

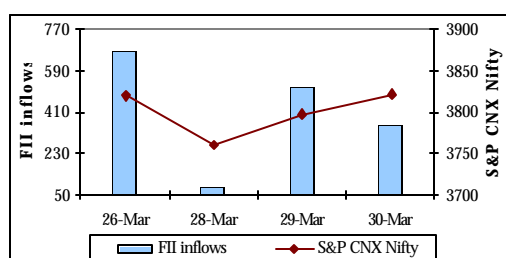
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Highlights

- ◆ **Markets ended in negative territory**
- ◆ **Bearish phase ahead**
- ◆ **Call rates zoom to 80% intra-week, a 10-year high**
- ◆ **All eyes set on the reaction of RBI move**

FII movement relative to Nifty



FII inflows in Rs. Crores

Source: NSE, SEBI

Weekly FII transactions (equities)

	Mar 26 to Mar 30	Mar 19 to Mar 23
Gross purchases	12658.5	7993.4
Gross sales	11738.4	7227.3
Net inflows	920.1	766.1

Amt in Rs. crores

Data source: SEBI

* Markets were closed on Mar 27, 07

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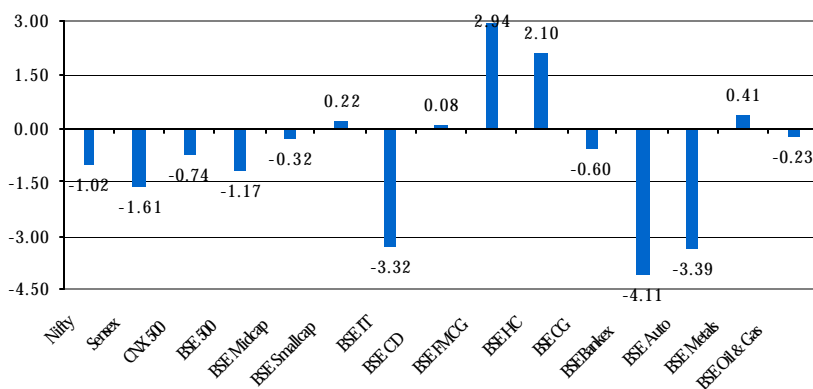
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The week in retrospect-Equities

The markets ended in the negative territory due to concerns over weak global markets, unwinding in the derivative market and soaring crude oil prices. Global crude oil price is again on arising track and was trading at \$67 per barrel. Sensex lost 213.8 points while Nifty went down by 39.50 points during the week. Among the sectors, Bankex, Auto and IT were the frontline losers. RIL plans to expand its retail business in a big way. It is targeting 2000 fresh stores over five years. According to another report, RIL is likely to join the race for \$1-billion Vizhinjam port along the Kerala coastline. In the auto space, Bajaj Auto announced its entry into four wheeler goods carrier to compete against Tata Motors' Rs. 1 lakh 'people's car'. ICICI Bank has become the first Indian bank to offer a two-year floating rate note in the euro market. On the back of this news on Tuesday, the stock witnessed an uptrend. Shares of sugar stocks were in the limelight during the week. They surged on high volumes as these companies are likely to be benefited from the rising crude oil prices. SEBI decided to allow short selling by institutional investors only in such stocks which are traded in the derivative market. At present, there are 159 stocks available in the derivative market. According to Mr. Damodaran, more stocks could be covered under this space in due course.

During the week, FIIs emerged as net buyers in the equity market, amounting to Rs. 920.1 crores. But mutual funds emerged as net sellers to the tune of Rs. 440.53 crores.

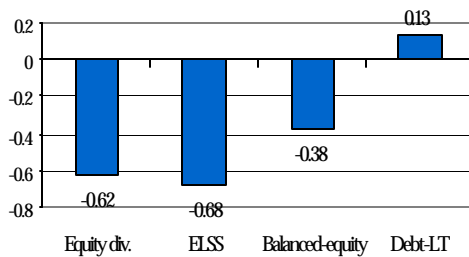
Weekly Equity Indices Return (absolute %)



As on Mar 30

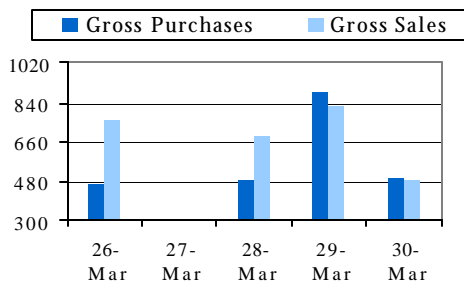
Datasource: BSE, NSE

Weekly category returns (%)



Abs. returns as on Mar 30 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. 440.53 crores.

