

India Infoline Model Portfolio (IMP)

The India Infoline Model Portfolio (IMP) has delivered an impressive performance since its inception in October 2008 with a return of 92.4%. Since last revision on 09th July '09, the portfolio has performed more or less in-line with Sensex despite a sharp correction in two portfolio stocks, Suzlon Energy and Reliance Communication. As an exercise of shuffling the portfolio at regular intervals, we are making some changes to strengthen IMP for long-term outperformance. This time, we are retaining 7 stocks from the erstwhile portfolio of 15 and adding 6 stocks to make a new portfolio of 13 companies. Further, we have tweaked weights of the companies retained. We are now underweight on real estate as interest rates are headed north with initiation of monetary tightening by RBI and also expect commercial rentals to remain subdued for some time due to oversupply. We remain bullish on the banking sector with credit demand expected to pick-up in H2 FY10 driven by revival in corporate investments and retail credit. All of the above-

mentioned portfolio adjustments have been done with a positive long-term view on the market. However, in the near-term the market may remain choppy with uncertainty over timing of stimulus withdrawal by the government. Steep corrections, though, should be used to increase investments in the market.

IMP has delivered 19.2% return since last revision in July 2009

Our model portfolio, IMP, has delivered a return of 19.2%, since last revision on July 09th 2009. The performance was more or less in-line with Sensex, which returned 21%. The gain in IMP since latest revision was driven by Canara Bank (up 63.9%), Bajaj Auto (up 48.6%), Simplex Infra (up 46.9%) and ICICI Bank (up 37.4%). Key portfolio draggers were Reliance Communication (down 31.7%), Suzlon (down 20.5%) and ACC (down 7.0%).

Revised IMP

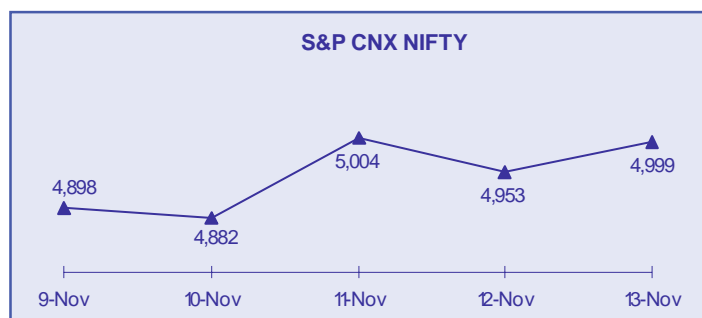
Sr. No	Company	Sector	New Wght (%)	Old Wght (%)	CMP (Rs)	Investment positives
1	Bajaj Auto	Auto	8.0	7.0	1,446	Higher disposable income to drive demand growth. Success of new launches key to earnings growth. Lower raw material costs will lead to margin expansion.
2	BOB	Financials	7.0	0.0	545	Robust 19% loan growth CAGR over FY09-11. NIM to improve in coming quarters as BoB re-prices some high-cost deposits. CASA ratio to remain at comfortable 35-36% levels. Asset quality better than peers.
3	HDFC Bank	Financials	8.0	0.0	1,719	After running down the CBOP book through FY09, bank's loan book grew 9.5% qoq during Q2 FY10. NIM improved on higher CASA%. The impending capital infusion of Rs36bn from parent will augment strong loan growth.
4	IRB Infra	Infrastructure	7.0	0.0	264	Proxy play on India road infrastructure capex. Construction business order backlog of Rs74bn will also fuel growth. We expect earnings to witness 60% CAGR over FY09-11.
5	ITC	FMCG	8.0	7.0	253	Dominates a relatively inelastic cigarette industry. Diversification into other consumer segments has met success. Top pick in the FMCG space.
6	L&T	Infrastructure	10.0	10.0	1,643	Rs816bn order book, 2.4x TTM revenues, provides strong earnings visibility. Focus on infrastructure development and foray into new verticals like defense, nuclear & railways will be beneficial for L&T.
7	NCC	Infrastructure	8.0	0.0	166	Well diversified order book reduces risk as there is limited dependence on specific industries. With lower input costs, margins are expected to improve. We expect NCC's earnings to witness 25% CAGR over FY09-11.
8	Reliance Cap.	Financials	6.0	5.0	809	A diversified financial services play. Strong parentage and large capital base to aid growth in new businesses. Recent correction provides an opportunity to invest.
9	RIL	Oil and Gas	10.0	10.0	2,098	Increase in MAT rate along with uncertainty over 80-IB benefits will impact near term earnings. SC decision over gas pricing would be a key harbinger for the stock. However, its long term E&P story remains intact.
10	Simplex Infra	Infrastructure	7.0	7.0	509	Rs105bn order book (2.2x FY09 revenues) provides significant visibility. Augmenting portfolio by venturing into new verticals. Earnings to witness 24% CAGR over FY09-11E.
11	Suzlon	Power	8.0	7.0	69	Debt restructuring and Hansen stake sale will ease pressure on its balance sheet. Orders expected to flow from H2 FY10. Trades attractively at 12x FY11E EPS.
12	Welspun Guj.	Pipes	7.0	0.0	279	Highest order flow among its peers over the last one year. Order book of Rs78bn provides visibility beyond FY10. High order flows coupled with strong operating margins to drive earnings CAGR of 46.9% over FY09-11E.
13	Yes Bank	Financials	6.0	0.0	265	The proposed US\$250m capital infusion, aggressive branch expansion and conservative lending by peers to enable Yes Bank to grow loan book at robust pace. Returns ratio (RoE & RoA) remains amongst the best.

