

Macro Update

All important PMI data will be announced today. Post last few months encouraging reading, if, today also a strong numbers come, it will confirm that Indian economy has bottomed out and current rally in stock market is a genuine bull rally and not a mean reversion rally.

Derivative Outlook

Post low volume market response to US fiscal cliff resolution yesterday due to institutional holiday, today market will see full impact.

Derivative structure till now, suggests resistance for Nifty around 6000. Though, how open interest of nifty January futures gets added today will determine ultimate range of Nifty for January series..

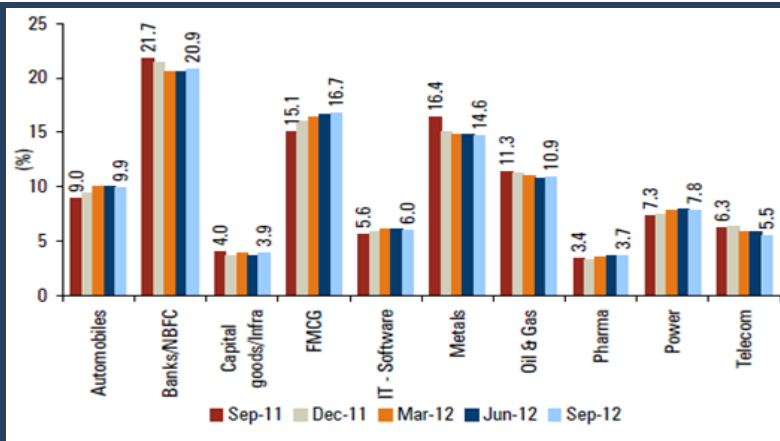
Quote of the Day

"Bargains are the holy grail of the true stockpicker. The fact that 10 to 30 percent of our net worth is lost in a market sell-off is of little consequence. We see the latest correction not as a disaster but as an opportunity to acquire more shares at low prices. This is how great fortunes are made over time."

Peter Lynch

Chart of the Day

BSE Sensex Companies - FII Holding



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DATA MATRIX

| MARKET | | | INSTITUTIONAL TURNOVER | | | | COMMODITY PRICE | |
|-----------|----------|--------|------------------------|-----------|------------|----------|-----------------|---------|
| Name | Value | Change | Investor | Buy Value | Sale Value | Net | CURRENCIES | Value |
| Sensex | 19580.81 | 154.10 | FII(1st Jan,13) | 885.51 | 220.46 | 665.05 | GOLD | 30910↑ |
| Nifty | 5950.85 | 45.75 | DII(1st Jan,13) | 857.63 | 1263.77 | (406.14) | SILVER | 57965↑ |
| DOW | CLOSED | | FII (Jan, 13) | 885.51 | 220.46 | 665.05 | CRUDEOIL | 111.5↑ |
| NASDAQ | CLOSED | | DII (Jan, 13) | 857.63 | 1263.77 | (406.14) | COPPER | 444.15↑ |
| CAC | CLOSED | | FII (2013) | 885.51 | 220.46 | 665.05 | DOLLAR/RS. | 54.68↑ |
| DAX | CLOSED | | DII (2013) | 857.63 | 1263.77 | (406.14) | EURO/RS. | 72.51↑ |
| FTSE | CLOSED | | | | | | POUND/RS. | 89.2↑ |
| NIKKIE | CLOSED | | | | | | | |
| HANG SENG | 23079.11 | 422.19 | | | | | | |

Investment Recommendation

ITC Ltd.

| | |
|--|----------------|
| Closing price (Rs.) | 286.80 |
| EPS (Rs.) | 8.57 |
| P/E (times) | 33.45 |
| BV per share (Rs.) | 28.16 |
| PB (times) | 10.19 |
| Mkt. cap (Rs. Crore) | 2,25,949.03 |
| Beta | 0.47 |
| Returns 1 mth (%) | -3.84 |
| Returns 12 mth (%) | 45.15 |
| Excess returns over Nifty (12 mths)(%) | 17.45 |
| Yield (%) | 1.57 |
| Avg. daily vol. (30 days) | 14.79 |
| Shares outstanding | 7,87,82,78,630 |

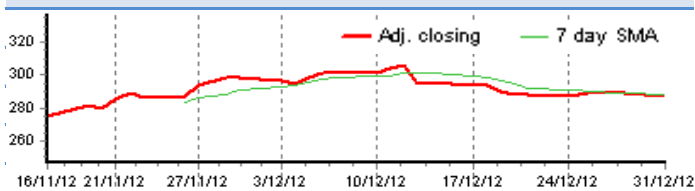
Quarterly Overview (Rs Crore)

| | Sep-11 | Jun-12 | Sep-12 |
|-------------------------|---------|---------|---------|
| Total income | 6,275.2 | 6,883.0 | 7,411.6 |
| Net sales | 6,090.6 | 6,713.1 | 7,226.6 |
| Other income | 184.7 | 169.9 | 185.0 |
| Extra-ordinary income | 0.0 | 0.0 | 0.0 |
| Change in stock | -22.2 | 249.6 | 318.1 |
| Total Expenses | 4,738.8 | 5,530.4 | 5,893.2 |
| Cons. raw material | 2,307.5 | 2,826.2 | 3,182.4 |
| Salaries & wages | 256.0 | 412.5 | 289.2 |
| Other expenses | 1,283.2 | 1,348.8 | 1,384.7 |
| Extra-ordinary expenses | 0.0 | 0.0 | 0.0 |
| PBDIT | 2,406.4 | 2,545.1 | 2,873.3 |
| Depreciation | 170.1 | 194.8 | 188.9 |
| Interest | 20.7 | 13.8 | 23.3 |
| PBT | 2,215.5 | 2,336.6 | 2,661.1 |
| Tax | 701.2 | 734.4 | 824.7 |
| PAT | 1,514.3 | 1,602.1 | 1,836.4 |
| PAT net of P&E | 1,514.3 | 1,602.1 | 1,836.4 |
| Adjusted EPS (Rs.) | 7.1 | 8.2 | 8.6 |

