

Tuesday, August 13, 2024

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Arcelor, CPPIB, JSW Neo circle Spring's 1GW assets ▶ P1



Yes Bank sale: Sumitomo bank CEO to meet RBI brass ▶ P1

₹5 Lakh Crore AUM.

1.80 Crore Mutual Fund Investors.

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Data presented herein is as on 31 July 2024. Assets Under Management (AUM) (in Crore) include: Debt: 69,187.07, Gilt: 1,645.98, Liquid: 39,058.73, ELSS: 16,540.35, Equity: 2,19,753.30, Hybrid Schemes: 30,254.53, Gold ETF: 11,389.43, Index Funds: 13,431.15, Other ETFs: 1,36,519.34, Solution Oriented Schemes: 3,616.39, Fund of Funds (Domestic): 3,117.78, Total AUM (After Inter scheme Adjustments): 5,41,396.26 Geographical Spread (%): Top 5 Cities: 70.52 | Next 10 Cities: 10.77 | Next 20 Cities: 5.83 | Next 75 Cities: 8.53 | Other: 4.35 Source: AMFI. The Unique Investors count for Mutual Fund industry is 4,80,63,073, and that for Nippon India Mutual Fund is 1,80,17,700. Market Share: 37.5%. Hence the phrase '1 in 3' investors is used.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



Campus Activewear Limited
CIN: L74120DL2008PLC183629

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2024

(All amounts are in INR crores except per share data or as otherwise stated)

S. No.	Particulars	For the quarter ended 30 June 2024	For the quarter ended 31 March 2024	For the quarter ended 30 June 2023	For the year ended 31 March 2024
		Unaudited	Audited	Unaudited	Audited
1	Total income from operations	341.43	366.39	353.97	1,452.83
2	Net profit for the period (before tax, exceptional and/or extraordinary items)	34.09	43.79	42.40	120.03
3	Net profit for the period before tax (after exceptional and/or extraordinary items)	34.09	43.79	42.40	120.03
4	Net profit for the period after tax (after exceptional and/or extraordinary items)	25.38	32.75	31.48	89.44
5	Total comprehensive Income for the period [comprising profit for the period (after tax) and other comprehensive Income (after tax)]	25.51	32.59	31.44	89.43
6	Equity Share Capital (face value of INR 5 each)	152.65	152.63	152.40	152.63
7	Reserves (excluding revaluation reserve) as shown in the audited Balance Sheet of the previous year	-	-	-	499.03
8	Earnings Per Share (face value of INR 5 each) (for continuing and discontinued operations)*				
	1. Basic (INR) :	0.83	1.07	1.03	2.93
	2. Diluted (INR) :	0.83	1.07	1.03	2.93

*Basic and Diluted EPS is not annualised except for yearly figures.
See accompanying notes to the financial statements.

Notes:

- The above financial results of the Company as published in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations") have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on 12 August 2024. These financial results have been prepared in accordance with recognition and measurement principles of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. Limited Review under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been carried out by the statutory auditors of the Company. The auditors have expressed an unmodified report on the Financial Results of the Company. For more details on results, visit investors section of our website at www.campusactivewear.com and Financial Results at Corporate Section of www.nseindia.com and www.bseindia.com.
- Based on guiding principles given in Ind AS 108 "Operating Segments", the Company's business activity falls within a single operating segment namely "Footwear and its related products", hence the disclosure requirements relating to "Operating Segments" as per Ind AS 108 are not applicable.
- The figures for the quarter ended 31 March 2024, are the balancing figures between audited figures in respect of full financial year up to 31 March 2024 and unaudited published year to date figures up to 31 December 2023, being the date of end of third quarter of the financial year which were subject to limited review.

For and on behalf of the Board of Directors of
Campus Activewear Limited

Sd/-
Nikhil Aggarwal
Whole Time Director
DIN: 01877186

Place: Gurugram
Date: 12 August 2024

D-1, Udyog Nagar, Main Rohtak Road, New Delhi - 110041, Delhi, India, Telephone: +91 11 4327 2500; Email: investors@campusshoes.com, Website: www.campusactivewear.com

MUNJAL SHOWA LIMITED CIN: L34101HR1985PLC020934 Registered Office & Works: Plot No. 9-11, Maruti Industrial Area Sector-18, Gurugram-122015 (Haryana), Tel.: +91-124-4783000 Fax: +91-124-2341359 Email: pgupta@munjalshowa.net Website: http://www.munjalshowa.net				
EXTRACT OF THE STATEMENT OF FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2024				
(₹ in Lakhs, except per equity share data)				
S. No.	Particulars	3 months ended	Year ended	3 months ended
		30.06.2024	31.03.2024	30.06.2023
		(Unaudited)	(Audited)	(Unaudited)
1.	Total Income from operations	31,075.30	1,17,272.84	28,786.81
2.	Net Profit for the period before tax and exceptional items	1,343.12	3,755.56	1,521.30
3.	Net Profit for the period before tax and after exceptional items	1,343.12	3,629.03	1,521.30
4.	Net Profit for the period after tax and after exceptional items	1,191.89	3,076.61	1,276.03
5.	Total comprehensive income for the period (after tax)	1,197.98	3,100.98	1,274.67
6.	Equity Share Capital	799.93	799.93	799.93
7.	Reserves excluding revaluation reserve as on March 31, 2024		65,625.10	
8.	Earnings Per Share (after extraordinary item/s) (of Rs. 2/- each)	2.00	2.00	2.00
	Basic: (In rupees)	2.98	7.69	3.19
	Diluted: (In rupees)	2.98	7.69	3.19

Note:
The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange websites www.nseindia.com and www.bseindia.com and on the Company's website www.munjalshowa.net.

For and on behalf of the Board
Sd/-
(Yogesh Chander Munjal)
Chairman & Managing Director
DIN 00003491

Place : Gurugram
Dated : August 12, 2024

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Mint Long Story
The art of storytelling



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mint
Think Ahead. Think Growth.

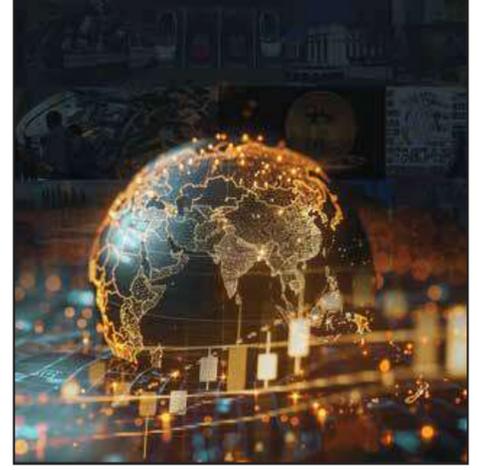
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The Economist



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HT TWTW
THE WEEK THAT WAS

A quiz on the week's development.



Tuesday, August 13, 2024

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Think Ahead. Think Growth.

mint primer

The 3% fiscal deficit target: Is it sacrosanct?

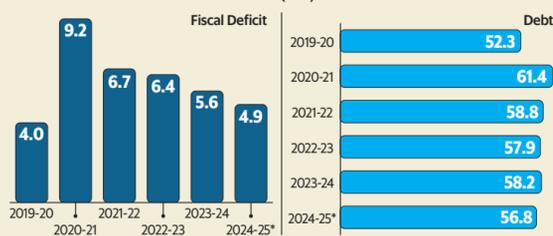
BY N. MADHAVAN

In a bid to provide maximum flexibility to growth, the government has tweaked its approach to fiscal consolidation. It no longer wants to fix a fiscal deficit target. *Mint* looks at the new approach and the significance of the 3% target set by law.

New approach

Government wants to focus more on reducing debt and thereby the fiscal deficit

India's fiscal deficit and debt as share of GDP (in %)



1 Why do we need fiscal consolidation?

Governments need to live within their means. But with the ability to print money and borrow at will, they often spend more than what they earn, causing fiscal deficit. So, that's the difference between revenue and spending (shown as a percentage of gross domestic product). Having a high fiscal deficit is not good economics. It causes inflation to rise and hurts economic growth as it forces interest rates to remain high. Fiscal consolidation is the process of controlling the fiscal deficit by ensuring that expenditure does not significantly exceed revenue. Most governments do this by setting a legally mandated target.

2 How did we get to the 3% target for India?

The Fiscal Responsibility and Budget Management Act, 2003, mandates the Union government to keep the fiscal deficit below 3% of its gross domestic product. More than two decades after the law came into effect and for reasons both within and beyond its control, the Centre has not been able to meet this target even once. In FY19, the deficit came down to 3.4% but the pandemic that followed pushed it up to 9.2% in FY21. The Modi government has been aggressively reducing it ever since. In FY24 it managed to reduce it to 5.6%. The target for FY25 is set at 4.9% and in FY26 it is expected to be below 4.5%.

3 Don't states have to keep the deficit down too?

Indian states too are obligated to keep their fiscal deficit under check, and they have done a much better job of it than the Union government. The aggregate fiscal deficit of the states was well below 3% in four of the last six years. It touched 4% in FY21 post-covid. In FY24, the revised estimates put it at 3.4% and this is expected to decline to 3.1% in FY25.

4 Is there a change in approach?

Next cabinet secretary T.V. Somanathan has said the Centre is no longer committed to a 3% fiscal deficit target. He said that after FY26 (by when it would be below 4.5%) the target will be dynamic and set in a manner the government's debt-to-GDP (an unsustainable 58.2% in FY24) is on a declining trend. This, the Centre feels, will provide more flexibility for growth by making enough resources available. A fast-growing economy like India, he argued, can afford a higher fiscal deficit and still reduce debt.

5 So is the 3% target sacrosanct?

The government says there is no scientific basis to the 3% target. A slightly higher deficit would actually help the economy grow faster. It will also provide the Centre with enough fire power when a crisis such as the pandemic strikes. Post-covid, it spent heavily on infrastructure to revive growth. But many economists say a deficit that is higher than 3% will increase India's borrowings at a time when savings are declining. This will push up interest rates, hurt private investment and slow economic growth.

QUICK EDIT

China's outflows

Foreign investors pulled out a record amount of money from China in the last quarter. Direct investment liabilities in its balance-of-payments dropped almost \$15 billion in April-June, *Bloomberg* reported, citing data from the State Administration of Foreign Exchange. This marks only the second time that the figure has turned negative, and should the full year end with a fall, it would be China's first annual decline since at least 1990. The data offers evidence of the dimming appeal of the Chinese economy as its health takes a hit amid a structural slowdown, even as regulators clamp down on private firms. Foreign investors have been losing confidence and working on a China-plus-one strategy to diversify production and lower risk. This should benefit other economies, including India's. That said, less-than-impressive foreign direct investment in India lately indicates that it isn't an obvious choice for global investors pulling out of China. Smaller economies in Southeast Asia offer stiff competition. While India's economic prospects do stand out, New Delhi needs to adopt a more attractive policy framework. The China-plus opportunity is a rare one, and we mustn't let it pass.

MINT METRIC

by Bibek Debroy

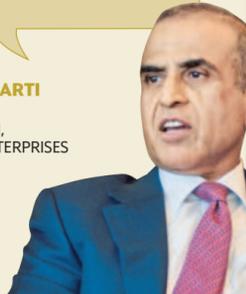
A teacher in a Gujarat government school

Has a life that makes us drool.
Resident in USA for eight years,
She draws a salary like her peers.
Thus violating every possible rule.

QUOTE OF THE DAY

We are not in this for making a buck or looking at stock markets up or down. We are long-term telecom investors.

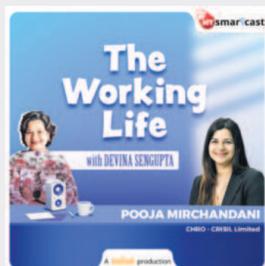
SUNIL BHARTI MITTAL
CHAIRMAN,
BHARTI ENTERPRISES



MINT PODCASTS



COCKROACH STRATEGY
Join Ashutosh Bishnoi, director of Multi-Act, as he delves into the "cockroach portfolio" on Why Not Mint Money. This investment strategy, designed for resilience and longevity, aims to preserve and grow wealth through market ups and downs, much like the cockroach's survival in any environment.



AI SHAPING LEADERSHIP
The future of work is here. On "The Working Life," guest Pooja Mirchandani, CHRO of CRISIL, breaks down how artificial intelligence is reshaping the workplace. Discover how AI is transforming leadership and potentially rendering some roles obsolete. Tune in for a comprehensive look.



CHEAP 5G SMARTPHONE
Is your next budget phone going to be a 5G powerhouse? Qualcomm's Snapdragon 4S Gen 2 is set to disrupt the market, offering advanced features for under ₹8,000. Hosts Shouvik Das and Leslie D'Monte unpack this breakthrough and delve into the implications of the Broadcasting Services Regulations Bill.



What are India's retail investors betting on?

BY NITI KIRAN

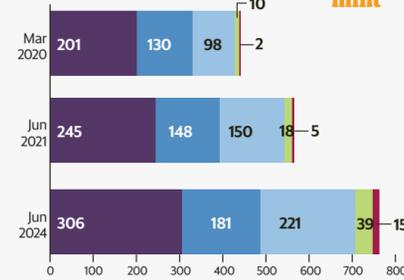
Once passive players, retail (or individual) investors now wield significant power in the stock market. As many as 4.5 million new demat accounts were created in July, against an average of 3.5 million a month over the past year. By comparison, just 0.4 million were added per month in 2019-20, the last pre-covid year. Now, 762 companies or 43% of those listed on the NSE boast more than 50,000 retail shareholders, up from 441 in March 2020. A total of 54 firms now have over a million retail shareholders, up nearly five-fold in four years. But where has the retail investors' money been flowing of late? Here's what data shows.

A *Mint* analysis of data as of 30 June shows that two-thirds (68%) of this shareholding rests with the top 10% companies by market cap. This is down from 72% a year ago. The next 10% firms contribute another 14.7%, up from 12.6%. The bottom 60% accounts for 5%, roughly unchanged over a year. A large part of this increase came from a small-cap rally, but higher allocations to small companies also contributed. Over the past year, while the index of BSE's large-cap firms gained 28%, mid and small cap indices returned 55% and 51%, respectively.



Retail shareholders' base explodes as they flock to equities

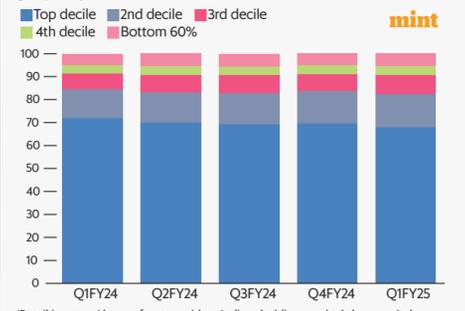
NSE-listed companies, by the number of individual investors



The companies with fewer than 50,000 individual investors have not been shown

Retail investors' bets are largely concentrated among blue-chips

Distribution of retail investors' shareholding, by companies grouped by size* (in %)



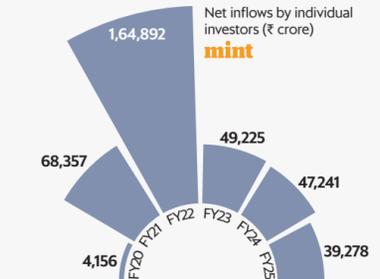
*Retail investors' here refers to resident Indians holding nominal share capital up to ₹2 lakh. *Deciles based on market capitalization of each quarter. Source: Capitaline, Mint analysis

Market Stability

RETAIL SHAREHOLDERS had 7.7% stake by value in NSE-listed companies as of 30 June, marginally up from 7.6% both a quarter ago and a year ago. More than half the stocks (51.4%) saw a rise in retail shareholding since March. The moves seem tied to stock performance. On average, these stocks have gained 17.5% over this period, against 7.5% return of the Nifty 50. The data here refers to individuals holding nominal share capital up to ₹2 lakh in a given stock. Domestic mutual funds, a way for individuals to invest indirectly, saw their shareholding increase from 16.3% to 16.5% sequentially.

These investments by individual investors, direct and indirect, have kept the stock markets afloat in uncertain times, with overseas investors backing off. Foreign institutional investors' (FIIs) shareholding fell to 19% in June from 19.8% in March. During the June quarter, they sold over ₹7,500 crore in Indian equities. "During periods of significant sell-offs by foreign investors, domestic institutional investors have played a stabilising role in mitigating volatility and supporting market confidence," said Alok Agarwal, head of quant and fund manager at Alchemy Capital Management. "The increasing participation of domestic retail investors through mutual funds has strengthened the market's internal support system, fostering a more stable investment environment."

Buying spree persists for individual investors against all odds



Latest data as on 30 June. Data for net flows in NSE in the secondary market only. Individuals include individual/proprietorship firms, HUFs and NRIs. Source: National Stock Exchange

Will Prudence Prevail?

EVEN IN the face of political and economic headwinds, retail investors have continued their relentless buying spree. The recent election results, which briefly sent shockwaves through the markets, don't seem to have deterred them and they've used dips to boost their equity holdings. In the first half of 2024, net equity inflows from individuals (₹91,876 crore) completely overshadowed those from overseas investors (₹3,201 crore), data from NSE showed.

But will the weight of the new global challenges—a potential US economic slowdown, escalating tensions in West Asia, and a rapidly appreciating yen—finally force them to retreat? Globally, investors are generally shifting from riskier assets to lower-risk assets, but whether this happens in India as well will depend on market volatility in the coming weeks and months, said Aamar Deo Singh, senior vice president, research at Angel One. niti.k@livemint.com

DATA REWIND

Data Rewind is an occasional Plain Facts feature that brings you interesting statistics and charts from the yesteryear.

Fifteen years ago, India had 415.2 million wireless subscribers; today, that number has nearly tripled to 1.17 billion. Wireline subscriptions have seen a slight dip, decreasing from 37.7 million to 34.7 million. The most dramatic change is in broadband usage, which has exploded from just 6.4 million to 935.1 million, reflecting the country's digital transformation. The mobile phone market was spread out thin in 2009, with several players in the market. Bharti Airtel, with a share of little less than 25%, was the leading service provider in the country. Today, the top three companies control more than 90% market share.

mint
Compiled by Shuja Asrar

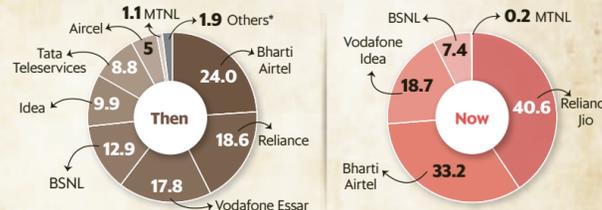
Then vs Now: What was India's telecom landscape like 15 years ago?

Then (as on 31 May 2009) Now (as on 31 May 2024)

Number of telecom subscribers (in million)



Wireless subscription by company (in %)



*Includes Spice, Loop Telecom Pvt Ltd, Sistema Shyam Teleservices Ltd, HFCL Infotel

Source: Telecom Regulatory Authority of India

PARAS JAIN/MINT

PEANUTS by Charles M. Schulz



Tuesday, August 13, 2024

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Banks' first quarter show has a message for investors ▶P10



Wipro's chief technology officer Tata Varti resigns ▶P5

SENSEX **79,648.94** ↓ 56.97 NIFTY **24,347** ↓ 20.50 DOLLAR **₹83.97** ↓ ₹0.01 EURO **₹91.75** ↓ ₹0.08 OIL **\$81.7** ↑ \$0.87 POUND **₹107.15** ↓ ₹0.02

Arcelor, CPPIB, JSW Neo circle Sprng's 1GW assets

HSBC running the sale process; enterprise valuation likely at \$1.1 billion

Utpal Bhaskar
utpal.b@livemint.com
NEW DELHI

A high-stakes sale is under way in India's burgeoning renewable energy sector, as Shell Plc explores the sale of 1 gigawatt (GW) of operational assets from its Sprng Energy unit. According to two people familiar with the matter, the energy giant is fielding interest from global and domestic entities, including ArcelorMittal, Singapore's Sembcorp Industries Ltd, the Canada Pension Plan Investment Board (CPPIB), and JSW Neo Energy.

HSBC is running the sale process for the deal, which has an equity and enterprise value of \$350 million and \$1.1 billion, respectively, the people cited above said.

Shell acquired Sprng Energy from Actis LLP in 2022 at an enterprise value of \$1.55 billion. At that time, Sprng Energy had 2.1 GW of operational renewable energy projects and 7.5 GW in the pipeline, and it has added 800 megawatts (MW) more since then. Notably, CPPIB, Sembcorp, and ArcelorMittal had conducted due diligence on Sprng Energy during the Shell-Actis transaction.



SPRNG IN THE AIR

CLEAN SWEEP

THE sale aligns with the trend of capital recycling in RE sector

COMPANIES like ReNew have adopted similar strategies

THE sale is driven by factors such as India's growing RE market

Mint had reported that Shell Plc was looking to sell a stake in the operational assets of Sprng Energy group, and had engaged Ambit Group for a valuation exercise.

Last June, Shell unveiled a "balanced energy transition" strategy under chief executive Wael Sawan, focusing on maintaining its leadership in the global lique-

fied natural gas (LNG) market while "stabilizing liquids production to 2030".

In an emailed response, a Shell Group spokesperson stated, "We don't have any further comments beyond what we have earlier stated."

"As stated at Capital Markets Day in June 2023, we are working

to grow our renewables portfolio as part of an integrated power business in the key market of India. To be clear, there is no strategic review of Sprng Energy group. We continue to develop new projects under Sprng," the spokesperson emphasized. "In line with our Capital Markets Day guidance, we explore opportunities to work with investors who want to deploy capital on de-risked operational assets. This focus on capital discipline will enable Shell to further accelerate growth of our renewables portfolio."

Spokespersons for HSBC and CPPIB declined to comment. Queries to representatives from ArcelorMittal, Sembcorp, JSW Group, and Ambit Group went unanswered.

Other major green energy companies in India, including ReNew Energy Global Plc, have also adopted capital recycling strategies, selling operational clean energy capacity to reinvest in new projects.

ArcelorMittal's interest in the deal aligns with its strategy to reduce its carbon footprint in response to the European Union's Carbon Border Adjustment Mechanism (CBAM), which will tax the

TURN TO PAGE 6

Yes Bank sale: CEO of Sumitomo bank to meet RBI brass

Gopika Gopakumar
gopika.g@htlive.com
MUMBAI

The chief of one of Japan's largest lenders is visiting India this week to discuss buying a stake in Yes Bank Ltd, as a global race heats up to grab a significant holding in the private lender.

Sumitomo Mitsui Banking Corp.'s (SMBC's) global CEO Akihiro Fukutome will be meeting with officials of the Reserve Bank of India and State Bank of India to discuss buying a stake in Yes Bank, according to four persons aware of the matter.

SMBC is looking at a valuation of about \$5 billion for a 51% stake in Yes Bank, according to one of the persons cited above. As of Monday's close, Yes Bank's market capitalization was ₹76,531 crore, or about \$9.1 billion.

"SMBC has already started due diligence, seeking details from Yes Bank. The global CEO is meeting with senior officials of RBI and SBI early this week to discuss the stake sale plan," this person said.

State-owned SBI, which owns a 23.99% stake in Yes Bank, has been looking to pare its holding in the private lender ever since a three-year lock-in period barring investors from



Akihiro Fukutome, global chief executive officer, Sumitomo Mitsui Banking Corporation.

selling shares expired last year. SBI had initially acquired a 49% stake in Yes Bank as part of a 2020 government-engineered rescue.

"RBI is keen to see a global bank pick up a stake in Yes Bank," said a second person. The central bank is yet to give its clearance on the "fit-and-proper" assessment of the new investor.

Mint reported on 9 July that RBI had approved the sale of up to a 51% stake in Yes Bank, the second such instance of the regulator allowing an investor to hold more than 26% in an Indian bank.

