



India Update

Market Overview

- The MSCI India Index ended firmer in March, as optimism over economic growth and expectations of good quarterly earnings offset early caution caused by the central bank's monetary policy tightening.
- Accelerating inflation prompted the Reserve Bank of India to raise both its short-term lending and borrowing rates by 0.25 percentage points, to 5.00% and 3.50%, respectively.
- High food prices drove the wholesale price index up by almost 10% year-on-year in February, well above the central bank's estimated 8.5%.
- Standard & Poor's upgraded India's outlook to stable from negative, on hopes that healthy economic growth will improve the government's finances.

Model Portfolio News

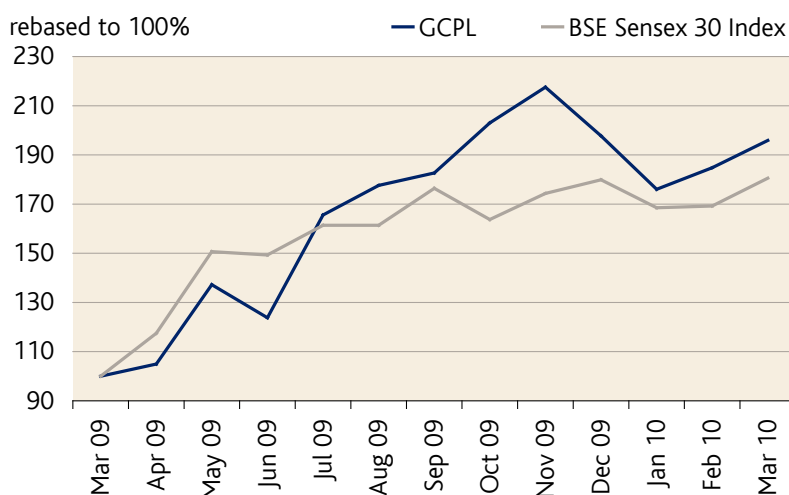
There were no significant changes to the portfolio in March.

Corporate News

ICICI Bank and **HDFC Bank** raised rates on home and auto loans to maintain profitability. M&A activity was brisk, with **Godrej Consumer Products** agreeing to buy Nigeria-based personal care company Tura, a move that will extend its footprint in Africa following its earlier acquisitions in the continent; **Piramal Healthcare's** acquisition of a leading emergency contraceptive brand will strengthen its portfolio of over-the-counter drugs; while **Bharti Airtel** is buying the African assets of Kuwait's Zain telecom, taking another step towards expanding its foreign operations.

We hold the companies highlighted above.

Focus – Godrej, African expansion



Source: Bloomberg, 5 Apr 10

Godrej Consumer Products, a leading player in India's FMCG market and one of our holdings, has done well over the past year, outperforming the Sensex Index by about 15%. Godrej's recently reported third-quarter results showed robust volume-led growth, improved profitability and strong performance in its international operations, while maintaining a dominant position in the soap and hair colour segments at home. Its recent acquisition of Nigeria-based beauty company Tura will further strengthen its presence in Africa, where it had earlier bought two other brands: Rapidol and Kinky.

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For more information

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