

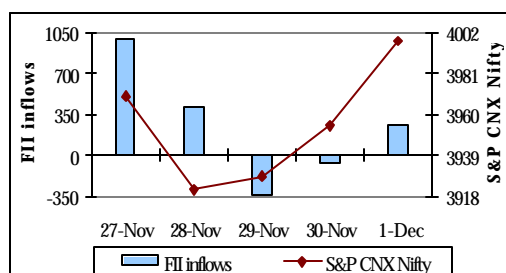
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Highlights

- ◆ Markets continue to move in the positive territory
- ◆ Crude oil prices likely to be a concern
- ◆ Bond yields touched another seven month low
- ◆ Yields to be guided by liquidity position

FII Movement relative to Nifty



FII inflows in Rs. Crores

Source: NSE, SEBI

Weekly FII transactions (equities)

	Nov 20 to Nov 24	Nov 20 to Nov 24
Gross purchases	14518.5	17509.4
Gross sales	13258.6	14348.8
Net inflows	1259.9	3160.6

Amt in Rs. crores

Data source: SEBI

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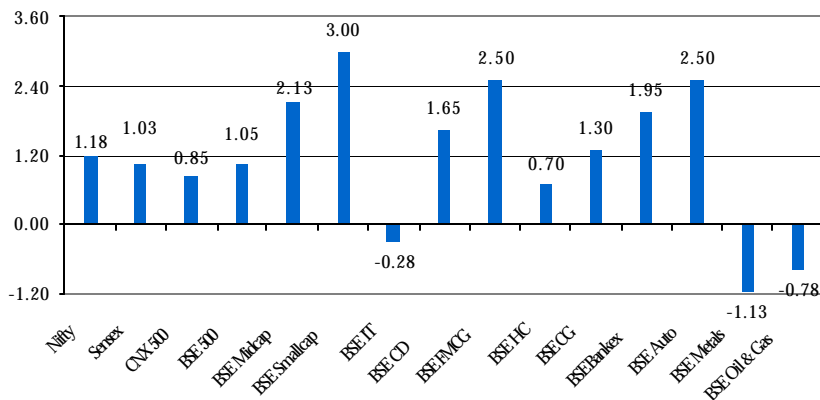
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The week in retrospect-Equities

The markets continued to move ahead and ended the week on a positive note on the back of strong buyings by investors and short covering in the derivatives segment. Sensex surged by 1.03% to settle at its record closing high 13844.78 and Nifty gained 1.18% to close at its record closing high of 3997.60. Amidst this uptrend, markets dipped on Tuesday taking cue from the weak global markets. Worries of US economic slowdown to grip global bourses as dollar slid sharply during the previous week (2.5% against euro & 1.6% against yen). The concerns were further fuelled after weak US economic data which revealed that for the first time in 3.5 years, manufacturing contracted in Nov. On the sectoral front, BSE Oil & Gas slipped 0.78% after the government's announcement of a cut in petrol and diesel prices. Oil & refinery stocks further dipped on the back of rising crude oil prices (\$62 per barrel). During the week, oil rose on speculation that colder weather in US next week would increase demand for heat. Maruti Udyog registered a 4.45% gain after its report of heavy domestic sales. Punj Lloyd jumped by 15.46% after the news that it got an order from Simon Carves, a UK company.

During the week, FIIs emerged as net buyers in the equity market, to the tune of Rs. 1259.9 crores. FII buyings saw a drop due to weak global markets. Mutual funds turned out as net sellers in equities amounting to Rs. 266.94 crores.

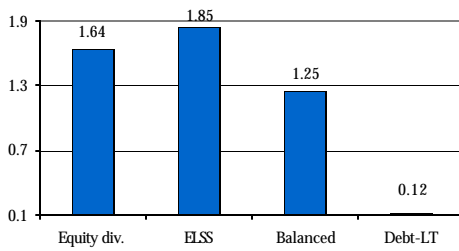
Weekly Equity Indices Return (absolute %)



As on Dec 1

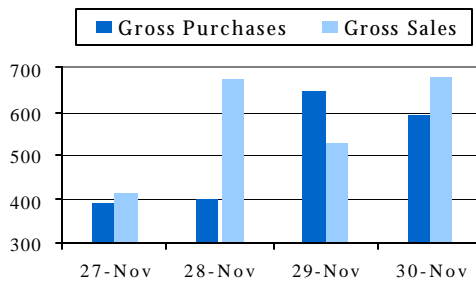
Datasource: BSE, NSE

Weekly category returns (%)



Abs. returns as on Dec 1 Datasource: Bloomberg

Weekly MF transactions (equities)



Amt in Rs. crores

Data source: SEBI

Mutual funds emerged as net sellers in the equity market to the tune of Rs. 266.94 crores.

