

Monday, May 20, 2024

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Kumar, Pai to exit Byju's panel amid flurry of lawsuits ▶ P1



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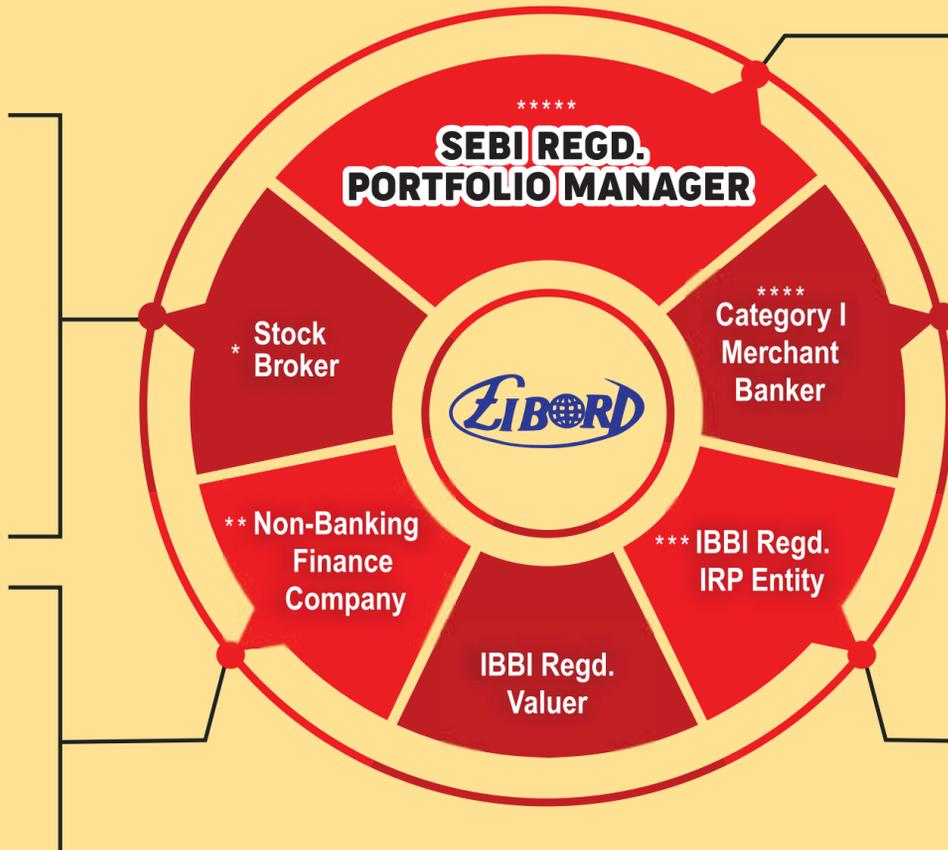


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Think Ahead. Think Growth.

mint primer

## Beam me up, Scotty... into the boardroom

BY SHOUVIK DAS

Google's long-term experiment to create a science fiction-like 3D, holographic ultra-realistic display is now a real product. After many failures, is Silicon Valley's quest to build screens that look like teleportation portals finally nearing promise?



### 1 What does Project Starline offer?

In development for at least five years, it is a video conferencing system on steroids. It uses a 3D light-field display to create a holographic, 3D image of people appearing on the screen. This makes people and objects look ultra-real—like they are in the same room. Image sensors placed around the display capture objects in more than two dimensions, and real-time 3D modelling enables the hologram-like visuals. *Mint* was shown a demo of Starline at Google's headquarters in Mountain View, California. By the next year, it will start being rolled out to companies in partnership with HP.

@FUTUREJURVETSON/X

### 2 Why is it of any significance?

One of the biggest challenges to video conferencing systems is in the technology itself. While it is functional, companies have so far failed to take it beyond a 2D visual experience, thereby making interactions look basic. Google now hopes for companies to adopt its Starline video conferencing system in boardrooms to make collaboration across remote teams feel more realistic. This can help teams better collaborate on visual design through ultra-realistic 3D imaging. The company will roll it out with its own platform Meet, and is also working with Zoom for it. As of now though, don't even think of smartphones.

### 3 Are there close rivals to Project Starline?

Microsoft Holoportation, like Starline, used 3D imaging to create 3D images of objects, and compressed and transmitted the 3D data between two ends to create a holographic experience. However, instead of a display, Microsoft used its HoloLens mixed reality headset. Critics found this an obstacle, as it failed to enable obstacle-free video conferencing.

### 4 Can this make sci-fi-like displays real?

Much will depend on how commercial adoption of the technology progresses. Starline looks straight out of Star Wars and The Avengers. However, while light-field displays and 3D video capturing tech exists, they are difficult to implement at scale commercially due to cost and size. In its present form, Google's packaging of the service clearly makes it Silicon Valley's best take on holographic displays. But, the key will lie in making the tech less hardware-heavy, and more viable for use on the move.

### 5 What are the main challenges?

The hardware for Starline needs a room to be set-up—a throwback to back when Eniac, the computer, took a full room to run. Until the hardware can be miniaturized and made more affordable, adoption will likely be limited. It is also expensive: for now, very few firms will likely spend on it. The other big challenge will be in getting app support—while Meet and Zoom are big enough platforms, a wider support could encourage more firms to take it up. Third-party developers could open the tech up in future.

## QUICK EDIT

### An ideal campaign

The classic approach to a presidential election in the US, partly led by its system of primary polls to pick candidates, is to first rouse one's party base on the left or right and then pivot to the centre, since victory is about swinging votes across from the other side. Mild versions of it are visible in the White House race, though more in Joe Biden's campaign than in Donald Trump's. What about India, given the "presidential" turn our politics took with the rise of Prime Minister Narendra Modi of the Bharatiya Janata Party? If anything, we've seen India's two main political camps diverge since Lok Sabha polls began. Of course, the world's two largest democracies have different electoral and governance systems. But still, a push for the centre would be good for us. Ideally, campaigns must reduce their smear content and step up the dialectical aspect. After all, public debates on policy are a major reason why democracy is globally seen to beat autocracy in guiding the development of a country. Dialectical progress would be likelier if both sides were to veer towards centrist ideas. Whether inequality holds India back and how to address it, for example, is crying out for an intelligible political debate.

## MINT METRIC

by Bibek Debroy

With South Koreans lonely and tired,  
Their action is quite inspired.  
They have taken to pet rocks.  
Such a cute jack in the box,  
Ensures the mind is rewired.

## QUOTE OF THE DAY

I think India, at this point, is one of the strongest markets in the world with its fundamentals... It is a high-growing market and has enterprise needs... Also, the core technical innovation base exists in masses in India.

MATT HICKS  
CEO, RED HAT



## THE WEEK AHEAD

20-24 MAY

### Q4 EARNINGS

Paytm, Nykaa, Sun Pharma and Metropolis Healthcare, among companies set to declare Q4 results.

22 MAY

### AWFIS IPO

Co-working space company Awfis Space Solutions to launch ₹598.93-crore IPO.

20 & 25 MAY

### PHASE 5 AND 6 POLLS

Voting for fifth and sixth phase of Lok Sabha elections to be held.

22 MAY

### PAYING DUES

Deadline ends for SpiceJet to pay \$1.58 million to engine lessors Team France and Sunbird France.

20 MAY

### OIL BONUS ISSUE

Oil India board likely to consider issue of bonus shares.

22 MAY

### NASA MISSION

In a first, NASA to launch mission to study loss of heat from polar regions.

21 MAY

### SCO MEETING

India to participate in SCO foreign ministers' meeting in Kazakhstan.

26 MAY

### IPL FINAL

Indian Premier League (IPL) final to be held at Chidambaram Stadium in Chennai.



# Visa ties can be vital to ease of doing business

BY DEEPA VASUDEVAN

A passport is a symbol of national identity. It is also an international travel document. As the summer holiday season begins, the limitations of an Indian passport in the latter role are painfully evident. Of a possible 227 destinations listed in the Henley Passport Index, Indians do not need visas for 31 countries and can get visa-on-arrival in 30. For the rest, visas have to be obtained the old-fashioned, cumbersome way.

India greatly lags behind peers in ease of international mobility. As many as 145 of 199 countries were ahead of India in the latest Henley Passport Index. Compare that with Brazil, which has visa-free access to 173 countries. Even Russia—international sanctions notwithstanding—gets access to 120. Given that India is one of the world's fastest growing economies, the Henley rankings caused much angst when they were released.

But fact is that visa decisions depend on various non-growth factors. Geography is important: The Asean bloc allows visa-free travel among members, as does the European Union. Reciprocity is critical: Since Brazilians need a visa to visit the US, Brazil imposes the same rule on US citizens. Bilateral relations make a difference: The United Arab Emirates has raised its passport strength significantly through systematic diplomacy, global investment, and by positioning itself as a key business hub. Unfortunately for India, passport strength does not depend on recent economic growth. In fact, slow-growing advanced countries tend to have higher international mobility compared with fast-growing emerging economies.

## Indian passport holders have relatively lower international mobility

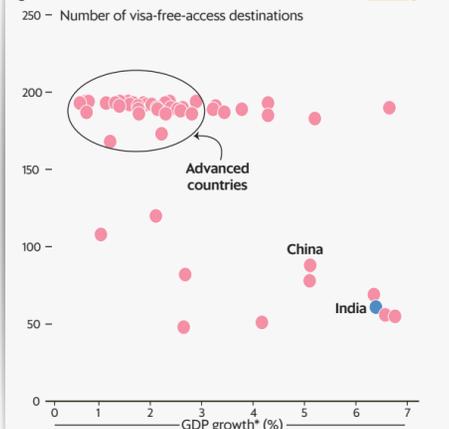
Performance of select countries on 2024 Henley Global Passport Index



A higher rank corresponds to greater international mobility. However, it does not reflect the number of countries ahead of each country, due to multiple sets of jointly-ranked countries. A total of 199 countries shared 106 ranks among them due to this (e.g. India was ranked 81 out of 106, but had 145 countries out of 199 ahead of it). A visa-free destination is one that does not need a visa, or gives the visa-on-arrival facility, or allows a visitor's permit or an electronic travel authority (ETA) to a passport holder from a particular country.

## Advanced economies have stronger passports than fast-growing emerging ones

Performance on Henley passport index vis-a-vis GDP growth trends



Source: Henley Global, World Bank

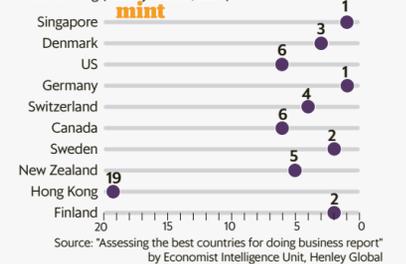
## Why It Matters

**BEING ABLE** to travel without queuing up for a visa is a huge advantage. Tourists can take impulsive vacations. Business trips can be scheduled easily. Access to overseas medical treatment or conferences becomes fuss-free. None of these are trivial benefits: Their absence has significant costs. A back-of-the-envelope calculation shows that about ₹1,959 crore was paid as visa fees for the 1.4 million US visitor and work visas processed across consulates in India in 2023. Also, the average waiting time for visitor visa appointments was 250 days.

Passport strength is closely linked to the business environment. Countries with the strongest passports tend to be established business centres and trading hubs, with stable growth and sound enabling institutions. Not surprisingly, there is a heavy overlap between the best places for doing business and the top passport ranks. That is, reforms that improve the business climate could help to build passport strength.

## Countries with strong passports tend to have a good business environment

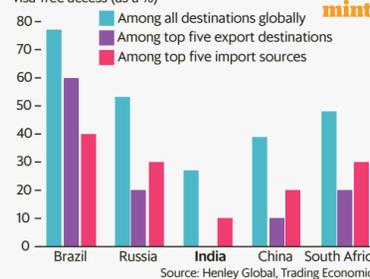
Top 10 countries by business environment (Economist Intelligence Unit rankings, 2023) and their overall passport index ranking (Henley Global, 2024)



Source: "Assessing the best countries for doing business report" by Economist Intelligence Unit, Henley Global

## When it comes to visa-free access, quality is better than quantity

Number of partners to which these countries enjoy visa-free access (as a %)



Source: Henley Global, Trading Economics

## Passport Power?

**PASSPORT POWER** measures the share of global GDP to which a passport gives visa-free access. The Henley index ranks the Indian passport at 125 out of 183 on this metric, with access to 7.6% of world GDP. The usefulness of this measure is rather limited. First of all, access to some countries is more important than others. For example, Indians would definitely value visa-free travel to the US (a key destination for exports, students and job seekers) over, say, all the countries in sub-Saharan Africa.

Second, following the UAE example, India could attempt to enhance its passport strength and power through strategic diplomacy. That may win some brownie points for the government. But visa-free access to key trading partners (US, China)—which would be far more useful—is unlikely to happen. Thus, rather than obsess over passport power, it is in India's interests to increase its share of global trade via other means such as trade treaties and import agreements.

## Reality Check

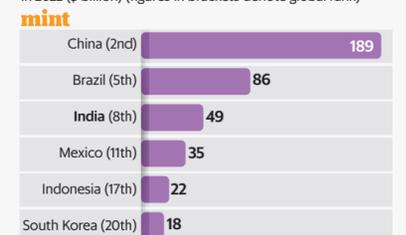
**GETTING A** visa with an Indian passport is definitely a hassle. Reports suggest that for Indians, the next available appointment date for a Schengen summer visa is more than a month away; processing could take another 7–20 days. But for a country beset with problems, this is practically a non-issue. Only 92 million Indians, or less than 7% of the population, have valid passports. In 2022, 21.6 million Indians travelled abroad, a fraction of the 1.7 billion domestic tourist visits that year.

At a macroeconomic level, the good news is that a weak passport doesn't impact investment inflows. Emerging economies made up seven of the top 20 host countries for foreign direct investment in 2022. India ranks among the top 10 of these with the strongest FDI prospects for 2024 as per the FDI Annual Standouts List. The takeaway? Visa troubles are inconvenient, but hardly critical to growth.

The author is an independent writer in economics and finance.

## Emerging economies attract foreign investment despite their weak passports

Emerging economies in the top 20 countries by FDI inflows in 2022 (\$ billion) (figures in brackets denote global rank)



Source: United Nations Conference on Trade and Development Handbook of Statistics 2023

PARAS JAIN/MINT

## PEANUTS by Charles M. Schulz



Monday, May 20, 2024

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It's time for the food regulator to crack the whip ▶P10



Volatility not necessarily a bad sign: Axis AMC's Gupta ▶P4

SENSEX 74,005.94 ↑ 88.91 NIFTY 22,502 ↑ 35.90 DOLLAR ₹83.33 ↔ ₹0.00 EURO ₹90.38 ↔ ₹0.00 OIL \$83.40 ↑ \$0.42 POUND ₹105.47 ↔ ₹0.00

## GST Council to hear gaming firms' plea

Officials examining their request for relief from tax notices

Gireesh Chandra Prasad  
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NEW DELHI

Online gaming companies received a big blow last year, when the government issued notices for over ₹1 trillion in goods and services tax (GST). While the matter has ended up in the Supreme Court, the federal indirect taxes body GST Council now plans to consider the impact of the tax demand on the industry's viability, two people aware of the matter said.

Central and state GST officials are examining the grievances of online gaming companies and their request for relief from the tax notices issued for the period till October 2023, totalling over ₹1.12 trillion, across 71 cases, the people said on the condition of anonymity. Under GST laws, penalty can match the tax specified in the notice, which could increase the tax claim further.

"Officials are examining the plea made by online gaming companies about the tax notices. It will be considered by the GST Council at its next meeting, which could either be at the end of June or early July," said one of the two persons cited above. The person said "some discussions"



### TOUGH GAME

71 notices demanding ₹1.12 tn in tax were sent for FY23, FY24

UNDER GST laws, penalty can match the tax demanded

BUT strong rationale is required to give any relief on past dues

are going on, but declined to describe it as a "relief to the industry" yet.

Until last year, the law did not specify tax rates on online gaming, and companies used to pay 18% GST on the platform fee or commission (which ranges from 5-20% of the deposits). On 1 October 2023, the

GST Council set 28% tax on the full face value of deposits, which was followed by tax demands on previous earnings by the gaming companies. While the companies have challenged it in court, finance ministry officials have earlier said that

TURN TO PAGE 6

## Kumar, Pai to exit Byju's panel amid flurry of lawsuits

Gopika Gopakumar & Varun Sood

MUMBAI/BENGALURU

Online tutor Byju's faced yet another setback on Sunday, with Rajnish Kumar and T.V. Mohandas Pai deciding to leave the advisory panel of its parent Think & Learn Pvt. Ltd after their one-year tenure ends on 30 June.

Last year, Byju's had named Kumar, a former chairman of State Bank of India (SBI), and Pai, a former chief financial officer of Infosys Ltd, to advise founder Byju Raveendran, following a series of board exits and financial woes, and to assuage worried investors as lawsuits mounted.

An executive aware of the matter said Kumar and Pai are snapping ties as the company got embroiled in litigation both in India and in the US from its creditors and key shareholders, who want the founder ousted.

Late on Sunday, Kumar and Pai said in a joint statement that their engagement with Byju's as advisors was always on a fixed-term basis for a year. "Based on our discussions with the founders, it was



Byju Raveendran, founder and CEO, Byju's.

mutually decided that the tenure of the advisory council should not be extended. Though the formal engagement concludes, the founders and the company can always approach us for any advice. We wish the founders and the company the very best for the future," the statement said.

The advisory panel's three main focus areas were to get the company to disclose its audited financials and help Raveendran rebuild the team. Better communication with shareholders was the third part.

On each of these aspects, Byju's started well "but unfor-

## New chief for SBI likely this week; 3 MDs front-runners

Gopika Gopakumar  
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MUMBAI

The country's biggest bank will soon know who will walk into the 18th floor corner room of its Mumbai headquarters.

The Financial Services Institutions Bureau (FSIB), an autonomous body under the central government, will conduct interviews on 21 May to recommend a candidate for the chairman's post, according to two persons aware of the matter.

The final decision is likely to be known the same day, the first person added on the condition of anonymity.

Incumbent Dinesh Kumar Khara retires on 28 August and the next chairman will take charge the same day.

The front-runners for the post are State Bank of India's (SBI's) three managing directors—C.S. Setty, Ashwini Kumar Tewari and Vinay M. Tonse. Alok Kumar Choudhary, the fourth managing director, is set to retire end of June.

"All three candidates are top-class talent, who will be able to provide stability to SBI," a former SBI chairman said on

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TURN TO PAGE 6

### DON'T MISS



#### Inter-ministerial task force in the works to check digital ads

Three high-profile ministries that oversee different aspects of social media advertising are joining hands to create a task force that can comprehensively crack down on misleading ads and fraudulent schemes promoted on digital platforms. >P7

#### Refiners to jointly seek better terms as Russian discounts fall

With discounts on Russian crude oil dwindling, India, in a first such effort, has brought together state-owned and private oil refiners to jointly negotiate for higher discounts and better terms with Russian suppliers. >P2

#### Blackstone eyes controlling stake in Bharat Serums

Private equity behemoth Blackstone is among a clutch of bulge-bracket global investors who are in the race to pick up a controlling stake in an Indian healthcare company, three people aware of the matter told VC Circle. >P3

#### SC ruling gives telcos around ₹3,000 crore of savings

Telecom service providers including Bharti Airtel, Vodafone Idea and Tata Communications are set to save about ₹3,000 crore following a SC order released on Sunday. The interest component on tax has been waived off by the SC in its order. >P6

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STRAIGHT  
FORWARD  
SHASHI SHEKHAR

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## SACRIFICES QUICKLY FORGOTTEN IN THE CONTEST TO POISON

With the conclusion of the fourth phase of polling for the general election, the results of nearly 70% of the constituencies lie sealed in EVMs. Against this backdrop, have you observed any shift in the rhetoric of the nation's political figures leading up to the fifth phase? Bitterness in their discourses is reaching its peak, with fresh claims and promises as attention turns to the remaining 30% of seats.

The Bharatiya Janata Party and its allies are making big claims to have won the election and to be swiftly approaching the target of 400 seats. In response Mallikarjun Kharge, National President of the Congress, and Akhilesh Yadav addressed journalists in Lucknow, stating that BJP had lost the elections and that their seats had increased significantly in all phases. While Prime Minister Narendra Modi talks about dedicating his third term to the country's quick advancement, home minister Amit Shah reiterates his determination to make POK (Pak Occupied Kashmir) a part of India again. The Prime Minister said at a public meeting in Bihar: "Hum Pakistan ko choodiyaa pahana denge." (We will make Pakistan wear bangles).

This is the first time the Prime Minister and home minister have used such strong words on public forums. Previously, due to international pressure, such things were served with prudence in velvet-coated words.

Kharge, on behalf of the INDIA bloc, promises to double the free grain distribution to 10 kg and increase the job reservation limit beyond 50%. Is it possible? When I asked a senior Congressman on this subject, he used Brazil as an example. He claims that 'freebies' have had outstanding outcomes in Brazil, so what's the harm in doing similar experiments in India?

Mamata Banerjee, who took the lead from Congress in West Bengal, has also altered her tone. Until a few days ago, she had reduced Congress to less than 40 seats on a national level. Now she argues that the INDIA bloc will get 300 seats nationwide, and TMC would support it to form a government from the outside. What sort of game are they playing?

Meanwhile, divisive and poisonous terms such as temple, mosque, Hindu, Muslim, *kabristan-shamshan* (graveyard, crematorium), Aurangzeb, colour, and caste are creating bitterness. Our politicians do not realize politics based on caste, religion, region, language, or sect, played consciously or otherwise, poisons the minds of future generations. What happened in Punjab in the Seventies and Eighties, and in Kashmir during the two decades that followed, is a horrible example of this. This lethal sequence must be stopped immediately.

I'm not disputing the Election Commission's motives or its machinery here, but why doesn't the Election Commission, which is supposed to be neutral, knuckle down to prevent this? In a growing and healthy democracy, a variety of issues will arise that can't always be ignored.

There is another crucial question. How can some of our politicians speak so irresponsibly? I want to tell such politicians a story. Last year, while I was tracking the developments in Kashmir Valley in the wake of the repeal of Article 370, I met this person. He had a paralysed leg and was struggling to walk even with the help of a stick and his brother by his side. Terrorists had shot at his legs multiple times for voting in the district panchayat elections. He said the terrorists had warned residents of his village against voting, but he ignored the warning, thinking it was just bluster. The third day after he voted he faced the attack.

If you are wondering why the terrorists had not killed him, it was because the terrorists intended to use him as a living example of what voting at elections "sponsored by India" entailed. Such elements have failed at the current elections, and the enthusiasm the valley's inhabitants have shown in the fourth round is a slap in the face of terrorism sponsored from across the border.

Such cases are not exclusive to Kashmir. There are dozens of such people in the secluded areas of the North-east and Naxal-affected districts of Chhattisgarh, Jharkhand, and Maharashtra. They have made great sacrifices to reinforce the foundation of democracy. I'd also like to remind you of the families of deceased personnel of the armed forces who never hesitated in sending their loved ones to sacrifice their lives to protect the country and its law and order. Who says our democracy can survive without such efforts? How come our politicians forget this so easily?

Shashi Shekhar is editor-in-chief, Hindustan. Views are personal.

# Refiners to seek better terms as Russia cuts discount on oil

India plans onion, rice exports on MEA's call

The strategy involves leveraging India's position as the world's third-largest crude oil buyer

Utpal Bhaskar  
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NEW DELHI

India, in the first such move, has brought together state-owned and private oil refiners to jointly negotiate for deeper discounts and better terms with Russian suppliers, including Russia's largest oil company Rosneft PJSC.

The government-led joint sourcing strategy involves leveraging India's position as the world's third-largest crude oil buyer to get better discounts on Russian oil, which have dropped to about \$3 per barrel from a high of \$10 earlier, said two people aware of the development.

