PERFORMANCE ANALYSIS OF EQUITY VS MUTUAL FUNDS OF SELECTED SECTORS IN COMPARISON WITH SENSEX FOR THE STUDY PERIOD JANUARY 2006 - DECEMBER 2007

by

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Coimbatore

A PROJECT REPORT

Submitted to the

FACULTY OF MANAGEMENT SCIENCES

In partial fulfillment of the requirements

For the award of the degree

of

MASTER OF BUSINESS ADMINISTRATION

May, 2008

Bonafide Certificate

BONAFIDE CERTIFICATE

Certified that this project report titled **"PERFORMANCE ANALYSIS OF EQUITY VS MUTUAL FUNDS OF SELECTED SECTORS IN COMPARISON WITH SENSEX FOR THE STUDY PERIOD JANUARY 2006 – DECEMBER 2007"** is the bonafide work of **Mr.B.KESAVAMOORTHY (Reg. No: 71206631021)** who carried out the research under my supervision. Certified further, that to the best of my knowledge the work reported here in does not form part any other project report or dissertation on the basis of which a degree or a award was conferred on an earlier occasion on this or any other candidate.

FACULTY GUIDE
Ms.S.SANGEETHA

DIRECTOR
Dr.S.V. DEVANATHAN

Submitted for the Viva – Voce Examination held on 3-07-2008

3/7/2008

EXTERNAL EXAMINER

Declaration

DECLARATION

I, hereby declare that this project report entitled as "**Performance Analysis of Equity vs Mutual Funds of Selected Sectors in Comparison with Sensex for the study period January 2006 – December 2007** "done in Reliance Money (Kankani Associates)., has been undertaken for academic purpose submitted to Anna University In partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of original work done by me under the guidance of Ms.S.Sangeetha during the academic year 2007-2008.

I, also here by, that the information given in this report is correct to best of my knowledge and belief.

B. Kesavamoorthy
Signature of the candidate

Place : Coimbatore

Date : 5-5-2008

Certifica

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Project Completion certificate

This is to certify that Mr. B Kesavamoorthy (Roll No. 06MBA21) a student of KCT Business School, Kumaraguru College of Technology, has undergone a Project between 10th January, 2008 (Date of Joining) and 24th March 2008 (Date of Leaving) titled Performance Analysis of Equity Versus Mutual Funds of Selected Sectors in Comparison with Sensex for the study period January 2006 – December 2007.

During the tenure his performance was Very Good.

Name & Designation of the Organisational Guide	:	Mr. Vimal Kankani Proprietor	Signature of the Organisational Guide

Vimal Kankani

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Executive Summary

EXECUTIVE SUMMARY

As the stock market is one of the major investment opportunities for investor. In the stock market the investor is mainly concentrated on two things like direct investment in equities and mutual funds. It becomes necessary to analyse the high return involved in mutual funds or equity for guide the investors with better ideas for their investment.

This analysis to the performance of equity versus mutual funds of selected sectors and to enable the investors to make appropriate and profitable investments. The equities and mutual funds were chosen based on the past performance of the sectors in the economy and a growing one. Three sectors were selected like Banking, Pharma, IT and in each sector three mutual funds were taken. Later these mutual funds of selected sectors were mutually compared with the equity shares and later with benchmark of sensex on half yearly bases for two years (2006 & 2007). This study gives an insight about the higher return involved in mutual funds or equity shares with sensex.

Acknowledgement

ACKOWLEDGEMENT

Few people are as fortunate as I have been. Throughout my life I have always benefited from many wonderful people around me, and the last two months of my final project have been no exception. I have many people to be thankful to.

I adore the almighty and extol his glory by paying my contribution of thankfulness for blessing me with all knowledge required to complete this project successfully.

I thank our respected chairman **Dr. N. Mahalingam** who helped us to undergo this master's degree and acquire a lot of knowledge.

I thank our beloved correspondent **Dr. K. Arumugam,** for his kind blessings and moral support for carrying out this project.

I express my sincere thanks to our principal **Dr. Joseph V. Thanikal** for allowing us to carryout this project.

I express my gratitude to our director **Dr.S.V. Devanathan,** for his kind patronage and for his consent to carryout this project.

I take privilege and immense pleasure in expressing my sincere gratitude to my guiding spirit, **Ms.S.Sangeetha,** for her in-depth guidance, motivation and encouragement in executing this project right from beginning and making it a success

I am highly obliged to extend my sincere thanks to **Mr. Vimal Kankani ,** Proprietor , Kankani Associates ., for his effective guidance and valuable support to carryout this project in their premises.

I am highly obliged to extend my sincere thanks to **Mr.R.Sundramurthy**, for his effective guidance and valuable support to carryout this project in their premises.

My special acknowledgements and thanks to Department of Management Studies, Faculty Members and my friends for their help and motivation throughout.

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INTRODUCTION

1.1 Background

The background of this project is to analyse the performance of equity versus mutual funds of selected sectors and to enable the investors to make appropriate and profitable investments. The equities and mutual funds were chosen based on the past performance of the sectors in the economy and a growing one. Three sectors were selected like Banking, Pharma, IT and in each sector three mutual funds were taken. Later these mutual funds of selected sector were mutually compared with the equity shares and later with benchmark of sensex on half yearly bases for two years (2006 & 2007). This study gives an insight about the higher return involved in equity shares or mutual funds with sensex.

1.2 Review of Literature

Predicting Stock Returns Using Mutual Fund Portfolio Holdings: Implications of Fund Performance Persistance[1] by Wermers Yao Zhao (2005). This study uses reported mutual fund portfolio holdings to predict stock returns. Stocks picked by good mutual fund managers should outperform those picked by bad managers; and if fund performance persists, past performance should be informative of fund managers stock selection ability. They develop this intuition into a statistical model and propose three stock alpha estimators that can extract information about future returns on a large cross-section of stocks from the current portfolio compositions and past performance of a relatively small number of mutual funds. They plan to examine the performance of the stock alpha estimators and their components against various benchmarks, such as characteristics sorted benchmark portfolio, several return predictive effects based on mutual fund trades developed in recent studies as well as a battery or quantitative investment signals. Since the stock selection ability of most mutual funds stems from fundamentals research, they except the information content of their stock alpha estimators to be significantly different from that of strategies popularly used by quantitative investment managers.

Movement of Stock Market Indices of Major Rational Stock Exchanges of Sixteen Countries[2] by Prakash.L. Dheeriya. He used time series of daily stock market indices at closing time. He found evidence of co-integration between stock indices of some small European countries.

Ownership, Risk and Performance of Mutual Fund Management Companies[3] by Michael K. Berkowitz and Jiaping Qiu (2001). This paper compares the performance of mutual funds managed by publicly-traded management companies with those managed by private management companies. They find that publicly-traded management companies invest in riskier assets and charge higher management fees relative to the funds managed by private management companies. At the same time, however, the risk adjusted returns of the mutual funds managed by publicly-traded management companies do not appear to outperform those of the mutual funds managed by private management companies. These have been made in the literature.

Outsourcing Mutual Fund Management[4] by Princeton (2005). This paper investigates the effects of managerial outsourcing on the incentives and performance of mutual funds. Their first document that many families farm out the management of a sizeable fraction of their funds to unaffiliated advisory firms. They find that funds managed externally significantly under-perform those ran internally. They establish the causality of this relationship by using as an instrument for outsourcing the interaction of the number of funds a family offers (controlling for family size) at the time a fund is started with the proximity of the family's location from financial centers. Then hypothesize that contractual externalities due to firm boundaries make it more difficult to extract performance from an outsourced relationship. They verify two key auxiliary predications of this hypothesis compared to counterparts ran internally. (1) an outsourced fund faces higher-powered incentives in that the likelihood that it experiences a closure or managerial termination is more sensitive to poor past performance and absolute deviation of fund risk-taking from the norm; (2) its risk-taking behaviour also deviates less from the norm.

The Share Price Behaviour using the Time Series Data[5] by D.Sarkar (1969). He found that the retained earnings had no effect on share price while the influence of dividend was very much significant.

The Function and Value of Fundamental Investment Analysis as the Basis of Successful Investment in Equity Shares[6] by Prof.Leopold A.Bernstein (1975). He had argued that even though psychological and other factors accounted 50% of price changes the other 50% of it was only due to fundamental factors.

Mutual Fund Purchase Practices[7], an Analysis of Survey Results Prepared by Barbara Roper and Stephen Brobeck. The survey reveals a gap between how experts recommend investors go about making mutual fund purchase decisions and how investors describe their actual fund selection practices. Significant differences between expert recommendations and actual practices are found in the factors investors consider when selecting a mutual fund, the extent to which they research their fund purchases using available written information sources, and the degree of reliance they place on the recommendations of financial services professionals. This gap may have significant implications for the development of investor education materials both by identifying areas where educators need to do a better job of conveying their message, and by identifying areas where expert recommendations are unrealistic or fail to reflect the environment in which different purchase groups make their fund selections.

The Behaviour of Stock Returns in India[8] by K.Balasubramaniam (1994). He took the daily and weekly prices of 90 shares listed in BSE. He applied auto correlation analysis; runs test and filter techniques for the study. He concluded that share price behaviour is not random and hence random walk hypothesis cannot be established for Indian stock market.

The Behaviour of Stock Market Prices[9] by Eugene F.Fama. The main objective of the theory is to find answer to the question: to what extent can be used to make meaningful predictions concerning the future prices of stocks?

Evaluating Performance and Strategy of Mutual Funds[10] by agoriacv (2002). Mutual funds have become one of the largest financial intermediaries in the leading world economies, currently controlling about 7 trillion dollars in assets in the US and over 3 trillion Euros in assets in Europe. In Russia, the mutual fund industry is relatively underdeveloped but has a huge potential for growth. One of the crucial factors ensuring efficient functioning of mutual funds is proper evaluation of their performance. This is important for investors who would like to make sure that their performance. This is important for investors who would like to make sure that their funds follow desirable strategies and earn positive risk adjusted returns. In general, there are two types of performance measures: absolute (based only on the performance record of a given fund) and relative (constructed with respect to some endogenous or exogenous benchmark). Absolute performance measures may be raw, such as fund total return, or risk-adjusted, such as the Sharpe ratio or Jensen's alpha. Relative performance measures can be cardinal (e.g., fund return adjusted by the category benchmark) or ordinal (e.g., fund performance rank within a given category). Obviously, the use of a raw performance measures such as fund total return may be inappropriate, since it neglects the riskiness of fund investments. The most popular risk-adjusted measure in the literature is Jensen's alpha based on a factor model.

1.3 Objectives of the Study

1.3.1 Primary Objective

- To analyse the performance of Equity versus Mutual Funds of selected sectors in comparison with Sensex for the study period 2006 - 2007

1.3.2 Secondary Objectives

- To identify the best performing sector among bank, pharmaceutical, information technology
- To analyse the high return of each sectors in mutual funds or equity
- To analyse the performance in half yearly basis for two years(2006&2007)

1.4 Statement of the Problem

As the stock market is one of the major investment opportunities for investor. In the stock market the investor is mainly concentrated on two things like direct investment in equities and mutual funds. It becomes necessary to analyse the high return involved in mutual funds or equity for guide the investors with better ideas for their investment. This analysis could help the investor make the better investment in stock market through direct investment in equities or mutual funds. Hence the same is taken as a problem to be studied upon.

1.5 Scope of the Study

A better understanding of the stock market trend will facilitate allocation of financial resources to the most profitable investment opportunity. The behaviour of equities and mutual funds returns will enable the investors to make appropriate investment decisions. The fluctuations of stock market return are due to several economic & non economic factors.

This study is to give better ideas about the high return involved in mutual funds or equities to the clients in order to make them invest appropriately.

1.6 Methodology

1.6.1 Research Design

This project analyses the stock market and its behavior of returns. The project aims to analyse the performance of the selected sector for the study. It also measures the return involves in equities vs mutual funds compare with sensex (benchmark). Hence the study is descriptive in nature.

1.6.2 Sampling Design

Since for the purpose of this analysis three sectors are chosen and three mutual funds are taken from each sector. Therefore the sampling technique used is the stratified random sampling. Each sector is considered as a stratum and the mutual funds for the analysis are taken from each strata based on the holding companies of each fund.

1.6.3 Method of Data Collection

Primary Data : To predict the high returns in Mutual funds or Equity using performance analyses.

Secondary Data : Internet and books has been used for secondary data collection.

Source of Data : The secondary data was obtained from the money control website (www.moneycontrol.com). The sectors selected are as follows:

- Bank
- Pharmaceutical
- Information Technology

Secondly, in the above mentioned sector wise three mutual funds in each sector is taken as follows:

Bank funds:

- Reliance Banking Fund
- Benchmark Banking Fund
- UTI Banking Fund

Pharmaceutical funds:

- SBI Magnum Pharma Fund
- Reliance Pharma Fund

Information Technology Funds:

- SBI Magnum IT Fund
- Kotak Tech Fund
- Franklin InfoTech Fund

Period of Study: January 1st 2006 to December 31st 2007.

1.6.4 Tools for Analysis

Performance Analysis:

Analysis refers to the study of the performance of equity versus mutual funds. It approach to investment is essentially a reflection of the idea that the stock market return, which is determined by changing attitude of investors to the stock market investment opportunities like equity and mutual funds.

Hence performance analysis involves a study of high return of equity and/or mutual funds. In, simple words, it is an art that helps to know the high return involved in equity and/or mutual funds.

Assumptions of Performance Analysis:

The main assumptions of performance analysis are as follows

- The performance of equity and mutual fund movements are not equal
- The return of investment in equity and mutual fund does not in a same manner
- The value of equity and mutual fund is to related the high return bases

1.6.4.1 Percentage of Benchmark Analysis

The BSE (Sensex) is taken for benchmark analysis the difference of sensex point's changes over a period of time. As the sensex changes, its point's moves up or down. The formula for percentage of Benchmark Analysis is as follows:

Benchmark difference = $A_1 - A_0 = D$

Where,

A_0 = Sensex closing value on first date of halfly yearly.

A_1 = Sensex closing value on last date of halfly yearly.

D = Difference between the value of last date (A_1) subtract the value of first date (A_0) of the

Sensex.

P = Percentage of Benchmark.

1.6.4.2 Percentage of Equity Average Difference Analysis

The sector based equity performance analysis and the difference of average value changes of sector based equity over a period of time. As the price changes, its average price moves up or down. The formula for percentage of equity average difference analysis is as follows:

Equity average difference = $B_1 - B_0 = E$

'E' Convert into percentage = $E/B_0*100 = Q$

First date, B_0 = stock1 + stock2 + stock3/3

Last date, B_1 = stock1 + stock2 + stock3/3

Where,

B_0 = Average value of first date of prices in halfly yearly.

B_1 = Average value of last date of prices in halfly yearly.

E = Difference between the value of last date (B_1) subtract the value of first date (B_0) of the equity

average.

Q = Percentage of equity.

1.6.4.3 Percentage of Mutual Funds Average Difference Analysis

The sector based mutual funds performance analysis and the difference of average value changes of sector based mutual funds over a period of time. As the Net

Asset Value (NAV) changes, its average NAV moves up or down. The formula for percentage of mutual funds average difference analysis is as follows:

NAV average difference = C_1 - C_0 = F

'F' Convert into percentage = F/C_0*100 = R

First date, C_0 = Fund1 + Fund2 + Fund3/3

Last date, C_1 = Fund1 + Fund2 + Fund3/3

Where,

C_0 = Average value of first date of NAV in halfly yearly.

C_1 = Average value of last date of NAV in halfly yearly.

F = Difference between the value of last date (C_1) subtract the value of first date (C_0) of the equity average.

R = Percentage of mutual funds.

1.6.4.4 Percentage Difference between Benchmark and Equity / Mutual Funds

The percentage of benchmark difference between percentage of equity or mutual fund. As the percentage changes, its percentage of equity or mutual funds moves up or down. The formula for percentage difference the benchmark & equity or mutual funds.

i. Percentage difference between benchmark and equity = Q-P=X
ii. Percentage difference between benchmark and mutual funds = R-P=Y

Where,

P = Percentage of benchmark

Q = Percentage of equity

R = Percentage of mutual funds

X = Percentage difference between benchmark and equity

Y = Percentage difference between benchmark and mutual funds

1.6.4.5 Performance Analysis between Benchmark and Equity / Mutual Funds

The performance analysis of equity or mutual funds with benchmark. As the percentage changes, its percentage in equity or mutual funds give the result like over performance or under performance of a period of time. The formula for performance analysis between benchmark and equity or mutual funds.

i. Performance analysis between benchmark and equity = $X/P*100 = Z_1$
ii. Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

Where,

P = Percentage of benchmark
X = Percentage difference between benchmark and equity
Y = Percentage difference between benchmark and mutual funds
Z_1 = Performance analysis between benchmark and equity
Z_2 = Performance analysis between benchmark and mutual funds

1.7 Limitations

- The high return of each sector in mutual fund or equity will be change in future.
- Analysis was carried with the help of data over a period of only two years.
- As the stock market is highly volatile. So, the analysis results cannot be used for a longer period.

