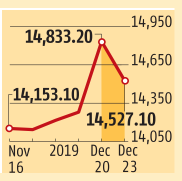
STOCKS IN THE NEWS

Nestlé India

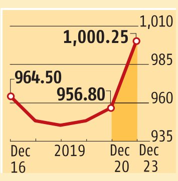


Added to the benchmark BSE Sensex on Dec 23

₹14,527.10 CLOSE

▼2.06% DOWN*

BASF India

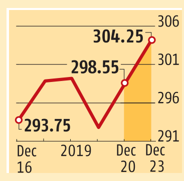


Lone Star to acquire parent company's construction chemical biz

₹1,000.25 CLOSE

▲4.54% UP*

KEC International

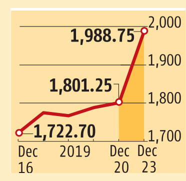


Bags orders of ₹1,520 cr across its various businesses

₹ 304.25 CLOSE

▲1.91% UP*

CRISIL

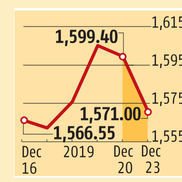


Top gainer among S&P BSE 500 index stocks

₹1,988.75 CLOSE

▲10.41% UP*

Reliance Industries



Government seeks to block $15-billion Saudi Aramco deal

₹1,571.00 CLOSE

▼1.78% DOWN*

* OVER PREVIOUS CLOSE

IN BRIEF

GoAir cancels 18 domestic flights on crew crunch

GoAir has cancelled 18 domestic flights from cities, including Delhi, Mumbai, Bengaluru, Kolkata and Patna, due to non-availability of aircraft and adequate cockpit crew, a source said. The carrier has reported a series of incidents involving engine glitches, mainly in its A320Neo planes, which has resulted in non-availability of some of such planes for operations, the source said. "GoAir has cancelled flights 18 flights from Mumbai, Goa, Bengaluru, Delhi, Srinagar, Jammu, Patna, Indore and Kolkata on Monday. The cancellations have come as the airline is facing both aircraft and crew problem," the source said. GoAir, however, said the disruption in services was because of protests against the Citizenship Amendment Act coupled with the duty norms of the crew. But the airline didn't specify the number of cancelled flights on Monday. **PTI**

Jet Airways' creditors decide to seek fresh bids

The creditors of shuttered Jet Airways have decided to seek fresh bids for the airline. The Committee of Creditors would seek fresh Expression of Interest, according to a regulatory filing on Monday. Earlier, the National Company Law Tribunal had directed the CoC to expedite their decision on seeking fresh EoIs in view of interest being shown for Jet. **PTI**

Reliance Jio offers annual plan for ₹2,020

Reliance Jio on Monday announced the launch of '2020 Happy New Year Offer', where it will offer unlimited voice services and 1.5GB of data per day to smartphone customers for one year for ₹2,020. The new scheme will be available from Tuesday. On Jiophone, the offer of ₹2,020 includes a Jiphone handset, along with one year of service. **BS REPORTER**

HomeLane raises $30 million from Pidilite, others

HomeLane, a web-enabled interior design firm, has raised $30 million in series D financing from Evolvence India, Pidilite Group and FJ Labs. Evolvence is a Dubai-based funds with investment in some Indian PE players. Existing HomeLane investors Sequoia Capital, Accel Partners and JSW Ventures also take part in the round. **BS REPORTER**

Indiabulls to sell commercial assets to Blackstone

Indiabulls Real Estate said on Monday it would sell its commercial properties in Mumbai and Gurugram to US-based private equity fund manager Blackstone for ₹810 crore. Indiabulls will sell its entire stake in Mariana Infrastructure, which owns a commercial office project in Gurugram. **BS REPORTER**

Mavyn Logistics to partner Grofers for online grocery

Mavyn Logistics has tied up with Grofers for providing end-to-end solutions for the online grocery retailer, making it the logistics firm's another prime client after Flipkart, Amazon India and Urban Ladder. Mavyn claims it is to logistics what Uber is to taxi-hailing services. The company does not own trucks it uses but works, it says, as an intermediary to facilitate logistics supply. Mavyn is backed by Chetak Group and is one of the first non-asset transportation companies in India. SoftBank-backed Grofers reported a loss of ₹448 crore in FY19, while its income rose 56 per cent from the previous year, according to a report by business intelligence platform Tofler. The net loss in 2017-18 was ₹258 crore. **BS REPORTER**

ONGC wrests control of PMT from Reliance, Shell

SHINE JACOB
New Delhi, 23 December

With cloud over the $4.5-billion claim by the government towards profit and royalty from the Panna, Mukta and Tapti (PMT) fields, state-run Oil and Natural Gas Corporation (ONGC) has physically taken over the PMT fields from Reliance Industries (RIL) and Shell.

