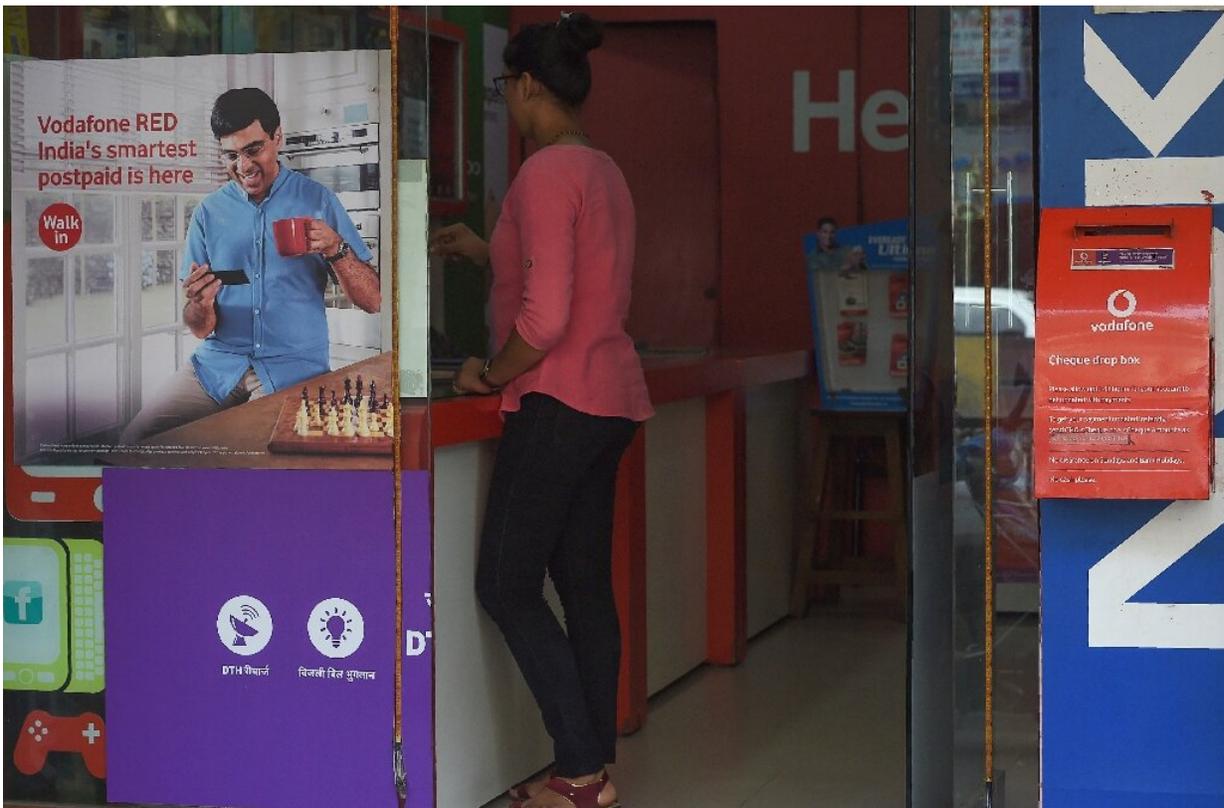


India telecom rivals see wild share swings after record losses

November 15 2019



The court ruling hit Vodafone Idea the hardest

Shares in Indian telecom giants Vodafone Idea and Bharti Airtel went through wild swings on Friday, initially sinking more than ten percent at the open, after the British joint venture reported the worst quarterly loss

in Indian corporate history.

Vodafone Idea reported a net loss late Thursday of 509 billion rupees (\$7.1 billion) in July-September as it factored in a \$4 billion bill levied by Indian authorities.

India's Supreme Court last month ordered telecom firms to pay a combined 920 billion rupees in spectrum and licensing fees—a ruling that hit Vodafone Idea the hardest.

The company's shares recovered after the initial plunge, edging up four percent from its Thursday closing price.

Vodafone Idea and Bharti Airtel, another major operator told to pay \$3 billion, have warned that the ruling will exacerbate the beleaguered telecom sector's [financial woes](#).

Bharti Airtel announced quarterly losses of 230 billion rupees on Thursday, but gained six percent in morning trade on Friday.

In London on Tuesday, Vodafone reported a net global loss of more than \$2.7 billion in the first half of the financial year, with chief executive Nick Read saying that the company was facing a critical situation in India.

The British [telecom](#) giant also announced that it would not invest any more equity in India since the South Asian market contributed zero to its global share valuations.

The company has sought relief from the New Delhi government over the charges levied on its loss-making and indebted joint venture with local firm Idea, asking for a two-year moratorium on spectrum payments and a reduction in licensing fees.

"Our ability to continue as a going concern is dependent on obtaining reliefs from the government," Vodafone Idea said in a statement late Thursday.

Vodafone Idea and Bharti Airtel have both struggled since India's richest man Mukesh Ambani launched Reliance Jio in 2016. The new mobile operator has offered dirt cheap internet and free calls.

The move prompted major consolidation, price wars, and losses with some players facing liquidation or exiting the sector altogether.

Since entering India with a 67 percent stake in Hutchison Essar in 2007, Vodafone has faced multiple regulatory issues over taxation.

The Supreme Court row centred on how licence and other fees paid by the firms should be calculated.

The companies had argued they should be based on income from only their telecoms business, but the court said they must be based on the amount earned from all business dealings such as from handset sales and other income.

The only beneficiary of the verdict was Reliance Jio, which escaped with a relatively light \$1.8 billion in fees to be paid.

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