'Akzo Nobel Open for Partnership or India Ops Sell-off '

'Dulux' brand owner has 5% mkt share in India, and is one of the most profitable

Nikita Periwal

Mumbai: Akzo Nobel, Europe's largest paint maker, is looking at being a part of the consolidation in the Indian paint market either through a partnership with a larger peer or selling off its Indian operations, it said. Earlier this month, the company had said that it would be conducting a strategic review of its decorative paints business in South Asia.

"In markets where there are more natural consolidators, we are very happy to be a minority partner or exit all together," chief executive officer Gregoire Poux-Guillaume told analysts on a call on 23 October.The paint-maker currently has a 5% market share in India, and is one of the most profitable.

It operates under the 'Dulux' brand in the country, has completed seven decades of operations here. It currently has a market capitalisation of more than ₹17,000 crore.

"As the market consolidates (in India), there are people pushing in, like Grasim from the cement sector, there is Asian Paints solidifying its position, there are other companies also trying to figure out what their differentiating assets are," Poux-Guillaume said.

"It is a good time to have conversations with the various market players to see how we can contribute a winning hand," he said, adding that the company is open to being a "junior partner" to a company which has a larger distribution network than itself.

Akzo Nobel currently operates in India, Pakistan, Sri Lanka and Indonesia in the South Asian region. In India, Asian Paints is currently the largest producer of paints, with Berger Paints India and Kansai Nerolac India among the other large players. Earlier this year, the Aditya Birla group commercially launched its paints operations under the 'Birla Opus' brand, with an initial investment of ₹10,000 crore.

Some of the other players in the space include JSW Paints, Indigo Paints and Pidilite Industries.

On October 3, AkzoNobel said, "Given this unique market position, the company is well-placed to participate in the further development of the highly dynamic South Asian decorative paints market, which is ripe for consolidation."

Coal India Q2 Profit Falls 22%

New Delhi: State-owned CIL on Friday reported a 22% drop in consolidated profit at ₹6,274.80 crore for the quarter ended September 30, 2024 on the back of lower sales.

The company had posted consolidated net profit of ₹8,048.64 crore in the year-ago period, Coal India Ltd (CIL) said in a regulatory filing.

The consolidated income of the PSU in the July-September period dropped to ₹32,177.92 crore, over ₹34,760.30 crore in the second quarter of the previous fiscal. The consolidated sales of the company during the second quarter declined to ₹27,271.30 crore, over ₹29,978.01 crore in the year-ago period. —**PTI**

AI Power Demand Might Actually be Good for Climate

Bloomberg

Big energy companies are making the case that skyrocketing electricity demand from data centres – and the need to build more power sources to meet it -- will end up being good for the climate.

Several company executives have plugged the counterintuitive claim over the past month: Cam Hosie, senior vice president of new energy at SLB, the world's biggest oilfield service provider, called the rapid increase in electricity demand the "greatest blessing" the energy transition could hope for. The sentiment was echoed by Scott Strazik, chief executive officer of GE Vernova. Strazik said the phenomenon would be "net-decarbonizing."

But when companies that profit off fossil fuels tout the virtues of the transition to clean energy, skepticism typically follows. "We see it as a big threat to decarbonization," said Laurie Williams, director of the Beyond Coal Campaign at the Sierra Club.

At the heart of the debate is the massive new demand for electricity in the US that's expected to accelerate in the coming years. Demand growth is expected to jump by as much as 15% in some regions over the next five years, according to energy consultancy Wood Mackenzie. The increase is being driven by the electrification of the economy along with new factories and the rise of power-hungry data centers that support artificial intelligence.

Rising power demand has already delayed some coal-plant retirements and sparked a huge plan for the buildout of natural gas-fired plants, which usually have at least a 40-year lifespan.

"If they just say they need power as quickly as possible, it's going to lead to further entrenchment of a fossil-fuel grid," Williams said. But energy company executives argue that demand gains will actually provide both the pressure and financial incentive necessary to reform the US electric grid.

