INTERVIEW WITH AI GURU SOUMITRA DUTTA

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BYJU RAVEENDRAN
CEO, BYJU'S

BEYOND THE BYJU'S FREE FALL

ONCE THE WORLD'S MOST-VALUED EDTECH COMPANY, THE FIRM IS NOW BATTLING VALUATION MARKDOWNS, GOVERNANCE PROBLEMS AND COURT BATTLES. CAN INDIA'S BIGGEST EDTECH PLAYER SURVIVE THE FINANCIAL CRISIS?

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जम्मू-कश्मीर के शोपियां में बड़ा आतंकी हमला, 4 पुलिसकर्मी शहीद
पिछले कुछ दिनों में घाटी में आतंकी हमलों में तेजी आई है. एक ओर
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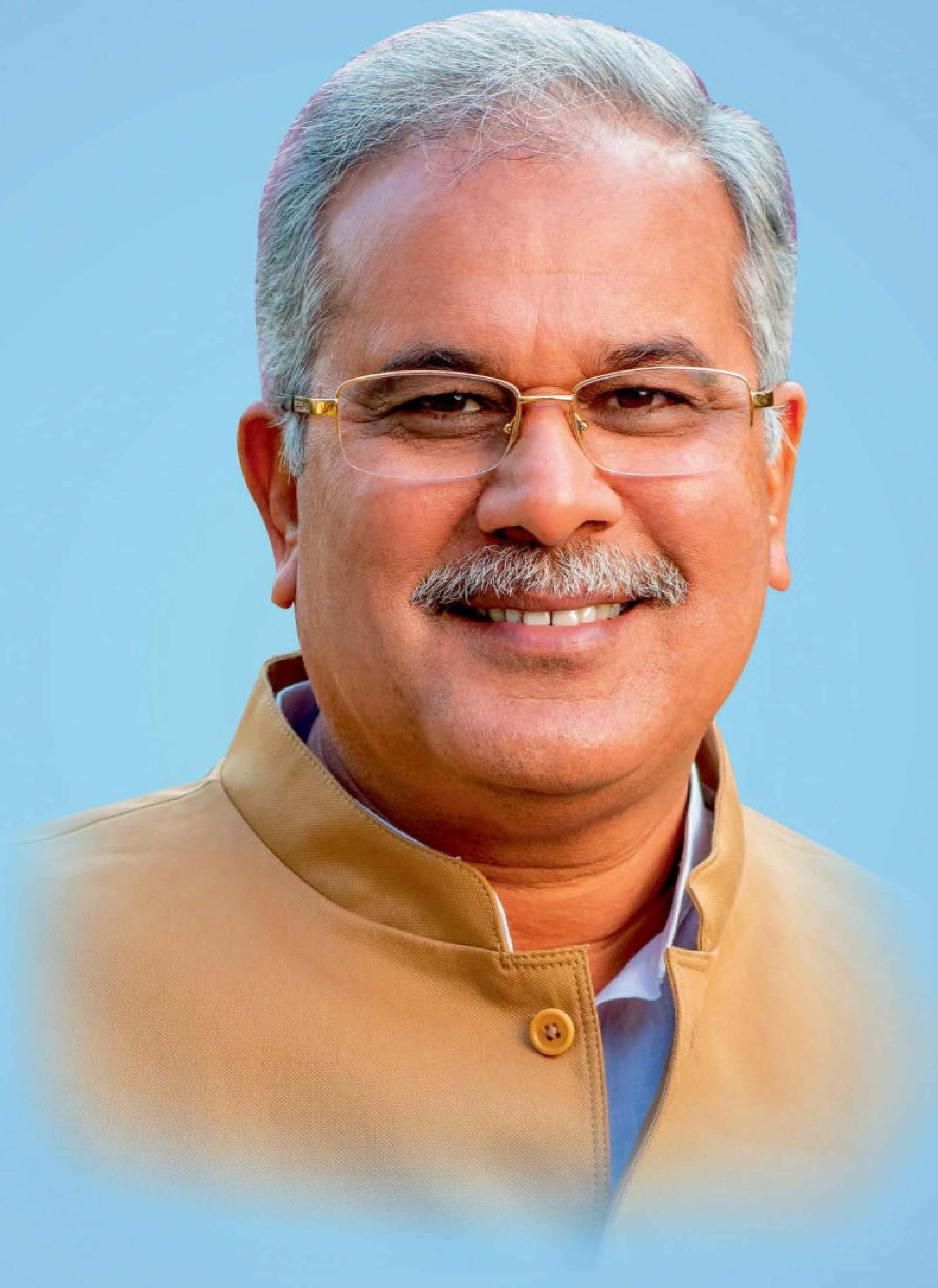
Business Today

September 17, 2023

An IMPACT Feature

Bhupesh Baghel's Visionary Leadership: Transforming Chhattisgarh into an Economic Powerhouse



Education, Employment, Empowerment
Building a Brighter Future for the Youth

Investing in Aspirations
₹2,500 monthly unemployment allowance to youth

Skill Development Paving the Way for Progress
4.68 lakh youth empowered through skill development schemes

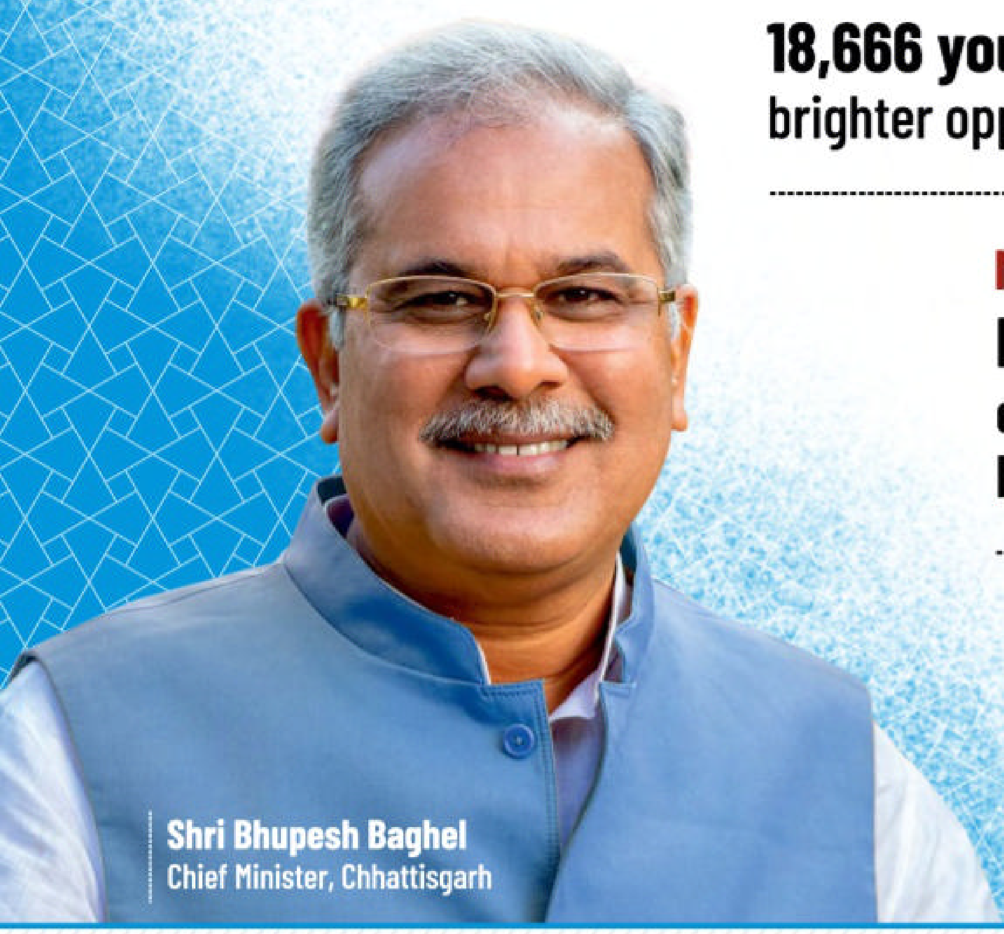
Building a Brighter Future
10 new Swami Atmanand Colleges set to redefine higher education standards

Job Bonanza
Recruitment process for **42,000 jobs** underway

Job Fairs a Gateway to Success
18,666 youth secure brighter opportunities

Monetary Relief to Youth
Fee waiver for competitive exams conducted by CGVYAPAM and CGPSC

Rajiv Yuva Mitan Club Fostering Grassroots Talent
Empowering 4 lakh youth through **13,242 clubs**



Shri Bhupesh Baghel
Chief Minister, Chhattisgarh

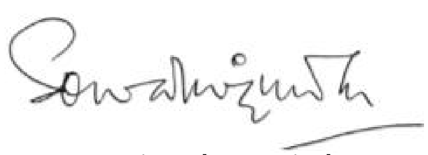
| FROM THE EDITOR |

Learnings from the Byju's Mess

We dodged a bullet," the India CEO of one of the world's largest venture capital firms told me nearly a year ago when I asked him why his company had not invested in the big edtech decacorn out of India—Byju's. The edtech firm was the toast of the start-up ecosystem at the time, and Byju Raveendran, the gym-going teacher-turned-star entrepreneur, was being wooed by every big investor in town. But this CEO said blurry accounting and potential governance issues had led him to stay away. Today, the same CEO has a smug look on his face, which says "I told you so!" Buffeted by problems from all sides, Think and Learn—the corporate name Byju's goes by—is battling a sharp valuation markdown from one of its investors, Prosus, which has reduced the firm's valuation from the earlier \$22 billion (which made it the world's most valued edtech firm) to just \$5.1 billion now. Add to this a funds crunch, accusations of aggressive selling of courses, governance lapses, severely delayed results, top-level exits, court cases against lenders and promoters of acquired companies, and it is clear that Byju's is facing the biggest crisis since it stormed into the edtech space as a trendsetter in 2011. Key investors like Prosus and Peak XV Partners (formerly Sequoia) have stepped down from its board citing a lack of governance, and the company desperately needs funds—estimated at around \$1.5 billion—to address liquidity issues.

In our cover story, *Binu Paul*, *Bhavya Kaushal* and *Krishna Gopalan* examine the litany of problems the firm faces and what investors and the entrepreneurial ecosystem feel Raveendran should do to get out of the mess. The fundraising is vital for the very survival of the company, and it needs to sell its assets if funds are hard to come by. Byju's also needs to untangle the mess around Aakash Educational Services, the sole profitable acquisition where it is fighting its erstwhile owners. Reducing costs and enhancing cash flows need to be top priority to nurse the company back to health. But the one thing investors need the most from Raveendran is good corporate governance. It is clear that despite its best efforts, Byju's will not be able to raise funds even close to its \$22-billion valuation. But funds need to come in, and fast. However, as an analyst tells *BT*, convincing investors to come in will not be easy.

Raveendran and his wife and Co-founder Divya Gokulnath will need to do their best to get their firm out of the rut. The crisis also has lessons for the start-up ecosystem. Buying revenues through buyouts to ramp up valuations does not work. Besides, the core of the business must be intact, with a sharp focus on governance and transparency with investors. And as ventures scale up aggressively, they must adopt corporate structures with a top deck of managers and independent directors on the board. These, as Byju's and other crisis-ridden ventures are realising, are non-negotiable. It is time for Byju's to think. And learn. **BT**



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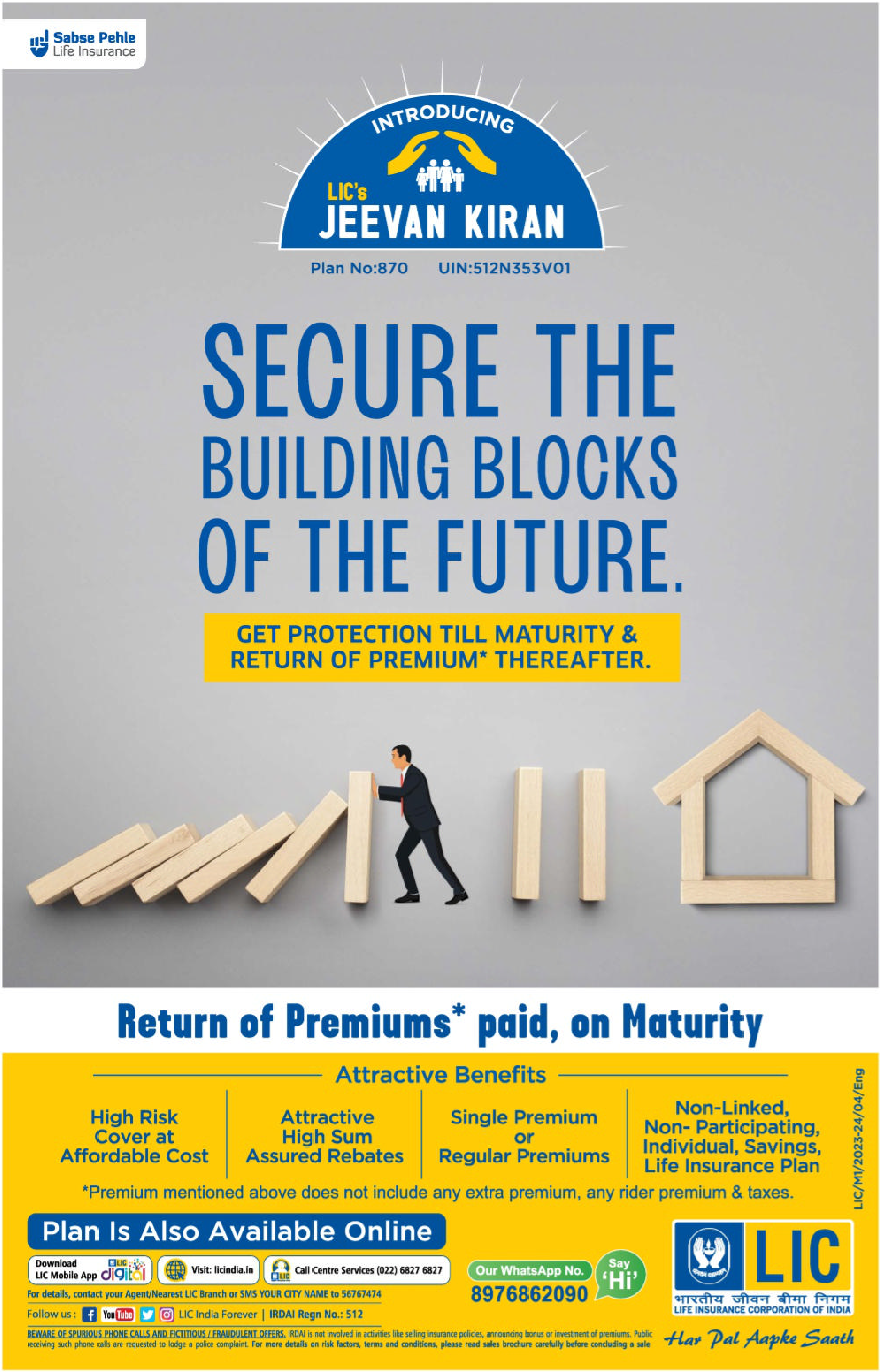
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Photographik

Photo by **MANDAR DEODHAR;** Text by **RAHUL OBEROI**

Trucks parked near Navi Mumbai's APMC market. Transport is a key component of the services sector

SOURCE CMIE ECONOMIC OUTLOOK

CREDIT CAPERS

AFTER INCREASING BY ₹18.2 LAKH CRORE TO AN ALL-TIME HIGH IN FY23, NON-FOOD CREDIT CONTINUED TO EXPAND IN THE FIRST QUARTER OF FY24, THANKS TO DEMAND FROM THE SERVICES SECTOR. HERE'S WHAT THE DATA INDICATES

₹136.55
LAKH CRORE
Total non-food credit in FY23, up 15 per cent over a year and 164 per cent in the past decade

₹7.1
LAKH CRORE
Rise in non-food credit in the June 2023 quarter, of which the services sector contributed 39 per cent (₹2.8 lakh crore)

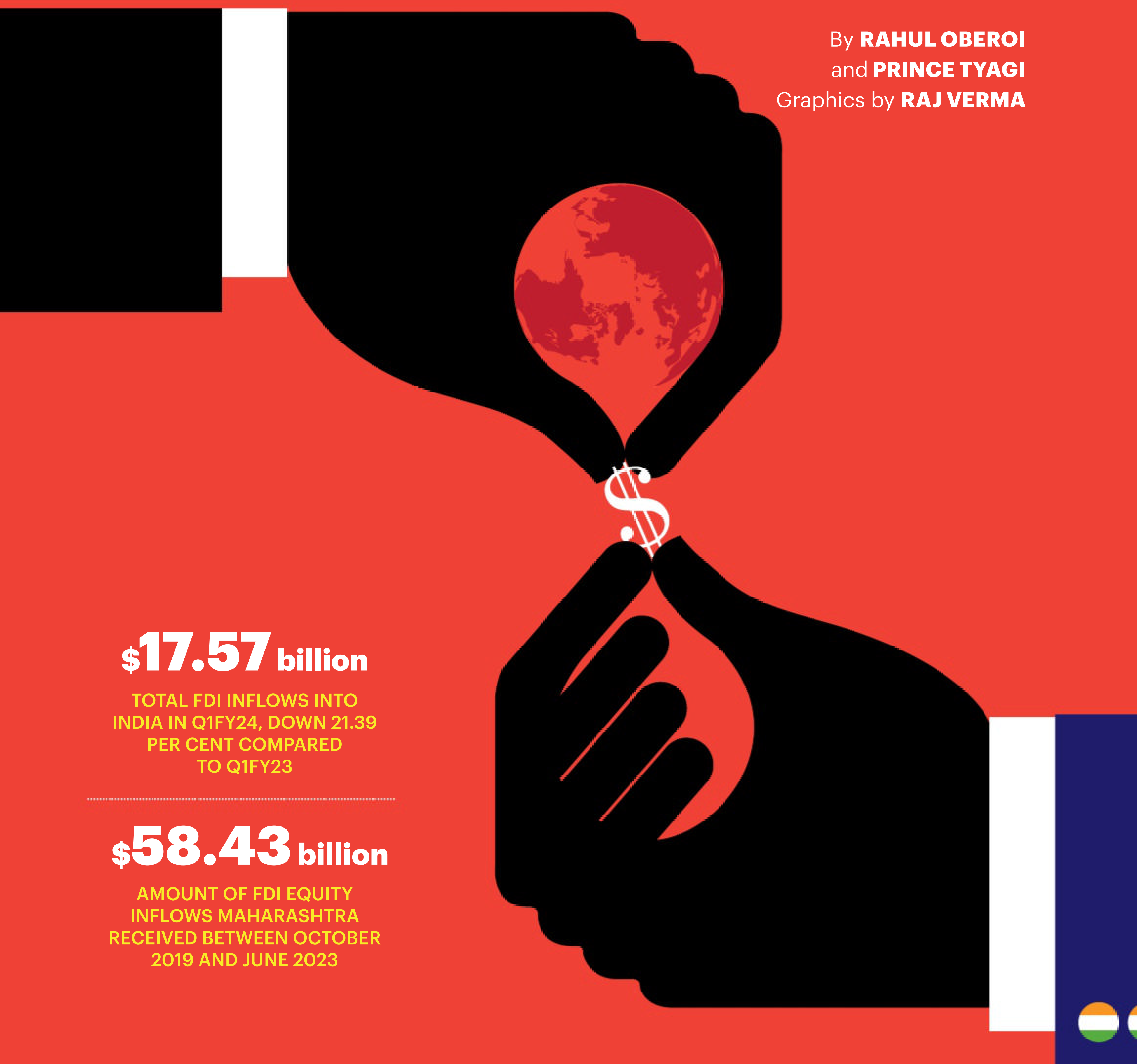
30
PER CENT
The share of personal loans in total non-food credit in FY23; followed by the services sector (27 per cent)

| THE POINT |

INDIA BOUND

CALLING INDIA A LAND OF OPPORTUNITIES, PM NARENDRA MODI REPOSED HIS FAITH IN THE COUNTRY'S ECONOMY DURING HIS ADDRESS AT THE G20 TRADE AND INVESTMENT MINISTERS' MEETING HELD RECENTLY. AS ONE OF THE FASTEST-GROWING ECONOMIES IN THE WORLD, WITH HUGE CONSUMPTION DEMAND, THE COUNTRY IS ATTRACTING MANY GLOBAL INVESTORS. THE GOVERNMENT HAS ALSO ROLLED OUT VARIOUS REFORMS TO SPUR FOREIGN INVESTMENTS. AS A RESULT, FDI HAS DOUBLED IN THE PAST DECADE. A LOOK AT THE NUMBERS:

By **RAHUL OBEROI**
and **PRINCE TYAGI**
Graphics by **RAJ VERMA**



$17.57 billion

TOTAL FDI INFLOWS INTO INDIA IN Q1FY24, DOWN 21.39 PER CENT COMPARED TO Q1FY23

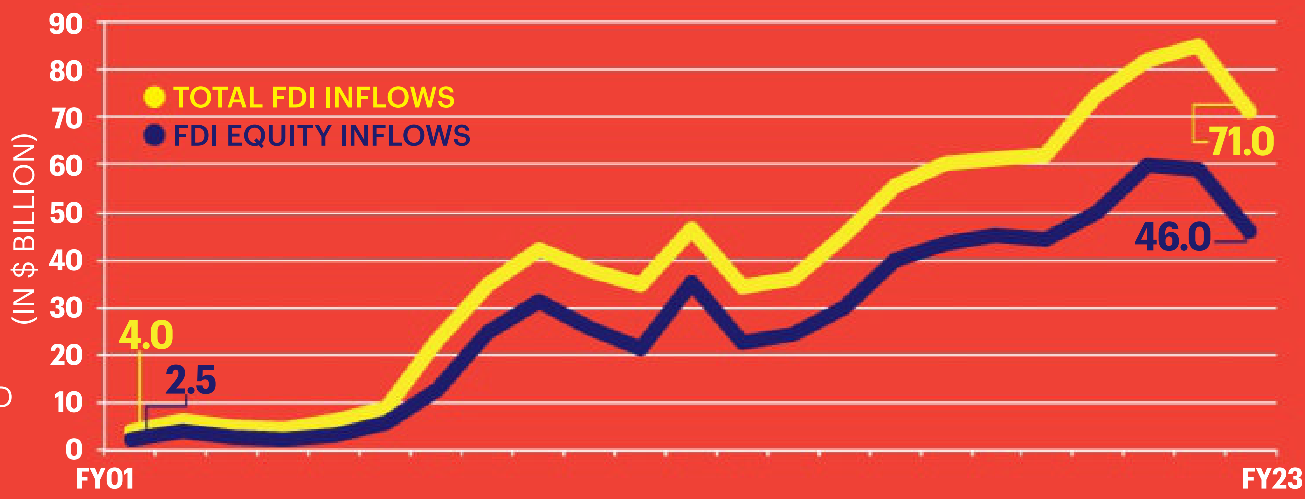
$58.43 billion

AMOUNT OF FDI EQUITY INFLOWS MAHARASHTRA RECEIVED BETWEEN OCTOBER 2019 AND JUNE 2023

FUND FLOWS

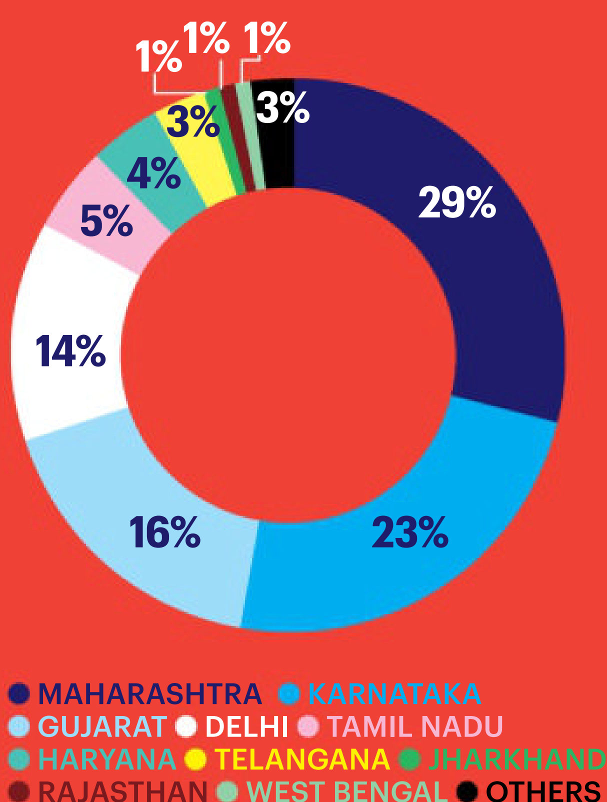
Since FY01, India has seen a nearly 18-fold increase in FDI inflows, totalling around $920 billion

NOTE FDI INFLOWS INCLUDE EQUITY INFLOWS, RE-INVESTED EARNINGS AND OTHER CAPITAL; **SOURCE** DPIIT



DEAL DESTINATIONS

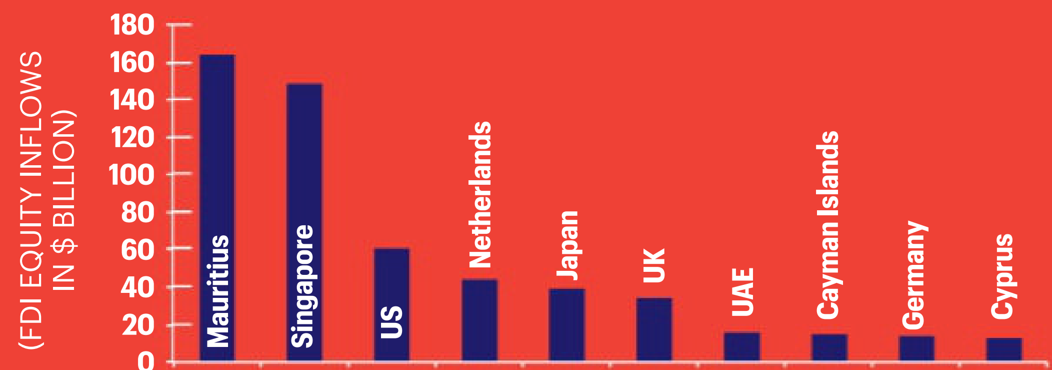
Maharashtra, Karnataka and Gujarat, the top three states in attracting FDI, together received 70 per cent of India's total inflows between October 2019 and June 2023



NOTE FIGURES INDICATE SHARE IN INDIA'S TOTAL FDI EQUITY INFLOW; STATE-WISE DATA IS MAINTAINED W.E.F. OCTOBER 2019 **SOURCE** DPIIT

TRACKING INVESTMENTS

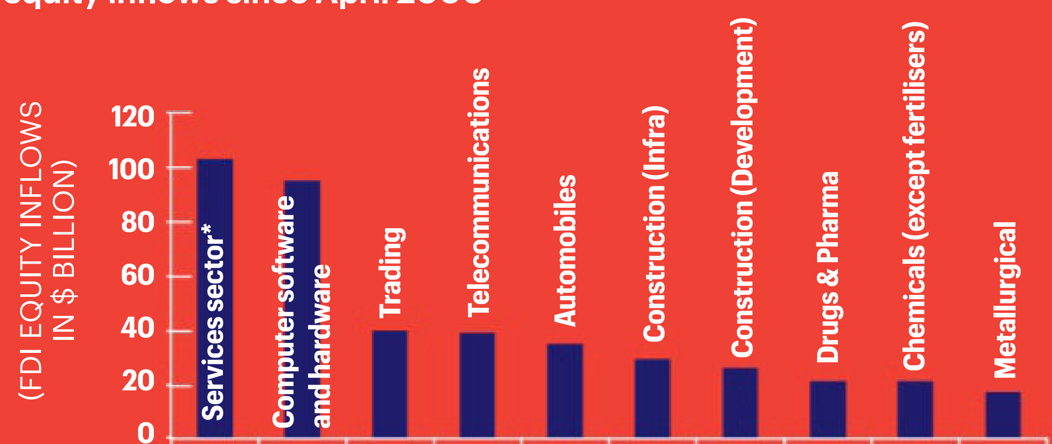
For India, Mauritius, Singapore and the US have emerged as the top sources of FDI



NOTE COUNTRY-WISE FDI EQUITY INFLOWS FROM APRIL 2000 TO JUNE 2023 **SOURCE** DPIIT

CHANNELLING FDI

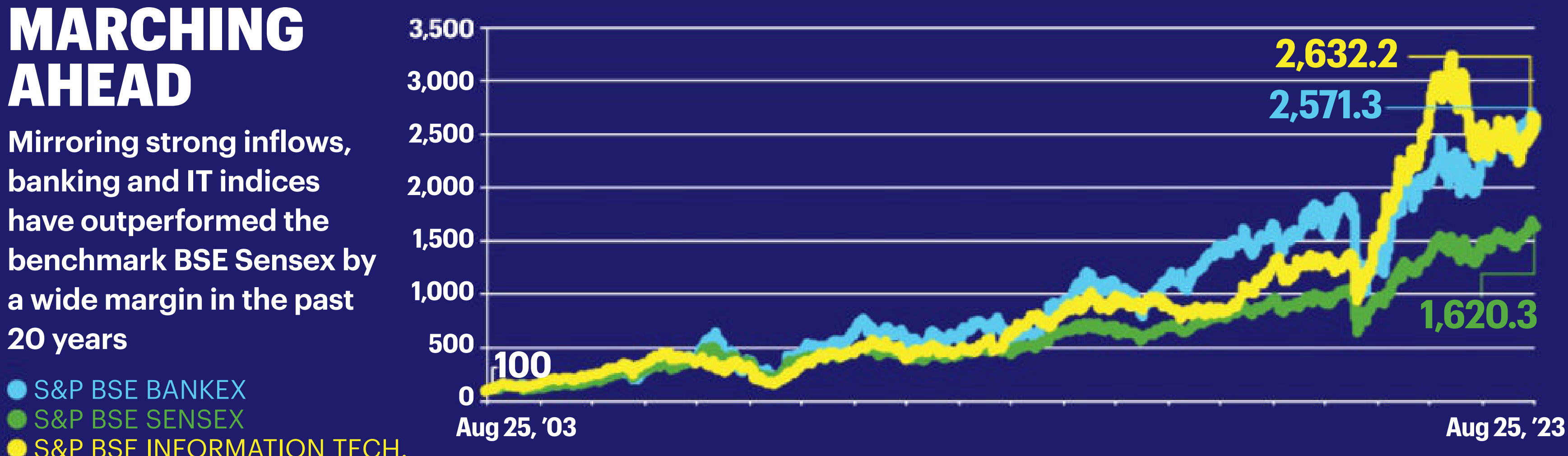
The services sector in India has received the maximum FDI equity inflows since April 2000



NOTE SECTOR-WISE FDI EQUITY INFLOWS FROM APRIL 2000 TO JUNE 2023 *INCLUDES BFSI, OUTSOURCING, R&D, COURIER, TECH TESTING AND ANALYSIS, AMONG OTHERS; **SOURCE** DPIIT

MARCHING AHEAD

Mirroring strong inflows, banking and IT indices have outperformed the benchmark BSE Sensex by a wide margin in the past 20 years



DATA HAS BEEN INDEXED TO 100; **SOURCE** ACE EQUITY

COMPETITION COMMISSION

MAKING UP FOR LOST TIME

Ravneet Kaur, the new CCI Chairperson, is swiftly getting the regulator into shape and working on setting up a digital markets unit

BY **SURABHI**

ILLUSTRATION BY **RAJ VERMA**

AFTER LANGUISHING WITHOUT a chief for seven months, the Competition Commission of India (CCI) is back to work at full tilt. Ravneet Kaur, the new CCI Chairperson, who took over in late May, has her priorities set out clearly, and taking up pending cases is just one of them.

"My key priorities include addressing pending cases related to antitrust and anti-profiteering and expediting new regulations so as to operationalise the amendments undertaken in the Competition Act recently," Kaur tells *Business Today*.

