



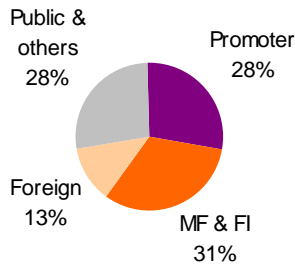
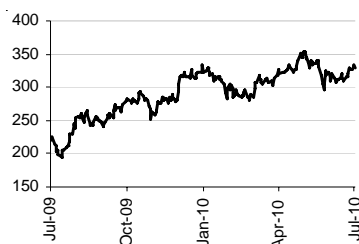
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Tata Chemicals

Vulture's Pick
Stock Update
Price target revised to Rs353
Hold; CMP: Rs330
Company details

Price target:	Rs353
Market cap:	Rs8,027 cr
52 week high/low:	Rs356/190
NSE volume: (No of shares)	4.7 lakh
BSE code:	500770
NSE code:	TATACHEM
Sharekhan code:	TATACHEM
Free float: (No of shares)	17.5 cr

Shareholding pattern

Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	4.0	1.9	3.9	60.9
Relative to Sensex	-0.9	0.2	1.7	29.7

Key points

- Safeguard duty on Chinese soda ash imports re-imposed:** The government of India has re-imposed the safeguard duty on Chinese soda ash imports till April 2011, albeit at a lower rate of 16%, down from the previous incidence of 20%. The duty had lapsed in April 2010 and in wake had hit the domestic soda ash players. Tata Chemicals has in the past sold soda ash in the domestic market at a premium to the landed cost of imports and the re-imposition of the duty puts to rest concerns relating to the domestic soda ash demand and pricing for Tata Chemicals.
- Expectations of a normal monsoon positive for fertiliser sales:** The India Meteorological Department (IMD) in its latest update on the progress of monsoon has revised upwards its forecast for the monsoon this year to 102% of the long period average (LPA) from 98%. Expectations of a normal monsoon could positively impact the fertiliser sales. Tata Chemicals is set to benefit from this as fertilisers contribute around 40% of its consolidated revenue.
- Strong growth outlook for Rallis India:** Rallis India reported a robust performance in Q4FY2010 with its profit after tax (PAT) growing at 1.5x on a year-on-year (y-o-y) basis on the back of around 1,000-basis-point improvement in its earnings before interest, tax, depreciation and amortisation (EBITDA) margin. Further, the growth outlook for the company also remains strong. As Rallis India is a 50.06% subsidiary of Tata Chemicals, a sound growth outlook for Rallis India bodes well for the financial performance of Tata Chemicals, going ahead.
- Maintain Hold with a revised price target of Rs353:** Tata Chemicals' scrip has moved significantly up in the recent past in wake of positive news flow such as the re-imposition of the safeguard duty on Chinese soda ash imports and expectations of a normal monsoon this year. The re-imposition of the safeguard duty puts to rest concerns relating to the domestic soda ash demand and pricing for Tata Chemicals. Additionally, the expectations of a normal monsoon and a

Valuation table

Particulars	FY2008	FY2009	FY2010	FY2011E	FY2012E
Net sales (Rs cr)	6023.1	12772.6	9544.0	10118.4	11508.3
Adj net profit (Rs cr)	964.4	997.0	751.2	761.8	901.5
Reported net profit (Rs cr)	476.9	648.1	605.5	761.8	901.5
No of shares (cr)	25.5	25.5	25.5	25.5	25.5
Fully diluted EPS (Rs)	18.7	25.4	23.7	29.9	35.3
% y-o-y change	-6	36	-7	26	18
PER (x)	17.6	13.0	13.9	11.0	9.3
Price/BV (x)	2.3	1.8	1.6	1.4	1.2
EV/EBIDTA(x)	10.5	5.9	6.4	5.8	4.8
RoCE (%)	9.2	16.7	13.9	12.8	14.2
RoNW (%)	12.8	13.6	11.5	12.4	13.3

strong growth outlook for Rallis India lead to an improved outlook for Tata Chemicals. As a result, we are upgrading our price target to Rs353 (10x FY2012E earnings per share [EPS]) while maintaining our Hold recommendation on the stock. At the current market price of Rs330, the stock trades at 9.3x its FY2012E EPS and 1.2x its FY2012E book value (BV).

