

IN BRIEF

Auto dealers fear not being able to liquidate BS-IV stocks: FADA

With several state governments issuing circulars to end registration process for BS-IV vehicles much before March 31, 2020, and the fear of coronavirus keeping buyers away from showrooms, automobile dealers fear that they would not be able to liquidate the BS-IV inventory before the month-end deadline. According to automobile dealers' body Federation of Automobile Dealers Associations (FADA), things were under control till February-end and it was only in the first week of March that the dealers started getting circulars from state transport departments with deadlines for getting the BS-IV vehicles registered.



NCLAT upholds CCI order on Adani Gas for abuse of position

The NCLAT has upheld the fair trade regulator CCI's order, holding Adani Gas (AGL) "guilty of abuse of dominant position" while supplying piped natural gas to industrial customers in Faridabad. However, a bench headed by Chairperson Justice SJ Mukhopadhyaya reduced the quantum of penalty from four per cent of the average annual turnover to one per cent.

Tata Steel CoD approves raising ₹770 cr via NCDs

Tata Steel said the committee of directors (CoD) has approved raising ₹770 crore through issuance of debt securities. The decision was taken at a meeting of the CoD which is constituted by the board, on March 9, the company said in a BSE filing.

Zydus Cadila inks licensing pact with XOMA



Drug firm Zydus Cadila on Monday said it has inked a licensing agreement with Nasdaq listed XOMA Corporation to develop an immuno-oncology (IO) drug candidate. As part of the agreement, Zydus will advance the new IO candidate through formal clinical trials, the company said.

FICCI FRAMES 2020 postponed due to coronavirus

The annual media and entertainment summit called FRAMES organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) has been postponed. FICCI said on Monday that it was postponing the event, to be held this month in Mumbai, due to the coronavirus issue. Last week, Goafest, the annual advertising event, which was to be held next month, was postponed due to health concerns around the virus. 40 cases of coronavirus have been detected so far in India, with the number steadily rising.

Cognizant names Archana Deskus to board of directors

IT firm Cognizant said Archana Deskus has been appointed to its board of directors as independent director. "...on March 5, 2020, Archana Deskus was appointed to its board of directors as a new independent director, effective immediately," Cognizant said in a statement.

Solvay picks up minority stake in Catasynth



Solvay, a leading global producer of ingredients of flavour and fragrance, has concluded an equity investment to take a significant minority shareholding in Catasynth Speciality Chemicals. This will be the company's first investment in India in a joint venture. The amount of investment in Phase I by Solvay and the Anthea Group, which has set up Catasynth, is \$40 million. Solvay is a 155-year-old firm headquartered in Brussels with 24,500 employees in 61 countries and net sales of 10.3 billion euros in 2018.

Anthea Aromatics Private, a leading manufacturer of speciality chemicals in India, makes downstream products from key starting intermediate, methylenedioxybenzene (MDB), based on its patented manufacturing processes. Established in 1991, the Anthea Group includes four firms. They include DRT-Anthea Aroma Chemicals, an equal joint venture with DRT (France), and Catasynth Speciality Chemicals. The third one is India Advantage Fund Series 4, a private equity fund managed by ICICI Venture Funds Management Company, a wholly-owned subsidiary of ICICI Bank. And there is Anthea Aromatics. The joint venture will leverage Anthea's production capabilities and reinforce Solvay's downstream integration into catechol-based products. Solvay is the largest producer of catechol in the world, the key

Domestic flight occupancy drops 15%

The drop is primarily for flights to major metro cities

ANEESH PHADNIS & ARINDAM MAJUMDER
Mumbai/ New Delhi, 9 March

Fresh bookings and occupancy in domestic flights have dropped by almost 15 per cent in the past few days as customers are deferring or cancelling trips over fears of coronavirus. With domestic travel — generating the bulk of the revenue for carriers — slowing to a crawl, the slump in crude oil price will provide limited relief to airlines. International air travel to and from India has already been hit due to ban and warning issued by many countries, including those from West Asia. According to analysts at JM Financial Institutional Securities, the international air route mix is 19 and 25 per cent for IndiGo and SpiceJet, respectively. Executives of Indian airlines said



that the drop was primarily for flights to major metro cities like Delhi, Mumbai, Hyderabad, Bengaluru, which are the prime revenue generators on the domestic front. "Domestic travel was the only thing that had somewhat insulated Indian airlines from the impact of coronavirus. But now it is being impacted and that is visible from the fares," said an airline executive. A cursory glimpse of fares on the

