Protect interests of SW Solar's minority shareholders: Proxy advisory firm asks Sebi

SP Group calls Ingovern report 'malicious' and 'defamatory'

ENS ECONOMIC BUREAU
NEW DELHI, JANUARY 9

INGOVERN RESEARCH Services, a proxy advisory firm, has called for Sebi to force promoters of Sterling and Wilson Solar (SW Solar) to provide an exit offer to minority shareholders as the promoters failed on their commitment to repay loans to SW Solar from the proceeds of its IPO in August 2019, causing a sharp fall of 60 per cent in share prices of the company from its issue price.

The report released on Thursday states that promoters of SW Solar — a Shapoorji Pallonji (SP) Group firm — did not fulfill their obligations to repay loans amounting to Rs 2,563 crore to SW Solar within 90 days of listing of the company. Through the IPO, the promoters had raised Rs 2,850 crore in August when SW Solar was listed.

The report said while the objects of the offer for sale stated that it would enable "the promoters to repay loans amounting to Rs 2,563 crore to SW Solar within 90 days of listing, the Company has received only Rs 1,000 crore on December 31, 2019, i.e., 133 days after listing."

The report alleged the non-fulfilment of obligations by the promoters, as per the objects of the offer, had resulted in a "loss of over 60 per cent in investment value for IPO investors"

The report by Ingovern alleged this non-fulfilment of obligations by the promoters as per the objects of the offer has resulted in a "loss of over 60 per cent in investment value for IPO investors as stock price has fallen from the issue price of Rs 780 to Rs 310 as on January 6, 2020, resulting in a loss of Rs 1,700 crore for public minority shareholders," and also called for Sebi intervention to protect minority shareholders interest.

Stating that the non-fulfilment of obligations is tantamount to change of objects of the IPO from what was stated in the prospectus and it has resulted in aggrieved minority public shareholders, the report said "SEBI (ICDR) Regulations, 2018 allow for the dissenting shareholders to be provided an exit offer by the promoters, in cases where there is a change in objects of the issue/offer in the IPO prospectus."

It further said that Sebi must "force the promoters" to provide an "exit offer to shareholders" at a price as per SEBI (ICDR) Regulations, as shareholders have suffered significant erosion in value of their holdings "solely due to the non-utilisation of funds as per the objects of offer of the IPO."

An SP Group spokesperson said: "We would like to reiterate that this entire report is malicious, misleading, defamatory and without any attempt to ascertain the facts of the matter from us. The sensationalism in this report is more an attempt to further erode investor wealth rather than its stated objective of working in the interests of the investors."

Last month, the NCLAT ordered the reinstatement of Cyrus Mistry, one of the promoter shareholders of SW Solar, as the executive chairman of Tata Sons.

'LIKELY TO RECOVER TO 5.8% IN FOLLOWING FISCAL YEAR'

India's growth to 'decelerate' to 5% in 2019-2020: World Bank

LALIT K JHA
WASHINGTON, JANUARY 9

INDIA'S GROWTH rate is projected to decelerate to five per cent in 2019-20 amid enduring financial sector issues, according to a World Bank report, which said the country's GDP was likely to recover to 5.8 per cent in the following financial year.

India's GDP growth is seen dipping to an 11-year low of 5 per cent in the current fiscal, mainly due to poor showing by manufacturing and construction sectors, government data showed on Tuesday.

"In India, where weakness in credit from non-bank financial companies is expected to linger, growth is projected to slow to 5 per cent in fiscal year 2019/20, which ends March 31 and recover to 5.8 per cent the following fiscal year," the Bank said in its latest edition of the Global Economic Prospects on Wednesday.

It said tighter credit conditions in the non-banking sector are contributing to a substantial weakening of the domestic demand in India.

"In India, activity was constrained by insufficient credit availability, as well as by subdued private consumption," the report stated.

The Bank said the regional growth in South Asia is expected to pick up gradually, to six per cent in 2022, on the assumption of a modest rebound in domestic demand. "Growth in India is projected to decelerate to five per cent in FY (financial year) 2019/20 amid enduring financial sector issues," the WB report said.

It said key risks to the outlook include a sharper-than-expected slowdown in major economies, a re-escalation of regional geopolitical tensions, and a setback in reforms to address impaired balance sheets in the financial and corporate sectors.

In India, economic activity slowed substantially in 2019, with the deceleration most pronounced in the manufacturing and agriculture sectors, whereas government-related services subsectors received significant support from public spending, the Bank said.

GDP growth decelerated to five per cent and 4.5 per cent in the April-June and July-September quarters of 2019, respectively, the lowest readings since 2013, it said.

