NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 81

Wednesday, April 3, 2024

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BHARTI HEXACOM LIMITED

(Please scan this QR Code to view the RHP)

Our Company was originally incorporated under the Companies Act, 1956 as 'Hexacom India Limited', and was issued a certificate of incorporation on April 20, 1995 and subsequently, a certificate for commencement of business by the Registrar of Companies, NCT of Delhi & Haryana at New Delhi on April 26, 1995. Subsequently, the name of our Company changed to 'Bharti Hexacom Limited', pursuant to a special resolution passed by our shareholders at its extraordinary general meeting held on September 10, 2004 and a fresh certificate of incorporation was issued by the Registrar of Companies, NCT of Delhi & Haryana at New Delhi on December 2, 2004. For details, see "*History and Certain Corporate Matters*" on page 216 of the red herring prospectus of our Company dated March 22, 2024 filed with the RoC ("**RHP**" or "**Red Herring Prospectus**").

Corporate Identity Number: U74899DL1995PLC067527; **Website:** www.bhartihexacom.in
Registered Office and Corporate Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi 110 070, India
Contact Person: Richa Gupta Rohatgi, Company Secretary and Compliance Officer; **Telephone:** 011-46666100, **Email:** bhartihexacom@bharti.in

OUR PROMOTER: BHARTI AIRTEL LIMITED

INITIAL PUBLIC OFFERING OF UP TO 75,000,000 EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF BHARTI HEXACOM LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING AN OFFER FOR SALE OF UP TO 75,000,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY TELECOMMUNICATIONS CONSULTANTS INDIA LIMITED ("SELLING SHAREHOLDER") (THE "OFFER FOR SALE").

THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMs, AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER FINANCIAL EXPRESS, ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER JANSATTA (HINDI ALSO BEING THE REGIONAL LANGUAGE OF NEW DELHI WHERE OUR REGISTERED OFFICE IS SITUATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO STOCK EXCHANGES FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE

NAME OF THE SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED/AMOUNT (IN ₹ MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY*
Telecommunications Consultants India Limited	Selling Shareholder	Up to 75,000,000 Equity Shares aggregating up to ₹ [●] million	7.08

**As certified by J. C. Bhalla & Co. Chartered Accountants by way of their certificate dated March 22, 2024.*

We are a communications solutions provider offering consumer mobile services, fixed-line telephone and broadband services to customers in the Rajasthan and the North East telecommunication circles in India, which comprises the states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. We offer our services under the brand 'Airtel'.

The Offer is being made through the Book Building Process pursuant to Regulation 6(2) of the SEBI ICDR Regulations.

QIB Portion: Not less than 75% of the Offer | Non-Institutional Portion: Not more than 15% of the Offer | Retail Portion: Not more than 10% of the Offer.

PRICE BAND: ₹542 TO ₹570 PER EQUITY SHARE OF FACE VALUE OF ₹5 EACH.

THE FLOOR PRICE IS 108.40 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 114 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE TO EARNING RATIO AT THE FLOOR PRICE IS 49.36 TIMES AND AT THE CAP PRICE IS 51.91 TIMES.

BIDS CAN BE MADE FOR A MINIMUM OF 26 EQUITY SHARES AND IN MULTIPLES OF 26 EQUITY SHARES THEREAFTER.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated March 23, 2024, the above provided price band is justified based on quantitative factors/KPIs disclosed in the "Basis for Offer Price" section of the RHP vis-à-vis the weighted average cost of acquisition of primary and secondary transaction(s) disclosed in the "Basis for Offer Price" section on page 103 of the RHP.

RISKS TO INVESTORS

1. **Geographical Concentration Risk:** We derive 100% of our revenues from providing consumer mobile services, fixed-line telephone and broadband services to customers in the Rajasthan and the North East Circle only and any unfavourable developments in such regions could adversely affect our business and financial condition.
2. We have incurred losses in FY 2021 amounting to ₹ (10,339) million and our net tangible asset during three fiscal years is negative and accordingly the Offer shall be undertaken under Regulation 6(2) of the SEBI ICDR Regulations. In the event our Company fails to allot at least 75% of the Offer to the qualified institutional buyers, the Offer shall fail and the same may have an adverse impact on the reputation of our Company.
3. **Contingent Liabilities:** There are contingent liabilities on DoT matters, which include demand on account of levy of one-time spectrum charge of aggregating to ₹4,737 million, of which our Company had recorded a charge of ₹160 million for Fiscal 2020 along with interest thereon till December 31, 2023, amounting to ₹721 million. The balance demand amount of ₹4,577 million has continued as contingent liability.

   In addition to the above point, the following table below sets forth our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, as of December 31, 2023:

Particulars	As of December 31, 2023 (₹ million)
(i) Taxes, duties and other demands (under adjudication/appeal/ dispute)	
- Service tax and GST	787
- Income tax	645
- Entry tax	-
- DoT demands	1,194
- Other miscellaneous demands	21
(ii) Claims under legal cases including arbitration matters	
- Access Charges/Port Charges	65
- Others	41
Total	2,753

   If our contingent liabilities materialize, these could have an adverse impact on our reserves and statement of profit and loss by ₹7,330 million. For further information of our contingent liabilities as at December 31, 2023 as per Ind AS 37, see "*Restated Financial Information – Note 20. Contingencies and commitments – (I) Contingent liabilities*" on page 300 of the RHP. We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.
4. **Offer for Sale:** The Offer comprises an Offer for Sale by the Selling Shareholders. Our Company will not receive any proceeds from the Offer for Sale.
5. **Regulatory Ceilings:** Reduction in revenue we earn for our telecom services, due to regulatory ceilings on pricing, or owing to pricing pressure, reduction in average revenue per user may have an adverse effect on our business, financial condition, results of operations and prospects. Further, set forth below are details of our ARPU in the corresponding periods compared to players in the industry: (Source: CRISIL Report)

Operators	Fiscal 2021	Fiscal 2022	Fiscal 2023	9M Fiscal 2023	9M Fiscal 2024
BSNL	N.A.	N.A.	N.A.	N.A.	N.A.
Bharti Airtel	145	178	193	193	208
Bharti Hexacom (Airtel)$	135	155	185	184	197
Vodafone Idea[1]	107	124	135	135	145
Reliance Jio[2]	138	168	179	178	182

Note: ARPU numbers are for exit quarter of respective Fiscal years/as of the nine months. For example, Fiscal 2023 number is for the fourth quarter of Fiscal 2023 and 9M Fiscal 2024 number is for the third quarter of Fiscal 2024.
$As shared by company.
[1]Blended ARPU as reported by the player; may include wireless and wireline.
[2]As reported by the company, may include revenue from wireline, broadband, FTTH and other telecom services.
(Source: Company filings)..

   If our ARPU decreases, owing to internal factors or as a result of industry trends, our profitability may be impacted. Any sustained decrease in ARPU without any tariff hikes, or failure to premiumize customers at existing tariff rates, could adversely affect our business, financial condition and results of operations.
6. **Average Cost of Acquisition:** The average cost of acquisition of Equity Shares by the Selling Shareholder may be less than the Offer Price.

   The details of the average cost of acquisition of Equity Shares held by the Selling Shareholder are set out below:

Name of the Selling Shareholder	Number of Equity Shares held on a fully diluted basis	Average cost of acquisition per Equity Shares* (₹)
Telecommunications Consultants India Limited	150,000,000	7.08

**As certified by J C Bhalla & Co. by way of their certificate dated March 22, 2024.*

7. **Capital Expenditure:** We require significant capital to fund our capital expenditure and if

Continued on next page...

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we are unable to raise additional capital, our business, financial condition and results of operations could be adversely affected.

Set forth below are details of our capital expenditure incurred in the corresponding periods:

Particulars	Nine months ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ million, except percentages)				
Capital expenditure[(1)]	16,003	25,577	30,518	8,745	15,767
Capital expenditure, as a percentage of revenue from operations	30.65%	52.77%	46.39%	16.18%	34.26%

[(1)]Capital expenditure comprises of additions to property, plant and equipment, capital work-in-progress, intangible assets, intangible assets under development and capital advances.

8. **Significant Indebtedness: We borrow funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for our operations and to fund our growth initiatives. Set forth below are details regarding our borrowings as of the corresponding dates:**

Particulars	As of December 31,		As of March 31,		
	2023	2022	2023	2022	2021
	(₹ million, except percentages)				
Total borrowings	62,536	63,545	62,724	72,045	59,792
Fixed rate borrowings	62,341	63,545	62,693	72,027	38,285
Fixed rate borrowings, as a percentage of total borrowings	99.69%	100.00%	99.95%	99.98%	64.03%
Debt to equity ratio**	1.41	1.58	1.48	1.94	2.99

***Debt to equity ratio is calculated as non-current borrowings plus current borrowings less cash and cash equivalents, divided by equity as of the relevant date. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Reconciliation of Non-GAAP measures" on page 357 of the RHP.*

9. **The 5 BRLMs associated with the Offer have handled 112 public issues in the past three financial years, out of which 36 issues closed below the Offer Price on listing date:**

Name of BRLM	Total Issues	Issues closed below IPO Price as on listing date
SBI Capital Markets Limited*	-	-
Axis Capital Limited*	20	4
BOB Capital Markets Limited*	1	1
ICICI Securities Limited*	19	3
IIFL Securities Limited*	15	4
Common Issues of all BRLMs	57	24
Total	112	36

**Issues handled where there were no common BRLMs*

BID/OFFER PERIOD

BID/OFFER OPENS TODAY

BID/OFFER CLOSES ON: FRIDAY, APRIL 05, 2024^

^The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Date.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("IST")
Bid/Offer Closing Date*	
Submission of electronic applications (Online ASBA through 3-in-1 accounts) – For RIBs	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of electronic applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of electronic applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of physical applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of physical applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and NIIs where Bid Amount is more than ₹500,000)	Only between 10.00 a.m. and up to 12.00 p.m. IST

Modification/Revision/cancellation of Bids	
Modification of Bids by QIBs and Non-Institutional Bidders categories and modification/ cancellation of Bids by RIBs#	Only between 10.00 a.m. and up to 5.00 p.m. IST

**UPI mandate end time and date shall be at 05:00 p.m. on Bid/Offer Closing Date. | #QIBs and Non-Institutional Bidders can neither revise their Bids downwards nor cancel/withdraw their Bids.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	Friday, April 5, 2024
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Monday, April 8, 2024
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about Wednesday, April 10, 2024
Credit of Equity Shares to dematerialized accounts of Allottees	On or about Wednesday, April 10, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Friday, April 12, 2024

ASBA# **Simple, Safe, Smart way of Application!!!**

***Applications Supported by Blocked Amount ("ASBA") is a better way of applying to offers by simply blocking the fund in the bank account. For further details, check section on ASBA. Mandatory in public issues. No cheque will be accepted.**

UPI UNIFIED PAYMENTS INTERFACE

UPI-Now available in ASBA for all individual investors applying in public issues where the application amount is up to ₹5,00,000/-, applying through Registered Brokers, Syndicate, CDPs & RTAs. Retail Individual Bidders and Non-Institutional Bidders also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the bank account used for bidding is linked to their PAN. Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and read with press release dated September 17, 2021 and CBDT circular no. 7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

*ASBA has to be availed by all the investors except Anchor Investors. UPI may be availed by UPI Bidder. For details on the ASBA and UPI process, please refer to the details given in the Bid Cum Application Form and abridged prospectus and also please refer to the section "**Offer Procedure**" on page 443 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("**AIBI**") and Stock Exchanges and in the General Information Document. The Bid Cum Application Form and the Abridged Prospectus can be downloaded from the websites of BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**") and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. Axis Bank Limited and Kotak Mahindra Bank Limited have been appointed as the Sponsor Banks for the Issue, in accordance with the requirements of SEBI circular dated November 1, 2018 as amended. For Issue related queries, please contact the Book Running Lead Managers ("**BRLMs**") on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail Id: ipo.upi@npci.org.in.*

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (**"SCRR"**), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in terms of Regulation 6(2) of the SEBI ICDR Regulations, wherein at least 75% of the Offer shall be allocated to Qualified Institutional Buyers ("**QIBs**" and such portion, the "**QIB Portion**"), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "**Anchor Investor Portion**"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors ("**Anchor Investor Allocation Price**"), in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category (excluding the Anchor Investor Portion) ("**Net QIB Portion**"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 75% of the Offer cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Bidders ("**NIBs**") of which (a) one-third portion shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two-thirds portion shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price and not more than 10% of the Offer shall be available for allocation to Retail Individual Bidders ("**RIB**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (except Anchor Investors) are mandatorily required to utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA accounts and UPI ID (defined hereinafter) in case of UPI Bidders (defined hereinafter), as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") or by the Sponsor Bank(s) under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see *"Offer Procedure"* on page 443 of the RHP.

Bidders/Applicants should ensure that DP ID, PAN, Client ID and UPI ID (for RIBs bidding through the UPI mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for RIBs bidding through the UPI mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving Allotment Advice or unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders'/Applicants' sole risk. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes notification dated February 13, 2020 and read with press releases dated June 25, 2021, September 17, 2021 and March 28, 2023 and any subsequent press releases in this regard.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS: For information on the main objects of the Company, please see the section *"History and Certain Corporate Matters"* on page 216 of the RHP. The Memorandum of Association of the Company is a material document for inspection in relation to the Offer. For further details, please see the section titled *"Material Contracts and Documents for Inspection"* on page 518 of the RHP.

LIABILITY OF THE MEMBERS OF THE COMPANY: Limited by shares.

AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorised share capital of the Company is ₹ 2,500,052,000 divided into 500,000,000 Equity Shares of face value of ₹5 each and 520 Redeemable, Non-Participating, Non-Cumulative Preference Shares of face value of ₹100 each. The issued, subscribed and paid-up share capital of the Company is ₹ 2,500,000,000 divided into 500,000,000 Equity Shares of face value of ₹5 each. For details, please see the section titled *"Capital Structure"* beginning on page 90 of the RHP.

NAMES OF SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: The initial signatories to the Memorandum of Association are Rajiv Mehrotra, Shakti Sarup Puri, Ajay Khanna, Alok Tandon, Kailash Narain Mehrotra, Shyama Mehrotra and Ajay Khanna (on behalf of Shyam Telecom Limited) who subscribed to 70 equity share each bearing face value of ₹10. For details of the share capital history and capital structure of our Company, please see the section entitled "*Capital Structure*" beginning on page 90 of the RHP.

LISTING: The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters each dated February 23, 2024. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A signed copy of the Red Herring Prospectus has been filed in accordance with Section 32 of the Companies Act, 2013 and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 518 of the RHP.

DISCLAIMER CLAUSE OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities or the offer document. The investors are advised to refer to page 416 of the RHP for the full text of the disclaimer clause of SEBI.

DISCLAIMER CLAUSE OF NSE: It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 419 of the RHP for the full text of the disclaimer clause of NSE.

DISCLAIMER CLAUSE OF BSE (DESIGNATED STOCK EXCHANGE): It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the RHP has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to page 418 of the RHP for the full text of the disclaimer clause of BSE.

GENERAL RISKS: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 35 of the RHP.

BOOK RUNNING LEAD MANAGERS					REGISTRAR TO THE OFFER	COMPANY SECRETARY AND COMPLIANCE OFFICER
SBICAPS Complete Investment Banking Solutions	AXIS CAPITAL	BOBCAPS TRUST | INNOVATION | EXCELLENCE	ICICI Securities	IIFL SECURITIES	KFINTECH EXPERIENCE TRANSFORMATION	**Richa Gupta Rohatgi** Bharti Crescent, 1, Nelson Mandela Road Vasant Kunj, Phase-II New Delhi-110070, India **Telephone:** +91 11 4666 6100 **E-mail:** bhartihexacom@bharti.in
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Availability of the RHP: Investors are advised to refer to the RHP and the "***Risk Factors***" beginning on page 35 of the RHP, before applying in the Offer. A copy of the RHP is available on website of SEBI at www.sebi.gov.in and is available on the websites of the BRLMs, i.e. SBI Capital Markets Limited at www.sbicaps.com, Axis Capital Limited at www.axiscapital.co.in, BOB Capital Markets Limited at : www.bobcaps.in, ICICI Securities Limited at : www.icicisecurities.com and IIFL Securities Limited at www.iiflcap.com, respectively and on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively.

Availability of the Abridged Prospectus: A copy of the abridged prospectus is available on the website of the Company, the BRLMs and the Registrar to the offer at www.bhartihexacom.in, www.sbicaps.com, www.axiscapital.co.in, www.bobcaps.in, www.icicisecurities.com, www.iiflcap.com and www.kfintech.com.

Availability of Bid-cum-Application Forms: Bid-cum-Application Forms can be obtained from the Registered Office of the Company, BHARTI HEXACOM LIMITED, Telephone: 011-46666100; SBI Capital Markets Limited, Telephone: +91 22 4006 9807, Axis Capital Limited, Telephone: +91 22 4325 2183, BOB Capital Markets Limited, Telephone: +91 22 6138 9353, ICICI Securities Limited, Telephone: +91 22 6807 7100, and IIFL Securities Limited, Telephone: +91 22 4646 4728 and at the select locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. ASBA Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

Sub-syndicate members: Amrapali Capital & Finance Services Limited, Anand Rathi Share & Stock Brokers Limited, Anand Share Consultancy, ANS Pvt. Limited, Ashwani Dandia & Co., Asit C. Mehta Investment Interrmediates Ltd., Axis Securities Limited, Bonanza Portfolio Limited, Centrum Broking Ltd., Centrum Wealth Management Ltd., Choice Equity Broking Private Limited, Dalal & Broacha Stock Broking Pvt. Limited, DB (International) Stock Brokers Ltd., Edelweiss Broking, Eureka Stock & Share Broking Services Ltd., G Raj & Co. (Consultants) Limited, HDFC Securities Ltd., ICICI Securities Ltd., IIFL Securities, Jhaveri Securities, JM Financial Services Ltd., Jobanputra Fiscal Services Pvt. Ltd., Kalpataru Multiplier Limited, Keynote Capitals Limited, KJMC Capital Market Services Limited, Kotak Securities Limited, Lakshmishree Investment & Securities Pvt. Limited, LKP Securities Limited, Inventure Growth & Securities Ltd., Marwadi Shares & Finance, Motilal Oswal Financial Services Limited, Nirmal Bang Securities Pvt. Limited, Nuvama Wealth and Investment Limited (Edelweiss Broking Limited), Patel Wealth Advisors Pvt. Limited, Prabhudas Lilladher Pvt. Ltd., Pravin Ratilal Share and Stock Brokers Ltd., RR Equity Brokers Pvt. Ltd., Sharekhan Ltd., SMC Global Securities Ltd., Systematix Shares and Stocks (India) Limited, Tanna Financial Services, Trade Bulls Securities (P) Ltd., Yes Securities (India) Ltd.

Syndicate member: SBICAP Securities Limited and Investec Capital Services (India) Private Limited.

Escrow Collection Bank and Refund Bank: Axis Bank Limited.

Public Offer Bank: Kotak Mahindra Bank Limited.

Sponsor Banks: Axis Bank Limited and Kotak Mahindra Bank Limited.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For **BHARTI HEXACOM LIMITED**
On behalf of the Board of Directors
Sd/-
Richa Gupta Rohatgi
Company Secretary and Compliance Officer

Place: New Delhi
Date: April 02, 2024

BHARTI HEXACOM LIMITED is proposing, subject to, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP dated March 22, 2024 with the RoC. The RHP is available on the website of the Company at https://www.bhartihexacom.in/docs/ipo/RHP.pdf, website of the SEBI at www.sebi.gov.in, as well as on the websites of the BRLMs, i.e. SBI Capital Markets Limited, Axis Capital Limited, BOB Capital Markets Limited, ICICI Securities Limited and IIFL Securities Limited at www.sbicaps.com, www.axiscapital.co.in, www.bobcaps.in, www.icicisecurities.com and www.iiflcap.com, respectively and the websites of National Stock Exchange of India Limited and BSE Limited at www.nseindia.com and www.bseindia.com, respectively. Any potential investor should note that investment in equity shares involves a high degree of risk and for details relating to such risk, please see "**Risk Factors**" of the RHP. Potential investors should not rely on the DRHP for making any investment decision. Specific attention of the investors is invited to "**Risk Factors**" beginning on page 35 of the RHP.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold only (i) to persons in the United States that are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act in reliance on Rule 144A, and (ii) outside the United States in "offshore transactions" (as defined in Regulation S) in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no public offering in the United States.

Adfactors

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 81

Wednesday, April 3, 2024

mint

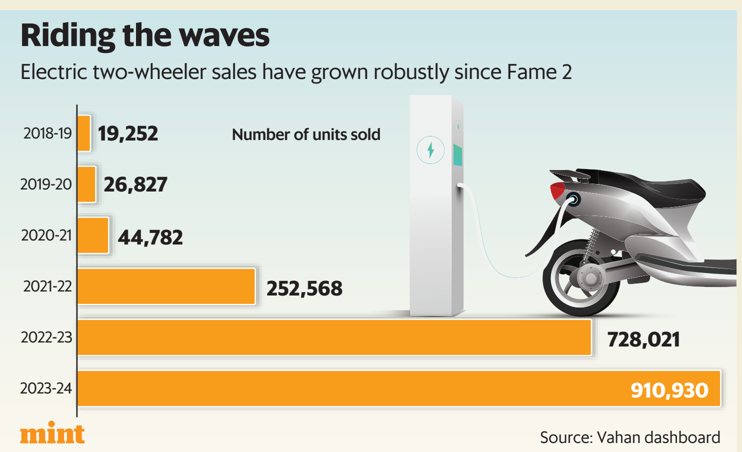
Think Ahead. Think Growth.

mint primer

E-2 wheelers get more pricey: Can sales sustain?

BY SUMANT BANERJI

A steep reduction in subsidies on electric two-wheelers is set to increase prices for the second time in a year, by up to ₹12,000 in FY25. Will it undermine growth in an industry that is already facing multiple headwinds? *Mint* finds out.



PRANAY BHARDWAJ/MINT

1 Why has the subsidy been slashed?

The electric mobility promotion scheme was announced by the ministry of heavy industries in March with a duration of four months from April to July 2024. It acts as a bridge scheme between Fame 2, which expired on 31 March 2024, and the likely announcement of a new scheme in the full budget in July after the new government is sworn in post the general elections. Under this scheme, the subsidy for electric two-wheelers has been halved from ₹10,000 per kilowatt hour (kwh) to ₹5,000 per kwh. The maximum subsidy per vehicle has also been capped at just ₹10,000.

2 Is the subsidy revised often?

Since the announcement of the Fame 2 scheme in 2019, this is the third time the subsidy on electric two-wheelers has been revised. The original scheme, announced with an allocation of ₹10,000 crore for five years, provided a subsidy of ₹10,000 per kwh, which was capped to 20% of the ex-factory price of a vehicle. This was hiked to ₹15,000 per kwh in June 2021 and the cap was also increased to 40% of the cost of a vehicle. In June last year, the government reversed the subsidies back to the original levels. The new scheme reduces it further and subsidies are now at their lowest level since 2019.

MINT

3 How does it impact electric two-wheelers' price?

The subsidy cut will take up the price of electric scooters by ₹5,000-12,000, although manufacturers may decide to absorb some of it. For example, the subsidy on the Ola S1 Pro now comes down to a flat ₹10,000 from ₹22,268. Till June last year, the scooter received a subsidy of almost ₹60,000. For now, Ola has decided not to increase the price of the scooter.

4 How have electric two-wheeler sales grown?

Spurred by the incentives under Fame 2, electric two-wheeler sales have jumped from under 20,000 units per annum in 2018-19 to over 910,000 in 2023-24. With the caveat of high base, the pace of growth slowed down last fiscal to 20% from 65% in 2022-23. This is partly due to the subsidy cut last year, which resulted in a sharp decline in sales for at least four months between June and September. This is likely to be repeated this year as sales could be subdued till a new policy is announced in the budget in July.

5 How is the industry adapting to it?

It is gradually coming to terms with the subsidy cuts and preparing for a non-subsidized regime in the not-too-distant future. While E2Ws are more expensive than their petrol counterparts, higher subsidies in the past meant consumers could use the lower running cost of an EV to break even in just 4 years. That has gone up to over 5 years now. With not much incentive on offer for vehicles with bigger batteries, firms are selling smaller battery variants to reduce the price while cash discounts are rare.

QUICK EDIT

Factories: On a roll?

