

India

India Weekly Kickstart

Portfolio Strategy Research

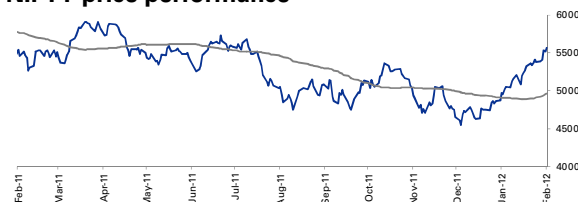
Rally has more legs, NIFTY posts its seventh straight week of gains (+3.4% wow)

- **CNX Public Sector Banks (+8.6%) and CNX Infra (+6.3%) were the best performers wow.**
- **Ytd foreign inflows of US\$4.4 bn in cash equities and US\$3.5 bn in debt, as of Feb 14 2012.**
- **The INR remained stable at around 49 to the US\$.**
- **So far, Q3FY12 earnings surprise, relative to consensus expectations, is -17% for CNX500 companies.**

Overview

Banks, autos and infra sectors gained sharply this week after January WPI inflation declined from 7.5% yoy in December to 6.6% yoy (vs. consensus expectations of 6.7% yoy). More importantly, core inflation declined, raising hopes of a repo rate cut by the RBI on March 15. Gains, however, were capped this week due to persistent delays in securing a deal in Greece. Ytd, the NIFTY has gained 20.3%, driven primarily by strong foreign inflows, improving global macro data and a relaxation in Euro area financial risks.

NIFTY price performance



Source: NSE, DataStream, Goldman Sachs Global ECS Research

Foreign Flows

The divergence between foreign and domestic flows into cash equities continues, with FII's buying US\$ 727 mn and DII's selling US\$ 424 mn wow (as of close of Feb 14, 2012).

Valuation and earnings sentiment

MSCI India is trading above its long-term average, at 14.2x forward earnings. Telcos had the weakest earnings sentiment (-32%) wow.

Commodities

Commodities lost 0.5% wow. Copper (-2.4%) fell, while Crude spiked (+3.5%) on Iranian concerns.

3QFY12 Earnings results

Ranbaxy Labs (Feb 23).

Focus

FII ownership at 15.6% as of Dec 2011.

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Goldman Sachs' views at a glance

Market Allocation

Weightings	Markets	Index targets (Dec-2012)		
Overweight	China	HSCEI	13,600	
	Korea	KOSPI	2,300	
	Taiwan	TWSE	8,500	
	Indonesia	JCI	4,300	
	Market weight	Hong Kong	MXHK	11,600
		Singapore	FSSTI	3,100
		Thailand	SET	1,200
		Japan	TPX	800
		Philippines	PCOMP	4,900
	Underweight	Malaysia	FBMKLCI	1,600
Australia		AS51	4,600	
India		NIFTY	5,800	
Regional target (MXAPJ)				
3-month	6-month	12-month		
440	460	490		

Recent Publications

India: Econ: Jan WPI: Core inflation comes down in January (Feb 14)

<https://360.gs.com/gir/portal?st=1&action=action.binary&d=12539358&r=34>

India's January WPI inflation came in at 6.6% yoy, cooling further from 7.5% yoy in December. This was a notch lower than our and the consensus expectation of 6.7% yoy. On a qoq, s.a. basis, headline inflation declined sharply to 4.9% from 7.4% in the previous month. The November headline number was revised upwards to 9.5% yoy from 9.1% yoy. Core WPI softened in January, and food inflation continued to decline. Fuel price increases remained in double digits due to a rise in prices of diesel oil and naphtha. The clear decline in headline, and especially core, WPI have increased the probability of a repo rate cut by the Reserve Bank of India (RBI) in its March 15 monetary policy meeting, which remains our base case. The sequential decline in core inflation was a critical requirement for the RBI to begin rate cuts. We think that inflation will continue to decline further on strong base effects and a negative output gap. Our forecast of 5% for WPI inflation in FY13 is significantly below consensus expectations of 6.5% compiled by Consensus Economics. We continue to think that the RBI will also enact a 50-bp cut in the cash reserve ratio (CRR) of banks, and continue to inject liquidity through open market operations given the tightness in interbank liquidity. We continue to expect the RBI to cut the repo rate by 150 bp in 2012.

Source: Goldman Sachs Global ECS Research, Goldman Sachs Research estimates.

Conviction List

Bloomberg Name	GICS Sector	Target price (INR)	Last Price (INR)	Up / downside (%)	2012E CROCI (%)	
Conviction Buy						
BHARTI IB	Bharti Airtel Ltd.	Telcos.	460	350	31.3	13
SOBHA IB	Sobha Developers Ltd.	Financials	353	280	26.3	13
ONGC IB	Oil & Natural Gas Corp. Ltd.	Energy	350	280	24.8	14
HCLT IB	HCL Technologies Ltd.	Info Tech	560	475	18.0	24
JSP IB	Jindal Steel & Power Ltd.	Materials	745	640	16.4	15
BJAUT IB	Bajaj Auto Ltd.	Cons. Disc.	2,090	1,813	15.3	53
IIB IB	IndusInd Bank Ltd.	Financials	350	316	10.8	NA
LT IB	Larsen & Toubro Ltd.	Industrials	1,520	1,447	5.0	11
Conviction Sell						
BHEL IB	Bharat Heavy Electricals Ltd.	Industrials	205	285	-28.0	29
MSIL IB	Maruti Suzuki India Ltd.	Cons. Disc.	922	1,357	-32.1	14

Prices and 12-month target prices are as of the close Feb 16, 2012.

Note: For important disclosures, please go to <http://www.gs.com/research/hedge.html>.

Source: FactSet, Goldman Sachs Research estimates.

India Economic Forecasts

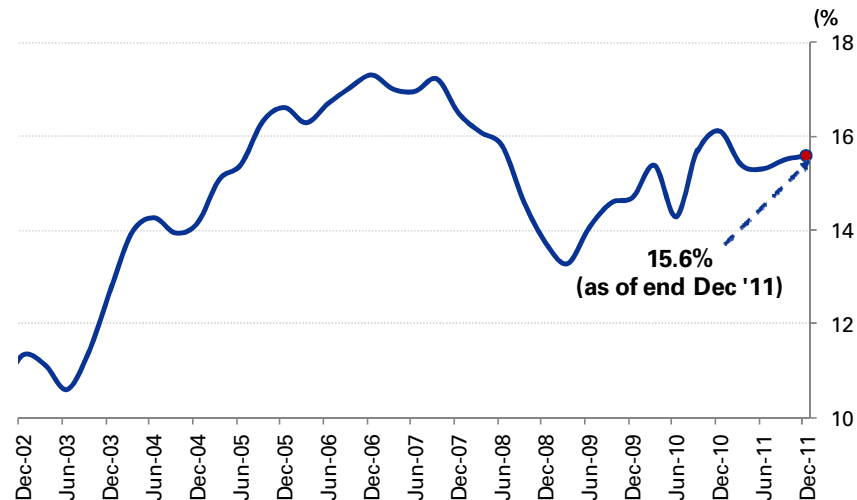
(yoy, %)	FY12P	FY13E	FY14E	Q1 FY13E	Q2 FY13E	Q3 FY13E	Q4 FY13E
Real GDP	6.9	7.2	7.8	6.8	7.3	7.2	7.6
Domestic Demand	5.6	7.8	8.4	7.2	7.7	8.1	8.3
Consumers' Expenditure	6.1	7.5	8.0	7.3	7.5	7.6	7.7
Exports	21.3	13.7	14.0	12.0	13.5	14.0	15.0
Imports	14.5	15.0	15.5	15.0	14.0	15.0	16.0
Wholesale Prices	8.7	5.0	5.0	5.4	5.0	4.7	4.9
Industrial Production	3.5	5.9	7.2	5.2	5.6	6.0	6.6
Broad Money (% of GDP)	15.5	16.0	17.0	16.0	16.0	16.0	16.0
Fiscal Balance	-8.8	-8.2	-7.7	-	-	-	-
Trade Balance	-8.0	-9.9	-9.5	-11.5	-10.2	-9.0	-9.4
Current Account	-3.4	-3.7	-3.7	-3.1	-4.0	-3.5	-4.1
USDINR	53.0	49.0	49.0	50.7	50.7	49.0	49.0
Gross Intl. Reserves incl Gold (USD bn)	305	317	324	313	317	319	317

Source: Goldman Sachs Global ECS Research estimates.

