

CONTENTS

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

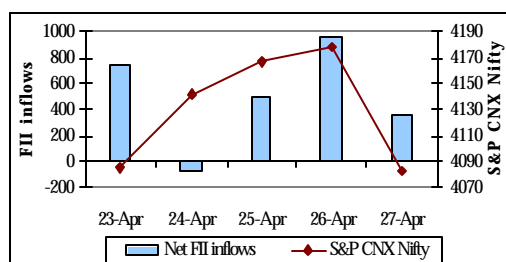
Highlights

- ◆ **A flat week for the markets**
- ◆ **UP state election outcome – a watching factor**
- ◆ **Bond yields go up**
- ◆ **Tight liquidity next week**

The week in retrospect-Equities

The markets ended the week on a more or less flat note. Sensex gained 11.59 points to settle at 13908.58 and Nifty went down marginally by 0.05 points during the week to close at 4083.50. A host of events led the markets to rise and then fall back at their initial levels of the week. On Monday, ahead of the RBI's monetary policy, the market mood was slightly bullish as most market men expected RBI to remain status quo on key rates. On RBI's decision to keep policy rates unchanged, markets surged upwards. Short-covering in derivatives contracts and stock-specific buying in the corporate earnings season added to the positive sentiments. However on Friday, markets dived back to their week's starting points on account of weak global markets, profit-booking at higher levels and high inflation figure. Low sentiments prevailed in global markets after US data showed weaker-than-expected economic growth (gross US GDP rose by 1.8% in the Mar, 07 quarter). On the sectoral side, IT stocks continued to decline as rupee kept appreciating. BSE HealthCare fell by 2.56% following Cipla's 7.64% drop. The company reported a 34% plunge in net profits for the Mar, 07 quarter. Banking stocks advanced on the back of unchanged policy rates and reduced risk weights (50% from 75%) for home loans up to Rs. 20 lakhs. During the week, FIIs emerged as net buyers in the equity market, amounting to a significant Rs. 2503 crores. Mutual funds also turned out to be net buyers to the tune of Rs. 833.10 crores.

FII movement relative to Nifty



FII inflows in Rs. Crores Source: NSE, SEBI

Weekly FII transactions (equities)

	Apr 23 to Apr 27	Apr 16 to Apr 20
Gross purchases	14403	12382.1
Gross sales	11900	9903
Net inflows	2503	2479.1

Amt in Rs. crores

Data source: SEBI

**Kirti Singh
Chinmay
Sonika Dheer**

Email: kirti.s@karvy.com

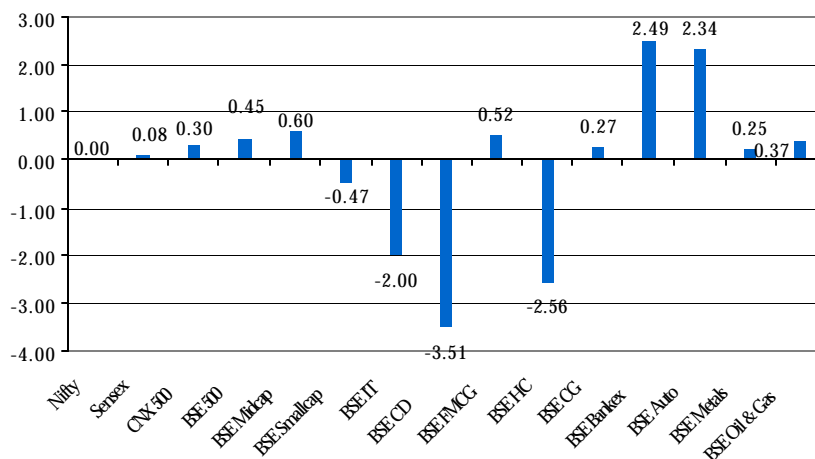
chinmay@karvy.com

sonika.dheer@karvy.com

☎: +91 40 23312454

Ext: 304

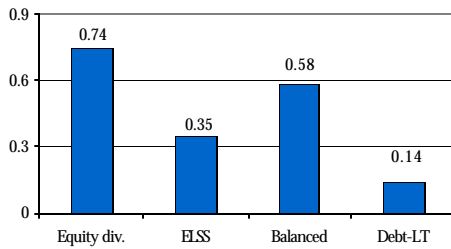
Weekly Equity Indices Return (absolute %)



As on Apr 27

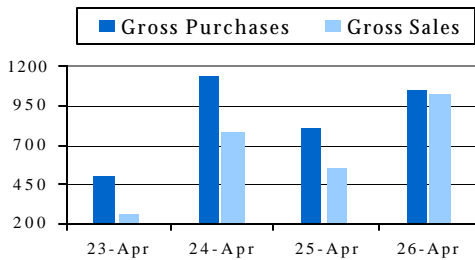
Datasource: BSE, NSE

Weekly category returns (%)



Abs. returns as on Apr 27 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. 883.10 crores.

