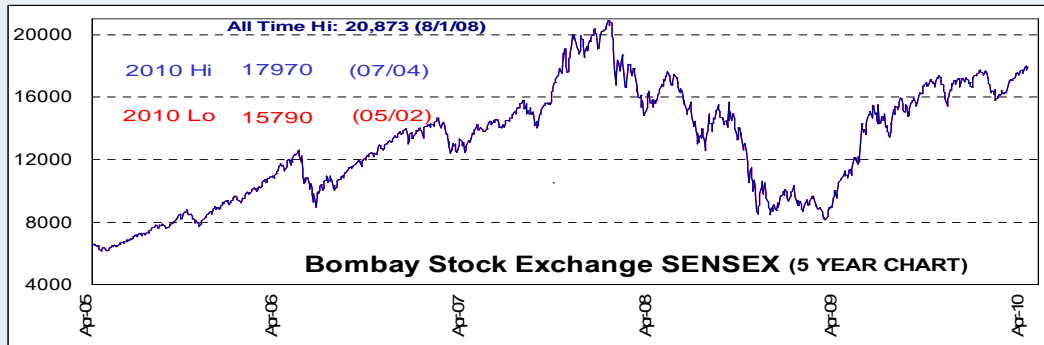




The India Report

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9 April 2010



Source, chart & following table: Bloomberg

Close 9 Apr 2010	Index	Pts Chg Day	% Chg YTD	2010/11 PER	5 Yr PER Hi	5 Yr PER Lo	5 Yr Avg
SENSEX 30	17,933	+219	+0.5	16.9x	25.0x (1/08)	8.1x (11/08)	18.7x
NIFTY 50	5,362	+57	+1.1	17.2x	N/A	N/A	N/A

ECONOMIC NEWS

- Indian sales of vehicles – including cars, trucks, buses, utility vehicles, motor cycles and scooters – jumped an annual 26.4% in 2009/10 (y/e March 2010) to a record 12.3m units according to the Society of Automobile Manufacturers (SIAM). This exceeded the previous record of 10.12 m vehicles sold in 2006/07, before the unfolding global financial crisis in the years 2008 and 2009. Car sales rose an annualised 20.1% in March to 155,600 cars; customers advanced their purchases ahead of price rises on April 1 due to new emission norms related expenses and rising raw material costs. Sales of trucks and buses, a barometer of economic activity, rose 61.2% to 67,362 units in the month. Looking ahead, the year to March 2011 is expected to see vehicle sales at a record high for the second year running. Mr Pawan Goenka, President of SIAM expects passenger vehicle sales, including cars and utility vehicles, to rise about 17% p.a. to reach 4.5 m units by 2015/16, with the total value of the auto industry reaching \$145bn. **Our view is that 16-17% p.a. growth looks ambitious, but maybe achievable as economic growth returns to trend. For the year to March 2010 car sales rose 25.6% to 1.95 units, albeit from a low base.**
- With the Indian economy recovering faster than expected, and investor confidence recovering, private equity investments climbed to their highest level in six quarters in India, according to Chennai-based research firm Venture Intelligence Limited. New investments rose more than 300% from \$620m in Q1 2009 to \$2bn in Q1 2010. US private equity giant Blackstone plans to invest up to \$3bn in India over the next five years after having invested \$1bn in the last five years, according to Mr Akhil Gupta, Chairman of Blackstone, India.
- The SENSEX closed higher for the ninth consecutive week today and the quarter ended March 31, 2010 saw the index ending higher for the fifth consecutive quarter as investor confidence in the Indian economy continues to grow.

OTHER NEWS

- Bangalore headquartered United Spirits Limited (USL:Mkt Cap - \$3.8bn), the flagship company of the UB Group run by Dr Vijay Mallya, Chairman, touched a milestone in the year to March 2010 with sales volume crossing the 100 million mark in 12-bottle cases. This makes it the world's second-largest

BOMBAY

INR/US\$ Rs44.29

INR/GB£ Rs67.97

INR/EUR Rs59.54

The SENSEX closed up 1.2%, near the 2010 high seen 2 days ago. The top 3 winners from the SENSEX & NIFTY were: Tata Motors (+4.5%), HDFC (+4.4%), BHEL (+2.8%) and losers were: Bharti (-1.6%), Power Grid (-1.3%) and Idea Cellular (-1.2%). The indices should test new 2010 highs in the coming weeks.

