

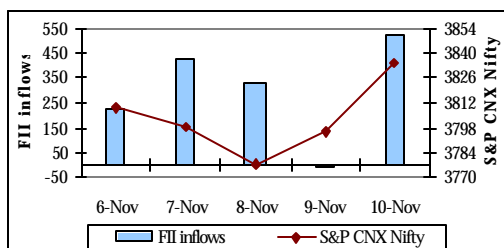
CONTENTS

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

Highlights

- ◆ **Markets continue to head north**
- ◆ **FII inflows & remaining quarterly results- watching factor**
- ◆ **Bond market in comfort zone**
- ◆ **Eyes on the coming bond auction**

FII Movement relative to Nifty



FII inflows in Rs. Crores

Source: NSE, SEBI

Weekly FII transactions (equities)

	Nov 6 to Nov 10	Oct 30 to Nov 3
Gross purchases	9927.8	10518.5
Gross sales	8421.4	8173.1
Net inflows	1506.4	2345.4

Amt in Rs. crores

Data source: SEBI

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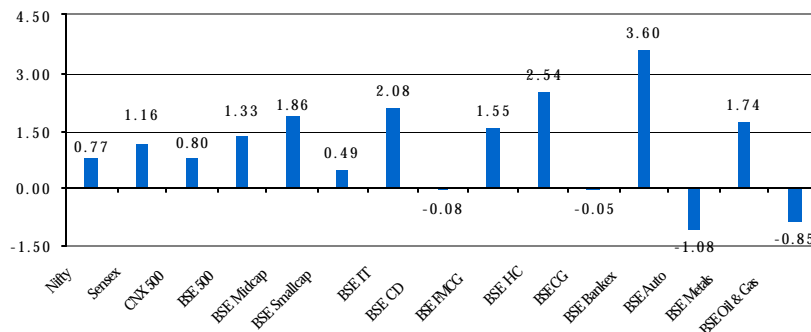
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The week in retrospect-Equities

The positive trend of the markets continued on the back of firm global markets, stable crude oil prices and sustained buying in index heavyweights. Sensex surged by 1.16% to settle at the lifetime high of 13295.36. Nifty gained 0.77% to close at a record 3841.65 level. However, profit booking after a four-day continuous rise caused the markets to slip on Tuesday. On Wednesday, the news that the Democrats won the mid-term elections in U.S. impacted the markets negatively due to worries over Indo-U.S. relations. Bank of England increased its interest rates by 25 bps to 5% on Thursday to restrain rising inflation. On account of this, net FII outflow was witnessed in domestic markets bringing mild volatility into picture. On Friday, markets zoomed upwards triggered by expectations that Bank of Japan may not increase interest rates (as weaker-than-expected machinery data heightened worries on the Japanese economy outlook). On the sectoral front, BSE Oil & Gas dipped by 0.85% as crude oil reached above \$61 per barrel. However, on Friday, trimmed IEA (International Energy Association) forecast of global oil demand in 2006 pulled the oil prices below \$61 per barrel. Heavy buyings made banking stocks the flavour of the week. ICICI bank gained 4.35% after its ADR jumped more than 3% on NYSE. After RIL board approved raising upto \$2 mn through bonds, its shares rose by 2.13%.

FII emerged as net buyers in the equity market, amounting to Rs. 1506.4 crores. Mutual funds turned out as net sellers in equities to the tune of Rs. 196.66 crores.

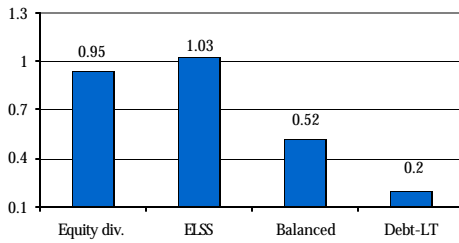
Weekly Equity Indices Return (absolute %)



As on Nov 10

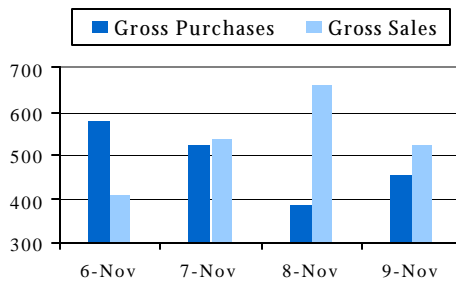
Datasource: BSE, NSE

Weekly category returns (%)



Abs. returns as on Nov 10 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. 196.66 crores.