The last fiscal year ended on an upbeat note for India's economy, going by the purchasing managers' index (PMI) for the manufacturing sector. It hit a 16-year high of 59.1 in March, the highest level since February 2008. The big margin by which it exceeded the 50 mark, which separates expansion from contraction, suggests a boom in factory orders. That this reading has been in expansionary zone now for 33 months on a roll is a sign of sustained strength. While new orders rose sharply, manufacturers also reported a build-up of stocks last month in anticipation of stronger sales. Other indicators such as surging GST intake or freight figures present a similarly bright picture. That said, although business optimism has been found to be high in surveys of managers, whose reports are what go into PMI readings, actual production numbers, as revealed in the recent national accounts data released by the government, are yet to reflect such a boom in factory activity. Sure, India's overall pace of economic growth has been a succession of surprises on the upside, lately, but we still await clear signs of a manufacturing upsurge of the kind that would raise this sector's share of GDP.

MINT METRIC

by Bibek Debroy

Dustin Ebey becomes 'Literally Anybody Else',
A name change with no alarm bells.
With a name without precedent,
He will stand for President.
Sometimes, an unusual name sells.

QUOTE OF THE DAY

The Indian capital markets are commanding higher valuations because of foreign investors' optimism and trust in the country. At 22.2, the ratio of price to earning multiple in the Indian market is higher than the average of many indices around the world.

MADHABI PURI BUCH
SEBI CHAIRPERSON

PLAIN FACTS

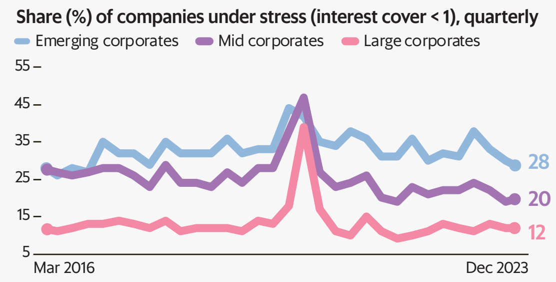
Firms improve credit health, but not fit yet

BY NITI KIRAN

The share of corporates struggling to meet their debt obligations has reduced since the covid peaks but a broad-based recovery is still awaited, shows an analysis by India Ratings and Research.

Corporates shrug off pandemic woes, improve debt servicing capability

Share (%) of companies under stress (interest cover < 1), quarterly

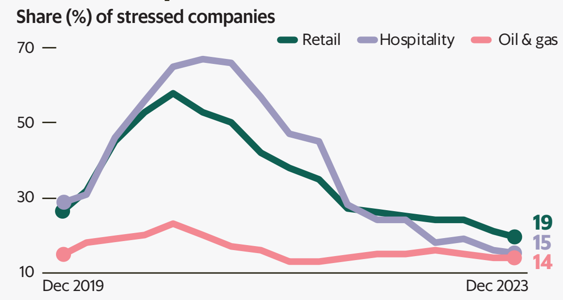


Categories based on annual turnovers: emerging corporates (<₹ 50 cr), mid corporates (₹50-500 cr), large corporates (>₹500 cr). Interest coverage ratio of less than one implies that operating profit is less than interest outgo during the quarter.

Source: India Ratings & Research, AceEquity

Consistent deleveraging, recovering demand helped some sectors

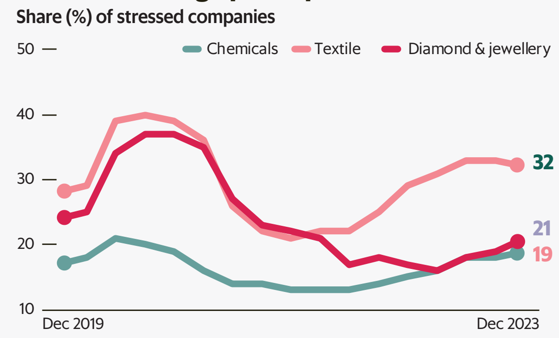
Share (%) of stressed companies



Interest coverage ratio has been smoothened using a four-quarter moving average.

Stress is building up in export-focused sectors

Share (%) of stressed companies

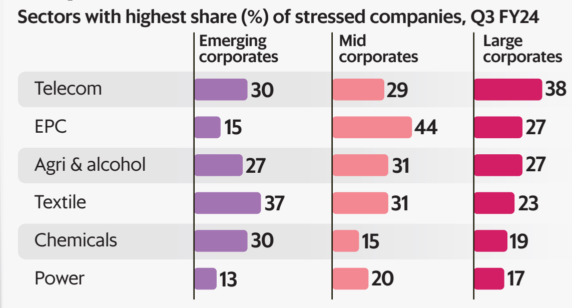


Interest coverage ratio has been smoothened using a four-quarter moving average.

Source: India Ratings & Research, AceEquity

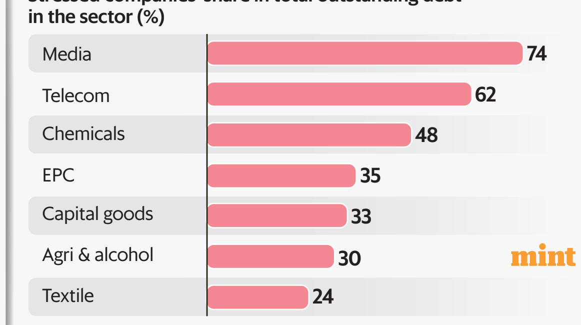
Financial health improved across sectors, but pockets of stress remain

Sectors with highest share (%) of stressed companies, Q3 FY24



Categories based on annual turnovers: emerging corporates (<₹ 50 cr), mid corporates (₹50-500 cr), large corporates (>₹500 cr). Stressed companies are those with interest coverage ratio of less than one.

Stressed companies' share in total outstanding debt in the sector (%)

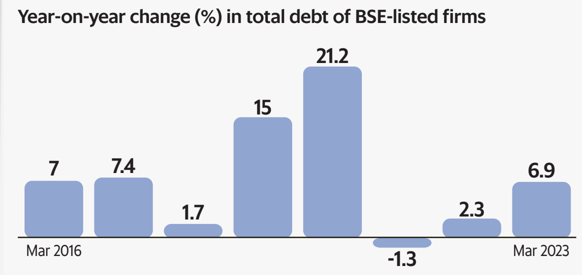


EPC: Engineering, procurement, and construction. Stressed companies are those with interest coverage ratio of less than one.

Source: India Ratings & Research, AceEquity

Caution ahead: After deleveraging spree, corporates are resorting to borrowings again

Year-on-year change (%) in total debt of BSE-listed firms



Analysis based on 2,482 companies, excluding banking, financial services and insurance firms.

Source: Capitaline, Mint analysis

SARVESH KUMAR SHARMA/MINT

The spring of 2020 tested businesses across sizes, leaving many in fragile health or broke. But India Inc. is bouncing back. The share of corporates with poor debt-servicing ability is near its lowest in about a decade, found a study of 3,000-odd listed firms by India Ratings and Research, shared exclusively with *Mint*.

The study analysed the ratio between operating profit and interest outgo, i.e. interest coverage ratio (ICR), to assess the companies' debt-servicing capability. Firms with ICR below one were classified as "stressed". (The analysis excluded real estate, where ICR is not relevant due to different accounting methods.)

Around 12% of large businesses (annual revenue over ₹500 crore) were "stressed" in Q3FY24, against a peak of 39% in Q1FY21. Among mid-sized businesses (revenue ₹50-500 crore), the share fell from 47% in Q1FY21 to 20%, while for emerging ones (revenue less than ₹50 crore), it fell from 44% to 28%, the analysis found.

UPWARD TRAJECTORY

These numbers indicated that mid-sized corporates had narrowed the gap with large ones since the start of the pandemic, while smaller and more financially fragile businesses had struggled with a flatter recovery trend due to limited operating leverage and financial flexibility, the study said.

Abhishek Bhattacharya, senior director and head of large corporate ratings at India Ratings and Research, and the author of the study, attributed the recovery of mid-sized companies in sectors such as auto ancillaries, metals, and power to more nimbleness in their respective supply chains. "They are realigning themselves better to the end customer's product requirement and are becoming more efficient on their own working capital management," he said.

After paring debt, firms are back to borrowings to fund growing working capital needs

Another metric that showed recovery was debt of "stressed" companies. They had about 17% share in the total debt of the companies covered in the analysis, down from about 30% in Q1FY21. Some debt-heavy sectors—such as oil and gas, power, metals, and auto—seemed to be back in health, with this figure being less than 5–7% each, the study said. Smaller businesses exposed to lower-income segments, including bicycle part suppliers, and small-time ornament makers, showed higher stress.

GREEN SHOOTS

Indian corporates were on a deleveraging spree in the low interest rate regime of the pandemic years, with debt-heavy sectors such as metals, logistics, power, and oil and gas aggressively switching to the balance sheet repair mode. This has stood them in good stead: for some, the share of stressed companies dropped to 15–20%, and among large businesses in these sectors, it declined to just 4–5% (from about 32% earlier in Q1FY21), the analysis found. These improved balance sheets are most likely to drive capital expenditure in near term and aid in India's infrastructure push, Bhattacharya said.

Meanwhile, there are notable signs of recovery in sectors that rely on consumption demand. Retailing and hospitality, which bore the brunt of reduced discretionary demand during covid, have recovered sharply, as the share of stressed firms has fallen off their peaks. However, at the bottom of the pyramid, the resilience of demand recovery is still in question, and is awaiting a broad-based recovery to sustain the momentum, Bhattacharya said.

POCKETS OF STRESS

The study observed a build-up of stress in export-centric sectors, with the world going through macroeconomic and geopolitical turmoil. This trend was fairly pronounced for textiles, chemicals and the diamond industries. A recent rise in freight costs due to the Red Sea crisis could pose further risks. "A select few sectors will see stress on account of freight cost build-up," said Bhattacharya, adding that some export-oriented sectors were already showing signs of increased stress and would be more severely impacted.

Other segments with persistently high stress despite some recent improvement included telecom and engineering, procurement, and construction (EPC), with around 39% and 33% firms, respectively, having an ICR below one.

A TREND REVERSAL?

Besides a cost overhang, a rising debt burden also raises concerns. After paring debt, firms have again resorted to borrowings to fund their growing working capital needs. A *Mint* analysis of 2,482 companies, excluding banking, financial services and insurance firms, showed a 7% rise in gross debt by end FY23, against a 2.3% rise in FY22.

Moreover, a possible revival in private capex after the upcoming Lok Sabha elections could further boost credit demand. Bhattacharya said deleveraging has given a lot of headroom to many infrastructure-focused sectors such as steel, power, and logistics to invest, and capex will continue there. "Yet, a broad-based capex recovery might still be some time away as corporates will continue to assess the sustainability of demand at the bottom of the pyramid," he said, warning that fresh capex would again start leading to a build-up in leverage going forward.

niti.k@livemint.com

PEANUTS by Charles M. Schulz

HT NEW DELHI, MUMBAI, BENGALURU, KOLKATA, CHENNAI, AHMEDABAD, HYDERABAD, CHANDIGARH*, PUNE*, LUCKNOW* VOL. 18 NO. 81 Rs. 10.00. Price with Hindustan Times Rs. 15.50 18 PAGES

Wednesday, April 3, 2024

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The strongman who ruled Sandeshkhali ▶P10

How Axis Bank credit cards became targets of fraud ▶P11

Scheme to replace poll bonds coming

Move after SC spikes previous scheme as unconstitutional

Gireesh Chandra Prasad
gireesh.p@livemint.com
NEW DELHI

A new scheme for funding of political parties is in the works, after the erstwhile electoral bonds scheme was struck down by the Supreme Court as being unconstitutional.

According to two people aware of discussions in the government, the Centre has already started work on a new scheme that will address the concerns the apex court expressed while striking down the electoral bonds scheme.

The finance ministry is holding internal consultations on the new scheme, which is expected to be finalized after the national elections in April-June, one of the persons cited above said on the condition of anonymity.

The scheme will address the issues of transparency and extent of political financing by corporations, which were questioned by the apex

TURN TO PAGE 6

TAKE TWO

The finance ministry is holding internal discussions on the new scheme. MINT

India eyes monster gas grid for S. Asia

Rituraj Baruah
rituraj.baruah@livemint.com
NEW DELHI

One giant gas grid led by India and spanning Bangladesh, Nepal, Bhutan and Myanmar may be a reality in the near future, transporting the clean-burning fuel across borders to homes, factories and industrial enterprises across South Asia.

India will connect its north-east gas grid with the national grid in the next two months, and plans to extend and integrate it with the grids of the four neighbours, two people aware of the development said. Plans to connect Sri Lanka and Myanmar are also in the works.

"The plan for gas grid interconnectivity is still in the works. If the plan takes a concrete shape, Myanmar, Bangladesh, Nepal, and Bhutan would be connected with India's national gas grid via the north-east gas grid," one of the two people said on condition of anonymity.

Connecting the gas grids would broaden India's energy relations with the neighbours and speed up energy transition in the region, as India levera-

TURN TO PAGE 6

India will connect its north-east gas grid with the national grid in the next two months.

Hiring, orders take off; mfg hits 16-year high in March

Rhik Kundu
Rhik.kundu@livemint.com
NEW DELHI

Propelled by new orders, upturn in inventories and higher job creation, India's manufacturing activity hit a 16-year high of 59.1 this March, a survey by S&P Global said on Tuesday. The last time a reading of this level was recorded was in February 2008, when the HSBC India Manufacturing Purchasing Managers' Index (PMI) had touched a high of 59.5.

Despite the high, the number came a tad lower than HSBC's own projection of 59.2, mentioned in its Flash India Manufacturing PMI last month.

"The results for March provided a mixed picture regard-

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DON'T MISS

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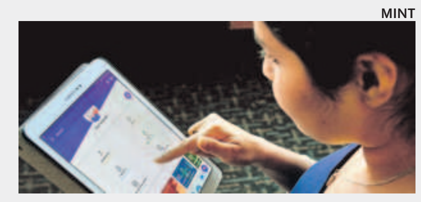


Byju's lays off 500 employees amid persisting salary delays

Cash-strapped edtech Byju's has laid off more than 500 people, and is likely to witness more departures due to delayed salary payments for three months. Its employee count currently stands at about 13,000, down from nearly 15,000 at the end of 2023. >P3

Temporary staff hiring likely to rise as summer holidays loom

India's leading staffing firms have about 30,000 open mandates for temporary positions for the April-June quarter of the new fiscal (FY25). That's about 20% higher than the same period last year, according to temporary hiring agencies. >P6

Vistara cancels 52 flights; DGCA seeks daily reports from airline

The Directorate General of Civil Aviation has asked Vistara to submit daily reports of the disruption, as the airline continues to cancel a significant number of flights due to unavailability of pilots. On Tuesday, at least 52 flights were cancelled. >P5

MINT SHORTS

AAP leader Sanjay Singh gets bail in Delhi excise policy scam case

New Delhi: The Supreme Court on Tuesday granted bail to AAP leader and Rajya Sabha MP Sanjay Singh in a money laundering case related to the Delhi excise policy scam after the Enforcement Directorate said it had no objections, in a reprieve to the party whose top leadership is behind bars. Singh, who has been in jail for six months, was ordered to be released by a bench of Justices Sanjiv Khanna, Dipankar Datta and P B Varale. **PTI**

MoRTH raises ₹40,314 cr via asset monetization in FY24

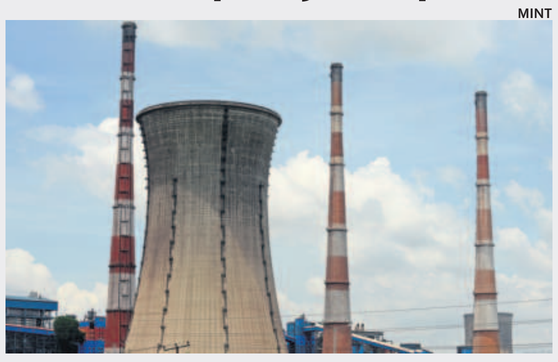

HT

New Delhi: The ministry of road transport and highways (MoRTH) has raised ₹40,314 crore through various modes of asset monetization in 2023-24 against the target of ₹28,968 crore, a senior government official said on Tuesday. The ministry had raised ₹15,968 crore through monetization of 4 toll-operate-transfer (TOT) bundles, ₹15,700 crore through Infrastructure Investment Trust (InvIT) and ₹8,646 crore through securitization, the official said. **PTI**

NHAI reports highest-ever highway construction in FY24

New Delhi: The National Highways Authority of India (NHAI) has said highway construction grew 20% in FY24 to its highest ever in a fiscal year. The state-owned highway developer built 6,644 km of national highways in FY24 against the target of 6,544 km. In FY23, NHAI built 5,544 km of national highways. **SUBHASH NARAYAN**

Imported coal power plants to run at full capacity till Sep


MINT

New Delhi: Imported coal based (ICB) power plants will have to operate at full capacity till September amid rising power demand. The power ministry said that it will extend Section 11 of the Electricity Act under which the government may specify that a power generating company shall, in extraordinary circumstances operate and maintain any generating station in accordance with the directions of the government. **RITURAJ BARUAH**

India firmly rejects 'senseless' China renaming Arunachal places

New Delhi: India on Tuesday outrightly rejected as "senseless" China renaming some places in Arunachal Pradesh, and asserted that assigning "invented" names does not alter the reality that the state "is, has been, and will always be" an integral part of India. India's reaction came in response to Beijing announcing Chinese names for 30 more places in Arunachal Pradesh which the neighbouring country claims as southern part of Tibet. **PTI**

54 MPs including Manmohan Singh retiring from Rajya Sabha

New Delhi: As many as 54 members of the Rajya Sabha including former prime minister Manmohan Singh and nine union ministers are set to retire on Tuesday and Wednesday with some not returning to the Upper House. Former prime minister Singh ends his 33-year-long parliamentary innings in the Rajya Sabha on Wednesday (3 April), just as former party chief Sonia Gandhi enters the Upper House of Parliament for the first time. **PTI**

Insurance reforms in first 100 days' agenda of BJP govt

The finance ministry has finalized the draft Insurance Laws (Amendment) Bill

Subhash Narayan
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NEW DELHI

The Bharatiya Janata Party-led government will introduce amendments to existing insurance legislation—the basis for rolling out insurance reforms within 100 days if voted back to power, two persons aware of the party's agenda said.

Planned reforms in the insurance sector include a provision for a composite insurance licence, relaxed entry barriers for companies, simplifying investment rules and giving more powers to the regulator to determine the licence fee structure for companies.

According the one of the two persons cited above, the finance ministry has finalized the draft Insurance Laws (Amendment) Bill and proposes to push it for cabinet and Parliamentary approval as soon as the new government comes to power at the Centre. This is expected to be pushed for implementation during the first 100 days of the new government.

Officials said the amendment bill is complete in all respects and would be implemented irrespective of which party comes to power.

The government is working on a 100-day post-election agenda as well as a vision document for transforming the country into a developed nation by 2047. Finance minister Nirmala Sitharaman in her budget speech said the government will take up next-generation reforms to push growth and development in the next five years.

"The bill has been finalized by the finance ministry after extensive public and stakeholder consultation process in which we received over 1,000 pages of comments. The state governments have also been consulted and some of their comments and suggestions have been included in the bill. The extensive process of consultations has provided a strong, progressive, forward-looking legislation that would not need any further changes and can be taken directly for Parliamentary approval process by the government coming to power at the Centre post elections," said one of the two people on condition of anonymity.

Queries sent to the finance ministry and secretary, financial services, remained unanswered at press time.

The main changes for the insurance industry post the amendments is grant of composite licences to insurers. Under it, a single entity could offer both life and non-life products unlike now where these two businesses have to be carried by separate corporate entities. Composite insurers are also allowed in countries such as Singapore, Malaysia and the UK.

The proposal on composite licence had earlier divided the industry, with certain sections favouring the move as progressive and others, including state-run general insurers, opposing it on the grounds that it would further fragment the vast Indian insurance market and allow the entry of non-serious and financially weaker players. Now the changes have been approved with checks.

The draft bill also allows insurance companies the freedom to sell different financial products, just like banks. These could include products such as mutual funds but clarity on this would emerge once rules governing the amended legislation are drafted. The draft bill suggests doing away with the existing requirement of paid-up equity capital of ₹100 crore for setting up a life, general or health insurance business and ₹200 crore for reinsurance businesses.

The finance ministry has instead proposed a differential licencing regime where insurance companies will be categorized by the size and scale of operations, class or sub-class of the business, and the category or type of insurer.

The government is working on a 100-day post-election agenda as well as a vision document for transforming the country into a developed nation by 2047. AFP

WHAT THE BILL PROPOSES

THE main changes for the insurance industry is grant of composite licences to insurers

DRAFT bill also allows insurance firms the freedom to sell different financial products

THE bill has been finalized by the finance ministry after extensive consultation process

OFFICIALS said the amendment bill for the industry is complete in all respects

Govt panel proposes exchange for iron ore

Reuters
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NEW DELHI

A government-appointed panel has proposed setting up India's first iron ore exchange to determine the domestic sale price of the key steelmaking raw material, according to a document reviewed by *Reuters* and a source with direct knowledge of the matter.

After the ministry of mines pointed out that some iron ore miners tried to keep the average sale price artificially low to pay lower royalties to the government, the Centre late last year formed a panel to work out an "alternative mechanism" to determine domestic iron ore prices. "As a long-term measure to solve the issue of transparency in the returns being received, (the) ministry of mines should develop a National Iron Ore exchange, mandating the buying and selling of iron ore on the online platform," the panel said.

Details of the panel's recommendations have not been previously reported. The proposed exchange would record real-time transactions and physical delivery of iron ore, the document said. "Once the exchange is implemented, ASP (average sale price) for each state and grade can be auto-published every month, based on the weighted average of monthly sales on online platform," it said.

Avoid new-season wheat, traders told

Reuters
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MUMBAI/NEW DELHI

India has asked global and domestic trade houses to avoid buying new-season wheat from local farmers to help the government's Food Corporation of India (FCI) procure large quantities to shore up its depleting reserves, sources said.

India, the world's biggest wheat consumer and grower after China, banned exports in 2022 and is keen to bolster stocks and tame prices that surged after dry weather hurt output in 2022 and 2023.

Rising wheat prices forced the government to sell record quantities to boost local supplies, leading to a drawdown in reserves essential for the world's biggest food welfare programme, which entitles nearly 800 million to free grain.

The government has asked private traders to stay away from wholesale markets where farmers usually sell their produce to FCI or private traders, said traders and government sources, who declined to be named as they are not authorized to talk to the media.

The government informally asked private traders to avoid buying wheat at least in April, the sources said, its first such guidance since 2007. Wheat procurement starts tapering off after mid-May.

"We are not going to buy in April. We will wait until May. Except for processors and small traders, everyone is likely to follow the government's lead," said a Mumbai-based trader with a global trade house.

Rising wheat prices forced the government to sell record quantities to boost local supplies

Traders active in India's grain markets include Cargill Inc, Hindustan Unilever Ltd, ITC Ltd, Louis Dreyfus Company and Olam Group.

The government has asked the top wheat-growing states to ensure that private traders do not get in the way of FCI's plans to buy at least 30 million tonnes this year, the sources said.

AI regulator with broad mandate mooted

Rhik Kundu & Gulveen Aulakh
NEW DELHI

Sanjeev Sanyal, a member of the Prime Minister's economic advisory council (PMEAC), says India should have a specialist AI regulator with a broad mandate, along with a national registry of algorithms and a "repository of national algorithms for innovation of AI".

There was a need for such a regulatory framework amid "extreme approaches" being taken by global economies, he said in a research paper published by PMEAC that suggests ways to regulate AI.

Sanyal said traditional methods fall short due to the non-linear and unpredictable nature of AI. Current regulatory approaches typically rely on ex-ante impact analysis and risk assessment and therefore face challenges in effectively governing AI.

The paper, titled 'A Complex Adaptive System Framework to Regulate Artificial Intelligence' and written by Sanyal, Pranav Sharma and Chirag Dudani, proposes a framework based on CAS (Complex Adaptive System) thinking, consisting of five key principles.

These include establishing guardrails and partitions to limit undesirable AI behaviour, mandating manual overrides and authorization chokepoints where critical infrastructure will remain in human controls at key stakes for active intervention.

The principles also include open licencing of core algorithms and continuous monitoring of AI systems for ensuring transparency, accountability and explainability, while mandating incident reporting protocols to document system aberrations or failures, that will define clear lines of AI accountability and ensure 'skin in the game' by holding individuals or developers responsible.

