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**“MACRO SECTORAL ANALYSIS OF CAPITAL MARKET CRASH WITH  
REFERENCE TO NIFTY-50”**

**A PROJECT REPORT**

submitted by

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**Reg. No. 0720400003**

In partial fulfillment of the requirements  
for the award of the degree

of

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**KCT Business School**

**Department of Management Studies**

**Kumaraguru College of Technology**

**( An autonomous institution affiliated to Anna University, Coimbatore)**

**Coimbatore-641 006**



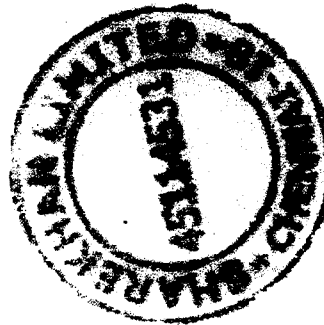
This is to certify that Mr. S.ANANTH (Roll No 0720400003), a student of KCT business school, Kumaraguru College of Technology, Coimbatore has undergone a project in titled **“MACRO SECTORAL ANALYSIS OF CAPITAL MARKET CRASH WITH REFERENCE TO NIFTY-50”** between 16<sup>th</sup> January 2009 to 15<sup>th</sup> April 2009.

During the tenure, his performance is good. We wish him for his future endeavour

R.Srinivasan

Regional Sales Manager

Tamilnadu





KCT Business School

Department of Management Studies

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**BONAFIDE CERTIFICATE**

Certified that this project titled "**MACRO SECTORAL ANALYSIS OF CAPITAL MARKET CRASH WITH REFERENCE TO NIFTY-50**" is a bonafide work of **Mr.S.ANANTH** who carried out this project under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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Faculty Guide

Prof.K.R.Ayyasamy

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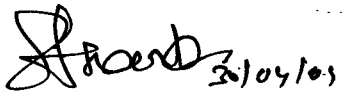
Examiner I

Examiner II

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## DECLARATION

I hereby declare that the dissertation entitled "**MACRO SECTORAL ANALYSIS OF CAPITAL MARKET CRASH WITH REFERENCE TO NIFTY-50**" submitted for the MASTER OF BUSINESS ADMINISTRATION degree is my original work and the dissertation has not formed the basis for the reward of any Degree, Fellowship or any other similar titles.

  
Signature with Date

(S.ANANTH)

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## **ABSTRACT**

The two main exchanges of India are NSE and BSE. Among the two exchanges, NSE has the highest market capitalization. Nifty 50 indicates the overall performance of the stock exchange. It constitutes 50 companies from various sectors such as Automobile, bank, cement, construction, computer science, electrical, engineering, Entertainment, FMCG, Gas, oil, metal, pharmaceuticals, power, refineries, and telecom sectors.

In the period of one year (Jan 2008-Jan 2009) Nifty value declined up to 55.90%. This study has taken up to analyse the sectors which are pulling down the Nifty value and also the influence of FII on Nifty downfall.

From the study it is concluded that Engineering and construction sectors are pulling down the nifty value, whereas Pharma and FMCG sectors are performing well during the study period when compared to other sectors. By analysing the change of FII share holding pattern of Nifty-50 companies, the high capital outflow led the Nifty downfall.



## CHAPTER I

### INTRODUCTION

#### About the study

BSE and NSE are the two pillars of the Indian capital market. Sensex and Nifty are two major stock market indices in India which reflects the performance of the capital market. The performance of these indices made our India one of the best investing place for the investors. The study is going to deal with the down trend of the Indian capital market with reference to NSE with the help of Nifty indices.

#### About the Industry

In the wake of the introduction of new economic policy in the middle of the year 1991, the Indian Capital Market has witnessed a tremendous growth. There was an explosion of investor interest during the nineties and an equity cult emerged in the country. To have sustained growth statutory legislations have helped the capital market. Foreign Exchange Regulation Act is one such legislation in this direction. Government of India has initiated several steps to strengthen the capital market and regulate its activities. The number of shareholders has increased from a low figure of about two millions towards the end of seventies to the level of more than 25 millions.

An important recent development has been the entry of Foreign Institutional Investors as participants in the primary and secondary markets for industrial securities. In the past several years, investments in developing countries have increased remarkably. Among the developing countries India has received considerable capital inflows in recent years. The liberalization policy of the Government of India has now started yielding results and the country is poised for a big leap in the industrial and economic growth. The economy of the country is mainly

based on the development of the corporate sectors. Funds may be raised through securities market for financing corporate growth.

Generally, the security prices reflect the performance of a company. Both economic and non-economic factors invariably affect stock return behavior. As Cootner (1964) says that “the prices of securities are typically very sensitive, responsive to all events, both real and imagined”. Again a major factor responsible for stock return fluctuations is speculative purchase and sale by foreign institutional investors. Indian financial institutions also play a major role in equity market leading to stock return fluctuations. Many theories have come up which have empirically verified the investors’ behavior at the international as well as at the Indian context. In the present project, it is attempted to test the equity price movements taking pharmaceuticals, oil and sugar industries as sample sectors.

## **Stock Exchange**

The stock exchange or secondary market is a highly organized market for the purchase and sale of second hand listed securities. The securities contracts (Regulation) Act 1956 defines a stock exchange as “an association, organization or not, established for the purpose of assisting, regulating and controlling business in buying, selling and dealing in securities”.

Of all the modern service institutions, stock exchange plays a crucial agents and facilitators of entrepreneurial progress. After the industrial revolution, as the size of the business enterprises grew, it was no longer possible for individual person or even partnerships to raise such huge amount for undertaking these ventures. Such huge requirements of capital can be met only large number of individuals.

These investors could be expected to participate actively only if investment is liquid or they could sell a part of their stake whenever they wish to generate cash. This liquidity can be achieved through shares and debentures representing smallest units of ownership and lending represented by the public. The institution where these securities are traded is known as stock exchange. This stock exchange is one of the most important institutions in the capital market.

In our India, two stock exchanges are important for the Indian capital market.

### **Bombay Stock Exchange**

The origin of the Bombay stock exchange date back to 1875. It was organized under the name of “the native stock and shares brokers association” as a voluntary and non-profit making association. It was recognized on a permanent basis in 1957. This premier stock exchange is the oldest stock exchange in Asia. The objectives of the stock exchanges are:

1. To safeguard the interest of the investing public having dealings on the exchange.
2. To establish and promote honourable and just practices in securities transaction.
3. To promote, develop, and maintain well regulated market for dealing in securities.
4. To promote industrial development in the country through efficient resource mobilization by the way of investment in corporate securities.

### **National Stock Exchange**

The National Stock Exchange of India Limited has genesis in the report of the High Powered Study Group on Establishment of New Stock Exchanges, which recommended promotion of a National Stock Exchange by financial institutions (FIs) to provide access to investors from all across the country on an equal footing. Based on the recommendations, NSE was promoted by leading Financial Institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company unlike other stock exchanges in the country.

On its recognition as a stock exchange under the Securities Contracts (Regulation) Act, 1956 in April 1993, NSE commenced operations in the Wholesale Debt Market (WDM) segment in June 1994. The Capital Market (Equities) segment commenced operations in November 1994 and operations in Derivatives segment

commenced in June 2000.

Trading on NSE is characterized by four key innovations.

- The physical floor was replaced by anonymous, computerized order-matching with strict prime-time priority.
- The limitations of being on Mumbai and the limitations of India's Public telecom network were avoided by using satellite communications. Now NSE has a network of over 2000 satellite terminals all over the country. On a typical day almost over 3500 traders login to the trading computer over this network. This is larger than the capacity of the largest trading floors in the world.
- NSE is not owned by brokers. It is a limited liability company and brokers or franchisees. Therefore NSE's staff is free of pressures from brokers and is able to perform its regulatory and enforcement functions more effectively.

Traditional practices of unreliable fortnightly settlement cycle with escape clause of badla were replaced by a strict weekly settlement cycle without badla.

