

ShroffConnect Weekly Report

25th February, 2012

Shroff Securities Pvt. Ltd.

Portfolio Investment Management Services

Kolkata: 033 32933592/3658

Bangalore: 080 32996004/6005

Email: contact@shroffsecurities.com

Web: www.shroffsecurities.com

(for private circulation only)

Opinion as on 25/02/2012

- Money flow: Into stocks and commodities.
 - **Opinion on money flow:** The Eurozone sovereign debt issues have abated for the time; the US is announcing better economic numbers; Japan has announced a stimulus package; and, China has cut its bank cash reserve rates. On the back of these, sentiment is bullish, and almost all stock markets are doing well.
-
- Indian markets: The market gave up some of its gains from the previous weeks.
 - Sectors: Auto, Banks, Cement, IT and Finance are outperforming.
 - Positives: Good Q3 results, strong FII buying and positive global cues.
 - Negatives: High interest rate, high fiscal deficit and rising crude oil prices.
 - **Opinion:** It was expected that the market would be volatile this week after rallying for several weeks. The market is in an uptrend, and though it will remain volatile in the coming weeks, investors would do well to buy India centric shares on dips. It should be remembered that the market moves ahead of the business cycle by several months, and although the macro economic conditions have not improved appreciably, the probability that they will improve is much greater at this time than it was a few months ago.

**Current news and
current world financial
market prices**

Current scenario & news

World economy

- Euro zone finance ministers agreed a 130-billion-euro rescue for Greece to avert an imminent chaotic default after forcing Athens to commit to unpopular cuts and private bondholders to take bigger losses.
- Report says, China's economic growth may slip to 8.59 percent this year due to slowing in Europe, while inflation will ease to 3.3 percent.
- China's policy-induced property slowdown has put the central and local governments on a \$320 billion collision course in one of the economy's biggest growth-generating sectors.
- U.S. home resales rose to a 1-1/2-year high in January, pushing the supply of properties on the market to the lowest level in almost seven years in a hopeful sign for the housing sector.

Indian economy

- Banks' investments in government bonds rose 2.2 per cent to Rs 17.3 trillion in the two weeks ending February 10, while loan demand was up just 0.71 percent to Rs 43.8 trillion.
- Reserve Bank of India has raised the limit for companies to make payment for imports without any documentation to \$5,000 with immediate effect from \$500 earlier.
- Growth in non-food credit offtake slipped to 15.8 per cent at Rs 45.20 lakh crore during 12 months ending February 10, the lowest so far this fiscal, reflecting the effect of the high interest rate regime.
- After levying 1% excise duty on 130 exempt items in the Budget last year, the Finance Ministry is considering extending this to the remaining 240 items.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 25th Feb 2012	% Change
STOCKS	Australia	ASX	4388.99	2.71
	Brazil	Bovespa	65942.70	(0.39)
	China	Shanghai	2439.63	3.50
	France	CAC	3467.03	0.80
	Germany	DAX	6864.43	0.24
	Hong Kong	Hang Seng	21406.90	(0.39)
	India	Sensex	17923.57	(2.00)
	Japan	Nikkei	9647.38	2.80
	UK	FTSE	5935.13	0.51
	USA	DJIA	12983.00	0.26
COMMODITIES	Copper	\$/Pound	3.86	3.76
	Crude	\$/Barrel	109.62	5.34
	Gold	\$/Troy Ounce	1775.00	2.89
	Natural Gas	\$/MMBtu	2.54	(5.22)
	Silver	\$/Troy Ounce	33.37	0.33
	Aluminium	\$/Tonne	2327.00	7.53
	Lead	\$/Tonne	2208.00	7.97
	Nickel	\$/Tonne	20175.00	2.80
	Zinc	\$/Tonne	2080.00	6.94
CURRENCIES	USD/GBP		1.5870	0.28
	USD/EUR		1.3445	2.28
	USD/AUD		1.0699	(0.09)
	JPY/USD		80.97	1.80
	INR/USD		49.00	(0.55)
	HKD/USD		7.7545	0.00
	BRL/USD		1.7084	(0.33)
BONDS	2 Year	US Treasury	110.19	(0.03)
	10 Year		131.19	0.21
	30 Year		143.00	0.64

