

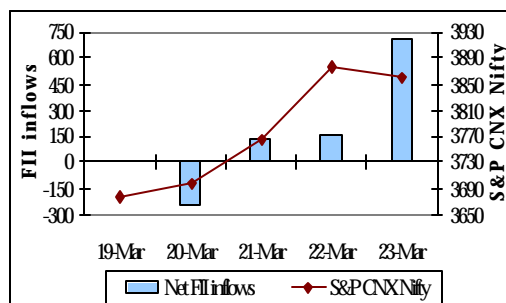
CONTENTS

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

Highlights

- ◆ **Markets end the week on a positive note after 5 weeks**
- ◆ **Volatility ahead**
- ◆ **Call rates zoom to 70% intra-week, a 10-year high**
- ◆ **All eyes set on the government's borrowing plan**

FII movement relative to Nifty



FII inflows in Rs. Crores

Source: NSE, SEBI

Weekly FII transactions (equities)

	Mar 19 to Mar 23	Mar 12 to Mar 16
Gross purchases	7993.4	10791.4
Gross sales	7227.3	11118.2
Net inflows	766.1	-326.8

Amt in Rs. crores

Data source: SEBI

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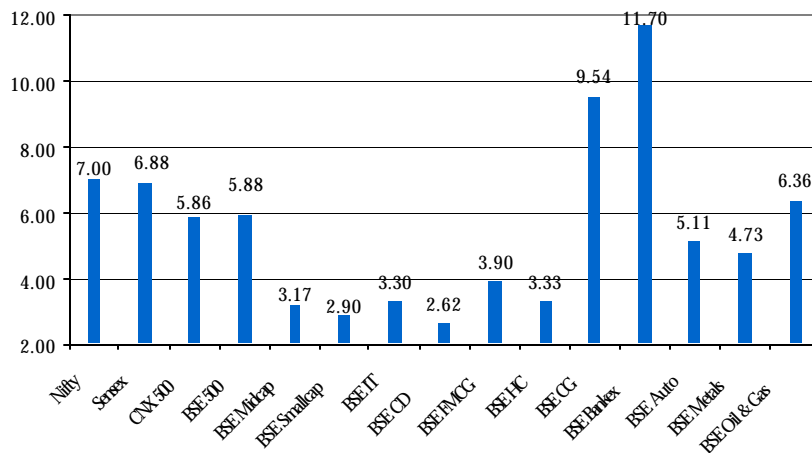
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The week in retrospect-Equities

The markets marched northwards and reversed the trend which they had been following for the past five weeks. Positive sentiments in the markets were on the back of firm global markets, strong FII inflows, fresh buyings on domestic bourses and short covering in derivatives contracts. Nifty jumped by a huge 7% to settle at 3861.05. Sensex followed suit and gained 6.88% to close at 13285.93 level. On Tuesday, BoJ kept the Japan interest rate unchanged at 0.5%. On Wednesday, U.S. left Fed rate unchanged at 5.25%, which provided further boost to the markets. However, on Friday, profit-booking after a four-day rally and the release of higher-than-expected inflation data pulled the markets down. Inflation remained unchanged at 6.46% as compared to the previous week, despite the government's controlling measures. On the sectoral front, banking stocks witnessed heavy buying, taking BSE Bankex up by a whopping 11.7%. BSE CG jumped by 9.54% as BHEL gained a hefty 16.41% on the news that the firm is in talks with two overseas firms for nuclear technology deals. On Thursday, the government increased the FDI investment ceiling in telecom sector to 74% from the earlier 49%.

During the week, FIIs emerged as net buyers in the equity market, amounting to Rs. 766.1 crores. On Tuesday, net FII outflow was witnessed ahead of the FOMC meet. Mutual funds also emerged as net buyers to the tune of Rs. 203.79 crores.

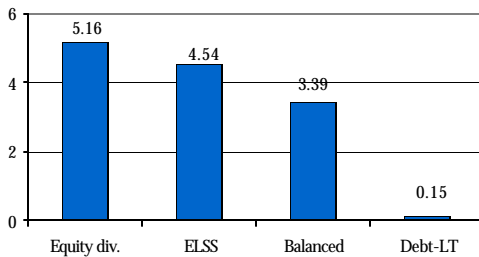
Weekly Equity Indices Return (absolute %)



As on Mar 23

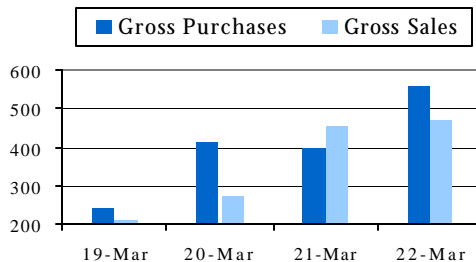
Datasource: BSE, NSE

Weekly category returns (%)



Abs. returns as on Mar 23 Datasource: Bloomberg

Weekly MF transactions (equities)



Amt in Rs. crores

Data source: SEBI

In the equity market, mutual funds emerged as net buyers to the tune of Rs. 203.79 crores.

