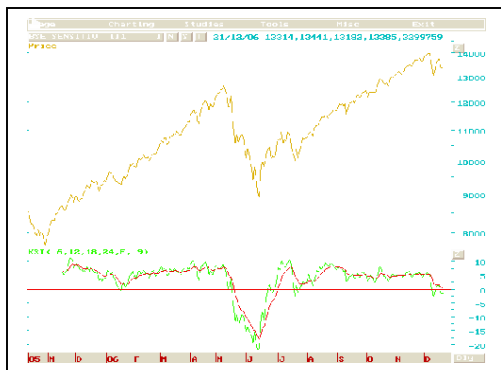


Sentiment is tentative as Sensex may test 13,000 level

By Sanjay R. Bhatia

The corrective trend in the markets continued amidst extreme bouts of volatility and choppiness. The volumes recorded have been good but the advance-decline ratio has remained negative. Traders and speculators were seen booking profits at higher levels and were also seen going short. FIIs, on the other hand have remained net sellers in the cash segment. Mutual funds, however, were net buyers during the week and were seen supporting the markets at lower levels.



The global market cues remained negative. The change in Thailand's investment policy for FIIs triggered a meltdown across Asian markets including India. Crude oil price has also spiked up once again to a high of US \$64.15 during this week due to lower US inventory data and a thick fog keeping Gulf of Mexico tankers from entering the busy shipping channel in Texas. All this contributed to the rise in crude oil prices. Technically, as we have been maintaining, crude prices are likely to test the \$66 level in the next few weeks.

Incidentally, December has been the first month after May'06, when FIIs and Mutual Funds have both remained net sellers and is not a good sign for the markets. Now the markets must consolidate and witness follow-up buying at higher levels if the Sensex has to move nearer to the psychologically

important 14000 level. But this looks unlikely during this month as FIIs pack their bags and leave for their annual vacation. This will keep inflows to the bare minimum and lack of buying will become a bane for the markets, which might automatically result in a fall. The sentiment of the market continues to remain extremely tentative and nervous at higher levels as the markets are unable to sustain at higher levels. Although bears seem to have an upper hand over the bulls, intermediate bouts of short covering will take the markets higher. In the meanwhile, the markets would continue to display signs of volatility and choppiness ahead of the derivative segment expiry next week.

Technically, the corrective trend of the markets is likely to continue and the markets is likely to test the 13000 level and may even fall below it. The 12995 and 12612 are crucial support levels for the Sensex. On the upside, 13706 and 13775 levels are likely to act as its resistance level. In case of Nifty, the 3754 and 3663 are crucial support levels. The 3899, 3921 and 3970 levels are likely to act as its resistance levels.

Traders and speculators could buy M&M with a stop loss of Rs.848 and a target price of Rs.900-925.

TRADING ON TECHNICALS

Selective stocks wise moves possible

By Hitendra Vasudeo

Our headline in the last issue was to seek opportunities to sort portfolios as the Sensex was expected to witness resistance at higher levels, high volatility was expected. In this process, index related stocks witnessed profit-booking pressure at higher levels. Simultaneously, selective buying in mid-cap stocks was witnessed. Many stocks that offered breakouts last week were from the mid-cap segment. Profits booked from index related stocks were shifted to the



mid-caps. That was the story of last week's stock movements. But, we did not find the mid-cap indices stocks doing well collectively and the stock picking was selective.

Last week, the Sensex opened at 13695.60, attained the high at 13748.62 and fell down to a low of 13182.35, before it finally closed the week at 13471.74 and thereby showed a net fall of 143 points on a week-to-week basis.

The weekly trend is down and can turn up on rise above 14035 or if the Friday weekly close is above 13682.

Resistance during the week will be at 1375-14033. Support will be at 13200-13100. A fall below 13100 will take the Sensex down to 12800. If at all we see a fall and close below 12800, then the Sensex will start retracing the rise from 8799 to 14035. The retracements levels in that case will be placed at 12035-11417-10799 respectively. The 200-day moving averages are around 11765-11739 to add further support to the retracements levels.

Ideal levels of investment would be the retracements levels as mentioned above from the long-term investment angle. Short-term investors should be on the look out to exit and get into selective stocks that generate volumes along with a rise above their 52-week high or historical highs. Long-term investors can continue to remain in front-line index stocks or book partial profits at higher levels. Long-term investors could face short-term underperformance in frontline stocks from hereon for long-term outperformance. In the short-term from traders delight, mid cap selective outperformance could be witnessed.

Strategy for the week

Book profits and exit long positions selectively at higher levels. Resistance will be at 1375-14033. Remain in stocks, which are within 15% of their respective 52-weeks high and stocks that are about to breakout even in this market condition.

In the event of a breakout and weekly close above 14100, the bandwagon rally would continue. But before that can happen, the market will give an opportunity to decide and sort your portfolio. Spot and decide where to be and where not to be.

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.

Scripts	Last Close	Buy Price	Buy On Rise	Stop Loss	Target 1	Target 2	Risk Reward	RS
J.K.AGRI GENETICS	282.45	272.50	295.00	263.50	314.5	346.0	1.69	76.64
YASHRAJ CONTAINEURS	65.65	64.10	67.45	60.00	72.1	79.5	1.13	75.63
INDIAN HUME PIPE CO.	434.20	422.25	434.20	387.50	463.1	509.8	0.62	73.72
EASTERN SILK INDUSTR	315.05	311.00	316.50	300.50	326.4	342.4	0.78	73.17
GILLA ARBUT	122.80	117.50	125.00	113.00	132.4	144.4	0.98	70.97
CALIFORNIA SOFTWARE	71.55	69.00	76.90	66.00	83.6	94.5	2.18	65.97
MAHINDRA UGINE STEEL	125.90	124.00	129.40	118.05	136.4	147.8	1.34	65.71
AUTOMOTIVE AXLES	626.40	602.50	649.00	586.15	687.8	750.7	1.53	62.67

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.

Scripts	Last Close	Center Level 1	Center Level 2	Center Point	Relative Level 3	Relative Level 4	Relative Strength	Weekly Reversal Value	Up Trend Date
		Stop Loss	Buy Price	Buy Price	Book Profit	Book Profit			
INDIABULLS FIN.	583.20	430.8	532.3	582.9	633.8	735.3	82.4	574.3	22-12-06
RIL COMM. VENT.	468.35	406.0	445.1	460.9	484.2	523.3	80.4	456.1	28-07-06
GLENMARK PHAR.	629.50	495.7	579.2	612.3	662.7	746.2	78.0	580.5	13-10-06
J & K BANK	673.00	498.0	604.0	641.0	710.0	816.0	72.5	584.3	10-11-06
M & M	871.00	699.0	804.0	842.0	909.0	1014.0	68.9	838.3	22-12-06

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.

Scripts	Last Close	Center Point		Relative Strength		Weekly Reversal Value	Down Trend Date
		Level 1	Level 2	Level 3	Level 4		
		Cover Short	Cover Short	Sell Price	Sell Price	Stop Loss	
MATRIX LABS	213.45	146.9	192.3	216.6	237.7	283.1	19.18
WOCKHARDT	331.50	301.7	323.2	336.3	344.6	366.1	20.73
AVENTIS PHARMA	1368.00	1268.7	1338.7	1379.3	1408.7	1478.7	22.80
BAJAJ HINDUSTAN	209.45	154.4	195.3	222.2	236.3	277.2	24.92
ITC	169.65	157.3	166.0	171.0	174.7	183.4	25.95

BAZAR.COM

Star performers of 2007

By Fakhri H. Sabuwala

Just about the time when volatility is at its peak and the market breadth and depth under suspicion, some scrips have really stood out and surged ahead. It was differentiating the men from the boys and those of us who did so early derived the maximum benefit.

