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Market Wrap

April 02, 2018

Benchmark indices start first day of FY19 on a strong note; ICICI bank under pressure..

Benchmark indices rose on Monday, the first trading day of the new financial year, tracking gains in global equity markets, while auto stocks such as Tata Motors led gains after posting strong sales numbers for March.

Asian stocks began the new quarter with mild gains after Wall Street surged on Thursday, ending a tumultuous first quarter on a high note. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.13 per cent.

The Nifty auto index gained as much as 2.27 per cent. Tata Motors rose 4.2 per cent, after posting a 35 per cent jump in March domestic vehicle sales. India's largest automaker Maruti Suzuki India climbed 1.7 per cent after reporting a 14.9 per cent rise in March vehicle sales.

Infrastructure output grows 5.3% in Feb as cement, refinery output pick up

Core sector growth rose 5.3% in Feb as cement, refinery output pick up. Eight infrastructure sectors grew by 5.3% in February, mainly helped by a robust performance of refinery products, fertiliser and cement segments. The eight infrastructure sectors -- coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity -- had grew by just 0.6% in February 2017. The core sectors expanded by 6.1% in January. Petroleum refinery production spurted 7.8% in February against a negative growth rate of 2.8% in the year-ago month, according to the official data released today. Fertiliser and cement production rose by 5.3% and 22.9%, respectively, during the month under review. Electricity generation too grew by 4% in February against 1.2% expansion in February 2017. Coal and steel production growth slowed to 1.4% and 5% respectively during February against 6.6% and 8.7% respectively in the same month last year. Cumulatively, the eight core sectors grew by 4.3% in April-February 2017-18 against 4.7% in the same period last fiscal. The core sector would have an impact on the Index of Industrial Production (IIP) data as these eight segments account for about 41% of the total factory output.

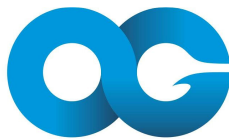
Sectors and stocks

The buzz today was largely around private sector banking stocks. ICICI Bank has ended around 6 percent lower after CBI is said to be looking into the Videocon issue. Axis Bank, too, ended over 2 percent lower after a media report that the RBI has asked Axis to review CEO Shikha Sharma's tenure on the back of rising bad loans and hit on its profits.

The domestic investors will now look forward to the Reserve Bank of India's first bi-monthly policy decision of FY19 to be held later this week.

Karda Constructions (KCL) has made a weak debut on the bourses by listing at Rs 136, 24% lower against its issue price of Rs 180 per share on the National Stock Exchange (NSE) and the BSE. The stock hit a low of Rs 129 on the NSE after its listing. KCL, trading under 'T' group, ended at Rs 142, 20% lower against issue price. The T Group represents scrips which are settled on a trade-to-trade basis as a surveillance measure. The Rs 770 million initial public offer (IPO) of real estate company KCL was subscribed 2.53 times. Qualified institutional buyers (QIBs) category was subscribed 1.55 times, non institutional investors 3.43 times and retail investors 2 times. KCL intends to utilize the proceeds from fresh issue towards part repayment of overdraft facilities, part repayment of term loans, general corporate purpose and to meet issue related expenses. Housing demand in India is expected to increase given the favorable demographics of the economy and affordable housing segment is likely to get boost. However the competition in this particular segment is also increasing at rapid pace. In small cities (tier 2 and tier 3) lot of regional players have become active to take benefit of the Pradhan Mantri Awas Yojana (PMAY). Real estate market in Nashik is fragmented and KCL is expected to face high competition from regional players going forward. KCL continued to keep focus in the Nashik city, it added. Issue was aggressively priced as the company was demanding valuation of Rs 2,214 million valued at P/E of 27.6 (x) to FY17 restated EPS. Real estate players like Ganesh Housing, having presence in Ahmadabad city, is trading at P/E at 9.4 and other players at below P/E of 25. On the other hand, KCL business size is small compared to peers.

Shares of Kwality were down for the third straight trading day, falling 10% at Rs 54.35 per share, also its fresh 32-month low on the BSE on back of heavy volumes. In past three sessions, the stock of packaged foods company has plunged 34%



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from Rs 82.15 on Monday, March 26, 2018. The trading volumes on the counter jumped more than three-fold with a combined 17.34 million shares representing 7% of total equity changed hands on the BSE and NSE. There were pending sell orders for 1.01 million shares on both the exchanges. Kwalita informed the stock exchanges that the company has received a communication from one of our Director and investor that a Registered Broker (F6 Finserv Private Limited) located at 206, 2nd Floor, Sewa Corporate Park, MG Road, Heritage City, Sector 25, Gurugram, Haryana -122022, offloaded fraudulently some shares of Kwalita in the market. We have been informed by the Investor that the above mentioned broker is not traceable and absconding. Investor is in the process of initiating legal proceedings and police complaint against them, it added.

