

COVID-19 Updates by Company's Management



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22-Jan-20

Sector	Pharmaceuticals
Bloomberg	ALPM IN
NSE Code	APLLTD

Management Participants

MD	Mr. Pranav Amin
MD	Mr. Shaunak Amin
Sr VP (Finance)	Mr. Ajay Kumar Desai
Head (Finance)	Mr. Mitanshu Shah
Director (Finance) & CFO	Mr. R K Baheti

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- According to the management, the company haven't been impacted due to shortage in Chinese supplies so far. Alembic carries enough inventories, have domestic supplies available and also has own API for its International business. Also, supply of the key materials from China has resumed now. Therefore, it's no more a concern area.
- In the International market, so far there have not been any disruption in terms of sales & dispatches as the company has enough inventories to cater to these markets as the strategy of the company is to keep the supply chain nimble.
- For the Domestic business- Despite MRs being off the field, the management doesn't see any major impact on the India business.
- For API's – the company sees increase in the opportunity for API's space and it is in the process of monetizing on them. The Govt's initiative to speed up the approval process for the incremental capacity at APIs plant is expected to benefit in the near term though details on this matter is yet to unfold.
- There is no disruption in the manufacturing activities of the company, though the lockdown in the key countries like US/EU may see some supply disruptions for a brief period.
- In the backdrop of USFDA suspending inspections of global facilities up to April, Alembic says its ANDA review process is not hampered and all products filings process running smoothly.
- **For its manufacturing plants-**
 - Panelav oral solids plant was just inspected
 - Panelav oncology plant has been inspected twice and approved by the USFDA
 - Through Injectables plant- the filing has just been done and the company doesn't expect the audit by the end of this year.
 - For Jarod plant as well- the filings is expected by the end of this financial yr but the audit is not expected by the end of this yr.

11-Apr-20

Sector Automobiles
Bloomberg
NSE Code

Management Participants

President - SIAM	Mr. Rajan Wadhera
President, ACMA	Mr. Deepak Jain
President, FADA	Mr. Ashish H Kale
President & CTO, TataMotors	Mr. Rajendra Petkar

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- Coronavirus outbreak impacted Auto Industry drastically, production facilities have been closed, vehicle sales have dropped dramatically and most major industry events have been cancelled.
- India Auto Inc has had to tackle the BS IV to BS VI transition in a scant three years, shift as many activities as possible to the digital world, support customers, carry out intensive engineering work and prepare for the future with as less as disruption as possible.
- **According to Mr. Rajan Wadhera, SIAM**
 - Auto industry is expected to de-grow by 25-35%, impacted by COVID-19.
 - Maximum de-growth will be seen in PV and CV segment. 2W and 3W will be less impacted.
 - During BS IV, almost every part could be sourced from India. But now for BS VI vehicles, it is not possible. Most of the parts are required to be imported from China.
- **According to Mr. Rajendra Petkar, President & CTO, TataMotors**
 - Auto industry is going through multiple challenges, includes COVID -19, BS VI transition, liquidity crunch, subdued demand, high acquisition cost, multi fuel choices, dynamic regulatory regime and GST revolution.
 - For the industry, the zones of engineering organization includes: Design efforts, management support & central and Testing & development.
- **According to Mr. Deepak Jain - President, ACMA**
 - The auto components industry would be closing with low growth, last 7 days lockdown led to 3% decline in the growth rate.
 - OEMs support is advantage to auto components industry, by payment of supplies to the companies as government mandated the payment of workers.
 - Complexity of supply chain would be the major threat post lockdown is lifted.
 - Cash (availability of funds) would be the key to this disruption. Also, boosting confidence in workforce would be essential. Fundamentally, it would be also important to renew demand.
- **Mr. Ashish H Kale, President, FADA**
 - As of now, dealer community is completely following lockdown instructions.
 - India may be disrupted more as Europe markets are completely closed.
 - Favorable actions of govt. expected with regards to cost structures, depreciation and loan payments otherwise dealers would shutdown. Even moratorium would be a burden for dealerships.

27-Mar-20

Sector	Consumer
Bloomberg	BJE IN
NSE Code	BAJAJELEC

Management Participants

ED	Mr. Anuj Poddar
CFO	Mr. Anant Purandare

COVID 19 Updates by Company's Management

- Rights issue was closed on March 3. Raised 349 crores and used it to retire debt worth 330 crores. Debt to equity now stands at less than 1.2x from 2x YoY
- **Impact of Covid-19**
 - Has changed into a demand issue from a supply issue
 - Had anticipated severity when issue was developing in China and secured supply side till April
 - Entire company (except manufacturing plants) was working from home 2 days before government notification
 - Manufacturing plants and central warehouse in Maharashtra, which is the worst affected state. But, had increased production and decentralization of inventory to regional warehouses to reduce issues when certain geographies would open before MH
 - As a result, holding more inventory this time. Hold inventory generally for around 70 days through the year & 50 days at year end. All warehouses are stocked more than usual
 - From a short term view, everything is unclear.
 - Company is comfortable with cash flow as has unused bank limit from debt retirement
 - With the 90-day RBI moratorium, cash flow should not be an issue for channel partners as well
- **Debt position - Gross debt around 1000 cr**
 - Long term debt: 300 cr
 - Regular WC: 300 cr
 - Purchase bill: 400-450 cr. (Will be able to avail 90-day moratorium provided by RBI)
 - - Channel financing: 350-400 cr (wholesalers will avail moratorium)
- Remain committed to long term goals to reduce capital employed in EPC business (govt. projects), increasing market share in consumer products and reducing fixed costs (accelerating this goal)
- Supply chain will take longer than demand to normalize as manpower will take time to re-assemble and get normal
- Collection from UP should come sooner as was in advanced stage. Execution will lag by 2-4 weeks
- New govt. projects may get delayed. Existing projects are from REC budget and not traditional state budgets. So unlikely, funds get transferred to health schemes
- Will continue with asset light model (very low in-house manufacturing). Seeing benefit at current times
- **Subsidiaries**
 - Hind Lamps - merger pending in NCLT; previously was expecting closure in March, now in May
 - Starlight: unprofitable for many years. Broke even at EBITDA level in October and a good season (for water heaters) in Dec/ Jan

