



"BJP has money and they can do anything. They don't know value-based politics. Immoral, backdoor politics to gain power is what they know. They do everything that is undemocratic and unconstitutional for power"

SIDDARAMAIAH
Congress leader



"The state unit of the party had to take a decision on fighting the Jharkhand Assembly polls. It has decided that the Lok Janshakti Party will contest 50 seats on its own"

CHIRAG PASWAN
Lok Janshakti Party president



"Fee hike will only ensure that JNU will become an elitist university as against its current character that promotes students from diverse backgrounds to afford higher education"

SITARAM YECHURY
CPI (M) leader

Five likely gainers of govt's ₹25,000-cr realty package

The government's plan to set up a ₹25,000-crore AIF or alternative investment fund — which was announced last week — to help the real estate sector complete unfinished projects, may not have moved the needle much in terms of stock prices.

Further, investors should note that it may also take a while, say a quarter or two, before potential legal issues are resolved.

However, once the initiative starts rolling, there will be beneficiaries beyond the realty sector, which include companies producing cement, sanitary-ware, paints, tiles and pipes among other products. This is without considering the potential of the initial AIF corpus getting bigger.

While there are various estimates

on the number of projects that would benefit from the initiative, Binod Modi at Reliance Securities explains how it could impact the cement sector.

Potential cement consumption from stalled housing projects, spread across 1,443 projects across top seven cities such as Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai Metropolitan Region (MMR), Delhi-NCR (accounting for 43 per cent) and Pune, can be as high as 25 million tonnes, says Modi.

Likewise, demand for products such as electrical wires, switches, lights and other fittings, plywood, and laminates would also get a boost.

Here are some companies that could gain from the boost to real estate sector. Notably, even if there is a delay

in implementing the package, analysts yet expect these companies to prosper on account of good growth in earnings in their routine business.

For instance, at the lower end, Cera Sanitaryware is estimated to clock 15 per cent compound annual growth rate (CAGR) in earnings over FY19-21, while the figure for Astral Poly and UltraTech is pegged at over 35 per cent during this period.

Some of them are also leaders in their respective industries and their share prices have also corrected by 15-30 per cent from peak levels, even as leading indices are near all-time highs.



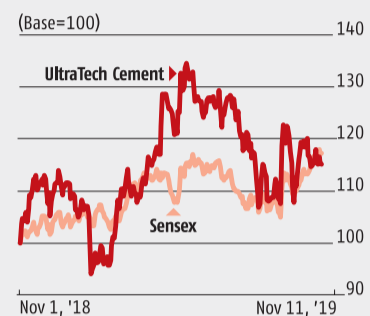
ILLUSTRATION: AJAY MOHANTY

For a few though, the upsides might not look attractive from current levels, and such stocks could be looked at on corrections.

Vishal Chhabria, Ram Prasad Sahu, Shreepad S Aute & Ujval Jauhari

ULTRATECH CEMENT

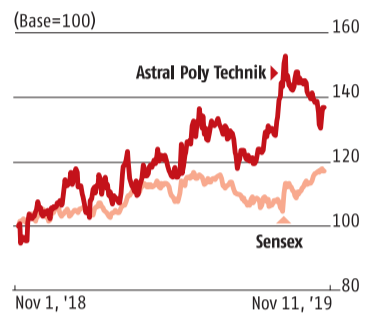
P/E (FY21E)	24.4	15.3 %
2-yr sales CAGR (%)	16.1	
2-yr EPS CAGR (%)	38.2	
Market cap (₹ cr)	1,19,399	
Share price (₹)	4,137	



- India's largest cement producer with annual capacity of over 100 million tonnes has strong presence in west, central and northern India
- Acquisition of Century Textiles' cement business has strengthened market share to over 40 per cent in bigger markets like west and south
- The company has also announced new capex in eastern markets
- Cement demand is expected to pick up in October 2019-March 2020 period amid government's thrust on infrastructure spending and revival of rural demand
- Analysts believe, reduction in debt through sale of non-core assets, and expansion of capacities will help UltraTech grow bigger

