

Highway construction pace at all-time high of 23 km a day

SURYA SARATHI RAY
New Delhi, April 5

THE NITIN GADKARI-LED ministry of road transport and highways' (MoRTH) steps to boost highway construction have yielded results, with the pace of highway construction reaching an all-time high of 23 km a day in 2016-17, up from 16.61 km a day in 2015-16.

The pace, however, was still way lower than what was required to meet the construction target of 41 km a day set by MoRTH for this fiscal.

However, undeterred by the shortfall in target, Gadkari set the construction target for the current fiscal at 41 km a day.

The minister had earlier attributed the slow pace of highway construction to problems in land acquisition and utility

Highway construction & awards (in km)



any highway project unless 90% of the land is available.

Apart from the continued torpor in private investments — build-operate-transfer (BOT) projects have barely kicked off and the hybrid annuity model that mitigates developers' risk too has seen only moderate success. Over-optimistic targets were also to blame for the slippage, analysts said. The construction target for 2016-17 was 2.5 times what was accomplished in the previous fiscal.

The government has taken several steps to address the private investment famine in the sector. It eased the exit policy for developers to enable them invest in new projects and introduced the hybrid annuity model where the Centre bears 40% of the project cost.

construction would be higher in the subsequent years as awards of projects were higher in the last two fiscals. Unlike in the past, MoRTH or NHAI, two implementing agencies, do not award

shifting, non-availability of aggregates, poor performance of contractors and delay in various clearances.

Sources in the ministry said that the pace of highway con-

LTCG: Draft notification ambiguous

FE BUREAU
Mumbai, April 5

WHILE THE GOVERNMENT on Monday came out with the much-awaited clarification on the anti-abuse measures in the Finance Bill, 2017, vis-à-vis long-term capital gains (LTCG) tax exemption, the draft notification is pretty ambiguous and does little to address investor concerns.

Firstly, in what experts call a very avoidable situation, the government has come out with a 'draft' and sought views on an amendment that has already come into effect from April 1. So, between April 1 and the date when the final notification will be released, investors wouldn't know whether their acquisition of shares would fall within the government's definition of 'genuine transactions' and hence whether or not their gains would attract LTCG tax. "Decisions in capital markets need to be taken real time and the delay in finalisation of the notification plus lack of clarity is leading to uncertainty for investors wanting to exit their positions as well as other intermediaries in the financial markets ecosystem," said

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a company is not entered through a recognised stock exchange". This broad definition virtually includes all off-market transactions and nullifies the government's clarification that genuine cases, wherein STT couldn't have been paid at the time of acquisition, would continue to be exempted from LTCG tax.

"The open wordings of the second clause of the draft notifi-

cation may have wider ramifications. On a literal reading, it could encompass both primary as well as secondary transactions, including genuine transactions such as purchase of shares under ESOP, fresh fund raise by listed companies from promoters or financial investors during downturn, genuine off-market purchases such as share acquisitions where price also include control premium, off-market purchase-sale within family either from the perspective of family arrangement or securing funds, off-market purchase-sale between promoter and strategic/financial investors, etc," said Ravi Mehta, Partner, Grant Thornton India.

Desai too added that the clause in the draft notification about listed shares not purchased through the stock exchange, requires additional clarity so that the intent of the government that genuine cases are protected is fully achieved.

In order to prevent misuse via 'sham transactions', the government had, in the Finance Bill, proposed to amend the Income Tax act to allow LTCG exemption only when securities transaction tax (STT) had been paid.

NOCs for LPG distributors in a month

SARABH KUMAR
New Delhi, April 5

TO ENSURE THAT all the 73% of the households across the country having liquefied petroleum gas (LPG) connections are serviced and new consumers are added at a brisk pace, the central government has issued guidelines to district authorities to take a decision of either providing or rejecting no-objection certificates for prospective distributors within a month after receiving applications.

The ministry of commerce and industry has, through a November, 2016 notification, made it mandatory for distributorship applicants to obtain NOCs for LPG godown site plans from a defined district authority or district magistrate prior to applying for construction of godown approval to the Petroleum and Safety Organisation (PESO) under the Gas Cylinder Rules, 2016.

The country has around 18,390 distributors at present.

'Traffic, toll collection growth to drive road asset sales'

Top three deals in last 2 years

Developer	IJM Berhad & CIDB	IJM Berhad	NCC & Soma
Name of the SPV	Swarna Tollways Pvt Ltd	Jaipur Mahua Tollway	Bangalore Elevated Tollway
Name of the buyer	Macquarie	Cube Highways	IDFC Alternatives
Enterprise valuation (₹ cr)	1,034.3	849.6	750

FE BUREAU
Mumbai, April 5

RATINGS AGENCY ICRA on Wednesday said that a healthy growth in traffic, combined with a 10-11% growth in toll collections, is expected to drive asset sales in the roads sector.

