BUSINESS & INVESTMENT WEEKLY
MONEY TIMES

A TIME COMMUNICATIONS PUBLICATION
VOL. XVI No. 13 **Monday, February 12 - 18, 2007** **Pages 20**

Markets turn cautious

on fears of profit-booking by FIIs

By Sanjay R. Bhatia

The markets continued their upward rise as both the Sensex and Nifty once again touched their all time closing highs. But the rise in inflation rates, which touched a 2 year high once again saw the markets plummet on Friday, 9th February 2007. The volumes recorded have remained very good amid a negative advance-decline ratio. Traders and speculators were active in Auto, Metals, Capital goods, Banking and Tech stocks. Incidentally, FIIs continued to remain net buyers on the bourses both in the cash and derivatives segment. Mutual funds, on the other hand, used this rally as an opportunity to book profits.

Global cues mostly remained negative. If on one hand, Nikkei and Dow continued to move up touching new historic highs, base metals remained weak although they bounced back mid-week. Crude oil once again spiked up to touch the $60 level after the 5,00,000 bpd cut in production by OPEC came into effect from 1st February along with very cold winter, which continued to blast the US North East and boosted the demand for heating fuel. A positive sign for the markets has been the FII inflows, which have been robust during this week and emerged at higher levels too. This helped the Sensex to move above the 14600 level and the Nifty above the 4200 level. Last week's S&P upgrade helped the fund flow to Indian markets.

The biggest negative for the Indian markets is the rise in inflation rates, which will lead to an increase in interest rates and, which in turn, will put pressure on margins. The RBI's measures to arrest inflation rates have faltered so far. There are also indications that in a worse case scenario, the RBI might allow the rupee to appreciate against dollar to lower inflation rates. The only negative with this step would be that it might propel FIIs to book profits and repatriating them back to the country of origin. Since they have made good profits so far and valuations now look stretched, the risk:reward ratio is now lower and FIIs would not like to take currency risks that might eat into their profits. It needs to be seen what measures the RBI takes to tackle the inflation and whether it allows the rupee to appreciate against the green buck.

Fund flows continue to remain important along with follow-up buying at higher levels if the markets have to rise further. It is important that mutual funds also support the market at higher levels. In the meanwhile, the markets will witness intermediate bouts of profit-booking and selling pressure amid occasional bouts of volatility during the next week, which is a truncated week. Stock specific action will be witnessed on news flow of Budget proposals impacting particular stocks.

Technically, the BSE Sensex touched an intra-day high of 14723 a few points away from our resistance level of 14750 on Friday. On the upside, the Sensex is likely to test the 14750-14825 levels if it continues to sustain above the 14450 level. On the downside, the 14000 level is an important support level for the Sensex. In case of the Nifty, if it can sustain above

the 4150 level, it is likely to test the 4200 level followed by the 4250-4275 levels. The 4015 level is an important support level for the Nifty.
Traders, speculators and investors are advised to remain cautious. They should start booking partial profits and keep trailing stop losses on the outstanding positions.

TRADING ON TECHNICALS

Erratic moves witnessed

By Hitendra Vasudeo

The week to week Sensex was positive but we could not get a sustained rise. The week was mixed in terms of a tussle between the Mid-Cap/Small-Cap and Index based stocks. The Mid-Cap/Small-Cap stocks started the week well but fell shortly towards the end of the week. The index-based stocks did well on the whole and the Sensex made a new high every day by inching up but failed to sustain on closing on daily charts. The net result for the Sensex was positive 0.94%. BSE Mid Cap and BSE Small Cap were negative on week-to-week basis by 0.87% and 0.93% respectively. Volumes of last week were highest on weekly charts since October’2005. The BSE Mid-Caps and BSE Small Caps showing negative week-to-week movement along with overall heavy volumes in the market might not be an encouraging signs for the short-term unless both broad market indices make new highs.
The BSE Mid Cap made a new historical high last week. The earlier top formed in May’06 was 6070 and the new high registered last week was 6229. The weekly close at 6664 was marginally below the earlier high of 6070.
BSE Small Cap index historical high was formed in May’06 at 7872. The high registered last week was 7752, which is the highest of the current upmove.
Both these broad market indices struggled as they reached near their May’06 high. Expect the broad market indices to do better from hereon only if they register new historical highs in the current week or in the next couple of weeks. Any deeper fall in the broad market stocks now could damage the market sentiment for the short-term.
The frontline index based stocks also witnessed the shadow of the broad market fall in prices. The Sensex dipped on Friday from a high of 14723 to close lower at 14538 showing a fall on 0.77% on Friday eroding the weekly gain of the Sensex.
Last week, the Sensex opened at 14432.09 attained a low at 14372.36 and moved up to form a new high at 14723.88 before closing the week at 14538.90 and thereby showed a net rise of 135 points on a week-to-week basis.
The weekly trend is up after the weekly closing on 29/12/06 at 13786.91. Since then, the weekly trend is up and can turn down on fall below 14000 or if the weekly close is below 14352 on Friday.

PUNTER'S PICKS

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

Scrips	BSE CODE	Last Close	Buy Price	Buy On Rise	Stop Loss	Target 1	Target 2	Risk Reward
AUTOMOTIVE AXLES	505010	651.00	640.00	661.00	602.20	697.3	756.1	0.95
HBL POWER SYSTEM	517271	275.40	266.50	285.00	256.55	302.6	331.0	1.44
YOKOGAWA INDIA	517216	404.00	392.05	408.90	381.15	426.1	453.8	0.96

BUY LIST

Scrip	Last Close	Buy Price	Buy Price	Buy Price	Stop loss	Target 1	Target 2
CESC	366.05	365.83	363.98	362.12	356.10	381.6	397.3

EXIT LIST

Scrip	Last Close	Sell Price	Sell Price	Sell Price	Stop loss	Target 1	Target 2
JAIPRAKASH ASSOCIATE	660.00	681.2	688.0	694.8	717.00	623.2	565.2

As a result of the price movements on Thursday and Friday last week, it is possible that we could correct to test the weekly support levels before making further attempts to cross and close above the top of 14723.
Weekly support will be at 14366 and 14000. Resistance will be at 14700-14750. In case of rise and close above 14750, expect a rise towards 14900-15100 at least. The movement could be choppy. We would always see a rotation between broad market and frontline stocks. We could see selective stock wise outperformance by broad market stocks. But collectively, broad market could lag behind the collective frontline rise. Gradual shift will keep on happening to maintain a healthy medium to long-term market. Short-term trading drift to support level is possible but ultimately the index should

be able to make a new high again. Short-term erratic price movements are certainly possible but it might not disturb the overall medium to long term up as yet.

For the Sensex, the Wave Count from the low of 8799 would be as follows:

Wave 1-8799 to 10940; Wave 2- 10940 to 9875; Wave 3- 9875 to 14035; Wave 4-14035 to 12801; Wave 5- 12801 to 1723 (current ongoing move).

For Internal of Wave 5, we have three alternatives

Alternative 1

Wave 1-12801 to 13748; Wave 2- 13748 to 13182; Wave 3- 13182 to 14723 (current ongoing move)

Internal of Wave 3

Wave 1-13182 to 14060; Wave 2-14060 to 13303

Further internal of Wave 3

Wave 1-13303 to 14325; Wave 2-14325 to 14025; Wave 3- 14025 to 14723 (current ongoing move)

Alternative 2

Wave 1- 12801 to 13748; Wave 2- 13748 to 13303

Internals of Wave 2

Wave a-13748 to 13181

Wave b-13181 to 14060; Wave c-14060 to 13303;

Wave 3- 13303 to 14723 (current ongoing move)

WEEKLY UP TREND STOCKS

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

Scrips	Last Close	Level 1	Level 2	Center Point	Level 3	Level 4	Relative Strength	Weekly Reversal Value	Up Trend Date
		Stop Loss	Buy Price	Buy Price	Book Profit	Book Profit			
PRAJ INDUSTRIES	367.85	305.9	345.4	362.5	384.9	424.4	83.9	322.9	29-12-06
INDIABULLS FIN.	423.85	353.8	405.4	438.7	457.1	508.7	79.8	369.9	25-01-07
BHARTI AIRTEL	753.00	684.3	734.3	765.7	784.3	834.3	79.6	731.5	29-12-06
AREAVA T&D INDIA	1271.00	1115.3	1214.3	1256.7	1313.3	1412.3	76.0	1173.8	19-01-07
KOTAK MAH. BANK	504.65	437.8	482.8	505.9	527.8	572.8	75.1	478.8	29-12-06

WEEKLY DOWN TREND STOCKS

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

Scrips	Last Close	Level 1	Level 2	Center Point	Level 3	Level 4	Relative Strength	Weekly Reversal Value	Down Trend Date
		Cover Short	Cover Short	Sell Price	Sell Price	Stop Loss			
BAJAJ HINDUSTAN	143.15	112.1	135.1	150.1	158.1	181.1	18.26	172.97	03-11-06
TATA TEA	683.00	623.7	667.7	696.3	711.7	755.7	20.95	711.25	25-01-07
HINDUSTAN LEVE	202.60	184.0	197.8	206.9	211.7	225.5	22.33	212.20	25-01-07
WOCKHARDT	343.80	316.5	336.5	349.3	356.5	376.5	23.99	356.04	02-02-07
IPCL	268.40	245.2	262.3	273.3	279.4	296.5	25.48	279.99	12-01-07

Alternative 3

Wave 5 can be ending diagonal – The move from 12801

Wave A-12801 to 14060

Internals of Wave A

Wave a-12801 to 13748; Wave b-13748 to 13182; Wave c-13182 to 14060;

Wave B-14060 to 13303;

Wave C- 13303 to 14723 (current ongoing move)

Internals of Wave C

Wave 1-13303 to 14325; Wave 2- 14325 to 14025; Wave 3 -14025 to 14723 (Possibly has begun on Thursday-23/01/07)

Wave counts are indicative to get direction along with the set of moving averages, which are an objective way to define the trend. Objective and subjective ways of analysis should confirm the upmove from hereon.

<u>Strategy for the week</u>

Corrective dip to 14366 can be used for buying index-based stocks with a stop loss of 14000. Alternatively, buy on rise and close above 14750 for target area of 14900-15100. Nifty traders can take the help of Sensex levels and trade in NIFTY. For exclusive NIFTY view on week to week basis, traders can subscribe to our weekly reports.

