



**AJCON GLOBAL**  
YOUR FRIENDLY FINANCIAL ADVISOR

## Market wrap

Jan. 17, 2020

### **Midcaps and smallcaps continue to rally; domestic bourses remain flat amidst volatility..**

On Friday, domestic bourses remain flat amidst volatility. Index heavyweights like Reliance Industries and Bharti Airtel, surged 3 per cent and 6 per cent, respectively in the intra-day trade today while financial and banking counters traded in red throughout the day.

In the intra-day trade, the S&P BSE Sensex hit a record high of 42063.93. At close, the 30-share index was at 41,945.37 level, up 12.81 points or 0.031 per cent. Bharti Airtel, that gained over 6 per cent today, was the top gainer at close. The stock hit an over 2-year high of Rs 503.60 on the BSE amid expectations that the telecom company is poised for strong market share gain if payment due to AGR makes Vodafone Idea exit the industry. On the downside, IndusInd Bank was the top loser, down 2 per cent, due to its high exposure towards telecom companies.

On the NSE, the Nifty50 settled 3.15 points, or 0.025 per cent, lower at 12,352.35-mark. Nifty Bank, financial services, metals and IT indices settled the day in the negative territory. On the other hand, Nifty Pharma gained nearly 2 per cent.

For the week, the Sensex has advanced 0.9 per cent, while the broader Nifty50 has gained 0.8 per cent. Nifty mid-cap index, meanwhile, has risen 4 per cent during the week.

The party in the broader markets continued for the ninth straight session. The S&P BSE mid-cap index was up 0.5 per cent at 15,703 level. Meanwhile, the S&P BSE small-cap index ended at 14,708.70 level, up 0.42 per cent.

### **Sectors and stocks**

Shares of Dr. Reddy's Laboratories gained 4 per cent to Rs. 3,049 apiece on the BSE on Friday, thus hitting an over 23-month high and helping the company regain the Rs. 50,000 crore market valuation mark. In the first 11 trading days of the current calendar year, Dr Reddy's has outperformed the market by surging 6 per cent on expectations of earnings improvement going forward. In comparison, the S&P BSE Sensex has gained 2 per cent during the same period. The stock of pharmaceutical company was trading at its highest level since February 9, 2017.

Shares of Rallis India soared 15 per cent to Rs. 222, also its 52-week high, on the BSE on Friday, after company's profit before tax, before exceptional items, more-than-doubled at Rs. 48 crore in December quarter (Q3FY20). The Tata Group agrochemicals company had PBT of Rs. 20 crore in same quarter last fiscal. The company recorded consolidated revenues of Rs. 534 crore for Q3FY20, a growth of 28 per cent over previous year's quarter of Rs. 417 crore. Net profit jumped 177 per cent to Rs 38 crore from Rs 14 crore in the year-ago quarter. EBITDA margin expanded by 380 basis points to 10.4 per cent. The correction in raw material prices have supported EBITDA margin primarily in domestic business. In Q3, the company's domestic business grew by 35 per cent and international sales by 24 per cent over the previous year quarter. It introduced two new formulations Sarthak {9(3) registration} and Impeder {Co-marketing}. The management said that during the current crop season its business was supported by positive farmer sentiment, new product launches and refreshed trade policies. The metribuzin Phase II expansion of 500MTPA is expected to be commercialized by Feb 1, 2020, it said.

Shares of Piramal Enterprises (PEL) rallied 7 per cent to hit 52-week high of Rs. 1,656 on the National Stock Exchange (NSE), after the company announced divestment of its Decision Resource Group (DRG) business for



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\$950 million. "PEL DRG Dutch HoldCo BV, a 100 per cent subsidiary of PEL and the holding company for Decision Resources Group (DRG) engaged in healthcare insights & analytics business, has signed a definitive agreement for the sale of DRG to Clarivate Analytics plc, a global leader in providing trusted insights and analytics, for a sale consideration of US \$950 million," the company said in a press release. The sale amount includes \$900 million to be received on closing and \$50 million to be received at the end of 12 months from the date of closing. This transaction is subject to shareholder approval and is expected to be completed by end February, 2020, the press release said. "Along with the ongoing equity capital raise in PEL, this transaction not only further strengthens the company's balance sheet but also marks another step towards significantly unlocking value in future," Ajay Piramal, Chairman, Piramal Group said. DRG, the high-value data, analytics and insights business of the Piramal Group, specializes in enabling the world's leading pharma, biotech and medical technology companies to achieve commercial success in complex health markets with the creation of effective patient-centric commercial strategies.

The S&P BSE Mid-cap index hit a 52-week high of 15,677 points on Friday, surpassing its previous high of 15,662 hit in April 3 last year, on the back of strong rally in Adani, Tata Group, financials, pharmaceuticals and consumer discretionary goods & services stocks.

Adani Transmission, Adani Power and Adani Enterprises from the Adani Group, while Tata Global Beverages and Tata Chemicals from the Tata Group have rallied more than 25 per cent from their respective April 3, 2019 levels.

Besides, ICICI Securities, Reliance Nippon Life Asset Management, Berger Paints, Whirlpool of India, Indraprastha Gas (IGL), AU Small Finance and Motilal Oswal Finance have seen their market price surge more than 40 per cent during the period. Berger Paints, AU Small Finance, Divis Laboratories, IGL and Muthoot Finance from the index hit their respective all-time highs today.

### **Global markets**

Asian shares rose on Friday after Q4 GDP data in China, for calendar year 2019, showed pressure on the world's second biggest economy may be starting to diminish. The news along with easing trade tensions with the United States underpinned riskier assets, even as some markets took a breather in late afternoon trade.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.18 per cent in afternoon trade, while China's blue-chip index ended 0.14 per cent higher.

Australian shares added 0.32 per cent to a fifth consecutive record high close, and Seoul's KOSPI rose 0.11 per cent.

In early European trades, pan-region Euro Stoxx 50 futures were up 0.4 per cent, German DAX futures gained 0.54 per cent and FTSE futures added 0.28 per cent.



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