



# INDIA REPORT

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LALCAP

Deepak N. Lalwani OBE, FCSI, FCCA : Director- India

E: dl@lalcap.com

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## Bombay Sensex 30 : 5 Year Chart



Source: chart & following table: Bloomberg

Close: 23 Jan 2015	Level	Index Pts Chg- Day	% Chg YTD	PE 2015/16	Avg	5 Year PE High	Low
SENSEX 30	29,279	+ 273	+6.5%	17.1x	17.7x	24.3x	13.9x
NIFTY 50	8,836	+ 74	+6.7%	17.0x	17.4x	23.8x	13.6x

## BOMBAY - 26 Jan

INR ₹ / USD \$1= Rs61.47

INR ₹ / GBP £1= Rs92.67

INR ₹ / EUR €1= Rs69.22

The markets were closed for a national holiday. The 66th Republic day was celebrated today. The chief guest for the parade was US President Obama. The SENSEX closed at an all-time high last Friday, 23rd. Markets re-open tomorrow.

## LONDON/NEW YORK - 26 Jan

Most GDRs/ADRs show handsome double-digit gains (see page 2). Most AIM shares show heavy losses.

⇒ **Following PM Modi's official visit to the US last September after becoming PM in May 2014, he personally invited US President Barack Obama as chief guest at India's Republic Day celebrations today.** Obama is the first US President to attend India's Republic Day parade, a show of military might and cultural diversity of this sub-continent. Obama is also the first US President to visit India twice while in office. This is the latest revival in a roller-coaster relationship, between the world's two largest democracies, that has huge potential but also one that last year turned tense and very fragile. A fiery diplomatic spat resulted in the abrupt departure from New Delhi of the well-liked US ambassador, who has only just been replaced. Of significance also is that a US President visiting as a guest of Modi is a triumph for the latter. Especially since he was considered persona-non-grata for 10 years and refused a US visa since 2005 until he became Indian PM last year. Allegations were that Modi did too little to stop religious riots that killed at least 1,000 people, mostly Muslims, while he was Chief Minister of Gujarat. Modi consistently and robustly denied any wrongdoing. Obama and Modi bonded well on the latter's official visit to the US in September 2014. Aides say Obama broke protocol and personally accompanied Modi to the memorial of civil rights leader, Martin Luther King Jr, whose rights struggle was inspired by India's Mahatma Gandhi. This personal gesture by Obama went down very well with Modi.

show. India traditionally invites a head of state as chief guest for the parade celebrations. Last year Japan's PM Shinzo Abe, who has taken a tough stand with China on its territorial claims, was chief guest.

⇒ **What do India and the US bring to the table and why do they both wish to form a strategic partnership?** For the US, India's size, location, fast growing economy and being the world's largest democracy offers much potential. Especially when Europe is facing economic, political and monetary problems, the Middle East faces continual challenges of embracing democracy and a rising China's military and territorial claims are causing concern. The US views India as a huge market and a potential counterweight in Asia to an increasingly more assertive China. But the US has been frustrated with the slow pace of New Delhi's economic reforms, inability to slash bureaucracy and make doing business in India much easier and a reluctance to support Washington in international affairs. The US is keen to expand ties in business, defence, civil nuclear contracts and counter-terrorism. For India, as it moves away from Soviet legacy institutions under Modi, the US represents a huge business market, a major source of badly needed investments into India to lift economic growth and a global superpower that could help with a permanent seat on the UN Security Council.

⇒ **So, what is the significance of Republic Day in India?** India won independence from British colonial rule on 15 August 1947. However, it was not until 26 January 1950 that India declared itself a sovereign republic state with the adoption of its constitution. 26 January each year is a national holiday. In the nation's capital, New Delhi, in a two-hour parade the country's military forces go on flamboyant display, with rows of tanks, missiles and troops. Much of the military hardware dates back to the Soviet era and reflects the close ties with the Soviet Union. However, last year the US overtook Russia as India's biggest arms supplier. India is the world's largest arms importer. The Republic Day parade is presided by the President, commander-in-chief of the armed forces. He gives bravery awards to military personnel, civilians and children for displaying "exceptional courage in the face of adversity". The cultural diversity of this sub-continent is also on

