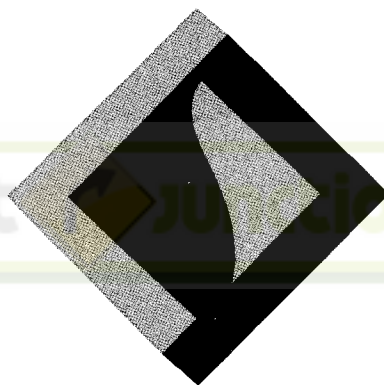


**SIXTEENTH
ANNUAL REPORT
2008-09**



**KHANDWALA
SECURITIES
LIMITED**

OUR MANTRA

*TO PROVIDE UNIQUE SOLUTIONS TO
MEET CLIENT SPECIFIC NEEDS, GIVEN
TIME AND RESOURCE PARAMETERS*

SIXTEENTH ANNUAL REPORT 2009**BOARD OF DIRECTORS**

Mr. Shreedhar Parande (Chairman)
 Mr. Paresh J. Khandwala (Managing Director & CEO)
 Mr. Rohit Chand
 Mr. Kalpen Shukla
 Mr. Ajay Narasimhan

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Manisha Srivastava

REGISTERED OFFICE

Ground Floor, Vikas Building,
 Green Street, Fort, Mumbai - 400 023.

CORPORATE OFFICE

Ground Floor, 'White House Annexe'
 White House, 91, Walkeshwar Road,
 Walkeshwar, Mumbai – 400 006.

AUDITORS

UDYEN JAIN & ASSOCIATES
 Chartered Accountants,
 540, 5th Floor, D Wing, Clover Centre,
 7 Moledina Road, Pune 411 001

BANKERS

Union Bank of India
 Mumbai Samachar Marg,
 Mumbai - 400 023.

Canara Bank
 NSE Branch,
 Mumbai - 400 001

REGISTRARS & TRANSFER AGENTS

KARVY COMPUTERSHARE PRIVATE LIMITED
 46, Avenue 4, Street No. 1,
 Banjara Hills, Hyderabad - 500 034.

CONTENTS	PAGE NO.
Notice	3
Directors Report	4
Management Discussion & Analysis	7
Corporate Governance Report	15
Auditors Report	23
Financial Statement.	26

KHANDWALA SECURITIES LIMITED**From the Managing Director's Desk –**

Dear Members,

I am filled with great optimism, belief and hope as I address my thoughts to you. These are exciting times for all of us. Never has our country been poised with advantage on a global scale with respect to being seen as one of the principal driver for the global economy and leading the world out of recession as a result of its sheer economic might and performance. This position has been attained as a combination of several factors – but the principal among them has been pleasant change in the political equation as result of a definitive mandate that supports stability, growth and ambition. This optimism arises out of the sheer will power of the country represented by its people and we are all fortunate to be part of this unfolding equation.

This year has been the year of great separation – a year that has separated the 'men' from the 'boys' – a year that has underwritten the value of a conservative business approach against unbridled and uncontrolled expansion. We have all witnessed and read about innumerable global businesses that were seemingly unshakable but today being consigned to the bins of history because of practices that evolved from excesses, and sometimes bordering on pure greed. There is a lesson in this for all of us – 'BIG' is not necessarily always good and that in the absence of proper systems and procedures sometimes being small helps in managing risks in a significantly better way – we have been able to prove this in KSL through our disciplined business operations and strong operational controls. I am proud that with your continued support, including the unstinted guidance of the leadership team, KSL has today emerged a much stronger, leaner and agile business.

Last year, we had committed ourselves to a path wherein we would undertake at least one strategic initiative every financial year and build the Group business in a concerted manner and on a firm footing. As part of that commitment we have setup up a separate initiative to spearhead our business operations in the retail sector under TruMonee Financial Limited (www.trumonee.com). I am proud to say that despite a challenging business environment and tough market conditions, TruMonee has successfully executed its business operations and it went live with its trading operations on January 1st, 2009. We have already setup branch presence in the cities of Surat and Bhavnagar and are confident that with growing business we would be able to establish a larger presence in the years to come.

