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Market Wrap

April 09, 2018

Rally witnessed in domestic bourses taking cues from Asian counterparts; expect Q4FY18 earnings to be strong...

The domestic markets ended higher on Monday taking cues from their Asian counterparts. The S&P BSE Sensex ended at 33,788, up 162 points while the broader Nifty50 index settled at 10,379, up 48 points. Among sectoral indices, the Nifty FMCG index ended 1.13% up led by a rise in the shares of Marico and ITC.

The upcoming quarterly results season, along with the release of macroeconomic data points on industrial production (IIP) and inflation are expected to determine the trajectory of key equity indices this week. Global cues such as concerns over trade protectionist measures between the US and China, combined with the direction of foreign fund flows and crude oil prices, will also impact investors' risk-taking appetite.

Sectors and stocks

Lemon Tree Hotels ended 17.4% higher at Rs 72 levels on the National Stock Exchange (NSE) after listing at Rs 61.60, a 10% premium against issue price of Rs 56. The stock had hit an upper circuit of 20% at Rs 73.90 during the day, up 32% against issue price of Rs 56 on the BSE and the National Stock Exchange. The Rs 10.39 billion initial public offering (IPO) of Lemon Tree Hotels was overall subscribed 1.19 times. The IPO received total bids of 15.49 million shares as against the total issue size of 12.98 million, the stock exchange data showed. The Qualified Institutional Buyers (QIB) emerged as lead bidders, with 3.89 times of their portion subscribed. Non-institutional investor portion and the portion of shares reserved for retail investors were subscribed by 12% each. Lemon Tree Hotels is India's largest chain in the mid-priced hotels sector and third largest overall, on the basis of controlling interest in owned and leased rooms, as of June 30, 2017, according to the Horwath Report. Lemon Tree hotels are located across India, in metro regions, including the NCR, Bengaluru, Hyderabad and Chennai, as well as tier I and tier II cities such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore and Aurangabad.

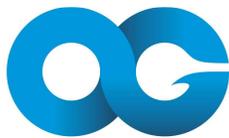
The previous financial year (FY18) belonged to Tata Motors in more ways than one. The country's biggest commercial vehicle maker reclaimed leadership position in the light commercial vehicle (LCV) space from rival M&M after a gap of two years. Besides, the company also overtook Japanese car maker Honda to occupy the fourth spot in the domestic passenger vehicle market.

The private sector lenders, IndusInd Bank, Kotak Mahindra Bank and Shriram Transport Finance, the consumer discretionary goods & services sector companies such as Avenue Supermarts (owner of D-Mart), Jubilant FoodWorks, Titan Company and Britannia Industries were among 18 stocks that hit their respective new highs on the BSE on Monday.

Century Plyboards, Dilip Buildcon, Apollo Tyres, Escorts, Excel Industries, HIL, KEI Industries, Pidilite Industries, Power Mech Projects, Shakti Pumps (India) and SRF too hit record highs in intra-day trade today.

IndusInd Bank was up 2% at Rs 1,864, gaining 10% in past one month, as compared to 1.5% rise in the S&P BSE Sensex during the period. On March 13, IndusInd Bank said the Reserve Bank has approved the merger of Bharat Financial Inclusion with the bank.

Shares of Titan Company hit a new high of Rs 972 per share, up 3.5% on the BSE after the company said that its jewelry segment saw mid-teen retail sales growth during the quarter ended March 2018 (Q4FY18). The stock surpassed its previous high of Rs 963 recorded on March 28, 2018 on the BSE in intra-day trade. "The Jewellery division had good sales growth in Q4 FY 17-18 on the back of very successful diamond jewellery activation and a more customer friendly revised gold exchange policy. The retail sales growth for the quarter was in mid-teens for the division," Titan Company in quarterly update. In FY17-18, watches and Jewellery business scaled new heights in terms of revenue growth and profitability which is a result of market share gains in both businesses as well as the success of the cost control initiatives of the Company, it added.