The mood on the broader front remains cautious ahead of the expiry of the Futures contract on Thursday, 28th Dec.'06, and the nervous mood in global markets. It is very likely that chilly and choppy winds shall blow over Dalal Street for a few more days on year-end considerations, Christmas holidays and festivities that are weighing heavily for the time being. No major FII fund input or withdrawal may happen and that shall keep the Sensex and Nifty sideways with a downward bias despite no great negatives on the horizon.

Fresh allocations by FIIs may take a little longer to finalize. Till then, the market may give a downward blip to Sensex 12800 mark. Support for the second time can be had technically from the double bottom so created and that alone shall pave the way for Sensex 14000 and beyond.

For the time being till a broader participation is available from all the cross sections of the scrips, it would be better to concentrate on the ones that have withstood the volatility and regained the lost ground. Some such scrips are enumerated hereunder and they shall remain star performers of the New Year 2007 too.

Tech Mahindra: The Indian software industry seems to be riding on a new high. After four deals TCS-Pearl \$850 million, HCL-DSG \$330 million, TCS-ABN AMRO \$260 million and Infy- ABN AMRO \$140 million, it's the turn of Tech Mahindra clinching a \$1 billion deal from British Telecom. This by far is the largest deal bagged by any Indian software company. To deliver the output, it will set up new shared services delivery centres in China, Eastern Europe and Latin America to service BT customers. The contract is spread over 5 years and shall add \$200 million revenue each year. The current annual revenue is around \$280 million and with this contract BT remains its foremost client.

Being an exclusive outsourcing service contract, it shall be on higher billing improving TM's margins further.

The scrip is on fire already but once it cools off and settles down, its time to pick it up and get going.

HCL Technologies: After the announcement of 1:1 bonus, the scrip has bagged a \$200 million order from Skandia UK. This is the second deal to be signed by HCL Tech recently and they will considerably improve its revenues, margins etc. the scrip is heading for Rs.500 mark ex-bonus.

Four Soft Tech: After acquiring a Denmark based Transaxiom Holdings, Hyderabad based Four Soft Tech is planning to set up a BPO Centre at Hyderabad as a joint venture with a Japanese company.

MTNL: To provide broadband connectivity at a speed up of 2 mbps from Jan.'07. It benefits from tax refunds and a trimming exercise that shall make it a super performer in coming weeks.

I-Gate Global, Hinduja TMT, JSW Steel, Polaris, Sterling Biotech, Asahi India, Ingersoll Rand, M&M, Lupin, Nestle, KDL Bio, Carol Info, Trigyn, Moser Baer, Mphasis, Nicholas Piramal, Crompton, NIIT and Reliance Capital remain on the growth radar.

Choksi Laboratories Ltd. (Code:526546)**Rs.19**

Incorporated in 1993, Choksi Laboratories Ltd. (CLL) is a group of research laboratories offering analysis, calibration, pollution control, research and consultancy services to a broad spectrum of industries. In short, it's a commercial testing and analysis laboratory. It was the first to start water and soil analysis in central India and also the first to start instrument calibration services for organizations that were seeking ISO certification. In fact, it was the only one to commission and run ONGC's Effluent Treatment Plant at Amod oil rig probably the largest in India. Today, CLL boasts of serving over one thousand customers, both regional and international and analyzing over 1000 different products. Of late, the company has entered clinical trial research in a big way.

CLL's labs/branches are located at Chandigarh, Indore, Vadodara, Delhi, Ahmedabad & Vapi and are equipped with ultra modern, sophisticated and very hi-tech equipments imported from various parts of the world. Recently, it commenced a 40-bed clinical research facility at Vapi for carrying out bio-availability and bio-equivalence studies. Notably, CLL is certified by BIS, FDA, Gujarat and Madhya Pradesh PCBs, Department of Health (MP), AGMARK - GOI and several other regulatory bodies. It has also been accredited to NABL, which is internationally recognized through ILAC and is based on ISO/ IEC guidelines. The company has facilities to analyze food & agricultural products, cement & building materials, chemicals, drugs, metals, oil, soil, PVC pipes & paints etc for its client or as a regulatory requirement. It also helps different industries in their research processes. Its Environment Consultancy Division helps companies keep the environment clean and free from pollution. Apart from calibrating services for individual instruments, CLL provides a comprehensive Annual Calibration Contract (ACC) that covers maintenance of calibration due-date charts and on-site/ laboratory schedules etc. Moreover, it offers consultancy services for solid waste management, sewage treatment plants, hotel and hospital waste management, hazardous waste management etc.

Fundamentally, it hasn't shown great performance yet but the potential is huge and the future looks very promising. For FY06, its sales improved by 15% to Rs.7.60 cr. and net profit dropped by 10% to Rs.0.81 cr. on the back of higher interest cost and depreciation. For the first six months ending 30th Sept.'06, total revenue grew by nearly 20% to Rs.4.70 cr. but profit increased by only 10% to Rs.0.65 cr. However, the company enjoys an operating profit margin (OPM) of over 35% and net profit margin (NPM) of more than 10% and at the current market cap of Rs.10 cr., it can turn out to be a multi-bagger if held for 2-3 years. For FY07, it is expected to report a total revenue of around Rs.10 cr. with PAT of Rs.1.30 cr. This translates into EPS of Rs.3 on its equity of Rs.4.85 cr. At CMP of Rs.18, the scrip is discounts its FY07 earnings by merely 6 times, which is very cheap for such a niche player. With a 52-week high/low as Rs.45/Rs.13, the downside to this stock is minimal whereas on the upside, the scrip can easily double in 15-18 months. Strong buying recommended for long-term investors only.

Vinay Cements (Code:518051)**Rs.29**

Incorporated in 1986, Vinay Cements Ltd. (VCL) is the flagship company of the BK Bowri group, which is a leading cement manufacturer in North East India. In fact, it is among the top three players in the region since inception. Its brand name 'Vinay' is the largest local cement brand with a market-share of 8% in the region. Importantly, VCL has its own captive mines for cement grade limestones. Since, the company has an installed capacity of only 2,40,000 TPA, it enjoys the status of mini-cement plant with exemption from payment of excise duty. Interestingly, the north eastern market doesn't have many cement plants and most of the demand is met by importing cement from other nearby states like U.P., MP, Bihar or Orissa.

VCL's manufacturing facility is the first Fuller Technology based plant incorporating state-of-the-art process control systems for manufacturing both Ordinary Portland Cement (OPC) and Pozzolana Portland Cement (PPC). In FY06, it produced little more than 1 lakh tonnes against an installed capacity of 2.40 lakh tonnes translating into capacity utilization of less than 50%. This means that it has the potential to double its sales without any major capital expenditure. Secondly, the company along with others has promoted a new company called Calcom Cement India Ltd to set up a greenfield cement project of 1.5 million TPA at Chachar in Assam at an investment of about Rs.414 cr. And VCL being a promoter company holds around 59 lakh equity shares of Calcom at an investment of Rs.6 cr. and has also provided corporate guarantee to some extent. This project in itself will be a state-of-the-art cement plant and the biggest cement plant in the North-East and is expected to commence operation by mid-2007.

Due to higher price realisation and better capacity utilisation, VCL is performing extremely well and has reported stunning numbers for H1FY07. However, the major part of the PAT is contributed by other income which it earns as incentives, royalties etc. Notably, the company has paid off all its loans and is currently a 100% debt-free company although it has cash-credit facility with UTI Bank. With huge reserves of Rs.23 cr., the book value of its share stands at Rs.33. For FY07, it is estimated to report a turnover of Rs.55 cr. with net profit of Rs.5.50 cr. leading to an EPS of Rs.6 on its equity of Rs.10 cr. Its long-term prospects are very encouraging along with the hidden value in Calcom Cement.

However the other income aspect, huge debtor outstanding of Rs.16 cr. and contingent liability to the tune of Rs.25 cr. is a cause of concern. Investors can buy it at dips with a price target of Rs.45-50 in 12-15 months.

