

SETBACK FOR TELCOS ON AGR

No relief as SC rejects review plea

Telecom operators and non-telecom PSUs together now need to pay over ₹4-lakh-crore dues within a week

FE BUREAU
New Delhi, January 16

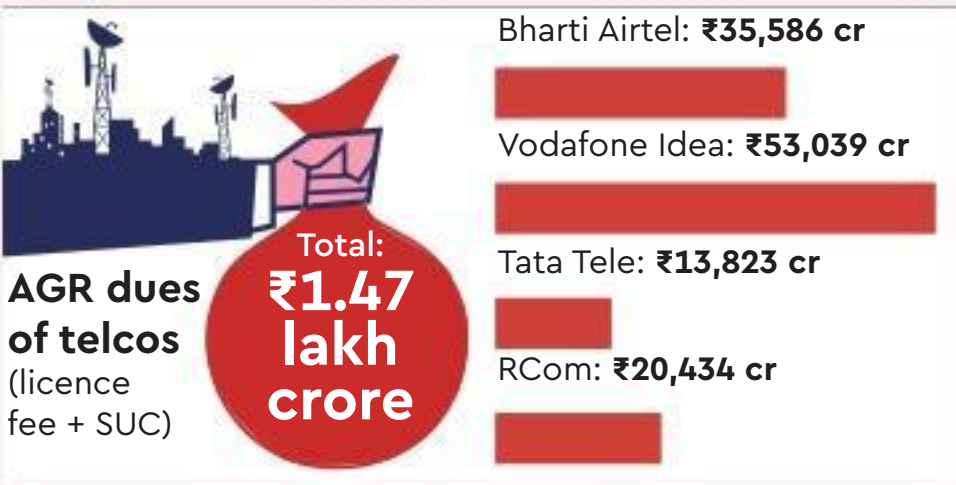
TELECOM OPERATORS LIKE Bharti Airtel and Vodafone Idea on Thursday received a huge setback with the Supreme Court rejecting their limited review petition seeking waiver of interest, penalty, and interest on penalty on their adjusted gross revenue (AGR) payment.

Of the total ₹1.47 lakh crore of AGR dues which the telecom operators are required to pay by January 23 as a result of the apex court's October 24, 2019, order, nearly 75% comprises interest, penalty and interest on penalty.

Though Bharti Airtel and Vodafone Idea expressed their disappointment and stated that they are evaluating filing a curative petition, chances of any relief is very dim as rarely have curative petitions provided any relief in the past. While review petitions are heard by the same bench which passed the original judgment unless a judge has retired, curative petitions are heard by five-senior most judges led by the Chief Justice, including the judges who gave the original judgment.

Since the deadline to pay is only a week away, some lawyers said that the companies may approach the SC seeking more time to pay and ask for a deferred instalment payment scheme on the lines of payment for spectrum bought in auctions.

Despite the setback, Bharti Airtel is still better

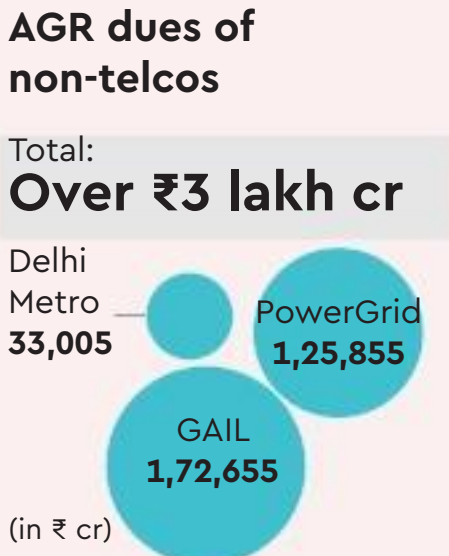


placed as it has just completed a fund raise of \$3 billion through qualified institutional placement (QIP) and foreign currency convertible bonds (FCCBs). Bharti needs to pay ₹35,586 crore.

It is Vodafone Idea which is almost certain to down shutters now as its chairman Kumar Mangalam Birla has said this categorically on December 6, 2019.

