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CHANAKYA

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Despite spike in aluminium demand, Indian producers fear Chinese threat

Aluminium is among the few major industries in the country where enough capacity has been created over the years to the point of what Prime Minister Narendra Modi describes as aatmanirbhar (self-reliant). A smelting capacity of around 4.2 million tonnes (mt) with adequate upstream linkages to refining of intermediate chemical alumina and further upwards to mining of bauxite, of which the country has rich resources, could easily take care of domestic demand in normal circumstances.

But taking ad-vantage of low tariff barriers and also our free trade agreements (FTAs) with Asean countries, imports have usurp-ed a share of 58 per cent of the domestic market.

Even while the three primary producers, namely, Hindalco, Vedanta and Nal-co would prefer to sell their metal in the domestic market for better value realisation they are left with no alternative but to export a major portion of their production. They are beaten by competition from imports, which have the benefit of comparative low energy cost, particularly when hydel and gas power is employed in smelters, and also of overt and covert subsidies when the metal originates in China. Niti Aayog says that the Indian aluminium industry will remain under pressure due to surplus global aluminium capacity and the support Chinese producers receive from the government. China sells 30 times more of the silvery white metal to India than it buys from here creating a big trade deficit on aluminium account for us, says the report.

Already smarting under unres-trained imports, which peaked at 2.318 mt in 2018-19 — the fall in imports to 2.17 mt last financial year was because of demand contraction in major aluminium-user sectors and also the impact of the Covid-19 pandemic in the final month of March — Indian metal makers are worried by an International Alu-minium Institute report that China raised its annualised aluminium production in the first five months of calendar 2020 by 718,000 tonnes. The rise in Chinese output occurred when the rest of the world, coping with demand-destructive impact of Covid-19, cut annualised production by 612,000 tonnes.

Indian policymakers must not lose sight of the fact that as early as 2006, Beijing recognised aluminium as one of the nine "pillar industries" that with government support would become globally dominant. Eye-popping growth in capacity of primary metal and in value-additive downstream alloys and flat rolled products was aided by a bevy of benefits, including low-cost finance, electricity at subsidised rates and tax breaks for new facilities and those in western China. With government support, Chinese aluminium makers defy their growing dependence on foreign-origin bauxite — imports of the mineral in 2019 grew nearly 22 per cent to over 100 mt from 82.57 mt in 2018 — to secure a dominant position in the global industry.

What is more, the Chinese alumina refining and metal smelting technologies have also emerged as a match for the best anywhere in the world. In fact, Vedanta and Hindalco have bought technologies from China.

The rest of the world, including In-dia, has reasons to sit up when China with a share of 57 per cent of global aluminium output so far this year is accelerating production when the demand for metal is down everywhere. Acco-rding to Hindalco managing director Satish Pai, "Global aluminium demand in 2020 will see a sharp fall of 8 per cent against the backdrop of Covid-19. A ma-jor slowdown in manufacturing, particularly in the automotive industry, will likely lead to a 13 per cent demand shrinkage in the world, excluding China. At the same time, the world's largest producer and consumer of the metal will see consumption dwindling by 4 per cent. In China, however, some green shoots are noticed, thanks to demand recovery in the auto and construction sectors."

Aluminium is experiencing the crisis that visited it during 2008-09 recession. As Pai points out, 2019 saw a steep fall of 15 per cent in aluminium price to $1,791 a tonne from $2,100 in the previous year. To add to the industry's woes, in this year's first quarter, the price fell further to $1,690 a tonne. At the time of writing this, the three-month price on London Metal Exchange bre-ached $1,600 a tonne. This is too low a price for smelters, particularly those using coal-fired electricity to stay in the black at the primary metal point.

Govt begins asset sale process for BSNL and MTNL, hires consultancy firms

The Union government has started the process of monetising landholdings of state-owned telcos Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL). In a definite first step, the Department of Investment and Public Asset Management (DIPAM) has appointed consultancy firms CBRE, JLL, and Knight Frank to look at the feasibility of such a sale during the pandemic.

The consultants will submit their reports by end of the month.

The asset monetisation of BSNL and MTNL, estimated to fetch around Rs 37,500 crore, was discussed at a meeting in the Prime Minister's Office (PMO) last week.

