

### Welspun Gujarat BUY CMP Rs266

#### Welspun receives fresh orders worth Rs6bn

Welspun Gujarat (WGL) has announced that it has received fresh orders worth Rs6bn from the end of Q3 FY10. The company has indicated that majority of the orders were for LSAW pipes and came from US, whereas the plate orders were from the domestic market. These orders are to be executed over the next twelve months. The pipe orders were repeat orders, further validating the company's strong presence in the pipe industry. The order book position, without excluding the orders executed during Q4 FY10, has increased to the Rs72bn. The current order book stands at 1.3x FY09 revenues and 1x trailing twelve months revenue. WGL's order book is the highest among its peers and provides visibility for FY12E revenues.

#### Raising estimates to account for higher realisations and operating margins for the plate business

We have increased our pipe realisations for FY11E and FY12E as per the results announced in 9M FY10 and the order book guidance provided by the company. We have also increased our EBIDTA/ton estimate for FY11 and FY12 to Rs10,500 for pipes and Rs6,000 for plates. On the back of strong demand for pipes in the domestic market we have increased our plate sales volume estimate.

#### Maintain BUY with a revised target price of Rs346

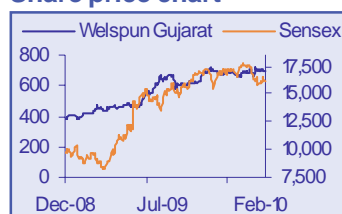
After rising 5x over the last one year, WGL has been a underperformer in the last three months. We believe over the next one quarter the stock will be a strong performer as fresh orders are announced globally. The Management has indicated that they are successful bidders for 1mn tons of international orders and GAIL's pipe orders to be announced in 4Q FY10. With the rise in crude oil prices and a gradual revival in order inflows, we believe WGL is the best bet in the pipe sector to exploit this opportunity. This coupled with strong order book and improving visibility in its plate business, we maintain our BUY rating on the stock with a pricetarget of Rs346.

#### Financials

Y/e 31 Mar (Rs m)	FY09	FY10E	FY11E	FY12E
Revenues	57,395	73,619	69,579	77,932
yoy growth (%)	43.7	28.3	(5.5)	12.0
Operating profit	6,346	9,211	10,913	12,155
OPM (%)	11.1	12.5	15.7	15.6
Reported PAT	2,134	4,127	5,785	6,794
yoy growth (%)	(37.4)	93.4	40.2	17.4
EPS (Rs)	11.4	20.2	28.4	33.3
P/E (x)	21.8	12.3	8.8	7.5

Source: Company, India Infoline Research

#### Share price chart



Source: Company, India Infoline Research

#### Shareholding pattern

December '09	(%)
Promoters	40.5
FII & MF	32.9
Non promoter corp hold	11.9
Public & others	14.7

### Colgate-Palmolive BUY CMP Rs706

#### Strong volume momentum to continue

With the rapidly growing rural consumption (increasing penetration) and consumer uptrading (toothpowder to toothpaste), the ~Rs45bn Indian Oral care market is poised to sustain double-digit growth momentum. Colgate, being the market leader, is expected to be the major beneficiary. Despite the economic slowdown, it recorded strong ~14% volume growth during 9M FY10 in the toothpaste segment, driven by enhanced rural distribution (with its brand Cibaca) and introduction of low unit priced packs. We expect the company to witness revenue CAGR of 15.6% over FY09-12 driven by double-digit volume growth (in low-teens) and price / mix gains.

#### Sharp improvement in margins to drive earnings growth

Colgate witnessed a sharp 510bps improvement in margins during 9M FY10 led by lower raw material, overhead and advertising cost. Due to lower competitive activity from HUL (more focused on personal care category), Colgate has been able to save heavily on the adspend during the year. With its rising scale and focus on improving operating efficiency, we expect Colgate to maintain its margins at ~20% over the next two years. We believe, with its dominant position, Colgate will be able to successfully mitigate the impact of higher raw material cost either through price hikes or adjusting adspend.

#### Maintain BUY with a target price of Rs794

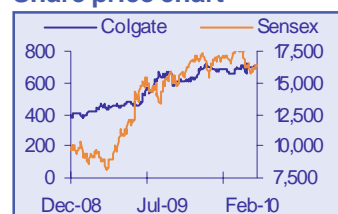
Colgate continues to dominate the oral care industry with a strong ~46% market share. Despite stiff competition from players like HUL and Dabur, IT has been able to protect its market leadership. Colgate has invested heavily in brand building, which has helped it gain market share in the less penetrated semi-urban and rural markets (contributes over 35% revenues). With the strong brand portfolio and increased focus on low price-point products, Colgate will sustain its healthy double-digit volume growth momentum. We maintain our Buy rating with a price target of Rs794.