The calibrated strategy—involving Indian Oil Corp. (IOC), Bharat Petroleum Corp. Ltd (BPCL), Hindustan Petroleum Corp. Ltd (HPCL), Reliance Industries Ltd (RIL), and HPCL Mittal Energy Ltd (HMEML)—may help save on India's significant oil import bill, they said, requesting anonymity.

Russia, facing sanctions by the West over its Ukraine invasion, is now India's top supplier of crude oil. The discounts Russia offered on its oil saved India billions of dollars. But those discounts have fallen in recent months.

"The discount on Russian oil is coming down. While the Russians are tough negotiators, we have an advantage as



Indian refiners are looking to get Russian suppliers, including Rosneft PJSC, the largest oil company in Russia, to continue supplying oil at deeper discounts.

we are speaking to them as one," one of them said. "Our point is simple: If they don't offer more discounts to India as a market, then we can look elsewhere. A lot of oil is flowing."

Energy security is key to India's national security. It imports more than 80% of the oil it needs, and is vulnerable to any increase in global prices, which can stoke inflation and widen the trade deficit.

Spokespersons for India's petroleum and natural gas ministry, IOC, BPCL, HPCL, HMEML and RIL did not reply to queries emailed on Friday afternoon.

"Currently we do not have the infor-

mation mentioned in your enquiry," a spokesperson for Rosneft said in an emailed response. "However, we believe that the commodity price should be formed on market principles rather than determined by individual groups or organizations."

India has been calling for a global consensus on "responsible pricing", which assumes significance as the influential Opec+ cartel, which includes Russia, has been limiting its crude supplies.

The Vienna-based Organization of the Petroleum Exporting Countries' (Opec's) crude-oil production fell by

48,000 barrels a day to 26.575 million barrels a day in April, according to a *WSJ* report. Opec and its allies have extended their output cuts until the end of June, which many analysts expect could be stretched to the second half of 2024 to boost prices, the report added. Data from India's ministry of commerce show the country imported crude worth \$46.48 billion from Russia in 2023-24, about 50% higher than the \$31.02 billion worth of crude imported from that country in FY23. India's share of imports from Russia was a third of its total oil import bill in value terms.

Consequently, India's oil import bill in FY24 shrank 13.35% from a year earlier to \$139.85 billion. India effectively saved about \$7.9 billion in the first 11 months of FY24 owing to cheaper imports from Russia, rating agency Icria said in a recent report.

In FY22, before the Ukraine crisis broke, Russian oil accounted for only 2% of India's total oil imports.

State-run ONGC Videsh Ltd (OVL), Bharat Petroleum sources Ltd, Indian Oil Corp. and Oil India Ltd (OIL) have invested \$16 billion in Russia till date.

Another Indian consortium comprising OIL, IOC, and Bharat Petroleum sources owns 29.9% of LLC Taas-Yuryakh (Taas-Yuryakh Neftgazodobycha). OVL has also acquired the Siberian deposits of the UK's Imperial Energy Corp.



## Govt looks at ways to stabilize cane output

Puja Das  
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NEW DELHI

The Union government in collaboration with the Indian Sugar and Bio-Energy Manufacturers Association (ISMA) and the National Federation of Cooperative Sugar Factories (NFCFSF) is exploring ways to stabilize sugarcane production amid poor irrigation facilities and depleting water levels in key reservoirs of major producing states to meet domestic consumption and the ethanol blended with petrol (EBP) targets, two people said.

This comes against the backdrop of El Niño weighing on monsoon rainfall and causing prolonged dry spells last year, especially in key sugarcane growing regions, including Maharashtra, Karnataka, and Tamil Nadu. Inadequate rainfall has also caused drying up of the country's 150 major reservoirs, especially in the southern region where the

water levels in 42 reservoirs in the week ended Thursday were as low as 14% of capacity. In the ongoing 2023-24 (October-September) season, the country is estimated to produce 32 million tonnes (mt) of sugar after 2.38mt diversion to ethanol, as against 32.9mt last year. Uncertain weather has also created concerns over crop output, driving the government to take measures including an indefinite ban on sugar exports. This also assumes significance as the government aims to achieve its E20 (20% ethanol blended with petrol) target by 2025-26.

India needs 29mt of sugar each year, with an annual growth rate of 1.5-2%. Niti Aayog estimates show the country needs 9.88 billion litres of ethanol, of which 55% must come from sugarcane, to achieve E20 target by 2025-26.

Queries sent to the agriculture, jal shakti and food and public distribution ministries remain unanswered.

## Mergers off but PSB privatization still on

Rhik Kundu & Subhash Narayan  
NEW DELHI

The Centre doesn't have any plan to merge public sector banks (PSBs) in FY25, though it will not ditch plans to privatize PSBs during the fiscal, two people aware of the matters said.

"There have been no proposals, at present, to merge any more public sector banks (PSBs)," said the first person mentioned above, speaking on the condition of anonymity.

"We are not aware of any discussions on merging public sector banks or giving up on privatisation," the person added.

Last week, Informist media reported that the government was contemplating a different strategy to strengthen the banking sector, with the finance ministry looking to merge certain state-owned banks if the incumbent Bharatiya Janata Party (BJP) retains power.

India currently has 12 PSBs, down from 27 in 2017, after several mergers were carried out to strengthen some banks. Before the mergers, the bulk of which were carried out in 2019-



The government is keen to complete the much-delayed strategic divestment process for IDBI bank during FY25.

2020, PSBs were grappling with sour loans, prompting the government to initiate measures to restore their financial health. These included capital

**The government was considering a new panel to study PSBs afresh and draw a fresh list of candidates for privatization**

infusion and merger of banks, which enlarged their capital base and reduced their operational and administrative expenditure.

Under the current government, The Oriental Bank of Commerce (OBC) and the United Bank of India were merged with Punjab National Bank (PNB) in 2020, making

PNB the country's second-largest bank after the State Bank of India (SBI).

Other mergers included Dena Bank and Vijaya Bank

with the Bank of Baroda; Allahabad Bank with Indian Bank; Andhra Bank and Corporation Bank with Union Bank of India; and Syndicate Bank with Canara Bank. The government is

keen to complete the much-delayed strategic divestment process for IDBI bank during FY25, said the second person

mentioned above, who spoke on the condition of anonymity.

The government, which owns more than 45% in IDBI, and Life Insurance Corp of India (LIC), which has a 49.24% shareholding, have jointly decided to sell a 60.7% stake in the lender, which is categorized as a private bank.

Last October, *Mint* reported that the government is planning to revisit its bank privatization plan and redraw the list of PSBs to be privatized, with the banks turning profitable and controlling bad loans. It was considering a new panel with representatives from the finance ministry, Niti Aayog and RBI to study PSBs afresh and draw a fresh list of suitable candidates for privatization, the report added.

"Most PSB mergers, which were required, have already been carried out. In terms of privatization, the strategic divestment of IDBI is being worked on," the second person mentioned above, said.

"There have been no new proposals to privatize PSBs yet, but this could change in future," the person added.

A finance ministry spokesperson didn't respond to emailed queries.

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## Highway-laying targets to drop in FY25 despite post-poll growth agenda

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The Centre is looking to fix a "moderate but realistic" highway construction target of 12,000-13,000km for FY25, two persons aware of the development said, citing a proposed new method of calculation and other factors.

This is lower than the 13,814 km target and the 12,349km of actual construction achieved last fiscal—the second highest after the record 13,327km built in covid year 2020-21.

This change is the outcome of increased complexities in

highway construction, with access-controlled six-lane and eight-lane roads being built as against highways with far fewer lanes—even single carriage ways—as was the practice earlier.

Another reason is the proposed shift in the way the government calculates the length of highways—switching to actual lane kilometres rather than linear method of measuring construction at present.

Under the new method, for instance, a 10-km stretch of highway with four lanes can be shown as 40km in the books.

"Going by this yardstick, linear highway construction tar-



The government is planning to keep the targets for construction of highways "moderate but realistic".

get may be lower at around 12,000km in FY25 or even lower but in terms of lane km added, it could be the highest in

any of the previous years as wider, stronger and smoother stretches would be the focus now," said one of the two per-

sons quoted above.

The other person said that lower highway targets for FY25 may also be considered as, after having "overstated" construction targets in the previous three fiscal years, the government now wants to set more achievable goals for itself.

In FY22 and 23, against the target of 12,000-12,500km, only 10,457km and 10,331km, respectively, were laid while in the last fiscal, against 13,814km target, 12,349km got built.

Queries sent to the ministry of road transport and highways remained unanswered till press time.

"One key reason for a lower

target for FY25 is that the Model Code of Conduct will be applicable for the first two months. We had seen a similar dip in 2019 as well. The other reason is that a lot of projects where the land acquisition and project planning was already completed have been awarded in the last few years. NHAI and the states are now working on similar preparatory activities for the next few years of highways build-out," said Srishti Ahuja, Partner, Investment Banking, EY.

"Despite the short-term reduction in target, the sector will see a significant amount of investment as MoRTH has fur-

ther improved the concession framework for BOT and TOT projects...I expect large infra funds and yield investors to commit more capital for mature assets; the domestic players will continue focus on greenfield build-outs, which they will thereafter monetize," she added.

According to the first person quoted above, though actual construction target may look a bit lower than the previous year's record high levels, the big pipeline of projects with government agencies would ensure construction activities to remain closer to actual FY24 levels this year.

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THE MONDAY QUIZ

- 1) WHAT** is the latest and improved version of GPT 4 that OpenAI debuted last week?
- 2) WHO** has been named the new chief executive officer of Amazon Web Services?
- 3) WHICH** Indian telco did Google Cloud partner with to deliver cloud solutions to Indian businesses?
- 4) IN** which European nation did TCS announce the establishment of an AI Intelligence Centre?
- 5) WHO** has recently been appointed the new chief operating officer of Wipro?

GLOSSARY

**LoRA:** Short for low-rank adaptation, LoRA is used in the context of large language models (LLMs) fine-tuning. LLMs are massive and fine-tuning them involves adjusting a number of parameters, making the whole process slow and expensive. LoRA offers an easier technique by capturing only the essential information needed for the task.



**Red teaming:** A structured testing method, red teaming is a simulation of an attack on an organization's security posture by appearing to be an adversary. These simulations are carried out by groups called red teams. Red teams use a variety of techniques, including social engineering, network exploitation, and

physical security testing. The group then reports back with recommendations for improvement.

**Instruction set architecture:** Abbreviated as ISA, instruction set architecture is a bridge between the software and the hardware of a computer system. It represents a set of instructions that a processor can understand and execute. The ISA defines the interface between software and hardware and specifies storage locations, operations, and how to evoke them.

**Yield:** In semiconductor manufacturing, yield is defined as the percentage of functional chips produced from a wafer. It is calculated by dividing the number of non-defective semiconductor chips produced by the maximum chip count. A higher yield indicates a higher productivity. Since wafers are expensive, yield directly impacts profitability.

# Unexpectedly, the cost of big cyber-attacks is falling

IMF says rising risk of extreme losses from cyber incidents could pose an acute threat to macrofinancial stability

The Economist



Cybercrime is likely to cost the world more than \$23trn by 2027. ISTOCKPHOTO

Last October, Anne Neuberger, America's top cyber official, issued a dire warning. Cybercrime would cost the world more than \$23trn by 2027, up from \$8.4trn in 2022. More recently the IMF noted that cyber-attacks have doubled since the covid-19 pandemic. "The risk of extreme losses from cyber incidents is increasing," said the fund. These could even pose "an acute threat to macrofinancial stability". But is the economic impact of cyber-attacks really so large—or rising so fast?

Data collected by Tom Johansmeyer of the University of Kent, a former senior executive at Verisk, an insurance-data firm, suggests that the truth is more complicated. In analysis first published by Binding Hook, a website focusing on cyber issues, Mr Johansmeyer considers the case of NotPetya, a Russian attack on Ukraine in 2017 designed to delete data and which inadvertently spread

around the world causing more than \$10bn-worth of damage. That sounds bad.

But Mr Johansmeyer's first point is that this is not especially large by the standard of natural disasters, which can serve as one useful benchmark for comparison. In 2022 Hurricane

Ian caused ten times the damage in Florida; Hurricane Katrina caused nearly 20 times as much. The wildfires that raged in California between 2017 and 2021 probably cost more than \$117bn annually. NotPetya was a pinprick in comparison. Moreover, it was not even, as America's govern-

ment claimed at the time, "the most destructive and costly cyber-attack in history". At least two other cyber-attacks—the SoBig virus in 2003 and the MyDoom attack a year later—were far larger when adjusted for inflation (see chart).

Most remarkably, the economic impact of major cyber incidents appears to be falling, as our first chart shows. Around 92% of total economic losses from cyber catastrophes came before 2009, notes Mr Johansmeyer, who included incidents that cost more than \$800m and had a significant number of victims. His estimates define economic damage broadly but the bulk of losses tends to be caused by loss of productivity, he says. The worst year came over two decades ago: in 2003 total losses were a staggering \$110bn. Over the past 15 years, he concludes, real-term losses have "downright plummeted". He speculates this could be owing to better security.

Although this data stops in 2017, the big attacks that have occurred since then do not appear to buck the trend. A ransomware attack on Change Healthcare, a critical node in

the American health-care system, in February has had a devastating impact but will probably come in at under \$2bn, reckons Mr Johansmeyer, still a relatively small sum. A separate attack on MOVEit, a widely used file-transfer service, will probably cost less than \$1bn.

"The big question", acknowledges Mr Johansmeyer, "is whether individual losses [below the \$800m threshold] could get massive in aggregate". He argues that this is very unlikely and estimates that ransomware, for instance, costs only \$400m-500m per year. Others are less sanguine. "The constant drip drip of ransomware and the accretive loss across the economy contributes to staggering losses," says Chris Krebs, who served as director of America's Cybersecurity and Infrastructure Security Agency. These attacks are difficult to quantify precisely. The FBI estimates that "potential losses" in 2023 exceeded \$12.5bn, a sum 22% higher than the previous year. Even by the standards of natural disasters, that is a lot.

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## Blackstone leads race for controlling stake in Bharat Serums

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NEW DELHI

Private equity behemoth Blackstone is among a clutch of bulge-bracket global investors who are in the race to pick up a controlling stake in an Indian healthcare company, three people aware of the matter told VCCircle.

Blackstone, which struck its first hospital deal in India in 2023, and invested \$1 billion to acquire Care Hospitals and KIMS Health, is likely to submit a non-binding bid by the end of this month for Bharat Serums and Vaccines Ltd. The Mumbai-based company is currently owned by private equity firm Advent Interna-

tional, which is looking to exit.

In addition to Blackstone, Bain Capital, Carlyle, Partners Group, KKR, and Permira Private Equity are also showing interest in the pharmaceutical company, the people said cited above said, requesting anonymity.

Last year, VCCircle was the first to report that Bharat Serums had initiated the process to raise fresh capital and provide exit to Advent. Global investment bank Jefferies and JP Morgan are running the transaction, VCCircle had reported.

Advent is seeking a valuation of \$2 billion, or ₹16,600 crore for Bharat Serums, they said. However, analysts tracking the sector said a deal may eventually be struck at \$840-



The private equity behemoth is likely to submit a non-binding bid for the healthcare company by the end of this month. BLOOMBERG

900 million.

While Blackstone, Partners Group, Permira and JP Morgan declined to comment on the matter, email queries sent to Bharat Serums, Advent and other PE firms did not elicit a

response till press time.

Advent had valued Bharat Serums at \$500-550 million. The PE firm initially acquired about 74% in the company in late 2019 from Orbimed and Kotak Private Equity, besides

a partial stake from the Daftary family. Advent bought Daftary family's remaining 26% stake in April 2022.

Bharat Serums, incorporated in 1971, is engaged in the development, manufacturing and marketing of biologicals, biotech and pharmaceutical formulations. Its product profile include plasma derivatives, fertility hormones, antitoxins, antifungals, anaesthetics, cardiovascular drugs, and diagnostic products.

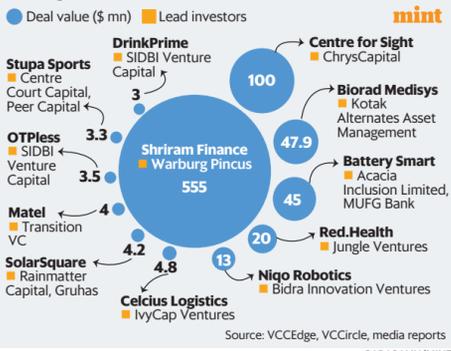
The firm's consolidated revenue rose 15% to ₹1,435.4 crore in FY23 from ₹1,245.3 crore in FY22 on the back of significant traction in the

women's health and assisted reproductive segments.

It is one of the largest manufacturers of the anti-fungal drugs Amphotret, Amphomul, Amphonex and Ampholip. In FY22, these products, used in the treatment of the black fungus infections gained significant traction amid the second wave of covid-19 pandemic. However, revenue from these drugs moderated in FY23 as covid subsided, narrowing the company's profit margins.

However, to boost revenue, Bharat Serums acquired TTK Healthcare's human pharma division for ₹805 crore.

### Companies raised \$815 mn this week



Source: VCCircle, VCCircle, media reports  
PARAS JAIN/MINT

## Deal activity jumps on buoyant private equity investments

K. Amoghavarsha & Malvika Maloo

BENGALURU

Private equity (PE) and venture capital (VC) investments saw a substantial jump in deal value led by large PE investments in the financial services space in the week ended 17 May. Additionally, a couple of mid-sized PE deals helped the cumulative deal value breach the \$800 million mark seen in the previous week.

Deal volume, however, fell slightly during the week with overall deal count reducing by three compared to the preceding week. Startups raised \$815 million across 21 deals from PE and VC investors, compared to the week before when they had raised \$432 million across 24 deals.

Last week's most significant deal recorded in the PE and VC space was Warburg Pincus' \$555 million bet on Shriram Housing Finance Ltd.

Notably, this is the US-based PE investor's largest deal in India since it began investing in the country more than two decades ago. The growth-stage investor will acquire the mortgage lending arm from Mumbai-listed Shriram Finance Ltd and private equity firm Valiant Partners.

The second largest deal was ChrysCapital's \$100 million investment in eyecare chain Centre for Sight. The round, comprising a mix of primary and secondary components, saw the private equity arm of Mahindra Group, Mahindra Partners, making a complete exit from its five-year-old bet.

Last week also saw a couple of mid-size transactions within the range of \$10-50 million.

Medical devices maker Biorad Medisys Pvt Ltd, backed by healthcare-focused PE firm InvAscent, got \$48 million in a round from Kotak Strategic Situations India Fund II, managed by Kotak Alternates Asset Managers, while battery tech startup Battery Smart

raised \$45 million from the likes of Acacia Inclusion Ltd, MUF Bank, Blume Ventures, The Ecosystem Integrity Fund, and British International Investment. Medical emergency platform RED. Health secured \$20 million in Series B money led by Jungle Ventures with participation from new and existing investors like HealthQuad, HealthX, and Alteria Capital.

The week saw two merger and acquisitions, against four deals in the previous week. k.amoghavarsha@live-mint.com

## Jashvik Cap eyes stake in Dolphin Sutures

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Jashvik Capital, a growth-stage private equity investor, is eyeing a stake in surgical equipment manufacturer Dolphin Sutures, at least two people aware of the development told VCCircle.

The deal may involve more investors, with Jashvik possibly attracting another bidder, said one of the two people. The transaction is estimated to be at ₹300-400 crore, or \$36-47 million, a second person said. Lincoln International is aiding Dolphin scout for potential investors. However, a Dolphin Sutures spokesperson said: "We would like to categorically deny this incorrect information."

Lincoln and Jashvik did not respond to VCCircle's queries till press time.

If finalised, this will be a second significant deal following KKR's acquisition of surgical equipment maker, Healthium Medtech from Apax Partners, earlier this month.

Incorporated in 1994, Dolphin, operated by Futura Surgicare, has diversified its offerings to include surgical mesh, skin stapler and surgical tapes. It claims to be one of the oldest manufacturers of sutures in India catering to over 75 million surgeries in last 30 years.

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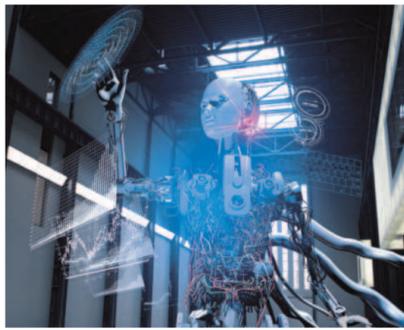
S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
CLOSE: 74005.94	CLOSE: 22502.00	CLOSE: 21144.45	CLOSE: 67657.00	CLOSE: 23508.60	CLOSE: 43047.52	CLOSE: 47959.67
1-WEEK CHANGE (%): 1.85	1-WEEK CHANGE (%): 2.03	1-WEEK CHANGE (%): 3.30	1-WEEK CHANGE (%): 5.82	1-WEEK CHANGE (%): 2.62	1-WEEK CHANGE (%): 4.92	1-WEEK CHANGE (%): 5.69
1-MONTH CHANGE (%): 2.09	1-MONTH CHANGE (%): 2.30	1-MONTH CHANGE (%): 4.03	1-MONTH CHANGE (%): 9.14	1-MONTH CHANGE (%): 3.38	1-MONTH CHANGE (%): 7.19	1-MONTH CHANGE (%): 5.52
3-MONTH CHANGE (%): 2.18	3-MONTH CHANGE (%): 2.09	3-MONTH CHANGE (%): 4.86	3-MONTH CHANGE (%): 15.48	3-MONTH CHANGE (%): 4.29	3-MONTH CHANGE (%): 7.81	3-MONTH CHANGE (%): 5.04
6-MONTH CHANGE (%): 12.48	6-MONTH CHANGE (%): 14.04	6-MONTH CHANGE (%): 20.14	6-MONTH CHANGE (%): 44.45	6-MONTH CHANGE (%): 18.89	6-MONTH CHANGE (%): 28.96	6-MONTH CHANGE (%): 21.11
1-YEAR CHANGE (%): 20.47	1-YEAR CHANGE (%): 24.12	1-YEAR CHANGE (%): 37.64	1-YEAR CHANGE (%): 67.40	1-YEAR CHANGE (%): 30.71	1-YEAR CHANGE (%): 64.59	1-YEAR CHANGE (%): 60.96

**MINT SHORTS**

**From Tokyo to New York, stock markets at record highs**

From New York to London to Tokyo, if there's one similarity among the world's equity markets it's this: record highs. Of the world's 20 largest stock markets, 14 have hit all-time highs recently. The MSCI ACWI Index, which tracks developed and emerging markets, has been on a record-breaking run. In the US, the S&P 500 and Nasdaq 100 indexes hit records this week, while the Dow Jones Industrial Average crossed 40,000 for the first time ever. Meanwhile, the biggest bourses in Europe, Canada, Brazil, India, Japan and Australia are currently at or near their peaks. Looming interest rate cuts, healthy economies and corporate earnings are driving the activity. There are plenty of potential drivers to keep the rally rolling, such as the \$6 trillion sitting in money market funds. "From a macro perspective, there are no red signals," said Salman Ahmed, global head of macro and strategic asset allocation at Fidelity International.

BLOOMBERG



Most of the earnings growth has been attributed to Big Tech, but broader participation is improving. ISTOCKPHOTO

**S&P profit recovery revs up on Big Tech and strong consumer**

Now that Corporate America's earnings season is drawing to a close, the takeaway is clear: A broad swath of companies say the worst of last year's profit pain is over. With 90% of quarterly reports in, per-share earnings of S&P 500 companies have climbed 7.3% in the first three months of 2024—on track for the second-best profit growth in two years, according to Bloomberg Intelligence. Excluding charges from big drug companies, profit growth sits at 10.5%—on pace for its best period since late 2021. "Most of the earnings growth has been attributed to Big Tech again, but broader participation is improving, which will allow the stock market to have another leg up," said Brooke May, managing partner at Evans May Wealth. "Stock valuations are a bit expensive, but that's in anticipation of stronger earnings growth in the coming quarters." The outlook is getting better, with optimism returning to corporate boardrooms on a resilient economy that can support stock gains as profits grow for a third straight quarter. That said, analysts' earnings guidance for all of 2024 has barely budged at around \$245 per share.

