MARKET WATCH

	03-01-2020	% CHANGE
Sensex	41,465	-0.39
US Dollar	71.80	-0.59
Gold	40,652	1.88
Brent oil	68.66	3.7

NIFTY 50

	PRICE	CHANGE
Adani Ports	382.50	-0.65
Asian Paints	1751.40	-39.25
Axis Bank	742.95	-14.00
Bajaj Auto	3072.05	-48.95
Bajaj Finserv	9345.85	-159.75
Bajaj Finance	4193.45	-52.60
Bharti Airtel	455.10	-0.10
BPCL	483.50	-4.05
Britannia Ind	3038.80	-14.60
Cipla	469.95	-3.55
Coal India	211.85	0.75
Dr Reddys Lab	2883.90	19.00
Eicher Motors	21189.25	-411.60
GAIL (India)	125.65	2.10
Grasim Ind	756.65	-9.70
HCL Tech	585.05	11.50
HDFC	2454.45	-11.95
HDFC Bank	1268.40	-18.35
Hero MotoCorp	2432.35	2.90
Hindalco	216.45	-3.70
Hind Unilever	1927.45	-10.60
ICICI Bank	538.85	-1.75
IndusInd Bank	1528.85	-0.15
Bharti Infratel	248.15	-5.50
Infosys	746.00	11.30
Indian OilCorp	126.85	-0.15
ITC	238.50	-1.35
JSW Steel	272.45	-4.00
Kotak Bank	1657.10	-14.45
L&T	1335.05	-10.25
M&M	532.75	-7.10
Maruti Suzuki	7254.25	-75.60
Nestle India Ltd.	14593.60	-135.75
NTPC	119.35	-2.05
ONGC	128.45	0.40
PowerGrid Corp	193.00	-2.10
Reliance Ind	1537.15	1.85
State Bank	333.70	-5.60
Sun Pharma	444.60	9.65
Tata Motors	191.10	-2.65
Tata Steel	483.70	-1.15
TCS	2200.65	43.00
Tech Mahindra	775.10	9.05
Titan	1139.70	-15.90
UltraTech Cement	4219.20	-25.60
UPL	590.75	-4.70
Vedanta	157.75	-1.70
Wipro	251.10	2.80
YES Bank	47.10	-0.25
Zee Entertainment	273.70	-15.90

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on January 03

CURRENCY	TT BUY	TT SELL
US Dollar	71.60	71.92
Euro	79.66	80.04
British Pound	93.48	93.91
Japanese Yen (100)	66.28	66.57
Chinese Yuan	10.27	10.32
Swiss Franc	73.54	73.89
Singapore Dollar	53.01	53.25
Canadian Dollar	55.06	55.31
Malaysian Ringitt	17.45	17.54

Source:Indian Bank

BULLION RATES CHENNAI

January 03 rates in rupees with previous rates in parentheses

Retail Silver (1g)	51.4	(50.4)
22 ct gold (1 g)	3815	(3736)

Adani to buy 75% in Krishnapatnam Port

Internal accruals and cash balance will be used to fund the transaction worth ₹13,572 crore

N. ANAND
CHENNAI

Adani Ports and Logistics and Special Economic Zone Ltd. (APSEZ) will be acquiring 75% stake in Krishnapatnam Port Co. Ltd. (KPCL) in Nellore district of Andhra Pradesh for a total consideration of ₹13,572 crore from the CVR Group, the company said in a filing.

The balance stake will be held by the CVR Group.

The acquisition is in line with APSEZ's strategy of expanding its footprint in Andhra Pradesh. The transaction would accelerate APSEZ's move towards handling 400 million tonnes (MT) of cargo by 2025, said APSEZ in its statement.

The purchase consideration will be funded via internal accruals and existing cash balance, APSEZ said.

Cancellation of the Polavaram project and an economic slowdown had affected operations of the CVR Group.