Outlook:

Short-term: Markets are likely to exhibit positive trend supported by higher expected FII inflows and sustained buyings on the bourses. However, some volatility may be witnessed on account of profit booking at higher levels. Further, crude oil prices, which are on a rising trend since last week, could be a concern. Dhampur Sugar Mills and Pioneer Embroideries will come out with their quarterly earnings results.

Long-term: In the Jul-Sept quarter, economy registered a growth of 9.2% from a year earlier. Manufacturing sector has registered a growth of 12.1% during the period Apr-Sept 2006, as compared to 9.5% during the same period last year. On the back of this, industrial growth has exceeded 10% for the first time in last 10 years. High infrastructure sector output growth of 9.9% in Sept, 06 against 6.3% in Sept, 05 and the revised economic growth rate to 8% against the earlier 7.5%-8% keeps the bullish story intact. Robust corporate earnings, strong domestic consumption, high infrastructure spending, retail sector growth and real-estate boom are likely to keep this growth going. FDI inflows have surged a record 92% in April-July 2006-07.

Recommended schemes to invest		Historical returns as on Dec 1 (%)			Crisil Ranking for qtr end Sept 06
		6 months (abs)	1 year	3 year (ann)	
Aggressive (Equity)	DSP ML Opportunities	23.20	54.69	50.25	1
	Tata Infrastructure	23.16	72.45	N.A.	-
	Reliance Growth	14.97	50.12	59.55	1
	Sundaram Select Midcap	11.66	75.96	61.09	1
Moderate (Equity)	Fidelity Equity	24.71	53.28	N.A.	-
	HDFC Equity	25.21	50.40	48.53	2
	Reliance Equity	20.19	N.A.	N.A.	-
	SBI Magnum Contra	21.93	73.61	62.97	1
Conservative (Equity)	DSP ML Top 100	26.07	56.63	46.05	3
	Sundaram India Leader.	16.93	50.68	N.A.	2
	Franklin India Bluechip	24.41	52.04	45.92	3
	Templeton India Eq. Inc.	N.A.	N.A.	N.A.	-
ELSS	Franklin India Taxshield	14.91	38.57	45.71	3
	HDFC Tax saver	19.51	41.05	62.63	2
	SBI Magnum Tax Gain	26.85	51.76	76.05	1
Balanced	DSP ML Balanced	16.96	39.83	34.32	3
	HDFC Prudence	20.81	37.27	39.37	1
	Kotak Balance	8.61	38.38	38.26	2

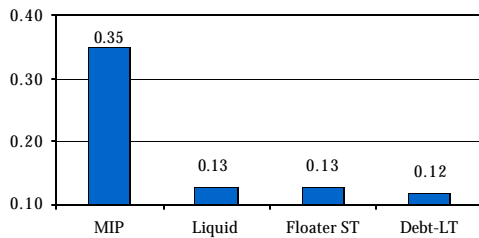
Datasource: MFI Explorer

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

Recommendations:

With a healthy economic growth backed by strong fundamentals, the "India Shining Story" is likely to be reflected on the equity markets in the long run. However, since volatility may be on the cards for the short-term, a cautious approach should be adopted. Investors should therefore look for funds which invest in fundamentally strong stocks. Long-term wealth creation could be achieved through SIP in equity diversified funds. Investors could look at derivatives funds, thematic funds (with promising themes) to optimise the risk-adjusted returns. Investments in internationally diversified funds and contra funds are also good options.

