

ShroffConnect Weekly Report

19th February, 2011

Shroff Securities Pvt. Ltd.
Portfolio Investment Management Services

(for private circulation only)

Current scenario & news

World markets

- Finland will host a meeting of 14 European Union leaders, in Helsinki on March 4 to help prepare a comprehensive response to the euro zone debt crisis
- New U.S. claims for unemployment benefits rose more than expected on account of gradual labor market recovery
- A strengthening global economy and growth in demand are likely to keep commodity prices high in coming months
- Japanese manufacturing confidence rose for the second straight month in February and service sector mood turned positive for the first time since 2008, providing more evidence of an economic recovery

Indian markets

- The aggregate deposits in banks grew by 13.9% in Jul-Sep period, much below the government's target of 20% for the whole financial year, as interest rates fetched negative returns due to high inflation
- The government says, will bear up to 50 percent of subsidy burden of state-run oil companies
- The government's fertiliser subsidy bill is likely to rise by about Rs 9,000 crore next fiscal as it has decided to absorb high global prices to provide farm nutrients at affordable prices and contain high food inflation
- Tea exports from India fell by 2.4% to 193.3 million kg in 2010 in line with the fall in production

Macro scenario

World markets

- Low interest rate
- High deficits
- Continued easy monetary policy by USA, extension of tax cuts
- Budgetary cuts by Euro zone nations and UK

Indian markets

- Partial rollback of stimulus
- Increasing interest rate
- High deficit, high inflation
- GDP growth at 8–9%

WORLD MARKETS - A SNAPSHOT

| | Name | Description | Week ended 19th Feb 2011 | % Change |
|-------------|-------------|---------------|-----------------------------|----------|
| STOCKS | Australia | ASX | 5026.13 | 1.12 |
| | Brazil | Bovespa | 68066.82 | 3.51 |
| | China | Shanghai | 2899.98 | 2.57 |
| | France | CAC | 4157.14 | 1.36 |
| | Germany | DAX | 7426.81 | 0.75 |
| | Hong Kong | Hang Seng | 23595.24 | 3.36 |
| | India | Sensex | 18211.52 | 2.72 |
| | Japan | Nikkei | 10842.80 | 2.24 |
| | UK | FTSE | 6082.99 | 0.33 |
| | USA | DJIA | 12391.25 | 0.96 |
| COMMODITIES | Copper | \$/Pound | 4.48 | (1.54) |
| | Crude | \$/Barrel | 86.15 | 1.02 |
| | Gold | \$/Troy Ounce | 1389.40 | 2.41 |
| | Natural Gas | \$/MMBtu | 3.86 | (0.77) |
| | Silver | \$/Troy Ounce | 32.62 | 9.28 |
| | Aluminium | \$/Tonne | 2567.85 | 2.92 |
| | Lead | \$/Tonne | 2667.50 | 4.20 |
| | Nickel | \$/Tonne | 29150.00 | 3.00 |
| | Zinc | \$/Tonne | 2553.00 | 3.57 |
| CURRENCIES | USD/GBP | | 1.6250 | 1.52 |
| | USD/EUR | | 1.3691 | 1.12 |
| | USD/AUD | | 1.0134 | 1.17 |
| | JPY/USD | | 83.16 | (0.31) |
| | INR/USD | | 45.15 | (0.88) |
| | HKD/USD | | 7.7852 | (0.14) |
| | BRL/USD | | 1.6680 | 0.09 |
| BONDS | 2 Year | US Treasury | 109.25 | 0.17 |
| | 10 Year | | 119.06 | 0.47 |
| | 30 Year | | 119.22 | 0.68 |