FII Interests

FII ownership of Indian equities was at 15.6% as of end Dec 2011

Trend in FII Holding (%) of S&P CNX 500 Index members since Dec 2002



FII holdings in Tech declined further but rose in Telcos

Trend in FII Holding (%) across S&P CNX 500 Index sectors since Dec 2009

GICS	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Info. Tech.	18.6	19.7	18.7	22.1	21.8	22.0	22.2	20.7	19.9
Cons. Staples	17.3	18.9	17.3	18.8	19.3	19.6	19.2	19.0	19.1
Utilities	17.1	17.5	18.4	18.6	18.5	18.4	18.6	17.8	17.4
Materials	15.6	16.4	15.9	17.1	18.2	17.6	17.8	16.9	15.8
Cons. Discret.	16.8	17.4	14.9	16.8	17.1	16.6	16.9	18.0	18.0
Others	14.7	14.5	12.0	13.8	14.7	13.6	14.0	14.1	14.3
Industrials	10.0	10.9	10.6	11.4	11.4	11.0	11.1	10.9	10.6
Healthcare	9.1	9.5	9.6	10.5	11.0	10.4	10.6	10.5	9.8
Financials	9.6	9.4	8.9	10.1	10.5	9.5	9.5	8.9	8.8
Energy	10.1	6.5	6.2	8.2	7.8	7.1	7.4	8.6	7.1
Telecomm.	5.8	4.5	6.0	6.5	6.5	6.6	6.6	6.7	7.0
CNX500	14.7	15.4	14.3	15.7	16.1	15.4	15.3	15.5	15.6

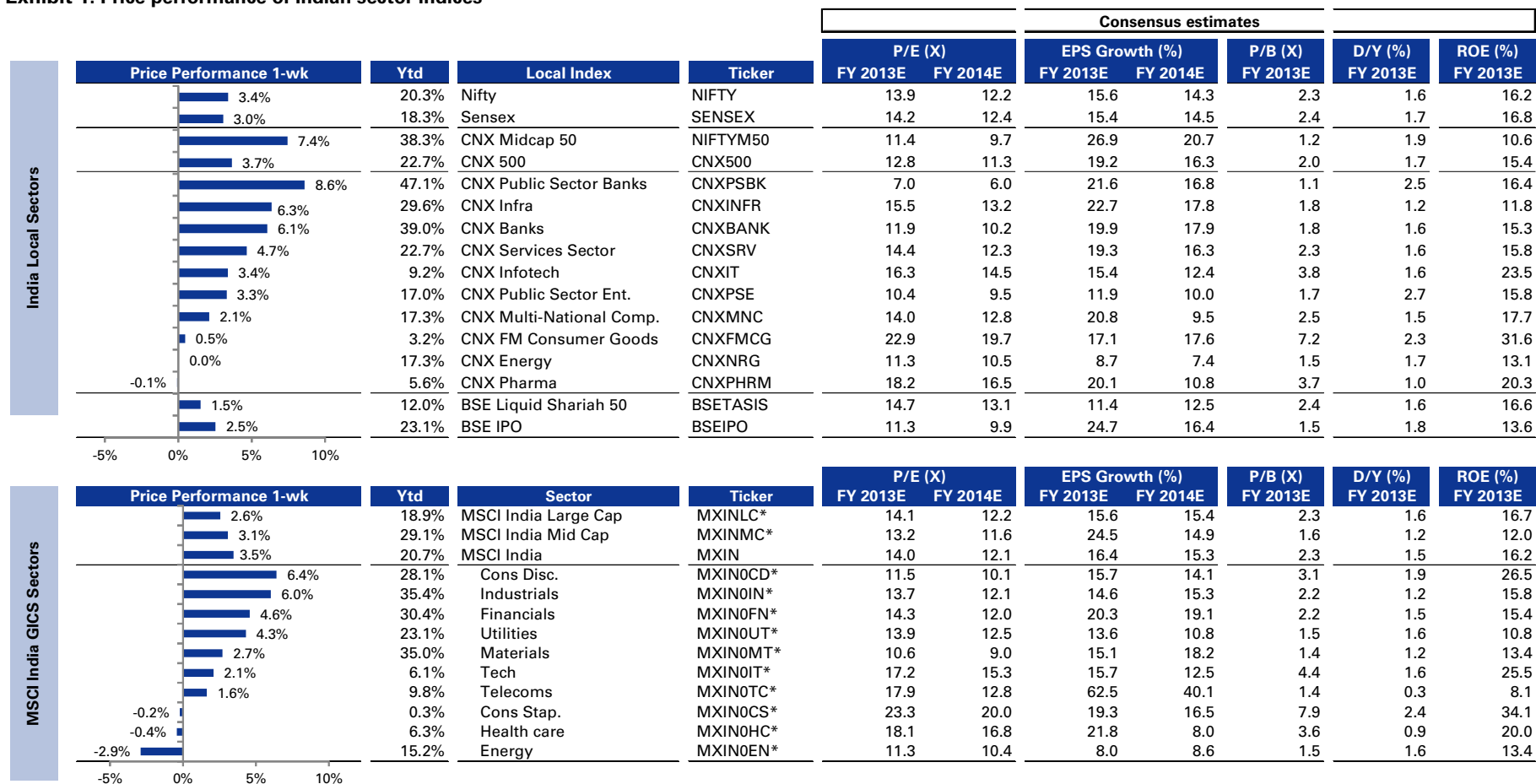
FII ownership of S&P CNX Nifty constituents as of end Dec 2011

