

Business Standard

THE MARKETS ON WEDNESDAY		
		Chg#
Sensex	38,409.5	▼ 214.2
Nifty	11,251.0	▼ 52.3
Nifty futures*	11,247.1	▼ 3.9
Dollar	₹73.2	₹73.3**
Euro	₹81.6	₹81.4**
Brent crude (\$/bbl)**	52.6**	51.7**
Gold (10 gm)***	₹43,130.0	₹854.0

*(Mar.) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBI



COMPANIES P2

BLACKSTONE WILL INVEST IN INDIA AS LONG AS OPPORTUNITIES EXIST

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BACK PAGE P16

NIRAV MODI ASSETS BEAT ESTIMATES IN AUCTION



ED FILES FRESH CASE AGAINST JET'S GOYAL

The Enforcement Directorate (ED) has filed a fresh case against Nareesh Goyal, former chairman of now-defunct Jet Airways, under the Prevention of Money Laundering Act. The move follows a recent complaint filed against Goyal in Mumbai's economic offence wing. On Wednesday, ED officials carried out searches at his Mumbai residence. He was also summoned by the probe agency and then brought to his residence late evening. The ED was earlier probing violations of forex rules allegedly committed by him.

ECONOMY & PUBLIC AFFAIRS P6 Services activity at 7-yr high in February: PMI

The services sector continued to ring in the good times in February as an uptick in exports and rising new orders resulted in growth touching a seven-year high, according to a monthly survey released on Wednesday. The widely tracked Nikkei India Services Purchasing Managers Index stood at 57.5 in February, up from 55.5 in January.

THE SMART INVESTOR P10 SBI Cards IPO subscribed over 15 times on Day 3

The SBI Cards initial public offering (IPO) has got a thumbs up from institutional investors despite the turmoil in the secondary market. The so-called qualified institutional buyer segment was subscribed 57x, with the cumulative bid amount crossing a record ₹1 trillion. Overall, the IPO has been subscribed 15.2x.

BS ON THURSDAY SPECIALS

PERSONAL FINANCE: Small businesses should buy extra cover

A riot may be a low-probability event, but the damage it causes can incapacitate you financially, writes SANJAY KUMAR SINGH

TECHNOLOGY: Engineering goes digital

Engineering and construction major L&T is executing complex projects with the help of connected machines powered by the latest technologies. TE NARASIMHAN reports

HDFC Bank recasts search panel for Puri's successor

HDFC Bank has reconstituted the search panel instituted to find the successor to Aditya Puri, MD and CEO of the bank. Keki Mistry has been replaced by Renu Karnad of the bank's parent HDFC in the search panel. Mistry leaves the board of the bank after completing eight consecutive years as a director — the maximum tenure that regulation allows. PTI

COMPANIES P2 Warburg may exit JV with Embassy

US-based private equity fund Warburg Pincus is looking to exit Embassy Industrial Parks, its joint venture with Bengaluru-based Embassy Group, four and a half years after it signed the \$250-million deal to build industrial and warehousing spaces in the country, said sources in the know.

Mega merger of 10 govt banks gets Cabinet nod

Integration of balance sheets to be effective from April 1; bank boards to meet soon to finalise the share swap ratio

SOMESH JHA
 New Delhi, 4 March

The government on Wednesday approved a scheme for the amalgamation of 10 state-owned banks into four, putting to rest any doubts about a possible delay in the process.

Effective from April 1, 2020, the balance sheets as well as stocks of these banks will be integrated, according to the scheme of amalgamation approved by the Union Cabinet.

Punjab National Bank (PNB), Oriental Bank of Commerce, and United Bank of India will combine to form the nation's second-largest lender. Canara Bank will take over Syndicate Bank; Union Bank of India is planned to be amalgamated with Andhra Bank and Corporation Bank; and Indian Bank will subsume Allahabad Bank.

"Businesses and industry will benefit through an increased lending capacity, with the regu-



Finance Minister Nirmala Sitharaman said the government weighed the benefits arising out of the BoB amalgamation before taking a call

PHOTO: PTI

latory ceiling for lending to individual borrowers increasing by over ₹1,500 crore to ₹3,000 crore," a senior finance ministry official said, adding that the banks would be able to support specialised loan products, such as supply chain financing and cash management services.

The banks will swing into action to take the process for-

ward. The first step will be to approve the swap ratio for stocks, with anchor banks expected to hold board meetings in the coming days. PNB is scheduled to hold its board meeting on Thursday.

The banks will set up an independent committee to address the grievances of minority shareholders.