WIN-WIN SITUATION

Energy cos argue that demand gains will provide the pressure and financial incentive necessary to reform the US electric grid

"It takes it away from being a zero-sum game to being a growth story," SLB's Hosie said at a BloombergNEF event in New York in late September during Climate Week NYC. "Growth equals investment."

Indeed, while BloombergNEF data show natural gas remains the biggest source of electricity generation in the US, much more new solar and wind power are added each year than gas.

Rising power demand will create the opportunity to restructure our entire energy system, said GE Vernova's Strazik. His company is spending money to develop small modular nuclear reactors, carbon capture and hydrogen-burning gas turbines that would be hard to justify without demand growth. "It gives us an opportunity at scale to accelerate new technology," he said in an interview. "In a flat market you'd have a hard time making those investments."

Utility executives have made the same point. "We can have load growth that enables the clean-energy transition," PG&E Corp. Chief Executive Officer Patti Poppe said in an interview at the RE+ Conference in Anaheim in September. She added that if the California utility spent up to $1.5 billion to meet an additional gigawatt of data center power demand, the revenue from that new load would cut all customer bills between 1%-2% and free up funds to make the grid more reliable.

And at the same time, tech companies have climate goals to reach net-zero carbon emissions and prefer clean energy for data centers. Amazon, Google and Microsoft have each announced nuclear deals recently that aim to power operations with carbon-free generation.

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Luxury Titans Lose $58 B as Pandemic Era Splurge Ends

LVMH, L'Oreal & Kering are experiencing a demand slump, especially in the Chinese market

Bloomberg

The wealth of France's luxury and cosmetics titans swelled to unprecedented heights during the pandemic era, when consumers snapped up pricey handbags, gowns and grooming products.

Now, three of the country's biggest billionaires — Bernard Arnault, Francoise Bettencourt Meyers and Francois Pinault — are seeing their fortunes dwindle as restraint replaces indulgence.

The trio, who remain among the world's richest individuals, have collectively lost $58 billion this year, according to the Bloomberg Billionaires Index. The decline comes as the industry giants they control — LVMH, L'Oreal SA and Kering SA — report reduced demand for high-end goods, especially in China.

The retreat follows a heady period both for the industry and the billionaires, whose gains in wealth propelled them into the same league as tech and finance moguls like Elon Musk and Warren Buffett. In France, where Arnault, Bettencourt Meyers and Pinault all reside, the drop in their net worth also coincides with intensifying political pressure for higher taxes on the rich to combat inequality and help reduce the country's yawning deficit.

Pinault, 88, who founded the company that has evolved into Kering, has seen his fortune take the hardest hit, falling 63% to $22 billion from a August 2021 high. That's the largest percentage decline of anyone still on Bloomberg's wealth index over that period and is largely due to troubles at its biggest fashion label, Gucci.

"We are implementing a radical transformation at Gucci" in a suboptimal environment, Kering Chief Financial Officer Armelle Poulou said on an earnings call this week, during which she announced store closures. "This affects the pace of our execution and it definitely adds to the pain we endure in the near-term."

The elder Pinault passed control of the company to his son, Francois-Henri Pinault, 62, nearly two decades ago and has focused on his art collection, opening museums in Paris and Venice. Francois-Henri has pledged to turn around Gucci, but this week's warning on sales was the third in 2024.

Since the start of the year, Arnault's fortune has shrunk by about $26 billion, the most among the world's 500 richest on Bloomberg's ranking. He's sunk to fifth position on the index from No. 1 as shares of LVMH Moët Hennessy Louis Vuitton SE, the luxury conglomerate the 75-year-old Arnault founded and still controls, have tumbled 30% from a mid-2023 high.

Results were also disappointing at cosmetics giant L'Oreal, helping to wipe $19 billion off the fortune of Bettencourt Meyers this year, leaving her at $81 billion. The 71-year-old heiress was for many years the world's wealthiest woman, a position now occupied by Alice Walton.

"The worse-than-expected turbulence was in North Asia, in the Chinese ecosystem, where markets turned even more negative, particularly in luxury," L'Oreal Chief Executive Officer Nicolas Hieronimus said on a call with analysts. The company's business remained "pretty good" in Europe, North America and emerging markets despite the summer slowdown, but China was "very much lower than pre-Covid."