KPCL is the second-largest private sector port in the east that handled 54 MT of cargo during FY19. Mundra Port, on the west coast, which also belongs to the Adani Group, has been handling over 100 MT of cargo for the past few years consecutively.

Adani Group began due diligence at KPCL during the first week of November 2019 and at the time, it was said that the entire exercise would last a month or two and that thereafter, the Adanis would take a final call.

On Friday, APSEZ announced its intention to acquire the stake.

The acquisition is subject to regulatory approvals and the transaction is expected to be completed in 120 days, the statement added.

Asserting that this acquisition would not only increase APSEZ's market share to 27% from the current 22%, but also add remarkable value to pan-India footprint, Karan Adani, CEO and whole-time director, APSEZ, said "With the experience of successfully turning around acquisitions of Dhamra and Kattupalli ports, we are confident of harnessing the potential of KPCL and improving returns to stakeholders."

Also, APSEZ would aim to enhance KPCL's cargo handling volume to 100 MT in about seven years from the present capacity of 64 MT, the statement added. KPCL recorded a revenue of ₹2,394 crore in FY19 compared with ₹1,969 crore in FY18. KPCL, which is engaged in the business of handling containers, coal, break bulk and other bulk cargo, including liquid cargo, was till recently run by Hyderabad-based engineering major CVR Group.

CVR Group decided to move off the company as it got into financial trouble when the Andhra Pradesh government cancelled the ₹3,200-crore Polavaram Hydel power project awarded to Navayuga Engineering, the flagship of the group.

Cancellation of the project and the economic slowdown had hit the operations of the group and that of KPCL. Since then, the promoters had been looking for a suitor to bail it out, said a former top official of KPCL who had quit recently.

On Friday, APSEZ shares declined 0.2% to ₹382.70 on the BSE.

Indigo boardroom battle takes turn for worse

Gangwal eyes change in Articles to deny Bhatia first right of refusal on equity sale

JAGRITI CHANDRA
NEW DELHI

The boardroom battle between IndiGo's two co-promoters is set to escalate in the days to come as Rakesh Gangwal has sought removal of clauses in the company's Articles of Association that allow his rival Rahul Bhatia the right of first refusal if the former sells his stake in the company.

In a BSE filing on Friday, InterGlobe Aviation Limited (IGAL) – IndiGo's parent company – notified that an extraordinary general meeting (EGM) is scheduled for January 29 after a request from Mr. Gangwal for passing a special resolution for deleting sections of the Articles of Association pertaining to "transfer of equity shares",

Rakesh Gangwal

"acquisition of shares" and "other provisions on equity shares".

RG Group, comprising Rakesh Gangwal, Shobha Gangwal and The Chinkerpoo Family Trust, collectively hold 37% shares in IGAL, while Mr. Bhatia's company, Interglobe Enterprises, owns a little over 38%.

Mr. Gangwal may wish to sell his share to either Rahul Bhatia's competitor or some other entity

"Rakesh Gangwal has sought deletion of clauses from the Articles of Association that provide the first right of refusal to the two co-promoters in case one of them seeks to transfer his share. This means, Mr. Gangwal may seek to sell his share in the company to either Rahul Bhatia's competitor or anyone else," said an expert on corporate law, on condition of anonymity.

At least 75% of the votes cast by shareholders will have to be in favour of the amendments sought by Mr. Gangwal in order for them to be passed.

"It is important to note that the EGM is not being called jointly, which means this is no sign of a truce. This may be a tactic to drive a hard bargain from Rahul Bhatia," the person quoted above said.

Mr. Bhatia declined to offer a comment, while phone calls to Mr. Gangwal remained unanswered.

Qatar Airways' Akbar al Bakr, a good friend of Mr. Bhatia, has on several occasions expressed his interest in acquiring a stake in IndiGo.

Last year, Mr. Gangwal had written to the markets regulator SEBI alleging corporate misgovernance at IndiGo.

