

Companies

FRIDAY, MARCH 27, 2020



INTER-STATE PERMITS

Varun Berry, MD, Britannia Industries

Necessary permits need to be immediately issued to all of them (members of the food industry supply chain)... If even one link in the supply chain is broken, the country could run out of stocks of packaged food in the next 7-10 days

Street Signs

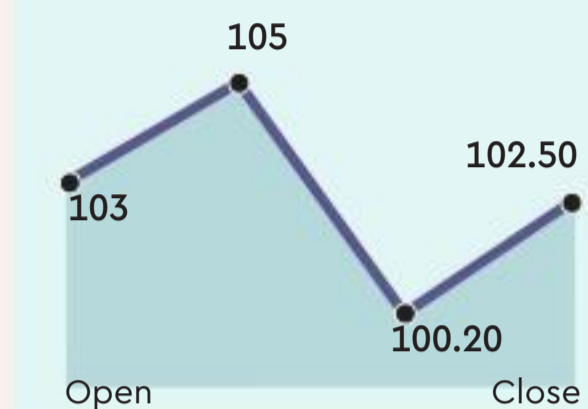
Maruti Suzuki

Stock falls as Suzuki Motor Gujarat extends production shutdown till April 14



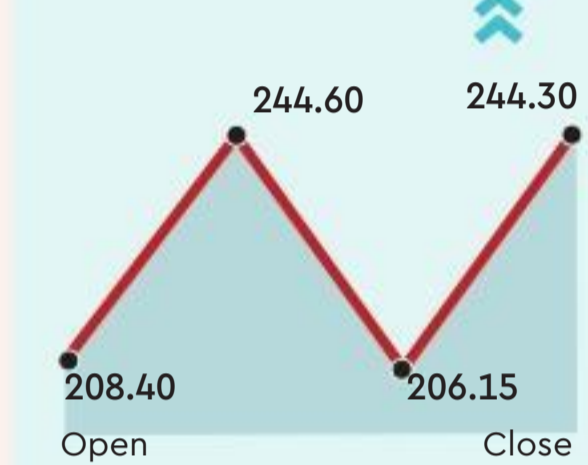
India Cements

Scrip surges after billionaire Radhakishan Damani buys 16 lakh shares via bulk deal



Caplin Point

Stock rallies as US FDA approves verapamil hydrochloride injection



Delta Corp

Scrip rises as company considers buyback of equity share



Quick View

Hiranandani: Unitech board working on resolution plan

CRISIS-HIT UNITECH'S board, which has been superseded by the central government, is working on a resolution plan to complete stalled realty projects but the pace has slowed due to the coronavirus pandemic, its member Niranjan Hiranandani said on Thursday. "Board is working on resolution plan but now, with the pandemic crisis, things are moving slow. But, we are definitely working," Hiranandani said in a tweet while responding to a query.

UAE-based Aries Group to provide ventilators

UAE-BASED ARIES Group has offered to provide ventilators for critical care wings of hospitals looking after Covid-19 patients. It will initially supply 10 ventilators to hospitals in Kerala.

Apollo Hospitals launches Covid-19 response plan

APOLLO GROUP of Hospitals has launched an integrated response plan called Project Kavach to tackle Covid-19. The response plan encompasses all aspects from information, screening and assessment and testing to readying the infrastructure for quarantine and treatment. The resource plan aims to bring together all the resources of Apollo Hospitals to fight against the pandemic.

Michael Perschke resigns from Pininfarina

MAHINDRA AND Mahindra (M&M) on Thursday said Michael Perschke has resigned as MD and CEO of its group firm Automobili Pininfarina. Per Svantesson will take Perschke's role with immediate effect, as an interim arrangement, M&M said in a statement.

COMBATING CORONAVIRUS

M&M to reduce ventilator cost from ₹10 lakh to ₹ 7,500

PRESS TRUST OF INDIA
New Delhi, March 26

MAHINDRA & MAHINDRA on Thursday said it expects to come up with a sophisticated ventilator at just ₹7,500, which otherwise costs up to ₹10 lakh, as it seeks to assist in combating coronavirus pandemic.

The company said it hopes to have a prototype of an automated version of the bag valve mask ventilator, commonly known as Ambu bag, in three days for approval.

"...we are simultaneously working with an indigenous maker of ICU ventilators. These are sophisticated machines costing between (Rs) 5 to 10 lakhs. This device is an interim lifesaver & the team estimates it will cost below ₹7,500," Mahindra Group chairman Anand Mahindra said in a tweet.

Earlier, M&M managing director Pawan Goenka said the company is also working with two large PSUs along with an existing manufacturer of high-spec ventilators to help them simplify design and scale up capacity.

