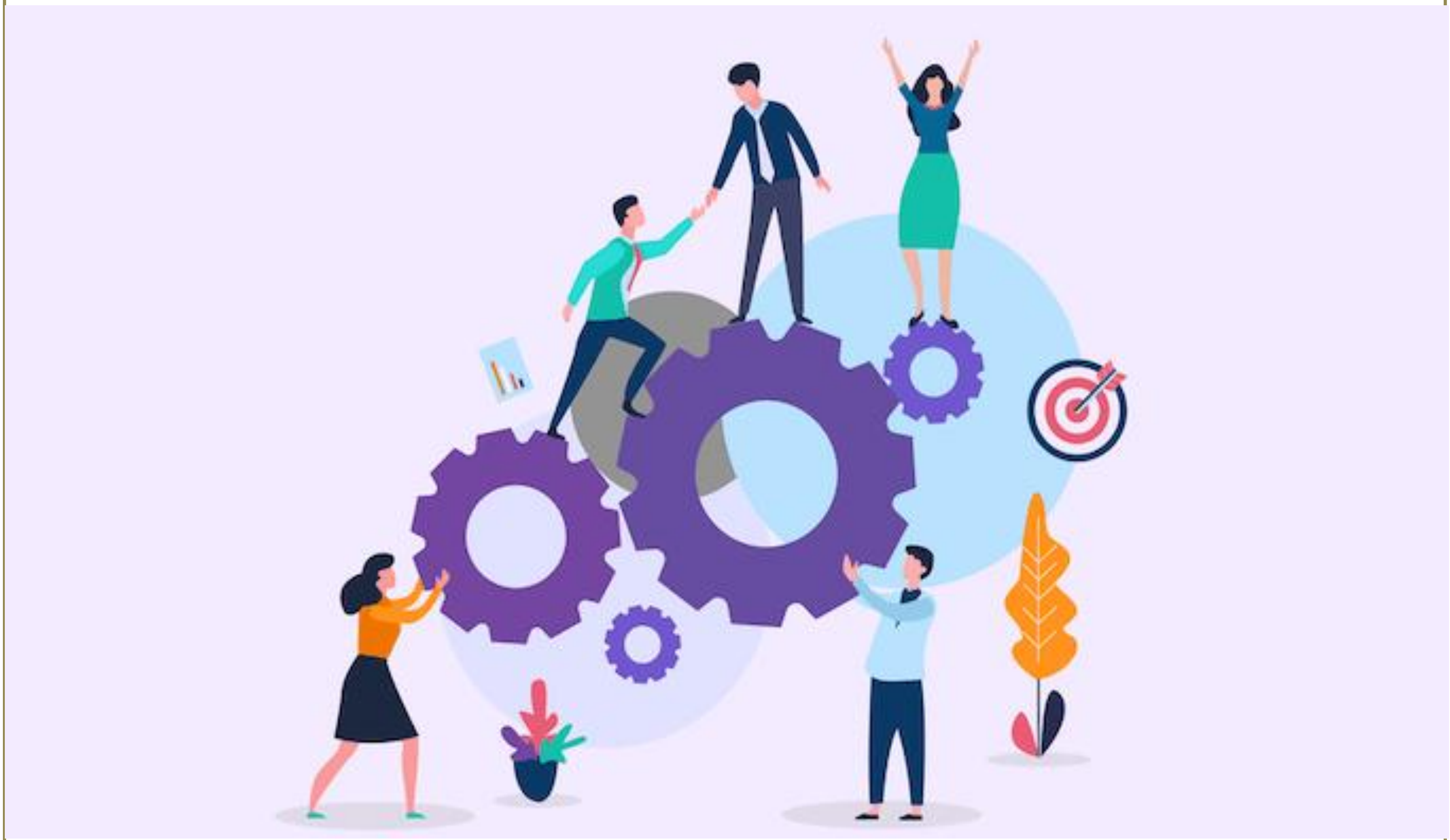

EMERGING THOUGHTS

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Foreword

We, the team at SURESH & CO., are delighted to present the latest edition of "EMERGING THOUGHTS." This publication serves as a reflection of the unique perspectives and fresh ideas from our dedicated assistants, those on their path to becoming Chartered Accountants—as well as the valuable contributions of our experienced team members.

In an ever-changing global landscape, staying up to date with current events is more important than ever. From local happenings to international trends, understanding these shifts helps us navigate the world with greater awareness. We are grateful for the positive responses from our readers, which show that our efforts to share meaningful content have made a real impact. Each achievement along the way brings us closer to our shared goal of growth and continuous learning.

At SURESH & CO., we are committed to creating an environment that encourages continuous growth, both personally and professionally. We celebrate every achievement, whether it's a professional milestone, a learning opportunity, or personal growth. Our culture is one that values progress, and we take pride in supporting each individual's journey toward success. Through these opportunities, we foster an atmosphere of development and collaboration, helping both individuals and teams thrive.

This edition features the early reflections and ideas of our budding talents. While these perspectives are in the initial stages and may not have undergone extensive expert review, we are excited to share them as a starting point for further exploration. We invite our readers to engage with these ideas, offer their feedback, and continue the conversation around these emerging thoughts

Thank you for being a part of this journey. We hope that "EMERGING THOUGHTS" continues to inspire and empower you to contribute to the ongoing evolution of knowledge and creativity.

"Success is not final; failure is not fatal: It is the courage to continue that counts." — Winston Churchill

As we begin a new month, let's focus on making each day meaningful. Whether through small acts of kindness, setting new goals, or simply pausing to reflect, every moment is an opportunity to make a positive impact. Let's seize these moments and carry forward a spirit of optimism and progress in all that we do.

Update for the day #2311|When KitKat wasn't chocolate

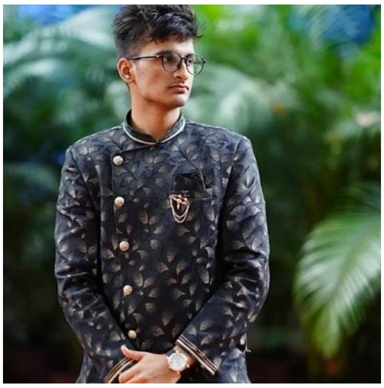
Back in 1999, Nestle was grappling with a classification problem. They had argued for long that KitKat was a 'wafer with a chocolate coating". And as such, the product ought to have attracted a tax rate of 10%. Plain and simple.

The tax authorities disagreed. They believed the product was a "chocolate with a wafer inside," liable to be taxed at 20%. They wanted to tax Nestle and they wanted it bad.
And finally, the matter was brought before the Mumbai Customs, Excise and Gold Tribunal where the adjudicating authorities had to decide—Is KitKat a 'wafer with a chocolate coating' (10% tax) or a 'chocolate with a wafer inside' (20% tax)?

The tax authorities started with a bang. They noted—
"The product is a composite product consisting of chocolate, wafer, and praline. It, therefore, cannot be classified as a wafer... It would also not be correct to say that wafer contains chocolate since it completely covers it. The predominant product in terms of value and weight is milk chocolate, comprising 68 to 72% by weight of chocolate and value.
It is also considered by the manufacturer to be chocolate and treated as chocolate for purposes of storage and transport. It is perceived by the dealers of the product as well as its ultimate customers as chocolate and no person in common trade parlance refers to it as a wafer." Ipso facto, KitKat must be chocolate.

But the tribunal disagreed. Milk chocolate does in fact contain cocoa butter and cocoa powder. However, the mere presence of cocoa does not mean the preparation ought to be classified as chocolate. As they noted—'While all chocolate must necessarily contain cocoa, it is not every cocoa product or preparation that is chocolate'. They also observed that there was nothing to indicate that the product was being sold as chocolate. Their contention was that people were buying KitKat under the tacit assumption that it was a combination of chocolate and biscuit. They did not have any reason to believe otherwise. And as such, they agreed with Nestle's classification. KitKat was finally declared a "wafer" and that was that.

By Dhanush M



Update for the day #2312|Hyundai Motors' related party headache

Why is Hyundai Motor India (HMI), one of last year's blockbuster IPOs, sourcing a staggering ₹12,000 crore worth of capital goods from an Indian entity?

This isn't a question we are asking. It's something that InGovern Research, a proxy advisory firm, is actively scrutinising, raising concerns about HMI's corporate governance.
Let us explain.

It all started when Hyundai Motor India sought shareholder approval for a series of related party transactions (RPTs). Now, these RPTs are business deals between HMI and companies closely tied to its South Korean parent. And there's nothing unusual about them. Big auto companies do this all the time, especially for sourcing auto components.

But here's the thing. These aren't small deals. We're talking about seven transactions worth over ₹31,000 crores. That's nearly 40% of HMI's annual revenue, with the top five alone making up more than half of last year's total purchases. That's massive. So, naturally, proxy advisory firms are digging deeper.

First up, there's one deal in particular that stands out: a ₹12,525 crore transaction with Mobis India. And InGovern has raised a few red flags:

- Mobis India has no other clients. Its only customer is HMI. So why is Hyundai routing such a massive purchase through a single entity?
- It's not your usual auto component deal. The transaction involves capital goods, typically sourced directly from global arms to keep costs in check. So why go through an Indian entity at all?
- Transparency could've been better. Hyundai hasn't explained why this deal is structured this way or how it benefits shareholders. So, shareholders might be left wondering if this arrangement is designed to benefit Hyundai's promoters instead of the company itself.

And that's not the only transaction raising concerns. Another major deal involves HEC India LLP, another Hyundai affiliate. Believe it or not, but on paper, it has just 10 employees and fixed assets worth only ₹11 lakhs. Yet, it has bagged a contract worth ₹3,000 crores. That has led another proxy advisory firm, SES (Stakeholders Empowerment Services), to question whether HEC even has the financial muscle to independently execute such a massive contract. The worry is that HEC might just be a pass-through entity. Meaning, it could be subcontracting all the work while taking a cut, without adding any real value.

And this concern isn't theoretical because it has precedent.
You see, back in 2017, HMI awarded a major contract to HEC India, which HEC then subcontracted it to Kotec Automotive Services India (KAS). KAS further subcontracted it to You Seung Sang Sa India Construction (YSSS) and YSSS, in turn, passed it on to RT Construction, the company that actually did the work. But things got messy when YSSS defaulted on ₹9 crores worth

of payments to RT Construction, sparking financial disputes and legal trouble.

So now, the question is could history repeat itself. In that case, there's reason for concern.
And what if HEC again does the same subcontracting - after all it has just 10 employees.

But interestingly, not all proxy advisory firms are on the same page about this.

- **IiAS** (Institutional Investor Advisory Services) believes that these deals are justified, arguing that Hyundai's global structure inherently involves such big-ticket affiliate transactions for strategic reasons.
- **InGovern** on the other hand, is skeptical, citing the lack of clarity and potential risks to minority shareholders.
- **SES** is particularly worried about HEC's financial strength, or a lack of it, to independently handle such a large contract.

Now, in theory, shareholders have the power to reject such deals.

Proxy advisory firms just play a crucial role in shaping shareholder votes, especially for institutional investors who rely on their guidance. After all, investors can't sit to extensively research and vouch for all the companies in their portfolio. For instance, just a couple of months ago, Gokaldas Exports saw four of its proposals rejected after Ilias advised shareholders to vote against them.

But here's the reality. In Hyundai's case, the shareholder vote on these transactions, (which was scheduled for March 12-13), is unlikely to pose a real challenge. That's because to pass, they need a majority or over 50% approval from shareholders. But HMI's parent company owns 82% of the shares. So even if minority shareholders oppose these deals, Hyundai still holds the majority vote. So yeah, while the final verdict arrives on March 17, it's highly likely these transactions will get approved. And by the time you read this, these transactions may already have the green light.

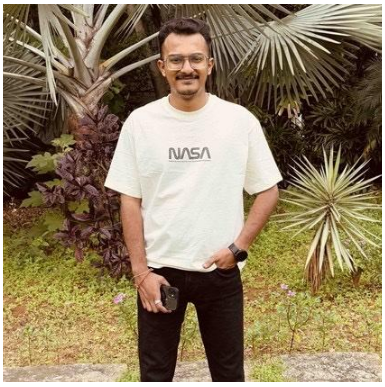
And if that happens, this entire episode raises broader governance concerns. Shareholders might remain cautious, keeping this in mind if similar deals pop up again. And that could play a role in how the company's stock price moves in the long run. Questions about these RPTs could also surface in upcoming investor meetings, potentially putting pressure on management to be more transparent.

On the flip side though, Hyundai's core business and fundamentals remain strong.
So despite the governance cloud, many analysts are still bullish on the company's stock, highlighting Hyundai's strong position in the SUV segment, its ambitious electric vehicle (EV) plans and aggressive expansion strategy. And that actually makes sense.
The company has recorded highest-ever sales in 2024, significantly expanded its EV infrastructure and laid out bold growth targets.

Sure, it has slipped from being India's second-largest carmaker to fourth place, losing ground to competitors. And perhaps that explains HMI's aggressive push for RPTs. RPTs can be quicker, more efficient and help keep costs low. So, the company might be using these to quickly claw back market share through expansion. After all, HMI aims to launch five EV models by 2030 and ramp up production capacity, particularly through its Talegaon plant expansion. And it also has announced that India will play a key role in its bigger goal of selling 2 million EVs globally by 2030. The long-term risks, however, is that if these transactions inflate costs or hint at any layered subcontracting, it could hurt investor confidence and Hyundai's future growth prospects.

So yeah, for now the company will need to walk a fine line. If it can prove that these deals genuinely add value, it might just put governance concerns to rest. If not, this won't be the last time investors demand answers.

By Aniket Jain R



Update for the day #2313|Is the London Stock Exchange losing its relevance?

Exactly a decade ago the London Stock Exchange (LSE) proudly held the third spot globally for raising money through Initial Public Offerings (IPOs). But cut to today, and it has fallen all the way down to eighteenth place.

Meanwhile, countries you wouldn't expect to steal the spotlight, like Malaysia, Luxembourg, and Poland have zoomed ahead. Australia and Saudi Arabia have cemented their places as IPO hotspots. And then there's Oman's Muscat Stock Exchange. Despite being a tiny market, barely 1% the size of the UK's, it too has left London trailing in the dust.

Stock exchanges of countries like Malaysia, Luxembourg, Australia, Poland, and Saudi Arabia have gone far ahead of London's. And even the Muscat Stock Exchange which is Oman's securities market has been able to overtake it despite its overall stock market being just a measly 1% the size of the UK's.

So, what's going on?

To begin with, the UK's economy has hit a rough patch. Borrowing costs have shot up, reaching levels not seen since the Global Financial Crisis (GFC) of 2008. For the government, this means paying much higher interest rates on its borrowings like the bonds it issues to investors.

Now, this sets off a chain reaction. First, a bigger slice of the government's budget gets eaten up by debt payments. Last financial year alone, over 8% of government spending went towards servicing debt. And second, the fiscal deficit or the gap between what the government earns and what it spends, widens further.

This means that the government has had to rethink its approach. It's now reluctant to borrow more just to cover day-to-day expenses. And to plug the gap, there's talk of increasing taxes, which could leave people with less money to save and spend. Less spending means slower economic growth. And that's a red flag for investors. They then choose to park their money elsewhere, in markets like the US, which they see as having brighter prospects. And when investors start pulling out, companies take notice. Why would they raise funds or list their shares on the LSE if the market isn't attracting the money they need?

To put things in perspective, auditing giant EY found that a staggering 88 companies either delisted from the LSE or shifted their primary listings elsewhere last year. That's the highest number of companies leaving the stock exchange since the GFC and undoubtedly a troubling sign for what was once a thriving financial hub.

Now, we know what you're thinking. The US isn't exactly stellar in terms of financial health either. Its debt is over 120% of its GDP, while the UK's is closer to 100%. Its fiscal deficit too runs a hefty 7%, compared to the UK's 4.5%.

So why are investors still flocking to the US instead of the UK?

Well, a big reason lies in how the UK handles its debt. You see, back in 1981, it introduced something called inflation-linked gilts. These are simply government bonds where both the principal and interest payments rise with inflation. And it seemed like a smart move at the time, especially when inflation was low. But today, with inflation soaring, these bonds have become a financial headache.

What's even worse is that about a quarter of the UK's government debt is tied to inflation, which is actually the highest proportion among major economies.

And you can imagine that this doesn't exactly scream stability for investors. They're worried about the rising costs to the UK government and the strain on its finances. On the flip side, the US, despite its own issues, looks like a safer bet with a more predictable system.

And when investors pull their money out of the UK, it leaves the LSE in the lurch. Fewer investors mean companies listed on the LSE struggle to raise funds.

But then there's more to the story since what we've told you so far is just the broader picture or the foundation of why the LSE is losing its sheen.

Take liquidity, for instance. When investments in the LSE dwindle, liquidity on the exchange dries up. Fewer stocks are being bought and sold, making it harder for investors to make quick returns. And fund managers, whose performance and fees depend on delivering results, don't really wait around. They reallocate more of their clients' money to markets like the US, home to heavyweights like Nvidia and Apple.

And this shift away from the LSE creates a vicious cycle, making it a classic example of a doom loop. Less liquidity pushes more investors to pull out, and that further dries up liquidity.

The problems don't end there. Lower liquidity also impacts the market values of companies listed on the LSE. According to Bloomberg, UK equities are now trading at a staggering 40% discount compared to their global peers, which makes them look like great bargains for foreign companies waiting to acquire others. In fact, merger and acquisition activity targeting UK firms has skyrocketed by 80% this year, hitting over $160 billion.

The end result is that companies are leaving the LSE in droves. About 45 delisted this year alone, a 10% jump from last year and the highest since 2010. It's yet another domino in the doom loop, chipping away at the LSE's position on the global stage.

