

ABSTRACT

Information Available in the market is an important source for making investment in the stock market. The objective of this study is to examine the value of analysts' services for investors and explore the presence of announcement effects of their recommendations on the stock market return behaviour. This study considers 222 buying recommendations and covers the time period from July 4, 2005 to December 31, 2007. The present study uses the Sharpe Performance Measure to capture the impact of analysts' recommendations over the investment performance. This study shows the absence of association between abnormal return and the recommendations provided by the equity analysts. However, some interesting results in case of holding period suggest that one week holding period following the recommendations provides inferior investment performance while one year holding period yields highest inferior investment performance.

Keywords: *Investment, Stock Analyst, Performance, Announcement, Effect, Recommendation.*



A Study of Investment Performance and Impact of Stock Analysts' Recommendations

Kapil Choudhary, Sushil Bajaj

INTRODUCTION

In recent years major brokerage houses and research analysts, employ substantial amounts of resources and time, on fundamental and technical analysis of listed firms in Indian equity market. Moreover, based on this analysis, they attempt to extrapolate and predict the future, so as to provide their customers with sound advice and contribute towards, improving investors' portfolio returns. It is often the case that this advice assumes the form of analysts' recommendations, which are published through the media (newspapers, and electronic media). The issue under investigation then is, if analysts' recommendations publicly made available, do actually benefit investors by creating significant excess returns. Academic theory is clearly at odds regarding this issue. More specifically, under the joint hypothesis that a market is efficient and CAPM holds, the only priced factor is systematic risk. Therefore, analysts' recommendations, as well as other kinds of information do not add any value to diversified portfolios.

However, a large number of empirical studies have questioned the validity of the above joint hypothesis, depicting that firm size, (Glezakos, M. and Mylonas P., 2003) and historical earnings yield (Glezakos, M.1995), seriously affect stock returns. Overall, analysts' recommendations take into account a number of parameters, which include real factors related to firm performance as well as market conditions. Therefore, investigating the effectiveness of analysts' recommendations represents a more powerful test of the validity of the semi-strong form of the Efficient Market Hypothesis, than the corresponding traditional tests, which focus solely on corporate events. However, it must be stressed out that an investment strategy, based on analysts' recommendations, would carry with it, a substantial transaction cost. As a result, the net benefit might be zero.

This research is useful for both financial academics and practitioners. From an academic perspective, the study contributes to a better understanding of how analysts evaluate stocks, and their role in the price formation process. From the perspective of investors, this research enhances understanding of the usefulness (and limitations) of analyst recommendations in investment decisions. Finally, from the perspective of sell-side analysts, this study provides a decision aid for making better recommendations (in terms of improved returns prediction).





REVIEW OF LITERATURE

Womack (1996) examined the cumulative abnormal returns (CARs) for both large positive and negative recommendation changes, and found that investors can earn abnormal profits before transactions costs by following analysts' investment recommendations. The study found that there were immediate and significant market reactions to changes in analyst recommendations. **Barber et al (1999)** tested the existence of performance persistence in brokerage house stock recommendations. For the period 1987-1996 they showed that purchasing the current-year buy recommendations of the brokerage houses with the best prior performance earned an annualized geometric mean raw return of 18.6 percent, while purchasing the recommended stocks of the houses with the worst prior performance earned only 14.3 percent. The findings for brokerage house sell recommendations were even weaker. Overall, the study provided no reliable evidence of performance persistence for brokerage house stock recommendations. **Chen and Chakrabarti (2003)** examined over 2000 analyst recommendations to study the predictive value and market impact of stock analyst forecasts in India. This study found that analysts tend to be optimistic in their predictions, recommending buys considerably more often than sells. Their recommendations had investment value at least in the near term. Clear buy recommendations appeared to be the most valuable. The recommendations also seemed to have some impact on stock price. **Cheng (2003)** investigated determinants of the market impact of stock recommendations issued by sell-side financial analysts. They proposed a simple framework for understanding the process that financial analysts use to issue stock recommendations. They found that the market impact of recommendations increased with analysts' perceived ability and return volatility and the market impact of recommendations decreased with analyst experience after controlling for analyst-company specific effects. **Schuster (2003)** found statistically significant excess returns at the time of the publication of stock recommendations. Frequently these abnormal gains began to accumulate long before the publication date. In most cases they reached their highs on the day the recommendations are disseminated to the public. There was no evidence that stock recommendations published in the media offer any systematic opportunity to outperform the market. This study concluded that those investors who followed such advice would lose in the long run. **Cliff (2004)** examined the investment performance of stock recommendations made by analysts employed by lead underwriters as compared to analysts independent of investment banking. The results indicated that during the 1994-2003 time period, affiliated analysts offered inferior investment advice for all recommendation categories except sell. They examined possible causes and found that investment banking conflict of interest is a more complete explanation than a selection bias. **Schulmpf et al (2004)** empirically investigated the impact of both the first release of analysts' stock recommendations to a limited clientele and the subsequent dissemination of the same information in a major newspaper to a broader audience. For a sample of 1460 stock recommendations

published in FUW, significant positive abnormal returns on the day of the original release of buy recommendations and on the day of publication in FUW were documented. Tests of the price pressure and information hypotheses revealed that analysts' recommendations contained some new information, which was quickly incorporated in the stock prices on the first release of this information. **Kerl and Walter (2007)** evaluated the long-run performance of buy and sell recommendations issued by journalists at German Personal Finance Magazine. They found evidence for journalists providing significant investment value with their recommendations on the sell side since sell recommendations contain high investment value for readers. In contrast, buy recommendations generally contained only little investment value. **Wanyama and Melo (2008)** summarized some of the most recent academic literature about the impact and usefulness of stock recommendation. Most researchers examined the sell-side analyst recommendations since data pertaining to the buy-side and independent analyst recommendations is limited. Generally, the performance of sell side analysts' recommendations was inferior to that of buy side colleagues. **Bangoli et al (2009)** found that analysts whose stock recommendations were positively correlated with recent or future investor sentiment tend to issue relatively less profitable recommendations. Further the results suggested that analysts in attempt to maximize the profitability of their stock recommendations focussed on fundamentals such as earnings, cash flows, and discount rates rather than attempt to predict investor sentiment or other signals that may affect a firm's stock price. **Hall and Tacon (2009)** examined the profitability of trade according to the recommendations of analysts who made accurate earnings forecasts in a prior year. The study showed that the accurate forecasters could not identify on the basis of their track record. While there was statistically significant evidence that forecasting ability was persistent, it was not sufficient to generate profitable stock recommendations in the future. Furthermore, regardless of forecasting ability, analysts were pre-disposed to recommend stocks with low book-to-market ratios and positive price momentum. **Barniv et al (2010)** examined the relation between analysts' stock recommendations, earnings forecasts, and future excess stock returns in an international context. The overall results were consistent with analysts' recommendations being influenced by economic incentives other than identifying mispriced stocks in countries with high investor participation rates, substantiating puzzling results in the U.S.



OBJECTIVES OF THE STUDY

Primarily, the present study is an endeavour to investigate the effectiveness of equities analysts' recommendations which represents a more powerful test of the validity of semi-strong form of efficient market hypothesis. Taking consideration of this notion, the study tries to achieve the following objectives:

1. To examine the return behaviour of recommended sample stocks around the publication date.
2. To examine whether any profitability is associated with recommended stock.



RESEARCH METHODOLOGY

Data Source

In this study the information regarding stock recommendations is gathered from the electronic paper version of The Economic Times, where there is free access without any cost or delay. Similar studies, used newspaper information like "USA Today" and "Wall Street Journal" in Barber and Loeffler (1993), Holloway (1981), Walker and Hatfield (1996) etc. In total we have been able to gather 222 buy recommendations over the period July 04,2005 to December 31, 2007.

Announcement Effects of analysts' recommendations

Seminal studies by Ball and Brown (1968) and Fama et al. (1969) developed and popularized the event study methodology. The present study employed this methodology to examine the effects of analysts' recommendations on stocks' returns by using daily adjusted closing prices for the sample stocks for 240 days before and 30 days after the recommendation publication date (event or announcement date). The secondary data regarding publication dates of recommendations is collected from www.etintelligence.com and necessary share price data and the value of CNX NIFTY are obtained from www.nseindia.com

The Estimation Procedure

The present study considered stock recommendation publication date as an event. An event window period of 61 days is used i.e., 30 days before and 30 days after the event day. The event day is the date of publication for each sample company and is defined as t = 0. Thirty days before the event day are designated as -30 to -1 and thirty days after the event are designated as + 1 to + 30. CNX NIFTY index is used as a surrogate for the market portfolio. An estimation period of -240 to -31 days are used for computing the expected returns using the market model given by equation 1.

$$R_{it} = \alpha_i + \beta_i R_{mt} + \epsilon_{it} \quad \dots (1)$$

Where,

- R_{it} = observed daily return for the share of a company I at time t.
- R_{mt} = observed daily return for the market index i at time t.
- α_i = estimate of the intercept for the share of a company I.
- β_i = estimate for the beta of share of a company I.
- ϵ_{it} = independent and identical distributed residual error term.

The daily continuously compounded returns for each sample company and market have been computed for the estimation window period and also for the window period as:

$$R_{it} = \text{LN}(P_{it}/P_{it-1}) \quad \dots (2)$$

Where,

- P_{it} = closing price for the share of a company I at time t.
- P_{it0} = opening price for the share of a company i at time t-1.

$$R_{mt} = \text{LN}(I_t/I_{t-1}) \quad \dots (3)$$

Where,

- I_t = closing value for the market index at time t.
- I_{t-1} = opening value for the market index at time t-1.