Closure is also certain because with only a week remaining to pay the dues, the company, which needs to pay ₹53,039 crore, has not undertaken any fundraising exercise.

Apart from the telcos, even the non-telecom public sector undertakings (PSUs), which together need to pay over ₹3 lakh crore, would now need to pay up by January 23. This would be a headache for the government as these PSUs have so far not done any-

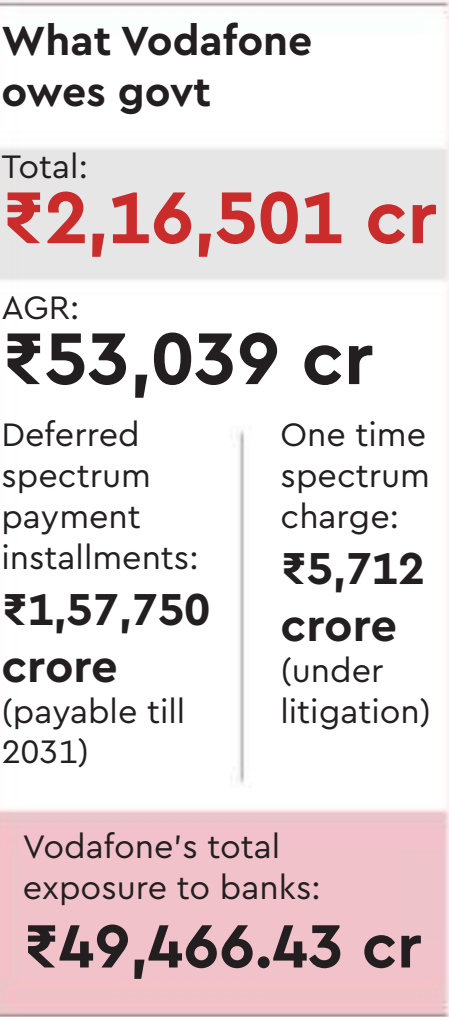


thing to raise funds to make the payments.

The closure of Vodafone Idea would not only leave the country's financially stressed

telecom sector with only two private players but also be a setback for the government and banks as they would have to take a huge hit. Apart from AGR dues of ₹53,039 crore, Vodafone Idea owes government by way of deferred spectrum instalment ₹1,57,750 crore (it needs to pay this by 2031 in instalments), and ₹5,712 crore as a one-time spectrum charge (under litigation). The company's total exposure to banks is ₹49,466.43 crore.

On December 6, speaking at a conference in the Capital, Birla had categorically said that the company will shut shop if the government does not provide relief on the payment of dues arising out of AGR. "If we are not getting anything then I think it is end of story for Vodafone Idea. It does not make sense to put good money after bad. That would be end of story for us. We will shut shop," he had said in a response when asked if Vodafone Idea will put in more money.



Of the overall ₹1.47 lakh crore which the telecom industry needs to pay up, the licence fee dues stand at ₹92,642 crore while spectrum usage charge is at ₹55,054 crore.

Of the total licence fee dues demand of ₹21,682 crore raised on Bharti Airtel, interest, penalty and interest on penalty comprise ₹16,152 crore. Similarly, for Vodafone Idea, of the total licence fee dues of ₹28,309 crore, ₹21,435 crore is on account of interest, penalty and interest on penalty.

Since the order to pay the amount came from the Supreme Court, the government has so far been unwilling to provide any relief to the telecom operators.

The operators had urged for a relief keeping in context the overall financial hardship being faced by the industry. Vodafone Idea and Bharti Airtel together posted a loss of around ₹74,000 crore in the July-September quarter due to provisioning for the AGR-related dues.

COAL SUPPLY CONTRACT

CBI books Adani Enterprises, two others for irregularities

Alleges two former NCCF officials favoured Gautam Adani company in getting contract to supply coal to power stations in Andhra Pradesh

PRESS TRUST OF INDIA
New Delhi, January 16

THE CBI HAS booked Ahmedabad-based Adani Enterprises and three former senior officials of National Cooperative Consumers' Federation of India (NCCF) for alleged corruption in the contract for supply of 6 lakh MT of imported coal to Andhra Pradesh Power Generation Corporation in 2010, officials said on Thursday.

