

QUICKLY

Adani commissions wind energy plant

Mumbai, October 21
Adani Green Energy MP (AGEL), a wholly-owned subsidiary of Adani Green Energy, has commissioned a 50-MW wind energy generation capacity plant having Power Purchase Agreement (PPA) with SECI for 25 years. In a disclosure to the stock exchanges, AGEL said it has partially charged the evacuation infrastructure for connecting its wind projects of 725 MW capacity. Power evacuation is a vital function that allows generated power to be immediately evacuated from the wind power project to the grid for distribution. OUR BUREAU

FDA nod for AstraZeneca diabetes drug

Bengaluru, October 21
AstraZeneca's diabetes drug Farxiga has been approved for use in the US as a treatment to reduce the chances of hospitalisation for heart failure in adults with type-2 diabetes and other cardiovascular risks, the British drugmaker said on Monday. The approval by the US Food and Drug Administration is based on results from the DECLARE-TIMI 58 clinical trial, the London-listed company said. Farxiga is the first of its class to be approved in the US for this indication, Ruud Dobber, Executive Vice-President of BioPharmaceuticals at AstraZeneca, said. REUTERS

Tentative deal to settle opioids case

Cleveland, October 21
The US' three largest drug distributors and a drugmaker have reached a tentative deal to settle a lawsuit related to the nation's opioid crisis. The agreement comes within hours of the first federal trial over the crisis, with opening statements scheduled for Monday in Cleveland. The tentative settlement involves drug distributors AmerisourceBergen, Cardinal Health and McKesson and drug manufacturer Teva. Purdue Pharma, maker of OxyContin, is trying to settle opioid lawsuits through bankruptcy court. It's not clear what will happen with remaining litigation if the settlements are finalised. AP

Adani, Tata Power plants among those seeking coal linkages without curbs

Allow projects that have not been commissioned to surrender coal linkages, says producers' body

VENKATESH GANESH

Mumbai, October 21
As many as 16 power plants, including those owned by Adani, Tata Power, Jindal Power and others, with a combined generation capacity of 14,700 MW, have sought coal linkages without any usage restriction. The move would enable the commissioned projects to sell coal in the short term and day-ahead market to atleast meet a part of their debt service liability. Coal is used for power generation but its availability is inadequate and international price is high compared to the domestic price. Inadequate quantity of domestic coal, rising imports and high price for imported coal necessitates government interven-

tion while allocating coal among power producing firms. The projects include Adani's Raikhedda TPP with a capacity of 1370 MW, which completely requires coal linkages. Similarly, Jindal Power with a capacity of 1000 MW also requires the entire capacity to have coal linkages. Prayagraj Power Generation Company Ltd (PPGCL), with a capacity of 1980 MW, has coal linkages of 1740 MW and requires 240 MW (for new projects). Prayagraj Power is owned by Tata Power. Reliable industry sources told BusinessLine that such a proposal was discussed in detail in a recent meeting between the Power Ministry and representatives of power producers. Coal linkage policy is



The coal linkage policy has been designed according to Central government norms for allocation of coal among thermal power firms

designed as per guidelines of the Central government for the allocation of coal among thermal power firms. Separately, some projects have not been commissioned but have coal linkages. They would like to surrender their coal linkage subject to the condition that their bank guarantees are returned, the Association of Power Producers said in a note to the Power Ministry. At present they are holding

on to the coal linkages due to apprehension of forfeiture of their bank guarantees. A bank guarantee is a financial instalment from a lending institution which ensures that liabilities of a debtor are met. During the meeting it was felt that at times of coal scarcity, the coal linkages may be surrendered along with return of their bank guarantees without encashment, the note said.

Rane (Madras) Q2 net plunges 80% on sluggish demand

OUR BUREAU

Chennai, October 21
Auto-parts maker Rane (Madras) Ltd reported an 80 per cent fall in its standalone net profit at ₹2.7 crore for the quarter ended September 30, compared with ₹13.8 crore in the year-ago period, on the back of sluggish demand in the domestic auto industry.