Current regulatory approaches typically rely on ex-ante impact analysis and risk assessment

The key pillars have been suggested after considering approaches taken by other countries. The US and UK, for instance, have taken a hands-off or self-regulatory approach, the paper notes, as opposed to the heavily state-regulated approach adopted by China.

India has offered to lead the development of a draft global artificial intelligence (AI) regulatory framework, which will be discussed and debated at the GPAI (Global Partnership on Artificial Intelligence) Summit, sometime in June or July.

The GPAI is a grouping of 29 nations including the European Union that in December last year adopted the New Delhi Declaration where countries agreed to use the GPAI platform to create a global framework on AI trust and safety, within six months.

Against that backdrop, the research paper by the PM-EAC member said open licencing of core algorithms for external audits, AI factsheets, and continuous monitoring of AI systems, are crucial for accountability, apart from periodic mandatory audits for transparency and explainability.

Kazim Rizvi, founder of one of India's leading tech policy think tanks, The Dialogue, said the formulation of AI regulation in India will be a complex endeavour which will require careful consideration to ensure responsible and ethical development and deployment of AI technologies.

A spokesperson of the electronics and IT ministry didn't respond to emailed queries.

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Sanjeev Sanyal, a member of the Prime Minister's economic advisory council (PMEAC). MINT

Centre to set up labs for testing marquee textiles meant for exports

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NEW DELHI

The Union textiles ministry is planning to set up new laboratories and upgrade existing ones to test pure textiles, including pashmina, silk, cotton and coarse-wool products, before they are shipped, two persons aware of the matter said.

This initiative aims to curb exports of poor-quality products to the global market, helping improve India's standing in the international textile industry, they said. Sub-standard pashmina shawls and silk exports have hurt India's image.

The upgraded labs are expected to help enhance the quality of textile products and boost exports by instilling greater confidence among buyers. "The plan is to establish new testing facilities in almost every textile cluster so that certification of fabrics and finished products gets validated by the government-run testing centres," the first person said.

The new testing facilities are proposed to be established in almost every textile cluster including Gujarat, Punjab, Jammu & Kashmir, Tamil Nadu, Uttar Pradesh, Maharashtra and Karnataka. An upgrade of existing labs is also planned.

Testing fabric is crucial to ensuring that products maintain their intended physical and chemical properties over time, safeguarding against potential harm, the person cited above said.


The upgraded labs are expected to help enhance the quality of textile products and boost exports. MINT

"The labs will play an important role in validating the authenticity of technical textile products. For textiles like flame-resistant protective gear or industrial-use fabrics, it's essential to ensure that the product will perform as intended, serving its functional purpose effectively," the second person said.

Queries sent to the textiles ministry's secretary and spokesperson remained unanswered at press time.

According to the latest government data, textile exports totalled $30.96 billion during April 2023-February 2024, down from $32.33 billion a year ago. India is the world's third-largest exporter of textiles and apparel with a 4.6% share of global trade, and ranks among the top five exporters in several textile categories. Exports are projected to reach $65 billion by FY26.

Setting up new labs and augmenting the existing ones is done by textile committees, which report to the textile ministry. These committees act as a facilitator to the textile trade, industry and other stakeholders, including state governments.

Raja M Shanmugam, former president of the Tirupur Exporters' Association, said, "The plan would not be entirely new for the cluster. It builds on existing strengths or initiatives."

However, the textile committee-run testing facilities would benefit traders by ensuring competitive pricing, he added. Among other initiatives, the ministry has proposed the development of a showroom at a pashmina de-hairing plant in Leh to provide marketing support for finished products made from pashmina wool.

Additionally, the government plans to allocate land for fodder to increase the availability of green fodder for pashmina goats.

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First published in February 2007 to serve as an unbiased and clear-minded chronicler of the Indian Dream.

RAVI KRISHNAN (EDITOR); PUBLISHED/PRINTED BY **MANHAR KAPOOR** ON BEHALF OF HT MEDIA LTD, 18-20 Kasturba Gandhi Marg, New Delhi 110001

Printed at HT Media Ltd presses at •Plot No. 8, Udyog Vihar, Greater Noida, Distt Gautam Budh Nagar, Uttar Pradesh 201306; •MNSPrinters Pvt. Ltd, 345/4, Bhatrahalli, Near KR Puram RTO, Old Madras Road, Bangalore 560049; •Saraswati Print Factory Pvt. Ltd, 789, Chowbhaga (W), Near China Mandir, Kolkata 700 105; •MNSPrinters Pvt. Ltd, 76/1, Poonamallee High Road, Velappanchavadi, Chennai 600077; • Bhaskar Print Planet, Survey No. 148P, Changodar Bavla Highway, Sanand (Tal), Distt Ahmedabad, Gujarat. •Jagati Publications Ltd, Plot No. D75 & E52, APIE Industrial Estate, Balanagar, Rangareddy Distt. Hyderabad 500037 *Also available in Chandigarh, Pune and Lucknow.
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MINT SHORTS

Cloud security platform Arch0 secures pre-seed money

Bengaluru: Arch0 has raised $1.25 million (₹10.4 crore) in a pre-seed funding round, led by Leo Capital. It also saw participation from Village Global, Indian Silicon Valley Capital, Appreciate Capital, SuperMorpheus, and angel investors. The fund will be used for research and development, hiring and strengthening marketing and educational initiatives. K. AMOGHAVARSHA

Blackstone eyes $300 mn India IPO of diamond certification co

BLOOMBERG

Sydney/Mumbai: Blackstone is exploring raising $300 million via an India IPO of the International Gemological Institute (IGI), less than a year after it acquired the company, amid booming stock markets in the region, three persons familiar with the matter said. Blackstone acquired IGI for $570 million in May 2023 from Chinese conglomerate Fosun and the business's founding Lorie family. Blackstone has appointed investment banks Morgan Stanley and India's Kotak to lead the deal, the sources said. REUTERS

Scrut Automation raises $10 mn funding from existing investors

Bengaluru: Riversys Technologies Pvt Ltd, which runs cybersecurity-focused software-as-a-service startup Scrut Automation, has raised $10 million (₹83 crore) in a strategic funding round from existing investors. The round was led by multi-stage venture capital firm Lightspeed. MassMutual Ventures and Endiya Partners also took part. K. AMOGHAVARSHA

Prath Ventures, Anicut, Blume back luggage maker Assembly

Bengaluru: Luggage maker Assembly has raised $2.1 million (₹17.5 crore) in a funding round led by consumer startup-focused early-stage investor Prath Ventures. The round also saw participation from Anicut Capital, Blume Founders Fund, and angel investors. This will allow the startup to expand its product range, improve marketing and branding initiatives, and strengthen its product and operations teams. K. AMOGHAVARSHA

Byju's sacks 500 staff, payroll crisis deepens

Edtech firm says it is in final stages of a business restructuring exercise

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MUMBAI

The firm said it is going through an extraordinary situation due to an ongoing litigation with four foreign investors. MINT

Debt-laden Byju's on Tuesday laid off more than 500 people, and is likely to witness more departures due to delayed salary payments for three consecutive months.

"We are in the final stages of a business restructuring exercise announced in October 2023 to simplify operating structures, reduce the cost base, and better cash flow management," a company spokesperson said.

In recent months, the escalating HR crisis and doubts about its sustainability prompted around 1,500 employees to leave the company.

The company is going through "an extraordinary situation" due to "the ongoing litigation with four foreign investors, where every employee and the ecosystem is going through tremendous stress, given the present circumstances", Byju's said.

Its employee count currently stands at around 13,000, down from nearly 15,000 at the end of 2023.

While announcing a salary delays for March, the edtech firm on Monday cited issues with disbursements, and squarely blamed the "foreign investors" for its financial woes.

Since the beginning of this year, Byju's has faced challenges in paying salaries. While it managed to clear the dues for January, it has only partially paid February salaries.

The company will settle the dues after receiving funds from the rights issue, it said.

The firm has also vacated its offices nationwide, retaining only its headquarters at IBC Knowledge Park in Bengaluru, as part of cost-cutting measures, according to media reports.

This decision was one of several resolutions aimed at tackling governance, financial mismanagement, and compliance issues at Byju's, along with initiating changes in the company's leadership.

Byju's relationship with its shareholders worsened last month when a group of four investors—Prosus NV, General Atlantic, Sofina, and Peak XV Partners—supported by Tiger Global and Owl Ventures, moved the National Company Law Tribunal (NCLT), highlighting their concerns over Byju's $200-million rights issue, which was priced at a 99% discount to the company's peak valuation of $22 billion.

However, last week, the edtech firm secured over 50% of votes to increase its authorized share capital, clearing the path for its rights issue.

Besides, as a gesture of goodwill, the company offered renounced shares to dissenting shareholders, who did not participate in the rights issue to avoid further dilution to their shareholding.

DEBT, EXODUS & PINK SLIPS

THE firm says it is simplifying operating structures to reduce cost base, ensure better cash flow

ESCALATING HR crisis, doubts about its sustainability prompted 1,500 employees to leave

EMPLOYEE count currently stands at around 13,000, down from nearly 15,000 in 2023-end

MyGate revenue up 35% in FY24, rejigs leadership team

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NEW DELHI

MyGate co-founder Abhishek Kumar. ABHISHEKKUMARIIMA/LINKEDIN

MyGate, a security and community management firm backed by Tiger Global said on Tuesday that its revenue grew 35% to approximately ₹104 crore in FY24 from around ₹77 crore a year earlier.

This figure includes revenue from various sources like interest income from investments. In FY23, its operating revenue was at ₹71 crore. The company did not disclose its FY24 operational revenues.

Subscriptions from resident welfare associations (RWAs) and advertising partnerships with brands were key revenue generators for MyGate. It has reached over 4 million families through its app, the company said in a release.

MyGate achieved zero cash burn during the March quarter of FY24, demonstrating robust operating levers on its path to profitability.

"MyGate is in its strongest financial position with proven revenue streams that is starting to scale up. We had three months of zero cash burn...The foundation is set for a strong and profitable FY25," said Abhishek Kumar, co-founder, MyGate.

The company said its board elevated Kumar as chief executive officer. Kumar was formerly the chief operating officer. He succeeds co-founder Vijay Arisetty, who now serves as chairman of the board, and will guide the team on its strategic direction and continue to mentor the leadership team.

Co-founder and chief technology officer, Shreyans Daga, has taken on more responsibilities, overseeing technology, product and new business initiatives.

Rohit Jindal, who has been with the company since 2017, and was leading the core revenue drivers, has been elevated to the role of chief business officer.

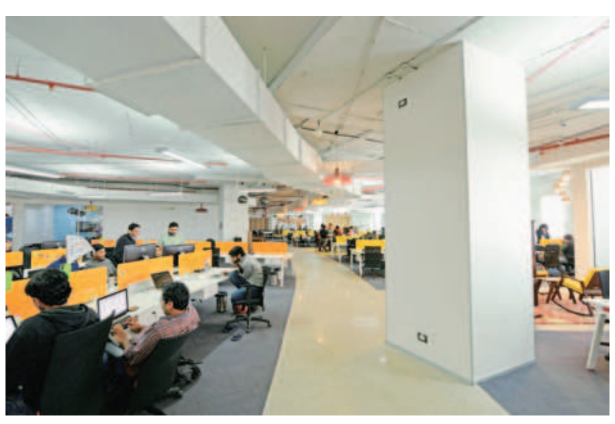
Founded in 2016, MyGate operates community platform seeking to simplify urban living. It operates across three verticals: community management, advertisement, as well as home services.

VCCiRCLE

In October 2019, MyGate secured $56 million (₹400 crore) in a Series B funding round with Tiger Global Management, JSoros, and existing investor Prime Venture Partners leading the investment.

This was followed by Series A round in October 2018. It raised ₹65 crore led by Prime Venture.

In January 2018, the startup received ₹16 crore ($2.5 million at the time) in its initial round of external funding, which was also led by Prime Venture.



The property group will use funds to repay debt and acquire land in Chennai, where it is looking to bolster its presence. MINT

Embassy Office Parks looking to raise $400 mn

Reuters
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MUMBAI

India's largest real estate investment trust, Embassy Office Parks, plans to raise up to $400 million from investors, two sources with direct knowledge said, as it looks to meet demand for office space from global and local giants.

Embassy, which manages 45 million square feet (4.18 million square metres) of office parks, has clients including Google, Cisco and IBM who are bolstering their presence in the world's fifth biggest economy.

The property group has appointed investment banks Morgan Stanley and India's Kotak to run the deal, which it expects to complete by June, said the sources, who did not want to be named because the talks are private.

The funds raised would be used to repay debt and acquire land in Chennai, where Embassy is looking to bolster its presence, the sources said.

Commercial real estate is booming in India, with large local and global companies hiring in record numbers after the covid-19 pandemic. In 2023, companies in India leased 61.6 million square feet of office space, and the year's last quarter saw record quarterly leasing, consultancy firm CBRE said.

That's in contrast with markets such as the US, UK and Australia, where office occupancies have slumped with people working from home. Although companies in India too have 'hybrid' working models, many still need more office space to fit new hires and for back offices, which employ thousands.

Embassy, Asia's biggest office REIT, aims to seek board approval in coming weeks for the deal, which it plans to carry out via a Qualified Institutional Placement, a tool used by listed Indian companies to raise funds from mutual funds and other large institutions. With the boom in Indian office space, the deal is expected to attract foreign asset managers and mutual funds, said one of the sources.

The real estate investment trust has appointed Morgan Stanley & Kotak to run deal process; likely to be closed by June

Embassy and the banks did not respond to queries.

With properties in four cities —Pune, Mumbai, Bengaluru and the National Capital Region—Embassy has 245 occupants, mainly from the technology and financial services sectors.

Xponentia Capital backs hair care firm Traya with $9 mn

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BENGALURU

Mid-market private equity firm Xponentia Capital, which has invested in dining chain Barbeque Nation, clothing brand The Souled Store and fintech firm Easy Home Finance, has backed a direct-to-consumer brand with its second fund.

It fits the firm's thesis to back fast-growing, digitally native consumer brands. ISTOCKPHOTO

Xponentia, had marked the final close of its second fund in December, and has invested $9 million (₹75 crore) in hair care platform Traya, the company said on Tuesday.

VCCircle reported about the PE firm's plans to back Traya in November 2023. "We have grown two-and-half times in 12 months," said Saloni Anand, co-founder of Traya. "This round enables us to further our mission of providing personalised, effective solutions to address unique hair-related needs of individuals."

VCCiRCLE

Traya Health, established in 2019 by the husband-wife duo Anand and Altaf Saiyed, offers hair loss treatment and other hair care solutions.

Last year, the startup raised $2.2 million led by Fireside Ventures. It also counts Kae Capital and Whiteboard Capital as its investors.

With its tech stack and formulations, Traya offers online diagnosis, along with personalised care by its coaches and doctors. It claims to have helped over 800,000 customers so far, and has a team consisting of 800 employees.

Xponentia's investments from its ₹1,095 crore second fund include EV maker Altigreen, fintech platform Zype, The Souled Store and education financing startup Auxilo.

"Our investment in Traya fits Xponentia's thesis to back fast-growing, profitable, digitally native consumer brands," said Rahul Bahri, director at Xponentia Capital.

The firm invests in financial, business services, healthcare and consumer firms.

"Saloni and Altaf are building an outstanding business in the hair care, a category which has enormous growth potential," Kannan Sitaram, partner and co-founder, Fireside said. "We strongly believe the best is yet to come." In the haircare space, Glamlooks Studio, Enhance Aesthetic and Cosmetic Studio are among other startups to have raised funding

Startup funding declined in Jan-Mar: Tracxn

By Manjul Paul
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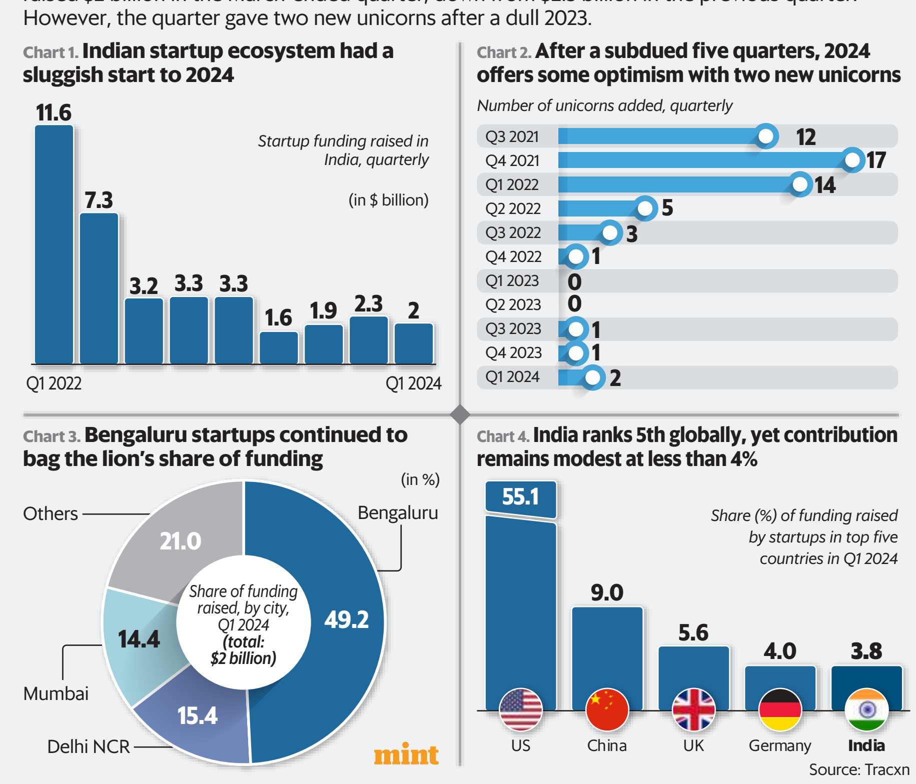
The Indian tech startup ecosystem saw a decline in venture capital funding during the first three months of 2024, reversing the moderate growth in funding over the previous three quarters. According to data from the market intelligence platform Tracxn, Indian tech startups raised $2 billion in the March-ended quarter, down from $2.3 billion in the previous quarter. However, the quarter gave two new unicorns after a dull 2023.



Source: Tracxn

SARVESH KUMAR SHARMA/MINT

Tiger Global VC fund closes 63% below target with $2.2 bn

Bloomberg
feedback@livemint.com

Tiger Global Management gathered about $2.2 billion for its latest venture-capital (VC) fund, well short of a $6 billion target and its smallest fundraising haul in roughly a decade, according to people familiar with the matter.

Last week's final close of Private Investment Partners 16 fund marks the first time a Tiger venture pool attracted less cash than the vintage that preceded it.

That's a stark reversal after years of robust investor demand, with the company raising successively bigger funds to back hundreds of startups annually. Tiger's last fund of $12.7 billion was its largest ever.

Now Tiger faces the most difficult fundraising climate in years, with investors growing more cautious about VC and private equity bets after valuations slid and deals dried up.

With firms slow to return cash, clients have limited ability to make new investments. Many private equity and venture firms have recently missed or cut their fundraising targets, including Apollo Global Management Inc., Carlyle Group Inc. and Insight Partners.

It's the latest in a series of challenges for Tiger. In November, the firm announced that founder Chase Coleman would take over for venture chief Scott Shleifer, who stepped down to become a senior adviser.

Shleifer had led the push to rapidly invest just ahead of an industry downturn, which prompted the firm to mark down its VC portfolio by 33% in 2022 and an additional 6% last year. The giant PIP 15 fund in particular was marked down 18% at the end of September after the firm slashed valuations for multiple portfolio companies.

This is the company's smallest fundraising haul in roughly a decade. ISTOCKPHOTO

Tiger's early expectation was to raise $8 billion for PIP 16, but the firm told investors in October 2022 that it was targeting $6 billion. By the following February, it revised that to $5 billion, as higher interest rates squeezed Silicon Valley startups and spooked investors, as per a Wall Street Journal report.

As of June, PIP 16 had gathered $2.06 billion.

A spokesperson for New York-based Tiger, which manages almost $50 billion, declined to comment.

PIP 16 will back startups mostly in enterprise technology with a focus on the US and India, making investments over multiple years.

Tiger is facing the most difficult fundraising climate in years with investors cautious about bets

Company insiders — traditionally the biggest investors in their funds — are putting more of their own cash in PIP 16, accounting for about 20% of its assets, up from roughly 10% for the most recent funds.

PIP 16 has been in the market for about 18 months — longer than what the firm has typically needed to lock down cash. It delayed the final close in part to give investors more time following Shleifer's transition, one of the people said. Some clients also asked for a longer runway to sort out internal budgeting.

Tiger is trying to rebound from a rough few years.

The firm's assets totaled $100 billion in 2021, with about two-thirds of that sitting in the venture arm. By September 2022, the figure had tumbled to $50 billion.

While Tiger's hedge and long-only funds posted gains last year, they're still digging out from declines in 2022, when they both lost more than half of their value.

	S&P BSE Sensex	Nifty 50	Nifty 500	Nifty Next 50	Nifty 100	S&P BSE Mid-cap	S&P BSE Small Cap
Close	73,903.91	22,453.30	20,569.75	62,254.10	23,138.55	40,424.61	45,023.06
Percent change	-0.15	-0.04	0.38	1.01	0.14	1.14	1.28
Previous close	74,014.55	22,462.00	20,492.55	61,634.60	23,107.15	39,968.43	44,454.63
Open	74,022.30	22,458.80	20,524.15	61,882.65	23,124.30	40,118.96	44,638.34
High	74,099.78	22,497.60	20,579.25	62,296.85	23,162.55	40,456.83	45,054.99
Low	73,743.77	22,388.15	20,481.85	61,722.80	23,056.30	39,992.04	44,573.00

MINT SHORTS

Yuan faces mounting pressure as green shoots fail to lift mood

The yuan is a whisker away from the weak end of its onshore trading band, the latest sign that a recent slew of upbeat economic data hasn't been enough to bolster the Chinese currency. China's currency slid to a four-month low against the dollar in onshore trading Tuesday and came within a few pips of the lower end of the trading range permitted by the central bank. In the more freely traded offshore market, the yuan has been hovering at a weaker level than the onshore daily limit for eight consecutive sessions. Signs of stress are also growing in the options market. The persistent pressure on the currency indicates that traders expect Beijing to lean on a weaker yuan to help revive growth in the absence of massive stimulus. The phenomenon also mirrors the broader Asian trend, where regional currencies have buckled under the weight of a stronger dollar as the Federal Reserve signals it's in no rush to ease policy. BLOOMBERG

Shop price inflation dropped to 1.3% in March from 2.5% in February. BLOOMBERG

UK shop prices rise at slowest pace since December 2021

Prices in British shops rose at the slowest pace in more than two years in March, the British Retail Consortium (BRC) said on Tuesday, adding to signs that the country's inflation squeeze is now fading fast. Shop price inflation dropped to 1.3% from 2.5% in February, the smallest annual increase since December 2021, the BRC said. Food prices rose by 3.7%, down from 5.0%, while non-food prices rose by just 0.2%, slowing from a 1.3% increase in February. The Bank of England expects Britain's headline rate of inflation to dip below 2% in the April-to-June period, helped in large part by further falls in energy costs. Investors at the end of last week were putting a roughly 50% chance on the BoE cutting interest rates in June for the first time since the onset of the covid-19 pandemic. A cut in August was fully priced into interest rate future markets. BRC chief executive Helen Dickinson said the slowing of inflation was linked to competition among retailers. REUTERS

Weak cement prices trip Dalmia Bharat

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Dalmia Bharat Ltd is in a tight spot, thanks to the steep correction in cement prices lately in the eastern and southern regions. While prices have dropped across markets, the excess capacity in these two regions has meant a sharper drop vis-à-vis the all-India average.

Given Dalmia's significant exposure in these regions, muted price trends have raised concerns about its realization and profitability outlook. This has resulted in earnings downgrades.

Motilal Oswal Financial Services has trimmed the company's Ebitda estimates for FY24, FY25 and FY26 by 4%, 8% and 8% due to weak pricing.

Interestingly, the subdued price trajectory has overshadowed a slew of positives that may aid Dalmia's long-term growth. For instance, its organic expansion plans are on track. It will add clinker and cement capacities of 4.9 million tonnes per annum (mtpa) each via a mix of greenfield and brownfield expansions by FY25. Dalmia plans to raise cement capacity to 49.5 mt in FY26 from 44.6 mt. Its capacity aim is to reach 75 mtpa and 110-130 mtpa by FY27 and FY31.