INDIAN MARKETS - A SNAPSHOT

| | Name | Description | Week ended 19th Feb 2011 | % Change |
|----------------------|---------------|-------------|-----------------------------|----------|
| STOCKS | Nifty | Large Cap | 5458.95 | 2.81 |
| | Sensex | Large Cap | 18211.52 | 2.72 |
| | BSE Midcap | Mid Cap | 6661.65 | 2.87 |
| | BSE Smallcap | Small Cap | 8128.91 | 4.10 |
| Some Major Shares | ACC | Rs/share | 984.15 | 0.91 |
| | Bharti Airtel | | 331.35 | 3.90 |
| | HDFC Ltd | | 643.85 | 3.32 |
| | Infosys | | 3100.30 | 1.96 |
| | L&T | | 1639.15 | 5.34 |
| | Reliance Inds | | 935.55 | 2.81 |
| | Tata Motors | | 1205.55 | 5.50 |
| | Tata Steel | | 638.35 | 7.23 |
| COMMODITIES | Aluminium | INR/Kg | 114.50 | 0.35 |
| | Copper | INR/Kg | 445.45 | (2.94) |
| | Crude | INR/Barrel | 4072.00 | 4.28 |
| | Gold | INR/10gms | 20548.00 | 1.02 |
| | Lead | INR/Kg | 119.65 | 1.06 |
| | Natural Gas | INR/1mmBtu | 173.00 | (2.26) |
| | Nickel | INR/Kg | 1314.20 | 1.55 |
| | Silver | INR/Kg | 48538.00 | 6.72 |
| | Zinc | INR/Kg | 114.00 | 1.24 |
| CURRENCIES | INR/EUR | | 61.85 | 0.13 |
| | INR/GBP | | 73.19 | 0.40 |
| | INR/100 JPY | | 54.28 | (0.59) |
| | INR/USD | | 45.15 | (0.88) |

WORLD MARKETS - TECHNICAL SNAPSHOT



| | | | | | |
|--------|-----------|---------|-----------|-------|--|
| STOCKS | Australia | China ↑ | Brazil | India | |
| | France | | Hong Kong | | |
| | Germany | | | | |
| | Japan | | | | |
| | UK | | | | |
| | USA | | | | |
| | | | | | |

| | | | | | |
|-------------|-----------|--|-------------|--|--|
| COMMODITIES | Aluminium | | Crude Oil | | |
| | Copper | | Gold | | |
| | Lead | | Natural Gas | | |
| | Nickel | | | | |
| | Silver | | | | |
| | Zinc | | | | |
| | | | | | |

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

| | | | | | |
|-----------------------------|--|-----|-------|--|-----|
| CURRENCIES (against USD) | | AUD | EUR ↓ | | HKD |
| | | BRL | GBP ↓ | | |
| | | | INR | | |
| | | | JPY | | |

| | | | | | |
|------------------------|--|--|--------|---------|--|
| BONDS (US Treasury) | | | 2 Year | 10 Year | |
| | | | | 30 Year | |

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Mid Cap
Nifty
Sensex
Small Cap ↓

SECTORS

FMCG ↑
Healthcare ↑
IT
Teck
Auto
Bankex
Cons Durable
Metal ↓
Cap Goods ↓
Oil & Gas ↓
Power
Realty

COMMODITIES

Aluminium
Copper
Lead
Nickel
Silver
Zinc
Crude Oil ↑
Gold
Natural Gas ↓

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

CURRENCIES (against INR)

EUR ↑
GBP
JPY
USD

MAJOR LARGE CAP COMPANIES - TECHNICAL SNAPSHOT

| | | Very Bullish | Bullish | Neutral | Bearish | Very Bearish |
|-----------|-----|--------------|---------|---|---|---|
| COMPANIES | TCS | | | Adani Ent ↑ Allahabad Bank ↑ Bank of Baroda Bank Of India ↑ Bharti Airtel Cairn Cipla GAIL ↑ Grasim Ind HDFC Bank ↑ Hind Unilever Hind Zinc Hindalco IOB ↑ Infosys Tech ITC Jindal Saw Jindal Steel M&M Nestle India Petronet LNG ↓ Power Grid Ranbaxy Sesa Goa Siemens Sterlite Ind Tata Motors Tata Steel Wipro | ACC ↓ Ambuja Cem Andhra Bank Axis Bank ↑ B P C L ↑ Bajaj Auto ↑ BEL ↓ Canara Bank HDFC ↓ ICICI Bank Idea Cellular Maruti Suzuki ↑ PNB ↑ SBIN ↑ Suzlon Tata Chem Tata Power Ultratech Union Bank | Ashok Leyland Bhel H P C L Hero Honda JP Associates JSW Steel LT M R P L MRF NTPC O N G C PFC Punj Loyd RCOM Reliance Ind ↓ Reliance Infra SAIL Syndicate Bank ↓ UCO Bank United Spirits |

