ADANI POWER, VEDANTA, JINDAL STEEL AMONG COS BOOKED

CBI books 4 Mahanadi Coalfields officials, 25 companies for causing 'loss of close to ₹97 crore' to PSU

DEEPTIMAN TIWARY
NEW DELHI, MARCH 20

"... the accused public servants abused their respective official positions by allowing supply of coal to the said accused coal consumers without adhering to the provisions/terms and conditions of the FSAs ..."

FIR BY CENTRAL BUREAU OF INVESTIGATION

THE CBI has booked 25 companies — including the Adani group of companies, Vedanta Ltd, Jindal Steel, IFFCO as well as Ballarpur Industries Ltd (BILT) — and four government officials for allegedly causing a loss of close to Rs 97 crore to PSU Mahanadi Coalfields Ltd (MCL).

The public officials, according to the Central Bureau of Investigation (CBI), allegedly extended favours to these companies in terms of allowing delayed payments, not charging interest on delayed payments and allowing coal supplies despite previous dues not being cleared.

The public officials, all MCL Kolkata officer bearers, have been identified as Kaberi Mukherjee, the then chief manager (finance); Anil Kumar Bhowmik and Deba Jyoti Chatterji, the then senior managers (finance); and Srivalli Veerangam, the then deputy manager (finance).

The companies arranged as accused include Adani Power Ltd, Unit 1 and Unit 3 of Adani Power Maharashtra Ltd, Talwandi Saboo Power Ltd, Vedanta Ltd, Aarati Steels Ltd, SESA Sterlite Ltd (IPP) (Now Vedanta Ltd), Haldia Energy Ltd, Atibit Industries Co Ltd., Haldia Steel Ltd, BILT Graphic Products Ltd., JK Paper Ltd, JSL Ltd, Jindal Stainless, Jindal Steel & Power Ltd, Aryabrata Trading Pvt Ltd, Kohinoor Paper & Newsprint (P) Ltd, MSP Sponge & Power Ltd, MSP Steel and Power, IMFA Utkal Manufacturing & Services Ltd, IFFCO, Emami Biotech Limited and Factor Power Ltd.

According to the FIR filed by CBI, the public officials "entered into criminal conspiracy, during years 2013-2017, with 25 accused coal consumers and unknown others, with an intention to defraud MCL in the matter relating to supply of coal by MCL through rail rake under Fuel Supply Agreements (FSAs) between MCL & said coal consumers."

The FIR has alleged that "the accused public servants abused their respective official positions by allowing supply of coal to the said accused coal consumers without adhering to the provisions/terms and conditions of the FSAs, falsified the records/data of MCL, and did not recover due performance incentives/compensation from the aforesaid accused coal consumers and thereby, the aforesaid accused persons have caused undue/wrongful loss to the tune of Rs 97 crore (approx) to Mahanadi Coalfields Limited and corresponding undue/wrongful gain to themselves."

According to CBI, the accused officials did not serve compensation and proforma invoice dues in time. In the event of non-payment, the officials did not even initiate any proceedings against the defaulting companies.

Officials also did not take any action on recovery interest over delayed payments, the agency has alleged. The FIR said that "undue favours were extended to the coal consumers by supplying coal to them ... in spite of having inadequate / non-sufficient/nil/negative ledger balances of the coal consumers with the MCL."

REVISES POSITION LIMIT IN F&O SEGMENT

Sebi hikes margins to check short-selling, market volatility

ENS ECONOMIC BUREAU
MUMBAI, MARCH 20

MARGIN RATE TO BE HIKED TO 40%

- **The Securities and Exchange Board of India said that margin rate in the cash market will be hiked to a minimum 40% in a phased manner. Accordingly, it will be raised to a minimum of 20 per cent from March 23, 30 per cent from March 26 and 40 per cent from March 30.**
- **For stocks in F&O segment, MWPL will be revised to 50% of the existing levels if the average daily price high-low variation percentage is more than or equal to 15%, or average MWPL utilisation percentage (during last five trading days) is more than or equal to 40%**

CAPITAL MARKETS regulator Sebi on Friday announced an increase in margins in the cash market and position limit in the futures & options (F&O) segment, in a bid to ease market volatility and make short-selling of shares tougher.

The Securities and Exchange Board of India (Sebi) said that margin rate in the cash market will be increased to a minimum 40 per cent in a phased manner.