"Timely enforcement, including investigation and adjudication, and taking effective steps for advocacy is a priority area," she says, adding that organising the eighth BRICS International Competition Conference in October is also a priority.

Since it became operational in 2009, the CCI has sought to promote competition in markets, protect consumer interests, and ensure freedom of trade. Its functions include not just clearing large-scale mergers and transactions and regulating anti-competitive practices but also anti-profiteering under the goods and services tax (GST), as well as advocacy, research, and international co-operation.

In fact, Kaur highlights another priority for her—collaboration with international competition authorities and organisations for sharing best practices, fostering cooperation in cross-border cases, and showcasing the CCI's work.

Kaur, a 1988 batch officer of the Indian Administrative Service from the Punjab cadre, took charge as the CCI's Chairperson on May 23. Before that, the CCI worked with just two members for nearly seven months, and many activities were impacted or put on hold because of a lack of quorum. The CCI can consist of the Chairperson and up to six members. Quorum requires at least three members.

AT THE HELM Ravneet Kaur took charge as the new Chairperson of the CCI on May 23

GATHERING STEAM

12

TRANSACTIONS

▸ Approved by the CCI since May 26 this year

1,224

CASES

▸ Received till date relating to anti-competitive agreements and abuse of dominance

1,020

NOTICES

▸ Disposed so far relating to mergers and acquisitions. It has approved 953 cases, and proposed remedies in 26 cases

67

VACANCIES

▸ The CCI has a total sanctioned strength of 195

The main concern for industry was the delay in clearing merger and acquisition proposals after former CCI chairperson Ashok Kumar Gupta demitted office in October 2022. It estimated that more than 16 deals worth more than ₹10,000 crore were pending approval. Subsequently, the anti-trust regulator was given the go-ahead by the government to clear these deals through a special dispensation under the doctrine of necessity, despite a lack of quorum.

Since taking charge, Kaur has demonstrated that she means business. The CCI has cleared a dozen mergers and acquisitions since May 26, after she took over.

The CCI, along with the Ministry of Corporate Affairs, is also working to notify the provisions of the Competition (Amendment) Act, 2023, and has a plethora of other issues, including regulating digital markets and taking up cases of anti-profiteering under GST.

Kaur says that several provisions of the amendment have been enforced through notifications in May and July. "However, certain provisions are yet to be implemented, pending the establishment of rules, regulations, and procedures after stakeholder consultations. CCI is diligently working on formulating the necessary regulations to complete the implementation process," she says.

The amendments, which were enacted in April, aim at a comprehensive overhaul of the competition laws. Several provisions of the Act, such as the higher penalty of ₹5 crore for false statements and provisions relating to hub-and-spoke cartels were notified in May. However, other provisions, like those on deal value thresholds and a green channel for automatic approval, are still pending. The CCI has recently issued draft regulations for commitment and settlement and has invited stakeholder comments.

Discussions are also underway on the proposed Digital Competition Bill. "The government has established a committee on digital competition law to address this matter. The Committee is actively working on the issue, and we can expect to see developments in due course," says Kaur, when asked about the proposed bill and its highlights.

With growing complexities and challenges surrounding the digital economy and the rise of Big Tech and subsequent competition-related issues, the regulator has been working on ways to address these and is in the process of setting up a specialised unit. "The commission has granted in-principle approval for the setting up of a Digital Markets and Data Unit in CCI that will act as a specialised interdisciplinary centre of expertise for digital markets," says Kaur.

In two landmark cases last year, the CCI imposed penalties of ₹1,337.76 crore and ₹936.44 crore against tech giant Google for anti-competitive behaviour, apart from issuing a cease-and-desist order and remedies.

The commission has also taken cognisance of alleged anti-competitive practices indulged in by other tech behemoths such as Apple, Flipkart and Amazon, Meta-WhatsApp, Zomato and Swiggy, MakeMyTrip, OYO, and BookMyShow and ordered investigations.

Kaur says the CCI has started hearing cases relating to anti-profiteering under the GST as well. "The commission has considered a large number of pending reports of the Director General, Anti-Profiteering, and taken suitable action. Prior to that, the methodology and procedure for consideration of anti-profiteering matters were updated," she says.

From December 1, 2022, the CCI was mandated to look into anti-profiteering issues related to GST after the winding up of the National

Anti-profiteering Authority. However, a lack of quorum meant that this was not taken up initially. The CCI has now passed a number of final and interim orders related to anti-profiteering.

When asked about vacancies in the CCI, Kaur says work is underway to ensure the regulator is fully staffed. "The government has already initiated the process for filling up the vacancies in the commission," she says. To increase staff numbers, a cadre restructuring proposal was sent to the government in September 2022, she notes.

As per the 63rd report of the

WITH GROWING CHALLENGES SURROUNDING THE DIGITAL ECONOMY, THE CCI IS SETTING UP A SPECIALISED UNIT

Standing Committee on Finance of the Lok Sabha, out of the sanctioned strength of 195 in the CCI, 128 were in position and 67 posts were vacant as of May 11. The ministry informed the parliamentary panel that recruitment has been kept in abeyance due to the comprehensive cadre restructuring that is underway.

Kaur notes that the regulator's priorities may evolve over time based on the changing economic and regulatory landscape as well as the specific challenges it faces. Given the growing size of the Indian economy, it's a given that the regulator will have more on its plate in the days to come. BT

@surabhi_prasad

AVIATION

Refreshing Air India

Air India's ultimate success hinges on the implementation of its turnaround plan and the quality of services accruing from it

BY **MANISH PANT**

PHOTO BY **MANISH RAJPUT**

COORDINATES SET Tata Sons Chairman N. Chandrasekaran (*right,* seen with Air India CEO Campbell Wilson) has said the mission is to make Air India a brand every Indian is proud of

"THERE IS PROBABLY a little bit of Air India in every Indian!" This declaration by Natarajan Chandrasekaran, Chairman of Tata Sons, at the unveiling of the national flag carrier's new brand identity stands validated by the furious discussion it has sparked in the public domain. While some have been critical of the new look, or what its new owners like to call a "refreshed Air India", others have lauded the move. No surprises there, for from children's toys to movies, Air India continues to command a special place in popular imagination.

The launch of the new brand identity and livery is the culmination of yet another milestone after the carrier placed a mega-order for 470 narrow- and widebody jets earlier this year. And as the country transforms into the world's third-largest economy by the end of 2030, Air India is positioning itself as a leading global carrier embodying the aspiration of a New India. In pursuit of this objective, the iconic brand that returned to the Tata group on January 27, 2022, has rolled out a five-year-long Vihaan.AI turnaround programme. "Our mission and job at the Tata group and Air India are to make this a truly iconic airline that every Indian is truly proud of," Chandrasekaran had said at a gathering of Air India employees, vendors and other stakeholders on August 10 in New Delhi.

What stands out in the entire exercise is the new 'Vista' logo, a peak golden frame, signifying a portal to send the airline into the realm of limitless possibilities. "The biggest challenge and opportunity were about taking forward the brand's legacy," Prasoon Joshi, CEO of McCann World Group India, which has the advertising and marketing communications mandate for the carrier, tells *Business Today*. "And when you are doing that as part of a larger evolution, you also need to free yourself. And that's where the idea of the Vista or 'the window of possibilities' comes in."

The carrier also plans to use the livery as a metaphor for the disruption that it seeks to introduce in the world's fastest-growing aviation market. Chandrasekaran broadly hinted at it when he promised to introduce cutting-edge technologies at the airline over the next 12 months. "We will have the best of machine learning and the best of artificial intelligence deployed in Air India than in any other airline." After all, the $150-billion salt-to-software conglomerate also houses TCS, the country's largest IT services company.

The deliveries of the first of the aircraft, Airbus 350, donning the new look are expected to start towards the end of the year. "In just a few months, the Airbus 350, Airbus' most modern aircraft, will arrive in India to join Air India's fleet. Then in a year, the first of our 43 widebody aircraft will enter the hangar for a complete interior refit, including new seats and in-flight entertainment at the cost of $400 million. It is the largest refit ever undertaken by an Indian airline," informed CEO Campbell Wilson.

Besides, the airline is rolling out several other upgrades for passengers. For starters, there is now a business lounge serving each new international city on its route network. A completely overhauled website and mobile app built from the ground up and offering a vastly improved experience with new and improved digital tools has been launched. A new customer contact centre offering 24x7 service in nine Indian and foreign languages will be in place by 2023-end. And by early 2024, a new frequent flyer programme interfacing with the multipurpose Tata Neu super app would be launched.

Also, what has come as a huge relief to many is the airline's decision to retain the company's Maharaja mascot. Calling the rumours of it being phased out highly exaggerated, Wilson said, "The Maharaja will live on and continue to be part of the airline's journey into the future."

In the same breath, the management also admits that considerable ground remains to be covered both in terms of upgrading the staff and fleet. Jitender Bhargava, the carrier's former executive director, calls the initial reactions to the rebrand temporary. "The exercise has made the brand a talking point by raising its profile though people can either like or dislike it. Over time, Air India will be patronised for the quality of products it offers." BT

@manishpant22

NEW AIR INDIA FOR A NEW INDIA

1 Immediate upgrades are business lounges on international routes, an overhauled website and a mobile app

2 The carrier has retained the Maharaja mascot, conceptualised by the airline's legendary Commercial Director Bobby Kooka

3 The iconic Indian window shape is reimagined as a gold window frame or Vista to symbolise a portal into a 'Window of Possibilities'

4 A 24x7 customer contact centre in nine Indian and foreign languages to be in place by 2023-end; a new frequent flier programme to be launched by 2024

PHOTOS BY **ANI**

SPACE EXPLORATION

OVER THE MOON

Chandrayaan-3's success is set to redefine the trajectory of the Indian space sector

BY **MANISH PANT**

▶ **IF SEVERAL WISE** men over millennia have revealed that a failure today may pave the path for future success, India's national space agency—the Indian Space Research Organisation (Isro)—has amply demonstrated it by successfully landing the Chandrayaan-3 spacecraft near the moon's South Pole on August 23. This achievement makes India only the fourth after Russia, the US and China to perform a soft landing on the lunar surface, and the first to do so on the moon's dark side.

Once the news of Vikram Lander touching down on the lunar regolith—bombarded by meteorites, solar particles and cosmic rays since the time earth's natural satellite came into being—broke at 18:02 IST, the nation of 1.43 billion people erupted in euphoric celebrations. The convergence of 8 million viewers on YouTube to witness the triumph of Isro scientists broke all records previously set during the 2022 Football World Cup matches and music video releases by the South Korean boy band BTS. In his congratulatory address from the BRICS summit in South Africa, Prime Minister Narendra Modi, alluding to the country's future interplanetary ambitions, said, "We refer to the earth as our mother and the moon as our *Mama* (maternal uncle) in India. '*Chanda Mama* is quite far away' used to be the refrain. Soon, children will say things like, '*Chanda Mama* is just a tour away.'"

"This is not the work of us alone. This is the work of a generation of Isro leadership and its scientists. This is a journey we started with Chandrayaan-1, continued with Chandrayaan-2... and this (Chandrayaan-3) is a huge incremental progress," Sridhar Panicker Somanath,

A NATION'S DREAM (*Clockwise from top*) Chandrayaan-3's Pragyan Rover ramps down from the Vikram Lander; the Vikram Lander after landing on the moon; PM Narendra Modi and Isro Chairman S. Somanath celebrate after Vikram's landing; on August 27, the Rover came across a crater three metres ahead of its location

Chairman of Isro, told his colleagues at the agency's Mission Operations Complex in Bengaluru. He should know, for he was around when the lander sent with the Chandrayaan-2 mission crashed on the moon's surface in September 2019. For nearly four years thereafter, he and the rest of the team worked day and night to perfect the third mission.

In its life span of one lunar day, equivalent to 14 earth days, the Vikram Lander, Pragyan Rover and the propulsion module have all commenced a series of scientific experiments. The four payloads on Vikram Lander will measure the density of changes in near-surface plasma comprising ions and electrons, thermal properties of the lunar surface near polar regions, seismicity around the landing site and delineating the structure of the lunar crust and mantle, as well as conduct a passive experiment to understand the dynamics of the moon system. To learn more about the lunar surface, the payloads on Pragyan (or 'wisdom') Rover will conduct qualitative and quantitative elemental analysis.

Experts believe Chandrayaan-3 will accelerate India's self-reliance in emerging sectors and tech and boost its confidence. "Chandrayaan-3 is a classic lesson on focussed perseverance, economic innovation and sovereignty in new and emerging tech. The event will propel India's space economy," says Sreeram Ananthasayanam, Partner at Deloitte India.

INDIA INC.'S CONTRIBUTION

Another crucial aspect here is the role played by India Inc. in developing essential technologies and mission-related components. Experts see this as yet another milestone in the evolution of the 400-odd private companies that form a part of the extensive vendor ecosystem that Isro has diligently developed over the last 54 years. Lt Gen. (Retd) Anil Kumar Bhatt, Director General of the apex industry association, Indian Space Association (ISpA), believes this will lead to the development of a thriving space economy. "An important step forward in space exploration and commercialisation will be with the inclusion of more private players and our growing spacetech start-ups in the future missions to make India a leader in the global space economy," he says.

For Chandrayaan-3, Larsen & Toubro made launch vehicle booster segments and subsystems, Bharat Heavy Electricals supplied batteries, Kerala State Electronics Development Corp. developed electronic power modules and test and evaluation systems, and Walchand Industries made mission components. Subba Rao Pavuluri, Chairman and MD of Hyderabad-based Ananth Technologies, which supplied several mission-critical systems for the mission, says, "Chandrayaan-3 provides opportunities for co-operation with other space agencies, researchers, and institutions worldwide."

Similarly, Godrej Aerospace, a subsidiary of Godrej & Boyce, provided liquid propulsion engines, satellite thrusters and control module components for the Chandrayaan and Mangalyaan missions. "This success reinforces our belief in the power of indigenous manufacturing and our contribution to pushing the boundaries of technological innovation," says Jamshyd Godrej, Chairman & MD of Godrej & Boyce.

Amit Sharma, MD & CEO of Tata Consulting Engineers, a subsidiary of the Tata group, believes the mission will show India's potential and scientific pioneering. "The success of this mission will inspire young scientific minds and future scientists and engineers, enabling India to innovate across sectors and take the Make in India mission to new heights."

Chandrayaan-3 has, thus, literally taken India's space sector over the moon. BT

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CHANDRAYAAN-3: TO THE DARK SIDE OF THE MOON

The Chandrayaan-3 probe has landed near the lunar South Pole, a region with water ice or frozen water, which could serve as a source of oxygen, fuel and water for future missions

MISSION COST

$75 million

LAUNCH DATE

July 14

LANDING DATE

August 23

DIMENSIONS

Vikram Lander

Height - 2 metres; Mass - 1,700 kg

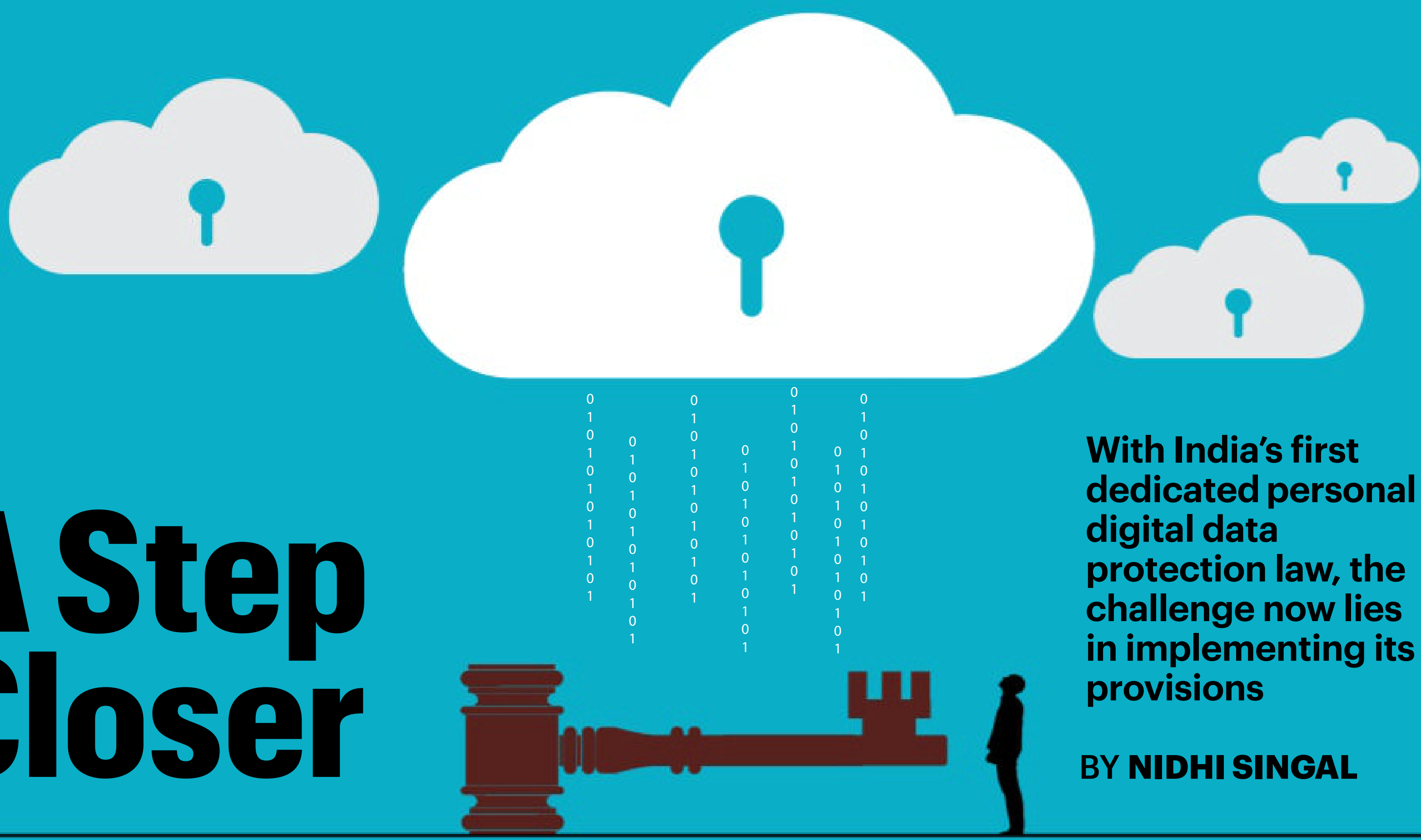
Pragyan Rover

Mass - 26 kg

LIFECYCLE

One lunar day (equivalent to two weeks on earth), during which time the lander, rover and propulsion module will conduct a series of scientific experiments

REGULATION



A Step Closer

With India's first dedicated personal digital data protection law, the challenge now lies in implementing its provisions

BY **NIDHI SINGAL**

ILLUSTRATIONS BY **RAJ VERMA**

AFTER A LONG wait and multiple drafts, the Digital Personal Data Protection Bill, 2023, has been passed by both Houses of Parliament, giving India its first legislation regarding citizens' online privacy. With its passage, the country now has guidelines around how an individual's data can be used by private or government entities.

This legislation is the culmination of years of effort by the government and industry to bring a standalone data protection law in India that aims to regulate all forms of personal data collected, processed and stored in the digital format, and it is also applicable to entities operating from outside India. It introduces key concepts such as Data Fiduciary and Data Principal, and emphasises the importance of obtaining the user's consent to process their data. Manish Sehgal, Partner of Risk Advisory at Deloitte India, says that once notified, "the law will allow individuals (referred to as Data Principals) to govern their own personal digital data, and require enterprises (Data Fiduciaries) to process personal data of individuals in a lawful manner, for specific purposes only". The formation of the Data Protection Board and the fact that it will be manned by professionals is also important.

THE LAW WILL LIKELY INCREASE THE COMPLIANCE BURDEN ON BUSINESSES, ESPECIALLY SMALL AND MEDIUM ENTERPRISES

However, once the legislation is notified, its implementation will be a challenge as the cost of compliance for businesses, especially small and medium enterprises, may increase substantially. The law also proposes penalties for non-compliance that can go up to ₹250 crore. Then there are the costs associated with complying with the provisions of the law that organisations would have to contend with. Further, implementing the technical measures required to protect users' data could also be complex for some entities. This includes ensuring data security, data classification, managing consent and providing mechanisms for data portability and erasure.

Amit Jaju, Senior Managing Director of Ankura Consulting Group (India), says that individuals may not be aware of their rights—like the onus of providing consent for their data to be collected and processed by Data Fiduciaries, and the details of what such consent entails—which could limit the law's effectiveness, and businesses may not fully understand their obligations. "Businesses need to invest in new systems and processes, train employees and hire data protection officers. They will also need to manage consent on a large scale and comply with data localisation norms... The law's effectiveness will also depend on the capacity of the Data Protection Authority to enforce its provisions," he says.

In addition, the legislation includes provisions related to the storage and processing of personal data in India. These data localisation requirements could pose challenges for businesses that operate globally, or those that rely on cloud services based outside India. The law also enables the central government to exempt certain Data Fiduciaries, including start-ups, from the provisions of the legislation, and block public access to a given Data Fiduciary's platform in certain circumstances.

As technological advancement tends to move faster than regulation, the government now needs to ensure that the provisions of the law are implemented effectively. Jaspreet Bindra, Founder and MD of tech advisory Tech Whisperer Ltd, explains, "Take the case of generative AI. ChatGPT, Bard, etc., have already made similar laws and regulations obsolete or incomplete in parts of the world. The EU is scrambling to integrate this new technology into its regulatory framework, but by the time that comes out, the technology would have moved even further away." BT

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TECHNOLOGY

Entry Restricted

The government has mandated permits for companies to import laptops and PCs. What will be the impact of the move?

BY **NIDHI SINGAL**

IN EARLY AUGUST, the government announced that from November 1, 2023, import permits would be required to ship laptops, tablets, all-in-one personal computers (PCs), ultra-small form factor computers and servers to the country. The Directorate General of Foreign Trade (DGFT) has already developed a portal through which companies or traders can apply for licences, with the promise of processing it in just two days if all necessary paperwork is submitted. Experts say this will benefit 'Make in India' and the Production-Linked Incentive (PLI) Scheme 2.0 for IT Hardware.

EXPERTS SAY THE MOVE WILL BENEFIT 'MAKE IN INDIA' AND THE PLI SCHEME 2.0 FOR IT HARDWARE

"The announcement is a positive move, as it seeks to restrict certain electronics imports and enforce licences for restricted items, promoting domestic production and self-reliance," explains Prabhu Ram, Head-Industry Intelligence Group, CyberMedia Research, a market research firm. However, many don't see a necessity for it. "Most brands selling these products are well-known names, but they must now apply for import permits and licences before they can bring them into the country. Maybe this will help the government keep tighter control on entry-level segments where lesser-known brands might sneak in without quality assurance. Still [I'm] not sure why it's done," says Faisal Kawoosa, Founder and Chief Analyst at market intelligence firm Techarc.

Minister of State for Electronics and IT Rajeev Chandrasekhar set the record straight, saying, "This is not at all about licence raj; it is about regulating imports to ensure trusted and verifiable systems, and ensuring India's tech ecosystem uses only trusted and verified systems that are imported and/or domestically manufactured."

In May, the Union cabinet approved PLI 2.0 for IT hardware, under which 40 applications have been received, including from top players like HP, Dell, Asus and Acer. However, as building an ecosystem will take time, industry players are seeking an extension to the import licence requirement. BT

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Chhattisgarh Govt's Bonanza

Hike in Remuneration

Anganwadi Worker
from ₹6500 to
₹10,000

Mini Anganwadi Worker
from ₹4,500 to
₹7,500

Anganwadi Co-worker
from ₹3,250 to
₹5,000

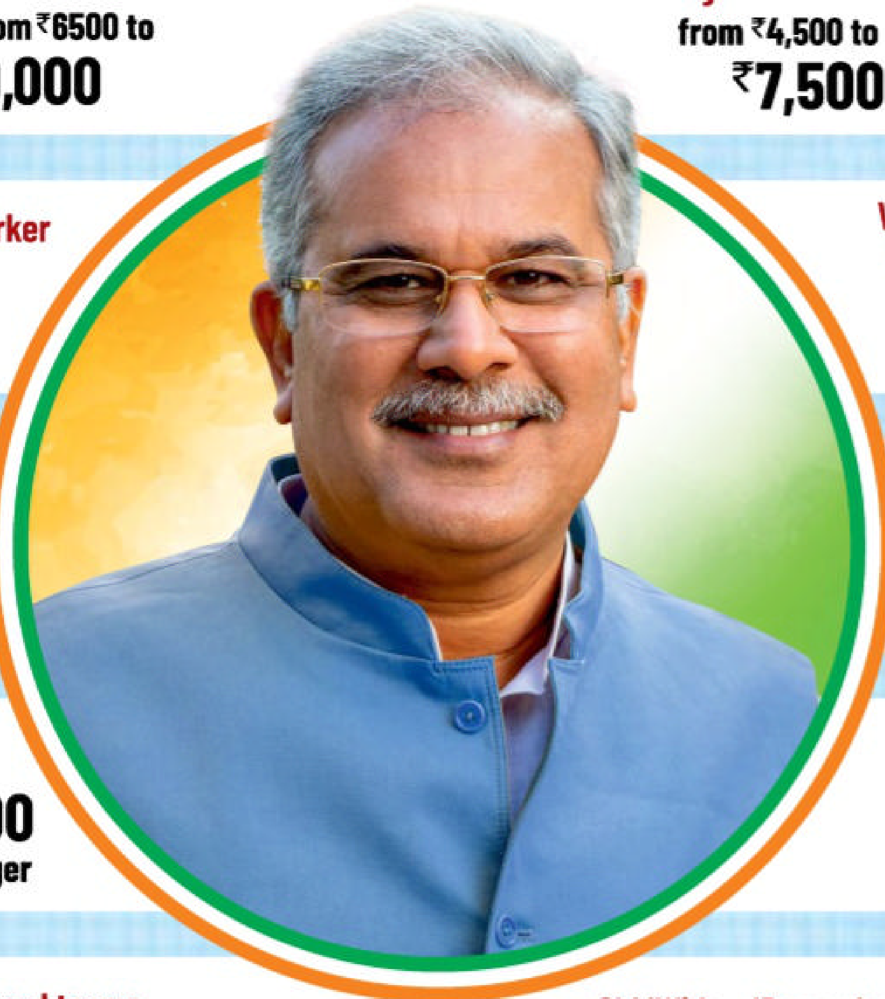
Village Officer (Gram Kotwar)
Min ₹3,000 to
₹6,000

Mid-day Meal Cook
from ₹1,500 to
₹1,800

School Cleaner
from ₹2,500 to
₹2,800

Mitanin
Additional **₹2,200**
from the state ledger

Village Officer (Gram Patel)
from ₹2,000 to
₹3,000



Homeguard Jawan
Min **₹6,300** to **₹6,420**
increase in salary

Old/Widow/Dependent Pension
from ₹350 to
₹500

"Every individual of the state is a collaborator in the development of **Nava Chhattisgarh.** Our aim is to uplift the financial status of all segments so that everyone can lead a secured and contended life. Therefore, we have increased the entitlement of our workers. Our govt is committed to ensuring **NYAY** for all individuals, without exception."

- Bhupesh Baghel
Chief Minister, Chhattisgarh

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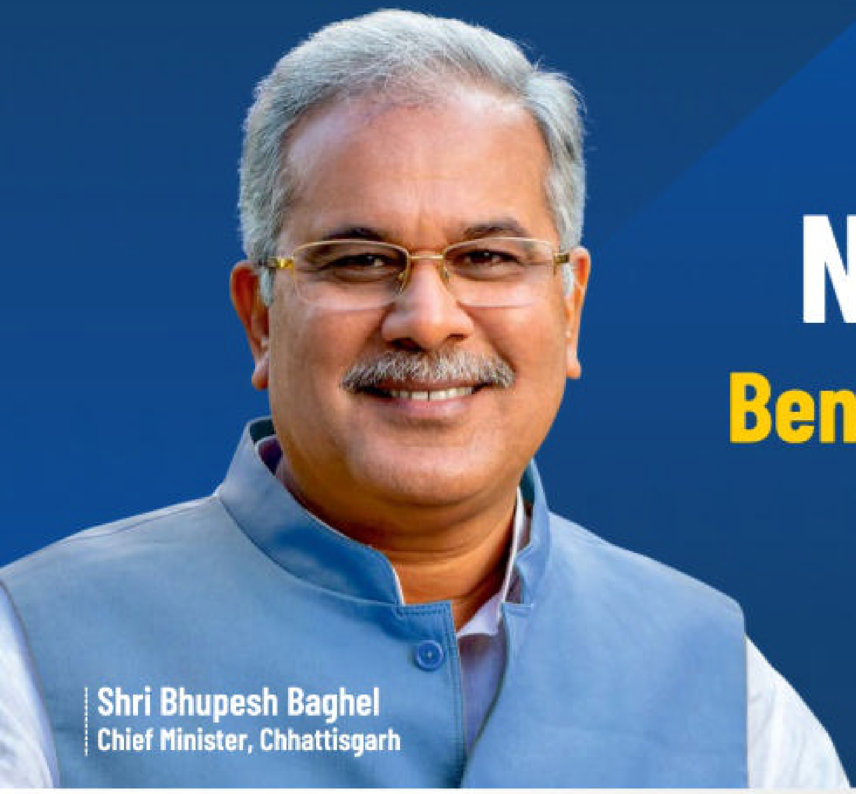

Shri Bhupesh Baghel
Chief Minister, Chhattisgarh

No One Left Behind

Benefit Transfer in Each Account

Chhattisgarh Sarkar
Bharose ki Sarkar

In 55 Months
₹1,60,000 Crore

Farmers, Workers, Tribals, Employees and Traders
Men, Women, Young and Elders
Chhattisgarh Govt Empowering All

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Savings in Every Dose

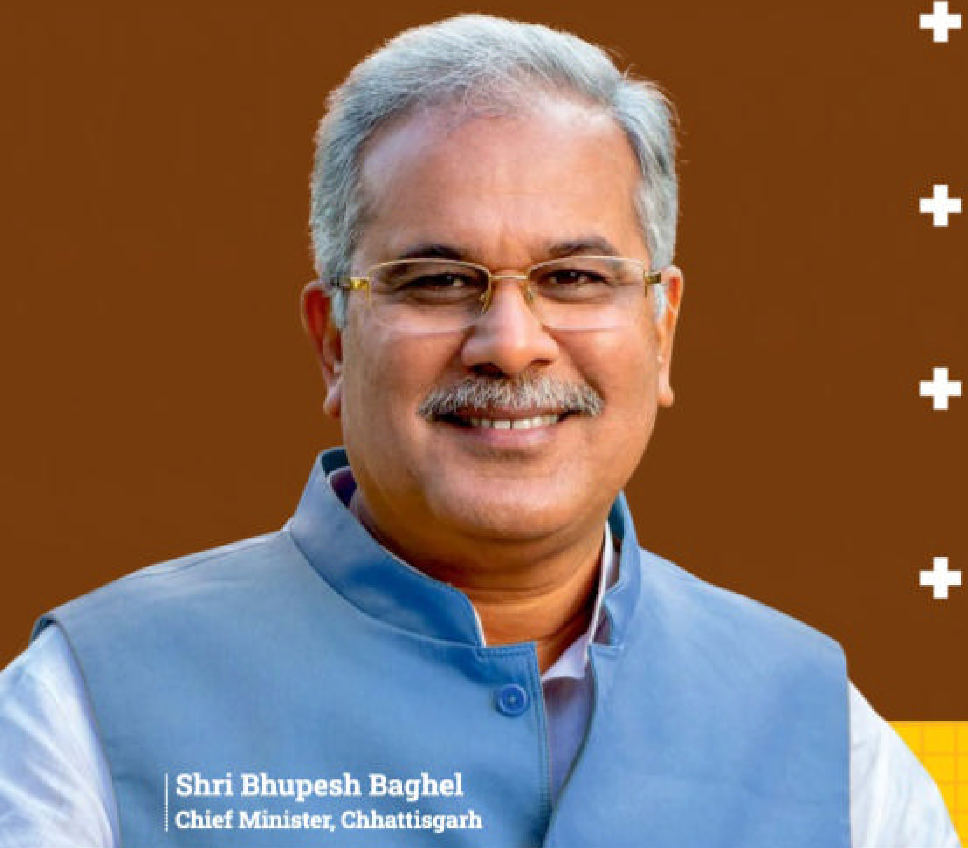
in Shri Dhanwantri Medical Stores

On the sold medicines' MRP Value of ₹210 crore

Discount on medicines ₹133 crore

69 lakh Beneficiaries

- Making medicines available at affordable rates for all income group
- 196 medical stores operational across the state's 169 urban bodies
- High quality generic medicines available from 20 reputed pharmaceutical companies
- Stock of 251 generic medicines, 27 surgical products, Sanjeevani herbal products



Shri Bhupesh Baghel
Chief Minister, Chhattisgarh

Chhattisgarh Govt - Pro Active Prople

MANUFACTURING

Made in India

With the production of the latest iPhone in the country before its global debut, India's Make in India play is gathering steam

BY **NIDHI SINGAL**

▶ **THE CUPERTINO, CALIFORNIA-BASED** tech giant Apple is intensifying its production activities outside China. In a major shift, Apple's hardware manufacturing partner Foxconn is all set to roll out the latest iPhone 15 from its Tamil Nadu plant, soon after the phone's launch on September 12.

