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Market wrap

April 24, 2018

Aluminium companies fall steeply on falling aluminium prices; Logistics companies rally..

Benchmark indices edged up on Tuesday, with financials and pharma stocks boosting sentiment. That apart, Reliance Industries (RIL) gained nearly 4% in trade to end at Rs 970 levels. However, gains were capped by a fall in metal stocks that slipped on the back of a fall in aluminium prices on the London Metal Exchange (LME). The S&P BSE Sensex ended at 34,617, up 166 points while the broader Nifty50 index settled at 10,614, up 30 points.

Sectors and stocks

Aluminium prices continued to fall after Washington gave US customers of Russian producer United Company Rusal more time to close out their business with the company and comply with sanctions. The sanctions on Rusal had driven prices of the metal to their highest since mid-2011 recently on fears that the global market could face shortages.

Hindalco plunged as much as 9.3%, its biggest intraday percentage loss since early November 2016. Vedanta fell as much as 5.5% in intraday to end 2.4% lower, while National Aluminium was down 7%.

Shares logistics companies have rallied by up to 20% on bourses after the Gati said it exploring the possibility of inducting a new financial/strategic partner. Gati (Rs 121) and Patel Integrated Logistics (Rs 72) have locked in upper circuit of 20% on the BSE with no sellers were seen on these counters. Snowman Logistics has rallied 16% to 55 on the BSE, while Transport Corporation of India, ABC India, VRL Logistics, Sical Logistics and Allcargo Logistics were up in the range of 4% to 7% on the BSE. Gati on Monday after market hours in a regulatory filing said that the board of directors of the company will meet on Thursday, April 26, 2018 to review, consider and pass the enabling resolution for exploring the possibility of inducting a new financial/strategic partner to augment the future growth of the company.

Bharti Infratel hit 52-week low of Rs 316, down 3.6% on the BSE in intra-day trade after telecom tower company reported a lower than expected 2% year on year (Y-o-Y) rise in consolidated net profit of Rs 6.06 billion in March quarter (Q4FY18). Street participants expected the company to post a profit of Rs 6.77 billion for the quarter. Revenue of the company during the quarter under review grew 4% at Rs 36.62 billion against Rs 35.20 billion in the corresponding quarter of previous fiscal. EBITDA (earnings before interest, tax, depreciation and amortization) margin declined to 43.8% from 45% in previous year quarter. "Due to loss of 22,134 co-locations during the year on account of five operators ceasing to continue either on account of shutting down operations or merging with others, the financial results for the quarter showed lower growth rates on a Y-o-Y basis," Bharti Infratel said in a media release. However, the company believe that with rapidly growing data demand which would require large network rollouts, it are poised for a strong potential in the coming years.

Shares of Anil Dhirubhai Ambani Group (ADAG) companies were under pressure with Reliance Naval and Engineering and Reliance Communications (RCom) plunged by more than 15% in intra-day trade on Tuesday in otherwise firm market. Reliance Power, Reliance Infrastructure and Reliance Capital were down 2% to 5% on the BSE. Reliance Naval and Engineering has tanked 18% to Rs 22, also its record low on the BSE, as the company's standalone net loss widen at Rs 4,086 million for the quarter ended March 31, 2018 (Q4FY18). It had posted a loss of Rs 1,399 million in the same quarter last year.



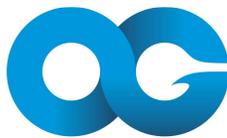
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RCom plunged 19% to Rs 16.25, extending its 5% decline in past three trading days on the BSE. The National Company Law Appellate Tribunal (NCLAT) on Wednesday, April 18 recalled its previous order which allowed debt-ridden RCom to proceed with the sale of its tower and fibre assets, the PTI report suggested.

Global Markets

In the global markets, Asian stocks steadied after hitting two-week lows on Tuesday as investors paused for breathe following a heavy sell-off in recent sessions and waited to see if the dollar's rally was sustainable.

MSCI's broadest index of Asia-Pacific shares outside Japan tacked on 0.1% following two straight days of declines that took it to its lowest since April 9. Japan's Nikkei added 0.9% as a lower yen supported export-heavy firms. Chinese shares climbed 1.9%, while Hong Kong's Hang Seng index rose 1%.



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