

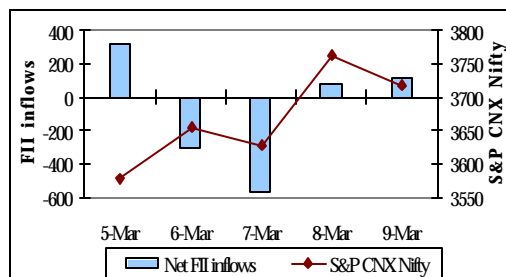
CONTENTS

◆ Weekly performance-equities	:1
◆ Outlook and recommendations	:2
◆ Weekly performance-debt	:3
◆ Outlook and recommendations	:3
◆ News briefs	:4
◆ NFO corner	:4

Highlights

- ◆ **Highly volatile markets end the week in red**
- ◆ **Sentiments may remain weak**
- ◆ **Bond yields move up**
- ◆ **Call rates to go up as liquidity may tighten**

FII movement relative to Nifty



FII inflows in Rs. Crores Source: NSE, SEBI

Weekly FII transactions (equities)

	Mar 5 to Mar 9	Feb 26 to Mar 2
Gross purchases	13388.2	17159.8
Gross sales	13746.4	15953.4
Net inflows	-358.2	1206.4

Ami in Rs. crores

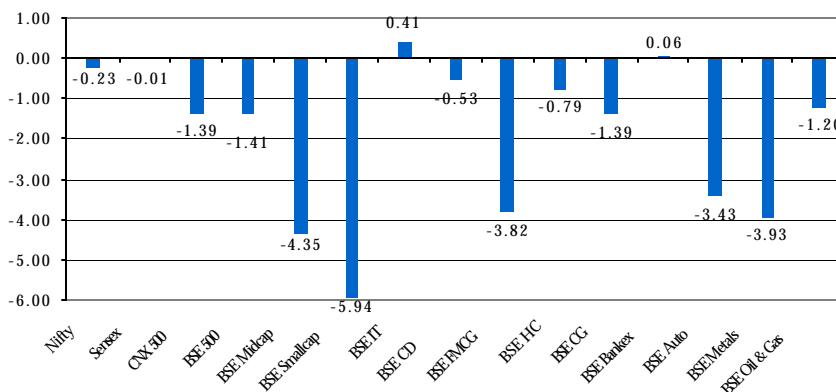
Data source: SEBI

Kirti Singh
Chinmay
Sonika Dheer
 Email: kirti.s@karvy.com
chinmay@karvy.com
sonika.dheer@karvy.com
 ☎: +91 40 23312454
 Ext: 304

The week in retrospect-Equities

The markets tried to break out from the hefty corrections witnessed during the past few weeks. Although the markets tried to pull through, they remained in the red as Nifty ended the week by placing itself 0.23% down at 3718 points and Sensex remained almost flat at 12884.99 (0.01% down). The week was marked by high volatility due to various global and domestic factors. On Monday, market indices remained low tracking weak global markets. Huge global sell-off was witnessed as Yen touched its 3-month high against dollar (115.4 yen/dollar) and investors squared off their positions. Not soon after the global markets got firmer, a host of domestic factors pulled the bourses down. On Wednesday, negative sentiments prevailed on news that cement exports could be banned by the government to control cement prices. On Friday, the market mood dampened due to higher-than-expected inflation (6.1% against 6.03% the previous week) and huge fall in cement stocks (ACC, India Cements and Shree Cements plunged by 8.85%, 9% and 13.5% respectively). Government has struck an agreement with the cement companies not to hike prices for 1 year. Hike in Euro interest rate by 25 bps to 3.75% (to a 5-year high) further added to weak sentiments. On the sectoral front, BSE Bankex marginally advanced by 0.06% as ICICI Bank increased by 1.75% on news of its transfer of investments in insurance & mutual fund businesses to a wholly-owned subsidiary. During the week, FIIs turned out as net sellers in the equity market, amounting to Rs. 358.2 crores. Mutual funds also acted as net sellers to the tune of Rs. 184.74 crores.

