

FINANCIAL EXPRESS

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IN THE NEWS

RBI gets ₹1.94L-cr bids for maiden ₹25,000-cr LTRO

THE RESERVE Bank of India (RBI) on Monday successfully kicked off the maiden long-term reverse repo operation (LTRO) by conducting a three-year issue worth ₹25,000 crore for which it received bids of more than ₹1.94 lakh crore.

Godrej Properties buys rly land parcel in Delhi for ₹1,359 cr

IN A big-ticket real estate deal, Godrej Properties on Monday said it has acquired nearly 27-acre land parcel in Delhi for ₹1,359 crore to develop a luxury housing project, reports PTI. The land parcel belonged to Rail Land Development Authority.

J&K comments: UK MP deported to Dubai

UK'S LABOUR Party MP Debbie Abraham, critical of the move to withdraw Jammu & Kashmir's special status, on Monday said she was denied entry despite a valid visa after she landed at Delhi airport and deported to Dubai from where she had flown in, reports PTI. Her charge of a valid visa was rebutted by the home ministry.

DISPUTE OVER AGR DUES

Voda Idea closer to default; DoT-telcos litigation to rise

Partial payment by telcos, but likely to contest the amount due; also, if PSUs get TDSAT relief, telcos may partially benefit

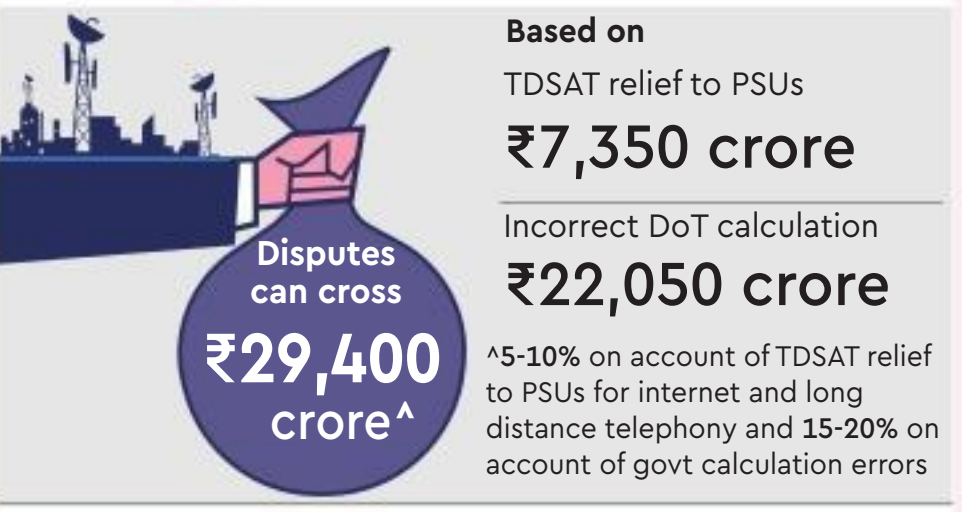
KIRAN RATHEE & INDU BHAN
New Delhi, February 17

VODAFONE IDEA MOVED one step closer to default with the company able to pay, on Monday, just ₹2,500 crore of its total AGR liability of ₹53,039 crore. The telco's lawyer told the Supreme Court his client would deposit another ₹1,000 crore by Friday; the Supreme Court rejected senior counsel Mukul Rohatgi's appeal to stop the Department of Telecommunications (DoT) from encashing Vodafone Idea's bank guarantee.

The DoT has around ₹7,000 crore of bank guarantees of various telcos like Vodafone Idea, Bharti Airtel, Tata Teleservices and Telenor, and DoT officials said they would take a final call on Tuesday and this may include encashing bank guarantees in case the telcos

AGR saga continues

Telcos owe	Telcos paid
₹1,47,000 cr	₹14,697 cr
(₹ crore)	(₹ crore)
Bharti Airtel 35,586	Bharti Airtel 10,000
Voda Idea 53,039	Voda Idea 2,500*
Tata Tele 13,823	Tata Tele 2,197
RCom 20,434	
BSNL+MTNL 8,112	



didn't pay their dues. On Saturday, Vodafone Idea's communication to the stock exchanges had hinted at the likelihood of defaulting and shutting down when it said, "the Company is currently assessing the amount that it will be able to pay to DoT" and "the Company's ability to continue as a going concern is essentially dependent

on a positive outcome of the application (to the SC)".