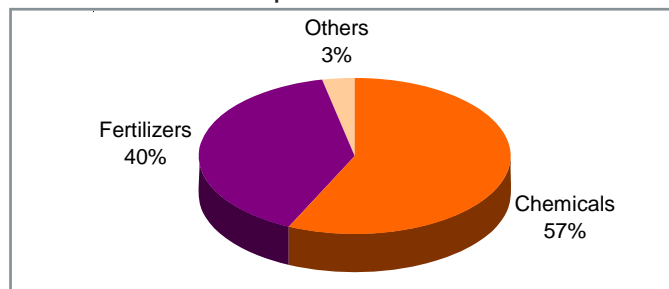
Safeguard duty on Chinese soda ash imports re-imposed

The government of India has re-imposed the safeguard duty on Chinese soda ash imports. The duty will remain in force till April 2011, albeit at a lower rate of 16%, down from the previous rate of 20%. The duty had lapsed in April 2010 and had hit the domestic soda ash players. China is the largest producer of soda ash in the world and on supply glut Chinese producers were dumping soda ash in the Indian markets at a significant discount to the domestic prices. Tata Chemicals has in the past sold soda ash in the domestic market at a premium to the landed cost of imports, hence the re-imposition of the duty puts to rest concerns relating to domestic soda ash demand and pricing for Tata Chemicals. However, as the duty has been re-imposed after a gap (in June 2010 after lapsing in April), there could be some negative impact on Q1FY2011 revenue of Tata Chemicals.

Expectations of a normal monsoon positive for fertiliser sales

The Met Department, IMD, in its latest update on the progress of monsoon has revised upwards its forecast for the monsoon this year to 102% of the LPA from 98%. At present the monsoon is 11% below the LPA of 262mm, but is expected to improve in the coming weeks. Expectations of a normal monsoon could positively impact the sale of fertilisers. Tata Chemicals seems all set to benefit from this as fertilisers contribute around 40% of its consolidated revenue.

FY2010 revenue break-up



Strong growth outlook for Rallis India

Rallis India posted a robust performance in Q4FY2010 with its PAT growing 1.5x on a y-o-y on the back of around 1,000-basis-point improvement in its EBITDA margin. The growth outlook also remains strong due to expectations of a normal monsoon this year and with the Dahej facility coming on-stream from June 2010. As Rallis India is a 50.06% subsidiary of Tata Chemicals, the sound growth outlook for Rallis India bodes well for the financial performance of Tata Chemicals, going ahead.

Valuation and outlook

Tata Chemicals' scrip has moved significantly up in the recent past in wake of positive news flow such as the re-imposition of the safeguard duty on Chinese soda ash imports and expectations of a normal monsoon this year. The re-imposition of the safeguard duty puts to rest concerns relating to domestic soda ash demand and pricing for Tata Chemicals. Additionally, the expectations of a normal monsoon and a strong growth outlook for Rallis India lead to an improved outlook for Tata Chemicals. As a result, we are upgrading our price target to Rs353 (10x FY2012E EPS) while maintaining our Hold recommendation on the stock. At the current market price of Rs330, the stock trades at 9.3x its FY2012E EPS and 1.2x its FY2012E BV.

The author doesn't hold any investment in any of the companies mentioned in the article.

Automobiles

Sector Update

Last year's low base enhances growth in June

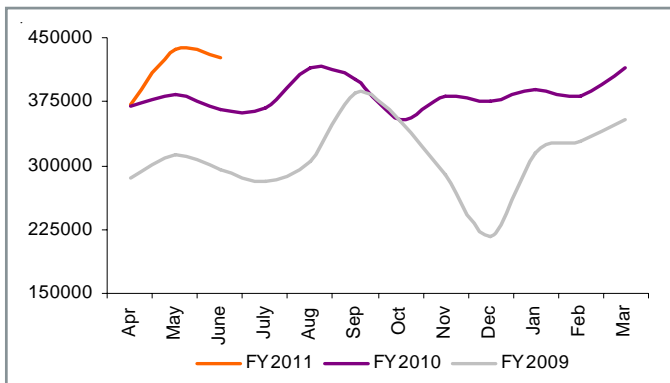
Automobile sales recorded a decent year-on-year (y-o-y) growth in June this year on account of the low base of the previous year. However, on a sequential comparison, the sales volumes were lower primarily on account of the occurrence of the marriage season in May 2010.

Amongst the companies under our coverage, Maruti Suzuki's sales volumes were lower than our as well as the Street's expectations. The company had resorted to a maintenance shutdown for six days in June 2010, which had resulted in a lower sequential growth. The utility vehicle (UV) segment of Mahindra and Mahindra (M&M) reported volumes of 17,010 units (which was also lower than our expectation) on account of supply constraints from its key vendors that had resulted in a loss of production volumes and a week-long maintenance shutdown in the first week of June 2010.

Hero Honda Motors

- In June 2010, Hero Honda Motors (Hero Honda) reported a growth of 16.6% yoy in its total sales volumes to 426,454 units. However, on a sequential basis, the sales volumes declined marginally by 2.2%.

