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INVESTMENT SOLUTIONS & SERVICES

# VALUE PICKS

| *Name Of the Company* | *MP* (As on 9.11.06) | *NSE Symbol/ BSE Code* | *Industry* |
|---|---|---|---|
| **East India Hotel Ltd.** | **102** | **EIHOTEL/500840** | **Hotel (Large)** |
| **Indian Hotel** | **150** | **INDHOTEL/500850** | **Hotel (Large)** |
| **Tata Consultancy Services Ltd.** | **1065** | **TCS/532540** | **Computer Software (Large)** |
| **Satyam Computer Services Ltd.** | **426** | **SATYAMCOMP/500376** | **Computer Software (Large)** |
| **Patni Computers Services Ltd.** | **400** | **PATNI/532517** | **Computer Software (Large)** |
| **Geodesic Informations System Ltd.** | **220** | **GEOINFO/503699** | **Computer Software (Medium)** |
| **ACC Ltd.** | **999** | **ACC/500410** | **Cement** |
| **Gujarat Ambuja Cements Ltd.** | **132** | **GUJAMBCEM/500425** | **Cement** |
| **Prism Cement Ltd.** | **36** | **PRISMCEM/500338** | **Cement** |
| **Tata Motors Ltd.** | **802** | **TATAMOTORS/500570** | **Automobiles (LCVs/ HCVs)** |
| **Ashok Leyland Ltd.** | **47** | **ASHOKLEY/500477** | **Automobiles (LCVs/ HCVs)** |
| **Amtek Auto Ltd.** | **320** | **AMTEKAUTO/520077** | **Auto Ancillaries** |
| **Amtek India** | **163** | **AMTEKINDIA** | **Auto Ancillaries** |
| **Hindustan Petrolium Corporation Ltd.** | **306** | **HINDPETRO/500104** | **Refineries** |
| **Sun Pharmaceuticals Ltd.** | **906** | **SUNPHARMA/524715** | **Pharmaceuticals** |
| **Ipca Laboratories Ltd** | **423** | **IPCALAB/524494** | **Pharmaceuticals** |
| **Nicholas Piramal India Ltd.** | **227** | **NICOLASPIR/500302** | **Pharmaceuticals** |
| **Pfizer Ltd.** | **817** | **PFIZER/500680** | **Pharmaceuticals** |
| **Raymond Ltd** | **439** | **RAYMOND/500330** | **Textile** |
| **United Breweries Ltd.** | **176** | **532478** | **Breweries** |
| **Balaji Telefilms Ltd,** | **164** | **BALAJITELE/532382** | **Entertaiment** |
| **Hindustan Lever Ltd.** | **251** | **HINDLEVER/500696** | **Personal Care** |
| **ITC Ltd.** | **187** | **ITC/500875** | **Cigarettes** |
| **Thermax Ltd.** | **326** | **THERMAX/500411** | **Pollution Control Equipment** |
| **Jyoti Structures Ltd.** | **123** | **JYOTISTRUC/513250** | **Transmission Line Towers** |
| **Carborundum Universal** | **179** | **CARBORUNIV/513375** | **Abrasives and Grinding Wheel** |
| **Cummins India Ltd.** | **284** | **CUMMINSIND/500480** | **Engines** |

# East India Hotel Limited

**Regd. Office:**
**4, Mangoe Lane, Kolkata West Bengal 700001**

**Key Personnel:**
**CH & CEO: P R S OBEROI**
**Vice CH & MD: S S MUKHERJI**
**Deputy MD: VIKRAM OBEROI**

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 98.6 |
| 52 Week High/Low | 127 / 61 |
| Face Value | 2 |
| EPS | 3.29 |
| BV | 20.28 |
| P/E Ratio | 30.0 |
| P/B Ratio | 4.86 |
| Mkt cap/Sales Ratio | 4.66 |
| Dividend Yield | 2.03 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 46.33 |
| Public Owned | 14.97 |
| FIIs Owned | 4.29 |
| Other Owned | 34.41 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 192.24 | 149.77 | 28.4 | 831.18 |
| Expenditure | 157.84 | 122.45 | 28.9 | 602.77 |
| PBIDT | 64.62 | 38.15 | 69.4 | 414.81 |
| PBDT | 49.36 | 22.5 | 119.4 | 354.92 |
| PAT | 27.46 | 8.03 | 242 | 215.86 |

## Business Profile

East India Hotels Limited (EIH) was incorporated in 1949 and promoted by Oberoi and Oberoi Hotels (India). EIH is part of the Oberoi Group, which operates both, luxury hotels and medium-priced high quality hotels. EIH has an old and well-established presence in India. EIH operates hotels under the brand name "Oberoi" and "Trident". EIH has a substantial presence in metropolitan centres, which are more profitable locations. The subsidiaries of EIH are Mercury Travels Ltd, EIH International Ltd, Mashobra Resort Ltd, Mumtaz Hotels Ltd, Rajgarh Palace Hotel and Resorts Ltd & Oberoi Kerala Hotels and Resorts Ltd. The company has under the 'Trident' brand opened hotels in India at Agra, Udaipur, Cochin, Jaipur, Bhubaneshwar, and Chennai and recently in Gurgaon. The company also operates luxury resorts such as The Oberoi Rajvilas in Jaipur, The Oberoi Amarvilas in Agra, Wildflower Hall in Mashobra, in the Himalayas, The Oberoi Vanyavilas in Ranthambhore, The Oberoi Cecil in Shimla and The Oberoi Udaivilas in Udaipur. Overseas, the new hotels include viz., The Oberoi in Mauritius and The Oberoi, Sahl Hasheesh in Egypt and Saudi Arabia. The company has a variety of room types to cater to different types of customers like Deluxe Rooms, Executive Suites, Deluxe Suites, Presidential Suites, and Curzon Suite etc. The hotels at New Delhi, Mumbai, Bangalore and Kolkata have 300, 333, 160 and 190 rooms respectively. The Oberoi Group operates in six countries including India, Egypt, Mauritius, Indonesia, Australia and Saudi Arabia, with 33 properties. These include the luxury Oberoi Hotels and Resorts and the superior first class Trident Hilton Hotels. The Group is also engaged in flight catering, airport restaurants, travel and tour services, car rentals and project management.

## *Investment Rationale*

- EIH has plans to set up a five-star hotel in Kolkata, It would be the Oberoi group's second property in Kolkata. EIH has evinced interest in a Kolkata Municipal Corporation (KMC) plot of eastern metropolitan bypass,
- on the outskirts of the city. A five-acre plot had already been acquired close to the airport.
- EIH is going to build a world class luxury train in a joint venture with the government of Rajasthan and the Indian Railways. EIH has received approval from the Rajasthan Government, the project is expected to commence in the coming month. The total cost is around Rs.60cr, with equity component of Rs.20cr & EIH's share would be 60 per cent of the total cost.
- EIH also has strong plans set up at least two new properties under its second brand 'Trident Hilton'. This includes a 250-key and would have 50 service apartments located at Hitech City hotel in Hyderabad and a 437- key hotel in Mumbai. Out of the total investment plan, about Rs.500cr will be invested, by it while the remaining amount is likely to be pumped in by 2009.The Mumbai hotel is expected to open in 2008 & Hydrabad hotel is expected to commence operation by early 2009.
- The construction of a 150 key Oberoi Brand luxury hotel located next to the Trident Hilton Gurgaon will commence shortly.
- EIH has an agreement for a 250 key Oberoi Brand luxury hotel and 40 service apartments located at the Business Bay in Dubai with Rani International of Aujan Group. This luxury hotel is part of a multi-use development and will be near the new Burj Dubai. The cost of the hotel and the service apartments will be approximately US $ 100 million
- EIH Luxury Cruiser on the Nile with 30 cabins with four therapy suites is under construction in Egypt. The vessel will commence operation in 2007.
- EIH Rajgarh Palace in Madhya Pradesh, spread over 60 acres, will be converted into a luxury hotel & EIH has also recently commissioned a market survey on the prospects of launching branded frozen foods.

# Indian Hotels Limited

***Regd. Office:***
***Mandlik House, Mandlik Road,***
***Mumbai Maharashtra 400001***

***Key Personnel:***
***CH: RATAN N TATA***
***Vice CH: R K KRISHNA KUMAR***
***MD: RAYMOND N BICKSON***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 152.1 |
| 52 Week High/Low | 158 / 79 |
| Face Value | 1 |
| EPS | 3.85 |
| BV | 30.85 |
| P/E Ratio | 39.5 |
| P/B Ratio | 4.93 |
| Mkt cap/Sales Ratio | 7.42 |
| Dividend Yield | 0.85 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 28.40 |
| Public Owned | 19.10 |
| FIIs Owned | 23.43 |
| Other Owned | 29.07 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 266.66 | 208.62 | 27.8 | 1197.38 |
| Expenditure | 209.35 | 169.41 | 23.6 | 843.06 |
| PBIDT | 83.92 | 56.72 | 48 | 417.44 |
| PBDT | 80.24 | 51.4 | 56.1 | 400.49 |
| PAT | 46.22 | 26.48 | 74.5 | 225.11 |

## Business Profile

The Indian Hotels Company Limited (IHCL) a Tata Group Company better known as the Taj group of Hotels set up in the early twentieth century, has since emerged as one of the leading players in the domestic hospitality sector in India and overseas. Indeed the Taj Group of Hotels has spanned the length and breadth of the country, gracing important industrial towns and cities, beautiful beaches, hill stations, historical and pilgrim centres and wildlife destinations. Over the years, the Taj Group has won international acclaim for its quality hotels and its excellence in business facilities, services, cuisine and interiors. The Taj Group is one of the largest hotel chain in South Asia operations covers over 69 hotels with about 8365 rooms and more than 200 food and beverage outlets in India and abroad. Of these, 55 hotels are present in 36 locations across India and an additional 14 international hotels are in the Mauritius, Seychelles, UK, Sri Lanka, Maldives and the Middle East. The Company has a dominant position in most areas it is present in. Providing world-class personalized service to guests while authentically reproducing the traditions and heritage of India, has made the 'TAJ' brand a symbol of luxury and service the world over. The Taj Group of Hotels is grouped into strategic business units to get consistency across the different units in the same brand and standardize the product and service across the brands, making them distinct and identifiable. These brands have been classified as Luxury, Business and Leisure.

## Investment Rationale

- The Taj Group is following strategy of going global with the Taj brand. Presence in high-value markets, either business or tourism destinations, is central to Indian Hotels' strategy of being a global player.
- IHCL has been looking at enhancing international presence of the Taj, and is currently in the midst of sewing up acquisitions in markets like the US and Europe. The group is also exploring business relationships in key emerging markets. The Southeast and Far East Asian markets are identified as potential destinations in its overseas plans. IHCL is also looking to

increase its presence in Thailand, Qatar and South Africa. IHCL will also build five new hotels in Mumbai, Coimbatore and Bangalore besides renovating the Falaknuma Palace in Hyderabad.

- The hospitality major is foraying into China targeting Ningbo city in the eastern mainland. The entry project for IHCL will be a business hotel. The move stems from Ningbo government's proposal to boost the city's profile with the establishment of an international trade mart, permanent show center, a convention and exhibition center. Taj could build the property through a joint venture with the Chinese partner coming in with real estate, or build the hotel solely, or combine it with the international trade mart's office buildings.
- The group strengthened its presence in the US with the acquisition of the 79-year old luxury hotel, Ritz-Carlton Boston for $170 million. The deal was carried out through its US subsidiary, International Hotel Management Service. The 79-year-old Ritz-Carlton is the longest-continuously-run hotel in the US, and is owned by Millennium Partners and underwent major renovation before opening up again in '02. The deal brings to the Taj Group 275 rooms in Boston. Started in 1927, the hotel has a long cherished history with a list of celebrity guests and is one of the longest continuously operated Ritz Carlton hotels in the US, surviving even the depression of 1930. The group has signed the agreement with the owners, Millennium Partners on 11th November 2006. The transaction is scheduled to close on January 11, 2007 and the hotel will be renamed as Taj Boston.
- Taj Hotels Palaces & Resorts is now foraying into wildlife tourism with the launch of two planned lodges in Bandhavgarh Tiger Reserve and Pench National Park in Madhya Pradesh. Taj group has floated an equal partnership joint venture with an African eco-tourism company, Conservation Corporation Africa (CC A) and Nepal based firm Cigen Corporation to target the unexplored tiger circuit in Madhya Pradesh and Uttaranchal.
- IHCL has merged five of its Taj group subsidiaries with itself. The company merged Indian Resorts Hotels (IRHL), Taj Lands End (TLEL), Asia Pacific Hotels (APHL), Kuteeram Resorts (KRPL), Gateway Hotels and Gateway Resorts (GHGR) and take these subsidiaries into its fold.
- Indian Hotels Company has struck a partnership with Qatar Sports Investment (QSI) to manage a luxury golf course and spa hotel in Qatar. The 150-room Taj Exotica golf and spa resort, scheduled to open in early 2009, will be located at the Doha Golf Club, which has an 18-hole golf course. QSI will invest about 220 million riyals ($60 million) over three years, while Taj will manage and operate the property.

# Tata Consultancy Services Ltd

***Regd. Office:***
***Bombay House, 24, Homi Mody Street, Fort, Mumbai Maharashtra 400001***

***Key Personnel:***
***CH: RATAN N TATA***
***MD & CEO: S RAMADORAI***
***Director: AMAN MEHTA***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 1146.15 |
| 52 Week High/Low | 1175 / 728 |
| Face Value | 1 |
| EPS | 32.27 |
| BV | 57.32 |
| P/E Ratio | 35.5 |
| P/B Ratio | 20.0 |
| Mkt cap/Sales Ratio | 8.70 |
| Dividend Yield | 1.18 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 83.64 |
| Public Owned | 5.49 |
| FIIs Owned | 5.95 |
| Other Owned | 4.92 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 3664.47 | 2498.63 | 46.7 | 12887.29 |
| Expenditure | 2595.26 | 1734.03 | 49.7 | 9212.16 |
| PBIDT | 1088.61 | 767.27 | 41.9 | 3742.72 |
| PBDT | 1088.45 | 767.19 | 41.9 | 3740.01 |
| PAT | 931.32 | 620.32 | 50.1 | 3157.72 |

## Business Profile

Tata Consultancy Services (TCS), part of Asia's largest conglomerates, the TATA Group, is one of the world's leading information technology company with a presence in 34 countries across 6 continents. TCS has positioned itself in areas where global IT spending holds the maximum promise for Indian vendors. TCS's services portfolio comprises of global consulting, engineering and industrial services, assets-based offering, business process outsourcing (BPO), application, development and maintenance, re-engineering and testing, packaged software implementations, system integrations, IT infrastructure services and many more in the kitty. The company received International Credit Rating from Moody's Investors Service. It was assigned an investment-grade issuer rating of "A3" as well as an indicative foreign currency debt rating of "Baa1". The company has received Dataquest-IDC Best Employer Award in IT Services, Special Award by the UK Prime Minister, Tony Blair for outstanding contribution to UK knowledge industry in 2005 and the company was ranked among the Top Ten in the American Society for Training and Development's 2005 Best Awards program. Company's valued customers are Asian Development Bank, British Airways, Citibank, Compaq, Ford Motor Company, General Motors, Government of Sri Lanka, Hewlett Packard, HSBC, IBM, Nokia, Nike, Singapore Airlines, Standard Chartered Bank, etc.

