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Market wrap

Feb. 11, 2020

Indian equities rally significantly; stock specific action witnessed..

Domestic bourses bounced back as investors comforted from the decline in the rate of newly reported cases of Coronavirus in China. Broad-based buying across sectors lifted the benchmark S&P BSE Sensex to 41,216 level, up 237 points or 0.58 per cent. NTPC, Maruti Suzuki, Power Grid, and IndusInd Bank, up in the range of 1.6 and 3 per cent, settled the day as the top gainers on the 30-share index. On the flipside, Nestle India, Bharti Airtel, M&M, and TCS were the top laggards.

On the NSE, the broader 50-share index managed to hold the 12,100-mark and closed at 12,108 level, up 76 points or 0.63 per cent.

In the intra-day deals, the Sensex and Nifty50 hit a high of 41,444.34 and 12,172.30 level, respectively.

On the sectoral front, only Nifty FMCG index slipped into the red at close, down 0.3 per cent. On the upside, Nifty Bank, Pharma, Metal, and Private Bank indices added 0.8 per cent each.

The broader market counters, however, underperformed today. The S&P BSE mid-cap index closed 0.35 per cent higher at 15,836 level, meanwhile the S&P BSE small-cap index slipped 0.19 per cent to close at 14,748 level.

Crude oil

In commodities, oil prices rose around 1 per cent on Tuesday. Brent crude rose 53 cents, nearly 1 per cent, to \$53.80 a barrel, retreating from an intraday high of \$54.16. US West Texas Intermediate was up 46 cents, about 1 per cent, at \$50.18 a barrel.

Sectors and stocks

Shares of Wockhardt extended their gains to third straight day, surging 10 per cent to hit a 7-month high of Rs. 399, on the BSE on Tuesday on back of heavy volumes. The stock was trading at its highest level since June 27, 2019. In the past one month, the stock of the pharmaceutical company has zoomed 63 per cent, as compared to a 0.58 per cent rise in the S&P BSE Sensex. On January 16, 2020, the Mumbai-based company became the first Indian pharmaceutical company to get the drug regulator's nod for two novel antibiotics, which it plans to launch in the next few months in the domestic market. "The Drug Controller General of India (DCGI) has approved Emrok (injectable) and Emrok O (oral), used for acute bacterial skin and skin structure infections, including diabetic foot infections. The approval is based on a phase 3 clinical study involving 500 patients in 40 centres across India. The new drug will target superbugs, which have become resistant to other molecules," it said in a statement. Meanwhile, for the first time in the past 3 years, Wockhardt bounced back to net profit of Rs 9 crore in the December 2019 quarter (Q3FY20), owing to marked improvement in operational performance and cost rationalisation. It had posted a net loss of Rs 82 crore in the previous quarter, and of Rs. 121 crore in the year-ago quarter. EBITDA for the quarter showed a substantial improvement from Rs. 19 crore in Q3FY19 to Rs. 109 crore in Q3FY20. Ebitda margin expanded to 12.5 per cent from 1.9 per cent in year ago quarter. However, sales during the quarter under review were at Rs. 869 crore, lower by 17 per cent relative to corresponding quarter of the previous year.

Shares of Sheila Foam surged 12 per cent to Rs. 1,770, also its 52-week high, on the BSE on Tuesday after the company's consolidated profit before tax (PBT) jumped 52 per cent year on year (YoY) to Rs. 85.85 crore in the December 2019 quarter (Q3FY20). It had a PBT of Rs. 56.50 crore in the year ago quarter. The stock



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surpassed its previous 52-week high of Rs. 1,639 touched on February 7, 2020. Besides, it is 4.5 percent away from its all-time high of Rs. 1,850 touched on November 29, 2017. In the past one month, the stock has outperformed the market by zooming 31 per cent, as against a 0.48 per cent decline in the S&P BSE Sensex. Sheela Foam's consolidated net profit grew 67 per cent to Rs. 65 crore from Rs. 39 crore in the corresponding quarter of previous fiscal. Consolidated revenue, too, rose 15.6 per cent at Rs. 658 crore relative to Rs. 569 crore logged in the previous year quarter. EBITDA margins improved to 14.3 per cent from 10.7 per cent.

Shares of GMM Pfaudler rallied 13 per cent to hit an all-time high of Rs. 3,285 on the BSE on Tuesday on the back of heavy volumes. The stock surpassed its previous high of Rs. 3,048, touched on February 5, 2020. GMM Pfaudler is a leading supplier of process equipment to the pharmaceutical and chemical industry segments. The company reported a strong 74 per cent year-on-year (YoY) jump in its consolidated net profit at Rs 21.1 crore for the quarter ended December 2019 (Q3FY20). It had a profit of Rs. 12.1 crore in the year-ago quarter. Operating revenue increased by 19 per cent to Rs. 156 crore from Rs. 131 crore in the corresponding quarter of previous fiscal. EBITDA improved significantly by 46 per cent YoY at Rs. 30.4 crore, while margins expanded 400 basis points to 20 per cent versus 16 per cent in Q3 of last year. Higher realisations, lower commodity costs, greater operating leverage and more export orders in Q3FY20 expanded the Ebitda margin. The management said the order book continues to remain healthy on the back of strong demand from the chemical and pharmaceutical sectors. The company will selectively add capacity looking at the robust demand environment. The Company has also laid out a five-year plan with an aim to take the Company to next level of sustainable growth, it said.

Global Markets

European shares rose to a record high early Tuesday as a slowdown in the rate of new infections in the coronavirus outbreak provided some relief, although markets still worried over the wider global economic impact. The pan-European STOXX 600 index rose as much as 0.7 per cent to a record high of 427.46.

In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.9 per cent, with Shanghai blue chips ahead by 0.8 per cent.

Japan's Nikkei was closed for a holiday, although Nikkei futures traded 0.8 per cent firmer. Futures for the EUROSTOXX 50 rose 0.7 per cent and the FTSE 0.5 per cent.



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