



Source: chart & following table: Bloomberg

Close: 14 Mar 2014	Level	Index Pts Chg- Day	% Chg YTD	PE 2014/15	High	5 Year PE Low	Avg
SENSEX 30	21,810	+ 35	+3.0%	14.7x	25.6x	9.1x	17.2x
NIFTY 50	6,504	+ 11	+3.2%	14.2x	25.0x	9.0x	17.4x

BOMBAY - 14 MAR

INR ₹ / USD	\$1=	Rs61.19
INR ₹ / GBP	£1=	Rs101.84
INR ₹ / EUR	€1=	Rs85.14

The figures above are at 14 March.

National holiday on 17th, as Indian markets are closed for the Spring festival of Holi. This Hindu festival of colours signifies the end of winter, arrival of spring and for many a festive day to meet others, play and laugh.

LONDON / NEW YORK : 17 MAR

Most GDRs/ADRs are higher YTD. M&M leads with: +21% YTD. Ranbaxy is the worst loser: -25% YTD. On AIM OPG shines with: + 47% YTD.

⇒ **Some good news on the inflation front.** This has troubled the Indian economy for many months and contributed to interest rates being kept at elevated levels. The high interest rates have had the unintended result of sharply slowing down the economy. Helped mainly by moderating food prices, India's wholesale prices-based inflation eased to a nine-month low of 4.68% in February. In January it was 5.05%. Separately, retail inflation eased for the third straight month to a 25-month low of 8.10% in February vs 8.79% in January on moderating vegetable prices. Hitherto stubbornly high inflation, and a slowing economy, have hit household budgets and company profits. As a result consumer demand as well as corporate capital expenditure, both vital to kick-starting the flagging economy, have been badly dented. **The next decision on interest rates is due on 1 April. Falling inflation raises hopes of these being kept on hold.**

⇒ **India gains from major shifts in global crude oil trading routes.** The biggest changes in global crude supply patterns for several decades have become evident in recent months. This has occurred as the US reaps the benefits of its shale oil boom through a decreased dependence on imports, and its newly acquired status as a net exporter. Traditional suppliers from Latin America have been forced to seek out new, more distant, buyers as far away as India, China and Japan. India, which is 80% dependent on imported crude, is the world's 4th biggest buyer. Cheap supplies are crucial as its economy is challenged by power shortages and the massive cost of subsidising fuel for millions of its poor. Unsurprisingly, oil imports are thus the biggest contributor to India's current account deficit. The supply problem was exacerbated in recent years. The UN sanctions imposed on Iran, because of its nuclear ambitions, had a knock on effect on India. Iran dropped from 2nd to 6th in India's crude supplier ranking. **State refiners in the sub-continent sought to offset the shortfall through other Middle East sources, such as Saudi Arabia and Iraq, which are now the top two suppliers.**

⇒ **Good news for domestic refineries.** The pursuit of new markets by former US crude suppliers provides a great opportunity for Indian refineries to contract cheaper inputs. This will help them to recoup the billions of dollars spent in improving their plants. And to lift profits within a regime that has them sell products at state-capped prices. They are now amongst the most competitive in the world

capable of refining the cheaper crudes available worldwide. Latin American crudes are often heavy grades, which, without elaborate refining, tend to produce higher quantities of low-value products such as fuel oil, used to run ships' engines. In 2005/06, Latin America accounted for just 2.3% (46,200 bpd), of India's crude imports but by 2012/13 that had jumped to c.20% (c.672,400 bpd, 300,000 bpd of which through a long-term deal between Venezuela and privately-owned Reliance Industries via its huge refinery on India's west coast). **Within that same period, Middle East imports slipped from 74% to c.62% of India's crude supply basket, and West African grades fell from 20% to 16%. Freight rates, once a major factor, are also low at the moment. And in some cases included in the deal.**

⇒ **Canadian oil producers are also tapping into the Indian market.** Husky Energy announced last week that it had sold 1 mn. barrels of crude to an Indian refinery in 4Q 2013. Crude from its White Rose field, located about 350 km. off the coast of Newfoundland, has been approved for use in India's state-owned refineries; this was the Country's first purchase of Canadian crude. Husky sees India becoming a cost competitive destination for Canadian crude once TransCanada's proposed US\$12 bn. "Energy East" pipeline is completed. **These new supply patterns have helped alleviate India's public accounts: the current account deficit narrowed to US\$4.2 bn. (0.9% of GDP) in Sept-Dec 2013 from US\$31.9 bn (6.5%) in the same period in 2012.**

⇒ **But infrastructural investment is still way behind target in sectors, apart from oil.** The Asian Development Bank, in a report last October, identified a funding gap of more than US\$100 bn. and the IMF attributes India's current slowdown in large part to infrastructure delays. The Indian Government in the past has acknowledged that poor infrastructure shaves between 1-2% of GDP. A cabinet task force set up by Prime Minister Manmohan Singh recently fast-tracked approvals for projects worth 5% of GDP. But severe bottlenecks will limit the scope for his successor to achieve a turnaround. US\$52 bn. is at least now starting to move forward, out of the US\$80 bn. cleared last year This should lift demand for raw materials such as steel and cement. **But the customary pre-election release of infrastructural funding has come too late to revive the economy before the general election.**



SELECTED SHARE PRICES:

GDR OFFER PRICES (US\$) LONDON – 17 Mar 2014 : 15:00 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
L&T	\$20.38	+ 14%	Rel. Inds	\$28.94	0%
M&M	\$16.95	+ 21%	SBI	\$54.05	- 6%
Ranbaxy	\$ 5.52	- 25%	Tata Steel	\$5.51	- 20%

Source : Thomson Reuters

ADR OFFER PRICES (US\$) NEW YORK – 17 Mar 2014 : 15:15 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Dr. Reddy	\$ 45.94	+ 12%	Infosys	\$54.80	- 3%
HDFC Bank	\$ 38.24	+ 11%	Tata Motor	\$33.26	- 8%
ICICI Bank	\$ 41.01	+ 10%	WIPRO	\$ 13.12	+ 4%

Source : Thomson Reuters

AIM (LONDON): in GB p unless stated otherwise – 17 Mar 2014 : 15:15 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Caparo (now Mytrah)	88.00	+ 12%	Indus Gas	640.00	- 28%
DQE	14.45	- 50%	IEnergizer	235.00	+ 8%
Greenko	175.85	+ 3%	OPG Power	85.45	+ 47%
HIRCO	20.25	0%	SKIL Ports	82.00	+ 15%

Source : Thomson Reuters

OTHER : in GB p unless stated otherwise – 17 Mar 2014 : 15:15 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Essar Energy	64.10	- 12%	<u>Collective Funds</u>		
Vedanta Resources	821.00	- 12%	<u>London:</u>		
			Aberdeen New India	211.70	+ 2%
			JP Morgan India	355.06	+ 7%
			<u>New York:</u>		
			MS India	\$18.40	+ 5%
			The India Fund	\$21.49	+ 8%

Source : Thomson Reuters



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- Introduction of clients to Private Banks globally
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Deepak N. Lalwani also acts as Consultant - India at stock broker WH Ireland (est. 1872), London, where all stock broking activities (GDRS/ADRS/AIM shares + bonds) are executed. The old team from Astaire, where he worked for 16 years, moved to WH Ireland.

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