Brazil Reaches $23 B Deal with Miners Over 2015 Dam Disaster

Associated Press

Sao Paulo: Brazil's federal government on Friday reached a multibillion-dollar settlement with the mining companies responsible for a 2015 dam collapse that the government said was the country's worst-ever environmental disaster.

Under the agreement, Samarco — a joint venture of Brazilian mining giant Vale and Anglo-Australian firm BHP — will pay 132 billion reais ($23 billion) over 20 years to compensate for human, environmental and infrastructure damage caused by the release of an immense amount of toxic mining waste into a major river in southeastern Minas Gerais state, killing 19 people and ravaging entire villages.

"We are fixing a disaster that could have been avoided, but wasn't," President Luiz Inácio Lula da Silva said in a hall of the presidential palace, surrounded by governors of the affected states, members of his administration, reporters and victims.

Lula's speech, filled with criticism of what he called the mining companies' irresponsibility in chasing profit over safety, was met with applause from the audience.

The toxic sludge — enough to fill 13,000 Olympic-size swimming pools — flowed down the Doce River for 420 miles to the Atlantic Ocean, contaminating waterways and coastal areas in two neighbouring states.

The mining companies told the federal government during negotiations that they had already paid 38 billion reais ($6.7 billion) in reparations.

The settlement includes compensation for more than 300,000 victims, though that figure does not account for everyone affected. Twice as many people — 620,000 — took their case to a UK court on Monday seeking reparations.

The class action lawsuit at the High Court in London seeks an estimated 36 billion pounds ($47 billion) in damages from BHP. The case was filed in Britain because one of BHP's two main legal entities was based in London at the time.

The London suit prompted the Brazilian Supreme Court's Chief Justice, Luis Roberto Barroso, to personally seek Lula's commitment to ensure parties reached an agreement domestically.

"I spoke with Lula and said, Mr. President, there is a case abroad, and it will be very damaging to the Brazilian courts if this matter is resolved outside the country,'" Barroso said Friday at the presidential palace.

The Brazilian federal government said victims would receive 35,000 reais ($6,150) each, while fishermen and farmers would be paid 95,000 reais ($17,000) in total through monthly installments over four years.

Cristiano Sales, 42, was born and raised in Bento Rodrigues, one of the districts in the municipality of Mariana that was washed over by the sludge nine years ago. When he returned to the ruins of his house three months later, the only item he found was a jersey from his favourite soccer team, Cruzeiro.

Sales lives in a new house in a neighbourhood built by the mining companies as part of compensation to his father. After filing a lawsuit, he personally received 100,000 reais ($18,000) and is still pursuing additional reparations through the London suit.

'Mac Your Calendars!' Apple Confirms Event Next Week, With New M4 Models

Bloomberg

Apple Inc. is planning a week of announcements related to the Mac computer lineup, marketing executive Greg Joswiak said in a social media post, signaling that highly anticipated models with the new M4 chip are on the way.

"Mac your calendars!" he said on X, adding a winking emoji. "We have an exciting week of announcements ahead, starting on Monday morning. Stay tuned…"

Though Joswiak didn't specify what products Apple will unveil, Bloomberg News has reported that the rollout will include the first Macs with M4 processors.

The M4 chip was first announced in May as part of the latest iPad Pro and includes improvements to processing for artificial intelligence tasks, as well as general speed increases to the CPU, or central processing unit. The Macs coming next week with the chip will be the iMac, MacBook Pro and Mac mini, Bloomberg News has reported.

The company's AI platform — called Apple Intelligence — also is set to debut next week. The software will launch as part of updates to iOS, iPadOS and macOS as early as Oct. 28, Bloomberg News has reported. The M4 chips will be especially adept at running AI features, though the software will also work on current Macs.

The base version of the M4 chip will come to the iMac, a low-end 14-inch MacBook Pro and the entry-level Mac mini. A higher-end, Pro variant will be included in a more premium version of the new mini model. The more upscale MacBook Pro is slated to get higher-performing versions of the M4 chip as well.

