Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	38,757	-0.3	-6.1
Nifty-50	11,440	-0.2	-6.0
Nifty-M 100	17,207	2.6	0.6
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	3,384	1.3	4.7
Nasdaq	11,057	1.9	23.2
FTSE 100	6,026	-0.1	-20.1
DAX	13,194	-0.1	-0.4
Hang Seng	9,807	0.6	-12.2
Nikkei 225	23,559	0.7	-0.4
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	39	-0.3	-41.5
Gold ($/OZ)	1,957	0.8	29.0
Cu (US$/MT)	6,815	0.7	10.8
Almn (US$/MT)	1,762	1.4	-1.1
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	73.5	-0.1	2.9
USD/EUR	1.2	0.2	5.8
USD/JPY	105.7	-0.4	-2.7
YIELD (%)	**Close**	**1MChg**	**CYTDchg**
10 Yrs G-Sec	6.0	-0.01	-0.5
10 Yrs AAA Corp	6.9	-0.01	-0.7
Flows (USD b)	**14-Sep**	**MTD**	**CYTD**
FIIs	0.04	0.12	4.89
DIIs	-0.02	-0.12	8.93
Volumes (INRb)	**14-Sep**	**MTD***	**CYTD***
Cash	675	573	546
F&O	15,557	21,110	16,091

Note: *Average

Today's top research theme

Fund Folio: Equities see second consecutive month of outflows; Financials in the limelight

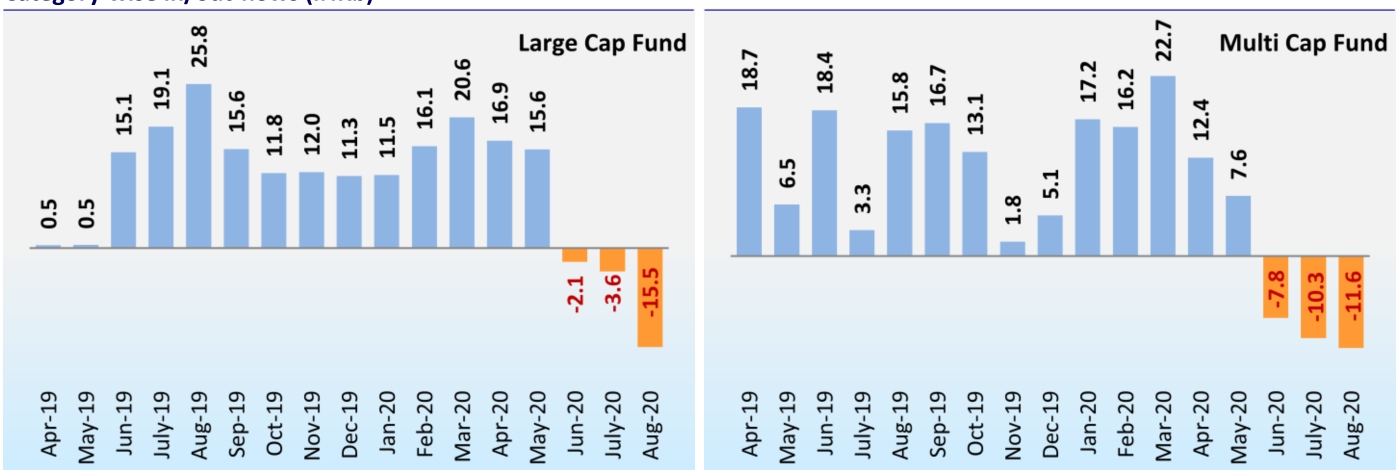
- Investors capitalized on the market rally to book profits, which paved way for another round of outflows in the equity category. Equity AUM (incl. ELSS and Index funds) of domestic MFs increased 4.3% MoM to INR8.1t in Aug'20, led by a rise in market indices (Nifty +2.8% MoM) and marginal increase in sales of Equity schemes (up 2.9% MoM to INR152b). Redemptions remained high at INR190b (up 1% MoM), leading to net outflows of INR38b in Aug'20 (v/s an outflow of INR40b recorded in Jul'20).
- MF industry's AUM increased 1.4% MoM (INR0.4t) to INR27.5t in Aug'20, primarily led by equity funds (INR334b) and other ETFs (INR79b).
- Large-caps funds witnessed the highest outflow of INR15.5b, followed by Multi-cap funds at INR11.6b. Mid-cap fund outflows were at INR6b in Aug'20, while that of Small-cap funds stood at INR1b.
- Private Banks' – after hitting a 22-month low in Jul'20 – were back as the flavor of the month with an increase in weight to 17.3% (+110bp MoM, -280bp YoY).

Research covered

Cos/Sector	Key Highlights
Fund Folio (Sep 2020)	Equities see second consecutive month of outflows; Financials in the limelight
Voices	Commentary improves on Demand; COVID caveat remains!
GCPL (ART) FY20	Muted performance, rising capital intensity weigh on return ratios
Sail	EBITDA loss due to negative operating leverage
PVR	Operating loss at INR1.2b as cinemas remain shut
EcoScope	Headline CPI above 6% for fifth straight month
	WPI inflation inches up to 0.2% YoY in Aug'20 after 4 months of deflation
Agriculture	Rainfall and sowing update

Chart of the Day: Fund Folio (Large-cap and Multi-cap funds saw huge outflows)

Category-wise In/out-flows (INRb)



Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

August retail inflation at 6.69 per cent

The consumer price inflation in August came in at 6.69 per cent mainly on the back of rising food prices, given the supply- side disruptions caused due to increasing number of daily virus cases. Inflation remains above the Reserve Bank of India's medium term range of 4-6 per cent…

2

Govt seeks Parliament's approval for Rs 2.35 lakh crore of additional gross expenditure

The government has sought Parliament's approval for Rs 2.36 lakh crore of additional gross expenditure of which Rs 1.67 lakh crore would be net cash outgo after accounting for Rs 68,868 crore of savings or reallocation from ministries with under-utilised funds…

3

RBI to hold special OMOs of ₹10,000 crore each this week

The Reserve Bank of India (RBI) on Monday said it will conduct the second auction of the scheduled purchase and sale of government securities under the special open market operation (OMO) worth ₹10,000 crore each on 17 September. RBI had conducted the first auction worth ₹10,000 crore each on 10 September. Typically, the central bank conducts OMO sales to suck out…

4

Bank credit grows by 5.49%, deposits by 10.92%: RBI data

Bank credit grew 5.49% to ₹102.11 trillion, while deposits increased 10.92% to ₹141.76 trillion in the fortnight ended August 28, according to RBI data. In the fortnight ended August 30, 2019, banks' advances were at ₹96.80 trillion and deposits stood at ₹127.80 trillion. In the previous fortnight ended August 14, 2020, bank credit…

5

BP says era of oil-demand growth over, may not return to pre-Covid levels

BP Plc said the relentless growth of oil demand is over, becoming the first supermajor to call the end of an era many thought would last another decade or more. Oil consumption may never return to levels seen before the coronavirus crisis took hold, BP said in a report on Monday. Even its most bullish scenario sees demand no better than "broadly flat" for the next two decades as the energy transition shifts the world away from fossil fuels…

6

RBI asks banks to complete automation of NPA recognition by 30 June 2021

The Reserve Bank of India has asked banks to complete the automation of bad-loan recognition and provisioning processes by 30 June. In a notification issued on Monday, RBI observed that the processes for NPA identification, income recognition, provisioning…

7

Govt weighs dropping debt condition in plan to sell Air India: Report

India is proposing to drop a condition that the winning bidder for Air India Ltd. will have to take on $3.3 billion of aircraft debt, people with knowledge of the matter said, as the government struggles to sell the loss-making carrier kept afloat by taxpayer-funded bailouts…

Fund Folio

Indian Mutual Fund Tracker

FUND FOLIO (September 2020): Equities see second consecutive month of outflows; Financials in the limelight