## Investment Rationale

- TCS is close to clinching a $200-million crore banking solution contract from the Bank of China, the second largest banking entity in China. This will be one of the major contracts bagged by an Indian IT company from that country.
- The Karnataka Government has approved TCS proposal for Special Economic Zones (SEZs) at four locations in the state with a combined investment of Rs.1,150 crore.
- TCS has renewed its outsourcing contract worth $20 mn for a three year project from UK based, United Utilities (UU). TCS will help UU to comply with the asset management programme requirement set by the Water

Services Regulation Authority for water companies in England and Wales.

- TCS is building a massive campus, spread over an area of 75 acres at Siruseri in Chennai. The first phase of the campus would begin operations by the end of next year and it will house more than 15,000 programmers. This apart, TCS is also expanding its presence with similar ventures at Nagpur, Pune, Bhubaneswar and Chandigarh.
- .Tata Consultancy Services (TCS), with revenues of Rs.11,595 crore (excluding the BPO segment), topped the list of software and service exporters in 2005-06, ahead of Infosys that clocked revenues of Rs.8,977 crore (excluding BPO) in the same year.

# Satyam Computer Services Ltd.

**Regd. Office:**
**Mayfair Centre, 1-8-303/36, S P Road, Secunderabad Andhra Pradesh 500003**

**Key Personnel:**
**CH: B RAMALINGA RAJU**
**MD: B RAMA RAJU**
**Director: V P RAMA RAO**

### VALUE PARAMETERS

| | |
|---|---|
| CMP | 477.7 |
| 52 Week High/Low | 482 / 271 |
| Face Value | 2 |
| EPS | 18.98 |
| BV | 66.08 |
| P/E Ratio | 25.2 |
| P/B Ratio | 7.2 |
| Mkt cap/Sales Ratio | 5.8 |
| Dividend Yield | 1.47 |

### SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 9.15 |
| Public Owned | 10.18 |
| FIIs Owned | 46.65 |
| Other Owned | 34.02 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 1537.71 | 1117.27 | 37.6 | 5407.17 |
| Expenditure | 1180.35 | 833.38 | 41.6 | 4034.02 |
| PBIDT | 385.49 | 315.01 | 22.4 | 1799.07 |
| PBDT | 385.23 | 314.81 | 22.4 | 1795.42 |
| PAT | 322.34 | 250.72 | 28.6 | 1465.41 |

## Business Profile

A part of the Satyam group, Satyam Computer Services Limited (SCSL) was incorporated in 1987. SCSL is the fourth largest provider of Information Technology services in India. Satyam offers a range of expertise that includes: Software Development Services, Embedded Systems, Engineering Services (CAD/CAM/CAE), Systems Integration, ERP Solutions, Enterprise Application Integration, Customer Relationship Management, Supply Chain Management, Product Development, Electronic Commerce, and Consulting. With nearly 35,000 highly skilled IT professionals, Satyam has a presence in 55 countries, across 6 continents and a customer base of over 521 global clients, including around 157 Fortune 500 Corporations. Its subsidiaries and joint ventures provide customized IT solutions for industries in Telecom, Manufacturing, Insurance, Banking and Financial Services, Health Care, Bioinformatics and Retail sectors. Satyam is one of the first 10 companies in the world to attain an organization-wide SEI CMM Level 5 assessment, and reflects Satyam's commitment to quality processes and products. In 2006, The company has added 4000 spaces during the year under review, and this expansion has been achieved at a rapid pace. Of this more than 90% of the spaces have been created in own campuses at different locations. As part of continuous expansion strategy, the company has acquired about 230 acres of land in five locations across India.

## Investment Rationale

- Satyam Computer has formed an alliance with Austin, Texas-based Planview, an enterprise portfolio management software organisation, to enhance the companys ability to deliver best-in-class enterprise portfolio management, IT governance, and project management processes to companies around the world. The collaboration will also enable Planviews clients to receive optimal performance from products which are designed to align business and IT objectives, prioritise projects, assess the return on numerous investments and foster widespread adoption of standardised, integrated processes.

- Satyam has plans to expand operations across several cities is likely $100 million (about Rs.450cr.) this year. The company is poised to end this financial year with a headcount of 36,000-plus people. It has acquired a 50-acre site in Chennai and about 180 acres more in four other locations including Hyderabad, Visakhapatnam and Nagpur.
- Satyam Computer and Microsoft Corporation are opening two business intelligence facilities in Singapore and Shanghai. The two sites will be centres of excellence where researchers will use real-life scenarios and data to test, develop, and implement innovative solutions for the financial services sector. Satyam is expecting an increase in the number of outsourcing contracts from Japan over the next 18 months (approx March 2008). Satyam Computer will open a new 1,000-seater facility in China and a 500-seater software development centre in Malaysia.
- Satyam Computer added 4,025 employees during the quarter ended September 30, 2006, which is the highest-ever quarterly recruitment for the company & 35 customers, including a leading airline, a Korean auto major and a European confectionary giant.
- Satyam Computer has achieved global certification in the ISO 9001 (quality management), ISO 20000 (information technology service management for Infrastructure Management Services and Network & Systems), and ISO 27001 (Information Security Management) standards. The Company is the first organization in the world to be awarded a global certificate in all three standards by the auditing firm BQVI of London. The certifications are evidence of the Company's longstanding commitment to the use of repeatable and consistent processes and procedures in all 55 countries in which it does business.
- Satyam Computer launched a new Global Development Center (GDC) for Nissan North America in Chennai, India. The 50000-square-foot facility on Chennai "IT Highway" will house more than 400 associates, scalable to 750 within three years.
- Satyam Computer Services has successfully implemented SAP ECC (ERP Central Component) 6.0 for EGPL (ETA General Pvt Ltd). SAP modules implemented include sales and distribution, materials management, production planning, quality control, cash management and customer service. EGPL is one of the few companies to implement version 6.0 in India.
- Satyam Computer has launched its 3rd development centre in the Guangzhou Software Park in China. Currently, the 500-square metre facility, which is designed to scale up to 1,000 employees by 2008-end, can house 100 employees

# Patni Computres Services Ltd.

***Regd. Office:***
***S-1A, F-1, Irani Market Compound, Yerawada, Pune Maharashtra 411006***

***Key Personnel:***
***CH & CEO: NARENDRA K PATNI***
***Exec. Director: GAJENDRA K PATNI***
***Exec. Director: ASHOK K PATNI***

### VALUE PARAMETERS

| | |
|---|---|
| CMP | 415.55 |
| 52 Week High/Low | 508 / 251 |
| Face Value | 2 |
| EPS | 9.91 |
| BV | 147.7 |
| P/E Ratio | 41.9 |
| P/B Ratio | 2.81 |
| Mkt cap/Sales Ratio | 5.93 |
| Dividend Yield | 0.60 |

### SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 44.19 |
| Public Owned | 1.86 |
| FIIs Owned | 19.29 |
| Other Owned | 34.66 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 253.84 | 235.11 | 8 | 968.88 |
| Expenditure | 172.88 | 165.06 | 4.7 | 686.77 |
| PBIDT | 97.26 | 78.36 | 24.1 | 332.48 |
| PBDT | 97.23 | 77.48 | 25.5 | 323.09 |
| PAT | 71.1 | 52.85 | 34.5 | 136.9 |

## Business Profile

Patni Computer Systems Ltd (Patni) was incorporated in 1978. The company is primarily engaged in the business of IT consulting and Software Development. Patni is the country's sixth largest software exporter. The company offers its vertical services to customers through industry practices in Insurance, Manufacturing, Energy & Utilities, Retail, Financial Services and Telecommunications and also other industries. The company commenced its BPO (Business Process Outsourcing) service offering in 2002. The subsidiaries of Patni computers are Patni Computer Systems Inc., Patni Computer Systems (UK) Ltd, Patni Computer Systems GmbH, The Reference Inc. and Cymbal Corporation. The total numbers of active clients were 235 at the end of the quarter ending September 2006. The Company has consistently received global recognition in delivering value through innovation in IT to its clients. Patni has received the highest customer satisfaction rating among Indian offshore supply chain solution providers, in a recent Forester survey. The Company has a successful global track record of building and implementing end-to-end supply chain solutions from both leading ERP vendors and vertical application providers. Its supply chain management solutions seamlessly integrate supply chain operations with diverse shop-floor applications and provide real-time integration with back-office ERP applications. The Company's supply chain management implementation practice provides customers with a wide array of services to support their advanced planning, scheduling, sourcing, collaboration, logistics and transportation requirements. Patni Computer Systems Limited is a global IT Services provider servicing Global 2000 clients.

## Investment Rationale

- Patni has entered into a strategic partnership with Xplana Learning. Xplana is an established name in the interactive publishing Industry. Xplana will leverage Patnis technology skills, processes and methodologies, while providing educational and training solutions tools to Patni customers. Together, Xplana and Patni will meet the needs of global publishers looking to rapidly deploy electronic media and online educational solutions.

- Patni has received the CIO 100 Award for its technology farsightedness in building a Corporate Performance Management System (CPMS). CI0 100 is one of the most prestigious recognitions in the IT Industry, with the awards running for over 19 years in US and this being the first in India. The Company was recognized as one of "The Giant 100" companies for demonstrating excellence in deploying technology solutions to deliver optimum business value. The Black Book of Outsourcing too ranked the company at No.6 in the list of Best Managed Global Outsourcing Vendors for 2006.
- In an effort to strengthen and expand its domain capabilities in the product engineering space, Patni has plans to acquire a couple of companies in the near future. The company is looking at small and medium sized companies in areas of storage, automotive, CAD/CAM and telecom among others. Patni has short-listed about six firms in the US and Europe and expects to acquire at least two of them in the next two to three months
- Patni recently acquired the US-based ZAiQ Technologies, a design and verification firm, through which it acquired Application Specific Integrated Circuit (ASIC) design capabilities and intellectual property (IP). The addition of ZAiQ will enable Patni to meet the growing demand for ASIC-based services in vertical markets. The four-year-old product engineering services division, with over 1,600 engineers, is the fastest growing business and accounts for about 10 per cent of the company's revenues.
- Patni is doubling its growth both in terms of revenues and headcount over the past three years and expects to sustain this growth momentum for the next two to three years. The company has over 13,000 professionals and has 23 international offices across America, Europe and Asia-Pacific, besides 8 offshore development centers.
- Patni's product engineering services division currently focuses on verticals such as medical electronics, industrial automation, storage, consumer electronics and the automotive segment and is planning to get into the telecom vertical, especially in the hardware design side of the business.
- Patni is an ISO 9001: 2000 certified and SEI-CMMi Level 5 organization, assessed enterprise wide at P-CMM Level 3. In keeping with its focus on continuous process improvements, Patni adopts Six Sigma practices as an integral part of its quality and process frameworks.

# Geodesic Informations System Ltd.

***Regd. Office:***
***B-3, Lunic Industries, M I D C, Cross Road No. 6, Andheri East, Mumbai Maharashtra 400093***

***Key Personnel:***
***CH: PANKAJ KUMAR***
***MD: KIRAN KULKARNI***
***Exec. Director: PRASHANT MULEKAR***

### VALUE PARAMETERS

| | |
|---|---|
| CMP | 221.55 |
| 52 Week High/Low | 280 / 118 |
| Face Value | 2 |
| EPS | 10.71 |
| BV | 34.3 |
| P/E Ratio | 20.7 |
| P/B Ratio | 6.45 |
| Mkt cap/Sales Ratio | 10.29 |
| Dividend Yield | 0.18 |

### SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 25.16 |
| Public Owned | 11.85 |
| FIIs Owned | 49.27 |
| Other Owned | 13.72 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 38.53 | 20.64 | 86.7 | 126.36 |
| Expenditure | 13.94 | 8.57 | 62.7 | 51.74 |
| PBIDT | 25.97 | 13.16 | 97.3 | 79.92 |
| PBDT | 25.97 | 13.16 | 97.3 | 79.92 |
| PAT | 23.36 | 9.81 | 138.1 | 62.84 |

## Business Profile

Geodesic Information Systems Private Limited was established in 1999 and is engaged in providing customized software solutions. After its post merger with B V Holdings Ltd, the company was renamed as Geodesic Information Systems Ltd in 1982. In 2001, the company has developed a shopping portal called 'hamarashop.com' a on-line shopping mall dedicated for the shops in Mumbai. It has also developed various softwares like ticker, interoperable messenger etc. Geodesic has a great development team and state-of-the-art tools to thrive on developing a future-proof, useful business solution. Geodesic's understanding of emerging technologies, latest tools and industry expertise has helped it in developing a comprehensive, robust and a high performance software solution. Benchmarks, points of failure, corrective measures and results are audited and verified by independent QC and QA team. This helps Geodesic to evaluate its effectiveness and measure the improvements in customer's ROI. Geodesic's commitment to its existing customer base goes beyond seeking new ones. Geodesic is constantly striving to improve its service and support to clients through strong commitment and co-ordination from every department. Geodesic's evolution as a leading product company and a software solutions provider stems from an understanding of emerging technologies and using it effectively.

## Investment Rationale

- Geodesic has successfully completed acquisition of 3 companies viz., PicoPeta Simputers, India, Engage Solutions, Hong Kong as well as a major portion of Clangula IT of Sweden, in 2005.
- Geodesic has also set up offices in the US, UK, Sweden and Hong Kong with the head their quarters situated in Mumbai, India. The company has integrated different aspects of electronic content, communication and collaboration to build a global community without barriers and connect people across the world.

