IN BRIEF

Maruti Suzuki launches sports variant of Ciaz sedan at ₹10 L

The country's largest carmaker Maruti Suzuki India (MSI) on Saturday launched Ciaz S, the sports variant of its premium mid-sized sedan Ciaz, priced at ₹10.08 lakh (ex-showroom Delhi). The firm said it has introduced BS-VI compliant Ciaz priced between ₹8.31 lakh and ₹11.09 lakh. This will be its 11th offering complying with the stricter emission norm, ahead of its implementation from April 1. "With over 270,000 happy customers and record 29 per cent market share in its segment, Ciaz is popular for its impactful exteriors, sophisticated interiors and strong performance. There was a latent need from our sedan loving customers for a Sporty version of Ciaz," MSI Executive Director (Marketing and Sales) Shashank Srivastava said in a statement. Ciaz S fulfils that need and it adds a sporty quotient to the premium mid-sized sedan, appealing to the customers desiring "the good life", he added. PTI

Alliance Air to start Kolkata-Jharsuguda flight from Jan 27

Air India's regional arm Alliance Air said Saturday it will start from Monday its flight service to Jharsuguda in Odisha from Kolkata. The daily direct flight services on the Kolkata-Jharsuguda-Kolkata sector will be operated under the central government's regional connectivity scheme Udan, the airline said in a release. PTI

Bhutani Infra gives ₹500-cr contract to BL Kashyap

Realty firm Bhutani Infra on Saturday said it has given ₹500-crore contract to BL Kashyap for development of a commercial project in Noida, Uttar Pradesh. The firm focuses on the development of commercial real estate to tap into the rising demand for office space from corporates and co-working players. PTI

HZL plans $15-mn mine digitisation

Move to help company lower cost of production by 10% to $900 per tonne, from $1,077 per tonne at present

ADITI DIVEKAR
Mumbai, 25 January

In a bid to lower its cost of production amid the ongoing economic slowdown, Hindustan Zinc (HZL), part of the Vedanta group, is investing $15 million (₹107 crore) for high-end digitalisation at its mines.

"High-end digitisation of mines will bring down our cost of production by 10 per cent directly as it will help monitor the health of machines deployed underground on several parametres," Sunil Duggal, chief executive officer at HZL told *Business Standard*.

The company has laid the WiFi network at two of its mines — Sindesar Khurd and Rampura Agucha — with about 60-70 per cent of work completed.

"Monitoring health of the machines in turn will help push up productivity and utilisation of the same by at least 10-15 per cent," he added.

The company is expecting to see results at the two mines over the next two quarters. In the December quarter, the cost of production of zinc without royalty for the company stood at $1,077 per tonne (₹76,571 per tonne), up 8 per cent year-on-year.

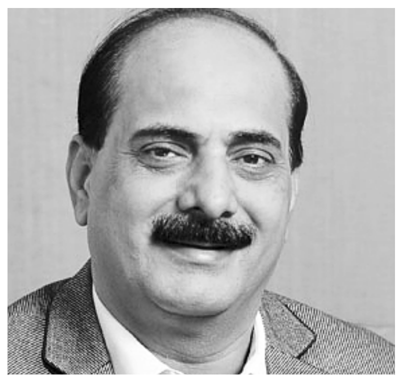
"The plan is to bring down the overall cost of production to $900 per tonne (₹64,037 per tonne), which will happen gradually," said Duggal.

Over the last couple of years, HZL has witnessed an increase in its cost of production without royalty as it stood at ₹76,571 a tonne in December quarter from about ₹55,000 per tonne about two years ago.

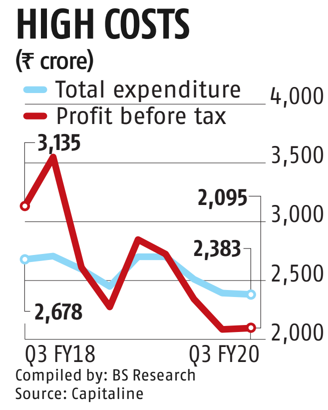
Nearly 60 per cent of the company's cost of production is in dollar terms as its realisations and coal imports are in dollars.

With all its five mines located in Rajasthan, the company also operates the Rajpura Darbari, Zawar as well as Kayad mines in the state.

Currently, only about 3-5 per cent of mines worldwide have high-end digitisation at their mines.



