

Outlook



The Nifty ended the week on a stronger trajectory. On the weekly chart, it ended with a higher high-higher low bullish body candle for the second consecutive week, which is highly motivating for the bulls. Hence consolidation in the positive territory is likely to continue in the coming week as well. Further, thorough technical study of the weekly as well as the daily chart patterns suggests; the Nifty broader trading range for the coming week is expected to be 8700-9650.

It kicked started the week on a positive note and retraced back to the 13 EMA placed around 8850 on daily chart followed by sharp recovery towards ending with a Hammer candle on the weekly chart. Inverse head & shoulder pattern breakout, bullish reversal pattern, on daily chart has started working, which means we may see the Nifty making higher highs in coming sessions. Higher resistances are placed around 9350 and 9650 levels.

On daily chart, the Nifty ended 3.05% up at 9266.75. It opened huge gap-up and continued with range-bound oscillation towards finishing off the week on an extremely positive note. 30 EMA placed around 9350 is going to be the immediate hurdle. Breaking out 9350 may unfold next leg of up-move towards 9650 levels. Chart pattern suggests- intraweek retracement towards 8850 may again find aggressive buyers. Hence, buy on dips is strongly recommended.

Nifty patterns on multiple time frames show: the Benchmark Index ended the week with a Hammer candle, which implies bulls are gaining strength. Weekly candle pattern along with position of leading indicators is pointing towards; range-bound oscillation with positive bias in the broader price band of 8700-9650.

Nifty pivotal supports & resistances for the coming week-
Supports- 8850, 8700 Resistances- 9350, 9650

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Domestic:- India Foreign Exchange Reserve for April 17, 2020

Global:- Japan Balance of Trade for March 2020., Euro Area Trade and Current Account Balance for February 2020., The U.S. Existing Home Sales in March 2020., The U.S. MBA Mortgage Applications for April 17, 2020., Euro Area Government Budget to GDP 2019., The U.S. Initial Jobless Claims for April 18, 2020., The U.S. New Home Sales for March 2020., The U.S. Markit Flash PMI for April 2020., Euro Area Markit Flash PMI for April 2020., The U.S. Durable Goods Orders for March 2020., Japan Inflation for March 2020.

Open positional calls-

T+15 Positional Buy-
[Cash Segment] FEDERAL BANK on dips around @ 43-42, TGT- 52, SL- closing below 37.00

T+7 Positional Sell-
[Futures Segment] ITC Fut @ 191-192, TGT- 180, SL- above 198

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Market Turnover (In Crore) 17-04-2020

Name	Last	Previous
NSE Cash	55393.48	49916.27
NSE F&O	742469.22	1955639.67
BSE Cash	2,191.87	2,812.29
BSE F&O	171.21	139.85

FII Derivatives Flow (In Crore) 17-04-2020

Instrument	Purchase	Sale	Net
Index Future	8285.26	8291.82	-6.56
Index Option	130348.80	130173.53	175.27
Stock Future	16176.82	16905.47	-728.65
Stock Option	2960.85	2962.79	-1.94

Institutional Flow (In Crore) 17-04-2020

Institution	Purchase	Sale	Net (Last Day)	Net Wk	Net Month
FII	7494.64	8886.62	-1391.98	-4,196.77	-20,771.23
DII	4145.97	3611.73	534.24	-339.07	11,501.29

NIFTY Top Gainers

Name	%1D	%3D	Day Vol	Avg 5 Day Vol
Hindalco	2.99	23.10	14577305.00	25393070.00
Axis Bank	13.31	22.35	47831855.00	46622750.00
Vedanta	1.69	19.63	30176554.00	45313730.00
Indusind Bank	8.97	18.87	26188773.00	34422580.00
Shree Cement	0.09	17.95	74780.00	108170.20

NIFTY Top Losers

Name	%1D	%3D	Day Vol	Avg 5 Day Vol
HCL	0.98	1.70	4706460.00	6423016.00
Zee Enterprise	3.39	2.10	15287491.00	18109090.00
Wipro	0.45	3.06	6606453.00	9562753.00
HUL	2.10	3.08	4540967.00	10537070.00
Tech Mahindra	1.51	8.78	10839905.00	5434209.00

Bulk and Block Deals

<https://www.nseindia.com/products/content/equities/equities/bulk.htm>
<http://www.bseindia.com/markets/equity/EQReports/BulknBlockDeals.aspx>

Market in Retrospect

Indian equity markets ended the truncated week on a high, registering their second successive weekly advance. This is the first instance in two months where benchmark indices have had back-to-back weekly gains.

Last week, the NIFTY 50 index ended with gains of 1.7% at 9266. The broader markets represented by the NIFTY 500 Index ended 2.32% higher. NIFTY Metal was the top gainer, gaining by 6.51% followed by NIFTY Commodity which gained 5.61%. NIFTY IT was the top loser, losing by 0.62%.

Hindalco was the top gainer, gaining by 23.1%, followed by Axis Bank and Vedanta, which gained by 22.35% & 19.63% respectively. Tech Mahindra was the top loser, losing by 8.78%, followed by HUL and Wipro, which fell by 3.08% & 3.06% respectively.

Market in Detailed (Updated after 4:00 PM)

MSCI Indices	Index	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr	PE Ratio	Est.PE	PB Ratio	Est PB
World	1964.33	0.21	-0.39	10.79	-18.68	-9.10	17.30	18.46	2.10	2.06
ACWI	468.06	0.14	-0.39	10.34	-19.19	-10.34	16.55	17.54	1.95	1.91
Asia Pacific	142.19	-0.80	0.46	8.85	-18.51	-13.23	13.88	13.52	1.23	1.21
EM	884.86	-0.37	-0.37	7.04	-22.84	-19.29	12.49	12.77	1.29	1.26

US European In	Index	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr	PE Ratio	Est.PE	PB Ratio	Est PB
Dow Jones	23537.68	0.14	0.44	10.83	-19.80	-11.01	16.62	20.03	3.46	3.41
NASDAQ	8532.362	1.66	5.46	16.33	-9.12	6.71	55.55	28.69	4.25	4.30
S&P500	2799.55	0.58	1.80	10.69	-15.92	-3.48	18.44	20.71	3.06	2.96
CBOE VIX	38.01	-5.24	-8.78	-49.93	214.13	201.67	NA	NA	NA	NA
FTSE100	5819.99	3.40	2.51	9.92	-24.17	-22.10	16.70	14.72	1.44	1.37
CAC40	4523.98	4.00	1.83	13.33	-25.85	-18.68	16.47	16.87	1.32	1.29
DAX	10735.64	4.21	3.90	20.10	-20.63	-11.66	18.60	15.94	1.29	1.28

Asian Indices	Index	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr	PE Ratio	Est.PE	PB Ratio	Est PB
Nikkei225	19897.26	3.15	2.05	16.96	-17.24	-10.69	17.59	15.99	1.48	1.41
Hang Seng	24380	1.56	1.71	4.80	-16.09	-19.07	9.90	10.58	1.04	0.98
STI	2614.6	0.09	1.68	6.52	-20.31	-21.92	10.13	12.03	0.89	0.87
Taiwan	10597.04	2.14	4.33	12.26	-12.35	-3.64	17.04	15.80	1.56	1.67
KOSPI	1914.53	3.09	4.27	14.48	-14.93	-14.75	18.29	12.38	0.75	0.79

BRIC Indices	Index	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr	PE Ratio	Est.PE	PB Ratio	Est PB
IBOVESPA	77811.9	-1.29	-1.03	4.28	-34.32	-16.59	14.48	12.81	1.59	1.30
Russian	1082.03	1.42	-5.26	15.77	-33.93	-14.50	4.99	7.76	0.72	0.72
SHANGHAI Com	2838.494	0.66	1.50	2.12	-7.71	-13.01	13.38	10.96	1.39	1.20
SENSEX	31588.72	3.22	5.67	3.30	-24.69	-19.57	19.33	15.73	2.47	2.14
NIFTY	9266.75	3.05	5.92	3.34	-24.98	-21.38	17.94	15.01	2.28	1.98
NSE VIX	42.5925	-7.60	-18.47	-32.31	201.49	96.35	-	-	-	-

Among Asian indices Hang Seng gained 1.71%, Nikkei gained 2.05% . STI gained 1.68%, KOSPI gained 4.27% and Taiwan gained 4.33%.

