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Market wrap

Jan. 20, 2020

Index heavyweights decline on profit booking and Q3FY20 results being below expectations; broader markets also remain under pressure..

Benchmark indices were down by nearly a per cent as investors booked profit and sold equities across the board. The benchmark S&P BSE Sensex declined 760 points from record high level of 42,273.87 to hit an intra-day low of 41,503.37. On the NSE, the Nifty50 slipped below the crucial 12,250 mark in the intra-day trade. The 50-share index hit a record high of 12,430.50-mark in the opening deals, before slipping to intra-day low of 12,220.70.

S&P BSE Sensex was down 416.46 points, or 0.99 per cent, to end at 41,528.91 level. Heavyweights like Reliance Industries, HDFC Bank, TCS, Axis Bank and SBI were the top contributors towards today's fall. At the index level, Power Grid (up 3.7 per cent), Bharti Airtel, and Asian Paints were the top gainers on the Sensex, while RIL (down 3.2 per cent), NTPC, and TCS were the top laggards.

The Nifty50, on the other hand, ended at 12,224.55-mark, down 127.80 points or 1.03 per cent. All the key sectoral indices closed the day in the negative territory, barring Nifty Realty and FMCG indices. Nifty Bank settled 494 points, or 1.6 per cent, lower at 31,096.35-mark, followed by Nifty Private Bank index (down 1.67 per cent).

The broader markets, too, gave up their 9-days gaining streak on Monday and settled the day in the negative territory. The S&P BSE mid-cap index declined 0.57 per cent to close at 15,618.86, while the S&P BSE small-cap index settled 0.43 per cent lower at 14,645.05.

Crude oil

In the commodities market, Brent Crude Futures were at US\$65.11 per barrel-mark, up 0.4 per cent at 3:30 pm. WTI Crude, on the other hand, was at \$59.07 per barrel, up 0.84 per cent.

Sectors and stocks

Polycab India hit a new high of Rs. 1,140, up 3 per cent on the BSE on Monday, ahead of its quarterly results for the October-December period (Q3FY20). The company is slated to report its numbers on Tuesday, January 21, 2020. In the last three months, the stock of the fast-moving electric goods (FMEG) company has rallied 58 per cent after its net profit more-than-doubled to Rs. 194 crore in the September quarter (Q2FY20) on the back of strong revenue growth. It had logged a profit of Rs .90 crore in the year-ago quarter. The company's revenue during the September quarter grew 24 per cent year-on-year (YoY) to Rs 2,242 crore driven by strong growth across segments. The FMEG products of Polycab largely include switch-gears, fans, lightings and luminaires, and solar pumps.

Shares of Fine Organic Industries soared 6 per cent to hit a new high of Rs. 2,235 on the BSE on Monday in an otherwise weak market after ICRA upgraded its credit ratings of the company. The stock of specialty chemicals surpassed its previous high of Rs. 2,186 touched on November 14, 2019. ICRA upgraded the long-term rating of the company to AA- from A+ and reaffirmed the short term rating at A1+. "The upgrade in long-term rating of Fine Organic Industries favourably factors in the healthy improvement in scale of operations and cash accruals in FY2019 and H1 FY2020 which are expected to increase further driven by the ramp up in the capacity utilisation of the newly commissioned capacity at Ambarnath (Mumbai) and the positive demand outlook for the company's products in the domestic as well as export markets," ICRA said in a rating rationale.



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The company has a diversified product profile that finds application in various end-user industries, which reduces the demand risks associated with a single product or industry to some extent. The rating agency also favourably considers the company's strong process improvement and product innovation capabilities supported by a strong in-house research and development facility.

Shares of Prestige Estates Projects moved higher by 10 per cent to Rs. 413 on the BSE on Monday, in an otherwise weak market, after the company's wholly owned subsidiary acquired 50 per cent stake in Lokhandwala DB Realty LLP. The stock of the Bengaluru-based real estate developer was trading at its all-time high level. "Prestige Falcon Realty Ventures - wholly owned subsidiary of Prestige Estates Projects - has invested in Lokhandwala DB Realty LLP by way of capital account contribution and has been admitted as partner of the LLP with 50 per cent economic and voting rights," the company said in exchange filing. That apart, the company has received shareholders approval to raise funds via qualified institutional placement (QIP). The shareholders have also approved to issue and allot 13.44 million equity shares at Rs. 325 per share to GAMNAT Pte. The Singapore sovereign wealth fund GIC Pte already owns about 16.33 million shares, or a 4.36 per cent stake in the company.

Shares of Lupin slipped 3 per cent to Rs. 742 on the BSE on Monday in the intra-day trade after the drug company said it has received five observations from the US health regulator after inspection of its Vizag facility in Andhra Pradesh. "The United States Food and Drug Administration (USFDA) carried out the inspection of the company's Vizag API manufacturing facility between January 13, 2020 and January 17, 2020. The inspection for the API facility at Vizag closed with five 483 observations," Lupin said in an exchange filing on Saturday. "We are fully committed to adherence with CGMP regulations and uphold high quality standards across all our manufacturing sites. We are confident of addressing the observations to the US FDA's satisfaction," said Nilesh Gupta, Managing Director at Lupin.

Global markets

Global equities were trading near record highs on Monday as generally better data and earnings bolstered sentiment, while oil prices hit their highest in over a week after two large crude production bases in Libya began shutting down following a blockade.

In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan was flat having risen to its highest since June 2018. Japan's Nikkei added 0.2 per cent to be near its highest in 15 months.

European equities opened a touch lower, with the pan-European STOXX 600 index slipping 0.3 per cent, after gaining nearly 1per cent on Friday. US stock futures, meanwhile, were down marginally.



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