Accordingly, it will be raised to a minimum of 20 per cent from March 23, 30 per cent from March 26 and 40 per cent from March 30.

The proposed margins would only be applied in cash market. Derivatives contracts on these stocks will continue to be charged margins as per the extant framework.

"The proposed margins rate may be applicable for a period of one month," Sebi said.

During the week, the 30-share Sensex plummeted 4,187.52 points, or 12.27 per cent, while the broader Nifty sank 1,209.75 points, or 12.15 per cent.

Indian markets had witnessed huge swings on a daily basis in the last two weeks, in line with the global sell-off triggered by the coronavirus pandemic. In the case of non-F&O stocks in the cash market with price band of 20 per cent and witnessing an intra-day (high-low) price movement of more than 10 per cent for six or more days in last one month, minimum margin rate will be increased in a phased manner to 40 per by cent March 26.

For stocks in F&O segment, market wide position limit (MWPL) will be revised to 50 per cent of the existing levels if the average daily price high-low variation percentage (during last five trading days) is more than or equal to 15 per cent, or average MWPL utilisation percentage (during last five trading days) is more than or equal to 40 per cent.

If MWPL utilisation in a security crosses 95 per cent, derivative contracts enter into a ban period wherein all clients and trading members are required to trade in the derivative contracts of said scrips only to decrease their positions through offsetting positions.

Accordingly, stock exchanges and clearing corporations should put in place effective mechanism to monitor whether the market-wide open interest for scrips meeting the criteria exceeds 95 per cent of the reduced market wide position limit.

Further, the stock exchanges and clearing corporations should check on an intra-day basis whether any member or client has exceeded his existing positions or has created a new position in the scrips in the new ban period. The new framework will be applicable from March 23 for one month.

"In the recent past, world over, the stock markets have been quite volatile owing to concerns relating to COVID-19 pandemic and the resultant fear of economic slowdown. The movement in the Indian stock market has been broadly in tandem with the other global markets," the markets regulator said.

"On account of our existing robust risk management framework, despite significant movements in the market, there has not been any disruption in the settlement cycles of the stock exchanges and clearing corporations," Sebi added.

BRIEFLY

NRI stake in Air India: DPIIT notifies decision

New Delhi: The Department for Promotion of Industry and Internal Trade (DPIIT) has notified a decision of the union cabinet to allow non-resident Indians (NRIs) to control up to 100 per cent stake in disinvestment-bound Air India. The FDI policy earlier permitted NRIs to take only 49 per cent stake in the airline. In its press note, the DPIIT said: "Foreign investments in Air India including that of foreign airlines shall not exceed 49 per cent either directly or indirectly except in case of those NRIs, who are Indian Nationals, where foreign investment is permitted up to 100 per cent under automatic route".

Jan: Mining, quarrying sector up 4.4%

New Delhi: Production of mining and quarrying sector grew by 4.4 per cent in January, the Mines Ministry said Friday. The cumulative growth for April- January 2019-20 over the corresponding period of the previous year has been 1 per cent, it said. "The index of mineral production of mining and quarrying sector for the month of January 2020...at 124.3, was 4.4% higher as compared to the level in the month of January 2019," the ministry said in a statement. In January, the production of coal was 750 lakh tonnes, lignite 45 lakh tonnes, natural bauxite 2,146 thousand tonnes and chromite 445 thousand tonnes among others, it added.

IDC names Vasant Rao MD for India

New Delhi: International Data Corporation (IDC) on Friday said it has appointed Vasant Rao as managing director for India and South Asia with effect from March 18. Rao will be based out of IDC's Bengaluru office and will be reporting to Eva Au, managing director, IDC Asia/Pacific, according to a statement. Prior to joining IDC, he held multiple global leadership roles during his stint at Cognizant. **PTI**

Merz stays on as CEO of Thyssenkrupp

Frankfurt: Martina Merz, who took over as interim chief executive of Thyssenkrupp, will remain in the job until 2023 after successfully selling the group's elevator unit in a landmark deal last month, the conglomerate said on Friday. Merz, who swapped her chairman role for chief executive officer after the resignation of former boss Guido Kerkhoff last year, was originally meant to stay in the job until the end of September. The supervisory board's personnel committee on Friday recommended appointing Merz for a three-year term starting on April 1, 2020. **REUTERS**

DoT holds meeting as industry seeks waivers to keep biz running

PRESS TRUST OF INDIA
NEW DELHI, MARCH 20

THE DEPARTMENT of Telecommunications (DoT) on Friday met telcos and associations to discuss critical issues around business continuity of communication networks, as industry sought the government's intervention for allowing movement of essential field staff and sought other waivers to keep services up-and-running amid the coronavirus outbreak.

