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Source: chart & following table: Bloomberg

		Pts Chg	% Chg	2010/11	5 Yr	5 Yr	5 Yr
CLOSE: 21 Feb 2011	Index	Day	YTD	PER	PER Hi	PER Lo	Avg
SENSEX 30	18,438	+227	-11.2%	17.3x	25.0x	8.1x	18.7x
NIFTY 50	5,519	+ 60	-11.0%	17.4x	N/A	N/A	17.2x

BOMBAY

INR ₹ /US\$ Rs45.10

INR ₹ /GB£ Rs73.33

INR ₹ /EUR Rs61.80

The SENSEX rose 1.25% as shares surged in the last hour. Most sectoral indices closed higher. Top BSE 30 share gainers were: TCS (1136 +4%), WIPRO (450 +4%), Sterlite (165 +3%), while losers included Tata Motors (1162 -3%), Hero Honda (1439 -2%) and Maruti (1213 -1%).

LONDON / NEW YORK

All GDRS and ADRS are down YTD, with Reliance Industries down the most at 28%. AIM stocks fare better with 6 in our table showing double digit % gains.

ECONOMIC NEWS

⇒ **One of the largest foreign direct investments into India to-date is being made by UK's oil giant, BP, in a \$7.2bn deal with India's Reliance Industries.** BP is to own 30% of 23 oil and gas blocks and form a 50:50 joint venture with Reliance, India's largest private company, for deep water oil exploration and the sourcing and marketing of oil and gas. BP is to pay Reliance Industries \$7.2bn and performance payments of up to \$1.8bn if the tie up leads to the development of commercial discoveries. Reliance runs the world's biggest refining complex at Jamnagar in the western India state of Gujarat and its two plants have a combined capacity of 1.2 million barrels a day. The company has also been buying U.S. shale gas assets.

⇒ **The above deal is very welcome news for India as a sign of investor confidence in the country and, in particular, for the country's oil and gas potential which could transform the country's fortunes.** India currently imports about 70% of its oil requirements and this is estimated to rise over 80% in the next 15 years to fuel a growing economy if no oil/gas is found domestically. Oil accounts for about 30% of the country's energy needs.

⇒ **The BP-Reliance deal gives a significant boost to bilateral investments between UK and India, following UK PM David Cameron's very successful visit to India last July.** For India, the investment is good news at a time when FDI into the country has shown a drop of 24% in 2010 to \$21bn from \$27bn in the previous year. In 2010 FDI into China rose 6.3% to cross \$100bn for the first time and FDI into Malaysia rose over 400% to \$7bn. Foreign investor perceptions of inconsistent and less than friendly business

policies, excessive bureaucracy and corruption and sectors being slow to open up in India have not helped. The recent corruption scandals which have paralysed Government have tainted India's image as an investment destination. However, foreign investors may benefit from many local Indian businessmen's observation over the years that the country continues to grow, despite the Government.

⇒ **According to a study by leading global management consultancy firm Booz and Company auto sales in India are to at least double by 2020 to 5 million vehicles sold per year.** This is twice as large as auto sales in 2010 in Europe's largest market, Germany. The Indian auto market, according to Booz, is now at the inflection point of explosive growth in the coming decade, much like China in the last decade. By 2025 India is expected to have surpassed the U.S. as a hub for auto production and by 2035 will have overtaken the U.S. auto market by sales with industry-wide revenues of up to \$200bn. In 1980, Asia including Japan, accounted for about 7% of global auto sales. Since then countries in the region have seen their economies grow and standards of living improve. The Booz study forecasts that by 2020 about 65% of global auto sales of 205 m units will come from Asia. Vikas Sehgal who led the study said India could attract up to \$35bn in new investment from auto manufacturers to cater for a growing domestic market and for export to other countries.

⇒ **Because of the failure to reach agreement multilaterally between nations to boost global trade countries (Doha World Trade Talks) countries are signing bilateral trade pacts.** In the last ten days India signed two trade pacts (with Japan and then Malaysia) to bring the total to four within a year. Many Japanese investors view India at an economic stage now where Japan was in the late 60s and 70s before its economic rise gained momentum.

**SELECTED SHARE PRICES****GDR OFFER PRICES (US\$) LONDON – 21 Feb 2011 : 1515 GMT**

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
L&T	\$36.75	-11%	SBI	\$125.30	-4%
M&M	\$14.42	-19%	Suzlon Energy	\$4.40	-10%
Ranbaxy	\$11.52	-16%	Tata Power	\$28.34	-6%
Rel. Inds	\$41.95	-28%	Tata Steel	\$14.35	-7%

Source : Thomson Reuters

ADR OFFER PRICES (US\$) NEW YORK – 21 Feb 2011 : 1545 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Dr.Reddy	\$33.89	-8%	Patni Computers	\$20.18	-6%
HDFC Bank	\$153.52	-8%	Sterlite	\$14.38	-13%
ICICI Bank	\$45.57	-10%	Tata Com (ex VSNL)	\$ 9.44	-17%
Infosys	\$69.37	-8%	Tata Motor	\$26.40	-10%
MTNL	\$ 2.08	-14 %	WIPRO	\$13.28	-14%

Source : Thomson Reuters

AIM (LONDON): in GB p unless stated otherwise – 21 Feb 2011 : 1630 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Caparo Energy	119	+6%	Ishaan	60	-6%
DQE	117	-7%	Jubilant Energy	76	+14%
Eredene	17	-6%	OPG Power	109	+34%
Eros	252	+10%	Photon Kaathas	48¢	-8%
Greenko	171.5	-12%	SKIL Ports	230	-6%
HIRCO	61	-14%	Trikona Trinity	63.5	+25%
IEnergizer	197	+12%	Unitech	29	-6%
Indus Gas	753	+20%	W. Pioneer	23	+3%

Source : Thomson Reuters

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