While the new iMac and MacBook Pro models will look like the current versions, the Mac mini will get its first major external redesign in more than a decade. It will be far smaller and approach the size of the Apple TV set-top box. And at least some versions will have five USB-C ports for connecting to accessories.

The M4 chip was first announced in May as part of the latest iPad Pro and includes improvements to processing for AI tasks

For the first time in several years, Apple will also refresh its Magic Keyboard, Magic Mouse and Magic Trackpad accessories. The new models will swap out the Lightning port and use USB-C for charging — part of a broader switch spurred by EU regulations.

The Mac launch will mark the second product unveiling for the company this fall, with the company introducing the iPhone 16, new Apple Watches and updated AirPods in September.

Shift in Sentiment

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"There has been a noticeable shift in sentiment—where once the market rewarded good news and largely overlooked setbacks, it now sharply penalises even minor earnings misses," said Sanjeev Prasad, co-head, of Kotak Institutional Equities. "Until recently, investors believed gains could be made across the board regardless of valuations; however, this outlook has clearly changed."

India VIX, or the fear gauge, saw a sharp rise this week, climbing 9.3% to 14.63, reflecting increased market volatility. Selling pressure was intense in midcap and smallcap stocks, with the Nifty Microcap 250 index plunging 8.5% and the Nifty Midcap 100 and Smallcap 100 indices each falling over 6% for the week.

All sectoral indices closed in the red except for Nifty Financial Services. Nifty Realty led the declines with a 6.5% drop, followed closely by Nifty Oil & Gas, which shed 6.4%.

Friday's trading reflected negative market breadth, with only 841 stocks advancing while 3,101 declined, underscoring a cautious investor stance and a prevailing bearish sentiment. Analysts do not expect equities to bounce back soon.

'ZERO TOLERANCE'

"Earnings this season are being compared to a high base from last year and have shown limited growth as demand momentum remains subdued. Even slight earnings misses have triggered sharp market reactions, reflecting heightened sensitivity," said George Thomas, fund manager, equity, Quantum AMC. "Retail inflows may face pressure in this environment, with investors potentially waiting for more favourable entry points. Given the current valuations, we do not anticipate any significant upward moves in the near term."

Overseas funds sold heavily across emerging markets in October, with India showing the biggest impact. While outflows from India exceeded $12 billion, South Korea saw $1.7 billion in sales, and Thailand around $600 million. In contrast, Japan experienced an inflow of $12.6 billion, while Taiwan and the Philippines saw inflows of $1.7 billion and $77 million, respectively.

On a weekly basis, most technical indicators signalled that the bears have firmly taken control of the market, said analysts.

"The decline in the long-short ratio from 80% to 32% along with selling by FIIs indicates continued bearish pressure in the market," said Chandan Taparia, head, equity derivatives & Technicals, Motilal Oswal Financial Services. "Overall, as per price structure, until the Nifty holds below 24,700 zones, any bounce could be sold for the downside target toward 24,100 zones."

Same Rules for Same Market

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October 25 was the last date to submit comments and COAI was in the process of doing that. All three telecom operators are expected to communicate the same stance individually to Trai too, executives told **ET** separately.

The telcos believe that advanced satellite systems, such as SpaceX's Starlink and Amazon's Kuiper, have enabled satellite operators to offer speeds comparable to terrestrial networks. The telcos further may submit that since mobile satellite service band spectrum would be assigned on an exclusive basis, the possibility of auction to determine the market price can be explored.

COAI is likely to say that the principle of "same service, same rules" is vital to maintaining fair competition between terrestrial and satellite operators.

According to an executive aware of details, the industry body in its submission is going to highlight that when satellite services compete with terrestrial networks by offering similar services to retail and enterprise customers, they must be subject to the same spectrum pricing, regulatory levies, and licensing fees as terrestrial operators.

This is the first time Bharti Group has joined its counterparts to demand an auction for satcom. While Jio has been seeking auction of satellite spectrum across the country, Airtel suggests an auction only if such airwaves are allocated administratively for serving remote areas, executives said.