- Geodesic was awarded the Inaugural Red Herring Small Cap 100 award and was included in the Red Herring Small Cap 100 list.
- Geodesic Information has more than 6 million users viz., associate sites, system integrators and partners using these products.
- Geodesic Information has launched beta version of Mundu Radio, an innovative mobile internet radio service. Mundu Radio offers free access to unlimited music or broadcast content of choice to its users from any part of the world on their mobile devices.
- Geodesic Information has been the winner of prestigious Deloitte Technology Fast 50 India 2006 Program, a program that recognizes excellence, innovation and the fast growing technology companies.
- Geodesic will undertake a global marketing campaign in the next two quarters to promote the retail launch of Mundu ICE stack. This is expected to have an adverse impact on margins in the next quarters.
- Geodesic Information has added 5 new clients during the second quarter and has signed Memorandum of Agreements (MOA) with 3 global enterprises.

INVESTMENT SOLUTIONS & SERVICES

# Associated Cement Company Ltd.

***Regd. Office:***
***Cement House, 121, Maharshi Karve Road, Mumbai Maharashtra 400020***

***Key Personnel:***
***CH: N S SEKHSARIA***
***Deputy CH: PAUL HUGENTOBLER***
***MD: M L NARULA***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 1073 |
| 52 Week High/Low | 1110 / 494 |
| Face Value | 10 |
| EPS | 45.07 |
| BV | 117.55 |
| P/E Ratio | 23.8 |
| P/B Ratio | 9.12 |
| Mkt cap/Sales Ratio | 3.87 |
| Dividend Yield | 0.99 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 35.21 |
| Public Owned | 16.80 |
| FIIs Owned | 23.37 |
| Other Owned | 24.62 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 1357.67 | 990.21 | 37.1 | 5188.19 |
| Expenditure | 991.67 | 844.75 | 17.4 | 3915.8 |
| PBIDT | 387.8 | 357.93 | 8.3 | 1664.38 |
| PBDT | 373.39 | 337.69 | 10.6 | 1594.56 |
| PAT | 224.68 | 228.29 | -1.6 | 1058.22 |

## Business Profile

Associated Cement Companies (ACC) was incorporated in 1936 as a result of merger & amalgamation of ten then existing cement companies including Tata. Tata group has been associated with the group for a long time, however in 2001,Tata sold all its holdings in the company to Ambuja Group which acquired the shares in ACC through its subsidiary viz., Ambuja Cement India Private Limited (ACIPL). The company with a view to a become Global Brand formed a strategic alliance with Holcim Group of Switzerland, the largest cement manufacturer world wide. Holcim acquired majority shareholding in Ambuja Cement India Limited which that time held 13.8% of the shareholding of ACC. Holcim further through an open offer via ACPL acquired further shares in ACC and currently, ACIPL holds more than 33% shareholding of ACC. ACC is the largest cement producer with an annual capacity of 19 MTPA with maximum utilization rate of 96% of installed capacity. The company is one of the low cost cement producer. Most of the cement plants of the company are situated in Northern Region, the sales realization is expected to be higher in North considering the maximum utilization rate.  Benefits of divestment of non-core business & other fixed cost is expected to substantially improve the bottom line of the company. The company looks to be on a big head way considering the buoyant demand outlook for the next forthcoming years. Growing Synergy with Holcium, is expected to create a Global brand image of the company

## Investment Rationale

- With a view to improve efficiency, the company is concentrating on its core business of cement & Ready Mix Concrete (RMX) and divesting its non -core business for some time.
- The other measures like capacity expansions & reduction in energy cost by establishing more captive power generation capacities are certain other measures to improve the profit margins. The company in 2005 divested its refractory business and sold substantial shares in its subsidiary, Everest India Limited. The company also integrated its cement

division by merging its two subsidiary companies viz., Bargarh Cement Limited & Damodhar Cement & Steel Ltd with itself and acquired Tarmad (India) Pvt. Ltd., a ready mix concrete (RMX) division.

- ACC is planning to enhance the manufacturing capacity at the Bargarh plant in Orissa by 1.2m tonne per annum to 2.2m tonne per annum of cement and setting up a 30 MW Captive Power Plant with a total outlay estimated at Rs.537cr.
- ACC projects at Lakheri for expansion of capacity and setting up 25 MW Captive Power Plant are progressing as per schedule.
- ACC's other projects viz., augmentation of capacity at Gagal Unit II in Himachal Pradesh, augmentation of grinding capacity at Wadi and Tikaria is underway.
- ACC is also looking forward to enhancing the capacity at its Damodar cement works in West Bengal. The unit currently has a capacity to produce 1m tonnes of cement. The company is also planning to set up about 50 ready mixed concrete plants in the eastern region entailing an investment of Rs.500cr by 2010. Expected to come up in all the majors' towns and cities, each ready-mix concrete unit will require an investment of Rs.10cr.
- ACC is busy in increasing the capacity of the Sindri unit in Jharkhand to 1 million tonne per annum. The company plans to incur Rs.70-80cr at the Sindri plant. The current capacity of the plant is 0.7 million tones per annum.
- ACC invested Rs.300cr in its second Jharkhand plant, which is located at Chaibasa. It is also considering clinker capacity expansion for its West Bengal plant. Apart from this, the company has planned 50 RMC units by the end of 2008; these would be based around eastern cities and in the North-East.

INVESTMENT SOLUTIONS & SERVICES

# Gujarat Ambuja Cements Ltd.

***Regd. Office:***
***Ambuja Nagar P.O., Taluka Kodinar, Junagadh Gujarat 362715***

***Key Personnel:***
***CH: SURESH NEOTIA***
***Vice CH: NAROTAM S SEKHSARIA***
***Exec. Director: A L KAPUR***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 137.9 |
| 52 Week High/Low | 142 / 75 |
| Face Value | 2 |
| EPS | 6.87 |
| BV | 16.02 |
| P/E Ratio | 20.1 |
| P/B Ratio | 8.60 |
| Mkt cap/Sales Ratio | 4.92 |
| Dividend Yield | 1.31 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 23.95 |
| Public Owned | 13.32 |
| FIIs Owned | 35.64 |
| Other Owned | 27.09 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 984.14 | 647.28 | 52 | 3815.82 |
| Expenditure | 628.72 | 482.89 | 30.2 | 2503.7 |
| PBIDT | 381.42 | 171.61 | 122.3 | 1384.37 |
| PBDT | 372.91 | 150.02 | 148.6 | 1333.31 |
| PAT | 244.66 | 75.28 | 225 | 935.04 |

## Business Profile

Gujarat Ambuja Cements Ltd (GUJAMBCEM ) started out as a joint sector company with public sector Gujarat Industrial Investment Corporation (GIIC) and Narottam Sekhsaria & Associates in 1981. GACL has become India`s third largest cement company with a capacity of 12.5 mn tonnes and revenue in excess of 25 billion. The company is the most cost efficient cement manufacturer in the country. It has shown innovation in utilizing measures like sea transport, captive power plants, and imported coal. It has also been a major player in exports of cement consistently for last five years. It is has six cement plants located at Ambujanagar (Gujarat), Darlaghat (Himachal Pradesh), Upperwahi (Maharashtra), Rabriyawas (Rajasthan), Daburji (Punjab) and in Bhatinda district (Punjab). It is also having three Bulk Cement Terminals at Muldwarka (Gujarat), Gavier (Gujarat) and in Ulwa (Maharashtra). GUJAMBCEM has entered into a partnership with Holcim Ltd of Switzerland through Ambuja Cement India Ltd (ACIL) during 2004-05. Holcim is holding 67% equity stake of ACIL. Consequent to this, ACIL has ceased to be a subsidiary company. The company has increased its installed capacity of Cement by 440000 MT and with this expansion, the total installed capacity of Cement has been increased to 13300000 MT.

## Investment Rationale

- The company, along with ACEL, has planned a total capital outlay of Rs.950 crore. This is to augment the cement capacity by setting up a clinker unit of 2.3 million tonnes in Chhattisgarh and setting up three power plants of 81 mw at various locations. The first phase of the 60-mw power plant at Ambujanagar in Gujarat will be operational by the first quarter of FY08. The second phase will be ready by the second quarter of FY08. Meanwhile, the work on upgradation of the cement plant at Rajasthan and two grinding units at Uttaranchal and West Bengal is progressing fast.
- The outlook for the cement industry in the country in the last two years has undergone significant changes. With an infrastructure boom and cement companies

clocking high profit margins, foreign firms are also not hesitating to making huge investments.

- The cement majors have reported sales growths ranging from 8 to 10 per cent year-on-year for October 2006. GUJAMBCEM sales alone stood at 12.5 lakh tonnes, a six per cent raise , while group sales (including Ambuja Cement Eastern) were nine per cent higher, at 14.27 lakh tonnes. GUJAMBCEM reported 6% increase in October shipments to 1.25 million tonnes from 1.18 million tonnes in October 2005. Production rose by 8% to 1.26 million tonnes.
- Gujrat Government is set to add an additional G10 million tonnes plus cement capacity by the end of fiscal 2009. The additional capacity is almost 20% of the new capacity likely to be added in various parts of India till 2009. High demand in the region fuelled by special economic zones and retail, as well as availability of substantial raw material reserve are key reasons for the new capacity additions. The additional capacities will require an investment of over Rs.2,000 crore over the next three years.

INVESTMENT SOLUTIONS & SERVICES

# Prism Cements Limited

**Regd. Office:**
**305, Laxmi Niwas Apartments, Ameerpet, Hyderabad Andhra Pradesh 500016**

**Key Personnel:**
**CH: RAJAN B RAHEJA**
**MD: MANOJ CHHABRA**
**Director: AZIZ PARPIA**

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 37.35 |
| 52 Week High/Low | 48 / 19 |
| Face Value | 10 |
| EPS | 2.87 |
| BV | 8.49 |
| P/E Ratio | 13.0 |
| P/B Ratio | 4.40 |
| Mkt cap/Sales Ratio | 1.76 |
| Dividend Yield | 0.00 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 61.91 |
| Public Owned | 24.12 |
| FIIs Owned | 1.10 |
| Other Owned | 12.87 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 159.46 | 99.23 | 60.7 | 631.87 |
| Expenditure | 115.33 | 87.2 | 32.3 | 456.07 |
| PBIDT | 44.94 | 12.76 | 252.2 | 178.91 |
| PBDT | 41.29 | 6.01 | 587 | 156.66 |
| PAT | 22.15 | -1.3 | 1803.8 | 85.53 |

## Business Profile

Prism Cement Limited (PCL), a Rajan Raheja controlled company is into manufacturing and marketing of cement under the 'Champion' brand. PCL was originally incorporated as Karan Cement in March 1992 by Dr. B. V. Raju and his associates. The name of the company was changed to Prism Cement in 1994. A joint venture agreement was executed between Rajan B Raheja, F L Smidth & Company, Denmark and the Industrialization Fund of Developing Countries, Denmark, for setting up of cement plant with the latest technology. One of the main-promoters for this project, F L Smith & Company, Denmark, is a world leader in two key aspects of the cement industry -- development of Technology and manufacture of machinery. The Satna plant (in Madhya Pradesh) of the company is complimented by latest technology along with special features like a six-stage low-pressure drop preheater, bucket elevators for silo and kiln feeding, roller presses for cement grinding and electronic packers for cement. Prism is one of the most advanced cement producers in the world with 2.51 million tpa capacity, ultra-modern cement plant. Sophisticated pollution control equipments are used to ensure dust emission levels, which conform to World Bank standards.

## Investment Rationale

- Prism is one of the most advanced cement producers in the world. It possesses machinery and technology imported from the world leaders, and state-of-art processes that lend it a futurist environment.
- Prism has a team of experienced engineers and a dedicated workforce, rich deposits of high quality limestone, a high level of automation and sophisticated quality control systems, with these unbeatable facilities, Prism has a truly taken cement production to global standards.
- Prism is continuously exploring avenues to increase exports to neighbouring countries.

- Prism’s policies and comprehensive procedures and guidelines provide reasonable assurance that assets are safeguarded and protected against loss or misuse.
- Prism has adopted numerous protective measures in the planning of its production process to which balancing equipment is added on a regular basis.
- Prism owns a captive power plant to meet its power requirements, which results in reduction in the power cost.

INVESTMENT SOLUTIONS & SERVICES

# Tata Motors Limited

***Regd. Office:***
***Bombay House, 24, Homi Mody Street, Fort, Mumbai Maharashtra 400001***

***Key Personnel:***
***CH: RATAN N TATA***
***MD: RAVI KANT***
***Exec. Director: P P KADLE***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 832.5 |
| 52 Week High/Low | 997 / 535 |
| Face Value | 10 |
| EPS | 45.07 |
| BV | 145.24 |
| P/E Ratio | 18.5 |
| P/B Ratio | 5.73 |
| Mkt cap/Sales Ratio | 1.32 |
| Dividend Yield | 1.56 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 33.45 |
| Public Owned | 10.98 |
| FIIs Owned | 23.65 |
| Other Owned | 31.92 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 6571.79 | 4788.18 | 37.3 | 24312.5 |
| Expenditure | 5831.16 | 4218.96 | 38.2 | 21492.66 |
| PBIDT | 825.46 | 627.26 | 31.6 | 3173.05 |
| PBDT | 729.88 | 581.2 | 25.6 | 2875.64 |
| PAT | 441.72 | 337.87 | 30.7 | 1741.91 |

## Business Profile

Tata Motors Limited (Formerly known as Tata Engineering and Locomotive Company Ltd), Controlled by the House of Tatas, is the fifth-largest manufacturer of medium and heavy commercial vehicle in the world. Apart from manufacturing light, medium and heavy commercial vehicles, it also manufactures passenger cars, utility vehicles, excavators and machine tools. The manufacturing units are located at Jamshedpur, Pune, Lucknow and Dharwad. In May 2006, the company entered into a 51:49 Joint Venture with Marcopolo, Brazil to address high quality, mass manufacturing of buses in India. This strategy would enable the company to increase its market share in Indian bus market and also address a larger segment of the global bus market. The company has also taken a major step in its small car project, by announcing the setting up of its first plant in West Bengal. The plant will come up at Singur block of Chandannagar sub-division in the Hooghly district.In October 2006, the company crossed the four million sales mark in India, since the first vehicle was rolled out in 1954. Inclusive of exports, the company had crossed the four million sales mark in March 2006.The company has the following subsidiary companies, Tata Daewoo Commercial Vehicle Company Ltd, Telco Construction Equipment Company Ltd, Tata Technologies Ltd, TAL Manufacturing Solutions Ltd, HV Transmissions Ltd, HV Axles Ltd, Sheba Properties Ltd, Concorde Motors (India) Ltd, Tata Motors Insurance Services Ltd, Tata Motors European Technical Centre Plc, UK and Tata Technologies, USA

## Investment Rationale

- TATA Motors has begun a move to streamline its commercial vehicle manufacturing operations in order to cut costs and better manage the logistics involved, The Company has already started organising its vendor base to fit into the new scheme of things and is hoping to complete the transition in a year.
- Tata Motors plans to expand its production capacity at its Pimpri, Pune passenger car manufacturing facility. The company is about to increase its production to 1,000 units per day from the current level of 750-800

units per day. The expansion is expected to be completed early 2007.