Abnormal return, which is defined as the actual return minus the expected return is computed for company i on day t is calculated as:

$$AR_{it} = R_{it} - \alpha_i - \beta_i R_{mt} \quad \dots (4)$$

In order to eliminate biasness of any one or group of securities in the abnormal returns, the ARs are averaged over the number of companies. The ARs of individual companies are averaged for each day surrounding the event day (- 30 to + 30 days) using the following equation.

$$(AAR)_t = \sum_{i=1}^N AR_{it} / N \quad \dots (5)$$

In order to check the cumulative effect of the AARs on days surrounding the event the Cumulative Average Abnormal Return (CAAR) is computed for the window period by summing up the average abnormal returns for the period, i.e.

$$(CAAR)_t = \sum_{t=t_1}^T AAR_t \quad \dots (6)$$

Statistical Significance of AARs

First, the standard deviation of abnormal returns for the estimation period - 227 to - 31 days is computed. Then, the standardized Abnormal Returns (SAR) for each company is obtained, by dividing the abnormal returns of the window period (- 30 to + 30 days) by the standard deviation obtained. For the event day t, the Z-statistics for the average abnormal return (AARs) on N securities is calculated as:

$$Z_t = \sum_{i=1}^N SAR_{it} / \sqrt{N} \quad \dots (7)$$

For testing cumulative abnormal returns for N securities over T days (event days t1 to t2) the Z-statistics is calculated as:

$$Z_T = \sum_{i=1}^{N_s} \sum_{t=1}^{N_t} SAR_{it} / \sqrt{T \cdot N} \quad \dots (8)$$

Investment Performance Analysis

In order to examine the investment performance associated with these analysts' recommendations we consider holding period of one week, one month, three months, six months and one year. Sharpe (1966) developed a composite measure (R_s) that considers return and risk to evaluate performance of mutual funds, known as the reward to variability ratio based on ex post capital market line (CML) benchmark. It examines the adequacy of risk premium (realized portfolio return R_p in excess of riskless return relative to variability of returns as measured by standard deviation of returns (δ_p) i.e.

$$R_s = \frac{R_p - R_f}{\sigma_p} \quad \dots (9)$$

- R_s = Sharpe's performance measure for fund.
- R_p = Realised return on security.
- R_f = Realised return on 364 days treasury bills.
- σ_p = Standard deviation of security's returns i.e. Variability.

The model defines the benchmark performance as:

$$R_{MS} = \frac{R_m - R_f}{\sigma_m} \quad \dots (10)$$

- R_{MS} = Sharpe's performance measure for market.
- R_m = Realised return on Market.
- R_f = Realised return on 364 days treasury bills.
- σ_m = Standard deviation of market returns i.e. Variability.

$R_s > R_{MS}$ indicates the security's superior performance over the benchmark market portfolio in the Sharpe framework. The Sharpe ratio as defined above is calculated for the above mentioned holding periods for each sample stock as well as for the market proxy i.e. CNX NIFTY. In addition to this excess Sharpe Ratio ($R_s - R_{MS}$) is calculated for each sample stock and each holding period. If this ratio is more than zero then the analysts' recommendations are profitable for investors. The logic of using the ratio is its clear and simple information for common investor.



RESULTS AND DISCUSSIONS

Publication Effect

Efficient market hypothesis states that all the new information regarding the stock prices, corporate actions and analysts' recommendations should be incorporated in stock prices as instantaneously that no investor can expect abnormal return. The same is expected from the equity analysts' recommendations publication

(announcement). The results of the event study concerning the publication date are presented in the Table 1 and F1. It can be observed that at the announcement date itself the average abnormal return is 0.26 percent which is statistically insignificant. Another important observation worth mentioning here is the significance of average abnormal return during the t-30 to t-1. During this pre-event period the only three days t-15, t-8 and t-2 exhibit significant average abnormal return of 0.38 percent, 0.45 percent and -0.28 percent respectively. However on following day (t+1 day) of announcement day the return is negative and insignificant and on t+2 day the AAR is although higher than day t=0 yet insignificant. Furthermore, it is curious to note that during the post event period (t+1 to t+30 days) the days t+6, t+9, t+11 and t+27 exhibit significant average abnormal return of -0.37 percent, 0.34 percent, -0.45 percent and -0.31 percent respectively. The results regarding the cumulative average abnormal return reveal that for the day t-5 it is 1.6 percent which is insignificant and for 4 days i.e., t+1 to t+4 days after the publication date CAAR is 1.6 percent which is also statistically insignificant. Besides these mentioned all the values of CAAR in pre-announcement and post announcement period are insignificant. Thus, the present study could not generate the evidence of an announcement effect associated with equity analysts' stock recommendations in India.

Investment Performance

Every rational investor tries to invest in those stocks which are capable to beat the market and provide higher return. In the investment process usually investors take the help of investment managers and/or equity analysts. In the present study, an attempt has been undertaken to examine the profitability of analysts' recommendations by observing the excess Sharpe ratio of sample stocks recommendations of various holding periods. The results regarding these holding periods are discussed in this section.

One Year Holding Period

Table 2 and Figure 2 present the results regarding excess Sharpe Ratio of one year holding period of sample stock recommendations. It is noticeable from the results that out of total 222 buy recommendations, 171 (77 per cent) could not beat the market or benchmark in terms of risk adjusted performance and 51 (23 per cent) perform better than the market proxy. The average excess Sharpe ratio comes out as -12.40 which indicate the inferior performance of sample equity analysts' recommendations. In addition to this the lowest excess Sharpe ratio was -49.14 and the highest ratio was 15.88 which exhibit a range of 64.73. On the whole, the one year holding period for sample stock recommendations generate inferior average performance as compared to buy and hold policy of market portfolio. Only 23 percent of total sample recommendations could beat the buy and hold policy of market index and spread between the inferior and superior performance is 64.73 which indicate the recommendations provide more negative returns than the positive returns.

Half Year Holding Period

Table 3 and Figure 3 exhibit the results regarding excess Sharpe

Ratio of half year holding period of sample stock recommendations. It is curious to note that out of total 222 buy recommendations, 172 (77.5 per cent) could not generate superior performance than the market in terms Sharpe's risk adjusted performance and 50 (22.5 per cent) perform better than the market portfolio. The average excess Sharpe ratio comes out as -7.78 which indicate the inferior performance of sample equity analysts' recommendations. In addition to this the lowest excess Sharpe ratio was -48.59 and the highest ratio was 16.36 which exhibit a range of 64.95. In short, it can be said that the half year holding period for sample stock recommendations generate inferior average performance as compared to buy and hold policy of market portfolio. Only 22.5 percent of total sample recommendations could beat the buy and hold policy of market index.

Quarterly Holding Period

Table 4 and Figure 4 exhibit the results regarding excess Sharpe Ratio of three months holding period of sample stock recommendations. Regarding this holding period, out of total 222 buy recommendations, 156 (70.3 per cent) generate inferior investment performance to the market in terms Sharpe's risk adjusted performance and 66 (29.7 per cent) perform better than the market proxy. The average excess Sharpe ratio comes out as -5.32 which indicate the inferior performance of sample equity analysts' recommendations. In addition to this, the lowest excess Sharpe ratio was -24.18 and the highest ratio was 14.34 which exhibit a range of 38.52. Altogether, the three months holding period for sample stock recommendations generate inferior average performance as compared to buy and hold policy of market portfolio. Only 29.7 percent of total sample recommendations could beat the buy and hold policy of market index in terms of risk adjusted performance.

Monthly Holding Period

Table 5 and Figure 5 exhibit the results regarding excess Sharpe Ratio of one month holding period of sample stock recommendations. It is curious to note that out of total 222 buy recommendations, 63 (28.4 per cent) demonstrated superior investment performance to the market proxy while 159 (71.6 per cent) could not beat the market or benchmark in terms Sharpe's risk adjusted performance. The average excess Sharpe ratio comes out as -2.80 which indicates the inferior performance of sample equity analysts' recommendations. In addition to this the lowest excess Sharpe ratio was -14.44 and highest ratio was 8.93 which exhibit a range of 23.37. All in all, the one month holding period for sample stock recommendations generate inferior average investment performance as compared to buy and hold policy of market portfolio. Only 28.4 percent of total sample recommendations could beat the buy and hold policy of market index.

Weekly Holding Period

Table 6 and Figure 6 exhibit the results regarding excess Sharpe Ratio of one week holding period of sample stock recommendations. Results regarding one week holding period exhibited that out of total 222 buy recommendations, 144

(64.9 per cent) could not beat the market or benchmark in terms Sharpe's risk adjusted performance and 78 (35.1 per cent) perform better than the market proxy. The average excess Sharpe ratio comes out as -1.55 which indicates the inferior performance of sample equity analysts' recommendations. In addition to this, the lowest excess Sharpe ratio was -11.05 and the highest ratio was 9.10 which exhibit a range of 20.15. On the whole, the one week holding period for sample stock recommendations generate inferior average investment performance as compared to buy and hold policy of market portfolio. Only 35.1 percent of total sample recommendations could beat the buy and hold policy of market index. In addition to this, it is observable from the results that out of all the holding periods of investment recommendations, one week holding period provide the lowest inferior average investment performance and one year holding period provides the highest inferior average investment performance. As the holding period increases the investment performance becomes worst.



