

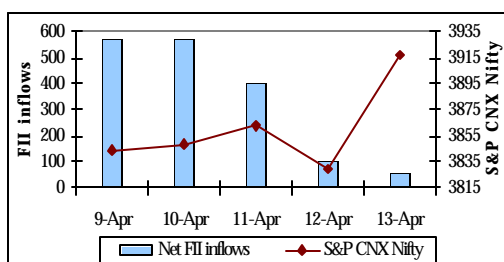
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Highlights

- ◆ **Markets march forward**
- ◆ **Mar' 07 qtr. corporate earnings – a guiding factor**
- ◆ **Yields ease down slightly**
- ◆ **All eyes set on RBI Annual policy for FY 2007-08**

FII movement relative to Nifty



FII inflows in Rs. Crores

Source: NSE, SEBI

Weekly FII transactions (equities)

	Apr 9 to Apr 13	Apr 2 to Apr 5
Gross purchases	9971.5	9638.8
Gross sales	8274.9	9443.6
Net inflows	1696.6	195.2

Amt in Rs. crores

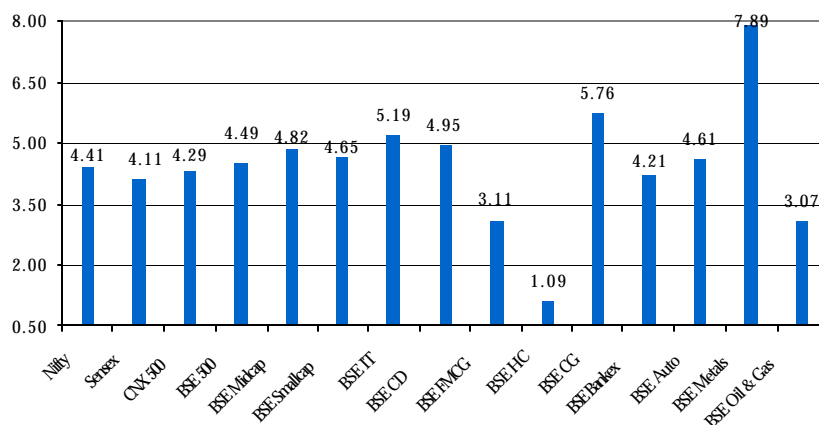
Data source: SEBI

The week in retrospect-Equities

The markets tried to recover their earlier losses on the back of firm global markets, softer crude oil prices, declining trend in inflation, strong industrial output data and expectations of strong corporate earnings. Sensex jumped by 528 points to settle at 13348.08 and Nifty surged by 165.35 points during the week to close at 3917.35 mark. Global markets remained smooth as ECB and Bank of Japan kept their key interest rates unchanged at 3.75% and 0.5% respectively during the week. Crude oil prices which had risen to nearly \$68 per barrel the previous week declined to around \$64 per barrel. On Thursday, markets dipped as investors became cautious ahead of Infosys's earnings result. Infosys announced a 16.3% jump (higher than expected) in net profits for the Mar'07 quarter. Triggered by this, markets soared high on Friday. Strong quarterly earnings of the IT giant Infosys took the stock up by 4.75% and boosted other frontline IT stocks. Satyam and TCS advanced by 5.6% and 5.53% respectively. BSE Metal emerged as the top gainer as it surged by 7.89% tracking global metal prices. Tata Steel rose by 9.79% on the news of its launch of right issues so as to part-finance its Corus acquisition. Suzlon Energy gathered a whopping 13.78% after it raised its bid for REpower, a German wind-turbine maker.

During the week, FIIs emerged as net buyers in the equity market, amounting to a significant Rs. 1696.6 crores. Mutual funds however turned out as net sellers to the tune of Rs. 155.50 crores.