1.8 Chapter Scheme

This project is divided into 5 chapters.

Chapter 1 deals with background of the study, review of literature, objective & scope of the study, statement of the problem, methodology and limitations.

Chapter 2 covers history of the organization, management, organization structure, service profile, competitive strength, future plans and description of various functional areas.

Chapter 3 covers macro analysis and micro analysis of the study.

Chapter 4 covers data analysis & interpretation through representation of various tables and charts.

Chapter 5 deals with findings and recommendations provided from the study.

Organization Profile

CHAPTER-2

ORGANISATON PROFILE

2.1 HISTORY OF THE ORGANISATION

KANKANI ASSOCIATES started very modestly in 2001 marketing just Mutual Funds among a small group of known people. It is a Proprietary Concern.

Since July 2006, the company is acting as Business Associate of Reliance Money Ltd., a subsidiary of Reliance Capital Ltd., under Anil Dhirubhai Ambani Group.

2.1.1 Functions of Kankani Associates

Under the umbrella of Reliance Money, they are now marketing Mutual Funds, General Insurance, Life Insurance, Currency Exchange, Money Transfer, and Offshore Investment apart from Online Trading in Equities, Derivatives and Commodities.

2.1.2 Objectives of Kankani Associates

The company business values, the qualified and friendly staffs with focus on customer service have earned them the reputation of being among the top Business Associate in India. Now the organization have a clientele of over 1000 clients registered with them within a span of 8 months. Their consistencies in performance have been honoring at various assemblies by Reliance Money.

2.2 MANAGEMENT

Mr. Vimal Kankani

Proprietor

Mr. Praveen

Senior Admin Managers

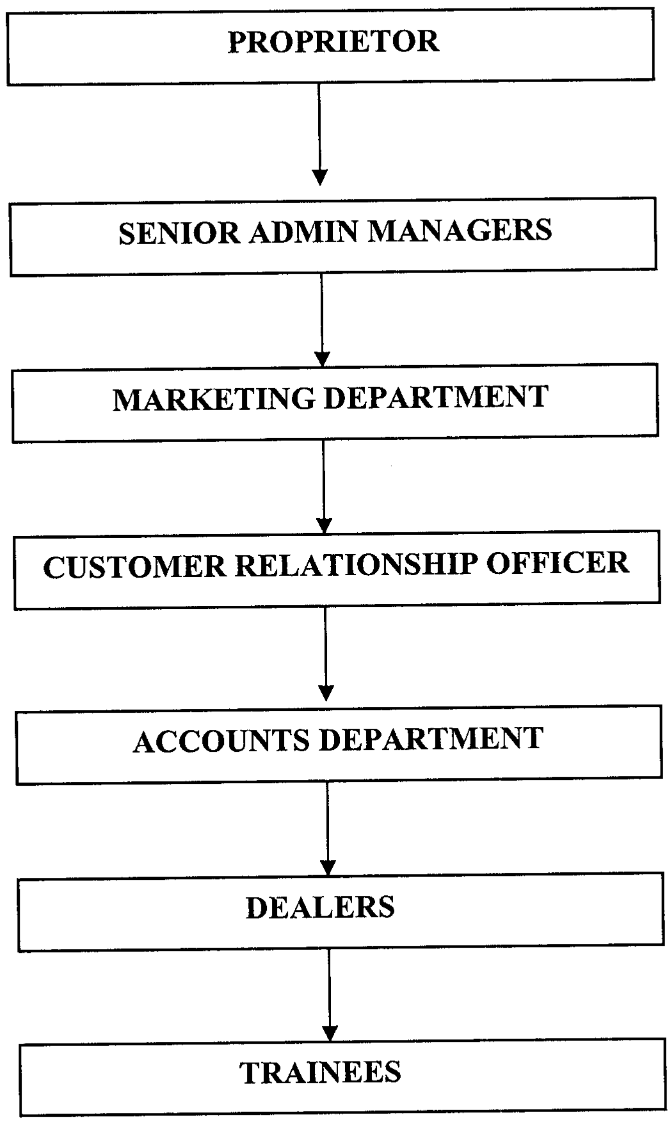
Mr. Rajesh

Senior Admin Managers

Mr. Ganesh

Marketing Manager

2.3 ORGANISATION STRUCTURE



2.4 PRODUCTS PROFILE AND MARKET POTENTIAL

- **Stock Broking Services**

It is an undisputed fact that the stock market is unpredictable and yet enjoys a high success rate as a wealth management and wealth accumulation option. The difference between unpredictability and a safety anchor in the market is provided by in-depth knowledge of market functioning and changing trends, planning with foresight and choosing one & request options with care. This what they provide in our stocking broking services.

They offer services that are beyond just a medium for buying and selling stocks and shares. Instead they provide services, which are multi dimensional and multi-focused in their scope.

They offer trading on a vast platform are National Stock Exchange and Bombay Stock Exchange. More importantly, they make trading safe to the maximum possible extent, by accounting for several risk factors and planning accordingly. They are assisted in this task by their in-depth research, constant feedback and sound advisory facilities. Secure result-oriented information on market trends, market analysis and market predications. Over the years they have ensured that the trust of their customers is their biggest returns. Factors such as their success in the electronic custody business has helped build on their tradition of trust even more. Consequentially their retail client base expanded very fast.

To empower the investor further they have made serious efforts to ensure that their research calls are disseminated systematically to all their stock broking clients through various delivery channels like Email, SMS, Phone calls etc.

- **Mutual Fund Services**

They have attained a position of immense strength as a provider across-the-board transfer agency services to AMCs, Distributors and Investors.

Nearly 80% of the top-notch AMCs including prestigious clients like Reliance, ICICI, Tata, UTI etc. swear by the quality and range of services that their offer. Besides providing the entire back office processing, they provide the link between various Mutual Funds and the investor, including services to the distributor, the prime channel in this operation.

Carrying the 'limitless' ideology forward, they have explored new dimensions in every aspect of Mutual Fund servicing right from volume management, cost effective pricing, delivery in the least turnaround time, efficient back office and front-office operations to customized service. The 'first to market' approach that is their anthem has earned by them. The reputation of an innovative service provider with a visionary bent to mind.

- **Depository Participant Services**

Depository Participant (DP) is an organization that acts as an associate of Reliance money agent of the Depository and interacts with the investor. A Depository Participation is responsible for maintaining clients securities account and operating it only under clients written instructions. The Depositories Acts mandates that investors can use Depository facilities only through DP's.

The various kinds of DP services offering in Kankani Associate of Reliance Money is as follows:

1. To convert the clients physical holdings into electronic holding. That is dematerialization of securities. The method was introduced to avoid the unnecessary problems due to safety constraints the 'Demat' service was started.

2. Keep tracking of clients holdings in electronic form and maintaining their accounts holdings.
3. Transfer the shares in the electronic form from one account to another.
4. Facilitate pledge of client electronic securities.
5. Give electronic credit of new share allotments such as public issues, bonus, rights etc.

- **Advisory Services**

Portfolio advisory service

A research team accomplishes advisory service to the client to the best portfolio that will give good return, which is always keen to maintain the investors interest towards investment.

Mutual Fund Advisory Service

The way in which to get a nominal return that is assured by the research team classified and advised to spend it through clients.

2.5 COMPETITIVE STRENGTH OF THE COMPANY

- Top Business Associate of Reliance Money
- Network of Branches & Business Associates
- 1000 clients in their hand
- Distributor of various Financial Products
- Full fledged IT driven operations
- Online trading facilities for clients

2.6 FUTURE PLANS

- Company plans to increase its customer base from present 1000 to 2000 by March 2009.

- Company plans to increase its business in Mutual Fund from current average of Rs.10 lakhs per month to 20 lakhs per month in six months and Rs.30 lakhs by March 2009.

- Company plans to triple its order punching in equities by June 2008 and four times the current orders by October 2008.

- Company would increase focus in General Insurance and log in business of about Rs.1 lakh per month from June 2008.

- They plan to double our business in Life Insurance in three months time.

- They would also participate in doing business of Personal Loan and Vehicle Loan to launch soon.

- To become an one point stop for all Financial Requirement Investment/Loan/Planning

Their stand committed to remain the top Business Associate of Reliance Money in Tamilnadu and make inroads to be the top in southern India for the next year and at all India Level.

2.7 DESCRIPTION OF VARIOUS FUNCTIONAL AREAS

2.7.1 Commodity Trade

They are focused on taking commodities trading to new dimensions of reliability and profitability. They have made commodities trading, an essentially age-old practice, into a sophisticated and scientific investment option. Here they enable trade in all goods and products of agricultural and mineral origin that include lucrative commodities like gold and sliver and popular items like oil, pulses and cotton through a well systematized trading platform. Their street-smart skills make them an ideal broker. Their service matrix is holistic with a gamut of advantages, the first and foremost being their legacy of human resources, technology and infrastructure that comes from being part of their associate.

2.7.2 Insurance Services

They are providing both life and general insurance products to retail individuals, high net-worth clients and corporate, with the opening up of the insurance sector and with a large number of private players in the business. They are in a position to provide tailor made policies for different segments of customers. In their journey a emerge as a personal finance advisor. They will be better positioned to leverage our relationships with the products providers and place the requirements of their customers appropriately with the product providers. With Indian markets seeing a change, both in terms of investment pattern and attitude of investors. Insurance is no more seen as only a tax saving product but also as an investment product. By setting up a separate entity, they would be positioned to provide the best of the products available in this business to their customers.

Macro – Micro Analysis

CHAPTER - 3

MICRO AND MACRO ANALYSIS

MATURE MARKETS

Equity prices in industrial countries have risen strongly in the 1990s, with the mercase in Japanese prices being somewhat less pronounced. The US equity market has clearly been the star performer of the 1990s. Although the rise in United States markets since early 1996 has been matched or exceeded by that in other advanced equity markets. US markets have outperformed most other advanced equity markets since the beginning of the decade, in some cases by a factor of two or more. Remarkably, in the period 1992-1996, the Dow Jones Industrial Average doubled in value, while historically the index has doubled every 17 years. Moreover, over the same period, US equity market capitalization increased from 72% years, Moreover, over the same period, US equity market capitalization increased 35% in 1996 from 72% to 107%. The Japanese market has not performed as strongly as markets in some of the main industrial countries. Japan's Nikki 225 index declined 2.5% in 1996.

Markets in ten European countries ended 1996 at all-time highs, Some of the momentum in European equity markets has been attributed to improved prospects for the export sectors in these economies that is associated with the depreciations of most continental European currencies against the dollar. Also favorable has been the trend toward low interest rates, which have an important impact on the discounted value of future corporate earnings.

3.1 Performance of Mature markets for the period (1992-1996)

YEAR	COUNTRY	INDEX NAME	PERCENTAGE
1992-1996	US	DOW JONES	35% Up
1992-1996	JAPAN	NIKKEI	2.5% Down

EMERGING MARKETS

Market Capitalization and Listed Companies

In 1996, over 60 developing countries had stock markets, compared with half of that number in 1985. Their capitalization increased more than tenfold over the period 1985-1995. From \$171 billion of \$1.9 trillion. Liquidity has increased even faster turnover rose from 26% to 85% of emerging market capitalization between 1985 and 1994, Meanwhile, the number of domestic companies listed on emerging market exchanges more than doubled, from 8,916 in 1985 to 19,397 in 1995.

The net increase in the market capitalization emerging stock markets in 1996- up 16% over the end of 1995- was generally in line with the increase in listings, new issues by already – listed companies, and share price increases registered during the year. Despite the net increase in new listings over 1995 figures, fewer companions are estimated to have raised capital via stock offerings in 1996 than in 1995 (2.385 vs 2700). And the estimated aggregate amount of capital raised fell to \$35.8 billion from its 1995 level of \$43.8 billion. This decline is due almost entirely to decreases in new issue activity in Korea and India during 1996.

The number of companies listed in the 27 constituent markets of the IFC Global (IFCG) Composite Index rose 7.5% due largely to a dramatic increase of listings in the People's Republic of China (up 67% in 1996, to 540 companies) and in Malaysia (up 17% to 6.21 firms) Some markets saw a decline in the number of listed companies, and specially for good sons. The Czech Republic, Egypt and Peru are among the countries that de-listed shares of companions that had not traded for years or that did not comply with listing requirements. The trend towards overall increases in the number of listings is also illustrated by the small gains in Korea (5% more listings) and Thailand (9% more) despite the generally poor market conditions these countries experienced throughout 1996.

3.2 Performance of Emerging markets

COUNTRY	PERCENTAGE
CHINA	67% UP
MALAYSIA	17% UP
KOREA	5% UP
THAILAND	9% UP

Returns on Stocks

The trading of shares within emerging markets rebounded strongly in 1996, up 49% in value terms from 1995 to almost $1.5 trillion. Though this is still below the 1994 record of $ 1.6 trillion in "home market" trading, it is remarkable for an number of reasons.

The IFC Invest able (IFCI) Composite Index, consisting of 1.224 stocks in 26 Markets. Is the broadest index available. It is designed to measure returns on emerging – market stocks that are legally and practically open to foreign portfolio investment, and is a widely used benchmark for international portfolio management purpose. The IFCI Composite gained 6.7% in 1996.

On a regional basis, the largest gain was in Latin America – the IFCI Latin America Index rose 14% in 1996. This was followed by an 8.9% gain in the IFCI Asia Index, and a loss of about 5.2% in the IFCI Europe / Mid East/ Africa Index.]

While share price performance in most emerging markets was positive, individual performance among emerging markets in 1996 was as diverse as the markets themselves. As in many years past, emerging markets could be found both at the top and bottom of the list of world stock market performance.

Top Performers of Developing Countries in 1996

Emerging markets swept the top 15 spots for annual performance measured in dollar terms, from a list of 76 world stock markets. Among developed markets, only Spain and Sweden made the top 20 on this list, which included 54 markets from developing countries. The top five performers for 1996 were Bangladesh (up 196%). Russia (156%). Venezuela (132%). Hungary (95%) and China (89%). It is noteworthy that many of the largest gains came from smaller, less known emerging markets not contained in any composite indexes, although the relatively large Taiwanese market took the 18th spot on the list, with a 36% increase.

3.3 Top Performers of Developing Countries in 1996

RANK	COUNTRY	PERCENTAGE
1.	BANGLADESH	196% UP
2.	RUSSIA	156% UP
3.	VENEZUELA	132% UP
4.	HUNGARY	95% UP
5.	CHINA	89% UP

Worst Performers of Developing Countries in 1996

The worst performers were also concentrated in emerging markets. A total of 21 would equity markets dropped in price in 1996, of which 19 were emerging markets. The market in Bulgaria was nearly wiped out, as stock prices continued to post losses in dollar terms after trading was suspended beginning in September in light of a radical currency devaluation. As a consequence, the IFCG Bulgaria Index lost nearly 83% over the course of 1996, making it the world's worst performing stock market in 1996. Large emerging markets such as Korea, Thailand, and South Africa also suffered heavy losses, with their IFCI indexes failing 39% 38% and 19% for the year respectively, in reaction to domestic economic problems.

3.4 Worst Performers of Developing Countries in 1996

RANK	COUNTRY	PERCENTAGE
1.	BULGARIA	83% DOWN
2.	KOREA	39% DOWN
3.	THAILAND	38% DOWN
4.	SOUTH AFRICA	19% DOWN

Mutual Funds Definitions

A mutual fund is an open-end investment company that pools money from share holders and invests in a diversified portfolio of securities. Unlike closed- end funds, which issue a fixed number of shares, open-end mutual funds are obliged to redeem shares at the request of the shareholder. When a shareholder redeems share he or she receives their net asset value, which equals the value of the funds net assets divided by the number of shares outstanding. An investment manger determines the composition of the funds investment portfolios in accordance with the funds return objectives and risk criteria.

There are three basic types of mutual funds : stock(or equity) funds, bond and income funds, and money market funds. Money market funds are referred to as short-term funds, because they invest in securities that generally mature in about one year or less. Stock funds and bond and income funds, on the other hand, are known as long-term funds.

