

Wednesday, May 29, 2024

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Why political parties are wooing women ▶ P12



Rich sports lovers pad up for matches abroad ▶ P9

SENSEX 75,170.44 ↓ 220.06 NIFTY 22,888.15 ↓ 44.3 DOLLAR ₹83.18 ↓ ₹0.04 EURO ₹90.47 ↓ ₹0.13 OIL \$82.77 ↑ \$0.83 POUND ₹106.26 ↓ ₹0.22

## Dealers wilt as car buyers shun heat

Discounts rise as potential customers avoid stepping out

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**D**windling footfall and deserted dealerships point to a summer of discontent for India's automobile industry, as blistering heat takes its toll on showroom visits, test drives and purchases.

Sales in May are sharply down from the previous month as well as the same period a year ago, dealers said, adding they are rolling out discounts on popular models and offering doorstep service for test drives. What has also hurt sales is the focus on ongoing elections, as well as the lack of auspicious wedding dates that typically fuel car purchases in May.

"During the peak heat hours from 12 pm to 4 pm, it feels like the showroom is closed. Only customers with planned deliveries are coming in," said Vinkesh Gulati, director of United Automobiles, which runs 12 passenger vehicle and two-wheeler showrooms in the National Capital Region and Eastern Uttar Pradesh.

"Footfall is 30-35% less compared to April, and even after 5 pm, there are few people who show up. Peak activity now only happens around 6pm, which has always been the case, but we are unable to cover up

### THERMAL EFFECT

**LOW GEAR**  
DEALERS expect sales to rise in the second half of 2024

**DISCOUNTS** on some popular models are up by 15-30% in May

**DEALERS** now expect vehicle stocks to swell in June

for the slow periods," he added.

On Monday, temperatures at 17 locations in India crossed 48 degrees, including parts of the national capital. The government's weather office on Tuesday issued a 'Red Alert' for Wednesday and Thursday for Rajasthan, Punjab, Haryana, Delhi-NCR, Western UP and Madhya Pradesh. Some relief is expected after three days due to a western disturbance, the India

Meteorological Department said.

"Inquiries are fewer due to the elections, heat, and lack of marriage events. May retail is down by 10% so far, and we don't see a very positive overall outlook," Gulati of United Automobiles added. "We are not seeing a lot of customers interested in buying cars right now. The extreme heat is a significant deter-

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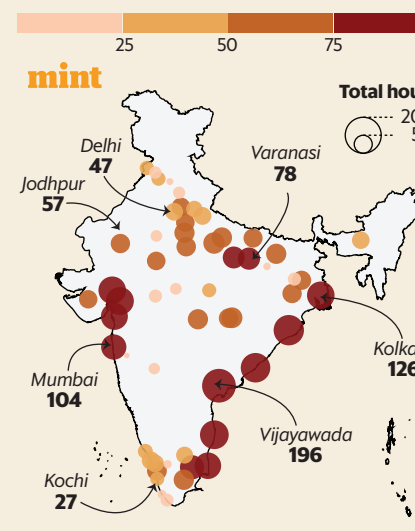
## Measuring India's growing urban heat stress

By Manjul Paul  
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'Heat stress', which captures both high temperature and humidity levels in one metric, has grown significantly this month as compared to May 2023 in some of India's largest cities, a new report shows. Ten of India's 65 million-plus-population cities saw more than 100 hours of heat stress—or dangerous levels of both heat and humidity—in May, in the midst of India's longest election season, data from climate tech startup Respiro Living Sciences showed.

Ten of India's largest cities had over 100 hours of 'heat stress' in May

Total number of heat stress hours observed in India's largest cities in May 2024



Coastal cities saw worst humid heat stress, but got relief by month-end

Top cities that witnessed the highest number of hours with humid heat stress in May 2024

City	1st week	4th week
Visakhapatnam	64	35
Chennai	90	17
Vijayawada	60	23
Bhubaneswar	41	26
Puducherry	96	16

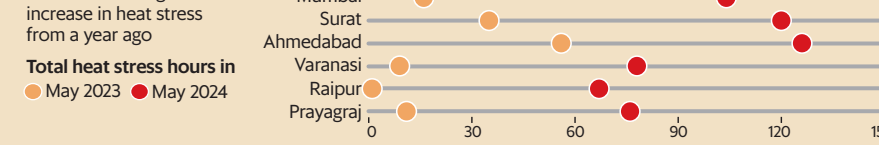
Lower humidity did little to relieve heat stress in drier regions

Top cities that witnessed the highest number of hours with dry heat stress in May 2024

City	1st week	4th week
Vadodra	13	46
Ahmedabad	11	46
Surat	5	25
Varanasi	3	35
Prayagraj	4	40

Nearly 85% of cities analysed saw a rise in heat stress from a year ago

Top cities that witnessed the highest increase in heat stress from a year ago



Heat stress refers to the situation when the heat index (or the apparent temperature, which takes into account both temperature and humidity) exceeds 41°C. Humid heat stress occurs when heat stress is accompanied by a relative humidity is more than 50%, and dry heat stress otherwise. \*All data until 26 May, for cities with an estimated population of more than a million.

