

## Focus Issue of the Month

### Pre- Budget Report

We expect continuation of the process of fiscal consolidation in the coming budget and the strong growth numbers would ensure that the budgeted fiscal deficit at 3.8% of GDP would settle lower on the back of higher revenue collections. In the long- run we intend to move towards a tax regime, which is more liberal, transparent, equitable and less complex in administration. We expect moderation in some of the tax rates while starting a process of weeding out unnecessary exemptions and loopholes in the tax structure in this year's budget. We expect to hear announcements on agriculture and infrastructure and opening up some of these sectors to foreign money. ...**Page 4**

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## Company Reports

### Lloyd Electric & Engineering Ltd.

Lloyd Electric is the largest manufacturer of Evaporator and Condensor coils(ECC) in the Indian market. LEEL trades at 9.8x FY'08E earnings and at an EV/Sales of 0.8x FY'08E. We see an attractive buying opportunity in LEEL, as we believe that the company would continue to remain on the growth path...**Page 15**

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### Salzer Electronics Ltd

With an estimated 45% CAGR growth in net profits and revenues over the next two years, the Coimbatore based SEL trading at 7x FY'09E earnings is an attractive investment bet...**Page 16**

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### Super Spinning Mills Ltd

Foray into organic cotton would enable the Coimbatore based SSML to have a competitive edge over its peers and the stock trading at 3x FY'08E is a value pick. ...**Page 18**

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## Some Useful and Interesting Statistics...

### Major Gainers / Losers in the Sensex during Jan'07

Scrips	Stock Price		% Change
	Dec-06	Jan-07	
<b>Gainers</b>			
Bharti Airtel	629	708	12.6
Larsen & Toubro	1,443	1,587	10.0
BHEL	2,298	2,517	9.5
Reliance Industries	1,270	1,365	7.5
ICICI Bank	890	941	5.7
<b>Losers</b>			
State Bank Of India	1,246	1,138	-8.7
Dr. Reddy's Laborato	811	743	-8.4
ACC	1,086	1,020	-6.1
Hero Honda Motors	762	718	-5.8
Hindustan Lever	217	208	-3.9

### Top 10 Stocks With Significant Change In Traded Volume During Jan'07

Scrips	Aggregate Volumes		% Change
	Dec-06	Jan-07	
RIL Natural Resource	25,235,116	141,830,816	462.0
IDFC	8,331,243	32,658,548	292.0
Kotak Mahindra Bk	1,733,149	6,680,355	285.4
Dabur India	2,857,641	9,683,330	238.9
Sesa Goa	1,378,410	4,643,925	236.9
I-Flex Solutions	3,084,610	261,919	-91.5
BF Utilities	2,377,644	613,228	-74.2
A B B	1,125,778	357,178	-68.3
Bharat Electronics	1,225,653	409,867	-66.6
Punj Lloyd	4,583,881	1,900,885	-58.5

For BSE 100 cos. Volumes are aggregate for the month.

### FII and MF Investment Pattern along with the Turnover Numbers - on a weekly basis for the past 2 months

	1-Dec	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan	26-Jan
FII Purchases	145,185	107,591	125,084	94,434	54,865	94,552	111,321	112,790	94,022
FII Sales	132,586	125,363	120,917	104,458	70,490	58,245	155,226	110,065	85,638
<b>Net FII Buying</b>	<b>12,599</b>	<b>-17,772</b>	<b>4,167</b>	<b>-10,024</b>	<b>-15,625</b>	<b>36,307</b>	<b>-43,905</b>	<b>2,725</b>	<b>8,384</b>
MF Purchases	26,906	24,873	32,871	37,187	30,219	21,563	33,402	28,602	24,426
MF Sales	26,532	24,991	46,481	26,180	14,272	19,764	35,901	29,384	32,391
<b>Net MF Buying</b>	<b>374</b>	<b>-118</b>	<b>-13,610</b>	<b>11,007</b>	<b>15,947</b>	<b>1,799</b>	<b>-2,499</b>	<b>-782</b>	<b>-7,965</b>
BSE Turnover	223,600	221,570	228,610	210,630	149,450	167,700	220,920	227,440	169,890
NSE Turnover	452,402	413,933	468,793	428,625	307,700	314,206	448,688	448,558	352,525
<b>Total</b>	<b>676,002</b>	<b>635,503</b>	<b>697,403</b>	<b>639,255</b>	<b>457,150</b>	<b>481,906</b>	<b>669,608</b>	<b>675,998</b>	<b>522,415</b>

Note: All the figures above are weekly aggregate - in Rs Mn.

### Major World Indices - on a weekly basis for the past 2 months

	1-Dec	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan	26-Jan
<b>Dow Jones Industrial</b>	12194	12307	12446	12343	12463	12398	12556	12566	12487
WoW Change		0.9%	1.1%	-0.8%	1.0%	-0.5%	1.3%	0.1%	-0.6%
<b>S&amp;P -500</b>	1397	1410	1427	1411	1418	1410	1431	1431	1422
WoW Change		0.9%	1.2%	-1.1%	0.5%	-0.6%	1.5%	0.0%	-0.6%
<b>NASDAQ</b>	2413	2437	2457	2401	2415	2434	2503	2451	2435
WoW Change		1.0%	0.8%	-2.3%	0.6%	0.8%	2.8%	-2.1%	-0.6%
<b>Nikkei</b>	16322	16418	16914	17105	17226	17092	17057	17310	17422
WoW Change		0.6%	3.0%	1.1%	0.7%	-0.8%	-0.2%	1.5%	0.6%
<b>Hang Seng</b>	18691	18740	19111	19321	19965	20211	19613	20328	20281
WoW Change		0.3%	2.0%	1.1%	3.3%	1.2%	-3.0%	3.6%	-0.2%
<b>FTSE</b>	6022	6152	6260	6190	6221	6220	6239	6237	6228
WoW Change		2.2%	1.7%	-1.1%	0.5%	0.0%	0.3%	0.0%	-0.1%

Note: The values for indices are of as Friday closing.

### How the Sensex have behaved vis-a-vis alternative asset class - on a weekly basis for the past 2 months

	1-Dec	8-Dec	15-Dec	22-Dec	29-Dec	5-Jan	12-Jan	19-Jan	26-Jan
<b>BSE-30 Index</b>	13845	13799	13615	13472	13787	13861	14057	14183	14283
WoW Change		-0.3%	-1.3%	-1.0%	2.3%	0.5%	1.4%	0.9%	0.7%
<b>10Gms - GOLD</b>	9350	9170	9095	9025	9145	9005	8890	9050	9315
WoW Change		-1.9%	-0.8%	-0.8%	1.3%	-1.5%	-1.3%	1.8%	2.9%
<b>1kg - SILVER</b>	20510	20405	20260	19155	19430	19210	18960	19260	19950
WoW Change		-0.5%	-0.7%	-5.5%	1.4%	-1.1%	-1.3%	1.6%	3.6%

Note: WoW stands for Week over Week change in % terms in both the tables above.

Dear Sir / Madam,

**Greetings and Welcome to SMART IDEAS - February 2007.**

The BSE Sensex has rallied from a low of 8799 (on 14th June 2006) to a new all time high of 14724 (on 9th February 2007). In this edition we would like to share with you the views of our technical analyst Sudhanshu Pandey on the broad markets. His views are enumerated below:

"A large number of stocks participated in the rally during the second half of last year. However during the past couple of months although the Sensex and Nifty have recorded new highs, very few stocks been moving up. This dichotomy is alarming. The breadth of this last leg of rally is quite poor. This indicates that all is not well with the broad market and the index is misleading investors into thinking that the bullish trend is still healthy. In our view this index rally is now in a terminal stage.

We anticipate that the indices will undergo a significant correction, commencing within the next three to four weeks. Technically the trends for Sensex and Nifty are still bullish on the weekly charts at this point in time. However we would view any rallies in the near future as profit booking opportunities since the market is setting up for a sell-off after completion of this terminal stage of the rally. Our estimate is that during the next couple of months, the Sensex would peak at 15300 and then fall to 12700. The Nifty index would peak at 4350 and then fall to 3750."

With warm & sincere regards,

*S. Ranganathan / Kaushal Shah*

## FOCUS ISSUE - Pre-Budget 2007-08

### Macroeconomic Trend - Economy at a Glance

Micro Indicators	FY05	FY06	FY07 Apr-Dec	FY07E
Real GDP Growth (% Chg.)	7.5	9.0	8.9	9.0
Real per capita income (% Chg.)	6.8	7.4		7.9
Agriculture & Allied	-3.6	6.0	2.7	2.7
Industrial Production (% Chg.)	8.4	8.2	10.6	10.0
Services Sector (% Chg.)	10.0	11.0	10.5	10.0
Money SS (M3 % Chg.)	12.3	21.2	21.0	20.0
<b>Inflation Rate</b>				
WPI (%)	6.4	4.4	5.6	6.0
CPI (%)	3.8	4.4	6.6 (Apr - Nov 2006)	6.3
Gross Fiscal Deficit (% of GDP)	4.0	4.1		3.6
<b>PLR</b>				
Nominal (%)	10.8	10.8	11.5	12.0
Real (%)	4.4	6.4	6.0	6.0
Exports (% Chg.)	30.7	23.0	25.0	23.0
Imports (% Chg.)	38.1	23.5	24.0	26.0
Trade Balance (as per RBI data \$ bn)	\$36.6	\$51.8	\$41.6	\$65.1
Current A/C deficit (as % of GDP)	0.8	1.3	1.93	1.5
FDI Inflows (\$ bn)	\$5.9	\$4.7	\$8.5 (Apr-Nov)	\$9.0
FII Inflows (\$bn)	\$9.3	\$12.5	\$2.5 (Apr-Jan)	\$7.0
<b>Foreign Exchange Reserve</b>				
(\$bn)	\$135.5	\$145.2	\$178.0 (Apr-Jan)	\$200.0
Re /\$ Rate	44.95	44.28	45.61	45.00

Source : CSO, NCAER, CMIE

The stage has been set for the Finance Minister to announce his next budget-BUDGET 2007-08. The India story gets better and better as seen in the table above. The economy has been on an upswing for the last three-four years with growth well-spread across most sectors of the economy except, perhaps agriculture.

- **GDP growth is expected to close at 9% for FY07**, with the first two quarters having recorded economic growth of 8.9% and 9.2% in FY07 respectively over growth of the corresponding quarters of the previous fiscal year. This has come in spite of the strong base year effect of 2005-06, following an upward revision of growth estimates to 9% for 2005-06.

- This has happened despite the **deceleration of agricultural growth from 6% to 2.7% this year.**
- **Industrial production continues its growth momentum and is expected to close at 10% for FY07.** Its growth accelerated to 10.6% during April-November 2006 from 8.3% a year ago.
- The **manufacturing sector with double-digit growth estimated to be at 11.3% for FY07 continues to be the key driver of industrial activity, contributing almost 91% of the growth in industry.**
- Boosted by a strong spurt in the petroleum segment, **India's infrastructure sector recorded 8.3% growth in April-December 2006 as compared to growth of 5.5% in the corresponding period of FY06.** This sector has a weightage of 26.7% in the IIP.
- **The services sector continues to charge ahead. It is expected to report growth of 11% for FY07.** During the first half of FY07, growth in the services sector accelerated to 10.6% from 10.2% during the first half of 2005-06.
- **The fiscal deficit is expected to be lower than their budgeted levels at 3.8% of GDP** due to robust tax collections. Revenue deficit, as percentage of BE, however continued to be higher than in the previous year on account of increase in non-Plan expenditure which offset buoyant tax revenues. The Central government incurred gross fiscal deficit of Rs.1,08,201 crores during April-November 2006. It accounted for 72.8% of the budget estimates as compared to 74.4% during April-November 2005.
- The RBI hiked the CRR by 50 basis points to 5.5% in two stages in December 2006 and January 2007, and hiked the repo rate by 25 basis points to 7.5% on 31st of January 2007, **reconfirming that the firm interest rate regime is here to stay.**
- Bank credit continued to grow at a strong pace during 2006-07. **Non-food credit of scheduled commercial banks grew by 31.2%, year-on-year, as on January 2007,** as compared with a similar 31.2% a year ago.
- The real threat to the high-growth model of India has come from inflationary pressures in the economy. In India, inflation movements in 2006-07 have been driven by prices of primary food articles and manufactured products. **Headline inflation based on the WPI, increased to 6.1% end of January 2007 from 4.1% at end March 2006 and 4.2% a year ago.** The WPI for April-December 2006 worked out to be 5.57% as seen in the first table.
- Consumer price inflation has remained higher than the WPI inflation since November 2005, reflecting the higher order of increase in food prices as well as the higher weight of food items in the CPI.
- India's external sector has continued to record robust performance during 2006-07, **with merchandise exports having exhibited high growth of 22% in April-December 2006. Imports also exhibited high growth of 24% in this same period, where imports of capital goods and POL imports remained buoyant.**
- Sustained growth in exports of services and remittances continued to provide buoyancy to the surplus in the invisibles account, which enabled funding a large part of the \$ 36 plus billion deficit on the merchandise trade account. **Software exports and remittances are expected to touch \$28.5 billion and \$26.5 billion respectively in FY07.**
- **The current account deficit is forecasted to be around \$13.4 billion, or 1.5% of the projected GDP for FY07.** The main reason for the incidence of current account deficit is major expansion of trade deficit.
- **The higher current account deficit is expected to be financed by continuing large capital flows. The capital account surplus is growing and is expected to touch \$35 billion, or 3.9% of GDP, this fiscal.** The surplus stood at \$23.4 billion, or 2.9% of GDP last fiscal.
- **For the first time in recent years, foreign direct investment is likely to exceed foreign institutional investment. According to the EAC, net FDI for 2006-07 would be around \$9 billion, up from \$4.7 billion last year while FII or portfolio investments are likely to be \$7 billion.**
- Foreign exchange reserves have increased by US \$26.5 billion during 2006-07 so far to US \$178.1 billion as on January 19, 2007.

## A Glance at The Government Finances

	Budgeted Estimates FY 2006-07	% growth over last year's Budgeted Estimates	Actuals Realized		Rs. Cr % growth over realized figures for Apr-Dec
			Apr-Dec-05	Apr-Dec-06	
<b>Personal Income Tax</b>					
(Incl. FBT, STT, BCST)	77,409	16.9	38,561	51,565	27.1
Corporate Tax	1,33,010	28.4	61,842	92,463	51.8
Customs Tax	77,066	20.0	47,725	63,952	34.0
Excise Tax	119,000	6.3	75,492	80,249	6.3
Service Tax			13,199	21,799	65.0
STT			1,718	3,226	87.8
BCST			194	357	
FBT			1,784	2,933	65.2
<b>Total</b>	<b>4,42,000</b>		<b>1,68,715</b>	<b>2,32,171</b>	
<b>Tax Revenue</b>					
Total Revenue Receipt	4,15,305		2,16,746	2,80,915	
Total Expenditure	5,63,991		3,32,499	3,83,721	
Plan Expenditure	1,72,728		94,595	1,11,518	
Non-Plan Expenditure	3,91,263	7.2	2,237,904	2,72,203	
GFD	1,48,686	3.8	1,08,334	94,854	
Govt. Borrowing Gross) (Apr-Nov)	1,52,856		1,12,031	1,04,470	

Source : ET, Budget at a Glance

India's tax collection is showing unprecedented buoyancy. All tax heads, except perhaps excise duty, are expected to outdo the budget estimates.

