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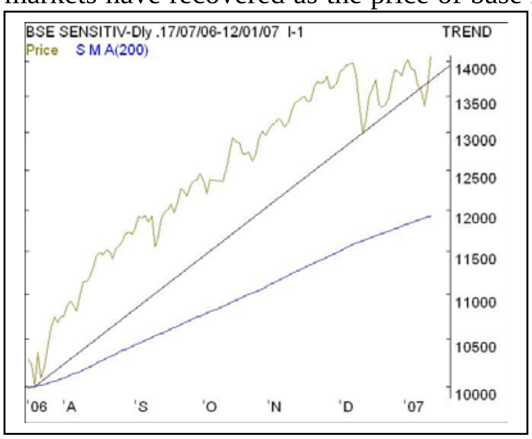
New peaks to be tested

on follow-up buying at higher levels

By Sanjay R. Bhatia

A surprisingly strong pull back saw the Sensex and Nifty move above their previous all-time highs and closing highs. Last week's downtrend continued till Wednesday as the BSE Sensex fell to a low of 13336 and Nifty to low of 3841 but the markets recovered sharply on Thursday after the Infosys' results and maintained the thrust on Friday. Even though, Infosys gave a muted guidance for FY07, the markets ignored it and a broad based rally was witnessed. The advance-decline ratio remained mixed amid good volumes. Traders and speculators were active in bank, auto, cement, IT and Telecom stocks. Incidentally, FIIs remained net sellers along with mutual funds in the cash segment but were net buyers in the derivatives segment.

A global meltdown in commodities triggered a fall not only in Indian markets but also in global markets. But most markets have recovered as the price of base metals have stabilised. The saving grace for the markets was the fall in crude oil prices, which fell below the US $52 level. This along with the decision to allow RBI to decide on the SLR rates has gone well with the markets. A not-so-negative guidance by Infosys helped the sentiment in tech stocks. Now it needs to be seen if the Sensex and Nifty can sustain above the 14060 and 4050 levels respectively and if follow-up buying is witnessed at higher levels. Only then will the markets be able to test new historic highs.



It also needs to be seen how the earning season proceeds. The other negative sign for the markets is the rising inflation rate. The week had two negative cues for the market, the SBI chairman indicating that the credit growth rate will be 25% as against 30% last year and FM indicating that he was not comfortable with the rising inflation rate. It may so happen that in its monetary policy to be declared on 31st January, the RBI governor might raise interest rates or may signal a possible rate hike which may act as a negative cue for the markets. In the meanwhile, the markets will remain focused on the Q3 earnings and also global cues especially commodity prices. The markets will witness stock specific action amidst intermediate bouts of volatility.

Technically, follow-up buying at higher levels is very important for the present rally to unfold into a stronger rally. It is important that the Sensex and Nifty stay above the 14060 and 4050 levels for four trading days. On the upside, if the Sensex can sustain above the 14060 level, it is likely to test the 14450 level. On the downside, the 13844 is an important support level for the Sensex. In case of the Nifty, if it Nifty can sustain above the 4050 it is likely to test the 4100 level. On the downside, the 3928 level is an important support level.

Traders and speculators could buy ICICI Bank with a stop loss of Rs.940 and a target price of Rs.999-1025.

TRADING ON TECHNICALS

Follow-up rise needed

By Hitendra Vasudeo

Last week's headline was 'Make or break week for the Sensex'. The Sensex performed both the acts. It fell down to a low of 13303 but made up for the fall to form a new high at 14070. All in all, it was a make and break week. Although we did not see a breakout and close above 14100, it should be able to do it with fluctuations.

The Sensex opened last week at 13925.81, attained a low of 13303.22 and moved up to register a new high at 14070.88 before it closed the week at 14056.53 and thereby showed a net rise of 196 points on a week-to-week basis. Last week, was a drama and tug of war between the bull and bears to take control of the market. The bears ultimately proved unsuccessful after a strong attempt in the early part of the week.

The weekly trend remained up after the weekly closing on Friday. The weekly reversal value was placed at 13683 and the Sensex had to close above 13683 after it had violated the 2 weeks low of 13490. The weekly trend remains in tact after the weekly closing on Friday. The weekly trend can turn down on fall below 13303 or if the Friday weekly close is below 13793.

If the Sensex is able to give a breakout and close above 14100 on daily and weekly basis, then expect a rise towards 14800 at least. Weekly support will be at 13855-13471-13303-13182. Resistance will be at 14321-14579-14800.

Last week, we had expected the broad market indices to do well as the Sensex was correcting. BSE Small-Cap did well and outperformed the Sensex last week. On Friday, the frontline stocks gained strongly. The recovery on the Sensex boosted the broad market stocks which continued to do well on Friday.

BSE Mid-Cap Index moved up marginally last week but it is very near the recent top of 6070. BSE Small-Cap is approaching its top with speed now but is still far of from the top of 7872. BSE Small-Cap closed at 7371 and BSE Mid-Cap at 5974. Both these indices must cross and close above their recent tops so that the broad market rally continues.

Profit-booking in broad market stocks could be witnessed when it attains 7872 and 6070 for BSE Small-Cap and BSE Mid-Cap respectively.

The Wave Count from the low of 1281 would be as follows:

Wave 1-1281 to 10940

Wave 2- 10940 to 9875

Wave 3- 9875 to 14035

Wave 4-14035 to 12801

Wave 5- 12801 to 14070 (current ongoing move)

Further internals within Wave 5 will be discussed in the next issue.

PUNTER'S PICKS

Note: Positional trade and exit at stop loss or target which ever is earlier. Not an intra-day trade. A delivery based trade for a possible time frame of 1-7 trading days. Exit at first target or above.

Scrips	BSE CODE	Last Close	Buy Price	Buy On Rise	Stop Loss	Target 1	Target 2	Risk Reward
ECE INDUSTRIES	532491	385.00	379.40	398.35	375.00	412.8	436.1	2.78
EMKAY SHARE	532737	79.40	77.20	81.70	74.00	86.5	94.2	1.31
GEOJIT FINANCIAL SER	532285	36.00	35.35	36.15	34.00	37.5	39.6	0.74
I.B.P. CO.	500198	492.35	485.95	498.00	461.60	520.5	556.9	0.92
MADRAS ALUMINIUM CO.	504580	415.85	413.10	420.00	394.00	436.1	462.1	0.93
SUPREME PETROCHEM	500405	26.20	25.00	26.90	24.10	28.6	31.4	1.16
SUPER SALES INDIA	512527	330.15	318.50	347.20	305.00	373.3	415.5	1.71
TIDE WATER OIL (INDI	590005	1997.00	1950.00	2075.00	1906.00	2179.4	2348.4	2.00
TIMKEN INDIA	522113	154.15	150.00	162.00	148.00	170.7	184.7	2.68
VIDEOCON APPLIANCES	500945	32.05	31.25	32.75	30.50	34.1	36.4	1.35

WEEKLY UP TREND STOCKS

Let the price move below Center Point or Level 2 and when it move back above Center Point or Level 2 then buy with what ever low registered below Center Point or Level 2 as the stop loss. After buying if the price moves to Level 3 or above then look to book profits as the opportunity arises. If the close is below Weekly Reversal Value then the trend will change from Up Trend to Down Trend. Check on Friday after 3.pm to confirm weekly reversal of the up Trend.