A worthy goal

By Fakhri H. Sabuwala

For Finance Minister, P. Chidambaram, it is a goal, nothing short of it. Reducing fiscal deficit, a higher growth rate in gross domestic product (GDP) and a sustained momentum of the same. What more can India ask for? The hiccup of higher inflation and rising interest rates could be a bit of a dampener but isn't that a part of a growing economy. In fact, they are symptoms of a progressive economy and will always remain there as long as we remain on the growth curve. The Sensex and Nifty reflect the same and a promising growth-oriented budget by the end of this month may mean great going ahead.

The economic prosperity of India augurs so well that economic assistance from the USA is almost done away with. The Bush administration has whittled down its already paltry aid to India for the coming fiscal to a measly $81 million from $214 million in 2006. Tata getting Corus, Mittal Steel's marriage to Arcelor, Mahindra-Nissan deal and hundreds of tie-ups at home and abroad signal our arrival on the global scene. What could be better than Narayana Murthy, the founder chairman of Infosys Technologies being invited to join the Unilever board. This is recognition of our great wealth of knowledge and management maturity.

The indices may have risen to new highs during mid-week despite negative market breadth. The Sensex at 14697 and the Nifty at 4245 on Thursday, 8th February 2007 displayed the inherent strength of the economy and the high level of interest in Indian scrips among both foreign and domestic investors.

Aditya Birla Nuvo, BEL, Cummins, GMR Infrastructure, ICICI Bank, IDBI, Kotak Mahindra, Lupin, Punjab Tractors, Reliance Capital, Rolta, SAIL, Shipping Corporation, Sun TV and Titan are 'A' group scrips scaling all time highs, which will give a big push to the broad market indices. All these scrips have just experienced a breakout and shall reach greater heights in coming days.

The Minister for IT & Telecommunications, Dayanidhi Maran, wants Indian IT companies not only to grown in the top cities but also move to tier II cities and thus reduce costs. This move and revision of export target at his initiative shall give a fresh boost to this segment. The rural rollout on the telecom sector shall reach 25 crore by December 2007 and to 50 crore by end 2010. The rural tele-density increasing to 15% by 2010 from a meagre 2% today shall keep the telecom and its ancillary segments on a roll for the next few years. Bharti Airtel, Tata Teleservices (Maharashtra), MTNL, Himachal Futuristic, ITI, Rcom, VSNL, HFCL Infotel, Avaya Global, XL Telecom, Astra Microwave and Nelco are in for interesting times ahead.

Satyam's foray into Mexico and Latin American markets and developing one of the largest facilities in China may give wings to this otherwise low profile scrip in the IT segment. Infosys, on the other hand, is growing its reach at the rate of 60% in European markets. It is also increasing its exposure to China.

Power scrips especially Areva, Alshtom Projects, BHEL, Siemens and ABB are in for a long haul even from these levels. On the eve of the budget, investment gurus are redefining their goal strategies and crystallizing new ideas in creating wealth. FMCG, Health care, IT, Capital goods, Cement, Hotels and Construction are the hot favourites.

Surprisingly, Media and Retail, which have already ridden to a high are cooling off, so is the case with Realty and Sugar.

Last but not the least, let retail investors call the long shots by identifying their vision, noting down the statement of purpose and translate it into goals by initiating action, evaluating the task and lastly celebrating the profits. Remember 2007 is the year when you will have to earn every rupee the hard way.

BEST BETS

Ricoh India (Code: 517496) Rs.33.65

Ricoh India Ltd (RIL) was originally established as a joint venture with the RPG group as RPG Ricoh Ltd. in 1993. It was later re-incorporated as RIL with 76% ownership by Ricoh Company Ltd. (RCL), Japan, in 1998. RCL is a leading global player in the area of Imaging solutions like Digital Plain Paper Copiers, Colour Plain Paper Copiers, Fax machines, Thermal paper etc. Networking Input/Output systems like Multifunction Printers, Services and Software, Scanners, Networking System Solutions like PCs, Servers, Networking equipment, Networking software etc. In fact, the Ricoh Group currently enjoys the largest market share for plain paper copiers in Europe and Japan and is No.2 share in USA. Thus with its parent company's strong products pricing and operational support, RIL is poised to grow exponentially in coming years.

RIL's product range includes Colour Multifunction Printers, Black & White Multifunction Printers, Colour Laser Printers and Copy Printers. The Aficio range of products provides affordable adaptability to have printing, copying, scanning and fax capabilities in one machine. Its compact colour Laser printer takes care of fast colour printing requirements with a high-geared engine, almost instantaneous warm-up time and automatic duplex eliminating the need for two separate devices. RIL has a nationwide presence with 15 branch offices, over 250 dealers, and employs over 900 people. With a market share of 25%, the company is well on its way to become the number 1 solutions provider in Document Management Systems. Interestingly, the company believes that there is a huge scope for office automation products in Tier II & III cities that still remains to be fully exploited. Hence it is also targeting cities like Ahmedabad, Lucknow, Vishakapatnam, Jaipur, Chandigarh, Pune, Hyderabad, Coimbatore etc.

The office automation industry in India has witnessed a transformation powered by technological advancement. Digital technology is advancing at an ever-increasing pace. More and more companies are now realising that the use of Multi Function products not only helps them to reduce cost but also helps in enhancing productivity. With the growing demand for digitalization, the office automation industry is expected to grow substantially in coming years and all this augurs well for the company. To consolidate its Indian operation, Gestetner India Ltd, a sister concern was merged with RIL a couple of years back which has resulted in a favourable impact on the overall performance of the company. For FY07, RIL is estimated to clock total revenue of Rs.185 cr. with net profit of Rs.12.50 cr., which works out to an EPS of more than Rs.3 on its equity of Rs.39.77 cr. For FY08, it may register around an EPS of Rs.4. Hence at a P/E multiple of less than 8 times against FY08 earnings. With a current market cap of merely Rs.125 cr. this MNC is available extremely cheap. Strong buying is recommended with a conservative price target of Rs.50 in a year's time.

Raunaq Automotive Components (Code: 520073) Rs.28.75

Raunaq Automotive components (RACL) was established in 1989 as a joint sector project between the Pradeshiya Industrial & Investment Corporation of UP Ltd. (PICUP) and Bharat Gears Ltd to manufacture high quality transmission gears & shafts for automotive & industrial applications and belongs to the well-known Raunaq Group, which consists of companies like Apollo Tyres, Bharat Gears, Premier Tyres, Raunaq Intl, Raunaq Finance, Apollo Finance, Apollo Intl' and Bharat Steel. Today, RACL is the largest transmission component manufacturer in North India catering to import substitution of critical transmission components. Apart from manufacturing all types of transmission gears for a variety of vehicles including two-wheelers, tractors, cars and jeeps, LCVs and heavy vehicles, it also makes axle shafts mainly for heavy vehicles. Besides engine timing gears, sprockets/ratchets, industrial gears, synchronizing cones and rings etc are also produced by the company.

RACL's has a huge hi-tech manufacturing facility at Gajraula about 100 km. from Delhi. It has the most advanced gear cutting system as well as state-of-the-art programmable fully automated CNC machines that enhance accuracy and reliability of every transmission gearing component and axle shaft. Due to its superior quality and timely delivery, it has a reputed clientele comprising Tata Motors, M&M, Ashok Leyland, Greaves, Yamaha, Honda, Escorts, Force, Hero, VST Tillers etc. Apart from the domestic market, RACL has developed products for export for prestigious international customers like Kubota, Alois Pottinger, Bombardier Rotax, Areva T&D, Herotec etc. It also supplies to leading OEMs in Japan, Austria, Germany and other European companies. Although the margins of this industry have come down in the recent past due to stiff competition and pressure from OEM, still RACL has a strong potential for growth due to the heavy demand in the domestic market as well as the global sourcing requirement of overseas automotive manufacturers.

Earlier, RACL was a loss making company but it made a strong turnaround in FY06 due to a BIFR rehabilitation scheme. It still it has accumulated losses of Rs.4 cr., which will be wiped off in this fiscal. It has undertaken various restructuring steps like broadening its distribution network, closing down some uneconomical branches, cutting down the cost of manufacturing, increasing efficiency, reducing waste etc. With these measures, the company has made a successful turnaround and for the nine months ending 31st December 2006, its sales scaled up by 50% to Rs.39 cr. and net profit shot up 70% to Rs.3.25 cr. Applying this for full year, it may clock a turnover of Rs.55 cr. with PAT of Rs.4.50 cr., which translates into an EPS of Rs.6 on its current equity of Rs.7.93 cr. For FY08, it can report an EPS of Rs.8. Therefore, investors are recommended to buy it at current levels as it can easily give 50% return in 12-15 months.

EXPERT EYE

By V.H. Dave

Global Vectra Helicorp Ltd. (GVHL) (Code: 532773) (Rs.262.30) is among one the large dedicated helicopter transportation service companies servicing the Indian oil & gas exploration and production sector. GVHL had 14 Bell-412 helicopters as on 30th September 2006, each having 13 passenger seats and two pilots seats. It has 44 pilots and 19 aircraft maintenance engineers (AMEs) and the average age of its helicopter fleet is approx 12.5 years. GVHL transports crew and cargo for oil and gas companies to offshore oil platforms located 50 to 100 nautical miles from the Indian coastline.

Incorporated in 1998 as Azal India Pvt. Ltd., the company was taken over by the Vectra Group in October 2004. The promoters of Global Vectra Helicorp are Vectra Investments Pvt. Ltd. (VIPL); Azal Azerbaijan Aviation (AAA), Ireland and Ravindra Kumar Rishi, a UK citizen.

GVHL came out an IPO of 35,00,000 equity shares of Rs.10 each amounting to Rs.64.75 cr. for its expansion plans. The issue consisted of 7,00,000 shares on offer for sale by AAA and 28,00,000 fresh shares. The funds from the issue are being utilised for fleet expansion by purchase of four Bell 412 helicopters and two EC 155 B1 helicopters at a total cost of Rs.212 cr.; building a hangar at the Juhu Aerodrome, Mumbai, at a cost of Rs.8 cr.; conversion of six Bell- 412 helicopters to meet AS-4 (aviation standard) requirement at Rs.5.5 cr. and retirement of Rs.19 cr. debt of Vectra and AAA. GVHL has tied-up borrowings of Rs.148 cr. to fund the debt portion of the project.

GVHL had a fleet of 11 helicopters at the end of FY06, its current fleet strength is 14 helicopters and this is expected to increase to 20 by the end of this year and 29 by the end of FY09.