ASTRAL POLY TECHNIK

P/E (FY21E)	45.2	4.1 %
2-yr sales CAGR (%)	19.7	
2-yr EPS CAGR (%)	36.7	
Market cap (₹ cr)	16,646	
Share price (₹)	1,105	

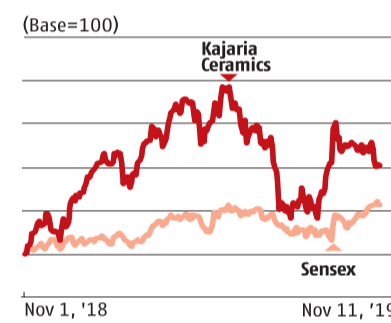


- Strong industry growth, led by rising use of PVC/CPVC pipes
- Shift from galvanised iron pipes, replacement demand, irrigation and real estate demand in tier-II and -III cities are positives
- Annual revenue growth expected to be 12-15 per cent over next five years given policy initiatives on housing, sanitation, irrigation
- Shift in market share to Astral due to brand pull, distribution

- network, better range of designs
- Move into double wall corrugated segment and adhesives to boost revenues led by new capacities
- Expect strong return ratios led by doubling of net profit over 3 years

KAJARIA CERAMICS

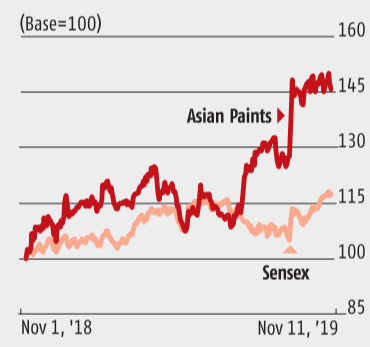
P/E (FY21E)	24.7	12.9 %
2-yr sales CAGR (%)	9.6	
2-yr EPS CAGR (%)	23.7	
Market cap (₹ cr)	8,446	
Share price (₹)	531	



- The ceramic and vitrified tiles maker has a 20 per cent share in the organised market
- Market share is expected to improve further, as unorganised sector (half of the tiles market) loses ground
- Large product range, high brand spends, distribution network and capacity expansion has helped the company to outperform competitors
- Sales volumes, which were weak in recent quarters, to recover in second half of FY20
- Brokers expect Kajaria to post 23 per cent growth in earnings over two years aided by improvement in profitability

ASIAN PAINTS

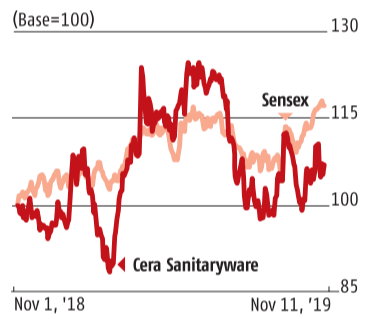
P/E (FY21E)	49.5	2.6 %
2-yr sales CAGR (%)	13.8	
2-yr EPS CAGR (%)	26.1	
Market cap (₹ cr)	1,70,143	
Share price (₹)	1,774	



- Asian Paints leads in decorative paints with around 40 per cent market share and strong pan-India network of 60,000 stores
- Consistent double-digit volume growth in recent quarters despite challenging economic conditions shows company's ability to grow
- Biggest beneficiary of the expected shift in market share from unorganised to organised players, aided by lower goods and services tax for the sector
- Analysts expect gain of around 500 basis point in the company's market share over FY19-FY23, while benign oil prices could support margins
- Given the recent sharp rise, investors could use corrections for entering the counter

CERA SANITARYWARE

P/E (FY21E)	22.3	19.8 %
2-yr sales CAGR (%)	10.2	
2-yr EPS CAGR (%)	15.0	
Market cap (₹ cr)	3,397	
Share price (₹)	2,612	



- In addition to premium and luxury segments, Cera is looking at the affordable segment in sanitaryware and faucets
- Growth momentum in second half of FY20 is expected to come
- from tier-II and -III cities
- It is improving distribution with a focus on increasing penetration in faucets and gain from the replacement market
- Focus on retail segment (72 per cent of revenue) and distribution to translate into steady revenues
- While tight control on receivable days could restrict near-term revenue growth, it is positive in the long term