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 25th Feb 2012	% Change
STOCKS	Nifty	Large Cap	5429.30	(2.43)
	Sensex	Large Cap	17923.57	(2.00)
	BSE Midcap	Mid Cap	6300.07	(3.74)
	BSE Smallcap	Small Cap	6857.04	(3.65)
Some Major Shares	ACC	Rs/share	1267.80	(7.22)
	Bharti Airtel		342.60	(2.00)
	HDFC Ltd		676.40	(5.64)
	Infosys		2948.05	0.01
	L&T		1348.60	(6.81)
	Reliance Inds		819.95	0.21
	Tata Motors		265.45	(3.10)
	Tata Steel		475.50	(0.52)
COMMODITIES	Aluminium	INR/Kg	111.55	5.94
	Copper	INR/Kg	417.20	2.75
	Crude	INR/Barrel	5406.00	4.22
	Gold	INR/10gms	28664.00	2.01
	Lead	INR/Kg	106.65	6.70
	Natural Gas	INR/1mmBtu	133.70	(0.15)
	Nickel	INR/Kg	983.30	1.43
	Silver	INR/Kg	58435.00	4.15
	Zinc	INR/Kg	101.30	4.65
CURRENCIES	INR/EUR		65.92	1.74
	INR/GBP		77.74	(0.26)
	INR/100 JPY		60.47	(2.31)
	INR/USD		49.00	(0.55)

Detailed macro /
fundamental analysis
of world economies

MACRO ECONOMIC SNAPSHOT as on 25/2/2012

USA	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.60	1.50
Inflation Rate	Monthly	2.90	3.00
Unemployment Rate	Monthly	8.30	8.50
Benchmark Interest Rate	Weekly	0.25	0.25
Govt. bond 10 year Rate	Weekly	2.00	1.99

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.70	1.40
Inflation Rate	Monthly	2.70	2.80
Unemployment Rate	Monthly	10.40	10.30
Benchmark Interest Rate	Weekly	1.00	1.25
Govt. bond 10 year Rate	Weekly	varied	

China	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	8.90	9.10
Inflation Rate	Monthly	4.50	4.10
Unemployment Rate	Monthly	4.10	4.30
Benchmark Interest Rate	Weekly	6.56	6.56
Govt. bond 10 year Rate	Weekly	3.55	3.44

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-1.00	-1.70
Inflation Rate	Monthly	-0.20	-0.50
Unemployment Rate	Monthly	4.60	4.50
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	0.95	0.98

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.80	0.50
Inflation Rate	Monthly	3.60	4.20
Unemployment Rate	Monthly	8.40	8.30
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	2.19	2.11

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	6.90	7.70
Inflation Rate	Monthly	6.55	7.47
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	7.50	7.50
Govt. bond 10 year Rate	Weekly	8.89	8.93

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	2.10	3.30
Inflation Rate	Monthly	6.20	6.50
Unemployment Rate	Monthly	5.50	4.70
Benchmark Interest Rate	Weekly	10.50	11.00
Govt. bond 10 year Rate	Weekly	12.55	12.53

Russia	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	4.80	3.40
Inflation Rate	Monthly	4.20	6.10
Unemployment Rate	Monthly	6.60	6.10
Benchmark Interest Rate	Weekly	8.00	8.25
Govt. bond 10 year Rate	Weekly	6.00	6.00