- The last budget estimated gross tax collection this fiscal to touch Rs. 4.42 lakh crores, up 19.5% over Rs.3.70 crores collected last year.
- Direct tax collection was up by 41.8% at Rs.1,44,286 crores at December end 2006, as against the budgeted 24%.
- Indirect tax collection was up by 17% at Rs. 1,44,201 crores at December end 2006, as against 14.9% growth in the same period of last year.
- All the components of direct and indirect taxes (with growth rates) are clearly specified in the table above.
- Most of the components have high growth rates, with most of them likely to exceed budgeted targets by end of FY07. As per the trend in the table, service tax and corporation tax would emerge as the largest tax revenue resource for the government in FY07.
- An important feature of the tax revenue trends is the higher revenue from new impositions like STT and FBT.
- India's gross fiscal deficit accounted for 63.8% of the budget estimates during April-December 2006, which was lesser than the GFD of 71.7% of budget estimates during April-December 2005. After incurring 48.5% of

the budgeted GFD in the first two months of FY07, the government managed to improve its fiscal position significantly backed by a robust growth in tax collection and curtailing expenditure. The GFD in April-December 2006, amounted to Rs. 98,854 crores, as compared to Rs.1,08,334 crores in the same period, a year ago.

- The central government's revenue receipts increased by 29.6% during April-December 2006, but the rise was not enough to cover the increase in the expenditure, both Plan and non-Plan.
- Non-revenue receipts increased by a meagre 1.4% to Rs.44,234 crores during April-November 2006.
- The rise in revenue receipts was mainly driven by a robust 37.6% increase in net tax collections to Rs. 2,32,171 crores during April-December 2006 over last year's levels. Non-tax revenue was up by a meager 1.5% during the same period.
- The total expenditure during April-December 2006 expanded by 15.4% to Rs.3,83,721 crores. Non-Plan expenditure rose by 14.4% to Rs. 2,72,203 crores, while Plan expenditure recorded a growth of 17.9% to Rs.1,11,518 crores.
- The government financed a major part of its gross fiscal deficit through market borrowings. However market borrowings this year were lower than last year in the April-December period. During April-December 2006, market borrowings were down by 7.3% (compared to last year's levels) to Rs.1,04,470 crores. They amounted to 92% of the budget estimates as compared to 102% (exceeded the budget estimates) during April-December 2005. However, most of the borrowings were made after the interest rate hikes by the RBI. This is likely to increase the interest burden of the government.

Rs. Crore	Outstanding Liabilities of States		
	Year	Amount	Annual Growth (%) Debt / GDP (%)
	2000	515877	27.9 26.3
	2001	602072	16.7 28.6
	2002	700524	16.4 30.7
	2003	798921	14 32.6
	2004	923500	15.6 33.5
	2005	1042305	12.9 33.4
	*2006	1152652	10.6 32.6
	**2007	1258672	9.2 31.8

\* Revised Estimate \*\* Budget Estimate (as at end March) Source: RBI

- Growth in outstanding liabilities of state governments has come down steadily since 2000. There has been a marked dip in debt to GDP ratio also since 2005.

### Key Issues Likely to be Addressed in Budget 2007-08.

Union Finance minister P.Chidambaram is best known for his dream budgets which hold out the promise of lower rates of taxation -making them hugely popular with the urban salaried and the industrialists-while boosting overall growth. The big question naturally is whether he would deliver another such budget on February 28th, 2007. A not-so-dreamy prospect, however, is that he also has to finance the National Common Minimum Programme's flagship programmes such as the national rural employment scheme and Bharat Nirman and still meet his deficit reduction targets.

- In the long-run we intend to move towards a tax regime which is more liberal, transparent, equitable and less complex in its administration. We are moving towards a tax regime where exemptions will be phased



out. Direct taxes have some large exemption loopholes, like the accelerated depreciation and backward industry exemptions. The larger problem is with indirect taxes, as suggested by the fact that the revenue from excise duties has been rising by only 6-7% per annum, while industrial production has been rising by 10-11%. According to the Finance ministry's revenue-foregone statement issued last year, excise exemptions added upto over Rs. 30,000 crores in 2004-05, or a whopping 30% of the total excise collections for the year and in the case of customs, the tax foregone was estimated at Rs.57,000 crores for 2004-05.

- The government is thus expected to start moving towards a common goods and services tax (corporates have, in fact, asked for a 15% goods & services tax) and better harmonization of Value-Added tax.
- The country's monetary authorities are expected to ensure stability in the financial, foreign exchange and money markets while sustaining the growth process. As India gradually integrates into the global financial system, the government will move into a less restrictive foreign exchange regime. The recommendations of the Tarapore Committee are a step in this direction.
- With a scorching 9% growth rate so far in 2006-07, the ratio of central government's taxes to GDP is expected to rise significantly. There has been an indication by the FM, that there is scope for further moderation of tax rates be it income tax (corporate and personal) or customs duties in the forthcoming budget due to very robust tax collections so far, which again are due to 8% growth in the past three years and 9% growth so far, this fiscal and due to good tax compliance. This has helped to meet most of NCMP commitments and keep the deficit numbers in line with FRBM act.
- So far as taxes go, we can expect the surcharge on corporate and income tax to go, while also weeding out most exemptions and loopholes for greater transparency and tax compliance.
- So far as customs duties go, it is expected that we will align our tariff levels with those of the South-East Asian nations, as had been agreed to, in the recent summit in the Philippines. This entails lowering peak import duties from 12.5% to 10%, besides removing quite a few exemptions in customs duties. The other reason for cutting customs duties is to meet the supply bottlenecks and thus rein in rising inflation in the country.
- So far as excise tax goes, in the first week of January 2007, the empowered committee of state finance ministers endorsed a formula for the phase out of the central sales tax. The states have agreed to end the tax in return for the amount that they now get from it being protected. Over the next five years, the CST is expected to be progressively brought down to zero. It is also expected that the states will totally integrate their VAT systems in this time frame.
- So far as services tax goes, the government is set to exceed the target of Rs.34,500 crores by close to Rs.6000 crores on the back of buoyant collections on the back of a racing economy with services sector growth at 11% so far. The services sector now account for 54% of the national income and considering the revenue potential of this sector, the government is bound to include more services under the service tax net in the coming budget.
- The government is considering bringing twelve more services under the tax net next fiscal. The finance ministry is likely to raise the exemption limit for service tax from Rs. 4 lakhs to Rs. 10 lakhs in the forthcoming budget. There has been a demand from experts to raise the limit in order to lower the cost of collecting the tax. With revenues from customs duties bound to decline in the coming years, service tax is seen as the additional source of revenue that would offset the likely revenue shortfall.
- While attempts have been made at streamlining the three explicit subsidies in the last three-four years, and the subsidy bills growth have come down from 2000-01 every year, but food subsidy has been budgeted at Rs.26,200 crores for the current fiscal, the finance ministry has released Rs. 22,450 crores as fertilizer subsidy (Rs. 5,000 crores over and above the budgeted Rs. 17,250 crores) for this fiscal and though the oil subsidy was budgeted at Rs.3,500 crores, the government has already issued oil bonds worth over Rs. 16,000 crores in its bid to bail out oil-marketing companies who suffered losses. There is a strong indication that Budget 2007-08 will comprise of some bold steps to cut subsidies and will attack wasteful subsidies right away.



- The agricultural sector will get a boost in the coming budget including the allied sectors like horticulture, fisheries, food preservation etc which have done well in this fiscal and have great potential for the future. Big business houses entering the retail sector will be encouraged to build supply chains directly reaching the farmer and ensuring them remunerative prices.
- The finance minister is expected to consider the petroleum ministry's demand for tax rationalization on petroleum products and granting infrastructure status for oil and gas exploration business as well as pipelines to boost the sector.
- The Planning Commission has suggested cutting elementary education support to Rs.15000 crores in Budget 2007-08. It is expected that more funds and resources will be diverted from elementary education to higher education, more vocational training and building institutes and improving the quality of human capital.
- Last but not the least, What about boosting growth? There is no doubt that if there is any constraint to the rapid expansion of the Indian economy, it is infrastructure. More airports, terminals and ports are needed as delays in clearing air and sea-freight consignments are costly for India's surging trade with the world. Similarly, there is a need for more highways, telecom, power generation and rail transport facilities. The country's investment requirements in infrastructure are estimated at a whopping \$ 320 billion over the next 10 years and are imperative as India's robust growth is seriously straining existing infrastructure. But from where will the resources come? The public investment route is hardly an option. So it would be worthwhile to explore whether India's plentiful forex reserves can be tapped for infrastructure development. These reserves are earning a paltry interest of 2-3 per cent while the return on infrastructure investments is much higher. The finance ministry is preparing a note on modalities after it was mooted by the Planning Commission a couple of years ago. Whether or not this would be ready in time for the coming budget, one does not know. But the point is that diverting at least \$ 5 billion a year over the next two to three years will help build the requisite infrastructure to help India sustain its growth trajectory.

## Sectoral Impact

### General

- ❑ We expect the 10% surcharge on corporate tax to be abolished.
- ❑ Dividend distribution tax on debt mutual funds is likely to be withdrawn.
- ❑ The service tax rate is expected to go up by 2% to 14%. Moreover the service tax net in our opinion would be widened to include more services.
- ❑ Peak customs duties is expected to be reduced from 12.5% to 10%

### Automobiles & Auto Ancillary

**POSITIVE**

- ❑ Excise duty on two wheelers is expected to be reduced from the present levels of 16% to 8%.
- ❑ Thrust on agricultural sector is expected to provide greater and cheaper access to farm credit, which, in turn is expected to have a positive impact on demand for tractors.
- ❑ Reduction in excise duty on various steel products shall benefit the auto ancillary industry.

### Banking

**POSITIVE**

- ❑ RBI has been empowered to carry on the task of strengthening the financial sector.
- ❑ Budget is expected to give fillip to Mergers and Acquisitions because banks need to enhance their balance sheet size.
- ❑ TDS limit for bank deposits may be raised to Rs 10,000 from Rs 5000 in respect of interest paid on FDs. This will enhance lendable resources of the bank to meet the growing demands of the economy.
- ❑ External commercial borrowing may be made cheaper and tax on ECBs may be softened.

- ❑ Further relaxation in FII's investments in debt instruments may be facilitated as in the last budget. Capital market alone cannot meet the needs of the growing economy. The economy needs a full-fledged debt market to complement the resources of the capital market. Hence FDI investments in debt market will be facilitated. A deeper and broader debt market will enable infrastructure projects and corporates in general to raise resources domestically and thus avoid adverse movement in exchange rates as well. This will stabilize the much needed interest rate as well.
- ❑ Provisioning against loans to credit cards, real estate, capital market, personal loans, auto loans may be spread over the years instead of making them mandatory in one go.
- ❑ Private Banks may be allowed to set off accumulated losses and depreciation.

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**Capital Goods****NEUTRAL**

- ❑ In January 2007, the government effected a 2.5% cut in duties on capital goods, aluminium, copper, steel alloys, zinc and several other products (on final products from 12.5% to 10% and on intermediate products from 7.5% to 5%). Moreover the rate under Project Imports has been brought down to 7.5% from 10%. While cut in duties on capital goods may result in higher competition the cut in duty rates for raw materials will benefit capital goods companies that import raw materials.
- ❑ Since these changes have preceded the Union Budget, we do not expect any further changes in the duty structure for capital goods. We also expect the excise duty rate at 16% to remain unchanged.
- ❑ We see a possibility of the government extending Sec. 80IA benefits (currently available to Ultra Mega Power Projects) to new sectors like hydropower and wind power segments. This would benefit equipment companies like Suzlon, BHEL, Alstom, etc.

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**Cement****NEUTRAL**

- ❑ In January 2007, the import duty on cement was abolished.
- ❑ We do not expect any changes in the excise duty structure (currently fixed at Rs 408 / tonne) for the cement industry from the Union Budget. We expect the government to continue to allocate more funds towards infrastructure schemes like Rural Infrastructure Development Fund (RIDF), National Highways Development Project (NHDP), etc.

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**Exploration & Production And Allied Services****POSITIVE**

- ❑ There have been representations for extending Infrastructure status for Oil and Gas Exploration business and pipelines under Section 80-IA of Income Tax Act, 1961. This would entitle notified projects 100% deduction in profits for a period of 10 years commencing from the year of operations. The move will directly help companies that have announced gas discoveries and are planning to lay natural gas pipelines, including local and city gas distribution networks.
- ❑ Also, industry is pitching for withdrawal of service tax on 'Survey and Exploration of Mineral' to promote domestic E&P sector. With this, the companies present in the space of providing allied services of Geophysical, Geotechnical as well as Seismic survey stand to gain substantially.
- ❑ Zero customs duty on capital goods imported for new refineries and refinery expansion have also been sought. The Ministry also wanted basic customs duty reduced on projects imports to zero for crude, product and gas pipelines, and CNG/auto LPG infrastructure. Currently, there are atleast 5 other categories of project imports; and reducing duties to NIL shall have its revenue implications for the Government. If that goes through, the companies present in the Gas pipelines and other infrastructure set up shall be benefited hugely.

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**FMCG****POSITIVE**

- ❑ VAT implementation & central excise duty hike of 5% on cigarettes is expected. This may be done in order to make up for the revenue loss that will arise due to phasing out of CST over a period of 4 years. This is likely to have a negative impact on the cigarette industry.
- ❑ Custom duty cut is expected on petrochemical raw materials. This may reduce the prices of some of the FMCG products like soaps.
- ❑ Tax Breaks & incentives are expected for setting up of agro & food processing industries.

- ❑ Abatement rate of excise on soaps, toothpaste (currently 35%) & shampoos (currently 40%) is expected to increase. This is likely to benefit the FMCG companies manufacturing these products.
- ❑ Excise duty on some of the food products is expected to be reduced or exempted. The present excise duty structure on some of the food products is:

Items	Current Excise Duty
Ready-to-eat packaged food	8%
Biscuits	8%
Sugar Confectionery	8%
Pastries & Cakes	8%

### Metal Non-Ferrous

**POSITIVE**

- ❑ Cut in Custom Duty on primary, semi-finished base metals and raw materials for non-ferrous metals from current 5% to 3% and higher custom duty on finished products.
- ❑ Reduction in Excise Duty on non ferrous metal to 8%, since the price of non-ferrous metals have surged in last one year.

### Metal Ferrous

**POSITIVE**

For integrated steel manufacturers, Excise Duty should be charged on normal selling price on ex-factory basis. Transportation charges and distribution charges at depots should not be included to prevent stockyards to be considered commercially unviable.

- ❑ Reduction in Excise Duty on various steel products i.e. automotive products, engineering parts, consumer durables etc. in order to increase per capita consumption of steel.
- ❑ Reduction in Custom Duty of various raw materials including Iron Ore, Limestone, Graphite Electrodes, Nickel, Zinc etc.
- ❑ Current indirect tax incidence on most of the products is in the range of 30%-35%, should be reduced to below 15% level over next five years.