Outlook:

Short-term: The markets are likely to witness strong FII buying, which is expected to boost positive sentiments. Volatility may be witnessed as profit booking is likely to take place after the markets hitting their lifetime highs. Second quarter earnings result of Sterlite, SSI, Thermax, Balrampur Chini, Mawana Sugars etc. would also be a factor to watch.

Long-term: 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. Also, BSE market capitalisation (currently Rs.34, 00,000 crores) has crossed the Indian GDP showing an increased retail participation in stock market.

Recommended schemes to invest		Historical returns as on Nov 10 (%)			Crisil Ranking for qtr end Sept 06
		6 months (abs)	1 year	3 year (ann)	
Aggressive (Equity)	DSP ML Opportunities	0.15	55.16	47.35	1
	Tata Infrastructure	0.82	73.11	N.A.	-
	Reliance Growth	-1.62	54.20	59.13	1
	Sundaram Select Midcap	-0.48	80.22	61.45	1
Moderate (Equity)	Fidelity Equity	3.03	54.41	N.A.	-
	HDFC Equity	2.66	51.98	46.28	2
	Reliance Equity	4.06	N.A.	N.A.	-
	SBI Magnum Contra	-0.11	61.32	70.79	1
Conservative (Equity)	DSP ML Top 100	1.99	60.34	43.08	3
	Sundaram India Leader.	-5.27	52.62	N.A.	2
	Franklin India Bluechip	1.79	55.94	43.51	3
	Templeton India Eq. Inc.	N.A.	N.A.	N.A.	-
ELSS	Franklin India Taxshield	-3.88	44.43	44.27	3
	HDFC Taxsaver	-4.02	44.03	60.30	2
	SBI Magnum Tax Gain	3.57	51.31	73.35	1
Balanced	DSP ML Balanced	2.59	41.80	32.99	3
	HDFC Prudence	9.41	39.21	38.25	1
	Kotak Balance	-5.17	40.53	37.79	2

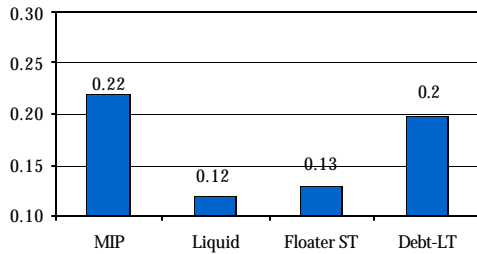
Datasource: MFI Explorer

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. A core and satellite approach can be followed to aim at long-term wealth creation and also tactical return-optimization. Long-term wealth creation could be achieved through SIP in fundamentally strong 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 (%)

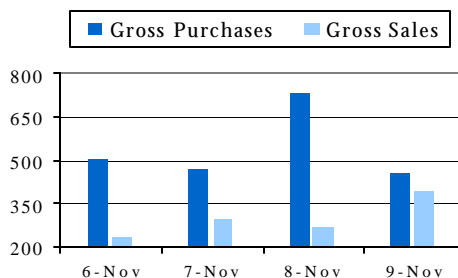


Abs. returns as on Nov 10 Data source: Bloomberg

Key statistics

	Nov 10	Nov 3
7.59% GOI 2016 yield	7.6%	7.64%
Call rate	6.7%	7.0%
WPI inflation (week ending October 28 and October 21)	5.09%	5.41%
Dollar exchange rate	44.71	44.82
Forex reserves (\$ bn)	167.116 (Nov 3)	167.092 (Oct 27)

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. 967.45 crores.

The week in retrospect-Debt

The markets witnessed positive sentiments on account of eased liquidity conditions. The 10-year g-sec yield decreased from 7.64% to 7.60% during the week. On Thursday, bond yields increased as investors became cautious ahead of the inflation data. However, markets eased on Friday as inflation fell to 5.09% for the week ending Oct 28 from 5.41% in the previous week. The drop in inflation was on the back of fall in the prices of essential commodities. With the state-run banks selling rupees and buying dollars to capture the rise in the rupee value, worries over tight liquidity condition of the bond market subsided and call rates decreased from 7% to 6.7%.