Our Analyst on the Call

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6-Apr-20

Sector	Diversified Financials
Bloomberg	BAF IN
NSE Code	BAJFINANCE

Management Participants

MD	Mr. Rajeev Jain
CFO	Mr. Sandeep Jain
CEO BHFL	Mr. Atul Jain

COVID 19 Updates by Company's Management

- During the quarter, the Company acquired 1.9 Mn new customers. If there would have not been lockdown then the new customer acquired would have been 2.2 Mn. Loss of 350000 customer. Loss of about million account booked for loan in the last ten days during Gudi Parva.
- AUM as on 4Q FY20 is Rs 147600 Cr. Had there been not lockdown, then the AUM could have been more by Rs 4750 Cr.
- Management observed the net bounce rates increased by 2-2.5x across all customer segments whether it is salaried, self-employed, doctors, professionals and SMEs.
- 900000 customer in non-auto finance 300000 in auto finance requested for moratorium.
- The Company is considering one-time accelerated provisioning for Covid-19 to further strengthen its provisioning standards.
- The company has created a plan to cut 7-8% of OPEX as the lock down lifts as an immediate measure to hold all the fixed cost to current levels till October. There will be no increments, no replacement hiring, no new branch expansion, no advertisement and promotions, 80% reduction in travels. If the demand scenario remains weaker than expected then, there will be harsh view on opex line.
- Management has built the expectation based on 3 cases of lockdown:
- If lockdown opens on 14th April then management foresee business in April to be 20%, May to run at 60% and gradually to return at 100% capacity till September. The credit cost will be 40-50% higher on a full year basis. The collection efficiency will return to normal by August.
- If the lockdown open at 30th April then management foresee business in April to be zero, May to run at 30% capacity, June at 70% and 100% by capacity by October. The impact on credit cost will likely to 50-60% higher for the full year. The collection efficiency will return to normalcy by October.
- If the lockdown opens on the 15th May, then business in April to be zero, May will be 20%, June at 50% and back to 100% will in 4Q. The company will be forced to take harsher cut of 12-15% of the opex. The impact credit cost will be 80-90% higher than the previous year. In this scenario, management expects RBI to provide necessary restructuring to the financial sector.
- Company has liquidity position of Rs 15800 Cr and CP borrowing less than Rs 2000 Cr. The undrawn line of credit stands at Rs 2500 Cr.
- Two Wheeler and B2B is 19% of the Balance sheet and all part of this business is lockdown. Q1 impact will be more severe due to 60 days quarter. Retailer were maintain 40-45 days of inventory prior to lockdown.
- B2C is 20% of the portfolio and lend to only existing customer with good payment records. Will take 4-5 months to go back to normal run rate pre-covid.
- SME which is 13% of the portfolio is under severe strain. Covid will impact all aspect of this business. Growth recovery can take 12-15 months.
- Mortgage is 31% of the business. The challenge will pricing pressure from banks. Risk is not likely to be challenge.
- Rural is 9% of the business and recovery is likely to be faster in this business as it was already doing better in 4Q given the good monsoon and stimulus by the Government.
- Commercial is 4% of the balance sheet and will work with existing client for the foreseeable period.
- LAS is the 5% of the portfolio and has seen 25% reduction in last 45 days due to volatility in the market. The margin is 50% in this business. Focus on building retail brokerage business.
- Two wheeler business is much more vulnerable to credit shock as experienced during the demonetization.
- Historically 20-30% of the defaulting customers pay digitally and rest are walk-in to branches or collected by agent.
- Out of 22000 employee, 4500 employees are in collection.

