

Investment Newsletter 2007-08



Key Market Levels

	31Mar 2008	31Mar 2007	31Mar 2006
WPI Inflation	7.41%	5.94%	4.06%
Ten Year Government Security	7.96%	7.98%	7.55%
5 year AAA rated Corporate Bond	9.41%	9.87%	8.33%
US\$-Indian Rupee exchange rate	40.11	43.47	44.62
Nifty Index	4734	3821	3402

Economic and Market review

Indian economy continued to grow at healthy rate of over 8% in Financial Year (FY) 2007-08. The annual growth in Gross Domestic Product (GDP) has now exceeded an unprecedented 7% per annum for 5 years in row. The healthy economic development has directly resulted in reduction in poverty and increase in per capita income. As per latest available National Sample Survey Organisation report, the proportion of persons below the poverty line declined from around 36% of the population in 1993-94 to 28% in 2004-05.

The high economic growth has also resulted in higher tax collection and improvement in Government finances. Fiscal deficit (excess of Government of India expenses over income) has reduced from 5.9% of GDP 5 years ago (i.e. FY 2002-03) to 3.3% of GDP in FY 2007-08. The tax revenues increased to 11.6% of GDP in FY 2007-08 compared to 8.7% of GDP in 2002-03.

A notable feature of the GDP growth has been a sharply rising trend in gross domestic investments and savings. Investments have risen from 22.8% of GDP to 35.9% of GDP and the Savings have risen from 23.5% of GDP to 34.8% of GDP over five years to 2006-07. The 2007-08 estimates for savings and investments are over 35% of GDP. Higher investments results in creation of higher productive capacity in the economy increasing ability of the economy to grow faster.

The key worry for the economy is now high inflation. The inflation rose above 6% in the last quarter of FY 2006-07 resulting in prompt monetary action by Reserve Bank of India (RBI) to increase the Cash Reserve Ratio (CRR) and the reverse repo rate on the last day of the fiscal 2006-07. These measures led to inflation coming down and touching 3.07% before again rising and ending the year at a 3 year high of 7%. The current rise in inflation has been primarily caused by rise in price of crude oil, food and commodities across the world and this inflation would be difficult to control only by monetary policy measures by RBI.

The yield on 10 year Government of India Security (GSec) reacted to monetary action by the RBI late last FY and rose to a high of 8.27%. The yields dropped in the second half of the year on the back of expectations of an interest rate cuts by RBI on reduction of inflation and interest rate cut by the US Federal Reserve. The 10 year yield touched a low of 7.44%. But 10 year GSec traded 7.96% at the year end as fears started building up of monetary actions by RBI to contain inflation. During the year yield on 5 year AAA rated corporate bonds fell from 10% at the beginning of the year by 1.05% to 8.95%. The corporate bond yield closed the year at 9.45% reflecting the rise in the underlying government security yields. The credit spread (i.e. difference between yield of corporate bond and Gsec of the same maturity) for 5 year AAA rated corporate bonds was 1.50% as at end of the year compared to 1.70% at the beginning of the year. During the year call rates hovered, but for few exceptions, within the repo rate and reverse repo rate band of 6% to 7.75%.

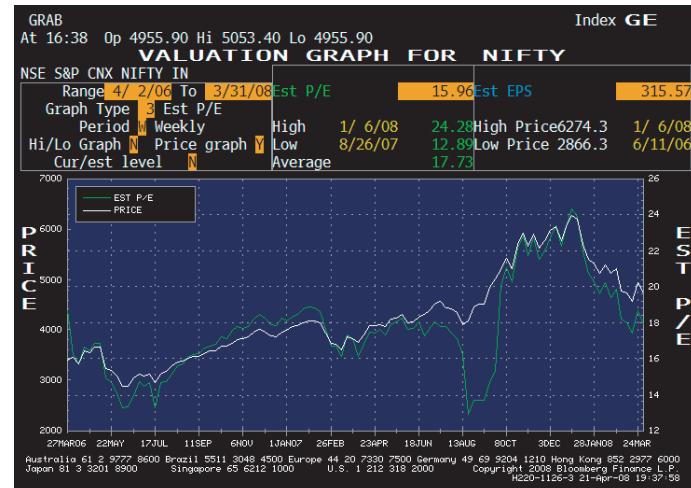
India's growth potential attracted attention of Foreign Institutional Investors (FII's) and overseas corporate bodies to invest in India through portfolio flows and Foreign Direct Investment (FDI). Foreign exchange reserves increased during FY 2007-08 by \$110 billion to \$309 billion at March 2008. This led to the rupee appreciating against the dollar by almost 7% during the year. The appreciation of rupee would have been sharper but for RBI intervention in the markets to defend the US Dollar.