Growth-YoY (%)

| | | |
|----------------|-------|------|
| Total income | 14.4 | 18.1 |
| Net sales | 14.7 | 18.7 |
| Total expenses | 8.6 | 24.4 |
| PBDIT | 19.9 | 19.4 |
| Interest | -31.3 | 12.3 |
| PAT | 20.2 | 21.3 |

Price Performance



Company Update

A FMCG conglomerate controlling more than 2/3rd of cigarette market in India, ITC has diversified into paper boards, Hotel, processed food. E-Choupal, the agri-rural initiative of the company has been widely appreciated for its foresight in harnessing the potential in the rural market. Company's Q2 FY13 numbers were almost inline than expectations, Net sales grew nearly 19% and PAT 21% YoY boosted by price hikes it took in cigarettes and lower losses in the other FMCG business. OPM improved 70bps to 37.2% despite of input cost inflation. With a healthy growth of segmental revenue FMCG grew 26%, cigarette 15%, and Paper and Packaging 5%,YoY. Cigarette Volume growth seen at 0.5% against the 5%(Q2FY12)

ITC continues to enjoy dominant market share in cigarette while flat rate in excise duties could provide for strong pricing power. Segment revenue Paperboard businesses has achieved self sustenance levels with regular and on going paper business. New launches in Soap, body wash, fairness cream(Vivel Active Fairness) and noodles(Bingo) have received good response.

Company has entered the high growth instant noodles market with Sunfeast Yippies brand while it has also planned addition of 1,500 rooms in the coming 3-4 years (almost 50% of existing capacity) to its hotel business. We are positive on long term demand growth in cigarette business due to rising affordability and huge demand potential in small towns and rural areas. The premium valuations enjoyed by ITC, at the CMP of Rs 287,the stock trades at PE of 30.5x FY13E EPS seems justified from a growth point of view. We maintain "BUY" with a price target of Rs 310.

Shareholding Pattern (%)

| | |
|-----------|-------|
| Promoters | 0 |
| Public | 10.57 |
| FII's | 18.32 |
| Others | 71.11 |

Consensus Estimates

FY13E(Rs in Cr)

| | |
|------------------|-------|
| Net Sales | 43296 |
| EBITDA | 14288 |
| Net Profit | 7392 |
| EPS | 9.38 |
| Revenue Growth % | 19.9% |
| EBITDA Margins % | 33% |

Financial Overview

| | Mar-09 | Mar-10 | Mar-11 | Mar-12 |
|------------------------|----------|----------|----------|----------|
| Total income | 23,827.3 | 27,062.6 | 31,443.1 | 36,110.3 |
| Sales | 23,247.8 | 26,399.6 | 30,819.3 | 35,247.3 |
| PAT(PE) | 3,207.0 | 4,043.7 | 5,002.3 | 6,172.1 |
| PBDITA(PE&OI&FI) | 6,489.9 | 8,107.8 | 9,730.6 | 11,652.3 |
| NFA net of reval | 7,216.8 | 8,088.0 | 8,291.8 | 9,046.1 |
| Net worth | 13,680.0 | 14,010.0 | 15,899.9 | 18,738.8 |
| Capital employed | 13,857.5 | 14,117.7 | 15,999.1 | 18,828.0 |
| Borrowings | 177.6 | 107.7 | 99.2 | 89.1 |
| PBDITA(PE&OI&FI)/sales | 27.9 | 30.7 | 31.6 | 33.1 |
| RONW (%) | 13.5 | 15.0 | 15.9 | 17.1 |

Investment Recommendation

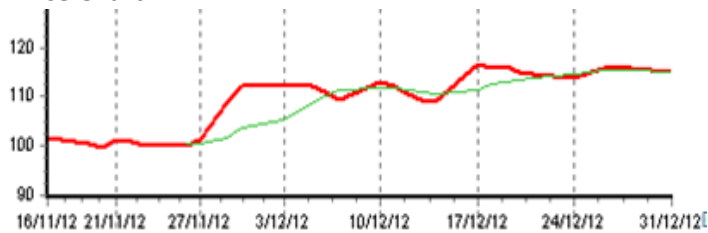
Fortis Healthcare Limited

| | |
|--|----------|
| Closing price (Rs.) | 114.80 |
| EPS (Rs.) | 1.21 |
| P/E (times) | 94.95 |
| BV per share (Rs.) | 79.58 |
| PB (times) | 1.44 |
| Mkt. cap (Rs. Crore) | 4,651.74 |
| Beta | 0.95 |
| Returns 1 mth (%) | 2.23 |
| Returns 12 mth (%) | 36.91 |
| Excess returns over Nifty (12 mths)(%) | 9.21 |
| Yield (%) | 0.00 |
| Avg. daily vol. (30 days) | 1.69 |
| Shares outstanding (Cr) | 41 |

Quarterly Overview (Rs Crore)

| | Sep-11 | Jun-12 | Sep-12 |
|-------------------------|--------|--------|--------|
| Total income | 87.95 | 137.42 | 137.52 |
| Net sales | 72.12 | 84.90 | 86.76 |
| Other income | 15.83 | 52.52 | 50.76 |
| Extra-ordinary income | 0.00 | 0.00 | 0.00 |
| Change in stock | 0.00 | 0.00 | 0.00 |
| Total Expenses | 107.46 | 124.09 | 128.15 |
| Cons. raw material | 0.00 | 0.00 | 0.00 |
| Salaries & wages | 17.11 | 23.13 | 26.10 |
| Other expenses | 62.23 | 59.53 | 60.81 |
| Extra-ordinary expenses | 0.00 | 0.00 | 0.00 |
| PBDIT | 8.61 | 54.76 | 50.61 |
| Depreciation | 3.00 | 3.71 | 4.04 |
| Interest | 25.12 | 32.96 | 31.52 |
| PBT | -19.51 | 18.09 | 15.05 |
| Tax | 0.00 | 4.76 | 5.68 |
| PAT | -19.51 | 13.33 | 9.37 |
| PAT net of P&E | -19.51 | 13.33 | 9.37 |
| Adjusted EPS (Rs.) | 1.74 | 0.50 | 1.21 |
| Growth (%) | | | |
| Total income | -26.76 | 44.65 | 56.36 |
| Net sales | 11.02 | 24.30 | 20.30 |
| Total expenses | 30.30 | 51.81 | 19.25 |
| PBDIT | -85.58 | 116.10 | 487.80 |
| Interest | 29.89 | 255.56 | 25.48 |
| PAT | 0.00 | 0.53 | 0.00 |