The company saw a 31 per cent drop in its sales to Indian OE customers. Sales to international customers also declined 14 per cent, driven by a drop in volume for die-casting products. Volumes to after-market customers declined 16 per cent. Total net revenue stood at ₹282 crore (₹356 crore), a de-

cline of 21 per cent. EBITDA stood at ₹24.2 crore (₹40.5 crore), while EBITDA margin was lower at 8.6 per cent when compared with 11.4 per cent. Lower volume and unfavourable mix resulted in 282 bps drop in the EBITDA margin, according to a company statement. "The volume drop in the do-

mestic market resulted in significant challenges to the India operations. We expect the sluggish demand environment to continue for a few quarters. The management is working on various cost reduction projects to partially mitigate the impact of volume drop," said L Ganesh, Chairman, Rane Group.

'In India, our growth is more than double that of our global business'

Biosimilars is an attractive area and we supply a lot of our products here, says Merck KGaA Life Science CEO Udit Batra

K GIRIPRAKASH

Bengaluru, October 21
German science and technology company Merck KGaA completed the acquisition of Sigma-Aldrich for €13 billion a few years ago. It was considered the biggest buy in the industry at that time. The man behind the acquisition was Delhi-born Udit Batra who is now the Chief Executive Officer of its life-science business and a member of the executive board of the company. In an interaction with BusinessLine, Batra shares the company's progress after the acquisition and how India is pivotal for the pharma major. Excerpts:



You were the brain behind the biggest acquisition of Merck till now. How has the acquisition of Sigma Aldrich panned out?

The acquisition of Sigma Aldrich is the culmination of a long process. I took over the life sciences tool business of Merck which was called EMD Millipore back in 2014. Within weeks of my taking over, we presented a strategy to the board and one part of the strategy said that if we acquire Sigma Aldrich, we will enhance our portfolio, our capabilities and our customer reach. I can give you concrete examples of value that was created with the acquisition of Sigma. We brought an insight into early stage biologics manufacturing where Sigma was designing cell lines for biologics production. When you are trying to make proteins as medicines, you start with cell line development, then once you develop the cells you use them to make proteins.

Think of them as little factories. These little factories need to be put in large bio reactors which now Millipore was designing. So the upstream was Sigma's strength and the downstream was bio-reactors and purification and filtration which was Millipore's strength and bringing them together made us the manufacturer with the widest portfolio in the industry that allowed us to go after customers who were in the early stages of development as in biotech.

How has the acquisition impacted India? What are your priorities here?

From a business perspective, while our global growth is close to 9 per cent, in India we are growing more than double that rate. India is a very dynamic market for us. It is growing behind similar drivers as we see globally, but to be specific, biosimilars as everyone knows is a pretty attractive area in India and its growing close to 30 per cent. We supply a lot of our product in the biosimilars market. The CRO (contract research) market is also a big customer for us. It is growing at a high single digit. The food testing market is growing nicely. For instance, processed food are being tested to higher standards, especially for exports and we are a big supplier of components to test those products. So across our three businesses, we see very good drivers in India and that is close to 20 per cent.

How much has genome editing, where you are a leader for a certain technique, progressed?



It is undeniable that some of the largest number of engineers are produced in India and that's a good amount of talent. UDIT BATRA CEO, Merck KGaA Life Science

We are the leaders in proxy-crispr which is a genome-editing technique that makes the process more efficient, flexible and specific by opening the genome for modification of DNA. The technology can help scientists modify regions of the genome which are difficult to access. But anyone who wants to use it, has to licence it from us. What we have also done is that we have used it ourselves to develop better cells. We have been developing methods with modified cell to mimic people's organs. So we can mimic peoples organs like kidney, put it on a 2D plate or a 3 dimensional scaffold that would mimic some of the organs instead of doing something in vivo (in living organism) in animals, you could do it in vitro. Not only would it save you time but it is also much less expensive. That is one of the examples of how we are using this technology. Other examples are to create cell lines to produce proteins at a much higher capacity that you would otherwise. To develop one drug, it costs about \$2 billion. By using this technique, we

are able to reduce cost and do it faster in a predictable way.

How do you view the regulatory environment in India?

Having run global businesses in many different segments, I can say the demand for biological product in India is very high. You can see that with the build up of the biosimilars industry and, of course, on the heels of this hopefully the innovation industry picks up as well. It is undeniable that some of the largest number of engineers are produced in India and that's a good amount of talent. However the progress towards developing innovative bio-pharmaceuticals has been slow, the progress towards high quality biologics for global use has been slow and there can be many reasons for that. All I can say is as the Life Science business of Merck, we are ready.