Our Analyst on the Call

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3-Apr-20

Sector	Information Technology
Bloomberg	CYL IN
NSE Code	CYIENT

Management Participants

MD & CEO	Mr. Krishna Bodanapu
CFO	Mr. Ajay Aggarwal

COVID 19 Updates by Company's Management

- **Frame work :** The company is following 7 steps to cope up with the situation ;1) employee safety ;2) employee enablement ;3) employee engagement ;4) client connect ;5) opportunity that has started emerged as green shoot , 6) investment to future and 7) plans to look at business going forward .
- **Employee safety** is utmost important .The company is closely watching WHO alerts and the local & national government advisory and abiding all the guidelines to create safe sure environment
- **Employee enablement**
 - The company has couple of isolation cases outside India .But the company is confident of no transmission within the office.
 - The company has maximize the remote working across all geographies and only critical associate working from office .In India , 80% of employees is enable to Work from home .The company's objective is to take it up to 85% within next few days .98% of the employees are either working from home or have access to client location outside of India.
 - In terms for client approval, the company has managed to get 93% approval in India to work from Home and outside of India it is close to 100%.
 - 1% of staff is working from India office. These are basically the staff that have created and manage the physical infrastructure and power infrastructure etc. Also there are some one off client cases where the worked cannot be done from home.
 - In 10 ten days the company has jumped from 22% work from home to now 80%.The company is also prudently prioritizing their projects seeing impact on the projects .
- **For employee engagement :**
 - The company is continuously connecting with the families of those who are outside and giving proper update, The Company is also giving enhanced perks like bonus for those who meet productivity targets.
 - The company has advantage as 80% of outside employees are basically local hire .Only 20% of employees where there is retrenchment; the company is working on individual cases.
- **Client connect :**
 - The company is going through number of communication . The company feels it's early to comment and expect things will change.
 - The company has not heard of wide spread layoff from its clients.
 - The company is also seeing significant amount of supply chain disruption but as china is coming back, expects the engineering supply chain to stabilize.
 - The company is seeing that few customer have clearly articulated to conserve cash and reduce discretionary spending .The company is looking at its carefully seeing where it is placed.
- **Demand environment:** Number of customer have called out negative for revenue and profit like oil & gas , aerospace space , marble and semiconductors etc. Also some of the company customers have withdrawn guidance for 2020 including airbus, Pratt and Whitney, caterpillar's etc.
- **Recent Development:** The Company has partnered with Hitachi Rail to Accelerate Signaling Technology Deployment.
- **For profitability :**
 - The company has put up a hiring freeze for non-billable employees, billable hiring will only be done in certain cases .The Company is not going to provide salary hike for FY21.But will do something for lowest level band but it will only be done in 2Q or H2.
 - Also it will rationalize some portion of variable pay.
- **Initiative taken :**
 - The company will be prudent on NBA. The company will come back on exact number In 1Q however all the hiring have given out and all the marketing spend have been frozen.
 - The company will also freeze the Travel fee .Reduction in sales force will be lower than other areas. Also the company will reduce the non -billable overhead (delivery employee)
 - The company is renegotiating with subcontractor which contributes 6% to 7%.
 - The company will also reduce the hardware and software spend
- **Outlook:** The Company is seeing little uncertainty in revenue front while the cost is something which company thinks' it can manage .The Company expects to support margins to where it is now. The company will see some impact in this.

Our Analyst on the Call

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3-Apr-20

Sector	Diversified Financials
Bloomberg	CREDAG IN
NSE Code	CREDITACC

Management Participants

MD & CEO	Mr. Uday Kumar Hebar
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Our Analyst on the Call

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COVID 19 Updates by Company's Management

- CREDITACC has continued with normal field operation till 20th March 2020 and after 23rd March lockdown, it has stopped field operation. Till the 20th of March, the collection stood at 100%. CREDITACC has merely continued interaction with the customer for their safety against COVID-19 and it has stopped collections from all the centers.
- The government has announced a moratorium for interest payment from the period of 3 months ending on 31st March.
- As the lockdown gets over management plans to do center meetings to connect with customers and to plan the next EMI schedules and tenurity of payment. Management has guided the interest will be rescheduled according to principal and tenure (increased by 3 months).
- The company has a well-spread liability profile with more than 46% of borrowings in the form of 2-6 year term loans. While the company will observe a moratorium on principal repayments to its lenders starting from 30th March 2020 to 31st May 2020, it has made a prudent decision to continue to pay interest to its lenders during the moratorium period.
- CREDITACC majorly lends to the customer for agriculture allied activities and rural production activity (70-80% of customers) so there is fewer chances for income getting impacted due to slowdown in urban activity or migration of casual labor.
- CREDITACC has been able to raise Rs 760 Cr in the 17th March - 24 March period at the rate of 8.70%.
- The company has a cash balance of Rs 530 Cr as on 31st March 2020 which can be used for 4 to 5 months for paying lenders & operating expenses.
- CREDITACC has successfully acquired 76.06% of Madura MFI in March at Rs 660 Cr. 100% of the P&L profits consolidation is expected to happen from 1st April itself, FY21 to reflect consolidated numbers. There is no financial impact expected in case there is any delay in the merger.
- Management expects urban to be more impacted as rural players are restricted to particular geography for their livelihood.
- 40% of the customers are new to credit along with 35-40% were unique customer to CREDITACC.
- Approx. 18-20% of customers have a ticket size of more than Rs 50000.

24-Mar-20

Sector	Banks
Bloomberg	DCBB IN
NSE Code	DCBBANK

Management Participants

MD & CEO	Mr. Murali M Natrajan
CFO	Mr. Bharat Sampat
Head Retail & Sme	Mr. Praveen Kutty
CRO	Mr. Sridhar Seshadri

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- As per the management after Yes Bank issue, the bank is not seeing much impact on deposits flow for the bank.
- Top 20 depositors have been reduced earlier as it stood at 8.28% last quarter but now due to non-access to individual customer's ,they may go up. But once the bank starts getting access to individual customers the situation may improve. The bank postponed its target to bring them down to 5% to 2-2.5 years.
- For the bank no disbursals are happening now on the account of unavailability of staff and reassessment of the credit risk strategy, the bank stopped disbursing since last 7-10 days.
- 8-10% of the corporate book is short tenure book which is expected to come back by the end of the quarter, which are expected to provide liquidity to bank.
- There may be some stress in unsecured loan portfolio going ahead.
- The Capital adequacy Ratio is enough.
- As per the management salaried segment will also suffer the heat of COVID.
- The management stated that it has enough margin of safety to deal with the situation.

