Voda Idea puts AGR dues at ₹21K cr as Read calls on FM

Telco, seeking to make a new start, was advised to pay principal amount soon

MEGHA MANCHANDA
New Delhi, 6 March


FM Nirmala Sitharaman and Vodafone CEO Nick Read (*centre*) during a meeting in New Delhi on Friday. Read is visiting India at a time when the telecom industry is facing a crisis PHOTO: PTI

Just a few hours before Vodafone Group CEO Nick Read's meeting with Union Finance Minister Nirmala Sitharaman and then Telecom Minister Ravi Shankar Prasad on Friday, the company announced that it had completed assessing its dues linked to adjusted gross revenue (AGR). At ₹21,533 crore, Vodafone Idea's calculation of the AGR liability turned out to be less than half of the government estimate.

While Read offered "no-comments" after his meetings with the ministers, sources in the Department of Telecommunications (DoT) indicated that the company was "positive" about India and that it wanted to make a "new and good beginning" in the country.

Read, who's maintained that it would be tough to continue as a going concern without relief from the government, was advised to pay up at least the principal amount of the AGR dues before March 17, the next date of the Supreme Court hearing. "We want Vodafone Idea to stay invested in India.... With the digital push by the government of the day, there's enormous business opportunity in India. But there was need for the company to upgrade its technology," a top official said.

It is learnt that the Vodafone brass "acknowledged" not making provision for AGR dues in the books of accounts earlier.

"The company was in contempt of the Supreme Court, as it has not paid the entire amount assessed by the DoT. It will at least have to pay the principal amount to avoid contempt from the apex court," the official added.

Earlier in the day, Vodafone Idea, the UK telco's joint venture with Kumar Mangalam Birla-led Idea, in a statement to the stock exchanges said, "The company has today filed its self-assessment of the AGR liabilities with the DoT. The self-assessment discloses the company's AGR liabilities to aggregate ₹21,533 crore, including a principal amount of ₹6,854 crore for the period from FY 2006-07 to FY 2018-19 and interest up to February 2020."

However, according to official calculations by the DoT, Vodafone Idea owes the government more than ₹53,000 crore as part of the AGR dues. Of this, the company has paid ₹3,500 crore.

A few days ago, Vodafone had made a strong plea for setting off ₹8,000 crore of GST (goods and services tax) credits, a three-year moratorium along with 15-year staggered payment of AGR dues at a simple interest rate of 6 per cent, drastic cut in licence fee and fixing of a floor price for calls and data.

In December, Birla had said Vodafone Idea may have to shut if there was no relief on the statutory dues. "If we are not getting anything, then I think it is the end of the story for Vodafone Idea," Birla had said. "It does not make sense to put good money after bad... We will shut shop." Read in a post-earnings call a few months ago had made a similar point.

Last month, the apex court rejected a plea by companies such as Bharti Airtel and Vodafone Idea for extension in the payment schedule and asked them to deposit the full AGR dues, estimated at ₹1.47 trillion for the industry. It threatened to start contempt proceedings against top executives of these firms for non-payment.

Last October, the Supreme Court had upheld the government's definition of AGR, by which it calculates levies on telecom operators. The order dealt a blow to the telecom industry, which had for years argued that AGR should only include revenue from core telecom operations. Telecom operators now have to pay dues of the past 14 years along with interest and fines.

Promoters of IndusInd Bank to hike stake

ABHIJIT LELE
Mumbai, 6 March

IndusInd Bank's promoters will hike their stake in the private sector lender by buying extra shares from the market.

The promoters of the bank — IndusInd International Holdings (IIHL) and IndusInd — plan to acquire additional shares from open market in India. This will be within the overall regulatory cap prescribed for promoter holding in private banks, the bank informed the BSE on Friday.

The stake hike will be within the overall regulatory cap prescribed for promoter holding in private banks

Promoters held 14.38 per cent stake in the bank at the end of December 2019. IIHL had 10.59 per cent stake while IndusInd held 3.79 per cent.

On Friday, IndusInd stock closed 5.62 per cent lower at ₹1,014.3 per share on the BSE.

The bank will see a leadership change with Sumant Kathpalia taking charge as managing director (MD) and chief executive officer (CEO) from March 24, for a three-year term.

Kathpalia will succeed current MD & CEO Romesh Sobti, who has been at the helm of affairs for over a decade now. Sobti's term as MD & CEO will end on March 23.

HDFC Bank in talks with Goldman Sachs' Talwar for CEO role

BLOOMBERG
New York/Mumbai, 6 March

Harit Talwar, the head of Goldman Sachs Group's consumer-banking business, is in the running for one of India's top banking jobs.

HDFC Bank, India's largest private-sector lender, has held talks with Talwar for the top role, according to people with knowledge of the matter. The bank has been looking for a new leader to replace Aditya Puri, one of the longest-serving banking chiefs in India, whose term ends in October.

The Mumbai-based lender has a market capitalisation of about $86 billion, giving it a bigger standing than major US banks like Goldman and Morgan Stanley. A spokesman for HDFC Bank declined to comment and Goldman representatives didn't immediately respond to an emailed request for comment.

