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ARGL OWES NEARLY ₹360 CRORE TO SBI, ₹900 CRORE TO OTHER LENDERS

With NCLT go-ahead, Amtek Group firm set to undergo insolvency process again

AASHISH ARYAN
NEW DELHI, DECEMBER 8

SETTING THE ball re-rolling on corporate insolvency resolution process (CIRP) of Amtek Group, the Principal Bench of National Company Law Tribunal (NCLT) has approved a resolution plan for Amtek Auto subsidiary ARGL (Amtek Ring Gears Limited).

The bid, submitted by Investment Opportunities IV Private, was approved by the lenders to the company on June 4 this year.

ARGL was dragged to NCLT by the State Bank of India (SBI) in 2017 for defaulting on loans worth nearly Rs 360 crore. Apart from SBI, the company owes nearly Rs 900 crore to other lenders as well.

In March 2018, the Principal Bench of NCLT agreed that a default had indeed occurred and admitted the company for resolution under the Insolvency and Bankruptcy Code (IBC).

UK-based Liberty House was then chosen as the highest bidder for the company by the lenders on August 30, 2018. It

EXPLAINED

E. Liberty House could face action for backing out

THE APPROVAL of a fresh resolution plan for ARGL could set a precedent for companies which don't get financially viable plans in the first round of bidding.

With Liberty House out of bidding for both Amtek Auto and ARGL, the Insolvency and Bankruptcy Board of India is likely to move swiftly to initiate action against it for not pursuing its resolution plan after approval by the lenders and NCLT.

was subsequently invited by the resolution professional (RP) to start the process of taking over the company.

Liberty House, however, refused to submit a bank guarantee and expressed its inability to submit the said amount, citing differences in the data about ARGL given to them and the ground realities.

Following this, the RP had moved the adjudicating authority asking it to cancel Liberty House's bid. The same was al-

lowed by NCLT, with an observation that "the somersault taken by Liberty House had put the whole resolution process and the machinery to quandary".

Later, the National Company Law Appellate Tribunal (NCLAT) too censured Liberty House for failing to go through with the resolution plan.

Hearing an application moved by Liberty House against the remarks made by NCLT, a two-member Bench led by Chairperson Justice SJ

Mukhopadhyaya that the company was a "failure party" with a "bad reputation".

"You are a failure party ... dragging your feet. You are in bad reputation. We will not allow you to take advantage of the appellate tribunal," the appellate tribunal had then said.

Apart from ARGL, Liberty House Group had also bid for the flagship Amtek Auto. However, the Sanjeev Gupta-led group also withdrew this bid after an approval by the Committee of Creditors (CoC), citing reasons similar to the ARGL case.

The CIRP process of Amtek Auto was initiated on July 24, 2017. A full year later, on July 25, 2018, the lenders to the company approved a Rs 4,025-crore resolution plan submitted by Liberty House.

The plan had envisioned an upfront payment of Rs 3,225 crore and a fresh infusion of Rs 500 crore for stabilising and improving operations.

When the CoC and the RP of Amtek Auto moved applications for initiation of implementation of the plan, Liberty House had again backtracked citing "blatant

discrepancies in the condition of machineries, valuations, and representations made in the information memorandum and valuation reports".

Due to lack of any other viable bids, the NCLAT had in August this year cleared the way for liquidation of the company and had asked the Chandigarh Bench of the NCLT to proceed in accordance with law.

Though the liquidation order was initially halted by the Supreme Court, it had recalled its order allowing the RP to call for fresh bids, on December 2, after it was informed that there were not three, but only one resolution plan.

"We cannot modify our order. It will have to be a total recall. Someone want to get back-door entry is not right. This is something we never expected" the SC had then said.

Amtek Auto has a debt of Rs 12,603 crore and was among the first list of 12 companies that the Reserve Bank of India had asked banks to take action against. The liquidation value of its assets was determined at Rs 4,119 crore.

MARKET WATCH

FPIs NET SELLERS IN DEC SO FAR

New Delhi: Foreign portfolio investors (FPI) turned net sellers in December so far, with depositories data showing they pulled out a net sum of Rs 1,668.8 crore from equities, but invested Rs 1,424.6 crore on a net basis in debt, resulting in total net outflow of Rs 244.2 crore. **PTI**

INTERVIEW WITH MD & CEO OF BAJAJ ALLIANZ GENERAL INSURANCE

‘After Ayushman Bharat, govt should think of parametric solutions for loss from floods’

WITH THE frequency of floods across the country increasing over the last few years, there is a need to create awareness around it and cover the losses. TAPAN SINGHEL, MD & CEO of Bajaj Allianz General Insurance, told SANDEEP SINGH that while "we as a country is not realising how big a social issue it can become, we need to think of parametric solutions". He added that India as a country needs to become more obsessive about environment, law and order, healthcare and public transport to create a happy society. Excerpts:

Does the economic growth concern you?

