

IN BRIEF

Maruti Suzuki cuts production by 5.38% in February



Carmaker Maruti Suzuki India cut production by 5.38 per cent in February at 140,933 units, according to a regulatory filing by the company. The firm had produced a total of 148,959 units in the same month last year. Total passenger vehicle production stood at 140,370 units last month as against 147,550 units in February 2019, a decline of 4.87 per cent, it added. The company increased production of its mini cars comprising Alto, and S-Presso by 5.16 per cent at 29,676 units as against 28,221 units in the year-ago month. However, it reduced production of compact cars, including WagonR, Celerio, Ignis, Swift, Baleno, OEM Model (Glanza supplied to Toyota) and Dzire by 5.55 per cent at 75,142 units as compared to 79,556 units in February last year. PTI

₹750 cr paid by JAL was obligation for Jaypee Infra: NCLT

The ₹750 crore deposited by Jaiprakash Associates with the Supreme Court registry was a payment towards obligation of the debt-ridden firm and should be treated as the asset of the corporate debtor, the NCLT has observed while approving the bid of NBCC for JIL. PTI

Honda resumes pre-launch booking of WR-V



Honda Cars India said it had commenced the pre-launch bookings of the updated version of its compact SUV WR-V. The new WR-V will be powered by BS-VI compliant petrol and diesel powertrains. Buyers can pre-book the model with an amount of ₹21,000 at all authorised dealerships across the country. PTI

Antony Waste extends closing day of ₹200-cr IPO

Antony Waste Handling Cell has extended the closing day for its ₹200-crore initial public offering to March 16. The IPO was to close on Friday, however, managed to garner only 50 per cent subscription due to the fall in the secondary market. PTI

Tata Steel's branded business to grow at 10% in FY20

Tata Steel expects its branded steel sales to retail and MSME sector to grow by 10 per cent in the current fiscal, amid slowdown in the economy, officials said on Friday. The company's branded products, about 4.4 million tonne, are sold through distributors and dealers network. Consumption is almost equally distributed among both retail and MSMEs. "Our branded steel business is growing at 10 per cent even though the sector is expanding by only 5 per cent," Tata Steel chief marketing and sales (branded products) Sanjay S Sahni said. "We will finish the year with a 10 per cent growth in FY20 and we expect similar growth in the next year also," he said. He was speaking on the sidelines of Manufacturing & MSME Conclave, organised by The Bengal Chamber of Commerce. PTI

PVR Cinemas eyes 1,000 screens by March next year



PVR Cinemas aims to reach the 1,000 screens milestone in the country by next March-end, an official of the multiplex player said. The company already has 841 screens across 176 properties in 71 cities. "We will do the 100-screen count this year (2019-20)," PVR's chief growth and strategy officer Pramod Arora said. PTI

NCLT approves Cochin Shipyard's plan for Tebma

The Chennai Bench of the National Company Law Tribunal (NCLT) has approved the resolution plan of Cochin Shipyard (CSL) for Chennai-based shipbuilding firm Tebma Shipyards (TSL) under the Corporate Insolvency Resolution Process. BS REPORTER

Govt okays TCS, DLF proposals to set up SEZs

The government has approved the proposals of software firm TCS and realty major DLF to set up special economic zones (SEZs) for IT sector in Haryana and Uttar Pradesh. The approval was given by the Board of Approval, the highest decision-making body for SEZs, in its meeting on February 26. PTI

On track to sell 120,000 cars by '24: Volkswagen

PAVAN LALL
Mumbai, 6 March

The launch of seven-seater SUV Tiguan Allspace, the biggest new car for Volkswagen this year, is part of the German company's strategy in which SUVs form the core of its product line-up, according to Steffen Knapp, director for Volkswagen Passenger Cars.

Tiguan Allspace was launched in Mumbai on Friday, barely two weeks before the introduction of the company's second SUV for the year. Five-seater T-Roc will hit the markets on March 18.

Knapp says the coronavirus disruption to economies, which originated in China, won't upset their middle-term stated goal of crossing 100,000 unit sales in the next four years. There have, however, been minor hiccups for the roll-out of some models.