- Tata Motors plans Indigo facelift. Tata Motors is about to give a facelift to its mid-size car. The new model would cost Rs.10000-Rs 15000 more than its predecessor. The new model will be launched shortly.
- .Tata Motors is exploring the possibility of introducing its passenger cars in Russia. The company has exhibited its entire range of passenger cars, including the Indigo hatchback, sedan and station wagon, at the Moscow International Automobile Salon. Tata Motors expects to sell around 6,000 commercial vehicles per annum in Russia over the next three years.
- Tata Motors launched its range of passenger vehicles in Ghana. Tata Motors already has a presence in Ghana, having launched its commercial vehicles in 1974. The distribution and marketing will be handled by Tata Ghana & PHC Motors Ltd, which also distributes Tata Motors' commercial vehicles.
- Tata Motors Lucknow manufacturing plant has plans to expand its production by two to three times of its present capacity by 2008.
- Tata Motors has acquired a South African manufacturing plant from Japanese auto giant, Nissan. The company would use the facility to manufacture trucks locally to cut costs and be closer to the African market. Company can also benefit from a trade agreement that South Africa has with the European Union, through which it will enjoy favorable import duties.

# Ashok Leyland Limited

**Regd. Office:**
**No. 19, Rajaji Salai, Chennai**
**Tamil Nadu 600001**

**Key Personnel:**
**CH: R J SHAHANEY**
**Vice CH: D G HINDUJA**
**MD: R SESHASAYEE**

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 43.45 |
| 52 Week High/Low | 54 / 29 |
| Face Value | 1 |
| EPS | 2.73 |
| BV | 12.82 |
| P/E Ratio | 15.9 |
| P/B Ratio | 3.38 |
| Mkt cap/Sales Ratio | 0.95 |
| Dividend Yield | 2.76 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 39.21 |
| Public Owned | 12.95 |
| FIIs Owned | 11.68 |
| Other Owned | 36.16 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 1675.72 | 1249.24 | 34.1 | 6036.83 |
| Expenditure | 1543.76 | 1134.77 | 36 | 5459.43 |
| PBIDT | 165.62 | 132.29 | 25.2 | 637.57 |
| PBDT | 165.25 | 130.74 | 26.4 | 619.81 |
| PAT | 95.36 | 75 | 27.1 | 352.51 |

## Business Profile

Ashok Leyland Limited (ALL), the flagship company of Hinduja Group is a leading manufacturer of commercial vehicles in India. ALL is the second-largest manufacturer of medium/heavy-duty vehicles in India today. The company is also into manufacturing of industrial marine engines. ALL's manufacturing facilites are located at Ennore (Chennai,TN), Ambattur (Chennai, TN), Hosur (TN), Bhandara (Maharashtra) and Alwar (Rajasthan). ALL lays special emphasis on new range of Intermediate Commercial Vehicles, which fall between the light and heavy ranges of commercial vehicles, with technical assistance from IVECO. During the year 2005-06, the company has increased its installed capacity of commercial vehicles by 9700 Nos. With this expansion, the total installed capacity of Commercial Vehicles increased to 77200 Nos. Company has plans to end FY07 with sales of over 78,000 units. The promoter group is in talks with global players including Volvo, and its new partner will help enlarge its product portfolio. ALL is reaching out to new markets and waking up from the long slumber it had gone into. ALL is predominantly a south Indian company. The immediate move is to tap the eastern region. It has set up Gulf Ashley Motor, a company that will increase its presence there. The company has captured around 70% of the bus market in the Middle East and this is just the beginning.

## Investment Rationale

- The company has reported 69.5 per cent y-o-y increase in October sales numbers at 7255 units. Domestic sales increased by 73 per cent to 6,798 units. A statement from ALL says that the company sold 44,158 vehicles in April-October, against 32,496 in the corresponding period last year, an increase of 36 per cent.
- The company has plans to set up a vehicle-manufacturing unit in Uttaranchal with an investment of over Rs. 1,000 crore. The plant will have a capacity to produce 25,000 units per annum, which may be later raised to 40,000. About 200 acres of land has been identified in Pant Nagar for this purpose. The unit will create employment for 3,000 persons. This unit will strengthen company's presence in northern India, which

already contributes nearly a quarter of its sales. The company will enjoy excise duty and income tax exemption for five to ten years. The plant would go on stream by 2008.

- In the overseas market, ALL exports 1000 buses to the Middle-East. To be closer to its markets and provide local value-addition and service, it has set-up assembly facilities in Sri Lanka, Bangladesh and Egypt. The management expects Middle-Eastern and African markets to be the major drivers for their exports in the coming years. Industry experts see the company creating a breakthrough in the supply of CNG buses to Bangladesh and Philippines in the coming years. It is said to be targeting $7 million in the component exports business to ZF, Germany.
- ALL has acquired the Avia Truck Business Unit, a leading vehicle manufacturer in Europe, at an estimated cost of around US$ 35 million. ALL is the first Indian manufacturer to have truck-manufacturing unit in Europe. The acquisition of the Avia truck unit by ALL is expected to help the Indian heavy vehicle manufacturer to have a good product. ALL, within the next few years plans to increase the production volume of the Avia unit, increase the product range and eventually target to achieve the full capacity of over 20,000 vehicles per year.
- .ALL Ltd has announced the setting up of a bus assembly unit with an initial investment of $5 million in Ras Al Khaimah, UAE. This marks the companys first overseas manufacturing foray. The company has signed a MoU with the Ras Al Khaimah Investment Authority (Rakia). It will be set up with an initial investment of $5 million (Rs 23 crore) with a capacity to build 1,000 buses of international styling, manufacture and quality. The bus unit will be eventually upgraded to a vehicle assembly unit (for trucks and buses) in the second phase. The unit to be managed and operated by ALL is expected to start production in a year's time.
- ALL, the flagship company of Hinduja Group in India, has rolled out Comet 1611, the first-ever medium duty vehicle in the Indian market, featuring a factory-built cab which, the company claims, offers 10% saving on fuel costs.
- ALL is planning to invest Rs.70 crore in its R&D facilities at Hosur (Karnataka) and Ennore (Tamil Nadu) in the next five years. In the last two years, the company has invested Rs 20 crore. It will be recruiting around 1,000 people to support various integration of services that will be undertaken shortly. Currently, the company has 400 people working at its Ennore and Hosur units. It intends focusing on catering to services such as product engineering, supply chain end-to-end management and market analysis. Through this programme, the company intends connecting its chain of 283 dealers and authorised service stations across the country.

# Amtek India Limited

**Regd. Office:**
***Village Narsinghpur, Mohammadpur, Old Manesar Road, Gurgaon Haryana***

**Key Personnel:**
***CH: ARVIND DHAM***
***MD: V K SHARMA***
***Director: K T JAMES***

### VALUE PARAMETERS

| | |
|---|---|
| CMP | 175.45 |
| 52 Week High/Low | 184 / 88 |
| Face Value | 2 |
| EPS | 12.75 |
| BV | 40.28 |
| P/E Ratio | 13.8 |
| P/B Ratio | 4.35 |
| Mkt cap/Sales Ratio | 2 |
| Dividend Yield | 0.23 |

### SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 52.82 |
| Public Owned | 12.79 |
| FIIs Owned | 19.37 |
| Other Owned | 15.02 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 149.27 | 101.48 | 47.1 | 519.86 |
| Expenditure | 108.33 | 73.8 | 46.8 | 383.15 |
| PBIDT | 42.17 | 28.23 | 49.4 | 146.73 |
| PBDT | 38.39 | 24.64 | 55.8 | 132.42 |
| PAT | 22.48 | 13.19 | 70.4 | 75.49 |

## Business Profile

Incorporated in 1982, Amtek India is promoted by the Amtek group. The company is into automobile ancillaries. Amtek India manufactures automotive components with a special focus on a variety of iron castings. Amtek India is the second largest forging company in India catering to growing domestic and global auto components market. The company is the only player in India having strong presence in forging and casting along with machining capacity to supply to global OEMs (Original Equipment Manufacturers). The company in the past has aggressively grown through the organic and inorganic routes. It has acquired almost eight companies over the last four years. The installed capacity of machined components has been increased from 7.5 million to 12.5 million pieces per annum in 2004-05. Amtek India has also acquired UK based Sigmacast Group, one of the largest suppliers of turbocharger housing components for automobiles in the world. Some of its domestic and international clients such as Maruti Suzuki, John Deere, TVS Suzuki, JCB, Hero Honda, Mahindra & Mahindra, Tata Motors, Eicher Tractors and Bajaj Auto are well known in the automobile industry.

## Investment Rationale

- The company has two manufacturing units located at Gurgaon in Haryana and Bhiwadi in Rajasthan. Its Gurgaon unit was commissioned in 1995 and is engaged in the machining of a variety of large and medium sized automotive components like connecting-rods, spindles, transmission covers, gear shifter fork, yokes, bridge fork, bottom assembly, pivot arms, crank-cases and other machined castings. The core competence of this unit is the precision machining of a very wide variety of iron castings and forging components.
- The Bhiwadi (Rajasthan) plant is a state of the art foundry commissioned in 2001. It has a new pressure moulding line and manufactures intricate castings like engine blocks and the head, along with flywheel housings and transmission casings. The company is the original equipment supplier to Maruti Udyog, JCB, New Holland Tractors, John Deere Tractors, Hundai Motors,

ITL, Eicher Motor and also refrigeration industries like LG Electronics.

- The company in the recent past has embarked on major acquisition strategy for the global and domestic markets and is now in talks with 2-3 companies in Europe and the US for acquisitions. The turnover of these companies could be in the range of $500 million to $700 million (Rs.2300-3200 crore).
- In the domestic market, the company is in the process of acquiring companies with machine auto parts domain. Its recent acquisition of connecting rod assembly line of Amforge Industries Ltd, for about Rs.100 million is expected to strengthen Amtek's presence in the Indian connecting rod market. The acquisition will add about Rs.50 crore of revenue from FY07 along with enhanced capacity of connecting rod to 5.5 million units a year from 4 million currently.
- The Indian auto component manufacturers have the dual advantage of outsourcing from global market and India is on the verge of becoming the largest automobile market in the world. Considering the cost and technological advantage India has, the outsourcing of auto components has a long way to go. The auto component companies on the back of 13-14% growth in the Indian automobile industry are expected to do well. Besides the growth potential in the domestic and exports market, Amtek will be benefited with the commissioning of its current expansion plans.
- The company has shown consistency in its revenue, which in the past has grown at a CAGR of 88% from Rs.791 crore in 2004 to Rs.2801 crore in FY06.

INVESTMENT SOLUTIONS & SERVICES

# Amtek AUTO Limited

**Regd. Office:**
**Plot No.16, Industrial Estate,**
**Rozka-Meo (Sohna), Gurgaon**
**Haryana 122103**

**Key Personnel:**
**CH & MD: ARVIND DHAM**
**Exec. Director: D S MALIK**
**Director: RAJIV THAKUR**

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 330.95 |
| 52 Week High/Low | 373 / 240 |
| Face Value | 2 |
| EPS | 14.36 |
| BV | 108.37 |
| P/E Ratio | 23.0 |
| P/B Ratio | 3.05 |
| Mkt cap/Sales Ratio | 4.50 |
| Dividend Yield | 0.42 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 33.74 |
| Public Owned | 2.45 |
| FIIs Owned | 42.41 |
| Other Owned | 21.40 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 236.31 | 206.96 | 14.2 | 902.63 |
| Expenditure | 163.6 | 145.35 | 12.6 | 622.86 |
| PBIDT | 87.8 | 67.38 | 30.3 | 309.77 |
| PBDT | 82.97 | 61.96 | 33.9 | 290.95 |
| PAT | 50.85 | 35.93 | 41.5 | 176.15 |

## Business Profile

Amtek Auto Limited (AAL), the flagship company of the Amtek group, was incorporated in 1985. Amtek Auto is amongst the largest manufacturers of forgings in India. It is currently engaged in the manufacturing of a wide range of components for automotive applications like connecting rod assemblies (largest in India), steering knuckles, suspension and steering arms, CV joints, crankshaft assemblies for two-wheelers, machined aluminum case components and a wide range of precision forgings. In order to enter and expand in the developed countries, AAL has indulged in more than 10 acquisitions in the last decade and has 26 manufacturing facilities spread across India, UK, USA and Germany with a consolidated sales growing at a CAGR of 59% (from FY1996 to FY2005). A study reveals that AAL is one of the fastest wealth creators during the five-year period.

## Investment Rationale

- Warburg Pincus has picked up over 9 per cent stake in auto parts maker, Amtek Auto from the open markets. The acquisition should cost Warburg nearly Rs.292cr, putting the valuation of the company at around Rs.3400cr. This is nearly four times the company's annual sales.
- Amtek Auto has signed a joint venture agreement with Magna Powertrain, a division of the Canada-based $23bn Magna International. The 50:50 JV includes setting up of a manufacturing facility in the Gurgaon-Daruhera belt for two-piece flexplate assemblies for automotive applications. The Rs.671-crore company, which has just announced it will raise $250m through an FCCB issue and has earmarked around $150m as a war-chest for more acquisitions. Manufacturing operations of the joint venture are expected to commence by late 2007.
- The Amtek group has acquired about seven companies over the last four years including the Germany-based Zelter GmbH, which has revenues of about Rs.600 crore.

- Under the advisory of Ernst & Young, Amtek Auto has undertaken the process of restructuring the group. The Amtek group is rapidly going forward with its consolidation strategy under which it plans to bring in all group companies under AmtekAuto. Amtek Auto is set to acquire 100 per cent stake in the Group Company, Amtek Siccardi, and 96 per cent stake in Benda Amtek. The group is planning to merge Amtek Auto and Amtek India also. The amalgamation, apart from giving Amtek Auto large-scale operations, will result in substantial cost saving for the company.
- Amtek Auto has entered into several agreements - a technical one with Aizen Company Limited, Japan for manufacturing connecting rods; a technical one with Ateliers Siccardi, France for manufacturing up to six - throw crank shafts and, a joint venture with Benda Kogyo Company of Japan for manufacturing flywheel ring gears and flex plates.
- The company is a Tier-1 vendor and is an Original Equipment Manufacturer (OEM) supplier to Maruti Suzuki, John Deere, TVS Suzuki, JCB, JBML, Case New Holland, GE, Hero Honda, Hindustan Motors, Mahindra & Mahindra, Tata Motors, Sanden Corp., LML Limited, Eicher Tractors, Honda Scooters, Yamaha motors and Bajaj Auto.