## **MACRO ECONOMIC ANALYSIS**

The capital market is segmented into two types. They are Primary market and Secondary market. SEBI is the regulating corporate body of the capital market activities. It is supervised by Ministry of Finance. Security Appellate Tribunal (SAT) is the grievance redresser of the SEBI. SEBI regulates the FDI and FII flow in the capital market.

### **Primary Market:**

The primary market provides the channel for sale of new securities. Primary market provides opportunity to issuers of securities; Government as well as corporate, to raise resources to meet their requirements of investment and/or discharge some obligation. They may issue the securities at face value, or at a discount/premium and these securities may take a variety of forms such as equity, debt etc. They may issue the securities in domestic market and/or international market.

## **Kinds of issues**

Initial Public Offering (IPO)

A follow on public offering (Further Issue)

Rights Issue

Preferential issue

## **Secondary Market:**

Secondary Market refers to a market where securities are traded after being initially offered to the public in the primary market and/or listed on the Stock Exchange. Majority of the trading is done in the secondary market. Secondary market comprises of equity markets and the debt markets. It provides an efficient platform for trading of securities. For the management of the company, Secondary markets serve as a monitoring and control conduit—by facilitating value-enhancing control activities, enabling implementation of incentive-based management contracts, and aggregating information (via price discovery) that guides management decisions.

## **About S&P CNX Nifty**

S&P CNX Nifty is computed using market capitalization weighted method, wherein the level of the index reflects the total market value of all the stocks in the index relative to a particular base period. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, etc without affecting the index value. The base period selected for S&P CNX Nifty index is the close of prices on November 3, 1995, which marks the completion of one year of operations of NSE's Capital Market Segment. The base value of the index has been set at 1000 and a base capital of Rs.2.06 trillion.

## **Criteria for Selection of Constituent Stocks**

The constituents and the criteria for the selection judge the effectiveness of the index. Selection of the index set is based on the Impact Cost, Floating Stock, Market

capitalisation for six months performance and for new issues (IPO) it is three month performance. Index Maintenance plays a crucial role in ensuring stability of the Index as well as in meeting its objective of being a consistent benchmark of the equity markets. IISL has constituted an Index Policy Committee, which is involved in policy and guidelines for managing the CNX Indices. The Index Maintenance Subcommittee takes all decisions on addition or deletion of companies in any Index. The index is reviewed every quarter and a six weeks notice is given to the market before making changes to the index set. Through that Nifty reflects the overall performance of the share market.

### **FII in India**

Until the 1980s, India's development strategy was focused on self-reliance and import-substitution. Current account deficits were financed largely through debt flows and official development assistance. There was a general disinclination towards foreign investment or private commercial flows. Rengarajan committee on balance of payment advised to the open economy. From September 14, 1992, with suitable restrictions, FIIs and Overseas Corporate Bodies (OCBs) were permitted to invest in financial instruments. The policy framework for permitting FII investment was provided under the Government of India guidelines vide Press Note dated September 14, 1992, which enjoined upon FIIs to obtain an initial registration with SEBI and also RBI's general permission under FERA (Foreign Exchange Regulation Act). After that FEMA (Foreign Exchange Management Act) made for some adjustment for the capital inflow. The regulatory body SEBI and RBI fixed ceiling limit for the FII and FDI for each sector.

### **MICRO ANALYSIS**

#### **Share market trend in 2007-2009**

In the secondary market segment, the market activity expanded further during 2007-08 with BSE and NSE indices scaling new peaks of 21,000 and 6,300, respectively, in January 2008. Although the indices showed some intermittent fluctuations, reflecting change in the market sentiments, the indices maintained their north-bound trend during the year. This could be attributed to the larger inflows from

Foreign Institutional Investors (FIIs) and wider participation of domestic investors, particularly the institutional investors. During 2007, on a point-to-point basis, Sensex and Nifty Indices rose by 47.1 and 54.8 per cent, respectively. The buoyant conditions in the Indian bourses were aided by, among other things, India posting a relatively higher GDP growth amongst the emerging economies, continued uptrend in the profitability of Indian corporate, persistence of difference in domestic and international levels of interest rates, impressive returns on equities and a strong Indian rupee on the back of larger capital inflows.

During The Year 2007 ,the pickup in the stock indices could be attributed to impressive growth in the profitability of Indian corporate, overall higher growth in the economy, and other global factors such as continuation of relatively soft interest rates and fall in the international crude prices. According to the number of transactions, NSE continued to occupy the third position among the world's biggest exchanges in 2006, as in the previous three years. The BSE Sensex (top 30 stocks) too echoed a similar trend to NSE nifty which includes fifty scripts. The sell-off in Indian bourses in August 2007 could partly be attributed to the concerns on the possible fallout of the sub-prime crisis in the West.

On October 2007 , the rise in FII in Capital goods. Power, Infrastructure, and Telecom sectors made the highest peak in the intraday buying and selling. Foreign Institutional Investors were pumping in huge money in the equity market and this too was pushing up the index. Since September, they nearly pumped in more than Rs. 30,000 crore in the cash market. Federal Reserve cut their interest rate by 50 points, it insisted to the development of Asian markets.

In the year 2008, the first month started with new peak as sensex 21,000 points and Nifty touched 6200 points. After that due to the high capital out flow and global crisis. the Sensex and Nifty a moved drastically to 7000 points and 3000 points respectively at the year end.

On January 15, 2009 Nifty touched the lowest point of 2600. For last two years the capital market met many ups and down due to the global crisis , investors perceptions, and government policies.

## Reasons for downfall

The fourth largest investment banker Lehman Brothers announced as they are bankrupted. It showed financial crisis of western countries like USA ,UK and etc. Many firms were into financial crisis due to the economic slowdown. Meanwhile Merrill Lynch sold to Bank of America . The large insurer American International Group (AIG) acquired by Federal Reserve. These were showed that the economic slowdown in the western countries.

Asian countries are highly depended on western countries economy. Due to the western countries slowdown Asian countries like our India met the economic slowdown. Western countries imports and exports down trended , so that the developing countries are going the same way.

Subprime lending policy of USA lead into economic turmoil. Due to that the money flow and real estate prices are come down. This affected the Asian capital market and their performance came down.

Inflation rate touched the peak 12%, due to Indian currency depreciation and shortage of essentials commodities and high cost of housing inputs. This makes afraid about the domestic investor and foreign investors. So they retained their investment from the capital market. The high capital outflow made the downtrend of capital market.

