

New product launches, traction in foreign sales are key triggers for GCPL

Investor interest in Godrej Consumer Products Ltd (GCPL) has been waning over the past year amid slower revenue growth. GCPL's annual growth rate in FY16-19 moderated to around 7 per cent from 10 per cent in FY13-16.

household insecticides market in India.

GCPL.

Analysts said GCPL's incense sticks would help to take away the market share of illegal incense sticks. Efforts to create awareness about the harmful impact of illegal

Growth in international business (46 per cent of consolidated revenues) is also likely to improve. While abating competitive intensity in HI and the launch of economy-size packs will help GCPL's Indonesia business, relaunch of Darling brand (hair extension portfolio) will augur well for its Africa business.

Indonesia and Africa account for over 80 per cent of its operating revenue from international business.

Overall, the stock looks favourable from the medium-term investment point of view. According to analysts at IIFL Securities, after a few quarters, GCPL's measures should help in improving the growth trajectory.

Thus, the stock provides good entry opportunity for investors with a three-year horizon. GCPL's stock currently trades at 41 times its FY20 estimated earnings; 25 per cent discount to that of Hindustan Unilever.

incense sticks would further aid GCPL's HI growth. Analysts at IIFL expect GCPL's HI segment to grow 7 per cent in FY20 and then 10 per cent in FY21.

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An expected improvement in the penetration of shampoo-based hair colour, aggressive focus on soaps, and faster growth of liquid detergents are revenue growth levers for



The stock tumbled about 14 per cent in the past year, as against a 2 per cent rise in the S&P BSE FMCG index. However, steps taken by the company — both in the domestic and international operations — are expected to help improve revenue growth over the medium term.

GCPL is launching its own incense sticks (neem-based mosquito repellent) and will enrich this portfolio over the next few months.

This will boost the prospects of its household insecticides (HI) segment, which accounts for 22-23 per cent of its sales.

The incense sticks market has grown significantly in the past few years and now accounts for 12 per cent of the

RBI panel on MSMEs suggests Rs 20 lakh collateral-free loan under Mudra

A Reserve Bank of India (RBI) expert committee on micro, small and medium enterprises (MSMEs) has recommended doubling the cap on collateral-free loans to Rs 20 lakh from the current Rs 10 lakh. This will be extended to borrowers falling under the Mudra scheme, self-help groups, and MSMEs, said a person privy to the development.

If the central bank approves the recommendation, the banking regulator will have to amend its July 1, 2010 circular that prescribes a maximum Rs 10 lakh for collateral-free loans.

The proposal is part of a report prepared by the eight-member RBI committee tasked with reviewing the current framework for the MSME sector. The panel, headed by former Securities and Exchange Board of India chairman U K Sinha, on Tuesday submitted its report, which is expected to be made public by the central bank on Friday.

The committee is learnt to have suggested various long-term solutions for the economic and financial sustainability of MSMEs. The report has also mentioned mainstreaming the restructuring of stressed loans, considering the central bank had given a one-year window to banks to do so in January.

The panel's recommendations have come at a time when the government is contemplating changing the definition of MSMEs.

According to the 2006 definition, manufacturing units with investment below Rs 25 lakh were termed micro, those between Rs 25 lakh and Rs 5 crore termed small, and from Rs 5 crore to Rs 10 crore medium. For service units, the corresponding amounts were up to Rs 10 lakh for micro, Rs 10 lakh-2 crore for small, and Rs 2 crore-5 crore for medium enterprises.

However, the proposed change under a new draft, as approved by the Cabinet but not yet accepted, is that annual



should be considered.

The Pradhan Mantri Mudra Yojana (PMMY) was launched in April 2015 by Prime Minister Narendra Modi. The loans are given to non-corporate, non-farm small and micro enterprises.

The loans are given by banks and non-banking financial companies as working capital and term loans for

business enterprises in manufacturing, trading and services and for agriculture activities.

In 2018-19, about 60

million loans worth Rs 3 trillion were sanctioned under Mudra, according to the PMMY website, which was also the target amount. For the next year, the government's target is similar.

