

Bulls come out of COVID-19 quarantine by posting biggest single day gain since May 2009; Pharma, Private Banks, FMCG, Auto, IT stocks lead the rally..

The bulls made a strong comeback on Tuesday with the benchmark indices posting their biggest single-day gain since May 18, 2009. In absolute terms, the domestic bourses witnessed biggest ever single day gains on April 7, 2020 while in percentage terms, the biggest single-day gains were registered today since May 2009.

The rally was supported by global cues and hopes that coronavirus spread may have peaked in key global centres, boosted investor sentiment. In addition, hopes of inflows of over \$1billion added to investor sentiment. Morgan Stanley expects MSCI India's weight in EM to rise by 55bps and India's FIF to rise from 0.39 to 0.42.

The S&P BSE Sensex today reclaimed the crucial psychological level of 30,000. The benchmark index zoomed by 2,476 points or around 9 per cent to settle at 30,067 (crossed the psychological 30,000 mark for the first time since March 17, 2020) to 30,067.21.

All the 30 constituents of the index ended in the green. IndusInd Bank (up 25 per cent) emerged as the biggest gainer on Sensex, followed by Axis Bank (up over 19 per cent), M&M (up around 14.5 per cent), and ICICI Bank (up around 14 per cent). The Nifty was up by 708 points or 8.76 percent and ended at levels of 8,792. Nifty Bank and Pharma gained the most with more than 10 percent rally, while Auto, FMCG, IT, Metal, Energy, Infra and Realty jumped 6-9 percent.

Volatility index - India VIX continued to decline and hit a month low of 52.06, down around 6 per cent.

The Nifty MidCap 100 index gained over 5 per cent to 11,914.70 levels while the Nifty SmallCap 100 index ended at 3,608.40, up 3.52 per cent.

Crude oil

Crude oil prices were up amidst hopes that the world's biggest producers of crude will agree to cut output as the coronavirus pandemic crushes demand.

Indian rupee

The Indian rupee surged by 49 paise to 75.64 (provisional) against the US dollar on Tuesday, taking cues from positive equity market sentiment. At the interbank foreign exchange, the rupee opened at 75.92 and gained further ground to touch the day's high of 75.60. The Indian rupee finally settled for the day at 75.64, registering a rise of 49 paise over its previous close. On Friday, the rupee had settled at 76.13 against the US dollar.

Sectors and stocks

Shares of pharmaceutical companies rallied on Tuesday with the Nifty Pharma index surging 10 per cent as the government lifted the curbs on exports of 13 active pharmaceutical ingredients (APIs) and their formulations. The index had rallied 5 per cent in the previous session also. Among individual stocks, Cadila Healthcare, Dr Reddy's Laboratories, Aurobindo Pharma, Cipla, Glenmark Pharmaceuticals, Lupin, Alembic Pharmaceuticals, Laurus Labs, Torrent Pharmaceuticals, Ipca Laboratories and Sun Pharmaceutical Industries were up 8 per cent to 15 per cent on the NSE. Shares of Torrent Pharmaceuticals (up 15 per cent to Rs. 2,380) and IPCA Labs (up 15 per cent to Rs. 1,600) hit their respective new highs, while Dr Reddy's Laboratories too surged 15 per cent to Rs. 3,461, touching a fresh 52-week high on the NSE.

Cadila Healthcare shares rallied on April 7 after the company received final approval from the USFDA to market Perphenazine Tablets. Zydus Cadila has received final approval from the USFDA to market Perphenazine Tablets USP, 2 mg, 4 mg, 8 mg and 16 mg, as per the company release. This medication is indicated for the treatment of schizophrenia and for the control of severe nausea and vomiting in adults. The drug will be manufactured at the group's formulation manufacturing facility at Baddi. The group now has 284 approvals and has so far filed over 386 ANDAs since the commencement of the filing process in FY 2003-04.

Shares of HDFC Bank and IndusInd Bank zoomed as much as 21 per cent on the BSE on Tuesday after the banks informed their respective investors about their March quarter performance. While HDFC Bank reported a 21 per cent year-on-year jump in the net advances, IndusInd Bank reported a 13 per cent YoY growth. This comes amid the coronavirus pandemic that has cast shadow on the banking sectors' performance. HDFC Bank reported a 6.3 per cent sequential growth in net advances, to Rs 9,93,000 crore, while deposits rose 7.4 per cent over the previous quarter to Rs 11,46,500 crore. On a yearly basis, the advances and deposits logged a growth of 21 per cent and 24 per cent, respectively. While the growth in advances hit a 4-quarter high, deposits registered an over 20-per cent growth for the third consecutive quarter. "The Bank's



CASA ratio stood at around 42 per cent as of March 31, 2020, as compared to 42.4 per cent as of March 31, 2019 and 39.5 per cent as of December 31, 2019," the bank said in a statement. On the other hand, IndusInd Bank's net advances came in at Rs 1,86,393 crore at the end of March quarter, while deposits stood at Rs 1,94,868 crore. Meanwhile, the bank's retail deposits and deposits from small business customers (in accordance with the LCR Regulations) jumped 34 per cent YoY to Rs 46,651 crore in the recently concluded quarter. The CASA ratio came in at 43.1 per cent.