Outlook:

Short-term: Markets are expected to remain volatile in the coming week. All eyes are set on the ongoing UP state elections. With the highest contribution in the parliament's total number of seats, its outcome is an indicative of the national political status. Currently trading at nearly \$66 per barrel, any sharp rise in crude oil prices may cause negative sentiments. If the prices remain at these levels, the government may hike the retail prices of petrol and diesel. Reliance Communications, HLL, Iflex Solutions, HDFC and Hindalco are some of the companies which will announce their quarterly results next 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. RBI has projected the GDP growth for 2007-08 at 8.5%. Further, the target for credit growth has been raised from 20% to 24-25% in order to accumulate a higher growth in monetary aggregates. 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 27 (%)			Crisil Ranking*	
	6 months (abs)	1 year	3 year (ann)		
Aggressive (Equity)	DSP ML Opportunities	7.65	11.18	37.88	1
	Tata Infrastructure	8.01	9.18	N.A.	-
	Reliance Growth	10.25	10.73	50.98	1
	DSP ML Small & Mid cap	N.A.	N.A.	N.A.	-
Moderate (Equity)	Fidelity Equity	14.12	20.34	N.A.	-
	Pru ICICI Dynamic	12.92	15.66	49.98	-
	Reliance Equity	5.83	12.60	N.A.	-
	Fidelity Ind. Special.	8.71	N.A.	N.A.	-
Conservative (Equity)	DSP ML Top 100	12.96	17.55	37.27	3
	HSBC Equity	8.43	12.33	34.73	3
	Franklin India Bluechip	6.69	12.25	34.15	4
	Templeton India Eq. Inc.	13.89	N.A.	N.A.	-
ELSS	Franklin India Taxshield	4.43	3.34	33.57	4
	Fidelity Tax Advantage	12.55	17.06	N.A.	-
	SBI Magnum Tax Gain	12.57	15.20	64.51	1
Balanced	DSP ML Balanced	6.82	10.43	26.90	3
	HDFC Prudence	7.10	18.92	34.10	1
	FT India Balanced	8.43	13.57	25.28	3

*For qtr end Dec 06

Datasource: Bloomberg

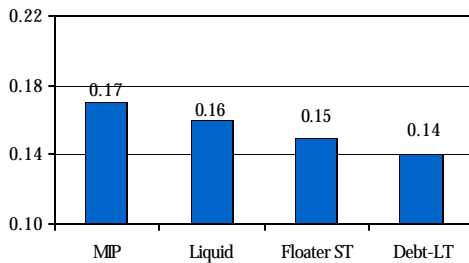
**Classification based on fund's portfolio concentration & exposure to various market segments.

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 (%)

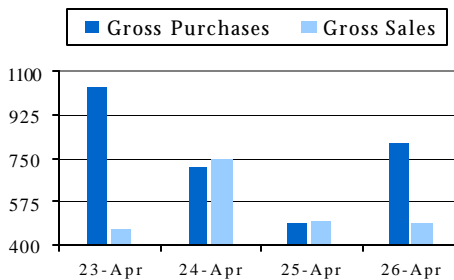


Abs. returns as on Apr 27 Data source: Bloomberg

Key statistics

	Apr 27	Apr 20
8.07% GOI 2017 yield	8.14%	8.07%
Call rate	8.5%	10%
WPI inflation (week ending Apr 14 and Apr 7)	6.09%	6.09%
Dollar exchange rate	41.09	41.77
Forex reserves (\$ bn)	203.881 (Apr 20)	203.092 (Apr 13)

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. 852.70 crores.

