

ShroffConnect Weekly Report

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Opinion as on 24/03/2012

- Money flow: The flow into stocks has eased off a bit.
 - **Opinion on money flow:** There is no trend per se because now that the pressing issues like the Eurozone debt etc. have been resolved, the focus has switched to economic growth which is less in any case in most parts of the world. There is improvement only in USA as of now. The market seems to be waiting and watching.
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- Indian market: The market was volatile as expected.
 - Sectors: Auto ancillaries, Auto, Banking, Cement, Consumer products, IT and Pharma are outperforming.
 - Positives: The government is trying to be fiscally responsible by curtailing its fiscal deficit target for the next year.
 - Negatives: High interest, high fiscal deficit, lack of political will.
 - **Opinion:** The market remained volatile and range bound due to some weak foreign cues. The signs for a revival are there but some supportive action is required from both the government and the central bank. Investors should hold onto their investments and buy stocks of profit making companies on dips.

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

Current scenario & news

World economy

- The number of Americans claiming new unemployment benefits dropped to a four-year low, offering further evidence the jobs market recovery was gaining traction.
- China's economic momentum slowed in March as factory activity shrank for a fifth straight month, leaving investors fretting about the risks to global growth and anticipating fresh policy support from Beijing.
- Canada's dollar depreciated after reports on manufacturing in Europe and China fueled concern that global growth was slowing, spurring demand for the safest of assets, including the U.S. dollar and the yen.

Indian economy

- The government said it proposes to bring down expenditure on subsidies towards food, oil and fertilisers to 1.75 per cent of the GDP in the next three years, from 2 per cent estimated in 2012-13.
- State refiners are preparing to raise petrol prices next month if they are not compensated for selling the fuel below market rates while the government is considering reviewing diesel, kerosene and cooking gas rates soon, which could see their prices going upward.
- The Reserve Bank of India has said all non-banking finance companies that lend against gold collateral should maintain a loan-to-value ratio not exceeding 60 percent for loans granted against gold jewellery.

WORLD MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Mar 2012	% Change
STOCKS	Australia	ASX	4360.72	(0.09)
	Brazil	Bovespa	65812.90	(2.76)
	China	Shanghai	2349.54	(2.30)
	France	CAC	3476.18	(3.30)
	Germany	DAX	6995.62	(2.27)
	Hong Kong	Hang Seng	20668.80	(3.04)
	India	Sensex	17361.74	(0.60)
	Japan	Nikkei	10011.50	(1.17)
	UK	FTSE	5854.89	(1.86)
	USA	DJIA	13080.70	(1.15)
COMMODITIES	Copper	\$/Pound	3.81	(1.80)
	Crude	\$/Barrel	106.75	(0.37)
	Gold	\$/Troy Ounce	1661.10	0.04
	Natural Gas	\$/MMBtu	2.27	(2.16)
	Silver	\$/Troy Ounce	32.20	(1.20)
	Aluminium	\$/Tonne	2174.00	(3.72)
	Lead	\$/Tonne	1995.00	(5.36)
	Nickel	\$/Tonne	18175.00	(3.84)
	Zinc	\$/Tonne	2005.00	(3.51)
CURRENCIES	USD/GBP		1.5868	0.23
	USD/EUR		1.3268	0.72
	USD/AUD		1.0470	(1.15)
	JPY/USD		82.33	(1.32)
	INR/USD		51.21	2.42
	HKD/USD		7.7677	0.07
	BRL/USD		1.8103	0.56
BONDS	2 Year	US Treasury	110.13	0.04
	10 Year		129.05	0.00
	30 Year		137.81	(0.05)