Price Chart



Company Update

Fortis Health Care was incorporated in 1996 and started the first 300-bed hospital in Mohali in 2001 and over the years expanded to the current capacity of 3,000 owned and 1,100 managed beds. Fortis' key areas of specialization are cardiology, neurosciences, oncology and orthopedics.

The sales for the quarter stood at Rs 1493 Cr registering growth of 145 % YoY due to consolidation of international business.

EBITDA margin declined 60 bps y-o-y to 13.7% mainly due to contribution from the international business, which has comparatively lower margin than the India business. Despite of registering healthy growth in consolidated revenue and stable EBITDA margin company reported net loss in PAT due to high interest cost. The EBIT for 2QFY13 was Rs 128 Cr while the interest paid by the company was Rs 168 Cr.

As on year ended on 31 March 2012 the consolidated debt was Rs 7000 Cr which was monuted due to a number of acquisitions made. All the acquired companies are doing well and adding a healthy contribution to the consolidated revenue. Company's higher interest outgo eats entire profit. Company's prudent actions viz listing of Religare health Trust at SGX, Selling 25 % stake in SRL, Selling 64% stake in Dental Corportion and divestment of 6.5 % promoter stake has cut down its debt from Rs 7000 Cr levels to Rs 2500 Cr levels.

The strong sales and stable EBITDA margin generates with good debt cutting measures generates positive view We therefore recommend buy for the stock in mid to long range.

Shareholding Pattern %

| | |
|-----------|-------|
| Promoters | 81.48 |
| Public | 7.19 |
| FII's | 4.84 |
| Others | 6.49 |

Consensus Estimates

FY13E (Rs Million)

| | |
|------------------|--------|
| Net Sales | 59992 |
| EBITDA | 6674 |
| Net Profit | (166) |
| EPS | (1) |
| Revenue Growth % | 101% |
| EBITDA Margins % | 11.10% |

Financial Overview

| | 8-Mar-01 | 9-Mar-02 | 10-Mar-10 | 11-Mar-11 |
|------------------------|----------|----------|-----------|-----------|
| Total income | 192.48 | 196.39 | 254.29 | 440.99 |
| Sales | 153.2 | 169.78 | 205.72 | 252.22 |
| PAT(PE) | 2.07 | -6.69 | 30.82 | 137.57 |
| PBDITA(PE&OI&FI) | 5.13 | 7.21 | 20.48 | 21.98 |
| NFA net of reval | 80.86 | 75.08 | 72.21 | 73.57 |
| Net worth | 872.72 | 787.53 | 1577.03 | 3014.92 |
| Capital employed | 1066.92 | 1084.81 | 2827.24 | 3468.54 |
| Borrowings | 182.6 | 285.24 | 1245.88 | 449.29 |
| PBDITA(PE&OI&FI)/sales | 3.35 | 4.25 | 9.96 | 8.71 |

Investment Recommendation

INFOSYS Ltd.

| | |
|--|--------------|
| Closing price (Rs.) | 2,318.50 |
| EPS (Rs.) | 166.13 |
| P/E (times) | 13.96 |
| BV per share (Rs.) | 582.37 |
| PB (times) | 3.98 |
| Mkt. cap (Rs. Crore) | 1,33,136.66 |
| Beta | 0.45 |
| Returns 1 mth (%) | -4.85 |
| Returns 12 mth (%) | -14.48 |
| Excess returns over Nifty (12 mths)(%) | -42.18 |
| Yield (%) | 2.03 |
| Avg. daily vol. (30 days) | 17.61 |
| Shares outstanding | 57,42,36,166 |

Quarterly Overview (Rs Crore)

| | Sep-11 | Jun-12 | Sep-12 |
|-------------------------|---------|---------|---------|
| Total income | 7,862.0 | 9,395.0 | 9,826.0 |
| Net sales | 7,470.0 | 8,909.0 | 9,129.0 |
| Other income | 392.0 | 486.0 | 697.0 |
| Extra-ordinary income | | | |
| Change in stock | | | |
| Total Expenses | 6,040.0 | 7,191.0 | 7,484.0 |
| Cons. raw material | 0.0 | 0.0 | 0.0 |
| Salaries & wages | 3,713.0 | 4,765.0 | 4,882.0 |
| Other expenses | 1,407.0 | 1,369.0 | 1,482.0 |
| Extra-ordinary expenses | 0.0 | 0.0 | 0.0 |
| PBDIT | 2,742.0 | 3,261.0 | 3,462.0 |
| Depreciation | 201.0 | 214.0 | 238.0 |
| Interest | 0.0 | 0.0 | 0.0 |
| PBT | 2,541.0 | 3,047.0 | 3,224.0 |
| Tax | 719.0 | 843.0 | 882.0 |
| PAT | 1,822.0 | 2,204.0 | 2,342.0 |
| PAT net of P&E | 1,822.0 | 2,204.0 | 2,342.0 |
| Adjusted EPS (Rs.) | 119.2 | 157.1 | 166.1 |

Growth-YoY (%)

| | | |
|----------------|-------|-------|
| Total income | 28.35 | 24.98 |
| Net sales | 29.02 | 22.21 |
| Total expenses | 26.91 | 23.91 |
| PBDIT | 31.02 | 26.26 |
| Interest | 0 | 0.00 |
| PAT | 33.25 | 28.54 |

Price Performance



Company Update

Infosys is India's second-largest software services exporter, providing end-to-end technology solutions for their clients, including technical consulting, design, development, product engineering, and implementation and infrastructure management services. With a global footprint and revenue of USD7 bn over 150000 head count are directly engage with Company.

