





**Sensex: 19163**  **866**    **Nifty: 5767**  **281**    **Dow: 13207**  **311** <sup>^</sup>    **Nasdaq: 2601**  **67** <sup>^</sup>

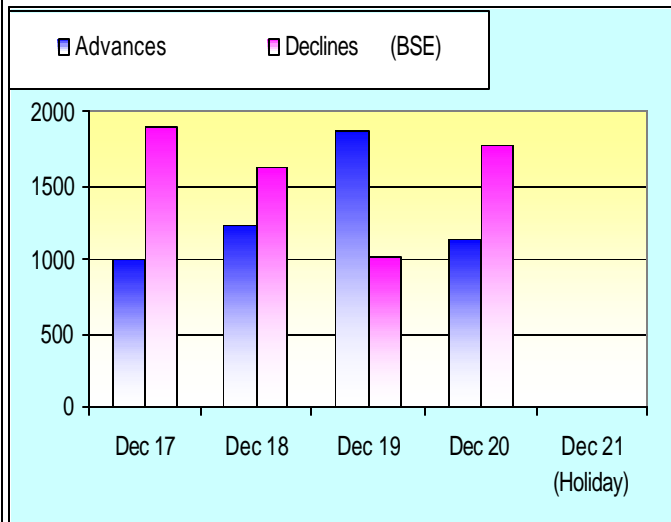
Fundamental Picks				Index Tracker					
Stock	LCP	Rating	EPS*	Index	Curr.	Wkly Chg	Index	Curr.	Wkly Chg
Rajesh Exports	869	Buy	38.2	BSE 100	10436	-524	BSE Teck	3777	-51
Akruti City	1052	Buy	43.6	BSE MID	9026	-442	BSE PSU	9513	-569
Jet Airways	961	Buy	7.9	BSE SML	11813	-374	Bankex	10739	-609

\* Estimated EPS; Long-Term Calls

### Weekly Wrap

#### Markets plunge on global weakness

The markets could not withstand the global weakness tremors in the current week after showing good resilience in past week. Indices tumbled down in the first 2 days of 4-day trading week and the bullish undertone turned cautious as the breadth of the markets too deteriorated. However on last 2 days some semblance was restored as indices managed to stall any further loss. The week started on a feeble note with indices trading in the red zone. Selling pressure continued through the day and intensified in the end session. Sensex lost a whopping 769 pts, the 2<sup>nd</sup> highest points loss ever. On Tuesday, too the markets were under pressure and Bank stock took a hard hit. Selling pressure remained and Sensex lost around 182 pts. On Wednesday, some semblance was restored as global markets too were rallying. Volatile trade was witnessed as after moving up indices faced selling pressure. After a choppy session markets ended on a flattish note. However, the breadth of the markets improved. On Thursday, the last trading day of the week, the markets opened up on a mixed note and soon rallied upwards. Inflation slipped to 3.65% from 3.75% in the previous week. In the end session volatility ruled the bourses and finally, the markets ended with a marginal gain. Overall, the Sensex ended with a whopping loss of **866 pts** week-over-week. FIIs were net sellers to the tune of a huge **Rs 4233.5 cr** during last 4 days.



### House View\*

#### Short Term View: Rangebound trend to rule

The markets belied the bullish undertone and gave into the global weakness. Indices tanked heavily and the breadth too took a knock. However, indices recovered just a bit on the last day of the 4-day trading week. FIIs turned net sellers and Inflation slipped to 3.65% from 3.75%. For next week, we expect markets to maintain a rangebound trend amidst bouts of volatility (F&O Expiry). One can look at buying Tech stocks at current levels as the risk-reward ratio is favourable. Next week we see the indices moving in the band of **18700-19700** and **5600-5900** levels. We reiterate our advise that one should resort to stock-specific buying and buy fundamentally strong stocks (Top Picks) for investment.