The equity market in India had a wild ride during the year. The Nifty Index rose by 64.5% from 3821 to peak of 6287 to fall back to 4734 and restrict the rise to 23.9% for the year. The small cap and mid cap stocks were even more volatile than the large cap stocks (Nifty is a good proxy for large cap stocks). The BSE Small Cap Index fell by 43.9% from its peak on 7 January compared to fall of 24.7% in Nifty from its peak on 6 January.

The volatility in the equity market was primarily caused by great turmoil with global financial markets. Some domestic factors like potential pressure on corporate profitability due to rise in inputs costs and some slowing of demand due to higher interest rates have contributed to fall in equity markets. Technical factors like failure of Reliance Power IPO subsequent to its record subscription and ban on Participatory Notes by Securities Exchange Board of India also contributed to the volatility.



The graph shows the annual growth in GDP for last 8 years.



The graph gives Nifty Index level and forward PE of the market during last two years. The forward PE peaked at 24 times in January 2008.

The global financial markets were in turmoil due to fall in housing prices in the United States of America (US). In US housing loans are packaged and sold as Mortgage Backed Securities (MBS) to financial institutions across the world. MBS is the biggest bond market in the world. Loose monetary policy coupled with continuous rise in house prices resulted in serious deterioration of lending standards by banks. The deterioration included practices like substantial loans to Sub prime customers (i.e. customers that have poor credit records), very high loan to value of house ratio, interest only repayment terms for mortgages. As soon as the rise in the house prices in US stopped many of these loans defaulted resulting in large write off of assets by Commercial Banks and Investments Banks (labeled as sub-prime crises). The impact of the housing market downturn was so severe that reduction in new house construction caused by tighter lending standards shall result in recession in the US during calendar year 2008. The Federal Reserve Bank (Fed) cut rates by 3% to 2.25% from 5.25% to shore up the economy. Tightening of credit standards also resulted in increase in credit spreads across all corporate bonds and related derivatives resulting in more mark to market losses for the banks. The impact of this turmoil spilled over to currency and equity markets as well. The US Dollar weakened against all major currencies in the world and the equity markets fell across the world.

Risk Management

The equity investments are currently made primarily in large cap stocks, as large cap stocks are less volatile than mid cap or small cap stocks. The Company also diversifies its stock portfolio across industries to reduce risk.

The debt portfolio of the Company is currently invested only in highest credit quality assets i.e. Government of India securities and securities issued by AAA rated companies. The key risk management policy adopted is maintaining high standards of credit quality of the portfolio and avoiding undue duration risk on the portfolio.

Disclosures: 1. This newsletter only gives an overview of the economy and should not be construed as financial advice. Policyholder should use his/her own discretion and judgment while investing in financial markets and shall be responsible for his/her decision. 2. EPS - Earning per share, PE - Price earning multiple. 3. Source: www.bloomberg.com 4. Insurance is the subject matter of the solicitation. 5. The information contained herein is as on 31st Mar 2008.