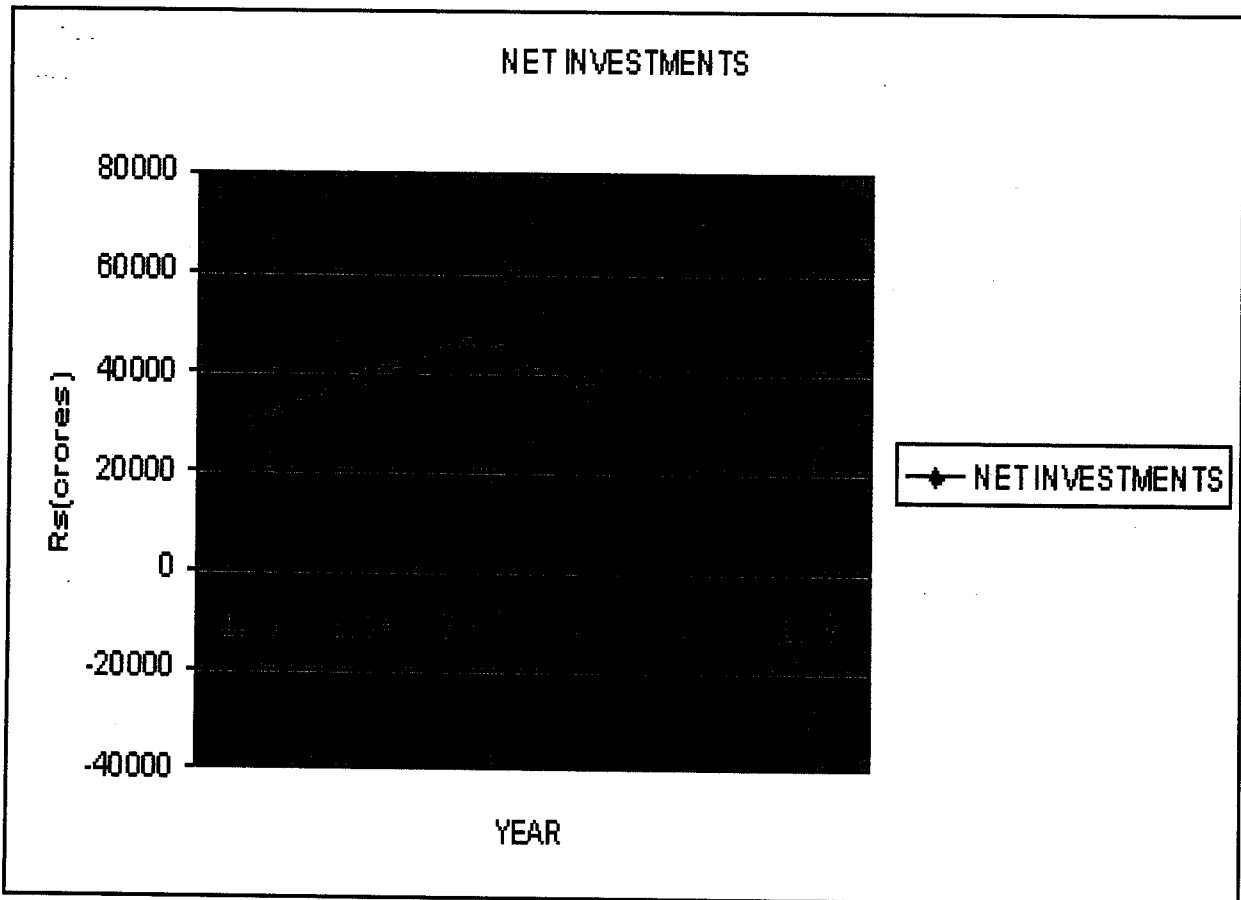
The fall of FII in the capital market made the market instable. The risk taken by the domestic investors are not encouraged by the FII downfall. So those prices of the shares were coming down and their market value came down. The trend of FII for last five years is shown in the table



**TABLE 1. FII TRENDS IN 2003-2008 ( Amount in \$ Million)**

| 2003 | 30458.7 |
|------|---------|
| 2004 | 38965.1 |
| 2005 | 47181.2 |
| 2006 | 36539.7 |
| 2007 | 71486.5 |
| 2008 | -29169  |

**Fig 1. FII TRENDS 2003- 2008**



From the figure we have to know that FII downtrend causes the capital market crashes. In depth the last two years FII touched the negative point which shows the capital outflows of the share market.

### **About the company**

Share Khan is one of India's leading brokerage Company, is the retail arm of SSKI. With over 950 shops in 310 cities and India's premier on line trading portal. Our customers enjoy multi channel access to the stock markets. Been in the business for over 80 years, Share Khan can provide to their customers with the assistance and the advice. They are providing some value added services to their customers to retain their India's second largest brokering firm position.

### **Services**

Some of the services provided by the Sharekhan are as follows

- ON LINE services
- Share shops
- Mutual fund trading
- Commodity trading
- PMS Pro Prime
- PMS Pro Tech
- Demat
- NFO
- HFO
- Value guidance



### **Value guide**

Their special edition for the investor is value guide. This is the tool kit for the investor by their 35 research analysts. Sharekhan Value Guide has a twin objective

of providing value and financial guidance to all types of customers. Its 4 new sections dedicated to equities, derivatives and commodities markets provide in-depth research and recommendations. Their Research report contains following things

- New stock ideas
- Investor's eye
- Top picks
- IPO flash
- Sectoral news
- Market strategy
- Special reports

## CHAPTER II

### MAIN THEME OF THE PROJECT

#### Objectives

- To identify and analyze the industrial sector that had caused higher percentage to the downfall of the Nifty during the period of Jan '08 to Jan '09.
- To identify scripts influenced by fluctuation in FII that lead to Nifty downfall

#### Statement of the problem

For last three years our Indian capital market met many ups and downs due to global financial crisis. The capital flows leads these ups and downs of Nifty. There is some relationship between their market price and their share holding pattern. In 2008 Nifty loses its indices up to 55%. Each sector has contributed to the downfall of Nifty. Hence this study will help to indentify the sectoral contribution for the downfall.

#### Scope of the study

Rank the sectors according to their level of contribution of Nifty downfall

#### Type of study

In Analytical Research, the researcher has to use facts or information already available, and analyze these to make a critical evaluation of the material. This is an Analytical Study.

#### Limitations

- I. The study excludes external factors like interest rate , Inflation rate and Government policies.
- II. Assuming that Nifty-50 sectoral scripts are reflecting entire sectoral performance

#### Methodology

The data used for the study is secondary data it is collected through print media and internet. The data was obtained from [www.nseindia.com](http://www.nseindia.com)

## REVIEW OF LITERATURE

**Jeyanthi, B. J. Queensly and Pandian, Punithavathy<sup>1</sup>** said about relationship between FII and stock market indices. They explained that the issue of financial integration of emerging stock markets has generated a great deal of interest among practitioners and academic researchers. Over the past two decades, a significant volume of research has been concerned with the integration of the world's major stock markets. The emerging markets in some developing countries have achieved considerable improvements over the past two decades. Several factors, such as the conduct of sound macroeconomic policies, stock market reforms, privatization, and financial liberalization, have played vital roles in these improvements. India is one of the countries with an expanding stock market that is increasingly attracting funds from the Foreign Institutional Investors (FIIs). In particular, deregulation and market liberalization measures, rapid development in the communication technology and computerized trading systems, and increasing activities of multinational corporations have accelerated the growth of Indian capital market. One of the main reasons for this study focusing on the emerging markets is because there is an increase in funds flowing from the developed markets towards the developing markets, and therefore these markets are becoming important in terms of portfolio management. The study uses daily stock price indices of the emerging countries, namely, India, Malaysia, Taiwan, China, South Korea; and the developed markets, namely, the US, the UK, Germany, Singapore, Hong Kong, and Japan. This study covers the period from April 2000 to March 2007 and uses unit root and co integration tests to examine the relationships between the NSE and the stock markets in the emerging markets and the developed markets. All the stock prices are analyzed both individually and collectively to test for market efficiency. Unit roots in stock prices are found. Pair-wise co integration tests indicate that there is no evidence of co integration among the stock prices. The findings suggest that the stock prices in major Asian stock markets.

**Vasal, V. K.<sup>2</sup>** said in his research that the investors opinion about socio responsible companies stock market prices. The primary aim of his research is to empirically

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1. ICAFI Journal of Applied Finance; Nov2008, Vol. 14 Issue 11, p35-47, 13p,

2. Indian Journal of Industrial Relations; Jan2009, Vol. 44 Issue 3, p376-385. 10p

examine the relative performance of the portfolio of socially-screened stocks in the Indian capital market. Using data on Environmental, Social and Governance (ESG) index ('S&P ESG India Index') and market index ('S&P CNX 500 Index') for the sample period January 2005-September 2008, this empirical study has inferred that the portfolio of stocks of socially responsible companies has not underperformed the market. Rather, as against the market, there are signals of positive excess return, though statistically not significant, for the shareholders of the socially responsible companies. Also, results of shareholder returns for the socially responsible companies are comparable with those observed for the 'Nifty' Portfolio ('S&P CNX Nifty Index'). These research findings have implications for socially-responsible investment decisions made by both the (activist) investors and corporate management.

**Reddy R., Venkatamuni and Babu P., Hemanth<sup>3</sup>** discussed that the corporate financial structure in Indian capital market, and how the corporate sectors raise their finance: Whether they raise their finance through internal sources or external sources within India. The main objectives of this study are, firstly, to find the nature and pattern of Indian corporate finance in general, and secondly to study the structure of selected pharmaceutical companies in India registered in the National Stock Exchange (NSE). This paper tests the hypotheses associated with the objectives through target adjustment model and pecking order model. The models applied in this paper are OLS, GLS, and fixed effect models. The results obtained contradicts the pecking order model and supports the target adjustment model. Firstly, the study finds that the companies are financially stable and mostly finances their investments from retained earnings, and for the rest, they depend more on equity rather than debt finance. Secondly, the paper infers that Indian pharmaceutical companies finance their investments mainly through internal funds and the rest is financed through equity share capitals.