On the forex front, rupee jumped to an intra-day high of 44.35 per dollar in nearly 8 months (since late March) on Friday due to high FII inflows. Subsequently, state-run banks started selling rupee and it closed at 44.71 against 44.82 the previous week. Forex reserves for the week ending Nov 3 increased to \$167.116 bn from \$167.092 bn the previous week.

Outlook:

Short-term: With the government raising Rs. 50 bn through auctions during Nov 17-Nov 24, all eyes are set on the tenor of these bonds. Auction of Rs. 24.31 bn worth of bonds by 11 state governments will take place on Nov 16. With ample liquidity in the market, the bond market is likely to be driven by positive sentiments. Call rates are likely to remain in the range of 6.5-6.9%.

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		Historical return as on November 10 (%)			Expense ratio	Crisil ranking for qtr end Sept 06
		1 month (abs)	3 month (abs)	1 year		
Floaters	JM Floater ST	0.59	1.73	6.42	0.45	3
	Reliance Floating Rate	0.61	1.78	6.41	0.55	-
Liquid	HDFC Cash Mgt - Savings	0.60	1.75	6.46	0.34	1
	Birla Cash Plus-Retail	0.57	1.67	6.31	0.34	3

Datasource: Bloomberg

Recommendations:

Short-term investors: With uncertainty regarding the interest rate movements looming in the picture, liquid funds are more suitable for short-term investments.

Long-term investors: Investors with a wider investment horizon could invest in long-term floater funds to nullify the interest rate risk. Investment in FMPs could be considered over traditional bank deposits. Indexation benefit offered by FMPs yield higher post-tax returns.

News Briefs

- ◆ SEBI has amended its Custodian of Securities Act to enable the custodians of the proposed Gold Exchange Traded Funds to outsource the safekeeping of bullion to outside agencies. This would pave way for GETFs launch in India.
- ◆ UTI MF is looking to revamp its portfolio by amalgamating some schemes and unveiling of new fund offerings. The fund will amalgamate 56 existing funds which had common features and structures by December.
- ◆ Tata Mutual Fund will change the load structure of Tata Young Citizens` Fund with effect from 17 Oct. An entry load of 2.5% under the compulsory lock-in option as well as the any-time exit option will be charged. Exit load of 3% would be levied on redemptions on or before three years from the date of allotment.
- ◆ Franklin Templeton will revise its load structure for Franklin India Flexi Cap Fund (FIFF), Franklin India Prima Plus Fund (FIPPF), Templeton India Growth Fund (TIGF), Templeton India Equity Income Fund (TIEIF), Franklin India Prima Fund (FIPF) and Franklin India Opportunities Fund (FIOF) with effect from Nov 13. FIFCF, FIPPF, TIGF and TIEIF will carry entry load of 2.25% and FIPF and FIOF will carry 2.25% entry load for investment less than Rs.5 crores. For investment equal to or greater than Rs. 5 crores in FIFCF, FIPPF, TIGF and TIEIF, exit load of 0.50% if redeemed within 6 months (for TIEIF) and 1% if the units are redeemed within 1 year of allotment will be charged. For FIPF and FIOF, exit load of 2% for investment equal to or greater than Rs.5 crores will be charged if redeemed within 1 year.