INVESTMENT SOLUTIONS & SERVICES

# Hindustan Petrolium Corporation Ltd.

***Regd. Office:***
***Petroleum House, 17, Jamshedji Tata Road, Mumbai Maharashtra 400020***

***Key Personnel:***
***CH & MD: M B LAL***
***Director: M A TANKIWALA***
***Director: ARUN BALAKRISHNAN***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 316.45 |
| 52 Week High/Low | 361 / 206 |
| Face Value | 10 |
| EPS | 45.68 |
| BV | 257.45 |
| P/E Ratio | 6.9 |
| P/B Ratio | 1.22 |
| Mkt cap/Sales Ratio | 0.13 |
| Dividend Yield | 0.95 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 51.01 |
| Public Owned | 5.58 |
| FIIs Owned | 17.78 |
| Other Owned | 25.63 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 24367.46 | 16841.83 | 44.7 | 84138.4 |
| Expenditure | 22721.22 | 16762.08 | 35.6 | 81935.6 |
| PBIDT | 1838.77 | 154.77 | 1088.1 | 2728.73 |
| PBDT | 1740.44 | 123.87 | 1305.1 | 2457.12 |
| PAT | 1221.98 | -22.14 | 5619.3 | 1549.97 |

## Business Profile

Hindustan Petroleum Corporation Ltd (HPCL) was originally incorporated in 1953 the corporation came to its present status through various mergers and acquisitions. HPCL is a Central Government Commercial Enterprise engaged in refining and marketing of crude oil.Hindustan Petroleum Corporation Limited is the second largest integrated oil refining and marketing company in India. The main products of the company includes petrol, high speed diesel, superior kerosene oil, liquefied petroleum gas, aviation turbine fuel, naphtha, furnace oil, bitumen, low sulphur heavy stock, solvents, propylene and over 300 grades of lubes. HPCL has an extensive network of retail outlets, regional offices, terminals and depots that truly make it an industry leader. During 2005-06, the company commissioned 647 Retail Outlets with which the companies total retail outlets stands at 7313.

## Investment Rationale

- HPCL has drawn up an ambitious diversification plan, which includes a foray into power. It wants to delve into offshore and onshore exploration, production of hydrocarbon in India and abroad including trading and transportation and set up power projects preferably where natural gas and liquefied natural gas (LNG) are available. HPCL wants to increase participation in industrial and government (I&G) business, buoyed by the fact that one of its core strengths is product availability.
- HPCL has recently launched a unique programme to make customers' life better. The company has tied up with companies like ICICI Bank, AirTel, Indian Airlines, Lifestyle and makemytrip.com to offer a powerful rewards programme which is the country's first and truly national coalition loyalty and consumer rewards programme. Christened 'I-mint', the plan will allow consumers to reap benefits through these major brands on a single platform. The plan is being rolled out in

Mumbai, Delhi, Bangalore and Hyderabad and will be available in more than 20 cities over the next one year.

- HPCL has embarked on expansion projects worth Rs 18,600 crores to be taken up in the next couple of years. Explaining the outlines of the projects, Mr.A.S. Rao, executive director of the refinery, said the major projects include the petrochemical complex coming up at special economic zone in Achyutapuram mandal on the outskirts of the district with an estimated cost of Rs 9,000 crores. An extent of 5,000 acres has been sanctioned and discussions were in an advanced stage with the state government for additional land. The refinery itself has been slated for expansion from the existing capacity of 7.5 million tonnes to 15 million tonnes. The refinery expansion project would cost Rs 9,000 crores. A Single Point Mooring (SPM) facility with a crude oil terminal would also be built at an estimated cost Rs 600 crores. Discussions were going on with the Visakhapatnam Port Trust management for acquiring additional land and for a new crude oil terminal. The Visakh refinery proposes to implement advanced process controls for all refinery process units by end of next year.
- Hindustan Petroleum Corp Ltd and its partners have been awarded a contract for the development of offshore fields off Mumbai (known as Cluster 7) by Oil and Natural Gas Corp (ONGC). The partners in the consortium are M3nergy Berhad of Malaysia, Prize Petroleum Company Ltd and HPCL. HPCL holds 60 per cent interest in the consortium that would develop Cluster 7 fields, holding 38 million barrels of recoverable oil and with a producing life of between 12-15 years of which 10 years would see 'peak production'. Cluster 7 could produce as high as 18,000 to 20,000 barrels per day for years. Operating costs are likely to be around $12 per barrel.
- In another six months HPCL will stage its debut in wind power sector. The company will start generating 25 mw power from wind farms coming up in Karnataka and Maharashtra which form part of an ambitious Rs 500 crore project to take the capacity to 100 mw. The wind power project will be implemented in stages. In the first phase, HPCL will go for 25 mw. In another six months from the date of commissioning of the first phase, the next 25 mw will become operational. The location of wind farms is yet to be finalized. The foray will yield carbon credits, tax breaks and depreciation benefits for the company and likely revenue of Rs 3-4 per unit. HPCL will target the rural sector and rural population, which now bank on kerosene for lighting purpose. For the company, this will help in reducing the subsidy burden that has fallen on it on account of kerosene. HPCL is also setting up a 10-mw-wind farm in association with the Maharashtra Energy Development Agency at an investment of Rs 50 crore.

INVESTMENT SOLUTIONS & SERVICES

# Sun Pharmaceuticals Limited

***Regd. Office:***
***Sun Pharma Advanced Research Centre, Tandalja, Vadodara Gujarat 390020***

***Key Personnel:***
***CH & MD: DILIP S SHANGHVI***
***Exec. Director: SUDHIR V VALIA***
***Exec. Director: SAILESH T DESAI***

### VALUE PARAMETERS

| | |
|---|---|
| CMP | 998.45 |
| 52 Week High/Low | 1012 / 625 |
| Face Value | 5 |
| EPS | 28.42 |
| BV | 84.22 |
| P/E Ratio | 35.1 |
| P/B Ratio | 11.85 |
| Mkt cap/Sales Ratio | 9.63 |
| Dividend Yield | 0.55 |

### SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 70.92 |
| Public Owned | 6.71 |
| FIIs Owned | 15.97 |
| Other Owned | 6.40 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 553.04 | 428.25 | 29.1 | 1940.81 |
| Expenditure | 416.61 | 330.54 | 26 | 1454.39 |
| PBIDT | 175.04 | 126.27 | 38.6 | 605.25 |
| PBDT | 175.04 | 126.27 | 38.6 | 605.25 |
| PAT | 160.11 | 113.58 | 41 | 532.33 |

## Business Profile

Sun Pharmaceutical Industries Limited (Sun Pharma) was formed as a partnership firm in 1982 at Vapi in Gujarat. It was incorporated as a limited company in the year 1993 and was renamed as Sun Pharmaceutical Industries Limited. Sun Pharma is among the top 3 players who have marked their presence in the therapeutic segments of neurology, psychiatry, cardiology and gastroenteritis besides anti-diabetics, orthopedics, pediatrics, oncology and ophthalmology. The company has a total of about 136 brands and some of the leading products of the company include Cardivas (cardiovascular), Repace (CVS), Muvera (orthopedic) and Pantocid (gastroenterology). The company has six drug plants located in Gujarat, Maharashtra and Tamil Nadu. The company has its international operations in British Virgin Islands, Russia and Bangladesh. The company has been distributing its products in several markets across the country and also in the regions like South East Asia, Middle East, and Africa and the Commonwealth countries. The company has its R&D facilities in Gujarat, Mumbai and Chennai. Exports contribute approximately 30 per cent of the company's total revenue. International markets, on a consolidated basis currently account for 39% of sales. The company in view of its international plans expects 50% of turnover from the international market in the next few years.

## Investment Rationale

- Sun Pharma is eyeing acquisition of some of the sick pharma companies in overseas countries as a part of its efforts to strengthen its presence in the overseas markets. The company is raising its presence in the international generic drugs market and plans to earn half its revenue from there, up from 15 per cent now.
- Sun Pharma has received approval from the US Food and Drug Administration (FDA) to sell gabapentin, a medicine used to alleviate nerve pain and epileptic seizures. The Sun Pharmaceuticals won approval to sell tablets and capsules of its own version of Pfizer Inc's painkiller, Neurontin.
- Sun Pharma would set up a new plant in Sikkim. The total Investment proposal by the company is Rs.100cr.

during the current financial year. The first phase of the Sikkim unit was expected to be completed by March 2007 and the second phase of commercial production in 2009. The company has a total of nine units in India and one in North America. The unit will have a capacity to produce 300cr. tablets and capsules per annum, which will be a 20% increase over its existing capacity.

- Sun Pharma would be putting in Rs.200-250cr. In Sun Pharmaceuticals Advanced Research Centre (SPARC) for it to sustain over the next 3-4 years. Sun Pharma has built a war chest of $500 million for acquisitions in the US in a bid to develop its generic drugs business in the region.
- Sun Pharma is about to give its bulk drug business a shot in the arm - it's scouting for tie-ups in Europe to supply a range of Active Pharmaceutical Ingredients (APIs). The company expects export revenues from the API business to rise from 4% of turnover to 8-9% in two years
- Sun Pharmaceutical is all set to take its lead molecule for anti-allergic treatment to the phase-II trials in the US. The investigational new drug (IND) of Sparc has already received permission from the US Food and Drug Administration to enter the phase-II trials.

# Ipca Laboratories Limited

***Regd. Office:***
***International House, 48, Kandivli Indl. Estate, Kandivli West Mumbai Maharashtra 400067***

***Key Personnel:***
***CH: R S HUGAR***
***MD: PREMCHAND GODHA***
***MD: M R CHANDURKAR***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 436.15 |
| 52 Week High/Low | 458 / 235 |
| Face Value | 10 |
| EPS | 32.15 |
| BV | 154.36 |
| P/E Ratio | 13.6 |
| P/B Ratio | 2.82 |
| Mkt cap/Sales Ratio | 1.33 |
| Dividend Yield | 1.26 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 52.11 |
| Public Owned | 13.85 |
| FIIs Owned | 7.75 |
| Other Owned | 26.29 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 243.95 | 195.8 | 24.6 | 817.91 |
| Expenditure | 185.89 | 162.28 | 14.5 | 680.92 |
| PBIDT | 58.59 | 34.14 | 71.6 | 139.5 |
| PBDT | 52.81 | 31.41 | 68.1 | 120.43 |
| PAT | 35.4 | 17.49 | 102.4 | 80.37 |

## Business Profile

Ipca Laboratories Limited, incorporated in the year 1949 as The Indian Pharmaceutical Combine Association Limited. The main activity of the company is manufacturing drug formulations. It produces speciality formulations like antimalaria, antiemetics, antibiotics and antihypertensives. It also produces medicines in dosage forms like tablets, capsules, liquids and dry powders for suspension and injection (liquid & dry). The plants of the company are located in the Union territory of Dadra & Nagar Haveli at Athal and Piparia in Silvasa, at kandla in Gujarat and at Ratlam and Indore in Madhya Pradesh. The company is having a research centre at Mumbai which specialises in Active Pharmaceutical Ingredients (APIs), drug intermediaries and formulation development. Ipca's APIs are well accepted throughout the world and is currently exported to the regulated and non regulated markets in all major continents. It also manufactures and supplies formulations for many leading companies in Europe. Fifty five percent of the company's products are exported and it is also having operations in over 100 countries of the world. Forbes Asia, a leading US business magazine selected Ipca, for the third consecutive year as one among the first 200 'Best under a Billion Company' in Asia, in 2005. Received 'Lifetime Achievement Award' for the year 2002-03 from CHEMEXIL (Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council) for export promotion over the years, in 2004.

## Investment Rationale

- Ipca had started commercial production of its new formulations (tablets and capsules) unit near Dehradun, in Uttaranchal. The unit will enjoy fiscal benefits in the form of central excise exemption and income tax benefits, in May 2006.
- Ipca Laboratories has entered into a strategic alliance with Ranbaxy Pharmaceuticals, USA, a wholly owned subsidiary of Ranbaxy Laboratories. The Company will develop a number of generic prescription pharmaceutical products which will be marketed by Ranbaxy in the U.S.

Ranbaxy receives Approval to Commercialize Furosemide Tablets in the US. Ipca has spent about $600 million to set up a new plant, meeting US regulatory requirements, in Madhya Pradesh.

- Ipca is setting up a new formulations manufacturing facility meeting U.S. regulatory requirements at SEZ Indore with an initial capital outlay of approximately Rs.60cr.
- Ipca Laboratories has started marketing a fixed dose combination of oral Artemether and Lumefantrine tablets (Lumerax), which is the first ACT (Artemisinin based combination therapy) marketed in India.
- Venus Remedies has launched the product under strategic marketing and distribution agreements with Ipca Laboratories and Themis Medicare. The company said the product would cater to multi-specialty hospitals and trauma care centres, adding that it expected this formulation to penetrate the markets with great speed due to its higher efficacy and economy of treatment.
- Ipca has developed 36 generic formulation dossiers for registration in UK out of which 12 dossiers are already registered. 25 more generic formulations are under development at various stages for European market.
- Ipca has mainly exorts its APIs to USA, Canada and Latin American countries and formulations to Panama, Brazil and West Indies in this subcontinent.

