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FOR PRIVATE CIRCULATION

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Weekly Technical Update

Equities

Wishing you a Happy and Prosperous 2007

The year - past and next

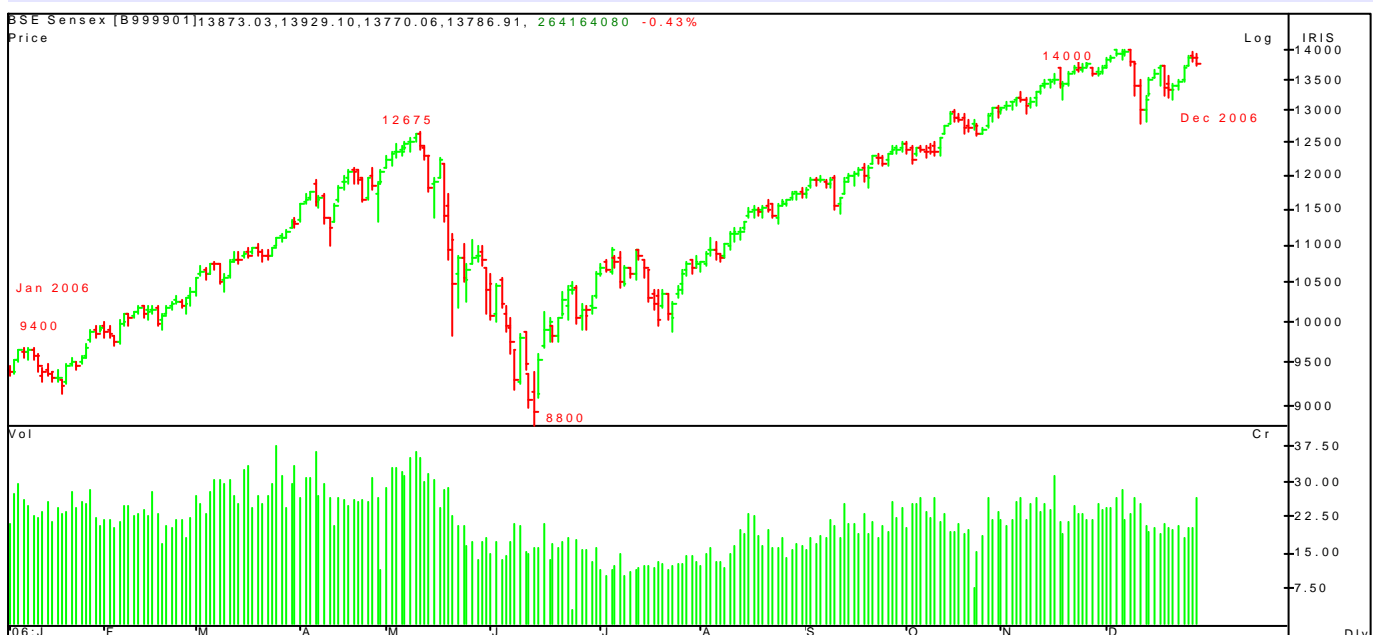
The year 2006 was especially the year of traders as it moved on both sides between the range of 5000 points (9000 and 14000). Bulls as well as bears got equal opportunity to trade. However, the winner of the year was 'trend follower'. According to the reading of overall indicators it seems 2007 may be the year for investors and stock pickers.

In 2006, we observed that literacy regarding market operations has improved tremendously especially after the knockout fall of May 2006. It seems maximum retail investors shifted to systematic investment plans (SIP) rather than investing openly in the stock market. This may keep the sentiment less volatile for 2007. The same argument correlating with our positions of indicators and that may help the investors heavily by year end 2007.

In line with most players who were bullish for 2007 on the eve of Christmas 2006 our view for the market is also equally bullish. However, the perception is that it may not be as easy as it was earlier because market prices are always prone to going against the expectations of most market players. Based on the above arguments it seems that in the first two months the markets may remain in a gradual uptrend and buying in dips may yield above-average returns in a short span of time.

March may accelerate the corrective sideways phase and again the market may offer an excellent buying/investing opportunity in April or May with the long-term prospects in mind. To invest heavily in the same phase keep funds free or make an arrangement in advance. The end of 2007 may offer excellent returns in invested midcap stocks.

BSE SENSEX DAILY CHART



Index specific and sector specific: The broader range for the market for 2007 may be 16000 and 10000. Crucial levels will be 11500 and 15000. Technology, telecom, cement and pharmaceuticals stocks and a few midcap construction stocks may do well. Midcap stocks may especially rally in a big way. Currently, based on technical analysis, we cannot recommend properly on specific midcap stocks as the top favorites are far away from their recent bottoms.

Stocks for 2007

Wipro: Long-term break out on weekly and monthly charts. It seems it may outperform the other Index heavy weights in 2007. Minimum target: Rs.725/775. CMP: Rs.600.00

Tata Motors: Bullish consolidation on weekly and daily charts. Minimum target: Rs.1150/1200. CMP: Rs.900.00.

Reliance Communication Venture: Uninterrupted rise in the last six months suggest a big up-move in the coming few months is not ruled out. Any major decline would be an ideal opportunity to accumulate it with the medium-term prospects: Minimum target: Rs.700. CMP: Rs.470.00

ACC, Century Textiles and India Cements: All three are very strong on daily and weekly charts but due to total bullish consensus we may see huge participations that may keep the sentiment highly volatile. We may expect decent 30% to 35% rise in a year's time.

GMR Infra: The stock has formed excellent bottoming formation after listing and we may expect 40-50% appreciations in a year's time.

Among banking stocks our top favorites are **SBI**.

Among pharma stocks our top favorites are **Sun Pharma, Dr Reddy's and Ipca Labs**.

Among midcap stocks our favorites are **Tech Mahindra, Rolta Ltd, JSWL, Bombay Dyeing, Sobha Developers, Adlabs Films, Kalpataru Power and UTV**.

Commodity check: Specifically **aluminum** and **silver** to do well in 2007.

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