

MIDNIGHT NEWS UPDATES

- Eveready Industries reported a 3-fold jump in net profits for the Jun-20 quarter at Rs.24.98 crore. The company got a boost from better gross profit margins and lower cost of operations. This is despite the fact that the total revenues for the Jun-20 quarter were lower by 20.46% at Rs.331.23 crore. The improved operational performance was evident in a 60% surge in the EBIDTA supported by lower employee cost and lower distribution and promotional spends. To an extent, it must be said that the discontinuance of packed tea business helped in improving margins and releasing working capital.
- The Employees Provident Fund Organisation or the EPFO may be in for an embarrassing moment in the current year as it will be in a position to only pay part of the committed interest payment. While the interest on EPFO was retained at 8.50%, the government has said that it will only pay 8.15% currently and the remaining 0.35%, possibly in December. That is not certain, nor is the amount assured by the government. The COVID-19 pandemic had created a situation where the ETF portfolio of the EPFO saw deep cuts resulting in EPFO holders making a huge loss. The 8.15% will be paid from the debt income but the balance 0.35% will, perhaps, be paid by selling ETFs. These are the downside risks of enhancing the exposure of EPFO to equities via ETF route. EPFO is specifically meant for salaried persons in India.
- One of the world's largest PE player, Silver Lake Partners, will buy 1.75% in Reliance Retail Ventures for a consideration of Rs.7500 crore. This values Reliance, post the deal, at around Rs.428,500 crore or the equivalent of \$58 billion. It may be recollected that Reliance Retail Venture had recently purchased the retail, wholesale, logistics and warehousing business of Future Group for \$3.38 billion. It is now expected that close on the heels of Silver Lake, KKR may also infuse close to \$1.50 billion into Reliance Retail. Incidentally, both these players were key PE investors in Jio Platforms just a few months back.
- State Bank of India confirmed that it had raised Rs.4000 crore via the issue of additional tier 1 (AT-1) bonds at a coupon rate of 7.74%. AT-1 bonds are quasi equity and can be repudiated in a crisis, as was the case in Yes Bank. This yield is sharply lower than the rate of 8.3% at which Canara Bank had issued AT-1 bonds. While the issue size was Rs.1000 crore, SBI got bids worth Rs.6000 crore. Hence SBI has exercised its green shoe option and retained another Rs.3,000 crore over and above the original issue size. This comes close on the heels of Tier-2 bonds worth Rs.8931 crore raised at 6.8% last month.
- Reddy Labs launched Remdesivir, belonging to Gilead, used in the treatment of more advanced stages of COVID-19. Reddy Labs launched Remdesivir under the brand name Redyx in India. The DCGI approved Remdesivir for restricted emergency only for COVID-19 patients hospitalised with severe symptoms. The licensing agreement with Gilead grants Reddy Labs the right to manufacture and sell Remdesivir in 127 countries, including India. Redyx will be made available in strength of 100 mg vial. Reddy Labs is one of the few Indian companies licensed by Gilead to sell Remdesivir under USFDA emergency approval.
- August 2020 turned out to be a disappointing month for mutual funds as equity funds showed outflows for the second month in succession. After net outflows of Rs.2480 crore from equity funds in Jul-20, the outflows were higher at Rs.4000 crore in Aug-20. In fact, the outflows were pronounced in debt funds and hybrid funds too with overall outflows from mutual funds at Rs.14,500 crore in Aug-20. Even the SIP flows at Rs.7791

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