"The valuations have improved following a favourable outlook on toll collections and a decline in interest rates," K Ravichandran, senior VP and group head, corporate ratings, ICRA, said, adding that asset sale transactions are expected to gather further momentum.

In a note, ICRA also said that about 20 road assets worth ₹1,327 crore were sold off in the last two years as a result of the government's decision in 2014 to allow debt-ridden road developers to exit their projects after two years of completion of construction. In comparison, just ₹7,000 crore of asset sales took place in the four years preceding this period.

ICRA named Brookfield Asset Management (Canada), Canadian pension funds, Macquarie (Australia), ISQuared Capital (US), Cube Highways, Abertis Infraestructuras (Spain) and IDFC Alternatives as the major investors currently looking for assets within a month after receiving applications.

Global pension funds are also increasingly looking at acquiring road assets and staying invested for the long term.

Shubham Jain, VP and sector head, Corporate Ratings, ICRA, said: "The M&A opportunities in the roads sector are the highest among various infrastructure sub-sectors with around 881 operational national highways pro-

jects totalling 7,192 km with a total project cost of ₹69,327 crore, and median operational track record of four years. Projects awarded before 2009 are ideal candidates for the asset sale."

ICRA said that of the 20 projects, three were state road projects while the remaining were national highway projects. Out of 17 national highway projects, 16 were awarded before 2009 and are the direct beneficiaries of the policy decision on relaxation of the exit policy for projects awarded before 2009 in May 2015. The agency noted that in about 31% of the transactions, the return to the developers was negative, indicating a loss on their investments. Developers with a weak credit profile were the ones who disposed off their assets at a loss as liquidity took precedence over profit-making.

The ones with highest returns were secondary sale transactions wherein the sponsors were private equity investors. In May, 2015, the Cabinet Committee on Economic Affairs (CCEA) relaxed the exit policy for projects awarded before 2009, allowing 100% equity divestment by developers as against 74% earlier. The move not only attracted private equity players who were more comfortable owning 100% in projects, but also enabled the unlocking of additional 26% of the developers' equity invested in about 5,600 km of national highway projects, awarded under the public-private partnership (PPP) mode. ICRA noted that this could result in freeing up of an additional ₹4,500 crore of equity.

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GM's Halol plant set for peaceful transition: Guj

FE BUREAU
Ahmedabad, April 5

THE GUJARAT GOVERNMENT has expressed confidence that the General Motors' Halol plant will witness a "peaceful" transition for its workers moving to the company's Talegaon plant by May 15, even as a section of workers continues to protest against the move.

Transfer orders were handed out to the employees about two weeks ago, but some workers have protested against it, claiming that the company has not communicated "clearly" with them regarding the change in their salaries.

Meanwhile, China's largest automaker SAIC Motor Corp, on Wednesday, in a filing with the Shanghai Stock Exchange, said it had signed a formal agreement to buy a General Motors factory in India. The company had, for long, been in talks with GM to buy the Halol unit, but only if the plant came without the employed workers.

A senior official of the Gujarat government's Labour department told FE, "Of the 550

workers at the Halol plant, about 450 are ready to move to Talegaon. In Halol, the average salary for a worker is ₹33,000 per month. About two months back, a settlement was reached between the company and the workers for increasing their salary by ₹9,000 each month. At the Talegaon plant, workers are being paid ₹55,000 and the Halol workers want an assurance that they will also be paid the same amount. The company is also willing to give them the assurance, in writing, that they will be paid the same amount, but they are hesitant to declare it since then the workers could make other demands."

Claiming the matter to be "very sensitive", the official refused to be identified. Speaking to FE, Rachit Soni, president, General Motors' Employee Union, said, "We have been on a hunger strike for more than 15 days now, protesting against the forced transfer. If the Gujarat government wanted, they could easily make the company stop this injustice, but the government is supporting the company."

CBDT clarifies on cash curb, Aadhaar

FE BUREAU
NEW DELHI, APRIL 5

AMONG SEVERAL CHANGES made in the Finance Bill, 2017 to discourage cash transactions, the government has cut the presumptive taxation rate to 6% from 8% for the amount of turnover realised through cheque and digital mode, the Central Board of Direct Taxes (CBDT) said in a statement. Additionally, the Finance Bill prohibits businesses from claiming depreciation allowance or investment-linked deduction if the capital expenditure in cash exceeds ₹10,000, while halving the limit for revenue expenditure in cash to ₹10,000.

CBDT reiterated that a person cannot receive more than ₹2 lakh in cash and a contravention will attract penalty of a sum equal to the amount of such receipt.

