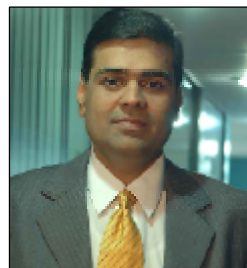




Emkay

Research Recommendations

December 2008



**Mr. Krishna Kumar Karwa,
Managing Director**

From the Managing Director's Desk

Dear Investors,

Before I write my customary monthly news letter, I would like you to join me in paying our respects and homage to the brave army personnel, policemen, commandos, civilians who laid down their lives fighting terrorists in Mumbai last week. Life will go on, but it is important to introspect in these traumatic times and reflect --- Are we giving our best to our families, our organizations, our colleagues, our work? Lets conduct our lives as if there is no tomorrow and be the best in whatever we do. I am sure, if all of us have this spirit, we will make our lives and our country a better place.

SEBI data reveals that FIIs have sold Rs 22,000 cr worth of equity in the period from 1st Sept'08 to 14th Nov'08. Domestic institutions have bought stock worth Rs 16000 cr and retail investors have bought stocks amounting to Rs 5000 cr. As you are all aware, FII selling is not only a function of weakening economic fundamentals but also redemptions / de-leveraging worldwide. Hence, FIIs are forced to sell stocks even if the fundamentals do not justify such selling. Domestic institutional and retail investors are under no such constraints and smart investors have used this fire sale to build up good quality portfolios.

Domestic GDP growth for Q2FY09 has (as expected) slowed down to 7.6%. Estimates for GDP growth for 2008-9 vary between 7-7.5%. Inflation has been moderating and has come down to 8.8%. Reserve Bank of India has initiated various measures to improve liquidity and soften interest rates. The positive impact of such measures will be felt from Q1 of the next financial year.

Global bail out season continues with Citibank (Citi never sleeps) being bailed out by the US FED. The surprise element is no longer there- nobody is too big to not require a bail out. It is a question of time before the big three auto companies of the US require to be bailed out to combat the sharp collapse in sales.

Recession in USA, Eurozone, Japan and a slowdown in China will have its impact on commodity prices and trade across the world. India will have to suffer its share of the global slowdown; the saving grace will be its domestic consumption, provided the domestic authorities are proactive and innovative to fund the infrastructure capex.

After the sharp correction in October, domestic bourses have been relatively stable in the month of November with FII outflows also having slowed down. With global equity markets showing some signs of resilience, December could be a decent trading month. Investors need to be cautious and use the rally to clean the portfolio and upgrade to the bluest of blue chips.

In investing, as in real life, fortune favours the brave. But you have to be alive to fight and hence, it also pays to be realistic.

Thanking you

Krishna Kumar Karwa

Monthly Technical Perspective

Nifty Monthly Chart



| Indices | 31-10-08 | 28-11-08 | %Change |
|------------|----------|----------|---------|
| Nifty | 2885 | 2755 | -4.51 |
| Sensex | 9788 | 9092 | -7.11 |
| Bank Nifty | 4521 | 4291 | -5.09 |
| CNX IT | 2686 | 2499 | -6.96 |
| Junior | 4291 | 3848 | -10.32 |

| Indices | Support | Resistance | 200 EDMA | View |
|------------|---------|------------|----------|---------|
| Nifty | 2502 | 3161 | 4079 | Bullish |
| Sensex | 8316 | 10570 | 13660 | Bullish |
| Bank Nifty | 3972 | 4377 | 6107 | - |
| CNX IT | 2125 | 2658 | 3589 | Bullish |
| Junior | 3706 | 3956 | 6814 | - |

Nifty

Continuing its northbound journey, Nifty opened on a positive note and tested our first mentioned target of 3168 and made a high of 3240 on 5th Nov. Thereafter some profit booking was witnessed and nifty shed some of its gains and made a low of 2860. There it made a **Double** bottom and took support over there and gain recovered its losses and made a high of 3161 on 10th Nov. However selling pressure was witnessed on higher levels and Nifty started its southbound journey and on 12th Nov it broke the support of 2860 and fell sharply. Nifty corrected 61.80% of the recent rally from 2252 to 3240 and on 19th Nov it made a low of 2617, but there also its southbound journey did not stopped and it further fell sharply and filled the mentioned lower band of the **Gap** on 20th Nov and made a low 2502. Thereafter Nifty took support and started its northbound journey and retraced 38.20% of the recent fall from 3161 to 2502 and made a high of 2790 on 25th Nov, and finally Nifty closed above 2700 levels with a loss of 4.51% at 2755 on m-o-m basis. On the weekly chart nifty had formed "**Piercing**" pattern, thus in the coming days we will witness sharp bounce back in nifty and it can test 2871 and above that 2958, which are 50% and 61.80% retracement level of the recent fall from 3240 to 2502. However level of 2502, will play as a strong support for short-term.

Sensex

Continuing its northbound journey, Sensex opened on a positive note and tested our first mentioned target of 10708 and made a high of 10945 on 5th Nov. Thereafter some profit booking was witnessed and Sensex shed some of its gains and made a low of 9631. There it made a **Double** bottom and took support over there and gain recovered its losses and made a high of 10570 on 10th Nov. However selling pressure was witnessed on higher levels and Sensex started its southbound journey and on 12th Nov it broke the support of 9635 and fell sharply. Sensex corrected 61.80% of the recent rally from 7697 to 10945 and on 19th Nov it made a low of 8726, but there also its southbound journey did not stopped and it further fell sharply and filled the mentioned lower band of the **Gap** on 20th Nov and made a low of 8316. Thereafter Sensex took support and started its northbound journey and retraced 38.20% of the recent fall from 10570 to 8316 and made a high of 9182 on 25th Nov, and finally Sensex closed at 9092 with a loss of 7.11% on m-o-m basis. On the weekly chart Sensex had formed "**Piercing**" pattern, thus in the coming days we will witness sharp bounce back in Sensex and it can test 9630 and above that 9941, which are 50% and 61.80% retracement level of the recent fall from 10945 to 8316. However level of 8316, will play as a strong support for short-term.