CONCLUSIONS

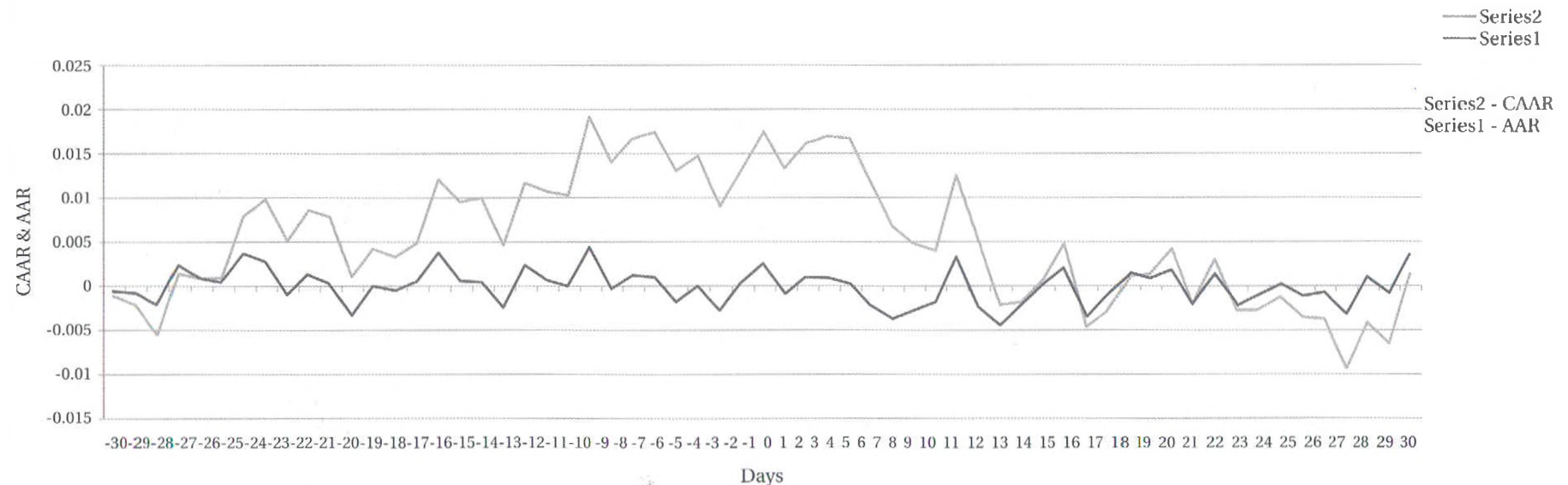
In making investment decisions, individual and professional investors utilize various sources for information and advice. One resource on which individuals heavily rely is advice and recommendations contained in reports of by brokerage houses and equity research firms. A stock recommendation represents an analyst's professional judgment on the expected price appreciation (or depreciation) of a given stock in the near future. This study examines the information content of analyst stock recommendations. The primary motivation for this paper is to determine the value of analysts' services for investors and explore the presence any publication effects (announcement effects) of their recommendations on the stock return behaviour. The present study could not find evidence of abnormal return associated with the publication event of equity analysts' recommendations in Indian capital market during the period July, 04, 2005 to December 31, 2007. It is evident from the results that out of total 222 buy recommendations, 171 (77 percent) could not earn better risk adjusted returns compared to market index. It is pertinent to mention here that the one week holding period for these sample buy recommendations provides the lowest inferior investment performance while one year holding period yields the highest inferior investment performance. Overall, the study provides no reliable evidence of performance for equity analysts and brokerage house stock recommendations in Indian capital market.

Table: 1 Average Abnormal Returns (AARs) and Cumulative Average Abnormal Returns (CAARs) around the Publication dates of Stock Recommendations (Event Window of 61 Days)

Event	-30	-29	-28	-27	-26	-25	-24	-23	-22	-21	-20	-20	-19	-18	-17	-16	-15	-14	-13	-12	-11	-10
AAR	-0.001	-0.001	-	0.002	0.001	0.000	0.004	0.003	-	0.001	0.000	0.000	-	0.000	0.000	0.001	0.004*	0.001	0.000	-0.002	0.002	0.001
Z-	-0.319	-0.716	-	1.158	0.581	0.298	1.925	1.483	-	0.899	0.261	0.261	-	-	-	0.423	2.149	0.075	0.046	-1.442	0.873	0.361
CAAR	-0.001	-0.001	-	-	0.000	0.000	0.004	0.007	0.006	0.007	0.008	0.008	0.004	0.004	0.004	0.004	0.008	0.009	0.009	0.007	0.009	0.010
Z-	-0.318	-0.732	-	-	-	0.0181	0.0744	1.221	0.951	1.186	1.209	1.209	0.603	0.482	0.316	0.414	0.938	0.928	0.913	0.558	0.739	0.800
Event	-9	-8	-7	-6	-5	-4	-3	-2	-1	0	1	1	2	3	4	5	6	7	8	9	10	
AAR	0.000	0.005*	0.000	0.001	0.001	-0.002	0.000	-	0.000	0.003	-	-	0.001	0.001	0.000	-	-	-0.003	-	0.003*	-	
Z-	0.255	2.205	0.020	0.501	0.416	-0.953	-0.101	-2.069	0.085	1.140	0.165	0.165	1.256	-	0.407	-	-2.522	-1.268	-	2.304	-	
CAAR	0.010	0.015	0.014	0.016	0.017	0.015	0.015	0.012	0.012	0.015	0.014	0.014	0.015	0.016	0.016	0.014	0.010	0.008	0.006	0.009	0.007	
Z-	0.836	1.277	1.254	1.329	1.385	1.176	1.135	0.732	0.735	0.928	0.942	0.942	1.146	1.091	1.144	0.906	0.479	0.268	0.086	0.449	0.225	
Event	11	12	13	14	15	16	17	18	19	20	21	21	22	23	24	25	26	27	28	29	30	-30
AAR	-	-0.002	0.000	0.002	-	-0.001	0.001	0.001	0.002	-	0.001	0.001	-	-	0.000	-	-0.001	-	0.001	-0.001	0.004	-
Z-	-2.551	-1.250	0.342	0.883	-	-0.629	1.244	0.741	0.872	-	0.889	0.889	-	-	0.013	-	-0.487	-2.038	0.430	0.072	1.808	-
CAAR	0.002	0.000	0.001	0.003	-	-0.002	0.000	0.001	0.002	0.000	0.002	0.002	-	-	-	-	-0.003	-0.006	-	-0.006	-	-
Z-	-0.171	-0.359	-	-	-	-0.506	-0.322	-0.212	-	-	-	-	-	-	-	-	-0.470	-0.734	-	-0.656	-	-

Note: * Significant at 5 % level, ** Significant at 1 % level. Source: Computed from stock price data collected from CMIE PROWESS

Figure 1: Average Abnormal Return & Cumulative Average Abnormal Return



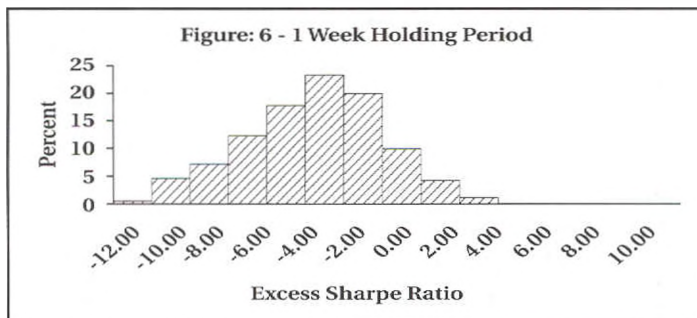
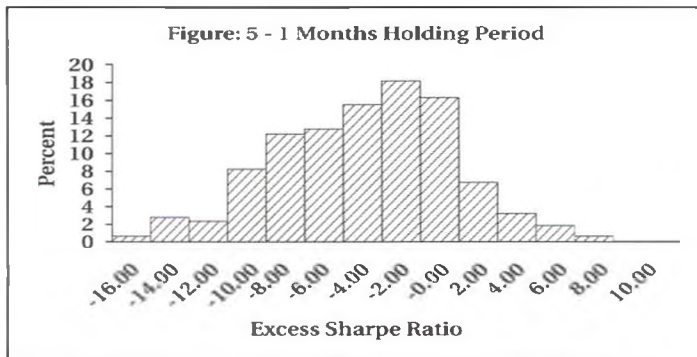
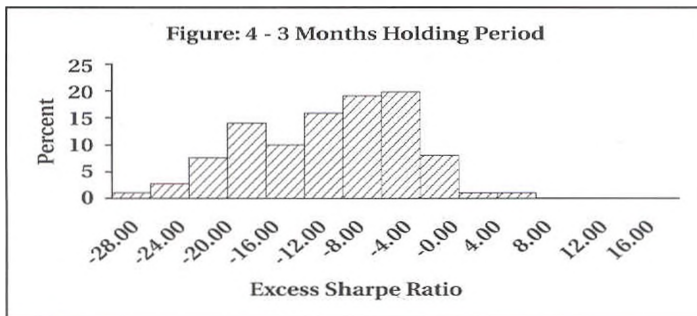
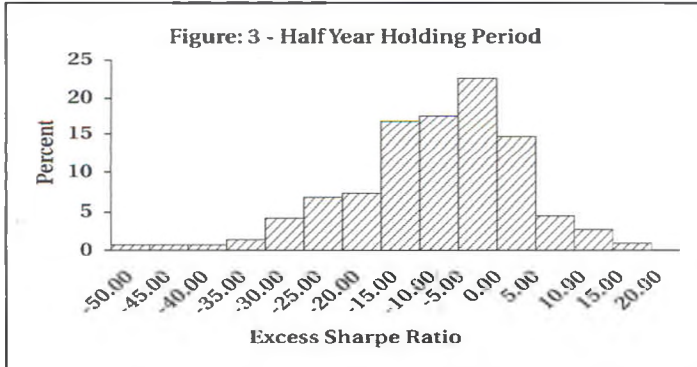
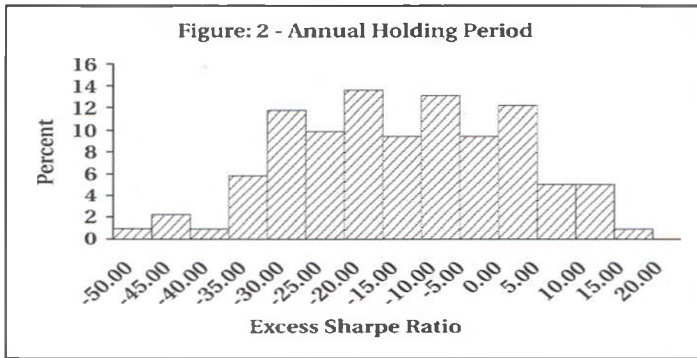


