

SECTOR WATCH PHARMACEUTICAL

Drug regulator flags Piramal’s Supradyn, KAPL’s painkiller as ‘not of standard quality’

PRABHA RAGHAVAN
NEW DELHI, AUGUST 14

INDIA’S TOP drug regulatory authority has flagged 18 batches of medicines, including Piramal Enterprises’ multi-vitamin brand ‘Supradyn’ and a painkiller manufactured by public sector undertaking (PSU) Karnataka Antibiotics and Pharmaceuticals Ltd (KAPL), for failing quality tests conducted last month.

The Central Drugs Standard Control Organisation (CDSCO) this month labelled these batches as “not of standard quality” for failing tests conducted in July to prove the purity of their ingredients.

Piramal Enterprises, which markets Supradyn here, said it has not received any communication from CDSCO about this and that its products are released in the market “only after they have complied to all required specifications as per the Drugs and Cosmetics Act, and conform through their shelf life”.

Emails sent to KAPL remained unanswered by press time Wednesday.

CDSCO found at least one batch of Supradyn to have failed ‘assay’ tests to analyse the ingredient cyanocobalamin, which means there were less quantities of the ingredient than required in the approved combination. Cyanocobalamin is used to prevent and treat low levels of vitamin B12. The samples tested were from batch number MH3080, according to CDSCO’s drug alert.

It is not clear how many strips of Supradyn, which has 15 tablets in each strip, are to be recalled as part of this batch. “With reference to the mention of Supradyn in the list of drugs uploaded on the CDSCO website, we would like to state that Piramal Enterprises Limited has not received any communication from CDSCO on Supradyn failing quality tests, or as per your query, specifically due to assay of cyanocobalamin,” a Piramal Group spokesperson told *The Indian Express*.

Central Drugs Standard Control Organisation this month labelled these batches as “not of standard quality” for failing tests conducted in July

The regulator also flagged at least three batches — 1511917, 1508318 and 1512117 — of KAPL’s 50mg variation of diclofenac sodium, a non-steroidal anti-inflammatory (NSAID) painkiller, for failing “disintegration” and “related substances” tests.

Disintegration tests are conducted to see how effectively a medicine breaks down into fragments or granules in order to improve their solubility, and is the first step towards making the drug ready for absorption into the patient’s bloodstream. Tests for related substances are done to check for impurities and contaminants in the medicine that exist either from the process of manufacturing it or due to chemical changes from the medicine degrading, or breaking down, over time.

As on July 2019, Supradyn was the fourth largest multi-vitamin brand in its category, capturing 4.43 per cent of the Rs 1,433.50 crore market, according to data from pharmaceutical market research firm AIOCD PharmaTrac. However, its market share has dropped from 5.46 per cent in July 2018, according to the data. The regulator’s latest alert lists a total of 18 batches of drugs, ranging from painkiller paracetamol to a batch of antibiotic ciprofloxacin.

However, PharmaTrac’s data shows the manufacturers of the batches of the other drugs found to be substandard do not contribute a significant share of the overall sales of these formulations in the Indian market.

COMPUTER-GENERATED DOCUMENT IDENTIFICATION NUMBER FROM OCT 1

To end discretion of taxmen, I-T notices to carry unique number

Steps for ‘better delivery of taxpayer services; ensuring accountability in official dealings’

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 14

CUTTING DOWN on tax officials’ discretion and moving to end taxpayers’ harassment, the Central Board of Direct Taxes (CBDT) Wednesday said all communications issued by the tax department to assessees from October 1 will carry a Document Identification Number (DIN) in order to promote transparency.

The CBDT noted “that there have been some instances in which the notice, order, summons, letter and any correspondence were found to have been issued manually, without maintaining a proper audit trail of such communication.”

In order to prevent such instances and to maintain proper audit trail of all communication, quoting of computer-generated DIN is being made mandatory in all forms of communication being sent by income tax authorities, the CBDT said.