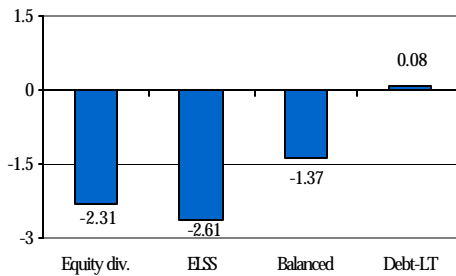
Weekly Equity Indices Return (absolute %)



As on Mar 9

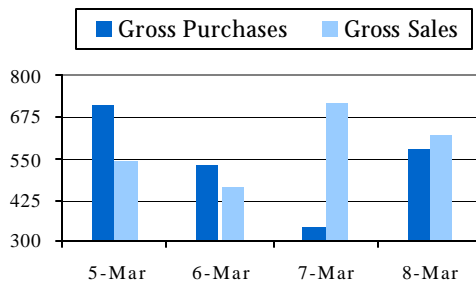
Datasource: BSE, NSE

Weekly category returns (%)



Abs. returns as on Mar 9 Datasource: Bloomberg

Weekly MF transactions (equities)



Amt in Rs. crores

Data source: SEBI

In the equity market, mutual funds emerged as net sellers to the tune of Rs. 184.74 crores.

Outlook:

Short-term: Markets may take cue from global trends and remain under selling pressure as the impact of hefty global sell-off due to unwinding of yen positions may further weigh on global markets. Inflation also remains a watching factor. Markets may go weak if inflation data in the coming future does not show signs of moderating. Any sharp increase in crude oil prices (currently at \$61 per barrel) may instil negative sentiments in the markets. Grindwell Norton and Motor Industries Company (MICO) will come out with their Dec quarter results in the coming week.

Long-term: According to the finance ministry, per capita income in 2005-06 increased by 7.4%, savings rate is estimated at 32.4% and investment rate at 33.8%. The finance ministry has revised the GDP growth estimates for 2006-07 to 9.2% on the back of 2.7% growth in agriculture, 10% growth in industry and 11.2% growth in services sector. With markets backed by strong economic fundamentals, long-term story remains bullish. Robust corporate earnings, strong domestic consumption, high infrastructure spending, retail sector growth and real-estate boom are likely to support this growth.

Recommended schemes to invest		Historical returns as on Mar 9 (%)			Crisil Ranking*
		6 months (abs)	1 year	3 year (ann)	
Aggressive (Equity)	DSP ML Opportunities	4.95	11.45	34.27	1
	Tata Infrastructure	5.36	11.18	N.A.	-
	Reliance Growth	11.99	15.98	48.17	1
	Sund. BNP Par. Sel. Mid.	5.19	20.56	51.68	1
Moderate (Equity)	Fidelity Equity	13.60	21.32	N.A.	-
	HDFC Top 200	2.75	11.32	34.47	2
	Reliance Equity	3.15	N.A.	N.A.	-
	SBI Magnum Contra	5.31	15.77	55.93	2
Conservative (Equity)	DSP ML Top 100	9.92	18.97	32.17	3
	Sund. BNP Par. Ind. Lead.	3.16	2.62	N.A.	2
	Franklin India Bluechip	4.81	14.12	29.64	4
	Templeton India Eq. Inc.	11.27	N.A.	N.A.	-
ELSS	Franklin India Taxshield	1.77	2.03	29.69	4
	Fidelity Tax Advantage	10.21	16.66	N.A.	-
	SBI Magnum Tax Gain	13.09	20.18	61.34	1
Balanced	DSP ML Balanced	5.70	11.92	25.37	3
	HDFC Prudence	6.04	17.61	32.23	1
	FT India Balanced	7.34	16.13	22.96	3

*For qtr end Dec 06

Datasource: Bloomberg

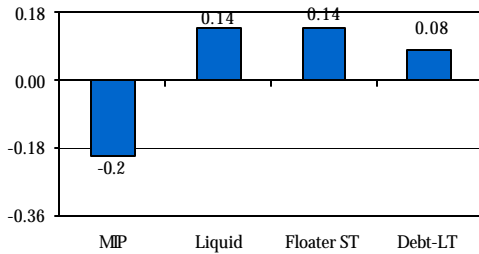
Note: Funds have been classified as aggressive, moderate and conservative on the basis of their portfolio concentration and exposure to various market segments.

Recommendations

Fresh investments: After witnessing significant amount of correction, some stocks (across sectors) are available at attractive valuations. The downside from the present levels seems limited. Hence, it is an oppotune time to invest, as the long-term outlook on the market remins bullish. However, due to uncertainty of market movement in near future, it is advisable to adopt a staggard form of investment. Derivative funds can be considered for investors who wish to adopt a hedged style. Investors can also opt for GETFs so as to further diversify their portfolio.

Existing investments: We reiterate our long-term bullish view on the markets. Hence, investors should hold on to their investments and should not redeem at this point of time.