Bloomberg	Name	FII Holdings (%)				
		31-Dec-10	31-Mar-11	30-Jun-11	30-Sep-11	30-Dec-11
HDFC IB	Housing Dev. Fin. Corp	59.1	58.6	58.1	58.2	59.0
IDFC IB	Infra. Dev. Fin. Co	50.5	51.1	46.8	47.2	45.8
INFO IB	Infosys Tech.	36.6	36.1	36.9	36.7	37.4
ICICIB IB	ICICI Bank	39.2	38.6	38.6	38.2	34.7
HMCL IB	Hero Motocorp	33.5	32.8	33.7	34.8	33.8
AXSB IB	Axis Bank	36.6	37.7	35.5	31.9	31.4
HDFCB IB	HDFC Bank	29.4	28.5	29.2	29.3	29.7
DRRD IB	Dr Reddys Lab.	27.2	25.9	24.8	26.3	27.1
KMB IB	Kotak Mahindra Bank	24.0	25.4	26.0	26.6	27.0
HNDL IB	Hindalco Ind.	29.8	30.9	30.8	28.2	26.5
MM IB	Mahindra & Mahindra	25.3	22.9	23.6	26.4	26.3
ACEM IB	Ambuja Cements	27.7	27.2	23.7	24.0	25.0
SESA IB	Sesa Goa	24.4	23.9	24.4	23.8	24.7
TTMT IB	Tata Motors	24.2	23.6	23.0	21.9	24.1
GRASIM IB	Grasim Ind.	23.6	23.5	23.6	23.3	23.5
JSP IB	Jindal Steel & Power	23.8	23.4	23.0	21.9	21.3
TPWR IB	Tata Power Co	20.2	19.8	20.1	20.0	20.0
MSIL IB	Maruti Suzuki India	21.0	19.2	18.7	19.2	19.4
SUNP IB	Sun Pharmaceutical Ind.	19.0	18.4	18.4	18.9	19.3
HCLT IB	HCL Tech.	21.6	21.5	21.3	20.5	18.9
HUVR IB	Hindustan Unilever	17.5	17.3	18.4	17.7	18.7
PNB IB	Punjab National Bank	19.4	19.3	19.3	18.8	18.6
JPA IB	Jaiprakash Associates	23.4	20.7	19.3	18.6	18.1
BHARTI IB	Bharti Airtel	17.3	17.2	17.6	17.1	17.5
ACC IB	ACC	15.5	14.9	15.2	16.2	17.3
RIL IB	Reliance Ind.	17.6	17.7	17.4	17.3	17.0
ITC IB	ITC	14.1	14.0	14.6	15.3	16.3
BJAUT IB	Bajaj Auto	17.8	16.0	15.8	15.9	16.1
DLFU IB	DLF	15.7	15.7	14.9	15.5	15.9
RELI IB	Reliance Infra.	16.6	15.8	16.0	15.0	14.5
LT IB	Larsen & Toubro	16.6	15.2	16.4	15.9	13.8
GAIL IB	GAIL India	13.0	12.5	12.9	13.4	13.5
TCS IB	Tata Consultancy Serv.	12.8	12.6	12.8	12.8	13.4
CIPLA IB	Cipla/India	15.4	15.3	14.7	13.6	13.1
PWGR IB	Power Grid Corp	12.1	13.0	13.5	13.2	13.1
TATA IB	Tata Steel	16.0	17.4	17.1	14.6	12.9
BHEL IB	BHEL	14.0	12.9	13.1	12.9	12.2
STLT IB	Sterlite Ind. India	13.4	13.2	13.3	12.4	11.6
RBXY IB	Ranbaxy Lab.	8.2	7.5	8.8	8.9	8.5
RCOM IB	Reliance Comm.	8.4	8.1	8.4	7.9	8.1
SBIN IB	State Bank of India	13.4	12.8	10.9	8.7	7.9
BPCL IB	BPCL	7.6	6.9	6.7	7.4	7.2
CAIR IB	Cairn India	10.8	11.7	7.4	6.6	6.2
WPRO IB	Wipro	5.4	5.4	5.4	5.1	5.7
COAL IB	Coal India	0.0	6.1	6.4	6.3	5.5
ONGC IB	ONGC	4.7	4.4	4.8	5.2	5.3
RPWR IB	Reliance Power	4.7	4.6	4.8	4.4	4.6
NATP IB	NTPC	3.4	3.5	3.5	3.5	3.7
SAIL IB	Steel Authority of India	4.3	4.3	4.1	4.0	3.3
SIEM IB	Siemens India	4.6	2.8	3.0	3.3	3.1

Source: IISL, NSE, SEBI, Goldman Sachs Global ECS Research.

Performance summary

Exhibit 1: Price performance of Indian sector indices



Ytd refers to the performance from December 30, 2011. Indices marked * (if any) are priced as of Feb 16, 2012.

Source: FactSet, I/B/E/S, MSCI, IISL, BSE, Bloomberg, Goldman Sachs Global ECS Research estimates.

India and the region

Exhibit 2: Performance of major local indices across Asia and GS India-sector baskets

Market	Bloomberg ticker	Index close	Performance		Consensus estimates							GS bottom-up est.	
					P/E (X)		EPS growth (%)		P/B (X)	D/Y (%)	ROAE (%)	EPS growth (%)	
					YTD	WOW	CY2012E	CY2013E	CY2012E	CY2013E	CY2012E	CY2012E	CY2012E
Local market indices (local currency)													
Asia*	MXAPEXA	852	15.5%	3.5%	10.7	9.5	5.0	11.4	1.5	3.1	15.2	6.2	11.4
Australia	AS51	4,196	3.4%	-1.2%	11.3	10.1	11.8	12.7	1.6	5.3	14.0	11.8	12.7
Hong Kong/	HSI	21,492	16.6%	3.4%	10.8	9.6	4.2	10.7	1.4	3.7	13.3	3.1	10.5
China	HSCEI	11,712	17.9%	2.7%	8.6	7.7	14.2	12.6	1.4	3.6	17.5	22.6	13.7
	HSCCI	4,225	14.8%	2.7%	11.8	10.1	11.0	16.1	1.5	2.5	13.3	3.3	13.0
	XIN0I	17,831	15.7%	2.8%	8.8	7.9	11.2	11.4	1.5	3.6	17.8	18.8	14.5
	SHSZ300	2,537	8.2%	0.1%	10.1	8.4	20.6	19.4	1.7	2.3	17.9	17.0	19.4
	XIN9I	8,074	8.0%	-0.6%	8.2	7.0	17.7	16.8	1.4	2.7	18.9	13.2	17.4
India	NIFTY	5,564	20.3%	3.4%	14.4	12.6	12.8	14.3	2.3	1.6	17.1	13.6	15.4
	SENSEX	18,289	18.3%	3.0%	14.8	12.9	12.7	14.4	2.5	1.6	17.8	13.4	15.7
Indonesia	JCI	3,977	4.0%	1.6%	13.3	11.3	18.7	17.2	2.7	2.8	22.0	13.3	15.0
	LQ45	692	2.8%	1.9%	13.0	11.2	15.4	15.8	2.9	3.0	24.1	9.6	13.0
Japan	NKY	9,384	11.0%	4.9%	14.4	12.2	29.9	18.1	1.1	2.2	8.0	29.6	17.2
	TPX	810	11.2%	4.0%	13.6	11.0	36.1	23.0	0.9	2.4	7.0	33.6	22.2
Korea	KOSPI	2,023	10.8%	1.5%	9.7	8.4	16.3	15.9	1.2	1.5	12.6	20.9	13.4
Malaysia	FBMKLCI	1,557	1.7%	-0.3%	14.4	12.9	11.3	11.2	2.0	3.6	14.4	5.6	9.1
Philippines	PCOMP	4,881	11.6%	2.0%	14.5	12.8	11.0	12.7	2.2	2.6	16.2	11.0	11.7
Taiwan	TWSE	7,894	11.6%	0.4%	15.1	12.6	15.4	20.4	1.7	4.0	11.6	17.4	20.2
Thailand	SET50	795	10.6%	1.7%	11.8	10.3	14.8	14.4	2.0	3.8	17.6	17.3	20.2
	SET	1,130	10.2%	1.5%	11.9	10.3	17.1	15.2	1.9	4.0	16.9	19.4	20.4
Comparison													
<i>MXIN</i>	<i>MXIN</i>	722	20.7%	3.5%	14.5	12.6	13.9	15.0	2.3	1.5	17.0	14.5	15.6
<i>MXIN ex financials</i>		-	-	-	14.3	12.6	12.5	13.8	2.3	1.5	17.3	13.5	14.5
<i>MXAPJ ex India</i>		-	-	-	11.4	10.1	9.8	12.5	1.5	3.6	13.8	8.6	11.9

Note: MXAPEXA indices are quoted in USD. All others are quoted in local currency.