Oil, safe haven bonds surge on U.S. strikes

REUTERS
LONDON

Oil prices jumped nearly $3 a barrel and gold, the yen and safe-haven bonds all rallied on Friday, after the U.S. killing of Iran's top military commander in an air strike in Iraq ratcheted up tensions between the two powers.

The Middle East-focused oil markets saw the most dramatic moves with Brent crude futures leaping as much 4.5% to $69.20 a barrel intraday, their highest since September, though the impact was felt across almost every asset class.

Europe's STOXX 600 and Wall Street futures both fell around 1% as New Year optimism evaporated.

The Soleimani effect

- Spot prices of the yellow metal in Mumbai jump ₹1,000 to touch **₹41,000** expected to cross **₹45,000** soon
- Gold prices on London Bullion Market Association surge to **$1,530** per ounce

- Rupee falls **42 paise**, closes at **71.80/U.S. dollar**
- Sensex down **162.03** points, closes at **41,464.61**

U.S. drone attack sets gold price on fire

Rupee plunges to month-and-half low

SPECIAL CORRESPONDENT
MUMBAI

The impact of the U.S. drone strike killing a top Iranian military commander was visible in most market segments in India as gold prices spiked, while equities fell, and the rupee plunged to a one-and-a-half-month low.

While gold prices in the spot market surged by around ₹1,000 per 10 gm on Friday, rupee fell by 42 paise to end at 71.80 against the U.S. dollar amid a spike in crude prices. Equities, however, managed to recoup some of the losses as the benchmark Sensex closed at 41,464.61, down 162.03 points, or 0.39%.

Bullion market participants expect prices of gold to touch ₹45,000 per 10 gm in the near future, even as spot prices jumped by more than ₹1,000 per 10 gm on Friday to touch ₹41,000 in Mumbai's Zaveri Bazaar.

"Fresh geopolitical tensions will affect international gold prices, which in turn, would push [up] the prices here," said Kumar Jain, vice-president, Mumbai Jewellers Association.

Gold prices on the London Bullion Market Association (LBMA) jumped to nearly $1,530 per ounce on Friday after trading below $1,500 for most part of December.

"On Friday, spot prices in Mumbai jumped to touch ₹41,000 but very soon it could cross ₹45,000 as currency weakens and concerns rise," said Akhilesh Mehta, proprietor, AR Plus, a jewellery store in Zaveri Bazaar, adding that people, however, are still buying gold as a further rise in prices is expected.

Equities recover

Equities did not see an across-the-board sell off as the benchmark Sensex, which dipped to an intraday low of 41,464.61, settled the day at 41,464.61, down 162.03 points or 0.39%.

The overall market breadth was only marginally negative as 1,300 stocks lost ground on the BSE, against 1,213 gainers. The broader Nifty closed at 12,226.65, down 55.55 points or 0.45%.

"News of fresh tension between U.S. and Iran triggered a gap-down start and the benchmark gradually drifted lower as the day progressed," said Ajit Mishra, vice-president, Research, Religare Broking, adding the resilience on the broader front helped the market breadth to settle on a flat note. Foreign portfolio investors continued to be buyers in Indian equities, with Friday's net purchases pegged at ₹1,263 crore.

Renault clocks volume growth of 8% in 2019

Steps on the gas with new launches

SPECIAL CORRESPONDENT
CHENNAI

French automaker Renault India has ended calender year 2019 by selling 88,869 units, thereby registering about 8% increase in volume compared with 2018.

In the first three quarters of 2019, the company sold 19,193 units, 17,605 units and 17,705 respectively.

The last quarter saw a huge jump of 34,362 units, which was 67.92% more than that of corresponding year-ago period sales.

The market share in Q4 was 4.4%. Renault attributed the increase to the introduction of new products such as Triber, Kwid and Duster.

The seven-seater compact MPV Triber was launched in August 2019 and since then, Renault has sold 24,142 units.

Renault India CEO and MD Venkatram Mamillapalle had said they had started exporting Triber to South Africa by the last week of December 2019. The next lot will be shipped by February.