Source: India Infoline Research

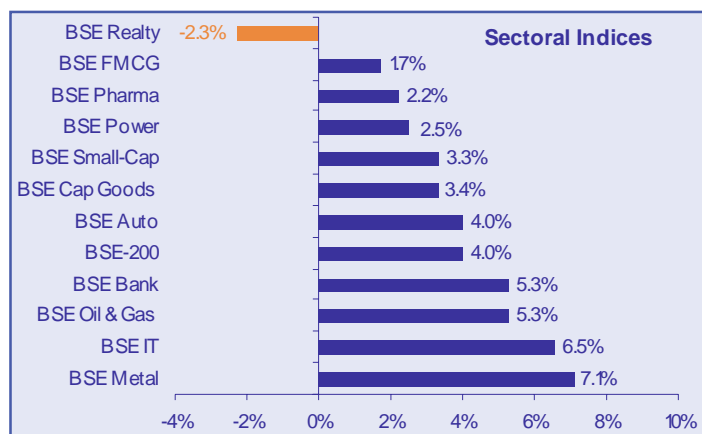
India Infoline Weekly Wrap

Market review

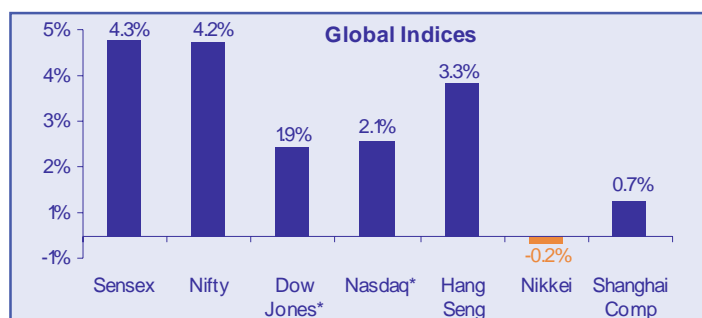
The bulls managed to sustain last week's momentum, with the BSE Sensex adding 4.3% to close at 16,848 and the NSE Nifty rising 4.2% to 4,998. Better-than expected IIP numbers coupled with firm cues from international equity markets helped Dalal-Street in maintaining the bullish tempo. However, the Nifty continued to witness resistance at 5,000 levels through the week.



BSE Metal Index rallied over 7% on back of sharp fall in dollar index. Oil and Gas was also in momentum post the oil minister's comment on the proposed gas price hike. After witnessing sharp run up, real estate stocks gave up some gains during the week.



In US, the Dow Jones Industrial Index managed to stay above the 10,000 mark extending its gains for the second consecutive week. The upswing was seen on expectation of improvement in consumer confidence this month. Similarly, in Asia Hang Seng Index extended gains while Shanghai SE Composite remained largely unchanged.