Indian Corporate have been growing from strength to strength with every passing year and it is a matter of great pride for us that Indian companies are able to set ambitious growth targets, including reaching out to acquire global corporations that in some cases have been larger than our companies. This trend is likely to only increase in the coming years and would demand market access for these companies, including access to cost-effective capital. Clearly we see this as the right time and opportunity for our Group to start building an international presence and help serve our customers in a better way, including reaching out to new prospects. For the coming year, as part of our committed annual strategic initiative, our endeavour would be to add an international dimension to our Group's operation such that we are able to put in place a low-cost market access strategy that helps us create business traction from key identified markets. Steps are already under way to identify potential markets and we are sure that your company would make reasonable progress on this front in the coming months.

Complementing the implementation of the retail business, we have also undertaken extensive technology upgradation and process adaptation that significantly improves our risk management capability and also create multiple service platforms for institutions as well as the retail businesses. The key objectives driving the thinking at the Group are to achieve the following – "Expansion + Penetration + Control" to ensure greater access to our market and customers and at the same time putting in place adequate controls. We strongly believe our combination of systems, processes and technologies coupled with the extraordinary human talent that exists in the Group would build long term efficiencies and capabilities for the business. We have already commenced this journey and have seen encouraging results as a combination of several of these steps which we hope to strengthen with your active support and resolute assistance from our employees.

An organisation is made of its people and for a service industry, its people are its real assets. Our ability as a company to raise the performance bar and deliver outstanding value to our customers is a result of the unwavering support and cooperation of our employees, which is reflected in improvements in several performance metrics of our company across the board. We are adding to our already rich experience and caliber of people by drawing in a resource pool comprising talent from multiple markets, disciplines and geographies. We are confident that with the ever increasing improvement in our employee mix, KSL and the Group would scale of new heights in the years to come. I take this opportunity to sincerely express our gratitude and best wishes to our people and look forward to their support in all our engagements.

I wish to express our deep sense of commitment and gratitude to you, our Member, for continuing to believe in us and being an active supporter of our plans and initiatives. We seek your active cooperation as we move forward to build a robust, sustainable and scalable KSL Group.

Warm regards



Paresh J. Khandwala
Managing Director

SIXTEENTH ANNUAL REPORT 2009**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Khandwala Securities Limited will be held at Cooch Behar Room, Cricket Club of India (CCI), Brabourne Stadium, Churchgate, Mumbai 400 020 on Wednesday, 30th September 2009 at 12:30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2009 and Profit and Loss Account for the period ended as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ajay Narasimhan who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors M/s. Udyen Jain & Associates, Chartered Accountants, the retiring auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By order of the Board of Directors

Manisha Srivastava
Company Secretary

Date : 22nd August, 2009

Place : Mumbai

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instruments of proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the time fixed for the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain close from Friday 25th September 2009 to Wednesday 30th September 2009 (both days inclusive) for the purpose of Annual General Meeting.

4. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, there is no dividend or interest which remains unpaid / unclaimed for a period of 7 years which should be transferred by the Company to IEPF. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
5. Members are informed that in the case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
7. Members are requested to bring their copy of the Annual Report, as copies of the Report will not be distributed again at the Meeting.
8. Members are requested to bring their attendance slip, duly signed, so as to avoid any inconvenience.
9. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready.
10. Members holding shares in physical form are requested to notify, immediately, any change in their address or bank details to the Company. Shareholders are requested to quote ledger folio / beneficiary numbers in all their correspondence. Members holding shares in electronic form should update such details with their respective Depository Participants.

By order of the Board of Directors

Manisha Srivastava
Company Secretary

Date : 22nd August, 2009

Place : Mumbai

KHANDWALA SECURITIES LIMITED*Come; let's join hands for a new experience***DIRECTORS' REPORT**

Dear Members,

Your directors have pleasure in presenting herewith the Sixteenth Annual Report along with Audited Statement of Accounts for the year ended 31st March 2009.