For example, the BS-VI versions of Polo and Vento TSI (petrol) engines are currently available only in man-



Volkswagen launched India-specific 7-seater Tiguan Allspace premium SUV in the domestic market, at ₹33.12 lakh (ex-showroom) PHOTO: KAMLESH PEDNEKAR

ual transmissions. The automatics are delayed by around two months, Volkswagen officials have said.

Exports have also been under pressure. Mexico, which is a big market for Volkswagen India, is a little shaky because of exchange rates and other

possible among the Indian customers as it builds up momentum for its Vision 2.0, which will be an all-in aggressive play from the VW Group — in terms of pricing, localisation, depth, and width of products," says Suraj Ghosh, principal analyst (powertrain forecast) at IHS Markit. "For now, they're basically showcasing their diverse portfolio, be it at body-type level or technology level."

Across the car market, sales have been hurting. Market leader Maruti Suzuki reported an almost 4 per cent drop in sales for February, against the same time last year. Mahindra & Mahindra saw sales skid by over 40 per cent for the same time and for Tata Motors, it was a decline of 34 per cent.

So, is the market showing any silver lining? Knapp says the original assessment was they would see an uptick from sales for the industry, which has been under pressure for over a year now, by July this year.

"The problem now is you can't

read the market with the outbreak of the coronavirus. I have an issue in reading the first quarter. As of now, we are at -5 per cent in sales, which is not what I anticipated," Knapp says.

Even if that is the case, Knapp says the company is on track to sell 120,000 cars over the next five years as announced last year. "That is the number we are targeting and at which point we will be sustainable in India and all our plans for that are on track."

The company's smallest SUV, the VW Taigun, which is to be its volume generator, will be launched next year. It is going to have 95 per cent localisation versus 80 per cent presently and should drive the market forward."

According to Ghosh of IHS Markit, all carmakers, who have any direct or indirect sourcing from Hubei province, currently face a high risk of production disruption because of extended shutdowns, uncertainty, and high costs around shipping and logistics.

TaMo slashes Jaguar full year Ebit margin guidance by 1%

SHALLY SETH MOHILE
Mumbai, 6 March

The coronavirus outbreak is set to weigh on Jaguar Land Rover's (JLR's) full year performance, Tata Motor's said on Friday.

The outbreak, which has claimed more than 3,000 lives globally, continues to spread at a rapid pace in several countries.

This has prompted the Mumbai-based firm to lower full year earnings before interest and tax (Ebit) margins by 100 basis points.

"Recognising that the present situation is highly uncertain and could change, the reduction in China sales is estimated to reduce JLR's full year Ebit margin by about 1 per cent. However, the free cash flow in the fourth quarter is still expected to be modestly positive," the company said. P B Balaji, chief financial officer, Tata Motors Group, had given a guidance of 3 per cent Ebit for the full year after the December quarter. He cautioned that it could be hit by the virus outbreak.

The cut in full year outlook is set to dent the performance in the March quarter. According to analysts' estimates, a 100 basis points cut in Ebit for the full year will lower the Ebit margin for the January-March quarter by 4 per cent as three quarters have already passed. Mitul Shah, vice-president at Reliance Securities, expects Q4 to be highly subdued because of the impact of COVID-19. "We may have to cut earnings for the stock for FY20 and FY21 but we remain optimistic of the long-term potential," Shah added.

COVID-19's impact on Tata Motors has been spooking investors. Year-to-date, the company's shares have dropped 38 per cent. It closed at ₹14.25 on Friday, down 9.07 per cent. The viral outbreak comes amid Tata Motors efforts to turn around the UK subsidiary that has been battling disruption. This (disruption) had aggravated because of Brexit, sudden change in buyer preference from diesel to gasoline and slow-



VIRUS TAKES A TOLL ON JLR

- The cut in full year's margins will lower Q4 Ebit by 4%
- It had given a guidance of 3% for FY20
- Tata Motors cites slow ramp up in China, shortage of parts as reasons for the cut
- Spread of virus to S Korea, Japan, and Italy will also impact sales in those market

Prepared to deal with impact, says Mercedes-Benz

The global automobile industry is well prepared to deal with the impact of the coronavirus outbreak due to its strong supply chain management mechanism, according to a senior Mercedes-Benz official. "...I firmly believe the auto industry is probably one of the best prepared industries for this type of problem because it has lot of experience in supply chain management," Mercedes-Benz India Managing Director and CEO Martin Schwenk said.