COMPETING, NOT COMPLEMENTARY

COAI is likely to echo the latter's stance under a differentiated spectrum pricing strategy. According to its proposal, satellite communication services that do not directly compete with terrestrial networks and are intended for specific use cases should be assigned spectrum on administrative pricing.

This included spectrum used by government agencies in defence or disaster recovery as well as VPN/CUG-based communication services through geostationary orbit satellites, cellular backhaul, long-distance point-to-point links and non-retail services in rural and remote areas. However, services that directly compete with terrestrial networks — such as satellite-based fixed and mobile services or serving of retail/enterprise customers — should be priced aligning and benchmarking with the market-discovered price of spectrum for terrestrial networks.

The satcom sector, according to telcos, is no longer offering complementary services but is competing with a direct-to-consumer model that provides broadband, internet and voice communication services.

Leadership Changes

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Reliance Retail has also slowed down expansion and sharply increased store closures this fiscal, resulting in only 110 net store additions in the first half of this fiscal year though it had opened 795 stores. This means store closures exceeded store openings by over six times.

Last year, in the same period, the company reported net store additions of 610 outlets when it had opened 1,026 stores. The company had noted a weak apparel and footwear business in a quarterly earnings call earlier this month.

"Some 20-30 professionals—some expats and some from within India—have recently joined as consultants to work on supply chain, finance, operations, category, inventory management and most importantly, margins," one of the executives told **ET**.

Reliance Retail has also started a succession planning for the top leadership even though there is no formal retirement age in the company. This is because many of its top management are in their late 50s and 60s, and the company wants to appoint young leaders.

One of the roles that's likely to see a new leader over the next few years is managing director for Reliance Retail Ventures—the holding company of all retail and FMCG business of Reliance—a position currently held by V Subramaniam. The following roles may also see changes: Chief executive officer of grocery retail, which is now headed by Damodar Mall; electronics retail business CEO led by Brian Bade, and lifestyle and fashion retail business CEO presently led by Akhilesh Prasad. The others are CEO of Ajio, a role held by Vineeth Nair and Reliance Trends chief operating officer, currently led by Vipin Tyagi.

"It is still not decided when these executives will move to a mentoring role but like every big organisation, a succession planning has recently started. They themselves are grooming the successors along with the expat coaches," a second executive said. He said the large size of Reliance Retail and complex organisational structure has necessitated the involvement of expats.

Reliance Retail didn't respond to ET's queries.

The company runs over 18,946 stores spanning grocery, consumer electronics and apparel. It is the largest in India by number of stores, sales and profit. There are also plans for a public listing but parent RIL has yet to take a final decision. While Reliance Retail occasionally utilises the expertise of expats to regroup its business, it is after several years that so many of them have joined the company in one go, the executives said, adding that these expats have mostly joined as consultants. "The timing is important. The July-September quarter has been particularly harsh for most retailers due to weak consumption, specifically in urban markets. The ten-minute delivery promise from quick commerce companies such as Blinkit, Zepto and Swiggy Instamart is swiftly changing buying habits of consumers in top 15-20 cities where these companies service," the first person said.

Established retailers such as Reliance and Amazon are yet to start 10-15 minute delivery though the former has started testing the model.

TIPS, TRIVIA & TRENDS

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It Now Takes Just 10 Seconds to Clear Singapore Immigration

Facial recognition and iris biometrics are allowing Singapore Changi Airport to process passengers through immigration in as little as 10 seconds as it fully embraces futuristic technology. Since facial scanning was fully rolled out on September 30, the average time it takes travellers to get through immigration has been cut by 60%, down from the previous 25 seconds, the city-state's Immigration & Checkpoints Authority said in a statement on its website on Thursday. Changi Airport, frequently rated among the best in the world, now has passport-less clearance at all four of its passenger terminals. Singapore's city dwellers—including permanent residents and long-term pass holders—can depart and arrive at the airport using facial and iris biometrics without needing to show their passports. Foreign visitors will still need to present documentation on arrival but are then able to use passport-less clearance when they leave. **Bloomberg**