The government had approached the Delhi High Court seeking to block RIL's stake sale plans.

This includes the $15-billion deal with Saudi Aramco, citing non-payment of an international arbitral award to the tune of $4.5 billion on PMT.

The Mukesh Ambani-led company had refuted the claims. According to sources, the final phase of arbitration is scheduled in mid 2020 and the government of India "has unilaterally made a calculation of an amount it claims to be payable, which is in dispute."

The Delhi High Court had asked RIL to disclose its assets on Friday, which meant the company may have to list all its assets before sealing the 20 per cent stake sale to Saudi Aramco.

The government's claim was based on a 2016 award by the English court, which did not mention any monetary sums.

The companies are of the opinion that except when quantified by the tribunal, no amount can be payable at this stage.

Despite the legal battle, operations of the controversial field were physically handed over to ONGC on Saturday night. "The legal battle was not going to affect PMT transfer as both RIL and Shell were surrendering the blocks and not selling them. Moreover, it was the government nominee who was taking over the asset," said a source close to the development.

PARTIAL AWARD

2016: The arbitration tribunal issued a partial award in the arbitration regarding the Panna-Mukta and Tapti production sharing contracts but did not award any monetary sums

2018: The tribunal, on reconsideration, passed another partial award in December 2018, in favour of Shell and RIL

2020: Final phase of the arbitration is scheduled

The court direction came after signing the transfer agreement last week.

A source said the arbitration tribunal is likely to hear the application by RIL and Shell regarding an increase in cost recovery limit under the production sharing contract (PSC). The government had raised concerns in court about the company's ability to recover under the awards, as the PSC for the fields was getting over on December 21.

In its response, RIL said its financials were robust. ONGC was directed by the Centre in 2011 not to participate in the arbitration initiated by its partners.

However, it may be bound to the PMT arbitration award being a majority partner in the JV.

The state-run major had written to the stock exchanges in May 2018 that the government's demand was premature.

RIL and Shell held 30 per cent each in the Panna, Mukta, and Tapti joint venture (JV), while the remaining 40 per cent was owned by ONGC.

This was the first field in India to have operated under the joint operatorship model. From December 1994, the companies produced 211 million barrels of oil and 1.25 trillion cubic feet of natural gas from these fields.

Arcelor to offload 50% in shipping unit to DryLog

ISHITA AYAN DUTT
Kolkata, 23 December

ArcelorMittal, the world's largest steelmaker, has signed a share purchase agreement with DryLog for the sale of 50 per cent stake in Global Chartering (GCL), the steel major's wholly-owned shipping business.

This is part of its commitment to unlock up to $2 billion from its asset portfolio by the middle of 2021. Subsequently, a 50:50 shipping joint venture will be formed with DryLog.

The asset divestment at the group level, announced by the company earlier this year, comes close on the heels of the conclusion of the $5.7 billion Essar Steel deal last week.

Essar Steel was acquired jointly by ArcelorMittal and Nippon Steel under the Insolvency and Bankruptcy Code (IBC). A joint venture (AM/NS India) in this regard exists between ArcelorMittal and Nippon Steel. ArcelorMittal holds 60 per cent in AM/NS India while the rest is with Nippon Steel.

The two companies are financing AM/NS India through a combination of one-third partnership equity and two-thirds debt. The debt will be held by the joint venture.

ArcelorMittal's equity contribution, however, works out to around $1.14 billion, which is likely to be the net debt at

The asset divestment at the group level, announced by the company earlier this year, comes close on the heels of the conclusion of the $5.7-bn Essar Steel deal last week

the group level.

Arcelor's net debt as of September 30, 2019, was $10.7 billion and it is committed to bringing it below $7 billion.

The stake sale and joint venture formation with DryLog will ultimately impact ArcelorMittal's net debt by $530 million.

This figure will become $400 million on completion and a further $130 million due in early 2020, said the company in a statement. The DryLog transaction is expected to close before the end of 2019.

GCL currently operates 28 dry cargo vessels that range from Supramax to Cape Size, 25 of which are on long-term leases. These will be transferred to the joint venture, with the remaining three being owned outright.

M&M rejigs brass in auto, farm divisions

PRESS TRUST OF INDIA
New Delhi, 23 December

Home-grown auto major Mahindra & Mahindra (M&M) on Monday announced a rejig of its top management in automotive and farm equipment sectors with its President for auto vertical Rajan Wadhera set to retire and step down from executive role.

Announcing changes in the group corporate office as well as in auto and farm sectors, to be effective from April 1, 2020, the company said Veejay Nakra will be appointed as CEO of the auto division.

