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Market wrap

May 03, 2018

Domestic bourses decline; investors cautious ahead of Sino – US trade talks..

Benchmark indices declined on Thursday dragged down by IT and pharma stocks, while caution prevailed as hopes waned for real progress in Sino-US trade talks due later in the day.

Among sectoral indices, the Nifty IT index was over 1% down led by fall in the shares of HCL Technologies and MindTree. Shares of InterGlobe Aviation slumped nearly 20% during the day to hit their lowest in seven months and wiped out nearly Rs 101.13 billion (\$1.52 billion) in market capitalisation after it posted a 73% plunge in profit on Wednesday.

Going ahead, the investors will also be mindful of the upcoming state elections in Karnataka on May 12 that are being seen as a semi-final to the general elections scheduled in 2019.

Gold prices rose for a second session on Thursday after the U.S. Federal Reserve held interest rates steady as expected at the end of a two-day policy meeting, while investors awaited U.S.-China trade talks. Spot gold rose 0.2 percent to \$1,307.05 per ounce. U.S. gold futures for June delivery rose 0.2 percent to \$1,307.60 per ounce.

Sectors and stocks

Shares of TeamLease Services hit a record high of Rs 3,042 per share, up 12% on the BSE in otherwise subdued market. The stock surpassed its previous high of Rs 2,948 touched on April 25, 2018 in intra-day trade.

In past two months, the stock rallied 50% from Rs 2,033 after the Reserve Bank of India (RBI) raised the investment limit for foreign portfolio investors (FPIs) in the company to 75%. On comparison, the S&P Sensex was up 3.35% during the same period.

Shares of airline companies - InterGlobe Aviation (IndiGo), Jet Airways and SpiceJet – have tanked up to 18% after the IndiGo reported weak set of numbers for the quarter ended March 2018 (Q4FY18) IndiGo plunged 18% to Rs 1,111 on the BSE after the company reported a sharp 73% decline in net profit to Rs 1.17 billion for the March quarter (Q4FY18), due to higher fuel costs and adverse forex exchange positions. The country's largest airline had profit of Rs 4.4 billion in year ago quarter.

With today's fall, the market value of IndiGo has declined 26% in past four trading sessions after the resignation of its president Aditya Ghosh. IndiGo's revenue from operations during the quarter under review grew 19.6% at Rs 57.99 billion against Rs 48.48 billion during the same period last year. EBITDAR (earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs) margin declined to 19.5% in Q4FY18 from 29.9% in Q4FY17.

Hindustan Construction Company (HCC), Mahanagar Gas, Suzlon Energy, Idea Cellular, Vakrangee and PC Jeweller among 21 stocks from the S&P BSE500 index hitting 52-week lows on the BSE. Bharat Electronics, Chennai Petroleum Corporation Limited (CPCL), DCM Shriram, Allcargo Logistics, Siemens, Sintex Industries, Uco Bank and Syndicate Bank were among 22 stocks from the index too hit 52-week lows today.

HCC has plunged 24% to Rs 17.75 on the BSE in intra-day trade on back of heavy volumes after the media report suggested that the Lavasa auditor raises concerns regarding its debt situation.



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The BSE said the Exchange has sought clarification from Hindustan Construction Company Ltd on May 03, 2018 with reference to news appeared in media "Lavasa network worries: Auditor says significant doubts about ability of co to continue as going concern." The reply is awaited.

Siemens slipped 12% to Rs 995 after the company said the government tendering of large projects in the energy business has slowed down. "While our base business is growing satisfactorily, we do not see a pipeline of large and mega projects yet. Government tendering of large projects in the energy business (Generation, Transmission & Distribution) has slowed down, though we do see private sector capex beginning to expand," Sunil Mathur, managing director and chief executive officer of the company said while announcing March quarter results.

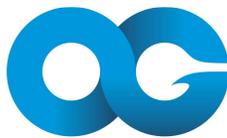
DCM Shriram hit a fresh 52-week low of Rs 291, down 7% on the BSE in intra-day trade today. In past six trading sessions, the stock tanked 34% from Rs 439 on April 24, after the company reported 68% year-on-year (YoY) drop in net profit at Rs 510 million in March quarter (Q4FY18), due to poor performance of its sugar business. It had posted profit of Rs 1,560 million in year ago quarter.

Shares of PC Jeweller had turned volatile gaining more than 30% from its intra-day low on the National Stock Exchange (NSE). The stock opened 9% lower at Rs 101, slipped 15% in intra-day deal to Rs 95, hitting fresh 52-week low. At around 11:32 am; it bounced back to Rs 127, up 34% from its intra-day low, the exchange data shows. At 12:25 pm; PC Jeweller was trading 7% lower at Rs 103, falling 18% from intra-day high on the NSE, against 0.52% decline in the Nifty 50 index. The trading volumes on the counter jumped more than 30-fold. A combined 160 million equity shares representing 41% of total equity of PC Jeweller changed hands on the NSE and BSE so far. In past six trading sessions, the stock tanked 67% from Rs 289 on April 24, 2018. "The exchange had sought clarification from PC Jeweller Ltd on May 03, 2018 with reference to news appeared in media dated May 03, 2018 quoting "CBI arrests owner of PC Jeweller". The reply is awaited." BSE said in a corporate announcement. Responding to the exchange's announcement, the company said "We would like to clarify that the abovementioned news item published in "BTVI" dated 3rd May, 2018 is factually incorrect and Shri Balram Garg, Managing Director of the Company has already appeared on Zee Business for a live interview and clarified the position,". "The Company makes timely disclosures of all the events, information etc. that have a bearing on the operation / performance of the Company which include price sensitive information etc. Further, we wish to clarify that presently the Company is not having any such information, which requires disclosure as aforesaid. We do not find any justification or reason behind decrease in price of equity shares of the Company today" it added.

Global Markets

Globally, Asian shares fell, while the US dollar consolidated recent bumper gains after the Federal Reserve reaffirmed the outlook for more rate hikes. Reports that the Trump administration is considering executive action to restrict some Chinese companies' ability to sell telecoms equipment in the United States were a dampener.

The Federal Reserve held interest rates steady on Wednesday and expressed confidence that the recent rise in inflation at a level near the US central bank's target would be sustained, keeping it on track to raise borrowing costs in June. It was widely expected that the US central bank would keep rates unchanged in May 2018, but might raise them again in June 2018.



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