NFO Corner

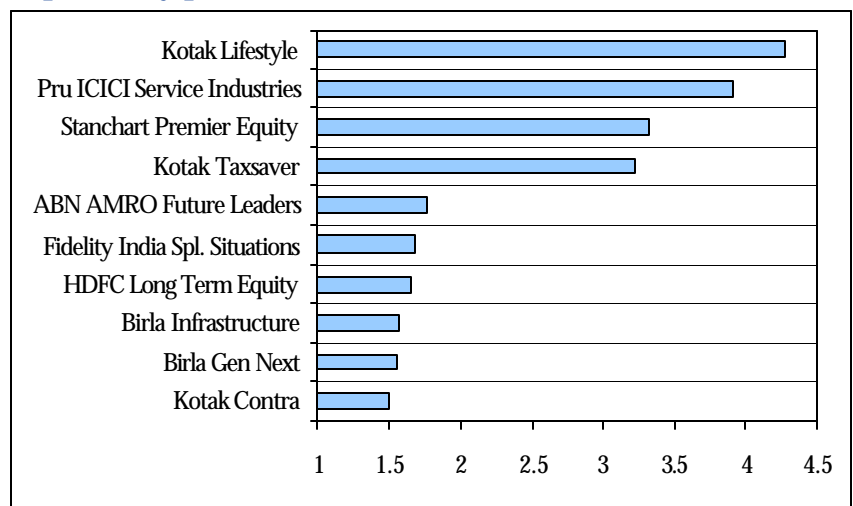
NFOs open for subscription:

- ◆ Franklin Templeton has launched Franklin Templeton Capital Safety Fund. It will be available for subscription till Nov. 30, 2006.
- ◆ ABN Amro has launched ABN Amro Multi Manager Fund-series 3. It is a 3-year close-ended fund of fund, which would dynamically allocate assets to debt and equity. The fund is open for subscription till Nov. 28, 2006.
- ◆ Optimix has launched Optimix Equity Multi Manager FoF, a 3year close-ended fund of fund which would invest primarily in equity funds. It is open for subscription till Nov. 20, 2006.
- ◆ JM Mutual Fund has launched JM Financial Services Sector Fund & JM Telecom Sector Fund. The funds will be open for subscription till Nov. 20, 2006.
- ◆ Prudential ICICI has launched Prudential ICICI Equity and Derivatives Fund. It is open for subscription till December 7, 2006.

Forthcoming New Fund Offers:

- ◆ Reliance MF is set to launch Reliance Small and Mid Cap Fund on November 14, 2006. The fund will be a 3-year close ended fund. The fund will be available for subscription till December 11, 2006.
- ◆ HSBC is coming up with HSBC Tax Saver Equity Fund. The ELSS will be available for subscription from Nov 20, 2006 till Dec 15, 2006.
- ◆ SBI is set to launch SBI Magnum One India Fund, which would diversify its portfolio geographically by investing in four different regions in India. The fund will be open for subscription from Nov 24, 2006 till Dec 22, 2006.
- ◆ DSP ML is looking forward to launch its tax saving fund DSP ML ELSS sometime in the last week of Nov, 2006.
- ◆ Lotus India is also coming up with a tax saving fund, Lotus ELSS.

Top weekly performers-NFOs*



* Weekly return as on Nov 10, 06

Datasource: MFI Explorer

Note: Funds launched since Jan 05 have been considered.

