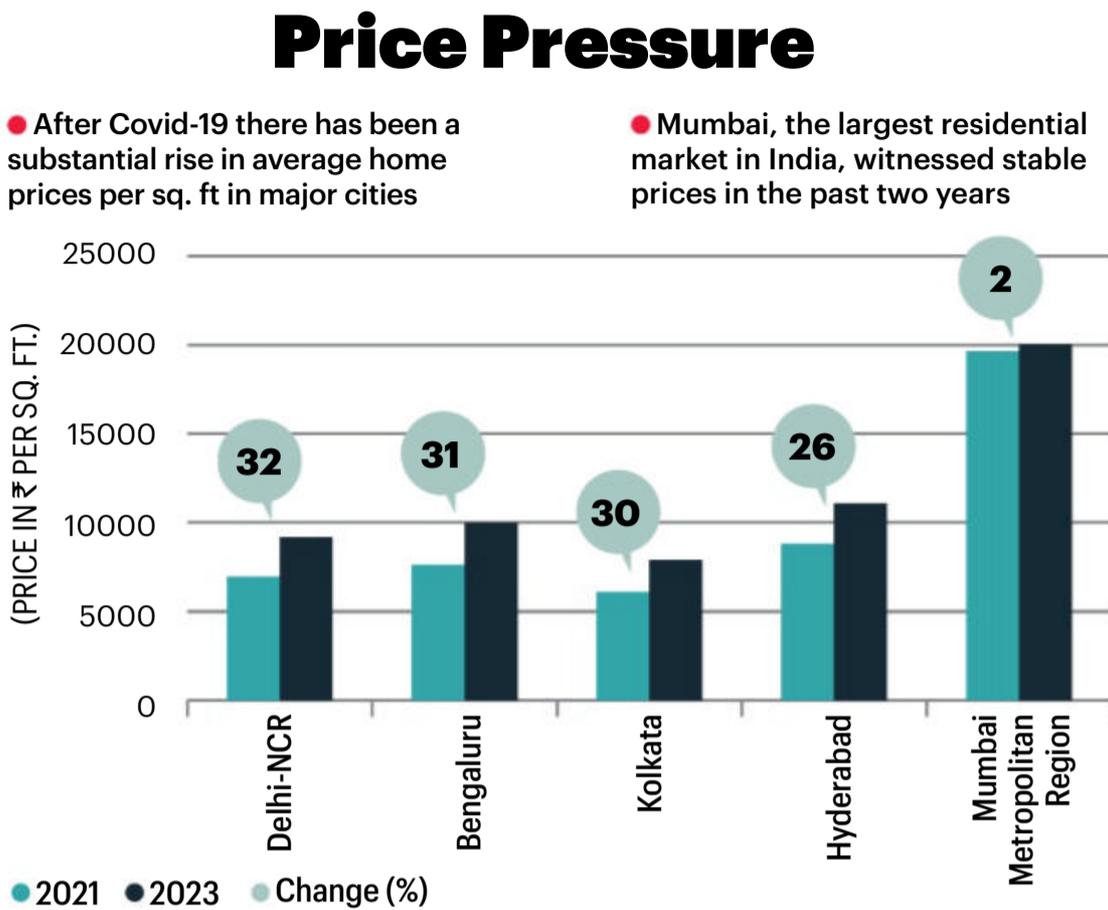


IN THE POST-PANDEMIC world, 34-year-old Shikhar Srivastava, like many others, relocated back to NCR after working remotely for three years in his hometown, Kanpur. While he rented a flat in Greater Noida, he envisioned buying a property there. After purchasing a flat in Kanpur during the Covid-19 real estate market downturn, he was surprised to find buying a home in NCR was completely out of reach. A 2BHK costing ₹40–50 lakh a year ago was now selling for ₹70–80 lakh, and 3BHK flats now cost more than ₹1 crore in NCR, making it difficult for the millennial to buy a home near his workplace.

This price surge is not restricted to NCR. Across major cities, real estate prices have climbed after the pandemic, making home ownership increasingly challenging for the layperson. This problem is particularly acute in urban areas, where rapid urbanisation and rising migration have significantly increased property values post Covid-19.