Scrips	Last Close	Level 1	Level 2	Center Point	Level 3	Level 4	Relative Strength	Weekly Reversal Value	Up Trend Date
		Stop Loss	Buy Price	Buy Price	Book Profit	Book Profit			
TECH MAHINDRA	1845.10	1463.3	1697.6	1784.5	1932.0	2166.3	90.4	1702.4	22-12-06
BHARTI AIRTEL	665.00	569.3	627.3	647.7	685.3	743.3	79.3	635.5	29-12-06
CENTURY TEXT.	756.00	665.0	722.0	745.0	779.0	836.0	76.2	723.0	29-12-06
ICICI BANK	970.00	794.3	901.3	939.7	1008.3	1115.3	75.5	906.8	29-12-06
TCS	1325.30	1118.5	1243.5	1286.8	1368.5	1493.5	71.8	1239.5	29-12-06

WEEKLY DOWN TREND STOCKS

Let the price move above Center Point or Level 3 and when it move back below Center Point or Level 3 then sell with what ever high registered above Center Point or Level 3 as the stop loss. After selling if the prices moves to Level 2 or below then look to cover short positions as the opportunity arises. If the close is above Weekly Reversal Value then the trend will change from Down Trend to Up Trend. Check on Friday after 3.pm to confirm weekly reversal of the Down Trend.

Scrips	Last Close	Level 1	Level 2	Center Point	Level 3	Level 4	Relative Strength	Weekly Reversal Value	Down Trend Date
		Cover Short	Cover Short	Sell Price	Sell Price	Stop Loss			
BIOCON	361.80	328.3	352.2	366.6	376.2	400.1	32.94	366.14	12-01-07
CORPN. BANK	314.65	247.8	294.8	321.9	341.8	388.8	33.90	333.65	12-01-07
IPCL	284.95	266.0	279.0	285.9	291.9	304.9	34.33	286.99	12-01-07
SUZLON ENERGY	1243.05	1080.0	1189.0	1244.0	1298.0	1407.0	37.78	1275.37	12-01-07
CHENNAI PETROL	207.80	190.4	203.3	211.6	216.1	229.0	38.46	213.81	12-01-07

Strong long term support for the market will be at 13471-13186. Expect strong fall and reversal of the existing rising trend on fall and close below 13186.

Strategy for the week

Traders can get into buying selectively in broad market stocks along with index stocks if the Sensex can sustain and close above 14100. Corrective dips to support level of 13855-13471-13303 can be use for buying with a stop loss of 13186. Expect the rise towards 14800.

EXIT LIST

Scrip	Last Close	Sell Price	Sell Price	Sell Price	Stop loss	Target
HEXAWARE TECHNOLOGIES	184.60	190.40	193.00	195.60	204.00	168.4
MC DOWELL & CO.	814.00	819.02	832.00	844.98	887.00	709.0

BUY LIST

Scrip	Last Close	Buy Price	Buy Price	Buy Price	Stop loss	Target	Target
TITAN INDS	894.00	884.20	875.00	865.80	836.00	962.2	1040.2

BAZAR.COM

A roller coaster ride!

By Fakhri H. Sabuwala

The New Year began on a note of caution. Hardly had the drumbeats of 2007 cooled off as volatility returned to Dalal Street. A cool-off in the early part of the week was followed by a sharp pull-back on Thursday which just spelled V-O-L-A-T-I-L-I-T-Y in block letters. Infosys with its expected bottomlines and conservative, cautious guidance did the trick. Initially, it sunk to interim lows but sanity prevailed at last as it gave a new lease of life to the IT segment and other momentum counters.

Although both the Sensex and Nifty have leapt ahead, we still hold that 2007 shall be the year of mid-caps and small caps. It will be the year wherein one will have to dig deep to mine out the real diamonds. In other words, a year when one will have to analyse every development, calculate its long-term reach and obtain the best mileage. In this roller coaster ride, lets take a closer look at corporate happenings that will bear fruit in coming weeks and months.

Retail is the next big-bang story. Traditional markets are giving way to western style malls. Reliance’s Rs.25,000 cr. investment plan to create 100 million sq. ft. of retail space by 2011, Aditya Birla group’s Rs.15,000 cr. foray into retailing, Bharti-Walmart, Pantaloon’s Big Bazaar and Trent’s Westside could be the big winners in coming months. The retail pie is so large and cooking so fast that each of these entrepreneurs will not waste any time or leave any stone unturned.

Shipbuilding is another sun-rise industry as the order book registered compounded annual growth rate (CAGR) of 29% between 200 3 to 2006. Going forward, a similar trend is expected on the back of the growth in demand and capex boom in the offshore segment. Of the current world fleet, around 65% of the vessels are over 15 years old. This, coupled with the International Maritime Organisation’s regulation of phasing out single hill tankers by 2010, which account for 16% of the world fleet, has created a huge demand for new vessels.

Anchor Handling, Tug Supply and Rigs constitute 50% of the overall offshore vessels. Currently, 70% of such fleet is more than 20 years old, thereby calling for huge replacement demand. Apart from this, oil exploration and production activity is on the rise, which too will boost the demand. India’s current market share in global ship building industry is a mere 0.4% in terms of dead weight tones (DWT) and the time is just right for increasing out exposure to ship building and transportation of goods and oil. Its time to take a closer look at Bharti Shipyard and ABG Shipyard, which can deliver handsome returns from hereon.

Media is one segment which did not get its due in 2006 or earlier. The sector is now in the limelight, thanks to the split in HT Media, bonus in Jagran, demerger of TV18 and Zee Telefilms. Besides, the huge revenues that film companies garner with hits, the selling of various rights and merchandising makes it promising. The whole sector is getting re-rated and every scrip hereon shall flourish.

Pharmaceuticals are on the move too. Especially the ones like Ranbaxy, Wockhardt, Biocon, Aurobindo, IndSwift Labs, Jubilant Organosys, Dabur Pharma, Divi's Labs etc.

Biocon signs a joint venture with Neopharma, an Abu Dhabi pharma company, to manufacture and market a range of bio-pharma products for the Gulf countries.

Dr. Reddy's Labs and Ranbaxy gets USFDA approval for cholesterol lowering 'Simvastatin' tablets. This drug is an equivalent to Merck's 'Zocor'.

Aurobindo Pharma buys €6 million Dutch generic pharma company and this is its second acquisition in Europe after the buyout of UK's Milpharm early last year.

Ranbaxy gets USFDA nod to market generic hypertension drug 'Atenolol' tablets in USA. Aurobindo gets the nod to market bisoprolol and anti-biotic amoxicillin in USA.

Power is another area of high growth at least for a few years to come. Tata Power, Lanco, ABB, Siemens, NTPC, BHEL, Areva, Alstom Power, will remain in the running.

NTPC bags a Rs.2500 cr. 500-MW coal-based power plant in north east Sri Lanka. NTPC's installed power generation capacity of 26000 MW in India is likely to increase three fold in coming decade.

Lanco Infotech recently out bid other mega players to win country's first Rs.16000 cr. mega project at Sasan.

On the broader front, the PM is wooing the NRIs to work together with Indians to create an environment in which best of every Indian can find his fullest expression. In an open invitation to their capital and entrepreneurship, the PM said, "It is not rooting for the roots…it is also about branches…even as you discover and nurture your roots, I urge you to extend your branches".