LAST-MINUTE FARE ON POPULAR DOMESTIC ROUTES

Origin	Destination	Avg one-way fare March 9-11	Avg one-way fare Feb 23-29
New Delhi	Mumbai	3,333	4,169
New Delhi	Bengaluru	5,980	6,770
Chennai	New Delhi	4,541	5,856
Mumbai	Ahmedabad	3,099	3,672
Delhi	Hyderabad	3,290	4,698
Mumbai	Bengaluru	3,615	3,026
Mumbai	Kolkata	6,651	5,691

(In ₹)
Source:ixigo

Chennai-Bengaluru route shows that tickets for the same day were being sold for ₹1,100 lower or equal to the fare on a Volvo bus. "Airlines are falling in line with oil prices which continue to drop. Airlines are also refraining from increasing prices as they expect weakening of demand on the domestic side. Few domestic carriers are also waiving change and cancellation fees for immediate travel due to the virus outbreak. While overall last-minute fares on popular domestic routes have decreased 20-25 per cent, variable spot fares on certain routes have seen an increase due to holiday travel on the occasion of Holi," said Aloke Bajpai, co-founder, ixigo. Airline executives also said that if such a dip in demand continues to be a long-term phenomenon, airlines will

start grounding aircraft. German airline major Lufthansa is slashing half of its flights due to the virus impact on the airline industry. When the epidemic spread in January, Indian airlines were hoping for minimal impact from coronavirus as Indian carriers have limited exposure to China and Southeast Asia. But visa restrictions and travel bans have forced them to cancel flights.

On Monday, Qatar announced a ban on the entry of Indians and 13 other nationalities. An IndiGo executive said they have cancelled all flights to Doha as there is minimal transit passengers onwards Doha. Fuel accounts for over 30 per cent of an airline's operating expense and a low fuel environment will, however, help Indian carriers which have not been able to add fuel efficient planes to their fleets due to delivery delays (A320neo) or regulatory bans (Boeing 737 MAX). But with crude oil under \$35 per barrel, even conventional variants like the A320ceo and Boeing 737 Next Generation will become attractive to operate, said an industry expert.

JSW plans Monnet-like structure for BPSL buy

Group firm to have majority holding; JSW Steel to have lesser share

ISHITA AYAN DUTT
Kolkata, 9 March

Sajjan Jindal-controlled JSW Steel is mulling a Monnet-like structure for the proposed acquisition of Bhushan Power and Steel (BPSL) to avoid having debt on its books. Sources said a group company would have majority holding in a special purpose vehicle (SPV) for the acquisition; JSW Steel would have minority holding. In the case of Monnet Ispat & Energy, Aion is the majority partner, while JSW Steel has minority holding. A spokesperson declined to comment.



QUICK VIEW BHUSHAN POWER & STEEL

2.75 million tonnes of capacity at steel-making facility in Odisha

₹47,000 crore owed to financial creditors

₹19,350 crore JSW's upfront offer

several basis, will also act as put option providers for non-convertible debentures of ₹3,000 crore, to part-fund the acquisition of BPSL," it added. ICRA has also noted JSW Steel's large ongoing capital expenditure programme towards upstream and downstream capacity expansions, which would keep its free cash flows under check and keep the overall debt levels elevated in the near and medium term. The National Company Law Appellate Tribunal approved the resolution plan of JSW Steel to acquire BPSL on February 17. However, the company's former chairman and managing director Sanjay Singal has challenged JSW's resolution plan in the Supreme Court, which has agreed to hear the matter. However, there is no stay on payment and JSW's 30-day timeline ends on March 16. Banks are hoping that the recovery from Bhushan Power would be completed in March. Bhushan Power owes financial creditors around ₹47,000 crore.

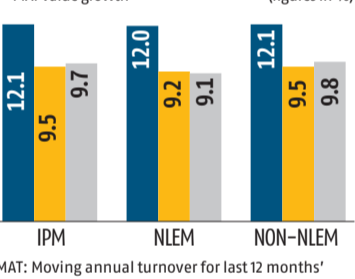
Pharma sales clock double-digit growth of 12% in February

SOHINI DAS
Mumbai, 9 March

The domestic pharmaceutical market recovered in February. It clocked 12.1 per cent growth, riding on higher demand for respiratory medicines and antibiotics. In the past two months, the market was registering single-digit growth — 7.7 per cent in January and 8.8 per cent in December. The growth was essentially led by therapies like respiratory (which saw the highest growth of 17.9 per cent), followed by anti-infectives (clocking 14.1 per cent growth) and cardiac at 13.3 per cent. In fact, eight of the top 10 therapies in the domestic market have registered a growth of over 10 per cent. Overall, February's growth rate was led by prices that grew by 5.4 per cent, followed by volumes (3.8 per cent) and new products at 2.9 per cent.