Table 2: Frequency Distribution of Excess Sharpe Ratio : One Year Holiday Period

lower	upper	frequency	percent	Cumulative frequency	percent
-50.00	-45.00	2	0.9	2	0.9
-45.00	-40.00	5	2.3	7	3.2
-40.00	-35.00	2	0.9	9	4.1
-35.00	-30.00	13	5.9	22	9.9
-30.00	-25.00	26	11.7	48	21.6
-25.00	-20.00	22	9.9	70	31.5
-20.00	-15.00	30	13.5	100	45.5
-15.00	-10.00	21	9.5	121	54.5
-10.00	-5.00	29	13.1	150	67.6
-5.00	0.00	21	9.5	171	77.0
0.00	5.00	27	12.2	198	89.2
5.00	10.00	11	5.0	209	94.1
10.00	15.00	11	5.0	220	99.1
15.00	20.00	2	0.9	222	100.0
		222	100.0		

Table 3: Frequency Distribution of Excess Sharpe Ratio : Half Year Holiday Period

lower	upper	frequency	percent	Cumulative frequency	percent
-50.00	-45.00	1	0.5	1	0.5
-45.00	-40.00	1	0.5	2	0.9
-40.00	-35.00	1	0.5	3	1.4
-35.00	-30.00	3	1.4	6	2.7
-30.00	-25.00	9	4.1	15	6.8
-25.00	-20.00	15	6.8	30	13.5
-20.00	-15.00	16	7.2	46	20.7
-15.00	-10.00	37	16.7	83	37.4
-10.00	-5.00	39	17.6	122	55.0
-5.00	0.00	50	22.5	172	77.5
0.00	5.00	32	14.4	204	91.9
5.00	10.00	10	4.5	214	96.4
10.00	15.00	6	2.7	220	99.1
15.00	20.00	2	0.9	222	100.0
		222	100.0		

Table 4: Frequency Distribution of Excess Sharpe Ratio : Three Months Holiday Period

lower	upper	frequency	percent	Cumulative frequency	percent
-28.00	-24.00	2	0.9	2	0.9
-24.00	-20.00	6	2.7	8	3.6
-20.00	-16.00	17	7.7	25	11.3
-16.00	-12.00	31	14.0	56	25.2
-12.00	-8.00	22	9.9	78	35.1
-8.00	-4.00	35	15.8	113	50.9
-4.00	0.00	43	19.4	156	70.3
0.00	4.00	44	19.8	200	90.1
4.00	8.00	18	8.1	218	98.2
8.00	12.00	2	0.9	220	99.1
12.00	16.00	2	0.9	222	100.0
		222	100.0		

Table 5: Frequency Distribution of Excess Sharpe Ratio : One Months Holiday Period

lower	upper	frequency	percent	Cumulative frequency	percent
-16.00	-14.00	1	0.5	1	0.5
-14.00	-12.00	6	2.7	7	3.2
-12.00	-10.00	5	2.3	12	5.4
-10.00	-8.00	18	8.1	30	13.5
-8.00	-6.00	27	12.2	57	25.7
-6.00	-4.00	28	12.6	85	38.3
-4.00	-2.00	34	15.3	119	53.6
-2.00	0.00	40	18.0	159	71.6
0.00	2.00	36	16.2	195	87.8
2.00	4.00	15	6.8	210	94.6
4.00	6.00	7	3.2	217	97.7
6.00	8.00	4	1.8	221	99.5
8.00	10.00	1	0.5	222	100.0
		222	100.0		

Table 6: Frequency Distribution of Excess Sharpe Ratio : One Week Holiday Period

lower	upper	frequency	percent	Cumulative frequency	percent
-12.00	-10.00	1	0.5	1	0.5
-10.00	-8.00	10	4.5	11	5.0
-8.00	-6.00	16	7.2	27	12.2
-6.00	-4.00	27	12.2	54	24.3
-4.00	-2.00	39	17.6	93	41.9
-2.00	0.00	51	23.0	144	64.9
0.00	2.00	44	19.8	188	84.7
2.00	4.00	22	9.9	210	94.6
4.00	6.00	9	4.1	219	98.6
6.00	8.00	2	0.9	221	99.5
8.00	10.00	1	0.5	222	100.0
		222	100.0		

Annexure 1: Sample Recommendations

Date	COMPANY NAME	ANALYST	RECOMMENDATION	CMP
04-Jul-05	I-Flex Solutions	Jp Morgan	Overweight	418
04-Jul-05	Asian Paints	Fortis Securities	Outperform	71
04-Jul-05	Chemplast Sanmar	Enam Securities	Outperform	235
11-Jul-05	United Phosphorus	Edelweiss Securities	Value Buy	891
11-Jul-05	Pfizer India	Enam Securities	Outperform	132
11-Jul-05	Punjab National Bank	Merrill Lynch	Buy	232
11-Jul-05	Jubilant Organosys	ICICI Securities	Buy	116
18-Jul-05	Infosys	Jp Morgan	Overweight	466
18-Jul-05	Acc	Krc Research	Buy	99
01-Aug-05	Colgate Kotak	Securities	Buy	05
01-Aug-05	Hcl Infosystem	ICICI Securities	Buy	412
15-Aug-05	Amara Raja Batteries	Kotak Securities	Hold	1739
15-Aug-05	Matrix Laboratories	Motilal Oswal	Buy	353
22-Aug-05	Maruti Udyog	Enam Securities	Outperform	228
22-Aug-05	Soletron Centum Electronics	Anand Rathi	Buy	226
29-Aug-05	Navneet Publications	Geojit Financial	Buy	218
29-Aug-05	Crompton Creaves	Angel Broking	Buy	370
12-Sep-05	Indian Card Clothing	IDBI Capital	Buy	279
12-Sep-05	Chennai Petroleum	Clsa	Buy	198
03-Oct-05	Raymond Edelweiss	Securities Value	Buy	190
03-Oct-05	Sail	Jm Morgan Stanley	Buy	169
10-Oct-05	Tvs Motor	Clsa	Outperform	507
10-Oct-05	Ksb Pumps	Motilal Oswal	Buy	68
17-Oct-05	ICICI Bank	Edelweiss Securities	Buy	45
17-Oct-05	Infotech Enterprises	Clsa	Buy	2195
24-Oct-05	Ballarpur Industries	Edelweiss Securities Value	Buy	124
31-Oct-05	Karnataka Bank	Jm Morgan Stanley	Overweight	1644
31-Oct-05	Hcl Technologies	Sski	Buy	417
31-Oct-05	Omax Auto	Angel Broking	Buy	268
31-Oct-05	Ashok Leyland	Angel Broking	Buy	90
07-Nov-05	Ultratech Cement	ICICI Securities	Buy	151
14-Nov-05	Reliance Industries	Joindre Capital Services	Buy	164
14-Nov-05	Vardhman Polytex	ICICI Securities	Buy	392
28-Nov-05	Tata Chemicals	Paragh Parikh Financials	Buy	39
28-Nov-05	Graphite India	Dsp Merrill Lynch	Buy	796
28-Nov-05	Larsen & Toubro	Darashaw & Co	Buy	705
05-Dec-05	Indraprastha Gas	Prime Broking Strong	Buy	54
05-Dec-05	Essel Propac	Enam Securities	Outperform	65
12-Dec-05	Aurobindo Pharma	Abn Amro	Buy	831
26-Dec-05	Greenply Industries	Blb Limited Strong	Buy	194
02-Jan-06	Uti Bank	Sharekhan	Buy	228
02-Jan-06	Mangalam Cement	Angel Broking	Buy	43
09-Jan-06	Elder Pharmaceuticles	India Infoline	Buy	168
09-Jan-06	Gujarat Gas	Angel Broking	Buy	109
23-Jan-06	Dwarikesh Sugar Industries	Darashaw Equity Research	Buy	149
30-Jan-06	Tata Power	Enam Securities	Outperformer	1902
30-Jan-06	HDFC	Citigroup	Buy	634
20-Feb-06	Gmdc	Prabhudas Lilladher	Buy	758
27-Feb-06	Godrej Consumer Products	ICICI Securities	Buy	539
27-Feb-06	Raymond	ICICI Securities	Buy	182

