

Sections



ENGLISH | தமிழ் | বাংলা | മലയാളം | ગુજરાતી | हिंदी | मराठी | BUSINESS | बिज़नेस

Newsletters



Friday, Feb 03, 2023

EPAPER TODAY'S PAPER

The Indian EXPRESS
JOURNALISM OF COURAGE[Home](#) [Explained](#) [Political Pulse](#) [India](#) [Cities](#) [Opinion](#) [Entertainment](#) [Lifestyle](#) [Technology](#) [Videos](#) [Sports](#)

TRENDING

[Daily Crossword](#)[Buy monthly plan](#)[New Income Tax slabs](#)[Health Specials](#)[UPSC Special](#)[News](#) / [Business](#) / Govt OKs \$2-billion debt-to-equity plan for Vodafone Idea

Govt OKs \$2-billion debt-to-equity plan for Vodafone Idea

Birlas have agreed to bring necessary investments, we want India to be three-player market: Union Minister Vaishnaw

Written by [Soumyarendra Barik](#) [Follow](#)

New Delhi | Updated: February 4, 2023 00:54 IST





Vodafone Idea will issue equity shares to the government at face value of Rs 10 each. (FILE)

Listen to this article

01:20 1x 1.5x 1.8x

The Union government Friday cleared a long-awaited plan to convert Vodafone Idea's (Vi) interest dues worth more than

Rs 16,000 crore (or \$2 billion) into equity, paving the way to become the single largest shareholder in the cash-strapped telecom company.

The government gave the green light after receiving an assurance from Vi's promoters that they would infuse additional capital in the company — smoothing out a key wrinkle in the process.

Union Minister of Communications [Ashwini Vaishnaw](#) Friday said: "We had sought a firm commitment that the Aditya Birla Group would run the company and bring necessary investments. Birlas have agreed and hence we have agreed to convert. We want India to be a three-player market plus BSNL and ensure healthy competition for consumers."

SUBSCRIBER ONLY STORIES

[View All](#)



**UPSC Key-
February 3, 2023:
Learn about
Coastal Regulation
Zone, Follow-o...**



**JCB Prize for
Literature 2022-
winning translator
Baran Farooqi on
growing...**



**Delhi Confidential:
Meet, greet and
part in Parliament**



**In Jamtara, old
panchayat
buildings turned
into libraries and
study circl...**

Vi had been awaiting the move ever since the government announced a relief package for the telecom sector in September 2021, allowing it to convert interest on deferred adjusted gross revenue owed to the government into equity.

The delay in implementing this plan had left the troubled telco in a Catch-22 situation — the government was understood to be unwilling to move the needle on equity conversion until the telco received additional funding, and investors were understood to be waiting for the government to move first.

In a regulatory filing Friday evening, Vodafone Idea said: “Ministry of Communications, Government of India has, in line with the Reforms and Support Package for Telecom Sector communicated earlier and the conversion option exercised by the Company as provided for therein, passed an order today i.e. 3 February, 2023 under section 62(4) of the Companies Act, 2013, directing the Company to convert the NPV of the interest related to deferment of spectrum auction instalments and AGR Dues into equity shares to be issued to the Government of India”.

“The total amount to be converted into equity shares is Rs. 16133,18,48,990. The Company has been directed to issue 1613,31,84,899 equity shares of the face value of Rs. 10 each at an issue price of Rs 10 each,” it added.

Reeling under a debt burden of over Rs 2 lakh crore, Vi had opted to convert more than

Rs 16,000 crore of interest liability payable to the government into equity. This will amount to around a 33 per cent stake in the company. The promoters’ holding will

come down to 50 per cent from 74.99 per cent.

In January this year, Union Minister Vaishnaw had called the process “complex” and said that the telco would need capital infusion from multiple sources, not just conversion of its interest dues on statutory payments. “Vodafone Idea has many requirements. It has a particular requirement of capital. How much capital, who will infuse? All those things are under discussion at this point. The responsibility of the capital will have to come from various sources... All those are complex issues,” Vaishnaw had said at the time.

The latest development, however, solves only a part of the problem for Vi.

Two years back, Vi had approved plans to raise Rs 25,000 crore. Of this approved amount, the company has been able to raise Rs 5,000 crore from the promoters. Also, Vi’s proposal to settle dues of Rs 1,600 crore with equipment vendor ATC Telecom Infrastructure through the issue of equity-convertible debt bonds has already lapsed once. This was because the issuance of bonds to ATC was subject to conversion of interest dues into equity by the government.

Analysts said that the government order to convert the telco’s dues into equity could encourage investors to infuse capital in the company.

As of September, Vi had a net debt of around Rs 2.2 lakh crore. The company’s dues to banks and other lenders totalled Rs 15,080 crore.

© The Indian Express (P) Ltd

First published on: 03-02-2023 at 20:02 IST



NEXT STORY ►

‘I’m terrified of facials’: Gigi Hadid opens up about her diet, skincare, fashion, and more

TAGS: Vodafone Idea