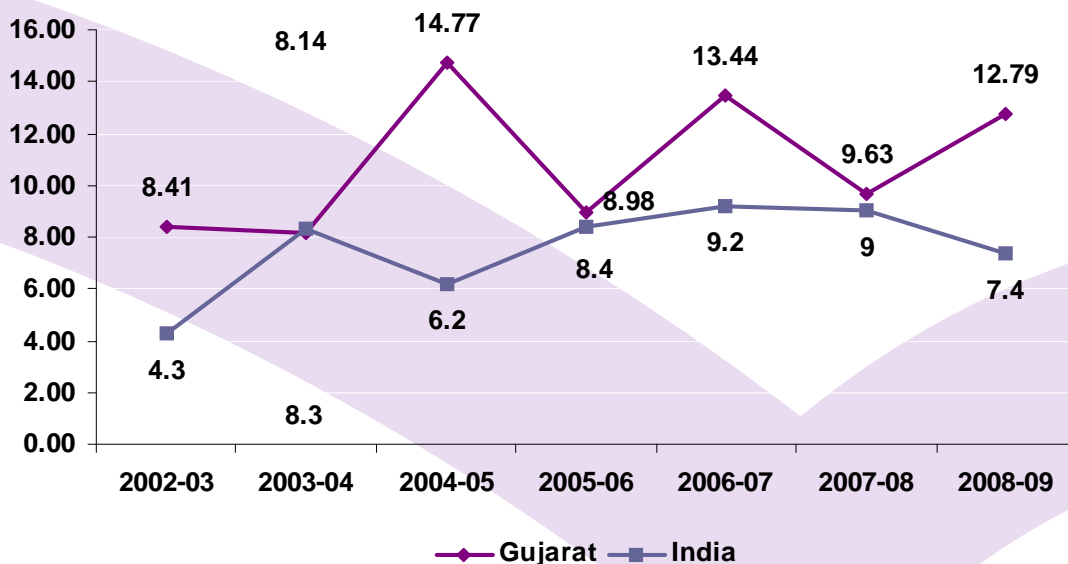


Neighbours Envy, Owner's Pride

Gujarat located on the western most part of India, has one third of coastline of the country. Since inception of the state, the structure of its economy has changed significantly. Not only the State's GSDP and Per Capita GSDP have increased but it has shown all signs of a developed and urbanized economy. The State has maintained its high rank in key economic indicators among the Indian States. Gujarat has emerged as a leading industrialized state in the country providing to be the ultimate destination for many investors, both within and outside India.

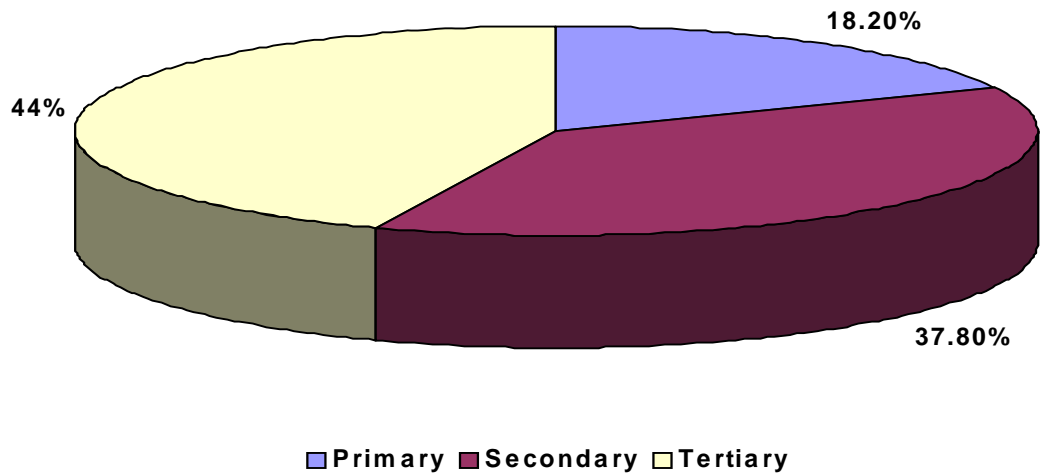
Gujarat is a highly industrialized state and Gujarat economy has been able to achieve higher growth rate than the national average. But it could not entirely escape from the effects of the global recession. Gujarat has continued to witness impressive industrial development. The state has received acknowledgments of 9216 Industrial Entrepreneurs Memorandum (IEM) filed by entrepreneurs till September- 2009.