Not only is this move expected to give a fillip to India's desire of becoming a key player in Apple's global manufacturing network, but will also burnish the credentials of the government's Make in India programme. Incidentally, until now, the assembly of the latest iPhone would only start in India a few months after its global launch, but with this development, India's share in total iPhone production is likely to go up from the 7 per cent it manufactured in the country till March 2023.

TECH PROWESS
The production of the latest iPhone in India shows the country's progress in handling high-end tech components

PHOTO BY **GETTY IMAGES**

While Apple has been making iPhones in India since 2017 (it started with the iPhone SE), the latest to join the line was the iPhone 14, whose assembly here started just a month after launch. This year, Apple is closing the gap with China by starting production of iPhone 15 in India before its global debut. Now, the first few iPhone 15s on the shelves could likely be 'Made in India' units.

The assembly of the latest iPhone also shows India's progress in handling high-end tech components. Danish Faruqui, CEO of semiconductor ecosystem consultancy firm Fab Economics, says, "Even if only the base model of iPhone 15 is assembled in India, then the A16 bionic chip will include the 4 nm (nanometer), or N4P node. This is still the cutting-edge in the smartphone segment."

Having learnt from the shortages Apple faced in shipping iPhone 14 Pro and Pro Max from its contract manufacturing plant in China due to lockdowns imposed in the country in 2022, this time around, industry experts are hopeful that Apple may assemble the iPhone 15 Pro models in India. "Apple had everything lined up for its new models, but due to issues at the assembly site in China, millions of iPhones were not supplied in Q4FY22 (October-December). This resulted in over a $1-billion loss for the company," explains Faruqui.

He adds that even the assembly of iPhone 15 models in India before its launch is a 'breaking the glass ceiling' moment, and reflects the confidence Tier I tech OEMs like Apple are reposing in India's manufacturing capabilities. Further, if Apple starts assembling iPhone 15 Pro models in India, it will also involve handling the entire product value chain of high-end processors (3 nm) and the latest display technology. However, sources close to Apple tell *BT* that the company has no immediate plans to assemble those models in India yet. **BT**

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BOX OFFICE

Alchemy of Languages

The Indian box office is turning vibrant as Hollywood, Marathi, Punjabi and other non-Hindi films are drawing audiences to the theatres

BY **VIDYA S.**

WHETHER IT IS the Marathi film *Baipan Bhari Deva* or the Punjabi movie *Carry on Jatta 3*, a slew of recent Hollywood hits or last year's breakout performance of Kannada films such as *Kantara* and *777 Charlie*, Indian exhibitors are seeing a diverse array of films from different languages drawing crowds to multiplexes.

The numbers say it all. According to India Box Office Report 2023 by consultancy firm Ormax Media, Hindi-language movies accounted for 37 per cent of India's cumulative box office collections from January to June 2023; Tamil, Telugu, Malayalam, Punjabi and other regional languages together contributed 51 per cent, while Hollywood made up for the rest 12 per cent.

The trend is also clearly visible in the leading multiplex chain Cinépolis India's figures. "Five years ago, English [language movies] contributed to 20 per cent of box office collections, regional films contributed another 20 per cent, while 60 per cent came from Hindi movies alone. This year so far, Bollywood has brought in 50 per cent and the other two categories have gone up to 25 per cent each," says its CEO Devang Sampat.

After the Covid-19 pandemic, theatres in the Hindi-speaking regions struggled to draw audiences back as they were hooked to streaming platforms and back-to-back subpar Hindi films made matters worse. The only saving grace was the phenomenal box office success of South Indian films and their dubbed versions, even in theatres. Since May 2023, it seems the fortunes of theatres, especially multiplexes, have reversed due to hits across languages.

51 PER CENT
The contribution of regional language movies to total box office collections during January-June 2023

Hollywood set the ball rolling with at least eight big releases since then—*Fast X*, *Spider-Man: Across the Spider-Verse*, *Transformers: Rise of the Beasts*, *The Flash*, *Insidious: The Red Door*, *Mission: Impossible - Dead Reckoning Part One*, *Oppenheimer* and *Barbie*. The last three alone, released in July, have pulled in an estimated total Indian net collection of ₹265 crore and counting. Regional super hits such as *2018* (in Malayalam, released on May 5, collections of ₹92 crore+), *Baipan Bhari Deva* (Marathi, June 30, ₹73 crore+), *Carry on Jatta 3* (Punjabi, June 29, ₹45 crore+) and *Baby* (Telugu, July 14, 2023, ₹63 crore+) have peppered the past three months at the cinemas. Rajinikanth's Tamil movie *Jailer* as well as the Hindi films *Gadar 2* and *OMG 2* made for a triple delight over the Independence Day weekend.

"Hollywood and regional films have picked up in a big way," says Nagpur-based exhibitor and distribu-

PHOTO BY **ANI**

THE MAGIC OF THE MOVIES
Exhibitors are confident that the Indian gross box office collections for 2023 will surpass last year's figure

tor Akshaye Rathi, Director of Aashirwad Theatres, adding that it's almost a three-way split now between Hindi, regional languages and Hollywood in some multiplexes. "Earlier, Malayalam, Kannada, Punjabi or Marathi films were only limited to their respective states and did not have a larger piece of the overall national box office pie. But now the Indian box office is gaining more width and depth," says Tushar Dhingra, Founding CEO of Dhishoom Cinemas.

Earlier this year, another Marathi film, *Ved*, earned a brisk ₹61 crore in net Indian box office collection, while 2022's Kannada films *Kantara* (₹300 crore+) and *777 Charlie* (₹84 crore+) earned nearly ₹400 crore at the Indian net box office across the languages they were released in. All these indicate a growing appetite for regional cinema. However, the growth, experts say, is not coming at the cost of Hindi films; instead the overall consumption pie itself is increasing. They point to the successes of Hindi films *Pathaan* and *Gadar 2*, which have become all-time highest grossers after regional cinema became popular in the Hindi belt during the pandemic.

Rathi says this is a result of behavioural patterns changing for everyone during the pandemic. "People consumed content from Kerala, Andhra, Telangana, Punjab, Bengal, Korea, Japan, Bollywood, Iran and so many other fraternities on streaming platforms... These languages are complementing Hindi cinema and the consumption pie is increasing," he says.

"When you look at a pie chart of 100, regional and Hollywood have increased their share. But in absolute numbers, all three are growing because the overall consumption has increased," adds Cinépolis India's Sampat. Dhishoom's Dhingra puts it like this: If the content is correct, a language-agnostic audience is now available over and above the native speakers.

But, is the overall consumption pie really growing? That will be only known after the total box office collections in India are tallied at the end of 2023. Between January and June 2023, the cumulative gross India box office collection for releases stands at ₹4,868 crore. Ormax pegs this to be 15 per cent lower than the same period in 2022. At this rate, 2023 is expected to end at ₹9,736 crore, 8 per cent lower than last year. However, the second half of 2023 has a strong line-up of films that are expected to perform well, especially *Jawan*, *Salaar* and *Tiger 3*. This puts the year in good stead to surpass the 2022 gross box office collections, or at least get very close to them, the Ormax report says.

THE GROWTH IS NOT COMING AT THE COST OF HINDI FILMS, INSTEAD THE OVERALL CONSUMPTION PIE ITSELF IS INCREASING, SAY EXPERTS

Pre-pandemic, the record for the best year for the Indian box office was for 2019, with its gross collection of ₹10,948 crore. After the Covid-19 lockdowns severely impacted the revenues of theatres for about two years, the year 2022 saw a rebound, with an annual gross box office collection of ₹10,637 crore, according to Ormax Media's report.

Exhibitors, meanwhile, are confident that the Indian gross box office collection for 2023 will surpass last year's figure. Dhishoom's Dhingra estimates the collection will touch ₹7,000 crore by the end of August and wrap up the year close to ₹11,000 crore. Sampat is more optimistic. He estimates Cinépolis' collections during July-December to be twice what they did during January-June. If that is to be extrapolated to the Indian box office, the collections could touch ₹12,000 crore. BT

@SaysVidya

Byju Raveendran-led Byju's is looking at a tense future

KEY CHALLENGES FOR BYJU'S

THE COMPANY FACES A BIG DROP IN VALUATION FROM THE $22 BILLION REPORTED EARLIER; RECENTLY, AN INVESTOR CUT ITS VALUATION TO $5.1 BILLION

THE FIRM NEEDS AN URGENT INFUSION OF $1.5 BILLION TO PAY OFF DEBT AND MEET ITS IMMEDIATE CASH FLOW REQUIREMENTS

IT FACES A HOST OF CORPORATE GOVERNANCE ISSUES, WHICH IT HAS OFTEN IGNORED, BUT NOW NEEDS TO FIX AT THE EARLIEST

BYJU'S HAS NOT FILED FINANCIAL RESULTS FOR FY22 AND FY23, BUT NEEDS TO FILE THEM SWIFTLY TO BOLSTER INVESTOR CONFIDENCE

CAN BYJU'S SURVIVE THE CRISIS?

ONCE THE MOST-VALUED EDTECH FIRM IN THE WORLD, BYJU'S IS NOW BATTLING SERIOUS FUNDING ISSUES, A CORPORATE GOVERNANCE CRISIS AND COURT BATTLES. THE FIRM WILL HAVE TO URGENTLY RAISE AT LEAST $1.5 BILLION AND SET ITS HOUSE IN ORDER. CAN IT SUCCEED?

BY **BINU PAUL, BHAVYA KAUSHAL & KRISHNA GOPALAN**

THIS JUNE, BENGALURU'S real estate circles rippled with talk of Byju's delaying payment of rent. Was India's most valued edtech company planning to vacate acres of office space? Byju's corporate entity, Think & Learn Pvt. Ltd, had taken three leased properties, the largest being Kalyani Tech Park in Brookefield—spread over half a million sq. ft—that had a monthly rent of ₹3 crore.

At the end of July, Byju's pulled out of most of Brookefield, telling its staff to work from home or other offices. An executive at a top property consultant confirmed that Byju's had been falling back on rents before the pullout. "I guess it was coming," he says.

Delayed rents were not the first warning sign. Byju's had been falling back on statutory payments such as employees' provident fund. It had reduced its headcount from 58,292 in March 2022 to 24,787 by May 2023, according to PrivateCircle Research, a private market intelligence platform.

Then Byju's statutory auditor walked out, and so did three members of Byju's board representing its investors. G.V. Ravishankar (of Peak XV Partners), Vivian Wu (The Chan Zuckerberg Initiative), and Russell Andrew Dreisenstock (Prosus NV) quit the board, citing "differences" with Founder Byju Raveendran. The board was left with Raveendran, wife Divya Gokulnath, and brother Riju Ravindran.

Deloitte Haskins & Sells, the company's auditor, which has a five-year mandate up to 2025, said it had no clarity on when Byju's planned to finalise its 2021-22 accounts or even fix issues it had raised about the accounts for 2020-21.

Multiple sources close to the investors and the auditor told *Business Today*, requesting anonymity, that the promoters were not responding to emails about its financial results. One source said, "The promoters kept telling the investors and the auditor that 'action is being taken' or 'we will come back with a plan.'"

Today, cynics who had questioned Byju's $22-billion valuation (on which it raised the last two rounds of funding) look smug. The company's global ambitions

PHOTO BY **GETTY IMAGES**

REPORT CARD

Byju's is facing financial distress...

ESTIMATED TOTAL DEBT

$1.5 BILLION

(APPROXIMATELY ₹12,450 CRORE AT CURRENT EXCHANGE RATES)

CASH ON THE BOOKS AT THE END OF FY21

₹2,577.13 CRORE

ESTIMATED CURRENT CASH REQUIREMENT*

>$1.5 BILLION

*TO PAY OFF TERM LOAN B, LOAN FROM DAVIDSON KEMPNER AND TO MEET THE CASH FLOW REQUIREMENTS

SOURCE BYJU'S FY21 FINANCIAL STATEMENT, *BT* RESEARCH

...with Aakash being the

Aakash Educational Services
Total income
EBITDA
Profit after tax
Cash & cash equivalents*

*AT THE END OF THE YEAR; ST

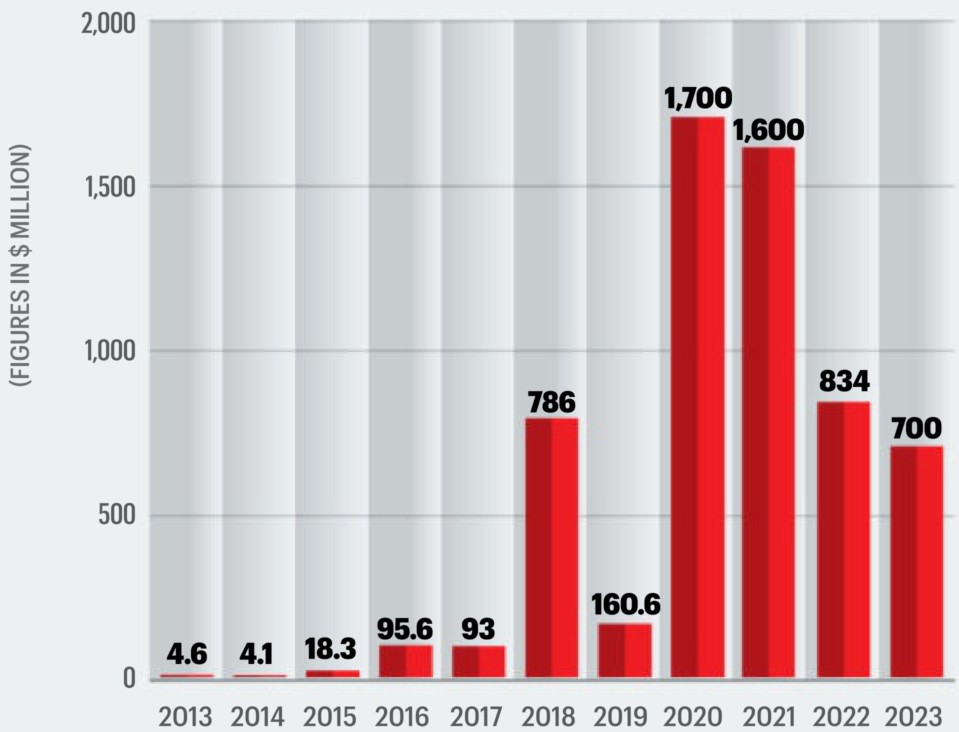
	WhiteHat Jr	
Year	Revenue	PAT
FY21	483.9	-1,690
FY22	NA	NA

NOTE LATEST DATA AVAILABLE

AAKASH IS THE ONLY ONE AMONG THE GROUP ENTITIES OF BYJU'S THAT MAKES MONEY

FUNDING FLOOD

A look at the amount of funding that Byju's raised over the years



VALUATION GROWTH

Tracking the valuations received by the edtech company over time

2013	$29.4 million
2014	$30.1 million
2015	$141 million
2016	$376.8-427 million
2017	$412 million–1 billion
2018	$1-3.5 billion
2019	$4.8-5.5 billion
2020	$7.9-12.4 billion
2021	$13.2-16.6 billion
2022	$16.2-21.9 billion
2023	$22 billion

*THIS EXCLUDES SECONDARY TRANSACTIONS AND DEBT FUNDING; **SOURCE** PRIVATECIRCLE RESEARCH

THE VALUATION OF BYJU'S HAS SURGED TO $22 BILLION, BUT IT COULD FACE A SUBSTANTIAL DOWNTURN IN THE NEXT FUNDING ROUND

PROSUS, ONE OF THE LARGEST STAKEHOLDERS IN BYJU'S, MARKED DOWN THE FAIR VALUE OF ITS INVESTMENT IN THE COMPANY, PEGGING THE EDTECH FIRM'S CURRENT VALUATION AT $5.1 BILLION

AFTER RAISING OVER $4 BILLION FROM 2020 TO 2022, BYJU'S IS NOW STRUGGLING TO SECURE ESSENTIAL FRESH CAPITAL only bright spot among its acquisitions

	FY19	FY20	FY21
	1,140.60	1,257.00	1,035.50
	328.3	439.2	247.2
	196.9	165.8	43.6
	40	51	8.5

ANDALONE FIGURES IN ₹ CRORE; **SOURCE** TOFLER

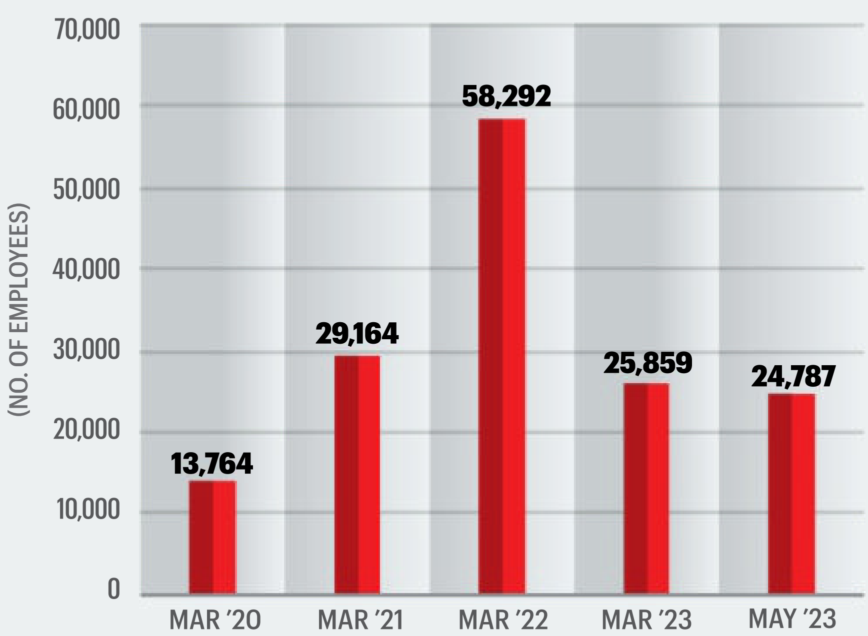
		Great Learning			Osmo		
	Cash on the books	Revenue	PAT	Cash on the books	Revenue	PAT	Cash on the books
	NA	209	-74	2	598	-229	NA
	NA	316	-307	22	NA	NA	NA

IN ₹ CRORE; **SOURCE** BYJU'S FY21 FINANCIAL STATEMENT, TOFLER

- IN MARCH 2023, AAKASH HAD FORECAST IT WOULD TRIPLE ITS REVENUE AND PROFITS AFTER BEING ACQUIRED BY BYJU'S
- NOW, BLACKSTONE AND THE FOUNDERS OF AAKASH, WHO HOLD 30 PER CENT, HAVE REFUSED TO SWAP EQUITY WITH BYJU'S

DRASTIC MEASURES

Byju's has more than halved its number of employees from the peak of March 2022



SOURCE PRIVATECIRCLE RESEARCH

- BYJU'S HAS EXECUTED MULTIPLE ROUNDS OF LAYOFFS OVER THE PAST YEAR, REDUCING ITS WORKFORCE BY MORE THAN HALF FROM MARCH 2022 TO MAY 2023
- THE COMPANY HAS VACATED SOME OF ITS OFFICE SPACES IN BENGALURU AFTER SIGNIFICANT LAYOFFS
- SOME DISMISSED EMPLOYEES HAVE ALLEGED THAT THE COMPANY COERCED THEM INTO RESIGNING

are souring, and its India business is struggling. Byju's is also fighting a term loan issue. The crisis does not bode well for India's start-up ecosystem. But there are lessons to be learnt.

Byju's, which prided itself on its interactive learning method from kindergarten to Class 12, is silent on questions investors have. A fresh fund infusion is critical, but prospective lenders are unlikely to cut a big cheque to Byju's when they don't know what (or how) it has been doing over the last financial year. (The company has not filed the audited financial reports for FY22 and FY23.)

Byju's appointed its first chief financial officer (CFO), Ajay Goel, in April 2023. The law doesn't require unlisted companies such as Byju's to have a CFO, but good corporate governance does. It is very unusual for a company of Byju's scale not to have a CFO, especially when it raises truckloads of capital and makes big-ticket acquisitions.

"No one knows what the real numbers are, and that is not a comfortable situation for a potential investor," says Satish Meena, Principal Analyst at Datum Intel.

Even if Byju's snags a new suitor, the funding will not be a straightforward equity deal but a heavily structured one at a fraction of Byju's peak valuation.

There has been a lack of transparency on the part of the edtech firm, which has also taken up too much debt. An investment banker, requesting anonymity, points out that Byju's will have to use any fresh capital first to lighten its debt burden. "Which investor would want to do that? You want to put money to grow the company. Also, how will somebody even determine the valuation of this company?" asks the banker. "A mere $200-300 million doesn't help; it has to be a large round, maybe about a billion," adds the banker. "How will you even put a structured deal for a billion dollars? That is a lot of money!"

TAKING ON DEBT

Investors are not thrilled about Byju's functioning. It's not just the absence of audited financial reports for the past two years. Byju's has a host of corporate governance issues, which, experts say, it has often ignored.

When Prosus, a Dutch technology investor, cut Byju's valuation to $5.1 billion at the end of June, it said, "Byju's grew considerably since our first investment in 2018, but, over time, its reporting and governance structures did not evolve sufficiently for a company of that scale. Despite repeated efforts from our Director, executive leadership at Byju's regularly disregarded advice and recommendations relating to strategic, operational, legal, and corporate gover-

TESTED THROUGH TIME

AFTER THREE BOARD MEMBERS REPRESENTING ITS INVESTORS RESIGNED FROM THEIR POSITIONS, BYJU'S IS LEFT ONLY WITH RAVEENDRAN, HIS WIFE DIVYA GOKULNATH, AND BROTHER RIJU RAVINDRAN ON THE BOARD...

JUNE 6
Byju's files counter lawsuit in New York Supreme Court against the lenders of $1.2-billion Term Loan B (TLB) for 'predatory tactics'; skips interest payment

JUNE 19
The edtech major lays off more people across departments to cut costs

JUNE 22
Auditor Deloitte and three nominee board members from investors Peak XV Partners, Prosus and The Chan Zuckerberg Initiative resign over disagreements; Byju's appoints BDO as the new auditor

JUNE 23
Ministry of Corporate Affairs orders an inspection of the company's account books and lapses in governance

JUNE 27
Prosus slashes Byju's valuation to $5.1 billion from $22 billion. A Delaware court rejects TLB lenders' plea to probe a $500-million fund transfer from a Byju's holding entity

JUNE 28
Byju's clears provident fund payments delayed for the period between August 2022 and May 2023

JUNE 29
Byju Raveendran assures employees of a 'strong comeback' at a town hall

JUNE 30
Byju's holds early discussions with investors on selling a part of its stake in Aakash Educational Services

JULY 6
It holds EGM of 70+ shareholders, assures FY22 audit is on track to be completed by September. Proposes formation of a board advisory committee (BAC)

nance matters. The decision for our Director to step down from the Byju's board was taken after it became clear that he was unable to fulfil his fiduciary duty to serve the long-term interests of the company and its stakeholders."

Over the years, Byju's has been accused of mis-selling, governance issues and aggressive promotion of its courses. But it ignored criticism as it went on an acquisition spree, starting in 2020-21 when interest rates were almost zero in the US market.

Byju's picked up Singapore-based higher education firm Great Learning, offline tuition chain Aakash Educational Services, and a platform that teaches kids coding, WhiteHat Jr. It even bought start-ups in the US, including a kids-focussed digital reading platform Epic. Byju's splurged $3 billion on acquisitions, with the K-12 segment flourishing. It raised approximately $3.5 billion as equity capital during the period.

Meena says it helped that China tightened edtech regulations, which prompted investors to re-route

JULY 13
Appoints former SBI chairman Rajnish Kumar (*pictured*) and former Infosys CFO Mohandas Pai to BAC; hires former upGrad CEO Arjun Mohan to head international business

JULY 23
Reaches tentative agreement to rework loan agreement with TLB lenders

JULY 24
Vacates office spaces in Bengaluru to prune costs

JULY 25
Prosus says it exited Byju's board due to poor reporting and governance structure, says company often ignored advice. Citing internal control as the reason for resigning from the company's board, Peak XV, in a letter to LPs, warns of significant valuation markdown in the upcoming reporting cycle

JULY 28
More videos emerge of Byju's employees alleging non-payment of incentives and delayed payments for laid-off staff

AUGUST 1
Byju's issues legal notice to Aakash founders demanding transfer of shares

Manipal group Chairman Ranjan Pai in early discussions to invest in Aakash; Raveendran expected to partially offload his stake

AUGUST 3
ICAI investigating Byju's financial statements; forwards the matter to disciplinary committee for further action

Byju's and lenders fail to meet the August 3 deadline for signing an amendment to the terms of TLB

AUGUST 9
Aakash's founders and investors inform Byju's of their decision to cancel the merger and share swap agreement

AUGUST 14
The company holds a call with 110+ investors; conveys that discussions to settle the TLB and Davidson Kempner loan disputes are progressing well. Appoints Infosys veteran Richard Lobo as HR advisor

AUGUST 18
Over 400 employees asked to resign voluntarily post performance reviews in latest round of layoffs

AUGUST 21-30
Byju's Head of International Business Cherian Thomas, Chief Business Officer Prathyusha Agarwal, and WhiteHat Jr CEO Ananya Tripathi resign as part of business restructuring

funds to India. "Byju's found itself in a sweet spot. But making acquisitions is one thing; running those companies well is equally important," says Meena.

Raveendran's strategy seemed to be to 'buy revenue through acquisitions' and raise equity on top of the added valuations. Company insiders admit to Raveendran having had "a massive leverage with investors and buyouts made only for vanity metrics, without realising that Aakash was the only gem". It also went on a marketing overdrive, even sponsoring the Indian cricket team at one point.

Then came the Covid-19 pandemic and the lockdowns. The lockdowns from March 2020 disrupted physical classes in schools and colleges and powered a surge in online education. Byju's reaped the rewards of its big investments—for some time at least. Take WhiteHat Jr, which was making ₹1 crore or so a month before Covid-19. Revenues shot up to ₹10 crore monthly or ₹120 crore for 12 months. That was enough for Byju's to cut a cheque for a whopping $300 million (around ₹2,250 crore or 19x projected rev-

PHOTO BY **CHANDRADEEP KUMAR**

JEWEL IN THE CROWN Aakash Educational Services is the only profitable venture that Byju's has as of now

LEARNINGS FROM L'AFFAIRE BYJU'S

- **Vanity metrics for sustained success is a fallacy:** The string of misguided acquisitions proves revenue-buying through buyouts is not a sustainable expansion strategy
- **Debt is a double-edged sword:** The term loan debacle shows how taking debt for acquisitions, especially when a firm's core isn't sturdy, can bite back
- **Transparency is non-negotiable:** A communication breakdown with the board and auditor forced nominee directors and Deloitte to exit, dealing a heavy blow to the reputation of Byju's
- **Independent directors key for accountability:** Investors may be wary of three family members on the board. Independent directors ensure ethical, conflict-free choices
- **Corporate governance not an afterthought:** It has had to do reactive damage control due to corporate governance oversights. For a firm of its size, an unyielding foundation of governance is critical
- **PR isn't the solution to everything:** Despite lavish marketing, its reputation has suffered from allegations of toxic culture and mis-selling

THE EDTECH FIRM'S IMMEDIATE PRIORITIES

- **Secure critical capital infusion:** Its survival rests on securing this pivotal fundraising, with experts suggesting a figure of $1.5 billion
- **Divest for survival:** If new capital isn't secured, consider asset sale to ensure vital capital backing for survival
- **Finding a way out of the debt mess:** It must address the TLB issue, the loan linked to Aakash's cash flows, and resolve ongoing litigation
- **Navigate Aakash's legal maze:** It should fix the complex share swap deal for Aakash to protect its only profitable business
- **File financial statements:** Byju's should swiftly complete and submit its audited results for FY22 and FY23
- **Enhance cash flow:** Optimise operations, refine business units, and cease unviable experiments to improve the company's financial health

enue for a loss-making entity) to pick up the company. Once the pandemic ebbed, monthly revenue numbers dropped to ₹50 lakh with a cash burn of ₹100 crore every month.

An investor said the firm's plan seemed to be to take debt, fund M&As, and then raise equity on the revenue-multiple valuations (from acquisitions) to pay off the debt. However, Byju's ran into a streak of

[redacted]

bad luck as the cycle turned and equity became extremely scarce, especially for those businesses that saw numbers drop after the pandemic ebbed.

Shriram Subramanian, Founder and Managing Director of InGovern Research Services, a corporate governance advisory firm, is blunt. "Byju's was only after growth and valuations without putting many requisite business practices or value systems in place. Aggressive

[redacted]

sales and marketing, a bad work culture, mis-selling to parents who couldn't afford the offerings, non-filing of audited accounts even 18 months after year-end are external manifestations, and the board did not even try to change these practices," he says.

Neither Byju's nor its investors responded to a detailed questionnaire from *BT* for this story.

For Byju's, which continues to burn cash on operations, equity capital was not enough to fund the acquisitions. So, it headed to the US market, which has providers of the large structured debt that it needed. In November 2021, it landed a massive $1.2-billion Term Loan B or TLB (which involves nominal repayment of the principal over its term and full repayment at the end) from a consortium of US-based creditors. As late as May 2023, it announced a $250-million fundraise from New York-based investment manager Davidson Kempner Capital Management.

That $1.2-billion TLB has returned to bite Byju's.

In June 2023, Byju's missed a $40-million loan repayment and filed a lawsuit against its lenders, countering their legal action. Byju's accused them of using predatory tactics. People in the know say the TLB lenders are looking for interest rate of 10-11 per cent (up from the original 6.78 per cent yield-to-maturity rate). That means Byju's must set aside $100-120 million from its cash flow each year to meet the new terms.

Anirudh A. Damani, Managing Partner at Artha Venture Fund, says it is not wise to use debt for anything other than short-term working capital. "Most acquisitions don't work because they are not done for pure business reasons. When you are acquiring a company, you need to ensure that the core business is generating enough cash to deal with the pressures of the acquisition. You may use debt to acquire an asset or some inventory to sell, but don't use debt for purposes in which you are going to raise venture capital to pay off the debt," he says.

THE AAKASH AFFAIR

Then there is Aakash, which offers students test preparatory coaching services for competitive exams. Byju's acquired Aakash in April 2021 for about $1 billion (see chart *Binge Remorse*). Aakash is in a legal tangle today, but more on that later. Can Byju's raise some money from Aakash, the only gem in its empire?

