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Market wrap

May 29, 2018

Markets tank on weaker rupee and global correction...

Benchmark indices ended lower with the Sensex falling over 200 points on global correction and weaker rupee.

The S&P BSE Sensex ended at 34,949, down 216 points while the broader Nifty50 index settled at 10,633, down 55 points

Banking & financials stocks pulled the markets lower with the Nifty Bank Index slipping as much as 1.3% after three straight sessions of gain, with ICICI Bank and SBI shedding 3% each.

Among individual stocks, M&M rose 3% after the company's March quarter earnings beat street expectations as profit grew by 50% year-on-year to Rs 11.55 billion and revenue increased 25.6% to Rs 131.89 billion during the quarter.

Sectors and stocks

Shares of Avenue Supermarts that runs the D-Mart retail stores, Radico Khaitan, Varun Beverages, Edelweiss Financial Services, Biocon, Hexaware Technologies, Kotak Mahindra Bank and MM Forgings were among 13 stocks from the S&P BSE 500 and Smallcap index that hit new high on the BSE in otherwise range-bound market.

Berger Paints, JMC Projects, GMM Pfaudler, Take Solutions and Pidilite Industries, too, hit their respective all-time highs on the BSE in intra-day trade today. On comparison, the S&P BSE Sensex was trading 0.41% lower at 35,021 points at 01:55 pm.

Radico Khaitan rallied 9% to Rs 479 on the BSE. Thus far in the month of May, the stock surged 14% after the company reported a more than doubled net profit at Rs 342 million in March 2018 quarter. It had profit of Rs 166 million in the same quarter last fiscal.

MM Forgings surged 10% to Rs 1,292, extending its previous day's 4% gain on the BSE after the board of directors of the company recommended issue of bonus shares in the ratio of 1:1 i.e. one bonus equity share for every one share held on the record date.

Hexaware Technologies hit a new high of Rs 459, up 6% on the BSE, gaining 19% post March quarter results on May 4, 2018. The company reported a better than expected 11% sequential growth in its consolidated net profit at Rs 1.34 billion in March quarter (Q1CY18). Revenue grew 4.4% at Rs 10.49 billion over the previous quarter.

Strides Shasun rose 2% to Rs 432, bouncing back 13% from its early morning low on the BSE, after the company made clarification on rumor regarding resignation of statutory auditor. The stock hit a low of Rs 383 on the BSE in intra-day trade. We understand that there are unconfirmed rumours in the market relating to the resignation of Statutory Auditors of the Company. "The Company wishes to clarify that the Company has already declared audited financial results for the financial year 2017-18 on May 18, 2018 and M/s. B S R & Co. LLP, the statutory auditors of the Company have issued the auditors' report for the financial year ended March 31, 2018 with unqualified opinion in respect of the standalone and consolidated financial results, the copies of which has already been submitted to the stock exchanges," Strides Shasun said in a regulatory filing.



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We, therefore, wish to clarify that the rumours are malicious and unfounded and there is no truth in the matter. We request you to take this clarification on record and disseminate to investors community, it added. Meanwhile, the company in separate regulatory filing said that it seeking member's approval for the name change of the company from 'Strides Shasun' to 'Strides Pharma Science' and divestment of investment in Strides Chemicals Private Limited. Strides Shasun has rallied 24% in past one week from Rs 341 to Rs 423 till Monday. Shares of pharmaceutical company tanked 32% from its level of Rs 503 on May 17, 2018, after the company reported a consolidated net loss of Rs 44 million in March 2018 quarter (Q4FY18). The company reported its first quarterly loss since September 2014 quarter. It had posted a net profit of Rs 916 million in Q4FY17.

Manpasand Beverages is locked in lower circuit for the second straight day, down 20% at Rs 276 on the BSE. The sharp falls comes after the Deloitte Haskins and Sells resigned as auditor of the company with effect from May 26, 2018. Manpasand Beverages informed on Sunday that the board meeting scheduled on Wednesday, May 30, 2018 to consider audited financial results and to recommend dividend, if any, has been cancelled, due to sudden resignation of existing auditors. Everything related to financial results announcement and the timing of this event is purely coincidental and has no direct correlation. The board meeting has been postponed and the new date will be announced shortly, the company said on Monday in a regulatory filing.

It is very unfortunate that we had to part ways with our long-term associate. We want to take this opportunity to assure everyone that the decision has been taken by the management after due consultations and it is in the best interests of our shareholders, the company said. This is just a minor hiccup and doesn't represent any long term business impact. Manpasand Beverages has always focussed on maintaining a sustained business growth. We still have a long way to go to achieve our high ambitions and we are well on our way. We hope for the continued support of our shareholders and stakeholders in this process, it added. Manpasand Beverages is leading player in beverages segment offers mango based fruit drink under the Mango Sip brand; fruit drinks and carbonated fruit drinks under the Fruits Up brand; and fruit drinks with energy replenishing qualities under the Manpasand ORS brand. It also offers apple flavored fruit drink under the Apple Sip brand; and bottled water under the Pure Sip brand.

Crude Oil

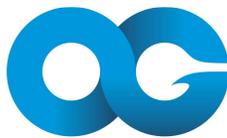
Oil prices remained under pressure from expectations that Saudi Arabia and Russia would pump more crude to ease a potential shortfall in supply.

US crude futures tumbled to six-week lows and looked set for a fifth straight day of declines. The July contract was last down 1.6% at \$66.81 a barrel.

Global Markets

A deepening political crisis in Italy provoked a second day of heavy selling on European financial markets, with the euro cut to a 6-1/2 month low, stocks punished and short-term borrowing costs surging for the government in Rome.

Asia flinched too. Japan's Nikkei slipped 0.6%. Chinese shares were in the red, too, with the blue-chip index down 0.6% and Hong Kong's Hang Seng index off 0.7%.



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For research related queries contact:

Mr. Akash Jain – Vice President (Research) at, 022-67160431 (D)

CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: www.ajcononline.com

Corporate and Broking Division

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062

Registered Office:

101, Samarth, Off. Hinduja Hospital, 151 Lt. P.N. Kotnis Road, Mahim (West), Mumbai – 400016. Tel: 022-24460335/36/40