Hero Honda total sales



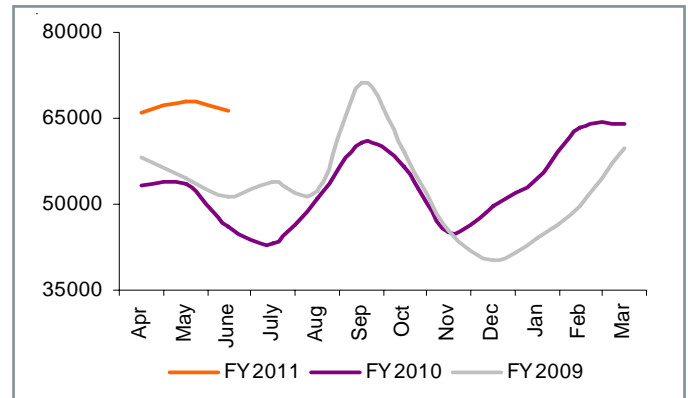
Sales performance for June 2010

Segment	Jun 2010	Jun 2009	% yoy	% mom	YTD FY11	YTD FY10	% yoy
Hero Honda Motors							
Total sales	426,454	365,734	16.6	-2.2	1,234,039	1,118,987	10.3
TVS Motors							
Motorcycles	66,452	46,048	44.3	-2.1	200,358	152,778	31.1
Others	90,233	69,440	29.9	4.0	255,683	194,403	31.5
Total	156,685	115,488	35.7	1.3	456,041	347,181	31.4
Exports out of the above	16,780	10,087	66.4	-7.0	54,044	31,356	72.4

TVS Motors

- TVS Motor's total sales increased by 35.7% yoy to 156,685 units in June 2010 from 115,488 units in the same month of the last year.
- Its motorcycle sales for the month stood at 66,452 units, indicating a growth of 44.3% yoy. However, compared to May 2010, the motorcycle sales declined by a marginal 2.1%.
- The company sold 36,742 units of scooters, implying a growth of 41.6% yoy on the back of a strong demand for its recently launched 110cc automatic scooter, TVS WEGO. The company sold 53,491 units of mopeds, indicating a growth of 23% over the same month of the last year.
- Exports registered a growth of 66.4% yoy during June 2010 at 16,780 units.

TVS Motors' motorcycle sales



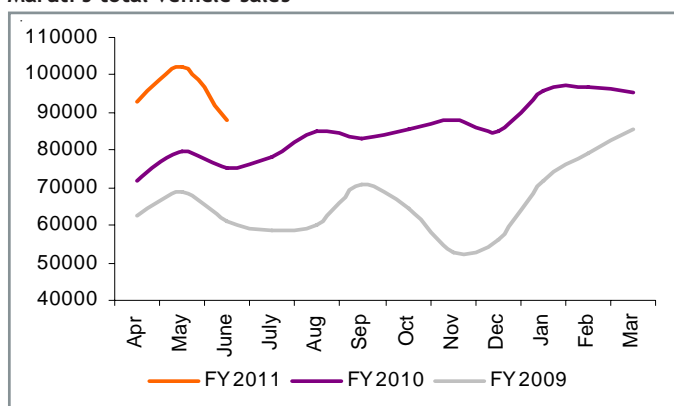
Maruti Suzuki

- Maruti Suzuki India reported a growth of 17.3% yoy in its overall sales of 88,091 units for June 2010 (the same was below our as well as the Street's

expectations). On a sequential basis, the volumes declined by a significant 13.8% on account of a planned maintenance shutdown in June and the occurrence of marriage season in May this year.

- ♦ The domestic sales recorded a growth of 17.9% yoy during the month, primarily on the back of a low base of the previous year. However, on a sequential basis, the sales declined 19.1%.
- ♦ The mainstay A2 segment (comprising *Alto*, *Wagon R*, *Zen*, *Swift*, *A-Star* and *Ritz*) recorded an 11.4% y-o-y growth (posted a sequential decline of 18%) during the month with sales of 51,418 units.
- ♦ The A3 segment reported sales of 8,081 units, indicating a growth of 32.5% yoy (the same declined by 25.7% sequentially).
- ♦ The C segment sales reported a stupendous growth of 43.9% yoy to 9,914 vehicles. The strong volumes in the C segment were primarily on account of higher sales of *Omni* and the incremental volumes of the newly launched *Eeco* on a y-o-y basis. The sales in the multi-utility vehicle (MUV) segment reported a five-fold growth of 589% yoy to 1,309 units.

Maruti's total vehicle sales



Sales performance for June 2010

Segment	Jun 2010	Jun 2009	% yoy	% mom	YTD FY11	YTD FY10	% yoy
Maruti Suzuki							
A1	2,090	2,438	-14.3	-18.3	6,906	7,119	-3.0
C	9,914	6,890	43.9	-23.5	33,521	22,233	50.8
A2	51,418	46,156	11.4	-18.0	170,513	146,733	16.2
A3	8,081	6,099	32.5	-25.7	28,958	19,947	45.2
Total passenger vehicles	71,503	61,583	16.1	-19.7	239,898	196,032	22.4
MUV	1,309	190	588.9	35.2	2,989	1,383	116.1
Domestic sales	72812	61,773	17.9	-19.1	242,887	197,415	23.0
Exports	15,279	13,336	14.6	25.9	40,437	29,314	37.9
Total	88,091	75,109	17.3	-13.8	283,324	226,729	25.0

