



IISL MARKET UPDATE - JULY 2003

The Indian capital market witnessed a mixed trend during the month of July 2003 with major up-trend during the first two weeks followed by a steep fall and a sharp rise thereafter, to close higher than the previous month. The benchmark market index S&P CNX Nifty recorded its 16 month high on July 31, 2003 at 1198.50. During the month S&P CNX Nifty gained 4.56 % compared to the rise of 12.65% during the previous month. FIIs pumped in Rs. 23.46 billion (net investments) into equities during the month compared to Rs. 25.82 billion in June 2003. Mutual Fund made net investment of Rs. 711 million during the month compared to a net sale of Rs. 1955 million in June 2003.

Further analysis of the performance of the indices reveals that most of the indices have shown increased volatility during the month. S&P CNX Nifty registered a positive gain during the month, from 1134.15 on June 30, 2003 to 1185.85 on July 31, 2003. Investments made in S&P CNX Nifty securities a month back would have given a positive return of 4.56 % during July 2003. The market capitalization of S&P CNX Nifty securities increased to Rs. 3955 billion on July 31, 2003 from Rs. 3782 billion on June 30, 2003, registering a rise of Rs. 173 billion. In comparison, CNX Nifty Junior rose + 12.82 %, indicating that midcap and smaller cap companies outperformed large cap companies. CNX Nifty Junior was the best performing index in the month. The CNX Midcap 200 index was up + 7.38 % and broad-based market index the S&P CNX 500 posted a gain of + 4.92 %.

In the primary market, UTI Mutual Fund launched its maiden open-ended exchange traded fund (ETF), S&P CNX Nifty UTI Notional Depository Receipts (SUNDER) on July 07, 2003. Sunder is a passively managed open-ended ETF and its portfolio will replicate the stocks of the S&P CNX Nifty in the same proportion as the index. The face value of each unit of Sunder is Rs. 100 and the valuation of each unit will be approximately equal to 1/10th of the value of S&P CNX Nifty. SUNDER is the country's fourth ETF and the second one to have the S&P CNX Nifty as the underlying index, after Nifty BeES. UTI mopped up Rs.3880 million from the issue – it was the biggest

ETF launched on the Indian capital market. SUNDER was listed on NSE on July 16, 2003 with an open value of Rs. 115.00 and recorded a turnover of Rs. 38.31 million on debut. The average daily turnover during the month was Rs. 8.40 million.

Car manufacturer, Maruti Udyog Ltd (MUL) listed its shares on the stock exchange on July 09, 2003. The issue which was oversubscribed 10 times, at an issue price of Rs. 125 — Rs. 10 more than the floor-price of Rs. 115 with a market capitalization of Rs. 47.47 billion (US\$ 1.01 bn). The stock opened at Rs. 164.50 on the NSE. On the first day of trading, it witnessed active trading and immediately rose up to trade at a premium of nearly 32 per cent to its issue price. The stock is actively traded and is among the top 10 traded stocks in the cash market segment of NSE.

Most of the S&P CNX Nifty stocks reported increase in net profit for the quarter ended June 30, 2003. Software pivotal Infosys and Wipro registered 28.25 % and 43.03 % growth in net profit over the corresponding quarter last year. Index heavyweight, Reliance Industries reported net profit growth of 20.26 % over the corresponding quarter previous year. Ranbaxy, State Bank of India and ITC reported 42.20 %, 19.69% and 15.53 % net profit growth respectively. Hindustan lever, however, remained flat and reported marginal growth of 0.80 % in net profit.

Market Statistics

Indices	Index Close on 30-Jun-03	Index Close on 31-Jul-03	Change (%)	July 2003 High	July 2003 Low
S&P CNX Nifty	1134.15	1185.85	4.56	1198.50	1089.30
S&P CNX 500	894.50	938.55	4.92	950.50	875.60
CNX Midcap 200	976.30	1048.35	7.38	1062.75	963.90
CNX Nifty Junior	1783.70	2012.30	12.82	2056.85	1777.70

Return and Volatility of select Indices during the month

Indices	Average Daily Return	Volatility of Daily Returns
S&P CNX Nifty	0.20	1.05
S&P CNX 500	0.21	1.02
CNX Midcap 200	0.32	1.28
CNX Nifty Junior	0.54	1.48

Top 10 Turnover Statistics on Cash Market Segment

Infosys Technologies recorded the highest turnover during the month. Maruti Udyog, which traded for 16 days during the month, figured in top 10 traded scrips during the month.