The stage is also set for increased litigation between the DoT and the telcos on the issue of AGR. The telcos started calculating their exact dues soon after the original SC judgment and believe DoT has done quite a bit of double-counting. While it has included the inter-connect usage charges (IUC) received by telcos as part of their revenues, it has not deducted the IUC payments they have made to other telcos. While telcos believe this could cut their dues by around 15-20% at the very least, DoT officials privately said the amounts could even rise and, compared with the ₹1.47-lakh-crore estimate so far, the final tally could go up to even more than ₹1.7 lakh crore.

Telcos hope to complete the exercise before March 17, the next date of the SC's hearing; the DoT will naturally challenge this. While the telcos will have to pay GST on the dues, this will not add to their outgo as all of them have large unutilised GST credits, so this will just be adjusted against that.

Continued on Page 2

IMMUNITY CLAUSE

Boost for JSW Steel: NCLAT says BPSL assets protected

Allows JSW Steel to go ahead with its ₹19,700-crore takeover proposal

SURYA SARATHI RAY
New Delhi, February 17

THE NATIONAL COMPANY Law Appellate Tribunal (NCLAT) on Monday rejected the Enforcement Directorate's (ED) plea for right to attach the assets of Bhushan Power and Steel (BPSL). It allowed JSW Steel, the chosen bidder for the insolvent firm, to go ahead with its ₹19,700-crore takeover proposal, with immunity against the consequences of offences committed by its former promoters.

This is the first instance of use of Section 32A added to the Insolvency and Bankruptcy Code (IBC) through an Ordinance on December 28, 2019. The NCLAT ruling, though prone to challenge in the Supreme Court, also bolsters

CASE FILES

- JULY 26, 2017:** NCLT admits CIRP against BPSL
- AUG 16, 2018:** CoC votes in favour of JSW Steel
- SEPT 5, 2019:** NCLT approves JSW Steel's bid
- SEPT 13, 2019:** JSW moves NCLAT seeking immunity from attaching BPSL assets
- OCT 10, 2019:** ED attaches BPSL assets
- OCT 14, 2019:** NCLAT stays attachment
- DEC 28, 2019:** IBC amended, Sec 32A ring-fences new promoters
- JAN 17, 2020:** ED contends Sec 32A applies only prospectively

the case that the new Section has retrospective validity; the BPSL insolvency process began way back in July 2017.

Section 32A provides that in cases where the resolution plan results in a change in the management or control of a corporate debtor, then in such cases, the corporate debtor will not be liable for any offences committed prior to the commencement of the insolvency resolution process. The liability of the corporate debtor will cease from the date the resolution plan is approved by the tribunal and the property of the corporate debtor will be immune from actions such as attachment, confiscation or liquidation.

"The (NCLAT) order will enable independent resolution applicants to fearlessly bid for distressed assets, without the fear of the ED action, Prevention of Money Laundering Act (PMLA) proceedings etc," said senior advocate Ramji Srinivasan.

Sources said the ED, which opposed granting of immunity to JSW Steel, might move the Supreme Court challenging the appellate tribunal's order.