**Prabakar, R., Dhinakaran, J. and Pandian, Punithavathy<sup>4</sup>** explained that the Indian stock markets moves to the downtrend due to IT industries. The Indian capital

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3. ICFAI Journal of Financial Economics; Jun2008, Vol. 6 Issue 2, p70-85, 16p

4. ICFAI Journal of Financial Risk Management; Mar2008, Vol. 5 Issue 1, p41-49

market has been witnessing an unprecedented growth with the back of soaring Sensex and also the magnificent performance of India Inc. Stock market has become the most desirable investment option for both the Indian and foreign investors. Return and risk are inseparable in most of the investments, and it is important to determine how much risk is appropriate to attain the required rate of return from investing in any stock under consideration. In this paper, an attempt has been made to study the return and risk element of investing in the shares of Indian Information Technology Industry. The Information Technology industry stocks constitute around 14% of Nifty, and play a vital role in the movement of the market indices. India is now emerging as a major credible information technology outsourcing centre creating huge opportunities as well as challenges to the investors. Although the stock markets are positive towards the IT stocks, they are also affected by the national and international events. The average daily returns of the six companies studied in this paper were lower than the daily mean return of the indices. The volatilities of the stock returns over the study period were much higher than that of the indices. The  $\beta$  values of the securities show that except CMC and Moser Baer, the other four securities were very aggressive. The unsystematic risks of the IT stocks were much higher than the systematic risk.

*Westerhoff, Frank H (Mar 2006)*<sup>5</sup> proposed a novel stock market model and investigated the effectiveness of trading breaks. Their nonlinear model consists of two types of trader's fundamentalists and chartists; while fundamentalists expect prices to return towards their intrinsic values, chartists extrapolate past price movements into the future. Moreover, chartists condition their orders on past trading volume. The model is able to replicate several stylized facts of stock markets such as fat tails and volatility clustering. Using the model as artificial stock market laboratory, we find that trading breaks have the power to reduce volatility and — if fundamentals do not move too strongly — also mispricing.

*Malkiel, Burton G (2003)*<sup>6</sup> discussed the efficient market hypothesis, the

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5. "Technical analysis based on price-volume signals and the power of trading breaks", *International Journal of Theoretical & Applied Finance*, Vol. 9 Issue 2, p227-244, 18p.

6. "The Efficient Market Hypothesis and Its Critics", *Journal of Economic Perspectives*, Vol. 17 Issue 1, p59-82, 24p.

random walk idea, and the unpredictability of stock price changes in the study. It was generally believed that securities markets were extremely efficient in reflecting information about individual stocks and about the stock market as a whole. The accepted view was that when information arises, the news spread very quickly and is incorporated into the prices of securities without delay. Thus, neither technical analysis, which is the study of past stock prices in an attempt to predict future prices, nor even fundamental analysis, which is the analysis of financial information such as company earnings and asset values to help investors select undervalued stocks, would enable an investor to achieve returns greater than those that could be obtained by holding a randomly selected portfolio of individual stocks, at least not with comparable risk. The efficient market hypothesis is associated with the idea of a random walk, which is a term loosely used in the finance literature to characterize a price series where all subsequent price changes represent random departures from previous prices. The logic of the random walk idea is that if the flow of information is unimpeded and information is immediately reflected in stock prices, then tomorrow's price change will reflect only tomorrow's news and will be independent of the price changes.

In **Behind the News**<sup>7</sup> website an article states that the relationship between FII and stock market trends. Stock prices of about 120 companies have declined despite Foreign Institutional Investors (FIIs) increasing their holdings in them in April-June 2006, an Economic Times study has shown. Some companies include Reliance Capital, Ranbaxy Laboratories, Tata Steel, Suzlon Energy, Bharat Forge, UTI Bank, Britannia Industries, Moser Baer and JSW Steel. FIIs have raised their stake in these companies by 0.2-3% (Reliance Capital) but their share prices have not really peaked. This is partly because of the overall market downturn and differing perceptions among the various FIIs. While some continue to be bullish, others have exited. During the quarter, FIIs have steadily hiked stake in 281 companies, contrary to the belief that they were net sellers across sectors. This list includes several A-group companies, and many medium and small-cap companies across sectors led by banking and technology. Share prices have fallen drastically in most cases. As on March 31, 2006, the total FII investment value in the 281 companies was

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7. Scripts fall despite FIIs raising stakes. August 11, 2006



Rs 82,813 crore or \$18.5 billion. By August 4, 2006, the value stood at Rs 78,485 crore or \$16.7 billion. This shows that the value has actually fallen, but since FIIs are dynamic players in a dynamic market, it would be unwise to opine that their wealth has uniformly eroded. The FII investment value in the 592 companies was Rs 3,68,758 crore or \$82.5 billion in March, while in June it was Rs 3,26,403 crore or \$70 billion. The increase in FII holdings in the 281 companies came even as Sensex and Nifty were going downhill after the peak value.

**Duvvuri Subbarao**<sup>8</sup> said about the global crisis and the impact of it on India. He listed out factors for the impact of Indian financial system. India's financial markets equity markets, money markets, Forex markets and credit markets - had all come under pressure from a number of directions. First, as a consequence of the global liquidity squeeze, Indian banks and corporates found their overseas financing drying up, forcing corporate to shift their credit demand to the domestic banking sector. Also, in their frantic search for substitute financing, corporate withdrew their investments from domestic money market mutual funds putting redemption pressure on the mutual funds and down the line on non-banking financial companies (NBFCs) where the MFs had invested a significant portion of their funds. This substitution of overseas financing by domestic financing brought both money markets and credit markets under pressure.

**Deepak B Korgaonkar**<sup>9</sup> denoted in his research that FII influences in the price of the share. Foreign institutional investors (FIIs) have reduced their stake in more than half of the Sensex and Nifty-listed companies during the January-March quarter of the last financial year. According to the shareholding pattern of 50 companies available with the stock exchanges, FIIs have reduced their holding in 30 firms, including Reliance Communications (RCom), the State Bank of India (SBI) and Tata Motors, in the fourth and last quarter of the financial year. Out of these companies, FIIs have reduced their holdings in 14 firms by over 1 per cent each. Public sector Steel

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8. Impact of the Global Financial Crisis on India Collateral Damage and Response, RBI governor address

9. Nifty firms see drop in FII stake, The Smart Investor, April 23, 2009

Authority of India has not disclosed its latest shareholding pattern to the bourses — the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). FIIs, who pulled out over Rs 8,700 crore from the domestic equities in the three-month period, have lowered their stake from Suzlon Energy, Reliance Capital, Punjab National Bank, and Axis Bank in the range of 2-5 per cent each. Suzlon Energy saw the biggest decline — of 4.41 per cent — in FII holdings among the companies in the quarter. Overseas investors' stake in the wind power company now stands at 8.66 per cent from 13.07 per cent in the December quarter. Fidelity Funds Mauritius reduced its holding in the company to below 1 per cent from 3.06 per cent in the December quarter. In Reliance Capital, FIIs' holding declined by 3.63 per cent to 20.43 per cent during the last quarter from 24.06 per cent. Quantum M, one of the FIIs, reduced its stake in the company to less than 1 per cent in the March quarter from 4.24 per cent in the previous quarter. Reliance Infrastructure, Larsen and Toubro, Sun Pharma, Idea Cellular, Bharti Airtel and GAIL are the other Sensex and S&P CNX Nifty companies from which FIIs slashed their holding between 1 per cent and 2 per cent each. In RIL, Reliance Power, Tata Steel and Wipro the investors increased their stake by less than 1%. However, FIIs have increased their stake in Maruti Suzuki, Grasim Industries, Hero Honda Motors and Unitech by more than 2 per cent each during the quarter. Insurance companies, who were the major buyers during the last financial year, have raised their holdings in Hindalco, SBI, Infosys Technologies, Punjab National Bank and HDFC Bank between 2 and 5 per cent each.