GVHL has been in the industry for over 8 years. Its clientele have grown from one to five and its contracts range from one to three years. It has a 3-year contract for 9 helicopters with an Indian oil & gas major since May 2006 and has entered a six-helicopter contract with Reliance Industries, Gujarat State Petroleum Corporation (GSPC), Transocean, and British Gas Exploration & Production India (BGEIPL).

GVHL recorded an operating income of Rs.89.5 cr. for FY06 against Rs.51.7 cr. during FY05. The increased income was due deployment of a larger number of helicopters and increased flying time - 8,712 revenue hours in FY06 against 4,982 revenue hours for FY05. Net profit for FY06 was Rs.6.4 cr. against a loss of Rs.43 lakh in FY05. The major difference in expenses between the two years was the expense on helicopter maintenance - Rs.17.7 cr. in FY05 against Rs.9.8 cr. in FY06. Its post-issue EPS works out to Rs.4.6.

During Q3FY07, GVHL recorded revenue of Rs.40 cr. and posted a net profit of Rs.5.3 cr. During the first nine months ended 31st December 2006, net profit amounted to Rs.9.6 cr. on an income of Rs.105 cr.

Its equity capital is Rs.14 cr. and with reserves of Rs.56 cr., the book value of the share works out to Rs.50. The promoters hold 48%, foreign associates hold 25%, institutions/ mutual funds hold 10% leaving just 11% with the public.

Coming to its future prospects, two of the three recent big discoveries by Reliance and GSPC - have been in the KG basin offshore area. Over 100 blocks out of the 163 awarded under various rounds of New Exploration Licensing Policy (NELP) including NELP 6 are in offshore areas. This would lead to greater offshore activity in terms of drilling and production calling for helicopters for moving personnel to and from production platforms and drilling ships. Support operations of additional drilling rigs and production platforms all require a higher number of helicopters. There are four players in this business in India of which GVHL is the second largest.

GVHL has recently signed a Rs.43 cr. agreement to provide helicopter services to Transocean Offshore International Ventures and its affiliate for three years. The company expects good demand from the Krishna Godavari basin and will deploy six new helicopters for its South Indian operations. At present, two helicopters each operate from Rajahmundry and Vishakhapatnam.

GVHL is also diversifying its existing fleet of Bell 412 helicopters by opting for machines from Eurocopter, which will help it operate services to deepwater fields. The links that it has established with big oil companies should stand it in good stead in building on its existing business.

Given the boom in oil exploration worldwide, there is a long waiting period for new helicopter deliveries. This means that potential new entrants could be stymied. Pre-owned helicopters are also not available in the market at viable prices. GVHL's advantage is that it has already placed orders for 17 new helicopters to be delivered between now and March 2009.

Currently, GVHL has a market share is about 46% of the total offshore logistics, which according to its management would increase close to 75%-78% before 2009.

After strengthening its position in the Indian market, GHVL is moving rapidly to other Asian countries as well. It has been receiving proposals for contracts from shores of Sri Lanka, Malaysia and other countries around the Indian subcontinent.

Based on the above, GVHL is all set to post an EPS of Rs.12 for FY07, which could go up to Rs.17 in FY08. The share of GVHL is traded at Rs.293 discounting its FY07 estimated EPS by 24 times and FY08 earnings by 17 times. In view of its small equity, strong financials, improving results coupled with bright future prospects, the GVHL share can be bought for decent appreciation in the long-term. Investment in this share is likely to yield more than 40% appreciation in 6-9 months. The 52-week high/low of the share has been Rs.327/155.

*****

Lanco Industries Ltd. (LIL) (Code: 513605) (Rs.42.20) has vastly improved its working during Q3FY07 wherein net profit is placed at Rs.6.2 cr. against a net loss of Rs.6.5 cr. in the previous corresponding quarter.

LIL, formerly Lanco Ferro was incorporated in 1991 by L Rajagopal, L Madhusudan Rao and others to manufacture pig iron through the mini-blast furnace (MBF) route. Subsequently, APFIC and APIDC contributed towards its equity but currently Electrosteel Castings and its associate companies hold around 50% in the company.

LIL has an arrangement to supply molten iron and pig iron to Lanco Kalahasthi Castings Ltd. (LKCL), a company within the same campus engaged in manufacturing iron castings & forgings. Later, LKCL on added high technology Ductile Iron Pipes (DIP) manufacturing to its portfolio.

In March 2002, India's leading DI Pipe manufacturer, Electrosteel Castings Ltd. (ECL), entered into a strategic alliance with LIL and LKCL by acquiring 46.43% and 48.89% stake in the two companies respectively. In addition to technology support, ECL infused fresh funds into LIL by way of equity participation and remodeled its financial structure reducing the interest costs.

During FY06, LIL registered 6% increased sales of Rs.303 cr. but posted 80% lower net profit of Rs.4.2 cr. The EPS was Re.1 and it paid a dividend of 5%. During Q3FY07, while sales have gone up by 36% to Rs.102 cr., net profit is placed at Rs.6.2 cr. as against a net loss of Rs.6.5 cr. in the same period last year.

The production of increased to 76,655 MTA in FY06 compared to 62,375 MTA in the previous year i.e. an increase of 23%. The production of pig iron / molten metal by the (MBF) was also higher at 1,11,454 MT in FY06 as against 88,887 MT in FY05.

LIL's equity capital is Rs.39.8 cr. and with reserves of Rs.40 cr., the book value of the share works out to Rs20. The value of its gross block has gone up to Rs.250 cr. from Rs.200 cr. in FY05. The promoters hold 50% in its equity capital. FIIs hold 12.2%, PCBs hold 4% having 33.8% with the investing public.

LIL has a large value addition chain starting from iron ore to DIP setting up of its own coke oven plant along with a 12 MW waste heat recovery based co-generating captive power plant at a cost of Rs.43 cr. has further strengthened its value chain.

DI pipes are generally preferred for water supply, sewage and transmission applications. Its superiority of DI pipes lies in its ability to provide trouble free service against increasing traffic load and longer life compared to other pipes.

LIL is in a consolidation phase and is adding balancing equipments to expand the capacity of DI Pipes from 90,000 to 1,20,000 TPA during FY07.

The commissioning of its coke oven plant and the power plant will help stabilise the cost of coke and improve profitability in coming years. LIL is all set to post an EPS of Rs.6 in FY07 increasing further to Rs.12 in FY08 due to saving in power and raw material costs.

LIL is continuously moving forward to achieve operational excellence and value addition for its stakeholders through operational synergy, higher capacity utilisation, backward integration, cost reduction and continual improvement in shop floor operations. The growth in demand for DI Pipes offers a positive outlook for LIL in the coming years.

Currently the shares of LIL are traded at Rs.43 discounting the estimated FY07 EPS of Rs.6 by 7 times and FY08 EPS of Rs.12 by 3.6 times. Investment in this share is likely to fetch an appreciation of about 50% in one year. The 52-week high/low of the share has been Rs.57/30.

STOCK WATCH

By Saarthi

Most investors believe that **Kallam Spinning Mills Ltd. (Code: 530201) (Rs.22.40)** has posted bad numbers for the Dec.'06 quarter as its NP has plunged by 20% to Rs.0.23 cr. Actually, it has declared mind-blowing results with the highest sales and profit figures in its history. Sales increased by 70% to Rs.15 cr. and PBT jumped by 80% to Rs.2.70 cr. However following its conservative accounting procedure, it provided a whopping Rs.2.30 cr. as deferred tax provisioning in this single quarter. If not, its NP would have been huge Rs.2.50 cr. i.e. quarterly EPS of Rs.3.60 since the company has completed Phase – I of its expansion by adding 11040 spindles in last quarter only, the same kind of topline will be maintained in future also. Besides it's undergoing Phase-II expansion by adding another 11040 spindles to be completed by mid-2007 which will take its total spindle capacity to nearly 45000 spindles. For FY07, it is expected to clock a turnover of Rs.52 cr. with NP of Rs.4 cr., which leads to an EPS of Rs.6 on its current equity of Rs.6.85 cr. Although, it has a huge debt of Rs.40 cr., the scrip still has the potential to rise by 50% in 6¬9 months.

*****

In the Cement sector, **Deccan Cements Ltd. (Code: 502137) (Rs.169.50)** is doing extremely well. It's a south based cement manufacturer having a mini cement plant of nearly 3,00,000 tonnes capacity and slag cement production capacity of 5,00,000 tonnes. For the Dec.'2006 quarter, its sales shot up by 60% to Rs.43 cr. whereas NP quadrupled to Rs.7.80 cr. due to higher price realisation. Importantly, the company has a captive power generation facility through the hydel as well as windmill route, which makes it one of the lowest cost producers of cement. In future, the company plans to set up a massive 10 lakh tonnes cement plant along with captive power facility to emerge as a bigger player in the South Indian market. Importantly, from the last six quarters the company is constantly increasing its OPM with every passing quarter. For Dec.'06 quarter, its OPM stood at 30% compared to 12% last fiscal. Considering its first nine months figures, it may end FY07 with turnover of Rs.170 cr. and after making tax provisions of Rs.14.50 cr. it may report net profit of Rs.28 cr. This translates into a whopping EPS of Rs.40 on its small equity of Rs.7 cr. At a reasonable discounting of 6, the share price can touch Rs.240 in short to medium term. The management may even declare Rs.5 as dividend for FY07. A good bet.

*****

Another company from the Textile sector, which reported good numbers, is **Winsome Textile Inds. Ltd. (Code: 514470) (Rs.60.05)**. Although sales fell by 10% to Rs.32 cr. its PAT quadrupled to Rs.3.75 cr. due to better profit margin and other income of Rs.1.50 cr. Notably, its closing stocks shot up substantially for the Dec.'06 quarter, which means its will report good sales for the running quarter. For future growth, the company has undertaken modernisation cum expansion projects to add 13000 spindles, 10 TPD dyeing, 2.50 MW Hydro power plant along with complete replacement of old ring frames at a capex of Rs.117 cr. For the first nine months, it has already clocked a revenue of Rs.102.50 cr. and NP of Rs.9.76 cr. without tax provisioning. Hence on a conservative basis, it may end FY07 with sales of around Rs.140 cr. and NP of Rs.9.50 cr. i.e. EPS of Rs.16 on its small equity of Rs.5.87 cr. With 58% promoter holding and Enterprise value of merely Rs.100 cr., this is a screaming buy even at current levels.

