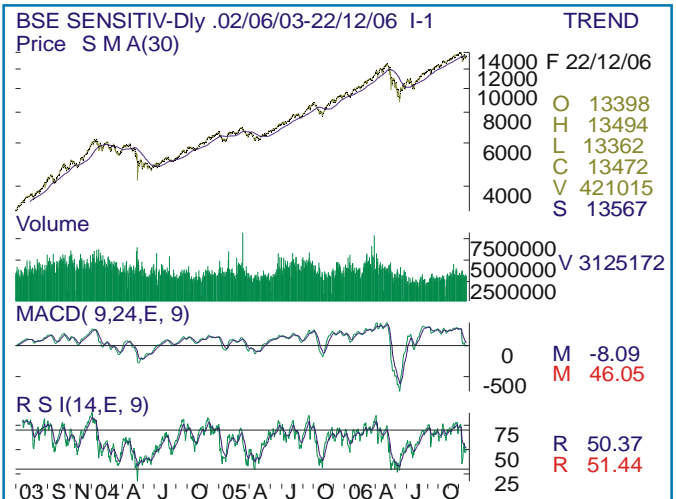


HELLO! Mr. MARKET, WHERE ARE YOU GOING?

CLASH OF TITANS

This week we saw the battle for Hutchison Essar Ltd. grow stronger. The ADAG group approached the Ruia's through merchant bankers to buy their 33% stake in Hutchison Essar Ltd. At an enterprise value of \$12-\$14 billion the Ruia's 33% stake is already worth an attractive \$4-5 million. Adviser to Anil Ambani, UBS, had roped in buyout funds like Blackstone, Texas Pacific, Carlyle and KKR to structure the financing. However, Hutchison Whampoa is believed to have said that bids received till now did not reflect the true value of Hutchison Essar (HEL) and consequently Anil Ambani may have revised the bid for HEL to \$16-17 billion. The valuation of HEL holds the key to one of the most talked about telecom deals. Hutchison has already rejected a \$13.5 billion bid from Malaysia's Maxis with private equity firm Texas Pacific Group. This implies that Hutchison is looking for a higher valuation. This battle for Hutch became much more interesting when, later during the week, Vodafone confirmed considering HEL bid, thus creating a bidding war. Vodafone's board of directors has mandated chief executive Arun Sarin to pursue a cash offer for HEL. For Vodafone to win a bid it will need to negotiate with Hutchison Essar shareholders, Hutchison Telecom International which has a 67% stake and oil and gas conglomerate Essar, which holds 33% of shares. However there happens to a big catch to the Vodafone bid. Vodafone holds a one-year non-competition clause with its current India mobile phone partner Bharti Airtel, signed in October 2005, in which it holds a 10% stake. Thus Vodafone would also have to negotiate with owners of India's largest mobile phone operator Bharti Airtel, which it bought a \$1.5bn stake in. Another important point to be noted is that regulations mandate that if an existing telecom company intends to acquire another player in the same circle, it will have to cap ownership at 10% or buy the entire 100%. So anybody buying out Hutch Essar has to buy out all of the Company, making Essar key to the success. Thus, the HEL deal seems to go down the wire. If Reliance Communications gets through the deal, it will outdo Bharti Airtel, who happens to be the number one operator. Plus it would also mark Reliance's entry into the GSM market. Thus it would acquire the desired diversification of GSM and CDMA technologies and capture a major part of the Indian cellular market. This battle for control may pave way for consolidation in the industry yet we feel the market will still remain competitive and consumer focused. November '06 itself saw an addition of 5.04 million subscribers crossing the 100 million mark. India is the world's fastest-growing cell market and only 17 percent of its 1.1 billion people have either a mobile or a fixed-line phone, (source: TRAI) which makes it a very attractive market with room for everyone to grow.

TECHNO TECHS



INDEX - IN CONSOLIDATION PHASE

Daily MACD chart is in SELL mode but 14 days RSI & ROC charts are giving positive divergence. Short term oscillator charts are now again giving positive divergence & in BUY mode. Weekly MACD charts is ready to give SELL mode BUT 14 weeks RSI & 12 weeks ROC charts still giving positive divergence. After heavy volatility & correction, market is trying to consolidate for next big move. Market was very choppy & volatile due to year end & nearing of expiry of December futures. Market may give range bound movement for time being & volatility will continue till some trigger will push market in to one direction. Sensex now has good support at 13320 & then 13000 levels & nifty at 3825 & 3770 levels. If market goes below this level then we will see more intermediate down trend. Sensex is now facing resistance at 13870 & then 14000 levels & nifty at 3900 & then 3940 levels. If it closes above this level then we will see more uptrend. Investors must now gradually book profits in highly overbought stock & wait for further correction to buy. **SHORT TERM VIEW :** Daily short term stochastic chart is in BUY mode & short term oscillators are showing positive divergence but are in highly overbought condition. BUY at lower level with stop loss of sensex at 13085 & nifty at 3770 levels on closing basis is mantra for traders & short term investors. Sensex has short term support at 13350, 13180 & 13000 levels & resistance at 13570, 13850 & 14000 levels & nifty has short term support at 3825, 3770 & 3650 levels & resistance at 3890, 3920 & 3940 levels.