An investor in a mutual fund is a shareholder, buying shares of the fund. Each share represents proportionate ownership in the funds securities. The securities are selected by a professional investment adviser to meet a specified financial goal, such as growth or income. The Investment Company Institute classifies mutual funds into 21 board categories, according to their basic investment objective

History of Mutual Funds

Mutual funds have been on the financial landscape for longer than most investors realize In fact, the industry traces its roots back to 19^{th} century Europe, in particular to Great Britain. The Foreign and Colonial government Trust, formed in London in 1868, resembled a mutual fund. It promised the "investor of modest means the same advantages as the large capitalist by spreading the investment over a number of different stocks". Most of the early British investment companies and their American counterparts resembled today's closed-end funds. They sold a fixed number of shares, the price of which was determined to supply and demand.

The first modern mutual fund was the Massachusetts Investors Trust, which was introduced in March 1924 and began with a modest portfolio of 45 stocks $50,000 in assets. This was the first so called open-end mutual fund. It introduced concepts that would revolutionize investment companies and investing a continuous offering of new shares and redeemable shares that could be sold anytime based on the current value of the funds assets.

The early mutual fund industry was, however, overtaken by events – namely, the 1929 stock market crash and the Great Deep session. Mutual funds began to grow in popularity in the 1940s and 1950s. In 1940, there were fewer than 89 funds in United Sates, with total assets of $500 million. Twenty years later, there were 160 funds and $17 million in assets. However, truly significant amounts of money did not start flowing into the funds until the mid- 1930s.

The complexion and size of the mutual fund industry dramatically changed as new products and services were added. The first international stock mutual fund was introduced in 1940. today there are scores of international and global stock and bond funds. Before the 1970s most mutual funds were stock funds, with a few balanced funds that included bonds in their portfolios. By 1972, there were 46 bond and income funds in United States, and another 20 years later, there were 1629.

Innovations in investment and retirement vehicles have also swept the industry. In 1970 the first money market funds were established, which offered cheque-writing capability and higher interest rates than bank savings accounts. The mutual fund industry also began to introduce even more diverse stock, bond, and money market funds. Today's mutual funds run the gamut – from aggressive growth funds, to global bond funds, to single – state tax- exempt money market funds, to "niche" funds that may specialize in one segment of the securities market.

Global Development

The number of mutual funds worldwide has grown rapidly in the 1990s, and mutual fund assets have increased even more rapidly. At the end of 1996, there were 34,552 mutual funds, with $6,404 billion in assets. The number of funds decreased somewhat in the first half of 1997, but the value of total assets increased. At the end of June 1997 the number of funds was 33,431 and the value of their assets was $6,696 billion. Most of the mutual funds are based in the United States, Japan and France.

Distribution of Funds Asset

The distribution of fund asset is even more uneven. More than half of the worldwide total in mutual fund assets belongs to US mutual funds, even though only one-sixth of the total number of funds are based there. Large size is typical of US funds. To illustrate, United States mutual fund assets increased from $2.8 trillion in 1995 to $3.5 trillion in 1996, while total Japanese mutual fund assets decreased from $470 billion to $420 billion.

Types of Funds

Lists on types of fund in each fund category: aggressive growth funds, balanced funds, convertible bond funds, corporate high yield funds, corporate general funds, equity income funds, global/world stock funds, government Treasury funds, growth funds, growth and income funds, international stock funds, municipal national funds, small company funds, world funds

The United States mutual fund assets increased from $2,820 billion in 1995 to $ 3,539 billion in 1996, whereas the Japanese mutual fund assets decreased from $470 billion to $120 billion. Of the total $3.5 trillion invested in US mutual funds $1.75 trillion was invested in stock funds, $886 billion in bond and income funds, and $901 billion in money market funds.

An increasing proportion of US mutual fund assets is being invested outside the United States. There are at least three types of mutual funds that may invest abroad: international mutual funds, global mutual funds and emerging market mutual funds at the end of 1996, the assets of international and global equity and bond funds were $321 billion, up from $230 billion at year – end 1995. In 1986, assets of US international and global mutual funds were just $16 billion. Securities in emerging markets are becoming an increasingly popular option for mutual fund investors. The following are considered emerging markets. All countries in Latin America and the Caribbean: all markets in Asia except Australia. Hong Kong, Japan, New Zealand, and Singapore; all countries in Africa and the Middle East except Israel; all former Eastern Bloc countries, Russia and the Common wealth of Independent States ; and Greece, Portugal and Turkey.

International and global US mutual funds invested about 10% of their assets in emerging market: as of mid year 1996. According to the IFC, in 1998 over $100 billion was being managed in about one thousand international emerging market funds. In February 1996, assets of US emerging – market equity funds amounted to $25 billion. However, the proportion of emerging market funds in total mutual fund assets is still quite modest.

For the period January 1991 through February 1996, net flows of new cash from shareholders to emerging market equity funds accounted for much of the asset growth of these funds. Virtually all asset growth for this five-year period came from net inflows into these funds, rather than from asset appreciation – even through the total return on emerging market funds was a healthy 16% per annum. At times, new cash flows to these funds ran counter to movements in share prices in the markets concerned, and thus helped to maintain the level of investment in these funds while offering stability to these

Mutual Funds Compared with other Financial Institutions

Assets of mutual funds have total assets of major United States financial intermediates 1986.

Grown much more rapidly than the assets of commercial banks or thrift institutions. While in 1986 the share of mutual funds in total assets of major United States financial intermediaries was only 9% by 1995 it had reached 16%. Besides mutual funds, pension plans and insurance companies have also increased their share.

At1996, the Untied States had 6,293 mutual funds with combined assets of $3.54 trillion. Mutual funds were second to commercial banks in asset size. At the end of the fourth quarter of 1996, the latest period for which figures are available form the Federal Reserve Board, the assets of commercial banks totaled $4.71 trillion.

Assets of other major financial institutions in the same period include private pension funds at $3.03 trillion. Life insurance companies at $2.24 trillion. State and local government pension plans, $1.74 trillion; and savings institutions at $1.04 trillion.

3.5 Assets of other major financial institutions in United States

FINANCIAL INSTITUTIONS	AMOUNT IN DOLLARS ($)
PRIVATE PENSION FUNDS	$ 3.03 TRILLION
LIFE INSURANCE COMPANIES	$ 2.24 TRILLION
GOVERNMENT PENSION PLANS	$ 1.74 TRILLION
SAVINGS INSTITUTIONS	$ 1.04 TRILLION

As large as the recent flows have been, mutual funds still hold relatively small portions of the markets in which they invest. At the end of 1995, they held 16% of the capitalization of the municipal bond market, 12% of the corporate equity market, 7% of the corporate and foreign bond market, and 5% of the United States Treasury and agency securities market.

In the United States, households own the majority of the mutual fund industry's $3.54 trillion in assets. As of year-end 1996, they held $2.63 trillion of mutual fund assets, while fiduciaries – banks and individuals serving as trustees, guardians, or administrators and other institutional investors held the remaining $913 billion.

In 1996, United States household purchased a net $543 billion in financial assets, including mutual funds, this was up 8.7% form $499.6 billion in 1995. The increase in net purchases of financial assets was partly financed through higher household savings, which rose 8.3% to $274.0 billion. In addition, a pickup in household borrowing in 1996 indirectly helped finance the increase in household purchase of financial assets.

Households have Major United States household financial assets 1986,1995 directed a significantly higher preparation of their financial assets to securities in recent years. The share of deposits has decreased correspondingly. In 1986, 31% of assets were placed directly in corporate equities and other securities, or in mutual funds. By 1995, this share had risen to 43% The proportion of mutual fund shares in total assets, meanwhile, rose form 4% to 7%. This upward trend continued in 1996.

Mutual funds are the investment vehicle of choice for many individual retirement plans. Consequently, the retirement market plays an increasingly important role in fund industry growth. At year end 1995, an estimated 35.7% of mutual fund assets, or about $1 trillion, was held by retirement plans. This was up from 33% or $716 billion in 1994, and 25% or $411 billion in 1992. In 1996, inflows to long-term funds from private pension plans doubled, especially from defined – contribution plans.

Research of the Investment Company Institute conducted in 1995 found that the average mutual fund investor is of the middle class is 44 years old has financial assets of $ 50,000 and is likely to be married and employed. The typical mutual fund investor purchased his or her first fund shares in 1990 or earlier (68%). Among these seasoned fund investors, 57% also own individual stocks, and 75% have Individual Retirement Accounts.

Fund investors have long-term goals. Retirement is cited by 84% as one of their investment goals, and 26% cite saving for their children's or grandchildren's college education. The typical mutual fund investor has assets in more than one type of fund. For instance, investors in equity mutual funds typically hold three different funds and more than half also hold bond and income funds.

Reasons for the Popularity of Funds

The growth in mutual fund assets world wide is part of the overall growth in both the size and maturity of many foreign capital markets. There are several reasons why this growth has occurred. First, the securities markets of many developed countries have benefited in recent years from favorable economic conditions. For example, Canada and Western Europe have experienced low interest and inflation rates, which have enhanced the attractiveness of their capital markets for investors worldwide.

Securities markets in some emerging markets have prospered because of new investment opportunities arising from economic reform, privatization, lowered trade barriers, and rapid economic growth. For example, the emerging markets of Malaysia, Mexico, "Taiwan, and China". And Korea are now among the 15 largest equity markets in the world.

At the same time, demand for capital has risen- especially in emerging markets. For mutual funds, emerging markets mean possibilities to diversify risks and benefit from higher capital, and in the case of venture capital funds, through management input

(Strategic and financial planning, marketing, etc). The infusion of foreign capital into local equities markets has improved liquidity and raised price- to- earnings rations, thus reducing the cost to firms of issuing new capital.

Among investors, mutual funds are popular because throughout the world they share many of the same basic needs and goals – a comfortable retirement, higher education for their children, and improved family living standards. Investors are turning to mutual funds for diversification and as a way to participate in growing securities markets. Professionally managed funds are a viable alternative for investing directly in securities. In addition, as many countries begin to face the prospect of aging populations, they are considering the need for increased private savings to meet retirement needs.

Countries as Chile have enacted new pension systems that place greater emphasis on the role of private investment in retirement savings. Mutual funds are often used as funding vehicles for such systems.

Stock Market in India – an overview

The Indian regulatory and supervisory framework of securities market has been adequately strengthened through the legislative and administrative measures in the recent past. The regulatory framework for securities market is consistent with the best international benchmarks, such as, standards prescribed by International Organization of Securities Commissions (IOSCO).

Extensive Capital Market Reforms were undertake during the 1990s encompassing legislative regulatory and institutional reforms. Statutory market regulator, which was created in 1992, was suitably empowered to regulate the collective investment schemes and plantation schemes through an amendment in 1999. Further, the organization surrendering of SEBI and suitable empowerment through compliance and enforcement powers including search and secure powers were given through an amendment in SEBI Act in 2002. Although dematerialization started in 1997 after the legal foundations for electronic book keeping were provided and depositors created the regulator mandated gradually that trading in most of the stocks take place only in dematerialized form.

Till 2001 India was the only sophisticated market having account period settlement alongside the derivatives products. From middle of 2001 uniform rolling settlement and same cycles were prescribed creating a true spot market. After the legal framework for derivatives trading was provided by the amendment of SCRA in 1999 derivatives trading started in a gradual manner with stock index futures in June 2000. Later on options and single stock futures were introduced in 2000-2001 and now India's derivatives market turnover is more than the cash market and India is one of the largest single stock futures markets in the world.

India's risk management systems have always been very modern and effective. The VAR based merging system was introduced in mid 2001 and the risk management systems have withstood huge volatility experienced in May 2003 and May 2004. This included real time exposure monitoring, disablement of broker terminals, VAR based merging etc.

India is one of the countries to have started the screen based trading of government securities in January 2003. In June 2003 the interest rate futures contracts on the screen based trading platform were introduced.

India is one of the few countries to have started the Straight Through Processing (STO) which will completely automate the process of order flow and clearing and settlement on the stock exchanges. RBI has introduced the Real Time Gross Settlement system (RTGS) in 2004 on experimental basis. RTGS will allow real delivery v/s. payment, which is the international norm, recognized by BIS and IOSCO. To improve the governance mechanism of stock exchanges and to protect the interest of investors in securities market the Securities Laws (Amendment) Ordinance was promulgated on 12th

Negotiated Dealing Systems – Electronics Order Matching (NDS) Launched

On august 1st, 2005, RBI launched the electronic order matching systems for trading in government securities on its Negotiated trading systems. In the first phase, RBI regulated entities, banks and primary dealers were allowed to trade on the system. The system was extended to all insurance entities in January 2006. The union budget, 2006-2007 announced the extension of the NDS-EOM module to qualified mutual funds (MFs) provided funds and pension funds. According, the RBI, in its credit Policy Statement announced on 18th April, 2006 has proposed:

- To permit MFs, which are NDS members, to access the NDS-EOM module with immediate effect. Other MFs would be permitted access by opening temporary current/SGL account with the Reserve Bank.

- To permit large pension/provident funds like CBOT/ Seamen's/Coal Miner's funds to access the NDS-EOM module by opening temporary current/SGl account with the Reserve bank. The smaller funds would be allowed access through the CSGL route.

These arrangement are being made on a temporary basis to enable immediate access to new participants to the NDS-EOM module. Meanwhile, software is being developed to shift all entities, other the bank and PDs, which access NDS-EOM from current account with the Reserve Bank to such account with commercial bank.

Mumbai as a Current for International Finance

In this budget speech the finance minister has made the announcement in paragraph 90 regarding appointment of a high powered expert committee to advise the government on how to make Mumbai a regional financial center. This committee has been constituted in November 2005 under the Chairmanship of Shri Percy S. Mistry Chairman. Oxford International Group.

Stock Exchanges in India

NORTH ZONE	EAST ZONE	WEST ZONE	SOUTH ZONE
KANPUR	BHUBANESWAR	AHMEDABAD	BANGALORE
LUDHINA	CALCUTTA	BARODA	CHENNAI
NEW DELHI	GAUHATI	INDORE	COCHIN
JAIPUR	PATNA	MUMBAI	COIMBATORE
		PUNE	HYDERABAD
		RAJKOT	MANGALORE
		INTERCONNECTED	
		NSE	
		OTC	

National Stock Exchange

The national stock exchange (NSE) is india leading stock exchange covering various cities and towns across the country. NSE was set up by leading institutions to provide a modern. Fully automated screen-based trading system with national reach. The exchange integrity. It has set up facilities that server as a model for the securities industry in terms of systems practices and procedures.

NSE has played a catalytic role in reforming the Indian securities market in terms of microstructure, market practices and trading volumes. The market today uses state-of-art information technology to provide an efficient and transparent trading, clearing and settlement mechanism, and has witnessed several innovations in products

& services via demutualization of stock exchange governance, screen based trading, compression of settlement cycles, dematerialization and electronic transfer of securities, securities leading and borrowing. Professionalisation of trading members, fine-tuned risk management systems, emergency of clearing corporations to assume counterparty risks, market of debit and derivative instruments and intensive use of information technology.

Bombay Stock Exchange

Bombay stock exchange limited is the oldest stock exchange in Asia with a rich heritage. Popularly known as "BSE". It was established as "The Native Share & Stock Brokers Association" in 1875. It is the first stock exchange in the country to obtained permanent recognition in 1956 from the government of India under the securities Contracts (Regulation) Act, 1956. The exchange pivotal and pre –eminent role in the developed of the India capital market is widely recognized and its index. SENSEX, is traced worldwide. Earlier an Association of person (AOP) the exchange is now a demutualized and corporatised entity incorporated under the provisions of the companies. Act, 1956 pursuant to the BSE (Corporatisation and demutualization Scheme, 2005) notified by the Securities and exchange Board of India (SEBI).

Demutualization the trading rights and ownership rights have been de-liked effectively addressing concerns regarding perceived and real conflicts of interest. The exchange is professionally managed under the overall direction of the board of directors. The board comprises eminent professionals, representatives of Trading Members and the managing director of the exchange. The border is inclusive and is designed to benefit from the participation of marked intermediaries.

In terms of organization structure, the board formulates larger policy issues and exercises over-all control. The committees constituted by the Board are board-based. The day-to-day operations of the Exchange are managed by the Managing Director and a management team of professionals. The Exchange has a nation-wide reach with a presence in 417 cities and towns of India. The systems and processes of the Exchange are designed to safeguard market integrity and enhance transparency in operations. During the year 2004-2005, the trading volumes on the Exchange showed robust growth.

The Exchange provides an efficient and transparent market for trading in equity debt instrument and derivative. The BSE's On Line Trading System (BOLT) is a proprietary system of the Exchange and is BS 7799-2-2002 certified. The surveillance and clearing & settlement functions of the exchange are ISO 9001:2000 certified.