	Price Performance 1-wk	Ytd	Name	Ticker	P/E (X)		EPS Growth (%)		P/B (X)	D/Y (%)	ROE (%)
					CY 2012E	CY 2013E	CY 2012E	CY 2013E	CY 2012E	CY 2012E	CY 2012E
India CATs	10.1%	40.8%	GS India Industrials	GSISINDU	13.9	12.7	8.0	9.7	2.3	1.5	17.4
	9.9%	51.4%	GS India Properties	GSISPROP	16.1	12.7	12.0	27.0	0.7	0.8	4.7
	7.1%	37.6%	GS CAT India Infra spending	GSSZINIS	17.2	13.8	13.9	25.4	2.0	1.2	12.5
	6.2%	30.3%	GS India Utilities	GSISUTIL	13.7	12.5	9.8	9.7	1.3	1.6	10.1
	5.6%	31.2%	GS CAT India Mid-caps 2	GSSZINM2	13.2	11.1	21.4	20.8	1.6	1.7	12.3
	5.2%	29.5%	GS India Financials	GSISFINA	17.3	14.7	17.1	17.7	2.4	1.5	14.7
	5.0%	28.1%	GS India Banks	GSISBANK	17.3	14.7	17.0	17.3	2.6	1.5	16.1
	3.7%	42.7%	GS India Materials	GSISMATL	10.6	8.7	7.6	21.6	1.5	1.1	14.7
	3.6%	18.7%	GS India Consumers	GSISCSNM	18.2	13.5	50.9	34.3	2.4	1.5	13.6
	2.4%	6.4%	GS India IT Services	GSISSOFT	18.0	15.9	17.9	13.0	5.1	1.5	30.9
	-0.7%	15.5%	GS India Energy	GSISENER	9.6	9.1	9.8	6.0	1.5	2.0	16.4

NM—valuations are not calculated because of negative FY0 EPS. Real-time pricings are available on Bloomberg GSSA 9 <GO> for Liquid Sectors and GSSA 5 <GO> for CATs. Please refer to *Pan-Asia Alpha CATscan publications*

The ability to trade these baskets will depend upon market conditions, including liquidity and borrow constraints at the time of trade.

Source: FactSet, I/B/E/S, MSCI, FTSE, Local Exchange Index Compilers, Goldman Sachs Global ECS Research estimates.

Size, style and sector

Exhibit 3: Relative performance of MSCI India Large Caps vs Mid Caps

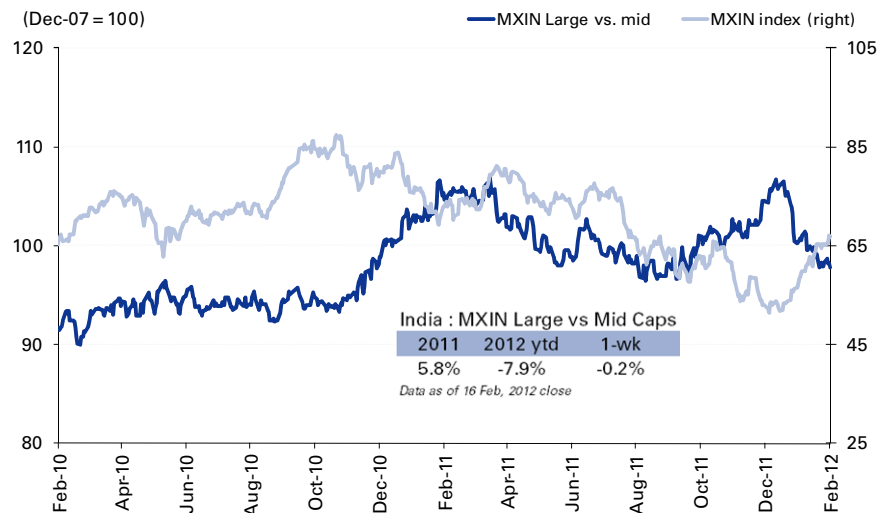


Exhibit 4: Relative performance of MSCI India Value vs. Growth

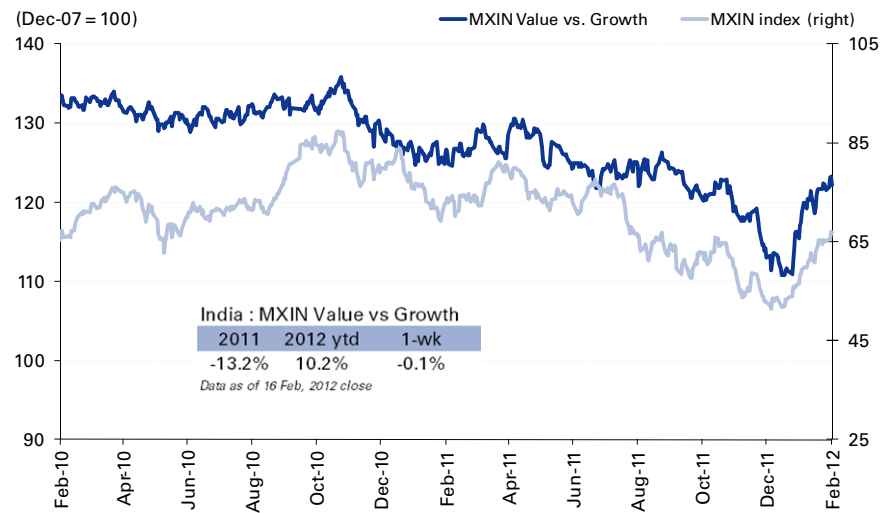


Exhibit 5: Average correlation of MSCI India's GICS sectors

Realized 3-month correlation

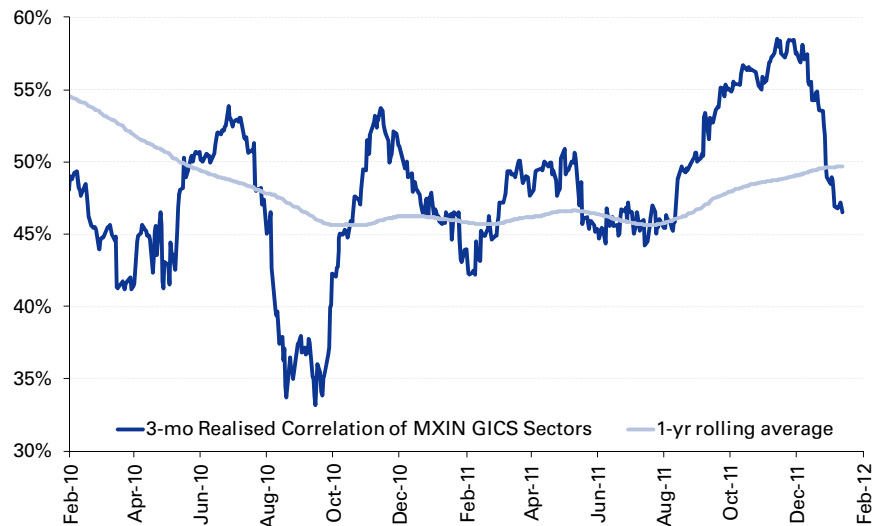
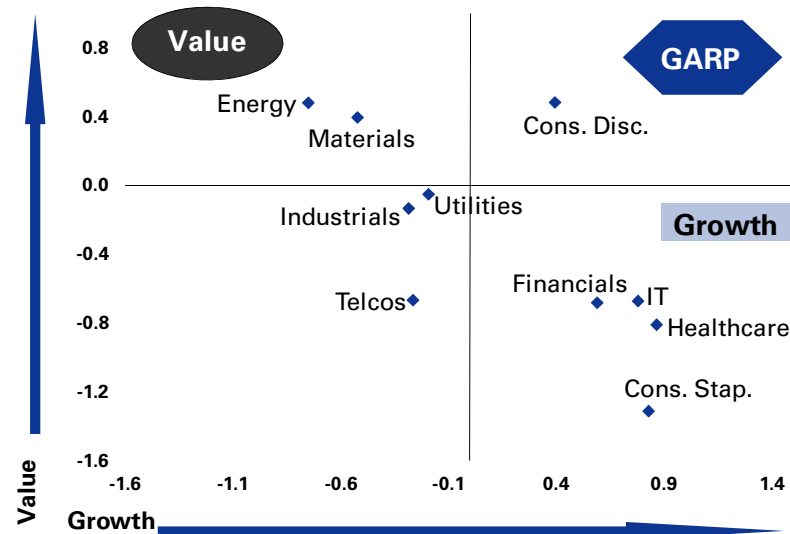


