

Market wrap

March 02, 2020

Benchmark indices end in red amidst volatility; new COVID-19 cases reported in India dent investor sentiments..

Domestic bourses witnessed knee jerk reaction in the last hour of the session after two new COVID-19 cases were detected in Delhi and Telangana which wiped off all the intraday gains made during the day and the benchmark indices finally ended in the negative zone for the seventh session in a row.

The S&P BSE Sensex, which hit a high of 39,083.17, up 786 points during the day, erased all its gains to settle at 38,144, down 153 points against Friday's close of 38,297.29. State-run lender State Bank of India (SBI) ended as the biggest loser on the index with 5 per cent decline while IT major HCL Tech (up over 2 per cent) emerged as the biggest gainer. Besides SBI, Reliance Industries (RIL), Axis Bank, and Bajaj Finance contributed the most to the index's fall.

On the NSE, the 50-share Nifty index ended at 11,133 points, down 69 points or 0.62 per cent.

In the broader market, the S&P BSE MidCap index slipped 0.65 per cent to 14,504 levels and the S&P BSE SmallCap index ended 0.77 per cent lower at 13,604 levels.

Market breadth was in favour of declines as out of 2,616 companies traded on the BSE, 1,509 declined and 946 advanced while 161 remained unchanged.

Volatility index India VIX climbed nearly 8.5 per cent to 25.20 levels.

On the sectoral front, except Nifty IT, all the other indices ended in the negative zone. Media stocks bled the most with the Nifty Media index plunging over 4.5 per cent to 1,595 levels. PSU Bank stocks were next on the list. Nifty IT, on the other hand, gained around 1.5 per cent to 15,428.

Sectors and stocks

Shares of Metropolis Healthcare rallied 6 per cent to hit a new high of Rs. 1,982 on the BSE on Monday amid expectation of strong revenue growth on the back of healthy volume growth due to strong additions to the patient service network. The leading diagnostic service provider's stock was trading at its highest level since April 14, 2019. In the past two months, Metropolis Healthcare has outpaced the market by surging 41 per cent, as compared to 7 per cent decline in the benchmark S&P BSE Sensex. With today's rally, the stock has zoomed 125 per cent against its issue price of Rs. 880 per share. For the October-December quarter (Q3FY20), the company reported 22.8 per cent year-on-year (YoY) growth in its EBITDA at Rs. 63 crore against Rs. 51 crore in Q3FY19. Ebitda margin improved to 28.25 per cent from 26.8 per cent. Revenue during the quarter grew 17.4 per cent at Rs. 223 crore on YoY basis, driven by volume growth through organic expansion while revenue per patient in Q3FY20 increased by 2.7 per cent YoY at Rs. 923 as compared to Rs. 898 in Q3FY19. The management said the revenue diversification is improving, and the company is able to increase its revenue contribution from other cities which will be the growth engines for the future. The opportunity to increase market share in focus cities is very high especially through the B2C route and a combination of new network expansion along with improving revenue per center; this will create a long runway for growth, it said.

Shares of Mishra Dhatu Nigam (MIDHANI) continued their northward journey and rallied 13 per cent to hit a fresh high of Rs. 278 on the BSE on Monday ahead of its board meeting tomorrow (March 3, 2020) to consider interim dividend. The stock of the state-owned manufacturers of special steels superalloys and titanium alloys



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has surged 32 per cent in the past three trading days after the company announced, on Thursday, that its board will meet on March 3 to consider a proposal relating to declaration of interim dividend, if any, for the financial year 2019-20. In the past one month, the stock has zoomed 85 per cent from the level of Rs. 150 on February 3, as compared to 3 per cent decline in the S&P BSE Sensex in the same period. It was trading at highest level since listing on April 4, 2018. With today's rally, MIDHANI has surged 209 per cent against its issue price of Rs. 90 per share. The company had reported over three-fold jump in net profit at Rs. 60.50 crore in December 2019 quarter (Q3FY20). In comparison, it had posted a profit of Rs. 16.90 crore in the year-ago quarter. The company's net turnover during the quarter under review grew 35 per cent year-on-year (YoY) at Rs. 206.9 crore, as compared to Rs. 153.2 crore in the corresponding quarter of previous fiscal. For the first nine months (April-December) of FY20, the company achieved a net turnover of Rs. 509 crore, registering a growth of 36 per cent over the net turnover of Rs. 374 crore recorded in the corresponding period of the previous year. The company's net profit jumped 137 per cent YoY to Rs. 119 crore during the same period. The stabilisation of 1500T Forge press and other recent capital investments coupled with a healthy order booking, particularly from space sector, has enabled the mini-ratna defence public sector undertaking MIDHANI to achieve healthy turnover during the quarter. As on January 1, 2020, the company's order book position stood at Rs. 1,776 crore. The Company's FY19 annual report said that the commercial production of vehicle and personnel armouring products at the Rohtak plant is likely to come into operation by the end of FY20. MIDHANI was established by the government with the prime objective of achieving self-reliance in manufacturing special metals and super alloys critical to the growth of the defence, space, and atomic energy segments. The company has mainly benefitted from the government's thrust to space and defence programmes.

Shares of Bajaj Auto slipped 4 per cent to Rs. 2,785 on the BSE on Monday after the company reported a 10 per cent year on year (YoY) drop in total auto sales at 354,913 units for the month of February 2020. The stock was trading lower for the seventh straight day, plummeting 10 per cent during the period, as against a 7 per cent decline in the S&P BSE Sensex. It was quoting at its lowest level since September 29, 2019. The company that manufactures motorcycles, three-wheelers and their parts had sold a total of 393,089 units in the corresponding month of 2019. "Total domestic sales (2 wheeler + CV) declined 24 per cent to 168,747 units in February 2020, as against 221,706 units in February 2019. Total exports, however, rose 9 per cent to 186,166 in February 2020 from 171,383 units in February 2019," Bajaj Auto said in an exchange filing. Total 2-wheeler sales in February 2020 stood at 310,222 units, down by 5 per cent from 327,985 units in February 2019. Total commercial vehicles sales declined by 31 per cent to 44,691 units February 2020 as against 65,104 units reported in February 2019, it added. Bajaj Auto's 10-month's volume of 4.37 million units is 5.5 per cent down YoY. This is mainly due to 13 per cent fall in the domestic motorcycle volume.

Shares of Tata Power hit an over 13-year low of Rs. 45.35, down 3 per cent, on the BSE. The stock has fallen 13 per cent in the past week on the back of heavy volumes after concerns emerged that the electric utilities firm may snap power lines to five states beginning March if they don't agree to tariff increases. The stock of the Tata Group Company was trading at its lowest level since July 28, 2006. Since January 29, 2020, when it declared its October-December quarter (Q3FY20) earning, Tata Power has underperformed the market by falling 26 per cent, as compared to a 7 per cent decline in the S&P BSE Sensex.

Global Markets

Asian shares regained a measure of calm on Monday as markets bounced after a searing sell-off last week and as investors pinned hopes on a likely coordinated global monetary response to help soften the economic blow of the coronavirus outbreak. MSCI's broadest index of Asia-Pacific shares outside Japan rose 1 per cent, up for the first time in four sessions and recovering from a fall of about 0.3 per cent in early trade.

E-minis for the S&P500, which were down more than 1 per cent at one point, were last up 0.5 per cent.



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For research related queries contact:

Mr. Akash Jain – Vice President (Research) at, 022-67160431 (D)

CIN: L74140MH1986PLC041941

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Website: www.ajcononline.com

Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062