

BROKERAGE EXPECTATIONS FROM UNION BUDGET

Tax Sops, Higher Rural, Infra Spends on Wish List

The Union budget for FY21 will be the most watched event by market participants in the near term. With India's economic growth slipping to its lowest level in six years, investors have high expectations from the upcoming budget to provide a stimulus to revive the economy, brokerages said. Analysts believe that any disappointment on this front could lead to a sharp correction in the market. Indian markets have gained about 15% from September 20 when the government had announced a cut in corporate tax rates. Brokerages believe the government is likely to miss the fiscal deficit target of 3.3% of the GDP for this fiscal year and may also miss the divestment target. Here's what the brokerages are expecting from the upcoming budget which the government will be presenting on February 1.

— Sanam Mirchandani

ANTIQUE STOCK BROKING



- 1 Budget may extend existing rebate (of ₹12,500) to tax payers with income of up to ₹10 lakh
- 2 Budget may reduce or abolish long-term capital tax
- 3 If budget disappoints it could lead to 5-10% correction in market
- 4 Project 3.5% FY21 fiscal deficit of GDP

AXIS CAPITAL

- 1 Expect the government to miss its fiscal deficit target by 0.5% of GDP to 3.8%
- 2 Govt may miss FY20 divestment target by about ₹55K crore
- 3 Divestment above 0.5% of GDP can't be absorbed by public markets



- 4 Expect higher rural & infra spending; tax breaks to boost auto, housing
- 5 Expect nominal GDP to grow by 10%

BARCLAYS

- 1 Fiscal deficit target may be breached by a relatively wide margin



- 2 Expect a roadmap that returns the deficit to 3% of the GDP by FY22-FY23
- 3 Govt may target deficit of 3.5%
- 4 Govt does not have headroom for any large personal income tax cuts
- 5 Govt may set a larger target of ₹1.25L cr for divestment in FY21

CITIGROUP

- 1 Govt would likely opt for restraint
- 2 Project 0.3 percentage point fiscal slippage in FY20 with ₹30,000 crore-₹35,000 crore additional market borrowing



- 3 Expect fiscal deficit to be pegged at 3.5%
- 4 Quantum of stimulus may be small given fiscal constraints
- 5 There could be correction given high valuations if budget disappoints

JEFFERIES

- 1 Markets hope budget will bury macro gloom with magical fiscal stimulus



- 2 Personal income tax cuts may achieve little and GST cuts look unlikely
- 3 Govt may miss fiscal deficit target by around 100 bps
- 4 A fiscal stimulus is possible; infra may be in focus
- 5 Remain overweight on inexpensive industrials sector

How Best to Change the Mindset of Gold Buyers

Expert Take



NILESH SHAH

Light-weight jewellery to remove the notion that a wedding or a social occasion won't be complete without heavy gold jewellery. These steps will change the mindset of the society and impact gold demand over a period of time. A quickfix solution will be to tweak the existing taxation on gold.

NUDGE CONSUMER BEHAVIOUR

Gold currently has 12.5% import duty, which encourages smuggling. The government is losing about ₹6,500 crore annually by way of import duty on smuggled gold. Import duty levy has increased the market value of gold and created an illusion of higher returns. On a five-year basis gold returns look higher by about 2.5% due to levy of import duty.

We need to change gold taxation from import duty to GST. Removal of import duty will discourage gold smuggling and other menaces associated with it. The government will benefit as smuggled gold gets into the tax net. For ease of collection, GST should be charged on imported gold when sold to jewellers by authorised importers. The jewellers should get input credit when they sell

gold an item of consumption. Shift of gold from investment to consumption will discourage the buying of gold.

INTRODUCE GOLD CRYPTOCURRENCY

India has suffered from flight of capital as Indians have remitted money abroad through various means. India should reverse the trend and attract global saving through a crypto currency backed by gold. Bitcoin and gold have a lot of similarities. Both are available in a limited quantity. Both are difficult to mine. Both can't be destroyed. Both are recognised universally. Gold unlike bitcoin has a long history of acceptance as storage of value.

'GoldCoin' should be backed by physical gold on the lines of bitcoin. Operational and custody aspect of GoldCoin should be managed by the government at a nominal charge. Initial GoldCoins can be mined from the gold reserve of the RBI and public participation including foreigners. GoldCoins should be exempt from all taxes and questioning by regulators and tax authorities.