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANALYST	RECOMMENDATION	CMP
06-Mar-06	India Cement	Religare Securities	Outperformer	153
06-Mar-06	Infotech Enterprises	India Infoline	Buy	204
20-Mar-06	Ongc	Angel Broking	Buy	781
27-Mar-06	Mahanagar Telephone Nigam	Karvy Stock Broking	Outperformer	184
27-Mar-06	Ballarpur Industries	Religare Securities	Buy	320
27-Mar-06	Hexaware Technologies	Angel Broking	Buy	511
03-Apr-06	Kirloskar Oil	Clsa Value	Buy	385
03-Apr-06	Indian Hotels	ICICI Securities	Buy	469
10-Apr-06	Grasim Industries	Il&Fs Investmart	Buy	463
10-Apr-06	Nirma	Emkay Share	Buy	171
10-Apr-06	Dishman Pharmaceuticals	Edelweiss Securities	Buy	367
10-Apr-06	Cesc Angel	Broking	Buy	289
17-Apr-06	Subhash Project	Enam Securities	Outperformer	528
17-Apr-06	Petronet Lng	Clsa	Buy	3097
24-Apr-06	Hero Honda Motors	HDFC Securities	Accumulate	180
01-May-06	Paper Products	Jm Morgan Stanley	Overweight	377
01-May-06	Abb	Edelweiss Securities	Buy	715
08-May-06	Coromandel Fertilisers	Enam Securities	Outperformer	1428
08-May-06	Glenmark Pharma	Sharekhan	Buy	1153
08-May-06	Ultratech Cement	Angel Broking	Buy	347
15-May-06	Punjab National Bank	Anand Rathi	Buy	360
15-May-06	I-Flex Solutions	Edelweiss Securities	Accumulate	227
22-May-06	Ntpc	Motilal Oswal	Buy	725
29-May-06	Federal Bank	Merrill Lynch	Buy	257
29-May-06	Karnataka Bank	Angel Broking	Buy	95
29-May-06	Infosys Technologies	Emkay Share	Accumulate	120
05-Jun-06	Itc	Jm Morgan Stanley	Buy	164
05-Jun-06	Indraprastha Gas	Clsa	Buy	1003
05-Jun-06	Reliance Industries	Anand Rathi	Buy	87
12-Jun-06	Jindal Steel & Power	India Infoline	Buy	1803
19-Jun-06	Tata Teleservices (M)	IDBI Capital	Buy	133
19-Jun-06	Cipla	ICICI Securities	Buy	770
19-Jun-06	Cummins India	Edelweiss Securities	Buy	633.6
26-Jun-06	Glaxosmithkline Pharma	HDFC Securities	Buy	325.8
03-Jul-06	Ghcl	Kotak Securities	Buy	122
03-Jul-06	Psl	ICICI Securities	Buy	340
03-Jul-06	Andhra Pradesh Paper Mills	Clsa	Buy	186
10-Jul-06	Larsen & Toubro	ICICI Securities	Buy	2199
10-Jul-06	Tata Motors	ICICI Securities	Buy	1413
10-Jul-06	Rei Agro	Brics Pcg	Buy	255
10-Jul-06	Maruti Udyog	Angel Broking	Buy	607
24-Jul-06	Jubilant Organosys	Clsa	Buy	159
31-Jul-06	Rallis India	Enam Securities	Outperformer	1432
31-Jul-06	Mastek	Dsp Merrill Lynch	Buy	281
07-Aug-06	Ashok Leyland	IDBI Capital	Buy	153
07-Aug-06	Patel Engineering	ICICI Securities	Buy	1357
14-Aug-06	Heg	Ubs	Buy	2927
14-Aug-06	United Phosphorus	India Infoline	Buy	164
14-Aug-06	Thermax	Angel Broking	Buy	534
21-Aug-06	National Aluminium	India Infoline	Buy	201
21-Aug-06	Omax Auto	India Infoline	Buy	219

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANALYST	RECOMMENDATION	CMP
21-Aug-06	Relta	Edelweiss Securities	Buy	117
04-Sep-06	Pantaloon Retail	Prabhudas Lilladher	Outperformer	587
04-Sep-06	Tata Tea	Brics Pcg	Buy	143
04-Sep-06	Gokaldas Exports	Anand Rathi	Buy	282
11-Sep-06	Indoco Remedies	Enam Securities	Outperformer	1270
18-Sep-06	Satyam	India Infoline	Outperformer	552
18-Sep-06	Marico	Emkay Share	Buy	240
25-Sep-06	Motherson Sumi	Parag Parikh Financials	Buy	138
25-Sep-06	Basf	Networth Stock Broking	Buy	520
25-Sep-06	Wockhardt	India Infoline	Buy	230
25-Sep-06	Micro Inks	ICICI Securities	Buy	202
02-Oct-06	Bharat Electronics	Uljk Securities	Buy	493
02-Oct-06	Mahindra & Mahindra	Sharekhan	Buy	558
09-Oct-06	Patni Computers	Angel Broking	Buy	86
10-Oct-06	Dredging Corporation	Edelweiss Securities	Buy	123
16-Oct-06	Shree Cement	Brics Pcg	Buy	51
23-Oct-06	Bharat Forge	Enam Securities	Outperformer	369
23-Oct-06	Tcs	Motilal Oswal	Buy	430
23-Oct-06	Precision Wires	Emkay Share	Buy	252
23-Oct-06	Crompton Greaves	Edelweiss Securities	Buy	239
30-Oct-06	ICICI Bank	Religare Securities	Outperformer	101
30-Oct-06	Jyoti Structures	Merrill Lynch	Buy	353.75
30-Oct-06	HCL Technologies	Il&Fs Investmart	Buy	322
06-Nov-06	Sbi	Religare Securities	Outperformer	114
13-Nov-06	Taj Gvk	Enam Securities	Outperformer	542
13-Nov-06	Krbl	Pioneer Intermediaries	Buy	1136
20-Nov-06	3i Infotech	Enam Securities	Outperformer	1022
20-Nov-06	Provogue	Emkay Share	Buy	214
20-Nov-06	Usha Martin	Ask-Raymond	Buy	1156
27-Nov-06	Sterlite Industries	Morgan Stanley	Overweight	803
27-Nov-06	Ranbaxy	Enam Securities	Outperformer	511
27-Nov-06	Cranes Software	Edelweiss Securities	Buy	770
04-Dec-06	Voltas	Emkay Share	Buy	681
11-Dec-06	Sasken Communication	Edelweiss Securities	Buy	176
11-Dec-06	Biocon	Clsa	Buy	772
11-Dec-06	Bharati Shipyard	Anand Rathi	Buy	295
18-Dec-06	Bombay Dyeing	India Infoline	Buy	174
18-Dec-06	Nucleus Software	Angel Broking	Buy	344
28-Dec-06	Asian Paints	ULJK Securities	Buy	90
15-Jan-07	Bajaj Auto	Emkay Share	Buy	419
15-Jan-07	Alok Industries	Edelweiss Securities	Buy	397
15-Jan-07	Bank of Baroda	Clsa	Buy	925
22-Jan-07	Canara Bank	Enam Securities Value	Buy	1066
22-Jan-07	Coromandel Fertilisers	Emkay Share	Buy	137
22-Jan-07	Finolex Cables	Edelweiss Securities	Buy	268
29-Jan-07	Grasim	SSKI Value	Buy	355
29-Jan-07	Gateway Distriparks	Ask-Raymond	Buy	837
29-Jan-07	Glenmark Pharma	Angel Broking	Buy	840
05-Feb-07	Jet Airways	Sski	Outperformer	176
12-Feb-07	Moser Baer	Enam Securities	Neutral	139
12-Feb-07	National Aluminium	Parag Parikh Financials	Buy	424

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANALYST	RECOMMENDATION	CMP
12-Feb-07	Mtnl	Edelweiss Securities	Buy	297
19-Feb-07	Opto Circuits	ULJK Securities	Buy	423
19-Feb-07	Raymond	Ask-Raymond	Buy	470
26-Feb-07	Reliance Industries	Macquarie	Outperformer	1275
26-Feb-07	Tvs Motor	SSKI	Neutral	187
26-Feb-07	Vijaya Bank	Angel Broking	Buy	147
26-Feb-07	Voltas	Anand Rathi	Buy	94
05-Mar-07	Acc	Emkay Share	Buy	471
07-Mar-07	Ashok Leyland	Edelweiss Securities	Buy	860
07-Mar-07	Adlabs Films	Clsa	Buy	184
07-Mar-07	Amtek Auto	Citigroup	Buy	228
08-Mar-07	Asian Paints	Ask-Raymond	Buy	46
12-Mar-07	Aurobindo Pharma	Jm Morgan Stanley Value	Buy	104
14-Mar-07	Automotive Axles	Merrill Lynch	Buy	469
21-Mar-07	Bank Of India	HSBC	Overweight	202
21-Mar-07	Bharat Heavy Electricals	Merrill Lynch	Neutral	407
21-Mar-07	Bharat Electronics	Macquarie	Buy	57
21-Mar-07	Bharati Shipyard	Clsa	Buy	95
23-Mar-07	Centurion Bank of Punjab	Merrill Lynch	Neutral	84
24-Apr-07	Cipla	Jp Morgan	Overweight	152
30-Apr-07	Crompton Greaves	First Global	Outperformer	382
11-May-07	Eicher Motors	Edelweiss Securities	Buy	173
14-May-07	Emco	Clsa	Buy	1326
15-May-07	Everest Kanto	Edelweiss Securities	Buy	487
16-May-07	Gail	Citigroup	Buy	1068
28-May-07	Gtl	Citigroup	Buy	440
02-Jul-07	Gujarat State Petronet	Kotak Securities	Outperformer	376
02-Jul-07	Hcl Technologies	Clsa	Outperformer	355
02-Jul-07	HDFC	Clsa	Buy	212
09-Jul-07	Hexaware Technologies	ICICI Securities	Outperformer	326
09-Jul-07	Hero Honda	Prabhudas Lilladher	Buy	509
16-Jul-07	ICICI Bank	Dsp Merrill Lynch	Buy	870
16-Jul-07	Hotel Leela Venture	Citigroup	Buy	300
23-Jul-07	IDBI	Edelweiss Securities	Buy	202
23-Jul-07	IDFC	Clsa	Buy	349
30-Jul-07	Indian Hotels	Dsp Merrill Lynch	Buy	1914
30-Jul-07	Igate Global Solutions	Abn Amro	Buy	472
06-Aug-07	Indraprastha Gas	HSBC Value	Buy	737
13-Aug-07	Jaiprakash Associates	Jp Morgan	Overweight	512
20-Aug-07	Jsw Steel	Enam Securities	Neutral	580.75
20-Aug-07	Jubilant Organosys	Edelweiss Securities	Buy	300.45
27-Aug-07	Kirloskar Oil Engine	Morgan Stanley	Overweight	146
27-Aug-07	Kalpataru Power	HSBC	Overweight	866
27-Aug-07	Kamat Hotels	Merrill Lynch	Buy	1750
27-Aug-07	Mahindra & Mahindra	Citigroup	Buy	1319
03-Sep-07	Matrix Laboratories	HSBC	Neutral	885
10-Sep-07	Ongc	Sski	Outperformer	115
10-Sep-07	Niit Technologies	Citigroup	Buy	305
17-Sep-07	Patel Engineering	ICICI Securities	Outperformer	131
17-Sep-07	Oriental Bank of Commerce	Merrill Lynch	Buy	96
17-Sep-07	Peninsula Land	IDBI Capital	Buy	129