HDFC Standard Life Insurance (HDFC Life) entered the elite club of 30 stocks with highest market capitalization (market-cap) on the BSE, as its share price jumped nearly 7% on Monday in intra-day trade, extending its 7.4% gain in past five trading sessions. HDFC Life hit an intra-day high of Rs 484 on the BSE, trading close to its highest level since listing on November 17, 2017, up 66% against issue price of Rs 290 per share. It touched record high of Rs 493.75 on January 1, 2018 in intra-day deal.

Canara Bank has managed to close the day flat, after losing over 7 percent intraday as it cancelled its stake sale plan in Can Fin Homes.

Grasim and Bajaj Finserv ended the session 2-3 percent higher after they were officially included in the Nifty50 index from Monday.

Karnataka Bank's share price fell half a percent as the bank reported a fraud to Reserve Bank of India amounting to Rs 86.47 crore in the fund based working capital facilities extended to Gitanjali Gems.

Shares of Can Fin Homes declined 11 percent after Canara Bank called off the divestment process in the company. Meanwhile, Maruti Suzuki India added 2 percent on the back of robust sales number for the month of March 2018.

Ashoka Buildcon gained 4 percent after company received letters of award from road and highways ministry.

The Nifty pharma index jumped led by stocks including Cipla which was up 6 percent followed by Lupin which gained 5 percent. Sun Pharmaceutical Industries and Dr Reddy's Labs each gained 2-3 percent.

Neuland Laboratories share price rallied 8 percent after getting approval from NCLT for merger of two companies with itself.

Global Markets

In the global markets' space, Asia Pacific stocks finished the first trading day of the quarter on a weaker note as markets reversed gains seen earlier in the day. Markets also digested new tariffs on US goods announced by China on Monday after Beijing floated the proposal last month.



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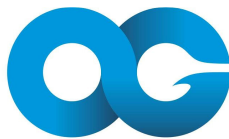
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Latest Block deals

All Prices in ₹

Deal Date	Security Code	Security Name	Client Name	Deal Type *	Quantity	Trade Price
28/03/2018	524208	AARTIIND	HETAL GOGRI GALA	B	1,709,327	1,144
28/03/2018	524208	AARTIIND	CHANDRAKANT VALLABHAJI GOGRI	S	1,709,327	1,144
28/03/2018	532921	ADANIPTS	EMERGING MARKETS EQUITY FUND	B	2,497,000	365.35
28/03/2018	532921	ADANIPTS	MERRILL LYNCH MARKETS SINGAPORE PTE. LTD.	S	2,497,000	365.35
28/03/2018	539336	GUJGAS	GUJARAT STATE PETRONET LIMITED	B	12,995,473	836.25
28/03/2018	539336	GUJGAS	GUJARAT STATE PETRONET LIMITED	B	1,443,941	836.25
28/03/2018	539336	GUJGAS	GUJARAT STATE PETROLEUM CORPORATION LIMITED	S	1,443,941	836.25
28/03/2018	539336	GUJGAS	GUJARAT STATE PETROLEUM CORPORATION LIMITED	S	12,995,473	836.25
28/03/2018	534816	INFRATEL	EMERGING MARKETS EQUITY FUND	B	1,080,109	336.5
28/03/2018	534816	INFRATEL	MERRILL LYNCH MARKETS SINGAPORE PTE. LTD.	S	1,080,109	336.5
28/03/2018	532720	M&MFIN	EMERGING MARKETS EQUITY FUND	B	2,583,532	457.5
28/03/2018	532720	M&MFIN	MERRILL LYNCH MARKETS SINGAPORE PTE. LTD.	S	2,583,532	457.5
28/03/2018	505400	TEXINFRA	ACIRA CONSULTANCY PRIVATE LIMITED	B	2,946,240	66.6
28/03/2018	505400	TEXINFRA	FILMQUEST ENTERTAINMENT PVT LTD	S	2,946,240	66.6

* B - Buy, S - Sell



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