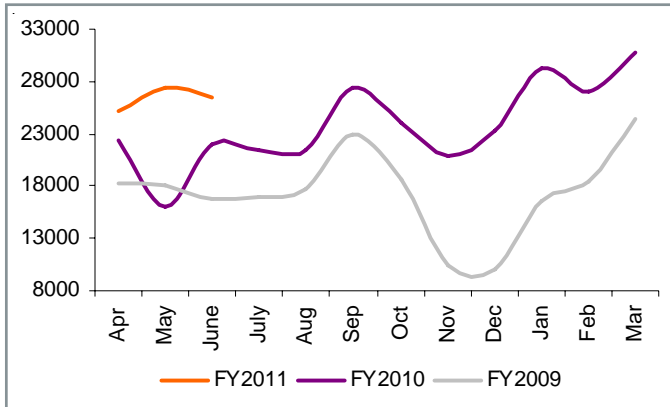
- ♦ Exports for June 2010 reported a handsome growth of 14.6% yoy and of 25.9% sequentially on account of the company's strategy to concentrate on exports to the non-European countries.
- ♦ We expect the volumes in July 2010 to be higher than those in June (on account of a planned maintenance shutdown in June). We expect volumes in the range of 94,000-96,000 units in July (against 78,074 units in July 2009, a growth of about 23% yoy).

Mahindra and Mahindra

- ♦ The utility vehicle (UV) sales reported a subdued performance, showing a decline of 3.6% yoy and that of 10.2% on a sequential basis. The loss in volumes was primarily on account of a shortage of supplies from the key vendors and an annual maintenance shutdown in the first week of June this year.
- ♦ Three-wheeler sales including those of *GIO* and *Maxximo* reported combined volumes of 7,559 units.
- ♦ We expect the automotive segment to report volumes in the range of 26,000- 27,000 units in July 2010, indicating a growth of about 25% yoy (marginally up 1.7% on a sequential basis) primarily on the back of the incremental volumes of *Gio* and *Maxximo*.
- ♦ Sales of light commercial vehicles (LCVs) grew by 9.6% yoy and by 10.3% sequentially to 1,111 units during the month.
- ♦ In the tractor segment, the company sold a total of 16,590 units of tractors, indicating a decline of 9.1% yoy, wherein the domestic tractor segment declined by 13.5% and the export segment grew by a strong 172% yoy.
- ♦ We expect the tractor segment to post sales of close to 15,000 units, indicating a growth of 15.2% on account of a low base in July 2009. Overall, we expect the company to post a combined volume growth of about 22% yoy in the automotive and tractor segments.

- ♦ Mahindra-Renault's sedan *Logan* recorded total volumes (including exports) of 681 units as against 501 units in the same period last year.

M&M's automotive sales



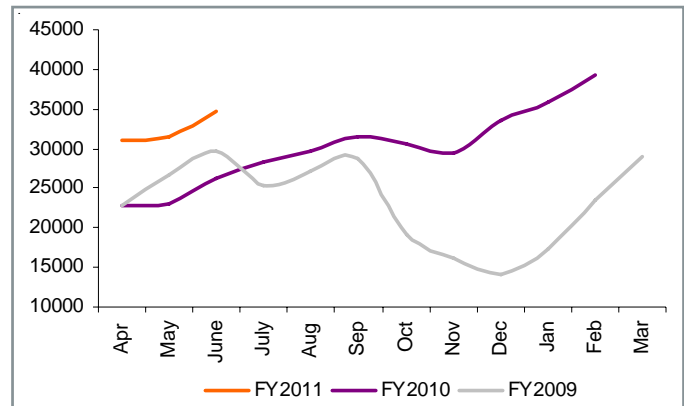
Tata Motors

- ♦ Tata Motors reported total sales (including exports) of 67,730 vehicles in June 2010, showing a 49.2% y-o-y increase on account of a low base of the previous year. Moreover, the total sales compared to the previous month's sales also grew by a strong 19.3%.
- ♦ It sold 15,139 units of medium and heavy commercial vehicles (M&HCVs), reporting a sterling growth of 52.2% yoy on account of a low base of the previous year. On a sequential basis also, the sales show a growth of 9.2%. The LCV segment surged by 20.9% yoy to 19,652 units in the same month.
- ♦ The total passenger vehicle sales grew by a stupendous 76.3% yoy to 24,209 units in June 2010 on account of a

low base of the previous year and the incremental volumes of *Indigo Manza* and *Tata Nano*. *Tata Nano*'s dispatches for the month stood at 7,704 units as against 3,550 units in the previous month.