Weekly Equity Indices Return (absolute %)



As on Apr 13

Datasource: BSE, NSE

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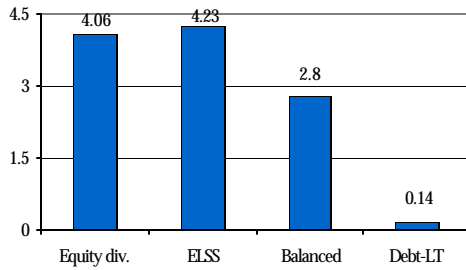
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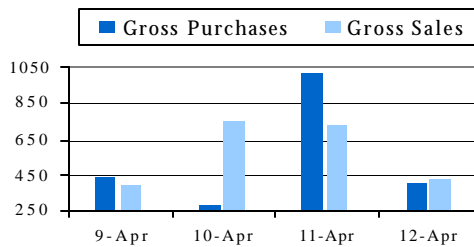
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Weekly category returns (%)



Abs. returns as on Apr 13 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. 155.50 crores.

Outlook:

Short-term: Markets may witness another week of northwards journey on the back of expectations of strong quarterly results. This may cause stock specific buying in the coming week. Although inflation has dipped to 5.75% from 6.39% the previous week, the figure is higher than the target range of 5% - 5.5%. Hence inflation remains a concern. Crude oil prices also remain a watching factor. Volatility may be witnessed as profit booking may take place at higher levels. HCL, TCS and Wipro are scheduled to announce their Mar, 07 quarterly result in the coming week.

Long-term: Rise in interest rates is likely to result in slowdown in credit growth in the retail segment (more pronounced in mortgages segment). However demand for credit from corporates is not likely to slow down immediately as they usually borrow overseas and also, interest rate hike results in reduced credit with a lag. While the world economy is expected to slow down, IMF has forecasted a 7.8% GDP growth rate for India in 2008. Industrial production for Feb, 07 rose by a healthy 11% on the back of 12.3% growth in manufacturing production. Robust corporate earnings, strong domestic consumption, high infrastructure spending, retail sector growth and real-estate boom are likely to support the long-term bullish story.

Recommended schemes to invest	Historical returns as on Apr 13 (%)			Crisil Ranking*	
	6 months (abs)	1 year	3 year (ann)		
Aggressive (Equity)	DSP ML Opportunities	5.48	11.05	35.53	1
	Tata Infrastructure	6.10	10.75	N.A.	-
	Reliance Growth	10.56	14.92	49.31	1
	DSP ML Small & Mid cap	N.A.	N.A.	N.A.	-
Moderate (Equity)	Fidelity Equity	12.62	20.02	N.A.	-
	Pru ICICI Dynamic	13.05	21.51	47.27	-
	Reliance Equity	3.40	11.29	N.A.	-
	Fidelity Ind. Special.	7.81	N.A.	N.A.	-
Conservative (Equity)	DSP ML Top 100	9.63	17.67	33.86	3
	HSBC Equity	7.19	13.57	33.14	3
	Franklin India Bluechip	3.88	12.68	30.77	4
	Templeton India Eq. Inc.	13.42	N.A.	N.A.	-
ELSS	Franklin India Taxshield	0.72	4.25	31.22	4
	Fidelity Tax Advantage	10.65	17.36	N.A.	-
	SBI Magnum Tax Gain	10.19	14.00	62.15	1
Balanced	DSP ML Balanced	5.59	10.78	25.49	3
	HDFC Prudence	7.16	18.90	33.13	1
	FT India Balanced	7.08	15.20	24.04	3

*For qtr end Dec 06

Datasource: Bloomberg

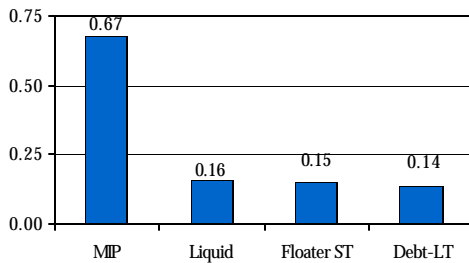
**Classification based on fund's portfolio concentration & exposure to various market segments.

Recommendations

Fresh investments: Since volatility is expected to prevail in short-term, investments should be made with a long-term perspective (preferably 3 years or more). Investors could look at equity diversified and opportunities funds to build their core portfolios. Thematic funds and midcap oriented funds would be apt for enhancing portfolio returns. Derivative funds can be considered to adopt a hedged style. Portfolio diversification can be further achieved by considering GETFs and funds offering exposure to international markets.