Meena says it will take a lot for investors to deal with the issues around the Aakash litigation, which could cut valuations. "Convincing them to walk into this situation will not be easy. Byju's will easily need to raise $1-1.5 billion over the next 6-12 months to meet current cash flows."

ANIRUDH A. DAMANI
MANAGING PARTNER, ARTHA VENTURE FUND

"MOST ACQUISITIONS DON'T WORK BECAUSE THEY ARE NOT DONE FOR PURE BUSINESS REASONS... YOU MAY USE DEBT TO BUY ASSETS OR INVENTORY, BUT DON'T USE IT FOR PURPOSES THAT NEED YOU TO RAISE VENTURE CAPITAL TO PAY OFF THE DEBT"

SHRIRAM SUBRAMANIAN
FOUNDER AND MD, INGOVERN

"BYJU'S WAS ONLY AFTER GROWTH AND VALUATIONS... AGGRESSIVE SALES AND MARKETING, A BAD WORK CULTURE, MIS-SELLING... ARE MANIFESTATIONS, AND THE BOARD DIDN'T EVEN TRY TO CHANGE THESE PRACTICES"

Davidson Kempner's loan was a structured credit transaction tied to the shareholding and future cash flows of Aakash. The Blackstone Group, the private equity giant, and the Chaudhry family, minority stakeholders in Aakash, hold 30 per cent of Aakash. Byju's has 43 per cent, while Raveendran has 27 per cent. Davidson Kempner is reviewing its loan proposition and has disbursed only a portion of the original amount. It also accused Byju's of breaching some of the loan covenants.

K. GANESH
SERIAL ENTREPRENEUR AND INVESTOR

"[BYJU'S] FOUNDERS NEED TO ACCEPT THAT $22 BILLION [VALUATION] WAS IN EUPHORIC TIMES. THROUGH RECAPITALISATION... THE PRIORITY IS TO GET MONEY INTO THE COMPANY, CORRECT ALL MISTAKES AND REBUILD THE BUSINESS"

SATISH MEENA
PRINCIPAL ANALYST, DATUM INTEL

"IT WILL TAKE A LOT FOR INVESTORS TO DEAL WITH THE ISSUES AROUND THE AAKASH LITIGATION... BYJU'S WILL EASILY NEED TO RAISE $1-1.5 BILLION OVER THE NEXT 6-12 MONTHS"

Meanwhile, Blackstone and the Chaudhrys refused to trade their stakes in Aakash for shares in Byju's, and Kempner has sent a legal notice to Aakash, asserting its right to Aakash shares pledged as collateral.

Since then, Byju's has also issued a notice to Aakash's founders, demanding the transfer of shares. The issue could be a barrier to a potential deal that Byju's needs. Byju's sees Aakash as its trump card and had planned an IPO in mid-2024 but has been stumped by this legal maze. But Byju's has a Plan B for Aakash: it has spoken to Manipal group Chairman Ranjan Pai to offload a part of Raveendran's stake to net around $80 million, with which it can repay part of the Davidson Kempner loan.

Questioning the "over-the-top valuations and very convoluted shareholding structures", Subramanian points to the Aakash deal. "Raveendran has a personal stake. Which board allows that? The whole thing has been fuelled by a mad chase for valuations in an era of readily available capital."

THE WAY FORWARD

K. Ganesh, serial entrepreneur and promoter of BigBasket, Portea Medical and HomeLane, says there is value left in Byju's. "The founders need to accept that $22 billion was in euphoric times. Through recapitalisation, existing investors will have to take a haircut, but the priority is to get money into the company, correct all mistakes and rebuild the business," he says. "We are all rooting for Byju's to come out of this and succeed as the bellwether in edtech."

As a core education provider using technology, Byju's and its group companies still have value. Ganesh feels Byju's can raise money against its assets, but nowhere near the $22-billion valuation.

But if Byju's succeeds in raising money against these assets (Aakash, Great Learning and Byju's itself), the existing investors will be wiped out unless they take a haircut and participate. Those privy to discussions say the focus will be on profitability and not valuation, making it similar to what one saw at WeWork.

Bringing in T.V. Mohandas Pai, former CFO of Infosys, and Rajnish Kumar, former chairman of State Bank of India, into a newly created board advisory council are steps in that direction, says Ganesh.

Mukul Gulati, Managing Partner at Zephyr Peacock, which provides equity capital for small and medium enterprises, says profitability must be the first priority to establish confidence among investors. "For companies where there are perceived governance problems, where questions have been raised around real business models, or where profitability is not established, two things could happen—the companies will either not go public despite the promises they make, or if they do, the stock price performance is going to be disappointing."

Another investor says, "Byju's needs a fundamental reset... Have a full understanding of where the cash is coming from and where it is bleeding. Come out with a singular aligned vision of what you want to be as a company and let go of everything that doesn't align with that vision. Be brutal. You may not get back to a $22-billion valuation, but there is a chance of getting out of this mess and maybe return everyone's capital."

BINGE REMORSE

The companies Byju's has acquired in the past few years, and the amounts it paid for them

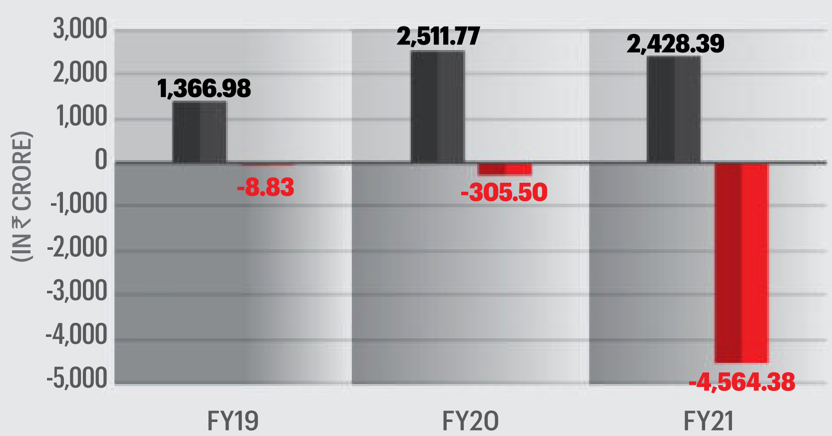
Company	Purchase price in $ million
Aakash	950
Great Learning	600
Epic	500
WhiteHat Jr*	300
Tynker	200
Scholr	180
Toppr	150
Gradeup	50
GeoGebra	24

*ACQUIRED IN 2020; REST OF THE DEALS WERE MADE IN 2021 **SOURCE** COMPANY ANNOUNCEMENTS, *BT* RESEARCH

- BYJU'S SHELLED OUT CLOSE TO A BILLION DOLLARS TO ACQUIRE BRICK-AND-MORTAR TUITION CHAIN AAKASH EDUCATIONAL SERVICES
- THE ACQUISITIONS INCLUDED GREAT LEARNING IN SINGAPORE, AS WELL AS OSMO AND EPIC IN THE US
- IN 2020-21, BYJU'S SPLURGED $3 BILLION ON ACQUISITIONS; AMONG THEM, ONLY AAKASH MAKES MONEY

IN THE RED

While losses for Byju's ballooned in FY21, it hasn't filed its financials for FY22 and FY23



● CONSOLIDATED REVENUES ● PAT
SOURCE PRIVATECIRCLE RESEARCH

- IN FY21, AMID THE EDTECH BOOM DRIVEN BY THE PANDEMIC, BYJU'S SAW A 3 PER CENT REVENUE DECLINE AND A 15-FOLD SURGE IN LOSSES
- BYJU'S HAS NOT FILED ITS AUDITED FINANCIAL REPORTS FOR FY22 AND FY23
- RAVEENDRAN HAS ASSURED SHAREHOLDERS OF COMPLETING THE LONG-OVERDUE AUDIT FOR FY22 BY SEPTEMBER AND FY23 BY DECEMBER

The company has started making changes, though its current board, with only family members and no independent directors, might deter potential investors. Some structure has been put in place. Now, operations are managed by Mrinal Mohit (India CEO) and Arjun Mohan (CEO of international business). Mohit and Mohan report to Raveendran. Anil Goel (President, Technology, and Group CTO) and Ajay Goel (Group CFO) also report to Raveendran, who looks after finance, technology and products at a group level. The company is currently undertaking a business and vertical restructuring, as a part of which its Chief Business Officer Prathyusha Agarwal and two other senior executives are leaving the organisation.

Meanwhile, on Aakash, Sonam Chandwani, Managing Partner, KS Legal & Associates, feels that the proposed share swap agreement following the buyout is a contractual dilemma and a test of corporate ethics and partnership. "Also, the conflict with the TLB lenders in the New York Supreme Court and the acceleration of a substantial $1.2-billion loan reveals underlying tensions in Byju's financial management and challenges to its credit reputation. The failure to file timely financial statements, coupled with high-profile acquisitions without a CFO, calls into question governance standards and fiduciary oversight," she says.

In a recent interaction with potential investors, Raveendran said he was determined to rebuild Byju's and "that he would be around for decades". Even his worst critics will concede that he is perhaps the only one who can do the job, simply because no one else can grasp the complex business model or the system. "He is out there talking to investors and listening a lot more. Nobody can work as hard as he does," says a person privy to the discussions. Meanwhile, the start-up ecosystem can take lessons. (See box *Learnings from L'affaire Byju's*.)

If Byju's files the financial statements and fixes the TLB issue, it will have done two important things. But Raveendran will need to do much more than that—not just for his reputation or his company's but for a sector and an ecosystem that needs a liberal dose of investor confidence. Rarely has the biggest player in a segment failed, and Raveendran can keep that record intact. Is he listening? **BT**

@ binu_t_paul, @bhavyakaushal2, @krishnagopalan

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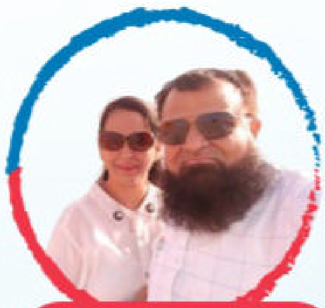
MEET JITENDRABHAI SHAH
Junagadh

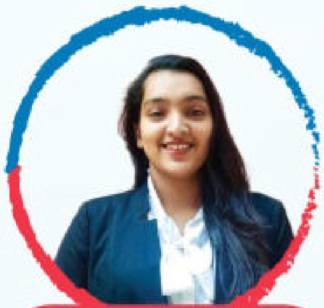
MILA ROY CHOWDHURY
Kolkata

MITALI MUKHERJEE
Durgapur

BINITA
Jamshedpur



MUHAMMADHUSAIN A CHITALWALA, Jamnangar



MUSKAN
Hissar

MUSKAN LODHA
Kolkata

NALINI V
Chennai

NITESH SINGAL
Hissar

PAYAL JAIN
Rewari

CLARA LOBO
Chandigarh

PRANJAL JAIN
Hissar

RACHNA MIMANI
Kolkata

RAHUL GOYAL
Hissar

RAHUL MITTAL
Hissar

RAJENDER KUMAR
Hissar

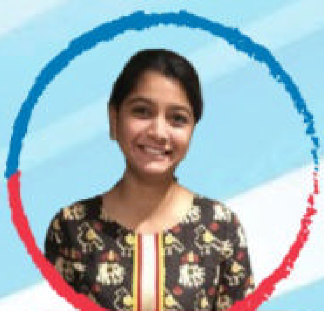
RAKESH KUMAR GARG
Hissar

RAM AVTAR
Rewari

RAMESHBHAI MANJIBHAI ASODARIYA, Junagadh

REDDIGARI ROJA REDDY
Vizag

RICHA SHARMA
Dharamshala



RIDHI NAMIT SHAH
Kolhapur

RITU JINDAL
Hissar

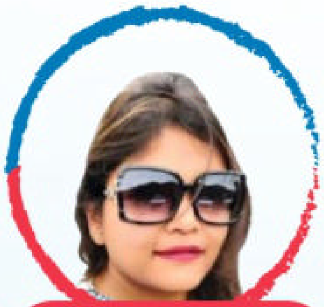
ROHAN BANSAL
Hissar

SAIKAT MITRA
Kolkata

Success is nothing more than a few simple disciplines, practiced everyday.

Presenting our Exemplary Million Dollar Round Table (MDRT) Achievers of 2022”

SATYA NARAYAN SHARMA
Churu



SEJAL ASHOK GELDA
Kolhapur

GEDHILA SHIVALAXMI
Paschimi Singhbhum

SHANKARRAO BABASO KARPE, Satara

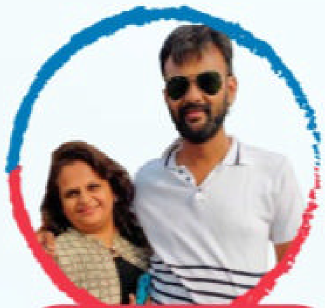
SHARDA LUGARIA
Churu

SHILPA MEDIKONDA
Hyderabad

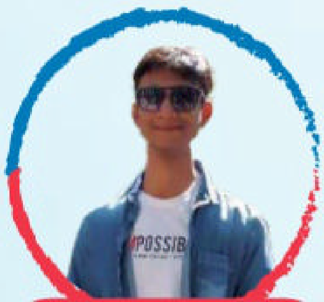
SOURIN DATTA
Kolkata

HARI RAWANI
Deoghar

SWETA MEGHANI
Howrah



TEJAL KUNAL VORA
Jamnangar



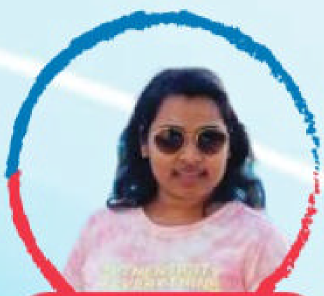
TEJAS PRADIPBHAI PAREKH
Jamnangar

URMIL AGARWAL
Hissar

HEMAL RAJESHBHAI SHETH
Mumbai

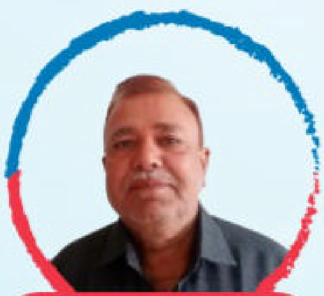
VANDANA SINGH
Azamgarh

VIJAY BANSAL
Hissar



VIVEK JAIN
Hissar

AARTHI AGARWAL
Secunderabad



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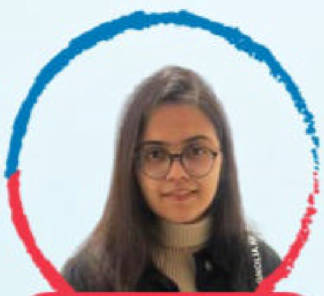

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ANISH KUMAR L
Coimbatore

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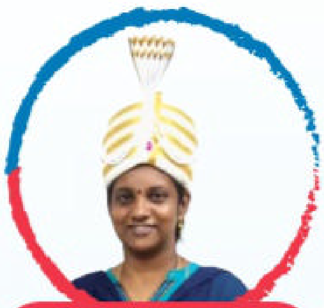
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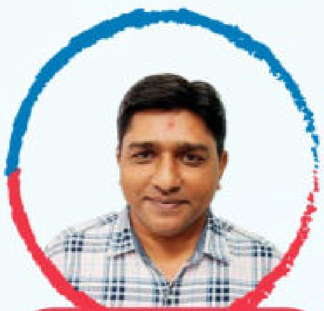
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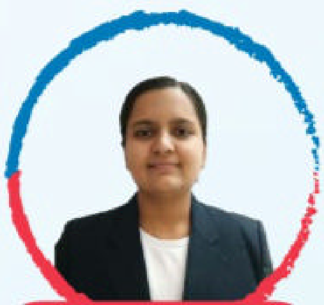
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K KOLANDAVELU
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KALASH PANKAJKUMAR JAIN
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Gandhidham


MOHANKUMAR N
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WINNING FORMULA

PHYSICS WALLAH SEEMS TO HAVE TURNED THE TIDE EVEN AS MANY OTHER MAJOR EDTECH PLAYERS IN INDIA ARE GRAPPLING WITH LAY-OFFS, LOSSES, VALUATION CUTS AND REGULATORY SCRUTINY. HAVING SOLVED THE EDTECH RIDDLE, NOW IT'S AIMING FOR RAPID GROWTH

BY **AAKANKSHA CHATURVEDI**

PHOTO BY **RAJWANT RAWAT**

IN 2018, ARYAN BHASKAR was preparing for IIT JEE (Joint Entrance Examination) at one of the top coaching centres in Kota, Rajasthan. His parents had shelled out around ₹3.5 lakh for two years of test prep. He was doing really well in Physics, but not because of his coaching centre. Instead, it was thanks to a YouTube channel that his dorm mate introduced him to, where a teacher had uploaded all JEE Physics lectures for free. The teacher's style was thorough; he was responsive to doubts in the comment section; and his content was precise. That teacher was Alakh Pandey.

Cut to 2020, and the Covid-19 pandemic had forced schools, colleges, and coaching centres to shut. Students and teachers were finding it hard to adapt to digital media. Major edtech firms were booming, but their products were not widely accessible because of their hefty price tags. The Founder of PenPencil, a start-up helping edtech companies with technological solutions, realised that this was a pivotal moment and that there was a need for players who could cater to the masses at affordable prices. That Founder was Prateek Maheshwari.

Maheshwari had first offered to build Pandey an app in 2018, but the latter refused because he was focussed on growing his YouTube channel. But in June 2020, the duo revisited the idea and decided over a phone call to incorporate Physics Wallah—named after the YouTube channel Pandey ran. "We did not meet each other for the first nine months after incorporating Physics Wallah. And when we did, over 150,000 students had already been studying with us," Maheshwari tells *Business Today*.

Since then, the duo has managed to pull off something unique in the edtech industry: Turning profitable in just a year, even as bigger names have struggled amid a funding winter and as students returned to physical learning centres. They rode on the high demand for affordable online learning programmes, especially for undergraduate entrance exams, amid the pandemic and kept costs down with relative low spending

Unlikely Partnership
Physics Wallah Founder & CEO Alakh Pandey (*left*) dropped out of an engineering course, while Co-founder Prateek Maheshwari graduated from IIT BHU

on marketing and advertising. There's been no looking back since, as growth has been exponential. It now boasts of 50 YouTube channels, 16 online test preparation verticals, and around 100 offline centres.

Built to Scale

The first time they launched their app, it crashed because of the number of concurrent users. Maheshwari says it took them over 10–15 days to scale the technology to meet the growing demand.

"What I find endearing is that the students stayed patient with us. We had promised live lectures from the very first day, but we could not deliver because we had not anticipated that the response would be so huge, but they stayed with us; they made do with recorded lectures for the first 10 days while we figured out scaling the technology," Maheshwari notes.

One crucial factor behind students' affinity with Physics Wallah in its early days and even now has been the affordable prices offered by the edtech company.

"Our courses start from between ₹3,000 and ₹4,000. When we started, students were unable to believe that someone could help them prepare for NEET (National Eligibility cum Entrance Test) or JEE at such low prices. If you compare our rates with those of our competition, you will see they charge anywhere between ₹40,000 to ₹1 lakh for the same product category. We could have done the same or charged relatively less than them, but me and Prateek always wanted to create for the 80 per cent people who probably are not able to perform well in the exams just because they cannot afford the courses," explains Pandey, 31, who dropped out of an engineering course. NEET is a pre-medical entrance test, while JEE is for entrance to undergraduate engineering courses.

Path to Profitability

Physics Wallah's biggest strength has been its ability to charge disproportionately lesser than its peers, thanks primarily to its nearly insignificant customer acquisition cost (CAC). "We build communities over social media platforms like YouTube, Instagram, Facebook, etc., and then we monetise them through our app. We have not found the need to spend exorbitant amounts on marketing and advertising," says 33-year-old Maheshwari, describing the company's model.

That low cost is the differentiator, explains Avantika Tomar, a Partner at EY-Parthenon, Ernst & Young's global strategy consulting arm. "Since their prices are so low, they are able to get massive volumes, which is reflected in the revenues," she says.

Per data from analytics platform similarweb.com, the Physics Wallah Android app ranks No. 1 in India in terms of active users and current installations, far ahead of its peers like Unacademy, which sits at the sixth spot, and Byju's that comes in at 11th. It ranks ahead of its peers, even when it comes to iOS users.

The founders also credit their hiring strategy for their success. "We don't look for degrees while hiring. We look at the problem at hand and whether the person would be able to solve it," Pandey said.

To strengthen its position in the south, the company acquired a 50 per cent stake in Xylem Learning, a Kozhikode-based NEET/JEE test prep platform, in June. It has also been making acquisitions to enter new markets and to bring star teachers into its fold. Where its rivals pump millions of dollars to keep acquisitions afloat, all of Physics Wallah's buys were profitable as of FY23.

In just three years, the company's revenue has gone up over 30 times, and its profits have shot up over 11 times. It has made more than nine acquisitions and is valued at $1.1 billion.

WHAT IT GOT RIGHT

- ITS BIGGEST STRENGTH HAS BEEN ITS RELATIVELY LOW CUSTOMER ACQUISITION COST (CAC)
- IT HAS KEPT COSTS DOWN BECAUSE IT SPENDS RELATIVELY LESSER ON MARKETING AND ADVERTISING
- THE LOW CAC HAS ALLOWED IT TO CHARGE DISPROPORTIONATELY LOWER PRICES THAN RIVALS
- PHYSICS WALLAH'S MAJOR REVENUE DRIVER IS ITS NEET/JEE VERTICAL

BUCKING THE TREND

Unlike its peers, all of Physics Wallah's acquisitions and joint ventures were profitable in FY23

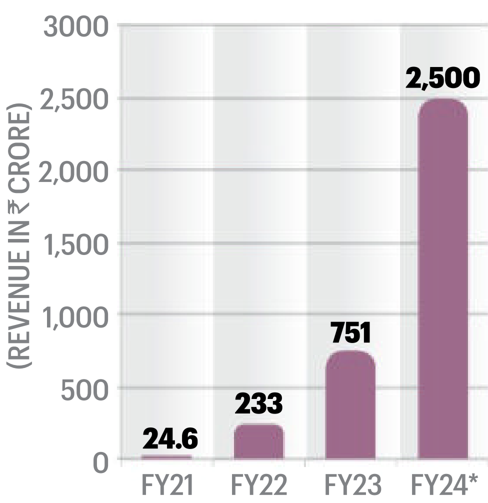
Acquired firm	Description	FY23 Revenue	FY23 Profit
Utkarsh Classes*	Government exam test prep, based in Jodhpur	191.3	38.5
Xylem Learning	JEE/NEET test prep, based in Kerala	108.7	19.4
OnlyIAS	UPSC coaching institute	9.7	4.7
Bothra Classes	Gujarat-based JEE/NEET test prep	19.7	4.1
Knowledge Planet	UAE-based edtech	17	3.5
FreeCo	Doubt-solving platform	7.2	3.1
iNeuron	Upskilling platform	34	3
PrepOnline, Altis Vortex*	Test prep and e-commerce	10	1.2
Etoos	Kota-based JEE/NEET test prep	8.8	0.5

*JV; FIGURES IN ₹ CRORE; **SOURCE** PHYSICS WALLAH

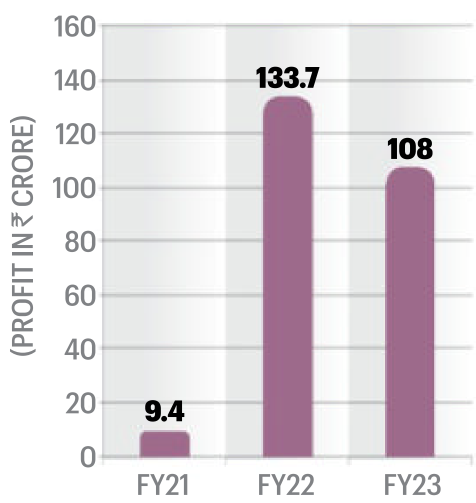
GRAPHICS BY **RAHUL SHARMA**

REPEATING SUCCESS

In FY24, Physics Wallah expects multifold increase in revenue...



...and, anticipates Ebitda margin of over 12 per cent in the fiscal year



*COMPANY ESTIMATES

SOURCE PHYSICS WALLAH

REVENUE STREAM

Major sources of revenue for Physics Wallah

ONLINE TEST PREP
1.6 MILLION
STUDENTS ENROLLED; 32 MILLION YOUTUBE SUBSCRIBERS

OFFLINE TEST PREP
150,000
STUDENTS ENROLLED

VOCATIONAL AND RESIDENTIAL COURSES
796,452
STUDENTS ENROLLED

E-COMMERCE
OVER 1.4 MILLION
ORDERS SINCE 2022 FOR BOOKS AND MERCHANDISE

COLLABORATION WITH SCHOOLS*
21 SCHOOLS
ACROSS 10 STATES

*TO INTEGRATE PW CLASSROOM (SCHOOL INTEGRATED PROGRAM)

SOURCE PHYSICS WALLAH

Although the company is diversifying, the NEET/JEE online vertical remains the major revenue driver.

But for many learners, online education has become a remnant of the pandemic. They want to visit physical classrooms and interact with their peers and teachers.

Physics Wallah has been working to address this too. It has built physical centres spread across the country under the banners of PW Vidyapeeth (67 centres) and PW Pathshala (16 centres). While PW Vidyapeeth is just like traditional offline classes, PW Pathshala refers to hybrid learning programmes where students are expected to be physically present at the centres while teachers teach them virtually.

Although the prices of offline courses are still lower than those of rivals, there isn't a huge difference, like in online courses. "We tried keeping prices low, but the economics of running classes offline do not agree with that. Offline is expensive; when our students complain, I tell them that we have not shut down online classes," says Pandey.

The question now is: Can Physics Wallah replicate its NEET/JEE success in other verticals? The founder of a rival edtech company, who spoke to *BT* on the condition of anonymity, says it would be difficult for them to duplicate this success in other verticals.

"The pandemic aided them when it came to their NEET/JEE vertical, and that is the segment that is working out the most for them. [One] fatal flaw I see in PW is the fact that everything is built in the name of Alakh. He is the sole face of the brand for every vertical. I am not sure how good that strategy is," says the founder.

The recent developments in the sector have highlighted that the metrics of success have shifted from lofty valuations via endless venture capital funds, big-ticket celebrity endorsements, and extravagant marketing spends.

The only metric that matters now is students' results. **BT**

@aakancvedi


AI
PROFESSOR SOUMITRA DUTTA
bt bt bt bt
adani
INDIA@ 100
ACHIEVING GLOBAL LEADERSHIP

"Artificial intelligence **will explode in the next 5-10 years**"

Soumitra Dutta, Dean of Oxford University's Saïd Business School, in a conversation with Kalli Purie, Vice Chairperson of the India Today Group, talks about the impact of AI and what the future holds for this disruptive technology

PHOTO BY **MANISH RAJPUT**

DECODING ARTIFICIAL INTELLIGENCE
Kalli Purie, Vice Chairperson of India Today Group, interacts with Oxford University's Soumitra Dutta at *BT's* India@100 Summit

A

Artificial intelligence is one of the biggest disruptions the world is grappling with right now. From businesses to jobs to social behaviour, AI's impact can be felt everywhere. At the *Business Today* India@100 Summit held recently, India Today Group Vice Chairperson *Kalli Purie* caught up with AI expert Soumitra Dutta, who has a PhD in the technology and has been tracking it for three decades, to discuss a range of issues that this disruption gives rise to. In a session called 'Managing with AI', Dutta, the Peter Moores Dean and Professor of Management at Saïd Business School, University of Oxford, spoke extensively about how AI will affect jobs and skill sets, the need for regulations, and the concept of responsible AI. Edited excerpts:

Q: You've talked about the Moore's Law of computer processing power and how it doubles every 18 months and that there's a tipping point for technology. You have a very good visual related to Lake Michigan to explain this. Please explain what that means and where you think we are right now.

A: We all know that we are living in exponential times, and often that is substantiated by saying that technology is increasing exponentially, both in terms of computing power, and in terms of data and other similar aspects... But what exactly does it mean in terms of trends over time? So this is a small visual... [that] shows the filling up of a lake in the US, Lake Michigan, whose volume is roughly the capacity of the human brain in computations per second. And it fills in water at Moore's Law frequencies. So you begin with one fluid ounce; in 18 months, it doubles; in another 18 months it doubles and so on. On the top right, [there is] a time scale... [that] goes from 1940 to 2025... so the law is carrying on doubling for 70 years. And then, in 2010, suddenly it explodes. And that's where the hockey stick part of the exponential curve kicks in... Moore's Law [for] modern microprocessors started sometime in the 1960s. So in 2023, we are roughly 63 years into the modern microprocessor age... which means what we have seen in the last 5-10 years is nothing compared to what we will see in the next 5-10 years... it's going to explode.

And one reason why we are seeing all these great applications of AI right now is because of the additional computational power, additional data that's available right now. So what will happen in the next 5-10 years, it really remains for us to discover and, at the same time, be amazed by.

Q: So just taking on from there, humans are more linear, they think linearly, while technology is moving exponentially. So we're on two different curves, right? How do we even compete with technology when it starts moving at this rate?

A: I don't know whether you can compete with technology, per se, but what you can try and do is help to create better lives for people, help to create better organisations and help to become more competitive in whatever we are trying to achieve in the organisation.

I think the challenge of any kind of digital/AI transformation... is essentially combining two things. The first part is building forwards. So all of us have a business... an organisation... [and] you have to apply technology to improve what you're doing things today.

What is much harder, at the same time much more exciting, is creating the future. Now, what will happen in five years' time, 10 years' time? We don't know... what you can do is try to experiment with ideas, with concepts of business models and different kinds of situations, and learn from it and work backwards. So you have to do experiments and then try to design your organisation so that if it shows signs of success, you move towards that in some reasonable path. So this duality, the dual challenge of building forwards and creating backwards is the challenge out here.

But creating backwards is very hard. Because sometimes it means you have to come up with experiments that are disruptive, that go against the current

PHOTOS BY **VISHAL GHAVRI**

"AI will make things easier. But at the same time, it will change things quite dramatically in some sectors. And it is up to us to be able to decide how you plan for the changes"

business model... people might fail in some of the models... How do you deal with the culture of failures? Let's assume you take two-three great people in your organisation, say, 'Well go and test this idea. I'll give you two years; I'll give you X amount of money.' And guess what? Maybe they fail... How do you take that failure and learn from it? But more important, how do you make sure that the people who took the risks are welcomed back? The risk management of failure, acceptance of failure becomes a very important part of creating a future. And that is something we are not very good at. That's the challenge.

Q: If you're running a business, you probably want to know if AI is going to save costs. And if you are part of a business, you want to know, 'Am I going to lose my job?' Is AI going to cause job losses?

A: It will certainly make transitions in jobs more acute, sometimes more frequent. But AI is a long journey. And today AI is just the next phase in the digital transformation that we all are going through. So what do I think is going to happen? There are three axes of impact or change by AI. One axis is you can apply AI in what we're doing today, and get all the benefits of cost, quality, and time. To take a simple example, in finance or in banking, if you wanted to get your wealth managed professionally before, you had to have a certain wealth level to be able to afford the time of a professional banker or manager. Today all of that is handled by automated algorithms, AI-based systems, which do it much more cheaply for people with smaller volumes of wealth... That's taking things you're doing today and doing it better, cheaper, faster.

Then there's another important area, broadly termed consumerisation. And that is using technology to make the lives of the consumer simpler, easier, hassle-free and friendlier. And the best example of that is how we today interact with Netflix or Amazon or similar systems; we have got used to this ease of use of these systems. And that similar ease of use is something other sectors can learn from , whether it's healthcare, government services, banking, and so on. So making life simpler for customers and others is an early win we can focus on.

The much more challenging part is creating a new business model, which is really creating backwards. How do you create the new business models? How do you test them out? That's where you need a lot of new skills, you need a lot of new experimentations. And I think combining all these three things, is an essential challenge... When we start looking at things in the future, it might require major changes in your capabilities, your processes, your skills, and a number of other factors.