GDP of Gujarat v/s GDP of India



Through its rich culture, deep rooted heritage and colorful vibrancy, Gujarat has achieved a status where everyone looks at the State with respect. This year Gujarat is celebrating its Golden Jubilee – to celebrate its achievements and renew its promise to achieve a grand vision – a vision of an even more prosperous Gujarat where every Gujarati is healthy and educated, a vision of a clean, green and modern Gujarat, a vision of truly “Golden Gujarat”.

Composition of GSDP as per economic activity



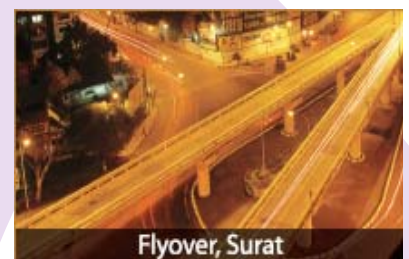
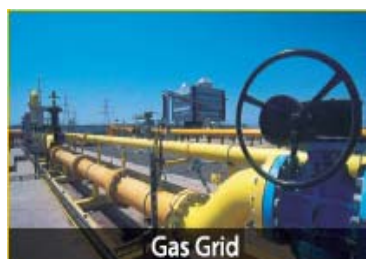
Gujarat holds 11.9% share in the all-India investments

- Gujarat had the highest value of investments in India at the end of the December 2009 quarter. According to CMIE's CapEx database as of 27 January 2010, Gujarat's share in the all-India investments stood at 11.9 percent.
- Outstanding investments in Gujarat stood at Rs.11,76,375 crore, up by 3.6 per cent on a quarterly basis at the end of the December 2009 quarter.
- According to CMIE's CapEx database, projects worth Rs.76,476.21 crore are expected to be completed by March 2011.

Advantage Gujarat

With 5% of India's population, Gujarat has 16% of industrial production. The State has recorded double digit average growth in the last 5 years, even in time of recession.

- Longest Coastline 1600 kms
- Number of Ports 42
- Number of Airports 13
- Special Economic Zones 55
- Industrial Clusters 83
- Integrated Statewide Gas Grid 2200 kms



Port Sector

Steering past the slowdown, ports controlled by the Gujarat Maritime Board (GMB) posted 34.60 per cent growth in 2009-10. They handled 206 million tonnes cargo as compared to 153 million tonnes in 2008-09. The Indian port sector was hit badly by recession last year. All non-major ports of Gujarat that are regulated by GMB posted 4 per cent growth in 2008-09 in terms of cargo handling. The growth was driven by Navlakhi, Magdalla, Jaffrabad, Sikka, Pipavav and Mundra ports.

The traffic at Navlakhi, Magdalla, Jaffrabad, Pipavav and Mundra ports achieved growth of 57 per cent, 13 per cent, 16 per cent, 76 per cent and 10 per cent, respectively, in 2009-10, said a GMB statement. The traffic at Navlakhi increased from 2.83 million tonnes to 4.46 million tonnes, while that at Pipavav rose from 2 million tonnes to 3.56 million tones.

One of the main drivers of growth was Sikka port, operated by Reliance Industries. The traffic at Sikka rose from 65 million tonnes to 107 million tonnes, a growth of about 64 per cent. The new Reliance refinery at Jamnagar that added about 29 million tonnes annual refining capacity emerged the main growth driver, accounting for over 50 per cent of the cargo handled by the state's non-major ports.

Container traffic at Pipavav and Mundra also rose. The containers of both 20 TEU (20-foot equivalent unit) and 40 TEU showed 90 per cent growth in terms of tonnage at Pipavav port. At Alang Recycling Yard, there has been a rise of 50 per cent in steel recovered.