Weekly category returns (%)

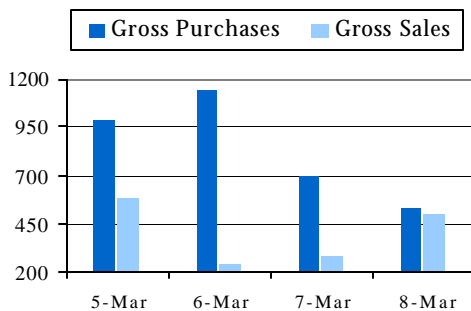


Abs. returns as on Mar 9 Data source: Bloomberg

Key statistics

	Mar 9	Mar 2
7.59% GOI 2016 yield	8.03%	7.97%
Call rate	5.6%	6.10%
WPI inflation (week ending Feb 24 and Feb 17)	6.10%	6.05%
Dollar exchange rate	44.21	44.30
Forex reserves (\$ bn)	194.634 (Mar 2)	193.124 (Feb 23)

Weekly MF transactions (debt)



Amt in Rs. crores

Data source: SEBI

In debt market, mutual funds emerged as net buyers to the tune of Rs.1733 crores.

The week in retrospect-Debt

The bond market witnessed the yields go up on account of the auction of market stabilization bonds worth Rs. 60 bn and concerns over further cash tightening measures that RBI may adopt in the coming future. The 10-year benchmark yield closed up at 8.03% as against 7.97% the previous week. On Tuesday, issue of bonds under market stabilization scheme (MSS) after nearly 18 months left the market low on liquidity. Yields also firmed up ahead of the auction of federal bonds worth Rs. 70 bn and release of inflation data on Friday. RBI sold 8.07% 10-year bonds worth Rs. 40 bn and 8.33% 29-year bonds worth Rs.30 bn. However, lower-than-expected cut-off yields at the auction led the bond yields to ease down on Friday. Inflation increased to 6.10% for the week ending Feb 24, as against 6.03% the previous week. Rupee appreciated to 44.21 from 44.3 on the back of weakening dollar triggered by concerns over slowdown of U.S. economy and global market sell-off.

Outlook:

Short-term: With 10 state-governments scheduled to raise Rs. 22.84 bn on Tuesday and issuance of more bonds worth Rs. 20 bn under MSS by RBI on Wednesday, liquidity situation may get tighter. Rs.300 bn are expected to drain out as advance corporate tax payments, which would further add to the liquidity crunch. As a result, call rates may increase to 6%-6.5% level. On the back of RBI's monetary tightening measures and high base affect, inflation is expected to remain in the 5.5-6.3% range.

Long-term: With RBI adopting the route of monetary tightening to curb inflation, credit growth (currently at nearly 30%) is expected to come down to 22-25% in coming months. As rising inflation is expected to be controlled, yields may cool down in April-May.

Recommended schemes to invest		Return as on Mar 9 (%)			Expense ratio	Crisil ranking
		1 m	3 m	1 yr.		
Floaters	Temp. Floating Rate ST	0.58	1.86	6.64	0.75	4
	Reliance Floating Rate	0.60	1.97	7.18	0.55	-
Liquid	LIC MF Liquid	0.58	1.97	7.38	0.53	2
	Canliquid Retail	0.56	1.82	7.00	0.23	-
FMPs	SBI SDFS - 90 days	Subscription period till: Mar 12, 07 Net indicative yield: 10.7%				
	UTI Half Yearly FMP	Subscription period till: Mar 12, 07 Net indicative yield: 10.7%				
	DWS Fixed Term Fund-Series 21 - 390 days	Subscription period till: Mar 14, 07 Net yield: 10% p.a.- (regular) & 10.25% - (inst.)				

*For qtr end Dec, 06

Datasource: Bloomberg

Recommendations:

Short-term investors: Very short-term investors who desire T+1 redemption should invest in liquid funds. Short-term floater funds are recommended for investors who can go for T+2 redemption due to their tax-efficiency. For other investors for whom instant liquidity is not an issue, can invest in FMPs (shorter duration of 3 months to 6 months) as the yields are quite attractive.

Long-term investors: Investors with a horizon of more than one year could consider FMPs (longer duration) in place of bank deposits as present yields on short-term papers are quite attractive. Due to lower taxation on FMPs, the post-tax returns on these products could be higher.

News Briefs

- ◆ Birla Sun Life AMC has declared a dividend of 500% under the dividend option of Birla Sunlife Tax Relief '96 Fund. The record date for the same has been fixed as March 16, 2007.

