

# Aramco slips 9%, now below IPO price

Shares down 15% since start of the year; latest crash comes after three-year pact between Opec & Russia ended in acrimony

REUTERS  
Dubai, 8 March

Shares of Saudi state oil company Aramco slumped below their initial public offering (IPO) price on Sunday for the first time since they began trading in December, after Organization of the Petroleum Exporting Countries' (Opec's) pact with Russia to restrict oil supplies fell apart.

Aramco shares closed 9.1 per cent lower at 30 riyals (\$8.00), their sharpest one day percentage fall, and below the IPO price of 32 riyals. The Saudi market

closed 8.3 per cent lower. Aramco's record IPO in December gave it a market capitalisation of \$1.7 trillion, making it the world's most valuable company.

The deal was the culmination of Crown Prince Mohammed bin Salman's efforts to open up the energy giant to outside investors and raise funds to help diversify the economy away from oil. But buyers of the shares were largely Saudi retail and institutional investors as the deal found little interest beyond the Gulf.

The stock hit an intraday high of 38.70 riyals on its sec-



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ond day of trading, but has eased since then.

The shares have fallen more nearly 15 per cent since the start of the year amid concerns the coronavirus out-

break will slow oil demand from China and hurt the global economy.

Oil prices have also slumped, and fell further on Friday after a three-year pact

## Oil traders brace for another round of hefty price decline

Asian oil traders are bracing for another round of hefty price falls on Monday in key benchmarks Brent and Dubai after the world's top exporter Saudi Arabia slashed prices, reigniting a market share battle among key producers. Global price marker Brent dived more than 9% on Friday to \$45.27 a barrel, its biggest single day loss in 11 years. Late on Saturday, Saudi Arabia slashed its official selling price (OSP) for April for all its crude grades to all destinations. The producer also planned to raise in April its production to more than 10 million barrels per day (bpd) for the first time since May 2019. A trader with a North Asian refiner said the 'crazy' price cuts could lead Brent to test \$40 a barrel soon.

REUTERS

between Opec and Russia aimed at supporting the market ended in acrimony when Moscow refused to back deeper production cuts. Opec responded by removing all

limits on its own production. "Aramco is under pressure because of the failure of the deal," said Marie Salem, head of institutions at Daman Securities.

## Realty and infra drove buyouts in '19: Report

RAGHAVENDRA KAMATH  
Mumbai, 8 March

The buyout deals in real estate and infrastructure sectors were 2.5 times of other asset classes, said a new report by audit and consulting firm EY and the Indian Venture Capital & Private Equity Association (IVCA).

In 2019, buyouts in real estate and infra were \$11.6 billion while in other assets it stood at \$4.6 billion. "While consistent growth in buyouts has been a major driver of the overall growth of PE/VC investments for the past three years, there was a slight difference in nature of the deals in 2019. Unlike in 2017 and 2018, where the growth in buyout activities was in traditional PE/VC asset class, 2019 saw growth in infrastructure and real estate asset classes," it said.

In 2019, 59 per cent of total value of investments in real estate was buyouts, it said. In 2019, investments in real estate went up by 33 per cent at \$6.1

billion. "A large portion of them were buyout deals which is a significant divergence from the earlier trend, where a large number of investments in real estate sector were credit investments," the report said.

According to the report, buyouts in real estate have risen from 0.4 per cent in 2015 to 3.6 per cent in real estate deals.

In 2016, 2017, and most of 2018, large number of investments in real estate were driven by credit platforms funding residential and commercial developments, capitalising on lack of traditional modes of funding for the real estate sector, which was a fallout of the rising bank NPAs and liquidity constraints in NBFC sector.

"However this trend started shifting towards buyouts in 2018 and 2019 with the likes of Blackstone and other large buyout funds lapping up portfolios of premium yield generating assets across commercial, retail, warehousing and industrial real estate segments," it said.

Deals were worth 2.5x other asset classes

## 3 Infosys employees arrested for taking bribe from taxpayers

PRESS TRUST OF INDIA  
Bengaluru, 8 March

Three Infosys employees attached to the Income Tax department's Centralised Processing Centre in Bengaluru, were arrested for allegedly taking bribes from taxpayers for speedy processing of their refund, police said on Sunday.

According to police, the key accused among the three was attached to the CPC's data division and had demanded and collected money through his friends from some major taxpayers with whom he had contact over phone for processing their I-T refund claims at the earliest.

He would allegedly charge them four per cent of the refund money as his commis-



sion, they added.

Recently, one of the taxpayers refused to pay the money and shared the audio recording of his conversation with the accused with Income Tax officials who held an internal enquiry and then approached the police.

The Electronics City police have registered a case of cheating and criminal breach of trust against them.

## Alrosa to cut diamond supply

DILIP KUMAR JHA  
Mumbai, 8 March

Russia's leading rough diamond miner Alrosa will cut supply to match the falling demand due to the coronavirus epidemic.

Confirming the development, Jim Vimadala, director, Alrosa India, said, "We have decided to trim supply to match the global demand, which is currently subdued. The quantum of rough diamond supply cut would not be significant but we

are monitoring the demand situation to take a final decision."

The Alrosa board met in Russia late last week to take a final decision on the rough diamond supply. The decision assumes significance as coronavirus has spread to over 80 countries. It led to lockdown of shops and factories in China, one of the world's largest manufacturers and consumers of diamond jewellery.

India, which processes every 11 out of the 13 diamonds mined

across the world (including Alrosa's diamonds), estimates 20 per cent decline in its exports of polished diamond this year.

With the coronavirus spread resulting in washout of the New Year celebrations in China that witnesses jewellery sales of approximately 20 per cent of the entire year's volume, the January-March quarter export from India is expected to be hit severely.

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