### Pharmaceuticals

**NEUTRAL**

- ❑ 150% weighted deduction of R&D expenditure, which expires in FY'07, is likely to be extended for ten years.
- ❑ Free samples to doctors are likely to be exempted from the 16% customs duty, as these samples are not for sale.
- ❑ Reduction in customs duties on imported drugs is likely in keeping with the trend seen in previous budgets with a view to bring down the prices of these drugs to consumers.

### Shipping

**NEUTRAL**

- ❑ There are moderate expectations from the upcoming budget in the form of Restructuring of taxes for the shipping industry. Currently, there are 12 different types of taxes levied on the Shipping companies; other than Tonnage Tax. The current levy, expected restructuring and its effects are enunciated below:

Current Levy	Expected Restructuring	Effects
Corporate Income tax at normal rates of 30% on other income	Interest on Tonnage Tax Reserve may be exempted from tax	Add upto 1-1.5% of savings to net profits
Minimum Alternate Tax on profit/loss on sale of vessels	Profit on sale of vessels may be exempted from income tax or may be made taxable under the Tonnage Tax Scheme	Add positively to the bottom lines of the shipping companies
Customs duty on import of certain categories of ships, spares and bunkers	Peak customs duty likely to be reduced from current 12.5% to 10%	Add positively to the bottom lines of the shipping companies
Service Tax on services availed in India in relation to repairs, port dues, cargo handling etc	Service Tax rates set to increase from current 12% to 14%	May hit the margins of the companies.

- ❑ Further, the income tax department is asking shipping companies to pay 22.5% as TDS (tax deducted at source) on income earned by giving ships out on rent i.e. 'charter hire'; which is contested. Globally, India is one of the highest tax regimes amongst the global shipping industry. Around 94% of the world shipping companies are subjected to very low tax regime.

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## Shipbuilding

**POSITIVE**

- ❑ Ship building subsidy of 30 % available to shipbuilders is phasing out on August 14, 2007. According to the current scheme, shipbuilders are given a subsidy of 30% on the vessel price, subject to:
  1. Vessel is built for international clients; and
  2. Ocean-going merchant ships that are over 80 meters in length if they are manufactured for the domestic market and is to be deployed in international waters.

The subsidies for Public Shipyards (under Government control) is progressive i.e. they receive subsidies on a continuous basis on achieving certain mile stones in the building contracts (stage billing). In contrast, Private Shipyards receive the said subsidies only on satisfying delivery of vessels; further subjected to vetting of proposal by Ministry of Shipping.

- ❑ Extension of Subsidies: We believe that the subsidies may be extended for a further period of 5 years till 2012 before phasing them out completely or Infrastructure Status under section 80-IA of Income Tax Act, 1961 may be granted to the companies in the industry as per representations made by them. If that happens, that will add savings of ~7% of sales to the net profit margins of the private players; which shall largely act to compensate the companies for the discontinuation of subsidies which are ~12% (average of the industry) of the absolute sales.

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## Software

**POSITIVE**

- ❑ Continuation of the Software Technology Parks of India (STPI) scheme beyond 2009, which has proven to be a big success and a major reason of the growth of the software industry. NASSCOM expects the tax exemption for STPIs to continue for another 10 years (beyond 2009).
- ❑ Tax exemption for non-residents who outsource their back-office processing and call centre activities to India, in an effort to boost the business prospects of the BPO industry.
- ❑ Change in definition of the term "Export Turnover" in the Income-Tax Act, 1961 so as to remove exclusion of certain expenses incurred in foreign currency from the term "Export Turnover" for claiming deduction under section 80HHE. Also, the expression 'total turnover' should be arrived at in a like manner, ensuring harmony between the numerator and the denominator.
- ❑ Introduction of a system of consolidated income tax returns for group entities to eliminate the economic distortions on account of inter-company transactions within a group and thereby ensure reduction in tax avoidance practices like intra-group dealings, loss cascading and value shifting.

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## Textiles

**POSITIVE**

- ❑ Currently, the textile value chain from yarn to garments attracts excise duty at the rates of 4% for products from natural fibres and 8% for products from manmade fibres. The industry has the option of paying excise duty at the stipulated rate and claiming cenvat on the inputs or not paying excise duty. This option may be retained and the excise duty on manmade fibre products may be reduced to 4%, in order to make the rate for fibre neutral.
- ❑ Extension of Technology Upgradation Fund Scheme (TUFS), which expires in FY'07.
- ❑ To abolish the Textiles Committee Cess for the entire textile chain, rather than removing only on Readymade Garments.

**Lloyd Electric & Engg Ltd.**
**Rs 170**

Cool growth story

**Buy**

Industry	: Engineering	BSE / NSE Codes	: 517518 / LLOYDENENG
Company P/E	: 11.8x FY07E	52-Week H/L	: Rs 235 / Rs 104
Market Cap. (Rs)	: 5.3bn	Daily traded vol (52 wk)	: 40,000
Face Value (Rs)	: 10	Dividend (FY06)	: 20%

**Key Issues**

- Lloyd Electric & Engineering Ltd. (LEEL) is the largest manufacturer of Evaporator & Condenser coils (ECC) in the Indian market. We forecast 29% CAGR in revenues and 32% in Ebitda over FY06-09, driven by strong growth in contract manufacturing of airconditioners and revenue flow from Delhi Metro Rail business.
- LEEL's share price has underperformed the frontline and midcap indices since April 2006. We see buying opportunity in LEEL as we believe the company will continue to remain on the growth path and will be a key beneficiary of the rising demand for air-conditioning equipment from industrial and retail consumers. LEEL trades at 9.2x FY08E earnings. Including cash value of Rs 32/share, LEEL trades at 7.5x FY08E earnings. Our earnings model suggests potential upside of 32% (Rs 225) for LEEL.

**Financial Performance**

Y E Mar (Rs Mn)	FY06	FY07E	FY08E	FY09E
Net Sales	3457	4724	6263	7462
Total Expenditure	3049	4130	5484	6521
EBITDA	408	594	779	941
Interest	54	62	70	65
Depreciation	59	80	105	140
Other Income	23	45	30	25
Current Tax	29	50	63	76
Profit after Tax	281	442	565	680

Y E Mar	FY06	FY07E	FY08E	FY09E
Equity Capital	270	310	310	310
Reserves & Surplus	1917	2755	3256	3872
Loan Funds	611	706	906	1200
Net Block	874	1230	1236	1148
Investments	26	59	209	239
Net Current Assets	1907	2503	3069	4042

Y E Mar	FY06	FY07E	FY08E	FY09E
FD EPS (Rs)	10.7	14.4	18.4	22.1
FD BV (Rs)	70.4	98.8	114.9	134.8
P/E (x)	15.8	11.8	9.2	7.7
P/BV (x)	2.4	1.7	1.5	1.3
D/E (x)	0.3	0.2	0.3	0.3
OPM (%)	10.1	10.9	10.8	10.7
ROCE (%)	13.3	14.8	15.8	15.4
RONW (%)	13.7	14.4	15.9	16.3
EV/Ebitda (x)	10.2	7.8	6.1	4.7
EV/Sales (x)	1.2	1.0	0.8	0.6

**Shareholding Pattern**

Promoters	32.8%	Public	15.5%
MFs, FIs	6.1%	FIIIs	25.9%
Others+GDR	18.5%		

**Future Outlook**

- LEEL is the largest independent Indian manufacturer of ECC for ACs. LEEL's client list includes all the reputed OEMs like Voltas, Indian Railways, Electrolux, Samsung, etc. LEEL also undertakes contract manufacturing to assemble ACs, with a capacity of 0.45 mn units p.a. LEEL's plants at Kala-Amb (HP) and Dehradun (Uttaranchal) are located in a tax haven, which exempts it from excise duty and income tax for the next 10 years. Part of the tax concession is passed on to clients while the rest is retained by LEEL. Relative cost advantage vis-a-vis their in-house production and large capacities make LEEL a preferred choice for outsourcing.
- LEEL has recently bagged an Rs 800 mn order from Delhi Metro Rail (DMRC) for manufacturing air-conditioning plants for Metro Rails Coaches, which will be executed over 18 months. The company has a technology agreement with Air International Transit (Australia) for the metro rail business. LEEL is also setting up a 76:34 joint venture with Hanyung (Korea) to manufacture coils for Frost Free refrigerators. In our opinion, both businesses have significant potential to scale up and provide further boost to LEEL's growth.

**Valuation**

Our estimates do not factor in growth from Hanyung venture. LEEL is also actively scouting for inorganic growth opportunities. LEEL trades at 9.2x FY08E earnings and at EV/Sales of 0.8x FY08E. Given LEEL's strong earnings growth forecast we do not expect the share price underperformance to last longer. BUY.

**Salzer Electronics Ltd.**
**Rs 92**

.... new products to drive growth

**Buy**

Industry	: Electrical Equipment	BSE Codes	: 517059
Company P/E	: 10x FY08E	52-Week H/L	: 121/ 47
Market Cap. (Rs)	: 490mn.	Daily traded volume (52 wk)	: 6,000
Face Value (Rs)	: 10	Dividend (FY06)	: 15%

### Investment Argument

- We expect Salzer Electronics Ltd (SEL's) revenues & net profit to grow at a CAGR of 45% over FY07-09 on the back of expanding product lines with an added contribution from the new wires & cables business. Also the company is expected to develop new products in the energy savings segment (which has not been factored into our estimates), which can prove to be a major growth driver.
- With India adding generation capacity we expect the entire value chain including switchgears, circuit breakers, transformers, meters, transmission towers and cables to benefit. SEL by virtue of having state of the art facilities and international approvals is well placed to leverage the growth potential for its products.

### Company Profile

- Incorporated in 1985, the Coimbatore based SEL caters to the growing electrical equipment industry and manufactures electrical and electronic products like CAM-operated rotary switches, load break (isolator), proximity and modular switches, wiring ducts & channels, terminal connectors, toroidal transformers and auto products at its three facilities located at Coimbatore.
- SEL derives more than 70% of its revenues from the domestic market with esteemed clients like Nuclear Power Corporation, NTPC, Alstom, ABB, Siemens, BHEL and Railways. SEL has a distribution tie-up with L&T for the domestic market. Exports are close to 30% of its revenues spread across 25 countries with US, South America, Australia, Egypt & Spain contributing the maximum. SEL has tied up with Crompton Greaves for the export markets.

### Business Outlook

- Expansion of existing product line - SEL is the market leader in rotary switches and L&T has been marketing its switches since 1993. SEL has expanded its existing product lines of Transformers, Terminal Connectors, Modular Switches, Rotary Switches & Load break switches. The expansion at a cost of Rs100mn was funded by a preferential and warrants issue in early 2006.
- Foray into wires & cables segment to widen the product base - SEL is contemplating to diversify into the manufacture of wires & cables at a cost of Rs140mn funded through a mix of internal accruals and loans. Competition in this segment is expected to be stiff and margins here may not be as good as the other products but this would enable SEL to widen its product basket.
- Margins to improve inspite of stiff competition - In spite of SEL manufacturing low tension & low technology switch gear products & stiff competition faced from growing players in unorganised sector, the company is making constant efforts to improve upon its product utilities which shall enable it to sustain or even improve on the margin front going forward.

### Valuations

Trading at 9.7x FY'08E & 7x FY'09E earnings with a market cap of 0.5x FY08E & 0.4x FY09E revenues, SEL is moving up the value chain and in our opinion the management has the ability to leverage its technological competence in a business which has an addressable market size of Rs10bn. Given the clear visibility of earnings and scaling up of the business we recommend a BUY on the stock with a medium term price target of Rs130.



**Table 1: Profit & Loss A/c**

YE March(Rs. Mn.)	FY05	FY06	FY07E	FY08E	FY09E
Net Sales	256	410	609	923	1228
Other Income	12	10	12	10	10
Total Income	268	419	621	933	1238
Raw Materials	120	199	331	517	694
Power & Fuel	7	8	11	16	21
Salaries & Wages	16	22	35	45	57
Advt & Sales Promotion	9	20	30	48	64
Other Operating Exps	77	103	127	178	230
Total Operating Exp.	230	352	533	803	1067
EBITDA	26	58	76	120	161
Interest	10	17	20	33	44
Depreciation	17	22	23	34	41
Profit Before Tax	11	29	45	62	87
Tax	2	6	8	12	16
Net Profit After Tax	9	23	37	51	70

**Table 2: Balance Sheet**

YE March(Rs. Mn.)	FY05	FY06	FY07E	FY08E	FY09E
Share Capital	38	50	54	54	54
Reserves & Surplus	116	216	265	307	365
Shareholders Funds	153	268	318	360	418
Secured Loans	110	139	153	273	363
Unsecured Loans	32	38	47	56	62
Loan Funds	142	177	200	330	425
Deferred Tax Liability	2	5	8	13	21
<b>Capital Employed</b>	<b>297</b>	<b>451</b>	<b>527</b>	<b>703</b>	<b>865</b>
Gross Block	288	330	399	549	631
Less: Depreciation	131	153	176	210	252
Net Block	157	177	223	338	380
Inventories	51	75	113	163	221
Sundry Debtors	54	85	123	179	232
Cash & Bank	4	66	25	5	27
Loans & Advances	34	63	92	124	161
Other current assets	1	4	5	7	10
Total Current Assets	144	293	358	478	650
Current Liabilities	39	56	89	148	199
Working Capital	105	238	270	330	451
Misc Exp not w/off	3	2	2	2	1
<b>Capital Deployed</b>	<b>297</b>	<b>451</b>	<b>527</b>	<b>703</b>	<b>865</b>

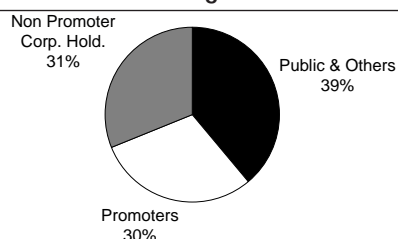
**Table 3: Cash Flow Statement**

YE March(Rs. Mn.)	FY05	FY06	FY07E	FY08E	FY09E
Profit Before Tax	11	29	45	62	87
Net Opt Cash Flow	-19	-15	-1	32	55
Net Cash from Inv. Actv.	-50	-33	-56	-140	-72
Net Cash from fin. Actv.	66	110	19	87	40
Cash & Cash Equiv.	4	66	25	5	27
Net Inc/(Dec) in Cash	0	62	-38	-21	22