Representatives from industry bodies like COAI and Tower and Infrastructure Providers Association (TAIPA) as well as telecom operators like Bharti Airtel, Vodafone Idea, Reliance Jio and state-owned telcos attended the meeting called by senior DoT officials.

"We are grateful to the DoT for convening a meeting today (Friday) to address various issues highlighted by the industry in the light of challenges faced by the industry relative to COVID-19. The DoT was clear that they were keen to work with the industry to ensure our networks remained available 99.99 per cent of the time and customers were not inconvenienced, especially those operating now from their homes," Cellular Operators Association of India (COAI) director general Rajan Mathews said.

The industry is also pitching for additional spectrum both access and backhaul microwave on a temporary basis to augment capacity given that bigger data pipes will be needed as people work from home.

In a letter to Telecom Department on Friday, COAI urged the Department of Telecommunications "to also instruct term cells to provide necessary relaxations to telecom service providers."

Companies world over hit pause button as virus infects economy

AGENCE FRANCE-PRESSE
PARIS, MARCH 20

LAYOFFS, COST cuts and scrapped dividends... companies scramble to adapt as the coronavirus emergency hits demand while draconian measures to contain it under-cut production.

With the economic impact of COVID-19 threatening the very survival of many firms, governments have pledged hundreds of billions to help them limp along — or failing that, to bankroll rescues or outright nationalisation.

Several industrial giants, in particular in the automobile industry, have reduced or even halted production.

America's "Big Three" carmakers — General Motors, Fiat Chrysler and Ford — are temporarily halting operations throughout North America through the end of the month, the companies said in conjunction with the auto workers union.

Most European carmakers, including Daimler, VW, BMW, Renault, Peugeot Citroen and Fiat Chrysler have shut down most if not all of their manufacturing lines. Nissan and Ford have also shut facilities in Europe. Sweden-based Volvo Cars said Friday it was closing its European and US factories, but has reopened its factories in China.

Truckmakers Scania and Volvo AB are halting most European production following disruptions in the supply chain.

Tyre giant Michelin is halting production in Spain, France and Italy for at least a week.

Airbus said it was suspending work at its French and Spanish plants for four days to improve workplace safety.

High-end fashion giant Gucci, part of the Kering group, is closing all sites until March 20, while Hermes is shutting its manufacturing sites until the end of March.

A slew of American retailers have shut some or all of their outlets, including Nike, Macy's and Gap.

The iconic Saks Fifth Avenue flagship store in New York is closed, and Apple has shuttered all its stores outside China.

Adidas has shut its stores in Europe and North America.

The situation is especially catastrophic for the travel industry, with US hotel giant Marriott shutting down some of its properties and furloughing tens of thousands of workers.

Airlines have been hit by a double-whammy: plunging demand and sweeping travel restrictions imposed by governments.

COVID-19 EFFECT

Tata Motors to temporarily shut down operations at Pune unit

PARTHA SARATHI BISWAS
PUNE, MARCH 20

TATA MOTORS on Friday announced it was preparing to temporarily shut down its operations at its Pune plant from March 24 "if the situation warrants". The announcement by the auto manufacturer, which makes trucks and passenger cars at its Pune factory, came on a day on which Maharashtra chief minister Uddhav Thackeray called for a complete lockdown in Mumbai, Pune and Nagpur to halt the spread of the novel coronavirus disease (COVID-19)

"We have been monitoring the situation closely and all data seem to point out that Maharashtra has been the most impacted. In the interest of safety of our employees in the state, we have decided to rapidly scale down activities at Pune site to get to skeletal operations by end of Monday, 23rd March 2020, and be ready for plant closure by end Tuesday March 24th, 2020 if the situation warrants," a statement by Tata Motors read.

The lockdown decision has unnerved the large number of manufacturing units in the city, mainly small and medium sector enterprises who are also facing the prospect of an immediate closure of operations. Industry leaders said they had sought some time from the administration to wind up their operations. During a telephonic meeting with the chairman of Pimpri Chinchwad Municipal Corporation, where most of these industries are located, the industry leaders put forward the difficulties in effecting an immediate closure.

