

# Tata-Docomo Settlement Seen Helping Investor Confidence in India

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- Delhi High Court rules in favor of \$1.2 billion Docomo award
- Ruling rejects central bank view on foreign-investor exit rule

An Indian court approved a settlement that allows Tata Sons Ltd. to pay a \$1.17 billion arbitration award to estranged partner NTT Docomo Inc., soothing foreign investors' concern that the central bank's interpretation of investment rules would effectively prevent them from exiting losing bets.

Under the settlement, Docomo will receive funds deposited by Tata Sons with the court pending the ruling, Justice S. Muralidhar of the Delhi High Court said Friday. The court rejected the Reserve Bank of India's objection to the settlement.

"This is one of the most positive developments for foreign investment in India," said Saket Shukla, a partner at Phoenix Legal in New Delhi. "This decision will definitely boost investor confidence and change perceptions about India. India needs to grab the opportunity to demonstrate to the investors that it provides a level playing and business-friendly environment."

Docomo has been fighting Tata over the right to sell its stake in closely held Tata Teleservices Ltd. for at least 50 percent of the original \$2.6 billion as per a 2009 investment agreement between the companies. India's central bank has opposed the payment, citing a rule that foreign investors could exit an investment only at prevailing "fair value," even though Tata had agreed to pay and deposited the money with the court.

Representatives for Docomo and Tata did not immediately respond to emails seeking comment.

Resolving the dispute may allow Tata Sons to move forward with a plan to turn around Tata Teleservices, which has lost subscribers in a brutal price war. India's wireless services market of 11 carriers got a push for consolidation after Mukesh Ambani, India's richest man, stormed into the market by offering free calls for life through new entrant Jio Infocomm Ltd.

Ratan Tata, the chairman emeritus who briefly returned to Tata's helm last year, had restarted discussions with Docomo to resolve their dispute over the payment, following Cyrus Mistry's ouster from Tata in October. The conflict between the companies has lingered as the central bank has signaled the payment Docomo sought would violate foreign-investment rules.