Thursday's surprising recovery marks the beginning of a new harvest season. The market may surpass the 14K mark. Each mid-cap and small cap may have a different story to tell and here lies the seeds of success.

BEST BETS

IG Petrochemicals Ltd. (Code:500199) Rs.72

Incorporated in 1988, IG Petrochemicals Ltd. (IGPL) is the world's third largest producer of Pthalic Anhydride (PAN), mainly used in the manufacture of plasticizers for production of PVC products, shoe soles etc., Alkyd Resins used for manufacturing paints and as an intermediate in the production of dyes and pigments and for the in production of unsaturated Polyester Resins. IGPL is a recognized EOU with exports accounting for 75% of sales. It is an ISO accredited 9001:2000 company for Quality Management Systems from BVQI. A few years back, the company was in a very bad shape and registered as a sick company with BIFR. But by aggressive debt restructuring and better market conditions, it made a smart turnaround and is now on a strong footing. It has also been de-registered from BIFR in June'06 as its net worth has positive.

IGPL's plant is located at MIDC-Taloja in Maharashtra, 50 kms away from JNPT in Nhavasheva and has an installed capacity of 1,20,000 MTPA. It uses the Orthoxylene Oxidation method which produces high-pressure steam that makes the plant self-sufficient in power and steam requirements and is therefore, one of the most cost-effective plants for manufacturing PAN in the world. Earlier, the company had to import its main raw material i.e. Orthoxylene at higher prices but now sources 70% indigenously from Reliance Industries at much lower cost.

Also the price of PAN has risen substantially due to strong demand from the user industries. Importantly, the company is now working at 100% capacity utilization compare to less than 75% in FY06 and is planning to expand its production capacity to meet the rising demand. With higher capacity utilization coupled with better price realization, the company is witnessing one if its best times and is expected to end FY07 on a buoyant note.

Last fiscal, the company undertook major financial restructuring by settling the debts and liabilities of all banks and financial institutions. This was made possible by an investment of Rs.125 cr. by Spinnaker, a global fund, in the form of convertible debentures. Recently, IGPL came out with stunning numbers for the Dec.'06 quarter. Sales increased by 50% to Rs.150 cr. whereas it registered a net profit of Rs.10.90 cr. against net loss of Rs.15.60 cr. last year. Notably, it recorded the highest OPM of around 14% due to high realization, low raw material cost and increased capacity utilization. Besides, the recent fall in crude oil prices also augurs well for the company. For FY07, it is estimated to clock a turnover of Rs.600 cr. with PAT of Rs.33.50 cr. This translates into an EPS of Rs.13 on its current equity of Rs.26.30 cr. and EPS of Rs.11 on its diluted equity of Rs.30.80 cr. Investors are advised to accumulate this scrip at sharp declines only as it has the potential to hit Rs.100 (50% appreciation) in 15-18 months.

Transpek Industries (Code:506687) Rs.93

Transpek Industries Ltd. (TIL) was actually set up in 1965 for manufacturing Transparent Acrylic Sheets and hence was named 'Transpek'. Since then, the company has grown into a leading manufacturer and exporter of a range of chemicals servicing the requirements of textiles, pharmaceuticals, agrochemicals, polymers etc. In fact, today TIL is Asia's largest manufacturer of Thionyl Chloride and Acid Chloride. Thionyl Chloride is an intermediate for crop protection chemicals in the agrochemicals industry. Managed by the Shroff family of Excel Industries fame, TIL used to be the largest and only manufacturer of sodium hydro sulfite, safolite, safoline, zinc oxide and zinc dust. But these businesses have been transferred to Transpek Silox Industry Ltd., a joint venture company.

With it's expertise in sulphur and chlorine chemistry and ability to undertake projects involving sulphonation, acid chloride reaction, friedel-craft, esterification and high pressure reaction, TIL also does Custom Synthesis and Toll Manufacturing. Notably, its R&D activity is so strong that the manufacturing technologies for all its existing products are developed in-house. In fact, last fiscal it adopted improved technology for the manufacture of Thionyl Chloride and with de-bottlenecking enhanced its installed capacity from 16500 TPA to 19500 TPA. It is further planning to expand the capacity to 24000 TPA. Moreover, it has also commissioned the continuous Acid Chloride plant, which will lead to consistency in production and quality, better efficiency and lower man-power requirement. It is putting special thrust on exports and is in the process of tying up business with several reputed overseas companies. Also in order to hedge itself from the seasonality in business, the company is focusing on other market segments such as intermediates for pharmaceuticals, dyes and polymers.

Fundamentally, the company is doing extremely well. For the six months ending 30th Sept.'06, while sales increased by nearly 40% to Rs.47.50 cr. net profit zoomed 120% to Rs.4.30 cr. importantly, its OPM improved substantially to 21.50% against 16% last year. Assuming the same growth record, it is estimated to end FY07 with sales of Rs.100 cr. and net profit Rs.9 cr. This will lead to an EPS of Rs.18 on its current equity of Rs.5.07 and it may declare 35% dividend for FY07. Having a book value of Rs.70 and with a dividend yield of nearly 4%, this scrip is trading fairly cheap at P/E multiple of 5. Investors are recommended to buy it at declines with a price target of Rs.150 i.e. 50% return in 12-15 months.

EXPERT EYE

By V.H. Dave

Kaveri Telecom Products Ltd. (KTPL) (Code: 590041) (Rs.61) is a leading telecom products manufacturer providing world-class hardware products and solutions for the telecom industry.

Founded in 1991, KTPL designs, develops, tests and implements a diverse range of products, from concept to deployment. It offers an array of world-class products and solutions to meet all hardware requirements of telecom manufacturers, telecom service providers and telecom users.

The diverse range of products manufactured by KTPL includes Antennas, RF Components, Cables & Connectors, Repeaters, Fixed Cellular Terminals and Solar Products.

The solutions provided by KTPL includes Site/RF Survey, RF Planning, Designing & Implementation, Repeater Based GSM & CDMA Indoor Coverage Solution, Repeater Based GSM & CDMA Outdoor Coverage Solution and Microcell Based Indoor Coverage Solution.

KTPL also enjoys the stature of being the largest manufacturer of Antennas & RF products in India. With 30,000 sq. ft. area of R&D manufacturing infrastructure for design, development & production of Microwave Components, RF products and Antennas, KTPL has the capacity to manufacture over 1,00,000 high quality Antennas and 10,000 RF products per month. Its clientele includes industry giants like Ericsson, Motorola, Spice, Airtel, BSNL, Infosys, IBM, HP, LG Electronics, ISRO, World Space, Airports Authority of