Weekly category returns (%)

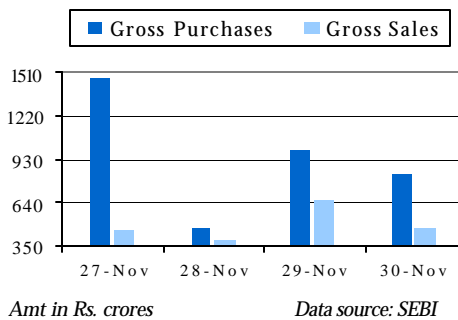


Abs. returns as on Dec 1 Data source: Bloomberg

Key statistics

	Dec 1	Nov 24
7.59% GOI 2016 yield	7.42%	7.43%
Call rate	6.20%	6.15%
WPI inflation (week ending Nov. 18 and Nov. 11)	5.45%	5.29%
Dollar exchange rate	44.66	44.70
Forex reserves (\$ bn)	\$172.78 (Nov 24)	170.355 (Nov 17)

Weekly MF transactions (debt)



In debt market, mutual funds emerged as net buyers to the tune of Rs. 1792.36 crores.

The week in retrospect-Debt

Bond yields touched their 7-month low on Wednesday (Nov 29) and closed at 7.42% at the end of the week. Expectations of government cutting retail oil prices, thus resulting in easing inflation boosted the market sentiments. But, they rose and touched 7.43% level the next day as strong GDP growth rate (9.2%) for Jul-Sept came out. It inflated the worries of interest rates being increased by the central bank. The next day, yields fell again as improved fiscal deficit position indicated that government may borrow less for the remaining months of the fiscal year. Also, inflation data of 5.45% for the week ending Nov 18 fuelled positive sentiments as it stood lower than the expectations. Call rates closed at 6.20% compared with the 6.15% level, the last week as liquidity situation continues to remain healthy.

On the forex front, rupee appreciated marginally to 44.66 against 44.70. While the news of strong GDP growth and dollar's weakening acted as a force supporting the rupee value, dollar purchases by some state-run banks pulled the rupee's value down. Forex reserves rose to a record level of \$172.78 for the week ending Nov 17 from \$170.355 bn the previous week.

Outlook:

Short-term: Upcoming auction worth Rs. 90 bn scheduled on Dec 8 and advance tax-outflows are the factors which may put pressure on the liquidity prevailing in the market. Therefore, participants are expected to trade cautiously. Call rates are also expected to remain at lower levels compared to 7-plus levels of the last month.

Long-term: In the monetary review held on Oct 31, the central bank has attempted to address the issue of over heating in credit growth by hiking repo rate alone. The bank has made it clear that its move will depend on the 'evolving situations'. It has also indicated that the money supply and credit growth rates are expected to be higher than projections for the current year, with inflation more likely to be under the 5 to 5.5% band. Therefore, there are chances that the rates may be increased marginally.

Recommended schemes to invest	Return as on Dec 1 (%)			Expense ratio	Crisil ranking*	
	1 m (abs)	3 m (abs)	1 yr.			
Floaters	JM Floater ST	0.57	1.72	6.49	0.45	3
	Reliance Floating Rate	0.59	1.78	6.52	0.55	-
Liquid	HDFC Cash Mgt -Savings	0.59	1.77	6.57	0.34	1
	Birla Cash Plus-Retail	0.56	1.69	6.40	0.34	3
NFO	Pru ICICI Eq. & Der. Fund-Inc. Optimizer	NFO closing on Dec 7, 2006				

*For qtr end Sept 06

Datasource: Bloomberg

Recommendations:

Short-term investors: Investors having an investment horizon of up to 6 months could invest in liquid funds and short-term floaters. Investors with duration more than 6 months could consider Pru ICICI Equity and Derivative Fund-Income Optimizer Plan to earn slightly higher returns than a liquid fund.

Long-term investors: Investors with a horizon of more than one year could consider FMPs in place of bank deposits. Due to lower taxation on FMPs, the post-tax returns on these products could be higher.

News Briefs

- ◆ SEBI will soon prescribe qualification norms for distributors of mutual funds and will come out with norms on required qualifications for fund managers.
- ◆ AMFI has permitted fund houses to choose for their own agencies for issuing the unique customer identification number under the “know your client” norm so as to prevent money laundering.
- ◆ The Fidelity Short Term Income Fund has got a credit risk rating mfAAA by ICRA. The rating indicates highest-credit-quality rating assigned by ICRA to debt funds.