*****

Agro Dutch Industries Ltd. (Code: 519281) (Rs.32.55) reported fantastic results for the Dec.'06 quarter. While sales grew by 35% to Rs.48 cr. its net profit zoomed by 70% to Rs.10.85 cr. registering a quarterly EPS of Rs.3.70. Notably, its OPM shot up to 37% from a mere 19% in the preceding two quarters. In order to become the world's largest mushroom producer, it is expanding its mushroom growing capacity from 36,000 to 50,000 TPA apart from doubling its can making capacity to 12000 tonnes. It has already clocked sales and profit of Rs.154 cr. and Rs.19.50 respectively for the first nine months. Hence on a conservative basis, it is expected to end FY07 with a topline of more than Rs.200 cr. and net profit of Rs.19 cr. after making total tax provisioning of nearly Rs.9 cr. for the full year. This works out to an EPS of Rs.6.50 on its current equity of Rs.29.56 cr. As the promoters themselves are planning to invest Rs.28 cr. through preferential allotment of 1 cr. warrants to be converted at Rs.28 per share, it's a risk-free buy at current levels. Although the company is not paying any dividend, its share price is bound to hit Rs.50 in a year's time.

FIFTY FIFTY

By Kukku

Investment Call

* Formerly known as Prakash Tubes, **Surya Roshni (Rs.67.95)** has steel and lighting divisions. The steel division commenced operations in 1974 and manufactures electrical resistance welded (ERW) steel pipes & tubes (46% of sales), cold-rolled formed sections & profiles and cold-rolled (CR) strips (around 19% of sales). The lighting division, operating since 1983, manufactures flourescent tube lamps (FTL), general lighting systems (GLS), glass shells for GLS lamps, tubular glass shells, FTL filaments, GLS filaments and sodium and mercury vapour lamps. The lamps are sold under the Surya brand. Last year, this division contributed 35% of sales.

Pipes/Tube/Steel Division: In view of the thrust of the Government of India on water and infrastructure sectors, there is tremendous scope for growth in the Steel Pipes and the Cold Rolled Steel Industry. More demand is expected from various Oil & Gas companies for LDPE pipes of API standards. In the Cold Rolling segment also demand is expected to increase due to higher growth in the automobile sector.

Lighting Division: There is an increase in demand for regular lighting products with general improvement in the power condition in urban as well as rural sectors and increase in spending on infrastructure development in coming years. Well-defined strategies are being implemented to cater the gradual increase in demand for lighting products and enhance the market share of the company's products. The company has taken steps to install the Compact Fluorescent Lamp (CFL) plant, which is a value added product and will enhance its profitability. As a result new initiatives, the turnover and profitability of the company in coming years is likely to grow considerably.

Surya Roshni's board has approved an expansion of its CFL project at a total cost of Rs.20 cr. The board also approved incorporating a separate segment of the real estate business by investing up to Rs.10 cr.

The stock has attracted attention of big investors in view of its hidden values, better outlook for the sector, unlocking of real estate values through expected demergers.

Investors should pick this stock on reactions around Rs.65/66 level for medium term investment. Once it closes above Rs.78, it can give a good upside, as its yearly high is Rs.112.

Market Guidance

*** Supreme Industries (Rs.217)** was incorporated at Mumbai. The company manufactures industrial and engineering moulded products, storage and material handling crates, multi-layer sheets, multi-layer films, packaging films, expanded polyethylene foam, PVC pipes and fittings, moulded furniture, Shatranj mats, disposable EPS containers etc.

It offers the widest and most comprehensive range of plastic products in India through its 21 plants located at various parts in India. Supreme Industries is credited with pioneering several products in India, which include Cross- Laminated Films, HMHD Films, Multi-layer Films, SWR Piping Systems, PP Mats. Moreover, it is among the very well managed, growth-oriented companies. For Dec.'06 quarter, it reported sales of Rs.306 cr. and net profit shot up to Rs.9.57 cr. after providing depreciation of Rs.10.52 cr. on an enlarged capital of Rs.27.62 cr. resulting from 1:1 bonus issue (this is 3rd bonus issue in the last 15 years).

The company is entering the property development business and has shifted its corporate office from its property in Andheri (West), Mumbai. As per informed sources, the company is developing around 2.5 lakh sq. ft. area at prime location of Andheri (West), which will earn good rental income to the company. The company is also evaluating various proposals for development of its property at Salt Lake in Kolkata.

The company has huge real estate worth as it has around 21 manufacturing plants and around 14 branch offices.

In the recent past, we have seen how stocks like Walchandnagar, Ruby Mills and Indian Hume Pipes have given superb returns on unlocking the value of their real estate assets. Supreme Industries can also give good returns to investors in the long run from the current level of around Rs.215-220 once it catches attention of big investors.

*** Jaihind Projects (Rs.46.10)** has come out with very encouraging results for De.'06 with top line growing by 131% to Rs.25 cr. and net profit zoomed by 250% from Rs.32 lakh to Rs.112 lakh. The company has a very strong order position and is likely to post sales of Rs.90/95 cr. for FY07. Investors can hold on to this stock as it may reach Rs.100 mark in about one year.

*** Ashco Inds. (Rs.81.5)** has already moved up from it recommended low level of Rs.22, it has come out with very encouraging Dec.'06 quarterly results. Investors can continue to hold this stock for a further upside.

*** Kirloskar Pneumatics (Rs.420)** is under accumulation by big knowledgeable investors. The stock is very likely to see a good upmove.

***** Investors looking for safe investment can think of adding **Hindustan Constructions** at Rs.140/142 level.

*** Walchandnagar Industries (Rs.2050)** has given superb returns to investors in the last few months on the back of its highly encouraging performance. There are indications of a very liberal bonus and stock split from knowledgeable quarters. It may also unlock its huge real estate worth. Investors must continue to hold this stock for a good upside even from current level. As mentioned few months back, it may be another LMW in the making.

***** Hotel sector stocks are likely to report record performance in this quarter. Many of the companies like **Kamat Hotel (Rs.180.15), Hotel Leela (Rs.62.25), Taj GVK (Rs.203.75)** and **Oriental Hotels (Rs.415.90)** have not reported good results for the 3rd quarter as there was renovation of rooms going on during that period. Hence, current quarter is expected to be much better. There are indications of good room capacity coming up in the next one year. Investors are, therefore, advised to book profit after the Q4 results of this sector.

*** Deep Industries (Rs.49.90)** was recommended on listing around Rs.30 level. Investors can continue to hold this stock for a target price of Rs.100.

*** Sun Pharma (Rs.1020), BEML (Rs.1178), Ennore Foundry (Rs.180)** and **DCW (Rs.13.72)** can give a decent upside in the near future. Keep a watch on them.

*** Axtel Industries (Rs.12.6)** has now reacted. Investors can take a small exposure for decent gains from this level.

***** Investors are advised not to remain overbought and should remain liquid to buy stocks in case of reactions.

*** Swaraj Engines (Rs.172)** is a strong fundamental stock with good dividend yield. Investors can continue to stay invested for better times ahead.

*** Revathi Equipment Ltd. (Rs.666.05)** has informed BSE that the company has acquired 40% stake in the equity share capital of M/s. Potential Service Consultants Pvt. Ltd., Bangalore, a company providing engineering design solutions in the field of construction industry for a consideration of Rs.30,00,00,360. The company has also agreed to acquire another 11% equity of Potential Service Consultants Pvt. Ltd. on pre agreed basis of valuation as on 31st July'09. It is understood that engineering design solutions is in great demand and this company is said to have a very strong order position. Another listed company in the sector is Geometric Software.

TOWER TALK

* **Broadcast Initiatives** IPO is another attempt by the Adhikari Brothers who sold off the SAB channel. Was it to avoid media scrutiny that the promoters did not hold a press conference?
* After hitting an all time high of Rs.202, **Jupiter bioscience** has corrected sharply to Rs.170 level. This is time to buy the scrip and not exit as it has bagged huge order from a Swiss company and has tied up with some US and European companies for future business. Scrip is set to hit Rs.250 mark in short term.
* **Sagar Cement** is raising Rs.19 cr. through preferential allotment at Rs.190 per share to a New York based FII to fund its expansion plan. Buy at sharp declines.
* **Ind. Swift Labs** has successfully completed USFDA inspection for its Clarithromycin API manufacturing facility. Its US FDA certification will re-rate the company. Buy now, as you may not get this price in near future.
* After bagging orders from Mumbai Municipal Corporation and Wet Bengal Govt., **Sanjivani Parenteral** has signed a contract with the Defence ministry for 3 years. Short-term traders can buy for 15%-20% profit in couple of weeks time.
* **Aftek Ltd** is looking extremely bullish on the charts. It has given a strong breakout and is ready for another sharp rise in coming days. Expect a target of Rs.110 before end of this month.
* Something is cooking in **Rama Paper**. A small Mumbai operator is learnt to be bullish on this counter and he may take the scrip beyond Rs.60 in short term. Keep a close watch.
* **Laffans Petrochemicals** has attracted interest in view of its expansion programme carried out with assistance from Reliance Industries.
* **Nikhil Adhesives** has reported encouraging performance in the third quarter. A stock to watch in view of its huge expansion plans
* **Frontier Springs** has reported good performance and growth in the third quarter. Its fortunes are linked to expansions in the freight corridor.
* **Vardhman Industries** has fared well in Q3 reporting an EPS of over Rs.3 for the quarter. The company is reportedly getting in to real estate ventures.
* **Noida Toll Bridge's** excellent Q3 results and amalgamation of its subsidiary DND Flyway opens the way for further growth Marketmen over the scrip has the potential to cross Rs.80.
* Selan Exploration Technology **has been attracting attention despite definite news about any oil find in its well. Something is cooking in this counter.**
* **Premier Explosives** profitability can increase on higher mushroom prices and disposal of assets from its Mushroom Division.

Corrigendum

In last week's Tower Talk, the write-up pertaining to **Easun Reyrolle** was erroneously merged with the write-up of **Ramsarup Industries**. They are reproduced separately below to clarify the two items as they should have read. We regret the error.

- Editor

* Easun Reyrolle **has once again reported disappointing numbers for the quarter. Traders can sell now and buy around Rs.600 later.**
* In **Ramsarup Industries**, FIIS have increased their stake to 9% from 2% in last quarter. Company is doing excellent and is planning to raise around Rs.225 cr. through FCCB/GDR route, which will lead to a re-rating of the scrip.