Sunil Duggal, CEO, Hindustan Zinc



Compiled by: BS Research
Source: Capitaline

Apart from the digitisation initiative, the company is also focusing on internal efficiency and productivity improvement to lower its costs.

"We are focusing on some structural measures such as minor metal recovery which normally gets wasted. We have identified that these minor metals put together hold a (saleable) value of close to ₹1,000 crore," said Duggal.

Nickel, cobalt, mercury, silver, magnesium, manganese and copper among others are some of the minor minerals the company gets access to while processing and mining zinc and lead mines.

In the quarter gone by, the company's revenue from silver metal stood at ₹692 crore as against ₹678 crore in the same period last year.

"We are modifying our plant and processes in a manner that we are able to take full potential of growth. This also includes mining from pillars of old mines which will take utilisation of these pillars to optimum. This will lead to volume gains which will help in upping utilisations at operations end," said Duggal.

Meanwhile, brokerages held neutral stance on the company amid expectation of high volumes.

"We expect mine production to recover up 10 percent growth in FY21 and cost of production to decline due to shafts' commission at RA (Rampura Agucha) and SKM (Sindesar Khurd) mine. However, with zinc LME at $2,500 per cent for FY21, the stock trades at six times of estimated FY21 enterprise value/earnings before interest, taxes, depreciation and ammortisation (EV/Ebitda). We remain neutral with target price of ₹225 per share based on 6.5 times of estimated FY21 EV/Ebitda," said Motilal Oswal in its report.

The company's realisations took a hit in the quarter gone by from same period last year even as expenses slipped in the period under review. This hit the operating margins which tumbled 26 per cent in the December quarter from the corresponding period last year.

As on December 31, the company's net cash and cash equivalent stood at ₹19,513 crore as compared to ₹16,952 crore at the end of FY19.

TVS enters e-mobility space with new scooter

PEERZADA ABRAR
Bengaluru, 25 January

Two-wheeler maker TVS Motor on Saturday announced its entry into electric mobility with the launch of a new scooter, TVS iQube Electric, in Bengaluru. TVS iQube Electric is powered by advanced electric drivetrain and next-gen TVS SmartXonnect platform.

"TVS Motor is driven by customer-centric innovation. As India moves ahead, its mobility solutions would increasingly be total experience-led, nowhere is this felt sharper than among the youth of India," said Venu Srinivasan, chairman, TVS Motor. "Our focus on the 'green and connected' youth of India, is embodied, in the first of the TVS Electric portfolio. TVS iQube Electric is a blend of an advanced electric drivetrain and the next-gen TVS SmartXonnect platform."

The scooter is equipped with 4.4 kilowatt electric motor to deliver both high power and efficiency with no transmission loss. The scooter has a maximum speed of 78 kilometres per hour (kmph) and traverses 75 km in full charge. It comes with an impressive acceleration of 0 to 40 kmph in 4.2 seconds.

The connected vehicle has multiple features such as geo-fencing, remote battery charge status, navigation assist, last park location, Incoming call alerts and SMS alerts. It also comes with innovative features for delivering convenience such as Q-park assist, multi-select economy and power mode, day and night display, regenerative braking and provides a noiseless ride. It is also equipped with crystal-clear LED headlamps, all-LED tail lamps and sports an illuminating logo.

Nitin Gadkari, Minister for Road Transport and Highways of India and Micro, Small and Medium Enterprises, who was present at the launch, said it is a dream for the country to have electric bikes, cars, motorcycles and buses. "I am confident that the scenario (for transportation sector) is definitely going to change, which is very helpful for the economy and create more jobs and most importantly it is going to reduce pollution," said Gadkari.

"I am thankful to TVS (for this initiative). It is really important that you are making new decisions and new innovations and encouraging engineers. I am really confident by exporting these scooters, you are going to create more jobs."

India's electric vehicle ecosystem market is expected to reach $216.3 billion by 2030, according to a report by BIS Research.

Republic Day sales: Retailers bank on last-minute shoppers

VIVEAT SUSAN PINTO
Mumbai, 25 January

Offline retailers across categories and formats are hoping that last-minute shoppers will boost sales on Republic Day at a time when the overall environment remains weak.

The trend is similar to what retailers had experienced during Diwali last year, when sales had picked up.