- ♦ The sales of *Indica* range were 9,003 units, lower by 12% over the sales in June last year. The *Indigo* range recorded sales of 7,502 units, showing a growth of 113% over June last year.
- ♦ In the UV segment, the *Sumo* and *Safari* ranges accounted for sales of 3,602 units, registering a growth of 8.9% over the same month last year.
- ♦ Exports for the month stood at 5,128 units, registering a growth of 138% yoy.
- ♦ The distribution of the *Fiat Linea* and the new *Grande Punto* undertaken by Tata Motors clocked in 2,137 units for the month of June 2010.

Tata Motor's CV sales



Sales performance for June 2010

Segment	Jun 2010	Jun 2009	% yoy	% mom	YTD FY11	YTD FY10	% yoy
Mahindra and Mahindra							
Automotive							
Utility vehicles	17,010	17,653	-3.6	-10.2	53,948	48,720	10.7
Three-wheelers	7,559	3,357	125.2	13.8	20,076	9,032	122.3
Logan	681	501	35.9	-18.1	1,966	1,478	33.0
LCVs	1,111	1,014	9.6	10.3	2,978	2,494	19.4
Total domestic (UVs+3W+ Logan)	25,250	21,511	17.4	-4.4	75,990	59,230	28.3
Exports	1,201	473	153.9	12.5	3,125	1,145	172.9
Total vehicles (A)	26,451	21,984	20.3	-3.7	79,115	60,375	31.0
Tractors							
Domestic	15,411	17,811	-13.5	-7.2	47,716	41,963	13.7
Exports	1,179	433	172.3	81.9	2,432	1,422	71.0
Total tractors (B)	16,590	18,244	-9.1	-3.9	50,148	43,385	15.6
Grand total (A+B)	43,041	40,228	7.0	-3.8	129,263	103,760	24.6

Sales performance for June 2010

Segment	Jun 2010	Jun 2009	% yoy	% mom	YTD FY11	YTD FY10	% yoy
Tata Motors							
M&HCV	15,139	9,949	52.2	9.2	42,156	26,626	58.3
LCV	19,652	16,256	20.9	11.6	55,073	45,430	21.2
UV	3,602	3,307	8.9	33.0	9,650	8,065	19.7
Cars	24,209	13,732	76.3	30.0	62,589	37,772	65.7
Domestic sales	62,602	43,244	44.8	18.6	169,468	117,893	43.7
Exports	5,128	2,155	138.0	28.9	12,243	5,220	134.5
Total sales	67,730	45,399	49.2	19.3	181,711	123,113	47.6

The author doesn't hold any investment in any of the companies mentioned in the article.

Sharekhan Special

Q1FY2011 FMCG earnings preview

The top line of Sharekhan's fast moving consumer goods (FMCG) universe is likely to grow by 15.3% year on year (yoy) in Q1FY2011. The top line growth will be aided partially by the acquisitions made by Tata Tea and Godrej Consumer Products Ltd (GCPL) in the recent past. In the absence of price increases, the organic revenue growth for almost all the FMCG companies (except Tata Tea) will be

driven largely by the volumes. Hindustan Uniliever Ltd (HUL) is expected to post a muted performance on account of a subdued top line growth and lower margins on a year-on-year (y-o-y) basis. On other hand, ITC (in the large-cap FMCG space) and Marico (in the mid-cap FMCG space) are expected to post a strong bottom line growth on the back of a strong show by all their business segments.

Company	Net sales (Rs cr) Q1FY11E	Q1FY10	% yoy	Comments
HUL	4887.8	4475.7	9.2	<ul style="list-style-type: none"> ♦ The soap and detergent segments to register marginal revenue growth on account of hefty reduction in sales realisation, though volume growth is likely to be moderate. ♦ The personal care segment to grow by ~16.0% yoy. Overall, the HPC business to grow by ~7% yoy. ♦ The food business (including beverages to grow by 15.0% yoy, processed foods to rise by 19.0% yoy and ice creams to be up by 15.0% yoy) to grow by ~16% yoy.
ITC	4804.7	4132.9	16.3	<ul style="list-style-type: none"> ♦ The cigarette business' revenue to grow by ~12% yoy on account of price increases. ♦ The non-cigarette FMCG business to register a strong growth of more than 20% yoy. ♦ With occupancies improving and the Bangaluru property getting fully operational, the hotel business is expected to grow by ~25% yoy.
GCPL	731.4	438.9	66.7	<ul style="list-style-type: none"> ♦ Q1FY2011 results are not comparable on a y-o-y basis due to the consolidation of the recent acquisitions made by the company for a part of the quarter. ♦ The stand-alone business is expected to post a moderate revenue growth of 7.5% yoy, mainly on account of a expected marginal growth in the soap segment (that contributes ~65% to the stand-alone business). ♦ The international businesses—Keyline—to post ~8% y-o-y revenue growth (impacted by depreciating GBP); Rapidol and Kinky to witness 25% y-o-y revenue growth. ♦ The recent acquisitions to contribute ~Rs250 crore to the top line.
Marico	767.1	696.7	10.1	<ul style="list-style-type: none"> ♦ The focus portfolio to achieve a steady volume growth—Parachute-8% yoy, Saffola-14% yoy and hair oil portfolio-14% yoy. ♦ The international business' revenue to grow by 20.0% yoy on the back of strong sales volume in various geographies though a stronger rupee would have some impact on the revenue growth. ♦ Kaya to post a subdued revenue growth of 6.6% yoy. ♦ The price reductions and promotional add-ons to limit the company's value growth to 10.1% yoy.
Tata Tea	1533.0	1295.6	18.3	<ul style="list-style-type: none"> ♦ Q1FY2011 results are not comparable on a y-o-y basis due to the consolidation of the Russian acquisition, Grand, in Q3FY2010. ♦ The stand-alone (domestic) business to grow by 18% yoy mainly on account of price increases implemented by the company, while the volume growth is expected to be in low single-digit. ♦ Tata Coffee likely to post single-digit sales growth led by subdued growth in Eight O' Clock coffee, which had a high base. The stand-alone business is expected to grow by ~14-15% yoy (price-led). ♦ Tetley to deliver flattish revenues, which would also be impacted by the depreciating GBP. Grand (the recently-acquired Russian entity) is expected to contribute around Rs120 crore to the top line.
Zydu Wellness	80.2	64.2	25.0	♦ Strong revenue growth to be sustained in all brands.
Total	12804.2	11103.9	15.3	