Even as the loans are covered under Credit Guarantee for Micro Units, the bad debt is high. If the collateral-free loan amount is doubled, it can push up the absolute amount of bad debts too. But bankers would unlikely to double the ticket size unless the insurance cover commensurately rises.

"As on February 1, 2019, over 15.73 crore loans amounting to Rs 7.59 trillion have been extended by MLIs (member lending institutions) under the PMMY, since inception of the scheme. Almost 73 per cent of the loans under the PMMY have been extended to women borrowers," then Minister of State for Finance Shiv Pratap Shukla said in a written reply to the Rajya Sabha on February 12.

However, he also said that loans worth Rs 7,277.31 crore turned sour at the end of March 2018, as these were given mostly to first-time borrowers with no credit history.

India Ratings downgrades Mumbai International Airport term loans

India Ratings (Ind-Ra) has cut rating for GVK group backed Mumbai International Airport Private Ltd's (MIAL's) term loans from "AA-" to "A+" on erosion in built-up liquidity caused by factors like delays in real estate monetisation.

The rating action also reflects higher than estimated capital expenditure and higher-than-projected equity injections in Navi Mumbai International Airport Private Limited (NMIAL). MIAL is promoter of upcoming New Mumbai international airport.

Ratings have been placed under "watch with negative" (RWN) implications. MIAL was yet to respond to queries sent

India Ratings in a statement said the delay in refinancing a portion of debt through a bond against the original plan also reduces the financial flexibility. The RWN reflects MIAL's weakened liquidity position and dependence on real estate monetisation for future capex.

The downgrade on the term loans against real estate deposits reflects significant risk on repayment of loans due in the months of August and

September 2019.

The RWN reflects MIAL's weakened liquidity position to manage the upcoming bullet repayment of Rs 2.84 billion real estate deposit loans in September 2019. The rating agency will continue to monitor the various steps indicated by the management to address the issue.

The rating on the long-term bank loan against Airport Development Fee (ADF) receivables reflects the part prepayment of ADF loans and adherence to the escrow mechanism and mandatory prepayment provisions.

A lag in the implementation of the third control period (FY20 to FY24) tariff order should have led to accumulation of cash. However, partial closure of the runway for re-carpeting and overlay work in February and March 2019 combined with the shutting down of Jet Airways' operations have exerted pressure on the cash flows.

While that may remain unchanged, a further downgrade in the other loans may act as a trigger for the

downgrade of the ADF loans, given the mutual default clauses in the loan agreements. The RWN on the ADF loans reflects the liquidity concern and the cross default provisions with other indebtedness of the company. Ind-Ra will continue to monitor the resolution of the RWN on other loans.

In the rationale published in November 2018, Ind-Ra had highlighted delays in monetisation of real estate beyond March 2019 as being a key rating sensitivity.

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MIAL also had to take on extra burden of supporting work on upcoming Navi Mumbai International Airport. Against the original plan (Rs 5.55 crore and capex of Rs 233 crore), additional equity of Rs 350 crore was injected in NMIAL. It also incurred an additional capex of Rs 521 crore in FY19.

bureaucrats on Thursday to discuss issues relevant to the Union Budget, to be presented on July 5.

Apart from reform announcements to be made in the Budget, the government's fiscal consolidation roadmap, revenue position and expenditure commitments will be taken up at the meeting.

Those likely to attend the Thursday meeting include finance minister Nirmala Sitharaman, finance secretary Subhash Chandra Garg, revenue secretary Ajay Bhushan Pandey, expenditure secretary Girish Chandra Murmu, DIPAM secretary Atanu Chakraborty, financial services secretary Rajiv Kumar and chief economic advisor Krishnamurthy Subramanian.

While on Friday the PM will meet industry leaders including heads of state-owned banks, he will have discussions with economists and policy experts on Saturday, sources said. These two meetings are being organized by Niti Aayog, the policy think tank of the government.

compound annual growth in rental income of around 16 per cent through 2023, analysts at Kotak Securities Ltd. wrote in a report last month.