In its FIR filed on Wednesday after a detailed preliminary enquiry in the matter, the CBI booked Adani Enterprises, the then NCCF chairman Virender Singh, the then managing director GP Gupta and senior advisor SC Singhal under IPC sections related to alleged criminal conspiracy, cheating under the Indian Penal Code and Provisions of Prevention of Corruption Act, they said.

TENDER MATTER

■ APGENCO in 2010 had floated a tender for the supply of 6 lakh MT of coal via any port

■ CBI added in its FIR that former NCCF officials Virender Singh and GP Gupta had favoured Adani Enterprises in getting the contract

■ The FIR alleges that the said officials 'committed irregularities by the way of manipulation in the selection of the bidders'



No immediate comment was available from Adani Enterprises, the flagship company for the Adani group.

It is alleged that the NCCF officers "committed irregularities by manipulating the selection of the bidders", thereby giving undue favour to Adani Enterprises in award of

work for supply of imported coal to APGENCO despite its disqualification.

APGENCO had floated a limited tender enquiry on June 29, 2010, for the supply of six lakh MTs of imported coal via sea ports to Narla Tata Rao Thermal Power Plant in Vijaywada and Rayalaseema Thermal Power Plant (RTPP) in Kadapa free-on-rail basis via ports of Chennai, Vizag, Krishnapatnam and Kakinada, they said.

NCCF, which was one of the PSUs approached by APGENCO, had shortlisted six companies for the contract through a tender issued on July 7, 2010 cancelling the bid of a company Maharishi Brothers Coal (MBCL) selected just six days before without any tendering process, the FIR alleged.

The argument given for the selection of MBCL was the close deadline of July 7, 2010, by APGENCO which was later extended to July 12. "It is pertinent to mention here that before extension of the date of tender they had seven days (July 01, 2010 to July 07, 2010) and after extension of date they had five days only (July 08 to July 12, 2010) but now management felt that they have sufficient time to call open tender," the CBI FIR alleged.

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ECONOMIC OFFENCES

CVC extends safety net to staff of PFIs

FE BUREAU
New Delhi, January 16

IN AN ATTEMPT to shield PSU bankers and staff of public financial institutions (PFIs) from potential harassment by investigative agencies like the CBI, the Central Vigilance Commission has broadened the ambit of the advisory board for banking and financial frauds. Under this, no inquiries can be started before the board gives its approval.

A CVC office order, on January 15, said, "Recent changes in the nature of economic offences being committed as well as the changes in law necessitate the Commission to bring its instructions in step with the needs of the prevailing circumstances... it is now considered expedient to extend the ambit of advice pertaining to these matters to other relevant organisations (PFIs)."

The office order quotes from cases in the Supreme Court as saying: "This is an area where the opinion of persons with requisite expertise in decision making of that kind is relevant and may be even decisive in reaching the conclusion whether allegation requires any investigation to be made."

Provisions of the Prevention of Corruption (Amend-

Allaying fears

CVC says advisory body to assess merit of corruption cases against bankers and PFI staff before handing over probe to agencies

Move comes after reassurance by PM and FM that officials won't be harassed for honest business decisions

ment) Act, 2018, stipulate that no police officer shall conduct any inquiry or investigation into any offence alleged to have been committed by a public servant under this Act, where the alleged offence is "relatable to any recommendation made or decision taken by such public servant in discharge of his official functions or duties" without the approval of the competent government/authority.

In the latest order, the CVC has also renamed the body as the 'Advisory Board for Banking and Financial Frauds (ABBFF)' from the Advisory Board for Banking Frauds, which was formed on August 21, 2019.

