

# FACTSHEET AS ON 30 APRIL 2012

## DEBT MARKET COMMENTARY



An important and eventful month for the interest rate market brought with it several surprises. On one side, the growth remained an area of major concern on the other the inflation despite of trending downward, continues to bother the policy makers. The highlight for the month was the credit policy which surprised the market and instilled some sense of clarity with respect to future direction of the interest rate.

Supported by a dip in manufacturing inflation which fell to its lowest since December 2009 to 4.87% against 5.75% in February, WPI inflation for March came marginally lower at 6.89% from 6.95% last month. On the back of supportive inflation numbers and rising concern on growth amidst slowing output numbers, the central bank cut the repo rate by a sharp 50 bps in its policy meet on 17th April against the market expectation of 25 bps. In Addition the MSF borrowing limit has been enhanced to 2% from 1% to provide liquidity comfort to the banks. The inflation for March 2013 is projected at 6.5 per cent and baseline projection for GDP growth for the current year is at 7.3 per cent.

In its guidance RBI mentioned:-

- "it must be emphasised that the deviation of growth from its trend is modest. At the same time, upside risks to inflation persist. These considerations inherently limit the space for further reduction in policy rates."
- "if subsidies are not contained as indicated in the Union Budget last month, demand pressures will persist, and will further reduce whatever space there is for monetary easing."
- "from the perspective of vulnerabilities emerging from the fiscal and current account deficits, it is imperative for macroeconomic stability that administered prices of petroleum products are increased to reflect their true costs of production."

RBI stated that "Even as WPI inflation has softened, inflation as measured by the new series of consumer price index (CPI) suggests that price pressures are still high at the retail level".

Earlier during the month, The IIP growth for the February month came at 4.1% against the market expectation of 6.7%. The manufacturing growth at 4.00% versus 7.5% remains a concern. The major surprise element was the steep downward revision of the January data to paltry 1.1% from 6.8% due to incorrect accounting of sugar production.

The interest rate market remained supportive in the earlier part of the month. The ten year benchmark which closed the previous month at 8.57% saw good participation. Due to rate cut expectation, the yield which started the month above 8.70%, gradually dipped to 8.47% going into the policy. A steep cut of 50 bps in the policy saw yield come down sharply to 8.22% in a knee jerk reaction. However, RBI's concern on inflation and fiscal situation evident in the policy guidance saw the ten year settling in the range of 8.30-8.35% immediately thereafter. Factors like concern on inflation front, pressure on the current account, faster depreciating INR and resumption of borrowing came to fore and ten year yield gradually rose to close the month at 8.67%, higher by 10 bps.

In the money market segment, the cooling down of rates was sharper due to the lesser requirement of funds by the banks as the new financial year commenced. The three month PSU Bank CD which closed the month of March ranging between 10.85-10.95% corrected sharply to range between 9.75-9.85% at the start of the month. The 50 bps cut in repo rate saw sharp fall in yields to form a range of 9.20-9.30% before rising and closing the month in range of 9.65-9.75%. CDs maturing in June saw active participation and closed in the range of 9.45-9.55%. One year CD rates closed the month in the range of 9.80-9.90%.

The liquidity in the system improved considerably with rates in the CBLO segment hovering close to the repo rate throughout the month except on the last day of the month which saw the overnight rates touch 10%. The market borrowed Rs. 18,07,085 crore under LAF in the month of April at a daily average for of Rs. 1,00,393.61 crore as against borrowing of Rs.30,64,770 crore in March month at an average of Rs.1,45,941 crore.

## EQUITY MARKET COMMENTARY

### India - Silver lining amongst dark clouds.....

Austerity loses all the way around. Europe's elected politicians fail when they try to impose austerity by cutting deficits or lessening social payment. Having seen its influence on global markets ebb in recent months Greece now finds itself at the eye of the storm again, following an inconclusive election result that saw voters reject austerity and the terms of its bailout from the European Union and International Monetary Fund. Greek membership of the euro zone is now at risk with serious contagion risks for the rest of the periphery. The "result of Greek elections is much more serious than the French one as the former leads to chaos while Hollande will turn out to be a moderate.

In US, the disappointing jobs report raised concerns that the economy, which appeared to be accelerating late last year and early this year, is bogging down again. The labor force shrank again last month, indicating more workers are throwing in the towel.