He also said that their mid-term plan of doubling production volume to 1.60 lakh units by 2022 to achieve profitability was on track.

According to him, a sub four-metre vehicle will be unveiled in the second half of 2020 and an electric vehicle by end-2021 or early-2022.

Ratan Tata moves SC against NCLAT verdict to reinstate Mistry

Judgment has pulled down governance and corporate structure painstakingly built by Tata Sons' founders, he says

LEGAL CORRESPONDENT
NEW DELHI

Chairman emeritus of Tata Sons Private Limited, Ratan N. Tata, moved the Supreme Court on Friday against the National Company Law Appellate Tribunal's (NCLAT) judgment restoring Cyrus Mistry as its chairman, saying the verdict had virtually pulled down the governance and corporate structure painstakingly built by the founders of the Indian multinational conglomerate.

Tata Sons has already moved the apex court against the NCLAT's decision of December 18.

Mr. Tata said the NCLAT judgment banked on specious arguments to find him 'guilty' of acting in an 'oppressive and prejudicial' manner against the interests

Ratan Tata denied that 550 e-mails were exchanged between him and Mr. Mistry as claimed in the verdict. • REUTERS

of shareholders. Mr. Tata said he had spent more than half of his life in building the name of Tata Sons and other Tata operating companies to one of the top global companies. He said the judgment claimed 'over 550 emails' were exchanged between Mr. Mistry and him to demonstrate the scale of interference from the latter's side.

Mr. Tata said there were 'no such 550 mails in the first place'. It was rather 'remarkable and strange' that an exchange of ideas, views, etc, between him and Mr. Mistry could be treated as conclusive evidence of unsolicited interference, Mr. Tata said.

"What is even more remarkable is that the whole case of oppression and prejudice is based entirely on words and statements contained in correspondence without there being an iota of evidence to buttress any actual loss/injury being caused to Tata Sons as a result of Mr. Cyrus Mistry being forced to act on such interference/interdiction against his wishes," Mr. Tata contended.

He said the NCLAT, through its contrived and self-serving reading of the correspondence, concluded that he was 'determined' to remove Mr. Mistry. The tribunal accused him of engineering the coup to oust Mr. Mistry. The petition said the judgment, with no evidence to back it, castigated him and N.A. Soonawala (former trustee of Tata Trusts) and Nitin Nohria, a Trusts Nominated Director, for 'unfair abuse of powers'.

Reluctance to disassociate

In fact, the appeal said, the "various fronts where Mr. Cyrus Mistry's leadership was lacking was his reluctance to timely and meaningfully disassociate himself from his family business after he became the Chairman of Tata Sons and address any conflict in this regard, which was a condition precedent to his appointment as Chairman of Tata Sons".

Mr. Tata said Mr. Mistry's handling of the DoCoMo dispute was a "glaring example" of the lack of leadership skills. It was during Mr. Mistry's tenure that Tata Sons reneged on its word with DoCoMo. He showed "complete obstinacy" to comply with legal obligations even in the face of an adverse verdict by arbitration.

"This is not what the Tata Sons brand stands for. Quite to the contrary, honouring its commitments is one of Tata Sons' highest virtues it takes great pride in. The spat with DoCoMo, which was widely covered by the press, brought ill-repute and reputational losses to Tata Sons," the appeal said. It said Mr. Mistry failed to capitalise when business opportunities came up.

At SoftBank's jewel in India, toxic culture and troubling incidents

Oyo, one of India's most valuable private companies, is accused of following questionable practices that may blight India's multi-billion-dollar start-up landscape

VINDU GOEL
KARAN DEEP SINGH
NEW DELHI

Oyo, a start-up that offers budget hotel rooms, has grown into one of India's most valuable private companies and aims to be the world's largest hotel chain by 2023.

But at least part of Oyo's rise in India was built on practices that raise questions about the health of its business, according to financial filings, court documents and interviews with 20 current and former employees, as well as others familiar with the start-up's operations.

