



# Deepening debt crisis in SL stokes controversy over Chinese lending

## UK looks to stop misleading crypto ads

Bloomberg  
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The debt crisis in the island nation opens window for India to push back against Chinese influence in the Indian Ocean region

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**A** deepening debt crisis has left Sri Lanka (SL) struggling to pay for imports and stoked political controversy over Chinese lending to the South Asian nation as part of Beijing's global Belt and Road infrastructure program.

The crisis has also opened a window for India, which provided financial relief to Sri Lanka last week shortly before a \$500 million bond matured, to push back against Chinese influence in the Indian Ocean region. Ajith Nivard Cabraal, Sri Lanka's central bank governor, said on his official Twitter account that the country had repaid the bond, which matured on Tuesday. It was the first major tranche of \$4.5 billion total sovereign debt repayments due in 2022.

But with around two thirds of government revenue already going toward interest payments, President Gotabaya Rajapaksa warned in a speech to parliament that the country had insufficient foreign currency reserves to pay for the imports it needed.

That warning followed his appeal last week to visiting Chinese Foreign Minister Wang Yi for Beijing to restructure its debt, provide concessional trade terms, and lift Covid-related restrictions on Chinese tourists visiting Sri Lanka.

It also came after unusual criticism from within Sri Lanka's ruling party over China's lending for a series of major infrastructure projects, which include a \$13 billion sea-front business hub in the capital, Colombo, and a port and airport in the Rajapaksa family's home constituency of Hambantota.

Earlier this month, Wijeyadasa Rajapakse, a member of parlia-



Sri Lankan president Gotabaya Rajapaksa.

ment in the ruling party, wrote a six-page letter addressed to Chinese President Xi Jinping accusing Beijing of pushing Sri Lanka into a debt trap to expand China's sphere of political influence.

"It is manifestly visible that your friendship with us is no more genuine and candid, instead you use our relations to achieve your ambition of becoming the world power at the stake of lives of our innocent people," Mr. Rajapakse wrote in his letter.

China's Foreign Ministry didn't respond to a request for comment.

At a regular news briefing last week, Chinese Foreign Ministry spokesman Wang Wenbin said that China had always done its utmost to provide help for Sri Lanka's eco-

nomical and social development and would continue to do so in the future.

India's External Affairs Minister Subrahmanyam Jaishankar said on Saturday that India would continue to support Sri Lanka in all possible ways with its economic and other challenges posed by the coronavirus pandemic. He said the two countries were discussing

Indian loans totaling \$1.5 billion for essential commodities, fuel, food and medicine.

Recent Indian investments in Sri Lanka include a deal for India's Adani Group to develop and operate a container terminal in Colombo and an agreement for a subsidiary of the state-run Indian Oil Corporation to operate 14 oil storage tanks in the

eastern port city of Trincomalee. A spokesman for India's Foreign Ministry said he had no further comment.

Sri Lanka had about \$3.5 billion in debt from China as of end-2020, excluding loans to state enterprises, according to Sri Lanka's central bank data, about the same as owed to Japan. The largest portion—about 36%—of Sri Lanka's debt is owed through international sovereign bonds.

While China accounts for only around 10% of Sri Lanka's total debt, U.S. officials and some scholars have often cited it as evidence of how Beijing is causing debt distress through its Belt and Road initiative to build ports, railways, pipelines and other infrastructure across Asia and beyond.

In one prominent example, Sri

Lanka's government was unable to repay a Chinese loan for the port in Hambantota that China helped build. To settle the loan, it granted a Chinese state company a 99-year lease on the facility.

Beijing denies any ulterior motive and says the projects promote development and benefit all parties.

Sri Lanka's debt problems have escalated over the last two years, as both its key foreign exchange earners—tourism and remittances from abroad—were hit hard by the coronavirus pandemic.

Confronted with decade-high inflation, a weak currency and rising import costs, Mr. Rajapaksa declared an economic emergency in September, appointing the military to oversee the supply of basic staples such as rice and sugar, sold at government-guaranteed prices. Since November, Moody's, Fitch and Standard & Poor's ratings firms have all downgraded Sri Lanka's sovereign credit score further into junk territory. According to Fitch, Sri Lanka's foreign currency reserves were depleted to as low as \$1.6 billion in November, enough to cover less than one month of imports.