IN BRIEF CJI under RTI Act? SC set to pronounce verdict today

The Supreme Court will pronounce on Wednesday its verdict on petitions challenging the Delhi High Court decision bringing the office of the chief justice of India (CJI) under the ambit of the Right to Information (RTI) Act. A five-judge constitution bench, headed by Chief Justice Ranjan Gogoi, will pronounce the judgment at 2 pm. Other members of the bench are Justices NV Ramana, DY Chandrachud, Deepak Gupta, and Sanjiv Khanna. The notice regarding the pronouncement of the judgment was made public on the apex court's official website on Tuesday afternoon. **PTI**

Brookfield's wind energy asset rating on negative watch

India Ratings (Ind-Ra) has placed Brookfield group's wind energy asset Axis Wind Farms' (Anantapur) loans under rating watch negative (RWN) due to stressed liquidity. The Canadian financial services firm will infuse funds in an Andhra Pradesh-based company on monthly basis to meet debt service obligations, if required. **BS REPORTER**

States should dismantle APMCs, adopt eNAM: FM

Finance Minister Nirmala Sitharaman on Tuesday said states were being cajoled to reject the Agricultural Produce Market Committees (APMCs) and adopt electronic National Agriculture Market (eNAM) so that farmers get better price for their produce. e-NAM is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities. **PTI**

Tamilnad Mercantile Bank net profit up 141% in H1FY20

Private sector lender Tamilnad Mercantile Bank registered 141 per cent net profit growth at ₹62.74 crore during the half year ended September, as against ₹151.07 crore during same period last year. Total business of the bank during the half year stood at ₹60,852 crore with a growth of 11.70 per cent, it said. The bank's deposit and advance portfolio stood at ₹34,069 crore and ₹26,784 crore, respectively. **BS REPORTER**

FCRA registration of 1,800 NGOs cancelled for violation of laws

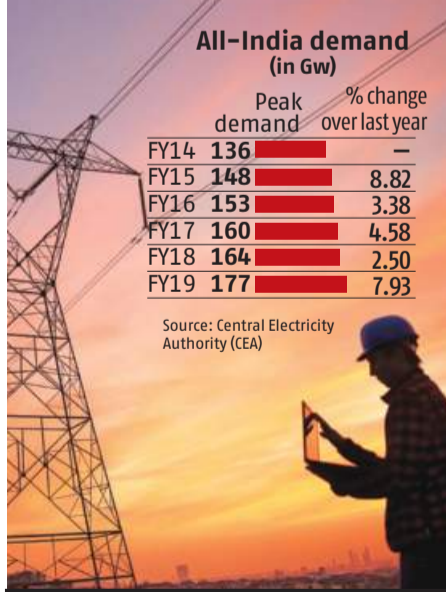
Over 1,800 NGOs and academic institutes found to be violating laws have been banned by the government from receiving foreign funds this year, officials said. Among those whose registration under the Foreign Contribution (Regulation) Act has been banned include University of Rajasthan, Allaha-bad Agricultural Institute, Young Mens Christian Association, Gujarat and Swami Vivekananda Educational Society, Karnataka. **PTI**

Slowdown, low demand take a toll on power consumption

New domestic connections fail to push demand; bulk buyers go missing

SHREYA JAI & AMRITHA PILLAY
New Delhi/Mumbai, 12 November

POWER SHOCK



Economic slowdown, coupled with falling industrial electricity demand and deteriorating payment capability of power distribution companies (discoms), is hurting power consumption as well as returns of power generating units. Major industrial states such as Maharashtra, Gujarat, Karnataka, Andhra Pradesh, and Madhya Pradesh have witnessed a fall in power demand.

At the national level, all-India power demand growth has hovered around a sub-optimal 2-4 per cent annually in the past five years. Aberrations were FY19, when demand rose 7.9 per cent. In FY15, it grew 8.8 per cent. India is aiming double-digit GDP and power demand growth.