MARKET MANTRA: Sensex & Nifty encountered second successive Black Tuesday:

The BSE Sensex plunged 349-point on Tuesday the 19th Dec'06 (following the 405 points drop on Tue-12th Dec'06), to 13,382, amid high volatility following a sell-off across Asian emerging markets led by Thailand, sparked by a 10% penalty imposed on foreign funds moving out Thailand within a year, by its central bank.

For the week ended Friday 22nd Dec'06, the Sensex lost 143 points w-o-w to close at 13471 (13614) while the Nifty lost 17 points to settle at 3871 (3888). The Sensex fell by 1.05% while the Nifty restricted its fall to just 0.44 %

FII's were net sellers of equities for the week ended 22/12/06 to the extent of Rs.1267 cr (+268) & domestic MFs turned net Buyers of Rs. 667 cr (-1371 cr)

During the week, the best performing index was the BSE Oil & Gas, which gained 2.56% w-o-w at 6126, while the worst performing was the BSE Capital Goods (CG) Index, which lost 3.32% over previous week at 8917.

The market is expected to keep trading in a range, coupled with high volatility on account of mixed cues ahead of the expiry of Dec'06 derivative contracts. Dec'06 derivative contracts expire next Thursday (28 Dec). Volumes are likely to be low, as foreign fund managers will be on year-end holiday. Instead, operators & mutual funds will dictate activity on the bourses till the year-end. Firmness is likely to be seen in stocks like Polaris, Mphasis, Titan, India Cements, etc.



TECHNO ROUND UP

- Rupee appreciated marginally by 7 paise & closed at Rs.44.59 to the \$ this Friday, as compared to previous Friday's close of Rs 44.66.
- The Annual inflation rate (WPI) increased to 5.32% (Increase of .16% over the previous week) during the week ended 22 December 2006.
 - NYMEX crude oil price increased marginally by \$0.02/bbl to \$62.85/bbl as compared to its previous Friday's close of \$62.83/bbl.
 - For the month of November 2006, The total power generation was 51.97 billion Kwh (Up 5.2 % YoY) as compared to 57.46 billion Kwh in October 2006.
 - In October 2006, Power shortages remained higher at 7.4% as compared to 5.9% in the month of September. Power shortages had been gradually falling since April 2006 when they were 12.4%.
 - Coal Dispatches rose to 32.8 mn tonnes in October 2006 after remaining in the range of 30-31 Mn tonnes in the previous two months.
 - During August 2006, AC generators posted a 31.3 per cent growth in production to 592 Mvar. Output of AC and DC motors rose by 30.9 per cent and 41.9 percent, respectively.
 - Transformers reported a 17 per cent growth in production during August 2006.
 - Volatile growth trend in production of switchgears continued in September and registered a 21.5 per cent rise.
 - For the second consecutive month, production of insulated cables registered a decline to 59,103 core kms during September. Owing to a low base reported during September 2005, production of PVC/PICL cables reported a 135.2 per cent rise.
 - During the first quarter of fiscal 2007, imports of wires and cables rose to 14,839 tonnes, up by 68.3 per cent over the year-ago level. In value terms, Imports were Rs. 502 Crore.
 - During the first quarter of fiscal 2007, Exports of wires & cables were 291 crores, increased by 47.4 per cent YoY.

SENSEX SWINGERS

Gainers ↑				Losers ↓			
	22-Dec Close	15-Dec Close	% Chg		22-Dec Close	15-Dec Close	% Chg
1 M&M	870.25	807.85	7.72%	1 ZEETELE	276.65	342	-19.11%
2 ONGC	867.25	820.3	5.72%	2 BHEL	2301.75	2500.3	-7.94%
3 MTNL	139.15	132.4	5.10%	3 HINDLEVER	219.35	230.75	-4.94%
4 TATASTEEL	478.6	459.15	4.24%	4 HDFC BANK	1005.8	1056.4	-4.79%
5 GAIL	256.65	248	3.49%	5 SBIN	1215.05	1264.45	-3.91%

SENSEX TREND

	F 15-Dec	M 18-Dec	T 19-Dec	W 20-Dec	Th 21-Dec	F 22-Dec
Open	13545.6	13,695.60	13,737.36	13,452.69	13,313.91	13,398.13
High	13669.7	13,744.17	13,748.62	13,568.09	13,441.36	13,493.88
Low	13545.6	13,416.40	13,237.39	13,232.56	13,182.35	13,362.11
Close	13614.5	13,731.09	13,382.01	13,340.21	13,384.86	13,471.74
Day's Chge	127.4	116.57	-349.08	-41.80	44.65	86.88