Sharing the company's two-pronged approach in its efforts to prevent shortage of ventilators, Goenka said, "At one end, we along with two large PSUs are working



A sophisticated ventilator otherwise costs up to ₹10 lakh. The company said it hopes to have a prototype of an automated version of the bag valve mask ventilator, commonly known as Ambu bag, in three days for approval

with an existing manufacturer of high spec ventilators to help them to simplify design and scale up capacity. Our engineering team is right now with them working on it."

In a series of tweets, he further said, "at other end we are working on an automated version of the Bag Valve Mask ventilator (commonly known as Ambu bag). We hope to have a Proto ready in 3 days for approval. Once proven this design will be made

available to all for manufacturing."

On Sunday, Anand Mahindra had said Mahindra Group will immediately begin work on how its manufacturing facilities can make ventilators.

Goenka said, "We at Mahindra are overwhelmed with pouring in of support from individuals and companies for our effort to make available ventilators."

Mahindra had also offered the facilities of the group's hospitality arm.

Air India avoids default, secures refinance loan to service ₹700-cr NCDs

PRESS TRUST OF INDIA
Mumbai, March 26

AVERTING A DEFAULT, Air India has secured short-term funds to service ₹700 crore worth of non-convertible debentures due for redemption on Thursday, according to a source.

The debt-laden national carrier's operations and revenue flow have been crippled by the coronavirus outbreak, which has also resulted in suspension of domestic and international flights.

On March 23, India Ratings warned that the national carrier may default on the debt payment, given the poor cash flow position after the announcement of the closure of national airspace.

Accordingly, the agency had on the same evening placed the instrument on rating watch with negative outlook.

On Thursday, an airline source told PTI that it has secured the needed amount from banks with gov-



ernment guarantee to pay interest to investors.

The source did not say how much money has been raised or the amount needed to pay.

A reply to a mail sent to an Air India spokesperson for confirmation is awaited.

According to the source, Air India has

On March 23, India Ratings had warned that the national carrier may default on the debt payment, given the poor cash flow position after the announcement of the closure of national airspace

secured short-term bank loans backed by government guarantee to refinance the entire principal amount of ₹700 crore of non-convertible debentures.

These NCDs are due for interest payment or redemption on March 26.

The airline needs ₹30 crore to pay the interest. The issuer's account was not provided for the same as of March 25, according to India Rating report last evening. The amount was on rating watch negative since March 23, which reflects delays in funding the designated account as on March 23, as confirmed by the trustee IDBI Trusteeship Services.

Bajaj Group commits ₹100 cr for fight against Covid-19

FE BUREAU
Pune, March 26

THE BAJAJ GROUP of companies has on Wednesday committed ₹100 crore for the fight against Covid-19. "Through the last 130 years, Bajaj Group has stood strong with communities, government and local authorities to make a positive difference to society. In the ongoing fight against Covid-19, we all need to come forward in ways more than ever before, to ensure that all citizens of our country have access to healthcare and other necessities of life. Today we pledge ₹100 Crore to the fight against Covid-19," Rahul Bajaj, chairman of various Bajaj Group companies, announced on Wednesday. "Working with the government and our network of over 200 NGO partners, we will ensure these resources reach those who need it the most," Bajaj said.

"In Pune, we will support upgradation of key healthcare infrastructure required to tackle Covid-19 and the aid will support the government and identified private sector hospitals to upgrade ICUs, procure additional equipment and consumables including ventilators and personal protection equipment, enhance testing, and set up iso-

Working with the government and a network of over 200 NGO partners, the companies will ensure vital resources reach those in need

lation units," he said. These interventions will support communities in Pune, Pimpri-Chinchwad and rural areas of Pune, Bajaj said. Bajaj is also working with organisations in multiple geographies to extend immediate support to the most affected — daily wage workers, the homeless and street children — and they will support initiatives on food supply, shelter and access to sanitation and healthcare.

The initiative will also focus on rural care and livelihood aid, as the last few weeks have seen reverse migration to the villages. "We are thus committing a significant portion of our support towards an economic aid programme in rural areas which includes a direct survival grant, followed by a livelihood intervention using a revolving fund mode," he said. In addition, they will also work with authorities and partners towards creating awareness on Covid-19 and strengthening health infrastructure in rural areas.

Fitch sees risks to JSW Steel's ability to deleverage, generate positive free cash flow

FE BUREAU
Mumbai, March 26

FITCH RATINGS ON Thursday said that it saw risks to JSW Steel's ability to deleverage and generate positive free cash flow (FCF) from weak industry conditions, an increase in its planned capex, or inability to stabilise and improve performance at acquired assets.

