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Credit policy & Corus bid

to determine sentiment as results season ends

By Sanjay R. Bhatia

The markets witnessed intermediate bouts of volatility and choppiness ahead of the derivative segment expiry on Thursday, 25th Jan.'07, which was the last day of trading for the week. Advance-decline ratios displayed a mixed trend amidst higher volumes during the course of the week. Traders and speculators were active in Banking, Cement, FMCG, Metals, Pharma, Oil & Gas, IT and telecom stocks. Incidentally, FIIs remained net buyers in the cash segment. Mutual funds, however, were seen booking profits.

The global and domestic cues remained mixed. On one hand, import duties were cut on cement to tame inflation, which affected cement scrips for a single day but bounced back the very next day. The crude prices, on the other hand, shot up once again to $55 per barrel level on the back of the US wanting to enhance its strategic reserves and the nearing of the 1st February 2007 deadline when OPEC will cut production by 5,00,000 barrels per day (bpd). Good news came from inflation front with inflation falling to 5.95% from last week's two-year high level of 6.12%. The results season is drawing to an end and most results have remained in line with market expectations. The markets will now focus on the monetary policy and the Tata Steel bid for Corus followed by the Budget, which would be the biggest trigger for the markets. Meanwhile, the markets would continue to take cues from global markets and oil prices. It needs to be seen if oil prices bounce back once the 5,00,000 bpd production cut comes into effect from 1st Feb. The markets would continue to witness stock specific action amid intermediate bouts of volatility.

Technically, as indicated in the last issue, the Sensex corrected by 233 points to touch the low of 14025.74 level but once again bounced back to touch its all time closing high. Next week is a truncated week, but an important one as the Credit Policy and the Corus bid will announced. The Sensex is likely to test the 14450 level on the upper side. On the downside, the 14000 level followed by the 13844 level are its important support levels. In case of the Nifty, on the upside if it can sustain above the 4100 it is likely to test the 4150 level followed by the 4200 level. On the downside, 4015 followed by 3928 are important support levels.

Traders, speculators and investors could buy Hindalco with a stop loss of Rs.157 and a target price of Rs.192-199. Buy Wipro with a stop loss of Rs.614 and a target price of Rs.675-700.

TRADING ON TECHNICALS

Collective rising moves could be seen

By Hitendra Vasudeo

The Sensex movement was very, choppy and volatile last week. On Monday and on Tuesday, the Sensex was down but on Wednesday it managed to remain positive. On Thursday, in last half hour, short-covering was witnessed that lead to a rise to 14307. The Sensex almost made a new high.

The Sensex last week opened at 14217.80 dipped to a low of 14025.74 and recovered to register a high of 14307.19 before closing the week at 14281.72 and thereby showed a net gain of 99 points on week-to-week basis.

Over the last few weeks, the volumes were high. Since last week was short by one trading day, the weekly volume figures were comparatively lower. If we can sustain above 14326 on week-to-week basis, then expect a strong sustained rally. A rise above 14326 will also mean that heavy volumes have been left on the lower side, which will act as a support. Only when these heavy volume support levels are violated, we can witness stiff and significant correction. Otherwise, we will continue to move up with oscillation.

The weekly trend is up and can turn down on fall below 14000 or if the Friday weekly close is below 14095. The weekly trend had turned up once again after the closing on 29/12/06 at 13786.91. Since then, the weekly trend has been up.

A further sustained rise and close above 14325 on daily and weekly basis will take the Sensex up towards 14957 at least and to an outer extent to 15980. Expect a minor trend reversal on fall and close below 14000. Expect an intermediate reversal of the rising trend only on fall and close below 13300. In case of fall and close below 12800, expect a major corrective cycle to begin. If these important levels of 14000, 13300 and 12800 are violated, then the minor, intermediate and major up trends will turn down.

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 14326 (current ongoing move).

For Internal of Wave 5, we have two alternatives

Alternative 1

Wave 1-12801 to 13748; Wave 2- 13748 to 13182; Wave 3- 13182 to 14325

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
AHLCON PARENTALS (I)	524448	88.55	84.55	92.65	80.60	100.1	112.2	1.45
CHOLAMANDALAM DBS	511243	149.90	140.50	153.00	130.80	166.7	188.9	0.88
COMPUCOM SOFTWARE	532339	82.50	78.80	86.00	75.25	92.6	103.4	1.40
D&H WELDING ELECTRO	517514	28.25	27.10	29.35	24.60	32.3	37.0	1.11
EMMSONS INTERNATONAL	532038	64.60	62.00	65.40	60.25	68.6	73.7	0.92
FERRO ALLOYS CORP.	500141	8.01	7.80	8.18	7.44	8.6	9.4	1.10
HENKEL INDIA	532671	25.75	25.35	26.40	24.60	27.5	29.3	1.53
HIND. DORR-OLIVER	509627	101.05	97.90	101.60	89.50	109.1	121.2	0.70
MACMILLAN INDIA	532440	365.25	355.05	370.00	331.50	393.8	432.3	0.85
MODERN STEELS	513303	71.65	69.20	74.50	66.00	79.8	88.3	1.43
SOUTH INDIAN BANK	532218	99.95	98.50	101.45	97.00	104.2	108.7	1.44
STEELCAST	513517	289.05	281.00	299.90	272.60	316.8	344.1	1.69
T T	514142	23.85	23.50	24.10	23.00	24.8	25.9	1.09
VIKASH METAL & POW	532677	13.98	13.50	14.34	13.01	15.2	16.5	1.22
WEST COAST PAPER MIL	500444	408.70	395.00	410.00	391.10	421.7	440.6	0.74

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			
BHARTI AIRTEL	720.00	620.0	683.0	709.0	746.0	809.0	84.0	675.9	29-12-06
TECH MAHINDRA	1793.85	1632.7	1736.6	1783.3	1840.5	1944.4	82.9	1762.4	22-12-06
IDFC	105.00	73.3	92.7	99.8	112.1	131.5	76.4	88.5	29-12-06
DECCAN CHRONIC	895.55	779.4	854.4	888.2	929.4	1004.4	75.8	831.3	13-10-06
NIIT	591.95	453.9	545.7	591.3	637.5	729.3	72.3	555.5	21-10-06

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 Cover Short	Level 2 Cover Short	Center Point Sell Price	Level 3 Sell Price	Level 4 Stop Loss	Relative Strength	Weekly Reversal Value	Down Trend Date
BAJAJ HINDUSTAN	194.50	171.5	186.5	193.5	201.5	216.5	23.05	200.36	03-11-06
TATA TEA	716.00	684.3	707.3	721.7	730.3	753.3	24.88	722.25	25-01-07
HIND. LEVER	215.90	197.3	210.3	217.6	223.3	236.3	26.47	217.51	25-01-07
HERO HONDA MOT	715.00	691.0	709.0	721.0	727.0	745.0	28.06	734.00	12-01-07
COLGATE-PALMOL	355.00	305.4	341.4	363.7	377.3	413.3	28.56	374.79	12-01-07

(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 2-1432 to 14025; Wave 3- 14025 to 14307 (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 14325 (current ongoing move)

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 14326 (current ongoing move).