He said there had always been "some kind of disruptions" that the auto industry faced in the past. Schwenk referred to tsunami that hit Japan in 2011, as an example, saying its ripple effects were felt at the time in the entire global auto industry.

"...every manufacturer has set up processes, procedures and teams to deal with that (supply chain disruptions). I would believe the industry should be able to mitigate to some extent the impacts (of the coronavirus)," he said. PTI

down in China sales. In the December quarter, Tata Motors reported a consolidated profit before tax of ₹1,350 crore; the same period a year ago had seen a loss before tax of ₹29,228 crore. Net profit at the consolidated level at the end of these three months was ₹1,756 crore, against a net loss of ₹26,961 crore in the corresponding period last year. Coronavirus has significantly impacted China sales with February retails down around 85 per cent year-on-year. "In the first half of the month, about 20 per cent of dealers were open which has improved to over 80 per cent now, although most

are still operating with reduced staff and facilities," Tata Motors said in the statement. JLR expects this to improve during March itself. However, retail sales are expected to recover more gradually. Spread of the virus to other markets such as South Korea, Japan, and Italy will also impact sales in those markets, it added.



CORONAVIRUS OUTBREAK

JLR imports a relatively small percentage of parts from China with the majority being sourced from Europe and the UK. Though over 95 per cent of its tier-1 and tier-2 suppliers in China are now open, they are operating at reduced capacity. The company said a short-

age of a critical component could impact production at some point.

Speaking about the impact on domestic business, Tata Motors said, in the days ahead, there will be uncertainties with regard to supply of parts for the BS-VI ramp up. This could lead to limited volume losses in Q4. This is, however, expected to recover as market demand is likely to improve gradually upon transition into BS-VI. "The timeline for a complete re-balancing of supply and demand is dependent on further developments in the coming four to six weeks. The domestic business is poised to overcome the current challenge with a limited impact on the overall FY21 performance," the company said.

Deadline for Air India's initial bids could be extended, says Puri

PRESS TRUST OF INDIA
New Delhi, 6 March

Civil Aviation Minister Hardeep Singh Puri (pictured) indicated that the deadline for submission of preliminary bids for Air India could be extended even as he emphasised that the disinvestment process is going on "extremely well".



Making a second attempt to privatise Air India in as many years, the government on January 27 came out with a Preliminary Information Memorandum (PIM). "There is a lot of interest... A lot of entities have come and asked us queries. Today is the last date for (the) queries," he said. The Minister of State for Civil Aviation also said extra time would be given to people but did not elaborate.

The government extended the deadline till March 6 for bidders to submit additional queries regarding the proposed disinvestment. The earlier deadline was February 11.

Govt considering relief for airlines

The government will consider providing relief to the airlines industry, amid the impact of the coronavirus outbreak, Civil Aviation Minister Hardeep Singh Puri said, adding airlines are quite clear on what they want and that there are many things "we can do to provide relief". PTI