In 2009-10, shipyard projects worth Rs 4,662 crore were sanctioned for Gujarat. These included the Rs 600-crore AFCONS Infrastructure project, the Rs 1,200-crore Dahej shipyard (developed by ABG), the Rs 2,800-crore Jindal shipyard that is coming up in Vengani near Dahej, the Rs 31-crore Bedi port, being developed by Parekh Marine, and the Rs 1,200-crore Bharti shipyard at Mahuva.

Ports

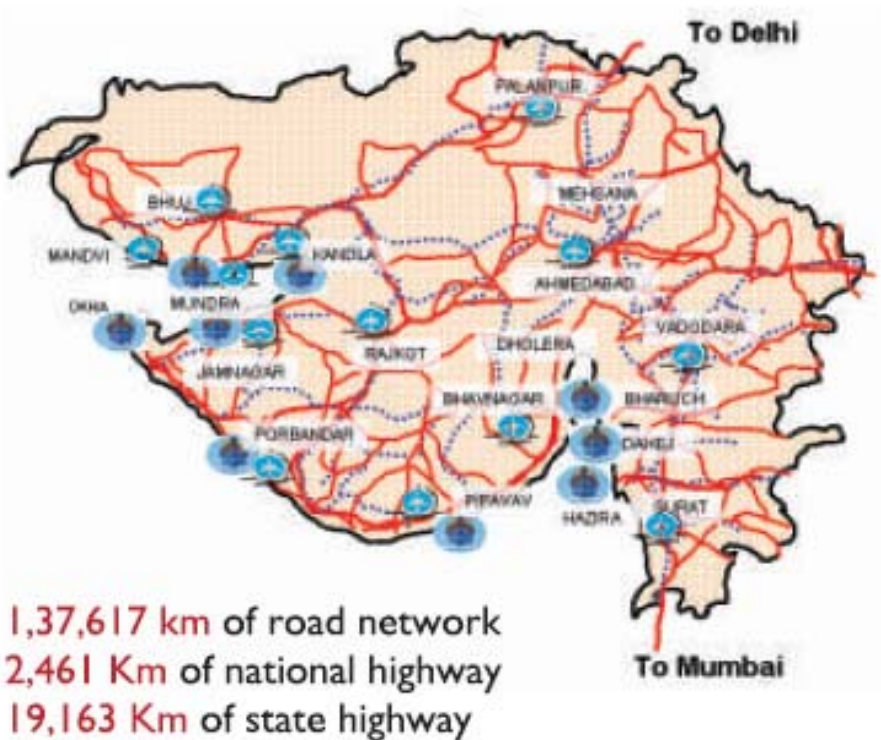


Natural Gateway to the rich land-locked northern and central hinterland
10 green field projects – Pipavav, Mundra, Dahej, Hazira – operational