Outlook:

Short-term: Markets are expected to take cue from the global trends. With the U.S. government reporting declining gasoline supplies (supplies declined by 3.45 million barrels for the week ending Mar 16, 07), crude oil prices may increase further. Crude oil prices increased from \$57.79 per barrel to \$ 61.25 per barrel over supply concerns. Any sharp increase in the prices would adversely affect the markets. Volatility is likely to be witnessed on account of expiry of derivatives contracts for the month of Mar, 07 on Thursday. Profit booking at higher levels might add to the volatility.

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 23 (%)			Crisil Ranking*
		6 months (abs)	1 year	3 year (ann)	
Aggressive (Equity)	DSP ML Opportunities	7.51	12.52	40.54	1
	Tata Infrastructure	8.78	13.29	N.A.	-
	Reliance Growth	13.71	17.77	54.34	1
	Sund. BNP Par. Sel. Mid.	7.38	20.24	58.33	1
Moderate (Equity)	Fidelity Equity	14.92	21.70	N.A.	-
	HDFC Top 200	5.82	13.31	40.71	2
	Reliance Equity	4.34	N.A.	N.A.	-
	SBI Magnum Contra	8.51	15.94	63.31	2
Conservative (Equity)	DSP ML Top 100	11.07	19.49	38.25	3
	Sund. BNP Par. Ind. Lead.	6.85	3.79	N.A.	2
	Franklin India Bluechip	6.75	14.43	34.68	4
	Templeton India Eq. Inc.	9.68	N.A.	N.A.	-
ELSS	Franklin India Taxshield	4.02	4.06	34.28	4
	Fidelity Tax Advantage	12.01	17.60	N.A.	-
	SBI Magnum Tax Gain	15.33	19.87	68.69	1
Balanced	DSP ML Balanced	6.82	12.08	28.61	3
	HDFC Prudence	9.46	16.68	36.37	1
	FT India Balanced	9.93	18.17	26.59	3

*For qtr end Dec 06

Datasource: Bloomberg

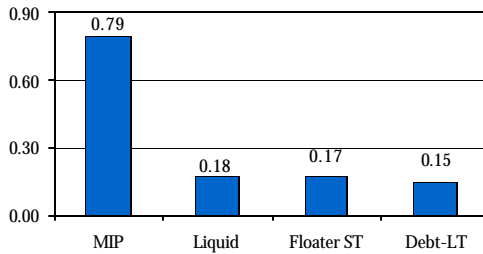
Note: Funds have been classified as aggressive, moderate and conservative on the basis of their portfolio concentration and exposure to various market segments.

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. From the next month, quarterly earnings results will start flowing in. On expectations of strong results, markets may climb further. Hence, it is an opportune time to invest, as the long-term outlook on the market remains bullish. Derivative funds can be considered for investors who wish to adopt a hedged style. Investors can also opt for GETFs to further diversify their portfolio.

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

Weekly category returns (%)

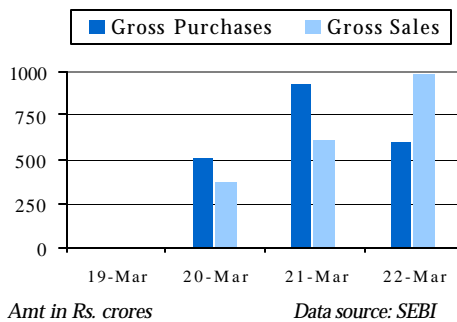


Abs. returns as on Mar 23 Data source: Bloomberg

Key statistics

	Mar 23	Mar 16
8.07% GOI 2017 yield	7.95%	8.03%
Call rate	12.0%	10.0%
WPI inflation (week ending Mar 10 and Mar 3)	6.46%	6.46%
Dollar exchange rate	43.58	44.12
Forex reserves (\$ bn)	195.957 (Mar 16)	194.410 (Mar 9)

Weekly MF transactions (debt)



In debt market, mutual funds emerged as net buyers to the tune of Rs.50.06 crores.

