





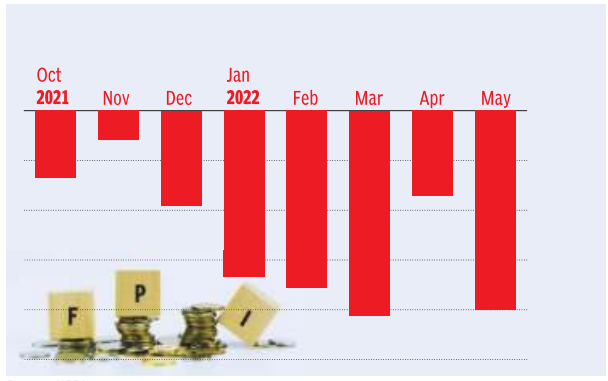
# FPIs pull out 40,000 crore in May, remain sellers for 8th straight month

Mass withdrawal of 2.06-lakh crore from Oct to May

**NARAYANAN V**  
Chennai, May 31  
Foreign investors ended up as net sellers of Indian equities for the eighth straight month as they intensified their sell-off in May to pull out nearly 40,000 crore over a range of domestic and global challenges.

According to the latest data, foreign portfolio investors (FPIs) have pulled out 39,993 crore in May followed by 17,144 crore of outflow in April.

FPI outflows have been on account of change in the stance of major central banks globally over the last year. The Federal Reserve, in particular, has shifted the monetary stance on interest rates and liquidity by raising rates as well as providing bal-



ance sheet reduction plans. This has led to outflows from emerging markets like India, said Kunal Valia, CIO - Listed Investments, Waterfeld Advisors.

**Spoilsports**  
FPIs have been on a selling spree since the middle of last fiscal due to rising inflation rates, growing hawkishness among global cent-

ral banks as well as in India, the ongoing Russia-Ukraine war and the consequent rise in crude oil prices, predicted slowdown in global economic growth. FPIs pulled out 2.06-lakh crore from Indian equities between October 2021 and May 2022 after making a record net investment of 2.74 lakh crore in FY21.

On the global front, there are

concerns of exchange rate fluctuation and if there is an aggressive rate hike by the US Fed this may lead to an appreciation of the dollar rate, rising bond yields in the US etc, said Manoj Purohit, Partner and Leader Financial Services Tax, BDO India.

The sentiments of large foreign investors have made them conservative while investing in the Indian market since there is a fear that high inflation could hamper business and ultimately consumer spending, he said.

According to Valia though any reversal in oil seems unlikely in the short term, he expects the pace of outflow to slow down. This is because of anticipated further rate hikes by the US Fed and other central banks this year. Flows back to emerging markets like India will depend on inflation tapering off and the emergence of growth concerns in the US over the next few months.

## US stocks slide as inflation fears mount

**BLOOMBERG**  
May 31  
US stocks fell on Tuesday as inflation pressures accelerated in Europe, intensifying the debate over how quickly central banks will raise interest rates in response.

The S&P 500 fell 1 per cent, led by losses in health care and industrials, while the Nasdaq 100 also slid 1.4 per cent and S&P 500 shed 1.2 per cent.

Meanwhile, WTI crude oil rose above \$118 a barrel after the European Union agreed to pursue a partial ban on Russian oil.

President Joe Biden will hold a rare Oval Office meeting on Tuesday with Federal Reserve Chair Jerome Powell amid the highest inflation in decades and ahead of US payroll numbers later this week.

# Sensex slips 359 pts, Nifty dips below 16,600 as trend reverses

But small-cap stocks outshine

**OUR BUREAU**  
Mumbai, May 31  
The benchmark indices failed to maintain the bullish momentum, as heavyweights such as Reliance and HDFC dragged the market.

The BSE Sensex closed at 55,566.41, down 359.33 points or 0.64 per cent. The Nifty 50 closed at 16,584.55, down 76.85 points or 0.46 per cent. The volatility index rose 2.48 per cent to 20.48.

However, broader indices closed in the green, outperforming the benchmarks with smallcaps recording higher gains.

Nifty Midcap 50 was up 0.33 per cent and the Nifty Smallcap 50 1.35 per cent. The S&P BSE Midcap was up



0.49 per cent, and the S&P BSE Smallcap 0.68 per cent. The market breadth remained positive with 1,764 stocks advancing on the BSE as against 1,589 that declined.

Investors are now awaiting GDP numbers for further cues. Inflation concerns and rise in oil prices continue to weigh on investor sentiments.

Vinod Nair, Head of Research at Geojit Financial Services, said, Domestic market failed to hold on to recovery mode as GDP is expected to register a slower growth rate of 4.4-2 per cent.