He will have operating responsibility for passenger vehicles and entire commercial business with profit and loss accountability, except for product development process, M&M said. It further said Hemant Sikka will head the farm equipment sector, while R Velusamy will be appointed as the chief of Global Product Development (Automotive) and Vinod Sahay as Chief Purchase Officer of AFS (auto and farm sectors).

Nakra, Sikka, Velusamy and Sahay will report to Rajesh Jejurikar, who will join M&M Board as Executive Director AFS from April 1, 2020, it said.

M&M said Rajeev Goyal will be appointed as CFO of AFS. He will have dual reporting to Jejurikar and S Durgashankar, who will have an enhanced role as Group Controller of Finance and Accounts working closely with CFOs of all group businesses.

The company further said its agri business headed by Ashok Sharma will move from AFS and report to SP Shukla, who will also continue to head the Aerospace, Defence and Steel Sector, reporting to Anish Shah, who will transition to become Managing Director and CEO on April 2, 2021.

Rajeshwar Tripathi will be the chief human resources officer for AFS. He will have dual reporting to Jejurikar and Ruzbeh Irani, who is slated to head M&M's Group HR and communications, which includes CSR, Ethics and CIS. Last week, M&M had announced a rejig of its top management with Anand Mahindra, 64, transitioning to the role of non-executive chairman from executive chairman, effective April 1, 2020.

The firm also reappointed Pawan Kumar Goenka as the managing director with additional responsibilities of chief executive officer for a year, effective April 1, 2020, and he will retire after his term ends.

Tata Power wins distribution licence in Odisha's five circles

AMRITHA PILLAY
Mumbai, 23 December

Tata Power said on Monday that it received a letter of intent (LoI) for a power distribution licence in Odisha's five circles.

The company aims to grow its power distribution business fourfold in the next three years.

"The Odisha Electricity Regulatory Commission (OERC) awarded the LoI to The Tata Power Company, informing the company's selection as the successful bidder to own the licence for the distribution and retail supply of electricity in Odisha's five circles," said the company in its statement.

The five circles together fall under the ambit of the Central Electricity Supply Utility of Odisha (CESU).

The five circles will add 2.5 million consumers to Tata Power's existing consumer base of 2.5 million through its other distribution areas — Mumbai, Delhi and Ajmer. "We are looking at 10 million consumers in the next three years," said Praveen Sinha, chief executive officer (CEO) and managing director (MD) of Tata Power.

"We are looking at 10 million consumers in the next three years. The company will also evaluate other similar licences in Odisha as and when they come up for bidding"

PRAVEEN SINHA
CEO & MD of Tata Power

"The proposed sale of CESU to Tata Power will be through the formation of a special purpose vehicle (SPV) entity," Tata Power said in its statement. Tata Power will hold 51 per cent equity in the SPV while the government of Odisha will hold the remaining 49 per cent.

Sinha added that the company will evaluate other similar licences in Odisha as and when they come up for bidding. "Those are also expected to be on the public-private partnership (PPP) model and we are looking at a similar opportunity," he said. Outside Odisha, the company is keen on distribution opportunities across states. "We are looking at a few more places like Uttar Pradesh and Jharkhand as and when they come up with their bidding process," Sinha said.

While Tata Power looks to grow its consumer base fourfold, Sinha expects revenue contribution from this segment to Tata Power's financials to grow in tandem. For the quarter ended September 30, 2019, transmission and distribution contributed ₹3,207.63 crore to its total segment revenue of ₹7,315.43 crore.

The five electrical circles constituting the CESU are Bhubaneswar (Electrical Circle -I and -II), Cuttack, Paradip and Dhenkanal.

Tata Power has been offered the licence for 25 years, initially.

Sinha said the aggregate technical and commercial losses in these five circles are around 30 per cent. Tata Power aims to reduce them to 15 per cent in the first five years and to less than 10 per cent in the long term.

Delhi HC restrains Eveready, McLeod from sale of assets

BALANCE SHEET

	Q2 FY19 (₹ cr)	Q2 FY20 (₹ cr)	Growth/ decline (%)
Net income	581.57	328.85	-43.45
Gross profit/loss	306.21	-13.58	N/A
Total expenses	467.34	297.76	-36.29

Source: McLeod Russel

AVISHEK RAKSHIT
Kolkata, 23 December

In a blow to McLeod Russel, Eveready Industries and other Williamson Magor Group (WMG) companies, the Delhi High Court has passed an ad-interim ex parte order of injunction preventing all these companies from selling or transferring any of their assets, changing their capital structure, or opting for any debt restructuring proposal.