Internal of Wave C

Wave 1-13303 to 14325; Wave 2- 14325 to 14025; Wave 3 -14025 to 14307 (Possibly have begun on Thursday)

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. A fall and close below 14000 will possibly change the internal wave counts, which can be discussed in next week's issue.

Weekly resistance will be at 14383-14486-14665-14767. Weekly support will be at 14217-14067-14025-14000

Strategy for the week

Book profits at resistance levels of 14486-14665-14767. Traders already long can use 14000 as the stop loss. Traders can buy on dips to 14217-14067-14025 with a stop loss of 14000 or Friday weekly closing stop loss of 14095.

BAZAR.COM

Picking up the jewels!

By Fakhri H. Sabuwala

Consolidating around 14K amid a lot of hesitancy and expectations is what is going on at Dalal Street. The Q3 results, on the whole, are more than satisfactory despite some blips here and there. By and large, the Q3 harvest has been golden so far and better than market expectations.

But January is a month when one prepares to steel his nerves for the annual budget soon to follow. High expectations from the budget shall raise hopes and alongwith it the market sentiment. How many of them will materialize only time will tell. This time, the FM's budget may have some populist measures as the largest state, UP, is due for elections and secondly because inflation is again rearing its head and crushing this monster is a political compulsion for the survival of any political party in power. Hence, there may be some economic noises but the fundamentals should not be overlooked. Take a microscopic view of individual stocks, their stories, promises & performance and discover the diamonds from among the stories.

Analysis of Q3 results makes out task a little simpler in the proactive, subjective analysis of various promising investment avenues. Some scrips that need a closer look from the investment point of view are enumerated hereunder.

WIPRO: Last twelve months have reshaped Wipro for its Merger & Acquisition (M&A) strategy of developing string of pearls through the acquisition growth route. This has worked in its favour and has brought in more customers and revenues than what its organic growth could have.

A 45% jump in Q3 revenue at Rs.3979 cr. against Rs.2743 in the corresponding previous quarter. Net profit is up 41% at Rs.765 or against Rs.543 cr. on a sequential basis, too, the topline is up 12% and bottomline a neat 9%.

The company has fared slightly better than its guidance for Q3 made earlier. In dollar terms, the company has fared well at $640 million against $633 projected in its guidance. For the current quarter, the guidance is of $685 mn. revenue, which the market expects it to better by 5% to 10%. Improving margins, a new customer base, shall maintain the high growth.
A price projection of Rs.750 by March'07 end or mid-April'07 would not be out of place given the current scenario of its development and growth.

JK Lakshmi Cement: while growth of various segments in the industry has been established beyond doubt, what is not sufficiently appreciated is the extent of damage in growth rates, when compared to the slowdown preceding the turnaround. When a study of ten different sectors during FY03 to FY06 was made to gauge the extent of turnaround Cement, Textiles and Metals recorded the maximum growth rate.

JK Lakshmi's net sales at Rs.228 cr. is higher by 50% while gross profit is up 137% and net profit is up by 386% at Rs.55 cr. taking into account the aggregate of nine months profit, the company reported an EPS of Rs.21.5 which is discounted 7 times giving immense strength to this cement scrip.

The share is on the recommendation list of various investment bankers and brokers and the target price a year down the line is put at Rs.250 plus. In its 25th year, the company may reward shareholders with a special jubilee dividend.

Ranbaxy Ltd.: the Indian pharma major Ranbaxy, receives the approval from US Food & Drug Administration (USFDA) to manufacture and market generic hypertension drug 'Atenolol' in India. It is also in the race for acquiring the generic drugs business of German pharma major, Merck. This deal is estimated to be worth $5 billion. If this deal materializes, it may put pressure on Ranbaxy's finances and cash flows but give a strong foothold in the European market.

Biocon: Kiran Mazumdar Shaw's smile could tell it all. A 25% increase in net profit at Rs.55 cr. and an equivalent rise in the topline at Rs.214 cr. is not the trigger but a Rs.100 cr. windfall from a cancer drug could be. Launched in September'06, Biomab Egfr a medicine for head and neck cancer.

The company plans to market this drug in the Middle East, Bangladesh, Sri Lanka and South Africa. The drug so marketed shall be priced 40% lower than the drugs of MNCs which will be its major advantage.

Mahindra & Mahindra: the scale of M&M's commercial vehicle plans with an investment of Rs.2500 cr. shall make all existing players take a serious not of it. M&M shall roll out 2,50,000 vehicles per year from its new unite in Pune within two years. This new plant shall have the flexibility of producing a wide range of commercial vehicles including its existing range of vehicles.

This development is over and above the Nissan joint venture, which will roll out 5,00,000 cars from 2012.

In case you have the knack to be an early bird, this is the time to get into this scrip and see it become a multi-bagger in coming years.

In conclusion, the ups and downs in Dalal Street during the week were more as a preparation for the roll over on 25th January'07 and the long weekend ahead. Coming days may see a little tilt on the downside in preparation for the budget. Treat every reaction, correction or fall as an entry point for your select growth stories.

BEST BETS

LIC Housing Finance (Code: 500253) Rs.169

Promoted by LIC of India, LIC Housing Finance (LICHF) was incorporated on 19th Jun.'89 and has emerged as the second largest housing finance company after HDFC. It provides long-term finance to individuals for purchase/ construction/ repair and renovation of new/ existing flats/ houses. It also provides finance on existing property for business/ personal needs and gives loans to professionals for purchase/ construction of clinics/ nursing homes/ diagnostic centres/ office space etc. The company also lends to corporate bodies and companies under different schemes for purchase/ construction of office premises for their own use, construction of staff quarters and also for onward lending to meet the requirements of their employees and also to builders and developers for residential and commercial projects.

Today, LICHF has over 8,00,000 house owners who have enjoyed the company's financial assistance. It possesses one of the industry's most extensive marketing network with 6 regional offices and 115 area offices backed by chain of camp offices nationwide. It has a team of 875 employees apart from over 5500 Direct Sales Agents (DSAs) and Home Loan Agents (HLAs) to extend its marketing reach. It has also set up a representative office in Dubai to cater to the Non-Resident Indians (NRIs) in the Gulf countries covering Bahrain, Dubai, Kuwait, Qatar and Saudi Arabia. It has floated a 100% subsidiary 'LICHFL Care Homes Ltd.' to provide 'Assisted Living Community Centres' for Senior citizens. The first such centre at Bangalore comprising 98 units spread across 10 acres has already commenced operation. The company has also made investments in certain real estate funds of Kotak (Rs.50 cr.) and CIG Realty fund (Rs.100 cr.). To further ride the real estate upcycle, it is toying with the idea of launching its own real estate fund and increasing its investments in these ventures.

