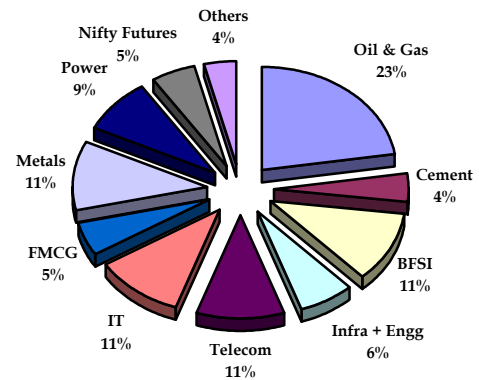




The benchmark Sensex is down ~ 42% from January peak, near historical lower band of 12x forward earnings. The pessimism is widespread (read our Market Weekly dated Oct 6, 2008). The momentum indicators on charts show strength emerging at current levels (Sensex ~ 12,000). We utilize the current dip as an opportunity to accumulate frontline stocks with strong businesses. We reduce our cash holdings and increase equity exposure by 9% to 93%. We add/increase weightage among the following stocks in the portfolio.

Portfolio by sectors



Company	Change in Weightage	Entry Price (INR)
Ranbaxy India Ltd.	From Nil to 1%	249
Gail India Ltd.	From Nil to 1%	261
ICICI Bank	From 3% to 4%	480
Sterlite Industries	From 2% to 3%	346
Nifty Futures	From Nil to 5%	3,656

Entry Price as of October 6, 2008 (Intraday)

KSL Model Portfolio

Company	Weightage
Aban Offshore	2.0%
ACC	1.5%
Axis Bank	3.0%
Bank of India	1.5%
BHEL	1.5%
Bharti Airtel	5.0%
GAIL India Ltd.	1.0%
Guj. State Petronet	2.0%
ICICI Bank	4.0%
Indraprastha Gas	2.0%
Infosys Technologies	2.0%
ITC	4.0%
JSW Steel	2.0%
KLG Systel	1.0%
Larsen & Toubro	4.5%
Neyveli Lignite	2.0%
NTPC	2.0%
ONGC	4.0%
Power Grid Corp	1.0%
Nifty Futures (Oct'08)	5.0%
Weightage	
Equity	93.0%
Liquid Cash	7.0%

Company	Weightage
PTC India	1.0%
Punjab National Bank	2.0%
Ranbaxy	1.0%
Reliance Communications	5.0%
Reliance Industries	7.0%
Reliance Infrastructure	1.0%
Reliance Petroleum	3.0%
Rolta India	1.0%
Satyam Computers	3.0%
Shree Cement	1.5%
Shipping Corp of India	1.0%
Steel Authority of India	2.0%
Sterlite Industries	3.0%
Tata Consultancy Services	3.0%
Tata Motors	0.5%
Tata Power	2.0%
Tata Steel	3.0%
Titan Industries	1.0%
UltraTech Cement	1.0%

Return (as of 03/10/08)

KSL Portfolio (cum-dividend)	1.3%
BSE Sensex	-4.3%
S&P Nifty	-2.7%

For private circulation only. Please read the Important Disclosure at the end of the report.

KSL Intelligent Research Reports can be accessed on: www.bloomberg.net (KHDS<GO>), www.thomsonreuters.com, www.capitaliq.com, www.kslindia.com, www.moneycontrol.com, www.securities.com, www.valuenotes.com

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