

THE MARKETS ON FRIDAY

	Chg#
Sensex	37,576.6 ▼ 894.0
Nifty	10,989.5 ▼ 279.5
Nifty futures*	10,939.9 ▼ 49.6
Dollar	₹73.8 ₹73.3**
Euro	₹83.5 ₹81.9**
Brent crude (\$/bbl)**	46.6** 50.0**
Gold (10 gm)**	₹44,237.0 ₹1,038.0

*(March) Discount on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBA

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WEEKEND SEPARATE SECTION

AS COVID-19 PANIC LOOMS, PERSPECTIVE IN LOW SUPPLY

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GOLD ON COURSE FOR BIGGEST WEEKLY GAIN SINCE JAN 2009



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VODA IDEA PUTS AGR DUES AT ₹21,000 CR AS READ CALLS ON FM



Just a few hours before Vodafone Group CEO Nick Read's meeting with Union Finance Minister Nirmala Sitharaman and then Telecom Minister Ravi Shankar Prasad on Friday, the company announced that it had completed assessing its dues linked to adjusted gross revenue (AGR). At ₹21,533 crore, Vodafone Idea's calculation of the AGR liability turned out to be less than half the government estimate. **3**

BSNL LOSS WIDENS OVER 2.5 TIMES TO ₹39,000 CR IN APR-DEC **P3**

COMPANIES P3
Promoters of IndusInd Bank to raise stake
IndusInd Bank's promoters will hike their stake in the private sector lender by buying extra shares from the market. The promoters of the bank are planning to acquire additional shares from the open market in India. This will be within the overall regulatory cap prescribed for promoter holding in private banks, the bank said.

BS ON SATURDAY SPECIALS

WEEKEND RUMINATIONS
Fast trains at slow speed **9**
The new trains should be fast, but the roll-out of the privatisation plan should be slow and well-considered, writes **TN NINAN**

NATIONAL INTEREST
Strong leader ≠ Strong economy **9**
The data and the feel after six years under PM Modi prove a strong leader doesn't necessarily give us decisive economic leadership unmindful of immediate political risks. **SHEKHAR GUPTA** writes

COMPANIES P3
Goldman's Talwar in race for HDFC Bank CEO role
Harit Talwar, the head of the Goldman Sachs Group's consumer-banking business, is in the running for one of India's top banking jobs. HDFC Bank has held talks with Talwar for the top role, according to people with knowledge of the matter. The bank has been looking for a new leader to replace Aditya Puri, whose term ends in October.

World oil prices fall more than 7.5%
Oil prices fell over 7 per cent on Friday on reports that talks between the Organization of the Petroleum Exporting Countries and Russia over a cut in output in response to a coronavirus-filled slump in demand ended without a deal. Brent North Sea crude tumbled to \$46.12 per barrel and WTI to \$42.30, down around 7.5 per cent over Thursday's closing levels. **AFP/PTI**

SBI says YES to rescue plan

To pick up 49% stake in bank for ₹2,450 cr; administrator says working to revive bank

SOMESH JHA/SAMIE MODAK
New Delhi/Mumbai, 6 March

State Bank of India (SBI) will pick up a 49 per cent stake in troubled private lender YES Bank as part of a revival scheme framed by the Reserve Bank of India (RBI) on Friday. The draft scheme, titled "Yes Bank Ltd. Reconstruction Scheme, 2020", issued by the RBI, mentioned SBI as the "investor bank" and said it would pay at least ₹10 per share for buying equity in YES Bank.

The move will lead to a capital infusion of roughly ₹2,650 crore by SBI, with equity worth ₹2,450 crore and preferential shares of around ₹200 crore, an RBI executive said, requesting anonymity.

According to the scheme, YES Bank's authorised capital will stand at ₹5,000 crore and the paid-up capital will be ₹4,800 crore. The country's largest lender will acquire shares at a price not less than ₹10 each (face value of ₹2 and premium of ₹8), according to the scheme made public by the RBI.

The RBI has invited comments on the draft scheme from members, depositors, or creditors of YES Bank Ltd and will accept them till March 9.

SBI's stake, locked in for three years, will "not reduce its holding below 26% before completion of three years from the date of infusion of the capital".

SBI has asked for a special dispensation from the Securities and Exchange Board of India (Sebi) for its proposed equity infusion in YES Bank.

Sources said SBI Chairman Rajnish Kumar met Sebi chief Ajay Tyagi to discuss the issue. At the meeting, the public sector lender sought exemption from Sebi's open offer obligations as well the pricing norms.

Under the Takeover Code regulations, an enti-



Account holders gather outside a YES Bank branch to withdraw money, in Thane on Friday **PHOTO:PTI**

ANGRY & CONFUSED, PEOPLE QUEUE UP OUTSIDE BRANCHES **PAGE 6**

ty acquiring more than 25 per cent in a listed company has to make an open offer to acquire another 26 per cent stake from minority shareholders.