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANALYST	RECOMMENDATION	CMP
01-Oct-07	Ranbaxy	Morgan Stanley	Overweight	1469
08-Oct-07	Reliance Comm	UBS	Buy	159
22-Oct-07	Rico Auto	Clsa Value	Buy	506
22-Oct-07	Rolta India	Macquarie	Outperformer	862
22-Oct-07	Sail	Citigroup	Buy	185
22-Oct-07	Reliance Petroleum	Citigroup	Buy	118.45
29-Oct-07	Satyam Computer Services	Citigroup	Buy	47
05-Nov-07	Shree Renuka Sugars	Morgan Stanley	Overweight	926
05-Nov-07	Suzlon Energy	Merrill Lynch	Buy	1738
05-Nov-07	Shipping Corporation	Clsa	Buy	277
12-Nov-07	Tata Motors	Citigroup	Buy	1388
19-Nov-07	Tata Power	Merrill Lynch	Buy	411.7
19-Nov-07	Tata Steel	Clsa	Buy	1049.45
26-Nov-07	Tcs	Clsa	Buy	715
26-Nov-07	Titan Industries	Citigroup	Buy	685
03-Dec-07	Unitech	Morgan Stanley	Equal-Weight	65
10-Dec-07	Uttam Galva Steel	Lehman Brothers	Overweight	415
24-Dec-07	Wipro	Citigroup	Buy	580
24-Dec-07	Yes Bank	ABN Amro	Buy	628

Annexure 2: Excess Sharpe Ratio of Sample Recommendations

Date	COMPANY NAME	ANNUAL	6 MONTHS	3 MONTHS	1 MONTHS	1 WEEK
		Excess	Excess	Excess	Excess	Excess
04-Jul-05	I-Flex Solutions	-31.553	-29.871	-20.637	-2.716	5.168
04-Jul-05	Asian Paints	-14.490	-8.156	-8.670	-0.404	3.801
04-Jul-05	Chemplast Sanmar	3.919	-3.603	-0.681	2.384	1.343
11-Jul-05	United Phosphorus	-11.928	-12.892	0.468	2.567	1.382
11-Jul-05	Pfizer India	-43.939	-11.099	3.015	4.181	-1.775
11-Jul-05	Punjab National Bank	1.828	-5.693	-0.836	0.731	-1.899
11-Jul-05	Jubilant Organosys	4.053	-1.447	6.931	6.135	4.452
18-Jul-05	Infosys	-11.460	-4.710	-5.778	-5.705	-5.895
18-Jul-05	Acc	-6.826	-11.242	-12.702	-9.089	-2.774
01-Aug-05	Colgate	-28.898	-12.860	-16.086	-4.823	-5.403
01-Aug-05	Hcl Infosystem	-10.735	-23.194	-2.081	-3.644	-3.053
15-Aug-05	Amara Raja Batteries	-28.464	-11.904	-16.435	-9.047	-1.947
15-Aug-05	Matrix Laboratories	-16.669	-32.349	-16.130	-8.020	-6.016
22-Aug-05	Maruti Udyog	-0.824	-6.833	0.303	-6.417	-7.612
22-Aug-05	Solectron Centum Electronics	-7.235	-8.032	-8.760	-2.806	1.059
29-Aug-05	Navneet Publications	-40.454	-23.836	-21.079	-4.859	-6.990
29-Aug-05	Crompton Creaves	5.785	6.717	-4.318	-1.744	-0.743
12-Sep-05	Indian Card Clothing	-3.038	-6.000	-5.058	-1.772	0.846
12-Sep-05	Chennai Petroleum	-14.345	-24.007	-8.208	-1.618	2.899
03-Oct-05	Raymond	-6.013	-8.674	-11.128	-6.610	-3.692
03-Oct-05	Sail	-6.838	-0.016	-3.557	-6.157	-4.773
10-Oct-05	Tvs Motor	-13.747	-5.088	-0.211	-4.839	-0.084
10-Oct-05	Ksb Pumps	-10.723	-27.995	-20.988	-6.088	-0.866
17-Oct-05	ICICI Bank	7.629	2.942	2.583	0.175	1.212
17-Oct-05	Infotech Enterprises	4.458	-6.656	-10.724	-8.131	-7.011
24-Oct-05	Ballarpur Industries	-15.374	-6.878	-12.741	-0.075	2.389
31-Oct-05	Karnataka Bank	-5.175	-11.185	-12.069	-8.321	-3.961
31-Oct-05	Hcl Technologies	15.588	2.614	3.897	1.549	1.232

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANNUAL	6 MONTHS	3 MONTHS	1 MONTHS	1 WEEK
		Excess	Excess	Excess	Excess	Excess
31-Oct-05	Omax Auto	6.077	-2.151	-5.545	-3.985	-1.513
31-Oct-05	Ashok Leyland	-12.483	-7.808	5.709	1.591	0.782
07-Nov-05	Ultratech Cement	10.158	4.556	0.666	0.218	9.100
14-Nov-05	Reliance Industries	0.060	-3.373	-0.044	-2.314	-8.658
14-Nov-05	Vardhman Polytex	-15.387	-14.092	-21.260	-12.366	-5.601
28-Nov-05	Tata Chemicals	1.261	16.360	6.698	3.842	6.082
28-Nov-05	Graphite India	5.251	10.169	-4.420	-2.215	-0.428
28-Nov-05	Larsen & Toubro	-6.449	-10.661	-17.195	-6.833	-8.266
05-Dec-05	Indraprastha Gas	5.736	-17.872	-5.804	-1.083	0.352
05-Dec-05	Essel Propac	-5.275	-20.500	-14.290	-6.084	-2.510
12-Dec-05	Aurobindo Pharma	-6.347	-4.327	7.947	7.673	-1.191
26-Dec-05	Greenply Industries	-13.816	-4.907	-1.244	-5.293	-3.975
02-Jan-06	Uti Bank	-8.701	-0.761	1.729	-0.543	-0.636
02-Jan-06	Mangalam Cement	-22.880	-16.490	-5.073	-2.463	1.464
09-Jan-06	Elder Pharmaceuticles	10.933	14.954	1.105	3.870	2.454
09-Jan-06	Gujarat Gas	-34.655	-21.452	-17.768	-13.150	-2.158
23-Jan-06	Dwarikesh Sugar Industries	-33.507	11.689	14.343	6.099	2.641
30-Jan-06	Tata Power	-7.936	-13.517	-10.319	-9.338	2.411
30-Jan-06	HDFC	-0.540	-3.725	0.344	0.299	2.019
20-Feb-06	GMDC	-48.961	-18.240	-13.917	-2.252	-8.914
27-Feb-06	Godrej Consumer Products	-9.848	-4.340	-2.324	0.153	2.188
27-Feb-06	Raymond	-25.019	-5.974	-15.485	-6.496	3.494
06-Mar-06	India Cement	0.697	3.521	1.583	1.547	-1.498
06-Mar-06	Infotech Enterprises	-29.151	-24.847	-9.427	-5.285	-9.748
20-Mar-06	Ongc	-28.254	-6.253	-2.249	-5.595	-11.055
27-Mar-06	Mahanagar Telephone Nigam	-31.241	-17.306	-12.173	-2.653	4.989
27-Mar-06	Ballarpur Industries	7.033	0.426	-4.366	1.228	7.061
27-Mar-06	Hexaware Technologies	-16.299	-4.553	1.443	5.044	-0.489
03-Apr-06	Kirloskar Oil	-20.784	-5.931	6.771	3.737	3.751
03-Apr-06	Indian Hotels	4.150	0.988	-17.040	-6.460	-2.968
10-Apr-06	Grasim Industries	4.888	-6.403	0.423	3.797	5.018
10-Apr-06	Nirma	-12.132	-12.906	-12.831	1.794	2.110
10-Apr-06	Dishman Pharmaceuticals	-0.152	1.866	-3.563	-0.283	1.175
10-Apr-06	Cesc	-1.288	4.134	-1.866	1.794	-2.277
17-Apr-06	Subhash Project	7.084	-5.032	-2.886	-1.187	-3.526
17-Apr-06	Petronet Lng	-25.936	-48.600	-24.181	-7.037	-6.907
24-Apr-06	Hero Honda Motors	-29.350	10.057	8.880	-3.612	-0.376
01-May-	Paper Products	-33.199	-34.418	-13.178	-6.180	-9.073
01-May-	Abb	-19.274	-26.801	-11.280	-9.389	-4.720
08-May-	Coromandel Fertilisers	-34.773	-2.095	-5.209	0.120	-1.149
08-May-	Glenmark Pharma	-5.825	0.505	5.850	0.692	1.506
08-May-	Ultratech Cement	-15.208	-19.233	-12.883	-4.996	-0.921
15-May-	Punjab National Bank	-2.114	9.244	-3.884	-9.317	-1.754
15-May-	I-Flex Solutions	-35.016	-11.552	-8.666	-6.736	-1.037
22-May-	Ntpc	-5.689	5.100	13.928	-2.639	-0.645
29-May-	Federal Bank	-24.135	-12.779	-4.656	-2.156	-0.027
29-May-	Karnataka Bank	0.188	-3.829	-1.992	-6.813	-4.113
29-May-	Infosys Technologies	-27.482	-16.055	-3.785	-2.339	-2.520
05-Jun-06	Itc	-12.552	-4.487	-3.310	2.677	1.756
05-Jun-06	Indraprastha Gas	-21.917	-1.605	1.424	-3.625	-4.510