SHOT IN THE ARM



As coronavirus fear grips the world, sales of anti-infectives and respiratory medicines have seen a spike. The data from market research firm AIOCD AWACS showed that of the top 20 sub-groups in the respiratory segment, 18 have registered double-digit growth, with an average growth of 16.8 per cent during the month. Similarly, while the anti-infectives segment (comprises antibiotics) grew at 14 per cent, top eight of the 10 sub-groups have shown double-digit growth at an average of 18.7 per cent. The AIOCD-AWACS, however, noted, "This would be a little too early to comment if the same is due to the widespread fear of viral infection that has taken the world by storm."

The data shows that both the anti-infectives and respiratory therapies have suddenly seen a spike in sales. Anti-infectives grew by 14.1 per cent in February, while it was clocking 10.4 per cent growth between April 2019 and February 2020 and 10.8 per cent growth during December 2019-February 2020. Similarly, respiratory therapy medicines were growing at 12.2 per

cent between April 2019 and February 2020. It suddenly grew at 17.9 per cent last month.

In fact, the top molecules in February were antibiotics — amoxicillin and clavulanic acid — that sell under brands like Augmentin from GSK (clocked 19 per cent growth), cefixime, which sell under brands like Taxim clocked over 20 per cent growth, paracetamol (a fever and pain medicine) clocked 18 per cent growth, anti-allergics like montelukast and levocetirizine clocked 17.7 per cent growth. February growth is good news for the market, which has been witnessing slowdown in growth for the past few months. January was the third straight month of decelerating growth, slipping from a high growth of 14.5 per cent in November. On a moving annual turnover basis, the domestic market clocked ₹1.4 trillion. Among the top 50 corporates, 37 exhibited double-digit growth, with an average of 16.84 per cent.

Rolls-Royce, Force JV to start operations in a few months

GIREESH BABU
Chennai, 9 March

Rolls-Royce, which is into civil aviation, defence and power systems, is expecting its engines and gensets manufacturing facility, in joint venture with Force Motors, in Chakan (Pune) to start operations in the next couple of months. "Rolls-Royce, which has a tie up with Hindustan Aeronautics (HAL), among others in India, is also looking at more collaborations in the country. It is also looking at creating in India," said Kishore Jayaraman, president, Rolls-Royce India and South Asia. Rolls-Royce Power Systems and Pune-based vehicle manufacturer Force Motors entered into an agreement in March 2018

for a joint venture. The JV will manufacture Rolls-Royce's renowned MTU's 10 and 12-cylinder Series 1,600 engines, suitable for power generation and rail underfloor applications. The company had said that Force Motors will hold 51 per cent and Rolls-Royce Power Systems 49 per cent stake in the facility. "India will be the only destination where the Series 1,600 engines will be made for all of Rolls-Royce's customers, globally. If everything goes well, we should open the facility in next couple of months," said Jayaraman. "We are looking at about 2,000 engines per year and this will be for exports as well as local use. It will be in power generation as well as railways and we will look at



other segments as well later," he added. The supply chain and engineering are local and the whole genset will be packaged in India. While initially, there may be some components coming from overseas, localisation will be 100 per cent in this segment in a couple of years. Over the years, Rolls-

India will grow into the wide-body market and we would like to have our fair share of that market. I think we would like to continue our journey of people and grow from strength to strength, in terms of capabilities and capacities," said Jayaraman. On Monday, the company announced collaboration with Indian Institute of Technology Madras (IITM) to promote and explore opportunities for joint research programmes and to roll out a 'Technical Higher Study Framework'. This will facilitate higher education for its engineers, in partnership with IITM. Rolls-Royce has a joint venture with HAL for manufacturing components for its civil aerospace business. Its engineering centres in

India have around 750 people working, apart from the outsourcing partnership with companies like Tata Consultancy Services. It is focusing on building capabilities in digital and electrical segments and has already built an over 100-person team in the digital segment. It is working on the electrical segment team, on how it can build the segment. It is also working closely with various organisations in the defence sector. "We need to generate IP (intellectual property) by developing them in India for the globe. That is going to be the future or sustainability for India, for Rolls-Royce and any company that wants to be here for the next 100 years," he added.