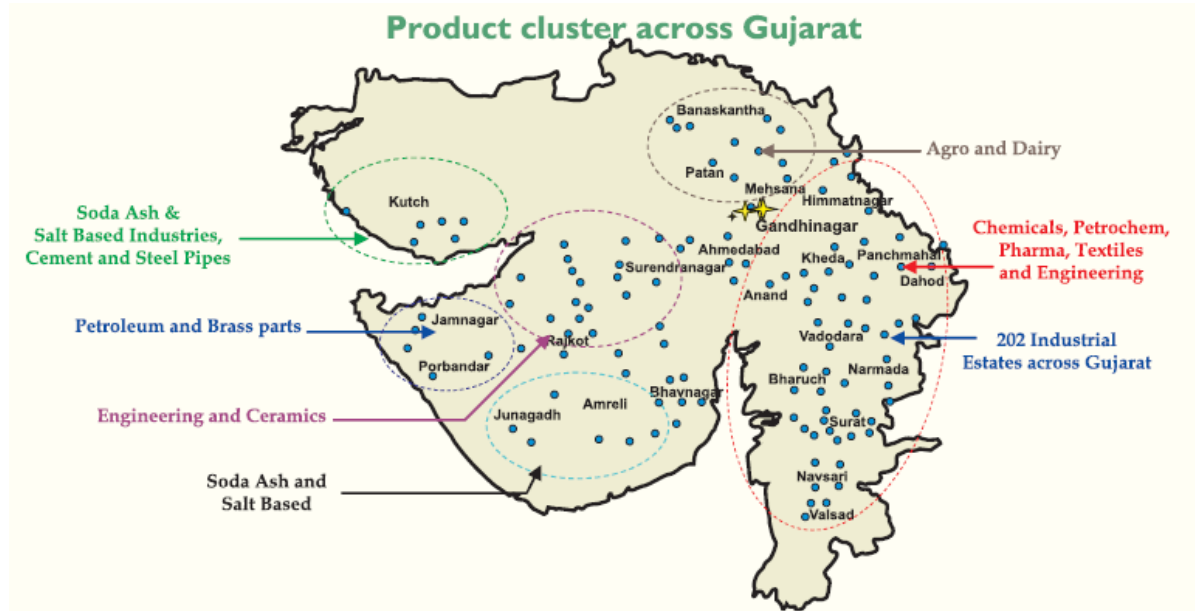
Road Sector

- One infrastructure Surat Municipal Corporation (SMC) will construct Rajmarg Elevator Road Project. The project entails an investment of Rs.75 crore.
- National Highways Authority of India's (NHAI) Fours-Laning Ahmadabad-Godhra Highway Project received approval from the Cabinet Committee on Infrastructure (CCI). The length of the highway is 117.6 km and it will be built at a cost of Rs.1,008 crore. The project was announced in August 2009 under Phase-3 of the National Highway Development Programme (NHDP).
- NHAI has invited bids for its Jetpur-Somnath Four-Laning Highway Project. The project entails a Highway investment of Rs.813 crore and will cover a distance of 127 km. The CCI has given approval to distance of 56.16 km, at an investment of Rs.805 crore.
- NHAI's Garamore-Gagodhar NH-8A Project is expected to be ready by June 2010. The project has an investment outlay of Rs.474.5 crore, and will be developed in two Sections. The first section will cover a distance of 36.3 km and the second will be of 54 km.