A hike in oil prices due to the EU's ban on Russian oil imports would act as a headwind in taming global inflation. Changes in policy by central banks would be a major factor in the coming days, Nair added.

Metals, realty gain  
On the sectoral front, financials, pharma, consumer durables and oil & gas dragged, while auto, metals and realty gained.

## Nifty 50 Movers H 76.85 pts.

Stock	Close	P/B	P/E	Wt%
M&M	1034.35	7.87	17.73	1.36
ICICI Bank	752.85	6.91	19.67	7.21
ONGC	151.25	6.00	3.86	0.76
NTPC	156.00	5.54	8.92	1.02
PowerGrid Corp	232.90	3.63	9.66	1.10
ITC	270.65	3.20	21.51	3.26
JSW Steel	551.25	2.74	6.36	0.73
Coal India	192.90	2.73	6.84	0.56
SBI Life	1174.15	2.59	77.99	0.71
Tech Mahindra	1180.25	2.31	20.36	1.01
Apollo Hosp	3979.30	2.04	51.62	0.56
Hindalco	422.55	1.94	6.69	0.85
Britannia Ind	3647.80	1.93	57.96	0.59
Asian Paints	2859.65	1.61	88.92	1.78
Tata Steel	1055.65	1.51	3.09	1.17
Tata Consumer Products Ltd	759.75	1.31	68.97	0.63
Hind Unilever	2353.25	0.88	62.22	2.89
Adani Ports	739.85	0.85	32.41	0.71
Cipla	992.95	0.73	31.46	0.71
Divis Lab	3591.30	0.72	32.20	0.63
Eicher Motors	2780.75	0.71	45.35	0.53
Bharti Airtel	700.20	0.62	46.30	2.28
Wipro	478.05	0.61	21.41	0.97
Tata Motors	443.55	0.47	0.00	1.10
Bajaj Auto	3864.10	0.22	18.13	0.69
HCL Tech	1040.75	0.21	20.88	1.52
Bajaj Finserv	12934.00	0.14	24.76	1.08
Hero MotoCorp	2773.90	0.10	23.80	0.50
Dr Reddys Lab	4369.65	-0.02	33.32	0.73
Nestle India Ltd	17691.50	-0.13	79.81	0.97
UPL	779.60	-0.37	13.42	0.59
UltraTech Cement	6082.60	-0.53	24.47	0.97
BPCL	326.20	-0.64	6.06	0.43
IndusInd Bank	930.85	-0.80	15.01	0.83
Shree Cement	22116.30	-1.05	34.15	0.41
Grasim Ind	1428.60	-1.06	8.80	0.74
Mitsubishi Suzuki	7066.35	-1.44	62.00	1.46
L&T	1654.50	-1.75	22.31	2.75
Bajaj Finance	6082.15	-1.77	52.39	2.23
HDFC Life	598.95	-2.11	95.36	0.77
TCS	3364.35	-2.58	32.37	4.80
Titan	2216.00	-3.80	89.51	1.27
Axis Bank	685.20	-5.10	14.80	2.49
State Bank	468.10	-5.70	11.24	2.47
Sun Pharma	860.60	-6.83	31.97	1.28
HDFC Bank	1388.95	-12.61	20.19	8.38
Kotak Bank	1846.85	-18.91	30.31	3.74
Infosys	1503.60	-19.40	28.56	7.58
HDFC	2306.75	-25.01	17.36	5.75
Reliance Ind	2632.65	-25.34	26.25	12.51

Pts: Impact on index movement

## Zomato sizzles



Shares of Zomato Ltd hit a high of 77.75 in intra-day deals on Tuesday, crossing the IPO price of 76 for the first time since April 27. The stock closed with a gain of 5.34 per cent at 75. The scrip, which hit a low of 50 on May 11, recovered strongly, as several brokerages upgraded their target price after the company's March quarter earnings.

## DIVIDEND DISAPPOINTMENT

# Need capital to grow business, says LIC chief

Work afoot to finalise embedded value by June 30

**OUR BUREAU**  
Mumbai, May 31  
Life Insurance Corporation of India's maiden dividend failed to enthrone its investors, but the insurer highlighted that it needs capital for growing the business and maintaining solvency margin. The board of LIC on Monday approved a dividend of 1.5 per share, which translates to a payout of 948.75 crore aggregating to about 23.46 per cent of profit after tax.

Out of the 4,043 crore of profit, the balance remains with shareholder. LIC also needs capital for growing the business. We need to have available solvency margin, said Raj Kumar, Managing Director, LIC.

The retention of other earnings is for the growth of



the organisation and benefit of shareholders, he stressed.