Communication sent to taxpayer would include notices /letters relating to assessment, appeals, orders, statutory or otherwise, exemptions, enquiry, investigation, verification of information, penalty,

WILL MAINTAIN AUDIT TRAIL OF ALL COMMUNICATIONS

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■ Communication sent to taxpayer would include notices/letters relating to assessment, appeals, orders,

statutory or otherwise, exemptions, enquiry, investigation, verification of information, penalty, prosecution and approval

■ In exceptional circumstances where the communication may be issued manually but only after recording reasons in writing and with the prior written approval of the Chief Commissioner/ DG of Income-Tax concerned

prosecution, rectification and approval.

The CBDT has also specified exceptional circumstances where the communication may be issued manually but only after recording reasons in writing and with the prior written approval of the Chief Commissioner/ Director General of Income-Tax concerned. Tax officials will have to specify with reasons for manual communication along with approval date of Chief Commissioner in a particular format.

“Any communication which

Finance Minister Nirmala Sitharaman told *The Indian Express* in an interview last month that some instances of taxpayer harassment that were brought to her notice.

“Obviously, because there are quite a lot of inputs, which come to me saying, there are people being harassed, and is it the policy of the government or is it individual, you know, fancy overenthusiastic officers doing it? Inputs do come and my opportunity to interact with my officials should be the best place where I can tell them, look, please don’t do this. We are with you, when you’re definitely dealing with people who are evading or avoiding tax. But when you’re dealing with people who are duly, you know, keeping their diligence, you don’t need to be overly enthusiastic now,” she said.

Incidentally, a purported letter released by the founder of Cafe Coffee Day, V G Siddhartha before his sudden death last month, referred to the “tremendous pressure” he was under from lenders and “harassment” from Income Tax officials. And that he was “very sorry to let down all the people that put their trust in me”. The tax department had denied these allegations.

is not in conformity with the prescribed guidelines shall be treated as invalid and shall be deemed to have never been issued,” the CBDT said.

Such manual communication will have to be uploaded on the system portal and regularised within 15 days, and intimated to the Principal Director General of Income-tax (Systems).

The CBDT said this measures is being taken “towards better delivery of taxpayer services while ensuring accountability in official dealings”.

‘More forced lending to NBFCs can land banks in trouble’

The recent steps by the Reserve Bank to encourage banks to increase lending to non-banking finance companies and retail borrowers are likely to rise risks for the sector, according to global rating agency Fitch

THREE MAJOR STEPS

The central bank has announced steps to encourage banks to lend more to liquidity starved NBFCs

■ An increase in the single-exposure limit to 20 per cent of tier 1 capital (from 15 per cent)

■ Priority lending status for credit to NBFCs for on-lending to finance agriculture, small businesses and home-buyers

■ A reduction in the risk weight for consumer loans (except credit cards) to 100 per cent from 125 per cent



DESIGNED TO KEEP CREDIT FLOWING

These initiatives are designed to help keep credit flowing to the real economy amid growing signs of a slowdown, as per the rating agency

than they previously had the appetite for, the agency said

IN CONTRAST TO GLOBAL TREND

The constant nudging of banks to lend more to NBFCs is in contrast to the global trend of authorities trying to break the linkages between banks and NBFCs

■ Raises potential of NBFC risks spilling over to banks

■ The parallel banking sector has been under significant funding pressure as investors shy away following the default of IL&FS last September and the troubles at Dewan Housing early this year

Coffee Day to sell Bengaluru tech park to Blackstone for ₹2,600-3K cr

ENSE ECONOMIC BUREAU
MUMBAI, AUGUST 14

TWO WEEKS after the death of Cafe Coffee Day chain founder VG Siddhartha, the group’s listed entity Coffee Day Enterprises (CDEL) has signed a non-binding agreement with US-based private equity giant Blackstone for its real-estate property — Global Tech Village — in a deal valued at Rs 2,600-3,000 crore.