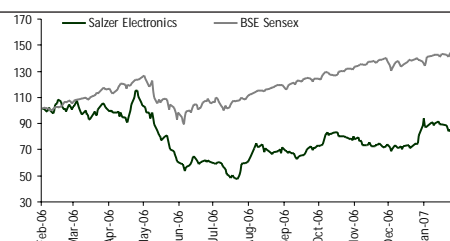
**Table 4: Key Ratios**

YE March(Rs. Mn.)	FY05	FY06	FY07E	FY08E	FY09E
EPS(Rs.)	2.34	4.64	6.97	9.51	13.12
PE(x)	39.38	19.82	13.20	9.68	7.01
Book Value(Rs.)	40.57	53.65	59.49	67.28	78.12
P/BV(x)	2.27	1.71	1.55	1.37	1.18
EBIDTA(%)	10.32	14.04	12.51	12.97	13.13
PBT(%)	4.36	7.05	7.47	6.76	7.05
NPM(%)	3.45	5.67	6.12	5.51	5.71
ROCE(%)	7.04	10.22	12.53	13.83	15.44
RONW(%)	5.76	8.65	11.71	14.13	16.79
Debt-Equity	0.93	0.66	0.63	0.92	1.02
Current Ratio	3.67	5.28	4.03	3.24	3.26
Mcap/Sales(x)	1.36	1.12	0.81	0.53	0.40
EV/EBITDA	15.95	8.71	7.71	6.09	4.94

**Shareholding Pattern**



**Price Performance Chart**





**Super Spinning Mills Ltd.**
**Rs 25**

..... gaining strength

**Buy**

Industry	: Textiles	BSE / NSE codes	: 521180 / SUPERSPN
Company P/E	: 3 x FY08E	52-Week H/L (Rs)	: Rs. 60 / Rs. 25
Market Cap. (Rs)	: 1,375 mn.	Daily traded volume	: 21,800 / 18621
Face Value (Rs)	: 1	Dividend (FY06)	: 80%

**Investment Argument**

- Foray into Organic Cotton cultivation will help Super Spinning Mills Ltd. (SSML) in getting better realizations for its yarn in international market, since Organic Cotton Yarn fetches almost double the realisation compared to normal cotton yarn, with no additional cost of manufacturing. Presently there are about 2-3 players engaged in Organic Cotton farming and SSML by virtue of its first mover advantage accounts for around 50% of the Organic Yarn produced in India. SSML has developed high yielding hybrid cotton seeds SARA-I for medium & long staple and SARA - II for extra long staple varieties. More than 10,000 acres of land belonging to farmers in tribal areas has been brought under contract farming. SSML intends to increase area under Organic Cotton, so as to increase the share of Organic Cotton Yarn in total revenues, which in turn will boost operating margins.
- During FY07, SSML has bought out a Turkey based spinning plant having 30,576 spindles along with pre/post spinning equipments for Rs. 460 mn. taking total owned spindles to around 165,000 and another 100,000 spindles has been taken on outsourcing basis, making total spinning capacity of 265,000 spindles. SSML intends to locate the Turkey facility at SUPER SARA in the vicinity of its existing plants at Hindupur in Andhra Pradesh where it already owns two spinning units. To facilitate this movement, SSML has bought 97 acres of land and commercial production has commenced from December 2006. With this acquisition, SSML's yarn production capacity has reached to 90,500 kgs. per day an increase of 10,500 kgs. per day. On yearly basis, this will result in an annualised additional turnover of Rs. 500mn effective from Q4FY07.
- SSML exports its yarn to Europe, USA, Australia, Middle East and Asian countries and exports readymade garments to Walmart, Secura, Planet Earth and Weir Golf in USA, Sutherland and Tchibo in Germany, Takku and Liable in Europe. In domestic market, it manufactures garments for Color Plus, Indian Terrain, Parx, Tantra etc. With increasing area under organic cotton farming going forward, we feel, SSML is well positioned to take benefit of increasing yarn and garmenting demand of international markets, as evidenced by the fact that its exports have grown at a CAGR of 15% over last five years.

**Company Background**

- Incorporated in 1962, SSML, an integrated 100% cotton yarn manufacturer, is a part of Coimbatore based diversified Sara ELGI Group. SSML is engaged in manufacturing of yarn and readymade garments.

**Outlook & Valuations**

- Going forward, we feel operating margins will improve on the back of increasing share of organic cotton yarn in yarn segment coupled with positive outlook for yarn prices and higher share of readymade garments in total revenues.
- Wide product range in cotton yarn segment, knitted garments (specialized in single / double mercerized cotton knit in polo T-shirts), woven fabrics and in organic cotton segment including yarn, fabric and garmenting are expected to bring growth at a rate higher than industry average. At the expected EPS of Rs.7.69 for FY08E, the stock is available at a PE of 3.25x, which is at a substantial discount to its peers. We recommend investors to accumulate the stock with a price target of Rs. 38 over a period of 12-15 months. BUY.

**Table 1: Profit & Loss A/c**

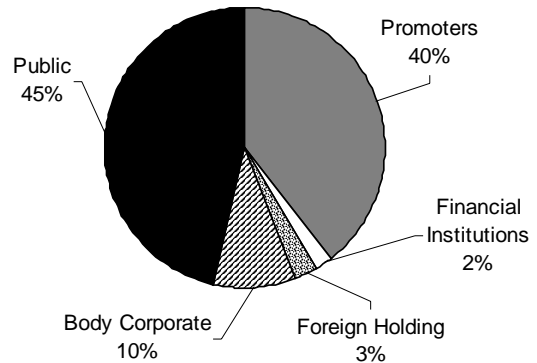
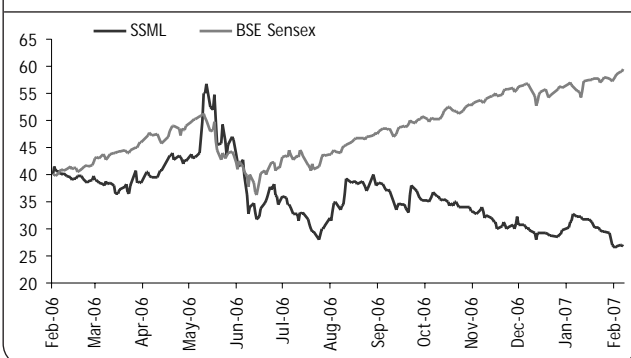
Year End Mar (Rs. Mn.)	FY05	FY06	FY07E	FY08E	FY09E
<b>Income</b>					
Sales	3,675	3,632	3,985	4,993	6,567
Other Income	36	32	35	40	45
<b>Total Income</b>	<b>3,711</b>	<b>3,663</b>	<b>4,020</b>	<b>5,033</b>	<b>6,612</b>
<b>Expenditure</b>					
Raw Materials	2,006	1,574	1,729	2,171	2,853
Salaries & Wages	245	302	330	392	535
Power & Fuel	286	304	340	449	607
Selling & Admn. Exps.	747	821	894	1,048	1,297
<b>Total Expenditure</b>	<b>3,284</b>	<b>3,001</b>	<b>3,293</b>	<b>4,060</b>	<b>5,293</b>
Operating Profit	427	662	727	972	1,319
Interest	116	124	148	135	116
Depreciation	174	201	223	200	263
PBT	137	336	356	637	941
Tax	25	112	110	215	317
Profit After Tax	113	224	246	423	624

**Table 3: Key Ratios**

Year End Mar (Rs. Mn.)	FY05	FY06	FY07E	FY08E	FY09E
<b>EPS</b>	<b>2.05</b>	<b>4.08</b>	<b>4.48</b>	<b>7.69</b>	<b>11.35</b>
Cash EPS	5.21	7.73	8.54	11.32	16.13
P/E Ratio	13.17	6.62	6.03	3.51	2.38
Book Value	17.77	20.93	24.49	31.04	41.25
P/BV	1.52	1.29	1.10	0.87	0.65
Debt-Equity Ratio	1.65	1.93	1.70	1.14	0.74
Long Term Debt-Equity Ratio	1.56	1.83	1.61	1.07	0.68
Current Ratio	2.07	2.66	2.21	2.07	1.90
EBIDTA Margin (%)	11.50	18.07	18.09	19.32	19.95
PAT Margin (%)	3.04	6.12	6.12	8.40	9.44
ROCE (%)	9.77	13.64	13.86	21.14	26.71
RONW (%)	11.53	19.47	18.27	24.77	27.52
EV/EBIDTA	6.44	5.03	4.66	3.13	2.10
Market Cap/Sales	0.40	0.41	0.37	0.30	0.23

**Table 2: Balance Sheet**

Year End Mar (Rs. Mn.)	FY05	FY06	FY07E	FY08E	FY09E
Share Capital	55	55	55	55	55
Reserves & Surplus	922	1,096	1,292	1,652	2,214
Total Shareholder's Funds	977	1,151	1,347	1,707	2,269
Secured Loans	1,528	2,105	2,170	1,820	1,552
Unsecured Loans	88	121	118	127	135
Total Loan Fund	1,616	2,226	2,288	1,947	1,687
<b>Capital Employed</b>	<b>2,594</b>	<b>3,377</b>	<b>3,635</b>	<b>3,654</b>	<b>3,956</b>
Gross Block	2,755	3,199	3,799	3,999	4,449
Acc. Depreciation	1,444	1,643	1,867	2,066	2,329
Net Block	1,311	1,556	1,933	1,933	2,121
Capital W.I.P.	21	5	100	0	0
Investments	247	247	247	247	247
Current Assets:					
Inventories	804	1,187	1,297	1,422	1,557
Sundry Debtors	195	189	219	275	361
Cash & Bank Balances	18	16	20	21	27
Other Current assets	56	61	27	32	37
Loans & Advances	891	1,063	913	1,105	1,371
	1,964	2,516	2,476	2,855	3,353
Current Liabilities	580	443	545	743	1,076
Provisions	370	504	575	638	688
	950	947	1,121	1,380	1,764
Net Current Assets	1,014	1,569	1,356	1,474	1,589
<b>Capital Deployed</b>	<b>2,594</b>	<b>3,377</b>	<b>3,635</b>	<b>3,654</b>	<b>3,956</b>

**Shareholding Pattern**

**Price Performance Chart**


## Appendix I

### Inside Out

This report captures the buying/selling by "Insiders", basically Employees, Directors and Promoters. Since the insiders are better informed about the company, buying by this group is probably an indication that something good is happening in the company, either topical or simply that the company is performing well. Insider buying thus could signal that the stock may be poised to rise...

Selling by insiders, on the other hand, may not necessarily be a signal that something is amiss in the company (though that could be the case as well). An insider may just be diversifying his/her portfolio and hence exiting the stock. Or he/she may just need the funds for some personal reasons. But in case of Insider buying there could be only one reason: to make Money. Insider buying thus tells us more definitively about the likely stock price movements than insider selling...

### Buying Insight

For the Period 1st Jan to 31st Jan 2007					
Company Name	Acquirer	Designation	Date Of Transaction	No. of Shares Bought	Reported Date
Aurionpro Solutions Ltd.	Mrs. Bina Anandpara		22-Jan-07	35,000	31-Jan-07
B.A.G. Films Limited	Anu Films & Communications	More then 1% holder	03-Jan-07 to 08-Jan-07	33,700	11-Jan-07
	Mr. Rajiv Shukla	Director	08-Jan-07 to 09-Jan-07	567,583	11-Jan-07
	Ms. Anuradha Prasad	Chairman & MD	9-Jan-07	10,000	11-Jan-07
BSEL Infrastructure Realty Ltd.	Mr. Kirit R. Kanakiya	Chairman	27-Dec-06	20,000	9-Jan-07
	Paschim Food Industry Ltd	More then 1% holder	22-Jan-07	20,000	31-Jan-07
Clariant Chemicals (India) Ltd.	Clariant Participations Limited		29-Dec-06	2,660,000	5-Jan-07
Galaxy Entertainment Corp. Ltd	Bharat Ruia H.U.F		10-Jan-07	122,000	24-Jan-07
Granules India Ltd.	Mr. S. Gopala Krishna Murthy		10, 11-Jan-07	10,000	18-Jan-07
	Mr. C. Krishna Prasad	Managing Director	20-Jan-07	194,037	31-Jan-07
Great Offshore Limited	Mr. Vijay K Sheth	Managing Director	24-Jan-07	43,095	24-Jan-07
	Delta Housing Company Private	Promoter Group'	24-Jan-07	240,177	24-Jan-07
Grindwell Norton Ltd.	Mr. Anand Mahajan	Managing Director	10-Jan-07	56,000	15-Jan-07
Gujarat Ambuja Cements Ltd	Rajendra P Anjaria		27-Dec-06	12,000	15-Jan-07
Gulshan Sugars & Chemicals Ltd.	Mr. P. K. Khurana		29-Dec-06	30,000	11-Jan-07
Hitech Plast Ltd.	Mr. Ashok K. Goyal		8-Jan-07	6,587	24-Jan-07
Kojam Fininvest Limited	Mr. Vijay K. Shah	Director	05-Jan-07 to 11-Jan-07	20,000	12-Jan-07
Mayur Leather Products Ltd.	Mr. Amita Poddar	Director	29-Dec-06	212,500	16-Jan-07
Micro Technologies (India) Ltd	Micro Associates Consultancy (I)	More than 1% Holder	15-Jan-07	25,000	16-Jan-07
	Micro Capitals Private Limited	More than 1% Holder	15-Jan-07	75,000	16-Jan-07
NCL Industries Limited,	Mr. K. Madhu	Director	26-Dec-06 to 27-Dec-06	31,200	10-Jan-07
	Mr. K. Madhu	Director	04-Aug-06 to 23-Aug-06	64,500	2-Jan-07
Nihar Info Global Ltd.	Mr. BSN Suryanarayana	Managing Director	27-Sep-06 to 14-Nov-06	237,018	8-Jan-07
Patel Integrated Logistics Ltd	Mr. Asgar S. Patel	Chairman	02-Jan-07 to 03-Jan-07	77,000	12-Jan-07
Pankaj Polymers Ltd.	Mr. Suresh Gaggar		23-Jan-07	500,000	25-Jan-07
Raunaq Automotive Components Ltd.,	RACL Employees Welfare Trust		22-Dec-06	70,000	5-Jan-07
RICO Auto Industries Ltd.	Kapsos Associates Pvt. Ltd.	More then 1% holder	02-Jan-07 to 04-Jan-07	13,997	8-Jan-07
Soma Textile & Industries Ltd	Krishnaa Glass Pvt. Ltd.		5-Jan-07	1,100,000	24-Jan-07
Surana Telecom Ltd.	Mr. Narendra Surana	Managing Director	9-Jan-07	34,071	15-Jan-07
Tilaknagar Industries Ltd	Mr. Amit Dahanukar	Chairman & MD	15-Jan-07	12,000	31-Jan-07
UTV Software Communications Ltd.	Mr. Ronald D'mello	Executive Director & COO	8-Jan-07	80,400	12-Jan-07

