

The rising costs of coal imports

With domestic production targets slipping, India needs to buy record quantities of the world's most polluting fuel at a time when prices are rising

S DINAKAR
New Delhi, 28 June

India always faces a Hobson's choice as far as feeding coal-fired generators goes — even if the government is reluctant to admit it. The country cannot do without shipping in the world's most polluting fuel from overseas. And it will continue to do so unless it decides to reduce demand by forcing citizens, farmers and businesses to live without electricity for part of the day, or use diesel generators to fire facilities. Given that India imports over 85 per cent of its crude oil needs, that's not much of a choice, either.

India needs over a billion tonnes of coal to meet local needs. But domestic production has never come close to satiating demand from generators.

This fiscal, thermal coal imports will increase to as much as 185 million tonnes, a near record, from around 153 million tonnes a year earlier, according to estimates by CRISIL Research. Overseas purchases at 197 million tonnes were at an all-time high in 2019-20 valued at ₹91,500 crore, according to the coal ministry. Imports of non-cooking coal this fiscal may cost ₹2.5 trillion, CRISIL reckons.

“Non-cooking coal imports are expected to increase despite continued elevated pricing for the imported varieties,” said Hetal Gandhi, director, CRISIL Research. “The reason for the recovery in imports is a pass-through provision for imported coal for the power segment coupled with industry cycle recovery requiring continued coal imports to fulfill demand,” Gandhi added.

Coal imports continue to be a bugbear for the Modi government after the state married ideology with business. Agreed, *aatmanirbharta*, or reducing reliance on foreign suppliers, improves energy security, and allows the government to keep control over prices. Otherwise, one is left at the

COAL COMFORT India's coal imports			
	Non coking coal	Value	Total *
2015-16	159	57,800	204
2016-17	149	59,100	191
2017-18	161	79,000	208
2018-19	184	98,900	235
2019-20	197	91,500	249
2020-21	164	70,700	215
2021-22	153	NA	209

Source: Coal Ministry
*the rest are made up of coking coal imports
Units in million tonnes, ₹ crore



mercy of mines in Indonesia, South Africa and Australia.

But little planning has gone into efforts to eliminate India's coal imports. The government offers ambitious production targets, which are hardly met, and on the basis of which imports are discouraged. Coal India, the world's largest coal producer, was given a target in 2015 to produce a billion tonnes of the fuel by 2020, nearly twice its then output. That target had to be pushed back by five years to 2025.

Consumers bear the brunt of New Delhi's poor planning. A reluctance to import led to low coal stocks and a power crisis in 2016-17. The power sector reduced coal imports by 40 per cent last fiscal from a year earlier — leading to outages in October and blackouts in March 2022 after Coal India failed to deliver sufficient domestic fuel.

Coal India would require a 12.4 per cent annual growth in production to meet this fiscal's target, said Jayanta Roy, group head and senior vice president, ICRA. “The last time Coal India came close to

achieving double-digit growth was in FY2016, when it registered a 9 per cent annual growth.” The task at hand is quite challenging, and if Coal India witnesses large production slippages, then coal imports could increase going forward, Roy added.

But imports by Indian utilities typically come at an inopportune time of record coal rates. Utilities pared imports last fiscal when coal prices were less than half of what they are today, and are scrambling for the fuel when rates are soaring, said a Singapore-based coal trader. Indian utilities tend to buy at high prices, and when the market falls, end up holding high cost inventories, the traders said. He compared India's buying with China, which is constantly in the market, averaging out costs. Also, China tends to exit purchases when prices are high, with its absence eventually bringing prices down, he added.

Consumers will see bigger bills from higher coal costs, while traders will gain from a policy allowing state-run utilities to blend 10-15 per cent imported fuel with domestic produce. For instance, state-owned NTPC, India's largest power generating company, would see its fuel cost go up to

₹7-8 per kilowatt hour from importing coal as against ₹2 per unit from buying domestic coal from Coal India, increasing power tariffs by 50-70 paise a unit for consumers, *Business Standard* has reported.

