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Stent prices reduced 85%, industry says cap overkill

Stents will now be priced below Rs 30,000 apiece following the government's decision to slash their prices by as much as 85%. The government has also made it mandatory for hospitals to bill stents separately from surgical procedures or package costs.

A stent is a mesh tube placed in arteries with a view to improve the blood flow to the heart.

Health activists welcomed the government move as it could lead to a reduction in medical expenses. Apollo Hospitals said it would pass on the benefit to patients but manufacturers are upset over the decision that caps prices of all forms of stents at Rs 30,000.

"The government decision is an overkill," said Rajiv Nath, forum co-ordinator, AiMed, which represents domestic stent manufacturers.

Stents sold in India at present are priced between Rs 25,000 and Rs 200,000 apiece. Most stents sold in the country are drug eluting.

On Monday, the National Pharmaceutical Pricing Authority set the price ceiling for stents. This follows the government's decision to include stents in the National List of Essential Medicines and their classification as a scheduled drug.

According to the NPPA order, the price of a bare metal stent will be capped at Rs 7,260 while drug eluting stents and biodegradable stents will be priced at Rs 29,600 apiece. These prices are exclusive of taxes.

"During deliberations (with stakeholders) it was found that huge unethical markups are charged at each stage in the supply chain of coronary stents, resulting in irrational, restrictive and exorbitant prices in a failed market system driven by information asymmetry between the patients and doctors, pushing patients to financial misery," the NPPA said while justifying its decision to impose the price ceiling.

"The stents price cut makes angioplasty more accessible. Apollo Hospitals welcomes the intent and will pass on the benefit to patients," Apollo Hospitals Joint Managing Director Sangita Reddy tweeted.

Some industry observers, however, remain sceptical about the impact of the government decision as there is no cap on hospital charges or packages.

"Such a regulation might lead to flooding of substandard products from China and Canada. US FDA approved stents will be withdrawn from the market as the government has brought all stents under one category," said Dr Vivek Jawali, chief cardiothoracic and vascular surgeon of Fortis Hospital.

"Rules need to be reasonable and implementable with a smooth transition. The worst thing about this notification is that the NPPA expect all stocks in the market to be available at the new prices overnight," Nath pointed out.

"Hospitals will demand credit notes for losses made on inventories they hold. Manufacturers will be asked by the department of pharmaceuticals to pay penalties for not acting overnight. If importers and manufacturers go to court, the public will suffer. Ideally, the implementation should have been from a cut-off date," he added.

"The NPPA notification completely disregards all stakeholder representations on the need to differentiate stents based on their technological differences. While the intent is to cap prices in the interests of patients, this pricing has the potential to block innovations and limit access to world-class medical care," AdvaMed, which represents foreign stent manufacturers, said in statement.

Tata Motors profit in Q3 dives 96% as JLR loses steam

Tata Motors, the country's largest automobile company by revenue, has seen its consolidated net profit shrink by 96 per cent in the third quarter on a steep decline in profit at its overseas unit Jaguar Land Rover (JLR) and higher losses in domestic operations.

With consolidated net profits of just Rs 111.57 crore, the October-December quarter has been the worst for the company this financial year.

The decline is higher than what was expected. Polls of analysts had suggested that the fall will be in the range of 25-35 per cent. The company had reported consolidated profits of Rs 2,953 crore in the third quarter (Q3) of FY16. The October-December quarter was significant because it was marked by the exit of Cyrus Mistry, former chairman, and allegations and counter-allegations between the Mistry and Tata camps on the way businesses are run.

The company's consolidated sales during the quarter were down about two per cent to Rs 67,864.95 crore.

Tata Motors-owned JLR, the UK's largest car manufacturer that also brings the bulk of the company's bottom line, earned profits of 167 million pounds during the quarter, down by a steep 62 per cent from 440 million pounds. This was on account of unfavourable foreign exchanges, higher marketing expenses and depreciation and amortisation, the company said. Revenues, however, rose 13 per cent to 6,537 million pounds.

Retail sales grew 8.5 per cent to 149,228 vehicles, owing to higher volumes in China, North America and Europe.