Outlook:

Short-term: The Reserve Bank of India on Friday (March 30, 2007) evening raised the repo rate by 25 basis points to 7.75% with immediate effect. Also Cash Reserve Ratio (CRR) will rise to 6.50% in two phases, the first on April 14 and the second on April, 28. This move by RBI may have significant impact on Banking, Real Estate and Auto sectors. Markets are expected to be bearish in the coming week. Analysts will have a close eye on inflation and global crude oil prices. Also Q4 earnings will be a key factor to watch since there has been mixed reaction on earning result this time.

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 Apr 3 (%)			Crisil Ranking*
		6 months (abs)	1 year	3 year (ann)	
Aggressive (Equity)	DSP ML Opportunities	2.51	2.02	34.73	1
	Tata Infrastructure	1.88	3.27	N.A.	-
	Reliance Growth	7.52	7.53	48.12	1
	DSP ML Small & Mid cap	N.A.	N.A.	N.A.	-
Moderate (Equity)	Fidelity Equity	8.86	9.06	N.A.	-
	Pru ICICI Dynamic	9.77	11.62	45.97	-
	Reliance Equity	-0.09	N.A.	N.A.	-
	Fidelity Ind. Special.	2.47	N.A.	N.A.	-
Conservative (Equity)	DSP ML Top 100	6.71	9.33	33.17	3
	HSBC Equity	4.83	5.44	32.06	3
	Franklin India Bluechip	1.92	3.74	29.64	4
	Templeton India Eq. Inc.	10.15	N.A.	N.A.	-
ELSS	Franklin India Taxshield	-1.31	-5.51	29.67	4
	Fidelity Tax Advantage	6.71	7.09	N.A.	-
	SBI Magnum Tax Gain	9.93	11.21	61.76	1
Balanced	DSP ML Balanced	4.00	5.17	25.39	3
	HDFC Prudence	4.56	11.28	32.32	1
	FT India Balanced	5.48	9.46	23.19	3

*For qtr end Dec 06

Datasource: Bloomberg

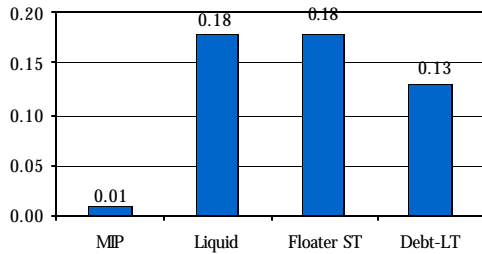
Note: Funds have been classified as aggressive, moderate and conservative on the basis of their portfolio concentration and exposure to various market segments.

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 this 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 continuing with the existing holdings. However, one needs to be particular about the schemes forming part of the portfolio.

Weekly category returns (%)

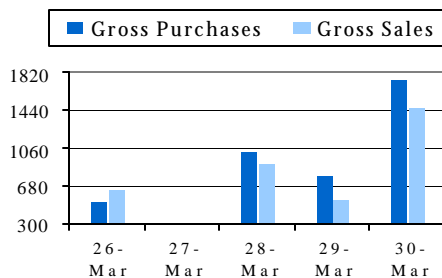


Abs. returns as on Mar 30 Data source: Bloomberg

Key statistics

	Mar 30	Mar 23
8.07% GOI 2017 yield	8.04%	7.95%
Call rate	50%	12.0%
WPI inflation (week ending Mar 17 and Mar 10)	6.46%	6.46%
Dollar exchange rate	43.47	43.58
Forex reserves (\$ bn)	197.746 (Mar 23)	195.957 (Mar 16)

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.474.94 crores.