The sale of the 90-acre technology park in Bengaluru will help the company reduce its debt burden. “The board of directors today approved the disinvestment of Global Village Tech Park in its subsidiary, Tanglin Developments, in favour of Blackstone,” the company said in an exchange filing.

The transaction is valued around Rs 2,600-3,000 crore and the company has entered into a non-binding letter of intent, it said. The deal is subject to completion of Blackstone’s due diligence, documentation and receipt of requisite regulatory approvals, which is expected in the next 30-45 days. The park is spread over 120 acres with a total built-up area of 3.3 million sq ft and equipped with all modern facilities and greenery.

The board has also approved disinvestment in its step-down subsidiary, AlphaGrep Securities Pvt, part of its wealth management subsidiary Way2Wealth, in favour of Illuminati Software Pvt for around Rs 28 crore. These transactions will significantly help in deleveraging the Coffee Day group, and ensure smooth opera-

BOARD OKAYS SALE OF GLOBAL TECH VILLAGE

ANNOUNCEMENT comes weeks after the sudden death of Coffee Day Enterprises founder V G Siddhartha

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THE SALE of the 90-acre technology park in Bengaluru will help the company reduce its debt burden

tions while safeguarding the interests of all stakeholders, including investors, lenders, employees and customers, it said.

Blackstone’s India investment is currently around \$6 billion involving over 34 transactions since it started investing in the domestic market in 2011. Coffee Day shares plunged 4.95 per cent to Rs 66.25 on March 31, 2018 and has steadily increased from 1.3 times as on March 31, 2016.

peak levels to Rs 1,399 crore.

According to rating firm ICRA, the standalone entity has modest scale of operations with revenues mainly comprising of income from coffee trading, hospitality revenue and other revenue apart from dividends and interest income from group companies, which accounted for 45 per cent of sales during the last two years. The profit margin has been constrained on account of high interest burden, since the company has availed high debt compared to its scale of operations to provide support to investee companies, it said.

The financial profile of the consolidated entity is characterised by leveraged capital structure and stretched coverage indicators due to debt funded capex incurred under coffee, logistics and real estate businesses. With high capex plans in the medium term, which will be partly debt funded, the capital structure and coverage indicators are expected to remain under pressure. The consolidated entity had gearing of 1.7 times as on March 31, 2018 and has steadily increased from 1.3 times as on March 31, 2016.

Both standalone and consolidated entity have high repayment obligations in the near to medium term and are exposed to refinancing risk. The risk is however partly mitigated by track record of successful refinancing in the last few years. The debt availed by the company are typically backed by personal guarantee from promoters and pledge of shares of listed and unlisted group entities and associate companies.

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 14

REVERSING THE uptrend witnessed in the last couple of weeks, yields on India’s 10-year benchmark government bonds rose by 10 basis points to 6.63 per cent on Wednesday, a week after the Reserve Bank slashed the Repo rate by 35 basis points.

Yield has risen by 14 basis points in the last a few days even as the Reserve Bank of India (RBI) slashed the key policy rate last week. Yield on 10-year bond had fallen ahead of the RBI policy meeting on August 7. Normally when investors sell government bonds, prices drop and yields increase. A higher bond yield indicates greater risk and if the yield

offered by a bond is much higher than what it was when issued, there is a chance that the company or the government that issued it is financially stressed.

The 10-year benchmark bond yields fell by 40 bps during July 2019 to an average of 6.52 per cent from month ago and by 87 bps from April 2019. Corporate bond yields have fallen by 107 bps since September 2019 and that of commercial papers have fallen 111 bps. A number of factors led to the decline in yields of government and corporate securities — the pass through of the RBI rate cuts and expectations of further cuts, the liquidity surplus in the banking system (since June 2019), the government’s decision to maintain the fiscal deficit target for the year and thereby lowering

BOTH COUNTRIES NO LONGER ‘DEVELOPING NATIONS’, SAYS US PRESIDENT

Won’t let India, China take ‘advantage’ from WTO: Trump

LALIT K JHA

WASHINGTON, AUGUST 14

US PRESIDENT Donald Trump has said that India and China are no longer “developing nations” and were “taking advantage” of the tag from the WTO and asserted that he will not let it happen anymore.