NTPC has awarded contracts to import 6.25 million tonnes of coal to Adani Enterprises, valued ₹Rs 8,308 crore. In March, when the coal crisis erupted, Adani won contracts to import 5.75 million tonnes of coal, worth ₹8,422 crore, *Business Standard* reported. Coal India, the world's biggest producer of the fuel, has floated tenders for the first time to import as much as 8.4 million tonnes worth around ₹10,700 crore. The tenders include an option to bring in another 6 million tonnes, worth ₹7,700 crore. Adani is one of the bidders along with other Indian traders.

“Ironically, imported coal was the fallback fuel for power generation contributing to India's energy security in 2021-22,” said Barnik Maitra, managing partner, Arthur D Little India. “In reality, the frantic embrace of imported coal illustrates that what is unaffordable politically and economically is ‘no power’ rather than expensive power.”

Coal can be freely imported into India (under the Open General Licence). The biggest chunk brought in by coal traders is thermal coal that goes into power plants, cement plants, sponge iron facilities and industries. Blending meets the needs of most generators but around 8 per cent of the coal-fired capacity only runs on imported coal, according to the coal ministry.

Indonesian, Australian and South African coal grades have a share of 50, 20 and 20 per cent, respectively, on an average in total non-cooking coal imports for India, CRISIL estimates. It expects Indonesian coal prices to stay at \$75-\$80 a tonne from \$78 a tonne last fiscal, and the Australian variety, which is of higher calorific value, to remain at \$310-\$320/tonne, nearly 85 per cent higher.

Global coal prices have trebled in the past year, sending the coal import bill in May higher by 156 per cent in the year to \$10.2 billion. It's tough to see this recede much anytime soon, Maitra said. India's coal import bill last fiscal stood at \$30.6 billion, accounting for around 16 per cent of the merchandise deficit, according to ICRA.

“With seaborne coal prices being significantly higher now following the Russia-Ukraine war, India's rising coal import bill is expected to exert pressure on the current account deficit in the current year as well,” Roy said.

Education, health & personal care ads worst offenders: ASCI

Regulator processed over 5,500 ads for its 2021-22 complaints report, 62% more than previous year

AKSHARA SRIVASTAVA
New Delhi, 28 June

Education, healthcare and personal care are the most violative categories of ads, according to the annual complaints report of India's advertising regulator for the last financial year.

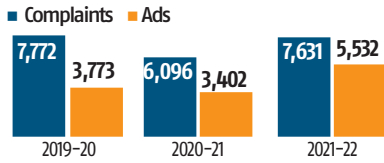
The Advertising Standards Council of India (ASCI) on Tuesday released its annual complaints report for April 2021-March 2022, taking into account print, television and digital media as it processed 5,532 ads — a sharp rise of 62 per cent from 2020-21.

It processed 7,631 complaints — an increase of 25 per cent from last year. Of these, 75 per cent were taken up suo motu by the regulatory body's own artificial intelligence-based tracking system. Consumer complaints made up 21 per cent of the pie, a sharp rise of 186.5 per cent, after the launch of ASCI's influencer guidelines last year.

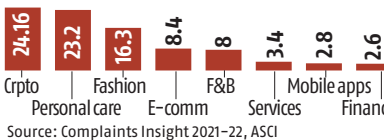
While print and TV remained the focus, 48 per cent of the processed 5,532 ads were from digital, as the medium takes centre stage with emerging categories like cryptocurrency, gaming and e-commerce.

According to the report, education (33 per cent), followed by healthcare (16 per cent) and personal care (11 per cent) were

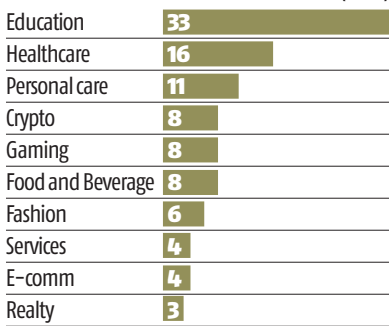
SURGE IN PROCESSING OF ADS



KEY CATEGORIES OF INFLUENCER VIOLATIONS



CATEGORIES THAT RECEIVED MOST COMPLAINTS



the top three violative sectors. Meanwhile, 8 per cent of the complaints were from newer categories like crypto and gaming and the food and beverage sector.