India and Punjab Communications.
KTPL provides coverage solutions for buildings, shopping malls and remote areas where the RF signal is significantly constrained by physical barriers. By using its innovative solutions, operators can increase the cell size by using Repeaters to cover open spaces that are shadowed by topological obstructions without adding more base stations. The cost effectiveness of its coverage solutions makes it feasible for service providers to extend their coverage.
During FY06, KTPL earned 138% increased net profit of Rs.2.7 cr. on 91% higher sales of Rs.36 cr. and its EPS was Rs.2.5. During the first three quarters of FY07, net profit of Rs.4 cr. is higher by 100% on flat sales of Rs.27 cr. Its equity is Rs.9.8 cr. and with reserves of Rs.13 cr., the book value of the share works out to Rs.23. The promoters hold 15% in its equity capital leaving 85% with the investing public.
KTPL recently acquired TIL-TEK Antenna Division of Wi-Lan Inc. (TSX:WIN), Canada through its Canadian Subsidiary, Kaveri Technologies Inc, Toronto, Canada.
With manufacturing facilities in Kemptville in Canada, Wi-Lan's TIL-TEK Antenna division provides a complete line of base stations and remote antennas in frequencies from 800 MHz to 5.8 GHz with selected products from 300 MHz to 28 GHz. TIL-TEK antenna applications include cellular, GSM, PCS, WLL/WLAN and rural point-to-multipoint systems as well as special applications such as radar test targets and Digital Audio Broadcast antennas.
The acquisition of TIL-TEK, provides a very strong platform to facilitate KTPL's expansion into the lucrative North American market. KTPL has orders on hand worth Rs.20 cr. to be executed during the last quarter of FY07. The interim results do not include the working of its subsidiary, which will be consolidated during Q4FY07.
The Indian telecommunication equipment market is worth more than Rs.50,000 cr. thanks to the fast growth of the mobile telecom subscriber base coupled with the consistent addition of networks by telecom service providers, this market is growing fast at more than 40% per year as compared to 16% growth of the Rs.70,000 cr. telecom services market.
According to the government, the Telecom & IT sector is expected to attract $10 billion to $11 billion over the next 2 to 3 years. The Telecom manufacturing sector is expected to attract about $1.5 billion to $2 billion and Telecom services sector is expected to attract $2 billion to $3 billion. In this context, the proposed SEZ for the export of telecom equipment will give a positive boost to its manufacturing in the country.
Based on the prospects of the industry and KTPL’s interim results, the company is all set to post a consolidated EPS of Rs.9 for FY07. Going forward, the EPS could increase to over Rs.13 in FY08. The share of KTPL is traded at Rs.62 at a forward P/E of 6.9 against the industry average P/E of 19. Investment in this share is likely to yield appreciation of about 33% in 6-9 months. The 52-week high/low of the share has been Rs.129/41.

STOCK WATCH

By Saarthi

Lot of positive developments are taking place in **Micro Technologies Ltd. (Code:532494) (Rs.267.50)**. The company has appointed Madison Communications, one of the top ad agencies for its publicity campaign. Recently, it also launched a unique Global e-Security product called Micro Internet Access Security System – BANK for banking industry to secure online-based accounts. This month, its Micro Vehicle Navigator System won approval from the Municipal Corporation UAE, which is a good breakthrough for the company in the global market. For the first half, its topline grew by 80% to Rs.48 cr. and PAT zoomed by 135% to Rs.13.90 cr. With its focus on Security, E-commerce, Telecommunication, Wireless Technology and GIS, its future is very promising and the company has potential to grow multifold. For FY07, it can register revenue of about Rs.100 cr. with profit of Rs.25 cr. i.e. EPS of Rs.24 on its equity of Rs.10.50 cr. For FY08, it can easily report Rs.30 EPS. Hence, the scrip may touch Rs.420 considering an average P/E multiple of 14 against its FY08 earnings.

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Easun Reyrolle Ltd. (Code:532751) (Rs.629.45) is a strong and independent solution provider in power system protection, control, automation, metering and switching. Of late, it has ventured into construction of projects on turnkey basis wherein it will concentrate on substation projects and power system automation project. For the nine months ending 30th Sept.’06, its top-line as well as bottom-line grew by 25% to Rs.59 cr. and Rs.7.25 cr. respectively. For future growth, it is setting up a 45,000 sq ft world class manufacturing facility at Hosur for medium voltage switchgear at an investment of Rs.12 cr. and recently, its in-house R&D won recognition from Govt. of India (DSIR). For FY07, it is estimated to report a top-line of Rs.135 cr. and bottom-line of Rs.16 cr. This works out to an EPS of Rs.48 on its tiny equity of Rs.3.33 cr. For FY08, it may report EPS more than Rs.60. At a reasonable discounting by 14 against its FY08 earning, the scrip should trade around Rs.850. Given its huge reserve of Rs.35 cr. it is a strong bonus candidate as well. A strong buy.

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Few broking firms have turned bullish on **Jupiter Bioscience Ltd. (Code:524826) (Rs.136.40)**. As P/E ratio reports, the company has developed eight generic peptides which are ready for launch. Besides, Sven Genetech and its US subsidiary have formed another wholly-owned subsidiary in Japan to supply peptide and chiral intermediaries to the top four

Japanese pharma companies. Moreover, it is setting up a 5500 sq. ft. manufacturing facility in Maryland, USA, to cater the US, Canadian and European markets. It is also looking to acquire few companies globally. To fund the company's growth plans, the promoters are infusing Rs.40 cr. by subscribing to 27.5 lakh share warrants to be converted into equity shares at Rs.146 per share. Further Rs.95 cr. will be raised by debt and FCCB issue. For full year FY07, it is expected to clock a turnover of Rs.90 cr. with net profit of Rs.21 cr., which works out to an EPS of Rs.24 on its current equity of Rs.8.86 cr. However on its diluted equity of Rs.11.61 cr., EPS comes to around Rs.18. The company is at an inflexion point and its real growth will be witnessed in FY08 and FY09. A good long term bet.

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Surya Pharma (Code:532516) (Rs.88) is among the top five Indian players in betalactum and cephalosporin range of anti-infectives and is gradually moving up the product value chain from being a manufacturer of betalactum antibiotics (a low-margin product) to a maker of third-and fourth-generation cephalosporin's (a high-margin product). It has also diversified into the lucrative lifestyle segments like anti-histamines and cardio vascular drugs. Of late, it has made an impressive foray into contract research and manufacturing (CRAMS) space. Apart from carrying out massive capacity expansions at its existing facilities in Baddi and Banur, it is setting up a new US-FDA compliant facility in Jammu at an investment of Rs.90 cr. For FY07, it is estimated to clock a turnover of Rs.275 cr. and net profit of Rs.27 cr. which leads to an EPS of Rs.15 on its fully-diluted equity of around Rs.18 cr. Scrip can appreciate 50% in 9-12 months. Accumulate at declines.

FIFTY FIFTY

By Kukku

Investment Calls

*** Refnol Resins & Chemicals Ltd. (Rs.14.7)** is part of the Mahendra Khatau Group of Companies promoted by Shri Mahendra Khatau and Shri Anil Khatau.

In 1993-94, the company expanded its capacity and created additional infrastructural facilities. It also renewed its collaboration agreement with its collaborators adding a range of new products to tap the export market. At present, about 50% exports are made to the collaborators buy-back basis and the balance is on direct sales basis. The company has added a large number of products like textile sizing chemicals and resins. This has led to a substantial increase in value addition and has strengthened the product-mix of the company.

The company manufactures textile sizing chemicals and auxiliaries, garment wash and laundry chemicals and polyester resins at its factory at Naroda, Ahmedabad District, Gujarat. The products find application in textile industry, garment processing industry and plastic composites industry. The company has a marketing and distribution network for its various products with full technical service back-up. Growth in demand is expected to be buoyant in all products and steps are being taken to take full advantage of favourable market conditions.