Talwar joined Goldman in 2015 and was the face of its push into consumer banking. The Wall Street giant had eschewed business with Main Street for most of its more than 150 years in existence. That has changed as it seeks new business lines to help boost growth.

Before joining Goldman, Talwar led the US cards division for Discover Financial Services. He also spent 15 years at Citigroup, with roles tied to cards, loans, and retail banking.

HDFC Bank has had a panel in place to find a successor to Puri, who has said his replacement should be better than him and shouldn't require 18 months of handholding for the job. The bank has largely skirted the crisis in India's shadow lending sector that fueled bad loans and weighed on the fortunes of some of its peers. However, it's vulnerable to weakening consumer demand as the nation's economic growth slows.


Harit Talwar is now the head of Goldman Sachs Group's consumer-banking business

Puri, 69, has led HDFC Bank since 1994 when it was incorporated in Mumbai. It is India's largest private-sector bank both by assets and market value, and has more than 5,000 branches across almost 2,800 cities. The lender's profit rose 33 per cent to ₹7420 crore ($1 billion) in the three months ended December 31.

Future Group probing financial abilities rumours

PRESS TRUST OF INDIA
New Delhi, 6 March

Kishore Biyani-led Future Group on Friday said it is investigating the "rumours" regarding its financial abilities, a list of lenders and debt numbers circulating on social media that have led to hammering of stock prices of its listed entities.

Such "baseless rumours or messages" have apparently "impacted some of our listed company stocks in the last few days" and it may approach the "regulatory authorities for suitable action thereof", according to a regulatory filing by the group firm Future Retail.

"Any such rumours, messages on the fundamentals or our operational and financial abilities as a Group are totally baseless and false," said Future Group founder Kishore Biyani.

Referring to rumours that have been doing rounds and, specifically, one WhatsApp message portraying names of lenders and debt numbers for Future Group, Biyani said it is impacting its listed entities.

"Apart from the weak market conditions emanating from the coronavirus fear, these baseless rumours or messages have apparently impacted some of our listed company stocks in the past few days," he said in a message to its stakeholders.

"We are investigating into this and if required shall also be approaching the regulatory authorities for suitable action thereof," Biyani said.

Future Group has presence in the Indian retail and fashion sectors, with popular supermarket chains like Big Bazaar and Food Bazaar, and lifestyle stores such as Brand Factory and Central.

Shares of Future Retail on Friday fell by 1.66 per cent to ₹290 apiece.

BSNL loss widens over 2.5 times to ₹39K cr

PRESS TRUST OF INDIA
New Delhi, 6 March

State-owned BSNL's loss swelled by over 2.5 times to ₹39,089 crore during the April-December 2019 period, Minister of State for Telecommunications Sanjay Dhotre has told the Rajya Sabha.

The public sector telecom firm had recorded a loss of ₹14,904 crore in the previous financial year 2018-19. "BSNL has informed that its total accumulated loss during the current financial year i.e. 2019-20 (upto December 31, 2019) is ₹39,089 crore," Dhotre said in a written reply to a query in the Rajya Sabha.

The government on October 23 last year approved a ₹68,751-crore revival package for loss-making BSNL and MTNL, including 4G spectrum allocation and voluntary retirement scheme (VRS).

The Union Cabinet also approved merger of the state-owned telecom firms and till the completion of the process, MTNL will operate as a subsidiary of BSNL, Telecom Minister Ravi Shankar Prasad said here while sharing details of the revival package.

The package includes raising of ₹15,000 crore sovereign bonds to meet the immediate capital requirement of both the companies, 4G spectrum allocation worth ₹20,140 crore; Rs 29,937 crore for VRS covering 50 per cent of their employees; and ₹3,674 crore for goods and services tax that will be levied on allocation of radiowaves. Over 78,300 BSNL employees and 14,378 at MTNL have opted for VRS which is expected to significantly reduce financial burden from both the companies.

FinMin to Infosys: Make GSTN portal efficient

DILASHA SETH & DEBASIS MOHAPATRA
New Delhi/Bengaluru, 6 March

The finance ministry has asked Infosys to deliver on making the goods and services tax network (GSTN) portal efficient for tax payers, sources said.

The ministry told Infosys it was the company's responsibility to deliver satisfactory performance of the portal and it should meet expectations of the tax payers, the sources said.

The grievances of taxpayers are utmost priority and onus of its resolving lies on the Infosys, the IT major was told at a meeting on Friday, they said.

Finance Minister Nirmala Sitharaman deliberated on the status of the portal to address grievances.

She also spoke to an Infosys representative for a short period. She told the representative that "Infosys has done so much for the country and we expect it to do much more for the smooth operations of GSTN".

According to sources, she also said the company could directly approach her if it was facing any problem.

Text messages sent to Revenue Secretary A B Pandey and GSTN Chief Executive Officer Prakash Kumar remained unanswered.

Kumar made a presentation on initiatives taken by GSTN to strengthen and streamline the portal.