Kankani Associates

Kankani associates are a premier integrated financial services provider for all its business segments, services over 1000 clients in various capacities. Kankani associates covers the entire spectrum of financial services such as Stock broking, Depositary Participants, Distribution of financial products- Mutual Funds, Equities, Insurance Broking, Commodities Broking, and Personal Finance Advisory Services. Kankani associates have a professional management team and best in technology, operations and research.

Since 2001, Kankani associates has traveled the success route, towards building a reputation as an integrated financial services provider offering a wide spectrum of services and they have mature these journey by taking the route of quality service, path breaking innovation services, versatility service and finally totality in service.

Analysis and Interpretation

CHAPTER-4

ANALYSIS AND INTERPRETATION

TABLE 4.1

TABLE SHOWING THE BANKING PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1^{ST}JAN'06 - 30^{TH}JUNE'06)

Table No.4.1.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1^{st} Jan'06 – 30^{th} June'06)

Index Name	A_1 (Points) 30^{th} June'06	A_0 (Points) 1^{st} Jan'06
Sensex	10609.25	9390.14

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

10609.25 – 9390.14 = 1219.11

II) 'D' Convert into Percentage = D/A_0*100 = P

1219.11 / 9390.14*100 = 12.98%

Table No.4.1.2

Table Showing the Percentage of Equity Average Difference Analysis in Banking Shares for the Period (1^{st} Jan'06 – 30^{th} June'06)

Banking Shares Name	B_1(Price in Rupees) 30^{th} June'06	B_0 (price in Rupees) 1^{st} Jan'06
State Bank of India	686.40	853.96
ICICI bank	487.40	597.00
Punjab National bank	325.55	472.45
Bank of Baroda	198.80	241.60

Banking Shares Name	**B_1(Price in Rupees) 30th June'06**	**B_0 (price in Rupees) 1st Jan'06**
Canara Bank	200.80	238.15
HDFC	1130.00	1193.95
HDFC Bank	791.15	713.25
Andhra Bank	62.50	93.70
IDBI Bank	57.75	98.25
Federal Bank	126.92	138.06
JM Financial	544.05	424.85
Axis Bank	266.75	288.30
Union Bank	90.40	120.35
Indian Overseas Bank	84.10	92.70
Shiram Tranfi	102.80	114.75
Kotak Mahindra Bank	242.70	224.60
Bank of India	101.90	125.35
Total	**5499.97**	**6031.27**
Average	**323.52**	**354.78**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

323.52 – 354.78 = -31.26

II) 'E' Convert into Percentage = E/B_0*100 = Q

-31.26 / 354.78*100 = -8.8%

Table No.4.1.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in Banking Funds for the Period (1st Jan'06 – 30th June'06)

Banking Funds Name	**C_1(NAV) 30th June'06**	**C_0(NAV) 1st Jan'06**
Reliance Banking Fund	25.29	31.65
UTI Banking Fund	13.32	15.88
Benchmark Bank BOES	376.35	465.80
Total	**414.96**	**513.33**
Average	**138.32**	**171.11**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

138.32 – 171.11 = -32.79

II) 'F' Convert into Percentage = F/C_0*100 = R

-32.79 / 171.11*100 = -19.16%

Table No.4.1.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in Banking Sector for the Period (1st Jan'06 – 30th June'06)

Variable Name	**Percentage**
Benchmark (P)	12.98%
Equity (Q)	-8.8%
Mutual Funds (R)	-19.16%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

-8.8% - 12.98% = -21.78%

II) Percentage difference between benchmark and mutual funds = R - P = Y

Table No.4.1.5

Table Showing the Performance Analysis between Benchmark and Equity / Mutual Funds in Banking Sector for the Period (1st Jan'06 – 30th June'06)

Variable Name	Percentage
Equity (Z_1)	-167.33%
Mutual Funds (Z_2)	-247.61%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

-21.72 / 12.98*100 = - 167.33%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

-32.14 / 12.98*100 = - 247.61%

INTERPRETATION

From the table 4.1.1 shows the difference of sensex (benchmark) as 1219.11 and growth rate was 12.98% for the period of 1st January'06 to 30th June'06. Table 4.1.2 shows the difference of banking shares average as -31.26 and the percentage as -8.8 for the above period. Table 4.1.3 shows the difference of banking funds average as -32.79 and the percentage as -19.16 for the above period. Table 4.1.4 shows the percentage difference between the sensex (benchmark) and banking equity as -21.78 and the percentage difference between the sensex (benchmark) and banking mutual funds as -32.14. And finally table 4.1.5 shows the performance analysis between the sensex (benchmark) and banking equity as -167.32% and the performance analysis between the sensex (benchmark) and banking mutual funds as -247.61%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of bank was under performing during the period (1st Jan'06 to 30th June'06) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds.

CHART 4.1

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN BANKING SECTOR DURING THE PERIOD (1ST JAN '06 - 30Th JUNE '06)

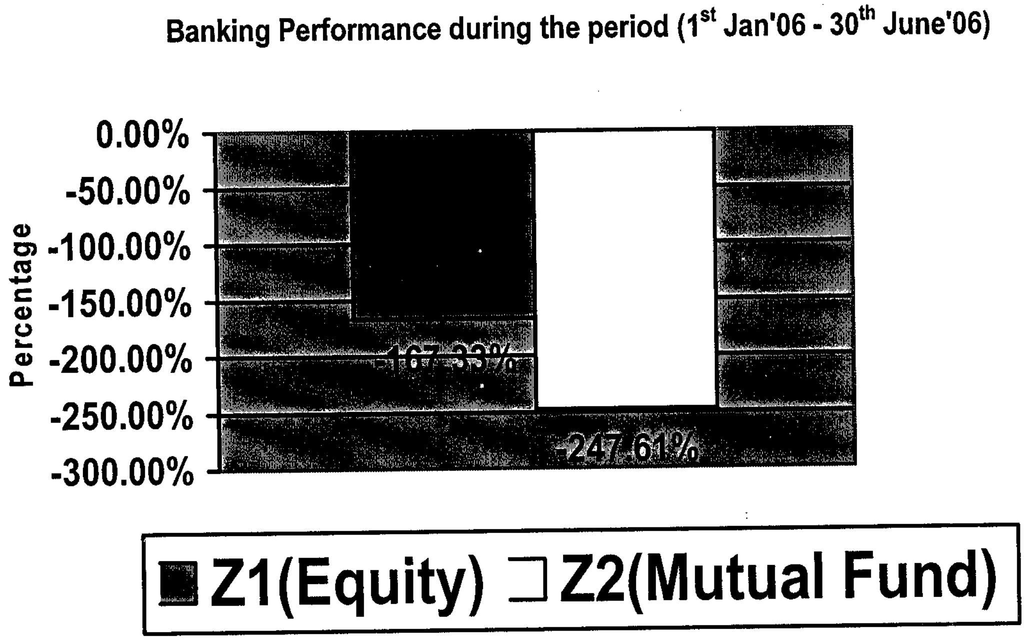


TABLE 4.2

TABLE SHOWING THE BANKING PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1STJULY'06 - 31STDECEMBER'06)

Table No.4.2.1

Table showing the Percentage of Benchmark Analysis in Sensex for the Period (1st July'06 – 31st Dec'06)

Index Name	A_1 (Points) 31st Dec'06	A_0 (Points) 1st July'06
Sensex	13786.91	10695.26

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

13786.91 – 10695.26 = 3091.65

II) 'D' Convert into Percentage = D/A_0*100 = P

3091.65 / 10695.26*100 = 28.90%

Table No.4.2.2

Table showing the Percentage of Equity Average Difference Analysis in Banking Shares for the Period (1st July'06 – 30th Dec'06)

Banking Shares Name	B_1(Price in Rupees) 31st Dec'06	B_0 (price in Rupees) 1st July'06
State Bank of India	1175.51	700.36
ICICI bank	890.40	488.85
Punjab National bank	506.95	323.05
Bank of Baroda	239.90	197.55
Canara Bank	276.20	201.60
HDFC	1624.55	1130.45

Banking Shares Name	B_1(Price in Rupees) 31st Dec'06	B_0 (price in Rupees) 1st July'06
HDFC Bank	1069.75	778.50
Andhra Bank	86.60	61.85
IDBI Bank	76.30	57.00
Federal Bank	166.61	125.88
JM Financial	816.90	544.05
Axis Bank	469.05	275.70
Union Bank	122.65	89.30
Indian Overseas Bank	110.70	83.85
Shiram Tranfi	136.05	103.10
Kotak Mahindra Bank	399.40	242.95
Bank of India	207.90	100.25
Total	**8375.42**	**5504.29**
Average	**492.67**	**323.78**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

492.67 – 323.78 = 168.89

II) 'E' Convert into Percentage = E/B_0*100 = Q

168.89 / 323.78*100 = 52.16%

Table No.4.2.3

Table showing the Percentage of Mutual Funds Average Difference Analysis in Banking Funds for the Period (1st July'06 – 31st Dec'06)

Banking Funds Name	C_1(NAV) 31st Dec'06	C_0(NAV) 1st July'06
Reliance Banking Fund	37.44	25.42
UTI Banking Fund	20.77	13.39
Benchmark Bank BOES	608.75	377.37
Total	**666.96**	**416.18**
Average	**222.32**	**138.72**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

222.32 – 138.72 = 83.60

II) 'F' Convert into Percentage = F/C_0*100 = R

83.60 / 138.72*100 = 60.26%

Table No.4.2.4

Table showing the Percentage Difference between Benchmark and Equity / Mutual Funds in Banking Sector for the Period (1st July'06 – 31st Dec'06)

Variable Name	Percentage
Benchmark (P)	28.90%
Equity (Q)	52.16%
Mutual Funds (R)	60.26%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

52.16% - 28.90% = 23.26%

II) Percentage difference between benchmark and mutual funds = R - P = Y

Table No.4.2.5

Table showing the Performance Analysis between Benchmark and Equity / Mutual Funds in Banking Sector for the Period (1st July'06 – 31st Dec'06)

Variable Name	Percentage
Equity (Z_1)	80.48%
Mutual Funds (Z_2)	108.16%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

23.26 / 28.90*100 = 80.48%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

31.26 / 28.90*100 = 108.16%

INTERPRETATION

From the table 4.2.1 shows the difference of sensex (benchmark) as 3091.65 and growth rate was 28.90% for the period of 1st July'06 to 30th Dec'06. Table 4.2.2 shows the difference of banking shares average as 168.89 and the percentage as 52.16 for the above period. Table 4.2.3 shows the difference of banking funds average as 83.60 and the percentage as 60.26 for the above period. Table 4.2.4 shows the percentage difference between the sensex (benchmark) and banking equity as 23.26 and the percentage difference between the sensex (benchmark) and banking mutual funds as 31.26. And finally table 4.2.5 shows the performance analysis between the sensex (benchmark) and banking equity as 80.48% and the performance analysis between the sensex (benchmark) and banking mutual funds as 108.16%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of bank was over performing during the period (1st July'06 to 31stDec'06) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The

CHART 4.2

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN BANKING SECTOR DURING THE PERIOD (1ST JULY '06 - 31ST DEC '06)

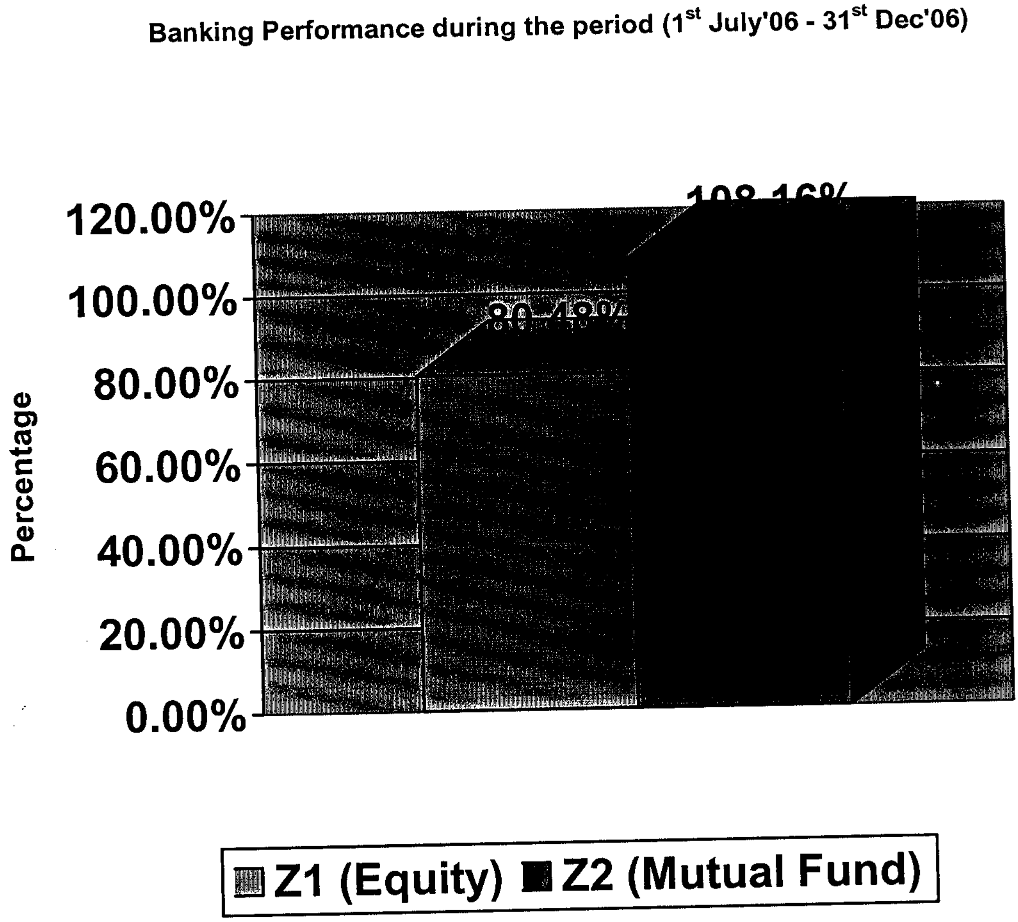


TABLE 4.3

TABLE SHOWING THE BANKING PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1ST JAN'07 - 30TH JUNE'07)

Table No.4.3.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1st Jan'07 – 30th June'07)

Index Name	A_1 (Points) 30th June'07	A_0 (Points) 1st Jan'07
Sensex	14650.51	13942.24

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

14650.51 – 13942.24 = 708.27

II) 'D' Convert into Percentage = D/A_0*100 = P

708.27 / 13942.24*100 = 5%

Table No.4.3.2

Table Showing the Percentage of Equity Average Difference Analysis in Banking Shares for the Period (1st Jan'07 – 30th June'07)

Banking Shares Name	B_1(Price in Rupees) 30th June'07	B_0 (price in Rupees) 1st Jan'07
State Bank of India	1439.12	1183.24
ICICI bank	955.30	896.85
Punjab National bank	539.80	511.00
Bank of Baroda	270.25	242.15
Canara Bank	269.65	277.30
HDFC	2030.20	1620.00

Banking Shares Name	**B_1(Price in Rupees) 30th June'07**	**B_0 (price in Rupees) 1st Jan'07**
HDFC Bank	1144.10	1068.70
Andhra Bank	85.95	86.60
IDBI Bank	118.65	76.10
Federal Bank	230.58	169.78
JM Financial	1060.35	824.80
Axis Bank	605.00	467.45
Union Bank	132.30	122.35
Indian Overseas Bank	117.65	113.00
Shiram Tranfi	162.40	132.50
Kotak Mahindra Bank	672.50	400.05
Bank of India	232.75	208.20
Total	**10066.55**	**8400.07**
Average	**592.15**	**494.12**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

592.15 – 494.12 = 98.03

II) 'E' Convert into Percentage = E/B_0*100 = Q

98.03 / 494.12*100 = 19.83%

Table No.4.3.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in Banking Funds for the Period (1st Jan'07 – 30th June'07)

Banking Funds Name	**C_1(NAV) 30th June'07**	**C_0(NAV) 1st Jan'07**
Reliance Banking Fund	45.83	37.76
UTI Banking Fund	24.06	20.84
Benchmark Bank BOES	682.09	611.80
Total	**751.98**	**670.40**
Average	**250.66**	**223.46**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

250.66 – 223.46 = 27.20

II) 'F' Convert into Percentage = F/C_0*100 = R

27.20 / 223.46*100 = 12.17%

Table No.4.3.4

Table Showing the Percentage Difference between Benchmark with Equity / Mutual Funds in Banking Sector for the Period (1st Jan'07 – 30th June'07)

Variable Name	**Percentage**
Benchmark (P)	5%
Equity (Q)	19.83%
Mutual Funds (R)	12.17%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