INVESTMENT SOLUTIONS & SERVICES

# Nicholas Piramal India Limited

***Regd. Office:***
***Nicholas Piramal Tower, Ganpatrao Kadam Marg, Lower Parel, Mumbai Maharashtra 400013***

***Key Personnel:***
***CH: AJAY G PIRAMAL***
***Exec. Director: MICHAEL J FERNANDES***
***Director: Y H MALEGAM***

### *VALUE PARAMETERS*

| | |
|---|---|
| CMP | 242.35 |
| 52 Week High/Low | 300 / 150 |
| Face Value | 10 |
| EPS | 8.68 |
| BV | 43.83 |
| P/E Ratio | 27.9 |
| P/B Ratio | 5.52 |
| Mkt cap/Sales Ratio | 3.30 |
| Dividend Yield | 1.24 |

### *SHARE HOLDING PATTERN*

| As on Sept'30 | % |
|---|---|
| Promoter owned | 50.32 |
| Public Owned | 12.76 |
| FIIs Owned | 12.69 |
| Other Owned | 24.23 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 441.79 | 348.07 | 26.9 | 1536.39 |
| Expenditure | 338.35 | 287.02 | 17.9 | 1264.89 |
| PBIDT | 104.39 | 78.99 | 32.2 | 280.19 |
| PBDT | 102.26 | 73.66 | 38.8 | 272.38 |
| PAT | 67.06 | 54.9 | 22.1 | 179.39 |

## Business Profile

Nicholas Piramal India Limited (NPIL) was incorporated in 1947 as Indian Schering, a subsidiary of British Schering, UK. In 1957, E Griffith Hughes, of which British Schering was a subsidiary, was taken over by Aspro-Nicholas, UK. Piramal Enterprises acquired the management of the company in 1988. NPIL is a major player in formulations, diagnostics and vitamins in the Indian pharma industry and has a good export presence. The company persues strong marketing strategies and has many alliances with MNCs to sell its products. It is now also emphasising on R&D. NPIL is increasingly seeking to achieve geographical diversification by leveraging its low-cost manufacturing and technical capabilities to grow its export business, largely in the contract manufacturing space, targeting the higher-margin regulated markets. Hence, one can expect sustained healthy growth in the medium-to-long term. The company has a portfolio of around 160 brands. Recently, it purchased two brands from Hoechst - Omnatax (cefataxim) and Zidime (ceftazidime). Allergan India Limited is 51:49 joint venture company between Allergan Inc., USA and Nicholas Piramal. The company has successfully commenced commercial dispatches of products against its initial two custom manufacturing contracts, (i.e.), the contracts with advanced Medical Optics, Inc. and Allergan Inc.

## Investment Rationale

- NPIL has increased its installed capacities, Liquids from 14613.2 KLs to 14744 KLs; Bulk Drugs & Intermediates from 733 MT to 920 MT and Vitamin A in Various Forms & Combinations from 77.7 MMU to 92.00 MMU.
- NPIL has signed two license agreements with the UK-based drug discovery company, Morvus Technology. Under these agreements, the company gets the rights to develop and commercialize two of Morvus' technologies. The first agreement relates to Morvus' platform technology that allows the identification of novel genes and proteins associated with programmed cell death, opening the way for therapeutic programmes to attenuate their effects. Nicholas Piramal will be responsible for developing the technology to generate new drugs in the areas of diabetes and rheumatoid

arthritis. The second agreement encompasses a combination therapy for cancer, which utilizes specific Cyclin Dependent Kinase inhibitor to enhance the effectiveness of known anticancer drugs.

- NPIL has signed a MoU with a French pharma company to manufacture an anti-chikungunya drug. About 90% of residents of Reunion Islands, which is a French territory near Madagascar in the Indian Ocean, suffer from chikungunya.
- NPIL has achieved a major success in its contract manufacturing business through a combination of organic and in-organic initiatives. NPIL enjoys a dominant position in the domestic formulations industry, where it has strong and established brands, besides its high profitability and strong cash accruals.
- The company has set-up few Joint Ventures (JV) in the past. JVs with Allergan and Boots continue as marketing ventures; NPIL owns 49% stake in these ventures, which largely market OTC1 brands. During 2005-06, the company acquired a 17.1% strategic equity stake in Biosyntech Inc.
- The Wellspring network of pathology laboratories, promoted by drug-maker NPIL (NPIL), is set to embark on a Rs.150-crore expansion over the next two years. The funds would support acquisitions, with the game plan of establishing a Wellspring center in every State Wellspring is under the aegis of NPIL Laboratories and Diagnostics Pvt Ltd., a wholly owned subsidiary of NPIL. With sales of about Rs.75 crore, Wellspring expects to end the current fiscal at about Rs.100 crore.
- Pharmaceutical business enjoys perennial opportunities till kingdoms come. The $5.22 billion Indian pharma sector, which is growing at 8.6% per annum, features amongst the world's fourth largest in volume terms. The logic that made the sector a favorite with almost all investors is the fact that health will always be a concern for all.

# Pfizer Limited

**Regd. Office:**
**Pfizer Centre, 5, Patel Estate, S.V. Road, Jogeshwari (W), Mumbai Maharashtra 400102**

**Key Personnel:**
**CH: R A SHAH**
**MD: KEWAL HANDA**
**Exec. Director: B M GAGRAT (DR.)**

### VALUE PARAMETERS

| | |
|---|---|
| CMP | 773.15 |
| 52 Week High/Low | 1225 / 621 |
| Face Value | 10 |
| EPS | 37.4 |
| BV | 126.2 |
| P/E Ratio | 20.7 |
| P/B Ratio | 6.12 |
| Mkt cap/Sales Ratio | 3.33 |
| Dividend Yield | 1.29 |

### SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 41.23 |
| Public Owned | 24.52 |
| FIIs Owned | 2.33 |
| Other Owned | 31.92 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 190.09 | 173.73 | 9.4 | 693.08 |
| Expenditure | 155.29 | 145.95 | 6.4 | 579.34 |
| PBIDT | 47.38 | 37.97 | 24.8 | 173.03 |
| PBDT | 47.38 | 37.97 | 24.8 | 173.01 |
| PAT | 28.07 | 21.82 | 28.6 | 106.1 |

## Business Profile

Pfizer Limited (PIL) is the world's leading healthcare company. It was incorporated in Mumbai in 1950 in the name of Dumex Ltd. In 1958, Pfizer Inc, a leading US pharmaceutical firm, took over the company and the company's name was changed to Pfizer Pvt ltd. It became a public limited company in 1977. The company started off by distributing pharmaceutical products of leading Danish manufacturers in the country. The company has three business segments: health care, animal health and consumer health care. Pfizer Inc. has been discovering, developing, manufacturing and marketing leading prescription medicines and many of the world's best-known consumer brands for humans and animals for over 150 years. PIL Animal Health segment has made leading and outstanding discoveries and markets products for the prevention and treatment of diseases in livestock and companion animals. The products are available in more than 150 countries. In 2004, the company committed $7.7 billion to R&D, involving its scientists in more than 33 major research projects across 10 major therapeutic categories. The company's plants are located at Thane in Maharashtra and at Chandigarh in Punjab. Its Chandigarh plant manufactures antibiotics such as oxytetracycline, salinomycin and chlorpropamide. This plant also has facilities for blending and packaging feed supplements. Pfizer's Thane plant manufactures pharmaceuticals and veterinary products. Corex, a cough syrup and the anti-impotency drug, Viagra are some of its popular products.

## Investment Rationale

- PIL is a 40% owned subsidiary of Pfizer Inc, which is a major player in the world's pharmaceutical market with revenues of $51.3bn.The Rs.587- crore, PIL is ranked eighth in the domestic pharmaceutical market with a market share of 2.7%.
- Shantha Biotech has signed a five-year deal with Pfizer for supply of diphtheria toxoid. Pfizer will be using the diphtheria toxoid for developing an animal vaccine. The deal could bring in revenues of $10-12 million annually.

- The company sees itself among the top five players in the domestic market, and has aggressive plans to achieve this objective by increasing its reach and improving field-forced productivity.
- PIL has launched a range of new products. Some of the latest products to be introduced by PIL in the domestic market are Lyrica, a breakthrough product for neuropathic pain in diabetic patients, and Caduet, a leading cardiovascular drug. Both these drugs are relatively new launches in the global portfolio.
- PIL Ltd is considering aligning its business with its parent company, Pfizer Inc. The company would be concentrating more on organic growth. It is currently conducting 34 clinical trials in India, of which, 24 are for the global market. The global pharma giant, which has already set up the India unit of PIL Global Research and Development (PGRD) through its local affiliate, will increase its people strength and resource base in the country in a phased manner.
- The company is emphasizing on creating a high science image of PIL by providing doctors and patients with the latest scientific information. PIL has made investments into India when it set up a biometric centre in the country. This center is among the largest in PIL's global operations. The centre supports the company's clinical trials activities across the world and has been growing steadily.
- PIL’s research team is the largest privately funded biomedical organization in the world. The company is currently developing new drugs for the treatment of atherosclerosis, diabetes, osteoporosis, breast cancer, neuropathic pain, epilepsy, anxiety disorders, and Parkinson's disease.
- With over 400 projects in the discovery pipeline and the largest library of chemical compounds in the industry, PIL is expected to be able to sustain it’s growth well into the next decade, and its discoveries will ensure a healthier future worldwide.

# Raymond Limited

***Regd. Office:***
***Plot No. 156/H. No.2, Village Zadgaon, Ratnagiri Maharashtra 415612***

***Key Personnel:***
***CH Emeritus: VIJAYPAT SINGHANIA***
***CH & MD: GAUTAM HARI SINGHANIA***
***Exec. Director & President: P K BHANDARI***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 428.35 |
| 52 Week High/Low | 625 / 289 |
| Face Value | 10 |
| EPS | 22.08 |
| BV | 193.86 |
| P/E Ratio | 19.4 |
| P/B Ratio | 2.20 |
| Mkt cap/Sales Ratio | 1.92 |
| Dividend Yield | 1.17 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 35.22 |
| Public Owned | 20.18 |
| FIIs Owned | 5.20 |
| Other Owned | 39.40 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 358.62 | 349.66 | 2.6 | 1368.8 |
| Expenditure | 295.76 | 298.01 | -0.8 | 1175.95 |
| PBIDT | 165.93 | 75.05 | 121.1 | 344.96 |
| PBDT | 156.67 | 68.41 | 129 | 319.07 |
| PAT | 141.47 | 36.83 | 284.1 | 218.44 |

## Business Profile

Raymond Limited, incorporated in the year 1925 is the largest manufacturer of worsted fabric in the world with over 60% of domestic market share. It has varied businesses like Textiles, Readymade Garments, Denims, Engineering Files & Tools, Aviation and Designer Wear. The company is the leading manufacturer of suiting fabric in the world with a capacity of 28 million meters of wool & wool-blended fabrics. The denim division has an installed capacity of 30 million meters and produces high quality ring denims. Raymond currently ranks amongst the top 2 producers of ring denim in India. This is the only company in the world to have a diverse product range of nearly 20,000 designs and colors of suiting fabric to suit every age, occasion and style. The products are exported to over 30 countries across the world.

## Investment Rationale

- The company has entered into a 50:50 joint venture with European denim major, UCO NV, Belgium. This move will help in creating its presence in three dominant denim markets viz., USA, Europe and Asia with a combined fabric capacity of 80 million metres per annum and a vast global marketing network.
- Raymond has entered into a 50:50 joint venture with Gruppo Zambaiti of Italy for manufacturing high value cotton shirts and cotton linen shirting fabric and will have a capacity of 11.5 million metres.
- Raymond has one of the largest retail penetrations through a network of over 400 exclusive retail shops called 'The Raymond Shop' in more than 170 cities and more than 20,000 Multi Brand Outlets. It also has around 25 shops in 15 plus cities of Middle East, Sri Lanka, Bangladesh and Nepal.
- The company's has plans to expand the state of the art denim manufacturing facility at Yavatmal by an additional 10 million meters per annum. With this, the company will be able to produce 40 million meters of specialty denim per annum at the Yavatmal facility. The total project cost for this expansion is Rs.100 crore.

- Raymond has formed many subsidiaries like Raymond Apparel Ltd., Colourplus Fashions Ltd., and Hindustan Files Ltd., etc. The double-digit growth rate in these companies would significantly improve the consolidated revenues of Raymond resulting in healthy consolidated numbers.
- The company is planning an entry into the Chinese market, which will have a major impact on its global textile business. The Chinese venture will help Raymond in sourcing raw material and intermediate products for the company's manufacturing facilities in India and marketing its products in the Chinese market.

SMC INVESTMENT SOLUTIONS & SERVICES

# United Breweries Limited

**Regd. Office:**
**U B Anchorage, No.100/1, Richmond Road, Bangalore Karnataka 560025**

**Key Personnel:**
**CH: VIJAY MALLYA (DR.)**
**MD: KALYAN GANGULY**
**Director: RAVI NEDUNGADI**

### VALUE PARAMETERS

| | |
|---|---|
| CMP | 180.45 |
| 52 Week High/Low | 215 / 62 |
| Face Value | 1 |
| EPS | 3.3 |
| BV | 12.05 |
| P/E Ratio | 54.7 |
| P/B Ratio | 14.97 |
| Mkt cap/Sales Ratio | 4.81 |
| Dividend Yield | 0.12 |

### SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 75.00 |
| Public Owned | 6.90 |
| FIIs Owned | 15.04 |
| Other Owned | 3.09 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 251.47 | 122.21 | 105.8 | 810.67 |
| Expenditure | 218.79 | 108 | 102.6 | 673.07 |
| PBIDT | 35.65 | 15.43 | 131 | 148.97 |
| PBDT | 29.7 | 9.63 | 208.4 | 125.49 |
| PAT | 13.2 | 4.06 | 225.1 | 71.19 |

## Business Profile

United Breweries Limited (formerly UB Beer Ltd), the flagship brewing company of UB Group of Vijay Mallaya, came into existence by the demerger of brewing business of erstwhile United Breweries (now Kingfisher Properties & Holdings Ltd) as a going concern with effect from August 1, 2001. As per the demerger plan, the brewing business comprising the various units located at Taloja, Cherthala, Palakkad, Hyderabad, Ponda, Kalyani and Ludhiana save and except the unit located at Bangalore of erstwhile United Breweries Ltd (now KPHL) along with the brands and contract brewing rights stands transferred to and vested with United Breweries Ltd. The brand portfolio of the company includes KingFisher, Kalyani Black Label etc. In the year 2006, the company decided to amalgamate Mangalore Breweries and Distelleries Ltd with the company by allotting one fully paid up equity shares of Rs.10/- each in the company for every 40 equity shares of Rs.10/- each held in MBDL and to demerge the Brewing Business of Associated Breweries & Distelleries Ltd into the company

## Investment Rationale

- UB is putting in place a Rs.400cr expansion plan to expand its brewing capacities across the country in phases.
- UB is set to launch its own Kingfisher wine in the next six months. The company which has a stranglehold in the beer market in the country, had been drawing out its wine strategy for quite sometime and is also putting up a winery at Nashik.(20/09/2006).
- United Breweries has amalgamated its subsidiary Companies viz., Karnataka Breweries & Distilleries Pvt Ltd, London Draft Pubs Pvt Ltd and London Pilsner Breweries Pvt.
- Recently, the Hon'ble High Court of Karnataka has sanctioned the Composite Scheme of Arrangement of Amalgamation of Mangalore Breweries & Distilleries Ltd with the company.