EXPERT EYE

By V.H. Dave

This scrip was earlier recommended on 23rd Oct.'06 in 'Early Bird Gains' (EBG), our investment newsletter specializing in multi-baggers at Rs.88.25. Since then, it touched a high of Rs.124.2 giving an appreciation of 40% in less than one month and is once again attractive at the current price.

Diamond Cables Ltd. (DCL) (Code: 522163) (Rs.121.90), a manufacturer of cables, wires, wire rods and conductors had been struggling under a high debt burden and shortage of funds for a few years and hence reporting losses. With judicious employment of resources and restructuring, DCL has produced enviable results during the current year so far. With the prospects for its products improving, DCL is all set to record a bumper net profit in FY07.

DCL, a multi-locational and a multi-product company, was established in 1970 and is the leading manufacturer of power cables and conductors with a capacity of over 24,000 TPA of alloy rods and over 30,000 TPA of alloy conductors is an integrated cables & conductors manufacturing concern.

It has a complete suite of products to cater to the demands of the power transmission & distribution space. Its product range includes LT (low tension) Electrical Power Cables, Control & Instrumentation Cables, Aluminum Conductors Steel Reinforced (ACSR) and All Aluminum Alloy Conductors (AAAC).

DCL's clientele comprise industrial majors like ABB, BSES, Tata Projects, various Birla Group Companies, CIMMCO, TISCO, TELCO, Larsen & Toubro (L&T), GIPCL, KPCL, Crompton Greaves, Siemens, DGNP and Power Grid Corporation and most of the State Electricity Boards (SEBs) in India and various Electricity Authorities worldwide together with other companies in India.

DCL has recently announced the successful completion of a major debt restructuring exercise with its secured lenders. It has concluded a one-time settlement (OTS) of dues of Rs.131 cr. with 100% of its secured lenders for a total consideration of Rs.45 cr., pro-rata to their respective outstanding.

During the 18 months ended 30th Sept.'06, sales advanced by 139% on an annualized basis against Rs.33.7 cr. in the six months ended 31st Mar.'05. During the last six months of Apr.-Sept.'06, net profit was Rs.10.5 cr. on sales of Rs.103 cr.

After adjustments of extraordinary expenses written off and write-back of interest, net profit for the 18 months ended 30th Sept.'06 works out to Rs.20.82 cr. giving an EPS of Rs.9 on an annualized basis.

DCL's equity capital is Rs.14.3 cr. and with the OTS of its dues, the capital reserves created is Rs.62.5 cr. After adjusting losses and profit during the 18 months ended 30th Sept.'06, the book value of the share works out to Rs.51.

The present equity structure reveals that the promoters hold 54.2% in the equity capital. FIIs hold 2.2% and private corporate bodies hold 8.8% leaving 34.8% with the investing public.

Clearwater Capital Partners (Cyprus) (CCP) has invested over Rs.150 cr. in the financial restructuring by way of long-term debenture, short-term debt and subscribing to the equity capital to the extent of 14.8%. DCL will issue 25 lakh equity shares at Rs.95 per share and 1 lakh convertible warrants convertible into one ordinary equity share at Rs.95 per share within 18 months of allotment on preferential basis, constituting 14.8% stake in DCL to CCP.

DCL will also allot 1,50,000 equity warrants convertible into equity shares within 18 months at a price of Rs.95 per share to Brescon Corporate Advisors. After this exercise its equity is slated to move up to Rs.17.6 cr.

The Power Cable industry has been witnessing significant revenue growth on account of massive capital expenditure (capex) planned by the user industries. According to industry sources, about Rs.9,00,000 cr. of capex is going into power,

Must for Day Traders!

The Profitrak Division of Money Times has been issuing Intra-day live market calls for over 4 years now and traders have already assessed the quality of our calls in relation to the levels achieved as per our forecast.

But while several traders have made money and renewed their subscription, there are many others who have not been able to implement the trade successfully. To help day traders understand the entire process of call generation and trade implementation we have organised a special demonstration as per details given below.

On Saturday, 13th January 2007, from 3 to 6 p.m. Rs.1000 per person.

Limited seats available. Call **NOW** to book your seat.

MONEY TIMES

Goa Mansion, 58, Dr. S.B. Path (Goa St.), Fort, Mumbai 400 001

Tel.: 022-22654805, Telefax: 022-22616970

Email: moneytimes@vsnl.com, Website: www.moneytimes.in

infrastructure sectors, special economic zones (SEZs) and in industrial expansions. As a thumb rule, wire and cable requirement is approximately 2%-3% of the cost of the project. Thus, the industry expects Rs.18000 – 27000 cr. worth of demand for cables to be unveiled in the near future.

DCL is exploring new business opportunities by undertaking up new ventures in the name of Diamond Power Infrastructure Development Company Pvt. Ltd., as a subsidiary for turnkey contracting business.

DCL's outstanding order book currently stands at Rs.150 cr. but has entered into agreements for contract manufacturing to increase the capacity utilisation of its plant Substantial revenue is expected by this move in the current year.

In order to increase its presence in the market place and provide end-to-end solution to its customers, DCL has entered into an alliance to outsource other products to compete its product range.

Based on the above and its future outlook coupled with the excellent bright prospects of the conductors & cable industry, DCL is likely to register sales of Rs.300 cr. for the year ending 30th Sept.'07 with a net profit of Rs.25 cr. yielding an EPS of Rs.17.5.

In view of its smart turnaround and the FIIs taking a keen interest in the company, the shares of DCL will certainly command better discounting. The DCL share is currently available at a forward P/E of just 6.4 against the industry average P/E of 10. Applying the industry P/E of 10 will take its share price to Rs.175. This translates into an absolute gain of over 33%. The 52-week high/low of the share has been Rs.97/36.

Gateway Distriparks Ltd. (GDL) (Code: 532622) (Rs.195.95) a world-class logistics facilitator was incorporated in 1994 and provides logistics solutions to meet the needs of global trading and the shipping industry. GDL is an Indo-Singapore joint venture promoted by Windwill International Pte. Ltd., Parameswara Holdings, Thakral Corporation and Newsprint Trading & Sales Corporation.

GDL has modern Container Frieght Stations (CFSs) at Dronagiri, about 9 kms from the Jawaharlal Nehru Port, Navi Mumbai, New Manali, Chennai, besides an Inland Container Depot (ICD) at Garhi Harsaru, near Delhi in Haryana and a newly commissioned CFS at Vishakapatam, which is a joint venture with the Suri Group. Gateway East India Pvt. Ltd. and Gateway Distriparks (South) Pvt. Ltd. are the subsidiaries of the company.

During 2004-05, GDL opened three new facilities each in Gurgaon, Chennai and Vizag. GDL came out with an IPO of 1.1 cr. equity shares of Rs.10 each at a premium of Rs.62 per share in Mar.'05 and raised Rs.79.2 cr. In Sept.'05, it signed an agreement with Container Corporation of India Ltd to work jointly towards business development for mutual benefit and to facilitate Exim trade (export/import) by providing ICD facility and rail connectivity to various Gateway ports for export and import trade from the company's ICD at Garhi Harsaru, near Gurgaon. The commercial operations commenced from May'06.

During FY06, GDL posted 104 % higher net profit of Rs.71 cr. on 39% increased sales of Rs.130 cr. During H1FY07, net profit surged by 9% to Rs.40.4 cr. on flat sales of Rs.66 cr. With the commencement of the third container terminal at the port, volumes at the port grew by 21% YoY. Further ramp-up in operations at the third container terminal will gradually remove supply overhang and improve margins, initial signs of which are already visible.

GDL had raised \$85 million in December'05 through a maiden global depository receipts (GDR) issue of 1.66 cr. GDRs representing 18.07% of the post-issue equity. The GDR proceeds will be utilised to fund its rail initiative and in strategic acquisitions and expansions.