SECTOR OUTLOOK

Boom times ahead for pharmaceuticals

By Suryadevara

Infrastructure and IT & ITES sectors are the most fancied in the current market. However, the pharma sector is growing at a fast pace as India holds a major share of the worlds Contract Research & Manufacturing (CRAMs) activities as expressed in my earlier article, 'Pharma sector beckons investors' published in Money Times in August 2006. Much has changed since then. Let us revisit the sector and review it in the light of recent developments.

Sector Potential: India has marked its place under the sun with low cost services, high technical skills and better creative output of its people, especially in the IT sector. The competitive advantage of India in the IT Sector is well-recognized and well-acknowledged. India is certainly blessed with equal, if not better, competitive strength in the global pharma sector. Although, the IT sector is reasonably discounted on the bourses, more is yet to be heard and seen as far as the potential of the Indian pharma sector is concerned.

With the largest number of FDA approved plants outside the USA on its soil, India has not only emerged is the lowest cost drug producer but also highly respected for its contract research and product development abilities.

Presently, ranked 4th in terms of volume and 13th in terms of value, India is all set to move up the value chain looking at the ongoing developments: foreign collaborations, licensing deals, contract manufacturing and contract research & development deals. Due to its inherent strengths in IT, Pharmaceuticals and Biotechnology, the Indian pharma sector has the potential to grow five fold over the next 10 years.

The global pharma business, which was $534 billion in 2005-06 is expected to grow to $767 billion by 2010.The domestic pharma market, which is currently around $4.50 billion is expected to cross $25 billion in the next few years. Thus investment guru, Marc Faber’s statement, "The Indian pharma sector offers great scope in view of the strong research driven facilities" is very relevant even today as it was a few years back when it was originally made. If the industry’s representations on incentives to Pharma research receive a favourable response in the forthcoming Union Budget, it will give a further boost to the sector.

Performance Review: Buoyed by the overseas acquisitions, the pharma sector has posted strong numbers for the past two quarters. In fact, the top 10 pharma companies reported an impressive 60.80% growth in the consolidated net profit to Rs.796.20 cr. in the quarter ending 31st December 2006 from the Rs.497.40 cr. in the same quarter last year. These well-researched, analysed and reasonably owned pharma majors were reasonably discounted in the market place. Emerging companies, however, which are lesser known and under-owned can give superior returns to investors from the current levels. In this context, let us review the scrips covered in the earlier article in the light of the recent developments.

Divi’s Laboratories Ltd.: This research based pharma company is noticeable for its dynamism and research skills of its management is headed by Divi Muralikrishna. With its new facilities at Vizag coming into operation, it is expected to record good growth rates over the next few years. Neither the then ‘Sell’ recommendation of a leading investment fortnightly journal nor the then conservative forecasts of a leading investment portal deterred this analyst from expressing the following “A leading investment portal, which had recently given a 12 month price target of Rs.2012 for this company is bound to revise its target upwards many a time looking at the company's progress and potential ahead” in his article in August 2006. This scrip has appreciated by around 80% since then to the current level of Rs.3250.

The company has recorded a turnover of Rs.471.70 cr. with a net profit of Rs.90.76 cr. in the first nine months of the current fiscal giving an annualized EPS of Rs.94.39 for this company on equity capital of Rs.12.82 cr.

Though booking profits is too tempting in view of its impressive appreciation, better things can be in store for those who have the patience to hold on.

Orchid Chemicals & Pharmaceuticals Ltd.: Set up in the early Nineties to manufacture and market cephalosprin bulk actives to unregulated markets, the company recorded an enviable growth phase for a few years. However, its subsequent entry into formulations adversely affected its growth over the next couple of years. The company's emphasis on R&D and focus on Novel Drug Delivery Systems (NDDS) with an eye on the regulated markets has now resulted in the company recording improved growth rates.

Its array of ANDA filings is really impressive, even unbelievably better than that of well-known pharma majors. Recently, it received USFDA approval for three of its ANDAs for cefotaxime in the injection form.

The company has recorded a turnover of Rs.686.20 cr. with a net profit of Rs.72.37 cr. in the first nine months of the current fiscal giving an annualized EPS of Rs.14.66 on its equity capital of Rs.65.81 cr. Investors can hold on or add further at declines.

Nicholas Piramal (India) Ltd.: This pharma company, which follows a unique way of growth, is on an acquisition spree of pharmaceutical businesses and brands over the past few years. It has reportedly the largest number of medical brands in its portfolio and is emerging as an India

MNC pharma company of global stature.
The company has recorded a turnover of Rs.1329.70 cr. with net profit of Rs.41.80 cr. in the first nine months of the current fiscal, which gives an annualized EPS of Rs.10.29 on its share of Rs.2 face value on its equity capital of Rs.41.80 cr. Its consolidated results are further more impressive. Investors can hold on to this scrip.

Natco Pharma Ltd.: This innovative pharma company from Hyderabad is focusing on new drugs for cancer patients. Its management is on a buying spree to add pharma stores in the developed U.S markets. New launches of new-age drugs are in store in this company.

The company has recorded a turnover of Rs.139.40 cr. and a net profit of Rs.26.52 cr. in the first nine months of the current fiscal, which give an annualized EPS of Rs.13.01 on its equity capital of Rs.27.17 cr. Investors can hold on or add further at declines.

It turned out to be a market performer with its share price rising to Rs.155. Investors can hold on for further gains.

Zenotech Laboratories Ltd.: This research backed fledgling pharma company from Hyderabad is bound to be a wealth creator for investors looking at the dynamism and research skills of its management headed by Chigurupati Jayaram. This company is one of the few bio-tech players in the country to have USFDA approved facilities and is all set to take its first bio-tech product, GCSF, to the European market shortly. Its recent agreements with pharma major, Ranbaxy Labs, will help it market its latest oncology product to developed markets, which offer higher margins. Ranbaxy had invested Rs.20 cr. in its equity at a price of Rs.100 per share, which speaks of the potential although its results can be meaningful only from the next fiscal. It is a scrip to be owned in the portfolio for solid investment returns.

Ind-Swift Ltd.: This Chandigarh based pharma company, which had grossly under performed the market in the last two quarters (as in the last fiscal) is likely to create wealth this fiscal if the management lives up to the group's potential and its past assurances. The merger of Ind-Swift Labs Ltd. with itself presents a win-win situation for shareholders on the lines of the shareholders of Dr. Reddy's Labs (DRL) and Cheminor Drugs Ltd., which was merged with DRL. But is the management listening? Although the management’s move to diversify into infrastructure by promoting a subsidiary ‘Ind-Swift Infra Ltd.’ cannot be faulted, the management can do better by concentrating and focusing on the merger of these two group companies. Although the last word on such a merger is yet to emerge, it cannot be ignored for long.

This company has recorded a turnover of Rs283.60 cr. with net profit of Rs.17.63 cr. in the first nine months of the current fiscal. This gives an annualized EPS of Rs.6.33 on its share, with a face value of Rs.2) on its equity capital of Rs.7.43 cr.

Looking at its current market price of around Rs.36 and P/E ratio of 7.90, decent gains can be expected by investors. If the management can get USFDA approval for its new plants, the scrips re-rating will be stronger in spite of the ‘Sell’ call given a few weeks back by the research team of the largest private sector bank.

Jupiter Biosciences Ltd.: This Hyderabad-based R&D focused Bio-Pharma company, which has grossly underperformed the markets over the last 2 years despite its impressive financials, merits attention given its bright future. Although the much respected research team of the largest private sector bank had given a ‘Sell’ call on this scrip a few weeks back, this analyst gives a strong ‘BUY’ call on this scrip.

This company has recorded a turnover of Rs.65.40 cr. with net profit of Rs.16.64 cr. in the first nine months of the current fiscal giving an annualized EPS of Rs25.04 on its low equity of Rs.8.86 cr. With an impressive book value of Rs.132.50, it is still available around Rs.145 at a meagre P/E multiple of 5.80 against the industry average P/E ratio of 27.30. Look at its recent moves. To meet the increasing demand for its new generation bio-products, it is on an expansion mode and had even acquired a speciality chemicals manufacturing unit from Aurobindo Pharma Ltd. This unit’s functioning will have a telling impact on its results from the next fiscal. I believe that the research team which gave a ‘Sell’call on this scrip a few weeks back, will be compelled to give ‘Buy’ call in coming months even at fairly higher levels than its current price in view of the huge potential its new-age bio-products in the global pharma world.

Alhough the scrips covered in the earlier article have only been reviewed above, some other pharma companies like Cadila Healthcare, Torrent Pharma, Panacea Biotech, Lupin Lab, Dishman Pharma, Glenmark Pharma recorded strong growth momentum in the quarter ended December 2006.These companies are expected to continue their impressive performance in the coming quarters too.

MARKET REVIEW

Sensex gains 135 points

By Ashok D. Singh

The Sensex added marginal 135.13 points (0.94%) over its previous week’s closing to end at 14,538.90 on Friday, 9th February 2007. The NSE Nifty closed almost flat adding only 3.9 points (0.09%) over it’s previous week’s close to end at 4187.40. The Sensex has gained 752 points (5.45%) so far in calendar 2007.

Bulls were in command on the bourses last week with the government forecasting a strong 9.2% GDP growth for the current fiscal with FIIs stepping up purchases. As a result, the Sensex and the Nifty touched new all time high levels on three trading days of the week while the end of the week saw a correction of 113.19 points. The week was marred with high volatility.

FIIs were net buyers in equities by Rs.1546.40 cr. on the first three days of the week. The net figure for the month of February'07 stands at Rs.1741.30 cr. Mutual funds were net sellers in equities by Rs.424.72 cr. for the first four days of the week. The net figure for the month of February stands at Rs.394.58 cr.

The BSE Mid-Cap index was down 53.41 points (0.87%) to close the week at 6,064.79. Mid-Cap stocks took a lot of battering on the last trading day of the week, with the index losing 108.76 points (1.76%) on the day over its previous day's closing.

The BSE Small-Cap index at 7490.10, lost 0.93% or 70.62 points. The week started off with a flier on Monday (5 February'07) as both the Sensex and the Nifty closed at their all time high levels. The market was fuelled by telecom and auto stocks as IT stocks, which often play vehicle for the market to enter newer territories preferred to stay calm on the day. Metal stocks were among the significant losers on the day. The Sensex gained 112.13 points (0.78%), to settle at a lifetime closing high of 14,515.90. It also struck a lifetime high of 14,526.51, surpassing its earlier all-time high of 14,462.77 from Friday (2 February 2007). The Nifty gained 31.85 points (0.76%), to settle at a lifetime closing high of 4215.35. The Nifty hit an all-time high of 4,219 in intra day trading.