GoldCoins should be bankruptcy remote like PPF. GoldCoins initially will be linked to gold prices but will start moving higher on acceptance as a global means of payment like bitcoin away from the regulatory scrutiny. GoldCoin should offer the confidentiality of a Swiss Bank account, convenience of bitcoins along with the safety of gold.

We have experts whose services can be used to create volumes in GoldCoin. Through an initial circular trading among Indians we can create global interest in GoldCoin. GoldCoin on one side will increase gold prices and help create wealth effect for millions of Indians and will help monetise existing holding of gold. India may also end up attracting global capital through participation in GoldCoin. Our aim should be to give tough competition to Swiss Bank and bitcoin through GoldCoin to attract global capital without any cost.

Indians have invested trillions of dollars in gold and precious stones. Our economy would have crossed the \$5 trillion mark, if that was monetised earlier. Better late than never. By monetising gold, we will provide adequate capital to our entrepreneurs to achieve \$5 trillion GDP target.

(The author is MD, Kotak Mahindra AMC)



gold jewellery to the actual consumer. Jewellers will be revenue neutral as whatever they pay by way of GST will be available to them through input credit. The behaviour of the buyer will change significantly due to the nudge effect. In an import duty regime, the buyer pays ₹12.50 and gets gold whose market value in India is ₹12.50 but in the international market it is ₹100. The instant loss of 12.5% isn't recognised by the buyer and hence gold becomes an investment. When gold is in GST regime, the buyer will pay ₹12.50 (₹100 for gold and ₹12.50 for GST) but gets gold whose market value is ₹100. The buyer will instantly realise the loss of 12.5%. That will make

Rupee Bears Brunt of Global Pandemic Fears, Sheds 7 p

Press Trust of India

Mumbai: The rupee depreciated by 7 paise to close at 71.26 against the US dollar on Thursday as the spread of a deadly new virus from China stoked fears of a global pandemic.

mic. However, softening crude prices and strong domestic equity market restricted the rupee's fall, forex dealers said. At the interbank foreign exchange market, the local currency opened on a weak note at 71.21. During the day, it swung between a high of 71.16



and a low of 71.35. The Indian currency finally settled at 71.26, registering a loss of 7 paise over the previous close. Investors remained anxious over the spread of a deadly new virus from China as it is big export market for many countries.

ET in the Classroom TECHNICAL ANALYSIS SERIES 36

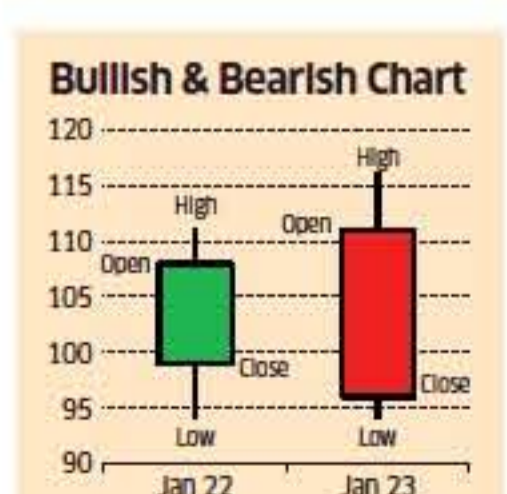
Candlestick Charts

In an earlier issue, we introduced several charting techniques like line chart, bar chart, candlestick chart, point & figure charts, etc. Since there are several trading rules based on candlestick chart patterns, let us study them in detail now.



during the day and is much more important than the extreme trades, which are usually captured as high or low of the day.

If the closing price is above the opening price, it clearly shows that the bulls won the fight that day and, therefore, this is considered a bullish candle. Traditionally, the body of bullish candles is marked as white; several technical charting programmes now plot them as green to make them visually more appealing. Similarly, if the price closes below the opening price, it reveals the strength of the bears. In such a case, the body of these bearish candles is either marked in black or red. The length of the body is also important. While a long green body shows strong bullishness, a long red body shows the severity of bearishness.



Shadow - The remaining portion in a candlestick chart, i.e., the part other than the body marked in green or red, is depicted as thin lines. These

are commonly known as shadows, wicks or tails. One can see these shadows as small lines extending out of the bullish or bearish candles in the chart. Though not as important as the body, the length of the shadow (or its absence) also gives a clear signal about the market mood for that day. For instance, long upper shadows are usually considered bearish because they are formed when bulls try to take the prices to much higher levels, but lose control midway and, hence, the prices close well below the high. Similarly, long lower shadows are considered bullish because the bears are not able to sustain the pressure till closing.