Q: Some of the big AI companies are saying, 'Why are you worried about job losses? This is the end of the workweek; AI will increase productivity, increase GDP; you will have a universal basic income, you can go to work two days a week and be in the Bahamas the rest of the time.' You know, this is utopia...

A: So some of it is true, and some of it is not. Keep in mind the bigger context of what is happening in the world and tech. Right now, there's a huge backlash against tech...especially [in] the countries that dominate tech—the US and China. There has been a huge backlash in society, from government, and they're trying to basically control the power of the tech companies. The tech companies are doing all they can to ease the hype, to reduce the stress, reduce the fear, and basically tell people, 'Don't get alarmed, don't worry, nothing is going to change, or it'll be just making things better and easier for you.'

I think that's disingenuous. And it's not really correct. Yes, it will make things easier. But at the same time, it will change things quite dramatically in some sectors. And it is up to us to be able to decide how you plan for the changes. If you take, for example, sectors like law, a lot of what young lawyers do is basically go through old cases, identify precedents, build some arguments for current cases... A lot of that today can be done effectively, sometimes even better than humans, by AI-based systems. If you take a little bit more physical domain, let's say truck drivers... In America, in many of the highway routes, some companies are essentially using automated trucks; the driver's still there for safety reasons right now (but not for long)... and usually takes over in the first few miles and in the last few miles. As the number of truck drivers is reduced—and you see this already in the army and air force, where there aren't as many fighter pilots [as earlier as] it's all drone based—what do you do with a 40-year-old truck driver? You might say there are plenty of jobs in looking after human beings... How easy is it to take a 40-year-old male truck driver and make this person a childcare minder? These are huge social transition issues and I don't think we have the answers for that. These are important answers and questions that businesses have to grapple with. And at the same time, the government has to also step in and provide some support, some regulatory guidance, and in some cases, even direct support for transitioning of skills. I think skills transition is a major issue ahead of us.

> **"I think skills transition is a major issue ahead of us... the government has to also step in and provide some support, some regulatory guidance, and in some cases, even direct support for transitioning of skills"**

Q: I want to go back to something you mentioned early on in the answer about this backlash that tech companies are facing. And so they're trying to soften the blow. But you have talked about the difference between computing and AI. Computing is more co-pilot—it assists you, whereas this new set of generative AI is learning, is using you to learn, and then eventually it is going to be better than you...

A: It's very important to understand where we are with AI skills. How good is AI today? If you look at the traditional cognitive tasks—typically tasks linked to recognition of patterns and data, whatever kind of patterns they might be, whether it's medical images, machine data, pictures of anything—any kind of pattern recognition in data, which is a large part of what human beings do, today is done better by machines. And this you see, for example, in many countries right now, immigration is done on facial recognition. Why? Because the machine can recognise a face better than a human being. That is done better by machines since 2017.

Cognitive and human reasoning—that's the part where typically human beings did better, because a lot of common sense knowledge that machines have difficulty in understanding like, let's say, if I give you

PHOTOS BY **MANISH RAJPUT**

Soumitra Dutta tells Kalli Purie that AI will help us do more of the kind of activities we love, and maybe even find love

a sentence, 'the old man's glasses were broken,' we as human beings automatically interpret the glasses to be reading glasses— It could be drinking glasses, but we have a lot of common sense knowledge, old age, poor eyesight, correction of it and so on.... We do that kind of interpretation very naturally that machines have a difficult time [to understand] without the world knowledge. But that is changing now, with ChatGPT-like systems—that the gap is becoming smaller and smaller.

Now, if you look at, for example, creativity, people say, 'Machines are not creative because they use data from existing stuff.' But that's not true. Today, increasingly, industrial design, fashion design, musicians—they are using AI-based systems to suggest ideas, to suggest songs, suggest music tones, music patterns. And increasingly, creativity is getting automated. And then people say, 'Well, maybe in the creative side, AI can assist humans. But [on] the empathy side, the relationship side, human beings are the best at it. And machines can never do empathy.' Again, that's not true... In 2014, Microsoft China released a bot called Xiaoice, and then spun it off into a separate company. And today, Xiaoice is the girlfriend of 600 million Chinese males... Just as many tech companies figured out how to create addictive behaviours... they have figured out how to manipulate the emotions of people to make it [AI] sort of bond emotionally. The only reason they haven't rolled it out in all our traditional digital assistants is because of the backlash they're worried [about]. Technically you have systems that are being used in specialised cases, for example, chatbots are used for counselling teenagers...

You combine the three things—cognitive, creative, and emotional—[and] you're looking at very powerful capabilities. We don't know where these frontiers will go. And I go back to that vertical curve, the Lake Michigan [example]. So when people say, 'Well, you know, ChatGPT did not do this. ChatGPT failed that.' Yes, the technology is only three-four years old. What will happen in five years' time? Given that kind of vertical rise, we don't know... I think the issues are quite complicated. And you need governments to come in and look at these things very seriously. At the same time, having said this, there are lots of early gains in the process to be made.

Q: There's a lot of talk by AI and big tech companies about responsible AI. But it depends on which side you're looking at it from. One company's responsible AI is another's worst nightmare...

A: It's not just responsible AI but responsible use of technology. And that's where the regulation part comes in... the regulation part is very important, because we have to somehow help society use technology in a responsible manner. It is the same reason why, for example, any technology can have positive

things and negative things. And we have to [as] society be more oriented towards the positive side and be more careful about preventing the negative side... that's an area that is evolving, and the regulations and societal norms are very important.

My biggest concern is that in the world of AI, to talk about AI and digital technologies, the world is getting split in two halves—the American half and the Chinese half. And the two halves don't talk and their ability to talk is decreasing year by year. And so do we have any hope for a global system? The chances of that are decreasing. I don't want to appear pessimistic, but if the two major powerhouses in the world of technology don't want to talk to each other, don't want to agree to common norms and principles and regulations, it's a cause of concern.

Q: And they could have very different views on personal IP. My concern is how do we protect ourselves because anyone could easily make an AI avatar of you and say whatever it wanted to, and if you complain, they say, 'Oh, well, he has blue eyes and you don't.' Where do you draw the line?

A: That's a very important and hard question, with no easy answers. Today, you're already seeing challenges in the case where you can use generative AI to learn from an artist's style of paintings and create a similar style of painting. And the question is, is that fair use of IP? Today, the challenge is that, again, we don't have rules and regulations that govern this very well. It's all very fluid and very different across geographies. And also, what we have is that, in some sense, the technology will evolve to a point at which it'll on the one hand make it very easy to manipulate these things. On the other hand, hopefully, it will give us tools to control it also better from our individual point of view. By which I mean, today, largely, we are in a Web 2.0 world. And the Web 3.0 world is being created; the technology stack for the Web 3.0 world is not yet complete... And the hope is that when the technology stack for Web 3.0 is done and rolled out and more widely available, individual citizens like you and I will have more control over our own data.

So till we don't have that Web 3.0 [stack] commercially widely available—and it could be 5-10 years from now—in the meantime, we are at the mercy of the tech companies, and to some degree government regulations around them. And that's one reason why you're finding the tech companies collecting as much data as possible. Often the data being collected is not directly being used right now, but they are collecting it in the hope that maybe sometime in the future, they'll find ways to use it... the tech companies who are the leaders in the space have to adopt their own internal standards, internal ethics, in guiding some of their own actions. Some of it is happening, and I hope [will] become stronger, but a lot more needs to be done in this area.

Q: Another side of life that affects all of us is love. Do you think with the amount of data we have, will we algorithmically be able to find our soul mate?

A: You're asking me all the tough questions. I hope it'll allow us to find love not just in terms of the person we choose to love, but also in terms of things we love to do. Because I really think that AI will allow us more possibilities, will give us more skills—I might be a terrible musician, but with some AI maybe I can compose better music. So what I'm saying is that it'll help us to do more of the kind of activities we love, and maybe love and find the right people also. But hopefully, that is a positive note to end on. It'll help us to become more loving and more loved and hopefully become better individuals and better human beings. BT

For the video of the interview, log on to businesstoday.in; *Turn to page 92 to find out what else happened at Business Today's India@100 Summit*

MANAGING RISKS IN THE ERA OF DIGITAL TRANSFORMATION

The ongoing digital revolution has compelled businesses to rethink their strategies for engaging customers and delivering value. The COVID-19 pandemic has further highlighted the significance of digital transformation for industries, businesses, and society at large. However, as organizations embrace this transformation, addressing risks beyond conventional ones is crucial. To effectively manage these risks, companies must adopt a proactive approach, identify potential threats, and develop mitigation strategies. Additionally, employees should be equipped with the necessary skills to navigate the changes and monitor the progress of digital transformation. In a recent discussion hosted by Sourav Majumdar, Editor of Business Today, the panelist consisting of Kaivalya V, Founder and CTO, Zepto, Siddharth Vishwanath, PwC Cyber leader, and Shankar Viswanathan, CIO, Sundaram Clayton Limited, shared insights on preparing for and mitigating risks during digital transformation.

UNDERSTANDING THE GEOPOLITICAL SCENARIO: The discussion began with Siddharth Vishwanath, PwC Cyber Leader, explaining the responses gathered from clients around risk in the current geopolitical scenario. He highlighted two key areas: supply chain risk and partnerships as organizations are concerned about potential sanctions on countries and the need to hedge against such risks. They are also cautious when entering into partnerships, ensuring they are not involved with entities associated with money laundering or sanctions.

RISK MANAGEMENT IN GROCERIES DELIVERY BUSINESS: Kaivalya V, Founder and CTO of Zepto, discussed the risks involved in their business, which focuses on delivering groceries and essentials. While supply chain risks exist, Kaivalya emphasized the significance of security and cybersecurity due to the massive amount of customer data involved. Zepto is investing in financial controls and governance to mitigate risks and ensure a successful outcome in the long run.

CYBERSECURITY AS A TOP RISK: Shankar Viswanathan, CIO of Sundaram Clayton Limited, emphasized the importance of cybersecurity as one of the biggest risks faced by organizations. With state actors leveraging cyber threats and attacks becoming increasingly sophisticated, protecting critical infrastructure and intellectual property has become a constant and evolving battle. Shankar Viswanathan stressed the need for strong protection systems and continuous vigilance to combat cyber threats effectively.

DIGITAL TRANSFORMATION: RISKS AND OPPORTUNITIES: The discussion also touched upon the risks and opportunities associated with digital transformation. While digital transformation introduces new risks, it also provides opportunities for growth and competitive advantage. Shankar Viswanathan highlighted the need to embrace digital transformation but at the same time cautioned against overreliance on technology without implementing proper guardrails. Data-driven decision-making and predictive analytics through AI were identified as opportunities for businesses to improve their performance.

AI AND PEOPLE-CENTRIC APPROACH: The conversation then turned to the role of AI in digital transformation. Kaivalya explained how Zepto's business heavily relies on AI and machine learning for forecasting, inventory planning, and personalized customer experiences. While AI presents opportunities, Siddharth emphasized the importance of testing and deploying AI in the right manner to mitigate biases. The discussion also touched upon the challenges of managing and securing vast amounts of data generated by AI systems.

SKILL DEVELOPMENT AND CHANGE MANAGEMENT: The panelists discussed the importance of skill development and change management during digital transformation. Shankar emphasized the need to focus on interpreting AI-driven insights and ensuring employees can effectively use technology. He highlighted their investment in training programs, including cybersecurity hygiene, and collaboration with external experts to drive digital transformation successfully. Kaivalya shared examples of how Zepto leverages technology to address challenges faced by delivery partners and farmers, ensuring better safety and financial visibility for all stakeholders.

CONCLUSION: As the discussion drew to a close, the experts acknowledged that Indian companies have made significant strides in their digital transformation journeys. While risks persist, organizations are taking proactive measures to manage them effectively. The discussion highlighted the importance of cybersecurity, AI deployment, skill development, and change management in achieving successful digital transformation outcomes. In an era of rapid technological advancements, companies must remain vigilant, adapt to change, and seize the opportunities presented by the digital landscape.

FASTEN YOUR

SEAT BELTS, PLEASE

ILLUSTRATION BY **PRABAL BISWAS**

MOST MARKET EXPERTS ARE BULLISH ON INDIAN EQUITIES RIGHT NOW, BUT SOME CAUTION NEVER HURT ANYONE. NOW IS A GOOD TIME TO TAKE NOTE OF SOME OF THE HEADWINDS THAT COULD MAKE THE RIDE BUMPY FOR INVESTORS

BY **ASHISH RUKHAIYAR** & **RAHUL OBEROI**

“THE FOUR MOST dangerous words in investing are: it’s different this time.”

This oft-repeated quote in reference to the stock market was uttered by legendary investor and money manager Sir John Templeton. The mutual fund pioneer would certainly know. His Templeton Growth Fund launched in 1954 delivered 15 per cent returns annually for 38 consecutive years. The quote may well have been uttered ages ago, but it has stood the test of time. There is no market cycle—especially periods of upswings—when a large section of market experts has not uttered the same four dangerous words: it’s different this time.

Interestingly, it’s no different this time, too!

Both the Indian benchmark indices—the BSE Sensex and the broader Nifty 50 of the National Stock Exchange—touched their respective highs in July, and market experts were quick to point out how the rally in the Indian stock market was different this time around, especially when many other foreign markets were struggling amid global and their own set of domestic headwinds.

For India, the strong domestic growth and consumption story, along with the government’s focus on infrastructure and initiatives like ‘Make in India’ and the production-linked incentive (PLI) scheme, were said to be driving the markets. Further, strong liquidity support from both foreign and domestic institutional investors is also being held up as a huge catalyst. The period between March and July has seen foreign portfolio investors (FPIs) ploughing in more than $19 billion in Indian equities, with the months of May, June and July registering inflows of over $5 billion each. Domestic institutional investors (DIIs)—mutual funds, banks, insurance companies, domestic financial institutions and the National Pension System (NPS)—are also not far behind, with net flows of $11.20 billion in the current calendar year till August 16.

But, is it really different this time? If yes, then there shouldn’t have been any correction, because only the absence of an ensuing fall after record highs would make this market cycle any different. The benchmark Sensex has fallen more than 2,200 points, or nearly 3.3 per cent till August 14, from its all-time high of 67,619.17, touched only on July 20.

Incidentally, the Indian benchmark—that was amongst the best performing ones in the current calendar year (CY23) when it touched its new high in July—currently lags in returns when compared with global and Asian peers including the S&P 500 of the US, Japan’s Nikkei, South Korea’s Kospi and Brazil’s Bovespa.

THE RISK & REWARD PARADIGM

KEY RISKS	KEY POSITIVES
● High earnings growth expectations	● Higher infrastructure spends ahead of elections
● Political surprises (state/general elections)	● Recession no longer a risk in India
● Global equity markets correction	● Monetary policy moving towards final leg of rate hikes
● Higher crude oil prices; inflation	● Strong liquidity support from foreign and domestic institutions
● Future US Fed commentary and actions	● Better-than-expected economic recovery; strong balance sheets
● Possible recession in developed markets	● Resilience of the Indian economy
● Feared El Niño pattern actually occurs and India receives deficient monsoon	● Initiatives like PLI and Make in India can help boost manufacturing

(See chart *Market Metrics*.) History is replete with instances when markets have moved in cycles, and each cycle has comprised of an upswing and a downswing; only the periods of the swings differ, but the composition stays the same. And, hence, some of the most successful stock market investors—including the legendary Warren Buffet—have repeatedly said that it is just not possible to time the market to get the maximum returns.

There is little doubt that equities have proved to be the best asset class in terms of returns over the long term, but one should never forget another important adage, perhaps more relevant than what Templeton said: "Stock market investments are subject to market risks."

FACTORS OF RISK

Business Today reached out to some of the most prominent market experts—domestic and foreign brokerages, mutual funds, portfolio managers and well-known individual investors—to gauge their views on what they feel the market could have in store in the coming months. More specifically, the aim was to understand the key risks that investors should bear in mind while investing, even as an increasing number of individuals, especially retail ones, take the plunge into the capital markets and put their hard-earned money in stocks.

There is no dearth of risks, both on the global and domestic front, is the firm conclusion of the experts. But in this instance, the proof of the pudding lies not in gorging on the current good run in the markets blindly, but in understanding the risks thoroughly and navigating them smartly, they say.

Inflation, elevated expectations of earnings growth, rising crude prices, the hawkish stance of central banks globally (especially the US Federal Reserve), any slowdown in FPI and DII flows, the possibility of recession, or recession-like scenarios in some developed markets, the impact of a potentially deficient monsoon, and political surprises at the upcoming state and general elections are all top contenders to be the biggest risks facing the markets. "A busy political calendar in the coming months remains a risk. We could see volatility in the markets as some of the key states go for state elections," says Amish Shah, Head of India Research of BofA Securities India. "Further, one could expect near-term headwinds from erratic rains weighing on inflation, rising crude prices impacting margins in select sectors, and a potential economic stimulus in China impacting FPI flows to India," he adds, though he believes that the risks are transitory and likely to normalise over a year's time.

Indeed, as India's inflation has been on a steady

"The Street's growth expectations for Nifty 50 remain elevated; a busy political calendar, erratic rains, rising crude, and a potential stimulus in China impacting FPI flows to India are challenges"

AMISH SHAH
HEAD, INDIA RESEARCH, BOFA SECURITIES INDIA

"[The risks are] *global equity correction/de-rating as bond yields rise; higher oil prices which hurt India's twin deficits; and the risk that mass market consumption does not revive as expected*"

SANJAY MOOKIM
INDIA STRATEGIST AND HEAD OF RESEARCH, J.P. MORGAN

$15.1 BILLION
NET FPI FLOWS IN INDIAN EQUITIES IN CY23 TILL AUGUST 16, PER NSDL

$11.2 BILLION
NET DII FLOWS IN INDIAN EQUITIES IN CY23 TILL AUGUST 16, PER BSE

climb recently, with July seeing the consumer price index (CPI) jump to a 15-month high of 7.44 per cent, from 4.87 per cent in the previous month. (See graph *Uphill Run*.) On the other hand, crude oil prices—though much lower than the highs they touched around the middle of 2022 (they had stayed above the $110 a barrel-mark in most weeks between February and July 2022)—are still hovering around $85 a barrel. It was mostly below $80 between April and July this year. (See graph *Calm before the storm?*)

Sanjay Mookim, India Strategist and Head of Research at financial services giant J.P. Morgan, believes that higher oil prices—that hurt India's fiscal and current account deficits—is one of the key risks. "India's macro conditions have improved as the current account deficit has fallen sharply. Inflation has also fallen with lower commodity prices. Both of these can reverse if oil were to move higher," he says. This assumes significance as higher oil prices fuel inflation, which in turn leads to central banks raising interest rates to control inflation, a move that is not particularly liked by the stock markets.

The US Fed, unarguably the most powerful central bank globally, has already said that there are enough data points to build a case for further rate hikes. "Most participants continued to see significant upside risks to inflation, which could require further tightening of monetary policy," states the minutes of the US Fed's July 25-26 policy meeting. Deepak Jasani, Head of Retail Research at HDFC Securities, believes that the Fed's hawkish stance is another key risk facing the Indian stock markets. "High inflation and a more hawkish commentary or action from the US Fed than what the market is expecting, geopolitical events, or global debt related repercussions, could impact the global risk appetite going forward."

In a similar context, Mahesh Patil, Chief Investment Officer of Aditya Birla Sun Life AMC, says that future policy actions by the US Fed and the overall volatility in the global macro environment may be a dampener in the near term. He adds that the current boil in crude prices—up around 15 per cent in the past five months between March and August—can affect the Indian markets as they are actively tracked by domestic as well as foreign investors.

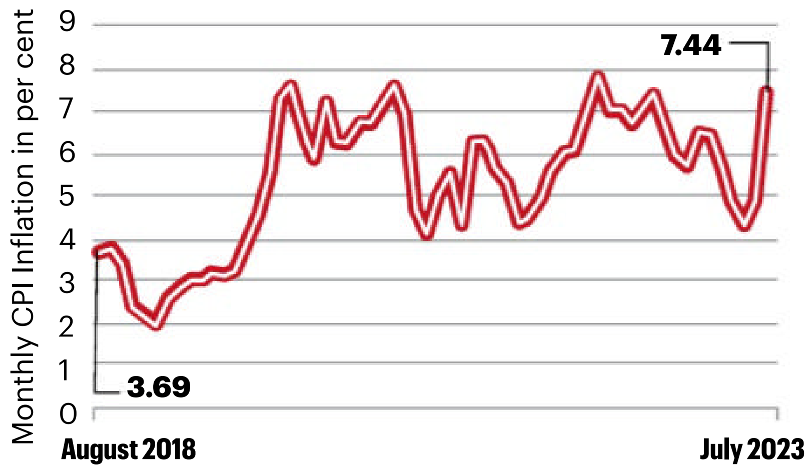
So, crude prices, again!

A NEXUS OF RISKS

It's not only about oil prices. All the risks are closely interlinked, even those related to earnings growth outlook and, as Patil points out, the liquidity flows coming from FPIs and DIIs. Rakesh Arora, Managing Partner of Go India Advisors and former head of India research at

UPHILL RUN

Retail inflation has crossed the RBI's comfort zone of 4 per cent, with commentary of it going higher



SOURCE CMIE ECONOMIC OUTLOOK

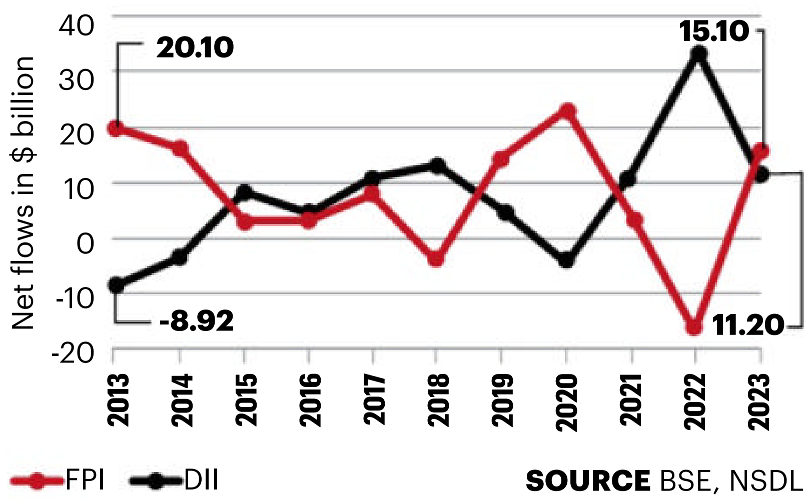
CALM BEFORE THE STORM?

Although stable now, crude oil prices have risen in recent months

SOURCE INVESTING.COM

TRACKING THE MONEY

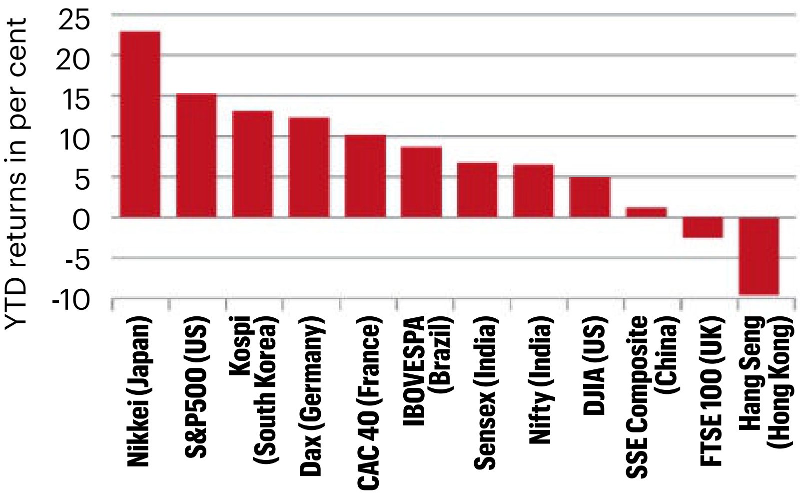
Inflows from DIIs and FIIs into the markets have mostly diverged over the years



SOURCE BSE, NSDL

MARKET METRICS

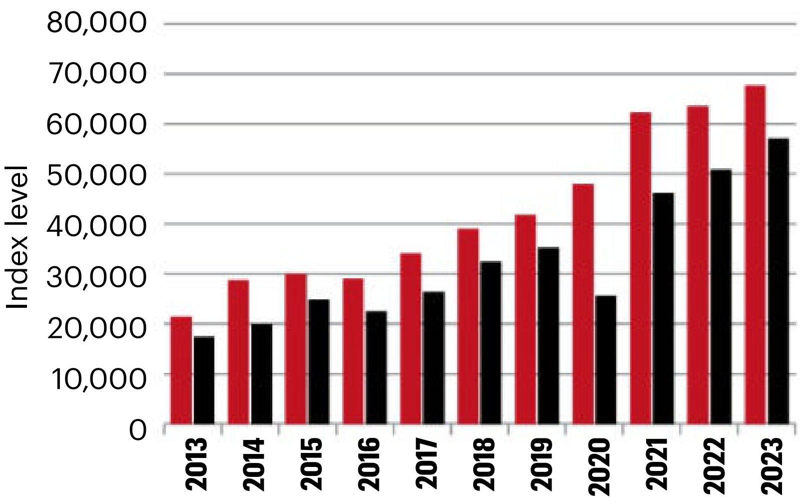
India's benchmark stock indices have given better returns than that of China



DATA AS OF AUGUST 16; **SOURCE:** *BT* RESEARCH

UP, UP, BUT VOLATILE

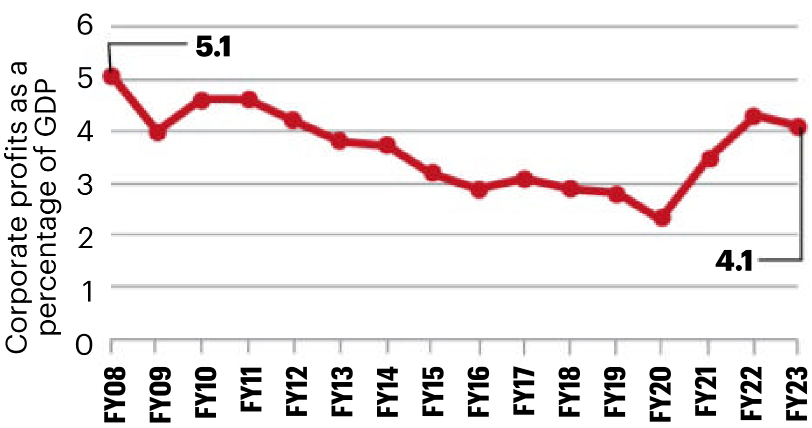
The market has managed to scale the 67,000-peak in 2023 despite wild swings in the past



● High ● Low **SOURCE** BSE

PROFITS' PROGRESS

Corporate profits as a share of GDP have recovered from the lows seen during the Covid-19 years



FIGURES INDICATE CORPORATE PROFITS AS A SHARE OF GDP; **SOURCE:** STANDARD CHARTERED REPORT

global financial firm Macquarie Group, says a deep recession in the US and Europe could force FPIs to pull money out of the domestic market on risk-off trade and inflation coming back. Further, a spike in oil prices could also lead to more interest rate hikes and squeeze corporate margins.

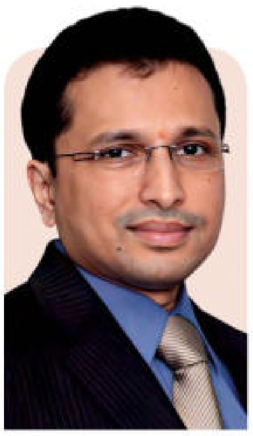
Interestingly, Arora, and a clutch of other leading market experts, believe that a surprise political outcome in the upcoming state and general elections could make the markets more jittery than usual. "Key state elections are coming up early next year. If the BJP's position is seen as shaky, the markets can start thinking of an unstable government being formed in the 2024 general election," says Arora. Elections in Madhya Pradesh, Chhattisgarh, Rajasthan, Mizoram and Telangana are scheduled for the coming months, with the general elections likely to be conducted around April-May 2024.

Jiten Doshi, Co-founder and Chief Investment Officer of Enam Asset Management Company, agrees that one of the key risks facing the stock markets is political in nature, in the form of an "unexpected electoral outcome in India and its medium-term effects on policy".

Meanwhile, the run-up to the general elections, combined with a busy state election schedule, typically gives rise to periods of intense volatility, though it is also known to dissipate rapidly. Gaurav Dua, Head of Capital Market Strategy at Sharekhan by BNP Paribas, also has a bullish view on the markets, but lists possible recession in developed markets, rising crude oil prices, and the forthcoming state elections as three key risks for the markets. "If the outcome [of the elections] is far worse than market expectations, it could have a meaningful impact on markets. However, it is generally seen that the known risks do get absorbed quickly. It is always the unknown risks that can lead to a sharp correction."

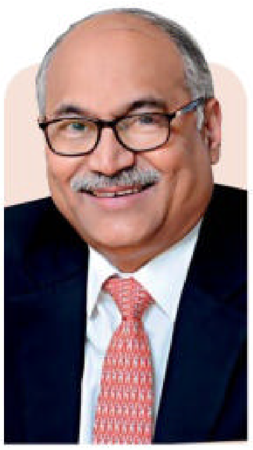
Interestingly, there is a silver lining associated with the electoral risk in terms of the government's enhanced focus on infrastructure spending to brush up its credentials before the elections. "Calendar year 2023 is a pre-election year. It has been observed that benchmark indices perform relatively well in the pre-election years... Support could continue from the government, which is keen to stimulate investment activity in newer sectors," says Jasani of HDFC Securities. He adds that initiatives like the PLI scheme can help boost manufacturing by wresting some supply chains away from China, propel exports, and attract rapidly-growing industries like semiconductors, electric vehicles and renewables that are of strategic geopolitical importance.

Similarly, Arora says that the government has already



"Future policy actions by the Fed and overall global volatility; spike in food and vegetable prices leading to higher-than-expected inflation; and a rise in expectations of a China stimulus [are risks]"

MAHESH PATIL
CIO, ADITYA BIRLA SUN LIFE AMC



"[The risks are] adverse developments in the international arena; a muddled economic performance from India; unexpected electoral outcome in India and its medium-term effects on policy"

JITEN DOSHI
CO-FOUNDER & CHIEF INVESTMENT OFFICER, ENAM AMC

stepped up infrastructure spending, and execution on the ground is expected to gather steam going ahead.

CORNERS OF POSITIVITY

When the benchmark BSE Sensex touched its all-time high of 67,619.17 on July 20, it had rallied a little over 11 per cent, compared to its 2022 close. More importantly, it had surged nearly 18.5 per cent from its low of 57,084.91 touched earlier this year. At its peak, it was among the best performing equity benchmark indices globally, though the ensuing correction has brought it to the middle of the pack.

As mentioned earlier, the rally was on the back of strong support in the form of factors like ample liquidity from FPIs and DIIs, resilience of the Indian economy, a better-than-expected economic recovery post-Covid-19, the strong balance sheets of corporates, and initiatives such as the PLI and 'Make in India' that are boosting manufacturing.

Experts say that while there are quite a few headwinds, there are a number of positives as well that can keep the market momentum going. The strong liquidity support is a big plus right now, with both FPIs and DIIs pumping in huge amounts of money to enhance their equity exposure in India. Incidentally, experts do not expect any quick reversal in these flows in the near future. "Given that India remains an oasis in a world of uncertainty around growth, inflation, interest rates, as well as geopolitical tensions, it would be reasonable not to expect any sharp outflows from the Indian markets in the absence of any negative developments," says Tejas Gutka, Fund Manager at Tata Mutual Fund, while adding the caveat that India's relative valuation premium could also act as a cap to high inflows.