↑ = 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 | | HCL Tech | Divi's Lab ↑ Dr Reddy Glenmark Ph IGL Lupin Mphasis Mundraport ↑ OFSS Patni Comp Shr Renuka Shriram Trans ↑ Sun Pharma Titan Ind | Aditya Bir Nuv Asian Paints ↓ Bharat Forge Biocon Chambal Fert ↓ Colgate-Palm Crompton Gr Cummins Dabur Exide Inds Federal Bank GSPL Havells India IDBI Bank ↑ IFCI Indian Hotel ↑ Jain Irrigation Kotak Bank ↑ LIC Housing ↑ SRF ↓ Sun Tv Tech Mah ↑ Voltas Yes Bank ↑ | Apollo Tyres DLF GMR Infra HDIL HCC I D F C Piramal Health ↓ RECL Reliance Cap Sterlite Tech Tata Global United Phosp |
| | ↑ = moved up from last week ↓ = moved dn from last week | | | | |

Our opinion

- Money flow: Into stocks of developed markets and bullion.
 - Opinion on money flow: Money is flowing out of emerging markets, probably because developed markets seem cheaper and more stable on account of low inflation and strengthening recovery.
-
- Indian stocks: The market is in a long term correction.
 - Current trend in sectors: No sector is bullish as of now.
 - Positives: Strong foreign markets.
 - Negatives: High inflation and uncertain political conditions.
 - Opinion: The market is in a correction mode. During the next few weeks, especially with the Annual Budget around the corner, the market should remain volatile. Long term investors may hold onto their investments. Fresh investments are best avoided till a new trend emerges.

Disclaimer

- The report is for private circulation only. The information contained herein does not constitute a recommendation, advice, an offer or solicitation for the purchase or sale of any financial instruments/ investment products. All information, statements, opinions, statistics contained in the report are provided "as is" for informational purposes only, not intended for trading purposes or advice. The information provided is based on historical data. The past is not necessarily a guide to the future values and prices. The information provided in this report thus provides non-binding information, for which Shroff Securities Private Limited ("Company"), its directors, officers or employees disclaim liability. Trading in financial instruments and trade practices in the stock markets carries a great deal of risk. Recipient of this report should take independent professional advice before doing any transaction(s). The Company, its directors, officers or employees shall not be liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on information contained herein. Recipient of this report expressly understands and agrees that it is their sole responsibility to authenticate, verify and evaluate or take professional advice on the accuracy and completeness of all information, statements, opinions and other materials contained or expressed in this report. This report is not meant for any person located in or resident in jurisdictions which restrict the distribution of such material. The Recipient of this report is required to observe any relevant restrictions.
- No guarantee, representation or warranty whatsoever is made by the Company , its directors, officers or employees regarding the timeliness, quality, completeness, accuracy, adequacy, fullness, functionality or reliability of the information, statements, opinions, products, services and materials contained in this report or of the results obtained from the use of such information, statements, opinions and materials 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 information, statements, opinions and materials contained, in his report or of the results obtained from the use of such information, statements, opinions and materials the security suitability for the investor, accounting and tax consequences of investing in securities or the future value developments of the stocks.
- The Company, its directors, officers or employees expressly disclaim liability and shall not be held responsible for any profit or loss which may arise out of any transaction(s) based on information, material or opinions appearing in this report. The Company or its group entities, their directors, owners, partners, officers, employees or clients may / may not have personal positions in the mentioned financial instruments.