

Business Standard



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MODI MOOTS SAARC FUND TO TACKLE CORONAVIRUS

COMPANIES P3
REVENUES OF MULTIPLEXES MAY BE HIT BY UP TO 25%



PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

How markets performed last week

	Index on Mar 13, '20	*One-week	% Chg over Dec 31, '19	Local currency	in US \$
Sensex	34,103	-9.2	-17.3		-20.2
Nifty	9,955	-9.4	-18.2		-21.0
Dow Jones	23,186	-10.4	-18.8		-18.8
Nasdaq	7,875	-8.2	-12.2		-12.2
Hang Seng	24,033	-8.1	-14.7		-14.5
Nikkei	17,431	-16.0	-26.3		-25.9
FTSE	5,366	-17.0	-28.9		-34.1
DAX	9,232	-20.0	-30.3		-31.0

*Change (%) over previous week Source: Bloomberg

CENTRE TO REWORK LONG-TERM POWER SALE AGREEMENTS

Long-term power purchase agreements (PPAs) between power generators and states could soon go. The power ministry is planning to rework the PPA regime to address issues of states not honouring the pacts and, at times, renege on the contract. PPAs are typically of a 25- to 30-year duration. The ministry is designing a policy paper on the alternative. **6▶**

ECONOMY & PUBLIC AFFAIRS P11

Aramco profit falls 21% on lower oil prices

Saudi Aramco posted a 21 per cent drop in full-year profit and cut planned 2020 capital expenditure. The oil giant cited lower crude oil prices and production for the decline in profit. It's the first time Aramco reported results as a listed firm since its \$29 billion IPO in December. Capital expenditure will be between \$25 billion and \$30 billion in 2020.

BS ON MONDAY SPECIALS

BANKERS' TRUST Dear governor, why save the bullet? Use it now

Beyond perking up the economy, the RBI needs to ensure proper functioning of the bond market, the credit market, and the larger financial system, writes **TAMAL BANDYOPADHYAY**

BUSINESS LAW Deal-making in the time of pandemic

Experts say buyers and sellers may need to reassess the impact of COVID-19 on the business, assets, valuation, and future cash flows, writes **SUDIPTO DEY**

PERSONAL FINANCE Cryptocurrency back, but be cautious

It faces regulatory risks and is highly volatile. Limit your exposure to this asset class, writes **SANJAY KUMAR SINGH**

THE SMART INVESTOR Europe slowdown to hit auto sector hard

Motherson Sumi, Apollo Tyres, and Tata Motors to be among the worst affected because of high exposure, writes **RAM PRASAD SAHU**

POLITICS & PUBLIC AFFAIRS



Shivraj isn't running solo for top job

Narendra Tomar, Narottam Mishra, and Kailash Vijayvargiya are among his challengers in CM race, writes **SANDEEP KUMAR**

STATSGURU The global sell-off

Sebi considers ban on short selling

Circuit filters, trading curbs being discussed in view of high volatility

SAMIE MODAK & SHRIMI CHOUDHARY
Mumbai/New Delhi, 15 March

The Securities and Exchange Board of India (Sebi) is working on a plan to arrest the deep market sell-off and reduce volatility, which has spiked to record levels owing to the damage caused by the coronavirus pandemic. A ban on short selling, mandatory delivery-based trading, and invoking the so-called additional surveillance mechanism (ASM) for highly volatile stocks are among the proposals being considered, said people in the know.

If the market continues to fall, Sebi would announce at least some of these measures to reduce excessive speculation and prevent traders from exacerbating the fall, they added. Last week, the finance ministry hauled up the market regulator, seeking immediate action to curb the free fall in the market, sources said.

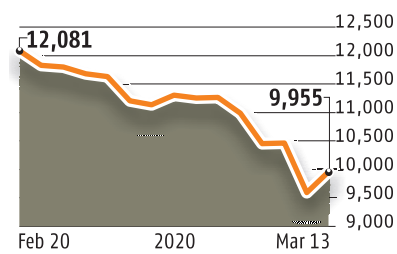
On Friday, the Nifty50 index plunged 10 per cent, triggering a halt in trading for the first time since the 2008 global financial crisis. However, after trading resumed, the index saw a dramatic 16 per cent rebound. The recovery happened on the back of measures announced by central banks and authorities around the world to stop the market slide.

If India introduces steps such as a short selling ban, it will join other countries, including South Korea, Spain, and Italy, which have announced measures to bring stability to the markets, which have undergone their worst rout since 2008 on fears that the spread of coronavirus would push the global economy into a recession.

Short selling is a trading strategy that bets on a decline in the share price. Either traders borrow shares for shorting or use the derivatives market, which allows shorting without having the underlying security.

IN FREE FALL

The Nifty has plunged about 2,000 points in less than a month



ARRESTING THE SLIDE

- Spain, Italy, and South Korea are among countries that have banned short selling
- Sebi plans similar action if markets continue to fall
- Coronavirus pandemic has triggered one of the worst sell-offs in history
- Pressure on Sebi to rein in volatile market moves
- Sebi says "prepared to take suitable actions as may be required"

MARGIN CALLS, LEVERAGE LOWER THAN 2008

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ED summons Anil Ambani in YES case

SHRIMI CHOUDHARY
New Delhi, 15 March

The Enforcement Directorate (ED) has summoned Reliance Group Chairman Anil Ambani in connection with the ongoing money-laundering probe against YES Bank co-founder and former chief executive officer Rana Kapoor. The Group is among the largest borrowers from the bank, with an exposure of around ₹14,000 crore.