19.83% - 5% = 14.83%

II) Percentage difference between benchmark and mutual funds = R - P = Y

Table No.4.3.5

Table Showing the Performance Analysis between Benchmark with Equity / Mutual Funds in Banking Sector for the Period (1st Jan'07 – 30th June'07)

Variable Name	Percentage
Equity (Z_1)	296.60%
Mutual Funds (Z_2)	143.40%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

14.83 / 5*100 = 296.60%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

7.17 / 5*100 = 143.40%

INTERPRETATION

From the table 4.3.1 shows the difference of sensex (benchmark) as 708.27 and growth rate was 5% for the period of 1st January'07 to 30th June'07. Table 4.3.2 shows the difference of banking shares average as 98.03 and the percentage as 19.83 for the above period. Table 4.3.3 shows the difference of banking funds average as 27.20 and the percentage as 12.17 for the above period. Table 4.3.4 shows the percentage difference between the sensex (benchmark) and banking equity as 14.83 and the percentage difference between the sensex (benchmark) and banking mutual funds as 7.17. And finally table 4.3.5 shows the performance analysis between the sensex (benchmark) and banking equity as 296.60% and the performance analysis between the sensex (benchmark) and banking mutual funds as 143.40%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of bank was over performing during the period (1st Jan'07 to 30th June'07) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The

CHART 4.3

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN BANKING SECTOR DURING THE PERIOD (1^{ST} JAN '07 - 30^{TH} JUNE '07)

Banking Performance during the period (1^{st} Jan'07 - 30^{th} June'07)

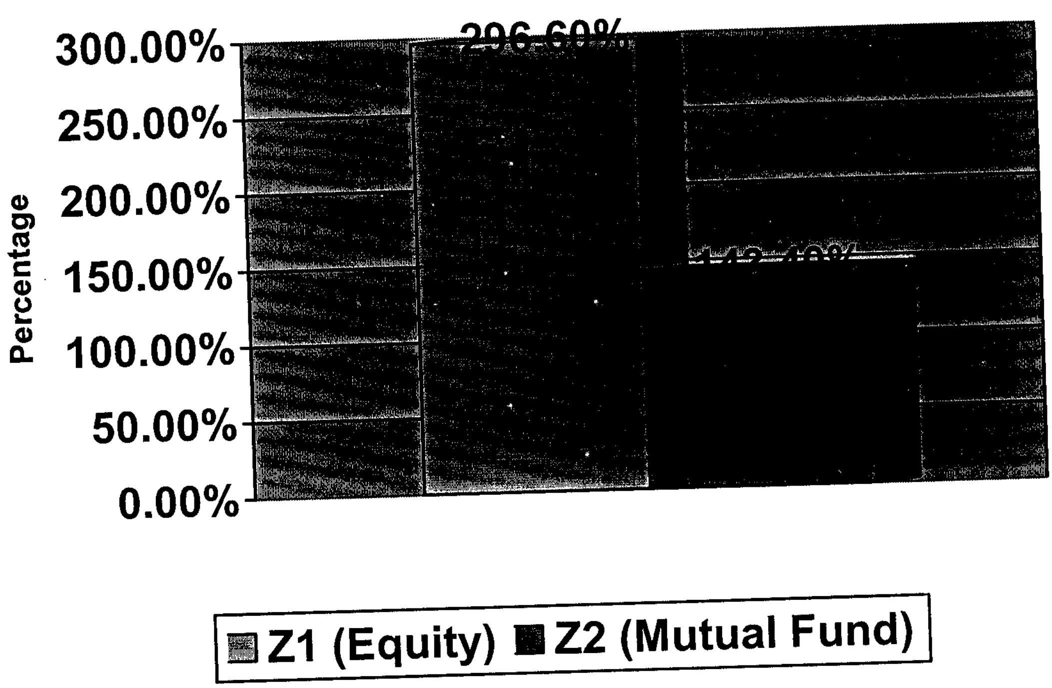


TABLE 4.4

TABLE SHOWING THE BANKING PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1^{ST}JULY'07 - 31^{ST}DECEMBER'07)

Table No.4.4.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1^{st} July'07 – 31^{st} Dec'07)

Index Name	A_1 (Points) 31^{st} Dec'07	A_0 (Points) 1^{st} July'07
Sensex	20286.99	14664.26

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

20286.99 – 14664.26 = 5622.73

II) 'D' Convert into Percentage = D/A_0*100 = P

5622.73 / 14664.26*100 = 38.34%

Table No.4.4.2

Table Showing the Percentage of Equity Average Difference Analysis in Banking Shares for the Period (1^{st} July'07 – 30^{th} Dec'07)

Banking Shares Name	B_1(Price in Rupees) 31^{st} Dec'07	B_0 (price in Rupees) 1^{st} July'07
State Bank of India	2237.24	1493.04
ICICI bank	1232.40	966.20
Punjab National bank	664.35	543.35
Bank of Baroda	459.60	275.00
Canara Bank	332.05	277.35
HDFC	2872.45	1998.20

Banking Shares Name	**B_1(Price in Rupees) 31st Dec'07**	**B_0 (price in Rupees) 1st July'07**
HDFC Bank	1727.80	1150.55
Andhra Bank	102.50	86.20
IDBI Bank	165.30	120.95
Federal Bank	335.95	228.41
JM Financial	2882.30	1065.95
Axis Bank	967.10	623.45
Union Bank	206.35	133.85
Indian Overseas Bank	178.70	117.45
Shiram Tranfi	409.70	164.75
Kotak Mahindra Bank	1296.20	672.40
Bank of India	365.45	228.55
Total	**16435.44**	**10145.30**
Average	**966.79**	**596.78**

Calculation:

I) Equity Average Difference = $B_1 - B_0 = E$

$966.79 - 596.78 = 370.01$

II) 'E' Convert into Percentage = $E/B_0*100 = Q$

$370.01 / 596.78*100 = 62\%$

Table No.4.4.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in Banking Funds for the Period (1st July'07 – 31st Dec'07)

Banking Funds Name	C_1(NAV) 31st Dec'07	C_0(NAV) 1st July'07
Reliance Banking Fund	66.25	46.93
UTI Banking Fund	34.58	24.48
Benchmark Bank BOES	987.61	693.76
Total	**1088.44**	**765.17**
Average	**362.81**	**255.05**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

362.81 – 255.05 = 107.76

II) 'F' Convert into Percentage = F/C_0*100 = R

107.76 / 255.05*100 = 42.25%

Table No.4.4.4

Table Showing the Percentage Difference between Benchmark with Equity / Mutual Funds in Banking Sector for the Period (1st July'07 – 31st Dec'07)

Variable Name	Percentage
Benchmark (P)	38.34%
Equity (Q)	62%
Mutual Funds (R)	42.25%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

62% - 38.34% = 23.66%

II) Percentage difference between benchmark and mutual funds = R - P = Y

Table No.4.4.5

Table Showing the Performance Analysis between Benchmark with Equity/ Mutual Funds in Banking Sector for the Period (1st July'07 – 31st Dec'07)

Variable Name	Percentage
Equity (Z_1)	61.71%
Mutual Funds (Z_2)	10.19%

Calculation:

I) Performance analysis between benchmark and equity = X/P*100 = Z_1
23.66 / 38.34*100 = 61.71%

II) Performance analysis between benchmark and mutual funds = Y/P*100 = Z_2
3.91/ 38.34*100 = 10.19%

INTERPRETATION

From the table 4.4.1 shows the difference of sensex (benchmark) as 5622.73 and growth rate was 38.34% for the period of 1st July'07 to 30th Dec'07. Table 4.4.2 shows the difference of banking shares average as 370.01 and the percentage as 62 for the above period. Table 4.4.3 shows the difference of banking funds average as 107.76 and the percentage as 42.25 for the above period. Table 4.4.4 shows the percentage difference between the sensex (benchmark) and banking equity as 23.66 and the percentage difference between the sensex (benchmark) and banking mutual funds as 3.91. And finally table 4.4.5 shows the performance analysis between the sensex (benchmark) and banking equity as 61.71% and the performance analysis between the sensex (benchmark) and banking mutual funds as 10.19%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of bank was over performing during the period (1st July'07 to 31st Dec'07) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds.

CHART 4.4

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN BANKING SECTOR DURING THE PERIOD (1ST JULY '07 - 31ST DEC '07)

Banking Performance during the period (1st July'07 - 31st Dec'07)

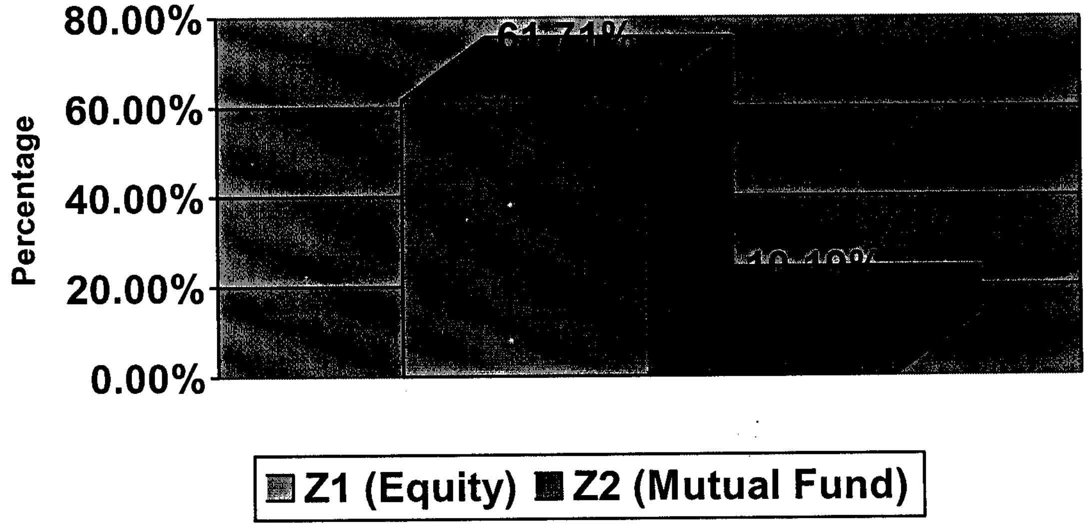


TABLE 4.5

TABLE SHOWING THE IT PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1ST JAN'06 - 30TH JUNE'06)

Table No.4.5.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1st Jan'06 – 30th June'06)

Index Name	A_1 (Points) 30th June'06	A_0 (Points) 1st Jan'06
Sensex	10609.25	9390.14

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

10609.25 – 9390.14 = 1219.11

II) 'D' Convert into Percentage = D/A_0*100 = P

1219.11 / 9390.14*100 = 12.98%

Table No.4.5.2

Table Showing the Percentage of Equity Average Difference Analysis in IT Shares for the Period (1st Jan'06 – 30th June'06)

IT Shares Name	B_1(Price in Rupees) 30th June'06	B_0 (price in Rupees) 1st Jan'06
Infosys	1538.78	1489.43
TCS	867.83	844.95
Satyam	355.70	365.63
Wipro	513.75	461.40
InfoTech	159.21	173.79
HCL	251.05	269.80
3i InfoTech	73.15	97.35

IT Shares Name	B_1(Price in Rupees) 30th June'06	B_0 (price in Rupees) 1st Jan'06
Mphasis	151.55	151.35
Tulip IT	264.10	309.55
Geodesic	103.06	149.95
KPIT	81.04	76.74
Opto Circuits	119.54	86.44
Polaris	73.95	132.30
Patni Computers	336.40	492.95
Bharti Airtel	370.00	339.50
Financial Tech	1199.85	1309.10
Hindula venture	503.05	367.35
Adlabs labs	253.35	346.10
Total	**7215.36**	**7463.68**
Average	**400.85**	**414.64**

Calculation:

I) Equity Average Difference = $B_1 - B_0 = E$

400.85 – 414.64 = -13.79

II) 'E' Convert into Percentage = $E/B_0*100 = Q$

-13.79 / 414.64*100 = -3.32%

Table No.4.5.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in IT Funds for the Period (1st Jan'06 – 30th June'06)

IT Funds Name	C_1(NAV) 30th June'06	C_0(NAV) 1st Jan'06
SBI Magnum IT Fund	17.69	17.93
Kotak Tech Fund	7.63	7.89
Franklin InfoTech Fund	39.19	38.55
Total	**64.51**	**64.37**
Average	**21.50**	**21.45**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

21.50 – 21.45 = 0.05

II) 'F' Convert into Percentage = F/C_0*100 = R

0.05 / 21.45*100 = 0.23%

Table No.4.5.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in IT Sector for the Period (1st Jan'06 – 30th June'06)

Variable Name	Percentage
Benchmark (P)	12.98%
Equity (Q)	-3.32 %
Mutual Funds (R)	0.23%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

-3.32% - 12.98% = -16.30%

II) Percentage difference between benchmark and mutual funds = R - P = Y

Table No.4.5.5

Performance Analysis between Benchmark and Equity / Mutual Funds in IT Sector During the Period (1st Jan'06 – 30th June'06)

Variable Name	Percentage
Equity (Z_1)	-125.57%
Mutual Funds (Z_2)	-98.22%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

-16.30 / 12.98*100 = - 125.57%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

-12.75 / 12.98*100 = - 98.22%

INTERPRETATION

From the table 4.5.1 shows the difference of sensex (benchmark) as 1219.11 and growth rate was 12.98% for the period of 1st January'06 to 30th June'06. Table 4.5.2 shows the difference of IT shares average as -13.79 and the percentage as -3.32 for the above period. Table 4.5.3 shows the difference of IT funds average as 0.05 and the percentage as 0.23 for the above period. Table 4.5.4 shows the percentage difference between the sensex (benchmark) and IT equity as -16.30 and the percentage difference between the sensex (benchmark) and IT mutual funds as -12.75. And finally table 4.5.5 shows the performance analysis between the sensex (benchmark) and IT equity as -125.57% and the performance analysis between the sensex (benchmark) and IT mutual funds as -98.22%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of IT was under performing during the period (1st Jan'06 to 30th June'06) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The mutual funds got over performance compare with equity.

CHART 4.5

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN IT SECTOR DURING THE PERIOD (1^{ST} JAN '06 - 31^{ST} JUNE '06)

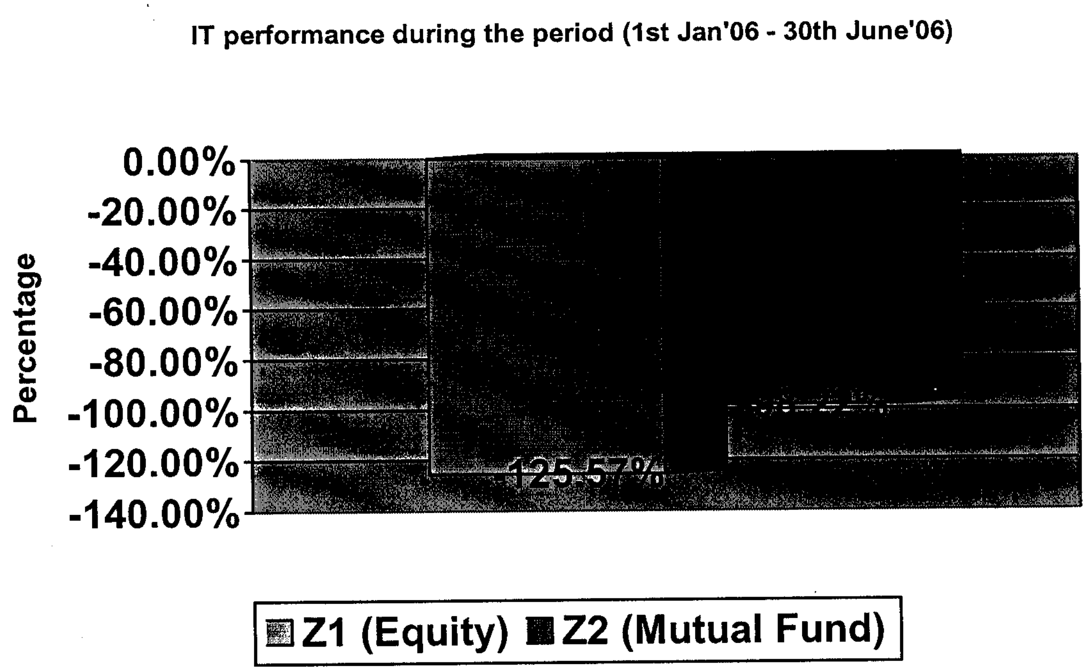


TABLE 4.6

TABLE SHOWING THE IT PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1STJULY'06 - 31STDECEMBER'06)

Table No.4.6.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1st July'06 – 31st Dec'06)

Index Name	A_1 (Points) 31st Dec'06	A_0 (Points) 1st July'06
Sensex	13786.91	10695.26

