

IN BRIEF

USFDA issues warning letter to Glenmark about Baddi facility



Glenmark Pharmaceuticals on Saturday said it had received a warning letter from the US health regulator for its Baddi facility in Himachal Pradesh. The United States Food and Drug Administration (USFDA) had inspected the facility from April 15-20 and earlier classified the inspection as an official action indicated, Glenmark said in a BSE filing. The warning letter is regarding the same inspection, it added. "The company is committed to working along with the USFDA to implement all the necessary actions required to address the concerns raised and is in the process of preparing a detailed response to the USFDA within 15 days," Glenmark said.

MRPL operations back to normalcy, says official

The problems faced by Mangalore Refinery and Petrochemicals (MRPL) by way of ground soil erosion following heavy rain in August have been addressed, and operations are now smooth, M Venkatesh, managing director of the firm said on Saturday. Addressing reporters, he said the MRPL refinery complex had faced the soil erosion after the intense rainfall during the first and second week of August, affecting the foundation of one of the pipe racks in phase 3. An immediate shutdown of the entire phase 3 complex was done as a safety measure during of August. All emergency measures were taken to arrest any significant damage to pipe racks.

Kerala tops list of start-up locations in country: Report

Kerala has emerged one of top start-up destinations in the country, according to a report by digital media platform Inc 42 in association with TIE Kerala. The state has made an impressive compound annual growth of 17 per cent since 2012, taking the total number of ventures based out of the state to 2,200 and displaying high competence in netting funds, said the report. In a single year since 2018 alone, the number of start-ups marked a steep increase of 35 per cent, said the report, unveiled at the valedictory function of the TIECon Kerala 2019, in Kochi. Subramanian Swamy, MP, released the report in presence of CEO of Kerala Startup Mission Saji Gopinath, the organisers of TIECon said in a press release in Kochi, on Saturday.

Migsun set to invest ₹900 cr on housing project in Ghaziabad

Migsun Group on Saturday said it will invest around ₹900 crore to develop a housing project in Ghaziabad. The company will develop 2,326 units in this project, located at Raj Nagar Extension, of which 850 units will be for economically weaker sections. "We will develop 2,326 units and about 4 lakh sq ft of commercial area in this project," Managing Director Yash Miglani said. The cost is estimated at ₹900 crore, he added. The total built-up area in this project is 3 million sq ft. The firm will sell apartments from ₹35 lakh onwards, while the EWS units will be sold at a nominal rate, Miglani said. The construction of the project will commence shortly and will be delivered in 5 years. Migsun is currently developing nine projects.

CARE downgrades Patanjali amid Ruchi Soya takeover

CARE ratings on Saturday cut Patanjali Ayurved by two levels, citing a likely weakening of its financial position as it partly funds a merger with Ruchi Soya. The agency downgraded Patanjali's long-term bank facilities to A- from A+, said a statement on Friday. CARE and Brickwork Ratings cut the firm's outlook to negative from stable. Patanjali consortium Adhigrahan - a venture by Patanjali and three other firms controlled by Baba Ramdev - is taking over Ruchi Soya for ₹43.5 billion (\$614 million). CARE said the revision in the ratings takes into account the "expected weakening of its financial risk profile on account of large outflow of funds from Patanjali to Adhigrahan."

CORPORATION TAX CUT

ITC unlikely to hike cigarette prices

AVISHEK RAKSHIT Kolkata, 5 October

Fast-moving consumer goods major ITC, which has reaped benefits of a corporation tax cut and the vaping ban, may not have to increase prices of cigarettes for the rest of this financial year. The Centre last month announced a reduction in corporation tax rate from 30 per cent to 22 per cent. A Morgan Stanley report states that it doesn't expect ITC to hike cigarette prices, as the company is likely to be one of the biggest beneficiaries of the tax cut. Yet, Morgan Stanley estimates that ITC will be able to post 19 per cent earnings growth during FY20. "The corporation tax rate cut will help rejuvenate the economy and trigger a virtuous cycle of investment, consumption, and employment. According to our policy, we do not comment on specific brokerage reports on ITC and the company's pricing strategy across operating segments," an ITC spokesperson said. After Union Finance Minister Nirmala Sitharaman announced sops last month, ITC Chairman and Managing Director Sanjiv Puri had said the measures could trigger a cycle of investments, consumption, and employment and set the stage to make India a vibrant, best-in-class, and globally competitive manufacturing hub for the world. Sector analysts are of the view that the tax windfall can be used to spur investment and can also be ploughed back to keep prices in check.