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MEIS SCRAPPED

Garment exports may shrink 10% in Q4FY20

BANIKINKAR PATTANAYAK
New Delhi, January 16

THE GOVERNMENT HAS decided to scrap incentives for the garment and made-ups sector under a key programme — the Merchandise Exports from India Scheme (MEIS) — retrospectively from March 7, 2019, dealing a deadly blow to cash-starved exporters, who warn that the already-faltering outbound shipments of apparels could plunge further to around 10% in the last quarter of the fiscal, against a 0.8% rise in the April-December period.

Exporters decry the retrospective withdrawal.

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QuickPick

Belgian court names directors to evaluate CG Power's arms

CG POWER and Industrial Solutions on Thursday said a commercial court in Belgium has appointed two interim directors on the boards of its stressed subsidiaries CG Holdings Belgium and CG Power Systems Belgium, reports **fe Bureau** in **Mumbai**. The subsidiaries are in the "state of bankruptcy" and the court has appointed the directors to evaluate their operations under judicial supervision. CG Power's Belgium and Hungary arms are severely affected due to paucity of funds after banks blocked some of their accounts. **PAGE 6**

BATTLE FOR BOARDROOM

Will wait for some more time: Valli

FE BUREAU
Chennai, January 16

VALLI ARUNACHALAM, ELDEST daughter of late MV Murugappan and a shareholder of Ambadi Investments Limited (AIL), the holding company of the ₹35,000-crore Murugappa Group, on Thursday said she would wait for 'some more time' before taking legal recourse or exploring a stake sale to outsiders.

Arunachalam said: "We have options like legal recourse and selling our (my) stake to an outsider or investors. They are only options at this point of time. It was my father's wish that I should sell the stake to the group. Hence, I am waiting. I have faith that the current chairman will definitely come out with a solution in the near future."

"If one were to go by the



Valli Arunachalam, daughter of late MV Murugappan and a shareholder of AIL, the holding company of the Murugappa Group

recent internal communication sent by the current executive chairman, MM Murugappan, to the group subordinates, I strongly believe that they will work out something to find an early resolution on this long-pending dispute," she said.

In a January 4 communication, MM Murugappan is understood to have reassured his colleagues saying the family and the board of AIL will handle the matter in line with standards of good governance.

Arunachalam, who holds 8.15% in the holding company, is understood to have taken a legal opinion and is keen on a board seat.

She told **FE**: "Though the dispute with the group has been on for more than two years, I still I have faith in the current management and hope the issue will be amicably settled in short period of time."

She added that given her substantial shareholding in AIL it would only be fair she be given an opportunity to serve the board.

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FOREIGN TECH

How China obtains American trade secrets

KEITH BRADSHAW
Beijing, January 16

THE NEW TRADE deal between Washington and Beijing is intended in part to address one of the most acrimonious issues between them: China's tactics in acquiring technology from companies based in the West. It's a thorny topic, and one that is unlikely to be fully solved with a trade pact.

The Trump administration blames China for stealing Western trade secrets, and it used those allegations as the legal basis for launching the trade war nearly two years ago. Trade talks between the two sides quickly became about broader issues,

THORNY SIDE

■ China can acquire tech and, via heavy govt subsidies, build competitive rivals to US firms

■ Businesses worry that it could do the same in other industries, like software, chips

■ China denies it forces foreign firms to give up tech, asserts they give it willingly

but the initial trade pact signed on Wednesday includes pledges by China to stop some of the practices that Western businesses have long criti-

cised. Depending on the details, that could make the deal more palatable for American businesses.

Underpinning these concerns is that China has repeatedly shown that it can acquire technology and, through heavy government subsidies, build competitive rivals to American companies. Businesses worry that it could do the same in other industries, like software and chips.

China has long denied that it forces foreign companies to give up technology. They do it willingly, Beijing asserts, to get access to China's vast and growing market.

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Oh no, I overslept. I'll stop the train.

How far is time? Time passed by 15 minutes ago.

Story of his life!

What a chain of thought!

Go through the rules, bye-laws, regulations, circulars, directives, notifications of the Exchange and the Regulator, Government and other authorities to know your rights and duties vis-à-vis those of the Member.

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