*As per previous close

FII & MF activity

(Rs cr)

Date	FII Net Investment	MF Net Investment
05-Nov	268	34
06-Nov	696	182
09-Nov	649	128
10-Nov	429	(13)
11-Nov	973	159
Total 2009	71,354	(1,398)

BSE Sensex & BSE 200 Top Five Gainers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
Tata Motors	620	8.8	NMDC	436	28.8
Reliance Inds	2,120	8.3	Jai Corp	230	27.3
TCS	670	7.7	Jubilant Org	279	25.0
ICICI Bank	909	7.1	United Brew	255	22.5
Infosys	2,360	6.4	JSW Steel	897	17.9

BSE Sensex & BSE 200 Top Five Losers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
Bharti Airtel	302	(5.6)	Indiabulls Sec	38	(11.0)
DLF	368	(3.1)	Indiabulls Real	235	(5.8)
Rcom	174	(2.6)	IOC	294	(5.7)
HUL	270	(1.0)	Torrent Power	320	(5.7)
Ranbaxy Labs	412	(0.5)	Educomp Sol	773	(5.6)

Bulk deals

Date	Institution	Scrip name	B/S	Qty (lacs)	Price
10-Nov	Reliance MF	Edelweiss	B	12.3	482
10-Nov	LIC	Ruchi Soya	B	14.6	77
11-Nov	Clearwater Cap	Lyka Labs	B	9.3	27
11-Nov	Citigroup GI	Unitde Brew Hold	B	8.8	243
11-Nov	Clearwater Cap	Unity Infra	B	4.2	440

Insider trades

Company	Name	B/S	Qty ('000)
V-Guard Ind	Mithun Chittilappilly	B	13.5
Shree Ashtavinayak	Dhilin Mehta	B	40.0
Kirloskar Brothers	Pratap Baburao	B	4.0

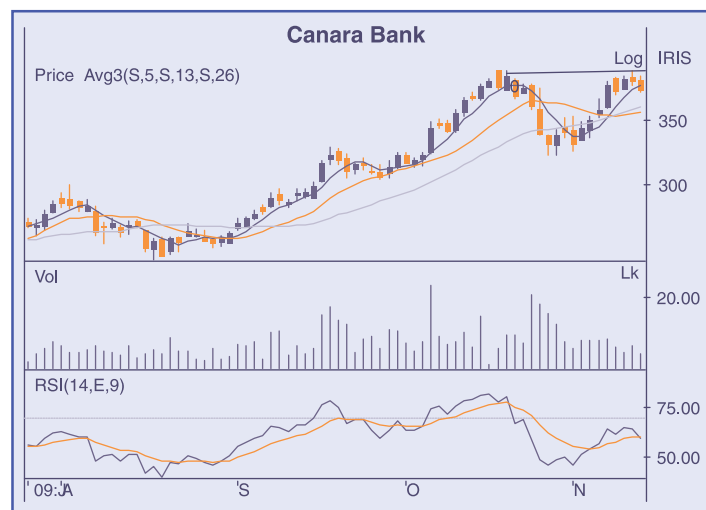
Book closures and record dates

Company	Date	Purpose
Kesoram Industries	16-Nov-09	Interim Dividend
Jetking Infotrain	18-Nov-09	Interim Dividend
Central Bank	19-Nov-09	Interim Dividend

India Infoline Weekly Wrap

Technical ideas

Canara Bank **SELL**
CMP Rs377

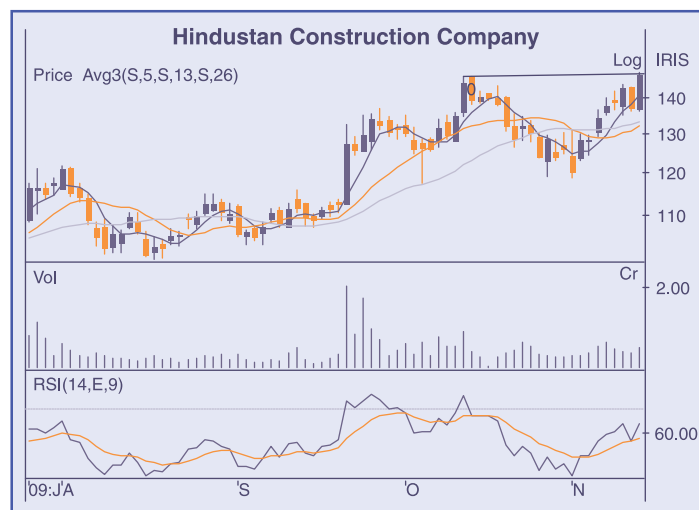


The above Daily Candlestick Chart shows that the stock has been on a strong uptrend for the past few months. Infact, the stock has already risen by 2.7x from Rs144 in March 2009 to a high of Rs380. The Daily RSI is exhibiting strong negative divergences, which indicates that the best is over and that the trend should reverse from the current levels.