But hey, the LSE isn't entirely at the mercy of these external factors. It's also partly to blame for the IPO drought and the wave of companies leaving it.

Tech companies have long complained about its rigid listing rules and lack of flexibility. The old rules, for instance, were tough — things like requiring shareholder votes on certain transactions and banning dual-class shares, which give founders or key investors extra voting rights. These made it harder for companies to consider London as their home base for listings, especially when other global markets, like New York or Singapore, were offering more attractive options.

But now, the UK government and the LSE seem to have woken up to this and have recently revamped their listing rules.

First off, the LSE has simplified its listing categories. Gone are the confusing 'premium' and 'standard' categories, which used to treat companies differently based on their corporate governance and regulation standards. Now, there's just one listing category for equity shares in commercial companies, making the process easier and less bureaucratic.

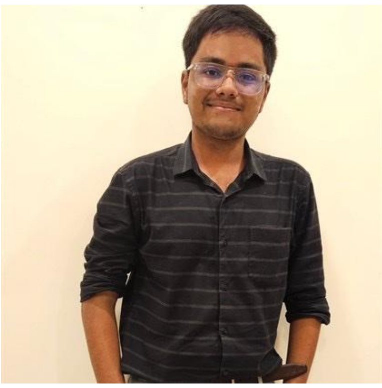
Next, the disclosure requirements for large deals have been relaxed. Companies no longer need shareholder approval for transactions over 25% of their assets or value. They just need to notify the market, which is much faster and less cumbersome.

And the biggest challenge they've solved, perhaps, is that of dual-class shares. Before, only founders or directors could hold these shares. But now, institutional investors like pension funds or investment firms can hold these too, for up to 10 years.

So yeah, these reforms are the LSE's shot at getting back into the game and competing with its global stock exchange rivals.

But let's be real. This is only one part of the puzzle. It might convince companies thinking about listing in London, but if the LSE really wants to win back investors, the UK government has to tackle the bigger issue — turning around the economy.

By Lakshya Bansal



Update for the day #2314|BYD's Rise: From Battery Maker to Auto Giant

BYD has reported a staggering revenue of $107 billion for 2024, surpassing Tesla's $97.7 billion. The company sold 4.3 million electric and hybrid vehicles, making it the sixth-largest automaker globally, overtaking Honda.

Founded in 1995 by Wang Chuanfu, BYD initially focused on rechargeable batteries, supplying major brands like Motorola. It entered the auto sector in 2003 by acquiring Xi'an Qinchuan Auto Co. and launched its first electric vehicle (EV) in 2008. The company gained momentum with a $230 million investment from Warren Buffett.

Several factors contributed to BYD's success:

1. **Government Support:** The company benefitted from $4.3 billion in state subsidies between 2015 and 2020, along with favourable policies that aided its expansion.

2. **Innovation in Battery Technology:** The introduction of the Blade Battery in 2020 improved lithium iron phosphate (LFP) batteries, making them safer, more efficient, and cost-effective. This advancement led even Toyota to adopt BYD's battery technology in China.

3. **Pandemic Resilience:** During the COVID-19 pandemic, BYD repurposed its production lines to manufacture N95 masks, becoming the world's largest mask producer and generating over $1 billion in revenue.

4. **Aggressive Global Expansion:** The company has captured 43% of the EV market share in Southeast Asia and strategically entered various markets through electric buses and municipal transport before introducing passenger cars.

Looking ahead to 2025, BYD is poised for further expansion in Europe, India, and Latin America, facing strong competition with Tesla and legacy automakers. The company is expected to continue innovating in battery technology and potentially introduce new models in the affordable EV segment. BYD's rise is a testament to strategic vision, innovation, and government backing, cementing its position as a dominant force in the global EV industry.

By Raki Saha

Update for the day #2315|Why does Trump want to buy Greenland?

Are you amused by the title? Well, it's sort of a real thing. You've probably heard the news that Trump has his eyes on the world's largest island, Greenland, in the Arctic near the North Pole. Yes, he wants to buy it and make it a part of Alaska.

And it's not the first time that the US is doing that. It turns out the US has quite a history of shopping for land!

Did you know Alaska wasn't always a part of the United States? In 1867, the US bought the state of Alaska from Russia for $7.2 million. And even before that, in 1803, they bought Louisiana from France for $15 million.

But these were not mere purchases for the sake of it. Take the Louisiana Purchase, for example.

Back then, the New Orleans port of Louisiana was the main highway of trade for the US, connecting goods from the American heartland to the international markets. However, the Americans faced obstacles from Spain, which once controlled Louisiana, and then later from France.

Then American President Thomas Jefferson stepped in swiftly, recognising New Orleans' strategic importance and the need to keep trade routes unhindered. So, he sent negotiators to France to buy the port. But in a surprising twist, cash-strapped Napoleon Bonaparte made a once-in-a-lifetime offer. Instead of just New Orleans, he proposed selling the entire Louisiana Territory!

And this story is a reminder of how America has historically approached land acquisitions through a lens of financial and geopolitical rationale. Greenland might just be the next chapter in this playbook.

But to understand that you'll need a bit of background.

You've likely heard of China's Belt and Road Initiative, a modern twist on the ancient Silk Route aimed at boosting global trade through infrastructure and connectivity. But China is taking it all the way to the Arctic, yes, to the frozen north. This initiative is called the Polar Silk Road (PSR).

What's the PSR all about, you ask?

See, we all know that the polar ice is gradually melting. And in the coming decades, climate change could create ice-free seasons in the Arctic Ocean. This could generate a seaway as a leading trade route between the Americas, Europe, and Asia, significantly reducing shipping times compared with the traditional trade routes like Suez or the Panama Canal. And even the costs would steeply decline, thereby benefitting China's massive trade networks.

Besides, it's not just about shipping. The Arctic is like a treasure trove of natural resources — oil, gas, rare earth minerals, you name it. And China, being a resource-hungry nation, wants to grab as much as it can. Plus, there's the opportunity for scientific research as the Arctic offers a front-row seat to study climate change and explore new technologies.

And to realise its ambitions, China is trying to bring near-Arctic countries on board to develop the Northern Sea Route (NSR). This route, part of the Polar Silk Road (PSR), could become a faster and more efficient shipping path between Asia and Europe.

You see, China already has good relations with Russia, largely because it's one of the biggest buyers of Russian oil at a time when Western nations have boycotted Russia. But it's also reaching out to Norway, Sweden, and Denmark. To sweeten the deal, China is pitching joint projects like satellite navigation systems, fibre optic cables, and energy ventures, including Russia's Yamal LNG project.

Meanwhile, Iceland and Greenland have shown interest in China's plans for Arctic infrastructure.

And that's where Donald Trump steps into the picture!

He's determined to push back against China and Russia's growing influence in the Arctic, especially in Greenland. Now Greenland, though technically part of Denmark, operates with a fair bit of autonomy, which is why Trump has offered Denmark a deal which essentially says that "Hey, we'll protect Greenland by deploying frigates, air wings, missiles, and infantry. But in return, Denmark and Greenland would have to allow the US to tap into Greenland's rare earth minerals, oil, and other resources."

Sure, it might seem like Trump is doing Greenlanders and Denmark a favour, but that's not really the whole picture. Just take a look at the prices of critical minerals like antimony and gallium. They're soaring, thanks to their growing importance in battery and EV technologies. So, for the US, this is actually less about charity and more about seizing a golden opportunity to secure these valuable resources.

But the Arctic isn't just about resources. It also holds considerable military importance, serving as a prime location for nuclear-armed submarines that can hide beneath the ice and, in the event of conflict, strike North America, Europe and Russia. Now, if China controls the region, this will be a major threat to the US.

Also, Greenland already hosts the US Pituffik Space Base under costly lease agreements. To put this in perspective, under the Biden administration, the US signed a 12-year, $4 billion deal to maintain a military presence on the island. So, owning Greenland could streamline Trump's defence spending and turn the region into a self-sustaining financial asset.

And guess what? Trump might actually stand a chance at influencing Greenland.

Look, although it's an autonomous region, Greenland is still economically dependent on Denmark, which provides substantial annual support through a block grant. Fishing remains the most important driver of the Greenlandic economy, though the industry no longer sustains as many jobs as it once did. And at this juncture, Greenland's government has its sights set on independence and is exploring how to cash in on the island's rich mineral resources, including gold, natural gas, diamonds, lead and zinc, hoping to attract foreign investment.

But if Trump were to persuade Greenland's government that aligning with the US could bring more economic benefits than staying under Denmark's umbrella, the island might consider straying.

This would give the US a free hand to tap into Greenland's vast resources while also countering China's influence.

When you think about it, doesn't this feel like a modern twist on the Louisiana Purchase? Just like President Jefferson recognised the strategic and economic value of New Orleans, Trump seems to have his eyes on Greenland for its geopolitical and resource-rich perks.

The only added layer this time is keeping rivals like China at bay.

And who knows, just as Napoleon needed the cash and sold Louisiana, Greenland might eventually consider Trump's offer, especially if it boosts their finances. That is unless their drive for independence burns too strong to compromise.

Only time will tell ....

By S Akash V

Update for the day # 2316 | Can India fill the shoes of the top coffee-exporting nations?

Indian coffee exports are brewing up a storm! For context, in FY24, India exported a whopping $1.2 billion worth of coffee. That's close to an impressive 10% growth over the previous year. And now, in just the first few months of FY25 until October, Indian coffee exports have already crossed the $1 billion mark.
Sounds promising, doesn't it? But what's really behind this impressive surge, you ask? Let's take it from the top.

India produces two main coffee varieties — Arabica and Robusta. Robusta accounts for the lion's share, accounting for over 70% of India's coffee production. Naturally, it's also the star player in India's export game. To add to this, Robusta beans are a favourite for instant coffee manufacturers worldwide, thanks to their strong flavour and affordability. Some premium brands even blend Robusta with Arabica to create their instant mixes. For instance, recently, the demand for instant coffee has soared in markets like Russia and Turkey. And since about a third of India's coffee exports consist of instant coffee, this surge in demand has directly boosted our numbers.
However, the steep rise in global coffee prices is the real game-changer. Robusta prices have touched multi-decade highs this year, climbing more than 60% in 2024 alone.

If you're wondering why, it's because of supply issues in major coffee-producing countries. Just look at Brazil, the world's largest coffee producer. It has been dealing with erratic weather patterns — droughts and extreme heat, thanks to climate change.

Meanwhile, Vietnam, the second-largest supplier, is hedging against unpredictable climate risks by shifting some of its focus to growing Durian, a pungent fruit that's seen a 400% surge in global demand. With profits like that, it's hard to blame them for the switch.
So, with these giants struggling, Indian coffee has stepped in to fill the gap. But the real question is, can we keep this upward streak going? It turns out there is scope!

Look, Indian coffee has a uniqueness that sets it apart from its global competitors. It's grown in natural forests using traditional methods. In fact, India is the only country where all coffee is grown under shade, hand-picked and sun-dried. Elsewhere, coffee farming often involves chopping off existing vegetation, but in India, the forest canopy stays nearly intact.

This eco-friendly approach aligns perfectly with the European Union's Deforestation Regulation (EUDR), which bans coffee imports from regions deforested after 2020.
And let's not forget, India's sun-drying process is way greener than the mechanical dryers used in Europe that contribute to carbon emissions. But it's not all smooth sailing.

Now, even though Indian coffees are the most sustainably grown, the EUDR compliance burden on growers can be huge as it requires technological and financial resources. It demands precise proof that no deforestation is linked to the coffee beans entering the EU markets.
This simply means Indian growers will now need expensive tech upgrades like GPS mapping and digital traceability systems, which small farmers can barely afford. And when you throw in endless paperwork, audits, certifications, and compliance, it quickly starts to look like a nightmare!

To tackle this, the Coffee Board is working on a platform to help Indian coffee producers comply with EUDR. But since it'll take some time to roll out, our coffee exports to the EU might face some bumps in the road in the meantime.

Also, India is not the only country producing sustainable coffee. Ecuador, a South American nation, is far ahead of us in this respect. In July 2023, it exported its first container of sustainable coffee with deforestation-free certification to Italy. The coffee was certified through rigorous monitoring and enforcement using satellite imagery and third-party verification.
So yeah, we really need to ramp up our efforts before other nations rally ahead of us!
Plus, India is not immune to the effects of climate change. Erratic rainfall patterns harm the yield and quality of coffee. And sudden or unseasonal rains complicate the drying process, as all our coffee is sun-dried.

Another big challenge for Indian coffee farmers is the rising cost of production. Over the years, their expenses have shot up, mainly because of rising labour costs. You see, almost the entire cultivation process here is manual. There's no fancy machinery like in other coffee-growing countries. To put things in perspective, in Brazil, labour makes up just 25% of the total production cost, but in India, it's a whopping 65%. That doesn't leave much room for profits.
That's also why many farmers are walking away from coffee cultivation altogether. They probably feel like it's just not worth it with rising labour costs and shrinking profits.

And if that wasn't enough, rising shipping costs are adding to the headache. The Red Sea, which offers the shortest and cheapest shipping route through the Suez Canal, has been disrupted by tensions in the region. When a rebel group based in Yemen called the Houthis started targeting commercial vessels, exporters had to take longer routes, which hit their profit margins hard.
So yeah, there are quite a few hurdles to tackle before India can truly become one of the top coffee-exporting nations.

But then, even with these challenges, there's room for optimism. Right now, India's global coffee export share is just around 4%. And one way to boost this is by increasing exports to China. Just think about it. China was once mainly a tea-drinking country, but now, instant coffee cafes are popping up everywhere as more people develop a taste for coffee. In fact, China's coffee imports have nearly tripled over the last 10 years.

If we can expand our presence in markets like China, which is home to nearly 50,000 branded coffee outlets and growing fast, we could grab a bigger slice of the global coffee market pie.
And maybe that's one way India could step into the shoes of the top coffee exporters.

By Mohith G

Update for the Day #2317 | What are Blockchain and Cryptocurrency?

In the 1860s, Britain had a strange law called the Red Flag Act which said that every car had to move very slowly and have three people with it. A driver. An engineer. And one person walking in front waving a red flag to warn people. Yup, no kidding! Imagine someone walking ahead of your car today with a flag. It sounds nuts. But back then, cars were new, scary, and seen as dangerous as dynamite. And the law was supposed to keep people safe, but instead, it slowed down progress. While Britain stayed stuck, other countries moved ahead, improving cars and changing transportation forever.

The point? Revolutionary ideas often seem scary at first. They're dismissed as risky fads, but their progress is usually unstoppable.

Doesn't this remind you of how people talk about Bitcoin and blockchain today? Just like the first cars, they're new, unfamiliar, and mistrusted. Critics call Bitcoin a bubble, blockchain a gimmick and cryptocurrencies a playground for criminals. But could ignoring these technologies mean missing out on something amazing?

Let's unpack a few things to answer this. And to do that, we'll start with the foundation: **blockchain**.

Picture a classroom. The teacher keeps attendance on a single sheet of paper. But what happens if the sheet is lost or someone fudges the entries? Big problem, right? So, the students come up with a better idea: everyone keeps their own attendance sheet. And every time a name is marked, the whole class updates their sheets too. So, if someone tried to cheat, it'd be easy to catch because everyone else's records would expose the discrepancy.

That, in essence, is how blockchain works. It's a system where everyone has the same copy of a record, and changes are nearly impossible without everyone noticing. Plus, it's decentralised, meaning no one person or entity owns it. Just like every student in the class had a copy of all the records, the responsibility to check all the data on the blockchain lies with something called **nodes**. Simply put, these are computers that validate and manage data on the blockchain.

But how does blockchain actually work?

Well, the magic lies in its structure. Think of blockchain as a digital account that groups transactions (like attendance marks) into "**blocks**." And each block is connected to the previous one, forming a continuous **chain**. (So, block + chain = blockchain. Voila!)

Now, to keep everything secure, each of these blocks has a unique code called a "**hash**" — a kind of fingerprint. And this hash is tied to the previous block's hash, thereby creating a chain that links all the blocks together. So, if someone tries to mess with a block even in the tiniest manner, its hash changes and it breaks the entire chain and sets off alarms to everyone on the blockchain network. So, it's like a tamper-proof vault that's constantly being watched by everyone.

Adding new blocks isn't easy either. It requires solving complex mathematical puzzles through a process called **mining**.

What's mining, you ask?

Well, it's where millions of computers worldwide race to solve a super-complex puzzle (we'll come back to this in a bit). The first one to crack it gets to add a new block to the chain and earn cryptocurrency (cryptographic currency) as a reward. And here's where it gets fascinating. The puzzle involves generating a 256-bit hash, a unique digital code. Think of it like a lottery where each guess requires massive computation power. And this whole process, dear reader, is something called a **consensus mechanism** (something they term as proof-of-work mechanism for Bitcoin and proof-of-stake mechanism for Ethereum) which ensures that the network remains honest.

But what happens if a node cheats? Well, that's close to impossible. Because to manipulate a chain a hacker would need more computing power than the rest of the network that's been previously established, combined. It's a cost so astronomical it's not even worth trying and downright unrealistic. This clever design makes blockchain a fortress of security.

In short, it's like trying to rewrite history while everyone else is watching.

And speaking of history, let's talk about Bitcoin — the first big use of blockchain technology!

Because well, if we're talking cryptocurrencies, we can't ignore bitcoin. Today it's the reigning champ, commanding over 50% of the total cryptocurrency market with around $1.96 trillion market capitalisation. From humble beginnings, it has climbed to touch the $100,000 mark this year — a staggering achievement for any asset class in such a narrow time and for something once dismissed as a passing fad.