Bharti AXA Life Insurance Company Limited

Registered Office: 61/62, Kalpataru Synergy, Opp. Grand Hyatt, Vakola, Santacruz (E), Mumbai 400 055.
www.bharti-axalife.com. Registration Number: 130. Advertisement No. MNL 08 Apr 08

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Fund Fact Sheet

March 2008



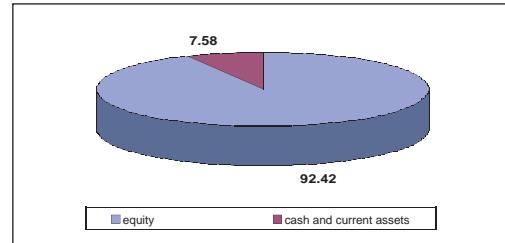
Portfolio - Grow Money

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	-24.77	-24.97
6 months	-8.35	-7.75
1 year	19.53	22.59
Since Inception*	35.48	39.68

Benchmark : NSE CNX 100

*Inception date : 24 August 2006

Asset Allocation (%)



Sector Allocation (%)

Aluminum	1.42
Hindalco	0.58
National Aluminum Co	0.84
Banking Services	10.16
Axis Bank Ltd.	0.81
Bank Of Baroda	0.30
Bank Of India	0.38
Canara Bank	0.27
HDFC Bank Ltd.	1.36
ICICI Bank Ltd	2.46
Indian Overseas Bank	0.21
IDBI	0.19
Kotak Mahindra Bank Ltd	0.62
Punjab National Bank	0.46
State Bank Of India	2.91
Union Bank Of India	0.20
Cement	1.25
ACC	0.44
Gujarat Ambuja Cements Ltd	0.53
Ultratech Cement	0.28
Commercial Vehicles	0.69
Tata Motors Ltd	0.69
Computer Software	8.18
HCL Technologies Ltd	0.48
I-Flex Solutions Ltd	0.23
Infosys Technologies Ltd	2.37
Satyam Computer	0.76
Tata Consultancy	2.28
Tech Mahindra Ltd	0.25
Wipro Ltd	1.81
Construction	2.83
GMR Infrastructure Ltd	0.78
Jaiprakash Associates Ltd	0.76
Unitech Ltd	1.29
Cosmetics, Toiletries, Soaps & Detergents	1.43
Hindustan Unilever Ltd.	1.43
Crude Oil & Natural Gas	7.18
Oil & Natural Gas Corp Ltd	6.03
Cairn India Ltd	1.15
Diversified	2.94
Grasim Industries Ltd.	0.68
Aditya Birla Nuvo	0.37
Sterlite Industries (India)	1.46
United Spirits Ltd.	0.43

Sector Allocation (%) (Cont.)

Drugs & Pharmaceuticals	1.98
Cipla Ltd.	0.49
Dr. Reddy's Laboratories	0.29
Ranbaxy Laboratories Ltd	0.47
Sun Pharma	0.73
Electricity Generation	2.78
Power Grid Corp Ltd.	1.19
Reliance Energy Ltd	0.85
Tata Power	0.74
Finished Steel	3.66
Steel Authority Of India	2.20
Tata Steel Ltd.	1.46
Hotels	0.22
Indian Hotels Co Ltd.	0.22
Housing construction	3.16
DLF Ltd.	3.16
Housing Finance Services	1.94
Housing Development Finance	1.94
Industrial Capital Goods	0.25
Bharat Electronics Ltd	0.25
Media-Broadcasting	0.31
Zee Telefilms Ltd.	0.31
Natural resources	0.47
Reliance Natural Resources	0.47
NBFC's	0.87
Reliance Capital Ltd.	0.87
Other Financial Institutions	1.10
IDFC	0.56
Power Finance.Corp	0.53
Other Metal Products	0.92
Jindal Steel and power	0.92
Paints	0.33
Asian Paints Ltd	0.33
Passenger Cars & Multi Utility Vehicles	1.18
Mahindra & Mahindra Ltd.	0.49
Maruti Suzuki India Ltd	0.69
Petroleum Products (Refineries)	2.02
Reliance Petroleum Ltd	2.02
Power Generation	4.66
National Thermal Power Corp	4.66
Prime Movers	4.04
Bharat Heavy Electricals	2.90
Suzlon Energy Ltd.	1.13
Refineries	9.89
BPCL	0.42
Reliance Industries	9.47
Switching Apparatus	1.32
ABB Ltd India	0.72
Siemens India Ltd	0.60
Telephone Services	8.73
Bharti Airtel	4.51
Idea Cellular	0.78
Reliance Communication	3.02
Tata Communications	0.42
Tobacco Products	2.23
ITC Ltd	2.23
Trading	1.03
Gail India Ltd.	1.03
Transportation	0.32
Container Corp Of India Ltd	0.32
Turnkey Projects/Erection Contracts	2.55
Larsen & Toubro Ltd.	2.55
Two & Three Wheelers	0.40
Hero Honda Motors	0.40
Cash and current assets	7.58
Grand Total	100.00