Japanese charting - A candlestick charting technique was developed by Japanese commodity traders and they are usually called Japanese Candlesticks. Most of the terms used are also Japanese. However, we will try to use English terms wherever possible.

TEXT: Narendran Nathan

Short Takes

RBI Doubles Investment Limit for FPIs in Debt Through VRR

The Reserve Bank of India more than doubled the investment limit for foreign portfolio investors (FPIs), who are keen to invest in local debt securities through a dedicated route known as Voluntary Retention Route (VRR). "The investment cap is increased to ₹1,50,000 crore from ₹75,000 crore," RBI said in a notification. FPIs that have been allotted investment limits under VRR may, at their discretion, transfer their investments made under general investment limit to VRR, RBI said.

Yes Bank Will Not Be Allowed to Fail, says SBI Chairman at Davos

The head of India's biggest lender said he's certain "some solutions will emerge" to steady Yes Bank, which has been on a prolonged quest to raise new capital. "Yes Bank is a significant player in the market with an almost \$40 billion balance sheet," State Bank of India Chairman Rajnish Kumar told Bloomberg Television in Davos. "I have a feeling that it will not be allowed to fail," he added. Kumar's statement follows speculation that the government, which controls State Bank of India, may ask the lender to play a role in bailing out the private-sector Yes Bank. However, last month Kumar said it was "out of the question that SBI will do anything for Yes Bank."

MID-CAP BUZZ

Polyplex a Good Buy On Earnings, Valuations

Rajesh.Mascarenhas @timesgroup.com

Strong Metrics Polyplex Corporation

| | |
|---------------------|--------|
| CMP (₹) | 57.20 |
| GM Return (%) | 21.15 |
| YTD Return (%) | 13.14 |
| 1-Y Forward PE | 4.67 |
| 5-Y Avg PE | 11.85 |
| Target Price (₹) | 683.00 |
| Dividend Yield (%) | 8.99 |
| Revenue 5Y CAGR (%) | 7.49 |
| PAT 5Y CAGR (%) | 115.58 |

* Bloomberg Consensus Estimate

Mumbai: A strong earnings visibility, robust balance sheet, recent capacity expansion and inexpensive valuations make shares of Polyplex Corporation (PCL), the sixth-largest player in the global thin BOPET film market, attractive at the current market price.

PCL commissioned a BOPET line in Indonesia in November 2019, increasing its capacity by 16%. The management has guided for \$160 million in capex over FY20-22 on which it is targeting 15% incremental pre-tax return on capital employed. The stock, which rallied 13% so far this year, ended at ₹77.20 on Thursday.

The global BOPET cycle has turned around with a slowdown in capacity additions as against a growth of 7-8% in demand. As a result, analysts expect a margin upcycle for BOPET players over FY20-FY22E. PCL is well-placed to benefit from the favourable industry cycle given 16% increase in its films capacity.

"A strong balance sheet with net cash position of ₹521 crore or ₹63 per share as on March 31, 2019 (which is 28% of current market

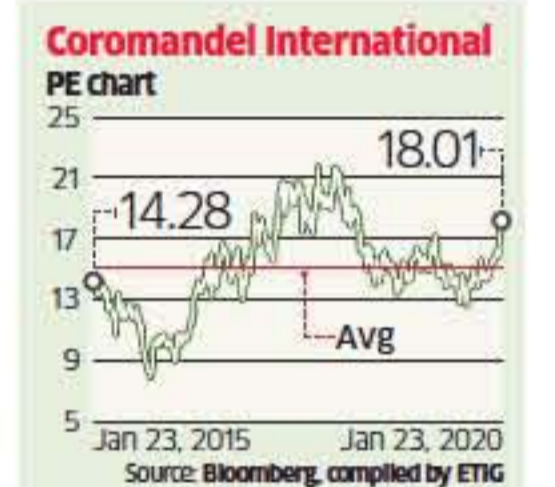
capitalisation) makes valuation of PCL attractive at 4.2 times FY22 estimated earnings" said Abhijeet Bora, senior analyst, Sharekhan. "The recent capacity expansion, favourable margin cycle and the rising share of value-added films are expected to drive 11% profit CAGR over FY2019-22."

PCL has given a consistent profit growth of 115.58% over five years and maintained a healthy dividend payout of 47.28%.

"Led by strong volume visibility and favourable demand supply in BOPET, we value PCL at 3.2 times FY21 estimated EV/EBITDA, which yields a target price of ₹683," said Shradha Sheth, analyst, Edelweiss Securities.