A more disappointing performance was in India, where the company manufactures commercial and passenger vehicles for its domestic and export markets. The standalone (domestic) revenue (net of excise) was up by a marginal 1.47 per cent to Rs 10,167 crore. However, the loss widened manifold to Rs 1,046 crore compared to just Rs 137 crore in the corresponding period of last year. The company said marketing expenses remained high in the industry and material costs were going up.

Tata Motors, Results In spite of a growing passenger vehicle business on the back of new products like the Tiago, domestic operations have suffered due to a decline in the commercial vehicles (CVs) volumes. The company said its medium and heavy CV business witnessed 'major pressure' with a drop of nine per cent in Q3 owing to demonetisation. The passenger vehicle volumes improved by 25 per cent. The light commercial vehicles saw flat volumes.

The April-December consolidated profits of Tata Motors have halved to Rs 3,220 crore against Rs 6,467 crore in the corresponding period of FY16. The consolidate revenue in the first nine months of the year rose 3.6 per cent to Rs 199,429 crore.

Tata Motors has been working to improve its rank in the domestic passenger vehicle business from fourth position to third.

It has also been active in the commercial vehicle segment (launching new products), in which rivals such as Mahindra & Mahindra and Ashok Leyland have been giving a tough competition. The company is introducing a leaner management structure by bringing down the number of layers.

Early this month, the company said it would launch a sub-brand called TAMO as an open platform to collaborate with technology partners to roll out niche products.

Sun Pharma Q3 net dips 5% to Rs 1,471 cr on slower sales in US

Drug maker Sun Pharmaceutical Industries reported 4.7 per cent fall in its consolidated net profit in Q3 FY 2017 on a year on year basis owing to muted revenue growth in the US and higher tax outgo.

Net profit for the period was Rs 1,471 crore as against Rs 1,544 crore in same quarter last year. The fall in profit was largely due to tax expense which quadrupled to Rs 372 crore on a year on year basis.

Total revenue rose 8 per cent to Rs 7,683 crore in the quarter under review but US business grew a modest 4 per cent largely due to weak performance by its US subsidiary Taro. Sun Pharma is the country's largest drug maker and earns about 45 per cent of its revenue from the US market.

Sales for the quarter included the benefit of authorised generic sales of blood pressure tablets Olmesartan. In the third quarter the company earned $507 million from its US business.

Dilip Shanghvi, Managing Director of the company said: "While we continue to focus on growing our existing business, we are happy to invest our strong cash flows in enhancing our specialty pipeline, though currently without commensurate revenue streams. During the quarter, we commercialised BromSite, our first specialty ophthalmology product in the US. Post the close of the quarter, Ocular Technologies, a company which we had recently acquired, announced positive results for Seciera Phase-3 trials demonstrating a rapid onset of action at 12 weeks of treatment for dry eye disease."

JERA picks up 10% in ReNew Power for $200 mn

Japan's JERA has picked up a 10 per cent stake in ReNew Power Ventures. The deal size is estimated to be $200 million, through subscription of newly issued shares.

This investment — taking ReNew's value to $2 billion (Rs 13,400 crore) — marks the entry of Japanese strategic investors in the renewable energy market in the country.

JERA is a joint venture between two of Japan's largest utility companies: Tokyo Electric Power Company and Chubu Electric Power. It currently operates approximately 6 GW of energy assets globally, across North America, West Asia and Southeast Asia.

SoftBank was the first Japenese firm to invest in the domestic clean energy space with its Indian venture SBG Cleantech.

"As a ReNew Power shareholder, we will seek to contribute to the company by making available technical, operational, project development, and management experience gained through our global power businesses," said Yuji Kakimi, president of JERA.

ReNew Power is the first company in the country to cross 1 GW of commissioned wind energy capacity. ReNew also emerged as the largest winner in the auctions conducted by the Solar Energy Corporation of India, winning almost 10 per cent of the total capacity of 500 MW rooftop projects. The company has won the mandate to install 5 MW of renewable energy capacity across the country for the Indian Railways as well.

"The equity investment is for future projects. We would now build a pipeline based on it. Around 3 GW of renewable projects are already funded and we would like to add another 1 GW during this year. We are looking at quality projects for this," Sumant Sinha, chairman and chief executive officer of ReNew Power, told

"We are open to acquiring operational assets as well. We keep looking at emerging options," said Sinha.