Indian Index Sensex & Nifty gained 5.67% & 5.92% respectively. NSE VIX fell 18.47%.

Among BRIC indices Brazil fell 1.03%, Russia fell 5.26% . Shanghai gained 1.5%.

Among MSCI indices, Asia Pacific Index grew 0.46%, World Index corrected 0.39% in this week.

NASDAQ jumped 5.46% whereas Dow Jones gained 0.44%, CBOE VIX fell 8.78%. FTSE gained 2.51%, CAC40 gained 1.83%, DAX gained 3.9% in this week.

Money Mkt	Price	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
ICE LIBOR USD	1.13488	-3.51	-13.46	34.60	-38.19	-56.15
MIBOR	-0.224	10.40	-1.82	45.37	43.00	27.74
INCALL	3.75	-6.25	-18.48	-26.47	-21.88	-39.02

Agro Cmdty	Price	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
Coffee	118.9	-0.67	-0.71	14.33	1.84	13.51
Cotton	53.65	1.19	-1.38	-8.05	-26.57	-29.69
Sugar	10.42	0.87	-0.67	-4.05	-27.44	-25.57
Wheat	528	-0.47	-5.29	5.60	-7.45	4.50
Soybean	848.75	0.35	-2.55	2.14	-11.17	-10.30

Forex	Rate	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
USD Index	100.122	0.10	0.61	0.55	2.58	3.21
EUR	1.0832	-0.07	-0.96	-1.50	-2.34	-4.11
GBP	0.8033	0.06	0.02	-3.16	4.51	4.80
BRL	5.2342	0.07	-2.41	-4.47	-20.07	-25.40
JPY	107.8	0.11	0.62	-0.09	2.17	3.95
INR	76.3825	0.54	-0.15	-2.84	-6.94	-8.87
CNY	7.074	0.10	-0.54	-0.97	-3.03	-5.46
KRW	1217.95	0.88	-0.75	2.11	-4.80	-6.82

Among Currencies, Dollar Index gained by 0.61%. EUR fell 0.96%. GBP was almost flat. INR appreciated mere 0.15% at 76.38, JPY gained 0.62%.

Energy	Price	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
NYMEX Crude	18.75	-5.64	-17.62	-30.43	-67.97	-70.59
Natural Gas	1.694	0.47	-2.25	-4.24	-18.01	-33.65

Precious Metals	Price	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
Gold(\$/Oz)	1688.06	-1.73	-0.51	10.45	8.40	32.50
Silver(\$/Oz)	15.1846	-2.01	-2.44	20.37	-15.83	1.29

LME	Price	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
Copper	5140	0.56	1.98	-2.84	-18.12	-20.86
Aluminium	1512.5	0.33	2.37	-9.70	-16.53	-18.49
Zinc	1938	0.36	0.73	-0.21	-19.98	-31.03
Lead	1694	-0.41	-2.45	-1.91	-15.38	-11.77
Nickel	11764	-0.08	2.55	-1.43	-14.60	-9.18

Polymer Mkt	Index	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
HDPE	760	-2.56	-9.52	-7.32	-30.28
LDPE	840	-3.45	-6.67	-8.70	-24.32
Injection Grade	810	-2.41	-12.90	-17.35	-28.95
General purpose	840	-1.18	-12.04	-16.00	-27.59
Polystyrene HIPS	1080	0.93	-8.47	-10.74	-20.00
Polystyrene GPPS	1010	1.00	-11.40	-13.68	-21.09

Shipping Ind	Index	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
Baltic Dry	726	2.83	21.81	18.63	-3.71	-5.35
BWIRON	98.67	1.63	-2.14	6.27	-30.81	-39.26
SG Dubai HY	3.08	57.95	63.83	238.74	390.57	-6.10

Bond Yld 10Y	Yield	%Ch1D	%Ch5D	%Ch1M	%Ch3M	%Ch1Yr
US	0.638	1.90	-11.19	-40.78	-64.94	-75.38
UK	0.297	-1.66	-2.94	-46.39	-53.01	-75.97
Brazil	4.222	0.72	0.60	-4.35	18.07	-21.16
Japan	0.027	58.82	50.00	50.00	800.00	550.00
Aus	0.858	1.30	-5.61	-17.02	-27.10	-56.14
India	6.347	-1.44	-2.20	1.33	-4.21	-14.11

Gold corrected 0.51% & Silver fell 2.44% in this week. Among Base Metals Copper gained 1.98% , Aluminium gained 2.37%. Nickel gained 2.55%. Zinc gained by 0.73% . Among energy, crude fell 17.62%, NG fell 2.25% in this week.

RBI's new relief measures for Banks, NBFCs and State Governments

The Reserve Bank of India (RBI) announced a host of further measures to support the economy and the financial system. The measures range from relief for banks in classifying bad loans to liquidity support for non-bank lenders and increased emergency funding for state governments.

The measures announced include:

LIQUIDITY:

- In order to encourage banks to deploy surplus funds, the reverse repo rate has been cut by 25 basis points to 3.75% from 4%.
- The 'ways and means advances' limit for states has been increased by 60% to about Rs 67,028 crore. This increased limit will be available till Sept 30, 2020. This will prevent a rush of market borrowings from states.
- A second round of targeted long-term repo operations of Rs 50,000 crore will be conducted to "begin with" to ensure that microfinance lenders and NBFCs are well lubricated.
- All-India financial institutions, such as Nabard, Sidbi and NHB, will be provided a special refinance facility of Rs 50,000 crore at the repo rate. This can then be further used for refinancing by non-bank lenders.

BANKING SECTOR:

- The moratorium period of 3 months will be excluded from the 90-day period for non-performing asset classification. This will mean that starting March 1, an account can remain in default for 180 days before it is classified as a non performing asset.
- Banks will be required to make additional provisions of 10 percent for the accounts under standstill to ensure an adequate buffer is available with lender if bad loans surge at the end of that 180-day period.
- The RBI has also provided for an extension of resolution timeline by 90 days over and above the 210 days provided so far. As a result, banks will now have 300 days to finalise a resolution plan for a stressed account.
- In the case of loans given by NBFCs to commercial real estate, the 'Date of Commencement of Commercial Operations' can be extended by one year without attracting a downgrade in asset classification. This relief was already available to banks and is being extended to NBFCs and HFCs now.
- To preserve capital, the RBI has said that scheduled commercial banks cannot announce any dividend payouts from profits of the financial year ending March 2020. This will be reviewed after Sept 30, 2020.
- The liquidity coverage ratio has also been brought down from 100% to 80% with immediate effect. This provides banks some liquidity relief as they need to hold a lower proportion of 'highly liquid assets'. The RBI hopes this measure will free up space for bank lending.

Impact of COVID-19 on business Concall Highlights

Nilkamal Ltd.

- In 9mFY20 company reported volume de-growth of around 10% (YoY) in the plastic business. As Q4 is an important quarter expect significant impact on business in Q4FY20.
- Company has fixed cost of around Rs 35-40cr/month of which salary cost is Rs 25cr (which includes both fixed and contractual) and rest is on account of rent, electricity etc.
- Company has paid full salary to all the employees for March 2020 and will take a decision on April depending on the situation going forward. There has not be any layoff and salary cut announcement made by the company till now
- All the plants of the company is under shutdown but there is some order enquiry from companies operating under essential services like diaries, vegetable etc
- Company has overall net debt of around Rs 40cr and un-utilised banking limits of around Rs 100cr plus which will help to take care of the expenditure for the next 2-3 months in case of extension of the lockdown
- Once the lockdown is lifted management expects market share gain in both B2B and B2C segments including mattress from the un-organised players but expect softness in demand on account of reduced capex spends by most of the sectors like automobiles, general industries etc
- Management does not expect significant inventory gain/loss in the business. Raw material prices has decline by around 5%-7% (MoM) and plans to pass on the benefit of lower raw materials prices. Expect lead time to increase in sourcing of raw material post lockdown is lifted due to logistical issues.
- Expect some pressure in working capital going forward due to payment delays in the B2B business segment. Company plan to focus only on cash sales in the medium term once lockdown is lifted
- As of now there is no plans to increase credit period to the distribution channel in general but may evaluate on case to case basis
- Company has retail business where it operates 24 (of which 6 store under franchise model) “At Homes” stores. Company is on dialogue with the landlords/mall owners for force majeure clause. Around half of the stock is purchased on outright basis and rest is on sale or return model.
- Company has decided to put all the new capex plans on hold for FY21 till there is clarity of demand in the business for both (B2B & B2C)
- Outlook on both B2B and B2C business looks challenging for FY21 and expect gradual recovery only in FY22.

