

After the company posted a 14 per cent drop in top line for the March quarter, shares of Kansai Nerolac have shed 6 per cent, underperforming its peers. Given the higher share of the auto segment in Kansai's sales, the top line and return ratios are likely to see more pressure than competitors

"Markets will forget about this in maximum two-three days and will follow global trends"
ALOK JAIN
Sebi Investment Advisor



Banks, NBFCs likely to see a rally

Investors may pause to see the entire scheme of funding, and impact on bonds

HAMSINI KARTHIK
Mumbai, 13 May

The finance minister (FM) has not disappointed businesses this time. That is largely the verdict from market experts and analysts who have given a thumbs up to the ₹6-trillion relief package announced on Wednesday.

With nearly ₹3.7 trillion targeted at micro, small and medium enterprises (MSMEs), this addresses the growing discomf for banks felt while lending to the sector. Not only has credit growth in this segment been weak, asset quality of these loans, too, has prompted banks to take a cautious stance on the sector.

While Wednesday's 4 per cent gains in Nifty Bank index was in anticipation of meaningful relief measures to the MSME sector (announcement came after market hours), Pankaj Pandey, head of research, ICICI Securities, says 100 per cent credit guarantee for standard MSME loans is a welcome move. "The anticipation was only 25 per cent credit guarantee," he explains.

Though public sector bank (PSB) stocks do not have a wide

appeal among investors, Pandey expects them to do well in Thursday's trade as PSBs may gain more from these measures.

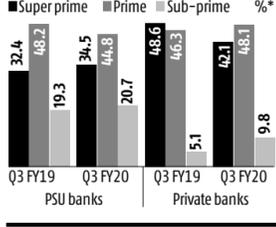
What could help the banking sector is extending partial credit guarantee (up to 20 per cent of losses) of ₹45,000 crore for non-banking financial companies (NBFCs) and opening up the special liquidity window of ₹30,000 crore for investment-grade debt instruments issued by NBFCs. These measures will help the liquidity-starved NBFC sector. But beyond a day of positive move in the stock market, Siddharth Purohit of SMC Capital, says investors will wait to see the total scheme of funding and its impact on the bond market. "That will guide the trajectory for banking stocks in the longer run," he adds.

Nonetheless, Wednesday's measures are fundamentally positive for banks. Focused clearly on providing some underwriting comfort to banks, Purohit feels it will eventually help in reviving lending activities and improve growth rate for banks. "While the earlier credit guarantee scheme did not see much success, banks will start lending at some time to manage costs. Compared to 2019-

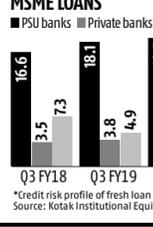


ASSESSING THE RISK

HOW MSME RISK PROFILE STACKS UP



GROSS NPA RATIO OF MSME LOANS



20, lending to MSMEs will improve," says Purohit.

Private banks, though, in a bid to conserve capital may remain selective on lending to these sectors. Also, their lending decision will depend largely on whether

they can earn higher yields - usually 200-300 basis points (bps) higher than PSBs.

Apart from MSMEs, Wednesday's relief package has also touched upon other stressed segments, such as power and real

estate, which is a positive for banking. While more may be needed to alleviate asset quality stress, Pandey feels a mention of these segments in the FM's relief package indicates more could be on the anvil. But, will these relief measures take the asset quality stress off banks? Not quite, say analysts.

Avneesh Sukhija, senior financial analyst at BNP Paribas India, says he may not change his credit cost estimates for banks just yet.

After doubling his 2020-21 credit cost guidance from 98 bps to 193 bps in April, he says it is too early to assess the impact of these measures on asset quality. "Credit costs will be on the high side for the next two quarters," he says. "While non-performing assets may reduce in the MSME segment, some banks may continue to provide higher for their exposure to cushion their asset quality," he explains. Reserve Bank of India's decision on extending the moratorium on loans will also play an important part in shaping the asset quality of lenders.