Claiming to be “number 1” or promising certain marks are some examples of violative advertisements in the education sector.

The regulatory body said that 29 per cent of the total ads that received complaints featured influencers. The top categories featuring influencers were crypto (24.16 per cent), personal care (23.2 per cent) and fashion (16.3 per cent).

“Influencers are also coming to terms with the idea of responsible advertisement,” said Manisha Kapoor, CEO and secretary general, ASCI.

Of the ads processed, 39 per cent were not contested by the advertiser and 55 per cent were found objectionable. Meanwhile,

4 per cent were dismissed for not violating ASCI codes. A total of 94 per cent ads needed modifications to not violate the codes.

For instance, in the case of Honasa Consumer Pvt Ltd, the parent company of skincare brand Mamaearth a total of 55 ads were processed, of which 54 required modifications. In the case of cryptocurrency platform CoinDCX, 45 ads were processed, all of which required modifications.

The regulatory body saw an overall compliance rate of 94 per cent during 2021-22.

Subhash Kamath, chairman, ASCI, said the regulator had followed through on its promise of increasing monitoring of digital media. “We invested heavily in technology and that has worked well. We also upgraded our complaints system, which has made it easy for consumers to register complaints and for advertisers to respond.”

NUMBER WISE

BEYOND DEFENCE: GOVT'S GROWING PENSION BILL

Pension is growing faster than salaries of state employees; it accounted for a third of the armed forces' revenue expenditure in 2013-14 and 2020-21

ISHAAN GERA
New Delhi, 28 June

Since the government announced its Agnipath scheme — a four-year contractual employment for youth in the armed forces — protests have erupted in parts of the country. Protesters feel cheated as the scheme would ensure permanent employment for only a quarter of those completing the four-year tenure.

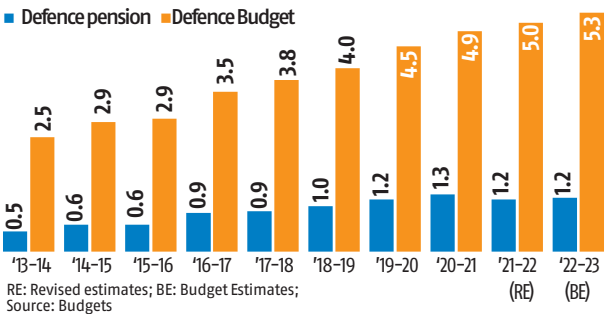
The government argues that Agnipath will make the armed forces younger and leaner, as contractual employment saves money. In 2022-23, India will spend ₹5.3 trillion on defence: 22.8 per cent of this would be for pension payments — down from 26.4 per cent spent on pensions in 2020-21. Pension payments cost the armed forces nearly as much as salaries.

The pace of growth of pensions is another matter. A *Business Standard* analysis found that defence pensions grew 15.9 per cent annually between 2013-14 and 2020-21. Meanwhile, the salary bill expanded at a compound annual growth rate (CAGR) of 8.8 per cent, as the defence budget grew 9.7 per cent.

