Pharma exports grow 11%, cross $19 bn

Growth comes amid challenges of margin pressure, more regulatory scrutiny, says Pharmexcil D-G

N. RAVI KUMAR
HYDERABAD

India's pharmaceutical exports grew a robust 10.72% in 2018-19, and raced past the $19-billion mark for the first time, a performance marked by a rebound in the U.S. market, improved show in almost all the top 25 destinations and across categories.

Exports touched $19.13 billion as against $17.28 billion of 2017-18, the previous highest, details available with Pharmaceuticals Export Promotion Council of India show. While it fell short of the $20-billion mark that was widely expected to be crossed, the performance was still special. Though pharma exports have done relatively better with the nearly 25% rise to $13.30 billion in 2011-12, the circumstances under which the latest performance came were different, Pharmexcil Director General Ravi Uday Bhaskar said.

All-round show: Drug formulations and biologicals, with $13.56 billion, dominated the 2018-19 exports. ▪ P.V. SIVAKUMAR

Making matters challenging for exporters over the last few years has been the increased regulatory scrutiny, pressure on margins in the face of mounting competition and the need to geographically diversify the market. In the five years to 2018-19, exports had declined in one year (2016-17). Other factors such as price control in Germany, Brexit and the lockdown in the U.S. also influenced trends.

Good practices help

Positives for the exporters were increase in the price of APIs/bulk drugs, the health regulators classifying lesser number of cases, post inspection, under the official action indicated class that sometimes led to import alerts.

According to Mr. Bhaskar, improved good manufacturing practices (GMP) maintenance would have saved more mandays that otherwise would have been lost to carrying out rectifications suggested by regulatory authorities.

Category-wise, drug formulations and biologicals with $13.56 billion ($12.09 billion) dominated the 2018-19 exports. The 12.13% increase was the highest across all categories and took drug formulations and biologicals share in total exports to 70.87%. Bulk drugs and drug intermediates, the other mainstay of exports, was next at $3.89 billion ($3.52 billion) or a share of a little over 20% to the total.

Herbal products was the only segment with negative growth, while exports of vaccines, surgicals and Ayush increased.

Region-wise it was North America, primarily the U.S. market, that figured at the top, accounting for $6.14 billion or nearly one-third of the total exports. Compared to 2017-18, the change was 14.92%. The U.S., specifically with $5.82 billion, contributed to 30.42% of the exports.

IN BRIEF

Internet firm Naspers to exit MakeMyTrip

NEW DELHI

South African Internet firm Naspers will exit online travel company MakeMyTrip by selling its entire stake to Chinese travel major Ctrip.com International. Naspers will get a 5.6% stake in Ctrip.com for selling its stake in MakeMyTrip, Naspers said. Ctrip.com, an existing stakeholder in MakeMyTrip, will increase its stake in the Indian company to 49% after the completion of the deal. PTI

Sterling SEZ sent for liquidation

MUMBAI

In a major setback to the lenders led by Andhra Bank, the NCLT has recalled its earlier order allowing withdrawal of the insolvency process of Sterling SEZ & Infrastructure and also directed the government to take punitive action against senior officials of the lenders for misleading the tribunal with a withdrawal plea. With this, Sterling SEZ, which owes over ₹8,100 crore, will go for liquidation. PTI

Jet staff head for long legal battle to get dues

Future uncertain: The salary dues to all employees come to more than ₹700 crore till the end of April. ▪ K. BHAGYA PRAKASH

Liquidation may yield hardly anything

LALATENDU MISHRA
MUMBAI

Being left 'orphaned' by everyone including stakeholders and lenders, Jet Airways' 16,000 employees are heading for a long legal battle to recover their dues of unpaid wages and gratuity running into hundreds of crores.

The tragedy claimed its first victim on Saturday with a Jet Airways employee, identified as Shailesh Kumar Singh, jumping to death from the 4th floor of his apartment in suburban Mumbai. The senior technician had reportedly been suffering from stomach cancer for a few years. The police registered a case, but no suicide note was recovered.

As per the third quarter profit-and-loss account, the airline's employment remuneration and benefits amounted to ₹781.18 crore, which works out to about ₹260 crore per month.

Dues from Jan., April

While all employees are to get two months' salary, including that of April, for high-salaried employees including pilots, engineers and top management above the managers' grade, dues have been pending since January 2019. As per a back-of-the-envelope calculation, salary dues to all employees are to the tune of more than ₹700 crore till the end of this month.