Coromandel Int'l Up 20% in a Month On New Product Shift

Ashutosh.Shyam@timesgroup.com



ET Intelligence Group: The stock of Coromandel International, the country's second largest manufacturer of phosphate fertiliser, has gained 20% over the past month due to the company's focus on unique grade products and rising backward integration. These products typically fetch higher margins.

The unique products contributed 38% to the total revenue in FY19. The company plans to raise it to half of its output in the next two years.

The manufactured phosphatic fertiliser sales volume grew by 44% year-on-year to 0.7 million tonnes in the December 2019 quarter compared with 23% for the industry according to Axis Capital. This will offset the moderation in the volume in the first half of the current fiscal.

The company is gradually hiking revenue contribution from the crop protection division, shifting to non-subsidy linked revenue and lowering working capital. This division contributed 13.5% of the total revenue in FY19. At Thursday's closing price of ₹611.4, the stock was traded at the one-year forward price-earnings multiple of 18 compared with the five-year average of 15.1.

NORTHERN RAILWAY
Tender Notice No.: 31/2019-2020 Dated: 22.01.2020
Invitation of Tenders through E-Procurement System
Principal Chief Materials Manager, Northern Railway, New Delhi-110001, for and on behalf of the President of India, invites e-tenders through e-procurement system for supply of the following items:-

| S.No. | Tender No. | Brief Description | Qty | Closing Date |
|-------|------------|--|------------|--------------|
| 01. | 07191983 | UIC 130 PRE-SEALED, PRE-SET AND PRE-LUBRICATED | 3369Nos. | 20.02.2020 |
| 02. | 04190028C | COMPRESSED NATURAL GAS TO IS 15958/2012 | 237067 KGS | 02.03.2020 |

Note: 1. Vendors may visit the IREPS website i.e. www.ireps.gov.in for details. 2. No Manual offer will be entertained. 23/7/2020
Serving Customers with a Smile

Ministry of Micro, Small and Medium Enterprises
Government of India
MSME TECHNOLOGY DEVELOPMENT CENTRE
Ministry of Micro, Small & Medium Enterprises
MSME TECHNOLOGY DEVELOPMENT CENTRE (PPDC)
FOUNDRY NAGAR, AGRA - 282006
EXPRESSION OF INTEREST

MSME-TDC (PPDC), Agra is an autonomous body under Ministry of MSME, Govt. of India invites application from reputed Suppliers/Travel Agents for providing the taxi services for local and outside visits/monthly engagement.

Interested agencies having relevant experience and expertise area invited to submit their EOI on or before 31.01.2020. The Principal Director reserve the right to accept or reject any or all of EOIs without assigning any reason. For further details visit our website www.ppdccagra.dcmsme.gov.in

PRINCIPAL DIRECTOR

EAST CENTRAL RAILWAY
E-AUCTION NOTICE (SCRAP SALE)

| Month | DIVISION | DATE | Mobile |
|----------|--|---|------------|
| FEB 2020 | Danapur Division | 06.02.2020 (Thursday) 19.02.2020 (Wednesday) 27.02.2020 (Thursday) | 9771449770 |
| | Dhnanabad Division | 11.02.2020 (Tuesday) 19.02.2020 (Wednesday) 27.02.2020 (Thursday) | 9771426770 |
| | Samstipur Division | 07.02.2020 (Friday) 14.02.2020 (Friday) 19.02.2020 (Wednesday) 27.02.2020 (Thursday) | 9771428770 |
| | Pt. Deen Dayal Upadhyaya Division | 06.02.2020 (Thursday) 14.02.2020 (Friday) 20.02.2020 (Thursday) 27.02.2020 (Thursday) | 9794848770 |
| (a) | Sonpur Division | 07.02.2020 (Friday) 19.02.2020 (Wednesday) 28.02.2020 (Friday) | 9771429770 |
| | Bidders are advised to inspect the scrap lot before submission of bid. They are allowed to inspect the lot, on an authority from the concerned officer of Railway Administration, at the site of lot mentioned in the auction catalogue on any working day (except Saturday) | | |
| (b) | The complete details of materials and terms and conditions will be as per Auction Catalogue, which shall be available with the respective auction conducting authority of East Central Railway or from our website : www.ireps.gov.in prior to the date of auction. | | |

Principal Chief Material Manager
E.C.Railway, Hajipur
PR/02071/HQ/STORE/N/19-20/80

Government of Jammu & Kashmir
OFFICE OF THE EXECUTIVE ENGINEER
MECHANICAL IRRIGATION DIVISION, AKHNOOR/NOVSHERA
Tele/Fax : 01924-253998 / E-Mail : fcm@akhtknoor@gmail.com