Performance analysis of equity NFOs (quarter -wise) as on Nov 10, 2006

S.No.	Scheme	Issue Date	Current Nav (Rs.)	Corpus Size (Rs. Crores) as on Oct. 31 '06	Absolute Return(%)		Current Value(Rs.)	
					Since Launch	Weekly	Before Load	After Load
1	Birla Long-term Adv	7-Aug-06	10.57	420.25	5.70	0.86	10,570.00	10,570.00
2	Tata Capital Builder	18-Jul-06	10.74	272.96	7.42	0.42	10,742.20	10,742.20
Abs. returns for New Funds released Between Jul 06 to Sep 06					6.56	0.64	21,312.20	21,312.20
1	UTI Spread Fund	9-Jun-06	10.24	293.58	2.36	0.07	10,235.80	10,235.80
2	Tata Equity Managmt.	15-May-06	11.08	425.33	10.84	-0.23	11,083.70	11,083.70
3	Stanchart Enterprise	19-Apr-06	11.2	1573.51	11.99	0.2	11,199.40	11,199.40
Abs. returns for New Funds released Between Apr 06 to Jun 06					8.4	0.01	32,518.90	32,518.90
1	Fidelity Special Sit.	28-Mar-06	12.13	2035.84	21.28	1.09	12,128.00	11,861.12
2	Templeton India Equ.	22-Mar-06	11.2	1953.72	12	0.36	11,200.00	10,953.55
3	Sundaram Rural India	20-Mar-06	11.4	1212.16	14.01	0.23	11,400.90	11,150.02
4	ABN AMRO Future	13-Mar-06	9.83	518.62	-1.71	1.75	9,829.00	9,829.00
5	Pru ICICI Fusior	27-Feb-06	11.61	650.98	16.1	1.04	11,610.00	11,610.00
6	DWS Tax Saving	22-Feb-06	10.34	32.61	3.43	0.39	10,343.30	10,115.70
7	Kotak Lifestyle	22-Feb-06	10.81	490.88	8.14	3.4	10,814.00	10,814.00
8	UTI Contra	22-Feb-06	9.68	856.61	-3.2	-0.21	9,680.00	9,680.00
9	Tata Tax Advantage	20-Feb-06	10.04	135.59	0.38	-0.6	10,037.60	9,840.78
10	JM HI FI	20-Feb-06	10.63	62.03	6.3	0.76	10,630.00	10,396.09
11	Sahara Infrastruct-FP	15-Feb-06	10.56	25.48	5.58	1	10,558.20	10,558.20
12	Sahara Infrastruct-VP	15-Feb-06	10.59	25.48	5.94	1.01	10,594.40	10,594.40
13	Chola Contra	14-Feb-06	11.24	81.60	12.4	-1.4	11,240.00	10,992.67
14	Quantum Long Term	8-Feb-06	11.55	28.41	15.5	-0.52	11,550.00	11,550.00
15	Principal Infra. &	7-Feb-06	11.26	357.44	12.6	0.45	11,260.00	11,012.22
16	Baroda Global Fund	6-Feb-06	11.13	30.25	11.3	0.27	11,130.00	10,885.09
17	Reliance Equity	6-Feb-06	10.61	5270.00	6.1	1.14	10,610.00	10,376.53
18	Birla Infrastructure	31-Jan-06	11.56	533.53	15.6	1.14	11,560.00	11,305.62
19	Fidelity Tax	31-Jan-06	11.72	604.58	17.24	0.87	11,724.00	11,466.01
20	SC Imperial Equity	30-Jan-06	11.5	300.93	15.02	-0.3	11,502.20	11,249.10
21	UTI Leadership Equity	30-Jan-06	11.56	1121.80	15.6	0	11,560.00	11,560.00
22	ING Vysya A.T.M.	27-Jan-06	10.57	64.47	5.7	0.67	10,570.00	10,337.41
23	HDFC Long Term	27-Jan-06	11.33	1597.09	13.26	1.26	11,326.00	11,326.00
24	HSBC Advantage India	27-Jan-06	11.99	1429.97	19.89	0.53	11,989.20	11,725.38
25	SBI Magnum Bluechip	20-Jan-06	11.42	2437.31	14.2	-0.26	11,420.00	11,420.00
Abs. returns for New Funds released Between Jan 06 and Mar 06					10.51	0.56	276,266.80	272,608.89
1	Franklin India Smaller	14-Dec-05	10.83	1390.53	8.3	0.56	10,830.00	10,830.00
2	ING Vysya L.I.O.N.	9-Dec-05	12.18	129.11	21.8	-1.62	12,180.00	12,180.00
3	ABN Amro Tax	30-Nov-05	12.95	140.71	29.53	0.21	12,953.00	12,953.00
4	Pru ICICI Services	18-Nov-05	13.68	367.28	36.8	2.78	13,680.00	13,378.97
5	CanInfrastructure	9-Nov-05	13.37	103.07	33.7	0.53	13,370.00	13,370.00
6	Kotak Tax Saver	28-Oct-05	13.35	145.98	33.52	3.04	13,352.00	13,058.19
7	Chola Tax Saver	26-Oct-05	13.08	31.04	30.8	0.93	13,080.00	12,792.18
8	Principal Large Cap	19-Oct-05	16.44	294.46	64.4	0.98	16,440.00	16,078.24
9	ING Vysya Dividend	6-Oct-05	11.32	84.30	13.2	0.53	11,320.00	11,320.00
Abs.returns for New Funds released Between Oct 05 and Dec 05					30.23	0.88	117,205.00	115,960.58

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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