While McLeod Russel and McNally Bharat Engineering (MBEL) — both WMG entities — have been pushing for debt restructuring with the former opting for sale of its tea estates to pare debt, sources said Eveready is on the lookout for a strategic partner to dilute its battery business and has been monetising idle land.

The court's order restrains all these companies from carrying out their plans. KKR India, which had originally lent ₹200 crore to WMG entities, had moved the Delhi High Court seeking relief over its exposure to the WMG group.

Over the past few years, out of 52 tea estates, McLeod has sold 19 gardens across Assam, Dooars and Africa for ₹765.36 crore to pare high-cost debt, buy back shares and support the firm's daily operations.

Another estate sale in Assam is underway for a consideration of ₹28.15 crore. However, following the court's stay, this transaction is being put on hold. The court has also attached a bank account of McLeod in the course of legal proceedings and has ordered WMG entities to furnish details of their tangible and intangible assets as on March 31, 2019 and as on September 30, 2019 as well.

Earlier, the Calcutta High Court, while hearing an appeal by IL&FS, had also restrained these WMG entities from selling any of their assets or modifying their capital structure. However, it had later lifted its stay.

In a parallel development, Yes Bank, Techno Electric & Engineering and another creditor have moved Kolkata Bench of the NCLT appealing commencement of insolvency proceedings against McLeod to recover their dues. The matter has been adjourned to January 28, 2020 for hearing. Sources at Eveready said that they expect the court's order to be vacated soon as it was ex-parte and has no impact on the operations or day-to-day business of Eveready or McLeod.

'We want to be India's largest transaction platform'

Walmart, which acquired Flipkart and in turn PhonePe last year, is excited about the prospects. Growing massively, PhonePe is armed with funds. Its co-founder and Chief Executive Officer **SAMEER NIGAM** tells **Yuvraj Malik** about the firm's 'platform' strategy, monetisation, and future capital-raising plans. Edited excerpts:

In the four years of PhonePe, how have you differentiated yourself in a sea of payments apps?

We want to be India's largest transaction platform, anchored on payments. We could have been anchored on social, chat or commerce. I think DNA-wise we are very different from other payment companies, who were very big on "wallets". Wallet companies are trying to create a closed ecosystem. For us, payments were a capability to be solved, so that customers come to the platform.

You said payments were an entry point. But, to what?

It is an entry point to shaping a transaction platform. We believe that the cost of acquiring customers and distributing services digitally is too high. There are two natural monopolies — one on advertising (Google, Facebook) and one on distribution (Play Store and App Store).

This is where our Switch platform came in. When we say we want to be the largest transaction platform, we want every business to be able reach Indian customers. We want them (digital businesses) to have a democratised customer acquisition and engagement platform, the best of what mobility can offer.

Q&A

How are you going to monetise the 'platform'?

Today, instead of cashbacks, we are giving merchant coupons. I will give you ₹100 or ₹200 voucher at a store you actually use. So rewards can be monetised, brand ads can be placed. People also want to break the clutter by placing their product on the top.

Then you can distribute financial services, where you charge a distributor fee.

In the tech world, it is a balancing act. You could actually offer intricate targeting to merchants (and offline businesses), but we decided against it. Our advertisers and merchants can't target based on cohort targeting, they can only target based on location, which is city level. We say, we will do the matching but it is blind to the merchant.

After financial service, what more products will be introduced?

We have launched only tax-saver mutual funds, other categories like liquid and debt funds will be added. We will also launch insurance soon. There is big opportunity in wealth management, the disposable income in India is increasing and people, this generation especially, is moving from savings to growth.

Tell us about your interaction with Walmart and how do they perceive PhonePe?

We have three people from Walmart on our board. I met Judith once before the deal was closed and Dough when we was here recently. When we went to the US for our board meeting, briefly met Greg Penner, Walmart chairman. Very humbled meeting him. Walmart is from Central America so a lot aggressiveness of the cost wasn't there.

At Walmart's shareholders meet, we were actually very pleasantly surprised that there was a lot of reference to PhonePe. We are a very different business to what they have globally. They don't have a tech platform play anywhere. E-commerce is adjacent to payments, so when did the Flipkart deal, they understood the need and desire to play in this space.

What is the outlook for external fundraising?

We need capital to grow. We believe we have something is good is going on here. We need another 3-4 years and a maximum runway of $1 billion to achieve profitability. For me profitability is very important and I want to make sure it is a viable business. Our request to the board was how to get capital in a long-term sustainable basis.

There are two-three ways. Existing investors, Walmart and Flipkart investors like Tencent, Tiger, can capitalise. Other, from the outside, only is they add strategic value. So we would not be inviting other financial investors. The discussion is should PhonePe raise capital externally or keep getting capitalised through Flipkart.