NFO Corner

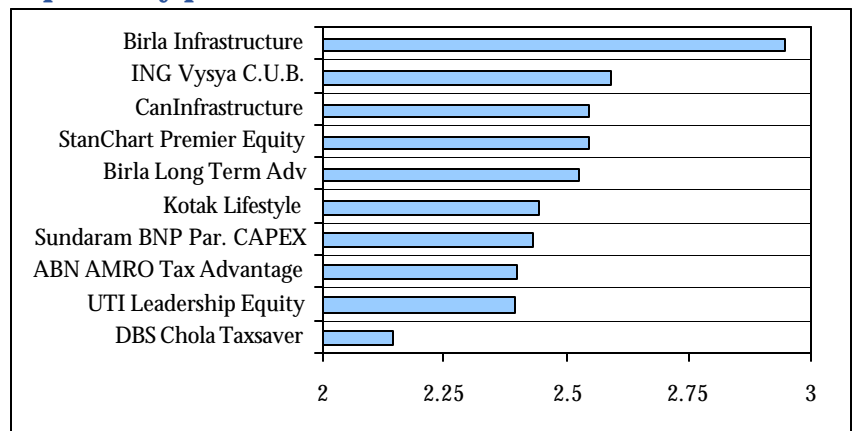
NFOs open for subscription:

- ◆ Lotus India AMC has launched Lotus India Tax plan. It will be open for subscription till Dec 5, 2006.
- ◆ Prudential ICICI has launched Prudential ICICI Equity and Derivatives Fund. It is open for subscription till December 7, 2006.
- ◆ Kotak AMC has launched Kotak Dynamic Asset Allocation Fund, which is open for subscription till Dec 7, 2006.
- ◆ Reliance MF has launched Reliance Long Term Equity Fund. It will be available for subscription till Dec 11, 2006.
- ◆ Escorts MF has launched Escorts High Yield Equity Fund, which will be open for subscription till Dec 11, 2006.
- ◆ HSBC has launched HSBC Tax Saver Equity Fund, which is available for subscription till Dec 15, 2006.
- ◆ Optimix has launched Optimix Dynamic MM FoF (Series II) which is open for subscription till Dec 20, 2006. It has also launched Optimix 5 Star Multi-Manager FoF scheme. The equity FoF is open for subscription till Dec 22, 2006.
- ◆ DSP ML has launched DSP ML ELSS. The tax saving fund will be open for subscription till Dec 21, 2006.
- ◆ LIC MF has launched LIC MF India Vision Fund, which will be open for subscription till Dec 22, 2006.
- ◆ SBI MF has launched SBI One India Fund. The 3-year close ended equity diversified fund will be available for subscription till Dec 22, 2006.

Forthcoming New Fund Offers:

- ◆ UTI is looking forward to launch UTI Global Navigator Fund. The fund would be a 5-year close-ended scheme which would invest in stocks of companies comprising the MSCI All Country World Index.
- ◆ Tata MF is also coming up with Tata Capital Safety Fund. The fund would offer two plans viz. Scheme A (42 months close-ended) and Scheme B (66 months close-ended).