The housing finance industry continues to show a high growth rate mainly on account of improved standards of living, urbanisation, a desire for home ownership and easy availability of credit at affordable rates of interest and opportunity for tax saving in respect of interest payment and principal repayment of housing loan. Financially, LICHF has been making serious efforts to reduce the cost of borrowings and increase its spread. It has successfully brought down the average cost of funds to less 10% by changing its funding pattern and restructuring its debt. It has also brought down its NPA level below 2% and intends to bring it below 1% going forward. For FY07, it is expected to register a total revenue of Rs.1550 cr. and PAT of Rs.280 cr. This translates into EPS of Rs.33 on its current equity of Rs.85 cr. It has massive reserves of around Rs.1250 cr. leading to a book value of Rs.158, which will swell to Rs.180 by Mar.'07. Investors are recommended to buy at current levels, as the risk reward ratio is quite favourable with a price target of Rs.230 (40% return) in 12-15 months.

Rajoo Engineers Ltd. (Code: 522257) Rs.54

Rajoo Engineers Ltd. (REL) was incorporated in Dec.'86 as a small set up mainly to manufacture bag-making machines. In 1988, it diversified into manufacturing plastic processing machinery for extrusion processing of various thermoplastic raw materials into compounds such as profiles, pipes, blown films, cables and wire insulation sheathings, flat cast films, sheet extrusion, raffia tapes, monofilaments, co-extruded films, calendering, thermoforming and strapping. Today it has impressive range of monolayer blown film lines for processing diverse variety of plastics from commodity polymers like LDPE, LLDPE, HDPE, PP to EVA, Nylon, PVC and PS. It has simultaneously taken strides in multilayer blown film extrusion systems, mono and multilayer sheet extrusion systems, pipe and profile lines and also thermoformers. It is also into sale and service of various assemblies related to extrusion systems like screen changers, air rings, die-heads, bare extruders, bubblecages, winders etc.

REL has huge state of the art manufacturing facilities at Rajkot and Manavadar spread across 17000 sq. mts. and built-up area of 8000 sq. mts. Its central operation is controlled from Ahmedabad whereas it has other professional sales and service set-up in Delhi, Kolkata, Bangalore, Chennai and Hyderabad. It has a modern design office including Research & Development (R&D) centre, where most advanced engineering softwares are used to facilitate new developments and also to upgrade the existing technology of the company's products. REL is regularly exporting its products worldwide and has an installation base in Tanzania, Kenya, Nigeria, South Africa, Russia, Sri Lanka, Bangladesh, Malaysia, Abu Dhabi, Kuwait, Pakistan, Nepal, Vietnam, Lusaka, Namibia, Zambia and more significantly in the sophisticated markets of U.K. and U.S.A. Incidentally in the last couple of years, it has made a successful entry into European markets and has supplied the highest outputs sheet line to Germany, which is considered to be the Mecca of the plastic industry. It also participated in the world's second largest plastic exhibition 'Plastindia 2006' which was held in Delhi.

The ever growing high-end packaging material requirement from all sectors creates a huge potential for the company's products. Besides, due to increased globalisation and with many European processors looking at India for hi-tech, low cost machineries, exports will remain a lucrative area in coming years. For the six months ending 30th Sept.'06 sales improved by 7% to Rs.12.50 cr. but net profit more than doubled to Rs.1.10 cr. due to higher operating profit. Traditionally, its second half is much better. Hence it is expected to end FY07 with sales of Rs.35 cr. and net profit of Rs.1.85 cr. This works out to an EPS of Rs.6 on its small equity of Rs.3 cr. The management is quite investor-friendly and has been paying handsome dividends since the last five years. For FY07, it may declare 18% dividend, which gives an yield of more than 3%. At a current market cap of just Rs.17 cr., this scrip is trading fairly cheap compared to Kabra Extrusion whose market cap is around Rs.90 cr. With its 52-week high at Rs.64, investors are advised to buy only at declines with a price target of Rs.75 (40% return) in 12-15 months.

EXPERT EYE

By V.H. Dave

Electrosteel Castings Ltd. (ECL) (Code: 500128) (Rs.409) has posted excellent results for Q3FY07 reporting 175% higher net profit of Rs.30 cr.

ECL manufactures cast-iron (CI) pipes, ductile iron (DI) pipes, steel ingots & billets and grinding media at its three facilities in Khardah, West Bengal Elavur in Tamil Nadu and Ghaziabad near Delhi. Further, the company's business offering includes manufacturing, supplying, laying, operating and transferring complete DI Pipe projects. As a result of this, the company also provides techno-economic solutions for water transportation and sewerage management. The capacity of DI pipes is 2,35,000 TPA – among the largest in India.

In the CI segment, ECL is a dominant player and has an edge over its competitors as it offers a wider range in terms of size. Another competitive edge is its backward integration. ECL has its own mini-blast furnace to produce pig iron, the main raw material for DI pipes.

This results in power saving as the molten pig iron is directly transferred to its DI unit. ECL has commissioned a 12 MW power plant at Haldia on 20th Mar.'06, which generates power using the waste gases of its coke oven plant and sponge iron plant. The total capacity of power generation is 15.75 MW at Khardah.

During FY06, ECL registered 7% increased sales of Rs.954 cr. and earned a flat net profit of Rs.66 cr. yielding an EPS of Rs.30 and paid a dividend of 125%. Exports during FY06 stood at Rs.306 cr.

During Q3FY07, ECL posted 175% higher net profit of Rs.29.5 cr. (Rs.10.7 cr.) on 52% increased sales of Rs.300 cr. (Rs.200 cr.). The benefits of higher sales and improved cost efficiencies are duly reflected in higher EBIDTA margin at 18.9% from 15.5% in Q3FY06. During the three quarters of FY07, while sales advanced by 19% to Rs.811 cr., net profit jumped by 73% to Rs.78 cr.

ECL's equity capital is Rs.20.8 cr. and with hefty reserves of Rs.740 cr., the book value of the share works out to Rs.366 making it a bonus candidate. The value of the gross block is a whopping Rs.483 cr. and the debt-equity ratio is just 0.5:1.

The promoters hold 54% in its equity capital, mutual funds and institutions hold 18.8%, foreign holding including FIIs is 8%, non-promoter corporate bodies hold 4.4% leaving 14.8% with the investing public.

ECL is setting up a greenfield 850-tonne-per-day sintering plant in Khardah to increase the liquid metal availability from the blast furnace at an investment of Rs.66 cr., which will be completed within the next 6/7 months.

ECL has received allocation of Parbatpur Coal Block in Jharia coal fields for mining of coal for captive consumption. The capital expenditure involved for operation of the mines is estimated at Rs.290 cr. and ECL proposes to finance both the projects by way of an issue of Foreign Currency Convertible Bonds of US $75 million. Earlier, ECL had successfully raised US $40 million through issue of GDR at a price of US $8.75 per GDR convertible into one equity share per GDR in Oct.'05. Its equity after conversion is Rs.20.8 cr.