Source: Respiro Living Sciences  
PARAS JAIN/MINT

### DON'T MISS



#### Novelis files for \$945 million IPO in US at \$12.6 billion valuation

Novelis Inc., a unit of Kumar Mangalam Birla-led Hindalco Industries, is seeking to raise as much as \$945 million in a US IPO that could be another test for the resurgent market for first-time share sales. Hindalco will own about 92.5% of Novelis after the IPO. ▶P4

#### Adani group plans e-commerce, payments ventures: Report

Adani group has been considering an application for a licence to operate on the country's public digital payments network and is in talks with banks to finalise plans for a co-branded credit card, the Financial Times reported on Tuesday. ▶P3

#### Aventus launches ₹3,000 crore fund to invest in tech, health

Aventus Capital Pvt. Ltd, a financial services company, said it has launched a third Future Leaders Fund (FLF) for which it aims to raise about ₹3,000 crore, including a greenhore option to raise up to ₹1,500 crore more. ▶P3

#### Security shortfall at key airports, situation to ease by 2024-end

Key airports including Delhi, Mumbai, Chennai and Kolkata have a shortage of more than 4,000 security personnel, as per a government study. The study shows that there is a shortage of over 1,300 CISF personnel at the Delhi airport alone. ▶P11



The stake in Tata Play is outside the proposed \$8.5-billion merger between Viacom18 and Disney's local business. REUTERS

## The curious case of Disney's 30% stake in Tata Play

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**F**or the Walt Disney Co., a 30% stake in Indian DTH (direct-to-home) operator Tata Play, which it inherited as part of its global purchase of Rupert Murdoch's 21st Century Fox assets, has become an albatross around its neck.

Disney has been keen to sell its stake in Tata Play (erstwhile Tata Sky) to joint venture partner Tata Group. But there was one problem: the Tatas refused to buy.

Last week, Bloomberg reported that the Tata Group had agreed to buy Disney's stake in the DTH arm at a \$1-billion valuation. However, two people aware of the matter said neither the Tata group, nor Reliance Industries Ltd, with which Disney is merging its local unit Disney Star, has shown interest in buying out Disney's stake.

"The fact is that Disney doesn't want anything to do with the distribution business. That's not their core, and they have been seeking an exit since they acquired the stake following the purchase of the Fox assets," said one of the persons on condition of anonymity. "While they have approached

the Tata Group multiple times, there is no interest to invest or buy back from this side."

Walt Disney, a global entertainment behemoth with operations spanning films, TV networks, theme parks, consumer products, and video streaming, does not possess stakes or financial interests in any distribution company elsewhere.

Email queries sent to the Tata Group, Tata Play, Reliance Industries and Disney Star remained unanswered till press time.

The stake in Tata Play is outside the proposed \$8.5-billion merger between Reliance Industries-owned Viacom18 and Disney's local business, announced in February this year.

As part of the deal, Disney will transfer all its India assets and employees—except its stake in Tata Play, its consumer products business, and VFX studio Industrial Light & Magic (ILM)—to its wholly owned subsidiary Star India.

Post the merger, Reliance will effectively control the JV. It will have a direct stake of 16.34% in the company, while its step-down subsidiary Viacom18 will have 46.82%. Disney will own 36.84% of the JV.

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## Global consultancies grow India teams for retail, consumer boom

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**M**ajor consulting firms are expanding their consumer practice in India in anticipation of a surge in mergers and acquisitions (M&A) and as growing prosperity in the world's fifth-largest economy fuels demand for consumer goods.

PwC, KPMG, Deloitte, and Alvarez & Marsal (A&M) are actively hiring to bolster their consumer and retail practice, said top executives at these global consulting firms.

The executives cited increased activity in the domestic sector, with both regional players expanding nationally and established companies continuing to acquire smaller firms. Established companies, meanwhile, are also seeking to improve their technology capabilities as well as expand their scope of business.

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Large consumer goods firms as well as retailers want to chase India's middle-class shoppers. HT

New York-headquartered A&M is aiming to grow its consumer practice in India fivefold over the next few years.

"A&M India's consumer and retail practice is poised to grow fivefold over the next 3-4 years," said Rishav Jain, managing director, Alvarez & Marsal. "This is on the back of significant opportunity that we foresee in multiple segments such as food and beverage, home improvement, food

retail, digital, apparel and accessories, and consumer technology," Jain added.

"This growth is likely to benefit from the growing Indian consumption story across cities and income segments."

