Data stickiness may see users absorb mobile tariff hike

Industry Arpu may breach ₹200 mark in FY25

SUBHAYAN CHAKRABORTY
New Delhi, 1 July

Consumers are unlikely to disconnect their mobile connections and will most likely absorb the up to 22 per cent tariff hike imposed last week by Jio, Airtel, and Vodafone Idea (Vi), according to analysts.

The last major tariff hike in 2021 was followed by a 4-5 per cent SIM consolidation, with people leaving mobile operators with more expensive plans for their peers offering comparatively affordable options. But, the churn will be lower this time as most of the market is already consolidated, investment banking firm JP Morgan said in a note. On Friday, Bharti Airtel and Vodafone Idea (Vi) increased mobile tariffs by up to 21 per cent, just a day after market leader Reliance Jio implemented an across-the-board tariff hike of 20-25 per cent. This has narrowed Jio's discount to its competitor to 15 per cent from earlier 20 per cent.

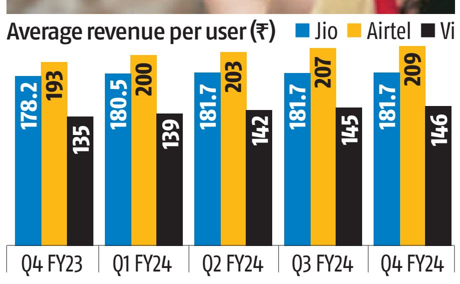
Brokerage house Axis Capital echoed the sentiment, arguing the quantum of hike was manageable for both urban and rural users, especially as data usage was sticky. "While we have taken Bharti (Airtel) as the base case, even Jio's higher increase in tariffs and 5G monetisation are unlikely to have much impact on household expenditure," it said in a research note.

Axis said the tariff hike would lead to an additional inflow of ₹45,600 crore in the next 12 months, but the impact on overall inflation would be low.

All three telecom firms would face lower downgrading risks as a result, Bank of America said. Vi, however, remains most vulnerable to subscriber churn. While Airtel has raised tariffs by a lesser margin than Jio's 12-25 per cent, it has hiked its 2G subscription plans as well, a category Jio hasn't touched.

Industry Arpu to rise

An analysis by CareEdge Ratings estimated that the revised tariffs would improve the blended average revenue per user (Arpu) of telecom companies by 15 per cent to ₹220 in (FY25), up from about ₹191 in FY24. "Our analysis expects every ₹1 increase in Arpu to add about ₹1,000 crore to the industry's profit before interest lease depreciation and tax (PBILDT)."



Source : Companies

Trade union stalls stir plan at Tata Steel's Port Talbot

ISHITA AYAN DUTT
Kolkata, 1 July

UK trade union Unite on Monday suspended industrial strike action at Tata Steel's operations in South Wales slated for next week.

In a statement, the trade union said its current industrial action at Tata Steel in South Wales has been paused.

"The decision follows confirmation from Tata, arising from high-level talks throughout the weekend, that it was now prepared to enter into negotiations about future investment for its operations and not just redundancies, in South Wales, including at Port Talbot," the Unite statement said.

Unite is the Labour party's biggest trade union backer and one of the three unions at Tata Steel's Port Talbot plant

Unite general secretary Sharon Graham termed it a "significant" development in the battle to protect jobs and long-term future of steel-making in South Wales. "Investment from Labour secured by Unite will be key to the future of the site," Graham said. General elections in the UK is scheduled for July 4 and Unite is the Labour Party's biggest trade union backer. Unite is one of the three unions at Tata Steel's Port Talbot plant.

About 1,500 Unite members at Tata Steel in South Wales began an overtime ban and work-to-rule on June 17 and were due to start an all-out indefinite strike from July 8. "Both forms of industrial action have been paused," the trade union said.

User experience may be hit over digital competition Bill

ASHUTOSH MISHRA
New Delhi, 1 July

The unbundling requirements under the draft digital competition Bill (DCB) may compromise the overall user experience of digital platforms, argued a study on the proposed legislation. "The designation of systematically significant digital enterprises (SSDEs) is expected to bring in changes in the product architecture, hence various services currently available in one single app may need to be accessed individually," said the report by CUTS Institute for Regulation and Competition (CUTS CIRC), a think tank. The current version of the Bill identifies bundling and tying of digital services among a list of 10 anti-competitive practices (the ACPs) undertaken by large digital enterprises to abuse and consolidate their position in digital markets. The study suggests that this requirement would detract from the seamless experience consumers currently enjoy, increasing the effort and time required to use digital services. 13 platforms, including Zomato, Swiggy, Paytm, MakeMyTrip, Flipkart, JioSaavn, and Pharmeasy, would fall under the DCB's purview, according to the study's interpretation of the Bill's conditions. The draft Bill specifies that large digital platforms providing core services will be designated as SSDEs if they meet certain financial and user thresholds. The report highlights how the Bill may affect Indian companies, as well as global tech giants, using Paytm as an example. Under the proposed regulations, Paytm would be required to "unbundle" its services.