In its search for funds to repay loans and boost its foreign currency reserves, Sri Lanka said in December it would seek to repay Iran for oil purchases with \$5 million worth of tea a month as a means to conserve foreign currency. An agreement with India last week deferring \$500 million in payments owed through the Asian Clearing Union and a \$400 million currency swap has also earned some breathing room.

"The forex situation has become so critical that [Sri Lanka] has no sufficient reserves to import even the essential imports like fuel, medicines, foods, and industrial raw materials," said W.A. Wijewardena, a former Sri Lanka central bank deputy governor.

Some top Sri Lankan economists have called for the government to suspend repayments until it restructures its debt, saying the country's dwindling reserves are better used to secure the supply of essential goods for its citizens, who are facing rolling power outages and shortages of imported essentials such as milk powder, cooking gas and fuel.

"If it is not done, there will be shortages leading to price increases and long queues," Mr. Wijewardena said. "They will ultimately result in social and political disorder."

In his address to parliament, Mr. Rajapaksa said the crisis was the climax of a problem which previous governments had failed to solve, and the country would bank on its existing strategy of boosting tourism, exports and foreign investment.

Mr. Rajapaksa also suggested he wouldn't deviate from courting Chinese investment, saying that Sri Lanka as a small country with limited natural resources relied on foreign investment for development and job creation.

"If one acts for purely political reasons to misinterpret and create a wrong opinion among the people about foreign investments, then such [a] person is not doing any good to the country," Mr. Rajapaksa said, without specifying any countries or individuals.

Deep Pal, a visiting fellow at the Carnegie Endowment for International Peace, said while he didn't believe Sri Lanka was in a debt trap, the problem was compounded by the fact that other key regional players such as India would be hesitant to bail out Sri Lanka if it felt that the funds would go straight to servicing Chinese debt. "Things are not going to improve for Sri Lanka any time soon," he said. "In the absence of other players it really allows China to be more significantly involved."

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Crypto billboards, which have popped up across the London subway system, will come under tougher UK oversight in the latest in a series of steps taken by the government and regulators to stamp out false advertising in the industry.

The treasury said on Tuesday that it plans to regulate crypto advertising like other financial products and ensure that promotions are "fair, clear and not misleading."

The news comes a day after a similar announcement from Spain's market regulator, which slapped controls on ad campaigns for crypto-assets by saying they must carry a warning to investors that they risk losing all their money.

"Research suggests that understanding of what crypto actually is is declining, suggesting that some users may not fully understand what they are buying," the UK treasury said in a statement. The tougher rules will be phased in over six months once they're finalized.

Crypto has drawn the attention of regulators globally as a result of the volatile price movements of digital assets—from Bitcoin and Ether down to memecoins such as Shiba Inu—as well as the complexity of the products and lack of consumer protection. In the UK, Britain's advertising regulator has handed down a stream of rulings against crypto-related advertising, setting a consistent line against some of the key names in the industry. The UK's Financial Conduct Authority, meanwhile, has issued frequent warnings about the risks in crypto, saying last January that investors "should be prepared to lose all their money."

## BlackRock's climate stance is about profits, not politics, says Larry Fink

Justin Baer  
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Larry Fink's efforts to get companies to adopt climate-friendly policies have led some to call him an activist. The BlackRock Inc. chairman and chief executive officer (CEO) prefers a different label: capitalist.

In his annual letter to the CEOs of the companies in which BlackRock invests, Mr. Fink said businesses that don't plan for a carbon-free future risk being left behind. The quest for long-term returns, and not politics, is what animates the money manager's efforts, he wrote.

"Stakeholder capitalism is not politics," Mr. Fink wrote. "It is not a social or ideological agenda. It is not 'woke.'"

Mr. Fink is responding to critics who say BlackRock shouldn't seek to influence companies' policies on governance, climate change and other hot-button issues.