Economic growth is critical as it results in upliftment. But to link economic parameters with external factors is not right. We have to see how to increase domestic consumption, how do we focus on societal aspect and get a more inclusive growth. I feel that if we focus more on health and happiness of people, and get these parameters right, then as a society and nation, we will be happier.

So you are worried that economic growth is not leading to a better society?

If you see, even though the consumption has risen and people have more disposable income, they are getting more meals, but the overall happiness seems to be missing. I believe that the measurement and indexing of economic growth are wrong. So, if you are not getting happier with more money coming to you, then you should not worry about what the GDP growth is, but we need to introspect as to whether we are on the right path. The economy, for me, is something that is self-fulfilling. I am not saying that we should get cut-off from the world. No, we should be open, but we have to set our benchmarks right and we must see what kind of economic growth we want.

So where should the priority lie?

Look at the pollution levels and its effects. If Singapore can control the number of vehicles on roads, why can't we decide on the number of vehicles that should ply on the road? Why can't we make public transport much better and conducive? Why can't we make law and order better so that people can live freely without any



"I feel that if we focus more on health and happiness of people, and get these parameters right, then as a society and nation, we will be happier"

TAPAN SINGHEL

fear and at the same time do things that improve the economy? I think the obsession and priority about these factors should be much higher.

Do you think the Ayushman Bharat scheme is helping on inclusiveness?

Because of Ayushman Bharat, now a common man has a sum insured of Rs 5 lakh and many hospital chains are saying that they will open 200-300 more hospitals. Earlier, they were not doing so because they did not know how they will get their revenue. The scheme makes that viable now and will help improve the healthcare across the country.

Hospital chains will open, there would be better healthcare available and more healthcare spend. So everyone benefits. In fact, those who can't afford are better placed today as they are covered under the government scheme. On the other hand, the penetration of health insurance among people who can afford is only 15 per cent.

After universal health, where do you think the government should focus?

Now we see that floods are going very frequently and I don't think we are realising how big a social issue it can become. If the home of an average man in the age of 50-60 years gets destroyed

by flood, he loses everything and at that age there is no way he can get it back.

However, if you add Rs 200,300 in the house tax and provide a cover, then all individuals impacted by flood can get money into their Jan Dhan account against the loss. There should be no survey etc. It is called parametric solution. If the loss by flood comes to around Rs 20,000 crore and insurance covers losses of around Rs 3,000 crore and government gives around Rs 1,000-Rs 2,000 crore, the total uncovered loss is around Rs 15,000 crore. Who has lost it? Its the poor and the kind of societal pressure that will come on that person is too big and there is no way to address that. If a parametric solution is provided, it will benefit millions of people and the nation as a whole.

How do you see growth for the industry in the absence of green shoots and lack of fresh investments in the economy?

General insurance is asset-based insurance and there is a direct correlation. However, while new business is slow, the old ones continue to be there and several areas are hugely under-penetrated and that will bring growth for the industry. I feel that the industry will continue to grow in double digits. If, somehow, the slowdown sustains for the next four-five years, then you will have a crunch in general insurance, because then the old vehicle numbers will also go down.

What role can the government play?

We have to look at government intervention. If you look at crop insurance, the claim outgo is 90-120 per cent. It is a very effective mechanism of distribution of government subsidy as the entire amount is going to the end user. My belief is that in a societal issue such as flood, government should take steps to create that kind of insurance programme which leads to massive awareness. It will not only lead to money flowing into the system but also solve these societal issues. In US, it is mandatory to have a cover for flood and cyclone and so penetration of home insurance in US is 95 per cent, here we have 1 per cent. Insurance and government have to work together to provide solutions that benefit the society.

BRIEFLY

‘IBBI will ensure regulations are grounded’

New Delhi: Emphasising that the insolvency law provides a new lifeline to save a company from premature closure, IBBI Chairperson M S Sahoo said the board will continue with efforts to develop best practices and ensure that regulations are "grounded on realities". More than three years after implementation of the Insolvency and Bankruptcy Code (IBC), which has brought in "significant behavioural changes among the stakeholders," he said there are early evidences of the Code delivering better outcomes than the erstwhile similar frameworks.

