

## India Equity Strategy

Color of Money: Rising cash calls - Will they drown the market?

- **Cash calls rising, but manageable:** Improving investor sentiment has led to a surge in equity fund-raising plans of Indian companies. The current pipeline of US\$15B, at 1.5% of outstanding market capitalization, is not daunting in relation to the historical levels or regional peer group. Issuers need to guard against a bunching up, though, as equity fund-raising in excess of US\$2B a month has typically led to a phase of consolidation and relative underperformance.
- **Global risk appetite needs to remain supportive:** As international investors are expected to fund a substantial part of the equity issues planned. Over the past, equity fund-raising by Indian companies has not been excessive in relation to regional peers. Success herein has spin-off benefits for the broad markets as it results in a higher country weight, on the back of larger market cap and increased free float. The currency and rates markets benefit too.
- **Rates market – liquidity support continues:** Liquidity in the overnight inter-bank market is near an all-time high, and this improvement is also reflected in a halving of commercial paper rates since October 2008. However, after the initial euphoria following the election results, the yield curve steepened, given concerns about the government's borrowing program.
- **Bulls retain momentum:** A decisive verdict in the national elections encouraged most investor segments. Insurance companies, though, used this opportunity to book profits.
- **Insider activity:** Insider activity picked up over May, but was surprisingly skewed towards the sell side.

**Net buys:** HDFC, Ranbaxy.

**Net sells:** TCS, Kotak Mahindra Bank, HDFC Bank, Infosys, Ambuja Cement, Jindal Steel & Power, ACC, ICICI Bank, Glenmark Pharma, DLF, Wipro.

### Equity fund-raising and Sensex forward performance

Amount raised (Rs MM)	1M fwd return (%)	3M fwd return (%)	6M fwd return (%)	# Occurrence
10000 to 50000	2	3	6	43
50000 to 100000	(4)	1	8	6
Greater than 100000	0	(3)	(3)	5
Long term average	1	3	6	

Source: Datastream, Bloomberg, J.P. Morgan.

### India Market Strategy

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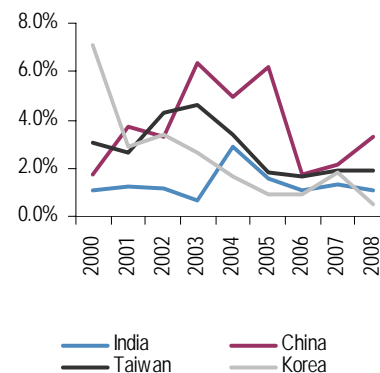
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### Equity fund raised as % of market cap



Source: Datastream, Bloomberg, J.P. Morgan

See page 24 for analyst certification and important disclosures, including non-US analyst disclosures.

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## Special focus: Rising cash calls – Will they drown the market?

Following a lull since January 2008, the primary markets have revived meaningfully over the last two months, on the back of an improvement in global investor sentiment and risk appetite.

Table 1: Equity fund raising completed in the last two months

Companies	US\$MM
DLF	760
Indiabulls Real estate	550
Unitech	325
HDFC Bank*	256
Suzlon*	156
TCS*	126
PTC India	105
	<b>2,278</b>

Source: BSE, Newsreports (Business Line, Economic Times)

- Block deals and promoter placements

A decisive verdict in the National Elections in favor of the ruling UPA coalition has further emboldened a funds starved Corporate India to announce substantial equity-raising.

Table 2: Equity fund raising announced over the last two months

Companies	Likely Amount (US\$ MM)
GMR Infrastructure	1,000
JSW Steel	1,000
Jaiprakash Associates	800
HDIL	600
Power Grid	600
Essar Oil	500
RCOM	500
GVK Power	500
Anant Raj	400
HCC	310
Bajaj Hindustan	300
Pantaloon Retail	300
Ashok Leyland	200
Aditya Birla Nuvo	200
Parsvnath	150
Sobha Developers	150
Gammon	105
Karnataka Bank	100
Suzlon	80
Puravankara	55
Orbit	50
Vishal Retail	30
<b>Total</b>	<b>7,930</b>

Source: BSE, News reports (Business Line, Economic Times)

**Corporate India has announced equity-raising plans aggregating US\$13-15B over the last two months**

Table 3: IPOs expected

Company	US\$MM
Oberoi	500
Lodha	500
EMGF	500
IBREL Power	500
DLF Assets	500
Reliance Life	500
NHPC	430
Future Ventures India	400
Oil India	290
Godrej Properties	150
Dish TV	150
Pipavav Shipyard	145
C Mahendra Exports	50
Mahindra Holidays & Resorts	40
Adani Power	NA
BPCL's Bina Refinery (BORL)	NA
	4655

Source: BSE, Newsreports (Business Line, Economic Times)

Equity fund-raising plans aggregating more than US\$12B have been announced over the last two months, with probably more to go as the markets continue. In particular, it is worth highlighting the government's potential divestment program, likely to be announced in July. Media reports have indicated that for the current fiscal year, the amount to be raised could be in the region of US\$3-5B.

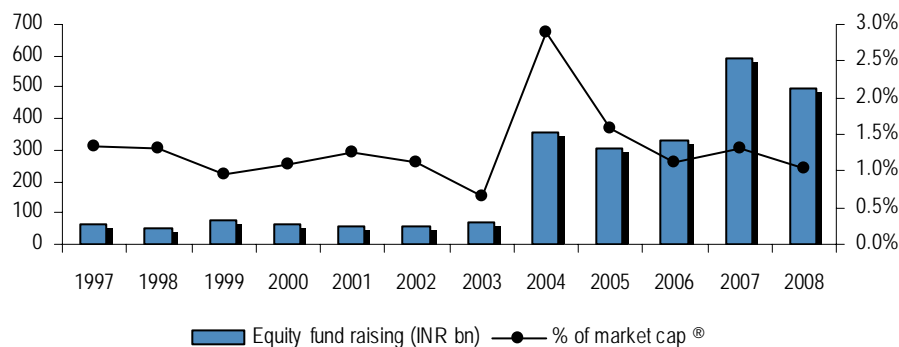
Against the backdrop of these plans, investors have been concerned about the potential impact of this fund-raising on the equity markets.

We analyzed the historical trend in equity fund-raising and its impact on the secondary equity market performance. Key observations are as follows:

1) Over the past, annual equity fund raising has typically averaged about 1.3% of total market capitalization of the equity markets. With the current market cap of Indian equities at about US\$1 trillion, the equity issuance pipeline of US\$13-15B does not appear daunting in relation to the historical trend.

Annual equity fund raising as percentage of market cap has averaged 1.3% over the last decade

Figure 1: India - Equity fund raising as a percentage of market cap



Source: Datastream, Bloomberg, J.P. Morgan.

Note - Fund raising include IPOs, FPOs, and Rights issue

**Equity fund raising under US\$ 2bn a month typically leads to market consolidation, while a amount higher than that leads to relative underperformance**

2) We also analyzed the immediate-term impact of substantial equity fund raising on the performance of the secondary equity markets. The secondary equity markets have typically consolidated, following higher levels of equity fund raising (< US\$2B/month), but no major sell-off has been witnessed.

Table 4: Equity fund-raising and Sensex forward performance

Amount raised (Rs MM)	1M fwd return (%)	3M fwd return (%)	6M fwd return (%)	# Occurrence
10000 to 50000	2	3	6	43
50000 to 100000	(4)	1	8	6
Greater than 100000	0	(3)	(3)	5
Long term average	1	3	6	

Source: Datastream, Bloomberg, J.P. Morgan\

Table 5: Equity fund-raising and Sensex forward performance – relative to MSCI EM

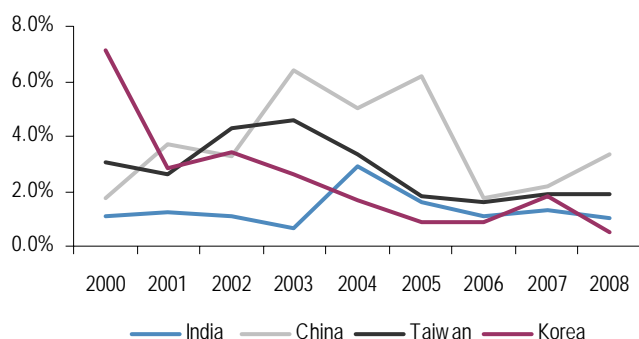
Amount raised (Rs MM)	1M fwd return (%)	3M fwd return (%)	6M fwd return (%)	# Occurrence
10000 to 50000	0	0	1	43
50000 to 100000	(0)	2	3	6
Greater than 100000	0	(5)	(0)	5
Long term average	0	1	2	

Source: Datastream, Bloomberg, J.P. Morgan\

Concentrated fund raising (in excess of US\$2B/month), particularly if sustained over a few consecutive months, does however put pressure on secondary market performance over the immediate term. For details of market performance, following periods of enhanced primary market activity, please refer to Table 7.