Existing investments: We reiterate our long-term bullish view on the markets. Hence, we suggest continuing with the existing holdings. However, one needs to be particular about the schemes forming part of the portfolio.

Weekly category returns (%)

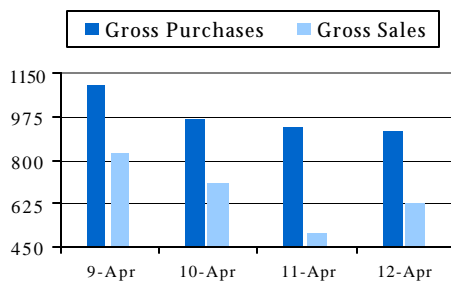


Abs. returns as on Apr 13 Data source: Bloomberg

Key statistics

	Apr 13	Apr 5
8.07% GOI 2017 yield	8.10%	8.20%
Call rate	5.25%	7.25%
WPI inflation (week ending Mar 31 and Mar 24)	5.74%	6.39%
Dollar exchange rate	42.52	42.93
Forex reserves (\$ bn)	200.320 (Apr 6)	199.179 (Mar 30)

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.1257.30 crores.

The week in retrospect-Debt

The bond market witnessed the yields come down on the back of eased liquidity condition and lower than expected inflation data. The benchmark 10-year g-sec yield ended at 8.10% on Apr 13, 07 as against 8.20% the previous week. On Thursday, call rates dipped to their 19-month low (2% - 2.25%) on account of ample cash in the system as government spending and coupon payments were high and most of the banks had covered their reserve requirements. On Thursday, the government auctioned Rs. 60 bn worth 2015 bonds and Rs. 40 bn worth 2036 bonds. Inflation for the week ending Mar 31 declined to 5.74% from the earlier 6.39%. Although the figure is lower than the expected 5.81%, it still lies above the RBI's target range of 5% - 5.5%. Rupee appreciated to 42.52, reaching its 8-year high on the back of dollar selling spree followed by weak dollar against euro and yen.

Outlook:

Short-term: RBI would sell Rs 30 bn worth of MSS bonds in the coming week to absorb excess liquidity from the system. The first leg of 25 bps CRR hike, effective from Apr 14, would drain away Rs. 77.5 bn from the system. Hence, call rates may go up in the coming week. Bond yields may harden on account of tight liquidity. Inflation is likely to stay in the 5.5%-6% range due to high base effect and counter inflation control measures. RBI's annual policy 2008-09 is much awaited. On the back of need to control rising inflation and 175 bps spread between the repo and reverse repo rate, an interest rate hike might follow in the coming future. **Long-term:** Inflation may cool down on account of RBI adopting the route of monetary tightening, high base affect and upcoming Rabi crop in April. As rising inflation is expected to be controlled, yields may cool down in May-June.

Recommended schemes to invest		Return as on Apr 13 (%)			Expense ratio	Crisil ranking
		1 m	3 m	1 yr.		
Liquid Plus	HSBC Liquid Plus	0.81	2.08	N.A	0.65	-
Liquid	LIC MF Liquid	0.75	2.01	7.57	0.53	2
	Canliquid Retail	0.75	1.95	7.20	0.23	-
Arbitrage	StanChart Arbitrage	0.84	2.78	N.A	N.A.	-

*For qtr end Dec, 06

Datasource: Bloomberg

Recommendations:

Short-term investors: Very short-term investors (for investment duration up to 1 month) should invest in liquid funds. Investors with investment duration of 1-3 months should consider liquid plus funds. Arbitrage funds could be looked at by investors who wish to invest for a period of more than 3 months (subject to the period, before which redemption would attract exit load). For other investors for whom instant liquidity is not an issue, FMPs (shorter duration of 3 months to 6 months) can be considered 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. Since increased supply of govt. papers may cause yields on long-term gsecs to go up in this month; investing in long-term papers should be avoided

News Briefs

- ◆ ICICI Prudential AMC has brought down its minimum investment amount in its Systematic Investment Plan (SIP) to just Rs 50 per month. The move followed soon after Reliance AMC reduced its minimum investment in SIP to Rs. 100 per month.
- ◆ Mr. Anoop Bhaskar has been appointed as the Head - Equity of UTI AMC and will be in-charge of fund management of the equity schemes of the AMC.