Sharp slowdowns in household consumption and investment onset, the rise in government spending. High-frequency data suggest that activity continued to be weak for the rest of 2019, the Bank said.

The Bank, in the report, praised India's efforts to gradually eliminate subsidies on LPG. In India, starting in 2012, the government reformed its subsidy regime for liquified petroleum gas (LPG). LPG subsidies to households encouraged the formation of black markets where subsidised LPG distributed to households was diverted to the commercial sector.

The government gradually increased the price of LPG for households while implementing a large-scale targeted cash transfer mechanism, it said.

"The programme successfully eliminated distortions in the LPG market, with limited adverse consequences for the poor, and the fiscal savings obtained from the reduction in subsidies fully offset the costs of the targeted cash transfer," the report stated.

In its report, the Bank said the global economic growth is forecast to edge up to 2.5 per cent in 2020 as investment and trade gradually recover from last year's significant weakness but downward risks persist. PTI

WEAK DOMESTIC DEMAND KEY

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BRIEFLY

Domestic flyer traffic hits 11% in November

New Delhi: Reaching double digits for the first time since January 2019, domestic passenger traffic growth in India jumped to 11.3 per cent in November, compared to the year-ago month, said International Air Transport Association on Thursday.

HDFC finishes majority buy in Apollo Munich

New Delhi: HDFC on Thursday said it has completed the acquisition of majority stake in Apollo Munich Health Insurance for Rs 1,495.81 crore.

Roubini: Govt should focus on slowdown

Mumbai: The government has chosen to focus on ideological considerations rather than economic slowdown, American economist Nouriel Roubini said on Thursday.

Lenders invoke 55 lakh pledged shares of RInfra

New Delhi: Trusteeship Services Thursday invoked pledge of 55 lakh equity of Reliance Infrastructure (RInfra), representing 2.09 per cent of the firm's share capital, as per a filing. These shares were pledged in favour of IDBI in capacity of debenture trustee for NCDs issued by Reliance Power, RInfra said. PTI

US weekly jobless claims fall

Washington: New applications for US jobless benefits fell more than expected last week, but the labor market appears to be cooling, with the number of Americans on unemployment rolls surging to more than a 1-1/2-year high at the end of 2019. REUTERS

Gallego to be new IAG CEO as Walsh exits

London: Global airline titan IAG Thursday said its CEO Willie Walsh had quit, after a long stint that saw him oversee the group's creation and rapid expansion, and would be replaced by Luis Gallego, head of Spanish division Iberia. AFP

Govt raises ₹2.79L cr via divestment in 5 yrs

The government raised Rs 2,79,622 crore from the disinvesment of public sector undertakings (PSUs) during 2014-19 compared to Rs 1,07,833 crore during the 10-year UPA rule from 2004-14, Minister of State for Finance and Corporate Affairs Anurag Singh Thakur informed Parliament during the recently concluded Winter Session

21 EACH YEAR, while it was four transactions between 2004-2014, as per Thakur

COMPARISON WITH UPA: Through 40 transactions, only Rs 1,07,833 crore could be raised, Thakur said

CURRENT YEAR TARGET: For the current year, the target is to raise Rs 1.05 lakh crore

ROLE OF NITI AAYOG: Think-tank NITI Aayog has been mandated to identify such PSUs based on the criteria of national security, sovereign functions at arm's length and market imperfections and public purpose

PRIVATISING PSUs:

- Recently, the government cleared privatisation of three big PSUs — downstream oil major BPCL (excluding Assam-based Numaligarh Refinery Ltd), cargo mover Container Corporation of India Ltd and shipping company Shipping Corporation of India Ltd — through strategic sale and transfer of management control
- It also approved sale of its entire stake in power companies THDC India Ltd (74.23 per cent) and NEEPCO (100 per cent) and transfer management control to state-owned power producer NTPC Ltd
- In BPCL, the government will sell its 53.29 per cent holding, and in Shipping Corporation of India the stake sale will be 63.75 per cent
- In CONCOR, the government will sell 30.8 per cent out of its total stake of 54.8 per cent
- Sources said the Centre wants to retain 24 per cent stake in CONCOR given its importance in the railway sector, but will transfer entire management control to a private player since its remaining stake will be below the critical threshold of 26 per cent

POLICY: MINORITY STAKE SALE & STRATEGIC DIVESTMENT

The Minister said the government follows a policy of disinvestment through minority stake sale and strategic disinvestment. So far, the government has given 'in-principle' approval for strategic disinvestment of 33 central public sector enterprises (CPSEs)