18-Mar-20

Sector Pharmaceuticals
 Bloomberg DLPL IN
 NSE Code LALPATHLAB

Management Participants

CEO Dr. Om Prakash Manchanda
 CFO Mr. Ved Prakash Goel

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- The flow of patients has been impacted in the last 7-8 days for the company. Home collection volumes have seen a surge.
- The testing kit for Covid'19 is being supplied by Thermo fisher and Roche. The Govt of India is using the kits supplied from Thermo fisher.
- According to the company- if private players are allowed to conduct the tests, the company is ready to do the test at cost but not for free of cost.
- If the govt. supplies Kits for free of cost to the diagnostic labs in India - the diagnostic companies are ready to provide the capacity.
- If there is collection capacity issue- the diagnostic companies are ready to collect samples at cost but not free of costs.

27-Mar-20

Sector Pharmaceuticals
 Bloomberg DLPL IN
 NSE Code LALPATHLAB

Management Participants

Chairman & MD Dr. Arvind Lal
 CEO Dr. Om Prakash Manchanda
 CFO Mr. Ved Prakash Goel
 CEO (India Business) Mr. Bharath Uppiliappan

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COVID 19 Updates by Company's Management

- National reference lab in Delhi has been approved by ICMR for conducting Covid'19 test, and the kits are coming from the vendors authorized by the Govt of India. The company is working towards getting approval for NRL in Kolkata
- On account of nation-wide lockdown- Walk in's, samples coming from collection centres and pick-up point has been impacted. The business is expected to remain subdued in the short-term, but on the day to day basis, improvement is being seen.
- The shortage for testing kits and personal protection equipment for the healthcare staffs is a major challenge that the country is facing.
- The company expects to see things improving on the supply of testing kits in the next couple of days as the kit manufacturer ramp up their production and supply.
- The company has the capacity to conduct 1500 tests/day, but due to the supply issues for the testing kits, the capacity is underutilized as of now.
- 48-50% of the cost is fixed in nature; the company is identifying areas to reduce its cost in order to reduce the pressure on PAT.

26-Mar-20

Sector	Pharmaceuticals
Bloomberg	FORH IN
NSE Code	FORTIS

Management Participants

MD & CEO	Dr. Ashutosh Raghuvanshi
CEO- SRL	Mr. Arindam Haldar
CFO- Fortis	Mr. Vivek Goyal
CFO- SRL	Mr. Mangesh Shirodkar

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- The patient admission has been impacted significantly due to Covid'19. The IPD volumes has dropped by 35-40% and the OPD volumes have dropped by 60-80%, though 15-20% of OPD business will still continue for Dialysis, Chemotherapy and Radiation.
- The elective procedure (70% of the total procedures) has been significantly impacted and has dropped by 40%; the emergency procedure (30% of the total procedures) will be fully operational.
- The Occupancy rate has dropped from 70% in February 2020 to 43-45% currently. According to the company, the occupancy rate below 60% will lead to cash burn situation.
- In Mumbai, the company is maintaining 25% of the beds divided between Critical care beds & normal beds as asked by the Govt.
- 10% of the revenue is contributed by the International patients; currently 80%-90% drop in the footfall of international patients can be seen. The company expects it to go down further and become zero in the short-term.
- The company expects to earn only 50% of the normal revenues up to June and expects a cash shortfall of Rs.200 crs. The shortfall will be partly met by internal liquidity and partly by debt
- SRL- the business has been on decline since March 2020, the lockdown will further impact the sample collection & patient's walk-in.
- SRL- Since elective procedure has been kept on hold, the prescription based tests has declined. In the last 7-8 days, the revenue has declined by 70%-80%.
- ICMR has approved 2 reference labs of the company located in Mumbai & Gurgaon for the Covid'19 test. Currently the company has the capacity to conduct 1000 tests/day, which can be expandable depending on the situation.
- The major challenge being faced by the testing labs is terrible shortage of protection gears (for clinical workers), testing kits and DNA extraction kits.
- Initially ICMR approval for kits was only for USFDA & European approved kits, but now the approvals are being given to other manufacturers too.
- Government haven't capped the hospital fees for the Covid'19 patients who are admitted to the Hospitals. But in Mumbai, there has been an instruction from the Municipal commissioner that Rs. 4000 or 50% of the normal cost should be charged.

26-Mar-20

Sector Pharmaceuticals
Bloomberg GRAN IN
NSE Code GRANULES

Management Participants

Chairman & MD Mr. Krishna Prasad Chigurupati
ED, GPI Ms. Priyanka Chigurupati
CFO Mr Sandip Neogi

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- The company expects to see some impact in Q4FY20 on account of Covid'19, despite of these issues the company expects to exceed the PAT guidance of Rs. 300 crs in FY20.
- On account of Lock-down across the nation, the company has dispatched few trucks which won't reach ports and has held back its truck for now.
- The company is confident that even if the lock-down last till end of April, it will be able to reach its guidance of 25% CAGR PAT growth.
- The buyback will continue as planned- the company expects to open offer in April and end it by mid of May.
- The company's CMD Mr.Krishna Prasad has pledged more of his personal share increasing it from 29.8% to 45.4% of his personal shareholding. Once the Buy-back is completed, the company expects the pledge to come down to 5% of his personal shareholding.
- For Paracetamol & Paracetamol based formulations- the govt. had banned its exports, but the company expects the govt. to provide exemptions regarding the same in the next few days.
- Though the Paracetamol & Paracetamol based formulations has been banned from export, the company sees better demand & prices in the domestic market.
- The divestment transaction of Omnicem will be completed in the early April.
- There has been an increase in the raw materials prices; the demand of formulations has also increased significantly. Going forward, the company expects to pass on the increase in the raw materials prices to the customers.
- Currently, the plants are running at 25% capacity, the company expects to increase it to 50% by the end of the lock-down and 15 days after the lock-down – expects to run at 100% capacity.
- Ibuprofen was slightly impacted due to the raw materials issue; all the other products are not facing any such issues.
- With the slowdown in the production for the next 2 weeks and available raw materials inventory- the company do not expect any disruption on this front.