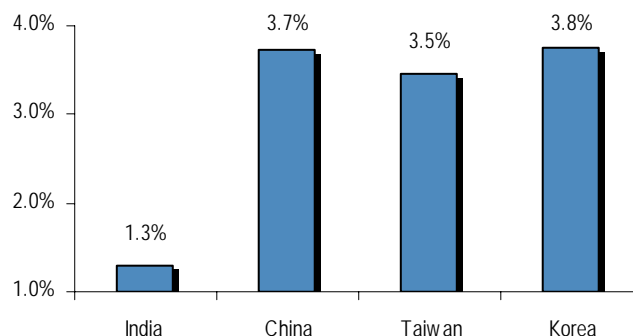
3) Relative to peer group markets, equity fund-raising in India (as a percentage of market cap) has not been excessive over the past.

Figure 2: Equity funds raising as % of market capitalization



Source: Datastream, Bloomberg, J.P. Morgan

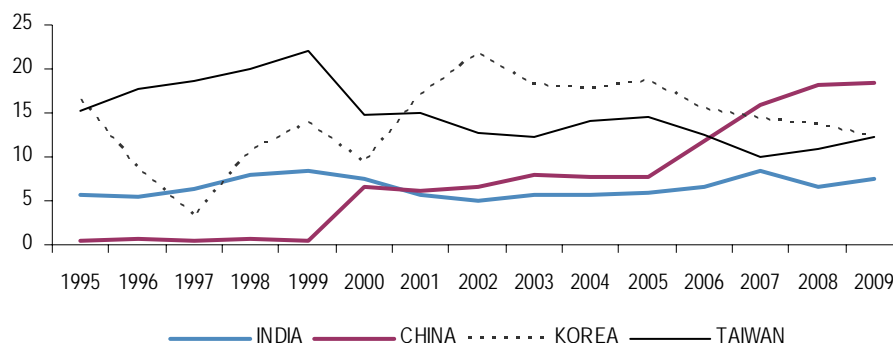
Figure 3: Equity funds raising as % of market cap : Average (1998-2008)



Source: Datastream, Bloomberg, J.P. Morgan

Structurally, sustained equity fund-raising need not be a negative for the performance of Indian equities. Other things being equal, it implies an increase in both the market capitalization and free float (particularly the latter) and hence leads to an increase in the relative weight for the country in broad based equity market indices.

Figure 4: Weight in MSCI emerging market universe (%)



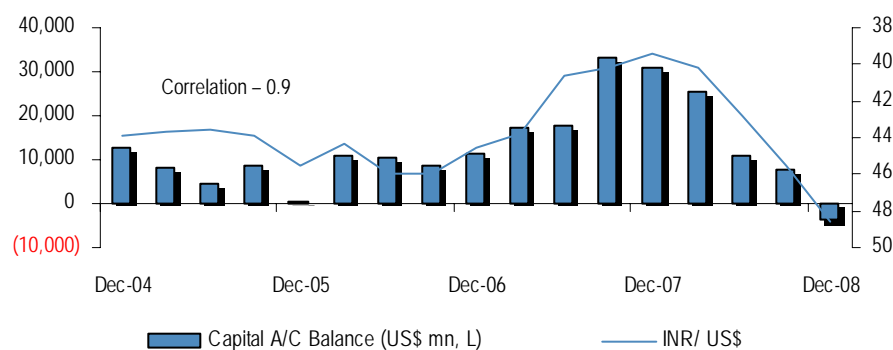
Source: Datastream J.P. Morgan. Year-end info

The key issue remains the need for sustained buoyancy in global investor sentiment and risk appetite as India remains a capital deficient economy and a substantial portion of the fund raising planned will have to be raised from foreign investors.

The portfolio flows, if they do materialize, would also imply an increase in local liquidity and an appreciating currency.

**Fund raising as planned, if materializes could lead to stronger INR/ US\$.**

Figure 5: Balance of payment – Capital account balance and Rs/US\$



Source: J.P. Morgan.

Table 6: Fund raising and Sensex performance

		Equity Capital Raised (INR mn)	Sensex	1M fwd performance (%)	3M fwd performance (%)	6M fwd performance (%)
Above Rs100B	Jun-07	227,030	14,651	6	18	38
	Feb-08	188,280	17,579	(11)	(7)	(17)
	Jan-08	140,440	17,649	(0)	(2)	(19)
	Mar-04	134,180	5,591	1	(14)	(0)
	Nov-07	128,390	19,363	5	(9)	(15)
Between Rs50-100B	Sep-08	97,150	12,860	(24)	(25)	(25)
	Apr-06	91,320	11,852	(12)	(9)	9
	Dec-05	89,840	9,398	6	20	13
	Dec-06	77,240	13,787	2	(5)	6
	Oct-04	54,510	5,672	10	16	9
Between Rs10-50B	Mar-05	53,400	6,493	(5)	11	33
	Dec-07	47,960	20,287	(13)	(23)	(34)
	Jul-04	47,130	5,170	0	10	27
	Feb-07	47,060	12,938	1	12	18
	Sep-07	45,840	17,291	15	17	(10)
	Feb-04	38,490	5,668	(1)	(16)	(8)
	Jan-06	37,980	9,920	5	19	8
	Apr-04	37,350	5,655	(16)	(9)	0
	Nov-06	35,750	13,696	1	(6)	6
	Jul-07	35,620	15,551	(1)	28	13
	Jan-07	31,510	14,091	(8)	(2)	10
	Jan-05	30,740	6,556	2	(6)	16
	Feb-06	27,900	10,370	9	0	13
	Apr-05	26,370	6,154	9	24	28
	Feb-05	25,920	6,714	(3)	0	16
	Mar-08	25,570	15,644	11	(14)	(18)
	Aug-04	24,080	5,192	8	20	29
	Jul-96	21,608	3,537	(1)	(11)	(4)
	Jul-05	20,500	7,635	2	3	30
	Dec-96	18,661	3,085	10	9	38
	Sep-05	17,850	8,634	(9)	9	31
	Sep-96	16,137	3,239	(2)	(5)	4
	May-96	15,305	3,725	2	(6)	(22)
	Jan-02	14,668	3,311	8	1	(10)
	Feb-00	14,340	5,447	(8)	(19)	(18)
	Mar-06	14,160	11,280	5	(6)	10
	Mar-02	14,035	3,469	(4)	(6)	(14)
	Dec-08	13,700	9,647	(2)	1	
	Nov-99	13,532	4,622	8	18	(4)
	Jan-04	13,420	5,696	(0)	(1)	(9)
	Sep-06	13,300	12,454	4	11	5
	Dec-03	13,240	5,839	(2)	(4)	(18)
	May-06	12,870	10,399	2	13	32
	Jun-08	12,850	13,462	7	(4)	(28)
	Jul-99	12,745	4,542	8	(2)	15
	Sep-00	12,740	4,090	(9)	(3)	(12)
	Dec-98	12,378	3,055	9	22	36
	Aug-96	11,652	3,515	(8)	(18)	4
	Feb-01	11,560	4,247	(15)	(14)	(24)
	May-97	11,041	3,755	13	3	(5)
	Mar-97	10,989	3,361	14	27	16
	Sep-01	10,784	2,812	6	16	23
	Jan-97	10,773	3,382	8	14	27
	Nov-05	10,070	8,789	7	18	18

Source: CEIC, Datastream, J.P. Morgan

Table 7: Fund-raising and Sensex performance

	Equity Capital Raised (Rs MM)	1M fwd performance (%)	3M fwd performance (%)	6M fwd performance (%)
May-96	15,305	2	(6)	(22)
Jul-96	21,608	(1)	(11)	(4)
Aug-96	11,652	(8)	(18)	4
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Feb-01	11,560	(15)	(14)	(24)
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Jan-02	14,668	8	1	(10)
Mar-02	14,035	(4)	(6)	(14)
Dec-03	13,240	(2)	(4)	(18)
Jan-04	13,420	(0)	(1)	(9)
Feb-04	38,490	(1)	(16)	(8)
Mar-04	134,180	1	(14)	(0)
Apr-04	37,350	(16)	(9)	0
Jul-04	47,130	0	10	27
Aug-04	24,080	8	20	29
Oct-04	54,510	10	16	9
Jan-05	30,740	2	(6)	16
Feb-05	25,920	(3)	0	16
Mar-05	53,400	(5)	11	33
Apr-05	26,370	9	24	28
Jul-05	20,500	2	3	30
Sep-05	17,850	(9)	9	31
Nov-05	10,070	7	18	18
Dec-05	89,840	6	20	13
Jan-06	37,980	5	19	8
Feb-06	27,900	9	0	13
Mar-06	14,160	5	(6)	10
Apr-06	91,320	(12)	(9)	9
May-06	12,870	2	13	32
Sep-06	13,300	4	11	5
Nov-06	35,750	1	(6)	6
Dec-06	77,240	2	(5)	6
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Feb-08	188,280	(11)	(7)	(17)
Mar-08	25,570	11	(14)	(18)
Jun-08	12,850	7	(4)	(28)
Sep-08	97,150	(24)	(25)	(25)
Dec-08	13,700	(2)	1	