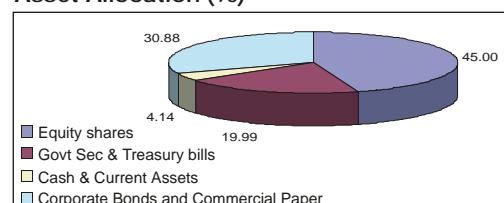
Portfolio - Save'n'Grow Money

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	-11.15	-10.53
6 months	-1.09	-1.19
1 year	14.34	15.26
Since Inception*	22.63	24.31

Benchmark: 45% CNX 100 and 55% Crisil Composite Bond Index

*Inception date: 22 August 2006

Asset Allocation (%)



Maturity Profile (as % of AUM)

0-1 yrs	33.27
1-3yrs	-
3-5yrs	66.73
>5yrs	-

Sector Allocation

Aluminum	0.69
Hindalco	0.28
National Aluminum Co	0.41
Banking Services	35.83
10% NABARD 2012	16.71
Fixed Depsoit State Bank of Patiala	14.16
Axis Bank Ltd.	0.40
Bank Of Baroda	0.14
Bank Of India	0.19
Canara Bank	0.13
HDFC Bank Ltd.	0.66
ICICI Bank Ltd	1.20
Indian Overseas Bank	0.10
IDBI	0.09
Kotak Mahindra Bank Ltd	0.30
Punjab National Bank	0.23
State Bank Of India	1.42
Union Bank Of India	0.10
Cement	0.61
ACC	0.22
Gujarat Ambuja Cements Ltd	0.26
Ultratech Cement	0.14
Commercial Vehicles	0.34
Tata Motors Ltd	0.34
Computer Software	3.99
HCL Technologies Ltd	0.24
I-Flex Solutions Ltd	0.11
Infosys Technologies Ltd	1.15
Satyam Computer	0.37
Tata Consultancy	1.11
Tech Mahindra Ltd	0.12
Wipro Ltd	0.88
Construction	1.38
GMR Infrastructure Ltd	0.38
Jaiprakash Associates Ltd	0.37
Unitech Ltd	0.63
Cosmetics, Toiletries, Soaps & Detergents	0.70
Hindustan Unilever Ltd.	0.70
Crude Oil & Natural Gas	3.5
Oil & Natural Gas Corp Ltd	2.94
Cairn India Ltd	0.56
Diversified	1.43
Grasim Industries Ltd.	0.33
Aditya Birla Nuvo	0.18
Sterlite Industries (India)	0.71
United Spirits Ltd.	0.21

Sector Allocation (%) (Cont.)