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Direct foreign listing of companies permitted

The Union Cabinet on Wednesday approved 72 changes to the Companies Act, 2013, with a thrust on decriminalising compoundable offences and allowing direct foreign listing for domestic firms to boost "Brand India". The nod for the Companies amendment Bill, likely to be tabled in the ongoing Parliament session, has been given to ease compliance burden related to CSR by exempting firms with obligation to spend ₹50 lakh or less. 6 >

NRI's allowed to own up to 100% stake in Air India

In order to shore up interest in the privatisation of Air India, non-resident Indians, who are citizens of India, have been allowed to own 100 per cent in the airline. The small tweak has now brought foreign investment rules in Air India on a par with other private carriers. This has been termed a landmark decision by Union minister Prakash Javadekar. He said the move would increase the opportunity for gaining investment for the airline. 6 >

L&T plans to become asset light, reduce debt by ₹30,000 crore

To sell off L&T IDPL, Nabha Power; transfer Hyderabad Metro to an InvIT

AMRITHA PILLAY & DEV CHATTERJEE
 Mumbai, 4 March

Construction and engineering major Larsen & Toubro (L&T) is set to reduce its debt by ₹30,000 crore in the next financial year by selling its entire stake in L&T Infrastructure Development Projects (IDPL) and Nabha Power, and transferring its stake in Hyderabad Metro to an infrastructure investment trust (InvIT).

S N Subrahmanyam, chief executive officer (CEO) and managing director (MD) of L&T, said the plan for the next financial year was to become asset light and reduce debt wherever possible. "We

already had a meeting with the Andhra Pradesh chief minister, who has agreed to transfer the ownership of Hyderabad Metro to an InvIT. This will help us to reduce debt and cut finance cost at the SPV (special purpose vehicle) level," Subrahmanyam told Business Standard in an interview.

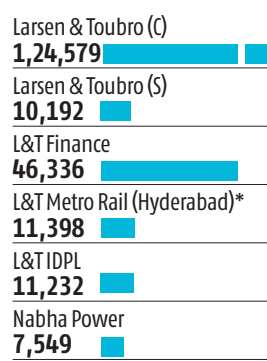
L&T had a consolidated debt of ₹1.24 trillion as of March 2019, with the finance cost of ₹9,354 crore last year. The consolidated debt includes a debt of ₹46,336 crore of its finance company. "We plan to bring down our stake in L&T IDPL to zero and are talking to existing as well as new investors for sale of our residual stake," he said. Turn to Page 15 >



S N Subrahmanyam, CEO and MD, L&T, said the company had no big capex plan for the next financial year

DEBT BURDEN

Figures for FY19, in ₹ crore



* For FY18
 C: Consolidated; S: Standalone
 Sources: Annual reports/Capitaline
 Compiled by BS Research Bureau

SC lifts crypto ban, quashes RBI circular

RAJESH BHAYANI & ANUP ROY
 Mumbai, 4 March

The Supreme Court on Wednesday set aside the Reserve Bank of India's (RBI's) April 2018 circular asking banks and entities the central bank regulated to stay away from dealing in crypto currencies, including Bitcoin.

The judgment said the circular had been "set aside on the ground of proportionality". This has given a major relief to exchanges dealing in these crypto currencies. It opens a window for developing a market for crypto currencies, which are formally traded in derivatives markets in the US, with CME allowing trade in them.

The 180-page Supreme Court judgment, by a three-judge Division Bench, in a way allowed trading and investment in crypto assets and exchanges offering this services in India.

Crypto currencies are virtual currencies and are a digital representation of value. They can be digitally traded and can function as a medium of exchange and/or a unit of account and/or a store of value, though they do not have the status of legal tender.

Rachit Sharma, deputy general manager, Taxmann, said: "The Supreme Court's order could be a temporary relief for investors and intermediaries. The government has a draft framework in place for regulating cryptocurrencies. The draft Bill proposes to ban all cryptocurrencies except state-issued ones. Until then, all intermediaries and banks which were forced to shut down platforms providing the trading of crypto currencies are free to operate in India."

Former finance secretary Subhash Garg headed the committee to propose action on virtual currencies. In its report, the committee had recommended banning private cryptocurrencies in India, with imprisonment of up to 10 years for anyone dealing in them.