⇒ **Obama's visit ended on a very upbeat note for both countries.** The markets should view the trip as being very fruitful. The two leaders announced plans to unlock billions of dollars in nuclear trade and to deepen defence and counter-terrorism ties and knowledge. Of particular importance was an agreement on two issues that has stopped US companies from setting up nuclear reactors in India and had become a major irritant in bilateral relations. A 10-year framework for defence ties and deals on co-operation for the production of drone aircraft and equipment for C-130 transport planes was agreed. A \$4bn US investment to expand trade and business with India was announced. Other deals ranged from financing initiatives to help India use renewable energy to lower carbon intensity. An Obama-Modi hotline - India's first at leadership level- was agreed. **Overall, a very positive path. The crucial part will be if the untapped potential of a US-India strategic partnership can be unlocked. If so, it will be a huge win-win for both countries.**



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## GDR PRICES (US\$) LONDON – 26 Jan 2015

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
<b>L&amp;T</b>	\$27.82	+ 19%	<b>Rel. Inds</b>	\$28.81	+ 2%
<b>M&amp;M</b>	\$22.15	+ 13%	<b>SBI</b>	\$52.20	+ 8%
<b>Ranbaxy</b>	de-listed		<b>Tata Steel</b>	\$ 6.48	+ 5%

Source : Thomson Reuters

## ADR OFFER PRICES (US\$) NEW YORK – 26 Jan 2015

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
<b>Dr. Reddy</b>	\$ 53.45	+ 6%	<b>Infosys</b>	\$35.69	+ 14%
<b>HDFC Bank</b>	\$ 61.84	+ 22%	<b>Tata Motor</b>	\$51.44	+ 22%
<b>ICICI Bank</b>	\$ 12.88	+ 11%	<b>WIPRO</b>	\$ 12.89	+ 14%

Source : Thomson Reuters

## AIM (LONDON): in GB p unless stated otherwise – 26 Jan 2015

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
<b>Caparo (now Mytrah)</b>	71	- 7%	<b>Indus Gas</b>	157	- 35%
<b>DQE</b>	5	- 44%	<b>IEnergizer</b>	52	- 5%
<b>Greenko</b>	109	- 25%	<b>OPG Power</b>	89	- 10%
			<b>SKIL Ports</b>	53	+ 37%

Source : Thomson Reuters

## OTHER : in GB p unless stated otherwise – 26 Jan 2015

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
<b>Essar Energy</b>	de-listed		<b><u>Collective Funds</u></b>		
<b>Vedanta Resources</b>	391	- 32%	<b><u>London:</u></b>		
			<b>Aberdeen New India</b>	370	+ 15%
			<b>JP Morgan India</b>	597	+ 20%
			<b><u>New York:</u></b>		
			<b>MS India</b>	\$28.87	+ 7%
			<b>The India Fund</b>	\$29.64	+ 15%

Source : Thomson Reuters



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**LALCAP**

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Lalcap Ltd is a London based consultancy (FCA regulated) which specialises in investment opportunities in India, but is also involved in business activity in other areas of the world.

The activities of Lalcap include:

- Introductions to capital providers for funding of businesses, project finance/cross border and private equity deals. With a focus on India, but also opportunities in other parts of the world
- Introductions of funds (long only, hedge and private equity) to banks, family offices and asset managers in Europe
- Introduction of clients to Private Banks globally
- Consultancy - with a focus on promoting business with India
- Publishing the "India Report" which is an independent, objective and succinct macroeconomic analysis on India. The report does not offer investment views on stocks. The first report was authored by Deepak N. Lalwani on 6 March 1995 at the request of the Indian High Commission, London, for an investor meeting there. Since then 600+ reports have been published.

Lalcap offers no dealing/stock broking activities.

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REGISTERED OFFICE: LALCAP LTD, TOWER 42, 25 OLD BROAD STREET, LONDON EC2N 1HN

REGISTERED IN ENGLAND NO: 07245357

LALCAP: E: [info@lalcap.com](mailto:info@lalcap.com)

AUTHOR: Deepak N. Lalwani OBE, FCSI, FCCA

T: +44 (0)20 3519 0909

W: [lalcap.com](http://lalcap.com)

Director - India

E: [dl@lalcap.com](mailto:dl@lalcap.com)