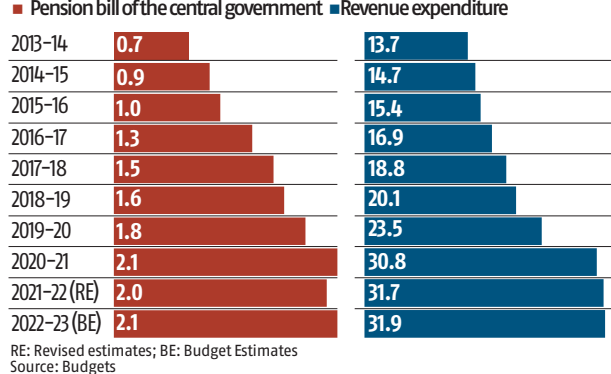
Pensions accounted for a third of the revenue expenditure on defence. The pension bill is rising for other parts of the government, too. Analysis of Budget data shows that in 2020-21, pensions accounted for 6.8 per cent of the central government's revenue expenditure. This year, they are set to account for 6.5 per cent. While the central government's spending on pensions grew 15.7 per cent between 2013-14 and 2020-21, its revenue expenditure expanded only by 12.3 per cent. Between 2017-18 and 2022-23, salaries will grow 7.2 per cent, but spending on pensions will increase by 9.6 per cent.

State governments seem better placed. Analysis of data from the Reserve Bank of India (RBI) shows that states' wage and salary bills grew faster than pensions. While spending on pensions grew 12.3 per cent between 2013-14 and 2020-21 (revised estimates), the revenue expenditure expanded by 12.7 per cent. Pensions were a tenth of states' revenue expenditure.

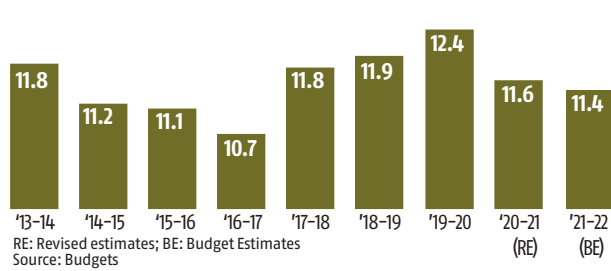
PENSIONS HAVE GROWN FASTER THAN THE DEFENCE BUDGET



CENTRAL GOVERNMENT HAS WITNESSED A SIMILAR TREND



IN STATES, PENSIONS ACCOUNT FOR A TENTH OF REVENUE SPENDING



POST-OFFER PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS OF

HexaTradex Limited

(CIN: L51101UP2010PLC042382)

Registered Office: A-1, Nandgaon Road, UPSIDC Industrial Area, Kosi Kalan, Mathura - 281 403 Uttar Pradesh, India

Corporate Office: Jindal Centre, 12 Bhikaji Cama Place, New Delhi - 110 066, India

Tel: +91 11 2618 8360; Fax: +91 11 2617 0691

Website: www.hexatradex.com, Email: contactus@hexatradex.com

Contact Person: Mr. Pravesh Srivastava, Company Secretary

This post offer public announcement (the “**Post Offer Public Announcement**”) is being issued by Sundae Capital Advisors Private Limited (“**Manager**” or “**Manager to the Offer**”) for and on behalf of the Siddheshwari Tradex Private Limited (“**Acquirer 1**”), Innex Global Multiventures Private Limited (“**Acquirer 2**”), Opeline Sustainable Services Private Limited (“**Acquirer 3**”), JSL Limited (“**Acquirer 4**”) (Acquirer 1, Acquirer 2, Acquirer 3 and Acquirer 4 are collectively referred to as the “**Acquirers**”) and other members of promoter and promoter group of Hexa Tradex Limited to the public shareholders as defined under Regulation 2(1)(t) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (“**SEBI Delisting Regulations**”) (“**Public Shareholders**”) of Hexa Tradex Limited (the “**Company**”) in respect of the acquisition of the fully paid up equity shares of the Company with a face value Rs. 2 (Indian Rupees Two) each (“**Equity Shares**”) that are held by the Public Shareholders and consequent voluntary delisting of the Equity Shares BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”) (BSE and NSE are collectively referred to as the “**Stock Exchanges**”) pursuant to Regulation 17(4) and other applicable provisions of SEBI Delisting Regulations (“**Delisting Offer**”). This Post Offer Public Announcement is in continuation to and should be read in conjunction with the detailed public announcement published on June 10, 2022 (the “**Detailed Public Announcement**”) in Business Standard - English and Hindi (all editions) and Mumbai Lakshadweep - Marathi (Mumbai edition), the letter of offer dated June 10, 2022, (the “**Letter of Offer**”), corrigendum to the Detailed Public Announcement and Letter of Offer published on June 21, 2022 (the “**Corrigendum**”) and the public notice published on June 22, 2022 (the “**Public Notice**”).