FINANCIAL HIGHLIGHT

(Rs. in Lakhs)

Particulars	Year ended 31 st March 2009	Year ended 31 st March 2008
Total Income	1231.07	1801.70
Interest & other Financial Charges	67.44	78.06
Depreciation	44.12	41.93
(Loss) / Profit before Tax	265.70	770.99
Provision for Tax (including Deferred Tax & Fringe Benefit)	39.68	97.42
(Loss) / Profit after Tax	229.02	673.57
Appropriations		
Dividend on Preference Shares	13.77	64.85
Provision for Corporate Tax on Dividend	2.34	11.02
Transfer to General Reserve	-	-
Transfer to P & L from DRR	-	-
(Deficit) / Surplus carried forward	947.19	737.28
Reserves and Surplus	1769.92	1560.01

RESULTS OF OPERATIONS

The Revenue for the year increased from Rs. 1801.70 lacs to Rs.1231.07 lacs The Profit before interest exceptional items, prior period expenses and taxation registered a decline of 66% and down from Rs.77.10 million to Rs. 26.57 million. The Company's net profit for the year was Rs. 229.02 lacs down from Rs. 673.57 lacs in the previous year.

The detailed information on operational and financial performance, etc., is also given in the Management Discussion and Analysis Report which is annexed to the Directors' Report and has been prepared in compliance with the terms of Clause 49 of the Listing Agreement with Indian Stock Exchanges.

SHARE CAPITAL

1,50,000 (One Lac Fifty Thousand) 7% Cumulative Redeemable Preference Shares of Rs.100/- of the Company were redeemed during the year under review.

DIVIDEND

Your Directors do not recommend Equity Dividend for the financial year under review to conserve the resources for consolidation of businesses. The dividend on Preference Shares shown under appropriation is for the earlier years, now appropriated.

DIRECTORS

In accordance with Section 255 and 256 of the Companies Act of 1956 and with reference to Article 109 of the Articles of Association of the Company, Mr. Ajay Narasimhan, a Non-Executive Non Independent Director retires by rotation and, being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the Company.

Brief resume of the Director proposed to be re-appointed, qualification, experience and the name of the Companies in which he holds directorship, membership of the board committees, as stipulated in the clause 49 of the listing agreement is provided in the Report on Corporate Governance forming a part of the annual report.

CORPORATE GOVERNANCE

Your Company has complied with all the mandatory provisions of the revised Clause 49 of the Listing Agreement with the Stock Exchanges. As part of the Company's efforts towards better corporate practice and transparency, a separate report on Corporate Governance compliances is included as a part of Annual Report.

A certificate from the auditors, M/s Udyen Jain & Associates, Chartered Accountants, of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Directors' Report.

CONVERTIBLE WARRANTS

Your Company pursuant to the resolution passed by the members in the Extraordinary General Meeting held on 3rd December 2007, and in respect of which in-principle approval was granted by the stock exchanges, allotted 18,41,000 convertible warrants on 2nd January 2008 to certain investors, at a price of Rs 48/- per share. Each warrant was convertible into one Equity Share of the face value of Rs 10/-, at the option of the warrant holders, at any time prior to the expiry of 18 months from the date of allotment of the warrants i.e. up to 1st July 2009.

The Company received the 90% balance amount for conversion of 556000 warrants into equity shares. The conversion was done and the shares were allotted on 31st March 2008. The said shares are under lock in for a period of 3 years from the date of allotment i.e. upto 2nd January 2011.

SIXTEENTH ANNUAL REPORT 2009

However out of 18,41,000 convertible warrants the warrant holders holding 12,85,000 warrants did not exercise their option for conversion, accordingly the management of the company on 10th July 2009 cancelled the entire 12,85,000 warrants and the amount of Rs. 61,68,000/- being the amount received as 10% upfront from the warrant holders @ Rs 4.80 per warrant was forfeited, as per the terms of the issue.

CURRENCY DERIVATIVE SEGMENT

During the year under review your Company obtained the membership of the Currency Derivative Segment of National Stock Exchange. The SEBI Registration Number is INE230600030.

SECRETARIAL AUDIT REPORT

Your Company voluntarily appointed M/s. Savitha Jyoti, Practicing Company Secretary, to conduct Secretarial Audit of the Company for the financial year ended March 31, 2009. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Listing Agreement, the Companies Act, 1956, and the Depositories Act, 1996.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement, is given as a separate statement in the annual report.