FY06 turnover at Rs.1529.86 lakh was 15% higher over the previous year (Rs.1315.30 lakh). While net profit jumped over 50% to Rs.94 lakh against Rs.62 lakh in FY05 on its small capital of Rs.3.09 cr.

The company is augmenting its working capital to strengthen its marketing & distribution network and has already reported sales of Rs.9 cr. for H1FY07 against Rs.7.42 cr. in H1FY06 while net profit has jumped to Rs.69 lakh against 46 lakh in the corresponding previous half. Based on this performance, it can report an EPS of around Rs.4/4.5 very easily.

Investors can keep watch on this stock at reaction around Rs.12/13 level for investment. Its 52-week high is Rs.20.

*** Advanced Extrufoil Technology & Exports Ltd. (AXTEL) (Rs.16)**, a Baroda based company entered the capital market with a public issue of Rs.61.25 lakh equity shares in December 1992 and began commercial production in the first quarter of 1993. It provides plants and know-how on a turnkey basis for Food & Feed Processing industries, for manufacturing electro deposited copper foils for Printed Circuit Boards and supplies material-handling and process equipment for the Chemical, Food and Sugar industries.

NRIs hold 42% of its equity, Promoters and Employees hold 17% and the balance 41% is with the investing public.

AXTEL has a technical collaboration with Advanced Foil Technologies, USA. But the company has not yet set up any plant based on their technology nor have steps been taken for technology absorption.

The company has been reporting better performance in last few quarters and has already reported sales of Rs.12.2 cr. for H1FY07 with net profit around Rs.1.2 cr. on capital of Rs.8 cr. against loss of Rs.50 lakh for FY06.

Investors can keep a watch on this stock on reactions around Rs.13/14 level for a good upmove.

Market Guidance

*** IFCI (Rs.22)** was recommended in this column on 11th Nov.'06 as below:-

IFCI (Rs.13.2) *investors can keep a watch or take exposure in this stock on reactions. In view of the strong growth in the economy & good appreciation in real estate values, the company is expected to make very good recovery from the NPA provisions it had already made in the last few years. This will result in a good turnaround in the company. Investors with long term view only should keep a watch on this stock at reactions around Rs.12/Rs.12.5 level.*

Long term investors should still stay invested in this stock as the best is yet to come although there may be reactions as the stock has already flared up by almost 100 %.

* With sharp fall in crude oil prices, the ink industry will benefit in the long run. Keep a watch on **DIC India (Rs.182)** and **Micro Inks (Rs.361)**.

*** Garware Wall Ropes (Rs.81)** is another company to benefit from the fall on crude oil based raw materials. Stock has already closed at a new high after good consolidation. Investors can look for a good target in this stock.

*** Excel Industries (Rs.55)** is likely to report a good turnaround in the 3rd quarter by posting good profit against a loss in the previous period. Investors should stay invested.

*** Hikal's (Rs.394)** fundamentals were discussed in this column a few weeks back Investors can keep accumulating this stock for very safe, sound & solid investment as a good portfolio risk-free choice.

*** Walchandnagar Industries (Rs.1352)** has been repeatedly advised in this column strongly from the level of around Rs.80 onwards. As the market corrected last week, this stock shot from Rs.875 to Rs.1445 and may consolidate at current level. But its long investment target can be very high. Investors should continue to hold the stock in their portfolio for good wealth creation.

*** Mukand Ltd. (Rs.92)** is expected to become good long-term story if management takes up the demerger of real estate/ engineering/ construction/ steel division. In that case, there can be good wealth creation for shareholders. Investors can take small exposure with long-term view on reactions.

* Keep a watch on **Panoramic Universal Ltd. (Rs.155), Marg Construction (Rs.283)** and **T.V. Today (Rs.90)** for an upmove.

*** Northgate Technology (Rs.1016)** and **Valecha Engineering (Rs.199)** are being added by well-informed sources.

* There is indication of speculative position being built in **India Bull (Rs.279)**. Investors can keep holding.

*** Revathi Equipments (Rs.655)** buy back is approved by SEBI. Investors with long-term view can continue to hold the stock. From the current quarter, the company is likely to report better growth in sales & profits for every quarter.

* Investors who made good profit in **Asian Oilfield (Rs.39)** and **Asian CERC (Rs.254)** can think of booking profit at higher levels and switch part of it to **Hikal Ltd. (Rs.393)** and **Valecha Engineering (Rs.199)** for good long-term growth.

* Investors can continue to hold **Kirloskar Pneumatic (Rs.450)** for target price of around Rs.600.

TOWER TALK

* A reputed broking firm is very bullish on **Gayatri Projects** and is accumulating the scrip for its portfolio clients. It may cross the much awaited Rs.400 mark soon.

* As per market grapevine, **MTNL** is all set to develop its own property which will lead to a re-rating of the scrip. Scrip is under a strong bull grip and may witness a vertical rise in coming days.

*** Hazoor Multiproject** has recently formed a joint venture company 'Hazoor City Developers' with Bansal Builders for carrying out the real estate housing projects in Pune city. Still lot of steam left in the scrip. Hold it.

* After taking over Tarapur Transformers, **Bilpower Ltd.** is merging SunTranstamp, a power ancillary equipment company with itself. Besides, it's planning to raise capital via FCCB/GDR route. Scrip will cross Rs.200 soon.

* A shrewd bull operator has entered **Mangalam Cement**. He may take the scrip beyond Rs.300. Keep a close watch on volumes.

* Results of Infosys shall give some wind to the likes **TCS**, **Wipro** and **Satyam Computers**. They are getting charged already and may gain a neat 10% before their result.

*** Zandu's** land bank at Dadar could take the scrip past the Rs.10000 mark in coming days.

*** Silverline's** decision to demerge its animation business from IUT is just an exercise to impart some value to a dying scrip.

*** Dabur Pahrma's** foray into anti-cancer drugs shall take it past the century mark.

* Henceforth brokerage on option contracts shall only be on the premium and not on contract value. This will make the survival of intermediaries even more acute.

* The hedge fund bug is contagious as new hedge funds come from Brazil, Chile, Cambodia, New Zealand etc.

* Believe it or not, **HLL** is considering a 100% buyback of its equity and delisting the company form the bourses.

*** Kernex Microsystem** is a long shot says an investment banker of high repute.

The share of **VST Tillers & Tractors** is being eyed by punters and investors in view of its 30 acres of land valued over Rs.300 cr.

* **Remson Industries** is planning to sell off its Pune real estate. It has also completed the merger process with group companies
* **HFCL** is reported to be doing well and interested buying is seen in the counter.
* **Tokyoplast** is up in anticipation of some real estate gains.
* **Mafatlal Industries** earlier recommended at Rs.50 level has seen strong buying.
* **SKP Securities** has moved up smartly. Is some good news on the way?
* Will **Catvison Products** benefit from the introduction of Conditional Access System? Market is not yet sure going by the narrow price movement.
* **Zigma Software** plans to deploy 600 acres at Asangaon near Mumbai for real estate purpose and balance 1200 acres for a biotech venture and venture into real estate in Bangalore with a JV partner.
* Interested buying this time around may pull up **Sabero Organics** above Rs.30.
* **Chandra Prabhu International** may commence drilling & exploration this month.