In 2018, RBI allowed Canada's Fairfax Holdings Ltd to acquire a 51% stake in Kerala-

TURN TO PAGE 6

DON'T MISS



RBI tightens liquidity norms for housing finance companies

The Reserve Bank of India said housing finance companies will need to have higher liquid assets to back deposits, and allowed these lenders to issue co-branded credit cards, in a move to bring them on par with their non-bank financier counterparts. >P7

NCLT tells RBI, govt to speed up approvals for RCap takeover

The National Company Law Tribunal on Monday asked RBI and the department for promotion of industry and internal trade to expedite approvals necessary for Hinduja-owned IndusInd Holdings to complete its acquisition of Reliance Capital. >P7

JSW Steel to acquire 66% in Australian coking coal miner

JSW Steel will acquire the controlling stake in an Australian miner for \$170 million as India's largest steelmaker seeks to secure the supply of coking coal—a key raw material that is scarce in India—to meet its expansion plans. >P5

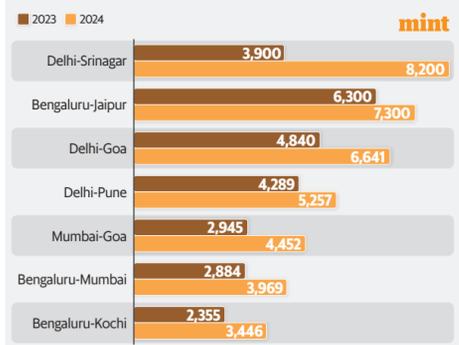
India's retail inflation eases to 3.54% in July, lowest in five years

Food prices eased to bring down retail inflation sharply in July—marking the lowest in nearly five years—but factory output fell to a six-month low in June, bringing mixed news for policymakers looking to boost manufacturing and economic growth. >P2

Rush fare

Domestic airfares for the two upcoming long weekends have risen by up to 50% as travellers rush to make plans and utilize the period.

One-way airfares for 14-19 August booked before 2-4 weeks of travel for selected air routes (in ₹)



Flying this week and next to cost you a lot more

Anu Sharma
anu.sharma@livemint.com
NEW DELHI

Airfares across popular routes have shot up by as much as 50% for the upcoming Independence Day weekend, flight booking data showed, as travellers stitch together multiple holidays for extended vacations.

Independence Day and the Parsi New Year fall on 15 August, a Thursday, while Rakshabandhan falls on Monday. Many travellers seek to work remotely or take a day's leave on Friday to enjoy a lengthy five-day holiday, sparking a rush for flights.

Airfares have also jumped due to the slow pace of new aircraft joining India's fleet, even as travel demand leaps ahead.

"Indians are travelling like never before and spontaneously. There's been a surge in bookings for the two weekends for domestic as well as short-haul international sectors," said Ajay Prakash, board

member, FAITH (Federation of Associations in Indian Tourism and Hospitality). "The resultant increase in airfares might daunt some but younger travellers don't hesitate to use their credit cards or choose fly-now-pay-later options."

On travel portal Cleartrip, domestic airfares for the long weekend starting Independence Day have spiked 50% on year for travelling to Bengaluru, 9% for Delhi, over 30% for Srinagar, and nearly 20% for Leh. Similarly, ticket prices are up 17% on average for the period around Janmashtami.

Travel portal ixigo has also seen prices rise for flights between metro cities during the two long weekends in August. For an advance booking, the average one-way fare for August 14-20 between Delhi and Pune has risen to over ₹5,200, a jump of 23% from a year earlier. Similarly, a Bengaluru-Kochi ticket now costs around ₹3,500, a 46%

TURN TO PAGE 6

How Singhania is navigating a 7-year turnaround at Raymond

Nehal Chaliawala
nehal.chaliawala@livemint.com
NEW DELHI

Gautam Singhania is a man of few words. For instance, when pressed for details on his mid-term plans for the 99-year-old Raymond Group, the 58-year-old third-generation promoter repeats a cryptic phrase: "Create shareholder value".

How does he plan to do that? "We have a game plan on how to do that. But we'll talk about it when the time is right."

While Singhania is guarded about the finer details, the broad contours involve growing the lifestyle division's white-label garmenting business, expanding retail footprint and adding new product categories, scaling the real estate and engineering businesses, and eventually, splitting the group into three listed companies. Raymond-branded apparel



Gautam Singhania, promoter, Raymond Group.

sold in India are made by the company's suppliers; at the same time, Raymond contract-manufactures garments for foreign brands, often called white-label garmenting.

The company is closely following a playbook that Singhania and his lieutenants created at the outset of the pandemic outbreak. Back then, shuttered stores had dried up Raymond's cash flows. Debt piled up. The chief executive of the company's flagship lifes-

style business resigned.

The top brains at Raymond then connected over Zoom calls to come up with the following plan—be among the top three companies in all businesses, exit those where they couldn't be among the top three, reduce debt, and demerge the conglomerate once debt is under control.

"In 2020, we created a roadmap for a seven-year period," said Amit Agarwal, chief financial officer of the Raymond Group.

The following four years have been well-documented. Raymond sold its fast-moving consumer goods (FMCG) business to Godrej Consumer Products, used the money to repay lenders, acquired engineering firm Maini Precision Products Ltd (MPPPL) to scale its engineering business, launched multiple real estate projects, and finally set the wheels in motion for the

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After BT, Bharti eyes more overseas opportunities

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NEW DELHI

The Bharti group's European foray through a 24.5% share purchase in BT Group Plc was a signal that Indian business groups like itself were ready to take the global stage, said Bharti Enterprises Ltd chairman Sunil Mittal, highlighting that the steps into global markets were backed by the Indian government.

"The Indian government is continuously encouraging a handful of companies that have gone global to accelerate the process. We operate in 16 countries already, and now, having the UK and starting a chapter on the European continent is the next step," Mittal said in an interaction with the media after the announcement on Monday.

Bharti Televentures UK Ltd, a wholly owned subsidiary of Bharti Enterprises' interna-



Sunil Mittal, chairman, Bharti Enterprises Ltd.

tional investment arm Bharti Global, will buy the equity in the UK's largest mobile and broadband services provider from telecom services provider Altice UK, which has a 24.5% stake in BT. Bharti Televentures will buy 9.99% of BT from Altice immediately, and the remaining 14.51% after receiving regulatory clearances.

The Bharti group was ready to take the initiative to make investments in developed markets after having cemented its

position in the India market over the years and created a global telecom major Airtel that now boasts of strong cash flows, even as it took a break from overseas investments in telecom after entering Africa in 2008, Mittal said.

Mittal indicated that Altice's 24.5% stake of BT's £14 billion market cap could be valued at about £3.4 billion. Altice is owned by Israeli-French telecom billionaire Patrick Drahi, who also owns auction house Sotheby's.

Bharti group has voluntarily applied for clearance under the UK National Security and Investment Act, as part of the regulatory clearing process.

Indian companies' investments in UK-based companies have yielded mixed results. Jaguar Land Rover (JLR) has exper-

TURN TO PAGE 6

Bharti to acquire 24.5% stake in UK's BT Group >P3

China's nightmare: A second trade war with Trump

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SINGAPORE

China was bruised by its trade war with the U.S. under President Donald Trump, but ultimately bounced back. If Trump wins the White House in November, the trade war erupted in 2018 when Trump placed tariffs of up to 25% on \$350 billion of imports from China—65% of the 2018 total—including solar panels, washing machines, steel and aluminum. China retaliated with tariffs of its own on U.S. goods.

Most economists say China got the worst of that trade fight, but the effect didn't last. Its

China's economy is much more vulnerable.

Trump "will be putting his elbow into the Chinese economy as it deflates," said Matthew Gertken, chief geopolitical strategist at BCA Research. "They are more vulnerable."

The trade war erupted in 2018 when Trump placed tariffs of up to 25% on \$350 billion of imports from China—65% of the 2018 total—including solar panels, washing machines, steel and aluminum. China retaliated with tariffs of its own on U.S. goods.

Most economists say China got the worst of that trade fight, but the effect didn't last. Its



China's struggling economy is overly reliant on exports, making it more vulnerable to the tariffs Trump is proposing. BLOOMBERG

exports bounced back strongly during the pandemic as locked-down consumers in the West gorged on consumer electronics and other home comforts. Chinese exporters have

since found new markets, aided by state support and low prices. China's surplus in goods trade hit a monthly record in June of almost \$100 billion, lifted by exports to the European Union

and southeast Asia.

The export surge is a bright spot for an otherwise struggling economy. An epic property crunch is now in its third year. Burned by the property meltdown and lingering trauma of the pandemic, Chinese consumers are keeping a tight grip on their wallets. Local government finances are under severe strain, and private-sector confidence is in the doldrums.

This reliance on manufacturing and exports leaves China much more sensitive to an escalation in the U.S.-China trade war.

Patrick Zweifel, chief economist at Pictet Asset Management, estimates that if a Kamala Harris presidency stuck with

the more-selective tariff policy of the Biden administration, it might shave perhaps 0.03 percentage point off Chinese economic growth next year.

Raise tariffs to 60% on all Chinese goods, as Trump has proposed, and the hit would be far larger, at perhaps 1.4 percentage points, which on his forecasts would pull growth in 2025 down to around 3.4% from an expected 4.8%.

UBS estimates that tariffs of 60% on U.S. imports of Chinese goods would hold back GDP growth by about 2.5 percentage points in the 12 months after imposition, though the drag could be just 1.5% points if China takes offsetting actions.

TURN TO PAGE 6

MINT SHORTS

Govt issues norms for 'model solar village' under Surya Ghar scheme

New Delhi: The government on Monday issued operational guidelines for implementation of the 'model solar village' component under the PM-Surya Ghar Muft Bijli Yojana. Under the scheme component, emphasis has been laid on creating one model solar village per district, the Ministry of New and Renewable Energy said in a statement. A financial outlay of ₹800 crore has been allocated for this component, providing ₹1 crore per selected model solar village, the ministry said. **PTI**

'India aspires to be developed by 2047 in a sustainable way'



New Delhi: India aspires to be a developed nation by 2047 in a sustainable way, unlike the rich nations' model of "growth at all costs", according to economist Shamika Ravi. The country wouldn't choose the path that the Organization for Economic Cooperation and Development (OECD) or the rich nations took "because that would be terribly irresponsible", said Ravi, a member of the Prime Minister's Economic Advisory Council. **PUJA DAS**

CDSCO brings in sterile equipment manufacturers under GMP ambit

New Delhi: The Central Drugs Standard Control Organization has directed makers of sterile equipment to comply with Schedule M of the Drugs and Cosmetic Rule, which mandates companies to follow Good Manufacturing Practices (GMP) at par with World Health Organization standards. Till now, GMP was compulsory for drug makers but compliance is regarded as equally important for sterile product and vaccines makers. **PRIYANKA SHARMA**

'Bharatmala Pariyojana Phase-I likely to be finished by 2027-28'



New Delhi: The government's flagship Bharatmala Pariyojana Phase-I, which has overshot its expenditure limit, is expected to be completed by 2027-28, the ministry of road transport and highways said in its annual report. Bharatmala Pariyojana Phase-I entails a total length of 34,800km in 31 states and UTs, and more than 550 districts, was approved by the cabinet committee on economic affairs in June 2017. **PTI**

India seeks expanded fruit export opportunities with New Zealand

New Delhi: India has sought early market access for grape exports to New Zealand and approval for its vapour heat treatment (VHT) facilities—used to kill pests—in Delhi and Lucknow. During a bilateral meeting on Monday, agriculture minister Shivraj Singh Chouhan urged his New Zealand counterpart, Todd McClay, to approve the VHT facilities as part of India's broader strategy to enhance fruit trade between the two nations. **DHIRENDRA KUMAR**

Centre plans stricter quality standards to tackle air pollution

New Delhi: In order to tackle increasing air pollution in the country, the Centre plans to introduce stricter National Ambient Air Quality Standards, which have not been revised since 2009, said two officials close to the matter. The Union government also plans to install 1,000 more air monitoring stations, especially in cities with a population of over 1 lakh. **PUJA DAS & MANAS PIMPALKHARE**

I&B ministry to release fresh draft of Broadcasting Services Bill

Aditi Agrawal
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NEW DELHI

The ministry of information and broadcasting (MIB) said on Monday it will publish a fresh draft of the Broadcasting Services (Regulation) Bill, 2024 after detailed consultations, hours after it asked some stakeholders to return watermarked physical copies of an updated version circulated on 24 and 25 July. The move came against the backdrop of what officials and experts said were certain "misgivings" over the provisions, especially those in the latest

draft that was circulated among entities such as streaming platforms and social media companies which were part of the consultation process.

"The draft bill was placed in public domain on 10.11.2023 along with the explanatory notes for comments of the stakeholders and the general public. In response, multiple recommendations/ comments/ suggestions were received including from various associations. Ministry is holding a series of consultations with the stakeholders on the draft bill. Further additional time is being provided to solicit comments/ sugges-



The most controversial provisions of the latest version of the bill ran the risk of tagging online content creators as broadcasters. **AFP**

ions till 15th October, 2024. A fresh draft will be published after detailed consultations," the MIB said in a post on X.

The consultation process has been on since November 2023, when the first draft was uploaded by the ministry. The

government did not comment on the draft circulated in July. According to people aware of the matter, the government said comments were no longer required on that version. "The consultation is still on. There are certain misgivings which need to be addressed. [These misgivings] have been discussed in the public domain and on digital media. There are a lot of apprehensions on digital media. We may call for more stakeholders to discuss the matter in more detail," said a senior government official, asking not to be named. A second official, on the condition of anonymity, said

that it is not yet clear whether it will be redrafted in its entirety or if only particular sections would be redrawn from the latest draft. The latest version, first reported by *HT* on 26 July, drew significant concerns over some of the provisions and how the consultation process was being carried out. The most controversial provisions ran the risk of tagging all online content creators as broadcasters, irrespective of the content they dealt with. Between 29 May and 9 July, the ministry held at least four meetings to discuss the bill, with attendees including Big

Tech companies (Google, Meta, Snap), online streaming platforms (Netflix, Amazon Prime Video, Jio Cinemas, Spotify, DTH operators (Airtel, Tata Play), and related industry associations. "Nothing is confirmed about the draft. We will continue the consultation. We will try to include everyone who has not been in the room for consultation," the official said. The latest version—which stakeholders have been asked to return—contained provisions that can classify all online content creators as either OTT broadcasters or as digital news broadcasters.

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July's retail inflation eases to 3.54%, lowest in five years

July's decline was driven by easing food prices; factory output fell to a 6-month low in June

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NEW DELHI

Food prices eased to bring down retail inflation sharply in July—marking the lowest in nearly five years—but factory output fell to a six-month low in June, bringing mixed news for policymakers looking to boost manufacturing and economic growth.

Retail inflation based on the consumer price index (CPI) rose by 3.54% in July, its lowest in 59 months, according to data from the ministry of statistics and programme implementation (MoSPI).

The rise in food inflation, a persistent challenge, at 5.42% in July was the lowest since June 2023, when it was 4.55%. Food inflation had risen 9.36% in June, 8.69% in May and 8.70% in April.

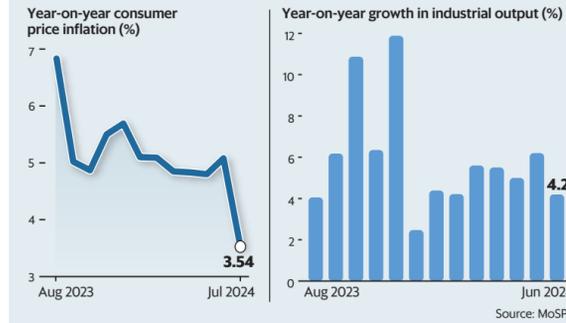
To be sure, some economists said the fall in inflation could be temporary.

"Base effects pulled July inflation sharply lower to 3.5% yoy (year-on-year), below our forecast. Food costs, the category that had been responsible for the bulk of the lift in the headline in recent months, surfaced as the key dampener in July," said Radhika Rao, Executive Director and Senior Economist, DBS Bank.

"Notably, the headline and core inflation have nearly converged, as the latter ticked up to 3.4% yoy. This month's headline likely marks the bottom for the

A persistent challenge

Some economists said the fall in inflation could be a one-off.



headline and core prints, but July's print increases the likelihood that the central bank's quarterly forecast (for the headline) at 4.4% might be undershot," Rao said adding the fall in retail inflation in July-August could be transient and temporary.

A Mint poll of 21 economists had estimated retail inflation to drop to 3.6% in July from 5.1% in June, primarily due to the statistical effect of a high base last year.

Food prices have remained elevated for over a year—and have stayed above 8% since November—primarily due to last year's uneven and below-normal monsoon rains.

During July, food inflation dropped to a 13-month low at 5.42%, after remaining above the 7% mark during the last eight months.

The prices of meat, fish, eggs, spices, sugar and confectionery products rose during July, while prices of cereals, fruits, vegetables, and pulses fell on a sequential basis.

Clothing and footwear prices declined in July, compared with the previous month.

Meanwhile, India's industrial output grew at a lower-than-expected 4.2% annually in June, hurt by weaker manufacturing growth.

Economists polled by Reuters had expected growth of 5.5%. India's factory

output rose to a seven-month high of 5.9% in May, up from 5.41% in March and 4.98% in April.

During June, manufacturing output rose 2.6% annually, down from the 3.5% annual growth registered during the same period of the previous year.

Electricity generation was up 8.6% annually in June, compared with a 4.2% rise last year, while mining activity grew 10.3% against a 7.6% increase last year.

Capital goods production, a proxy for fixed investments, saw a 2.4% annual rise in June (against 2.9% in the year-ago period), while consumer durables production, reflecting consumer sentiment, surged by 8.6% (against a contraction of 6.8% in the year-ago period).

Infrastructure/construction goods production rose by 4.4% last June, against the 13.3% growth registered in the same period of the previous year.

Industrial output growth rose steadily during the last year, managing impressive gains of 10.9% in August and 11.9% in October, driven by strong mining output, festive demand for manufactured goods, and increased electricity generation. But growth fell to its lowest point of the year at 2.5% in November.

Since then, industrial growth has shown signs of recovery.



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Net direct tax receipts 'Goods exports in Q2 to rise to \$112 bn'

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NEW DELHI

The government's direct tax collection has risen 22.48% so far this fiscal.

It had collected ₹6.92 trillion in direct taxes, after adjusting for refunds, as of 11 August, according to data released by the Central Board of Direct Taxes (CBDT). The net collection stood at ₹5.65

trillion during the corresponding period a year earlier.

Income tax collection jumped 30% year-on-year to ₹4.47 trillion, while corporate tax mop-up rose 6% to ₹2.22 trillion

Other taxes have risen to ₹1,617 crore so far this fiscal from ₹1,383 crore a year ago. These include equalization levy, fringe benefit tax, wealth tax, banking cash transaction tax, hotel receipt tax, interest tax, expenditure tax, estate duty and gift tax.

Finance minister Nirmala Sitharaman in July said the government would continue efforts to simplify taxes, improve taxpayer services.

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Goods exports will hit \$111.7 billion in the second quarter of current fiscal year (Q2 FY25), marking a 4.2% year-on-year growth, the Export-Import Bank of India (India Exim Bank) projected.

Merchandise exports stood at \$109.11 billion in April-June.

Non-oil exports are expected to contribute \$89.8 billion, a 6.26% increase on-year. This forecast underscores the continued positive trajectory of India's trade performance amid robust economic activity.

The optimistic forecast is supported by sustained momentum in India's manufacturing and services sectors, bolstered by government initiatives such as 'Make in India' and 'Atmanirbhar Bharat'. These programmes aim to reduce import dependency and strengthen domestic production, contributing to the resilience of India's manufacturing sector.

Global factors also play a critical role. Expectations of global monetary easing and



Merchandise exports stood at \$109.11 billion during April-June. **BLOOMBERG**

improving demand in key trading partners provide a favourable environment for India's exports.

According to the World Trade Organization (WTO), global merchandise trade volume is anticipated to grow 2.5% in 2024, offering a supportive backdrop for India's export activities.

However, the Exim Bank report cautions that risks

remain. Uncertain economic prospects in advanced economies, geopolitical tensions, and ongoing conflicts in West Asia

could pose significant challenges. Additionally, global supply chain disruptions and deepening geo-economic fragmentation may hinder export growth.

India's merchandise trade deficit, which hit a seven-month high in May, showed signs of narrowing in June. The deficit stood

at \$20.98 billion in June, down from \$23.78 billion in May but slightly higher than the \$19.1 billion recorded in April.

The June figure exceeded analysts' expectations, with a Reuters poll predicting a \$21.5 billion deficit.

The volatility in global oil prices and fluctuating demand in major economies add further uncertainty to the forecast.

Nonetheless, India's trade performance has demonstrated a robust post-pandemic recovery, with merchandise exports surpassing \$400 billion for the first time in FY24, reaching a record \$433.09 billion.

The commerce ministry is focussing on identifying new markets such as emerging economies in Africa, Latin America and Southeast Asia.

India Exim Bank's projections are based on its Export Leading Index (ELI) model, which tracks various economic indicators to provide insights into future export trends.

The next forecast, covering the third quarter of FY25 (October-December), is expected to be released in the first fortnight of November.



MINT SHORTS

Cancer case solutions startup 4baseCare bags \$6 mn funding

Gurugram: 4baseCare, an Illumina Accelerator startup offering precision oncology solutions using advanced genomics and digital health technology, has raised \$6 million in Series A funding round led by Yali Capital and other investors. The funds will be used to enhance product offerings and scale up operations for expansion across India as well as other countries in Asia and the Middle East, the company said in a statement. 4baseCare offers solutions to support oncologists in matching patients with the right targeted therapy based on biomarker identification.

Elevation Capital, others invest \$3.6 million in Infynyte.Club



Gurugram: Wealth management platform Infynyte.Club has raised a seed round of \$3.6 million led by Elevation Capital and supported by 40 angel investors. The startup is focused on helping top tech and startup employees in India manage and grow their wealth. Traditionally, investing in high-potential startups has been restricted to a select few, and Infynyte.Club aims to bridge this gap by providing its members with access to a promising portfolio of private company stocks, the company said in a statement.

Truva raises \$3 million in seed round from Stellaris, others

Gurugram: Real estate technology platform Truva has secured \$3 million in seed funding led by Stellaris Venture Partners. The round also saw participation from Peercheque (Aakrit Vaish and Miten Sampat) and other angel investors. Truva plans to utilize the fresh infusion to expand its team, enhance its product, raise debt for working capital and scale operations. It also plans to expand to new markets in Mumbai and other cities.

Luxury men's brand Haldèn raises ₹5 crore in seed funding round

Gurugram: Mumbai-based luxury men's brand Haldèn has raised ₹5 crore in a seed funding round led by Prajay Advisors, a prominent family office based in Mumbai. Since its inception, Haldèn claims to have served over 100,000 customers from tier-I and II cities. With this new funding, the startup plans to expand its product range.

COMPILED BY NITESH KUMAR

Bharti to acquire 24.5% stake in UK's BT Group

Equity to be purchased from telco Altice UK; exact deal value not revealed

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NEW DELHI

Bharti Enterprises Ltd, led by billionaire Sunil Bharti Mittal, will buy a 24.5% stake in BT Group Plc, the UK's largest mobile and broadband services provider, the companies said in a statement on Monday.

Bharti Televentures UK Ltd, a wholly owned subsidiary of Bharti Enterprises' international investment arm Bharti Global, will buy the equity from telecom services provider Altice UK, which has a 24.5% stake in BT. Bharti Televentures will buy 9.99% of BT from Altice immediately, and the remaining 14.51% after receiving regulatory clearances.

The companies did not reveal the exact value of the deal. The funds were not connected to Bharti Airtel Ltd or any of its subsidiaries, Bharti Enterprises clarified. Altice's 24.5% stake in BT was worth about £3.2 billion based on the last closing price on the London Stock Exchange, according to the *Financial Times*. Altice is owned by Israeli-French telecom billionaire Patrick Drahi, who also owns auction house Sotheby's.

Mittal said, "Bharti and BT have an enduring relationship going back more than two decades, wherein BT owned a 21% stake along with two board seats in Bharti Airtel Ltd from 1997-2001. Today marks a significant milestone in Bharti Group's history as we invest in BT, an iconic British company."

"This investment in BT aims to support the commitment of our hon'ble prime minister towards his vision in elevating and broadening the India-UK ties. Bharti's own record of owning and operating telecom and broadband networks around the world is underpinned by placing customers, digital innovation and operational efficiency at the heart of



Sunil Bharti Mittal, founder and chairman of Bharti Enterprises.

its business," he added. India and the UK are expected to conclude their free trade agreement (FTA) negotiations soon.

The talks began in January 2022, and 14 rounds were conducted before the general elections in both countries. The two

governments are also negotiating a bilateral investment treaty. Bharti said the company hoped to create new synergies between the two countries in the areas of artificial intelligence (AI), research and development (R&D) on 5G, and core engineering, among others.

The UK-India Technology Security Initiative was announced during the recent visit of UK foreign secretary David Lammy to India, the company said, adding that this would help expand collaboration in critical and emerging technologies across priority sectors, including telecom.

Allison Kirkby, chief executive of BT Group, said, "We welcome investors who recognise the long-term value of our business, and this scale of investment from Bharti Global is a great vote of confidence in the future of BT Group and our strategy. BT has enjoyed a long association with Bharti Enterprises, and I'm pleased that they share our ambition and vision for the future of our business. They have a strong track record of success in the sector, and I look forward to ongoing and positive engagement with them in the months and years to come."