The telecom department has now been told to fast track the process, according to an official in the know.

The consultants would look at the valuation of the assets, along with the current market appetite, while preparing their reports. The companies will prioritise the asset sale thereafter. CBRE, JLL, and Knight Frank did not respond to queries sent by this newspaper.

The sale of the land bank of BSNL and MTNL is expected to help the government offer relief packages to the financially stressed state telcos.

In October 2019, days before Diwali, the government approved a revival package of nearly Rs 70,000 crore for BSNL and MTNL.

Monetising real estate assets is part of the overall relief package that would be used to retire debts, upgrade networks, and offer a voluntary retirement scheme (VRS) aimed at reducing the telcos' employee strength by half.

The real estate assets primarily include land as well as rental and leasing of buildings. MTNL has around 29 retail outlets in Delhi alone.

The relief package includes a sovereign bond issue worth Rs 15,000 crore, to be serviced by these PSUs. Also, BSNL and MTNL will be allotted 4G spectrum at an administered price, pegged at the 2016 auction value.

Officials said the asset sale would be an important exercise for payment of VRS compensation to the staff of BSNL and MTNL. Asset sale is not a one-time exercise and will be spread over a couple of years.

"The appointment of the consultants is the first step. They will have several queries which have to be fulfilled by us and only then can any progress be made in the sale," a senior BSNL official pointed out.

DIPAM will work in close coordination with the two companies and their parent ministry DoT. There's no official word yet on whether the asset sale would take the two telcos closer to a merger.

US asks foreign students to leave the country if classes go online

In a decision that will adversely impact hundreds of thousands of Indian students in the United States (US), the Federal Immigration Authority has announced that foreign students pursuing degrees in America will have to leave the country or risk deportation if their universities switch to online-only classes in this fall semester.

The Immigration and Customs Enforcement (ICE) said in a press release on Monday that for the fall 2020 semester, students attending schools operating entirely online might not take a full online course load and remain in the US.

Harvard is among the first universities that has shifted completely to online teaching till a vaccine is found to tackle Covid-19. Students, even who are in the campus, will have to learn courses remotely.

Foreigners constitute around 5.5 per cent of the students enrolling in US colleges and contributed over $41 billion to the US in fiscal year 2019. India sent over 200,000 students to the US in fiscal 2019, the largest after China.

The agency suggested that students currently enrolled in the US consider other measures, like transferring to schools with in-person instruction.

International students enroled in academic programmes in US universities and colleges study on an F-1 visa and those enrolled in technical programmes at vocational or other recognised non-academic institutions, other than a language training programme, come to the US on an M-1 visa.

India sent the largest number of students (251,290) to the US after China (478,732) in 2017 and 2018, according to the latest Student and Exchange Visitor Program (SEVP) 'SEVIS by the Numbers Report' 2018.

The number of students from India increased from 2017 to 2018 by 4,157.

The immigration agency said that the active students currently in the US enrolled in such programmes "must depart the country or take other measures, such as transferring to a school with in-person instruction to remain in lawful status or potentially face immigration consequences including, but not limited to, the initiation of removal proceedings." It further said that students attending schools adopting a "hybrid model", which includes a mixture of online and in-person classes, will be allowed to take more than one class or three credit hours online.

These schools must certify to the Student and Exchange Visitor Programme that the course is not entirely online, that the student is not taking an entirely online course load for the fall 2020 semester, and that the student is taking the minimum number of online classes required to make normal progress in their degree programme.

The guidance is certain to cause severe anxiety and uncertainty for the hundreds of thousands of international students who are studying in the country and for those who were preparing to arrive in the US to begin their education when the new academic session begins in September.

Covid-19 vaccine: Over to clinical sites to set a deadline for Covaxin

After the country's apex health research institute tried to allay concerns over setting a hurried deadline to find India's indigenous Covid-19 vaccine, it is now up to clinical sites to ensure trials happen swiftly, albeit following due process.

Sites we spoke to say they might take their own time. This will largely depend on getting the logistics right before volunteer recruitments are set in motion.

There are 12 sites across India, including private and public hospitals, conducting Phase 1 and 2 human clinical trials for Bharat Biotech's Covaxin.Based on an earlier letter by the Indian Council of Medical Research (ICMR) to the 12 sites, volunteer recruitments for the clinical trials were to begin by July 7. At least three sites are yet to kick-start the process.