Notice Inviting Tender
e-NIT No. :- 477/MD/AN. Dated :- 18/01/2020

For and on behalf of The President of India, Executive Engineer, Mechanical Irrigation Division Akhnoor/Novshera invites e-tenders from approved contractors/ Registered firms /Authorized dealers/ Workshop owners having experience in small hydro Mechanical / Electrical Works.

| S. No. | Name of the Work | Quantity | Earnest Money (Rs. in Lacs) | Cost of tender document |
|--------|--|----------|-----------------------------|-------------------------|
| 01. | Restoration /Reconditioning of suction pipes, delivery pipes and other allied works at LIS Mukeri. | 01 Job | 0.045 | Rs. 200 |

Period of completion: 15 days
Class of contractor: Approved contractors/ Registered firms/ Authorized dealers/ Workshop owners having experience in small hydro Mechanical / Electrical Works.

1. The bidding documents can be seen and downloaded from the website <http://www.iktenders.gov.in> from 18/01/2020 (04:00PM) to 27/01/2020 (03:00 PM).
DIP/1-12635/19

KSK Mahanadi Power Company Limited
(Under Corporate Insolvency Resolution Process)
Extension of Timeline for Submission of Expression of Interest

Notice for inviting "Expression of Interest" (EOI) from prospective Resolution Applicants for submitting Resolution Plans in the matter of KSK Mahanadi Power Company Limited ("KSKMPCL") was published in "The Economic Times" and other regional newspapers, on 8th January 2020, in terms of provisions of Section 25(2)(h) of Insolvency and Bankruptcy Code, 2016.

Last date of receipt of EOIs from the prospective resolution applicants in the matter of KSKMPCL is extended till 6:00 PM IST on 23rd February 2020.

The updated Form G and "EOI process document" has been uploaded on the Company website (<http://ksk.co.in/kmpcl>). Updated Form G shall also be published on the IBB website (<https://bbi.gov.in/resolution-plans>).

For any clarification or further information, kindly write to ip.mk.ksk@in.pwc.com

Sd/-
Interim Resolution Professional of
KSK Mahanadi Power Company Limited
Reg. No.: IBB/PA-001/IP-PP0033/2016-2017/10086
B-2A, Sunny Valley C.G.H.S., Dwarka,
Sector 12, New Delhi-110078

Date: 24/01/2020
Place: Hyderabad

WEST BENGAL STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
(A Government of West Bengal Enterprise)
Registered Office: Vidyut Bhawan, DJ Block, Sector-4, Bishanagar, Kolkata-700 091
CIN: U40101WB2007SGC113474 + web: www.wbsetcl.in

The Chief Engineer (Procurement) invites e-tender for:

| | |
|---|--|
| 1. NIT No: CE (P) / WBSETCL/10 MVA Trf./ 19-20/26 Date: 24.01.2020 | Procurement of 10 MVA, 66/33 KV & 66/11KV, 3 ph Power Transformer. Bid documents can be downloaded from 24.01.2020 at 11:00 A.M. and shall submit up to 04.00 P.M. on 22.02.2020. |
| 2. NIT No: CE (P) / WBSETCL/CONDUCTOR/ 19-20/27 Date: 24.01.2020 | Procurement of ACSR CONDUCTOR. Bid documents can be downloaded from 24.01.2020 at 11:00 A.M. and shall submit up to 04.00 P.M. on 22.02.2020. |
| 3. NIT No: CE (P) / WBSETCL/80 & 50 MVA Trf./ 19-20/28 Date: 27.01.2020 | Procurement of 80 MVA & 50 MVA, 132/33 KV Power Transformer. Bid documents can be downloaded from 27.01.2020 at 11:00 A.M. and shall submit up to 04.00 P.M. on 25.02.2020. |
| 4. NIT No: CE (Procurement) / WBSETCL/Cable Pkg. - AR /2019-20/29 Date: 27.01.2020 | Construction of 220 KV D/C UG Cable Line from Rajarhat 400 KV Sub Station of PGCIL to New Town IIC 220 KV GI Sub Station (RL = 8.5 Km). Bid documents can be downloaded from 27.01.2020 at 11:00 A.M. and shall submit up to 04.00 P.M. on 25.02.2020. |

Interested bidders may visit the following websites for details:-
<https://wbenders.gov.in>, <https://tender.wb.nic.in> and <http://www.wbsetcl.in>
ICA-10443(2)/2020