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANNUAL	6 MONTHS	3 MONTHS	1 MONTHS	1 WEEK
		Excess	Excess	Excess	Excess	Excess
05-Jun-06	Reliance Industries	-12.574	-10.060	-11.023	-8.015	-4.860
12-Jun-06	Jindal Steel & Power	1.297	-2.541	-2.483	-0.479	-0.108
19-Jun-06	Tata Teleservices (M)	-1.256	-3.006	-1.378	1.212	-2.974
19-Jun-06	Cipla	-25.031	-18.334	-12.046	-9.703	-4.268
19-Jun-06	Cummins India	-49.147	-23.116	-16.723	-7.405	-5.296
26-Jun-06	Glaxosmithkline Pharma	-8.335	0.377	-14.397	-5.048	-2.448
03-Jul-06	Ghcl	-2.467	-6.282	-2.398	-0.750	-1.733
03-Jul-06	PsI	-18.642	-1.390	5.467	4.119	4.366
03-Jul-06	Andhra Pradesh Paper Mills	-10.738	-12.228	-0.240	-0.294	-2.464
10-Jul-06	Larsen & Toubro	11.358	3.442	0.303	1.087	0.850
10-Jul-06	Tata Motors	-16.376	-11.584	-9.399	-14.441	-6.581
10-Jul-06	Rei Agro	-29.109	3.406	7.032	-5.868	4.501
10-Jul-06	Maruti Udyog	-31.813	-14.987	-15.143	-3.497	0.598
24-Jul-06	Jubilant Organosys	-4.207	3.470	2.104	-1.447	0.182
31-Jul-06	Rallis India	-26.749	-19.869	-22.702	-7.443	0.865
31-Jul-06	Mastek	-1.900	0.136	-8.119	-5.505	0.077
07-Aug-06	Ashok Leyland	-7.911	-2.272	-3.997	-5.549	-4.590
07-Aug-06	Patel Engineering	14.638	4.888	4.855	1.603	-0.545
14-Aug-06	Heg	-17.620	-0.859	-0.095	-1.295	-0.287
14-Aug-06	United Phosphorus	-27.110	-12.415	-19.138	-11.900	-5.806
14-Aug-06	Thermax	-23.663	-13.216	-7.184	2.316	1.155
21-Aug-06	National Aluminium	-14.810	-11.793	2.639	-5.847	1.145
21-Aug-06	Omax Auto	-20.166	-10.755	0.964	1.731	2.375
21-Aug-06	Rolta	11.203	-5.792	-5.027	-0.996	-1.342
04-Sep-06	Pantaloon Retail	2.036	10.668	5.321	-0.800	0.829
04-Sep-06	Tata Tea	3.416	-7.281	0.552	-0.397	-1.231
04-Sep-06	Gokaldas Exports	-42.501	-13.497	-4.071	-1.254	-4.792
11-Sep-06	Indoco Remedies	-20.737	-24.016	-14.655	0.680	1.110
18-Sep-06	Satyam	-29.923	-16.100	-13.625	-12.205	-6.115
18-Sep-06	Marico	-19.730	-0.781	3.944	-3.791	-3.914
25-Sep-06	Motherson Sumi	-29.375	-12.735	-5.324	-8.189	-3.472
25-Sep-06	Basf	-24.783	-9.086	-1.859	-2.389	-0.166
25-Sep-06	Wockhardt	-10.372	-1.834	-7.472	-2.940	0.704
25-Sep-06	Micro Inks	-16.062	-1.005	-5.561	-7.533	-0.760
02-Oct-06	Bharat Electronics	-11.470	-5.989	0.677	0.329	-2.768
02-Oct-06	Mahindra & Mahindra	-6.291	-8.770	-9.861	-2.730	-0.652
09-Oct-06	Patni Computers	-27.023	-14.280	-5.800	-2.687	-7.786
10-Oct-06	Dredging Corporation	0.002	-2.046	0.969	2.213	0.427
16-Oct-06	Shree Cement	-19.108	-3.630	-0.772	-0.564	1.134
23-Oct-06	Bharat Forge	-22.586	-8.127	-9.055	0.102	-1.769
23-Oct-06	Tcs	-16.497	-8.963	-7.099	-1.200	-3.991
23-Oct-06	Precision Wires	-7.537	-6.812	-4.382	-5.395	-4.929
23-Oct-06	Crompton Greaves	-19.661	-4.820	-8.482	-7.021	0.408
30-Oct-06	ICICI Bank	-12.752	0.761	-2.600	-1.156	-3.047
30-Oct-06	Jyoti Structures	-7.886	-1.534	-5.615	-0.920	-0.235
30-Oct-06	HCL Technologies	-40.308	-17.090	-14.055	-13.998	-8.704
06-Nov-06	SBI	-14.144	-26.047	-17.813	-4.573	-7.079
13-Nov-06	Taj Gvk	-20.332	-18.478	-14.153	-8.335	-5.418
13-Nov-06	Krbl	-17.875	-4.304	-3.660	1.631	-1.575
20-Nov-06	3i Infotech	-21.786	-3.111	2.632	-2.575	1.551

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANNUAL	6 MONTHS	3 MONTHS	1 MONTHS	1 WEEK
		Excess	Excess	Excess	Excess	Excess
20-Nov-06	Provogue	-1.572	0.434	-3.653	-5.739	-0.673
20-Nov-06	Usha Martin	-43.259	-2.176	4.479	1.607	-0.083
27-Nov-06	Sterlite Industries	-10.679	-7.326	-9.511	-2.313	-0.918
27-Nov-06	Ranbaxy	-28.905	-10.561	-3.459	-1.611	-2.600
27-Nov-06	Cranes Software	-7.748	0.759	-5.649	1.597	4.742
04-Dec-06	Voltas	-19.554	-25.480	-19.471	-6.904	-1.255
11-Dec-06	Sasken Communication	-16.078	-31.943	-17.755	-6.179	-4.161
11-Dec-06	Biocon	-23.005	-1.932	2.772	-5.997	-7.745
11-Dec-06	Bharati Shipyard	10.552	-6.241	-12.069	-7.201	-3.256
18-Dec-06	Bombay Dyeing	-4.159	2.451	2.921	-0.364	-0.401
18-Dec-06	Nucleus Software	-5.549	-4.237	-4.372	-6.987	-4.466
28-Dec-06	Asian Paints	-26.134	5.769	-1.472	-4.633	-2.709
15-Jan-07	Bajaj Auto	0.277	-4.306	-13.176	-0.377	3.355
15-Jan-07	Alok Industries	-27.015	-29.245	-18.381	-8.800	-5.831
15-Jan-07	Bank of Baroda	1.657	-12.470	-7.224	-10.042	-4.053
22-Jan-07	Canara Bank	-17.070	-6.700	-7.072	0.314	1.191
22-Jan-07	Coromandel Fertilisers	-30.607	-25.049	-15.231	-5.833	4.053
22-Jan-07	Finolex Cables	-12.332	-15.554	-14.316	-1.703	-2.436
29-Jan-07	Grasim	-5.704	-18.115	-18.286	-1.761	1.390
29-Jan-07	Gateway Distriparks	-27.831	-11.704	-5.799	-3.948	1.909
29-Jan-07	Glenmark Pharma	-33.221	-43.951	-18.518	-10.732	-6.559
05-Feb-07	Jet Airways	-22.532	-24.894	-15.514	-13.000	-9.967
12-Feb-07	Moser Baer	-5.749	-5.551	-7.025	-7.825	-7.853
12-Feb-07	National Aluminium	-23.214	4.702	2.336	-0.204	0.619
12-Feb-07	Mtnl	-8.915	-17.282	-8.659	-4.802	0.404
19-Feb-07	Opto Circuits	-33.253	-8.834	-2.850	-2.495	-2.823
19-Feb-07	Raymond	-27.300	-12.824	0.015	-1.405	3.306
26-Feb-07	Reliance Industries	-28.315	-25.112	-12.682	-4.063	-6.632
26-Feb-07	Tvs Motor	-5.283	-21.688	-3.901	-1.056	3.618
26-Feb-07	Vijaya Bank	-32.335	-15.823	-14.974	-5.192	-3.564
26-Feb-07	Voltas	-3.843	-1.757	0.299	1.222	0.651
05-Mar-07	Acc	-25.562	-11.729	4.900	2.399	4.333
07-Mar-07	Ashok Leyland	-17.657	-3.400	-14.886	-4.011	-4.603
07-Mar-07	Adlabs Films	-22.638	-13.732	-13.145	-2.718	0.925
07-Mar-07	Amtek Auto	-34.642	-7.961	-15.071	-9.408	-6.540
08-Mar-07	Asian Paints	-22.345	-21.210	-7.155	2.817	-2.480
12-Mar-07	Aurobindo Pharma	-20.313	-23.585	-9.852	-10.852	-2.349
14-Mar-07	Automotive Axles	-5.954	-12.420	-13.922	-6.584	-7.602
21-Mar-07	Bank of India	2.958	-9.112	-2.328	0.936	2.676
21-Mar-07	Bharat Heavy Electricals	-16.060	-10.103	-19.646	-6.602	2.104
21-Mar-07	Bharat Electronics	3.182	4.238	4.370	4.232	-0.703
21-Mar-07	Bharati Shipyard	4.171	11.433	0.564	-6.796	-9.016
23-Mar-07	Centurion Bank of Punjab	-7.623	-1.735	3.976	4.273	-0.286
24-Apr-07	Cipla	-26.065	-7.699	-3.249	-0.595	0.951
30-Apr-07	Crompton Greaves	14.285	1.824	-1.614	-3.090	-0.919
11-May-	Eicher Motors	9.637	7.722	0.765	0.463	-0.824
14-May-	Emco	-8.289	8.468	2.775	-0.140	0.376
15-May-	Everest Kanto	-16.231	4.095	6.470	2.852	1.009
16-May-	Gail	11.858	-1.762	6.772	-2.946	-0.313
28-May-	Gtl	7.455	8.904	2.600	3.013	2.367