Source: CEIC, Datastream, J.P. Morgan

Buoyant primary market does  
not necessarily imply correction  
ahead for secondary market

## Market Performance

**The MSCI India gained a substantial 31% over the month**

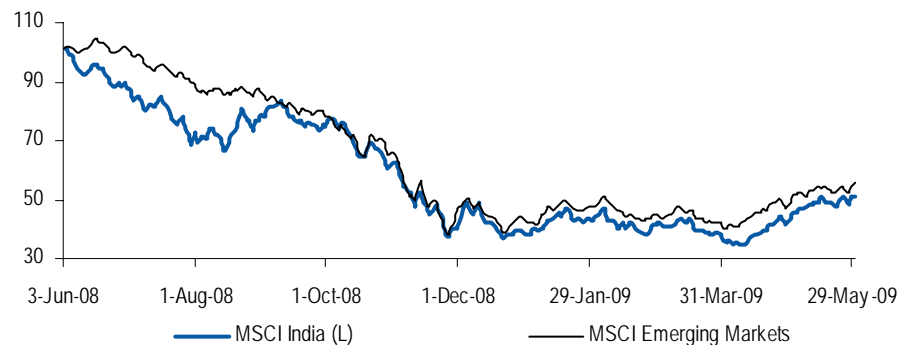
Figure 6: BSE Sensex and MSCI India



Source: Datastream.

**Indian equities outperformed peer group significantly last month. MSCI India (US\$) gained 39.7% vs. a gain of 21% for MSCI EM**

Figure 7: India vs. emerging markets

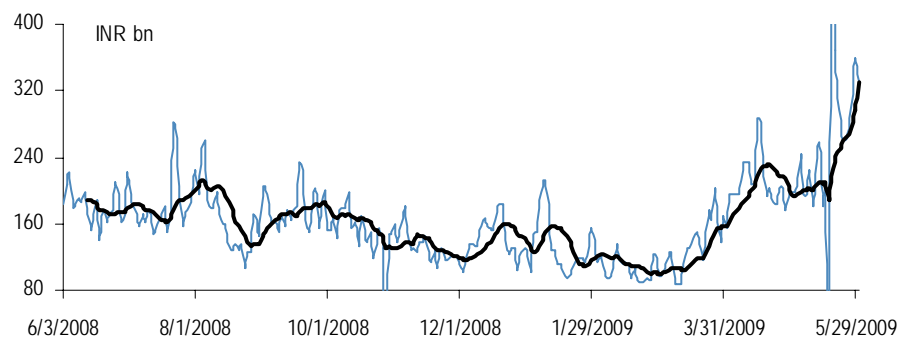


Source: MSCI, Datastream. Note: Rebased performance of MSCI US\$ indices.

## Trading activity

**Traded value in equities picked up substantially over the month. A decisive mandate in favor of the ruling UPA coalition and stronger-than-expected GDP growth boosted investor sentiment**

Figure 8: Cash market – Trading value

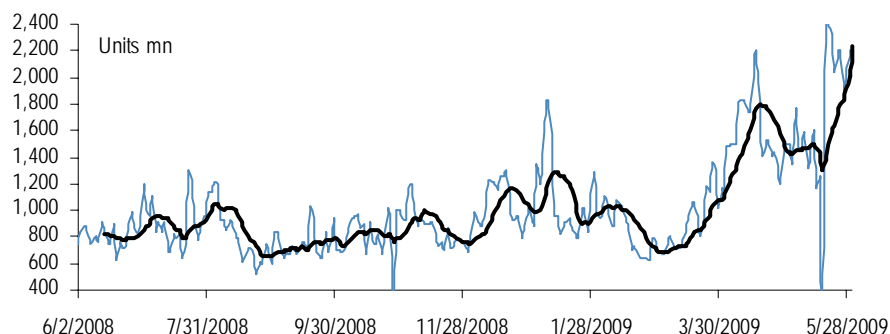


Source: Bloomberg. Notes: Aggregate turnover of NSE and BSE. Bold line is 10-day moving average.



**Trading volumes also surged.  
Mid Caps outperformed large  
caps over the month**

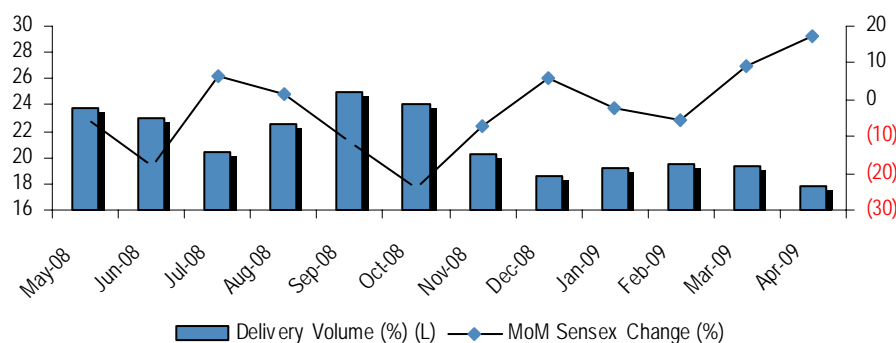
Figure 9: Cash market – Trading volume



Source: Bloomberg. Note: Aggregate turnover of NSE and BSE.

**Delivery volumes (17.9%)  
remained depressed over April**  
  
**Average delivery volume for the  
last 12 months stood at 21.1%**

Figure 10: Aggregate delivery volume (Percentage of total cash volume traded)



Source: NSE, BSE.

**Consumer staples and Energy  
sectors witnessed outflows,  
while investors moved into  
Industrials and Financials**

Table 8: Money flow monitor – May

Outflow	Inflow
Jindal Steel & Power Ltd	Hero Honda Motors Limited
Nestle India Limited	HDFC Bank Limited
Aditya Birla Nuvo Limited	Larsen & Toubro Limited
Oil & Natural Gas Corp Ltd	Indiabulls Financial Service
ITC Ltd	Reliance Industries Ltd
Hindustan Petroleum Corp	Reliance Petroleum Ltd
Grasim Industries Ltd	Bharat Petroleum Corp Ltd
Housing Development Finance	Axis Bank Limited
Infosys Technologies Ltd	Bank Of Baroda
Hindustan Unilever Limited	Reliance Infrastructure Ltd

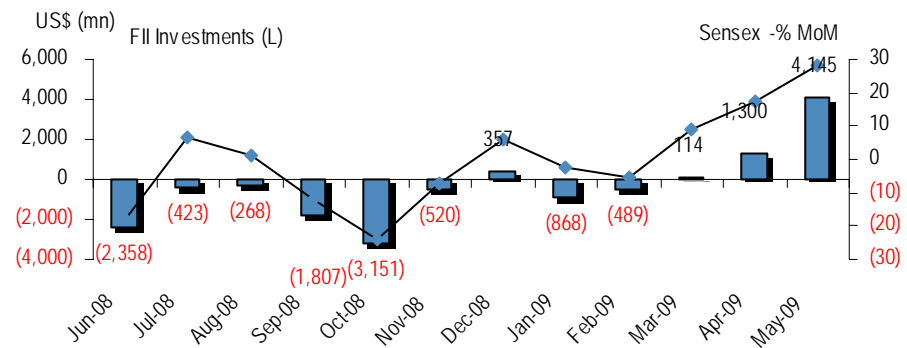
Source: Bloomberg. Note: Money flow is sum of daily trade volume \* daily price change.

## Foreign Institutional Investor (FII) activity

**FIIs bought equities aggregating a massive US\$4.1B over May**

**YTD FIIs have bought US\$4.2B of Indian equities**

Figure 11: FII investments and Sensex

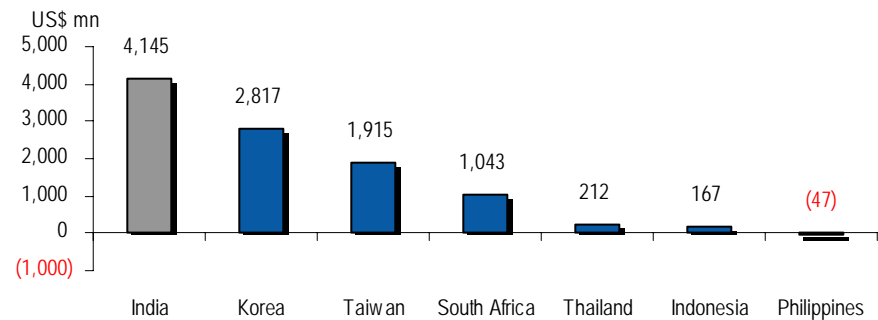


Source: Datastream, Sebi.