To reduce the concentration risk, Dalmia is diversifying into newer regions. Currently, it has a vast presence in east and south India and intends to expand to west, central, and north. Timely capacity additions are critical amid the ongoing stiff competition and focus of listed cement makers on market share gains.

Despite its robust expansion drive, leverage has remained low. The management has indicated that its growth plans will be in line with demand trends across its operating regions. The calibrated approach will help in maintaining a balance between capacity additions and keeping debt in control.

"Our estimates indicate net debt will hover at around ₹3,000 crore over the next three years (FY24E-FY26E) and debt/Ebitda to stay at ~1x despite capacity additions indicating no major balance sheet stress for the company," said a BoB Capital Markets report on 28 March. Net debt was at ₹431 crore, and net debt-to-Ebitda ratio was at 0.16x as of December.

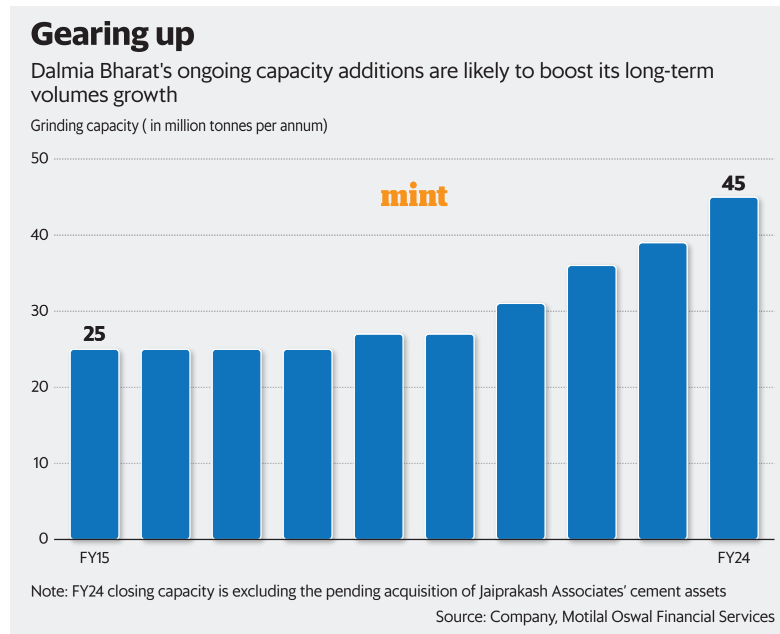
Furthermore, Dalmia remains committed to cost-saving initiatives by investing in alternative energy sources, renewable energy, and waste heat recovery systems. These measures are expected to translate into better margins gradually. Also, the company has divested its non-core assets so that it can focus entirely on the cement-making business.

While all these steps are in the right direction, the stock's performance depends on volume growth and realizations. The good part is that Dalmia is poised to gain from its capacity additions. Motilal Oswal estimates Dalmia to report 12% year-on-year volume growth in Q4FY24 aided by market share gains. But realizations may remain a pain point. In comparison, pan-India-focused Ambuja Cements Ltd, ACC Ltd and UltraTech Cement Ltd are better placed.

Further, the delay in the acquisition of Jaiprakash Associates' cement assets, announced in December 2022, can be a near-term overhang on the stock. The approval process seems to be taking longer than anticipated, deferring the potential benefits from the deal.

Meanwhile, cement prices are expected to see an uptick in April. It would be a breather for investors. Due to the elections, cement demand in Q1FY25 is expected to be muted. So, sustaining price hikes, if any, remains to be seen.

Dalmia's shares have fallen 14% so far in 2024. The stock trades at an FY25 EV/Ebitda of about 11 times, which is a discount to larger peers UltraTech and Ambuja, which trade at multiples of over 18 times. EV is enterprise value. As things stand, there is little to suggest the valuation gap should narrow.



PRANAY BHARDWAJ/MINT

ON THE POSITIVE SIDE

THE company plans to raise cement capacity to around 49.5mt in FY26 from 44.6mt now

TO reduce the concentration risk, Dalmia is diversifying into newer regions

CEMENT prices are expected to see an uptick in April. That would be a breather for investors

Apollo Tyres faces twin speed bumps of rising costs, muted demand

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Apollo Tyres Ltd stock has underperformed the market over the past month. Investors have understandably turned cautious amid the recent spike in prices of rubber, and demand is expected to be weak in the near term. But the company does have a cushion, with high-margin segments growing their share and debt falling.

The company's financials have been highly erratic over the past five years owing to the pandemic and commodity-price fluctuations, which have a strong influence on profitability.

For instance, in FY21, while consolidated revenue growth stood at 6% year-on-year, Ebitda growth came in at 44%. Ebitda is earnings before interest, tax, depreciation, and amortization. However, in FY22, a steep rise in raw-material costs caused Ebitda to drop by 8% at a time when revenues grew by 20%. As a result, Ebitda margin contracted to 12% in FY22 from about 16% in the previous year.

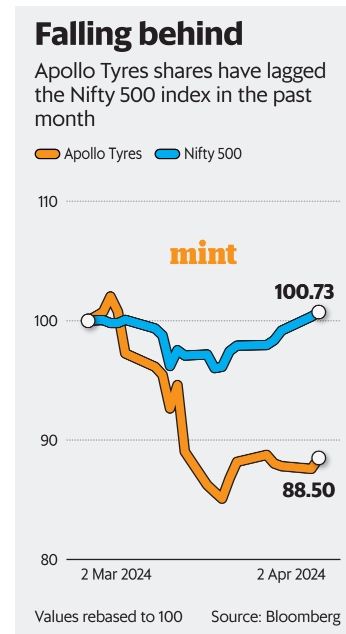
With the softening of raw-material prices, Apollo's performance improved in FY23 and continued to do so in 9MFY24, with Ebitda rising by 29% and 48% and revenue growth by 17% and 4%, respectively. Apollo's revenue in 9MFY24 was ₹19,119 crore and its Ebitda margin was almost 18%. Note that the margin expansion was due not just to softening raw-material prices but the changing customer mix as well. More importantly, the Indian market is also moving towards 'premiumization', with increasing sales of SUVs and higher radialization in truck and bus tyres. Radialization refers to shifting from traditional tyres that use nylon threads to ones that use steel wires.

The four-year moving average of the share of SUVs in passenger-vehicle sales has increased from 22% in FY20 to an estimated 43% in FY24, and is projected to touch 53% by FY26, according to an Emkay Global Financial Services report. Similarly, the level of radialization is estimated to have risen to 63% in FY24 from 49% in FY20.

It also helps that Apollo's debt is falling. As of the end of December, consolidated net debt dropped to ₹3,000 crore from ₹3,830 crore at end-September. The net-debt-to-Ebitda ratio fell to 0.7 times by end December from 1.4 at end-FY23.

Apollo's shares trade at 14.3 times its estimated FY25 earnings, according to *Bloomberg*. Sure, valuations appear undemanding, but near-term triggers seem limited amid anticipated margin pressure. Against this backdrop, investors will watch the company's pricing actions closely.

The company's capital expenditure (capex) guidance for FY24 is around ₹1,100 crore and is expected to be used for de-bottlenecking, digitization and maintenance activities. Latest management commentary suggests that capex intensity is likely to remain low in the medium term, which bodes well for return ratios and the health of the balance sheet.



PRANAY BHARDWAJ/MINT

Indian shares pause after record highs

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Indian shares were muted on Tuesday after hitting record highs in the previous session, as losses in information technology and financial stocks offset gains in metals stocks. The blue-chip NSE Nifty 50 index slipped 0.04% to 22,453.30 at the close, while the BSE Sensex shed 0.15% to 73,903.91.

The benchmarks had hit record highs on Monday, led by metals stocks on strong industrial data from top consumer China.

"While there will be occasional bouts of profit booking near record high levels, the outlook for domestic markets remains positive," said Sanjeev Hota, head of research at Sharekhan.

"Domestic macroeconomic data remains strong and another season of strong quarterly earnings is on the cards," Hota said, after data showed that India's factory growth in March expanded at the fastest pace in 16 years.

US rate-sensitive IT stocks fell 0.71%, after strong manufacturing data added to worries of a delay in rate cuts in the world's largest economy.

"Further delay in US rate cuts could delay earnings recovery and weigh on IT stocks," said Sunny Agrawal, head of fundamental equity research at SBICaps Securities.

Financial services, the highest-weighted sub-index on the Nifty, shed 0.22% following three sessions of gains. The rise was triggered by factors including the central bank easing norms on investments into alternative investment funds.

In contrast, metals extended gains, adding 1.5% after climbing 3.7% on Monday on the back of strong industrial data from top consumer China.

The more domestically-focused small- and mid-caps rose about 1.20% each. Mid-cap index stock Aditya Birla Fashion and Retail gained 10.56% on a plan to demerge Madura Fashion & Lifestyle into a separate listed entity.

Among Nifty 50 stocks, two-wheeler maker Bajaj Auto gained 2.59% after reporting a jump in total vehicle sales in March. Hero MotoCorp shed 2.56% after posting drop in total sales in March.

The NSE Nifty 50 index slipped 0.04% on Tuesday. MINT

Metals extended gains, adding 1.5% after climbing 3.7% on Monday on the back of strong industrial data from China

NSE halves Nifty lot size

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Facing steadily creeping competition from rival BSE, the National Stock Exchange (NSE), India's market-leading stock exchange, has halved the lot size of its Nifty futures and options contracts to 25 shares with effect from 26 April across weekly, monthly, quarterly and half-yearly expiries. The move has made the contracts significantly cheaper than BSE's Sensex options contracts, which picked up steam from May last year.

In a circular on Tuesday, NSE said that for the purpose of the computation of contract value, the average closing price of the underlying index has been taken for a one-month period of March 2024.

The average Nifty closing price in March was 22,187.31 and that of the Sensex was 73,180.67. At a lot size of 50, the Nifty contract value works out to ₹11.09 lakh. At a lot size of 25, it is ₹5.5 lakh. At the Sensex average closing price, the contract value (10 shares) is ₹7.3 lakh.

"The change has been effected as competition from rival BSE is increasing gradually," said Chandan Taparia, head, technical and derivatives research, Motilal Oswal Financial Services. "The decreased lot size of Nifty could attract more retail participation."

To be sure, NSE is way ahead in the market share race, but BSE managed to increase its turnover spectacularly after Sundararaman Ramamurthy took over as managing director and chief executive in January last year. Ramamurthy changed the day of Sensex options' weekly expiry to Friday from Thursday, effective May 2023.

This has borne fruit and seen the average daily turnover of BSE equity derivatives contracts rise a whopping 2,400% to ₹34.6 trillion in FY24 from a mere ₹1.38 trillion in the preceding fiscal year. NSE's turnover jumped 111% to ₹324.9 trillion in FY24 from ₹153.5 trillion in FY23.

The move has made the NSE contracts significantly cheaper than BSE's Sensex options contracts

Crypto's memecoin fervour stalls as bets on Fed rate cuts recede

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Speculative zeal in the crypto market is faltering as the path to looser monetary policy in the US becomes more challenging.

Coins earlier favoured by the meme-trading crowd such as Pepe, dogwifhat and Bonk slumped over the past 24 hours, consigning a gauge of smaller digital assets to its biggest tumble on Monday in more than two weeks.

The retreat adds to signs that a steep crypto rally, including a Bitcoin jump to a record high, has lost some impetus as April begins. A more cautious mood is evident across global markets amid lingering US price pressures, which have led investors to curb wagers on looser Federal Reserve monetary settings.

The prospect of fewer Fed interest-rate cuts is having an impact "across crypto, where there has been a selloff as the week gets underway—no sector is unaffected, especially those where prices have outperformed Bitcoin over last six months, for example memes," said Stefan von Haenisch, head of trading at OSL SG Pte in Singapore.

Bitcoin has shed about 6% since hitting a peak of $73,798 in mid-March. A flood of inflows into US spot-Bitcoin exchange-traded funds has begun to cool, weighing on the largest digital asset. The supply of new Bitcoin tokens is set to halve this month, a four-yearly event that some traders view as a prop for the original cryptocurrency.

Bitcoin has shed about 6% since mid-March. ISTOCKPHOTO

Grasim entry grabs eyeballs but AMCs also want Asian Paints

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Asian Paints Ltd appears to be the only paint stock, with the exception of Grasim Industries Ltd, to stand out in the pack in the past one month. Asian Paints stock is up 1.5%, while others, Berger Paints Ltd, Kansai Nerolac Ltd, Akzo Nobel Ltd and Indigo Paints Ltd, have shed 2-6%. Aditya Birla Group's flagship company Grasim launched products and services under its new decorative paints brand, 'Birla Opus' on 22 February.

The aggressive approach of Grasim, keeping in mind the scale of launch and the company's readiness to scale up business, has sparked caution among fund managers. The management has already guided for a ₹10,000 crore gross revenue and a breakeven in three years for the paints business.

While the paints industry is dominated by one single player, there is a lot of potential for a strong second player, as per Grasim's management. During the launch, Kumar Mangalam Birla, chairman, Aditya Birla Group, had said, "Birla Opus, therefore, is poised to transform the paint industry with a 40% addition to current capacity. No paint company globally has ever launched in one shot—factories, operations, products, and services, at the scale that we are about to undertake".

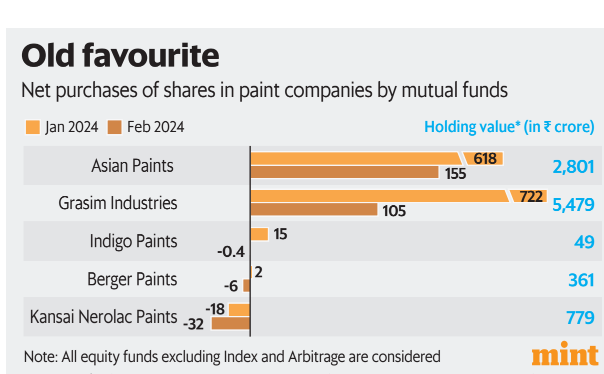
Against this backdrop, it is only reasonable to expect some disruption in the space, particularly with the entry of a big player. This certainly warrants caution when delving into investments within the paints sector, at least in the near term, believe fund managers.

The announcement of Birla Opus has made fund managers edgy considering the disruptive nature, therefore making the paints space less attractive. Moreover, the stocks were already in the overvalued territory even before the announcement, some said.

Currently, Asian Paints stock is trading at nearly 44 times estimated FY26 earnings, while Berger Paints is at about 46 times. Even Motilal Oswal Financial Services remains cautious as the paints segment may not enjoy higher multiples of the past.

That said, a cautious stance on the sector in the near term is also because of rising expenses on advertisements, promotions, and dealer incentives.

In January 2024, mutual funds purchased 2.1 million shares of Asian Paints valued at ₹618 crore, but this decreased to 0.5 million shares worth ₹155 crore in February, according to Abhilash Pagaria, head at Nuvama Alternative & Quantitative Research.



PRANAY BHARDWAJ/MINT

Beer makers cheer as India braces for a searing summer

Breweries are optimistic about 2024 following a dip in industry sales volumes last summer

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Rating agency Icra expects the industry to see good sales in the April-June quarter on the back of a hot summer. MINT

Beer makers are betting that a hotter-than-usual summer with little precipitation will more than make up for the dry days during the upcoming national elections.

Breweries are optimistic about 2024 after a 10% year-on-year drop in industry sales volumes last year, hurt by unseasonal rains during the summer months.

"There were rains last year that wiped out the demand. There should be limited rainfall till the summer this year. When it rains, people normally don't drink beer," DeVANS Modern Breweries Ltd's chairperson and managing director Prem Dewan told *Mint*. The company makes Godfather and Six Fields beers.

The company recently signed two production tie-ups in Uttar Pradesh's Barabanki region, and in Assam, scaling its production to six states. With this, the company expects to increase its capacity from six to 10 million cases by the end of 2025. The beer maker earlier had no tie-ups in Assam, Arunachal Pradesh and Tamil Nadu, but was supplying to these states through its existing units.

Another major challenge for the industry is navigating the complexities of state-specific duties and high freight costs. This means that most beer manufacturers need to set up local production units to be able to keep costs down.

9-11%
Year-on-year increase in revenue expected in 2024

United Breweries Ltd (UBL), the entity behind Kingfisher and Heineken beers, remains positive about the upcoming season despite the likely supply disruptions as a result of the elections. "Considering the evolving economic landscape and changing consumer preferences, we maintain an optimistic outlook for the upcoming summer, anticipating a high single-digit growth for the beer industry compared to the previous year. However, we do anticipate certain supply chain disruptions stemming from the restrictions imposed by states during elections," Vivek Gupta, CEO of United Breweries, told *Mint*.

As per a recent report by rating agency Icra, beer companies will witness a 9-11% year-on-year increase in revenue in 2024, largely led by a 4-6% growth in volumes. The agency said it expects the industry to witness good sales in the April-June quarter in anticipation of a hot summer compared to the previous year, which had encountered unseasonal rainfall. Additionally, prices of barley, which is a key raw material for beer, are expected to remain fairly stable, boosting prospects for beer makers. However, packaging costs may increase, as aluminium, which forms the base for a can's price, and soda ash, which determines glass bottle prices, peaked in 2022 and 2023. Since then, aluminium prices have softened marginally, and soda ash prices have corrected 20% year-on-year in the nine months through December of FY24, brightening prospects for beer makers.

10%
Dip in industry volumes in 2023 due to rains

Meanwhile, the hospitality sector faces uncertainties due to election-related dry days and this may affect on-premise alcohol sales. While restaurants and bars will be open, they won't be permitted to sell alcohol, likely impacting business until early June, said Rahul Singh, founder of The Beer Café chain, which was acquired by B9 Beverages backed by Sequoia Capital.

"This situation could pose significant challenges, especially considering it coincides with the peak of summer and the IPL season. Traditionally, this period sees a robust trend in consumption. Consumers are generally enthusiastic, leading to strong consumption patterns," said Singh.

Abhinav Jindal, founder and CEO of Kimaya Himalayan Beverages, also expects robust sales in 2024.

The company has increased its capacity from 2 million cases to 2.3 million cases this year.

BCAS scans AI, GPS threats to aviation

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The Bureau of Civil Aviation Security (BCAS) is examining the implications of artificial intelligence and other emerging technologies as part of its efforts to safeguard against cyber threats, a top official said.

"New technologies come with new challenges. We are examining AI, we are consulting some experts also," BCAS director general Zulfiquar Hasan said on the sidelines of the 38th Raising Day of the Bureau of Civil Aviation Services.

"Now, new technologies are creating more trouble. The challenges are now technologies like AI, deep fake, drones, global positioning system (GPS) jamming, cyber threats, etc. BCAS needs to be updated on that," home secretary Ajay Kumar Bhalla said.

"We need to perhaps anticipate more threats, especially in the cyber field. Then, perhaps we need to invest in cutting-edge technology for threat detection, training, surveillance, and also need to enhance and collaborate with other regulatory agencies and international organisations," he said.

Separately, as part of an ongoing discussion on the paperless biometric-based airport entry programme, Digi Yatra, BCAS has flagged some issues, including tailgating.

Indian airlines carried a record 152 million passengers in 2023, 23% more than in 2022 and 5% higher than the pre-covid year of 2019. Since 2013, air traffic has grown by over 147%.

DGCA seeks daily reports on Vistara flight cancellations

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At least 52 flights of the full-service carrier were cancelled on Tuesday. BLOOMBERG

The Directorate General of Civil Aviation (DGCA) has asked Vistara to submit daily reports on the flights that are being cancelled and delayed, as the regulator monitors disruptions at the airline facing massive flight cancellations due to the unavailability of pilots.

On Tuesday, at least 52 flights of the full-service carrier were cancelled. Pilots at the airline are calling in sick en masse to protest the uniform pay structure between Air India and Vistara pilots being implemented under the ongoing merger exercise, sources said. They said that the relationship between the airline and some pilots soured after the carrier issued an ultimatum to them to sign on the uniform pay structure, which effectively reduced their salaries.

Amid the ongoing turbulence, *PTI*, citing sources, reported that at least 15 pilots recently quit Vistara and joined a domestic low-cost carrier.

Pilots are protesting uniform pay between Air India and Vistara as part of ongoing merger exercise

Under the transition in the run-up to Vistara's merger with Air India, the two airlines were brought on a uniform pay structure from March. As per the new structure, the pilots of Vistara get a fixed salary for 40 hours instead of 70 hours earlier. In addition, they will receive payment in lieu of extra flying hours and rewards will also be given based on the years of service with the airline.

In view of the flight disruptions, the civil aviation regulator has asked the airline to submit daily information and details on the flights that are being cancelled and delayed. The DGCA has also asked the airline to ensure that the relevant provisions of civil aviation requirements (CAR) regarding facilities to be provided to passengers by airlines due to denied boarding, cancellation of flights and delays in flights are complied with. Also, advance information, an option of refund, compensation (if applicable) etc. ought to be made available.

"DGCA officials are monitoring the situation to ensure compliance of above-mentioned CAR and minimize passenger inconvenience," the regulator said.

The airline had said on Monday that it would cut flights over the next few days after facing disruption due to unavailability of pilots. On Monday, nearly 50 flights of Vistara were cancelled. "...we have decided to temporarily reduce the number of flights we operate, to ensure adequate connectivity across our network," a Vistara spokesperson had told *Mint*.

Over the past 12 months, the country's largest cement manufacturer has expanded its capacity by 18.7 mtpa. REUTERS

UltraTech pledges ₹32,400 crore in capex over 3 years

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UltraTech Cement, an Aditya Birla Group company, announced it has earmarked ₹32,400 crore for capital expenditure (capex) over the next three years as part of its expansion plans. The company said it plans to increase its capacity to around 200 million tonnes per annum (mtpa) in the near future.

In an exchange filing, it also announced the commissioning of two new greenfield projects with a total capacity of 5.4 mtpa. It said the two projects, in Chhattisgarh and Tamil Nadu, will take its total capacity to 151.6 mtpa.

The company plans to increase its capacity to around 200 million tonnes per annum in the near future

Over the past 12 months, the country's largest cement manufacturer has expanded its capacity by 18.7 mtpa. Further expansions totalling 35.5 mtpa are currently underway across 16 locations. UltraTech is also in the process of closing its acquisition of Kesoram Cement, which will increase its grey-cement capacity to 198.2 mtpa. Kumar Mangalam Birla, chairman of Aditya Birla Group, said, "This milestone underscores our pledge to continue laying the foundation for a resilient and prosperous India, ensuring our growth strides in tandem with the nation's development."

"With a mix of integrated cement plants, grinding units, and bulk terminals across 59 locations in India along with 307 ready mix concrete plants, UltraTech's scale and capacity footprint is unparalleled. And this scale will further enable UltraTech to service India's growing demand for cement across the country," Birla added. The cement industry is on course to increase capacity by 150-160 mtpa from FY25 to FY28, according to a Crisil Ratings report. In the past five fiscal years it has increased capacity by 119 mtpa to 595 million tonnes.

"As much as 70-75 million tonnes of the capacity addition is expected to be commissioned next fiscal year, with 50-55% concentrated in the eastern and central regions," the Crisil report added. Large players will account for 50-55% of the planned capacity addition and incremental supply, and heightened competition will limit growth in prices to 0-1%, it added.

PepsiCo to set up ₹1,266 cr flavour plant

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The Ujjain unit will be PepsiCo India's second manufacturing site in the country. BLOOMBERG

PepsiCo India on Tuesday announced an investment of ₹1,266 crore to build a new flavour manufacturing facility in Ujjain, Madhya Pradesh, aimed at expanding the company's beverage production capacity in India.

The facility in Ujjain will mark PepsiCo India's second such manufacturing site in the country, intended to produce beverage flavours "In India, for India." PepsiCo currently operates a similar plant in Channo, Punjab.

The construction of the Ujjain plant is scheduled to begin in 2024, with its completion expected by the first quarter of 2026.

"Bolstering the 'Make in India' vision, the new flavour manufacturing facility will champion sustainability...Through meaningful engagement, our goal is to work towards comprehensive development, contributing to the holistic advancement and welfare of the communities we serve," said Jagrut Kotecha, chief executive officer, PepsiCo India & South Asia.

This announcement comes as part of PepsiCo's broader strategy to enhance its production capabilities in India's growing packaged food and beverage sector. In recent years, other multinational corporations, including Nestle and Mondelez, have also increased their investments in India, driven by the rising demand for their products. For instance, Nestle inaugurated a food processing unit in Odisha worth ₹894.10 crore last year, and Mondelez has committed to investing ₹4,000 crore in the country over four years.