Security	No. of Trades	Traded Qty (mn shares)	Turnover (Rs.mn)	Average Daily Turnover (Rs. mn)	Share in Total Turnover
Infosys Technologies	920730	10	67840	2950	8.53
Satyam Computer	1572136	56	52923	2301	6.66
Reliance Industries	1104778	135	45897	1996	5.77
State Bank of India	1025499	108	43985	1912	5.53
Tata Iron & Steel	1266269	186	35675	1551	4.49
Digital Globalsoft	600067	48	21681	943	2.73
Maruti Udyog Ltd.	782651	60	20533	1283	3.71
TELCO	576147	92	19994	869	2.51
HPCL	515812	53	18037	784	2.27
Zee Telefilms	692797	14	15729	684	1.98
Total of Top Ten	9056886	762	342293	15273	44.18
Total of Universe	31724406	5669	784409	34566	100.00

FII Equity Investment

FII made net investments of Rs. 23.46 billion (US \$ 0.5 billion) during the month.

FII Investment	July-03 Rs. Million	June-03 Rs. Million	Change (%)
Gross Purchase	80488	67434	19.36
Gross Sale	57024	41612	37.04
Net Investment	23465	25816	-9.13
Net Investment (US million \$) at month exchange rate	501.8	547.6	-8.36

Source: SEBI

Mutual Fund Equity Investment

Mutual Fund who were net seller in the previous month, turned track and were net buyers during the month investing Rs. 711 (US \$ 15.21) million.

Mutual Fund Investment	July-03 Rs. Million	June-03 Rs. Million	Change (%)
Gross Purchase	26422	19975	32.2753
Gross Sale	25711	21930	17.2412
Net Investment	711	-1955	136.37
Net Investment (US million \$) at month end exchange rate	15.21	-41.82	136.37

Source: SEBI

Derivatives – Index & Stock

The derivative market recorded all-time high turnover in July. The total turnover of the derivatives segment for the month of July 2003 stood at Rs. 1098.49 billion as against total turnover of Rs. 730.17 billion in the previous month registering an increase of 50.44 %. The turnover in the derivative segment as a percentage of the total turnover in the cash segment for the month of July 2003 was 139.27 %.

Derivative Segment	Turnover (Rs. Million) July-03	Turnover (Rs. Million) June-03	Change (%)
S&P CNX Nifty Index Futures	147430	93475	57.72
Individual Stock Futures	705146	465047	51.63
S&P CNX Nifty Index Options	32029	19416	64.97
Individual Stock Options	213696	150416	42.07
Futures on Interest	193	1819	-89.37
Total F&O Turnover	1098495	730173	50.44
Total F&O Turnover as % of Cash Market turnover	139.27	118.56	17.47

Replacement in Indices

Nestle India Limited is being excluded from the S&P CNX Nifty, in pursuance of withdrawal of dealings in the company at NSE w.e.f August 04, 2003. It is also being excluded from S&P CNX 500, CNX MNC Index and CNX FMCG Index. CNX Nifty Junior has 3 replacements viz. Steel Authority of India, which is being included in S&P CNX

Nifty in place of Nestle, Global Trust Bank and Pentamedia, both of which do not meet the minimum market capitalization criteria of the index. The following changes in the various indices are effective from August 04, 2003:-