BLOOMBERG

**'Intermittent bouts of volatility not necessarily a bad sign'**

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Intermittent bouts of stock market volatility can be expected until the electoral outcomes, but this is not necessarily a bad sign, says Ashish Gupta, chief investment officer, Axis AMC, which manages around ₹2.6 trillion in assets. In fact, he believes periodic corrections are healthy as they eliminate excesses, and create fresh investment opportunities. Moreover, Gupta noted that investors seem to favour equities, aiming to allocate a greater portion of their portfolios to stocks. *Edited excerpts:*

**What is the overall investor sentiment? Are they mostly staying cautious, waiting to enter the stock market with more optimism after the elections?**

Market flows seem to be stabilizing, thanks in part to regulatory measures from both the Reserve Bank of India (RBI) and Securities and Exchange Board of India (Sebi) to prevent market excesses. While it's tempting for markets to surge daily, such rapid gains are unsustainable in the long term.

Over the last two years, investors have maintained a consistent approach on the equity side. Most of the investment flows we receive are through systematic investment plans (SIPs). Rather than making lump sum investments before events or timing the market, people are opting for systematic asset allocation to equities, avoiding making decisions based solely on market levels. It seems they are leaning

towards equities, aiming for a larger portion of their asset allocation to shift in that direction.

**How do you perceive the election's impact on sectors currently experiencing growth, such as manufacturing and related industries?**

Elections in India are keenly anticipated by the markets, however, the primary interest lies in policy continuity and the set of reforms brought in by the government. In the lead up to the elections, it is common to see a softness in government spending or decision making at a policy level. However, this slowdown is typically short lived due to the enforcement of the code of conduct, and the impact is temporary. The real focus is on post-election policy continuity and any government initiatives, like the often-discussed first hundred-day plan. I do not believe that manufacturing sector's outlook will change drastically based solely on the electoral outcome. The manufacturing and industrial story is quite structural and we have taken steps to start building local value chain in many products, which if we look at other countries—have built over time. We believe that this is a long-term trend, and the momentum will only build up with time as other companies see execution and benefits of making in India.

**It seems the market has already accounted for the impact of elections, expecting policy continuity. So, what factors should we pay attention to after the polls?**



One can see intermittent bouts of volatility during the period till the electoral outcomes. However, this is not necessarily a bad sign. Markets need to consolidate; in fact, occasional corrections are healthy as they clear out the froth and provide investment opportunities. **Could you name a few sectors that could be a part of longer cycles?**

There's a need for increased investment in power—both in terms of decarbonizing the economy as well as to cater to incremental demand. This is true globally as well, with the grids ageing in many developed economies. With more power coming in, there's a crucial need to invest in transmission infrastructure. This sets off a virtuous cycle, involving various entities manufacturing equipment like transformers and capacitors. This is the structural story. Sectors like cement and pharmaceuticals have been

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Personal finance gurus often advise 'buy stocks, not products of companies'. Mahindra & Mahindra Ltd (M&M) is a case in point. If you had resisted the urge to buy a gleaming new sport utility vehicle (SUV) from the Mahindra stable one year ago, and had invested the sum instead in M&M's shares, you would have doubled your money by now. While M&M has expanded its portfolio to cater to India's SUV-crazy car market, investors looking to make similar outsized gains hereon are likely to be disappointed. Still, analysts are upbeat about the company's prospects.

A robust product pipeline, comprising internal combustion engine (ICE) and electric vehicle (EV) models, a planned capital expenditure (capex) of ₹37,000 crore over the next three years, and targeted capacity expansion to 72,000 units per month by the end of FY26 (up from 49,000 per month in FY24) are the key drivers for the home-grown auto major.

M&M's increased focus on EVs is evident from its planned auto capex of

**India vs Bharat**

M&M is seeing strong traction in auto volumes due to the rising demand for SUVs, but farm sector weakness is weighing on tractor sales



₹27,000 crore, with ₹12,000 crore allocated for EVs. It plans to launch nine ICE SUVs, seven battery electric vehicles (BEVs), and seven light commercial vehicles (LCVs) by 2030.

In FY25, the management is bullish on the upcoming five-door Thar and the recently-launched XUV 3XO com-

pact SUV, which received 50,000 bookings in just 60 minutes.

"We see M&M's production ramp up improving in FY25, with new model launches. We also see M&M offering a differentiated BEV as a near-term catalyst, helping it build on its success amongst the urban affluent customer

base," BNP Paribas said in a note.

M&M has projected UV sales volume growth of mid to high teens in FY25. Its order backlog is at 220,000 units. The company maintained its numero uno position in SUV revenue market share at 20.4%, up 80 basis points (bps) year-on-year in the March quarter. Ebitda margin, at 12.9% (up 10 bps sequentially), beat consensus estimates, helped by 50 bps sequential rise in Ebit margin in the auto segment. In FY24, tractor industry volumes fell by 7% as the rural market remained under pressure. Despite this, M&M gained market share of 40 bps to reach 41.6%. In FY25, a revival in the rural sector, aided by India Meteorological Department (IMD)'s forecast of an 'above normal' monsoon, and expectations

of new products, diversification of powertrains and recovery in tractor volume along with strong sustainable margin," said a report by Prabhudas Lilladher.

The management said commodity prices should remain benign in the coming quarters, while better operating leverage and cost cutting initiatives will keep the margin profile steady. M&M's operational profile may be kicking into top gear, but that does not mean investors should expect a smooth ride. The sharp 35% rally in the last two months is making many analysts skeptical about the near-term upside left for the stock, which hit a new 52-week high of ₹2,557.95 on Friday.

"The impressive hit rate on new SUV products and the better-than-expected tractor demand recovery, we feel, is well captured by stock re-rating in the last two months...With the 1-year forward P/E and P/BV valuations adjusted for subsidiaries' value inching near +2 standard deviations above the 10-year mean, we remain cautious and retain HOLD rating on the stock," InCred Equities said.

**IN THE PIPELINE**

**THE** company plans to launch nine ICE SUVs, seven BEVs and seven LCVs by 2030

**M&M** aims targeted capacity expansion to 72,000 units per month by FY26-end

**MFs infuse ₹1.3 tn into equities in FY24 amid global volatility**

PTI  
feedback@livemint.com  
NEW DELHI

Mutual funds (MFs) showed strong confidence in Indian equities this year, injecting around ₹1.3 trillion, driven mainly by significant retail investor interest and the robust performance of the stock market.

Mutual funds, which manage long-term wealth for domestic investors, prioritize the Indian market's underlying growth potential and are less rattled by short-term events like elections, which allows them to keep investing in equities, Tra-

dejini COO Trivesh D said.

Additionally, the growing interest in systematic investment plans (SIPs) on the back of astonishing compounding stories by influencers and industry veterans has perked investors, who otherwise wish to stay away from the markets, to start participating through these mutual funds, he added.

According to the data from the Securities and Exchange Board of India (Sebi), MFs invested ₹26,038 crore in the first fortnight of the ongoing month and ₹20,155 crore in April. Moreover, the highest MF buying for 2024 was experienced in March, as they put in a



MFs invested ₹26,038 crore in the first fortnight of the ongoing month and ₹20,155 crore in April.

net of ₹44,233 crore.

Also, they invested ₹14,295 crore in February and ₹23,010 crore in January.

With the latest deployment, mutual funds investment in equities reached around ₹1.3 trillion in 2024 (till May 16), the

data showed.

In stark contrast, foreign portfolio investors (FPIs) have been withdrawing money from equities and pulled out over ₹25,000 crore this year so far, owing to a volatile global environment, uncertainty over rate cuts, and profit booking.

This is a great sign for the Indian markets, symbolizing the falling dependency on foreign money and the strengthening of retail individuals and DIIs, including mutual funds, to keep markets afloat.

This steady flow from mutual funds and other domestic institutional investors (DIIs) has supported the equity markets

over the past few years.

Notwithstanding occasional challenges, the Indian stock markets have generally shown a positive trajectory, thus catching investors' interest.

Equity has been one of the best-performing asset classes in recent years, and consequently receiving robust flows from domestic investors like mutual funds, Himanshu Srivastava, associate director, manager research, Morningstar Investment Research India, said.

For domestic investors, local markets are the most accessible investment option, which is why they continue to invest in them, he added.

**Polls, China trigger sharp FPI outflows**

PTI  
feedback@livemint.com  
NEW DELHI

Foreign investors have pulled out a massive ₹28,200 crore from Indian equities so far this month, owing to uncertainties about the outcome of the general elections and attractive valuations of Chinese markets.

The withdrawal was way higher than a net pullout of over ₹8,700 crore in April on concerns over a tweak in India's tax treaty with Mauritius and a sustained rise in US bond yields.

Before that, FPIs made a net investment of ₹35,098 crore in March and ₹1,539 crore in February. Going forward, there is likely to be a dramatic change in foreign portfolio investors' (FPIs) equity flows in response to election results.

Political stability will attract huge inflows in the Indian market, VK Vijayakumar, chief investment strategist, Geojit Financial Services, said. Following the Lok Sabha elections, FPI inflows into India could strengthen due to three key factors—potential easing of interest rates by the US Federal Reserve, positive resolutions in global geopolitical tensions and India's increasing weight in the MSCI Emerging Markets Index projected to exceed 20% by mid-2024, Karthick Jonagadda, smallcase manager and founder, Quantace Research, said.

According to the data with the depositories, foreign portfolio investors experienced a



FPIs have pulled ₹28,200 crore out of Indian equities so far in May.

can find some level of certainty. Our focus extends beyond short-term growth; sustainability is key. While some companies are thriving now, increased capital and competition in their segments could impact their prospects in the next 18 to 24 months. Banking and finance sector has underperformed recently due to heightened perception, regulatory risks. However, we believe these proactive regulations will ensure longevity of the credit cycle and aid financialization.

Therefore, it's essential to assess whether a company possesses a lasting competitive edge against potential new competitors. This includes exclusive products, innovative technology, efficient processes, or special market access. Without these, a company may currently prosper and yield profits, but it faces potential challenges when new competitors emerge. With rapid capacity increases in industries such as cement, there's a cautious stance towards smaller entities. Another dimension to consider is as the large get larger, how do new companies adapt and grow in this environment.

**How will the development of Gift City contribute to the Indian capital markets and asset management companies (AMCs) in terms of attracting inflows?**

It's still early days, so the inflows into the Indian capital

market and AMCs from offshore capital were previously routed through various offshore booking centres like Singapore and Mauritius. Now, with Gift City, we have a local jurisdiction. We are considering setting up feeder funds for non-resident offshore investors to invest in our funds through this platform. However, it is too soon to predict appetite growth. In the short term, we don't expect immediate changes as other centres are already available for investment. With Gift City's development, there may be some substitution from other centres, but over time, as we introduce new products and innovations, we anticipate gradual growth. Overall, we feel this will show results over a longer period and help bring more flows to India.

**What outcomes are you anticipating from this? Will it result in a higher number of clients or an increase in inflows?**

We are venturing into new terrain and have not established specific targets. Our AMC has a partnership with Schroders, and we are in discussions with their teams regarding how these funds can be utilized by their clients to gain exposure to India through our funds.

While we are in the process of establishing a fund, the selection of products to be included is still under consideration.

Market flows seem to be stabilizing, thanks in part to regulatory measures from the RBI and Sebi.

**Ashish Gupta**  
Chief investment officer, Axis AMC

और सभी न्यूज़ पेपर मैगजीन प्राप्त करने के लिए सर्वप्रथम इस टेलीग्राम ग्रुप को ज्वाइन करें नीचे दिए लकि पर क्लिक करके ज्वाइन टेलीग्राम

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JSW Steel joint MD and CEO Jayant Acharya. @THEJSWGROUP/X

## JSW Steel expects improvement in margins in FY25

Naman Suri & Nehal Chaliawala  
NEW DELHI/MUMBAI

JSW Steel Ltd expects to improve its margins in the ongoing fiscal year, driven by cooling input costs, rising steel prices and enhanced operational efficiencies, joint managing director (MD) and chief executive officer (CEO) Jayant Acharya said.

"We had a strong financial year (FY24) in spite of Q4 challenges. We expect that FY25 will continue to be good as well," Acharya told *Mint*. "This is because the cost will come down and the prices are now picking up after bottoming out. So, we expect prices to be stable, operating efficiencies to improve with some cost-saving projects, enhancing our margins and the absolute Ebitda," he said, adding that sales volumes will also pick up after the national elections.

JSW Steel reported a 65% fall in profit during Q4FY24 due to high input costs and other

expenses. The cost of raw materials consumed rose to ₹24,541 crore in January-March, against ₹23,905 crore in the same period of FY23. Consolidated Ebitda, or earnings before interest, tax, depreciation, and amortization, dropped 15% sequentially to ₹6,124 crore. Its operating margin stood at 13.2% during the quarter. Imports from China, though, remain a cause for concern, given their demand is poised to remain flat while global demand is expected to increase by 30 million tonnes (mt). About 35-40% of this increased demand is likely to come from India, Acharya said.

"India is growing at a faster rate than other economies and we have witnessed Chinese exports going overall in the world this year also. We remain concerned about the imports coming into the country. Last year, these imports from China went up by 93% and stood at about 2.7 mt," he added.

Notably, all CFO appointments have not immediately followed those of

# CFO churn sheds light on IT sector's bean counters

Persistent's Teredesai latest CFO to quit, the 7th to do so in India's software industry in 2 yrs

Jas Bardia  
jas.bardia@livemint.com  
BENGALURU

Seven chief financial officers at India's top IT companies have moved on in the last 24 months, throwing the light on the sector's bean counters.

The latest was Vinit Teredesai who joined Persistent Systems Ltd from LTI Mindtree, where he was chief financial officers (CFOs) since its formation in late 2022.

Earlier, CFO departures were seen at India's biggest IT firms including Infosys Ltd, Cognizant Technology Solutions Corp, Wipro Ltd, Tech Mahindra Ltd, LTIMindtree Ltd and Coforge Ltd.

Two of the seven CFOs have switched to a new IT company, while the others retired or left to pursue other professional and personal opportunities.

Most of the exits took place in four of India's top six IT companies, which reported a collective revenue of \$40 billion in FY24, which is 16% of India's \$250-billion IT industry.

Five out of the seven CFOs who were appointed were internal candidates, signalling the top management's trust in its own ranks.

After Jatin Dalal quit Wipro after more than a decade to join Cognizant, Wipro handed the keys to Aparna Iyer, who has been with the company for two decades, going against former chief executive officer (CEO) Delaport's strategy of bringing outside hires to return the company to growth.

Notably, all CFO appointments have not immediately followed those of

### CFO shift

At least seven of India's 14 top IT firms have witnessed CFO churn in the past two years

Current CFO	Date of joining	Former CFO	Reason for resignation	FY24 Revenue (in \$ million)
<b>Cognizant*</b> Jatin Dalal (came from Wipro)	Dec 2023	Jan Siegmund	Retirement	19,353 <sup>A</sup>
<b>Infosys</b> Jayesh Sanghrajka (internal)	Apr 2024	Nilanjan Roy	To pursue personal aspirations	18,562
<b>Wipro</b> Aparna C. Iyer (internal candidate)	Sep 2023	Jatin Dalal	To pursue other career opportunities	10,805
<b>Tech Mahindra</b> Rohit Anand (internal candidate)	Jun 2022	Milind Kulkarni	Retirement	6,277
<b>LTIMindtree</b> Vipul Chandra (internal candidate from group company L&T)	Apr 2024	Vinit Teredesai	To pursue other career opportunities	4,287
<b>Persistent Systems</b> Vinit Teredesai (came from LTIMindtree)	May 2024	Sunil Sapre	Retirement	1,186
<b>Coforge</b> Saurabh Goel (internal candidate)	Jan 2024	Ajay Kalra	Personal reasons and to pursue other opportunities	1,119

\*Cognizant is considered an Indian heritage IT company. More than 70% of its workforce is based in India. <sup>A</sup>Cognizant's annual revenue is as of the fiscal year ended December 2023 because it follows a January-December financial year. Note: Indian IT firms follow an April-March financial year.

Source: Mint research  
SARVESH KUMAR SHARMA/MINT

their companies' respective CEOs, barring Cognizant, where Dalal joined almost a year after S. Ravi Kumar took over as CEO. Dalal joined Cognizant from Wipro as its CFO in December 2023.

nies tend to be cash-rich, and hence, the role of the CFO goes beyond accounting and tax management to treasury, cross border financial planning and cash management," Subramanian added.

most top bosses in the IT companies have been changed if there has been a churn in top management. A lot of them leave because they are probably offered a better package," said Omkar Tanksale, research analyst at Axis Securities.

"Because IT companies have been hiring fewer employees compared to previous years, the top management looks to hire CXOs better suited to their needs," added Tanksale.

India's top four IT companies saw their headcount cumulatively drop by more than 60,000 on a yearly basis in FY24.

Queries emailed to Cognizant, Wipro, Tech Mahindra, LTIMindtree, Persistent Systems, and Coforge remained unanswered, while Infosys declined to comment.

## Tata Motors raises capex for new tech, products

PTI  
feedback@livemint.com  
NEW DELHI

Tata Motors group has raised its investment outlay for FY25 to ₹43,000 crore for new products and technologies, with its British arm Jaguar Land Rover absorbing the maximum share, according to a senior company official.

In FY24, Tata Motors group had given a guidance of ₹3 billion investment for Jaguar Land Rover (about ₹30,000 crore) and ₹8,000 crore for Tata Motors—a total of about ₹38,000 crore.

"Investment by JLR ended at ₹3.3 billion (more than ₹33,000 crore), and Tata Motors did more than ₹8,200 crore. So, the total we ended was at about ₹41,200 crore investment in FY24," Tata Motors Group CFO P.B. Balaji said in an earnings conference.

Coming to FY25, he said, for JLR, the investment will be "more like ₹3.5 billion, broadly ₹35,000 crore, because all the product plans we had are coming together (next year)".

He further said, "There is a phasing issue we are dealing (with), and these products have to (be) launched on time". For Tata Motors, Balaji said, "We will repeat the ₹8,000-odd crore range. So, JLR is about 6% increase and Tata Motors is flat. So, that's how the investment is (for FY25)".

He said the investment is "all about products and technologies" for JLR and Tata Motors.

**PRIAPUS INFRASTRUCTURE LIMITED**  
CIN: U14290HR2009PLC118878

**EXTRACT OF AUDITED FINANCIAL RESULTS FOR QUARTER AND FINANCIAL YEAR ENDED MARCH 31, 2024**  
(Rs. in thousands except per share data)

Sl No.	Particulars	Quarter ended		Year ended	
		March 31, 2024 (Audited)	March 31, 2023 (Audited)	March 31, 2024 (Audited)	March 31, 2023 (Audited)
1	Total income from operations	11,329.96	10,372.15	48,072.80	41,559.43
2	Net profit/(loss) for the period (before tax, exceptional and extraordinary items)*	3,505.96	5,061.35	21,598.42	(24,661.42)
3	Net profit/(loss) before tax for the period (after exceptional and extraordinary items)*	3,505.96	5,061.35	21,598.42	(24,661.42)
4	Net profit/(loss) after tax for the period (after exceptional and extraordinary items)*	2,644.12	3,787.50	16,162.58	(18,388.63)
5	Total comprehensive income for the period [Comprising profit/(loss) (after tax) and other comprehensive income (after tax)]	2,429.67	3,787.50	15,948.13	(18,388.63)
6	Paid-up equity share capital	1,017.00	1,017.00	1,017.00	1,017.00
7	Reserves (excluding revaluation reserve)	95,194.11	79,245.98	95,194.11	79,245.98
8	Net worth	96,211.11	80,262.98	96,211.11	80,262.98
9	Paid-up debt capital	1,25,600.00	1,37,199.98	1,25,600.00	1,37,199.98
10	Debt equity ratio (in times)	1.30	1.70	1.30	1.70
11	Earnings per equity share (face value of Rs. 10 each)				
12	- Basic and diluted earnings per equity share (Rs.)*	26.00	37.24	158.92	(180.81)
	Capital Redemption Reserve	-	-	-	-
13	Debt service coverage ratio (in times)	13,430.00	9,387.90	13,430.00	9,387.90
	Debt service coverage ratio (in times)	1.73	1.83	2.10	1.62
14	Interest service coverage ratio (in times)	2.88	4.28	4.82	3.69

\*The earnings per equity share are not annualised except for year ended March 31, 2024 & March 31, 2023.  
\*The Company does not have any exceptional and/or extraordinary item.

Notes:  
a) The above information is an extract of the detailed format of financial results for the quarter & financial year ended March 31, 2024 filed with the stock exchange under regulations 52 of SEBI (Listing Obligations and disclosure requirements) Regulations 2015. The full format of financial results for the quarter & financial year ended March 31, 2024 are available on the websites of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and of the Company (<https://www.sebcorpindia.com/priapus.html>).  
b) For the other line items referred to Regulations 52 (4) of SEBI (Listing Obligations and disclosure requirements) Regulations 2015, pertinent disclosures have been made to the Stock Exchange and are available on the websites of the Company (<https://www.sebcorpindia.com/priapus.html>).  
c) The above financial results have been reviewed and approved by the Board of Directors in its meeting held on May 16, 2024. The Statutory Auditor of the Company have carried out audit of the results for the year ended March 31, 2024.

For and on behalf of Board of Directors of  
**Priapus Infrastructure Limited**  
Sd/-  
Harsh Bansal  
Director  
DIN : 07298251

Place : Gurugram  
Date : May 16, 2024

Registered & Corporate Office Address:  
Building 7A, Level 5, DLF Cyber City, Gurugram – 122002, Haryana, India. Tel: (91) 124 6986700  
Fax: (91) 124 6986710, Email ID: [cs.india@sembcorp.com](mailto:cs.india@sembcorp.com), Website: <https://www.sebcorpindia.com/priapus.html>

(A Maharatna Company)

## POWERING NATION'S GROWTH SUSTAINABLY

PAT up by 24%    Renewable Book up by 25%    ₹ 13.50 Dividend per share

**Extract of Statement of Standalone and Consolidated Audited Financial Results for the Quarter and Year Ended 31.03.2024** (₹ in Crore)

Sr. No.	Particulars	Standalone				Consolidated			
		Quarter Ended 31.03.2024 (Audited)	31.03.2023 (Audited)	Year Ended 31.03.2024 (Audited)	31.03.2023 (Audited)	Quarter Ended 31.03.2024 (Audited)	31.03.2023 (Audited)	Year Ended 31.03.2024 (Audited)	31.03.2023 (Audited)
1	Total Income from Operations	12,243.89	10,184.89	46,022.46	39,651.75	24,141.40	20,060.86	91,096.72	77,568.30
2	Net Profit / (Loss) for the period (before Tax and Exceptional items)	5,019.97	4,281.21	17,625.69	14,170.62	9,597.00	7,761.82	33,588.12	26,496.07
3	Net Profit / (Loss) for the period before Tax (after Exceptional items)	5,019.97	4,281.21	17,625.69	14,170.62	9,597.00	7,761.82	33,588.12	26,496.07
4	Net Profit / (Loss) for the period after Tax (after Exceptional items)	4,135.45	3,492.27	14,367.02	11,605.47	7,556.43	6,128.63	26,461.18	21,178.59
5	Total Comprehensive Income for the period (Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax))	4,549.38	3,695.09	15,755.48	11,445.80	9,137.10	6,975.34	28,893.91	20,047.88
6	Paid up Equity Share Capital (Face value ₹ 10/- each)	3,300.10	2,640.08	3,300.10	2,640.08	3,300.10	2,640.08	3,300.10	2,640.08
7	Other Equity (As per Audited Balance Sheet as at 31 March)	NA	NA	75,903.39	65,562.15	NA	NA	97,846.67	81,518.41
8	Securities Premium Account	2,115.74	2,776.54	2,115.74	2,776.54				
9	Net worth	79,203.49	68,202.23	79,203.49	68,202.23				
10	Paid up Debt Capital/ Outstanding Debt	4,07,383.32	3,62,637.83	4,07,383.32	3,62,637.83				
11	Debt Equity Ratio	5.14	5.32	5.14	5.32				
12	Earnings Per Share (EPS) (Face value ₹10/- each) (for continuing and discontinued operations)*								
	(a) Basic EPS (in ₹)	12.53	10.58	43.53	35.17	17.04	14.17	59.88	48.15
	(b) Diluted EPS (in ₹)	12.53	10.58	43.53	35.17	17.04	14.17	59.88	48.15

\*EPS for the Quarters is not annualised and is restated for all comparative periods due to issue of bonus equity shares in Sep-2023.