**Purnendra**<sup>10</sup> said in his research report about the relationship between FII and stock price. NSE Nifty and FII correlates with the 0.307 with the  $R^2$  value of 0.0915. According to findings and results, I concluded that FII did not have any significant impact on the Indian capital market. Therefore, the null hypothesis is accepted. BSE IT and Nifty showed some positive correlation but rest of the index showed negative correlation with FII. Also the degree of relation was less in all the case. It shows the absence of linear relation between FII and stock index. This does not mean that there is no relationship between them.

## CHPATER III

### DATA ANALYSIS AND INTERPRETATION

#### SECTORAL ANALYSIS

**Data Used:** Market prices closing prices of the Nifty-50 scripts on 15<sup>th</sup> Jan 2009 and 8<sup>th</sup> Jan 2008 ,were calculated and analysed along with weights given in the Nifty index

#### Sectoral index calculation method:

- ✓ Scripts are classified according to sectors ( as per NSE classification)
- ✓ Multiplying each script's Mkt price with their respective weightage and sum it for the above two days for each sector
- ✓ Take the 8<sup>th</sup> Jan value as base and using the formula

$$\text{Decline} = \frac{\text{Sum of (closing price X weight on 8}^{\text{th}} \text{ Jan 08)} - \text{Sum of (closing price X weight on 15}^{\text{th}} \text{ Jan09)}}{\text{Sum of (closing price X weight on 8}^{\text{th}} \text{ Jan 08)}}$$

#### Nifty Downfall

$$\begin{aligned} \text{Nifty decline} &= \frac{8^{\text{th}} \text{ Jan 2008 closing point} - 15^{\text{th}} \text{ Jan 2009 closing point}}{8^{\text{th}} \text{ Jan 2008 closing point}} \times 100\% \\ &= \frac{6206.80 - 2736.7}{6206.8} \times 100\% \\ &= 55.91\% \end{aligned}$$

The above derived value deliberately shows that Nifty declined more than 50% within short period of 1 year..

For the study , Nifty 50 scripts classified into 16 sectors scripts. They are as follows ,

| <b>Sectors</b>   | <b>Industries</b>  |
|------------------|--|
| Automobile       | Hero Honda, Maruti Suzuki, Mahindra And Mahindra , Tata Motors           |
| Banks            | SBI, PNB ,ICICI, HDFC BANK, HDFC Financial services                      |
| Cements          | ACC, Ambuja, Grasim  |
| Construction     | DLF, Unitech   |
| Computer science | HCL, Infosys , Wipro , TCS ,Sathyam                                      |
| Electrical       | ABB,Siemens,BHEL,Suzlon  |
| Engineering      | L & T  |
| Fmcg             | HUL , ITC  |
| Gas              | Gail   |
| Media            | ZEE  |
| Metal            | Hindalco , Nalco , SAIL, Sterlite, Tata steel                            |
| Oil              | Cairn and ONGC   |
| Pharma           | Ranbaxy , Sun pharma , Cipla   |
| Power            | NTPC , Reliance Power, Tata power , Power grid , Reliance infrastructure |
| Refineries       | BPCL , RPL , Reliance  |
| Telecom          | Bharati Airtel , Idea , Reliance communication, Tata communication       |

From the data , we calculate the sectoral index for the each sector based on the base value 2008. The following table shows sectoral decline percentage for their respective sectors.

**Table 2. sectors and decline percentage**

| <b>Sectors</b> | <b>Decline</b> |
|----------------|----------------|
| Auto           | 40.17%         |
| Bank           | 53.24%         |
| Cement         | 59.05%         |
| Construction   | 83.04%         |
| Computer       | 35.93%         |
| Electrical     | 56.19%         |
| Engineering    | 83.70%         |
| FMCG           | 12.82%         |
| Gas            | 62.01%         |
| Media          | 58.97%         |
| Metal          | 74.25%         |
| Oil            | 52.15%         |
| Pharma         | 8.30%          |
| Power          | 49.34%         |
| Refineries     | 62.26%         |
| Telecom        | 44.76%         |

The above results are compared to the Nifty decline that is 55% decline. The engineering sector loss high in their market value during the study period. Pharma Industries are declined less percentage comparatively.

## Interpretation

In the study period Nifty declined 55.9%. The sectors which declined lower than 55.90% are showing that the sectors are performing well when compare to the other sectors. The sectors which are declined more than 55.90% are highly correlated with the market and their contribution for the downfall is more.

**Table 3. Sectors which are more than 55.90%**

|              |        |
|--------------|--------|
| Engineering  | 83.70% |
| Construction | 83.04% |
| Metal        | 74.25% |
| Refineries   | 62.26% |
| Gas          | 62.01% |
| Cement       | 59.05% |
| Media        | 58.97% |
| Electrical   | 56.19% |

**Table 4.Sectors which are lower than 55.90% decline**

|                 |        |
|-----------------|--------|
| Pharmaceuticals | 8.30%  |
| FMCG            | 12.82% |
| Computer        | 35.93% |
| Auto            | 40.17% |
| Telecom         | 44.76% |
| Power           | 49.34% |
| Oil             | 52.15% |
| Bank            | 53.21% |

**Data used :** Market prices of Nifty scripts on 31/03/2009 and 31/03/2008. Nifty scripts companies FII holdings on 31/03/2009 and 31/03/2008.

From the data we can calculate the FII decline percentage for the last financial year. The base value is taken as 31/03/2008 value. The nifty scripts and their decline in FII in percentage are as following as approximate

| Scripts           | FII decline in % |
|-------------------|------------------|
| ABB               | 71.25            |
| ACC               | 52.81            |
| Ambuja            | 45.84            |
| Bharat Petroleum  | 23.76            |
| Bharti Airtel     | 37.20            |
| BHEL              | 30.93            |
| CAIRN             | -117.83          |
| Cipla             | 26.88            |
| DLF               | 78.70            |
| Gail              | 23.90            |
| Grasim            | 36.00            |
| HCL               | 59.85            |
| HDFC              | 12.89            |
| HDFC Fin Services | 30.82            |
| Hero Honda        | -66.13           |
| Hindalco          | 65.45            |
| HUL               | 1.62             |
| ICICI             | 61.82            |
| Idea              | 48.26            |
| Infosys           | 3.79             |

|                 |         |
|-----------------|---------|
| ITC             | 12.69   |
| L&T             | 68.25   |
| M&M             | 40.27   |
| Maruti          | -16.43  |
| Nalco           | 58.36   |
| NTPC            | 35.68   |
| ONGC            | 43.36   |
| Power grid      | -1.70   |
| Punjab national | 40.20   |
| Ranbaxy         | 92.27   |
| Rel Com         | -154.83 |
| Rel Infra       | 53.98   |
| Rel Petroleum   | 47.08   |
| Rel Power       | 64.65   |
| RIL             | 34.64   |
| Satyam          | 96.83   |
| SBI             | 58.31   |
| Siemens         | 82.87   |
| Steel Authority | 65.18   |
| Sterilite       | 42.78   |
| Sun Pharma      | 19.23   |
| Suzlon          | 93.49   |
| Tata Com        | 14.31   |
| Tata Motors     | 99.97   |
| Tata Power      | 40.91   |
| Tata steel      | 96.76   |
| TCS             | 38.39   |
| Unitech         | 84.18   |
| Wipro           | 93.56   |
| Zee             | 53.38   |



## Interpretation

In the the financial year 2008-09 , Tata motors and Sathyam loses their FII . These are shown in the their market price of the share. The high capital outflow highly affected Wipro, suzlon and etc., some of the companies are strong in their share holding pattern , that is their lose of FII is less when compare with others. In that financial year the Nifty loses its 36.19% points.

The above result compare with FII decline of each scripts and identify which are the scripts FII highly affected Nifty downfall and which are less involve in that.

