

Press Clipping

Publication : Mint
Date : 17/11/2008
Edition : Mumbai
Page No. : 14

SILENT BUYER

Reliance MF picks 2% in ICICI Bank

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MUMBAI

The country's largest mutual fund house by assets, **Reliance Capital Asset Management Ltd (RCAM)** has bought an additional 2% stake in **ICICI Bank Ltd**, the country's largest private sector lender, during the past 45 days, through open market purchases.

Vikrant Gugnani, chief executive of RCAM, said that two equity funds managed by the house, including **Reliance Banking Fund**, made the purchases in small quantities.

"The stock price (of ICICI

Bank) had fallen to Rs290... It is our business to buy stocks or increase exposure at low prices to find more value," he said.

ICICI Bank shares, a heavy-weight in India's Sensex stock index, doesn't have a promoter group but is owned primarily by domestic and foreign financial institutions.

The Reliance mutual fund is owned by publicly traded **Reliance Capital Ltd**, which is part of the Reliance-Anil Dhirubhai Ambani Group.

ICICI Bank's shares lost some 80% of their value since the beginning of this year, as they slumped from Rs1,465 in mid-January to Rs282 a share on 27

October, led by intense selling by institutional investors on fears of financial stress.

It was also a favourite of some short-selling, a technique used by investors who try to make a profit from the falling price of a stock.

The steep fall in ICICI Bank's stock gained pace around end-September, as it dropped 22% in a week to below Rs500 at the Bombay Stock Exchange, fuelled by rumours of exposure to failed US investment bank **Lehman Brothers Holdings Inc.** and distressed US lenders **Wachovia Corp.** and **Washington Mutual Inc.**

On 11 October, the bank's stock plunged 28% in intra-day trading, eventually closing down about 20%. The bank had declined to say whether it was the subject of a front page story in *Mint* that day, which reported that a large unnamed Indian bank borrowed Rs1,000 crore as a short-term loan from another

bank at an interest rate of more than 20%.

The bank's management, which has maintained its health about rumours and selling deliberately aimed at putting pressure on the bank's stock price.

Life Insurance Corp. of India, the state-owned insurer, is the largest institutional shareholder in ICICI Bank, owning an 8.45% stake.

Other big investors in the bank included Allamanda Investments Pte Ltd, a foreign fund, Bajaj Holdings and Investments Ltd, Merrill Lynch Capital Markets Espana, Crown Capital Ltd and government of Singapore, according to its shareholding pattern at the end of September.

ICICI Bank shares are currently trading at Rs395.95 as of Friday's closing on the Bombay Stock Exchange.

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