Greenply Industries Ltd

- Company has a fixed cost of around Rs 12-13cr per month (includes salaries, rent etc) and has un-utilized banking limits for around Rs 50cr, so company can easily manage cash flows for the next 4-5 months
- Company outsources around 40%-45% of the sales volumes and follows an asset light business model, therefore has lower fixed cost
- Demand for plywood industry was already subdued in 9mFY20 with sales volumes of the company at 43.07 million sqm (up 3.7% YoY)
- Covid-19 is further expected to impact plywood demand in the medium term. Management expect gradual recovery starting H2FY21
- Q4 is generally a strong quarter for the industry and the company. However, due to loss of production and sales in second half of March 2020, performance for 4QFY20 and 1QFY21 is expected to get impacted
- Management believes that the organized players are relatively better placed to face the challenges from the lockdown, expect market share gain opportunity from un-organised players especially in the medium and low end which is 85% (approx.) dominated by un-organised players
- Company does not have any major capex in FY21e (only maintenance capex in FY21, however working capital could see some increase in the near term due to payment delays)
- Company's consolidated net debt of Rs 227cr (D/E-0.6x) at the end 3QFY20. Only long term debt repayment of Rs 3cr is due in June 2020
- Company has adequate raw material and finished goods inventory (including dealer inventory) which will ensure smooth supply chain post lifting of lockdown. Expect benefit from lower chemical prices going forward
- As of now, the management do not foresee any labor availability issue post lifting of lockdown as most of the labour working in the factory are from nearby villages
- Company's Gabon unit producing face veneer is operational with lower utilization of around 30%-35%. Company uses a part of production for captive consumption in India and balance is exported to other consumers of face veneer in India, South East Asia, China, Middle East and Europe
- Company's medium to long term strategy is to gain market share in the mid/mass plywood segment, work on an asset light model through outsourcing and improve ROCE of the business

Shree Cement Ltd.

- Expect cement demand to be lower by 15%-20% (YoY) in FY21e, but estimates can change as current situation is very dynamic
- Expect 25%-30% of industry volumes may have got impacted for March 2020, as cement demand started getting impacted starting March 20th. There is no clarity on cement demand for April 2020 expect demand to be down by 70%-80% (YoY)
- Expect labour availability issue post lockdown get lifted at some of the construction sites
- Govt has allowed re-start of some of the cement plants but cement manufacturing being a continuous process demand has to match supply for ramp up of the cement plants
- Expect cost of production of cement to go up on lower capacity utilisation
- There is not much issue in terms of collection of payments from cement dealers
- Any view on cement prices can only be known once lockdown is lifted and there is some revival in cement demand

Sharda Cropchem Ltd.

- Expect sales growth of 10%-12% in FY21e vs earlier guidance of 15%-20%
- Expect demand to be normalise over next 2-3 months, sowing activities are normal in both US and Europe
- Raw material supplies from China has started improving over last one month. On the logistic side availability of ships, trucks and manpower for unloading at the ports is an issue
- There are no customer payments related issues from US and Europe but expect some payment delays from customers in Latin America
- As factories in China has reached production normalcy raw material prices has come back to their normal levels, expect raw-material prices to stay benign going forward
- Number of players getting registration has increased over a period of time which has led to pressure on margins. Certain products which were having good margins five years back are now commodity product
- Company has spent capex on registration of around FY18- Rs 230cr, FY19- Rs 175cr and FY20e-Rs 200cr (approx.)
- Company sources around 95% of its materials from China

Shalby Ltd.

- Shalby hospitals is a leading player in hip and knee replacement treatment
- All the hospitals are operational but with around 20%-25% capacity utilization compared to pre COVID-19 levels
- Company has major presence in states of Gujarat, Rajasthan, MP and Punjab where number of COVID cases are lower compared to other states like Maharashtra etc
- Results of Q4FY20 is largely expected to remain un-effected till March 20th, but post that OPD volumes came down substantiall
- Company has a waiting list of around 130+ patients for different surgeries
- Fixed costs which mainly includes employee cost, doctors fees, contractual labour, security guard is around 40% of sales. Doctor fees forms around 22%-24% of this cost
- Medical tourism accounts for around 2% of sales. For medical tourism peak period is mainly from September to March
- Company operates Shalby Home Care services by which it provides doctor consultation, pathological testing, pharmacy, medicine equipment's on rent at the door steps of the patients
- Company has rolled out online doctor consultation for both domestic as well as international patient
- Company is debt free and has cash and equivalent of Rs 80cr at Q3FY20 end
- Company earns interest income from banks, rental income etc of around Rs 4-5cr/p.a
- Expect business activity to pick up and normalcy in around 2-3 weeks post lockdown gets lifted
- Company has not applied for performing COVID-19 test, as patients admitted in the hospitals are mainly for treated for arthroplasty & orthopaedic who has higher chances of getting infected due to COVID
- Breakeven occupancy for the company is around 27%-28% compared to around 50%-60% occupancy for other hospitals. Doctors and operational cost is lower for the company compared to other hospitals. Most of the doctors are paid as per the services provided by them.
- Some of the functions which are currently operations are angioplasty, cancer treatment, dialysis, heart stroke, neuro, and some emergency treatments
- Company has placed orders to imports COVID-19 test kits from Abbott USA and expect to receive delivery by next week. These kits will be mainly used to maintain internal SOP's and for testing those patients who will get admitted for elective surgeries
- Company has revenue sharing arrangement of around 2%-4% with the landlords and does not have any fixed rental commitments with the landlords

Engineers India Ltd.

- Management expect order inflows of around Rs 1600-Rs 2000cr in FY21e and sounded confident of maintaining consultancy margins between 20%-25%
- Management expects to receive an order from Gail in H1FY21 worth around Rs300-400cr but expect uncertainty on timeline of HMEL petchem order of Rs1000cr in FY21
- Prospective orders from BPCL will depend on divestment of the company
- Clients are going ahead with advanced stage projects where budget has already been approved. Company expect Numaligarh Refinery, Chennai Petroleum refinery, IOC's Panipat refinery and BPCL's Mumbai refinery to progress as per schedule
- Fixed cost of the company is around Rs 1100-Rs 1200cr annually out of which employee cost is Rs 800-Rs 850cr and rest is other fixed cost
- Company has zero debt with surplus cash and equivalent of Rs 2500cr, management does expect any issue in managing cash flows and working capital
- Consultancy order book of Rs 4600cr is executable in over next 3-4 years and turnkey order book of Rs 5500cr is executable over next 4-5 years
- Clients are seeking approvals from respective authorities post which work will start in a limited matter
- The JV company has submitted its plans to the state authorities and expect work to start from April 20th, 2020
- Some work is on-going at the Nigeria refinery which is the biggest refinery in the world
- Company has implemented a portal where vendors has been advised to upload their invoices, payments are released as per the receipt of invoices on the online portal
- Company has received small orders during lockdown as e-tendering activity are continuing by the clients
- Management expects long term capex programmes of the companies should not get impacted due to current decline in crude prices as NPV & IRR of a new refinery project is worked out with a projection for next 20 years keeping in mind the need for petroleum products.

Lux Industries Ltd.

- Company has a very low fixed cost as the most of the labour intensive manufacturing process like stitching is outsourced
- Company has un-utilised banking limits of more than Rs 200cr, so managing cash flow will not be an issue during a situation of an extended lockdown
- In FY19 exports contributed around 11% of standalone sales which might get impacted in FY21 due to COVID-19 related issue in major export markets of the company
- Management plans to reduce advertisement expenditure from current around 8% of sales to around 6% of sales in FY21e to protect margins
- Management expects both pent up demand and down trading to happen post lockdown is lifted as innerwear's is a low ticket items where ASP is around Rs 50-Rs 60/piece where postponement of purchasing decision is not expected beyond few months
- Channel inventory is not at the peak as most of the sales to the distributors happens in March end as distribution channel buy's stocks to avail summer schemes
- Company does not expects raw material sourcing issues from majority of the suppliers. Company has long association with most of the raw material suppliers
- Any increase/decrease in raw material prices is passed on to the consumers both by the company as well as by other players in the industry
- Winter garment demand might get spiked up for the industry as channel inventory is very low because of extended winter in the last season also due lockdown the manufacturing might get affected for the industry as the peak manufacturing happens in March to May and supplies to the distributor's starts from August.
- At end of Q3FY20 company had a debt of Rs 93cr vs Rs 242cr (YoY) which is mainly into working capital and packing credit for exports. In 9mFY20 operating cash flow from operation is Rs 109cr
- Company has received NOC from SEBI for the merger of the group companies and is currently in the process of obtaining approvals from NCLT post which company will start reporting consolidated results on a quarterly basis

Grasim Industries Ltd.