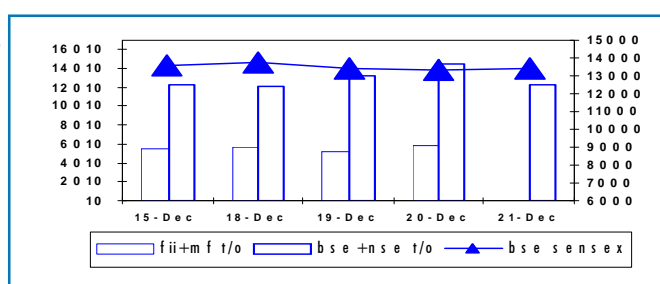
NIFTY TREND

	F 15-Dec	M 18-Dec	T 19-Dec	W 20-Dec	Th 21-Dec	F 22-Dec
Open	3849.6	3888.2	3928.85	3832.15	3814.75	3834.9
High	3908.45	3934	3931.9	3886.1	3851.2	3880.15
Low	3845.45	3828.15	3783.45	3787.55	3768.8	3823.4
Close	3888.65	3928.75	3832	3815.55	3833.5	3871.15
Day's Chge	45.60	40.10	-96.75	-16.45	17.95	37.65

INSTITUTIONAL ACTIVITIES

Date	Purchase		Sales		Net	
	FII	MF	FII	MF	FII	MF
15-Dec	2038.70	763.93	2084.70	613.98	-46.00	149.95
18-Dec	2266.40	499.31	2449.10	453.85	-182.70	45.46
19-Dec	1580.10	663.79	2253.50	653.10	-673.40	10.69
20-Dec	1891.70	1076.36	2256.80	615.89	-365.10	460.47
21-Dec	0.00	0.00	0.00	0.00	0.00	0.00
Dec-06	31044.70	8680.00	33671.80	9232.00	-2627.10	-552.00

SENSEX V/S BSE+NSE T/O V/S FII+MF T/O



**NFO NOTE****LICMF INDIA VISION FUND****Issue Opens On - 23/11/2006****Issue Closes On - 22/12/2006****LICMF INDIA VISION FUND:**

A 36-month close ended equity scheme with no assured returns. Upon completion of 36 months, the scheme will automatically be converted into an open-ended scheme without any consent from the unit holder.

Investment Objective:

The investment objective of the scheme is to generate long term capital appreciation by identifying growth sectors & investing in the universe of companies within such sectors. The emphasis will be to pick up undervalued stocks in the 'mid & small cap segment' that have potential to grow into large cap segment in the identified sectors. Investment in large cap stocks in the identified sectors will be purely to take short-term advantage of the market momentum.

ASSET ALLOCATION PATTERN:

Instruments	Risk Profile	Asset Allocation
Equity and Equity related Securities	High	Upto 100%
Debt & Money market and Securitized debt Instruments	Low to Medium	0% to 20%
ADR's / GDR's / Foreign Securities	High	Upto 10%

NFO Features:

Type: A close – ended scheme.

Minimum Investment: Rs. 2,000/- and thereafter in multiples of Re.1/-

Maximum: No Limit

Plans / Options: This plan will have a Growth option & Dividend payout & Reinvestment option.

Issue Price: The NFO price will be Rs.10 per unit for various plans launched under the scheme.

Load:

- **Entry load** – Close ended schemes are not permitted to charge entry load.
- **Exit load**– The units will be redeemed only after recovering the balance proportionate unamortized issue expenses.

Tax Benefits – u/s 10(35), 48 & 112 Income Tax Act 1961.

Easy Liquidity – LICMF India Vision Fund provides investors with easy liquidity where investors can repurchase their investments once in a week during close-ended period and on all business days after the scheme becomes open ended at NAV related price.

Contact Details

We shall be glad to assist you in your investment decisions: In case of any clarification kindly Contact us on