INDIAN MARKETS - A SNAPSHOT

	Name	Description	Week ended 24th Mar 2012	% Change
STOCKS	Nifty	Large Cap	5278.20	(0.75)
	Sensex	Large Cap	17361.74	(0.60)
	BSE Midcap	Mid Cap	6350.92	(0.17)
	BSE Smallcap	Small Cap	6626.35	(1.17)
Some Major Shares	ACC	Rs/share	1372.05	2.40
	Bharti Airtel		336.00	2.58
	HDFC Ltd		660.55	(0.89)
	Infosys		2872.70	0.27
	L&T		1300.70	(1.46)
	Reliance Inds		744.05	(3.66)
	Tata Motors		272.70	(4.88)
	Tata Steel		448.50	(1.34)
COMMODITIES	Aluminium	INR/Kg	109.95	(1.92)
	Copper	INR/Kg	432.15	0.00
	Crude	INR/Barrel	5499.00	3.11
	Gold	INR/10gms	28099.00	0.89
	Lead	INR/Kg	102.65	(2.75)
	Natural Gas	INR/1mmBtu	117.40	0.43
	Nickel	INR/Kg	935.10	(2.07)
	Silver	INR/Kg	57083.00	(0.30)
	Zinc	INR/Kg	102.35	(1.35)
CURRENCIES	INR/EUR		67.38	2.03
	INR/GBP		81.23	2.63
	INR/100 JPY		62.17	3.51
	INR/USD		51.21	2.42

Detailed macro /
fundamental analysis
of world economies

MACRO ECONOMIC SNAPSHOT AS ON 24/03/2012

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	2.29	2.03

Euro Area	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.70	1.40
Inflation Rate	Monthly	2.70	2.60
Unemployment Rate	Monthly	10.70	10.40
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	3.20	4.50
Unemployment Rate	Monthly	4.10	4.30
Benchmark Interest Rate	Weekly	6.56	6.56
Govt. bond 10 year Rate	Weekly	3.55	3.58

Japan	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	-0.60	-1.00
Inflation Rate	Monthly	0.10	-0.20
Unemployment Rate	Monthly	4.60	4.50
Benchmark Interest Rate	Weekly	0.00	0.00
Govt. bond 10 year Rate	Weekly	1.05	0.99

UK	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	0.80	0.50
Inflation Rate	Monthly	3.40	3.60
Unemployment Rate	Monthly	8.40	8.30
Benchmark Interest Rate	Weekly	0.50	0.50
Govt. bond 10 year Rate	Weekly	2.45	2.15

India	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	6.10	6.90
Inflation Rate	Monthly	6.55	7.47
Unemployment Rate	Monthly	no data	
Benchmark Interest Rate	Weekly	8.50	7.50
Govt. bond 10 year Rate	Weekly	8.89	8.93

Brazil	Period	Current	Previous
GDP Annual Growth Rate	Quarterly	1.40	2.10
Inflation Rate	Monthly	5.80	6.20
Unemployment Rate	Monthly	5.70	5.50
Benchmark Interest Rate	Weekly	9.75	10.50
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	3.70	4.20
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 24/03/2012

Company	Industry	Price	TTM P/E	P/BV
Bajaj Auto Ltd	Automobile Two & Three Wheelers	1711.25	13.63	6.93
Bharat Heavy Electricals Ltd.	Electric Equipment	266.10	10.08	2.73
Bharti Airtel Ltd.	Telecommunication - Service Provider	335.70	27.80	2.45
Cipla Ltd.	Pharmaceuticals & Drugs	301.35	23.13	3.25
Coal India Ltd.	Mining & Minerals	334.65	14.10	4.63
DLF Ltd.	Construction - Real Estate	196.20	27.59	1.32
HDFC Bank Ltd.	Bank - Private	513.85	24.96	4.14
Hero MotoCorp Ltd.	Automobile Two & Three Wheelers	2017.80	17.70	8.52
Hindalco Industries Ltd.	Aluminium & Aluminium Products	131.60	10.93	0.81
Hindustan Unilever Ltd.	Household & Personal Products	403.25	33.02	18.54
Housing Development Finance Corporation Ltd.	Finance - Housing	660.65	24.78	4.85
ICICI Bank Ltd.	Bank - Private	911.00	17.46	1.76
Infosys Ltd.	IT - Software	2870.35	21.08	5.15
ITC Ltd.	Cigarettes/Tobacco	222.45	29.82	8.50
Jaiprakash Associates Ltd.	Engineering - Construction	79.55	22.78	1.76
Jindal Steel & Power Ltd.	Steel/Sponge Iron/Pig Iron	536.15	13.04	2.96
Larsen & Toubro Ltd.	Engineering - Construction	1302.30	18.89	3.32
Mahindra & Mahindra Ltd.	Automobiles-Tractors	688.75	16.20	3.44
Maruti Suzuki India Ltd.	Automobiles - Passenger cars	1308.60	22.84	2.54
NTPC Ltd.	Power Generation/Distribution	171.55	15.03	1.91
Oil & Natural Gas Corp. Ltd.	Oil Exploration	267.30	10.27	1.97
Reliance Industries Ltd.	Refineries	744.00	11.49	1.50
State Bank Of India	Bank - Public	2165.25	11.57	1.46
Sterlite Industries (India) Ltd.	Metal - Non Ferrous	112.90	4.46	0.80
Sun Pharmaceutical Inds. Ltd.	Pharmaceuticals & Drugs	578.95	23.31	5.19
Tata Consultancy Services Ltd.	IT - Software	1184.70	22.60	7.24
Tata Motors Ltd.	Automobiles-Trucks/Lcv	272.95	7.39	2.80
Tata Power Company Ltd.	Power Generation/Distribution	99.55	87.55	1.83
Tata Steel Ltd.	Steel/Sponge Iron/Pig Iron	449.00	4.90	1.07
Wipro Ltd.	IT - Software	424.35	19.17	3.93