Infosys Ltd witnessed muted Q2 FY13 earnings and tepid earning guidance of FY13E than street expectations. Company reported 3% (QoQ) top line growth led by 1% BFSI growth (contributes 34% of sales), 3% manufacturing (contributes 22% of Sales), 4% Retail and Logistic (contributes 24% of Sales) and 4% Energy, Utilities and Communication (contributes 20% of Sales). EBITDA margin was down by 160 bps, due to increase in costs by 5% (QoQ), PAT increased by 3% on QoQ basis.

The visibility of profitability and growth might be seen in near future on the back of strong brand value, virtualization of some geographies and new industries with maintaining high utilization rate. New client addition could be another lever for margin growth and Infosys is maintaining the strategy to work with short term projects along with existing projects to enhance the revenue.

Management is confident of acquisitions worth up to \$700 mn (Rs 3,800cr) as part of its inorganic growth strategy. Company's operating cash flow continues to be strong, while it has roughly Rs20500cr cash (Cash/share at Rs 359) on its balance sheet as on FY12. At a CMP of Rs 2320, it trades at 14x FY13E earnings. We maintain BUY with a target price of Rs 2600.

Shareholding (%)

| | |
|-----------|-------|
| Promoters | 16.04 |
| Public | 12.67 |
| FII's | 39.42 |
| Others | 31.87 |

Consensus Estimates

FY13E(Rs in Cr.)

| | |
|------------------|-------|
| Net Sales | 39685 |
| EBITDA | 11509 |
| Net Profit | 9316 |
| EPS | 162.2 |
| Revenue Growth % | 18.2% |
| EBITDA Margins % | 29.0% |

Financial Overview

| | Mar-09 | Mar-10 | Mar-11 | Mar-12 |
|------------------------|----------|----------|----------|----------|
| Total income | 21,478.0 | 22,426.0 | 26,532.0 | 33,567.0 |
| Sales | 20,297.0 | 21,140.0 | 25,385.0 | 31,254.0 |
| PAT(PE) | 5,711.0 | 5,484.0 | 6,443.0 | 8,470.0 |
| PBDITA(PE&OI&FI) | 8,004.0 | 9,392.0 | 10,796.0 | 13,233.0 |
| NFA net of reval | 3,799.0 | 3,779.0 | 4,056.0 | 4,061.0 |
| Net worth | 17,809.0 | 22,036.0 | 24,501.0 | 29,757.0 |
| Capital employed | 17,809.0 | 22,036.0 | 24,501.0 | 29,757.0 |
| Borrowings | 0.0 | 0.0 | 0.0 | 0.0 |
| PBDITA(PE&OI&FI)/sales | 39.4 | 44.4 | 42.5 | 42.3 |
| RONW (%) | 32.1% | 24.9% | 26.3% | 28.5% |

Investment Recommendation

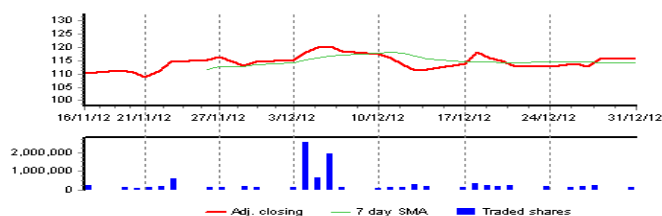
CROMPTON GREAV LTD.

| | |
|--|----------------|
| Closing price (Rs.) | 115.90 |
| EPS (Rs.) | 6.00 |
| P/E (times) | 24.00 |
| BV per share (Rs.) | 56.30 |
| PB (times) | 2.50 |
| Mkt. cap (Rs. Crore) | 8,862.00 |
| Beta | 1.11 |
| Returns 1 mth (%) | 1.31 |
| Returns 12 mth (%) | -6.80 |
| Excess returns over Nifty (12 mths)(%) | -34.49 |
| Yield (%) | 1.21 |
| Avg. daily vol. (30 days) | 4.96 |
| Shares outstanding | 641,491,536.00 |

Quarterly Overview (Rs Crore)

| | Sep-11 | Jun-12 | Sep-12 |
|-------------------------|----------|----------|----------|
| Total income | 2,728.00 | 2,830.00 | 2,945.00 |
| Net sales | 2,706.00 | 2,811.00 | 2,924.00 |
| Other income | 22 | 19 | 21.00 |
| Extra-ordinary income | (1.76) | 0.00 | 0.00 |
| Change in stock | 0.00 | 0.00 | 0.00 |
| Total Expenses | 2,479.00 | 2,645.00 | 2,787.00 |
| Cons. raw material | 1,820.00 | 1,876.00 | 1,971.00 |
| Salaries & wages | 357 | 421 | 442.00 |
| Other expenses | 302.00 | 348.00 | 374.00 |
| Extra-ordinary expenses | | | |
| PBDIT | 228.76 | 166.00 | 137.00 |
| Depreciation | 72.66 | 46.61 | 54.53 |
| Interest | 10.22 | 9.89 | 18.96 |
| PBT | 166.12 | 128.50 | 84.51 |
| Tax | 46.32 | 44.5 | 41.38 |
| PAT | 119.80 | 84.00 | 43.13 |
| PAT net of P&E | | | |
| Adjusted EPS (Rs.) | 1.51 | 1.04 | 0.32 |
| Growth (%) | | | |
| Total income | | 3.74 | 4.06 |
| Net sales | | 3.88 | 4.02 |
| Total expenses | | 6.70 | 5.37 |
| PBDIT | | -27.43 | -17.47 |
| Interest | | -3.23 | 91.71 |
| PAT | | -29.88 | -48.65 |

Price Chart



Company Update

Crompton Greaves (CG), part of the US\$4bn Avantha Group, has three key businesses - Power Systems (65% of consolidated sales), Consumer Products (20%), and Industrial Systems (15%). Since 2005, CG has embarked on a globalization strategy to transform itself from a products company to an end-to-end solutions provider. CG is present in over 14 manufacturing and design locations in India.