The construction of the Ujjain plant is scheduled to begin in 2024, with its completion expected by 2026

PepsiCo India itself has been actively investing in the country. Last year, the company announced a ₹778 crore investment to establish a food manufacturing plant in Assam, expected to become operational in 2025. Additionally, in 2022, PepsiCo India had announced a ₹186 crore investment to expand its largest greenfield food manufacturing facility in Kosi Kalan, Mathura, Uttar Pradesh, which produces Lay's potato chips.

Talking about the new unit, George Kovoor, senior vice president, Beverages, PepsiCo India, said, "We aim to ramp up the production of our beverages to meet the rising demand in the country."

In the fiscal year 2023, PepsiCo India reported a surge in its net profit to ₹255 crore, from ₹27.8 crore in the previous year, as per filings with the Registrar of Companies.

Revenue soared 28.5% on year to ₹8,128 crore, driven by robust sales of both its food and beverage products, which include Lay's chips and the Pepsi, Mirinda, and Tropicana beverage brands.

CoinSwitch parent enters stock broking

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Lemonn will target "an underrepresented asset class of retail equity investors in India," said CoinSwitch CEO Ashish Singhal.

CoinSwitch parent PeepalCo on Tuesday announced its first foray beyond cryptocurrencies, with the launch of its brokerage arm to offer equity trading.

With the launch of the brokerage platform Lemonn, CoinSwitch aims to revive its business, following the cryptocurrency industry's prolonged downturn spanning over two years. However, PeepalCo also claimed that the expansion was always on the cards.

Lemonn will target "an underrepresented asset class of retail equity investors in India," said Ashish Singhal, co-founder and chief executive of CoinSwitch, a cryptocurrency unicorn with 20 million registered users. "We're looking to find our market fit by offering what competitors do not have. This will include a curated view of every stock based on sell-side analyst outtakes, and industry-based curation of companies that will help investors discover lesser-known stocks across sectors, and to make more informed investment decisions."

However, the Lemonn brand, registered with the Securities and Exchange Board of India under Nu Investors Technologies, will not need to acquire a market advisory licence to offer its services, Singhal said. "This is a field that we may pursue in the months to come, and the idea remains open. For now, we're not into management and advisory, since we're only showcasing ratings that analysts have already published, and not offering our own advisory."

While Singhal refrained from providing a target for the first year of operations, the equity trading platform is expected to revive the firm's fortunes. In FY23, PeepalCo reported an around 82% drop in its net revenue from ₹248.6 crore a year ago to ₹45.6 crore.

Devam Sardana, business head, Lemonn, said the equity and crypto platforms will operate independently, with no cross-sharing of user data or operational overlap. "We also have a 100-member team just for the equity platform, which we plan to scale up by the end of this year."

Lemonn, signifying "a fresh approach to equity investments," will also compete with the likes of Upstox, Groww, Angel One, ICICI Direct and Zerodha.

According to BSE data, as of Tuesday, India has 167.6 million registered equity investors, representing just over 11.5% of the population.

SC slams Ramdev for misleading ads of Patanjali's cures

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Patanjali Ayurved founder Baba Ramdev. MINT

The Supreme Court (SC) on Tuesday pulled up Patanjali Ayurved founder Baba Ramdev, dismissing an apology affidavit submitted in response to a contempt notice issued to the company regarding misleading advertisements for health cures. The bench, comprising justices Hima Kohli and Ahsanuddin Amanullah, also criticized Patanjali's managing director Acharya Balkrishna.

"If this is indefensible, then your apology will not work. This is a gross violation of the undertaking given to the top court. You have to ensure that your undertaking which is solemn should have been adhered to...We are not willing to accept this and this is perfunctory! What is the reason to accept your apology?" Justice Kohli said.

The top court was hearing a lawsuit filed by the Indian Medical Association, which had urged action against Patanjali for advertisements that promoted the Ayush treatment system while undermining modern, evidence-based medicine.

"We are not here to instruct them. Given the respect they command, they cannot be equated with ordinary citizens. They claim to have conducted extensive research. It is precisely because of this claim that we are treating this matter with utmost seriousness," the bench said.

The court has deferred the matter to 10 April, instructing Ramdev to be present at the next hearing

The court has deferred the matter to 10 April, instructing both Ramdev and Balkrishna to be present at the next hearing.

The Supreme Court also wondered why the central government took no action while Patanjali publicly dismissed the efficacy of modern medicine for covid. The apex court has directed the drugs and licence department to become party in the case.

In a judgment dated 21 November 2023, the apex court had criticized Patanjali Ayurved for circulating misleading claims and advertisements against modern medicine, cautioning that a fine of ₹1 crore would be imposed if such promotional activities persisted.

However, a day after the court's order, Patanjali had issued a media statement denying any misleading claims about its products.

Following this, on 27 February 2024, the court issued a contempt notice to Ramdev and Balkrishna for persisting in distributing misleading health cure advertisements.

Temp staff hiring may jump in Q1 as open positions rise

Temporary workers are preferred for junior roles as they can be scaled up or down as needed

Devina Sengupta
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Companies are opting to hire temporary employees over permanent staff for junior roles in e-commerce, retail, NBFCs, consumer durables and beverage bottling plants. BLOOMBERG

India's leading staffing firms have about 30,000 open mandates for temporary positions for the April-June quarter of the new fiscal (FY2024-25). That's about 20% higher than the same period last year, according to temp hiring agencies.

Companies are opting to hire temporary employees over permanent staff for junior roles in non-banking finance companies (NBFCs), retail, e-commerce, consumer durables and beverage bottling plants. The temp contracts are for 6-11-month periods.

An increase in consumer spending after appraisals and the summer holiday season are expected to push recruitment in this segment. Recruiting agencies have cautioned that companies remain wary of permanent hiring in a big way since temp gives them the option to scale up and down as needed.

"While we expect 30,000 open mandates in general staffing (temp roles), the numbers are similar to last two quarters but 25% more than same period last year," said Lohit Bhatia, president of workforce management at Quess Corp. "April-June is when e-commerce and logistics firms recruit to cater to demand in summer sales."

Bhatia noted that these three months coincide with when children are at home during vacations and deliveries increase, needing more hands on deck. "The appraisal and bonus season also leads to larger consumer spending and this leads to more hiring," he added.

30k Open mandates for temporary positions for Apr-Jun quarter

Permanent and temporary hiring are the two major channels of recruitment. In temporary hiring—relegated to junior roles—HR firms are paid a flat fee for every candidate that they bring in. The contracts can be for 6-11 months and the new hire may be on the payrolls of the client company or the vendor. Permanent recruitments are on the payrolls of the company and can include middle and senior management as well.

"Companies prefer to hire in temp roles because they can scale up and down depending on business outlook," said Kartik Narayan, chief executive officer (CEO), staffing, Teamlease Services. Narayan added that in Q1 of FY25, Teamlease expects an 18-20% rise in open positions above Q3 and Q4 (of FY24), respectively, in terms of hiring for positions led by consumer, BFSI (banking, financial services and insurance) and a little bit on manufacturing.

"Last year, Q3, the festive season, was significantly lower due to a drop in BFSI mandates and poorer-than-expected consumer business offtake in the FMCG (fast-moving consumer goods) and FMCD (fast-moving consumer durables) business," Narayan added.

The April-June quarter for many hiring firms will bring in numbers similar to or even more than the festive season period of October-December.

20% Increase in open mandates in Apr-Jun vs a year ago

Recruitment firm Manpower India can expect a 20-25% uptick in temp hiring mandates when compared on a like-to-like basis with last fiscal, according to the company's president Alok Kumar. This year, Manpower India estimates that the consumer durable growth in tier-II and tier-III cities, especially in beverages and bottling companies, will bring in the numbers.

"The high demand coming from Kerala, Andhra Pradesh and Tamil Nadu in the beverages category will outstrip the last two quarters' temp hiring mandates by 15%," said Kumar.

The IT sector, which remains huddled away from large-scale recruitment drives, is leaning towards temp roles in programs like cloud platforms such as Amazon Web Services and Azure.

"There is a 15% upswing in mandates compared to last year and 8-10% vs January-March quarter. The contracts are drawn for six months; employees will get salaries from ₹5-12 lakh," said Aditya Narayan Mishra, chief executive of Ciel HR Services.

India's gas sector could draw investments of $67 billion in the next 6-7 years BLOOMBERG

India plans to link its gas grid with South Asian neighbours

FROM PAGE 1

ges cross-border energy trade as part of its neighbourhood-first policy. India currently has bilateral connectivity with Nepal and Bangladesh to supply petro-products; and another multi-product pipeline is in the works.

As early as 2005-06, India had floated the idea of LNG connectivity with Myanmar and Bangladesh; however, in 2013, China and Myanmar agreed on a gas deal, after which India dropped its plan. Now, along with the revival of the plans, India is also looking at a larger regional connectivity across the South Asian countries except Pakistan.

Harsh V. Pant, vice president, studies and foreign policy at Observer Research Foundation said: "Several concerns are being raised that South Asia is one of the least interconnected regions. In the past few years, India has taken up several initiatives to improve the connectivity as seen in the push for power grid connectivity with other South Asian countries. Gas grid connectivity across the region may be instrumental in bringing together the countries. Such an initiative serves India's interests at multiple levels," Pant said.

Once the petroleum ministry finalizes the proposal, it would be taken up by the external affairs ministry, a second person said. Following that, the government will reach to the neighbouring countries.

Queries mailed to spokespersons of the petroleum and external affairs ministries remained unanswered.

Riya Sinha, research associate, Centre for Social and Economic Progress, noted that given the strategic significance of such regional connectivity projects, India is mostly looking at developing the projects bilaterally and supporting the financing to the largest extent possible, without bringing in multilateral agencies.

Currently a gas pipeline network of around 23,500 km is under operation in India, and around 12,000 km pipeline is approved and under construction. Recently, Prime Minister Narendra Modi said India's gas sector is expected to attract investments of $67 billion in the next 6-7 years.

The plan comes against the backdrop of China's bid to co-opt countries into its One Belt One Road initiative.

Manufacturing at 16-year high in March

FROM PAGE 1

ing the outlook for the Indian manufacturing sector," the survey report said. "Companies remained confident on average, with 28% forecasting output growth in the year ahead and 1% expecting a contraction."

"India's March manufacturing PMI rose to its highest level since 2008. Manufacturing companies expanded hiring in response to strong production and new orders," Ines Lam, an economist at HSBC, said in the report, which is based on a survey of 400 manufacturers.

In February, the HSBC manufacturing PMI stood at 56.9; it was 56.5 in January, recovering from an 18-month low of 54.9 last December. A reading above 50 separates expansion from contraction.

The March report noted that growth of new orders accelerated to the quickest in nearly three-and-a-half years, amid reports of buoyant demand conditions. There was also good growth in output and input stocks, as well as renewed job creation.

According to the survey, new orders came from both domestic and export markets. New export orders, which increased at the fastest pace since May 2022, reflected better sales to Africa, Asia, Europe and the US, the survey said.

Rising output

PMI numbers for March showed that manufacturing output rose for the 33rd month running, and to the greatest extent since October 2020.

A reading above 50 denotes expansion, while one below 50 indicates contraction.
Source: HSBC, S&P Global
SARVESH KUMAR SHARMA/MINT

Economists aren't reading too much into the data. According to Pronab Sen, former chief statistician of India, the latest PMI manufacturing data will not impact the the GDP growth projections for FY24 and FY25, as the survey is based on a very small sample size, which doesn't represent the manufacturing sector as a whole.

"I don't think the PMI (survey) is a very accurate way to measure the manufacturing capabilities of the country. It's more of an opinion poll," he added.

The second advance estimate released by the statistics ministry in late February has pegged India's economy to expand 7.6% in FY24 amid strong investment growth in plant and machinery, robust manufacturing growth, and a slight improvement in trade, even as consumption and government spending saw a slower pace than previously estimated. In January, the ministry had forecast a 7.3% growth in the fiscal.

The second advance estimate released in February pegged India's economy to expand 7.6% in FY24

The latest PMI numbers showed that manufacturing output rose for the 33rd month running in March, and to the greatest extent since October 2020.

"Growth quickened across the consumer, intermediate and investment goods sectors," the survey said. "As was the case for new orders, the steepest expansion in production was seen at investment goods makers." Investment goods refer to capital goods, which are tangible assets such as buildings, machinery and equipment used to produce consumer goods or services, usually the end product of production and manufacturing.

India aims to grow into a $10 trillion economy over the next decade, fuelled by manufacturing growth.

Its push for manufacturing growth is expected in sunrise sectors such as semiconductors, electronics manufacturing, electric vehicles ecosystem, renewable energy and defence, according to a recent report by Boston Consulting Group and Matrix Partners.

To this extent, the Centre has stepped up its capex budget in recent years to try and improve the country's creaking infrastructure, create jobs, and push manufacturing to accelerate economic growth.

The government has also announced production linked incentive (PLI) schemes across 14 key sectors in 2020 with an outlay of ₹1.97 trillion (over $26 billion) for five years starting 2021-22 to enhance manufacturing capabilities.

The Centre's capital expenditure on infrastructure projects was raised to ₹11.11 trillion for the financial year starting 1 April 2024.

Govt begins talks to frame new scheme for political funding

FROM PAGE 1

court. Legislative changes that may be needed for the new scheme are not on the table yet, as discussions are at an early stage, the person said.

Queries emailed on Friday to the spokespersons of the ministries of finance, corporate affairs and the Prime Minister's Office (PMO) remained unanswered till press time.

On 15 February, the Supreme Court had struck down the electoral bonds scheme introduced in January 2018. The court said that some provisions of the scheme that were signed into law through the Finance Act of 2017 were unconstitutional on account of non-disclosure of information relating to political funding.

The court held this violated the right to information of citizens. The apex court also held that the provision for unlimited funding of political parties by corporate entities was arbitrary and violative of Article 14 of the Constitution. The article guarantees that the State shall not deny to any person equality before the law or equal protection of the laws within the country.

The new scheme is likely to be finalized after elections. REUTERS

The court had examined the argument that unlimited contributions could put corporations in a position of getting into quid pro quo arrangements with political parties that may further the companies' interests.

Experts pointed out that political funding is a complex issue, but political parties could come together to frame a regime that is transparent and involves legitimate sources of funds. At the same time, the regime must not compromise the privacy of donors to the extent that it leads to mudslinging among political parties.

"The possibility of evolving a political funding regime that addresses the transparency requirements without causing embarrassment to parties and donors, through a consensus among parties, cannot be ruled out provided there is effort in that direction," said A.K. Verma, director of the Centre for Study of Society and Politics, an independent think tank. "This can happen only after the national elections. The apex court should have given guidance on an alternative mechanism."

Verma added that political parties require funds to contest elections and corporations do give funding, but "if you relate every donation to one policy or the other, leading to allegations of someone or the other getting favoured, it would not help".

With elections not being funded by the state, private donations to political parties including from corporations have existed in India for long.

On 31 March, Prime Minister Narendra Modi said in an interview to *Thanthi TV* that no scheme can be perfect and that shortcomings could be addressed.

Stars or not, streaming platforms think twice before buying new films

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Video streaming platforms' enthusiasm for big-star films has cooled, after many of them failed to attract subscribers despite the huge sums paid to acquire them. Large theatrical releases such as *Salaar* and *Kalki 2898 AD* have found it tough to find buyers in the OTT industry, which had splurged on acquiring such movies post theatrical release.

Streaming services want the acquisition prices of films featuring top stars to be linked to their box office performance, trade experts said, just as in the case of smaller movies. Overall, OTT rates for big-budget movies have fallen by 20-30%, and platforms are no longer keen to buy titles for perpetuity either, they said.

"Creating a film or show requires a considerable amount of time. The planning process takes place within a specific environment, and financial and marketing strategies are carefully structured accordingly. However, if the environment undergoes sudden shifts, the process of readjustment should be given its due course of time," Amita Madhvani, co-partner and producer, Ram Madhvani Films said.

While some bets on acquiring big-scale films post-theatrical release have paid off for OTT platforms, driving subscriber growth and differentiation, success isn't always guaranteed due to varying audience reception and competitive factors, Madhvani added.

Film trade experts say at the end of the day, all streaming platforms are accountable to global parents and have to demonstrate judgement in acquiring content at steep rates.

Large theatrical releases such as *Salaar* and *Kalki 2898 AD* have found it tough to find buyers in the OTT industry.

"There are targets to meet and if bets misfire, somebody will be answerable. Even if leeway is granted for six months, questions will be asked at the end of the year. Especially when big star films fail at the box office, there is no reason to justify such high pricing for OTT," Yusuf Shaikh, business head, feature films, distribution, acquisition and IPR management at Percept Picture Co. said.

In the past, big films found easy buyers in streaming platforms even before theatrical release. However, several star vehicles have not done well at the box office recently, and OTTs where paid subscriptions have plateaued have taken note.

UPHILL TASK

IN the past, big films found easy buyers in streaming platforms even before theatrical release

THE OTT rates for big-budget movies have fallen by 20-30%, trade experts say

After covid, big-budget titles like Hrithik Roshan and Deepika Padukone-starrer *Fighter*, Tiger Shroff's *Ganapath*, Prabhas' *Adipurush* and *Radhe Shyam*, Ranveer Singh's *Cirkus* and Akshay Kumar's *Selfiee*, *Ram Setu* and *Samrat Prithviraj*, among others, have underperformed at the box office.

"There has definitely been a dip in sentiment around big films. Platforms have realized they are neither generating revenue nor adding customers in a significant way based on data available to them," said a senior executive at an OTT platform, declining to be named.

The person added that if there is a huge difference between what the producer demands and what the service is willing to pay, some sort of an agreement is reached to offer a base price and link the rest to the movie's box office performance. Moreover, there isn't much value attached to older libraries, which is why services are no longer buying rights for more than two years at a time, he said.

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VENUS Prop. 9810417663

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SALE/ PURCHASE Greater Noida / Yamuna Expressway Residential / Industrial Plots, All Sectors, All Sizes. Call: Swami Associates - 9899705199

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DLF - SUSHANT LOK

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DLF. I - Park Facing/ Corner, 1000 / 500 Sq. Yds., Luxurious Floors - 4 & 5 Beds, Large Living Dining, Private Lift, Stilt Parking, Swimming Pool. PLF - 9811078877

SUSHANT LOK-2 @ 3.50 Cr. only luxurious 500yds 4bhk park facing Ultra Modern Builder floor for sale with stilt lift. Mandate NSS Realtor 9971990420

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813yds @8.35cr.	360yds @3.75cr.
737yds @8.00cr.	300yds @3.25cr.
500yds @5.25cr.	215yds @2.30cr.

PARK / North East / Corner 3D BUILDCON 9958617355, 9999404040

DLF - SUSHANT LOK

SABHARWAL ASSOCIATES 9958492130

SUSHANT LOK-1 A-block 418y Nr park 270,300,502y plots, B-blk 300y East fac kothi, 300 North, 502y Plots. 215 to 1022y More deals also avail prime locations 9958492130

SABHARWAL ASSOCIATES 9810652416

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500y Paschimi Marg 24mtr
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400y 18mtr Road
300y 24mtr Road (2 Options)
500y Park Facing, (DLF-4)
360y Corner/18mtr
270y Park Facing
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MIGLANI REALTORS 9999070007

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SABHARWAL ASSOCIATES 9811400506

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DLF - SUSHANT LOK

3D BUILDCON 9999404040

DLF-2 CONFIRM Plots, 682yd M -1 (2 side Open) 500 yds M /J block East 400yd Akashneem Marg -North 300 yds M & K block North 215yd J -M block Circle Rate # 9999404040

URBAN LANDPRO 9810010681 9810918876

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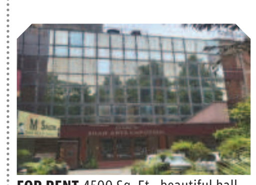

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REQUIRED
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• ACCOUNTANT
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The chess master trying to propel Google's artificial intelligence push

Demis Hassabis is tasked with keeping Google ahead on a technology that its CEO has called more profound than the invention of fire or electricity

Miles Kruppa
feedback@livemint.com

DeepMind co-founder and chief executive Demis Hassabis. GOOGLE DEEPMIND/LINKEDIN

Demis Hassabis, the neuroscientist tasked with keeping Google at the vanguard of artificial intelligence, was on a hot streak. Then the AI went haywire.

Google's AI chatbot began angering users with biased and ahistoric responses. Hassabis wanted to make something clear: It wasn't the intended behavior of the system his team built.

"There's more nuances there than I think the product folks fine-tuning these things further down the line had realized," Hassabis said in a February interview with The Wall Street Journal hours after Google stopped letting its Gemini chatbot generate images of people.

Hassabis, 47 years old, was the second-best chess player in the world for his age group as a teenager. He helped create the hit videogame "Theme Park" during a gap year before college. As head of the AI research lab DeepMind he oversaw inventions that made the covers of Nature and Science magazines.

His current challenge, by all accounts, will require even greater ingenuity. Since the viral launch of ChatGPT in late 2022, Google has been on a mission to prove it is still at the forefront of a technology that Chief Executive Sundar Pichai has called more profound than the invention of fire or electricity. It is up to Hassabis to make that happen.

"I don't get much sleep," Hassabis said from London, his home base for directing Google's most critical AI research following an overhaul last year by Pichai. That change also put him in charge of employees from a California-based division called Brain that had focused on developing AI systems to improve Google products. They are now part of the renamed Google DeepMind.

After taking over the more than 2,500-person team, Hassabis pushed to accelerate development of large AI systems.

In the new assignment, Hassabis has devoted long stretches at night to video calls with Google leaders in Mountain View, Calif. He previously blocked off the time for independent work and catching up on recently published research, a practice he said he would like to resume at some point.

Hassabis likened Google DeepMind to a "relentless production line." He has consolidated teams working on overlapping projects and mandated they have leaders from both Brain and DeepMind, said people familiar with the efforts.

The chatbot controversy from February threatens to derail those efforts to re-establish Google as the AI leader. It has also forced Google's executives to reckon with a corporate structure that has largely kept researchers away from major product decisions.

Hassabis has long resisted leaving his hometown of London. He embraced that distance when leading DeepMind, which operated independently from Google under parent company Alphabet. He butted heads with Google executives over his desire for DeepMind to retain that independence, said people familiar with the matter.

Today, Hassabis is more central than ever to Google's fortunes. Some inside Google have called in recent weeks for Hassabis to have even more influence over turning his team's research into consumer products, said one person familiar with the discussions.

THE WALL STREET JOURNAL.

"He takes his work very seriously," said Colin Murdoch, one of Hassabis's top deputies. "Ever since the first days of DeepMind, there was always this sense—this is an exceptionally promising technology, and we need to be careful."

Pichai told employees in February the company would make structural changes to address Gemini's shortcomings, without offering specifics.

Shares in Alphabet, which fell more than 4% after the Gemini controversy, have rebounded recently following news that Apple is considering using Google AI technology to power iPhone features.

A researcher and software engineer by background, Hassabis often makes public appearances wearing understated crewneck sweaters and dots his sentences with scientific references. He idolizes the British mathematician Alan Turing, an influential figure in modern AI's early development who shared an interest in the human brain.

"I view myself as Turing's champion," Hassabis said at Stanford University last year. He has long told people that he wants to build artificial general intelligence, or AGI, which can accomplish any human task.

People who have worked with Hassabis described him as a demanding, competitive leader with a record of successfully steering researchers toward ambitious goals.

Hassabis began building tech products as a teenager working on videogames. After graduating from Cambridge University with a computer-science degree, he started Elixir Studios, a company that produced a political-simulation game called "Republic: The Revolution."

"We are re-creating a whole living, breathing country in minute detail," he told one interviewer when promoting Republic. The game received mixed reviews, and Elixir released one more title before closing two years later.

Hassabis chased even loftier ambitions at DeepMind, which he co-founded in 2010 after completing a cognitive neuroscience doctorate at University College London.

Google purchased DeepMind for about $650 million in 2014 following a bidding war with Facebook, a deal that valued Hassabis's stake at roughly $100 million.

Encouraged by Google leaders including co-founder Larry Page to pursue AGI with few worries about cost, Hassabis pushed DeepMind to tackle what he called grand challenges. He told employees they should think about building AGI that could invent discoveries worthy of Nobel Prizes, said people who heard the remarks.

