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Market wrap

April 16, 2018

Indiabulls group companies stocks rise; markets recover lost ground..

Benchmark indices recovered lost ground to end higher for eighth straight session, their longest gaining run so far this year. The S&P BSE Sensex ended at 34,305, up 112 points while the broader Nifty50 index settled at 10,528, up 48 points

Shares of India's second-largest IT services company, Infosys, tumbled nearly 3% after it forecast on Friday FY19 operating margin between 22 to 24%, we believe was 100 basis points below expectations, and slightly lower than the previous year's 24.3%.

Meanwhile, in economic data, March wholesale price inflation (WPI) came in at 2.47 per cent on Monday versus 2.48 per cent month-on-month, data showed.

Sectors and stocks

Infosys has dipped 6% to Rs 1,099 on the BSE in opening deals on profit booking after the information technology (IT) major said its earnings before interest and tax (EBIT) will grow 22-24% for 2018-19 (FY19) as compared to 24.3% achieved in FY18. Infosys said while announcing its Q4FY18 results in post market hours on Friday that it expects revenue for FY19 to grow in the range of 6-8% in constant currency (CC) terms and 7-9% in US dollar terms. FY19 CC revenue guidance at 6%-8% came in line with street estimates however 100bps lowering of the EBIT margin range to 22%-24% came as a negative surprise.

Shares of Indiabulls Group companies such as Indiabulls Ventures, Indiabulls Real Estate and Indiabulls Housing Finance were trading higher by up to 20% on the BSE on Monday. Indiabulls Ventures hit a new high of Rs 381, up 20% in intra-day today, gaining 37% in past two trading days from Rs 278 on Thursday, on back of heavy volumes. On clarification with reference to increase in volume, Indiabulls Ventures said that as of now, there is no information / announcement, which require disclosure by the Company, in terms of SEBI (LODR) Regulations. The Company shall submit any such announcement(s) / intimation, as and when required to be disclosed to the Exchanges, it added. Indiabulls Ventures is one of leading capital market company providing securities and derivative broking services. The company is registered with SEBI as stock broker, depository participant, research analyst and merchant banker in category I.

Indiabulls Real Estate soared 9% to Rs 193, surging 12% in past two trading days. Last week, the realty developer through its wholly-owned subsidiary Indiabulls Infraestate had entered into pact with Oricon Enterprises for joint development of a commercial building in Mumbai's Worli locality, the developer said in a regulatory filing. The developer has executed a non binding term sheet with the Oricon Enterprises, the owner of around 3512 square meters land parcel situated at Dr. E. Moses Road in Worli. Upon execution of the definitive agreements, Indiabulls Infraestate will get exclusive ownership rights of around 0.26 million square feet leasable area, it added.

Gruh Finance has rallied 6% to Rs 652 on the BSE in intra-day trade after the board of directors recommended the issue of bonus shares in the ratio of 1:1 i.e. one equity share for every one equity share held on the record date. The board also recommended dividend of Rs 3.30 per equity share of face value of Rs 2 each for the financial year ended March 31, 2018. Gruh Finance, a subsidiary of Housing Development Finance Corporation (HDFC), has reported 18% year on year growth in net profit at Rs 1,305 million in January-March quarter (Q4FY18). The company said its loan portfolio grew 18% to Rs 155.68 billion as at March 31, 2018 from Rs 132.44 billion in the previous year. As at March 2018, gross non-performing assets (NPA) increased to 0.45% from 0.31% on a year on year basis. The Net NPA stands at NIL indicating a ratio of Net NPA to loans of NIL at the end of March 31, 2018, Gruh Finance said in a press release.

UCO Bank plunged 14% to Rs 19.15 on the BSE in early morning trade after the media report suggested that the Central Bureau of Investigation (CBI) has booked former chairman-cum-managing director of the bank's Arun Kaul and others in connection with an alleged Rs 6.21 billion loan fraud. The stock was trading at its lowest level since September 7, 2006. It touched an all-time low of Rs 14.30 on July 19, 2006 on the BSE in intra-day trade. Besides Kaul, the CBI booked Era Engineering Infra India Ltd. (EEL), its CMD Hem Singh Bharana, two chartered accountants -- Pankaj Jain and Vandna Sharda -- and Pawan Bansal of Altius Finserve Pvt. Ltd. among others, the PTI report suggested quoting officials. It is



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alleged that the accused persons in pursuance of a criminal conspiracy defrauded the UCO Bank to the tune of about Rs 6.21 billion by diversion and siphoning of the bank loans, added report.

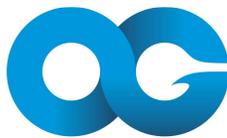
Tata Motors dipped 4% to Rs 341 on Monday, extending Friday's 0.4% decline on the BSE. Tata Motors was the largest loser among the S&P BSE Sensex and Nifty 50 index at 11.42 am. The benchmark indices were down less than 1% at 34,111 and 10,465, respectively. According to PTI report, Tata Motors-owned Jaguar Land Rover (JLR) is planning to cut jobs as it scales back production at some of its UK sites amid what it termed as "headwinds" impacting the automotive industry. In past six trading sessions, shares of Tata Motors was down 6% after the company said that sales of JLR dropped 7.8% to 83,732 units in March 2018 over March 2017. Felix Brautigam, Chief Commercial Officer, Jaguar Land Rover said that weaker market conditions in the UK and Europe, driven by lack of consumer confidence and lower demand for diesel, are impacting growth.

Global Markets

Broader weakness in Asian markets also weighed on the sentiment amid tensions between the United States and Russia over Syria, with MSCI's broadest index of Asia-Pacific shares outside Japan shedding 0.4%.

The United States, France and Britain launched 105 missiles targeting what the Pentagon said were three chemical weapons facilities in Syria in retaliation for a suspected poison gas attack in Douma on April 7.

Russian President Vladimir Putin warned on Sunday that further Western attacks on Syria would bring chaos to world affairs, as Washington prepared to increase pressure on Russia with new economic sanctions. But with President Donald Trump declaring mission accomplished, investors wagered the worst had been avoided.



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