We expect the stock to witness a sharp fall from the current levels. Volumes have decrease in the past few sessions, thus indicating low participation at higher levels. A bearish candlestick pattern on Friday supports our short term SELL argument for the stock.

Traders can SELL the stock at current levels and on highs up to Rs390 for a target of Rs360 and Rs345. We advise traders to maintain a stop loss of Rs395.

HCC **BUY**
CMP Rs146



HCC has been in a strong uptrend since the second week of March 2009. The stock has already run up 5.2x from its 52-week low of Rs28 to Rs146. However, towards the end of the week, the stock managed to cross past its crucial resistance level of Rs144-146. Moreover, volumes have also picked up substantially as the stock breached the crucial resistance levels.

It presents an opportunity for the traders to capitalize on the uptrend. An occurrence of this event indicates further positive movement. The MACD and RSI (momentum indicators) are above neutral levels and are exhibiting the positive trend to continue.

We recommend traders to BUY the stock between the levels of Rs144-147 for target of Rs155 and Rs160, with a stop loss of Rs139.

Positive open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Patel Eng	3.4	21.2	1,119.6
Patni	4.0	15.8	168.2
Nagarjuna Con	1.8	14.1	6.6
IvrcI Infra	3.3	12.1	(13.6)
TCS	2.6	11.8	30.8

Negative open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
TechM	(4.7)	29.7	2.8
Sun TV	(1.3)	28.9	(2.9)
Bosch	(2.4)	24.0	1,050.0
Sintex	(2.0)	11.4	25.9
Cummins	(1.0)	10.5	(18.8)

Technically strong

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
HDFC Bank	1,722	1,659	9.4	8.7
GNFC	96	92	1.5	1.4
GAIL	377	362	29.9	20.2
Mah. Satyam	120	119	809.1	218.9
NTPC	215	211	42.1	37.4

Technically weak

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
IOC	295	307	15.3	10.7
Sun TV	312	319	4.5	2.7
Colgate	682	694	2.4	1.2
IGL	160	161	12.2	1.4
Kesoram Ind	323	323	1.3	0.8

India Infoline Weekly Wrap

Mutual fund round-up

India Infoline picks

Mutual Funds	Assets (Rs Cr)	NAV (Rs)	Absolute return (%) as on November 12, 2009							
			1wk	1mth	3mth	6mth	1yr	2yr	3yr	5yr
Birla SL Frontline Equity Fund (G)	1,307	73.2	1.3	(0.6)	6.5	45.0	73.3	(1.2)	52.9	248.1
DSP BR Equity Fund (G)	1,481	13.2	0.2	(1.4)	8.6	49.6	68.4	(0.9)	--	--
Fidelity (I) Sp Situations Fund (G)	1,179	14.7	0.2	(1.1)	6.1	49.0	57.3	(12.7)	22.2	--
ICICI Pru Focused Equity Fund (G)	852	12.6	0.4	(1.7)	6.1	39.3	75.1	--	--	--
ICICI Pru Taxplan (G)	943	106.7	0.1	0.1	10.9	57.3	80.2	(2.6)	15.4	198.5

Fund this week: HDFC Equity Fund

Fund snapshot		Asset allocation (%)	
Fund Manager	Prashant Jain, A Laddha	Equity	98.1
Latest NAV	Rs222.8	Debt	0.0
NAV 52 high/low	Rs225/91	Cash/call	1.8
Latest AUM (cr)	Rs4724	Top 5 holdings (%)	
Type	Open-ended	State Bank of India	6.9
Class	Equity - diversified	ONGC	5.0
Options	Growth & dividend	ICICI Bank	4.5
Min investment	Rs5,000	Bank of Baroda	4.3
Entry load	Nil	LIC Housing Finance	3.5
Exit load	1%<1yr	Top 3 sectors (%)	
Benchmark	CNX500	Banks	20.0
No. of stocks	54	Pharmaceuticals & Biotechnology	15.7
Expense ratio	1.8%	Media and Entertainment	9.4