DIALLING IN

BHARTI will buy 9.99% immediately, remaining 14.51% after regulatory clearances

THE 24.5% stake in BT was worth about £3.2 billion based on the last closing price in London

THE British group had held a 21% stake in Bharti Airtel between 1997 and 2001

V2 Retail going full throttle to set up online presence

Sowmya Ramasubramanian
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BENGALURU

Delhi-based V2 Retail Ltd is going full throttle on its plan to establish an online presence by the third quarter of FY25, aiming to give value-conscious consumers more options for shopping apparel.

"Our pilot in Delhi will go live in the next two months, allowing us to perfect the tech, compliances, and omnichannel integration," Akash Agarwal, director of V2 Retail, told *Mint*. "Once we feel confident about it, we will replicate the model in other cities." The firm will use its five stores in Delhi to fulfill online orders, Agarwal added.

V2 Retail was founded by Ram Chandra Agarwal in 2011, shortly after mounting debts amid a crashing economy prompted him to sell his first venture, Vishal Mega Mart, to private equity investor TPG and the Shriram Group for just about ₹70 crore.

The founder used the proceeds to build V2 Retail, which has a market capitalization exceeding ₹3,300 crore today.

V2 Retail's focus on offline operations has significantly expanded gross margins in the last six months, and this expansion plan has led to a stock price surge of up to 190% from February to August, according to Agarwal. The stock closed 5% up at ₹962.05 on the National Stock Exchange on Monday.

Rapid product development and the ability to capture fast-moving fashion trends have made V2 a tough contender in the value-fashion category.



Akash Agarwal, director of V2 Retail.

Now, its plan to go omnichannel will help it tap the growing demand in tier-II and III cities, said Agarwal.

"We are a product company, and we have to be present on all channels. We don't want to miss out on any customer who only shops online," he noted.

India's value-fashion segment is growing fast driven by increasing disposable incomes and growing consumer aspira-

tions in small cities for budget-friendly branded apparel and footwear.

The industry is projected to witness a compound annual growth rate (CAGR) of 6% from 2020 to 2025, but the organized sub-sector is expected to surpass this, achieving a 13% CAGR, according to estimates by Motilal Oswal Financial Services.

While V2 Retail expects online to contribute only 1-5% of its business in the short term, it believes online retail is a natural extension of its offline business, which sees footfalls of 90,000 across its 141 stores daily, according to Agarwal.

To read an extended version of this story, go to livemint.com.

The plan to go omnichannel will help V2 Retail tap the growing demand in tier-II and III cities, said Akash Agarwal



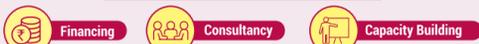
EXTRACT OF STATEMENT OF UNAUDITED FINANCIAL RESULTS (STANDALONE & CONSOLIDATED) FOR THE QUARTER ENDED 30TH JUNE, 2024 (₹ in crore)

Particulars	STANDALONE			CONSOLIDATED		
	Quarter ended		Year ended	Quarter ended		Year ended
	30-Jun-24	30-Jun-23	31-Mar-24	30-Jun-24	30-Jun-23	31-Mar-24
Total Income from Operations (Net)	2,188.35	1,842.61	7,784.29	2,188.35	1,842.61	7,784.29
Net Profit for the Period (before tax & exceptional items)	684.70	597.81	2,843.44	684.70	597.76	2,843.39
Net Profit for the Period before tax (after exceptional items)	684.70	597.81	2,843.44	684.70	597.76	2,843.39
Net Profit for the Period after tax (after exceptional items)	557.75	445.70	2,116.74	557.75	445.65	2,116.69
Total Comprehensive Income for the period (comprising Profit for the period (after tax) and Other Comprehensive Income (after tax))	538.69	452.71	2,136.52	538.69	452.66	2,136.47
Paid up Equity Share Capital (FV - ₹ 10/- each)	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
Other Equity (excluding Revaluation Reserve)	N.A.	N.A.	14,612.40	N.A.	N.A.	14,610.66
Securities Premium Account	N.A.	N.A.	1.26	N.A.	N.A.	1.26
Net Worth	N.A.	N.A.	16,614.30	N.A.	N.A.	16,612.56
Paid up Debt Capital/ Outstanding Debt*	-	-	74,032.21	-	-	74,032.21
Debt Equity Ratio	N.A.	N.A.	4.05	N.A.	N.A.	4.05
Earning Per Share (FV - ₹ 10/- each) (The EPS for quarters are not annualised)						
i) Basic	2.79	2.23	10.57	2.79	2.23	10.57
ii) Diluted	2.79	2.23	10.57	2.79	2.23	10.57
Debtenture Redemption Reserve**(as at year end)		N.A.	2,726.11		N.A.	2,726.11

* Outstanding Debt excluding Ind As Adjustments ** Debtenture Redemption Reserve as on 31st March 2024 respectively.

NOTES:
1 The above Financial Results of the Company have been reviewed by the Audit Committee and subsequently approved by the Board of Directors in their meeting held on August 12, 2024. These Financial Results have also been reviewed by M/S P P A & Associates LLP, Chartered Accountants.
2 The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The full format of the Financial Results are available on the websites of BSE Limited (URL: www.bseindia.com/corporates), & National Stock Exchange of India Limited (URL: www.nseindia.com/corporates) and the same is also available on the Company's website (URL: www.hudco.org.in).
3 The other line items referred in Regulation 52(4) of the Listing Regulation, pertinent disclosures have also been made to the websites of BSE Limited (URL: www.bseindia.com/corporates) & National Stock Exchange of India Limited (URL: www.nseindia.com/corporates) and the same is also available on the Company's website (URL: www.hudco.org.in).
4 There is no change in the accounting policy during the Quarter, hence there is no impact on Net Profit/Loss, Total Comprehensive Income or any other relevant financial item(s) due to change(s) in accounting policies.

For and on behalf of the Board of Directors
Sd/-
Sanjay Kulkshrestha
Chairman & Managing Director



HOUSING AND URBAN DEVELOPMENT CORPORATION LTD. (HUDCO)

(A Govt. of India Enterprise)

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e-o-d
every other day
Adventure Park



Independence Day Adventure Fest

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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	PERCENT CHANGE		CLOSE	PERCENT CHANGE		CLOSE	PERCENT CHANGE													
79,648.92	-0.07		24,347.00	-0.08		22,915.85	-0.03		72,434.25	-0.39		25,386.05	-0.15		47,210.37	0.04		53,887.52	0.51	
PREVIOUS CLOSE		OPEN	PREVIOUS CLOSE		OPEN	PREVIOUS CLOSE		OPEN												
79,705.91		79,330.12	24,367.50		24,320.05	22,923.50		22,862.90	72,718.85		72,401.50	25,425.40		25,356.20	47,192.27		46,926.16	53,614.37		53,353.90
HIGH		LOW	HIGH		LOW	HIGH		LOW												
80,106.18		79,226.13	24,472.80		24,212.10	22,993.25		22,753.75	72,736.65		71,965.85	25,501.30		25,233.90	47,338.74		46,814.74	54,043.84		53,134.26

MINT SHORTS

German office prices post first gain in two years after slump

Germany's market for office buildings is showing signs of a recovery, as interest rates are widely expected to fall and workers begin to spend more time at the office. Prices for office properties climbed 0.3% in the second quarter from the previous three months, according to data published by the German banking association VDP on Monday. It was the first quarterly gain since the summer of 2022, when prices began a 17% decline. After the downturn in real estate markets, "the potential for further setbacks now appears to be limited," Jens Tolckmitt, VDP's managing director, said in a statement. He cautioned that the situation for commercial properties remains tense, with transactions still being at a below-average level. Real estate markets have been under pressure for two years as higher interest rates saddled many building owners with surging borrowing costs and plunging valuations.



China's direct investment liabilities in its balance of payments fell almost \$15 bn in April-June.

Foreign investors pull record amount of money from China

Foreign investors pulled a record amount of money from China in the last quarter, with the second-only fall on record likely reflecting deep pessimism about the world's second-largest economy. China's direct investment liabilities in its balance of payments dropped almost \$15 billion in the April-June period and were down about \$5 billion for the first six months of the year, according to data from the State Administration of Foreign Exchange released Friday. If this continues for the rest of the year, it would be the first annual net outflow since at least 1990, when comparable data begins. Foreign investment into China has slumped in recent years after hitting a record \$344 billion in 2021. The slowdown in the economy and rising geopolitical tensions have led some companies to reduce their exposure, and the rapid shift to electric vehicles in China also caught foreign car firms off guard, prompting some to withdraw or scale back their investments.

BLOOMBERG

Pidilite valuations are a sore spot

Harsha Jethmalani
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Adhesives maker Pidilite Industries Ltd is on a good wicket, especially at a time when paint companies, which also operate in the construction and real estate space, are struggling with discretionary demand blues.

In the June quarter, or the first quarter of FY2024-25, Pidilite impressed investors with underlying volume growth (UVG) of 9.6% year-on-year (y-o-y). While this is lower than the double-digit UVG of 15.2% seen in the March quarter, it is still nothing to sneeze at. Volumes in the consumer and bazaar and business-to-business segments rose 8% and 18% in the first quarter.

For FY25, Pidilite's management has maintained a double-digit UVG target and expects rural markets to see faster growth than urban areas.

In its core category, which includes adhesives Fevicol, Fevikwik, Fevistick, and M-Seal, Pidilite aims to grow at 1-2 times India's GDP growth rate. In its growth category, which includes waterproofing solutions, Pidilite aims to grow at 2-4 times the GDP growth rate.

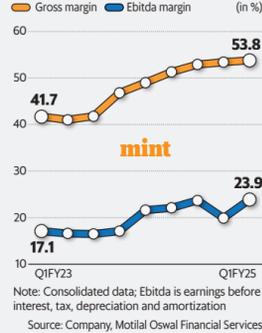


Pidilite impressed investors with 9.6% UVG in Q1FY25.

New businesses such as wood finish products and epoxy adhesives come under the company's pioneer category. Benign raw material costs and operational efficiencies meant solid y-o-y margin expansion for Pidilite. In fact, both gross and Ebitda margins rose to multi-quarter highs of 53.8% and 23.9%, respectively, in the first quarter.

Tight grip

Pidilite's margins rose to a multi-quarter high in Q1FY25 aided by lower raw material prices and operational efficiencies



Note: Consolidated data; Ebitda is earnings before interest, tax, depreciation and amortization

For FY25, Pidilite management has maintained its Ebitda margin guidance at 20-24%. Yes, there has been some adverse impact of price cuts taken last year. The value-volume gap is poised to narrow in H2 FY25, if raw material prices remain stable. But Pidilite did not

take any major pricing actions in Q1. Also, any incremental price cuts look unlikely given volatile geopolitical conditions. This may help bridge the value-volume gap.

On the input cost front, the consumption cost of key chemical vinyl acetate monomer (VAM) stood at \$1,022/tonne in Q1FY25 compared to \$1,137/tonne in Q1FY24. VAM prices are volatile and hovering at \$850-1,000 per tonne, management said.

Gains from lower raw material costs have given Pidilite the room to increase its thrust on advertising and distribution efforts. Pidilite continues to expand distribution, reaching 14,000 stores and 10,000 villages under the 'Pidilite ki Duniya' programme.

The management said that if it sees more gross margin gains, then it will aggressively invest in initiatives that will boost growth. The capital expenditure target will be 3-5% of sales. The Street rewarded Pidilite for its decent Q1 performance, pushing the stock to a new 52-week high of ₹3,278.95 on NSE last week. So, Pidilite

investors are sitting on handsome gains of 12% so far in 2024, in line with Nifty 50 index's returns.

Earnings growth estimates have been raised as well. "We upgrade our earnings per share (EPS) estimates by 3-4% for FY25-27 factoring robust margins in Q1FY25," IIFL Securities Ltd said.

IIFL expects Pidilite to show a 16% EPS compound annual growth rate over FY24-27, with no major competitive headwind, unlike the paints sector. But, a sore point for investors in Pidilite shares is that valuations are expensive. The stock is trading at FY26 price-to-earnings multiple of 62 times, showed Bloomberg data.

Pidilite is seen as a potential beneficiary of the upcycle in real estate sales, but earnings impact may be after a few years. Plus, other moats are priced-in. "Pidilite stands out for its market-leading position in the adhesives market, along with a strong brand and a solid balance sheet. However, we believe the current valuation limits the upside potential," Motilal Oswal Financial Services said in a report last week.

STICKING TO SUCCESS

PIDILITE aims to grow at 1-2 times India's GDP growth rate in its core category

FOR FY25, Pidilite management has maintained its Ebitda margin guidance at 20-24%

Bata India still dragging its feet on growth; trail remains rough

Pallavi Pengonda
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Bata India Ltd's shares have lost more than 6% since the company's June quarter results (Q1FY25). It's not as if the stock was having a super run before it. In the past year, it has fallen 14% versus the Nifty 50's 25% gain.

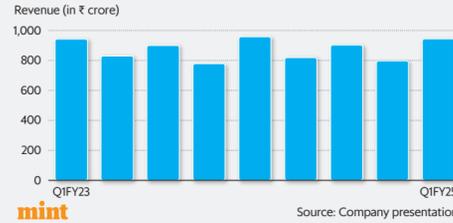
The footwear maker's problem is the same: revenue growth refuses to pick up. Q1 consolidated revenue fell by 1.4% year-on-year to nearly ₹945 crore. June quarter marks the fifth consecutive quarter of subdued revenue performance with growth being flattish in FY24 after two

years of strong show. In the March quarter earnings call, Bata's management said it was seeing signs of demand and recovery. While that did continue for some time in Q1, the latter part of the quarter was hit by factors such as heatwave and election. Gross margin was up 11 basis points at 54.9%, although Ebitda margin contracted, due to one-time expenditure towards tech investments and higher marketing cost.

Encouragingly, some brands are doing relatively better for Bata. For instance, Floatz contributed about 5% to retail sales last quarter. Bata has 16 Floatz kiosks and plans to reach 30 by

Yet to step up

Bata India continued to put up a weak show on revenue growth in Q1FY25 as well



Source: Company presentation

December. Further, Power brand is seeing double-digit growth momentum and the company intends to launch two

aims to reach 15 EBOs by December. In Power Apparel, the company is seeing quarter-on-quarter sales improvement and plans for 100 stores by December from 70 now.

These efforts should push growth. "A steady network rollout and a product revamp (including apparel and sneakers) could support growth going ahead," said a Motilal Oswal Financial Services report. It also points out that persistent softness, particularly in the mass segment, remains a drag.

Overall, Bata added 33 franchise stores in Q1 (taking the total count to 566), in tier III, IV and V towns to cater to branded

products' demand and achieve better returns on capital. Further, it added 21 company owned, company operated (Coco) stores, taking the total count to 1,350. "Given lower than expected Q1FY25 performance, we trimmed our FY25/FY26 estimated earnings by 0.5%/4.0% and changed rating to 'reduce' with a revised target price of ₹1,380," said Centrum Broking analysts in a report.

Bata India's shares now trade at ₹1,419. The stock trades at 43 times FY26 estimated earnings, showed Bloomberg data. This does not offer much comfort in the backdrop of dull demand recovery prospects.

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

Adani shares plunge \$13.4 bn after Hindenburg claims against Sebi

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BENGALURU

Adani group companies lost as much as \$13.4 billion in market value on Monday but recovered much of the losses after Hindenburg Research accused the head of India's market regulator of having links to offshore funds also used by Adani.

The battle between Hindenburg Research and the Adani Group began 18 months ago when the US shortseller alleged Adani improperly used tax havens, accusations which the conglomerate has denied.

At 0850 GMT, the group's flagship firm Adani Enterprises had fallen 1.5%, while Adani Ports, Adani Total Gas, Adani Power, Adani Wilmar and Adani Energy Solutions fell between 0.5% and 3.8%. Adani Green was up 0.3%.

Total losses for the day at that time amounted to about \$2 billion after the early plunge. The stocks had lost \$150 billion in value after Hindenburg's first report in January 2023 but shares have recovered much of the losses since then.

Adani Enterprises and Adani Ports were among biggest losers on the blue-chip Nifty 50 index, which reversed course from early losses to last trade up 0.3%.



Hindenburg vs. Adani battle started 18 months ago.

"The allegations are coming for the second time. Lot of investigations have happened over the last year and a half. This is a temporary, knee-jerk

reaction. Things will get back to normalcy," said Sunny Agrawal, head of fundamental equity research at SBICAPS Securities.

Citing whistleblower documents, Hindenburg said on Saturday that Securities and Exchange Board of India (Sebi) chair Madhabi Puri Buch has a conflict of interest in the Adani matter due to previous investments.

Buch has been Sebi chief since 2022.

"We do not think Sebi can be trusted as an objective arbi-

ter in the Adani matter," Hindenburg said on Saturday.

Buch said the report's allegations were baseless and in a separate statement the regulator said allegations made by Hindenburg Research against the Adani Group have been duly investigated.

Buch termed Hindenburg's allegations as an attempt at "character assassination" following the regulator's enforcement action and "show cause" notice to the shortseller for violating Indian rules. A show cause notice signals an intention to

take disciplinary action if satisfactory explanations are not provided.

Adani rejected the allegations against it again on Sunday and said its overseas holding structure was fully transparent.

The latest allegations from Hindenburg come at a time when Adani Enterprises is looking to launch a \$1 billion share sale by mid-September. Adani Energy raised \$1 billion from US investors and sovereign wealth funds earlier this month.

In January 2023, Adani Enterprises had shelved its record \$2.5 billion share sale following the first set of allegations by Hindenburg.



The rupee closed at 83.9725 against the US dollar, after closing at 83.9550 in the previous session.

Rupee declines to record closing low

Reuters
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MUMBAI

The Indian rupee slipped to its weakest closing level on Monday, pressured by a decline in its Asian peers while likely intervention by the Reserve Bank of India ensured the currency did not weaken more.

The rupee closed at 83.9725 against the US dollar, after closing at 83.9550 in the previous session.

The currency hovered in a narrow range between 83.95 and 83.97 during the session. The RBI likely sold dollars to limit further depreciation in the currency, the traders said.

Most Asian currencies fell 0.1% to 0.8% while the dollar index edged lower to 103.1. Traders expect the rupee to be rangebound ahead of the release of closely-watched US consumer inflation data on

Wednesday, which is expected to shape expectations of when the Federal Reserve may begin to ease policy rates.

Interest rate futures are currently pricing in about 100 basis points (bps) worth of rate cuts over 2024, starting in September.

"Given a still resilient US economy... and ongoing uncertainty over the upcoming US elections in November, there could still be further repricing of rate-cut expectations," MUFG Bank said in a note.

Dollar-rupee forward premiums slipped, with the 1-year implied yield down 2 basis points at 2.02%.

While far forward premiums should move higher over the medium term, it would be better to wait for a dip towards 1.95% to initiate a fresh paid position, a foreign exchange trader at a private bank said.

Axis Bank-Max Life deal: HC asks Sebi, RBI to hasten probe

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The Delhi High Court on Monday instructed the Securities and Exchange Board of India (Sebi) and the Reserve Bank of India (RBI) to accelerate their investigation into alleged fraudulent practices by Axis Bank Ltd in the sale and purchase of shares in Max Life Insurance Co. Ltd.

The court rejected a petition by former Rajya Sabha member Subramanian Swamy, who had sought the establishment of a committee to investigate these allegations.

Swamy had moved the Delhi High Court in February alleging a scam of ₹5,100 crore

in the way Axis Bank sold and purchased shares of Max Life Insurance. Max Life is a joint venture between Max Financial Services Ltd and private lender Axis Bank.

On 6 February, the Insurance Regulatory and Development Authority of India (Irdai) approved Axis Bank's proposal to purchase another 7% in Max Life for ₹1,612 crore. After this, Axis group entities will collectively own 19.02% of the insurer, up from under 13% now.

Swamy in his public interest litigation said Axis Bank had in March 2021 sold a 0.998% stake in Max Life to Max Financial Services and Mitsui Sumitomo International for ₹166 per share. Between March and April 2021, Axis Bank and its



On 6 February, Irdai approved Axis Bank's proposal to purchase another 7% in Max Life for ₹1,612 crore

affiliates bought back a 12.002% stake in Max Life from Max Financial Services for ₹31.51 and ₹32.12 per share.

Bank has gained substantially while selling shares as the selling price has been exponentially more than the purchasing price," he alleged. Swamy in his petition also

said that Max Financial Services and Mitsui Sumitomo International had engaged in transfer of shares of Max Life to Axis Bank at a price lower than the fair market value and subsequently bought the shares from Axis Bank at a substantially higher price.

Following the court's order on Monday, Swamy announced on X that he was considering approaching a criminal court and invoking the Prevention of Money Laundering Act, 2002.

"Today, the Delhi High Court directed RBI and Sebi to complete their investigation into the Axis-Max Life deal expeditiously and in accordance with the law. Additionally, I am exploring the possi-

Non-profit to help set up 2GWh capacity

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NEW DELHI

Rockefeller Foundation-backed Global Energy Alliance for People and Planet (GEAPP) plans to support the development of 2 gigawatt hours (GWh) of cumulative utility-scale battery-energy-storage capacity in India, said Saurabh Kumar, vice president, India, GEAPP.

In an interview, Kumar said GEAPP, in partnership with IndiGrid, is expected to commission the country's first commercial utility-scale project by the end of this year or the start of 2025. It would be set up in Delhi. GEAPP has provided about 70% of the finance in the form of debt, while IndiGrid has put in 30% equity. "We want to now take this to a 2GWh journey in the next one year," Kumar said.

He said GEAPP is also working with distribution companies in Mumbai, Delhi, Noida (Uttar Pradesh) and West Bengal to achieve a cumulative capacity of 1GWh.

Noting that GEAPP does not particularly need to invest in battery energy storage systems (BESS) now, given that the cost of batteries has significantly declined over the past six months, Kumar said the clean energy-focused non-profit organization is focusing on providing help with project design, bidding, and post-commissioning support.

He also said GEAPP is looking at creating an efficient carbon revenue model and carbon credit ecosystem in the battery space.

For an extended version of this story, go to [livemint.com](https://www.livemint.com)

Errors, costly deployment hurting GenAI's adoption

Nearly two years after the launch of ChatGPT, GenAI hasn't quite lived up to its billing

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BENGALURU

Despite the hype, generative artificial intelligence (GenAI) is unable to move from concept stage to actual adoption and integration into software tools of information technology (IT) outsourcing firms, including business process outsourcing (BPO) companies.

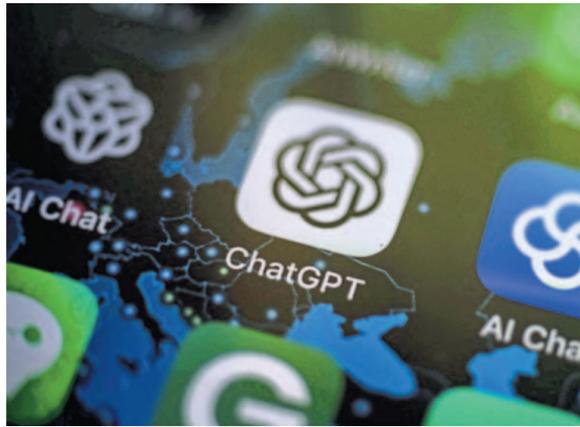
Senior industry executives and analysts say a high error rate, steep cost of deployment and the relative newness of the technology are the main reasons for GenAI's weak adoption by companies.

"So first and foremost, accuracy of the results is critically important. And second, the adoption of that solution is critically important. And the adoption only takes place if the accuracy levels are high enough that they're providing you with a distinct competitive advantage," said Rohit Kapoor, chief executive officer of ExlService Holdings Inc., in its post-earnings interaction with analysts in May 2024.

The New York-based ExlService is a Nasdaq-listed BPO company which ended the three months through June 2024 with \$448 million in revenue, up 2.7% from the preceding three months. Its revenue for the year ended December 2023 totalled \$1.6 billion, 15.5% higher than in 2022.

Kapoor, who is among the first CEOs to highlight the high error rate in GenAI-led solutions, said the goal was to improve their accuracy.

"So when we start with a new solution, the accuracy levels are very low. They are like 65% to 70%, but we have to drive that up to 90% to 95%, and that is



Analysts said that enterprises were uncertain about actual adoption of GenAI because of its relative newness.

driven by a strong understanding of the domain and understanding of how and what the data is telling us, and therefore, the fine-tuning of our algorithms and our ability to embed this into the workflow so that it is actually useful for every single person that is adopting these solutions," said Kapoor.

GenAI made waves after the launch of ChatGPT in November 2022 catapulted the new technology into boardroom discussions of the largest companies in the world. It seemed its widespread adoption was a foregone conclusion.