- At the end of Q3FY20 company had treasury of around Rs 2000cr, and expect to maintain similar level at FY20 end. At the end of Q3FY20 gross debt was Rs 4856cr and net debt Rs 2585cr
- Company has taken a decision to hold back its capex plans for FY21 and will decide future course depending on the demand environment post lockdown gets lifted. Situation is dynamic and will re-value as the situation demands
- Company has spent a capex of Rs 2000cr in 9mFY20 and estimated capex for FY20e was Rs 3200cr. Capex budget for FY21e was Rs 3800cr
- Company is continuously monitoring all the costs and will evaluate ways to optimize cost if required depending on the duration of the lockdown
- Company is currently operating only one of the four viscose staple fibre plants and two of the 13 chemical plants at 30-40% capacity utilization. Company's products falls under priority item and also is a continuous process plant. Management expect to start operations at all the plants by end of April 2020
- Most of the workers are staying at the factory premises, company has also made a plan to run the factory with a flexible team to follow social distancing norms
- Company does not have much issue on the working capital as it majorly sells on cash or on letter or credit
- Company sells 80%-85% of the yarn and 95% of chemicals in the domestic market
- Company imports pulp which is the significant raw material cost for VSF
- Company has adequate stock of raw materials
- Some of the biggest textile products producing countries like Turkey, Bangladesh, Pakistan, Indonesia etc and major consuming countries like US and Europe are also facing challenges due to COVID-19 issue
- Management does not expect any funding from Grasim to other group companies like Ultratech Cement, Aditya Birla Capital has already raised funds from Advent International, Aditya Birla Renewables Ltd
- Chinese VSF plants never stopped production even at the peak of COVID-19 outbreak in their country as it is a continuous process plant, but as demand in China has not picked up till now, yarn capacities are running at low utilisations of around 40%. Chinese companies are finding it difficult to sustain their operations
- Some Chinese plant has closed their operation now after running the plant for 4-5 months due to inventory buildup. Demand will depend upon how demand picks up from US & Europe. There are around 23 players in China with different cost structur
- Currently there is no plans for stock buy-back as management plans to conserve cash for the business-
- Long distance logistics for transportation of products seems to be challenge but things are improving gradually

Westlife Development Ltd.

- SSG growth rate for 2 months of January and February 2020 at 12.3% (YoY) & sales growth of 20.3% (YoY)
- SSG growth rate for 11 months of FY20 at 8.3% (YoY) and sales growth of 15.1% (YoY)
- SSG growth rate for Q4FY20 at -6.9% (YoY) & sales growth of -1.5% (YoY)
- SSG growth rate for FY20 at 4.01% (YoY) & sales growth of 10.3% (YoY)
- Opened 24 new restaurants in FY20 & additionally 5 new restaurants were ready, but not operationalised due to mandatory lockdown
- Company has strong cash reserve with investments of Rs 156cr in various Mutual Funds and other instruments that can be converted into cash at a short notice. Additionally company has more than Rs 225 crs of free debt lines available
- Company had no interruptions in supply for any food, packaging, toys or equipment even during this challenging time
- Company is reviewing all investments and reducing expenditures, wherever possible like long-term rental agreements, variable rent as a percentage of sales deal etc
- Company has decided to reduce the store expansion guidance for FY21
- Company expects cost impacts such as write offs, wastage, G&A etc to be included in Q4FY20

Q4FY20 conference call

Wipro Ltd

- First 2 months of the last quarter was normal. Pressure was felt mid March onwards when Covid-19 situation engulfed US and Europe.
- Around 160000 billable employees of Wipro are now working from home from mid March. They have been empowered with all the necessary facilities like laptops, VPI, etc.
- The demand environment is challenging particularly for verticals like oil and gas, retail, travel and hospitality, auto and manufacturing in general. Add to that, pricing pressures are also being felt across verticals.
- On account of inability in predicting the demand environment and the connected pricing pressures, Wipro has discounted giving guidance for the coming quarter.
- Cost rationalisation exercises are being considered by Wipro. The costs include salary and subcontracting costs.
- The imminent challenge is to maintain a balance between revenue growth and margin pressure.
- Communication, Media, BFSI, Healthcare and Lifesciences are showing somewhat resilience compared to Oil and Gas and other sectors mentioned in point 3.
- Wipro is incorporating its learnings from previous crises like GFC to tackle the current crisis and believes that its strength of offerings, client relationships and quality of balance sheet will help it to tide over the current crisis.
- Wipro is also focusing on re-skilling of its bench.
- It's hard to predict whether any of Wipro's clients in the vulnerable verticals would face a bankruptcy crisis.
- In the current situation, Wipro has also helped some of its clients in enabling their employees to work from home.
- The current CEO, Abid Neemuchwala's resignation (he had made the decision on January 31st) would not affect Wipro negatively. A new CEO will be in charge anytime during this quarter.

Result Update

Wipro Ltd.

Wipro posted a 6.3 per cent year-on-year (YoY) decline in its net profit at INR2,326.1 crore for the quarter ended March 31, 2020. On a sequential basis, the numbers slipped 5.28 per cent. Revenue from operations stood at INR15,711 crore, up 4.48 per cent against INR15,006.3 in the corresponding quarter of the previous fiscal. IT Services Segment Revenue was at USD2,073.7 million, a decrease of 1 per cent QoQ while IT Services Operating Margin for the quarter was at 17.6 per cent, a decrease of 0.8 per cent QoQ. Earnings per share (EPS) for the quarter was INR4.09 per share, a decrease of 1.1 per cent YoY. The Board has not recommended any final dividend.

TCS Ltd

Tata Consultancy Services reported net profit INR8093 crore in the fourth quarter ending in March down from 0.8% sequentially from INR8118 crore in Q3. The management noted that impact due to COvid-19 lockdowns were limited to last two weeks of March. Revenue at INR39,946 crore up 5.1% YoY largely hit by supply side challenges. For the year ended March 2020 the company reported annual revenue of INR156,949 Crore up 7.2% YoY and 7.1% in constant currency. Net margin was reported at 20.6%. Operating margin for the full year stood at 24.6%. Operating margin for the Q4 stood at 25.1% mitigated by currency support noted the management, and net margin reported was 20.2%.

HDFC Bank Ltd.

HDFC Bank has reported a 17.72 percent year-on-year growth in profit at INR6,927.69 crore for the quarter ended March 2020. Profitability was supported by higher other income, operating income, NII and lower tax cost, but the sharply higher provisions limited growth. Net interest income, the difference between interest earned and interest expended, grew by 16.15 percent YoY to INR15,204.06 crore for the quarter driven by strong loan and deposits growth, Net interest margin for the quarter stood at 4.3 percent. The bank immediately after the end of March quarter had advances aggregated to approximately INR9,93,000 crore as of March 2020, a growth of 21.2 percent as compared to INR8,19,400 crore as of March 2019. Asset quality improved with gross non-performing assets falling 16bp sequentially to 1.26 percent and net NPA declining 12bp to 0.36 percent by the end of March quarter 2020. In the absolute terms, gross NPAs were lower by 5.8 percent at INR12,649.97 crore and net NPAs down by 20.72 percent to INR3,542.36 crore compared to December quarter. Provisions and contingencies for the quarter stood at INR3,784.49 crore, increasing sharply by 24.34 percent compared to previous quarter and doubled over a same quarter last year.

Domestic News

Wholesale Price Inflation Falls To 1% In March

- Inflation as measured by the Wholesale Price Index fell to 1 percent in March from 2.26 percent in the preceding month. That's the lowest since November 2019.
- Primary articles inflation stood at 3.72 percent against 6.71 percent in February.
- Prices of food articles rose 4.91 percent in March against an increase of 7.79 percent in the previous month
- The index of non-food articles rose by 1.94 percent against a rise of 6.82 percent in February.
- Fuel and power index contracted 1.76 percent against a rise of 3.38 percent in February.
- Manufactured products inflation stood at 0.34 compared with 0.42 percent in February.
- Wholesale prices may continue to ease as the nationwide lockdown through the month of April brings the demand and supply of non-essential items to a near stop.
- The ministry, in the media statement, said due to the coronavirus outbreak and the lockdown, the figures are computed with a low response rate. The figures are likely to be revised in a significant manner.