While Wednesday's relief package sets the tone, more is needed for investors to turn positive on banking stocks.

Global risk aversion stems market run; indices rise 2%

SUNDAR SETHURAMAN
Mumbai, 13 May

The benchmark indices rose 2 per cent on Wednesday, ahead of a press briefing by Finance Minister Nirmala Sitharaman to outline the ₹20-trillion relief package.

The Sensex gained 638 points or 2.03 per cent to close at 32,009, while the Nifty rose 187 points or 2.03 per cent to close at 9,384. Both indices closed at their highest since April 30.

Gains were less than what the SGX Nifty had indicated. The Nifty futures contracts traded on the Singapore bourse had soared 5 per cent on Tuesday, after PM Modi's announcement of the ₹20-trillion package.

Market players said the gains could have been higher if not for risk-aversion in global indices. Most global markets ended in the red on Wednesday, amid fears of a second wave of infections.

Experts said investors were waiting for further announcements by the government. On Wednesday, the FM unveiled measures aimed mainly at small businesses, and said there would be more announcements.

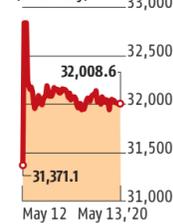
"The stimulus package Series-1 announced is not only fiscally responsible, but also specifically aims to connect the weaker dots in the economy. This is to

TOP 3 NIFTY GAINERS & LOSERS

(As on May 13)	Price in ₹	chge (%)
GAINERS		
Axis Bank	414.0	7.0
Zee Entertainment	165.2	6.5
Adani Ports & SEZ	309.4	6.1
LOSERS		
Nestlé India	16,512.4	-5.4
Sun Pharma	452.4	-2.5
Britannia Industries	3,079.6	-0.9

Source: Bloomberg/Exchange; Compiled by BS Research Bureau

D-STREET CHEER



quicken India's revival," said Jimeet Modi, founder and CEO of Samco Securities.

The 10-year government security, after rising 12 basis points, settled 8 bps lower at 6.08 per cent. Experts said the softening was on optimism that the RBI would step in to support the debt market.

Banking stocks led the gains with Axis Bank rising 7 per cent. Ultratec Cement and L&T rose 6 per cent each.

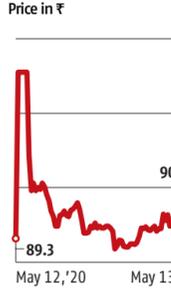
Among the four declining Sensex stocks were Nestlé India (down 5.4 per cent), followed by Sun Pharma (2.5 per cent). Overall, 1,656 stocks gained and 730 fell on the BSE.

With inputs from Bloomberg

Vedanta delisting price should be raised, say analysts



LOSING THE GAINS



SAMIE MODAK & UJJVAL JAUHARI
Mumbai/New Delhi, 13 May

The bid to take Vedanta private failed to cheer the Street on Wednesday, with the stock closing just 1 per cent higher on Wednesday. Analysts said the indicative price announced by the Anil Agarwal-led promoter firm Vedanta Resources (VRL) would have to be significantly raised.

On Tuesday, VRL had said it would acquire 49.86 per cent from public shareholders at ₹87.5 a share to delist Vedanta — lower

than its last closing price of ₹90.2. Analysts said the delisting price would have to be much higher, given the past trend.

"VRL's indicative offer price is below the current price; we believe the discovered price may be much higher. When VRL was taken private on the London Stock Exchange, it was at a 27 per cent premium to its previous close. In Polaris India's delisting, the indicative price was 60 per cent above the floor price, while the discovered price was 2x the floor price," said CLSA in a note.

Stakeholders Empowerment Services (SES) has questioned the fairness of pricing. "The offer is not serious, given the expectation for investors to lap it up at a price below half its 52-week high — which is almost 45 per cent of its book value (March 31, 2019). With dividend yield of over 20 per cent when interest rates are at a historic low, this questions the wisdom of investors. Finally, is the price fair? Unequivocal answer is no," SES analysts Varun Krishnan and J N Gupta said in a note.