ECL has entered into Engineering Procurement and Construction (EPC) contracts through its infrastructure services division in projects where DI Pipes occupy the predominant position of the total contract value. Essentially, ECL provides techno- economic solutions for water transportation and sewerage management.

Going forward, ECL is set to improve its growth rates with higher outlay on water projects, fall in raw material prices, commissioning of captive coke oven and power plant and higher exports.

With the increasing demand for good quality water, it becomes extremely important to transport water without any contamination. This requirement is met by DI pipes. However, India's vast rural population does not enjoy access to safe drinking water and proper sanitation. As government spending increases in this area, so will the demand for DI pipes and pipe products.

In fact, India's drinking water infrastructure is grossly underdeveloped and demand is limited only by availability of funds. In recent years, Central, State as well as local governments are giving increasing importance to water projects and making higher allocations for the same. Tamil Nadu, Gujarat, Rajasthan and Andhra Pradesh have taken many initiatives in this direction. The Centre has also raised the plan outlay for water supply projects and higher demand growth is expected in future.

Based on the first three quarterly performances, ECL is all set to post a net profit of Rs.115 cr. on sales of Rs.1150 cr. giving an EPS of Rs.55, which is likely to go up to Rs.70 in FY08 on the back of improved working and commissioning of its Sintering plant. . The shares of ECL are currently traded at Rs.413, discounting its estimated EPS for the ensuing two years by 7.5 and 5.9 times. The industry average P/E for the casting industry in which ECL operates currently rules is a staggering 23 making investment in ECL shares attractive proposition.

In view of its small equity of Rs.20.8 cr. compared to the size of its business, its improving results, strong financial position coupled with highly encouraging prospects and bonus expectation, ECL shares can be picked up for decent appreciation in the medium- to-long- term. Investment in this share is likely to yield appreciation of 50% in the next six months. The 52-week high/low of the share has been Rs.470/290.

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Salora International Ltd. (SIL) (Code: 500370) (Rs.100) has announced excellent results for Q3FY07 as its net profit has zoomed by 345% to Rs.4.9 cr.

A Salora group concern, Salora International went public in Mar.'93. to manufactures colour and black & white television sets, critical TV components like fly-back transformers, deflection yokes and loudspeakers. SIL's manufacturing takes place at its Delhi and Noida units. Indo-National, Indo-Matsushita Carbon Co., Matsushita TV & Audio India are other group companies.

Apart from consumer electronics, SIL has presence in the power industry selling high frequency power equipments to the Department of Telecommunications (DOT) and other major private telecom equipment manufacturers. Its Infocom division markets mobile phones of various foreign majors.

SIL's subsidiary called jadoonet.com provides cost effective internet account solutions to the masses. It has recently launched India's first TV based portal and its facility has been certified for ISO 14001 standard.

It has also tied up with TEAC Corporation, the Japanese consumer electronics company, for a marketing, technical and manufacturing agreement. SIL has launched its range of audio-visual products in India, including audio systems, colour

TVs, LCD TVs and plasma display panels. It also manufactures CTVs and DVD players for TEAC with technical assistance from the Japanese company at its Noida plant.

SIL now has distribution alliances for six brands - Sony Ericsson, BenQ Siemens, Xerox, Acer, iRiver and TEAC. It has also launched BenQ Siemens handsets in Jun.'06. The company has recently entered into a distribution agreement with Fusion Electronics Ltd., New Zealand, to distribute marine audio and electronic car products and components in India. About 80% of SIL's revenue comes from such distribution alliances, the rest are contributed by Salora and TV component manufacturing.

During FY06, SIL posted 18% increased sales at Rs.584 cr. but earned 23% lower profit of Rs.10.6 cr. Its EPS was Rs.11.4 and a dividend of 45% was paid. SIL has vastly improved its performance during Q3FY07, wherein it recorded 73% higher net profit of Rs.4.9 cr. as compared to Rs.1.1 cr. in Q3FY06 on 86% higher sales of Rs.249 cr.

During the three quarters of FY07, while sales have advanced by 37% to Rs.618 cr., net profit surged by 49% to Rs.11.3 cr. Its Infocom division, too, is faring well with its revenue jumping by over 100% to Rs.217 cr. in Q3FY07.

SIL's equity capital is Rs.8.8 cr. and with reserves of Rs.95 cr., the book value of the share works out to Rs.118. The value of its gross block is Rs.69 cr. and the debt-equity ratio was 0.1:10. The promoters hold 66.7% in the equity capital, Equity Intelligence India holds 7.9%, PCBs hold 3.6%, leaving 21.8% with the investing public.

SIL's indigenously developed CTV chassis based on Ultimate's Once Chip Processor was further upgraded for high acoustics and launched commercially and has evoked a good response from the market. A new cabinet was designed and tooling was developed so as to reduce investment in multiple moulds. The new models were launched under a new sub-brand 'Promax' with added features of good quality high wattage audio output. The range is to be extended to pure flat version.

Constant up-gradation/legalization in the CTV products has resulted in improved performance with cost savings giving it an edge to effectively compete in the market place. The introduction of 29'' Pure Flat CTV & DVD has scope for additional revenues in addition to enhancing its product portfolio and brand equity.

Infocom business segment includes distribution of Sony Ericsson mobile phones, Acer Computer systems, Panasonic Printers and related accessories. Salora is also one of the global service providers for Sony Ericsson mobile phones and is ranked Number 2 in Asia Pacific Region. During FY06, SIL entered into exclusive dealership, service and marketing agreement for Benq Mobiles, which has also taken over the mobile business of Siemens.

Keeping in view the acute shortage of power throughout the country and increased focus on renewable energy, SIL has set up wind power plants of 6.25 MW at Dhulia in Maharashtra. The cost of the project is Rs.34 cr. A Power Purchase Agreement for 13 years is expected to be signed with the Maharashtra State Electricity Board shortly. Besides earning a steady income from sale of power, SIL will also be entitled to carbon credits and substantial tax benefits.

Based on the current working, SIL is likely to register a net profit of Rs.16.8 cr. on sales of Rs.910 cr. giving an EPS of Rs.18.9. The share of SIL is available at Rs.105 discounting its estimated FY07 earnings by 5.7 times. A reasonable P/E of even 8 will take the share price to Rs.151, which translates into a gain of 45%. The 52-week high/low of the share has been Rs.1414/67.

STOCK WATCH

By Saarthi

After two disappointing quarters **Torrent Cables (Code: 504096) (Rs.173)** have made a smart come back in the third quarter. Sales jumped up 55% to Rs.51 cr. whereas net profit increased by 65% to Rs.7 cr. registering a whopping EPS of Rs.9 for the quarter. The company could control raw material costs whence its OPM shot back to 23% against 11% & 13% in the preceding two quarters respectively. However due to not-so-good H1, it may end FY07 with sales of Rs.175 cr. and PAT of Rs.18 cr. i.e. EPS of Rs.24 on its equity of Rs.7.50 cr. With government's special thrust on power sector reforms, the demand for cables is estimated to remain robust in coming years. It is estimated to report sales of Rs.225 cr. with net profit of Rs.24 cr. for FY08, which means EPS of Rs.32. So at a realistic discounting by 8 times against its FY08 earning, its share price can once again test the Rs.250 level in a year's time. Accumulate at declines.