#### Our Long-term Top Picks are;

- ☐ Reliance, BHEL, L&T, Hero Honda, ICICI Bank, Reliance Com., BoB, ITC, HDFC, India Cements, HDIL, Crompton Greaves.
- ☐ In Mid-caps we are positive on, Jaiprakash Assoc., Bharati Ship., ABG Ship., Sujana Tower, AIA Eng., Punj Lloyd, Nagarjuna Const., KEC Intl, Jyoti Str., Areva T&D, **Tulip IT, Rajesh Exports**, Jet Airways, Spice Jet, Ankur Drugs, Koutons Retail, Bhagwati Banquets, Voltas, Peninsula Land, Anant Raj Inds, Akruti Nirman, Amtek India, Sona Koyo, Ahmednagar Forg, Philips Carbon Black, Welspun Guj., Asian Electronics, UTV Soft., Kotak Bank, YES Bank, Rolta India, Country Club, Ess Dee Aluminium, IDFC, Apollo Tyres, Ceat Tyres, Deccan Chr., ENIL.

(New additions are in bold letters)

F&O Strategy						F&O Outlook					
<b>JP Associate</b> (LCP: 400.50) (Market Lot: 1500) <b>View:</b> Moderately Bullish  ☐ Buy one JP Associate Dec future @ 404.10 ☐ Maximum Profit: Unlimited ☐ Maximum Loss: Unlimited ☐ BEP: Rs 404.10 ☐ Initial Margin: Rs 124185						<b>Initiate Stock specific buying</b> F&O indicators indicate rangebound trend, with IV's rising to 30% from 27.5% and PCR moving down to 1.08 levels from 1.24 levels. In the futures segment, major activity was seen in December futures of Nifty, REL, Reliance Reliance Capital, RNRL, Sail, IFCI and January futures of Nifty, REL, Reliance. On the options front, major activity was seen in Nifty 5800 CE, Nifty 5900 CE, Nifty 6000 CE, Nifty 5700 CE, Nifty 6200 CE, Nifty 6100 CE, REL 1920 CA, Reliance 2800 CA, Nifty 5800 PE, Nifty 5700 PE, Nifty 5900 PE, Nifty 5600 PE, Nifty 5400 PE, Nifty 5500 PE, Nifty 6000 PE. Nifty is expected to remain in the range of 5600 to 5900 levels. We expect markets to maintain a rangebound trend amidst bouts of volatility since it is F&O expiry. We advise traders to buy Tech stock January futures with stop losses from one-month point of view.					
Scroll Down for Strategy Details											
Major Stock Trends						Major Stock Trends					
Stock	LCP	Trend	Wks	Buy if Rate >	Sell if Rate <	Stock	LCP	Trend	Wks	Buy if Rate >	Sell if Rate <
BEL	1830.05	Dn	8	-----	1848.95	Rel Comm	707.00	Dn	7	753.55	-----
Tisco	824.25	Dn	8	-----	859.80	ONGC	1190.50	Dn	6	1248.65	-----
SAIL	264.50	Dn	7	-----	287.45	-----	-----	-----	-----	-----	-----

^ Thursday Closing (All indices display week-over-week gain or loss)

\* Long Term: 12 months +; Medium Term: 6 months; Short Term: 1 month

## Corporate Watch

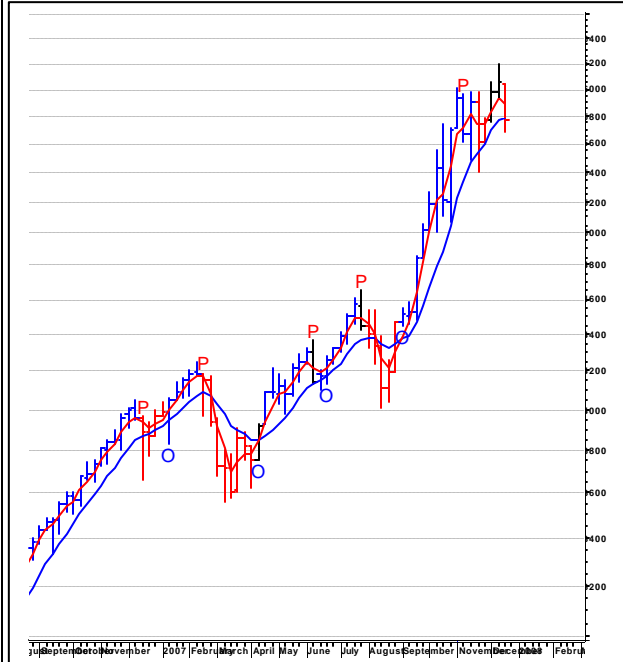
(Long-term Calls)

