

Benchmarks pare some early losses; still continue to trade in red

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Recovering from day's low, benchmark equity indices have gained momentum however were still trading below the neutral line on persistent profit-booking by funds and retail investors. Caution over US rate hike, coupled with negative Chinese indices dragged the Indian equity markets lower levels during the early morning trade. Sentiments remained down-beat with the high inflation worry after the report that indicates more than 72 per cent of the country has received excess rainfall in March in a phenomenon of unseasonal rains that led to crop losses. According to the India Meteorological Department (IMD), from March 1 to 18, of the 36 sub-divisions, 26 received excess rainfall. Market participants also remained cautious with slow growth of the manufacturing activity, as the yearly SBI Composite Index for March has declined below 50 and is at 49.5, compared with last month index of 51.3. However, investors got some comfort with the report that India's current account deficit, the excess of imports over exports, fell further to 1.3% of the gross domestic product due to benefits of lower commodity prices, but the fall in remittances from overseas Indians has restricted the improvement in balance of payments (BoP). Some support also came with rating agency ICRA projecting Indian economic growth to improve to 7.7 percent in next fiscal, led by domestic consumption demand on the back of implementation of 7th Pay Commission and OROP recommendations.

On the global front, Asian markets were trading mostly in red as hawkish comments from U.S. Federal Reserve officials clouded the monetary policy outlook less than a week after Fed Chair Janet Yellen had set out a more cautious path to interest rate increases this year. Besides, fall in oil prices after gaining overnight on data showing a drawdown at the Cushing, Oklahoma delivery hub, also weighed on sentiment. Meanwhile, US stocks ended slightly higher on Monday, but with oil companies wobbling as prices for crude swung in and out of positive territory.

Back home, stocks from Realty, Capital Goods and Power counters were supporting the market's uptrend, while those from FMCG, IT and Banking counters were adding to the underlying cautious undertone. Shares of companies engaged in business related to defence sector have rallied after the government cleared new procurement policy, while some buying also witnessed in sugar stocks on the report that the government has permitted export of additional 723 tonne of raw cane sugar to the US under the tariff rate quota. In scrip specific development, shares of Indoco Remedies have

rallied after the company received US Food and Drug Administration (USFDA) approval for Goa solid dosages plant. Furthermore, JMC Projects (India) has surged after the company announced that it has recently secured new orders worth over Rs 930 crore.

The market breadth on BSE was positive, out of 2142 stocks traded, 1221 stocks advanced, while 782 stocks declined on the BSE.

The BSE Sensex is currently trading at 25282.93, down by 2.44 points or 0.01% after trading in a range of 25177.81 and 25331.01. There were 16 stocks advancing against 14 stocks declining on the index.

The broader indices were trading in green; the BSE Mid cap index was up by 0.77%, while Small cap index up by 0.51%.

The top gaining sectoral indices on the BSE were Realty up by 1.61%, Capital Goods up by 1.41%, Power up by 1.24%, Consumer Durables up by 1.22% and Auto up by 1.09%, while FMCG down by 0.50%, TECK down by 0.48%, IT down by 0.47% and Bankex down by 0.04% were the top losing indices on BSE.

The top gainers on the Sensex were BHEL up by 4.11%, Mahindra & Mahindra up by 2.61%, Maruti Suzuki up by 1.63%, Tata Motors up by 1.42% and Lupin up by 1.29%. On the flip side, Adani Ports & Special down by 2.17%, Dr. Reddys Lab down by 2.07%, Bharti Airtel down by 1.87%, ITC down by 1.18% and Infosys down by 0.92% were the top losers.

Meanwhile, based on the recommendation of Foreign Investment Promotion Board (FIPB), the government has approved 15 Foreign Direct Investment (FDI) proposals, worth Rs 7,262 crore. The proposals approved, include many insurance companies increasing equity stake in Indian ventures like Nippon Life Insurance, Tata AIA and Aviva Life. However, Yes Bank's proposal to raise foreign investment limit to 74% from the existing 41.87% amounting Rs 6,885 crore has been recommended to be approved by the Cabinet Committee on Economic Affairs (CCEA).

Of the approved proposals, the highest was from Nippon Life for Rs 2,265 crore to hike stake in Reliance Life Insurance from 26% to 49%, followed by, Tata AIA Life Insurance Company's proposal for Rs 2,055 crore to increase AIA International's stake from 26% to 49% for Rs 2,055 crore. Aviva Life Insurance Company's proposal to raise the shareholding of Aviva International Holdings, UK, to 49% by transferring the 23% currently held by Dabur Investment Corp to it was also approved. Total foreign inflow through this deal is about Rs 940 crore. This is the first set of big-ticket investments in insurance after Parliament approved a Bill in March last year to raise FDI limit in the sector to 49% from 26%. The government expects over Rs 25,000 crore investments because of the change in the investment policy.

The FDI proposal from insurance sector which were approved included, Sun Life Financial (India) Insurance, Almondz Insurance Brokers, Taurus Ventures. Raheja QBE General Insurance Co's Rs 102 crore proposals for transfer of 23% shares held by Prism Cement to Hong Kong's QBE Asia Pacific Holdings and thereby increasing foreign shareholding to 49% also got the nod.

In the defence sector, there were two significant proposals including Quantum Simulators to set up a simulator manufacturing company with a 49% stake was approved. This proposal is expected to bring investment of Rs 14 crore and Tata Sikorsky Aerospace. Other proposals which also got approval includes Vsoft Technologies, Venus Aesthetic, Beloorbayir Biotech, PTL Enterprises, Sun Pharma Advanced Research and International Asset Reconstruction.

However, 10 FDI proposals were rejected, which includes Apollo Hospitals Enterprise, Lupin, Dipon Gas and Infrastructure. On the same time 8 FDI proposals were deferred which includes Whirlpool Asia, Bupa Singapore, RMC Arc insurance brokers etc.

The CNX Nifty is currently trading at 7698.55, down by 5.70 points or 0.07% after trading in a range of 7669.15 and 7711.10. There were 24 stocks advancing against 26 stocks declining on the index.

The top gainers on Nifty were BHEL up by 4.11%, Tata Power up by 3.47%, Mahindra & Mahindra up by 2.84%, Maruti Suzuki up by 1.72% and Tata Motors up by 1.49%. On the flip side, Adani Ports & Special down by 2.26%, Dr. Reddys Lab down by 2.20%, Ambuja Cement down by 2.16%, Bharti Airtel down by 1.94% and ITC down by 1.49% were the top losers.

Asian markets were trading mostly in red, Hang Seng was down by 0.2%, Taiwan Weighted down by 0.68%, Jakarta Composite down by 0.65%, Shanghai Composite down by 0.69% and FTSE Bursa Malaysia KLCI was down by 0.02%. On the flip side, KOSPI Index was up by 0.07% and Nikkei 225 was up by 1.66%.