Apart from this, gratuity dues, estimated to be several hundred crore, are at stake, employees said.

Lawyers who spoke to *The Hindu* said the employees were legally entitled to get their dues, but a court order would not yield anything until the airline finds a new buyer who would be bringing liquidity to pay for the liability and invest to revive operations.

Different unions of the airline have approached law firms to make their legitimate claims and the pilots' union has already served a legal notice on the airline to recover their salaries which have been pending since January.

Lawyers said that the gratuity issue would come up for claim when the airline goes for liquidation after an NCLT process.

"As long as the service of the employees is on, they are legally entitled to get their legal dues, including pending salary and gratuity, which will be carried forward to the new owner or in case of liquidation, it will be recovered from the sale of assets. The proceeds will be distributed *pro rata* between the employees and secured creditors," a lawyer said.

Considering the company's low asset base, a possible liquidation will hardly yield anything, said analysts.

The airline owns 16 aircraft and 10 of them (Boeing 777s) were purchased through U.S. Exim Bank guarantee. The company's BKC building has also been mortgaged, leaving few assets for sale in case the bidding process initiated by lenders fail.

Coffee planters seek mandate for chicory cut, to help volume growth

Planters want FSSAI proposal to cut chicory content in coffee to 30% enforced

MINI TEJASWI
BENGALURU

Coffee planters in southern India expect higher sales of their produce once the draft notification of the Food Safety and Standards Authority of India (FSSAI) recommending a cut in chicory content comes into effect.

Currently, coffee powders sold in the country have 49% chicory. The FSSAI's proposal to bring down chicory content in coffee to 30% is pending clearance.

"The coffee [planters] fraternity has welcomed the FSSAI recommendation because a 19 percentage point reduction in chicory in coffee powder will give an instant boost to domestic consumption. The United Planters' Association of Southern India (UPASI), along with coffee bodies in the country, has been lobbying for reduced chicory component in coffee," said UPASI vice-president A.L.R.M. Nagappan.

Aroma shot: Chicory currently accounts for 49% of coffee powders sold in the country. ▪ K.R. DEEPAK

A reduction in chicory content will positively impact volume demand for coffee, in addition to helping consumers get pure coffee with natural aroma and flavour.

Tough times

UPASI said the coffee sector had been going through tough times in the last several years due to falling prices, labour shortage, soaring labour costs, rise in fertilizer prices and vagaries of nature. All these have pushed up the cost of coffee production by 50%. Also, white stem borer (pest) attack has brought down arabica production by almost half.

Mr. Nagappan said that UPASI was supportive of a domestic coffee consumption drive in the interest of all stakeholders including roasters, marketeers, growers and consumers. The idea was to formulate a consumption campaign in consultation with coffee organisations like the Karnataka Planters' Association, Karnataka Growers Federation, Codagu Planters' Association, The Planters' Association of Tamil Nadu and Association of Planters of Kerala.

"Each one of these organisations has been asked to come up with individual proposals for domestic consumption drive by mid-May. We will decide on modalities, evolve a strategy and execution plan after validating these proposals," he added.

As per statistics compiled by UPASI, India produced 3.16 lakh tonnes of coffee during 2017-18 and exported 3.92 lakh tonnes. This included carry-forward stock from the previous years.

The country imported 80,000 tonnes of coffee, the whole of which was meant for exports as soluble or instant coffees to Russia and other markets, while the country's domestic consumption for the year was 60,000 tonnes.

IPR firm Zacco acquires Lakhshya

SPECIAL CORRESPONDENT
COIMBATORE

Intellectual Property firm Zacco has acquired Lakhshya Cybersecurity Labs, which operates out of Coimbatore, for an undisclosed amount.

Ravi Sunderrajan, managing director of Zacco India Research and Development, said Lakhshya would serve as the cybersecurity research and development centre of excellence for Zacco, with focus on developing state-of-the-art solutions and services related to malware analysis, threat hunting and intelligence, security incident investigation, smart city security, etc. "This acquisition is a milestone for Zacco in India and will significantly enhance Zacco's capabilities in the cybersecurity space," he said. Zacco has made a number of acquisitions globally and this is its first in India.

Lakhshya, with 41 employees, will add expertise to Zacco's research and development centre in Bengaluru, according to Zacco.