(Quick note: Bitcoin (with a capital B) is when we're talking about the network or system. And when we say bitcoin (with a lowercase b), we're referring to the currency itself)

In 2008, someone using the name Satoshi Nakamoto shared an idea for Bitcoin by publishing a groundbreaking whitepaper. It was introduced as a peer-to-peer electronic ledger system, sort of a new kind of money that didn't need banks or governments. And it emerged during the global financial crisis when trust in traditional financial institutions had hit rock bottom. Bitcoin offered a decentralised alternative — a currency that didn't rely on banks or governments to be controlled but on mathematics and code.

And to make this simpler, let's first understand how this correlates with the blockchain tech and terms we just went through.

Bitcoin is built upon a unique network architecture. It works like a digital ledger that keeps track of who owns what. Think of each bitcoin as a chain of records showing its journey from one owner to the next. When someone sends bitcoin, they sign it with a unique digital signature, like a secure stamp, and link it to the next owner's digital address. This process adds a new record to the chain, creating a clear and tamper-proof history of ownership.

To give you a visual representation, here's how the process would flow…

What about trust though? Because in a normal world, we'd depend on a bank to make sure no one spends the same money twice. How do we do it on the Bitcoin blockchain?

Well, Bitcoin changes all that because it uses a decentralised network where transactions are shared publicly, and everyone agrees on their order. This consensus mechanism removes the risk of double spending. Remember that super-complex puzzle we mentioned earlier? Here's how it plays out on the Bitcoin network — Each block bundles transactions, has its own unique hash, and includes a special number called a **nonce**. Miners adjust the nonce to solve a complex puzzle. And when one of them gets it right, the others validate it, and the block is locked into the chain. And that's how this clever system makes every transaction transparent and secure.

Now, Bitcoin's got a few sleek features.

First, it has no central authority. No one can block or reverse your transactions. Because, well, it's built on the blockchain network. In regular banking, authorities can freeze accounts or stop payments. But Bitcoin's decentralised system means no single authority has that power because it has peers or nodes validating transactions across networks. This is especially helpful in unstable economies. For example, during Argentina's 2019 financial crisis, when the peso lost value, many turned to bitcoin to escape from currency swings or inflation. If you have questions on this, don't worry, we'll explain more on this in the upcoming chapters. But for now, just know that Bitcoin is considered a sort of hedge against inflation.

Then it's borderless and cost-effective. Usually, remittances to another country costs a lot and that's how the banking industry makes money off your transactions. But with Bitcoin, it's with no censorship and cheaper.

And because blockchain is programmable, cryptocurrencies like bitcoin can be used for things like smart contracts — agreements that automatically complete themselves. Imagine your car paying for its own charging or a fridge ordering and paying for groceries. These ideas could get real, thanks to blockchain.

But Bitcoin isn't just about technology. It also challenges the very idea of how we think about money. Today, we trust some sort of authority to manage money. Bitcoin asks, what if we trusted math and code instead? By using private and public keys, similar to public usernames and private passwords, it removes the need for any middlemen. These keys let you securely send and receive money directly, without anyone else interfering. Bitcoin puts control back in your hands.

To top it off, it's got a fixed supply — only **21 million** bitcoins will ever exist, and as we said, it's controlled by code, not people or central banks or policymakers. This scarcity makes it akin to digital gold. And it's something that makes it deflationary in today's ever-increasing inflationary environment.

Of course, Bitcoin isn't perfect. Its proof-of-work mechanism requires vast computational resources and therefore vast energy, and its volatility makes it less practical as a stable medium of exchange. But these challenges aren't insurmountable because it's worth remembering that the early days of the internet were fraught with challenges too. Yet, we persisted, and today, it seems indispensable.

So, to truly appreciate blockchain, let's revisit a fundamental question: What is money?

Well, at its core, money is a social construct, a form of communication and a tool to facilitate exchange, store value and measure worth. Over time, money has evolved, from gold coins to paper bills to digital payments. And blockchain could represent the next step in this evolution: a form of money native to the digital age, unbound by geography or politics.

Yet, bitcoin's true value lies in its ability to democratise finance. In regions where access to banking is limited, Bitcoin can provide an alternative. It's not just money; it's a tool for financial inclusion. Anyone with internet can have bitcoin without any service provider. In places where banks aren't available, it can act as the bank itself!

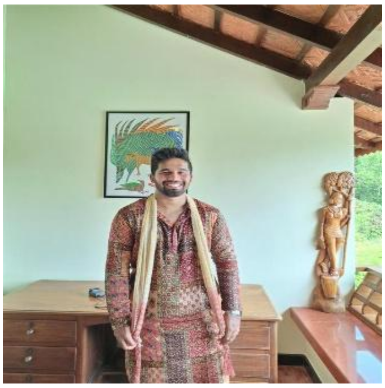
So, to sum it up, what truly sets bitcoin apart are some of these astounding properties. The digital currency isn't tied to any physical form. It exists only as data, making it incredibly versatile. Store it in a hardware wallet, write it down on a piece of paper, or even encode it into a QR code. Its form adapts to how you choose to handle it! It can move at the speed of the internet, bypassing borders, and bureaucracy. And your **private key** is all you need to access it. You memorize your private key, and your Bitcoin effectively hides in your brain! It's there but invisible, safe from anyone who doesn't know the spell (your private key).

Surely a new way to think about ownership, control, and freedom, eh?

So, it'd be fair to say that Bitcoin and blockchain are still in their early days. Governments are grappling with how to regulate them. Some are welcoming it, others are banning it, and many don't know what to do yet. But history shows that resistance to revolutionary ideas is often temporary. Electricity, cars, phones and even the internet all went through this. Maybe Bitcoin and blockchain might follow the same trajectory, or they might fall flat.

But one thing we know for sure is that this technology is something that's been created and it can't be undone. Imagine trying to unbake a cake once it's out of the oven — you simply can't, right? While its value might ebb and flow, the technology's potential and its use cases are undeniable. Maybe that's what we could learn from the Red Flag Act and embrace the possibilities instead of just getting hooked to the price movements.

By Shravan Prabhu N



Update for the day # 2318|The Mishtann Foods Saga: A Wake-Up Call for Investors

Let's talk about a story that's been making waves in the financial world—a tale of dazzling numbers, soaring stock prices, and the reality hidden beneath. Yes, we're talking about Mishtann Foods Limited, a case that's become a stark reminder of the pitfalls lurking in the stock market.

A Familiar Pattern

It all started with a seemingly promising company. Mishtann Foods began in 1981 as HICS Cement before transforming into a player in the food processing industry—dabbling in basmati rice, wheat, salt, and more. Its sales trajectory was nothing short of extraordinary, growing from ₹5 crores in FY14 to over ₹1,200 crores in FY24. But beneath these impressive figures lay a web of manipulation.
Fake buyers. Non-existent suppliers. Transactions routed through paper entities linked to insiders. The company crafted an elaborate façade, inflating revenues, and deceiving investors. While the sales grew at breakneck speed, profits stagnated, cash flows were negative, and inventory numbers defied logic.

The Domino Effect

The cracks in the foundation became impossible to ignore when whistleblowers flagged irregularities to SEBI in 2022. Allegations of dummy sales, GST fraud, and income tax evasion surfaced. Investigations revealed the grim truth—Mishtann's operations were riddled with bogus transactions and circular money flows between shell entities.
One glaring example? A supposed transaction worth ₹175 crores with Arihant Corporation. On paper, it seemed like a legitimate deal. But in reality, funds were routed through Mishtann's own group companies to create an illusion of sales.

The Fallout

When SEBI dug deeper, things unravelled further. Mishtann had raised funds through a rights issue, ostensibly for business expansion. But instead of boosting operations, ₹50 crores vanished into the hands of insiders. The company claimed a fire in 2022 had destroyed its financial records—a convenient excuse that didn't hold up.

Eventually, SEBI took decisive action. Mishtann Foods and its management were banned from accessing securities markets for seven years. Key executives were barred from holding positions in any listed entity. And the company was ordered to recover misappropriated funds.

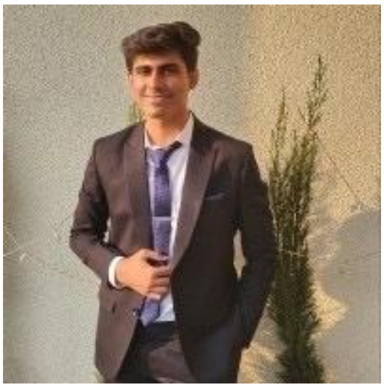
Lessons for Investors

The Mishtann debacle is a stark reminder of the importance of due diligence. When something appears too good to be true, it usually is. Flashy sales figures mean little without corresponding profits and cash flow. Promoter holdings that decline sharply should raise eyebrows. And excuses like destroyed financial records are red flags that can't be ignored.

As Charlie Munger wisely said, *"It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent."* In investing, avoiding obvious traps can be just as important as identifying golden opportunities.

So, the next time a stock promises meteoric returns, take a step back. Scrutinize the management, pore over the financials, and question the narrative. Because at the end of the day, the smartest move may be steering clear of being the last one holding the bag.

By Narayan Lal V



Update for the day #2319|Are EV subsidies bad?

Is India the perfect home for Global Capability Centres?

Remember the days when India was the call center capital of the world? 'BPO' or Business Process Outsourcing was the buzzword, and customer service calls from across the globe landed in bustling rooms filled with headsets and scripted responses. Well, BPOs are old news. And today we're talking about something way bigger — Global Capability Centres (GCCs).
What's that, you ask?

Well, think of it like this. Instead of just answering calls, you're now sitting in an office developing software for a Fortune 500 giant or building AI models for healthcare innovations in Chicago or driving financial strategies for a global bank. That's how India's BPOs have evolved into GCCs. They're no longer in the back office but at the forefront of global business strategy and innovation. Originally called 'captive centres', these facilities came to be known as Global In-House Centres (GICs) and later as Global Capability Centres (GCCs).

The growth has been phenomenal. In 2012, there were about 760 GCCs operating in India. By 2016, that number surpassed 1,000, and today, India is home to over 1,800 of them. By 2030, we're poised to have over 2,000 such centres, with the market size projected to reach $100 billion. More than 65% of the GCCs in India are headquartered in the US, and these centres have moved from being mere "support roles" to leading global operations. They currently employ between 1.3 to 1.9 million people, a number expected to rise to about 2.5 million by 2030. Meaning, if India's GCCs were a city, it would be bigger than Vienna.

If you're wondering how they work, imagine that a big company wants to expand its presence in another country. But instead of managing everything themselves, they set up a Global Capability Centre (GCC). Think of it as their one-stop solution hub. The GCC takes care of all the heavy lifting — planning operations, hiring talent, finding office space and making sure that everything runs like clockwork. It's like building a new office far away but outsourcing the groundwork for a fixed fee.

And why has India become the go-to destination for GCCs?

Well, two words — talent and cost.

Companies love that India has a large, skilled workforce at much lower costs than places like the US or UK. Salaries, office rents and exchange rates are all more affordable. Just look at Goldman Sachs' Bengaluru GCC. It's no longer just a support centre. It's a key global hub, developing advanced risk management algorithms used globally. GCCs in India aren't just about saving money, though. They're also transforming fields like AI, data analytics, cloud computing and R&D.

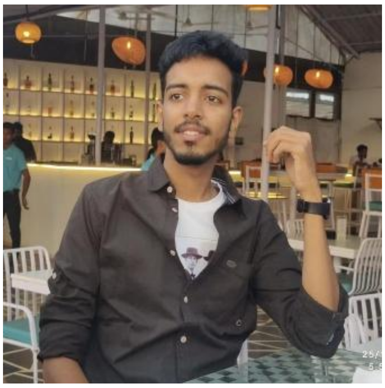
And the demand for skilled talent is so high that GCCs are pouring millions into partnerships with edtech firms and universities — almost like building their own "education factories". Many companies are even embracing something called the "10/30/50 approach", where 10% of the company's leaders, like senior managers and decision makers, come from its GCC arm, 30% of the total workforce works there, and the GCC focuses on developing 50% of the company's new and innovative skills, such as AI and data analytics. This shows how GCCs aren't just small branches but have become critical parts of companies, driving growth and success.

Then there's the Indian government's support. With schemes like production linked incentives

(PLIs), relaxed FDI (foreign direct investment) rules, investments in R&D and the China-plus-one strategy (investors finding alternatives to China), setting up a GCC in India has never been easier. Karnataka, for example, is aiming to establish 1,000 new GCCs by 2029, cementing India's position as a tech and services hub.

Take, for example, a Bengaluru-based startup creating smart tools for farming. They could team up with a GCC helping a big company improve farming tools for farmers worldwide, solving major challenges and making life easier for farmers.
But India needs to keep moving fast because countries like Malaysia, Indonesia and Vietnam are also ramping up their efforts to set up more GCCs.

By Yogesh K Bagrecha



Update for the day # 2320|Why California wants Big Oil to pay for its wildfires?

$150 billion! that's the jaw-dropping estimate of damage the wildfires in Los Angeles, California have caused so far. Thousands have been evacuated, hundreds left homeless as their homes turned to ash and tragically, many have lost their lives to this unforgiving disaster. Firefighters are still battling around the clock to bring the flames under control as you read this and this disaster is turning out to be one of the costliest in US history. To give you an idea, Hurricane Helene, which tore through six US states last year, caused about $250 billion in economic losses. And the damage from LA's wildfires is dangerously inching close to that number.

So climate change advocates are saying, "Enough is enough!" And they believe it's time for fossil fuel companies to pay for this heartbreaking damage.
Why do they think that?

To begin with, they believe that these corporations have spent decades polluting the environment, driving up global temperatures and accelerating climate change which fuels disasters like this. you see, wildfires are actually a normal part of a forest's life cycle. But in California, they've gotten much worse because of climate change and other human actions, like urban encroachment. On top of that, there's something called 'hydroclimate whiplash' happening. This is when the weather swings wildly between very wet and very dry. Climate change is making this problem bigger and spreading it around the world.

Here's where fossil fuels come in. Since the Industrial Revolution, burning fossil fuels has been a major source of pollution. In fact, scientists can now directly link extreme weather events like wildfires, floods, and heatwaves to climate change. And research suggests that emissions from the biggest fossil fuel companies have been responsible for nearly 40% of the forest damage in the western US and Canada over the last 40 years. that's exactly why climate advocates are calling on these companies to take responsibility for this disaster and pay their fair share to rebuild what has been lost.

But then, the fight against fossil fuel companies isn't just about the climate havoc they've wreaked. It's also because they're being labelled as literal thieves!
Yup, you read that right. For decades, these companies have been accused of robbing California's coffers — money that could've been used to tackle climate-change-driven wildfires.
Here's how. You see, the US has a decentralised tax system. Unlike India, where we pay direct taxes to the central government, which then shares revenue with states, in the US, both federal and state governments have the power to tax. Federal taxes go towards national programmes like defence and infrastructure, while state taxes fund local needs like schools, roads and healthcare.

In the early 1980s, California had a system called 'Worldwide Combined Reporting.' This system taxed multinational companies based on their global profits, including money made by their subsidiaries. California used a formula to figure out how much of those profits should be taxed based on how much business the company did in the state.

For example, if a company made $1 billion globally and 20% of its sales, assets, and payroll were in California, the state would tax $200 million of those profits.
But you can imagine that this made Big Oil unhappy. Companies like ExxonMobil, Gulf Oil (now Chevron) and Shell found this system "burdensome" and cooked up a clever plan. They said it was unfair and hurt California's ability to attract foreign investment. So, they lobbied the government for a new system called the 'Water's Edge election.' This system allowed companies to exclude

profits made outside the US from California's taxes. It also made it easier for them to hide money in tax havens. (Tax havens are countries or regions with low taxes, where companies often move their money to avoid paying higher taxes elsewhere)

What happened next was no surprise.
This shiny new loophole drained California's budget by up to a whopping $146 million in tax revenue every single year. That's a massive chunk of money gone. And by 2024, California was staring down a $46 billion budget deficit. The end result was that to fix this, the state had to make big spending cuts, including $9 billion from climate and clean air programs.

Now, think about it. If Big Oil hadn't twisted the government's arm to overhaul the tax system, the Water's Edge election wouldn't exist. And all that lost money could've been channeled into fighting the climate-change-driven wildfires raging through LA.

So it's no wonder that climate change activists are adamant about holding Big Oil accountable. They're not just asking these companies to pay up, they're demanding justice for the destruction they've left behind.

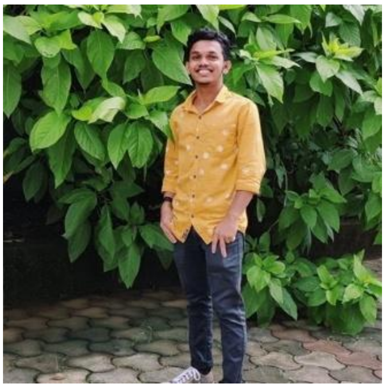
Just last year, these companies pulled out their old playbook and spent over $80 million lobbying in California to kill the "polluter pay" or "climate superfund" bill. This bill would've forced the biggest fossil fuel emitters to cover the costs of climate disasters with a fee for the damage caused by their polluting products. But thanks to their fierce opposition, the bill never saw the light of day in California. And that has left the state scrambling for funds to fight the devastating effects of LA's wildfires.

There is a glimmer of hope, though. Similar laws have been passed in Vermont and New York, setting a precedent that could eventually nudge California in the same direction. And California hasn't backed down completely. It's suing oil companies for years of deceiving the public about the environmental and health damage caused by burning fossil fuels.

Even better, the US Supreme Court recently refused to hear an appeal from oil companies trying to block lawsuits holding them accountable for billions in climate damages. This means there's still a chance that oil companies will be forced to pay up. And maybe, their lobbying efforts won't win this time.

But if Big Oil pulls off another victory, it's the insurance industry and taxpayers who will ultimately end up shouldering the cost for years to come.
Let's hope it doesn't come to that.