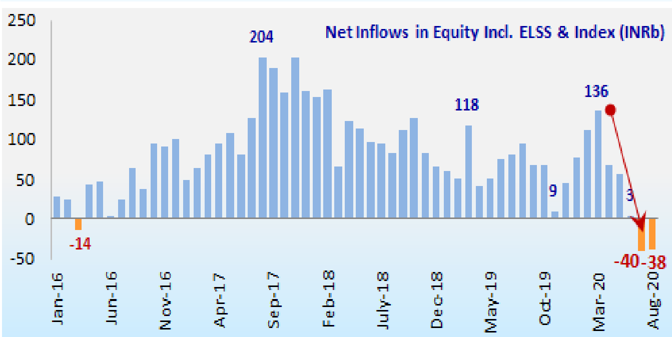
Key observations

- The Nifty scored a hat-trick in Aug'20, ending 2.8% higher MoM after strong 7.5% rally each in Jun'20/Jul'20. The rally was broad-based as mid-caps and small-caps both led the positive market sentiment. This was sharply aided by huge FII inflows of USD6.1b in Aug'20 - the highest monthly inflow in 10 years. DIIs continued selling with outflows of USD1.5b.
- Investors capitalized on the market rally to book profits, which paved way for another round of outflows in the equity category. Equity AUM (incl. ELSS and Index funds) of domestic MFs increased 4.3% MoM to INR8.1t in Aug'20, led by a rise in market indices (Nifty +2.8% MoM) and marginal increase in sales of Equity schemes (up 2.9% MoM to INR152b). Redemptions remained high at INR190b (up 1% MoM), leading to net outflows of INR38b in Aug'20 (v/s an outflow of INR40b recorded in Jul'20).
- MF industry's AUM increased 1.4% MoM (INR0.4t) to INR27.5t in Aug'20, primarily led by equity funds (INR334b) and other ETFs (INR79b). Contribution of systematic investment plans (SIPs) declined for the fifth consecutive month to INR77.9b (down 0.5% MoM).
- Large-cap and Multi-cap schemes saw outflows compared to other categories. Large-caps funds witnessed the highest outflow of INR15.5b, followed by Multi-cap funds at INR11.6b. Mid-cap fund outflows were at INR6b in Aug'20, while that of Small-cap funds stood at INR1b.

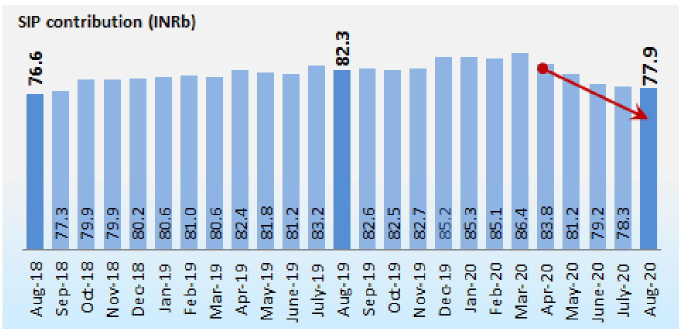
Some interesting facts

- Aug'20 saw notable change in sector and stock allocation of funds. On MoM basis, the weights of Private Banks, Capital Goods, PSU Banks, Automobiles, Real Estate, NBFCs, Metals, Media, Utilities and Retail increased, while that of Oil & Gas, Consumer, Technology, Telecom, Cement and Healthcare moderated.
- Private Banks' - after hitting a 22-month low in Jul'20 - were back as the flavor of the month with an increase in weight to 17.3% (+110bp MoM, -280bp YoY).
- After rising for two consecutive months, Oil and Gas' weight slipped to 3-month low of 9.1% (-60bp MoM, +110bp YoY).
- In terms of MoM value increase, 7 of the top-10 stocks were from Financials: ICICI Bank (+INR82.7b), Axis Bank (+INR54.5b), HDFC Bank (+INR48.6b), SBI (+INR28b), HDFC (+INR24.5b), Bandhan Bank (+INR13.4b) and Bajaj Finance (+INR9.9b).
- Stocks exhibiting maximum decrease in value MoM were Bharti Airtel (-INR17.9b), HUL (-INR13.7b), Infosys (-INR10b), Aurobindo Pharma (-INR8.3b), UltraTech Cement (-INR8.1b) and Reliance Inds (-INR6.8b).

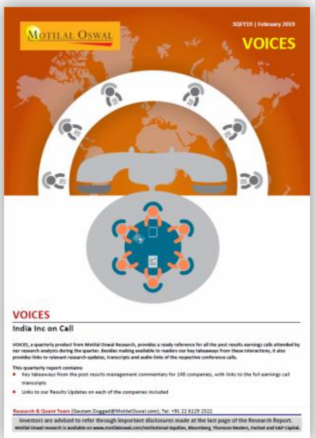
MFs saw second consecutive month of outflows



SIP contribution declined for the fifth consecutive month by 0.5% to INR77.9b



BSE Sensex: 38,855 **S&P CNX: 11,464**



Commentary improves on Demand; COVID caveat remains!

In this report, we present detailed takeaways from the 1QFY21 conference calls as we refine the essence of India Inc. 'Voices'.

- The 1QFY21 corporate earnings were better than our muted expectations for both the Nifty and the MOFSL Universe. Nifty sales declined 29% YoY (v/s est. decline of 30%), while EBITDA/PBT/PAT declined 6%/30%/26% YoY (v/s est. decline of 11%/39%/35%). Six sectors posted YoY profit growth - Healthcare (27%), Utilities (16%), PSU Banks (10%), Life Insurance (4%), Private Banks (1%) and Technology (1%). The sectors that posted losses in line with our expectations were Automobiles, Metals, Retail and Telecom. Our FY21/FY22E Nifty EPS estimates have been marginally revised upwards by 2.1%/2.7% to INR477/INR664 (prior: INR467/INR647). We now expect FY21 Nifty EPS to grow 2.4% YoY. Breadth of earnings revision was positive - 84 companies in the MOFSL Universe saw upgrades of >5% while 40 witnessed downgrades of >5% for FY21. Corporate commentaries were cautiously optimistic based on gradual demand recovery Jun'20 onwards due to easing of the lockdown restrictions.
- Commentaries of Banks suggest that business trends are gradually picking up MoM. The rural economy is picking up faster than expected and has reached ~70-80% of pre-COVID levels. Overall, banks would continue accessing the on-ground situation over the next few months, and accordingly, decide their growth strategy. In terms of asset quality, collection efficiency (CE) trends improved further in Jul-Aug'20 with ~75-85% collections in MFI and above ~80% in Affordable Housing. While banks do not expect higher restructuring in large ticket sized corporate accounts, it is expected in mid-sized corporate/SME segments. Commentaries of NBFCs across suggest that improving macros across most business segments has led to increased optimism on CE as well as on growth across product segments. In terms of restructuring, most financiers are awaiting Sep'20 CE trends given the end of the moratorium period.
- For the Consumer sector, the outlook on rural is positive on account of strong monsoons, good harvest and higher government spends. Rural is expected to grow faster than urban in the near term. The commodity environment remains benign, providing some relief in these challenging times. While in 1QFY21 companies had cut down their A&P spends, they are not sustainable going forward.
- In Autos, 2W/4W demand recovery post the lockdown surprised OEMs and dealers on the back of (a) preference for personal vehicles, (b) pent-up demand from pre-COVID bookings, and (c) high disposable income in the rural market. While there is still some uncertainty over sustainability of demand, there is high focus on cost cutting, capex and conserving cash, which is evident from the cut in variable/fixed costs and slashing of capex budgets for FY21 across companies.
- In IT, despite the COVID-19 led disruption in 1QFY21, revenue saw limited impact while deal wins were healthy. Supply side challenges are largely behind as ~99% employees are working from home (WFH). Demand side challenges are also expected to subside given that clients are now prioritizing IT spends and deal discussions. These had earlier come to a standstill and have picked up again.

- Managements of Cement companies have informed that cement prices have softened across India in Aug'20 and are down by INR15/bag over Jun'20 on an average. Demand recovery in the East/North India has fared better than the South/West India due to lesser spread of COVID-19. A large part of the recovery was driven by robust demand from rural/semi-urban areas. However, managements remain cautious on the demand outlook due to the spread of COVID to rural areas.
- In Healthcare, COVID-19 led impact on domestic formulation (DF) segment was recorded due to limited MR-doctor connect and lesser footfalls at clinics. Companies have been aggressively pursuing digital marketing and looking to further strengthen relationships with doctors to improve DF sales gradually. DF sales growth outlook is expected to gradually pick up, but cost calibration should keep margins at elevated levels over the near term.

Autos

- 2W/4W demand recovery post the lockdown surprised OEMs and dealers alike on the back of (a) preference for personal vehicles, (b) pent-up demand from pre-COVID bookings, and (c) high disposable income in the rural market. For Aug'20, most OEMs were able to meet current demand in a seasonally weak month and are inching up toward inventory refilling for the upcoming festive season. 2W/4W demand sustaining in Aug'20 is a positive sign. CV demand recovery is expected only toward 2HFY21. While there is still some uncertainty over sustainability of demand, there is high focus on cutting cost, capex and conserving cash, which is evident from the cut in variable/fixed costs and slashing of capex budgets for FY21 across companies.