Operating margins—mixed bag

The prices of raw materials such as LAB, HDPE, and palm oil are significantly higher on a y-o-y basis. With intense competition in the key categories (especially the soap and detergent) and more thrust on maintaining the market share/improving the sales volume, FMCG companies have gone for a higher advertisement and promotional activities during the quarter. Thus the operating profit margin (OPM)

of HUL's home and personal care (HPC) segment and GCPL's domestic business are likely to taper during the quarter. However, for Marico, the raw material cost has remained benign and hence we expect its margin to expand during the quarter. On a similar vein, improved margins in the cigarette and the hotel businesses and reduced losses in the non-cigarette FMCG business would help ITC to post strong profit during the quarter.

Company	Operating profit Q1FY11E	% yoy	OPM (%) Q1FY11E	bps (yoy)	Adj. PAT Q1FY11E	% yoy	Comments
HUL	683.5	-0.7	14.0	-139	567.2	5.6	Higher raw material cost and advertisement spend on a y-o-y basis coupled with a lower sales realisation (in the soap and detergent categories) to affect the overall profitability. A moderate top line growth and a decline in the OPM to limit the bottom line growth to just 5.6% yoy.
ITC	4804.7	16.3	34.3	69	1050	19.5	More than 13% price increase in the cigarette portfolio on a y-o-y basis (which is more than required to pass on the hefty rise in the excise duty) to help improve the profitability of the cigarette business in spite of the expected volume stress. Higher margins in the hotel and the paper, paperboard and packaging businesses coupled with reducing losses in the non-cigarette FMCG business to result in a 69-basis-point y-o-y increase in the OPM.
GCPL	143.7	64.8	19.6	-30	108.3	55.4	OPM expected to remain flat on a y-o-y basis. In spite of flat margins, the bottom line is expected to be higher by 55.4% on a y-o-y basis, mainly on account of a strong top line growth (aided by the consolidation of the acquisitions made by the company).
Marico	116.0	20.2	15.1	127	79	31.6	In spite of higher ad spends and other expenses, the OPM is expected to increase by 127 basis points on account of a lower y-o-y raw material cost. This along with a decline in the interest cost and a lower tax incidence would lead to a 31.6% y-o-y increase in the bottom line.
Tata Tea	197.8	12.8	12.9	-63	112.5#	25.2	Higher raw material cost on a y-o-y basis to lead to a 63-basis-point y-o-y contraction in the OPM. In spite of a 12.8% y-o-y growth in the operating profit, the bottom line is expected to grow by 25.2% yoy on account of a lower tax incident.
Zydu Wellness	19.3	178.8	24.1	1331	13.5	168.8	The decline in other expenses (which also includes advertisement and promotional spends) to result in a strong OPM expansion. The OPM is expected to stand at 24.1% in Q1FY2011 as against 10.8% in Q1FY2010. The bottom line to grow almost three times to Rs13.5 crore.

Profit before minority interest and share of profit from associates

Key monitorable in quarters ahead

Company	Key monitorables
HUL	Any change in competitive scenario (especially in the soap and detergent categories), quantum of sales volume growth and movement of key input prices.
ITC	Cigarette sales volume growth, performance of new launches in personal care and skin care categories and pick up in the hotel business.
Marico	Volume growth in the focus portfolio, new product launches and their performance, further course of action in the international business, movement of key input prices such as copra, safflower and sun flower oil and improvement in Kaya's business.
GCPL	Improvement in the domestic soap business, integration of the latest acquisitions and further disclosure of their financials, and measures to combat increase in key raw materials.
Tata Tea	Movement in raw tea and coffee prices, disclosure of details of tie-up with Pepsi, new product launches in the non-carbonated drink segment in India and Tetley's performance.
Zydu Wellness	Sustenance of strong growth in existing brands and expansion of product basket through launch of new products or new variants of existing products.

