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Market wrap

Feb. 07, 2020

Domestic bourses consolidate after significant rally; buying witnessed in broader markets..

The S&P BSE Sensex witnessed a fall of 164 points or 0.4 per cent to settle at 41,142, with NTPC (up over 3 per cent) being the top gainer and IndusInd Bank (down nearly 3 per cent) the biggest loser. Reliance Industries (RIL), HDFC, ICICI Bank and L&T contributed the most to the index's losses. The NSE's Nifty50 index ended at 12,086, down 51.55 points or 0.42 per cent.

Sectorally, realty stocks bled the most while media and pharma counters advanced the most. The Nifty Realty index fell around 2 per cent to Rs. 320.55. On the other hand, Nifty Media climbed nearly 2 per cent to 1,823 points and the Nifty Pharma settled over 1 per cent higher at 8,335-mark.

Broader markets outperformed as the S&P BSE Midcap index rose 0.44 percent while the S&P BSE Smallcap index gained 0.75 percent. The Nifty Midcap 100 index rose 0.57 per cent to 18,350 points while the Nifty SmallCap 100 ended flat at 6,236 levels, down 0.07 per cent.

On a day when both Sensex and Nifty witnessed profit-taking at higher levels more than 100 stocks hit a fresh 52-week high on the BSE that include names like Shree Cement, Hawkins, Bajaj Finance, SRF, Divi's Laboratories, PVR, Bata India, Pidilite Industries, and Ajanta Pharma.

On a weekly basis, both Sensex and Nifty gained nearly 4 per cent each.

Crude oil

Oil prices declined as the coronavirus outbreak gained pace and have been slow to recover. US crude was firm on Friday at \$51.02 per barrel, but is flat for the week and remains 14 per cent below its January 21 level. Brent prices were last at \$55.14 per barrel.

Sectors and stocks

Shares of Welspun Corp were trading higher for the fifth straight day, rallied 16 per cent to Rs. 230, on the BSE on Friday after it reported a robust result for the quarter ended December 2019 (Q3FY20). The stock of the construction & engineering company was trading at its highest level since December 2010. In the past five trading days, the stock soared 37 per cent, as against a 4 per cent rise in the S&P BSE Sensex. The company's consolidated EBITDA jumped 79 per cent year on year (YoY) at Rs. 371 crore for Q3FY20. Ebitda margin, too, improved to 12.8 per cent from 8.63 per cent in the year ago quarter. Consolidated net profit during the quarter rose four-fold at Rs. 234 crore, compared with Rs. 57 crore in the corresponding quarter of the previous fiscal. Operational revenues grew 20 per cent at Rs. 2,888 crore on YoY basis. The company has a strong order book position with the current global orders of 1,305 KMT, valued at Rs. 10,800 crore (US\$1.51 billion), the management said. The management further said that in order to cater to natural gas demand, major pipeline operators are working on significantly raising pipeline capacity. "In the domestic water segment, irrigation projects across various states will continue to drive the demand. In addition, focus and allocation under 'Nal se Jal' is expected to boost demand in the water sector. In the medium term, river linking could also potentially add to pipe demand," it added.

Shares of Aurobindo Pharma gained 5 per cent to Rs. 538 on the BSE on Friday after the company's operational revenues witnessed a strong growth of 11.9 per cent year-on-year (YoY) at Rs. 5,895 crore in December quarter (Q3FY20). US revenue for Q3FY20 witnessed a growth of 22 per cent YoY to Rs. 2,969



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crore, accounting for 50.4 per cent of consolidated revenue. The stock of the drug company was trading higher for the fifth straight day, up 14 per cent, against a 4 per cent rise in the S&P BSE Sensex during the period. The company's consolidated EBITDA margin remained stable at 20.5 per cent in Q3FY20. EBITDA grew 11.2 per cent YoY at Rs 1,208 crore. Profit after tax (PAT); however, it declined 1 per cent YoY to Rs 705 crore, due to higher depreciation. The company said it has received final approval for four abbreviated new drug application (ANDAs) and tentative approval for 1 ANDA from US Food and Drug Administration (USFDA). The management is committed to resolve all pending regulatory issues and continuously improve quality, it added.

Shares of GE T&D India ended 2 percent higher after it bagged a contract by state-run Power Grid Corporation for constructing 765-kiloVolt (kV) Gas-Insulated Substation (GIS) bays at Phagi in Jaipur district of Rajasthan.

Shares of Symphony witnessed a rise of nearly 10 percent after the company had posted strong numbers for the quarter ended in December 2019 (Q3FY20).

Global markets

Asian equities witnessed a fall on Friday and oil price gains stalled, as the growing death toll and economic damage from the coronavirus outbreak snuffed out a late-week rally. US stock futures and European futures point to soft openings in Friday.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.9 per cent. Japan's Nikkei edged lower, while Korea's Kospi, Hong Kong's Hang Seng and the Shanghai Composite fell by between 0.5 per cent and 1.2 per cent.



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