TAKING IT LIGHT

- Hike unlikely as ITC may be among biggest beneficiaries of tax cut: Morgan Stanley
- Cigarette price hikes driven more by tax increases rather than input costs
- Input cost variations a minor part of entire cost structure
- Given an increase in taxes is unlikely any time soon, ITC's cigarette sales volume may see an uptick, say experts

"Even if ITC resorts to increasing cigarette prices, it will be in low-single digit and will be applicable on select part of the portfolio," said Abneesh Roy, executive vice-president at Edelweiss Securities. Cigarette price hikes are more driven by tax increases rather than input

costs as input cost variations are a minor part of the entire cost structure of cigarettes, say analysts. However, as a measure to boost consumption, experts believe that an increase in taxes, which might pull up prices, is unlikely in the near future and thus, ITC's cigarette sales volume may see an uptick. According to Roy, in the first quarter (Q1) of this financial year, cigarette volume growth for ITC was only 3 per cent. However, calibrated price hike of 2.5 per cent in Q1, led to cigarette revenue growing by 6 per cent on a year on year at ₹5,433.4 crore. Cigarettes account for around 80 per cent of ITC's profits. People in the know among the brokerage houses are also bullish on cigarette sales following the ban imposed on vaping devices. While liquid nicotine and e-cigarette importers have been hit hard, ITC is expected to be a direct beneficiary as cigarettes comprise its entire tobacco portfolio.

STPI plans to boost exports from CoEs

JAYAJIT DASH Bhubaneswar, 5 October

Software Technology Parks of India (STPI) plans to boost exports from its 28 upcoming Centres of Excellence (CoEs). STPI plans to establish these centres with a focus on software products innovation and research and development (R&D). Products designed at these centres will cater to the domestic market and also strengthen exports. "Over the years, the infotech industry has moved up the value chain. Our aim is to create more software products and grab a bigger share of the global markets. Currently, our software products exports are valued at \$8 billion against the global market size of \$500 billion. However, by 2025, they can potentially jump to \$80-90 million. Software product innovations have the power of disruption and our planned CoEs will help boost development of new products," said Omkar Rai, director general at STPI. New CoEs are coming up in Chennai, Bengaluru, Lucknow, Bhubaneswar, Patna, Mohali, Hyderabad and Gurugram, along with six others in the North-East. These state-of-the-art centres need around ₹400 crore and funds are being contributed by the Union electronics & IT ministry, state governments, industry players and STPI's own accruals. "The centres could come up at the STPI or academic institutions. STPI also has an Electropreneur Park, which was set up in collaboration with the Indian Electronics & Semiconductor Association (IESA) within Delhi University in 2016, and the second one is coming up in Bhubaneswar. Each of our CoEs will nurture 20 start-ups every year. Four such centres have already been launched," Rai added. The IT industry is growing 13 per cent year-on-year. However, the new CoEs will help accelerate this growth to 20 per cent, he said. STPI has presence in Bengaluru, Kolkata, Chennai, Hyderabad, Kanpur, Mumbai, Nagpur, Warangal, Kakinada, Bhubaneswar, Pune, Tirupati, Surat, Vijayawada, Lucknow, and Visakhapatnam. Over 50 per cent of software exports, valued ₹ 4.16 trillion in the last fiscal, took place from STPI-registered units.

'Demand for aluminium will shoot up'

While Vedanta Resources is eyeing a ramp-up of its aluminium value-added products profile, its arm Bharat Aluminium Company (Balco) is gearing up to ensure the best of the world's products and technology are manufactured in India, using indigenous resources and skills. ABHIJIT PATI, chief executive officer of Balco, speaks to R Krishna Das to elaborate on the plan. Edited Excerpts:

As Indian firms face challenges from foreign exports of aluminium, how is Balco placed in terms of competition, given it is a fully integrated plant? As an integrated plant, we have reduced costs, power consumption, and water in our system, in the past years. Balco is a benchmark company in the field of power consumption, as compared to other smelters and pot lines in India and West Asia. The ongoing projects will help it to reach global standards. Our products achieve 99.8 per cent quality assurance and our inclination towards being 100 per cent value-added products company will further help us in strengthening our competition.