FY20: ‘Real GDP growth to be below 5%’

New Delhi: India's real GDP growth in 2019-20 fiscal is expected to be slightly below 5 per cent as the impact of stimulus measures will take time to filter through to the economy, IHS Markit has said. "Financial sector fragilities continue to weigh on India's economic growth momentum," IHS said in a report. **PTI**

‘Ready to take Trump’s tariff threat to WTO’

Paris: France is ready to go to the World Trade Organization to challenge US President Donald Trump's threat to put tariffs on champagne and other French goods in a row over a French tax on internet companies, its Finance Minister Bruno Le Maire said Sunday. **REUTERS**

Cost overruns of ₹3.89 lakh cr in 373 infra projects

As many as 373 infrastructure projects, each worth ₹ 150 crore or more, are hit by cost overruns of more than ₹ 3.89 lakh crore owing to delays and other reasons, according to the MoSPI's report for August 2019

1,634

Number of projects worth Rs 150 crore and above, monitored by the Ministry of Statistics and Programme Implementation (MoSPI)

687

Number of projects which reported cost overruns, for whom neither year of commissioning nor tentative gestation period has been reported

552

Number of projects which reported time escalation, of which: 181: were delayed by one to 12 months



128: were delayed by 13 to 24 months
127: were delayed by 25 to 60 months
116: were delayed by 61 months and above

₹23,29,746.02 cr
Anticipated cost of implementation of all projects

₹19,40,699.03 cr
Total original cost of

Source: PTI



After 9 months of output cuts, Maruti raises production by over 4%

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 8

MARUTI SUZUKI India (MSI) increased its production in November by 4.33 per cent, after having reduced output for nine straight months due to lower demand. The company produced a total of 1,41,834 units in November as against 1,35,946 units in the year-ago month, MSI said in a regulatory filing. Passenger vehicles' production last month stood at 1,39,084 units as against 1,34,149 units in November 2018, an increase of 3.67 per cent, it added.

Production of mini and compact segment cars, including Alto, new WagonR, Celerio, Ignis, Swift, Baleno and Dzire stood at 1,02,185 units as against 95,883 units in November last year, up 6.5 per

cent. However, production of mini segment cars, such as Alto and S-Presso, fell to 24,052 last month, compared with 30,129 in the year-ago month.

Production of utility vehicles such as Vitara Brezza, Ertiga and S-Cross, however, increased by 18 per cent to 27,187 units as compared to 23,038 units a year ago.

Mid-sized sedan Ciaz saw its output rise to 1,830 units in November from 1,460 units in the same month last year.

Light commercial vehicle Super Carry's production increased to 2,750 units last month from 1,797 units in November 2018, the filings said. In October, the automaker had cut its production by 20.7 per cent to 1,19,337 units.

Similarly, in September the automaker reduced its production by 17.48 per cent to 1,32,199 units.

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 8

THE DEPARTMENT of Telecommunications (DoT) has brought the issue of cutting licence fee for the telecom operators back on the table, despite the committee of secretaries not approving it.

Sources said that DoT would shortly move a proposal before the Digital Communications Commission (DCC) to reduce the universal service obligation fund (USOF) levy by 2 percentage points to 3 per cent.

If this happens, the licence fee which operators currently pay at 8 per cent of their adjusted gross revenue (AGR), would come down to 6 per cent. If the proposal is passed, it would provide a relief of around Rs 3,000 crore annually to the operators.

However, DoT has not taken

‘DoT to move proposal for cut in licence fee for telecom operators’

Sources said that DoT would shortly move a proposal before the Digital Communications Commission to reduce universal service obligation fund levy by 2 percentage points to 3 per cent

any decision so far on any reduction in the rate of spectrum usage charge. There has also been no decision so far on providing any relief on the Rs 1.47 lakh crore of AGR dues resulting from the Supreme Court's October 24 order.

Sources said since DCC is an inter-ministerial body, (apart from DoT, it has representatives from the Finance Ministry, Department for Promotion of Industry and Internal Trade, IT Ministry, and NITI Aayog), approval from it will be similar to approval from a body like a committee of secretaries.

Since the Telecom Regulatory Authority of India (Trai) has al-

ready recommended that the USOF levy be reduced by 2 percentage points, all that DoT has to do is to process it.

Trai had said since the general exchequer gets 3 per cent from the licence fee — the 5 per cent USO goes into the USO fund for improving rural telephony — government revenues won't be hit by any such reduction.

While giving its recommendations in 2015 for a cut in USOF levy, Trai had questioned the utilisation of the fund. It had noted that even after passage of more than 10 years, utilisation was well below 50 per cent. **FE**

‘Bharti Telecom seeks nod for ₹4,900 cr FDI’

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 8

BHARTI TELECOM, a promoter of Bharti Airtel, has sought government nod for the infusion of Rs 4,900 crore investment from Singapore-based Singtel and other foreign entities, a move that would make the country's oldest private telecom operator a foreign entity.