#### Financials

Y/e 31 Mar (Rs m)	FY09	FY10E	FY11E	FY12E
Revenues	16,948	19,966	22,826	26,157
yoy growth (%)	15.0	17.8	14.3	14.6
Operating profit	2,665	4,117	4,513	5,244
OPM (%)	15.7	20.6	19.8	20.1
Reported PAT	2,902	4,191	4,401	5,028
yoy growth (%)	25.3	44.4	5.0	14.3
EPS (Rs)	21.7	30.8	32.4	37.0
P/E (x)	32.5	22.9	21.8	19.1

Source: Company, India Infoline Research

#### Share price chart



Source: Company, India Infoline Research

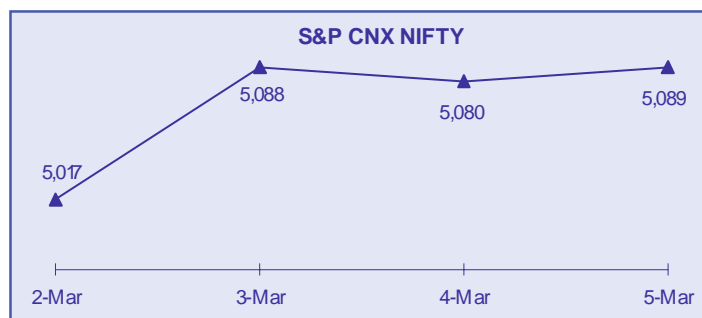
#### Shareholding pattern

December '09	(%)
Promoters	51.0
FII & MF	22.7
Non promoter corp hold	4.2
Public & others	22.1

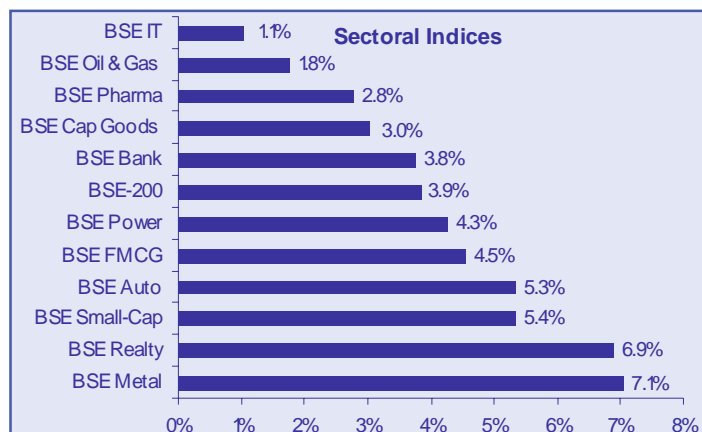
# India Infoline Weekly Wrap

## Market review

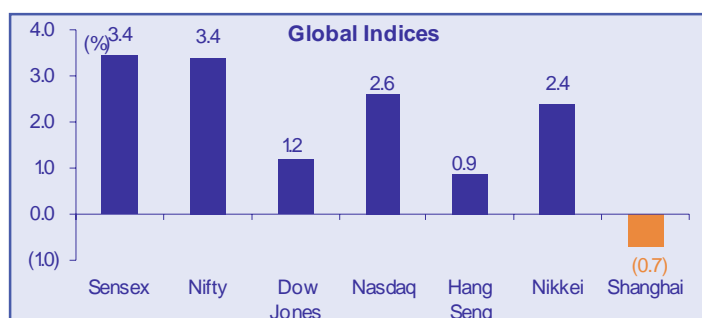
Colour and festivities continued during the Holi-day truncated week as the euphoria post-budget took the indices to over two-month highs. An improvement for India's merchandise exports for the third consecutive month spurred the sentiments of traders on Dalal Street. Continuous buying by foreign institutions and robust monthly auto and cement numbers added reasons for the Street to rejoice. Finally, the BSE Sensex added 3.4% to end at 16,994 and NSE Nifty surged 3.4% to end at 5,089.



Metals, Cement and Auto stocks were in limelight as these industries successfully passed on the hike in excise duty. Airline stocks also gained after all major airlines raised fares. Real estate space bounced back after being battered in the last couple of weeks, notwithstanding the surprise 10% service tax. Mid-cap and small-cap indices outperformed the benchmark indices.