Nearly two years after, GenAI hasn't quite lived up to its billing.

In an interview with *Mint* on 12 July, K. Krithivasan, CEO of India's largest IT services company, Tata Consultancy Services Ltd (TCS), said that delivering

differentiations to clients is key, instead of riding a hype cycle. However, the road to adoption is still hazy.

Experts have put a question mark on the adoption of GenAI by outsourcing companies as most of the tests conducted by these companies have not gone into the production stage.

"According to industry feedback, more than 85% of proof-of-concepts around generative AI have failed to move into production. We think this is contributing to a disparity between generative AI investment in the hardware and training front versus actual revenue generation by IT service providers and software application providers," read a note by BMO Capital Markets analyst Keith Bachman dated 31 July.

Most IT services companies in their

latest earnings commentary have said that they have trained their employees on AI and GenAI, without delving deeper into those training modules.

Gartner has said that almost a third of GenAI projects would not see the light of the day beyond the proof-of-concept stage.

"At least 30% of generative AI (GenAI) projects will be abandoned after proof-of-concept by the end of 2025, due to poor data quality, inadequate risk controls, escalating costs or unclear business value," the IT research and consulting firm said on 29 July.

While accuracy is a concern, stakeholders are wary of the novelty of the new technology. Analysts said that enterprises were uncertain about actual adoption of GenAI because of its relative newness.

"Only 5% of GenAI has moved into production in major enterprises, but this will increase significantly as real business cases emerge. Remember, we are barely 18 months into this and enterprises are still figuring out where it adds most impact and value," said Phil Fersht, CEO of US-based HFS Research, an outsourcing research firm.

Also, experts said the cost of deployment was high for GenAI adoption to be immediate.

"For commercialisation, GenAI proof-of-concepts have to be integrated into the IT infrastructure of the outsourcing companies. That requires multiple building blocks to be in place like accurate data layering. Then, there is also a cost of implementation, which will require outsourcing companies to earmark a significant cost towards this integration. Adoption will take a couple of years," said an industry expert working at a BPO company on condition of anonymity.

2022
GenAI made waves after ChatGPT was launched in Nov

85%
Gen AI proof-of-concepts haven't hit production

Wipro's CTO Tatavarti resigns

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Wipro Ltd on Monday announced the resignation of chief technology officer (CTO) Subha Tatavarti. She was one of the executives brought in by former chief executive Thierry Delaporte.

"Subha Tatavarti, chief technology officer, resigned from the services of the company to pursue opportunities outside Wipro," the company said in an exchange filing late Monday. The firm said that 16 August would be her last working day.

Tatavarti joined the Bengaluru-based IT services company in March 2021 from American retail giant Walmart Inc., where she headed the company's product, technology development and commercialization of enterprise infrastructure businesses, besides its security, data science and edge platforms.

Wipro did not immediately announce Tatavarti's replacement. Her departure marks the



Subha Tatavarti joined Wipro in March 2021 from American retail giant Walmart.

fifth such change in the company's senior management personnel since Srinji Pallia took over as CEO on 6 April, a little over four months ago.

Malay Joshi took over as the head of the company's largest market unit, Americas I, from Pallia, who led the unit before his elevation to chief executive, just four days after the latter was chosen to spearhead Wipro, India's fourth-largest IT services company.

In less than a month since the previous development, Hari Shetty was announced as

the company's chief strategist and sales excellence officer. On 10 May, Anis Chenchah resigned as president of Wipro's Asia Pacific, India, Middle East and Africa (APMEA) region, citing personal reasons, and was replaced by Vinay Firaake, a company veteran with more than 28 years of experience.

A week later, Amit Choudhary, the company's chief operating officer (COO), put in his papers to pursue opportunities outside the organisation. He was replaced by Sanjeev Jain.

An email sent to Wipro remained unanswered till press time.

Analysts said the shake-up at the top of one of India's largest software services companies was expected.

"One shouldn't read much into it. The CEO has to form his own senior management team. Over the last few years, Wipro had become top-heavy and hence it is good that it is losing some senior executives," said Shriram Subramanian, founder and MD of In Govern Research Services.

JSW Steel to acquire 67% in Australian coking coal miner

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NEW DELHI

JSW Steel will acquire controlling stake in an Australian miner for \$170 million as India's largest steelmaker seeks to secure the supply of coking coal—a key raw material that is scarce in India—to meet its expansion plans.

The company's board approved to pay \$120 million for a 66.67% stake in M Res NSW HCC Pty Ltd, according to an exchange filing by the steel unit of the \$23-billion JSW Group on Monday. It will also commit to an additional payout of \$50 million by 2030 to cover part of a deferred payment to be made by the miner.

"Raw material security and cost optimisation remain a key strategic priority for the company and this acquisition is a step forward in achieving those objectives," JSW Steel said in the filing. "These mines have total marketable reserves



The board approved to pay \$120 million for a 66.67% stake in M Res NSW HCC.

of 99 metric tonnes of prime hard coking coal and have produced on an average 6.5 mtpa (metric tonnes per annum) in the past five years."

Indian steelmakers mostly import coking coal from Indonesia, the US, Russia and Australia because of scarce reserves of premium quality in the country. Improved supply of the raw material will be crucial for JSW Steel as it plans to boost its steel capacity from 28.5 mtpa to 37 mtpa by FY25 and to

50 mtpa by 2030.

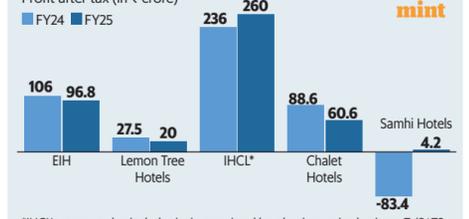
In May, JSW Steel said it will buy 92.19% stake, along with shareholder loans, from Mozambique-based mining company, Minas de Revuboe (MDR) for \$73.75 million. The steelmaker had said the deal would provide access to more than 800 metric tonnes of premium hard-coking coal reserves in Mozambique.

Its latest target, M Res NSW, is owned by Matthew Latimore, who founded M Resources Pty Ltd, a global mining, investment, marketing and trading company based out of Australia. JSW Steel, through its wholly-owned subsidiary JSW Steel (Netherlands), will subscribe to non-voting Class B shares of M Res NSW. The Australian miner holds a 30% stake in Golden M NSW Pty Ltd, the proposed ultimate owner of Illawarra Coal Holdings Pty Ltd that owns Appin and Dendrobium coking coal mines and the associated infrastructure in New South Wales, Australia.

Lack of cheer

Traditional Q1 FY25 challenges included high temperatures and reduced domestic travel.

Q1 results as reported in consolidated balance sheet of companies Profit after tax (in ₹ crore)



*IHCL's revenue also includes its international hotels, air catering business TajSATS, ice business, home stays business, ama stays etc
PARAS JAIN/MINT

Indian hotels had a mixed Q1, but hope to rebound soon

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India's hotel industry reported mixed June quarter results, with the general election, heatwaves, and increased foreign travel hurting the sector's performance.

Bigwigs like The Oberoi Group reported a 9% year-on-year decline in profit during the first quarter of FY25. Lemon Tree also logged a 27% lower net profit. Chalet Hotels, the owner of hotels like JW Marriott Mumbai Sahar and The Westin Mumbai Powai Lake saw a substantial 31% erosion in its net profit. Tata group-owned Indian Hotels Company Ltd (IHCL), however, showed a modest growth of 10%.

Traditional Q1 challenges included high temperatures and reduced domestic travel, but the absence of major events like the G20 Summit and ICC Men's World Cup, which

originally lower occupancy of 74.8% versus 76% in the same quarter last year.

The company, in a call and in its report, told investors that its overall business was impacted by elections, fewer auspicious wedding dates and a 25% lower revenue from weddings across its enterprise. In fact, at a standalone level, the firm saw a 4% growth in its revenue from operations and a 10% increase in profit after tax.

Patanjali G. Keswani, chairman and managing director of Lemon Tree Hotels, which also saw a weak quarter, said the right metric to compare the earnings would be quarter on quarter rather than year on year due to the high seasonality. Lemon Tree's lower Ebitda, at least half of it, was due to a one-off increase in renovations and digital transformation of the company.

The hotel's occupancy stood at 66.6% in Q1 and average room rates were ₹5,686, up 9% over last year. The company has over 10,000 rooms across its 107 hotels.

"When I talk about a structural uptick and change, I reflect on China and Indonesia back in

the 2016-17 period when their GDP per household was roughly the same as India's today," Keswani told investors on their earnings call last week. "What happened for them in the next six years, was a massive increase in SUV car sales, an increase in four-lane highways, an increase in runways and airports, a massive increase in airline seats and this led to a 22-25% CAGR growth in the market for hotel room demand over the next six years."

"So, we felt we would prefer to bite the bullet now in terms of our renovations and upgrades and take some short-term pain for what we anticipate will be long-term gain and become future-ready today," he added.

For an extended version of this story, go to [livemint.com](https://www.livemint.com)

Have fun with facts on Sundays

Catch the latest column of **TWTW** THE WEEK THAT WAS. A quiz on the week's development.

IDBI Trusteeship Services Limited has been honoured with the prestigious "Debtenture Trustee of the Year" award from ASSOCHAM for two years in a row, winning in both 2023 and 2024. The award was presented at the 7th National Summit & Awards on Corporate Bond Market 2024, held on Friday, 9th August 2024, at Hotel Four Seasons, Worli, Mumbai. This recognition underscores ITS's continued excellence and leadership in the field of debtenture trusteehip, reflecting its commitment to high standards of service and governance in the corporate bond market.

NATIONAL HOUSING BANK
(Statutory Body under Govt. of India)

The National Housing Bank, an apex institution for housing finance in the country, invites applications for the following position from eligible and enthusiastic persons on contract basis:

Advt. No. NHB/HRMD/Recruitment/2024-25/01

Contractual Positions	Contract Period	SC	ST	OBC-NCL ^A	EWS	UR	Total
Protocol Officer (Delhi)	3 Years	-	-	-	-	1	1

All addendums, corrigendum etc. related to the aforesaid recruitment shall be published on the Bank's website only.

For detailed advertisement, please visit Bank's website www.nhb.org.in.

Registrations starts from August 13, 2024.

Last date for receiving applications is August 26, 2024.

Head Office: Core 5A, 3rd-5th Floor, India Habitat Centre, Lodhi Road, New Delhi 110 003
Regional Office: Mumbai, Ahmedabad, Bengaluru, Bhopal, Chennai, Delhi, Guwahati, Hyderabad, Kolkata, Lucknow, Jaipur, Chandigarh, Raipur, Bhubaneswar, Patna, Ranchi & Thiruvananthapuram.

POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)

Subsequent to issuance of the Notice of 35th AGM, President of India vide Ministry of Power Order No. 25-11/5/2023-PG dated 8th August 2024, has appointed Shri Naveen Srivastava (DIN: 10158134), as Director (Operations) on the Board of POWERGRID.

Pursuant to Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions of the Companies Act, 2013, the Company has received a Notice in writing proposing the name of Shri Naveen Srivastava (DIN: 10158134) as candidate for the office of Whole-time Director [Director (Operations)] of the Company, for consideration at the forthcoming AGM. The said agenda would be included in the remote e-voting facility commencing from Monday, 19th August, 2024 at 9:00 AM (IST) to Wednesday, 21st August, 2024 at 5:00 PM (IST) and also in the e-voting facility available during the AGM.

Accordingly, an Addendum to the Notice of 35th AGM for additional agenda as Special Business at Item No. 11 i.e. Appointment of Shri Naveen Srivastava (DIN: 10158134) as Whole-time Director [Director (Operations)] liable to retire by rotation, along with Statement pursuant to Section 102 of the Act, has been sent electronically to those Members of the Company whose email addresses are registered with Company/Depository Participant (DP), as on the cut-off date and it shall form an integral part of the original Notice of 35th AGM dated 31st July, 2024 for all purposes.

The said addendum is also available on the Company's website i.e. www.powergrid.in in websites of stock exchanges i.e. <https://www.bseindia.com/> and <https://www.nseindia.com/> and on the website of NSDL at www.evoting.nsdl.com

By order of the Board of Directors
Power Grid Corporation of India Limited

(Satyaprakash Dash)
Company Secretary & Compliance Officer

Date: 12.08.2024
Place: Gurugram

POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)

Corp. Off: "Sudamini", Plot No.2, Sector-29, Gurugram-122001 (Haryana), Phone: 0124-2622999 & 2622000
Regd Office: S-8, Connaught Place, Kirti Kirti, New Delhi - 110016, Phone: 011-25569112, 25569115 & 25569193;
Website: www.powergrid.in, Email ID: investors@powergrid.in, CIN: L40101DL1989G00038121

A Maharatna PSU

Vodafone-Idea cuts losses in first quarter

Vi narrowed losses from year-ago period, but still incurred significant loss

Gulveen Aulakh
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NEW DELHI

Vodafone Idea's losses narrowed to ₹6,434 crore for the quarter ended June 2024, from ₹7,674 crore the year before, while revenues shrank marginally to ₹10,508 crore from ₹10,606 crore, even as the struggling telecom carrier recorded 12 consecutive quarters of 4G subscriber additions, taking its 4G base to 126.7 million.

The company has a total of 210 million subscribers as of June, with the balance coming from 2G and 3G. Its total subscriber base fell from 221.4 million on-year.

Average revenue per user (Arpu), a key metric of profitability, improved to ₹146, up 4.2% on-year for the No. 3 carrier, but it remained flat on a sequential basis. Amongst the telcos, Airtel is the only carrier that has seen its Arpu rise in the June quarter. No 1 carrier Reliance Jio's Arpu was also flat this quarter.

The Aditya Birla Group-promoted carrier said that it was in talks with lenders to secure debt funding of ₹35,000 crore, which will be used for expanding its networks.

The loss-making telco raised ₹24,500 crore over the past few months through India's largest FPO (follow-on public offer), giving equity worth ₹2,460 crore to its equipment vendors Nokia and Ericsson in lieu of pending dues, and issuing preferential issuance of equity shares worth ₹2,080 crore to its promoter group.

"Post the recent equity raise, we are in the process of expanding our 4G coverage and capacity as well as launch of 5G services," Akshaya Moondra, CEO of Vodafone Idea, said in a statement on Monday.

"Some capex has already been ordered and under execution, basis which we expect -15% increase in our data capacity



Vodafone Idea's revenue remained almost flat, indicating challenges in growth. MINT

and an increase in 4G population coverage by 16 million by end-September 2024," he added. The capex will be channelled towards expanding 4G population coverage in 17 priority circles, 5G launch in key cities, and capacity expansion to address the increasing data demand.

"Our current capex needs are being met

level 5G tariff plans by more than 45%. Vodafone Idea benefited from the overall hike in 4G tariff plans as well.

"The recent tariff intervention is a step in the right direction for the industry to move towards better return on investment, as also to improve cash generation to support the large investment requirements. However, further tariff rationalization is needed for the industry to fully cover its cost of capital," Moondra said.

To be sure, the real impact from the tariff hikes is expected to kick in by the end of the ongoing quarter and the next quarter ending in December 2024, as per sector experts.

Earnings before interest, tax, depreciation and amortisation (Ebitda) for the quarter grew by 4.2% on-year to ₹4,204 crore and Ebitda margin for the quarter was 40%. Capex spend for the quarter stood at ₹750 crore, the lowest among peers.

For an extended version of this story, go to [livemint.com](#).

MIXED BAG		
VI'S Average revenue per user rose in a positive sign for the firm's profitability	THE company continued its streak of adding 4G subscribers, reaching 126.7 million	VODA-IDEA continues to carry a substantial debt burden, despite recent reductions.

out of equity funds. We are engaged with our lenders for tying up debt funding towards the execution of our network expansion with a planned capex of ₹500-550 billion (₹50,000-55,000 crore) over next three years," Moondra added.

The carrier, along with rivals Airtel and Jio, raised tariffs by 10-21% across the board. While the larger telcos raised entry-

Arcelor, others chase Sprng's IGW assets

FROM PAGE 1

"embedded carbon" in imports of emission-intensive goods such as steel and aluminium. ArcelorMittal has already announced a \$600 million investment in a 975 MW renewable energy project in Andhra Pradesh through a partnership with Greenko Group.

JSW Neo Energy, meanwhile, has been active in the Indian clean energy market. The company acquired 1.75 GW of renewable energy projects from Mytrah Energy for an enterprise value of ₹10,530 crore and is among firms that has signed non-disclosure agreements to acquire O2 Power, a renewable energy platform in India, in a deal having an equity value of around \$1 billion.

JSW Neo Energy has also submitted a non-binding offer for a significant majority stake in Ayana Renewable Power Pvt. Ltd, which could lead to a full acquisition at an equity valuation of around \$800 million. The company's genera-



ArcelorMittal has already announced a \$600 million investment in a 975 MW renewable energy project in Andhra Pradesh. BLOOMBERG

tion portfolio totals 13.6 GW, with 2.6 GW under construction.

Sembcorp, listed on the Singapore Exchange, is also pursuing an aggressive green energy strategy in India. The company is among the bidders for Brookfield Renewable's 1.6 GW portfolio in India, which could be valued at around \$800 million.

Sembcorp has also been in discussions with NASDAQ-listed ReNew Energy Global Plc to acquire solar projects totalling 350 MW.

Shell operates an LNG terminal at Hazira on India's west coast and has 350 fuel retail stations across eight states

CPPIB, known for its patient capital approach, is an investor in ReNew Energy Global Plc and has shown interest in other clean energy assets. The Canadian pension fund is also one of the final bidders for National

Investment and Infrastructure Fund's (NIIF) Athaang Infrastructure, a road platform with an equity value of around ₹4,000 crore.

Shell, which employs around 10,000 people in India, operates an LNG terminal at Hazira on the country's west coast and has 350 fuel retail stations across eight states. In 2022, the company launched its electric vehicle (EV) charging service, Shell Recharge.

Through its New Energies division, established in 2016, Shell has invested in Indian new energy companies such as Husk Power, d.light, Orb Energy, and Cleantech Solar, as part of its goal to become a profitable net-zero emissions energy business by 2050.

India's renewable energy capacity stands at 180.79 GW, with 73.31 GW from solar and 44.73 GW from wind. The government aims to add 50 GW of green energy capacity annually to reach 500 GW by 2030, driving significant deal activity in the sector, as previously reported by *Mint*.

Airfares soar on I-Day weekend demand

FROM PAGE 1

spike from a year ago.

While air traffic slowed in July on account of monsoon, travel picked up in August. Latest data from the civil aviation ministry shows that 451,567 passengers took 3,029 flights on 11 August, around 7% above the average daily count in July.

Industry executives said delayed aircraft deliveries and shortage of spare parts means capacity hasn't kept pace with demand, driving fares higher during the peak travel seasons. Improved pricing power has resulted in better yield -- or revenue earned per paying

passenger flown per kilometre -- for airlines compared to the pre-covid levels, ratings agency ICRA said, while maintaining a stable outlook for the Indian aviation industry.

Indians are not just planning domestic travel during the long weekend. Indian expats are using the opportunity to create extended breaks of three to five days to travel home and celebrate with their families, said Indiver Rastogi, president & group head, global business travel, Thomas Cook

(India) and SOTC Travel. "This is noticeable given the uptick from metros to tier 2-3 airports."

Booking.com said Indians are also considering interna-

Booking.com data shows 44% of Indian travellers are making plans to fly abroad over the four days

tional destinations for the long weekend. According to the portal's data, while 65% of Indian travellers are seeking short domestic trips, nearly half (44%) plan to fly abroad over the four days.

"Destinations such as Dubai, Bangkok, Singapore and Kuala Lumpur are witnessing a

30-70% year-on-year growth," said Santosh Kumar, country manager for India, Sri Lanka, Maldives and Indonesia at Booking.com.

For Thomas Cook, flight searches are on the rise for Malaysia, Thailand, Indonesia, Vietnam, Azerbaijan, Uzbekistan and Kazakhstan.

"Given the rising trend of short-haul travel among Indians, these holidays do lead to a sudden spike in demand for air tickets," said Rajiv Mehra, president, Indian Association of Tour Operators. "However, we see it being confined to international travel or to those cities in India that are not impacted by heavy rains."



A 60% tariff on US imports of Chinese goods would hit growth of GDP by -2.5 percentage points in 12 months of imposition. AFP

China's nightmare: A second trade war with Trump

FROM PAGE 1

Among those responses: Chinese policymakers could let its currency weaken further, extend tax rebates and other perks to exporters, and cut interest rates. They could try to force the U.S. to reconsider by retaliating, such as by raising tariffs on U.S. products, withholding supplies of critical minerals, and possibly selling U.S. assets, such as Treasuries, according to Goldman Sachs.

Studies published by universities in China and Stanford

University found Trump's first round of tariffs not only pinched exports but squeezed corporate earnings, hurt business and consumer confidence and throttled investment and hiring. Economists say those effects would be repeated and amplified this time since Trump would impose tariffs on every Chinese import.

Chinese firms' profits are under pressure from feeble demand and chronic oversupply. Producer prices have been falling for almost two years. A firm operating on a profit margin of 5% or 6% couldn't swallow 60% tariffs, said Nick Borst,

Since 2018, China has reoriented some exports away from the U.S. and is selling to developing economies

director of China research at Seafarer Capital Partners, a California asset manager focused on emerging markets.

Since 2018, China has reoriented some exports away from the U.S. and is selling more to developing economies. With the U.S. market effectively closed by a 60% tariff, China would be forced to sell even more to those other markets. But some, such as India, Brazil and Mexico, are now pushing back against Chinese imports out of concern for domestic jobs and industries.

"If China is basically locked out of the U.S. market...they are going to have to push their goods even harder onto other destinations. And other destinations may not tolerate that," said Adam Slater, lead economist at Oxford Economics.

China could defuse such tensions by building factories overseas to serve local markets. But China's leadership has mixed feelings about overseas expansion, said Borst, given that it potentially means lower manufacturing employment back home.

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Sumitomo bank CEO to meet RBI brass over Yes Bank sale

FROM PAGE 1

based Catholic Syrian Bank, making the Prem Watson-owned company the first foreign investor to gain majority ownership in an Indian bank.

Sumitomo Mitsui Banking has appointed JPMorgan as its financial adviser for the proposed stake acquisition in Yes Bank, and J Sagar Associates as its legal adviser, according to a third person.

"The Japanese will engage directly with the central bank and SBI officials. This is what even the bankers have advised them," this person said.

Yes Bank has appointed Citigroup to shortlist suitable promoters. "As stated earlier as well and also clarified to stock exchanges, we have no comments to offer regarding stake sale as these inquiries are speculative in nature," a spokesperson for Yes Bank said in reply to *Mint's* queries.

JPMorgan and JSA declined to comment. SMBC, SBI, and RBI didn't immediately reply



SMBC is looking at a valuation of about \$5 billion for a 51% stake in Yes Bank. MINT

to *Mint's* emails. Prospective investors in Yes Bank are expected to seek clarity on a court case pertaining to a write-down of the bank's additional tier-1 bonds worth ₹8,415 crore.

In March 2020, the private lender had written off AT-1 bonds as part of its reconstruction scheme. Subsequently, Yes Bank's AT-1 retail bondholders moved the Bombay High Court challenging the lender's decision to write off

these bonds and reclaim their money.

The court in January last year ruled in their favour. Yes Bank, RBI, and the government have filed their appeals in the Supreme Court; the matter is awaiting a final hearing.

"While the AT-1 bond issue is sub-judice, the matter could have a bearing on the valuation of the deal," said a legal expert on the condition of anonymity. "Investors could take a conservative view on the outcome even as RBI and Yes Bank have filed appeals, and this may influence the pricing of the deal." RBI's decision to allow a strategic investor in Yes Bank opened up an exit path for SBI and other lenders that jointly own 33.74% of Yes Bank, which has assets worth over ₹4 trillion.



FROM PAGE 1

rienced fluctuations but is currently driving Tata Motors Ltd, while Tata Steel Ltd's acquisition of Corus has become a burden for its Indian parent.

Bharti comes a full circle with the acquisition of BT shares, Mittal said, as the British group had held a 21% stake in Bharti Airtel between 1997 and 2001, and now the Bharti group has become the single largest shareholder in the entity. Mittal clarified that the Bharti group was not buying any additional stake and it did not have any intention to manage the telecom company, which is also the reason behind it not taking any seats on the board.

Mittal noted that the stake buy was a strategic move and financially attractive since European and UK telcos were trading at low multiples. Having gained a foothold in Europe with BT, Mittal said the group's entry into the continent will be strategic and that it was looking at more investment opportunities in the European telecom market.



BT group had held a 21% stake in Bharti Airtel between 1997 and 2001.