Notes:  
1 These audited financial results of the Company have been reviewed & recommended by the Audit Committee and subsequently approved & taken on record by the Board of Directors of the Company in their respective meetings held on 15.05.2024. The same have been audited by joint statutory auditors of the Company for the FY 2023-24 in terms of Regulation 33 and 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.  
2 The above is an extract of the detailed format of quarter and year ended financial results filed with the Stock Exchanges under Regulation 33 & 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the financial results is available on the Stock Exchanges' websites [www.nseindia.com](http://www.nseindia.com) & [www.bseindia.com](http://www.bseindia.com) and on the Company's website [www.pfcindia.com](http://www.pfcindia.com).  
3 The Board of Directors of the Company in their meeting held on 15.05.2024 declared final dividend @ 25% on the paid up equity share capital i.e. ₹2.50 per equity share of ₹10/- each for the FY 2023-24, subject to the approval of the shareholders at the ensuing Annual General Meeting. In addition, the Company had also paid interim dividend of ₹11/- per equity share of ₹10/- each for the FY 2023-24.  
4 For other applicable disclosures as required under Regulation 52(4) of the SEBI (LODR) Regulations, 2015, refer detailed format of the financial results filed with the stock exchanges ([www.nseindia.com](http://www.nseindia.com) & [www.bseindia.com](http://www.bseindia.com)) and on the Company's website [www.pfcindia.com](http://www.pfcindia.com).

For and on behalf of Board of Directors  
Sd/-  
(Parminder Chopra)  
Chairman and Managing Director  
DIN - 08530587

Place : Mumbai  
Date : 15.05.2024

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## POWER FINANCE CORPORATION LIMITED

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Attero plans to invest over ₹8,000 cr in 5 years

# SC ruling gives telcos interest savings worth ₹3,000 crore

Apex court has ordered waiving interest on tax levies due to its 2023 order on licence fee

PTI  
feedback@livemint.com  
NEW DELHI

**E**lectronic waste and battery recycling company Attero plans to invest around ₹8,000 crore in the next five years to ramp up its capacity, the company's chief executive and co-founder Nitin Gupta said.

At present, the company has the capacity to recycle up to 1,44,000 tonnes of electronic waste (e-waste) and 15,000 tonnes of lithium-ion battery annually. "In the next five years, we will obviously be investing roughly around \$1 billion overall, including all forms of capital—debt, equity and sort of other non-diluted forms of capital," Gupta told PTI.

He said the company is growing 100% year-on-year and gradually increasing capacity. "A greenfield facility in Europe will come up in Poland. Work has already started there. In India, we are building another greenfield facility. We are finalizing the space in Andhra Pradesh/Jharkhand. Our e-waste (recycling) capacity will get to roughly around 4,15,000 tonnes per annum. Our battery (recycling) capacity will broadly reach around 50,000 tonnes per annum in a year," Gupta said.

The company has set a target to cross \$2 billion, about ₹16,500 crore revenue by 2027.

"Industry is growing at roughly around 30% per annum. We are growing at more than 100% y-o-y. We had revenue of around ₹285 crore in 2022-23 and ₹440 crore in 2023-24. This year we expect to cross ₹1,000 crore in revenue. To achieve the \$2 billion target, we just need to invest a few hundred crores to ramp up capacity," Gupta said.

Gulveen Aulakh  
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NEW DELHI

**T**elecom service providers, including Bharti Airtel, Vodafone Idea and Tata Communications, are set to save about ₹3,000 crore following a Supreme Court order released on Sunday.

The apex court has waived the interest levy on tax arising from its October 2023 ruling that said annual licence fees paid by telcos would be treated as capex, which are not tax deductible. The SC had overturned a 2013 Delhi High Court ruling that had said licence fees comprised revenue expenditure and were not taxable.

While the tax will still have to be paid, the interest component on the tax has been waived by the top court in its latest order. That is significant, considering that the interest portion would have been higher than the tax demand, since the tax outgo on licence fee would be calculated since 1999, when the new telecom policy was issued, executives aware of the details said.

"We have given our thoughtful consideration to the submissions advanced at the Bar. We find that since the judgment of this Court is dated 16.10.2023, and having regard to the Telecom Policy, which commenced from the year 1999, the payment of interest for the period for which the tax demand is now to be met in respect of these cases stands waived," Justices B.V. and Ujjal Bhuyan said in the order seen by Mint.

"This is a very good judgement that would reduce interest liability substantially for the industry. A very welcome move and a huge respite," said Prashant Singhal, EY's global telecom, media and technology leader for emerging markets.

According to estimates, the interest would have been in the range of ₹3,000-3,500 crore, which would not be payable now. Following the October 2023 order, telcos had made provisions against the higher tax outgo. Airtel had



The SC had overturned a 2013 Delhi HC ruling that said licence fees comprised revenue expenditure and were not taxable. PTI

made an additional tax provision of ₹226.3 crore, Vodafone Idea provisioned ₹20 crore and Tata Communications provisioned around ₹200 crore, as per the telcos' quarterly reports.

"This is a welcome decision by the Hon'ble Supreme Court," said S.P. Kochhar, director general, Cellular Operators Association of India, which represents all carriers in the country.

The Supreme Court has exercised its extraordinary jurisdiction while passing the present order and has directed lower Courts to keep this decision in mind while deciding on pending appeals," said Vishwas Panjari, Partner, Nangia Andersen LLP.

The apex court's latest ruling was on an appeal filed by Bharti Hexacom, which had asked the court for waiving

a capital expenditure that had to be amortised over a period of years under the Income Tax Act, 1961. After the judgment, the licence fee would have to be treated as a capital expense, with a provision for amortization of the licence fee over the licence period, and would hence lead to a higher tax outgo.

Currently, telcos treat licence fees as an expense that is tax deductible. The court's ruling meant that telcos were required to reverse the accounting entries passed over the past two decades (from 1999 onwards), for tax purposes, leading to higher income in the year of expenditure. Telcos were, hence, required to recompute taxes for all these years and had become liable

to pay up accrued interest on the delay in payment of taxes. "It was submitted that a heavy burden would now be on the assesses as from the assessment year 2000-2001 onwards the tax demand would have to be recomputed and met. Therefore, the Assesses have in fact sought for waiver of interest for the said period," the order issued Sunday stated.

## BIG RELIEF

**WHILE** the tax will still have to be paid, interest has been waived by the top court

**THAT** is significant, considering that the interest portion would've been higher than the tax demand

**THE** interest would have been ₹3,000-3,500 crore, which would not be payable now

**FOLLOWING** the October 2023 order, telcos had made provisions against the higher tax outgo

The order also stated that the order shall not be cited as a precedent as it was passed on account of peculiar facts of the case and that appeals related to the matter in all fora including the high court, the income tax appellate tribunal and others would keep in mind this SC order, while disposing of the appeals.

"Considering the ramifications of its earlier order on telcos, it appears that

the interest on tax that would have to be recomputed from 2000-2001, following the apex court's October 2023 ruling, as the period of the demand ranged from the commencement of the new Telecom Policy of the year 1999.

The October 2023 ruling stated that annual licence fee was not revenue expenditure and, therefore, not deductible as a business expense. It was



Until last year, the law didn't specify tax rates on online gaming, and firms paid 18% GST on the platform fee or commission. ISTOCKPHOTO

## GST Council to hear gaming firms' plea

FROM PAGE 1

the government's claim to money—actionable claim in tax parlance—was always 28% tax on the full deposit amount. Since the government holds this view, giving relief on the tax demand would require a strong rationale.

Queries emailed to a spokesperson for the finance ministry and the GST Secretariat on Thursday seeking comments remained unanswered till publishing.

An executive from a leading online gaming firm said the industry's complaint was about the tax notices for the pre-October 2023 period and not about the new regime, which they are complying with. The executive cited an industry plea before tax officials stating online gaming companies are a platform, and there is no actionable claim, and that actionable claim can be at most between the players. The executive also said that GST has been "duly paid and returns were filed" and that the tax authority decided to take action after five years of GST implementation. "This will shut down the industry as the demands are higher than the revenues for the last five years," the executive said, requesting not to be named as the matter was sub-judice.

According to experts, online gaming platforms always

believed that until 1 October, GST was neither payable on the entire bet value for games offered by them nor was the GST rate at 28%.

"The tax demand in some of the cases for the period prior to October 2023 is significantly higher than the revenues of these gaming companies. Besides, the government's revenue from this sector has gone up after the regime change in October 2023. In view of these circumstances, it may make sense to evolve a solution on the tax demands for the prior period that is a win-win for the industry and the government," said Abhishek Jain, partner and national head of indirect tax at KPMG in India.

To be sure, Central Board of Indirect Taxes and Customs (CBIC) chairman Sanjay Kumar Agarwal had in an interview to Mint published on 3 February and his predecessor Vivek Johri in an interview to Mint published on 14 July 2023 have clarified that recovery of the tax dues from online gaming companies can take place only after the decision of the Supreme Court, where the matter is pending. GST authorities' argument that online gaming attracts 28% GST, like betting, was not upheld last May by the Karnataka High Court that favoured the industry, prompting the Centre to move the apex court.

## Kumar, Pai to exit Byju's panel amid flurry of lawsuits

FROM PAGE 1

Unfortunately, the company got embroiled in all kinds of litigation", the executive cited above said.

A second executive, also speaking on the condition of anonymity, said in addition to the three areas, the advisory panel also worked with Raveendran to expand the board, change the composition of the board committee, and help Byju's settle debt with creditors.

Text messages sent to Kumar and Pai seeking comment remained unanswered till press time.

The latest development adds to the woes of Byju's, once the most valuable homegrown unlisted company, estimated to be worth \$22 billion in 2022.

Earlier this year, Blackrock, an investor in the company, slashed Byju's valuation to \$1 billion, while another investor, Sequoia Capital (now Peak XV Partners), has written off its investment in the online tutor.

The advisory panel was set up last July after G.V. Ravishankar of Peak XV Partners, Vivian Wu of Chan Zuckerberg Initiative, and Russell Dreisenstock of Prosus resigned from the board of Think & Learn citing poor corporate governance. Byju's statutory auditor at the time, Deloitte Haskins & Sells, also resigned, citing delays in the company sharing information with it.

Byju's inability to raise more money from investors has forced the company to let go of thousands of employees, even leading to delays in salaries being paid to its staff. Last



Kumar and Pai have informed Raveendran. BLOOMBERG

month, Byju's India chief executive Arjun Mohan stepped down merely seven months after joining the firm.

Raveendran, his wife Divya Gokulnath, and brother Riju Raveendran are the three members of the board.

Byju's was sanguine when it set up the advisory panel last year. "This council will play a pivotal role in advising and mentoring Byju's board and its

chief executive officer Byju Raveendran on crucial matters that shape the company's future," Think & Learn had said in a statement at the time. Earlier this year, several Byju's shareholders voted to oust Raveendran at a special shareholder meeting. Byju's rejected the move, saying the shareholder meeting was "invalid and ineffective". The matter is now before the Karnataka High Court.

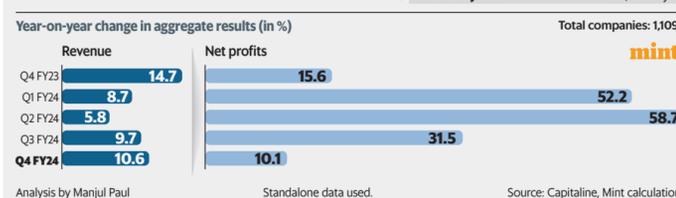
There are several insolvency proceedings before the NCLT too. Byju's also has a dispute with Glas Trust Co., the trustee representing US lenders.

## MINT Q4 EARNINGS TRACKER

The combined revenue of the companies that have declared their March-quarter financial results so far has risen 10.6% year-on-year, while net profits have risen 10.1%, a Mint analysis showed. Excluding the companies in the banking, financial services and insurance (BFSI) sectors, the topline grew 4.5%, while profits were down 11.8%.

Q4 FY24 results so far, BSE-listed firms		
	Total: 1,109 companies	Excl. BFSI: 920 companies
Aggregate revenue	₹25.0 tn (▲ 10.6%)	₹17.2 tn (▲ 4.5%)
Aggregate net profit	₹2.5 tn (▲ 10.1%)	₹1.3 tn (▼ 11.8%)

Figures in brackets denote year-on-year change for the same set of companies. BFSI: Banks, financial services, and insurance. Standalone data used.



Upcoming key results this week	
Oil and Natural Gas Corporation	Mon, 20 May
PI Industries	Tue, 21 May
Sun Pharmaceutical Industries	Wed, 22 May
ITC	Thu, 23 May
Ashok Leyland	Fri, 24 May

## Bank of Maharashtra tops biz growth in FY24 among PSBs

PTI  
feedback@livemint.com  
NEW DELHI

**S**tate-owned Bank of Maharashtra recorded the highest growth rate last fiscal in terms of total business and deposit mobilisation among public sector lenders at a time when most banks are facing difficulty in achieving double-digit growth.

The Pune-headquartered lender has registered a 15.94% rise in the total business (domestic) in 2023-24, followed by the country's largest lender State Bank of India (SBI) with 13.12% growth, according to published financial numbers of the public-sector banks (PSBs).

However, SBI's total business (deposit and advances) was about 16.7 times higher at ₹79,52,784 crore compared to ₹4,74,411 crore of Bank of Maharashtra (BoM) in absolute terms.

Similarly, BoM continued to maintain its top spot in terms of growth in deposit mobilisation, with a 15.66% rise in FY24. It was followed by SBI (11.07%), Bank of India (11.05%) and Canara Bank (10.98%).

Out of 12 public-sector banks, only these four lenders could log a double-digit growth in deposits in the financial year 2023-24.

In terms of low-cost CASA deposits, the Bank of Maharashtra continued to top the chart with 52.73% growth, fol-

lowed by the Central Bank of India with a 50.02% rise at the end of March 2024.

A higher level of current account and savings accounts helps banks to keep their cost of funds low.

With regard to loan growth, the Kolkata-based UCO Bank was a tad higher at 16.38%, followed by BoM at 16.30%. SBI also reported 16.26% growth in advances in FY24.

Loan growth of remaining public sector banks was lower than 16% during the fiscal.

On the asset quality side, BoM and SBI reported the lowest gross non-performing assets with 1.88% and 2.24%, respectively, as of 31 March 2024.

## New chief for SBI likely this week; three MDs front-runners

FROM PAGE 1

the condition of anonymity. "Whoever becomes the chairman, will be good for the bank."

The FSIB, headed by Bhanu Pratap Sharma, former secretary of the department of personnel and training (DoPT), is tasked with the responsibility of appointing senior executives to public-sector financial institutions.

Email to Sharma and text messages to Setty, Tewari, and Tonsse remained unanswered till press time.

**'Astrong franchise'**  
Pointing out that Khara's successor inherits a strong franchise, Asutosh Mishra, head, institutional equities research, Ashika Stock Broking, said the key challenge will be maintaining the quality of the loan book.

"It's akin to driving a truck at high speed without making

major mistakes," he said. "Resource mobilization will be another significant challenge, as changing Indian household saving habits is changing and thus will require innovative strategies to support growth while maintaining profitability."

**The veteran banker**  
The senior-most among the three candidates is Setty, who has spent nearly 36 years with SBI, and has overseen almost all the important verticals. He oversaw the ₹1.49 trillion stressed assets portfolio at the peak of the bad loan cycle in 2018, when Rajnish Kumar was chairman.

After he was promoted as managing director in January 2020, Setty has overseen several portfolios including retail, digital banking, and global markets including treasury, international markets and technology.

Currently, he is also part of



The front-runners for the post are SBI's three MDs—C.S. Setty, Ashwini Kumar Tewari and Vinay M. Tonsse. MINT

various committees set up by the Department of Financial Services on financial inclusion, small business banking and EASE (enhanced access & service excellence) reforms for PSU banks.

His peers describe Setty to be a man of ideas, who is always thinking of what new he can do for the bank.

**The corporate banker**

At 57, Tewari is the youngest of the three; he joined the bank as a probationary officer in 1991.

Tewari, too, has handled various assignments both within India and abroad. He is currently heading corporate banking and subsidiaries. As the MD, he has also handled risk, compliance, stressed assets, International Banking and IT.

Prior to becoming MD at SBI, he was MD & CEO of SBI Card from August 2020 to January 2021, where he oversaw key partnerships with GPay, PayTM, BPCL, and also steered the company through the immediate aftermath of the covid outbreak.

He was the country head of SBI's US operations from April 2017 to July 2020, and prior to that, regional head of East Asia operations at SBI.

His peers praise him for his skill at handling government agencies and regulators.

**The latest MD at SBI**  
Tonsse is the latest to take charge as MD in November 2023. He looks after retail banking, after his predecessor J. Swaminathan was appointed as deputy governor of the Reserve Bank of India (RBI).

A native of Udupi town in Karnataka, Tonsse joined the bank in 1988. During his college days, he won medals in

archery in state mini-Olympics and represented Karnataka at the national level.

Tonsse's peers describe him as a soft-spoken person, with strong team-building capability. He has worked as staff college trainer in Hyderabad and Bengaluru. He also worked as the MD & CEO of SBI Mutual Funds from August 2020 to December 2022.

The appointment of a new chairman comes at a time when SBI's financial performance has vastly improved.

"Khara's main achievement is that he has been able to improve the financial performance of the bank. Since he took charge as chairman, the share price has zoomed from ₹250 levels to ₹820 per share," said a former senior SBI official.

"While he may not have been perceived to do anything innovative, Khara did a commendable job in these uncertain times," the official said.



# Inter-ministerial task force in works to rein in digital ads

Panel to evolve framework to regulate social media ads and oversee compliance

Varuni Khosla & Dharendra Kumar  
NEW DELHI

Three high-profile ministries that oversee different aspects of social media advertising are joining hands to create a task force that can comprehensively crack down on misleading ads and fraudulent schemes promoted on digital platforms.

An inter-ministerial task force to monitor and regulate social media ads is being established by the ministries of information and broadcasting, electronics and information technology, and consumer affairs, according to two people aware of the development.

The task force will create a comprehensive regulatory framework to monitor and regulate social media ads, oversee compliance, and take action against violators, they said.

Currently, the ministry of information and broadcasting (I&B) deals with advertisement content, while the ministry of consumer affairs oversees misleading content and surrogate advertisements, and the ministry of information technology (Meity) governs social media intermediaries or platforms.

"By themselves, each of the three ministries is unable to take up all the social media advertising-related issues," said one of the persons cited earlier.

"For instance, if the I&B ministry issued an advisory against offshore betting and gambling companies, it is Meity that would block them on OTT platforms and not I&B directly. However, even Meity can only do so upon receiving directives from the other ministry," this person said.

"The ministry of consumer affairs also issues advisories, but there are no regulations on what is to be done with misleading content, so there is no final outcome on issues despite there being violations."

The task force is likely to be established by June, said the two people, both of them declining to be identified. Spokespersons for the ministries of

## Why a task force?

I&B, consumer affairs ministries & Meity are unable to take up all social media ad-related issues. Violations often do not face actions.

Responsible authority	Regulatory aspect/body	What it does at present	Provisions/guidelines
Ministry of Electronics and Information Technology (MeitY)	Information Technology Act, 2000	Governs digital content and intermediaries	Intermediary Guidelines (2021): Obligations for platforms to monitor and regulate content; intermediaries to collect and store data on users for a period of 18 months and inform them of guidelines
ASCI	Advertising Standards Council of India (ASCI)	Self-regulation of advertising content	1. General guidelines for truthful and non-misleading ads 2. Influencer Guidelines: Mandatory disclosure of paid partnerships
Central Consumer Protection Authority (CCPA)	Consumer Protection Act, 2019	Protects consumers from misleading ads	Defines and prohibits misleading advertisements; empowers the CCPA to take action against violators
I&B Ministry	Ministry of Information and Broadcasting (I&B Ministry)	Regulates content across various media, including social media	Drafting comprehensive guidelines for digital media ads
Task force: I&B Ministry, MeitY, Ministry of Consumer Affairs	Potential plan of the task force	Collaborative effort to regulate social media ads	Developing and implementing policies; monitoring compliance



Source: Mint research

I&B, consumer affairs, and Meity did not reply to *Mint's* queries.

At present, there is no clear way to address complex issues such as ads that fall into the category of dark patterns—surrogate ads that promote a different product, social media short videos or reels that are actually ads in disguise, ads that bait a consumer only to switch what's actually being promoted.

comprehensive response to the issue," said the official quoted earlier. "Digital ads are spread across the spectrum and include both individual influencers as well as those done by social media agencies."

In terms of laws, currently, social media ads are governed under the Information Technology Act, 2000, and the Consumer Protection Act of 2019, along

companies to submit a self-declaration for all ads on all media. Advertisers must upload these on the Broadcast Sewa Portal run by the I&B ministry. For advertisements in print or on the internet, the ministry has to create a dedicated portal.

Firms would have to provide evidence of uploading the self-declaration to the relevant broadcaster, printer, publisher, TV channel, or electronic media platform before their ads can be made public. The directives are legally binding under Article 141 of the Constitution and failure to comply would invite consequences.

The ASCI, however, believes implementing the court's order could be challenging given the scale and scope of ads, particularly on digital media.

"For local and hyper-local channels and press, as well as smaller platforms, the entire information mechanism will need to be incorporated as part of the technology offering," said Manisha Kapoor, chief executive and secretary general, ASCI.

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with the Advertising Standards Council of India (ASCI), the industry watchdog.

Last month, the Supreme Court, hearing a complaint against false and exaggerated medical claims by yoga guru Ramdev's Patanjali Ayurved, slammed the company as well as other consumer goods firms for peddling misleading ads.

The court made it compulsory for all

# Multiplex chains renegotiate rentals as business dwindles

Lata Jha  
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NEW DELHI

The cinema business model was fairly straightforward, before covid and streaming platforms upended it: multiplexes would lease a large space in a mall on rent, build theatres and screen movies. Elections and cricket extravaganza IPL have further complicated the movie business, prompting multiplexes to rethink their strategy.

Multiplex chains that have seen their business hit new lows over the past few months, with big Hindi language releases having reduced to a trickle and few Hollywood hits and successes in local languages such as Tamil or Telugu, are trying to convince mall developers to agree to a partnership model where they can co-invest in new theatres. Further, revenue terms are being renegotiated. Instead of lease rent, theatre chains want to share revenue based on how well a film does. Further, while some properties, signed a couple of years ago, are coming up as planned, others are waiting for the business to improve.

"The general terms that chains are asking for, given the current state of the business, are partnership models where they (multiplexes) can co-invest in cinemas along with developers and a certain portion of the capital expenditure is demanded upfront. Multiplexes are also asking for costs of lobby finishing or seats, in some cases," Anuj Kejriwal, CEO and managing director, ANAROCK Retail, said. Kejriwal added that several properties are not getting signed unless developers feel the locations are great and the overall rents have dipped by 15-30% over the past six

months.