Restructuring of European operations: the company is currently in the process of rightsizing/ restructuring its operations in Belgium.

The company is also taking cost efficiency measures such as lean manufacturing, just in time and the benefit of it will kick start going forward. Next 2 quarter going to be bumpy. The company now expects the revenue growth for FY13 will be of 8-10% and the EBITDA margin of H1FY12 will be sustained for FY13 as well.

Unexecuted order backlog (UEOB) as end of Sep 2012 stood at Rs 9400 crore (up 32%yoy) of which standalone/India is Rs 4206 crore.

CROMPGREAV it is a strong global T&D player with multiple levers for long-term earnings growth, consolidated order inflows seem to have slowed (due to lower international orders) and a high base of H2FY12 order inflows will only make it tougher. Losses in international subs also increased significantly in 2QFY13. In our view, the stock's performance would largely be driven by an improvement in overseas business, though standalone performance would protect downsides. We maintain Buy, with a target price of INR 142.

Share Holding %

| | |
|-----------|-------|
| Promoters | 41.70 |
| Public | 18.55 |
| FII's | 20.32 |
| Others | 19.43 |

Consensus Estimates

FY13E (Rs Million)

| | |
|------------------|-----------|
| Net Sales | 126243.00 |
| EBITDA | 8044.00 |
| Net Profit | 4009.00 |
| EPS | 6.20 |
| Revenue Growth % | 12.18 |
| EBITDA Margins % | 0.00 |
| ROE | 11.00 |

Financial Overview

| | 31-Mar-09 | 31-Mar-10 | 31-Mar-11 | 31-Mar-12 |
|---------------------|-----------|-----------|-----------|-----------|
| Total income | 8,811 | 9,251 | 10,118 | 11,311 |
| Sales | 8737 | 9,141 | 10,005 | 11,248 |
| PAT(PE) | 560 | 860 | 889 | 374 |
| PBDITA(PE&OI&FI) | 996 | 1,278 | 1,344 | 804 |
| NFA net of reval | 1379 | 1,376 | 1,941 | 2,258 |
| Net worth | 1831 | 2504 | 3275 | 3611 |
| Capital employed | 2577 | 3072 | 3984 | 4614 |
| Borrowings | 718 | 501 | 470 | 1044 |
| PBDITA(PE&OI&FI)/sa | 11.4 | 14.0 | 13.4 | 7.1 |

Investment Recommendation

RELIANCE INDUSTRIES LTD.

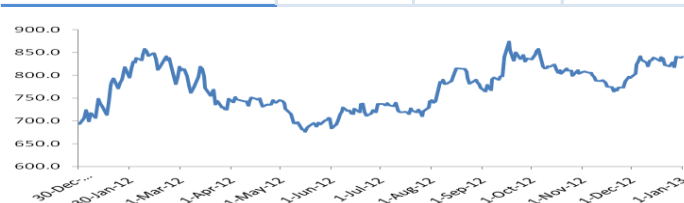
| | |
|--|---------------|
| Closing price (Rs.) | 839.00 |
| EPS (Rs.) | 57.38 |
| P/E (times) | 14.62 |
| BV per share (Rs.) | 525.90 |
| PB (times) | 1.60 |
| Mkt. cap (Rs. Crore) | 270,903 |
| Beta | 1.06 |
| Returns 1 mth (%) | 5.69 |
| Returns 12 mth (%) | 22.56 |
| Excess returns over Nifty (12 mths)(%) | -5.14 |
| Yield (%) | 1.01 |
| Avg. daily vol. (30 days) | 28.39 |
| Shares outstanding | 3,228,496,491 |

Quarterly Overview (Rs Crore)

| | Sep-11 | Jun-12 | Sep-12 |
|-------------------------|--------|--------|--------|
| Total income | 79,671 | 93,779 | 92,447 |
| Net sales | 78,569 | 91,875 | 90,335 |
| Other income | 1,102 | 1,904 | 2,112 |
| Extra-ordinary income | | | |
| Change in stock | 1,607 | 987 | 1,784 |
| Total Expenses | 75,575 | 90,293 | 88,855 |
| Cons. raw material | 65,175 | 79,498 | 77,850 |
| Salaries & wages | 715 | 847 | 844 |
| Other expenses | 4,442 | 5,770 | 5,720 |
| Extra-ordinary expenses | | | |
| PBDIT | 9,844 | 6,747 | 7,705 |
| Depreciation | 2,969 | 2,434 | 2,277 |
| Interest | 660 | 784 | 737 |
| PBT | 7,317 | 5,433 | 6,803 |
| Tax | 1,614 | 960 | 1,427 |
| PAT | 5,703 | 4,473 | 5,376 |
| PAT net of P&E | 5,703 | 4,473 | 5,376 |
| Adjusted EPS (Rs.) | 67 | 58 | 57 |

Growth (%)

| | | | |
|----------------|------|-------|-------|
| Total income | 37.0 | 14.2 | 16.0 |
| Net sales | 36.7 | 13.4 | 15.0 |
| Total expenses | 41.1 | 19.5 | 17.6 |
| PBDIT | 8.7 | -21.4 | -10.3 |
| Interest | 21.8 | 43.9 | 11.7 |
| PAT | 15.8 | -21.0 | -5.7 |



Company Update

Reliance is largest private sector entity in India and over the last few years the company has grown in backwards integration from textile and Petrochem business to refinery and upstream and now moving into the organized retail and BWA (4G). Reliance's refinery in Jamnagar is largest in world and among most complexes in single location. Apart from this, the company has significant investment in US shale gas. Reliance has weightage of 7% in nifty, 8.9% in Sensex and 4% in our EW all share index.