Also, capital infusion has to be done on the basis of the pricing formula prescribed by Sebi. Under this, the acquisition price has to be either the previous two-week average price or the six-month average price, whichever is higher.

SBI had expressed its willingness to make investment in YES Bank after getting an "in principle" approval from its board on Thursday.

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DRAFT SCHEME OF RECONSTRUCTION

- **SBI to infuse ₹2,650 crore into YES Bank** (equity worth ₹2,450 crore and preferential shares of around ₹200 crore)
- **It shall not reduce its holding below 26%** before completion of three years from the date of capital infusion
- **RBI to appoint new board of directors;** SBI will have two members
- **Employees' terms and conditions** to remain same for one year

ED searches Rana Kapoor's Mumbai house

SHRIMI CHOUDHARY
New Delhi, 6 March

The Enforcement Directorate (ED) on Friday conducted a search of YES Bank co-founder and former chief executive officer Rana Kapoor's South Mumbai residence, Samudra Mahal, in connection with the bank's financial dealings with debt-laden Dewan Housing Finance (DHF). This came hours after Finance Minister Nirmala Sitharaman listed "malpractices" by the bank's top leadership among the reasons for the government's intervention to restructure the management of the private lender.

Confirming the development, an ED official said searches would continue over the weekend and Kapoor might have to face questioning by sleuths.

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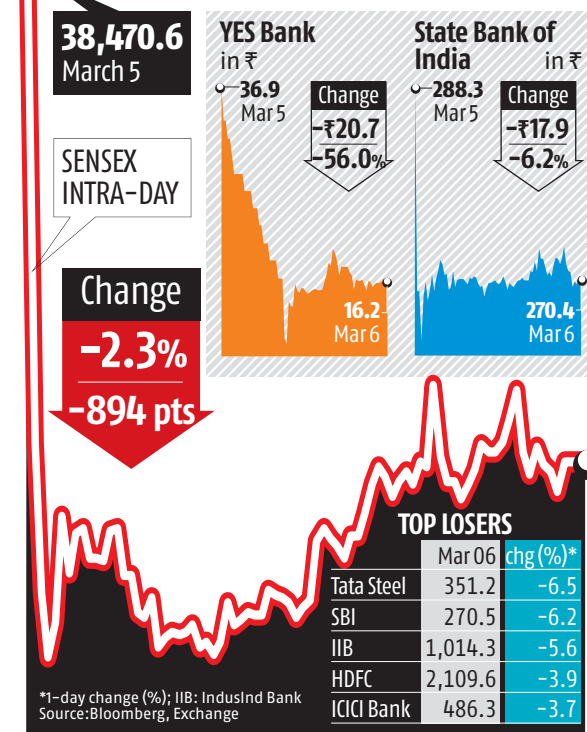


RANA KAPOOR
YES BANK CO-FOUNDER
SPOKE TO THE PRINT BEFORE THE RAID TOOK PLACE

"WHAT CAN I SAY? I WAS THE FOUNDER OF THE BANK. BUT I HAD HAD NOTHING TO DO WITH IT FOR THE LAST 14 MONTHS"

YES crisis, virus fears batter markets

STOCKS TAKE A HIT



Benchmark indices enter correction territory; Nifty crashes 2.5%; rupee near 74 against dollar

SUNDAR SETHURAMAN
Mumbai, 6 March

The domestic market slumped on Friday after the crisis at YES Bank triggered a sharp sell-off in financial stocks. Investor sentiment was further dampened by the continued curbs in fund withdrawals, which led to unnecessary speculation how the situation would evolve," said Jyotivardhan Jaipuria, founder of Valentis Advisors.

Most Asian markets fell more than 2 per cent on Friday. European markets, too, opened sharply lower as coronavirus weighed on various sectors of the economy. US stocks were volatile on Friday, as jittery investors took cover in perceived safe havens such as bonds and gold. The Dow Jones Industrial Average was down about 500 points to 25,622 as of 12:15 am (IST).

Globally, the number of cases neared 100,000 and the death toll surpassed 3,200. The economic toll has prompted many central banks to cut interest rates.