He added that any telecom-related expansion will be done through Airtel, and that the carrier will continue to strengthen its position in India over the next two to three years before it begins to relook at opportunities outside India. "Whenever Airtel makes a move, it needs to not just be an investor, it needs to be an operator. In this particular case, this was an investment, we are not going and operating BT, we are backing their management and their strategy." He noted that during that

time frame, the capex requirements of the telecom company will go down and cash flow will become stronger, and at that time, the board may look at global opportunities.

"All the investments we have made into Airtel are now yielding great rewards in terms of stock price, market cap, and strong cash flows. This gives us the confidence and opportunities to look beyond India. Airtel is already present in 17 countries and if more opportunities arise, we will not shy away," Mittal added.

While Airtel will not be connected to the investment in BT, Mittal said that there may be sharing of best practices between the two telcos owing to the commonality in shareholding.

The government lauded Bharti group's move, with commerce and industries minister Piyush Goyal congratulating Sunil Mittal, Rajan Bharti Mittal and Rakesh Bharti Mittal, promoters of Bharti Enterprises.

For an extended version of this story, go to [livemint.com](#)

How Singhania is navigating a 7-year turnaround at Raymond

FROM PAGE 1

demerger of its three businesses -- lifestyle, engineering and real estate.

Stock surge The markets have rewarded the company's efforts. The Raymond stock doubled between the beginning of this year and July to over ₹3,150, before the lifestyle business was carved out. The stock has lost over 10% since the carve-out, closing at ₹1,894 on Monday.

"That was a heavy monkey on our back," Singhania said, referring to the debt reduction effort. "But you know what? Today, there's a different monkey on our back," Singhania said in an interview at his palatial South Mumbai resi-

dential tower that also houses Raymond's flagship store.

"Today, our whole drive is: How do we create shareholder value? How do we grow? What is the next big thing?" he said.

The next big thing Today, with a healthier balance sheet, Raymond is executing the next chapter from its playbook: Expansion. The plan will play out differently across the three business verticals.

At the lifestyle business, which is soon to be listed as a separate company, Raymond Lifestyle Ltd, Singhania sees great potential in making garments for the west. It is in the middle of an expansion that would see its annual manufacturing capacity rise from just under 8 million to 11 million



At the lifestyle business, which is soon to be listed, Singhania sees great potential in making garments for the west.

garments. Singhania eyes the political turmoil in Bangladesh, the subcontinent's leading garments exporter, as an opportunity.

"I think it's a very big opportunity for India and especially companies like us, which are

giving a total integrated solution," he said. "Maybe God played a part in it. We've just completed our expansion; so, we have capacities available to take advantage."

Raymond is focusing on expanding its store footprint,

adding new categories like men's innerwear and sleepwear, and relying on its core suiting fabrics business.

Raymond plans to open 500 stores in the next three years, including multi-brand retail outlets, according to Agarwal.

The company's legacy engineering business was revitalized with the acquisition of Maini Precision Products last year. Raymond's ageing product range that included files and gears doubled with the addition of new categories including aerospace, defence and electric vehicles components.

The company is looking to scale the aerospace and defence businesses which have been placed under a separate company within the engineering business, Agarwal said.

Raymond plans to open 500 stores in the next three years, including multi-brand retail outlets, according to Agarwal.

Raymond will amortize its 100-acre Thane land parcel by 2032-33, according to Agarwal. Currently, about 40 acres is under development.

The remaining 60 acres should be sufficient to build about 7 mn. sq. ft of saleable real estate, resulting in revenue of ₹16,000-18,000 crore over the next 7-8 years. For an extended version of this story, go to [livemint.com](#)



Govt, RBI asked to expedite nod for takeover of RCap

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MUMBAI

The National Company Law Tribunal (NCLT) on Monday instructed the Reserve Bank of India (RBI) and the Department for Promotion of Industry and Internal Trade (DPIIT) to expedite approvals necessary for Hinduja-owned IndusInd International Holdings Ltd (IIHL) to complete its acquisition of the insolvent Reliance Capital.

A bench comprising justices Virendrasingh G. Bisht and Prabhat Kumar emphasized the critical nature of these approvals for the release of funds in favour of the corporate debtor, Reliance Capital, as part of the resolution plan. "We direct RBI and DPIIT to expedite the consideration of the application filed by the applicants/corporate debtor," the bench said.

This directive followed a petition by the Hinduja seeking an extension of the timeline set by the tribunal in its 23 July order for implementing the ₹9,861 crore resolution plan for Reliance Capital. The Hinduja had sought additional time to navigate the complexities of the plan's execution.

The tribunal also noted that certain approvals from the Securities and Exchange Board of India (Sebi) and the Insurance Regulatory and Development Authority of India (Irdai) had lapsed and required renewal.

Senior counsel Abhishek Manu Singhvi, representing the Hinduja, informed the



NCLT stressed the criticality of approvals for the release of funds to Reliance Capital. MINT

NCLT stressed the criticality of approvals for the release of funds to Reliance Capital. MINT

The Hinduja sought to extend the timeline for implementing a ₹9,861 crore resolution plan for RCap

bench on Monday that IIHL had already deposited ₹2,750 crore (equity component) into the Committee of Creditors (CoC)-designated escrow account, in compliance with the NCLT's previous order. Singhvi requested 6-8 weeks to report on the progress of the resolution plan's implementation.

However, Gaurav Joshi, senior advocate for the administrator, opposed further extensions, arguing instead for a conditional two-week extension with close monitoring of the process. He stressed the significant financial stakes involved and warned against delays. Regarding the DPIIT approval, Joshi argued that the delay was solely the responsibility of the Hinduja, noting that they had a year from June 2023 to secure the necessary clearances. He said the Hinduja had initially claimed that legal advice suggested DPIIT approval was unnecessary, a stance they later reversed.

For an extended version of this story, go to [livemint.com](#)

HFCs face tighter liquidity norms

To accept public deposits, housing finance firms must get minimum investment-grade credit rating every year

Shayan Ghosh
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MUMBAI

The Reserve Bank of India (RBI) on Monday said housing finance companies (HFCs) will need to have higher liquid assets to back deposits, and allowed these lenders to issue co-branded credit cards, in a move to put them at par with their non-bank financier counterparts.

These mandates were first proposed in draft guidelines released on 15 January. The Finance Act, 2019 amended the National Housing Bank Act, 1987 and conferred certain powers on RBI for regulation of housing finance companies. This led to the transfer of regulations of mortgage lenders to RBI. Since then, the RBI has issued a clutch of regulations that treat housing finance companies as a category of non-banking financial company (NBFC), gradually aligning the regulatory framework for both.

Some sections of the final guidelines are applicable to deposit-taking



RBI has allowed HFCs to hedge the risks arising out of their operations and to issue co-branded credit cards. PTI

housing finance companies, while the rest are for all mortgage lenders. For instance, housing finance companies that raise public deposits need to maintain 13% liquid assets against such deposits. This has now been raised to 15% in tranches. Such lenders must raise the percentage of liquid assets to 14% by 1 January 2025, and to 15% in

another six months.

"Currently, HFCs accepting public deposits are subject to more relaxed prudential parameters on deposit acceptance as compared to NBFCs," RBI said in a notification. "Since the regulatory concerns associated with deposit acceptance are same across all categories of NBFCs, it has been

decided to move HFCs towards the regulatory regime on deposit acceptance as applicable to deposit-taking NBFCs and specify uniform prudential parameters..."

According to information available on the website of National Housing Bank, HFCs that can accept deposits include Can Fin Homes Ltd, Cent Bank Home Finance Ltd, Aadhhar Housing Finance Ltd, ICICI Home Finance Company Ltd and LIC Housing Finance.

RBI also allowed HFCs to hedge risks arising out of their operations and to issue co-branded credit cards. "HFCs are allowed to issue co-branded credit cards, subject to the instructions prescribed," it said.

As per RBI, to accept public deposits, deposit-taking housing finance companies will have to obtain a minimum investment-grade credit rating at least once a year. "In case their credit rating is below the minimum investment grade, such HFCs shall not

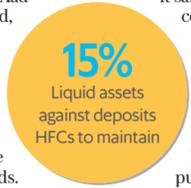
renew existing deposits or accept fresh deposits thereafter till they obtain an investment grade credit rating."

Meanwhile, the central bank lowered the maximum deposit tenure at housing finance companies to five years. Existing deposits with maturities above six months shall be repaid as per their existing repayment profile, it said. Also, RBI lowered the ceiling on the quantum of public deposits from three times to 1.5 times of net owned funds.

"Deposit-taking HFCs holding deposits in excess of the revised limit shall not accept fresh public deposits or renew existing deposits till they conform to the revised limit. However, the existing excess deposits will be allowed to run off till maturity," it said.

In a separate notification, RBI announced a review of the risk weights applicable on undischarged loan amounts of home loan companies.

For an extended version of this story, go to [livemint.com](#)



Ensemble cast back in vogue as filmmakers spread bets across stars

Lata Jha
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NEW DELHI

The Hindi film industry that had been trying to ride star power of individual male actors is now starting to place bets on multiple actors and ensemble casts, as big guns fail to fire at the box office.

Take, for instance, Ranveer Singh's upcoming untitled film. It will feature Sanjay Dutt, Akshaye Khanna and R. Madhavan while the new *Housefull* instalment stars Akshay

Kumar, Riteish Deshmukh and Abhishek Bachchan. Kumar's other film *Welcome 3* features an even bigger cast—Sanjay Dutt, Suniel Shetty, Arshad Warsi, besides Raveena Tandon, Lara Dutta and Disha Patani, as producers aim to draw a wider set of audiences to the theatres.

As top stars fail to fetch adequate returns on budgets that often balloon in pursuit of scale and grandeur, trade experts say that the respective fan bases of multiple stars can potentially help in grand openings and high box-office collections.

Further, marketing becomes easier with an ensemble cast and the film usually manages to generate substantial pre-release buzz, enough to sail through the first weekend before word-of-mouth takes over, especially if the stars coming together haven't been seen alongside each other in the past.

"The verdict of the audience is to mount films at a certain scale and give them their

money's worth, so collaborating with and bringing a bunch of people together can be one way of putting together an

exciting and compelling proposition at large," film distributor and exhibitor Akshaye Rathi said. A star by himself may be able to manage a modest opening-day number, but when combined

with another big name, the results can be dramatically better, trade experts like Rathi say.

Respective fan bases of multiple stars can help in grand openings and high box-office collections

For example, even though Tiger Shroff is a bonafide action star, bringing him together with Hrithik Roshan for Yash Raj Films' *War 2* in 2019 had resulted in total box office collections swelling to ₹318 crore.

Ashish Saksena, chief operating officer, cinemas, BookMyShow, said that after the early 2000s, audiences slowly diverged to more niche and character-driven stories which often suited solo leads. Many gravitated towards genres like romantic comedies, thrillers and biopics, typically centred around single protagonists. A

cult-classic with an ensemble cast, *Kabhi Khushi Kabhie Gham*, released in 2001 before the audience choices began to diverge.

An ensemble cast is a dramatic production that has many protagonists, all with meaty roles to essay.

The trend that started picking up and that became more prevalent in that period was big stars doing surprise cameos in films like *Om Shanti Om* to keep the interest of the audience alive.

For an extended version of this story, go to [livemint.com](#)

Jubilant Industries Limited
Registered Office: Bhartiagram, Gajraula, Distt. Amroha - 244 223 (U.P.) | CIN - L24100UP2007PLC032909
Website: www.jubilantindustries.com | E-mail: investors@jubil.com | Ph.: +91-5924-267437

Extract of Consolidated Unaudited Financial Results for the Quarter 30th June, 2024 (₹ in Lakhs)

Sl No.	Particulars	Quarter Ended		Year Ended	
		June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1.	Total Revenue from operations	35,814	30,032	34,874	1,25,326
2.	Net Profit/(Loss) for the period (before tax and Exceptional items) from continuing operations	3,536	1,374	2,715	7,437
3.	Net Profit/(Loss) for the period before tax (after Exceptional items) from continuing operations	3,536	2,687	2,715	4,089
4.	Net Profit/(Loss) for the period after tax and Exceptional items from continuing operations	2,608	2,220	2,086	2,920
5.	Net Profit/(Loss) for the period from discontinued operations	(26)	(19)	(32)	(106)
6.	Net Profit/(Loss) for the period from continuing operations and discontinued operations	2,582	2,201	2,054	2,814
7.	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	2,578	2,158	2,079	2,785
8.	Equity Share Capital	1,507	1,507	1,507	1,507
9.	Reserves excluding Revaluation Reserve				21,920
10.	Earnings per share of ₹10 each from continuing operations				
	(a) Basic (₹)	17.31	14.73	13.84	19.38
	(b) Diluted (₹)	17.06	14.55	13.71	19.15
	Earnings per share of ₹10 each from discontinued operations				
	(a) Basic (₹)	(0.17)	(0.13)	(0.21)	(0.71)
	(b) Diluted (₹)	(0.17)	(0.13)	(0.21)	(0.71)
	Earnings per share of ₹10 each from continuing operations and discontinued operations				
	(a) Basic (₹)	17.14	14.60	13.63	18.67
	(b) Diluted (₹)	16.89	14.42	13.50	18.44

Notes:
1. The Standalone Financial Results are available under Investors section of our website at www.jubilantindustries.com and under Financial Results at Corporates section of www.nseindia.com and www.bseindia.com. Key Standalone Financial information of the Company is as under:

(₹ in Lakhs)

Sl No.	Particulars	Quarter Ended		Year Ended	
		June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1.	Total Revenue from operations	-	-	-	-
2.	Profit/(Loss) for the period before tax from continuing operations	-	-	-	-
3.	Net Profit/(Loss) for the period after tax from continuing operations	-	-	-	-
4.	Net Profit/(Loss) for the period from discontinued operations	(29)	(33)	(32)	(85)
5.	Net Profit/(Loss) for the period from continuing operations and discontinued operations	(29)	(33)	(32)	(85)

2. The above unaudited financial results were, subjected to limited reviewed by the Statutory Auditors of the Company, reviewed by the Audit Committee and approved and taken on records by the Board of Directors at its meeting held on 12th August, 2024.
3. The above is an extract of the detailed format of the unaudited consolidated financial results for the quarter ended June 30, 2024, filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the unaudited consolidated & standalone financial results for the quarter ended June 30, 2024 alongwith review report of the Statutory Auditors is available under Investors section of our website at www.jubilantindustries.com and under Financial Results at Corporates section of www.nseindia.com and www.bseindia.com.

for Jubilant Industries Limited

Mohandeep Singh
CEO & Managing Director

Place: Gurugram
Date: 12th August, 2024

NaBFID National Bank for Financing Infrastructure and Development
Human Resources Department, Mumbai
www.nabfid.org

NOTICE

NaBFID has invited applications for the various positions in the grade of Vice President (on contract) vide advertisement no. NaBFID/REC/VP/2024-25/01 dated 17th July 2024. The last date to apply for the positions was 6th August 2024, which has been extended till 25th August 2024 (06:00 PM).

The details are available on the Bank's website <https://nabfid.org/careers/>
All other terms & conditions including eligibility criteria as prescribed under the advertisement remain unchanged.
The applicants who have already submitted their applications need not apply again.
Mumbai: 06.08.2024 Executive Vice President (HR)

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Financial Services Institutions Bureau
An Autonomous Body of Government of India

invites applications for the position of

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER
IN
IFCI LTD.

For details of Age, Educational Qualifications, Experience/ Service Requirements, Criteria of Deputation for Government Officers and other eligibility terms and conditions, please see the advertisement on <https://fsib.org.in/> under the "Vacancies & Recommendations" tab.

How to apply: Interested candidates can apply online through the link available on <https://fsib.org.in/> under the "Vacancies & Recommendations" tab or directly at <https://www.research.net/r/mdceoifci2024>

Last date of application: 5:00 pm on 06-Sep-2024

Note: Further details including corrigendum, if any, shall be published only on the Bureau's website.

JUNIPER HOTELS
(Formerly known as JUNIPER HOTELS PRIVATE LIMITED)
CIN: L55101MH1985PLC152863
Registered Office: Off Western Express Highway, Santacruz East, Mumbai 400 055.
Email: compliance@juniperhotels.com; Website: www.juniperhotels.com

EXTRACT FROM THE UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2024 (₹ In Lakhs, unless otherwise stated)

Particulars	STANDALONE				CONSOLIDATED			
	Quarter Ended		Year Ended		Quarter Ended		Year Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024	June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total Income	17,831.30	21,686.50	16,893.96	76,050.72	20,481.69	24,817.64	16,892.61	82,630.62
Profit / (loss) before tax	1,771.13	514.80	(1,916.96)	(4,111.50)	1,308.98	687.02	(1,918.31)	(3,674.83)
Profit / (loss) for the period	1,476.24	3,543.91	(1,088.81)	908.34	1,166.54	4,675.52	(1,085.49)	2,379.79
Total Comprehensive Income / (loss) for the period, net of tax	1,468.06	3,498.18	(1,077.32)	875.63	1,158.04	4,633.86	(1,074.00)	2,352.13
Paid-up equity share capital (Face value Rs. 10/- per share)	22,250.24	22,250.24	14,370.00	22,250.24	22,250.24	22,250.24	14,370.00	22,250.24
Other equity	-	-	-	2,39,582.61	-	-	-	2,43,276.38
Earnings/ (loss) per equity share of face value of INR 10 each attributable to equity holders of the parent (EPS) Basic and Diluted (₹)								
* Not Annualised	0.66*	1.86*	(0.76)*	0.56	0.52*	2.46*	(0.76)*	1.46

Notes to Unaudited Financial Results
1. The above is an extract of the detailed format of unaudited financial results filed with the Stock Exchanges under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 as amended ("Listing Regulations"). The full format of the unaudited financial results are available on the Stock Exchange websites www.nseindia.com and www.bseindia.com and on Company's website www.juniperhotels.com.

For and on behalf of the Board of directors of
Juniper Hotels Limited
Sd/-
Arun Kumar Saraf
Chairman and Managing Director
DIN: 00339772

Place: Mumbai
Date: August 12, 2024

From Paris to Los Angeles: How the city is preparing for the 2028 Olympic Games

AP
feedback@livemint.com
LOS ANGELES

It's Los Angeles' turn for the torch. Mayor Karen Bass accepted the Olympic flag at the Paris closing ceremony Sunday, before handing it off to a key representative of LA's local business—Tom Cruise—who in a pre-recorded trek via motorcycle, plane and parachute kicked off the countdown to 2028.

The city will become the third in the world to host the games three times as it adds to the storied years of 1932 and 1984. Here's a look forward and back in time at the Olympics in LA.

Los Angeles got the 2028 games as a consolation prize when Paris was picked for 2024.

Back in 1932, LA hosted its first Olympics. The city was the only bidder for the games at a time marred by the Great Depression and the absence of several nations. Yet memorable sport moments came from athletes including American athlete Babe Didrikson Zaharias, who won golds in the new women's events of javelin and hurdles. Financial and cultural success gave 1984 a reputation as the "good" Olympics which made seemingly every major world city want their own.

Emphasizing both the modern and the classical with a hand from Hollywood, the games opened with deathon champion Rafer Johnson lighting the torch, a guy in a jetpack descending into the Memorial Coliseum and theme music by "Star Wars" maestro John Williams.

With Eastern Bloc countries boycotting, the US dominated. Carl Lewis and Mary Lou Retton are among the athletes who became household names. A young Michael Jordan led the men's basketball team to gold. The games renewed, for a while, the global reputation of a city that had been perceived to be in decline.

"We want our games to be a modern games, youthful, full of the optimism that Southern California brings to the world and the globe," Janet Evans, four-time Olympic gold medalist in swimming and chief athlete officer for the LA 2028 organizing committee, told *The Associated Press* in Paris. Bass, who arrives back in LA Monday, spent these games in Paris along with organizers and city officials, learning what it takes to host the world's largest sporting event.



Los Angeles Mayor Karen Bass.

Joining her were LA28 Chairperson Casey Wasserman, an entertainment executive, and LA council member Traci Park, chair of the city Olympic committee.

"As we've seen here in Paris, the Olympics are an opportunity to make transformative change," Bass said at a press conference ahead of the closing ceremony.

Amid a stadium-and-arena boom, LA will polish existing structures rather than erect new ones.

"It's a no-build games," Evans said.

After Paris' innovative opening ceremony on the Seine River, LA plans to open with a traditional, stadium-based approach at SoFi Stadium in neighbouring Inglewood that also incorporates the century-old Memorial Coliseum in Los Angeles itself.

Home to two NFL teams, SoFi has hosted a Super Bowl

and several Taylor Swift concerts since opening in 2020. It will become what organizers say is the largest Olympic swimming venue ever. Its opening ceremony role means swimming will come after track and field for the first time since 1972. Intuit Dome, the soon-to-open Inglewood home of the NBA's Clippers, would be the games' newest major venue and is the planned home for Olympic basketball. The Lakers' downtown Crypto.com Arena will host gymnastics.

The toxicity of swimming in the Seine became a serious issue in Paris. That could put renewed focus on the Long Beach area waterfront when it hosts marathon swimming and triathlon races. Its cleanliness history is mixed but its ocean waters got consistently high marks in a 2023 analysis by nonprofit Heal the Bay.

The Long Beach shore was home to the pre-recorded performances during Sunday's ceremony of the Red Hot Chili Peppers, Billie Eilish, Snoop

Dogg and Dr. Dre, though it was easy to mistake for LA's Venice Beach, where the journey of the flag begun by Cruise was shown ending moments earlier.

A city that's notoriously hard to traverse may seem like an odd fit for the Olympics, but it can work.

Bass said she plans to emulate the tactics of Tom Bradley, the mayor in 1984, whose traffic mitigations had some saying it was better than at non-Olympic times. They include asking local businesses to stagger workforce hours to reduce the number of cars on the road and allow work from home during the 17-day games.

Landing the Olympics under then-Mayor Eric Garcetti in 2017 gave the city an unusually long lead time for planning.

While it's no Paris Metro, LA has built a subway since its last Olympics, with lines running past major venues.

In 2018, the city planned an ambitious slate of 28 bus and rail projects to transform public transit. Some were scrapped but others moved forward, including the extension of a subway line to connect downtown Los Angeles with UCLA, the planned home of the Olympic Village.

Another high-profile project is the Inglewood People Mover, an automated, three-stop rail line past major Olympic venues. It initially received a commitment of \$1 billion in federal funding, but opposition from Democratic Rep. Maxine Waters led to a \$200 million reduction, the Los Angeles Times reported. It's unclear whether the line will be completed by 2028.

Metro recently received \$900 million in funding through an infrastructure spending package and grants from the Biden administration, of which \$139 million will go directly toward improving transportation by 2028 and the goal of a "car-free" Olympics.

LA city and county law enforcement sent officers to Paris to observe, learn and assist as they prepare for their own 2028 games.

Investors borrowed like crazy during the rally. Now they're paying the price.

Behind recent market tumult: rapid unwind of several popular trades, heavy use of leverage

Gregory Zuckerman & Jack Pitcher

They built over months: Big bets on the Japanese yen. Complex cryptocurrency wagers. Investments in hot tech companies.

Common to all the trades were heavy doses of leverage, or borrowed money, which investors used to amplify expected gains. As markets rose through the first half of 2024, the investments generated windfall profits, inspiring copycat traders to get on board and pushing prices higher.

Now the tide has turned. Unrest has returned to global markets over the past month, and investors are now in retreat from these once-unstoppable trades. While the market has calmed in recent days and the Dow industrials remain within 5% of their record high, traders caution that there is reason to brace for more upheaval.

What's behind the tumult? Recent losses were caused in large part by a "deleveraging," said Andy Constan, chief executive of Damped Spring Advisors, a consultant for macro hedge funds.

Changes in economic or financial conditions can force investors to sell one piece of their portfolios, such as U.S. or Japanese equity holdings, to deal with losses from another, such as leveraged bets on a weak yen. The messy process to reduce risk takes time before traders can reload.

"The deleveraging first has to get the people that are long and getting margin-called before it can be recycled into new longs, into new leverages," Constan said.

July was one of the largest deleveraging episodes for hedge-fund clients of Goldman Sachs' prime brokerage in the past 10 years, the bank said.

The summer doldrums
This deleveraging came at perhaps the worst time for markets—smack in the middle of summer months in which many traders and investors are vacationing. While more trading than ever is automated, decisions made by individuals still matter. Fewer pros in the office mean a shortage of seasoned individuals on trading desks, and fewer investors around to step in to buy as prices plunge.

It is a reason August has seen examples of panic in the past, such as the August 1998 collapse of the hedge fund Long-Term Capital Management and August 2007's "quant quake."