Exhibit 6: Growth, value and GARP investing by MSCI India GICS sectors

Based on CY 2012E valuations



Source: NSE, FactSet, MSCI, Goldman Sachs Global ECS Research.

Index valuation

Exhibit 7: Historical 12M forward P/E (INR) of MSCI India

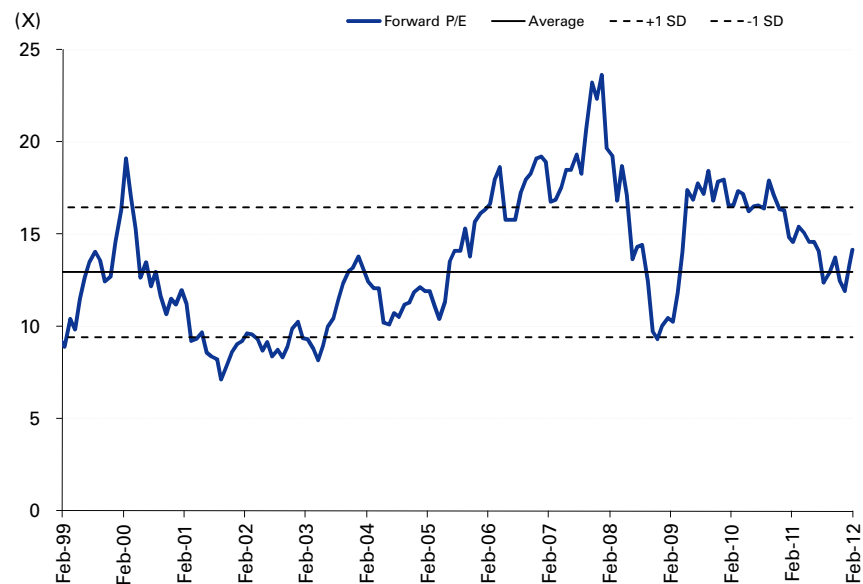


Exhibit 8: Historical 12M trailing P/B (INR) of MSCI India

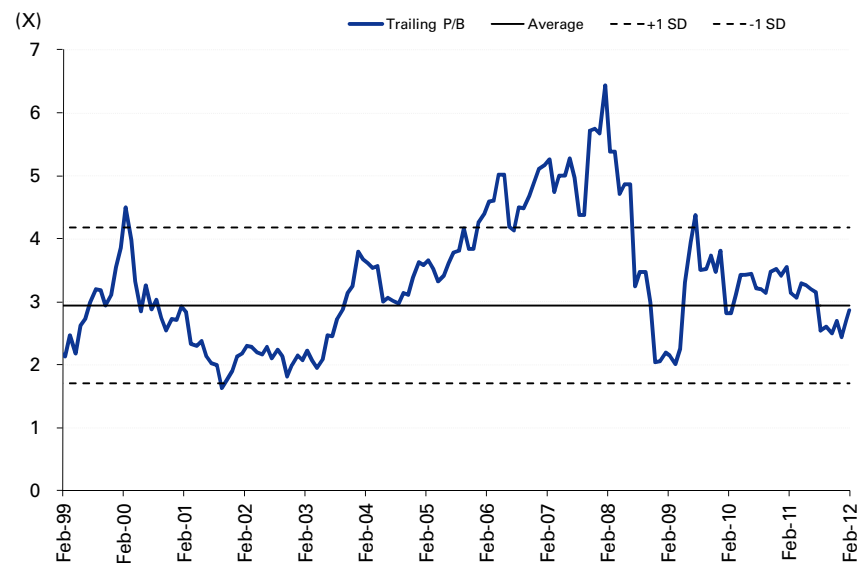


Exhibit 9: India's historical valuation metrics relative to their 5-year range

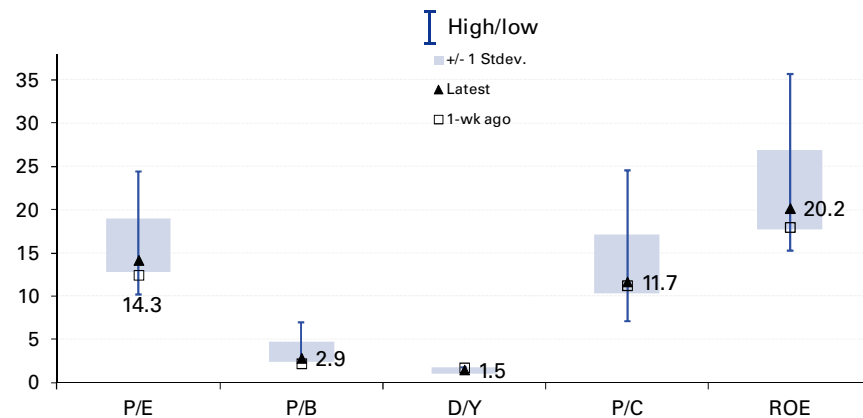
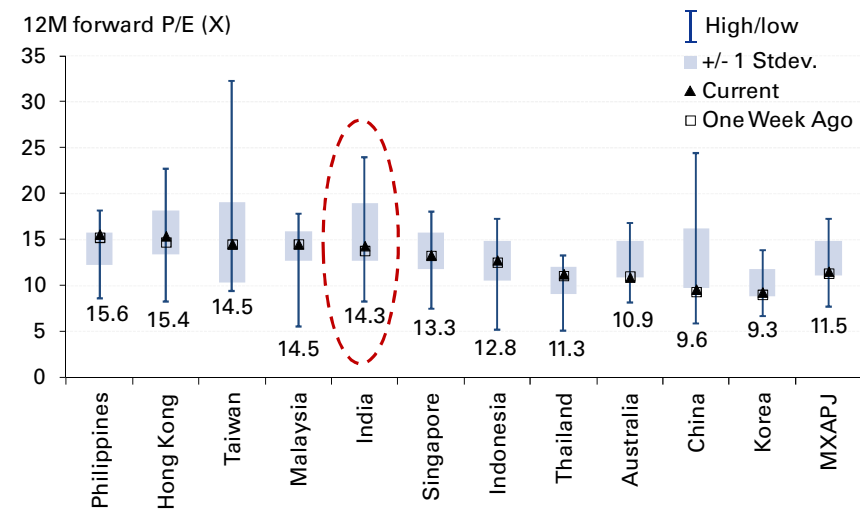