Large consumer goods firms as well as retailers are hungry to chase India's middle-class shoppers, prompting them to either buy out small firms or partner with others in a bid to grab a larger share of the consumption market.

This trend has also led to over \$2.5 billion in private equity funding and acquisitions in the fast-moving consumer goods sector over the past three years, Mint reported earlier citing data from Aventus.

Retailers are following suit, with established brands snapping up smaller players in a bid to dominate a market flooded with new online competitors.

Consumers are increasingly flocking online, prompting

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## Esops back in favour as IPOs rise, valuations reset

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MUMBAI

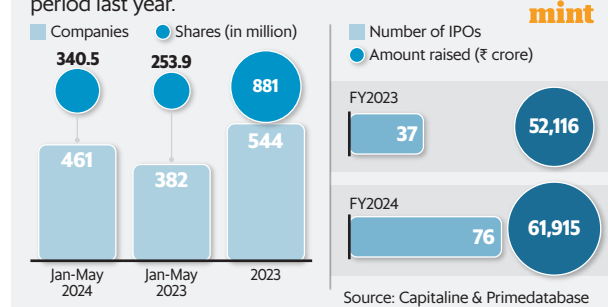
**S**tock options or Esops are back in vogue, especially for middle and senior management positions in both startups and traditional companies. As organizations realign their strategies, conclude their business reshuffles and transformation, and markets calibrate their share values, employee stock options or Esops are increasingly being seen as a lucrative perk for those being hired in top positions.

The period January-May 2024 has seen 340.5 million shares being allotted through Esops by 461 listed companies, according to a Mint analysis of data from Capitaline database.

The same period last year had seen 253.9 million Esop allocations by 382 companies. Zomato led the way with 116 million Esops granted between 8 February and 8 May. Other

### Looking up

Esop issuance year-to-date in 2024 compared to the same period last year.



Source: Capitaline & Primedatabase  
SARVESH KUMAR SHARMA/MINT

notable issuances include Eco Hotels with 20.4 million Esops on 10 February, CMS Info Systems with 6.25 million Esops granted between 3 January and 28 February, Infibeam Avenues with 3.6 million Esops issued on 20 March, and Home First Finance with 3.1 million Esops granted between 18 January and 8 May.

Multiple factors have contributed to the increased interest in Esops. "The recent surge in the stock market for SMEs, as

well as nearly all technology companies, along with the upcoming revival in the startup ecosystem, have reignited interest in startup Esops," said Anirudh Damani, managing partner at Artha Venture Fund, which has invested in startups like LenDenClub, Agnikul, Fantasy Trading League, Onsite, StepSetGo, among others.

The rise in initial public offerings or IPOs is another fac-

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## Wall Street's favorite recession indicator is in slump of its own

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**O**ne of Wall Street's favorite recession indicators looks broken.

An anomaly known as an inverted yield curve, in which yields on short-term Treasuries exceed those of longer-term government debt, has long been taken as a nearly surefire signal that an economic pullback looms.

### THE WALL STREET JOURNAL

In each of the previous eight U.S. downturns, that has happened before the economy sputtered. There haven't been any glaring false alarms.

Now, though, that streak is

threatened. The yield curve has been inverted for a record stretch—around 400 trading sessions or more by some measures—with no signs of a major slowdown. U.S. employers added a solid 175,000 jobs last month, and economic growth this quarter is expected to pick up from earlier in the year.

If recession doesn't materialize soon, it could do lasting damage to the yield curve's status as a warning system, providing one of the most significant examples of how the fallout from the Covid-19 pandemic has upended longstanding assumptions on Wall Street about how markets and the economy function.



The yield curve has been inverted for a record stretch with no signs of a major slowdown. BLOOMBERG

Even if the past couple of years have been unusual, investors likely wouldn't be as worried when another inversion occurs in the future.

"It's not working," said Ed Hyman, chairman of Evercore ISI.

"So far, the economy is doing fine," though he added that a

recession could be just a little late in arriving this time.

### Earning its reputation

There is a reason yield-curve inversions precede recessions. Yields on Treasuries largely reflect investors' expectations for what short-term interest rates set by the Federal Reserve will average over the life of a bond. When longer-term yields fall below short-term yields, it is a sign that investors expect the Fed to cut interest rates—something it often does to jump-start a faltering economy.

The near-mythical status of the inverted yield curve as a harbinger of downturns took time to develop. One of the first to put a spotlight on the link between inverted curves and

recessions was Campbell Harvey, now a finance professor at Duke University, who published a dissertation on the subject in 1986.

Inverted yield curves were discussed on Wall Street and at the Fed in the 1990s but remained a relatively niche subject until after the 2008 financial crisis, Harvey said. Then people started taking stock of warning signs they had initially played down.

Data from Factiva supports that narrative, showing a huge increase in the number of news articles mentioning the yield curve when it inverted in 2019 compared with previous inversions.

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