EMPLOYEES

Your Company is consciously aware that its well being largely depends upon the quality and strength of human resource. The Company endeavors to attract and retain talent. The Company ensures that its operations are adequately staffed. Your Company's human resource policies are designed and implemented to achieve these objectives.

The Board wishes to place on record its appreciation for sincere and dedicated efforts put in by all the employees. Employee-Management relations continued to remain cordial throughout the year under review.

AUDITORS' REPORT

Observations made by the Auditor in their Report, have been appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory.

AUDITORS

M/s. Udyen Jain & Associates, Chartered Accountants, who retires on the conclusion of this Annual General Meeting has requested to consider their re-appointment at the ensuing AGM of the Company. A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The Company doesn't have any employee drawing remuneration as per monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 except Mr. Paresh J Khandwala. The details of his remuneration are given below:

Sr No	Particulars	Details
1	Name	Mr. Paresh J Khandwala
	Designation	Managing Director
2	Age	54 years
3	Remuneration	Rs. 34,71,549/- p.a.
4	Date of Appointment	1 st January 2005
5	Nature of employment, whether contractual or otherwise	Employment.
6	Other terms and conditions	Nil
7	Nature of duties	Managing the Company and involved in Policy Making decision process and executing the same.
8	Experience	34 years.

COMPLIANCE CERTIFICATE

A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors state, as an averment of their responsibility, that:

- (i) The Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanations relating to material departures, if any;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at March 31, 2009 and of the profit or loss of the Company for the year ended March 31, 2009;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2009 on a going concern basis.

KHANDWALA SECURITIES LIMITED**DEPOSITS**

Your Company has not accepted any deposits from the public and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

ACKNOWLEDGMENTS

The Board expresses its sincere gratitude for the continued support and guidance received by the Company from the Securities and Exchange Board of India, the Reserve Bank of India, the Stock Exchanges and other government and regulatory agencies. The Board would like to acknowledge the continued support of its bankers, registrars, vendors,

clients and investors. The Directors also wish to place on record their gratitude and appreciation of the employees' hard work, dedication, teamwork and professionalism which made the phenomenal growth possible year after year.

For and on behalf of the Board of Directors
Khandwala Securities Limited

S M Parande
Chairman

Date : 22nd August, 2009

Place : Mumbai.

Annexure A to Directors Report**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****a) Conservation of Energy:**

Your Company consumes electricity mainly for the operation of its computers. Though the consumption of electricity is negligible as compared to the total turnover of the Company, your company has taken effective steps at every stage to reduce consumption of electricity.

b) Technology Absorption

This is not applicable to your Company as it has not purchased or acquired any Technology for development of software from any outside party.

c) Foreign Exchange Earnings / Outgo

Foreign Exchange Earnings : Rs. 88.22 Lacs (previous year – Rs. 271.00 Lacs)

Foreign Exchange Outgo : Rs. 10.63 Lacs (previous year – Rs. 4.36 Lacs)

For and on behalf of the Board of Directors
Khandwala Securities Limited

S M Parande
Chairman

Date : 22nd August, 2009

Place : Mumbai.

SIXTEENTH ANNUAL REPORT 2009

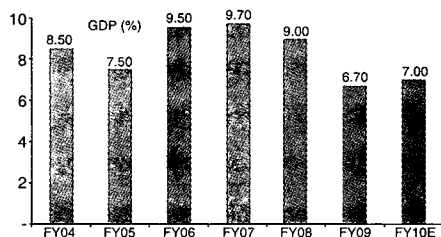
Outstanding Corporate have one thing in common an absolute sense of mission