The fund infusion will enhance foreign stakeholding in Bharti Telecom to over 50 per cent that will make it a foreign-owned entity, an official source aware of the development told PTI. Sunil Bharti Mittal and his family own around 52 per cent stake in Bharti Telecom, at present.

Bharti Telecom holds around 41 per cent stake in Bharti Airtel while foreign promoter entities hold 21.46 per cent stake in the telecom firm. Public shareholders

have around 37 per cent stake in the company.

"Bharti Telecom has applied for infusion of Rs 4,900 crore in the company which includes investments from Singtel and some other foreign investors. With this Bharti Telecom will become a foreign entity as majority stake will be held by overseas investors. DoT is expected to approve this investment this month," the source said.

The Department of Telecom had earlier this year returned Bharti Airtel's FDI application as the company had not provided clarity on the foreign investor.

Total foreign shareholding is 43 per cent in Bharti Airtel, at present. With promoter firm Bharti Telecom becoming a foreign entity, foreign shareholding in the company will cross 84 per cent, the source said.

Bharti Airtel has already been in discussion with Singtel and other entities for fund infusion.

TRADE SURPLUS FOR NOVEMBER AT \$38.73 BILLION, AS 17-MONTH LONG TRADE DISPUTE WITH THE US HEIGHTENS RISKS OF GLOBAL RECESSION

China Nov exports fall, but import growth hints at recovering demand

GABRIEL CROSSLEY & SE YOUNG LEE
BEIJING, DECEMBER 8

CHINA'S EXPORTS in November shrank for the fourth consecutive month, underscoring persistent pressures on manufacturers from the Sino-US war but growth in imports may be a sign that Beijing's stimulus steps are helping to stoke demand.

The 17-month long trade dispute has heightened the risks of a global recession and fuelled speculation that China's policymakers

could unleash more stimulus as growth in the world's second-largest economy cooled to nearly 30-year lows.

Overseas shipments fell 1.1 per cent from a year earlier last month, customs data showed on Sunday, compared with a 1.0 per cent expansion tipped by a Reuters poll of analysts and a 0.9 per cent drop in October.

Imports unexpectedly rose 0.3 per cent from a year earlier, marking the first year-on-year growth since April and compared with a 1.8 per cent decline forecast by economists.

The better-than-expected import data may point to firming domestic demand and after factory activity showed surprising signs of improvement recently, although analysts have noted the recovery could be difficult to sustain amid trade risks.

China's trade surplus for November stood at \$38.73 billion, compared with an expected \$46.30 billion surplus in the poll and a \$42.81 billion surplus recorded in October.

Beijing and Washington are negotiating a first phase trade deal aimed at de-escalating a trade dis-

OVERSEAS SHIPMENTS DOWN 1.1%

■ Overseas shipments fell 1.1 per cent from a year earlier last month, customs data showed Sunday, as against a 1.0 per cent expansion tipped by analysts and a 0.9 per cent drop in October

pute but they continue to wrangle over key details.

A US House bill targeting China's camps for ethnic Muslim

minorities in Xinjiang and other bills supporting anti-government protesters in Hong Kong have also angered Beijing, further

clouding prospects for a deal.

US President Donald Trump said on Thursday trade talks with China are "moving right along," striking an upbeat tone even as Chinese officials held fast to their line that existing tariffs must come off as part of an interim deal.

Earlier in the week, though, Trump rattled global markets when he said a deal might have to wait until after the 2020 election.

Top White House economic adviser Larry Kudlow said on Friday that a December 15 deadline is still in place to impose a new round of US tariffs on some \$156

billion of China's remaining exports to the United States, but the president likes where trade talks with China are going, he added.

One Chinese official told Reuters that China will implement its own tariffs as a countermeasure if the December 15 tariffs go into place, which may dash any chance of a near-term trade deal.

Trump has demanded that China commit to specific minimum purchases of US agricultural products, among other concessions on intellectual property rights, currency and access to China's financial services markets.

China's trade surplus with the United States for November was recorded at \$24.60 billion, according to Reuters calculations based on customs data, easing from the previous month's surplus of \$26.45 billion.

China confirmed on Friday that it will waive import tariffs for some soybeans and pork shipments from the United States. Imports of copper rose 12.1 per cent on the previous month as an improvement in the manufacturing sector stoked higher demand for the red metal, customs data showed on Sunday. **REUTERS**