The panel has suggested a



STATUS CHECK

5 million: Indian users engaged in virtual currency activities

₹100 crore: Worth of trade Indian crypto exchanges were having per day till April 2018

5,161: Number of cryptocurrencies globally, whose combined market cap is about \$250 billion

63.7%: Share of Bitcoin, the largest and first crypto; has market cap of \$159 billion

Govt committee had proposed ban on cryptocurrencies, and a draft Bill is ready

WHERE OTHER COUNTRIES STAND

Canada: Cryptocurrencies permitted as a payment system and as a form of investment; income from them is taxed

Switzerland: Permitted as a payment system (including consumer-to-government transactions) and as a form of investment

Japan: Permitted and regulated as a payment system

China: Banned for all purposes

Source: PRS India

federal digital currency be examined, and the government should keep an open mind on the matter. Turn to Page 15 >

NCLAT ASKS CCI TO PROBE FLIPKART

The National Company Law Appellate Tribunal (NCLAT) on Wednesday asked the Competition Commission of India (CCI) to initiate again the probe against e-commerce major Flipkart for alleged use of its dominant position. A three-member Bench of the NCLAT headed by Chairman Justice S J Mukhopadhyaya has set aside

the order passed by the CCI in this regard. Earlier, the CCI had absolved e-commerce major Flipkart of the charge of unfair practices using its dominant position. The appellate tribunal has directed the CCI to ask its probe arm to investigate the allegations. Flipkart said it was waiting for the copy of the order. 3 >



India Inc copes with coronavirus threat as cases jump to 29

Across the country, companies have stepped up their act to contain the crisis. IT and other new economy firms seem to have taken a lead

BS REPORTERS
 Bengaluru/Hyderabad/ New Delhi/ Mumbai, 4 March

Mindspace IT Park, Hyderabad's largest office hub spread over several acres, was a centre of panic on Wednesday as a techie tested positive for coronavirus. The complex, housing many marquee brands, caught on to the news in no time, prompting employers to send their staff home.

An employee of Dutch company DSM Shared Services, the software professional had recently returned from an assignment in Italy. Hers was the second confirmed case of the virus in Telangana. "Our thoughts are with our colleague, who is doing relatively well and is



FMCG companies are also taking several precautionary measures to minimise employee exposure

PHOTO: PTI

being treated in quarantine," the company said in an internal e-mail.

More than 1,000 km away, in Gurugram, next to New

Delhi, another person tested positive, this time in the Paytm office, taking India's tally to 29. He too had returned from a vacation in

Italy. The company has asked its staff to work from home for a couple of days while the office gets sanitised.

Across the country, India Inc has stepped up its act to contain the crisis. IT and new-economy companies seem to have taken a lead.

At the Manyata Tech Park in Bengaluru, a US-headquartered software product company advised its employees to work from home till Friday, after an associate who had travelled from an affected country showed flu-like symptoms. Even though the person was declared asymptomatic by medical experts, the company began disinfecting the campus as a precautionary measure. While online major

Amazon confirmed its first case of coronavirus in its Seattle office, the company's India unit felt the ripple effect. Amazon India has imposed travel restrictions, advising employees to prioritise health over efficiency. According to the advisory, all domestic travels by the employees can be undertaken only after consulting the manager while approval from vice-president is required for international travels.

Walmart-owned e-commerce firm Flipkart too has imposed a complete ban on all business travels, both domestic and international. In case the travel is unavoidable, CEO Kalyan Krishnamurthy must give an approval. Turn to Page 15 >

FIGHTING THE ENEMY

- Paytm asks employees in Gurugram office to work from home for a couple of days after a positive case
- Many companies at Mindspace IT Park, Hyderabad, send their staff home as a woman techie diagnosed with virus
- Work-from-home advisories in many offices at Manyata Tech Park in Bengaluru

- Vendors getting screened in Intel's Bengaluru office
- Restriction on international travel at Amazon India, Flipkart, TCS, Godrej, RPG Enterprises, and Titan
- Monitoring teams put in place at Wipro to assess the crisis
- Events cancelled at Tech Mahindra, IPE Global



INSIDE STORIES
P4 RESEARCHERS IDENTIFY TWO VIRUS STRAINS

10-YR BOND YIELDS AT 39-MONTH LOW AS MARKETS BRACE FOR RBI ACTION



GOLD PRICES HEADING TOWARDS ₹50,000-MARK

A sudden reversal in gold price, which went up nearly ₹1,000 on Wednesday, has again given rise to hopes that the yellow metal would soon touch the ₹50,000-mark (per 10 gram). Despite some correction in India as well as globally, the gold price outlook looks quite bullish now. Analysts say, technically, the virus spread has set a strong bullish tone. 4 >