The scripts which are less involvement through their FII inflow and outflow are as follow as

**Table 5.Nifty scripts and FII decline less than 36.5%**

|                   |         |
|-------------------|---------|
| Grasim            | 36.00   |
| NTPC              | 35.68   |
| RIL               | 34.64   |
| BHEL              | 30.93   |
| HDFC Fin Services | 30.82   |
| Cipla             | 26.88   |
| Gail              | 23.90   |
| Bharat Petroleum  | 23.76   |
| Sun Pharma        | 19.23   |
| Tata Com          | 14.31   |
| HDFC              | 12.89   |
| ITC               | 12.69   |
| Infosys           | 3.79    |
| HUL               | 1.62    |
| Power grid        | -1.70   |
| Maruti            | -16.43  |
| Hero Honda        | -66.13  |
| CAIRN             | -117.83 |
| Rel Com           | -154.83 |

The scripts which are high involvement through their FII inflow and outflow are as follow as

**Table 6.Nifty scripts and FII decline more than 36.5%**

| <b>Scripts</b>  | <b>Decline</b> |
|-----------------|----------------|
| Tata Motors     | 99.97          |
| Satyam          | 96.83          |
| Tata steel      | 96.76          |
| Wipro           | 93.56          |
| Suzlon          | 93.49          |
| Ranbaxy         | 92.27          |
| Unitech         | 84.18          |
| Siemens         | 82.87          |
| DLF             | 78.70          |
| ABB             | 71.25          |
| L&T             | 68.25          |
| Hindalco        | 65.45          |
| Steel Authority | 65.18          |
| Rel Power       | 64.65          |
| ICICI           | 61.82          |
| HCL             | 59.85          |
| NALCO           | 58.36          |
| SBI             | 58.31          |
| Rel Infra       | 53.98          |
| Zee             | 53.38          |
| ACC             | 52.81          |
| Idea            | 48.26          |
| Rel Petroleum   | 47.08          |
| Ambuja          | 45.84          |
| ONGC            | 43.36          |
| Sterilite       | 42.78          |
| Tata Power      | 40.91          |
| M&M             | 40.27          |
| Punjab national | 40.20          |
| TCS             | 38.39          |
| Bharti Airtel   | 37.20          |

## CHAPTER IV

### FINDINGS AND SUGGESTION

#### FINDINGS

From the data analysis, the followings are find out from the study

- The engineering sector highly contributed the downfall of Nifty and they are highly correlated with the market movement.
- Market loss 55% of its value , but Engineering and construction sectors loss 83%. So they are highly pull down the market compared to other sectors and investment risk is so high.
- Metal and Refineries sectors are moderately influenced with market and exercise the market movement.
- Pharmaceuticals and FMCG sectors lose their market price up to 12% only. So they are not highly influenced the downfall of Nifty
- In the Nifty scripts Tata motors , Sathyam , and Tata steel are lose their FII in the financial year 2008-09. But the Nifty fall in that financial year is 36%.
- Due to the mismanagement of Sathyam computers and their fraudulent reports , they lose their market value more than 90% within a week. So their FII loss and market loss significantly influenced other IT company scripts.
- Compare the Nifty downfall and FII decline, Tata motors and Tata steel FII lose not affect market highly. This shows that the market price is not depended upon the share holding pattern of these companies. The higher out flow of FII are not highly affected the Nifty indice.

- Grasim , Bharati Airtel 's FII outflow are perfectly correlated with the Nifty movement. This shows that their FII outflows affected Nifty .
- Cipla , ITC and HUL 's FII outflow highly affected their market price , though their FII outflows are quite low when compare to others. So they are highly affected the Nifty index.

## **SUGGESTIONS**

From the data analysis and findings , we can suggest to the investors are as follows

- FMCG and Pharmaceuticals sectors is good for low risk profile investment.
- Engineering and Construction sectors are suggested for high risk profile.
- Bank , Oil , Metal sectors beta value is more or less one. So investors are analysed the market through these sectors performance.
- The change in FII pattern of the Tata motors is not highly affected their market price and Nifty. So it is recommended for the investment which need not affected by the capital outflow.
- The investors should keenly watch the situation like market price, economy, company progress, etc. and according to that they should take decisions whether to buy or sell securities.

## APPENDICES

| AUTOMOBILES  | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|--------------|------------|------------|-----------|----------|----------|
| HERO HONDA   | 688.2      | 832.2      | 0.0088    | 7.32336  | 6.05616  |
| M&M          | 321.65     | 830.05     | 0.0039    | 3.237195 | 1.254435 |
| MARUTI       | 589.95     | 939.8      | 0.0082    | 7.70636  | 4.83759  |
| TATA MOTORS  | 150.65     | 774.9      | 0.0039    | 3.02211  | 0.587535 |
| <b>TOTAL</b> |            |            |           | 21.28903 | 12.73572 |

| BANKS             | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|-------------------|------------|------------|-----------|----------|----------|
| HDFC              | 924.8      | 1715.75    | 0.0231    | 39.6338  | 21.36288 |
| HDFC FIN SERVICES | 1534.85    | 3080.5     | 0.0232    | 71.4676  | 35.60852 |
| ICICI             | 408.65     | 1339.95    | 0.0272    | 36.4466  | 11.11528 |
| PNB               | 443.85     | 682.35     | 0.0091    | 6.2094   | 4.039035 |
| SBI               | 1147.25    | 2464.55    | 0.0446    | 109.9189 | 51.16735 |
| <b>TOTAL</b>      |            |            |           | 263.6764 | 123.2931 |

| CEMENT       | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|--------------|------------|------------|-----------|----------|----------|
| ACC          | 502.65     | 985.3      | 0.0049    | 4.82797  | 2.462985 |
| AMBUJA       | 69.1       | 142        | 0.0058    | 0.8236   | 0.40078  |
| GRASIM       | 1302.85    | 3401.15    | 0.0061    | 20.74702 | 7.947385 |
| <b>TOTAL</b> |            |            |           | 26.39859 | 10.81115 |

| CONSTRUCTIONS | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |         |
|---------------|------------|------------|-----------|----------|---------|
| DLF           | 202.2      | 1149.65    | 0.0262    | 30.12083 | 5.29764 |
| UNITECH       | 31.7       | 525        | 0.0036    | 1.89     | 0.11412 |
| <b>TOTAL</b>  |            |            |           | 32.01083 | 5.41176 |

| COMPUTER     | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|--------------|------------|------------|-----------|----------|----------|
| HCL          | 109.1      | 300.85     | 0.0042    | 1.26357  | 0.45822  |
| INFOSYS      | 1251.7     | 1662.25    | 0.0349    | 58.01253 | 43.68433 |
| SATYAM       | 20.3       | 424.4      | 0.0063    | 2.67372  | 0.12789  |
| TCS          | 510.45     | 987.85     | 0.0255    | 25.19018 | 13.01648 |
| WIPRO        | 235.25     | 489.4      | 0.0186    | 9.10284  | 4.37565  |
| <b>TOTAL</b> |            |            |           | 96.24283 | 61.66257 |

| <b>ELECTRICAL</b> | <b>15-01-2009</b> | <b>08-01-2008</b> | <b>WEIGHTAGE</b> |          |          |
|-------------------|-------------------|-------------------|------------------|----------|----------|
| ABB               | 460.65            | 1498.65           | 0.0052           | 7.79298  | 2.39538  |
| BHEL              | 1350.9            | 2495.15           | 0.0364           | 90.82346 | 49.17276 |
| SIEMENS           | 210.1             | 2003.5            | 0.0053           | 10.61855 | 1.11353  |
| SUZLON            | 48                | 2273.05           | 0.0051           | 11.59256 | 0.2448   |
| <b>TOTAL</b>      |                   |                   |                  | 120.8275 | 52.92647 |

| <b>ENGINEERING</b> | <b>15-01-2009</b> | <b>08-01-2008</b> | <b>WEIGHTAGE</b> |          |          |
|--------------------|-------------------|-------------------|------------------|----------|----------|
| L&T                | 706.9             | 4337.5            | 0.0247           | 107.1363 | 17.46043 |