**Selling Insight**
**For the Period 1st Jan to 31st Jan 2007**

Co. Name	Acquirer	Designation	Date Of Transaction	No.of Shares Sold	Reported Date
Ashapura Minechem Ltd	Mr. Navnitlal R. Shah	Executive Chairman	17-Nov-06 to 29-Nov-06	23,437	11-Jan-07
Ashco Industries Ltd	Ms. Neha Kotwani	More than 1% Holder	15-Jan-07	25,000	17-Jan-07
	Ms. Neha Kotwani	More than 1% holder	22-Jan-07	100,000	23-Jan-07
Aztecsoft Limited	Mr. Parthasarathy S.	More than 1% holder	26-Dec-06	17,000	5-Jan-07
Balrampur Chini Mills Ltd.	Mr. N. K. Khetan		12-Jan-07	28,340	23-Jan-07
DCW Ltd.,	Mrs. Neera Jain J/W Dr. S.C. Jain	Chairman & MD (Mr. Jain)	8-Jan-07	216,336	12-Jan-07
	Mr. S. C. Jain H. U. F.	Chairman & MD	17-Jan-07	300,000	23-Jan-07
Deep Industries Limited	Mr. Rupesh Savla	Managing Director	18-Jan-07	131,578	29-Jan-07
Easun Reyrolle Ltd.	VA Tech Hydro GmbH	More than 1% holder	27-Nov-06 to 4-Jan-07	83,581	12-Jan-07
Educomp Solutions Ltd	Ms. Sangeeta Gulati		16-Jan-07	1,550	22-Jan-07
	Mr. Anjlee Prakash	More than 1% holder	19-Jan-07	500,000	23-Jan-07
Everest Industries Limited	ACC Limited		04-Apr-06 TO 19-Jan-07	1,221,980	27-Jan-07
Fairfield Atlas Ltd.	Mr. Riad Fyzee	Director	5 to 8 Jan, 2007	16,489	17-Jan-07
Federal-Mogul Goetze (India) Ltd	Mr. Anil Nanda	Chairman	26-Dec-06	720,000	8-Jan-07
Financial Technologies (India) Ltd	Mr. Arshad Khan		3 to 8 Jan, 2007	2,100	17-Jan-07
Galaxy Entertainment Corp Ltd	Nandita Mehta	More than 1% Holder	10-Jan-07	122,000	24-Jan-07
Gatewat Distriparks Ltd.	Mr. Kirpa Ram Vij	Director	29-Dec-06	31,350	11-Jan-07
Geometric Software Solutions Co. Ltd.	Sridhar Nagarajan		17-Jan-07	12,950	24-Jan-07
Godawari Power & Ispat	Mr. Kapil Agrawal	Director	5-Jan-07	14,008	8-Jan-07
Gujarat Ambuja Cement Ltd	Mr. P. B. Kulkarni	Whole-time Director	16,23 & 28-Dec-06	23,000	4-Jan-07
	Mr. Harendra Suryakant Patel		28-Dec-06	5,000	25-Jan-07
	Mr. Rajendra P Anjaria		4-Dec-06	2,000	15-Jan-07
Hindustan Lever Ltd.,	Mr. Ashok K. Gupta	Vice President & CS	28-Dec-06	6,000	11-Jan-07
HDFC	Mr. Deepak S Parekh	Chairman & CEO	29-Dec-06	20,000	9-Jan-07
	Ms. Renu S Karnad	Executive Director	29-Dec-06	30,000	9-Jan-07
IFCI Ltd.	Industrial Development BOI Ltd	More than 1% holder	21-Nov-06 to 26-Dec-06	13,034,408	9-Jan-07
I-Flex Solutions Ltd	Mr. Deepak Ghaisas	Company Secretary	4-Jan-07	4,383	15-Jan-07
	Mr. Kishore Kapoor	Employee	4-Jan-07	500	15-Jan-07
	Mr. Manmath Kulkarni	Employee	5-Jan-07	4,000	15-Jan-07
Infotech Enterprises Ltd.	Mr. John Renard		24-Jan-07	3,000	31-Jan-07
International Hometex Ltd.	Mr. Vineet Agrawal	Vice Chairman & M.D	11-Jan-07	35,000	17-Jan-07
KLG Systel Ltd.	Mr. K. L. Goel	Whole-time Director	11-Jan-07 to 12-Jan-07	100,000	19-Jan-07
	Mr. K. L. Goel	Whole-time Director	18-Jan-07	11,000	29-Jan-07
Kirloskar Brothers Ltd.,	Mr. Vikram Shreekanth Kirloskar	Executive Director	02-Jan-07 & 03-Jan-07	5,886	11-Jan-07
	Mr. Vikram Shreekanth Kirloskar	Director	27-Dec-06 to 28-Dec-06	15,000	5-Jan-07
Kirloskar Oil Engines Ltd.	Mr. Vikram Shreekanth Kirloskar	Director	3-Jan-07	20,000	8-Jan-07
Kotak Mahindra Bank Ltd	Mr. Venkattu Srinivasan		19, 20 & 29-Dec-06	4,993	11-Jan-07
	Mr. Shivaji Dam	Director	15-Nov-06 & 29-Dec-06	2,000	9-Jan-07
	Mr. Sudhir Khanna		29-Dec-06	3,200	9-Jan-07
Lok Housing & Construction	Kent Trading Agencies Pvt. Ltd.	More than 1% holder		165,000	9-Jan-07
	Seagreen Marketing Pvt. Ltd.	More then 1% holder		400,000	12-Jan-07
Mercator Lines Limited	Mr. Anil Khanna,	Director	18-Jan-07	2,000	24-Jan-07
Micro Technologies (India) Ltd	Dr. P.Sekhar	Chairman & MD	15-Jan-07	100,000	17-Jan-07

## Appendix II

### What's In / What's Out in Mutual Funds during January 2007

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
<b>ABN Amro Mutual Fund</b>			
Nagarjuna Fertilizers & Chemicals Ltd	2350373	Allahabad Bank	1323071
Paramount Communications Ltd	1302519	Bank of India	1157510
Industrial Development Bank of India Ltd	1111645	India Cements Ltd	859666
Infrastructure Development Finance Company Ltd	958660	Unitech Ltd	570401
New Delhi Television Ltd	920716	Sterlite Industries (India) Ltd	405949
Aptech Ltd	580820	Hindustan Construction Company Ltd	398625
IndusInd Bank Ltd	526478	Indian Hotels Co Ltd	283378
Deccan Aviation Ltd	499372	Jaiprakash Associates Ltd	270127
Sintex Industries Ltd	466360	Satyam Computer Services Ltd	254409
Wire & Wireless India Ltd	407260	Elecon Engineering Company Ltd	252547
RPG Transmission Ltd	400316	Century Textiles & Industries Ltd	236447
KRBL Ltd	365230	Punjab National Bank	219448
Tanla Solutions Ltd	359316	Orient Paper & Industries Ltd	198093
Jyoti Structures Ltd	358440	Hindustan Zinc Ltd	154649
Hindustan Petroleum Corporation Ltd	257026	NIIT Technologies Ltd	141518
Steel Authority of India Ltd	178707	Dr Reddys Laboratories Ltd	141396
Castrol India Ltd	177186	Kesoram Industries Ltd	135426
Bharat Petroleum Corporation Ltd	163119	Deepak Fertilizers & Petrochemicals Corp Ltd	134426
Goetze (India) Ltd	159210	Champagne Indage Ltd	117466
JMC Projects (India) Ltd	119189	Bombay Rayon Fashions Ltd	115642
Educomp Solutions Ltd	112612	ABG Heavy Industries Ltd	110459
Indiabulls Financial Services Ltd	106104	Reliance Communication Ltd	110082
Tata Steel Ltd	101006		
<b>Birla Sun Life Mutual Fund</b>			
Hindustan Lever Ltd	2686212	Karnataka Bank Ltd	1623621
Syndicate Bank	1299995	United Breweries Ltd	1319907
Federal Bank Ltd	1157559	Indian Hotels Co Ltd	942484
Welspun Gujarat Stahl Rohren Ltd	1100006	Ashok Leyland Ltd	920495
ITC Ltd	1087760	Prism Cement Ltd	709021
Sundram Fasteners Ltd	859199	Bank of Baroda	659137
United Breweries (Holdings) Ltd	851443	Infrastructure Development Finance Company Ltd	550000
Indian Overseas Bank	780136	Cummins India Ltd	374998
Maruti Udyog Ltd	498171	State Bank of India	317791
Apar Industries Ltd	490879	Hindalco Industries Ltd	308834
Reliance Communication Ltd	479682	Gateway Distriparks Ltd	272463
Maharashtra Seamless Ltd	452387	Satyam Computer Services Ltd	232440
Fag Bearings India Ltd	321178	Pantaloon Retail (India) Ltd	209444
Mangalam Cement Ltd	300000	Gujarat Ambuja Cements Ltd	202442
Mahanagar Telephone Nigam Ltd	297986	Videsh Sanchar Nigam Ltd	200864
Eveready Industries India Ltd	265547	Hero Honda Motors Ltd	200705
KPIT Cummins Infosystems Ltd	259151	Inox Leisure Ltd	200000
Rayban Sun Optics India Ltd	225636	Saksoft Ltd	200000
New Delhi Television Ltd	219997	Datamatics Technologies Ltd	183239
United Phosphorus Ltd	217327	Cadila Healthcare Ltd	173721
Geometric Software Solutions Company Ltd	213415	Tata Motors Ltd	164942

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
Uniphos Enterprises Ltd	208633	Canara Bank	156415
Goetze (India) Ltd	200000	Reliance Industries Ltd	154448
GI Infotech Ltd	199999	GAIL (India) Ltd	152124
Jindal Saw Ltd	194079	Sobha Developers Ltd	148342
Kirloskar Oil Engines Ltd	185339	Bharti Airtel Ltd	144479
Lanco Infratec Ltd	150002	Colgate-Palmolive (India) Ltd	124999
Larsen & Toubro Ltd	148210	Wyeth Ltd	124999
Nagarjuna Construction Company Ltd	137568	Shipping Corporation of India Ltd	124745
Subex Azure Ltd	135950	Century Textiles & Industries Ltd	120000
Megasoft Ltd	131549	Punjab National Bank	115975
Indraprastha Gas Ltd	127986	NIIT Technologies Ltd	112894
McDowell & Co Ltd	124994	Ansal Properties & Infrastructure Ltd	105033
Tata Steel Ltd	123847	Infosys Technologies Ltd	101325
JSW Steel Ltd	119982	Sterlite Industries (India) Ltd	100000
Associated Cement Companies Ltd	118397	Vesuvius India Ltd	100000
<b>Canbank Mutual Fund</b>			
<b>DSP Merrill Lynch Mutual Fund</b>			
Centurion Bank of Punjab Ltd	10337737	Gujarat Ambuja Cements Ltd	1957028
Jaiprakash Hydro-Power Ltd	7106179	India Cements Ltd	1396615
Wire & Wireless India Ltd	6112157	Hindustan Lever Ltd	1304258
Essel Propack Ltd	3812606	Hindalco Industries Ltd	520769
EIH Ltd	2678536	Century Textiles & Industries Ltd	430315
Andhra Bank	2251406	Wipro Ltd	354334
McLeod Russel India Ltd	2055876	KEI Industries Ltd	346401
NTPC Ltd	1988680	Jyoti Structures Ltd	274166
Infrastructure Development Finance Company Ltd	1958818	Goldiam International Ltd	267620
K E C Infrastructure Ltd	1753181	Suzlon Energy Ltd	226014
Rico Auto Industries Ltd	1685058	State Bank of India	214041
IVRCL Infrastructures & Projects Ltd	1441772	Videsh Sanchar Nigam Ltd	206435
Nagarjuna Construction Company Ltd	1301287	Industrial Development Bank of India Ltd	193061
Great Eastern Shipping Company Ltd	1290731	I-Flex Solutions Ltd	179922
Cairn India Ltd	1276811	Everest Kanto Cylinder Ltd	178336
Zee Telefilms Ltd	1141617	Maruti Udyog Ltd	169756
Amtek India Ltd	1030099	Crompton Greaves Ltd	158010
Development Credit Bank Ltd	1008528	Birla Corporation Ltd	154471
Zee News Ltd	992198	Ballarpur Industries Ltd	139642
Federal Bank Ltd	981568	Associated Cement Companies Ltd	138695
Godrej Consumer Products Ltd	953067	Simplex Infrastructures Ltd	125234
Jain Irrigation Systems Ltd	944747	Graphite India Ltd	122413
H T Media Ltd	939839		
Lanco Infratec Ltd	929637		
New Delhi Television Ltd	916445		
Gateway Distriparks Ltd	814707		
Reliance Communication Ltd	718931		
United Phosphorus Ltd	712487		
<b>HDFC Mutual Fund</b>			
Exide Industries Ltd	2600000	ITC Ltd	3925978
Biocon Ltd	1445602	Zee News Ltd	2780415

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
Arvind Mills Ltd	1105926	Wire & Wireless India Ltd	2075000
United Phosphorus Ltd	1047418	Hindustan Lever Ltd	2012325
Oil & Natural Gas Corpn Ltd	831094	Goetze (India) Ltd	1144783
UTI Bank Ltd	795000	Satyam Computer Services Ltd	1056674
ICICI Bank Ltd	762261	Crompton Greaves Ltd	984158
Netflier Technologies Ltd	731775	Bharti Airtel Ltd	853459
GlaxoSmithkline Consumer Healthcare Ltd	702007	Hindalco Industries Ltd	809425
Larsen & Toubro Ltd	652305	Matrix Laboratories Ltd	706345
Indian Oil Corporation Ltd	619800	Tata Motors Ltd	572386
State Bank of India	615646	Blue Bird (India) Ltd	462926
Savita Chemicals Ltd	520336	Maruti Udyog Ltd	451298
J K Industries Ltd	516961	Container Corporation Of India Ltd	410583
Voltas Ltd	500000	Titan Industries Ltd	303964
Bank of Baroda	500000	Aksh Optifibre Ltd	300000
Eveready Industries India Ltd	485558	Reliance Communication Ltd	258302
Mercator Lines Ltd	475000	Cranes Software International Ltd	256633
Infotech Enterprises Ltd	466165	Tulip IT Services Ltd	250000
Sundram Fasteners Ltd	415000	Megasoft Ltd	233979
Dabur India Ltd	396263	NTPC Ltd	212572
Indo Rama Synthetics (India) Ltd	311167	Kopran Ltd	205152
Dhanesh Auto Electricals Ltd	300636	Hotel Leela Venture Ltd	203595
Hindustan Construction Company Ltd	300000	Zee Telefilms Ltd	200215
Sobha Developers Ltd	275000	Mahindra & Mahindra Ltd	200120
Technocraft Industries (India) Ltd	271804	Aarti Industries Ltd	200000
Videsh Sanchar Nigam Ltd	199860	India Cements Ltd	200000
Motherson Sumi Systems Ltd	169953	Emkay Shares & Stock Brokers Ltd	185486
Pidilite Industries Ltd	169862	Ucal Fuel Systems Ltd	184084
Patni Computer Systems Ltd	150000	Colgate-Palmolive (India) Ltd	171058
Jaiprakash Associates Ltd	140000	Reliance Industries Ltd	168588
Jagran Prakashan Ltd	136695	Bombay Rayon Fashions Ltd	162000
Wyeth Ltd	135000	Graphite India Ltd	159665
GAIL (India) Ltd	112905	Siemens Ltd	155081
Tata Consultancy Services Ltd	107521	SRF Ltd	142102
Esab India Ltd	107011	Hindustan Zinc Ltd	141784
Tata Chemicals Ltd	102997	Wyeth Lederle(Exports) Ltd	135000
RPG Transmission Ltd	100000	Ginni Filaments Ltd	130647
Corporation Bank	100000	Avaya GlobalConnect Ltd	126000
Federal Bank Ltd	100000	Hindustan Petroleum Corporation Ltd	125163
Jindal Saw Ltd	100000	Jet Airways (India) Ltd	125041
<b>HSBC Mutual Fund</b>			
SpiceJet Ltd	2953490	Usha Martin Infotech Ltd	4949198
Ashok Leyland Ltd	2702792	CEAT Ltd	312693
New Delhi Television Ltd	2683479	HDFC Bank Ltd	270689
Steel Authority of India Ltd	2580008	Ansar Properties & Infrastructure Ltd	248396
Om Metals Infraprojects Ltd	1703001	Housing Development Finance Corporation Ltd	192227
PTC India Ltd	1190101	Tech Mahindra Ltd	152229
Pantaloon Retail (India) Ltd	784503	Voltas Ltd	130182
Ranbaxy Laboratories Ltd	561480	Bank of India	125841
Videsh Sanchar Nigam Ltd	507362	State Bank of India	110188



