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Bears continue to remain in markets amidst FII selling but provides buying opportunity..

Benchmark indices ended the truncated week 1.5% lower amid selling pressure by foreign funds on continued worries surrounding retrospective taxation. Weak corporate earnings and concerns over weak monsoon forecast further dampened sentiment.

In the week to April 30, the 30-share Sensex ended down 426.63 points or 1.55 per cent at 27,011.31 and the 50-share Nifty shed 123.75 points or 1.49 per cent at 8,181.50.

In the broader markets, BSE Mid-Cap index lost 0.18 percent and Small-Cap index dipped 0.58%.

Continued selling by foreign institutional investors (FIIs) amid tax concerns has cost India the most favored emerging market (EM) tag in April. Foreign flows into Indian stocks so far this month are \$1.8 billion, much lower as compared to peers South Korea (\$3.9 bn), Taiwan (\$3.4 bn) and Brazil (\$2.3 bn), show data from Bloomberg.

The rupee closed at 63.43 on Thursday on the back of dollar demand from importers and selling by FIIs.

The market was shut for trading on Friday on account of Maharashtra Day holiday.

Sectors and Stocks

ICICI Bank soared 7.5% on good results. Though the Gross NPAs went up to 3.78% versus 3.4% and Net NPAs went up to 1.61% versus 1.27%. Going forward, the asset quality concerns are receded.



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Maruti Suzuki climbed up 5.6% after reporting a strong 61% year on year net profit growth at Rs 1,284 crore for the fourth quarter ended March 31, 2015 on the back of higher volumes, material cost reduction initiatives, favourable foreign exchange and lower sales promotion expenses.

Housing finance major HDFC shed 6% after reporting a marginal rise of 8% in standalone net profit at Rs 1,862 crore for the quarter ending March 2015.

Vedanta (Sesa Sterlite) after posting a Rs 18,718-crore loss for the fourth quarter of FY15 on account of a massive impairment charge at its oil and gas business arm, Cairn India, caused by a sharp fall in crude prices.

Axis Bank surged over 7.5% after the bank's net profit grew 18% to Rs 2,181 crore on the back of a 20% in net interest income and 21% increase in other income.

In the telecom space, Bharti Airtel lost 4.4% after the consolidated net profit fell 12.6% to Rs 1255.3 crore in the March quarter compared with Rs 1436.5 crore in the December quarter.

Among other notable losers, ITC slumped 7.5% and HUL shed 4.5% as the gloomy forecasts about the monsoons have raised fears of further decline in rural demand.

Outlook

The debate on the Constitution Amendment Bill in respect of Goods and Services Tax (GST) next week and the passage of Land Acquisition Bill will be keenly awaited.

The outcome of monthly manufacturing and services sector surveys will be in focus.

The next batch of quarterly/yearly results will dictate the trend on the bourses.

We, however believe that every fall in the prices of good quality stocks due to selling by FIIs is providing a good opportunity for domestic investors to get into these stocks. We are cautiously optimistic on Indian markets.



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