At Jeevan Rekha Hospital in Belgaum — one of the 12 clinical trial sites — investigators are awaiting further communication from the ICMR and Bharat Biotech, with volunteer screening and recruitment yet to begin any time soon.

The Institute of Medical Sciences and SUM Hospital in Bhubaneswar is awaiting a site initiation visit (SIV) by Bharat Biotech.

Another site in South India said it had not started screening patients. Its site initiation process is awaited. "We will start recruiting in two-three days.

We will follow a 28-day timeline for Phase 1. Once Phase 1 trials are completed and the data duly analysed, we will start Phase 2. The process may take 180 days," said a site lead.

Meanwhile, the Jaipur site said it was awaiting the vaccine samples. "The SIV is conducted to check whether all safety protocols for the clinical trials are being met.

This is yet to happen and should be completed in a day or two. It is only after the SIV will the site begin screening volunteers for clinical trials or even receive vaccine samples from the sponsor. The timeline for clinical trials is now site-specific," said Venkata Rao at the Institute of Medical Sciences and SUM Hospital.

Before the ICMR retracted the August 15 deadline, clinical trial sites were divided in their opinion on the timeline as well as the protocols to be followed. Some even said Phase 1 and 2 would be conducted together and the trials would end in a month's time, while others felt it was impossible to adhere to the deadline.

Chandrasekhar Gillurkar of the Gillurkar Multispeciality Hospital & Research Centre in Nagpur — one of the 12 sites — had told that after vaccine was given (counted as Day Zero), the site would wait for a fortnight.

The second dose will be given before the 14th day. After the second dose, these volunteers will again be checked a fortnight later to see if they develop antibodies.

The Phase 1 and 2 trials will be on 1,125 volunteers, of which 375 will be in Phase 1. Sources revealed that after Phase 2 ends, the country's drug regulator is likely to take a call on whether to launch the vaccine on compassionate-use grounds, at least for health care workers.

HUL, Emami and the aggressive play in Rs 5,000-cr fairness creams category

The fight over the newly renamed Glow & Handsome may have boiled down to the use of an ampersand (Hindustan Unilever uses the symbol while Emami expands it); and hit a temporary pause, as the Bombay High Court granted interim relief to HUL, stating that there must at least a week's notice before any legal action is initiated against the use of the trademark, but the battle say experts, has just begun. The clash is not just over the use of a name, but one for loyalty and affinity in a category that is controversial, cluttered with promises and full of look-alikes.

Emami has challenged HUL's move to rename Fair & Lovely's variant for men as Glow & Handsome, saying that this is name it had registered earlier. HUL has claimed otherwise, laying out the chronology of the trademark for the courts.

"This is going to be a tight battle with a close finish. Unfortunately, this (fight over a name) comes down to 'and' and 'ampersand'," says independent communications consultant Karthik Srinivasan.

While the dust and indignation over a name will likely settle down with a court injunction, the fight between the two will get uglier say experts. This is because the fairness creams category has expanded beyond the cities into small towns and semi urban centres, where brand loyalties are still being firmed up. Here the product is sought by a generic name, rather than by its brand and imitators pose a big challenge to the branded players in the segment. Cheap imitations, a close look-alike or name clone, cut deep into the market shares of the big brands. With similar colour, packaging and products, lesser known or unknown brands employ the practiced art of subterfuge to gain customers at the expense of the market leaders.

The battle will get even more brutal if the big brands play the imitation game, hence the aggression demonstrated by HUL and Emami is unlikely to ebb even after the courts rule, said experts. "Imitation tends to be a challenge. The intention is to use similarity in consumers' minds who think they are buying the original," says Srinivasan.

Names and looks matter, but so does pugnacious tenacity and alacrity, as Harish Bijoor, CEO of Harish Bijoor Consults, points out. "Marketing is meant to be nifty, energetic and active and this episode has provided a lesson.

ED files charges against GVK group, promoters for Mumbai airport 'scam'

The Enforcement Directorate (ED) on Tuesday pressed money-laundering charges against the promoters of the GVK group of companies, officials of Mumbai International Airport Ltd (MIAL), and a few other entities in connection with the alleged Rs 705-crore Mumbai airport scam.