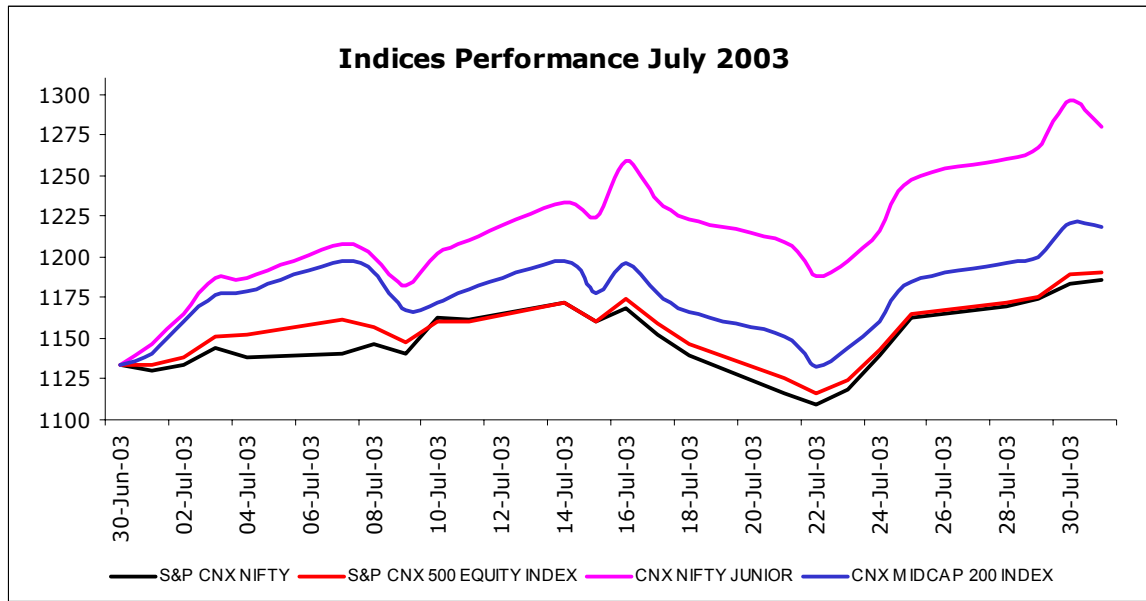
Indices	Inclusion	Exclusion	With effect form
S&P CNX Nifty	Steel Authority of India Ltd.	Nestle India Ltd.	August 04, 2003
S&P CNX 500	Jindal Polyester	Nestle India Ltd.	August 04, 2003
CNX MNC Index	KSB Pumps Limited	Nestle India Ltd.	August 04, 2003
CNX FMCG Index	Sterling Biotech Limited	Nestle India Ltd.	August 04, 2003
CNX Nifty Junior	Bharti Tele-ventures Ltd.	Steel Authority of India Ltd.	August 04, 2003
CNX Nifty Junior	Nirma Limited	Global Trust Bank Limited	August 04, 2003
CNX Nifty Junior	Union Bank of India Ltd.	Pentamedia Graphic Limited	August 04, 2003

International Indices

The phenomenon of improved equity performance was also seen globally with all major global indices registered positive gain during the month. Asian Market recorded high gain during the month following high quarterly growth.

Major Indices	30-Jul-03	31-Jul-03	Change (%)
NASDAQ Cmp	1622.84	1735.02	6.91
Dow Jones Ind	8985.44	9233.80	2.76
S&P 500 US	974.50	990.31	1.62
FTSE 100	4031.20	4137.70	2.64
DAX	3220.58	3452.64	7.21
Hang Seng	9577.12	10248.60	7.01
Nikkei 225	9083.11	9611.67	5.82

Overall Indian Equity Market Performance



Overall Sector Performance

Steel which registered 24.42 % gain in June continued its positive rally and registered a further net gain of 23.98 % during July. The capital-intensive industry has displayed an optimistic turnaround, in line with global and domestic trends clearly outperforming rest of the sectors. Cement also continued its positive rally during the month, finishing with a net gain of 11.56 % in July. Power, however could not sustain the positive gain registered in June and was one of the worst performer during the month under review.

Pesticides and Agrochemicals was the best performing industry sector with a gain of 28.15 %. Monsanto Chemicals, United Phosphorous & Bayer Cropscience registered substantial gain during the month. Media which registered no significant gain in June, performed well in July with a gain of 27.91 % as ZEE, Balaji Telefilms reported better-than-expected quarterly results. Financial sector also registered handsome gain with UTI Bank, Vysya Bank, Kotak Mahindra Bank, Global Trust Bank, IDBI all registering outstanding gain during the month.

The software sector registered a modest gain of 5.44 % during the month. Index heavyweight Infosys registered a gain of 10.02 %. However Wipro, remained

relatively flat during the month. Mascot Systems Ltd. was the best performing stock and Mastek Limited was the worst performing stock in the sector.

On the flip side, Fertilizers lost -10.18 % with Madras Fertilizers & Rastriya Chemical Fertilizer closing low during the month. It was the worst performing industry sector during the month under review. The stocks in cable – telecom also finished low. Sterlite optical cables registered a net loss of -8.88 %. Shipping, which was the worst performing sector in the previous month could not recover and lost further, down 4.10 % during the month.