Even prominent investor Vijay Kedia, MD of Kedia Securities, is "extremely bullish" on Indian equities. He lists strong FPI participation, private sector capex, and softening of inflation and interest rates as the key positives for the markets. "Over the next one year, the first six months should be bullish while the next six would be uncertain due to elections. After the elections, sentiment should improve as there is an in-built momentum in the economy, and therefore the next two to four years look very promising," he says, while forecasting the Sensex to hit the 70,000-mark by the end of 2023.

Similarly, Anish Tawakley, Deputy CIO for Equity and Head of Research at ICICI Prudential Mutual Fund, says that over the next one year, the economy is well positioned for a cyclical recovery to be led by home-building. Though on a valuation basis, he believes, the Indian markets are not cheap and there is a froth building up in mid- and small-caps. Positive for the medium-to long-term, he expects capital spending to increase in the home-building sector, and consequently corporate capex to pick up as well. "We expect home-building activity to pick up and create a virtuous cycle. Home-building creates employment and it consequently creates demand for manufactured goods. As demand picks up, corporate capex will also pick up," he adds.

A cyclical recovery is indeed imminent if one looks at metrics such as profitability as a share of the gross domestic product (GDP). For instance, the cumulative profit of NSE 500 companies as a share of the GDP has recovered and is close to the pre-pandemic levels. It has risen from 3.5 per cent in FY21 to 4.1 per cent in FY23, states a recent report from Standard Chartered. (See chart *Profits' Progress*.) "Long-standing policy reforms, political stability, significant infrastructure investments and technological advancements are likely to aid improvements in per-capita income, boost discretionary consumption demand and enhance corporate prof-

TAKING STOCK

A look at how far the companies in the benchmark Sensex are from their respective 52-week highs

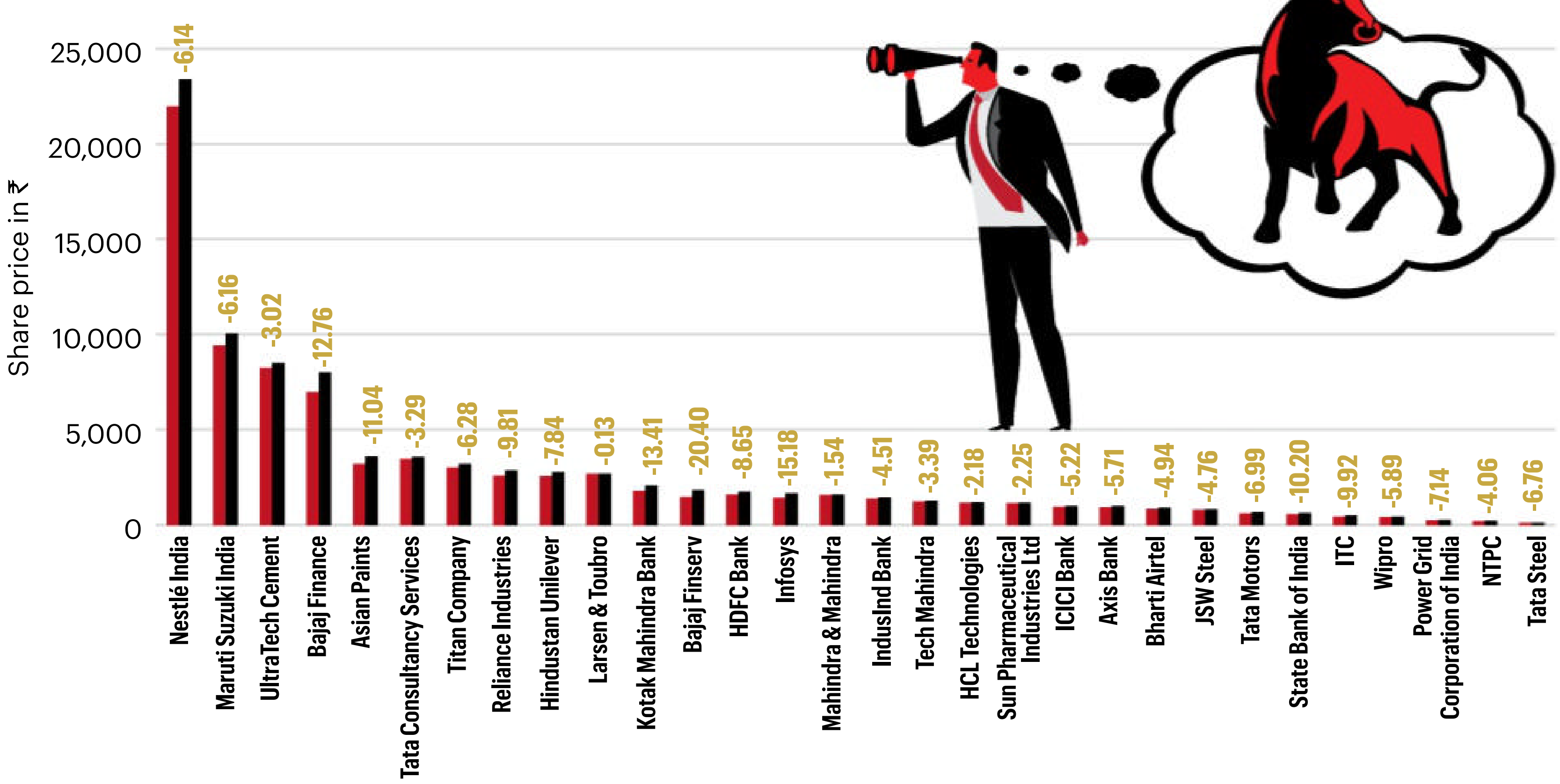


ILLUSTRATION BY **RAJ VERMA**

● CURRENT MARKET PRICE ● 52-WEEK HIGH PRICE
● FIGURES INDICATE CHANGE FROM 52-WEEK HIGH IN PER CENT

DATA AS OF AUGUST 16
SOURCE ACE EQUITY

itability," the report adds.

Discretionary spending is also a big positive on the list of most experts, due to which they are bullish on sectors that stand to benefit from such spending. Citing capital expenditure in sectors such as industrial, capital goods, infrastructure and cement, Sneha Poddar, AVP of Research, Broking and Distribution at Motilal Oswal Financial Services, says financials, automobiles and consumption will also show growth.

"In the case of auto, all the categories are expected to see growth as the festive season approaches, and rural demand is expected to see an improvement on the back of normal rains, better crop realisation, and easing inflation worries," she says, adding that the capex theme will continue its dream run with the government's strong thrust on infrastructure development, and the green shoots visible in private capex.

EXPERTS SAY THAT WHILE THERE ARE QUITE A FEW HEADWINDS, THERE ARE A NUMBER OF POSITIVES AS WELL THAT CAN KEEP THE MOMENTUM GOING

In terms of sectors, most experts are confident about real estate, building materials, capital goods, banking and financials, industrials, consumer durables, speciality chemicals, fast moving consumer goods (FMCG) and pharmaceuticals, at the current juncture. They cite the strength of the Indian economy as the reason.

"India's macros are in good shape," says V.K. Vijayakumar, Chief Investment Strategist of Geojit Financial Services. "The economy is in a sweet spot. The banking sector is in the pink of health, the corporate sector is deleveraged, private capex has started, and CAD (current account deficit)] and FD (fiscal deficit) are under control. India has been the fastest growing large economy in the world in 2021 and 2022, and it will continue to be the fastest growing large economy for many years to come."

Separately, sectors that most experts advise one to be careful about include IT and IT services, metals, utilities and commodities. To be sure, most of them say

"Foreign stock markets turning bearish; sentiments in local market turning euphoric [are risks]. Over the next year, the first half should be bullish while the next would be uncertain due to elections"

VIJAY KEDIA
MANAGING DIRECTOR, KEDIA SECURITIES

"[The risks are] possible recession in developed markets; rising crude prices; forthcoming state elections. If the outcome is worse than market expectations, it could have a meaningful impact"

GAURAV DUA
HEAD, CAPITAL MARKET STRATEGY, SHAREKHAN BY BNP PARIBAS

that the bearish outlook on these sectors is transitory in nature due to a combination of global and domestic headwinds, and a reversal of certain macroeconomic indicators will again make some of them the flavour of the season.

For instance, in the case of metals, Sujan Hajra, Chief Economist and Executive Director of Anand Rathi Shares and Stock Brokers, says that while the prices of several commodities, including crude oil and food grains have recently risen, most metal prices have remained weak due to concerns about demand. "Metals are a cyclical sector globally, and demand from China has a significant impact on the sector's performance... At the moment, however, the Chinese growth outlook doesn't appear promising... We anticipate that the sector will underperform over the next 12 months."

Incidentally, irrespective of the market cycle, there will always be certain sectors that most experts would be bullish about, while advising investors to stay away from certain others. So, what does that mean for investors, especially now when the markets have already corrected to a large extent after touching record highs?

THE FINAL LOW-DOWN

"We expect the current equity cycle to be analogous to the 2003-2008 bull cycle, when output growth rose sharply, inflation stayed stable and improvements in productivity drove a rise in investments," states the Standard Chartered report. During that period, higher investments did not lead to a widening of the current account deficit as the rise in savings was led by an improvement in public savings (fiscal consolidation), and private corporate savings, the report adds.

In a similar context, Neeraj Chadawar, Head of Quantitative Equity Research at Axis Securities, says the Indian economy will continue to remain in the sweet spot of growth, which would in turn be the biggest driver of Indian equities going forward. "The improvement in the balance sheets of India Inc. is another positive attribute, and a significant one at that, as it will ensure that Indian equities are on track to deliver double-digit returns in the next two to three years, led by double-digit earnings growth," he says.

Chadawar is not alone in being bullish. Amar Ambani, Group President and Head of Institutional Equities of YES Securities (India), is also "extremely bullish" on Indian equities, and believes that the long-term 'margin of safety' for Indian equities looks high. "Our self-sustaining consumption story, the government's ongoing infra focus, and the expected pick-up in private capex from the PLI schemes, and the China+1 paradigm playing out are among the key long-term positives," he says, adding that when FPI inflows come in strongly (like they did back in 2006) to complement the ongoing domestic liquidity flow into financial assets, Indian equities will definitely see euphoric growth.

The stock market seems to be an interesting place to be in right now. Whether one is a seasoned investor, or just a newbie making his or her first few bets, growth and returns ultimately boil down to how one perceives the risks, and whether they have done thorough due diligence before investing. At the end, one is reminded of what billionaire investor George Soros said: "It's not whether you're right or wrong that's important, but how much money you make when you're right, and how much you lose when you're wrong." **BT**

@ashishrukhaiyar, @iamrahuloberoi


An IMPACT Presentation
GAME
CHANGERS
Makarand Joshi
Dr. Viren Jayantilal Thakkar
Dr. Satyajit Singh
Rajesh Reddy
Dr. Ajay Bakshi

Logistics Park India

Defining the standards of excellence

Dr. Viren Jayantilal Thakkar, the visionary founder & CMD of the Nagpur based Logistics Park (India) Private Limited with his son Prasad Thakkar

Dr. Viren Jayantilal Thakkar, the visionary founder & CMD of the Nagpur based Logistics Park (India) Private Limited is a trendsetter in the Indian Logistics industry. Starting in 1993 from a 500 Sq. Ft. operational warehouse, his enterprise has now metamorphosed into a goliath with 2.35 Million Sq. Ft. of operational warehousing space. What started with a team of just 4 members, now boasts a workforce of 849 team members. This growth is a testament to the commitment and persistence of this B. Com Graduate who went on to do his MBA and then acquire a doctorate in his chosen field, Warehouse Management.

Today, Logistics Park (India) Private Limited is the leading 3PL (Third Party) Logistics Service Provider in Central India. Having expertise in the fields of Supply Chain Management, Warehousing Management and Logistics Management, the company is serving more than 50 National, Multinational Companies for Industries such as Automotive, FMCG, FMCD, Industrial and Pharmaceuticals.

Dr. Thakkar's visionary thought process and customer centric approach have defined his 30 years of excellence. He has strived to provide seamless, cost-effective, and efficient logistics solutions to clients while leveraging technology and innovation to optimize supply chain processes and create value for customers. Logistics Park was an early adopter of Information Technology. Today, it is equipped with cutting edge facilities like VSAT, dedicated voice & data leased lines, RF connectivity, its own customized ERP covering all operations, delivery tracking systems with complete power backup. The green warehouse designs significantly reduce their carbon footprint, adding another feather to their cap.

Logistics Park India's Warehouses are scientifically designed with high roofing and insulated warehousing space. They support Order Processing, Storage and Handling, offering Temperature controlled Cold Storages for Specialty goods. With Trimix flooring that supports high load bearing, they are just right for any Industrial Goods.

Their Transport Management Capabilities are impeccable with Primary, Secondary and Last Mile transportation solutions. Offering Shipment Track and trace, Hydra or Cranes and a versatile fleet for all types of movement including Reverse Logistics for return goods, Logistics Park India is the best in the business.

The icing on the cake is their Value Added Services. Apart from Statutory & Regulatory Compliances, they also help out with prepacking, repacking, kitting, branding and export packaging as per customer specifications. Offering Contract manufacturing that results in cost reduction in Primary Movement supported with Internal audit, Safety Audit and quality systems for process improvement and Inventory management, they are in a league to themselves.

There are entrepreneurs who are content in serving the needs of a limited set of customers. Then there are those that aim for the pole position. But in Dr. Thakkar, we have an individual who is virtually rewriting the standards of warehousing and logistics in India, playing a role of a dependable partner to innumerable businesses.

A person who wants his actions to initiate a positive change in society, Dr. Thakkar has led his organization to become the first 3PL Logistics Company to operate a Pink Warehouse in Central India, with the entire operations run by women. The company has implemented several sustainable initiatives, including Installation of Solar panels, Water Conservation Initiatives and waste management, Various CSR Activities, Tree plantation, and meaningful employee engagement programs.

Dr. Thakkar & Logistics Park India has been the recipient of many awards and accolades. He has been awarded the Vidarbha Ratna Award and Vidarbha Udyog Gaurav Award amongst others. The company has won more than 275 prestigious awards including the Rajiv Gandhi National Quality Award, IMC Ramakrishna Bajaj Quality Award, Golden Peacock National Award and Global Achievers.

MAKARAND JOSHI

Revolutionizing the Automotive Landscape with Innovative Solutions

Makarand Joshi believes, *"Success is not about being the best. It's about always getting better"*. He should know better. His spirit of constant improvement and evolution is making a significant impact in the various industries like automotive, construction equipment (earth moving machinery) industry, home appliances, Electronics & the TOY industry.

Makarand Joshi

Hailing from a middle-class Maharashtrian family, Makarand Joshi is a qualified Chemical Engineer. Working in various firms till 1991, the entrepreneurial bug bit him and he ventured into trading. A keen observer of the trends, his sharp mind mapped the needs of the future. By 1997, he had recognized the potential of foams and tapes across industries. He seized the opportunity to launch Trimoorty Autodeco Components. Commencing operations with a modest team of 10-15 employees in a small location at Paargaon-Khandala on the Pune-Satara road, that company has transformed into a sprawling establishment located at Khed-Shivapur, spread across 1 lac square feet. With a workforce of over 550 dedicated employees, Trimoorty now boasts a turnover exceeding Rs. 110 Crores.

Makarand's enterprise offers a wide range of products including foam and tape, as well as self-adhesive/non-adhesive foam parts, fabric laminated foam parts, aluminium laminated foam parts, seals & gaskets, thermoformed components, PU moulded foam components, heat shields/thermal jackets, over moulding plastic components, fabric insert moulded parts, foam parts, felt parts, foam tapes, door trims, and more. They serve various domestic and international clients from different industries, including automotive, home appliances, electronics, electricals, and construction equipment & TOYS industry.

Trimoorty specializes in the production of various industrial parts, demonstrating domain expertise par excellence in foam conversion services for NVH (noise, vibration, and harshness) applications. Their constant innovation in existing product lines aims to reduce noise, vibration, and harshness in vehicles & other machineries. As a leading foam manufacturing company, they also offer thermal and acoustic insulation, filtration, sealing, and packaging solutions. Their expertise extends to door trims and gaskets manufacturing, establishing them as one of India's leading automotive manufacturers and converters. It provides tailor-made solutions that cater to their clients' specific requirements. Offering cost-effective products, they actively promote the "Make In India" initiative. With in-house manufacturing facilities in Pune, Satara and Chennai, the company boasts over three decades of industry experience, unbeatable knowledge, and high-tech solutions.

Trimoorty counts renowned companies such as Tata Motors, Mahindra and Mahindra, Volkswagen, Hyundai, Caterpillar, Whirlpool, Tata Hitachi, Mahle Anand group, Piaggio, Hero Motors, Godrej, Siemens, Sigma and Doosan Bobcat etc. amongst its esteemed clients.

Makarand Joshi, popularly known as MJ, acknowledges that entrepreneurship was not a cakewalk. His biggest challenge was the worldwide recession of 2008-09, which severely impacted his business. The business has rebounded since then, growing at a remarkable rate of 20% per year aiming to reach the Rs. 200 crore mark soon. His sons have joined the firm, adding a heft to his growth plans. The elder son Mihir has completed his M.Sc. Business Development & International Law from Kingston University, UK while the younger son Vedant has completed M.Sc.Finance from University of Bath, School of Management, UK.

A recipient of the prestigious "Technology and Innovations" business award from the Government of India under the "Make In India" initiative, Makarand is reshaping the future of the insulation industry in India. He attributes his success to the importance of people and a positive attitude.

His mantra of keeping things simple and inspiring his people to realise their unlimited dreams and achieving greatness, has catapulted his company to the big league as one of the leading automotive manufacturers and converters in India. He exudes the same passion in his social work to give back to the society.

A man not given to resting on past laurels, Makarand has since entered the TOYS industry. His team has developed various Foam Toys for Kids, to the overwhelming response from the Toys industry majors from National & International market.

We see Makarand and Trimoorty marching ahead, leaving their imprint of success across industries.

Rajesh Reddy
Taking Poultry Farming to the next level

Born in a family of Poultry Farmers, Rajesh he had experienced the challenges, the fluctuations and the nature of the industry. Understanding the role of poultry in stabilizing the revenues of small farmers, and importance of providing proteins at an affordable cost to the masses, he has taken upon himself, the task of redefining this industry.

RAJESH REDDY

Rajesh Reddy has the right credentials. Apart from his upbringing, he has a master's in business management from ICFAI University, which helped set the stage for his successful career.

Recognizing the potential of this industry to boost the rural economy and provide affordable protein, Rajesh founded SR Agro Farms in 2011. Through a comprehensive integration approach involving breeder farms, hatcheries and a feed plant, Rajesh empowered farmers by providing them with healthy chicks, high-quality nutritious feed and hands on training on bird care. With this approach, he has been able to build a network of over 100 farmers who work with the company, producing nutritious chicken.

In 2023, Rajesh Reddy institutionalised his commitment to nourishing communities by launching SR's Daily Nutrition, a chain of retail outlets in Bengaluru, showcasing their robust farm-to-table capabilities. SRAF Proteins unwavering dedication to quality and traceability ensures delivery of fresh and nutritious poultry products directly to your table.

"Food is not just fuel for survival but a source of good health and nourishment for the soul, " says Rajesh. A significant portion, around 80%, of the Indian population fails to meet their daily protein requirements. Unfortunately, the sources of protein available are not affordable for the majority. However, because of regional differences and diverse dietary preferences in India, not everyone consumes chicken or eggs on a daily basis. This poses a challenge for the industry. "Many people hold misconceptions and myths about processed chicken, further complicating the situation. SRAF farms ensure that the chickens we provide are free of chemical residues, making it nutritious and safe to consume. By addressing these challenges and promoting the benefits of protein, SRAF Proteins aims to improve access to affordable and high-quality protein sources for the population," Reddy points out.

The turning point for the company came during the Covid-19 pandemic. The importance of quality protein was well recognised during this time. Rajesh connected the dots between health, immunity and protein, with SR's Daily Nutrition. Heading a people-centric organisation, he envisions and plans for the future, aiming To be a true change-maker in the industry. The brand's vision at SRAF Proteins Pvt. Ltd. is to provide wholesome and nutritious poultry products while positively impacting the lives of the customers and the communities they serve.

Rajesh strongly believes in three crucial factors that contribute to the company's success: quality, consistency, and customer satisfaction. These pillars form the foundation of their operations and drive them to deliver excellence in everything they do. This approach has led to a lot of awards and accolades.The Honourable Governor of Andhra Pradesh, Sri Biswa Bhusan Harichandan, awarded them the Business Excellence Awards 2023 for the best poultry company of the year 2023.

Forbes India's February 2023 issue featured Rajesh. He also received business excellence awards at the Asia-UK business excellence awards at the Parliament House of Commons in London, UK. Rajesh was awarded as Best Entrepreneur of the Year (Agriculture) at the prestigious MSME India Business Convention Tech India Transformations Awards 2023. They also won the Dr. APJ Abul Kalam Inspirational Awards 2023 for Best Poultry Company of the Year

Dr. Satyajit Singh: An illustrious life dedicated to Mankind

Born in a family of social activists, Dr. Satyajit Singh has used his medical knowledge as a tool to better the lives of the needy and underserved people of his state. His firm belief in the wellbeing of mankind sees him being a part of international movements that try to put the planet and the human race ahead of anything else.


Dr. Satyajit Singh

An alumni of the prestigious Patna Medical College and Hospital, Dr. Satyajit Singh has always been doing his bit for society. What started off as a volunteer collecting grain & cloths for affected people during drought or flood anywhere in Bihar, became an obsession later. In April 1971, during the third year of his medical education, he took the initiative to set up a health camp at West Bengal- East Bengal border within a fortnight of the beginning hostilities between Pakistan and Bangladesh's Mukti Bahani. A team of medical students and physicians maintained the medical relief camp, treating refugees and border guards alike. He was awarded the PMCH College Color for this act.

Post MS in Patna, he moved to the UK to further his education. His career blossomed in the UK became consultant urologist and established his private practice. Then he moved to Saudi Arabia and joined an American hospital for 2 years as a consultant urologist before coming back home in 1996. His heart however was always committed to his home state of Bihar. In 1996, after 17 years of working in an international ambience, he gave up a high profile life to move back and establish the Ruban Hospital.

Ruban is the only Bihari brand in the healthcare sector with the tag line "बिहार का अपना अस्पताल". Starting off with 2 beds, it was the first lithotripsy in Bihar and Jharkhand. Within three years, Dr. Singh expanded it to a 45 bed hospital boasting of a full range of services catering to Urology, Laparoscopic surgery and Nephrology. In 2010, he performed the first Kidney transplant in Bihar.

In 2014 Ruban memorial hospital moved to bigger premises to establish 400 beds multi speciality hospital including 100 beds state of art critical care unit & ICU. Services includes to include cardiology & CTVS with Cath lab, Orthopedics including arthroscopic & arthroplasty, Neurology & Neurosurgery including spinal surgery, Otolaryngology, Plastic and reconstructive surgery, Respiratory, Gastroenterology as well as Medical and Surgical Oncology. That apart, an advanced laparoscopic General & Urology department and a well-equipped 15 beds emergency ward for trauma and medical & surgical emergencies was also set up.

In 2019, he started a 50 bed hospital for Women and Children with the most modern Neonatology, Paediatric ICU, general paediatrics, Paediatric surgery and a sound proof labour room. In collaboration with a reputed Delhi hospital, he has launched a Hepato-pancreatic-biliary unit with provision for Liver transplant. Future plan is to introduce Robotic surgery, a world class Spinal Centre with robust Rehabilitation Centre in a sprawling 20 acre with a medical and paramedical college. With view to serve rural people started 25 bedded regional centre at rajgir.

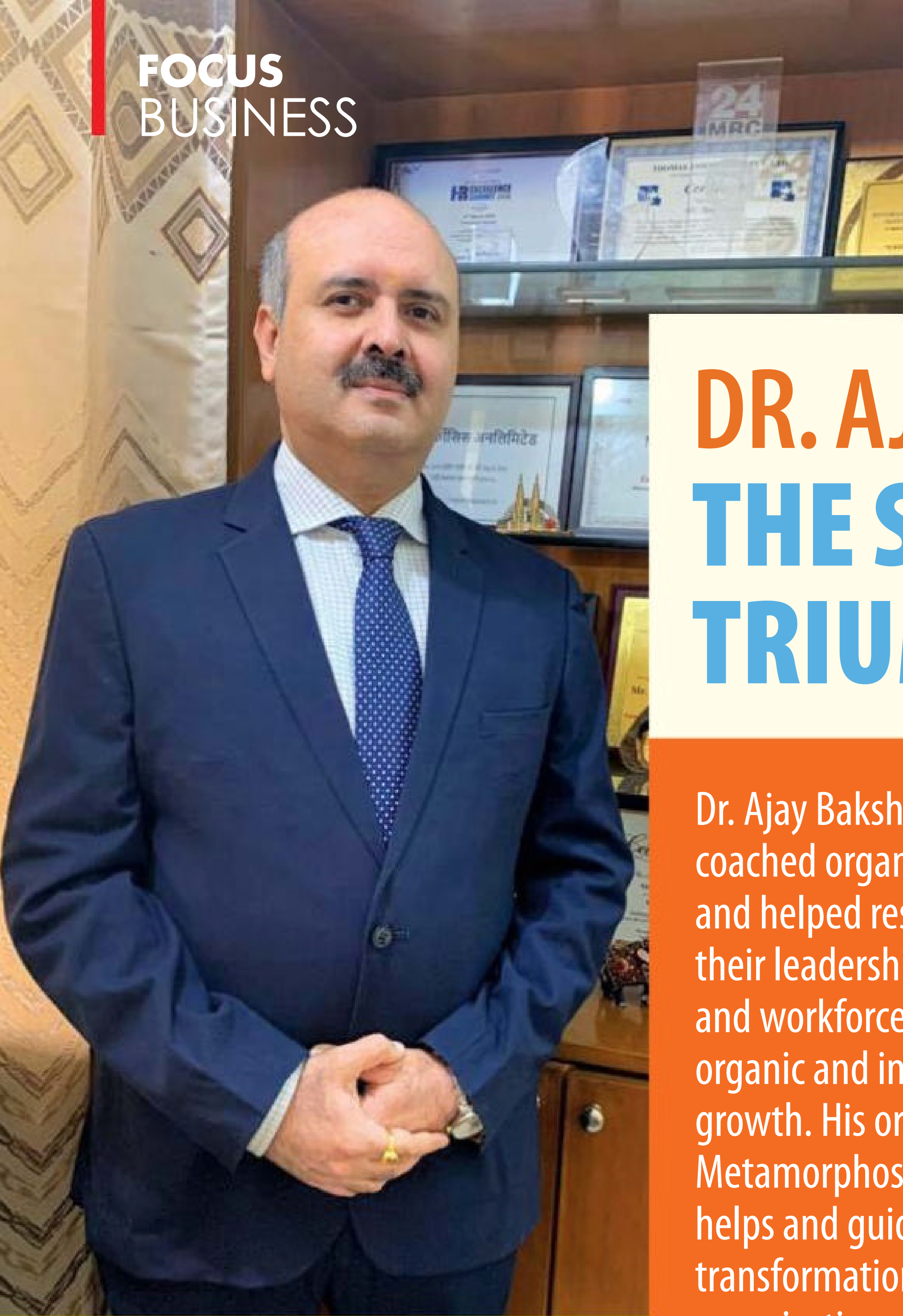
Dr. Singh motivated by his elder brother Col A. K Singh to return back home from UK. He is ably assisted by Dr. Bibha Singh as the Chairperson, Dr. Satyajit Singh as the Senior Urologist & MD, Dr.Sanjit Singh as the Consultant Spinal Surgeon and Avijit Singh who is the MD of Ruban Group of Hospitals. With 430 beds, Ruban Group is the largest hospital in Bihar and Jharkhand. An NABH & NABL accredited hospital recognized by National Board for Examination for post graduate teaching, it is empanelled by all government agencies including CGHS, ECHS & CAPF.

Dr.Singh is still associated with social causes. He is Vice President of Medical Service Centre, an organization of doctors of all streams and other health workers. He is also the Vice President of Indian Doctors for Peace & Development (IDPD). Affiliated to two International Nobel Peace organizations, he was invited to attend the 2018 peace prize ceremony at Palace of Peace in Oslo. His work on adverse effects on the health status of Jaduguda Uranium mines workers has been presented, documented and broadcast internationally. He is also vice chairman of CII Bihar for his recognition as medical entrepreneur.

His current passion is restoring the Sitaram Ashram near Patna. Established in 1927 by Swami Sahajanand Saraswati, the ashram imparted education specially Sanskrit. It had an Ayurvedic clinic and undertook welfare activities for farmers. Dr. Singh has reintroduced all these activities, reviving its glory.

DR. AJAY BAKSHI

THE SUCCESS COACH FOR TRIUMPHANT LEADERS



Dr. Ajay Bakshi
Founded, Metamorphosis Unlimited

> Dr. Ajay Bakshi has coached organizations and helped restructure their leadership teams and workforce for organic and inorganic growth. His organization, Metamorphosis UnLimited helps and guides transformation, assisting organizations to become lean, nimble and efficient outfits.

Corporate success depends upon anticipating and planning for the future. Trust, Cooperation, Decisions and Connections are the major factors that shape the outcome. It calls for a team culture that promotes freedom, creativity, speed, flexibility and connects people with the organization. Metamorphosis Unlimited, the Pune based company founded by Dr. Ajay Bakshi focuses on developing the leadership skills of the existing human resources, to enhance the value of the organization and plot its success.

Ajay explains, "Creating a culture of high performance is all about driving accountability and ownership. This should result in growth that is scalable through processes, operational excellence and people. We work towards identifying the right leader internally as well as externally and strive to instill a culture of leadership in the organization." A qualified Mechanical Engineer from MIT Manipal and an MBA from Pune University, Ajay is celebrated as a HR thought leader. An Ex CHRO, Board Director and Business Leader with 30 years of extensive experience in work force management, he is a veteran in transforming organizations by empowering its people. He was awarded and recognized by Economic Times for his contribution in Executive Coaching and Change Management.

Ajay has perfected a two-step process to transform the People who man an organization. He says, "Emphasis should be on identifying leadership potential, which means the person should grow up to take up larger responsibilities in the future. Recruitment of high performing leaders using a detailed assessment model that combines psychometrics, competency based interviews, potential assessment interviews and culture fit simulations help hiring the right person for the right role".

Metamorphosis Unlimited provides services that include strategies to implement changes that foster a culture conducive to innovation and high performing leadership. It organizes executive coaching programs, working with business leaders to address their problems by converting them into actionable opportunities that help differentiate themselves into the marketplace. Working with CEOs to CXOs and emerging leaders, Ajay helps in developing strategies and aligning the goals of various departments to the overall organizational goal.

The Metamorphosis approach is an immersive process that includes classroom training, online training, on the job projects and group coaching to transform individuals into world class managers. They are trained in the areas of – managing self, managing others and managing performance. The training includes goal setting, performance enhancement, feedback handling, coaching and development of their team, motivating and rewarding teams and conflict handling. Ajay explains, "Many first time managers have grown up from being individual contributors to managerial levels on their performance. Most of them need to be formally trained in leadership skills to have a successful career transition".

Metamorphosis has evolved as a fully integrated leadership development firm with expertise in Executive Coaching, Leadership training, Top Talent Management Integration and Culture transformation apart from being a C-Suite coach to CEOs & CXOs across 100 plus global clients including MNCs, PSUs, Government undertakings and Family run businesses. Its clients include reputed corporates like Volkswagen IT Services, Tata Motors, Tamil Nadu Water Investment Company, Mahindra Ltd., Tata Tinplate Ltd., Prudential Global Services (India)., Honda Group., HSBC., Standard Chartered., UBS., Coca Cola Beverages and Indian Oil Corporation amongst others. With offices in Mumbai, Bangalore, South Africa, UK and Switzerland, the firm's growth is a testament to the universal nature of the human quest for excellence. As Ajay says, "It is only when you address the pillars of wellness, the organization prospers". As the author of "Build to Outperform", a book for first time managers and middle level managers, he knows the terrain well. The book is available on Amazon, Flipkart and Kindle amongst others.