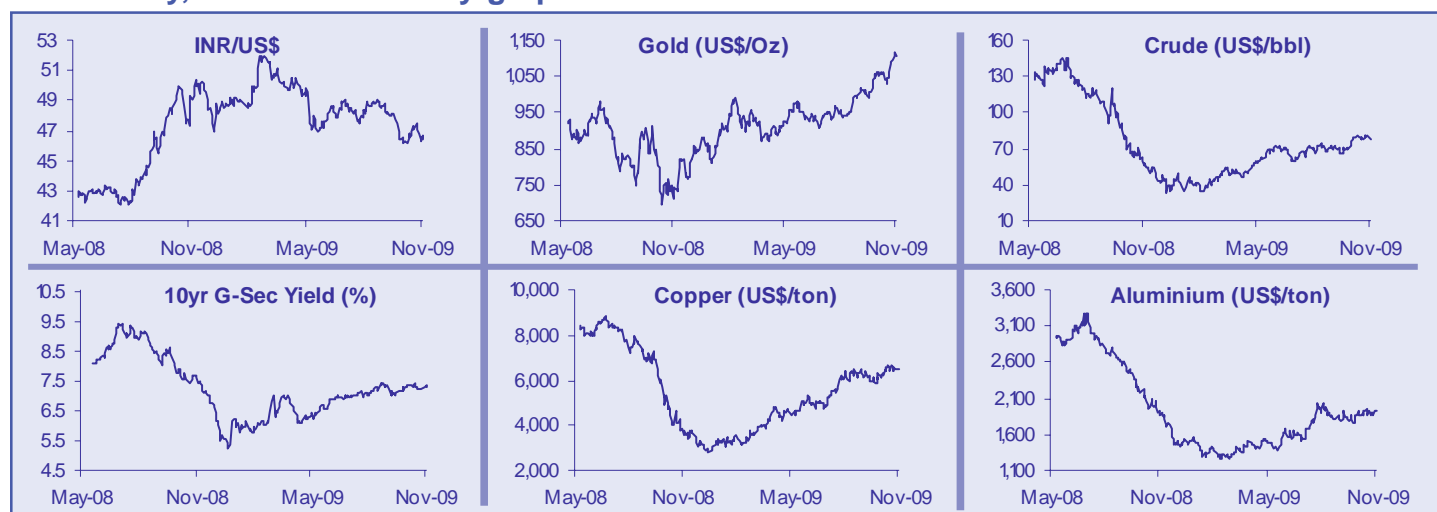
NFO update

Fund Name	Close	Type	Class
Kotak FMP 18M Series 2	18-Nov	CE	Debt - FMP
Tata FMP Series 25C HI	4-Dec	CE	Debt - FMP
Axis Equity Fund	12-Dec	OE	Equity - Div

Dividend update

Mutual Fund	Dividend %	Record date	Class
Taurus FMP 370 D - Sr 1	100.0	16-Nov	Debt - FMP
FT Capital Safety - 3- yr	1.0	18-Nov	Balanced
FT Capital Safety -5-yr	1.5	18-Nov	Balanced

Commodity, debt and currency graphs



* As per previous close

India Infoline Ltd, One India Bull Center, Jupiter Mill Compound, 841, Senapati Bapat Marg, Nr, Elphinstone Road, Lower Parel (W), Mumbai 400 013.

The information in this newsletter is generally provided from the press reports, electronic media, research, websites and other media. The information also includes information from interviews conducted, analysis, views expressed by our research team. Investors should not rely solely on the information contained in this publication and must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. The materials and information provided by this newsletter are not, and should not be construed as an advice to buy or sell any of the securities named in this newsletter. India Infoline may or may not hold positions in any of the securities named in this newsletter as a part of its business. Past performance is not necessarily an indication of future performance. India Infoline does not assure for accuracy or correctness of information or reports in the newsletter.