| <b>FMCG</b>  | <b>15-01-2009</b> | <b>08-01-2008</b> | <b>WEIGHTAGE</b> |          |         |
|--------------|-------------------|-------------------|------------------|----------|---------|
| HUL          | 247               | 236.6             | 0.0298           | 7.05068  | 7.3606  |
| ITC          | 167               | 231               | 0.0353           | 8.1543   | 5.8951  |
| <b>TOTAL</b> |                   |                   |                  | 15.20498 | 13.2557 |

| <b>GAS</b> | <b>15-01-2009</b> | <b>08-01-2008</b> | <b>WEIGHTAGE</b> |          |         |
|------------|-------------------|-------------------|------------------|----------|---------|
| GAIL       | 199.4             | 524.95            | 0.0143           | 7.506785 | 2.85142 |

| <b>ENTERTAINMENT</b> | <b>15-01-2009</b> | <b>08-01-2008</b> | <b>Weightage</b> |         |          |
|----------------------|-------------------|-------------------|------------------|---------|----------|
| ZEE                  | 125.65            | 306.3             | 0.0033           | 1.01079 | 0.414645 |

| <b>METAL</b>       | <b>15-01-2009</b> | <b>08-01-2008</b> | <b>WEIGHTAGE</b> |          |          |
|--------------------|-------------------|-------------------|------------------|----------|----------|
| HINDALCO           | 48.25             | 211.95            | 0.0048           | 1.01736  | 0.2316   |
| NALCO              | 179.6             | 497.95            | 0.0067           | 3.336265 | 1.20332  |
| STEEL<br>AUTHORITY | 73.35             | 263.35            | 0.0175           | 4.608625 | 1.283625 |
| STERILITE          | 255.15            | 1043              | 0.0101           | 10.5343  | 2.577015 |
| TATA STEEL         | 197.7             | 891.3             | 0.0087           | 7.75431  | 1.71999  |
| <b>TOTAL</b>       |                   |                   |                  | 27.25086 | 7.01555  |

| <b>OIL</b> | <b>15-01-2009</b> | <b>08-01-2008</b> | <b>WEIGHTAGE</b> |          |          |
|------------|-------------------|-------------------|------------------|----------|----------|
| CAIRN      | 149.55            | 251               | 0.0178           | 4.4678   | 2.66199  |
| ONGC       | 625.35            | 1320.9            | 0.0779           | 102.8981 | 48.71477 |
|            |                   |                   |                  | 107.3659 | 51.37676 |

| PHARMA     | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|------------|------------|------------|-----------|----------|----------|
| CIPLA      | 181.95     | 209.9      | 0.0079    | 1.65821  | 1.437405 |
| RANBAXY    | 215.3      | 418.75     | 0.0058    | 2.42875  | 1.24874  |
| SUN PHARMA | 1104.55    | 1108.5     | 0.0120    | 13.302   | 13.2546  |
| TOTAL      |            |            |           | 17.38896 | 15.94075 |

| POWER      | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|------------|------------|------------|-----------|----------|----------|
| NTPC       | 166.7      | 264.9      | 0.0813    | 21.53637 | 13.55271 |
| POWER GRID | 73.05      | 144.65     | 0.0191    | 2.762815 | 1.395255 |
| REL INFRA  | 502.9      | 1647       | 0.0073    | 12.0231  | 3.67117  |
| REL POWER  | 98.9       | 158.7      | 0.0157    | 2.49159  | 1.55273  |
| TATA POWER | 736.35     | 1564.55    | 0.0091    | 14.23741 | 6.700785 |
| TOTAL      |            |            |           | 53.05128 | 26.87265 |

| REFINERIES       | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|------------------|------------|------------|-----------|----------|----------|
| BHARAT PETROLEUM | 376.55     | 490.9      | 0.0074    | 3.63266  | 2.78647  |
| REL PETROLEUM    | 77.6       | 246.8      | 0.0214    | 5.28152  | 1.66064  |
| RIL              | 1142.35    | 3054.65    | 0.1059    | 323.4874 | 120.9749 |
| TOTAL            |            |            |           | 332.4016 | 125.422  |

| TELECOM       | 15-01-2009 | 08-01-2008 | WEIGHTAGE |          |          |
|---------------|------------|------------|-----------|----------|----------|
| BHARTI AIRTEL | 600.5      | 975.9      | 0.0741    | 72.31419 | 44.49705 |
| IDEA          | 42.9       | 136.05     | 0.0089    | 1.210845 | 0.38181  |
| REL COM       | 174        | 804.4      | 0.0256    | 20.59264 | 4.4544   |
| TATA COM      | 463.3      | 223        | 0.0078    | 1.7394   | 3.61374  |
| TOTAL         |            |            |           | 95.85708 | 52.947   |

## SECTORS AND THEIR FII OUTSTANDING SHARES

### AUTOMOBILE

| Auto               | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|--------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| <b>Hero Honda</b>  | 1071.15                 | 53983362                 | 57824278206.30        | 49208761.00              | 707.32                  | 34806340830.5         |
| <b>M&amp;M</b>     | 383.65                  | 67213794                 | 25786572068.10        | 62632739.00              | 689.29                  | 43172120665.3         |
| <b>Maruti</b>      | 779.85                  | 55930494                 | 43617395745.90        | 45347942.00              | 826.08                  | 37461027927.3         |
| <b>Tata Motors</b> | 180.3                   | 55450                    | 9997635.00            | 65388543.00              | 622.7                   | 40717445726.1         |

### BANKS

| Banks                    | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|--------------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| <b>HDFC</b>              | 973.4                   | 109316539                | 106408719062.60       | 91765868.00              | 1331.25                 | 122163311775.00       |
| <b>HDFC Fin Services</b> | 1412.2                  | 212982147                | 300773387993.40       | 172196252.00             | 2525                    | 434795536300.00       |
| <b>ICICI</b>             | 332.8                   | 395764843                | 131710539750.40       | 448435059.00             | 769.4                   | 345025934394.60       |
| <b>PNB</b>               | 411.45                  | 46865144                 | 19282663498.80        | 63198370.00              | 510.25                  | 32246968292.50        |
| <b>SBI</b>               | 1067.1                  | 50597942                 | 53993063908.20        | 80951021.00              | 1600.25                 | 129541871355.25       |



**CEMENTS**

| <b>Cements</b> | <b>Mkt Price on 31/03/2009</b> | <b>O/S Shares on 31/03/2009</b> | <b>Mkt cap on 31/03/2009</b> | <b>O/S Shares on 31/03/2008</b> | <b>Mkt Price on 31/03/2008</b> | <b>Mkt cap on 31/03/2008</b> |
|----------------|--------------------------------|---------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|
| <b>ACC</b>     | 574.4                          | 19253012                        | 11058930092.80               | 28366912.00                     | 826.15                         | 23435324348.80               |
| <b>Ambuja</b>  | 70.6                           | 325905046                       | 23008896247.60               | 350967491.00                    | 121.05                         | 42484614785.55               |
| <b>Grasim</b>  | 1582.15                        | 21230490                        | 33589819753.50               | 20380173.00                     | 2575.3                         | 52485059526.90               |

**CONSTRUCTION**

| <b>Construction</b> | <b>Mkt Price on 31/03/2009</b> | <b>O/S Shares on 31/03/2009</b> | <b>Mkt cap on 31/03/2009</b> | <b>O/S Shares on 31/03/2008</b> | <b>Mkt Price on 31/03/2008</b> | <b>Mkt cap on 31/03/2008</b> |
|---------------------|--------------------------------|---------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|
| <b>DLF</b>          | 167.3                          | 105918403                       | 17720148821.90               | 128841616                       | 645.75                         | 83199473532                  |
| <b>Unitech</b>      | 34.9                           | 133758332                       | 4668165786.80                | 106885662                       | 276.2                          | 29521819844                  |

**COMPUTER SCIENCE**

| CSC     | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|---------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| HCL     | 102.05                  | 112013513                | 11430979001.65        | 112444421.00             | 253.25                  | 28476549618.2         |
| Infosys | 1323.9                  | 199664124                | 264335333763.60       | 190821914.00             | 1439.9                  | 274764473968.6        |
| Satyam  | 38.45                   | 105578810                | 4059505244.50         | 323292147.00             | 396.35                  | 128136842463.4        |
| Tcs     | 538.55                  | 97864105                 | 52704713747.75        | 105554562.00             | 810.45                  | 85546694772.9         |
| Wipro   | 245.9                   | 8654127                  | 2128049829.30         | 76526027.00              | 432.1                   | 33066896266.7         |

