IN BRIEF

Zydus gets tentative nod for Tofacitinib tablets

NEW DELHI

Drug firm Zydus Cadila said on Saturday it had received tentative approval from the U.S. health regulator to market Tofacitinib tablets, used for the treatment of rheumatoid arthritis. Tofacitinib is used alone or with other medications to treat moderate to severe forms of rheumatoid arthritis, the company said in a BSE filing. It helps to decrease pain, tenderness and swelling in the joints, it added. PTI

Tata Steel output rises 23% to 7.7 MT in Q4

NEW DELHI

Tata Steel said its output rose 23% to 7.70 million tonne (MT) in the last quarter of FY19. The firm had produced 6.26 MT of steel in the same quarter a year ago, Tata Steel said. India production stood at 4.47 MT during the January-March 2019 quarter as against 3.07 MT in the year-ago period. Tata Steel Europe produced 2.73 MT of steel as compared to 2.63 MT in the fourth quarter of 2017-18. PTI

Metropolis IPO subscribed 5.83 times

NEW DELHI

The initial public offering (IPO) of diagnostic chain Metropolis Healthcare was subscribed 5.83 times on the final day of the bidding on Friday. The ₹1,200-crore IPO received bids for 4.47 crore shares as against 76.61 lakh shares on offer, according to latest NSE data. Institutional investors segment was subscribed 8.88 times, while non-institutional investors segment was subscribed by 3.03 times. PTI

INTERVIEW | OMER DORMEN

We focus on core business, which will continue growing: Castrol MD

Lube-maker believes transition to EVs won't have a big impact on its business

PIYUSH PANDEY

After setting up Castrol's business in Turkey and Saudi Arabia, **Omer Dormen** *worked across West Asia, Europe, Russia and Central Asia, before taking over as Castrol India managing director in 2015. With three decades of experience in the lubricants business, Mr. Dormen says he has found 'nirvana' in India because Castrol has a well-established business with huge room for growth, here. In an interview, he talks about the company's strategy for growth, competition, and the company's role in the context of EVs. Excerpts.*

How different has been your India experience in the last three-and-a-half years?

■ I always say that this is the nirvana of all roles in Castrol, because India is a very well-established business. The brand is really strong and the basic foundation of the business is very strong. You also have quite a huge room for growth.

This comes with the exposure of being a listed company, which you don't have in any other country. So that's why when I got the opportunity, I jumped at it. It's been quite rewarding, rich, in terms of the last three-and-a-half years.

From a business perspective, we went through quite a significant transformation during this time, because we realised that although we were very successful, that wasn't going to be enough to carry to the next decade.We completed a majority of that transformation in the last three-and-a-half years. I believe that we are a much stronger company and stronger business and a stronger team as a result of that.

Are electric vehicles (EVs) a potential threat to your business? How are you readying yourself?

■ Although there is the discussion on EVs, there would be a phased approach in transitioning to EVs – starting with two or three wheelers and may be in the public sector transport. This is not going to have a large impact on our lubricant business, that's why we focus on the core business which would continue growing.

At the same time, we also try to explore what else we can do with the brand, strength of the brand, and the strength of the distribution that we have, to test other models or revenue models going forward. So that's why it's quite exciting.

What diversification areas are you looking at, as EVs could become a reality in the next 10 years?

■ We expect the market growth rate to fuel growth in the business. So, if you look at 10 years, 99% of the growth or revenue comes from the core businesses. What we are trying to do in the meantime is test new models and Castrol is a strong brand in the automotive space and the maintenance space. Do not forget that EVs also use fluids, whether it is coolants, greases or brake fluids. So, there will be or there is a role a lubricant can play, but what else can we do in terms of playing into that space is something that we are exploring. So, for that, globally we have a couple of teams. One is looking at advanced mobility and the other one at inorganic options in terms of testing some of these.

> **Do not forget that EVs also use fluids, be it coolants, greases or brake fluids**

So, in a nutshell, yes, there will be some new revenue models. Obviously when we start testing them, we will share them.

What's the size of the Indian lube market and at what rate is it growing?

■ India is about 2.4 billion litres in terms of market size. And half of that is industrial. Now industrial includes all the process oils... which is low tier in terms of the technology required. So, we don't play into that sector. Where we play in is the select industrial products which [constitute] the high tier. The market is growing 2-4% according to estimates.

What's your market share in India and how do you plan to grow amid competition?

■ The data that we have and track, is the retail market, which is based on Nielsen data. Our market share is about 20%. But if you look at the breakdown, personal mobility for example, is much higher than that... four wheelers at about 25%. Our CVOs would be around 17-18%. Where we are investing is personal mobility; where we are investing is new product introductions in the personal mobility as well as into commercial.

As a standalone lubricant firm, isn't Castrol disadvantaged compared to integrated refining and marketing firms?

■ On the contrary, I think it is a huge advantage, because we have huge skills globally that we can leverage, and flexibility to use different sources rather than just one source.

Electrifying presence: Mercedes' first all-electric vehicle unveiled at Stockholm in September last year.