*****

Micro Technologies (Code: 532494) (Rs.277) has declared its Dec.'06 numbers, which are very encouraging. Total revenue increased by 125% to Rs.28 cr. and the PAT doubled to Rs.8.75 cr. Recently, it launched a unique Global e-Security product called Micro Internet Access Security System – BANK for the banking industry to secure online-based accounts. Its other products are also well-accepted. Few weeks back, its Micro Vehicle Navigator System won the approval of the Municipal Corporation, UAE. Considering its nine month figures, it may end FY07 with sales of Rs.105 cr. with PAT of Rs.30 cr. This translates into an EPS of Rs.29 on its equity of Rs.10.50 cr. For FY08, it may report a top-line of more than Rs.150 cr. and bottom-line of Rs.42 cr. i.e. EPS of Rs.40. At a reasonable P/E ratio of 14 against its FY08 earning, the share price can touch Rs.550 in 12-15 months. A strong buy.

*****

Andhra Petrochemicals (Code: 500012) (Rs.16) is engaged in the business of manufacture and sale of Oxo-Alcohols. Notably, it is the only producer in India and currently has the capacity to produce around 42,000 MTPA with the balance demand being met by imports. Recently it came out with terrific numbers for the Dec.'06 quarter. Sales increased by more than 30% to Rs.64 cr. but net profit spurted to Rs.10 cr. compared to merely Rs.14 lakh last year. Due to higher price realization and lower power cost, it reported a record high OPM of 33% against 9% last fiscal. Since its entire feedstocks and fuels are petroleum products, its raw material cost is expected to come down substantially as crude price has taken a sharp hit in the last couple of months. For FY07, it is expected to clock a turnover of Rs.250 cr. and with net profit of Rs.30 cr., which translates into an EPS of Rs.4 on its equity of Rs.85 cr. For FY08, it can report an EPS of more than Rs.5. Hence even at a reasonable P/E ratio of 6, the scrip can easily appreciate by 50% from current levels.

*****

Bilpower Ltd (Code: 531590) (Rs.205) is a pioneer in manufacturing Transformers, Electrical Laminations, Stampings and Cores. Besides it's a leading trader of CRGO & CRNGO and produces the largest range of transformer cores in India. Two days back, it reported terrific numbers for the Dec'06 quarter. Net Sales has more than doubled to Rs.66 cr. and net profit has shot up 130% to Rs.7 cr. reporting an EPS of Rs.9 for the quarter. After taking over Tarapur Transformers, it is planning to merge Sun Transtamp, a power ancillary equipment company with itself. For the full year FY07, it may report a turnover of Rs.235 cr. and profit of Rs.20 cr., which will lead to an EPS of Rs.22 on its fully diluted equity of Rs.9 cr. The company is interested in further acquisitions and is in talks with different companies, for which it may raise capital through FCCB/GDR route in the near future. This is another EMCO in the making. Buy at every decline.

*****

Gayatri Projects (Code: 532767) (Rs.362) a leading construction and infrastructure company has recently announced excellent results for the Dec.'06 quarter. Total revenue has increased by more than 50% to Rs.153 cr. – the highest ever in the company's history whereas net profit zoomed up by 120% to Rs.8.50 cr. registering an EPS of Rs.8.50 for the quarter. For the nine months ending Dec. 2006, it has already recorded sales of Rs.336 cr. with profit of Rs.20 cr., which is higher than earned in entire FY06. Currently, it has massive orders of nearly Rs.2500 cr. spread across road work, irrigation works and other projects. To fund its working capital requirement, the company is planning to raise US $30 million through the FCCB route, which will trigger its share price in the near future. For FY07, it is expected to clock a turnover of Rs.500 cr. with net profit of Rs.30 cr., which will lead to an EPS of Rs.30 on its current equity of Rs.10 cr. However, its equity may get diluted by 30% due to the FCCB issue in future. The share is trading cheap compared to its peers due to promoter concerns. But it can still rise 25-30% in good market conditions.

FIFTY FIFTY

By Kukku

Investment Call

*** Oriental Hotel (Rs.):** Non-promoter holding has come down from 44.45% to 32.17%. The results of the Dec.'06 quarter are not comparable with that of the corresponding quarter of the previous year since 66 rooms (representing 32% of its inventory) of Taj Coromandel, Chennai, were under renovation for almost the entire duration of the current quarter. Notwithstanding the ongoing renovation, Taj Coromandel has retained its leadership position in the Chennai market. The renovated rooms were commissioned during the last week of Dec.'06 and the first week of Jan.'07. The company is likely to fare very well in the 4th quarter.

Its last bonus issue was in 1996. With its book value standing at Rs.130, the company may come out with liberal bonus issue given the sharp improvement in its working over the last few years.

Market Guidance

*** Garware Wall Ropes (Rs.92)** has come out with highly encouraging Q3 numbers. Sales shot up to Rs.88 cr. from Rs.62 cr. in Q3FY06 while net profit flared up to Rs.6.4 cr. against Rs.2.3 cr. The quarterly EPS is around Rs.3.22 against Rs.1.16 in the corresponding previous quarter. Long-term investors should continue to hold this stock for a target price of Rs.150 in the next 6 months.

***** If results of the first nine months are any indication then **Zenith Fibres (Rs.28)** can post full year EPS of around Rs.6.5. With good track of dividend & book value of around Rs.25, the stock looks attractive to buy on every reaction.

*** Garnet Constructions (Rs.84)** has come out with encouraging performance for Q3. As per informed circles, the company is likely to remain in the news over the next few weeks. Speculative/investment position is being built up at every reaction. Investors should remain invested. In good sentiment, the stock can touch Rs.150.

*** KCP Ltd. (Rs.289)** has come out with very encouraging results. Sales shot up from Rs.41 cr. to Rs.69 cr. while net profit has flared from Rs.2.94 cr. to Rs.13.2 cr. giving a quarterly EPS of Rs.10.22. For the 9 months period, it has already reported EPS of around Rs.26, which may go up to Rs.36/38 for the full year. Investors should stay invested in this stock for a targeted price of around Rs.500 in the next one year.

*** Nectar Life Sciences (Rs.232)** has reported excellent results for the 3rd quarter. While sales shot up from Rs.77 cr. to Rs.121 cr. net profit went up from Rs.6.3 cr. to Rs.15.2 cr. giving 4th EPS around Rs.10.21. It has already reported EPS of Rs.23 for the 1st nine months. Full year EPS is likely to be around Rs.33/34. The stock is very likely to reach Rs.300 level.

***** If **Jetking's (Rs.345)** first nine months results are any indication, it may report full year EPS of around Rs.30. The company has declared 2nd interim dividend of 80%. The stock price is very likely to touch Rs.450 mark.