LAND ASSET MONETISATION PROGRAMME: The Centre has identified land parcels held by government departments and companies across the country. To speed up this process, the government has already hired 11 consultancy firms for the process: RITES Ltd, JLL Property Consultants (India), KPMG Advisory Services, CBRE South Asia Private Ltd and Boston Consulting Group, among others

MEETING DIVESTMENT TARGET TO BE TOUGH: However, achieving this year's steep disinvestment target will be daunting as the government has raised only Rs 18,094.59 crore so far through stake sales. Big-ticket stake sale of BPCL and Shipping Corporation of India are likely to get pushed through to the next fiscal as there is not enough time to complete stake sale by March-end even though there is investor interest. The Budget, set to be presented on February 1, will clarify on the revised numbers along with the plan on how the government will achieve the stake sale targets

PHD Chamber of Commerce asks govt to defer 5G roll-out

ENS ECONOMIC BUREAU
NEW DELHI, JANUARY 9

THE PHD Chamber of Commerce has urged the government to defer the roll-out of 5G in India and reintroduce the technology when the 5G technology and solutions are more mature to get better valuations in the auction".

"If it is auctioned now, license fee remains frozen for the next twenty years. Even the telecom players would be able to monetize the band only after 3-5 years. Both the government and players will lose money," said Sandeep Aggarwal, chairman of the telecom committee of the organisation.

Last month, the Digital Communications Commission (DCC) decided to accept all the recommendations made by the Telecom Regulatory Authority of India (Trai) on spectrum auctions, including on keeping the reserve prices for the sale of 8,300 mega hertz (MHz) spectrum at Rs 5.22 lakh crore. The DCC, which is the top decision-making body in the Department of Telecommunications (DoT), also decided that the upcoming auctions would be held between March and April, and will also offer for auction airwaves for 5G telephony services.

In its press briefing on Thursday, the PHD Chamber said it had requested the government to declare sale of telecom equipments as deemed export, and that a Telecom Finance Corporation should be set up to help the struggling industry.

Similar suggestions were also submitted by the telecom operators on Monday as part of their pre-Budget consultative meeting with the DoT.

The telcos, had then, sought a reduction in Universal Service Obligation Fund (USOF) charge to 3 per cent from 5 per cent currently, and a cut in licence fee.

SPECTRUM'S RESERVE PRICE

₹5.22L cr

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AGR review: SC declines telcos' demand for open court hearing

ENS ECONOMIC BUREAU
NEW DELHI, JANUARY 9

THE SUPREME Court has refused an open court hearing on petitions of telecom operators like Bharti Airtel, Vodafone Idea and Tata Teleservices, seeking a limited review of its October 24, 2019 order, which asked the companies to pay licence fee and spectrum usage charges on their overall revenues — those accruing from even streams which are not part of telecom licence — within three months.

Instead of an open court hearing, the apex court Bench led by Justice Arun Mishra is likely to conduct the proceedings in its chamber on January 15 or 16, according to lawyers privy to the information. The last date for paying the dues is January 23.

Review petitions are heard by the same bench which has passed the original judgment, unless a judge has retired. In the AGR matter, Justices SA Nazeer and MR Shah were also part of the original Bench led by Justice Mishra.

Senior counsel Kapil Sibal and Abhishek Manu Singhvi had on Wednesday sought an open court hearing before Justice Mishra's Bench, which had said that a decision will be taken on the date for hearing after consulting Chief Justice SA Bobde.

The companies through their separate petitions have sought waiver of interest, penalty, and interest on penalty.

Of the total Rs 1.47 lakh crore of dues, nearly 75 per cent are interest, penalty, and interest on penalty. Bharti Airtel along with its limited review petition has also filed a supplementary petition urging the apex court to empower DoT to engage with operators to discuss timelines and quantum of payment etc. FE

Byju's raises $200 mn from Tiger Global

ENS ECONOMIC BUREAU
NEW DELHI, JANUARY 9

ED-TECH START-UP Byju's has raised about $200 million from Tiger Global Management in a fresh round of funding, taking its total funds tally to nearly $1.19 billion. The company's valuation is estimated to have hit close to $8 billion after the latest funding round, sources said. The funds will be utilised for product development and business expansion, the company said Thursday.

Byju's last raised $150 million in funding, led by Qatar Investment Authority (QIA), in July 2019 at an expected valuation of around $5.5 billion. In December 2018, the had company mopped up $540 million, led by Naspers and the Canada Pension Plan Investment Board.

The firm did not comment on the amount of funds raised. However, founder & CEO Byju Raveendran said: "We are happy to partner with a strong investor like Tiger Global Management. They share our sense of purpose and this partnership will advance our long-term vision of creating an impact by changing the way students learn." FE

'CCI reviewing anti-trust complaint against Maruti over car insurance'

REUTERS
NEW DELHI, JANUARY 9

THE ANTITRUST regulator is looking into allegations that Maruti Suzuki, the country's biggest car maker, pushes buyers to purchase insurance policies offered by the company, two sources with direct knowledge of the matter told *Reuters*.