Trump, championing his ‘America First’ policy, has been a vocal critic of India for levying “tremendously high” duties on US products and has described the country as a “tariff king”.

Earlier in July, Trump asked the

World Trade Organization to define how it designates developing-country status, a move apparently aimed at singling out countries like China, Turkey and India which are getting lenient treatment under the global trade rules.

Addressing a gathering at Pennsylvania on Tuesday, Trump said India and China — the two economic giants from Asia — are no longer developing nations and as such they cannot taken the benefit from the WTO.

However, they are taking the advantage of a developing nation tag from the WTO, putting the US



“They (India and China) were taking advantage of us for years and years ... We’re not letting that happen anymore ... Everybody is growing but us “

DONALD TRUMP,
US PRESIDENT

to disadvantage, he said. “They (India and China) were taking advantage of us for years and years,”

higher-rated corporate bonds and commercial papers by mutual funds.

Rupee rebounds from 6-month lows; up 13 paise to 71.27 vs USD

market turmoil and Argentine currency crash drove investors to safe havens.

“The Indian rupee has now become Asia’s worst performing currency so far this month... Chinese yuan depreciated amid trade worries and foreign investor outflows,” said V K Sharma, Head-PCG & Capital Market Strategy, HDFC Securities. **ENS**

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Trump said. Under the global trade rules, developing countries claim entitlement to longer time-

EXPLAINED

What the US bond yields signals

THE RECORD fall in US 30-year Treasury yields, as well as the yields of the 10-year bonds falling below two-year yields, show that investors (both inside and outside the US) expect the global economic slowdown to worsen. As such, they are rushing to buy US bonds (which are a safer option), leading to a spike in their prices and a fall in yields.

cent in the first quarter, the Federal Statistics Office data showed, and for 2019 overall Berlin expects growth to drop to just 0.5 per cent from last year’s 1.5 per cent.

Britain’s bond yield curve also inverted on Wednesday for the first time since the global financial crisis. Meanwhile, China reported a raft of unexpectedly weak July data on Wednesday, including a slump in industrial output to more than 17-year lows. Industrial output growth slowed markedly to 4.8 per cent in July from a year earlier, data from the National Bureau of Statistics showed.

Retail sales rose 7.6 per cent in July, well off consensus of 8.6 per cent and weaker than the most pessimistic forecast. Sales had jumped 9.8 per cent in June, which many analysts had predicted would be temporary.

In March, the inversion of the US yield curve hit 3-month T-bills for the first time in about 12 years when the yield on 10-year notes dropped below those for 3-month securities. That metric reverted back and then inverted again in May. Over that period, the 2-/10-year curve did not invert.

Graf said the backdrop now was not a “perfect apples to apples comparison” to the last curve inversion episode.

However, the market has been witnessing FPI outflows of late. “There is uncertainty over the issuance of government borrowing in the overseas market as proposed in the Budget. The economy is also slowing down and many sectors like automobiles are stressed,” said an analyst.

Meanwhile, the Sensex on Wednesday recovered partially as positive macroeconomic data, especially soft inflation levels and US delaying tariffs on some Chinese goods buoyed the investor sentiment. After surging 515 points during the session, the 30-share BSE Sensex settled 353.37 points or 0.96 per cent higher at 37,311.53. The broader NSE Nifty reclaimed the 11,000-mark, jumping 103.55 points or 0.95 per cent to close at 11,029.40.

frame for the imposition of safeguards, generous transition periods, softer tariff cuts, procedural advantages for WTO disputes and the ability to avail themselves of certain export subsidies.

Trump expressed hope that the WTO will treat the US “fairly”. He said the WTO views certain countries like China and India as “they’re growing”. “Well, they’ve grown,” he said and warned that the US will not let such countries to take advantage of the WTO.

“We’re not letting that happen anymore...Everybody is growing but us,” he said. **PTI**