Big Bollywood movies face coronavirus heat

Film events such as IIFA 2020 have been postponed for now

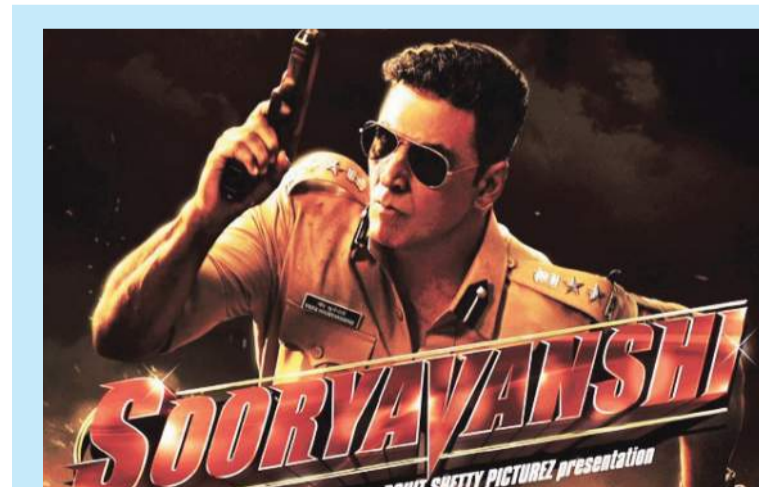
VIVEAT SUSAN PINTO & SOHINI DAS
Mumbai, 6 March

Some of the biggest films in Bollywood face an uncertain future thanks to a crown-shaped virus. As suspected cases of coronavirus steadily increase in India, the film business is in for a rough ride in the crucial March-May period.

Nearly ₹500-crore worth of business is riding on films such as *Baaghi 3*, *Sooryavanshi*, *83*, and *Coolie No 3* that are releasing during this period.

The first of them, *Baaghi 3*, starring Tiger Shroff and Shraddha Kapoor, which released on Friday, has already felt the heat with footfalls at theatres in Mumbai, Delhi and other metros down at least 20-30 per cent, trade sources told *Business Standard*. This comes as people avoid crowded and enclosed spaces for fear of catching the virus, which has no known cure yet.

Friday's box office business of *Baaghi 3* will be known by Saturday morning, since shows run late into the night, the sources



said. Executives of Nadiawala Grandson Entertainment and Fox Star Studios, who have produced the film, were not immediately available for comment.

But Karan Taurani, vice-president, research, Elara Capital, says advance ticket bookings of *Baaghi 3* have been impacted 35 per cent and total collections in the next few weeks could fall 20 per cent to ₹160 crore from ₹200 crore estimated earlier.

"Q4FY20 (fourth quarter of financial year 2019-20) is turning out to be the worst quarter for

Bollywood in two years, because of coronavirus," he said.

If the trend is anything to go by, other films could face a similar fate, too, said industry sources. Sources at Reliance Entertainment — which is producing Akshay Kumar-starrer *Sooryavanshi* and sport drama *83*, featuring Ranveer Singh and Deepika Padukone — say they are monitoring the situation closely.

Leading multiplex operators that *Business Standard* spoke to said that they had not received intimations yet from film

BUSINESS OF FILMS

MONEY RIDING FROM MARCH TO MAY: ₹500 crore

FOOTFALLS FOR *BAAGHI 3*: Down 20-30%

ADVANCE BOOKINGS FOR *BAAGHI 3*: Down 35%

MOVIES POSTPONED: *No Time to Die*, *Mission Impossible 7*

BIG MOVIES RELEASING IN MARCH, APRIL: *Sooryavanshi* & *83*

and the US, markets where coronavirus cases have been high.

In India, Ayushmann Khurrana's *Shubh Mangal Zyada Saavdhan* has seen business slip in the second week, following its release on February 28. From ₹44.84-crore collection in the first week, the film lost steam in the second week, collecting only ₹14.1 crore, said trade experts. Analysts like Taran Adarsh have termed the business as average.

One more film, *Thappad*, starring Taapsee Pannu, has seen its collections steadily decline from Monday trailing to ₹1.65 crore, in terms of collection on Thursday.

Adarsh said that *Thappad* had found patronage in the Delhi-NRC region in the last two weeks. But given the outbreak in Delhi over the last two days, footfalls in theatres are likely to dwindle, trade sources said.

In a report on Friday, Abneesh Roy, executive vice-president, research (institutional equities), Edelweiss, said the brokerage expected coronavirus to sting multiplex operations in the near term. "We expect waning footfalls as virus-wary consumers shun high-density areas as well as modest content performance in Q4FY20," he said.