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# US firm Hughes fears closure over unpaid fees, banking services across India could be hit

BY REUTERS | UPDATED: FEB 24, 2020, 11.19 AM IST

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US satellite broadband provider [Hughes Network Systems](#) may have to shut its Indian operations due to unpaid levies owed to the government, which could put thousands of banking services at risk, a company letter seen by [Reuters](#) showed.

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The Supreme Court late last year ordered a number of telecom companies, including Hughes and larger firms like [Vodafone](#), to pay billions of dollars owed to the government.

Hughes' India unit provides services to defence, education and banking sectors in the country and told the telecom ministry in a letter dated February 20 that it faces bankruptcy as it can't pay the Rs 600 crore (\$84 million) it owes.

The closure of the company could disrupt connectivity at more than 70,000 banking locations and many critical satellite networks in the Indian navy, army and railways, Hughes' India President Partho Banerjee said in the letter, which was seen by Reuters.

"We are facing a huge demand ... which by no means is serviceable by us and is in fact pushing our company towards bankruptcy & closure," Banerjee wrote in the letter.

"This is an SOS request," he added. The company says the government's telecoms department had made an incorrect calculation of the dues more than a decade ago which has ballooned to \$84 million with interest and penalties.

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Hughes, when approached by Reuters for comment, would not comment on the substance of the letter but said in a statement it "remains committed to India" and would continue to provide services to its customers.

India's telecoms ministry did not respond to a request for comment.

Vodafone Idea, which owes \$3.9 billion in dues, interest and penalties, has already warned of a potential exit, putting at risk 13,000 employees and billions of dollars in bank loans.

India's claim for unpaid dues followed a dispute with companies over how adjusted gross revenue, a percentage of which companies need to pay to the government as fee, was calculated.

While the \$84 million Hughes owes is significantly smaller than the sums owed by larger peers, a company document from December showed it was still more than three times its net worth in India.

"This, if not resolved, will make the operation unviable thus rendering many customers like banks, other enterprises and critical government networks without any connectivity," the company said in a separate December letter to the government.

Hughes, which is part of U.S.-based satellite group [Echostar Corp](#), said in December 2018 it had been chosen to provide high-performance satellite broadband system for India's naval communications network.

The company also provides communication services to more than 30 public and private banks in India, according to its website.

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