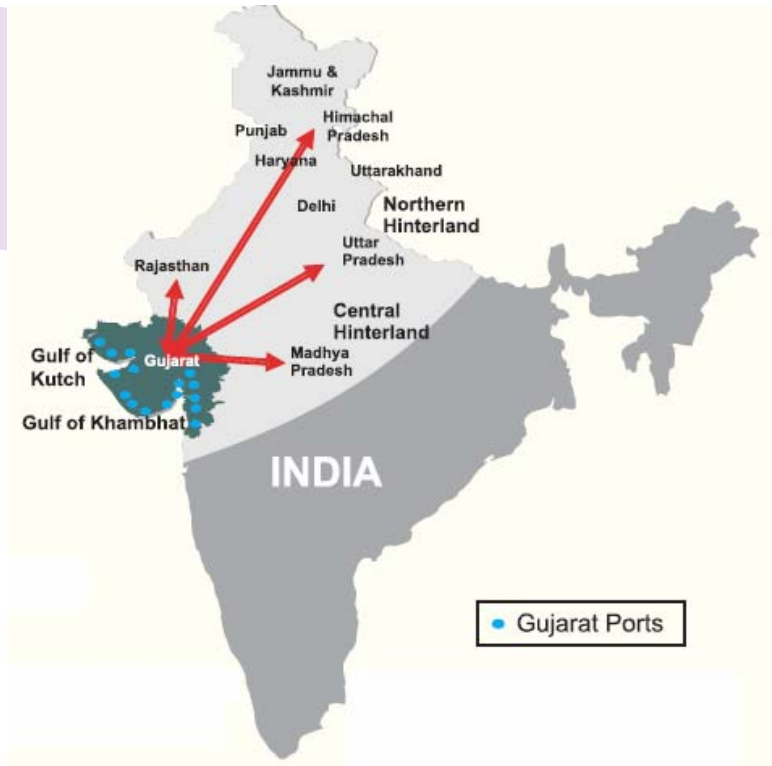
Connectivity



Product Clusters



Strategic Location



Agriculture

- Crop production is estimated to grow by 13.5 per cent y-o-y in 2010-11. Production of oilseeds, cereals and fibres, which together account for 45 per cent of the total Agriculture output is also expected to surge.
- National Bank of Agriculture and Rural Development (NABARD) has projected a credit outlay of Rs.31, 607 crore for Gujarat in the 2010-11 fiscal.
- NABARD's state focus paper 2010-11 noted that Gujarat recorded an annual growth rate of 10.4 per cent during the 10th Plan period. According to the report, adequate infrastructure and support services provided by the state and efforts undertaken by the banks in credit disbursement led to the high growth.
- Three hundred and eighty nine hectares of agricultural land will come under cultivation soon, as 1,700 tribal located in the Hafeshwar village, Vadodara, have been allotted land for cultivation, under the Scheduled Tribes and Other Forest Dwellers Act 2005.
- The tribals were given this land during the Garib Kalyan Mela organized by the Gujarat government.

Power generation projected to increase by 10.9% in 2010-11

- Power generation is expected to grow by 10.9 per cent in 2010-11. This is based on expectation that thermal generation, which accounts for roughly 94 per cent of total generation, will increase by 10.4 per cent.
- Thermal generation is expected to grow by 14.9 per cent in 2009-10. The state has witnessed capacity additions up to 1,958 mw by December 2009.
- During the period April-November 2009, thermal generation reported a growth of 18.4 per cent. Capacity additions of up to 580 mw are scheduled to take place in the 2010.

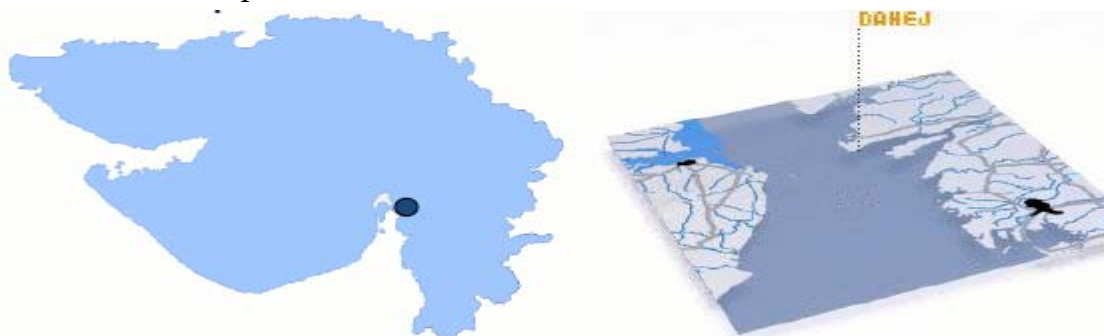
Power scenario of Gujarat over the next 5 years

Company	Type	Place	Current capacity	Planned capacity
NPCIL	Nuclear	Kakrapar, Surat	440 MW	1840 MW in 5 years
NPCIL	Nuclear	Mithi Viridi, Bhavanagar	--	6000 MW in 3 years
Tata Power UMPP	Coal-Fired	Dholavira	----	4000 MW in 4 years
Private	Wind	Distributed	1184.5 MW	4000 MW in 5 years
Private	Bio-mass	Distributed	----	1000 MW in 5 years
Private	Solar (PV and thermal)	Distributed	----	716 MW in 2 years
NTPC	Solar Thermal	Distributed	----	1000 MW in 4 years
Private	Tidal Wave	Kutchh	--	100 MW
Tata Power	Geo thermal	Amreli	---	5 MW

Dahej – Economic Zone of the Future

Dahej SEZ has been ranked 22nd in the list of 'Economic Zones of the Future 2010-11' by fDi magazine – belonging to the Financial Times group. Dahej SEZ is the only multi-product SEZ from India to achieve this distinction.

Over 700 economic zones globally were invited by fDi magazine to complete a survey requesting both qualitative and quantitative data regarding their economic zones. This list of 700 was reduced to 200 based on information collected by fDi Benchmark and information submitted by zones. These zones included free trade zones, special economic zones and country zones. The information collected was set under nine categories: Economic Potential, Cost Effectiveness, Facilities, Transportation, Incentives, Best Promotion, Airport, Port and Overall Description.



Dahej SEZ is a multi-product SEZ being developed by Dahej SEZ Ltd. (DSL), a company jointly promoted by GIDC & ONGC. It is located within Delhi-Mumbai Industrial Corridor (DMIC) and Dahej Petroleum, Chemicals and Petrochemicals Region (PCPIR). The SEZ is spread over 1700 hectares. Dahej SEZ is in advanced stage of development with all infrastructure namely internal roads, water supply, storm water disposal, treated effluent disposal facility, power supply etc. in place.