While some working millennials (a person born between 1981 and 1996) were able to secure flats at attractive prices in NCR during the pandemic, others, like Srivastava, explored opportunities in Tier II and Tier III cities. However, securing home loans for these properties

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SOURCE COLLIERS-LIASES FORAS REPORT

has proven challenging due to market price variations. Presently, they regret their decision as they find themselves compelled to return to metropolitan areas for employment and seek rented accommodation.

With a whopping 440 million, India boasts the world's largest millennial population. This translates to roughly 34% of the total population, with a median age of around 28. These young adults are flocking to major cities, driving demand for both residential and commercial spaces.

The current scenario presents a double whammy: the properties millennials acquire in Tier II and Tier III cities yield less in rental income, necessitating them to cover EMIs from their own pockets. Additionally, they incur significant rental expenses in metropolitan areas. Hence, the dream of purchasing a home in a metro has become an elusive one for many millennials.

The main reason behind the af-

fordability crisis is the sharp rise in housing prices during the last two years—2022 and 2023—after Covid-19. This happened due to rapid urbanisation and a burgeoning middle class, which have pushed the demand for housing in major cities. Young professionals migrating to these hubs intensify the competition further. Besides, the construction (real estate) industry has been struggling to keep pace with rising demand. Regulatory hurdles, land scarcity, and a lack of investment in affordable housing projects have all contributed to a supply shortage.

In recent years, there has been a clear shift in how millennials view home ownership. Back in 2016-2019, most were happy to just rent. A 2023 survey by property consultancy firm CBRE revealed a surprising trend—a whopping 70% of millennials were now interested in buying a home. A reason for this shift could be the findings of another 2023 survey by real estate services company

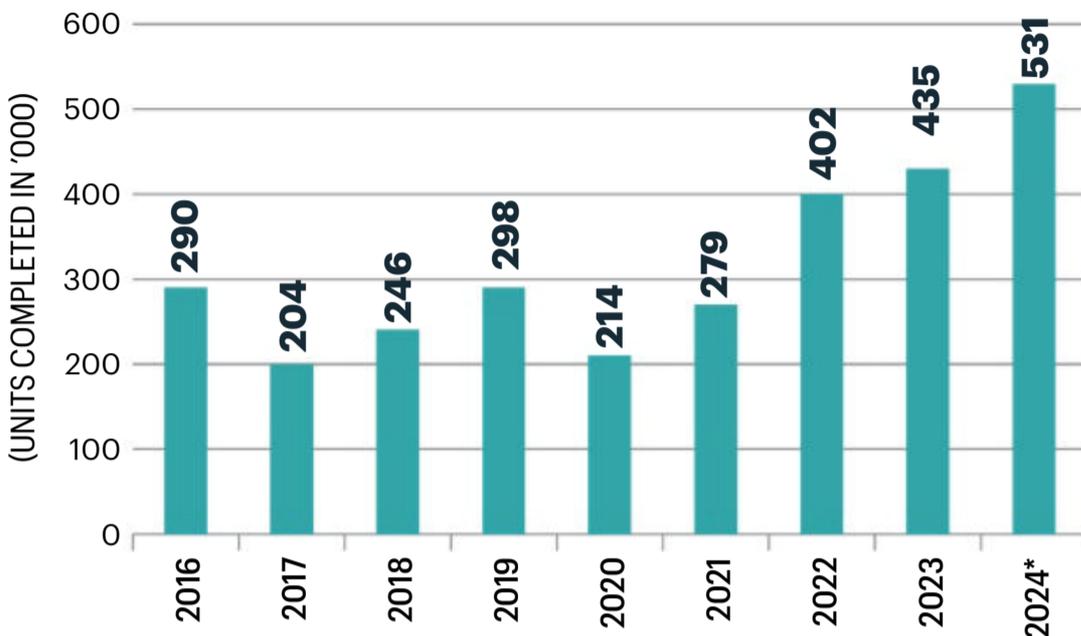
Housing Dream

Millennials are struggling to get their share in real estate. It's a challenge that many face, and it's important to acknowledge this

Limited Homes

● **DEMAND:** A government report in 2012 estimated a housing shortage of 18.8 million in Indian cities

● **SUPPLY:** 531,470 units expected to be completed in top 7 cities by 2024 end



*FORECAST SOURCE BT RESEARCH, ANAROCK RESEARCH

Anarock, which revealed millennials considered real estate the best investment option.