Bought	31-Jan-07 In	Sold	31-Dec-06 Out
Viceroy Hotels Ltd	456026	Mahindra & Mahindra Ltd	110141
United Phosphorus Ltd	375414	Apollo Tyres Ltd	108957
H T Media Ltd	358319	Bharti Airtel Ltd	103779
Thermax Ltd	313394		
Bharat Petroleum Corporation Ltd	312934		
Escorts Ltd	300369		
India Cements Ltd	202378		
NIIT Technologies Ltd	132447		
<b>JM Financial Mutual Fund</b>			
Tata Teleservices (Maharashtra) Ltd	1595508	IFCI Ltd	2451714
Nagarjuna Fertilizers & Chemicals Ltd	1383245	NTPC Ltd	1648977
Mahanagar Telephone Nigam Ltd	704343	Hindalco Industries Ltd	1369362
GTL Ltd	691252	Tata Steel Ltd	1137518
Jaiprakash Hydro-Power Ltd	640296	Ashok Leyland Ltd	545684
Hindustan Construction Company Ltd	605733	Great Eastern Shipping Company Ltd	460718
Chambal Fertilisers & Chemicals Ltd	566552	India Cements Ltd	424341
Union Bank of India	469976	Polaris Software Lab Ltd	375427
TVS Motor Company Ltd	427863	Ballarpur Industries Ltd	287911
IndusInd Bank Ltd	349233	Infrastructure Development Finance Company Ltd	254644
Exide Industries Ltd	300000	Orchid Chemicals & Pharmaceuticals Ltd	234093
MPhasis BFL Ltd	268988	Syndicate Bank	232519
Bank of India	213121	Bharat Petroleum Corporation Ltd	210878
Praj Industries Ltd	209740	Indian Petrochemicals Corporation Ltd	175489
Bombay Rayon Fashions Ltd	209426	Sterlite Industries (India) Ltd	124347
Lanco Infratec Ltd	163976	Gujarat Narmada Valley Fertilisers Company Ltd	123420
Matrix Laboratories Ltd	161205	GMR Infrastructure Ltd	120189
Allahabad Bank	146596	IVRCL Infrastructures & Projects Ltd	114037
Industrial Development Bank of India Ltd	139268	New Delhi Television Ltd	108513
Cummins India Ltd	100704	ITC Ltd	106462
		Indian Hotels Co Ltd	105991
<b>Kotak Mahindra Mutual Fund</b>			
Wire & Wireless India Ltd	1827884	Steel Authority of India Ltd	2942500
Tata Teleservices Ltd	1285350	Dabur India Ltd	2131000
Reliance Communication Ltd	926250	Alembic Ltd	525714
ITC Ltd	849550	H T Media Ltd	465000
Industrial Development Bank of India Ltd	345600	Bharti Airtel Ltd	432300
GMR Infrastructure Ltd	245000	Infrastructure Development Finance Company Ltd	389400
United Phosphorus Ltd	234327	Hindustan Petroleum Corporation Ltd	385400
Zee News Ltd	227123	PTC India Ltd	363873
Deccan Aviation Ltd	215000	Eveready Industries India Ltd	259722
Hindustan Lever Ltd	215000	Lupin Ltd	220768
SRM Radiant Infotech Ltd	200000	3i Infotech Ltd	210000
Virtual Dynamics Software Ltd	200000	Tata Metaliks Ltd	204447
TVS Motor Company Ltd	197650	Hindustan Dorr-Oliver Ltd	171189
India Cements Ltd	197500	Nahar Spinning Mills Ltd	166681
Oil & Natural Gas Corpn Ltd	190000	Indian Oil Corporation Ltd	151500
Zee Telefilms Ltd	166229	Indian Hotels Co Ltd	150000
Jagran Prakashan Ltd	160248	Kirloskar Oil Engines Ltd	149342
Nahar Capital & Financial Services Ltd	159359	Satyam Computer Services Ltd	110000

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
Technocraft Industries (India) Ltd	158002	Sundram Fasteners Ltd	110000
Finolex Cables Ltd	155904	Bharat Heavy Electricals Ltd	109700
Indiabulls Real Estate Ltd	155000		
Great Eastern Shipping Company Ltd	149548		
Siemens Ltd	145500		
Tanla Solutions Ltd	122899		
<b>LIC Mutual Fund</b>			
Reliance Communication Ltd	562780	Reliance Industries Ltd	707788
Infrastructure Development Finance Company Ltd	348083	GMR Industries Ltd	200000
GHCL Ltd	200000	Ruchira Papers Ltd	191222
Gujarat Ambuja Exports Ltd	200000	Steel Authority of India Ltd	170511
Nitco Tiles Ltd	150000	Hindustan Construction Company Ltd	150813
Tata Consultancy Services Ltd	119908	Gitanjali Gems Ltd	139996
REI Agro Ltd	100448	Bharti Airtel Ltd	133731
		ICICI Bank Ltd	123132
		L T Overseas Ltd	119222
		Prithvi Information Solutions Ltd	116000
<b>Principal PNB Mutual Fund</b>			
K E C Infrastructure Ltd	3817297	Ashok Leyland Ltd	1731865
Adhunik Metaliks Ltd	2088636	Centurion Bank of Punjab Ltd	740537
Om Metals Infraprojects Ltd	1595736	Steel Authority of India Ltd	702703
ITC Ltd	667863	NTPC Ltd	576801
Hindalco Industries Ltd	590651	Indian Overseas Bank	492457
Cairn India Ltd	533938	Gujarat Ambuja Cements Ltd	467867
Lakshmi Energy & Foods Ltd	449226	Finolex Industries Ltd	438717
Sundram Fasteners Ltd	449037	Tata Steel Ltd	277311
Sagar Cements Ltd	326813	KEI Industries Ltd	277111
Reliance Communication Ltd	300155	Satyam Computer Services Ltd	276254
Hindustan Lever Ltd	276998	Chambal Fertilisers & Chemicals Ltd	267640
Kalyani Steels Ltd	250803	Eicher Ltd	221909
Reliance Petroleum Ltd	199598	Tamil Nadu Newsprint & Papers Ltd	199240
Man Industries (India) Ltd	169081	JSW Steel Ltd	197958
KPIT Cummins Infosystems Ltd	166219	Gujarat Industries Power Co Ltd	197120
Ranbaxy Laboratories Ltd	162231	Crompton Greaves Ltd	191062
ICI (India) Ltd	144940	Cummins India Ltd	173046
Pearl Global Ltd	136675	I-Flex Solutions Ltd	142015
Deepak Fertilizers & Petrochemicals Corp Ltd	113433	Reliance Energy Ltd	140568
Unity Infraprojects Ltd	100142	HCL Technologies Ltd	137999
<b>Prudential ICICI Mutual Fund</b>			
Finolex Cables Ltd	7257204	Gujarat Industries Power Co Ltd	2616815
ITC Ltd	1978429	Triveni Engineering and Industries Ltd	2313190
GI Infotech Ltd	1567438	Tata Steel Ltd	1974206
NTPC Ltd	1500971	Gallantt Metal Ltd	1694428
Punjab National Bank	1169209	Mahanagar Telephone Nigam Ltd	1513714
Oil & Natural Gas Corpn Ltd	1156702	I-Flex Solutions Ltd	1464256
Zee Telefilms Ltd	908937	Patni Computer Systems Ltd	1298908
Reliance Communication Ltd	901856	Karnataka Bank Ltd	1097167
Andhra Bank	717763	Sakthi Sugars Ltd	996475
Geometric Software Solutions Company Ltd	616538	Hindustan Lever Ltd	930784

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
Bank of India	580447	Adhunik Metaliks Ltd	925775
Canara Bank	561148	Aksh Optifibre Ltd	894426
Industrial Development Bank of India Ltd	501560	Tata Motors Ltd	805384
State Bank of India	428952	EID Parry (India) Ltd	791623
Birla Corporation Ltd	423560	Ballarpur Industries Ltd	676847
VisualSoft Technologies Ltd	321940	Bank of Baroda	616487
Indian Hotels Co Ltd	307302	Jain Irrigation Systems Ltd	589487
Lupin Ltd	281452	Tata Power Company Ltd	584463
Federal Bank Ltd	279201	Raymond Ltd	579353
Dishman Pharmaceuticals and Chemicals Ltd	262874	DCM Shriram Consolidated Ltd	566192
Phillips Carbon Black Ltd	256763	Gujarat Ambuja Cements Ltd	555938
Siemens Ltd	248596	Mahindra & Mahindra Ltd	551523
Godrej Consumer Products Ltd	240336	IBP Co. Ltd	479253
Tata Consultancy Services Ltd	233620	Mastek Ltd	464697
IFCI Ltd	230283	Viceroy Hotels Ltd	415752
Esab India Ltd	224721	Cummins India Ltd	415079
FDC Ltd	212576	Bharat Petroleum Corporation Ltd	401228
Wipro Ltd	203287	Cipla Ltd	355568
Apollo Tyres Ltd	199953	Great Eastern Shipping Company Ltd	299120
ICI (India) Ltd	159414	Jaiprakash Associates Ltd	286452
JSW Steel Ltd	153900	Talbro Automotive Components Ltd	277939
Container Corporation Of India Ltd	152771	GAIL (India) Ltd	273546
HCL Technologies Ltd	137286	Andhra Sugars Ltd	268631
Tanla Solutions Ltd	120168	Prithvi Information Solutions Ltd	250764
ABG Heavy Industries Ltd	108998	Tech Mahindra Ltd	243108
Matrix Laboratories Ltd	105519	Grasim Industries Ltd	231640
Megasoft Ltd	101802	Infotech Enterprises Ltd	214918
Elder Pharmaceuticals Ltd	100648	Reliance Industries Ltd	212664
Shipping Corporation of India Ltd	76843	Indo Tech Transformers Ltd	211717
McDowell & Co Ltd	31056	Cadila Healthcare Ltd	200819
		Mahindra Gesco Developers Ltd	200737
		Exide Industries Ltd	200000
<b>Reliance Cap Mutual Fund</b>			
Hindustan Motors Ltd	5975435	Indian Petrochemicals Corporation Ltd	5843765
Ashok Leyland Ltd	5937104	Hindustan Lever Ltd	2525317
Steel Authority of India Ltd	3665003	Indiabulls Financial Services Ltd	1398884
Ranbaxy Laboratories Ltd	3389292	R Systems International Ltd	1213358
Gujarat Narmada Valley Fertilisers Company Ltd	3010447	Bank of Baroda	1202521
Jindal Stainless Ltd	2990802	Gabal Alok Impex Ltd	1002218
Mahanagar Telephone Nigam Ltd	2622208	Hero Honda Motors Ltd	805227
Bombay Rayon Fashions Ltd	2005273	Hindustan Petroleum Corporation Ltd	768944
Indian Hotels Co Ltd	1968250	Tata Steel Ltd	667333
Hindalco Industries Ltd	1820813	Sun TV Ltd	665973
Cummins India Ltd	1449858	Maruti Udyog Ltd	570705
K E C Infrastructure Ltd	1016868	Kesoram Industries Ltd	556581
Greaves Cotton Ltd	803226	Yes Bank Ltd	556545
Siemens Ltd	760697	Century Textiles & Industries Ltd	546381
Bharat Petroleum Corporation Ltd	744361	Govind Rubber Ltd	535114
Wyeth Ltd	713581	Suzlon Energy Ltd	349329
Micro Inks Ltd	664874	Pfizer Ltd	317895
Tata Motors Ltd	472254	Bank of Maharashtra	306972
Gammon India Ltd	472233	Cadila Healthcare Ltd	302998

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
Zee News Ltd	404548	Jaiprakash Associates Ltd	287608
Alstom Projects India Ltd	400859	CEAT Ltd	230491
Infosys Technologies Ltd	377094	Mangalam Cement Ltd	225819
Reliance Energy Ltd	295593	Crompton Greaves Ltd	212857
Divis Laboratories Ltd	272168	ITC Ltd	134981
Cambridge Solutions Ltd	257927	Jet Airways (India) Ltd	125469
Oil & Natural Gas Corpn Ltd	252027	Nahar Spinning Mills Ltd	120336
Apar Industries Ltd	250543	NIIT Technologies Ltd	105019
Rico Auto Industries Ltd	246116	Tata Tea Ltd	101477
<b>SBI Mutual Fund</b>			
K E C Infrastructure Ltd	7683420	Arvind Mills Ltd	2486407
Wire & Wireless India Ltd	3208228	Indian Oil Corporation Ltd	985725
Zee News Ltd	2714934	Hindalco Industries Ltd	861210
KPIT Cummins Infosystems Ltd	2398371	Steel Authority of India Ltd	733756
Hindustan Lever Ltd	667036	I-Flex Solutions Ltd	518276
Tanla Solutions Ltd	421233	Cummins India Ltd	497260
Godawari Power & Ispat Ltd	417129	Mahanagar Telephone Nigam Ltd	470192
India Cements Ltd	307585	IVRCL Infrastructures & Projects Ltd	464904
Industrial Development Bank of India Ltd	302642	Oriental Bank of Commerce	307133
KRBL Ltd	269746	Hindustan Petroleum Corporation Ltd	269015
Century Textiles & Industries Ltd	260958	Hindustan Construction Company Ltd	253423
Ranbaxy Laboratories Ltd	259767	National Aluminium Company Ltd	226959
RPG Transmission Ltd	195396	Infosys Technologies Ltd	212858
Gitanjali Gems Ltd	170078	NTPC Ltd	186212
Indian Petrochemicals Corporation Ltd	158215	Satyam Computer Services Ltd	179655
Apar Industries Ltd	155025	Associated Cement Companies Ltd	153536
Hindustan Zinc Ltd	149252	Tata Motors Ltd	147965
Tata Steel Ltd	142101	Karnataka Bank Ltd	147537
Bharat Earth Movers Ltd	141704	Gujarat Ambuja Cements Ltd	143440
Union Bank of India	136770	Tata Consultancy Services Ltd	138407
Usha Martin Ltd	117245	Parsvnath Developers Ltd	125286
Ballarpur Industries Ltd	113248	Ansal Properties & Infrastructure Ltd	100556
Reliance Industries Ltd	111109		
New Delhi Television Ltd	100763		
<b>Standard Chartered Mutual Fund</b>			
Nagarjuna Fertilizers & Chemicals Ltd	1656595	Hotel Leela Venture Ltd	801215
Tata Teleservices (Maharashtra) Ltd	813388	Karnataka Bank Ltd	673797
Arvind Mills Ltd	677019	Ashok Leyland Ltd	421509
Triveni Engineering and Industries Ltd	614081	Mahanagar Telephone Nigam Ltd	400347
IFCI Ltd	483454	Bharat Forge Ltd	370407
Industrial Development Bank of India Ltd	482667	Great Eastern Shipping Company Ltd	264519
Jyoti Structures Ltd	474828	GMR Infrastructure Ltd	252514
Wire & Wireless India Ltd	380774	Apollo Tyres Ltd	247081
Bank of India	308839	Maruti Udyog Ltd	232905
Hindustan Construction Company Ltd	288452	Reliance Industries Ltd	188745
Union Bank of India	188826	ITC Ltd	172947
IVRCL Infrastructures & Projects Ltd	179752	Hindustan Lever Ltd	165409
Dabur India Ltd	173103	Steel Authority of India Ltd	137990
GI Infotech Ltd	132206	Igarashi Motors India Ltd	125379
Deep Industries Ltd	126104	Oil & Natural Gas Corpn Ltd	121709
JSW Steel Ltd	119799	I-Flex Solutions Ltd	104375
Zee Telefilms Ltd	111522	Nitco Tiles Ltd	104169