Oyo offers rooms from unavailable hotels, such as those that have left its service, according to the company's CEO, current and former employees. That has the effect of inflating the number of rooms listed on Oyo's site. Thousands of the rooms are from unlicenced hotels and guest houses, its executives have acknowledged. To deter trouble from authorities over the illegal rooms, Oyo sometimes gives free lodging to police and other officials.

Oyo has also imposed extra fees on hotels and declined to pay the hotels the full amounts they claimed they were owed. Some hotel operators have sought to file criminal complaints against Oyo, which said it withheld payments primarily over the hotels' customer service issues.

Bubble will burst

"It's a bubble that will burst," said Saurabh Mukhopadhyay, a former Oyo operations manager who left the company in September.

Oyo is part of a group of prominent start-ups that have sprinted to get as big as possible, fed by money from large investors such as Japanese conglomerate SoftBank.

Any fall by Oyo could blight India's start-up landscape, which has received

Room for doubt: Oyo's rise in India was built on practices that raise questions about the health of its business. • NYT

billions in foreign capital in recent years, spawning other multi-billion-dollar companies such as ride-hailing firm Ola and digital payments provider Paytm.

It would also be another black eye for SoftBank, which is Oyo's biggest investor and owns half the start-up's stock. Masayoshi Son, SoftBank's CEO, has hailed Oyo as a jewel of his company's $100 billion Vision Fund, even as he recently wrote off billions of dollars on other investments.

"This is the only company which went global at this scale from India," Satish Meena, a senior forecaster for research firm Forrester in New Delhi, said of Oyo. "But as of now, there are serious doubts about the business model."

Ritesh Agarwal, Oyo's CEO, acknowledged in a recent interview that some of his company's room listings included hotels that it no longer worked with.

Aditya Ghosh, Oyo's head of India operations, also said many hotels lacked required licences, leaving them vulnerable to the occasional government raid. He denied Oyo gave free rooms to officials.

Founded in 2013 by Mr. Agarwal, then a 19-year-old student, Oyo coaxes hotels to become Oyo-branded destinations that list exclusively through its website; it then markets those rooms online to travellers and takes a cut of each stay. It also runs some hotels itself.

Oyo now offers more than 1.2 million rooms in 80 countries, including the U.S.,employs more than 20,000 people and has raised more than $2.5 billion in funding. Mr. Agarwal has become a business star, hobnobbing with PM Narendra Modi.

But as Oyo has grown, its losses have mushroomed. The company expects to lose money through at least 2021, according to recent government filings. In December, SoftBank and Mr. Agarwal put another $1.5 billion into Oyo. The funding valued the company at $8 billion.

At the same time, two other big investors, Sequoia Capital and Lightspeed Venture Partners, reduced their holdings. The firms sold $1.5 billion of their stock – about half their stakes – to Mr. Agarwal. He borrowed money to buy the shares and paid the venture firms a price that valued Oyo at $10 billion.

Current and former workers said Oyo was never an easy place to work but that pressure increased over the last year.

Mohammad Jahanzeb Gul, who supervised 23 Oyo properties, said he sometimes spent all day and night in front of a computer to meet deadlines. "The culture is really very toxic," he said.

Mr. Mukhopadhyay said employees were under so much pressure to add new rooms that they brought hotels online that lacked air conditioning, water heaters or electricity. He and eight others said their managers had asked them to engage in a monthly shell game of briefly inserting these unavailable properties into Oyo's listings – complete with fake photographs – to help impress investors.

Lax worker oversight

Oyo's oversight of its workers was also sometimes so lax that employees brazenly stole from it, said four people involved in the start-up's fraud-fighting efforts.

Because Oyo hotels are popular with unmarried couples looking for places for their trysts, one scheme involved workers at properties run directly by Oyo colluding to keep the guests checked in after they left.

The workers then cleaned and resold the rooms for cash to other guests and pocketed the money, the people said. NYT