Refinery margin unlikely to sustain- International energy agency forecasted lower estimate for growth in oil demand in next year. Sudden jump of refinery margin was led by unplanned shutdown of several refineries across eastern and western hemisphere. But outlook of oil demand in long run remain robust.

Petrochem expansion to be value driver- Reliance is expanding its Petrochem business by 47% to 2017. Most of capacity expansion will come on stream in FY16 end. EBIT contribution from Petrochem is expected to grow from present of 37% to 47% by FY18.

Optimistic in E&P Business- Rangarajan committee has recommend gas price of \$8.1mnbtu from current \$4/mnbtu. Market is expecting with increasing price of gas the company will be able to produce more gas and its profitability will improve. On analysis suggested every 10% increase in gas price would add 1.2% more earnings.

Valuation Outlook- Presently Reliance is trading at 12 times of one year forward earnings and 9 times of EV/EBITDA for FY14E. Looking at future growth potential, stock is at attractive valuation. We recommend buy for investment perspective.

Shareholding(%)

| | |
|-----------|-------|
| Promoters | 45.24 |
| Public | 11.7 |
| FII's | 17.67 |
| Others | 25.39 |

Consensus Estimates

FY13E (Rs Cr)

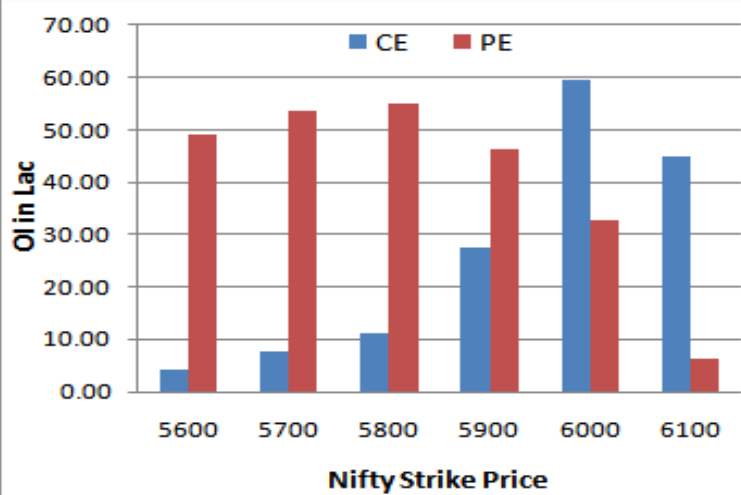
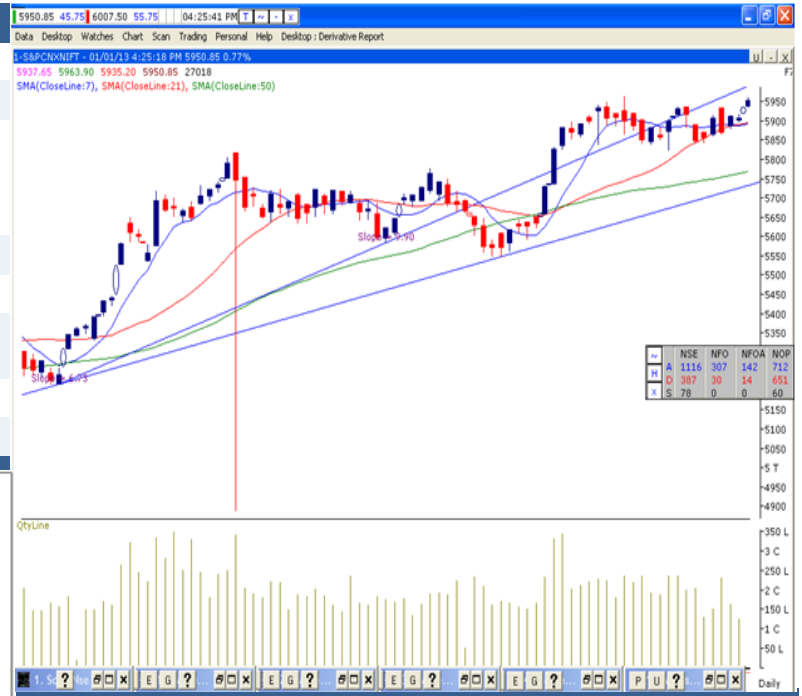
| | |
|------------------|--------|
| Net Sales | 346409 |
| EBITDA | 315119 |
| Net Profit | 20008 |
| EPS | 61.7 |
| Revenue Growth % | 5 |
| EBITDA Margins % | 6.4 |

Financial Overview

| (Rs Cr) | Mar-09 | Mar-10 | Mar-11 | Mar-12 |
|------------------------|---------|---------|---------|---------|
| Total income | 148,427 | 203,627 | 262,161 | 345,984 |
| Sales | 146,328 | 200,400 | 258,651 | 339,792 |
| PAT(PE) | 15,647 | 16,236 | 20,344 | 20,085 |
| PBDITA(PE&OI&FI) | 27,221 | 34,290 | 42,772 | 39,535 |
| NFA net of reval | 88,558 | 144,456 | 137,240 | 110,596 |
| Net worth | 114,588 | 128,366 | 146,082 | 162,969 |
| Capital employed | 188,493 | 190,861 | 213,685 | 231,416 |
| Borrowings | 73,904 | 62,495 | 67,603 | 68,447 |
| PBDITA(PE&OI&FI)/sales | 19 | 17 | 17 | 12 |

