

Dealer's Diary

The Indian markets are expected to open flat with negative bias taking cues from flat to negative opening in most of the Asian markets. Indian markets ended a volatile session modestly higher on Friday, as investors kept an eye on surging crude oil prices and state election results due on Tuesday.

Globally, most of the US and European markets ended lower on Friday partly due to profit taking, with traders cashing in on the recent strength in the markets amid uncertainty about the near-term outlook. In the latest developments in Europe, leaders of twenty five of the twenty seven European Union nations have signed a new fiscal compact to enforce tougher budget discipline. The U.K. and the Czech Republic have refused to sign the deal.

The markets this week will closely watch out for UP state election results due to be released tomorrow. Also, factory orders data of U.S. for January will be on radar.

Markets Today

The trend deciding level for the day is 17,624 / 5,356 levels. If NIFTY trades above this level during the first half-an-hour of trade then we may witness a further rally up to 17,744 – 17,852 / 5,396 – 5,433 levels. However, if NIFTY trades below 17,624 / 5,356 levels for the first half-an-hour of trade then it may correct up to 17,517 – 17,397 / 5,319 – 5,278 levels.

Indices	S2	S1	PIVOT	R1	R2
SENSEX	17,397	17,517	17,624	17,744	17,852
NIFTY	5,278	5,319	5,356	5,396	5,433

News Analysis

- Auto monthly sales numbers – February 2012
- Cement dispatches – February 2012
- L&T bags orders worth ₹1,306cr

Refer detailed news analysis on the following page

Net Inflows (March 01, 2012)

₹ cr	Purch	Sales	Net	MTD	YTD
FII	2,437	2,161	276	276	36,574
MFs	408	666	(257)	(257)	(4,284)

FII Derivatives (March 02, 2012)

₹ cr	Purch	Sales	Net	Open Interest
Index Futures	1,412	1,400	12	12,815
Stock Futures	1,458	1,769	(310)	28,566

Gainers / Losers

Company	Gainers		Losers	
	Price (₹)	chg (%)	Company	Price (₹) chg (%)
EIH	99	9.9	Amtek Auto	142 (1.6)
Hindustan Copper	303	6.5	JSW Ispat	14 (1.6)
MMTC	875	5.0	IRB Infra	185 (1.5)
Reliance Power	129	4.9	United Brew	450 (1.5)
Indian Hotels	70	3.3	Ultratech Cement	1,400 (1.5)

Domestic Indices	Chg (%)	(Pts)	(Close)
BSE Sensex	0.0	0.2	17,637
Nifty	0.0	0.1	5,359
MID CAP	0.2	13.9	6,359
SMALL CAP	0.4	25.4	6,853
BSE HC	0.0	0.2	6,405
BSE PSU	0.6	41.9	7,698
BANKEX	0.2	25.3	12,022
AUTO	(0.2)	(15.8)	9,860
METAL	0.0	(0.3)	11,969
OIL & GAS	0.1	7.8	8,608
BSE IT	0.3	15.4	6,118

Global Indices	Chg (%)	(Pts)	(Close)
Dow Jones	(0.0)	(2.7)	12,978
NASDAQ	(0.4)	(12.8)	2,976
FTSE	(0.3)	(20.1)	5,911
Nikkei	0.7	69.7	9,777
Hang Seng	0.8	174.3	21,562
Straits Times	0.5	14.7	2,993
Shanghai Com	1.4	34.6	2,461

Indian ADRs	Chg (%)	(Pts)	(Close)
Infosys	(0.3)	(0.2)	\$57.7
Wipro	(0.5)	(0.1)	\$11.1
ICICI Bank	0.7	0.3	\$36.6
HDFC Bank	(0.3)	(0.1)	\$34.2

Advances / Declines	BSE	NSE
Advances	1,402	700
Declines	1,506	744
Unchanged	124	77

Volumes (₹ cr)	
BSE	3,137
NSE	13,032

Auto monthly sales numbers – February 2012

Ashok Leyland (AL)

AL reported 13.3% yoy (7.8% mom) growth in its total volumes to 11,103 units, driven largely by *Dost* sales, which reported 1,582 units during the month. Excluding *Dost*, volumes declined by 3% yoy.

Bajaj Auto (BJAUT)

BJAUT reported modest 5.2% yoy (1.7% mom) growth in its total volumes to 343,777 units on account of moderate volume growth in the two-wheeler as well as the three-wheeler segments. Motorcycle sales grew by 5.3% yoy (2.6% mom) and three-wheeler volumes increased by 4% yoy (down 3.7% mom). Exports growth also witnessed slight moderation, registering growth of 19.8% yoy (4.9% mom) to 122,727 units.

Cement Dispatches – February 2012

ACC's cement dispatches for February 2012 stood at 2.15mn tonnes, up by healthy 7.5% yoy. UltraTech's cement dispatches stood at 3.52mn tonnes, up by modest 5.7% yoy. However, on mom basis, dispatches declined for both the companies, by 3.6% and 5.5%, respectively. Growth in dispatches of UltraTech and ACC for February 2012 has come in lower than 12.7% yoy growth reported by Ambuja Cements. **We continue to remain Neutral on ACC and UltraTech, as they are trading at EV/tonne of US\$140 and US\$147, respectively, on CY2012E/FY2013E capacity.**

L&T bags orders worth ₹1,306cr

Larsen & Toubro's (L&T) construction arm bagged new orders worth over ₹1,306cr under various divisions during February 2012. The power T&D segment secured orders worth ₹514cr from various clients, which includes a major order from Power Grid Corporation for the construction of a transmission line. The buildings and factories division won orders worth ₹451cr for the construction of residential towers and for civil, structural and mechanical erection works for the construction of a cement plant. L&T construction also secured an order worth ₹220cr for the construction of 23MW Solar PV plant on EPC basis in Rajasthan. Lastly, ₹121cr order was received from Kolkata Metro Rail for the construction of 2.7km viaduct, station building and other related works.

At the CMP of ₹1,299, the stock is trading at PE of 18.3x FY2013E earnings, which is below the historical trading multiple for L&T. We have used the SOTP methodology to value the company to capture all its business initiatives and investments/stakes in the different businesses. Ascribing separate values to its parent business on a P/E basis and investments in subsidiaries on P/E, P/BV and mcap basis, our target price works out to ₹1,607, which provides 23.7% upside from current levels. **Hence, we maintain our Buy rating on the stock.**

Economic and Political News

- ₹25,000cr support approved for railways in FY2013
- January exports up 10% to US\$25bn
- GDP growth pegged at around 7.5% in FY2013
- SIAM flays plan to hike tax on diesel cars, duty cuts for EU

Corporate News

- Auctioned ONGC scripts averaged ₹303 a share
- Cipla receives ₹424cr demand notices from National Pharmaceutical Pricing Authority
- HCC in talks to restructure loans
- Maran to infuse ₹100cr in SpiceJet, stake up by 5%
- RIL hikes stake in EIH to 18.53%

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

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