NFO Corner

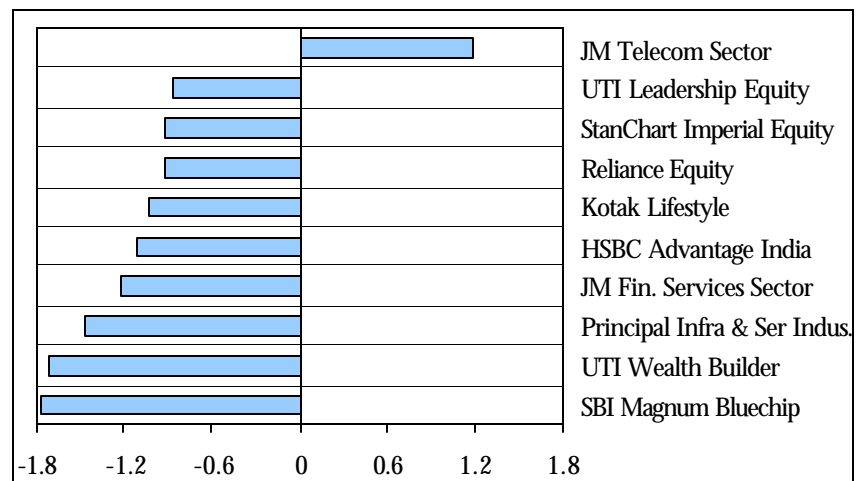
NFOs open for subscription:

- ◆ UTI AMC has launched its Gold ETF on Mar 1, 07. The offer has been extended to Mar 16, 07.
- ◆ Kotak MF has come up with Kotak Emerging Equity Fund. The offer closes on Mar 12, 07.
- ◆ Lotus India AMC has launched Lotus India Midcap Fund and Lotus India Contra Fund. The NFO period for the funds closes on Mar 15, 07.
- ◆ Prudential ICICI MF has come up with Prudential ICICI Fusion Fund - Series II. The fund is open for subscription till Mar 16, 07.
- ◆ UTI has launched UTI Long Term Advantage Fund. The fund is a 10-year close-ended ELSS, available for subscription till Mar 20, 07.
- ◆ DBS Chola MF has come up with DBS Chola Hedged Equity Fund. The NFO period of the equity & derivative fund will close on Mar 23, 07.
- ◆ JM Fund House has launched JM Equity Tax Saver Fund-Series I on Dec 28, 06. It will be available for subscription till Mar 29, 07.
- ◆ ABN Amro AMC has launched ABN Amro Sustainable Development Fund on Mar 5, 07. The fund closing for subscription on Mar 30, 07 will invest in socially responsible companies.
- ◆ JM Fund House has come up with JM Small and Midcap Fund on Mar 9, 07. The NFO period would close on April 4, 07.

Forthcoming New Fund Offers:

- ◆ UTI Mutual Fund will launch UTI Global Navigator Fund early next financial year. The scheme will invest in shares of overseas companies in the developed and emerging markets.
- ◆ Fidelity AMC has filed an offer document to launch Fidelity International Opportunities Fund which would invest in overseas markets.
- ◆ Tata MF is planning to launch Tata Gold Fund, a gold exchange traded fund.

Top weekly performers-NFOs*



* Weekly return in % as on Mar 9, 07

Datasource: MFI Explorer

Note: Funds launched since Jan 06 have been considered.