"Slowdown has been building up for some time. There have been some temporary deterrents in the past five years that hampered manufacturing sector, which is a bulk electricity buyer," said a senior official in the Madhya Pradesh government.

Industrial output contracted by 4.3 per cent for a second straight month in September, nosediving to an eight-year low. Mining activities and electricity generation contracted in September, with the manufacturing sector, which accounts for 78 per cent of the index. On an average, industrial sector contributes 35 per cent to the overall demand, 20 per cent comes from the residential, another 17 per cent from agriculture and the remaining from other segments.

In terms of energy demand, which signifies actual consumption, Gujarat saw 1.12 per cent fall while for Maharashtra, it was down by 2.63 per cent during the April-September period over the corresponding period last year. All-India energy consumption growth was at 4.4 per cent, with all states, except Uttar Pradesh, registering single-digit growth.

"There is a combination of factors at play. Demand growth for states with higher industrial demand has been on a decline.

This is a sign that impact of the industrial slowdown seen in past six-seven months is showing on power," said Sharad Mahendra, chief operating officer for JSW Energy. Also, heavy rains impacted demand. "Rural electrification, on the other hand, has helped demand grow in states such as Uttar Pradesh, Bihar, and Chhattisgarh. At 165 Gw, I expect the month-on-month decline to stop as fundamentals continue to be strong for the country," he added.

This setback comes within months of India declaring all villages and households (99.9 per cent) electrified. But this has increased the expenditure of the discoms along with the rising cost of power. The Centre's efforts to turn around the finances and operations of state-owned discoms have faltered. Ujwal Discoms Assurance Yojana (UDAY), launched in 2015, will conclude with the end of this fiscal, but could

State	2018 (in million units)	2019 (in million units)	% change*
Uttar Pradesh	65,354	72,300	10.63
Madhya Pradesh	32,587	35,751	9.71
Bihar	16,453	17,886	8.71
Rajasthan	38,598	41,568	7.69
Karnataka	33,321	35,500	6.54
Andhra Pradesh	31,591	33,433	5.83
Gujarat	59,153	58,489	-1.12
Maharashtra	80,248	78,139	-2.63
India	657,999	687,107	4.42

* In 2019 over last year

leave the discoms in the red and finances of states in trouble, *Business Standard* has reported. The cumulative loss of discoms (21 states) stands at ₹28,369 crore by end-FY19, up by 88 per cent over a year ago.

"Due to higher receivables, there has been load-shedding in Maharashtra and Uttar Pradesh, adding to lower demand. I expect this to be a temporary phenomenon and power demand should grow at 4 per cent for the remaining of the year," said Rupesh Sankhe, senior research analyst at Reliance Securities.

At the same time, rising share of renewable energy is hurting the operating ratio of thermal units even more, while its contribution remains minimal to the grid. All India plant load factor (PLF) or operating ratio of thermal units stood at 51.05 per cent in September, down from 59.8 per cent last year.

Better economic linkages on PM's agenda at BRICS

SUBHAYAN CHAKRABORTY
New Delhi, 12 November

Improving institutional economic linkages and kick-starting the long-awaited trade growth between member nations will be on Prime Minister Narendra Modi's agenda, as he attends the 11th annual BRICS summit in Brazil, beginning Wednesday.

The nations of the grouping — Brazil, Russia, India, China, and South Africa — will be aiming to increase intra-region trade and investments, at a time when global economic prospects continue to remain dim, a senior official said.

The PM will be addressing the BRICS Business Forum and interacting with BRICS Business Council, as well as the New Development Bank.

India is looking to step up engagement with Brazil in trade, defence, agriculture, and energy sectors, Modi said



Prime Minister Narendra Modi departs for Brazil, from New Delhi on Tuesday. PHOTO: PTI

on Tuesday. At the BRICS trade ministers' meeting, attended by Commerce and Industry Minister Piyush Goyal, on Monday, India pushed for reducing non-tariff barriers to trade being faced by medium, small, and micro enterprises.

IMPORTS OUTMATCH EXPORTS

