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QUICKLY.

Gulf markets tick down after Iran attacks Israel

Dubai/London: Gulf markets dropped slightly on Sunday, an early indication of investor reaction to Iran's unprecedented attack on Israeli territory, as investors prepared for trading in most markets to resume Monday, with eyes particularly on oil. Saudi Arabia's benchmark stock index closed down 0.3 per cent, rebounding from an earlier, larger decline while the main Qatari index was down 0.8 per cent. REUTERS

DR Congo landslide kills at least 12, over 50 missing

Beni (Congo): At least 12 people were killed and more than 50 are still missing after heavy rain caused a ravine to collapse onto a river in southwest Democratic Republic of Congo, a local official said on Sunday. The landslide occurred around midday on Saturday in Dibaya Lubwe commune in Kwilu province. REUTERS

US to announce additional $100 m in aid to Sudan

Washington: The United States on Sunday will announce an additional $100 million in aid to respond to the conflict in Sudan ahead of Monday's anniversary of the war. US Agency for International Development Administrator Samantha Power said the additional funding would go toward emergency food assistance, nutrition support and other life-saving aid. REUTERS

Revised India-Mauritius DTAA sparks concern over new clauses, litigation

NEED FOR CLARITY. Experts hope that the CBDT will issue explicit guidelines to clear the doubts

Shishir Sinha
New Delhi

A section of the Income Tax administration is wary of the new changes in India-Mauritius Double Tax Avoidance Treaty. Some officials feel that while the goal of the new protocol is to block tax evasion, it leaves room for interpretation in favour of the original intent of the treaty which was to promote investments. Another fear is that the protocol is likely to lead to enhanced litigation.

Experts hope that the Central Board of Direct Taxes (CBDT) will issue explicit guidelines to clear the doubts. India and Mauritius signed the new protocol on March 7.

ARTICLE 27B

According to sources in the Income Tax Department, a key concern is about the framing of the proposed Article 27B. The purpose of the amendment was to deny a benefit if an entity had entered into an arrangement or transaction solely for this purpose. However, the amendment leaves room for interpretation. It says that if an entity enters into a transaction or arrangement in line with the original object and purpose of the convention, which is to further investment, the benefit can be given. This means going back to the original treaty and subverting the entire meaning of the recent amendment, sources said.

LEEWAY. While the goal of the new protocol is to block tax evasion, it leaves room for interpretation in favour of the original intent of the treaty which was to promote investment

Rahul Charkha, Partner, Economic Laws Practice, said as per the language of the India-Mauritius DTAA, one of the purposes is ‘Encouragement of Mutual Trade and Investment’.

INTENT CHANGED

The Supreme Court, in a landmark decision in Azadi Bachao, noted the importance of this purpose while interpreting the India-Mauritius DTAA. The protocol retains the said language. But it simultaneously changes the intent of the original DTAA to focus on tax evasion and not investment.

“But taxpayers may contend that such benefit cannot be denied by the tax authorities because granting of the benefit would be as per the object and purpose of India-Mauritius DTAA,” he said.

Bijal Ajinkya, Partner at Khaitan & Co, said it would be important for the interpretation and applicability of the provision to be in line with the object and purpose. “It would be useful for legislative guidance to be issued on the grandfather investment as well as the interplay between object and purpose on the one hand and the protocol on the other in order to avoid unnecessary litigation,” he said.

Another concern is about language of Article 3(2) which experts feel could lead to more litigation.

Meanwhile, the Income Tax Department has clarified that the concerns /queries are premature at the moment since the protocol is yet to be ratified and notified. “As and when the protocol comes into force, queries, if any, will be addressed, wherever necessary,” it said in a social media post.

Iran warns Israel, US of ‘much larger response’ in case of retaliation

Reuters
Jerusalem/Dubai/Washington

Iran warned Israel and the US on Sunday of a “much larger response” if there is any retaliation for its mass drone and missile attack on Israeli territory overnight, as Israel said “the campaign is not over yet”.

The threat of open warfare erupting between the arch Middle East foes and dragging in the United States has put the region on edge as Washington said America did not seek conflict with Iran but would not hesitate to protect its forces and Israel.