NFO Corner

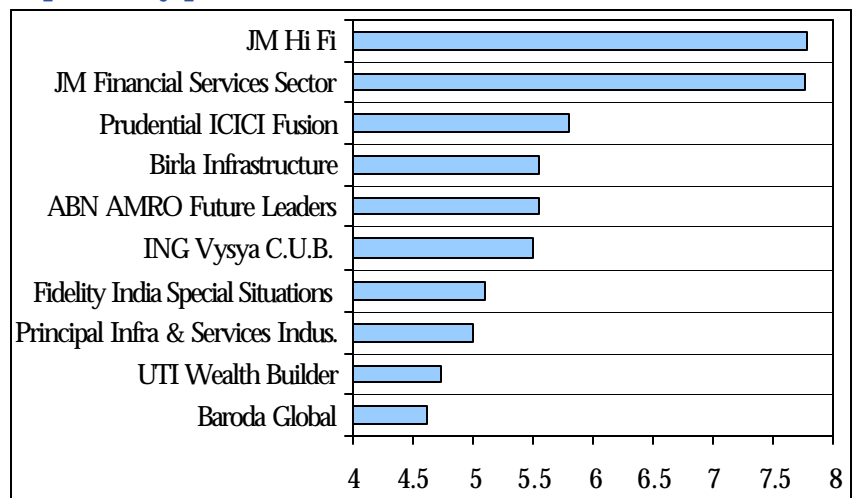
NFOs open for subscription:

- ◆ Fidelity AMC has come up with a diversified fund, Fidelity International Opportunities Fund which would invest in domestic and overseas markets. The scheme is open for subscription till Apr 30, 07.
- ◆ Birla Sunlife AMC has launched Birla Sunlife Long Term Advantage Fund – Series I, a 3-year close-ended equity fund that would invest primarily in smallcap and midcap stocks. The NFO period would close on May 11, 07.
- ◆ Lotus India AMC has launched Lotus India Arbitrage Fund. The equity-oriented scheme would take advantage of arbitrage opportunities in the markets. The NFO period closes on Apr 20, 07.
- ◆ DWS Fund House has floated DWS Capital Protection Fund in the market. It is a close-ended scheme that aims to protect the principal. The fund is open for subscription till May 3, 07.

Forthcoming New Fund Offers:

- ◆ Tata MF is planning to launch Tata Gold Fund, a gold exchange traded fund.
- ◆ UTI Mutual Fund is planning to launch UTI Global Navigator Fund. The scheme will invest in shares of overseas companies in the developed and emerging markets.
- ◆ JP Morgan Mutual Fund is planning to launch JF India Equity Fund, which would invest in equities and equity related securities.
- ◆ Kotak Mutual Fund is coming up with Kotak Global Emerging Market Fund, which will invest in global emerging markets.
- ◆ Reliance is planning to launch Reliance Gold Exchange Traded Fund which will track the performance of Gold Bullion.
- ◆ Franklin Templeton Mutual Fund is coming up with Franklin India Aggressive Growth Fund which will invest in Indian companies/sectors with high growth potential.

Top weekly performers-NFOs*



* Weekly return in % as on Apr 13, 07

Datasource: MFI Explorer

Note: Funds launched since Jan 06 have been considered.