Best performing S&P CNX Industry sectors

Sector	Monthly Returns (%)
Pesticides & Agrochemicals	28.15
Media & Entertainment	27.91
Steel And Steel Products	23.98
Textiles	22.46
Finance	22.39

Worst performing S&P CNX Industry sectors

Sector	Monthly Returns (%)
Fertilizers	-10.18
Power	-7.68
Cables – Telecom	-7.23
Construction – civil	-5.34
Shipping	-4.10

Individual stock performance - S&P CNX Nifty

Media stock Zee Telefilms was the best performer in the S&P CNX Nifty Index, up 37.59%. Mahindra and Mahindra was up by 35.48 %. TISCO was up 22.85 % on improved quarterly performance. VSNL, which outperformed in the previous month lost ground and was down 7.89 % during the month. Shipping major Shipping Corporation fared badly, down 8.68 %. Tata Power was down 8.82 %. NIIT was the worst performer in S&P CNX Nifty down 10.85 % during the month.

Sr.	Security	Issued Capital (Rs.mn)	Market Cap (Rs.mn)	Wt (%)	Beta	R ²	Average Daily Volatility (%)	Monthly Return (%)
1	Zee Telefilms Ltd.	413	50057	1.27	1.70	0.29	3.56	37.59
2	Mahindra & Mahindra Ltd.	1160	23237	0.59	0.97	0.24	2.82	35.48
3	Tata Iron & Steel Co. Ltd.	3690	76766	1.94	1.10	0.38	2.11	22.85
4	Dabur India Ltd.	286	16273	0.41	0.55	0.08	3.47	19.27
5	Larsen & Toubro Ltd.	2487	72635	1.84	0.53	0.12	1.57	19.01
6	Glaxosmithkline Pharma Ltd.	745	30967	0.78	0.17	0.01	2.30	16.78
7	Associated Cement Co. Ltd.	1709	33209	0.84	1.08	0.30	2.81	16.18
8	Sun Pharmaceutical Ind. Ltd.	464	37195	0.94	0.40	0.05	2.65	14.49
9	Tata Engg & Locomotive Co. Ltd.	3198	72254	1.83	1.17	0.34	2.33	14.06
10	Bajaj Auto Ltd.	1012	64611	1.63	0.38	0.04	2.34	11.42
11	Gujarat Ambuja Cements Ltd.	1553	35243	0.89	0.58	0.16	1.88	10.46
12	Reliance Industries Ltd.	13964	499764	12.64	1.19	0.40	1.50	10.16
13	Infosys Technologies Ltd.	331	238621	6.03	2.03	0.42	3.15	10.02
14	State Bank of India	5263	222493	5.63	0.80	0.25	2.01	9.96
15	Hindalco Industries Ltd.	925	75649	1.91	0.20	0.02	1.60	9.47
16	Gas Authority of India Ltd.	8457	101986	2.58	0.58	0.13	1.82	9.24
17	Grasim Industries Ltd.	917	50093	1.27	0.38	0.05	1.83	8.42
18	Cipla Ltd.	600	49138	1.24	0.35	0.05	2.00	8.29
19	Oriental Bank of Commerce	1925	32934	0.83	0.94	0.09	3.57	6.87
20	Satyam Computer Services Ltd.	629	64780	1.64	2.40	0.56	4.23	6.74
21	Indian Petrochemicals Corp Ltd.	2482	28769	0.73	0.82	0.07	2.82	6.72
22	Colgate-Palmolive (India) Ltd.	1360	19909	0.50	0.16	0.01	2.13	6.36
23	Tata Chemicals Ltd.	1806	14298	0.36	0.74	0.13	2.31	6.24
24	ICICI Bank Ltd.	6130	97565	2.47	0.63	0.09	1.97	5.99
25	HCL Technologies Ltd.	577	47131	1.19	1.90	0.32	3.29	5.79
26	Hero Honda Motors Ltd.	399	53297	1.35	0.51	0.04	2.61	5.16
27	Dr. Reddy's Laboratories Ltd.	383	87871	2.22	0.60	0.09	2.79	5.02
28	GlaxoSmithkline Con Healthcare	454	12602	0.32	0.19	0.01	1.63	4.89
29	Britannia Industries Ltd.	255	13842	0.35	0.10	0.01	1.39	4.42