During the tumult of the past week, "The liquidity was worse or equal than during the Covid market crash," said Patrick Heusser, head of crypto lending at Trident Digital.

It's difficult to identify the exact causes of market tumbles, of course, and the accurate explanations are likely many. Evidence of a slowing U.S. economy certainly contributed to the volatility. Still, much of the whiplash investors



While the market has calmed in recent days and the Dow industrials remain within 5% of their record high, traders caution that there is reason to brace for more upheaval.

feel from a market that fell so quickly, and then snapped back abruptly, can be attributed to a rush by investors to pull back on leverage quickly, either on their own or after receiving calls from brokers.

Betting big on Japan
When highly leveraged bets turn the wrong way, sharp reversals can ensue. Brokers require more collateral to be posted against borrowed money, and hedge funds can become forced sellers to cut risk and meet those requirements.

How much leverage had investors piled up? In July, net bets against the yen by hedge funds and other speculators that usually rely on leverage reached their highest levels since 2017, according to the Commodity Futures Trading Commission. The net figures

reflected short positions, betting on declines, minus long positions, anticipating gains.

Funds that make macroeconomic bets and others had been shorting the yen or otherwise taking advantage of near-zero benchmark interest rates in Japan to borrow the currency, sell it, and invest the proceeds elsewhere. Pros call it the yen carry trade.

Some swapped yen for dollars, for instance, to buy higher-yielding Treasury bills. At a July peak, hedge funds and other speculators' short bets on the yen were worth a collective \$14 billion, according to the CFTC.

Another sign of the building leverage: Japanese banks' foreign lending reached \$1 trillion in March, according to an ING analysis of Bank for International Settlements data, a 21% jump since 2021.

The trade unraveled over the past month as the gap between U.S. and Japanese government bond yields narrowed ahead of expected rate cuts in the U.S. It came under new pressure when the Bank of Japan raised interest rates, driving up the yen and forcing these traders to unwind their leveraged bets.

By Tuesday, the day after the recent market rout, those bets against the yen had plunged more than 80% from the peak, to a more modest net short position.

"There are leveraged investors blowing up because they borrowed immense amounts of low-yielding yen to buy everything else," Steve Sosnick, chief strategist at Interactive Brokers, wrote to clients last week.

Tech turns into a wreck
Other popular leveraged trades have

turned painful. For more than a year, hedge funds, computer-driven quantitative funds and others piled into big U.S. technology stocks by using borrowed money, often while betting against small-cap stocks, according to investors and analysts.

The trade flipped on its head in July, thanks to lackluster earnings that hurt tech shares and unleashed a long-awaited rally in small-cap shares, partly on the expectation that they would benefit from lower borrowing costs. Over the past month, longtime investor favorites such as Tesla, Amazon.com and Nvidia have dropped by 15% or more.

In the crypto market, the first five days of this month saw more than \$3 billion of "forced liquidations," or involuntary sales of positions by traders relying on borrowed money, after their margin accounts proved insufficient to handle recent losses, according to the data company CoinGlass. Bitcoin pri-

ces dropped over 18% during those five days, while Ethereum fell 24%.

Crypto investors spent much of the period since the collapse of the FTX exchange in late 2022 paring their leverage. That ended this year. The launch of U.S. exchange-traded funds holding bitcoin and Ethereum, the two largest cryptocurrencies, boosted investor optimism that major token prices would rise.

Many expressed a bullish view by buying bitcoin derivative products that investors say have "inherent leverage," meaning that by putting a little money down investors can score big gains. These include options and so-called perpetual futures, futures contracts with no expiration date that allow traders to bet on the price of a token continuously with as much as 100 times leverage.

The dollar sum of outstanding bitcoin derivative contracts on centralized exchanges reached \$37 billion at the start of August, tripling from a year earlier, according to CCBData. The market mayhem on Aug. 5 pushed that total down to \$28 billion.

Pros are bracing for more volatility. They are circling the August employment report, set for release on Sept. 6, on their calendars. A second straight disappointment could confirm the worst fears of economic skeptics, sparking a new round of deleveraging. A strong report could show that July's report was a one-off slowdown, affected by hurricanes.

"I'm telling them not to panic," said John Lynch, chief investment officer at Comerica Wealth Management, referring to clients.

Vicky Ge Huang & David Uberti
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Novel ideas to cool data centers: Liquid in pipes or a dunking bath

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One of the latest innovations at artificial-intelligence chip maker Nvidia has nothing to do with bits and bytes. It involves liquid. Nvidia's coming GB200 server racks, which contain its next-generation Blackwell chips, will mainly be cooled with liquid circulated in tubes snaking through the hardware rather than by air. An Nvidia spokesman said the company was also

likely to be sought-after as technology companies race to deploy AI in content creation, autonomous driving and more.

Nvidia's stock took a hit early this month as investors reacted to potential delays in its Blackwell-powered products. Although the company said it was on track to ramp up production in the second half of this year, Chief Executive Charles Liang of Super Micro Computer, which makes server racks with Nvidia chips, said the timeline had been pushed out a little bit. Liang said he anticipated significant volumes would be ready in the first quarter of next year.

Data centers, housing as many as tens of thousands of servers, tend to be cacophonous and chilly places. At older facilities that use fans and air conditioning, cooling accounts for up to 40% of power consumption, a proportion that could be reduced to 10% or less with more advanced technology, according to Shaolei Ren, associate professor of electrical and computer engineering at the

University of California, Riverside.

Liquid cooling has become a common feature of high-end gaming computers, but on a larger scale has traditionally been limited to the hardest challenges, such as nuclear power plants. The upfront cost of circulating liquid through delicate electronics can be many times the cost of installing AC and fans. Some parts are in short supply.

Leakage is the biggest risk. "If a single drop of water falls onto a server, such as the million-dollar GB200, it could cause catastrophic damage," said Oliver Lien, general manager of Forcecon Technology, which works with semiconductor makers on cooling.

More than 95% of current data centers use air cooling because of its mature design and reliability, according to a recent Morgan Stanley report.

Super Micro Computer, commonly known as Supermicro, will use liquid cooling in about 30% of the racks it ships next year, said Liang. In June and July, the company delivered more than 1,000 liquid-cooled AI racks, representing more than 15% of new global data-center deploy-

ments, he said.

Nvidia both makes its own servers and supplies chips to other server makers that build devices for tech giants working on AI applications. Decisions on cooling tend to be made jointly by those companies.

Manufacturing challenge
Taiwan-based contract manufacturer Foxconn is taking a leading role in manufacturing the Nvidia GB200 series in Taiwan and Mexico, according to people involved in the plans.

The sensitivity of the cooling issue was highlighted in late July when shares in Foxconn and two suppliers of cooling components fell more than 5% following social-media posts suggesting the GB200's cooling system had leaks.

People familiar with the production said suppliers were working through normal issues that arise in preproduction testing. They said the cooling system issues weren't likely to significantly affect the GB200's shipping schedule.



Global data centers are expected to gobble up 8% of U.S. power demand by 2030, compared with about 3% currently.

Shares of Foxconn and the suppliers quickly recovered. Nvidia declined to comment and Foxconn didn't respond to a request for comment.

Supermicro said its liquid cooling systems enabled data centers to reduce power consumption by 30% to 40%. Nvidia has said liquid-cooled data centers can pack twice as much computing power into the same space because the air-cooled chips require more room in a server.

If only air cooling is used, high-performance computers require server-room temperatures below 50 degrees Fahrenheit, said Lien of Forcecon Technology. Aside from the heavy electricity use, the fans produce dust that can hinder performance and 24-hour whirring that can annoy the neighbors.

"Liquid cooling is definitely inevitable for higher-end AI applications from firms such as Nvidia, AMD or Google," Lien said. The liquid-cooled machines whisper instead of whirring and kick up virtually no dust.

"You would feel a slight tremor if you place your hand on the machines, a gentle reassurance that they are dili-

gently at work," Lien said.

The liquid cooling systems for Nvidia's GB200 high-end rack cost more than \$80,000, about 15 to 20 times the cost of an air-cooling system for an existing rack with Nvidia's H100 chips, according to Morgan Stanley estimates. It projected the market for those systems will more than double to \$4.8 billion by 2027.

Growing pains
In the systems, pumps circulate coolant to microchannels inside cold plates on top of the chips and withdraw the liquid when it heats up.

One sign of growing pains in the industry is a shortage of specialized parts. Supermicro said it had to delay shipments representing some \$800 million in revenue because of component shortages primarily related to liquid cooling.

Executives said one part in tight supply is called universal quick disconnect, an item that prevents leaks when parts of the piping system are disconnected. That part is mostly made by American and European companies, but more than half of the global cooling system business is concentrated in Taiwan-based companies,

according to Edward Kung, who leads Intel's liquid cooling projects and is chairman of the Taiwan Thermal Management Association.

The Taiwanese companies are benefiting from their experience cooling gaming computers, such as Nvidia started as a maker of chips for games and moved into AI.

Many in the business think the next step could be total immersion in heat-absorbing fluid, although the technology faces skepticism because the fluid and custom tanks are costly and maintenance is messier.

Taiwanese companies including Cooler Master, a longtime Nvidia collaborator known to videogame enthusiasts for its high-end computer cooling hardware, are working on immersion technology for potential future Nvidia products, people familiar with those products said.

Last year, Nvidia Chief Executive Jensen Huang stopped by a trade-show display in which Taiwan's Giga-byte Technology showed off its immersion cooling tank.

"Good job," Huang told people at the display. "This is the future."
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NEWS NUMBERS

19 mn

THE PROJECTED number of cancer cases in men globally by 2050, up 84% from 10.3 million in 2022, according to a new study

2,450

THE NUMBER of workers Stellantis, an automotive manufacturer, plans to layoff at its Warren Truck Plant near Detroit as part of a restructuring exercise

3.54%

INDIA'S RETAIL inflation in July, below the Reserve Bank's medium-term target of 4% for the first time in almost five years, benefiting from a high base

\$111.7 bn

THE ESTIMATED merchandise exports from India in the second quarter of FY25, up 4.2% year-on-year, according to the Export-Import Bank of India

£4.19 mn

THE MEDIAN pay for a FTSE-100 company CEO in UK in 2023, up 2.2% from 2022, growing slower than the previous 2 years, as per High Pay Centre, a think tank

HOWINDIALIVES.COM

Bajaj Fin gets GST notice for ₹342 cr

Bajaj Finance on Monday said it has received a show cause notice for a GST demand of ₹342 crore. In a filing with the BSE, Bajaj Finance said in the show cause notice (SCN) from the director general of GST Intelligence (DGGI), Kochi zonal unit, the authorities alleged that the fixed amount of upfront interest collected from customers in B2B business must be considered as service charge or fee and, accordingly, is liable to GST. "The amount of GST demanded vide above referred SCN is ₹342 crore (excluding interest and penalty) for the period from July 2017 to March 2024," it said. The DGGI also proposed an equal amount of penalty and interest till the date of payment of the tax. The company is in the process of filing a reply against the SCN to substantiate its stand. Shares of Bajaj Finance closed at ₹6610.30 apiece, down 0.13% over the previous close on the BSE. **PTI**



OYO founder and group chief executive officer Ritesh Agarwal. **BLOOMBERG**

Ritesh Agarwal puts ₹830 crore in OYO

Founder Ritesh Agarwal has invested ₹830 crore through his Singapore-based entity Patient Capital in OYO's latest funding round—wherein the travel tech platform raised ₹1,457 crore, people aware of the matter said. Post the equity dilution in the Series G funding, Agarwal's holdings will increase from 29.97% earlier, to 32.57% post the investment, sources told **PTI**. According to the people close to the transaction, "Ritesh has invested to protect his ownership dilution in OYO as well as a signal of confidence in the company's prospects. The investment is backed by Singapore-based family offices." Oravel Stays Ltd, the parent company of OYO, has raised ₹1,457 crore from a consortium of investors in the latest funding round. **PTI**

Godrej plans ₹3K cr fundraise via bonds

Godrej Industries Ltd plans to raise up to ₹3,000 crore through issuance of debt instruments and will seek approval from shareholders through a special resolution, according to a regulatory filing. The board of directors, at its meeting held on 7 August 2024, had proposed to seek an approval from the members to raise or borrow funds by way of issuance of unsecured non-convertible debentures, bonds or other instruments, listed or unlisted, on private placement basis for an amount not exceeding ₹3,000 crore, Godrej Industries said in a postal ballot notice shared on the BSE. The fund is proposed to be raised within one year from the date of passing of the special resolution at an interest rate that will be determined by the prevailing money market conditions at the time of the borrowing, it added. The issue of these securities like non-convertible debentures, bonds or other instruments work as a cost-effective source of borrowing, it added. On the purpose of the fund raise, the company said it proposes to utilize the sum for its business purposes, investments, repayment or pre-payment of certain loans and for general corporate purposes. **PTI**

NIRF 2024: IIT Madras tops rankings for the sixth year

The Indian Institute of Technology (IIT) Madras remained on the top spot in the National Institute Ranking Framework, 2024, for the sixth consecutive year, while the Indian Institute of Science (IISc), Bengaluru was ranked as the best university for the ninth year in a row, according to the Union ministry of education. Delhi University improved its rank from 11 to six while Hindu College stalled Miranda College's seven-year run as the best college in the ninth edition of the NIRF rankings, which was announced by Union minister of education Dharmendra Pradhan on Monday. Behind IIT Madras, IISc Bengaluru took the second spot in the "overall" category, followed by IIT Bombay while IIT Delhi, which was at the third place in the category last year, slipped to the fourth position. Eight IITs figured in the top ten besides All India Institute of Medical Sciences (AIIMS), New Delhi and the Jawaharlal Nehru University (JNU). Among universities, IISc Bengaluru is followed by JNU and Jamia Millia Islamia. All three retained their positions. **PTI**



Delhi University improved its rank from 11 to 6. **HT**

I-DAY CELEBRATIONS BEGIN



Ahead of Independence Day, school students take part in a 'tiranga yatra' during Har Ghar Tiranga campaign in Bikaner, Rajasthan, on Monday. **PTI**

GST Council likely to meet in September to discuss key issues

Will look at expanding tax base, clarifying rules and reviewing tax rate rationalization

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

Federal indirect tax body, GST Council, is likely to meet early September to consider key issues such as expanding the tax base, issuing clarifications to minimize tax disputes and evaluating the process of tax rate rationalization, according to two persons familiar with the development. Centre and states are looking at 9 September as the possible date for the meeting, one of the persons quoted above said on condition of anonymity.

ity. At the last quarterly meeting of the Council, held in the capital, the federal indirect tax body discussed matters requiring legislative amendments so that they could be included in the Union budget presented on 23 July. In the forthcoming meeting, to be chaired by union finance minister Nirmala Sitharaman, the Council will take up pending issues such as the need to look into the need for clarifications so that disputes arising from interpretation of the law are minimised, the person said. The Council is likely to look into the practices of specific industries like software exports and airline business, which have recently come into spotlight for the tax notices issued to some of the players.

The agenda for the meeting is yet to be finalized. A ministerial group led by Bihar deputy chief minister Samrat Chaudhary will provide an update on efforts to rationalise GST rates, which may lead to further discussions on rate revisions. It is expected to be an extensive consultative process given that changes to the rate structure could mean major revisions in some others. Experts said the Council meeting may give further momentum to reforms, addressing not only tax rate revisions but also compliance simplification and dispute resolution. For an extended version of this story, go to livemint.com.

Lessors reject SpiceJet pledge

SpiceJet Ltd's two French engine lessors—Team France O1 SAS and Sunbird France O2 SAS—on Monday rejected chairman and managing director Ajay Singh's offer to pledge his shares as collateral for the budget carrier's outstanding liabilities. The lessors told the Delhi high court that they were unwilling to accept shares from a company with questionable stability. The lessors' counsel demanded a disclosure of Singh's assets and gave SpiceJet 15 days to make alternative arrangements, ground and return the three engines in question. The court will next hear the case on 14 August. The development follows the high court's 8 August demand for personal guarantees from SpiceJet's directors should the airline fail to meet its financial obligations. **KRISHNA YADAV**



India accounts for a tenth of Pernod group's global liquor sales. **PERNOD RICARD/LINKEDIN**

Pernod India's legal head to join Google

Pernod Ricard's legal head in India has resigned, said two people with knowledge of the matter, a key departure at a time when the French liquor giant faces many legal and regulatory headaches in the critical Indian market. The people, who spoke on condition of anonymity, said the official, Bijoya Roy, will join Google in November as its top India counsel, with US tech giant confronting several antitrust investigations of its own. Roy, who joined Pernod in 2021, declined to comment. Google and Pernod did not respond to queries from **Reuters**. India accounts for a tenth of Pernod's group sales. Euromonitor estimates that Pernod, the purveyor of brands such as Chivas and Absolut, has market share of 16% by volume in the \$35-billion spirits market. **REUTERS**

WEST BENGAL STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (A Govt. of West Bengal Enterprise)							
Regd. Office : Vidyt Bhavan, Block-DJ, Sector-II, Bidhannagar, Kolkata - 700 091 CIN : U40109WB2007SGC113473, Tel. No.: +91 (033) 2319 7209, www.wbseidcl.in							
Extract from the Un-Audited Standalone and Consolidated Financial Results for the Quarter and Three months ended on 30.06.2024 (₹ in Lakh)							
Sl. No.	Particulars	Standalone		Consolidated			
		Quarter Ended		Quarter Ended		Financial	
		30.06.2024	30.06.2023	31.03.2024	30.06.2024	30.06.2023	31.03.2024
		Un-Audited	Un-Audited	Audited	Un-Audited	Un-Audited	Audited
1	Total Income from Operations	963859	758594	3336610	963859	758594	3336610
2	Net Profit/(Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	11919	(2642)	12412	11919	(2642)	12412
3	Net Profit/(Loss) for the period before Tax (after Exceptional and/or Extraordinary items)	11919	(2642)	12412	11919	(2642)	12412
4	Net Profit/(Loss) for the period after Tax (after Exceptional and/or Extraordinary items)	11727	(2857)	10851	11727	(2857)	10851
5	Total Comprehensive Income for the period (Comprising Profit/(Loss) for the period (after tax) and Other Comprehensive Income (after tax))	380	795	5753	380	795	5753
6	Paid up Equity Share Capital	397595	315078	355025	397595	315078	355025
7	Reserves (excluding Revaluation Reserve)	53326	64796	79593	53326	64796	79593
8	Securities Premium Account	0	0	0	0	0	0
9	Net Worth	413534	344200	397648	413534	344200	397648
10	Paid up Debt Capital / Outstanding Debt	1714074	1806204	1543911	1714074	1806204	1543911
11	Outstanding Redeemable Preference Share	0	0	0	0	0	0
12	Debt Equity Ratio	1.90	2.38	2.03	1.90	2.38	2.03
13	Earnings Per Share of ₹ 10/- each (for Continuing and Discontinued Operations)						
	1. Basic & Diluted before extraordinary items & net movement of Regulatory Deferral account balance (₹) (not annualised)	(5.22)	(4.87)	(2.59)	(5.22)	(4.87)	(2.59)
	2. Basic & Diluted after extraordinary items & net movement of Regulatory Deferral account balance (₹) (not annualised)	0.30	(0.10)	0.30	0.30	(0.10)	0.30
14	Capital Redemption Reserve	0	0	0	0	0	0
15	Debt Redemption Reserve	21201	19534	20784	21201	19534	20784
16	Debt Service Coverage Ratio	0.68	0.95	0.98	0.68	0.95	0.98
17	Interest Service Coverage Ratio	1.34	1.37	1.46	1.34	1.37	1.46

Notes:

- The above is an extract of the detailed format of the Statements of Un-Audited Standalone and Consolidated Financial Results filed with the Stock Exchange under Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Statements of Un-Audited Standalone and Consolidated Financial Results are available on the Company's website www.wbseidcl.in and on the website of Bombay Stock Exchange (www.bseindia.com).
- The above results were reviewed and recommended by the Audit Committee of the Board of Directors in its meeting held on 12th August, 2024 and approved by the Board of Directors in its meeting held on the same day.
- The Un-Audited Financial Results for the Quarter ended 30th June, 2024 was carried out by the Auditor of the Company as required under Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Auditor of the Company, R. Gopal & Associates, Chartered Accountants, has issued Audit Reports with unmodified opinion on the said Standalone and Consolidated Financial Results.
- Total value of secured, redeemable, non-convertible bonds issued by the company on private placement basis is ₹ 100000 lakh. These securities are listed with Bombay Stock Exchange in Wholesale Debt Market.
- Tariff order for the year 2024-25 has been issued by WBERC on 06.03.2024. Financial impact of the said Tariff orders has been considered in the Financial Statements for Q1 FY: 2024-25.
- The previous period's figures have been re-grouped / re-classified / re-measured wherever necessary to confirm current period's classification.
- The Financial Statements of West Bengal Green Energy Development Corporation Limited (WBGEDCL), only Associate Company of WBSEIDCL has been considered for preparation of Consolidated Financial Statement based on management certificate obtained in this regard.
- Ratios are calculated on annualised basis.

Place: Kolkata
Date: 12th August, 2024

For West Bengal State Electricity Distribution Company Limited
Sd/-
(Santanu Basu)
Chairman and Managing Director

ICA - N 389(1)2024



BANKS' Q1 SHOW HAS A MESSAGE FOR INVESTORS

Healthy profit growth in Q1 notwithstanding, the 'war for deposits' is weighing heavily on the banking sector

Abhishek Mukherjee
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NEW DELHI

For more than a year, one of the most fundamental correlations of the Indian equity market has gone awry—Bank Nifty has been underperforming the benchmark Nifty by a wide margin. For the market to maintain equilibrium, both these important gauges have to move in tandem. Any divergence is indicative of lopsided momentum, which by definition is unsustainable.

Now the biggest culprit behind Bank Nifty's underperformance has been its largest constituent by weightage—HDFC Bank.

But even beyond this behemoth, Indian banks are currently grappling with some considerable systemic challenges, all of which were evident in their recent results.

DIAL D FOR DEPOSITS

When the country's largest private sector bank as well as the biggest public sector lender are struggling for deposits, surely some system-wide issues are at play.

HDFC Bank reported zero sequential growth in deposits during the first quarter (Q1) of 2024-25 at ₹23.8 trillion, while that of State Bank of India (SBI) dipped 0.3% to stand at ₹49 trillion.

"Most of the banks witnessed growth moderation along with some uptick in credit cost in Q1," Christy Mathai, fund manager—equity, Quantum AMC (Asset Management Company), told *Mint*. "Deposit mobilization remains the key focus for the banks and incrementally, the cost of deposits has moved higher than yield increases, impacting the net interest margins (NIMs). Draft LCR norms, if implemented, will impact the liquidity further," he added.

The Reserve Bank of India (RBI), last month, issued draft guidelines for management of liquidity coverage ratio or LCR. It refers to the proportion of high-quality liquid assets (HQLA) like cash and government securities that banks must hold to ensure they can meet their short-term obligations. Under the new draft norms, banks will be required to increase the liquidity cover for 'stable deposits'—those from which withdrawals are infrequent—from 5% to 10%.

For 'less stable deposits', for example those held by customers with internet and mobile banking facilities, the required liquidity cover will rise from 10% to 15%.

The draft guidelines, slated to be implemented from 1 April 2025, are anticipated to lower banks' LCR by around 11-20 percentage points. This, in turn, would necessitate banks shoring up deposits and increasing their HQLA holdings.

However, Indian banks are already facing their worst deposit crunch in two decades, with even the regulator RBI expressing concern.

As on 28 June, bank deposits had grown 11.1% year-on-year, lagging credit growth of 17.4%. This has forced banks to raise deposit rates to lure customers who are preferring other investment avenues like stocks and mutual funds.

The topic of lagging deposit growth loomed large during this earnings season. "I know that the most important part of our strategy is deposits. And we are happy with the kind of numbers that have come about? Not really. It has fallen short of our expectations," HDFC Bank managing director and chief executive officer (CEO) Sashidhar Jagdishan said at its post-earnings call.

HDFC Bank saw some significant outflows from current accounts, which contributed to the muted growth. However, the management said it remains committed to pursuing deposit-led credit growth and expects the pace of deposit accretion to pick up in the coming quarters.

Crucially, HDFC Bank is not looking to get into a 'rate war' to attract depositors. Instead, it expects to leverage the strength of its wide branch network and enhance customer engagement. Moreover, the bank is looking to convert mortgage customers into primary banking customers and further deepen relationships with existing corporate clients to ensure the building of its deposit franchise.

But will depositors be enticed by 'enhanced service delivery' at a time when the stock market is easily delivering far higher returns?

This question is clearly keeping managements awake at night, and not just at HDFC Bank.