Capitalized terms used but not defined in this Post Offer Public Announcement shall have the same meaning assigned to them as in the Detailed Public Announcement and the Letter of Offer.

The Acquirers, along with other members of promoter and promoter group of the Company, issued the Detailed Public Announcement to acquire up to 2,03,73,648 (Two Crore Three Lakh Seventy Three Thousand Six Hundred Forty Eight) Equity Shares (“**Offer Shares**”) representing 36.88% (Thirty Six decimal Eight Eight per cent) of the total Listed capital of the Company from the Public Shareholders pursuant to Part B of Chapter III read with Chapter IV and other applicable provisions of the SEBI Delisting Regulations and other applicable terms of the Detailed Public Announcement and Letter of Offer. The Public Shareholders holding Equity Shares of the Company were invited to submit their Bids pursuant to the Reverse Book Building process (“**RBBP**”) as prescribed in the SEBI Delisting Regulations through the Stock Exchange Mechanism during the Offer Period (i.e. from June 21, 2022 to June 27, 2022), in accordance with the SEBI Delisting Regulations.

- DISCOVERED PRICE**

In terms of Regulation 20(2) and other applicable provisions of the SEBI Delisting Regulations, the Floor Price for the Delisting Offer was determined to be Rs.153.16 (Indian Rupees One Hundred Fifty Three and Sixteen Paise) per Equity Share and the Indicative Price provided by the Acquirers was Rs 156 (Indian Rupees One Hundred Fifty Six) per Equity Share. As per Regulation 20(1), read with Schedule II and other applicable provisions of the SEBI Delisting Regulations, the discovered price for the Delisting Offer has been determined to be Rs.172 (Indian Rupees One Hundred Seventy Two) per Equity Share (“**Discovered Price**”). In terms of Regulation 22 and other applicable provisions of the SEBI Delisting Regulations, and in exercise of their discretion, the Acquirers have accepted the Discovered Price of Rs.172 (Indian Rupees One Hundred Seventy Two) per Equity Share as the final price for the Delisting Offer (“**Exit Price**”).
- SUCCESS OF THE DELISTING OFFER**
 - In accordance with Regulation 21(a) of the SEBI Delisting Regulations, the Detailed Public Announcement and Letter of Offer; the Delisting Offer would be deemed to be successful only if a minimum number of 1,48,47,851 (One Crore Forty Eight Lakh Forty Seven Thousand Eight Hundred Fifty One) Offer Shares are validly tendered at or below the Exit Price, and are acquired so as to cause the cumulative number of Equity Shares held by the Acquirer together with the promoters and the promoter group of the Company post the acquisition, through the Acquisition Window Facility, to be equal to or in excess of 4,97,18,907 (Four Crore Ninety Seven Lakh Eighteen Thousand Nine Hundred Seven) Equity Shares representing 90% (Ninety per cent) of the fully paid up share capital of the Company, excluding such Equity Shares in terms of Regulation 21(a) of SEBI Delisting Regulations (“**Minimum Acceptance Condition**”). In the RBBP, 1,60,24,419 (One Crore Sixty Lakh Twenty Four Thousand Four Hundred Nineteen) Equity Shares have been validly tendered at or below the Exit Price, which is higher than the Minimum Acceptance Condition threshold of Equity Shares to be acquired in the Delisting Offer.
 - The Acquirers shall acquire all Equity Shares tendered through valid Bids at the Exit Price and post completion of the acquisition, the shareholding of the Acquirers together with the promoters and promoter group of the Company shall be 5,08,95,475 (Five Crore Eight Lakh Ninety Five Thousand Four Hundred Seventy Five) Equity Shares representing 92.13% (Ninety Two decimal One Three per cent) of the fully paid up equity share capital of the Company, which would exceed the Minimum Acceptance Condition threshold required for Delisting Offer to be successful in terms of Regulation 21(a) and other applicable provisions of the SEBI Delisting Regulations.
 - RCMC Share Registry Private Limited, Registrar to the Delisting Offer has confirmed the Dispatch of the Letter of Offer and Bid Form to all the Public Shareholders as on the Specified Date i.e. June 03, 2022.
 - The Delisting Offer is thus deemed to be successful.**
 - All the Public Shareholders of the Company who have validly tendered their Equity Shares at or below the Exit Price of Rs. 172/- (Indian Rupees One Hundred and Seventy Two Only) per Equity Share will be paid the consideration at the Exit price of Rs. 172/- (Rupees One Hundred and Seventy Two Only) per Equity Share. The last date for payment of consideration to all such Public Shareholders (in respect of whom no regulatory approvals are required) and whose Bids have been accepted will be July 06, 2022.
 - The Equity Shares of the Public Shareholders whose Bids have been rejected in the RBBP, their demat shares or the physical shares would be returned to them in accordance with Methods of Settlement contained in the Detailed Public Announcement and Letter of Offer read along with SEBI Circulars, on July 06, 2022. Public Shareholders will have to ensure that they keep their depository participant account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or non-acceptance of Equity Shares under the Delisting Offer.
- OUTSTANDING EQUITY SHARES AFTER DELISTING**
 - In accordance with Regulation 26 and other applicable provisions of the SEBI Delisting Regulations, all Public Shareholders of the Company who did not or were not able to participate in the RBBP or who unsuccessfully tendered their Equity Shares in the RBBP (“**Residual Shareholders**”) will be able to offer their Equity Shares to the Acquirers at the Exit Price for a period of 1 (one) year following the date of delisting of Equity Shares from the Stock Exchanges (“**Exit Window**”).
 - If the Public Shareholders have any query with regard to the Delisting Offer and / or Exit Window they should consult the Manager to the Offer or Registrar to the Offer as per the details given below.