MARKET REVIEW

The Sensex closes above 14K

By Ashok D. Singh

For the week ended 12th Jan.'07, the Sensex gained 196.01 points to close at 13,860.52 and the NSE Nifty gained 69.05 points to end at 4052.45.

There market was full of action last week as it witnessed significant falls on three consecutive days starting Monday but bounced back with a vengeance on Thursday posting robust gains of 268 points. The Sensex had lost about 500 points from the previous Friday's close till last Wednesday's close. In the light of these developments, the 268 points gain on Thursday came as a breather. Friday's gains were all the more euphoric. The Sensex and the Nifty both touched their all time highs on the day gaining 425.82 points and 110.20 points respectively at closing.

On Monday, Jan. 8, the Sensex corrected 208.37 points to settle at 13652.15. There was correction across all Asian indices on the day and our bourses were not spared either. The fall in the BSE Mid-mid cap index was comparatively less severe at 0.4% as against Sensex's 1.5%. We had the BSE Small-Cap index actually rising on the day by 0.8%. This can be seen symbolic of the action moving from large caps to small caps and mid caps, something that market men have been anticipating for a while. IT, telecom and auto shares came down sharply on Monday.

The correction phase extended to Tuesday as well with the Sensex losing a further 85.82 points to close at 13652.15. The IT sector again played a role in the fall. With the rupee appreciating, there were concerns about IT companies being able to maintain their profitability levels. Many felt that it was purely a technical correction and expected the markets to pull-back on Wednesday after two days of sluggishness. But they were proved wrong, as there was a further decline of 204.17 points or 1.5% in the Sensex on Wednesday. There have been reports about hedge funds selling Asian equities to offset the losses incurred by them on account of a sharp 9% fall in oil price since the beginning of'07. On Wednesday, Nifty's strong resistance at 3900 was broken and the closing was well below that level at 3850.30, down 1.5% over the previous day's close.

The corrective sentiment finally reversed on Thursday when the Sensex gained 268 points. The gains were based on short covering of positions and market men opined that one could not infer the bull run having resumed on the basis of Thursday's gains. But come Friday, and the Sensex skyrocketed to close above the psychological mark of 14000 while Nifty too crossed its psychological 4000 mark. And this time the gains were not defensive. They came on a build up of fresh new long positions.

On last Friday, the BSE Small Cap index closed at 7278.33, posting a gain of 180.15 points over previous Friday's closing. The BSE Mid Cap index closed

Friday at 5974.64 points gaining 38 points over the week.
As per data available till Thursday, mutual funds were net sellers in equities to the tune of Rs.887.20 cr. FIIs until Wednesday, were net sellers to the tune of Rs.4549.80 cr.
Among individual stocks, Infosys was in the news for its quarterly results. The results were as per market expectation but over the week, the stock has been a loser by Rs.52.45. The stock closed Friday at Rs.2222.35.
Index heavy weight Reliance Industries gained 4% over the week to close at 1340.10. Its Q3 results are to be announced on Jan. 18.
Crude oil prices have also cooled sharply with US crude futures declining below $52, hitting a fresh 19-month low as selling by funds intensified. Thus the fundamentals are looking good and the government policy moves are positive. The rupee's strengthening on account of that is something that IT companies would be able to take care of. They would pass on the resulting revenue deficit to their clients. The corporate sector as a whole has enjoyed the benefits of a weaker rupee for a long time and they should be prepared to accept this change. But yet again, one need not get carried away by the euphoria. Just a couple of days back the markets looked like they would correct by at least 1000 points and then came the pull-back. The indices are trading at their peak levels and should closely be watched it they are able to penetrate their resistance levels.

MARKET

Market bounces back sharply after correction

By G.S. Roongta

With five days of continuous fall, the market turned bearish early last week as the BSE Sensex lost 697.19 points by 10th Jan.'07 from its high of 14060.35 without any particular reason.
The bearish mood continued to prevail till Wednesday, 10th Jan.'07, on account of liquidation by bulls, who went in for profit-booking to enable them to take up new positions at lower levels once they are sure that the 3rd quarterly results, which are due to be announced from this week, are better than expected. This led them to indulge in some profit-booking and absorb any unforeseen shocks that might erupt in the corporate results. This fall of nearly 700 points on the BSE Sensex will indeed prove to be a healthy correction to maintain the bullish tempo till at least the Union Budget is presented.


G.S. Roongta

Global investment gurus who had started voicing concerns about Indian stock prices being over-stretched will also find Indian stocks more attractive after this correction.
Actually, the Nifty at 4000 and the Sensex at 14000 had turned a little risky for players. This was the reason why the market displayed much resistance and hesitancy to move up any further and rebounded from this level time and again. Not surprisingly, the have deployed hardly Rs.224 cr. till 8th Jan.'07 despite fresh fund allocations for calendar year 2007. This is pittance when you consider that over 200 FIIs are registered and operate in the stock market.
Infosys' earning guidelines announced on Thursday, 11th Jan.'07, was initially found to be below expectation and marketmen were hesitant to take any fresh position. But as the details started surfacing in on successive explanations by respective operational heads, the market breathed a sigh of relief and picked up thereafter. In reality, the market bounced back sharply and technology stocks, which were in the red earlier, closed with substantial gains. With frontline stocks like Infosys gained Rs.58.60, Satyam Computers gained Rs.10.30, TCS was up by Rs.32.20 and Wipro by Rs.33.30.
In the last one hour of trading the market spurted by over 250 points. Ironically, it displayed weakness as far as the BSE Sensex and CNX Nifty were concerned while the mid-cap and small-cap stocks firmed up and advanced selectively each day. While the CNX Nifty and the BSE Sensex were falling, the small-cap and mid-cap indices were rising throughout the week. The CNX Nifty Junior, which was at a low of Rs.7056.35 closed the week at 7220.25.
Similarly, the CNX Mid-cap has closed higher from a low of 5148.05 to end the week at 5227.80.
The number of circuit filters for small and mid-cap stocks, too, were rising in several stocks each successive say. The buzzing stocks of the week were: Mafatlal Industries, which closed 30% higher from last week with 5% circuit filter throughout the week; WPIL, as reported last week, hit over Rs.50 mark; Sri Ramkrishna Mills, too, hit over Rs.98; Sarda Plywood hit Rs.45; Shri Dinesh Mills hit nearly Rs.1700; Mukand Ltd. hit Rs.100; Katare Spg. hit Rs.25; Kaira Can Co. spurted by over Rs.50 from Rs.252 to Rs.305 on 8th Jan. Pritish Nandy Communications was in higher circuit filter from its previous closing of Rs.48.80 on 9th Jan. having closed at Rs.58.15 on 10th Jan. followed by Mukta Arts, Tirupati Foams, Pyramid Saimira spurted from Rs.171 to Rs.206 on 9th Jan. followed by NRC, BCC Fuba, Vijay Textiles and Tirupti Foam further. This list kept on rising each successive day.
Another big irony of the week was that crude oil prices kept on declining to hit an 18 months low, which should have been a bullish factor for the market. But the market declined displaying a bearish trend as strangely as it rose when crude oil price was rising – quite indifferent to the rising operating costs! Thus there is logical disconnect at times in the market.

All this while, rising crude prices were adversely impacting the market and vice versa. But this time around, falling crude prices did not boost the bourses!