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, although some economic data is quite 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 and lower GDP growth estimates.
- Japan – Lower exports to the US and Europe but strong Yen.
- Rest of the World – Iran is now a nuclear power. Israel may declare hostilities against Iran.

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 and inflation pressures remain due to high crude prices.
- Government policies – There has been a lack of growth oriented policies for the past couple of years. Landmark legislations have been postponed due to the compulsions of coalition politics. No major policies announced in the yearly budget. Excise & Service Tax hiked by 2% to 12%.
- RBI – The RBI has left all major rates unchanged despite the corporate sector crying for an interest rate decrease.
- Politics – Assembly elections results have been dismal for the ruling party. The TMC disrupts the Railway Budget and rolls back passenger fare hike.
- Sectors – The sectors which generally do well at the bottom of a business cycle are showing good results. This is hinting at a revival of the cycle but that should happen only after the interest rates begin to move down.

Our concerns on the macro front

World economies

- US need for continuous stimulus through low interest rates and tax cuts.
- Eurozone contraction.
- Chinese slowdown.

Indian economy

- High interest rate.
- High and growing fiscal deficit through subsidies and less collection of taxes
- Lack of governance and populist politics.
- Possibility of a mid term poll.
- 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 Germany Japan USA	France Hong Kong ↓ UK	Australia ↓ China India ↓			
COMMODITIES	Crude Oil			Aluminium Copper ↓ Gold Lead Nickel Silver Zinc		Natural Gas
CURRENCIES (against USD)		GBP HKD	AUD BRL EUR ↑		INR ↓	JPY
BONDS (US Treasury)			2 Year 10 Year 30 Year			

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

INDIAN MARKETS - TECHNICAL SNAPSHOT



INDICES

Mid Cap

Nifty ↓
Sensex ↓
Small Cap

SECTORS

Auto
FMCG ↑
IT

Bankex
Cons Durable
Healthcare
Power
Teck

Cap Goods
Metal
Oil & Gas
Realty

COMMODITIES

Crude Oil

Copper

Aluminium ↓
Gold ↓
Lead
Nickel
Silver ↓
Zinc

Natural Gas

CURRENCIES (against INR)

GBP ↑
USD ↑

EUR

JPY ↑

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

MAJOR LARGE COMPANIES - TECHNICAL SNAPSHOT

[illegible]

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

MAJOR MEDIUM & SMALL COMPANIES - TECHNICAL SNAPSHOT

	Very Bullish	Bullish	Neutral	Bearish	Very Bearish
COMPANIES	Astrazeneca Ph	Asian Paints	ABG Shipyard		Biocon
	Britannia Ind	Bata India	Bharat Forge ↓		GSPL
	Godrej Cons	Castrol India	CRISIL Ltd		
	IndusInd Bank	Colgate-Palm ↓	Federal Bank ↓		
	Jubilant Food	Cummins India	GE Shipping		
	Titan Ind	Dabur	GMDC ↓		
	Yes Bank	Glaxo Pharma	Hawkins Cooker ↑		
		GSK Con Health	HCC ↓		
		I D F C ↓	IGL ↑		
		LIC Housing	Indian Hotel		
		Opto Circuits	Marico		
		SKF India ↑	Pidilite Ind		
		TTK Prestige ↑	Shipping Corpn		
		Voltas	Tata Sponge Iron		

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

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