For Metamorphosis it is an ongoing process. Their quest for excellence reflects the progress of the Corporate World.


IT

BOOM & DOOM

STAGNANT STARTING SALARIES, APPEALING NEW TECH JOBS IN OTHER SECTORS, FREQUENT MARKET VOLATILITY, AND NOW ONBOARDING DELAYS. IT SERVICES COMPANIES, THE MOST SOUGHT-AFTER MASS RECRUITERS, ARE AT RISK OF LOSING THEIR ALLURE AMONG STUDENTS

BY **VIDYA S.**

N

NITIN GUPTA, A 23-year-old engineering graduate from SVCE Nellore in Andhra Pradesh, received a job offer from Mindtree in April 2022 before its merger with L&T Infotech. Cut to August 2023, a year-and-a-half and multiple rounds of pre-onboarding training tests later, his offer has been revoked. Reason: He failed a pre-onboarding test in July 2023. "There is a disparity between the score my trainer gave me and what the management says I have scored. There is no clarity from them as to how the scores are different," says Gupta.

His plight is similar to that of several thousands of freshers from the 2022 and 2023 batches of engineering colleges who bagged jobs with IT services companies, on- or off campus, but are facing endless onboarding delays. If many have not heard back from their prospective employers about a joining date after being promised a job over a year ago, for others it is little solace when companies keep extending joining dates every two-three months. Still others have been compelled to undergo additional training even as their offer letters are nearing expiry, while some like Gupta have had their offers rescinded. They are essentially adrift in an uncertain tech job market.

After the euphoric days of 2021 up to September-October 2022 where the likes of TCS, Infosys, Wipro, HCL, Tech Mahindra, Cognizant, Accenture and several other IT firms hired freshers in droves in anticipation of growth, they are now planning to cut back on hiring freshers due to a weak deal pipeline amid lingering recessionary fears in the US. Staffing firm TeamLease Digital has projected a 30 per cent year-on-year decline in FY24.

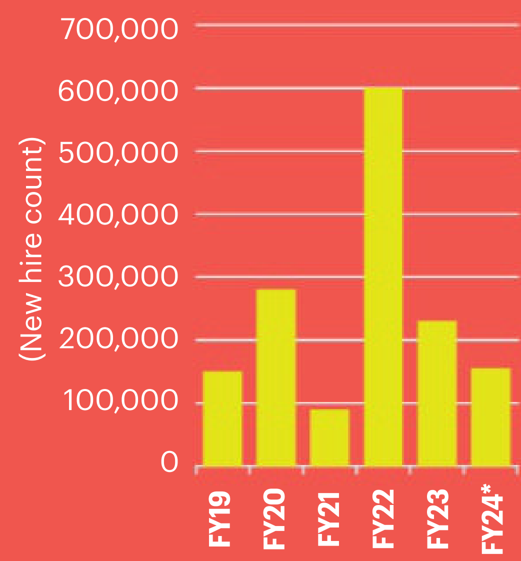
Harpreet Singh Saluja, President of Nascent Information Technology Employees Senate (NITES), estimates the employees' union has received complaints of onboarding delays from 20,000-25,000 students in the past two batches. "Our contention is that if the business was down, what was the need to issue so many offer letters to these freshers?"

Colleges say some firms have intimated them of a delay in joining dates, while others have kept them hanging. However, firms have a different view. "TCS has always honoured every offer of employment made and will continue to do so. As is the case every year, we onboard trainees in a staggered manner across quarters in line with demand. We have commenced onboarding of trainees starting Q1FY24 and will continue to have batches joining us on a quarterly basis," says Girish Nandimath, Global Head of Talent Acquisition & Academic Interface of TCS. Harshvendra Soin, Global Chief People Officer and Head of Marketing at Tech Mahindra, without mentioning a timeline, says: "We have already started the onboarding process for last year's campus selects, and joining will start in multiple batches." Wipro, Infosys, Cognizant, Capgemini, HCL, LTIMindtree and Mphasis did not respond to *BT*'s queries.

IT Industry body Nasscom's Senior VP and Chief Strategy Officer Sangeeta Gupta says, "Everybody thought the acceleration in tech spending post-Covid-19 was the new normal, but the global environment shifted and you rec-

RISE AND FALL

Hiring count of freshers in the IT industry over the years



*Projected

Source TeamLease Digital, Industry

₹3.5-4
LAKH PER ANNUM
THE LEVEL AT WHICH FRESHERS' SALARIES AT IT SERVICES FIRMS HAVE STAGNATED OVER THE PAST DECADE

6-9
MONTHS
THE DURATION OF MANDATORY TRAINING FRESHERS UNDERGO BEFORE BEING DEPLOYED INTO IT PROJECTS

5.4
MILLION
THE NUMBER OF PEOPLE EMPLOYED BY THE TECH INDUSTRY, A LARGE MAJORITY OF WHOM ARE IN IT SERVICES

1.5
MILLION
THE NUMBER OF ENGINEERS WHO GRADUATE EVERY YEAR IN INDIA. THE IT SECTOR TYPICALLY ABSORBS 20-25 PER CENT OF THEM

WHO SAID WHAT

IT services majors have set a muted freshers' hiring outlook because of a weak deal pipeline and uncertainty about demand rising in the next quarters due to recessionary fears

WHAT FRESHERS SAY

1 Students have alleged that firms such as TCS, Infosys, Wipro, Tech Mahindra, Capgemini, Accenture, Mphasis and LTIMindtree have delayed onboarding despite issuing offer letters nearly a year ago

2 According to the candidates, some companies keep pushing back the joining date by a few months, while others want them to complete additional certification and training programmes during the waiting period

COMMENTARY FROM COMPANIES

K. KRITHIVASAN, CEO & MD, TCS
"We continue to hire freshers and we'll hire this quarter as well and that will continue... On the people side, we will be honouring all the job offers we have made but remain focussed on utilising the capacity we have already built up"

SALIL PAREKH, CEO, INFOSYS
"We still have a target for recruiting for the year. We have not given that target. We will look at that based on what the demand environment looks like and how we see the rest of the year playing out"

C. VIJAYAKUMAR, CEO & MD, HCLTECH
"There is also some amount of productivity-based releases that we expect to happen. So that will also feed into some of the growth. To that extent, we are not dependent on a lot of hiring for growth in Q2"

R. SUNDARARAJAN, CHIEF PEOPLE OFFICER, HCLTECH
"Next quarter (July-September) is typically the quarter where the fresher intake will be higher. So that will continue as planned. So, basis that, we will moderate our requirements for lateral hires"

Note: Comments made in July 2023

ognised there was over-hiring in the past two years." She adds that the onboarding delays may get resolved over the next two quarters as most companies have said they will honour all the offers.

"These are young people and this [delays and revoking of offers] is totally wrong," says T.V. Mohandas Pai, Chairman of Aarin Capital and former Infosys CFO. Industry veterans say firms should onboard freshers and train them right away, even if it means taking a hit financially for two-three quarters. "Yes, the business exigency is a real point. But they are still making profits and losing people at a reduced rate. They may have to hold on to surplus people for one-two quarters," adds Pai. Vineet Nayar, Founder Chairman of Sampark Foundation and former CEO of HCL Technologies, says: "Growth will come back for sure, today or tomorrow. It would be a wise decision to onboard freshers now and win their trust and respect." Veteran CHRO Prabir Jha, Founder and CEO of boutique HR firm Prabir Jha People Advisory, says companies should have either honoured onboarding timelines or withdrawn offers. "It would have been a difficult but more honest decision."

THE $245-BILLION IT services outsourcing industry, India's largest white-collar recruiter, is one of the biggest success stories to emerge from India. It typically absorbs 20-25 per cent of the 1.5 million engineering graduates in India every year. However, the halo is fading lately among freshers of second-tier colleges, where the behemoths usually hire en masse.

"We see a decline in the number of students applying for these jobs over the past four years... The charm is fading for IT services companies," says Vivekanandan M.S., Associate Director and Head of the Directorate of Corporate Relations and Career Services at SRM University (Andhra Pradesh). Hari Om Bansal, Unit Chief of Placements at BITS Pilani, says IT services firms were in vogue 8-10 years ago. "Now, IT product firms have taken over. They pay better, roles are more challenging and offer better exposure through foreign trips and students from premiere institutes prefer them," he says, referring to firms likes Microsoft, Amazon, Flipkart, Cisco and Oracle.

Colleges attribute the trend to low entry-level salaries that have stagnated at ₹3.5-4 lakh per annum (LPA) for over a decade, while the IT services industry's exports have grown multi-fold.

To attract youngsters with aspirations, several top IT companies have implemented differential hiring. For example, K.V. Sriram, Associate Director of Industry Liaison, Placement & Practice School at Manipal Institute of Technology, says that after receiving the initial offer, students can qualify for better pay and specialised roles within the same company. "This shows that IT services companies are trying to address students' aspirations."

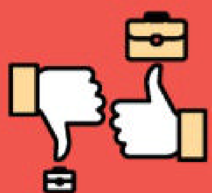
"Apart from regular roles that pay ₹3.5-4 LPA, the same companies offer a digital profile with a higher compensation of, say, ₹7 LPA," says SRM's Vivekanandan, adding that there is some interest from students for niche roles focussed on machine learning and cybersecurity. "The maximum pay services firms offer is ₹5-6 LPA, whereas product companies offer a minimum of ₹14-15 LPA. The difference is stark even compared to the niche roles that offer, say, ₹10 LPA," says BITS Pilani's Bansal, adding that the college is hosting just a few IT services firms and only for their niche roles for which two to three students get picked. Besides, SRM's Vivekanandan says, product firms also hire in good numbers, referring to a financial product company that recruited 150 students last year from his college for a compensation of ₹15 LPA.

"We have designed salaries tailored to each employee's skill set and job relevance. The remuneration for freshers is determined by the skills they have demonstrated during the selection process," says TechM's Soin.

MEANWHILE, TECHNOLOGY careers are no longer limited to IT services. Sectors such as financial services and automobiles continue to hire in good numbers for their tech functions, while consulting firms like the Big 4 auditors also recruit from engineering colleges, say hiring experts. Besides, the estimated 1,500 Global Capacity Centres (GCCs) in India added a net 150,000 jobs in FY23, closing the year with a headcount of 1.6 million, according to tech talent provider NLB Services.

"We train all our computer science and non-computer science students in programming languages and competitive coding, which enables them to get into top consulting, analytics and product companies that recruit them for tech skills. We also attract the top core engineering companies," says V. Samuel Rajkumar, Director of the Career

GREENER PASTURES



As starting pay has stagnated at ₹3.5-4 lakh per annum in IT services, students are turning elsewhere. Product firms like Amazon and Google pay ₹10-15 lakh. Other industries such as banking and auto have also ramped up tech hiring

Global Capacity Centres (GCCs) in India are also stepping up hiring. They added a net 150,000 jobs in FY23, closing the year with a headcount of 1.6 million

The IT services companies themselves offer differentiated roles with higher salaries at select colleges, but top-tier colleges have reduced their reliance on them for campus placements

Development Centre at Vellore Institute of Technology. He adds that VIT was able to attract 300 GCCs last year for campus recruitments. "Our focus is on attracting more GCCs on campus. They offer a minimum of ₹6 LPA as CTC."

Students' changing preferences have led many Tier II colleges to minimise their reliance on IT services companies. SRM's Vivekanandan claims 150 high-paying product companies visit the campus in July-August with ₹10-20 LPA compensation packages and finish hiring before services firms.

bottom of the pyramid," says Soin.

"We have not discerned declining interest from freshers choosing IT jobs... Given the abundance of pool availability, we are not seeing any major impact on the supply side, but our focus is more on quality talent intake," says Nandimath of TCS.

Nasscom's Gupta disagrees that firms are having to reach lower for entry-level talent. "We were never IITs' top pick. It is mostly at the next rung of colleges that the services industry was hiring. The volumes the IT services industry hires will continue to make it a preferred employer in a country where so many engineers graduate every year."

"We have salaries tailored to each employee's skill set and job relevance. The remuneration for freshers is determined by the skills they have shown during the selection process"

HARSHVENDRA SOIN
GLOBAL CHIEF PEOPLE OFFICER AND HEAD-MARKETING, TECH MAHINDRA

"There is a decline in freshers' interest in IT services and operations...With IT firms not keeping their commitment (on onboarding), it will impact the quality of hiring in the coming years"

T.V. MOHANDAS PAI
CHAIRMAN, AARIN CAPITAL AND FORMER CFO, INFOSYS

According to Pai, more freshers from Tier III and IV colleges are joining IT services companies today because there is hardly any interest from Tier I colleges, while interest from Tier II colleges is waning.

TechM, for instance, has broadened its pool by hiring candidates from STEAM (science, technology, engineering, arts and mathematics) backgrounds, leveraging gig workforce, nearshore hiring in global locations and Tier II and Tier III cities in India. "We have increased hiring across all levels, especially at the bottom of the pyramid," says Soin.

To be sure, students still accept IT services job offers in large numbers. These firms hired 800,000 freshers over the past two financial years, per TeamLease Digital and industry estimates. But many accept them only as a backup until they bag higher-paying product jobs. Others join only to leave in a year or two once their market value rises following training. "The training given by software services companies is world-class. It pays to spend 1-1.5 years with them," says Pai.

Today's freshers are tomorrow's leaders and it is imperative for the industry to make itself attractive to the top talent from the Tier II colleges at least, the experts say.

Trim the industry's bloated belly to regain interest from top-notch students, veterans suggest. A lot of people stop writing code after four-five years to become managers and pen pushers, says Pai. "Cut the mid-level flab and pay freshers more. Let go of those at the top who are paid exorbitantly but are not productive or billable," he adds. Jha points out that artificial promotions and title changes as retention strategies have inflated costs. "Companies must be ruthless in ensuring promotions to middle- and senior-management are truly role-based." Nayar suggests going back to campuses with five-year salary projections. "These investments will pay back very quickly as IT services is a people's business. Organisations that believe in employees first will always win, both in down and up cycles." BT

@SaysVidya

NOT A POPULAR SCHEME

INTEREST IN THE NATIONAL PENSION SYSTEM HAS DWINDLED AMONG NON-GOVERNMENT EMPLOYEES THANKS TO THE PROLIFERATION OF OTHER LUCRATIVE RETIREMENT PLANNING OPTIONS

BY **NAVNEET DUBEY**
ILLUSTRATION BY **RAJ VERMA**

8.68 MILLION
TOTAL NUMBER OF GOVERNMENT EMPLOYEES, BOTH CENTRAL AND STATE, SUBSCRIBED TO NPS

4.85 MILLION
TOTAL NUMBER OF PRIVATE SECTOR EMPLOYEES WHO HAVE SUBSCRIBED TO NPS

L**AUNCHED AMID MUCH** fanfare in 2003, the New Pension Scheme was expected to herald a new dawn in India's financial architecture. The Pension Fund Regulatory and Development Authority was set up to oversee the scheme, and by 2009 the government opened it up to all citizens—it was made mandatory for government employees recruited after January 1, 2004.

The scheme, renamed the National Pension System (NPS), represented a major departure from the past, at least in the public sector, since it involved defined contributions from employees that are matched by the employer. Before NPS, the government offered defined benefits schemes that guaranteed a certain pension.

But as the NPS nears its twentieth anniversary, its private

sector subscriber numbers have failed to match those expectations, despite its low-cost model. Now, even in the public sector, there have been increasing calls to shift back to the old pension scheme (OPS) and its defined benefits, a demand that has found its way into election of manifestos in state after state.

The biggest reason for the low popularity of NPS is the presence of more lucrative market-linked options. On this front, its main challenger, perhaps, is the mutual fund (MF). Consider this: The total number of MF accounts stood at 151.4 million as on July 31, while NPS subscriptions stood at just 16.8 million as of August 5. Besides, the Indian MF industry's assets under management (AUM) stood at ₹46.28 lakh crore, compared with the NPS AUM of ₹9.65 lakh crore. And this is despite studies indicating that the equity returns offered by the NPS is almost equal to those provided by equity MFs.

Critically, the Atal Pension Yojana (APY) introduced in 2015, garnered 46 million subscribers thanks to its assurance of returns exceeding 9 per cent. However, it was discontinued for taxpayers from October 1, 2022.

WHY THIS LAG?

On the surface, it is not readily apparent why the NPS has suffered. The scheme does offer a slew of benefits. It has very low costs for investors compared with other investment vehicles, and it provides tax benefits that private options do not.

And yet there are other reasons for this low popularity. One appears to be its complexity as it requires a certain level of financial understanding. For instance, knowledge on choosing the best pension fund managers, deciding on the equity-debt mix, etc. Experts believe many employers may not be fully aware of the potential long-term benefits it can provide employees. "NPS has a complex investment structure," says Adhil Shetty, CEO of BankBazaar.com. "It has a two-tier structure: a pension account that gives tax benefits and is mandatory to open for NPS, and an optional account with withdrawal flexibility. Risk profiles, returns, and tax benefits have very different functions. While the underlying complexity is essential to enable the scheme to offer multiple investment choices, it can also confuse some investors," says Shetty.

Another drawback is that when an employee turns 60, they must invest at least 40 per cent of the corpus in an annuity scheme, the yields of which are a paltry 3–7 per cent pre-tax. Besides, the pension income from annuities is taxable per the slab rate, so the net returns may be negative after inflation. "Considering inflation, the returns offered by the NPS are relatively low. Further, these plans are cumbersome to set up and administer. These are associated with costs if outsourced for record-keeping, investments and administration," says Maneet Pal Singh, Partner at chartered accountancy firm I.P. Pasricha & Co.

The quantum of equity allocation, too, is an issue. "NPS subscribers can only invest up to 75 per cent in equity (the rest is invested in corporate debt and government bonds), and consequently, the returns are also lower," adds Sowmya Kumar, Partner at INDUSLAW.

Then there is the risk that low commissions can act as a disincentive for pension funds. "In financial products like MFs or unit-linked insurance plans (ULIP), a distributor makes around 200 basis points (bps) or at least 100–75 bps. In the NPS, pension funds make 9 bps," explains Sumit Shukla, MD and CEO of Axis Pension Fund.

NPS investments also have low liquidity. Once invested, the money is locked in until the investor turns 60, with only partial premature withdrawals allowed under specific conditions. "The contribution and withdrawal rules of NPS might not suit some investors' specific financial goals or preferences. Moreover, NPS has a long lock-in period, especially for the Tier I account, where withdrawals are limited until retirement age," says Shetty.

THE EPF WALL

One huge hurdle that the NPS has come up against is the Employees' Provident Fund (EPF), which is mandatory for employees with salaries below ₹15,000 a month. And even though it is voluntary for those who earn more than that, the NPS has come to be viewed as an additional option—

HEAD TO HEAD

NPS is billed as an extremely low-cost tool compared with mutual funds

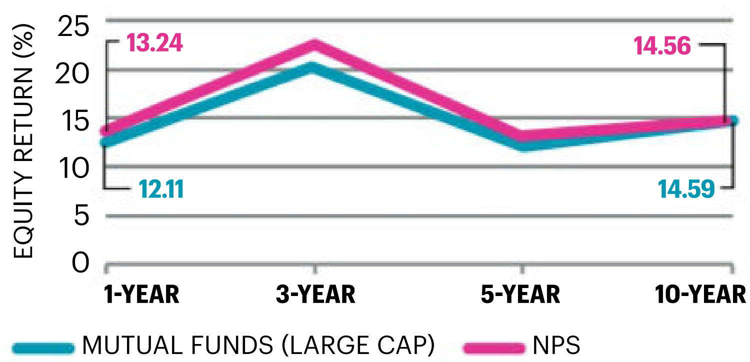
NPS vs MFs

INVESTMENT (₹)	NPS PENSION FUND*	MF*
50,000	45	1,000
1,00,000	90	2,000
5,00,000	450	10,000
10,00,000	900	20,000
25,00,000	2,250	50,000
50,00,000	4,500	1,00,000

* ADVISOR FEE
NOTE THIS IS FOR ILLUSTRATION PURPOSES ONLY. WE HAVE TAKEN NPS PENSION FUNDS' EARNINGS AT 0.09 PER CENT OF THE VALUE OF CORPUS, AND MF EARNINGS AT 2 PER CENT OF THE VALUE OF THE CORPUS. BOTH SCHEMES ARE MARKET LINKED

NECK AND NECK

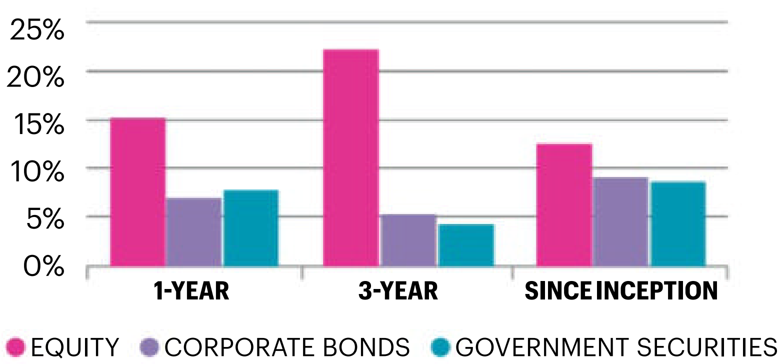
Studies show that returns offered by NPS are similar to equity mutual funds



SOURCE: *BT* RESEARCH AND NPS TRUST WEBSITE. DATA AS ON AUGUST 11

RETURNS TRACKER

Average returns generated by the seven oldest pension funds



SOURCE PFRDA

"NPS has a complex investment structure. While the underlying complexity is essential to enable the scheme to offer multiple investment choices, it can also confuse some investors, leading them to stay away"

ADHIL SHETTY
CEO, BANKBAZAAR.COM

"Compared with other financial products like mutual funds or ULIPs, a distributor makes around 200 basis points (bps). In NPS, the pension fund makes only 9 bps"

SUMIT SHUKLA
MD AND CEO, AXIS PENSION FUND

"There is a lack of administrative compliance checks by [the central government]. While the government mandates certain employers to contribute to the NPS, regulatory enforcement may be limited"

MANEET PAL SINGH
PARTNER, I.P. PASRICHA & CO.

one that is not as tax-efficient on maturity as the former.

"The EPF has more tax benefits because it largely operates on an Exempt-Exempt-Exempt model (except for highly paid employees). In NPS, subscribers can claim tax deductions depending on the type of account; after that, only the withdrawn lump sum corpus has tax exemptions, while the income earned from the annuity is fully taxable," says Kumar of INDUSLAW.

Under Section 80C of the Income Tax Act, NPS contributions are eligible for annual tax benefits up to ₹1.5 lakh. An additional deduction up to ₹50,000 under Section 80CCD (1B) is also allowed. Nonetheless, investors are discouraged by the taxation applicable upon withdrawal.

Besides, for employers, the NPS represents an additional financial burden that involves a fixed outlay of cash. "While employers have an obligation to contribute a certain percentage of the employee's salary to the NPS, some companies may hesitate to do so due to financial constraints or a focus on short-term profitability rather than long-term employee welfare," says Singh.

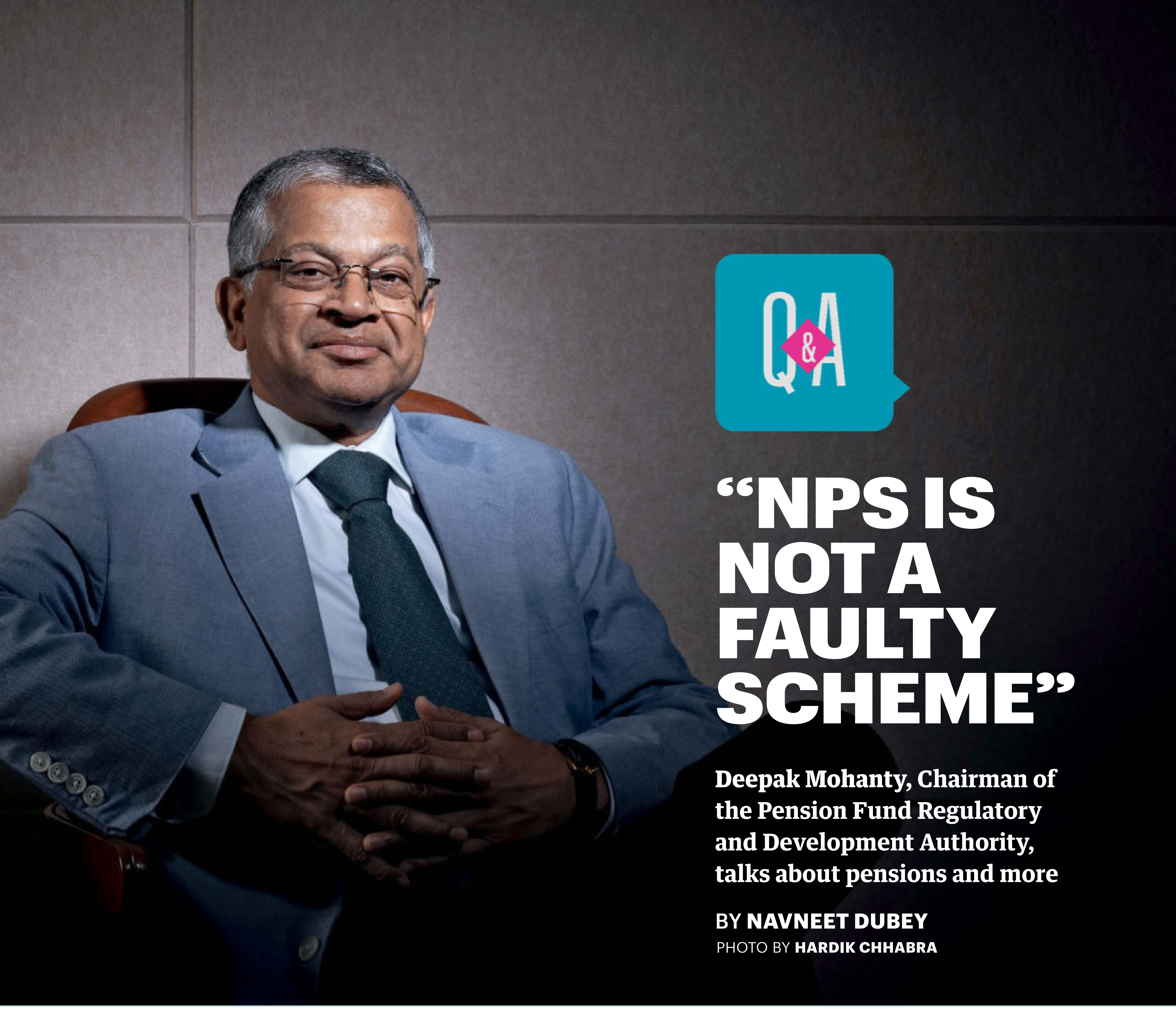
EPF subscribers can port to the NPS only once. However, transferring funds from EPF to NPS is a complex process. Also, once subscribers shift from EPF to NPS, they forego benefits from the Employees Deposit Linked Insurance and Employees' Pension Scheme as they are deemed to have exited from these schemes.

RETURN OF THE OPS

The NPS has also suffered recently amid demands from government employees that the OPS be brought back. Under the OPS, an individual could expect a defined monthly pension upon retirement, whereas under the NPS the final payout depends on the portfolio's performance. While the NPS can provide higher returns due to its equity exposure, it doesn't guarantee this. Moreover, market volatility brings an element of uncertainty that many are uncomfortable with. Meanwhile, the OPS provided a guaranteed, albeit lower, return. The pressure has been such that many states have reverted to the OPS for government employees.

These factors have ensured that the NPS has remained a shadow of what it was intended to be. Consider this: Less than 10 per cent of private sector employees have opted for the NPS. And yet, despite these drawbacks, the NPS remains a good tool for retirement savings because it calls for a greater balance between financial flexibility and long-term growth. It's now up to the government and financial institutions to simplify the scheme and make it more appealing, primarily by enhancing its liquidity without compromising its potential for wealth creation. BT

@imNavneetDubey



Q&A

"NPS IS NOT A FAULTY SCHEME"

Deepak Mohanty, Chairman of the Pension Fund Regulatory and Development Authority, talks about pensions and more

BY **NAVNEET DUBEY**

PHOTO BY **HARDIK CHHABRA**

ONE OF THE of strengths of the National Pension System (NPS) is its low cost. But that hasn't helped it become as popular as it was expected to be. In an exclusive interview, Deepak Mohanty, Chairman of the Pension Fund Regulatory and Development Authority (PFRDA), tells *Business Today* that sooner or later the NPS will take off because it is a good product. He speaks about why the NPS has not gained traction so far, and the efforts the PFRDA is putting in to make it successful. Edited excerpts:

▶▶▶

Let's begin with the Atal Pension Yojana (APY). It has around 46.8 million subscribers, while the NPS has about 13 million. According to you, why is the APY more popular than the NPS?

You are right, APY drives the numbers. But APY is for the lower income and deprived sections of society. And so there has been a great push, like in any other social security scheme. The APY is a government scheme where the government guarantees [the returns]. It is a defined contribution and defined benefit plan. One gets a pension, followed by the spouse, who gets a full pension, and then the accumulated corpus with interest comes back to you. And if you see, the return on the APY corpus is almost 9 per cent since inception. So it is not only a pension scheme but also a good savings scheme from a medium- to long-term perspective. And given that it is a kind of social security scheme and a small ticket scheme, the pension starts from ₹1,000-5,000. So it is affordable.

The NPS, too, started

for the government. So, since 2004, anybody joining government service would have to join the NPS. And so that number is about 8.6 million. Today, we have 13.4 million subscribers, as this was extended to corporations and all citizens later. Also, private sector entities are coming in. The [private sector] subscribers' number is around 4.8 million. While the absolute number would look small, we are seeing significant growth.

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Why has the NPS not gained momentum?

There are three reasons. One is to do with corporations. We do not have many corporates coming in. For example, we have apparently 30,500 corporates who have signed up for the NPS, but they are providing NPS as an option to employees and not actively promoting the product. They take up what [other] employers offer—partially because employees go into the default scheme [EPF].

So even if it is given as an option, people are not taking it. This could not take off partly because of a lack of knowledge of the NPS. However, this is a very flexible and portable scheme. But people think you are locked in once you get into NPS. If somebody joins the NPS, they can make their own choice in selecting the scheme. Since its inception, it has delivered more than 12 per cent per annum in the equity scheme. And even on the corporate debt side, since inception, the scheme has given 9.3 per cent returns. The government scheme has given 8.7 per cent since its inception. Talking about the central government scheme, it gives an annual return of 9 per cent.

Secondly, there is a gender imbalance in the NPS. The gender composition is very good in APY, 45 per cent are women and 55 per cent men. You know, in rural and urban areas, the way self-help groups and other groups are driving the APY scheme, obviously, the gender balance is good.

But if you look at NPS, the gender ratio is 30 per cent women and 70 per cent men at best, partly because of the structure of our organised employment. It is also partly because of a lack of coverage or the perception that if the head of the family has a pension retirement account, nobody else needs it.

IN NPS, THE GENDER RATIO IS 30 PER CENT WOMEN AND 70 PER CENT MEN AT BEST, PARTLY BECAUSE OF THE NATURE OF ORGANISED EMPLOYMENT, AND PARTLY BECAUSE OF A LACK OF COVERAGE

Third, it could be a perception that the NPS is only for the salaried. That's not the case, as we understand. Any professional can opt for the NPS. There are small businesses that can take it, and there is no limit on how much money they can put into the NPS.

Partly, we can do so [remedy the situation] through awareness. Partly, it has to be done through handholding. We are also expanding the scope of intermediaries, who could really do the handholding part. Earlier, regional rural banks (RRBs) were doing pretty well in the case of APY or pension plans. But as of now, they're not doing anything on the NPS. Now, we have asked the RRBs to push NPS, too.

We are even asking some co-operative banks that were traditionally not pushing NPS or APY. You must also know that we have retirement planners in terms of knowledge and outreach. They will train and disseminate information about these pension schemes.