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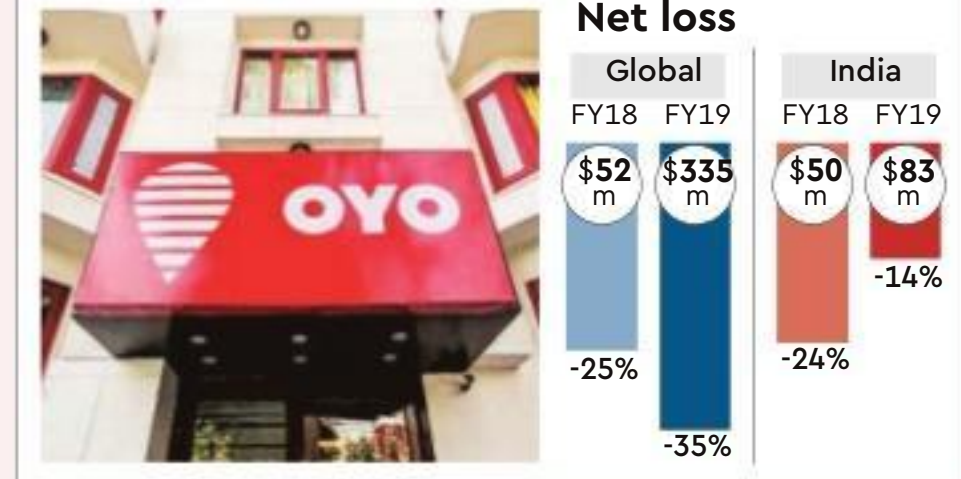
IN THE RED

OYO global losses rise to \$335 m due to costly China expansion

FE BUREAU
New Delhi, February 17

OYO HOTELS & Homes on Monday said its consolidated losses rose to \$335 million in the year to March 2019 from \$52 million in FY18, as expansion into global markets, including key market China, entailed heavy costs. Consolidated revenues grew nearly 5 times y-o-y to \$951 million in FY19. Revenues stood at about \$211 million in FY18, the company said.

The Gurgaon-based firm, however, said it narrowed its net losses in India from 24% of revenue in FY18 to 14% of revenue to \$83 million in FY19. India contributed \$604 million in revenues, registering an almost



three-fold rise on a yearly basis; revenues from China stood at \$307 million with the remainder (\$41 million) coming from rest of the markets. On the earnings call, Rohit Kapoor, CEO at OYO India and South Asia, said as far as India is concerned, there is

no "deadline" for any business to come to the path of Ebitda profitability — what is required is to have a clear path to profitability.

Continued on Page 2

■ Son's other big reality bet has some real problems, P7

₹5,321-CR DEAL

JSW acquires GMR's Odisha power unit

FE BUREAU
New Delhi, February 17

JSW ENERGY on Monday said it will take over 100% stake in GMR Kamalanga Energy (GKEL) — the business unit of GMR Infrastructure that houses the 1,050 megawatt (MW) thermal power plant in Odisha — for ₹5,321 crore.

After the acquisition, JSW Energy's installed power generation capacity would reach 5,609 MW. About 84% of the plant's capacity supplies electricity to Odisha, Haryana and Bihar under long-term power purchase agreements. It also has adequate coal supply arrange-

ments from nearby mines, reducing fuel costs and resulting in lower risks of under-recoveries. The deal will help GMR Infrastructure cut its debt of ₹4,141 crore which the company owed to IDFC (lead lender), SBI, IDBI, Canara Bank and UCO Bank. GMR had infused equity of ₹2,250 crore into this power plant. It was not immediately known how much haircut has been borne by the lenders. Operating the plant did not turn out to be viable for GMR as the competitive rates (₹2.89 per unit-₹3.39 per unit) at which it sold power was not sufficient to recover the costs.

Continued on Page 2



A big victory
SSC women officers (from left) Anjali Bisht, Seema Singh and Sandhya Yadav flash the victory sign outside the Supreme Court in New Delhi on Monday

EXPRESS PHOTO: AMIT MEHRA

GENDER PARITY

Women can hold command positions in Army, says SC

PRESS TRUST OF INDIA
New Delhi, February 17

CALLING FOR AN end to gender bias in the armed forces, the Supreme Court on Monday paved the way for women in command positions in the Army and directed the Centre to grant permanent commission to all women officers within three months.

A bench headed by Justice DY Chandrachud termed "disturbing" the government's argument of physiological limitations and social norms for denying women officers com-

THE VERDICT

■ SC also directed govt to grant permanent commission to all women officers within 3 months

■ Clarified deployment of women officers in combat roles a matter of policy as held by Delhi HC; competent authority to look into it

mand posts and said they had brought laurels to the country in the past.