**FIIs remained buyers of equities in key EMs over May**

**India received the highest FII flows among the key emerging markets, on the back of favorable election outcome**

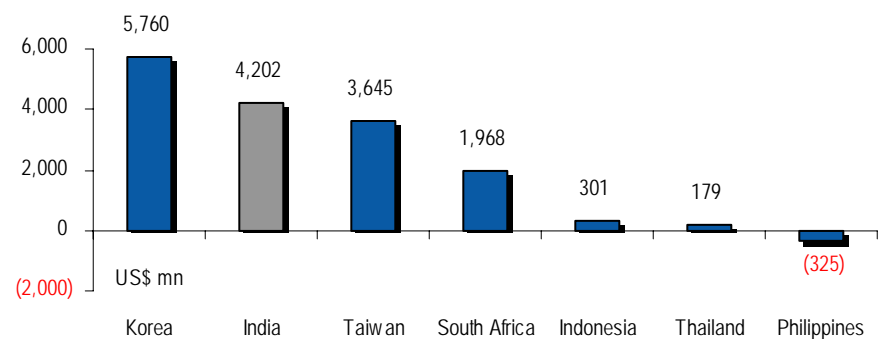
Figure 12: Key emerging markets and FII flows – May



Source: Bloomberg.

**YTD, key EMs have seen net inflows, with the exception of Philippines**

Figure 13: Key emerging markets and FII net flows – YTD (2009)

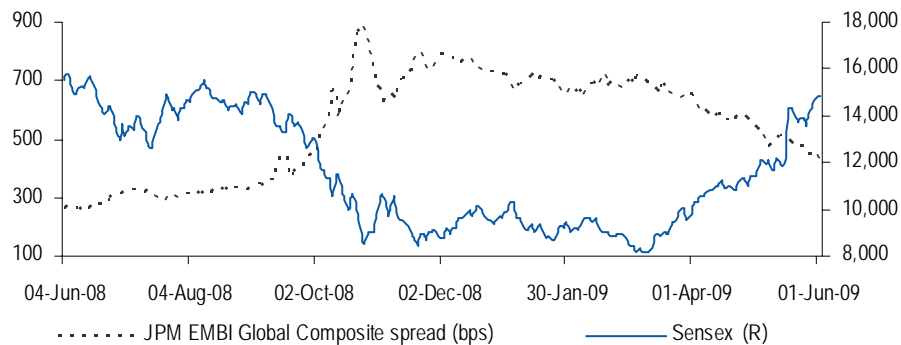


Source: Sebi.

**EMBI spreads narrowed sharply over the month**

**Lower EMBI spreads typically indicate higher risk appetite and is conducive for EM outperformance**

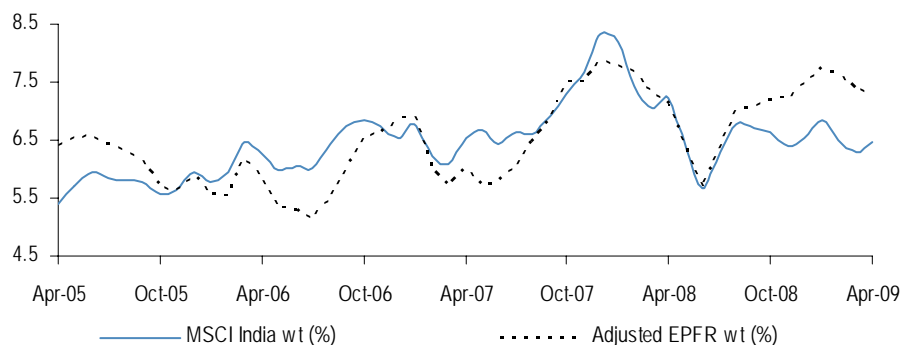
Figure 14: EMBI spreads and Sensex



Source: Datastream.

**Last available EPFR data for April suggests that foreign investors remain overweight on India in the emerging market universe**

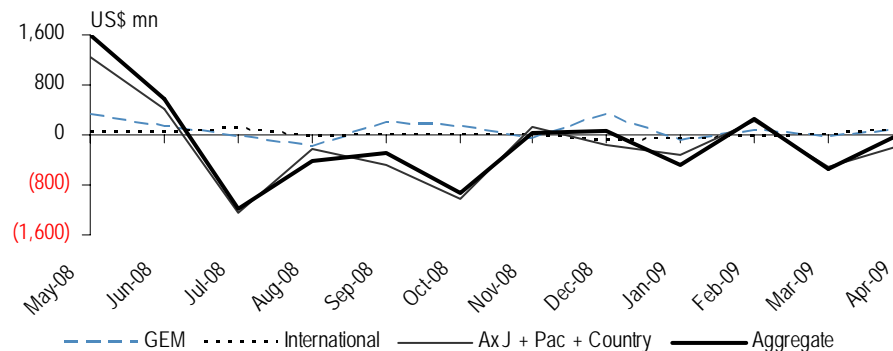
Figure 15: India weight in MSCI and EPFR universe (%)



Source: MSCI, Datastream, EPFR.

**GEM and International funds remained buyers of Indian equities over April**

Figure 16: International flows into India and fund style

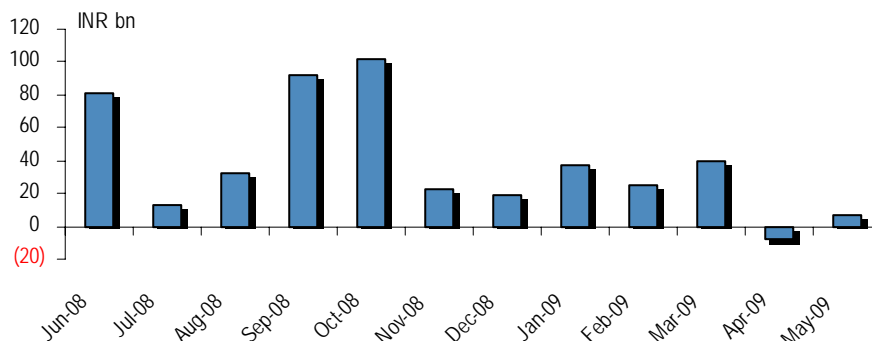


Source: EPFR.

## Domestic institutional investor (DII) activity

DII's bought equities aggregating US\$145MM in May. YTD, DIIs have bought equities aggregating US\$2B

Figure 17: DII investments

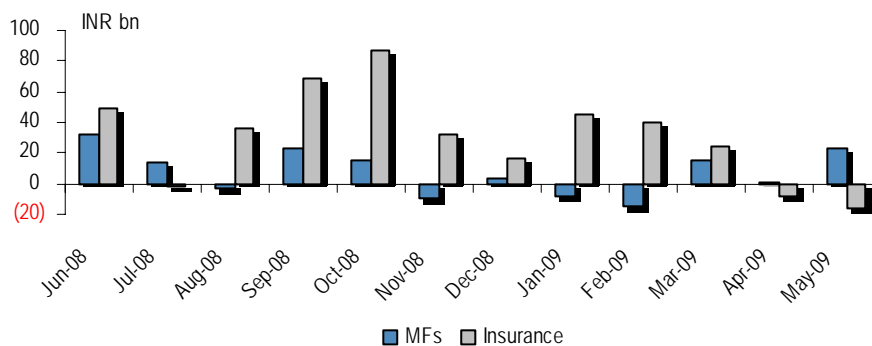


Source: NSE, Bloomberg, Sebi

Note – These numbers are based on NSE provisional data.

Insurance companies sold US\$328MM of equities, while mutual funds' invested US\$473MM over the month

Figure 18: Breakdown of domestic institutional activity



Source: NSE, Bloomberg, Sebi

First year premia collected by the life insurance sector grew by 30% oya

Industry growth was primarily driven by robust collections for LIC (up 69% oya), while private sector reported a 3% decline in premia collected over April

Table 9: Life insurance premium and estimated investments in equities

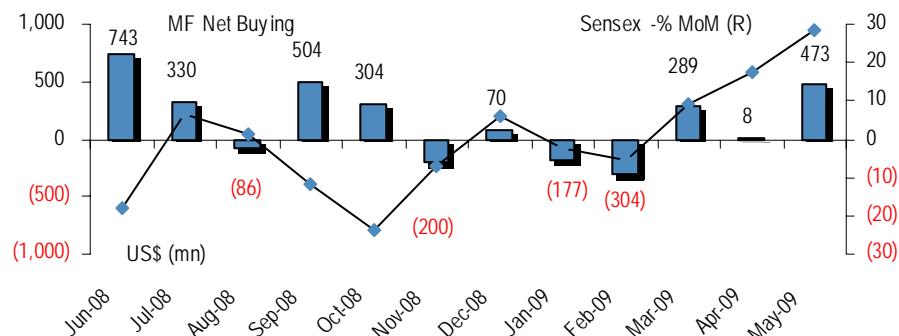
(Rs MM)	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08
LIC	21,131	90,707	40,250	104,011	42,365	33,464
Private Sector Cos	14,885	60,202	26,550	26,426	27,246	23,060
Industry (YoY growth)	36,016 30%	150,909 -28%	66,799 -24%	130,437 37%	69,611 -22%	56,524 -7%
Renewal premium (E)	39,617	166,000	73,479	143,481	76,572	62,176
Total Amt	75,633	316,909	140,279	273,918	146,183	118,700
@ 25% amt. of first year premium into equities	9,004	37,727	16,700	32,609	17,403	14,131