DeepMind's breakthroughs included AlphaGo, the first computer system to beat a professional player of the board game Go. Another technology called AlphaFold, which Hassabis has called his favorite modern application of AI, became the basis for an Alphabet-owned drug-discovery business named Isomorphic Labs that he also oversees. It struck partnerships last year with Eli Lilly and Novartis that could be worth a combined $2.9 billion.

DeepMind's rise attracted scrutiny in the AI community. Elon Musk, an early investor, became concerned about the dangers of superhuman AI following a meeting with Hassabis in 2012, according to a lawsuit he filed recently against OpenAI.

Hassabis invited Musk to join an ethics board DeepMind had promised to establish following Google's acquisition, according to that lawsuit. Musk, who had tried to purchase DeepMind himself, labeled the efforts a sham after attending the first meeting, according to the lawsuit.

Google spokeswoman Amanda Carl said Hassabis and Musk discussed both the potential benefits and risks of AI in 2012, and Google had a different recollection of what Musk thought following the ethics board meeting.

As the leader of DeepMind, Hassabis was protective of its independence within Alphabet. Jeff Dean, a longtime Google engineering leader who oversaw the Brain division, in recent years clashed with Hassabis about how their two teams should collaborate, said people familiar with the exchanges.

Among other issues, Dean took issue that DeepMind didn't readily share research that could inform Brain's work, the people said.

Carl, the Google spokeswoman, said the merger of the Brain and DeepMind teams has been very smooth. Dean and Hassabis have worked closely together for several years and continue to do so, she said.

Google purchased DeepMind for about $650 mn in 2014 following a bidding war with Facebook

While Hassabis steered DeepMind toward achievements like drug discovery, other AI research labs such as OpenAI were devoting greater resources to another goal that ended up grabbing the public imagination: building programs that could produce fluent passages of text in a consumer-friendly chatbot.

The launch of ChatGPT caught Hassabis and DeepMind by surprise, said current and former employees. DeepMind had developed a chatbot called Sparrow that was trained to respond more factually than similar products, but Google executives decided it wasn't as ready for the public as a similar Brain effort called LaMDA.

When Google released its initial response to ChatGPT, a chatbot called Bard, it used LaMDA instead of Sparrow as its underlying technology. Carl said Google later used lessons from Sparrow to help build Gemini.

Hassabis has called this generation of large AI systems "almost unreasonably effective" and predicted that techniques pioneered by DeepMind will be important for building even more powerful systems.

"This is what I've always thought, I just wouldn't have been able to predict the timing," Hassabis said about the increasing consumer adoption of AI tools.

Hassabis, together with Dean and others at Google, early last year began discussing combining resources to produce an AI system that could rival OpenAI's technology. Pichai promoted Hassabis months later, putting him in charge of one of the world's largest collections of AI researchers.

By December, Google largely caught up to breakthroughs made by OpenAI and its primary backer Microsoft with a set of technologies named Gemini.

Soon after, Google introduced a new version that could analyze 700,000 words of text or up to one hour of video, a breakthrough that surprised many AI researchers.

Google in February renamed its chatbot and a host of other products Gemini, matching the branding of the technology produced by Hassabis's team.

Then Gemini plunged the company into crisis. Users expressed outrage that Gemini produced images of Black Nazi-era German soldiers and, in some cases, refused to depict white people. Boosted by dozens of tweets from rival Musk, the outrage morphed into a broader backlash against Gemini's responses to a range of queries.

Morale at Google DeepMind took a hit following the controversy, as researchers complained that the chatbot's responses were unfairly tarnishing their work, said people familiar with the situation. Google's initial response attempted to distance the issue from the underlying technology developed by Hassabis's team.

Google co-founder Sergey Brin said in March the Gemini controversy appeared to result from insufficient testing, speaking during an event at a Hillsborough, Calif., mansion known as the AGI House.

The Gemini app used another technology developed by Google DeepMind, Imagen 2, to produce images. Google then layered additional software on top of the system that translated user questions to trigger more diverse outputs, among other changes.

"It's a quite vast pipeline of things that have to happen," Hassabis said. Google is still determining the most efficient way to organize those processes, he said.

Speaking at a conference in Barcelona days after Google pulled the chatbot's ability to generate images of people, Hassabis said the feature would be restored in a few weeks.

"No matter what you try internally, there's only a few hundred people testing these things," Hassabis said in the Journal interview. "It's not the same as having millions of users testing it and then reporting their findings."

Two members of Warner Bros Discovery's board resign to resolve antitrust concerns

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Advance owns about 8% of Warner Bros Discovery. REUTERS

Two independent board members of Warner Bros. Discovery resigned after the Justice Department told them it was investigating whether their presence on the board violated antitrust laws.

The two board members, Steven Miron and Steve Newhouse, have ties to the cable and broadband provider Charter Communications through Advance/Newhouse Partnership, a privately held company that owns about 12% stake in Charter, which Warner Bros. Discovery has said is a "peer group company" in regulatory filings.

In making its announcement, the Justice Department noted that Charter and WBD both provide video-distribution services to customers—Charter through its Spectrum cable service, and Warner Bros. Discovery through its Max streaming platform.

Department officials say antitrust law forbids directors and officers from serving simultaneously on the boards of competitors.

Miron, the chief executive of Advance, is also a board member of Charter. Newhouse is a co-president of Advance, and his brother Michael—Advance's other co-president—also serves on the board of Charter.

Advance owns about 8% of Warner Bros. Discovery.

"Without admitting any violation, and in light of the changing dynamics of competition in the entertainment industry, they elected to resign rather than to contest the matter," Warner Bros. Discovery said of Miron and Steve Newhouse Monday.

The Justice Department has for the past several years probed cases in which directors sit on the boards of competing companies, part of the Biden administration's tougher push to enforce competition laws.

Board members of Solar-Winds and Sun Country Airlines have resigned seats to resolve the department's investigations. Some of the ties involved private-equity firms whose executives sat on boards of rivals.

"We will continue to vigorously enforce the antitrust laws when necessary to address overreach by corporations and their designated agents," Deputy Assistant Attorney General Michael Kades of the Justice Department's Antitrust Division said in a statement.

In February, Warner Bros. Discovery announced it was teaming up with Disney and Fox to launch a streaming platform that would carry 14 channels that are also distributed by Charter's cable-television service.

Warner Bros. Discovery said in a regulatory filing it wasn't planning to replace Miron and Newhouse, whose departures reduce the size of the company's board to 11 members from 13.

THE WALL STREET JOURNAL.

"Both Steve and Steven have been a great source of wise counsel and tremendous industry insight over the years, and they played an integral role in getting this new company up and running and on a path to long-term growth," Warner Bros. Discovery Chief Executive David Zaslav said in a statement.

Google pledges to destroy browsing data

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The lawsuit alleged that Google's marketing and privacy disclosures didn't properly inform users of the kinds of data being collected, including details about which websites they viewed. AP

Google plans to destroy a trove of data that reflects millions of users' web-browsing histories, part of a settlement of a lawsuit that alleged the company tracked millions of users without their knowledge.

The class action, filed in 2020, accused Google of misleading users about how Chrome tracked the activity of anyone who used the private "Incognito" browsing option. The lawsuit alleged that Google's marketing and privacy disclosures didn't properly inform users of the kinds of data being collected, including details about which websites they viewed.

The settlement details, filed Monday in San Francisco federal court, set out the actions the company will take to change its practices around private browsing. According to the court filing, Google has agreed to destroy billions of data points that the lawsuit alleges it improperly collected, to update disclosures about what it collects in private browsing and give users the option to disable third-party cookies in that setting.

The agreement doesn't include damages for individual users. But the settlement will allow individuals to file claims. Already the plaintiff attorneys have filed 50 in California state court.

Attorney David Boies, who represents the consumers in the lawsuit, said the settlement requires Google to delete and remediate "in unprecedented scope and scale" the data it improperly collected.

"This settlement is an historic step in requiring honesty and accountability from dominant technology companies," Boies said.

Google didn't immediately respond to a request for comment on the settlement.

The settlement would remove one case from Google's busy docket while forcing the company to retroactively delete valuable user data, a rare outcome to a legal challenge against a tech major. Chrome is one of the most important funnels to Google's search engine, the foundation of the company's lucrative advertising business.

Google is fighting separate Justice Department lawsuits accusing the company of monopolizing the search and ad-tech markets. It has also said it plans to appeal a December antitrust ruling involving its mobile app store business.

The preliminary settlement, reached in late December, averted a trial that was slated for February. The agreement still needs final approval from Judge Yvonne Gonzalez Rogers in the Northern District of California.

The lawsuit covers potentially millions of Google users who used private browsing since June 2016. The suit originally sought $5,000 in damages per user for violations of federal wiretapping and California privacy laws.

Discovery in the suit unearthed internal exchanges showing Google executives debating the company's disclosures around private browsing. Google's chief marketing officer Lorraine Twohill warned CEO Sundar Pichai in 2019 that Incognito browsing should not be called "private" because it risked "exacerbating known misconceptions."

The agreement doesn't include damages for individual users, but settlement will allow individuals to file claims

"We are limited in how strongly we can market Incognito because it's not truly private, thus requiring really fuzzy, hedging language that is almost more damaging," Twohill wrote later in a separate email.

Under the terms of the settlement, Google will rewrite its disclosures regarding how it collects private browsing data. The company says it already began implementing that change.

For the next five years, under the agreement, the company must maintain a change to Incognito mode that enables users to block third-party cookies by default. Google has separately said it plans to eliminate the tracking software from Chrome by the end of the year.

The court granted class certification for injunctive relief sought in the lawsuit, but didn't approve a class of plaintiffs for financial damages. This means users affected would need to file lawsuits individually against Google. On Thursday, a lawsuit on behalf of 50 individuals was filed alleging privacy violations in California state court.

Boies Schiller, the firm that originally filed the lawsuit against Google, joined with the large plaintiffs firm Morgan & Morgan, one of the most prolific advertisers for personal injury and mass litigation. The lawyers say they plan to file more individual lawsuits over the coming months.

NEWS IN NUMBERS

₹1.02 tn
THE AVERAGE daily turnover in the equity cash segment of the NSE in March, down 13.33% month on month, the biggest drop since October 2023

₹1,266 cr
THE AMOUNT PepsiCo India is to invest in building a flavour manufacturing plant in Ujjain, Madhya Pradesh, as it aims to expand its beverage production capacity

₹850 cr
THE AMOUNT gaming company Nazara Technologies has allocated for acquisitions, as it seeks to grow its revenues to ₹1,000 crore by FY25

9-11%
THE PROJECTED year-on-year growth in revenues of beer companies in India in 2024, led by 4-6% growth in volumes, according to rating agency Icra

$3.9 bn
THE ADDITIONAL subsidies that the Japanese govt has approved to give chip venture Rapidus, as it seeks to catch up in semiconductor manufacturing

HOWINDIALIVES.COM

Saluja sells Religare shares for ₹43 crore

Religare Enterprises Ltd chairperson Rashmi Saluja sold over two million shares of the company for nearly ₹43 crore last week, NSE filings showed.

Saluja sold 6,18,545 shares at an average price of ₹214.86 on Tuesday for ₹13.29 crore; 6,69,717 shares at an average price of ₹212 on Wednesday for ₹14.21 crore, and 7,20,985 shares at an average price of ₹211 on Thursday for ₹15.23 crore. With the latest share sales, Saluja's Religare shareholding is down from 1.42% earlier to 0.81% now.

On 25 September, the Burman family had offered ₹235 per share to buy out Religare via an open offer. After initially welcoming the offer, the Religare board said the price was too low, sparking a protracted tussle for control. The Competition Commission of India (CCI) has already cleared the Burmans' offer, while the Securities and Exchange Board of India (Sebi) is yet to approve it. ANIRUDH LASKAR

In FY23, 37 companies mopped up ₹52,115 crore via mainboard IPOs. MINT

Mainboard IPOs in FY24 raise ₹62K cr

Buoyant secondary markets, strong participation of retail investors, and robust flows from institutional investors helped 76 companies in raising nearly ₹62,000 crore through mainboard initial public offerings (IPOs) in 2023-24, marking a 19% surge from the previous fiscal year. With FY25 on the horizon, expectations are high for yet another stellar year for IPOs. This optimism is fuelled by a confluence of factors, including the surge in domestic capital, enhanced governance practices, the vibrant spirit of Indian entrepreneurship, and favourable government policies bolstered by FDI support, Pantomath Financial Services Group, said in its report.

According to the report, a total of 76 firms garnered close to ₹62,000 crore via mainboard IPOs in 2023-24, which was way higher than ₹52,115 crore mopped up by 37 companies in the preceding fiscal. Interestingly, firms from multiple sectors tapped the IPO market in FY24. However, the traditionally dominant financial sector, demonstrated restrained activity, raising ₹9,655 crore, which accounted for less than a fifth of the total capital raised in FY24. PTI

GOING UP IN SMOKE

Smoke billows from a chemical plant following a major fire that gutted at least two adjacent factories in Navi Mumbai on Tuesday. While firefighters battled to bring the blaze under control since morning, there have been no reports of any casualties so far. PTI

India to push SAARC countries to restart funding of SAU

Set up in 2010, South Asian University was to be financed by all eight SAARC nations

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India is embarking on a diplomatic push to get its neighbours to restart funding the cash-strapped South Asian University (SAU), which started its operations in 2010 in New Delhi, according to persons aware of the matter.

First proposed in 2005 by India, SAU was expected to become a model for regional educational collaboration. The university was to be jointly funded by all the eight members of the South Asian Association for Regional Cooperation (SAARC). According to India's foreign ministry, the capital expenditure for the construction of the university's permanent campus was to be met entirely by New Delhi. The operational expenditure, however, for SAU was to be met through a model of assessed contributions from member states.

"The percentage shares of Member States to the total budget under Phase I funding arrangement are as follows: Afghanistan - 3.83%, Bangladesh - 8.20%, Bhutan - 3.83%, India - 57.38%, Maldives - 3.83%, Nepal - 4.92%, Pakistan - 13.09%, and Sri Lanka - 4.92%," the ministry of external affairs informed the Lok Sabha in 2018. According to the university, the institution was also expected to eventually raise funds from outside donors, including financial and educational institutions.

> Capital expenditure for the construction of the university's permanent campus was to be met entirely by New Delhi

However, political troubles, administrative chaos and a financial crunch have plagued the university. SAU functioned without a regular president for four years until academic K.K. Aggarwal was appointed to the position in December 2023. The governing board of the university also met infrequently. Political tensions, particularly between India and Pakistan, are believed to have played a role in hampering the functioning of SAU. This is despite the fact that the university is expected to function independently.

"The South Asian University (SAU) operates within the framework of the South Asian Association for Regional Cooperation (SAARC) and the agreed upon formula for making contributions. Decisions regarding funding are made collectively by member countries and communicated through proper channels," the university told *Mint*.

Queries emailed to the ministry of external affairs and the diplomatic missions of several SAARC member countries in New Delhi remained unanswered till press time.

JSW Energy to raise ₹5,000 cr via QIPs

Sajjan Jindal-led JSW Energy's board on Tuesday approved raising of ₹5,000 crore through the issuance of equity on qualified institutional placement (QIP) basis.

The board has authorized the finance committee of the board to take all the necessary decisions in this regard, the company said in a BSE filing.

According to the filing, the JSW Energy board in its meeting on Tuesday approved a qualified institutions placement of equity shares with face value of ₹10 each to the eligible investors for an aggregate amount not exceeding ₹5,000 crore in one or more tranches, subject to such regulatory/statutory approvals as may be required. According to its official website, the company generates 6,677 megawatt (MW), of which 3,158 MW is thermal power, 1,391 MW is hydropower, 1,461 MW wind power, and 667 MW solar power. PTI

Zee MD and CEO Punit Goenka aims to drive frugality, optimization and focus on content. MINT

Zee's MD Goenka takes 20% pay cut

Punit Goenka, managing director and CEO of Zee Entertainment Enterprises Ltd (ZEEL), has said his remuneration will be reduced by 20%, in line with his goal of driving frugality, optimization and a sharp focus on quality content. "The organization is sharply focused on adopting a frugal approach, as we move forward towards the set goals for the future. While I am in the process of implementing the required steps and actions across all the verticals of the company, I intend the required change in mindset to begin from my desk" Goenka said, adding that the pay cut was voluntary and limited to him.

In FY23, Goenka received a remuneration of ₹35 crore, including ₹21 crore in salary and allowances, ₹9 crore in variable pay, a ₹5-crore one-time payment, and a provident fund contribution of ₹0.2 lakh, according to the company's annual report. LATA JHA

Bharat Biotech, BBio sign vaccine deal

Bharat Biotech on Tuesday said it has collaborated with the Netherlands-based Bilthoven Biologicals B.V. (BBio), a wholly-owned arm of Serum Institute of India, to strengthen production and supply security of oral polio vaccines (OPVs).

An agreement has been signed between the two partners under which Bharat Biotech will procure drug substances for the production of oral polio vaccines to be supplied within India and globally, the company said in a statement.

Through this collaboration, Bharat Biotech and Bilthoven Biologicals will jointly obtain regulatory approvals and licences required to commercially manufacture OPVs in India for global supplies from drug substances manufactured in the Netherlands at BBio, it added.

"This collaboration...exemplifies cooperation between vaccine companies, ensuring a secure supply of oral polio vaccines and fortifies the nation's mission to eradicate polio," said Bharat Biotech executive chairman Krishna Ella. PTI

Cricket boards in talks to revive CLT20

The last edition of the Champions League T20 was held in India in 2014. HT

About 10 years after its last edition was played, "active conversations" are taking place between cricket boards of India, Australia and England to revive the Champions League, a club-based international T20 competition.

The last edition of the CLT20 was held in India in 2014 with Chennai Super Kings winning the title after defeating Kolkata Knight Riders in the final at Bengaluru, with the edition involving three teams from India, two each from Australia and South Africa and one team from Pakistan, the West Indies and New Zealand.

As many as six editions of the CLT20 were played between 2009-10 to 2014-15, with four of these being organized in India and two in South Africa. The tournament was won twice each by Chennai Super Kings and Mumbai Indians, while Australia's New South Wales and Sydney Sixers won it one time each.

While the cricket calendar remains jam-packed, the biggest challenge would be to find a window for reviving such an event, said Cricket Victoria chief executive Nick Cummins, who is aware of the conversations taking place between the three biggest boards in international cricket. PTI

The BMW Group and Tata Technologies will each hold a 50% stake in the newly formed firm.. REUTERS

BMW, Tata Tech to make auto software

BMW Group and Tata Technologies will form a joint venture to develop automotive software for the German luxury carmaker, the engineering services company said on Tuesday. India is a software development hub for global automakers and auto parts makers including Volvo and Magna International, while also witnessing rising investments from companies including Toyota Motor and Mercedes Benz to boost production.

The BMW-Tata Technologies venture, the first partnership between the two, will develop automotive software for automated driving and the dashboard system among other features, the Tata company said but didn't disclose any financial details of the agreement. The BMW Group and Tata Tech will each hold a 50% stake in the newly-formed company, it added. BMW has a manufacturing plant in the southern Indian city Chennai, and gets its engines in the country from Force Motors, while TVS Motor helps make the German firm's motorcycles.

The joint venture will operate in Chennai, Bengaluru, and Pune and will commence operations with 100 employees, Tata Technologies said. REUTERS

SBI won't disclose SOP for bond sales

The State Bank of India (SBI) has refused to disclose its standard operating procedure (SOP) for the sale and redemption of the electoral bonds that were issued to its authorized branches, citing the exemption given under "commercial confidence", according to an RTI response.

In an application filed under the Right to Information (RTI) Act, transparency activist Anjali Bhardwaj had sought the details of the SOP issued to the SBI's authorized branches on the sale and redemption of the electoral bonds.

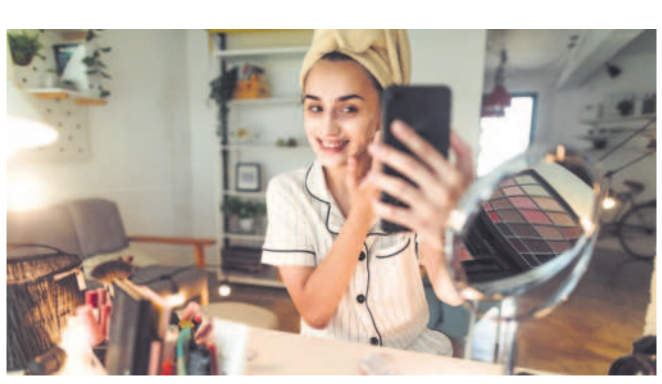
"SOPs of Electoral Bond Scheme-2018 issued to authorized branches from time to time are internal guidelines with regard to sale and redemption of electoral bonds (meant for internal circulation only), which is exempted under section 8(1)(d) of the RTI Act," the response from M. Kanna Babu, deputy general manager of the SBI, said on 30 March. PTI

India's influencer marketing industry to hit ₹3,375 cr by 2026

With the digital landscape evolving rapidly, India's influencer marketing industry is poised for exponential growth. Recent projections indicate a remarkable surge, with three-quarters of brand strategies prioritizing influencer marketing as a pivotal component.

Anticipated to grow by 25% in 2024 to reach ₹2,344 crore, this dynamic sector is forecast to expand even further, soaring to ₹3,375 crore by 2026.

According to a report by professional services network EY and Big Bang Social, a creator marketplace owned by talent management agency Collective Artists Network, 56% of the brands have already invested more than 2% on influencer marketing, and 70% of brands plan to keep their influencer marketing budget the same or increase it in 2024, with half planning to increase it by up to 10%. The growth of influencer marketing is anticipated to be driven by lifestyle, fashion, and beauty categories. Sectors such as automobiles, e-commerce and FMCG are expected to increase spending on influencer marketing the most. LATA JHA



The growth of influencer marketing is anticipated to be driven by the lifestyle, fashion and beauty categories. ISTOCKPHOTO

SpiceJet will soon get Q400 aircraft

SpiceJet on Tuesday said it will soon be receiving a Q400 aircraft as part of the settlement reached with lessor Nordic Aviation Capital (NAC) last year. The airline has settled all past liabilities for the Q400 planes leased from NAC, and under the settlement agreement it already has five Q400 aircraft.

"The ownership of these planes has been transferred to SpiceJet," the airline said and added that the sixth Q400 plane is en route to India from Germany.The aircraft is expected to arrive in Delhi soon.

The carrier, which is taking various measures to deal with multiple headwinds, recently announced four major settlements with key aircraft lessors. According to the airline, these settlements will result in substantial savings of ₹1,252 crore.

Earlier, on 26 March SpiceJet said that it had signed a pact with Export Development Canada (EDC) to settle liabilities worth $90.8 million (₹755 crore). PTI

THE STRONGMAN WHO RULED SANDESHKHALI

Sheikh Shahjahan, now under arrest, monopolized prawn trade in Bengal's North 24 Parganas. Here's his story

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Suspended Trinamool Congress leader Sheikh Shahjahan being brought to the City Sessions Court after he was arrested by ED, in connection with cases involving financial irregularities in Sandeshkhali, on Monday. ANI

As an unemployed youth, with not much of education, Sheikh Shahjahan's interest in politics was primarily to run errands for political leaders and flaunt his importance among his peer group. Born to a poor wage earner in the 1980s, and growing up at his maternal uncle's home in Sandeshkhali, a village in West Bengal's North 24 Parganas, Shahjahan felt the need and urgency to carve out his own identity. His maternal grandfather, Moslem Sheikh, was a member of the gram panchayat. Shahjahan used this political proximity to the hilt.

Those were the heydays of Left politics in West Bengal and the young man was marked out for his brashness, fearlessness and his ability to herd a band of followers. Prominent CPI(M) leader, Nirapada Sardar, remembers him as a boy, who would fetch biscuits and tea for the leaders in political meetings and rallies.

But as Shahjahan's popularity grew, the party started keeping a close watch on him. Sandeshkhali became his self-declared fiefdom. He rode a bike, wore his shirt short so that his pockets could exhibit three revolvers. Politicians, who need such men for spreading their clout, saw immense potential in the stocky man, people who have worked with Shahjahan told *Mint*.

His fortunes rocketed under the current ruling party in the state, the All India Trinamool Congress (TMC). Shahjahan developed close relationships with some of the party's leaders. But, the fast rise in the corridors of power halted with his arrest on 29 February by the West Bengal police. Soon after, in March, the Central Bureau of Investigation (CBI) arrested him, and last week, he was held by the Directorate of Enforcement (ED), the agency responsible for fighting economic crimes in India.

