

Reliance Industries leads the rally; Indian equities rise on talks of fiscal package from the Government..

Benchmark indices were up on Wednesday mainly supported by Reliance Industries (RIL), which ended over 10 per cent higher after the company announced that Facebook would invest Rs. 43,547 crore (us\$5.7 billion) in the company's wholly-owned subsidiary Jio Platforms to expand its presence in India. In addition, media reports and talks of fiscal package to support the economy improved investor sentiments.

The S&P BSE Sensex ended at 31,379.55, up 743 points or 2.42 per cent while the NSE's Nifty ended at 9,187.30, up 206 points or 2.29 per cent.

India VIX declined by around 5 per cent to 42.98 levels.

RIL settled at Rs 1,363.35 apiece on the BSE, up 10.30 per cent. It emerged as the biggest gainer on Sensex, followed by Asian Paints (up 5 per cent), IndusInd Bank (up 3.7 per cent), and Maruti (up 3.6 per cent).

In the broader market, the S&P BSE MidCap gained 0.78 per cent to 11,567 levels while the S&P BSE SmallCap index ended at 10,642, up 0.73 per cent.

On the sectoral front, auto and FMCG stocks made decent gains with Nifty Auto ending 2.5 per cent higher at 5,427 levels. Nifty FMCG also gained around 2.5 per cent to settle at 29,185. Nifty Bank rallied 1.5 per cent to 19,702-mark.

Nifty Media jumped nearly 7 per cent to 1,151 levels.

Crude oil

Brent crude oil slumped to less than US\$16 a barrel on Wednesday, hitting its lowest since 1999, with the market flooded with excess supply owing to COVID-19. Brent crude, which fell 24 per cent in the previous session, touched US\$15.98 a barrel, its lowest since June 1999.

Sectors and stocks

Shares of Reliance Industries (RIL) were up by 10.30 per cent at Rs. 1,363.35 on the BSE after "RIL, Jio Platforms and Facebook, Inc. ("Facebook") today announced the signing of binding agreements for an investment of Rs 43,574 crore by Facebook into Jio Platforms," the company said in press release. "This investment by Facebook values Jio Platforms at Rs. 4.62 trillion pre-money enterprise values (US\$65.95 billion, assuming a conversion rate of Rs. 70 to a US Dollar). Facebook's investment will translate into a 9.99 per cent equity stake in Jio Platforms on a fully diluted basis," it added. The company added, "Our goal is to enable new opportunities for businesses of all sizes, but especially for the more than 60 million small businesses across India. Reliance Jio, a wholly-owned subsidiary of Reliance Industries, has been the fastest-growing telecom network in the country since its launch in 2016. Jio has more than 388 million customers in India.

Shares of Asian Paints hit an over one-month high of Rs. 1,817, up 5 per cent on the BSE on Wednesday on the back of historic drop in crude oil prices. The stock of the decorative paints leader was trading at its highest level since March 13 and rallied 21 per cent in the past one month. It hit an all-time high of Rs 1,916 on March 9, 2020. Having a 50 per cent market share in the organised space, Asian Paints enjoys dominance in the decorative paints segment along with a 20 per cent share in the automotive industrial paints segment. After remaining range-bound for a couple of years, the price of crude oil has fallen sharply since early March 2020 and has fallen to a record low level in the ongoing week. The sudden slump in the prices bodes extremely well for this paint player as crude oil derivatives form 30-35 per cent of its raw material costs. "The price fall is much steeper than what was witnessed during October-December 2015 as the current situation is not only a result of over-supply it has also been triggered on account of a decline in demand due to COVID-19", according to CARE Ratings.

Shares of Aurobindo Pharma rose 6 per cent to Rs. 684 on the BSE on Wednesday, gaining 26 per cent in the past two trading days after the US health regulator US FDA reverted its inspection classification of the company's Unit IV back to voluntary action indicated (VAI), thus relieving the company of any further regulatory action for this manufacturing facility. With the past two days' rally, Aurobindo Pharma's stock has seen a whopping rally of 133 per cent in the past one month from the level of Rs. 294 on March 23, 2020. Aurobindo Pharma, on Tuesday, announced that the US Food and Drug Administration (USFDA) had granted the voluntary action indicated (VAI) status to the company's Unit 4 inspection that was conducted over November 4 and November 13, 2019.



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Shares of Bajaj Healthcare were locked in the 10 per cent upper circuit, to hit an all-time high of Rs 304, on the BSE on Wednesday. The stock has rallied 28 per cent in the past four days after getting Gujarat Food and Drug Administration's (FDA) nod to manufacture hydroxychloroquine sulphate. The company will commence production of hydroxychloroquine sulphate API in the next 3 weeks at its Vadodara facility and it is estimated to produce 15 Mts of API per month. It has started the production of hydroxychloroquine FDF (tablets) at Vadodara unit and is expected to produce around 15 million hydroxychloroquine sulphate tablets, it added. India manufactures 70 per cent of the world's supply of Hydroxychloroquine Sulphate. In the wake of Covid-19 pandemic, there has been a sudden interest the anti-malarial and anti-inflammatory drug. The stock has rallied 40 per cent in the past one month. Mr. Sajankumar Bajaj, Chairman & Managing Director of the Company said, "This is a very critical time in our fight against COVID-19. With our existing capabilities and our ability to fast-track production of Hydroxychloroquine Sulphate and its tablets, we are well-positioned to partially meet the prospective demand and will continue to do everything we can to support the healthcare needs of our fellow citizens and human race globally." Bajaj Healthcare Limited a leading manufacturer of API, Intermediates and Formulations established in the year 1993. It specializes in manufacturing of Amino Acids, Intermediates, API, formulations & Nutraceuticals. The company has state-of-art manufacturing facilities, of which 3 units are dedicated to API, 2 units to Intermediates and 1 unit for formulations. These facilities are designed to meet the requirements of both advanced as well as emerging market opportunities. It has a strong presence globally in countries like Europe, USA, Australia, Africa, Middle East and South America.

RBL Bank hit a new low of Rs. 102, down 7 per cent on the BSE in the intra-day trade, falling 20 per cent in the past three trading days on concerns of weak net earnings. The stock of the private sector lender slipped below its previous low of Rs. 105.60 touched on April 7, 2020. In the past two months, it has tanked 67 per cent despite management clarification that the bank is a well-capitalised and profitable entity. The stock ended at Rs 105, nearly 4 per cent lower.

Global markets

Asian equities were on the defensive on Wednesday as the crude oil prices collapsed, sparking worries about further turmoil in the energy sector, already reeling from the heavy blow from global shutdowns. European shares are on course to claw back earlier losses with pan-European Euro Stoxx 50 futures up 0.98 per cent.

MSCI's broadest index of Asia-Pacific shares outside Japan fell as much as 1 per cent before erasing losses to last stand at 0.4 per cent higher while Japan's Nikkei slumped 0.7 per cent.



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