Vedanta owns significant stake in marquee businesses such as aluminium, oil and zinc (Hindustan Zinc), which generate a lot of cash flow.

Kamlesh Bagmar at Prabhudas Lilladher also feels minority shareholders should not tender shares at the current offer.

Further, the delisting has to be carried out through the so-called reverse book building process, in which shareholders get to tender their shares at the indicative price or more. Promoter shareholding has to cross 90 per cent.

If the price discovered through book building is higher, promoters have the option to make a counteroffer. Experts said the counteroffer cannot be less than the book value determined by investment bankers.

As of September 2019, Vedanta's book value per share was ₹178.

SES has urged Vedanta's board of directors to debate the fairness of the price and other options before the shareholders. Vedanta is quoting at half its 52-week high of ₹180.

Nestlé reports crunchy Q1 as demand for food peaks

Robust portfolio, cost efficiency to keep earnings momentum strong

SHREEPAD SAHU

Nestlé India recorded a better-than-expected performance during the March 2020 quarter (Q1), thanks to its large food portfolio that falls under essentials. This was despite most firms being hit by the disruption due to Covid-19.

The owner of brands such as Maggi, Nescafé and KitKat follows a January-December calendar.

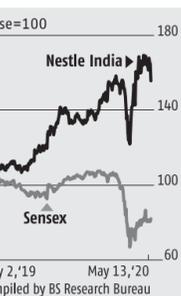
Nestlé's domestic sales growth of 10.7 per cent year-on-year to ₹3,124 crore was the best among peers. It was also in line with the 9-11 per cent top line growth it had posted in the previous four quarters.

Marico had also reported a similar trend last week, with its Saffola edible oil volumes rising 25 per cent in the quarter.

However, overall top line was down as volumes in the personal care segment declined. Most FMCG peers, which have declared their March quarter results, posted a decline in top line.

Analysts at Kotak Institutional Equities said: "Relatively speaking, Nestlé has among the most resilient portfolios as regards the Covid-19 impact." Another analyst at a domestic brokerage said: "In the current situation, consumption demand has tilted more towards good quality food products."

The strong sales growth also led to a 10.7 per cent YoY rise in operating revenue to ₹3,325 crore, for Nestlé, higher than the Bloomberg consensus of ₹3,076 crore. Domestic sales were driven by both its volume and



product mix.

Up-stocking of prepared dishes, milk and nutrition products is likely to have supported sales growth, despite muted demand for out-of-home products. According to the company, Maggi, KitKat and Munch put up a strong show and contribution from e-commerce rose significantly.

However, higher input prices (milk and derivatives, which form 40-45 per

cent of the total raw material cost) led to a 121-bp YoY fall in Ebitda margin to 23.9 per cent in Q1, despite cost-efficiency measures. Therefore, pre-tax profit was up just 0.5 per cent to ₹704 crore, against expectations of ₹678 crore. Net profit growth of 13.6 per cent to ₹525.4 crore was driven by a lower tax rate.

Despite the results and Sensex's 2 per cent rise ahead of the stimulus package announcement, the Nestlé India stock fell 5.4 per cent on Wednesday. While part of the fall was on account of profit-booking — given the 35 per cent rally (from March 23 till May 12) — its valuation of 72x its CY20 estimated earnings is quite pricey.

Analysts believe Nestlé's robust portfolio and cost efficiency will keep its earnings momentum strong, but the high valuation may cap gains for the stock.

Maruti Suzuki may hit slow lane on weak volumes

Shift towards entry-level segment a positive given its contribution to revenues

RAM PRASAD SAHU

Maruti Suzuki's March quarter (Q4FY20) show was dented by muted volumes and higher discounts. While the automaker reported average volumes of 150,000 units in January and February, the lockdown and subsequent production cut led to a 44 per cent dip in March volumes, compared to the average.