IMPORTANT FUNDAMENTAL FINANCIAL RATIOS FOR SENSEX STOCKS as on 25/2/2012

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1767.25	14.08	7.41
Bharat Heavy Electricals Ltd.	Electric Equipment	304.00	11.52	3.12
Bharti Airtel Ltd.	Telecommunication - Service Provider	342.30	27.93	2.63
Cipla Ltd.	Pharmaceuticals & Drugs	313.90	24.09	3.39
Coal India Ltd.	Mining & Minerals	327.25	13.79	4.70
DLF Ltd.	Construction - Real Estate	226.90	31.09	1.51
HDFC Bank Ltd.	Bank - Private	524.50	25.44	4.17
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	2072.30	18.18	8.75
Hindalco Industries Ltd.	Aluminium & Aluminium Products	147.75	12.27	0.91
Hindustan Unilever Ltd.	Household & Personal Products	385.25	31.55	17.60
Housing Development Finance Corporation Ltd.	Finance - Housing	676.20	25.32	5.07
ICICI Bank Ltd.	Bank - Private	931.60	17.85	1.76
Infosys Ltd.	IT - Software	2947.30	21.65	5.28
ITC Ltd.	Cigarettes/Tobacco	209.45	28.02	7.86
Jaiprakash Associates Ltd.	Engineering - Construction	74.75	21.40	1.65
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	612.70	15.10	3.33
Larsen & Toubro Ltd.	Engineering - Construction	1349.90	19.57	3.40
Mahindra & Mahindra Ltd.	Automobiles-Tractors	729.25	17.15	3.66
Maruti Suzuki India Ltd.	Automobiles - Passenger cars	1284.35	22.42	2.50
NTPC Ltd.	Power Generation/Distribution	183.50	16.08	2.04
Oil & Natural Gas Corpn. Ltd.	Oil Exploration	284.25	10.92	2.09
Reliance Industries Ltd.	Refineries	820.35	12.68	1.67
State Bank Of India	Bank - Public	2206.80	12.49	1.47
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	118.65	7.28	0.88
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	547.45	25.66	4.80
Tata Consultancy Services Ltd.	IT - Software	1269.15	24.49	8.18
Tata Motors Ltd.	Automobiles-Trucks/Lcv	265.40	7.20	2.80
Tata Power Company Ltd.	Power Generation/Distribution	113.40	154.58	2.08
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	475.70	5.06	1.12
Wipro Ltd.	IT - Software	437.55	19.67	3.95

World macro scenario

- USA – The government continues its stimulus policies by extending tax rate cuts and forcing interest to remain as low as 0.25% till 2014. Some economic data is encouraging.
- Europe – Greece has obtained its debt package from bondholders. Economic slowdown and even recession is on the cards for most countries.
- China – Lower exports to the US and Europe are leading to lack of demand in the manufacturing sector. The government has cut reserve ratios to increase liquidity.
- Japan – Lower exports to the US and Europe are leading to lack of demand. The strength of the yen continues to hamper growth in exports. The government has announced further stimulus.
- Rest of the World – Iran is now a nuclear power. It has stopped exporting oil to a number of Eurozone countries. Oil prices have jumped to over USD 120 per barrel.

Indian macro scenario

- Economy – The economy is slowing and the impact is being felt across the board. Fiscal deficit is much above the desired levels though inflation has decreased.
- Government policies – There has been a lack of growth oriented policies for the past one year and above. Landmark legislations have been postponed due to the compulsions of coalition politics. The yearly budget is awaited.
- RBI – The RBI has signaled a pause in interest rate hikes and also cut CRR rates.
- Politics – Elections are being held in 5 states in Feb and Mar 2012. These are in Punjab, Uttarakhand, Uttar Pradesh, Manipur and Goa.
- Sectors – Telecom sector is in for a shakeout after the Supreme Court verdict cancelling licenses awarded to telecom companies post 2008.

Our concerns on the macro front

World economies

- US rising deficit and debt; need for continuous stimulus through low interest rates and tax cuts.
- Euro zone slowdown.
- Chinese slowdown and real estate bubble.

Indian economy

- High interest rate.
- High and growing fiscal deficit through subsidies and less collection of taxes
- Lack of governance and populist politics.
- High price of crude oil.

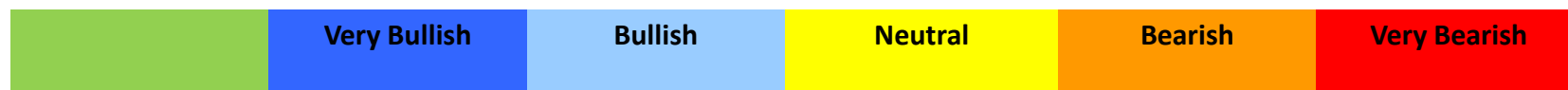
Detailed technical analysis of world financial markets

WORLD MARKETS - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
STOCKS		Brazil Hong Kong ↑ USA	Australia ↑ France Germany India ↑ Japan ↑ UK	China		
COMMODITIES		Crude Oil ↑	Aluminium ↑ Copper Lead ↑ Nickel Zinc ↑	Gold Silver		Natural Gas
CURRENCIES (against USD)	HKD		AUD BRL ↑	EUR GBP INR JPY		
BONDS (US Treasury)			10 Year 30 Year	2 Year		