Earlier Monday, West Virginia's treasurer said the state's Treasury investment board would no longer use a BlackRock fund after the money manager urged companies to reduce their emissions to net zero by 2050.

The state official, Riley Moore, said the stance damages West Virginia's economy. "We focus on sustainability not because we're environmentalists, but because we are capitalists and fiduciaries to our clients," Mr. Fink wrote in his letter.

BlackRock is the world's largest asset manager, a \$10 trillion colossus that ranks among the top shareholders in companies from Apple Inc. to Xerox Holdings Corp. The majority of those stocks are held in funds that track the makeup and the performance



Larry Fink, chairman and CEO, BlackRock Inc.

REUTERS

of indexes. But because index funds can't simply sell shares of companies when they are unhappy with their performance or leadership, firms like BlackRock have sought to nudge companies

in other ways.

BlackRock made waves last spring when it voted to replace three Exxon Mobil Corp. directors over the oil giant's reluctance to quickly transition to cleaner energy sources. The high-profile proxy battle followed the money manager's decision, in January 2021, to reduce its own net greenhouse-gas emissions to zero by 2050. Later that year, BlackRock joined other financial-services firms in a pledge to bring their entire investment portfolios to net zero over time.

BlackRock's support of a tiny environmentally focused activist at Exxon prompted critics to accuse the firm of aligning with liberal causes. But the political winds are shifting. President Biden's

approval ratings have been dropping, and Democrats fear steep losses in the coming midterm elections.

BlackRock executives have been fretting over how to position the firm in the wake of the Exxon vote, according to people familiar with the matter. Much thought has been given inside the company to the balancing act it must

perform as it appeals to socially conscious investors while maintaining close ties with oil-and-gas companies and their supporters, the people said.

There are financial repercussions on both sides.

Last June, Texas passed a bill that requires state entities such as pensions to divest from companies that boycott the fossil-fuel industry. While it isn't clear how the law will ultimately be applied, many saw it as a warning shot at BlackRock and its peers, a group that risks losing billions of Texas pen-

sion dollars under management.

In his 2022 letter, his 10th, Mr. Fink sought to remind corporate leaders that BlackRock is on neither side of the political divide. Setting goals for companies to lower emissions, he wrote, is "critical to the long-term economic interests of your shareholders."

Companies must continue to evolve, or risk being replaced by more adaptive competitors. And the transition to a net zero world will transform every industry, he wrote.

"Our conviction at BlackRock is that companies perform better when they are deliberate about their role in society and act in the interests of their employees, customers, communities, and their shareholders," he wrote.

Cara Lombardo, Christopher M. Matthews and Emily Glazer contributed to this article.

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**GAIL (India) Limited**  
(A Government of India Undertaking)

**NOTICE OF RECORD DATE FOR EXERCISING CALL OPTION FOR 8.30% BOND 2015 SERIES-1(B), 1(C) AND 1(D) ALONGWITH REDEMPTION OF BOND SERIES 1(A) AND PAYMENT OF INTEREST THEREON**

GAIL had issued 8.30% Secured, Taxable, Redeemable, Non-Convertible Bonds bearing a face value of Rs. 40,00,000/- comprising of 4 detachable and Separately Transferable Redeemable Principal Parts (STRPPs) I(A), I(B), I(C) and I(D), each of a face value of Rs. 10,00,000/-. These separate principal part(s) would be redeemable at the end of 7<sup>th</sup> year onwards from the deemed date of allotment i.e. from 23.02.2015.

GAIL has decided to exercise the call option in respect of aforesaid bond series I(B), I(C) and I(D) along with redemption of Bond series I(A) and interest thereon, as mentioned in Information Memorandum on the due dates of payment i.e. 23.02.2022.