Tuesday (6th February'07) saw the Sensex confined to a narrow range of 112 points but volatility was quite high within this range. The Sensex was seen flirting with the green and red during the day and finally closed losing 37.71 points to settle at 14515.90. Marketmen termed the correction as purely technical considering that the bourses had put on a lot of points in the past few trading days.

It was felt that the market would continue with the lacklustre sentiment of Tuesday but the market lashed back as both the Sensex and the Nifty closed Wednesday, 7th February'07 at a new all time high level. The Sensex put on 164.94 points or 1.1% to settle at 14643.13. The Nifty closed the day 28.35 points or 0.68% points above its previous day's closing to settle at 4224.25.

Thursday (8th February 2007) the Sensex closed flat or marginally up by 8.96 points to settle at a new all time high level of 14652.09. The closing however is not a true indicator of the day's trading activity. The market stayed in the red for better part of the day drawing negativity from weak Asian indices. The Nifty lost a negligible 0.85 points, to close at 4,223.40.

On Friday (9th February'07), the bearish sentiment was evident and the market did not look confident at any point of time during trading. Mid-Cap stocks lost severely. Some termed it as a purely technical correction while many attributed the fall to the two-year high inflation figure that came out in the day. High crude oil prices had their share of negativity on the market as well. Sensex lost 113.19 points (0.77%), to settle at 14,538.90 while the Nifty lost 36 points (0.85%), to settle at 4,187.40.

The Sensex gained 135.13 points last week to end at 14,538.90. Factors such as a robust set of December'01 quarter results from Indian corporates, an upward revision in estimated GDP growth at 9.2% by the government in the financial year ending March 2007, above Reserve Bank of India (RBI)'s forecast between 8.5 - 9%, have spread cheer all around. But there are a lot many factors that are cause of concern as well. Crude oil prices have once again bounced-back sharply above $60 a barrel after slipping sharply to a low of $49.90 per barrel. This may also put brakes on this rally. Inflation also remains a concern. The wholesale price index rose 6.58% in the 12 months to 27 January 2007, the biggest rise in more than two years, and higher than previous week's annual increase of 6.11% due to higher food prices.

The market is closely awaiting the key event, which is the Union Budget 2008. The market is likely to take direction from the announcements made in it by the Finance Minister.

MARKET

Meddling mars growth

but undercurrent remains bullish

By G.S. Roongta

The stock market is moving well in line with my forecast in this column both on a short-term and long-term basis.

The BSE Sensex, which had closed the previous week ended 2nd February 2007 at 14403.74 advanced further last week to 14643.13 till 7th February 2007 gaining 240 points in just three working sessions. Although the Sensex lost nearly 100 points in an intra-day trade on account of profit-booking by some quarters on 8th February but it gradually recovered almost all the loss in the later part of the session while closing flat with a gain of 9 points in the extended session of 10 minutes on the BSE to square up the position of traders at closing average rates.

But the undercurrent continues to be bullish, which got a further boost by the announcement of the country's economic growth above the estimates for 2006-07. In a statement by the Finance Minister, P. Chidambaram announced the 9.2% as the revised GDP growth rate for 2006-07 based on the advance estimates released by the Central Statistical Organisation as against the previous estimate of 9%.

Money Times readers may remember my forecast of the GDP growth rate of 9.5% made about six months back in this column. I still maintain that my forecast of GDP growth rate for 2006-07 will not be less than 9.5%. And this is despite the lower expectations from some sectors like Agriculture, Construction and Mining, which are actually buzzing now.

Readers may recall my column emphasizing that we are well-poised to hit the highest GDP growth rate surpassing even China at 10.5%, which is considered to be the highest in the world. The days are not far off when we will beat China. Even this year we would have matched it if not surpassed it had the growth in agriculture was not poorly estimated at 2.7% as against 6.2% in 2005-06. Just imagine what would happen once these poorly estimated sectors rebound on a turnaround.

Exactly in the same manner the Agricultural Ministry utterly failed in projecting the country's sugarcane productions at 283.40 million tones marginally higher (below 2%) than the 278.39 million tones of 2005-06! Now going by the latest advance estimates we find that it was much higher at 315 to 316 million tones. This massive 14% upward revision has completely changed the whole scenario for prospects of the sugarcane industry.

But who is to be blamed for ruining its fortune? The industry was rudely battered by the Agricultural Ministry based on such wrong estimates as it took wrong decisions to ban sugar exports and by releasing extra sugar in the domestic markets. This sugar prices crashing from the high of Rs.20-21 per kg to as low as Rs.15-16 per kg prevailing now. Based on this serious lapse, sugar stocks have collapsed and lie shattered in pieces.

If we take a brief look at the five leading sugar stocks, their 52 weeks high and current market prices, we will notice that the investors have no way out but to weep for the government's folly in taking wrong policy decisions hurriedly and ruining an industry as a whole and the investors in it at large.

Sr. No.	Scrip	52 weeks High	52 weeks Low	Current Market Price
1	Bannari Amman	1719	650	735
2	Balrampur Chini	202	65	66
3	Bajaj Hindustan	569	156	158
4	Andhra Sugar	258	105	104
5	Oudh Sugar	296	67	70

Please note that these sugar stocks were even higher 52 weeks back.

Their share price have now crashed between 150% to 300% despite the better market sentiments when all other sectors are at dizzy heights. This is a clear example of how the government meddling destroys the tempo, mood and sentiment of an industry sector.

In India, the government's appetite is not good. It just cannot digest prosperity for long and starts looking at the industry with suspicions and pulls it down in all possible manners by putting unnecessary barricades.

Similarly was the case with the Steel industry a year or so back and now it is the turn of the Cement industry. By reducing the import duty on cement just before the Union Budget makes no sense. It is either to please the builders, real estate developers and the common man or to threaten manufacturers not to raise prices, which will ultimately invite black marketers to step in and take advantage of the mismatch in the demand and supply scenario.

Instead of helping consumers benefit by taking steps by which materials become cheaper, the government wants to tighten the producer and distributors asking them to reduce prices at a time when demand exceeds supply at the prevailing prices. Why should producers let go of their margins now after they suffered so heavily in days when supply exceeded demand. Did the government come forward at that time to help the industry by reducing excise duty or any other levy?

The government must not harbour suspicions and harm industry sectors when they turn profitable after suffering for several years. They must be allowed to update their technology, install modern machineries and expand to meet the rising demand and global competition.

It is really a pity that such policy decisions are taken despite of two seasoned economists holding key positions in the government. It is not clear that such meddling is based on sound economic thinking or out of political compulsion to appease its left partners. In the last two-three weeks, the stocks recommended for investment have really appreciated. This means that readers of this column have changed their style as suggested by me in the earlier issues. Readers who buy stocks recommended in this column for short-term trading really miss out on the great opportunity and at times suffer loses if they are forced to line up for selling by next week itself.

Readers might recall my recommendation of Escorts Ltd. at a price of

Rs.78 or so. The stock went up to Rs.90-95 but the quick pressure of sellers cut short its rally and the stock was back to its original recommended price. But those who had the confidence and long-term view, have now started reaping good returns, which may even exceed the returns beyond my projection.

There are several other stocks, which start developing market fancy after the short-term/fast buck investors make their entry and exit in two weeks or so.

For example, I had recommended WPIL at Rs.26-28 four or five months back. And the scrip rose immediately thereafter. However, an analyst with a pink paper, who obviously follows our recommendations very closely, gave out an adverse report about the stock and it fell close to Rs.30. But I refuted him the very next week by categorically stating that the stock has strength and cannot go down below Rs.30. Thereafter, WPIL hit a new high of Rs.57.

Likewise, I had recommended JCT Ltd. two or three week back. The stock was down by a rupee at Rs.10 for the first few days but it spurted last week gaining 25% to 30%. But it has not been recommended for a rise of just 20% to 30% for real investors and has a long way to go like Escorts Ltd. But it calls for patience and a forward outlook.

Last week, I had recommended Shri Dinesh Mills at Rs.1575. It hit Rs.1790.95. But this is not the end of its rise. But for short-term investors it is good, if they are happy with this gain.

Fertilizer stocks that were lying low saw some action after my recommendation last week. RCF hit over Rs.48 from Rs.40 while SPIC touched Rs.28-30 from Rs.24. Both GNFC and GSFC attempted to touch higher levels.

Textile stocks, Chestlind textiles earlier recommended in this column appreciated by 30% to 40% last week. Arvind Mills, Alok Industries, too, met with investors' enquiries on good volumes.

Budget preparations are in progress and all eyes are now set on the Budget. It is a million dollar question whether the BSE Sensex will hit the 15000 mark before the Budget. But nothing is impossible. If India has to surpass China in economic growth rate either in 2007-08 or in 2008-09 and which she is pretty sure to do so.

ANALYSIS

Tanla Solutions Ltd.: Ringing in profits

By Devdas Mogili

Tanla Solutions Ltd. (TSL) is a Hyderabad based company, has the distinction of being one of the first few companies in India to focus on integrated solutions and products for the wireless world. Tanla has developed a few niche products in the Mobile arena that are being successfully implemented at various client locations. Its subsidiaries include Tanla Solutions (UK) Ltd. and Tanla Mobile Ltd., a wholly-owned subsidiary of Tanla Solutions (UK) Ltd.

The company's product profile in the telecom segment interalia include products like SMSC (Short Message Service Centre), Optimal Routing Solution, SS7 Voice Mail Server, Welcome Roamer, High Density Media Servers (HDMS), Multiple MSISDN, CRBT (Caller Ring Back Tone), Missed Call Alert, SMS Direct Broadcast and Prepaid Roaming.

HDMS provides the media processing required for existing and emerging high-margin enhanced services. It acts as a shared media processing resource controlled by switches or application servers in a next generation voice over IP network and SS7. The media processing capabilities are controlled through industry standard protocols including SIP, Voice XML, MGCP and ISUP.

In addition, the company has a distinct presence in telemetry like automatic meter reading and telematics like Automatic Vehicle Location (AVL), which combines both location determination technologies such as Global Positioning System (GPS) navigation and wireless data for the purpose of tracking, monitoring and exchanging information between remote vehicles and fixed bases operators such as fleet managers.