Source: Irda, J.P. Morgan calculations

**Local mutual funds bought equities aggregating US\$473MM over the month**

**YTD, domestic mutual funds have bought US\$288MM in Indian equities**

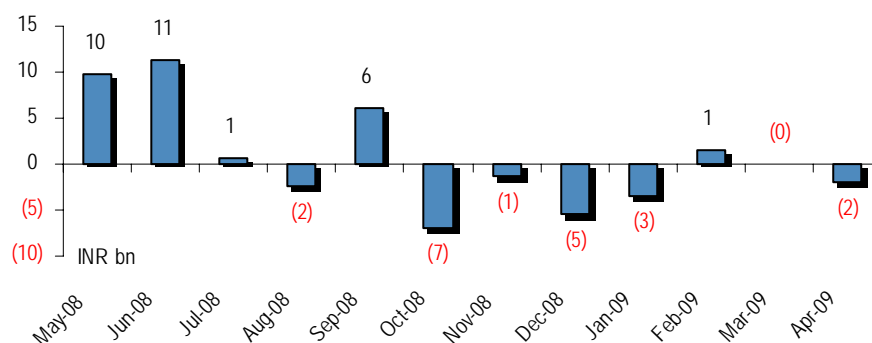
Figure 19: Domestic mutual fund investments and Sensex



Source: Sebi, Datastream.

**Inflows into equity MF schemes remain weak. Anecdotal evidence points to a substantial pickup in May though**

Figure 20: Mutual Funds - Equity funds\* net subscription

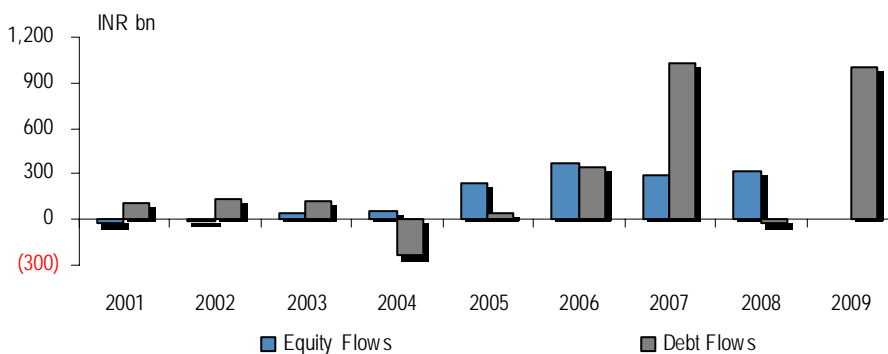


Source: AMFI.

\* - Chart for growth fund only.

**Subscriptions for debt mutual funds picked up substantially in the month of April**

Figure 21: Mutual funds – Equity and debt subscription



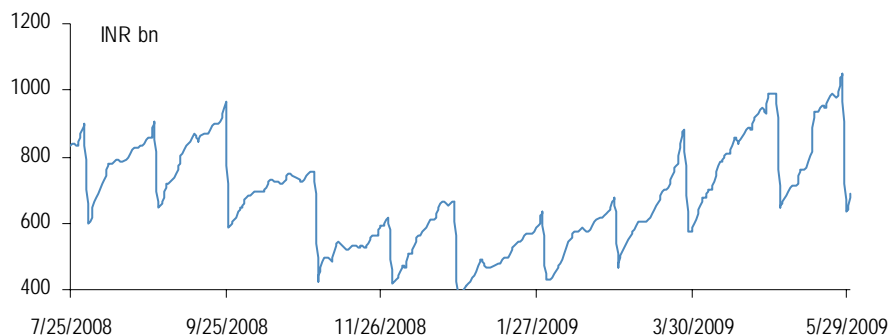
Source: AMFI.

Note – 2009 data is only till Jan-Apr

## Equity Derivatives trends

**Aggregate F&O open interest picked up marginally over the month**

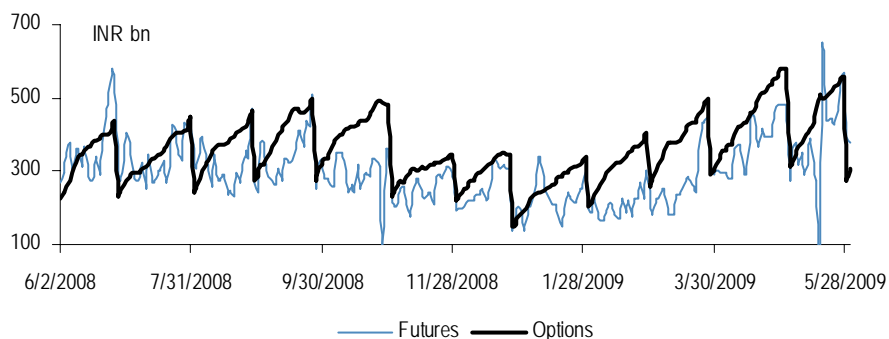
Figure 22: Aggregate F&O open Interest



Source: Bloomberg.

**Open interest in options as well as futures increased marginally over the month**

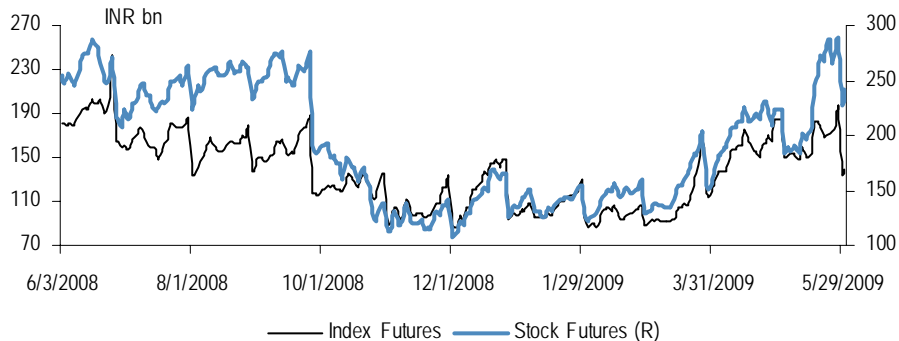
Figure 26: Futures and Options – Open interest



Source: Bloomberg.

**Open interest in Stock futures increased substantially over the month, as sentiment improved**

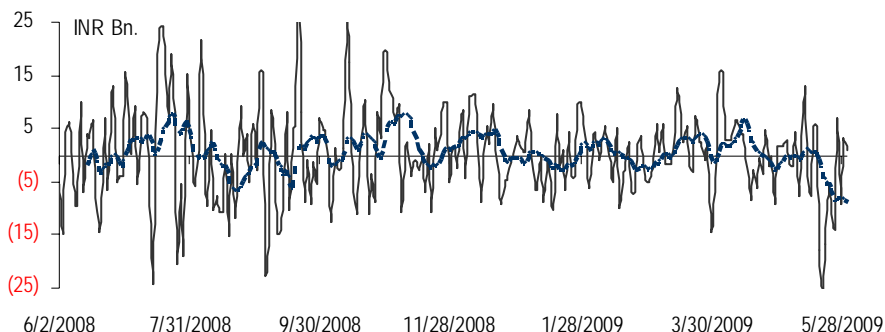
Figure 25: Open interest – Index and stocks futures



Source: Bloomberg.

**FII's turned net sellers in the F&O market, towards the second half of the month**

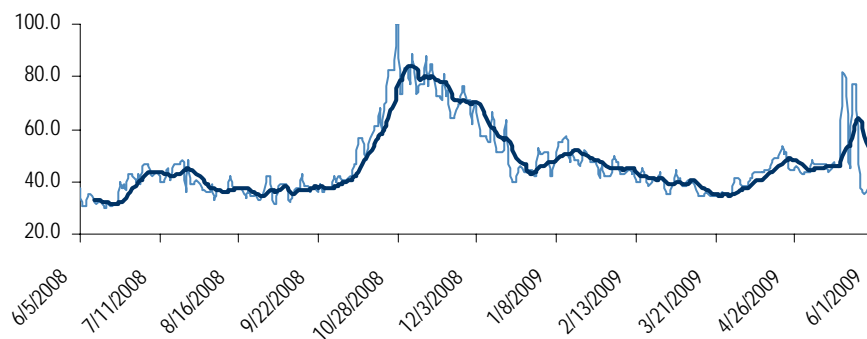
Figure 27: FIIs in the futures markets– Net buy/sell



Source: Bloomberg.