DSL has, in all, allotted plots to 42 industrial units in SEZ. OPaL is an anchor unit with capital investment of Rs. 13,000 crore in a petrochemical complex. The other important units include:

- DIC Fine Chemicals for production of ink,
- Rallis India Ltd. for production of agro-chemicals,
- Makhteshim-Agan India Pvt. Ltd. for agro-chemicals,
- Indofil Chemicals Company for agro-chemicals,
- Roxul-Rockwool Insulation India Pvt. Ltd. for insulation material,
- Torrent Pharmaceuticals Ltd. for pharma products,
- Godrej & Boys Mfg. Co. Ltd. for heavy fabrication,
- ABG Shipyard Ltd for ship, ancillaries etc.

The total investment in the SEZ would be more than Rs. 22,000 crore with exports of over Rs. 75,000 crore when all units commence commercial production. It is expected that Dahej SEZ will be fully developed and all units will be in operation within the next two years.

India gets first carbon fibre plant

Former President Dr A P J Abdul Kalam inaugurated the country's first carbon fibre manufacturing facility. The Rs. 250-crore set up will produce lightweight material for use in defence, aerospace and infrastructure – under technology transfer from the Council of Scientific and Industrial Research's (CSIR) National Aerospace Laboratory (NAL), which had developed the ultra-light material for the Light Combat Aircraft.

Gujarat hotspot for investors

Seven Gujarat cities figure among the top 100 cities in India, according to a study by Indicus Analytics. That's not surprising at all as the state is one of the most favorite destinations of investors.

From Tata to Ambani, Sunil Bharti Mittal to Venugopal Dhoot to the Ruias, the who's who of corporate India is flocking to Gujarat. Its not only the domestic business moguls who are making sure they are doing business with the state but also the international goliaths who're making a beeline for the state, which is making a bid for acquiring the tag of the country's most investment-friendly destination.

Mr. Parimal Nathwani, MP and group president, corporate affairs, Reliance Industries Ltd, says, "The shine of Gujarat on the golden jubilee year is largely due to focus on industrial economy, entrepreneurship of people, political stability and peace loving nature of people of the state."

Gujarat's fertile investment climate has helped MNCs like GM, Hitachi, CLP and Bombardier to set up its base in the state. Talking to reporters on the sidelines of an investment summit in Gujarat, Mr. Kumarmangalam Birla, chairman, Aditya Birla Group had remarked, "The growth in Gujarat is excellent. We would prefer Gujarat for our future investments."

In fact, the state is being hailed as the ideal haven for investments particularly over the past few years. Three years ago, Tata Group chief Mr. Ratan Tata had made his famous observation, "It is stupid if you are not in Gujarat." He followed it up by bringing his dream project Nano into the state a year down the line.

It goes to the credit of the pro-active state government that at a time when most states are selling themselves as investment destinations, in this new marketing arena, the state is emerging as a major gladiator. Armed with deft media management and high decibel publicity blitzkriegs, its biennial Vibrant Gujarat Global Investors Summits (VGGIS) are fast becoming case studies for all that state governments should do to market their USPs to investors effectively.

With the state chief minister Mr. Narendra Modi himself being projected as the brand ambassador of fast-track development of his state, Gujarat is vying for the top slot in the investment sweepstakes and Mr. Modi is a strong contender for the best CEO CM award.

Mahesh Babaria
maheshb@ghallabhansali.com
Mittal Chheda
mittald@ghallabhansali.com

Disclaimer:-

This document has been prepared by Ghalla Bhansali Stock Brokers Pvt. Limited (Ghalla Bhansali). This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Ghalla Bhansali or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Ghalla Bhansali and affiliates/ group companies to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Ghalla Bhansali reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Ghalla Bhansali is under no obligation to update or keep the information current. Nevertheless, Ghalla Bhansali is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Ghalla Bhansali nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Ghalla Bhansali Stock Brokers Pvt. Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Information Sources:
Vibrant Gujarat