In July 2005, TSL became the first Indian company to launch an Aggregation Service in the UK through Mobizar, now renamed Tanla Mobile, its wholly-owned subsidiary. With direct connections to all UK network operators, Tanla Mobile offers a range of SMS, MMS, WAP and 3G services. Their product suite includes Campaign Management, Content Management and Interactive TV applications, all of which are supported by powerful online reporting and CRM tools.

Leveraging its core strengths in telecom infrastructure and telecom applications development, the entire Tanla Mobile aggregator platform was developed in-house by Tanla Solutions. Third party clients can connect and integrate with the carrier-grade platform through SMPP and HTTP protocols. Tanla Solutions are responsible for all technical enhancements and maintenance of the platform.

Performance: The company has been posting consistently good results QoQ basis and has once again come out with highly promising results for Q3FY07 as shown below:

Financial Highlights: (Rs. in lakh)

Particulars	QE 31/12/06	QE 31/12/05	HYE 31/12/06	HYE 31/12/05	YE 31/03/06
Sale of software products & Services					
-Overseas	5672.8	1986.18	14335.95	4017.36	6192.51
-India	0	2.65	44.46	23.05	109.57
-Other Income	2.09	1.14	7.79	5.63	10.14
Total	5674.89	1989.97	14388.2	4046.04	6312.22
Expenditure					
Cost of Sales	2403.5	771.24	6020.84	1404.47	2142.78
Selling & Mktg Exp	186.14	101.96	536.7	207.5	361.14
Genl & Admn Exp	120.23	7.84	396.23	120.72	289.12
Depreciation	104.68	8.51	234.93	24.53	79.18
Total	2814.55	889.55	7188.7	1757.22	2872.22
Profit Before Tax	2860.34	1100.42	7199.5	2288.82	3440
Income Tax	544.68	61.73	1294.39	87.08	351.92
FBT	3.06	0	4.29	0	4.52
Deferred Tax	8.65	0	25.95	-0.18	58.9
Net Profit	**2303.95**	**1038.69**	**5874.87**	**2201.92**	**3024.66**
Equity	1000	682.3	1000	682.3	682.3
Reserves and surplus (exc. rev reserves incl. share premium)	-	-	51017.61	-	3668.81
Basic/Diluted EPS (Rs.) adjusted to par value of Rs.2	**6.65**	**3.04**	**17.22**	**6.45**	**8.87**

Q3 Results: The company posted total revenues of Rs.56.75 cr. and a net profit of Rs.23.04 cr. netting a basic/diluted EPS of Rs.6.65. The annualized EPS works out to Rs. 26.20.

Financials: Tanla's equity rose from Rs.6.82 cr. to Rs.10 cr. owing to its follow-on public offer of equity shares of Rs.2 each at a premium of Rs.263 per share. It has reserves of Rs.510.17 cr.

Share Profile: In view of the follow-on public issue, the company's shares with a face value of Rs.2 were listed both on BSE and NSE under B1 segment on 5th January 2007. Earlier, the shares were traded on Hyderabad, Chennai and Ahmedabad stock exchanges. Its share price touched a high of Rs.454 and a low of Rs.365. At its current market price of Rs.398, it has a market capitalization of Rs.1933 cr.

Dividends: The company has been paying dividends regularly for the past three years as shown below: FY04 - 10%, FY05 - 20%, FY06 - 25%.

The company hiked the dividend by 10 points from 10% to 20% for FY05 and again increased it by 5% from 20% to 25% for the year 2005-06.

Shareholding Pattern: As on 31st December 2006, the promoters holding was 34.85% while private corporate bodies held 16.95%, the public holds 27.11%, NRIs/OCBs hold 3.15% and FIIs hold 17.94%.

Prospects: TSL's CRBT server is designed in such a way that it can be easily scaled, augmented and adapted to meet the future needs of operators. Mobile operators have the flexibility to offer personalised ring back services to all types of subscribers i.e. postpaid or prepaid, fixed or mobile irrespective of the handset model used. Service providers can generate revenue from service management using a wealth of existing subscriber data. Since ring back tones are already popular in several market segments they can take advantage of this innovative technology to attract new customers, minimize churn, increase Average Rent Per User (ARPU) and increase market share.

Conclusion: TSL is a technology driven company with focusing on offshore development. It is dedicated towards providing quality software engineering solutions. Its services include project management, application development and integration, technical support and technical consulting. TSL is a niche player in mobile telecom services and most of its revenue is derived from the UK market.

At its current market price of Rs.398, the share price is discounted less than 16 times its earning against the industry average P/E multiple of 27. With mobile telephony experiencing unprecedented boom conditions, the prospects for TSL appears very promising. Currently, telecom stocks are the flavour of the season and this will have a rub off effect on Tanla Solutions as well. Buy and add on declines for ringing in profits.

MONEY FOLIO

Jagjanani Textiles IPO opens on 15th Feb.

Jagjanani Textiles Ltd. (JTL) is entering the capital market with a Public Issue of 81,00,000 equity shares of RS.10 each at a price of Rs.25 per equity share aggregating Rs.20.25 cr. the issue opens on Thursday, 15th February and closes on Friday, 23rd February'07.

JTL is an existing profit-making company promoted by Mr.Gopal Vyas and Mr. Shiv Kumar Sighal and is engaged in the manufacture of cotton and blended yarn in counts Ne 3 to Ne 16 with installed capacity of 3600 MTA and RIICO

Industrial Area at Bagru near Jaipur. Its products are sold in the domestic market and exported to Bahrain, Dubai, Egypt, HongKong and Pakistan.
JTL has now embarked on expansion and forward integration projects at an estimated cost of Rs.54.17 cr. the project includes setting up a Ring Spinning unit of 6000 spindles for manufacturing fine cotton yarn, upgradation of existing Open-End Spinning units by installing doublers etc. to increase the existing yarn capacity from 3600 MTA to 4320 MTA. The company is also setting up a Weaving unit for manufacturing fabric, by installing 48 high-speed air jet looms. The expansion projects are under implementation and commercial production is expected to commence by 30th Jun.'07.
The project is estimated to cost Rs.54.17 cr. and would be financed by term loans from banks aggregating Rs.28 cr., unsecured loans from promoters aggregating Rs.3.77 cr.; internal accruals of Rs.2.15 cr. and public issue of Rs.20.25 cr.
For FY06, JTL made a net profit of Rs.2.10 cr. on a Total Income of Rs.27.75 cr. and for H1FY07, it made a net profit of Rs.1.25 cr. on Total Income of Rs.11.05 cr.

MindTree Consulting IPO closes on 14th Feb.

MindTree Consulting Ltd., an international IT and R&D Services company that delivers business and technology solutions through global software development, proposes to offer 5,593,300 equity shares of Rs.10 each in the price band of Rs.365 to Rs.425 per equity share through the 100% Book-Building Process. The IPO is scheduled to open on Friday, 9th February and close on Wednesday, 14th February'07. The issue will be listed on the BSE and NSE.
MindTree is organized into two divisions – Information Technology Services comprising IT strategic consulting, application development and maintenance, package implementation and product engineering services. Its Research and Development Services are organized into two divisions – Engineering, which provides product realization services including architecture and design, re-engineering and product assurance to technology and product firms; and Research, which conceives and develops intellectual properties, primarily in the short-range wireless communication segment and licences and customises such intellectual properties for clients.

Idea Cellular Ltd. IPO opens on 12th Feb.

Idea Cellular Ltd., an Aditya Birla Group company, which operates in 11 Circles, proposes to enter the capital market with an IPO of equity shares of Rs.10 each at a premium through the 100% book-building process in the price band of Rs.65 to Rs.75 per share aggregating Rs.2125 cr. The Issue opens on Monday, 12th February and closes for subscription on Thursday, 15th February 2007. The equity shares of the company will be listed on the BSE and the NSE.
The company has recently concluded a pre-IPO placement of Rs.375 cr. at the top end of the price band to some of its promoters, directors and certain high net worth individuals, which includes Rs.225 cr. from Aditya Birla Nuvo Ltd. and Rs.137 cr. from Birla TMT Holdings Private Ltd. - both existing promoters of the company. The company also proposes a green shoe option not exceeding Rs.318.75 cr.
For the nine month period ended 31st December 2006, the company reported an income of Rs.3064 cr. with PAT of Rs.305.6 cr.

Raj Television IPO opens on 14th Feb.

Raj Television Network Ltd., a regional broadcaster and media company, is entering the capital market with an IPO of 35,68,250 equity shares of face value of Rs.10 at a premium through a 100% book-building process in the price band of Rs.221 and Rs.257 per equity share. The Issue opens on Wednesday, 14th February and closes on Friday, 23rd February 2007. The issue will be listed on the BSE and the NSE.
The objects of the Issue are to strengthen production facilities, enhance content and content acquisition, launch a new youth-centric television channel & broadcast existing channels in international markets, produce short-films/ telefilms, acquire and export films and construct new studio premises.
For FY06, it posted an income of Rs.31.96 cr. compared to Rs.29.64 cr. in FY05 with Net Profit of Rs.3.82 cr. (restated) compared to Rs.29.8 cr. For the period ended 31st December 2006, Total Income was Rs.29.50 cr. with Net Profit (restated) of Rs.9.87 cr.
Launched in 1994, Raj TV is one of the first broadcasters to convert analog transmission into digital. The network's strength has been its large content base addressing every member of the family making it a true 'People's Channel'. It currently operates two channels — Raj TV and Raj Digital plus, which are 24-hour Tamil channels.

Indus Fila IPO opens on 12th Feb.

Indus Fila Ltd. (IFL), with interest in yarn dyeing, fabric weaving, fabric processing and apparel manufacturing, on Wednesday announced it proposes to enter the capital market on Monday, 12th February 2007 with a public issue of

4,843,789 equity shares of Rs.10 each through a 100% book building process in the price band for the issue of Rs.170 to Rs.185. The issue closes on 14th February 2007.

IFL is a new age fashion and textile manufacturer with sharp focus on design and backward integration capabilities promoted by the Mandhana family, which is associated with the textile industry for a long time. It has multi-locationla production and distribution facilities spread across Karnataka by facilities for product development, design studio and efficient sampling infrastructure to provide quality services to its customers in India and abroad. Presently, it operates 156 looms producing approximately 20.80 million metres of fabric per annum and 750 sewing machines with production capacity of 2.70 million garments per annum.