**'Q4 not comparable'**  
The insurer, which also announced its financial performance on Monday, said the results for the fourth quarter of 2021-22 are not comparable with that of the fourth quarter of 2020-21. Earlier, profits were declared at the year-end. So the fourth quarter numbers are not comparable, Raj Kumar said, adding that the full financial year numbers would be a correct measure for comparison.

LIC had reported standalone net profit of 2,371.55 crore in Q4-FY22, down 18 per cent from 2,893.44 crore a year ago. For 2021-22, its net profit rose 39.4 per cent to 4,043.12 crore (from 2,900.56 crore) in 2020-21. Kumar said the numbers from the second quarter would be comparable as LIC had started releasing quarterly performance figures from September 2021. An exercise to determine Indian embedded value (IEV)

as on March 31, 2022, is under progress and expected to be completed by June 30.

LIC had an embedded value of 5.4-lakh crore as on September 2021.

Kumar said the IEV would be declared to the exchanges on a half-yearly basis. The insurer has also got a new software for calculation of IEV.

**New business margin**  
He expressed confidence that LIC's value of new business margin will be the same, if not better, than the industry average over the next few years.

Going forward, the insurer expects non-participating business to be its driver for growth. We see a lot of opportunity, Kumar said.

Other growth segments would include ULIPs, annuity, term and guaranteed products as well as health insurance.

LIC scrip closed 3.05 per cent lower on the BSE at 811.5 apiece.

## TODAY'S PICK

IIFL Finance ( 322.2): BUY

**GURUMURTHY K**  
BL Research Bureau

The short-term outlook for the stock of IIFL Finance is bullish. The stock has been broadly trading in a sideways range for a prolonged period of time. Within this range, it has strong support in the 290-285 zone over the last few weeks. Indeed the stock has formed a good base and is now attempting to bounce. This leaves the broader sideways range intact. The 290-285 region will continue to remain as a good support zone. Dips to this will find fresh buyers coming into the market. Immediate resistance is at 330. But the chances are high for the

stock to break above this hurdle in the coming days will boost the bullish momentum.

It will rise to 375-380. A break above 380 can extend rise to 400. Traders with a short-term perspective can go long now. Accumulate longs on dips at 305. Keep the stop-loss at 283. Trail the stop-loss up to 328 as soon as the stock moves up to 345. Move the stop-loss further up to 353, the stock touches 363. Book profits at 370.

Note: The recommendations are based on technical analysis. There is risk of loss in trading

# Religare Enterprises, Religare Finvest pay 10.5 cr to SEBI for settling case

Charge relates to 2,474 cr diverted to promoters

**PRESS TRUST OF INDIA**  
New Delhi, May 31

Religare Enterprises and Religare Finvest on Tuesday settled with SEBI a case pertaining to alleged financial mismanagement and diversion of funds after collectively paying 10.5 crore towards settlement fees.

Religare Enterprises Ltd (REL) and Religare Finvest Ltd (RFL) paid 5.42 crore and 5.08 crore towards settlement amount respectively.

The settlement order came

after the two companies led an application with SEBI proposing to settle the regulatory violations without admitting or denying the findings. The pending enforcement proceedings for the alleged default...are settled qua the applicants, SEBI said in its order, adding that it will not initiate enforcement action against them.

SEBI had received complaints alleging financial mismanagement and diversion of funds primarily in RFL, a subsidiary of REL - a listed company, for the benefit of the promoters/promoter group companies.

The regulator conducted an investigation wherein it was

observed that RFL was part of a fraudulent and deceptive scheme, which led to diversion of 2,473.66 crore through a material subsidiary of REL for the benefit of promoters.

**'Misleading results'**  
Further, it was observed that the consolidated financials of REL were not true and fair and were misleading to the shareholders of the listed company. It was also observed that despite repeated adverse observations from Reserve Bank of India (RBI) regarding RFL's corporate loan book, REL did not disclose the same to the stock exchange till 2017, it added.

# Co-location case: High Court seeks CBI stand on Subramanian's bail plea

**PRESS TRUST OF INDIA**  
New Delhi, May 31

The Delhi High Court on Tuesday sought CBI's stand on a bail plea led by the NSE former group operating officer Anand Subramanian in the co-location scam case. Representing the accused, senior advocate Vikas

Pahwa argued that an incomplete charge-sheet has been led in the case and sought a mandatory bail. Justice Sudhir Kumar Jain then issued a notice seeking CBI's response. The former GOO was arrested by the CBI on February 24 and was remanded to custodial interrogation. He was sent

to judicial custody on March 9. In his bail plea led through advocate Alok Tripathi, Subramanian has stated that a trial court wrongly dismissed his plea for default bail in the matter by an order passed on May 28.

The matter would be heard next on July 7.