While ED arrested Shahjahan because of his alleged role in a public distribution system corruption case—on charges of laundering the proceeds of crime from the scam—what emerged since February are more allegations, around sexual abuse and land grabbing. Post Shahjahan's arrest, women in large numbers started protests, saying that they have been sexually abused, harassed, and even gang raped by Shahjahan's men. Why did they keep quiet for so long? Because they were scared of Shahjahan and the punishment he would mete out to them: breaking the bones of their husbands and crippling them for life or setting fire on their harvest or subjecting them to further sexual torture.

Besides women, men also complained of Shahjahan's alleged role in economic offences—forcefully grabbing agricultural plots and converting them into ponds, particularly for prawn and shrimp farming. We will come to this modus operandi in a bit.

As of now, ED has attached his properties worth nearly ₹13 crore. This includes land, houses, jewellery and money in the bank. To put together this story, this writer spoke to the villagers from Sandeshkhali, political leaders, ED officers, and people who have worked with Shahjahan. Most of them didn't want to be identified.

POLITICAL HOT POTATO

Shahjahan was a Zilla Parishad (an elected body representing a rural district) member but he had direct access to top men in our party," said a TMC activist who didn't want to be identified.

The party in the state denies this claim.

State irrigation and water minister Partha Bhowmik, who was deputed to Sandeshkhali to assuage tensions, told *Mint* that Shahjahan's activities failed to reach the top bosses in the party because of an organizational weakness and attempt by local leaders to extend protection.

> Shahjahan would pressurize fish farmers to sell their produce at wholesale markets he controlled, and at a price fixed by him, villagers said.

"For some reason, the truth never got to the surface. The moment we came to know, our honourable chief minister (Mamata Banerjee) did not dither to take strong action," he said. "We have suspended him and got him arrested too. Now, women of Sandeshkhali are happy and are not protesting, which means the issue is dead. Besides, we are trying to address the issues of returning land, paying instalments and dues," he added.

The issue is far from dead—in an election year, it can never be.

The Bharatiya Janata Party (BJP) has quickly capitalized on the controversy and in what many consider a masterstroke, has fielded Rekha Patra, a woman allegedly sexually abused in Sandeshkhali, as its candidate from the Basirhat Lok Sabha constituency—Sandeshkhali falls in this constituency. Basirhat has been a Trinamool stronghold since 2009.

Patra has been at the forefront of protests against such abuse. Recently, Prime Minister Narendra Modi spoke to her on phone, describing Patra as 'Shakti Swaroopa' (in Hinduism, 'shakti' is a term associated with deities such as Durga and Kali). That audio clip has gone viral.

"You fought a big battle in Sandeshkhali. You are a Shakti Swaroopa. You sent such powerful people to jail. You have pulled off a very courageous act," the Prime Minister said during the conversation.

Meanwhile, Shahjahan's lawyer, Raja Bhowmik, told *Mint* that his client is facing allegations of forceful land acquisition but nothing on women atrocities and sexual abuse. "It could be his accomplices but not him. One may complain or make allegations. But, it has to be tenable in the court of law. We are fighting for him. The money laundering part is a separate thing. I cannot comment on that," he said.

GREEN TO BLUE

In the early 2000s, the Left front government in West Bengal came under pressure to ensure steady income for the state's youth.

The three coastal districts of North 24 Parganas, South 24 Parganas and East Midnapore have brackish water. This meant a potential for aqua farming. In 2009-10, if the profit from a bigha (less an acre) of paddy cultivation in the best of years was ₹5,000 in North 24 Parganas, the return from shrimp farming was at least eight times more, according to the Bengal unit of All India Kisan Sabha, the farmers' wing of the Communist Party of India.

As people began to sniff money, agricultural plots saw physical and structural conversion. Water bodies or beels, 10-12 ft deep, started popping up everywhere. Instead of verdure landscape, the area was increasingly taking shades of a muddy blue.

But there was a catch: the Left government, already facing charges of forceful land acquisition in Singur and Nandigram (2007-08), was on the backfoot and had become cautious. It was looking to regularize the conversion of land by amending the Coastal Aquaculture Authority Act 2005. The changed Act sought to bring areas within two kilometres of high tide line under aquaculture or farming.

Even though the amendment was made, Sandeshkhali's land records continue to show acres and acres of farmland, even though visibly it's something else. This was largely because *raiyat* lands were once distributed among the tribals of Sandeshkhali by the government. *Raiyat* land refers to agricultural land meant to be used only for farming. Converting them is tough work (more of this later).

Sandeshkhali is at the mouth of Sunderbans delta, which comprises a cluster of nine islands. Entrapped on all sides by heavily meandering rivers, with deltas enclosing it, the land is both fertile and prone to facing the backlash of the saline sea water. Shrimp farming, therefore, came naturally to the inhabitants as one of the ways to augment their income. According to the state fisheries department, profit from brackish water farming is almost double the production cost. If the production cost of shrimp farming is ₹1 lakh a *bigha*, the fish farmer can potentially earn ₹2-3 lakh.

In 2022-23, India achieved an all-time high exports of seafood both in terms of volume and value by shipping 1,735,286 metric tonnes of seafood worth ₹63,969 crore ($8.09 billion), the Indian government had stated. Frozen shrimp, which earned ₹43,135.58 crore ($5,481.6 million), was the most significant item in the country's basket of seafood exports. Going by the boom in Sandeshkhali, seafood traders estimate the blue economy in the area to total around ₹3,500-5,000 crore.

"This area is known for farming 16-17 species of rare prawn. Nandigram in East Midnapore accounts for a good amount of export and so does Sandeshkhali. Having the largest pool of brackish water in the country, West Bengal continues to be the second highest producer of shrimps and ranks first for culture and production of tiger prawns. Japan is a key importer of tiger prawn from Bengal," said an official from Bengal's fisheries department who didn't want to be named.

The ambitious Sheikh Shahjahan sniffed an opportunity here. Quick, liquid money and the key to becoming the most powerful man of the area.

mint SHORT STORY

WHAT

Sheikh Shahjahan was recently arrested because of his alleged role in a ration scam in West Bengal. More claims, around sexual abuse and land grab, have been made.

AND

Shahjahan, villagers of Sandeshkhali in North 24 Parganas allege, forcefully grabbed agricultural plots and converted them into ponds. He also controlled pricing.

NOW

The issue has quickly snowballed. The BJP has fielded Rekha Patra, a woman allegedly sexually abused in Sandeshkhali, as candidate from the Basirhat Lok Sabha constituency.

THE RISE

In the 2009 general elections, the Left suffered political reverses, losing as many as 20 Lok Sabha seats to alliance partners, TMC and the Indian National Congress. Sheikh Shahjahan, thus far aligned with the Left, deserted the sinking ship.

A TMC politician allegedly bought 60 motorbikes for Shahjahan who then recruited young blood. Named the 'Kobra Gang', Shahjahan strutted about, his entourage of bikers and their pillion riders in tow. He would choose sundown for his movements inside the village because that was the time when the sound of motorbikes was the loudest and was enough to send tremors among villagers, people who have worked with Shahjahan told this writer.

Shahjahan's movements were looked upon as warnings, a threat call to caution people as to what they would need to do in the polls: cast their votes for Shahjahan's candidates or better still, stay away from the polling exercise, villagers said.

When we asked for a clarification from his lawyer, Raja Bhowmik, on Shahjahan's role during elections, he said: "Why are you asking me? The police are there to ensure law and order and free and fair polls."

According to the villagers, Shahjahan's power and authority peaked post 2011, when TMC trounced the Left and ended 34 years of their rule in West Bengal. Shahjahan held posts such as deputy pradhan (a decision-maker at the village-level constitutional body) and was a zilla parishad member. These posts may not appear very high-flying but it gave him power and greater control over the local economy.

MODUS OPERANDI

Converting farmlands and *raiyat* lands into water bodies, particularly those belonging to tribal communities, isn't easy. Such conversion can happen only if West Bengal's land and land reforms department agrees to issue a no objection certificate and the fisheries department records the change by issuing a licence to fish.

> Going by the boom in Sandeshkhali, seafood traders estimate the blue economy in the area to total around ₹3,500-5,000 crore.

But, Shahjahan and his brigade took the easy way out.

They convinced farmers and landowners that life would be bountiful if they leased out their land for prawn and shrimp farming. That would ensure steady yearly income, instead of having to depend on the vagaries of nature, which determines production when it comes to crop farming, villagers said. Landowners who agreed to lease out their land for shrimp farming, were promised a payout of ₹10,000 for a *bigha* every year for three years. However, most of them never got to see the promised amount, villagers alleged.

After the first instalment, it was difficult to wring out money from Shahjahan. "Who would dare to pester him? Don't we know the consequences?" said Dilip Sardar, a local fisherman. In fact, a year after the farmland became a full-fledged pond, it was difficult to claim the remaining money since, in the majority of cases, there were no lease agreements drafted. Also, the demarcation and boundaries, easily identifiable on land surface, became non-existent as ponds sprung up back-to-back.

"Shahjahan's diktat was the last word. If anybody tried to disobey, the Kobra gang had multiple ways to settle scores," said 70-year-old Ajit Sardar of Dhuchnekhali village, in Sandeshkhali subdivision. "They would infuse saline water into the farmlands via lock gates set up for controlling the flow of water from the delta. Once the salt water entered the land, it was no good for any crop," he added.

After taking over such farmland, Shahjahan would allocate it to people loyal to him, for a yearly rent of ₹30,000-50,000 a *bigha*.

But he didn't stop here. He also controlled the end-market—the shrimp export. Shahjahan would pressurize fish farmers to sell their produce at wholesale markets he controlled, and at a price fixed by him, villagers said. The rate was usually lower than the prevalent market rate. He controlled over a dozen wholesale markets in North and South 24 Parganas. He even fixed the rates for the fishing and export companies.

But some villagers said that he preferred prawn traders in Tamil Nadu, Andhra Pradesh and Odisha and did not deal with exporters directly because of legal hassles it could create. Since most of the farming in Basirhat is on illegally converted water bodies, it's a win-win for both the seller and the buyer. There are no taxes and the payment is always in cash, local fishermen said. Traders, in turn, received the produce at a discount. How much did Shahjahan make through this blue economy trade? We may know the answer once ED concludes its investigations but for now, the market price can give us an indication. Prawn and shrimp can fetch anywhere between ₹1,200 and ₹1,500 a kg in retail.

While running errands for politicians gave him the muscle power to intimidate—Shahjahan's men attacked an ED team that went to Sandeshkhali on 5 January, the media had widely reported—the blue economy gave him control over people's lives and livelihood.

How some Axis Bank credit cards became fraud targets

Lender says dubious online international transactions were random attacks on certain cards

Shipra Singh
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MINT

It was at around 9 pm on Tuesday, 26 March, that Ajay Vasani's phone buzzed a couple of times. He had just received two messages from the bank and froze when he saw the contents. These were two alerts for transactions of 150 New Zealand Dollars (NZD) for 'Google services' made using his Axis credit card. But, Vasani, a resident of Ahmedabad, had not subscribed to any such services, in New Zealand or elsewhere. He was quick to figure out that these were fraudulent transactions and immediately called the bank's customer care helpline to get his credit card blocked.

A few minutes later, the Ahmedabad-based resident got eight more alerts of failed transactions worth NZD 800 (about ₹40,000 after forex conversion).

Vasani was not the only Axis Bank credit card holder targeted that day. There were many others, all Axis Banks customers, who were victimized by a series of international fraudulent transactions . The lender, in an official statement, claimed that it was a malicious attempt from certain foreign merchants and averred that there was no breach of its systems. "There has been no data leak. Some of these transactions are in the nature of random attacks on certain credit cards," the bank said.

To be sure, the malicious attempt by foreign merchants implies that hackers had misused the card details to carry out payments on foreign merchant sites and that the merchants themselves did not attempt the fraudulent transactions.

In interactions with *Mint*, some cardholders reported that they had received several one-time-passwords (OTPs) for transactions that were not initiated by them, while others said transactions on their cards were unauthorized and went through without their receiving an OTP, a numerical code sent by text messages for cardholders to authorise a transaction.

Kashif Ansari, assistant professor at Jindal School of banking and finance, O P Jindal Global University, said customers do not usually get any OTPs for online international transactions so these are more susceptible to frauds. A six digit OTP, generated randomly by banking systems, acts as a layer of security as these are sent to the cardholder's phone number or email ID and the transactions can't proceed without the customer authorizing the transactions by keying in these digits.

Further, in India, after regulations on tokenization were introduced by the Reserve Bank of India (RBI), domestic merchants cannot save or access card details of customers as the details are saved as encrypted tokens. However, this does not apply to international merchants and hence, customer data is saved with them, and thus are more susceptible to frauds.

While fraudulent transactions on cards, both debit and credit, is not uncommon, structured attack on a certain bank or card issuer's users in a single day, as was the case with Axis, is rare. However, Sanjeev Moghe, head of cards and payments, Axis Bank, told Mint that the scale of the attack was small compared to the bank's total number of credit card users, reiterating that the customer data from the bank's end was not compromised.

Experts say banks should reveal the modus operandi of such attacks so that other institutions can be prepared

What went wrong

Most cardholders said Axis Bank was quick to reverse the payments within 3-4 days. However, the bank did not send an official communication to the affected customers explaining the reasons for the fraudulent payments.

Some users, who had blocked the card and asked the bank to reissue a new one. reported that fraudsters had attempted transactions on the new cards as well—this, when the customers were themselves yet to receive the full details of the new card. A cyber security expert, who did not wish to be named, said this can happen if the fraudsters get access to the server that hosts details of the new card. "The details of the new cards are first pushed virtually into a server and then these are sent for printing the physical cards. Fraudsters would have got access to these servers and used the card details to activate them and attempt fraudulent transactions, " he said.

Banks should reveal the modus operandi of such attacks so that other institutions and customers can be prepared, say other security experts. "Instead of hiding the details, banks need to do a better job of communicating these to customers to increase awareness," said Ritesh Bhatia, a cybersecurity consultant and cybercrime investigator.

The expert quoted in the first instance said banks often remain tight-lipped on the scale of such attacks to avoid investigation from the RBI or Computer Emergency Report Team (CERT), a nodal agency that deals with cybersecurity incidents.

What users can do

In case of unauthorized card transactions, the first step that a cardholder should take is to get the card blocked by calling the lender's helpline number. As a second step, they should report the fraud to the bank within three days of such incident, as that ensures zero liability on the card user, as per RBI guidelines.

However, if the user reports the fraud between four and seven days, they are entitled to a compensation of only up to ₹25,000, irrespective of a higher amount lost to such fraud, and when reported after seven days, it's up to the bank to decide the compensation.

Early reporting will also ensure that you don't have to pay for the fraudulent transactions while clearing the credit card monthly bills . In such cases, the bank either gives temporary credit to the cardholder or reverses the payment within a few days.

Compare your bank FD rates

Bank fixed deposits (FDs) continue to be popular investment products not just among senior citizens, who are looking for guaranteed income, but also among investors who can't stomach risk. But overexposure to FDs is not good, and you need to assess your asset allocation and goals to decide how much money you should park in them. For instance, saving for your child's higher education that's 15 years away through FDs may not be effective as the post-tax interest rate of an FD may not give you a real return (return that's above the rate of inflation). But if you plan to take a holiday in two years, an FD can help. Before choosing an FD, you should compare the interest rates on offer. Here is a list of banks that offer the highest FD rates for deposits up to ₹1 crore over various tenures.

Interest rates (%) for fixed deposits up to ₹1 crore

	6 months to < 1 year	1 to < 2 years	2 to < 3 years	3 to < 5 years	5 years and above
DCB Bank	6.25-7.25	**7.15-7.85**	7.55-8.00	**7.40-7.90**	7.25-7.65
Axis Bank	5.75-6.00	**6.70-7.20**	7.10	**7.10**	7.00
HDFC Bank	4.50-6.00	**6.60-7.25**	7.00-7.15	**7.00-7.20**	7.00
IndusInd Bank	5.00-6.50	**7.75**	7.25-7.75	**7.25**	7.00-7.25
IDFC First Bank	4.50-5.75	**6.50-7.75**	7.25-7.75	**7.00-7.25**	7.00
RBL Bank	4.75- 6.05	**7.50-8.10**	7.50-8.10	**7.10-7.50**	7.00-7.10
YES Bank	5.00-6.35	**7.25-7.75**	7.25	**7.25**	7.00-7.25
ICICI Bank	4.75-6.00	**6.70-7.20**	7.00-7.20	**7.00**	6.90-7.00
Canara Bank	6.15-6.25	**6.85-7.25**	6.85	**6.80**	6.70
Dhanlaxmi Bank	6.50	**6.75-7.25**	6.50-6.75	**6.50-6.60**	6.60
Federal Bank	5.00-6.00	**6.80-7.50**	7.05	**7.00**	6.60
Bank of Baroda	5.60-7.10	**6.85-7.15**	7.25	**6.50-7.25**	6.50
Indian Overseas Bank	5.75	**6.90-7.30**	6.80	**6.50**	6.50
Punjab National Bank	6.00-7.05	**6.75-7.25**	6.80-7.00	**6.50-7.00**	6.50
State Bank of India	5.75-6.00	**6.80-7.10**	7.00	**6.75**	6.50
Union Bank of India	4.90-5.75	**6.50-7.25**	6.50	**6.50**	6.50
Jammu & Kashmir Bank	4.75-6.00	**7.10**	7.00	**6.50**	6.50

Data taken from respective bank's website as on 28 March 2024; Only main entity of the merged banks are taken. Banks which merged with its main entity are removed from the table; The list of 15 banks is based on highest fixed deposit rates available for 5 years and above

Source: www.Bankbazaar.com

Mkts are back to seeing fewer rate cuts than the Fed

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AP

For a brief moment last week, the markets and the Federal Reserve were on the same page about the pace of monetary easing. It didn't last long.

After spending much of this year making bets that were much more dovish than those of Fed officials, investors have now flipped in the opposite direction.

They're forecasting about 65 basis points of rate reductions in 2024, compared to the 75 basis points signalled by the median estimate of projections released following the Fed's 19-20 March meeting.

"I thought it would be hard for the market to challenge the Fed on the hawkish side, but apparently it is willing to do so, in the face of some evidence," said Benoit Gerard, a rates strategist at Natixis in Paris.

Traders are reacting to a couple of economic data points from the past few days that point to strength in the US economy, potentially reducing the need for rate cuts. Bonds have slumped in response, with the yield on 10-year US Treasuries hitting 4.35% on Tuesday, the highest level since November.

First came income and spending data for February that showed consumption remains strong. Then, on Monday, a gauge of US manufacturing activity expanded for the first time since 2022, exceeding all estimates in a *Bloomberg* survey of economists.

Investors are now forecasting about 65 basis points of rate reductions in 2024

Fed chair Jerome Powell said after the consumption data that the figures were "pretty much in line with our expectations" and repeated that the US central bank isn't in any rush to cut interest rates.

No Fed ratesetter has spoken publicly on monetary policy since Monday's news, though there are several on the slate for later on Tuesday, including New York Fed president John Williams, Cleveland Fed president Loretta Mester and San Francisco Fed president Mary Daly.

It's not the first time in recent weeks traders have challenged the Fed's outlook. They were also betting on fewer than 75 basis points of easing in the days leading up the March rates decision, though this time round the pricing is even more hawkish.

How can I safeguard my wealth amid a marital dispute?

Rohit Jain & Keshav Singhania


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ASK MINT
ESTATE PLANNING

How can I ensure that my hard-earned wealth, including business assets, are ring-fenced from the fallout of a marital dispute?

—Name withheld on request

Though not fool proof, a prevalent practice adopted to prevent value erosion on account of formal separation is via a trust structure. As an effective tool of succession planning along with asset management and protection, a quintessential trust structure would entail setting up of an irrevocable discretionary trust with independent professional trustee(s) with beneficiaries being family members including future lineal descendants.

The underlying rationale being by transferring assets into the trust, the same are excluded from being considered part of personal net worth during divorce settlements. A hygiene check would be to ensure that family members do not exercise direct control over the functioning of the trust.

Spouses, either are excluded in entirety from the trust benefits or are excluded from the list of beneficiaries on happening of certain pre-specified events mentioned in the trust deed say divorce proceedings. Trust deed, which governs the functioning of the trust, may also provide for periodic pay-outs for the health, education, maintenance, marriage etc. of children.

A key consideration in determining the favourable outcome of the whole arrangement is the timing of setting up of the trust structure. It is advisable to set up and transfer the assets well in advance of any marital issues, to avoid suspicion of malafide intentions.

Is there a way to create a trust via a will?

—Name withheld on request

A trust formed through testamentary instruments such as will is a middle ground that amalgamates the solutions extended by both, will and trust and takes effect only upon the death of the testator and the deceased's estate is bequeathed to such trust via will.

The testator in this case, provides directions in their will for a designated executor, outlining how their assets are overseen by trustee(s) and distributed to beneficiaries.

Since, a testamentary trust is established within a will, it has to comply with legal standards for both trusts and wills. Such requirements intricately detail purpose of the trust, identification of beneficiaries of the trust, and specifying the assets held through the trust.

Rohit Jain is managing partner and Keshav Singhania is head-private client at Singhania & Co.

Do you have a personal finance query? Send in your queries at **mintmoney@livemint.com** and get them answered by industry experts.

OF DANIEL KAHNEMAN AND WHY INVESTORS NEED THE SKILL OF DELAYED GRATIFICATION

POWER POINT
RACHANA BAID

We welcome your views and comments at **mintmoney@livemint.com**

Daniel Kahneman, who died on 27 March, was best known for debunking the notion of 'homo economicus'. Kahneman drew on cognitive psychology to understand how people make economic decisions. Kahneman's work shed light on why it is so challenging to save and invest for the long term, why, despite the mandatorily displayed warnings, that 9 out of 10 traders lose money in the future and option segment, and scores of individuals, especially the younger generation, are drawn to derivative trading. Kahneman attributed this phenomenon to people's struggle with decisions involving delayed gratification. He introduced the concept of 'temporal discounting', wherein future rewards are undervalued in favour of immediate satisfaction, leading to suboptimal financial choices and unhealthy behaviours.

Long-term investing rests on the skill of delayed gratification. The ability to delay gratification can lead to long-term physical, mental as well as financial well-being. Impulsive individuals find it difficult to evaluate all choice alternatives and their long-term consequences. Impulsivity is related to time preference. Individuals with a high time preference, i.e. present-time orientation, focus on the present and prefer to spend their money immediately rather than later. On the other hand, individuals with a low time preference, i.e. future-time orientation, are more willing to delay the gratification of having products and services immediately. They generally save and invest for the future.

In periods of economic upswing, people become more confident and optimistic about the future economic conditions and about their own financial situation. Their time preference shifts from low to high. As a consequence, they are more inclined to splurge than save and invest. The young generation with YOLO (you-only-live-once) and FOMO (fear-of-missing-out) mindset, seem to interpret the age-old wisdom of living in the present differently. For them, living in present means present time orientation and instant gratification. There has been a lot of debate and concerns on the widening gap between the have and have-nots. There is a third category that lies within the realm of the haves and the have-nots: the have-not-paid-for-what-they-have. People are saving less and spending more even if they need to borrow the money. The proverb 'Better to go to bed hungry than to wake up in debt' has become outdated. The biggest threat to long-term wealth creation is not the market volatility but the attitude of instant gratification. There is an opportunity cost of instant gratification. Every rupee spent on a non-essential current pleasure is a rupee not invested for the potential future wealth. Living in the present does not mean that people should not plan or work for future.

Shefrin and Thaler (1988) referred to the internal conflict between short-term and long-term preferences as a conflict between a 'planner' and a 'doer'. The planner is assumed to be far-sighted and aims to strive toward maximizing life-long utility. The doer is myopic and impulsive, strives toward maximizing immediate benefits. Though people have an ingrained preference for doing things that make them feel better in the moment over waiting for rewards that may occur at some uncertain future point, an evolutionary trait differentiating humans from other species is to show patience, forgoing immediate benefits to acquire more valuable future rewards. Patience is a uniquely human trait. In order to satisfy long-term goals and objectives, it is necessary to exert self-control. Fortunately, delayed gratification for longer periods of time is a skill one can cultivate and practice. Individuals can adopt various strategies to defer immediate gratification. Methods such as segregating wealth into separate long-term and short-term accounts, enrolling in systematic investment plans (SIPs), National Pension Scheme (NPS), etc., are effective ways to accomplish long term investing.