The week in retrospect-Debt

The bond market witnessed the yields increase as the banking system went through a cash crunch during the first two trading days of the week. However, the yields decreased as cash condition eased slightly during the later trading days. The benchmark 10-year g-sec yield ended at 7.95% as on Mar 23, 07 as against 8.03% the previous week. On Monday, the bond and forex markets were closed. Tuesday saw call rates jumping to 55%, its 9-year high, as banks borrowed to maintain their reserve holdings amidst high tax outflows estimated at Rs. 300 bn.. On Wednesday, call rates zoomed to 70% (a 10-year high). However on Thursday, there was much relief in the market as call rates dropped to 15% after RBI allowed banks to use funds borrowed in repo auction for inter-bank lending. Status-quo on Fed rate (5.25%) also supported the markets. Inflation for the week ending Mar 10 remained constant at 6.46%. Rupee appreciated to 43.58 for the week ending Mar 23 from previous week's 44.12, its 19-month high as bulky dollar selling was witnessed to overcome the cash crunch.

Outlook:

Short-term: The government's borrowing plan for the first half of 2007-08 would be chalked out next week, which would determine the liquidity condition in the coming month. It has planned to borrow Rs. 1.55 trillion during 2007-08. RBI would sell 2-year bonds worth Rs. 60 bn on Mar 28 under market stabilization scheme. Inflation is likely to hover in the 5.5%-6.5% range due to high base effect counter inflation measures.

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. Tackling supply side inflation may help in bringing down the prices of primary articles. As rising inflation is expected to be controlled, yields may cool down in April-May.

Recommended schemes to invest		Return as on Mar 23 (%)			Expense ratio	Crisil ranking
		1 m	3 m	1 yr.		
Floaters	Temp. Floating Rate ST	0.63	1.94	6.77	0.75	4
	Reliance Floating Rate	0.66	2.04	7.31	0.55	-
Liquid	LIC MF Liquid	0.61	1.97	7.43	0.53	2
	Canliquid Retail	0.61	1.89	7.09	0.23	-
	LICMF 6 months FMP-SERIES 14	Subscription period till: Mar 28, 07 Net indicative yield: 10.50%				
	SBI MF SDFS - 13 months	Subscription period till: Mar 28, 07 Net yield: 10.60%				

*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 (due to their tax efficiency) for investors who can go for T+2 redemption. 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.

News Briefs

- ◆ Canara Bank has decided to offload its 49% stake in Canbank AMC to Robeco, a Dutch asset manager group. After the joint venture, the AMC would be called Canara Rebeco AMC.

NFO Corner

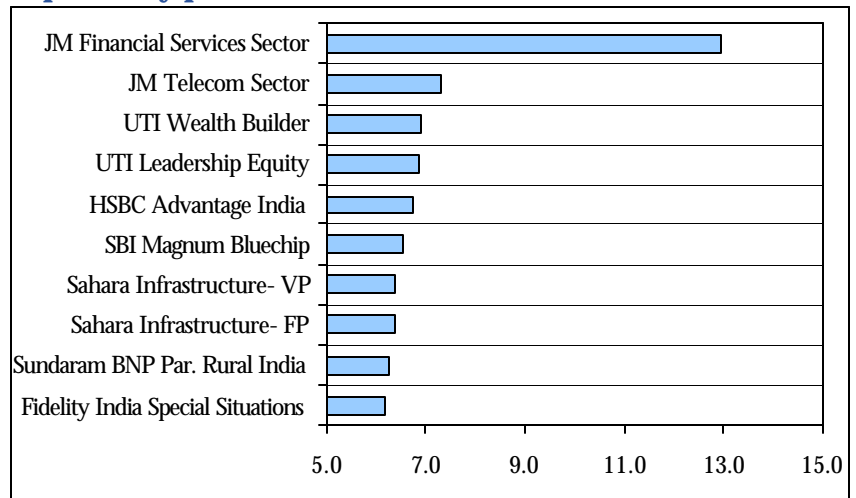
NFOs open for subscription:

- ◆ The NFO period for Lotus India Midcap Fund has been extended to Mar 30, 07.
- ◆ DBS Chola Fund House has extended the NFO period of its equity and derivative fund, DBS Chola edged Equity Fund to Mar 30, 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.
- ◆ Optimix has launched Optimix Multi Manager Equity Fund. The multi-manager fund is open for subscription till Mar 30, 07.
- ◆ ABN Amro AMC has launched ABN Amro Sustainable Development Fund on Mar 5, 07. The fund is 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 7, 07.

Forthcoming New Fund Offers:

- ◆ Fidelity AMC, sometime in April, is coming up with, Fidelity International Opportunities Fund which would invest in overseas markets.
- ◆ Tata MF is planning to launch Tata Gold Fund, a gold exchange traded fund.
- ◆ 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.

Top weekly performers-NFOs*



* Weekly return in % as on Mar 23, 07

Datasource: MFI Explorer

Note: Funds launched since Jan 06 have been considered.