Performance analysis of equity NFOs (quarter -wise) as on Mar 9, 2007

S.No.	Scheme	Issue Date	Current Nav (Rs.)	Corpus Size (Rs. Cr) as on Dec 31 '06	Absolute Return(%)		Current Value(Rs.)	
					Since Launch	Weekly	Before Load	After Load
1	Reliance Long-Term Equity	14-Nov-06	10.11	2122.96	-3.20	-2.58	9,680.00	9,680.00
2	ING Vysya C.U.B. Fund	14-Nov-06	12.03	70.95	11.80	-3.95	11,180.00	11,180.00
3	JMF inancial Sector	2-Nov-06	8.8	5.49	-12	-1.23	8,800.00	8,585.37
4	JM Telecom Sector	2-Nov-06	10.24	6.31	2.4	1.19	10,240.00	9,990.24
Abs. returns for New Funds released Between Oct 06 to Dec 06					-0.25	-2.24	39,900.00	39,435.61
1	DSPML Small & Midcap	29-Sep-06	9.54	1522.65	-4.62	-3.26	9,538.00	9,328.12
2	UTI Wealth Builder	7-Sep-06	9.74	946.56	-2.6	-1.72	9,740.00	9,740.00
3	Birla Long-term Adv.	7-Aug-06	9.94	425.93	-0.6	-2.26	9,940.00	9,940.00
4	Tata Capital Builder	18-Jul-06	9.77	280.52	-2.31	-5.42	9,769.40	9,769.40
Abs. returns for New Funds released Between Jul 06 to Sep 06					-2.53	-3.16	38,987.40	38,777.52
1	Tata Equity Managmt.	15-May-06	10.36	421.43	3.62	-3.17	10,362.40	10,362.40
2	Stanchart Enterprise Equity	19-Apr-06	10.69	1683.13	6.93	-3.11	10,693.20	10,693.20
Abs. returns for New Funds released Between Apr 06 to Jun 06					5.28	-3.14	21,055.60	21,055.60
1	Fidelity Special Sit.	28-Mar-06	11.56	2073.93	15.62	-2.69	11,562.00	11,307.58
2	Templeton India Equ.	22-Mar-06	11.35	1860.96	13.5	-1.82	11,350.00	11,100.24
3	Sundaram Rural India	20-Mar-06	10.38	1006.79	3.81	-1.83	10,381.30	10,152.86
4	ABN AMRO Future Leaders	13-Mar-06	8.92	396.17	-10.83	-6.07	8,917.00	8,917.00
5	Pru ICICI Fusion	27-Feb-06	11.18	709.72	11.8	-4.53	11,180.00	11,180.00
6	Kotak Lifestyle	22-Feb-06	11.3	384.86	13.04	-1.04	11,304.00	11,055.26
7	UTI Contra	22-Feb-06	8.73	801.15	-12.7	-1.8	8,730.00	8,730.00
8	JM HIFI	20-Feb-06	8.96	46.71	-10.4	-3.76	8,960.00	8,762.84
9	Sahara Infrastruct-FP	15-Feb-06	10.19	17.80	1.91	-2.55	10,190.50	10,190.50
10	Sahara Infrastruct-VP	15-Feb-06	10.25	17.80	2.51	-2.53	10,251.20	10,251.20
11	Chola Contra	14-Feb-06	10.34	83.33	3.4	-2.54	10,340.00	10,112.47
12	Quantum Long Term Equity	8-Feb-06	11.11	29.70	11.1	-2.71	11,110.00	11,110.00
13	Principal Infra. & Services	7-Feb-06	10.73	306.29	7.3	-1.47	10,730.00	10,493.89
14	Baroda Global Fund	6-Feb-06	10.81	N.A.	8.1	-0.92	10,810.00	10,572.13
15	Reliance Equity	6-Feb-06	9.77	4987.97	-2.3	-2.79	9,770.00	9,555.01
16	Birla Infrastructure	31-Jan-06	10.96	507.63	9.6	-2.49	10,960.00	10,718.83
17	SC Imperial Equity	30-Jan-06	11.23	267.92	12.26	-0.91	11,226.30	10,979.27
18	UTI Leadership Equity	30-Jan-06	11.44	1114.92	14.4	-0.87	11,440.00	11,440.00
19	ING Vysya A.T.M. Fund	27-Jan-06	10.29	36.89	2.9	-2.37	10,290.00	10,063.57
20	HDFC Long Term Equity	27-Jan-06	10.54	1655.55	5.4	-2.01	10,540.00	10,540.00
21	HSBC Advantage India	27-Jan-06	11.44	1401.05	14.44	-1.11	11,444.20	11,192.37
22	SBI Magnum Bluechip	20-Jan-06	10.49	2284.04	4.9	-1.78	10,490.00	10,490.00
Abs. returns for New Funds released Between Jan 06 and Mar 06					5.44	-2.3	231,976.50	228,915.01

Note: Current value shows the latest market value of an investment of Rs.10,000 in each NFO.

For more information on MUTUAL FUNDS call 1800 4258283 or contact your nearest Karvy branch.

Disclaimer

The information and views presented in this report are prepared by Karvy Stock Broking Limited. The information contained herein is based on our analysis and upon sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred based upon it. While acting upon any information or analysis mentioned in this report, investors may please note that neither Karvy nor Karvy Stock Broking nor any person connected with any associate companies of Karvy accepts any liability arising from the use of this information and views mentioned in this document.

This report is intended for a restricted audience and we are not soliciting any action based on it.