- Tie up with Scottish & Newcastle is helping UB to squeeze more out of the Rs.400cr investment it has poured into its joint venture brewery business. Both Scottish & Newcastle and United Breweries have 37.5 per cent share each in the joint venture.
- United Breweries is setting up Greenfield brewery projects in the States of Orissa and Rajasthan with a capacity of 6 million and 1.25 million cases respectively. Both these breweries will be commissioned in early 2007.
- United Breweries continues to sponsor appropriate events such as the Kingfisher Derby, Corporate Football, Hockey, Cricket and Fashion Shows.

INVESTMENT SOLUTIONS & SERVICES

# Balaji Telefilms Limited

**Regd. Office:**
**C-13, Balaji House, Dalia Indl.Este. New Link Road, Andheri (West), Mumbai Maharashtra 400053**

**Key Personnel:**
**CH: JEETENDRA KAPOOR**
**MD & CEO: SHOBHA KAPOOR**
**Director: TUSHAR KAPOOR**

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 150.60 |
| 52 Week High/Low | 197 / 95 |
| Face Value | 2 |
| EPS | 10.24 |
| BV | 38.42 |
| P/E Ratio | 14.7 |
| P/B Ratio | 3.91 |
| Mkt cap/Sales Ratio | 3.25 |
| Dividend Yield | 1.99 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 41.82 |
| Public Owned | 3.23 |
| FIIs Owned | 22.88 |
| Other Owned | 32.07 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 81.51 | 70.14 | 16.2 | 301.95 |
| Expenditure | 52.51 | 41.85 | 25.5 | 202.21 |
| PBIDT | 31.29 | 29.57 | 5.8 | 110.41 |
| PBDT | 31.29 | 29.55 | 5.9 | 110.39 |
| PAT | 19.3 | 17.02 | 13.4 | 66.79 |

## Business Profile

Balaji Telefilms Limited (BTL) was incorporated as a Private Limited Company and subsequently converted to a Public Limited Company in Feb., 2000. The Company is promoted by Ravi Kapoor alias Jeetendra, Shobha Kapoor and Ekta Kapoor. The Company began its operations in the year 1995 with a fiction thriller 'Mano Ya Na Mano' aired on Zee TV. Balaji is currently providing content to most of the Hindi satellite channels, Gemini in Telugu and Udaya in Kannada. Nearly 85 percent of its Revenue from Hindi Programming, 8 percent from Telugu, 5 percent from Kannada and 4 percent from Tamil and Malayalam. Balaji's maximum programmes are titled with the letter 'K'. BTL content caters to a wide spectrum of audience through its diverse software which includes Sitcoms, Soaps, Game shows, Fantasy and Adventure, Suspense and Thriller and children's programmes in Hindi as well as regional languages. The Company's success in Television Software market is attributed to its early entry into the market complemented by its local presence at Mumbai, Chennai & Bangalore. The Company plans to set up state of the art studio and post production facilities at all its centres. Recently the Merger of Nine Network Entertainment India Pvt. Ltd., a wholly owned subsidiary of HFCL Nine Broadcasting India Ltd., with the company was called off by both the companies since it was in their respective commercial interests and the anticipated synergies no longer exist. BTL is planning to enter into Bengali and Gujarathi markets. The Company is also diversified into production of small budget films. During 2004-05, the company entered into a strategic alliance with Asian Broadcasting FZLLC (ABF).

## Investment Rationale

- BTL is the number one entertainment software provider in potentially the second largest television entertainment market in the world. BTL accounted for 22 of India's top 25 programmes (Hindi cable and satellite channels) in 2005-06.

- Balaji has a de-risked business model with a strategic dependence on commissioned programmes. This strategy represents an interesting balance between risk-

  neutrality and incomeenhancement. A significant 86% of the Company's income is derived from commissioned programming. In future, the company will increase programming hours in this segment by diversifying into new genres where the realisation per hour is higher than realisations derived from sponsored programming.
- Balaji had 20 television serials on air aggregating to 85 episodes a week as on 31st March 2006 compared to 81 episodes a week as on 31st March 2005. Total programming hours increased 23% from 1720 hours in 2004-05 to 2113 hours in 2005-06, primarily due to the launch of five new shows in 2005-06 across the Star TV, Sony TV, Zee TV, Star One and DD-Chandana channels.
- BTL retained its numero uno position in India's entertainment content industry. Nearly 86% of its programmes were aired during prime time in 2005-06. The Company accounted for 79% of the aggregate TRPs during weekday prime time shows (across the top 100 Hindi cable and satellite shows) and continued to occupy over 50 of the top 100 TRP slots.
- Balaji's programming hours jumped from 1720 hours in 2004-05 to 2113 in 2005-06. Balaji possesses more studios than any Indian company working in the field of entertainment software. Its complement of 26 modern studios engaged in the areas of production serves as an effective backward integration

# Hindustan Lever Limited

***Regd. Office:***
***Hindustan Lever House, 165-166, Backbay Reclamation, P.B. No.409, Mumbai Maharashtra 400020***

***Key Personnel:***
***Non Exec. CH: HARISH MANWANI***
***Vice CH: M K SHARMA***
***MD & CEO: DOUGLAS BAILLIE***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 244.8 |
| 52 Week High/Low | 296 / 168 |
| Face Value | 1 |
| EPS | 6.85 |
| BV | 10.45 |
| P/E Ratio | 35.7 |
| P/B Ratio | 23.42 |
| Mkt cap/Sales Ratio | 4.53 |
| Dividend Yield | 2.04 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 51.43 |
| Public Owned | 17.50 |
| FIIs Owned | 14.01 |
| Other Owned | 17.06 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 3066.01 | 2731.54 | 12.2 | 11921.62 |
| Expenditure | 2663.13 | 2387.17 | 11.6 | 10291.81 |
| PBIDT | 637.43 | 429.86 | 48.3 | 2311.89 |
| PBDT | 634 | 425.09 | 49.1 | 2299.4 |
| PAT | 520.74 | 325.96 | 59.8 | 1865.05 |

## Business Profile

Hindustan Lever Limited (HLL), a 51%-owned subsidiary of Anglo-Dutch giant, Unilever, has been prying its way into India since 1888. HLL is India's largest Fast Moving Consumer Goods company (FMCG), touching the lives of two out of three Indians with over 20 distinct categories in Home & Personal Care Products and Foods & Beverages. They endow the company with a scale of combined volumes of about 4 million tonnes and sales of Rs.10,000 crores. HLL is also one of the country's largest exporters; it has been recognised as a Golden Super Star Trading House by the Government of India. HLL's brands, Lifebuoy, Lux, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Sunsilk, Clinic, Pepsodent, Close-up, Lakme, Brooke Bond, Kissan, Knorr-Annapurna, Kwality Wall's are household names across the country and span many categories viz., soaps, detergents, personal products, tea, coffee, branded staples, ice cream and culinary products. HLL's distribution network, comprising of about 7,000 redistribution stockists, directly covers the entire urban population, and about 250 million rural consumers. HLL has traditionally been a company, which incorporates latest technology in all its operations. The Hindustan Lever Research Centre (HLRC) was set up in 1958, and now has facilities in Mumbai and Bangalore. HLRC and the Global Technology Centres in India have over 200 highly qualified scientists and technologists, many with post-doctoral experience acquired in US and Europe. It has 41,000 employees.

## Investment Rationale

- The flagship coffee brand of HLL, 'Bru', enjoys about 45 per cent share in the country's coffee market. The company is making efforts to enhance its presence in the four southern states and Maharashtra where 'Bru' is already quite strong. HLL has streamlined several of its sub brands range under 'Bru'

- Re-entering the anti-marks segment, HLL has introduced a new variant, skinClarity, for its leading skincare brand Fair & Lovely, which will further enhance the benefits in the skincare segment. HLL is also rolling out a range of upmarket skin-care products under the ‘Ponds’ brand name.
- HLL has joined hands with family grocers to convert their stores into self-service units. Four 'Super Value' stores have been converted into self-service stores in Delhi.
- Recently, HLL has announced the launch of 23 variants under the Sunsilk umbrella. HLL has also dug into its international portfolio to launch a new range of colour enhancers and conditioners.
- HLL is beefing up vending operations for its ice cream brand, Kwality Walls to perk up sales growth of 30%. Vending accounts for nearly 75% of sales for Kwality Walls. The company is undertaking a pilot project “Star Vending”, in Delhi and NCR to increase throughput per trike.
- HLL is making a comeback in the ayurveda market with a slew of products. viz., facemask, bath paste, cleansing bar and body lotion.
- HLL is planning to scale up production across its facilities in the eastern region to make it a sourcing base for the South-East Asian region. The company expects the eastern region to contribute Rs.2,500 crore to its topline from approximately Rs.1,800 crore now, in three years

INVESTMENT SOLUTIONS & SERVICES

# ITC Limited

***Regd. Office:***
***Virginia House, 37 Jawaharlal Nehru Road, Kolkata West Bengal 700071***

***Key Personnel:***
***CH: YOGESH CHANDER DEVESHWAR***
***Exec. Director: SAHIBZADA SYED HABIB-UR-REHMAN***
***Exec. Director: ANUP SINGH***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 181.35 |
| 52 Week High/Low | 213 / 125 |
| Face Value | 1 |
| EPS | 6.6 |
| BV | 23.96 |
| P/E Ratio | 27.5 |
| P/B Ratio | 7.56 |
| Mkt cap/Sales Ratio | 6.15 |
| Dividend Yield | 1.46 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 0.00 |
| Public Owned | 13.38 |
| FIIs Owned | 13.27 |
| Other Owned | 73.35 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 2887.64 | 2183.15 | 32.3 | 11077.89 |
| Expenditure | 1914.91 | 1363.31 | 40.5 | 7499.25 |
| PBIDT | 1052.21 | 897.9 | 17.2 | 3866.98 |
| PBDT | 1048.73 | 898.22 | 16.8 | 3851.61 |
| PAT | 679.6 | 572.33 | 18.7 | 2436.6 |

## Business Profile

ITC was incorporated on August 24, 1910 under the name of `Imperial Tobacco Company of India Limited'. The Company's ownership Indianised progressively, and the name of the company was changed to ITC Limited in 1974. ITC is one of India's foremost private sector companies with a market capitalisation of over US $ 13 billion and a turnover of US $ 3.5 billion. Rated among the World's Best Big Companies by Forbes magazine, among India's Most Respected Companies by BusinessWorld and among India's Most Valuable Companies by Business Today, ITC ranks third in pre-tax profit among India's private sector corporations. ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Greeting Cards, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is rapidly gaining market share. ITC's Agri-Business is one of India's largest exporters of agricultural products. ITC is one of the country's biggest foreign exchange earners (US $ 2.4 billion in the last decade). The Company's 'e-Choupal' initiative is enabling Indian agriculture to significantly enhance its competitiveness by empowering Indian farmers through the power of the Internet. ITC employs over 20,000 people at more than 60 locations across India.

## Investment Rationale

- As part of its e-choupal initiative, ITC is planning to set up 7,500 Choupal Pradarshan Khets (CPK) or demonstration plots in the 2006-07 rabi season in Uttar Pradesh, Rajasthan, Maharashtra and Madhya Pradesh. This will enable higher productivity for farmers and ensure better quality of procurement for the company. ITC had set up 7,500 CPKs in the 2006 kharif season that focused on crops, such as maize, paddy and soybean. With 7,500 more CPKs in the rabi season, ITC's initiative would probably be the largest in the country by any private sector company.

- FMCG majors ITC and HLL are in talks with the Indian Railways to forge independent joint ventures with it for setting up warehouses at the surplus land around railway stations, guaranteeing a certain freight traffic to the railways in return. The railways will set up SPVs, which will enter into joint ventures with FMCG majors as well as other companies. The companies are expected to pool in about Rs.20,000-30,000 crore for setting up the infrastructure, including warehouses, cold storages and domestic container train stations.
- ITC Ltd is planning to pump in Rs .350 crore in West Bengal in its new businesses as part of its proposed Rs 1,200 crore investment in the state. ITC is planning to set up an integrated food and logistics facility in the state near National Highway 6 or 2. Besides, it would set up a model farm with a multipurpose cold storage near Barasat in North 24-Parganas district. The demonstration farm and the cold storage would form the backbone of its foray into cash & carry business in the state.
- Technology service provider ITC Infotech, a unit of ITC, has won a "multi-million euro" order from Finnair to implement the carrier's frequent flyer loyalty programme and marketing and promotions applications. Under the deal, ITC Infotech will also provide support and maintenance services for the applications for a five-year period.
- ITC Hotels has proposed plans to set up 3 new hotels in West Bengal under its fortune or Welcome Heritage brands and expand its facility ITC Sonar Bangla Sheraton & Towers in Kolkata. The proposed schemes are scheduled to be completed in the next 3 to 5 years.

INVESTMENT SOLUTIONS & SERVICES

# Thermax Limited

***Regd. Office:***
***D-13, MIDC Industrial Area, R D Aga Road, Chinchwad, Pune Maharashtra 411019***

***Key Personnel:***
***Chairperson: MEHER PUDUMJEE (MRS.)***
***MD: PRAKASH KULKARNI***
***Director: ANU AGA (MRS.)***

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 378.35 |
| 52 Week High/Low | 417 / 176 |
| Face Value | 2 |
| EPS | 12.43 |
| BV | 40.17 |
| P/E Ratio | 30.4 |
| P/B Ratio | 9.41 |
| Mkt cap/Sales Ratio | 2.77 |
| Dividend Yield | 0.90 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 61.99 |
| Public Owned | 14.59 |
| FIIs Owned | 3.48 |
| Other Owned | 19.94 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 482.29 | 307.84 | 56.7 | 1626.42 |
| Expenditure | 429.62 | 270.14 | 59 | 1433.56 |
| PBIDT | 61.43 | 41.29 | 48.8 | 229.09 |
| PBDT | 61.19 | 41.15 | 48.7 | 228.2 |
| PAT | 35.08 | 25.31 | 38.6 | 134.05 |

## Business Profile

Thermax was incorporated in the year 1980 as Thermo Dynamics Pvt. Limited. It offers products and services in heating, cooling, waste heat recovery, captive power, water treatment and recycling, waste management and performance chemicals. The company has joint ventures and alliances with Babcock & Wilcox USA, Kawasaki Thermal Engineering Company, Japan; Eco Tech, Canada; Honeywell, USA; Bloom Engineering, Germany and Struthers Wells and Ozone Systems, USA. Thermax Babcock & Wilcox is currently a wholly owned subsidiary of the company. The company manufactures products in areas of energy generation, environmental conservation and control, ion exchange resins and chemicals and various components and spares. Energy products and systems contribute more than 30% to total revenues. The major products of the company are boilers and heaters, water/wastewater reuse and recycling plants, absorption cooling solutions, pollution control equipment and captive power plants that operate on a variety of fuels. The company also manufactures a range of resins, specialty chemicals and cleaning compounds.