NIFTY SNAPSHOT

| | |
|------------------------------|-----------------|
| Nifty Spot | 5950.85(+45.75) |
| Nifty Jan 2013 Future | 6007 |
| Nifty Feb 2013 Future | 6047 |
| Nifty Jan 2013 Open Interest | 17009050 |
| Nifty Feb 2013 Open Interest | 560900 |
| 7 DMA of Spot Nifty | 5891 |
| 21 DMA of Spot Nifty | 5893 |
| 50 DMA of | 5768 |
| Spot Nifty | |
| VOLATILITY INDEX (VIX) | 13.69(-1.26) |
| PUT CALL RATIO | 1.08 |



Activity of Nifty (Jan Series) Strike

| CALL | | | PUT | |
|------|---------|------|---------|--------|
| OI | % Chng | | OI | % Chng |
| 5600 | 416650 | -1.7 | 4915250 | 24.9 |
| 5700 | 783550 | -0.9 | 5375450 | 8.1 |
| 5800 | 1106650 | -3.7 | 5486050 | 4.5 |
| 5900 | 2739650 | -4.2 | 4617400 | 14.8 |
| 6000 | 5944300 | 7.4 | 3260800 | 23.2 |
| 6100 | 4507250 | 3.5 | 639650 | 4.3 |

FIIs Activity (Fig in Cr)

| Segment | Buy | Sell | Net |
|--------------|-------|--------|-------|
| INDEX FUTURE | 368 | 618.17 | (250) |
| INDEX OPTION | 4,240 | 3,405 | 835 |
| STOCK FUTURE | 375 | 621 | (246) |
| STOCK OPTION | 425 | 462 | (38) |
| TOTAL | 5,407 | 5,106 | 301 |

Fresh Long Seen In (Rising OI -Rising Price)

| Scrip | OI | OI ch% | CMP | Ch% |
|------------|------------|--------|-------|-----|
| ANDHRABANK | 3,348,000 | 27.4 | 122.0 | 3.5 |
| SYNDIBANK | 2,760,000 | 21.1 | 132.7 | 3.5 |
| ALBK | 6,612,000 | 15.4 | 174.7 | 2.8 |
| VIJAYABANK | 10,420,000 | 15.1 | 64.5 | 3.5 |
| IOB | 5,820,000 | 14.5 | 90.1 | 5.1 |

Fresh Shorts Seen In: (Rising OI -Falling Price)

| Scrip | OI | OI ch% | CMP | Ch% |
|-----------|------------|--------|-------|------|
| POWERGRID | 12,904,000 | 13.4 | 113.8 | -0.6 |
| KOTAKBANK | 2,439,000 | 9.5 | 649.5 | 0.0 |
| NTPC | 14,564,000 | 7.8 | 155.4 | -0.7 |
| EXIDEIND | 4,118,000 | 4.5 | 143.2 | -0.5 |
| GSPL | 4,144,000 | 4.3 | 76.3 | -0.8 |

PCR (OI)

| STOCK | T1 | T2 |
|-----------|------|------|
| IOC | 0.10 | 0.04 |
| BANKINDIA | 0.78 | 0.39 |
| LICHSGFIN | 0.71 | 0.38 |
| HDFC | 0.48 | 0.26 |
| DABUR | 0.26 | 0.16 |

YESTERDAY'S IMPACT TRADE

| STOCK | STRIKE CE/PE | STOCK | STRIKE CE/PE |
|----------------|--------------|--------|--------------|
| CENTURYTEX JAN | 420 CE | RELCAP | 500 PE |
| COALINDIA JAN | 360 CE | | |
| TISCO JAN | 500 CE | | |

Markets Snapshot

Top Price Performers

| Top Performers 1D | % Change | Top Performers 1W | % Change | Top Performers 1M | % Change |
|-------------------|----------|-------------------|----------|-------------------|----------|
| METKORE | 20.00 | TIMEXWATCH | 42.30 | SOUISPAT | 152.33 |
| MEGASOFT | 19.98 | SYNCOM | 29.51 | INDTODE | 80.03 |
| TIMEXWATCH | 17.59 | BSTRANSCOM | 28.42 | FOURSOFT | 79.90 |
| ONMOBILE | 14.15 | MUTHTFN | 28.36 | SKSIND | 78.38 |
| AMTEKINDIA | 11.93 | SAGCEM | 27.51 | PEERABASAN | 71.48 |

Worst Price Performers

| Worst Performers 1D | % Change | Worst Performers 1W | % Change | Worst Performers 1M | % Change |
|---------------------|----------|---------------------|----------|---------------------|----------|
| CIMMCO | (7.88) | TUNITEX | (28.31) | GEODESIC | (54.84) |
| SILINV | (6.59) | GEODESIC | (22.22) | GTLINFRA | (51.71) |
| IOLN | (6.00) | BILPOWER | (21.92) | BILPOWER | (41.44) |
| RSYSTEMS | (5.30) | ADINATHBI | (19.48) | TUNITEX | (38.39) |
| GEODESIC | (4.98) | SUJANATOW | (16.90) | LIFAB | (32.36) |

Top News :

