

Dealer's Diary

The markets are expected to edge higher following positive opening across most of the Asian bourses. The markets rallied yesterday on upbeat economic data from China – GDP rose 8.9% in the fourth quarter from a year ago period, while other key variables such as industrial output and retail sales also posted a decent growth for the month of December, thus allaying some of the fears stemming from the eurozone.

European markets reacted to positive cues in China and rallied for the second day, shrugging off the recent downgrades on sovereign debt by S&P. Strong GDP figures and injection of liquidity in China helped reinforce expectations of strong demand from the world's faster growing economy. Likewise, US bourses also absorbed the upbeat news from China and ended with gains.

The domestic cues including better-than-expected IIP data, easing of food inflation and high expectations of the investor-friendly policies in the upcoming budget are layering optimism within the investors. Strengthening of rupee against dollar is also a positive sign, especially from inflation point of view, which adds comfort to the economy and stock markets. In addition, investors will closely track the high profile meet between the power sector magnates and the prime minister. The outcome weighs heavily on the power sector as it would define the outlook of the fuel-strapped power sector.

Markets Today

The trend deciding level for the day is 16,413 / 4,949 levels. If NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally up to 16,555 – 16,643 / 4,994– 5,021 levels. However, if NIFTY trades below 16,413 / 4,949 levels for the first half-an-hour of trade then it may correct up to 16,324 – 16,182 / 4,922 – 4,877 levels.

Indices	S2	S1	R1	R2
SENSEX	16,182	16,324	16,555	16,643
NIFTY	4,877	4,922	4,994	5,021

News Analysis

- 3QFY2012 Result Review –TCS, HCL Technologies, Automotive Axles
 - 3QFY2012 Result Preview – MindTree, Infotech Enterprises
- Refer detailed news analysis on the following page*

Net Inflows (January 13, 2012)

₹ cr	Purch	Sales	Net	MTD	YTD
FII	2,526	2,162	365	2,923	2,923
MFs	689	674	15	(557)	(557)

FII Derivatives (January 17, 2012)

₹ cr	Purch	Sales	Net	Open Interest
Index Futures	2,686	1,639	1,047	13,608
Stock Futures	2,816	2,552	265	27,826

Gainers / Losers

Gainers			Losers		
Company	Price (₹)	chg (%)	Company	Price (₹)	chg (%)
Maruti Suzuki	1,110	10.5	Essar Oil	58	(7.9)
Jet Air India	235	10.2	Dish TV India	63	(4.1)
HDIL	77	7.3	Chambal Fert.	79	(4.0)
Jubl. Food	832	6.7	MMTC	914	(3.3)
Unitech	26	6.2	Glenmark Pharma	304	(3.2)

Domestic Indices	Chg (%)	(Pts)	(Close)
BSE Sensex	1.7	276.7	16,466
Nifty	1.9	93.4	4,967
MID CAP	1.3	74.7	5,655
SMALL CAP	1.1	66.4	6,258
BSE HC	0.6	38.9	6,128
BSE PSU	1.8	125.3	7,168
BANKEX	1.2	126.5	10,396
AUTO	2.6	223.8	8,755
METAL	3.7	394.5	11,171
OIL & GAS	2.8	214.5	7,903
BSE IT	1.0	54.2	5,635

Global Indices	Chg (%)	(Pts)	(Close)
Dow Jones	0.5	60.0	12,482
NASDAQ	0.6	17.4	2,728
FTSE	0.7	36.5	5,694
Nikkei	1.1	88.0	8,466
Hang Seng	3.2	615.6	19,628
Straits Times	2.2	59.4	2,816
Shanghai Com	4.2	92.2	2,298

Indian ADRs	Chg (%)	(Pts)	(Close)
Infosys	1.6	0.8	\$51.9
Wipro	3.1	0.3	\$10.2
ICICI Bank	0.8	0.3	\$30.9
HDFC Bank	2.4	0.7	\$28.5

Advances / Declines	BSE	NSE
Advances	1,907	1048
Declines	975	441
Unchanged	103	70

Volumes (₹ cr)	
BSE	2,684
NSE	12,180

Result Review

TCS

For 3QFY2012, TCS reported a modest set of numbers. The company reported revenue of US\$2,586mn, up 2.4% qoq, on the back of volume growth of 3.2% qoq and a 2.0% qoq increase in price realization. In INR terms, revenue came in at ₹13,204cr, up 13.5% qoq, aided by INR depreciation. The most remarkable thing was that the company's growth was broad based – across all services lines, industry verticals and geographies. EBIT margin improved by 215bp qoq to 29.2%, aided by 282bp qoq because of INR depreciation against USD. PAT came in at ₹2,887cr, negatively impacted by forex loss of ₹300cr as against ₹91cr in 2QFY2012.