ReNew Power Ventures, an independent power producer, has over 3,000 MW of commissioned and under-construction wind and solar capacities across Delhi, Gujarat, Haryana, Punjab, Madhya Pradesh, Rajasthan, Maharashtra, Karnataka, Telangana, Jharkhand, Uttar Pradesh, West Bengal, Tamil Nadu, Himachal Pradesh and Andhra Pradesh.

ReNew Power was launched in 2011. It recently secured long-term debt financing of $390 million from Asian Development Bank and LEAP.

The company said Sinha remains the majority stakeholder. Sinha, however, said the company would now start preparing for an initial public offer (IPO), which would take another year.

Ankur Sahu, co-head of private equity in Asia at Goldman Sachs, said, "An investment from a preeminent organisation such as JERA is an important corporate milestone. From our first round of funding and starting the company just six years back, ReNew Power has successfully grown to become one of the largest, fastest-growing and well-funded renewable energy companies in the country."

SpiceJet profit crashes 24% on note ban, rising fuel prices

Low-cost carrier SpiceJet recorded a 24 per cent decline in net profit, at Rs 181.1 crore, in the quarter-ended December, from Rs 239.9 crore in the year-ago period.

The airline attributed it to the softening of demand due to demonetisation.

The airline's total income from operations was Rs 1,642.4 crore, higher than Rs 1,460 crore earned during the same period last year. However, fuel cost increased to Rs 473.7 crore in the quarter against Rs 366.6 crore in the year-ago period.

Rising oil prices have started denting the profitability of Indian carriers. Jet Airways reported a net profit of Rs 142.4 crore in the quarter ended December — down 70 per cent from Rs 467.1 crore in the year-ago period.

The airline's CMD Ajay Singh said that minus the impact of demonetisation, the airline performed well in all aspects.

"There is a clear differentiation in the product from the time we took it over two years ago. Back then, on-time performance was less than 50 per cent and cancellation rate was high. Two years later, we are now in a situation where we have highest passenger load factor. The airline has shaped up well," Singh said.

Expenses rose to Rs 1,520 crore, against Rs 1,209.2 crore in the year-ago period — an increase of 25 per cent. This was mainly due to the creeping fuel cost which increased to Rs 473.7 crore in the quarter against Rs 366.6 crore in the year-ago period.

Singh said going ahead, the new aircraft order will help the airline to bring down cost significantly. "The new planes will significantly bring down cost of operations as the fleet will become superior. The new aircraft burns 20 per cent less fuel. Engineering cost will see a significant decline. Those contracts are being renegotiated. Financing cost of the aircraft will be less as well," he said.

Vedanta Q3 PAT jumps over four-fold to Rs 1,866 crore

Anil Agarwal-led Vedanta Ltd today reported a lower-than-expected consolidated net profit of Rs 1,866 crore in the December quarter mainly on the back of higher net sales. The reported bottomline, however, was a more than four-fold jump from Rs 411 crore in same period last year as it hit the highest level in eight quarters.

Net sales of the company stood at Rs 20,296 crore in the period under review, up 30 percent from the corresponding period last year as performance of all its businesses remained upbeat.

As per Bloombergy estimates, Vedanta's topline was seen at Rs 19,393 crore in the quarter gone by, while its net profit was expected at Rs 1,990 crore.

The company's EBITDA jumped 83 percent on a year-on-year basis to Rs 6,002 crore in the period under review on account of higher commodity prices and increased volumes at iron ore due to recommencement of operations, ramp up of volumes and cost efficiencies at the aluminium and power business along with decline in discount to Brent at Oil & Gas.

The company managed to post a much higher bottomline line on year-on-year basis despite a forex loss of Rs 117 crore and higher tax outgo of Rs 897 crore as against Rs 49 crore in the corresponding period last year.During the quarter, rupee depreciated by 1.9 percent, primarily on restatement of MAT assets at Oil & Gas business, informed Vedanta.

"Volume ramp-up and cost efficiencies across our operations, aided by higher commodity prices, have significantly driven up EBITDA y-o-y," the release quoted Tom Albanese, chief executive officer of Vedanta as saying. "Our financial position remains robust and we continue to strengthen our balance sheet by maximising free cash flow and reducing debt. With our focus on simplifying the group structure, the Vedanta Limited and Cairn India merger is expected to be completed in the first quarter of CY 2017," he added.