Govt using telemedicine to reduce doctors' exposure

The government is increasingly using telemedicine to curtail contact between doctors on Covid-19 duty and patients to cut exposure. For Covid-19 positive patients who are otherwise healthy, we have given a WhatsApp number at AIIMS Jhajjar on which they are being advised. Patients' vitals and ECG, X-ray and the ventilator setting are transmitted to the doctor who then advises the workers present at the facility on how to manage the patient without going to the ICU. There isn't enough data to prove that the entire country is in Stage 3 of Covid-19 transmission. General public need to be careful as this has side-effects such as irregular heartbeat, stomach gastroenteritis, toxic liver disease and/or allergic reactions. A large number of patients, frontline workers and close contacts are being given HCQ based on expert group and ICMR guidelines that it may be useful for the three categories of people as there is no other treatment available. But it's no panacea for Covid-19. Data from France, China and some other labs is very thin to conclusively prove the efficacy of HCQ. Some cases HCQ in combination with Arithomycin or even steroids are being given for serious patients. In some centres, a cocktail of drugs is being given based on limited literature coming out of China and other countries.

Tata Power supplies 1.2 lakh face masks under 'Dhaaga' initiative

Tata Power said it has provided over 1.2 lakh homemade cloth masks, through its 'Dhaaga' initiative, to the vulnerable section of local and migrant population across Maharashtra, Jharkhand and Odisha. 'Dhaaga' is a woman-based micro-enterprise initiative in which women members are trained as artisans in readymade garments manufacturing and traditional handicrafts. Dhaaga women members from Pune's Mulshi and Maval region, Trombay, Jamshedpur and Kalinganagar extended their support to the communities in need around their vicinity by distributing facemasks to the community members and migrant workforce in the area. They have supplied more than 1.2 lakh masks so far in these states. Subsequently, Amazon also approached these enterprising women to supply cloth masks.

Coronavirus Updates: COVID-19 cases in India rise over 9,000. State-wise numbers here

As the 21-day nationwide lockdown comes near to an end and there are indications that it could be extended further, the total number of coronavirus cases in India rose to 9406, after 796 new infections were reported in past 24 hours, showed the latest data from Health Ministry. The death toll in India from COVID-19 has risen to 335 while 1109 patients have been cured of the virus or discharged. The Indian Council of Medical Research (ICMR) said that it has conducted a total of 1,95,748 tests for coronavirus. Over last five days, an average of 15,747 samples were tested per day and the average number of samples which tested positive is 584.

ONGC gas output drops 15 per cent as shut factories refuse to take supplies

State-owned ONGC has been forced to cut natural gas production by over 15 per cent as factories shut down following the unprecedented nationwide lockdown have refused to take supplies. Oil and Natural Gas Corp (ONGC), which produced 64.3 million standard cubic meters of gas per day (mmscmd) prior to the lockdown imposed on March 25, has reduced the flow to 53.4 mmscmd. Gas sales are down to 40 mmscmd against 50 mmscmd previously. The difference between production and sales is due to the fact that some of the gas is also used by ONGC for internal consumption purposes such as power generation and re-injection into wells. The company received requests from customers for a reduction in gas supplies while some supply reduction requests have been lodged with the gas transporter GAIL. The customers refusing gas supplies are mostly small companies whose business has been completely shut because of the lockdown, and city gas distributors who have seen volumes vanish after CNG vehicles went off the road. GAIL had seen volumes drop to 76 mmscmd from about 115-120 mmscmd prior to the lockdown. There is about 30 per cent hit in the gas that is being transported through GAIL pipelines.

JSPL bags INR50 cr order to supply 12,000 tonnes of rail blooms to France

JSPL on Wednesday said it has bagged an order worth INR50 crore to supply 12,000 tonnes of rail blooms to France. In a regulatory filing the company said JSPL has bagged a contract to supply the special grade rail blooms to France rail hayange, France. With this, JSPL has come to be acknowledged as one of the regular suppliers to France Railways. Similarly, Britain and Australia have expressed interest and they are expected to place orders as well, the 12,000-tonnes special grade rail blooms export order to France is valued at around INR50 crore. JSPL has got a certification from Research Designs & Standards Organisation (RDSO), and started the production of 1,080 head hardened heat-treated grade rails. Rail Vikas Nigam Limited has placed an order of 2308-tonnes rails of this series.

SpiceJet operates first freighter flight to China to bring medical supplies to Hyderabad

SpiceJet has sent its freighter flight to China to bring medical supplies from Shanghai to Hyderabad amid the nationwide lockdown to combat the coronavirus threat. The flight left from Kolkata airport at 8.25 am Wednesday and landed at 3.30 pm (local time) at Shanghai. It would then depart from Shanghai at 5 pm (local time) and arrive at Kolkata airport at 8.10 pm. After leaving Kolkata at 9 pm, the flight would land at 11.10 pm in Hyderabad on Wednesday. This is for the first time that SpiceJet is operating a freighter to China. SpiceJet is also operating a freighter flight to Colombo carrying farm produce from West Bengal and another cargo flight to Singapore today.

Mahindra retools its Detroit auto plant to produce face shields, other medical supplies

Indian auto major Mahindra is retooling their Detroit manufacturing facility to make medical personal protection equipment for healthcare workers in the US combating the COVID-19 pandemic that has infected over 2 million people globally. Medical supplies like surgical masks, gowns and ventilators are required in massive numbers across the globe because of the coronavirus pandemic that surfaced in central China's Wuhan city last year and spread to at least 185 countries and territories. Mahindra is working closely with the State of Michigan, its Congressional Delegation, National Association of Manufacturers, Michigan Manufacturers Association, Oakland County and others to continually evaluate what it can do to contribute to the COVID-19 fight. Mahindra have a company full of people who love to design and make things and they're not people who like to stand on the sidelines. Mahindra have ideas coming in from across the company and we're looking hard at all of them.

IL&FS sells entire stake in IWPSL to ORIX Corp for INR6.05 crore

Cash-strapped Infrastructure Leasing and Financial Services (IL&FS) on Thursday said it has sold its 100% stake in IL&FS Wind Power Services Ltd (IWPSL) to ORIX Corporation, Japan, for INR6.05 crore. IWPSL, a wholly-owned subsidiary of IL&FS Energy Development Company (IEDSL), is engaged in providing supervisory and management support services to seven operating wind power generating special purpose vehicles (SPVs). The full amount of consideration has been duly received and the share transfer to the purchaser has been completed. IWPSL, classified as a 'green company', has no outstanding debt. Post the bidding process launched last year, ORIX exercised its option to acquire IWPSL, as per previous pact, and agreed to acquire 100% of the shareholding of IWPSL from IEDCL.

Auto industry needs low-cost products, localisation to stabilise

The domestic automotive industry will have to adopt various measures - like low cost products, increased localisation and automation - to stabilise business in the post COVID-19 situation. In-plant stay of labour, enhanced health and safety practices and investment in digitisation, are some of the steps, the industry will need to follow once the lockdown is lifted. The automotive industry accounts for nearly 50 per cent in India's industrial GDP and is one of the biggest employers - both through direct and indirect employment. It was already facing the demand slump for over one-and-a-half-year before novel coronavirus hit the world, and subsequently the global economy.

Motherson Sumi to raise INR500 crore via NCD issue

Auto component major Motherson Sumi announced its plans to raise INR500 crore through issuance of non-convertible debentures (NCDs). The Board of Directors of the Company in its meeting has approved the issuance of Listed, Secured, Redeemable NCDs, with an aggregate amount up to INR500 crore, on a private placement basis, in one or more tranches to certain eligible investors permitted to invest in the NCDs under applicable laws. Prior to this, the auto components supplier announced that its board of directors has given approval to raise up to INR1000 crore to secure liquidity while dealing with the global coronavirus pandemic.