Higher selling prices on account of the BS-VI transition, insurance costs, and road tax in some states hit volumes, especially in the entry-level segment. The mini and

compact segments — which account for 73 per cent of volumes — fell 11 per cent YoY in the quarter, and 16 per cent in FY20.

A difficult credit environment, larger down payment, uncertainties related to BS-VI transition, and the rural slowdown were factors adding to woes.

Even as volumes declined, the firm had to spend more to clear inventory and improve sales. Discounts offered in the quarter were 26 per cent higher than the year-ago period, which, coupled with the lack of higher priced diesel-



realisations. Revenues were, thus, 17.1 per cent lower than the year-ago period.

Given the fixed costs, lower capacity utilisation led to a 32 per cent fall in operating profit, while margins that came in at 8.5 per cent were 200 bps lower than Q4FY19. Despite cost pressures, the company could not pass on higher expenses to consumers due to the weak market condition.

Though the company has not shared any outlook on volumes, the initial trend indicates there is a clear shift towards the entry-level segment, given the uncertain economic environment.

Maruti could be a beneficiary of such a trend, given that nearly 75 per cent of its volumes comes from these segments. The other trend that could help is the transition to petrol, with diesel-powered vehicles losing out on account of higher costs and falling fuel differential. The share of diesel-powered vehicles halved YoY to 20 per cent in FY20.

While Maruti's presence in the rural segment — accounting for 38 per cent of sales — is a positive, given the good rabi crop and normal monsoon, discretionary spends are the first casualty in a slowdown and the market leader could face the brunt of the same.

TATA POWER
The Tata Power Company Limited
(Corporate Contracts Department)
The Tata Power Company Limited, 2nd Floor, Sahar Receiving Station
Sahar Airport Road, Andheri East, Mumbai-400059
CIN: L28299MH1999COR00057

NOTICE INVITING TENDER

The Tata Power Company Limited invites tender from eligible vendors for the following package
Services to lay 220kV cables in pipe below railway tracks by Micro-Tunnelling at Nahur, Mumbai.
For detail NIT, please visit Tender section on website
<https://www.tatapower.com>. Last date for receipt of request for issue of bid document is 25th May 2020 up to 1500 Hrs.

NSE
National Stock Exchange of India Ltd.
'Exchange Plaza', Bandra-Kurla Complex, Bandra (E), Mumbai-400 051

NOTICE

Notice is hereby given that the following trading members of the National Stock Exchange of India Ltd. (Exchange) have requested for the surrender of their trading membership of the Exchange:

Sr. No.	Name of the Trading Member	SEBI Regn. No.	Last Date for filing complaints
1.	Jaipuria Securities Private Limited	INZ000287838	July 14, 2020
2.	Trust House Securities Pvt. Ltd.	INZ000290330	July 14, 2020
3.	Kasera Shares & Securities	INB231439523 INF231439523 INE231439523	July 14, 2020
4.	RKG Share Brokers Pvt. Ltd.	INZ000249237	July 14, 2020
5.	ARK Securities Pvt. Ltd.	INZ000239533	July 14, 2020
6.	SMS Broking And Trading Private Limited	INZ000068239	June 14, 2020
7.	Raga Shares Trading Pvt. Ltd.	INZ000190732	July 14, 2020
8.	DG Goenka Equities Pvt Ltd	INZ000287235	July 14, 2020
9.	Astor Stock Broker Private Limited	INB230645231 INF230645231	July 14, 2020

The constituents of the above-mentioned trading members are hereby advised to lodge immediately complaints, if any, against the above mentioned trading members on or before the last date for filing complaints as mentioned above and no such complaints filed beyond this period will be entertained by the Exchange against the above mentioned trading members and it shall be deemed that no such complaints exist against the above mentioned trading members or such complaints, if any, shall be deemed to have been waived. The complaints filed against the above mentioned trading members will be dealt with in accordance with the Rules, Bye-laws and Regulations of the Exchange / NCL. The complaints can be filed online at www.nseindia.com>Domestic Investors> Complaints>Register an E-complaint. Alternatively, the complaint forms can be downloaded from www.nseindia.com> Domestic Investors> Complaints>Register a complaint offline> Complaints against Trading Member or may be obtained from the Exchange office at Mumbai and also at the Regional Offices.