By Lohit I M



Update for the day # 2321|Inside the Kirloskar family feud and SEBI's involvement

When you invest in a company that's listed on the stock market, you trust it to follow the rules. If it doesn't, the Securities and Exchange Board of India (SEBI), India's capital markets regulator, steps in to make sure all shareholders are treated fairly, whether you own one share or a million.

But what happens when a company thinks SEBI's decision isn't fair? That's when the Securities Appellate Tribunal (SAT) comes in to settle the argument.

So, why are we talking about this?

Because one of India's oldest business families, the Kirloskar, is in the middle of such a dispute. It's about a 2009 family agreement called the Deed of Family Settlement (DFS) and SEBI's demand that it should be made public. But the Kirloskar family members don't agree on this, and things have spiralled into a full-blown legal saga. They have reached out to SAT to challenge SEBI's directive very recently.

Let's break it down. You see, the Kirloskar Group is a famous name in Indian industry with a legacy dating back over a century. Over time, the family's companies grew and specialized in different industries. But with this growth came complications. So, in 2009, the family made the DFS to divide ownership and control of their businesses among different family branches. Under the DFS, Sanjay Kirloskar got control of Kirloskar Brothers Ltd. (KBL), a company that makes pumps. Meanwhile, Atul and Rahul Kirloskar took charge of Kirloskar Oil Engines Ltd. (KOEL). Since both companies are listed on the stock exchange, SEBI got involved.

Now, the DFS also included a non-compete clause that barred family members from entering into businesses that would compete with one another. And here's where the trouble began. Sanjay Kirloskar of KBL accused KOEL of breaking the DFS in two ways. First, by selling their shares in KBL to Kirloskar Industries, another family company, which he said was against the DFS rules. And second, by buying La Gajjar Machineries in 2017, a pump company that started using the Kirloskar name. Sanjay Kirloskar said these confused customers and hurt KBL's business. The matter went to the High Court, which suggested settling things outside of court. But Sanjay wasn't okay with that, so the feud over the DFS continued.

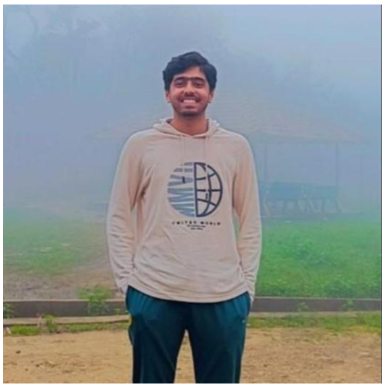
So, in 2018, KBL asked SEBI to step in, accusing KOEL of not disclosing the DFS. SEBI dismissed the complaint, and KBL took the matter to SAT in 2021. SAT upheld SEBI's decision, but KBL wasn't done yet and it escalated the issue further to the Supreme Court in 2022. Then came a twist in 2023.
SEBI introduced new rules which said that listed companies must disclose any agreements that could affect their management or shareholders. And these regulations brought the DFS back into the spotlight. SEBI argued that since the DFS outlined restrictions and conditions affecting KOEL, it qualified as crucial information that investors must know.

And by late 2024, SEBI had advised KOEL to disclose the DFS. But KOEL disagreed. They argued that the DFS didn't impose any restrictions on their operations and, didn't bind KOEL, and therefore, didn't require public disclosure. KOEL also argued that the DFS was a private family matter and that SEBI's directive overstepped the boundaries of corporate law by trying to make private family agreements public. And that's where things stand as of now. Now, the SAT and the courts will ultimately decide whether the DFS should be disclosed.

Whatever the verdict, it could have implications for Kirloskar businesses. And it could set a big example for how family agreements are treated under corporate law in the future.
What do you think? Should KOEL make the DFS public? On the one hand, transparency could help SEBI and investors understand the family's agreements they've settled on better. Additionally, it would shed light on whether KOEL's acquisition of a competing pump business is a strategic move or a potential misstep.

On the other hand, KOEL might argue that it's a private matter. For now, the Kirloskar saga continues, and everyone is waiting to see what the SAT decides.

By Darshan N



Update for the day #2322|Are flex fuel hybrid EVs the future?

Picture this, you are off on a road trip with your friends. As you drive, you notice that you'll soon run out of fuel. You switch to the electric mode, seamlessly transitioning to the electric motor, which takes overpowering your car. The ride remains smooth, and your friends barely notice the change.
You then spot a fuel station up ahead, pull in and refuel. Although you have the option to pick regular ethanol blended petrol, you pick ethanol 100 or an alternative fuel that's almost completely ethanol with just a little bit of petrol and a binder thrown in. Once the tank is full, you switch back to fuel mode, this time running on ethanol. You hit the road again with the electric mode ready as a backup. The car vrooms along efficiently on the ethanol. And you feel good knowing that you're using cleaner fuel.

This isn't just a figment of our imagination. It could actually be a reality in the near future. Thanks to Nitin Gadkari, the Union Minister for Road Transport and Highways, who flagged off the Toyota Innova HyCross, the world's first flex-fuel ethanol-powered EV (electric vehicle) last year. This car not only runs on an alternative fuel but can also operate in EV mode. And vehicles like these could be the future because the Minister has even batted for halving GST (Goods and Services Tax) on them recently.

Now we know what you're thinking. EVs, ethanol blended fuel, hydrogen or even biogas powered cars and now flex fuel hybrid EVs — India has so much on its mind. And everything seems to have a promising future. So, with its finger in every pie, which idea is it even going to pursue?
Okay, let's break that down.
Look, India wants to reduce its GDP emission intensity by 45% by 2030. Simply think of it as the total amount of greenhouse gas (GHG) emission we want to cut for every unit increase in GDP (or the value of all the goods and services the country produces). And since 40% of India's pollution comes from vehicles, it's important to cut down their emissions.
How do you do that?

Well, your first thought would be to go electric. But EVs aren't really great for the environment in their current form. And that's because the massive batteries that power these cars require a lot of nickel, cobalt, and lithium. And mining and refining these metals emit a lot of greenhouse gases. Not just that. The electricity that charges your EV comes from fossil fuels since 80% of it comes from burning coal.
And that simply means that switching to an alternative fuel could be the way out. But doing that isn't easy either. You can't scale up biogas fuel simply because it comes from feedstock and India doesn't have enough of it. You can't whip up hydrogen-based fuel either because it's expensive and lacks infrastructure.

This means that it might be easier to slowly lean towards flex fuel vehicles that use a cleaner fuel source and are scalable too. Ethanol blended petrol is exactly that. It comes from fermenting the sugar in the starches of grains like corn, barley, or sugar. And since India is the second largest sugar producer in the world after Brazil, it makes complete sense too.

Look, Brazil has been mandatorily blending its petrol with ethanol since 1976. And it has successfully been able to convert 90% of the country's light-duty vehicles into flex-fuel ones. So, it sets a great example for another developing country like India.

But here's the thing. Even if India wants to achieve 20% of ethanol blending in its fuel by 2025,

it'll need to produce 1000 crore litres of ethanol annually. But in the Ethanol Supply Year 2022-23 (ESY), which runs from December to November, we were only able to produce about half of it. So, scaling that will take time as well.
So, what's the most viable option?
Yup, you guessed it. Hybrids!

Look, hybrids are a cusp between a petrol or diesel-powered engine and an electric motor. They don't need an extensive charging infrastructure like pure EVs as they can be recharged by regenerative braking. This simply captures energy during braking to recharge the battery. They're more environmentally friendly than EVs too, because while regular petrol cars emit 244 grams of carbon dioxide per kilometre of use (gCO eq./km), EVs emit just 187 gCO eq./km. And hybrids emit even less at 167 gCO eq./km.

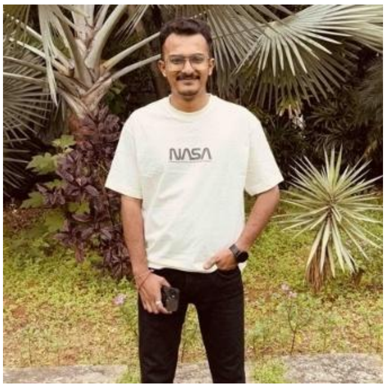
So, it's a win-win. And if that's the case why go with just a hybrid? A flex fuel hybrid EV could obviously leave a lower carbon footprint.
But could flex fuel hybrid EVs actually become the future of India's auto industry?
Well, they could. But they're not without their challenges either.

For starters, these vehicles won't come cheap. Ethanol blended fuel is corrosive. And with regular use, it can damage a vehicle's engine. That could mean more serious problems like rusting and even degradation of fuel quality. Not just that, these fuels have a lower energy, which means lower mileage and increased running costs by as much as 30%. Their supply isn't as extensive as regular fuel either. Sure, flex fuel hybrid EVs have an electric motor to offset that. But these cars have to be engineered differently for that, leading to higher costs. So, it could dampen buyer interest.

Then there's the problem of food security. Look, as of now India's ethanol relies on a part of the food grains coming from its central food pool. This is meant for distribution among underprivileged citizens. Sure, we're scaling up ethanol production. But that cannot happen without more land. This essentially means that we'll have to clear more land to grow ethanol producing crops. It's called land use change, and it could result in a higher carbon footprint. You could look at the US for instance. Corn ethanol produced in the US leaves a carbon footprint at least 24% higher than regular petrol. Thanks to fertiliser and land use changes required to grow corn.

So yeah, solving these problems is something we'll have to think of before aspiring to mass produce flex fuel hybrid EVs. Otherwise, it's almost like coming full circle, isn't it?

By Aniket Jain R



Update for the day # 2323|UK's waste tyres fueling a crisis in India?

India is one of the world's largest tyre manufacturing nations, producing around tyres annually. And it's not just domestic demand that keeps the industry running, our tyre exports are thriving too. In fact, we exported tyres worth over ₹12,000 crores in just the first half of FY25. And guess where most of them go? To the United States (US). The US accounts for more than 15% of our tyre exports in value terms. Brazil, Germany, the UAE, France, and Italy follow close behind. And when it comes to motorcycle tyres, Colombia in South America is our biggest customer.

But here's the catch. While we export fresh tyres, many Western nations are also sending us something in return: their used-up, end-of-life tyres (ELTs).

Now, these ELTs are essentially waste, shipped to India for recycling. And their sheer volume is staggering, to say the least. To put this in perspective, in 2023 alone, India received 800,000 tonnes of scrapped tyres. And here's another sobering fact. India actually purchases over 30%of the world's scrapped tyres. If you're wondering why, we'll talk about it a little later in the story.
However, what's causing ripples in environmental communities and tyre associations in both India and the United Kingdom (UK) is that nearly half of the tyre scrap to India comes from just one country: the UK. And the sheer amount of pollution it's causing is alarming.
How's that, you ask?

You see, this tyre scrap that lands in India are meant for recycling. And when done right, tyres undergo quite the transformation.
Take the steel, for instance. It makes up about 20% of a tyre. Once extracted, it's cleaned and sent to smelters, where it finds new life in construction and manufacturing. Then there's the fibre and nylon, around 15% of the mix, which ends up in carpets, fibreglass, and clean-up materials such as absorbent pads and mats used for things like oil spills.

And the rest is mostly rubber. But that doesn't go to waste either. Some of it turns into tyre-derived fuel (TDF), shredded scrap tyres that supplement traditional fires in controlled industrial settings. Then there's rubber mulch, a favourite for playgrounds and gardens, and crumb rubber, which gets repurposed for athletic tracks, road surfaces and speed bumps. If processed further, it becomes rubber powder, a high-performance material used in plastics, sealants, and even new rubber products.

So yeah, nearly every part of a recycled tyre finds a new destination with a useful purpose.
However, the problem starts when these ELTs, especially from the UK, end up in illegal pyrolysis plants across India.

Pyrolysis, in simple terms, is like extreme cooking. Tyres are heated in an oxygen-free environment at around 500°C to extract fuel and other byproducts. But when done improperly, it turns into an environmental disaster. These makeshift plants release a cocktail of toxins: heavy metals, benzene, dioxins and furans — many of which are highly carcinogenic. You can spot these illegal setups by the thick soot in the air, dying vegetation and polluted waterways nearby.

The plant owners, of course, make money. But environmental concerns and public health aren't exactly on their priority list.

And that begs the question: Why is the UK dumping its tyre waste in India anyway?
It's not like they lack the infrastructure to recycle tyres at home. They do. But sending them abroad is simply cheaper. Investing in shredding machinery is expensive, and Indian pyrolysis plants are willing to pay more for scrap tyres.

In the UK, scrap tyres were once compressed into blocks for road foundations, embankments, and drainage beds. But the companies making these blocks have either shut down or are struggling because they can't compete with the prices Indian recyclers offer. Add to this the rising demand for industrial fuel, cheap Chinese-made pyrolysis machines (which otherwise cost tens of millions of dollars) available for as little as $30,000, and weak regulations, and the trade is thriving.

And here's the real kicker. Tyres aren't classified as hazardous waste under the Basel Convention. So, unless the importing country explicitly bans them, there are hardly any restrictions on the global tyre trade.

The irony here is that we as a country already generate a massive pile of waste tyres domestically, about 2,75,000 every day, as per a 2021 MoHUA report. Yet, we continue to import millions more, worsening the crisis.
Also, the UK's regulations are laughably lax. Exporters just declare their buyers, and the UK checks with India if these buyers are legitimate. But after that there's no tracking, no accountability, not even official export figures.

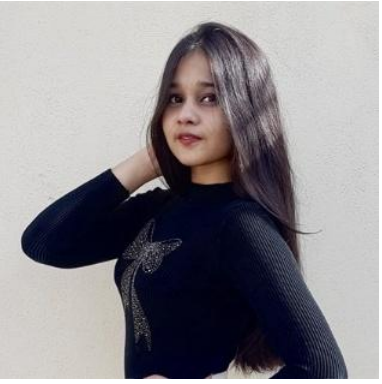
Becoming a tyre trader in the UK is ridiculously easy, too. All you have to do is fill out a simple "U2 environmental exemption" form, collect used tyres, and while they're technically meant for construction, nothing stops traders from shipping them straight to India. Once the tyres leave British shores, the UK washes its hands of them.

The Indian government, however, has started cracking down. The Ministry of Environment has banned the import of waste tyres meant for pyrolysis. The Central Pollution Control Board, acting on directives from the National Green Tribunal, has already shut down 270 illegal pyrolysis plants across 19 states. And to add another layer of accountability, a new Extended Producer Responsibility (EPR) framework now makes tyre manufacturers responsible for collecting and properly disposing of waste tyres.

But despite these efforts, the problem persists. The Automotive Tyre Manufacturers' Association (ATMA) is now pushing for a complete ban on waste tyre imports, pointing out that these imports have surged fivefold since FY21.

Now, the onus lies on the UK. Just like Australia that completely banned exporting these ELTs to other countries, if the UK follows suit, then the crisis in India can be controlled.
And if this doesn't happen, the question is, will India put its foot down before the crisis spirals further?

By Shanu Jain



Update for the day #2324|Disney's billion-dollar Boardroom Battle

Disney just won a Board battle against its critic Nelson Peltz. Wait… Who's Nelson Peltz?
Well, he's Hollywood actress Nicola Peltz's dad. But at Disney, he's an activist investor.
No, he's not fighting for the rights of Disney employees, if that's what you thought. Rather, he's a minority shareholder who has been campaigning against the management to pressure them into changing how the company is run. That's where the term 'activist' comes from.
And Nelson Peltz has been raising his voice against Disney for over a year. He has been upset about its financial performance.

See, Disney pumped big money into streaming over the years. It was competing with the might of Netflix and needed to keep churning out content. And since it's also in the movie production business, it needed to keep churning hits on that front too. But the grouse is also that it overpaid for 21st Century Fox (Fox). And its costs and debt skyrocketed since 2018.
Obviously, that took a toll on earnings at Disney. For context, their earnings per share dropped by as much as 50% between 2018 and 2022.

And Peltz was also furious with Disney's succession planning. He believed the question of "Who next after the current CEO?" wasn't being answered satisfactorily. You see, its now-CEO Robert Iger (popularly known as Bob Iger) has been at the helm of the company for nearly two decades. In fact, as of today, Iger has delayed his retirement 5 times, when he was originally supposed to retire in 2015!

Even his brief exit as CEO in 2020 didn't work out, as his successor Robert Chapek (or Bob Chapek) pleased neither Iger nor the shareholders. And with the share price under pressure, Iger stepped back into his CEO chair two years later.
So, you can see why Peltz was screaming about the lack of a succession plan.
And to shake things up at Disney, he picked up a stake in the entertainment firm through his hedge fund Trian Fund Management.

And Trian made a simple demand — give Peltz and a former CFO of Disney a place on the Board of Directors so that they can salvage Disney's disastrous destiny.
Now these demands sort of rattled Disney's shareholders. Maybe because Peltz had done similar things at biggies like P&G (Procter & Gamble) and PepsiCo earlier.

So Disney decided to put its own plan in motion to convince shareholders not to back Peltz. It reinstated dividend payouts. It began a full reorganisation of its movies and television studios in such a way that content decisions and financial performance would go hand in hand. It began to cut losses in streaming. And the big one — it decided to slash 7,000 jobs and reduce its bills by a whopping $5.5 billion.

And with all these changes, Peltz decided to back off a bit.
But it didn't matter. 2023 was Disney's worst year at the Box Office. It was the first time since 2014 (excluding the pandemic) that none of its movies made it to the billion-dollar club. Maybe viewers were tired of the same old superhero wine being served in a new bottle.
In the meantime, the top three global hits Barbie, The Super Mario Bros Movie, and Oppenheimer, were all made by Disney's rivals.

Disney's stock price crashed to an 8-year low too.
And if you haven't guessed what happened next, Peltz was back with his activism at Disney. This time with more power because here's the twist.