Shares of Hindustan Unilever (HUL) hit a new high of Rs. 2,330, up 8 per cent on the BSE on Tuesday. Last week, HUL announced the completion of GSK Consumer Healthcare (GSKCH) merger process, post securing necessary regulatory approvals. HUL has fixed April 17, 2020 as the record date for determining the shareholders of the GSKCH to receive the shares of the company. The merger of GSKCH with HUL will be on a basis of an exchange ratio of 4.39 HUL shares for each GSKCH share. HUL's shares will be allotted to all GSKCH shareholders from end of April to early May. HUL also announced that it has acquired the Horlicks brand rights for the India market from Horlicks (a GSK-owned entity) for EUR 375.6 million (Rs. 3,045 crore).

Shares of Britannia Industries jumped 10 per cent to Rs. 2,818 on the BSE on Tuesday after the company said it has partnered with on-demand e-commerce platform Dunzo for home delivery of all its products. The first store in Bengaluru will be operational from Tuesday onwards and would be extended to other cities such as Mumbai, Pune, Delhi, Gurgaon, Jaipur, Hyderabad and Chennai, a joint statement said. "During this unprecedented time, it is critical for us to maintain a continuous supply of our products which are daily staples in millions of Indian households. With a significant rise in demand for at-home delivery, we are happy to leverage Dunzo's innovative and most advanced technology platform, to enable seamless delivery of products every day," Britannia Industries Managing Director Varun Berry said. Britannia's essentials products such as biscuits, cakes, rusk, croissants, milkshakes, wafers, ghee and dairy whitener will be sourced by Dunzo from its distribution centers. Other FMCG stocks, too, were trading higher in the afternoon trade. Nestle India was trading over 7 per cent higher at Rs. 16,256 levels. Marico was quoting over 5 per cent higher at Rs. 275 apiece on the BSE and Dabur was up around 7.5 per cent at Rs. 460.75 per share.

Mahindra & Mahindra (M&M) ended nearly 14.5 per cent higher at Rs. 321.45 after the company's board turned down a proposal to pump in fresh equity of US\$406 million in its ailing South Korean subsidiary SsangYong Motor Co (SYMC) amid the ongoing Covid-19 crisis.

Shares of AU Small Finance Bank gained 5 percent intraday on April 7 after the company reported a 34 percent increase in its deposits with stable asset quality performance. As per its unaudited partial results, the bank's deposits grew by 9 percent to Rs. 26,163 crore in the quarter ended March 2020, against Rs. 23,865 crore in December ended quarter, while the year-on-year increase was 34 percent. "During FY20, the bank continued its thrust on building a granular, retail, low-cost deposit franchise," AU SFB said in its BSE filing. Disbursements for FY20 rose around 17 percent over FY19 led by higher around 28 percent growth in retail disbursements, it added.

Shares of PVR hit an over three-year low of Rs. 932, down 8 per cent, on the BSE on Tuesday after rating agency ICRA placed the company's ratings on watch with developing implications due to the lockdown imposed to stem the coronavirus (Covid-19). The stock of the multiplex operator was trading at its lowest level since June 24, 2016. In the past two months, it has tanked 55 per cent following the closure of movie theatres across India as state governments ramped up efforts to contain the spread of coronavirus. "The ratings remain unchanged as the earlier ratings of [ICRA] AA-/A1+. However, the ratings have been placed on watch with developing implications following the nationwide lockdown and consequent extension in the period of shutdown till April 14, 2020," ICRA said. As a result of this extension, and the possibility of further restrictions on cinema halls going forward, the impact on PVR's revenues and cash accruals is expected to be further aggravated, relative to the shorter shut-down period announced earlier, it added. Last week, CRISIL and India Ratings and Research (Ind-Ra) had placed its rating on the long-term bank facilities and debt instruments of PVR on 'rating watch with negative implications'.

Global markets

Asian stock markets rallied for a second day on Tuesday and riskier currencies rose, on tentative signs the coronavirus crisis may be levelling off in New York and receding in Europe. Japan's Nikkei rose 2 per cent and has erased most of last week's losses. MSCI's broadest index of Asia-Pacific shares outside Japan pared early gains, but rose 1.4 per cent.

European shares, too, rallied for a second straight day.



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