Scrip	Year	Sales (Rs mn)	PAT (Rs mn)	EPS	PER	Equity Share Capital (in Rs mn)	Comments
<b>Rajesh Exports</b>  <i>Buy</i> <i>(FY: Apr-Mar)</i>  <i>Last Closing Price</i> <i>20/12/07</i>  <b>Rs 869</b>  <i>*Post-FCCB issue</i>	<b>FY07</b>	68,934	1,013	27.4	31.7	74	<ul style="list-style-type: none"> <li>□ Rajesh Exports, the world's largest manufacturer of gold jewellery, accounts for 25% of all gold jewellery exported from India. In order to meet its objective of increasing its net profit margin, Rajesh Exports has identified a set of new growth drivers, viz: 1) Jewellery retailing; 2) Diamond jewellery; 3) White labels &amp; 4) Real Estate.</li> <li>□ We believe that the company would post 16.6% CAGR growth in revenue and 64% CAGR growth in PAT from FY07 to FY10. The company's net profit margin is likely to increase from 1.5% in FY07 to 4.1% in FY10. We have a '<b>Buy</b>' rating on the stock with a 12-month SOTP price target of <b>Rs 1,562</b>.</li> </ul>
	<b>FY08E</b>	82,885	1,850	38.2	22.7	97*	
<b>Akruti City</b>  <i>Buy</i> <i>(FY: Apr-Mar)</i>  <i>Last Closing Price</i> <i>20/12/07</i>  <b>Rs 1052</b>	<b>FY07</b>	1,889	776	11.6	90.7	667	<ul style="list-style-type: none"> <li>□ Akruti City has built its land bank through slum rehabilitation, land acquisition through JVs and outright purchase, and PPP projects. Akruti's strong presence in slum rehabilitation gives it access to prime properties in Mumbai at relatively lower prices.</li> <li>□ We believe there exists significant value enhancement potential on account of the Uran and Khalapur township projects. We have a '<b>Buy</b>' rating on the stock with a 12-month price target of <b>Rs 1,696</b>, which is valued at 10% premium to its NAV.</li> </ul> <p style="text-align: center;"><b>(This stock is in our Top Picks)</b></p>
	<b>FY08E</b>	5,723	2,911	43.6	24.1	667	
<b>Jet Airways</b>  <i>Buy</i> <i>(FY: Apr-Mar)</i>  <i>Last Closing Price</i> <i>20/12/07</i>  <b>Rs 961</b>	<b>FY07</b>	90,806	(6,617)	----	----	863	<ul style="list-style-type: none"> <li>□ Post the acquisition of Sahara (now JetLite), Jet is the only private carrier having rights to fly on international routes. The business model of Jet now has a mix of low cost carrier and a full service carrier that works best in a growing country like India. Jet also transitions between regional (short haul) and international carriers (long haul) and is poised to emerge as a strong player in either forms of business.</li> <li>□ This inherent strength will see Jet post a three-year CAGR growth in revenue of 22% to Rs 165 bn by FY10E. We have a '<b>Buy</b>' rating on the stock with a price target of <b>Rs 1,498</b> (at 1.7x adj. EV/sales FY10E).</li> </ul>
	<b>FY08E</b>	108,552	679	7.9	121.6	863	

## Technical

### Indices correct sharply by 4%

The week opened on a negative note as the indices dropped down to the low of 18886/5677 but soon started stabilizing at lower levels. However, the loss over the week remained more than 4%. Most of the heavyweight stocks met with selling pressure ahead of extended holidays and oncoming expiry of December contracts. Some respite was visible amongst mid-cap stocks, which gave some promising rally. The support for the week is seen near 18700/5600, while the resistance for the week is seen near 19700/5900. Markets are likely to remain rangebound with marginally negative bias.



