

OCTOBER 16, 2008

Market Outlook

KEY INDICES

INDEX	CURR	PRE	Chg%
Sensex	10809	11483	(5.87)
Nifty	3338	3518	(5.12)
Midcap	3720	3892	(4.42)
Smallcap	4393	4615	(4.81)

VALUE TRADED (Rs Crs)

	15.10.08	Chg%
BSE	3579	(15.73)
NSE	9748	(17.70)

NET INFLOWS (Rs Crs)

Prov	15.10.08	YTD
FII	(1,030.8)	(53,701.38)
DII	669.96	26,252.96

FII OPEN INTEREST

	15.10.08	Chg%
FII Index Futures	11,703	(3.52)
FII Index Options	18,549	(8.43)
FII Stock Futures	14,852	(1.66)
FII Stock Options	788	(5.46)

World Indices 15.10.08 Chg %

Dow Jones	8577	(7.88)
Nasdaq	1628	(8.49)
FTSE 100	4079	(7.17)

Crude Oil (US\$/bl)	74.54	(5.20)
Gold (US\$/oz)	839	(0.06)

The benchmark indices corrected sharply yesterday on delivery-based selling and covering of long positions and fresh short build-up in index futures as well as in a few heavyweights such as Reliance Industries, State Bank of India, ICICI Bank, Larsen & Toubro and Bhel. Heavy selling by foreign institutional investors (FIIs) snapped the two-day rally in domestic stocks. Even, the RBI's extension of the special short-term lending (repo) facility for banks to aid mutual funds, which have been witnessing redemption pressure, failed to avert the slide. As per provisional figures, FIIs sold stocks worth Rs 1,030 crore in the cash market, while domestic funds made net purchases of Rs 669 crore today. In the past three years, Indian markets received nearly \$34 billion FII inflows, of which nearly \$11 billion has been pulled out this year.

Asian stocks today morning fell as much as 9 per cent and oil prices dropped to a one-year low on Thursday after downbeat US economic data spread fears of a more protracted and sharp global slowdown than initially expected.

Technically, Nifty has strong support in the range of 3290 to 3519 and any rise from the current levels (which is unlikely to happen) could take the index to 3650 levels. If nifty breaks the support of 3290 then it can test 3200 levels. The coming session is likely to witness a range of 3519 on advances and 3200 on declines. The outlook for the markets is that of absolute caution, as the overseas cues remain negative, the bulls are likely to be further compromised.

Recession talk scared Wall Street Wednesday, sending the Dow Jones industrial average to its second biggest one-day point loss ever. The Dow Jones industrial average fell 733 points, The Nasdaq composite lost 8.5% and closed at a new low for 2008, its worst level since June 30, 2003.

U.S. light crude oil for November delivery fell \$4.09 to settle at \$74.54 a barrel on the New York Mercantile Exchange, a more than 13-month low. COMEX gold for December delivery fell 50 cents to settle at \$839 an ounce.

ECONOMY

The cash reserve ratio (CRR) of scheduled banks, which is 7.5 per cent at present was cut by 100 basis points to 6.5 per cent with effect from the current reporting fortnight that began on October 11, 2008. This measure will release additional liquidity into the system of the order of Rs.40,000 crore.

Index	Support 2	Support 1	Previous Close	Resistance 1	Resistance 2	Trend
Sensex	10235	10715	10809	11260	11875	↓
Nifty	3200	3290	3338	3519	3650	↓

"NSE" Predictions For 16th October 2008

Scrip	Close	Trend	Trigger	Target 1	Target 2	Stop Loss
Orchid Chemical	152	↓	Sell Near 170	130	120	182
Pantaloon Retail	204	↓	Sell Near 220	200	190	232
Tech Mahindra	384	↓	Sell Near 410	380	360	424
Century Textiles	208	↓	Sell Near 220	180	170	228
Orient Bank	168	↑	Buy Near 168	176	185	160

Please refer to important disclosures at the end of this report

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DERIVATIVE STRATEGY 16th OCTOBER 2008					
Asset	Mkt Price	Strategy	Stop Loss	Target	Time Frame
RIL	1509	BUY RIL 1530 PA@ 80.35 SELL RIL 1440 PA@ 48.00	1570	1430	2-3 DAYS

CORPORATE NEWS

Larsen and Toubro Ltd has posted 32 per cent rise in net profit at Rs 460.2 for the second quarter ended September 2008 against Rs 348.02 crore in July-September 2007. The earnings per share after extra-ordinary item was Rs 15.74.

The Gujarat government today decided to allot land at Rs 400 per sq meter to **Tata Motors** for setting up Nano plant in Sanand in Gujarat. The company will acquire 1,100 acres of land for the proposed project for Rs 400.65 crore.

Financial Technologies India, FTIL group has acquired 90 per cent stake in UK-based ACE Group for a consideration of \$22.5 million (around Rs 108 crore), subject to fulfillment of certain representations and warranties by the sellers. ACE Group is a credit support organisation providing third party asset management, quality assurance and inspection services.

Bangalore-based Rs 170 crore **Phoenix Group Global**, with interests in hospitality, floriculture and real estate, is planning to launch its own brand of luxury hotels and resorts in India and abroad under the brand name 'Zuri'. The first hotel under the Zuri brand name will be built in Whitefield, Bangalore for which the company will invest Rs 200 crore. The five-star hotel will be a 162 room unit which will be ready by 2009. 70 per cent of the investment will be funded through debt from public sector banks and rest from equity which will be availed from its consortium of investors based in the middle-east.

Sterlite Industries won't complete the \$2.6-billion purchase of bankrupt copper producer Asarco without a price reduction of "hundreds of millions of dollars. Asarco, based in Tucson, Arizona, was trying to sell itself to the Mumbai-based copper miner as part of a plan to reorganise and exit bankruptcy court protection.

CMC, a subsidiary of Tata Consultancy Services (TCS), reported an increase of 17.7 per cent in its consolidated net profit to Rs 27.09 crore for the second quarter ended September 30, 2008, from Rs 23 crore registered in the corresponding period the previous year.

HCL Technologies, Net income rose to Rs 356 crore (\$73 million) in the three months ended September 30 from Rs 308 crore a year earlier. Sales grew 39 per cent to Rs 2,370 crore.

Companies Declaring Quaterly Results on 16th October 2008

Chettinad	Fino lex					Sasken
Cement	Cables	HDFC Bank	Mphasis	NIIT Tech	Rallis India	Comm

Additional Information with respect to the securities referred in our technical and derivative calls is uploaded on our website.

Please note that our technical calls are totally independent of our fundamental calls

Technical Trends calls are based on momentum, Investors/Traders are requested to observe following discipline to take maximum advantage of the products

- Entry/exit will be on the basis of price or time priority
- Use strict stop loss at 15% from your average acquisition price

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Analyst Name	Tel No	Email ID
Vishwesh Shrivastava	011-32502192	vishwesh@moneysukh.com
Ekta Setia	011-32502192	ektasetia@moneysukh.com
Ajay Lakra	011-32502192	ajaylakra@moneysukh.com