↑ = moved up from last week, ↓ = moved dn from last week

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Mid Cap

Small Cap

Nifty ↑

Sensex ↑

SECTORS

Auto ↑

Bankex ↑

IT ↑

Cons Durable ↑

FMCG

Healthcare

Metal ↑

Power

Realty

Cap Goods

Oil & Gas

Teck

COMMODITIES

Aluminium ↑

Copper ↑

Crude Oil

Gold

Lead

Nickel

Silver

Zinc

Natural Gas

CURRENCIES

(against INR)

JPY

USD

EUR

GBP ↓

↑ = moved up from last week, ↓ = moved dn from last week

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	ABB ACC Ambuja Cem Apollo Tyres ↑ Bosch Ltd ↑ Cairn Grasim Ind Havells India HDFC Bank Kotak Bank ↑ Maruti Suzuki ↑ MRF Power Grid ↑ RCOM ↑ SBIN ↑ Sun Pharma Tata Global Tata Motors Ultratech Wipro	Andhra Bank Ashok Leyland Axis Bank Bank of Baroda BPCL ↑ Canara Bank Exide Inds ↑ HCL Techn ↑ Hind Zinc Hindalco ↑ ICICI Bank ↑ Infosys Tech Jindal Steel ↑ JSW Steel NTPC O N G C ↑ PNB RECL Reliance Capital Reliance Infra Sesa Goa Tata Power ↑ Tata Steel ↑ TCS ↑ Thermax ↑ UCO Bank	Bajaj Auto ↓ Bharti Airtel ↑ Bhel Chambal Fert Cipla ↓ Coal India Crompton Gr DLF Dr Reddy HDFC ↓ Hero Motoco Hind Unilever Idea Cellular ITC Jaiprakash Asso LT Lupin M&M Nestle India Petronet LNG Ranbaxy Reliance Ind Shriram Trans Siemens Sterlite Ind Tata Chemicals Tech Mahindra ↓	GAIL	

↑ = moved up from last week, ↓ = moved dn from last week

MAJOR MEDIUM & SMALL CAP COMPANIES - TECHNICAL SNAPSHOT

		Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	IDFC ↑		Bharat Forge	Asian Paints	IGL	
	IndusInd Bank		Cummins India	Bata India		
	LIC Housing		Federal Bank	Biocon		
	Yes Bank		GE Shipping ↑	Britannia Ind		
			GMDC ↑	Castrol India		
			Godrej Cons ↑	Colgate-Palm		
			GSK Con Health	Dabur		
			Indian Hotel	Glaxo Pharma		
			Marico	HCC		
			Titan Ind ↑	SCI		
				Voltas		

↑ = moved up from last week, ↓ = moved dn from last week

Disclaimer

- This report or newsletter (collectively called 'Report') is for private circulation only. The content, information, statements, opinion, statistics, newsletters, reports and material (collectively called 'Content') contained in this Report does not constitute a recommendation, advice, an offer or solicitation for the purchase or sale of any stocks, commodities, foreign exchange, bonds, mutual funds, debt instruments, financial instruments or any investment products (collectively called 'Securities').
- All Content contained herein are provided "as is" for informational purposes only, and is not intended for trading purposes or advice. The Content provided is based on historical data. The past is not necessarily a guide to the future values and prices. No guarantee, representation or warranty whatsoever is made by M/s Shroff Securities Private Limited, its subsidiary (ies), group entities, their owners, directors, partners, officers or employees (collectively called 'Company & Others') regarding the timeliness, quality, completeness, accuracy, adequacy, fullness, functionality or reliability of the Content contained in this Report or of the results obtained from the use of such Content and no warranties whether express or implied, responsibility or liability, contingent or otherwise of any kind and nature whatsoever regarding the accuracy, quality, performance, merchantability and/or fitness for a particular purpose of the Content contained herein or of the results obtained from the use of such Content, the security suitability for the investor, accounting and tax consequences of investing in Securities or the future value developments of such Securities.
- The Content provided in this report thus provides non-binding Content for which the Company & Others disclaim liability. Transacting in Securities carries a great deal of risk. Readers and recipients should take independent professional advice before doing any transaction(s). The Company & Others shall not be liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on Content contained herein.