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

13786.91 – 10695.26 = 3091.65

II) 'D' Convert into Percentage = D/A_0*100 = P

3091.65 / 10695.26*100 = 28.90%

Table No.4.6.2

Table Showing the Percentage of Equity Average Difference Analysis in IT Shares for the Period (1st July'06 – 30th Dec'06)

IT Shares Name	B_1(Price in Rupees) 31st Dec'06	B_0 (price in Rupees) 1st July'06
Infosys	2240.50	1576.03
TCS	1218.60	899.93
Satyam	483.95	359.50
Wipro	604.55	501.75
InfoTech	321.40	162.39
HCL	324.25	254.15
3i InfoTech	93.80	75.90

IT Shares Name	B_1(Price in Rupees) 31st Dec'06	B_0 (price in Rupees) 1st July'06
Mphasis	303.45	153.60
Tulip IT	524.70	262.10
Geodesic	119.72	101.66
KPIT	138.86	81.20
Opto Circuits	190.51	118.41
Polaris	172.85	73.60
Patni Computers	417.75	334.80
Bharti Airtel	628.85	369.95
Financial Tech	1774.25	1176.80
Hindula venture	737.20	503.00
Adlabs labs	433.65	351.60
Total	**10728.84**	**7356.37**
Average	**596.04**	**408.68**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

596.04 – 408.68 = 187.36

II) 'E' Convert into Percentage = E/B_0*100 = Q

187.36 / 408.68*100 = 45.84%

Table No.4.6.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in IT Funds for the Period (1st July'06 – 31st Dec'06)

IT Funds Name	C_1(NAV) 31st Dec'06	C_0(NAV) 1st July'06
SBI Magnum IT Fund	27.03	17.96
Kotak Tech Fund	10.82	7.70
Franklin InfoTech Fund	55.12	39.84
Total	**92.97**	**65.50**
Average	**30.99**	**21.83**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

30.99 – 21.83 = 9.16

II) 'F' Convert into Percentage = F/C_0*100 = R

9.16 / 21.83*100 = 41.96%

Table No.4.6.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in IT Sector for the Period (1st July'06 – 31st Dec'06)

Variable Name	Percentage
Benchmark (P)	28.90%
Equity (Q)	45.84%
Mutual Funds (R)	41.96%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

45.84% - 28.90% = 16.94%

II) Percentage difference between benchmark and mutual funds = R - P = Y

Table No.4.6.5

Table Showing the Performance Analysis between Benchmark and Equity / Mutual Funds in IT Sector for the Period (1st July'06 – 31st Dec'06)

Variable Name	Percentage
Equity (Z_1)	58.61%
Mutual Funds (Z_2)	45.19%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

16.94 / 28.90*100 = 58.61%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

13.06 / 28.90*100 = 45.19%

INTERPRETATION

From the table 4.6.1 shows the difference of sensex (benchmark) as 3091.65 and growth rate was 28.90% for the period of 1st July'06 to 30th Dec'06. Table 4.6.2 shows the difference of IT shares average as 187.36 and the percentage as 45.84 for the above period. Table 4.6.3 shows the difference of IT funds average as 9.16 and the percentage as 41.96 for the above period. Table 4.6.4 shows the percentage difference between the sensex (benchmark) and IT equity as 16.94 and the percentage difference between the sensex (benchmark) and IT mutual funds as 13.06. And finally table 4.6.5 shows the performance analysis between the sensex (benchmark) and IT equity as 58.61% and the performance analysis between the sensex (benchmark) and IT mutual funds as 45.19%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of IT was over performing during the period (1st July'06 to 31stDec'06) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds

CHART 4.6

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN IT SECTOR DURING THE PERIOD (1^{ST} JULY '06 – 31^{ST} DEC '06)

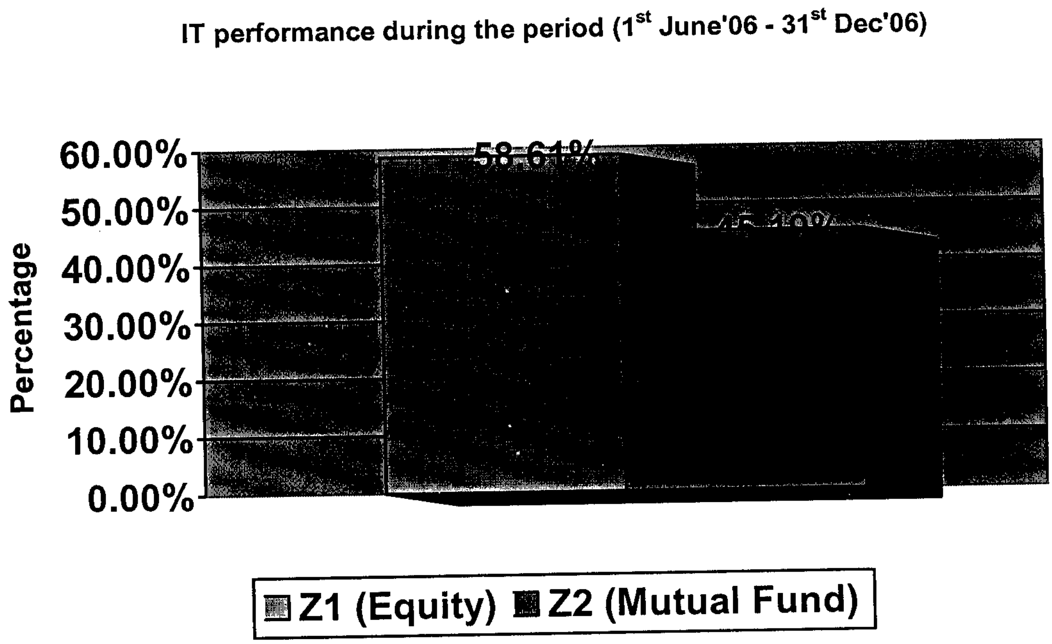


TABLE 4.7

TABLE SHOWING THE IT PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1ST JAN'07 - 30TH JUNE'07)

Table No.4.7.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1st Jan'07 – 30th June'07)

Index Name	A_1 (Points) 30th June'07	A_0 (Points) 1st Jan'07
Sensex	14650.51	13942.24

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

14650.51 – 13942.24 = 708.27

II) 'D' Convert into Percentage = D/A_0*100 = P

708.27 / 13942.24*100 = 5%

Table No.4.7.2

Table Showing the Percentage of Equity Average Difference Analysis in IT Shares for the Period (1st Jan'07 – 30th June'07)

IT Shares Name	B_1(Price in Rupees) 30th June'07	B_0 (price in Rupees) 1st Jan'07
Infosys	1929.20	2272.45
TCS	1149.25	1248.55
Satyam	467.30	508.35
Wipro	518.50	611.50
InfoTech	396.80	331.85
HCL	344.00	318.78
3i InfoTech	152.13	105.88

IT Shares Name	B_1(Price in Rupees) 30th June'07	B_0 (price in Rupees) 1st Jan'07
Mphasis	328.35	302.45
Tulip IT	772.05	528.20
Geodesic	196.31	127.75
KPIT	138.70	140.43
Opto Circuits	256.17	191.28
Polaris	153.10	174.20
Patni Computers	518.10	417.35
Bharti Airtel	835.95	633.00
Financial Tech	3016.50	1767.90
Hindula venture	467.15	765.60
Adlabs labs	562.95	451.30
Total	**12202.51**	**10896.82**
Average	**677.91**	**605.37**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

677.91 – 605.37 = 72.54

II) 'E' Convert into Percentage = E/B_0*100 = Q

72.54 / 605.37*100 = 11.98%

Table No.4.7.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in IT Funds for the Period (1st Jan'07 – 30th June'07)

IT Funds Name	C_1(NAV) 30th June'07	C_0(NAV) 1st Jan'07
SBI Magnum IT Fund	29.23	27.63
Kotak Tech Fund	10.61	10.94
Franklin InfoTech Fund	50.60	55.93
Total	**90.44**	**94.50**
Average	**30.14**	**31.50**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

30.14 – 31.50 = -1.36

II) 'F' Convert into Percentage = F/C_0*100 = R

-1.36 / 31.50*100 = - 4.31%

Table No.4.7.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in IT Sector for the Period (1st Jan'07 – 30th June'07)

Variable Name	Percentage
Benchmark (P)	5%
Equity (Q)	11.98%
Mutual Funds (R)	- 4.31%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

11.98% - 5% = 6.98%

II) Percentage difference between benchmark and mutual funds = R - P = Y

Table No.4.7.5

Table Showing the Performance Analysis between Benchmark and Equity / Mutual Funds in IT Sector for the Period (1st Jan'07 – 30th June'07)

Variable Name	Percentage
Equity (Z_1)	139.60%
Mutual Funds (Z_2)	-186.20%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

6.98 / 5*100 = 139.60%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

-9.31 / 5*100 = -186.20%

INTERPRETATION

From the table 4.7.1 shows the difference of sensex (benchmark) as 708.27 and growth rate was 5% for the period of 1st January'07 to 30th June'07. Table 4.7.2 shows the difference of IT shares average as 72.54 and the percentage as 11.98 for the above period. Table 4.7.3 shows the difference of IT funds average as -1.36 and the percentage as - 4.31 for the above period. Table 4.7.4 shows the percentage difference between the sensex (benchmark) and IT equity as 6.98 and the percentage difference between the sensex (benchmark) and IT mutual funds as -9.31. And finally table 4.7.5 shows the performance analysis between the sensex (benchmark) and IT equity as 139.60% and the performance analysis between the sensex (benchmark) and IT mutual funds as -186.20%.

INFERENCE

From the above mentioned tables it is inferred that the equity of IT was over performing and mutual funds of IT was under performing during the period (1st Jan'07 to 30th June'07) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds.

CHART 4.7

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN IT SECTOR DURING THE PERIOD (1ST JAN '07 – 30TH JUNE '07)

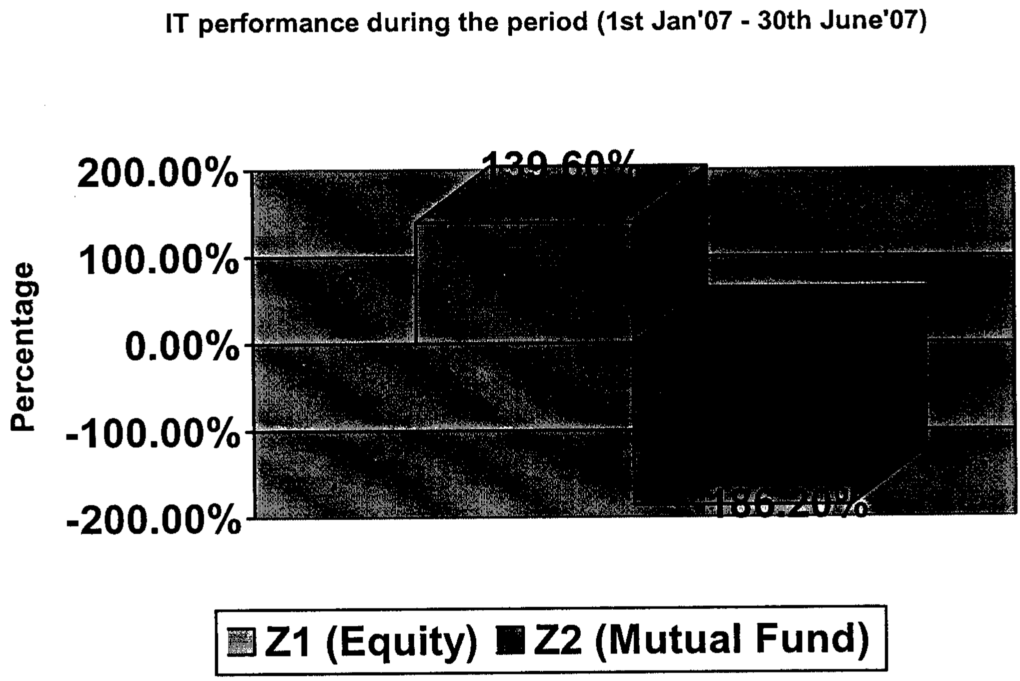


TABLE 4.8

TABLE SHOWING THE IT PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD

(1^{ST}JULY'07 - 31^{ST}DECEMBER'07)

Table No.4.8.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1^{st} July'07 – 31^{st} Dec'07)

Index Name	A_1 (Points) 31^{st} Dec'07	A_0 (Points) 1^{st} July'07
Sensex	20286.99	14664.26

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

20286.99 – 14664.26 = 5622.73

II) 'D' Convert into Percentage = D/A_0*100 = P

5622.73 / 14664.26*100 = 38.34%

Table No.4.8.2

Table Showing the Percentage of Equity Average Difference Analysis in IT Shares for the Period (1^{st} July'07 – 30^{th} Dec'07)

IT Shares Name	B_1(Price in Rupees) 31^{st} Dec'07	B_0 (price in Rupees) 1^{st} July'07
Infosys	1768.40	1947.05
TCS	1083.35	1127.75
Satyam	449.15	471.45
Wipro	525.60	515.15
InfoTech	312.05	403.30
HCL	331.40	335.15
3i InfoTech	145.75	161.13

IT Shares Name	B_1(Price in Rupees) 31st Dec'07	B_0 (price in Rupees) 1st July'07
Mphasis	283.00	326.55
Tulip IT	1115.80	760.70
Geodesic	231.75	199.48
KPIT	133.75	137.55
Opto Circuits	508.65	249.28
Polaris	126.25	153.05
Patni Computers	331.55	516.10
Bharti Airtel	994.55	866.60
Financial Tech	2619.55	2967.70
Hindula venture	690.50	466.40
Adlabs labs	1377.20	582.95
Total	**13028.25**	**12187.34**
Average	**723.79**	**677.07**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

723.79 – 677.07 = 46.72

II) 'E' Convert into Percentage = E/B_0*100 = Q

46.72 / 677.07*100 = 6.9%

Table No.4.8.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in IT Funds for the Period (1st July'07 – 31st Dec'07)

IT Funds Name	C_1(NAV) 31st Dec'07	C_0(NAV) 1st July'07
SBI Magnum IT Fund	24.83	29.31
Kotak Tech Fund	10.84	10.61
Franklin InfoTech Fund	46.42	50.53
Total	**82.09**	**90.45**
Average	**27.36**	**30.15**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

27.36 – 30.15 = - 2.79

II) 'F' Convert into Percentage = F/C_0*100 = R

-2.79 / 30.15*100 = -9.25%

Table No.4.8.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in IT Sector for the Period (1st July'07 – 31st Dec'07)

Variable Name	Percentage
Benchmark (P)	38.34%
Equity (Q)	6.9%
Mutual Funds (R)	-9.25%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

6.9% - 38.34% = -31.44%

II) Percentage difference between benchmark and mutual funds = R - P = Y

-9.25% - 38.34% = -47.59%

Table No.4.8.5

Table Showing the Performance Analysis between Benchmark and Equity / Mutual Funds in IT Sector for the Period (1^{st} July'07 - 31^{st} Dec'07)

Variable Name	Percentage
Equity (Z_1)	-82%
Mutual Funds (Z_2)	-124.12%

Calculation:

I) Performance analysis between benchmark and equity = X/P*100 = Z_1
   -31.44 / 38.34*100 = -82%

II) Performance analysis between benchmark and mutual funds = Y/P*100 = Z_2
   -47.59/ 38.34*100 = -124.12%

INTERPRETATION

From the table 4.8.1 shows the difference of sensex (benchmark) as 5622.73 and growth rate was 38.34% for the period of 1^{st} July'07 to 30^{th} Dec'07. Table 4.8.2 shows the difference of IT shares average as 46.72 and the percentage as 6.9 for the above period. Table 4.8.3 shows the difference of IT funds average as - 2.79 and the percentage as - 9.25 for the above period. Table 4.8.4 shows the percentage difference between the sensex (benchmark) and IT equity as -31.44 and the percentage difference between the sensex (benchmark) and IT mutual funds as -47.59. And finally table 4.8.5 shows the performance analysis between the sensex (benchmark) and IT equity as -82% and the performance analysis between the sensex (benchmark) and IT mutual funds as - 124.12%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of IT was under performing during the period (1^{st} July'07 to 31^{st} Dec'07) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds.