Musk's Dream of Drive-In Movie Diner with EV Charging Taking Shape

Burger, fries and a charged battery. Tesla is drawing up an eclectic menu as it prepares to open a '50s diner-themed charging station in the heart of Los Angeles, where electric-vehicle drivers will be able to grab a bite or catch a movie while topping off their battery. It's a new spin on an old concept, showing how the EV industry is moving away from the utilitarian gas-station model. The concept of the diner—situated on Santa Monica Boulevard, not far from the Sunset Strip and iconic Route 66—plays off a certain car-centric, old-school sentimentality. "It borrows nostalgia," said Leslie Kendall, a historian for LA's Petersen Automotive Museum. "They want to make it feel comfortable and familiar, and the Jetsons and car culture are something people are familiar with." An opening date for the diner hasn't been set, and Tesla has provided little information about the diner since it broke ground last year. **Bloomberg**

$100m Settlement Reached with Owner of Ship that Destroyed US Bridge

The US justice department said on Thursday that it has reached a $100-million settlement with the Singaporean owner and operator of a cargo ship that destroyed a Baltimore bridge. The 1,000-foot M/V Dali collided with the Francis Scott Key Bridge in the early morning of March 26, killing six road workers and blocking the busy shipping channel. Grace Ocean and Synergy Marine have agreed to pay $101.1 million to settle a civil suit aimed at recovering costs incurred in responding to the disaster and for removing tons of bridge debris from the channel leading to the port of Baltimore, the justice department said. The justice department said the settlement does not include any damages for eventual rebuilding of the Francis Scott Key Bridge. That is the subject of a separate claim from the state of Maryland. **AFP**

Onions from California Co Linked to E. coli Outbreak: McDonald's

A California-based produce company was the source of fresh onions linked to a deadly E. coli food poisoning outbreak at McDonald's, officials with the restaurant chain said on Thursday. Meanwhile, other fast-food restaurants—including Taco Bell, Pizza Hut, KFC and Burger King—pulled onions from some menus. McDonald's officials said that Taylor Farms, of Salinas, California, sent onions to one distribution facility, which led the fast-food chain to remove Quarter Pounder hamburgers from restaurants in several states. McDonald's didn't say which facility it was. An outbreak tied to the burgers has sickened at least 49 people in 10 states, including a person who died, federal health officials have said. Investigators said they were focused on slivered onions as a potential source of the infections. **AP**

Harnessing Data Wealth

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But Huang is of the view that Indian tech companies are working hard to remain relevant.

While the possibilities opened up by AI are set to improve productivity and help achieve tasks that were previously considered impossible, the potential ability to disrupt society is feared as lack of control over it could harm societies.

"We should regulate AI in the context of every application," said Huang. "When you use artificial intelligence as an accountant, that accountant should be regulated. When you use artificial intelligence as a lawyer, that lawyer should be regulated. When you use artificial intelligence as a doctor, that doctor should be regulated. AI should be regulated in the context of its use."

Huang however dismissed the panic over AI replacing humans and said it could only improve productivity.

"AI is not going to replace humans anytime soon," Huang said. "There's not one piece of artificial intelligence that can replace 100% of someone. But it is the case that everyone can take advantage of artificial intelligence to elevate our capabilities. So, think of it as a tool that elevates our abilities to make us all superhuman."

India should exploit the advantages it has by way of data wealth and build the necessary infrastructure for AI.

"The natural resource of your country is the data, not just the land," Huang said. "The data of India belongs to India. It's your natural resource. The data of India encodes the knowledge of your people. The AI factories are part of your national infrastructure, just like energy, just as roads, communications. All of those networks should be built here and should be part of the national infrastructure."

SHRIYA PATIL

He pointed to the high possibility that India's agricultural economy will benefit from AI.

"The vast majority of the country is in the industry of agriculture," Huang said. "And if we could put AI in the hands of farmers, so that the understanding, the capability of precision pest control, pest management, the use of AI to enhance crop yield and make better predictions of the weather and the yield of crops, could lift the productivity of the people."

Kotak Mahindra Bank's experience showed that use of AI enhances efficiency and it would not reduce jobs, said Shanti Ekambaram, deputy managing director at the lender.

The Indian AI market is estimated to double in the next few years from about $6.4 billion now.