Iran launched the attack over a suspected Israeli strike on its consulate in Syria on April 1 that killed top Revolutionary Guards commanders and followed months of clashes between Israel and Iran's regional allies, triggered by the war in Gaza.

MODEST DAMAGE

However, the attack from hundreds of missiles and drones, mostly launched from inside Iran, caused only modest damage in Israel as most were shot down with the help of the US, Britain and Jordan.

An Air Force base in southern Israel was hit, but continued to operate as normal and a 7-year old child was seriously hurt by shrapnel. There were no other reports of serious damage. “We intercepted, we repelled, together we shall win,” Israeli Prime Minister Benjamin Netanyahu said on social media ahead of a planned 1230 GMT meeting of the war cabinet to discuss a response to the attack.

Israeli Defence Minister Yoav Gallant said despite thwarting the attack, the military campaign was not over and “we must be prepared for every scenario.”

US President Joe Biden said he would convene a meeting of leaders of the Group of Seven economies on Sunday to coordinate a diplomatic response to what he called Iran's brazen attack. Biden has told Netanyahu that the US would not participate in any Israeli counter-offensive against Iran, a White House official said.

Majority of PMS schemes outperformed Nifty, BSE 500 in FY24

Ashley Coutinho
Mumbai

The majority of portfolio management services (PMS) schemes outperformed the benchmark Nifty 50 and BSE 500 in the financial year 2024 amid a rally in mid and small-cap stocks.

As much as 80 per cent or 264 of the 324 schemes were able to beat the returns generated by Nifty, data from PMS Bazaar show. The schemes delivered average returns of 45.2 per cent, higher than the 30.1 per cent delivered by Nifty.

As much as 56 per cent of the schemes outperformed the BSE 500, which returned 40.2 per cent. Only 30 schemes, however, were able to beat the returns of 70 per cent given by Nifty Smallcap 100 in FY24.

Invasset's Growth Pro Max Fund, a multi-cap strategy, was the top performer in FY24 with returns of 128.5 per cent, followed by Green Lantern Capital's Growth Fund (110.8 per cent) and Asit C Mehta Investment Intermediates' Ace -Multicap (102.7 per cent).

Marcellus's Little Champs, a small-cap strategy, was the worst performer with returns of 0.3 per cent. Ambit Investment Advisors' Emerging Giants and Eklavya Capital Advisors' Long Term Value were the other two schemes near the bottom with returns of 11.5 per cent and 13.4 per cent, respectively. Most of the PMS schemes tend to adopt concentrated portfolios, which can work both ways. If a few of the calls go wrong, the overall performance can be hit. In 2018-19, several wealthy individuals migrated from mutual funds to PMS in search of alpha. Many of the PMS schemes, barring the top-performing ones, had struggled to deliver alpha in the following years.

AT A DISADVANTAGE

PMS investors are at a little disadvantage *vis-a-vis* mutual funds on the taxation and fees front. Investors have to pay an additional tax of 0.6-0.8 per cent on the PMS schemes *vis-a-vis* equity MFs since all transactions happen on their respective trading accounts. In certain cases, they have to shell out profit shares to the manager if returns are over a certain hurdle rate.

PMS schemes managed ₹26.9-lakh crore under the discretionary portfolio, ₹2.6 lakh-crore under the non-discretionary portfolio, and ₹2.7 lakh-crore under advisory, latest regulatory data showed.

The PMS segment invests money on behalf of wealthy individuals. The minimum investment under the regulations is ₹50 lakh.