31-Mar-20

Sector	Information Technology
Bloomberg	HEXW IN
NSE Code	HEXAWARE

Management Participants

CEO & ED	Mr. R. Srikrishna
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Our Analyst on the Call

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COVID 19 Updates by Company's Management

- No Hexaware employee's across the world has impacted by COVID 19.
- WFH initiative was not a consequence done by government. It was anticipated 5 days before the announcement. Thus resultant in 99% of IT employees are working effectively from offshore and 100% IT employee in onshore.
- BPO (8.4% of revenue), 75% is WFH. Shortage is due to supply issue.
- Demand is impacted. It will continue to impact in 2QFY20.
- The demand is expected to come back by late 2Q and early 3Q (company follow calendar year ending).
- Relevance of cloud will increase in future.
- New deal booking started impressively at the start of the quarter however it paused in last few weeks.
- Utilization will be challenging. Even pricing pressure will be headwind for the margins. While lower attrition, currency benefit and lower travelling cost will support some margins.
- There are shallow pocket of industry and customers may ask for extension of credit.
- **Vertical wise impact**
 - Travel & transport: hardest hit however it will reshape post Covid 19. Not major exposure in this segment (10%). But it will see impact in 2QFY20.
 - BFSI: This segment has no change. For medium term seen some boost. Higher volume in mortgage space.
 - Healthcare: Fitness sector shut down will impact in demand. It is short term impact. Hi tech is seeing no impact due to COVID 19.

30-Mar-20

Sector	Banks
Bloomberg	IIB IN
NSE Code	INDUSINDBK

Management Participants

MD & CEO	Mr Sumanth Kathpalia
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COVID 19 Updates by Company's Management

- Amid COVID-19 impact, baseline expectation of management is that the service will normalise within 3-4 months and demand will come back post 1Q. Baseline assumptions of 3 months disruption impact on bank's portfolio will be limited but this is evolving event.
- Management expects CV segment would bounce back very quickly once the situation is normalised as it the lifeline of the economy.
- Gems & Jewellery Business- For FY20 RoRWA for the portfolio would be 5.8% with return on solvency of 55%. Average risk weight of the portfolio is 73% based on external rating. Entire world including India is the client. As of 31st March, 2020 there is negligible impact of COVID-19 on the portfolio with zero SMA. Delinquency is zero till date and management don't expect any major impact in the next 3 months.
- In microfinance business 70% of customers are from rural. Loan officers are in constant touch with borrower through the digital medium. 50% of the economic activity in rural is going on as usual as the shops are opened in rural. Every day they are contacting 8-9 lakhs borrower.
- The Corporate bank book does not have any industry concentration higher than 5%. The highest is lease rental discounting out of which bank does not do mall lease rental discounting, most of them is office spaces.
- On real estate side in the developer part the building activity has stopped but is expected to start as soon as lockdown ends.
- Hotels industry may have material impact but bank do not carry too many hotels project while they are spread across the country with good asset cover.
- On the solar sector, management said they have one project where the panels were coming from China which has not commissioned yet. Government has given the extension.
- On the NBFC portfolio management does not expect much issues as NBFC are well rated and Bank is well collateralized on them.
- On the cards and personal loan management said that the delinquency can increase by 30-40 bps.
- On the liquidity front management said they did see outflow of deposits from one state government as well as some outflow from the corporates, retail deposits have been bit lower but largely stable, for the last three days inflows have been higher than the outflows. The premature withdrawals were minimum. The drop in deposit was around 10%-11% out of which 75% was from the government side and balance for corporate and retail.
- The LCR ratio for the banks stands at around 110-112% and management has currently not looked into Marginal standing facility. The outflow of government deposit has largely stabilize now.
- Bank is managing the drop in the deposits through refinance and FX borrowing which provides long term financing. They are also doing IBPC. The other money market instruments have also started to move in terms of CD and term deposits. Management has prepared certain plans if there are some unexpected withdrawals of deposits.
- Will focus on granularization and retailization of the portfolio both on liability and assets side and will not do chunky business going ahead. Will maintain CRAR of 15%.
- Will increase PCR to above 60% to absorb some weak accounts in the current quarter. With the end of planning cycle 5, PCR will be 70%. Credit cost (Including all the provision) for the FY20 is expected to be around 200-210 bps and
- Management team largely intact but there could be some tweaks in the management profile going forward just to consolidate certain risk profiles or add more control and governance into some businesses.
- Assets growth can moderate as it will be led by deposit growth.
- Promoter is willing to increase the stake to 26% and have applied to RBI.