The week in retrospect-Debt

The bond market witnessed the yields go up on the back of expected cash squeeze due to the forthcoming 25 bps CRR hike effective from Apr 28. The benchmark 10-year g-sec yield ended the week at 8.14% against 8.07% the previous week. Bond yields cooled down slightly after the RBI kept the key rates unchanged in its monetary policy on Tuesday. However, yields increased ahead of the CRR hike to 6.5%, which is expected to drain out Rs. 77.5 bn from the market. On Friday, the government auctioned 10-year bonds worth Rs. 60 bn. Lower-than-expected cut-off yields at the auction added to the negative sentiments. Inflation for the week ending Mar 31 remained unchanged at 6.09%. While prices of certain primary articles like fruits, vegetables and barley dropped, prices of other primary articles like bajra, arhar and fish increased. Rupee appreciated to 41.09 on the back of strong capital inflows. However, rupee fell from its Thursday's record high of 40.95 (highest since May 1998) as some oil-importers settled their account at month end and dollar-buying took place followed by the negative sentiments in the stock market on Friday.

Outlook:

Short-term: As a result of the CRR hike, the coming week is expected to witness some amount of cash squeeze. Call rates may therefore increase above the 10% level. Triggered by this bond yields may inch up further. 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 a result, yields may cool down in May-June.

Recommended schemes to invest		Return as on Apr 27 (%)			Expense ratio	Crisil ranking
		1 m	3 m	1 yr.		
Liquid Plus	HSBC Liquid Plus	0.82	2.15	N.A	0.65	-
Liquid	LIC MF Liquid	0.75	2.04	7.66	0.53	2
	Canliquid Retail	0.72	1.99	7.28	0.23	-
Arbitrage	StanChart Arbitrage	1.06	2.95	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

- ◆ Aimed at giving access to formal finance to over 600 million rural poor, ICICI Prudential on April 25, unveiled Micro Systematic Investment Plan (MSIP). The scheme will give an opportunity for the rural poor to infuse periodically in small amounts, as low as Rs 50 and its multiples.
- ◆ UTI AMC is planning to launch its IPO by the end of the current financial year 2007-08.

NFO Corner

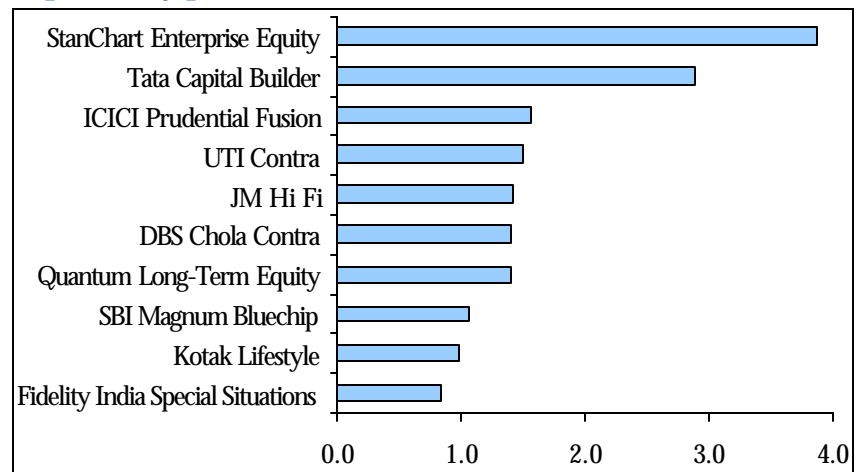
NFOs open for subscription:

- ◆ 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.
- ◆ 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.
- ◆ JP Morgan Fund House has launched JP Morgan India Equity Fund, which would invest in equities and equity related securities on Apr 19, 07. The scheme is open for subscription till May 18, 07.

Forthcoming New Fund Offers:

- ◆ AIG Fund House is set to launch its maiden fund, AIG India Equity Fund on May 3, 07.
- ◆ Kotak Mutual Fund is coming up with Kotak Global Emerging Market Fund, which will invest in global emerging markets.
- ◆ UTI AMC is coming up with UTI Flexi-cap Fund. It would be a 3-year close-ended scheme which would invest across different market-cap segments.
- ◆ Franklin Templeton Mutual Fund is coming up with Franklin India Aggressive Growth Fund which will invest in Indian companies/sectors with high growth potential.
- ◆ Lotus India AMC is planning to launch Lotus India Equity Fund. The scheme would be an open-ended equity diversified one which would invest across sectors and market-cap ranges.

Top weekly performers-NFOs*



* Weekly return in % as on Apr 27, 07

Datasource: MFI Explorer

Note: Funds launched since Jan 06 have been considered.

