



INDIA REPORT

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Source: chart & following table: Bloomberg

	Index	Pts Chg	% Chg	2011/12	5 Yr	5 Yr	5 Yr
CLOSE: 30 Jan 2012		Day	YTD	PER	PER Hi	PER Lo	Avg
SENSEX 30	16,863	-371	+11.5%	14.7x	25.0x	8.1x	18.4x
NIFTY 50	5,087	-105	+12.5%	14.3x	N/A	N/A	17.0x

ECONOMIC NEWS

⇒ **The Indian Rupee has appreciated about 7% this year vs a near 16% fall in 2011 when it ended the year at Rs 53.01 vs the US\$.** With poor economic data signalling a sharply decelerating economy, at the start of 2012 a fall to Rs 55 was possible in January. And, a possible further depreciation down to Rs 60 vs the US\$, as markets often overshoot. However, what caused the reversal of trend was the unexpected sharp fall in food inflation (in fact it turned to food deflation for the first time in 6 years). This in turn triggered a sharp fall in wholesale inflation to 7.47% for December 2011, the lowest for 2 years. This raised hope that interest rates, which had risen 13 times in 2010 and 2011, had peaked. And, that the next move would be downwards, possibly as early as March, if inflation is in the 6.5 - 7.5% range for the next two readings. FII's sensing a turnaround in the economy if interest rates are cut, have invested an impressive \$ 2.08 bn in Indian shares this month, after being net sellers of \$ 348m in all of 2011. The strong capital inflows from FIIs, coupled with US\$ weakness, has helped the Rupee claw back in one month almost half of its loss for all of 2011. Further appreciation is expected this quarter to around Rs 48 vs the US\$ as Indian shares regain attraction for foreign investors, leading to further capital inflows.

⇒ **Starbucks of Seattle, USA is expected to open its first coffee shop in India by September 2012.** This is a year later than planned because of hurdles in acquiring suitable real estate and high land costs. It aims to have 50 outlets through a 50:50 JV with Tata Global Beverages, part of the Tata conglomerate and the world's second-largest branded tea company. India very recently allowed single brand foreign retailers to own 100% equity, but Starbucks is to continue with its 50:50 JV through Tata Starbucks Ltd which will initially invest \$81m. The new company will buy coffee from India which is the world's fifth largest coffee producer, but exports about 75% of its output as Indians are traditionally tea-drinkers. However, young urban professionals working in modern offices and using shopping malls are embracing Western style drinking habits of having coffee. Starbucks has 17,000 shops, about one-third outside the U.S. It entered China, another traditional tea-drinking

nation in 1999 and now has 400 cafes there. In India, Cafe Coffee Day, a domestic brand, has nearly 1200 outlets and plans to open a new one every third day. Barista, owned by Italy's Lavazza, ranks second and has over 200 cafes. UK's Costa Coffee has about 80 cafes, having entered India in 2008. New retail outlets signal the modernisation process underway in parts of India.

⇒ **YTD 2012 PERFORMANCE OF ASIAN/WESTERN MARKETS: Shares worldwide bounce smartly to start 2012 on an optimistic note.** India leads in Asia after being the worst performer last year among major Asian markets. Most markets in the region show gains as risk aversion for shares reduces, despite Europe's debt crisis.

INDEX PERFORMANCE (source: Thomson Reuters)	Index at 30.1.12	YTD 2012 %Chg	2011 %Chg
ASIA PACIFIC:			
AUSTRALIA 200 INDEX	4,272	+6	-14
CHINA SHANGHAI COMP	2,285	+5	-23
CHINA SHENZHEN COMP	855	-1	-34
HONG KONG HANG SENG	20,160	+11	-20
INDIA NIFTY 50	5,087	+13	-25
INDIA SENSEX 30	16,863	+12	-25
INDONESIA JAKARTA COMP	3,915	+4	+3
JAPAN NIKKEI 225	8,793	+5	-18
MALAYSIA K.L. COMP.	1,513	-1	n/c
PAKISTAN KSE 100	11,883	+5	-5
PHILIPPINES PSEi	4,644	+7	+4
SINGAPORE STI	2,888	+10	-16
SRI LANKA ALL SHARE	5,755	-6	-8
STH. KOREA KOSPI	1,940	+8	-11
TAIWAN TAIEX	7,407	+2	-21
THAILAND SET INDEX	1,075	+5	-1
VIETNAM STOCK INDEX	389	+10	n/c
WESTERN:			
UK FTSE 100	5,671	+3	-6
US D.J. IND	12,653	+4	+6
USA NASDAQ	2,812	+8	-2
BRAZIL BOVESPA	62,770	+11	-18
RUSSIA MICEX 10	3,467	+9	-19

**SELECTED SHARE PRICES****GDR OFFER PRICES (US\$) LONDON – 30 Jan 2012 : 1630 GMT**

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
L&T	\$26.38	+ 44%	SBI	\$ 80.80	+ 30%
M&M	\$13.60	+ 8%	Suzlon Energy	\$ 2.24	+ 56%
Ranbaxy	\$ 9.20	+ 16%	Tata Power	\$ N/A	
Rel. Inds	\$31.99	+ 23%	Tata Steel	\$ 8.88	+ 27%

Source : Thomson Reuters

ADR OFFER PRICES (US\$) NEW YORK – 30 Jan 2012 : 1730 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Dr.Reddy	\$ 33.45	+ 14%	Patni	\$18.28	+ 14%
HDFC Bank	\$ 30.43	+ 19%	Sterlite	\$ 9.09	+ 38%
ICICI Bank	\$ 34.35	+ 33%	Tata Com (ex VSNL)	\$ 8.99	+ 18%
Infosys	\$ 54.19	+ 6%	Tata Motor	\$23.51	+ 41%
MTNL	\$ 1.15	+ 51%	WIPRO	\$ 10.81	+ 8%

Source : Thomson Reuters

AIM (LONDON): in GB p unless stated otherwise – 30 Jan 2012 : 1630 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Caparo (now Mytrah)	94	+ 1%	Jubilant Energy	27	- 7%
DQE	70	+ 76%	Kolar Gold	14	- 6%
Eros	227	- 2%	OPG Power	39	+ 10%
Greenko	122	+ 6%	Photon Kaathas	41¢	- 22%
HIRCO	49	+ 1%	SKIL Ports	150	- 3%
IEnergizer	275	+ 6%	Trinity Cap.	16	+ 8%
Indus Gas	750	+ 6%	Unitech	27	+ 3%
Ishaan	40	- 7%	W. Pioneer	17	- 8%

Source : Thomson Reuters

OTHER : in GB p unless stated otherwise – 30 Jan 2012 : 1630 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Essar Energy	127	- 22%	<u>Collective Funds</u>		
Vedanta Resources	1204	+ 21%	<u>London:</u>		
			Aberdeen New India	215	+ 13%
			JP Morgan India	363	+ 16%
			<u>New York:</u>		
			MS India	\$15.99	+ 16%
			The India Fund	\$21.44	+ 15%

Source : Thomson Reuters

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