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Sensex slips on profit-taking; retailers drag

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MUMBAI

The Sensex slipped 0.25% on Monday, dragged by profit-taking after last week's best rally seen in nearly two-and-a-half years, and on gnawing doubts over the government's ability to usher in retail sector reforms amid tough political opposition.

Shares in retailers fell and the business community rounded on the government after the ruling Congress party put on hold plans to open up the country's retail sector to foreign supermarkets.

Pantaloen Retail (India) Ltd plunged 12.9%, its biggest single-day fall in over two years, while **Trent Ltd**, a Tata group firm, fell by 3.26%. **Shoppers Stop Ltd**, however, bucked the trend, adding 2.1%, rebounding from a 9% slide seen in early trade.

ITC Ltd, which fell 1.14%, and **ICICI Bank Ltd**, which shed 1.03%, were among others that skidded as risk-averse investors booked profits and stayed away from fresh buying.

"The markets have been impacted by the uncertainty over the foreign investments in the retail sector. This is mostly a sentimental issue as traders are not sure whether the policy would be implemented," said Alex Mathews, head of research at **Geojit BNP Paribas Financial Services Ltd**.

The traders are also not taking "large positions", as Tuesday is a market holiday on account of Muharram, and due to the political wrangling over the policy reform.

The main 30-share BSE index closed 0.25% lower, or 41.50 points at 16,005.33, with 17 of its components closing in the red.

The benchmark, which is one of the world's worst performers this year having fallen 18% since the start of January, had logged its best week since July 2009 on Friday, on prospects of a revival in foreign fund inflows and hopes of a pick-up in domestic growth.

"Even though, the markets may perform reasonably well in December, I doubt whether the momentum could be sustained after the New Year," said Samir Gilani, head of equities at Mape Securities.

Asian shares and the euro steadied on hopes European leaders would agree on a definitive plan to solve the euro zone's debt crisis at a crucial summit this week, with sentiment also getting a lift from Italy unveiling austerity steps.

European stocks rose early on Monday, adding to last week's 8.5% jump, on growing hopes of a solution to the euro zone crisis as French President Nicolas Sarkozy and German Chancellor Angela Merkel meet ahead of a key summit.

Other big losers included **Indiabulls Real Estate Ltd**, which fell 4.19%, **JSW Steel Ltd**, which shed 3.92%, and **Shree Renuka Sugars Ltd**, which slid 3.34%.

The 50-share National Stock Exchange index was down 0.22% at 5,039.15. In the broader market, 679 gainers were ahead of 733 losers on a low total volume of about 498.36 million shares.

Man Industries (India) Ltd shares jumped as much as 6.8%, after the steel pipes maker said it won export orders worth ₹515 crore for supply of large diameter pipes for the oil and gas sector.

Ashok Leyland Ltd shares closed up 5.8%, after the bus and truck maker said on Saturday its November vehicle sales jumped 53%. **REUTERS**