"Challenges of low-cost deposit continue with savers turning into investors, deploying money in high yielding capital



A file photo of a HDFC Bank branch in New Delhi. The bank saw significant outflows from current accounts in the first quarter of 2024-25, which contributed to muted sequential growth in deposits.

market products..." Kotak Mahindra Bank's group chief financial officer Devang Gheewalla pointed out at the Q1 conference call.

The lender's total deposits stood at ₹4.47 trillion as of 30 June, down 0.3% compared to the preceding quarter.

SECOND-ORDER EFFECTS

Adventure is the life of commerce, but caution...is the life of banking," RBI governor Shaktikanta Das said at a conclave in Mumbai last month, quoting English essayist Walter Bagehot.

If any member of the audience was perplexed about the governor's literary turn of phrase, Das soon put his remarks in context.

"Deposit mobilization has been lagging credit growth for some time now. This may potentially expose the system to structural liquidity issues," Das said. "Households and consumers who traditionally leaned on banks for parking or investing their savings are increasingly turning to capital markets and other financial intermediaries. While bank deposits continue to remain dominant as a percentage of financial assets owned by households, their share has been declining with households increasingly allocating their savings to mutual funds, insurance funds and pension funds," he added.

Showing just how seriously the regulator is taking this issue, the governor reiterated the message at the RBI's monetary policy meeting on 8 August.

"It is observed that alternative investment avenues are becoming more attractive to retail customers and banks are facing challenges on the funding front with bank deposits trailing loan growth. As a result, banks are taking greater recourse to short-term non-retail deposits and other instruments of liability to meet the incremental credit demand. This, as I emphasised elsewhere, may potentially expose the banking system to structural liquidity issues," Das said.

In other words, what is good for the stock market may not be favourable for the banking system.

The current exuberance in the capital market is diverting an important channel

of funds away from lenders. This has ratcheted up banks' credit-to-deposit (CD) ratios—a measure of how much money they are lending compared to what they have as deposits. A high CD ratio, therefore, would raise liquidity and credit risks for lenders.

While there is no specific regulatory threshold for the CD ratio, it is understood that the RBI is comfortable with a range of 70-80%. Which is why the first quarter numbers are a cause of concern—barring SBI, none of the top five Indian banks by market capitalization have a CD ratio below 80.

HDFC Bank, which is still reeling from the impact of the mega merger with parent HDFC last year, reported a CD ratio of 103.5. The management has reiterated its intention to bring down the number to pre-merger levels (84-87%) in a phased manner.

Axis Bank's CD ratio came in at 92.2, followed by Kotak Mahindra Bank (87.2), ICICI Bank (85.8) and SBI (76.5).

Worryingly, all the lenders posted a quarter-on-quarter uptick in this key ratio, indicating that the sector's credit-deposit mismatch woes are far from over.

Experts are fretting over banks having to sacrifice some credit growth in order to bring their CD ratios under control. "While Q1FY25 disappointed on the growth front, the (HDFC Bank) management remains confident of growth picking up in the coming quarters. The bank's focus on deposit-led credit growth would imply a slowdown in credit growth momentum," analysts at Axis Securities said in a note. Consistent deposit growth and NIM improvement remain key re-rating levers for the bank, they added.

That, of course, would be easier said than done.

For HDFC Bank, analysts say NIMs are likely to face some pressure in the near term owing to the increase in the cost of funds, reflecting the rate hike in retail deposits and some possible pressure due to the draft guidelines on LCR.

However, this remains a sector-wide issue, at least in the near term.

"Given the rising competitive intensity for low-cost and granular deposits facing the banking system, loan-deposit ratios at historical highs, and expected rate cuts towards the back-end of FY25, we believe banks are faced with the challenge of quality deposit mobilization, elevated funding

decline in NIM quarter-on-quarter to 4.36%, while that of SBI slipped 6 bps to 3.22%. Kotak Mahindra Bank's margins declined by 26 bps sequentially.

Axis Bank reported sequential flat margins as it witnessed interest on income-tax reversals during the quarter, which when clubbed with healthy investment income, propped up the NIMs.

For HDFC Bank, analysts say NIMs are likely to face some pressure in the near term owing to the increase in the cost of funds, reflecting the rate hike in retail deposits and some possible pressure due to the draft guidelines on LCR.

mint SHORT STORY

WHAT

Indian banks are currently grappling with systemic challenges. From India's largest private sector bank to the biggest public sector lender, all are struggling for deposits.

WHY

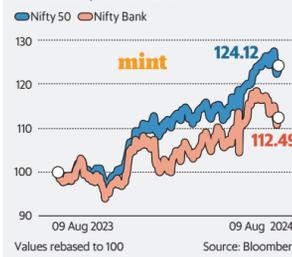
The current exuberance in the capital market is diverting funds away from lenders—savers are turning into investors and are deploying money in high yielding capital market products.

SO

Lenders are being forced to hike deposit rates. HDFC Bank is counting on 'enhanced service delivery'. But lenders may have to sacrifice some credit growth, going ahead.

BOGGED DOWN

Bank Nifty has underperformed the benchmark Nifty for the past 12 months, mainly weighed down by its biggest constituent, HDFC Bank.



Growth Mismatch

The trend of advances growth outpacing deposit growth continued in Q1, leading to higher credit-deposit ratios.

Bank	Advances	Deposit	Growth (year-on-year, in %)
HDFC Bank*	24.4	52.6	
ICICI Bank	15.7	15.1	
SBI	15.4	8.2	
Axis Bank	14.0	13.0	
Kotak Mahindra Bank	18.7	15.8	

*figures strictly not comparable YOY due to HDFC merger. Source: Company filings

Report Card

How the top 5 banks by market capitalization stack up in the first quarter of FY25.

Bank	Net profit (in ₹ cr)	Net interest income (in ₹ cr)	NIM (in %)	GNPA (in %)	NNPA (in %)
HDFC Bank	16,170	29,840	3.60	1.33	0.39
ICICI Bank	11,059	19,553	4.36	2.15	0.43
SBI	17,035	41,125	3.22	2.21	0.57
Axis Bank	6,035	13,448	4.05	1.54	0.34
Kotak Mahindra Bank	6,249	6,842	5.02	1.39	0.35

Notes: NIM is net interest margin; GNPA is gross non-performing assets; NNPA is net non-performing assets. Source: Company filings

As banks and NBFCs navigate the growth-margin trade-off, HDFC Securities believes the combination of lower growth and lower spreads is likely to keep valuations under check.

ingly allocating their savings to mutual funds, insurance funds and pension funds," he added.

Showing just how seriously the regulator is taking this issue, the governor reiterated the message at the RBI's monetary policy meeting on 8 August.

"It is observed that alternative investment avenues are becoming more attractive to retail customers and banks are facing challenges on the funding front with bank deposits trailing loan growth. As a result, banks are taking greater recourse to short-term non-retail deposits and other instruments of liability to meet the incremental credit demand. This, as I emphasised elsewhere, may potentially expose the banking system to structural liquidity issues," Das said.

In other words, what is good for the stock market may not be favourable for the banking system.

The current exuberance in the capital market is diverting an important channel

among the top success stories of the Indian economy in the last decade.

As per the RBI's latest Financial Stability Report, the gross non-performing assets (GNPA) ratio of banks fell to a 12-year low of 2.8% at the end-March 2024. Their net NPA ratio too fell to a record low of 0.6%.

Do the Q1 results maintain this improving trend?

HDFC Bank saw a sequential rise of 9 bps in its gross NPA ratio, while that of SBI remained flat. ICICI Bank too reported flat NPAs, though there were lower recoveries from corporate and SME book and higher gross slippages from the retail book amid an uptick in credit costs.

Axis Bank, which had posted a sequential decline in absolute GNPA's for the past 11 quarters, reported a 7.2%

The reduction in the banking sector's mountain pile of bad loans has been

among the top success stories of the Indian economy in the last decade.

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Do the Q1 results maintain this improving trend?



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ASSET QUALITY

The reduction in the banking sector's mountain pile of bad loans has been

Will switching to a consultant role with ₹1 crore salary save you tax?

However, a consultant must truly be an independent professional, and not attached to only one company

Shipra Singh
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On an annual salary of ₹1 crore, an employee pays about ₹30 lakh tax. This 30% tax outgo is under the new tax regime and includes a 10% surcharge and 4% cess. The employee can save some tax by opting for the old regime if he can make tax-saving investments and has expenses of at least ₹4.84 lakh. Now, only ₹1.5 lakh worth of investments are allowed as tax deductions, while ₹3.35 lakh or more has to come from expenses like home loans, house rent allowance and medical insurance—not easy to achieve.

There's another option available—switching to a consulting role. In a consulting role, earnings are treated as business income and one can deduct expenses related to work to reduce the net taxable income, which may not be possible as an employee.

The maths is simple: you save tax if your business expenses exceed those you can claim as an employee. But for a high-earning individual consultant in the ₹1 crore income bracket, how much expenses will be enough to move the tax needle in his favour?

To be sure, a consultant must truly be an independent professional, and not attached to only one company that prohibits him from taking up other gigs. The tax department can treat such consultants as employees.

Eligible expenses
All work-related expenses can be deducted from the gross income, including rent, electricity, Wi-Fi and water bills of your office (including home office), phone bill, official travel expenses, including petrol bills, cab fares, flight ticket and hotel bookings, subscriptions of software, journals, and periodicals used for work, official meal expenses and staff salaries.

One-time purchases like furniture, electronics, gadgets and office supplies, and their repair and maintenance, qualify as business expenses, even for consultants who work from home and not from an office space. "If a consultant is using their house to run their profession, the expenses being claimed should be limited to the part of the property being used. For instance, you can claim the cost of the air-conditioner installed in your office room as a business expense, but not all other ACs installed in other rooms," said Prakash Hegde, a chartered accountant and principal consultant of direct taxation at Acer Tax and Corporate Services LLP.

Apart from expenses, depreciation on assets used for work, such as laptops, speakers, furniture and even the office premises, if owned by the professional, can be claimed. Hegde said several wealthy professionals claim depreciation on their high-end cars even when they are used solely for personal use, which is wrong.

"The consultant has to determine how much the car is used for professional work and accordingly claim fuel expenses and depreciation. Tax officers usually consider 50% of the car's value for calculating depreciation when the car is used for both personal and professional purposes."

Without presumptive tax scheme, can high earners save tax as a consultant?

An individual consultant may not have much work-related expenses that can reduce his taxable income considerably

Sanjana* has annual income of ₹1 crore

When she's an employee		Switches to consulting role	
Gross income	₹1,00,00,000	Gross income	₹1,00,00,000
Tax exemptions:		Expenses:	
Car lease	₹5,00,000	Bills	₹1,00,000
Driver's salary	₹2,40,000	Driver's salary	₹2,40,000
Fuel	₹1,80,000	Fuel	₹1,80,000
Less:		Business travel	₹3,60,000
Standard deduction	₹75,000	Meals	₹2,00,000
Net taxable income	₹90,05,000	Home office rent**	₹2,16,000
Tax to be paid	₹25,25,500	Depreciation on fixed assets	₹1,00,000
		Net taxable income	₹86,04,000
		Tax to be paid	₹24,05,200

**Assuming she pays ₹60,000 rent for a 2 bhk apartment and uses 1 room, which makes up 30% of the total space, as office. Assuming that Sanjana has opted for the simpler new tax regime



GST compliance increases

Sanjana has to get GST number as annual turnover is over ₹20 lakh. Sanjana earns ₹50 lakh from Indian clients and ₹50 lakh from foreign companies

Monthly income	Indian income ₹4.16 lakh	Foreign income ₹4.16 lakh
18% GST	₹75,000 Invoice raised is ₹4.91 lakh (income + GST)	Invoice raised is ₹4.16 lakh
10% TDS	₹41,666 Company will pay ₹4.5 lakh (minus TDS)	She's paid ₹4.16 lakh
	Sanjana must deposit monthly GST before 20th of following month. She has to file GST return by end of the quarter	She should pay advance tax every quarter. She should get inward remittance certificate from bank and file letter of undertaking (LUT)

Professionals with GST can claim input tax credit on the GST they pay on work-related services

Purchase	Price	18% GST
Laptop	₹70,000	₹12,600
Flight tickets	₹20,000	₹3,600
Hotel booking	₹10,000	₹1,800
Meals	₹15,000	₹2,700
		₹20,700

This can be offset by the consultant against her monthly GST liability. Say, in Sanjana's case, she will deposit ₹54,300 after offsetting ₹20,700 with ₹75,000 GST liability

mint

In most cases 18% GST paid to the consultant is absorbed by the company as the latter can claim it as input tax credit.

*It's a hypothetical case. *A Letter of Undertaking (LUT) is submitted to GST department declaring compliance with export rules; Inward remittance certificate issued by a bank is proof of international payment for exports

The same logic applies when determining how much of the fuel bill and driver's salary can be claimed. Consultants working from home can also claim depreciation on the portion of the property used as an office.

"Similarly, if the said house is on loan, they can claim interest proportionate to the part of the property used as office as part of business expenses," Hegde said.

But, claiming bogus expenses and depreciation has severe consequences. Such expenses are reversed, treated as income, and a tax demand is raised along with 18% annual interest on outstanding tax. You may also have to cough up 200% of outstanding tax as penalty.

In most high income cases, adding up such depreciation and expenses will typically exceed tax-saving components in cost to company (CTC). Expenses such as mobile and broadband bills,

fuel, and driver's salary can be claimed as expenses even as an employee.

However, one can deduct the full rent in a business that is not the case with house rent allowance. The condition is that the full premises on which rent is paid is used for work. Other expenses like buying furniture, electronics and repair, cannot be claimed as an employee, as opposed to business.

One does stand to save more taxes as a consultant, but the difference could be insignificant. Hence, one must look at other factors, too. **Audit, GST compliance**

Business income entails added tax compliances like maintaining books of accounts, including tracking daily expenses, separately recording cash receipts, and maintaining all receipts and invoices. When gross revenue exceeds ₹75 lakh, the professional is required to have the books of account audited by a chartered accountant.

The audit is an added cost but can be deducted as a business expense.

Second, the individual has to get a GST registration number, pay GST every month and file the GST return every quarter. Each month, he has to raise the invoice with additional 18% (common rate) GST component. The company pays this to the consultant, which is then to be deposited by the latter to the government.

Professionals who consult with foreign clients get some relief as GST is not charged to foreign firms. Invoice will just have the fee charged for service provided. Tax won't be deducted at source. This means there is no GST to be paid each month, and you get higher in-hand income without TDS. However, this doesn't mean you don't have to register for GST—it is mandatory in all cases, even when the consultant only works with foreign clients, after revenue exceeds ₹20 lakh. The consultant has to file quarterly statements as well, showing the total integrated tax as zero.

Hanish S., a chartered accountant and partner at HSKA and Associates,

advises that such consultants must get an inward remittance certificate from the bank. "Tax authorities insist on this certificate even though some tribunals have ruled that a payment confirmation receipt from PayPal is sufficient," he said.

The consultant must also annually file a letter of undertaking with the government. "It's a simple online process and granted instantly. It must not be missed as the tax department will issue notices demanding tax on export. It can be challenged but it's an added hassle of going into litigation," Hanish added.

Presumptive income

The presumptive tax scheme under Section 44-ADA is not available to professionals with income over ₹75 lakh. For high-income taxpayers with business income, the alternative is the presumptive scheme under Section 44 AD, which is applicable only to businesses and non-specified professionals. Karan Batra, founder of charterclub.com, said a majority of employees switching to consulting qualify as technical consultants and hence qualify for Section 44-ADA.

"In the list of specified professions under Section 44-ADA, one category is technical consultants, which is not defined by the tax laws, but encompasses all roles where the consultant has specialised expertise that is not easily replaceable in the market. In the case of consultants who have converted from jobs, I typically see the companies deducting 10% TDS (tax deducted at source) that is applicable to professionals," said Batra.

Some experts, however, said that a degree or technical qualification is also required to qualify as a technical consultant. "Many courts have ruled that to be a professional, the person should have a certain skill or expertise in that field and should also be qualified for the profession they want to engage in," Hegde said.

Experts advise that high income consultants should not be tempted by the huge tax savings available in the Section 44 AD presumptive scheme if they don't qualify as a small business. Batra noted that several high-income consultants have approached him seeking to use Section 44 AD to tax only 6% of their revenue. "The government is not investigating such cases yet, but it's not right,"

Hegde said without specific guidelines, there's a thin line between those who can call themselves professionals and those that are businesses.

So, without the presumptive tax scheme, switching to consulting at high income levels may not be fruitful for most. Individual consultants will most likely not have enough expenses to reduce taxes considerably. If that's the case, weigh in on whether forgoing job security and taking up additional tax compliances are worth it.



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POWER POINT
DENNIS GABRIEL

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

NEW CAPITAL GAINS TAX RULES: END OF ROAD FOR DEBT MF?

With the latest budget announcement and directive from the previous year's budget, debt mutual funds have become unattractive, and have been relegated to the sidelines—a burgeoning segment almost thrown under the bus.

This was also inferred when the Association of Mutual Funds of India (AMFI) put out six-point budget feedback on 30 July requesting the finance ministry to revisit some of its decisions, primarily pertaining to the future of debt mutual funds. They include restoration of indexation benefit for debt MFs and extension of the grandfathering provision pertaining to these benefits.

Let's dwell into the use of debt MFs as an investment vehicle in a portfolio. For an investor constructing a portfolio as per their asset allocation and risk appetite, debt mutual funds are an easy way to access the bond markets without the hassle of figuring out which listed bonds or debentures to invest in.

There are some key flexibilities that debt mutual funds offer in portfolio construction on the basis of asset allocation.

(i) The debt fund's objective allows an investor to choose and balance between duration and accrual strategy, accessing the interest rate and credit cycles effectively.

(ii) Such funds help build bucketing of investments across tenures based on liquidity requirements and financial goals.

(iii) Reinvestment risk is managed better through debt mutual funds. Coupon payments and maturities across a bond portfolio in a debt fund get reinvested, whereas in listed single issuer bonds, the interest coupon is realised, and maturities are to be reinvested by the investor.

(iv) Asset allocation has the benefit of cushioning the overall portfolio from extreme equity market volatility to ride through market, business and economic cycles.

Sluggish equity: While one can suggest that the bank fixed deposit is a debt-based option, one must appreciate that banks take time to reset their rates. Besides, tenures for better fixed deposits rates vary, depending on a bank's asset-liability management. So, does one open multiple fixed deposits across many banks? The question to consider is what will happen when equity returns are sluggish?

To find out, we picked out three years of low equity returns in 2016-2018 and compared them with debt MFs. As shown in such times, debt mutual funds across both duration and accrual strategies in an investor's portfolio will help to ride the phase of low equity returns. The benefit of asset allocation is clearly seen helping navigate the tough years aligning with one's risk profile.

Budget disconnect: As per the latest budget, listed bonds with a holding period of 12 months or more will have a long-term capital gains tax rate of 12.5%. The short-term capital gains tax rate has been revised to 20% from the slab rate. Debt mutual funds, a listed investment vehicle that holds a portfolio of listed bonds/debentures predominantly, will not fall under the capital gains tax structure and only slab rates are applicable.

From an investor's perspective of ease of accessing bonds and debentures for their portfolio, a debt mutual fund is convenient, flexible and far more risk-adjusted than a single issuer bond or debenture. To expect an investor to independently choose a few higher yielding listed single issuer bonds amid many bond/debenture options with limited due diligence and to construct debt allocation—resulting in increased concentration risk, credit risk and liquidity risk in their portfolio—is asking for trouble.

To sum up, an investor seeking to meet their financial goals within their risk appetite also has to evaluate potential returns after reviewing the applicable tax structure on that asset class. With no grandfathering of debt mutual fund investments announced and indexation (to adjust for inflation) removed across the board, all debt mutual fund investments made prior to 31 March 2023 face higher tax outlay when redeemed. This disrupts an investor's planning in taking medium to long-term positions on asset classes or investment vehicles.

A debt mutual fund with a level playing field on tax impact, as requested by AMFI for reconsideration, will help investors to effectively navigate any anemic equity returns phase of their wealth journey along with other non-correlated asset classes.

Indian equities may not have a linear one-way-up direction forever. And, prudence always suggests diversifying across efficient asset classes to navigate such times.

Dennis Gabriel, partner, Upwisery Private Wealth

Check how your NPS investments are faring

There are very few retirement products that help you accumulate a retirement nest egg and one such product is the National Pension System (NPS). It is a market-linked, defined-contribution product that needs you to invest regularly in the funds of your choice. The returns are based on the performance of the fund that you choose. There are eleven pension fund managers to choose from and one of the ways to do that is by tracking the returns. Here is a breakdown of the performance of different funds—equity fund, government bond fund and corporate bond fund—of the private sector NPS. This NPS table show returns for pension fund managers who have completed at least 1 year

Fund Manager	Returns (in %)			Tier-1 account								
	1 year	3 years	5 years	Equity fund			Government bond fund			Corporate debt fund		
Aditya Birla Sun Life	33.59	18.98	19.74	9.77	7.05	7.10	8.05	6.26	7.43			
Axis Pension Fund	35.21	NA	NA	9.84	NA	NA	7.82	NA	NA			
HDFC Pension Management	33.98	18.65	20.22	10.02	6.87	7.10	8.34	6.40	7.70			
ICICI Pru. Pension Fund	37.47	20.25	20.90	9.69	6.73	6.83	8.04	6.16	7.20			
Kotak Mahindra Pension	36.56	19.96	20.78	9.93	7.05	7.01	8.10	6.15	6.69			
LIC Pension Fund	33.05	19.10	19.86	9.74	6.94	6.99	7.85	6.05	7.32			
Max Life Pension Fund	35.95	NA	NA	9.49	NA	NA	7.58	NA	NA			
SBI Pension Funds	31.91	18.60	18.91	9.89	6.89	6.98	8.01	6.09	7.33			
Tata Pension Management	41.02	NA	NA	9.50	NA	NA	8.11	NA	NA			
UTI Retirement Solutions	39.37	20.11	20.76	10.17	7.18	6.96	7.94	6.00	7.04			

mint
Returns as on 2 August 2024.
1-year returns are absolute returns

PRANAY BHARDWAJ/MINT

Source: Npstrust.org

What banks' Q1 show means for investors

FROM PAGE 10

sequential rise whereas net NPAs rose by 10.3%. The management attributed this to collection delay, which is normalizing in Q2.

Most analysts maintain that the uptick in banking sector's NPA levels in Q1 was seasonal in nature (the heatwave-triggered agri slippages) as well as due to the impact of general elections.

However, with many lenders reporting some incipient stress in their retail and agri loan books, investors would do well to keep track on this crucial metric in the subsequent quarters.

Crucially, RBI governor Das too sounded a note of caution during the policy meet on 8 August.

"Excess leverage through retail loans, mostly for consumption purposes, needs careful monitoring from a macro-prudential point of view. It calls for careful assessment and calibration of under-



The Reserve Bank of India, last month, issued draft guidelines for management of liquidity coverage ratio.

MINT

writing standards, as may be required, as well as post-sanction monitoring of such loans," he said.

PRICE IS RIGHT?

How should investors approach this sector at this juncture? The biggest positive is that banks have been reporting robust credit offtake for the past few quarters, which is a sign of healthy macros as well as revival in private capex. However, the

lagging deposit growth risks curtailing this momentum going forward.

Banks' reliance on other sources like short-term borrowings, certificates of deposit etc to fill the funding gap also exposes them to interest rate volatility, further weighing on their risk profile. Even for the top performers, the Street is hunting for fresh triggers.

"With the cost-to-income ratio at -39%, we believe... (ICICI Bank) is nearly fully

optimized, which could be difficult to sustain. While ICICI Bank has emerged as a sector leader in recent quarters, we believe that the barriers to outperformance are getting steeper," HDFC Securities noted.

From investors' perspective, the prolonged underperformance of Bank Nifty is perhaps the clearest indicator of which way the wind is blowing for the sector. However, some experts feel this itself presents an opportunity.

"Clearly, there is underperformance by the banking sector in general owing to some of the near-term issues such as NIMs pressure, elevated CD ratio, higher slippages in select pockets and increased regulatory scrutiny. In our view, even after baking in some of these negatives with normalized credit cost/growth, valuation for the banking sector is looking attractive. This is especially true in private sector banks," Quantum's Mathai added.


OUR VIEW


BLOOMBERG

Bank deposit shortage: Could a role shift work?