Performance analysis of equity NFOs (quarter -wise) as on Apr 27, 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	10.29	2064.92	2.89	0.88	10,289.00	10,289.00
2	ING Vysya C.U.B. Fund	14-Nov-06	12.36	66.26	23.60	0.00	12,360.00	12,360.00
3	JM Financial Sector	2-Nov-06	10.29	4.97	2.9	4.36	10,290.00	10,039.02
4	JM Telecom Sector	2-Nov-06	11.61	8.06	16.1	3.66	11,610.00	11,326.83
Abs. returns for New Funds released Between Oct 06 to Dec 06					11.37	2.23	44,549.00	44,014.85
1	DSPML Small & Midcap	29-Sep-06	10.45	1454.94	4.52	2.34	10,452.00	10,222.00
2	UTI Wealth Builder	7-Sep-06	10.88	920.98	8.8	3.23	10,880.00	10,880.00
3	Birla Long-term Adv.	7-Aug-06	10.75	389.73	7.5	0.75	10,750.00	10,750.00
4	Tata Capital Builder	18-Jul-06	11.06	257.95	10.64	2.89	11,063.70	11,063.70
Abs. returns for New Funds released Between Jul 06 to Sep 06					7.86	2.3	43,145.70	42,915.70
1	Tata Equity Managmt.	15-May-06	10.84	387.42	8.36	0.71	10,835.90	10,835.90
2	Stanchart Enterprise Equity	19-Apr-06	12.19	1447.92	21.91	3.88	12,191.00	12,191.00
Abs. returns for New Funds released Between Apr 06 to Jun 06					15.13	2.29	23,026.90	23,026.90
1	Fidelity Special Sit.	28-Mar-06	13.01	2074.75	30.11	3.34	13,011.00	12,724.69
2	Templeton India Equ.	22-Mar-06	12.79	1727.85	27.9	3.66	12,789.60	12,508.17
3	Sundaram Rural India	20-Mar-06	11.46	809.92	14.56	3.88	11,455.70	11,203.62
4	ABN AMRO Future Leaders	13-Mar-06	9.98	265.06	-0.25	-0.93	9,975.00	9,755.50
5	Pru ICICI Fusion	27-Feb-06	12.44	640.51	24.4	3.93	12,440.00	12,440.00
6	Kotak Lifestyle	22-Feb-06	12.33	372.42	23.34	3.75	12,334.00	12,062.59
7	UTI Contra	22-Feb-06	9.61	631.76	-3.9	3.44	9,610.00	9,610.00
8	JM HI FI	20-Feb-06	10.17	33.44	1.7	5.17	10,170.00	9,946.21
9	Sahara Infrastruct-FP	15-Feb-06	11.38	15.05	13.81	2.75	11,380.50	11,380.50
10	Sahara Infrastruct-VP	15-Feb-06	11.46	15.05	14.59	2.77	11,459.10	11,459.10
11	Chola Contra	14-Feb-06	11.48	64.92	14.8	1.41	11,480.00	11,227.38
12	Quantum Long Term Equity	8-Feb-06	12.46	30.45	24.6	4.71	12,460.00	12,460.00
13	Principal Infra. & Services	7-Feb-06	11.84	257.96	18.4	3.68	11,840.00	11,579.46
14	Baroda Global Fund	6-Feb-06	11.79	8.59	17.9	3.33	11,790.00	11,530.56
15	Reliance Equity	6-Feb-06	10.98	4359.60	9.8	0.64	10,980.00	10,738.39
16	Birla Infrastructure	31-Jan-06	12.18	449.62	21.8	0.74	12,180.00	11,911.98
17	SC Imperial Equity	30-Jan-06	12.26	210.56	22.64	3.54	12,264.20	11,994.33
18	UTI Leadership Equity	30-Jan-06	12.55	1003.00	25.5	3.55	12,550.00	12,550.00
19	ING Vysya A.T.M. Fund	27-Jan-06	11.03	24.91	10.3	1.75	11,030.00	10,787.29
20	HDFC Long Term Equity	27-Jan-06	11.32	1466.12	13.24	1.93	11,324.00	11,324.00
21	HSBC Advantage India	27-Jan-06	12.45	1157.77	24.55	2.52	12,454.70	12,180.64
22	SBI Magnum Bluechip	20-Jan-06	11.7	1892.08	17	3.91	11,700.00	11,700.00
Abs. returns for New Funds released Between Jan 06 and Mar 06					16.67	2.89	256,677.80	253,074.41

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.