Real estate is considered a safe and lucrative investment option. However, additional demand drives prices further up, pushing out genuine first-time buyers. Low interest rates have made home loans more accessible, leading to bidding wars and inflated property values.

According to regulatory body National Housing Bank's (NHB) annual report on the trend and progress of housing in India in 2023, "The demand for residential housing is driven by rapid urbanisation, growing disposable incomes, initiatives on affordable housing like Pradhan Mantri Awas Yojana-Urban (PMAY-U), stamp duty concessions, etc. Despite the 250-bps increase in repo rate between 2022 and 2023, the demand for residential housing has remained strong."

As such, the outstanding individual housing loan of primary

lending institutions (housing finance companies, public sector banks, and private sector banks) registered an on-year growth of 14.88% in March 2023. For the same period, individual housing loan disbursement by primary lending institutions grew by 19.88%, per the NHB report. The report suggests a rising demand for housing in the years ahead. "As demand is higher than supply, there won't be any sign of correction in real estate prices in at least the next 18-24 months," says Gunjan Goel, Director, Goel Ganga Developments, a real estate firm.

The PMAY-U scheme provided interest rate subsidies on home loans for eligible beneficiaries, significantly reducing the overall loan cost, and making it affordable for millennials with lower incomes.

On the flip side, young people can also get bigger loan payment tenure and face stagnant wages, particularly in the early stages of their careers. The rising cost of liv-

1 India has the largest millennial population at 440 million (34% of total population)

2 Migrant professionals inflate housing prices in major cities like Delhi-NCR, Mumbai, Bengaluru

3 Stagnant wages and rising living costs have squeezed millennial home ownership dreams

4 There are no immediate or even mid-term prospects of price corrections, experts say

5 Millennials should understand that home ownership is a jump, not a wait

6 When investing in property, plan for spaces keeping the next six to eight years in mind

ing further erodes their disposable income, making it difficult to save for a down payment, let alone manage the monthly mortgage burden.

Rahul Phondge, Chief Operating Officer of property consultant Anarock Group, says, "People who didn't buy homes during the pandemic have missed out on the opportunity of lower prices. However, if one is determined, making it possible now makes a lot more sense."

There are no immediate or even mid-term prospects of price corrections, according to Phondge. "Average residential property prices across the top 7 cities (Mumbai Metropolitan Region [MMR], Delhi NCR, Bengaluru, Hyderabad, Chennai, Pune, and Kolkata) have seen a

third-largest residential market, saw average prices per sq. ft. shoot up to ₹9,976 from ₹7,609—a 31% increase. Similarly, Kolkata saw a significant rise of 30% in average prices, climbing to ₹7,912 per sq. ft. from ₹6,081 in 2023.

Pune saw a 24% rise in average home prices per sq. ft between 2021 and 2023. Prices rose even more in Hyderabad, at 26%, reaching ₹11,083 per sq. ft. Ahmedabad, traditionally a more affordable market, witnessed an 18% rise.

In contrast, MMR, the largest market for residential homes in India, witnessed stable prices. The average price per sq. ft in MMR hovered around ₹20,000. It was ₹20,047 in 2023, showing only a 2%

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significant jump over the last year—between 10 and 32% in Q1FY24 when compared to Q1FY23, mainly due to an increase in the prices of construction raw materials and an overall rise in demand," adds Phondge. Hyderabad and Bengaluru recorded the highest annual jumps of over 32% and 25%, respectively.

PRICING TREND

According to data from real estate research consultant Colliers-Liases Foras, home prices in major Indian cities like have surged significantly in the last two years. Delhi-NCR saw the most dramatic increase, with average prices per square foot (sq. ft.) jumping 32% to ₹9,170 in 2023 from ₹6,958 in 2021.

Bengaluru and Kolkata also experienced substantial price increases. Bengaluru, traditionally India's

increase from ₹19,657 in 2021.

According to a survey by Knight Frank India, 41% of the home buyers in Mumbai as of September 2022 were in the age group of 26-41 years. It denotes that in the post-pandemic era, more and more millennials have become first-time homebuyers. Covid-19 has shifted millennials' spending habits from instant gratification to prioritising saving for home ownership, as remote and hybrid work arrangements underscored the importance of long-term financial planning.