*** PG Foils (Rs.):** Informed sources are projecting net profit of around Rs.2 cr. for the 3rd quarter on its capital of Rs.7.08 cr. and book value of around Rs.70. Stock looks attractive at Rs.31 as Ess Dee Aluminium Ltd., a recently listed stock is trading at Rs.310/320 level. Smart investors see good value in it at about Rs.30 level.

*** Max India (Rs.1000) -** Smart HNIs are said to be adding this stock for good long-term growth even at the current level.

***** Long-term investors can keep a watch on **3M India (Rs.1514**) for investment on reactions.

***** In Dec.'06 quarter, **NCL Industries Ltd. (Rs.58)** reported an EPS of Rs.3.19 against Rs.0.59 in the previous corresponding quarter. Full year EPS is likely to be around Rs.12. Investors can keep watch to accumulate this stock on reactions.

***** In the last week, recommended stocks like **CRISIL (Rs.3250)** and **TRF (Rs.480)** shot up to new highs**.**

TOWER TALK

* The 50 point rise and all time high closing on the Nifty is no guarantee that the market has turned robust. Was it compelled short covering by trapped bear operators?

***** Blue chip **HDFC** has come as a handy tool for manipulating the Sensex as a Rs.100 rise or fall can be registered on very low volumes.

***** FII's have bought 3% of **Can Fin Homes** from the open market last quarter. Scrip is bound to cross Rs.100 mark in the medium term. Have patience.

***** A Mumbai-based operator has again turned active in the **Sanjivani Parenteral** counter. He may take the scrip beyond Rs.60. Keep a close watch.

***** The recent cut in custom duty on import of cement will not have any material effect on cement prices as there is still some scope for a price hike. Accumulate **JK Lakshmi Cement, Sagar Cement, India Cement** etc for handsome gains.

***** Steel scrips have made a strong breakout and looking extremely bullish on the charts. Buy **Tata Steel, Jindal Stainless** among large caps and **National Steel** and **Modern Steels** in small caps.

***** Some marketmen have turned bearish on **Easun Reyrolle** due to the gradual exit by foreign promoters. But that does not affect the working of the company, which is faring well. This scrip will soon hit the four-digit mark. Accumulate at every decline.

*** Anil Special Steels** has turned around and is poised to perform very well in the current year.

***** Good performance from **Arvind Mills** has boosted the stock. Marketmen expect good performance hereon from the company.

***** A well-known brokerage has maintained its buy call on **ANG Auto** with the target price at Rs.441.

*** Indocity Infotech** is getting into the realty business by constructing a township at Talasari in Thane with its 39 acres of land. Stock has seen very heavy volumes on news announcement.

*** Nitco Tiles, Century Textiles, Deepak Fertilizers** are being valued in the market for their realty and land bank in addition to their core business.

*** Nucleus Netsoft GIS** is attracting the attention of investors based on its enterprise value of software business, financial trading platform as well as strong growth prospects of the sector.

*** Premier Explosives**, which had underperformed till Q2 has perked up on news of Rs.7 cr. order from ISRO. A brokerage house projects a price of Rs.85.

MARKET REVIEW

The market is trading in a range

By Ashok D. Singh

The Sensex gained 100.01 points or 0.70% over the week to close at 14282.72. The NSE Nifty closed at 4147.70, added 57.55 points to its last Friday's close. The Sensex and the Nifty both closed at their historic all time highs. The action in the market was stock specific. The major Q3 results announced last week were from Maruti, Tata Motors, ICICI Bank and Bharti Airtel. Apart from the announcement of Q3 results, the expiry of current month derivatives contracts also fell on the last day of the week. It was a four day trading week and Thursday, 25th January'07 was the last trading day.

On Monday, the Sensex advanced 26.53 points (0.19%), to close at 14,209.24. On Tuesday, cement stocks witnessed sharp falls after the centre relaxed import duties across all varieties of cement except white cement. Correction in banking stocks also added to the downward pressure on the Sensex and the Nifty. There was also some significant squaring of long positions in the derivatives segment on the day ahead of expiry. The 30-shares BSE Sensex lost 168 points (1.18%), to end at 14,041.24. Wednesday proved to be some breather as firm global markets, short covering in derivatives and a surge in FII buying helped the market recover after Tuesday's 168-point fall. The Sensex closed the day 69.22 points higher to settle at 14110.46.

On Thursday came a pronounced rise for the market amid the derivatives expiry for the month. The Sensex surged 172.26 points on the day to close at 14282.72 while the Nifty put up 57.80 points to close at 4147.70. The Sensex touched an intra-day high of 14307.19, which is the highest the index has ever touched since its inception.

The BSE Small Cap index settled at 7576.13 on Thursday. It gained 15.93 points or 0.21% over the week. The BSE Mid cap index rose 39.95 points (0.65%) over it's closing last Friday to settle at 6088.98.

FII were net buyers in equities by Rs.761.60 cr. as per data available for the first three days of the week. For the month of Jan. as a whole, they've been net buyers by Rs.351.10 cr. Mutual Funds were net sellers in equities to the tune of Rs.942.44 cr. as per data available until Wednesday.

Tata Steel surged nearly 4% to Rs.500 on Thursday. The stock had gained 3.6% on Wednesday 24 Jan. 2007 to Rs.481.45. The stock has underperformed the market since October 2006, largely out of uncertainty regarding the Corus bid. With just a few days to go before the deadline for submitting revised bids for Anglo-Dutch steelmaker, Corus, the stage seems set for an auction for the world's eighth largest steel maker.

Bharti also came out with its Q3 numbers last week and it beat market expectations by a considerable proportion. Consolidated US GAAP net profit at Rs.1215 cr. was up 123 % over the corresponding quarter last year. The consolidated revenue in the latest quarter grew 62% to Rs.4913 cr. The stock gained 5.51% or Rs.37.60 over the week to settle Thursday at 719.65. Bharti has now overtaken Infosys in terms of market capitalization.

ICICI Bank came out with stronger-than-expected Q3 results last Saturday, 20 Jan.'07. It reported a surge of 42% in its net profit in the Dec.'06 quarter, at Rs.910 cr. (Rs.640 cr.). The total income figure for the quarter surged 63.87% YoY at Rs.7805.2 cr. The stock closed flat for the week at Rs.985.25

Tata Motors also did well in the Dec.'16 quarter with a 12% YoY rise in its net profit at Rs.513.17 cr. Sales rose 37% at Rs.6956.84 cr. The stock closed Thursday at 927.00, down Rs.23.10 or 2.43% over the week.

The Sensex gained marginal 100.01 points to close at 14282.72 last week. For the time being, the market appears to be rangebound. The Q3 results announced so far were good. The season is in its last lap and the market will start looking for budget cues soon for attaining further direction.

MARKET

Market is under consolidation

JCT Ltd. looks good

By G. S. Roongta

With the sudden reduction in custom-duty in several items like cement, aluminium, zinc, project imports, specified capital goods and their parts etc. just a month before the Union Budget was nothing but an exercise to gain popularity with consumers that the government is very keen to contain inflation within the projected range of 5% to 5.50%.