	Sup2	Sup1	Current	Res1	Res2	Trend	Period	Reversal Point
<b>Sensex</b>	18214	18688	<b>19163</b>	19835	20507	<b>Dn</b>	<b>-7</b>	20,376.90
<b>Nifty</b>	5464	5615	<b>5767</b>	5979	6191	<b>Dn</b>	<b>-7</b>	6,179.25

\* MTC – Monthly Trading Calls are for T + 30 days

- "Period" indicates the number of weeks since the trend is in the particular direction.
- Reversal point indicates the closing price at which the current trend will reverse. "Buy if rate" indicates that a trend will turn up if the price closes at the given rate and vice a versa for "Sell if rate".

## Technical

### Current Status of Stocks in Option Segment

Scrip	(Figures in Rs)	Weekly Trend						Reversal Point	
	Last Closing 20.12.07	Sup2	Sup1	Res1	Res2	Trend*		Buy if Rate >	Sell if Rate <
						Current	Period		
ABB Ltd	1455.60	1337	1396	1558	1659	Dn	-5	1,870.30	-
ACC	999.75	901	951	1089	1179	Dn	-1	1,072.35	-
Allahabad Bnk	113.55	107	110	119	124	Dn	-1	119.15	-
Alok Textile	87.00	72	79	95	104	Up	6	-	82.05
Ambuja Cem	144.55	138	141	150	155	Dn	-2	152.25	-
Andhra Bnk	101.70	93	98	109	116	Dn	-1	105.20	-
Arvind Mills	78.55	69	74	85	92	Dn	-1	79.75	-
Ashok Ley	48.50	44	46	52	55	Up	6	-	47.35
Aurobindo Ph	535.60	491	513	556	577	Up	3	-	499.35
Axis Bnk	933.85	869	902	990	1046	Dn	-5	1,067.05	-
Bajaj Auto	2794.50	2634	2714	2887	2980	Up	5	-	2,686.75
BILT	172.35	161	167	181	190	Up	7	-	172.05
Bank of Baroda	405.15	372	389	430	455	Dn	-1	418.20	-
Bank of India	351.90	318	335	371	390	Dn	-5	377.50	-
Bharat Electrical	1830.05	1690	1760	1890	1950	Dn	-8	1,848.95	-
Bharat Forge	340.15	317	329	361	382	Dn	-2	350.65	-
BPCL	432.65	379	406	448	463	Up	3	-	421.00
Bharti Tele	918.95	865	892	948	977	Dn	-1	933.25	-
BHEL	2370.90	2206	2288	2511	2652	Dn	-5	3,046.00	-
Bongaigaon Ref.	93.05	86	89	99	106	Dn	-1	106.75	-
Canara Bnk	297.20	257	277	316	334	Up	3	-	293.70
Century Text	1113.40	1022	1068	1149	1186	Dn	-5	1,165.20	-
CESC	584.15	535	560	619	655	Dn	-2	654.70	-
Chambal Fert	82.50	69	76	89	95	Up	6	-	80.25
CIPLA	211.05	187	199	223	234	Up	7	-	193.35
Colgate Pal	388.65	346	367	425	461	Up	-	-	-
Corpn. Bnk	412.70	384	398	431	450	Dn	-5	435.70	-
Cummins	398.00	375	386	413	429	Dn	-2	409.15	-
DABUR	111.35	103	107	118	125	Dn	-1	118.10	-
Divis Lab	1735.90	1530	1633	1854	1973	Dn	-1	1,784.15	-
Dr.Reddy's Lab	720.90	668	694	743	765	Up	4	-	654.70
ESCORTS	144.70	129	137	156	167	Dn	-1	153.35	-
Essar Oil	269.10	222	245	296	323	Dn	-1	392.50	-
Federal Bnk	320.85	306	313	329	336	Dn	-5	380.00	-
GAIL	480.25	445	463	507	534	Dn	-1	507.20	-
GLAXO	1017.35	934	976	1099	1180	Up	2	-	955.10
GMR Infra	236.70	209	223	247	258	Dn	-1	258.80	-
GRASIM	3543.75	3331	3437	3705	3866	Dn	-10	3,844.65	-
GNFC	192.25	172	182	200	208	Up	3	-	191.95
HCLTECH	312.05	292	302	318	324	Up	5	-	308.80
HDFC Bnk	1642.70	1557	1600	1702	1762	Dn	-7	1,733.85	-
HDFC LTD	2722.95	2461	2592	2957	3192	Dn	-1	3,195.50	-
Hero Honda	696.70	667	682	720	743	Dn	-1	700.85	-
Hind Lever	212.90	199	206	221	230	Up	4	-	208.35
HPCL	312.75	265	289	338	364	Up	7	-	307.35
HINDALCO	199.25	179	189	211	223	Dn	-1	206.55	-
I-Flex Soln.	1470.95	1307	1389	1559	1647	Up	4	-	1,350.95
ICICI Bnk	1157.50	1067	1112	1221	1284	Dn	-7	1,226.45	-
IDBI	158.25	140	149	172	185	Dn	-1	173.45	-
IDFC	210.55	190	200	225	240	Dn	-1	220.50	-
IFCI	76.85	40	58	108	140	Dn	-1	115.30	-
India Cement	300.55	265	283	325	349	Dn	-1	312.80	-
Indian Hotel	146.15	127	137	157	167	Up	3	-	144.90
IOC	628.65	562	595	668	708	Up	3	-	599.95
IOB	165.00	149	157	180	196	Dn	-1	178.85	-