'Merc EVs in India once infra in place'

Battery vehicle global launch this year

INDRANI DUTTA

KOLKATA

Mercedes-Benz will launch electric vehicles (EVs) in India once the infrastructure and demand for such automobiles are in place, a senior company executive said. By mid-2019, Mercedes Benz is aiming to launch its battery-powered vehicle globally, according to information available.

World premiere

The company made its entry into this area of mobility in September 2018 through the world premiere of its first all-electric people mover EQC, the first Mercedes-Benz model under the product and technology brand EQ. The name EQ stands for electric intelligence, insiders said.

At an interaction here in March, Mercedes-Benz India Managing Director and CEO, Martin Schwenk, had said that the launch of EVs would be synchronised with real demand for such vehicles in those markets. "We will analyse the markets," he had said then.

Consumers see inadequate access to charging facilities as on of the top three hurdles to EV adoption, according to a Mckinsey & Company article titled 'Charging ahead: Electric vehicle infrastructure demand'.

The Indian government has taken efforts to lay down an enabling framework for setting up charging infrastructure. In December 2018, the Union Power Ministry had written to chief secretaries of all States and union territories on the matter.

The Centre wanted power distribution companies (Discoms) to facilitate creation of private charging facilities, while making public charging stations a delicensed activity. It also wanted the Central Electricity Authority to create an online database of all public charging stations.

It was learnt that by 2022, the entire Mercedes-Benz product range is set to be electrified with electric alternatives in every segment, starting from its sub-brand Smart, with over 130 electric vehicle variants in total.

This would range from the 48 volts on-board electrical system to plug-in hybrids to all-electric vehicles with battery or fuel cell. Out of these, over 10 models would be purely electric passenger cars in all segments.

Will examine merger plan of Indiabulls and LVB, says RBI

SPECIAL CORRESPONDENT

MUMBAI

The Reserve Bank of India (RBI) has clarified that its nominee directors on the board of Lakshmi Vilas Bank (LVB) had no views on the merger proposal with Indiabulls Housing Finance and that the banking regulator would examine the proposal as and when received.

In a late evening press statement on Saturday – a day after the two entities announced the merger – the RBI said: "It is clarified that the merger announcement does not have any approval of RBI at this stage."

"It is also clarified that presence of Additional Directors nominated by the RBI on the board of LVB does not imply any approval of the RBI of the merger proposal. Moreover, the Additional Directors have clearly mentioned at the meeting that they have no view on the proposal," the RBI said in response to some media reports that the presence of RBI directors on the board meant indirect approval for the proposal.

There are two nominee directors of the RBI on the LVB board. Following the RBI statement, LVB also issued a release saying while the board unanimously approved the proposal, the RBI-nominee directors did not have any participate in the voting or express any views, as is the practice in the bank. RBI said the proposal for the merger, when received, would be examined. "The proposals, as and when received from these entities, will be examined in RBI as per extant regulatory guidelines/directions," the RBI said.

India will be third-largest economy by 2030: Jaitley

GDP will touch $10 trillion, he says

PRESS TRUST OF INDIA

NEW DELHI

Finance Minister Arun Jaitley on Saturday said India was expected to become the third-largest economy in the world by 2030 with the gross domestic product (GDP) touching $10 trillion, helped by consumption and investment growth.

Arun Jaitley

Currently, the size of the economy is about $2.9 trillion, he said, while addressing the students of the Shri Ram College of Commerce here.

"We keep oscillating between fifth and the sixth-largest economy, depending on the dollar rate. As we look at the years ahead, we would be $5 trillion by 2024 and $10 trillion by 2030 or 2031. That's when we will be amongst the first three – the U.S., China and India and then of course, we would in the rat race of the big three wanting to catch up with much mightier competitors. So the sheer size and opportunity is going to expand," he said.

Talking about avenues of growth for the next 20 years, the Minister listed infrastructure creation, rural expansion and gender parity, among others.

Mr. Jaitley said the 2011 Census showed that 21.9% of India's population lived below the poverty line and with the present rate of growth, this might have further reduced to 17% today.

It should shrink to 15% by 2021 and further down to single digits by 2024-25, he said. At the same time, the middle-class population would increase to 44% from 29% in 2015, he said citing a study. "Therefore, as you look ahead you would see poverty deplete, you will see an exponential growth of middle class and probably by 2030, almost half of India would be in that category [middle class]," Mr. Jaitley said.

Boeing cuts 737 MAX monthly production after two deadly crashes

Wrong activation of MCAS anti-stall software is 'a common link' to crashes: CEO

REUTERS

CHICAGO/SEATTLE

Boeing Co said it planned to cut its monthly 737 aircraft production by nearly 20% in the wake of two deadly crashes, signalling it does not expect aviation authorities to allow the plane back in the air any time soon.

Deliveries of Boeing's best-selling aircraft were frozen after a global grounding of the narrowbody model following the crash of an Ethiopian Airlines jet on March 10, killing all 157 people on-board.

Production will be cut to 42 airplanes per month from 52 starting mid-April, the company said in a statement, without giving an end-date.