Confirming the development, an ED official said the enforcement case information report (ECIR), which is equivalent to a police first information report, was filed under

Section 3 of the Prevention of Money Laundering Act (PMLA). Section 3 deals with concealing proceeds of a crime where the accused shall be guilty of money laundering.

The ED action follows the criminal case registered by the Central Bureau of Investigation (CBI) on June 27 against GVK group Chairman G V K Reddy and MIAL Managing Director G V Sanjay Reddy.

The ECIR also includes the names of some Airports Authority of India (AAI) officials and nine other private firms.

The case is related to allegations of irregularities amounting to Rs 705 crore in developing Mumbai Airport. The investigative agency alleged that the money was siphoned off by the accused, causing a loss to the exchequer between 2012 and 2018.

Sources in the ED indicated that the people connected with the case would be summoned and quizzed in the coming weeks.

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EXTRACT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED ON 31ST MARCH, 2020.

(Rs. In Lakhs except earning per share)

PARTICULARS	Quarter Ended 31/03/2020 (Audited)	Quarter Ended 31/12/2019 (Unaudited)	Quarter Ended 31/03/2019 (Audited)	Year Ended 31/03/2020 (Audited)	Year Ended 31/03/2019 (Audited)
Total income from operations (net)	1329.35	826.19	1365.56	5629.12	6528.60
Net Profit / (Loss) from ordinary activities after tax	(57.11)	31.17	73.66	101.49	406.74
Net Profit / (Loss) for the period after tax (after Extraordinary items)	(57.11)	31.17	73.66	101.49	406.74
Equity Share Capital (Face Value ' 10 Each)	302.85	302.85	302.85	302.85	302.85
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	—	—	—	4528.71	4482.40
Earnings Per Share (before extraordinary items) (of ' 10 each)					
Basic	(1.89)	1.03	2.43	3.35	13.43
Diluted	(1.89)	1.03	2.43	3.35	13.43
Earnings Per Share (after extraordinary items) (of ' 10 each)					
Basic	(1.89)	1.03	2.43	3.35	13.43
Diluted	(1.89)	1.03	2.43	3.35	13.43

Notes:

1. The financial results of the company for the quarter ended March 31, 2020 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company in their meeting held on 6th July, 2020. The results are being published in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. The operating segment of the company is identified to be" Manufacturing and trading of Dyes, Chemicals and Pigments", as the Chief Operating Decision Maker (CODM) reviews business performance at an overall company level as one segment and hence, does not have any additional disclosures to be made under Ind AS 108 Operating Segments .

However, The Company has two geographical segments "India and rest of world", revenue from the geographic segments based on domicile ofthe customer are as follows:

Description	India	Rest of the World	Total
Revenues			
-Year ended 31st March, 2020	3874.30	1713.77	5588.07
-Year ended 31st March, 2019	4296.88	2192.88	6489.76

3.Comparative figures have been rearranged/regrouped wherever necessary.

4. The figures for the quarter ended 31.03.2020 and 31.03.2019 are the balancing figures between Audited Figures for the year ended 31.03.2020 and published year to date figures upto the third quarter ended 31.12.2019.

5. The COVID-19 pandemic has disrupted various business operations due to lockdown and other emergency measures imposed by the governments. The operations of the Company were impacted briefly, due to shutdown of manufacturing activities following nationwide lockdown. The Company continues with its operaliulls In a phased manner in line with directives from the authorities.

The company has considered the possible effect that may result from pandemic relating to Covid- 19 on the carrying amount of Property, Plantand Equipment, Inventories, Receivables and other current assets. In developing the assumptions relating to the possible future uncertainty inglobal economic conditions including conditions in India because of this pandemic, the company has used internal and external informationavailable up to the date of issuance of this results. In assessing recoverability of inventories, the company has considered the latest selling price,customer orders on hand and margins. Based on above assessment of Covid - 19 and current indicators of future economic conditions, thecompany does not expect significant impact on its operations and recovcrability of value of Its assets.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The company will continue to closely monitor the developments.

For, Dynamic Industries Ltd.

Sd/-

Kunal A Chauhan
Company Secretary & Compliance Officer

Date : 06th July, 2020
Place : Ahmedabad