Rental income will receive a boost from re-pricing of old contracts at higher amounts and a better mix of occupants as leases are renewed, the report said.

Embassy's securities were rated outperform by Credit Suisse Group AG earlier this month, bringing buy recommendations on the REIT to six, versus one hold and zero sells.

Facebook plans to create global financial system based on cryptocurrency

Facebook unveiled an ambitious plan on Tuesday to create an alternative financial system that relies on a cryptocurrency that the company has been secretly working on for more than a year.

The effort, announced with 27 partners as diverse as Mastercard and Uber, could face immediate skepticism from people who question the usefulness of cryptocurrencies and others who are wary of the power already accumulated by the social media company.

The cryptocurrency, called Libra, will also have to overcome concern that Facebook does not effectively protect the private information of its users — a fundamental task for a bank or anyone handling financial transactions.

But if the project, which Facebook hopes to begin next year with 100 partners, should come together, it would be the most far-reaching attempt by a mainstream company to jump into the world of cryptocurrencies, which is best known for speculative investments through digital tokens like Bitcoin and outside-the-law e-commerce, like buying drugs online.

The company has sky-high hopes that Libra could become the foundation for a new financial system not controlled by today's power brokers on Wall Street or

Foreign investors picking controlling stakes in companies on the rise

A few months ago, several Indian companies showed interest in two financial services companies owned by DHFL — Avanse and Aadhar Housing — which were up for sale. Yet when the time came to make a price bid supported by evidence of funds, all of them withdrew from the deals.

In the end, global private equity funds Warburg Pincus and Blackstone bought over the companies, respectively. Sources involved in the deals say that the only reason Indian promoters backed out was the shortage of funds.

This is just one example of the way foreign investors, especially global private equity funds, have quietly overtaken the country's cash-strapped promoters in acquiring controlling stakes in Indian companies.

In FY19, foreign investors put in as much as \$21.28 billion in picking controlling stakes in a number of Indian companies. This is way ahead of the \$5.6 billion that Indian companies invested in acquisition deals over the same period.

Yet, just a year ago, in FY18, Indian investors were far ahead of their foreign counterparts in splurging their cash, and accounted for a 76 per cent share of all control deals in the country. In FY19, however, their share fell drastically — to only 21 per cent of all deals.

central banks. "It feels like it is time for a better system," David Marcus, head of Facebook's blockchain technology research, said in an interview. "This is something that could be a profound change for the entire world."

Marcus and other Facebook executives conducted press interviews ahead of the unveiling of their project at the historic San Francisco Mint, a nearly 150-year-old building that once housed one-third of the US gold reserve.

Mark Zuckerberg, Facebook's chief executive, has discussed his fascination with cryptocurrencies in recent years. And over the last few months, he has promised to offer users better privacy on company-owned services like Facebook, Instagram and WhatsApp.

But improving the privacy of users will make it harder for Facebook to show them ads tailored to their interests. A virtual financial network, if it should work, would be a way for the company to find new revenue if ad sales should drop.

The payment system would also help Facebook and other American companies compete for financial transactions in developing countries, where WeChat, developed by the Chinese company Tencent, already offers a highly profitable payments system built into its popular messaging product.

Interestingly, the average size of the deals struck by foreign investors were also much larger than those by Indian investors. For example, in FY19, the average deal size by foreign investors was \$644 million as opposed to \$144 million by Indian investors.

The reason for Indian companies falling back in the acquisition stakes is not hard to seek. Reeling from the burden of debt, Indian business houses have been focusing on monetising their assets rather than acquiring fresh assets. In 2017, a Credit Suisse report said that corporate India was getting into a debt trap. It estimated that 40 per cent of the \$530 billion India Inc couldn't even honour their interest payments. This is also reflected in the fact that the credit growth to industry contracted in 2016-17, and grew by a mere 0.7 per cent in 2017-18. Moreover, the share of incremental credit of banks to industry fell to a mere 3.3 per cent in the same financial year.