A STUDY OF INVESTMENT PERFORMANCE AND IMPACT OF STOCK ANALYSTS' RECOMMENDATIONS

Date	COMPANY NAME	ANNUAL	6 MONTHS	3 MONTHS	1 MONTHS	1 WEEK
		Excess	Excess	Excess	Excess	Excess
02-Jul-07	Gujarat State Petronet	15.198	3.500	-3.143	-4.389	-5.404
02-Jul-07	Hcl Technologies	2.484	-2.373	-1.238	0.676	-2.072
02-Jul-07	HDFC	10.210	8.944	6.860	0.094	0.288
09-Jul-07	Hexaware Technologies	-5.844	-3.414	-2.550	-1.389	-0.167
09-Jul-07	Hero Honda	-1.832	0.573	-12.160	-6.763	-4.746
16-Jul-07	ICICI Bank	-1.510	5.838	1.016	-1.892	-9.467
16-Jul-07	Hotel Leela Venture	-3.495	-4.951	-6.762	-8.067	-3.461
23-Jul-07	IDBI	10.076	1.252	-2.798	-3.717	0.564
23-Jul-07	IDFC	-22.709	-24.184	-24.119	-12.412	-3.543
30-Jul-07	Indian Hotels	7.464	2.546	4.004	7.284	2.912
30-Jul-07	Igate Global Solutions	-18.200	-9.790	-6.560	0.398	-0.827
06-Aug-07	Indraprastha Gas	-21.665	-20.821	-20.897	-9.923	-5.857
13-Aug-07	Jaiprakash Associates	-24.627	-14.104	-5.075	-10.799	-8.246
20-Aug-07	Jsw Steel	0.665	-5.661	-8.028	-1.405	-0.666
20-Aug-07	Jubilant Organosys	-14.634	-8.967	-12.803	-4.035	-1.055
27-Aug-07	Kirloskar Oil Engine	0.021	-3.025	-9.394	0.361	-2.568
27-Aug-07	Kalpataru Power	2.360	3.110	-0.205	1.709	2.524
27-Aug-07	Kamat Hotels	-3.125	0.005	-2.209	5.313	1.507
27-Aug-07	Mahindra & Mahindra	-8.101	-7.244	-7.530	-3.497	-3.560
03-Sep-07	Matrix Laboratories	-26.793	-36.188	-19.310	-8.230	-5.278
10-Sep-07	Ongc	-0.602	-3.631	1.073	0.182	-2.708
10-Sep-07	Niit Technologies	1.177	-1.985	-3.760	-2.915	-3.783
17-Sep-07	Patel Engineering	-16.829	-4.116	-5.045	-5.931	-2.257
17-Sep-07	Oriental Bank of Commerce	-24.459	-1.391	1.505	3.245	-4.251
17-Sep-07	Peninsula Land	-30.855	-8.615	-1.167	-0.310	-3.071
01-Oct-07	Ranbaxy	3.967	-3.039	0.504	1.225	-0.672
08-Oct-07	Reliance Comm	-18.113	-12.894	-3.095	0.547	2.084
22-Oct-07	Rico Auto	-19.855	-29.666	-10.163	-6.094	-5.165
22-Oct-07	Rolta India	-22.161	-1.602	1.892	-3.352	-5.873
22-Oct-07	Sail	-1.286	1.087	1.402	-1.364	-2.505
22-Oct-07	Reliance Petroleum	8.574	15.679	10.944	5.868	2.632
29-Oct-07	Satyam Computer Services	-16.538	-4.284	1.672	-2.148	-0.096
05-Nov-07	Shree Renuka Sugars	-27.832	-16.282	-4.539	2.161	-1.646
05-Nov-07	Suzlon Energy	-19.526	-21.994	-17.045	-5.046	-3.643
05-Nov-07	Shipping Corporation	0.483	2.279	0.457	-4.293	1.001
12-Nov-07	Tata Motors	4.029	8.544	6.281	8.931	1.494
19-Nov-07	Tata Power	-18.713	-13.363	-12.049	-3.767	1.285
19-Nov-07	Tata Steel	-26.868	-12.037	3.145	-0.887	0.038
26-Nov-07	TCS	14.096	-14.354	-4.207	-3.285	-1.878
26-Nov-07	Titan Industries	-1.452	-8.545	0.466	-1.291	-1.748
03-Dec-07	Unitech	-19.743	-2.750	-10.038	-6.695	-2.675
10-Dec-07	Uttam Galva Steel	-37.383	-14.745	-7.481	-9.534	-6.772
24-Dec-07	Wipro	-17.183	-6.573	1.608	0.893	-1.554
24-Dec-07	YES Bank	-3.838	3.070	1.833	-0.372	1.155

References

- 1 Ball, R. and Brown, P. (1968), "An Empirical Evaluation of Evaluating Accounting Income Numbers", *Journal of Accounting Research*, Vol.6, pp. 159-178.
- 2 Bangoli, M., Clement, M., Crawley, M., and S. Watts. (2009), "The Profitability of Analysts' Stock Recommendations: What Role Does Investor Sentiment Play" [Cited 2010 January 29] Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1430617
- 3 Barber, B., Lehavy, R., & B. Trueman. (1999), "Brokerage Houses and Their Stock Recommendations: Does superior Performance Persist" [Cited 2010 January 29] Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=269119.
- 4 Barber, B., Lehavy, R., NcNichols, M. and B. Trueman. (2001), "Can investors profit from the prophets: Security analyst recommendations and stock returns", *Journal of Finance*, 56, pp. 531-563.
- 5 Barber, B. M. and Loeffler, D. (1993), "The Dartboard Column: Second Hand Information and Price Pressure", *Journal of Financial and Quantitative Analysis*, June, Vol. 28(2) pp. 273-284.
- 6 Barniv, R., Hope, O.K., Myring, M., and W.B. Thomas. (2010), "International Evidence on Analyst Stock Recommendations, Valuations, and Returns" [Cited 2010 January 29]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1350616
- 7 Chakarbarti, Rajesh. (2003), "Should You Bet on Your Broker's Advice: A Study of Analysts' Recommendations in India" [Cited 2010 January 29]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=649844.
- 8 Chen Xia and Qiang Chang. (2003), "What determines the market impact of stock recommendations" [Cited 2010 January 30]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=385524
- 9 Cliff, Michael T. and Virginia Tech. (2004), "Do Independent Analysts Provide Superior Stock Recommendations" [Cited 2010 January 30]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=540123
- 10 Fama, E. F., Fisher, L., Jensen, M. C. and Roll, R. (1969), "The Adjustment of Stock Prices to New Information", *International Economic Review*, Vol. 10, pp.1-21.
- 11 Glezakos, M. and Mylonas P. (2003), "The Small Size Effect is Still Present on the Athens Stock Exchange", *European Research Studies* Vol. 6 – Issue 3-4, pp. 7.
- 12 Glezakos, M. (1995), "The Effect of Accounting Profitability on stock Returns – The Case of the ASE," SPOUDAI, 1995.
- 13 Hall, J.L., and P.B. Tacon. (2009), "Forecast Accuracy and Stock Recommendations" [Cited 2010, January 24]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1011932
- 14 Holloway, C. (1981), "A Note on Testing an Aggressive Investment Strategy, Using Value Line Ranks", *Journal of Finance*, pp 711-719.
- 15 Kerl, A.G., and A. Walter. (2007), "Long-run Performance Evaluation of Journalists' Stock Recommendation" [Cited 2010, January 24]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=956079
- 16 Krische, S.D., and Charles, M.C. Lee. (2000), "The Information Content of Analyst Stock Recommendations" [Cited 2010, January 24]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=254547
- 17 Schlumpf, Philipp M., Schmid, Markus M. and Heinz Zimmermann. (2004), "The First and Second Hand Effect of Analysts' Stock Recommendations Evidence from the Swiss Stock Market", [Cited 2010, January 24]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=657701
- 18 Schuster, Thomas. (2003), "Fifty-Fifty. Stock Recommendations and Stock Prices. Effects and Benefits of Investment Advice in the Business Media" [Cited 2010, January 24]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=387341
- 19 Sharpe, William F. (1966), "Mutual Fund Performance", *Journal of Business*, Vol. 39, pp 119-138
- 20 Walker, M. M. and Hatfield, G. B., (1996), "Professional Stock Analysts' Recommendations: Implications for Individual Investors", *Financial Services Review*, Vol. 5, pp 13-29.
- 21 Whayama, M. Robert Melo. (2008), "A Survey of Analysts Stock Recommendations: Are they really useful?" [Cited 2010, January 24]; Online; Available from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1336343
- 22 Womack, K. (1996), "Do Brokerage Analysts Recommendations Have Investment Value?" *Journal of Finance*, Vol. 51, pp 137-167.