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In order to satisfy long-term goals, it is necessary to exert self-control

However, leaving long term wealth creation, just as the problem of obesity, to the willpower of people could be a costly mistake. They are unlikely to be self-correcting. They are not just an individual's problems. They have socio-economic consequences. The tendency of instant gratification and myopia will come in way of long-term capital formation.

People themselves, the financial services industry, issuers of securities and other financial and investment products, investment advisers and financial planners, the regulatory bodies and financial and business press have a significant role to play in shaping the choice architectures and decision-making environment to bring the needed shift in mindsets.

It is necessary to understand that reaping the benefits of compounding requires time, that time in the market is more important than timing the markets, and that delayed gratification is pivotal for accumulating wealth.

Rachana Baid is professor and dean (academics) at the National Institute of Securities Markets (NISM).

OUR VIEW


PTI

RBI's big out-of-the-box moment is still to come

A sense of success among Indian policymakers is justified to a significant extent. Yet, RBI must resist premature exultation and work hard to reinforce its role as the rupee's guardian

A heady air of mutual—and self—congratulation hovered over the Reserve Bank of India's (RBI) 90th-year celebration held on 1 April. It was almost palpable in the speeches made. Governor Shaktikanta Das said that "well-calibrated and coordinated monetary and fiscal policies" between RBI and the Centre had "shielded the economy from shocks" like covid and two wars. The central bank's chief expressed satisfaction that "today our GDP growth is robust, inflation is moderating, financial sector is stable, the external sector remains resilient and forex reserves are at an all-time high." He gave key reforms like the 2016 insolvency code and RBI's legal mandate to tame retail prices due credit. Finance minister Nirmala Sitharaman lauded RBI's pandemic package of credit and debt relief and hailed its role in the rupee's external stability (in peer comparison) and an orderly yield curve for Indian bonds. Prime Minister Narendra Modi urged RBI to think out of the box on credit, calling Das an expert at it, noted RBI's success in the context of reform enablers, and spoke of more to be done. The heady air at the venue was better deserved than what the optical demands of poll season may suggest. By any reckoning, India's economy has emerged quite well from the covid blow four years ago, thanks to a decisive yet judiciously restrained mix of stimulus—fiscal and monetary both.

Yet, premature exultation is best resisted. While covid forced a breach of Indian rules not just on the fiscal deficit but also price stability, with RBI notching up an official target failure not long ago, the central bank still hasn't shown success at holding prices steady over a span of time long enough for us to think of an internally stable rupee as a given, or a fact of life. Instead, it is not yet clear if RBI's aim of 4% inflation has a chance of being met in 2024-25. Of course, as any easing of credit tends to excite markets, we can expect some rate-cut advocacy to arise if it stays safely within a 2-6% band. But at this juncture, macro variables offer no cogent case for cheaper loans. Real interest rates are not exorbitant, RBI's stance is still focused on withdrawal—though it could soon go neutral—and the expansion of our economy does not need RBI's aid, even if its exact drivers right now are not entirely clear. Add low clarity over how a neutral rate—that may balance investments and savings without the US dollar's special privilege of trying out endless supply—might lately have changed, and an early rate cut is too much to expect. Also, since uncertainties persist, how RBI's policy levers are best moved will get no easier to tell as a new fiscal year gets going.

Among the reasons that Modi nudged RBI to prepare for hard work in the decade ahead is an initiative to globalize the country's currency. At a basic level, this calls for a show of both its internal and exchange-market stability. For the odds to favour the rupee's leap into global use, two factors must lend support: How India globalizes and how soundly RBI's digital rupee is crafted. If it's designed to satisfy the world's most privacy-fussy folks, who'd be watching RBI's autonomy, it could earn trust overseas too. As a direct RBI liability, an e-rupee could even attract public deposits with just a modest interest payout. In turn, this technology platform could set the stage for a radical remake of banking, with RBI keeping our savings safe and lenders focusing on their core job of lending. Even if bankers balk at the idea, deeming it too disruptive, it would qualify as out of the box.

THEIR VIEW

The India-EFTA pact could be a game-changer as an FDI puller

Its investment aspect, a first, recognizes how foreign inflows are linked with world-trade success

MANOJ PANT
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In many ways, the recently concluded agreement between India and the European Free Trade Association (EFTA) is mainly a confidence building measure for India in the run-up to trade agreements likely to be pursued after general elections with the EU and UK. In most cases, the I-EFTA pact will have limited impact—India's principal import from the four-nation group, gold, is not subject to pre-determined tariff reductions, while agricultural imports are excluded. On the Swiss side, most tariffs are fairly low, so additional trade gains will be limited, except possibly in areas like textiles. Also, gold imports will continue as inputs for our principal exports to Switzerland (and the world) of gold and diamond jewellery. So, enormous gains in commodity trade with EFTA are not the plan. However, the tariff reductions agreed will certainly impact our UK and EU talks.

In services, some new ground may be expected, as there are hints of moving beyond the usual access bargaining for skilled Indian professionals, an area where some agreement seems to have been reached in pre-negotiations with the EU and UK. At this point of demographic change and ageing in most countries of the West, it is likely that such agreements will be swiftly signed with other countries as well; they need Indian professionals just as much as India needs to export surplus skilled labour. There is, however, a hint of the promotion of new aspects of trade in services, with a pact on establishing mutual recognition agreements (MRAs) in fields like nursing and education. How this proceeds is still to be seen, but if our history with Singapore is any guide, MRAs do not get too far until a prior agreement on a framework for the determination of MRAs is defined.

Where the I-EFTA deal truly breaks new ground is in its investment agreement. For one, it promises (mostly from the Swiss, I would think) $100 billion in foreign direct investment (FDI) with about half of it coming in the next 15 years. Unlike foreign portfolio investment (FPI), which is fickle and can depart easily, FDI indicates a commitment to bringing in technology and production. Given the expertise of the Swiss in engineering goods made by small and medium manufacturers, such a commitment is good news for India's beleaguered micro, small and medium enterprise (MSME) sector. It is empirically established that technology transfer takes place not through designs and drawings, but 'learning by doing.' Indian companies learn by working in collaboration with (or in the same industry as) technology leaders. The dominance of small Swiss companies is well known in clocks and watches.

Even more game-changing is the linking of investment commitments to India's tariff reduction plan. If, after 15 years, EFTA investment commitments do not materialize, then India may reverse its tariff reductions. This is surely a first in any agreement between any sets of countries.

Commentators often do not understand the close link between FDI and trade: they are two sides of the same coin. The transnational enterprises (TNEs) that bring in FDI actually bring in a combination of trade in commodities, services (managerial, etc) and technology (which may not be tangible). An almost one-to-one relationship between bilateral trade and FDI flows has been identified. Empirical work also shows that FDI and exports are complimentary in that over time, the foreign subsidiary adds to the host country's exports (*FDI in India: History, Policy and the Asian Perspective*, by Manoj Pant with Deepika Srivastava). Intuitively, about 80% of world trade (UNCTAD data) takes place between subsidiaries of TNEs. We call this 'supply chain trade.' The main point is that large FDI flows from countries like Switzerland can boost the export efforts of MSMEs, particularly by raising the quality of engineering goods.

The recognition accorded to this FDI-trade link by the EFTA agreement marks significant trade policy progress. However, as always, the devil lies in the details. For one, no FDI takes place till an investment agreement is in place. Some method of dispute settlement, definition of investment, etc, must be in place. There are few takers for the model agreement that India has been peddling. Work on this must begin afresh. Second, how will the volume of FDI be measured? Under current practice, the retained earnings of foreign subsidiaries (in proportion to the parent company's equity share) is also part of FDI flows. Will the Reserve Bank of India's measure of FDI be accepted? Third, the condition of 'reversal of tariff cuts' is surely in jest. Can we expect that after 15 years of trade with insufficient FDI, we will suddenly raise import tariffs on EFTA exports? One has rarely seen this happen. However, given the FDI-trade link, I doubt it will ever be needed. Its introduction was probably to ensure political acceptability.

With this I-EFTA pact, we may see a shift whereby European capital begins to use India as an export base as supply chains move out of China. Hopefully, these baby steps will be carried forward in the India-EU agreement. With technology inflows by means of FDI meeting India's large labour base, a shift of some Chinese trade with Europe to India could well become a reality.

10 YEARS AGO


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GUEST VIEW

The EU's sustainability directive may weaken trade ties

SHASHANK PANDEY & BHAKTI AVASTHY

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The European Council recently approved the EU's Corporate Sustainability Due Diligence Directive (CSDDD), a due-diligence requirement that creates a legal liability for EU-based firms arising from any environmental and human-rights violations (including labour rights) within their supply chains. The CSDDD awaits a nod from the European Parliament, which is going for elections in June. Indian exporters are still grappling with the European Union's Carbon Border Adjustment Mechanism (CBAM) that will effectively tax our carbon-intensive industries serving EU markets. The CSDDD might not only add to that financial burden, but also result in a loss of EU business for Indian firms.

The EU directive aims to anchor human rights and environmental considerations in the operations and corporate governance of companies. The new mandate is expected to have a ripple effect. It extends to the operations of companies and their subsidiaries, including all activities along their value chain, thereby covering both upstream and downstream business partners.

Upstream business partners include suppliers of goods and providers of services to a compliance-bound company—be it related to design, extraction, sourcing or the manufacture of a product or fulfilment of a service—among others. Many industries in developed countries rely on suppliers in the Global South for reasons like cheap labour, business incentives for the set-up of manufacturing units in other countries and other cost advantages that can allow competitive pricing. India exports both raw materials and manufactured products, as well as many services, to the EU. In 2021, the most imported manufactured goods into the EU from India were 'other manufactured goods' (47%), followed by machinery and vehicles (19%) and chemicals (19%). By value, the EU that year was the second-largest destination for Indian exports (14.9% of the total). *Prima facie*, the CSDDD will cover all goods and service companies associated with such exports, including MSMEs.

The directive employs international law standards for assessing the human rights impact of corporate activity. This parameter is applicable throughout the supply chain. The parameter suggested for environmental compliance goes beyond bio-diversity restoration to include any measurable environmental degradation, such as harmful soil change, water or air pollution, and any other impact on natural resources (caused, for example, by deforestation). It also incorporates the World Health Organization's 'One Health' approach to sustainably balancing the health of people, animals and ecosystems. These norms are stricter than what are currently applicable in India, especially those related to the environment.

> **Its mandate may be well intended but it has some weaknesses that must be fixed by European Parliament**

On its part, India expects to streamline its supply chains and factories to counter contingencies like the CBAM and CSDDD.

Meanwhile, in February, the Indo-Pacific Economic Framework (IPEF) supply chain agreement came into force. Supply chain resilience is one of its four pillars. The agreement primarily aims to curb supply chain vulnerabilities that covid and ongoing wars have exposed. In addition, IPEF partners also envisage building resilient, efficient, productive, sustainable, transparent, diversified, secure, fair and inclusive supply chains. These call for both environmental and labour-centric measures. The latter includes the creation of a Labour Rights Advisory Board that will have workers alongside employers and the government to ensure these rights are upheld. India's government has begun operationalizing the agreement and is expected to align its mandate to comply with the CSDDD too.

The CSDDD can drive positive business externalities for India by attracting foreign direct investment from the EU through local adherence to human rights and environment standards. It can promote sustainable business growth. However, actions deemed sustainable domestically may not meet CSDDD standards, as seen in criticism of India's Green Credits Programme's tree plantation guidelines. These have been faulted for not recognizing the ecological value of non-forest habitats and potentially encouraging deforestation. The CSDDD could ensure that India's carbon credit mechanism aligns with global sustainability standards.

The Union ministry of corporate affairs laid out a 'zero draft' for a National Action Plan for Business and Human Rights to protect these rights and promote socially responsible business. Human rights and environmental protection are part of it, but the plan is still under development.

The CSDDD adopted by the European Council is a watered-down version of the original proposition. This version raises the thresholds for industry applicability and makes its core responsibilities an "obligation of means." This mandates companies to implement "appropriate measures" for due diligence, aimed at mitigating adverse impacts. These, however, are dependent on various factors—such as the type of business and its geographical location—which offer companies loopholes to avoid accountability, especially in the context of external constraints (factual or legal) in third countries. Also, the directive does not address the issue of support for partner firms in developing countries expected to meet high sustainability standards. We can only hope that the European Parliament's final passage of the CSDDD will tackle these issues, especially those affecting the Global South.

THEIR VIEW

We need judicial system reforms to ensure swift disposal of cases

A huge pile-up of cases has kept the judiciary overloaded while much can be done to offer India relief by clearing the backlog

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ISTOCKPHOTO

A recent report says that there are over 40 million cases pending in India's judicial system. In the slothful manner that their adjudication takes place, it may take aeons to clear the backlog. There are many reasons for this terrible situation in a realm as vital as justice and therefore multiple remedial measures are required to arrest the delays.

One of these measures is granting no more than the three adjournments. Alas, this is practised more in the breach, thus adding to delays in the disposal of cases and keeping our courts clogged. It drew criticism from Chief Justice of India D.Y. Chandrachud when the Supreme Court celebrated its 75th anniversary recently and he expressed his thoughts on reducing delays.

What needs to be done? Judicial delays make life miserable for both businesses and citizens. This is the third in a series of articles which we are writing to persuade the ecosystem to reform and reduce delays in our system.

The unique feature of the three-adjournment rule is that it was introduced as a part of our 'ease of doing business' reforms within the justice delivery system. This provision under the law states that a maximum of three adjournments can be given during the hearing of a lawsuit. However, the prescribed protocol of permitting a maximum of three adjournments per case is disregarded in more than half the cases being addressed by courts. While it appears that some courts are attempting to follow the rule and are also publishing monthly data on adjournments granted per matter, broader efforts at the institutional level are required for the judiciary to stop granting a fourth adjournment. For example, we should use a monetary disincentive by imposing a levy of ₹10,000 for the first adjournment sought by a disputant and double that sum for every subsequent one.

Why do lawyers seek more than three adjournments and courts grant these in spite of the fact that it is irregular? Many lawyers, especially senior ones, have many briefs on their hands, and when conflicting timings of case hearings arise in different courts, their juniors are asked to seek fresh dates. Most often, judges oblige. Lawyers on the opposite side tend to play ball, as they themselves may need such favours in some other matter. This acts as an unwritten code, but disputants are the victims of frequent adjournments for the calendar convenience of a few professionals.

Let's analyse the contours of the 44 million cases pending in different courts in the country today. Lawyers have not appeared in court in more than 7.5 million cases. In 4.1 million cases, the accused has been declared a fugitive, and in 3.2 million cases, witnesses have not reached courts. In around 3.6 million cases, vital records are either missing or documents are not available.

Effective court management is crucial for the smooth and efficient operation of the judicial system. The primary objective of court management is to guarantee the fair and timely delivery of justice. In developed countries with functional systems, in most cases, the judge confers with lawyers on both sides on clear timelines for each step as soon as a matter is lodged. Alas, this is not practised in India—and it calls for thought.

While India has a National Courts Management Systems (NCMS) policy and several states have followed suit, its implementation in letter as well as spirit will hold the key. A National Framework of Court Excellence (NFCE) has also been developed to establish quantifiable performance benchmarks for Indian courts, tackling concerns related to quality, responsiveness and timeliness.

Compliance and progress reports on the NFCE will usher in transparency and accountability in judicial processes. E-filing is another useful approach, as we found during the covid pandemic, involving the use of video conferencing for regular case management proceedings to help expedite dispute resolution.

The public's trust in the judiciary would have suffered due to its apparently decreasing reliability and dependability, which could lead to increased social, political and economic tensions in India. For instance, at the close of 2021, Indian prisons were holding over 500,000 inmates, 77.1% of whom were awaiting trial. This situation has prompted a World Bank report to label the Indian judiciary as "notoriously inefficient." Serious attempts have to be made that can help to improve the current situation. For instance, simplifying and updating the rules governing court management.

Also, in many instances, judicial officers in joint courts are typically assigned a team comprising one bench clerk, one assistant bench clerk, one stenographer and two peons. Regardless of whether there are 800 or 8,000 files, the same staff is responsible for handling them. The rise in the number of court files does not correspond with an increase in the staff count. This needs remedial action, with appropriate allocations.

The NCMS policy advocates the incorporation of technology to enhance court operations, but it must be enforced vigorously for proper application. It should also include a social audit, which would help, as we have seen in many other policies. This will enhance the efficiency of the court system while safeguarding the rights of all parties and delivering justice in a fair and unbiased manner.

Amol Kulkarni and Arima Pankaj of CUTS contributed to this article.

MINT CURATOR

Boeing heard all the warnings but just didn't listen to its folks

Its woes reflect a failure to clear wax from the ears of top managers

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Boeing's safety risks had long been flagged by its employees REUTERS

The strange thing about Boeing's crisis is that so many people saw it coming—and tried to stop it. The planemaker's safety problems have been obvious since two 737Max jets crashed in late 2018 and early 2019, killing 346 people. Boeing's engineers were warning managers of potential quality problems as far back as 2001. But Boeing executives must not have listened and the 737Max crashes apparently weren't a loud enough wake-up call.

So far this year, a panel has blown off a Boeing plane, both the chairman and chief executive officer said they are stepping down, and the company's share price has tumbled 27%. So why haven't those occupying the C-Suite heeded the engineers flagging safety issues? Why did they—according to whistleblowers—silence and ignore those employees? These are the most pressing questions for Boeing's incoming leadership team. Without clear answers, the new executives will be doomed to repeat the mistakes of their predecessors.

Most leaders of manufacturing firms live in fear of being blindsided by a serious safety issue. Perhaps that's why business schools devote so much time to worrying about how leaders can encourage employees to speak up about problems.

Boeing's problem is not one of speaking up, though. It's one of listening up. That puts the onus squarely on senior leaders. Amy Edmondson, a professor at Harvard Business School, says hearing employees requires two things. First, interpersonal skills—"listening to learn, asking follow-up questions, walking down the ladder of inference so that ultimately both members of the conversation have learned something." And second, systems that force those conversations to happen on a regular basis.

Those systems could take a number of forms, says James Detert, a professor at the University of Virginia's Darden School of Business. At the extreme end are whistleblower hotlines, anonymous complaint processes and organizational ombudsmen. More routine measures include skip-level meetings and lunch chats with people in management.

Boeing could also take a page from the playbook of rival Airbus and adopt works councils, which is where shop-floor employees meet regularly with their senior leaders to ensure safety complaints are heard. At the very least, Boeing should follow my Bloomberg Opinion colleague Beth Kowitt's suggestion and put an employee-union representative on its board.

There's no shortage of ways for senior executives to listen; leaders just need to be proactive about doing it. Sitting back and saying "my door's always open" isn't nearly enough, as Megan Reitz of Oxford University's Saïd Business School, has argued.

That's especially important in the face of what Columbia University sociologist Diane Vaughan has called "the normalization of deviance." Vaughan developed her theory studying the *Challenger* explosion, in which managers overruled engineers' dire warnings and proceeded with the launch. It's not that the managers were malicious people; they just thought the engineers were being overly cautious. Space launches had happened in chilly weather before, but never as cold as that day in 1986. And there had been problems with the O-rings on previous launches and things had turned out fine.

Such thinking seems to have infected Boeing. Over time, when planes are held together by chewing gum—literally a problem with the botched 787 Dreamliner—but don't fall out of the sky, the organization becomes convinced that chewing gum is a viable option.

Reversing any decades-long erosion in corporate culture requires bold gestures. Executives need to listen better and demonstrate that they are doing so. One way for Boeing to do that would be to relocate the company's corporate headquarters back closer to its main manufacturing centres in Washington. This was actually proposed by a shareholder earlier this year, but shot down by Boeing's board. That was a mistake. The 2001 decision to move its headquarters from Seattle to Chicago—and then to Arlington, Virginia, in 2022—has gone down in corporate lore as a big disaster. The initial relocation was justified by then-CEO Phil Condit saying it would prevent the "corporate centre" from getting "drawn into day-to-day business operations." But it's clear that's exactly where the corporate centre needs to be.

Another bold move: Make sure the planemaker's next CEO has a strong engineering background. After decades of hiring accountants to run the company, Boeing's board should know that it's problems are not ones of arithmetic. To be sure, "listen better" isn't the only thing Boeing needs to do. But it's the table stakes that will facilitate the required corporate transformation. The first step is clearing out the wax from the ears of senior leaders.

MY VIEW | EX MACHINA

A modest fee is all it'll take to sustain the UPI ecosystem

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It is hard to argue with the success of India's Unified Payments Interface (UPI). With over 12 billion transactions processed each month, it is already, by an order of magnitude, the largest digital payment system by volume in the world. Given its consistently high rate of growth, National Payments Corporation of India's (NPCI) stated ambition of crossing 1 billion daily transactions is looking more achievable with each passing month. Despite these truly impressive statistics, however, concerns continue to be raised about the long-term viability of its business model.

When it was first launched, most people thought that Third Party Application Providers (TPAPs), the entities we use to access the digital payments ecosystem (Google Pay, PhonePe and the like), would simply levy a fee on UPI transactions akin to the merchant discount rate (MDR) that credit card companies charge. However, in 2019, the government prohibited banks and other service providers from imposing charges of any sort on UPI payments—effectively preventing TPAPs from using UPI-transaction fees as a revenue model.

MDR is charged as a small slice of transaction value. For large-value transactions, this is a cost that merchants find relatively easy to bear, particularly considering that customers who aren't carrying that much cash on them may not make the purchase otherwise. For smaller transactions, where margins tend to be thin, merchants often refuse credit card payments because the MDR eats into their profits. It is to address this problem—to ensure that the benefits of the digital payments ecosystem extend to small-ticket transactions—that the government kept UPI free of such a charge.

While none of this has deterred players from continuing to invest in UPI, it has placed a strain on their profitability. Today, the annual losses posted by some of the largest companies in this space are in excess of ₹2,500 crore a year. Unless we can find them a better way to meet their costs, I worry that there will come a time when the system becomes unsustainable.

Credit card companies charge an MDR to help offset the costs they have to incur in guaranteeing payments. Merchants only accept credit card payments because of the assurance that, regardless of whether or not the purchaser pays his credit card bill, the card network will always ensure they get paid. This shifts the risk of customer fraud onto the card network, which, partly in order to offset it, charges a percentage of the transaction's value as its fee.

A flat fee of ₹120 per year can defray UPI costs and it needn't vary by swipe value as there's no risk to cover

While this might make sense in the context of credit cards, it doesn't translate to UPI in quite the same way in our current context. UPI has been designed differently from credit cards, and, as a result, the same rationale doesn't apply. UPI transactions are processed in real time, with the bank account of the transferor being debited at the same time as—and by the same amount that—the account of the receiver is credited. As a result, TPAPs do not worry about payment risk in the same way that card companies do. That being the case, charging fees as a proportion of the value of a UPI transaction is not warranted, since their risk does not vary proportionately with the value of the purchase. The UPI ecosystem just needs to earn enough revenue to meet the cost of running the UPI system, plus a reasonable profit on top of that. Surely, we can find a way to do this without placing a disproportionate burden on the customer.

So, what might a good solution look like? Let's say we charge all customers a flat annual fee of, say, ₹120 for the convenience of using UPI. This is a relatively small amount (₹10 per month), that should be affordable by even those of modest means. For context, the average monthly revenue per user of telecom companies is in the range of ₹150, which suggests that everyone who uses UPI today can afford to pay at least that much a month.

If we collect this amount from the entire UPI user base—roughly 500 million customers today—we should be able to generate a revenue pool of about ₹6,000 crore every year. Shared among four participants in a UPI transaction, this would meet the cost of running the UPI system, and allow them to make a reasonable profit.

Let's test this hypothesis. At its current scale, each API call in the UPI ecosystem costs roughly 10 paise. Across the four parties in each transaction, this means the cost of a transaction is roughly 40 paise. At 12 billion transactions a month, this would place the expense of participating in the UPI ecosystem at ₹5,760 crore per annum. Which is well within the ₹6,000 crore revenue pool that we can raise if every UPI user were to pay a flat usage fee of ₹120 per year.

One challenge still remains. The prohibition on charging for UPI payments has been framed in such sweeping terms that even an annual fee like this may not be permissible under the law. However, given that the primary reason for imposing this prohibition was to ensure that low-value transactions remain viable, it would be consistent with that objective to make an exception and permit a modest annual fee, as described above. Not only will this put the entire UPI ecosystem back on a path to profitability, it would do so in a way that does not harm the societal objective of enabling deeper penetration of digital payments.

For the sake of all that we have achieved on this front so far, I hope the government considers them both to be equally important regulatory objectives.