Standard and Poor's cut India's rating outlook to negative from stable, citing the slow pace of fiscal consolidation, the worsening external sector situation, inflationary pressures and the sluggish pace of economic growth, nudging it closer to a "junk" rating. Though S&P affirmed the lowest investment grade BBB-long-term sovereign credit rating, it said there is a possibility of a downgrade of India's sovereign ratings in the next two years. A downgrade will result in India being rated in the "junk" investment category.

Moody's reaffirmed India's rating of Baa3 and said country's outlook is stable.

Even though European nations like Spain, Italy and Ireland are facing debt crisis, Standard and Poor's has said that their income and economic structures are better than that of India. This is the reason given by the rating agency for assigning them higher rating as compared to India. Besides, the euro is a reserve currency unlike rupee and so it has great acceptance. **IS THIS A JUSTIFIED AND A VALID REASON?????**

The Reserve Bank of India's move to cut key rates for the first time in three years by a sharp 50 basis points will provide the much needed respite to consumers as top banks said interest rates would go down, but not too soon. We welcome this move however limited the impact may be as at least it clearly signals the easing in Monetary Policy. Further easing would depend on how much room will RBI get in terms of inflation, productivity numbers and monsoon.

All factors that would typically support the rupee have been steadily weakening over the past year. The country's external debt has risen to an all-time high of \$335 billion. Exports have fallen 5.7 per cent in March for the first time since 2009, while imports have remained sticky. The ratio of forex reserves to external debt has fallen to the lowest level since March 2004 and the import cover ratio is down to a little less than eight months.

Rupee was also spooked by GAAR announced in budget as it impacted the FII inflows. As of now, GAAR has been postponed to next Financial Year with the clear guidelines to emerge on May 31 from a 3 member committee.

The quarterly results declared till date has more or less been in line with very few dark spots.

### WHERE DOES INDIA STAND IN ALL THIS?????

We strongly believe that within this global turmoil and uncertainty where the macros of global economies both developed and emerging are going through a bad phase, India will still stand out and keep attracting the FII flows. We believe a few progressive reforms from the Government will make us favourites within the investment community. The intent is there lets see how much gets translated into reality.

## INDIABULLS LIQUID FUND

(An open-ended liquid scheme)

Credit Risk Rating  
AAAmfs by CRISIL\*

### Investment Objective

To provide a high level of liquidity with returns commensurate with low risk through a portfolio of money market and debt securities with maturity of upto 91days. However, there can be no assurance that the investment objective of the Scheme will be achieved.

### Fund Details

#### Fund Manager

Mr. Raju Sharma  
Total work experience: 20 years

#### Indicative Investment Horizon

1 day to 1 month

#### Benchmark Index

CRISIL Liquid Fund Index

#### Date of Allotment

October 25, 2011

#### NAV as on 30 April 2012

Growth Option: ₹1051.4381  
Daily Dividend Option: ₹1000.0000  
Weekly Dividend Option: ₹1000.0000  
Fortnightly Dividend Option: ₹1000.0000  
Monthly Dividend Option: ₹1007.8255

#### Options

The Scheme offers the following Options across a common portfolio:

- Growth Option
- Dividend Option

#### Default Option / Facility / Frequency

Default Option – Growth  
Default dividend facility – Reinvestment  
Default dividend frequency – Monthly

#### Minimum Application Amount

₹ 5,000 and in multiples of ₹ 1/- thereafter.  
Minimum Additional Purchase Amount:  
₹ 1,000 and in multiples of ₹ 1/- thereafter.

#### Load Structure

Entry Load: Not Applicable  
Exit Load: Nil

#### STP/STP/SWP:

SIP/STP/SWP facilities are not available

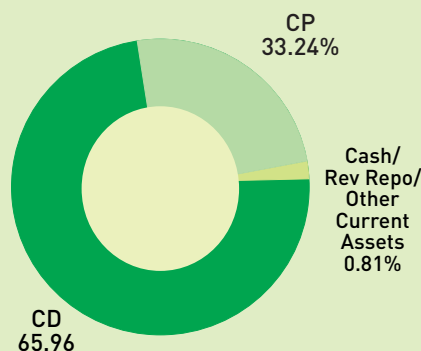
#### Avg. AUM for the quarter (March 2012)