Top PMS performers in FY24

Asset manager	Strategy	Category	1 Year	5 Year
Invasset	Growth Pro Max	Multi cap	128.5	NA
Green Lantern Capital	Growth Fund	Small & Mid cap	110.8	37.9
Asit C Mehta Investment Intermediates	ACE - Multicap	Flexicap	102.7	27.2
Samvitti Capital	PMS Active Alpha Multicap	Multi Cap	98.4	NA
Asit C Mehta Investment Intermediates	ACE - Midcap	Mid Cap	95.6	27.1
Ambit Global Private Client	Alpha Growth	Multi Cap	94.8	NA
Carnelian Asset Management and Advisors	YNG Strategy	Multi Cap	92.6	NA
Investsavvy Portfolio Management	Alpha Fund	FlexiCap	92.2	NA
Bonanza Portfolio	Value	Multi Cap	89.9	23.9
Equitree Capital Advisors	Emerging Opportunities	Small Cap	89.6	18.4

Source: PMS Bazaar *% returns as on March 31, 2024; calculated using Time Weighted Rate of Return

With AI, flexible curriculum, ISB gearing up to tackle changing business environment

G Naga Sridhar
Hyderabad

In a major initiative, the Indian School of Business (ISB) is now getting future-ready with significant changes in its curriculum in the backdrop of technological advancements like artificial intelligence (AI) and the changing business environment.

“While our curriculum has remained dynamic for the last few decades, what we are bringing in now for the post-graduate programme is the first major paradigm shift for ISB,” Madan M Pillutla, Dean, ISB told *businessline*.

ISB is bringing in some structural changes based on an extensive exercise including feedback from the students, alumni and recruiters.

DIVERSE POOL

One of the three major objectives of the change is to have more flexibility in programmes to suit the diversity of the students.

> **ISB is bringing in some structural changes** based on an extensive exercise including feedback from the students, alumni and recruiters

“We are one of the rare schools that has a diverse pool of students. For example, in this new incoming batch this year, we have a national badminton champion, defence personnel, IAS officers, a young scientist as well corporate honchos. They will curate their own experiences at the ISB and will graduate with different takeaways to cater to their diverse needs,” the Dean said.

Till now, nearly 50 per cent of the courses had a fixed component while the rest was electives. Now the fixed core programme portion has been reduced to increase flexibility.

As of date, 819 students have registered for the PGP Class of 2025 at ISB, out of which women students account for 47 per cent (up from 40 per cent last year). Students with an engineering background account for 53 per cent of the students.

According to Pillutla, the dynamics of learning has undergone a change. Unlike earlier, learning now is a constant process. “The second aspect of curriculum change is fostering learnability as per market needs. Thirdly, we want to build renewability. We are retiring the old electives and bringing in new ones,” he said.

Based on research, ISB is now driving experiential learning. “Instead of purely lecture-based courses, if students are experiencing something in the class, learning will be more immersive,” he said. ISB has also directed its faculty to make the courses experiential learning-based on a host of activities such as projects.

WHY CHANGE NOW?

One of the biggest triggers for curriculum change at ISB are technological shifts and changes in business practices, the Dean said, “These are the impetus that made us ponder over the changes for almost a year. We have now entered a period of uncertainty. When we can't predict the shape of the landscape, variety in learning makes our students job-ready.”

Revfin to raise around ₹2,000 cr in next one year

S Ronendra Singh
New Delhi

Electric vehicle (EV) financing company Revfin has said that it will raise anywhere between ₹1,500 crore and ₹2,000 crore in the next one year to sanction instant loans to the customers and expand its market across the country.

Started in 2018, Revfin's primary idea was to provide loans to people living in small towns who don't get access to credit from traditional financial institutions. “So far we have raised almost ₹700 crore, and that's a combination of equity and debt. We have raised around ₹160 crore in equity and the rest in debt. In the next one year or so, we will raise anywhere between ₹1,500 crore and ₹2,000 crore, partly from the equity and the rest from debt...equity could be around ₹400 crore that we will raise in the next 12 months,” said Sameer Aggarwal, Founder and CEO.

The start-up has financed around 50,000 vehicles so far; 37,000 vehicles in 2023 alone, and this year, it expects to finance around 75,000 vehicles, he said, adding that Revfin is a profitable organisation.

“This financial year, we want to disburse around ₹1,300 crore, so whatever money that we raise will go into that. In the last financial year, we had loan disbursements of around ₹435 crore, and this year, as I said, we are going to go to ₹1350 crore and the subsequent financial year we would disburse about ₹3,000 crore (March 2026),” Aggarwal explained.