Some admit this is the new normal in offline retail, prompted by e-tailers launching their online festivals around the same time, cannabalising sales.

"This year, Amazon and Flipkart came out with Republic Day festivals a week ahead. Despite this, we expect to see a sales growth of around 7-8 per cent this Republic Day over last year," said Nilesh Gupta, managing director, Vijay Sales, an electronics chain with operations in Mumbai and other cities.

Last year, the spurt in Republic Day sales for offline retailers was to the tune of 10-15 per cent over the previous period. This came just before the economic slowdown had set in.

Executives at electronics retailers, such as Reliance Digital and Kohinoor, said discounts on products are in the region of 20-25 per cent across categories.

Moreover, attractive cashbacks are available on HDFC and ICICI Bank credit cards as well as finance schemes of Bajaj Finserv.

"Occasion shopping is important. Republic Day can offer good deals if you know what you are looking for and are keen to loosen your purse strings," said Eric Braganza, president, Haier Appliances India.

Retailers in fashion, apparels and lifestyle are pushing the pedal even harder, offering 30-35 per cent discount. Grocery retailers such as Big Bazaar, Reliance Smart and Reliance Fresh have gone the whole hog to attract shoppers on Republic Day with ads in print, television and outdoor.

Kishore Biyani, chief executive officer (CEO), Future Group, said consumers can select from over 65,000 deals in categories such as grocery, home, kitchen, furniture and apparels during its 'Sabse Saste 5 Din' initiative that ends on Sunday.

"The response has been good. We will make an assessment of our sales once the festival concludes. But it has helped to tie up with Amazon this year," he said.

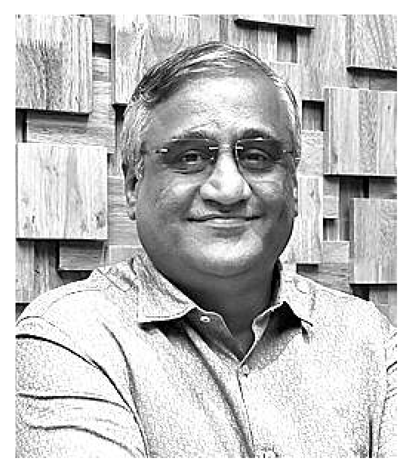
The Future Group tied up with Amazon as an online partner for its Republic Day sales for the first time. It made available all deals during the festival to online shoppers besides those walking into its stores.

Biyani said this "offline-online" model will be tested further in the coming months once the group has studied the full impact of the current partnership.

But group sources said the spurt in sales from the online-offline partnership has been "significant", implying that the model will be pushed to the next level.

Occasion shopping is important. Republic Day can offer good deals if you know what you are looking for and are keen to loosen your purse strings

ERIC BRAGANZA
President, Haier Appliances India



The response has been good. We will make an assessment of our sales once the festival concludes. But it has helped to tie up with Amazon this year

KISHORE BIYANI
CEO, Future Group

CIL adheres to environmental, sustainable standards: CMD

PRESS TRUST OF INDIA
Kolkata, 25 January

Coal India (CIL) on Saturday said its coal producing subsidiaries follow environmental and sustainable standards but there could be "some stray cases" of lapses.

The miner's comment came after the Comptroller and Auditor General (CAG) of India, in a report, said six, out of seven coal producing subsidiaries of CIL, did not formulate environmental policies as mandated by Ministry of Environment, Forest and Climate Change.

The ministry stipulated that a well-laid down environment policy, duly approved by the board of directors of the subsidiaries, needs to be in place, the CAG report said. "I have not seen the CAG observation report but we have environmental and sustainable standards. We have also put our sustainability report in the public domain," CIL Chairman and MD A K Jha said on the sidelines of ICAI conference.

Jha further said: "You cannot operate such a large PSU without following these. By and large, all the subsidiaries follow standards. Our operation is in 8 states, there may be some stray cases (of lapses)." The world's largest coal miner is expecting to achieve a double-digit growth in production for January 2020, he said.

Supertech delivers 200 units in Noida

PRESS TRUST OF INDIA
Noida , 25 January

Real estate group Supertech has said it handed over possession of 200 units in its residential project Romano to buyers on Saturday.

The flats handed over are in B2 Tower of Romano located in sector 118 of Noida and range from 2BHK to 4BHK, costing ₹50 lakh to ₹1.50 crore, the group said.