Its equity capital is Rs.92.3 cr. and the book value of the share works out to Rs.62.3. The value of its gross block is a whopping Rs.199 cr. whereas the debt-equity ratio works out to 0.04:1. The cash on hand as on 31st March 2006 was Rs.350 cr., which is also being deployed in expansion and acquisitions. Its foreign promoters hold 24.9% while the Indian promoters hold 13.4% in the equity capital, FIIs hold 35.7%, domestic institutions hold 7%, non-promoter corporate holding is 7.3% and other foreign holding is 3.7%, leaving 8% with the investing public.

GDL recently acquired 50.1% stake for Rs.48 cr. in Snowman Frozen Foods, a cold chain well-known for transporting and stocking ice-creams, fruits, vegetables and seafood, especially for Hindustan Lever and the Amalgam Group. Snowman's integrated logistics management comprises the entire spectrum of the supply chain; from procurement to storage and retail distribution. It has pioneered the frozen part cargo service. The Mitsubishi group companies will continue as substantial shareholders of Snowman with an aggregate 49.9% holding in Snowman.

This acquisition is part of GDL's strategy of becoming an integrated logistics player. Snowman provides GDL with a well-established platform to explore various growth opportunities in cold chain logistics business especially in the backdrop of a major retail boom.

GDL recently entered into a joint venture to set up a container freight station at Rs.25 cr. at Kochi port. GDL will hold 60% while Chakiat Shipping group, will hold the remainder 40% in the joint venture. The Kochi CFS, which will be developed in phases, will have a capacity to handle 15,000 twenty-foot equivalent units (TEUs) per annum. Recently,

GDL recently inaugurated a sixth warehouse with a capacity to handle 600 TEUs per month at its CFS at Dronagiri, about 9 km from JNPT.

In a recent development, GDL has emerged as the top bidder for securing a 15-year operations and management contract of a Punjab government-owned CFS, which is situated close to Jawaharlal Nehru Port Trust (JNPT) near Navi Mumbai. It is a 27.5 acre facility with a handling capacity of 1,50,000 TEUs. If GDL is able to get this CFS contract, it will become the largest CFS at JNPT. The other bidders for the CFS contract are Apollo Tyres' logistics arm, Adani Enterprises and the Welspun group.

GDL, which is mainly into container handling, is seen as benefiting from an expected strong growth in container traffic in India. GDL's CFS facility at Mumbai accounts for 90% of its total profits but the facility has been under pressure due to competition from new entrants. Margins have dropped by nearly 7% during Q4 FY06.

Analysts are keeping a sharp eye on the GDL stock because container traffic is set to play a very big role and GDL is expected to gain from greater private sector participation in ports and movement of containers by rail in the booming foreign trade. Based on its acquisitions and future prospects, GDL is likely to post a consolidated EPS of Rs.12 for FY07, which could further go up to Rs.15 for FY08. The GDL share currently trades at a forward P/E of 16 on its estimated FY07 earning and 11.9 on the FY08 projected earning. The share is recommended for long-term gains.

Garnet Construction Ltd. (GCL) (Code: 526727) (Rs.71.65) incorporated in April'94 is into development and construction of industrial premises (galas) or plots at growth centres in States encouraging industrial development with various incentives. Its in-depth knowledge of land developing has led to an opportunity to develop over about 500 acres of land for diverse commercial and residential projects.

During FY06, GCL earned just Rs.60 lakh net profit on a revenue of Rs.6 cr. During Q2FY07, it posted 533% higher net profit at Rs.1.7 cr. on 1331% increased revenue of Rs.7 cr. During H1FY07, net profit at Rs.3.2 cr. reflects an increase of 1046% on 2594% increased revenue of Rs.13 cr. The sharp improved margin is mainly due to the change in its focus from industries to residential projects at Khopoli and Lonavala. Most of the sales currently are coming from Lonavala, where it is developing bungalows and marketing the same to NRIs only, the demand for them has risen after the announcement of a SEZ project by Mahindra Gesco for IT and electronics.

GCL has a tiny equity of just Rs.5.4 cr. and reserves of Rs.1.4 cr., the book value of the share works out to Rs.12.5. The promoters hold 46% in its equity capital leaving 54% with the investing public. The company has recently approved the conversion of 25,00,000 partly paid convertible warrants issued to the promoters into equity shares, which will increase its equity capital to Rs.7.9 cr. and the promoters' holding will go up to 63%.

At Lonavala, GCL has a residential complex comprising 131 bungalows. The construction of which is still underway and Dec.'07 is the possession date. 111 bungalows have been sold already while the possession of the balance will be given by Mar.'08. GCL expects to clock revenues of Rs.35 cr-40 cr. from this project.

It has acquired 305 acres of land on the Express Highway near Panvel in Navi Mumbai to develop a mega residential township with all modern facilities. Additional 954 acres will be purchased by Apr.'07. The project will have one of its kind residential complexes with all modern amenities, recreational and educational facilities together with commercial properties like shopping malls and multiplexes. The construction of the same is expected to commence by Oct.'07.

At Khopoli, GCL is coming out with a residential complex in 200 acres with an IT Park in 100 acres and an educational institution in another 100 acres. It has 100 acres of industrial land at Khopoli close to where the airport is being planned and intends to develop it for logistical use. The construction and marketing of this project will start from Mar.'07. GCL is targeting revenues of Rs.600 cr. from the Khopoli project with the change in the FSI rules for areas outside Mumbai, the revenues could go up to Rs.850 cr.

GCL is in the process of acquiring the remaining 100 acres by next month. Another 200 acres will be acquired in future. It expects to start off with the residential part of the project while the IT Park will start in 2008 and the entire project will be ready by 2011.

How to trade in F&O segment effectively

- Effective way of Futures Trading
- A system revealed – By Hitendra Vasudeo
- Trade with Trend, Relative Strength, Open Interest & Level
- How to use the combination of Open Interest, Trend, Relative Strength, Open Interest, Level & Candle Movement

On Saturday, 27th January 2007, from 3 to 6 p.m. Rs.1000 per person.

Contact:

MONEY TIMES
Goa Mansion, 58,
Dr. S.B. Path (Goa St.)
Fort, Mumbai 400001
Tel: 022-22654805
Telefax: 022-22616970

Venue:

Reliance Web World
Sheth House, 4th Floor
58, Dr. V.B. Gandhi Marg
Near Rhythm House
Kala Ghoda, Mumbai 400023
Tel:022-3240499, 32579749

GCL is also planning residential projects in Mumbai suburbs at Malad, Dahisar and Mira Road. Its ongoing project includes 2 lakh sq. ft development of residential complex at Mira-Bhayander area on the outskirts of Mumbai.

The current real estate prices are just above the 1995 levels. Some pockets in the country, especially in the metros have seen prices go through the roof. But still, cities like Mumbai, Delhi, Bangalore and Hyderabad will witness 50-60% rise in real estate prices between 2007 and 2009. Upto 2010, the outlook for the real estate industry is good and the annual growth rate will be about 20-25%. Till now, the metros were driving the demand but now it is slowly progressing to the semi-urban areas as well as investors and consumers are moving out to non-metro areas.

After having established its strengths in industrial constructions, GCL is now entering heavily into residential construction projects and also planning to foray into hospitality industry as a logical expansion. GCL has a total land bank of 500 acres. It is looking at a revenue of Rs.35-40 cr. in FY07. For FY08, it is targeting a topline of about Rs.125 cr. By 2009 GCL is aiming for revenues of Rs.300 cr. During FY07, GCL is all set to clock a net profit of about Rs.8 cr., on increased capital, which would give an EPS of Rs.10. The net profit is likely to be Rs.12 cr. in FY08, which would give an EPS of Rs.15. The shares are currently traded at Rs.69 at a P/E of 6.9 on FY07 earning and 4.6 times its estimated FY08 earning. Its EPS could go up to over Rs.20 in FY09. The industry average of the construction industry currently hovers at 45 making the GCL share attractive for medium-to-long term gains. A reasonable P/E of even 10 will take its share price near to Rs.100. The 52-week high/low of the share has been Rs.88/9.