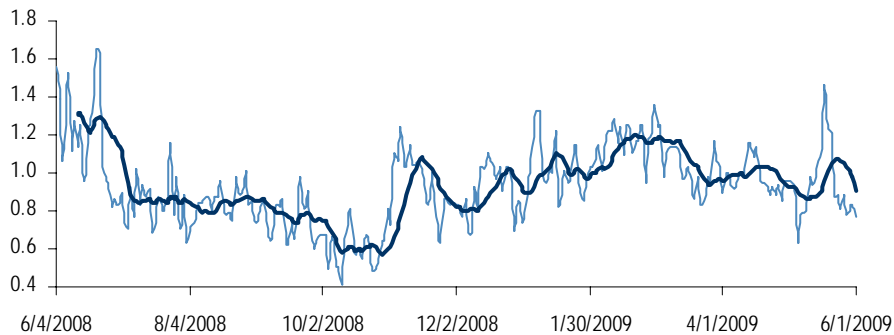
**Implied volatility declined meaningfully towards the second half of the month**

Figure 28: Nifty Index option - Implied volatility (%)



Source: Bloomberg.

Figure 29: Nifty Index option – Put/call ratio



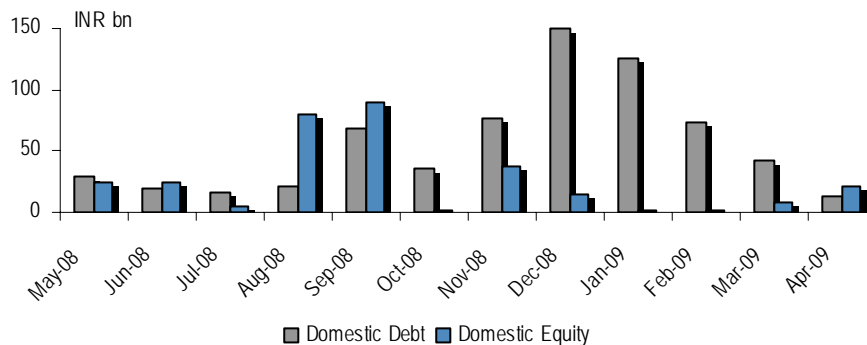
Source: Bloomberg.

## Corporate activity

**Equity issues have started picking up as investor sentiment is improving on the back of positive election results**

**Debt issues, however have moderated over the last few months**

Figure 23: Capital raised from primary markets - Domestic

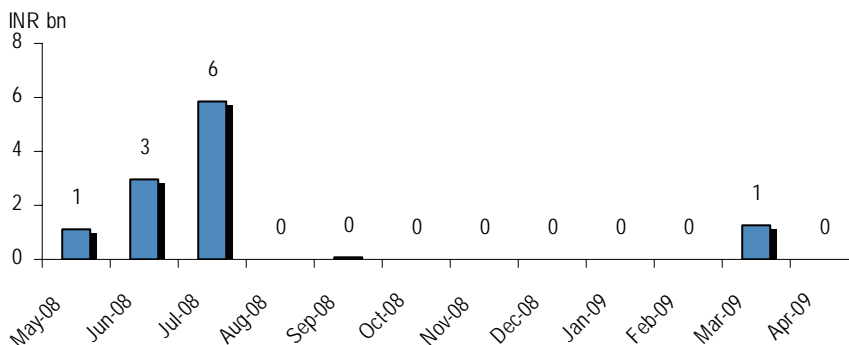


Source: CMIE.

**Overseas fund-raising activity remains insignificant**

**Fund raising could pick up significantly into 2H as markets sustain**

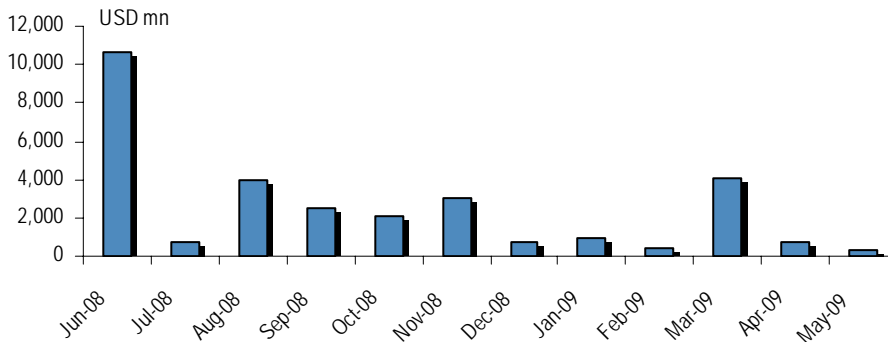
Figure 24: Capital raised from primary markets -Overseas



Source: CMIE.

**M&A announcements remained weak over the month**

Figure 25: Mergers & acquisitions announced



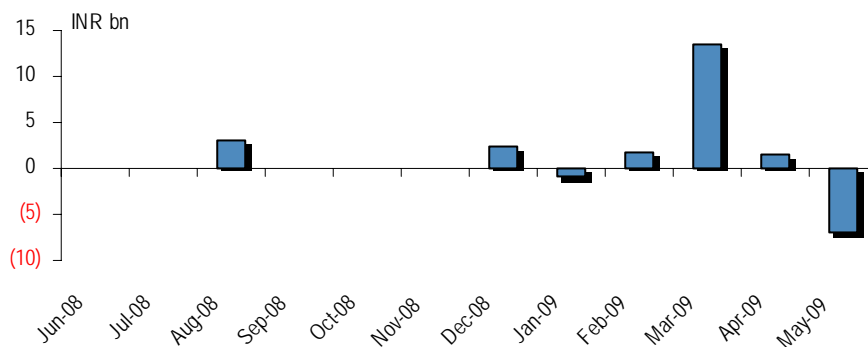
Source: Bloomberg.



## Insider activity

**Insider activity picked up surprisingly towards the sell side**

Figure 26: Net insider transaction value – MSCI India companies



Source: MSCI, Bloomberg, J.P. Morgan.

Table 10: Insider net buy / sell – May

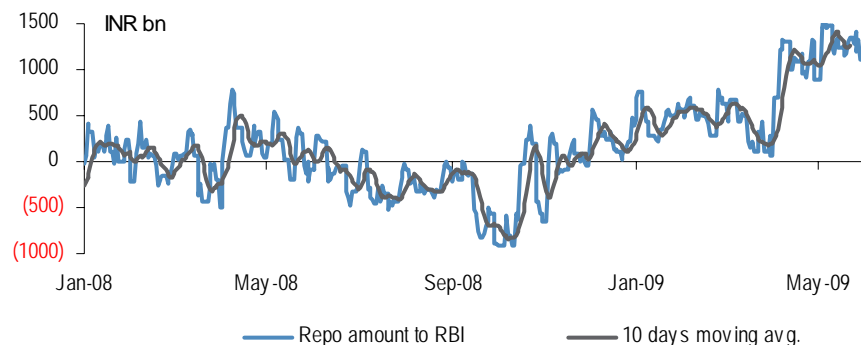
Buy	Sell
HOUSING DEVELOPMENT FIN.	TATA CONSULTANCY SVS.
RANBAXY LABS.	KOTAK MAHINDRA BANK
	HDFC BANK
	INFOSYS TECHNOLOGIES
	AMBUJA CEMENTS
	JINDAL STEEL & POWER
	ACC
	ICICI BANK
	GLENMARK PHARMACEUTICALS
	DLF
	WIPRO

Source: Bloomberg, J.P. Morgan

## Rates markets

**The new fiscal year (April 09 to March 10) has started with an extremely easy liquidity situation within the banking system**

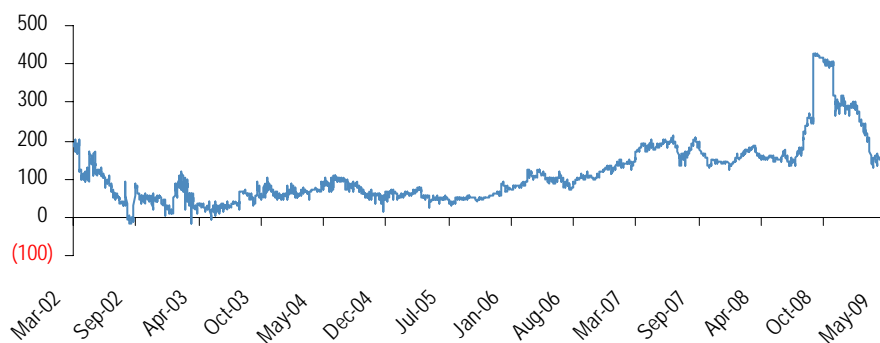
Figure 27: Liquidity in the Indian banking system



Source: Bloomberg

**The spread between five-year corporate and government bonds continues to ease from peak levels, indicating an improvement in the banking system's risk appetite**