Sector outlook

We believe the progress of the monsoon and its likely positive impact on *Kharif* output will be a key driver for sustaining the rural growth especially so as rural India remains one of the key focal points for garnering consistent growth for FMCG companies. While, currently, food inflation and its increased share of customers valet is one of the key hurdles faced by the FMCG sector as a whole, we believe this is a near-term hindrance as good rains are expected to tame food inflation going ahead. Thus, while we expect the FMCG industry to continue to deliver good sales growth, pressure points are likely to sustain in specific highly-penetrated and intensely-competitive categories such as soaps and detergents. These categories are also likely to see deterioration in their profitability, as the input cost is likely to remain high on a y-o-y basis and as continued high ad spends would eat into their profit.

Thus, we expect HUL's bottom line performance to remain extremely subdued in the coming 12-18 months as against ITC, which is more likely to see its earnings grow at a compounded annual growth rate (CAGR) of ~17%. Consequently, we maintain our positive fundamental stance on ITC and remain bearish on HUL.

While the valuation of mid-cap FMCG universe at ~22x FY2012E earnings is discomfoting, among those under our coverage, we continue to like Marico (which promises ~15% top line CAGR and is likely to experience a relatively benign input cost scenario) and GCPL, relatively. Also Tata Tea may see the raw material (tea) price softening in the coming quarters, which together with a low margin base of FY2010, may provide better earnings prospects going ahead.

Valuation table

Companies	CMP (Rs)	EPS (Rs)		PE (x)		Recommendation		Price target (Rs)
		FY2011E	FY2012E	FY2011E	FY2012E	Previous	Revised	
HUL	272	10.2	12.2	26.7	22.3	Hold	Reduce	243
ITC	302	12.6	14.4	24.0	21.0	Buy	Buy	303
GCPL	343	12.6#	14.7#	27.2	23.3	Hold	Hold	375
Marico	131	4.8	5.7	27.3	23.0	Hold	Hold	**
Tata Tea	121	7.3	8.3	16.5	14.7	Buy	Buy	136^
Zydu Wellness	490	16.5	23.7	29.7	20.7	Hold	Hold	**

For want of balance sheet and other financial details of Tura and Megasari, our current estimates for FY2011 and FY2012 are excluding the financials of Tura, Megasari and GSL's 51% stake.

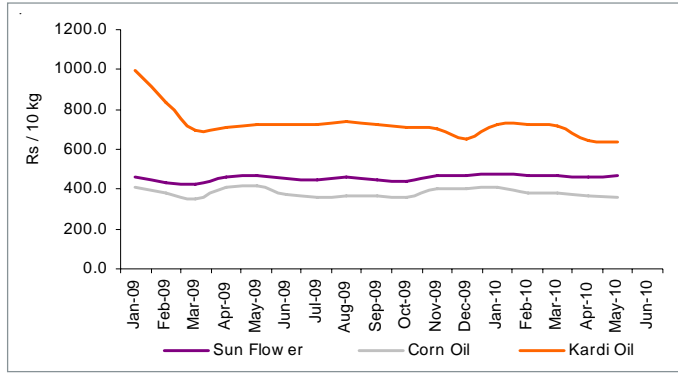
**Under review

^Revised

Table 1: Key raw material prices

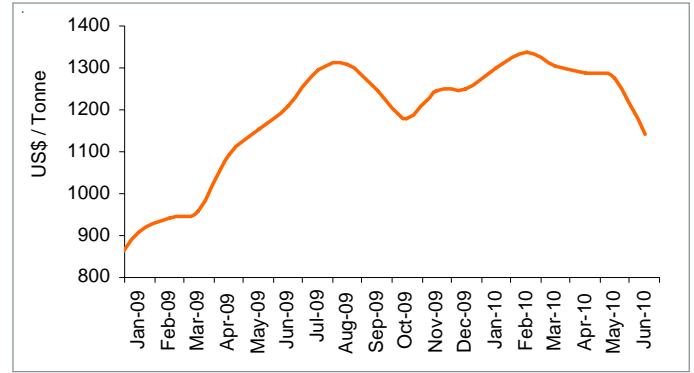
Particulars	Unit	Q1FY2011	Q1FY2010	% yoy	Q4FY2010	% qoq
Palm oil	MYR / Tonne	2539.6	2540.5	0.0	2569.9	-1.2
Sunflower oil	Rs / 10kg	464.5	460.3	2.0	469.3	-1.0
Corn oil	Rs / 10kg	363.0	401.2	-2.4	391.7	-7.3
Kardi oil	Rs / 10kg	637.0	721.0	-11.7	719.7	-11.5
Rice bran oil	Rs / 10kg	348.0	345.9	0.6	349.0	-0.3
Copra	Rs / 100kg	3401.0	3310.7	2.7	3473.0	-2.1
LABfs	Rs / KL	29408.1	20797.7	41.4	27520.3	6.9
HDPE	US\$ / Tonne	1235.7	1150.8	7.4	1314.5	-6.0
Caustic soda (flakes)	Rs / Kg	19.0	27.4	-30.8	18.9	0.2
Soda ash	Rs / Kg	17.3	20.0	-13.3	18.2	-4.6
Auction tea	Rs / Kg	92.3	108.7	-15.1	90.8	0.0