The company added 40 new clients and signed 10 large deals during the quarter. Hiring remained robust, with gross and net addition of 18,907 and 11,981 employees. Management indicated that it will hire another 15,000 employees in 4QFY2012, which implies that the company will exceed its yearly gross hiring target of 60,000 employees for FY2012 by ~5,000. The company remains one of our top picks amongst tier-I IT companies because of its diversified portfolio on all fronts service wise, industry exposure wise as well as geography wise. **The stock is currently under review.**

HCL Technologies

For 2QFY2012, HCL Technologies (HCL Tech) reported revenue of US\$1,022mn, up 2.0% qoq, on the back of 4.9% qoq volume growth. Cross-currency movement impacted the company's USD revenue by 1.7% qoq. Pricing declined by 1.0% qoq, but it is expected to remain flat going ahead. HCL Tech's revenue growth was led by modest volume growth of 4.6% in core software services; however, USD revenue of infrastructure services declined by 0.7% qoq in CC terms. Management indicated that this is basically due to softness in India business; globally IMS is doing well. The company has to stop few system integration projects in India due to sharp INR depreciation, which made these projects unviable for HCL Tech. The company is currently in the process of renegotiations for the above-mentioned contracts and expects to again start up soon. EBITDA and EBIT margins of the company enhanced by 141bp and 156bp qoq to 18.5% and 15.8%, respectively, because of a 260bp positive impact on account of INR depreciation during the quarter. PAT came in at ₹573cr, negatively affected by ₹76cr forex loss. The company remains one of our top picks amongst tier-I IT companies. **We remain positive on the stock and will be releasing a detailed update shortly.**

Automotive Axles

Automotive Axles (ATXL) reported better-than-expected 63% yoy (4.1% qoq) growth in its net sales to ₹293cr, driven by strong growth in the domestic segment, which continues to benefit from the acquisition of brakes business in 2QSY2011. The company's top line maintained its growth traction, aided by healthy growth of 11.3% yoy in the domestic MHCV segment. Operating margin witnessed a 31bp yoy and a sharp 372bp qoq expansion to 12.7%, led by a decline in raw-material and employee expenses. As a result, operating profit jumped by 67.1% yoy (47.3% qoq) to ₹37cr. Net profit increased significantly by 102% yoy (69.3% qoq) to ₹20cr on account of strong performance at the operating level and savings due to lower tax rate. At ₹386, the stock is trading attractively at 7x SY2013E earnings. **We broadly revise our earnings estimates for ATXL due to better-than-expected operating performance in 1QSY2011 and maintain our Buy rating with a revised target price of ₹444.**

Result Preview

MindTree

MindTree is slated to announce its 3QFY2012 results. We expect the company to post revenue of US\$104mn, up 2.6% qoq, majorly led by volume growth. In INR terms, revenue is expected to come in at ₹528cr, up 15.6% qoq. EBITDA margin is expected to expand by 299bp qoq to 15.9%. PAT is expected to come in at ₹42cr. **We recommend a Neutral rating on the stock.**

Infotech Enterprises

Infotech Enterprises is slated to announce its 3QFY2012 results. We expect the company to post revenue of US\$82.6mn, up 1.4% qoq, majorly led by volume growth. In INR terms, revenue is expected to come in at ₹419.3cr, up 12.5% qoq. EBITDA margin is expected to expand by 128bp qoq to 17.0%. PAT is expected to come in at ₹35cr. **We recommend Neutral view on the stock.**

Quarterly Bloomberg Brokers' Consensus Estimates

Jindal Steel & Power Ltd - Consolidated (18/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	4,305	3,168	36	4,407	(2)
EBITDA	1,804	1,599	13	1,704	6
EBITDA margin (%)	41.9	50.5		38.7	
Net profit	1,015	951	7	875	16

Bajaj Auto Ltd - (19/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	4,956	4,028	23	5,046	(2)
EBITDA	1,006	849	18	1,057	(5)
EBITDA margin (%)	20.3	21.1		21.0	
Net profit	782	667	17	726	8