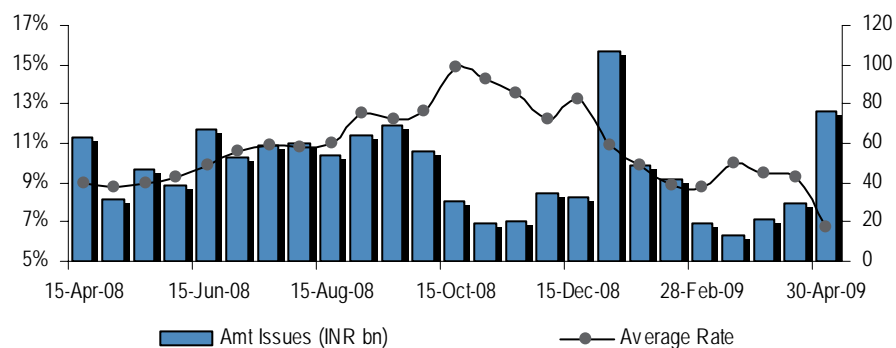
Figure 28: Five-year AAA Corporate bond spread (vs. Government bonds)



Source: Bloomberg, J.P. Morgan Calculations

**Corporate fund raising picked up significantly over the month. Rates too more than halved from their October highs**

Figure 29: Commercial paper issuance and primary market rates



Source: RBI

**J.P. Morgan expects further monetary easing in India over 2009. The repo rate is expected to be lowered to 4.00% by Dec 2009**

**Our economics team expects the Zero interest rate scenario in the US to continue over 2009**

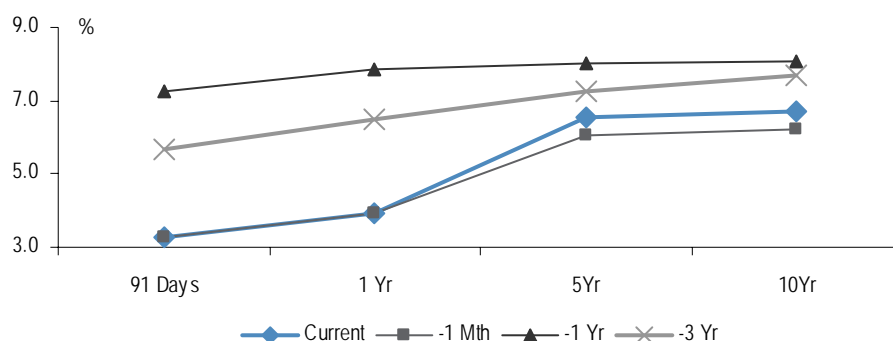
Table 11: Global interest rate trend

(%)	Dec-06	Dec-07	Dec 08	Current	Dec 09 (E)
US	5.25	4.25	0.125	0.125	0.125
Japan	0.25	0.50	0.10	0.10	0.10
Euro	3.50	4.00	2.50	1.00	1.00
India	7.25	7.75	6.50	4.75	4.00

Source: J.P. Morgan.

After the initial euphoria, following the election results, the yield curve steepened. The bond markets are awaiting the budget for clarity on both the Governments spending program and the avenues for additional fund raising

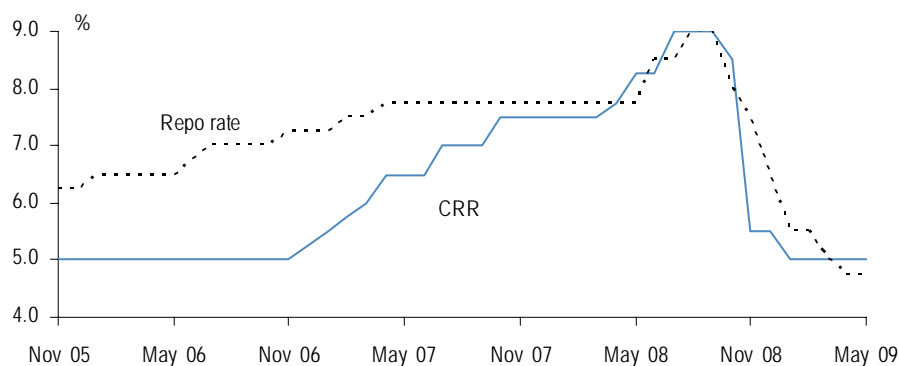
Figure 30: Indian yield curve



Source: Datastream.

Since Oct-08, RBI has cut repo rate and CRR by a substantial 425bp and 400bp respectively to initially overcome tight liquidity conditions and subsequently to boost growth

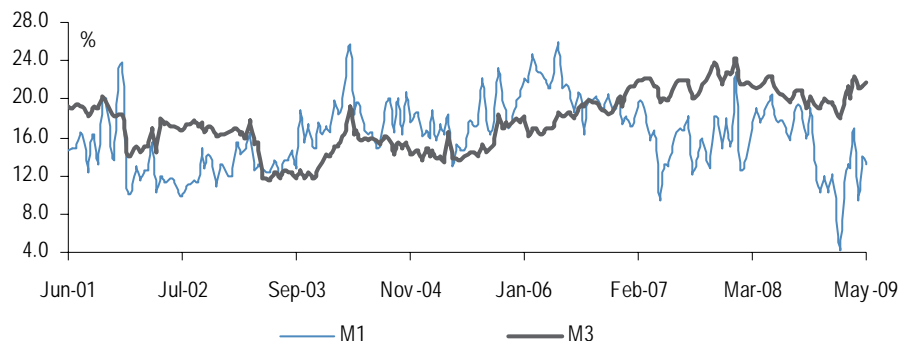
Figure 31: Cash reserve ratio and repo rate



Source: J.P. Morgan.

**Broad money supply (M3)  
growth remains robust at 21.8%**

Figure 32: Money supply growth – M3 and M1 (% YoY)



Source: Bloomberg

## Currency market

**The rupee appreciated by a substantial 6% against the US\$ during the month. Following the positive election results, J.P. Morgan has raised its rupee forecast (against the US\$) to 44 by the year end (vs. 48 earlier)**

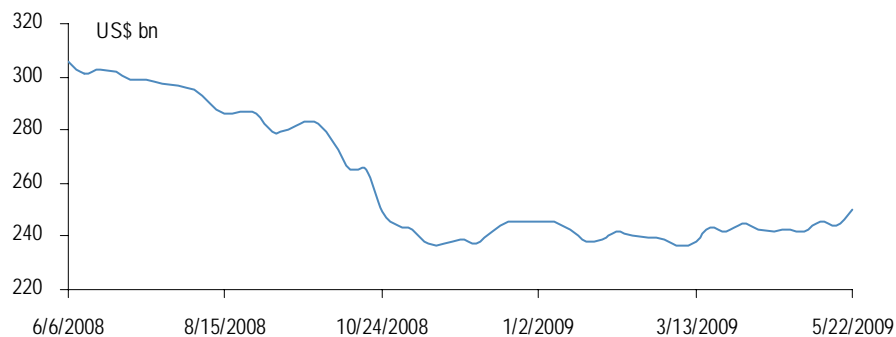
Figure 33: Exchange rate – Rs/US\$



Source: Bloomberg

**Foreign currency reserves increased by US\$7.6B over the month. The increase was aided by strong portfolio flows**

Figure 34: Indian foreign currency reserves

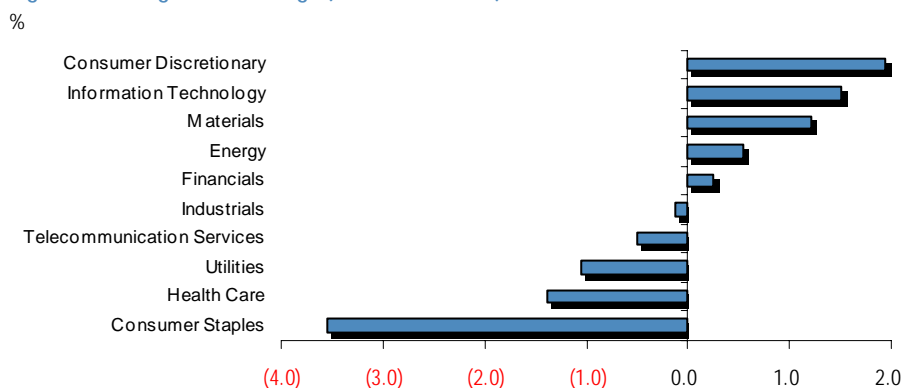


Source: Bloomberg.