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Shakti Pumps (India) has rallied 6% to Rs 685, extending its Friday's 15% surge on back of heavy volumes. The trading volumes on the counter more than doubled with combined 1.27 million shares changed hands on the BSE and NSE till 12:23 pm. Thus far in the calendar year 2018, the stock zoomed 51% against 1% decline in the Sensex. Shakti Pumps had reported more than four-fold jump in its consolidated net profit at Rs 167 million in October-December quarter (Q3FY18). It had a profit of Rs 41 million in the same quarter year ago. Operational revenue of the company during quarter increased by 42% to Rs 1,477 million from Rs 1,041 million the corresponding quarter of previous year. EBITDA (earnings before interest, tax, depreciation and amortization) margin improved to 21.17% in Q3FY18 from 15.4% in Q3FY17. For the first nine months (April to December) of the current financial year 2017-18, the company's net profit more than doubled to Rs 245 million against Rs 107 million in the same period last fiscal. It had net profit of Rs 205 million in the entire financial year 2016-17.

Shares of Datamatics Global Services have rallied 15% to Rs 129 per share, extending their 2% gain on the BSE on Friday, after the acquisition of RJ Globus Solutions, a BPO company in Philippines, to strengthen its BPO offerings to meet the growing demands of customers and increase its market presence.

"Datamatics Global Services Corp., Step down subsidiary of the Company, has acquired 75% Stake in RJ Globus Solutions Inc, a voice based BPO Company headquartered in Manila, Philippines," Datamatics said in a press release. The objective of this acquisition is to further strengthen the Company's BPO offerings to meet the growing demands of customers and increase its market presence through an expanded global delivery center, it added. Post-acquisition the Company will become stepdown subsidiary of the Company. The company said it acquired 75% shares and balance 25% shares will be acquired in the year 2019 and 2020 based on the financial performance of the target Company. Datamatics spent US \$50,625 towards acquisition of 1,875 shares (or 75%). Additionally, \$ 1.55 million will be infused towards payment of certain liabilities as per the definitive agreements, it said.

Global Markets

Asian shares crept higher on Monday as a rally in U.S. stock futures soothed sentiment even as U.S. President Donald Trump kept up his twitter war with China just a couple of days before President Xi Jinping gives a keynote speech.

Helping was news North Korea had told the United States for the first time that it was prepared to discuss denuclearization when their leaders meet. There was more confusion than reaction to reports, which the Pentagon quickly denied, that U.S. forces had struck at sites in Syria.

Trump said on Sunday there would be a "big price to pay" after medical aid groups reported dozens of people were killed by poison gas in a besieged rebel-held town. Caution had been the watchword after Trump claimed on Sunday that China would take down its trade barriers because it was "the right thing to do." Trump late Thursday threatened to slap \$100 billion more in tariffs on Chinese imports, while Beijing said it was fully prepared to respond with a "fierce counter strike". The drama could be a long-running one given the lengthy public discussion period on U.S. tariff proposals meant the earliest they might be imposed was somewhere around late July or early August. This is not going to happen tomorrow, and given the mercurial nature of the U.S. administration, the whole issue could well disappear before anything really happens. We think that this is just a lot of sound and fury, signifying nothing in the end. But one never know, U.S. trade policy is in the hands of someone totally unpredictable.

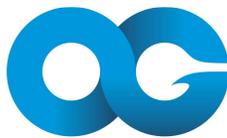
The next major hurdle will be a speech by Chinese President Xi at the Boao Forum on Tuesday. Bonds gave back some of their safety gains with yields on U.S. 10-year Treasury debt nudging up to 2.797 percent, though that compared to a top of 2.8380 last week. Japanese investors sold a record 3.924 trillion yen (\$36.68 billion) of U.S. dollar bonds in February, as rising costs of currency-hedging undercut their yield attraction.

In currency markets, the dollar steadied on the safe haven yen at 107.04, just short of the recent six-week peak of 107.49.

The euro held at \$1.2277, and above the recent trough of \$1.2212, while the dollar index was a fraction firmer at 90.150.

In commodity markets, gold eased slightly to \$1,332.80 an ounce, but stayed well within recent trading ranges.

Oil prices edged up with Brent crude futures for June rising 28 cents to \$67.39 a barrel, while U.S. crude gained 23 cents to \$62.29 a barrel.



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Latest Block deals

All Prices in ₹

Deal Date	Security Code	Security Name	Client Name	Deal Type *	Quantity	Trade Price
09/04/2018	532174	ICICIBANK	MERRILL LYNCH MARKETS SINGAPORE PTE LTD	B	29,407,246	280
09/04/2018	532174	ICICIBANK	BAILLIE GIFFORD EMERGING MARKETS FUND	S	29,407,246	280

* B - Buy, S - Sell



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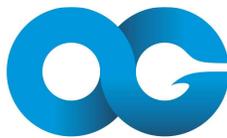
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