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What measures are you taking to promote NPS? How many distributors do you have for NPS currently? Why are they not promoting NPS the way MFs are promoted?

On the corporate side, we are engaging more with human resource departments. On the other side, we are reaching out to people directly through the points of presence (POPs). POPs provide NPS services through their network branches called POP Service Providers (POP-SP). This includes public and private sector banks, fintech companies and NBFCs. Further, we have allowed individual agents and BCs to sell NPS. As of July 31, there were 84 POPs with a total branch network of 88,282.

Paying less commission is not an issue. One of the strengths of NPS is its low cost. It gives you a good return. I don't want to compare it with the cost of the mutual funds. And, globally, it is the lowest-cost pension product. Everything takes time, and so will the NPS. It is a good product; we know it very well. BT

@imNavneetDubey

TIME IS LUXURY

THE EVER-DYNAMIC WORLD OF HOROLOGY IS AT ITS CREATIVE BEST WHEN LAUNCHING UNIQUE OFFERINGS FOR ITS PATRONS. HERE'S A LOOK AT SOME STANDOUT WATCHES

BY **SMITA TRIPATHI**

JACOB & CO CASINO TOURBILLON

Calling all gamblers (at heart), the latest launch from the king of extravagant watches, Jacob & Co, is a miniature roulette game with a spinning wheel complete with 37 pockets—18 red, 18 black and one green—and a white ceramic ball to decide your luck. Aptly named the Casino Tourbillon, the watch is available in two limited-edition versions—a dial covered with 96 diamonds (only 72 pieces) and one without the additional bling (101 pieces). Press the button at 8 o'clock to activate the roulette wheel and see the little white ball bounce around before settling in one of the pockets. Price on request.

CHOPARD L.U.C QUATTRO SPIRIT 25 GANESH EDITION

Always keen to embrace different cultures, Chopard has launched a limited-edition (only five pieces) 18k rose gold watch featuring a delicate enamel dial with Lord Ganesha. Housed in a 40-millimetre case, its innovative L.U.C 98.06-L movement is equipped with four barrels based on the exclusive Chopard Quattro technology enabling up to eight days of power reserve. It's a jumping hour watch meaning it points exactly at the current hour and jumps to the next hour as soon as the 60th minute of the current hour is over, instead of sweeping slowly between the hour marks. Chopard has also launched the L.U.C XP Urushi Ganesh Edition, limited to 10 pieces. Price on request.

F.P. JOURNE FFC

‘Talk to the hand’ has never been said in a more luxurious way. This fascinating watch, invented post a conversation with filmmaker Francis Ford Coppola (hence, the name FFC), has a mechanical hand in an armoured glove on the dial face to indicate the hours, an ode to the ancient way of telling time using fingers. It uses 12 unique finger combinations. For instance, One hour AM or PM is communicated by a closed hand with the index finger out while noon is a closed hand with the thumb and pinky finger out—all of this in a 42 mm case. Considering it took eight years to make a working prototype, the watch’s availability is limited by production. Price on request.

GUCCI G-TIMELESS PLANETARIUM

Gucci’s G-Timeless Planetarium collection includes four new kaleidoscopic designs. Each of the four creations is unique thanks to a combination of 12 precious gemstones on the dial, including opals, rubies and diamonds. But what makes it special is that the touch of a button brings alive the gem-set wheel which rotates around the dial. This is made possible through Gucci’s exclusive caliber, Dancing Hours Flying Tourbillon, named after the Orion Nebula NGC 1976, one of the galaxy’s brightest nebulas. The watch is available in white, rose and yellow gold. Price on request.

ROLEX OYSTER PERPETUAL

Moving away from tradition, Rolex has launched a series of Oyster Perpetual watches for the young and young at heart. Alive with colour, the new dials of the Oyster Perpetual 31, Oyster Perpetual 36 and Oyster Perpetual 41 are dotted with five different coloured—candy pink, turquoise blue, yellow, coral red, and green—bubbles in varied sizes. The strap is made of ‘Oystersteel’—a special steel produced exclusively for Rolex. Its anti-corrosion properties are comparable to precious metals. Price on request.

PATEK PHILIPPE AQUANAUT LUCE ANNUAL CALENDAR REF. 5261R-001

Now here's a watch for ladies that is a far cry from the more feminine timepieces with petite dimensions, pastel colours and diamonds. While Patek Philippe's latest launch is an attractive watch for women with a taste for large sporty watches (the watch is 39.9 mm in rose gold) with great horological content, it is also of great appeal to men, making it truly unisex. The annual calendar complication is more robust than a perpetual calendar requiring just one correction a year at the end of February. It retails for €61,000.

DIGI
GR

MAGIC MOWER

Say you've put in the time and effort to cultivate your patch of green. But you don't seem to have enough time to tend to it these days. This Bluetooth-enabled lawn mower is just the thing you need. Similar to a robotic vacuum cleaner, it works through the Gardena Bluetooth app that let's you set a protective boundary guide around the lawn, and the mower will get to work. Once it finishes, it'll rolls itself to the charging station, where about 75 minutes of charge can power it for 65 minutes. What's more, it's pretty silent as well.

Available on: *amazon.com*

GARDENA SILENO MINIMO

$649.99

If your home has a lawn, this is one gadget you must get

Tech TODAY

NOW THAT YOU'RE BACK IN OFFICE, HOW DO YOU CARE FOR THE PRECIOUS PLANTS IN YOUR GARDEN? IT'S SIMPLE: JUST ADD A DASH OF TECH. HERE ARE SOME HI-TECH GARDENING TOOLS YOU CAN PICK UP

BY **NIDHI SINGAL**

Seed Incubator

Now you're serious about gardening and want the perfect germination for your seeds. But that can be a challenge, especially during winter or early spring. The heat mat can do the trick as it maintains temperatures in the sweet spot of 20-30° C. Made of PVC material, this wear-resistant and durable mat creates the optimal conditions needed to speed up germination. Easy to clean, this waterproof mat utilises only 20 watts of electricity. All you need to do is place your seed tray over the mat. Prices start from `3,533 for the 10"x20.75" mat.

Available on: *amazon.in*

VIVOSUN SEEDLING HEAT MAT

₹3,533

Those serious about gardening will appreciate this product

TH

BOSCH ISIO CORDLESS SHRUB & GRASS SHEAR

₹18,999

Hedges, shrubs or lawns—this cordless shear will keep all in shape

SHEAR POWER

If your garden has a hedge, keeping it in shape could be a pain. But with this cordless shrub shear that only weighs 550 gm, it becomes convenient. This versatile handheld tool can be used to trim small bushes, hedges, and even the edges of lawns. Switching attachments is also not a pain as Bosch has incorporated the Multi-Click system that eases the process. Plus, the gadget comes with a range of accessories, including a 120-mm shrub blade, an 80-mm grass blade, and a telescopic handle. Additionally, it comes with a 3.6 V Li-ion battery, which is good for around 50 minutes on a full charge.

Available on: *amazon.in*

Melody Machine

Chirping birds are often a sight. If you love observing them in your garden, this one's for you. With a built-in camera, this box will have the action streamed to your phone or any other smart device via an app. The kit includes a nest box with optional hole protection plates and a 2MP colour Full HD Wi-Fi camera with built-in light sensor for black and white images in the night, whereas the microphone picks up even the slightest chirping. It also includes a 12 V DC power supply and a 10m power cable. The best part? It comes pre-assembled with the camera placed in the right position. Set up, plug in, and enjoy.

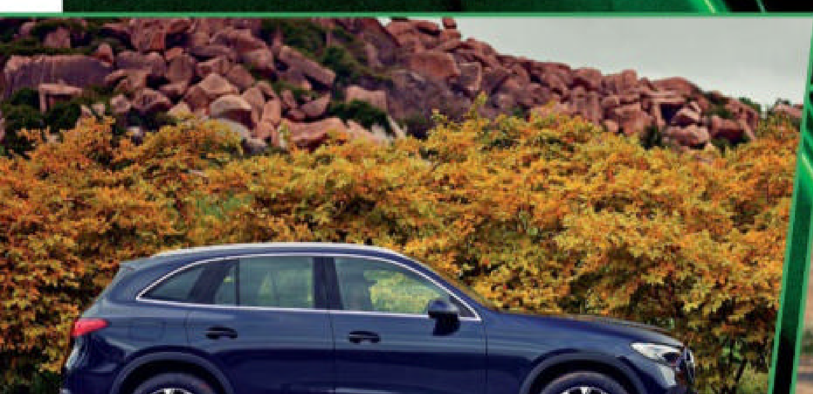
Available on: *robertdyas.co.uk*

ROBERT DYAS BIRD BOX

£157.99 (approx. ₹14,254)

With this device, you'll never tire of listening to birdsong


Colour




MH 14 TCL 249

REVIEW

A TRISTAR ADVENTURE

IN A HARMONIOUS BLEND OF LEGACY AND INNOVATION, THE NEW MERCEDES-BENZ GLC PROMISES TO TAKE YOU ON AN EXHILARATING JOURNEY EVERY TIME YOU STEP INTO IT

BY **CHETAN BHUTANI**

SURROUNDED BY THE historic splendour of Karnataka's Hampi, where tales of antiquity still hold sway, a modern legend, the new Mercedes-Benz GLC, takes to the road like a fish takes to water. Enveloped in this cocoon of comfort, I embark on a journey through Hampi's enigmatic alleys and swift highways, powered by the innovative technology of this high-end SUV.

The convergence of comfort and technology in this vehicle delivers a captivating driving experience that lets you go to any locale and explore it with unmatched power, amazing presence and drool-worthy élan. The GLC's contemporary design, enhanced by the texture of fine leather and cutting-edge engineering, hints at the adventure one is embarking on every time one gets into the car.

The GLC navigates effortlessly through winding roads and alleyways, with superb acceleration. And it gives you the kind of exhilarating performance you'd expect from a top German-engineered vehicle. Its responsive handling lets you manoeuvre every curve, twist and turn as gracefully as a gymnast aiming for a podium finish at the Olympics.

As I drive on the highways and back roads between the Virupaksha Temple and the Tungabhadra River, on whose banks Hampi is located, the GLC's versatility takes centre stage, effortlessly moving between rugged terrain and speedways. Navigating the formidable terrain is a cinch, all because of the sophistication of the GLC's suspension. On top of that, a panoramic sunroof provides an alluring view of the expansive sky.

As we zoom past the awe-inspiring landscape, the GLC—ex-showroom prices of which start from ₹73.5 lakh—commands undivided attention on the road. But you might take a while to get used to the avant-garde digital interface, which trades buttons for a touch-based approach. The cabin, however, cocoons its occupants in comfort, while the firmness of the seats echoes the delicate balance between luxury and practicality.

As our drive comes to a close, one thing is clear: the Mercedes-Benz GLC is a true embodiment of modern engineering as it seamlessly combines automotive heritage with cutting-edge innovation to deliver a memorable experience. BT

@BhutaniChetan

LEADING AT

**HOW CAN INDIA CAPITALISE ON THE INFLUENCE IT HAS WIELDED WITH ITS G20 LEA
A DAY OF CONVERSATIONS AND DEBATES OFFERS MULTIPLE INTERPRETATIONS BY**

INDIA'S ROAD to assuming global leadership in view of the ongoing geopolitical realignments was the key talking point at the second edition of the *BT* India@100 Summit. The day-long deliberations witnessed a galaxy of speakers comprising lawmakers and subject matter experts debate this critical theme. Union Minister of Road Transport and Highways Nitin Gadkari charged up the summit after he unveiled the government's plans for the electrification of India's national highways network.

Describing the rapid growth being witnessed in India's civil aviation industry as "monumental", Civil Aviation Minister Jyotiraditya Scindia said the Delhi airport would climb up the rankings to be among the Top 3 globally. Amitabh Kant, India's G20 Sherpa, outlined the concept of digital public infrastructure and the movement away from big tech corporations. The day's highlight was a session on Chandrayaan-3's successful moon landing with Jitendra Singh, Union Minister of State of Science and Technology and Isro scientists. Read on. **BT**

PHOTOS BY **MANISH RAJPUT**

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adani

bt INDIA@100

ACHIEVING GLOBAL LEADERSHIP

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khushi

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INDIA CIRCUS by KRSNAA MEHTA

Trade Media Partner
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ADERSHIP?

TEAM *BT*

Nitin Gadkari, Union Minister of Road Transport and Highways, with Aroon Purie, Chairman and Editor-in-Chief of the India Today Group, and (*from left*) Alok Nair, Chief Operating Officer, *Business Today;* Sourav Majumdar, Editor, *Business Today;* Rahul Kanwal, News Director of India Today and Aaj Tak, and Executive Director of *Business Today;* and Siddharth Zarabi, Managing Editor, *BT* TV, at the unveiling of the G20 Special Issue of *Business Today*

ELECTRIC DREAMS

Nitin Gadkari (*right*) with **Siddharth Zarabi**

- Nitin Gadkari said the government is looking to instal overhead electric cables on highways like the ones on a railway line
- He said logistics costs in India were 14-16 per cent of total costs, while it was 9-10 per cent in China; India plans to cut it to 9 per cent by 2024-end
- Gadkari said the main cause for road accidents in the country was a disregard for traffic rules
- He said education, emergency and enforcement were the key pillars of road safety

A G3 OF US, CHINA AND INDIA SOON

Rahul Kanwal (*left*) with
Børge Brende, President, World Economic Forum

- Børge Brende said a digitally connected workforce was necessary to capitalise on India's demographic dividend
- He said that sustaining an 8 per cent growth rate hinges on India's commitment to enacting consistent reforms year after year
- Brende lauded the country for being the fastest-growing economy for three consecutive years
- He predicted a shifting global landscape, where the US, China, and India will wield significant influence as the G3

DUAL APPROACH TOWARDS AI-RELATED COPYRIGHT ISSUES

Brad Smith, Vice Chair and President, Microsoft

- Brad Smith said artificial intelligence (AI) holds immense potential for creating content efficiently, but stakeholders must also navigate copyright issues that arise
- He said regulators were interpreting AI's role in two ways: There are those who don't see information consolidation as copyright infringement, and others who do
- Smith said while AI's ability to rapidly assimilate information is advantageous, measures can be implemented to safeguard against unintentional breaches
- He said in sectors like call centres, AI will redefine roles, allowing human workers to focus more on personal interactions, and reskilling and upskilling would be pivotal

THE SHIFT AWAY FROM BIG TECH TO OPEN SOURCE

Amitabh Kant, India's G20 Sherpa

- Amitabh Kant highlighted the shifting tides of global growth through the fact that 80 per cent of the world's growth now originates from countries in the Global South
- He said a trend is now visible of a movement away from big tech to models that are open source and those that allow for greater innovation and private-public play
- Kant added that India can serve as a beacon with its digital payments model that could address a pressing global gap where many countries lack efficient mechanisms
- He emphasised the need to bring women to the forefront of global growth through better learning and health outcomes, and nutritional standards

INDIAN FIRMS READY TO GO COMPLETELY GREEN

(*From left*)
Aabha Bakaya, Senior Editor, *BT* TV, with

- **Praveer Sinha,** CEO & MD, Tata Power Company Ltd;
- **Vineet Mittal,** Chairman, Avaada Group;
- **Deepak Sharma,** MD & CEO, Schneider Electric India; and
- **Kamran Khan,** Managing Director & Head of ESG for Asia Pacific, Deutsche Bank Group

- Praveer Sinha said capacity additions are being targeted not just in terms of solar or wind but also in storage and pumped hydrogen
- Kamran Khan said India offered several advantages such as cost-effective technologies and the ability to produce solutions to improve the environment
- Deepak Sharma said the cleanest form of energy created is by saving it and this is where technology comes in
- Vineet Mittal said Indian manufacturers were geared up to go completely green
- Sharma said electric vehicles can solve only a part of the problem because the biggest contributor of emissions is buildings

EMPOWERMENT VITAL FOR GROWTH

(*From left*) **Sourav Majumdar** with

- **Gautam Kumra,** Chairman –Asia, McKinsey & Company; and
- **Sven Smit,** Chair, McKinsey Global Institute

Sven Smit said it was necessary to look at growth, sustainability and empowerment simultaneously

Speaking about the ‘empowerment line’, Smit said it tries to ensure that people have decent food, shelter, education, healthcare and some discretionary spending

Gautam Kumra said India needs about 13 per cent of GDP to address the empowerment gap

He added that he was optimistic because 90 per cent of that can be addressed through growth and business innovation

THE SKY IS THE LIMIT

Jyotiraditya Scindia, Union Minister of Civil Aviation & Steel

- Jyotiraditya Scindia said Delhi airport would be among the Top 3 globally, and would have throughput of about 109 million passengers by early next year
- He said the mega aircraft orders by Indian carriers IndiGo and Air India will help the country regain its position in the international skies, which it had held from the 1960s through the 1970s. He said the country will transform from a logistics and transport standpoint
- Scindia said with this the Indian flag will fly across the world with direct flights
- He said India was firing on all three fronts—services, manufacturing and agriculture

INDIA'S ADVANCES ARE LIKE SCIENCE FICTION FOR OTHERS

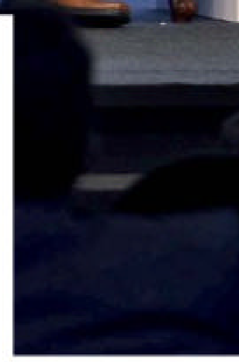
Ashishkumar Chauhan, MD & CEO, National Stock Exchange of India

- Ashishkumar Chauhan said what India is doing with the T+1 settlement cycle is science fiction for others. It represents societal progress
- He said since the NSE's launch in 1994, its market capitalisation has shot up 80 times. Those who invested then would have become as rich as Warren Buffett today
- He added that there are 75 million unique stock investors now. That translates to 50 million households
- He advised uninformed investors to opt for mutual funds or portfolio managers and not believe in tips

FUNDING WINTER IS A BLESSING IN DISGUISE

(*From left*) **Shailendra Bhatnagar,** Chief Analyst and Editor, Markets, *BT* TV, with **Manish Sharma,** Chairman, Panasonic Life Solutions India; **Sanjeev Krishan,** Chairperson, PwC in India; and **Kunal Bahl,** Co-founder, Acevector Group & Titan Capital

- Kunal Bahl said the ongoing funding winter could well prove to be beneficial for India's start-ups as it may result in a fitter start-up ecosystem
- Bahl said by 2030 nine out of 10 Indians over the age of 15 will be online and will transact online significantly, and that shows the trajectory of the consumption story in the coming years
- Sanjeev Krishan said the youth do not want to just buy products, they want an experience
- Talking about tech in production, Manish Sharma said AI is a game-changer
- He said that businesses must embrace transformative strategies to enhance production and distribution efficiency



CRUCIAL TO FOCUS ON MAKING PRODUCTS

(*From left*) **Sourav Majumdar** with

- **Jayen Mehta,** Managing Director, Gujarat Cooperative Milk Marketing Federation (Amul),
- **Baba Kalyani,** Chairman & MD, Bharat Forge; and
- **B.V.R. Mohan Reddy,** Founder & Chairman, Cyient Ltd

Baba Kalyani said India needs to focus on certain key sectors and build its muscle around manufacturing to turn itself into a high-income country by 2047

To achieve that, Kalyani said, it is crucial for the country to focus on product manufacturing, especially in areas like semiconductors and medicines

B.V.R. Mohan Reddy said the IT industry needed to remodel and revitalise itself to cope with the rapid changes, and re-skilling IT professionals was important

Jayen Mehta said India's model of women-led dairies could turn into a model for the developing world

He said the focus would soon shift to nutrition and stressed the need for organic foods and said it was important to connect producers directly with consumers to build a healthy nation

Q&A WITH **SIDDHARTH ZARABI**

"INDIA HAS SET THE GOLD STANDARD FOR A G20 PRESIDENCY"

I&B Secretary Apurva Chandra decodes the impact of India's one-year presidency of the G20

AHEAD OF THE 18TH G20 Heads of State and Government Summit in New Delhi on September 9-10, Apurva Chandra, Secretary in the Ministry of Information and Broadcasting (I&B), tells *Business Today* how the one-year G20 presidency has helped the country bolster its image in the global arena, what it has to offer to the world, and the benchmark India has set. Edited excerpts:

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What has India's presidency at the G20 meant and what has been achieved through this one year?

The G20 summit is the culmination of the efforts of the past one year. India has held various meetings of the working groups as well as the engagement groups. More than 50 cities, [and] almost all the states have been covered, and many delegates have come to India. A lot of deliberations have taken place on various issues.

India has some things to contribute to the world. On the economic side, take for example digital public infrastructure (DPI). It is one of the biggest achievements [of the country]... in India billions of transactions take place seamlessly through DPI. This infrastructure is led by the public sector and through the support of the government, while in many other countries, even if such infrastructure is made, it is through private enterprise. And it is open architecture where everybody can join in. It is hugely empowering, and this is something we are contributing to the world.

I think it is an effort of nine years [and] now the entire world is recognising that India has taken the lead. We are now the fifth-largest economy, and three to four years down the line we will be the third-largest economy. The entire world is taking note of these achievements.

THE G20 PRESIDENCY HAS HELPED SHOWCASE MAKE IN INDIA... WHEREVER MEETINGS WERE HELD, THERE WERE SIDE EVENTS THAT SHOWCASED THE PROGRAMME

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Has India's voice as a credible, stable and democratic nation been enhanced as a result of the G20 presidency?

India has pushed a broad agenda of what we have done to showcase it to the world. And, I'm sure many of these things will form a part of the communiqué— the leaders' declaration—when it happens on September 10. We are not privy to what the declaration will be as of now, but once it comes out, we will see the stamp of India. And once this declaration comes out, it becomes an agenda for all the countries to follow to implement over the next few years. So it is not just a question of one year. It is a continuous agenda that all the countries will follow. And that's an important point.

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The ongoing conflict and consequent economic issues have been felt across the world. What can be expected as far as restoring a sense of order globally is concerned?

India's position has been very clear and Prime Minister Narendra Modi has articulated it clearly that this is not the time for war. This is a position that India takes at all multilateral forums. This statement of our Prime Minister has been repeated by many other world leaders as well and shows the statesmanship of our Prime Minister.

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What can be expected in terms of trying to set the global agenda, including in the space of financial stability and development?

I think just a few days ago, there was a meeting

PHOTO BY **HARDIK CHHABRA**

AGENDA FOR THE WORLD I&B Secretary Apurva Chandra says this year's G20 communiqué will have the stamp of India

regarding the anti-corruption measures of the G20 nations. And there also the Prime Minister said that information sharing is very essential. It is a very important point. I am sure more would be deliberated during the summit.

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One of the features of India's G20 presidency has been this focus on taking delegates from member nations across India, getting them to experience first-hand the vibrancy and diversity of our country. How did this idea come about?

This has been one of the biggest achievements of this G20. They [the delegates] have been wondering about the diversity, the cuisine, the artefacts, the handicrafts and textiles [of India]. Apart from that, the people themselves—because various parts of the country have different cultures, speak different languages. It is the unity of India that we have showcased in a beautiful way to the world. I have visited 23 locations. Take for example Srinagar, where the delegates saw the way the situation has changed for the better in Jammu & Kashmir. Then again in Siliguri—where some ambassadors were so enchanted by the beauty of that place that they said they would like to come back again. So, I think it does make a difference in terms of tourism, awareness about the country, its culture and so many other things. Everywhere, the people have welcomed the G20 and that again shows the unity of our country.

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Would you agree that India has set a new benchmark for other G20 countries?

I think it is a very, very high benchmark that has been set... It will become the gold standard.

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Do you think this year-long push has led to better awareness about India as an investment destination?

It is [thanks to the] efforts of the past nine years of this government that Make in India has taken off. It is not just a one-year thing, but yes, in terms of showcasing, the G20 has helped because the changes don't come overnight. In fact, I was the Principal Secretary, Industries, in Maharashtra in 2014, when the government took over, and one of the first big conferences that PM Modi addressed was for the launch of the Make in India programme. And the results are for everyone to see. The G20 has definitely helped because everywhere, wherever the meetings were held, there were also side events that showcased Make in India to the delegates as well as the foreign media. BT

@szarabi

MAKE IN INDIA WILL PROPEL INDIA'S GDP

(*From left*)
Siddharth Zarabi with

- **Atul Keshap,** President, US-India Business Council (USIBC);
- **Gautam Chikermane,** Vice President, Observer Research Foundation; and
- **R. Gopalan,** Former Secretary, Ministry of Finance

Atul Keshap said US-India relations are as good today as they have been in a long time, adding that when you look at AI, defence, etc., it was clear that it's a G2 world of the US and India

Gautam Chikermane said it was important to continue to talk about G3—the US, China, and India—as countries are finding it hard to decouple from China

R. Gopalan said India can benefit from China+1 but a lot of work had to be done

He said India must grow at 10.5 per cent on a nominal basis to get to to a $25-trillion economy by 2047

Keshap said India is inviting everyone to Make in India and that might propel its GDP

WE MUST OPEN UP, NOT CLOSE DOWN

Rahul Kanwal (*left*) with
P. Chidambaram, Member of Parliament (Congress), Rajya Sabha

- P. Chidambaram said that India turning into the third largest economy in the world would not make it a rich economy given the large number of poor people here
- He noted that about 230 million people in India are poor according to the global multi-dimensional poverty index
- Calling for a universal basic income, he said he had fleshed out the scheme in his mind and it would be provided to the bottom 15–16 per cent of the population
- He said India should not impose trade barriers since it depends on investment and imported technology

GAMING INDUSTRY IS HERE TO STAY

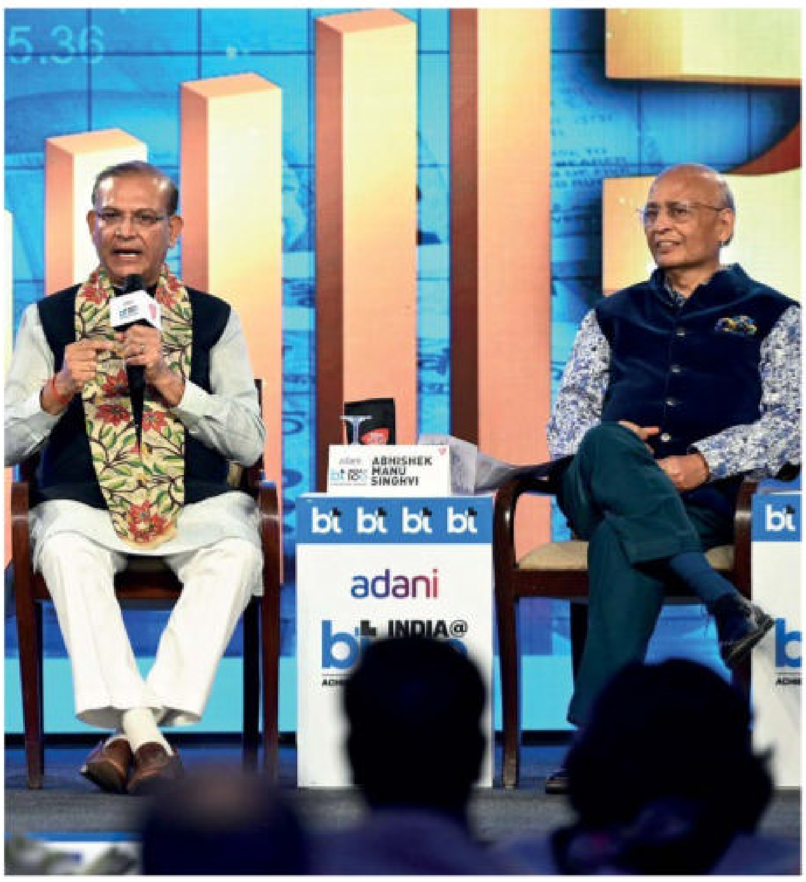
(*From left*) **Aayush Ailawadi,** Technology Editor and Presenter, *BT* TV, with

Rajan Navani, CMD, Jetline Group of Companies;

Trivikraman Thampy, Co-founder & Co-CEO, Games24x7; and

Ankit Mehta, Co-founder & CEO, ideaForge Technology

- Trivikram Thampy said the increase in GST was very substantial and the government did what it thought was best for the country
- Rajan Navani said that the gaming industry is a large one indeed and it is here to stay because people are leaning on it to entertain themselves
- Ankit Mehta said the need to deploy drones was increasing every day because of geopolitics
- He said the drone sector had moved from being a good-to-have industry to a must-have one
- Thampy concluded by saying that India must rely on the youth, who have a never-seen-before hunger



MANUFACTURING BOOST

Jayant Sinha (*left*), Member of Parliament (BJP), Lok Sabha; Chairman, Standing Committee on Finance in Parliament, with

Abhishek Manu Singhvi, third-time sitting Member of Parliament (Congress), Rajya Sabha; Chairman, Parliamentary Standing Committee; Jurist; National Spokesperson, Congress

- Jayant Sinha said India is best-positioned and radiates like a shining star
- Sinha said that India is stimulating growth in the manufacturing sector through its progressively designed production-linked incentive scheme
- Abhishek Manu Singhvi underscored the imperative of surmounting challenges if India was to become developed by 2047

CHANDRAYAAN-3 CRITICAL FOR THE WORLD

(*From left*) **Shiv Aroor,** Senior Executive Editor, India Today TV, with

- **Jitendra Singh,** Minister of State of Science & Technology;
- **Nilesh M. Desai,** Director, Space Applications Centre (SAC);
- **Anil Bhardwaj,** Director, Physical Research Laboratory (PRL);
- **Ritesh Kumar Sharma,** Scientist, SAC;
- **S.K. Srivastava,** Chief General Manager, Indian Space Research Organisation (Isro)
- **Harikrishnan,** Scientist, Isro

Jitendra Singh said India's Chandrayaan-3 mission to the South Pole of the moon will provide insights that will be critical for all space agencies

Singh said the last time, the presence of water molecules was discovered and this time it would look to examine the terrain, and its composition

He said at the next level the aim was to see plasma, the ionic atmosphere, and at the third level to check soil composition, amount of magnesium, etc.

Isro Chairman S. Somanath (via video) said India's National Space Day—on August 23, the day of soft-landing on the moon—could be celebrated by the whole world

He said work was on round-the-clock and scientists were trying to ensure that the 14-day mission was used to gather as much data as possible

(*From left*) Dinesh Bhatia, Group CEO, India Today Group; Nitin Gadkari, Union Minister of Road Transport and Highways; and Shashi Kiran Shetty, Founder and Chairman, Allcargo Group

BEST ADVICE

OM PRAKASH MANCHANDA | MANAGING DIRECTOR | DR LAL PATHLABS LTD

Dr Lal PathLabs is the country's largest medical diagnostics firm by revenue

PHOTO BY **HARDIK CHHABRA**

'Stay focussed on quality and timely delivery'

What was the problem you were grappling with?
Competition in medical diagnostics has increased after Covid-19. Many new players, including pharma firms, large hospital chains, and e-commerce companies have entered the market. Some of these, especially PE-backed ones, are using heavy discounting and aggressive client acquisition incentives to scale swiftly. These companies don't have any significant cost advantage but have decided to burn cash. It is not feasible for incumbents like us to participate in this price war. The challenge is how to handle it.

Whom did you approach for advice and why?
I approached one of my earlier bosses whom I worked with during my marketing stint at Hindustan Unilever Ltd (HUL). I contacted him since HUL has dealt with many such situations of low-price competition disrupting an established brand and has a lot of experience.

What was the advice you received?
Rather than participating in a race to the bottom on pricing, it is important to stay focussed on quality and timely delivery of test reports. Consumers seek value first and then look for competitive pricing.

How effective was it in resolving the problem?
We've been in this predicament for over two years. I have noticed the following: first, the cash burn plan is unsustainable. Many players have raised prices to find a path to profitability. Second, many first-time buyers who were drawn to price have returned to value. So, we split the market into two groups: value-conscious customers and price-conscious ones. This way we added a few new offerings. BT

—TEAM *BT*

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