CHART 4.8

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN IT SECTOR DURING THE PERIOD (1ST JULY '07 - 31ST DEC '07)

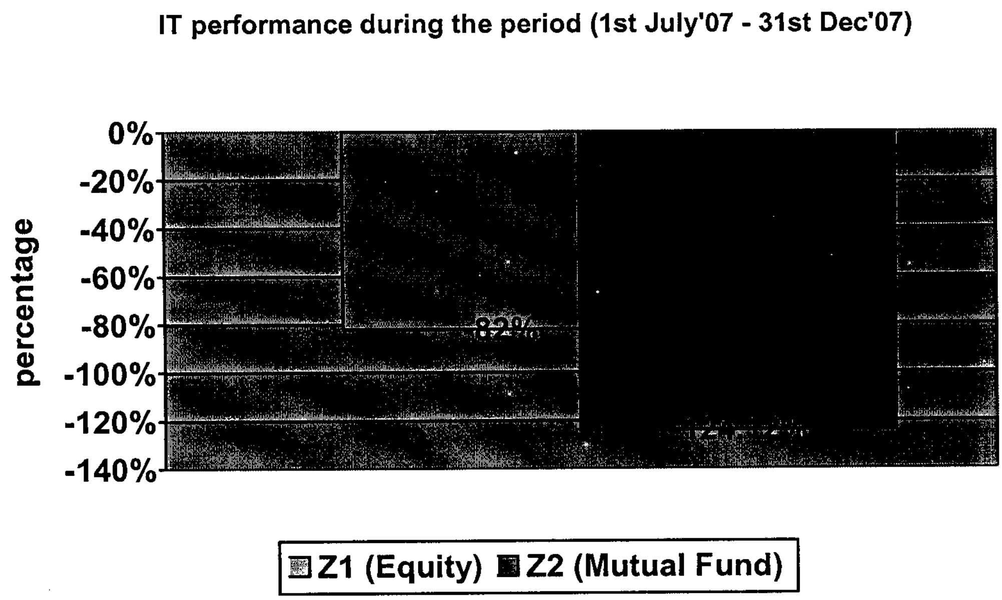


TABLE 4.9

TABLE SHOWING THE PHARMACEUTICAL PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1^{ST}JAN'06 - 30^{TH}JUNE'06)

Table No.4.9.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1^{st} Jan'06 – 30^{th} June'06)

Index Name	A_1 (Points) 30^{th} June'06	A_0 (Points) 1^{st} Jan'06
Sensex	10609.25	9390.14

Calculation:

I) Benchmark Difference = $A_1 - A_0 = D$

10609.25 – 9390.14 = 1219.11

II) 'D' Convert into Percentage = $D/A_0*100 = P$

1219.11 / 9390.14*100 = 12.98%

Table No.4.9.2

Table Showing the Percentage of Equity Average Difference Analysis in Pharma Shares for the Period (1^{st} Jan'06 – 30^{th} June'06)

Pharma Shares Name	B_1(Price in Rupees) 30^{th} June'06	B_0 (price in Rupees) 1^{st} Jan'06
Dishman Pharma	168.60	191.80
Lupin	447.50	385.05
Orchid Chemicals	185.30	247.40
Glaxo Smithkline	1036.85	1109.80
Wockhardt	380.10	448.15

Pharma Shares Name	B_1(Price in Rupees) 30th June'06	B_0 (price in Rupees) 1st Jan'06
Aventis Pharma	1451.10	1686.50
Indoco Remedies	253.55	353.50
Vimta Labs	165.90	225.92
Ranbaxy Labs	356.40	364.85
Divis Labs	260.72	306.74
Ankur Drugs	101.95	164.80
Cadila Health	284.18	245.43
Biocon	354.75	492.60
FDC	39.30	52.00
Torrent Pharma	195.30	211.32
Sun Pharma	790.75	681.05
Glenmark	150.43	155.50
Cipla	215.80	176.46
Dr.Reddy Labs	637.00	481.38
Fulford	580.10	662.40
Total	**8055.58**	**8642.65**
Average	**402.77**	**432.13**

Calculation:

I) Equity Average Difference = $B_1 - B_0 = E$

402.77 – 432.13 = -29.36

II) 'E' Convert into Percentage = $E/B_0*100 = Q$

-29.36 / 432.13*100 = -6.79%

Table No.4.9.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in Pharma Funds for the Period (1st Jan'06 – 30th June'06)

Pharma Funds Name	C_1(NAV) 30th June'06	C_0(NAV) 1st Jan'06
SBI Pharma Fund	30.39	32.35
Reliance Pharma Fund	15.84	17.58
UTI Pharma Fund	18.89	20.58
Total	**65.12**	**70.51**
Average	**21.70**	**23.50**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

21.70 – 23.50 = -1.8

II) 'F' Convert into Percentage = F/C_0*100 = R

-1.8 / 23.50*100 = -7.65%

Table No.4.9.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in Pharma Sector for the Period (1st Jan'06 – 30th June'06)

Variable Name	Percentage
Benchmark (P)	12.98%
Equity (Q)	-6.79 %
Mutual Funds (R)	-7.65%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

-6.79% - 12.98% = -19.77%

II) Percentage difference between benchmark and mutual funds = R - P = Y

-7.65% - 12.98% = -20.63%

Table No.4.9.5

Table Showing the Performance Analysis between Benchmark and Equity / Mutual Funds in Pharma Sector for the Period (1st Jan'06–30th June'06)

Variable Name	Percentage
Equity (Z_1)	-152.31%
Mutual Funds (Z_2)	-158.93%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

-19.77 / 12.98*100 = - 152.31%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

-20.63 / 12.98*100 = - 158.93%

INTERPRETATION

From the table 4.9.1 shows the difference of sensex (benchmark) as 1219.11 and growth rate was 12.98% for the period of 1st January'06 to 30th June'06. Table 4.9.2 shows the difference of pharma shares average as -29.36 and the percentage as -6.79 for the above period. Table 4.9.3 shows the difference of pharma funds average as -1.8 and the percentage as -7.65 for the above period. Table 4.9.4 shows the percentage difference between the sensex (benchmark) and pharma equity as -19.77 and the percentage difference between the sensex (benchmark) and pharma mutual funds as -20.63. And finally table 4.9.5 shows the performance analysis between the sensex (benchmark) and pharma equity as -152.31% and the performance analysis between the sensex (benchmark) and pharma mutual funds as -158.93%

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of pharma was under performing during the period (1st Jan'06 to 30th June'06) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds.

CHART 4.9

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN PHARMACEUTICAL SECTOR DURING THE PERIOD (1ST JAN '06 - 31ST JUNE '06)

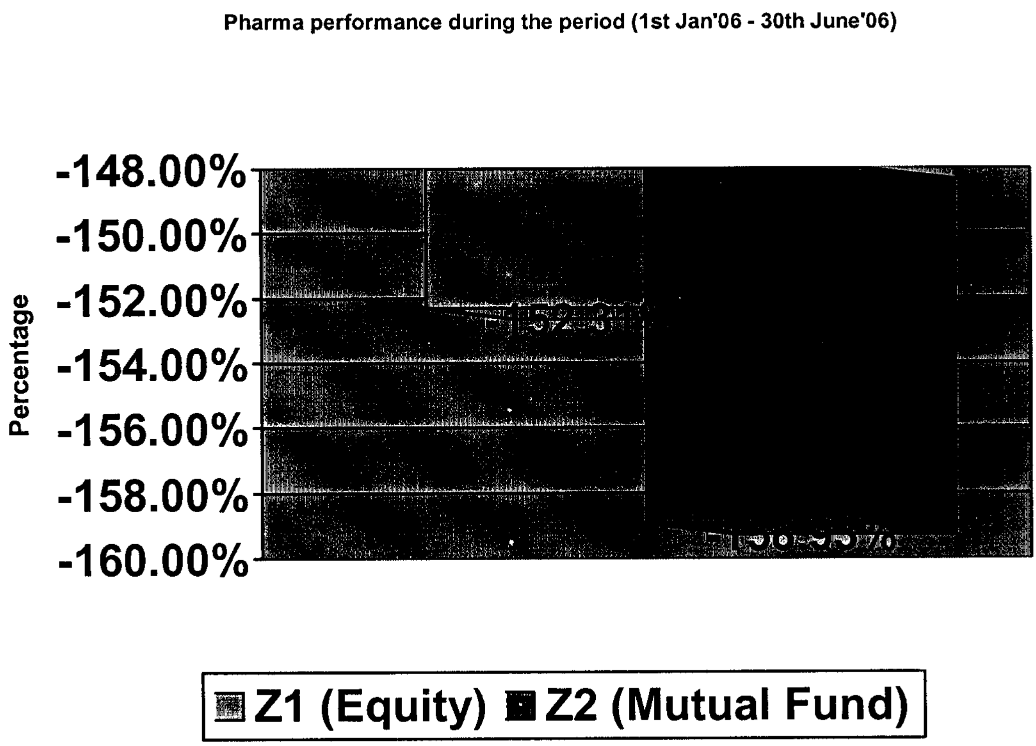


TABLE 4.10

TABLE SHOWING THE PHARMACEUTICAL PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1STJULY'06 - 31STDEC'06)

Table No.4.10.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1st July'06 – 31st Dec'06)

Index Name	A_1 (Points) 31st Dec'06	A_0 (Points) 1st July'06
Sensex	13786.91	10695.26

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

13786.91 – 10695.26 = 3091.65

II) 'D' Convert into Percentage = D/A_0*100 = P

3091.65 / 10695.26*100 = 28.90%

Table No.4.10.2

Table Showing the Percentage of Equity Average Difference Analysis in Pharma Shares for the Period (1st July'06 – 30th Dec'06)

Pharma Shares Name	B_1(Price in Rupees) 31st Dec'06	B_0 (price in Rupees) 1st July'06
Dishman Pharma	249.15	167.65
Lupin	612.05	440.65
Orchid Chemicals	195.95	196.50
Glaxo Smithkline	1164.45	1052.30
Wockhardt	350.40	373.95

Pharma Shares Name	B_1(Price in Rupees) 31st Dec'06	B_0 (price in Rupees) 1st July'06
Aventis Pharma	1351.60	1450.10
Indoco Remedies	339.80	245.50
Vimta Labs	185.45	163.55
Ranbaxy Labs	391.85	357.40
Divis Labs	611.26	271.09
Ankur Drugs	139.35	103.55
Cadila Health	351.45	283.23
Biocon	371.90	352.80
FDC	38.50	39.40
Torrent Pharma	210.20	201.25
Sun Pharma	979.00	768.55
Glenmark	299.73	154.98
Cipla	250.70	214.40
Dr.Reddy Labs	811.20	642.58
Fulford	553.20	572.05
Total	**9457.19**	**8051.48**
Average	**472.85**	**402.57**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

472.85 – 402.57 = 70.28

II) 'E' Convert into Percentage = E/B_0*100 = Q

70.28 / 402.57*100 = 17.45%

Table No.4.10.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in Pharma Funds for the Period (1st July'06 – 31st Dec'06)

Pharma Funds Name	C_1(NAV) 31st Dec'06	C_0(NAV) 1st July'06
SBI Pharma Fund	35.93	30.28
Reliance Pharma Fund	20.33	15.94
UTI Pharma Fund	22.18	18.82
Total	**78.44**	**65.04**
Average	**26.14**	**21.68**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

26.14 – 21.68 = 4.46

II) 'F' Convert into Percentage = F/C_0*100 = R

4.46 / 21.68*100 = 20.57%

Table No.4.10.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in Pharma Sector for the Period (1st July'06 – 31st Dec'06)

Variable Name	Percentage
Benchmark (P)	28.90%
Equity (Q)	17.45%
Mutual Funds (R)	20.57%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

17.45% - 28.90% = -11.45%

II) Percentage difference between benchmark and mutual funds = R - P = Y

20.57% - 28.90% = -8.33%

Table No.4.10.5

Table Showing the Performance Analysis between Benchmark and Equity / Mutual Funds in Pharma Sector for the Period (1st July'06 – 31st Dec'06)

Variable Name	Percentage
Equity (Z_1)	-39.61%
Mutual Funds (Z_2)	-28.82%

Calculation:

I) Performance analysis between benchmark and equity = X/P*100 = Z_1

-11.45 / 28.90*100 = -39.61%

II) Performance analysis between benchmark and mutual funds = Y/P*100 = Z_2

-8.33 / 28.90*100 = -28.82%

INTERPRETATION

From the table 4.10.1 shows the difference of sensex (benchmark) as 3091.65 and growth rate was 28.90% for the period of 1st January'06 to 30th June'06. Table 4.10.2 shows the difference of pharma shares average as 70.28 and the percentage as 17.45 for the above period. Table 4.10.3 shows the difference of pharma funds average as 4.46 and the percentage as 20.57 for the above period. Table 4.10.4 shows the percentage difference between the sensex (benchmark) and pharma equity as -11.45 and the percentage difference between the sensex (benchmark) and pharma mutual funds as -8.33. And finally table 4.10.5 shows the performance analysis between the sensex (benchmark) and pharma equity as -39.61% and the performance analysis between the sensex (benchmark) and pharma mutual funds as -28.82%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of pharma was under performing during the period (1st July'06 to 31stDec'06) in comparison with the sensex returns and at the same time performance of equity and

CHART 4.10

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN PHARMACEUTICAL SECTOR DURING THE PERIOD (1^{ST} JULY '06 – 31^{ST} DEC '06)

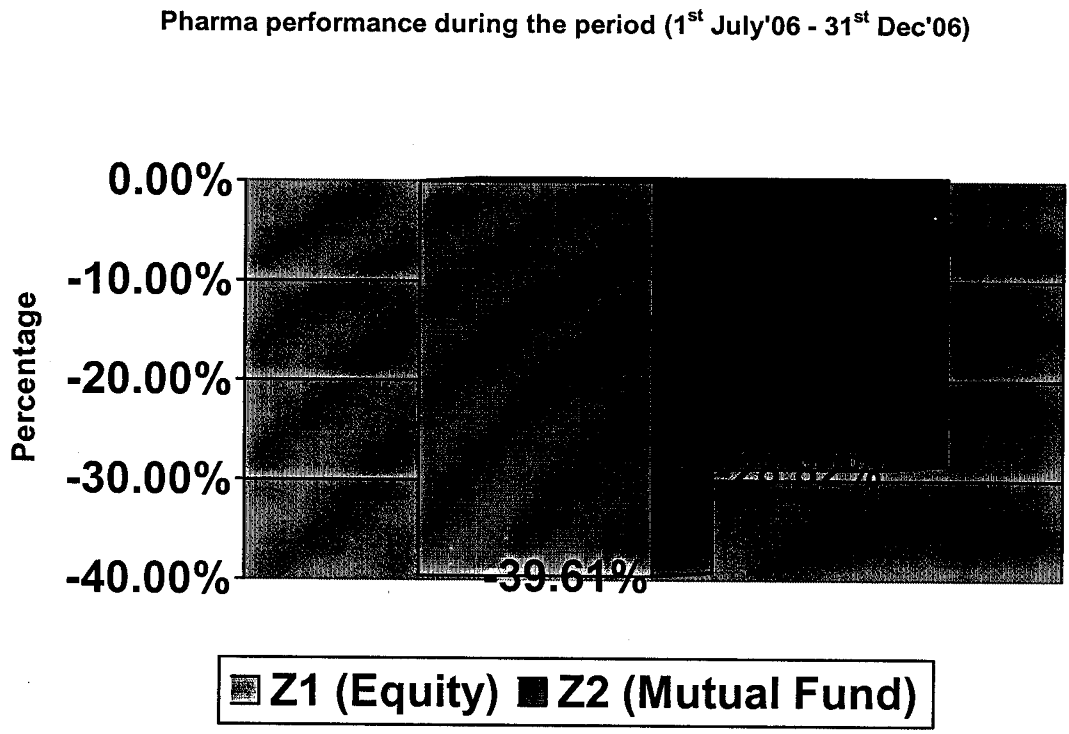


TABLE 4.11

TABLE SHOWING THE PHARMACEUTICAL PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1^{ST} JAN'07 - 30^{TH} JUNE'07)

Table No.4.11.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1^{st} Jan'07 – 30^{th} June'07)

Index Name	A_1 (Points) 30^{th} June'07	A_0 (Points) 1^{st} Jan'07
Sensex	14650.51	13942.24

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

14650.51 – 13942.24 = 708.27

II) 'D' Convert into Percentage = D/A_0*100 = P

708.27 / 13942.24*100 = 5%

Table No.4.11.2

Table Showing the Percentage of Equity Average Difference Analysis in Pharma Shares for the Period (1^{st} Jan'07 – 30^{th} June'07)

Pharma Shares Name	B_1(Price in Rupees) 30^{th} June'07	B_0 (price in Rupees) 1^{st} Jan'07
Dishman Pharma	306.45	258.35
Lupin	732.55	610.85
Orchid Chemicals	250.25	202.40
Glaxo Smithkline	1268.10	1160.80
Wockhardt	383.95	353.10