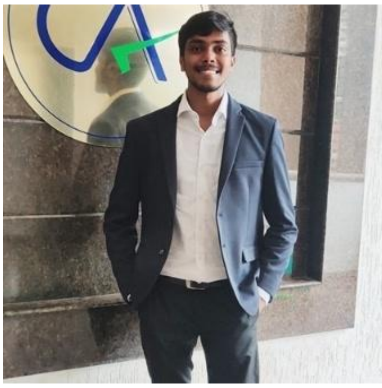
Remember we told you that Disney fired some employees to cut costs?
Well, one of them was Isaac Perlmutter. He was Marvel Entertainment's chairman and one of Disney's biggest shareholders. You can imagine he wasn't pleased at being laid off. So, he probably decided to become an Avenger for real. Because the next thing you know, he entrusted Trian with the voting rights of his Disney shares. He'd gotten this big stake when he sold Marvel to Disney for $4 billion in 2009.

And this only made Peltz's campaign stronger.
Armed with these voting rights, his hedge fund went after Disney's management. And that culminated into a lengthy proxy battle or a fight that happens when shareholders use their proxy votes to challenge a company's management or elect someone new to the Board.
Peltz wanted a proper succession plan freeing Disney from Iger. He wanted Netflix-like margins of 15-20% by 2027 by improving customer engagement and experience. And he wanted to improve Disney's theme park business by addressing competition from others like Universal Studios.

That would ensure that Disney's flywheel would actually keep going. But Disney's Board didn't think that Peltz and his team had the experience that the entertainment industry required. And that meant that they fought tooth and nail against Peltz, spending billions of dollars in the process to convince shareholders to vote in favour of Disney.

And last week, Disney tasted sweet success. Peltz was defeated.
But the battle is only half won. Disney now needs to prove to its shareholders that its incumbent management and Board are capable of turning around the House of Mouse. If not, it could be asking for another proxy drama from activist investors like Peltz. And you bet Disney can't afford to squander billions of dollars more on boardroom battle again.

By Manoj Kumar Y N



Update for the day #2325|Nasa astronaut stuck in space ventures outside

Nasa astronaut Suni Williams, one of two astronauts stuck on the International Space Station, ventured outside for a spacewalk on Thursday for the first time since arriving on board seven months ago. Ms Williams and fellow astronaut Butch Wilmore were due to return to Earth after a week-long mission in June 2024, but their return has been delayed because of a technical issue. They now won't be back until late March or possibly April.

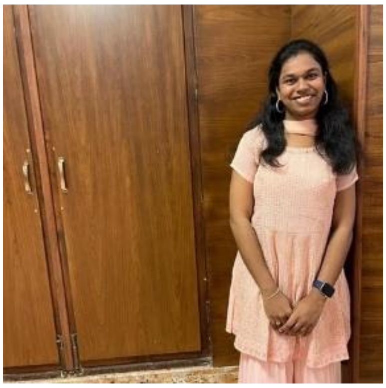
Ms Williams - an experienced astronaut who has conducted many spacewalks during previous stays aboard the ISS - teamed up with astronaut Nick Hague on Thursday to perform maintenance on the craft. Their tasks included repairing equipment that governs station orientation, patch light filters on the NICER X-ray telescope, and replacing a reflector device on an international docking adapter.

Additionally, the pair will check access areas and connector tools that will be used for future maintenance work on the Alpha Magnetic Spectrometer, a particle physics experiment module mounted on the ISS. Nasa said the six-hour-long spacewalk, the eighth in Ms Williams' career, went well and that they completed the jobs they needed to do.

Ms Williams will conduct a second spacewalk on 23 January with Mr Wilmore. Together, they will remove a radio frequency group antenna assembly (a collection of components designed to transmit and receive radio waves) and collect surface samples for microorganism analysis. They will also prepare a backup elbow joint for the Canadarm2 robotic arm by positioning the joint in the optimal configuration for a quick replacement if needed.

Ms Williams and Mr Wilmore went on what was meant to be an eight-day mission to the ISS aboard Boeing's Starliner in June 2024. However, technical issues including helium leaks and thruster malfunctions meant that the Starliner was unsafe for their return.
Nasa plans to bring them back to Earth in late March aboard a spaceship built by SpaceX, a rival company of Boeing. Despite these setbacks, the astronauts have continued their work aboard the ISS while awaiting a safe journey home.

By KK Krupa



Update for the day #2326|What if India got back everything the UK stole?

Billionaires saw their wealth grow three times faster in 2024 compared to 2023. And if you're wondering where all this wealth is coming from, well, there are two main sources.
The first is what you'd expect — inherited money, shady dealings, or monopolistic power. The second is from the wealth that was brutally extracted from colonies their ancestors once ruled.
You see, these billionaires mostly live in wealthy nations that make up just one-fifth of the world's population. Yet, these countries hold a massive share of global wealth. So, it's hard to ignore how colonialism might have funnelled riches into their pockets while leaving others struggling to catch up.

And it's not us saying this. A recent Oxfam report called *'Takers, Not Makers'* sheds light on how colonialism might have ended on paper, but its effects linger. It points out how inherited wealth, often untaxed, keeps the rich getting richer while leaving others behind.

Take India, for instance. Between 1765 and 1900, colonial rulers siphoned off $65 trillion from the country. For context, that's over twice the GDP of the US today and a whopping 17 times the UK's. And shockingly, over half of this wealth or $34 trillion, ended up with the richest 10% globally.
Now, we know what you're thinking. How did colonial rulers extract so much wealth from us, a fortune that still fuels global billionaires today?

Look, before and during colonial times, India ran a large trade surplus with the rest of the world. During the East India Company's rule, Indian goods were literally exported for free because the company paid Indian producers with taxes collected from Indians themselves. Later, when the British Crown took over, foreign buyers paid in gold or British currency. But Indian exporters were still paid using Indian taxes.

This meant that India's export income never stayed in the country. Instead of being used to develop industries or infrastructure in India, the money was used to fund Britain's global expansion and build infrastructure in the US and Europe.
If that money had stayed in India, it could have financed industrialisation, similar to what was happening in Japan at the time.
So, Oxfam now suggests that it's time the richest, who've benefitted most from colonialism, bear the cost of reparations.

So, here's a thought. What if India could regain all this looted wealth?

To begin with, we could completely wipe out all our external debt! External debt is essentially the amount of money a country owes to foreign creditors like foreign governments or international financial institutions such as the International Monetary Fund (IMF) and the World Bank. You see, as of September 2024, India's external debt sits at around $710 billion. If we got $65 trillion back, we could clean up that debt in the blink of an eye, as it's just a measly 1% of this dreamy windfall. Not just this, it also means saving over $20 billion in interest payments every single year.

Even after paying off the massive debt, 99% of this money would still be left, which could be redirected to where it truly matters, like building infrastructure.

Picture a high-speed rail network that connects every corner of the country. Expressways that cut

travel time in half, modern airports in even the smallest towns, and well-equipped ports that make India a global trade powerhouse. And trust us, India could make this happen with just 3% of that money, creating millions of jobs and laying the foundation for decades of economic growth.
And we're not pulling this figure out of thin air. A Knight Frank report estimates that India needs a $2.2 trillion investment in infrastructure to hit a $7 trillion economy by 2030. Plus, a World Bank report suggests that India will need $840 billion over the next 15 years or about $55 billion annually, to meet the demands of its rapidly growing urban population.

So, with the kind of money we'd get from the UK, we'd be all set!
Next up is housing for all. Imagine a future where no one has to live in unsafe conditions. Through the Pradhan Mantri Awas Yojana, we could replace slums with safe, modern homes and make affordable housing a reality for everyone.

Besides, we could fix education and healthcare, the two areas where India faces the biggest challenges.
See, currently, India spends about 4% of its GDP on education. But global benchmarks suggest we need to double that to see real progress. By investing in free, world-class schools and universities in every district, we could train students in cutting-edge fields like AI. Throw in scholarships that ensure no talent leaves the country, and we'd be fully utilising our young population or demographic dividend — creating a highly skilled workforce that could even help us transition into a high-income nation!

How cool is that!

And healthcare? Right now, it gets just about 2% of GDP annually. Bump that up to 5% of GDP over the next decade would mean modern hospitals, better access to healthcare in rural areas and a much healthier, more productive workforce. Maybe it could even reduce healthcare expenses for people as many individuals currently face the risk of falling into poverty after a single hospitalisation for a fatal disease.
Then there's India's ambitious renewable energy goals. The country has pledged to hit net zero by 2070. But with a windfall like this, we could fast-track the transition, cutting the timeline by a decade or two.

And let's talk about per capita income. To truly join the league of superpowers like the US and China, we'd need to go from $2,600 today to over $20,000. With the right investments, this dream could inch closer to reality. It might even help us realise NITI Aayog's (National Institution for Transforming India) vision of a developed, prosperous India through Viksit Bharat by 2047.

But there's a catch.

When a massive sum of money enters an economy all at once, it can create a situation where too much money chases too few goods. And that's a recipe for inflation or prices skyrocketing and making life harder for everyone.

So, what's the solution, you ask?

History offers some lessons. Other countries that have experienced windfalls, like oil-rich nations, show us the importance of prudent fiscal management. If India avoids reckless spending and focuses on sustainable development, inflation can be kept under control.

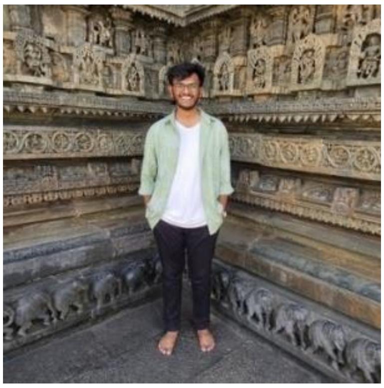
But let's think long-term. Norway is a shining example here. Its massive sovereign wealth fund, built on oil revenues, generates billions every year. For the uninitiated, a sovereign wealth fund is essentially a government-owned investment fund that grows by investing in assets like stocks and real estate. And in 2023, Norway's fund posted a record $210 billion in profits, largely from tech

stock investments.
And guess what? India plans to create something similar. So, imagine parking just half of that $65 trillion in a sovereign wealth fund. Even with a modest 5% return, it could generate $1.5 trillion every year. This kind of money could fund welfare schemes, build world-class infrastructure, or even cushion us during national emergencies.

Sure, inflation is a concern. But with thoughtful planning, phased investments and sound monetary policies, India could strike a balance between growth and stability. This wealth could truly benefit everyone without destabilising the economy.

So, what do you think? Could this dreamy scenario ever become reality? And can India reclaim its looted wealth from the UK?

By Kishore R



Update for the day #2327 | Why is Netflix betting big on WWE LIVE events?

Netflix is stepping into the wrestling ring. Not quite literally, but the streaming giant is bringing the high-octane, action-packed world of WWE (World Wrestling Entertainment) straight to your screens. And guess what? It's a big deal. The streaming giant has clinched a 10-year deal to stream WWE's flagship show, Raw, and other live events starting in 2025. And it has shelled out over $5 billion for these rights.

If you're wondering where WWE shows used to stream, here's the scoop. In the US, Raw was on cable TV's USA Network. And in India, fans watched it on Sony TV or the SonyLIV app for two decades.

But now, all that's changing. Because starting in April, Raw will stream exclusively on Netflix in the US. And in India, WWE will end its long partnership with Sony by March and shift entirely to Netflix. This is a big shift, especially since Netflix's co-CEO, Ted Sarandos, once said that spending big money on sports rights wasn't their cup of tea. He believed traditional sports deals, designed for cable TV, didn't suit Netflix's streaming model.

So, why this sudden love for sports from Netflix now?

You see, back in 2022, Netflix shook things up by launching an ad-supported subscription plan in the US, offering a budget-friendly alternative for viewers. This plan was designed to attract more viewers who might not want to pay as high as the regular ad-free version and might have hesitated to subscribe otherwise. And it worked! This ad-supported plan now accounts for over half of Netflix's new sign-ups in areas where it's available.

But the twist here is it wasn't just about cheaper subscriptions and drawing in more subscribers. The ad-supported plan also opened the door to the thriving ad market. And because advertisers want to put their money where the eyeballs are, they love live sports. Why? Because nothing grabs attention quite like live sports.

Think about it. Unlike movies or shows that people can watch later, sports – whether it's a wrestling match, a football game, or a World Cup final – they have to be watched live. That's where all the urgency and excitement is. And it's a goldmine for advertisers who want to reach millions of viewers at once.

Netflix also realized that live sports are some of the biggest crowd-pullers. With 283 million subscribers worldwide and a massive $17 billion annual content budget, adding live events to the mix is a no-brainer. That's why Netflix sees sports as a way to keep existing viewers hooked while pulling in new ones who might not be into their usual shows and movies.

And it's not just about ad revenue. It's about staying competitive and relevant, too. Other streaming platforms like Amazon Prime and Disney+Hotstar have already jumped on the live sports bandwagon. Netflix can't afford to be left behind. But this isn't the first time Netflix has taken a big gamble on sports.

In 2024, Netflix streamed two NFL games on Christmas Day, and it was a massive hit! That quarter, Netflix gained 18.9 million new subscribers. It also streamed the highly anticipated Jake Paul vs Mike Tyson boxing match, which drew 108 million viewers globally. It brought in the highest number of new sign-ups in a single day. And now, Netflix even has the rights to stream the FIFA Women's World Cup in 2027 and 2031.

But of course, there are challenges.
Live sports could be a tricky business. It's expensive, and Netflix's gamble with WWE isn't without risks.

First, WWE has millions of fans in India, especially in Tier 2 and Tier 3 cities. These are regions where accessibility and low costs have always been key. Fans are used to catching their favourite wrestling matches on cable or the much cheaper SonyLIV app. So, with Netflix's higher pricing, this shift could probably leave behind a chunk of WWE's loyal Indian audience.

Then there's the fact that Netflix has been steadily hiking its prices in some regions, particularly in the US markets. Hardcore WWE or NFL fans might justify the cost of exclusive access to major events on Netflix. But casual fans might not be as convinced. This could affect viewership numbers even further.

Finally, things are getting messy with this deal. WWE fans love their matches, but now they'll have to wrestle with confusion. Here's the problem. WWE's flagship show, Raw, is moving to Netflix, but SmackDown is staying on the USA Network, and NXT is heading to CW. So, three big shows, three different platforms and it could feel like a treasure hunt but without the fun. Sure, hardcore fans might make the effort. But casual viewers might again just tap out. Plus, Netflix subscribers might wonder why they're not getting the full WWE experience.
And let's not forget the fact that live sports aren't easy to stream. Millions of people might log in at once, and if there are any glitches, it could ruin the experience for viewers and upset advertisers.

So yeah, the stakes are high.

With 12 million subscribers in India, Netflix sees WWE as an opportunity to grow its user base. It's banking on WWE's loyal fans to sign up in droves. But if it wants to make this work, WWE will have to bring some serious exclusive content to the table. Something that makes Netflix the ultimate destination for fans. Without that, this whole deal risks falling flat on its face.

By Mohith G

Update for the day #2328| Defence mutual funds down over 15% since the last Budget. All eyes on Feb 1 announcements

With defence mutual funds losing over 15% since the last Budget announcement made on 23rd July 2024, the market expert believes that the government's focus in this budget will be to improve consumption rather than capex. Also India's defence spending in the last 10 years has increased at a rapid pace compared to global average so investors may wait for valuation to come down, he adds.

Currently in India consumption is showing a downtrend, so the government's focus during the budget is likely to be more on improving consumption. The Ministry of Defence recently announced a Rs 21,700 crore work clearance, emphasizing its commitment to reform and modernization.

The focus is on capability building in areas such as robotics, AI, training, and simulation, alongside fast-tracking key projects. Trump is expected to strengthen military capabilities through procurement or strategic all.

"India's defence spending in the last 10 years has increased at a rapid pace (10%) than the global average (3%). Investors may want to wait for more valuation comfort before they allocate funds, and when the valuations are more reasonable, have a long-term investment horizon," he adds.

Two funds based on the defence sector were there in the mentioned period. Of which Motilal Oswal Nifty India Defence Index Fund lost the most of around 15.35% since the last Budget announcement. HDFC Defence Fund lost 12.19% during the same period. These schemes are benchmarked against Nifty India Defence - TRI which went down by 14.72% since the last budget announcement.
The two passive funds were launched in August 2024. Motilal Oswal Nifty India Defence ETF and Aditya Birla SL Nifty India Defence Index Fund were down by 10.02% and 9.30% respectively since their inception.

According to an earlier report by ET Mutual Funds, HDFC Defence Fund offered an absolute return of 145% since its inception just before the restrictions on fresh investments kicked in.

After the stellar performance by the fund, many investors made investments in the new funds launched and in HDFC Defence Fund before the restrictions were imposed. Now the funds based on the defence sector are offering negative returns, therefore the expert advises that investors should continue to hold their investments as the long-term outlook for the sector remains positive.

"The long-term outlook for the defence sector remains positive, supported by increasing government spending and strategic initiatives. Global geopolitical tensions and India's rising focus on self-reliance are fuelling order flow and revenue growth for domestic Defence companies," said Dhawan.

He further adds that defence projects have long execution cycles (5–10 years), making it difficult to predict future earnings from current order books. Revenue recognition is spread over multiple years, often causing a mismatch between order size and immediate profitability. Therefore, it's crucial to closely monitor upcoming results. Despite the recent decline in the Defence Index, its trailing P/E is still nearly double that of the Nifty 500, indicating that valuation comfort.

By Harshini M

Update for the day #2329|MGNREGS failing the rural poor

One hundred days of guaranteed employment. This was the ambitious promise of the Mahatma Gandhi National Rural Employment Guarantee Scheme or what we call MGNREGS for short. The government introduced it in 2005 to provide a safety net for rural adults willing to undertake unskilled manual work.

