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Market wrap

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Benchmark indices end in green amidst volatility witnessed in Indian equities; PMI expands to 8 year high..

Domestic bourses witnessed bounceback amidst volatility on Monday after falling significantly on Saturday as street participants were not happy with Union Budget 2020-21, coupled with worries over deadly coronavirus. However, buying in select counters helped benchmark indices settle in the positive territory.

The S&P BSE Sensex gained 137 points or 0.34 per cent to end at 39,872 with Asian Paints (up over 6 per cent) being the top gainer and ITC (down 5 per cent) the biggest loser. HUL, Asian Paints, ICICI Bank, and IndusInd Bank contributed the most to the index's gains while ITC, TCS, and Infosys were the major drags.

Key development

India's manufacturing activity expanded at its quickest pace in nearly eight years in January with robust growth in new orders and output, a private survey showed on Monday, suggesting the economy may be getting back on firmer footing. In response to the jump in sales, factories hired new workers at the fastest rate in more than seven years. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, jumped to 55.3 last month from 52.7 in December. It was the highest reading since February 2012 and above the 50-mark separating growth from contraction for the 30th straight month.

Sectors and stocks

Shares of multinational companies (MNCs) were in focus with Nifty MNC index gaining more than 2 per cent on the National Stock Exchange (NSE) on Monday after the government abolished the Dividend Distribution Tax (DDT) from company level and said it will now be taxed in hands of recipients. Among individual stocks, Nestle India hit a new high of Rs. 16,279, up 5 per cent today. Hindustan Unilever (HUL) surged 5 per cent to Rs. 2,180 on the NSE. The stock of the fast moving consumer goods company (FMCG) giant was trading close to its all-time high level of Rs. 2,190 touched on November 7, 2019. SKF India, Abbott India, Britannia Industries, Castrol India, Kansai Nerolac Paints, Ambuja Cements, 3M India and Hexware Technologies from the Nifty MNC index were up in the range of 3 per cent to 5 per cent on the NSE.

Shares of Godrej Properties was up by 10 per cent to Rs. 1,084 on the BSE on Monday after the company's consolidated profit before tax (PBT) in December quarter (Q3FY20) more-than-doubled at Rs. 88 crore, on the back of strong operational performance. The real estate developer had reported PBT of Rs. 36 crore in the year-ago quarter. The stock erased its entire 8 per cent loss recorded on the Budget day. The management said the ongoing consolidation in the sector provides Godrej Properties a tremendous opportunity to drive market share growth in residential real estate. It expects to end the year on a strong note with a large number of project launches and project additions expected in the upcoming weeks. Godrej Properties said it added four new projects (three in MMR and one in Bangalore) with saleable area of around 12.7 million sq. ft. in Q3FY20. During the quarter, the company witnessed a total booking value of Rs 1,189 crore and total booking volume of 1.58 million sq. ft. as compared to total booking value of Rs 1,528 crore and total booking volume of 2.80 million sq. ft. in Q3FY19. Meanwhile, the company's consolidated total income grew 4 per cent year on year (Y-o-Y) to Rs 491 crore, while net profit rose 9 per cent to Rs 45 crore over the previous year quarter. Consolidated EBITDA, which includes share of profit in joint venture, jumped 60 per cent to Rs. 151 crore from Rs. 94 crore in the previous year quarter. EBITDA margin improved substantially to 30.7 per cent in Q3FY20 from 19.9 per cent in Q3FY19.

Shares of TCI Express hit a new high of Rs. 925, up 6 per cent on the BSE on Monday in an otherwise subdued market after Finance Minister Nirmala Sitharaman on Saturday proposed to set up Kisan Rail in public-private-partnership (PPP) mode for cold supply chain to transport perishable goods. TCI Express is a prominent player



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in the express logistics industry providing Door-to-Door express distribution services. In the past 10 trading days, the stock outperformed the market by surging 26 per cent from Rs. 733 level on January 23, 2020. In comparison, the S&P BSE Sensex was down 4 per cent during the same period. Presenting her second Union Budget, Sitharaman announced a slew of measures for the benefit of farmers. "To build a seamless national cold supply chain for perishables, the Indian Railways will set up Kisan Rail through PPP model so that perishable goods can be transported quickly," she said. Meanwhile, in October-December quarter (Q3FY20), TCI Express delivered EBITDA of Rs. 35 crore, a year-on-year (YoY) growth of 11.2 per cent and margins expanded by 107 bps to 13.1 per cent during the same period. Net profit grew 36 per cent at Rs. 26 crore, while operational revenue up marginally by 2 per cent at Rs. 268 crore on YoY basis. The management said the revenue growth was driven primarily by increase in Small and Medium Enterprises (SME) customers. The margin improvement is a result of operational efficiency initiatives and better working capital management.

Shares of Amara Raja Batteries rallied 6 per cent to Rs. 791 on the BSE on Monday after the company reported a good operational performance in December quarter (Q3FY20). The stock of the auto ancillary company was quoting close to its 52-week high level of Rs. 814, touched on Thursday, January 27, 2020. The company's EBITDA margins expanded 130 basis points (bps) year-on-year (YoY) to 16.2 per cent, driven by lower raw material costs and impacted by higher-than-expected other costs. Net revenue from operations during the quarter grew 3 per cent at Rs. 1,748 crore against Rs. 1,695 crore in the corresponding quarter of the previous fiscal. PAT rose by 26 per cent to Rs. 164 crore on YoY basis. The company's automotive and industrial batteries businesses reported healthy volume growth during the quarter, except automotive original equipment manufacturers (OEMs) and telecom segments. The management said the replacement demand for AMARON, POWER ZONE and QUANTA batteries across market segments helped the company achieve healthy volume growth. Exports to countries in the Indian Ocean Rim geography continue to gain traction. OE and telecom sectors continue to experience demand slowdown, it added. "The automotive sector is facing challenges of demand uncertainty due to social, regulatory and technological changes. The coming months will provide clarity on the medium and long-term growth trajectory of this sector. We are closely tracking the emerging opportunities and will continue to leverage our strengths to tap into these opportunities at the right time," said Jayadev Galla, vice chairman & managing director, Amara Raja Batteries.

ITC hit its fresh 52-week low after the government proposed to increase the National Calamity Contingency Duty (NCCD) on cigarettes, hookah, chewing tobacco, snuff and tobacco extracts and essence. The stock settled at Rs. 207 apiece on the BSE, down nearly 5.5 per cent.

Global markets

World shares sank to their lowest in seven weeks on Monday, dragged down by a plunge in Asian stocks on their first trading day after a long break on fears the coronavirus epidemic would hit demand in China. European shares bucked the broader trend however, opening a tad higher as investors were relieved that the UK had finally exited the EU, although ongoing fears over the virus dampened enthusiasm.

Japan's Nikkei declined by 1 per cent to the lowest since November and Australia's benchmark index ended 1.3 per cent lower.



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