IFL proposes to utilize the net proceeds of the issue to part finance its Rs.166.24 cr. plan for expansion of capacities in weaving, yarn dyeing, setting up of 'Centre of Excellence', processing and garmenting. The entire rupee term loan is eligible for a 5% interest subsidy under the Technology Upgradation Fund Scheme (TUFS). It will also be eligible for an additional incentive of 10% capital subsidy for the specified textile processing machinery.

IFL's operational income and profit after tax (PAT) for FY06 was Rs.82.49 cr. and Rs.5.49 cr. respectively. For H1FY07, it was Rs.109.18 cr. and Rs.10.63 cr. respectively. Its operational income and PAT have grown at a CAGR of 99.29% and 147.23% respectively over the period of five years and six months.

Evinix Accessories IPO opens on 12th Feb.

Evinix Accessories Ltd. (EAL), manufacturers of fashion accessories and apparels, enters the capital market with a book-built IPO of 35, 00,000 equity shares of Rs.10 each in the price band of Rs.100 to Rs.120 per equity share of face value Rs.10 each. The issue opens on Monday, 12th February and closes on Thursday, 15th February 2007. The issue will be listed on BSE and NSE.

EAL is in the business of designing and manufacturing Fashion Accessories and Garments for Exports as well as the domestic markets. It caters to national and international brands such as Adidas, Gini & Jony, Gap, Next Retail, H&M (Hennes & Mauritz), AB, SPA, Debenhams, Esprit etc.

It has entered into an agreement and acquired a unit at Noida SEZ to manufacture and export outerwear. Commercial production at the acquired unit has already started. The company will be spending Rs.16.62 cr. on the expansion of this facility. It also plans to expand the capacities of its Faridabad unit at an estimated cost of Rs.3.38 cr. Both expansions are estimated to be completed by March 2008.

AMD Metplast IPO opens on 15th Feb.

AMD Metplast Ltd., a complete packaging solution provider for the beverage industry since 1993 is entering the capital market with an IPO of 10166700 equity shares of Rs.10 each through 100% Book Building route in the price band of Rs.65 to Rs.75. the issue will open on Thursday, 15th February and will close on Friday, 23rd February 2007. The equity shares of the company are proposed to be listed on the BSE and NSE.

The product profile of the company includes crown caps, plastic closures and PET performs for carbonated soft drinks, mineral water, beer & other alcoholic beverages, fruit juices, sauces, ready to drink milk products, pharmaceutical products and personal care products. Its main clients are Coca Cola, Pepsi, UB and SAB. Mr.Harswarup Gupta is the Chairman with 4 years experience in the Packaging Industry.

The company is raising funds to meet the capital expenditure of Rs.22.58 cr. for setting up new PET performs line at its existing plant in Neemrana, Rajasthan, to meet the long-term working capital requirements needs aggregating to Rs.20 cr. and repayment of debt to the tune of Rs.12 cr. a major part of the capital expenditure relates to installation of plant and machinery at Rs.16.82 cr.

AMD is a consistent profit making company. For FY06, its total income was Rs.71.35 cr. with PAT of Rs.4.05 cr. the cash profit stood at Rs.7.23 cr. CARE has assigned 'CARE IPO GRADE 3" to this IPO. CARE IPO Grade 3 indicates Average Fundamentals. This is the first company which has been assigned IPO Grade 3, the highest IPO Grade assigned to any company by any rating agency.

Astral Poly Technik Ltd. IPO opens on 14th Feb.

Astral Poly Technik Ltd, a manufacturer and provider of Chloro Poly Vinyl Chloride (CPVC) piping and plumbing systems in India since 1999, proposes to enter the capital market with a public issue of 29,71,000 equity shares of Rs.10 each at a price of Rs.115 per equity share aggregating Rs.34.16 cr. the issue opens on Wednesday, 14th February and closes on 22nd February 2007.

Astral is the first licensee of Noveon, USA (formerly known as Specialty Chemical Division of B.F. Goodrich, USA) to manufacture and market CPVC piping and plumbing systems in India. The company has also entered into a techni-financial joint venture with Specialty Process LLC of USA, which provided it the required technical expertise for manufacturing CPVC pipes and fittings for home and industrial application. Its production facilities in Gujarat and Himachal Pradesh manufacture plumbing systems from ½” to 8” diameter.

Astral Poly Technik Ltd. proposes to utilize the net proceeds of the issue to part finance the expansion project of its existing line of CPVC pipes and fittings; Astral flowguard and Astral Corzan and PVC pipes and fittings (Aquarius) and to finance manufacturing facilities of its upcoming products such as Astral underground systems, Astral Blazemaster fire sprinkler system and Astral SWR (Phase II).

The company’s total income has touched Rs.53.72 cr. for FY06 with PAT of Rs.3.87 cr. as against Rs.37.18 cr. and PAT of Rs.2.21 cr. for FY05. For the first 9 months of FY07 its total income has touched Rs.67.40 cr., with PAT at Rs.5.87 cr.

Vijayeswari Textiles FPO closes on 13th Feb.

Vijayeswari Textiles Ltd. (VTL), an existing profit earning, dividend paying company engaged in the production and sales of super fine cotton yarns and textile made-ups, is entering the capital market with a follow on public issue (FPO) of equity shares of Rs.10 each through the 100% book building process in the price band of Rs.115 to Rs.130 per share aggregating Rs.9 cr. The issue opened on Thursday, 8th February and will close on Tuesday, 13th February’07 and is proposed to be listed on the BSE in addition to its current listing on the Madras Stock Exchange.

The company is tapping the market to augment additional capital for financing the modernization of spinning and expansion of capacities in all its divisions, viz., spinning (additional 50,688 spindles), weaving (adding 80 new looms), processing (adding 15,000 metres per day processing capacity). The company is also proposing to take over a sewing facility with a capacity of 24,00,000 pieces per annum and is further setting up an additional capacity of 26,00,000 pieces per annum. The company also plans an addition of 4,950 KW of wind energy generation.

For H1FY07, its total income was Rs.71.58 cr. with net profit of Rs.8.03 cr. as against the total income of Rs.103.17 cr. and net profit of Rs.8.44 cr. for full FY06.

Bank of India launches Pensioners friendly schemes

Bank of India has launched the following two Pensioners friendly schemes viz., Pensioners’ Credit Card and Pension Delivery at Doorsteps.

The Pensioners’ Credit Card are photo-cards affiliated to Master Card and comes bundled with many user friendly improved payment options. Being photo-cards they will also serve as means of identification. All principal pensioners below 70 years drawing pension through Bank of India branches are eligible. Pensioners include State, Central, Military/Defence, Banks, Railway pensioners. Family pensioners are not eligible. They can spend three times the amount of net pension upto a maximum of Rs.50,000 and cash can be withdrawn from over 2600 branches upto a maximum of Rs.10,000 per month within the overall spending limit. The other attractions include discounted Mediclaim premium available upto the age of 65 years, interest free credit for upto 51 days and concessional interest on overdrawn amounts for senior citizens of 60 years and above.

The Pension Delivery at Doorsteps is a product through which pensioners have the option of delivery of pension through the post. This is being introduced as pilot project in a few places in Maharashtra and may be extended to other parts of the country in the near future. The facility is being extended free to pensioners upto a maximum of Rs.5000 per month.

Subscription Form

Please fill in the subscription coupon in capital letters only and mail it to
Subscription Manager
Time Communications (India) Ltd.
Goa Mansion, 58, Dr. S.B. Path (Goa St.), Fort, Mumbai – 400 001
Phone: 022-22654805 Telefax: 022-22616970
Email: **moneytimes@vsnl.com**
Website: **www.moneytimes.in**
Money Times/ Profitrak /EasyTrade/ Investrak/ Early Bird Gains/ Top Trades
I wish to subscribe to:
⌑ **Money Times** (MT) ⌑ **Profitrak Daily** (PD) ⌑ **Profitrak Weekly** (PW) ⌑ **Profitrak Fortnightly** ⌑ **Live Market Calls** (LMC) ⌑ **Profitrak Short-Term Gains** (PSG) ⌑ **Investrak Smart Moves** (ISM) ⌑ **Top Trades** (TT) ⌑ **EasyTrade** (ET) ⌑ **Early Bird Gains** (EBG)
⌑ **Nifty Futures** (NF) ⌑ **Profitrak F&O** (PF&O) ⌑ **Winners of 2007** and
a) Enclose demand draft/ pay order payable at par in Mumbai (No cheques please) favouring 'Time Communications (India) Ltd.' for _____ months _____ years as per the subscription rates given below.
⌑ DD No. ________ dated ________ on _________________ Branch __________ Rs._____
b) Have transferred the amount electronically to 'Time Communications (India) Ltd.' C/A No. 10043795661 at State Bank of India, Fort Market Branch, Fort, Mumbai – 400001 or deposit cash only in the nearest ICICI Bank favouring 'Time Communications (India) Ltd.', C/A No.: 623505381145 at ICICI Bank, Fort Branch, Mumbai – 400001 and have advised you by email about the same.
c) I/We are aware that investment in equities is risky and stock performance is unpredictable and can result in losses in spite of all analysis and projections.

Subscription Rates:
⌑ MT:- 1 year: Rs.500, 2 years: Rs.950, 3 years: Rs.1350, 4 years: Rs.1700, 5 years: Rs.2000.
⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ PD & PF&O:- Rs.2500 p.m., Rs.7000 quarterly, Rs.13,000 half-yearly, Rs.20,000 annually. (By email only)
⌑ PW:- Rs.1500 p.m., Rs.12,000 annually. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ PF:- Rs.8000 p.a. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ LMC:- Rs.3000 p.m. (By SMS on mobile/internet)
⌑ NF:- Rs.1000 p.m., Rs.8000 p.a. (By SMS on mobile/internet)
⌑ PSG:- Rs.8000 p.a.. (By email only)
⌑ ISM:- Rs.8000 p.a. (Add Rs.25 per issue if required by courier)
⌑ TT:- Rs.1000 p.m., Rs.10, 000 p.a. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ ET:- Rs.2000 p.m. (By email only)
⌑ EBG:- 1 year: Rs.5000, 2 years: Rs.8500, 3 years: 11,000. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ Winners of 2007:- Rs.2000 yearly. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
Name (in capital):____
Address: ____
____
____
Tel. No.: (O) ______________ (R) ______________ (M)______________
Email ID: ____
Are you an ⌑Investor ⌑ Trader ⌑ Broker/Sub Broker ⌑ Investment Adviser ⌑ Banker

Date & Place _____________ Signature ________________