Further, several chains are insisting that existing rents be based on theatre occupancies, said Abhishek Sharma, director, retail at Knight Frank, a realty consulting firm. "For certain occupancies, there might be specific MG (minimum guarantee) promised, plus a share of the revenue. Chains are saying the business is cyclical and at the moment, no big-star films are releasing," Sharma explained. While some new openings are taking place as per plan, Sharma said it is also intentional to hold back a few properties and wait for the right time in order to minimize losses. "Signings are happening, because those are long-term deals

but some cinemas are on hold till big releases start arriving," he added.

As part of its earnings release last week, multiplex chain PVR Inox Ltd said it closed 85 underperforming screens in FY24 and 70 screens will shut down in FY25, as the company looks at renegotiation of cinema rentals, a leaner organization structure and other overhead cost control. The firm that shall be 'very selective' in new screen additions, plans to open



Multiplex chains have seen their business hit new lows over the past few months.

around 120 new screens in FY25, prioritizing expansion efforts in south India and will partner with developers to jointly invest in new screen capital expenditure, it said. Transitioning towards a capital-light growth model would mean reducing capital expenditure in FY25 by 25% over FY24.

"The key strategic priorities should help the company in charting a new, less capital intensive and incrementally profitable growth path. Our endeavour is to redefine our growth strategy, focus on fixed cost reduction, thus improving profitability resulting in enhanced return on capital and free cash flow generation," Ajay Bijli, managing director, PVR Inox Ltd, had said in a statement.

A trade analyst said that while renegotiations of terms are on, malls cannot afford to run the business without multiplex chains.

"They are seen as anchor tenants, so will be able to dictate some terms. Anyway, malls without multiplexes see no footfalls," the person said, requesting anonymity. At the moment, though, most malls are refraining from operating all screens that they house and adopting tactics such as starting shows later in the day, to minimize expenses when there is no content to feed cinemas, the person added.

## ITC's Sanjiv Puri takes over as CII president

Gireesh Chandra Prasad  
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NEW DELHI

Sanjiv Puri, chairman and managing director of consumer goods major ITC Ltd, has taken over as president of Confederation of Indian Industry (CII) for the 2024-25 period, the industry body said in a statement on Sunday. Puri takes the reins at CII from TVS Supply Chain Solutions chairman R. Dinesh. Puri is also the chairman of ITC Infotech India Ltd and its subsidiaries in the UK and the US. A diversified conglomerate, ITC's businesses include fast-moving consumer goods, hotels, packaging, and information technology.

Rajiv Memani, chairman of the India region of EY, a consultancy, has taken over as president-designate of the industry body for the year 2024-25. Memani is also a member of EY's global management body as the chair of its global emerging markets committee. Memani advises large Indian companies, private equity funds and multinational organizations on building confidence, mergers and acquisitions, technology, and smart capital allocation strategies, the statement added.

Managing director and CEO of Tata Chemicals Ltd R Mukundan has taken over as vice president of the industry body for 2024-25.

An alumnus of IIT Roorkee and Harvard Business School, Mukundan has held various roles across the chemical, automotive and hospitality sectors of the Tata Group during his 33-year career with the group. The industry lobby group's businesses outlook surveys give an indication of the trends in capacity utilization and new investments in the economy.

**REC Power Development and Consultancy Limited**  
(Formerly Known as REC Power Distribution Company Limited  
A wholly owned subsidiary of REC Limited, a 'Maharatna CPSE'  
under Ministry of Power Govt. of India)

**NOTICE INVITING TENDER**  
(Domestic Competitive Bidding)

Tender No.: RECPDCL/UPNEDA/200MWSOLAR/EPC/FY25/001, dated 17-05-2024  
REC Power Development Consultancy Limited (RECPDCL), a wholly owned subsidiary of REC Ltd. invites bids (through e-tendering followed by e-Reverse Auction on REC's e-wizard portal) for "Setting up a Grid-Connected 200 MW Ground Mounted Solar PV Power Plant at Jhansi, Uttar Pradesh"

For more details, please visit [www.recpdcl.in](http://www.recpdcl.in) or [rec.e-wizard.in](http://rec.e-wizard.in)  
Date of Pre-bid meeting of the tender is  
27.05.2024 at 12:00 Hrs through online  
Last date for submission of Tender is 06.06.2024 upto 17:00 Hrs.

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**NOTICE**  
**Transfer of Equity Shares of Indus Towers Limited to Investor Education and Protection Fund ("IEPF")**

This Notice is published pursuant to the provisions of Companies Act, 2013 ("Act") read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"). The Act and the Rules provide for the mandatory transfer of Equity Shares, in respect of which dividend remains unpaid/unclaimed for a period of seven consecutive years or more, to IEPF.

Adhering to the aforesaid requirements, the Company has communicated individually to such Shareholders whose dividends remain unpaid/unclaimed for seven consecutive years commencing from the Financial Year 2016-2017 (Final Dividend 2016-17) requesting them to claim the same by Wednesday, August 21, 2024, by following the procedure laid down in the correspondence sent to them on Saturday, May 18, 2024.

In the interest of the Shareholders, e-mail communication has also been sent to those Shareholders whose e-mail ids are registered with the Company. The Shareholders who do not have their email ids registered may note that the requisite details of such shares which are liable to be transferred to IEPF along with the procedure for claiming the same, is uploaded on the website of the Company as stated hereunder. In the absence of receipt of a valid claim by the Shareholders within the mentioned timeframe, the Company will transfer the said shares to IEPF.

Further, the Shareholders holding Equity Shares in physical form and whose shares are liable to be transferred to IEPF may please note that the Company would be issuing new Share Certificate(s) in lieu of the original Certificate(s) held by them for the purpose of conversion into DEMAT form and subsequent transfer in the DEMAT accounts opened by the IEPF Authority with NSDL and CDSL. Upon such issue, the original Share Certificate(s) which are registered in their name will stand automatically cancelled and be deemed non-negotiable. In case of such shareholders, holding shares in DEMAT form, the transfer of shares to DEMAT account of the IEPF Authority as indicated hereinabove shall be effected by the Company through the respective depository by way of corporate action.

The Shareholders may note that the Company has uploaded the updated list of such Equity Shares which are liable to be transferred to IEPF on its website at [www.industowers.com](http://www.industowers.com). The shareholders may further note that the details uploaded by the Company on its website are treated as notice in respect of issue of the duplicate Share Certificate(s) by the Company for the purpose of transfer of shares to IEPF pursuant to the Rules.

Further dividend/ benefit, if any, in respect of Equity Shares so transferred shall also be credited to IEPF. No claim shall lie against the Company in respect of the dividend and the shares transferred to IEPF. On transfer of the dividend and shares to IEPF, the Shareholders may claim the same by making an application to IEPF Authority in Form IEPF-5, as per the Rules. The said form is available on the Company's website and on the website of IEPF at [www.iepf.gov.in](http://www.iepf.gov.in).

In view of the above, the concerned Shareholders are once again requested to claim their unclaimed dividends before Wednesday, August 21, 2024 by submitting written application along with a self-attested copy of PAN card, copy of cancelled cheque, self-attested copy of address proof and the original uncashed dividend warrant (if any) or a duly filed indemnity bond (available on the website of RTA and the Company) falling which the Company shall, in adherence to the requirements of the Act and the Rules, transfer the shares on which dividend remains unpaid/unclaimed for seven consecutive years to the IEPF Authority in accordance with applicable provisions without any further notice.

In case the Shareholders have any queries, they may contact the Company's Registrar and Share Transfer Agent, KFin Technologies Limited, at their address Selenium Building, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032. Ph. No.: +91-40-67161736 Toll Free No.: 1800-3094-001. Email id: [einward.ris@kfinfintech.com](mailto:einward.ris@kfinfintech.com). Website: [www.kfinfintech.com](http://www.kfinfintech.com).

For Indus Towers Limited  
Sd/-  
Samridhi Rodhe  
Company Secretary & Compliance Officer

Place: Gurugram  
Date: May 18, 2024

**sembcorp**

**SEPSET CONSTRUCTIONS LIMITED**  
CIN: U45300HR2007PLC117953

**EXTRACT OF AUDITED FINANCIAL RESULTS FOR QUARTER AND FINANCIAL YEAR ENDED MARCH 31, 2024**  
(Rs. in thousands except per share data)

Sl No.	Particulars	Quarter ended		Year ended	
		March 31, 2024 (Audited)	March 31, 2023 (Audited)	March 31, 2024 (Audited)	March 31, 2023 (Audited)
1	Total income from operations	1,17,429.10	1,15,033.02	4,19,754.14	4,12,798.77
2	Net profit/(loss) for the period (before tax, exceptional and extraordinary items) <sup>1</sup>	50,036.20	53,045.49	1,69,699.69	1,01,160.27
3	Net profit/(loss) before tax for the period (after exceptional and extraordinary items) <sup>2</sup>	50,036.20	53,045.49	1,69,699.69	1,01,160.27
4	Net profit/(loss) after tax for the period (after exceptional and extraordinary items) <sup>3</sup>	36,984.25	40,057.49	1,26,299.69	77,694.85
5	Total comprehensive income for the period [Comprising profit/(loss) after tax] and other comprehensive income (after tax)	36,562.71	40,057.49	1,25,878.15	77,694.85
6	Paid-up equity share capital	2,34,154.36	2,34,154.36	2,34,154.36	2,34,154.36
7	Reserves (excluding revaluation reserve)	7,68,709.74	6,42,831.59	7,68,709.74	6,42,831.59
8	Net worth	10,02,864.10	8,76,985.95	10,02,864.10	8,76,985.95
9	Paid-up debt capital	16,64,100.00	17,79,699.98	16,64,100.00	17,79,699.98
10	Debt equity ratio (in times)	1.66	2.02	1.66	2.02
11	Earnings per equity share (face value of Rs. 10 each)				
12	- Basic and diluted earnings per equity share (Rs.) <sup>4</sup>	1.58	1.71	5.39	3.32
13	Debt service coverage ratio (in times)	2.07	2.14	1.88	1.73
	Interest service coverage ratio (in times)	4.26	4.19	3.73	3.34

<sup>1</sup> The earnings per equity share are not annualised except for year ended March 31, 2024 & March 31, 2023.  
<sup>2</sup> The Company does not have any exceptional and/or extraordinary item.

**Notes:**

a) The above information is an extract of the detailed format of financial results for the quarter & financial year ended March 31, 2024 filed with the stock exchange under regulations 52 of SEBI (Listing obligations and disclosure requirements) Regulations 2015. The full format of financial results for the quarter & financial year ended March 31, 2024 are available on the websites of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and of the Company (<https://www.sebcorpindia.com/sepset.html>).

b) For the other line items referred to Regulations 52 (4) of SEBI (Listing obligations and disclosure requirements) Regulations 2015, pertinent disclosures have been made to the Stock Exchange and are available on the websites of the Company (<https://www.sebcorpindia.com/sepset.html>).

c) The above financial results have been reviewed and approved by the Board of Directors in its meeting held on May 16, 2024. The Statutory Auditor of the Company have carried out audit of the results for the year ended March 31, 2024.

For and on behalf of Board of Directors of  
**Sepset Constructions Limited**  
Sd/-  
Harsh Bansal  
Director  
Place: Gurugram  
Date: May 16, 2024  
DIN: 07298251

Registered & Corporate Office Address:  
Building 7A, Level 5, DLF Cyber City, Gurugram – 122002, Haryana, India, Tel: (91) 124 6986700  
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# U.S. fears undersea cables are vulnerable to espionage from Chinese repair ships

Google, Meta Platforms and others partially own many cables, but they rely on maintenance specialists, including some with foreign ownership

Dustin Volz, Drew FitzGerald,  
Peter Champelli & Emma Brown

WASHINGTON

**U**S. officials are privately delivering an unusual warning to telecommunications companies: Undersea cables that ferry internet traffic across the Pacific Ocean could be vulnerable to tampering by Chinese repair ships.

State Department officials said a state-controlled Chinese company that helps repair international cables, S.B. Submarine Systems, appeared to be hiding its vessels' locations from radio and satellite tracking services, which the officials and others said defied easy explanation.

The warnings highlight an overlooked security risk to undersea fiber-optic cables, according to these officials: Silicon Valley giants, such as Google and Meta Platforms, partially own many cables and are investing in more. But they rely on specialized construction and repair companies, including some with foreign ownership that U.S. officials fear could endanger the security of commercial and military data.

The Biden administration's focus on the repair ships is part of a wide-ranging effort to address China's maritime activities in the western Pacific. Beijing has taken steps in recent decades to counter U.S. military power in the region, often by seeking ways to stymie the Pentagon's communications and other technological advantages in case of a clash over Taiwan or another flashpoint, officials say.

U.S. officials have told companies, including Google and Meta, about their concerns that Chinese companies could threaten the security of U.S.-owned cables, a person familiar with the briefings said. In some cases, the conversations have included discussion of Shanghai-based S.B. Submarine Systems, the person said.

Senior Biden administration officials have also received briefings in recent months about the risks posed by Chinese companies, including SBSS, working on repairs

to undersea cables, according to the person.

The security of undersea cables "is rooted in the ability of trusted entities to build, maintain, and repair" them "in a transparent and safe manner," the National Security Council said in a statement, noting that satellite ship tracking "is one such measure that supports vessel monitoring and safety."

The administration declined to comment on SBSS. Google and Meta declined to comment about the Biden administration's concerns related to SBSS. SBSS didn't respond to requests for comment.

The gaps in the company's ship-location data could be explained by spotty satellite coverage rather than as an effort to hide their positions, according to another person who is familiar with the company. The cable owners often have representatives aboard repair ships at sea, which would make any potential meddling with cable gear hard to hide, the person added.

The vessels—named the Fu Hai, Fu Tai, and Bold Maverick—periodically disappeared from satellite ship-tracking services, sometimes for days at a time, while operating off Taiwan, Indonesia and other coastal locations in Asia, according to a *Wall Street Journal* analysis of shipping data.

The data gaps were unusual for commercial cable ships and lacked clear explanation, the officials and industry experts said.

Hundreds of thousands of miles of underwater fiber-optic cables carry almost all the world's international internet traffic. Dozens of lines lace the Pacific Ocean floor, shuttling data between the Americas, Asia and many island chains.

SBSS is part of a regional consortium of companies that provides ships to fix undersea cables, including some belonging to major U.S. companies, by winching them to the surface, resplicing broken fibers that carry internet data and returning the lines to the sea floor.

U.S. and congressional officials who disclosed their concerns about SBSS wouldn't say whether their



SBSS is part of a regional consortium that provides ships, including the CS Fu Hai, to fix undersea cables.

worries stemmed from classified intelligence about maritime espionage or only potential threats to internet infrastructure. But commercially available satellite tracking data showed numerous gaps while the company's ships were at sea, they said.

Underwater cables are vulnerable to tampering when they are brought to the surface for repairs, U.S. officials say. Tapping global data flows is still far easier on land, industry experts say. But at-sea repair could still offer an opportunity to install a device to remotely disable a cable or to study the technology in advanced signal repeaters installed by other companies.

U.S. officials said that cable repair ships pose a security threat because they could engage in clandestine tapping of undersea data streams, mapping of the ocean floor to conduct reconnaissance on U.S. military communication links, or theft of valuable intellectual property used in cable equipment. The ships could also lay cables for the Chinese military, they said.

Liu Pengyu, a spokesman for the

Chinese Embassy in Washington, said he wasn't aware of U.S. concerns about SBSS.

"It is nothing wrong for Chinese companies to carry out normal business in accordance with the law," he said. "We firmly oppose the U.S. to generalize the concept of national security and attack and smear Chinese companies."

The SBSS vessels' location-tracking beacons have been inoperative periodically over the past five years, according to radio and satellite data from commercial data provider MarineTraffic that was reviewed by the *Journal*. In early February 2021, the Fu Hai left its berth near Shanghai and sped north up the coast into the Yellow Sea. Then the 340-foot, red-hulled vessel stopped broadcasting its location signal for two days before it popped up back near Shanghai. The signal went on and off for a few more days back near Shanghai before the ship docked again, tracking data show.

It wasn't clear whether the vessel's automatic identification systems—satellite and radio transponders that ships use to broadcast their location—were turned off or suffered an unintentional outage.

The Fu Hai has seen other significant gaps in reporting its tracking data at least a dozen times over the past five years, according to the MarineTraffic data.

A gap in transponder data alone isn't necessarily a red flag, a senior U.S. government official said. "But it would raise suspicions if it happens repeatedly, especially if they are operating in the vicinity of a cable that might have strategic significance," such as those ferrying military communications, the official said.

The U.S. intelligence community has warned for years about the security of undersea cables, noting in a 2017 report that industry consortia that maintain cables might "present vulnerabilities" and could be "susceptible to threats from insiders." Cable integrity has long been a U.S. concern in the event of a direct conflict with China, former intelligence officials said.

SBSS was formed in 1995 as a Chinese-British joint venture. State-owned China Telecom has long held 51% of the business and is in the process of buying the remainder from U.K.-based Global Marine Systems, according to peo-

ple familiar with the matter. A member of the Chinese Communist Party serves on the SBSS management team, according to the company's website. He didn't reply to a written message seeking comment.

The U.S. in 2021 stripped China Telecom's licenses, arguing that it was subject to "exploitation, influence and control by the Chinese government." The move didn't affect U.S. companies' ability to use the repair consortium that includes SBSS.

Safeguarding underwater cables has been a focus of U.S. national security officials since the Cold War, when fears of Soviet espionage were paramount. In the 1970s, the U.S. secretly placed wiretaps on underwater Soviet lines in an intelligence coup known as Operation Ivy Bells.

Beijing's rapid military buildup in the South China Sea in recent decades has heightened American government worries about the cables' vulnerability to disruption or tampering.

U.S. officials say they are especially concerned about the security of cables that carry sensitive data to American bases and other military assets in the Pacific and around the globe. Though encrypted, that data

can pass through commercial internet lines. To prevent interruptions from damaged lines, the U.S. government is funding several Pacific cable projects along with American internet companies, such as Google. Google this year said it was investing \$1 billion in new cables and other infrastructure projects in the region.

SubCom, a cable ship company owned by private-equity giant Cerberus Capital Management, receives \$10 million in annual U.S. government payments for participating in the Cable Security Fleet, a program partly overseen by the Pentagon. It requires the ships to be available for critical cable repair or other emergencies.

At a congressional hearing in January, Rep. Ann Wagner, a Missouri Republican, said she was "very concerned about Chinese

companies repairing or even having access to undersea cables that are owned by U.S. carriers."

Nathaniel Fick, the State Department's top cybersecurity official who was testifying at the hearing, said he shared her concern. "I believe when our adversaries tell us what they intend to do, we should believe them," he said.

Fick said in a statement to the *Journal* that undersea cable security can't be assured if the lines "are built, maintained, or repaired by suppliers who are subordinate to or beholden to authoritarian governments."

SBSS is one of three maintenance shipowners that are members of Yokohama Zone, a consortium used by internet cable owners in the northwest Pacific. The group keeps ships on standby, based in China, South Korea and Japan. SBSS parent China Telecom hosted a meeting of Yokohama Zone companies in Wuhan, China, in March, according to people familiar with the event.

In response to questions about SBSS, Yokohama Zone Chairman Masanori Araki, a submarine cable expert from Japanese telecom company and shipowner KDDI, said the Chinese company is in compliance with the consortium's performance standards.

"Cable owners are receiving and enjoying assured service quality, whichever service provider they use," he said.

Industry analysts say that shifting responsibility for fixing Asian cables away from Chinese vessels could pose a tougher challenge. Cable owners have few choices among an aging fleet of roughly 50 ships around the world, according to Mike Constable, who runs telecom consulting firm Infra-Analytics and previously led China's Huawei Marine Networks, now known as HMN Technologies.

"You've got a Chinese asset repairing U.S.-invested cables," Constable said. "No one had really thought about that before."

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## It is dangerously easy to hack the world's phones

The Economist

**F**or years security experts have warned that a technology at the heart of global communications is dangerously insecure. Now there is proof that it has been used to snoop on people in America.

Kevin Briggs, an official at America's Cybersecurity and Infrastructure Security Agency, told the Federal Communications Commission (FCC), a regulator, earlier this year that there had been "numerous incidents of successful, unauthorised attempts" not only to steal location data and monitor voice and text messages in America, but also to deliver spyware (software that can take over a phone) and influence American voters from abroad via text messages. The comments were first reported recently by 404 Media, a website that covers technology.

The hacks were related to an obscure protocol known as Signalling System 7 (SS7). Developed in the 1970s to allow telecom firms to exchange data to set up and manage calls, nowadays SS7 has more users than the internet. Security was not a big issue when SS7 was first introduced because only a few fixed-line operators could get access to the system. That changed in the mobile age. SS7 and a newer protocol, Diameter, became crucial for a wide range of tasks, including roaming. According to the US Department of Homeland



End-to-end encrypted apps can be circumvented by spyware that takes over a device, recording keystrokes and the screen. ISTOCKPHOTO

Security, SS7 is a particular risk because there are "tens of thousands of entry points worldwide, many of which are controlled by states that support terrorism or espionage".

Security experts have known for more than 15 years that the protocol was vulnerable in several ways. In 2008 Tobias Engel, a security researcher, showed that SS7 could be used to identify a user's location. In 2014 German researchers went further, demonstrating that it could also be exploited to listen to calls or record and store voice and text data. Attackers could forward data to themselves or, if they were close to the phone, Hoover it up and tell the system to give them the decryption key. Spy agencies had known about the issue for a lot longer. Many were taking advantage of it.

In April 2014 Russian hackers exploited SS7 to locate and spy on Ukrainian political figures. In 2017 a German telecoms firm acknowledged that attackers had stolen money from customers by intercepting SMS authentication codes

sent from banks. In 2018 an Israeli private intelligence company used a mobile operator in the Channel Islands, a British territory, to get access to SS7 and thus users around the world. That route is thought to have been used to track an Emirati princess who was abducted by the United Arab Emirates in 2018. And in 2022 Cathal McDaid of FENE, a Swedish telecoms and cybersecurity company, assessed that Russian hackers had long been tracking and eavesdropping on Russian dissidents abroad by the same means.

Beginning in 2014 Chinese hackers stole huge amounts of data from the Office of Personnel Management, the government agency that manages America's federal civil service. The most sensitive data were security-clearance records, which contain highly personal details about government employees. But phone numbers were also stolen. According to semi-redacted slides published by the US Department of Homeland Security,

American officials noticed "SS7 anomalous traffic" that summer which they believed was related to the breach.

Mr Briggs's comments to the FCC bring the scope of the SS7 problem into sharper focus. "Overall", he said, the incidents he reported were "just the tip of the proverbial iceberg of SS7- and Diameter-based location and monitoring exploits that have been used successfully." That is a reminder that, even as unencrypted phone calls and SMS text messages have become rarer, the backbone of mobile networks remains woefully insecure. Mobile-network operators can block some of these attacks, but most have failed to take the proper precautions, say insiders.

Phone users can protect themselves against SS7-based eavesdropping (but not location tracking) by using end-to-end encrypted apps such as WhatsApp, Signal or iMessage. But these, too, can be circumvented by spyware that takes over a device, recording keystrokes and the screen. In April Apple warned users in 92 countries that they had been targeted by a "mercenary spyware attack". On May 1st Amnesty International published a report showing how "a murky ecosystem of surveillance suppliers, brokers and resellers" from Israel, Greece, Singapore and Malaysia had put powerful spyware into the hands of multiple state agencies in Indonesia. That, too, is the tip of the iceberg.

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## Slowing inflation primes G-7 central banks

Bloomberg  
feedback@livemint.com

**I**nflation-related releases across the Group of Seven (G-7) will prime central bankers for crucial June interest-rate decisions, just as they meet in Italy to discuss the state of the world economy.

Days after US data revealed cooler-than-expected consumer-price growth, the UK, Canada and Japan will all publish numbers for April that are likely to go in the same direction. A euro-zone wage report, meanwhile, will also offer key evidence sought by policymakers.