However, experts raised doubts over the effectiveness of the move. **Turn to Page 10**

AT-1 bondholders plan legal action

HAMSINI KARTHIK
Mumbai, 6 March

Holders of YES Bank's additional tier-1 (AT-1) bonds, amounting to ₹10,800 crore, are contemplating legal action, with the Reserve Bank of India's (RBI) draft reconstruction scheme for the troubled lender suggesting a permanent write-down of these bonds outstanding as of March 5. According to the draft scheme, the write-down is "in conformity with the extant regulations issued by the RBI based on the Basel framework". According to the Basel norms, if minimum tier-1 capital falls below 6 per cent, it allows for a write-off of these bonds. Classified as a quasi-equity instrument, AT-1 bonds are intended to provide additional cushion to a bank's overall capital adequacy. **Turn to Page 10**



NIRMALA SITHARAMAN
FINANCE MINISTER

"THE RBI HAS BEEN ASKED TO ASSESS REASONS FOR THE CRISIS AT YES BANK AND FIX INDIVIDUAL RESPONSIBILITY"

YES BANK CRISIS **RAVNEET GILL: BETTING BIG ON THE WRONG BANK** **E-PAYMENTS DISRUPTED, PHONEPE HIT HARDEST** **STABILITY, RAISING CAPITAL PRIORITY: ADMINISTRATOR** **P6** **DEBT INVESTORS STARE AT ₹3,000-CR HOLE** **EQUITY NOT SPARED EITHER, SEES ₹3,300-CRORE EROSION** **SBI CARDS IPO PROCEEDS COULD FUND RESCUE PLAN** **P7**

IPL in the time of corona: Stakeholders want closed-door matches

SURAJEET DAS GUPTA & AGENCIES
New Delhi, 6 March

Some key stakeholders in the Indian Premier League (IPL), which starts on March 29, are urging closed-door matches with no ticket sales to minimise the coronavirus risk.

With the tournament just weeks away, the health ministry has already flagged its concerns to the sports ministry. A meeting is expected between the brass of the Board of Control for Cricket in India (BCCI) and the health ministry next week.

The move comes even as BCCI president Sourav Ganguly on Friday reiterated that "everything is on schedule" for the country's most popular and rich sports tournament, which will have 56 matches across nine cities with the finals on 17th May.

Given the colossal amounts of money at stake, concern is mounting over the impact of coronavirus. A top executive of one of the companies closely involved with the IPL said: "There will obviously be concern about the health impact when 30,000 to 40,000 fans are in one stadium for so many hours for the next seven weeks across the country. One way out is to follow what many other countries are doing in Europe and what people are planning to do in the US, that is, to have closed door matches with no ticket sales."



A *Business Standard* e-mail to the BCCI on whether it would agree to such a proposal, along with questions on what safety arrangements it will discuss with the health ministry, remained unanswered.

Ticket sales in the stadium constitute ₹8-10 crore of the income of a team. This is very small compared to the total revenue and, if needed, can be compensated by the BCCI. Only 1 per cent of cricket fans watch the IPL in

a stadium. The rest prefer to watch it on television or on OTT platforms.

For Disney (earlier Star TV) the stakes are very high as it has to spend over ₹3,270 crore per annum for the broadcasting and digital rights for the IPL. Lack of an audience would obviously adversely impact the brand building exercise for a team, especially as the latest valuation of the eight teams is estimated at \$5.7 billion, based on data by Brand Finance, for

HIGH-STAKES GAME

- **₹3,000 cr** Advertisers expected to spend during IPL
- **₹3,270 cr** Disney/Hotstar spends on broadcasting and digital rights per annum
- **₹4,000 cr** BCCI will earn from broadcasting and other rights, and key sponsor contracts like with Vivo
- **750-800 million** Viewers will be watching matches on TV and digital platforms
- **₹220-250 cr** Each of the eight teams will make from share of BCCI's central revenues plus their own sponsors and ticket sales of the match in their home city

the country's most popular sports tournament. This time it will have over 56 matches across nine cities with the finals on May 17.

Ganguly, however, pointed out that cricket tournaments were on all over the world. England are already in Sri Lanka; South Africa is already here in India (three ODI matches from March 12); and county teams are travelling all over the world to play, including to the UAE and Abu Dhabi. **Turn to Page 10**

COMPANIES P2
Big Bollywood movies may face coronavirus heat
Some of the biggest films in Bollywood face an uncertain future thanks to the virus. The film business is in for a rough ride in the crucial March-May period. Nearly ₹500-crore worth of business is riding on films such as Baaghi 3, Sooryavanshi, 83, and Coolie No 3, which are releasing during this period. **VIVEAT SUSAN PINTO & SOHINI DAS** report

TaMo cuts JLR's full year Ebit margin guidance
Coronavirus is set to weigh on Tata Motors-owned Jaguar Land Rover's full year performance, the Tata group flagship said on Friday. "The reduction in China sales... is estimated to reduce Jaguar Land Rover's (JLR's) full year EBIT (earnings before, interest and tax) margin by about 1 per cent. **SHALLY SETH MOHILE** reports

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Global GDP may lose \$77-347 bn, Asia to be hit significantly: ADB
The COVID-19 outbreak has the potential to significantly harm the Asian economies, and the global economy may suffer losses of \$77-347 billion, the Asian Development Bank (ADB) said on Friday. The virus outbreak may impact developing Asian economies through numerous channels, including sharp declines in domestic demand, lower tourism and business travel, the ADB said.