"The coming year promises to be one where the real estate sector soars to new heights and all the investments made by the sector in terms of technology and initiatives to improve transparency come to fruition. This is a very proud moment for us, especially as many new home owners can start their new year in their new homes," Supertech Chairman R K Arora said in a statement.

Spread across 18 acres, Romano has 17 residential towers with 2,200 units, of which the possession on the first 200 homes was handed over on Saturday.

The multi-crore premium residence project of Supertech was initially supposed to be delivered in 2016 but the delivery date was subsequently revised to May 2018, according to sources.

Chronic illness medicine demand grows faster than acute segment

SOHINI DAS
Mumbai, 25 January

Demand for medicines used in chronic illnesses is growing at a faster clip compared to acute therapy drugs that are used usually for a shorter duration. Data shows that the share of chronic medicines in the Indian pharma market has grown from 31 per cent in FY13 to 36 per cent in FY19.

During this period, the domestic pharma market, too, has grown from ₹75,071 crore to ₹1.3 trillion. The market is broadly split into acute and chronic segments, depending on the duration of patient's use of medicines.

Anti-infectives, a category of medicines used to treat infections (primarily antibiotics), pain and acidity, are in the acute segment. Long-term treatments like diabetes, high blood pressure and lipid-lowering drugs are classified into the chronic category.

According to latest data from market research firm AIOCD AWACS, as on December 2019, drugs in the acute category are growing at 9.2 per cent, while the chronic segment is growing at 11.2 per cent. The anti-infectives category is the largest in the domestic drug market. It is growing at 9.2 per cent. In comparison, the anti-diabetes and cardiac categories are growing at 11.7 per cent and 12.6 per cent, respectively.

India Infoline (IIFL) analysts noted that due to product introductions, improving diagnosis rates for lifestyle diseases and better compliance (where patients are continuing treatment), the chronic segment has been growing faster than acute since the early 2000's.

"Chronic therapies have also been more profitable for established players, such as Sun Pharma and Torrent," IIFL noted. The brokerage feels companies in acute care have lesser room to indulge in aggressive promotion activity. "Most product launch activities in the past two decades have also focussed on chronic care, as very few antibiotics or pain products have come to the fore," IIFL noted.

R K Baheti, chief financial officer (CFO) and director (finance), Alembic Pharmaceuticals, told *Business Standard* the firm had not been launching many products in the anti-infectives space.

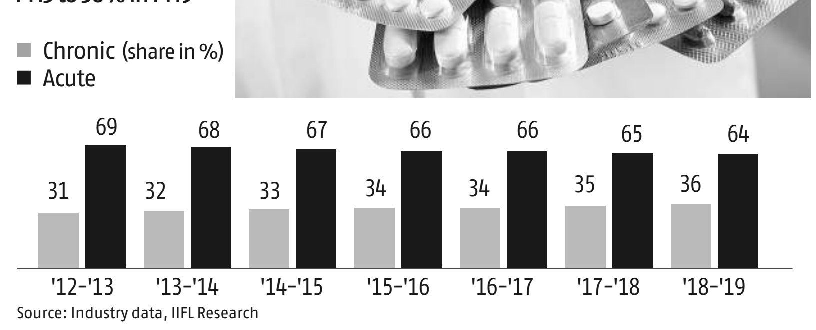
Alembic's major presence in the segment is in a category called macrolides (a first line treatment but with better efficacy and lower dosage frequency). The category as such is not growing very fast and new introductions have been low. Alembic said it has managed to grow better than the industry in this category.

After the government's ban on certain fixed dose combination (FDC) drugs, growth in the acute category has slowed down. "One has to channelise the marketing budget carefully. Following the footsteps of MNCs (multinational corporations), Indian companies, too, are rationalising their portfolio and not going for aggressive launches. New product launches eat up much of the marketing and promotional budget. Focus on chronic has thus increased. This means, once the physician starts writing prescriptions, there is a higher stickiness for the product," said the cardio-diabetic sales head of a mid-sized pharma firm in Mumbai.

IIFL, too, said firms are now focussing on building brands — once a brand is established, the promotion activity falls off. This leads to improved margins.

SHIFTING TREND

Share of chronic medicines has grown from 31% in FY13 to 36% in FY19



Source: Industry data, IIFL Research