Edible oil price trend

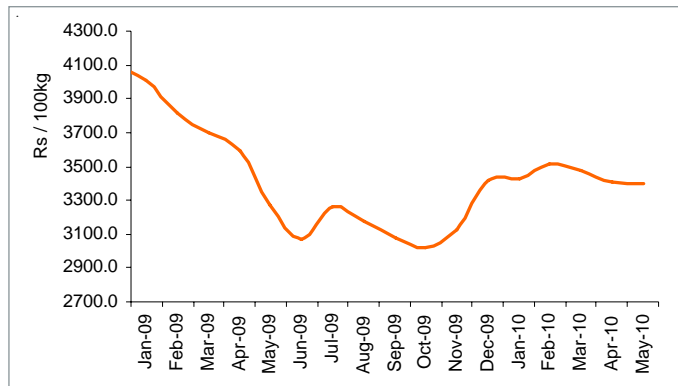


Source: Marico, Sharekhan Research

HDPE price trend

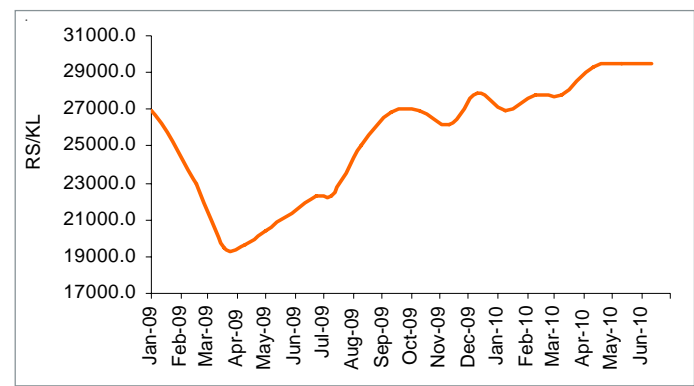


Copra prices



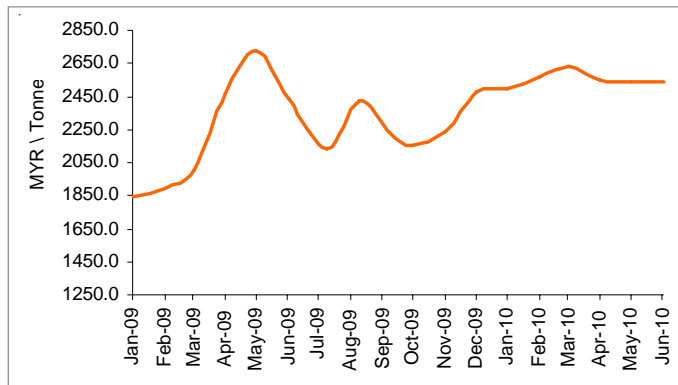
Source: Marico, Sharekhan Research

LAB (feed stock) prices



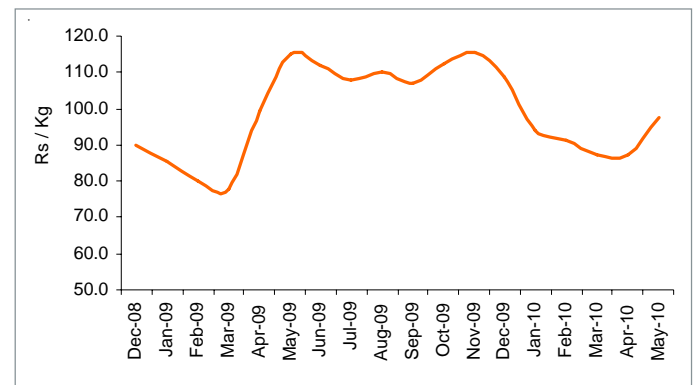
Source: Sharekhan Research

Palm oil prices



Source: Bloomberg

Auction tea prices (all India)



Source: Tea Board of India

The author doesn't hold any investment in any of the companies mentioned in the article.

Evergreen

Housing Development Finance Corporation
HDFC Bank
Infosys Technologies
Larsen & Toubro
Reliance Industries
Tata Consultancy Services

Apple Green

Aditya Birla Nuvo
Apollo Tyres
Bajaj Auto
Bajaj Finserv
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Emerging Star

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