For National Stock Exchange of India Ltd.
Sd/-
Chief Manager
Compliance

Place: Mumbai
Date: May 14, 2020



PIDILITE INDUSTRIES LIMITED
Regd. Office: Regent Chambers, 7th floor, Jarnalal Bajaj Marg, 208, Nariman Point, Mumbai 400 021 • Tel: 91 22 2835 7000
Fax: 91 22 2821 6007 • Email: investor.relations@pidilite.co.in
Website: www.pidilite.com • CIN: L24100MH1969PL014336

NOTICE

Transfer of Equity Shares of the Company to Investor Education and Protection Fund (IEPF) Authority

Notice is hereby given that pursuant to the provisions of Section 124 of the Companies Act, 2013 (the Act) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules), as amended, the Equity Shares of the Company in respect of which dividend declared during the financial year 2012-13, which has remained unclaimed or unpaid for a period of seven consecutive years or more are required to be transferred by the Company to the demat account of the IEPF Authority.

In view of the outbreak of COVID-19 pandemic in India, the Company is unable to send individual notices to the concerned shareholders at their registered addresses whose shares are liable to be transferred to the IEPF Authority advising them to claim their unclaimed dividends latest by 14th August, 2020, to avoid transfer of their shares to the Demat Account of the IEPF Authority. The Company shall dispatch notices to aforesaid shareholders at their registered address once the normalcy resumes, *inter alia*, providing them the details of their unclaimed dividend and giving them an opportunity to claim the said unclaimed dividend latest by 14th August, 2020, to avoid transfer of their shares to the Demat Account of the IEPF Authority.

The Company has communicated with the shareholders through emails, whose email ids were available, and shall also upload the newspaper advertisement on its website for benefit of the concerned shareholder whose email id is not available and shares are liable to be transferred to IEPF under the rules for taking appropriate action. The Company has uploaded details of the concerned shareholders whose shares are due for transfer to the IEPF Authority on its website www.pidilite.com. Shareholders are requested to refer to the said website to verify the details of unclaimed dividends and the shares which are liable to be transferred to the IEPF Authority.

Shareholders are requested to claim the dividend declared during the financial year 2012-13 and onwards before the same is transferred to the IEPF.

The concerned shareholder(s) holding shares in physical form and whose shares are liable to be transferred to the IEPF Authority, may note that upon transfer of shares to IEPF Authority, the original share certificate(s) which are registered in their name will stand automatically cancelled and be deemed non-negotiable. In case of shares held in Demat Form, to the extent of shares liable to be transferred, shall be debited from the shareholders account.

In case the concerned shareholders do not claim their unclaimed dividends by 14th August, 2020, the Company shall with a view to comply with the Rules, transfer the shares to the IEPF Authority without any further notice to the shareholders and no liability shall lie against the Company in respect of the shares so transferred.

The shareholders may note that upon transfer of the shares to IEPF Authority, including all benefits accruing on such shares, if any, the same can be claimed only from the IEPF Authority by making a separate application to the IEPF Authority in Form IEPF-5 as prescribed under the Rules and the same is made available at IEPF website i.e. www.iepf.gov.in.

For any queries in respect of the above matter, shareholders may contact M/s TSR Darashaw Consultants Pvt. Ltd., the Registrar & Transfer Agents of the Company at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Near Faous Studio, Mahalaxmi, Mumbai-400011; E-mail: csq-unit@tsrdarashaw.com; Website: www.tsrdarashaw.com or contact the Company at investor.relations@pidilite.co.in.

For PIDILITE INDUSTRIES LIMITED
Sd/-
Date : 13th May, 2020
Place : Mumbai
Puneet Bansal
Company Secretary