Capital Goods

- Due to disruption caused by the COVID led shutdown, managements across companies highlighted the need to focus on working capital (execution has been slowed down on purpose). While ABB's management indicated positive outlook for Automation in F&B and Electronics industry, Cummins' management was cautious on the Hospitality sector and indicated slower pace of recovery for it. For ACs, Voltas' management alluded to higher-than-normal inventory in the channel; however, it expects the same to get normalized over the next few months.

Cement

- Cement industry volumes declined ~38% YoY in 1QFY21 as Apr'20 was a washout due to shutdown of operations till 19th Apr'20, post which operations have ramped up gradually. Managements informed that cement prices have softened across regions in Aug'20 and are down by INR15/bag over Jun'20 on an average. Demand recovery in the East/North India has fared better than the South/West India due to lesser spread of COVID-19. A large part of the recovery was driven by robust demand from rural/semi-urban areas, but managements remain cautious on the demand outlook due to spread of COVID-19 to rural areas. The quarter witnessed sharp decline in fixed costs due to lower admin, traveling, and maintenance and advertising expenses. While, a part of fixed cost reduction is likely to sustain in FY21, with an increase in volumes, some costs are likely to return. Further, while fuel costs had bottomed out, they are looking up in 2QFY21. As a result, margins are likely to decline.

Consumer

- The sector saw broad-based recovery toward the latter part of 1QFY21, which has sustained for most companies in Jul'20 and early-Aug'20 as well. Overall, rural demand held up well during the quarter and the outlook is getting even better with good progress of the monsoons. Even among urban centers there is a big divergence between performance as well as recovery outlook for metros, non-metros and Tier-1/2 cities. Performance and outlook of in-home food consumption categories were exceptionally strong in 1QFY21 and the same was the case for cleansing and herbal products. Down-trading is a fear called out by most companies, which along with slower pace of recovery for discretionary products, means that premiumization is unlikely to be a material factor for the full year. On the other hand, benign material cost outlook and strong focus on cost savings are likely to shore up margin outlook for the rest of the year particularly as sales declines are likely to be lower from 2QFY21. Channel inventory days are also declining sustainably as companies are culling their tail-end products.

Financials

Banks

- Commentaries of banks suggest that business trends are gradually picking up MoM. The rural economy is picking up faster than expected and has reached ~70-80% of pre-COVID levels. Overall, banks would continue accessing the on-ground situation over the next few months, and accordingly, decide their growth strategy. Among business segments, retail growth is picking up faster with some segments like tractors, 2Ws, gold disbursements and affordable housing seeing the fastest improvement. On the other hand, MHCVs (especially linked to large fleet operators/commercial vehicle segment) continue to see challenges. On the asset quality front, CE trends have improved further in Jul-Aug'20 with ~75-85% collections in MFI and above ~80% in Affordable Housing. While banks do not expect higher restructuring in large ticket sized corporate accounts, it should occur in mid-sized corporate/SME segments. Overall, slippages are expected to rise in the coming quarters, and thus, credit cost trends should remain elevated.

NBFC

- Commentaries of NBFCs suggest that improving macros across most business segments has led to increased optimism for collection efficiency (CE) as well as for growth across product segments. In terms of restructuring, most financiers are awaiting Sep'20 collection trends given the end of the moratorium period. Improving liquidity and a higher risk appetite on account of better collection performance has given companies the confidence to lift disbursements. Improvement in the rural segment is a consensus view of most NBFC companies.

Healthcare

- The COVID-19 led impact on domestic formulation (DF) segment was a result of limited MR-Doctor connects and lesser footfalls at clinics. Companies have been aggressively pursuing digital marketing and looking to further strengthen relationships with doctors to improve DF sales gradually. The DF sales growth outlook is expected to gradually pick up, but cost calibration should keep margins at elevated levels over the near term.

- Capacity utilization has improved 70-90%. The trade generics segment has seen better off-take as compared to branded generics in 1QFY21. On the US generics front, ANDA approvals were higher but volumes for certain products were impacted in 1QFY21 due to stock piling in 4QFY20. Companies, post completion of remediation measures, are pursuing virtual inspections to ensure regulatory compliance at sites. Thus, the outlook remains steady for the US generics segment. The vaccine development for prevention of COVID is on at a rapid pace. Specifically, Bharat Biotech and Cadila Healthcare are expected to complete Phase-II clinical trials and subsequent statistical analysis by end-CY20.

Media

- Gradual opening up of the economy has led to rise in advertisement spends by corporates, which has led to healthy recovery in ad revenues of broadcasters. Commencement of production and shooting of daily shows should further drive viewership, aiding ad revenues. Subscription revenue is likely to remain on a steady track and threat from NTO 2.0 regulations is expected to have a short-term impact on major broadcasters like ZEEL and SUNTV. SUNTV has guided that ad revenues could potentially decline 15-20% while ZEEL expects to grow ad revenues from the 2HFY21. Subscription revenues would moderate in FY21, after witnessing strong growth in FY20, led by NTO 2.0 regime.

Metals

- Companies have highlighted that domestic demand has improved in 2QFY21 as the economy opened up post the lockdown. Exports are likely to remain elevated YoY; with domestic volumes picking up, share of exports in total volumes should decline sequentially to 30%. Managements of Tata Steel and JSW Steel have guided for higher capacity utilization in 2QFY21. Tata Steel has guided for >95% utilization and improvement in realization in 2QFY21 on the back of repetitive price hikes in the domestic market, better product mix and higher export realizations. It has also guided for sequential improvement in realization in excess of INR3,000/t. For FY21, both Tata Steel and JSW Steel have guided for flattish sales volumes whereas JSPL has guided for volume growth in the range of ~15% on the back of unutilized capacity and its ability to sell excess volumes in the export market. On the other hand, managements of Hindalco and Hindustan Zinc have highlighted that domestic demand for base metals has improved resulting in lower dependence on exports. Hindalco has guided that exports are likely to contribute ~65% of its volumes in 2QFY21.

Oil & Gas

- OMCs expect some more time before 100% demand is retained, with further pickup in demand from the industrial and commercial space. Thus, refining margins are also likely to remain subdued due to poor product cracks, which are weighed down by demand destruction. However, the OMCs have reiterated that marketing margins and GRM trends over the longer term would stand at normalized levels. RIL is further planning to streamline its O2C integration business and focus on expanding its fuel marketing business. In the current challenging operating environment, RIL's ability to optimize between feedstock and sales mix provides an edge in improving its performance. The company's strong growth path remains in its digital and retail business. MAHGL and IGL stated that CNG volumes have recovered to 70-75% of pre-COVID levels, although it is likely to range between 80-85% of pre-COVID levels in the near term. However, margins are likely to remain strong owing to lower domestic and spot prices. GUJGA has mentioned that current sales volume stands at 9.5mmscmd (v/s 9.4mmscmd of average sales in FY20), aided by strong recovery post the lockdown. Apart from probable benefits of the NGT's stringent norms to curb industrial pollution, the company also plans to set up ~60 CNG stations in FY21 (out of 100 planned), which would increase the reach of CNG in Gujarat and encourage conversion. Post completion of the Kochi-Mangalore pipeline, PLNG expects utilization to increase to ~30-35% and reach 40-45% after 2-3 years. Utilization levels at Dahej should remain at current levels even 4-5 years down the line, primarily due to back-to-back tie-ups despite competition coming in. GAIL has stated that Gas trading, Gas transmission and Petchem operations are back to pre-COVID levels. Growth guidance for the company continues on the back of incremental volumes of ~8-12mmscmd from the commencement of fertilizer plants and the Kochi-Mangalore pipeline, which should lower the risk on its US contracts.

Retail

- Retail sector witnessed a complete shutdown during the lockdown period and has seen almost insignificant revenues during Apr-May'20. However, since Jun'20 pace of store reopening has been significant across states. Though footfalls have been lower, the conversion rate and bill size of customers has improved significantly. ABFRL/SHOP/V-Mart have negotiated rents during the lockdown period and reduced rental expense in FY21 as business is expected to remain muted. Retailers are also focusing on increasing their sales via the online channels and invest in marketing, branding and logistics to scale up online sales. ABFRL/V-Mart/SHOP have guided for muted capex/store adds in FY21 until normalcy returns. V-Mart; however, might look at expansion opportunities via attractive deals from 2HFY21.