The premise was simple yet profound. People ready for such work will get a job within 5 kilometres of their residence. And if work isn't provided within 15 days, they're entitled to an unemployment allowance. Payments were also deposited directly into bank accounts within a week of completing the job.

But the scheme wasn't solely about providing guaranteed employment. MGNREGS aimed to create lasting infrastructure in rural areas. Think roads, canals, ponds, and toilets. Basically, projects that could uplift villages and improve lives. And for a while, it worked wonders.

The rural poor didn't necessarily have to migrate to the nearby urban centres to look for work since they were getting a decent wage back home. With one-third of the jobs reserved for women, it also empowered rural households with an extra income stream and a sense of independence. And with slightly more money, rural economies thrived. Households had more money to spend. There was hope.

But over time, the cracks began to appear which were hard to ignore.

Budgetary allocation, the lifeline of the scheme, consistently fell short. As recently as January 2025, the government hasn't been able to release ₹4,315 Crores for wages or even allocate an additional budget despite approving an order to transfer the money. And this shortfall isn't new. In FY22, MGNREGS' budget was just 0.4% of GDP, shrinking to a paltry 0.2% by FY25. Compare that to the recommended 1.2-1.5%, and the gap becomes glaring. Without timely funds, workers are left unpaid and are strayed away from the scheme. In Kollam, Kerala, for instance, delayed payments totalling ₹40 lakhs have plunged hundreds of workers into financial distress.

Then there's the Aadhaar-Based Payment System (ABPS) which was made mandatory starting January 2024. While it was implemented with the objective of keeping things transparent, it surely backfired. Discrepancies between Aadhaar and job card details have left many workers unpaid due to failed authentication. Others had their Aadhaar linked to the wrong bank accounts, causing payments to be diverted to unintended recipients. To add to it, rural workers often struggle with accessing digital platforms needed to verify their Aadhaar and receive payments.

Technology was supposed to enhance the scheme, but that has created hurdles too. You could look at the National Mobile Monitoring System app which requires workers to upload geo-tagged photos from worksites for attendance. In theory, it's a good idea. But in practice, it's a nightmare. Many rural workers don't own smartphones capable of running the app.
Poor internet connectivity in villages only adds to the problem. And even when everything aligns, the app itself often crashes or faces server errors, leaving attendance records incomplete and payments delayed.

Plus, corruption continues to plague the system. In January 2025, the All-India Agricultural Workers Union (AIAWU) staged a protest in Kalaburagi, Karnataka, accusing officials of creating

fake job cards and falsifying attendance records to siphon off funds meant for rural workers in the area.
And lastly, there's the issue of wages themselves. The measly wages simply don't keep up with the cost of living. Haryana has the highest wage for unskilled workers under the scheme at ₹374 a day, while Arunachal Pradesh and Nagaland have the lowest at ₹234. For many, these amounts barely cover basic necessities. Just think about it. A simple home-cooked veg thali costs about ₹ 32. So, if you consider three meals, nearly half of a day's earnings might feed just one person, leaving little to nothing for the rest of the family. Forget about other necessities or savings. That makes the scheme less attractive for those who once relied on it.

So yeah, the scheme, touted as the biggest employment scheme in the world, is no doubt littered with challenges.

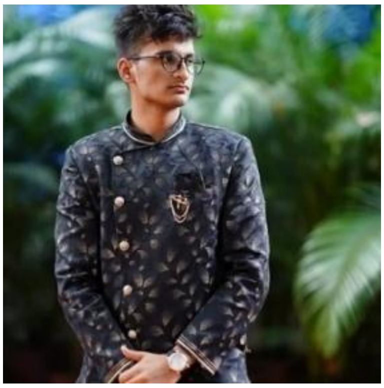
What's the way out, you ask?
First, they recommend linking MGNREGS wages to an inflation index to ensure they reflect the rising cost of living. They also suggest delaying the mandatory Aadhaar-based payment system until its implementation issues are resolved. These measures, combined with adequate budget allocations, could breathe new life into the scheme.

Critics of MGNREGS have long argued that the program is wasteful, ineffective, and inflationary. They believe that the assets created are of poor quality and that funds would be better off if spent on skill development or private-sector job creation. While there's some merit to these arguments, the immediate issues facing MGNREGS are far more pressing.
So yeah, that's the long and short of it.

Our take? Well, the government needs to act swiftly, budget the payment outflows and prioritise timely fund releases. After all, MGNREGS is a demand-driven program. When more people seek work under it, funds must follow. Delaying this not only leaves millions of rural poor stranded but also throws the entire budget into disarray, risking further inequities and inefficiencies.

Hopefully, the government has a plan in place to ramp up these solutions. Because the rural poor can't afford to wait indefinitely for solutions.

By Dhanush M



Update for the day #2330|DeepSeek—The Model that broke the market

Until recently, the predominant belief was that you needed a lot of computers to build a foundational AI model—ChatGPT for instance. "Compute" may seem like a foreign term, but it's really not. Compute means computers, only these are highly customized chips best suited to train an AI model.

Note: AI models, much like humans, need training and they're trained using expensive computers. And "compute" costs money. Ten of billions of dollars. And since there are limited companies that build these chips (Nvidia being the forerunner with the best chips), there was a general expectation that supply constraints would prevent new players from creating foundation models (unless they also had tons of money and access to these chips).

And then, DeepSeek broke those expectations. DeepSeek is a foundational AI model from China. And nobody expected it to be as good as it has been. Sure, China has always had the talent and the money to build something like this, but they didn't have access to chips (or "compute"). The US government made sure the likes of Nvidia did not bulk export their latest chips to China or Chinese affiliated companies. So, researchers in China only had access to limited compute (sourced before the export controls) or those in the wild. They couldn't buy them on a scale (or so everyone believes).

And yet, just last week, they released an AI model that competes with some of the best models from the US. And they did this at a fraction of the cost. They say that the whole training gig cost them $6 million. And even with the additional overheads (of people and their salaries), you are still looking at a tight ship. Meanwhile companies in the US have spent billions of dollars building the same models.

So, as it stands, DeepSeek breaks a few big assumptions:

Maybe you don't need a lot of compute to build and train an AI model
Maybe you don't need a lot of money to build and train an AI model

OpenAI, Microsoft, Google, Amazon have been grossly overpaying for building and training their models. Bad news!

Fewer chip sales also affect Nvidia's sales projections. Really bad news!
This explains why all the tech stocks have been crashing. Because this may set a new precedent for the future.

But that's one version of the story. So, let's go over this report once again, but this time with a little more nuance. Alright! So, China has figured out a way to build and train a foundational model with very little money. Great! But what's preventing other more well-funded players from doing the same thing? Why can't they adopt the same approach, lower costs and rake in outsized profits as they keep refining their models even further?

Well, they could, and they will likely do so. But DeepSeek is open source. This means anyone can access, configure, add inputs and deploy the model on their own terms. And that just opens the field now. Most tech companies in the US have been guarded by fully opening up their models. Even when they did, the models themselves weren't all that great. But DeepSeek is all out there. For everyone. And it's really good. So now the US isn't just competing with one model. They're

competing with an open-source model where anybody can contribute.
So, the big question is—Where is the competitive advantage for the likes of Microsoft, Google and OpenAI.

That's something for investors to ponder. But that's not to say that everything about this story is squeaky clean. The researchers' claims of using limited computers and resources to train a foundational model is just that—claims. It's pretty fair to say that there are academics out there going over the research papers and trying to replicate the results. We will probably know for sure if the model is in fact as cheap as they claim pretty soon.

But even if we were to take the claims at face value, there is an added distinction here. The training cost of $6 million is likely the cost of renting the chips and not the cost of chips themselves. If you assume the cost of renting a chip is $2 per hour, then the total comes out to $5.57 million. This is not the actual cost of those chips. Also, this excludes the cost of experimentation, prior research, salaries and other overheads. So no, it did not take just $6 million to build this. It likely took a lot more. And finally let us also address another popular question that's been doing the rounds of late—Why didn't India do it? Why can't we build our own DeepSeek?

Protectionism! India is not a protected market. US companies can offer their AI services here and it will likely outperform any new Indian upstart—both in terms of service quality and price. China on the other hand is a protected market. US companies don't have free rein and as a consequence, the consumers will have to adopt Chinese counterparts even if they are suboptimal at first. So, there's every incentive for a Chinese researcher to invest in building a foundational AI model because they have a ready market to tend to. India is different and as a consequence, researchers here have to work around the incentive problem to make their mark.

By Bhavna B V

Update for the day #2331 | World's 10 most powerful business leaders in 2024

In 2024, the top 10 most powerful people in business have reshaped industries and economies through their visionary leadership, innovation, and strategic decisions. These influential leaders are steering the world's most valuable companies, driving technological advancements, and setting trends that impact both local and global markets. From Elon Musk's groundbreaking achievements in space exploration and electric vehicles to Jensen Huang's leadership in AI innovation at NVIDIA, these figures have left an indelible mark on their industries.

The list also highlights influential executives like Satya Nadella of Microsoft, Warren Buffett of Berkshire Hathaway, and Mary Barra of General Motors, whose strategic decisions have transformed companies and continue to influence the global business landscape. These leaders are shaping the future of business and technology.

Top 10 business icons in the world

1. **Elon Musk - CEO and founder - Tesla, SpaceX, X (formerly Twitter), xAI**

Elon Musk continues to dominate the business world as the richest person globally and one of the most influential figures in technology and sustainability. His leadership across multiple high-profile ventures, including Tesla (electric vehicles), SpaceX (space exploration), X (formerly Twitter, a social media platform), and xAI (artificial intelligence), has revolutionized industries. Musk's relentless pursuit of innovation in clean energy, space travel, and AI is shaping the future of technology. As of 2024, he remains at the forefront of major breakthroughs, cementing his position as the most powerful business leader globally.

2. **Jensen Huang - CEO, President, and founder - NVIDIA**

Jensen Huang is the visionary behind NVIDIA, one of the world's most valuable companies, particularly renowned for its role in computing, artificial intelligence, and graphics processing units (GPUs). Under his leadership, NVIDIA has become a powerhouse in the tech industry, especially with its transformative contributions to AI, machine learning, and high-performance computing. Huang's ability to push the boundaries of technology and drive innovation has skyrocketed his personal wealth and made NVIDIA a key player in the global tech ecosystem, reshaping industries like gaming, automotive, and healthcare.

3. **Satya Nadella - CEO - Microsoft**

As the CEO of Microsoft, Satya Nadella has spearheaded a remarkable transformation within the company, shifting its focus from traditional software to cloud computing and AI technologies. Under his leadership, Microsoft's cloud division, Azure, has become a global leader in enterprise cloud services. Nadella's commitment to innovation and his emphasis on a culture of inclusivity and collaboration have made Microsoft a more agile and profitable company. His focus on AI and machine learning, along with sustainable technologies, continues to make Microsoft a cornerstone of the tech world.

4. **Warren Buffett - Chairman and CEO - Berkshire Hathaway**

Warren Buffett, one of the most renowned investors in history, remains the chairman and CEO of Berkshire Hathaway, a conglomerate that owns numerous companies across a wide array of industries. Known for his disciplined investment strategy and long-term vision, Buffett has built a reputation as the "Oracle of Omaha." His influence extends beyond investment circles, as his decisions impact stock markets globally. Buffett's ability to navigate market shifts and guide Berkshire Hathaway through economic changes has solidified his place as one of the most powerful and respected business figures.

5. **Jamie Dimon - Chairman and CEO - JPMorgan Chase**

Jamie Dimon is the long-standing chairman and CEO of JPMorgan Chase, the largest bank in the United States. Dimon's leadership during times of economic uncertainty, including the 2008 financial crisis, has cemented his reputation as a key figure in global finance. Under his leadership, JPMorgan Chase has consistently outperformed its competitors, maintaining a strong position in banking, investment, and wealth management. Dimon's influence extends far beyond banking, with his perspectives on the global economy making him a highly regarded figure in financial and political circles.

6. **Tim Cook - CEO - Apple**

As CEO of Apple, Tim Cook has overseen the company's transformation into one of the most valuable corporations in the world. Under Cook's stewardship, Apple has seen the launch of innovative products, from new iterations of the iPhone to groundbreaking advancements in wearable technology and services. Cook has also shifted Apple's focus toward sustainability and privacy, making the company a leader in these areas within the tech industry. His leadership continues to guide Apple in navigating a rapidly evolving tech landscape, maintaining its market dominance and consumer loyalty.

7. **Mark Zuckerberg - CEO and founder - Meta**

Mark Zuckerberg, the CEO and founder of Meta (formerly Facebook), is at the helm of one of the world's most influential social media companies. Zuckerberg's vision for the future of the internet, particularly through the development of the Metaverse, has expanded Meta's reach far beyond its traditional social media platforms like Facebook, Instagram, and WhatsApp. His ambitious goals to lead the next generation of digital interaction make him a key figure in shaping the future of online communication and virtual environments.

8. **Sam Altman - CEO - OpenAI**

Sam Altman, the CEO of OpenAI, has emerged as a transformative leader in the AI industry. Under his guidance, OpenAI has developed cutting-edge technologies, including GPT models, which are revolutionizing industries ranging from customer service to healthcare. Altman's leadership is pivotal in ensuring OpenAI's prominence in the AI field, navigating both technological advancements and ethical considerations around artificial intelligence. His work with OpenAI continues to shape the future of AI and its integration into everyday life.

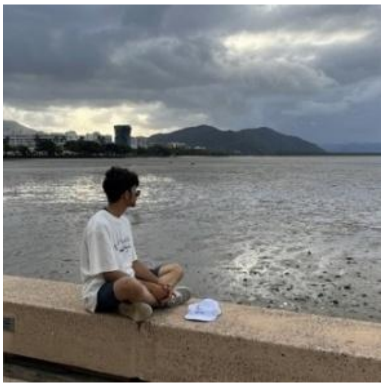
9. **Mary Barra - Chairperson and CEO - General Motors**

Mary Barra is the chairperson and CEO of General Motors (GM), the first woman to lead a major global automaker. Barra has played a critical role in steering GM through its transformation, particularly as the company shifts toward electric vehicles and autonomous driving technologies. Under her leadership, GM has made significant strides in sustainability, technology, and electric vehicle production, aiming to compete with industry leaders like Tesla. Barra's strategic vision for the future of transportation positions her as a key influencer in the automotive sector.

10. **Sundar Pichai - CEO - Alphabet (Google)**

Sundar Pichai, the CEO of Alphabet, Google's parent company, continues to shape the future of technology. Pichai's leadership has been instrumental in expanding Google's product offerings, including Google Cloud, hardware products like Pixel devices, and advancements in AI and machine learning. Under his leadership, Alphabet has focused on long-term innovation and addressing the challenges of privacy, security, and digital infrastructure. Pichai's decisions have had far-reaching consequences for global communication, information sharing, and digital services.

By Sailesh L Gandhi



Update for the day #2332|Indian Railways to launch 200 new Vande Bharat trains in 3 years

Post India's budget 2025 projections, the Indian Railways pledged to produce 17,500 Non-AC General Coaches and Sleeper Coaches to further enhance connectivity within the country. This move will help the center cope with the increased demand for affordable public transport.
This move from the Indian Railways will enhance the quality of travel for economically weaker sections while relieving the burden on the already overstretched railway systems.

Railway Minister Ashwini Vaishnaw once again asserted that Indian Railways should stick to the ratio of 2:3 for non-AC coaches and 1:3 for AC coaches. He noted that the national transporter has also begun a special drive to enhance the availability of general coaches to different parts of the country.

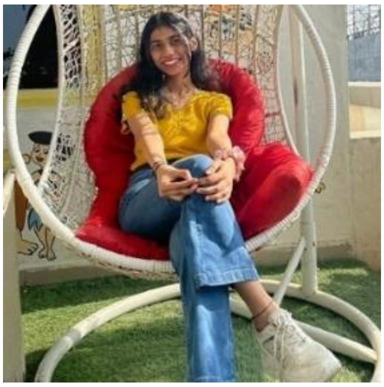
Ashwini Vaishnaw also stated that while presenting the Union Budget for 2023-24, the government has consistently sought to bolster the Railways with funds and project approvals, and this time it was no different when the allocation was kept at Rs. 2.52 Lakh Crore along with 17,500 general coaches, 200 Vande Bharat, and Amrit Bharat trains and 100 other projects.

He noted that in the next few years, 100 Amrit Bharat trains, 50 Namo Bharat trains, and 200 Vande Bharat sleeper and chair car models will be produced. "New Amrit Bharat Trains will ensure connectivity with many additional short-distance cities," he added.
As for the general bogies, Vaishnaw mentioned that 17,500 of them appear likely to be developed in the near future.

"Work is ongoing for the manufacture of general coaches and by March 31 of this year, 1400 general coaches will be produced. For FY 2025-26, the target is 2000 general coaches. Besides, construction of 1000 new flyover bridges have also been sanctioned," said Vaishnaw.
"In terms of market capacity, Railways, as is well known, has set multiple targets which go beyond expectations. We aim to carry 1.6 billion metric tonnes of cargo by March 31. This will position us as the second largest cargo-carrying railway in the world, second only to China."

Vaishnaw said, "At the end of this financial year, we will achieve 100 percent electrification." Emphasizing that the government is shifting priorities to focus their spending on enhancing rail safety, Vaishnaw also noted that it has been provided more than one lakh crore, up to 1.14 lakh crores. In the next financial year, this will be further increased to Rs 1.16 lakh crore.".

By Harshitha Jain B



Update for the day #2333| Banking Time: A Revolutionary Approach to Elderly Care Inspired by Switzerland

Imagine a place where every time you help an elderly person with their groceries, walk them to a doctor's appointment, or simply spend an hour keeping them company, you're not just doing a good deed but also earning hours for your future. Hours you can cash in when you're old and need help.