Conti

Monthly Technical Perspective

Bank Nifty

Last month the Bank Nifty opened on a positive note and broke the resistance of 4621 and on 5th Nov it tested our mentioned target of 5276 and made a high of 5431, but thereafter it could not sustain on higher levels and selling pressure was witnessed and it on 7th Nov it made a low of 4804, thereafter it took support and recovered some of its losses and on 10th Nov it made a high of 5274, but again it was unable to sustain on higher levels and started its downside journey and on 12th Nov it broke the support of 4804 and further fell sharply. It had retraced 61.80% of the recent rally from 3799 to 5431, but the downside journey still continued and 20th Nov it made a low of 3972. Thereafter it took support and recovered some of its losses and finally this index closed at 4291 with a loss of 5.09% on m-o-m basis. Now if this index starts trading above 4377, then we may witness further recovery and then it can test 4469 and 4623, which are 38.20% and 50% retracement level of the recent fall from 5274 to 4086. However in the immediate term this index has support at 3972.

CNX IT

As expected the CNX IT index opened on a positive note and made a high of 2806 on 3rd Nov thereafter selling pressure was witnessed on higher levels and this index shed some of its gains and retraced 50% of the recent rally from 2125 to 2806 and made a low of 2435. Thereafter it took support and recovered some of its losses and made a high of 2688 on 10th Nov, but again selling pres-

sure was witnessed on higher levels and this index broke the support of 2435 and further fell sharply and made a low of 2161. However it again took support over there and recovered some of its losses and finally closed at 2449 with a loss of 6.96 % on m-o-m basis. On the weekly chart this index had formed "Piercing" pattern, thus in the coming days we will witness further recovery in this index. This index is trading near to 50% retracement level of the recent fall from 2806 to 2161, thus now in the coming days if it starts trading above 2483, then it can test 2560, which is 61.80% of the above mentioned fall. However downside this index is having support at 2161 and below that 2125.

Junior

As expected Nifty Junior opened on a positive note and made a high of 4937 on 5th Nov, thereafter selling pressure was witnessed on higher levels and this index shed some of its gains and retraced 38.20% of the recent rally from 3603 to 4937 and made a low of 4415. Thereafter it took support and recovered some of its losses and made a high of 4832 on 10th Nov, but again selling pressure was witnessed on higher levels and this index broke the support of 4415 and further fell sharply and made a low of 3706 on 22nd Nov. Thereafter Nifty Junior was trading very side ways and finally closed at 3848 with a loss of 10.32 % on m-o-m basis. In the immediate term now this index is having resistance in the range of 3875 to 3956 and if it starts trading above this then we may see further recovery. However downside this index is having support at 3603, thus one should keep strict stop-loss of 3603 for all their long-positions.

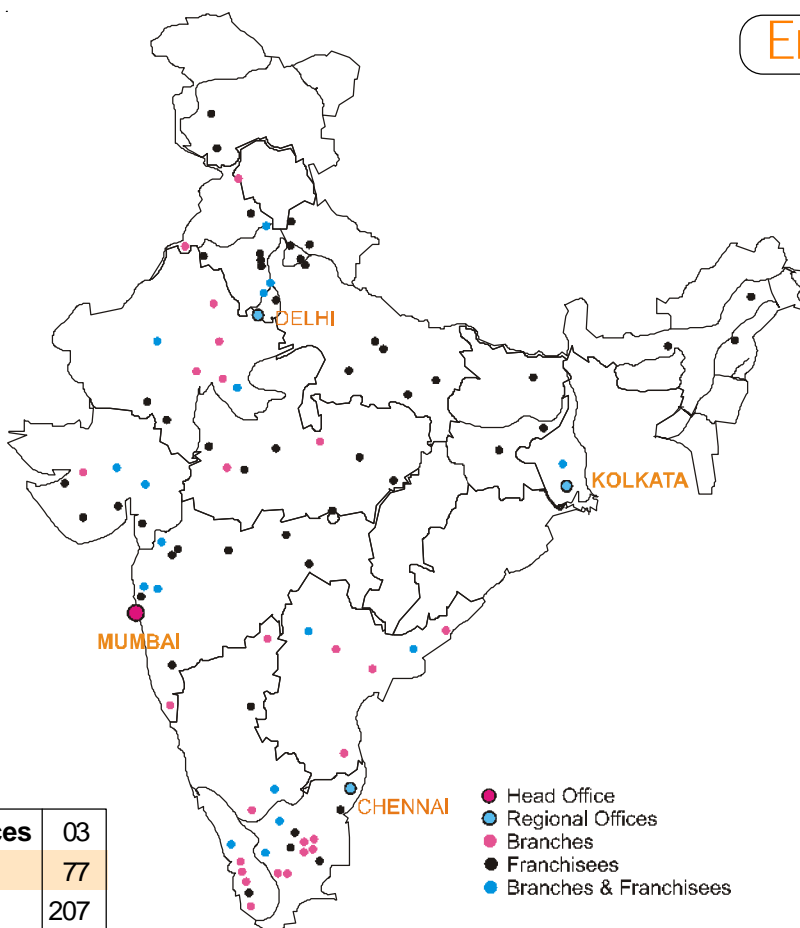
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| Total Branches | 77 |
| Total Franchisees | 207 |

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