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
GTL Ltd	109900	Gujarat Ambuja Cements Ltd Bharti Airtel Ltd	102636 100514
<b>Sundaram BNP Paribas Mutual Fund</b>			
Paramount Communications Ltd	1912414	ITC Ltd	1111700
Gujarat Industries Power Co Ltd	1093104	PRICOL Ltd	817172
Essar Steel Ltd	724960	Hindustan Lever Ltd	648750
Polaris Software Lab Ltd	716250	Hindustan Oil Exploration Company Ltd	507461
Chambal Fertilisers & Chemicals Ltd	648005	Colgate-Palmolive (India) Ltd	493139
Ballarpur Industries Ltd	600000	Zee Telefilms Ltd	447755
Usha Martin Ltd	589712	Nilkamal Plastics Ltd	415958
Hindustan Dorr-Oliver Ltd	476512	Cipla Ltd	361230
Ashapura Minechem Ltd	470238	Universal Cables Ltd	352671
Berger Paints (India) Ltd	463002	Suprajit Engineering Ltd	351960
Indian Hotels Co Ltd	410074	Bajaj Hindustan Ltd	300000
Monnet Ispat Ltd	298093	Bank of India	240000
Hindustan Petroleum Corporation Ltd	280139	TVS Motor Company Ltd	142458
Punj Lloyd Ltd	258550	Deepak Fertilizers & Petrochemicals Corp Ltd	100000
Hindustan Construction Company Ltd	255500	Omax Autos Ltd	100000
Hotel Leela Venture Ltd	244205		
Welspun Gujarat Stahl Rohren Ltd	243989		
Alok Industries Ltd	241314		
Torrent Pharmaceuticals Ltd	236649		
CEAT Ltd	229194		
Ashok Leyland Ltd	222600		
Andhra Bank	209000		
Rain Calcining Ltd	208500		
Dabur India Ltd	200000		
Steel Authority of India Ltd	200000		
<b>Tata Mutual Fund</b>			
K E C Infrastructure Ltd	6304961	Tata Teleservices (Maharashtra) Ltd	2046330
Finolex Cables Ltd	1509045	Gujarat Ambuja Cements Ltd	900003
Tata Steel Ltd	1126000	Tamil Nadu Newsprint & Papers Ltd	602033
Industrial Development Bank of India Ltd	735000	Karnataka Bank Ltd	548329
Steel Authority of India Ltd	725003	Ashok Leyland Ltd	378822
Rain Calcining Ltd	681341	Union Bank of India	353925
KPIT Cummins Infosystems Ltd	630996	Mahanagar Telephone Nigam Ltd	342396
Reliance Communication Ltd	471999	ITC Ltd	305992
Usha Martin Ltd	438958	Century Textiles & Industries Ltd	274474
SpiceJet Ltd	379996	Associated Cement Companies Ltd	221501
Wire & Wireless India Ltd	302843	Hindustan Petroleum Corporation Ltd	215310
IVRCL Infrastructures & Projects Ltd	250001	Satyam Computer Services Ltd	200301
Cipla Ltd	195000	Indian Overseas Bank	200005
Bharat Heavy Electricals Ltd	181498	EIH Ltd	199998
Tanla Solutions Ltd	144335	Clutch Auto Ltd	172366
Elecon Engineering Company Ltd	134381	Amtek Auto Ltd	168094
New Delhi Television Ltd	124499	Colgate-Palmolive (India) Ltd	164272
Kesoram Industries Ltd	124300	Hanung Toys and Textiles Ltd	150004
Sterlite Optical Technologies Ltd	122996	United Phosphorus Ltd	139999
Rolta India Ltd	116006	Punjab National Bank	139998
Bank of Baroda	106569	Mahindra & Mahindra Ltd	137500

Bought	31-Jan-07 In	Sold	31-Dec-06 Out
<b>UTI Mutual Fund</b>			
Sundram Fasteners Ltd	1953902	TVS Motor Company Ltd	6007662
Infrastructure Development Finance Company Ltd	1600149	Zee News Ltd	4574737
JSW Steel Ltd	1014429	ITC Ltd	4303983
India Cements Ltd	960500	Gujarat Adani Port Ltd	3985250
Crompton Greaves Ltd	815000	Exide Industries Ltd	3250000
ICICI Bank Ltd	770161	Ashok Leyland Ltd	2000000
Arvind Mills Ltd	655014	NTPC Ltd	1922625
Reliance Communication Ltd	541233	Reliance Energy Ltd	1286126
Maruti Udyog Ltd	496078	Balrampur Chini Mills Ltd	800000
Polaris Software Lab Ltd	478900	Hindalco Industries Ltd	731469
Wipro Ltd	473801	IFCI Ltd	724500
New Delhi Television Ltd	415000	Tata Chemicals Ltd	701297
Karnataka Bank Ltd	400000	Godrej Consumer Products Ltd	697778
Industrial Development Bank of India Ltd	360000	Tata Steel Ltd	631669
Videsh Sanchar Nigam Ltd	340817	Nicholas Piramal India Ltd	622286
EIH Ltd	330728	Indian Hotels Co Ltd	577000
Voltas Ltd	250000	Tube Investments of India Ltd	550000
Jyoti Structures Ltd	247673	Chambal Fertilisers & Chemicals Ltd	500000
Cummins India Ltd	225763	Elgi Equipments Ltd	483834
KPIT Cummins Infosystems Ltd	213731	Geometric Software Solutions Company Ltd	474740
Bombay Rayon Fashions Ltd	210000	Asahi India Glass Ltd	460000
Sun Pharmaceuticals Industries Ltd	208776	Ranbaxy Laboratories Ltd	427185
Tata Motors Ltd	208583	EID Parry (India) Ltd	380000
Century Textiles & Industries Ltd	200000	Wire & Wireless India Ltd	344116
Finolex Cables Ltd	183960	Andhra Bank	343708
Reliance Industries Ltd	177882	GlaxoSmithkline Consumer Healthcare Ltd	325781
Hindustan Construction Company Ltd	162035	UTI Bank Ltd	309693
Indian Overseas Bank	161000	SKF India Ltd	300000
Maharashtra Seamless Ltd	145000	MPhasis BFL Ltd	290745
Tata Consultancy Services Ltd	134982	HCL Technologies Ltd	289067
Zee Telefilms Ltd	122481	ICI (India) Ltd	233128
Amara Raja Batteries Ltd	116907	Associated Cement Companies Ltd	228114
Bata India Ltd	113400	Bharti Airtel Ltd	220541
Hindustan Dorr-Oliver Ltd	100000	Himatsingka Seide Ltd	190664

## Appendix III

### Performance of Stocks Covered By LKP Research

	Company Name	Report Date	Reco.	Price Then (Rs)	Sensex Then	Hi / Low Post-Reco. (Rs)	Price Now@ (Rs)	Annualised Returns (%)	Annualised Returns on Sensex (%)	Out/(Under) Performance (%)
1	ABB	Aug-04	Buy	708	5,170	3945 / 691	3836	174.9%	71.7%	103.2%
2	ABG Shipyard Ltd.	Oct-06	Buy	280	12,737	412 / 232	339	58.8%	39.4%	19.4%
3	Ador Fontech	Jun-06	Buy	87	9,296	107 / 75	78	-15.3%	81.4%	-96.6%
4	Alps Industries	Jul-06	Buy	49	10,662	84 / 37	69	65.5%	59.5%	6.0%
5	Andhra Bank	Jan-07	Buy	90	14,056	93 / 83	86	-46.8%	32.2%	-79.0%
6	Andhra Sugar	Oct-04	Buy	101	5,584	258 / 98	104	1.1%	70.0%	-68.9%
7	Asian Paints	Nov-03	Buy	273	5,045	815 / 245	786	57.3%	57.4%	-0.1%
8	Aurionpro Solutions	Jul-06	Buy	88	10,662	320 / 85	278	353.5%	59.5%	294.0%
9	Bajaj Electricals	Jan-05	Buy	115	6,606	639 / 108	469	146.2%	57.0%	89.2%
10	Banswara Syntex	Feb-06	Buy	70	10,370	137 / 51	78	11.3%	39.3%	-28.0%
11	Bharat Gears Ltd.	Jul-05	Buy	88	7,860	119 / 42	71	-11.8%	52.8%	-64.6%
12	BHEL	Apr-05	Buy	767	6,493	2668 / 755	2504	121.7%	66.6%	55.1%
13	BL Kashyap	Aug-06	Buy	912	10,813	1565 / 897	1377	96.9%	65.5%	31.4%
14	Blue Star Ltd.	Nov-06	Buy	136	13,131	248 / 136	231	255.8%	39.1%	216.6%
15	Cipla	May-04	Buy	92	5,070	305 / 78	251	62.4%	67.2%	-4.8%
16	Control Print	Oct-05	Buy	92	7,892	124 / 49	70	-18.0%	62.0%	-80.0%
17	Corporation Bank	Nov-05	Buy	354	8,789	445 / 205	301	-11.9%	51.4%	-63.2%
18	Cummins India	Sep-04	Buy	105	5,192	306 / 103	287	71.1%	73.7%	-2.6%
19	D-Link India	Sep-06	Buy	88	11,919	105 / 78	89	2.2%	49.8%	-47.6%
20	Elecon Engineering	Sep-06	Buy	197	11,919	478 / 192	422	258.8%	49.8%	208.9%
21	Emco Ltd	Jul-06	Buy	420	10,662	903 / 389	865	173.4%	59.5%	113.9%
22	Enkei Castalloys Ltd.	Nov-06	Buy	180	13,131	213 / 134	147	-67.5%	39.1%	-106.7%
23	FDC Ltd	Sep-04	Buy	24	5,192	66 / 33	36	21.2%	73.7%	-52.6%
24	Fulford India	May-06	Buy	612	12,043	680 / 450	575	-7.8%	26.6%	-34.4%
25	Geometric Software	Jun-04	Buy	49	4,760	145 / 46	122	55.5%	76.3%	-20.7%
26	Godrej Consumer Products	Oct-06	Buy	180	12,454	193 / 146	148	-50.1%	46.6%	-96.7%
27	Graphite India	Apr-05	Buy	39	6,493	35 / 70	41	3.0%	66.6%	-63.6%
28	Great Offshore Ltd.	Jan-07	Buy	759	14,056	804 / 679	683	-94.3%	32.2%	-126.4%
29	Gwalior Chemical	Sep-06	Buy	85	11,919	112 / 76	77	-22.7%	49.8%	-72.5%
30	Hanung Toys & Textiles	Jan-07	Buy	128	14,056	157 / 122	136	60.0%	32.2%	27.8%
31	Havell's India	Oct-06	Buy	306	12,454	538 / 300	472	151.4%	46.6%	104.7%
32	HDFC Bank	Dec-05	Buy	735	9,398	1150 / 620	1110	42.8%	45.9%	-3.1%
33	HEG	Apr-05	Buy	144	6,493	207 / 98	176	11.8%	66.6%	-54.8%
34	Hester Pharmaceuticals	Apr-05	Buy	67	6,493	198 / 54	70	2.3%	66.6%	-64.3%
35	Hind Rectifiers	Sep-05	Buy	417	8,634	1127 / 306	800	63.7%	47.5%	16.3%
36	Hindalco	Jun-06	Buy	154	9,296	193 / 141	173	18.0%	81.4%	-63.3%
37	Indo Tech Transformer	May-06	Buy	215	12,043	320 / 118	296	48.5%	26.6%	21.8%
38	Indoco Remedies	Sep-06	Buy	315	11,919	371 / 274	323	5.6%	49.8%	-44.3%
39	Infosys	Jan-07	Buy	2,222	14,056	2375 / 2185	2362	59.0%	32.2%	26.8%
40	J B Chemical	Mar-03	Buy	32	3,284	140 / 30	92	47.5%	86.8%	-39.3%
41	Jyoti Structures	Jun-06	Buy	73	9,296	195 / 65	170	191.5%	81.4%	110.1%
42	Kavveri Telecom	May-05	Buy	70	6,452	177 / 41	61	-7.4%	70.5%	-77.9%
43	KCP Sugar	Oct-05	Buy	35	7,892	94 / 21	21	-29.1%	62.0%	-91.1%
44	KPIT Cummins Infosystems	Oct-06	Buy	88	12,389	77 / 181	141	168.6%	48.4%	120.2%
45	L.G.Balakrishnan & Bros.	Sep-05	Buy	41	8,634	46 / 21	25	-27.2%	47.5%	-74.7%
46	Lakshmi Precision Screws	Feb-05	Buy	57	6,556	160 / 36	95	32.9%	60.2%	-27.3%
47	Macmillan India	May-05	Buy	428	6,452	550 / 321	330	-12.9%	70.5%	-83.4%
48	Madhucon Projects	Nov-06	Buy	283	13,131	395 / 276	289	7.5%	39.1%	-31.7%
49	Magna Electro Casting	Jan-07	Buy	133	14,056	145 / 121	122	-77.4%	32.2%	-109.6%
50	Maharashtra Seamless	May-05	Buy	168	6,452	543 / 164	525	119.5%	70.5%	49.1%