Well, there is a place that's seeing this happen and it's none other than Switzerland.
The Swiss government has introduced a "Time Bank." The idea? It's beautifully simple: Young people volunteer their time to support senior citizens today, and in return, they earn "time credits" that can be redeemed when they require assistance themselves.

And the initiative has gained traction. In St. Gallen, over 50,000 hours have already been volunteered to support the elderly and many countries including Japan, Spain, and New Zealand are welcoming such initiatives.

Wow. It's not money, it's time. A kind of social currency that works on empathy and reciprocity.
And the idea is a timely one. You see, globally, we're aging faster than we can prepare for. By 2030, 1 in 6 people in the world will be aged 60 years or over, and by 2050, over 2 billion people will be aged 60 or older.
And in India, we'll have over 345 million senior citizens by then – almost double what we have now. And with families becoming smaller, nuclear, and more scattered we can see why the traditional joint family support system isn't as robust as it used to be.

Now, India does have a strong culture of caregiving and respect for elders—but that doesn't always translate into available help. Especially in urban areas where time is scarce and loneliness is rising.
So, could a "Time Bank" work in India?

Well, we do have a few building blocks. India already runs the Maintenance and Welfare of Parents and Senior Citizens Act and we also have NGOs and state-led schemes offering home-based elder care. But most of it is reactive, not preventive or future-facing. A system where you earn future care through today's service could nudge young Indians to engage more consciously with aging.

It can reduce the burden on healthcare and elderly homes, it can build stronger intergenerational bonds, and it could shift care from being a charity to a system of mutual respect and investment.
If implemented well, it could even be integrated with existing systems where time credits can be stored securely and accessed nationwide. Or what if students earned community credits for college by helping senior citizens? What if companies gave paid time off to employees who volunteered in elderly care?

The options are many and, like the Swiss, we could start banking some time too.

By Divya G Shanbhag

Update for the day #2334|Creativity Is a Process, Not an Event

Creativity Is a Process, Not an Event

In 1666, one of the most influential scientists in history was strolling through a garden when he was struck with a flash of creative brilliance that would change the world.

While standing under the shade of an apple tree, Sir Isaac Newton saw an apple fall to the ground. "Why should that apple always descend perpendicularly to the ground," Newton wondered. "Why should it not go sideways, or upwards, but constantly to the earth's center? Assuredly, the reason is that the earth draws it. There must be a drawing power in matter."
And thus, the concept of gravity was born.

The story of the falling apple has become one of the lasting and iconic examples of the creative moment. It is a symbol of the inspired genius that fills your brain during those "eureka moments" when creative conditions are just right.
What most people forget, however, is that Newton worked on his ideas about gravity for nearly twenty years until, in 1687, he published his groundbreaking book, The Principia: Mathematical Principles of Natural Philosophy. The falling apple was merely the beginning of a train of thought that continued for decades.
The famous page describing Newton's apple incident in Memoirs of Sir Isaac Newton's Life by William Stukeley.
Newton isn't the only one to wrestle with a great idea for years. Creative thinking is a process for all of us.

Creative Thinking: Destiny or Development?

Creative thinking requires our brains to make connections between seemingly unrelated ideas. Is this a skill that we are born with or one that we develop through practice?

In the 1960s, a creative performance researcher named George Land conducted a study of 1,600 five-year-olds and 98 percent of the children scored in the "highly creative" range. Dr. Land re-tested each subject during five-year increments. When the same children were 10 years old, only 30 percent scored in the highly creative range. This number dropped to 12 percent by age 15 and just 2 percent by age 25. As the children grew into adults, they effectively had the creativity trained out of them. In the words of Dr. Land, "non-creative behavior is learned."

Similar trends have been discovered by other researchers. For example, one study of 272,599 students found that although IQ scores have risen since 1990, creative thinking scores have decreased.

This is not to say that creativity is 100 percent learned. Genetics do play a role. According to psychology professor Barbara Kerr, "approximately 22 percent of the variance [in creativity] is due to the influence of genes." This discovery was made by studying the differences in creative thinking between sets of twins.

All of this to say, claiming that "I'm just not the creative type" is a pretty weak excuse for avoiding creative thinking. Certainly, some people are primed to be more creative than others. However, nearly every person is born with some level of creative skill and the majority of our creative thinking abilities are trainable.

Now that we know creativity is a skill that can be improved, let's talk about why—and how—practice and learning impact your creative output.
Intelligence and Creative Thinking

What does it take to unleash your creative potential?

Being in the top 1 percent of intelligence has no correlation with being fantastically creative. Instead, you simply have to be smart (not a genius) and then work hard, practice deliberately and put in your reps.

As long as you meet a threshold of intelligence, then brilliant creative work is well within your reach. In the words of researchers from a 2013 study, "we obtained evidence that once the intelligence threshold is met, personality factors become more predictive for creativity."

Growth Mindset
What exactly are these "personality factors" that researchers are referring to when it comes to boosting your creative thinking?

One of the most critical components is how you view your talents internally. More specifically, your creative skills are largely determined by whether you approach the creative process with a fixed mindset or a growth mindset.

The differences between these two mindsets are described in detail in Carol Dweck's fantastic book, Mindset: The New Psychology of Success (audiobook).

The basic idea is that when we use a fixed mindset, we approach tasks as if our talents and abilities are fixed and unchanging. In a growth mindset, however, we believe that our abilities can be improved with effort and practice. Interestingly, we can easily nudge ourselves in one direction or another based on how we talk about and praise our efforts.
Here's a brief summary of Dweck's words:

"The whole self-esteem movement taught us erroneously that praising intelligence, talent, abilities would foster self-confidence, self-esteem, and everything great would follow. But we've found it backfires. People who are praised for talent now worry about doing the next thing, about taking on the hard task, and not looking talented, tarnishing that reputation for brilliance. So instead, they'll stick to their comfort zone and get really defensive when they hit setbacks.

So, what should we praise? The effort, the strategies, the doggedness and persistence, the grit people show, the resilience that they show in the face of obstacles, that bouncing back when things go wrong and knowing what to try next. So, I think a huge part of promoting a growth mindset in the workplace is to convey those values of process, to give feedback, to reward people engaging in the process, and not just a successful outcome."
—Carol Dweck

Embarrassment and Creativity
How can we apply the growth mindset to creativity in practical terms? It comes down to one thing: the willingness to look bad when pursuing an activity.

As Dweck says, the growth mindset is focused more on the process than the outcome. This is easy to accept in theory, but very hard to stick to in practice. Most people don't want to deal with the accompanying embarrassment or shame that is often required to learn a new skill.

The list of mistakes that you can never recover from is very short. I think most of us realize this on some level. We know that our lives will not be destroyed if that book, we write doesn't sell or if we get turned down by a potential date or if we forget someone's name when we introduce them. It's not necessarily what comes after the event that worries us. It's the possibility of looking stupid, feeling humiliated, or dealing with embarrassment along the way that prevents us from getting started at all.

In order to fully embrace the growth mindset and enhance your creativity, you need to be willing to take action in the face of these feelings which so often deter us.

By G N Abhigna

Update for the day #2335|Why Indian Railways struggles with privatisation

The finance minister peppered her Budget speech with a few announcements on public-private partnerships (PPPs). You know, where the government teams up with private firms to fund, build and operate infrastructure while sharing risks and rewards. But those announcements aside, something interesting caught our eye. The government is looking for private operators to take over nearly five waterway terminals that have been run by the Inland Waterways Authority of India (IWAI) for years. These terminals help transport goods and passengers through rivers, canals and other water bodies crisscrossing the country.

And that got us thinking. The government has embraced PPPs in sectors like inland waterways and quite successfully in airports too. But when it comes to Indian Railways, the story is quite different. Attempts to bring private players on board haven't really worked.
Why?

Well, it's not like the government hasn't tried it.
Back in 2019, it floated a grand plan. It wanted private companies to run about 150 passenger trains on over 100 major routes. The idea was to modernize the system that was dominated by the government, improve services and attract investments worth ₹30,000 crores. And it sounded like a great idea.

But it flopped because when the government invited bids, private companies barely showed up. Only about a quarter of the routes were of interest, and by the final round of bidding, just two players remained, one of which was the government-backed IRCTC. And since IRCTC was willing to offer a higher revenue share to Indian Railways, it was bound to win, making the whole process of "private participation" feel a bit pointless.

And why did private players shy away in the first place?
Well, they were expected to finance, buy, operate and maintain the trains entirely on their own while also sharing revenue with the Indian Railways. Kind of a high risk (high cost), low reward (low profit) deal. Not very tempting for private companies. And that's why the plan fizzled out, forcing the government to go back to the drawing board.
But let's say for a moment that this plan had actually worked. What would happen next is there would still be plenty of backlash.

One of the biggest fears would have been a steep rise in fares because private players invest heavily in upgrading infrastructure, and they're not exactly keen on waiting for years to turn a profit. Just look at aviation. International Air Transport Association (IATA) points out that after certain airports were privatized, charges like parking fees for flights, landing charges, passenger service fees and even lounge fees shot up. And it's only natural that these costs inevitably trickled down to passengers through higher airfares.

And it's not just aviation. Over a decade ago, the Delhi Metro Rail Corporation (DMRC) partnered with Reliance Infrastructure to develop Delhi's airport metro line on a 50-50 investment-sharing basis. But when the line opened, Reliance set fares so high that passengers stayed away from using the service. With lower-than-expected footfall and shrinking profits, Reliance pulled out. And the end result was that the DMRC had to step in, slash fares to ₹50 (a third of what Reliance charged) and like clockwork, passengers returned.

So, how do we make privatization, or rather, PPPs work for Indian Railways?

Well, to figure that out, we need to ask, "are we solving the right problem? The real question isn't whether privatization is necessary. It might be a few years down the line for better managed and high-speed trains. But before anything else, Indian Railways has to figure out how to effectively manage its costs.

You see, the Indian Railways doesn't cover all its expenses on its own. As of 2024, its operating ratio stood at a hefty 98.43%. This simply means that it spends over ₹98 for every ₹100 it earns. This money only covers things like repairs, maintenance, staff salaries and pensions. So almost all of the railways' revenue goes into keeping the trains running. And if the Indian Railways wants to fund anything beyond these basic operations, like capital expenditure projects, it has to dip into the extra support the government provides through the budget. In short, the railways' earnings aren't enough to fully sustain itself.
In fact, if you check your railway ticket, you'll see that, on average, the Indian Railways only recovers about 57% of its operating costs from ticket sales. And it gives that running passenger trains is a money-losing business, and these losses are covered by profits from freight operations.

One reason this might be is because train fares haven't kept up with the growing economy. To put it into perspective, the Comptroller and Auditor General's (CAG) 2023 report on railway finances shows that between 2017 to 2022, rail fares increased by just 3% a year on average (excluding the pandemic years, when fares were spiked as a one-off to discourage travel). Meanwhile, the economy grew by 6-7%.

So, perhaps one thing the railways really need to do is raise fares gradually every year. Agreed that a price hike might sting, just like we saw with privatized airports. But the difference here is that railway passengers are massive in number (a whopping 670 crores) and travel frequently.
And even a slight fare increase could generate huge revenue without burdening individual travelers too much. That extra revenue could help improve services and infrastructure and bring things up to speed with the economy. And maybe these small, strategic price hikes could also nudge private investors to finally step in and help Railways turn a corner.

As the Bibek Debroy Committee pointed out in its 2015 report, "The cross-subsidization of low passenger fares by artificially high freight rates has led to a shift in favor of road transport, for both freight as well as short distance passenger traffic. It needs to be recognized that most passengers are willing to pay higher fares, albeit only if accompanied by enhanced services."

Apart from fares, the railways need to separate its non-core functions, like hospitals and railway schools, from its main operations. Right now, paying salaries and pensions takes up around 70% of the Indian Railways' overall operational costs. If private companies took over these services, it could save the railways a lot of money while focusing on core operations.

And finally, the railways need to get its books in order. Currently, its accounting practices don't match what other commercial organizations follow. If you ever tried reading the Annual Report of Indian Railways, you'll know how complicated and hard to follow it can be, mostly due to its non-standard approach. So, to make the railways more appealing to private investors, its accounting system needs a change.

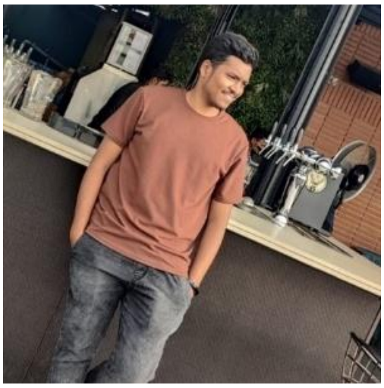
Now, we know what you're thinking. Most of these solutions sound pretty far-fetched. But here's the thing. These solutions aren't from our pocket. Expert committees have been recommending them for years.

And if you think India's rail network is also held back because of its large population, just look at China. It has a massive population too, yet it has managed to transform its railways into one of the most advanced in the world.

In fact, China has done what experts have long recommended for India. They've separated non-core functions, streamlined operations based on productivity and even stopped providing below-cost services to passengers. Sure, India's economy and rail networks aren't at the same scale and operate differently. But if we ever want to grow like China's rail network, we have to start somewhere, even if it feels a bit controversial or intimidating at first.

And maybe, just maybe, after taking these first steps, we'll be in a better position to talk about privatizing trains.

By Rakshith R Ammati



Update for the day #2336 | The Power of Small Wins: How Tiny Victories Drive Big Success

In the pursuit of ambitious goals, it's easy to overlook the importance of small wins. Yet, research shows that celebrating minor achievements can have a profound impact on motivation, morale, and long-term success. Whether you're leading a team or working independently, understanding the power of small wins can transform how you approach challenges and achieve results.

1. Why Small Wins Matter

Small wins are the building blocks of progress. They provide a sense of accomplishment, boost confidence, and create momentum. According to psychologist Teresa Amabile, even minor achievements can trigger a "progress principle," where people feel more motivated and engaged when they see tangible results.
For example, completing a small task like drafting an email or solving a minor problem can create a positive feedback loop, encouraging you to tackle the next challenge. Small wins remind us of that progress, no matter how incremental, progress is still.

2. Breaking Down Big Goals

Large, complex goals can feel overwhelming. The key is to break them into smaller, manageable tasks. This approach not only makes the goal less daunting but also provides frequent opportunities for small wins.
For instance, if your goal is to launch a new product, start by creating a project timeline with specific milestones. Celebrate each milestone achieved, whether it's completing the design phase or securing vendor approvals. These small victories keep the team motivated and focused on the bigger picture.

3. Creating a Culture of Recognition

In a team setting, acknowledging small wins fosters a positive and productive environment. Publicly recognizing individual or team achievements, no matter how minor, can boost morale and encourage continued effort.
Consider implementing a "win of the week" ritual during team meetings, where members share their recent accomplishments. This not only celebrates progress but also reinforces a culture of appreciation and collaboration.

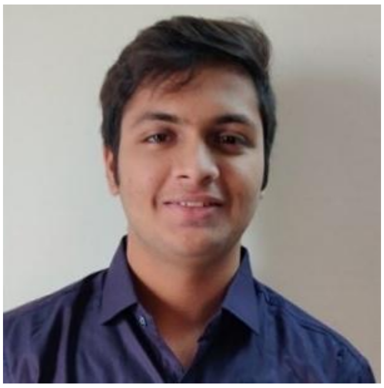
4. The Ripple Effect of Small Wins

Small wins don't just impact the individual or team, they create a ripple effect. Each win builds confidence, reduces stress, and increases resilience, making it easier to tackle bigger challenges down the line.
For example, a salesperson who celebrates closing a small deal may feel more motivated to pursue larger opportunities. Similarly, a manager who successfully resolves a minor conflict may feel more equipped to handle complex team dynamics.

Think Small to Achieve Big
In a world that often emphasizes grand achievements, it's easy to underestimate the power of small wins. Yet, these tiny victories are the foundation of sustained success. By breaking down big goals, celebrating progress, and fostering a culture of recognition, you can create a more motivated, resilient, and high-performing workplace.

So, the next time you complete a task, solve a problem, or reach a milestone, take a moment to celebrate. After all, small wins are the steppingstones to big success.

By Yashank R Bhansali



Update for the day #2337|Moneyball: How Data Changed the Game

In 2002, the Oakland Athletics, a small-market baseball team, faced a major problem: they lacked the financial resources to compete with big-spending teams like the New York Yankees. Instead of following traditional scouting methods, their General Manager, Billy Beane, adopted a radical approach—using data analytics to identify undervalued players. This strategy, famously known as Moneyball, revolutionized not just baseball but sports and business strategy as a whole.
The Core Idea: Finding Hidden Value

Traditional baseball scouting relied on subjective observations—looking for players with the "right" physical build, smooth swings, or raw athleticism. Beane, however, turned to sabermetrics, an advanced statistical approach, to measure what really mattered: getting on base.
Key takeaway: A walk is as valuable as a hit—as long as a player gets on base, they contribute to scoring runs and winning games. Using this insight, the A's signed players who excelled in this metric but were overlooked by other teams.
Results: Data Over Dollars

With a payroll fraction of the Yankees', the A's built a competitive team using this data-driven model. The results spoke for themselves:
In 2002, the A's won 103 games, matching teams with significantly higher budgets.
They achieved a historic 20-game winning streak, proving their approach worked.
Other teams, including the Boston Red Sox, soon adopted analytics and won championships using the same principles.
Beyond Baseball: The Moneyball Mindset

The Moneyball strategy isn't just about baseball, it's about using data to challenge conventional wisdom. This mindset has influenced various industries:
Basketball (NBA): Teams prioritize three-point shots over mid-range jumpers, realizing they provide higher efficiency.