US stock indices turned positive again for the year amid improved risk tolerance. The Nikkei index rose 2.5% on reports that the Bank of Japan may further loosen its monetary policy. However, China bourses ended on flat as Chinese government warned it would slash lending in a bid to curtail spiraling asset prices. Sentiment improved after Greece successfully launched its US\$6.8bn bond issue and central banks in the UK and Europe left rates steady.



\*As per previous close

## FII & MF activity

Date	(Rs cr)	
	FII Net Investment	MF Net Investment
25-Feb	(244)	378
26-Feb	1,094	(387)
02-Mar	1,535	(180)
03-Mar	1,013	83
-	-	-
<b>Total 2010</b>	<b>3,526</b>	<b>(2,126)</b>

## BSE Sensex & BSE 200 Top Five Gainers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
Tata Motors	794	19.0	Gujarat NRE	88	20.1
JP Associates	146	13.1	United Breweries	275	20.0
M&M	1,077	12.5	Deccan Chronicle	170	16.3
Hero Honda	1,871	10.0	Bf Utilities	1,120	16.1
Hindalco	168	9.6	Karnataka Bank	128	14.2

## BSE Sensex & BSE 200 Top Five Losers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
ONGC	1,095	(1.4)	Amtek Auto	171	(7.4)
ITC	245	(1.2)	NMDC	415	(4.0)
TCS	763	(0.5)	BPCL	540	(4.0)
-	-	-	IOC	307	(3.3)
-	-	-	HCL Tech	358	(2.5)

## Bulk deals

Date	Institution	Scrip name	B/S	Qty (lacs)	Price
2-Mar	Deutsche Intl	Tricom India	B	3.5	14
3-Mar	IDFC SME Fund	ARSS Infra	B	1.6	689
4-Mar	LIC	Amtek Auto	B	45.0	166
5-Mar	Credit Suisse	Bharati Ship	S	2.5	280
-	-	-	-	-	-

## Book closures and record dates

Company	Date	Purpose
Crompton Greaves	08-Mar-10	Bonus
Sterlite Tech	09-Mar-10	Bonus
Bajaj Hind	11-Mar-10	Dividend

## Insider Trades

Company	Name	B/S	Qty (€000)
Agro Tech	Sachin Gopal	B	6.3
Infosys	T. V. Mohandas Pai	S	15.0
V-Guard Ind	Mithun K Chittilappilly	B	16.8
HDFC Bank	Paresh Sukthankar	S	4.0
Himatsingka Seide	Dinesh Himatsingka	B	61.0

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## Technical ideas

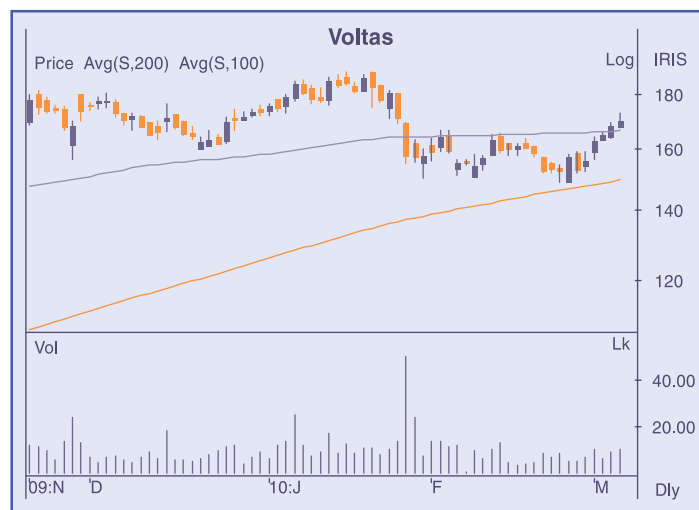
**DLF** **BUY**  
**CMP Rs317**



DLF is pointing to continued strength in the weeks to come as it has broken a downward-sloping trend line since January 2010. A detailed study of the daily chart shows that the stock has corrected from the high of Rs392 in January 2010 to touch a low of Rs282 last week. On Friday, the stock staged a smart breakout past the downward sloping trendline. This bullish breakout signals the end of the intermediate downtrend.