₹ 1,40,806.57 Lakhs

### PORTFOLIO

Name of Instrument/Issue	Rating	% of Portfolio
<b>Certificate of Deposits</b>		<b>65.96%</b>
Punjab National Bank	A1+	10.45%
State Bank of India	A1+	6.76%
State Bank of Patiala	A1+	6.72%
United Bank of India	A1+	6.71%
Sydicate Bank	A1+	6.71%
Allahabad Bank	A1+	6.41%
Corporation Bank	A1+	5.32%
Punjab & Sind Bank	A1+	3.38%
Dena Bank	A1+	3.38%
Jammu & Kashmir Bank Ltd	A1+	3.38%
IDBI Bank Ltd	A1+	3.37%
UCO Bank	A1+	3.36%
<b>Commercial Papers</b>		<b>33.24%</b>
Tube Investment of India Ltd	A1+	6.71%
Kotak Mahindra Prime Ltd	A1+	5.08%
Apollo Tyres Ltd	A1+	3.38%
Fedbank Financial Services Ltd	A1+	3.36%
Aditya Birla Finance Ltd	A1+	3.35%
Cholamandalam Invt And Fin Co Ltd	A1+	3.34%
Tata Motors Finance Ltd	A1+	3.34%
Birla TMT Holdings Pvt Ltd	A1+	2.01%
Raymond Ltd	A1+	1.67%
Aditya Birla Money Ltd	A1+	1.00%
<b>Reverse Repo/Cash/Other Current Assets</b>		<b>0.81%</b>
<b>TOTAL</b>		<b>100.00%</b>

### Asset Allocation



### Quantitative Indicators

#### Average Maturity

49 Days

#### Modified Duration

45 Days

### Rating Profile

100.00%

A1+/AAA or equivalent

### Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
01-02-2012	₹ 1000	₹ 1007.8949	₹ 6.6210
01-03-2012	₹ 1000	₹ 1007.6126	₹ 6.3406
03-04-2012	₹ 1000	₹ 1001.9208	₹ 1.9208

Pursuant to payment of dividend, the NAV of the scheme will fall to the extent of dividend distribution and statutory levy (if any). Past performance may or may not be sustained in future.

\*CRISIL Disclaimer: A CRISIL credit quality rating on a bond fund reflects CRISIL's current opinion on the degree of protection offered by the rated instrument from losses related to credit defaults. It does not constitute an audit by CRISIL of the fund house, the scheme, or companies in the scheme's portfolio. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell or hold the related scheme; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL reserves the right to suspend, withdraw or revise its rating at any time, on the basis of any new information or unavailability of information or any other circumstances, which CRISIL believes may have an impact on the rating. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 3342 3001- 09

## INDIABULLS ULTRA SHORT TERM FUND

(An open-ended debt scheme)

### Investment Objective

To provide liquidity with return commensurate with low risk through a portfolio of money market and debt securities. However, there can be no assurance that the investment objective of the scheme will be achieved.

### Fund Details

#### Fund Manager

Mr. Raju Sharma  
Total work experience: 20 years  
Mr. Puneet Srivastava  
Total work experience: 15 years

#### Indicative Investment Horizon

1 month & above

#### Benchmark Index

CRISIL Liquid Fund Index

#### Date of Allotment

January 6, 2012

#### Nav as on 30 April 2012

Growth Option: ₹1032.6817  
Daily Dividend Option: ₹1000.1267  
Weekly Dividend Option: ₹1000.0443  
Fortnightly Dividend Option: ₹1000.0000  
Monthly Dividend Option: ₹1000.0000

#### Options

The Scheme offers the following options across a common portfolio:

- Growth and Dividend

#### Default Option / Facility

Default Option - Growth  
Default dividend Facility - Reinvestment

#### Minimum Application Amount

₹ 5,000 and in multiples of ₹ 1/- thereafter.  
Minimum Additional Purchase Amount:  
₹ 1,000 and in multiples of ₹ 1/- thereafter.

#### Load Structure

Entry Load: Not Applicable  
Exit Load: Nil

#### STP/STP/SWP:

SIP/STP/SWP facilities are not available

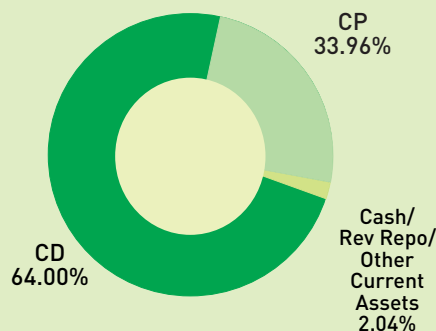
#### Avg. AUM for the quarter (March 2012)