Our Analyst on the Call

Ketan Mehrotra
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19-Mar-20

Sector	Capital Goods
Bloomberg	KECI IN
NSE Code	KEC

Management Participants

MD	Mr. Vimal Kejriwal
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Our Analyst on the Call

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COVID 19 Updates by Company's Management

- KEC has implemented work from home for its corporate offices; however works on all the projects sites and factories is operating normally.
- Some of the equipment's from China and Europe is not able to ship due to closure of the port activity and it will lead to some revenue loss.
- Management expects revenue loss of Rs 200-300 Cr in Q4FY20.
- Order book from MENA region is in the range of Rs 1000 Cr and work on the entire site is progressing normally.
- Tender Pipeline continue to remain strong as the PCIL has floated tenders worth Rs 14000 Cr for the phase-2 of green corridor projects and bidding is expected to over by April or May.
- MENA has live tenders worth of 1 bn USD and does not seeing impact of the reduction in oil prices as of now.
- Company does not witness any delay in collections as the most of the clients are government or government entity.
- Essar transmission projects has also moved in the right direction and waiting for the regularity approval for the new developers.

31-Mar-20

Sector	Banks
Bloomberg	KMB IN
NSE Code	KOTAKBANK

Management Participants

Jt. MD	Mr. Deepak Gupta
Pres. & Group CFC	Mr. Deepak Gupta

COVID 19 Updates by Company's Management

- Management says, COVID-19 situation will decide the future course of action. Management divided the future course of events in three cases.
- Case 1) where lockdown continues for 1 month (optimistic situation).
- Case 2) where lockdown extends to 3 months then problems will emerge on the recovery front.
- Case 3) In the 3rd situation where lockdown will extend more than 3 months (pessimistic case).
- In 1st case, the business is expected to normalize in a couple of months.
- In the 2nd case, the recovery may get impacted. Normally, the Recovery infrastructure is built for a 5-7% default range (The customer profile can be divided into 5% risky customers, 15% borderline risk customer & 80% lesser risk customers). With the moratorium of 3 months provided by the government in the lockdown situation, the default rates are expected to shoot up to 10-20% range. So, management priorities is first to reach to the customers to decline the default rates. Management expects a 6-9 months drawn-out recovery period in 2nd case situation.
- Even in the moratorium period till May, management expects to keep proximity with the customers through Tele calling. The secured loans like home loans, cars, etc. are expected to settle first. Management says it will put more people into the collection.
- The management focus will be to protect the balance sheet rather than growth.
- NBFC is expected to give moratorium of 3 months but they could not avail the same and has to continue with the liability which may result in ALM constraints. So the higher leveraged institution may face increasing difficulty.
- Management maintains its cautious stance on the SME segment for the last year with growth in the wholesale segment has remained selective.
- The retail segment can be further divided into secured mortgage, vehicle & unsecured loans (personal, credit & Consumer durable loans).
- Moratorium on YESBANK has increased the deposits. There is a substantial increase in deposit in the month of March as the customer has shifted their money from yes bank.

Our Analyst on the Call

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26-Mar-20

Sector	Information Technology
Bloomberg	LTTS IN
NSE Code	LTTS

Management Participants

CEO	Dr. Keshab Panda
CFO	Mr. P. Ramakrishnan

COVID 19 Updates by Company's Management

- 100% of the company's employees are still safe.
- **Managing the delivery operations:**
 - The company has taken approval from customer to WFH in 98% of the LTTS onsite business and 95% of offshore business. The company is working on getting remaining approval done as soon as possible.
 - The clients are supporting LTTS so that the work is not impacted by allowing to access equipment, labs and in some cases servers also.
 - In terms of WFH, At onsite most of the billable employees continue to work for the customers from home and offices .At offshore the company is able to enable more than 80% of the billable employees to WFH as of today. The company is planning to take this upward to 90% in weeks' time.
- **Transportation:**
 - Given the large part of pipeline in the newer areas like autonomous, electric car, safety systems, entertainments etc. Which involves more of software work, the company is in better position as more of the work can be done remotely barring some special areas where the hardware is also required .
 - For such areas where hardware is required nearly 10% the company is working with the client to get access to labs and equipment whichever is possible.
 - The company is continuing to win deal and is in good position once the situation becomes normal.
 - However for now company is seeing furloughs and pause request from some tier 1 customers and the company is assessing the impact of this which will be temporary impact.
- In telecom and Hitech: No major impact .The company is able work remotely with almost all the customers .Large deal conversations are on track for this segment. Media and entertainment, company is seeing bright spot as internet traffic is going up due to increase WFH.
- Industrial product: Things are so far holding up. But major changing will be seen in sub segments like machinery and power segments .The Company is seeing discussion on new projects getting delayed. Thus will create some challenges in this segment in coming quarters.
- Plant and engineering :The company is seeing softness due to decrease in oil and gas price .In short terms , expects to see some cut in upstream while downstream will remain stable .CP&G and chemicals companies will get benefit due to current situations.
- Medical: It continues to be bright spot and company is seeing incremental opportunities as hospital are likely to order more equipment in medical segment.
- Demand environment: The ER&D spend is core to the company and is part of long term strategy .the company does expect short term disruptions will result in reduction in ER&D spend.
- **Other highlights**
 - The company feels its bit immature to comment Covid 19 impact however working to minimize the impact.
 - 2 clients have declared furlough or asked for the pause however they are not cancelling the project.
 - The company is focusing and working on high ROE short terms projects.
 - In terms of business segment, the company expects to see impact in industrial products, oil and gas segment in plant engineering and partial impact in auto segments in transportation.
 - 90% of software can be done from WFH however 10% require hardware or data sensitivity project which will see issues.
 - Aerospace sub segment is not seeing impact due to Covid 19
 - The company thinks till end of April these situations will continue.
 - Currency benefit and low travel will help margins however other cost and furlough will impact margins .The Company is seeing the situation.
 - If the situation go beyond April , the company may see customer demanding for extending the credit period . Thus resulting in increase DSO.