MANAGEMENT DISCUSSION AND ANALYSIS**ECONOMY OVERVIEW**

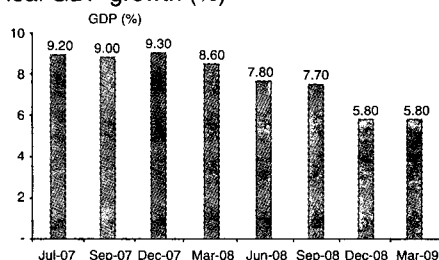
The world over look of financial markets is very different today from what they did a year ago. The disastrous events that shook the very foundations of the American financial system and subsequently the rest of the world have already been acknowledged as the worst financial crisis since the Great Depression. Several banks and financial institutions of great repute have gone into bankruptcy while many more barely survived, thanks to financial lifelines thrown to them by their Governments. In Europe, whole countries have gone bankrupt or come dangerously close to it. In the after effects of this unprecedented financial and economic meltdown, most of the world's major economies are faced with the spectre of zero growth, or worse still, negative growth. The sub-prime crisis which everyone saw coming pulled down institutions in the west which were considered unshakable till recently. Consequently the mood of optimism and exuberance that marked the recent past gave way to stark pessimism. The tide of abundant liquidity, which raised asset and commodity prices to new heights suddenly receded bringing down the valuations and causing heavy losses to investors across the world. There is a fear of deflation and recession in most of the developed world, which in turn affected the economic prospects of the developing world as well. Though India was not excluded from these happenings it is a matter of satisfaction that we are relatively affected less, thanks to regulatory prudence and foresight. The pain for India has been more in the Real Economy, with sector after sector experiencing steep contractions in demand.

Current estimates put GDP growth at 6.7% during 2008-09 as against 9% achieved during each of the three preceding years.

GDP to grow by 6.6% in 2009-10



Quarterly Real GDP growth (%)



Source: Bloomberg

But it was not all gloom and doom. There were some comforting signs too. Well-functioning financial markets, robust rural demand, lower headline inflation and robust foreign exchange reserves were all pointers to long term strength and resilience of Indian Economy. The timely fiscal stimulus packages announced by the Government, coupled with swift monetary easing and regulatory action by RBI, helped to arrest the slow down and keep the economy ticking.

INDUSTRY OVERVIEW**INDIAN EQUITY MARKET**

The economic scenario directly impacts the investment facilitation and advisory business in which your company is engaged. Indian stock markets are one of the worst to be affected when global investors liquidated investments for meeting liquidity demands and taking flight to safety. The benchmark index, sensx, witnessed low of 7697 from a peak of 21206 witnessed in January 2008. For most of the latter half of the financial year 2008-09 the index hovered below 10000, less than half of the peak achieved in 2008. A direct consequence to the industry is a significantly lower trade volume and off take of investment products such as mutual funds, PMS, ULIPs etc. The total volumes in NSE were down by 17% from previous year's levels. The market capitalization of equity shares traded in the NSE reduced by nearly 40% during the year. There were only 21 IPOs against 92 IPOs last year and the money raised by Indian corporates from primary market through public and right issues was lower by 81% compared to last year. NAV losses kept investor sentiments at a low level. The revenue from your company's business was affected on account of these factors.

Capital Market Annual Indicators:

		2006-07	2007-08	2008-09
Capital Issues	Rs. bln.	1229.6	1783.6	992.3
Public Sector	Rs. bln.	418.1	676.1	349.2
Private Sector	Rs. bln.	811.6	1107.5	643.1
Equity	Rs. bln.	794.0	1308.2	294.9
Debt	Rs. bln.	435.7	461.9	494.4
GDRs / ADRs / RCBs / (floatations)	\$ mln.	2334.2	7921.8	275.7
GDRs / ADRs	\$ mln.	794.4	7910.6	275.7
ECBs / FRNs	\$ mln.	1539.8		
Share Price Index	%	10.2	30.1	-41.2
Trading volumes on BSE	Rs. bln.	9497	15786	10993
Trading volumes on NSE	Rs. bln.	19453	35510	27520

Source: CMIE

The Primary Market

During year 2008-09, there were 21 public issues which mobilised Rs.2082.35 crore and 25 rights issues which

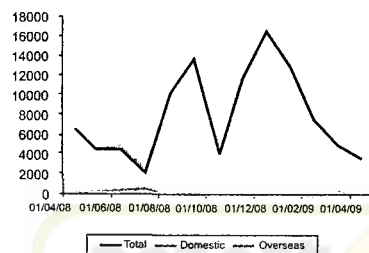
KHANDWALA SECURITIES LIMITED

mobilised Rs.12637.16 crore as compared to 92 public issues which mobilised Rs.54510.54 crore and 32 rights issues which mobilised Rs.32518.49 crore during 2007-08. In addition, there was 2 QIP's amounting to Rs. 188.82 crore as compared to 36 QIP's which mobilised Rs.25525.29 crore in the previous financial year.

