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Market wrap **Jan. 22, 2020**

Volatility witnessed in Indian equities; stocks of oil refining companies fall..

Domestic bourses ended in red amidst volatility in global markets. Additionally, mixed December quarter results, too, kept investment sentiments subdued.

The S&P BSE Sensex ended a volatile trading session at 41,115.38 level, down 208.43 points or 0.50 per cent on the back of cuts in bluechip companies like HDFC twins, ICICI Bank, Maruti Suzuki, and Kotak Mahindra Bank. At close, ONGC, NTPC, and Maruti Suzuki, down between 2 and 5 per cent, were the top drags on the Sensex, while Nestle India, TCS, and Infosys were the top gainers.

On the NSE, the Nifty50 settled just above the 12,100-mark at 12,106.90 level, down 62.95 points or 0.52 per cent. Sectorally, Nifty IT index settled in the green for the second straight say, up nearly a per cent on the NSE. On the downside, Nifty Metal and Private Bank indices closed 1.6 and 1 per cent lower, respectively.

The broader markets settled with marginal cuts on Wednesday, but outperformed the frontline indices for the second straight day. The S&P BSE mid-cap index erased 0.35 per cent to close at 15,529.91, while the S&P BSE small-cap index ended at 14,631.69 level, down 0.14 per cent.

Sectors and stocks
Shares of NIIT Technologies continued their northward movement on the BSE on Wednesday, surging 5 per cent to hit their all-time high of Rs. 1,894 in an otherwise weak market. The stock of the IT consulting & services firm has soared 20 per cent in the past three weeks. A strong rally in the stock price has led the counter to trade 9 per cent above its proposed share buyback price. Last month, the board of directors of NIIT Technologies had approved buy-back of up to 1.96 million equity shares at a price of up to Rs. 1,725 per share aggregating up to Rs. 337 crore. Besides, the board of directors of NIIT Technologies is scheduled to meet on Wednesday, January 29, 2020, to consider the un-audited financial results for the quarter ended December 31, 2019 (Q3FY20).

Shares of Bharti Airtel were up 2 per cent to Rs. 524 on the BSE on Wednesday after the Department of Telecom (DoT) approved raising foreign direct investment (FDI) in the company to 100 per cent from 49 per cent allowed earlier. The telecom services provider's stock was trading at its highest level since October 15, 2007. It touched its all-time high of Rs. 527 on October 10, 2007. In the past week, the stock has rallied 20 per cent amid expectations that the telecom company is poised for strong market share gain. "Bharti Airtel has received the approval from the Department of Telecommunications (DoT) vide its letter dated January 20, 2020, for increasing the limit of foreign investment up to 100 per cent of the paid-up capital of the company," the filing said. It may also be noted that subject to applicable laws, the aforesaid approval read together with the Reserve Bank of India (RBI) approval dated July 03, 2014 granted to the Company allows the FPls/Flls to invest up to 74 per cent of the paid up capital of the Company, it said. Last week, Bharti Airtel successfully raised $3 billion -- $ 2 billion via qualified institutional placement (QIP) and $1 billion through foreign currency convertible bonds (FCCBs). The company said the net proceeds of the fund will primarily be used to augment the company's long-term resources and strengthen the balance sheet, servicing and for repayment of short term and long term debts capital expenditures, statutory dues and long term working capital requirements.

Shares of Central Public Sector Enterprises (CPSEs) were under pressure with Nifty CPSE index falling 3 per cent on the National Stock Exchange (NSE) on Wednesday. Oil and Natural Gas Corporation (ONGC), Oil India and Coal India dipped more than 4 per cent in the intra-day trade. NTPC, Bharat Electronics, Power Finance Corporation (PFC), NBCC, NLC India and Indian Oil Corporation (IOCL) were down in the range of 1 per cent to

3 per cent on the NSE. Of these, Oil India (down 5 per cent at Rs. 139) and IOCL (down 1.6 per cent at Rs. 113) hit their respective 52-week lows. The NIFTY CPSE Index has been constructed in order to facilitate government's initiative to disinvest some of its stake in selected CPSEs. Effective from January 24, IOCL and PFC will be excluded from the index, while Cochin Shipyard, NHPC, NMDC, and Power Grid Corporation of India will be added to the index. The eligibility criteria for the CPSE index were also changed. Earlier, stocks where the government held over 51.5 per cent stake were eligible for inclusion. Now, stocks where the government holds more than 51 per cent stake are eligible.

Shares of Zee Entertainment Enterprises skid 4 per cent to Rs. 272.45 on the BSE on Wednesday after the broadcasting company put up a weak December quarter (Q3FY20) show. It's profit before tax (PBT) declined 37 per cent to Rs. 510.8 crore, coupled with a cut of 16 per cent in advertising revenue at Rs. 1,230.8 crore. For the quarter under review, the company posted a consolidated net profit of Rs. 349.4 crore, as against profit of Rs. 562.4 crore in the corresponding quarter of the previous fiscal. Operating revenue, meanwhile, came in at Rs. 2,048.7 crore, down 5.5 per cent from Rs. 2,166.8 crore in the year ago period. EBITDA stood at Rs. 565.8 crore with an EBITDA margin of 27.6 per cent. The advertising revenue for the quarter came in at Rs. 1,230.8 crore, down 15.8 per cent YoY; the domestic advertising revenue declined 15.7 per cent. The international ad revenue came in at Rs. 73.8 crore. "Third quarter is normally a strong growth period for us. However, tough macroeconomic environment led to a decline in ad revenues," Punit Goenka, managing director and chief executive officer of ZEEL said. According to the management, the domestic ad revenue was hit by the persisting slowdown in the key consumer sectors. It, however, expects the revenue to revive from the next quarter. "As the volume growth for most consumer companies did not see any uptick during the quarter, they cut advertising spends to protect their margins... The festive month of October saw a pick-up in advertising spends, but the growth slumped after that," it said in a statement. The subscription revenue, however, grew 15.4 per cent to Rs. 713.7 crore in Q3FY20, riding primarily on last February's new tariff order (NTO)-induced changes in subscription patterns. Zee's India subscription revenue grew 21.7 per cent to Rs. 631 crore, the company said.

Global markets

Asian stock markets recovered ground on Wednesday as China's response to a virus outbreak tempered some fears of a global pandemic, although Shanghai shares initially slipped amid worries about a hit to domestic demand and tourism.

The MSCI index of Asia-Pacific shares outside Japan rose 0.71 per cent, recouping almost half Tuesday's drop. Japan's Nikkei, South Korea's Kospi index and Hong Kong's Hang Seng all rose by more than half a percentage point. Australia's S&P/ASX 200 shrugged off worries to hit a fresh record high. E-mini S&P 500 futures rose 0.5 per cent and EUROSTOXX 50 futures advanced 0.4 per cent. In Europe, the pan-European STOXX 600 was up 0.2 per cent.

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