Are there any areas that you are looking to increase investments in India?

Specially in the area of e-commerce. We got the e-commerce platform from Sigma Aldrich. In North America, our customer retention is about 4 per cent and that in India it is 1.5 per cent. It is a question of maturity of e-commerce in the country. To improve that, we need more resources on the ground. But to enhance our global e-commerce platform, we have decided to pilot the next generation of platform in China with the latest technology. It has done so well that we will roll it out to North America and Western Europe. India also has the same chance. Talent is there. Our global center of excellence for IT is here. There is a need to have efficient distribution and efficient e-commerce platform. That's one area where you can expect us to do more.

Impurity level in Ranitidine made by us 'is lower than normal': SMS Pharma

G NAGA SRIDHAR

Hyderabad, October 21
SMS Pharmaceuticals Ltd has said the impurity levels in its Ranitidine product and process are 'lower' than the levels found in normal environmental contaminant. It may be recalled that the USFDA and EMA recently found the presence of NDMA (N-Nitrosodimethylamine), a carcinogenic impurity, at low levels in some Ranitidine Active Pharmaceutical Ingredients (API) products. "We have carried out an ana-

lysis of our Ranitidine product and processes and found that the NDMA impurity trace level, in many cases, lower than the levels found in normal environmental contaminant and is found in water and foods including meat, dairy products and vegetables," the Hyderabad-based company said in an update. "However, we are continuously investigating the root cause at our R&D and plant level and we are confident that we can establish the process and control the impurity in the Ran-

itidine product manufacturing at our facility," it added. On September 13, the US drug regulator said it was evaluating the presence of the impurity and its impact (if any) on patients. Major companies, including Dr Reddy's Laboratories Ltd, have stopped shipment of the product globally following the US FDA alert a couple of weeks ago. When contacted for an update on the revenue impact of the development and state of affairs, Dr Reddy's refused to comment.

International Tractors forms joint venture with Shandong Luyu

PRESS TRUST OF INDIA

New Delhi, October 21
International Tractors Ltd (ITL), the flagship company of Sonalika Group, on Monday said it has formed a joint venture with Shandong Luyu Heavy Industry Co to enter into the Chinese market. According to the agreement, Shandong Luyu will offer ITL's range of tractors in the Chinese market. The partners will also assemble engines for the wheel loader application for captive consumption of Shandong Luyu and other wheel loader construction machinery manufacturers in China.

Piramal Enterprises Q2 net profit up 15%

OUR BUREAU

Mumbai, October 21
Diversified conglomerate Piramal Enterprises posted a 15.3 per cent increase in its consolidated net profit at ₹554.08 crore in the second quarter of the fiscal, against ₹480.42 crore a year ago. The Ajay Piramal-led company, with interests in sectors including financial services and pharmaceuticals, registered a 15 per cent increase in its revenue at ₹3,604 crore in the quarter ended September 30, against ₹3,144 crore a year ago. Its financial services business posted 15 per cent growth in net sales at ₹1,954 crore in the July to September quarter against ₹1,732 crore in the corresponding period last fiscal. Its loan book stood at ₹53,055 crore as of September 30. The housing financial loan book grew three times on an annual basis to ₹6,393 crore. "Gross non-performing assets ratio remained stable quarter on quarter at 0.9 per cent in the period. Provisioning was at 194 per cent of gross NPAs," Piramal Enterprises said in a release on Monday. It also made repayments of ₹19,400 crore in the past year in the wholesale book.



Ajay Piramal, Chairman, Piramal Group

to about ₹1,480 crore, reflecting the quality of our underwriting, client selection and risk management practices," said Ajay Piramal, Chairman, Piramal Enterprises.

"We remain committed to bring in additional equity in the company in the near future, which will further bolster our plans to tap both organic and inorganic opportunities across our businesses," Piramal said. Since the liquidity crisis last year, the company has raised about ₹24,000 crore of long-term funds from October 2018 onwards through bank term-loans, NCDs and ECBs. Its exposure to commercial paper reduced 92 per cent year-on-year to ₹1,483 crore, from ₹18,017 crore.

BusinessLine

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