Drugs & Pharmaceuticals	0.96
Cipla Ltd.	0.24
Dr. Reddy's Laboratories	0.14
Ranbaxy Laboratories Ltd	0.23
Sun Pharma	0.35
Electricity Generation	1.35
Power Grid Corp Ltd.	0.58
Reliance Energy Ltd	0.41
Tata Power	0.36
Finished Steel	1.78
Steel Authority Of India	1.07
Tata Steel Ltd.	0.71
Hotels	0.10
Indian Hotels Co Ltd.	0.10
Housing construction	1.54
DLF Ltd.	1.54
Housing Finance Services	0.94
Housing Development Finance	0.94
Industrial Capital Goods	0.12
Bharat Electronics Ltd	0.12
Media-Broadcasting	0.15
Zee Telefilms Ltd.	0.15
Natural resources	0.23
Reliance Natural Resources Ltd.	0.23
NBFC's	0.42
Reliance Capital Ltd.	0.42
Other Financial Institutions	0.53
IDFC	0.27
Power Finance.Corp	0.26
Other Metal Products	0.45
Jindal Steel and power	0.45
Paints	0.16
Asian Paints Ltd	0.16
Passenger Cars & Multi Utility Vehicles	0.57
Mahindra & Mahindra Ltd.	0.24
Maruti Suzuki India Ltd	0.33
Petroleum Products (Refineries)	0.98
Reliance Petroleum Ltd	0.98
Power Generation	2.27
National Thermal Power Corp	2.27
Prime Movers	1.96
Bharat Heavy Electricals	1.41
Suzlon Energy Ltd.	0.55
Refineries	4.81
BPCL	0.21
Reliance Industries	4.61
Sovereign	19.99
7.37% GOI 2014	6.03
9.39% GOI 2011	13.96
Switching Apparatus	0.64
ABB Ltd India	0.35
Siemens India Ltd	0.29
Telephone Services	4.25
Bharti Airtel	2.19
Idea Cellular	0.38
Reliance Communication	1.47
Tata Communications	0.20
Tobacco Products	1.09
ITC Ltd	1.09
Trading	0.50
Gail India Ltd.	0.50
Transportation	0.16
Container Corp Of India Ltd	0.16
Turnkey Projects/Erection Contracts	1.24
Larsen & Toubro Ltd.	1.24
Two & Three Wheelers	0.19
Hero Honda Motors	0.19
Cash and current assets	4.14
Grand Total	100.00



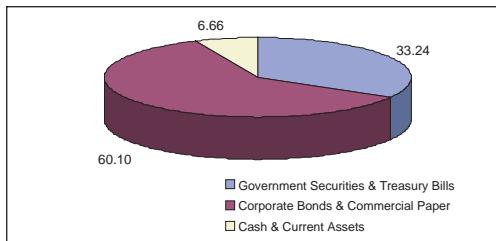
Portfolio - Steady Money

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	1.39	1.28
6 months	3.56	4.17
1 year	11.68	9.25
Since Inception*	13.98	11.33

Benchmark: CRISIL Composite Bond Index

*Inception date: 5 September 2006

Asset Allocation (%)



Sector Allocation

Corporate bonds	60.10
10% NABARD 2012	30.57
Fixed Deposit State Bank of Patiala	29.53
Cash and currents assets	6.66
Government Securities & Treasury Bills	33.24
9.39% GOI 2011	9.36
7.37% GOI 2014	15.24
364 DAY TB 2008	8.64
Grand Total	100



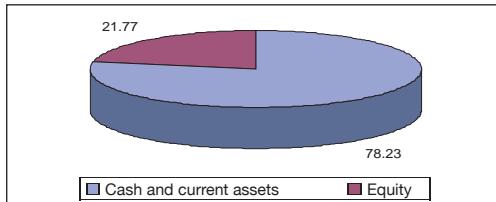
Portfolio - Grow Money Pension

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
1 month	-9.78	-10.53
3 months	-24.34	-24.97
Since Inception*	-24.34	-24.97

Benchmark: NSE CNX 100

*Inception date: 1st Jan 2008

Asset Allocation (%)



Sector Allocation (%) (Cont.)

