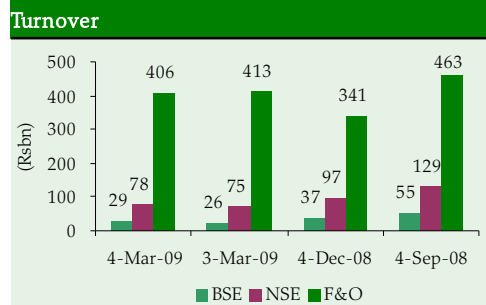




5 March 2009

Indices	% Change			
	4-Mar-09	1mth	3mth	6mth
Sensex	8,446	(7)	(3)	(44)
Nifty	2,645	(4)	(0)	(41)
CNXMidcap	3,051	(8)	(6)	(48)
Banking	3,890	(16)	(14)	(48)
Capital Goods	5,625	(8)	(8)	(54)
Healthcare	2,581	(4)	(9)	(40)
IT	2,033	(7)	(15)	(50)
NASDAQ	1,354	(8)	(9)	(43)
Dow Jones	6,876	(14)	(20)	(40)

Net Inflows				
Rs bn	3-Mar-09	2-Mar-09	MTD	YTD
FII	(5)	(3)	(7)	(74)
Mutual Fund	(1)	(3)	(4)	(27)
FII - F&O	(0)	(3)	(4)	47



Commodity & Currency % Change				
	4-Mar-09	1mth	3mth	6mth
Crude (US\$/barrel)	45.6	13.0	(2.7)	(59.0)
Gold (US\$/Oz)	914.9	1.3	18.8	12.3
US\$	51.9	5.9	4.1	17.3
Euro	64.9	2.6	2.4	0.8

Debt				
%	4-Mar-09	1mth	3mth	6mth
RBI Repo	5.5	5.5	7.5	9.0
10 yr G-Sec yld	6.1	6.4	6.8	8.6
Spread 1 & 10 yr G-Sec	1.5	1.8	0.3	(0.5)
US 10 yr treasury	3.0	2.7	2.7	3.7
Surplus liquidity (Rs bn)	(679.1)	(672.6)	(520.6)	78.5

Tata Chemicals (113) Outperformer - Target Price: 140

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KG basin gas to provide stability

Tata Chemicals is expected to sign an agreement to buy natural gas from Reliance Industries for its 1.15 million tonne urea plant in Uttar Pradesh. The Gas Sales and Purchase Agreement (GSPA) is expected to be signed on 6 March 2009 to get Reliance's eastern offshore (Krishna-Godavari) KG-D6 gas. The company is expected to pay US\$4.20 per million British thermal unit price plus transportation and taxes which will be an additional of US\$1.8 per million British thermal unit. The company has already increased the capacity of its plant from 0.86million tonnes to 1.15 million tonnes through the de-bottlenecking process. According to media reports, the company would increase capacity of urea further at Babrala plant in Uttar Pradesh if it gets assured gas supply for long-term.

The Babrala plant of the company will get 0.88 million cubic meters per day (mmscmd) of gas from KG-D6. After 0.88 mmscmd gas from Reliance, 2.24 mmscmd gas requirement of Babrala plant of Tata Chemicals would be fully met. The Babrala plant currently receives 1.46 mmscmd gas from the state gas utility GAIL India and the Indian Oil Corp (IOC). It produces both urea and ammonia. The Babrala plant of Tata Chemicals is the first in the country to run on dual fuels - naphtha and gas. The Gas Sales and Purchase Agreement (GSPA) with Reliance for supplying natural Gas will hedge the company from volatility of naphtha price and will help the plant to run at higher capacity utilisation. We believe that supply of KG basin gas will improve the fertiliser production which we have factored in our model. We have assumed that increased capacity will run at 90% capacity utilisation in FY10. Overall, the capacity utilisation of urea plant is expected to be at 129% in FY10. We expect that the positive development would nullify the expected downtrend in soda ash business due to its declining prices (Rs 11,479 per tonne for Tata Chemical standalone which is 12.5% down in FY10 over FY09 and Rs 10,750 per tonne for Brunner Mond which is 12.3% down in FY10 over FY09) and volumes (decline by 5.6% and 3.2% for Tata Chemical standalone and Brunner Mond respectively for FY10 over FY09).

Tata chemicals (Consolidated)		Y/E March (Rs mn)	FY06	FY07	FY08	FY09E	FY10E
Reuters/Bloomberg Code	TTCH.BO/TTCH@IN	Net Sales	40,344	58,096	60,232	129,962	132,808
Market Cap. (Rsbn)	24.2	EBITDA	7,565	10,035	9,783	21,146	21,284
Market cap. (US\$m)	466.6	Net Profit	4,283	5,010	4,769	5,684	6,193
Shares Outstanding (mn)	215.1	Diluted EPS (Rs)	17.8	20.8	18.5	23.4	25.5
52-week High/Low (Rs)	440/ 112	EPS Growth (%)	14.6	16.8	(11.1)	26.7	8.9
		EBITDA margin (%)	18.8	17.3	16.2	16.3	16.0
		PER (x)	6.3	5.4	6.1	4.8	4.4
Major Share Holders (%)		P/BV (x)	1.1	0.9	0.7	0.6	0.5
Promoter/Majority	29.3	Price/sales per share (x)	0.6	0.4	0.4	0.2	0.2
FII's	12.7	EV/EBITDA (x)	5.5	4.1	6.7	3.1	3.0
Banks/Fis/MFs	28.1	DividendYield (%)	6.2	7.1	8.0	8.0	8.0
Others	5.9	ROCE (%)	16.5	18.4	12.1	19.7	18.0
Public	24.0	ROE (%)	20.4	21.0	15.2	14.6	14.5

Source: Company & KSBL Research

Note: FY08 net profit excludes profit from sales of investment of TCS and Tata investment of Rs 4,874.7mn.