Marking a milestone on the

road to gender parity in the Army, the apex court bench called for a change of mindset on part of the government to put an end to gender bias in the armed forces and said there will be no absolute bar on giving women command postings.

The bench, however, clarified that deployment of women officers in combat roles is a matter of policy as held by the Delhi High Court and the competent authority has to look into it.

Continued on Page 2

Special Feature

Tips to protect your portfolio in turbulent times



However choppy the equity markets, investors need to remain calm and stick to their long-term investing plans across asset classes so as to build their wealth

■ Personal Finance, P13

Quick Picks

DHFL: 14 EoIs submitted; CoC to meet on Feb 20 for evaluation

AT LEAST 14 applicants are believed to have submitted expressions of interest (EoIs) for DHFL, reports **fe Bureau** in Mumbai. They include Welspun Group, Adani Group, Davidson Kempner, KKR India Financial Services and Bain Capital and SC Lowy. The committee of creditors will meet on February 20 to discuss the EoIs and vote on evaluation criteria, sources said. **PAGE 10**

Vivad Se Vishwas: Won a tax dispute and fighting appeal? Pay just 50%

IN WHAT would make the proposed direct tax dispute resolution scheme — Vivad Se Vishwas — more attractive to a section of taxpayers, the Centre has said assessees could pay just half the tax amount sans penalty and interest if they had won the case at a particular forum and the taxman's appeal is being heard at the higher forum, reports **fe Bureau** in New Delhi. **PAGE 2**

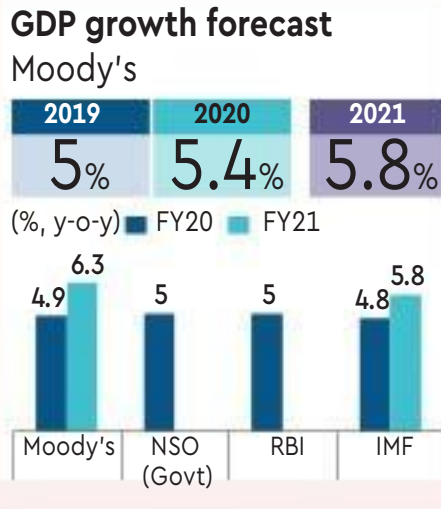
SLOWER RECOVERY

Moody's cuts India growth estimates

FE BUREAU
New Delhi, February 17

MOODY'S INVESTORS SERVICE on Monday cut its India GDP growth forecast for 2019 (calendar) by 60 bps to 5% and by a sharper 120 bps to 5.4% for 2020, in what reflected a continuing trend of such downward revisions by prominent domestic and foreign agencies. "While the economy may well begin to recover in the current quarter, we expect any recovery to be slower than we had previously expected," it said.

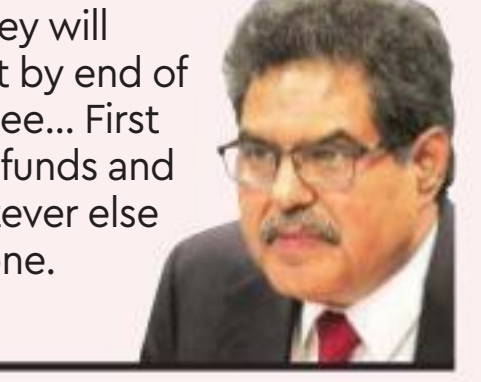
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KARVY EPISODE Rules to curb misuse of client shares: Sebi

They (Karvy) are claiming they will clear all outstanding amount by end of March... We'll just wait and see... First priority will be to return the funds and securities of investors. Whatever else needs to be done will be done.

— AJAY TYAGI, CHAIRMAN, SEBI



FE BUREAU
Mumbai, February 17

SECURITIES AND EXCHANGE Board of India (Sebi) chairman Ajay Tyagi said on Monday the Board would soon come out with a circular to prevent incidents like the one at Karvy Stock Broking (KSBL), where there had been an alleged misuse of securities belonging to clients.