LONDON / NEW YORK

GDRs + ADRs are generally higher as many shares trade close to or at 2010 highs. On London's AIM, low volumes are seen in Indian shares.

spirits company by volume, overtaking Paris headquartered Pernod Ricard. The Indian spirits industry sells 236 million cases and USL has a dominant share with 59% in the segment it operates in. In the last 25 years it has sold 740 million cases, creating a new world record. USL has outperformed global competitors with its brands growing at 14% p.a. while the world's top spirits brands collectively grew at only 1% p.a. at a time when 18 out of the top 25 global premium brands lost ground. The company is optimistic about the Indian economy helping its growth through higher salaries for consumers and increased demand coming from more than 100 million consumers entering the legal drinking age in the next 5 years. USL acquired UK's Whyte & Mackay in May 2007 for \$1.1bn, but failed last year to forge an alliance with the world's number 1 spirits company, Diageo, when its offering of an equity stake was rejected mainly due to valuation reasons. **In our view, USL represents a good example of a local company growing to international size and stature because of the huge domestic market in India.**

➤ Essar Energy, part of India's conglomerate Essar Group, plans to raise about \$2.5bn through a full listing on the London Stock Exchange. A 20-25% stake in Essar Energy is to be sold by brothers Shashi and Ravi Ruia and the funds are to be used to fund projects including the acquisition of coal mines and the development and exploration of oil and gas blocks. Details of pricing are not available as yet and the success of the float will crucially depend on sensible pricing to attract investors. The brothers formed Essar (from the initials of the older brother, Shashi Ruia) in 1969. The Essar Group whose interests span steel, oil and gas, power, communications, construction and minerals, shipping, ports and logistics has a group turnover of \$15bn, has operations in 60 countries and employs 60,000 people. Essar Energy's share sale will be India's third largest after ICICI Bank's \$4.6bn follow on sale in the US in 2007 and Reliance Communication's IPO of \$2.8bn in 2008. Essar is Vodafone's Indian partner in the country's third largest mobile firm, Essar Vodafone, with a 33% stake. The mobile firm crossed the 100m subscriber base in India in March to become the third mobile operator in the country to top 100m subscribers and the fifth operator in the world to have so many subscribers in a single country. **Our view is that the London Stock Exchange listing is to gain a wider investor base and international visibility. This is another example of corporate India wishing to gain a global footprint.**

SELECTED SHARE PRICES

GDR OFFER PRICES (US\$) LONDON – 9 Apr. 2010: 15:00 GMT							
Company	Day's Price	Day's Change	Premium/Discount	Company	Day's Price	Day's Change	Premium/Discount
L&T	\$37.44	+60¢	+1.0%	SBI	\$96.60	-10¢	+1.6%
M&M	\$12.30	+54¢	+3.1%	Suzlon Energy	\$6.90	+10¢	+1.7%
Ranbaxy	\$10.79	-2¢	+2.2%	Tata Power	\$30.98	n/c	+0.1%
Rel. Inds	\$51.30	+60¢	+1.1%	Tata Steel	\$15.65	+30¢	+2.4%

Source : Bloomberg

ADR OFFER PRICES (US\$) NEW YORK – 9 Apr. 2010: 15:00 GMT							
Company	Day's Price	Day's Change	Premium/Discount	Company	Day's Price	Day's Change	Premium/Discount
Dr.Reddy	\$28.28	-43¢	+0.8%	Satyam	\$5.44	-3¢	+27.4%
HDFC Bank	\$146.76	+\$2.40	+11.1%	Sterlite	\$19.86	+37¢	-0.7%
ICICI Bank	\$44.53	+45¢	+0.8%	Tata Com (ex VSNL)	\$13.03	-4%	-0.2%
Infosys	\$60.64	+32¢	+0.3%	Tata Motor	\$19.19	+44¢	+9.2%
MTNL	\$3.44	-1¢	+0.3%	WIPRO	\$23.5	+14	+46.6%

Source : Bloomberg

AIM (LONDON): in GB p unless stated otherwise (indicative only) – 9 Apr 10: 15:00 GMT							
Company	Day's Price	Day's Change	YTD Change	Company	Day's Price	Day's Change	YTD Change
DQE	124	-12.50	+23%	KSK	625	n/c	+20%
Dhir India	100	n/c	-5%	Naya Bharat	\$0.39	n/c	-3%
Eredene	195	n/c	+16	Noida Toll	\$4.50	n/c	0%
Eros	168	+1	+4%	OPG Power	70	n/c	-29%
Gt Eastern	530	n/c	+20%	Prometh. (Eleph.Cap)	70	n/c	+17%
Greenko	164	n/c	+39%	Trinity	55	+0.25	-1%
HIRCO	137	n/c	-14%	Unitech	34	+1	+42%
Indian Films	42	n/c	0%	W. Pioneer	28.5	n/c	+14%
Ishaan	65	n/c	+23%				

Source : Bloomberg

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