

June 26, 2006

FOR PRIVATE CIRCULATION

Shrikant Chouhan
 shrikant.chouhan@kotak.com
 +9122 56341439

Weekly Technical Update

Equities

The week past and expected

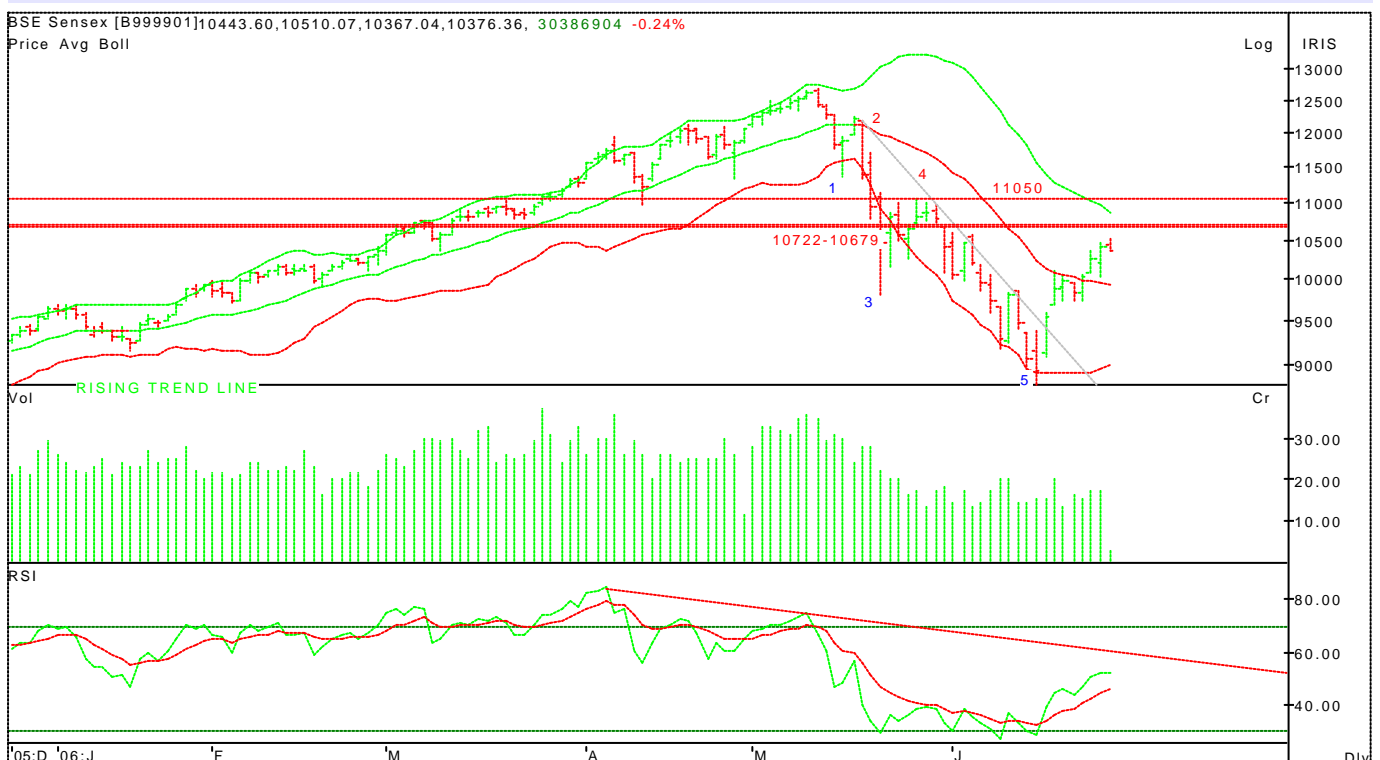
After a gap of almost six weeks the market has shown a trending (upward) movement. The level of 20 days simple moving average has offered strong support for the indices and the market rallied accordingly. The volumes were average with the broad base rise in almost all index heavyweights (Reliance + 9%, ONGC + 9%, Tisco + 11% and Infosys + 9%).

Technical Perspective

According to the trade that took place on Friday it seems the market has formed a bullish bar reversal pattern on the charts and it might help the market to reach the gap area between 10679 and 10723. For the coming week, the level of 10000 and 2900 might act as trend decider points (major supports) for the market. All leveraged positions should get protected with these levels as the sustenance below it might attract sizeable correction in the market. The next major supports exist in the range of 9700 and 9600 (2830 and 2770 for the Nifty).