Technology

- Despite the COVID-19 led disruption in 1QFY21, revenues saw limited impact while deal wins were healthy. Supply side challenges are largely behind as ~99% employees were enabled for the WFH model. Demand side challenges are also expected to subside given that clients are now prioritizing IT spends. Deal discussions, which were earlier at a standstill have picked up again. Deal pipeline is healthy and has returned to pre-COVID levels. In terms of verticals, BFSI, Healthcare and Hi-tech remained largely resilient and are expected to be growth drivers in the near term. Retail, Energy and Utilities and Manufacturing were the most impacted verticals and will continue to see further challenges over the next couple of quarters. Deal closures have been slower than usual given that clients have added another layer of decision making. However, deal ramp-ups have been largely on track. The near-term outlook is positive and the worst is now behind. Expect 2QFY21 to see largely stable revenues and margins.

Telecom

- Telcos have reiterated their stance that ARPUs should reach INR200 in the near term and INR300 in the long term for the industry to be sustainable. Further, managements have noted that 2G would exist in the market for at least the next 3-4 years and telcos would continue to offer 2G services until revenue share from these services become insignificant. Capex remained muted this quarter due to the nationwide lockdown; however, the companies would start deploying capex with the opening up of the economy. Bharti Infratel’s management mentioned that energy margin should reduce from 3-5% to 0-3%. However, it is continuously engaging with telcos to move back to the long-term fixed energy contract that is expected to bring back margins to previous levels. TCOM’s capex guidance remains intact and the company would keep investing in business opportunities. Further, it does not have any immediate plans to monetize its land parcel and would look for other means to deleverage.

Utilities

- PWGR has witnessed a pickup in RE related projects in Rajasthan. The Pugalur-Thrissur project is also progressing well. But, overall execution pickup is uneven. On the supply side, manufacturers are having difficulty in restoring production. Nevertheless, PWGR has maintained its FY21 capex and capitalization target of INR105b and INR200-250b, respectively. For the sector, while receivables did increase in 1QFY21, it has now started to normalize. For PWGR, receivables increased from INR49b in Mar’20 to INR82b in Jun’20, but reduced to INR75b in Jul’20. Collection efficiency has increased and is >100% for Jun-Jul’20. For NTPC, outstanding over-dues have reduced to INR145b from INR164b at end-Jun’20. The company is hopeful of squaring off past dues by end of the quarter. In terms of capitalization, NTPC expects its capitalization run rate at 5-6GW per annum over the next 3-4 years.

GODREJ CONSUMER PRODUCTS – FY20

GCPL's FY20 Annual Report analysis highlights a muted operating performance. EBITDA increased marginally by 1.2% to INR21.4b, primarily due to the outbreak of COVID-19. The India and GAUM (Godrej Africa, US, Middle East) businesses were impacted, while Indonesia delivered robust growth. The company recognized exceptional loss of INR.0.8b, primarily on account of the impairment of goodwill/intangibles. We note that the company changed the estimates for carrying out the impairment evaluation of intangibles/goodwill, which stood at INR79.7b – 101% of NW. GCPL's earnings to cash flow conversion declined to 90% (FY19: 102%) on account of increased working capital requirements in India and Africa. OCF post-interest declined to INR14.4b (FY19: INR15.1b). Standalone RoCE declined to 65% (FY19: 86%) due to a weak operating performance, coupled with an increase in capital intensity (financed partially by incremental debt). This led to consolidated RoCE declining to 18.7% (FY19: 20.1%).

- **Indonesia supports performance in a challenging environment:** Indonesia posted healthy 17% EBITDA (adj.) growth to INR4.5b. Conversely, India EBITDA (adj.) fell 4.2% to INR14.2b and GAUM EBITDA (adj.) declined 14.6% to INR2.4b. Declines in India and GAUM were primarily attributable to the advent of COVID-19 in 4QFY20. For the first three quarters of FY20, India witnessed (adj.) EBITDA growth of 2% to INR11.2b, while GAUM EBITDA (adj.) remained flattish at INR2.2b.
- **Impairment losses recognized; estimates to assess recoverable value changed:** In FY20, the company recognized exceptional loss of INR0.8b, primarily on account of impairment loss on goodwill/intangible assets in Argentina (of INR0.3b) and Africa (INR0.4b). It also reduced estimates for discount rates (to 6.67–20.8% from 11.9–24.6% in FY19) and terminal growth rate (to 2–7% from 3–8% in FY19) during the year, used for assessing the recoverable value. Furthermore, the stipulated express forecast period for Africa was increased to 10 years from 5 years.
- **Working capital requirements rise:** The consolidated cash conversion cycle increased to 22 days in FY20 from 16 days in FY19 due to a rise in the number of inventory days (to 63 days from 55 days in FY19), primarily in India and Africa. While the consolidated payable days remained flattish (at 91 days v/s 90 in FY19), it declined significantly in the standalone entity (to 83 days v/s 94 days in FY19). This was more than offset by an increase in payables for subsidiaries. Over the last few years, the cash conversion of subsidiaries has improved significantly (64 days in FY20 v/s 99 days in FY18), largely led by an increase in payable days (102 days in FY20 v/s 72 days in FY18).

The ART of annual report analysis

- **India /Africa performance remained muted (ex-COVID), while it continued to be robust for Indonesia.**
- **Intangibles (incl. goodwill) stood at INR80b, 1x NW.**
- **Impairment loss of INR0.7b was recognized on intangibles/goodwill in Africa/Argentina; impairment estimates have been changed.**
- **Standalone RoCE declined to 65% (FY19: 86%) on a weak operating performance, coupled with an increase in capital intensity.**

Stock Info

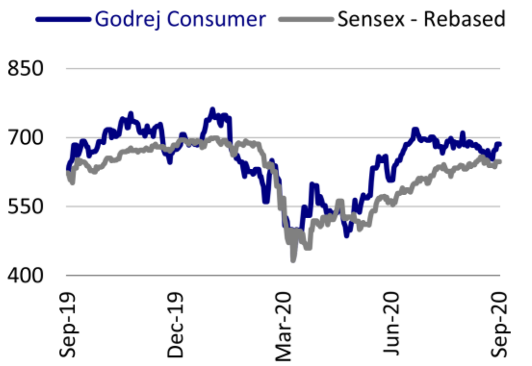
Bloomberg	GCPL IN
Equity Shares (m)	1,022
M.Cap.(INRb)/(USDb)	706.7 / 9.5
52-Week Range (INR)	772 / 425
1, 6, 12 Rel. Per (%)	-1/12/7
12M Avg Val (INR M)	990

Shareholding pattern (%)

	Jun-20	Mar-20	Jun-19
Promoter	63.2	63.2	63.3
DII	3.2	3.1	2.2
FII	26.8	26.3	28.0
Others	6.8	7.3	6.6

Note: FII Includes depository receipts

Stock Performance (1-year)



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SAIL

BSE SENSEX	S&P CNX
38,757	11,440

Conference Call Details

Date: 16th Sep 2020
Time: 11:00 IST
Dial-in details:
++91 7045 671 211

Financials & Valuations (INR b)

Y/E MARCH	2020E	2021E	2022E
Sales	616.6	578.7	656.9
EBITDA	57.1	52.3	89.2
Adj. PAT	-1.9	-10.7	15.0
EBITDA Margin (%)	9.3	9.0	13.6
Cons. Adj. EPS (INR)	-0.5	-2.6	3.6
EPS Gr. (%)	-107.5	452.7	-239.3
BV/Sh. (INR)	100.5	97.4	100.6
Ratios			
Net D:E	1.3	1.3	1.1
RoE (%)	-0.5	-2.6	3.7
RoCE (%)	3.3	2.1	6.1
Payout (%)			
Valuations			
P/E (x)	-83.9	-15.2	10.9
P/BV (x)	0.4	0.4	0.4
EV/EBITDA(x)	12.2	13.0	7.0
Div. Yield (%)			
FCF Yield (%)			

CMP: INR 39 — Neutral

EBITDA loss due to negative operating leverage

Maintain Neutral

- Standalone revenue declined 44% QoQ to INR90.7b (our estimate: INR93.7b) in 1QFY21.
- Volumes declined 41% QoQ (32% YoY) to 2.2mt (our estimate: 2.2mt), weighed by weak domestic demand due to country-wide lockdown in 1QFY21.
- Realization declined 5% QoQ to INR40,845/t (our estimate: INR42,194/t) due to lower prices and an adverse product mix.
- SAIL's high fixed cost structure impacted the margins adversely as negative operating leverage inflated fixed cost, such as employee cost, by ~INR2,100/t and other expenses by ~INR2,000/t.
- Lower realization, coupled with negative operating leverage, led to negative EBITDA/t of ~INR1,814 v/s EBITDA/t of INR5,218/t in 4QFY20 (our est.: -524/t).
- As a result, SAIL reported EBITDA loss of INR4.0b v/s EBITDA of INR19.5b in 4QFY20 (our estimate: loss of INR1.2b).
- The company reported PBT loss of INR19.9b (our estimate: INR18.2b) and PAT loss of INR12.7b v/s adj. PAT of INR2.9b in 4QFY20.
- We maintain a **Neutral rating.**