Drugs & Pharmaceuticals	1.67
Cipla Ltd.	0.42
Dr. Reddy's Laboratories	0.24
Ranbaxy Laboratories Ltd	0.40
Sun Pharma	0.62
Electricity Generation	2.35
Power Grid Corp Ltd.	1.01
Reliance Energy Ltd	0.72
Tata Power	0.63
Finished Steel	3.10
Steel Authority Of India	1.86
Tata Steel Ltd.	1.23
Hotels	0.19
Indian Hotels Co Ltd.	0.19
Housing construction	2.68
DLF Ltd.	2.68
Housing Finance Services	1.64
Housing Development Finance	1.64
Industrial Capital Goods	0.21
Bharat Electronics Ltd	0.21
Media-Broadcasting	0.26
Zee Telefilms Ltd.	0.26
Natural resources	0.40
Reliance Natural Resources	0.40
NBFC's	0.73
Reliance Capital Ltd.	0.73
Other Financial Institutions	0.93
IDFC	0.48
Power Finance.Corp	0.45
Other Metal Products	0.78
Jindal Steel and power	0.78
Paints	0.28
Asian Paints Ltd	0.28
Passenger Cars & Multi Utility Vehicles	1.00
Mahindra & Mahindra Ltd.	0.42
Maruti Suzuki India Ltd	0.58
Petroleum Products (Refineries)	1.71
Reliance Petroleum Ltd	1.71
Power Generation	3.94
National Thermal Power Corp	3.94
Prime Movers	3.41
Bharat Heavy Electricals	2.45
Suzlon Energy Ltd.	0.96
Refineries	8.37
BPCL	0.36
Reliance Industries	8.01
Switching Apparatus	1.11
ABB Ltd India	0.61
Siemens India Ltd	0.51
Telephone Services	7.39
Bharti Airtel	3.81
Idea Cellular	0.66
Reliance Communication	2.56
Tata Communications	0.36
Tobacco Products	1.89
ITC Ltd	1.89
Trading	0.88
Gail India Ltd.	0.88
Transportation	0.27
Container Corp Of India Ltd	0.27
Turnkey Projects/Erection Contracts	2.16
Larsen & Toubro Ltd.	2.16
Two & Three Wheelers	0.34
Hero Honda Motors	0.34
Cash and current assets	21.77
Grand Total	100.00

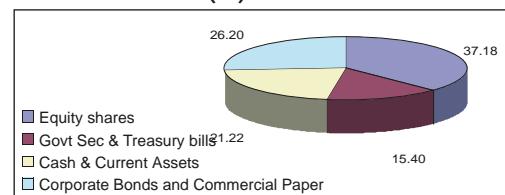
Portfolio - Save'n'Grow Money Pension

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
1 month	-2.5	-4.70
3 months	-4.9	-10.53
Since Inception*	-4.9	-10.53

Benchmark: 45% CNX 100 and 55% Crisil Composite Bond

*Inception date: 1st Jan 2008

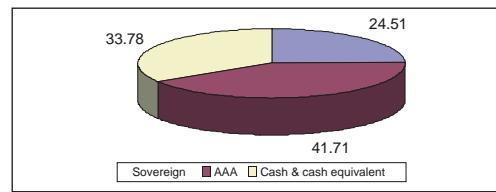
Asset Allocation (%)



Maturity Profile (as % of AUM)

0-1 yrs	75.5
1-3yrs	-
3-5yrs	24.51
>5yrs	-

Ratings (% age of Fixed Income portion)



Sector Allocation

Aluminum	1.65
Hindalco	0.67
National Aluminum Co	0.98
Banking Services	31.13
Axis Bank Ltd.	1.39
HDFC Bank Ltd.	0.72
ICICI Bank Ltd	0.73
Kotak Mahindra Bank Ltd	1.01
State Bank Of India	1.08
Fixed Deposit State Bank of Patiala	26.20
Cement	1.66
ACC	1.00
Gujarat Ambuja Cements Ltd	0.65
Construction	1.32
GMR Infrastructure Ltd	0.70
Jaiprakash Associates Ltd	0.61