Exhibit 10: Forward P/E relative to 5-year range for Asian markets



Source: FactSet, I/B/E/S, MSCI, Goldman Sachs Global ECS Research

Earnings sentiment and revision

Exhibit 11: FY EPS levels (INR) for the NIFTY Index

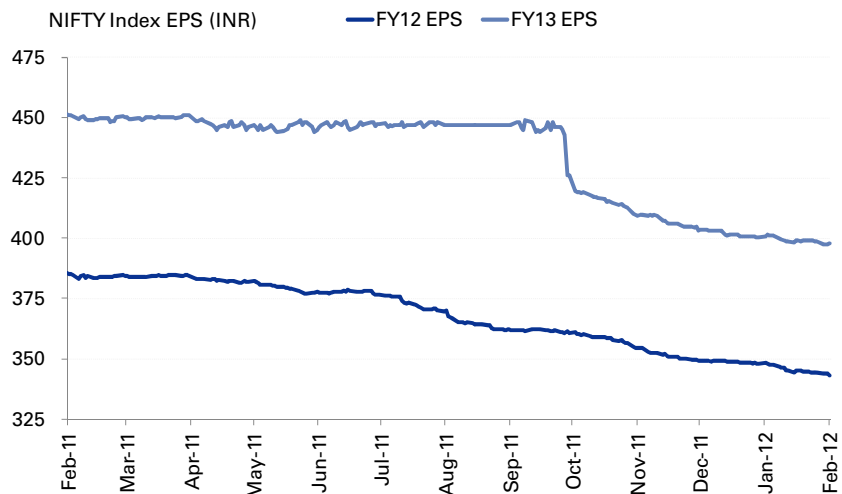


Exhibit 12: CY2012E Earnings Sentiment & Revision for MXIN sectors

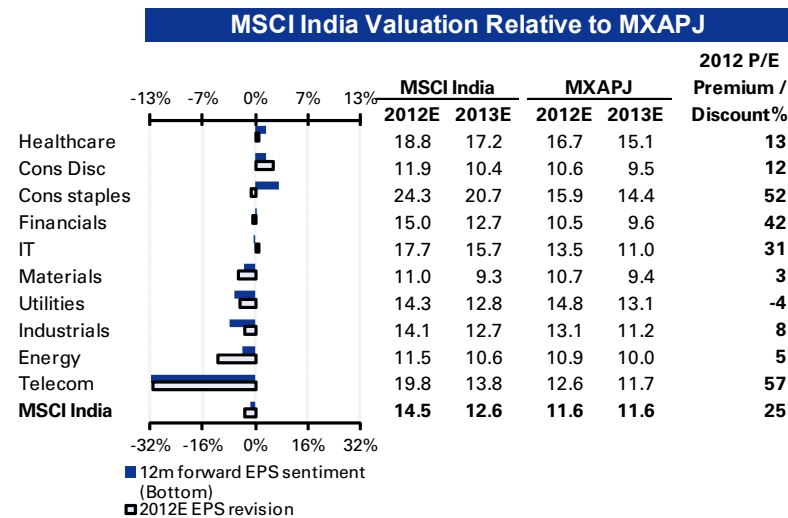


Exhibit 13: Price performance decomposition over a 4-week horizon

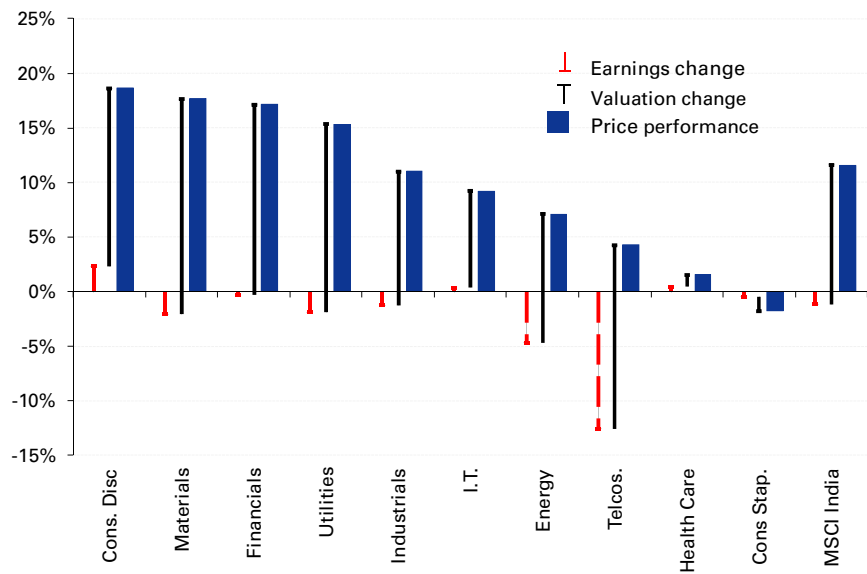
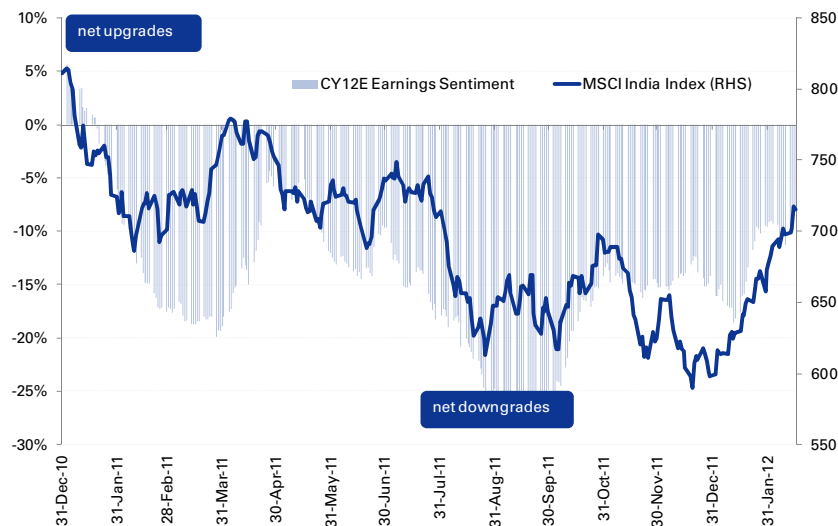


Exhibit 14: CY2012E Earnings Sentiment for MSCI India



Source: Bloomberg, FactSet, I/B/E/S, MSCI, Goldman Sachs Global ECS Research estimates.