Quarterly Performance (Standalone) – INR m

Y/E March	FY20				FY21E	FY21E	vs Est
	1Q	2Q	3Q	4Q	1Q	1QE	(%)
Sales (m tons)	3.2	3.1	4.1	3.7	2.2	2.2	
Change (YoY %)	-0.7	-9.4	26.4	-9.4	-31.7	-31.7	
Realization (INR per ton)	45,614	44,878	40,443	43,194	40,845	42,194	-3
Change (YoY %)	-6.2	-6.7	-17.3	-3.6	-10.5	-7.5	
Net Sales	**1,48,200**	**1,41,274**	**1,65,413**	**1,61,718**	**90,675**	**93,670**	-3
Change (%)	-6.8	-15.5	4.5	-12.6	-38.8	-36.8	
NSR to RM Spread (INR/t)	24,841	24,712	18,495	26,930	22,734	23,002	
EBITDA	**15,819**	**11,597**	**9,976**	**19,538**	**-4,028**	**-1,163**	246
EBITDA per ton (INR)	4,869	3,684	2,439	5,218	-1,814	-524	246
Interest	7,884	9,404	8,494	9,086	8,863	9,086	
Depreciation	8,725	9,011	9,263	10,552	9,733	9,655	
Other Income	1,828	1,587	1,866	4,570	2,777	1,708	
PBT (before EO Inc.)	**1,039**	**-5,230**	**-5,914**	**4,469**	**-19,847**	**-18,196**	9
EO Income (exp)				37,342			
PBT (after EO Inc.)	**1,039**	**-5,230**	**-5,914**	**41,812**	**-19,847**	**-18,196**	9
Total Tax	351	-1,802	-1,618	14,560	-7,144	-5,095	
% Tax	33.8	34.5	27.4	34.8	36.0	28.0	
Reported PAT	**688**	**-3,428**	**-4,296**	**27,252**	**-12,703**	**-13,101**	-3
Adjusted PAT	**688**	**-3,428**	**-4,296**	**2,913**	**-12,703**	**-13,101**	-3
Change (YoY %)	-90.5	-159.5	-168.0	-42.2	-1,945.2	-2,003.2	

PVR

BSE SENSEX	S&P CNX
38,757	9,526

Conference Call Details

Date: 15th Sep. 2020
Time: 11:00am IST
Dial-in details:
+91-22-6280 1145

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Net Sales	34.1	18.1	31.7
EBITDA	5.8	-0.2	4.7
EBITDAM %	1.7	-3.0	0.0
Adj. PAT	16.9	-1.1	14.7
Adj. EPS (INR)	32.2	-58.5	0.5
EPS Gr. (%)	-15.1	NM	NM
BV/Sh. (INR)	288.3	227.3	225.4
Ratios			
Net D:E	3.1	4.3	4.4
RoE (%)	11.1	-22.7	0.2
RoCE (%)	6.2	-2.8	2.3
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	40.8	NM	NM
P/BV (x)	4.6	5.8	5.8
EV/EBITDA (x)	18.5	NM	23.9
EV/Sales (x)	0.0	0.2	0.2

CMP: INR1,312

Operating loss at INR1.2b as cinemas remain shut

- PVR's 1QFY21 revenues declined 99.5% YoY to INR43m (INR8.8b in 1QFY20) as cinemas remained closed across India during the whole quarter. Revenue comprises sales from F&B / movie production-distribution, which stood at INR14m/INR29m.
- PVR's fixed expenses stood at INR1.3b during the quarter. They comprise nil charges for rent, and include provisions for CAM/inventory charges of INR280m/INR25m.
- Thus, excluding provisional expenses, actual fixed expenses during the quarter stood at INR973m, amounting to fixed expenses of INR324m/month in 1QFY21. Furthermore, the company expects monthly expenses to drop to INR220–250m/month over 2QFY21, led by cost efficiency measures.
- The company has not paid any rent and CAM charges to mall owners and is in talks with land owners for complete waiver of rent and CAM charges during the lockdown period. Also, PVR is in talks for a reduced rent / revenue-sharing agreement post the opening of the cinemas.
- Pre-Ind-AS 116, EBITDA loss stood at INR1.2b (INR1.5b profit in 1QFY20).
- Other income stood at INR83m, arising from interest income and other non-operating income.
- Net loss stood at INR1.4b.

Other highlights

- Employee expenses remain at INR227m/month in 1QFY21 (-35% YoY) and the company has guided to drop them to ~INR140m/month in 2QFY21.
- The company had INR5.5b in cash & CE and INR1.6b in undrawn credit lines available from banks.
- The company's gross debt stood at INR12.7b.
- All capex has been put on hold, and the management would review capex plans post the reopening of the cinemas.

Quarterly Performance (INR m)

Y/E March	FY20				FY21				FY20	FY21	FY21	Est. Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
Net Sales	**8,804**	**9,732**	**9,157**	**6,451**	**43**	**4,320**	**6,306**	**7,428**	**34,144**	**18,096**	**0**	**NM**
YoY Change (%)	26.4	37.3	8.6	-23.0	-99.5	-55.6	-31.1	15.1	10.7	-47.0	NM	
Total Expenditure	7,217	7,788	7,355	6,023	1,286	4,823	5,788	6,405	28,383	18,302	2,057	193
EBITDA	**1,587**	**1,944**	**1,802**	**428**	**-1,243**	**-503**	**519**	**1,023**	**5,762**	**-205**	**-2,057**	**NM**
YoY Change (%)	15.6	56.8	9.7	-73.4	-178.4	-125.9	-71.2	139.0	-1.7	-103.6	-170.4	
Depreciation	549	598	563	614	603	635	668	699	2,324	2,605	620	
Interest	414	390	392	325	353	405	405	458	1,521	1,621	405	
Other Income	68	62	82	167	83	104	104	125	378	416	104	
PBT before EO expense	**691**	**1,018**	**929**	**-344**	**-2,116**	**-1,440**	**-451**	**-9**	**2,294**	**-4,016**	**-2,979**	**NM**
Extra-Ord expense	1	2	2	1	2	0	0	0	5	2	0	
PBT	**690**	**1,016**	**928**	**-345**	**-2,118**	**-1,440**	**-451**	**-9**	**2,288**	**-4,018**	**-2,979**	**NM**
Tax	104	258	221	44	(707)	(482)	(151)	329	627.4	-1011.2	-998	
Rate (%)	15.1	25.4	23.8	-12.8	33.4	33.5	33.5	-3762.9	27.4	25.2	33.5	
MI & Profit/Loss of Asso. Cos.	0	2	1	1	1	0	0	0	5	1	0	
Reported PAT	**585**	**756**	**706**	**-391**	**-1,412**	**-958**	**-300**	**-338**	**1,656**	**-3,007**	**-1,981**	**NM**
Adj PAT	**586**	**760**	**708**	**-346**	**-1,410**	**-1,435**	**-449**	**-9**	**1,708**	**-3,303**	**-1,981**	**NM**
YoY Change (%)	12.0	130.2	36.7	-174.0	-340.6	-288.8	-163.5	-97.5	-7.1	-293.4	NM	

E: MOFSL Estimates

Headline CPI above 6% for fifth straight month

Believe monetary easing cycle is behind us

- **CPI inflation came in flat at 6.7% YoY in Aug’20, below our expectation and market consensus of 6.9%. Notably, the number for Jul’20 has been revised down to 6.7% from 6.9% earlier. Retail inflation has remained above the Reserve Bank of India (RBI)’s headline inflation target range of 2–6% since Apr’20 (five months now).**
- **Notwithstanding the sequentially lower food inflation (excluding non-alcoholic beverages and prepared meals) at 9% in Aug’20 (from 9.3% a month ago), it remains at a very high level. Within Food, ‘Cereals and Products’, ‘Pulses and Products’, ‘Meat and Fish’, ‘Milk and Products’, and ‘Spices’ exhibited lower inflation in Aug’20; other sub-components such as ‘Fruits’, ‘Vegetables’, and ‘Oils and Fats’ still exhibited higher inflation during the month v/s Jul’20.**
- **Separately, inflation in items of ‘Pan, Tobacco, and Intoxicants’ and ‘Fuel and Light’ came in higher at 11.2% and 3.1%, respectively, in Aug’20 v/s 10.5% and 2.7% in the previous month.**
- **Core inflation (combined inflation in 'Housing, 'Clothing and Footwear', and 'Miscellaneous Items') stood flat at 5.4% YoY in Aug’20 (v/s expectation of 5.5%). Higher core inflation was primarily led by items such as ‘Transport and Communication’ and ‘Personal Care and Effects’ within ‘Miscellaneous’. On the contrary, inflation in ‘Housing’ / ‘Clothing and Footwear’ inched lower to 3.1%/2.8% in Aug’20 from 3.3%/2.9% in Jul’20.**
- **Overall, headline inflation remained at an elevated level of 6.7%. Our expectation of this easing to ~6% by Aug’20 has obviously not been in line with actual numbers, and considering the current trajectory, we do not expect it to retreat to near 4% levels until Mar’21. Additionally, we expect core inflation to remain sticky in the range of 5.4–5.8% YoY during these months. Therefore, we believe the RBI’s monetary easing cycle is mostly behind us now.**