- **Kolte-Patil Mgt Guidline** : Kolte-Patil developers outperformed the market with the stock price reaching to Rs 116, an increase of 282 percent in just a year's span. Company expects to maintain a quarterly run rate of Rs 150-200 crore ahead. The company is also looking to preserve and boost margins in FY14.
- **L&T Finance Holdings Limited** has entered into definitive agreements with France's Societe Generale Consumer Finance for the acquisition of 100% of Family Credit Ltd .
- **Petron Engineering** have received Order from Madras Cements Ltd. for Mechanical, Electrical & Instrumentation Fabrication and Erection works for the proposed cement Grinding Unit at Anakapalli Visakhapatnam for a total value of Rs. 41.50 Crores.
- Keyline Brands Ltd., subsidiary of **Godrej Consumer Product Ltd** in the UK Acquires Soft & Gentle Brand from Colgate Palmolive for £ 21 million .
- **Saksoft Inc., US** a wholly owned subsidiary of Saksoft Limited, India has acquired Electronic Data Professionals, US .
- **Bank of Maharashtra** issue of lower Tier II bonds of Rs 1000 crore fully subscribed .
- **LIC** has reduced its stake in Tata Global Beverages Ltd to little over 7 % by offloading shares over a period of four months.
- **Indian Oil Corporation Ltd** Cut ATF price by Rs 54.8 /- (Mumbai) , Rs 12.18/- (Kolkata) , Rs 1472.94 /- (Delhi) from Tuesday.
- **TVS Motor** Co 's total sales in December declined 8 % year-on-year to 1.56 lakh units. company's two-wheeler sales were down 10 % to 1.52 lakh units, while three-wheeler commercial vehicle sales jumped 78 % from a year ago to 4,486 units.
- **Glenmark Pharmaceuticals** gets approval Salix Pharmaceuticals Ltd's drug from US health regulators to treat diarrhoea in HIV/AIDS patients on qantiretroviral therapy, a combination of medicines used to treat HIV infection.
- **Mahindra & Mahindra Ltd. (M&M Ltd.)**, announced a 6% rise in its auto sales numbers, which stood at 45297 units during December 2012 as against 42761 units during December 2011.
- **US Treasury Secretary Timothy Geithner** has communicated to US Congress that the country has reached its borrowing limit of \$16.4tn because of which the government has been left with no option but to employ "extraordinary measures" to avoid default .

| Insider Trading | | | | | |
|-----------------|---|----------|----------------|----------|--|
| Company | Acquirer / seller | Buy/Sell | Mode | Qty. | |
| INDUSINDBK | Anil Ramachandran | Buy | ESOP | 33000 | |
| GLODYNE | Divvyani A Sarnaaik | Sell | Market | 48066 | |
| PARSVNATH | Pradeep Kumar Jain | Buy | Market | 50000 | |
| PARSVNATH | Pradeep Kumar Jain | Buy | Market | 50000 | |
| GENUSPOWER | Vivekshil Dealers Pvt Ltd | Buy | Market | 54116 | |
| SKSMICRO | WestBridge Ventures II, LLC | Sell | Market | 62283 | |
| GLODYNE | Divvyani A Sarnaaik | Sell | Market | 124666 | |
| GLODYNE | Divvyani A Sarnaaik | Sell | Market | 178862 | |
| GLODYNE | Divvyani A Sarnaaik | Sell | Pledge Invoked | 252124 | |
| ATLANTA | Rajhoo Bbarot | Buy | Market | 313600 | |
| GLODYNE | Divvyani A Sarnaaik | Sell | Market | 352184 | |
| GSS | Bhargav Marepally | Sell | Market | 390000 | |
| GSS | Bhargav Marepally | Sell | Market | 390000 | |
| MASTEK | Bajaj Alliance Life Insurance Company Ltd | Sell | Market | 400000 | |
| INFODRIVE | EH Building Consultancy Pvt Ltd | Sell | Market | 550000 | |
| GLODYNE | Divvyani A Sarnaaik | Sell | Market | 667700 | |
| MAHLIFE | Amansa Investments Ltd | Buy | Market | 2434599 | |
| MAHLIFE | Amansa Investments Ltd | Sell | Market | 2434599 | |
| LITL | Lagadapati Rajagopal | Sell | Off-Market | 24078049 | |
| LITL | Lagadapati Rajagopal | Sell | Off-Market | 24078049 | |

| Economic Calendar | | | | | |
|-------------------|--------------------|---|--|--|---|
| | Monday 31-Dec | Tuesday 1-Jan | Wednesday 2-Jan | Thursday 3-Jan | Friday 4-Jan |
| US | | Holiday | ISM Manufacturing PMI | ADP Non-Farm Employment Change , Unemployment Claims , FOMC Meeting Minutes. | ISM Non-Manufacturing PMI , Average Hourly Earnings m/m , Unemployment Rate , Non-Farm Employment Change. |
| UK/EURO ZONE | Nationwide HPI m/m | Holiday | Manufacturing PMI , Spanish Manufacturing PMI , German Prelim CPI m/m. | Construction PMI , German Unemployment Change , M3 Money Supply y/y . | Services PMI , CPI Flash Estimate y/y. |
| INDIA | | Auto Sales No , Cement Manufacturing no & Cement Sales No (Despatch) , Export & Import Data , HSBC PMI Data . | Auto Sales No , Cement Manufacturing no & Cement Sales No (Despatch) | | Indian HSBC Services PMI |

| Weekly Technical Sectoral Updates for the Week Ahead (31st Dec to 4th Jan) | |
|--|--|
| SECTORS | REMARKS |
| AUTO | RISE NEAR COMPLETION..PART PFT BOOKING IS ADVISABLE |
| REALTY | WAIT FOR NOW |
| MEDIA | WAIT FOR NOW |
| ENERGY | RISING TREND CONTINUED, BUY ON DECLINE |
| FMCG | CORRECTIVE FALL NEAR COMPLETION, WATCH FOR LONG |
| FINANCE | RISING TREND CONTINUED, BUY ON DECLINE |
| IT | CORRECTIVE RISE CONTINUED, BOOK PAFT PROFIT ON RISE |
| SERVICES | RISING TREND CONTINUED, BUY NEAR COMPLTION, BOOK PART PROFIT |
| METAL | CORRECTIVE FALL CONTINUED, BUY ON DECLINE |
| PHARMA | WAIT FOR NOW |
| BANKING | RISE CONTINUED BUT NEAR COMPLETION, BOOK PART PRPROFIT |
| INFRA | WAIT FOR NOW |

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