Performance analysis of equity NFOs (quarter -wise) as on Mar 23, 2007

S.No.	Scheme	Issue Date	Current Nav (Rs.)	Corpus Size (Rs. Cr) as on Feb 28 '07	Absolute Return(%)		Current Value(Rs.)	
					Since Launch	Weekly	Before Load	After Load
1	Reliance Long-Term Equity	14-Nov-06	9.64	2092.18	-0.80	2.87	9,920.00	9,920.00
2	ING Vysya C.U.B. Fund	14-Nov-06	11.27	69.94	16.80	3.64	11,680.00	11,680.00
3	JM Financial Sector	2-Nov-06	9.47	4.89	-5.3	9.35	9,470.00	9,239.02
4	JM Telecom Sector	2-Nov-06	10.71	6.91	7.1	6.46	10,710.00	10,448.78
Abs. returns for New Funds released Between Oct 06 to Dec 06					4.45	5.58	41,780.00	41,287.80
1	DSPML Small & Midcap	29-Sep-06	9.96	1444.38	-0.4	3.38	9,960.00	9,740.83
2	UTI Wealth Builder	7-Sep-06	10.18	905.02	1.8	5.06	10,180.00	10,180.00
3	Birla Long-term Adv.	7-Aug-06	10.23	396.18	2.3	3.75	10,230.00	10,230.00
4	Tata Capital Builder	18-Jul-06	10.23	255.97	2.29	3.09	10,229.30	10,229.30
Abs. returns for New Funds released Between Jul 06 to Sep 06					1.5	3.82	40,599.30	40,380.13
1	Tata Equity Managmt.	15-May-06	10.6	390.31	6.03	1.2	10,603.20	10,603.20
2	Stanchart Enterprise Equity	19-Apr-06	11.1	1420.97	10.96	3.25	11,096.10	11,096.10
Abs. returns for New Funds released Between Apr 06 to Jun 06					8.5	2.23	21,699.30	21,699.30
1	Fidelity Special Sit.	28-Mar-06	12.17	2021.77	21.68	5.26	12,168.00	11,900.24
2	Templeton India Equ.	22-Mar-06	11.88	1749.86	18.8	5.32	11,880.00	11,618.58
3	Sundaram Rural India	20-Mar-06	10.75	821.50	7.51	4.85	10,750.90	10,514.33
4	ABN AMRO Future Leaders	13-Mar-06	9.4	279.88	-6	2.45	9,400.00	9,400.00
5	Pru ICICI Fusion	27-Feb-06	11.4	664.02	14	1.24	11,400.00	11,400.00
6	Kotak Lifestyle	22-Feb-06	11.62	384.15	16.21	3.05	11,621.00	11,365.28
7	UTI Contra	22-Feb-06	9.08	640.04	-9.2	5.46	9,080.00	9,080.00
8	JM HI FI	20-Feb-06	9.33	36.79	-6.7	2.64	9,330.00	9,124.69
9	Sahara Infrastruct-FP	15-Feb-06	10.63	14.91	6.28	4.87	10,628.40	10,628.40
10	Sahara Infrastruct-VP	15-Feb-06	10.69	14.91	6.94	4.88	10,694.20	10,694.20
11	Chola Contra	14-Feb-06	10.75	74.08	7.5	5.19	10,750.00	10,513.45
12	Quantum Long Term Equity	8-Feb-06	11.64	29.03	16.4	5.82	11,640.00	11,640.00
13	Principal Infra. & Services	7-Feb-06	11.12	266.92	11.2	4.81	11,120.00	10,875.31
14	Baroda Global Fund	6-Feb-06	11.1	8.76	11	4.03	11,100.00	10,855.75
15	Reliance Equity	6-Feb-06	10.18	4455.25	1.8	5.82	10,180.00	9,955.99
16	Birla Infrastructure	31-Jan-06	11.39	474.08	13.9	4.4	11,390.00	11,139.36
17	SC Imperial Equity	30-Jan-06	11.46	251.16	14.59	3.44	11,459.10	11,206.94
18	UTI Leadership Equity	30-Jan-06	11.81	1027.84	18.1	5.64	11,810.00	11,810.00
19	ING Vysya A.T.M. Fund	27-Jan-06	10.59	26.33	5.9	3.12	10,590.00	10,356.97
20	HDFC Long Term Equity	27-Jan-06	10.83	1478.01	8.33	3.74	10,833.00	10,833.00
21	HSBC Advantage India	27-Jan-06	11.92	1216.90	19.2	5.35	11,919.70	11,657.41
22	SBI Magnum Bluechip	20-Jan-06	10.94	1936.34	9.4	5.7	10,940.00	10,940.00
Abs. returns for New Funds released Between Jan 06 and Mar 06					9.4	4.41	240,684.30	237,509.90

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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