Valuation: The consolidated net sales and net profit of Tata Chemicals is expected to grow at CAGR of 48.5% and 14% during FY08-10. At the current market price of Rs 113 the stock is trading at 4.8x FY09E and 4.4x FY10E expected earnings. On account of volatility in commodity prices, risk associated with foreign borrowings and general market condition, we have revised our PE valuation from 7x10E to 5.5x10E earnings. Consequently, we have reduced our target price from Rs179 to Rs140 and maintain our **Outperformer** rating on stock.

BULK DEALS ON NSE - 4 March 2009

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
ARIHANT	Arihant Foundations & Hou	SJAYALAKSHMI	BUY	85,033	30.3
EDUCOMP	Educomp Solutions Limited	C D INTEGRATED SERVICES LTD	BUY	112,484	1571.4
SUNFLAG	Sunflag Iron And Steel Co	SUPRA CORPORATION LIMITED	BUY	1,782,933	10.5
EDUCOMP	Educomp Solutions Limited	C D INTEGRATED SERVICES LTD	SELL	112,484	1572.7
SUNFLAG	Sunflag Iron And Steel Co	CHARANJIV DHAWAN	SELL	1,700,000	10.5

Source: NSE

BULK DEALS ON BSE - 4 March 2009

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
524448	AHLCONPAREN	SUDERSHAN WALIA	B	700,000	15.0
524448	AHLCONPAREN	AHLUWALIA CONTRACT INDIA LTD	S	700,000	15.0
532799	AKRUTI CITY	OPG SECURITIES P LTD	B	409,474	917.8
532799	AKRUTI CITY	OPG SECURITIES P LTD	S	409,474	918.3
505923	CEEKAYDIAKI	HIMANIKA HIMANSHU TIMBADIA	B	25,000	22.1
505923	CEEKAYDIAKI	SHILPA KETAN SHAH	S	31,181	22.0
530427	CHOKSIIMAG	CAMPHOR SECURITIES ADV P LTD	B	22,444	12.7
530427	CHOKSIIMAG	CAMEL FOODS P LTD	S	22,403	12.7
524768	EMMESSA BIOT	ARVIND M SHAH	B	45,500	4.6
524768	EMMESSA BIOT	MANAR LEASING AND INV P LTD	S	45,500	4.6
532622	GATEWAYDIST	SEALAND TERMINALS PVT LTD	B	6,064,052	46.5
532622	GATEWAYDIST	ARANDA INVESTMENT MAURITIUS PTE LTD	S	6,020,735	46.5
505576	GOLDCRES FIN	SENIORITA IMPEX PVT.LTD	B	238,000	16.8
505576	GOLDCRES FIN	ARUNA SANJAY GORATELA	S	60,166	16.8
505576	GOLDCRES FIN	GENTEEL TRADING CO PVT. LTD	S	148,834	16.8
511092	JMDTELEFILM	JOHARPALSINGH	S	10,000	29.6
511728	KZLEASING	SURESHBHAI NANJIBHAI JOSHI	B	30,000	58.6
511728	KZLEASING	VISHALV HINSU	B	33,695	58.1
511728	KZLEASING	KARAN MAHESHKUMAR HADVANI	B	25,725	58.2
511728	KZLEASING	JYOTIKABEN MAHESHBHAI HADVANI	B	17,000	58.5
511728	KZLEASING	SURESHBHAI NANJIBHAI JOSHI	S	30,000	58.2
511728	KZLEASING	DIVYA STOCK BROKING LTD	S	25,000	58.4
511728	KZLEASING	DHYEYA .M. DOSHI	S	20,000	58.3
526604	LIPPI SYSTEM	JITENDRAKUMAR KANTILAL SHAH	S	42,000	4.8
504864	ORISA SP IRS	BHUSHAN ENERGY LIMITED	B	130,000	360.0
504864	ORISA SP IRS	QUANTUM M LIMITED	S	129,000	360.0
523523	RAINBOW PAPER	NIKITA AJAY GOENKA	B	60,400	35.0
512048	SPLASH MEDIA	ITRA SECURITIES PRIVATE LTD	B	10,054	84.2
511147	WALL STREET F	PRUTHVI BROKER AND SHARE HOLDING PVT LTD	S	63,462	45.7

Source: BSE

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Stock Ratings	Absolute Returns	Stock Ratings	Absolute Returns
Buy	: > 25%	Market Performer	: 0 - 15%
Out Performer	: 16 - 25%	Under Performer	: < 0%

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