Hero Motor Corp Ltd - (19/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	6,010	5,110	18	5,784	4
EBITDA	850	569	49	919	(7)
EBITDA margin (%)	14.1	11.1		15.9	
Net profit	629	429	47	604	4

HDFC Bank Ltd - (19/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net profit	1,369	1,088	26	1,193	15

Axis Bank Ltd - (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net profit	1,014	891	14	920	10

Exide Industries Ltd - (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	1,209	1,049	15	1,175	3
EBITDA	144	160	(10)	90	59
EBITDA margin (%)	11.9	15.3		7.7	
Net profit	92	124	(26)	51	80

ITC Ltd - (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	6,393	5,453	17	5,974	7
EBITDA	2,332	2,029	15	2,219	5
EBITDA margin (%)	36.5	37.2		37.1	
Net profit	1,630	1,389	17	1,514	8

JSW Steel Ltd - Consolidated (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	7,960	5,965	33	8,134	(2)
EBITDA	1,132	1,016	11	1,394	(19)
EBITDA margin (%)	14.2	17.0		17.1	
Net profit	194	292	(33)	(669)	(129)

Reliance Industries Ltd (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	82,712	59,789	38	78,569	5
EBITDA	7,962	9,545	(17)	9,844	(19)
EBITDA margin (%)	9.6	16.0		12.5	
Net profit	4,782	5,136	(7)	5,703	(16)

United Spirits Ltd (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	2,109	1,960	8	1,791	18
EBITDA	315	285	10	332	-5
EBITDA margin (%)	14.9	14.6		18.5	
Net profit	119	130	-9	148	(20)

Wipro Ltd - Consolidated (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	9,736	6,623	47	9,095	7
EBITDA	1,873	1,476	27	1,740	8
EBITDA margin (%)	19.2	22.3		19.1	
Net profit	1,470	1,224	20	1,301	13

Hindustan Zinc Ltd - (20/01/2012)

Particulars (₹ cr)	3QFY12E	3QFY11	y-o-y (%)	2QFY12	q-o-q (%)
Net sales	2,653	2,601	2	2,593	2
EBITDA	1,379	1,507	(8)	1,465	(6)
EBITDA margin (%)	52.0	57.9		56.5	
Net profit	1,300	1,290	1	1,345	(3)

Economic and Political News

- FY12 exports to be in range of \$280-300 bn says MoS
- RBI to buy govt. securities worth ₹12,000cr
- Railways plan new railway policy to attract private participation
- Steel Ministry plans new national steel policy by fiscal-end

Corporate News

- Govt mulls 49% FDI in airlines
- Food Ministry to discuss sugar decontrol with Finance Ministry soon
- Maruti Suzuki hikes prices by up to ₹17,000 across models
- RIL may ask government for refund of investment in KG-D6
- ONGC in talks with ConocoPhillips for deep sea oil, shale gas exploration
- BPCL-Videocon discovery may hold 15-30 tcf of gas
- Coal India to hire consultants for overseas mines acquisition

Source: Economic Times, Business Standard, Business Line, Financial Express, Mint

Results Calendar

18/01/2012 MindTree, Infotech Enterprises, Jindal Steel

19/01/2012 HDFC Bank, Bajaj Auto, Hero Motocorp

20/01/2012 Reliance Industries, ITC, Wipro, Hind. Zinc, Axis Bank, JSW Steel, United Spirits, Exide Industries, Syndicate Bank, Rallis, HT Media, Bank of Maharashtra, Hind. Const., NIIT

21/01/2012 UltraTech Cement, Asian Paints, Zee Entertainment, Patel Engg., Sarda Energy

22/01/2012 Persistent

Research Team Tel: 022 - 39357800

E-mail: research@angelbroking.com

Website: www.angelbroking.com

DISCLAIMER

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Angel Broking Limited, its affiliates, directors, its proprietary trading and investment businesses may, from time to time, make investment decisions that are inconsistent with or contradictory to the recommendations expressed herein. The views contained in this document are those of the analyst, and the company may or may not subscribe to all the views expressed within.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Limited endeavours to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Angel Broking Limited and its affiliates may seek to provide or have engaged in providing corporate finance, investment banking or other advisory services in a merger or specific transaction to the companies referred to in this report, as on the date of this report or in the past.

Neither Angel Broking Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.

Note: Please refer to the important 'Stock Holding Disclosure' report on the Angel website (Research Section). Also, please refer to the latest update on respective stocks for the disclosure status in respect of those stocks. Angel Broking Limited and its affiliates may have investment positions in the stocks recommended in this report.