The week in retrospect-Debt

The bond market witnessed the yields going up as tight cash conditions forced banks to sell debt papers to raise funds for meeting financial year-end statutory requirements. The benchmark 10-year g-sec yield ended at 8.04% on Mar 30, 07 as against 7.95% the previous week. Call rates spiked to 50% on the closing day. On early trades, it touched 80%, the highest in more than 10 years. India will issue Rs. 920 billion of bonds in the first half of 2007-08 which will be 59.3% of its budgeted domestic borrowings. It will sell bonds worth Rs.160 billion in April, 07 and Rs.180 billion in May, 07.

Inflation for the week ending Mar 10 remained constant at 6.46%. This figure has created nervousness among the investors. Rupee appreciated to 43.47 for the week ending Mar 30 from previous week's 43.58. The rupee is about 8% higher from its three year low and the central government may intervene to cap further gains.

Outlook:

Short-term: After the market hours, the RBI announced the increase in repo rate and CRR. The repo rate was increased to 7.75% while the CRR would be increased to 6.5% in two phases, the first leg of hike would be effective from Apr14, 07 and the other on Apr 28, 07. This may take the bond yields higher than expected. This step has been taken after the continuous high inflation figures. Inflation is likely to hover in the 5.5%-6.5% range due to high base effect counter inflation measures. The situation can be further exasperated by the Rs.6000 crores MSS auction on April 4.

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 Apr 3 (%)			Expense ratio	Crisil ranking
		1 m	3 m	1 yr.		
Floaters	Temp. Floating Rate ST	0.88	2.07	7.02	0.75	4
	Reliance Floating Rate	0.95	2.22	7.60	0.55	-
Liquid	LIC MF Liquid	0.72	1.97	7.50	0.53	2
	Canliquid Retail	0.73	1.93	7.15	0.23	-

*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

- ◆ Prudential ICICI MF has revised the load structure of its Prudential ICICI flexible income plan. For all the investment made on or after Mar 28, 07 an exit load of 0.25% will be charged if the redemption or switch out is made within 10 days from the date of investment.
- ◆ ABN Amro MF has changed the definition of high dividend yield stocks for its ABN Amro Dividend Yield Fund. Earlier, stocks which had their dividend yield in excess of the dividend yield of the BSE Sensex Index were considered as high dividend yield stocks. But from now onwards, stocks having a dividend yield in excess of 0.50 per cent shall be termed as high dividend yield stocks. Investors, who are not willing to continue with the fund after the change, can exit the fund without any exit load between 9th Apr and 8th May, 07.

NFO Corner

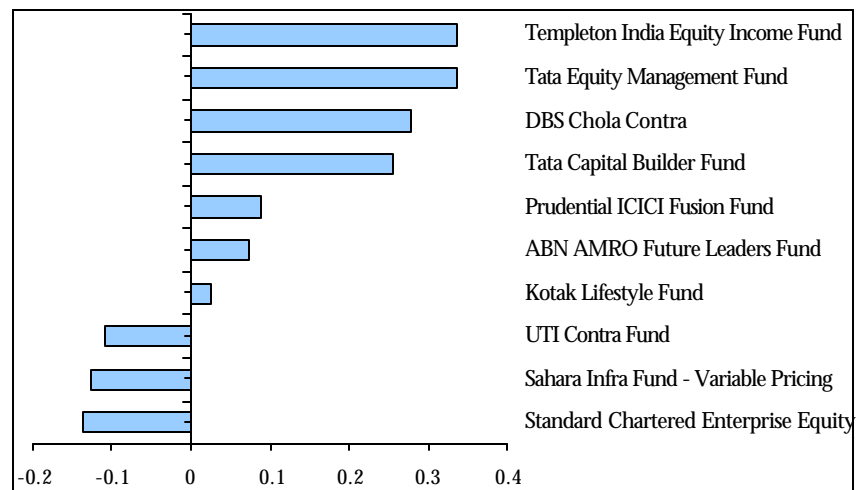
NFOs open for subscription:

- ◆ JM Fund House has launched JM Small and Midcap Fund on Mar 9, 07. The NFO period would close on April 7, 07.
- ◆ ABN Amro AMC has launched ABN Amro Sustainable Development Fund on Mar 5, 07. The fund is closing for subscription on Apr 5 07 will invest in socially responsible companies.
- ◆ Optimix Fund Management has extended the NFO period of its Optimix Multi Manager Equity Fund till April 5, 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.
- ◆ JP Morgan Mutual Fund is planning to launch JF India Equity Fund which seeks to generate income and long-term capital growth from a diversified portfolio of predominantly equity and equity related securities including equity derivatives.
- ◆ 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 rates of potential.

