

# THE ECONOMIC TIMES

## POINT CONTRIBUTIONS BY COMPANIES TO THE 900-PT RALLY IN NIFTY

**160.5** | **66.3** | **48.9** | **38.0** | **37.6**  
 RELIANCE INDUSTRIES | ONGC | BHARTI AIRTEL | STATE BANK | ICICI BANK

# LOST OPPORTUNITY?

## Not Just Retail Investors, Most Institutions Too Missed The 40% Rally Since Mid-March

Santosh Nair  
MUMBAI

THE 40% rise in benchmark equity indices since the second week of March would have easily caused some heartburn to most retail investors, who stood by and watched stock prices soar, rather than bet their money on it. But they need not curse themselves for their reticence. If leading brokers and market observers are to be believed, even the so-called smart money — foreign institutional investors, domestic fund houses and high net worth individuals — have not profited to the extent that share prices would like one to believe.

The Sensex closed at 11403 on Wednesday, up 3243 points since March 9, while the Nifty has gained 900 points during the same period.

"Barring a handful of market operators, and some extremely nimble foreign funds, majority of the investors — be it retail or institutional — have missed the rally," says Sandeep Jain, director and head of private client group, Ambit Capital. According to Mr Jain, the upswing in stock prices for most part of March was mainly fuelled by covering of short positions in the market. That led most players to believe that the rally was unlikely to sustain.

MONEY MAKERS			
Top Gainers	Close		Chg (%)
	Apr 29	Mar 9	
REL Capital	524.50	280.85	86.75
Suzlon	63.60	34.80	82.76
ICICI Bank	479.20	262.95	82.24
TATA Motors	243.80	136.65	78.41
Unitech	44.05	24.80	77.62
STER	410.05	244.50	67.71
DLF	230.25	138.75	65.95

(Rs)



"The overwhelming consensus was that the Nifty could go as high as 3100 before elections, at best 3200, but not more. Also, having lost heavily on many occasions over the past one year, most players booked profits quickly rather than holding on to their positions," he said.

What would have made money making tougher for these investors is that a handful of stocks has driven the huge rise in Nifty. Also, the best performers have been stocks that were most concerns relating to the business environment as well as company-specific issues.

Consider this. Nearly 40% of the 900 point-rise is accounted for by five stocks

— Reliance Industries, ONGC, Bharti Airtel, SBI and ICICI Bank.

Top performers in terms of share price included Reliance Capital, Suzlon, Unitech, Tata Motors and Sterlite, which gained between 68% and 87%.

"Even as the rally was underway, there was widespread scepticism that it would not sustain, because the trigger for the upmove was a temporary surge in liquidity and a not an improvement in fundamentals," says Kotak Securities managing director SA Narayan.

"Most clients did not participate in the rally for this reason, and those who did, chose to book profits quickly. The only investors who would have really

benefited would be those who would have been holding on to their long-term portfolios. Else, I don't see too many short-term players having benefited from the upswing," he added.

Some fund managers at domestic mutual funds privately admit that even local fund houses have missed the bus.

"Cash levels at most fund houses have come down over the last month, but are still reasonably high, as most fund managers still prefer to sit on cash because of uncertainty over the poll results," said the chief investment officer at a mutual fund backed by a prominent corporate house.

Mutual funds have been net buyers worth Rs 1,092 crore since March 9, but many say the purchases have not been out of genuine conviction.

"We had to deploy some amount of our cash, as an unexpected positive election verdict would then have sparked off a rally and forced us to buy at still higher prices," the fund manager said.

Some brokers say a section of operators have tightened their hold on the market in the past couple of weeks, flush with the profits made in the recent rally. "The sudden swings in the market midway through the session, or towards the close of the day, indicate typical operator activity," said a broker.

santosh.nair@timesgroup.com