Canada will be first, on Tuesday. While traders have pared back bets for a cut at its June meeting to less than 50% after recent hotter-than-expected jobs data, a fourth straight monthly easing of underlying price pressures in the inflation release would keep the door open for a reduction.

The next day, UK consumer-price growth is likely to have slowed drastically—by more than a percentage point—to near the 2% level targeted by Bank of England officials. With another monthly reading due on the eve of the 20 June BOE meeting, sustained evidence of dissipating inflation could give policymakers all the encouragement they need to reduce borrowing costs there too.

On Thursday, the European Central Bank will publish wage numbers, data it deems essential to judge underlying price dynamics. Growth in negotiated wages probably failed to slow significantly from the end of last year,



While Europe and Canada are leaning toward interest rate cuts, the US remains on a higher-for-longer path for now. AP

heightening the case for caution as officials gear up for a widely flagged rate cut on 6 June and perhaps more easing after that.

"Data for early 2024 from Germany, France, Italy and Spain have already been published and they point to negotiated wages rising 4.3% year over year in the euro area during the first three months of the year. That's only a slight slowdown from the 4.5% registered in 4Q23. A nearly steady pace of increase would be unlikely to derail the ECB's first cut in June but will keep policymakers nervous about committing to additional easing," said David Powell, senior euro-area economist.

Finally, Japan's data on Friday may show consumer-price growth, excluding fresh food, weakening to 2.2% from a year earlier, down from 2.6% in March. A deeper measure of

inflation that strips out energy prices as well as fresh food is seen cooling to 2.5% after slipping below 3% in March for the first time since November 2022. Bank of Japan officials are likely to draw different conclusions from their peers, though, as those readings would still extend the streak of outcomes at or above the 2% target to 25 straight months.

As such, they would back the case for a rate hike as early as 14 June and no later than October, with the embattled yen serving as a risk factor for

an early move. Those data will arrive against the backdrop of a gathering of G-7 finance ministers and central bankers in the northern Italian lakeside resort of Stresa. The global economy features on the agenda, offering officials the chance to reflect on a diverging transatlantic outlook for

Several countries are set to release inflation data this week as G-7 finance ministers, central bankers meet in Italy

rates: while Europe and Canada are leaning toward cuts, the US remains on a higher-for-longer path for now.

Elsewhere, the Federal Reserve will release minutes of its last meeting, and central bank decisions to keep borrowing costs on hold are likely from New Zealand to Turkey.

The Fed will publish an account of policymakers' 30 April-1 May gathering. In the press conference that followed that meeting, chair Jerome Powell indicated rates will probably remain higher for longer because of lingering price pressures.

Several Fed officials have since echoed that sentiment, noting the need for more evidence that inflation is sustainably headed toward the Fed's 2% goal.

Vice chair Philip Jefferson is among the central bankers due to speak or deliver remarks in the coming week. Fed governor Christopher Waller is scheduled to speak on Tuesday on the economic outlook and policy.

The US economic data calendar is relatively light, with reports on April sales of previously owned homes on Wednesday and new houses the following day. Purchases of existing homes are seen little changed from the prior month, while contract signings on new houses are projected to have eased with mortgage rates back above 7%.

On Friday, data on April durable goods orders and shipments will include insight into companies' appetite for capital investments. The University of Michigan will also issue its final May reading on consumer sentiment.



**NEWS NUMBERS**

**695**

**THE NUMBER** of candidates contesting in the fifth phase of Lok Sabha elections in 49 constituencies across eight states

**₹28,242 cr**

**THE NET** amount sold by foreign portfolio investors in the Indian equities market in May as of 17th, amid delays in rate cuts and inflationary concerns

**£37.19 bn**

**THE NET** worth of Gopichand Hinduja, chairperson of the Hinduja Group, as he topped the UK Sunday Times Rich List for the sixth consecutive year

**\$7.9 bn**

**THE AMOUNT** India saved in the first 11 months of 2023-24 due to cheaper crude oil imports from Russia. Now, the discounts are dwindling

**57.17%**

**THE PERCENTAGE** of Nestle India's shareholders who rejected the decision to raise the royalty payout from 4.5% to 5.25% of net sales over the next five years

HOWINDIALIVES.COM

**RIL seeks access to ATF pipelines**

Reliance Industries Ltd (RIL) has sought access to pipelines and storages that public sector oil companies have built over the years for supplying jet fuel from depots and oil refineries to airports, as it looks for a larger pie of fuel trade at some of Asia's busiest airports.

Reliance, which produces a fourth of India's aviation turbine fuel (ATF), wants access to storage depots outside the Delhi airport as well as to pipelines leading to Mumbai, Bengaluru, and Hyderabad airports. It currently supplies small volumes of ATF when compared with supplies made by state-owned firms.

The firm made the suggestion in its comments to oil regulator PNGRB's draft regulation calling for supply of ATF in all existing and future airports through pipelines that can be accessed by any supplier so as to bring in competition and cut fuel cost. **PTI**



The exercise assumes significance as India is engaging with several trade partners. **MINT**

**Govt mulls SOPs to negotiate FTAs**

The commerce ministry has held detailed discussions with senior officials of different departments and trade experts on formulating standard operating procedures (SOP) for negotiating free trade agreements (FTAs), an official said.

To discuss the various aspects of these agreements, the commerce ministry has organized a two-day 'Chintan Shivir' on FTA strategy and SOPs for trade negotiations on 16-17 May. Suggestions that came up during the discussions included comprehensive consultations with public and private sector players and sharing details of the proposed free trade agreements with the line ministries, the official said.

"Consultations should be held at every stage of FTA negotiations. Representatives of certain ministries suggested the commerce ministry to share FTA details with them in a timely manner so that they can prepare their views on those agreements," the official added.

The exercise assumes significance as India is engaging with several trade partners to negotiate free trade pacts. **PTI**

**Govt recovers ₹852 cr under amnesty scheme for exporters**

The government has recovered about ₹852 crore under the amnesty scheme for exporters for one-time settlement of default in export obligation by the holders of advance and EPCG authorizations, an official said. The figures are likely to increase further as the exercise is on for the compilation of the data, the official added.

The government has fixed 31 March as the last date for payment of customs duty plus interest.

"Under the scheme, 6,705 applications were filed and as per the provisional figures, an amount of about ₹852 crore has been recovered. This figure is further expected to increase," the official said. Meanwhile, several small exporters have requested the government to continue the scheme for a one-time settlement of default in export obligation till September.

Ludhiana-based Hand Tools Association president S.C. Ralhan has said several small exporters have not been able to avail of the benefits of the scheme due to fulfilling their obligations to make payments to MSMEs within 45 days. **PTI**



The government has fixed 31 March as the last date for payment of customs duty plus interest. **BLOOMBERG**

**Elon Musk launches Starlink in Indonesia**

Elon Musk inaugurated SpaceX's Starlink internet services in Indonesia on Sunday as the world's largest archipelago seeks to boost connectivity to its most remote areas.

The inauguration took place at a community health centre in Bali. The billionaire, clad in a green batik and mobbed by onlookers, said he was excited to bring Starlink to Indonesian villages with no connectivity or very low bandwidth, adding "this can really be a lifesaver" for patients seeking medical treatment.

As well as connecting far-flung provinces, Indonesia expects Starlink to improve education and health outcomes, coordinating minister of maritime affairs and investment Luhut Panjaitan said in a statement. Starlink received a licence to operate in the country earlier this month.

Indonesian president Joko Widodo has long been courting Musk to cap off his decade-long bid to make Indonesia a destination of choice for foreign investors. **BLOOMBERG**

**LUCKY ESCAPE**



An Air India Express flight from Bengaluru to Kochi made an emergency landing at Bengaluru airport late on Saturday night after a fire was noticed in one of its engines. All 179 passengers and six crew members were safely evacuated from the aircraft. This was the second incident involving an Air India Express flight on the day after a Thiruvananthapuram-Bengaluru flight made an emergency landing in Tiruchirappalli following a technical glitch. A day earlier, a Bengaluru-bound Air India aircraft was forced to return to New Delhi after a fire warning from its auxiliary power unit. **PTI**

**Spurious life-saving medicines found in Delhi and Jharkhand**

**CDSCO reported findings of spurious versions of 5 critical drugs being sold in the mkt**

Priyanka Sharma  
priyanka.sharma@livemint.com  
NEW DELHI

India's apex drug regulator has warned consumers about spurious copies of five potentially lifesaving medicines being sold in the market, as well as 50 other drugs that it said were not of standard quality.

In its latest report for April, which *Mint* has seen, the regulator said authorities had found fake drugs from different locations in Delhi and Jharkhand.

The Central Drugs Standard Control Organization (CDSCO) intensified inspections in the domestic pharmaceutical market after India-made cough syrups were linked to the deaths of children in Uzbekistan and Gambia.

Following recent inspections, drug authorities found 12 outlets in New Delhi involved in the distribution of spurious drugs, including one at Bha-

girath Place, a wholesale market distributing medicines across India.

CDSCO, in its alert for April, reported finding spurious versions of these five drugs in the market: Anti-HIV medication Dolutegravir tablets IP 50 mg, Telmisartan 40mg, and Amlodipine 5mg tablets IP used for the management of high blood pressure, Domperidone and Naproxen Sodium tablets, used to manage migraines and pain, Rifaximin tablets, used for treating diarrhoea and liver disease, Cefixime Trihydrate with Lactic Acid Bacillus tablets LP, used to treat bacterial infections.

The health ministry did not reply to *Mint's* emailed queries.

"Not of standard quality" and spurious drugs

can cause treatment failure and adverse reactions, increase the risk of morbidity and mortality, and lead to drug resistance," said a state drug controller, requesting anonymity.

"Poor-quality medicines also increase healthcare costs to patients and the health system, wasting resources that could otherwise be used to benefit public health."

Drugs Controller General of India, Rajeev Raghuvanshi, on 9 February directed state drug licensing authorities to routinely analyse drug samples and keep a strong vigil on medicines available in the market.

Following inspections, state drug authorities verify samples with the manufacturer to confirm the authenticity of the medicines. **PTI**

Following recent inspections, drug authorities found 12 outlets in New Delhi involved in the distribution of spurious drugs

**'GDP growth likely to be 6.7% in Q4'**

India Ratings and Research expects the country's GDP growth rate for the March quarter at 6.7% and around 6.9-7% for the 2023-24 fiscal, its principal economist Sunil Kumar Sinha said.

The GDP numbers for the fourth quarter (January-March 2024) and the provisional estimates for the FY24 fiscal are scheduled to be released by the government on 31 May.

The Indian economy grew 8.2% in the June quarter, 8.1% in the September quarter and 8.4% in the December quarter of 2023-24.

"We are expecting the fourth quarter growth to be 6.7% and the overall GDP growth for FY24 to be around 6.9-7%," Sinha told *PTI* in an interview.

He said the growth rate in the first two quarters benefited from a low base, though the 8.4% growth rate in the third (October-December 2023) quarter was surprising. **PTI**



The demand for zinc in India depends largely on the growth of the steel market.. **AP**

**India's zinc demand to double in 5-10 yrs**

The demand for zinc is expected to double in India in the next five to 10 years on the back of huge investments in infrastructure sector, including steel, International Zinc Association said on Sunday. The demand for zinc in India depends largely on the growth of the steel market as zinc is mainly used to galvanise steel to protect it from corrosion.

"I see a doubling of the demand (for zinc) in the next five to 10 years. The market for primary and refined zinc in India is currently close to 800 to 1,000 tonnes (per annum) and has a great opportunity to increase with all the developments that we are witnessing in India. We see huge investments in additional steel capacity and...steel still needs to be protected by galvanized coatings. We see a lot of plans and investments going on for new galvanizing lines," International Zinc Association global director Martin Van Leeuwen told *PTI*. **PTI**

**India offers exciting prospects: Red Hat**

Red Hat sees India as among the world's high-growth markets, and the country's expanding enterprise base and technical innovation capabilities offer exciting prospects for the IBM-owned company, its chief executive officer (CEO) Matt Hicks has said.

Weighing in on the larger debate of AI and its impact on tech sector jobs and salaries, Hicks told *PTI* that artificial intelligence, "if done well", will trigger massive value creation and spawn new industries beyond anyone's imagination.

Red Hat—the enterprise open-source solutions company that IBM bought in 2019 for about \$35 billion, marking its biggest acquisition ever—is working with a "great" foundation base in India and is at an exciting point where the company is amplifying capabilities with technology roles. **PTI**

**Delhi on 'red alert' due to heatwave**

The national capital recorded 44.4°C on Sunday, with the weather office issuing a 'red alert' due to severe heat wave conditions in the city. Delhi has seen a steady rise in temperature in recent days, culminating in the highest temperature recorded this summer on Sunday. Saturday's temperature was 43.6°C, up from 42.5°C on Friday.

The India Meteorological Department (IMD) predicted mainly clear skies with heatwave conditions in many parts of Delhi and severe heat wave conditions in other areas, accompanied by strong surface winds at speeds of 25-35 kmph on Monday. **PTI**

**A pioneering business leader with a clear sense of duty**

Ajay G. Piramal

Narayanan Vaghul was a good human being; a pragmatic man with an unwavering vision. His passing is a great loss not only to me personally but also to the countless people whose lives he has impacted. Over his long career as one of India's most erudite businesspersons, he mentored and advised me graciously.

Vaghul was on the Piramal board for 25 years. He provided us with clear and transparent thinking, making interventions where needed and gently guiding us to make brave decisions. I was always amazed by his sharp memory.

He would accurately recall numbers discussed over a decade ago in the context of matters being presently discussed at a meeting. He was a great storyteller and conveyed his intent with simplicity and humour. We are ever grateful for his lucid wisdom.

Vaghul had a deep knowledge of the scriptures and would often be heard saying that where science ends, spirituality begins, and vice versa. He adhered to the wisdom of Sanatana Dharma and acted upon it by putting this knowledge into everyday practice. His thoughts, words, and actions were completely aligned, allowing him to execute all his



Narayanan Vaghul. **PTI**

ideas to perfection. Narayanan Vaghul was a generous man. I have always observed how selfless he was in

his actions and the way he lived. He always put the needs of the country first, working for the disempowered. Then, it was the companies he built and all their employees, and only then his own needs. He lived a very simple life, always humble, putting everyone's needs before his own. For a man of such great accomplishments, he would regularly tell me that he had done nothing great but only his duty.

Vaghul was a *Bhishma Pitamaha* to many, with a clear sense of duty governed by his convictions of right and wrong. A lion among men, Vaghul showed no fear when it came to doing the right things for the right reasons. His legacy of many firsts has undoubtedly

had a profound impact on the evolution of modern banking in India.

Beyond his professional achievements, Vaghul was known for his kindness, generosity, and dedication to uplifting others. He touched the lives of many through his mentorship and philanthropic efforts, embodying the qualities of a true humanitarian.

Vaghul was the chairman of GiveIndia, a platform that enables individuals and institutions to donate to chosen causes, and Pratham, a philanthropic organization that focuses on children's education. He instilled in me a strong sense of philanthropic duty and guided me with the

framework for the Piramal Foundation.

He was always there for me in difficult times, offering good counsel. He would only give advice when asked for, and not unnecessarily. This was a special and endearing aspect of his nature.

Vaghul's legacy will continue to live on through the lives he impacted and the transformative changes he brought to the banking industry in India. He will be remembered not only as a pioneering business leader but also as an inspirational figure who exemplified the best of humanity.

Ajay G. Piramal is chairman and executive director of the Piramal Group. **PTI**



# SAFE FOOD: WHY IT'S TIME FOR FSSAI TO CRACK THE WHIP

In India, a snack brand selling a product unfit for consumption could get away by paying a penalty

Sayantana Bera & Suneera Tandon  
NEW DELHI

If you are reading this piece with a cup of tea or coffee, here is a number that can score over caffeine—in its potency to wake you up. In the three years leading up to March 2023, Indian authorities tested 43 million food samples. Turns out, one in four did not conform to domestic food safety laws. Of these, one in every six were either 'unsafe' or 'substandard.' The rest did not conform to labelling laws—which means food makers were misleading consumers by putting incorrect information on the label.

The Food Safety and Standards Act, 2006, defines unsafe food as those 'whose nature, substance or quality is so affected as to render it injurious to health.' The federal regulator, Food Safety and Standards Authority of India (Fssai), and state food safety agencies, whose job is to ensure 'safe and wholesome food for consumption', for 1.4 billion Indians, initiated civil and criminal proceedings on most errant businesses. They achieved an impressive conviction rate in over 60% cases.

But what they did not do is to alert the consumer. Citizens were left out in the cold and not informed which manufacturers or brands were selling substandard, unsafe, and mis-labelled food items. There was no way for consumers to stay away from food items 'injurious to health.'

Fssai's 2021-22 annual report has no mention of any product recall, or cancellation of food licenses—an established global practice to safeguard consumers. In India, a snack brand selling a product unfit for consumption could get away by paying a penalty, without any hit to its reputation.

The data on sample testing by food safety agencies was provided by Fssai following queries sent by *Mint*. The agency did not respond to *Mint's* query on if any products were recalled or if licenses were cancelled in the past five years, for not complying with food laws. It also did not disclose any names of errant food makers.

Back in 2015, Fssai had asked Nestle to recall its popular instant noodles Maggi for containing excessive lead and monosodium glutamate (a flavour enhancer), which seems to be the only known case of product recall. Nestle India filed a legal petition with the Bombay High Court, seeking a judicial review of the recall order. The court overturned the government's ban on Maggi citing that move was 'arbitrary' and said that Nestle India can bring the product back to the market following fresh tests. Subsequent test results showed that Maggi was safe for consumption. In October 2015, four months after the recall order, Nestle announced plans to resume the sale of Maggi.

A senior official from Fssai who did not want to be named said testing has increased over the years. But why is the agency not alerting consumers about manufacturers selling 'unsafe' food?

"You mean name-and-shame them? That is a good suggestion," the official said, as an afterthought.

Fssai has come under fire recently for being lax on more than one count. Last month, a global report by a Swiss watchdog reported that Nestle, a multinational brand, adds excess sugar in infant milk and cereal products sold in low- and middle-income countries, including India, but not in rich nations. Spice mixes sold by MDH and Everest, both household names in India, were red-flagged and recalled by regulators in Hong Kong and Singapore for containing ethylene oxide, a cancer-causing chemical used as a fumigant.

MDH said in a statement on 27 April that claims of presence of ethylene oxide in its products are "untrue and lack any substantiating evidence". In its defence, Nestle said it follows the same standards in India as it does globally. It claimed to have reduced 'added sugar' by up to 30% in cereal products (like Cerelac) meant for infants and young children. While Fssai guidelines allow 13.6gm of sugar per 100gm of feed, on average, Cerelac contains 7.1gm of added sugar, Nestle said during a media roundtable at the company's headquarters in Gurugram on 29 April.

Added sugar, however, does not add to the nutritive value of manufactured food. The updated Dietary Guidelines for Indians (DGIs), released by the National Institute of Nutrition earlier this month, advised parents to avoid packaged food with 'added sugar,' even for children older than six months.

**FIRE FIGHTING**  
A report by the European Food Safety Authority, released on 23 April, stated that turmeric, chilli, pepper, corn, and dried beans from India were found to contain ethylene oxide. Cumin seed and rice samples exceeded the limit for pesticide residues.

The European Union has a web-based rapid alert system for 'Food and Feed' to warn consumers and policymakers in real time. The portal shows multiple instances of Indian products which were found to be non-compliant in recent months, from carom seeds to table grapes.

To be fair, not all of it is Fssai's responsibility. Food exports come under the purview of multiple agencies—the Export Inspection Council, Agricultural and Processed Food Products Export Development Authority, and Spices Board of India, all under the commerce ministry. But that does not absolve Fssai, an independent statutory agency under the health ministry, entirely: Why do consumers in India have to rely on foreign agencies to know which food items are unsafe?

"Rejections are common in international trade. Singapore need not have gone to the media about it. India has also rejected many imported items in the past but we did not make that information public for the sake of bilateral relations," said the senior Fssai official quoted earlier.

The officer admitted that adulteration is rampant in India. "In spices like turmeric and chilli, edible oils and paneer (cottage cheese)... broom sticks are cut into pieces and added to cumin. We have increased surveillance to check these malpractices," he said.

'Processed food and beverages' (excluding minimally processed cereals, pulses, edible oils and dairy products) was the single largest component in the monthly per capita spending of families, showed a recent government survey. About 10.6% of household budgets in urban and 9.6% in rural areas was spent on this category in 2022-23 (up from 6.4% and 4.2%, respectively, at the turn of the century). As per a 2023 report by the World Health Organization, the retail value of ultra-processed food and beverages sold in India grew exponentially, from \$0.9 billion in 2006 to over \$37.9 billion in 2019.

The market is growing but consumers are unsure if the food they are eating is safe, let alone nutritious.

Instead of being proactive, the regulatory approach is reactive, said Ashim Sanyal, chief executive officer (CEO) of Consumer Voice, a rights advocacy body. "Because *masalas* are in the dock, Fssai is collecting samples from all over India. What stopped it from doing so earlier?"

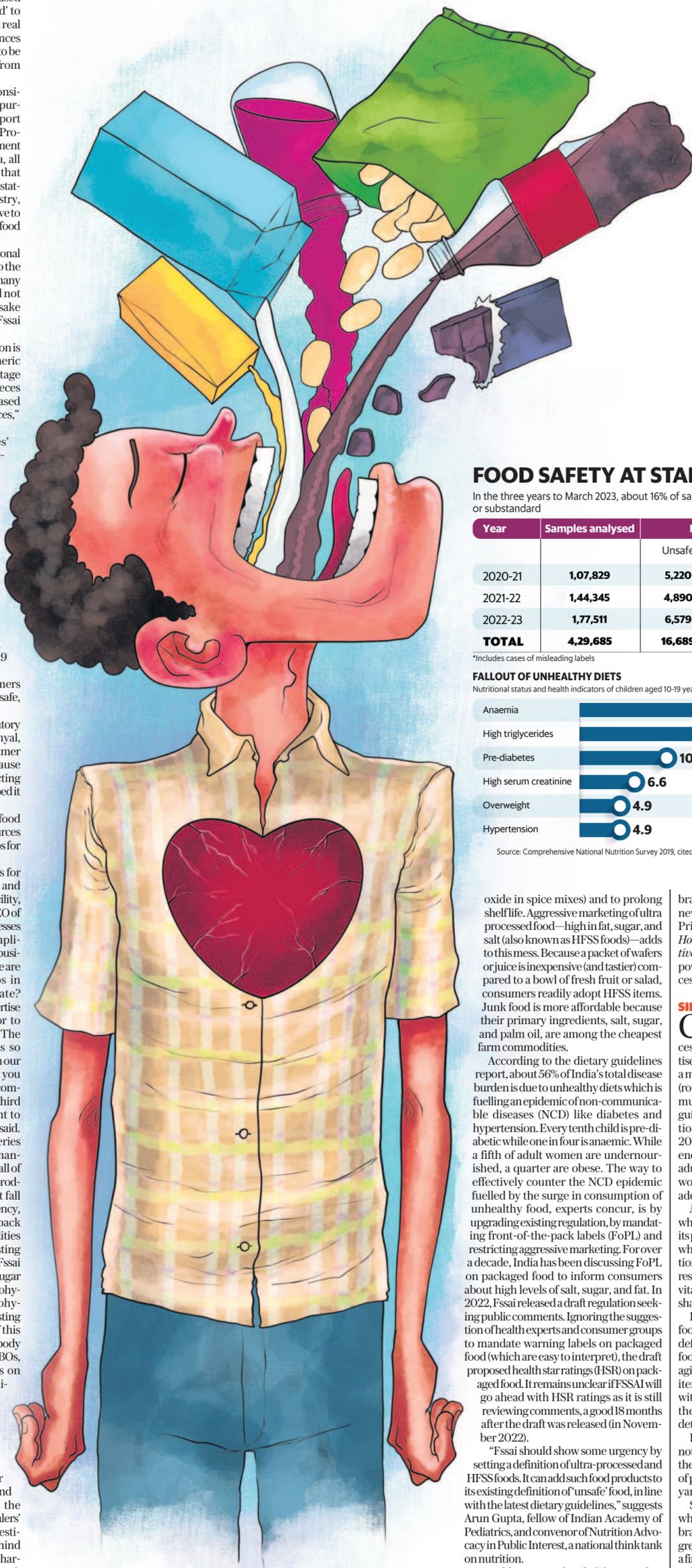
Sanyal added that enforcement of food safety rules is poor due to limited resources (shortage of food safety officers and labs for testing) at the state level.

