



**AJCON GLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISOR

**Market wrap**

**Feb. 06, 2020**

**Street participants give thumbs up to RBI's Monetary policy; Banking and NBFCs stocks rally..**

Nifty and Sensex gained for the fourth straight day on Thursday after the Reserve Bank of India (RBI) kept the repo rate unchanged at 5.15 per cent and maintained 'accommodative' stance in its sixth bi-monthly monetary policy review of the financial year 2019-20 (FY20).

In a relief to real estate sector, RBI said "It has been decided to permit extension of date of commencement of commercial operations (DCCO) of project loans for commercial real estate, delayed for reasons beyond the control of promoters. The extension will for a year without downgrading asset classification. This would dovetail with the initiatives taken by the government to boost the real-estate sector.

The central bank also announced that the cash reserve ratio (CRR) will fall for every incremental loan given and CRR leeway on new consumer loans will be applicable till July 31.

Incentivising bank credit to specific sectors to support impulses of growth, RBI said that scheduled commercial banks will be allowed to deduct the equivalent of incremental credit disbursed by them as retail loans for automobiles, residential housing and loans to micro, small and medium enterprises (MSMEs), over and above the outstanding level of credit to these segments as at the end of the fortnight ended January 31, 2020 from their net demand and time liabilities (NDTL) for maintenance of CRR. This exemption will be available for incremental credit extended up to the fortnight ending July 31, 2020.

The S&P BSE Sensex added 163 points or 0.4 per cent to settle at 41,306 levels while the NSE's Nifty50 closed the session at 12,138, up 49 points or 0.4 per cent. On the NSE, the Nifty50 index ended at 12,138, up 49 points or 0.4 per cent.

Bank and financial services stocks made impressive gains post the RBI policy announcement. Nifty Bank climbed 285 points or nearly a per cent to end at 31,287 while Nifty PSU Bank index closed at 2,312 levels, up 59 points or 2.63 per cent. Nifty Private Bank index rallied around a per cent to settle at 17,243 levels.

Volatility index India VIX slipped nearly 3 per cent to 13.75 levels.

In the broader market, Nifty Midcap 100 index gained 0.7 per cent to 18,241 points and the Nifty Small Cap 100 index added 0.48 per cent to settle at 6,235.

**Crude oil**

Oil futures rose for a second day on Thursday amid investor optimism over unconfirmed reports of possible advances in combating the coronavirus outbreak in China which could cause fuel demand to rebound in the world's biggest oil importer.

**Sectors and stocks**

Shares of Avenue Supermarts, which operates supermarket chain DMart, rallied 5 per cent to Rs. 2,361, also its new high today, after its board approved the launch of a qualified institutional placement (QIP) by the promoters. The stock ended 2 per cent higher at Rs. 2,294.

Bharti Airtel has joined the elite club of Rs. 3-trillion market capitalization (market-cap) as shares of the telecom services provider hit a new high of Rs. 550, up 3 per cent on the BSE on Thursday in the intra-day trade. Reliance Industries (RIL), Tata Consultancy Services (TCS), HDFC Bank, Housing Development Finance



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Corporation (HDFC), ICICI Bank, Infosys and Kotak Mahindra Bank are the other companies having market-cap of more than Rs 3 trillion. Currently, Bharti Airtel stands ahead of the state-owned banking major State Bank of India (SBI), non-banking finance company Bajaj Finance, and fast moving consumer goods company ITC. Bharti Airtel was trading higher for the sixth straight day, having rallied 12 per cent, as compared to a per cent's rise in the S&P BSE Sensex during the period. With today's gain, the stock has soared 62 per cent in the past four months from a level of Rs. 340 hit on October 4, 2019, as against a 10 per cent gain in the benchmark index.

Shares of pharmaceutical companies were in focus on Thursday with Granules India, Divis Laboratories, JB Pharmaceuticals and Chemicals, Ajanta Pharma, and Alembic Pharmaceuticals from the BSE Healthcare index hitting 52-week highs on the BSE after reporting good set of numbers for the quarter ended December 2019 (Q3FY20) and positive corporate announcements.

Ajanta Pharma surged 11 per cent on Thursday, a day after the company reported strong set of numbers for December quarter of the current fiscal (Q3FY20). The company reported 61 per cent year-on-year (YoY) jump in its net profit at Rs. 108 crore for the quarter ended December 31, 2019. It had posted profit of Rs. 67 crore in the year-ago period. Revenue from operation stood at Rs. 651 crore, up 34 per cent YoY while EBITDA grew 73 per cent YoY to Rs. 186 crore. For the nine months period, revenue from operation stood at Rs. 1,906 crore, up 24 per cent against Rs. 1,540 crore in the year-ago period. EBITDA stood at Rs. 540 crore against Rs. 431 crore, up 25 per cent while Profit after tax (PAT) or net profit at Rs. 339 crore against Rs 298 crore, up 14 per cent. During the quarter under review, India sales grew 12 per cent YoY to Rs. 195 crore. Research and development (R&D) expenses were Rs. 35 crore, which is 5 per cent of the operating revenue, the company said in its press release. "During nine months FY2020, R&D expenses were Rs. 114 crore (9 Months FY 2019 Rs. 136 crore) which is 6 per cent of operating revenue," it added. Basic earnings per share (EPS) of the company stood at Rs. 12.32, against Rs. 7.60 in the year-ago quarter.

### **Global markets**

Global stocks extended their recovery on Thursday, cheered by record closes in Wall Street benchmarks following encouraging economic data, and after China announced a cut in tariffs on some imported goods from the United States.

MSCI's broadest index of Asia-Pacific shares outside Japan jumped 1.66 per cent while Japan's Nikkei rose 2.38 per cent. Mainland Chinese shares also reacted positively, with the bluechip CSI300 index up 1.97 per cent.

US stock futures rose 0.55 per cent in Asia while China's onshore yuan rose 0.2 per cent to its strongest level since January 23 after the tariff cuts were announced.



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