Our Analyst on the Call

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6-Apr-20

Sector	Diversified Financials
Bloomberg	MMFS IN
NSE Code	M&MFIN

Management Participants

MD	Mr Ramesh Iyer
CFO	Mr Ravi
Sr. VP Accounts	Mr. Rajesh Vasudevan
Sr. VP treasury & corp affairs	Mr.Dinesh prajapati

COVID 19 Updates by Company's Management

- Management says problem that they are facing is more Metro centric while the rural is more insulated. The harvest is expected to be good which will aid farm cash flow. The rural is expected to bounce back faster after lockdown is lifted.
- The Management is focusing on the cash flows and ability to meet the liabilities. The collections are expected to take 3 to 6 months to return to normal. The collections up to 19 March 2020 was good after that the collection was affected. Management does not expect much impact on the Margin levels.
- The Liability structure of the company would be mostly come down expect for portfolio sell down which may come down as last year securitization was increased given that incremental disbursement is going to be low
- The Company is seeing disparity based on the products and the geography. Customers of Various districts are saying that they need only one month moratorium considering their financial conditions.
- As of now RBI circular has restricted the moratorium to only terms loans and not bonds.
- Collections and disbursement both for next 3 month are expected to be virtually none.
- Management would revisit its cost of operation and relook at its fixed and variable cost. It would look for the renegotiation in rent and look to bring asset to cost to about 2% in around 8 to 9 months. The productivity drive is the top priority currently. There are discussions with OEM and dealers that what cost they are willing to share and some portions customers would have to take, some systematic loss is expected for sure.
- Collections are expected to shift more towards the digital, The management is setting of service centres instead of the regional offices, from 85 regional offices currently company may come down to 4 or 5 large service centres which will be operated. There would be freeze on adding of the new people and higher productivity expectation from the employment
- Company has Offered the moratorium to all their retail customers which fall between 1-3 buckets and not to those who are already delinquent.
- The Additional liquidity would aid into lower cost as company would discharge current liability and get into new liability stream. The cash flows of the company are sufficient to discharge the liability till around September.
- **Management** is requesting the RBI on the following points:
 - To give directions to banks that they should help all NBFC and not only Some Big NBFC.
 - In Moratorium dispensation their has been discussion on the whatever are the balances as of February does not qualify for moratorium and march is month where most of the bills gets settled in the vechile business so it is unreasonable.
 - Clarification on the securitised portfolio
- The Gross NPA are expected to move by atleast by 200 bps from the current conditions.
- The Company currently has Rs 4000 Cr of liquid investment pool and Rs 1500 Cr of Lines available to them from multiple sources and is talking to various banks for bonds placement or LTRO.

Our Analyst on the Call

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2-Apr-20

Sector	Diversified Financials
Bloomberg	MGFL IN
NSE Code	MANAPPURAM

Management Participants

MD & CEO	Mr. VP Nandakumar
CFO	Ms. Bindu

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- The NPAs were well managed below 3% for CV segment this month as per management. The NPAs in housing finance are also managed well. The company is focusing on getting collections online.
- The company has stopped physical collections in Microfinance for next 3 months till 31st may 2020. The company is starting digital payment solutions which will start from next week. The company has highest of its MFI portfolio in state of Tamilnadu.
- The company has Rs 500 Cr of on lending portfolio to other NBFCs having 51 customers out of which other than 7 opted for remittance and 7 has requested for moratorium.
- The company raised Rs 1500 Cr of NCD from various banks and financial institutions. CP limits have been reduced from 25% earlier to 15% now. Even Asirwad Microfinance as well liquidity is there as they securitized in March 2020. So Company is having enough of liquidity.
- The current cost of borrowing stands at less than 10% mainly because of reduction in CPs
- The average LTV for gold loan is expected to be maintained at 75% and for Online Gold Loan has gone up to 60% from 50% earlier.
- The company is working on to provide option for Non Online Gold Customers to Online Gold Customers.
- The company continues to maintain gold loan business to be a focused business. The company expects MFI to reduce to 15% going ahead.

8-Apr-20

Sector	Diversified Financials
Bloomberg	MASFIN IN
NSE Code	MASFIN

Management Participants

MD	Mr. Kamlesh Gandhi
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COVID 19 Updates by Company's Management

- MASFIN has asked borrowers with repaying ability to prefer paying off or else they can avail moratorium on the exposure. They are in constant touch with the customer..
- MASFIN does 100% collection via banking based (no cash collection). MASFIN has received a majority of installment for March (collection efficiency of 93-94%).
- Management says it has been able to maintain spreads.
- Liability mix of MASFIN
 - 1. 40% of liability is a direct assignment (collect and remit it to the bank).
 - 2. Rest is Term loan and CC from Bank
- Management has the liquidity (Rs1300 Cr) to cover interest payments for a year. Management will not avail moratorium from the bank as it has enough funds to pay.
- Top 10 borrower constitute 15% of AUM,
- In the operation cost 60% is variable & 40% fixed. OPEX to AUM is optimised at 1.8-2% range.
- Rural exposure stands to be around 35-40%, 25-30% into town B & C while the rest of the exposure is to metro through partners.
- NBFC partners have sufficient capital adequacy of 20% & leverage of 4-5x to support this turbulent environment.
- The majority of customers are into basic activities like plumbing, agriculture, dairy, etc. management says it may provide additional working capital to support the business but once the situation normalizes this business will bounce back faster.
- Management has guided to maintain the GNPA in 1.25-1.5% range while NNPA 1-1.25% in the long term.