Soccer (Premier League): Expected Goals (xG) helps teams recruit players who create high-quality scoring chances, not just those with impressive past goal records.
Business: Companies use data-driven hiring and predictive analytics to optimize performance and decision-making.

Real-World Business Example: Netflix's Data-Driven Strategy

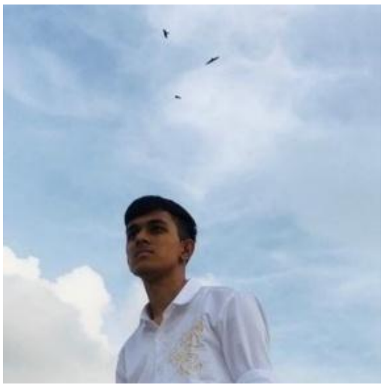
A prime example of the Moneyball mindset in business is Netflix. Rather than relying on traditional television executives to predict hit shows, Netflix uses data analytics and machine learning to analyze viewing habits, audience preferences, and engagement metrics. This approach has led to massive successes, including hits like Stranger Things and House of Cards, proving that data-driven decision-making can outperform intuition in creative industries as well.
Key Lessons for Any Industry
Numbers Reveal Hidden Opportunities – Relying on gut feeling can be misleading; data exposes true value.

Efficiency Beats Tradition – Success comes from optimizing resources, not just spending more.
Challenging the Status Quo Works – Questioning established norms can create competitive advantages.

Moneyball is more than just a baseball story—it's a case study in innovation through analytics.

Whether in sports, business, or any competitive field, those who leverage data intelligently will always have an edge. The real question is: Are we using the right data to make our decisions?

By Gaurav K Patiyat



Update for the day #2338|India, Qatar upgrade ties to strategic partnership.

Prime Minister Narendra Modi and Sheikh Tamim Bin Hamad Al Thani, Amir of the State of Qatar, hold delegation-level talks, at Hyderabad House in New Delhi on Tuesday.

India and Qatar on Tuesday elevated their ties to a strategic partnership and agreed to double bilateral trade to almost $30 billion by 2030 as Prime Minister Narendra Modi and the Qatari Amir, Sheikh Tamim bin Hamad Al-Thani, focused on ways to enhance trade and energy cooperation.

The two leaders met to discuss bilateral relations and regional issues, including the Israel-Hamas conflict, shortly after Sheikh Tamim was accorded a ceremonial welcome by President Draupadi Murmu at Rashtrapati Bhavan. Modi personally received the Amir on his arrival in Delhi on Monday, signalling the importance attached by India to the bilateral relationship.

Modi said on X that he had a "very productive meeting with my brother," Sheikh Tamim, who is "committed to a strong India-Qatar friendship."

He added, "Trade featured prominently in our talks. We want to increase and diversify India-Qatar trade linkages." The two sides can work closely in energy, technology, healthcare, food processing, pharmaceuticals, and green hydrogen, he said.

Besides signing an agreement to upgrade ties, the two sides set a target for doubling annual trade, currently worth $14.08 billion, over the next five years. They also agreed to begin negotiations on a bilateral trade deal and to address market access issues related to trade in goods and services.

The Qatari side made a commitment to invest $10 billion in India. The Qatar Investment Authority, the country's sovereign wealth fund, has so far invested about $1.5 billion in the country in sectors such as retail, power, IT, and affordable housing.

Modi and Sheikh Tamim held wide-ranging talks at Hyderabad House and decided to focus on trade, investments, energy, technology and food security, external affairs ministry spokesperson Randhir Jaiswal said.

Among the areas identified by the two leaders for potential investments by the Qatar Investment Authority are infrastructure, ports, shipbuilding, renewable energy, food parks, startups, and new technologies such as artificial intelligence and robotics.

During their talks at Hyderabad House, Modi, and Sheikh Tamim identified areas for potential investments by the Qatar Investment Authority, including infrastructure, ports, shipbuilding, renewable energy, food parks, startups, and new technologies such as artificial intelligence and robotics.

The two sides also signed a revised agreement for avoidance of double taxation and prevention of fiscal evasion for taxes on income, and five memorandums of understanding (MoUs) on economic partnership and cooperation in archives and documentation and youth affairs and sports.

"We already have institutional mechanisms in place and [the] Amir's visit should lead to further growth in mutual investments," Arun Chatterjee, secretary (overseas Indian affairs) in the external affairs ministry, told a media briefing.

Modi and Sheikh Tamim also focused on ways to strengthen and broaden the energy partnership, including exploring mutual investments. Qatar is the largest provider of liquefied natural gas (LNG) and liquefied petroleum gas (LPG) to India, supplying 10.91 million metric tonnes of LNG and 4.92 million metric tonnes of LPG in FY 2023-24.

Qatar Energy and Petronet LNG Limited signed an agreement in February 2024 for supply of 7.5 million metric tonnes per annum of LNG to India for 20 years, beginning in 2028.

The Israel-Hamas conflict, the evolving situation in West Asia and the ongoing peace process also figured in the talks between the two leaders. "Both sides conveyed their mutual positions that we have on the Israel-Hamas issue...and we exchanged views," Chatterjee said.

The strategic partnership agreement, he said, will allow the two sides to deepen cooperation in areas such as trade, energy, and security, and facilitate closer collaboration at regional and international forums. India currently has strategic partnerships with four other members of the Gulf Cooperation Council – the United Arab Emirates (UAE), Saudi Arabia, Oman, and Kuwait.

Modi and Sheikh Tamim condemned all forms of terror, including cross-border terrorism, and agreed to enhance information and intelligence sharing and to strengthen cooperation in law enforcement, anti-money laundering, drug-trafficking, cybercrime, and other transnational crimes.

Earlier in the day, commerce minister Piyush Goyal and his Qatari counterpart, Sheikh Faisal bin Thani bin Faisal Al Thani, participated in the India-Qatar Business Forum organised by the Confederation of Indian Industry (CII). Invest India and Invest Qatar signed an MoU on promoting mutual investments on the margins of this meeting.

Goyal said the two sides are working towards balanced trade based on new areas of engagement. "This transition is going to rest on the pillars of sustainability, entrepreneurship, energy and technology," he said. "We are looking at a new future where we will transition from energy being the hallmark of our trade to new age technologies, whether it is artificial intelligence, internet of things, quantum computing or semiconductors."

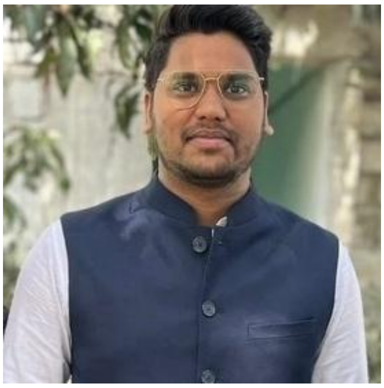
Sheikh Tamim's visit, his first to India in almost a decade, marked the reset of bilateral ties following strains caused by the incarceration of eight Indian Navy veterans in Qatar two years ago. The eight men, including highly decorated officers, were sentenced to death in 2023 but this was subsequently commuted by a Qatari court.

The men were freed on the orders of the Qatari Amir in February 2024, and this was quickly followed by Modi's visit to Doha. Seven of the veterans have returned to India, while Commander (retired) Purnendu Tiwari continues to be in Qatar.

The 830,000 Indians living in Qatar form the largest expatriate community and Modi thanked Sheikh Tamim for supporting the community, especially during the Covid-19 pandemic. The Amir appreciated the Indian community's contributions to the development of Qatar.

Chatterjee noted other matters related to the welfare of Indians figured in the discussions. He said around 600 Indians are currently in Qatari jails and an agreement on transfer of sentenced persons is yet to be ratified by Doha. Qatar's leadership grants pardons to prisoners from time to time, and 85 Indians were pardoned and released during 2024.

By Rajbalam



Update for the day #2339|Samsung - Success Story of one of the top companies in the world

Samsung was founded by Lee Byung-Chul in 1938 as a trading company in South Korea. At the time, Korea was under Japanese rule, and Lee saw an opportunity to start a business that could help the country become more self-sufficient. He started by exporting goods produced in the region, such as fish, vegetables, and fruit to other countries.

In the late 1950s, the company entered into the sugar refining business, and in the 1960s, it diversified into the textiles and insurance industries. In the 1970s, Samsung began to expand into new areas, including shipbuilding, construction, and the petrochemical industry.

It was in the late 1960s that Samsung entered the electronics industry. The company released its first black-and-white television in 1969, and by the 1970s, it had become a major player in the Korean electronics market. In the 1980s, Samsung expanded its electronics business even further, developing a wide range of products including home appliances, computers, and mobile phones. Today, Samsung is a global leader in the technology industry, with a presence in a wide range of markets including consumer electronics, telecommunications, and home appliances.

After the death of its founder, Lee Byung-Chul, in 1987, Samsung was separated into four business groups:
Samsung Group
Shinsegae Group
CJ Group
Hansol Group.

Each group was given a specific area of focus and set of businesses to manage.
Samsung Group, the largest of the four groups, was responsible for the majority of Samsung's businesses, including the electronics, engineering, and financial services sectors. Shinsegae Group was focused on the retail and department store industries, while CJ Group focused on food, entertainment, and chemical products. Hansol Group was responsible for the telecommunications and media businesses.

Since the separation of the company into these four business groups, Samsung has continued to grow and expand into new markets. It has become a global leader in the technology industry, with a presence in a wide range of markets including consumer electronics, telecommunications, and home appliances.

Samsung's contribution in Burj Khalifa
Samsung C&T Corporation, a subsidiary of Samsung Group, was the main contractor for the construction of the Burj Khalifa, the tallest building in the world. Samsung C&T was responsible for the construction of the building's foundations and superstructure, as well as the installation of the building's elevators and air conditioning systems.

The Burj Khalifa project was a major undertaking, and Samsung C&T faced numerous challenges during the construction process. The company had to develop new technologies and techniques to deal with the extreme heat and high winds in the area, as well as the logistical challenges of building such a tall structure. Despite these challenges, Samsung C&T was able to complete the project on schedule and to the highest standards of quality.

Samsung contribution to south Korea's GDP

Samsung is one of the largest and most successful companies in South Korea, and it has played a significant role in the country's economic development. According to data from the Korean International Trade Association, Samsung's exports accounted for about 20% of South Korea's total exports in 2020. In the same year, Samsung's revenue made up about 17% of South Korea's gross domestic product (GDP).

Interesting Facts About Samsung
Founded in 1938 as a small trading company in South Korea. It has since grown into a global conglomerate with a presence in a wide range of industries, including electronics, telecommunications, finance, and more.
The world's largest manufacturer of smartphones and TVs is also a major player in the semiconductor and home appliance markets.

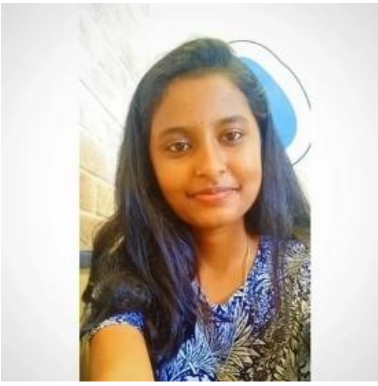
It has a strong focus on research and development, and it is one of the top investors in R&D in the world. In 2020, the company spent over $15 billion on R&D efforts.

Has a strong commitment to sustainability, and it has set ambitious goals for reducing its environmental impact. The company aims to become carbon neutral by 2050.

It has a diverse workforce, with employees from over 80 different countries.

It has a long history of philanthropy, and it supports a wide range of charitable causes through its corporate social responsibility program.

By Namratha N



Update for the day #2340|Are unlisted companies giving listed one's tough competition?

Today's story isn't just about the markets, it's also about those companies that operate away from the spotlight of the listed exchanges. The ones that don't sell their shares in stock markets and don't get as much attention. But it turns out they are doing some amazing things and growing fast.

The proof is in the pudding.

A study by CMIE looked at 4,231 unlisted companies and 3,575 listed ones. And it found that unlisted companies grew their revenue by about 8% in FY24, compared to just 1.7% for listed firms. In terms of profits, unlisted companies saw around 29% increase in profit after tax, while listed ones grew by 27%.

Now, the difference here might not seem massive. But it tells us how unlisted companies can be more flexible, take bigger risks and move faster because they don't have to appease shareholders every three months. And this shows up clearly in how they're expanding their capacity.

Unlisted companies increased their net fixed assets like machinery and equipment by 7.5%, compared to 6.4% for listed firms. They're also investing heavily in fixed assets that will pay off in the future, like new factories or projects still under construction. This is called capital work in progress (CWIP) and unlisted companies increased their CWIP by nearly 7%, while listed firms barely grew by 0.3%. In simple terms, unlisted companies are betting big on what's next.

Maybe they're seeing demand uptick in the coming months.

Take the aviation sector as an example. Unlisted companies there grew fixed assets by a massive 58%! Why? Because more people are traveling, and these companies are preparing for a demand boom. Similar trends are visible in consumer goods and real estate, with significant investments flowing in.

Another crucial aspect that outranked their listed peers is financial discipline. Unlisted companies have an interest coverage ratio of about 3, which is the highest in 30 years. This means they can easily pay off the interest on their loans. Their debt-to-equity ratio, which shows how much debt they use compared to their own money or equity, is also at a healthy level of 1.1.

But hold on…

Does this mean unlisted companies are inherently better?

Not exactly. And that's what we want to focus on in this story.

You see, listed companies have their own advantages.

For starters, listed companies bring transparency. Their financial performance, corporate governance, and strategic decisions are regularly disclosed, offering investors a clear picture of what's happening behind the scenes. This level of accountability fosters trust and attracts a broader pool of investors.

They also have the advantage of size. Listed firms are usually bigger and can survive tough times better. In times of crisis, this stability can be a lifeline, ensuring continued operations and preserving shareholder value. Plus, they can raise money more easily by selling shares or issuing bonds, which helps them grow or fund new projects quickly. Being part of major indices like Nifty or Sensex further boosts credibility and attracts institutional capital for them. And listed companies also have the power to buy unlisted ones. These acquisitions allow listed firms to let unlisted ones take risks and then step in to benefit from their success.

What about the unlisted companies though?

They can thrive by breaking free from the quarterly-results treadmill. They can focus on long-term goals and invest in bold ideas, especially in capital-intensive sectors like semiconductors or green energy which require a lot of money upfront and patience to see results. This is where venture capital and private equity come in. They fund unlisted companies, helping them scale quickly without worrying about quarterly results.

But there's always the risk that unlisted firms heavily rely on external funding. And if that funding dries up, trouble looms. Listed firms, with their access to public markets, provide a counterbalance. They bring stability and transparency, which are crucial for the overall economy.

It's important to note that all the metrics we saw above, like CWIP, debt levels, interest coverage, and sales growth, might not tell the full story. These figures can be influenced by short-term factors like industry cycles, demand spikes, or even favourable credit conditions.

What matters is how these companies maintain or improve numbers over the long haul. It's not about who's winning today but who can thrive across economic ups and downs.

For now, though, this interplay between listed and unlisted firms could give us some broader insights. If unlisted companies continue to outpace their listed counterparts, the appeal of private investments could grow. For investors, unlisted firms offer a chance to back high-growth, innovative companies without the volatility of public markets. And this could create a cycle where more capital flows into the market, driving further growth and innovation.

But here's what we didn't tell.

Capital inflows into unlisted companies can often depend on how listed companies perform in a particular year.

Let's look back at FY24 itself as an example. It was a blockbuster year for Indian IPOs. Stock exchanges saw 76 mainboard IPOs, which was a whopping 110% jump from the previous year. On the flip side, global IPO activity showed a slow down during the same period, dipping by about 16%. And that sort of made investors goes "Hey, if Indian IPOs are doing so well, why not invest in unlisted Indian companies that could go public soon?" Money started flowing into these unlisted companies. And that sort of drummed up more interest in them.

And that tells us something interesting.

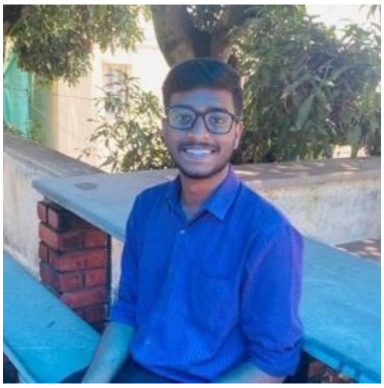
Unlisted companies can attract more capital if listed companies and the IPO markets shine. Simply put, these unlisted companies can be at the mercy of the listed markets. Now think what happens if the IPO market slumps in 2025. It could slow down the capital that unlisted companies attract.

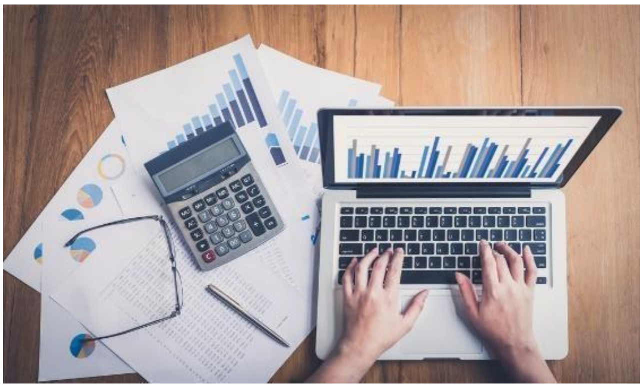
This dynamic highlight the complementary roles of listed and unlisted companies. And it tells us how the markets are always dynamic.

Listed firms bring transparency and stability, while unlisted ones drive innovation and bold bets. And together, they fuel economic growth and offer insights into emerging trends.

So yeah, unlisted companies are clearly shining right now, but instead of framing this as a competition with listed firms, we can use this to understand how private and public growth models are evolving. As India's markets evolve, the gap between listed and unlisted firms may narrow.

By Guru Prakash





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