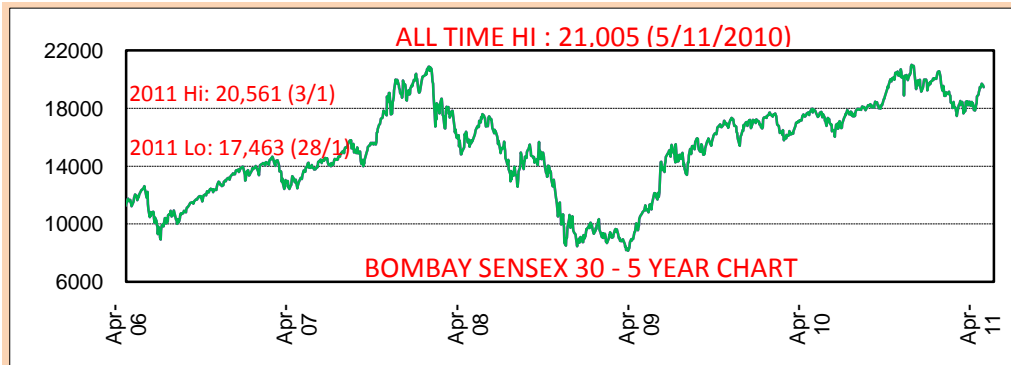




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11 April 2011



Source: chart & following table: Bloomberg

		Pts Chg	% Chg	2010/11	5 Yr	5 Yr	5 Yr
CLOSE: 11 Apr 2011	Index	Day	YTD	PER	PER Hi	PER Lo	Avg
SENSEX 30	19,262	-188	-5.2%	18.4x	25.0x	8.1x	18.7x
NIFTY 50	5,786	-56	-4.8%	18.5x	N/A	N/A	17.2x

ECONOMIC NEWS

⇒ **The recent spate of corruption scandals, including a \$39 bn telecoms one, have finally united people and activists in India to make public office more accountable.** Widespread public anger over graft scandals, which have badly dented India's image, led septuagenarian Mr Anna Hazare (holder of the Padma Bhushan - India's third highest civilian honour) to go on a Gandhi-like hunger strike for the Lok Pal Bill. In Hindi Lok = People and Pal = Protector/Caretaker. The Citizen's Ombudsman Bill will give an independent Ombudsman badly needed powers to prosecute corrupt ministers, judges and bureaucrats who wield enormous power and influence themselves. The hunger strike was reminiscent of Mahatma Gandhi's non-violent protests through hunger strikes during colonial rule over 80 years ago; but, with modern day technology aiding Mr Hazare as crowds increased in New Delhi, Bombay, Bangalore, and Hyderabad thanks to extensive media coverage, text messaging (very popular with the under-30s in India) and social networks like Twitter and Facebook. Mr Hazare's movement has not sought political support or to overthrow the democratically elected Government, but has added voter anger against the Congress Party in a year of four more state elections.

⇒ **Indian P.M. Dr Manmohan Singh gave in to demands of Mr Hazare and protestors to introduce the Lok Pal Bill during the next (monsoon) session of Parliament, which normally starts in July.** An important demand by the activists was also met: that 5 members of civil society sit with the 5 ministers to draft the anti-corruption bill, which is expected to be completed by 30 June. The Lok Pal Bill was originally introduced in 1972 and never made it to Parliament because successive Government officials were in charge. The main Opposition Party, BJP, has indicated

support for it. Mr Hazare has vowed to go on hunger strike again if the bill does not reach Parliament by 15 August.

⇒ **So, will the above bill make any difference to endemic corruption in India? And, will foreign investments rise?** Corruption increased in India over the last forty years because of a lack of proper mechanism to make perpetrators accountable. Hence the boldness of such large scams, eg, the \$39 bn telecoms one being investigated. The Lok Pal, by appointing an independent Ombudsman with real powers to prosecute even high office, promises to be a catalyst for a long overdue clean up. And, will foreign investments rise in India which ranks 78th on Transparency International's latest corruption index, lower than rival China? One has to distinguish between portfolio investments (stock market) and Foreign Direct Investments (FDI). Portfolio investments saw a record inflow last year of some \$29 bn. Procedures for foreign portfolio investors have been simplified considerably although they are still subject to some tedious reporting. FDI, on the other hand has dropped this fiscal year by 25% up to January to \$17bn vs \$23bn a year ago. Inconsistent policies, bureaucracy and recent corruption scandals have contributed to foreign investor enthusiasm waning. **The Lok Pal Bill is good news for India as graft is cleaned up - for the country's image as it moves on its journey to become an economic power, for locals, especially the poor for whom paying bribes is an unnecessary tax, and for foreign investors who will display greater confidence to invest in India and help spur economic growth there.**

⇒ **Despite recent scandals, the growth potential of India makes it a cannot ignore market.** The Federation of Indian Chambers of Commerce and Industry (FICCI) and the Boston Consulting Group (BCG) in a recent report said that India's insurance sector is likely to touch \$400 bn in premium income by 2020, putting the country in the top three in life insurance and top fifteen no-life insurance markets by 2020. In the last decade life policies have increased 12-fold and health insurance 25-fold.

BOMBAY

INR ₹ /US\$ Rs44.06

INR ₹ /GB£ Rs72.15

INR ₹ /EUR Rs63.94

The SENSEX fell 1%. Weaker than expected industrial production numbers for February at 3.6% vs 15.1% a year ago hit sentiment. Capital goods, auto and infrastructure stocks fared worst. Market sentiment is mixed after the recent strong rally.

LONDON / NEW YORK

GDRs and ADRs in our table show better YTD performance as the recent rally in Bombay is also reflected in London & NY.

**SELECTED SHARE PRICES****GDR OFFER PRICES (US\$) LONDON – 11 Apr 2011 : 1515 GMT**

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
L&T	\$37.53	-14%	SBI	\$131.80	+ 3%
M&M	\$16.21	- 5%	Suzlon Energy	\$ 5.00	- 7%
Ranbaxy	\$10.53	-21%	Tata Power	\$27.60	- 7%
Rel. Inds	\$45.68	- 2%	Tata Steel	\$14.41	- 6%

Source : Thomson Reuters

ADR OFFER PRICES (US\$) NEW YORK – 11 Apr 2011 : 1430 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Dr.Reddy	\$ 37.04	+ 2%	Patni	\$21.48	- 1%
HDFC Bank	\$170.44	- 13%	Sterlite	\$15.53	- 5%
ICICI Bank	\$ 49.40	- 3%	Tata Com (ex VSNL)	\$ 11.41	n/c
Infosys	\$ 73.13	- 5%	Tata Motor	\$27.28	- 5%
MTNL	\$ 2.13	- 11%	WIPRO	\$15.18	- 3%

Source : Thomson Reuters

AIM (LONDON): in GB p unless stated otherwise – 11 Apr 2011 : 1630 GMT

Company	Day's Price	YTD % Change	Company	Day's Price	YTD % Change
Caparo Energy	112	- 4%	Ishaan	58	- 9%
DQE	111	-12%	Jubilant Energy	73	+ 9%
Eredene	18	- 4%	OPG Power	92	+16%
Eros	234	+ 4%	Photon Kaathas	48¢	- 8%
Greenko	210	+ 9%	SKIL Ports	197	- 18%
HIRCO	54	-24%	Trinity Cap.	37	- 45%
IEnergizer	190	+ 7%	Unitech	26	- 13%
Indus Gas	785	+23%	W. Pioneer	21	- 24%

Source : Thomson Reuters

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