The legislative provisions are directed at small taxpayers including those that avail presumptive taxation scheme. While a regular business is required to maintain books of account, the small taxpayers under the presumptive taxation scheme are exempt from the same, and are taxed on a declared income at a prescribed rate.

Further, CBDT reiterated that a person cannot receive more than ₹2 lakh in cash and a contravention will attract penalty of a sum equal to the amount of such receipt. However, it clarified that the restriction was not applicable to any receipt by government, banking company, post office savings bank or co-operative bank. The restrictions will also not apply to withdrawal of cash from a bank, cooperative bank or a post office savings bank.

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Email: cs@mandhanaretail.com • Website: www.mandhanaretail.com

NOTICE OF POSTAL BALLOT

Members are hereby informed that pursuant to provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification or re-enactment thereof for the time being in force, the Company has on 3rd April, 2017 completed the dispatch of the Postal Ballot Notice (Notice), along with the Postal Ballot Form through email to the Members whose email IDs are registered with the Depository Participants or with the Company's Registrar and Share Transfer Agent and in physical mode to the other Members along with the self-addressed Business Reply envelope at their registered address by the permitted mode, seeking approval of the Members for passing Ordinary Resolution by way of Postal Ballot, including voting through electronic means (e-voting) for appointment of Mr. Manish B. Mandhana as the Chief Executive Officer (CEO) of the Company.

The Postal Ballot Notice along with the Postal Ballot Form has been sent to the Members whose names appear in the Register of Members/ List of beneficial owners as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on close of business hours on Friday, 24th March, 2017 (the cut-off date). Likewise, the Members whose names appear as on the cut-off date will be considered for the purpose of voting and those who are not a member on the said date shall treat this Postal Ballot Notice for information purpose only.

In compliance with the provisions of Section 108 and 110 of the Companies Act, 2013 read with rules made thereunder and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members a facility to exercise their right to vote by electronic means through e-voting for the resolution proposed to be passed in Postal Ballot. The Company has appointed CDSL as agency in respect of e-voting for the Postal Ballot. The voting, both through Postal Ballot and e-voting shall commence from Wednesday, 5th April, 2017, 9:00 a.m. and shall end on Thursday, 4th May, 2017 at 6:00 p.m.

The Members holding shares in Physical/Demat form can opt to exercise their voting rights either through Physical Ballot or through e-voting. The detailed procedure for e-Voting is given in the Notice/ e-mail sent to Members.

Members desirous of voting through Postal Ballot Form are requested to carefully read the instructions printed on the Postal Ballot Form, record their assent or dissent therein and return the said Form duly completed, in the self-addressed postage pre-paid envelope, so as to reach the Scrutinizer on or before the close of working hours i.e. 6:00 p.m. on Thursday, 4th May, 2017. Postal Ballot Forms received thereafter will not be considered. Similarly, the e-voting can be exercised till 6:00 p.m. on Thursday, 4th May, 2017. The e-voting module shall be disabled by CDSL for voting thereafter. The Scrutinizer will submit his report after the completion of the scrutiny of the Postal Ballots (including e-voting). The result of Postal Ballot (including e-voting) will be announced on/before Saturday, 6th May, 2017 on or before the close of the business hours at the Registered / Corporate Office of the Company and the same will be placed on the website of the Company i.e. www.mandhanaretail.com, website of CDSL i.e. www.evotingindia.com and will be communicated to the Stock Exchanges where shares of the Company are listed.

Members who have not received the Postal Ballot forms or who require a duplicate copy of the Postal Ballot Form, may obtain the same from the Corporate Office of the Company mentioned above or send an email at cs@mandhanaretail.com mentioning his/her Folio No. or DP ID and Client ID No. The Postal Ballot Notice and Postal Ballot Form are also available on the Company's website at www.mandhanaretail.com and on website of CDSL at www.evotingindia.com.

Any queries/grievances pertaining to voting by Postal Ballot can be addressed to the Company Secretary at the Corporate Office address mentioned above or by sending an email at cs@mandhanaretail.com. In case of queries/grievances connected with e-voting, the Members may refer the Frequently Asked Questions ('FAQs') and e-voting manual available at www.evotingindia.com or write an email at helpdesk.evoting@cDSLindia.com or contact CDSL at the toll free no.: 18002005533 or contact Mr. Rakesh Dalvi, Deputy Manager, Central Depository Services (India) Limited, 16th Floor, Pheroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001 at the designated email id: helpdesk.evoting@cDSLindia.com.

BY ORDER OF THE BOARD OF DIRECTORS
For THE MANDHANA RETAIL VENTURES LIMITED
VIRENDRA VARMA
(COMPANY SECRETARY)

Place : Mumbai
Date : 4th April, 2017



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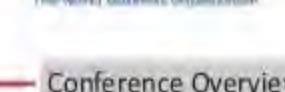
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