There are 207 Fssai accredited labs for food testing but many smaller states and union territories do not have a single facility, said Rishi Aggarwal, co-founder and CEO of Teamlease Regtech, which helps businesses

on regulatory compliance. "How will food businesses comply if there are very few or no labs in states they operate? There is enough expertise in the private sector to ensure compliance. The problem is there is so much inspector raj in our system, the moment you bring some of these compliances into the private sector (via third party certification), you lose the right to demand a convenience fee (bribe)," he said.

Fssai did not respond to *Mint's* queries on inadequate infrastructure and manpower required for testing. On the recall of spice mixes by other countries, it said products meant for global markets do not fall under its purview. It added that the agency, following media reports, has traced back exported spices to manufacturing facilities and it is inspecting, sampling, and testing all types of spices. On infant products, Fssai said that Indian laws allow for adding sugar (sucrose and fructose) as source of carbohydrate, by up to 20% of the total carbohydrate in the food item. It is currently testing samples to check for any violation of this rule. On safety aspects, the regulatory body said that food business operators, or FBOs, are required to provide test reports on chemical and microbiological contamination every six months.

**A MESSY STACK**  
The recent series of events are only but the tip of the iceberg. Food—be it fresh vegetables, minimally processed grains and pulses, or ultra-processed items like biscuits and beverages—ultimately comes from the farm. And farmers depend on input dealers' advice while using chemicals and pesticides. Unscientific overuse leaves behind residues above permissible limits in harvested crops. When these are processed, more chemical additives are used to prevent bacterial contamination (like ethylene



mint  
SHORT STORY

## WHAT

Food adulteration is rampant in India—in spices like turmeric and chilli, edible oils and cottage cheese. Broom sticks are cut into pieces and added to cumin. Fssai has found.

## NOW

Fssai initiates civil and criminal proceedings against businesses that don't stick to food safety laws. However, the regulator rarely informs the consumer on the brands selling unsafe food.

## NEXT

Testing has increased over the years. But, experts say that instead of being proactive, Fssai is reactive. Enforcement of rules is poor due to shortage of food safety officers and labs.

## FOOD SAFETY AT STAKE

In the three years to March 2023, about 16% of samples analysed were either unsafe or substandard

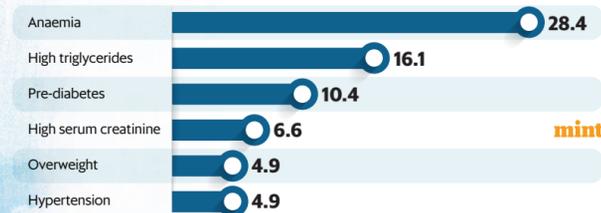
Year	Samples analysed	Non-conforming samples		
		Unsafe	Substandard	Labeling defects*
2020-21	1,07,829	5,220	13,394	9,733
2021-22	1,44,345	4,890	16,582	11,462
2022-23	1,77,511	6,579	21,917	16,130
<b>TOTAL</b>	<b>4,29,685</b>	<b>16,689</b>	<b>51,893</b>	<b>37,325</b>

\*Includes cases of misleading labels

Source: Fssai

## FALLOUT OF UNHEALTHY DIETS

Nutritional status and health indicators of children aged 10-19 years (Prevalence in %)



Source: Comprehensive National Nutrition Survey 2019, cited in Dietary Guidelines for Indians, ICMR-NIN, May 2024

SARVESH KUMAR SHARMA/MINT

oxide in spice mixes) and to prolong shelf life. Aggressive marketing of ultra processed food—high in fat, sugar, and salt (also known as HFSS foods)—adds to this mess. Because a packet of wafers or juice is inexpensive (and tastier) compared to a bowl of fresh fruit or salad, consumers readily adopt HFSS items. Junk food is more affordable because their primary ingredients, salt, sugar, and palm oil, are among the cheapest farm commodities.

According to the dietary guidelines report, about 56% of India's total disease burden is due to unhealthy diets which is fuelling an epidemic of non-communicable diseases (NCD) like diabetes and hypertension. Every tenth child is pre-diabetic while one in four is anaemic. While a fifth of adult women are undernourished, a quarter are obese. The way to effectively counter the NCD epidemic fuelled by the surge in consumption of unhealthy food, experts concur, is by upgrading existing regulation, by mandating front-of-the-pack labels (FoPL) and restricting aggressive marketing. For over a decade, India has been discussing FoPL on packaged food to inform consumers about high levels of salt, sugar, and fat. In 2022, Fssai released a draft regulation seeking public comments. Ignoring the suggestion of health experts and consumer groups to mandate warning labels on packaged food (which are easy to interpret), the draft proposed health star ratings (HSR) on packaged food. It remains unclear if FSSAI will go ahead with HSR ratings as it is still reviewing comments, a good 18 months after the draft was released (in November 2022).

"Fssai should show some urgency by setting a definition of ultra-processed and HFSS foods. It can add such food products to its existing definition of 'unsafe' food, in line with the latest dietary guidelines," suggests Arun Gupta, fellow of Indian Academy of Pediatrics, and convener of Nutrition Advocacy in Public Interest, a national think tank on nutrition.

Is it odd to equate a bowl of chips to a shot of nicotine? One hallmark of addiction is the speed with which substances hit the

brain, and this puts the term fast food in a new light, wrote Michael Moss, Pulitzer Prize winner and author of the book, *Hooked: How Processed Food Became Addictive*. "Measured in milliseconds, and the power to addict, nothing is faster than processed food in rousing the brain."

## SILENCE OF THE BRANDS

Celebrity endorsement increases the appeal of junk. Some popular processed products, for instance, are advertised by popular actors. A 200ml serving of a mango drink can contain 31.2gm of sugar (roughly seven teaspoons—try gulping that much sugar in a go!). The latest dietary guidelines advise adults to limit consumption of sugar to 25gm in a day. Drinking 200ml of this drink, or any other sweetened or carbonated beverage, exceeds an adult's daily quota of sugar. For a child, its worse. As per the guidelines, a diet with no added sugar is perfectly healthy.

*Mint* reached out to Britannia Industries, which sells biscuits and cakes, to understand its position on front-of-the-pack-labels and what steps it is taking to improve the nutritional quality of its products. It declined a response. Mondelez India, makers of Bournvita, and Dabur, which sells juices and milk shakes, did not respond to queries either.

India's regulatory environment around food safety and nutrition has its fair share of defenders. According to K.S. Narayanan, food and beverage expert and former managing director of McCain Foods, most food items manufactured in India are aligned with international standards. But at times, the price consumers are willing to pay determines what goes into products.

Is the regulator industry friendly? "I do not know if they are friendly or not. Maybe they lack capability and resources in terms of people, training, and equipment," Narayanan said.

Saugata Gupta, CEO of Marico India, which sells food products under the Saffola brand, thinks the regulator has been progressive and proactive. "We have to ensure a fine balance... obviously, protecting health is the most important thing but sometimes we also have to be practical," he said.

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TARUN KUMAR SAHU/MINT



# How this telecom executive is strategizing his path to FIRE

After burning his fingers in direct stock investments after the 2008 financial crisis, Arunava Guin turned to MFs

Neil Borate & Jash Kriplani

**A**runava Guin is a true-blue Mumbaikar. At 40, he has his sights set on FIRE—financial independence, retire early—and is nearing the halfway mark of his target of ₹15 crore, which he expects to achieve within the next five years.

Guin began his career in software sales, but now works in a strategy role at a large telecom firm, which he transitioned to after earning an executive MBA at the Indian Institute of Management, Ahmedabad. He discovered the FIRE movement on social media in 2018, but his interest deepened during the covid pandemic in 2020.

"The idea of being financially independent and retiring early to do what I truly love was very appealing," says Guin. According to him, FIRE isn't about quitting work but gaining the freedom to pursue passions. "For me, FIRE doesn't mean just kicking back and relaxing in a shack on a beach. I might explore entrepreneurship or teaching, which I'm passionate about. I would like to think how I can give back to society," he says.

"As a child, I have witnessed financial uncertainty. Perhaps that's also a reason to seek FIRE," Guin adds.

To accelerate his FIRE journey, Guin restructured his investment portfolio over the years. Here is a look at it.

## Minimizing mutual funds

Guin was first exposed to the stock markets in the late 2000s, when he began buying direct stocks. However, the experience wasn't a good one, and he recalls holding some prominent stocks that, after the 2008 crisis, either became penny stocks or were delisted. "I have burnt my fingers in the stock markets. I had bought these stocks based on tips from colleagues or friends," he says.

Later, a work colleague introduced Guin to mutual funds, which became the core of his portfolio. Over time, his mutual fund portfolio grew very large and needed to be streamlined, which he began doing about three years ago. At one point, the portfolio spanned over 60 schemes, which he attributes to the numerous new fund offers launched in 2009 when he first started investing. He has now brought this down to a more manageable 20-25 schemes.

"Back then, many PSU (public sector unit) funds, thematic funds and large-cap funds were being launched, and as a newbie, I ended up buying several," he recalls.

Guin's strategy is straightforward: On strong market days, he sells some of his investments, and on weaker days, he reallocates them into his preferred funds. These are funds he already own, thus consolidating his portfolio.

## Building wealth for FIRE freedom

This husband-wife duo wants financial independence, retire early status in five years



Arunava Guin, 40, telecom executive, with his wife Atisha Nandi, 40, program manager (chief) in insurance company, and son

**What's your FIRE goal?**  
▶ ₹15 crore in next five years

**How far or close you are to that goal?**  
▶ Near the halfway mark

**Where are you investing to build this corpus?**  
▶ Equity mutual funds through SIPs

**What's your current asset allocation mix?**



**What other avenues are you invested in?**  
▶ I also like to invest in NPS

**Do you also invest in direct stocks?**

- ▶ Yes. 10-15% of monthly savings.
- ▶ Burnt fingers in stocks in 2008 crisis

**What are your spending habits?**

- ▶ 15-20% on household expenses
- ▶ Rental cost is zero, as old home is leased out
- ▶ One international trip every year

**Why did you move homes recently?**

- ▶ Moved to Thane for more open spaces for son.

**How much insurance cover do you have?**

- ▶ Personal + employer cover = ₹2.5 crore
- ▶ Son was born 3 years back, planning to top-up

**How much health cover do you have?**

- ▶ Family floater cover base+top-up of ₹50 lakh
- ▶ Employer cover; base+top-up = ₹50 lakh
- ▶ Total health cover of ₹1 crore

PRANAY BHARDWAJ/MINT

And he has found valuable guidance online. "I used Value Research and noticed significant overlaps in my funds, like HDFC and Reliance Industries stocks appearing multiple times. That was eye-opening," he says.

Despite his efforts, Guin's portfolio will remain at around 15-20 schemes due to tax implications. "Trimming or exiting funds triggers taxes, so reducing further isn't tax efficient. Ideally, experts say you need just 5-6 schemes, but for now 15-20 is where I'll stay," he says.

## Asset mix

Guin's portfolio consists of 75% exposure to equities, largely through mutual funds, and 25% to debt. The debt exposure includes some mutual funds, but largely Employees' Provident Fund (EPF) and Public Provident Fund (PPF). While he still invests 10-15% of his monthly savings in direct stocks, mutual funds form the core of

his portfolio.

Over the years, Guin has consistently built his mutual fund portfolio through systematic investment plans (SIPs), allowing him to invest a fixed amount every month. And as his income has grown, he has increased his monthly SIP allocation.

Guin dismisses real estate as a viable investment for his portfolio size. "Real estate makes sense for portfolios of ₹50-100 crore, but not for those under ₹10 crore," he says. He also avoids gold and bank fixed deposits.

Guin has been diligently investing in PPF for several years. In recent years, he has been investing up to the ₹1.5 lakh annual limit. Additionally, his current employer contributes 10% of his basic salary to the National Pension Scheme (NPS). "My previous organizations didn't offer this, but my current

one does," he notes. Separately, Guin has been contributing ₹50,000 annually to the NPS, fetching him an additional tax benefit.

## Relocating

Until recently, Guin had lived his entire life in Mumbai (barring the time spent in Ahmedabad pursuing an MBA). But in 2021, he decided to shift out of India's financial capital as he wanted a larger home and open spaces for his family, especially spaces where his baby boy could explore and grow. Guin found a gated community in Thane, featuring wider roads, spacious walking areas and other amenities.

Interestingly, the shift to Thane is not costing Guin anything. When he moved there, he rented out his suburban Mumbai home. "The two rents are essentially the same, so they cancel each other out. My rental cost is nil, and I'm much happier with the infrastructure and quality of life here," he says.

Guin was very clear that he didn't

want to buy another house, as the numbers didn't add up for him. At the time, he was working from home. But now that he's back to working from the office, he manages the long commute to Mumbai's Bandra Kurla Complex by avoiding peak traffic hours.

## Other goals

Guin has also factored the education costs of his son into his FIRE target but acknowledges the need for flexibility. "Education is a very dynamic scenario," he says. "My elder sister, an engineer, graduated in 1999, and her entire education cost ₹16,000. I paid ₹14,000-15,000 annually for my engineering seat in Mumbai. Today, an engineering education costs lakhs in India, and even higher abroad."

"While ₹12-15 crore (his FIRE target) should also cover his education expenses, we have to be open to the idea that it may change drastically. We may end up spending much more or much less," Guin says, noting that his son is just three years old now. "We really don't know how the future is going to pan out."

## Spending habits

Guin and his wife spend 15-20% of their joint income every month on household expenses. He says his wife is also on the FIRE journey with him, and the targeted FIRE corpus is estimated to take care of both their expenses.

As mentioned, the family's rental costs are zero, since the rent from his leased-out property accounts for the rent of his current house. He says their household expenses are low, and they don't curb their expenses as such.

"We both love travelling, so our major expenses go towards that," he says. They usually take one international trip a year. "We hope to add one or two more trips within India," he adds.

## Insurance

Guin maintains his own term insurance, aside from the coverage provided through his employer, amounting to a total of ₹2.5 crore. "Since my child was born, I have been considering topping up my term insurance. I may do so this year," he says.

Reflecting on insurance strategy, he states, "Insurance should only cover the period you plan to be earning. I plan to work until around 45 or 50. Possibly, I may stop paying for the insurance cover beyond that."

Currently, Guin pays a higher premium of ₹8,000-10,000 for his term cover. "I took it long back, so my premiums are a bit higher," he says.

Guin's family has health insurance cover of around ₹1 crore. Company-provided insurance covers both him and his spouse. Additionally, he has insured his mother through his company, as he says that outside of corporate plans, the health cover products for senior citizens are not that good.

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POWER POINT  
VIKRAM DHAWAN

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

## WHY GOLD IS IDEAL HEDGE AGAINST UNCERTAINTY

**T**he Chinese gold rush is a stark reminder of investor behaviour when market and economic cycles turn. Gold consumption in China has increased by over 6% this year despite higher prices. The Chinese central bank has exchanged some of its dollars for gold as it ran down its US Treasury holdings at a brisk pace—around \$350 billion in the past two-three years. The protracted bear phase in the stock and real estate markets has dented investor sentiment, driving a cross-section of Chinese retail investors to gold. The Chinese central bank, too, has been a net buyer in each of the past 18 months.

The rest of the world can learn a lesson from this: It is essential to have a diversified approach to investing. Waiting for the risk assets' music to stop and then scampering for safe havens like gold can be an expensive strategy, as Chinese investors are now realizing as they are paying a high price for gold.

Regardless of the forecasts and views, gold alone checks most of the boxes as a portfolio diversifier. Those who diversify into gold are in good company, alongside central bankers worldwide. Central banks' US dollar holdings have decreased by around 12% in the past 20 years. While this rebalancing may appear to occur at a glacial pace, it indicates an alarming trend for the dollar, especially if it continues into the next decade.

## Central banks: A dilemma

A few missteps by the US Federal Reserve, such as underestimating inflation post-covid and its tendency to be data-oriented rather than providing forward guidance, pose a challenge for central banks holding a large volume of US Treasuries. This is evident in the record central bank purchases of gold in the past couple of years.

There is also a strategic reason for the "Global South" to diversify away from the US dollar. Trade disputes, geopolitical events and re-globalization raise the spectre of US sanctions, quickly backed by its allies from the "Global North", as seen with Russia in recent years.

## Regardless of the forecasts, gold checks most boxes as a portfolio diversifier

Gold carries no credit risk and stands as one of the most liquid assets, making it an appealing diversifier or hedge for central banks and individuals alike. Gold tends to perform well at times of high volatility in risk assets like equities. It has been noted as the best-performing commodity during global recessions.

In the near term, Chinese and other central bank purchases are the key drivers of gold prices. Demand in India has remained resilient despite the higher prices. These two countries together account for approximately half of the global physical demand. Global ETF (exchange-traded fund) holdings in gold are at a five-year low, and, despite rising prices, outflows continue and are unlikely to reverse until there is a considerable correction in risk assets like equities and credit, mirroring events in China.

## Other global factors

In addition to volatile situations in the Gulf and eastern Europe, the world is bracing for two major events that will have global repercussions as the world's largest and richest democracies go to the polls. India is no longer a "rounding-off" item in the global financial markets, and the election outcome could impact the overall sentiment towards emerging markets. Meanwhile, a second term as US president for Donald Trump is not what the struggling Chinese economy needs, as it could increase the probability of a depreciation in the yuan. A widespread tariff war could lead to currency market volatility, which could be conducive to gold.

## Gold ETFs

According to the United Nations, World Health Organization and Organisation for Economic Co-operation and Development, the world is becoming a better place to live in with each passing year. However, do "black swan" economic and geopolitical events no longer matter? Has humankind conquered the ups and downs of economic and market cycles? If you're unsure, you might not want to put all your eggs in one basket. Consider a multi-asset approach to investing with allocation to gold ETFs, which are a safe, convenient, efficient and liquid solution for investing in gold.

Vikram Dhawan is head of commodities and fund manager at Nippon India Mutual Fund. The views expressed are personal.

## Best home loan rates

**A** home loan is probably the biggest loan that one takes. Not only in terms of the loan amount, but also tenure, which can be 15 years or more. The total final amount that one pays can be double of what was borrowed. But a home loan is among the cheapest loans available, and usually it is the only way a person can buy a house. A home loan is called a "good" loan because it helps you acquire a tangible asset that can appreciate over the long term. It makes sense to buy a house if you plan to live in it. Given the fact that the construction of several housing projects in India continues to be delayed or stalled by many years, financial advisers say that one should buy a ready-to-move-in house. Here's a look at the lowest home loan interest rates of some leading banks.

Loan amount = ₹30 lakh. Tenure = 20 years

Lender	Interest rate (%)	EMI (₹)	Processing fee
City Union Bank	8.25-10.50	25,562-29,951	0.20% - 0.35% + GST
Bank of Maharashtra	8.35-10.90	26,283-30,762	0.25% (Max. ₹25,000)
Central Bank of India	8.35-9.50	26,283-27,964	Completely waived till 22 May 2024 except through DSA
Union Bank of India	8.35-10.75	26,283-30,457	0.50% of the loan amount (Max. ₹15,000) + GST
South Indian Bank	8.35-11.44	26,283-31,869	0.50% (Min. ₹10,000) + GST
Bank of India	8.40-10.85	25,845-30,660	0.25% (Min. ₹1,500 & Max. ₹20,000) for Individuals**
Canara Bank	8.40-11.25	25,845-31,478	0.50% (Min. ₹1,500 and Max. ₹10,000) + GST*
Indian Bank	8.40-10.35	25,845-29,650	Up to 0.25% of the loan amount
Indian Overseas Bank	8.40-10.60	25,845-30,153	Up to 0.50% (Max. ₹25,000) + GST
Punjab National Bank	8.40-10.10	25,845-29,150	0.35% (Min. ₹2,500 and Max. ₹15,000)
Nainital Bank	8.40-11.00	25,845-30,966	Not updated
IDBI Bank	8.45-12.25	25,940-33,557	₹5,000 to ₹15,000; Nil for Inward Balance Transfer and PMAY Cases
UCO Bank	8.45-12.60	25,940-34,296	0.5% (Min. ₹1,500 and Max. ₹15,000)
Punjab & Sind Bank	8.55-10.00	26,130-28,951	Full waiver of processing charges
Karnataka Bank	8.60-10.62	26,225-30,194	Up to 0.25% (Max. ₹25,000)

Data taken from banks' websites as on 15 May 2024. EMI range is indicative and calculated on the basis of interest rate range; it may include other charges and fees. Actual applicable interest rate may vary based on the credit profile of the loan applicant.

\*50% waiver from 1 May 2024 to 31 May 2024 under Retail Loan Festival

\*\*0.50% (Min. ₹3,000 and Max. ₹40,000) for other than individuals

PRANAY BHARDWAJ/MINT

Source: MyMoneyMantra.com

## As a non-resident, is there a tax liability on exiting Indian MFs?

Parizad Sirwalla

**I have been investing in mutual funds for the past four years. Last year, I moved to Dubai and am currently a non-resident Indian (NRI). Say, if I exit all my mutual fund investments now, would I have zero tax liability?**

—Name withheld on request.

I am assuming that you qualify as a non-resident (NR) in India, as per the relevant income tax provisions, and also that you do not qualify as a deemed resident of India under the relevant income tax provisions. Units of mutual fund qualify as capital assets, and any gain or loss arising on account of transfer of such mutual fund units qualifies as a capital gain or loss for tax purposes. As the situs of these capital assets is in India, any such capital gains will be considered as having accrued or arisen in India and are hence taxable in the country under the domestic tax laws, even if you qualify as an NR in India. However, you may wish to



ASK MINT  
NRI TAXATION

examine and apply the provisions of Article 13 of the India-UAE double taxation avoidance agreement (DTAA), if more beneficial, which may exclude such capital gains from sale of Indian mutual funds from Indian taxation, if you qualify as a resident of the UAE as per the provisions of the DTAA and on satisfaction of the other underlying conditions.

However, please note that any DTAA exemption would be required to be appropriately reported by filing of India

tax return and relevant forms. Also, a valid UAE tax residency certificate for the relevant period would be required to claim the DTAA benefit. Any DTAA benefit claimed may be subject to detailed examination by the tax authorities, based on facts of the case and interpretation of the specific provisions.

Parizad Sirwalla is partner and head, global mobility services, tax, KPMG in India.

Do you have a personal finance query? Send in your queries at [mintmoney@livemint.com](mailto:mintmoney@livemint.com) and get them answered by industry experts.

## Big funds now bet big on bonds

Bloomberg  
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**B**ig US bond investors have been aggressively shifting money into long-dated notes, betting that the unloved asset class will be one of the winners from eventual interest rate cuts.

The largest 20 mutual fund managers in the US have increased duration over the past two months as yields climbed, according to research by JPMorgan Chase & Co.

Investors have been building positions by "piling into" high-grade corporate bonds to avoid the negative carry of government debt, said Nikolaos Panigirtzoglou, a global market strategist at the lender.

Long-dated corporate bonds are winning back investors who fled as the market dialled back bets on imminent easing by the US Federal Reserve. Now, the allure is returning as markets price in two rate cuts this year after data showed US inflation ebbing for the first time in six months.