STOCK WATCH

By Saarthi

Simmonds Marshall Ltd. (Code: 507998) (Rs.45.85) is the market leader in Nyloc nuts and manufactures wide range of world class nuts like flange, cage, weld, cap, castle, couplings, u-nuts, wheel nuts etc. It also has a cold forged automotive components division, which is capable of cold forging small and shallow components for automobile manufacturers and their ancillaries. For H1FY07, while sales grew by 20% to Rs.11 cr., net profit jumped 40% to Rs.1.10 cr. registering half-yearly EPS of more than Rs.5. It may declare 15% dividend for FY07, which gives an yield of more than 3% at CMP. Due to the robust demand for its products, the company is constantly adding and modernising its plant & machinery to enhance its production capacity. On a conservative basis, it is expected to end FY07 with sales of Rs.22 cr. and PAT of Rs.1.80 cr. This works out to an EPS of Rs.9 on a tiny equity of Rs.2.10 cr. Buy immediately as the scrip has the potential to appreciate by 50% in a year's time

Madhav Marbles & Granites Ltd. (Code:515093) (Rs.132.75) is India's third largest manufacturer and exporter of granite tiles and slabs. Almost all its entire production is exported to countries like U.S.A., Germany, Holland, U.K, Italy, Spain, Japan, Australia and South Africa. It derives around 55% revenue from the Granite Slabs 30% from granite tiles, 10% from marbles and the rest 5% comes from power and other activities. For H1FY07, its sales and revenue grew by 30% to Rs.48 cr. and Rs.11.50 cr. respectively. However, to cash in on the construction boom, the company has diversified into the realty business comprising Urban Infrastructure, Township, Housing and construction development projects. To fund these plans it, may come out with FCCB/GDR issue in the near future. For FY07, it is estimated to clock a turnover of Rs.100 cr. with PAT of Rs.19 cr. i.e. EPS of Rs.21 on its current equity of Rs.8.95 cr. Buy at declines.

Cubex Tubings Ltd. (Code:526027) (Rs.63.15) is engaged in manufacturing copper and copper alloy tubes, rods, strips, profiles and wires which are used by the core sector and other critical industries such as thermal & nuclear power plants, refinery & petrochemicals, telecommunications, electrical & electronics, defence, condensers & heat exchangers, railways, automobiles etc. Recently, it bagged around Rs.10 cr. order from Siemens for seamless condenser tubes. Its sales & net profit increased by 50% & 60% to Rs.46 cr. and Rs.4.50 cr. respectively for the H1FY07. Earlier this year, the company got permission to import low cost waste and scrap that will reduce the cost of its production. Also as copper prices are in a downward trend since the last few months, it bodes well for the Cubex. For FY07, it may report a topline of Rs.90 cr. with net profit of Rs.9 cr. which will result in an EPS of Rs.12 on its fully diluted equity of Rs.7.70 cr. Buying is strongly recommended as the scrip can give 50% return in 9-12 months.

Kulkarni Power Tools Ltd. (Code:505299) (Rs.112.35) is a leader in the design, engineering, manufacturing and marketing of power tools like drills, grinders, hammers, cutters, polishers etc. used in construction and other industrial activities. Notably, it has developed strong customer alliances with some of the largest retailers and important brand names in the world. It also owns the 'Powermaster' brand of professional tools well-known in Asia and Africa. For H1FY07, while its sales improved by 12% to Rs.20.50 cr., net profit spurted by 65% to Rs.1.40 cr. in spite of huge deferred tax provision. For FY07, it is estimated to register sales of Rs.42 cr. with profit of Rs.3 cr. This translates into an EPS of Rs.18 on its very tiny equity of Rs.1.70 cr. Accumulate at sharp declines with a price target of Rs.200 in 15 months or so.

Bhagiradha Chemicals & Industries Ltd. (Code:531719) (Rs.136) is one of India's largest manufacturers of Chlorpyrifos, the best-selling insecticide used on a wide variety of crops such as cotton, chilli, rice, sorghum, soyabean, sugarcane, groundnut, vegetables, ornamental flowers and plantation crops like citrus, mango, grapevine etc. apart from use in the preservation of wood & timber. For H1FY07, it reported 35% higher sales of Rs.48 cr. with 80% higher net profit of Rs.6.20 cr. over the corresponding previous period. Earlier this year, it entered into an exclusive contract manufacturing agreement with Dow Agro Sciences, Europe, for supply of 200 to 250 tonnes of Fluroxypyr or Methyl Ester Intermediate for 4 years from 2006. Hence for the full year FY07, it may report sales of Rs.100 cr. with net profit of Rs.12.75 cr. recording an EPS of Rs.25 on its low equity of Rs.5.05 cr. At a reasonable discounting of 8 times, the share can cross Rs.200.

FIFTY FIFTY

By Kukku

Investment Call

* **KCP Ltd. (Rs.241)** is planning to put its real estate in Hyderabad, Vijayawada and Chennai (Thiruvattiyur) to proper use. The company proposes to develop a 3 star hotel at its land (3-4 acre) in Hyderabad at a cost of Rs.40 cr. and is in talks with leading hospitality chains for managing the property. . The company also proposes to build mall at Vijayawada where it has a land of less than half an acre. The hotel projects will be largely funded by internal accruals and external borrowings. The new business forays will diversify the business of the company and free it from the cyclicity of the cement business and the capex dependent engineering business. With an expected EPS of around Rs.25 in the current year, the stock looks good for investment at Rs.241, as it has already reacted from the high of Rs.333.

Market Guidance

* **Garnet Constructions (Rs.71)** has been recommended since Rs.25/26 onwards. With a land bank of more than 400 acres, it will play an important role in the Industrial & Residential realty space in the years ahead. Investors can continue to hold this stock for better returns over the next one year. Buying can be considered only on reactions around Rs.65 level. Stock has resistance around Rs.78 level. There is a strong speculative interest in the stock.

* There is a huge requirement for gas compressors by Reliance Industries for its gas pipeline project. So **Atlas Copco (Rs.725)**, **Kirlosker Pneumatics (Rs.372)** are likely to be the major beneficiaries. Leading mutual funds players are said to be accumulating these stocks. Investors can continue to hold these stocks with a long-term view for good appreciation.

* After long consolidation, **Voltas Ltd. (Rs.113)** is very likely to move ahead to target level of Rs.160 in the next 6 months. A closing above Rs.120 can give good upward breakout. Investors can stay invested or think of adding on dips around Rs.98 level.

* **Goa Carbon** is well established and reliable manufacturer of calcined petroleum coke (CPC). Last year ending 30th June'06, its sales were Rs.250 cr. against which exports were Rs.106 cr. (42 % of total sales) and net profits was Rs.3.56 cr. In June'06, the company issued right shares at price of Rs.80 per share. Stock is available at Rs.61 below the issue price. Knowledgeable circles are said to be accumulating this stock. Investors can continue to hold this stock for next one year for better returns.

* **Fortis (Rs.76)** is under accumulation by well-informed investors, who expect bigger price targets from the current level. **Asian CEKC**, in which Fortis hold 51% has already shot up from Rs.70 to Rs.170 level in less than two months.

* **Span diagnostics (Rs.54)**, which was recommended earlier is now in news in the market and is attracting the attention of investors and punters.

* **NCL Ltd. (Rs.60)** may see a good spurt in the near future on expectations of much better performance for the December'06 quarter.

* With expected EPS of around Rs.21/22, **Gujarat Apollo equipments**, looks attractive at the current level. Investors can continue to hold this stock.

* Marketmen expect some good announcement in **Karnataka Bank (Rs.157)** in the near future.

* **Morarji Textile (Rs.74)** is planning a takeover of two international brands.

Note: Investors should take lot of care at this level of index and should not make big commitments at higher levels. They will do well by staying invested in good growth oriented stocks in the right sectors. In the process of making faster money, they should not over commit nor should they remain overbought. It is very important to control greed at higher level. Avoid speculative stocks with weak fundamentals. Give utmost importance to preserving gains or wealth created over the years.