They pointed out that while work from home was a feasible option for the software industry, it was not a choice available to the manufacturing sector.

"Mentally we have prepared for reducing our workforce by 50 per cent but the new developments poses fresh challenge for us. We have requested the government to give us 2-3 days before we completely cease our operations," Pramod Chaudhari, executive chairman of Praj Industries said. Another representative who was present for the telephonic meeting said it was not possible for his processing unit to completely shut down their operations. Such industries have asked the government to allow them to work with skeletal staff.

Secretary-level meetings with stakeholders on national e-comm policy

PRESS TRUST OF INDIA
NEW DELHI, MARCH 20

Commerce Minister Piyush Goyal said the formulation of the policy is under consideration of the government

A SERIES of meetings have been organised at the secretary-level with various stakeholders on the proposed national e-commerce policy, Parliament was informed on Friday. In a written reply to the Rajya Sabha, Commerce and Industry Minister Piyush Goyal said that the formulation of the policy is under consideration of the government. The draft policy seeks to create a facilitative regulatory environment for the growth of e-commerce sector.

"A series of meetings have been held at the level of Secretary, DPIIT (Department for Promotion of Industry and Internal Trade) with different stakeholders, including major e-commerce companies, start-ups, industry associations, think-tanks, academicians etc. as well as data centre providers, logistics companies, export promotion councils to discuss the issues facing the sector and the provisions contained in the draft," he said.

Goyal added that since e-commerce is a new issue, it has necessitated detailed consultations over the last few months to ensure that the policy is crafted in a manner that interests of all stakeholders are taken into account.

COVID-19 crisis: 'Offer immediate liquidity to services sector'

Calling for urgent liquidity support to the worst-hit services sector, Crisil in a report said that only a mix of monetary and fiscal boosters can help the economy tide over the deepening impact of the COVID-19 pandemic

~48%: SHARE OF THE EUROZONE, CHINA, AND THE REST OF ASIA-PACIFIC WITH INDIA'S TOTAL EXPORTS

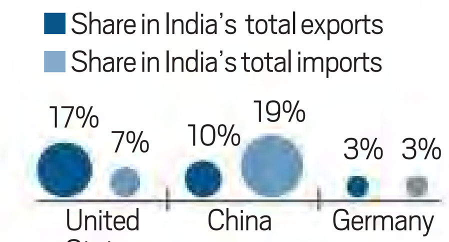
15: COUNTRIES FACING NEAR RECESSION-LIKE SITUATION, WHICH ACCOUNT FOR 45% OF INDIA'S EXPORTS

Segments in high-risk category that need immediate short to mid-term liquidity support:
- Airlines
- Hotels
- Malls
- Multiplexes
- Restaurants
- Retailers

LITTLE POLICY FIREPOWER: The government has little policy firepower to give a meaningful push to growth and the pandemic is making it more difficult; thus, a mix of monetary and fiscal policy measures necessary to cushion demand fall

Sectors to be worst hit due to supply chain disruption:
- Steel
- Textiles
- Gems & jewellery
- Construction & engineering

STATUS OF INDIA'S THREE LARGEST TRADING PARTNERS:



***Normalcy in supply chain only by May:** Supply chain normalisation is possible only by end May provided the rate of new COVID-19 cases continues to fall in China*

***Liquidity vital for servicing debt:** Near-term liquidity is vital to ensure timely servicing of debt as businesses adjust to the environment*

Source: Crisil/PTI

AirAsia founder Tony Fernandes returns as CEO after Airbus probe

PRESS TRUST OF INDIA
KUALA LUMPUR, MARCH 20

Fernandes and AirAsia executive chairman Kamarudin Meranun left their roles last month after Airbus settled a case in Europe and allegations emerged Airbus paid bribes to win contracts

AIRASIA BOSS Tony Fernandes has returned to his post after being cleared by an independent probe, the Malaysian carrier said Friday, weeks after stepping aside amid a $4 billion Airbus graft scandal.

AirAsia founder and CEO Fernandes and executive chairman Kamarudin Meranun left their roles last month after Airbus settled a court case in Europe and allegations emerged the plane-maker paid bribes to win contracts. They denied any wrongdoing but stepped aside while the matter was probed.