The Post Offer Public Announcement is expected to be available on the websites of BSE i.e. www.bseindia.com and NSE i.e. www.nseindia.com

MANAGER TO THE DELISTING OFFER	REGISTRAR TO THE DELISTING OFFER
<div>SUNDAE</div> <div>Sundae Capital Advisors Private Limited</div> <div>SEBI Regn. No.: INM000012494</div> <div>Level 11, "Platina", Plot No. C - 59 'G' Block, Bandra Kuria Complex, Bandra (East) Mumbai - 400 051, Maharashtra, India</div> <div>Tel.: +91 96 6785 9191</div> <div>E-mail: hexa.delisting@sundaeacapital.com</div> <div>Investor Grievance e-mail id: grievances.mh@sundaeacapital.com</div> <div>Website: www.sundaeacapital.com</div> <div>Contact Person: Nitin Somani / Anchal Lohia</div>	<div>RCMC</div> <div>RCMC Share Registry Private Limited</div> <div>SEBI Regn. No.: INR000000429</div> <div>B-25/1, Okhla Industrial Area, Phase -2, Near Rana Motors, New Delhi - 110 020</div> <div>Tel.: +91 11 2638 7320 / 21 Fax: +91 11 2638 7322</div> <div>E-mail ID: investor.services@rcmcdelhi.com</div> <div>Website: www.rcmcdelhi.com</div> <div>Contact Person: Murlu Dharan Nair</div>

For and on behalf of Acquirers to the Offer

Siddheshwari Tradex Private Limited

Sd/-

Naresh Kumar Agarwal

Whole- Time Director, Chief Financial Officer & Company Secretary

Place: New Delhi

Date: June 28, 2022

Sd/-

Ranjit Malik

Director