U.S. and airline officials said they now believe the plane could be grounded for at least two months, but an even longer grounding is a serious possibility.

The crash in Ethiopia and the crash of a Lion Air plane in Indonesia last October that killed all 189 people on board have left the world's largest plane-maker in crisis.

Chief executive officer Dennis Muilenburg said on Friday said the company now knows that a chain of events caused both disasters, with erroneous activation of so-called MCAS anti-stall software "a common link" between the two.

Bug fixing: Boeing says it is making progress on a 737 MAX software update to prevent further accidents. • AP

Boeing said it would not reduce jobs at the new production rate and would work to minimise the financial impact.

The company's board will establish a committee to review how the company designs and develops airplanes, Mr. Muilenburg said. The group will "recommend improvements to our policies and procedures" for its 737 MAX and other airplane programs.

Boeing said it continued to make progress on a 737 MAX software update to prevent further accidents.

While the number of 737 MAX planes grounded is just over 370, nearly 5,000 more are on order.

Logistical issues

Boeing faces logistical issues in finding places to park the growing number of planes as well as being responsible for all their maintenance costs since it has been unable to deliver the jets to customers, two people briefed on the situation said.

Manufacturers avoid halting and then resuming production as this disrupts supply chains and can cause industrial snags. Boeing had been planning to speed up production in June to 57 a month.

Having to hold planes in storage without delivering them does, however, consume extra cash through increased inventory.

Boeing supplier Spirit Aerosystems Holdings said it would continue to make 52 737 MAX shipsets – the complete set of parts for each aircraft – per month, storing extras at its facilities. Its shares fell 3.5%.

National Transportation Safety Board (NTSB) chairman Robert Sumwalt told reporters that U.S. investigators were given the raw data from Ethiopian Airlines Flight 302 as soon as it was read in France last month. He added that the Ethiopian Airlines 302 preliminary report "was very thorough and well done."

G20 must tackle root causes of trade tensions that threaten growth: EU

G20 Finance Ministers to meet soon

REUTERS

BUCHAREST

The European Union will tell a meeting of finance leaders from the world's 20 biggest economies next week that they must all tackle the root causes of global trade tensions because they are putting global growth at risk, an EU document showed.

Finance ministers and central bank governors of the Group of 20 (G20) major economies are to meet in Washington on April 11-12 to discuss the main challenges to the world economy.

"Current trade tensions put the ongoing expansion at risk and are therefore a source of concern," a joint position paper agreed by EU Finance Ministers on Saturday said.

The United States and China are engaged in intense negotiations to end a months-long trade war that has rattled global markets. Hopes of a resolution soared after both sides expressed optimism following talks in Beijing last week.

"The international community has to tackle the root causes of the ongoing trade tensions by ensuring a level playing field for open and free trade in goods and services, investment and intellectual property rights," the joint EU statement said.

The U.S. is also in talks with the European Union on a trade deal after imposing tariffs on European steel and aluminium last year and threatening to impose tariffs on European cars.

"We reaffirm our commitment to keep the global economy open as well as rules-based, to support an inclusive multilateral trading system with the World Trade Organization at its centre and to keep international economic cooperation on track," the EU said. Washington has reservations about the WTO which it believes is unable to tackle modern trade challenges and issues such as intellectual property theft. The EU believes the WTO is the best way to deal with trade disputes but that it should be reformed to address U.S. and its own concerns.

India's imports from China decelerating, says report

Shipments from neighbouring country stood at $60 bn during April-Jan. of 2018-19 fiscal: PHD Chamber of Commerce

Rising exports: The chamber said India has seen a major breakthrough in exports to China in the last few months. • AP

PRESS TRUST OF INDIA

NEW DELHI

India's imports from China stood at $60 billion during the April-January period of 2018-19 fiscal, a deceleration of 5% over the corresponding period a year ago, PHD Chamber of Commerce said on Saturday.

According to the chamber, India's trade deficit with China also eased to $46 billion in April-January 2019 from $53 billion in the same period a year ago.

"Despite substantial volume of imports from China, India's import growth from China shrunk from 24% during April to January 2018 to (-) 5% during April-January 2019," PHD Chamber of Commerce and Industry Secretary General Mahesh Reddy said.

Commerce Ministry data showed India's export to China totalled $13.8 billion, whereas its imports from the neighbouring country stood at $60.1 billion during the April-January period.

Indian shipments to China totalled $13.33 billion in 2017-18 (April-March), whereas the country's imports from China stood at $76.38 billion in the period.

The chamber said India has seen a major breakthrough in its exports to China during the last few months, whereas imports of Chinese products in India are decelerating.

Its exports to China grew 31% in April-January 2019, increasing from $10 billion in April-January 2018 to $14 billion in April-January 2019, Mr. Reddy said.

Meanwhile, India has identified and shared with China a list of 380 products including horticulture, textiles, chemicals and pharmaceuticals, as their shipments hold huge export potential in the neighbouring country, an official said.

Increasing exports of these products would help India narrow the widening trade deficit with China, which stood at $50.12 billion during April-February 2018-19.