

**Metal stocks decline; benchmark indices remain flat in absence of major fiscal package..**

Benchmark indices ended on a flat note as market participants were sitting on fence in the absence of major fiscal stimulus package and Covid-19 cases increasing on a daily basis even in lockdown. In addition, a crash in crude oil prices and weak global markets also dented investor sentiment.

The S&P BSE Sensex was up by 0.19 percent higher and settled at 31,648, with HDFC Bank (up around 4 per cent) being the top gainer, followed by Infosys (up 3.75 per cent) and Sun Pharma (up 3.6 per cent). On the NSE, the benchmark index Nifty ended at 9,262, down 5 points or 0.05 per cent.

Sectorally, metal stocks declined the most with the Nifty Metal index ending over 3 per cent lower at 1,758 levels. Out of 15 constituents, 13 ended in the red and just 2 in the green after Indian Steel Association (ISA) said Indian steel demand is expected to plunge to multi-year lows in 2020, hit by slowdowns in the construction, automotive and rail sectors as India fights the coronavirus with a protracted lockdown.

Auto, FMCG, and private bank stocks also slipped in the trade. Nifty Auto fell 1.7 per cent to 5,592 points while Nifty FMCG fell around 2 per cent to 28,634 levels. Nifty Private Bank index ended at 11,081.45, down over 1 per cent while Nifty Bank fell a per cent to 20,514.

In the broader market, the S&P BSE MidCap index ended at 11,799, down 0.21 per cent while the S&P BSE SmallCap gained 0.8 per cent to 10,887 levels.

Among individual stocks, IT major Infosys ended around 4 per cent higher at Rs 652.90 apiece on the BSE ahead of its March quarter results.

As many as 442 stocks including J&K Bank, Kalpataru Power, UCO Bank, Central Bank of India, Graphite India, HEG, KRBL, Qess Corp were locked in the upper circuit on the BSE.

**Crude oil**

Brent crude oil was down 73 cents, or 2.6 per cent, to US\$27.35. The front-month May WTI contract fell \$3.53, or 19.3 per cent, to \$14.74 a barrel.

**Sectors and stocks**

Shares of HDFC Bank witnessed a rise of 6 per cent to Rs. 961 on the BSE during the day after the bank's net interest income (NII) witnessed a rise of 16.2 per cent year-on-year (YoY) at Rs. 15,204 crore in the January-March quarter (Q4FY20), exceeding Street expectations. The stock ended at Rs. 946 up nearly 4 per cent.

Shares of JB Chemicals & Pharmaceuticals were trading higher for the eight straight day, up 9 per cent to Rs. 588 on the BSE on Monday. The stock was trading close to its record high level of Rs. 599, hit on February 14, 2020. In the past eight trading days, the stock has rallied 31 per cent after the Supreme Court on April 1 set aside the Orders of National Green Tribunal (NGT) directing revocation of environmental clearance and closure of the Company's bulk drugs Unit at Panoli, Gujarat. In comparison, the S&P BSE Sensex was up 15 per cent during the same period. "Thus, Company's said bulk drugs Unit, operating under the name Unique Chemicals, shall continue to function as before. However, the Supreme Court has directed for deposit of compensation of Rs. 10 crore with Gujarat Pollution Control Board (GPCB) for use in preserving the environment," JB Chemicals had said in a regulatory filing. In February, the company had received Establishment Inspection Report (EIR) from the United States Food and Drug Administration (USFDA) for its newly set up and commissioned solid oral dosage forms formulations manufacturing facility at Panoli, Gujarat. USFDA issued an EIR to the company when an inspection is satisfactorily "closed"; the company said, adding that the inspection was carried out from June 24 to 28, 2019.

Shares of GMM Pfaudler rallied 14 per cent to hit an all-time high of Rs. 3,525 on the BSE on Monday on the back of heavy volumes. The stock surpassed its previous high of Rs. 3,461, touched on February 19, 2020. GMM Pfaudler is a leading supplier of process equipment to the pharmaceutical and chemical industry segments. In the past one week, the stock has rallied 29 per cent. It has zoomed 85 per cent from Rs. 1,907 touched on March 19, 2020. The company's order book continues to remain healthy on the back of strong demand from the chemical and pharmaceutical sectors. The management, while announcing December quarter results on January 23, had said that the company will selectively add capacity looking at the robust demand environment. The company had reported a strong 60 per cent year-on-year (YoY) jump in its consolidated net profit at Rs. 59.5 crore for the nine month ended December 2019 (9MFY20). It had a profit of Rs. 37.3 crore during the same period a year-ago. Operating revenue increased by 26 per cent to Rs. 459 crore from Rs. 363 crore in the corresponding quarter of the previous fiscal. EBITDA improved by 300 basis points (bps) to 19 per cent



versus 16 per cent in 9MFY19. GMM Pfaudler has diversified its product portfolio to include mixing systems, filtration & Drying equipment, engineered systems and heavy engineering equipment.

Shares of TVS Motor Company (TVSL) rose by 7.16 per cent to Rs. 323 apiece on the BSE on Monday after the leading two-wheeler and three-wheeler manufacturer on Friday acquired Britain's Norton Motorcycles for GBP 16 million (Rs. 153.12 crore). The company has acquired Britain's most iconic sporting motorcycle brand Norton in an all-cash deal for a consideration of GBP 16 million by acquiring certain assets of Norton Motorcycles (UK) through one of its overseas subsidiaries, TVS Motor Company said in a statement. "This is a momentous time for us at TVS Motor Company. Norton is an iconic British brand celebrated across the world and presents us with an immense opportunity to scale globally. This transaction is in line with our effort to cater to the aspirations of discerning motorcycle customers. We will extend our full support for Norton to regain its full glory in the international motorcycle landscape," said Sudarshan Venu, Joint Managing Director at the company.

Shriram Transport Finance Company (STFC) declined by 14 per cent lower to Rs. 694 on the BSE, after S&P Global Ratings lowered the rating on the non-banking finance company (NBFC) to 'BB' from 'BB+' with negative outlook. "The rating actions reflect the increasing risks that the Indian NBFCs face due to the challenging operating conditions stemming from the COVID-19 outbreak. The economic risk for Indian financial institutions is rising. The drastic efforts to curtail the spread of the coronavirus have resulted in a sudden stoppage in economic activity," S&P Global Rating said in statement on April 17, 2020. According to the global rating agency, the funding conditions for STFC could tighten amid challenging operating conditions and weakness in asset quality. Therefore it revised funding assessment to moderate from adequate. The used commercial vehicle segment is vulnerable in the current slowdown. The company's borrower profile is less resilient to the lockdown and weak economic activity. Also, collections will be more difficult for the company as it has a high reliance on collecting cash repayments, it added. "We expect STFC's asset quality to deteriorate, which is likely to lower the availability of funding to the company. With rising risk aversion and pressure on asset quality, STFC faces higher refinancing risk than peers with stronger credit profiles and corporate or government backing. The company has regularly tapped overseas markets for funding in past quarters, which will be a challenge in the current market conditions," S&P Global Ratings said.

### **Global markets**

Globally, investors were cautious after dramatic fall in crude oil prices. European stocks made a choppy start, with the pan-regional swinging in and out of positive territory in early trading. London's FTSE and Germany's DAX were up 0.2 per cent. E-Mini futures for the S&P 500 ESc1 slipped nearly 0.5 per cent too, after Wall Street enjoyed a strong end to last week, though it barely seemed to reflect the latest violent turbulence in oil markets.

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