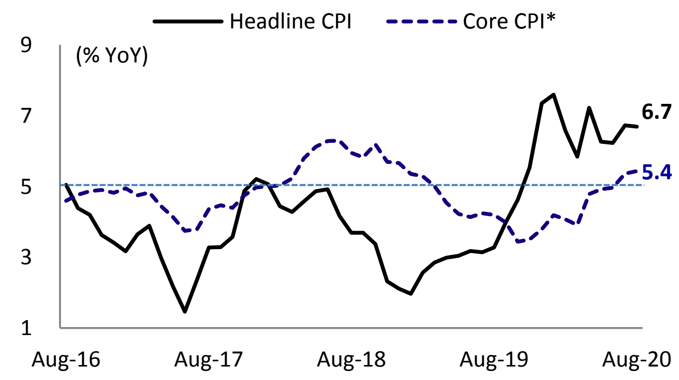
I. Retail inflation lower than expected

- **CPI inflation came in more than 6% for the fifth consecutive month…:** CPI inflation remained flat at 6.7% YoY in Aug’20, below our expectation and market consensus of 6.9%. Notably, the number for Jul’20 has been revised down to 6.7% currently from 6.9% earlier (Exhibit 1). With this, retail inflation has remained above the RBI’s headline inflation target range of 2–6% since Apr’20 (five months).
- **…as food inflation remained elevated…:** Food inflation (excluding non-alcoholic beverages and prepared meals) in Aug’20 came in lower at 9% v/s 9.3% a month ago, but remains elevated (Exhibit 2). Items such as ‘Cereals and Products’, ‘Pulses and Products’, ‘Meat and Fish’, ‘Milk and Products’, and ‘Spices’ came in lower in Aug’20; others such as ‘Fruits’, ‘Vegetables’, and ‘Oils and Fats’ continued to exhibit higher inflation during the month v/s Jul’20 (Exhibit 2). Separately, ‘Non-Alcoholic Beverages’ posted 76-month high inflation of 5.3% YoY, and inflation in ‘Prepared Meals, Snacks, Sweets, etc.’ came in higher at 4% YoY (v/s 3.9% YoY a month ago). Moreover, ‘Pan, Tobacco, and Intoxicants’ and ‘Fuel and Light’, which together constitute ~10% of the CPI basket, came in higher at 11.2% and 3.1%, respectively, in Aug’20 v/s 10.5% and 2.7% in the previous month (Exhibit 3).
- **…and core inflation continued to inch up marginally:** Core inflation (combined inflation in 'Housing, 'Clothing and Footwear', and 'Miscellaneous Items') in Aug’20 stood flat at 5.4% YoY as Jul’20 has been revised down marginally to 5.4% currently from 5.5% earlier. Higher core inflation was largely led by items

such as 'Transport and Communication' and 'Personal Care and Effects' within 'Miscellaneous'. On the contrary, inflation in 'Housing' / 'Clothing and Footwear' inched lower to 3.1%/2.8% in Aug'20 from 3.3%/2.9% in Jul'20 (Exhibit 4).

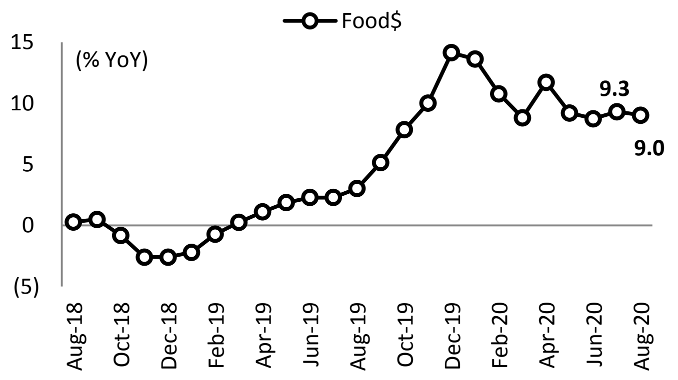
- **Believe monetary easing cycle is behind us:** Overall, headline inflation remained at an elevated level of 6.7%. Our expectation of this easing to ~6% by Aug'20 has obviously not been in line with actual numbers, and considering the current trajectory, we do not expect it to retreat to near 4% levels until Mar'21. Additionally, we expect core inflation to remain sticky in the range of 5.4–5.8% YoY during these months. Therefore, we believe the RBI's monetary easing cycle is mostly behind us now.

CPI inflation came in flat at 6.7% YoY in Aug'20…



* 'Housing', 'Clothing and Footwear' and ' Miscellaneous items'

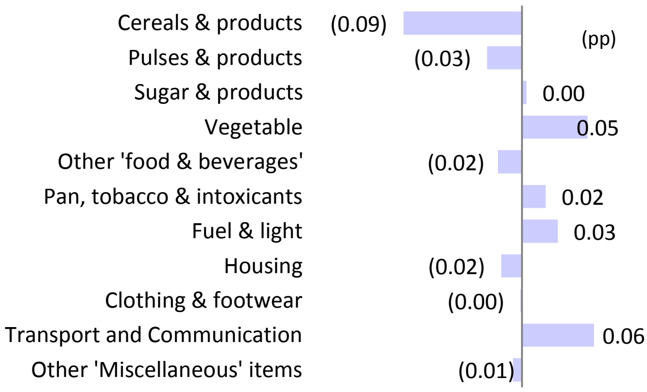
…as food inflation remained elevated



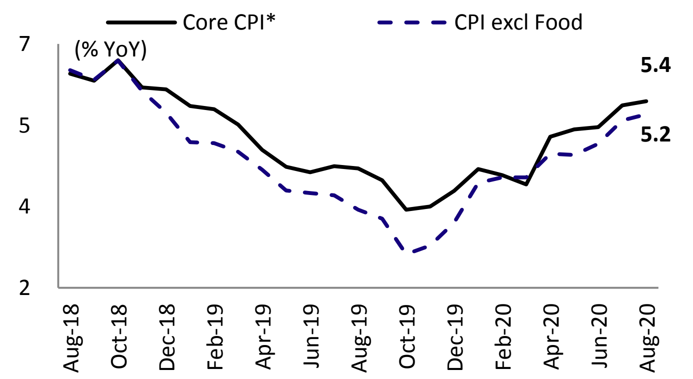
$-Excluding 'non-alcoholic beverages' and 'prepared meals, snacks, sweets etc.'

Source: Central Statistics Office (CSO), MOFSL

Transport and Communication contributed the maximum to core inflation…



…as core inflation remained flat at 5.4% during the month



* 'Housing', 'Clothing and Footwear' and ' Miscellaneous items'

