



Dear Members,

Wish you Happy Diwali and Prosperous New Year....

For Diwali 2010, we are reviewing the markets as follows...

With Indian markets making new highs, at 17000, Sensex is currently trading at 19.5x and 15.8x its FY10E & FY11E earnings, respectively. We are cautiously optimistic now and would prefer BUYING to be done on meaningful correction in the market. We are of the opinion that, aggressive buying should be avoided at higher levels rather we need to become more greedy on decline when everybody is scared under panic. This is mainly due to our strong belief that, 2010 will be year of consolidation for building quality portfolio which will be fetching us remarkable return in 2011.

“It is always better to spend time in the market rather than timing the market.”

“ Be always greedy to accumulate quality stocks on decline”

We are recommending 12 mid-cap stocks for next 12 months with expected return of 25-30% in next 12 months. Majority of our stock selection is from mid-cap universe as we believe there is still value visible on table.

Mid-Cap Portfolio

Company Name	CMP	Sector
Elecon Engg	103	Power - Ancil
Divis Lab	600	Pharma
India Infoline	158	Financial - Broking
Century Textile	502	Diversified
HCC	139	Construction
BGR Energy	497	Power - Ancil
Ganesh Housing	138	Real Estate
Financial Tech	1371	IT-Product
Chambal Ferti	54	Fertiliser
Nirlon	62	Real Estate
LIC HF	797	Financials
NB Venture	403	Diversified-Power

Most of our preferred large-caps are trading at their fair value amidst high hopes of global recovery and improved liquidity situation (Metals, Real-estate, Oil & Gas, IT & Auto) and may see upward movement based upon earning upgrades and further re-rating, so we advise buying in large-caps on decline. We are also giving blended portfolio of 12 -stocks from large-cap & mid-caps space, where buying should be done on decline.

Large-Cap Portfolio

Company Name	CMP	Sector
RIL	2200	Oil & Gas
Tata Steel	576	Metal
L&T	1696	Capital Goods
Essar Oil	166	Refinery
Tata Motors	572	Automobiles
OFSS	2163	Software
BHEL	2520	Capital Goods
Reliance Infra	1295	Power
ICICI Bank	959	Banking
Aban Offshore	1602	Oil & Gas - Services
GMDC	115	Mining
DLF	441	Real Estate

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