Sitharaman said Infosys could directly approach her if it was facing any problem

GSTN recently launched a new toll-free number for help desk, which will be operational 365 days for answering queries related to indirect tax.

The meeting discussed various measures for streamlining the GST return filing process, enhancing revenue and compliance management with a purpose to create synergy among central and state tax administrations.

Lincoln Pharma all set to foray into regulated markets

VINAY UMARJI
Ahmedabad, 6 March

Ahmedabad-based drugmaker Lincoln Pharmaceuticals plans to foray into regulated markets such as Europe, Australia, and Brazil, in line with its plan to grow overseas footprint.

The company has upgraded its manufacturing facility at Khatraj near Ahmedabad with ₹30-crore investment to meet regulatory standards of these countries. It is also planning a green field facility, which would be built as per regulated market standards to cater exclusively to these regions.

"Documents and dossiers are ready for products meant for regulated markets. Inspection by regulatory authorities from these markets is also in the process. We should be able to enter the countries with 5-6 products in the next six months," said Mahendra Patel, managing director, Lincoln Pharmaceuticals.

The company has developed 300-plus formulations in 15 therapeutic areas, with product/brand portfolio in anti-infective, respiratory system, gynaecology, cardio & CNS, anti-bacterial, anti-diabetic, anti-malaria among others. Of the 20 patent applications it has filed, the company has been awarded five patents.

More than 65 per cent of the company's revenues comes from exports, a share that could go up further post Lincoln Pharma's foray into regulated markets.

With presence in more than 60 countries, the company has reported export sales of ₹174.7 crore for the nine months ended December 2019 and expect the same to cross ₹225 crore in FY20. However, with the company expanding portfolio in lifestyle and chronic, it is targeting sales of ₹500 crore in the next 2-3 years, said Patel.

"Going forward, we are building a strong portfolio in lifestyle and chronic segment, especially in women health care and dermatology, to complement our strong presence in acute segment," said Patel, adding that the company was also planning to apply for a global patent for this novel solution.

Meanwhile, the company recently approved amalgamation of Lincoln Parenteral (subsidiary) with Lincoln Pharmaceuticals. The restructuring aims to bring synergies for both companies.

Burmans of Dabur hold 9.26% in Eveready

AVISHEK RAKSHIT & ISHITA AYAN DUTT
Kolkata, 6 March


The Burmans may consider further investments into Eveready depending on how the company performs, sources said

The Burmans of Dabur have increased their holding by another 3.34 per cent in Eveready Industries in the past two days. After the transaction, the Burman family's holding in India's largest battery maker stands at 9.26 per cent.

The investment in Eveready has been furthered via Guardian Advisors. This portfolio management firm, owned by Arjun Lamba and others, manages investment for the Burmans and other families. Sources said this investment in Eveready was on behalf of the Burman family.

In a regulatory filing with the BSE, Guardian Advisors, while disclosing the deal, said the acquisition of the stake was via open market and 2,429,068 shares accounting for 3.34 per cent of the total were acquired. Earlier, asked about the Burman family's interest in Eveready, Mohit Burman, vice-chairman at Dabur India, had stated the family believes Eveready is a strong brand and a market leader in its domain which is the primary factor behind increasing its stake.

"The group (Williamson Magor) is going through a tough time and this has even reflected on its stock price. But the company, brand and its core business remain intact," Burman had stated earlier.

Eveready is part of the Williamson Magor Group (WMG), which also owns firms such as McLeod Russel, McNally Bharat Engineering, and others.

Sources said the Burmans might consider further investments into Eveready depending on how the company performs. The source pointed out that the Burmans are yet to decide if the investment would be strategic in nature or will be long-term investment. The stock saw erosion from around ₹405 apiece during March 2018 to the current level of ₹61, mainly because of inter-corporate deposits to group companies and the uncertainty of repayments.

After the sale of its loss-making tea business to Madhu Jayanti International last year, Eveready, which has over 50 per cent market share in the battery market in India, has been focusing on its core business, besides focus on other verticals like flashlights, luminaries, and appliances.

During the third quarter of the current financial year, Eveready registered a 16 per cent decline in its operating revenue at ₹317 crore, and its Ebitda margin for the core battery business stood at 23 per cent. The Ebitda margin for flashlights also stood at 14 per cent.

The company also sold land in Chennai and Hyderabad to raise money worth ₹200 crore primarily to pay off debts of around ₹400 crore.

NCLT asked to decide on Lakshmi Cotsyn liquidation within 10 days

PRESS TRUST OF INDIA
New Delhi, 6 March

The National Company Law Appellate Tribunal (NCLAT) has asked the Allahabad bench of the NCLT to decide within 10 days on the liquidation of Kanpur-based textile manufacturer Lakshmi Cotsyn.

A two-member bench comprising Justice Bansi Lal Bhat and Shreesha Merla observed that plea for liquidation of Lakshmi Cotsyn is pending before the National Company Law Tribunal (NCLT) on the pretext of one or the other miscellaneous application being filed in the matter.

"Such conduct on the part of different characters cannot be permitted to thwart the course of insolvency resolution proceedings under I&B Code," it said.