Mahindra & Mahindra to raise INR1000 crore via NCDs

Mahindra & Mahindra (M&M) will raise up to INR1000 crore by issuing securities on private placement basis. The loans and investment committee approved issuance and offer of 10,000 rated, listed, unsecured, redeemable, non-convertible debentures (NCDs) of face value INR10,00,000 each aggregating INR1000 crore on private placement basis. Co., however, did not disclose the reasons for raising the capital.

India attempts to use coronavirus crisis to reform its mandis

From allowing all agricultural and related activities including fisheries, plantation, animal husbandry from 20 April to introducing farm sector reforms, India is trying to sequester its rural population from the coronavirus pandemic' fallout. The order also reflected the Union government' strategy of using the crisis to initiate reforms, a case in point being the reforming of Agricultural Produce Market Committees (APMCs). APMC is an agricultural marketing board established by the state government to ensure transparency in pricing system and transactions taking place in market area. APMCs ensure that farmers are safeguarded from potential exploitation by large retailers and ensure that the spread between the price at the farm level to the retail price remains within reasonable levels. The first sale of agriculture produce can occur only at the APMC market yards (mandis). APMCs ensure payment for agricultural produce sold by farmers on the same day; promote agricultural processing including activities for value addition in agricultural produce; and publicize data on arrivals and rates of agricultural produce brought into the market area for sale.

Government bans sales of liquor, tobacco during extended lockdown

The Centre on Wednesday banned sales of alcohol and tobacco products during the period of extended lockdown, in place till 3 May. In the first phase of the lockdown, states had refrained from allowing liquor stores to function to ensure social distancing norms are followed. However, some had been mulling re-opening the stores. According to a fresh set of guidelines issued by the Union home ministry, the ban will apply on sale of liquor, gutka, and tobacco. The directive shall be enforced by district magistrates through fines and penal action under the Disaster Management Act, 2005. The restrictions come under the national directives for the management of covid-19. The restrictions for meant for public places include a ban on spitting in public and public gatherings. Ahead of the extension of the lockdown, some states like Assam had allowed sale of alcohol, while Meghalaya had made provisions to ensure home delivery of alcohol so that social distancing norms are not violated.

S&P Global lowers ratings outlook on Tata Steel

S&P Global Ratings has lowered its ratings outlook on Tata Steel as the agency does not foresee improvement in the steel maker's earnings and financial profile over the next 12-18 months. The outlook reflects risks of further weakening in Tata Steel's credit profile if the effect of economic conditions and lower commodity prices are more prolonged than our current expectations. The agency lowered its long-term foreign currency issuer credit rating on Tata Steel and subsidiary ABJA Investment Co. Pte. Ltd., and the issue rating on various US-dollar denominated senior unsecured notes ABJA has issued, to 'B+' from 'BB-'. It has also lowered its rating on Tata Steel UK Holdings Ltd (TSUKH) to 'B' from 'B+' in line with the rating action on its parent, Tata Steel. has also lowered its rating on Tata Steel UK Holdings Ltd (TSUKH) to 'B' from 'B+' in line with the rating action on its parent, Tata Steel.

Govt extends oil block bid deadline to June 10

The government has extended the last date of bidding for the 11 oil and gas blocks on offer in the fifth exploration bid round to June 10 in view of the COVID-19 lockdown in the country. The fifth bid round under Open Acreage Licensing Policy (OALP) opened in January and was to initially close on March 18. However, the bid date was first extended to April 16 and then late last month, it was extended again but no closing deadline was given. The bid submission date for India OALP Bid Round-V, offering 11 blocks for exploration and development, is extended to June 10, 2020. Late last month, DGH said that in view of the nationwide lockdown imposed to curb the spread of COVID-19 pandemic, the OALP bid Round-V last date for bid submission will be extended. The revised date was to be notified later. So far, the government has awarded 94 blocks in four rounds in the last two-and-a-half years. These 94 blocks cover an exploratory area of about 1,36,800 square kilometers over 16 Indian sedimentary basins. In the latest bid round, about 19,800 sq km of area is on offer for bidding, according to DGH.

Lockdown to have "material" impact on production, sales: Dabur India

FMCG major Dabur India in the Covid-19 pandemic and the consequent lockdown will have "material" impact on the company's production and sales in March and will continue till the lockdown stays during the current financial year. Production of the company would remain suspended in the wake of extension of the lockdown period till May 3, except for the essential items and would have an impact on the company. Difficult to evaluate or quantify" the impact at this stage, and the company would continue to monitor the situation. "On account of Covid-19 and consequent lockdown since March, the impact on our production and sales will be material. This impact has been experienced in March and will continue till the lockdown stays during the current financial year. The company would continue to produce essential Items including - hand sanitizers, hand wash, disinfectants, ayurvedic medicines, juices, coconut water and honey. While operating its manufacturing units at several locations for producing essential goods, Dabur India has implemented strict measures like ensuring social distancing, hygiene practices and deep cleansing of premises to ensure the safety of our workers and staff. Even as we face disruptions, Dabur has been taking steps to mitigate the impact of the lockdown while ensuring the safety of our people involved in operations/supply chain and consumers at large.

Vikram Solar bags 300 MW project worth INR1,750 crore from NTPC

Vikram Solar has been awarded a 300 MW project worth INR1,750 crore from NTPC. The project was secured by the company in a reverse bidding auction, and the solar plant will be spread across 1,500 acres of land in Rajasthan. The project is expected to be complete in 18 months. Vikram Solar has had a long standing business relation with NTPC. Previously, we have executed 50 MW solar plant project in Mandsaur, Madhya Pradesh and 130 MW solar project in Bhadla, Rajasthan for NTPC.

8-10% auto dealers face closure

Many small and medium sized auto dealers are staring at the prospect of shutting shop or merging their businesses with larger dealers as auto sales remain uncertain even after the lockdown is finally withdrawn. There are currently about 15,000 auto dealerships (includes 2,3 and 4 wheelers) across India. It is expected that there will be closures of at least 8-10% of these dealerships in the next six months. A year back, around 275 plus dealerships were forced to shut shop citing unviability of the business when a slowdown choked sales. Dealerships are over leveraged and profitability is at an all-time low. While dealers agree that either shutting down unviable ones or merging with larger dealerships will help them through, at the moment it's all about getting liquidity and inventory funding for business continuity. Most of the dealerships are concentrated in the metros and tier 1 markets, where manpower and cost of operations are extremely high. Dealerships have reached out to OEMs to increase margins and liquidity, expecting them to come out with a sustainable package else they will have to lay off workforce.

NHAI seeks relaxation to resume work on four projects

The National Highways Authority of India (NHAI) has sought permission from the district administration to resume work on four projects that have come to halt due to ongoing lockdown. The move comes in the wake of the conditional relief provided by the Ministry of Home Affairs to the construction sector which allows work in municipal limits (urban areas) only if all the workers in these units live within the site and are not from outside municipal limits. The project director further assured that the contractors of all these projects have pledged to abide by all the requisite guidelines issued by home ministry and local administration.

Reliance Industries raises INR8500 Crore in bonds but rates rise

Reliance Industries Ltd. raised INR8500 crore in three-year bonds, just short of its target of raising INR9000 crore. The two-part non-convertible debenture issue saw interest from large banks but at a higher coupon rate than what was paid in previous issues. The country's primary bond market has been sluggish in the last two months due to heightened risk aversion amid the economic uncertainty brought on by the spread of Covid-19. While a handful of companies have raised funds over the last two weeks, most have had to raise smaller amounts at higher rates. The INR9000 crore issue had two equal parts — a fixed coupon tranche and a floating rate tranche. The bonds were rated AAA by Crisil Ratings and Care Ratings. Investors subscribed to INR4000 crore for a three-year period at a fixed coupon rate of 7.2%. This is 200 basis points above the three-year government bond yield as on April 16. The spread sought by investors is about 60 basis points higher than what RIL paid about a year ago. The floating rate issue saw investors pick-up the entire INR4500 crore at a coupon rate of 7.2%. This part of the issue was priced at a spread of 280 basis points over the RBI's repo rate of 4.4%. This coupon rate will be reset if the benchmark repo rate changes.