Given this trend, waiting for prices to fall does not appear to be a feasible course of action. Rather, young first-time housing investors should look for the up-and-coming cheaper suburbs, and gain an early mover advantage. Demand and price growth get pushed to such ar-

Tips To Buy A Home



BUDGET Assess your financial health and future earning potential before you decide to purchase a house



ZERO IN ON A LOCATION

Proximity to workplace, schools, hospitals, etc., is a crucial factor, as it will impact your quality of life



ESTIMATE THE ACTUAL COST OF THE HOUSE

Make an estimate of how much the actual cost will be. It includes expenses like registration, stamp duty, etc.



EXPLORE GOVERNMENT SCHEMES

First-time homebuyers may get some subsidies under certain government housing schemes

areas fairly quickly as the central areas saturate. Again, patience is the key factor in terms of returns—and certainly, residential real estate should not be seen as a get-rich-quick magic trick, because it isn't.

“Rather than going for metros, main cities, one should look out for suburbs where property prices are still pocket-friendly. Also, a wait-and-watch approach might not be the best option as prices in these areas will also rise in another 1-2 years,” says L.C. Mittal, Director of commercial real estate developers Motia Group.

People tend to invest in properties in their hometowns because of a familiar landscape. Tier II and Tier III cities are the new growth engines and are bound to see property and rental values go up in the future—especially if they have good amenities. If someone is stuck with properties in Tier II or Tier III cities that offer low rental income, there are strategies to improve their situation. “To monetise properties better, one can consider converting the property into alternate assets with some investment. For instance, student accommodation can be a big market,” says Goel. She adds, “If there are tourist places, one can also mull converting the property into a bed and breakfast.”

Millennials should identify whether the city they are currently invested in is slated for major infrastructure upgrades that can significantly boost overall valuations. “If such developments are in the offing, holding on makes a lot of sense,” adds Phondge.

The housing crisis has wider socio-economic implications. For instance, owning a home has traditionally been a pathway to upward social mobility. With fewer young people achieving home ownership, social mobility stagnates, potentially leading to or deepening inequalities. Further, the rise of

young people priced out of the buying market puts additional pressure on the rental market, potentially leading to rent hikes and a shortage of affordable rental units.

One must also understand that buying a home is not an easy task. You need to do proper math before zeroing in on one. Besides, one must also assess one's financial situation to find out the home loan amount you can afford. Adhil Shetty, Chief Executive Officer of BankBazaar.com, says, “Lenders sanction a loan based on your income. To find out the loan amount you can afford to repay, assess your monthly expenses, Cibil score, etc. Don't forget about the down payment—usually 20% of the prop-

erty's value.” Shetty further says, “When calculating the total cost, don't forget additional costs such as painting, maintenance, etc.”

YOUNG FIRST-TIME INVESTORS SHOULD LOOK FOR UP-AND-COMING CHEAPER SUBURBS

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erty's value.” Shetty further says, “When calculating the total cost, don't forget additional costs such as painting, maintenance, etc.”

A DREAM DEFERRED, NOT DESTROYED

There is no doubt that the Indian housing market needs a correction to bridge the gap between aspiration and reality for millennials. While owning a home may become a more distant goal in the current scenario, it doesn't have to remain an unfulfilled dream. Govind Rai, Co-founder and CEO of real estate marketing firm Insomniacs Digital, says, “One should not be disheartened by the sudden price rise. Actually, there is no good or bad time to invest in a home, especially in India, at least for the next 10 years. One should rather start planning to

take a plunge. Whenever you are investing, plan for houses keeping the next 6 to 8 years in mind. Thus, wait and invest wisely. Remember, your salaries will grow, and your EMIs in a few years may not look as big as they may look today.”

While experts believe that the real estate market is expected to see steady growth over the next decade, making home ownership a sound investment, one should capitalise on the price movement if they have a sound budget. However, on the flip side, to incentivise millennial home ownership in major cities, the government should also devise schemes and tax benefits that make buying a home in metros a more accessible proposition.