Note: Earnings Sentiment = (Upgrades - Downgrades) / Total estimates

Fund flows & commodities

Exhibit 15: Cum. net foreign & domestic buying of cash equities since 2007

As of Feb 14 2012

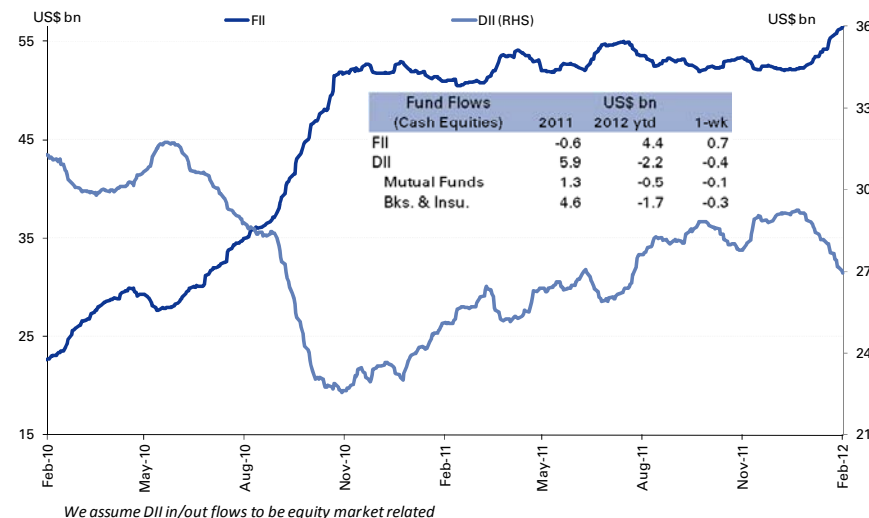


Exhibit 16: Cum. net foreign & domestic buying of debt since 2007

As of Feb 14 2012

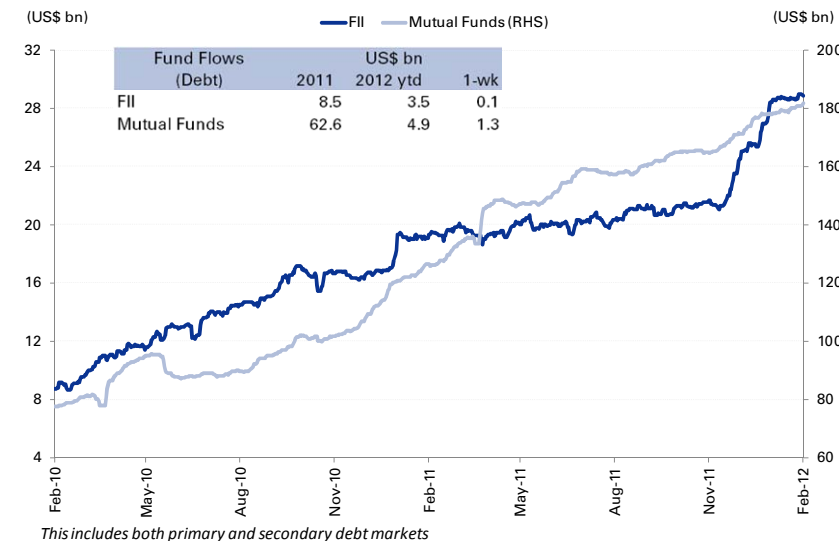


Exhibit 17: MCX Commodity Spot Index

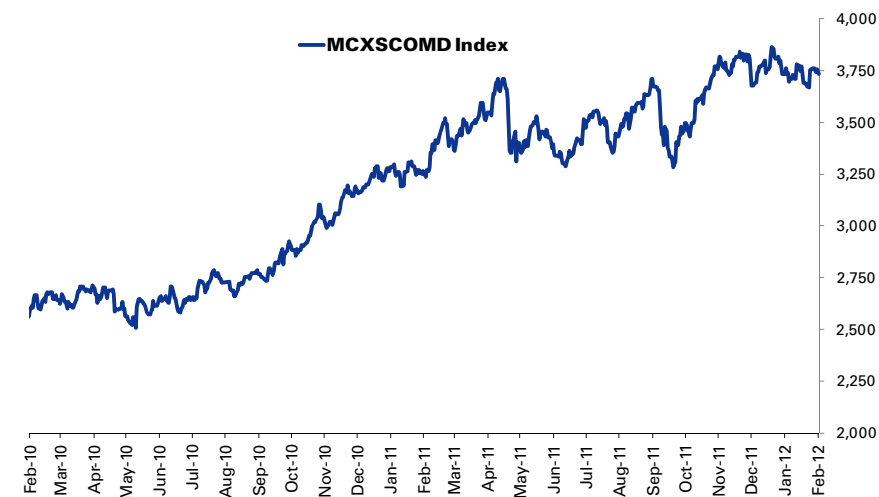
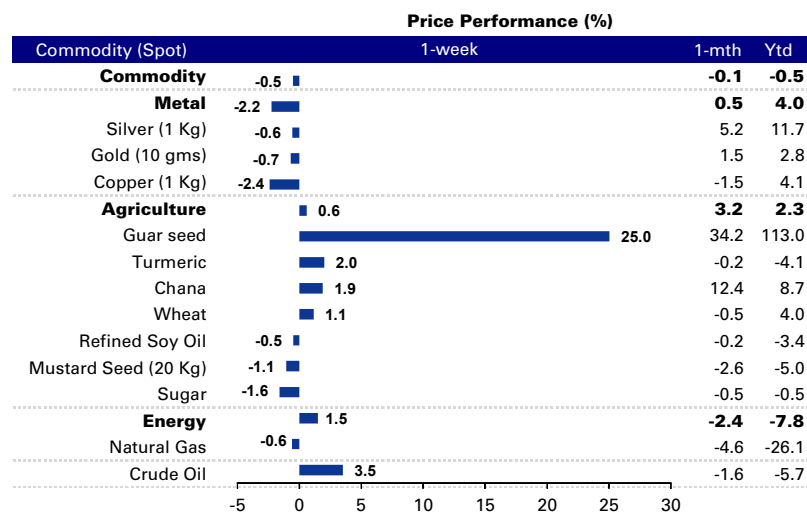


Exhibit 18: Performance of key commodity indices on MCX



Source: Bloomberg, DataStream, Goldman Sachs Global ECS Research.

Priced as of Feb 16, 2012 close unless otherwise stated

Futures, options & ETFs

Exhibit 19: Average turnover of NSE Derivatives segment

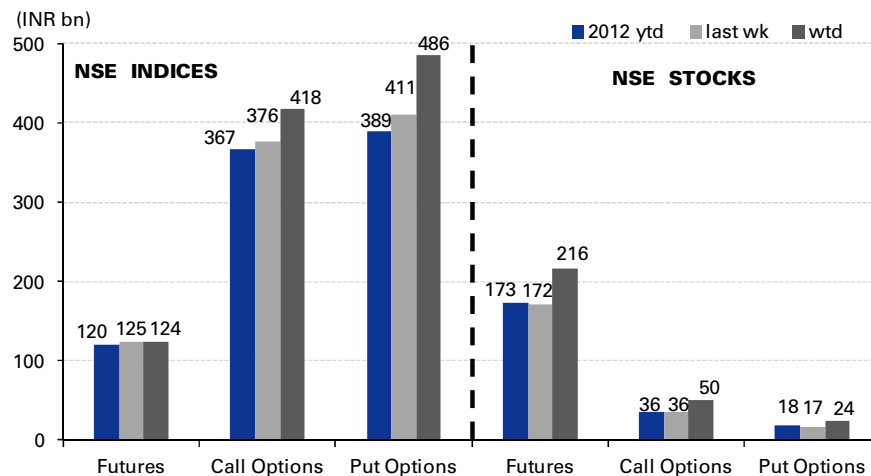
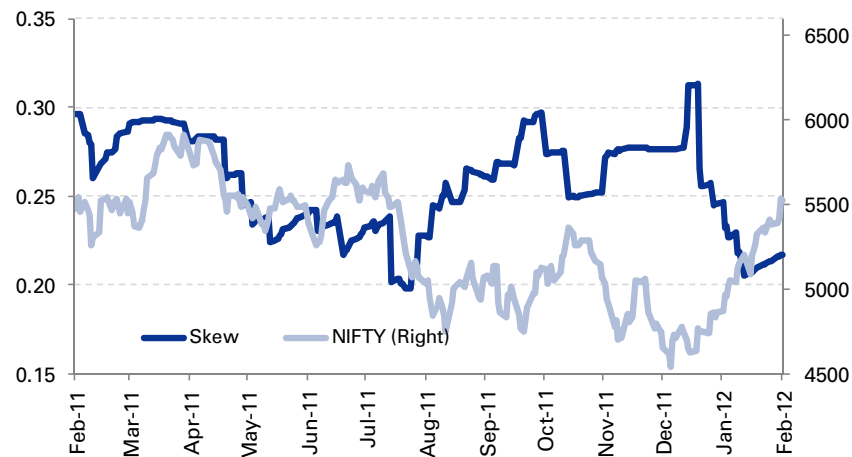