The other hot news for the market was the bid price for Hutch Essar Telecom. There is tough bidding among several interested buyers such as Vodafone, Reliance Communications and the Hindujas. It is really the good fortune of the Ruias who will turn more wealthy once the bid is finalized. For the Ruias, the new year 2007 may well prove to be a blessing from heaven as all their sick units including BIFR referred companies like Essar Steel and Essar Shipping have all of a sudden turned into money spinners. But the group is rated as most unfriendly as the promoters' personal wealth has kept on rising stupendously while shareholders' value stands ruined. Essar Shipping, which was being traded below Rs.30 just 2 months back has now sparked over Rs.45 and there is a rumour that it will cross Rs.100 mark once the delisting is finalized.

Several other mergers and acquisitions taking place on the domestic and global markets will have their impact on stocks prices too.

The bounce back in the stock market on Thursday, 11th Jan., surprised those who were sporting a bearish view on the market based on overstretched valuations. But the bounce back in the market, according to me, was nothing new as I had already forecast that the market is now set for a new high with, of course, routine corrections.

These corrections should actually be taken as an opportunity to buy at lower levels to make your stocks comparatively cheap. Profit-booking at higher levels and buying back at lower on such corrections will reduce the cost of your purchase.

For example, Bajaj Auto was cheaper by over Rs.150 form its recent high of Rs.2875. ACC, L&T and Grasim were, too, available lower by over Rs.125 to Rs.175 from their recent high a week or so back. Hindalco, NTPC, SAIL and several other front-runners were cheaper by 10%.

Mid-cap and small-cap stock rally is likely to continue till their valuation matches the corresponding large-cap stocks as stocks cannot be unbalanced, mismatched or underpriced for long compared to their peers.

The following small stocks deserve your attention:

1) Cable Corpn. re-listed recently at Rs.2 is always in upper circuit since a month back and interested parties put a buying lock at the opening each successive day.
2) Anil Mody is also a prospective scrip to go long at Rs.10 as its book value is over Rs.30.
3) JCT is also showing signs of buzzing at Rs.10.
4) Cimmco Birla is inching up with its upper circuit at 5%.
5) Kanoi Paper, which ruled over Rs.25 a month back, is again available at Rs.15.
6) Katare Spinning, too, is on the rising radar.
7) BCL Forging, which had also ruled as high as Rs.90 last year, is again in the limelight after getting corrected.
8) Pentamedia has also started showing signs of revival.
9) Spic has appreciated by 60%.
10) Bellary Steels is also rising.

Thus if we do due diligence and make a proper study, we will find there are over hundreds of shares which are awaiting revival. Few of them have been hinted above. Like this, we can identify many more stocks to take advantage of mid-cap & small-cap stocks rally to emerge in its true colour.

ANALYSIS

Rajvir Industries Ltd.: A good contrarian bet

By Devdas Mogili

Rajvir Industries Ltd. (RIL) is a Hyderabad-based company promoted by the Surya Group of Industries. The other companies in the group include Suryalaxmi Cotton Mills, Suryalata Spinning Mills, Suryavanshi Spinning Mills and Suryajyoti Spinning. RIL was earlier a part of Suryalaxmi Cotton Mills Ltd. but as a part of restructuring, Rajvir Industries was made a separate entity during Jul.'06.

RIL made a modest beginning with a 6000 spindles facility in 1962 and is presently, a multi unit, multi product company with 65,000 spindles capacity engaged in the manufacture of textiles, jute, yarn etc. It has the capacity to produce yarn for hosiery or weaving in both carded and combed varieties.

RIL manufactures a wide range of over 6,000 Mélange/Heather shades and a range that encompasses everything form 100% cotton, cotton/viscose, polyester/cotton and linen/cotton to Blended yarns, Fibre/Dyed cheese, Modal Yarn, 100% Modal C/M, Modal/Poly, Modal Mélange and Modal Dyed Yarns. It has 3 manufacturing facilities situated in Andhra Pradesh. U.K. Agarwal is the managing director of the company.

Performance: The company has reported highly encouraging results for FY06. On a sales turnover of Rs.128.28 cr., it notched up a net profit of Rs.8.12 cr. netting a basic/diluted EPS of Rs.26.75.

It reported equally impressive results for Q2FY07 and H1FY07 as shown below:

Financial Highlights:

Particulars	QE 30/09/06	QE 30/09/05	HY 30/09/06	HY 30/09/05	YE 30/03/06
Net Sales/Income	4246.39	2632.58	8128.43	5346.58	12827.7
Other Income	18.55	20.14	34.95	31.14	118.38
Total Expenditure					
a. Inc/Dec. in stock	-116.1	-309.71	-413.59	-471.71	78.44
b. Raw Materials	1934.4	1685.36	3693.66	3425.36	6920.36
c. Power & Fuel	306.77	280.09	590.08	554.09	1159.94
d. Staff Cost	181.44	142.89	354.79	296.87	609.11
e. Other Exp	1370.34	379.56	2782.95	768.58	2420.95
Interest	118.77	99.43	230.08	176.43	382.66
Depreciation	109.32	58.6	215.31	160.6	341.47
Profit before tax	360	316.5	710.1	467.5	1033.15
Provision for tax					
Current tax	40.39	-	79.67	-	89
Deferred tax	-	-	-	-	126.94
FBT	1.62	-	2.3	-	5.5
Net Profit	317.99	316.5	628.13	467.5	811.71
Paid up equity	303.5	303.5	303.5	303.5	303.5
Res Exc Rev Reser	-	-	-	-	2396.54
Basic EPS (Rs)	10.48	-	20.7	-	26.75
Diluted EPS (Rs)	10.48	-	20.7	-	26.75

Q2 Results: The company reported good results for Q2FY07 and it recorded a sales growth of more than 50% from Rs.26.33 cr. to Rs.42.46 cr. a marginally higher net profit over Rs.3.17 cr. in Q2FY06. This was due to higher provision of depreciation of Rs.109.32 lakh as against Rs.58.60 lakh and tax provision of Rs.40.39 lakh against nil in the corresponding previous period. The company posted a basic and diluted EPS of Rs.10.48 and the annualized EPS works out to Rs.41.92.

Financials: The company has a tiny equity base of Rs.3.04 cr. supported by reserves excluding revaluation reserves of Rs.23.97 cr. and the book value works out to Rs.88.96.

Share Profile: The share of RIL was listed around Jul.'06 both on NSE/BSE under B2 segment. Its share price touched a high of Rs.346 and a low of Rs.150. At its current market price of Rs.260, it has a market capitalization of Rs.73 cr.

Shareholding Pattern: The promoters holding in the company is very high to the extent of 68.30% while the balance 31.70% is held by non-promoters, public and others. The public holding is less than 20% on its small equity of Rs.3.03 cr. As such, the available floating stock is quite low.

Prospects: The phasing out of the multifibre agreement (MFA) provides huge opportunities by opening up global markets for Indian textile units like RIL, which has a strong presence in the overseas markets. Indian textile units will be the greatest beneficiaries in this new environment of quota-free regime. Moreover, the textile industry is likely to grow at a CAGR of 11% over the next five years and India's share in the global market is likely to show significant growth over the next few years. As such, the textile industry will have a very bright future in view of the changed international scenario.

Conclusion: RIL is an existing, profit-making, dividend paying company with a good pedigree. Moreover, it is a reputed exporter of textiles over the last several decades.