**ELECTRICAL**

| Elec    | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|---------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| ABB     | 426.7                   | 26599207.00              | 11349881626.90        | 33467153.00              | 1179.95                 | 394895671             |
| BHEL    | 1510.55                 | 83379194                 | 125948441496.70       | 88471103.00              | 2061.35                 | 182369908             |
| Siemens | 268.1                   | 7875869                  | 2111520478.90         | 19998264.00              | 616.4                   | 123269299             |
| Suzlon  | 42.35                   | 129720695                | 5493671433.25         | 320192626.00             | 263.8                   | 844668147             |

**ENGINEERING**

| Eng | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|-----|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| L&T | 671.4                   | 69705591                 | 46800333797           | 48552953.                | 3035.95                 | 14740433766           |

**FMCG**

| FMCG | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| HUL  | 237.5                   | 312769326                | 74282714925           | 330009896                | 228.8                   | 75506264204           |
| ITC  | 184.85                  | 514685793                | 95139668836.05        | 528328812.00             | 206.25                  | 108967817475.0        |

**GAS**

| Gas  | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| Gail | 245.6                   | 165992961                | 40767871221.60        | 125929346.00             | 425.45                  | 53576640255.7         |

**MEDIA**

| Media | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|-------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| Zee   | 106.35                  | 128109504                | 13624445750.40        | 118777224.00             | 246.05                  | 29225135              |

**OIL**

| Oil   | Mkt Price on 31/03/2009 | O/S Shares on 31/03/2009 | Mkt cap on 31/03/2009 | O/S Shares on 31/03/2008 | Mkt Price on 31/03/2008 | Mkt cap on 31/03/2008 |
|-------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| CAIRN | 184.1                   | 166620923                | 30674911924.30        | 62838052.00              | 224.1                   | 1408200745            |
| ONGC  | 780.2                   | 116097133                | 90578983166.60        | 163093588.00             | 980.55                  | 1599214177            |

**METAL**

| <b>Metal</b>      | <b>Mkt Price on<br/>31/03/2009</b> | <b>O/S<br/>Shares on<br/>31/03/2009</b> | <b>Mkt cap on<br/>31/03/2009</b> | <b>O/S Shares<br/>on<br/>31/03/2008</b> | <b>Mkt Price<br/>on<br/>31/03/2008</b> | <b>Mkt cap on<br/>31/03/2008</b> |
|-------------------|------------------------------------|---|----------------------------------|---|--|----------------------------------|
| <b>Hindalco</b>   | 52.05                              | 175416190                               | 9130412689.50                    | 160070447.00                            | 165.1                                  | 26427630799.                     |
| <b>NALCO</b>      | 214.65                             | 23314897                                | 5004542641.05                    | 26605235.00                             | 451.8                                  | 12020245173.                     |
| <b>SAIL</b>       | 96.45                              | 149528166                               | 14421991610.70                   | 223582002.00                            | 185.3                                  | 41429744970.                     |
| <b>Sterilite</b>  | 357.6                              | 60925031                                | 21786791085.60                   | 53294112.00                             | 714.5                                  | 38078643024.                     |
| <b>Tata steel</b> | 33.15                              | 96409352                                | 3195970018.80                    | 142344102.00                            | 694.35                                 | 98836627223.                     |

**PHARMACEUTICALS**

| <b>Pharma</b>         | <b>Mkt Price on<br/>31/03/2009</b> | <b>O/S<br/>Shares on<br/>31/03/2009</b> | <b>Mkt cap on<br/>31/03/2009</b> | <b>O/S Shares<br/>on<br/>31/03/2008</b> | <b>Mkt Price<br/>on<br/>31/03/2008</b> | <b>Mkt cap<br/>31/03/2008</b> |
|-----------------------|------------------------------------|---|----------------------------------|---|--|-------------------------------|
| <b>Cipla</b>          | 220.05                             | 104147633                               | 22917686641.65                   | 142481753.00                            | 220                                    | 313459856.                    |
| <b>Ranbaxy</b>        | 165.7                              | 13691299                                | 2268648244.30                    | 66966811.00                             | 438.45                                 | 293615982.                    |
| <b>Sun<br/>Pharma</b> | 1111.45                            | 35407469                                | 39353631420.05                   | 39635805.00                             | 1229.35                                | 487262768.                    |

**POWER**

| <b>Power</b>      | <b>Mkt Price on<br/>31/03/2009</b> | <b>O/S<br/>Shares on<br/>31/03/2009</b> | <b>Mkt cap on<br/>31/03/2009</b> | <b>O/S Shares<br/>on<br/>31/03/2008</b> | <b>Mkt Price<br/>on<br/>31/03/2008</b> | <b>Mkt cap<br/>31/03/2008</b> |
|-------------------|------------------------------------|---|----------------------------------|---|--|-------------------------------|
| <b>NTPC</b>       | 179.85                             | 297078917                               | 53429643222.45                   | 422534048.00                            | 196.6                                  | 830701938.                    |
| <b>Power grid</b> | 95.6                               | 108430366                               | 10365942989.60                   | 103681334.00                            | 98.3                                   | 101918751.                    |
| <b>Rel Infra</b>  | 515.55                             | 35759166                                | 18435638031.30                   | 43858727.00                             | 913.55                                 | 400671400.                    |
| <b>Rel Power</b>  | 102.35                             | 91497354                                | 9364754181.90                    | 83325831.00                             | 318                                    | 264976142.                    |
| <b>Tata Power</b> | 768.6                              | 41037363                                | 31541317201.80                   | 45565584.00                             | 1171.5                                 | 533800816.                    |

**REFINERIES**

| <b>Refineries</b>             | <b>Mkt Price on<br/>31/03/2009</b> | <b>O/S<br/>Shares on<br/>31/03/2009</b> | <b>Mkt cap on<br/>31/03/2009</b> | <b>O/S Shares<br/>on<br/>31/03/2008</b> | <b>Mkt Price<br/>on<br/>31/03/2008</b> | <b>Mkt cap<br/>31/03/2008</b> |
|-------------------------------|------------------------------------|---|----------------------------------|---|--|-------------------------------|
| <b>Bharat<br/>Petroleum</b>   | 376.05                             | 30320731                                | 11402110892.55                   | 36606649.00                             | 408.55                                 | 149556464                     |
| <b>Reliance<br/>Petroleum</b> | 95.1                               | 70367746                                | 6691972644.60                    | 80957366.00                             | 156.2                                  | 1264554050                    |
| <b>RIL</b>                    | 1524.75                            | 251657706                               | 383715087223.50                  | 259136306.00                            | 2265.8                                 | 587151042                     |

**TELECOM**

| <b>Telecom</b>           | <b>Mkt Price<br/>on<br/>31/03/2009</b> | <b>O/S Shares<br/>on<br/>31/03/2009</b> | <b>Mkt cap on<br/>31/03/2009</b> | <b>O/S Shares<br/>on<br/>31/03/2008</b> | <b>Mkt Price<br/>on<br/>31/03/2008</b> | <b>Mkt cap on<br/>31/03/2008</b> |
|--------------------------|--|---|----------------------------------|---|--|----------------------------------|
| <b>Bharti<br/>Airtel</b> | 625.75                                 | 393238153                               | 246068774239.75                  | 474252686.00                            | 826.25                                 | 39185128180                      |
| <b>Idea</b>              | 50.1                                   | 215406936                               | 10791887493.60                   | 203211882.00                            | 102.65                                 | 2085969968                       |
| <b>Rel Com</b>           | 174.85                                 | 1525808857                              | 266787678646.45                  | 205377423.00                            | 509.75                                 | 1046911413                       |
| <b>Tata Com</b>          | 518.35                                 | 4287323                                 | 2222333877.05                    | 5056092.00                              | 512.95                                 | 259352239                        |

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