Vodafone Plc plans reprieve for Indian JV co through fund infusion

A year after its mega \$3.6 billion rights issue, Vodafone Group Plc is putting in funds into Vodafone Idea Limited to deal with operational requirements including settle AGR dues and take on deep pocket rivals. While Vodafone is set to put in \$200-225 million, the rest is \$125-\$150 million might come from their JV partner, the officials added, predominantly through the private entities of chairman Kumar Mangalam Birla. Vodafone Plc and Birla Group spokespersons reiterated their stated position and denied that any fresh equity is being put into Vodafone Idea. The contributions are likely to be in the form of preference capital or redeemable preference shares. As per the original shareholder agreement signed between Vodafone India and Idea Cellular in 2017, there was a 1.1 billion euro “indemnity mechanism” that was chalked out between the two shareholders to take care of historical potential liabilities. The draw down is dependent on certain pre-agreed contractual terms and conditions.

China dispatches 650,000 medical kits to India to fight COVID-19

China dispatched 650,000 coronavirus medical kits to India to help fight the COVID-19 pandemic. Over two million test kits being procured from China will be sent to India in the next 15 days. As its factories resumed operations after over a two-month grim battle against the coronavirus, China is busy tapping into the vast business opportunities of export of key medical goods, especially ventilators and personal protection equipment (PPE), across the world, including India, where both private and government bodies are placing orders for the import of these products. Two major consignments of medical kits were reported to have been sent to India from China earlier as part of efforts to step up testing specially in hotspots during the current lockdown in the country.

US companies sharing their resources to help India fight COVID-19

A large number of American companies like Google, Uber and IBM are offering their resources to help India successfully fight the battle against the deadly coronavirus pandemic. Resources range from providing free digital education platform, donating face masks, boosting up ventilator production to converting shipping containers into ICU. The death toll due to coronavirus in India rose to 414 and the number of cases to 12,380 in the country on Thursday. So many businesses Indian and US are turning their tools towards specific needs that society has in beating back the pandemic. They are helping to bring all of their resources towards this battle. So that when you have a surge in critical cases, and a shortage of ICUs house those that you can use other assets to try to do that.

Covid-19 impact: PSU Banks incentivise staff as DBT grows

With increased volume of direct benefit transfers, public sector lenders including State Bank of India, Bank of Baroda and Bank of India are going the extra mile to incentivise their staff, especially in remote branches. Some of these incentives include daily monetary allowance, an additional day's pay for every six days of work, insurance cover and a cut in the interest rate levied on the loans they have taken. The country's largest lender, SBI, has reduced the interest rate on all staff loans (housing, education, vehicle, computer and personal) by 1%. The extra day's salary will be paid to frontline staff until the nationwide lockdown ends. The bank reimburses expenses incurred by employees on Covid-19 tests. If anyone tested positive, the bank will bear the treatment expenses. In the event of the death of any permanent employee due to Covid-19, a cash compensation of Rs 20 lakh will be paid to the family. Bank of Baroda has exempted all employees above 55 years of age or with an underlying medical condition from coming to office, irrespective of the nature of his or her function. The bank will also reimburse the cost of Covid-19 tests for employees and their family members.

Toyota Kirloskar comes up with manual for resumption of industry operations post lockdown

Toyota Kirloskar Motor (TKM) has come up with a manual of standard operating procedures (SOPs) for industries to follow post the withdrawal of nationwide lockdown in the country. The maker of Innova and Fortuner said that with possibility of manufacturing operations commencing from April 20, it has devised a comprehensive 'restart manual' as a guide for industries to follow post the withdrawal of the nationwide lockdown. With an intent to support the manufacturing sector, TKM management had put together a team of cross functional experts to go into the minutest details of various operations and create an SOP that would ensure the safest possible restart to manufacturing by securing the workers from any health hazards. This manual is in consonance with the broad government guidelines that have been issued and will be used by TKM, its suppliers and has also been shared as a reference document with all Automotive Component Manufacturers Association of India (ACMA) members.

Zydus Cadila gets USFDA nod to market generic cancer drug

Zydus Cadila has received final nod from the US health regulator to market generic Erlotinib tablets used for treatment of cancer. The company has received final approval from the United States Food and Drug Administration (USFDA) to market Erlotinib tablets in the strengths of 25 mg, 100 mg, and 150 mg. The drug will be manufactured at the group's formulation manufacturing facility at the SEZ in Ahmedabad. Erlotinib is a cancer medicine that interferes with the growth of cancer cells and slows their spread in the body. It is used for treatment of metastatic non-small cell lung cancer and pancreatic cancer. It is usually given after other cancer medicines have been tried without success. The group now has 288 approvals and has so far filed over 386 abbreviated new drug applications (ANDAs) since the commencement of its filing process.

SIAM urges government for temporarily GST cut by 10% to boost demand

Automotive industry body Society of Indian Automobile Manufacturers (SIAM) has urged the government to temporarily cut GST rates by 10% across vehicle categories and introduce an incentive-based vehicle scrappage scheme to spur demand, which has been severely affected due to the outbreak of the coronavirus pandemic. Automobile production and sales have come to a complete standstill after a nationwide lockdown was imposed on March 24 to check the spread of the disease. The industry is losing INR2300 crore per day due to the closure, which may now last till May 3. Demand creation would be a very big challenge due to negative consumer sentiments and hence SIAM is looking forward to a stimulus package from the Government of India which should include temporary reduction in standard GST rate by 10% across all vehicle categories and also introduction of an incentive based Vehicle Scrappage Scheme with incentives in the form of 50% rebate in GST, Road tax and registration charges. Availability of low cost finance would also be imperative to bring back growth in the sector.

Tractor industry enters negative territory first time in 3 years

After forging ahead with strong double-digit growth for three consecutive years, the domestic tractor industry suddenly lost steam in the financial year 2019-2020 due to sagging rural income, unpaid and discontinued subsidies and the simultaneous attack of coronavirus. The Indian tractor market declined over 10% to about 709,002 units in the financial year 2019-2020, even lower than earlier expected drop of 5-7%. While the tractor industry rose by 10.5% and 22% in FY'19 and FY'18 respectively, the growth stood at 18% in FY'17 respectively. The previous biggest drop in domestic tractor sales was recorded in FY 16 when it fell by about 9%. Mahindra & Mahindra (M&M), which owns over 40% of overall tractor market share, reported 8% decline to 291,901 units in FY 20 units as compared to 316, 742 units year ago period. Second largest player, Tafe Group reported the steepest decline of 17% at 120,151 units during the year under review. Not much upheaval was seen in terms of market share, albeit sharp decline in volumes by majority of players.

US FDA classifies observations for Lupin's API unit at Madhya Pradesh

The US Food and Drug Administration (FDA) has classified violations it observed at Lupin's manufacturing unit at Mandideep in Madhya Pradesh as non-serious. The unit manufactures active pharmaceutical ingredient (API), which are key raw materials for medicines. The classification of observations as voluntary action indicated (VAI) in an establishment inspection report (EIR) for the unit virtually signals a clearance for it. The inspection was carried out by the US regulator between November 26 and December 4, after which it had issued an EIR. The regulator issues EIRs to manufacturing units when it considers violations of good manufacturing practices as not being serious in nature and clears the plant for export of drugs to the US.

TVS Motor Buys British Norton Motorcycles

- TVS Motor Company Limited has announced that its overseas subsidiary, has signed an asset purchase agreement with Norton Motorcycles Holdings Limited (in administration) and Norton Motorcycles (UK) Limited (in administration) (together "Norton") to acquire certain assets from Norton, including, the brand "Norton" and other associated brands. The transaction was also completed simultaneously. The transaction is an all cash-transaction for a consideration of GBP16 million.
- Norton Motorcycles (UK) Limited was engaged in the business of manufacturing the iconic "Norton" and allied brand motorcycles. It is an entity based in the United Kingdom of Great Britain and Northern Ireland.
- This will be one of the most interesting acquisitions of a storied motorcycle maker in recent times and will reflect TVS Motor Company's and India's rapidly rising prominence in the international two-wheeler market. This acquisition will help TVS to improve its overall brand appeal in the global markets and on the other hand Norton will gain access to new parent's global reach and supply chain capabilities.
- TVS has also announced that it will get Norton back up and running. Keeping this mind, we firmly believe liquidity infusion will get Norton's Donington Hall factory up and running once COVID 19 situation is resolved in UK. Select Norton Motorcycles have been on sale in India, via Kinetic Motoroyale. Considering that TVS will be using their own network to sell Norton in the future, the deal between Kinetic Motoroyale and Norton Motorcycles might be ceased.
- Norton's immediate focus under the new ownership is to resume the production of its existing motorcycles and support its customer base. With TVS' financial backing, the luxury sportsbike marque is expected to come up with new derivatives of its existing product platforms in the medium term and all-new models in the long term. Going forward, this is expected to be highly positive for TVS Motor as it will offer Co. a way to get into above 350cc segment which is dominated by Royal Enfield with more than 90% market share.