Normally, the government does not tinker with tariff rates especially when Budget preparations are on the last leg of finalisation. But what has made the government initiate such harsh steps all of a sudden? Are some unpleasant surprises for industrial circles in the offing?

Reduction in import duty from 12.5% to zero on Portland cement is the highest compared to 7.5% on project imports and specified items of capital goods and 5% on semi finished and primary metals, alkali metals and carbon black feedstocks.

G.S. Roongta

Although, there is no material impact even after slashing down the import duty by 12.5% on imported cement as landed prices are reportedly higher by Rs.10 to Rs.15 per bag accompanied by heavy risk of pilferage and shortages on account of transportation, loading and unloading at several stages. Yet cement stocks nosedived heavily on Tuesday, 23rd Jan.'07. ACC tumbled from Rs.1115.80 to Rs.1037 losing by 7%, Gujarat Ambuja lost 6.7%, Grasim Industries, which was a star performer among cement stocks recently, too, lost modestly. In the B group, Mangalam Cement, Shree Cements, Shree Digvijay Cement, JK Lakshmi Cement, too, lost heavily by nearly 8%. Liquidation continued the next day too while recovering slightly at the close of the session.

Besides cement, metal and banking stocks, too, joined the race in pulling down their prices on fears of a rise in inflation followed by a hike in interest rates, which may slowdown the demand and growth prospects of industries.

The BSE Sensex slipped by 168 points on 23rd Jan.'07 bringing back the Sensex near to 14K while settling down at 14041 at the close of the session. The BSE Sensex is consolidating heavily at 14K to make this level technically so strong that it becomes a very strong base for it in future. The Q3 corporate results are progressive recording higher sales and profits beyond market expectations. But jerks and jolts are just routine to make the market healthy and strong.

The good news about investment by pension funds, was discounted at this juncture. The government's nod allowing 5% of the corpus to be invested in the share market, will inject more liquidity into the market. However, this will have the desired impact only when the scheme gets for implemented.

Stable crude oil prices between $50 to US $52 per barrel will also favourably impact the textile industry leading to reduction in input costs as AMT, PTA, MEG prices to coming down. They are the basic raw materials for various yarns.

Spinning stocks, which were lying low are waiting to burst out. If we look at the share price of JBF Ltd. and Banswara Syntex, they have started looking up on hopes of low raw material costs. This is followed by cheaper cotton prices on account of the good cotton crop all over the world pointing a boom in the textile industry in coming days.

Garden Silk Mills, Alok Industries, Mafatlal Industries, Priyadarshini Spg., Katare Spg., Sri Ramkrishna Mill are a few stocks, which have been lying low can be expected to spurt with the TUF facility, which has been extended by another to helping the textile industry avail cheap loans for modernisation and expansion.

The shares of composite mills like Arvind Mills, Alok Mills, Garden Silk Mills, Shri Dinesh Mills, Raymond, etc. are also expected to attract fair valuations with greater export viability. Chinese textiles and garments are cheaper compared to our products but suffer on account of poor quality standards. Countries like UK and USA prefer Indian quality products compared to China. This will boost the out textile exports further.

Prompted by the textile boom, which is very much on the cards, I have chosen JCT Ltd., a very low-priced share, which has turned a corner with its huge C/F losses that are likely to be wiped out this year and has retuned from the red to the black in FY06 and is expected to fare even better in FY07.

JCT Ltd. may also prove to be a dark horse next year or so.

JCT Ltd.: The company has already turned from the red to the black with its working results ended 31st Mar.'06 and is now poised for further progress in the years to come.

The company's operation has already turned into the black, but the C/F losses are yet to be wiped off.

Due to the high crude oil prices, the prices of all principal raw material i.e. caprolactum, which is the basic raw material for nylon yarn continued to remain high and could not be passed on to the consumers resulting in its margin remaining under pressure. Now that crude oil prices have come down caprolactum prices have fallen substantially, it will enhance JCT's profitability.

Future Plans: The company has chalked out an ambitious capex plan for expanding its existing capacities.

(A) Phagwara Textile Mills - It plans to modernize all its existing machineries.
(B) Mahiarpur Nylon Filament Plant – New polymerization plant with a capacity of 45 TPD with captive power of 6 MW has already been installed to provide better synergies.
(C) Synthetic Fabrics – This will be a 100% greenfield project at Phagwara as there are no manufacturers of this kind of sports wear and fashion fabrics throughout Asia. When it starts production, the company's turnover will exceed Rs.1000 cr.

The company has already chalked out its plans to turn the corner and the time is not far off when JCT Ltd. turns more viable and profitable.

Market Price: The company's share is currently traded between Rs.10 to Rs.11, which is among the lowest. In such a booming market, such a low-priced pick is an attractive buying opportunity to reap a good harvest in future. The share is sure to give 100% appreciation on YOY basis looking to its size of business, expansion and return into the black.

ANALYSIS

MM Forgings Ltd.: Poised for gains

By Devdas Mogili

MM Forgings Ltd. (MMFL) is a 60 year old Chennai-based company originally incorporated as Madras Motor Pvt. Ltd. in 1946. It was originally dealing in imported motor cycles but later diversified into steel forgings in 1974 and changed its name to the present one in 1993 to reflect its new business activity.

MMFL manufactures steel forgings in raw, semi-machined and fully machined stages in various grades of Carbon, Alloy, Micro-Alloy and Stainless Steel in the weight range of 0.20 Kg to 60 Kg. The company caters to the forging requirements of almost all sections of industry as its products form important inputs for various critical components in automobiles, tractors, earth-moving, power, material handling machinery, oil, railways and core engineering industries.

It has a technical collaboration with Tokai Corporation Japan. The production capacity of steel forgings increased from 20000 tonnes to 26500 tonnes. Its machining capacity has also substantially increased in line with the changing customer demand. The company's four manufacturing facilities are located at Kanchipuram, Pudukottai, Dindigul and Chennai in Tamil Nadu. Mr. Vidyashankar Krishnan is the managing director of the company.

Clientele: MMFL's clientele includes companies like Ashok Leyland, BEML, BHEL, Audco Valves and Tractor Engineers.
Performance: The company has posted impressive results for FY06 when it registered net sales of Rs.164.96 cr. with a net profit of Rs.12.10 cr. posting an EPS of Rs.20.05 for the year.
Latest Results: MMFL has come out with a very strong set of numbers for Q3FY07. On net sales of Rs.44.95 it clocked a net profit of Rs3.33 cr. registering a basic EPS of Rs.5.51 leading to an annualized EPS of Rs.22.04.
Financials: The company has an equity base of Rs.6.04 cr. supported by reserves of Rs.58.18 cr., which translates into a book value of Rs.96.49 for its share as on 31st Mar.'06. Its price to sales ratio is 0.63, which is less than 1 and offers a good margin of safety for investors.
Share Profile: The shares of MMFL with a face value of Rs.10 are listed and traded on the BSE and NSE under Indonext (S) segment. Its share price touched a 52-week high of Rs.310 and a low of Rs.118. At its current market price of Rs.174, it has a market capitalization of Rs.105 cr.