Funds Mobilised in Primary Market

Particulars	2008-09		2007-08	
	No. of Issues	Amount (Rs. crore)	No. of Issues	Amount (Rs. crore)
a) Public Issues	21	2082.35	92	54510.54
i) IPOs	21	2082.35	85	42101.84
ii) FPOs	0	0.00	7	11915.84
b) Rights Issues	25	12637.16	32	32518.49
c) QIP	2	188.82	36	25525.29
Total (a+b+c)	50	14908.33	152	112799.57

Resources raised from domestic primary capital markets continue to decline



Source: SEBI, NSE, BSE, CMIE

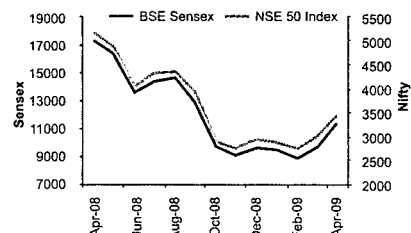
The Secondary Market

In the secondary market segment, the activity began on a bullish note with BSE and NSE indices scaling new peaks of 20,873 and 6,287 on January 8, 2008. However, this momentum did not sustained and the indices recorded significant downtrend in line with the decline in all the major international indices. Intraday fall of 1,968 points in BSE Sensex on January 21, 2008 was the highest recorded fall in the history of Sensex. The market sentiment turned cautions on account of increase in international crude oil prices, downwards trend in major international equity markets, increasing domestic inflation, widening of trade deficit and depreciation of the rupee. On a point-to-point basis, BSE Sensex and Nifty indices declined by 51.8% and 52.4% respectively during 2008. Market capitalisation to GDP ratio declined from 109.5% by end March 2008 to 49.7% at the end of March 2009.

Even after the sharp correction in the valuation of Indian stocks, the year-end valuation of stocks in terms of P/E ratio of Indian indices at 12.4 – 12.9 at end December 2008 was the highest amongst select emerging market economies such as South Korea, Thailand, Malaysia and Taiwan.

	BSE Sensex	NSE 50 Index
Apr 2008	17287	5166
May 2008	16416	4870
Jun 2008	13462	4041
Jul 2008	14356	4333

Aug 2008	14565	4360
Sep 2008	12860	3921
Oct 2008	9788	2886
Nov 2008	9093	2755
Dec 2008	9647	2959
Jan 2009	9424	2875
Feb 2009	8892	2764
Mar 2009	9708	3021
Apr 2009	11403	3474



Source: BSE & NSE

DEBT MARKET:

Growth in corporate debt market was stunted during the second half of FY09 by a severe liquidity crunch, higher interest rates and counter party fears. However 2,177 deals with a volume of Rs. 2,617 billion during FY09 compares well with the total number of 2,269 deals worth Rs. 2,109 billion in FY08.

The Corporates as yet do not seem to view the debt markets as a credible alternative to equity capital market in raising capital. But as the government and the regulators seem inclined to taking steps to develop the corporate bond market in India with an objective of reducing the cost of raising debt capital, we believe this segment will grow faster than other segments in the future and gradually become a major source of capital required by corporates, supplementing traditional bank credits.

FII & MF Activity in Equity Markets:

FY09 was the first fiscal in India's history when FIIs were net sellers in Indian equities; secondary market FII

outflows for the year were Rs. 479 billion. Interestingly, FY08 was the year of record net FII inflows of Rs. 517 billion. However, mutual funds continued to be net buyers for the sixth consecutive year. In FY09, mutual funds were net buyers to the tune of Rs. 66 billion, which is a 52% drop from Rs. 137 billion of net buying in FY08.

FII Net Inflows/ (Outflows) in Rs. billion

