



Headlines

- ▶ Sensex ends flat
- ▶ Growth in credit demand from India Inc slows to 12%
- ▶ Participatory notes holders may be taxed in next budget
- ▶ FDI in services sector drops 61% during April-January
- ▶ RBI shifts to CPI-based Real Effective Exchange Rate
- ▶ RBI firm on scrapping pre-payment penalty



Quick Glance

INDICES

Name	Closed at	+/- Points	% Change	Name	Closed at	+/- Points	% Change
BSE Sensex	22343.45	-16.05	-0.07	BSE Auto	13264.91	-13.96	-0.11
NSE Nifty	6695.05	0.70	0.01	BSE TEck	4947.40	0.02	0.00
NSE 500	5234.20	-0.30	-0.01	BSE Bankex	14305.35	-56.91	-0.4
BSE 100	6710.86	-0.28	0.00	BSE Metal	10134.35	24.20	0.24
BSE MidCap	7165.36	-32.26	-0.45	BSE Oil & Gas	9584.06	-9.71	-0.10
BSE SmallCap	7281.07	16.02	0.22	BSE Healthcare	10364.17	-25.59	-0.25
CNX Midcap	8616.95	-23.90	-0.28	BSE Realty	1505.71	-20.89	-1.37
CNX Nifty Jr.	13495.05	7.90	0.06	BSE FMCG	6875.48	9.92	0.14

DEBT MARKET

CP Rates % (3M)	9.35	8.83 GS 2023* %	9.10
Call Rates %	9.00/9.10	8.20 GS 2025* %	9.41
7.28 GS 2019* %	9.08	*G-Sec Yields	

FOREX (Currency Rates in Rs.)

1 US \$	60.11
1 EURO	82.15
100 YEN	58.13
Brent Crude (\$/Bbl)	105.49
GOLD (\$/oz)	1299.40

Market Commentary

EQUITY

Top Gainers	Closing Price	% Change	Top Losers	Closing Price	% Change
Sun Pharma	587.25	2.68	BHEL	177.85	-3.32
SSLT	194.40	2.34	Cipla	396.65	-1.84
Mahindra & Mahindra	1009.90	1.26	ICICI Bank	1209.05	-1.73
Tata Steel	405.95	1.01	Dr Reddys Lab	2602.40	-1.64
SBI	1922.25	0.95	Maruti Suzuki	1903.95	-1.20

- ▶ The BSE Sensex marked its lowest close in over a week on Monday, its third straight day of retreat from record highs hit last week, as blue chips such as ICICI Bank fell on caution sparked by the start of a five-week long elections.
- ▶ Sun Pharm has decided to acquire the troubled pharma company Ranbaxy in a \$3.2 bn all-share deal. Under terms of the agreed deal, Ranbaxy shareholders will get 0.8 of a Sun Pharma share for each Ranbaxy share they own. This exchange ratio represents an implied value of Rs 457 for each Ranbaxy share, a premium of 18% to Ranbaxy's 30-day volume-weighted average share price and a premium of 24.3% to Ranbaxy's 60-day volume-weighted average share price, in each case, as of the close of business on April 4.
- ▶ JSW Steel reported 9% growth in annual crude steel production at 12.17 mn tonnes in 2013-14, higher than its guidance. The company had reported 11.18 MT crude steel production in 2012-13. Both the figures include steel production from the now merged JSW Ispat's 3 MT Dolvi plant near Mumbai. "In spite of tough business environment of slow growth, inadequate availability & poor quality of iron ore & shortage of natural gas, the company exceeded the guidance for crude steel production by 0.17 mn tonnes," JSW said.
- ▶ Smallcap stocks outperformed while Midcap stocks underperformed against frontline stocks. BSE Smallcap closed up 0.22% & CNX Midcap down 0.28% while BSE 100 close down 0.01% & CNX NIFTY closed up 0.01%.
- ▶ Asian indices ended on mixed note. The markets of Indonesia (+1.30%) and Vietnam (+1.27%) were among the major gainers while the markets of Japan (-1.69%) and Singapore (-0.60%) were among the major losers.
- ▶ At BSE **1408** stocks advanced, while **1180** stocks declined.

Date	Investment (Equity)	Purchases (Cr)	Sales (Cr)	Net (Cr)	April Cum. (Cr)
04/04/14	FIs	3110.60	2860.40	250.20	5142.40
04/04/14	MFs	473.10	1346.10	-873.10	-1673.40

DEBT

- ▶ Indian government bonds fell for a fourth straight session on Monday, hitting their lowest level in four months, as investors continued to dump debt to make space for upcoming supplies in a holiday shortened week.
- ▶ India's call rate ended higher at 9.00/9.10 versus Friday's close of 7.00/7.10 percent.

FOREX

- ▶ The Indian rupee ended weaker on Monday in cautious trading as the country kicked off a five-week election process and on importers demand for the greenback.
- ▶ The dollar lost ground against the yen and dipped versus the euro on Monday as U.S. jobs data last week disappointed some who had bet on a number strong enough to break this year's tight trading ranges.

INDUSTRY & ECONOMY

- ▶ Political uncertainty associated with an election year and an overall dip in the economy have made Corporate India reluctant to launch any greenfield projects, resulting in drying up of credit demand from industries. Year-on-year growth in credit to large corporates in February this year slowed to 12.2% compared with 18.9% a year ago, data from the RBI show. This phenomenon has hurt banks and private sector banks such as ICICI Bank and Axis Bank have repeatedly expressed their discomfiture on the dismal investment climate. Most of these banks are pushing retail credit to boost credit growth.
- ▶ Holders of PNs issued by FIs might be taxed in the next budget as it had been agreed by the finance department, advisor to Union Finance Minister Parthasarathi Shome said. "So far PNs issued by the FIs to overseas investors were not taxed by the Income Tax department. But after deliberations in the finance department, the PN holders may be taxed in the next budget", Shome said at an interaction organised by ICAI. He said that internationally, PN holders were taxed by countries where their investments were routed through FIs.
- ▶ FDI in the services sector declined by about 61% y-o-y to \$1.8 billion during April-January. The services sector, which includes banking, insurance, outsourcing, R&D, courier and technology testing, had received FDI worth \$4.66 billion during April-January 2013, according to data from the Department of Industrial Policy and Promotion. Industry experts say foreign investment may increase after the formation of the new government, which is expected in May. Overall foreign inflows into the country have declined to \$18.79 billion during the first 10 months of 2013-14 from \$19.10 billion in April-January 2013.
- ▶ Shifting focus to retail inflation, the Reserve Bank said it will compute and release Real Effective Exchange Rate (REER) only on the basis of the CPI as the price index for India from this financial year. "REER index constructed using a CPI for both India and trade partner countries would ensure a higher degree of comparability of former's international competitiveness vis-a-vis trading partner countries," the RBI said. REER indicates movements in exchange rates of the home currency against a basket of currencies of trade partner countries and is considered to be an indicator of international competitiveness.
- ▶ The RBI is likely to order banks to scrap penalty on pre-payment of all retail & small corporate loans & do away with fines for failure to maintain minimum balance if the recent 'nudge' does not work, said a person familiar with the plan. RBI officials believe there is no justification for banks to charge pre-payment penalty on any loan since the entire system has moved to floating rates be it deposits or loans where rates are charged based on the prevailing markets, though with a lag of a few days or weeks. Last week, the central bank had advised lenders to stop levying such penalties.

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