

Vodafone Idea may close down operations if AGR calculation 'errors' not fixed, files review plea

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New Delhi: Cash-strapped Vodafone Idea (Vi), which is struggling to stay afloat, reportedly said it is a “travesty of justice” and “inconceivable” that the Supreme Court (SC) has not allowed correction of “errors” in adjusted gross revenue (AGR) calculations, a verdict which will cost the embattled telco approximately Rs 25,000 crore and push it to “go under”.

The debt-laden company filed a plea on Tuesday to review the July 23 ruling of the apex court not allowing correction of alleged errors in the government’s AGR calculations, mentioning that it had no plans to “wriggle out” from clearing the AGR dues as instructed by the court, according to a report in *ET*.

However, if the alleged miscalculations are not allowed to be fixed, then it will have close down operations, putting around 28 crore users, some 20,000 direct and indirect workforce, lenders and retailers in a dire situation, with even the Department of Telecommunications (DoT) government getting affected in the process.

“It is inconceivable that even errors/inadvertent additions by the respondent-DoT to the AGR dues have not been allowed to be corrected.... It is a travesty of justice that the petitioner is restrained from questioning arithmetical errors/ omissions, which are going to cost the petitioner approximately Rs 25,000 crore (Rs 5,932 of principal plus interest, penalty and interest on penalty),” according to the financial daily which cited Vi’s plea to the apex court.

Meyyappan Nagappan, Leader, International Tax, Nishith Desai Associates, told ETNowNews.com: “Typically review petitions are filed if there is any new evidence or if there is an error apparent on the face of the records. Review petitions also usually have a low success rate. However, in this situation, Vodafone has limited options. It now depends on whether the court accepts an alleged mistake in the calculation as a valid ground for reviewing the judgement.”

The floundering telecom company filed a review plea within weeks of the top court rejecting its earlier petition to look into alleged errors made by the DoT, therefore confirming the AGR-related dues at Rs 58,254 crore, of which the telco has paid Rs 7,854 crore.

Vi’s own calculations, however, put the AGR dues at Rs 21,533 crore, which was rejected by the SC.

Earlier this month, Vodafone Idea announced that Kumar Mangalam Birla had decided to step down as non-executive chairman of the beleaguered telecom major. His decision to resign came within a span of 48 hours after a letter he wrote to Cabinet Secretary Rajiv Gauba seeking a rescue package for the telco became public.

In his letter to the government, the industrialist had offered to transfer his 27.6 per cent stake in the financially troubled telecom company “to any public sector/government/domestic financial entity or any other the government may consider worthy to keep the company going”.