The other supportive technical oscillators are positive and the upmove may extend to the levels of Rs338 and Rs345. **We recommend high risk traders to buy the stock in the range between Rs314-320 for a target of Rs340 with stop loss of Rs307.**

**Voltas** **BUY**  
**CMP Rs169**



On the daily chart, the stock has given an upside breakout. The above mentioned pattern has taken place after a strong downtrend. The stock had been on a well entrenched downtrend from the peak of Rs189 in Jan' 2010 to a low of Rs148.50 in Feb' 10. Since then, the stock has managed to hold on the support of its 200-DMA and has bounced back from the key support levels on multiple occasions.

This week, the stock gave a close above its key resistance levels of Rs116-119 (as seen in the above chart) and also its 100-DMA. The short term oscillators continue to remain in the positive territory. Keeping in mind, the above mentioned evidence we expect the uptrend to continue in the near term. **We recommend traders to buy the stock between the levels of Rs167-173 with a stop loss of Rs162 for a target of Rs184, 186.**

### Positive open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Sun TV	6.7	37.5	1,054.1
BEL	2.2	36.7	1,636.4
Dabur	0.3	30.6	103.8
Petronet	6.4	25.1	953.4
Nagarjuna Con	0.4	8.8	15.6

### Negative open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Tulip	(1.5)	20.6	65.3
Allahabad BK	(1.0)	17.3	(16.0)
Opto Circuit	(1.6)	9.4	56.0
EKC	(0.1)	8.8	(28.6)
ONGC	(0.4)	8.6	28.8

### Technically strong

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
Tata Comm	296	292	4.1	2.3
Gail	409	402	15.6	15.2
Cipla	321	313	15.1	11.4
Andhra Bank	103	100	15.8	11.3
Nagarjuna Const	159	154	13.0	10.0

### Technically weak

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
Amtek Auto	171	177	40.3	25.3
ONGC	1,095	1,106	17.2	8.1
HCL Tech	359	364	4.4	8.0
Chambal Fert	62	64	44.8	105.3
Mphasis	671	703	5.0	12.3

# India Infoline Weekly Wrap

## Mutual fund round-up

### India Infoline picks

Mutual Funds	Assets (Rs Cr)	NAV (Rs)	Absolute return (%) as on March 04, 2010							
			1wk	1mth	3mth	6mth	1yr	2yr	3yr	5yr
DSP-BR Top 100 Equity - RP (G)	2,449	88.8	2.6	5.2	(1.0)	8.0	87.4	20.1	69.7	213.6
ICICI Prudential Dynamic Plan (G)	1,890	92.7	3.4	3.4	4.5	17.9	105.0	23.1	54.6	228.4
ICICI Prudential Tax Plan (G)	1,051	124.9	4.1	4.5	6.0	23.4	149.0	25.3	53.9	151.0
Reliance MIP (G)	3,051	20.0	0.8	0.3	0.9	7.3	28.9	38.4	48.9	86.9
UTI Opportunities Fund (G)	1,200	23.6	5.0	4.6	(0.3)	13.6	108.2	25.4	89.6	--

### Fund this week: UTI Opportunities Fund

Fund snapshot		Asset allocation (%)	
Fund Manager	Harsha Upadhyaya	Equity	77.0
Latest NAV	23.6	Debt	0.0
NAV 52 high/low	Rs25/11	Cash/call	23.0
Latest AUM (cr)	Rs1,200	<b>Top 5 holdings (%)</b>	
Type	Open-ended	Infosys Technologies Ltd.	4.5
Class	Equity - diversified	Hindalco Industries Ltd.	4.4
Options	Growth & dividend	State Bank Of India Ltd	4.3
Min investment	Rs5,000	ICICI Bank Ltd.	4.2
Benchmark	BSE100	Reliance Industries Ltd.	3.9
No. of stocks	46	<b>Top 3 sectors (%)</b>	
No. of sectors	30	IT - Software	10.9
Expense ratio	2.2%	Bank - Private	8.2
Exit load	1%	Refineries	7.1

### NFO update

Fund Name	Close	Type	Class
SBI Debt Fund Sr ñ 15M ñ 5	8-Mar	CE	Debt
AXIS FTP - Sr 1 - 384Days	8-Mar	CE	Debt
DSPBR FMP - 13M ñ Sr 2	9-Mar	OE	Debt

### Dividend update

Mutual Fund	Dividend %	Record date	Class
UTI Quarterly Interval Sr VI	100.0	2-Mar	Debt - Inv't
-	-	-	-
-	-	-	-

## Commodity, debt and currency graphs



\* As per previous close

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