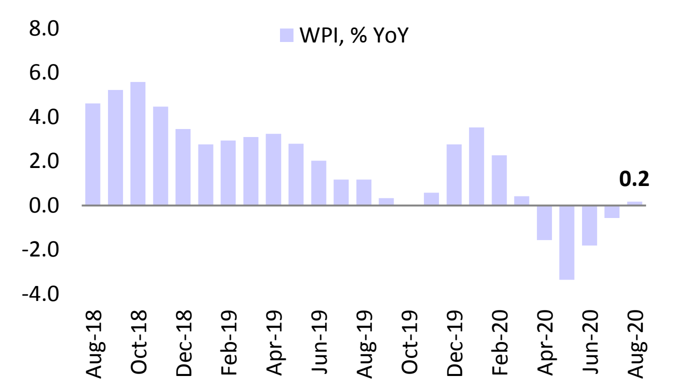
Source: CSO, MOFSL

WPI inflation inches up to 0.2% YoY in Aug'20 after 4 months of deflation…

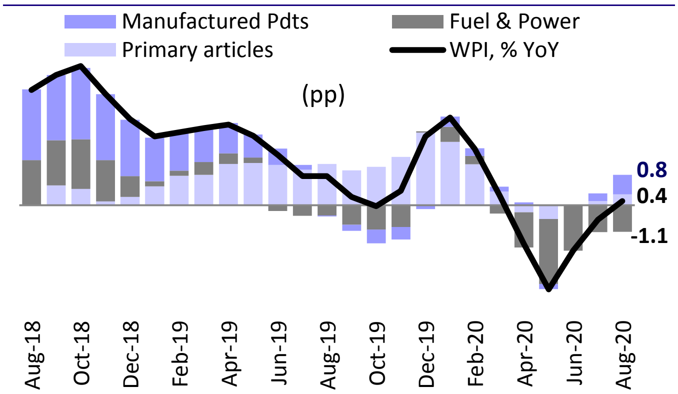
…Contrary to market consensus

- **WPI inflation inched up to 0.2% YoY in Aug'20 (v/s deflation of 0.6% in Jul'20 and inflation of 1.2% in Aug'19). The number is contrary to market consensus of 0.4% YoY deflation in Aug'20.**
- **The reversal in WPI is largely due to a 15-month high inflation of 1.3% YoY in manufactured products (WPI weight: 64.2%) in Aug'20. Additionally, WPI inflation in primary articles (WPI weight: 22.6%) also grew faster at 1.6% YoY in Aug'20 (v/s 0.6% in Jul'20). Fuel and power (WPI weight: 13.2%), however, continued decelerating to 9.7% in Aug'20 (v/s decline of 9.8% in Jul'20). Therefore, WPI (excluding fuel and power) came in at 6-month high of 1.4% YoY in Aug'20 (v/s 0.6% in Jul'20).**
- **Similar to retail (Consumer Price Index- CPI) inflation, wholesale inflation in food products inched down at tad to 4.1% in Aug'20 from 4.3% a month ago, led by both primary and manufactured food articles.**
- **Primary food articles came in lower at 3.8% YoY in Aug'20 (v/s 4.1% in Jul'20). However, as it is still at an elevated level, it contributed the most to higher primary article inflation. Components like non-food articles, crude oil and natural gas still contributed negatively. Within manufactured products, heavyweight items like basic metals, machinery, motor products and electrical equipment, which account for roughly 25% of IIP weight, exhibited higher WPI inflation in Aug'20.**
- **Core (imported) WPI too reversed its trajectory and came in at 0.3% YoY in Aug'20 (v/s a decline of 1.4% a month ago).**
- **Overall, huge divergence between WPI food and CPI food inflation indicates persistent supply side disruptions. The high inflation and continued contraction in economic activity (with no sign of a meaningful pick-up) as indicated in our EAI-GVA/GDP largely indicates that monetary cycle easing is behind us now.**

WPI food inflation contrary to market consensus…

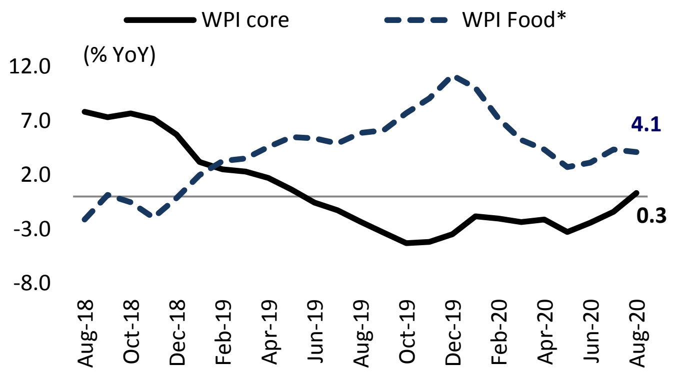


…driven by primary and manufactured items



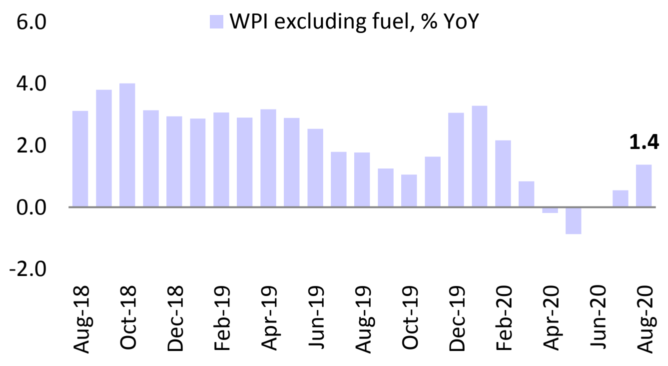
Source: Office of Economic Adviser, MOFSL

While WPI core trajectory has reversed, WPI food inflation has inched down a bit…



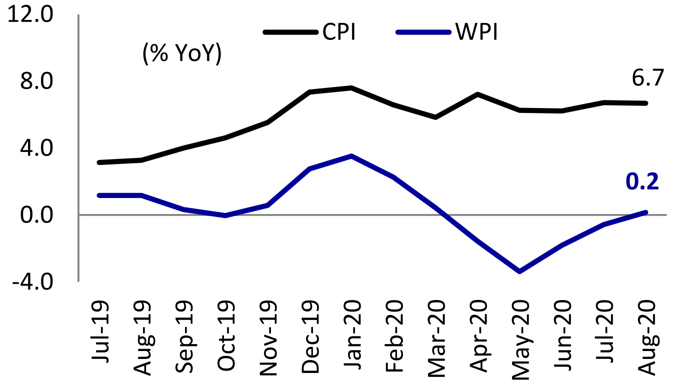
*Primary and manufactured food items

WPI excluding fuel and power came in at 6-month high level of 1.4% YoY in Aug'20

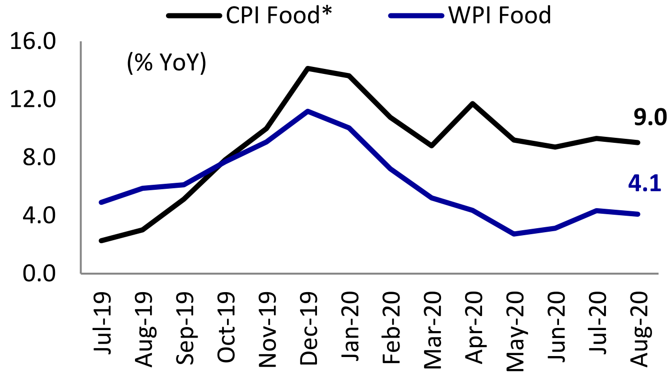


Source: Office of Economic Adviser, MOFSL

While retail inflation came in flat, WPI reversed trajectory to inflation in Aug'20…



Both WPI and CPI inflation inched lower in Aug'20 compared to Jul'20



*Inflation excluding 'non-alcoholic beverages' and 'prepared meals, snacks, sweets, etc.'

Source: Office of Economic Adviser, CSO, MOFSL

Agriculture

Rainfall and sowing update

Kharif crop sowing so far has beaten last year's figures, with the total acreage as of 11th Sept 2020 6% higher than the comparable period last year, led by rainfall surplus of 7% at the pan-India level. Key highlights are as follows:

Rainfall above 7% of normal levels

- Currently, pan-India rainfall is 7% higher at 855.8mm v/s normal rainfall (of 801.3mm) over 1st Jun'20 to 14th Sept'20.
- Western Uttar Pradesh (-33% v/s normal rainfall) has witnessed deficit rainfall to date; however, the remaining areas have witnessed large excess to normal rainfall.
- Normal rainfall was witnessed in Marathawada (+18% v/s normal rainfall), eastern Rajasthan (-2%), eastern Madhya Pradesh (-2%), western Madhya Pradesh (+12%), the Gujarat region (+11%), Punjab (-10%), eastern Uttar Pradesh (-11%), Odisha (+0%), Vidarbha (-12%), Chhattisgarh (+9%), Jharkhand (-14%), Bihar (+14%), and coastal Karnataka (+9%).
- Western Rajasthan (+28%), Madhya Maharashtra (+30%), northern Karnataka (+48%), southern Karnataka (+25%), and Telangana (+38%) witnessed excess rainfall.