Global News

Stocks Climb as U.S. Paves Way to Reopen Economy

Asian stocks rose with U.S. and European futures amid tentative steps to restart the American economy and progress on the fight against the coronavirus. Treasuries fell with the dollar. Shares saw strong gains across the region, while contracts on the S&P 500 jumped over 3%. President Donald Trump outlined plans for the reopening and investors assessed a report that Gilead Sciences Inc. is seeing improvements in coronavirus sufferers taking its drug. Treasury yields advanced, while oil fluctuated around \$20 a barrel. Gold slipped, though the yen strengthened against the greenback. In a volatile U.S. session Thursday, the S&P 500 closed higher and the Nasdaq 100 wiped out its losses for 2020. Shares of Boeing Co. surged after-hours after saying it will resume commercial plane production at a plant near Seattle next week. Traders are now waiting for the latest economic data from China to assess the impact of the coronavirus there.

Coffee Supply Isn't Safe With Harvest Threats in Latin America

The coronavirus pandemic has upended life in unprecedented and countless ways. Now it may be coming for your coffee. Bank closures, reduced working hours, hampered mobility and fears of contagion on farms have all raised serious concerns that there won't be enough laborers to collect coffee beans for harvests that will soon get underway. The pressure is especially acute in Colombia, Brazil and Peru, which account for almost two thirds of world output for the smooth-tasting arabica beans. Coffee production was already forecast to fall short of demand this year, with the gap being filled by leftover stockpiles from previous harvests. Now the threat of labor shortages means a small surplus expected for next season could shrink, or get wiped out. Meanwhile, inventories have been depleted at a time when the virus unleashed a wave of grocery store panic buying. Arabica prices have jumped as a result, with futures in New York up about 15% in just the last month.

Oil Anchored Near \$20 Set for Weekly Loss on Feeble Demand

Oil was stuck near \$20 a barrel and set for a second weekly loss after a wave of gloomy demand forecasts outweighed optimism that a deal from the world's biggest producers would alleviate virus-led demand losses. OPEC expects demand for its crude to fall to the lowest in three decades as the coronavirus outbreak freezes the global economy, the group said Thursday. That followed a prediction from the International Energy Agency that 2020 could be the worst year in the history of the oil market. Futures slumped to an 18-year low this week, even after a historic agreement to curb supply. In a joint statement Thursday, Saudi Arabia and Russia said they will "continue to closely monitor the oil market and are prepared to take further measures jointly with OPEC+ and other producers if these are deemed necessary."

Trump Issues Guidelines; Singapore Cases Jump

The Trump administration issued guidelines that could allow states and employers to abandon most social distancing practices within a month. Japan expanded its state of emergency, while Singapore reported its biggest increase in cases. The U.K. added three weeks to its restrictions as total infections exceeded 100,000, and New York's shutdown was extended to May 15. Seven Midwest U.S. states formed a partnership to plan for a regional reopening, joining similar actions in the Northeast and the West Coast. Gilead Sciences Inc. soared after a report that patients being treated with its experimental drug saw rapid recoveries in some symptoms.

China's Economy Contracts for First Time Since at Least 1992

China's economy recorded the first contraction in decades in the first quarter as the coronavirus outbreak shut down large parts of the world's second-largest economy and dimmed the global outlook. Gross domestic product shrank 6.8% in the first quarter from a year ago, the worst performance since at least 1992 when official releases of quarterly GDP started, missing the consensus forecast of a 6% drop. Factory output fell 1.1% in March, retail sales slid 15.8%, while investment decreased 16.1% in the first three months of the year. The sharp contraction underscores the pressure that Chinese policy makers face as they attempt to revive the economy without nullifying efforts to contain the virus. The continued spread around the world also threatens to add fresh downward pressure on China's exporters in a feedback loop that could throw millions out of work. "The economic loss is unprecedented," Pacific Investment Management Co. economists wrote in a report before the data. "The global recession will hit exports primarily in the second and third quarters of 2020, domestic demand is still hampered by quarantine curbs, and stimulus transmission is weak amid spreading bankruptcies and job losses."

Fed Says Economy Contracted Sharply With Virus Sweeping U.S.

The U.S. economy went into a defensive crouch as the coronavirus swept through the country, according to a new report from the Federal Reserve. "Economic activity contracted sharply and abruptly across all regions in the United States as a result of the Covid-19 pandemic," the central bank said in its Beige Book survey released Wednesday in Washington. "All districts reported highly uncertain outlooks among business contacts, with most expecting conditions to worsen in the next several months." The report was based on anecdotal information collected by the Fed's 12 regional branches through April 6. Businesses across the country shuttered in March as officials in most states ordered people to shelter in place in an effort to contain the spread of the virus. As many as a quarter of firms in the Philadelphia Fed's region said they had shut down.

Agriculture Secretary Says ‘Plenty of Food’ Despite Disruptions

Agriculture Secretary Sonny Perdue assured Americans the country has “plenty of food” after coronavirus closings at major meat-processing plants focused fresh attention to strains in the supply chain. “The bare store shelves that you may see in some cities in the country are a demand issue and not a supply issue,” Perdue said Wednesday at a White House briefing with President Donald Trump. “It has taken us a few days” for food companies to address a “misalignment” in distribution as restaurants close and more food is sold through grocery stores.

Automakers Will Need Months to Get Factories Up and Running

Automakers are anxious to get their assembly lines rolling again, especially since leaving factories idle is costing them billions of dollars by the week. But the experience many of them have had in China illustrates just how long a slog it’s going to be before plants are producing at anywhere near pre-shutdown levels. It took almost two months for most of China’s industry to return to some semblance of normalcy -- and that was with the benefit of mobile apps the government installed on citizens’ cell phones to track their movements and potential exposure to Covid-19 infected people.

China Adds Cash to Banking System, Cuts Interest Rate on Loans

China’s central bank cut interest rates and injected \$14 billion into the financial system, bolstering measures aimed at countering the economic fallout from the coronavirus pandemic. The People’s Bank of China offered 100 billion yuan via the one-year medium-term lending facility, cutting the rate to 2.95% from 3.15%. Though there were no loans coming due Wednesday, some 200 billion yuan will mature on Friday. The central bank refrained from injecting liquidity with short-term reverse repurchase agreements for a 10th straight day.

Events

CORPORATE ACTION BONUS / RIGHTS / STOCK SPLIT / DIVIDEND / FCCB / M&A / WARRANTS ETC.

Company	Record Date	Ex-Date	Details
Lloyds metals & energy ltd			Corporate meeting effective 20-04-2020
CDSL			Corporate meeting effective 20-04-2020
Infosys			Corporate meeting effective 20-04-2020
Hexaware Technology			Corporate meeting effective 21-04-2020
Gulf Oil Lubricants India Ltd			Cash dividen of INR7 effective 22-04-2020
KSB Ltd			Cash dividen of INR8 effective 23-04-2020

Domestic Events

- **Upcoming Result:-** Infosys Ltd., Linde India Limited., Tata Elxsi Ltd. Acc Ltd., Crisil Ltd., Den Networks Ltd., Ilici Prudential Life Insurance Company Ltd., Reliance Industrial Infrastructure Ltd., Bharti Infratel Ltd., Mahindra Cie Automotive Limited, Tv18 Broadcast Ltd., Network18 Media & Investments Ltd., Mindtree Ltd.
- **April 24, 2020:-** India Foreign Exchange Reserve for April 17, 2020

Global Events

- **April 20, 2020:-** Japan Balance of Trade for March 2020., Euro Area Trade and Current Account Balance for February 2020.
- **April 21, 2020:-** The U.S. Existing Home Sales in March 2020.
- **April 22, 2020:-** The U.S. MBA Mortgage Applications for April 17, 2020., Euro Area Government Budget to GDP 2019.
- **April 23, 2020:-** The U.S. Initial Jobless Claims for April 18, 2020., The U.S. New Home Sales for March 2020., The U.S. Markit Flash PMI for April 2020., Euro Area Markit Flash PMI for April 2020.
- **April 24, 2020:-** The U.S. Durables Goods Orders for March 2020., Japan Inflation for March 2020.

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