Scrip	(Figures in Rs)	Weekly Trend						Reversal Point	
	Last Closing 20.12.07	Sup2	Sup1	Res1	Res2	Trend*		Buy if	Sell if
						Current	Period	Rate >	Rate <
IndusInd Bnk	123.85	109	117	131	137	Dn	-1	124.15	-
Infosys Tech.	1695.55	1463	1579	1766	1836	Up	3	-	1,571.60
ITC	196.50	179	188	208	219	Up	4	-	194.05
IVRCL Infra	470.90	404	437	513	556	Dn	-1	516.55	-
J&K BANK	799.30	703	751	871	943	Up	3	-	799.50
JP Hydro	125.35	112	119	134	143	Dn	-1	139.40	-
JETAIRWAYS	962.50	891	927	1023	1084	Up	3	-	908.95
Jindal Stainless	222.45	200	211	238	253	Up	6	-	218.20
Jindal Steel & Power	13814.60	11380	12597	15485	17156	Dn	-1	17,201.20	-
Karnataka Bnk	208.00	191	199	222	236	Dn	-1	222.75	-
Larsen Toubro	3988.35	3740	3864	4179	4370	Dn	-7	4,544.80	-
Lic Hsg	359.65	321	340	380	400	Dn	-2	387.75	-
Mah Seamless	577.15	536	557	611	645	Up	4	-	526.60
MTNL	178.40	164	171	188	198	Dn	-1	178.75	-
M&M	784.55	714	749	820	856	Up	3	-	758.50
MARUTI	993.60	942	968	1032	1070	Dn	-8	1,028.85	-
Matrix Labs	225.55	211	218	239	252	Up	3	-	224.15
Mphasis BFL	287.95	256	272	297	306	Up	1	-	282.20
MRPL	128.95	114	121	139	148	Dn	-1	145.00	-
Nagar Fert	73.85	64	69	81	89	Dn	-2	94.00	-
NALCO	424.00	384	404	446	469	Dn	-1	435.00	-
NDTV	437.50	374	406	457	476	Up	3	-	390.50
Neyveli Lig	241.60	193	217	261	281	Dn	-2	338.65	-
Nicholas Piramal	359.00	314	336	381	402	Up	5	-	336.85
NTPC	228.85	212	220	242	255	Dn	-5	273.75	-
ONGC	1190.50	1098	1144	1233	1276	Dn	-6	1,248.65	-
Orchid Chem	245.20	223	234	258	271	Dn	-1	250.25	-
Oriental Bnk	252.90	230	242	270	288	Dn	-1	270.60	-
PATNI	313.20	289	301	327	341	Up	3	-	305.70
POLARIS	120.50	107	114	126	132	Up	5	-	109.90
Punj Lloyd	510.90	462	487	547	582	Dn	-5	640.65	-
PNB	621.55	574	598	663	704	Dn	-1	643.75	-
RANBAXY	404.00	368	386	434	465	Dn	-1	410.90	-
RELCAPITAL	2382.40	2211	2297	2492	2601	Dn	-1	2,583.20	-
REL COMM	707.00	652	680	753	798	Dn	-7	753.55	-
REL LTD	1940.15	1684	1812	2023	2106	Dn	-2	1,940.35	-
RELIANCE	2713.65	2515	2614	2851	2988	Dn	-5	3,326.10	-
RPL	208.10	192	200	220	231	Dn	-7	234.10	-
SAIL	264.50	235	250	279	294	Dn	-7	287.45	-
SATYAMCOMP	427.75	391	409	438	449	Up	1	-	421.90
SCI	248.50	187	218	273	297	Dn	-5	264.10	-
SIEMENS	1867.95	1779	1824	1924	1979	Dn	-4	2,014.90	-
SRF	177.30	161	169	192	208	Up	6	-	165.55
State Bank	2257.20	2115	2186	2369	2481	Dn	-1	2,511.85	-
Sterlite Ind	955.35	841	898	1046	1137	Dn	-5	1,211.20	-
Strides	280.70	246	263	309	338	Up	6	-	264.15
Sun Pharma	1181.90	1019	1101	1230	1277	Up	17	-	1,144.60
SUN TV	379.25	348	364	407	435	Up	4	-	354.80
SUZLON	1839.45	1661	1750	1944	2049	Dn	-5	2,040.65	-
Syndicate Bnk	105.90	98	102	113	120	Dn	-1	112.15	-
Tata Chem	384.30	350	367	402	421	Up	3	-	367.75
TISCO	824.25	755	789	872	920	Dn	-8	859.80	-
Tata Motors	710.15	645	678	746	782	Dn	-1	722.25	-
Tata Power	1284.05	1162	1223	1332	1380	Dn	-7	1,330.95	-
Tata Tea	894.90	782	838	958	1021	Up	3	-	846.75
TCS	1045.35	971	1008	1077	1109	Up	4	-	997.20
TITAN	1491.50	1279	1385	1569	1647	Dn	-7	1,540.35	-
TVS Motor	70.05	60	65	77	84	Up	6	-	67.55
Union Bnk	190.50	177	184	202	213	Dn	-1	197.85	-
Vijaya Bnk	80.90	73	77	88	95	Dn	-1	89.50	-
VSNL	682.90	515	599	753	822	Up	4	-	642.35
WIPRO	493.35	464	479	504	515	Up	3	-	468.30
WOCKPHARMA	407.85	378	393	435	463	Dn	-1	407.05	-
ZEE ENT.	299.80	286	293	311	322	Dn	-1	300.15	-