## OUR VIEW



## Don't add to the burden of regulation on banks

RBI's review of the liquidity coverage ratio of banks should look for better options to reduce the risk of a cash crisis. Limiting some online transactions to business hours might work

While presenting the first monetary policy statement for fiscal 2024-25 in April, Reserve Bank of India Governor Shaktikanta Das has announced that RBI would review its liquidity coverage ratio (LCR) framework to ensure smooth functioning of the system even in the event of acute stress. His concern, he said, was driven by "recent events in other countries [that] have shown that digital channels have been used by customers to quickly withdraw or transfer funds from banks." Today, technology has enabled instantaneous transfers, with the result that banks are faced with a stiff challenge in managing their liquidity position to make sure they have sufficient cash at all times. Under the Banking Regulation Act of 1949, banking is the business of taking deposits "repayable on demand." Hence, banks must always be able to honour any and all demands from customers for repayment.

The governor stressed that it is during "acute stress" that a framework like LCR—a prudential tool to check a bank's ability to meet cash outflows in the near future—is most needed. While this is clearly true, a better option is to fool-proof the system in a way that minimizes the scope for such events, rather than wait for an implosion and then scramble to pick up the pieces. Presumably, RBI does not want to be caught napping, like some of its Western counterparts, and hence is proactively looking to ensure there is no liquidity crisis even during periods of acute stress. This is welcome. After all, there is always space to fine-tune prudential regulations and get them up to speed. But in a scenario where the compliance burden on banks has grown almost exponentially, can we

instead devise an alternate mechanism for banks to manage their liquidity (withdrawals on a day-to-day basis) more efficiently? This task has become much more complicated as online transfers soar across the country, letting virtually all bank customers withdraw funds 24/7 at the swipe of a thumb. Today, one of the main causes of cash-flow uncertainty that banks face is on account of real-time fund transfers; any unexpected large outflow can potentially result in a liquidity crisis. It is true that the 'traditional banking model' of commercial banks in India, by which they raise funds chiefly through current and savings accounts and depend less on bulk deposits, is a cause for comfort. After all, it is highly unlikely that a majority of depositors will pull out their deposits at the same time—a dangerous event called a bank run.

Nonetheless, could we reduce the admittedly low probability of an acute-stress event by the simple expedient of tweaking the existing rules that govern online transfers? Could we allow banks to limit online transfers, particularly real time gross settlement (RTGS) transfers? These tend to be of very high value and are usually business-related transactions, so they could be scheduled from, say, 08:00 to 18:00 hours. Such restrictions are not without parallel. Stock market transactions, for instance, have to be done during the stipulated opening and closing hours. Remember, unlike retail payments that tend to be small and are often unplanned, business payments are both large and typically planned in advance. Hence, these could easily be scheduled during work hours without impairing business efficiency, while adding hugely to the comfort of banks on the liquidity front. Apart, of course, from reducing potential risks to the stability of our financial system.

## MY VIEW | THE INTERSECTION

## The carbon emissions of war put humanity's right to exist at risk

Wars are not only imminent threats to human survival but they also exacerbate climate change



NITIN PAI

is co-founder and director of The Takshashila Institution, an independent centre for research and education in public policy.

The regional head of a well-regarded global philanthropic foundation recently told me that his board had decided to exclusively focus on funding causes concerned with combating climate change. Knowing that it had previously supported work on nuclear disarmament and international security, I asked why those problems were no longer of interest to the foundation. His reply left me bemused. Climate change, he told me, is a long-term existential threat to humanity.

Our conversation was taking place at a time when a nuclear threat had been issued at the onset of a major war, where drones and missiles were flying between nuclear-capable countries, with major powers having withdrawn from arms-control treaties, and hypersonic and space weapons were fast destabilizing the global balance. The Bulletin of Atomic Scientists' Doomsday Clock, a measure of how close we are from annihilation, jumped to 90 seconds to midnight last year, up from 120 seconds in 2019. War remains an immediate existential threat. But, unfortunately, it has got overshadowed by climate change in terms of global awareness and activism.

I have seen climate-change activists roll their eyes when the conversation turns to geopolitics. To the extent that they engage with the subject at all, it is

to argue that international politics is a major hurdle to achieving emission targets and other climate goals. They do not sufficiently recognize that war is perhaps the most undesirable source of carbon emissions. The UN General Assembly adopted a resolution on the Protection of the Environment in Relation to Armed Conflicts (PERAC) in 2022, but the environmental impact of war remains at the margins of the international discourse on climate change. That is an expensive mistake.

Benjamin Neimark and his colleagues found that the "projected emissions from the first 60 days of the Israel-Gaza war were greater than the annual emissions of 20 individual countries and territories." The incremental increase in emissions over the first two months was around 280,000 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). If we were to bring this up to date, almost a million tCO<sub>2</sub>e has been wastefully dumped into the atmosphere. The researchers estimate the reconstruction of Gaza will create another 30 million tCO<sub>2</sub>e of emissions. These are very conservative estimates and the real cost to the environment might be of a bigger order of magnitude. Over in Ukraine, Lennard de Klerk's team calculate that an additional 150 million tCO<sub>2</sub>e of greenhouse gases have been emitted in the first 18 months of the Russian invasion, exceeding that of a country like Belgium.

At a time when people in developing countries are being asked to sacrifice their growth prospects to achieve global climate goals, it is a cruel joke to witness such thoughtless and wasteful emissions from extended wars. The world cannot prevent wars, but it can reduce their duration, limiting their intensity and environmental damage. Even before the UN adopted the PERAC resolution, the international community has acted to penalize damage to the environment by aggressors (or, in realist terms, losing sides). An additional Geneva Convention proto-

col prohibits causing "widespread, long-term and severe damage to the natural environment." After the First Gulf War, Saddam Hussein's Iraq was forced by the UN to pay environmental damages after burning Kuwait's oil wells and polluting the Gulf.

In fact, the world prohibited wars of aggression in 1945 and the entire edifice of the United Nations was created to prevent them from happening. We have seen that the UN can limit wars and the international system can hold war criminals accountable. Let us be clear: If wars in Ukraine and Gaza are dragging on for months, it is because at least one permanent veto-holding member of the UN Security Council wants it that way—or more. Fingers must be pointed at them, both for the loss of lives of combatants and civilians and for the environmental damage that harms everyone on the planet.

In the face of the climate crisis, war is no longer only a moral crime against humanity. It is a material one against the survival of the species. It is time to treat it as such. Greenhouse emissions from wars are a global negative externality and it is no longer tenable to let off the actors that cause it.

Everyone on the planet is being asked to pay a price for the world to get to net zero. It makes no sense to allow wilful and egregious polluters to do so free of cost. Making polluters pay into a global fund that can then be deployed to compensate the victims of climate change is not only fair, it also creates the right incentives. In theory.

The problem in practice is that the international system has vested power and impunity in the hands of permanent members of the UN Security Council, ironically making these five the worst threats to human security. Ergo, UN reform ought to be on the agenda of everyone who cares about climate change. Geopolitics and international security are a blind spot that the climate-change movement can no longer afford to ignore.

## 10 YEARS AGO



## JUST A THOUGHT

You never need an argument against the use of violence, you need an argument for it.

NOAM CHOMSKY

## MY VIEW | MODERN TIMES

## Alice Munro reported from inside the heads of women

MANU JOSEPH



is a journalist, novelist, and the creator of the Netflix series, 'Decoupled'

The short story is glorified by the gatekeepers of literature, as though the genre is from an oppressed community. It is now common to hear that the short story is more difficult to write than the novel, and that women are better at it than men. But the person who they claim is the finest writer of short stories, Alice Munro, was more measured. She said she persisted with short stories because she couldn't pull off a novel. "I don't really understand a novel," she once told the *New York Times*. "I don't understand where the excitement is supposed to come in a novel..."

She died on 13 May at the age of 92. When she was awarded the Nobel prize for literature in 2013, she became the first person to receive the honour exclusively for short stories, and one of the very few laureates, I feel, who were easy to read and a delight.

Her common analysis of herself as a writer was that she was a woman who was primarily interested in the lives of women and what women experienced. The result was not

always compassion for women; but also something sterner, something more useful.

The narrator in her short story *Friend of my Youth* tells us, "...mother had grown up in a time and a place when sex was a dark undertaking for women. She knew that you could die from it. So, she honoured the decency, the prudery, the frigidity, that might protect you. And I grew up in horror of that very protection, the dainty tyranny that seemed to me to extend to all areas of life, to enforced tea parties and white gloves and all other sorts of tinkling inanities. I favoured bad words and a breakthrough, I teased myself with the thought of a man's recklessness and domination."

She did write the male point of view sometimes. I don't know what it is about the male characters of even great female writers, but these men make fine observations about curtains and upholstery. For instance, this moment in the short story, *The Bear Came Over the Mountain*: "Grant caught sight of two layers of front-window curtains, both blue, one sheer and one silky, a matching blue sofa and a daunting pale carpet..."

Munro was kind to men, even considerate perhaps. When she reveals that Grant, who is married to the central character of the story, used to have affairs with his students, Munro

appears to explain that it was very good for his spirits: "What he felt was mainly a gigantic increase in well-being... He ran up steps two at a time. He appreciated as never before a pageant of torn clouds and winter sunsets seen from his office window, the charm of antique lamps... Come summer, he learned the names of flowers."

Munro has said that when she started writing, only women read stories and men did something seemingly more important outside their homes. This contributed to her initial success around a time when the most influential writers in Canada were all men. Even today, I am certain that most of Munro's readers are women. Most readers of stories are women. They are the primary readers of men, too.

Male writers, in general, do not believe that they write about men, or that they are primarily interested in the lives of men. They would claim that their interest is wider and universal, about humans and not gender. They might be more wrong than they

think, nevertheless most of their readers are women. The literary success of men is often a reward given by women.

In a previous column, I had written that women appreciate the works of men, they are generous to exceptional men, but men, in general, do not engage much with the works of exceptional women. It is this gap in generosity that partly finances the progress of men. A similar imbalance in interest favours the West and its artists. We engage more with their works than they do with ours. In this imbalance, Munro is a beneficiary. Indians who have never read a single Indian short story may have read Munro. She may not have read any book by an Indian. But her elevation to greatness might have a more interesting reason.

She has been successful for about five decades, even acclaimed now and then, but the literary establishment began to call her a legend less than 20 years ago, when she was in her 70s. This happens to many artists, and not because they do their best work in old age.

Greatness is not defined by sales figures. It is not a democratic vote. The establishment picks the greats. And establishment writers are usually reluctant to praise their peers. Asked to name the greatest among them, they pick someone who is not one of them. Sometimes they pick a safe foreigner, or a person from the oppressed classes, but often they pick an old person. This is how Meryl Streep is the world's "greatest actress" and why many Indian writers would pick R.K. Narayan as "the greatest" and the West came to rate Alice Munro as the world's best short-story writer.

Munro appeared to see her rise to greatness with a detached amusement. She began writing in her spare time, in between raising her children and running a home. Many writers secretly feel that they are the world's best ever, even though they may not have had the chance to read every writer. I get the feeling Munro was not someone who harboured such views about herself. When she spoke of herself, it was with a degree of self-effacement that was very persuasive. From the way she spoke about the process of writing and writing itself, I often got the feeling that she really did not consider literature the most important thing. I could never grasp, though, what mattered the most to her.



THEIR VIEW

MINT CURATOR

# India must raise productivity for sustainable and inclusive growth

We have been making better use of capital but must improve its deployment so that returns rise and bulk jobs are generated



**RAJAT DHAWAN**  
is the McKinsey & Company's managing partner in India.

Productivity is not everything," economist Paul Krugman famously commented, "but in the long run, it's almost everything." Higher productivity is essential for India to create good jobs and improve quality of life. It is through productivity too that the economy can generate the wealth that government can use to invest in social welfare and environmental progress. Higher productivity is essential to fuel India's journey towards sustainable and inclusive growth.

It is good news then that India's productivity has risen an average of 5.6% a year since 1997, according to recent research by the McKinsey Global Institute (MGI), more than twice the global average of 2.3%. Only China was faster. To put it another way, India's gross domestic product (GDP) per worker rose from \$6,200 in 1997 to \$21,800 in 2022. The challenge is to keep it up, or preferably, do even better. This cannot be taken for granted.

One big issue is investment, or capital formation. MGI estimates that 70% of India's productivity improvement is explained by growth in capital per worker, a figure that almost quadrupled from 1997 to 2022. And yet, at about \$38,000, India's capital stock per worker is still less than half that of China and a third of the level of Central and Eastern Europe.

Another way to look at this is how well Indian companies use their capital. Again, the conclusion is that they could do better. A McKinsey analysis of India's 1,000 biggest public companies found that only 56% earned a return on invested capital (ROIC) greater than the weighted average cost of capital (WACC) in 2023. That is more than in 2014, when it was 43%, which is one reason why the capital intensity ratio has risen over this period. The trend is encouraging. Still, the fact that more than four out of 10 companies are not creating enduring value is sobering.

And it is troubling that ROIC has declined in recent years, from an average of 11.3% in the period 2009-13 to 10.2% in 2019-23; that is slightly less than the WACC. Net profit margins also declined over the same period, from 8.4% to 7%. At best then, on average, the top 1,000 Indian corporates are just about breaking even on the shareholder expectations of return and on WACC.

It's important to note that some sectors (software, pharmaceuticals and automotive) have done much better than others (apparel and energy). It's also true that 1,000 companies form only a subset of the Indian economy. But it is a critical subset, accounting for more than 90% of India's market capitalization and about half of the corporate revenue as a percentage of GDP. And the ROIC performance for mid- and small companies is worse.

What do all these numbers add up to say? Without improving ROIC, capital formation will falter. And without improved capital formation, India cannot achieve its productivity potential. In short,



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India needs to improve how it deploys capital. This is urgent, considering that most of India's infrastructure and factories are still to be built, industry by industry, over the next couple of decades.

At the same time, while India's manufacturing productivity growth is also high, at 5.7%, the sector is notable for its low returns, which explains why it attracts a relatively low share of capital. That also helps explain why the sector accounts for only about 12% of employment, just one percentage point more than in 1997. In other high-productivity-growth countries such as China, Poland and Vietnam, the figure is around 20%. This is an opportunity to be seized.

McKinsey estimates that manufacturing could generate more than \$1 trillion of GDP by 2030, or double the figure of 2020, and provide a significant share of the well-paid jobs needed for the many people leaving farms. One approach to consider is building manufacturing clusters near ports, with free-trade warehousing zones, faster approval processes and more flexible labour laws.

Improving manufacturing processes and capital expenditure deployment could increase productivity three to five times. Smart project planning, procurement and design could improve capital productivity alone by 20-25%—a number that would translate into jobs and competitiveness. For

example, building a lithium-ion cell gigafactory can cost anywhere from \$55 million to \$90 million per gigawatt hour. That large range shows that there is efficiency to be captured through benchmarking and project execution.

Companies that rapidly digitize their supply chains and operations can earn significant benefits: Greater throughput and quality, less wastage and better collaboration among workers, companies and supply-chain partners. Investing in centres of excellence and digital capabilities could reduce operational costs by 15-25%.

Another productivity opportunity for Indian manufacturers is to make higher-value goods, adopt better packaging and address markets with stronger brands. Food processing, capital goods, steel and steel products are areas of high potential. Such efforts can be instituted without massive investment; indeed, higher profits and ROIC mean that these companies could reinvest their capital surpluses rather than seek external investment.

India's productivity record since 1997 is strong. The challenge is to build on this momentum. There is considerable room for improvement to create sustainable and inclusive growth for the many millions who have not yet benefited from our remarkable progress.

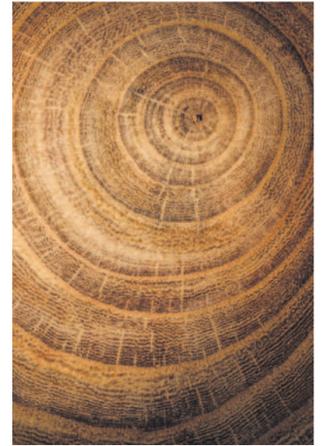
Nikhil Malhotra contributed to the article.

# Yes, the world is hotter than it has been in 2,000 years or so

A scientific study of tree rings confirms global warming is for real



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Trees that live for thousands of years hold useful temperature records. ISTOCKPHOTO

It's one thing to say the northern hemisphere summer of 2023 was the hottest in 150 years of mercury measurement. This claim is often dismissed by sceptics of global warming who point out that the Earth has a long history of temperature fluctuations. That's why it's important that a new paper shows last summer was actually the hottest in the last 2,000 years—and that our current temperatures are even more of an outlier than we realized.

[The question is] whether our recent warming is a major shift or a blip. Thankfully, tree rings hold records that go back thousands of years. In a paper published in *Nature*, scientists used tree rings to plot summer heat in the northern hemisphere over the past two millennia. 2023 was the hottest of them all. The next hottest 25 have all occurred since 1996. The next runner-up was way back in 246 CE.

What we know of global warming has been changed dramatically by long-term trends revealed by tree rings, ice cores, sediment layers and other such monitors. In 1998, scientists published a 'hockey stick graph' of the last 600 years. It showed that global temperatures rose and fell like gently rolling hills until the mid-20th century, when they suddenly soared.

That gave people a graphic image of how unusual things are today. Since then, there have been dozens of detailed reconstructions of our climate history. This latest one covers only the part of the globe that has the most trees—the mid-latitude northern hemisphere—but it goes back 2,000 years and highlights climate change today in the context of centuries of natural variability.

Even seemingly small fluctuations can have a big impact on human life. Take 536 CE, dubbed "the worst year to be alive" by historian Michael McCormick. An Icelandic volcano erupted, spewing particles into the air and veiling much of Europe and Asia in a dark fog. That caused cold, famines and a wave of plague that coincided with the collapse of the Eastern Roman Empire. That year's summer was just 1.9° Celsius below the long-term average, shows the *Nature* paper, and 3.9° Celsius colder than the summer of 2023.

Volcanoes have been to blame for cooler years. But the cause of past warm spells is not as well understood.

The year 246 CE was also unusually warm. More recently, the medieval-era warm period between 800 CE and 1400 CE allowed orchards and pastures to spread into north Europe, Iceland and Greenland, and also triggered megadroughts, famine and the collapse of civili-

zations in the American southwest. Tree rings are helping scientists decipher the role of climate in that period and others throughout history. The oldest trees, bristlecone pines, can live nearly 5,000 years; scientists can extract a pencil-thin core to study the rings without harming the trees. But researchers don't have to use such ancient trees to explore the distant past because they can also read information from rings in wood that's been incorporated in old buildings and ships or preserved in bogs. Trees growing in cold conditions can reveal temperature history because it is the main factor limiting their growth. The new study depended on such trees in nine different sites analyzed by 15 teams, said its lead author Jan Esper of Johannes Gutenberg University.

Esper said he was interested in better understanding what the Earth's temperature was like in the pre-industrial area, before human-generated emissions started warming the planet. The Intergovernmental Panel on Climate Change defines pre-industrial temperature as the average measured from 1850 to 1900. The Paris Agreement makes it a goal to keep global temperatures within 1.5° C of that pre-industrial period—a level we're about to exceed. But measurements before 1900 were sparse, and Esper says the tree rings suggest the actual pre-industrial era was a bit cooler. From 1850 to 1900, temperatures were already about a quarter of a degree warmer than the average over the previous 2,000 years. That means our current temperatures might be more abnormally warm than we realized.

"You often hear politicians—ignorant politicians—saying climate varies and it's been warmer in the past so don't get too excited about all this greenhouse gas we're putting into the atmosphere," said Ray Bradley, a climatologist of the University of Massachusetts, Amherst, who was an author of the hockey-stick paper. But the natural records suggest it hasn't been this warm in 2,000 years, maybe longer, "so that's a pretty exceptional situation."

Exceptional, but not hopeless. Today's climatologists say it's not too late to keep global warming within a manageable range. If we listen to what nature is telling us, we can keep 536 CE as the worst year to be alive.

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MY VIEW | GENERAL DISEQUILIBRIUM

# Finance in India has a new bogey called private credit

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Prudent regulation of the financial sector requires that rules apply equally to all regulated entities. This, apart from delivering regulatory equity, deters less-regulated entities from mistaking an uneven regulatory regime as an incentive for excessive risk-taking. A uniform regulatory framework for all regulated entities not only acts as a disincentive against excessive risk-taking, but also safeguards financial stability. The Reserve Bank of India (RBI) recently harmonized its regulatory framework for project finance to create a level-playing field between both commercial banks and infrastructure-focused non-banking financial companies (NBFCs).

Private credit is another area crying out for such synchronization.

Private credit is advanced by funds pooled together from mostly institutional investors and actively managed by professional managers. These funds usually invest capital in startups and early-stage companies in the form of non-publicly traded debt, without

going through the intermediation of banks or NBFCs. Private credit thus becomes an alternative, non-conventional source of borrowed capital for many privately held companies. Another crucial difference with traditional loans, apart from their repayment structure and security creation, lies in private credit charging higher interest rates.

Private credit has been picking up in India, stepping into the breach after credit markets gummed up and lending activity froze following the 2018 collapse of IL&FS Ltd and other finance companies. A report by audit firm EY estimates that private credit totalled \$7.8 billion (about ₹65,000 crore, 108 deals) during calendar 2023, compared with \$5.3 billion (close to ₹43,500 crore, 77 deals) in 2022. Two deals stood out: a 3-year, ₹1,723-crore refinancing deal for the Shapoorji Pallonji Group and a ₹711-crore refinancing loan for Vedanta Group. In fact, it is believed that a large chunk of the private credit in India during the past few years was earmarked for refinancing stressed real estate loans.

RBI was forced to step in last year when it became clear that a significant portion of private credit being lent by private equity funds was used for 'evergreening' existing loans, or providing a fresh loan to corporate

borrowers on the verge of defaulting on an old loan. The central bank detected that banks and NBFCs were investing in these funds which were then routing money as private credit to companies which had already borrowed from the same banks or NBFCs; the inflows were then used for meeting their obligations. This worked as a win-win for both the borrower and lender. The borrower could avoid loans getting tagged as non-performing assets (NPAs) and being referred for bankruptcy proceedings. The lender, on the other hand, avoided having to recognize loan impairment, which would have entailed reduced income and higher provisioning, both affecting profitability. The credit fund, in turn, earned interest income and was able to keep a lid on risks by offering subordinate paper (which carries lower repayment obligations) to investing banks and NBFCs. RBI forbade banks and NBFCs from investing in funds which were lending money to these stressed borrowers.

This sleight of hand apart, private credit comes beribboned with several potential vulnerabilities. The April 2024 edition of *Global Financial Stability* report from the International Monetary Fund has devoted an entire chapter to risks from private credit.

At a general level, private credit is remarkably opaque in its operations and remains lightly regulated when compared with banks or NBFCs that are subject to relatively stronger regulation and supervision. Even bond markets have some disclosure requirements that impose an element of restraint. In addition, private credit is like a bilateral over-the-counter deal between borrower and lender, with no standardized contracts or terms and conditions. Given this level of opacity, any default by a private credit borrower has the risk of catching the financial sector unawares and acquiring the characteristics of a contagion, especially since institutional investors have extensive ties across the system. Indian private credit's revealed pro-

ensity for refinancing stressed assets is another red flag, in which one risk event can potentially send the entire credit market into disarray.

Then there is the issue of uneven regulation leading to uneven competition. Lending by banks and NBFCs is circumscribed by their capital base; funds extending private credit have no such restrictions. In fact, unlike regulated entities, private credit providers do not have to make any minimum provisions while extending credit. Worse, given the veil of secrecy that shields these funds, there is no clarity when asset impairment gets recognized, or whether the fund has any provisioning standards or documented recovery processes. Most private credit comes structured with lenient restructuring clauses. There is also the question of capability: despite past slippages, most banks and NBFCs have developed deep institutional capacity over the years for credit appraisal, pricing, structuring, monitoring and recovery. Private credit, being relatively new in India, has competence gaps and this has shown up on numerous occasions over the past few years.

Clearly, there is a need for regulatory intervention here. Nobody wants a repeat of the 2008 chaos.

**Closer rules and openness can mitigate risks. Recall, RBI had to intervene earlier to curb evergreening**



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