TOWER TALK

* A smart operator has started playing with **Phoenix International**. It may hit non stop circuits with huge volumes. Keep a close watch.

- * After hitting a high of Rs.52 **ITL Industry** has tumbled down sharply to below Rs.40 level. Start accumulating now as the scrip can hit Rs.58-60 in a month or so.
- * A Gujarat based operator is planning to jack up the share price of **Sanjivani Parenteral** as well **Syncom Formulations**. Just track the volumes in coming days.
- * As per a technical analyst, **Karnataka Bank** has made a strong break out and is looking extremely bullish on charts. It can give 10-15% return in the short term.
- * A group of HNIs is very bullish on **Garnet Constructions** and is heavily buying from the open market. Scrip may hit a new high soon.
- * **Spanco Telesystems** is likely to post an EPS of Rs.22 for FY07. Sundaram Mutual Fund has purchased sizeable chunk. The share is heading towards Rs.250 mark. Analyst projects an EPS of Rs.35 in FY08.
- * **Mount Shivalik** is being eyed by the SAB Miller of South Africa and marketmen expect a conservative valuation at Rs.150 per share for acquisition. Those with a medium-to-long-term perspective may enter the counter.
- * **Prithvi Information** is being acquired by some funds, which see the share price at Rs.450 in the next six months on the back of an EPS of Rs.48 for FY07.
- * **Banco Products** is being acquired by the persons in the know and the company is in the process of allotting 5% shares to Japan Metal Gasket Ltd., Japan.
- * **Sanguine Media**, a company in media and rural marketing, has acquired two other media companies as it sees better days ahead for rural marketing.
- * **Premier Explosives** has been under the radar of a reputed brokerage. A buy has been initiated with a target of Rs.80.
- * **Nikhil Adhesives** has been scaling up on its sales and can report close to Rs.100 cr. turnover.
- * **Bodal Chemicals** and **Krypton Industries** are slated to go in for a Rights issue.
- * **Kriti Industries** recommended earlier has been on the up-move and the company has completed an open offer successfully.
- * With oil exploration on the increase, **Deep Industries** and **Asian Oilfield Services**, two small-cap stocks in the oil services sector, are expected to do well.
- * Market is warmly receiving the news of \$1 trillion inflows from NRIs and persons of Indian origin, a quarter of which will be good enough to make 2007 a memorable year.
- * The imposition of Rs.10 lakh penalty on **Kotak Securities** is only the tip of an iceberg. SEBI will publish a long list of defaulters on upfront margins and each one will have to pay a heavy duty.
- * **India Bull's** demerger into two companies may unlock tremendous shareholder value as the scrip heads for four digits mark before book closure.
- * **Atlanta Ltd.** is driving traders mad with a series of upward ceilings followed by a series of downward ceiling, which may lead the BSE to initiate an enquiry.
- * Interest rates are on the rise, which shall surely pinch corporate bottomlines.
- * **Essar Oil's** new discovery in Mehsana is going to take the stock to the century mark! That's called striking black gold!
- * **Polaris** closing beyond Rs.151 can take the scrip to over Rs.175. You can call it the Oracle touch.
- * **Tech Mahindra's** rise will give immense value to **M&M** as it holds the major chunk in it. M&M can reach Rs.1000 alone on the basis on Tech Mahindra's valuation.

MARKET REVIEW

Market continues to close lower

By Ashok D. Singh

The market continued to close lower for the third straight week. The Sensex lost 142.78 points (1.05%) for the week ended Friday, 22 Dec.'06 at 13,471.74. The NSE Nifty lost 17.50 points (0.5%) to end at 3,871.15.

The BSE Sensex gained 116.57 points to 13,731.09 on Monday 18 Dec. on strong buying in index pivotals, especially for index heavyweight Reliance Industries (RIL). The BSE Sensex plunged 349.08-point on 19 Dec.'06 to 13,382.01 amid high volatility following a sell-off across Asian emerging markets sparked by a 10% penalty imposed on foreign funds moving out Thailand within a year by its central bank.

The Sensex lost 41.80 points to 13,340.21 on 20 Dec. following a mixed trend in index pivotals. The BSE Sensex settled with a gain of 44.65 points at 13,384.86 as buying resumed. On 22 Dec.'06, the BSE Sensex gained 86.88 points to 13,471.74 as buying picked up at the fag end of the trading session.

India's wholesale price index rose 5.32% in the 12 months to 9 Dec., which is higher than the previous week's annual rise of 5.16% due to an increase in food prices. The annual inflation rate was 4.39% during the corresponding week of the previous year, data released on Friday showed.

Meanwhile, RBI on 15 Dec. came out with new capital market exposure norms for banks, which will come into force from April'07. In terms of the new guidelines, the exposure of a bank to the capital market cannot exceed 40% of its net worth as on 31 March of the previous year.

PSU oil exploration major ONGC advanced 5.7% to Rs.869. There were reports of huge gas finds in the Bay of Bengal. Initial estimates suggested reserves of about 21 trillion cubic feet.

Reliance Industries (RIL) advanced 1.5% to Rs.1,272. It has paid an advance tax of Rs.444 cr. for the third instalment taking its total remittance to Rs.1,102 cr. compared to Rs.848 cr. paid in the same period last year. Also, there were reports that RIL is talking with the Russian Government for permission to invest in a refinery and the petrochemical industry out there. Unconfirmed reports suggested that the company had acquired Orient Craft, a leading garment exporter.

Maruti Udyog rose 2.13% to Rs.922.10 after the Cabinet Committee on Economic Affairs (CCEA) approved the sale of the government's residual 10.2% stake. Japanese car giant Suzuki has a 54.2% majority stake in the company. The government's stake in Maruti is valued at Rs.2,800 cr.

PSU engineering major, BHEL, lost 8% to Rs.2,310. The scrip declined as it failed to secure ceratin equipment orders for the upcoming ultra mega power projects. It also bagged a Rs.165-cr. order from IOC for setting up a power plant at the oil major's Haldia refinery in West Bengal.

FMCG bigwig, ITC, slipped 2.90% to Rs.169.55 amid reports that it will expand into fruit, vegetable retail as well as the wholesale business by opening 54 new outlets in select metros in the next three years. The company will target metropolitan cities for these wholesale-cum-retail stores. Currently, there are 6,500 e-Choupal kiosks in over 38,000 villages across nine states.

Aurobindo Pharma gained nearly 4% to Rs.689 after the company said on Friday it had received tentative approval from

the US Food and Drug Administration for anti-AIDS drug Efavirenz in capsule form.

Telecom software firm, Tech Mahindra, jumped 46.36% to Rs.1,651. It announced the signing of a five-year deal to provide British Telecom (BT) with strategic sourcing services. This contract is expected to generate in excess of \$1 billion new revenue for Tech Mahindra. The company will support BT's planned growth of managed services to business customers around the globe, while continuing ongoing services related to BT's internal systems, processes and re-usable platforms. On the flip side, the deal increases Tech Mahindra's dependence on BT. Analysts reckon that high dependence on BT is a key risk for the Tech Mahindra stock. Tech Mahindra derives over 60% of its revenue from BT, contributed 64% of its revenue in Q2 Sept.'06.

Tech Mahindra's consolidated net profit surged 66% on a sequential basis to Rs.177 cr. for Q2 Sept.'06, partly due to a write back of prior period tax of Rs.33.90 cr. BT owns 33.95% of Tech Mahindra. The current price of Rs.1,681.95, discounts its 6 months April-Sept.'06 annualised EPS of Rs.43.30 by a PE multiple of 38.8

L.T. Overseas settled at a slight discount, at Rs.55 compared to its IPO price of Rs.56 per share on 18 Dec.'06. The stock listed on BSE at 7.14% premium at Rs.60 and hit an intra-day high of Rs.62.90. Its intra-day low was Rs.51.

January – March 2006

EBG Quarterly Performance: 100% once again

During January – March 2006, which is the second quarter of the third year of 'Early Bird Gains' (EBG) – the investment newsletter that spots multi-baggers, it has scored 100% success with all 17 recommendations recording an appreciation.