Industry experts say that Indian business houses monetised their assets to reduce their debt by over Rs 3.50 trillion. For instance, the GMR Group has reduced its debt from a peak of Rs 32,000 crore to around Rs 12,000 crore.

A few days ago, the Anil Ambani group announced that it had reduced its debt by over Rs 35,000 crore while the Ruias have cut back their debt by over Rs 1.35 trillion.

PM Narendra Modi starts pre-Budget meets to brainstorm on economy

In the run-up to the Union Budget, Prime Minister Narendra Modi has lined up a string of meetings spread across days. He began the exercise on Tuesday with a meeting of top bureaucrats in finance and other key ministries to finalise the government's priorities. The focus is clearly on reviving the economy and creating jobs, officials in the know said.

Next, the PM will interact with economists, bankers and sectoral experts through the week to brainstorm on pressing issues such as agriculture, reforms and effective implementation of signature schemes and projects.

Tuesday's meeting at the PM's residence, attended by all the five secretaries in the finance ministry besides top officials of other economic ministries and NITI Aayog, cleared a five-year vision plan for the government to make India a \$5-trillion economy by 2024, it is learnt. Also, the future course of PM's pet projects like doubling farmers' income, PM-Kisan, Pradhan

Mantri Awas Yojana, piped water for all, and electricity for all came up for discussion.

The focal point of the interaction was drawing a road map for reforms across departments leading up to the ease of doing business and economic growth. GDP growth, which has been a controversial issue recently due to doubts raised over government data, was discussed too. Stepping up government revenues while carrying out reform to push GDP growth, which slipped to a five-year low of 6.8 per cent in 2018-19, also figured in the meeting, sources said.

PM Narendra Modi starts pre-Budget meets to brainstorm on economy

With the farm sector facing headwinds, Modi had last week stressed upon the need for structural reforms in agriculture to boost private investment, strengthen logistics, and provide ample market support to farmers.

The PM is expected to meet senior finance ministry

Blackstone-backed India REIT wins over investors amid low interest rates

India's first ever real estate investment trust has outperformed peers since its debut in late March, helped by a low interest rate environment that's forcing investors to look elsewhere for yield.

Blackstone Group LP-backed Embassy Office Parks REIT has risen 21 per cent since its listing, beating indexes that track REITs in Singapore and Japan.

"This kind of return isn't usual from a REIT," said K V S Manian, an executive director at Kotak Mahindra Bank Ltd. "A large part has to do with the benign interest rate

environment in India now."

Interest rates in India are on a downward trajectory after the central bank cut borrowing costs three times since January.

Economists say further easing is expected. REITs offer a fixed return from a pool of rent-yielding assets, along with the prospect of capital appreciation.

Embassy operates around 33 million square feet of office space and has marquee tenants including Microsoft Corp. and Rolls-Royce Holdings Plc. The REIT should see

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**TO WHOMSOEVER IT MAY CONCERN
 NOTICE FOR TRANSFER OF SHARES**

Notice is hereby given that following original equity share Certificates of the Company have been lodged to the RTA by the transferee for Transfer of Shares in his name under the SEBI circular vide SEBIHO/ MIRD/DOS3/CIRIP/2018/139 dated 6th November, 2018.

Folio	Name of Transferor	Certificate No.	Distinctive No.	Shares	Name of Transferee
002908	Venkata Ramaiah T	23425	2992401-2992500	100	L.Raghuram Prasad

Any person who has any objection in respect of the proposed transfer of above shares should lodge such claim with the Company or its Registrar and Transfer Agents M/s. Link IntimeIndia Pvt Limited, 5TH Floor, 506 TO 508, Amarnath Business Centre - 1 (ABC-1) Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off C G Road, Ellisebridge, Ahmedabad - 380006, GUJARAT within 30 days of publication of this notice after which no claim will be entertained and the Company shall proceed to transfer shares in favour of above transferee. Further Details will be available at company's website http://dynaind.com/investors_zone.html.

By Order of the Board,
 Dynamic Industries Ltd.
 Sd/-
 Dipakkumar Choksi
 Chairman & Managing Director

Date : 19th June, 2019
 Place : Ahmedabad