How do you plan to strengthen company's value-added products (VAP) portfolio? In an attempt to bolster the aluminium industry and protect the domestic market from high imports of aluminium, Vedanta's Balco unit came up with the two most successful products, to cater to India and global markets. The products include primary foundry alloys (PFAs) and Flip coils. Over the years, Balco has emerged a leading aluminium producers in India, with its steadfast production of VAPs that include wire rods, flip coils, rolled products, and PFAs. We are exploring new products and the work is in progress.



Can you elaborate on innovation being done in the range of products? Balco made a bold move by launching primary foundry alloys, the most used variant, into the market to mainly cater to the making of alloy wheels for international and domestic automotive industries, and to challenge all odds of an import-dependent nation. Geared with the best-in-class technology of Befesa Cast Bar Technology, Balco has now created a niche for itself among major Automobile players. The next feather on cap for Balco was the production of Flip coils. Used by the steel sector during preparation of the molten metal, flip coil is used of de-oxidation of steel.

With the Government's emphasis on infrastructure growth, how do you see the growth of aluminium as a metal? I am happy that 'Make in India' is set to invest in infrastructure growth. Growth of aluminium will be influenced from this investment. At present, the auto sector and real estate market may not be doing well. However, as soon as the phase passes, demand for Aluminium will only shoot up. This will make way for more of value-added products to fulfil the demand of the metal in making vehicles and construction material. Further, the usage of aluminium in power transmission cables is another area where we can see the utilisation of the green metal for better energy transmission. **With flat-rolled product consumption seen rising, how is Balco gearing up to meet the challenge?** The company is on a major expansion spree to enhance capacity. The consumption of flat-rolled products will increase over the years. The rolling mills in our Balco plant are doing well. We are planning to increase roll product capacity from 72 kg tonnes (KT) to 200 KT under our expansion plan. Balco is, at present, operating at 571,000 tonnes of annual capacity. In 2-3 years, we aim to take it to 1 million tonnes, and subsequently to 3 million tonnes annually.

Maersk delivers first shipment in Odisha from ICD

JAYAJIT DASH Bhubaneswar, 5 October

Maersk, the global integrator of container logistics, has delivered its first import shipment to Sambalpur from the Inland Container Depot (ICD) in Jharsuguda. The shipment, carrying 80 of 20-tonne equivalent units (TEUs), was delivered to Shyam Metalics. While a few of the top customers in the region have already moved containers on the import side - with more in the pipeline, this delivery is testament to Maersk's efforts to unlock new trade opportunities in Odisha. All major metal customers have shown interest in the import leg as well since there is a clear value to it. Prompted by the need to align container inventory in



accordance with customer needs, the ICD aims to reduce complexities in the supply chain. It will enable small and medium-sized businesses to reap immense benefits. This will further encourage inclusive growth and prosperity across the region. Strategically located in Odisha's prime industrial

OUT OF THE BOX First import shipment delivered to Sambalpur from Jharsuguda Shipment carrying 80 TEUs delivered to Shyam Metalics Inland Container Depot seeks to cut supply chain complexities Located in Odisha, ICD can help customers reduce transportation costs by 15-20 per cent

belt, the ICD can deliver empty containers to customers in a matter of hours, helping them reduce transportation costs by almost 15-20 per cent. Steve Felder, managing director, Maersk South Asia, said, "Small and medium sized businesses, being significant sources of innovation and job creation, are

that this will empower the local trade ecosystem to become more inclusive, thereby amplifying livelihood across the region." With a plan to run a weekly export train to provide a doorstep pick-up and delivery, the company has set a target of handling over 4,000 TEUs on an annual basis. Coupled with the availability of the receipt for shipment (RFS) facility, ICD Jharsuguda will further help slash the transit time of shipments from 10 days to five days. It will help customers address their logistical challenges across the supply chain. The company is witnessing demand from metal customers and plans to further expand its services to other verticals. "Efficiency is the key to