EBG has, therefore, consistently, maintained quality while the bonus issues in excess of 20% highlight the confidence of its recommendations.

Issue Dated	Scrip	Buy Price	Highest price since recom.	Growth %
04-01-06	Paradyne Infotech	79.00	93	17.7
11-01-06	Ramsarup Industries	83.00	134	61.4
11-01-06	Tilaknagar Industries	65.00	85	30.7
18-01-06	Austin Engg.	75.70	130	71.7
25-01-06	City Union Bank	110.00	135	22.7
02-02-06	Varun Shipping	78.90	99	25.3
08-02-06	Shri Dinesh Mills	1045.00	1589	52.7
15-02-06	Tinplate Company	81.00	106	30.9
22-02-06	Modern Dairies Ltd.	27.00	29	7.4
01-03-06	Industrial Organics Ltd.	56.00	75	33.9
01-03-06	Acknit Knitting Ltd.	63.00	81	28.6
08-03-06	Alembic Ltd. *	380.00	83	9.2
08-03-06	G M Breweries	77.00	151	96
15-03-06	Empire Industries Ltd.	252.00	627	148.9
15-03-06	Lakshmi Electrical	269.00	377	40
22-03-06	Micro Technologies	270.00	371	37.4
29-03-06	Josts Engineering	342.00	431	26

EBG for sure profits

On 20 Dec.'06, Sobha Developers settled at premium at Rs.968.75 on BSE compared to its IPO price of Rs.640 per share. The scrip debuted at Rs.1,111.25 on BSE and hit a high of Rs.1,179. Its low was Rs.918.10. Sobha Developers' IPO was subscribed over 100 times.

Ruchira Papers finished at a discount at Rs.20.95 on BSE, compared to the IPO price of Rs.23 per share on 20 Dec. The stock listed on BSE at 5.86% premium at Rs.24.35 per share, which was also its intra-day high. The stock dipped to a low of Rs.20.65.

On 21 Dec., Great Offshore settled at Rs.727.05. Great Offshore came into existence following the restructuring of GE Shipping, whereby the shipping firms' offshore services business was transferred into a separate company.

Jindal Drilling & Industries settled at Rs.580 on BSE on 22 Dec. Jindal Drilling's restructuring scheme involved the amalgamation of two group companies Newsco Newtech and Discovery Hydrocarbons with the company. It also involved the demerger of Jindal Drilling's Casinvest division into Haryana Engineering.

The Sensex lost 142.78 points last week to end at 13,471.74. The market continued to close lower for the third straight week. The Sensex has strong support at 12,800 and the Nifty has the support level at 3,700.

The near term trigger for domestic bourses is Q3 Dec.'06 results. The market expects Dec.'06 quarter to be another strong quarter in terms of earnings growth. The Q3 results will start trickling in from about 12 Jan.'07. Strong advance tax payments support this view.

Cement companies and oil firms have paid substantially higher advance tax in the third instalment of 15 Dec.'06. State Bank of India, Tata Steel, Reliance Industries (RIL), Hindalco, L&T, and Cipla have paid substantially higher advance tax in the third instalment.

MARKET

2006 bull market was a trailer

Full-fledged boom will be seen in 2007

By G.S. Roongta

The market euphoria seen in the later part of the previous week could not be sustained last week anymore as unfavourable news started influencing the market quite unlike the past five months. This is not the sign of a strong bull market where all negative news is ignored after a minor reaction.

First, the market reacted very sharply giving a correction of over 1000 points, which was indeed excessive on RBI's raising CRR by half per cent only.

Now, the BSE Sensex has tumbled again by over 500 points on a single day on 19th Dec.'06 from a high of 13748.62 to a low of 13237.39 while closing slightly higher at 13382.01. Yet, the market nosedived by nearly 350 points successively over the next week, despite the Thai Government's decision to reverse the foreign investment controls it imposed on Wednesday, 20th Dec.'06 after Asian markets collapsed in reaction.

Currency control in global markets is not easy for any country. And if any country tries to impose undue restrictions will suffer by the flight of capital as happened in Thailand. As FII presence in most Asian markets is quite deep rooted, the contagion effect was bound to affect neighbouring markets. Accordingly, FIIs in India, too, divested stocks worth over Rs.1000 cr. no sooner the impact of the debacle on Thai bourses was visible in other Asian markets.

With these, the market morale got a rude setback and the two big shocks have really disturbed the ongoing bull phase. As a result, bull operators have turned cautious instead of providing whole hearted support in such panic conditions earlier.

Global financial guru, Marc Faber also sounded cautious about the overheated market and said that it would be quite difficult to make money in stock markets at these high levels. Valuations were getting stretched and stocks proving to be costly. Any advancement in stock prices can only be selective rather than general for the overall market here on, he said. He also observed that equities in Thailand, Taiwan and Malaysia are rather cheap compared to India looking to their performance and growth prospects.

Let us not be carried away by his remarks, which are not uncommon when markets reach a crossroad. Such experts or gurus always surface at crossroads to advise caution or will instead ask you to go ahead saying there is no worry, no panic or no problems. I just do not agree with his views that Indian stocks are costlier compared to the other Asian countries referred by him as their economy is just a fraction of ours and their corporate sector does not match ours in size or variety. I have a different opinion as there are yet many more Indian stocks going cheap and have not yet seen the light of a bull market. These stocks are available below their share price levels when the BSE Sensex was ruling at 8000 to 10000. This is perhaps on account of the Nifty Futures game where a select stocks were cornered to inflate the Nifty Futures market. This has led to a big distortion in the prices of several frontline stocks boosting their P/E ratios as well as of the indices of



G.S. Roongta

which they are the constituents. And because of them, the markets look stretched to Marc Faber who may not be aware of part of the majority of stocks that have gone unnoticed in the bull rally that we have seen and experienced till now.

Should we take it for granted that these stocks will remain sluggish, lacklustre and continue to be ignored in days to come? No, it cannot be. The market will have to assign them a fair valuation if not inflate them as the operators did with F&O stocks. It has been proved time and again that nobody can play with the market for long. Either they will be completed to surrender or will adopt the right course to level out with the fundamentals. To cite a few examples, stocks like Hero Honda, Bajaj Auto, Tata Motors, Tata Steel, Hindalco and several others have been beaten down so aggressively and have nosedived despite any adverse news about their fundamentals or any negative growth guidelines.

The fancy for sugar stocks is over, which is understandable. But the drop in their stock prices has been as steep as was the rise. The rise in cement stocks was not as aggressive as it was in sugar stocks. Then, why Grasim alone should be seen touching the Rs.3000 mark? Why should ACC, Gujarat Ambuja, India Cements lie low at their respective levels corresponding to the BSE 10000 mark.

Why BILT should lack lustre despite the regular price hikes its products and improved performance on QoQ basis and YoY basis over the last two years?

Why should Tata Steel, SAIL, Hindalco, Tata Motors languish so low inspite of being Sensex stocks? What is wrong with Shipping Corporation, which has not experienced the market boom and is languishing at its two year low while Great Eastern Shipping has trebled since? Not only Great Eastern Shipping, but several other second rank shipping stocks, have trebled. How long can this type of distortion be prolonged?

What is so good with textile stocks like Aditya Birla Nuvo, Raymond and others which are rising day in and day out while others like Arvind Mills, Alok Industries, Garden Silk languish despite their massive capacity expansions.

Oil & Refinery, Tea & Plantations, Fertiliser & Chemicals stocks, too, are languishing at their two year low. The Pharma sector also has not participated in the current boom in a befitting manner as witnessed in index stocks. Small and mid-cap stocks have been greatly ignored. The entire boom is centred around Realty stocks, Power & Infrastructure, Food & Beverages, Cement & Construction and few other stocks fancied by the operators. Imagine the kind of boom we will see when all sectors will start contributing. Then only will we witness the real boom matching the real size of our economy with GDP growth shooting over 9.5% to 10.5% in the year to come.