At its current market price of Rs.260, the share is discounted less than 7 times its EPS against the industry average P/E multiple of over 20. The RIL share is attractively priced and is a good contrarian bet for medium to long-term investment.

MONEY FOLIO

Akruti Nirman Ltd. IPO opens on 15th Jan.

Akruti Nirman Ltd., engaged in developing commercial and residential projects, will make an IPO of 6,700,000 equity shares of Rs.10 each through 100% book-building process in the price band of Rs.475 to Rs.540. The issue opens on Monday, 15th Jan.'07 and closes on Friday, 19th Jan.'07.

The company proposes to utilize the net proceeds of the issue to finance acquisition of lands/ rights in lands and development rights, finance the construction and development costs for some of its projects under development, repay certain loans of the company and fund expenditures for general corporate purposes.

The company is currently developing its first six shopping malls which contain space for retail units, food courts, banquet halls and restaurants and in which it intends to lease space to retailers upon their completion. A key focus area of its business has been real estate development on slum rehabilitation land, pursuant to the slum rehabilitation scheme initiated by the Government of Maharashtra in 1992, whereby it earns the right to develop former slum land or transferable development rights (TDRs), which permit it to develop land in certain parts of Mumbai. It also intends to diversify into Bio-IT Parks, new townships and serviced apartments and hotels.

Its total income grew from Rs.68.69 cr. in FY05 to Rs.2.05 cr. in FY06 while corresponding PAT grew from Rs.13.19 cr. to Rs.63.39 cr. respectively.

Pochiraju Industries IPO opens on 15th Jan.

Pochiraju Industries Ltd, producer and exporter of roses, proposes to enter the capital market with an IPO aggregating Rs.37.57 cr. through 100% book building process in the price band of Rs.25 to Rs30 per equity share of Rs.10 each. The issue opens on 15th Jan.'07 and closes on 18th Jan.'07. The promoters would contribute Rs.3 cr., leaving a net issue to the public of Rs.34.57 cr.

The company proposes to deploy the net proceeds of the issue to part finance its expansion, which includes setting up of Bio-Fermentation and Protein Purification unit and a modern Bio-Parenteral unit of global standards.

Promoted by P. Sudhakar, Pochiraju Industries Ltd. is a closely held limited company and is in the production and marketing of cut flowers since Oct.'99 and has established its brand image for its flowers in domestic and European Auctions.

Its total sales have grown from Rs.2.42 cr. in FY04 to Rs.3.57 cr. in FY05 to Rs.9.5 cr. for FY06 and the PAT has gone up from Rs.31.95 lakh to Rs.2.57 cr. respectively. The sales for the six months period ended 30th Sept.'06 is Rs.13.82 cr. with PAT of Rs.4 cr.

The company proposes to outsource other varieties of roses and other flowers from different growers in India and abroad and proposes to manufacture pharma formulations under loan licensing agreement with M/s. Sunrise International Labs Limited – Hyderabad and has approached Oriental Bank of Commerce (OBC) for financial assistance to setup a project for manufacturing biogenetics, powder parenterals and liquid injections at S.P. Biotech Park, Hyderabad.

Technocraft IPO opens on 18th Jan.

Technocraft Industries (India) Ltd. is entering the capital market with a public issue of 83,20,000 equity shares of Rs.10 each through a 100% Book Building Process in the price band of Rs.95 to Rs.105 per equity share of face value of Rs.10 each. The Bid/Issue opens on Thursday, 18th Jan.'07 and closes on Tuesday, 23rd Jan.'07. The equity shares will be listed on BSE and NSE.

Promoted by two brothers, Mr. S.K. Saraf and Mr. S.M. Saraf, both IIT graduates, Technocraft has grown to become a diversified company with three divisions – Drum Closures Division, Pipe Division and Yarn Division with manufacturing units based in Murbad, District, Thane near Mumbai.

Technocraft has set up marketing subsidiaries in UK, Hungary, Poland, Germany and Australia to increase its presence in these markets and has now embarked on an expansion plan in each of these divisions at an estimated capital expenditure is Rs.19.39 cr. for the drum closure division, Rs.19.91 cr. for the pipe division, Rs.60.80 cr. for yarn division and Rs.60 cr. for a power plant. The requirement of funds for the expansion projects would be met by the proceeds of the public issue and terms loans from banks/financial institutions.

For FY06, Technocraft posted total income of Rs.365.82 cr. and PAT of Rs.30.55 cr. For the half-year ended 30th Sept.'06, it recorded a total income of Rs.215.29 cr. and PAT of Rs.21.95 cr. The EPS for the half-year works out to Rs.19.27 on annualized basis.

Cinemax India Ltd. IPO opens on 18th Jan.

Cinemax India Ltd., among the largest Exhibition theatre chains, is making an IPO of 8,920,000 equity shares of Rs.20 each in the price band of Rs.135 to Rs.155 per share comprising fresh issue of 7,000,000 equity shares and an offer for sale of 1,920,000 equity shares by the selling shareholders. The bid issue will open on Thursday, 18th Jan.'07 and close one Wednesday, 24th Jan.'07 and the shares will be listed on BSE and NSE.

Cinemax India Ltd. is an emerging family entertainment centre focused primarily on Exhibition and Gaming business with limited interests in mall development. Cinemax is one of the largest Exhibition theatre chains in India operating properties with 33 screens and 9,220 seats and is a dominant player in Mumbai, which is home to the Hindi Film industry. Cinemax owns/controls about 30 screens in Mumbai and Thane and also believes that they are one of the largest owners of multiplex properties in India with 21 screens spread over 155,000 sq. ft. area.

The capital raised from the issue will be deployed to set up several theatres in various locations across India. As a part of its expansion plans, it proposes to set up 19 theatres at identified key locations in which a total seating capacity of approximately 15,864 seats over the next two years.

House of Pearl Fashions IPO opens on 16th January

House of Pearl Fashions Ltd. (HoP Fashions) a multinational, ready-to-wear apparel company in manufacturing, marketing & distribution and sourcing of garments, is entering the capital market with an IPO of 5,984,994 equity shares of Rs.10 each through a 100% book-building process in the price band of Rs.525 to Rs.600 per equity share. The issue opens for subscription on 16th Jan.'07 and closes on 23rd Jan.'07.

The company will use a part of the proceeds to double the production capacity of the group to 40 million pieces per annum. This also includes acquisition of knitted garment facility from its subsidiary Pearl Global Ltd. and establishing new knits by Norp Knit Industries Ltd., its subsidiary in Dhaka, Bangladesh. The equity shares are proposed to be listed on the BSE and NSE.

Global Broadcast News IPO opens on 15th Jan.

Global Broadcast News Ltd., owners and operators of a 24-hour English language news and current affairs channel – CNN-IBN, is entering the capital market with an IPO of equity shares aggregating up to Rs.105 cr. in price band of Rs.230 to Rs.250 per share. The issue will open on 15th Jan.'07 and close on 18th Jan.'07.

GBN is part of the TV 18 group, which owns and operates some of India's leading business channels and internet portals. The TV 18 group owns and operates channels such as CNBC-TV18 and CNBC Awaaz. In addition, they also operate portals such as www.moneycontrol.com and www.commoditiescontrol.com, etc.

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