## Derivatives Strategy

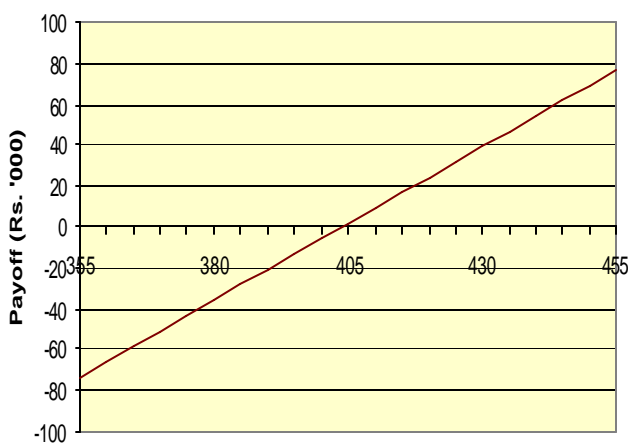
JP Associates							Payoff Table		Payoff Review		
Position	Inst. Type	Scrip	Expiry Date	Strike Price	Premium	Qty	Stock Price	Total Payoff	Max		
Long	Futures	JP Assoc	27 Dec	404.10	-----	1500	355	-73650	Downside	Upside	
-----	-----	-----	-----	-----	-----	-----	380	-36150	Unlimited	Unlimited	
							405	1350	Below	BE Price	
							430	38850	-	404.10	
							455	76350		+	