As lenders fall short of money to on-lend, tax incentives may help, but a radical response would be to restructure banks as pure lenders while our deposits are centralized with RBI

Indian regulators and policymakers have amplified their call for banks to become innovative in raising deposits. This low-cost source of funds is trailing the pace of bank lending, and if credit-deposit gaps persist, lenders would either need to rely more on costlier sources or go slow on credit, which could drag the growth of our economy back. Over the weekend, finance minister Nirmala Sitharaman exhorted banks to preempt such a scenario. A similar appeal was made by Reserve Bank of India (RBI) Governor Shaktikanta Das. The *Economic Survey* has also flagged the problem. In 2023, credit grew by almost 16%, while deposits went up around 13%. In previous years, the gap was larger, except for a pandemic blip of depositors piling up money in their accounts while loans got disrupted. In 2022, for example, credit grew nearly 15%, but deposits rose by less than 10%. This trend can partly be blamed on the repressively low rates of interest that depositors got for an extended stretch, even as the concept of 'real' returns—after taking inflation into account—gained traction at the retail level. Frustrated households had no qualms shifting their savings to capital markets, nudged along by a stock-market bull run and easy-swipe apps for share trading on mobile handsets. Today, hikes in deposit rates by banks look too tiny to lure depositors back.

Another deterrent was a tax regime that favoured debt funds over bank deposits by offering the former not just indexation benefits, but also a light burden on long-term capital gains. That anomaly, however, has been fixed: indexation was axed in 2023 and their earnings are now taxed at one's income-tax slab rate, as with bank deposits. This may have levelled the field, but no fiscal effort has been made to make

deposits more attractive. An idea worthy of consideration might be to relieve bank deposits of the tax currently levied on interest earnings. This would incentivize savers to save the classic old way, by keeping money with banks for fixed periods (or instant withdrawal). Combined with more generous paybacks on people's savings, this may work better than relying on marketing gimmicks and flashy ads to attract deposits.

But what if India's deposit slump reflects a bigger problem? At one level, analysts worry that while relatively savvy savers are turning into yield-seeking investors as they ascend the risk-return curve of finance, our base of first-time savers is not expanding fast enough to feed banks. At another level, the role of banks as financial intermediaries might have begun to diminish. Instead of lenders using our deposits to on-lend at higher rates, thriving capital markets allow easy money to be raised directly via bond and share issues. We can't have lenders wilt, though. They're valuable to our economy for what they specialize in: an ability to assess risks and price loans profitably. As this is why we need banks, a radical idea suggests itself. Why not centralize public deposits with the central bank to let lenders focus on their job of risk pricing and lending? Modern technology and a digital rupee could enable a gradual rejig. Depositors could park money online with RBI, which would maintain e-rupee ledgers and pay slightly lower interest for the extra safety of these funds, which lenders could then access for long periods at a special RBI rate to offer loans. An enlarged RBI role would push it to work out how best to mobilize deposits, even as it watches banks closely to ensure they stay solvent. With banking in flux, this seems like a good time to grapple with such novel ideas.

GUEST VIEW

Close the credit gap MSMEs face to create jobs and drive growth

Better use of credit data and Digital India platforms can boost formal lending to small businesses



ALOK KSHIRSAGAR & ADITYA SHARMA

are, respectively, a senior partner and a partner at McKinsey & Company, based in Mumbai.

India's 60 million micro, small and medium enterprises (MSMEs) employ over 110 million people, contribute nearly 30% of gross domestic product (GDP) and account for about 50% of exports.

They could be even bigger drivers of growth and jobs if their large and persistent credit gap of over 60% could be bridged. This gap stems from multiple challenges across the MSME lifecycle. The underwriting scorecards for most financial institutions are built on limited data sources. For example, they do not fully leverage information about the seasonal or real-time cash flows that allow for accurately assessing a borrower's creditworthiness, while documentation collection and customer management processes are often cumbersome and costly. MSME borrowers need credit to overcome working capital cycle mismatches and gain the scale necessary to boost productivity. In the absence of sufficient formal funding, over half these enterprises turn to informal and more expensive sources of credit. Even those that do qualify for loans don't get products appropriate for their cash flow and payment cycles, which vary in predictable ways across sectors such as dairy, food processing, construction and logistics.

Fortunately, change is underway, with much more granular and timely data and documents available through

various Digital India initiatives, such as FASTag, Digilocker, GeM and ONDC. Lenders can now access high-quality and high-frequency customer data that has predictive power for transaction patterns, cash flows, procurement practices and more. Standards and protocols such as the Account Aggregator system facilitate the consent-based exchange of customer data for faster and more reliable banking processes.

The Union Budget 2024 adds tailwinds for financial institutions with a number of actions to help accelerate lending to MSMEs. The new credit guarantee scheme facilitates liquidity for manufacturing MSMEs without requiring collateral or third-party guarantees. Banks have been asked to go beyond traditional evaluations based on MSME assets or turnover, and instead develop in-house credit assessments using digital footprint scoring. This will help include MSMEs that lack formal accounting systems. The budget has doubled the limit for 'Tarun' Mudra loans (from ₹10 lakh to ₹20 lakh), thus helping entrepreneurs with a successful repayment record to secure larger funds to grow their business. Plus, it has halved the turnover threshold for buyers on the Trade Receivables Discounting System (TreDS) platform from ₹500 crore to ₹250 crore, enabling more participation.

In this supportive environment, how can financial institutions lend responsibly and grow profitably? McKinsey's work with leading financial institutions globally and in India points to three distinctive capabilities that have proven impact: data-driven, informed decision making, enhanced SME-specific propositions leveraging digital public infrastructure, and greater inclusion of MSMEs using the full capabilities of government programmes.

In our experience, these capabilities can increase frontline productivity by around 20-25%, unlocking scope for business growth, reduce credit risk by 15-20%, double auto-renewal rates, improve turnaround times by 50%, and

double growth in the value of transactions through supply-chain solutions. However, too few institutions have built and driven these capabilities to scale, and as a result, the system is not at full potential. In this context, we would urge all financial institutions, large and small across the private and public sector, to adopt three practices:

Use transaction data to build stronger credit underwriting capabilities for automated decision making and higher approval rates. Along with traditional credit bureau scores and GST information, they can also tap alternate sources such as FASTag and utility bills to accurately assess creditworthiness.

Develop a new and better 'digital SME proposition,' with seamless customer journeys. This can be built by using the Account Aggregator framework for consent-based data that looks at cashflow-based lending and alternate data, particularly for customers with a low or nascent footprint with credit bureaus. Developing a standard set of protocols and application programming interfaces could allow seamless data sharing among financial institutions and government departments, enabling quick and accurate inputs. Omnibus consent mechanisms could shorten turnaround times for credit decisions, simplifying the borrower's experience.

Expand the borrower base by tapping the full capabilities of government programmes. The adoption of TreDS and credit guarantee schemes as well as innovations in receivables-financing could help extend credit to many more MSMEs and unlock their potential.

These actions will avoid the boom-bust cycles of typical lending programmes and act as a sustainable driver of growth and value for the financial system. Most importantly, these capabilities will help deserving MSMEs get the credit they need to create a multiplier effect for growth and jobs in our country.

Prachi Shah and Anurag Chadha have contributed to this article.

10 YEARS AGO



JUST A THOUGHT

A bank is a place that will lend you money if you can prove that you don't need it.

BOB HOPE

THEIR VIEW

Economic Survey criticism misses the forest for the trees

ADITYA SINHA



is officer on special duty, research, at the Economic Advisory Council to the Prime Minister.

Edward Said recounted how, when he critiqued Western scholars for biased depictions of the East, a prominent scholar dismissed his arguments by attacking his credibility rather than engaging with their substance. He noted how old prejudices clouded discussions about the Orient. This offers a parallel with today's climate change discourse, where pointing out the West's historical pollution often leads to accusations of nationalism instead of addressing substantive issues. Criticism from developing countries of the West's disproportionate contribution to global warming is often dismissed, shifting focus from the message to the messenger.

On 6 August, an oped in *Mint* argued that India's *Economic Survey* "has wide gaps and odd arguments" on climate change. This critique also claimed that the survey adopted a "defensive tone and overlooked deep vulnerabilities related to nationalism and climate change." While the survey aims to be comprehensive, there's only so much ground a single chapter can cover. However,

the critique seems to operate on the peculiar assumption that if something isn't explicitly mentioned in a chapter on climate change, the government must not be addressing it at all. Regardless, seven issues can be flagged.

First, the charge that the survey adopts a defensive tone and fails to address India's vulnerabilities overlooks its nuanced focus on India's unique position in balancing development with climate action. The survey acknowledges this challenge and critiques the overconsumption-driven solutions of the developed world while emphasizing India's sustainable practices. This tone counters the global narrative that labels India as a major polluter, ignoring its significant achievements, such as reducing emission intensity by 33% between 2005 and 2019, beating its target ahead of schedule. Meanwhile, developed countries, responsible for over 75% of historical emissions, continue to impose stringent mandates on developing nations despite their high per capita emissions. Highlighting this disparity is not defensiveness, but a necessary critique of global inequities. Ironically, the oped also claims the survey "appears to condone relative inaction by developed countries." The thrust of the whole chapter is on a Western bias in the world's climate agenda.

Second, it dismisses the debate on livestock feed as "irrelevant." This misses a crucial aspect of climate discussions. Livestock consume 6 billion tonnes of feed annually, including one-third of global cereal production, with 86% of this feed being inedible for humans. Research by Mottet *et al* (2017) shows that producing 1kg of boneless meat requires 2.8-3.2kg of human-edible feed, depending on the system. Ignoring this is short-sighted.

Third, the survey considers land consolidation a pivotal strategy for boosting agricultural productivity in India, where 86.2% of operational holdings are less than 2 hectares. This fragmentation hinders the adoption of modern farming techniques and efficient resource use. The critique's assertion that discussing land consolidation "without addressing the resultant incremental need for livelihood opportunities... rings hollow" is misplaced. This view disregards the survey's comprehensive strategy that links land consolidation to broader goals of agricul-

tural modernization, economic growth and job creation. By such logic, one could similarly argue against energy transition policies due to potential job losses in coal-mining states. One should read the survey's chapter on employment, which rightly emphasises creating jobs in farm-allied activities. Also,

the critique says there is no discussion of land degradation. However, while the government has been working on land degradation, there is ample literature that suggests land consolidation projects "can help significantly to mitigate land degradation."

Fourth, the oped suggests that the survey should have emphasized water storage and efficiency more. But the survey does highlight the value of sustainable water management, advocating a blend of traditional and modern practices. It dedicates three boxes to water, stressing the urgency of its efficient use (our per capita availability has dropped from 5,177 cubic metres in 1951 to less than 1,500 projected for 2025) and recommends various strategies.

Fifth, the critique claims that the survey highlights "our complete lack of preparedness and foresight" on India's dependence on a small set of countries for future energy resources. This assertion overlooks the National Critical Minerals Mission, prominently featured in the budget, focusing on the entire supply chain of critical minerals.

Sixth, the oped argues that the survey outlines historical energy transitions but fails to justify 2024 as a starting point, given India's climate moves of 2008 and 2016. Even if 2008 is taken as the starting point, it does not alter the reality that energy transitions tend to span three-four generations.

Seventh, the critique claims that the *Economic Survey* didn't discuss extreme weather events. However, it is precisely because of these that the survey calls for more efforts towards and investments in adaptation.

The critique misses the original chapter's depth. The survey recognizes the need for dialogue and creates an atmosphere of trust for discussions to take place. The chapter advocates a culturally rooted and sustainable approach, emphasizing individual, collective and government action, and offers us holistic solutions to India's challenge of balancing development with climate goals.

These are the author's personal views.



GUEST VIEW

MINT CURATOR

Why collective intelligence must always favour the common good

It's time to debunk the myth that value is created by the private sector and the state is a de-risker and crisis manager at best



MARIANA MAZZUCATO
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Collective intelligence is becoming a catchphrase meant to capture the essence of the knowledge economy, where multitudes of people collaborate on difficult challenges, with each bringing something different to the table. The result is continuous experimentation and innovation, leading to great discoveries. And with the proliferation of artificial intelligence, the participants in this process may not even be human. Isn't that a nice thought?

As compelling as this description may be, our romantic narrative of how discovery occurs obscures the terms of collaboration. Who is participating? Who is actually creating value? And how are the rewards being distributed? Those profiting from the *status quo* would prefer that we not ask.

Yet, these are pertinent questions, because many of those who contribute to innovation are often overlooked. Labour regularly gets dismissed, as does the state. I called attention to this in my 2013 book, *The Entrepreneurial State*, which examined the tendency to see the private sector as a value-creating risk taker and the state as merely a de-risker or impediment to value creation. This traditional framing ignores the state's role in funding innovations like the mRNA covid vaccines, which were supported by some \$31.9 billion in US public investment.

Unless we rethink these narratives about value creation, innovation will continue to benefit only shareholders, rather than all stakeholders—from workers to the communities where businesses operate. For 'stakeholder value' to be more than a corporate-governance gimmick, we must not only recognize that value is created collectively, but also ensure that the rewards are shared more broadly across all creators.

For example, profits should be reinvested in the real economy, rather than being put toward share buybacks, which totalled \$6.3 trillion between 2010 and 2019. Making matters worse, under the current system, tax havens collectively cost governments \$500-\$600 billion per year in lost corporate-tax revenue, and the magnitude is even greater if we consider wealthy individuals as well. This avoidance prevents all stakeholders from reaping the rewards of collective intelligence and collaboration.

To fix the problem, one must understand how collective intelligence leads to value creation in the first place. Collaboration entails knowledge sharing, but if we privatize knowledge and research, this becomes more difficult. It makes sense to have intellectual-property rights to incentivize investment and innovation. But if those rights are too broad, they can be abused for strategic reasons. If they are too strong, technologies become harder to access or license. And if they are too concentrated



ISTOCKPHOTO

upstream, with basic research tools remaining privatized, discovery and innovation will suffer.

As contracts that grant 17 years of monopoly profits to a business (in the US case), patents should be negotiated and governed with these considerations in mind. Rather than serving merely as a tool to fix information asymmetries (a type of market failure) they must shape the broader knowledge-governance system.

How might a genuine collective-intelligence framework alter the structure of patents (in medicine, for example) and other contracts that determine how knowledge is created and shared? The objective in all our collective economic activity should be to serve the common good. This is the principle that should guide our thinking about collaboration and the distribution of rewards.

Whenever wealth is created socially, many partners in the collaborative process will have taken a risk with no guarantee of a return. As powerful as collective intelligence may be, failure is always a possibility. But when success does come, the returns ought to be shared as widely as the risks were. Else, the arrangement is more parasitic than symbiotic. A mutualistic innovation ecosystem would ensure that the monetary rewards are shared (such as through profit-sharing or equity schemes); or that the knowledge is shared; or that the prices of the final products (like medicines) reflect the collective investment that went into them. This is rarely the case, not only with medicines, but also in digital technologies and renewable energy. For example, many renewable-energy companies benefit from generous tax schemes, which means the public is supporting their profit margins without partaking in the gains.

In the digital domain, a common-good approach would ensure that new technologies like AI are creating opportunities for public value creation. Diversity is essential here, because innovation benefits from different perspectives. That is why Apple brought in musicians, designers, and artists to help design its products. The original moon landing succeeded because different departments in Nasa

worked together horizontally, not vertically.

Collective intelligence is not groupthink, which merely creates siloes. I warned in a previous commentary that AI-powered systems are reproducing unfair social biases. Without better oversight, algorithms that are supposed to help the public sector manage welfare benefits may discriminate against needy households.

Finally, voice matters, because finding durable solutions to our biggest problems increasingly requires contestation and negotiation. Too often, policy outcomes are distorted by those with the loudest voice, those who can afford top lawyers, and those with the most power to influence the direction and define the purpose of innovation.

Is digital data collection and analysis supposed to make a few people rich, or should it liberate us, such as by helping to make housing more available and affordable? Given that technology consumers often provide their personal data to corporations for free—even amid growing concerns about data privacy—shouldn't they have a voice in how that technology is developed?

Or consider climate change. Indigenous communities disproportionately bear the consequences of a problem created by others. Should they not have a prominent seat at the table when the topic is discussed? In the recent negotiations for a global pandemic treaty, lower-income countries were asked to share pathogen data without any guarantee that they will have access to resulting products. These stakeholders need to have a say in determining the future of pharmaceutical innovation, as well as how its rewards are distributed.

The reality of how value is created and distributed through collaborative innovation has been woefully obscured.

By debunking the myth that value is created by the private sector and that the state is at best a de-risker and crisis manager, we can develop a proper understanding of how innovation works. If we want to leverage the power of collective intelligence, we will need to adopt a common-good framework.

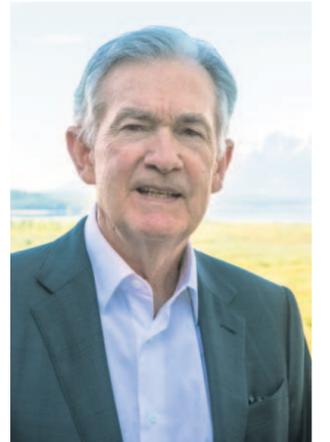
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The US Fed should resist any placation of financial markets

The American central bank can't afford to be bullied by investors



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Fed chair Jerome Powell could take charge of the narrative at Jackson Hole.

Family Feud, a popular game show when I was growing up, would ask contestants to guess how a group of people had answered a specific question. It served as a regular reminder of the importance of supplementing one's thinking with external perspectives.

If, in the tradition of *Family Feud*, we were to poll market participants about the turmoil we've seen since the worse-than-expected US jobs report, I suspect we would get quite specific responses on what is causing the global stock selloff as well as what would be the best circuit breaker to avoid further big losses. Let's consider what I think that list would look like before departing from the game show's format and exploring what I believe the answers should be. Five things have come together to destabilize what seemed to be fundamentally solid stock markets. Here they are in order of declining importance.

First are worries that a slowdown in US growth would meaningfully undermine the 'American exceptionalism' we've seen over the past few years. Such a deceleration would damage corporate earnings and turn the strongest engine of global growth into a possible detractor.

Second is concern that an economic downturn will be worsened by the Federal Reserve's decision not to cut interest rates, which left its policy stance too restrictive for the current environment and heightened the risk of another policy mistake.

Third is crowded investment positions being caught offside by the sudden change in both the economic and policy narratives. This squeeze was amplified by concerns of a Japanese-related deleveraging and sky-high valuations in certain segments of the market such as technology stocks.

Fourth would be geopolitical worries centred on the possible escalation of the conflict in the Middle East, which, in turn, would cause a stagflationary spike in oil prices and complicate the functioning of international supply chains.

Finally, there are US political developments resulting in what is likely to be a messy run-up to the presidential election.

How about views on the best circuit breakers? Again, in order of declining importance, the markets favour: First, the Fed signalling a 50- or 75-basis-point cut in September. Second, an emergency intermeeting cut of that magnitude. Next, verbal intervention from the Fed to calm markets. And finally, market bottom-fishing/dip buyers; followed by verbal intervention from the Joe Biden administration.

What about my own assessment?

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The first list corresponds closely to my thoughts about the contributing factors, but I disagree on the circuit breakers. Given what we know today about the US economy, every circuit breaker listed above that requires Fed intervention would constitute a policy overreaction that could backfire in the longer run. I say this despite having argued in the run-up to last week's policy meeting that the central bank needed to begin its easing cycle with a 25-basis-point reduction.

Rather than allow itself to be bullied by markets, as occurred in the fourth quarter of 2018, the Fed should stand on the sidelines and let the market overreaction play out. This would need to be followed by the Fed making a credible attempt to regain control of the policy narrative by being more strategic in its guidance, adding a serious forward-looking component to what has been its excessive backward-looking data dependency. Its efforts will only be effective if it is more explicit about several open policy questions detailed here, including where it sees neutral interest rates (a level at which policy is neither holding back nor stimulating the economy); and an examination of the secular and structural changes taking place in the domestic and global economy.

Chair Jerome Powell's keynote speech at the Jackson Hole conference will offer an opportunity to take charge of the narrative and ensure the Fed starts acting as a stability anchor rather than an amplifier of market volatility. Failing to do this risks two bad outcomes: undermining US economic exceptionalism and its contribution to global economic well-being; or adding to the already notable moral hazard in markets, where too many have been conditioned to believe that it is the Fed's role to protect them from the unsettling volatility that comes from excessive risk-taking.

Little did I know decades ago that *Family Feud* would serve as my early introduction to the value of the insights provided by behavioural economics and finance. It is always important to ask what is expected, how these expectations influence actual behaviour, and how far they are from what we think is appropriate. It is also important to recognize the risks involved when what is expected and what is appropriate fail to converge.

GUEST VIEW

Banks are staring at adverse trends that may not ease

G.N. BAJPAI



is former chairman, Securities and Exchange Board of India, and Life Insurance Corporation of India.

On 19 July, Shaktikanta Das, governor of the Reserve Bank of India (RBI), flagged a growing gap between bank deposit mobilization and credit growth, a concern he reiterated after RBI's monetary policy decision of 8 August. As on 28 June, bank deposits had grown 11.1% year-on-year, as against credit growth of 17.4%. While acknowledging changes in Indian saving patterns, he exhorted banks to step up efforts to mobilize deposits. Similarly, finance minister Nirmala Sitharaman, while laying out figures for small savings mobilization in Parliament, highlighted the country's declining rate of deposit growth.

The outlook of people and their interactions have seen significant changes in recent years. Isolation during covid went with deep digitization. Even as the digital divide has been closing, technology has made many services accessible to large numbers. These include convenient avenues for investment and credit. The spread of financial literacy, particularly through social media, has led to

informed choices being made from a basket of investment options. A declining interest-rate regime occasioned by the pandemic had led to a yawning gap in the rate of return between bank savings and equity. The popular discovery of superior returns from non-debt instruments, especially in real terms, has marked a shift away from money being kept with banks. The investor today seems less willing to pay for the financial intermediation done by institutions that mobilize savings to lend borrowers. This behavioural change is causing a paradigm shift in financial markets.

Financial markets offer an institutional framework that enables trade through various instruments designed to address the needs of society at large. As I said in a recent lecture, the interdependence of economics, sociology, politics and technology creates fusion, and emerging economic trends often become capricious. The transformation in the behaviour of savers will have structural consequences for the business model of intermediary institutions.

In the last one, five, 15 and 20 years, the National Stock Exchange's Nifty-50 index has delivered compounded annual returns of 28.4%, 17.6%, 11.8% and 12%, respectively. Returns on mid-cap and small-cap stocks have been higher. Some companies in sun-

rise industries have delivered still higher rates of return.

Even though market valuations of individual companies now appear stretched, individual investors remain bullish on the strength of the Indian economy's high growth prospects, macroeconomic stability and improving corporate governance standards, in addition to the experience of high returns on equities and physical assets (mainly real estate). Retail investors have chosen to take the systematic investment plan route. The number of demat accounts has grown from 41 million in 2019-20 to 151 million, as of end 2023-24, and are growing at an average of 31.1 million per month.

Proactive regulation of capital markets and the record of scam-free stock-market booms (in contrast with large-scale market misconduct seen in 1991 and 2001) over the past two decades have strengthened these trends by instilling public confidence.

Every investor makes trade-offs to bal-

ance liquidity, returns and safety. With the operational efficiency of the equity market having been enhanced by the transition from T+1 to T+0 settlements, the ease of making transactions has improved. With market depth, equity sales and purchases are easy to execute, so liquidity is no worry.

India's financial intermediaries are finding that savers at large prefer to invest directly in businesses

On safety, even individual investors are learning the ropes of risk management by dabbling in the derivatives segment. Astronomical transactions in daily swaps, notwithstanding the losses made by most individual participants, can be seen as their investment in learning how to mitigate market risks.

With liquidity and safety broadly taken for granted, the focus of retail investors has turned to returns, which in the case of equities beat fixed-income securities by far. The average returns on debt instruments range from only 6% to 9%. Debt mutual funds are getting dismally low inflows now, and even this money is coming in mainly to meet statutory obligations to invest in debt, or as part of treasury

management needs to park excess funds.

The banking industry is thus at a major crossroads. Several banks, especially in the private sector, are offering over 7% interest per annum on deposits, which ranges from 10 to 75 basis points above 10-year government-security yields. Yet, deposits are hard to attract. It should be no surprise that the profitability of banks is coming down. Not long ago, some lenders enjoyed a net interest margin of 4-4.5%. That's no longer so.

The Bank Nifty index has delivered a return of 14% and 12.5% over the past one year and five years, respectively. This is much lower than what the Nifty 50, composed of a wide range of stocks, has delivered. It's no wonder that private sector banks are no longer preferred investment options for overseas fund managers.

Treating just the symptoms by marginally increasing interest rates and/or pushing sales teams to leverage customer relationships to increase deposits will not suffice as a response. The structural transformation in the country's patterns of saving and investment warrants a re-engineering of the organizational design and business model of banks. Similar dynamics among insurers also need a look-in. In a liberalized market, it is the fittest that survive.

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