Performance analysis of equity NFOs (quarter -wise) as on Apr 13, 2007

S.No.	Scheme	Issue Date	Current Nav (Rs.)	Corpus Size (Rs. Cr) as on Mar 31 '07	Absolute Return(%)		Current Value(Rs.)	
					Since Launch	Weekly	Before Load	After Load
1	Reliance Long-Term Equity	14-Nov-06	9.81	2064.92	0.68	2.66	10,068.00	10,068.00
2	ING Vysya C.U.B. Fund	14-Nov-06	11.46	66.26	20.90	5.50	12,090.00	12,090.00
3	JM Financial Sector	2-Nov-06	9.72	4.97	-2.8	7.76	9,720.00	9,482.93
4	JM Telecom Sector	2-Nov-06	10.86	8.06	8.6	4.62	10,860.00	10,595.12
Abs. returns for New Funds released Between Oct 06 to Dec 06					6.85	5.14	42,738.00	42,236.05
1	DSPML Small & Midcap	29-Sep-06	10.18	1454.94	1.83	3.86	10,183.00	9,958.92
2	UTI Wealth Builder	7-Sep-06	10.4	920.98	4	4.73	10,400.00	10,400.00
3	Birla Long-term Adv.	7-Aug-06	10.38	389.73	3.8	3.7	10,380.00	10,380.00
4	Tata Capital Builder	18-Jul-06	10.51	257.95	5.11	2.79	10,510.50	10,510.50
Abs. returns for New Funds released Between Jul 06 to Sep 06					3.68	3.77	41,473.50	41,249.42
1	Tata Equity Managmt.	15-May-06	10.75	387.42	7.52	1.14	10,751.50	10,751.50
2	Stanchart Enterprise Equity	19-Apr-06	11.33	1447.92	13.34	3.29	11,333.60	11,333.60
Abs. returns for New Funds released Between Apr 06 to Jun 06					10.43	2.22	22,085.10	22,085.10
1	Fidelity Special Sit.	28-Mar-06	12.44	2074.75	24.41	5.1	12,441.00	12,167.24
2	Templeton India Equ.	22-Mar-06	12.16	1727.85	21.59	2.82	12,159.10	11,891.54
3	Sundaram Rural India	20-Mar-06	10.82	809.92	8.17	4.21	10,817.10	10,579.07
4	ABN AMRO Future Leaders	13-Mar-06	9.79	265.06	-2.08	5.55	9,792.00	9,576.53
5	Pru ICICI Fusion	27-Feb-06	11.86	640.51	18.6	5.8	11,860.00	11,860.00
6	Kotak Lifestyle	22-Feb-06	11.79	372.42	17.91	2.41	11,791.00	11,531.54
7	UTI Contra	22-Feb-06	9.13	631.76	-8.7	1.9	9,130.00	9,130.00
8	JM HI FI	20-Feb-06	9.56	33.44	-4.4	7.78	9,560.00	9,349.63
9	Sahara Infrastruct-FP	15-Feb-06	10.94	15.05	9.44	3.97	10,944.20	10,944.20
10	Sahara Infrastruct-VP	15-Feb-06	11.02	15.05	10.17	3.99	11,016.80	11,016.80
11	Chola Contra	14-Feb-06	10.99	64.92	9.9	2.9	10,990.00	10,748.17
12	Quantum Long Term Equity	8-Feb-06	11.72	30.45	17.2	3.08	11,720.00	11,720.00
13	Principal Infra. & Services	7-Feb-06	11.33	257.96	13.3	5	11,330.00	11,080.68
14	Baroda Global Fund	6-Feb-06	11.24	8.59	12.4	3.4	11,240.00	10,992.67
15	Reliance Equity	6-Feb-06	10.63	4359.60	6.3	4.63	10,630.00	10,396.09
16	Birla Infrastructure	31-Jan-06	11.77	449.62	17.7	5.56	11,770.00	11,511.00
17	SC Imperial Equity	30-Jan-06	11.71	210.56	17.08	4.33	11,708.00	11,450.37
18	UTI Leadership Equity	30-Jan-06	11.89	1003.00	18.9	3.57	11,890.00	11,890.00
19	ING Vysya A.T.M. Fund	27-Jan-06	10.62	24.91	6.2	2.71	10,620.00	10,386.31
20	HDFC Long Term Equity	27-Jan-06	10.97	1466.12	9.71	3.68	10,971.00	10,971.00
21	HSBC Advantage India	27-Jan-06	12.11	1157.77	21.05	4.52	12,105.00	11,838.63
22	SBI Magnum Bluechip	20-Jan-06	10.9	1892.00	9	1.58	10,900.00	10,900.00
Abs. returns for New Funds released Between Jan 06 and Mar 06					11.54	4.02	245,385.20	241,931.46

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.

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