Stability top target for Axiscades in FY20



DEBASIS MOHAPATRA Bengaluru, 5 October

Axiscades Engineering Technologies, a product engineering services company, is targeting an improvement in both revenue and margin performance this financial year. A leadership transition and acquisition had hit the company on these parameters in the last financial year. According to David Bradley, who took over as chairman of Axiscades in June, business stability and synergy from its recent acquisition of Mistral Solutions will complement growth. The Bengaluru-based company is hopeful of clocking revenue growth of 15-18 per cent. "Last (financial) year was a challenge for Axiscades, given it has seen quite a lot of managerial change. So, we are now trying to focus on stability," said Bradley. "In case of Mistral, we have completed the process of transfer of control from its previous shareholders and the next step it to fully integrate the company to get the synergy," he added. The firm had acquired Mistral, a defence electronics entity, for ₹175 crore in 2017 to boost offerings in the defence vertical. Axiscades, which reported revenue of ₹617 crore in March 2019, has seen some leadership transition over the last one year. Former CEO Mritunjay

Singh resigned in January. In June Vivek Mansingh stepped down as chairman of the board. "All ingredients of growth are there, we just need to capitalise on our talent base and derive synergy from the integration of Mistral to complement our growth numbers," Bradley said. He added that the company was trying to cut duplication of functions across divisions, with focus on cross-selling of products to top clients. Axiscades, which competes with Cyient, L&T Technology Services, QeEST Global, and Tech Mahindra, has 2,300 employees globally, including 1,400 in India and 400 in the US. The firm draws around 31 per cent of its revenues from aerospace, while the heavy engineering vertical accounts for more than 41 per cent and defence 21 per cent. "We don't see any demand slowdown in our key verticals. The aerospace sector is quite vibrant, as is defence. Even though our exposure to automotive is minimal, we see good demand in the electric vehicles space," Bradley said. Axiscades is owned majority by Jupiter Capital, an investment company run by Rajeev Chandrasekhar, and entrepreneur and Member of Parliament. "We have the backing of a strong parent entity. Capital will not be an issue for any of our future acquisitions," Bradley said.

Woodland carves separate identity for formal brand

SAMREEN AHMAD Bengaluru, 5 October

After making a mark in its outdoor line of shoes and accessories, Aero Club, owners of Woodland, is now promoting its formal lifestyle brand Woods through standalone stores. "The company has already established 10 standalone Woods stores while plans are afoot to add another 10-15 every year, taking the number to around 100 eventually," said Harkirat Singh, managing director of Aero Club. The company aspires to create a separate identity for Woods and not make it a sub-brand under Woodland. "Today, the lifestyle category has a lot of potential as dressing sense has become based on lifestyle, and is not based on durability any more. We can experiment a lot with colours and shapes in this line, unlike the outdoor category," added Singh. The Delhi-headquartered

company is competing with international brands such as Ferragamo and Aldo in the luxury segment. Woodland has a lot of standalone stores in shopping malls. Singh said the company realised that a lot of women coming into these malls were not fond of the rugged look. So, the company was losing potential customers. Hence, Woods came out of the stables of Woodland and was set up as a full-fledged stores two years ago. The brand, which mostly comprises luxury footwear and bags, has 60 per cent of its offerings meant for women and the rest for men. Of Woodland's 12 footwear factories, three are dedicated to Woods, which are already making 20 per cent of the company's ₹1,300 crore revenue. The price point is 20 per cent higher than Woodland's offerings and starts at ₹3,500. The company



Lifestyle category has much potential as dressing sense is no more based on durability but on lifestyle, says Aero Club MD Harkirat Singh

has opened four new Woods stores in the past six months in South India. Looking to expand its international footprint, Woodland is also in talks with distributors in Eastern Europe to launch products in those markets. It will also start selling in Australia by the end of this financial year, Singh said. Woodland has international

presence in the West Asia, Africa, and China which it services through Hong Kong. The international markets form 25 per cent of the company's overall revenue. Registering a growth of 10-15 per cent year-on-year, the company is in the process of making inroads into tier-II and tier-