The Competition Commission of India (CCI) in June last year received an anonymous complaint alleging insurance plans recommended by Maruti while selling cars resulted in customers paying more compared with other options in the market.

Based on the complaint, the CCI is assessing whether Maruti has engaged in so-called "tie-in arrangements", in which a car maker promotes preferred suppliers of complementary goods such as lubricants or insurance, the sources said.

The law says such practices are anti-competitive if they end up stifling competition and limiting consumer choices

Indian law says such practices are anti-competitive if they end up stifling competition and limiting consumer choices.

The Commission is looking into the complaint and "it will take a while", said one of the two sources, who declined to be named as the case details are private.In response to *Reuters* questions, a Maruti spokesman said: "We are not aware of any such alleged complaint that is being investigated by CCI and therefore cannot comment on the same."

The CCI did not respond to a request for comment.

FinMin: Sale of 13th tranche of electoral bonds from Jan 13

PRESS TRUST OF INDIA
NEW DELHI, JANUARY 9

THE FINANCE Ministry on Thursday said 13th tranche of electoral bonds sale will take place from January 13 to January 22. Electoral bonds have been pitched as an alternative to cash donations made to political parties as part of efforts to bring transparency in political funding.

"State Bank of India (SBI), in the XIII phase of sale, has been authorised to issue and encash electoral bonds through its 29 authorised branches from January 13, 2020, to January 22, 2020," the Ministry said in a statement.

The 29 specified SBI branches are in cities such as New Delhi, Chandigarh, Shimla, Srinagar, Dehradun, Gandhinagar, Bhopal, Raipur, Mumbai, Patna, and Lucknow.

The sale of the first batch of electoral bonds took place from March 1-10, 2018.

According to provisions of the scheme, electoral bonds can be purchased by a person who is a citizen of India or incorporated or established in India.

China's Vice Premier to sign trade deal in Washington next week

REUTERS
BEIJING, JANUARY 9

CHINA'S VICE Premier Liu He, head of the country's negotiating team in Sino-US trade talks, will sign a "Phase 1" deal in Washington next week, the commerce ministry said on Thursday.

Liu will visit Washington on Jan. 13-15, said Gao Feng, spokesman at the commerce ministry.

Negotiating teams from both sides remain in close communication on the particular arrangements of the signing, Gao told reporters at a regular briefing.

US President Donald Trump said on Dec. 31 that the Phase 1 deal with China would be signed on Jan. 15 at the White House. Trump also said he would sign the deal with "high-level representatives of China," and that he would later travel to Beijing to begin talks on the next phase.

The Chinese delegation will include 10 officials, among them Zhong Shan, minister of commerce, Yi Gang, governor of the People's Bank of China, Liao Min, vice minister of finance and Zheng Zeguang, vice minister of foreign affairs, as well as China's ambassador to Washington, Cui Tiankai, according to a US source familiar with the preparations.

The United States launched a trade war against Beijing a year and half ago over allegations of unfair trade practices, such as theft of US intellectual property and subsidies that unfairly benefit Chinese state-owned companies.

The Phase 1 deal, reached last month, is expected to cut tariffs and boost Chinese purchases of US farm, energy and manufactured goods while addressing some disputes over intellectual property.

But no version of the text has been made public, and Chinese officials have yet to publicly commit to key points such as increasing imports of US goods and services by $200 billion over two years.

China will not increase its annual low-tariff import quotas for corn, wheat and rice to accommodate stepped-up purchases of farm goods from the United States, senior agriculture official Han Jun said on Tuesday, according to local media group Caixin.

The move could make it harder for Beijing to meet import commitments in a Phase 1 trade deal. Trump said last month the agreement would likely double China's $24 billion in pre-trade war purchases to $40 billion-$50 billion annually. Gao said that China will continue to improve the administration of tariff quotas for wheat, corn and soybeans in accordance with World Trade Organization commitments, and will make full use of quotas according to market conditions.

Trump says he may wait to finish Phase 2 deal until after November

Washington: US President Donald Trump on Thursday said his administration will start negotiating the Phase 2 US-China trade agreement soon but that he might wait to complete any agreement until after November's US presidential election.

"We'll start negotiating right away Phase Two. It'll take a little time," Trump told reporters at the White House. "I think I might want to wait to finish it till after the election because by doing that I think we can actually make a little bit better deal, maybe a lot better deal." REUTERS

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