₹ 49,594.61 Lakhs

### PORTFOLIO

Name of Instrument/Issue	Rating	% of Portfolio	
<b>Certificate of Deposits</b>		<b>64.00%</b>	
Canara Bank	A1+	13.69%	
Corporation Bank	A1+	13.63%	
UCO Bank	A1+	13.56%	
Oriental Bank of Commerce	A1+	6.85%	
Allahabad Bank	A1+	5.43%	
Punjab National Bank	A1+	5.43%	
Corporation Bank	A1+	5.40%	
<b>Commercial Papers</b>		<b>33.96%</b>	
Shriram Equipment Finance Company Ltd	A1+	13.54%	
Kotak Mahindra Prime Ltd	A1+	6.83%	
Aditya Birla Finance Ltd	A1+	6.83%	
Supreme Industries Ltd	A1+	6.76%	
<b>Reverse Repo/Cash/CBLO/Other Current Assets</b>	Sov.	2.04%	<b>2.04%</b>
<b>TOTAL</b>		<b>100.00%</b>	

### Asset Allocation



### Quantitative Indicators

#### Average Maturity

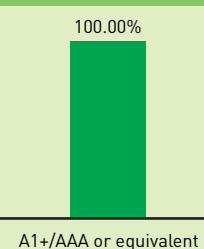
37 Days

#### Modified Duration

34 Days

### Rating Profile

100.00%



### Dividend History - Monthly Option

Record Date	Face Value	NAV	Dividend/Unit
25-01-2012	₹ 1000	₹ 1005.2247	₹ 5.2247
27-02-2012	₹ 1000	₹ 1008.5198	₹ 8.5198
26-03-2012	₹ 1000	₹ 1007.4715	₹ 7.4270

Pursuant to payment of dividend, the NAV of the scheme will fall to the extent of dividend distribution and statutory levy (if any). Past performance may or may not be sustained in future.

## INDIABULLS BLUE CHIP FUND

(An open-ended equity scheme)

### Investment Objective

To provide long-term capital appreciation from a portfolio that is invested predominantly in equity and equity-related securities of blue-chip large-cap companies. However there can be no assurance that the investment objective of the scheme will be achieved.

### Fund Details

#### Fund Manager

Mr. Aviral Gupta  
Total Work Experience: 14 years

Mr. Amarjeet Singh  
Total Work Experience: 26 years

Mr. Sumit Bhatnagar  
Total Work Experience: 10 years

#### Benchmark Index

CNX Nifty

#### Date of Allotment

10 February 2012

#### NAV as on 30th April 2012

Growth Option: Rs.9.37

Dividend Option: Rs.9.37

#### Options

The Scheme offers the following Options across a common portfolio:

- Growth Option
- Dividend Option

#### Default Option / Facility / Frequency

Default Option – Growth

Default Dividend Facility – Reinvestment

#### Minimum Application Amount

₹ 5,000 and in multiples of ₹ 1/- thereafter.  
Rs. 1,000 and in multiples of Re. 1 thereafter  
(For Systematic Investment Plan (SIP))

Minimum Additional Purchase Amount:  
₹ 1,000 and in multiples of ₹ 1/- thereafter.

#### Load Structure

Entry : Not Applicable  
Exit : 1% if redeemed/switched out within first year, NIL if redeemed/switched out in second year

#### STP/STP/SWP:

SIP/STP/SWP facilities are available

### PORTFOLIO

#### Industry Allocation of Equity Holding

#### % of Net Assets

Financial Services	32.29
Consumer Goods	15.66
Energy	9.82
Automobile	8.59
Construction	6.71
IT	6.15
Metals	3.74
Telecom	2.52
Pharma	2.43
Cement Products	2.36
Industrial Manufacturing	1.22
Media	0.71
Services	0.47

#### Top 10 Holdings - Company

#### Industry

#### % to NAV

#### Equity & Equity Related

ITC Ltd	Consumer Non Durables	8.94
Reliance Industries Ltd	Petroleum Products	8.14
ICICI Bank Ltd	Banks	6.57
HDFC Bank Ltd	Banks	6.29
HDFC Ltd	Finance	6.24
Larsen Ltd	Construction Project	4.62
State Bank Of India	Banks	3.89
Tata Consultancy Serv Ltd	Software	3.30
Tata Motors Ltd	Auto	3.25
Bharti Airtel Ltd	Telecom - Services	2.25

#### Top 10 Equity & Equity Related Holdings

**53.76**

#### Total Equity & Equity Related Holdings

**92.67**

Cash & Cash Equivalents and Net Current Assets

7.33

#### Grand Total

**100.00**

No Dividend has been declared in this month

**Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**

**Indiabulls Asset Management Company Limited**

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