Coming to specific business verticals, company's iron ore operations achieved annual mining production cap in January and received additional mining allocation in Goa for FY2017.In aluminium, the third line of the 1.25 mtpa Jharsuguda-II smelter commenced ramp up in December.

The company's total cash and liquid investments stood at Rs 53,452 crore as on Dec 31, 2016. Out of the total debt of Rs 64,966 crore, the INR/USD split is approximately 82%/ 18%, said the company. Further, the gross debt comprises of long term loans of Rs 62,614 crore and short term loans of Rs 2,352 crore.Vedanta has presence in several businesses such as oil&gas, zinc, power, iron ore, aluminium and copper. The company's consolidated earnings include earnings from Cairn India and Hindustan Zinc.

DLF net profit plummets 46% to Rs 98 cr

DLF, the country's largest property developer by market capitalisation, posted a 46 per cent drop in its net profit for the third quarter of the current financial year. The net profit stood at Rs 98.1 crore, against Rs 182.1 crore in the year-ago period.

Its total income fell 30 per cent to Rs 2,178 crore, against Rs 3,110 crore in the year-ago period. Its interest charges went up 13 per cent to Rs 758.6 crore against Rs 670.6 crore in the year-ago period.

Responding to the stake sale in its rental arm DLF Cyber City Developers (DCCDL), it said the discussion with shortlisted investors is at an advanced stage and shall be presented to a committee of independent directors for their evaluation and final decision. According to reports, it is in talks with Blackstone and GIC for the sale.

"In lieu of this, the conversion period for the compulsorily convertible preference shares (CCPS) issued to the promoters of DCCDL has been extended by one year at their request to facilitate its sale," it said.

"The performance in the last quarter was subdued as markets adjusted itself to a new paradigm initiated by the demonetisation move. While demonetisation is extremely positive for the company and the overall industry, it has had a short-term negative impact on secondary sales, which in turn has impacted primary off-take. The company expects this period of adjustment may continue for the next few quarters till the secondary market stabilises and customers start to purchase new products," DLF said.

Meanwhile, the company continues to remain focused on execution and creation of finished inventory.

With record deliveries of 11 million sq ft in the first nine months of the financial year, the residential projects under construction have come down to 19 million sq ft, it said

GE supplies two test engines for Tejas Mk-2, eyes collaboration for AMCA

General Electric (GE) has delivered two qualified 414 engines to be tested on the planned home-grown Tejas Mk-2 single engine fighter and is looking to collaborate with India to build engines for the proposed advanced medium-combat aircraft.

The Tejas fighter is been powered by the GE-404 engine since its development and the IAF plans to induct over 120 planes with the same engine.So far, India has ordered around 100 engines for the fighter from GE and plans to buy more engines in the coming years.

The single engine fighter being developed by the Aeronautical Development Agency (ADA), a DRDO unit will undergo an upgrade with more features that requires a more powerful engine and GE has been tasked to supply its GE-414 engine.

"The first two engines are for flight test. They are ready to go as and when the plane is ready. We are committed to deliver six more engines," said Mark Pearson, who leads the military engine programme for GE in an interview.

Pearson is betting on the over 700 engineers who work on design and take charge of manufacturing parts of GE's commercial aero engines, at its India centre in Bengaluru, to push for local co-development of the engine for AMCA, which ADA is developing.

India has begun preliminary design work on the stealth aircraft but has not launched a programme officially. GE is looking to partner with ADA, but it also requires a US government approval to collaborate on military programmes before its Bengaluru team can work on the jet engine programme.

The Bengaluru team has worked on the GE90 engine that power the Boeing 777 planes and the engine that power the A380 aircraft. It also developing the GE9X, which the local team in India is collaborating for the replacement engine of GE90 on the Boeing 777.

"The foundation is already here built over 17 years," said Pearson.

GE, which has a manufacturing facility in Pune whose 40% contribution is engine components, says it could meet the mandated 50% requirement of local production for defence contracts within India. "We can deliver on our commitments as and when we see more orders," said Alok Nanda, General Manager, (India engineering operations) at GE.