	Company Name	Report Date	Reco.	Price Then (Rs)	Sensex Then	Hi / Low Post-Reco. (Rs)	Price Now@ (Rs)	Annualised Returns (%)	Annualised Returns on Sensex (%)	Out/(Under) Performance (%)
51	Man Industries	Jul-04	Buy	66	5,170	302 / 64	227	93.4%	69.4%	24.0%
52	McNally Bharat	Jul-05	Buy	88	7,860	195 / 63	163	52.8%	52.7%	0.0%
53	Merck India	Apr-04	Buy	360	5,655	639 / 350	453	9.1%	54.9%	-45.9%
54	MICO	Jun-04	Buy	1,270	4,760	3855 / 1200	3649	69.6%	76.3%	-6.7%
55	Mukand Ltd.	Dec-05	Buy	81	9,398	135 / 66	96	15.1%	45.9%	-30.8%
56	Nagarjuna Agrichem	Jan-05	Buy	120	6,606	217 / 91	125	1.9%	57.0%	-55.1%
57	Oriental Carbon & Chem	Jun-05	Buy	34	7,194	52 / 21	35	0.9%	60.3%	-59.4%
58	Parekh Aluminex	Jun-06	Buy	149	9,296	149 / 90	123	-25.4%	81.4%	-106.8%
59	Pfizer India	Aug-04	Buy	437	5,170	1225 / 428	782	31.4%	72.0%	-40.6%
60	Pidilite Industries	Jun-05	Buy	46	6,452	144 / 45	121	96.4%	74.0%	22.3%
61	Pitti Laminations	Sep-05	Buy	100	8,634	135 / 63	81	-13.1%	47.5%	-60.5%
62	Precot Meridian	Nov-05	Buy	318	8,789	464 / 225	252	-16.3%	51.4%	-67.6%
63	Rain Calcining	Apr-05	Buy	25	6,493	57 / 21	49	50.7%	66.6%	-15.9%
64	Raj Rayon	Jul-05	Buy	77	7,860	120 / 20	38	-31.6%	52.7%	-84.3%
65	Repro India	Jul-06	Buy	110	10,662	166 / 90	119	12.9%	59.5%	-46.6%
66	Rolta India	Jul-06	Buy	156	10,662	349 / 146	334	186.5%	59.5%	127.0%
67	Samkrp Pistons & Rings	Nov-06	Buy	90	13,131	96 / 76	78	-48.3%	39.1%	-87.4%
68	Sanghvi Movers	Aug-06	Buy	640	10,813	912 / 635	741	30.0%	65.5%	-35.5%
69	Sanjivani Paranteral	Apr-05	Buy	48	6,493	104 / 27	35	-14.2%	66.6%	-80.8%
70	Sarla Polyester	Sep-05	Buy	145	8,634	184 / 85	117	-13.2%	47.5%	-60.6%
71	Satyam Computers	Nov-05	Buy	327	8,789	525 / 270	469	34.0%	51.4%	-17.4%
72	Sesa Goa	Oct-05	Buy	950	7,892	2000 / 808	1830	68.2%	62.0%	6.2%
73	Shanthi Gears	Sep-04	Buy	20	5,192	93 / 20	73	107.5%	73.7%	33.8%
74	Shree Cement	Sep-06	Buy	965	11,919	1592 / 925	1405	103.4%	49.8%	53.5%
75	Simplex Infrastructures	Sep-06	Buy	363	11,919	415 / 305	355	-4.9%	49.8%	-54.8%
76	SKF India	Mar-04	Buy	84	5,591	376 / 69	288	82.5%	54.3%	28.2%
77	Solvay Pharma	May-06	Buy	515	12,043	590 / 447	475	-10.0%	26.9%	-37.0%
78	State Bank of India	Sep-05	Buy	940	8,634	1370 / 684	1198	19.0%	47.5%	-28.4%
79	Sunil Hitech Eng.	Jun-06	Buy	82	9,296	127 / 78	96	24.1%	81.4%	-57.3%
80	Suprajit Engineering	Jun-05	Buy	98	7,194	272 / 91	179	48.8%	60.3%	-11.5%
81	Tata Consultancy Services	Nov-06	Buy	1,080	13,131	1399 / 1052	1288	70.2%	39.1%	31.1%
82	Texmaco	Aug-06	Buy	650	10,813	1428 / 650	1150	146.2%	65.5%	80.7%
83	TRF	Oct-04	Buy	71	5,584	640 / 71	588	308.5%	68.0%	240.5%
84	TTK Prestige	Jul-06	Buy	105	10,662	151 / 90	137	50.5%	59.5%	-9.0%
85	Union Bank	Oct-05	Buy	116	7,892	142 / 81	111	-3.4%	62.0%	-65.3%
86	Usha Martin	Jan-05	Buy	84	6,556	265 / 75	205	68.5%	57.8%	10.7%
87	UTI Bank	Jun-06	Buy	297	9,296	615 / 222	574	134.3%	81.4%	53.0%
88	Veejay Lakshmi Engg.	Jan-07	Buy	115	14,056	152 / 115	122	55.3%	32.2%	23.2%
89	Valecha Engineering	Oct-06	Buy	190	12,389	290 / 180	247	83.8%	48.4%	35.5%
90	Voltas Ltd	Jun-06	Buy	73	9,296	121 / 64	100	52.5%	81.4%	-28.9%
91	VST Tillers Tractors	Jun-05	Buy	114	7,194	174 / 65	151	19.2%	60.3%	-41.1%
92	Wanbury	Dec-03	Buy	21	5,045	267 / 21	130	162.9%	58.9%	103.9%
93	Welspun Gujarat Stahl Rohern	Jun-05	Buy	65	7,194	126 / 47	121	50.7%	60.3%	-9.6%
94	Wipro	Apr-04	Buy	227	5,863	660 / 200	642	63.9%	51.7%	12.2%
95	Wyeth	Sep-06	Buy	575	11,919	607 / 476	507	-27.0%	49.8%	-76.8%
96	Yuken India	Feb-05	Buy	120	6,556	420 / 118	174	22.2%	60.2%	-38.0%
97	Zensar Technologies	Aug-06	Buy	214	10,813	278 / 204	238	21.3%	65.5%	-44.2%
98	ZF Steering Gear	Jul-04	Buy	110	5,170	450 / 105	212	35.4%	69.4%	-34.0%

# Updates for these companies in current issue. @ Share prices as on: 9-Feb-07 BSE Sensex on 9 Feb '07: 14,539

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## Our Branch Network

### AGRA

- Kamala Nagar Tel. : (0562) 288 0440

### AGARTALA

- Laxminarayan Bari Road Tel. : 09863053568

### AHMEDABAD

- C. G. Road Navarang Pura, Tel. : (079) 2643 1234
- Ghatlodia Mobile : 98259 00695
- Memnager Tel. : (076) 4000 5505
- Naranpura Tel. : (079) 27471580

### AHMEDNAGAR

- Station Road Tel. : (95241) 245 1413 / 245 1784 / 578 5927

### ALIGADH

- Samad Road, Centre Point Tel. : (0571) 309 3857

### AMRITSAR

- Majith Mandi Tel. : (0183) 5070995
- R. S. Towers Hall Bazar Tel. : (0183) 325 8151
- Tarn Taran Tel. : (01852) 509 444

### ASANSOL

- G T Road, Ushagram Tel. : (0341) 553 7419

### BANGALORE

- Cunningham Road Tel. : (080) 2235 2741 / 42 / 43
- Jayanagar Tel. : (080) 4121 1426 / 3098 8298
- Malleswaram Tel. : (080) 2344 8804 / 4128 2188

### BHOPAL

- Zone 2, N. P. Nagar Tel. : 93023 21000

### BOKARO

- Sector IV Tel. : (06542) 233118

### CHANDIGARH

- Sector 9-D Chandigarh Tel. : (0172) 4637115

### CHENNAI

- Mylapore Tel. : (044) 4210 6881 / 82

### DURGAPUR

- Central Park Extension, Tel. : (950343) 2543404 / 05

### FARIDABAD

- Sector 15 Tel. : (0129) 500 9137 / 38 / 39
- Sector 22 Mobile : 9811788233

### GANDHINAGAR

- Sector 11, Mobile : 98258 78635

### GURGAON

- Phase 2 Tel. : (0124) 405 4426 / 27

### HARYANA

- Ambala Cantt Tel. : (0171) 264 0254

### HYDERABAD

- Ameerpeth Tel. : (040) 5582 1504 / 506
- Vamsee Estate, (040) 6683 6686

### JAIPUR

- Johari Bazar Tel. : (0141) 257 0779
- M. I. Road Tel. : (0141) 511 2700 / 400 4139

### JALANDHAR

- G. T. Road Mobile : 93175 47148

### JALGAON

- Chitra Chowk Tel. : (0257) 2222699

### JAMSHEDPUR

- Thakurbari Road Tel. : (0657) 557 0986

### JODHPUR

- Rai ka Bagh Palace Tel. : (0291) 3292 5699

### KARNAL

- Sector 14 Tel. : (0184) 320 8598

### KOCHI

- M G Road Tel. : (0484) 321 83 91/92

### KOLKATA

- A.P.C. Road Tel. : (033) 2530 1898 / 1945 / 49
- Baghajatin Branch Tel. : (033) 2425 6920 / 3250 1084
- Barrackpore, B T Road, Tel. : (033) 25921276
- Barrackpore, Barasat Road, Tel. : (033) 25944805
- Belgharia, Feeder Road Tel. : (033) 3095 4808 / 09
- British India Street Tel. : (033) 2231 7599
- Chakdah, Gopal Super Mkt. Tel. : (033) 3473 3261 / 91
- Chakrebaria Road (N) Tel. : (033) 2474 9549
- Dhakuria, Gariahat Road Tel. : (033) 2429 8087
- Dinbandhu Lane Tel. : (033) 2360 6280
- Gastin Place Tel. : (033) 2210 0345
- Howrah Tel. : (033) 3294 4573
- Jadavpur, Ibrahim Pur Road Tel. : (033) 2429 4682
- Jessore Road Tel. : (033) 2579 7658
- Kanak Building Tel. : (033) 3984 1000
- Krishnagar, Nadia Tel. : (03472) 259182 / 254172
- Lalbazaar Street Tel. : (033) 3028 3190 / 91 / 92
- Mangoe Lane Tel. : (033) 2243 9792
- Manikola Main Road Tel. : (033) 2355 0857
- N. S. Road Tel. : (033) 2430 9002
- Old China Bazaar Street Tel. : (033) 2248 5351 / 5360
- Poddar Court, Rabindra Sarani Tel. : (033) 2225 7496
- Priyanath Chakraborty Lane Tel. : (033) 2554 4952
- Rash Behari Tel. : (033) 2465 8420 / 21 / 22
- Salt Lake DL 32 Sector II Tel. : (033) 2358 6807
- Sijberia Tel. : (033) 2661 2886
- Synagogue Street Tel. : (033) 2354 9612 / 475
- Uluberia OT Road Tel. : (033) 2661 0389

### KOLHAPUR

- Rajarampuri, 5th Lane Tel. : (0231) 252 5959

### LUDHIANA

- Feroze Gandhi Market Mobile : 98766 15755

### MATHURA

- Naya Bazar Tel. : (0565) 241 2992 / 241 0251

### MEHSANA

- Nagalpur Highway, Mobile : 9426040028

### MOHALI

- Phase 9, Tel. : (0172) 304 3301/02

### MUMBAI

- 21 P. J. Tower Tel. : (022) 6634 9585 / 86
- Lokhandwala Complex Tel. : (022) 2635 1123/24/25
- Andheri (W), S. V. Road Tel. : (022) 2671 1556/776
- Borivali (W) Tel. : (022) 2891 3050 / 2893 3051
- Delphi Hiranandani Business Park Tel. : (022) 2570 8110
- Gamdevi Tel. : (022) 2369 2813
- Ghatkopar (E) Tel. : (022) 5503 1836 / 37
- Ghatkopar (W) Tel. : (022) 2500 1800/23/25
- Kandivali (W) Tel. : (022) 2864 6553 / 3097 5316
- Kandivali (W), Mahatre Plaza Tel. : (022) 3243 4697
- Malad (E) Tel. : (022) 2883 0387 / 2888 6890
- Mulund (W) Tel. : (022) 2591 9651 / 9537
- New Marine Lines Tel. : (022) 5628 8770 / 71
- Opp. Fort Market Tel. : (022) 2265 7086 / 2265 8814
- Powai Hiranandani Garden Tel. : (022) 25705089
- Santacruz (W), Near Khiranagar Tel. : (022) 6692 2843
- Santacruz (W), Tilak Road Tel. : (022) 2605 2149 / 1742
- Tardeo Tel. : (022) 2389 4617
- Thane Veer Savarkar Road Tel. : (022) 2538 9288 / 9292
- Vile Parle (E) Tel. : (022) 2613 4163 / 64
- Vile Parle (W) Tel. : (022) 2613 6570 / 2619 5849
- Worli, Annie Besant Road Tel. : (022) 2498 1234

### NASHIK

- Canada Corner Tel. : (0253) 257 5843
- Gangapur Road Mobile : 9960638083
- Mukti Dham, Nashik Road Tel. : (0253) 325 2756
- Panchavati, Tel. : (0253) 251 0411
- Sharanpur Road Tel. : (0253) 231 9031 / 32

### NEW DELHI

- 6, Bahadur Shah Zafar Marg Tel. : (011) 4229 0100
- Janak Puri Tel. : (011) 4158 7981 / 82
- Kamala Nagar Tel. : (011) 4153 0884
- Preet Vihar Tel. : (011) 2204 6579 / 90
- Rohini Tel. : (011) 2794 5094 / 96
- Rohini, Sector 8 Tel. : (011) 6574 3281
- Suryakiran Tel. : (011) 4153 1038 / 50

### NOIDA

- Sector-18 Tel. : (0120) 432 3300
- Sector-21 Tel. : (0120) 2542 7661
- Sector-56 Tel. : (0120) 258 3040

### PUNE

- Aundh Tel. : (020) 2589 8414 / 2589 8038
- Chinchwad Tel. : (020) 2744 3144 / 45
- Fatima Nagar Tel. : (020) 3230 9652
- Karve Nagar Mobile : 9850444222
- Karve Rd Tel. : (020) 2541 0349
- Koregaon Park Tel. : (020) 2605 0808
- Kothrud Tel. : (020) 2539 0302 / 2539 5322
- Madhusudan Park, Bibvewadi Tel. : (020) 2422 5636
- Narayan Peth, Tel. : (020) 6523 3512
- NIBM Road, Kondwa Tel. : (020) 6602 7416
- Nigdi Tel. : (020) 3068 3441 / 2 / 3
- Paud Road Tel. : (020) 2538 6664
- Pimpri Tel. : (020) 2741 1873 / 55888
- Pune-Satara Road Tel. : (020) 2422 2652
- Tilak Road Tel. : (020) 2445 8340

### RAIPUR

- M G ROAD, MAHAVIR MARKET (0771) 4017985

### RISHIKESH

- Tilak Road Tel. : (0135) 395 8789

### SAHIBABAD

- Shalimar Garden, Ext. II Tel. : (0120) 2638531

### SANGANER

- Near senior ser school Tel. : (0141) 730985

### SIKAR

- Laxman Garh Tel. : (1573) 223038

### SILIGURI

- H C Road, Sevoke Morek, Tel. : (0353) 250 4672

### SRI NAGAR

- Fruit Mandi Mobile : 9419942828
- Karan Nagar, Tel. : (0194) 247 5723
- Lal Chowk Tel. : (0194) 2410040
- Raj Bagh Tel. : (0194) 2475723

### SURAT

- Surat Dumas Road Tel. : (0261) 225 6023 / 26
- Timlayiawad Nanpura Tel. : (0261) 247 3507 / 247 4816

### VRINDAVAN

- Dusayat Tel. : (0565) 653 3814

### VYARA

- F-1 City Mall Tel. : (02626) 225450 / 51

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