## Appendix: Institutional Ownership Trends

### FII holding trend

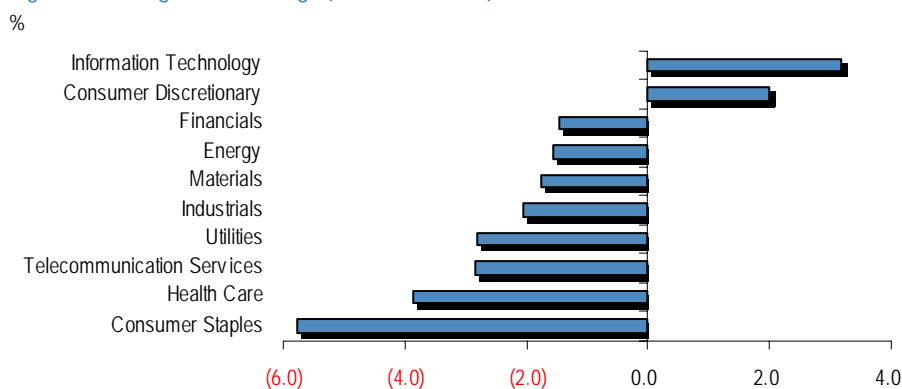
Figure 35: Change in FII holdings (Dec-08- to Mar-09)



Source: NSE, MSCI, Capitaline

Over Dec-08 to Mar-09, FIIs decreased their holdings in defensive sectors (Consumer Staples, Health Care, Utilities), while they increased their holdings in Auto, Cement and IT services.

Figure 36: Change in FII holdings (Mar-08 to Mar-09)



Source: NSE, MSCI, CapitalLine

During FY09, FIIs decreased their holdings across all sectors with the exception of IT and Consumer Discretionary

Table 12: Stocks with significant changes in FII ownership (Dec-08 to Mar-09)

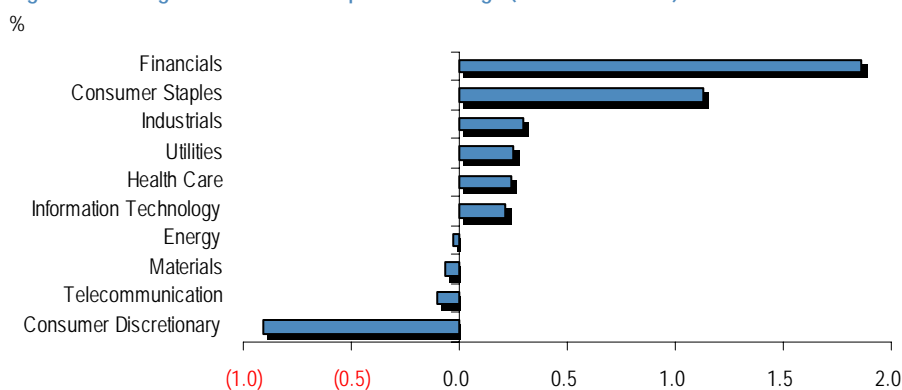
Higher holding		Reduced holding	
1	Maruti Suzuki India		Reliance Capital
2	Grasim Industries		United Spirits
3	Hero Honda Motors		State Bank Of India
4	Unitech		Glenmark Pharmaceuticals
5	Infosys Technologies		Tata Motors
6	Sterlite Inds.(India)		Axis Bank
7	Jaiprakash Associates		Reliance Infrastructure
8	Zee Entertainment Ents.		Larsen & Toubro
9	Bharat Heavy Els.		Sun Pharmaceuticals
10	Housing Development Fin.		HDFC Bank

Source: NSE, MSCI, CapitalLine.

### Insurance companies' holding trend

**Over Dec-08 to Mar-09, Insurance companies increased their holdings in Financials, Staples and Industrials while they reduced their holdings in Discretionary, Telecom and Materials sectors**

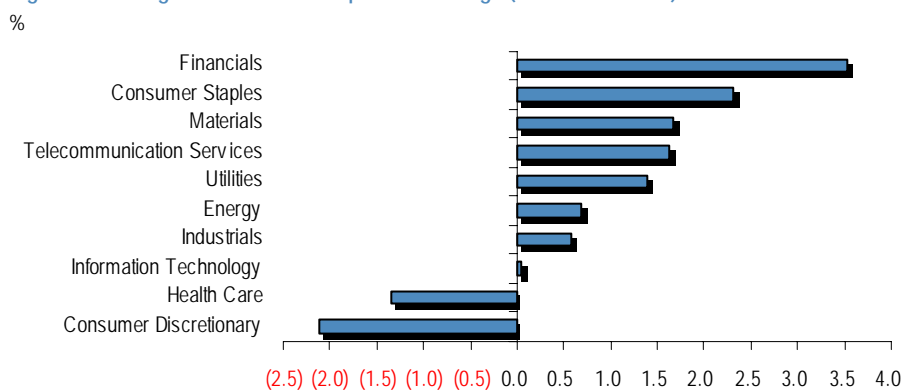
Figure 37: Change in insurance companies' holdings (Dec-08 to Mar-09)



Source: NSE, MSCI, Capitaline

**During FY09, Insurance companies increased their holdings across all sectors with the exception of consumer discretionary and health care**

Figure 38: Change in insurance companies' holdings (Mar-08 to Mar-09)



Source: NSE, MSCI, CapitalLine

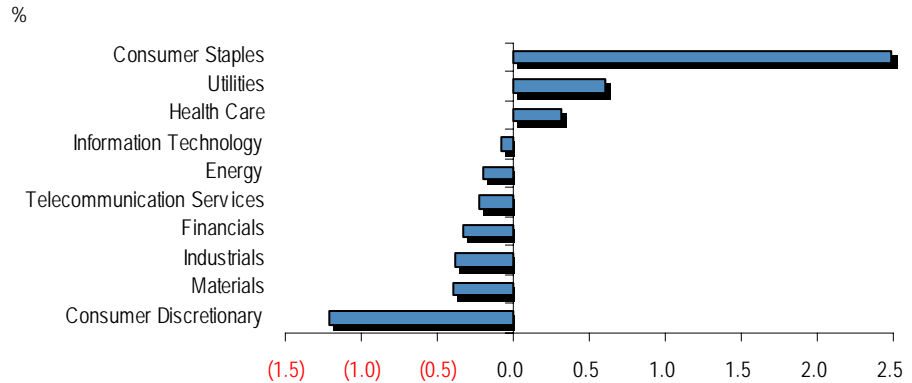
Table 13: Stocks with significant changes in insurance companies' ownership (Dec-08 to Mar-09)

Higher holding		Reduced holding	
1	Hindalco Industries		Hero Honda Motors
2	State Bank Of India		Bharat Petroleum
3	Hdfc Bank		Tata Communications
4	Icici Bank		ITC
5	Wipro		Tata Steel
6	Siemens		Grasim Industries
7	Sterlite Inds.(India)		Ranbaxy Labs.
8	Gail (India)		Reliance Ntrl.Resources
9	Reliance Capital		Hindustan Unilever
10	BHEL		Hcl Technologies

Source: : NSE, MSCI, CapitalLine.

### Mutual funds' holding trend

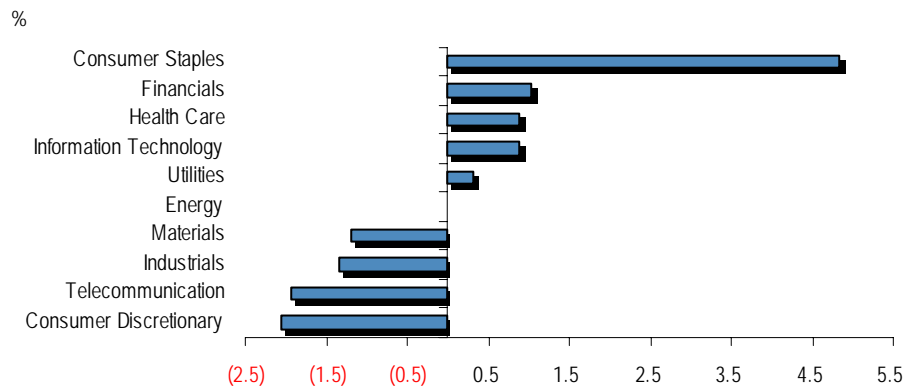
Figure 39: Change in MF holdings (Dec-08 to Mar-09)



Over Dec-08 to Mar-09, MF's increased their holdings in Consumer Staples, Utilities and Health Care while they reduced their holdings in the Discretionary, Materials and Industrials sectors

Source: NSE, MSCI, Capitaline

Figure 40: Change in MF holdings (Mar-08 to Mar-09)



During FY09, MFs increased their holdings in Consumer Staples, Financials and Health Care, while they reduced their holdings in Discretionary, Telecom and Industrials sectors

Source: NSE, MSCI, CapitalLine

Table 14: Stocks with significant changes in MF ownership (Dec-08 to Mar-09)

Higher holding		Reduced holding	
1	United Spirits		Maruti Suzuki India
2	Reliance Infrastructure		Zee Entertainment Ents.
3	Tata Motors		Housing Development Fin.
4	Jsw Steel		Grasim Industries
5	Larsen & Toubro		Mahindra & Mahindra
6	Hdfc Bank		Icici Bank
7	Infr.Dev.Finance Co.		Bharat Petroleum
8	Gail (India)		Bharat Heavy Els.(BHEL)
9	Glenmark Pharmaceuticals		Jaiprakash Associates
10	Ambuja Cements		State Bank Of India

Source: NSE, MSCI, CapitalLine.

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