### Investment Summary\*

Equity	Premium Rcd/(Paid)	Initial Margin	Total
0	NIL	(124185)	(124185)

### Remarks

We have a moderately bullish view on JP Associates both fundamentally, technically & f&o indicator wise. JP Associates futures added 13.93 lakh shares or 5% open interest coupled with the price ending up 1% indicating creation of fresh long positions. The stock in the near term has the potential to rally up to 440 to 450 levels. Considering this view, we recommend buying of JP Associates December futures at Rs 404.10. Needless to say that the maximum profit and maximum loss for the strategy is unlimited. In case the future falls below 385 levels, one could exit the long future position.



\* Total does not include brokerage charges; The table has some variable components, so the total investment figure is an approximate one.

### Key F&O Data

Scrip Name	LCP	OI (Vol.)	% to Market O/I	% Week Change	% Contango/Backwardation	Market Wide Limit (O/I)
Nifty	5789.55	2,00,32,850	0.91	-33.68	0.40%	-----
Gitanjali	413.05	37,20,000	0.17	-17.93	-2.18%	79.41
Rajesh Export	874.90	20,90,550	0.09	-16.30	0.34%	73.41
Parsavnath	376.65	52,53,500	0.24	-7.52	0.95%	72.31
Aptech	358.70	41,47,000	0.19	-28.86	0.43%	66.61
NIIT Tech	233.70	46,46,400	0.21	-25.36	1.04%	65.64
Neyveli Lignite	243.15	1,41,71,800	0.64	-20.80	0.64%	65.57
SRF	178.30	51,04,500	0.23	-25.01	0.56%	65.29
Triveni	169.85	1,10,03,300	0.50	-25.92	0.68%	64.53
Bongaigaon Refn	93.95	65,79,000	0.30	-15.78	0.97%	64.47
Escorts	146.20	74,52,000	0.34	-19.08	1.04%	64.17
Jaiprakash Hydro	126.15	2,22,50,000	1.01	-23.62	0.64%	61.81
LIC Hsg fin	361.70	60,84,300	0.28	-18.94	0.57%	60.48
GDL	142.45	80,27,500	0.36	-19.06	0.56%	59.36
GMR Infra	238.65	3,80,90,000	1.73	-19.01	0.82%	59.30
Alok Textiles	87.45	1,32,02,350	0.60	-30.00	0.52%	58.51
Oswal Chem	67.00	1,40,28,300	0.64	-10.91	0.60%	57.37
RNRL	163.70	8,32,61,750	3.77	-21.88	0.86%	57.37
MRPL	129.95	2,29,26,400	1.04	-20.40	0.78%	57.20
OMAXE	547.05	21,28,100	0.10	-21.11	0.53%	57.17

This newsletter has been prepared by Prabhudas Lilladher Pvt Ltd (PL) and is meant for use by the recipient and is not for circulation. This newsletter is not to be reported or copied or made available to others. It should not be considered to be taken as an offer to sell or a solicitation to buy any security. The information contained herein has been obtained from sources that are considered to be reliable. We do not represent that it is accurate or complete and it should not be relied upon as such. We may from time to time have position(s) in, or options on and buy and sell securities referred to herein. We may from time to time solicit or perform investment banking or other services for any company mentioned in this newsletter. This document does not disclose all of the risks and other significant aspects involved in trading on a Derivatives Market. You should therefore study derivatives trading carefully before becoming involved in it.