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COMMODITY CORNER

NEWS ROUND UP



Science of Finance

- Cardamom prices continued to rule steady on buying support during the week at auctions held in Kerala&Tamil Nadu. At the auction in Kumily (Kerala) by the Cardamom Processing&Marketing Company Ltd (CPMC), the prices moved up by Rs 10-15 a Kg as buyers both domestic&export were active. The total volume of 73 tonnes that arrived at the auction was sold out. Exporters bought 12 tonnes of the commodity. Enquiries from overseas market have started pouring in for the Indian cardamom, mainly because of increased demand&the reported decline in Guatemala production. Investors in commodities are also buying, which implies of a potential drop in availability&a consequent increase in price. On 20/12/2006 fast colour 8 mm bold fetched Rs 460 a kg while colour-faded capsules were being sold at Rs 380-Rs 400 a kg. 7.5 mm&7 mm were fetching Rs 340-Rs 350&Rs 310-Rs 320 a kg, while good current bulk was sold at Rs 290-Rs 300 a kg.
- Palm oil prices are expected to rise 9.6% on average next year on shrinking stockpiles as demand grows for the commodity for cooking&as an alternative fuel. Bio-diesel production, that largely use palm oil as its feedstock, have been ramping up fast in the past year. Price is expected to average 1,700 ringgit (\$478) a tonne in 2007. Palm oil futures traded in Malaysia averaged 1,546 ringgit a tonne this year. They closed 20 ringgit, or 1.1%, lower at 1,840 ringgit in Kuala Lumpur. China&India, the world's two most populous countries&the biggest buyers of vegetable oils, have been consuming more palm oil as their economies grow, while demand is also growing for the commodity as an alternative fuel.
- Copper fell to a six-month low in London as stockpiles of the metal used in wires&pipes rose, indicating production is outpacing demand. Copper for delivery in three months on the London Metal Exchange declined \$63, or 1%, to \$6,467 a tonne as of 11:36 am local time. Earlier, it dropped as much as 1.6% to \$6,425, the lowest intraday price since June 14. Copper has slumped 24% since trading on May 11 when it was at a record price of \$8,800. On 21/12/2006 inventory monitored by commodity exchanges in London, New York&Shanghai gained 550 metric tonne to 2,34,365 tonne, the highest since July 2004. Output beat consumption by 3,06,000 tonne in the 10 months through October. Banks such as Goldman Sachs Group Inc expect a surplus in the copper market next year after a production shortfall in 2006. A build-up of inventory may show excess production is accumulating at warehouses around the world. The metal is heading for its first decline in 10 quarters because of rising production at mines&smelters plus a slowdown in the US housing market.
- High margins have squeezed monthly volumes in desi urad contracts on NCDEX. From a high of Rs 8,203 crore in September, NCDEX data reveals that monthly volume fell to just Rs3,781 crore in November, a drop of 54%. Faced with increasing criticism that futures markets were distorting prices of essential commodities like pulses&wheat, the regulator decided to use two effective weapons in its armoury to cool the markets — increase margins&reduce position limits. From 10 August 2006, when the January contract started trading, the margin has jumped 71.5% from 21.6%, according to NCDEX data. The near month position limit for clients has come down to 500 from 600 tonnes for the desi variety, which commenced trading in July 2006. A margin of 37% for January means a buyer would have to put up Rs 1.2 lakhs for trading in one lot, comprising 10 tonnes Market players believe that raising margins is counter-productive as it keeps out traders, millers&farmers from the exchange ecosystem. The FMC believes that the high margins have not affected market liquidity in any way.

NCDEX COMMODITIES PRICES

COMMODITY	EXPIRY DATE	15-12-06 OPEN	HIGH	LOW	21-12-06 CLOSE	VOLUME	OPEN INTEREST 21-12-06
Pure Gold Kilo	20/01/2007	9,180.00	9,093.00	9,010.00	9,040.00	10048 KGS	1916 KGS
Pure Silver 30 Kgs	20/12/2006	20,459.00	19,597.00	18,536.00	18,536.00	566460 KGS	45660 KGS
Guarseeds	20/12/2006	2,099.00	2075.00	2,022.00	2,022.00	616600 MT	44840 MT
Refined Soy Oil	20/12/2006	463.00	465.15	454.20	465.15	141160 MT	30280 MT

MCX COMMODITIES PRICES

COMMODITY	EXPIRY DATE	15-12-06 OPEN	HIGH	LOW	21-12-06 CLOSE	VOLUME	OPEN INTEREST 21-12-06
Gold Kilo	05/02/2007	9,225.00	9,134.00	9,049.00	9,078.00	136079 KGS	11330 KGS
Silver 30 Kgs	05/03/2007	20,730.00	19,889.00	18,757.00	18,757.00	7575060 KGS	326280 KGS
Crude Oil	15/01/2007	2,835.00	2,859.00	2,809.00	2,809.00	12797400 BBL	797300 BBL
Refined Soy Oil	15/01/2007	461.55	463.70	452.95	463.70	157640 MT	19930 MT

METAL PRICES ON LME (London Metal Exchange)

	ALLUMINIUM	COPPER	LEAD	NICKEL	TIN	ZINC
Thursday 21/12/06 Price Close (\$)	2763	6450	1610.00	32195.00	10975.00	4220.00
Weekly Price change	-93	-345	-50.00	-2400.00	5.00	-145.00
Thursday 21/12/06 Stock Close (Tonnes)	693425	177775	41675	7350	12880	89200
Weekly Stock Change	31875	4800	150.00	624.00	-705.00	-6370.00