According to the rating firm's estimates, total gross debt to Ebitda would remain above 4x until FY21 and FCF negative until FY22, before improving. Fitch could downgrade the company's ratings if its total debt to Ebitda leverage is not lower than 4x by FY22 and if negative FCF extends beyond FY22. However, the outlook may be revised to stable if performance is better than the sensitivities for negative rating action. According to Bloomberg data, the company's gross debt as on December 31, 2019, stood at ₹43,397 crore, down from ₹47,396 crore as on March 31, 2019. The company's net debt was at ₹33,075 crore versus net debt of ₹41,269 at the end of FY19.

"We estimate leverage will fall below 4x in FY22 and FCF will turn positive from



FY23. However, we also see meaningful risks in the form of weak industry conditions, an increase in planned capex, or delays in stabilisation and improvement of performance at acquired assets," it said in a note.

JSW Steel's revenue fell about 11% to ₹18,055 crore in the October-December period versus ₹20,320 crore in third quarter of FY19. Management attributed the fall in revenue to the demand slowdown that was carried over from September and October months of 2019, Standard Chartered said in a recent report.

Analysts also believe that increasing the number of confirmed Covid-19 cases have the potential to halt rally seen in the domes-

tic steel prices since November 2019. After touching a low of ₹32,250 per million tonne in the first week of November 2019, domestic hot-rolled coil (HRC) prices have been on the rise and are ruling at around ₹37,000/MT, implying an increase of 15% in the last three months, according to a note from ICRA in early March.

Domestic steel prices are currently trading at a discount of 7% to landed cost from China and at a discount of 3% to landed cost from Japan. Jayanta Roy, group head (corporate sector ratings), ICRA, estimates that the domestic steel consumption growth will remain between 4% to 5% in FY2021, as against the November 2019 forecast of 6.5%. "Rising number of confirmed cases of coronavirus in India remains a concern, and the same along with continuing macroeconomic headwinds, could affect domestic steel consumption and pressurise steel prices in the coming months," he said.

On the demand front, concerns seem to be deepening in the region as domestic consumption in February 2020 declined 3% year-on-year; exports declined 8% y-o-y to 570,000 tonne — the lowest level since July 2019.

After Singapore Covid lessons, SIS India climbs essential services ladder

M SARITA VARMA
Thiruvananthapuram, March 26

MANPOWER SECURITY BEHEMOTH SIS (Securities and Intelligence Services) is under no self-quarantine lockdown. On the contrary, the Union government has listed the company's fleet of security guards, cleaning personnel and drivers under the essential services category in the wake of the coronavirus crisis, to address the pandemic.

The ₹7,093-crore SIS has deployed over 2 lakh security guards, cleaning staff and drivers across 630 districts in the country. Police departments of several states, bogged down by the unprecedented curfew burden,

have sought roping in of private security firms to provide back-up when required.

"Early this week, the Union home ministry and labour ministry have directed SIS India not to consider reducing staff strength nor cutting their salaries at this juncture, as what they are doing are 'essential services'. It is a pleasant surprise that the critical nature of the work is being highlighted, with even the prime minister giving an honourable mention to the hospital cleaning staff," SIS managing director Rituraj Kishore Sinha told FE.

SIS, with operations in Singapore and Australia, has leveraged its Covid-19-fighting lessons from Singapore, using its knowhow in equipping people to address

SIS, which has operations in Singapore and Australia, is using its experience in Singapore to equip people to address the pandemic

the pandemic. "The pandemic had hit Singapore in January and we had been called in to deploy our cleaning people and security people to man the queues at hospitals in February. The learning lead from knowing the rate and type of manpower requirements, hygiene protocol and the kind of disinfectant materials to use, culled from the Singapore experience, helped a bit in preparing the Indian staff for a similar emergency,"

he says. In preparation, the company had speeded up the processes of purchase requests from its 312 branches across India.

Even while 2019 had seen a slowdown in several sectors, it had opened a window of opportunity for the manpower security giant. Whenever automobile factories or aviation firms were in trouble, their requirement for security and cameras to guard stock or vehicles went up. Sinha admits that big chunk of SIS's revenue in the current fiscal has come in from Indian operations, while earlier the bulk of its turnover came from operations in Singapore and Australia.

In the cash logistics vertical, SIS is the country's second largest player, holding 20% market share. According to Sinha, "The

Centre has categorically instructed the cash logistics players that the ATMs should never dry up, especially in this crisis," he said. There is a surge in its facility management portfolio too.

Speculations are rife that SIS may touch ₹9,000 crore in turnover in the current fiscal, riding the colossal security demand. "I'm not looking at it from the revenue side now," he says. "It is overwhelming enough that my cleaning staff is working 12-20 hours, in critical care rooms in hospitals, even wearing adult diapers for the extended hours and getting applauded for braving the risks. The goodwill that we were with the people during bad times is fair compensation enough," Sinha said.