Top weekly performers-NFOs*



* Weekly return as on Dec 1, 06

Datasource: MFI Explorer

Note: Funds launched since Jan 05 have been considered

Performance analysis of equity NFOs (quarter-wise) as on Dec 1, 2006

S.No.	Scheme	Issue Date	Current Nav (Rs.)	Corpus Size (Rs. Crs) as on	Absolute Return(%)		Current Value(Rs.)	
					Since Launch	Weekly	Before Load	After Load
1	Birla Long-term Advantage	7-Aug-06	10.95	420.25	9.50	2.52	10,950.00	10,950.00
2	Tata Capital Builder	18-Jul-06	11.19	272.96	11.94	0.36	11,190.00	11,190.00
Abs. returns for New Funds released Between Jul 06 to Sep 06					10.72	1.44	22,140.00	22,140.00
1	UTI Spread Fund	9-Jun-06	10.27	293.58	2.69	0.17	10,269.40	10,269.40
2	Tata Equity Managmt.	15-May-06	11.25	425.33	12.53	0.29	11,253.10	11,253.10
3	Stanchart Enterprise Equity	19-Apr-06	11.61	1573.51	16.12	-0.64	11,611.60	11,611.60
Abs. returns for New Funds released Between Apr 06 to Jun 06					10.45	-0.06	33134.10	33134.10
1	Fidelity Special Sit.	28-Mar-06	12.89	2035.84	28.87	1.66	12887.00	12603.42
2	Templeton India Equ. Income	22-Mar-06	11.55	1953.72	15.50	0.70	11550.00	11295.84
3	Sundaram Rural India	20-Mar-06	11.70	1212.16	16.97	0.33	11697.10	11439.71
4	ABN AMRO Future Leaders	13-Mar-06	10.46	518.62	4.63	1.54	10463.00	10463.00
5	Pru ICICI Fusion	27-Feb-06	12.22	650.98	22.20	1.75	12220.00	12220.00
6	DWS Tax Saving	22-Feb-06	10.86	32.61	8.56	1.01	10855.70	10616.82
7	Kotak Lifestyle	22-Feb-06	11.48	490.88	14.81	2.44	11481.00	11481.00
8	UTI Contra	22-Feb-06	9.90	856.61	-1.00	-0.20	9900.00	9900.00
9	Tata Tax Advantage	20-Feb-06	10.21	135.59	2.11	0.25	10211.40	10011.18
10	JM HI FI	20-Feb-06	11.26	62.03	12.60	1.44	11260.00	11012.22
11	Sahara Infrastructure-FP	15-Feb-06	10.84	25.48	8.44	-0.31	10844.20	10844.20
12	Sahara Infrastructure-VP	15-Feb-06	10.89	25.48	8.87	-0.29	10886.60	10886.60
13	Chola Contra	14-Feb-06	11.84	81.60	18.40	1.89	11840.00	11579.46
14	Quantum Long Term Equity	8-Feb-06	11.87	28.41	18.70	0.85	11870.00	11870.00
15	Principal Infra. & Services	7-Feb-06	11.76	357.44	17.60	0.94	11760.00	11501.22
16	Baroda Global Fund	6-Feb-06	11.63	30.25	16.30	1.75	11630.00	11374.08
17	Reliance Equity	6-Feb-06	11.06	5270.00	10.60	1.00	11060.00	10816.63
18	Birla Infrastructure	31-Jan-06	12.21	533.53	22.10	2.95	12210.00	11941.32
19	Fidelity Tax Advantage	31-Jan-06	12.31	604.58	23.11	1.82	12311.00	12040.10
20	SC Imperial Equity	30-Jan-06	11.84	300.93	18.41	0.16	11840.70	11580.15
21	UTI Leadership Equity	30-Jan-06	12.22	1121.80	22.20	1.16	12220.00	12220.00
22	ING Vysya A.T.M. Fund	27-Jan-06	10.92	64.47	9.20	1.87	10920.00	10679.71
23	HDFC Long Term Equity	27-Jan-06	11.65	1597.09	16.54	2.11	11654.00	11654.00
24	HSBC Advantage India	27-Jan-06	12.93	1429.97	29.29	1.93	12929.00	12644.50
25	SBI Magnum Bluechip	20-Jan-06	11.70	2437.31	17.00	-0.17	11700.00	11700.00
Abs. returns for New Funds released Between Jan 06 and Mar 06					15.28	1.14	288200.70	284375.16
1	Franklin India Smaller Companies	14-Dec-05	10.97	1390.53	9.70	1.76	10970.00	10970.00
2	ING Vysya L.I.O.N.	9-Dec-05	12.52	129.11	25.20	0.64	12520.00	12520.00
3	ABN Amro Tax Advantage Plan	30-Nov-05	13.86	140.71	38.60	2.40	13860.00	13860.00
4	Pru ICICI Services Industries	18-Nov-05	14.43	367.28	44.30	1.41	14430.00	14112.47
5	CanInfrastructure	9-Nov-05	14.08	103.07	40.80	2.55	14080.00	14080.00
6	Kotak Tax Saver	28-Oct-05	13.84	145.98	38.42	2.09	13842.00	13537.41
7	Chola Tax Saver	26-Oct-05	13.81	31.04	38.10	2.15	13810.00	13506.11
8	Principal Large Cap	19-Oct-05	17.25	294.46	72.50	1.47	17250.00	16870.42
9	ING Vysya Dividend Yield	6-Oct-05	11.15	84.30	11.50	-0.36	11150.00	11150.00
Abs.returns for New Funds released Between Oct 05 and Dec 05					35.46	1.57	121912.00	120606.41

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.

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