A first: Air India to set up flying school

DEEPAK PATEL
New Delhi, 1 July

Air India (A-I) on Monday said it is setting up a flying training organisation (FTO) at Amravati in Maharashtra to produce pilots for planes the airline and other carriers are going to receive in coming years.

The flying training organisation will be operational by Q1FY26 and will look to train 180 commercial pilots every year

This makes A-I the first airline to have its own FTO in India. "The Directorate General of Civil Aviation (DGCA)-licensed FTO at Amravati's Belora airport will be operational by the first quarter of 2025-26 (FY26) and will target to graduate 180 commercial pilots every year," the airline said. To meet the growing demand in the country's air travel market, Indian carriers have made four significant aircraft orders since last year. In February 2023, the Tata-run A-I group placed an order for 470 planes: 250 with Airbus and 220 with Boeing. In June last year, IndiGo placed the world's largest aircraft order by signing a deal for 500 A320neo family planes from Airbus. In January this year, new airline Akasa Air placed an order for 150 B737 Max aircraft with Boeing. Three months later, IndiGo placed another order with Airbus for 30 A350-900 wide-body aircraft. The A-I FTO will have 31 single-engine aircraft and three twin-engine planes for training.

"Air India has been awarded a tender by the Maharashtra Airport Development Company (MADC) to establish and operate this FTO at Amravati for a period of 30 years," the airline stated.

'Have strong pipeline of AI-led deals'

Mid-sized IT services company Sonata Software expects to grow above industry rates with growth bouncing back in the second half of the current financial year. **JAGANNATHAN CHAKRAVARTHI**, chief financial officer, Sonata Software, talks about the outlook for FY25, deal pipeline, and artificial intelligence (AI) strategy, in an interview with **Ayushman Baruah** in Bengaluru. Edited excerpts:

Q&A

JAGANNATHAN CHAKRAVARTHI
Chief financial officer, Sonata Software

What is Sonata Software's outlook for FY25 and what are the factors driving it?

The industry is expected to witness a 5-6 per cent year-on-year (Y-o-Y) growth in FY25. At Sonata Software, we are confident of beating this guidance handsomely. The first two quarters (H1FY25) could witness softness as a result of macro-economic uncertainties, delay in decision-making due to cautionary spends, time to ramp up new deals in Quant Systems (the company it acquired last year), and the seasonal impact of business in Quant. We remain optimistic about our long-term growth prospects, bouncing back in H2FY25 with sturdy growth and improved margin performance.

This growth will be guided by our strong pipeline and a solid book-to-bill ratio along with the complementary strength of Sonata Software's India business. We remain committed to our investment of 1.5-2 per cent of revenue every quarter towards organisational scale and skillset building in Generative AI (GenAI) and Microsoft Fabric, helping us sustain a competitive edge and industry-leading growth in coming years.

How do you see the deal pipeline?

The current pipeline remains robust, with 40 per cent consisting of large deals (multi-year contracts valued at over $5 million). Notably, the pipeline from GenAI and Microsoft Fabric will contribute more than $50 million each.

Which industry verticals will drive growth in the next few quarters?

In terms of sectors, Sonata Software's Hi-Tech and Healthcare Life Sciences verticals will continue to deliver strong growth during FY25. Additionally, the BFSI vertical is expected to rebound, driven by factors such as the anticipated US Fed rate cut and the presidential election.

How are you strengthening your AI strategy and any updates on Harmoni.ai's offering?

As part of our AI strategy, we continue to invest 2 per cent of our revenue in developing use cases and industry and function-specific solutions, delivering value-added service and cost savings to our customers in return. We have a strong pipeline of more than $50 million AI-led deals, with projects being pursued with some of our clients in the Retail, Telecom, Healthcare and Hi-tech verticals. Since its launch in July 2023, we have enhanced Harmoni.AI with features that reinforce its responsible-first AI approach and promote GenAI adoption for sustained benefits.

APPOINTMENTS