Top weekly performers-NFOs*



* Weekly return in % as on Mar 30, 07

Datasource: MFI Explorer

Note: Funds launched since Jan 06 have been considered.

Performance analysis of equity NFOs (quarter -wise) as on Apr 03, 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	9.73	2092.18	-2.60	-0.28	9,073.00	9,073.00
2	ING Vysya C.U.B. Fund	14-Nov-06	11.45	69.94	14.50	0.35	11,450.00	11,450.00
3	JM Financial Sector	2-Nov-06	8.82	4.89	-11.8	-7.35	8,820.00	8,604.88
4	JM Telecom Sector	2-Nov-06	10.32	6.91	3.2	-3.1	10,320.00	10,068.29
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	9.65	1444.38	-3.47	-2.6	9,653.00	9,440.59
2	UTI Wealth Builder	7-Sep-06	9.77	905.02	-2.3	-4.03	9,770.00	9,770.00
3	Birla Long-term Adv.	7-Aug-06	9.85	396.18	-1.5	-3.24	9,850.00	9,850.00
4	Tata Capital Builder	18-Jul-06	10.26	255.97	2.55	0.26	10,255.40	10,255.40
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	10.64	390.31	6.39	0.34	10,639.00	10,639.00
2	Stanchart Enterprise Equity	19-Apr-06	11.08	1420.97	10.81	-0.14	11,081.00	11,081.00
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	11.61	2021.77	16.1	-4.22	11,610.00	11,354.52
2	Templeton India Equ.	22-Mar-06	11.65	1749.86	16.54	-1.07	11,654.00	11,397.56
3	Sundaram Rural India	20-Mar-06	10.28	821.50	2.83	-3.9	10,282.50	10,056.23
4	ABN AMRO Future Leaders	13-Mar-06	9.14	279.88	-8.65	-2.44	9,135.00	8,933.99
5	Pru ICICI Fusion	27-Feb-06	11.1	664.02	11	-1.6	11,100.00	11,100.00
6	Kotak Lifestyle	22-Feb-06	11.32	384.15	13.17	-1.95	11,317.00	11,067.97
7	UTI Contra	22-Feb-06	8.81	640.04	-11.9	-1.67	8,810.00	8,810.00
8	JM HI FI	20-Feb-06	8.72	36.79	-12.8	-6.03	8,720.00	8,528.12
9	Sahara Infrastruct-FP	15-Feb-06	10.35	14.91	3.55	-2.2	10,354.50	10,354.50
10	Sahara Infrastruct-VP	15-Feb-06	10.42	14.91	4.21	-2.19	10,421.00	10,421.00
11	Chola Contra	14-Feb-06	10.52	74.08	5.2	-1.68	10,520.00	10,288.51
12	Quantum Long Term Equity	8-Feb-06	11.13	29.03	11.3	-3.05	11,130.00	11,130.00
13	Principal Infra. & Services	7-Feb-06	10.61	266.92	6.1	-3.46	10,610.00	10,376.53
14	Baroda Global Fund	6-Feb-06	10.71	8.76	7.1	-2.55	10,710.00	10,474.33
15	Reliance Equity	6-Feb-06	9.99	4455.25	-0.1	-0.99	9,990.00	9,770.17
16	Birla Infrastructure	31-Jan-06	10.87	474.08	8.7	-3.72	10,870.00	10,630.81
17	SC Imperial Equity	30-Jan-06	10.97	251.16	9.72	-3.87	10,972.00	10,730.56
18	UTI Leadership Equity	30-Jan-06	11.29	1027.84	12.9	-3.59	11,290.00	11,290.00
19	ING Vysya A.T.M. Fund	27-Jan-06	10.25	26.33	2.5	-2.57	10,250.00	10,024.45
20	HDFC Long Term Equity	27-Jan-06	10.47	1478.01	4.68	-2.61	10,468.00	10,468.00
21	HSBC Advantage India	27-Jan-06	11.36	1216.90	13.62	-4.03	11,362.00	11,111.98
22	SBI Magnum Bluechip	20-Jan-06	10.53	1936.34	5.3	-3.22	10,530.00	10,530.00
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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