Pharma Shares Name	B_1(Price in Rupees) 30th June'07	B_0 (price in Rupees) 1st Jan'07
Aventis Pharma	1443.05	1401.20
Indoco Remedies	279.05	340.40
Vimta Labs	135.90	180.20
Ranbaxy Labs	450.70	392.00
Divis Labs	1166.17	613.67
Ankur Drugs	339.00	145.45
Cadila Health	376.30	357.40
Biocon	441.45	377.60
FDC	32.50	39.00
Torrent Pharma	257.95	209.15
Sun Pharma	1022.10	984.95
Glenmark	329.35	302.20
Cipla	208.45	251.55
Dr.Reddy Labs	655.95	805.95
Fulford	538.05	559.50
Total	**10617.27**	**9545.72**
Average	**530.86**	**477.28**

Calculation:

I) Equity Average Difference = B_1 - B_0 = E

530.86 – 477.28 = 53.58

II) 'E' Convert into Percentage = E/B_0*100 = Q

53.58 / 477.28*100 = 11.22%

Table No.4.11.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in Pharma Funds for the Period (1st Jan'07 – 30th June'07)

Pharma Funds Name	C_1(NAV) 30th June'07	C_0(NAV) 1st Jan'07
SBI Pharma Fund	36.95	36.32
Reliance Pharma Fund	25.37	20.61
UTI Pharma Fund	23.76	22.44
Total	**86.08**	**79.37**
Average	**28.69**	**26.45**

Calculation:

I) Mutual Funds Average Difference = $C_1 - C_0 = F$

28.69 – 26.45 = 2.24

II) 'F' Convert into Percentage = $F/C_0*100 = R$

2.24 / 26.45*100 = 8.46%

Table No.4.11.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in Pharma Sector for the Period (1st Jan'07 – 30th June'07)

Variable Name	Percentage
Benchmark (P)	5%
Equity (Q)	11.22%
Mutual Funds (R)	8.46%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

11.22% - 5% = 6.22%

II) Percentage difference between benchmark and mutual funds = R - P = Y

8.46% - 5% = 3.46%

Table No.4.11.5

Table Showing the Performance Analysis between Benchmark with Equity / Mutual Funds in Pharma Sector for the Period (1st Jan'07–30th June'07)

Variable Name	Percentage
Equity (Z_1)	124.40%
Mutual Funds (Z_2)	69.20%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

6.22 / 5*100 = 124.40%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

3.46 / 5*100 = 69.20%

INTERPRETATION

From the table 4.11.1 shows the difference of sensex (benchmark) as 708.27 and growth rate was 5% for the period of 1st January'07 to 30th June'07. Table 4.11.2 shows the difference of pharma shares average as 53.58 and the percentage as 11.22 for the above period. Table 4.11.3 shows the difference of pharma funds average as 2.24 and the percentage as 8.46 for the above period. Table 4.11.4 shows the percentage difference between the sensex (benchmark) and pharma equity as 6.22 and the percentage difference between the sensex (benchmark) and pharma mutual funds as 3.46. And finally table 4.11.5 shows the performance analysis between the sensex (benchmark) and pharma equity as 124.40% and the performance analysis between the sensex (benchmark) and pharma mutual funds as 69.20%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of pharma was over performing during the period (1st Jan'07 to 30th June'07) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds.

CHART 4.11

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN PHARMACEUTICAL SECTOR DURING THE PERIOD (1^{ST} JAN '07 – 30^{TH} JUNE '07)

Pharma performance during the period (1^{st} jan'07 - 30^{th} June'07)

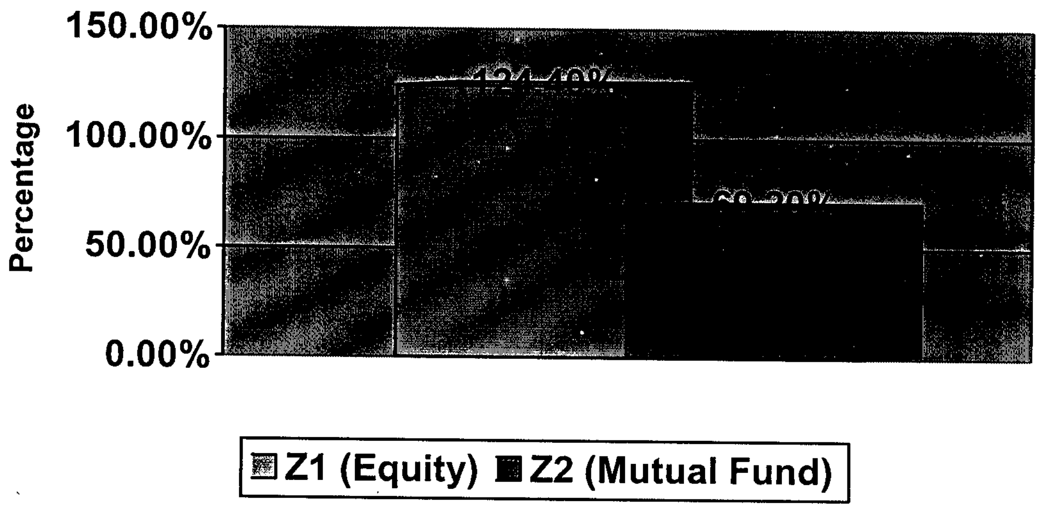


TABLE 4.12

TABLE SHOWING THE PHARMACEUTICAL PERFORMANCE OF EQUITY AND MUTUAL FUNDS WITH SENSEX DURING THE PERIOD (1^{ST}JULY'07 - 31^{ST}DEC'07)

Table No.4.12.1

Table Showing the Percentage of Benchmark Analysis in Sensex for the Period (1^{st} July'07 – 31^{st} Dec'07)

Index Name	A_1 (Points) 31^{st} Dec'07	A_0 (Points) 1^{st} July'07
Sensex	20286.99	14664.26

Calculation:

I) Benchmark Difference = A_1 - A_0 = D

20286.99 – 14664.26 = 5622.73

II) 'D' Convert into Percentage = D/A_0*100 = P

5622.73 / 14664.26*100 = 38.34%

Table No.4.12.2

Table Showing the Percentage of Equity Average Difference Analysis in Pharma Shares for the Period (1^{st} July'07 – 30^{th} Dec'07)

Pharma Shares Name	B_1(Price in Rupees) 31^{st} Dec'07	B_0 (price in Rupees) 1^{st} July'07
Dishman Pharma	370.85	314.30
Lupin	633.70	717.40
Orchid Chemicals	285.50	257.00
Glaxo Smithkline	1029.95	1257.25
Wockhardt	417.30	391.50

Pharma Shares Name	**B_1(Price in Rupees) 31st Dec'07**	**B_0 (price in Rupees) 1st July'07**
Aventis Pharma	1163.10	1431.65
Indoco Remedies	313.45	287.30
Vimta Labs	171.05	157.85
Ranbaxy Labs	520.10	445.30
Divis Labs	1869.20	1239.32
Ankur Drugs	382.30	344.00
Cadila Health	314.70	368.75
Biocon	579.40	455.25
FDC	47.00	32.45
Torrent Pharma	201.20	248.10
Sun Pharma	1222.05	1027.00
Glenmark	593.80	335.13
Cipla	212.60	213.55
Dr.Reddy Labs	735.35	655.05
Fulford	628.35	538.85
Total	**11690.95**	**10717.00**
Average	**584.54**	**535.85**

Calculation:

I) Equity Average Difference = $B_1 - B_0 = E$

584.54 – 535.85 = 48.69

II) 'E' Convert into Percentage = $E/B_0*100 = Q$

48.69 / 535.85*100 = 9.08%

Table No.4.12.3

Table Showing the Percentage of Mutual Funds Average Difference Analysis in Pharma Funds for the Period (1st July'07 – 31st Dec'07)

Pharma Funds Name	C_1(NAV) 31st Dec'07	C_0(NAV) 1st July'07
SBI Pharma Fund	38.35	38.01
Reliance Pharma Fund	30.46	25.77
UTI Pharma Fund	24.86	23.99
Total	**93.67**	**87.77**
Average	**31.22**	**29.25**

Calculation:

I) Mutual Funds Average Difference = C_1 - C_0 = F

31.22 – 29.25= 1.97

II) 'F' Convert into Percentage = F/C_0*100 = R

1.97 / 29.25*100 = 6.73%

Table No.4.12.4

Table Showing the Percentage Difference between Benchmark and Equity / Mutual Funds in Pharma Sector for the Period (1st July'07 – 31st Dec'07)

Variable Name	Percentage
Benchmark (P)	38.34%
Equity (Q)	9.08%
Mutual Funds (R)	6.73%

Calculation:

I) Percentage difference between benchmark and equity = Q - P = X

9.08% - 38.34% = -29.26%

II) Percentage difference between benchmark and mutual funds = R - P = Y

6.73% - 38.34% = -31.61%

Table No.4.12.5

Table Showing the Performance Analysis between Benchmark and Equity / Mutual Funds in Pharma Sector for the Period (1st July'07 – 31st Dec'07)

Variable Name	Percentage
Equity (Z_1)	-76.31%
Mutual Funds (Z_2)	-82.44%

Calculation:

I) Performance analysis between benchmark and equity = $X/P*100 = Z_1$

-29.26 / 38.34*100 = -76.31%

II) Performance analysis between benchmark and mutual funds = $Y/P*100 = Z_2$

-31.61 / 38.34*100 = -82.44%

INTERPRETATION

From the table 4.12.1 shows the difference of sensex (benchmark) as 5622.73 and growth rate was 38.34% for the period of 1st July'07 to 30th Dec'07. Table 4.12.2 shows the difference of pharma shares average as 48.69 and the percentage as 9.08 for the above period. Table 4.12.3 shows the difference of pharma funds average as 1.97 and the percentage as 6.73 for the above period. Table 4.12.4 shows the percentage difference between the sensex (benchmark) and pharma equity as -29.26 and the percentage difference between the sensex (benchmark) and pharma mutual funds as -31.61. And finally table 4.12.5 shows the performance analysis between the sensex (benchmark) and pharma equity as -76.31% and the performance analysis between the sensex (benchmark) and pharma mutual funds as -82.44%.

INFERENCE

From the above mentioned tables it is inferred that the equity and mutual funds of pharma was under performing during the period (1st July'07 to 31st Dec'07) in comparison with the sensex returns and at the same time performance of equity and mutual funds. The equity got over performance compare with mutual funds.

CHART 4.12

CHART SHOWING THE EQUITY AND MUTUAL FUNDS PERFORMANCE IN PHARMACEUTICAL SECTOR DURING THE PERIOD (1^{ST} JULY '07 - 31^{ST} DEC '07)

Pharma performance during the period (1^{st} June'07 - 31^{st} dec'07)

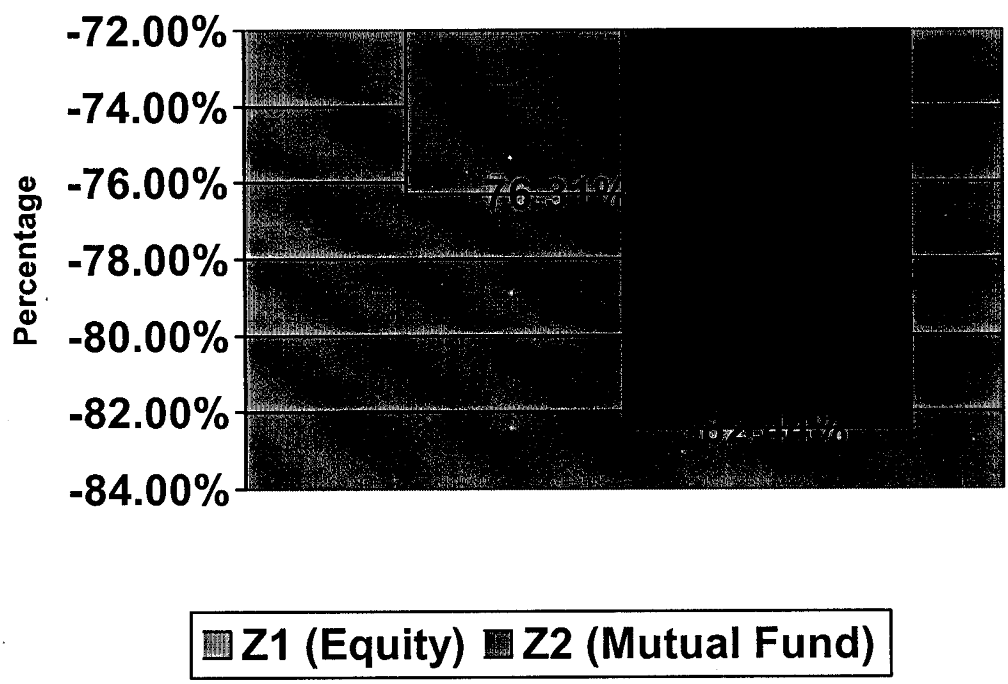


TABLE 4.13

TABLE SHOWING THE PERFORMANCE ANAIYSIS OF DIFFERENT SECTORS IN COMPARISON WITH SENSEX DURING DIFFERENT PERIODS

Sectors	2006		2007	
	1st Jan - 30th June	1st July-31st Dec	1st Jan - 30th June	1st July-31st Dec
Bank	Underperformance	Over performance	Over performance	Over performance
IT	Underperformance	Over performance	Underperformance	Underperformance
Pharma	Underperformance	Underperformance	Over performance	Underperformance

TABLE 4.14

TABLE SHOWING THE RETURNS OF EQUITY AND/OR MUTUAL FUNDS IN COMPARISON WITH SENSEX DURING DIFFERENT PERIODS

Sectors	2006				2007			
	1st Jan - 30th June		1st July-31st Dec		1st Jan - 30th June		1st July-31st Dec	
	Equity	MF	Equity	MF	Equity	MF	Equity	MF
Bank	-167.33%	-247.61%	80.48%	108.16%	296.60%	143.40%	61.71%	10.19%
IT	-125.57%	-98.22%	58.61%	45.19%	139.60%	-186.20%	-82%	-124.12%
Pharma	-152.31%	-158.93%	-39.61%	-28.82%	124.40%	69.20%	-76.31%	-82.44%

Conclusion

CHAPTER-5

CONCLUSION

5.1 FINDINGS

- Banking sector
    1. While comparing the performance of banking sector with sensex, the first half (1^{st}Jan–30^{th}June) of the 2006 was found to be underperforming and second half (1^{st}July–31^{st}Dec) of the 2006 to be excellent.
    2. While comparing the performance of banking sector with sensex, the first half (1^{st}Jan–30^{th}June) and second half (1^{st}July–31^{st}Dec) of the 2007 was found to be over performing.

- IT sector
    1. While comparing the performance of IT sector with sensex, the first half (1^{st}Jan–30^{th}June) of the 2006 was found to be underperforming and second half (1^{st}July–31^{st}Dec) of the 2006 to be excellent.
    2. While comparing the performance of IT sector with sensex, the first half (1^{st}Jan–30^{th}June) and second half (1^{st}July–31^{st}Dec) of the 2007 was found to be underperforming.

- Pharma sector
    1. While comparing the performance of pharma sector with sensex, the first half (1^{st}Jan–30^{th}June) and second half (1^{st}July–31^{st}Dec) of the 2006 was found to be underperforming.
    2. While comparing the performance of pharma sector with sensex, the first half (1^{st}Jan–30^{th}June) of the 2007 was found to be over performing and second half (1^{st}July–31^{st}Dec) of the 2007 to be underperforming.

- Over all among these three sectors, it was found that the banking sector was performing well and the returns were good.

- Among the half yearly performances for two years, it was found that the first half (1stJan - 30thJune) of 2007 gave high returns than the other periods.

- Performance of equity versus mutual funds with the sensex that the equity gave high returns and good performance.

5.2 RECOMMENDATIONS

- As the banking sector is found to be high yielding sector while comparing it with other sectors, investment in banking sector would be advisable for the investors to invest in the future.

- The equity was over performing than mutual funds in three half yearly periods out of four, which is a promising indicator for the investor to invest in equity rather than in mutual funds for investors with more risk appetite.

- The mutual fund managers and asset management companies have to utilize the market prediction methods like Dow Theory, Charts, Head and Shoulder formation, Support and Resistance levels, MACD, which would help them to analyse more better and make proper investment decisions and be assured of higher yields.

5.3 CONCLUSION

An investor can succeed in his investment only when he is able to select the right sectors. The investor should watch the performance of all sectors based on the high returns, good performance, economy, and sector progress involved in a sector before choosing the sector, it is better for the investor to obtain an investment option. To choose equity or mutual funds based on over performance and high returns. An investor could enhance his decision making on an investment by having better outlook of investment avenues through information sources.

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