Eveready sees loan ratings downgrade

SPECIAL CORRESPONDENT
KOLKATA

India Ratings and Research has downgraded the long-term loan ratings of Eveready Industries India Ltd. (EIIL) on account of its high net leverage and weakened liquidity, the firm said in a regulatory filing.

The company said that the instruments which saw the downgrade included fund-based limits, non-fund based limits and commercial paper. The issue size of the instruments varied between ₹31 crore short-term loan and ₹301 crore term loan.

Cholamandalam Investment Q4 net up 2.3%, asset quality improves

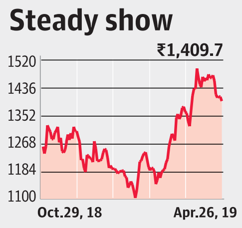
Company's vehicle finance business clocks 21% growth in FY19 to ₹24,807 crore

SPECIAL CORRESPONDENT
CHENNAI

Cholamandalam Investment and Finance Co. Ltd., a Murugappa Group firm, reported a marginal increase of 2.3% in its standalone net profit for the fourth quarter ended March 2019 to ₹292 crore from ₹285 crore a year earlier, despite a challenging period faced by the industry.

Total income grew 29.46% to ₹1,885 crore and disbursements grew 11% to ₹8,893 crore. "We have been consistent in delivering growth over 25% in Assets Under Management, total income and net profit across all major parameters. The asset quality has improved further this year and net NPA is at an all-time low of 1.1%," said Arun Alagappan, executive director. "In the year, the industry faced adverse impact following the liquidity crunch. However, we did not have any impact having built credible relationships with banks and financial institutions, which resulted in more than adequate funds for the company to disburse. Further the company has been maintaining cash cover at around ₹3,000 crore to manage funds position for the next 3 months," he said.

Steady show



We have been consistent in delivering growth of over 25% in AUM, income and net profit across all major parameters

ARUN ALAGAPPAN, Executive director Cholamandalam Investment and Finance Co. Ltd

Metrics	Q4 FY19	Q4 FY18	Growth (%)
Total revenue (₹ cr.)	1,885.34	1,455.91	29.46
Net profit (₹ cr.)	291.86	285.26	2.31
EPS (₹)	18.67	18.25	
Dividend (₹)	2	2	

D. Arul Selvan, CFO, said the vehicle finance business clocked 21% growth for the year to ₹24,807 crore from ₹20,540 crore. Disbursements under the home equity business grew 21% to ₹3,837 crore. As of March 2019, CIFCL had capital adequacy ratio 17.56% against the statutory requirement of 15%. Gross NPAs declined from 3% to 2.3%, while net NPAs went from 1.7% to 1.1%.

The board recommended a final dividend of 20%, accounting for total dividend of 65% for 2018-19.

The board also recommended sub-division of equity shares of ₹10/- each to five shares of ₹2/- each.

Carr Lane commercial production from July

JV to make non-flying parts initially

SPECIAL CORRESPONDENT
CHENNAI

Carr Lane India, a recently formed Indo-U.S. joint venture firm, will start commercial production of aerospace tooling components from its facility in Chennai from July 2019, said a top official.

"Initially, it will cater to the needs of the Carr Lane parent company in the U.S.," said Ranjit Pratap, managing director, Rialto Enterprises. "The goal is to create an Indian company that ultimately, develops its own products and services in addition to our standard products, to serve the unique needs of the India market," said Colin Frost, COO, Carr Lane.

Initially, the JV firm would make non-flying parts such as tooling components and special alignment devices for the aerospace sector.

Mr. Pratap said the JV firm would start with a small initial investment and would be gradually ramped up based on needs.

Start-up Droom plans to launch OBV globally

Tool helps find price for used vehicles

YUTHIKA BHARGAVA
NEW DELHI

Homegrown start-up Droom is planning to introduce its Orange Book Value (OBV) platform that allows users to generate a fair market price of used vehicles, in at least two dozen countries by the end of the current year, the company's founder and CEO Sandeep Aggarwal said.

The Gurugram-headquartered firm is an online marketplace for used automobiles and offers services such as Orange Book Value, Droom Discovery for vehicle research, ECO for vehicle inspection and Droom Credit for financing.

"While we will keep expanding Droom in international markets as announced, we are looking at launching OBV in about 22-25 countries by the end of December this year," Mr. Aggarwal said.

He added that they were currently eyeing markets in Southeast Asia, West Asia and Europe for this.