30	Indian Hotels Co. Ltd.	451	11687	0.30	0.64	0.10	2.15	3.62
31	Digital Globalsoft Ltd.	330	15206	0.38	1.79	0.25	3.82	3.06
32	Ranbaxy Laboratories Ltd.	1855	150235	3.80	0.24	0.03	1.42	3.06
33	HDFC Bank Ltd.	2832	75222	1.90	0.45	0.07	3.12	2.83
34	Asea Brown Boveri Ltd.	424	16084	0.41	0.38	0.04	1.99	2.30
35	Mahanagar Telephone Nigam Ltd.	6300	72450	1.83	0.65	0.06	2.71	1.37
36	Housing Dev Finance Corp Ltd.	2444	100955	2.55	0.29	0.03	2.81	1.08
37	BSES Ltd.	1377	38913	0.98	0.38	0.04	1.77	0.87
38	Wipro Ltd.	465	220380	5.57	2.03	0.43	3.09	-0.02
39	National Aluminium Co. Ltd.	6443	71035	1.80	1.05	0.11	2.45	-1.43
40	Bharat Heavy Electricals Ltd.	2448	64825	1.64	0.50	0.08	1.98	-1.78
41	Nestle India Ltd.	964	55159	1.39	0.07	0.00	1.20	-1.89
42	Hindustan Lever Ltd.	2201	375422	9.49	1.00	0.32	2.44	-4.13
43	I T C Ltd.	2475	177590	4.49	0.42	0.09	1.36	-6.50
44	Bharat Petroleum Corp Ltd.	3000	79170	2.00	0.85	0.10	2.10	-7.16
45	Hindustan Petroleum Corp Ltd.	3393	109994	2.78	1.04	0.10	1.58	-7.27
46	Tata Tea Ltd.	562	11713	0.30	0.59	0.13	1.75	-7.71
47	Videsh Sanchar Nigam Ltd.	2850	32960	0.83	1.00	0.18	2.94	-7.89
48	Shipping Corp of India Ltd.	2823	19309	0.49	1.18	0.13	2.68	-8.68
49	Tata Power Co. Ltd.	1979	28547	0.72	0.73	0.22	2.23	-8.82
50	NIIT Ltd.	386	4922	0.12	2.18	0.32	3.76	-10.85
	Total	109575	3954968	100.00	1.00	-	-	4.56

Note:

- Beta and R² are calculated for the period 01-Aug-2002 to 31-Jul-2003
- Beta measures the degree to which any portfolio of stocks is affected as compared to the effect on the market as a whole
- The co-efficient of determination (R²) measures the strength of relationship between two variables the return on a security versus that of the market
- Volatility is the Standard deviation of the daily returns for the period 01-Jul-03 to 31-Jul-03
- Last day of trading was July 31, 2003.

Individual stock performance - CNX Nifty Junior

Banking stocks registered significant gain in CNX Nifty Junior with UTI bank, Vysya Bank, Kotak Mahindra Bank, Global Trust Bank, Bank of Baroda, Corporation Bank rallied smartly during the month. SAIL which gained 40.24 % in the previous month continued its bull run posting net gain of 33.33 % in July following sustained rise in prices and demand of steel and steel products. Morepen Lab was the worst performer during the month down 28.57 %. The share price of Punjab Tractors dipped sharply after Mahindra and Mahindra announced its intention of not bidding for the state government stake in the company. The UK- based private equity investor, CDC Capital Partners was the lone bidder and won the bid for the Punjab Government 23.5 percent stake at Rs. 153 per share.