This is to inform that **Monday, 7<sup>th</sup> February, 2022 has been fixed as the 'RECORD DATE' for the purpose of:**

a) Redemption of Bond series I(A) and payment of interest thereon  
b) Exercise of call option in respect of Bond series I(B), I(C) and I(D) and interest thereon

Payment of Interest on 'Call Option' and Redemption of Bonds will be made as under:

Sr. No.	ISIN Code	Nature	Due date of Payment	Actual Date of Payment	Period of interest payment
1	INE129A07198 (Sr-1-A)	Redemption	23.02.2022	23.02.2022	23 <sup>rd</sup> February, 2021 to 22 <sup>nd</sup> February, 2022
2	INE129A07206 (Sr-1-B)	Call Option	23.02.2022	23.02.2022	23 <sup>rd</sup> February, 2021 to 22 <sup>nd</sup> February, 2022
3	INE129A07214 (Sr-1-C)	Call Option	23.02.2024	23.02.2022	23 <sup>rd</sup> February, 2021 to 22 <sup>nd</sup> February, 2022
4	INE129A07222 (Sr-1-D)	Call Option	23.02.2025	23.02.2022	23 <sup>rd</sup> February, 2021 to 22 <sup>nd</sup> February, 2022

In respect of bonds held in electronic mode, the redemption including interest on bonds and exercising the call option on bond(s) will be made on the basis of beneficial ownership details, to be furnished by NSDL and CDSL in respect of the said Bonds as on the Record Date.

Registered Office: 16, Bhikaji Cama Place, R.K. Puram, New Delhi-110066, [CIN: L40200DL1984G01018976], Phone: 011-26182955, Fax: 011-26185941, E-mail: shareholders@gail.co.in.

For GAIL (India) Limited Sd/-  
(A.K. Jha)  
Company Secretary

Place : New-Delhi  
Date : 18.01.2022

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**NOTICE TO SHAREHOLDERS**

Notice is hereby given to Equity Shareholders/Members of McNally Bharat Engineering Company Limited ("the Company"), pursuant to section 110 of the Companies Act 2013 read with the Companies (Management and Administration) Rules 2014 and the relevant Circulars issued by the Ministry of Corporate Affairs including General Circular No. 21/2021 dated 8th December 2021, that the Company seeks approval of Members for passing the Resolution by way of postal ballot through remote e-voting only, with respect to "Reclassification of Promoter Group companies under Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof for the time being in force) ("Listing Regulations") as set out in the Postal Ballot Notice dated 13th January 2022.

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Members are provided with the facility to cast their vote electronically instead of dispatching the physical Postal Ballot Form by post.

Further Notice is hereby given to the Members in respect of the above matter that:

- the Board of Directors of the Company has appointed Mr. Atul Kumar Labh, Senior Practising Company Secretary (FCS - 4848 / CP - 3238) as the Scrutinizer for scrutinizing the postal ballot through e-voting in affair and transparent manner;
- the Company has completed dispatch/email of Postal Ballot Notice ("the Notice") by 18th January 2022;
- the Company has engaged the services National Securities Depository Limited (NSDL) to provide electronic voting facility to the Shareholders of the Company;
- voting through electronic means shall commence at 10.00 AM (IST) on Thursday, 20th January 2022 and end at 5.00 PM (IST) on Friday, 18th February 2022. The e-voting module shall be disabled for voting by NSDL thereafter;
- Members who have not received the Notice may send a request to the Company for duplicate copy at [mbecal@mbeccl.co.in](mailto:mbecal@mbeccl.co.in) or [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com) or write to the registered office.
- For any queries / grievances or guidance for remote e-voting, Members may contact Mr. Chanchal Kumar Karar, Manager - Secretarial at telephone no. 033 - 44591212 or at email ID [mbecal@mbeccl.co.in](mailto:mbecal@mbeccl.co.in).
- Results of e-voting will be announced on Saturday, 19th February 2022 at the registered office of the Company and the said result will be displayed in Investors section on the Company's website [www.mcnallybharat.com](http://www.mcnallybharat.com).

Cut-off date prescribed for this purpose is Friday, 14th February 2022 to reckon the voting rights of the members and paid-up value of equity shares. Person who is not member on the said date should treat the Notice for information purpose only. The Notice is also displayed in Investors section on the Company's website at [www.mcnallybharat.com](http://www.mcnallybharat.com) and NSDL website [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

For McNally Bharat Engineering Company Limited Sd/-  
Indrani Ray  
Company Secretary

Place : Kolkata  
Date : 19th January 2022