All-India sowing up 6% YoY

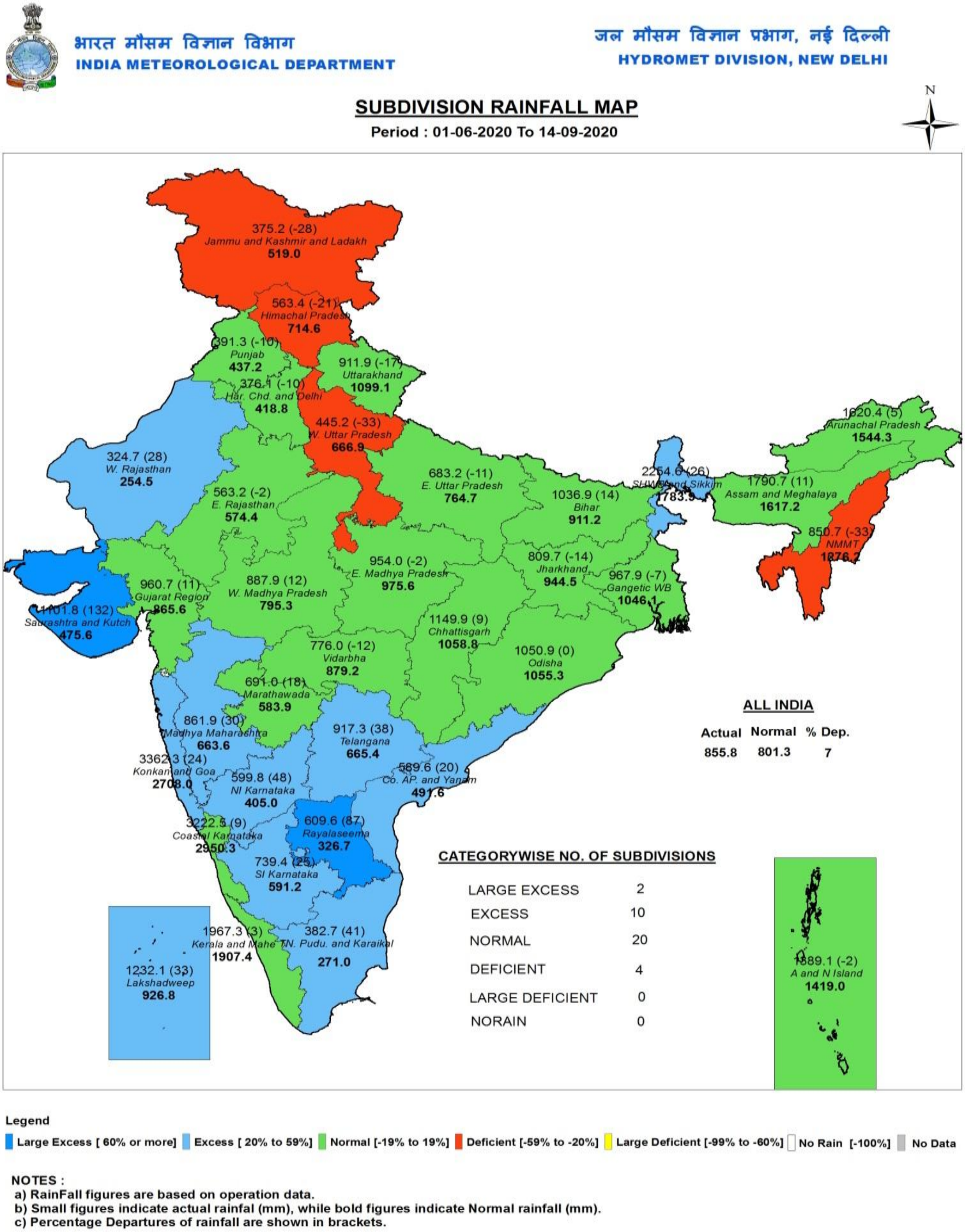
- All-India sowing was up 6% YoY to 110.5 mh as of 11th Sept'20, with the sowing areas of all key crops higher v/s last year.
- YoY growth rates in acreages were as follows: cotton (+2% YoY to 12.9mh), rice (+8% YoY to 40.2mh), coarse cereals (+1% YoY to 18.0mh), pulses (+5% YoY to 13.8mh), oilseed (+11% YoY to 19.6mh), sugarcane (+1% YoY to 5.2mh), soyabean (+7% YoY to 12.1mh), and maize (flat YoY to 8.1mh).

Pan-India sowing up 6% YoY

Sr. No	Crop (m hectare)	Normal Area (DES)	Area Sown		
			2020–21	2019–20	% change YOY
1	**Rice**	39.7	40.2	37.4	8%
2	**Pulses**	12.9	13.8	13.2	5%
a	Arhar	4.4	4.8	4.5	6%
b	Urdbean	3.6	3.8	3.8	1%
c	Moongbean	3.0	3.6	3.1	16%
d	Kulthi	0.2	0.0	0.0	-23%
e	Other pulses	1.6	1.5	1.8	-12%
3	**Coarse cereals**	18.5	18.0	17.7	1%
a	Jowar	2.1	1.7	1.7	0%
b	Bajra	7.3	6.7	6.6	2%
c	Ragi	1.1	1.0	1.0	6%
d	Small millets	0.6	0.5	0.5	-1%
e	Maize	7.5	8.1	8.0	0%
4	**Oilseeds**	17.8	19.6	17.7	11%
a	Groundnut	4.1	5.1	3.9	31%
b	Soyabean	11.0	12.1	11.3	7%
c	Sunflower	0.2	0.1	0.1	20%
d	Sesamum	1.4	1.4	1.3	3%
e	Niger	0.2	0.2	0.2	-4%
f	Castor	0.9	0.7	0.9	-16%
5	**Sugarcane**	4.8	5.2	5.2	1%
6	**Jute & Mesta**	0.8	0.7	0.7	2%
7	**Cotton**	12.1	12.9	12.7	2%
	Total	**106.6**	**110.5**	**104.5**	**6%**

Source: Agricoop, MOFSL

Rainfall at 7% above normal levels



Source: IMD, MOFSL

IRCTC: Bookings have improved compared to Q1; Mahendra Pratap Mall, MD & CEO

- Booking by August end was averaging at 2lakh tickets/day, hope it to stabilize at 3lakh/day
- Fixed expenses of Rs. 300cr, plan to cut down by 20-25%
- Trains from Bengal, Bihar & UP to Delhi, Mumbai, Bengaluru seeing huge demand
- Catering business gradually picking up
- Lucknow (Rs. 20 cr capex) & Khajuraho hotels under construction, in talks with the govt. for few more sites

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Mishra Dhatu Nigam: Expect Q2 to be better YoY; SK Jha, CMD

- New unit for manufacturing bullet proof jackets & vehicles will be at Rohtak
- Expect to execute Rs. 25 cr orders from Hyderabad unit and for Rohtak unit we have visibility of Rs. 100 cr order book
- Margins expected to be similar to FY20, expect revenue growth YoY in FY21
- Will add Rs. 750 cr during FY21. Current OB is Rs. 1,730 cr
- Plan to bring down Debtor days from 150 days to 90 days in FY21

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Garware Technical Fibres: See recovery in the second half of the year; Vayu Garware, CMD

- International dispatches in June to August is equal to previous year
- Largest supplier of Nets for salmon farming globally
- Geo synthetics witnessing good traction
- Expect domestic demand to pick up as marine related activities pick up
- Construction, Safety & Sports Nets segments currently are subdued
- We are Net debt free and have a good cash reserve position

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WHITE HOUSE HOPEFULS WOO THE INDIAN-AMERICAN VOTER

- Hyphenation is in. Indian-Americans could play a bigger role than ever in the US election this year, or so it seems from the efforts both contenders are investing in wooing them. The White House incumbent, President Donald Trump claimed at a rally in Nevada that Indian Prime Minister Narendra Modi called and praised him for his handling of covid-19. “Prime Minister Modi calls me and says, ‘What a job you’ve done with testing’," Trump said, while claiming America had carried out 44 million more covid tests than India. This wasn’t a stray instance of Trump highlighting his Indian links. Recently, his Republican party released an ad showing Modi holding up Trump’s arm at an event held in Houston about a year ago. Whether Modi indeed called Trump or what exactly the two leaders discussed has not been confirmed by India. But, no matter: Trump sure seems to be using his good relations with Modi and ties with India to swing a key voter base in his re-election bid.
- Of course, the Democrats aren’t far behind, with Kamala Harris, an American of part-Indian lineage, as their vice-presidential candidate. Recently, their White House candidate Joe Biden spoke of Americans of Indian origin in glowing terms. Like Trump, he must be aware of the difference a small swing can make in the battleground states that determine the election’s outcome. In some swing states, the number of Indian-origin voters exceeds 2016’s difference in vote count between Trump and Hillary Clinton, his opponent that year.
- India, however, should not entangle itself with an American election. Trump’s consistent call out to Modi supporters in the US is no reason for any reciprocal support from New Delhi whatsoever. It is our best interest to stay resolutely neutral. Who wins the White House is for American citizens to decide.

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BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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