Sr.	Security	Issued Capital (Rs.mn)	Market Cap (Rs.mn)	Wt (%)	Beta	R ²	Average Daily Volatility (%)	Monthly Return (%)
1	UTI Bank Ltd.	2302	18496	2.52	0.84	0.13	6.92	64.99
2	Vysya Bank Ltd.	226	9720	1.32	0.64	0.09	3.79	47.64
3	Kotak Mahindra Bank Ltd.	592	12728	1.73	0.82	0.15	4.10	34.93
4	Steel Authority of India Ltd.	41304	94999	12.92	1.72	0.45	3.20	33.33
5	Aventis Pharma Ltd.	230	9984	1.36	0.40	0.08	2.92	31.50
6	Hughes Software Systems Ltd.	168	10048	1.37	1.31	0.18	3.54	30.88
7	Global Trust Bank Ltd.	1214	2870	0.39	1.06	0.26	3.78	30.30
8	Industrial Dev Bank of India	6528	28627	3.89	1.19	0.19	3.49	28.40
9	Tata Tele (Maharashtra) Ltd.	14053	13983	1.90	0.68	0.09	4.93	25.16
10	Chennai Petroleum Corp Ltd.	1437	9157	1.25	0.84	0.14	4.34	21.80
11	E. Merck (India) Ltd.	169	5266	0.72	0.32	0.06	3.23	20.23
12	Bank of Baroda	2960	39753	5.41	1.45	0.30	4.96	19.80
13	Pfizer Ltd.	288	12543	1.71	0.32	0.06	2.29	19.05
14	Corporation Bank	1434	26615	3.62	1.12	0.29	3.90	17.88
15	I-Flex Solutions Ltd.	187	44109	6.00	0.57	0.06	5.80	15.82
16	Wockhardt Ltd.	363	14796	2.01	0.21	0.02	1.86	13.48
17	Raymond Ltd.	614	7878	1.07	0.46	0.09	3.88	12.29
18	Cummins India Ltd.	396	15048	2.05	0.49	0.10	2.50	11.44
19	Container Corp of India Ltd.	650	24817	3.38	0.74	0.21	1.99	11.38
20	Andhra Bank Ltd	4500	15660	2.13	1.26	0.27	2.57	9.95
21	Punjab National Bank Ltd.	2653	45194	6.15	1.75	0.31	3.64	9.69

22	GTL Ltd.	708	5515	0.75	1.46	0.29	3.04	9.56
23	Aurobindo Pharma Ltd.	233	9353	1.27	0.39	0.06	3.13	7.34
24	Thomas Cook (India) Ltd.	146	3345	0.46	0.37	0.10	1.42	7.17
25	Great Eastern Shipping Co. Ltd.	1903	10241	1.39	0.45	0.09	4.02	5.91
26	Asian Paints (India) Ltd.	642	25578	3.48	0.16	0.02	1.19	4.97
27	Bharat Electronics Ltd.	800	28664	3.90	1.09	0.26	2.75	4.95
28	Ashok Leyland Ltd.	1189	15954	2.17	0.74	0.16	3.36	4.56
29	India Cements Ltd.	1395	3691	0.50	0.89	0.16	3.75	3.52
30	LIC Housing Finance Ltd.	749	9797	1.33	0.81	0.14	3.05	2.95
31	Siemens Ltd.	331	12406	1.69	0.39	0.08	1.86	2.83
32	Himachal Futuristic Comm. Ltd.	2479	8391	1.14	1.46	0.13	2.53	2.11
33	IFCI Ltd.	6387	5620	0.76	1.76	0.22	3.88	1.73
34	Escorts Ltd.	722	3781	0.51	0.68	0.16	2.83	0.29
35	TVS Motor Company Ltd.	231	13836	1.88	0.64	0.18	1.98	-0.22
36	Titan Industries Ltd.	423	2816	0.38	1.09	0.21	2.32	-1.11
37	Nicholas Piramal India Ltd.	380	12936	1.76	0.43	0.08	2.65	-2.24
38	CMC Ltd.	152	6787	0.92	0.71	0.09	3.15	-2.41
39	Finolex Cables Ltd.	306	3270	0.44	0.50	0.11	2.36	-2.55
40	Polaris Software Lab Ltd.	257	5538	0.75	1.37	0.20	3.01	-4.87
41	Rolta India Ltd.	637	4436	0.60	1.33	0.27	3.03	-5.17
42	Ingersoll Rand (India) Ltd.	316	7597	1.03	0.33	0.05	1.79	-5.20
43	Bank of India	4886	24087	3.28	1.24	0.35	2.67	-5.37
44	Moser Baer India Ltd.	484	14948	2.03	0.52	0.05	3.16	-6.41
45	ICI India Ltd.	409	5448	0.74	0.63	0.13	4.19	-7.49
46	Mphasis BFL Ltd.	317	10888	1.48	0.51	0.06	3.30	-8.55
47	Pentamedia Graphics Ltd.	2200	2156	0.29	1.62	0.15	6.17	-14.78
48	Apollo Tyres Ltd.	363	5709	0.78	0.75	0.12	2.54	-15.96
49	Punjab Tractors Ltd.	608	8521	1.16	0.58	0.12	3.47	-16.29
50	Morepen Laboratories Ltd.	281	1440	0.20	0.74	0.05	2.88	-28.57
	Total	112202	735041	100.00	1.00	-	-	12.82

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