## Investment Rationale

- Thermax has acquired 40 hectares of land in Savli GIDC (Gujarat Industrial Development Corporation) estate to set up a boiler manufacturing plant on the out skirts of Vadodara. The company would initially invest Rs.100cr in the plant and is expected to pump in another Rs.300cr in the near future. The company's project at Savli is expected to be commissioned by April 2007.
- Thermax along with its subsidiary Company has received two orders valued at about Rs.383cr. to build captive power plants for two major cement companies. Thermax will build a 50-mw plant for Rs.243cr and a 25-mw plant for Rs.140cr.
- The company received a single largest order worth Rs.3600 million for a new refinery project. The project involves design, manufacture, and commissioning of auxiliary boilers and a heat recovery stem generator

(HRSG). The plant will generate approx. 2500 tonnes of Steam per hour.

- The company bagged an order worth Rs.1070 million for a greenfield coke oven project. This order is for installing waste heat recovery boilers on coke oven batteries to generate 90 MW of electric power. The company bagged a Rs.1190 million order for setting up a captive power plant in a cement-manufacturing unit.
- The company intends to initiate a company wide transformation and has tied up with an international consulting firm for the purpose. Resources are being invested to achieve operational efficiency, reduced lead times and lower costs. Two programs are driving these initiatives. The TOS (Thermax Operating System) aims to streamline manufacturing and delivery operations in order to able to manufacture one boiler a day. The ICR (integrated cost reduction) program focuses on cost reduction through global sourcing of materials to combat rising steel and oil prices.

# Jyoti Structures Limited

**Regd. Office:**
**Valecha Chambers, 5th/6th Floor, New Link Road, Oshiwara,Andheri (W), Mumbai Maharashtra 400053**

**Key Personnel:**
**CH: S D KSHIRSAGAR**
**MD: K R THAKUR**
**Director: S H MIRCHANDANI**

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 129.05 |
| 52 Week High/Low | 132 / 53 |
| Face Value | 2 |
| EPS | 5.07 |
| BV | 20.6 |
| P/E Ratio | 25.5 |
| P/B Ratio | 6.26 |
| Mkt cap/Sales Ratio | 1.11 |
| Dividend Yield | 0.31 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 24.78 |
| Public Owned | 17.68 |
| FIIs Owned | 22.23 |
| Other Owned | 35.31 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 242.61 | 158.49 | 53.1 | 898.46 |
| Expenditure | 215.69 | 143.03 | 50.8 | 802 |
| PBIDT | 27.16 | 15.75 | 72.4 | 98.6 |
| PBDT | 19.26 | 9.5 | 102.7 | 69.46 |
| PAT | 11.48 | 5.29 | 117 | 39.11 |

## Business Profile

Jyoti Structures Limited (JSL), incorporated in May 1974 & converted into a public company in 1985 was jointly promoted by the Valecha group, Bombay, the Mirchandani group, Bhopal and Tata Exports. The company is engaged in the manufacture of transmission line towers, sub-station structures, tall antenna towers/ masts and railway electrification structures. The company also undertakes turnkey contracts involving survey, foundation, erection and stringing activities of extra-high voltage transmission lines and substations. The development of the national grid has generated immense opportunities in the power transmission sector, which JSL is all set to exploit. Besides exports, it also sells its products to state electricity boards and power grid corporations. With the completion of the modernization of its Nasik plant, the company is one of the most modern transmission line tower manufacturing units in the country, having Computer Numerical Control (CNC) machines for fabrication, two galvanizing baths and extensive mechanical handling facilities. It diversified into non-related areas in 1993-94 by setting up a plant to manufacture refractories and insulated materials. The company has executed its project in more than 30 countries across the world. It has also acquired land to set up a prawn hatchery. It has also commissioned its second galvanizing bath at Raipur and research, development and testing station at Ghoti in Nasik District.

## Investment Rationale

- The company has formed a joint venture company, Gulf Jyoti International with the Gulf Investment Corporation; Kuwait to establish a power transmission tower manufacturing facility in the United Arab Emirates (UAE). JSL is contributing 30% of the equity in this joint venture and will be actively involved in developing the capabilities of this joint venture company. The manufacturing facility is designed to produce 33,000 MT of galvanized structures per annum on two-shift basis. The state of the art facility would be highly automated and match the international standards on environmental issues.

- JSL has received an order from the Dubai Electricity and Water Authority, valued at Rs.180.27 crores. The contract is to be executed within 18 months by the company and its consortium partner, Gulf Jyoti International LLC, Dubai.
- The company has set the target of Rs.950 crore net sales for FY2007, Rs.15 crore capex is planned for FY2007 & the management expects to operate 66,000 capacities for FY 2008.
- JSL is also seen to benefit from a strategic stake held by Reliance Energy Limited (REL). Since REL does not have its own facility in this segment, JSL will be a preferred partner for sourcing its requirement.
- JSL has received the ISO 9001 certification in 1995, and more recently, it has also received ISO 14001 certification for its quality practices. The internal processes and systems have been approved by international quality bodies such as NQA - QSR (RVC accredited) and EAQA (NACCB/ UKAS accredited).
- Its facilities have been approved by various International utilities such as Vatenfall (Sweden), Power Link, Western Power and Trans GRID (Australia), IVO (Finland), ABB (Germany), BalforKilpatric (U.K.), HydroQuebec (Canada), National Grid (UK), Mott MacDonald (U.K.), Kennedy Donkin Power (U.K.), etc.

# Carborundum Universal Limited

**Regd. Office:**
**'Parry House', 43, Moore Street,**
**Chennai Tamil Nadu 600001**
**Key Personnel:**
**CH: M M MURUGAPPAN**
**MD: K SRINIVASAN**
**Non Exec. Director: PARTHO DATTA**

## VALUE PARAMETERS

| | |
|---|---|
| CMP | 181.95 |
| 52 Week High/Low | 193 / 100 |
| Face Value | 2 |
| EPS | 5.69 |
| BV | 25.08 |
| P/E Ratio | 32.0 |
| P/B Ratio | 7.25 |
| Mkt cap/Sales Ratio | 4.08 |
| Dividend Yield | 1.98 |

## SHARE HOLDING PATTERN

| As on Sept'30 | % |
|---|---|
| Promoter owned | 42.74 |
| Public Owned | 30.24 |
| FIIs Owned | 5.62 |
| Other Owned | 21.40 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 114.47 | 93.37 | 22.6 | 416.51 |
| Expenditure | 90.98 | 74.12 | 22.7 | 340.58 |
| PBIDT | 28.29 | 24.29 | 16.5 | 127.1 |
| PBDT | 27.17 | 23.56 | 15.3 | 123.94 |
| PAT | 15.71 | 13.49 | 16.5 | 82.88 |

## Business Profile

Carborundum Universal Limited (CUMI), a leader in the abrasives and ceramics market, is a part of $1.6 billion Murugappa group. CUMI was founded in 1954 as a tripartite collaboration between the Murugappa Group, The Carborundum Co., USA and the Universal Grinding Wheel Co. Ltd., U.K. Since its establishment in 1954, CUMI has been a pioneer in coated and bonded abrasives. With state-of-the art facilities and strategic alliances with global partners, CUMI has achieved a reputation for quality and innovation. CUMI is one of the five manufacturers in the world with fully integrated operations that include mining, fusioning, wind and hydro power stations, manufacturing, marketing and distribution. Almost all of CUMI's ten manufacturing facilities have received the ISO 9001:2000 accreditation for quality standards. CUMI manufactures over 20,000 varieties of abrasives that range from Rs.5 to Rs.50,000. The company primarily manufactures bonded abrasives and specialized refractories. Its products include bonded and coated abrasives, super refractories, industrial ceramics, ceramic fibre, electro-cast refractories, silicon carbide, and white alumina. Its products today are benchmarked as one of the best in the industry for their performance. CUMI's major customers are the bearing, automobile and auto ancillary, alloy steel, foundry and forging, fabrication and general engineering industries. With a robust distribution network, 80% of the abrasive products reach the end-users through 400 dealers and five lakh retail outlets across India. CUMI's products are being exported to 43 countries spread across UK, US, Israel, Australia, Poland and the Netherlands. Its exports contribute approximately around 7% to its sales.

## Investment Rationale

- Inorder to take advantage of the excise and income tax incentives, CUMI is setting up a bonded abrasives facility at Uttranchal at a cost of Rs.20 crores in the first phase i.e. year 2007 and plans to invest an equal amount in 2008. In the first full year of operations, the business generated would be about Rs.50crore. The land acquisition for the project has been completed and the plant is expected to be operational in the first quarter of the next financial year.

- The specific locational excise advantage that CUMI would be enjoying is that the concessions will give it the leeway to target the cost-conscious low-end market what is described as the 'price-only' segment.
- A 50 tonne sol-gel grains plant in the existing facility at Edapally in Kerala is near to its completion. Work on a second Micro Grit project in Koratty, Kerala has commenced.
- CUMI has set up its fourth coated abrasives manufacturing facility at Sriperumbudur, near Chennai. Located on 22.5 acres of land, the facility has been set up at an investment of Rs.50 crore. The facility would have a production capacity of 15 million sq metres and would alone be able to match the overall national capacity of 15 million sq metres. The facility is expected to enable CUMI to more than double its manufacturing capacity for coated abrasives from the current 11 million sq metres to about 26 million sq metres. The new plant is expected give the company an edge in the international arena by turning out world-class coated abrasive products.
- CUMI has entered into a joint venture with 49 per cent stake in a Chinese company, Jingri (China Engineering and Exploration Bureau) with an investment of $4.9 million (about Rs.23 crore). The company plans to set up a 2000 tonne bonded abrasive plant at an investment of $5 million (about Rs.23 crore) in the Yanjiao province at a new site. This plant will not require additional investments from CUMI, apart from the already invested amount of $4.9 million in the joint venture. The plant is expected to go on stream by 2007. CUMI will supply the technology for the abrasive plant, besides it will also be involved in the management of the business as a joint venture partner.
- CUMI completed its first international acquisition by acquiring the business of a Canadian coated abrasives distributor. The company had acquired Abrasive Enterprises Inc (AEI), for an investment of Canandian $2.25 million (about Rs.9.5 crore). This has helped the company to gain a long-term presence in the North American coated abrasives market.

# Cummins India Limited

***Regd. Office:***
***Kothrud, Pune Maharashtra 411038***

***Key Personnel:***
***CH & MD: ANANT J TALAULICAR***
***Director: RAJEEV BAKSHI***
***Director: JOHN WALL (DR.)***

### *VALUE PARAMETERS*

| | |
|---|---|
| CMP | 282.15 |
| 52 Week High/Low | 294 / 143 |
| Face Value | 2 |
| EPS | 10.91 |
| BV | 39.61 |
| P/E Ratio | 25.9 |
| P/B Ratio | 7.12 |
| Mkt cap/Sales Ratio | 3.41 |
| Dividend Yield | 1.42 |

### *SHARE HOLDING PATTERN*

| As on Sept'30 | % |
|---|---|
| Promoter owned | 51.00 |
| Public Owned | 12.21 |
| FIIs Owned | 15.98 |
| Other Owned | 20.81 |

| Particular | Qtr Ending Sept'06 | Qtr Ending Sept'05 | Variance | TTM |
|---|---|---|---|---|
| Net Sales | 467.44 | 357.3 | 30.8 | 1636.34 |
| Expenditure | 388.85 | 315.08 | 23.4 | 1378.77 |
| PBIDT | 98.07 | 63.79 | 53.7 | 332.81 |
| PBDT | 98.03 | 63.63 | 54.1 | 332.2 |
| PAT | 62.7 | 37.77 | 66 | 216.06 |

## Business Profile

Cummins India Limited (CIL), formerly known as Kirloskar Cummins Limited, commenced its operations in India at Pune in 1962. CIL was incorporated as a joint venture with Cummins Engine Company, US, to manufacture internal combustion diesel engines. Cummins Inc. (which holds 51% equity stake in the company) is a global power leader and is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. CIL is an integrated engine, equipment and component manufacturer. CIL operates in market segments that include power generation equipment, commercial vehicles and, industrial equipment and applications (such as construction and earth moving equipment, compressors, pumps and cranes). CIL derives 40% of its total revenue from the power generation segment, 12-15% from the industrial segment, and 40-45% comes from the auto segment (out of which 10% comes from spares). CIL has produced more than 1,80,000 engines to date in its state-of-art manufacturing facilities in Pune. The company manufactures an average of 10,000 engines per year.

## Investment Rationale

- CIL is all set to launch a new range of generator sets, which would work on gasifiers designed using IISc (Indian Institute of Science) technology. The generator sets will be available in a range of ratings starting from 25 KW (Killo Watt) and extend to multiple unit power plants over 1.5 MW (Mega Watt). Biomass is a low-cost and sustainable fuel source, which uses the gasification route for power generation.
- CIL is quadrupling its capacity for producing generating sets and setting up a new facility in Pune, with an investment of $3 million. The new unit is expected to be operational by the first half of next year. CIL now makes sets in the range of 15 KVA to 140 KVA and with its expansion, the company will be foraying into the below 15 KVA range.

- With increased volumes, better product mix and pricing and significant improvement in productivity, CIL is seeing its OPM (Operating Profit Margin) improving smartly. Moreover, the improvement in indigenisation level in both K50 and K38 engines, better sourcing coupled with pricing power specially in higher HP engines is expected to fortify the margins.
- In India, due to continued rise in diesel prices, demand for captive power plants will be on the increase, which gas generator sets/ power plants will serve. Therefore, CIL is currently piloting several projects on gensets and gasification systems for producer gas ranging from 20 KW-300 KW power plants.
- CIL is the sole supplier of K-50 and K-38 natural gas engines to Cummins' North American markets and other countries. Cummins India was appointed the sole worldwide manufacturer and supplier for the new Quantum-60 high-horse power engines. CIL has developed these gas-based engines using stoichiometric technology but is developing engines with lean burn technology, which offers greater savings and faster pay back period.
- The company has received ISO 9001 certification in addition to the certification by the American Bureau of Shipping; LLoyd's Register of Shipping; Factory Mutual; Underwriters Laboratory, US; Korean Register of Shipping; Indian Register of Shipping; the Government of India; Export Inspection Agency and the Ministry of Defence.
- During 2005-2006, the company's production capacity of Internal Combustion engines in all HP ranges stood at 19500 Nos. Generating sets increased from 3628 Nos to 4600 Nos and production capacity of machine tools stood at 10 Nos.