Financial Highlights: (Rs. in lakh)

Particulars	QE 31/12/06	QE 31/12/05	HY 31/12/06	HY 31/12/05	YE 31/03/06
Net Sales/Income	4494.88	4156.85	12627.62	12464.71	16496.29
Other Income	97.64	92.93	447.92	375.81	410.99
Total Income	4592.52	4249.78	13075.54	12840.52	16907.28
Total Expenditure	3594.14	3359.66	10131.51	10062	13585.7
Inc/Dec in stock	354.78	526.6	-18.11	20.42	-21.18
Raw Materials	1817.6	1525.27	5782.38	5943.17	8043.69
Personnel	277.38	244.71	829.24	713.13	1045.44
Power & Fuel	460.38	374.95	1383.54	1252.28	1670.36
Other Expenses	684	688.13	2154.46	2133	2847.39
PBIDT	998.38	890.12	2944.03	2778.52	3321.58
Interest	100.74	89.06	289.01	238.09	291.83
Depreciation	425	430	1275	1310	1413.47
PBT	472.64	371.06	1380.02	1230.43	1616.28
Prov for taxation	140	95	345	270	406.52
Net Profit	**332.64**	**276.06**	**1035.02**	**960.43**	**1209.76**
Deferred tax asset					-30.96
Paid up equity	603.52	603.52	603.52	603.52	603.52
EPS (Rs)	**5.51**	**4.57**	**17.15**	**15.91**	**20.05**
Reserves					5818.3

Dividends: The company has been paying dividends consistently year after year as shown below:
FY 2000 - 40%, FY 2001 - 40%, FY 2002 - 45%, FY 2003 - 40%, FY 2004 - 45%, FY 2005 - 30% and FY 2006 - 30%.
Shareholding Pattern: As on 31st Dec.'06, the promoter holding in the company was 62.12% while the balance 37.88% was held with the Indian public, institutions, non-promoters and others.
Prospects: India has become an outsourcing hub for auto ancillaries. Most developed countries are exiting the forging industry and sourcing their requirements from developing countries like India. This trend is likely to continue further in days to come.
MMFL's products are world class and further improvements are under way through adoption and implementation of sophisticated technology in dye-making. Its sustained effort in finding new customers its accelerated efforts to develop new products and the timely expansion in capacities are factors that will improve growth in sales and profits in the future. Any upturn in domestic demand will further accentuate this growth rate.
MMFL has the expertise in forging a wide variety of components. It is flexible to volumes and intends to provide one stop shop for its customers with value added services.
Conclusion: MMFL has emerged as one of the largest exporter of forgings from India in its product range and has created a niche in the global markets.
At its current market price of Rs.174, the share price is discounted less than 8 times against the industry average P/E multiple of 24. The share is grossly underpriced and is a good acquisition for significant capital appreciation in the short to medium-term. Catch it young before it is too late. If the performance of forging companies like Bharat Forge, Ahmednagar Forgings etc is any indication, this counter is poised for significant gains.

Indian Bank IPO opens on 5th Feb.

Chennai-headquartered Indian Bank, which is celebrating its century, is entering the capital market with an IPO of 85,950,000 equity shares of Rs.10 each for cash through 100% book-building process at a premium in the price band of

Rs.77 to Rs.91 per share. The issue opens for subscription on 5th Feb.'07 and closes on 9th Feb.'07. The issue will be listed on BSE and NSE.
The bank has reserved 10% of the issue, i.e., 8,595,000 equity shares for allocation to eligible employees and the balance 77,355,000 equity shares constitute the net offer to the public.
It has a network of 1,408 branches spread across 26 states and 3 union territories and a branch in Singapore and in Colombo, Sri Lanka. As on 30th Sept.'06 the bank had over 18.1 million customers. All branches are computerized. Over 800 branches and 80 extension counters (covering about 84% of the bank's business) are functioning on the core banking platform, thereby providing; 'any time, any where' banking to customers through multiple delivery channels.
The Bank is tapping the market to augment its capital base to meet future capital requirements arising out of implementation of the Basel II standards and also to grow its assets in sync with the economic growth - primarily its loan and investment portfolios.

Firstsource Solutions IPO opens on 29th Jan.

Firstsource Solutions Ltd. (formerly ICICI One Source Ltd.) is entering the capital market with its IPO of 69.30 million equity shares of Rs.10 each for cash through a 100% book-building process in the price band of Rs.54 to Rs.64. The issue opens on January 29, 2007 and closes for subscription on Friday, February 2, 2007.
Firstsource is a leading Indian BPO company providing customized business process transformation in the Banking & Financial Services, Telecom & Media and Healthcare sectors. The company currently employs over 10,717 employees across 20 delivery centres in India, the UK, the US and Argentina. The company serves over 74 leading organisations including six 'Fortune Global 500' banks, two 'Fortune Global 500' telecommunications companies and three 'Fortune 100' healthcare companies.
The Company intends to use the net proceeds of the Issue to make acquisitions, set up new facilities, repay a loan and for general corporate purposes. Firstsource will be listing its shares on both the National Stock Exchange (NSE) & the Bombay Stock Exchange (BSE).

Manappuram Finance announces bonus

Manappuram General Finance & Leasing Ltd. has recommended a bonus issue in the ratio 1:1.
For the period ended 31st December 2006, its total income went up to Rs.2655.03 lakh from Rs.1494.91 lakh in the corresponding previous period. Net profit climbed to Rs.619.59 lakh from Rs.268.64 lakh and Basic & diluted EPS stood at Rs.11.03.
MAGFIL currently has a network of 197 branched spread over in nine states in the sountry. The Public Deposit Programme of the company has been rated "MA" by ICRA, a credit rating agency approved by Reserve Bank of India, indicating adequate safety to the depositors.

IOB Q3 net up 25% yoy

Indian Overseas Bank has posted a profit of Rs2.47 cr. for the quarter ended 31st Dec.'06 compared to Rs.197 cr. for the same quarter in the previous year in unaudited results announced for the quarter ended 31st Dec.'06. Its total income was at Rs.1672 cr. against Rs.1303 cr. in the quarter ended 31st Dec.'05.

Bank of India net up by 78%

Buoyed by a higher net interest income Bank of India (BoI) has recorded a 78% growth in net profit at Rs.254.87 cr. for the quarter ended 31st Dec.'06 against Rs.143.1 cr. in the corresponding previous period.
Net interest income rose by 31% to Rs.858.76 cr. (Rs.656.68 cr.) and the domestic net interest margin improved to 3.76% from 3.55% in Dec.'05.
Total income jumped by 28% to Rs.2641.01 cr. in the fourth quarter against Rs.2063.09 cr. in the corresponding previous quarter.