Confirming the development, an ED official said the agency was examining all the big borrowers of the bank, and the stressed loans sanctioned during Kapoor's tenure. Ambani has been asked to join the probe on Monday (March 16). He will have to provide the details regarding the loans disbursed to his group, the terms and conditions and side agreements, if any, with the private lender, said the official.

The official said a significant portion of the bank's loans to the construction sector was accounted for by the Anil Ambani-led group and the investigative agency wanted to understand the process of disbursing the loans.

Page 2 **RANA KAPOOR'S FIRM EXPANDED AGGRESSIVELY THROUGH LOANS**

Rate cut on small savings in the offing

ARUP ROYCHOUDHURY
New Delhi, 15 March

The finance ministry may cut interest rates on small savings schemes for the April-June quarter, *Business Standard* has learnt, as it looks at reducing the cost of credit and, hence, providing more liquidity for a financial system stung by a global slowdown owing to the coronavirus pandemic and another banking crisis at home.

The government last cut the small savings rates for the July-September 2019 quarter, except for one scheme. For the October-December 2019 and January-March 2020 quarters, the rates remained unchanged.

The government also hopes that the Reserve Bank of India's (RBI's) Monetary Policy Committee will go for a rate cut in its next meeting, helping reduce the cost of capital even more.

"Leaving aside the regulators, there are a few things that a government can do to improve lending activity in order to boost growth and ensure the transmission of rate cuts. Small savings is one of them," said a senior government official. The person confirmed that the possibility of a rate cut for small savings scheme was being discussed.

"There are steps being taken to clean up the financial sector, but a short-term impact of that is some avenues of credit are blocked," said a second official.



CURRENT RATES

4.0%	Savings deposit
6.9%	1-year time deposit
	2-year time deposit
	3-year time deposit
7.7%	5-year time deposit
7.2%	5-year recurring deposit
7.6%	Monthly Income Account
	Kisan Vikas Patra
7.9%	National Savings Certificate
	Public Provident Fund Scheme
8.4%	Sukanya Samridhi Account Scheme
8.6%	Senior Citizen Savings Scheme

Note: Rates unchanged since July 2019 Source: dea.gov.in

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Air India valuation set to take a knock



DEV CHATTERJEE
Mumbai, 15 March

The valuation of Air India may decline significantly due to the coronavirus pandemic, which is expected to hit the revenues and profits of all airlines in the coming months, according to bidders. Potential bidders for Air India said they were going back to the drawing-board and would submit a bid after taking into account the peer valuations in the stock markets in India and overseas.

The impact of the pandemic is showing in the share prices of top airlines worldwide, with the United Airlines and Lufthansa share prices falling by 58 per cent and 36 per cent, respectively, since January this year. "There are several airlines listed in India as well as overseas and that's a good indicator of Air India's valuation," said a bidder, asking not to be named.

The aviation industry is expected to make a loss of \$67 billion in 2020 and several airlines are expected to file for bankruptcy in the coming months.

Citing an example, the bidder said both United Airlines Holdings and Deutsche Lufthansa AG were profit-making, with United flying to 369 destinations and having a fleet of more than 1,250 aircraft.

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Busy office hubs fall silent as virus noise gets louder

BS REPORTERS
Gurugram/Bengaluru/Mumbai/Chennai/Kolkata, 15 March

Two security guards, wearing N95 medical masks, screen the temperature of every visitor with infrared thermometers. A placard announcing 'temperature scanning in progress, please cooperate' stands between them. A dozen more men, their faces covered with protective masks, clean the premises.

This is the scene that greets you as you enter One Horizon Centre tower in Gurugram's Golf Course Road, which, together with its sister tower, Two Horizon Centre, houses such large multinational corporations (MNCs) as Apple, Coca-Cola, Samsung, and GSK Consumer Healthcare. The usually bustling complex — it also has a number of showrooms and restaurants — is now deserted.

The coronavirus outbreak is exacting a heavy toll on businesses everywhere and this commercial complex is no exception. Over the past few days, it has witnessed a sharp decline in footfall. Popular restaurants like Delhi Club House have not seen their regular patrons in recent days. Sales have declined to



A security guard screens employees at the Brigade World Trade Centre in Bengaluru, which houses Amazon India headquarters as well as offices of several other MNCs

about half in the past 10 days, the staff said. At Cyber Hub, a popular hangout in Gurugram and home to an array of restaurants, most eateries are going empty, as *Business Standard* finds out while on a recce to assess the impact of the virus.

The offices of many MNCs are equally vacant these days. To protect their employees from the coronavirus pandemic, several have given their employees the option of working from home.

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CASES ZOOM TO OVER 100; MUMBAI IN SEMI-LOCKDOWN

The number of coronavirus cases in the country rose to 107 on Sunday. With 12 new cases in Maharashtra, the state government put the city in a semi-lockdown mode. Executives at Inorbit Mall said their Malad and Vashi properties were closed and would remain shut for a few days. The Mumbai police issued an order to prohibit all group tours till March 31. Those flouting the order can face penal action.

VIVEAT SUSHAN PINTO & ANEESH PHADNIS report 16▶

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IT COMPANIES DRAW BUSINESS EXIGENCY PLANS P2

POULTRY FIRMS, FARMERS HIT DUE TO CULLING P2

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