Sector Allocation

Cosmetics, Toiletries, Soaps & Detergents	0.77
Hindustan Unilever Ltd.	0.77
Crude Oil & Natural Gas	1.19
Oil & Natural Gas Corp Ltd	1.19
Diversified	4.61
Cairn India Ltd	0.73
Grasim Industries Ltd.	1.04
Aditya Birla Nuvo	2.26
Sterlite Industries (India)	0.58
Drugs & Pharmaceuticals	2.76
Cipla Ltd.	0.89
Ranbaxy Laboratories Ltd	0.71
Sun Pharma	1.16
Electricity Generation	0.27
Power Grid Corp Ltd.	0.27
Finished Steel	1.00
Steel Authority Of India	1.00
Housing construction	0.44
DLF Ltd.	0.44
Housing Finance Services	0.96
Housing Development Finance	0.96
Media-Broadcasting	0.60
Zee Telefilms Ltd.	0.60
Passenger Cars & Multi Utility Vehicles	1.12
Mahindra & Mahindra Ltd.	0.56
Maruti Suzuki India Ltd	0.56
Prime Movers	4.33
Bharat Heavy Electricals	3.62
Suzlon Energy Ltd.	0.71
Refineries	3.00
BPCL	0.55
Reliance Industries	2.45
Sovereign	15.40
7.37% GOI 2014	15.40
Switching Apparatus	0.50
Siemens India Ltd	0.5
Telephone Services	1.80
Bharti Airtel	1.12
Idea Cellular	0.69
Tobacco Products	0.84
ITC Ltd	0.84
Trading	0.11
Gail India Ltd.	0.11
Transportation	0.70
Container Corp Of India	0.70
Turnkey Projects/Erection Contracts	2.05
Larsen & Toubro Ltd.	2.05
Two & Three Wheelers	0.56
Hero Honda Motors	0.56
Cash and current assets	21.22
Net current assets	21.22
Grand Total	100.00



Portfolio - Steady Money Pension

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
1 months	0.40	0.07
3 months	1.16	1.28
Since Inception*	1.16	1.28

Benchmark: CRISIL Composite Bond Index

*Inception date: 1st Jan 2008

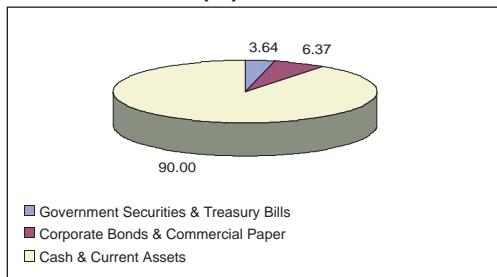
Sector Allocation

Corporate bonds	6.37
10% NABARD 2012	1.07
Fixed Deposit State Bank of Patiala	5.30
Cash and currents assets	90.00
Government Securities & Treasury Bills	3.64
7.37% GOI 2014	3.64
Grand Total	100.00

Maturity Profile (as % of AUM)

0-1 yrs	95.29
1-3yrs	-
3-5yrs	4.71

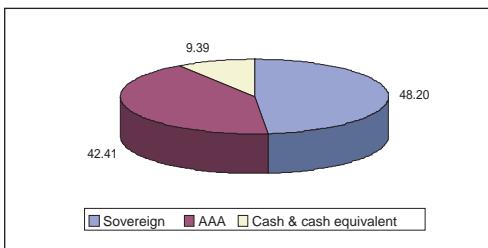
Asset Allocation (%)



*Large current assets arising from large collection on the last working day



Ratings (% age of Fixed Income portion)



Disclosures: 1. Insurance is the subject matter of the solicitation. 2. The performance of the funds, as shown above, is not indicative of future performance or returns. 3. Steady Money, Grow Money, Save'n'Grow Money, Grow Money Pension, Save'n'Grow Money Pension & Steady Money Pension are only the names of the fund and do not indicate its expected future returns or performance. 4. The information contained herein is as on 31st Mar 2008.



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