Airbus had agreed to pay $4 billion in fines to regulators to settle the case, but the scandal was further illuminated by Britain's Serious Fraud Office (SFO) releasing the names of several airlines allegedly involved — including AirAsia and its long-haul unit AirAsia X.

But in a statement Friday, AirAsia said that independent reviewer BDO Governance Advisory found the airline had "robust" aircraft procurement processes.

The review found that AirAsia's "aircraft acquisition was justifiable and at prices favourable to (the airline)", the statement said. The airline's sponsorship of a sports team also followed proper procedures and was not related to purchases, the review found, said AirAsia. Court documents had linked sponsorship payments to AirAsia's decision to order 180 Airbus aircraft. Fernandes and Kamarudin used to own a Formula One team, but have denied that it was involved in any bribery scandal.

The pair had disclosed their interests to AirAsia's board and abstained from decisions related to the sponsorships, the review found. AirAsia's board had accepted the review findings and decided to reinstate Fernandes and Kamarudin to their executive positions, the airline said.

R Gandhi, Ananth Narayan on board of Yes Bank as additional directors

ENS ECONOMIC BUREAU
MUMBAI, MARCH 20

THE RESERVE Bank of India (RBI) on Friday appointed former deputy governor R Gandhi and Ananth Narayan, associate professor, S P Jain Institute of Management and Research, on the board of Yes Bank as additional directors for two years. The central bank said these appointments are effective March 26.

Narayan was earlier at Standard Chartered Bank as its regional head of financial markets for ASEAN and South Asia, while Gandhi was appointed on Yes Bank's board in May as an additional director till May 13, 2021 and is being reappointed after its board was superseded by the RBI on March 5.

Meanwhile, Yes Bank shares fell 15 per cent to Rs 45.90 on the BSE following reports that the banking regulator has opened an emergency line of credit of around Rs 60,000 crore to Yes Bank to meet any liquidity crisis in paying back its depositors after the private lender resumed normal operations from Thursday.

The credit line is in accordance with Section 17 (4) of the RBI Act and also is a reaffirmation of Reserve Bank Governor Shaktikanta Das' statement on Monday that the central bank was ready to provide all necessary liquidity support to Yes Bank.

As of December 2019, the bank incurred a quarterly loss of Rs 18,564.25 crore and a period to date loss of Rs 19,097.78 crore. Subsequent to this period, the bank's deposit base has seen a further reduction to Rs 1,37,506 crore.

Earlier this week, the government reconstituted the board of Yes Bank with former Punjab National Bank non-executive chairman Sunil Mehta as the non-executive chairman, along with Mahesh Krishnamurthy and Atul Bheda as non-executive directors under the reconstruction scheme proposed by RBI.

Prashant Kumar, former chief financial officer and deputy managing director of State Bank of India and currently the Administrator of Yes Bank, has been appointed as the new managing director and chief executive officer of the private lender.

On May 5, the Reserve Bank superseded the board of directors of troubled Yes Bank for a period of 30 days "owing to serious deterioration in the financial position" of the private bank and capped the deposit withdrawals at Rs 50,000 per depositor.

Rana Kapoor sent to 2-day judicial custody; CBI seeks warrant in separate case

EXPRESS NEWS SERVICE
MUMBAI, MARCH 20

YES BANK founder Rana Kapoor, arrested by the Enforcement Directorate (ED) under provisions of the PMLA earlier this month, was on Friday sent to judicial custody till April 2 by a special court.

The Central Bureau of Investigation (CBI), however, sought a production warrant against him in a separate case wherein he has been named an accused as well.

The former MD and CEO of Yes Bank, who was arrested on March 8, was produced by the ED before the special court on Friday, with the Directorate submitting before the court that his custody was no longer needed and he could be sent to jail.

Kapoor told the court that he was suffering from various ailments, including asthma and depression for the past 18 months.

His lawyer, Abad Ponda, submitted that as he is a senior citizen and has ailments including respiratory problems, he is "particularly vulnerable" to COVID-19 and hence care should be taken that he is kept in a special ward at Arthur Road jail.

ED counsel Sunil Gonsalves told the court that since Arthur Road jail was full, Kapoor may be taken to the jail in Taloja, Navi Mumbai. The court directed the jail authorities to take appropriate care. Kapoor was arrested by the ED, which claimed that he and the companies belonging to his family had benefited from loans disbursed by Yes Bank during his tenure at the helm of the bank.