Exhibit 20: NIFTY skew and NIFTY Index level
3-mo normalized skew



Normalized skew: (3 mo 25 delta put - 3 mo 25 delta call) / 3 mo 50 delta call

Exhibit 21: S&P CNX Nifty VIX and Nifty Index level

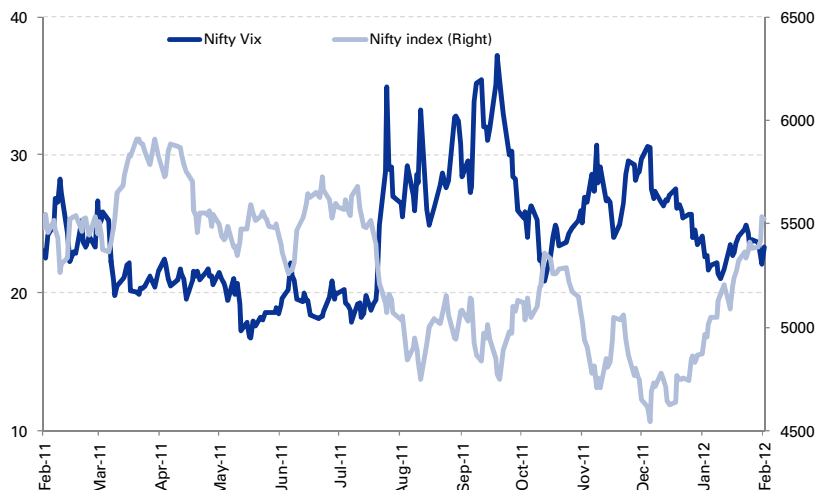


Exhibit 22: Key ETFs tracking Indian benchmark indices
Screened on the basis of 20D ADVT

ETF Ticker	Name (Quoted Currency)	Price	20d ADVT (US\$ '000)	Underlying Index Ticker	Underlying Index Performance (INR) (%)	Index cap (US\$ bn)
NBEES IN	Nifty BeES (INR)	558.2	1,364	NIFTY	2.0	340.2
JBEEES IN	Junior BeES (INR)	107.0	78	NIFTYJR	4.4	65.0
KONIFTY IN	Kotak Nifty 50 (INR)	555.5	72	NIFTY	2.0	340.2
BBEES IN	Bank BeES (INR)	1093.1	58	CNXBANK	3.9	77.9
MOSTM50 IN	Motilal Oswal M50 (INR)	74.8	41	NIFTY	2.0	340.2
PSUBBE IN	PSU Bank BeES (INR)	373.2	14	CNXPSBK	6.5	26.1
KOPSUB IN	Kotak PSU Bank (INR)	385.7	6	CNXPSBK	6.5	26.1
KOTSS IN	Kotak Sensex (INR)	182.0	3	SENSEX	1.8	305.0
RBETF IN	Reliance Banking (INR)	920.0	2	CNXBANK	3.9	77.9
QINDEX IN	Quantum Index Fund (INR)	555.0	2	NIFTY	2.0	340.2

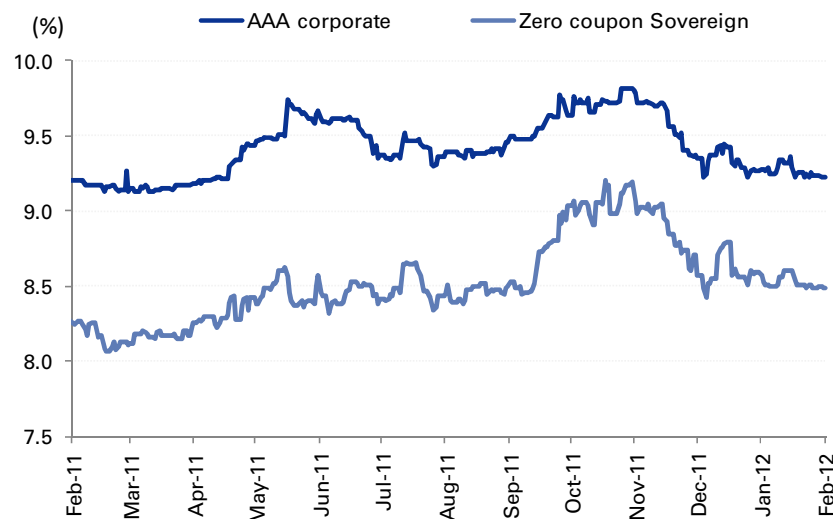
Source: NSE, Bloomberg, Goldman Sachs Global ECS Research.

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FX & Rates

Exhibit 23: Key events in the coming days

Earnings data release		
Bloomberg	Proper name	Expected date
RBXY IB	Ranbaxy Laboratories	23-Feb-12
Economics data release		
Period	Event	Expected date
-	Auction of INR 90 Bln 91 day bills	22-Feb-12
-	Auction of INR 40 Bln 364 day bills	22-Feb-12

Exhibit 25: 10 year yields of corporate & sovereign bonds


Source: NSE, FIMMDA, Bloomberg, Goldman Sachs Global ECS Research

Exhibit 24: Q3FY12 Earnings reporting summary

Sector	Reported	Total # co's	Earnings Surprises			Earnings Actual vs. Est (%)
			(% of co's, total = 100%)			
			Positive	In-Line	Negative	
Cons. Disc.	73	79	20	25	55	(48)
Health Care	31	35	13	21	67	(47)
Materials	86	89	17	28	55	(30)
Industrials	78	85	21	13	66	(25)
Energy	17	18	0	50	50	(13)
I.T	33	36	26	9	65	(10)
Utilities	21	23	11	28	61	(9)
Telecom	3	3	33	0	67	(8)
Cons. Stap.	35	36	25	42	33	(4)
Financials	86	91	19	35	46	(3)
CNX 500	463	500	19	26	55	(17)
Nifty	48	50	11	54	35	(15)

Exhibit 26: Indian sovereign bond, policy and exchange rates

Sovereign Bond Rates	Bloomberg	(%)		(bp)		YTD
		Last Close	6-mo	1-yr	YTD	
India Sovereign - 3M	F12303M Index	8.55	24	140	13	
India Sovereign - 6M	F12306M Index	8.69	25	106	10	
India Sovereign - 12M	F12301Y Index	8.28	(10)	66	(29)	
India Sovereign - 5Y	F12305Y Index	8.46	(4)	12	(22)	
India Sovereign - 10Y	F12310Y Index	8.48	(3)	23	(30)	
Policy Rates	Bloomberg	(%)		(bp)		YTD
		Last Close	6-mo	1-yr	YTD	
RBI Reverse Repo	RSPOYLD Index	7.50	50	200	0	
RBI Repo	INRPYLD Index	8.50	50	200	0	
RBI Bank Rate	RBIBKRTE Index	9.50	350	350	350	
RBI CRR	RBICRR Index	5.50	(50)	(50)	(50)	
RBI SLR	RBICSLR Index	24.00	0	0	0	
Exchange Rate	Bloomberg	(%)		(bp)		YTD
		Last Close	6-mo	1-yr	YTD	
vs US\$	USDINR Currency	49.29	9	8	(7)	

Note: a negative % change in the exchange rate indicates appreciation of the INR vs US\$

Priced as of Feb 16, 2012 close

Disclosure Appendix

Reg AC

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