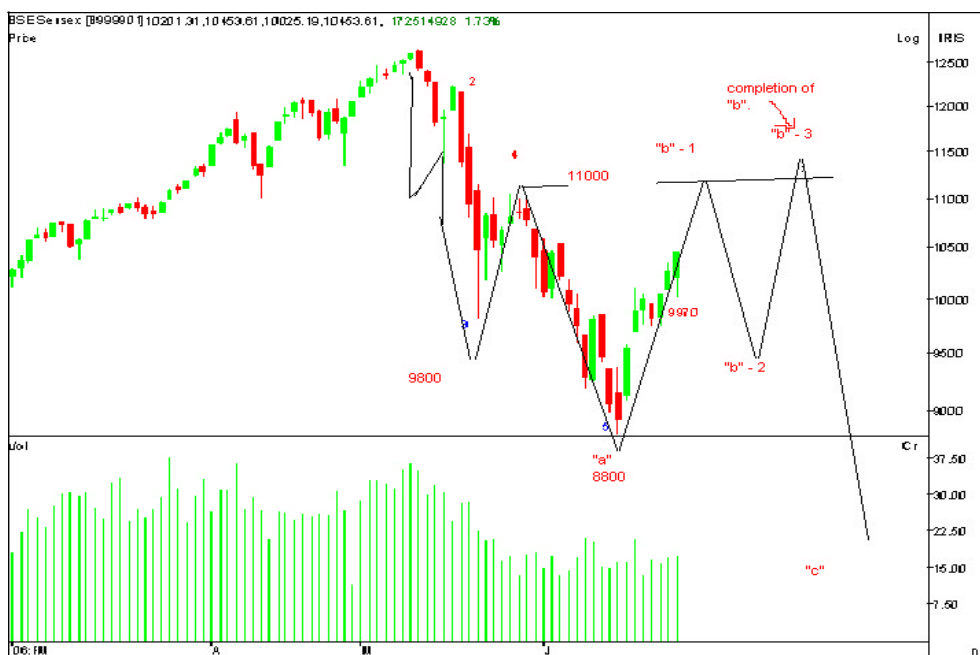
According to the candlestick chart and also according to the wave theory the market might even form an inverted head and shoulders pattern if it is able to reach the level of 11000/3250 in the current up move. Whether it will break upward successfully or not is still under doubt. However, it is very clear that the level of 11000/3270 might prove to be major hurdle for the market in the coming days/weeks.

BSE SENSEX DAILY CHART



Possibility Inverted H&S

We would advise our clients to reduce leveraged or weak long positions between 10600-10650 (3125-3150 for the Nifty) levels as the bearish gap area begins from the level of 10679 to 10723. If it is able to fill it then we might call it a bullish reversal and we can enter in selective long positions with targets of 11000/3270.



Sector specific

Don't rush towards those stocks, which are trading far above of their recent bottoms. Selective buying is advisable only on declines with the final stop loss below 10000/2900. Trading targets should be small and flexible. Search for buying opportunities in Dr Reddy's, Glaxo, Maruti Udyog and Ramsarup Industries (mid-cap).

Research Team

Name	Sector	Tel No	E-mail id
Jay Prakash Sinha	Economy, Banking, FMCG, Agro-Industry	+91 22 6634 1207	jay.sinha@kotak.com
Dipen Shah	IT, Media, Telecom	+91 22 6634 1376	dipen.shah@kotak.com
Sanjeev Zarbade	Capital Goods, Engineering	+91 22 6634 1258	sanjeev.zarbade@kotak.com
Teena Virmani	Construction, Mid Cap, Power	+91 22 6634 1237	teena.virmani@kotak.com
Awadhesh Garg	Pharmaceuticals	+91 22 6634 1406	awadhesh.garg@kotak.com
Apurva Doshi	Logistics, Textiles, Mid Cap	+91 22 6634 1366	doshi.apurva@kotak.com
Saurabh Gurnurkar	IT, Media, Telecom	+91 22 6634 1273	saurabh.gurnurkar@kotak.com
Vinay Goenka	Auto, Auto Ancillary, Sugar	+91 22 6634 1291	vinay.goenka@kotak.com
Shrikant Chouhan	Technical analyst	+91 22 6634 1439	shrikant.chouhan@kotak.com
Kaustav Ray	Editor	+91 22 6634 1223	kaustav.ray@kotak.com
K. Kathirvelu	Production	+91 22 6634 1557	k.kathirvelu@kotak.com

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Kotak Securities Ltd. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.

We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither Kotak Securities Limited, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions - including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Kotak Securities Limited has two independent equity research groups: Institutional Equities and Private Client Group. This report has been prepared by the Private Client Group. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Equities Research Group of Kotak Securities Limited.

We and our affiliates, officers, directors, and employees world wide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions.

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

No part of this material may be duplicated in any form and/or redistributed without Kotak Securities' prior written consent.