The PMAY-U scheme needs to be upgraded. For instance, the income caps for each beneficiary category (EWS, LIG, and MIG) might not keep pace with the rising cost of houses. This could leave many potential beneficiaries out of the scheme, even though they might still be considered low-income earners. Upgradation could involve increasing the income caps or introducing additional subsidy tiers to bridge the affordability gap.

Hence, by addressing the underlying causes and implementing responsible solutions, policymakers and the government can ensure that owning a home remains an attainable aspiration for not only millennials but also zillennials (those between millennials and Gen Zers). **BT**

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THE GOOD LIFE

TRENDS | TECH TODAY

CHECK IN & CHILL OUT

HERE IS OUR PICK OF HOTELS THAT SERVE AS DESTINATIONS THEMSELVES

BY SMITA TRIPATHI



RONIL **GOA**

There is so much and more happening in Goa that you are always spoilt for choice, but if you are looking for a hotel that truly has the 'vibe', Ronil Goa in Calangute, the first JdV by Hyatt property in India and Southwest Asia, is where you should be headed. JdV, which stands for joie de vivre, is a collection of Hyatt hotels that epitomise living your life. So instead of a vanilla check-in at the lobby, you head straight to the 24x7 bar, where they greet you with a shot instead of a welcome drink. The in-house DJ takes note of your music tastes to customise the hotel's tunes, and the central swimming pool is open till 2 am. Enjoy a floating breakfast, shots, and barbecue by the pool, or dance the night away; the Ronil Goa—JdV by Hyatt will not disappoint.

ROOM RATE: ₹10,000, plus taxes





AMAYA HIMACHAL PRADESH

Amaya in Himachal Pradesh's Solan district, a two-hour drive from Chandigarh, is a true barefoot luxury destination. It grows a variety of organic vegetables and has nearly a thousand fruit trees spread across the 25-acre estate. In their restaurant, savour locally grown and handcrafted food. The bedrooms and living spaces of the chalets and villas allow you to appreciate the natural surroundings. Go for long walks, enjoy sunrises and sunsets, gaze at the stars, and spend time with loved ones or with oneself, all while leaving a minimal footprint on the environment.

ROOM RENT: ₹30,000, plus taxes, inclusive of meals



THE MALABAR HOUSE **KOCHI**

In the heart of Fort Kochi lies The Malabar House—a boutique 17-room hotel, part of Relais & Chateaux. Comprising two 18th-century colonial-style villas built around a courtyard, it's not just a heritage hotel but also an art hotel with a carefully curated collection highlighting Kerala's composite culture. Of course, if you are in Kerala, an ayurvedic massage is a must. The hotel's spa offers a fusion of invigorating traditional Ayurveda therapies and specialised Kalarippayat ayurvedic oil massages. Kalarippayat, one of Asia's oldest martial art forms, has developed its own system of ayurvedic oil massages over the centuries.

ROOM RENT: ₹16,500, plus taxes



GLENBURN

DARJEELING

If like the Mad Hatter you believe 'it's always teatime' the 1,600-acre Glenburn Tea Estate in Darjeeling is your ideal holiday destination. Soak in the sun, enjoy stunning views of the Kanchenjunga, eat scrumptious local and international food, curl up with a book and of course sip Darjeeling tea—lots of it! The estate's eight suites are beautifully furnished with antique colonial furniture complete with standalone bathtubs and will make you feel like a Burra Sahib!

ROOM RENT: ₹48,500, plus taxes, for double occupancy (including all meals, activities, and transportation from Bagdogra airport)



ONENESS

RISHIKESH

If you like a bit of adventure but also crave peace, Oneness Rishikesh is the property for you. To reach the resort, you first need to trek through forested land for around half an hour, then cross the river on a raft, and finally climb approximately 150 steps. Is it worth it? Yes, because you are greeted with a serene, peaceful haven overlooking the hills on the banks of the Ganga. Go for nature walks with the in-house naturalist, enjoy yoga and meditation, dip your feet in the river, or relax on the beach. The property has beautifully designed luxury cottages and serves vegetarian meals included in the room rent; no alcohol is served. Enjoy the calm and be one with yourself at Oneness.