Tyagi told reporters after a board meeting Karvy had indicated to the National Stock Exchange it would pay the shortfall of ₹678 crore by March from the proceeds of a stake sale in a company. "We will wait and see," Tyagi said. The Sebi board on Monday approved tighter eligibility norms for investment advisers

segregating advisory and distribution activity at the client level. Individual advisers can no longer provide distribution services while their fees have been capped. Those distributing securities would not be allowed to use the nomenclature "Independent Financial Adviser (IFA)" or "Wealth Adviser" or any other similar name, unless registered with Sebi as an investment adviser.

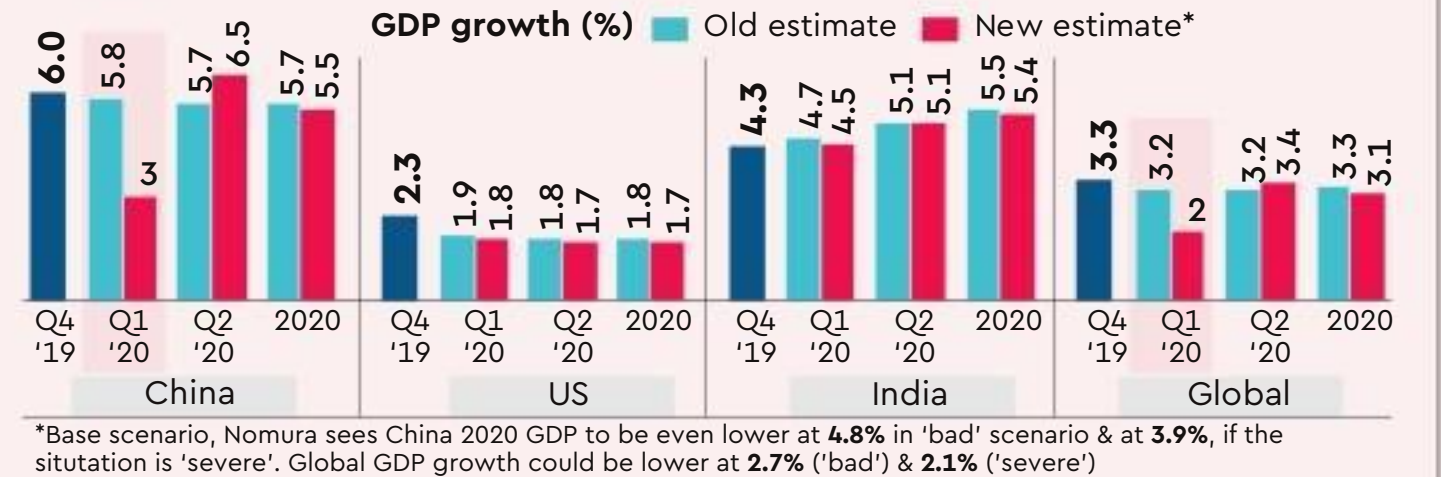
With a view to bringing in transparency, the capital markets watchdog mandated that an agreement be signed between an adviser and the client spelling out the terms and conditions.

Continued on Page 2
■ Related reports on Page 11

Coronavirus outbreak

'Too late for China to avoid a 3-pps fall in March qtr'

China's economic growth could slip by 3 pps sequentially to 3% in January-March versus an earlier estimate of 5.8% due to the coronavirus (COVID-19) epidemic, with the risk firmly skewed to an even lower number, Nomura said. "In our base case, we now expect global GDP growth to slow to 2% year-on-year in Q1 of 2020 from 3.3% in Q4 of 2019, before a V-shaped rebound to 3.4% in Q2," it said.



*Base scenario, Nomura sees China 2020 GDP to be even lower at 4.8% in 'bad' scenario & at 3.9%, if the situation is 'severe'. Global GDP growth could be lower at 2.7% ('bad') & 2.1% ('severe')