Our Analyst on the Call

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24-Mar-20

Sector	Pharmaceuticals
Bloomberg	METROHL IN
NSE Code	METROPOLIS

Management Participants

MD	Ms. Ameera Shah
CEO	Mr. Vijender Singh

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- The company has seen healthy volumes and realization in Q4FY20, only the last week of March is facing disruption in terms of dip in the customer walk-ins, volume dips and delay in the payment from the institutions.
- The company started Covid'19 tests from 23 March 2020, which would be home testing and the company has made available specialized labs available for Covid'19 testing.
- The company sees no challenge in ramping up the capacity as the infrastructure cost is not high. Currently the company is able to test 100 patients/day, within a week –the company can ramp up it to 1000 patients/day. The only challenge can be the availability of re-agents & chemicals due to very few approvals for kits.
- The PCR machine used is approved only by USFDA and ICMR, though the company has asked the govt to approve more and more manufacturer so that there is shortage.
- The company has ordered 10-15 more PCR machines for testing which would double the current count of availability.

Webinar on Automotive Industry

8-Apr-20

Sector Automobiles

Bloomberg

NSE Code

Management Participants

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- Domestic and export market both are expected to get impacted by COVID-19.
- BS-VI price increase could be passed to customers due to preventing market situation.
- Global supply chain disruption impact on India is expected to last over 6 months atleast.
- PV segment: In short term, personal mobility would be more preferable against shared mobility. China also had same view as per their experience on this.
- 2W industry will be more effected due to low cash reserves in households, in comparison to PVs.
- Post COVID-19 period, customers would be willing to buy complete vehicle online, as customers were more comfortable with online purchase.
- The shift is going to be about operating in the newer ways of working – virtually and skilled /job based roles will become a big normal. Embracing digital transformation and digital capability will become super critical.
- Temporary Workforce is difficult in auto sector. Their return/training of new temporary workers can delay the rebound as well as inflate costs.
- Social distancing not just at shop floor but also basic places like canteen etc will be critical. Process flow will have to be re-looked to see how the OEMs break processes into separate independent shifts.
- Force majeure decision in an ecosystem model like automotive may not be the best approach.

20-Mar-20

Sector	Others
Bloomberg	SECIS IN
NSE Code	SIS

Management Participants

Group MD	Mr. Rituraj Kishore Sinha
Chief Strategy	Mr Vamshidhar Guthikonda

Our Analyst on the Call

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COVID 19 Updates by Company's Management

- International Business is not adversely impacted. However, Singapore business was the first one impacted in the month of January. The Jan. and Feb-20 month performance of Hinderson business in Singapore was better as compare to previous year on account of higher demand for services.
- Permanent Services contracts are not adversely impacted.
- India Business: All three services Security, Facility Management and Cash Logistics are witnessing higher demand.
- COVID strategy started in India earlier enough with the experience of Singapore business.
- Payment delayed for the Hygiene workers or the low payment service provider workers might be there but for the short duration probably due to lock down in the early April.
- Based on Government strategy to sanitise, proper check-up and various ways to fight against COVID-19 increased the demand over service providing companies.
- Despite schools or malls being closed still for security purpose the Security guards are still required, FMS are still continued for proper sanitisation of Schools. However, PVR asked the SIS services to discontinue due to cinemas being closed yet those are working with the hospitals for better sanitisation and contributing to the government.

20-Mar-20

Sector	Others
Bloomberg	VGUARD IN
NSE Code	VGUARD

Management Participants

Chairman	Mr. Kochouseph Chittilappilly
VC	Mr. Cherian N Punnoose
MD	Mr. Mithun K Chittilappilly
VP & CFO	Jacob Kuruvilla

Our Analyst on the Call

Vishal Choudhary
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COVID 19 Updates by Company's Management

- Shut down operations in various states due to spread of Covid-19
- Demand has dried up completely as markets all over India are completely shut
- Fixed cost (labor, plant fixed costs, provisions, cash flow) position- cash position of around 150 cr as on 31 December, sufficient cash balance for 3 months
- fixed costs around 15-16% of sales,
- Working capital loans of around 300-400 cr which have not availed
- **Kerala market:**
 - Grown at 2-3% CAGR for last 5 years, not profitable for company. Contributes around 22% of company turnover now compared to 60+ 12 years ago.
 - Kerala 5% of India's ECD market but not profitable due to hyper-competition with other players.
 -
- **Zone-wise EBITDA margins**
 - Kerala: 10%
 - Ex-Kerala Southern Market: 14%
 - New markets (UP, Bihar, Odisha & North Eastern states): 17-18%
- **Q4FY20 so far:**
 - Jan/ Feb was pretty good for South business as it had started to get hot in Kerala and Tamil Nadu earlier than normal so industry was gearing for a good season
 - Advanced sales in anticipation of Covid made it an extremely good first two months
- **Stimulus to channel:**
 - Channel holding inventory, waiting for central, state and bank stimulus package before deciding any sop for channel partners

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