ROOM RENT: ₹18,000, plus taxes, including all meals (Closed from July to September)



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Tech TODAY

GADGET GETAWAYS

When we travel, we don't generally think about gear. But here's a list of gadgets that can truly save the day

BY NIDHI SINGAL



STEAM POWER

For those who prefer wrinkle-free clothing, a garment steamer can be ideal. While most hotels offer irons, a handheld garment steamer is far more convenient. With no need to adjust temperatures for different fabrics, it simplifies the process. Xiaomi's handheld garment steamer has a sleek, foldable design that is perfect for packing. Its ceramic soleplate ensures uniform heat distribution for consistent steaming, and can be used both horizontally and vertically. It's a true lifesaver for many travellers.

Available on: mi.com/in



XIAOMI HANDHELD GARMENT STEAMER

₹2,299

This gadget ensures that your clothes are crisp even when you aren't carrying an iron



SAFE HAVEN

If you're concerned about leaving your valuables in your hotel room, it's time to consider a personal biometric safe. Trova's offering, with a seamless, keyless, and combination-free unlocking process, simplifies security. Utilising Bluetooth connectivity and pairing with the Trova app, it transforms your phone into the biometric lock and key. Smart notifications keep you updated on the safe's status and contents, ensuring peace of mind even when you're away. Additionally, it alerts you when it requires charging, and its Never Lost feature utilises your phone's GPS to pinpoint the safe's last known location.

Available on: trovaofficial.com



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also money*



Weighing In

Admit it. Sometimes we like to shop till we drop. And this can very well happen in the middle of a trip, when you come across bargains galore, or maybe that curio that'll be just perfect for your mantelpiece. But, air travel often presents challenges as you may have to scramble to meet weight limits. With many hotels lacking scales, travellers often discover their luggage weight only at the airport. Why not get a digital weighing scale for your luggage? Compact and lightweight, this one features a stainless steel top and ABS plastic bottom, capable of measuring loads up to 50 kg. Its LCD display with backlight ensures easy reading, and it offers readings in various units—lb, g, ounce, kg—depending on your location.

Available on: amazon.in



**JEPWCO G4
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your travels*



Spy Games

Instances of spy cameras and microphones being surreptitiously placed in Airbnbs or hotel rooms have become increasingly common. Including a spy detection device in your essential travel kit is, therefore, crucial. The G4 Pro stands out as an RF signal detector engineered to identify hidden cameras, audio bugs, and GPS trackers. It can swiftly detect 2G, 3G, and 4G mobile signals. Not only this, it can also detect radio waves within a 15-metre radius, along with electronic devices operating between frequencies of 1MHz and 6.5GHz. Remarkably compact at just 30 gm, it has a 300mAh battery capable of lasting up to 25 hours on a single charge.

Available on: amazon.com

AMITABH DUBE | COUNTRY PRESIDENT | NOVARTIS INDIA

Novartis India is a part of the Basel, Switzerland-headquartered pharma major Novartis AG



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PHOTO BY MILIND SHELTE

“Understand what drives key talent”

What was the problem you were grappling with?

Navigating change in an ever-shifting external market ecosystem, while simultaneously driving internal portfolio transformation. This demanded swift adaptation, strategic alignment, and the agility to maintain our competitive advantage.

Whom did you approach for advice and why?

My trusted mentor, who is an experienced counselor, has always been the one I look up to. With an additional decade of wisdom in manoeuvring the corporate world, he has guided me towards finding the most opportune solutions to the challenges I have faced.

What was the advice you received?

I was told to embrace change, as it is the only constant. He [my mentor] encouraged me to deal with any situation, offering a five-step approach: accept and embrace the fact that change is inevitable and extend full support to your team; communicate the change with transparency; have empathy; grab the opportunities to thrive that embracing change can open up; and engage in positive storytelling with a vision to motivate the team, as every cloud has a silver lining.

The foundation for all this is a motivated team that wants to bring their best selves to work. This can only be achieved through a purpose that deeply resonates with every employee. What my mentor asked me to do is understand what drives my key talent and deploy tailored motivational styles.

How effective was it in resolving the problem?

Embracing change has played a pivotal role in fostering adaptability. Transparent communication and empathy have helped build an authentic relationship with my team members.

Cultivating a culture of inclusivity has proved to be a great motivational lever. We are fostering an environment that encourages the organisation to take risks rather than focussing on perfectionism. **BT**

—TEAM BT

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