These examples are but a few and not exhaustive and if we analyse the whole market, we will find a great deal of disparity in stock prices not matching the respective company's growth and outlook. The stock markets are totally driven by FIIs and high net worth operators who have great access to a few frontline stocks and the whole market is dancing to their tune.

As I wrote last week, Recently, a new wave of promoters have also surfaced to take advantage of the ongoing bullish sentiment through their IPOs or FPOs knowing fully well that Indian investors, given their herd mentality, will offer all out support.

Many promoters like Gulshan Sugars have or Shree Ashtavinayak Cine Vision have collected hefty premiums without having any justified track record of performance. There are many such stocks waiting with big issues in line with their offerings to take advantage of the bullish undercurrent.

Majority of investors, unfortunately, do not have proper knowledge to decide about the merits of such offers and are always driven by the market sentiment, which is boosted through wide spread media coverage or advertising on TV channels. Awareness after the issue is over does not help but majority of investors feel the pinch after the initial rise on listing followed by a downward turn when the game of price rigging gets over. Interestingly, Gulshan Sugar's market price has nosedived 10% below its issue price, after our report last week.

The market will remain volatile as I categorically mentioned last week. Rise and fall of 200 – 300 points on a daily basis will be a routine affair. This may be good for day traders but not for investors to participate in such a market on a regular basis.

The week ahead till the end of Dec.'06 will be quite crucial because of year-end considerations and as FII managers proceed on X'mas holidays. I think that in majority of the cases no fresh fund allocations are available with FIIs and as such we should not expect any fresh buying from them. On the contrary, they might make further divestment to make their year-end account appear more rosy reflecting good profits for the calendar year 2006. FII figures for Dec.'06 already reflects sizeable negative net figures of over Rs.3000 cr. As against this, the fall in the market is just 800 points, which is

**Free 1 day trial offer
Live market intra-day calls**

ON

YAHOO MESSENGER

Call MONEY TIMES

To Register

Provide your mobile number or Yahoo Id

Tel: 022-22616970, 22654805

Email: moneytimes@vsnl.com

not too dampening. The fresh review of the market after Dec.'06 will be quite interesting, which we should watch with great interest in Jan.'07 which will be full of vigour & joy based on 3rd quarter corporate results.

ANALYSIS

Shri Lakshmi Cotsyn Ltd.: A re-rating candidate

By Devdas Mogili

Shri Lakshmi Cotsyn Ltd. (SLCL), is a Kanpur based company originally known as Galaxy Info-Fab promoted by M.P. Agarwal and engaged in the manufacture of different varieties of textiles, processing and manufacture of quilts. The company's name was changed to Shrivatsa International and subsequently to the present one SLCL is a multi-product and multi-divisional textile company.

The company has embarked on an expansion plan to manufacture Denim (Rope Dyeing), wide width sheetings, terry towels, cotton suitings, yarn processing with a captive co-generation power plant at Fatehpur district of Uttar Pradesh. The company's registered office is in Kanpur, UP and the corporate office is in New Delhi. Its 3 manufacturing facilities are located U.P., Haryana and the Union Territory of Dadra & Nagar Haveli. Dr. M.P. Agarwal is the chairman and managing director of the company.

Expansion: Recently, the company undertook an expansion programme for the manufacture of Denim Fabrics, Bed Linen, Wrinkle free suiting and terry towels and also for setting up of captive power plant at an outlay of Rs.264 cr., which is expected to be operational soon.

In addition, the company plans to establish a Nylon project with an installed capacity of 8.55 million metres per annum under its ongoing expansion plan at Malwan, District Fatehpur, Uttar Pradesh, for manufacturing nylon coated fabrics, woven furnishing fabrics and knitted furnishing fabrics.

Performance: The company has been reporting consistently impressive results for the past several quarters. For 2005-06, it posted a sales of Rs.242.39 cr. with a net profit of Rs.10.23 netting an EPS of Rs.11.70 for the year ending 30th Jun.'06.

Financial Highlights:

(Rs in cr.)

Particulars	QE 30/09/06	QE 30/09/05	YE 30/06/06	YE 30/06/05
Sales/Income				
Domestic	89.61	74.33	314.09	242.39
Export	8.91	7.59	45.94	39.99
Total	98.52	81.92	360.03	282.38
Other Income	1.11	0.52	2.05	1.40
Total Income	99.63	82.44	362.08	283.78
Total Expenditure	90.66	75.27	331.80	261.68
a. Inc/(Dec) in stock	(9.22)	(0.25)	(6.56)	(6.88)
b. Raw Materials	95.85	72.71	322.81	259.85
c. Staff Cost	0.93	0.81	3.30	2.48
d. Other Expenses	3.10	2.00	12.25	6.23
Interest	2.58	2.07	9.69	8.46
Depreciation	0.67	0.58	2.66	2.34
Profit before tax	5.72	4.52	17.93	11.30
Taxation	0.62	0.50	1.90	1.07
Net Profit	5.10	4.02	16.03	10.23
Share capital	13.70	10.00	13.70	10.00
Reserves			111.05	50.59
EPS (not annualized) (Rs.)	3.72	4.02	11.70	10.23

Q1 Results: The company has come out with very encouraging results for the first quarter ending 30th Sept.'06. On a sales turnover of Rs.89.61 cr., it clocked a net profit of Rs.5.10 cr. on its enhanced equity of Rs.5.10 cr. posting a basic EPS of Rs.3.72. The annualized EPS works out to Rs.14.88.

Financials: SLCL has an equity base of Rs.13.70 cr. with reserves excluding revaluation reserves of Rs.111.05 cr. and the book value works out to Rs.95.92.

Dividends: SLCL paid a dividend of 5% for 2004-05 but skipped it

for the current year ending 30th Jun.'06 with a view to conserve resources since it had embarked on an expansion plan.

Share Profile: The shares with a face value of Rs.10 are listed on the BSE under B2 segment. Its share price touched a 52-week high/low of Rs.155/Rs.48. At its current market price of Rs.86, it has a market capitalization of Rs.118 cr.

Shareholding Pattern: As on 30th Sept.'06, the promoter holding was to the extent of 32.43% while non-promoters hold 67.57%. However, some corporates like Reliance Capital have acquired a substantial chunk of over 9.49% stake in the company, India Institutional Fund acquired 4.38% while India Capital Fund has taken 1.09%.

Prospects: The company's core competence lies in manufacturing of Blended Suiting & Shirting, Cotton Fusible Interlining Embroidery, Lace Fabric, Quilted Fabric and technical textiles for the Defence sector. In the past few years, it has created a good infrastructure in terms of state-of-the-art manufacturing facilities to produce high altitude fabrics, Infra-red protection fabric, nuclear bio-chemical fabric, glacier tent etc.

The company is confident of posting sales of about Rs.500 cr. for 2006-07 along with corresponding increase in profitability margins and may, in all likelihood, report a net profit of Rs.25 cr. on its equity of Rs.13.70 cr. when the EPS would work out to nearly Rs.20.

Conclusion: The SLCL share is lying low owing to lack of adequate information about the company. However, if its performance is any indication, it has been posting highly encouraging results QoQ basis and as such has a long way to go. At its current market price of Rs.86, the share is discounted less than 6 times against the industry average P/E multiple of about 13 and is available at an attractive valuation. Since textile scrips are lying low, the SLCL share is overlooked by investors but considering its performance and active interest of institutions like India Institutional Fund, India Capital Fund, Reliance Capital and the good prospects for textile units going ahead, the scrip is sure to be re-rated at better discounting months ahead and offers a decent value for money. The scrip could also be picked up as a contrary play for significant returns in the medium to long term.

MONEY FOLIO

Cambridge Technology Enterprises' IPO opens 29th Dec.

Cambridge Technology Enterprises Ltd. (CTEL), a CMMi Level 5 company focused on providing Service Oriented Architecture (SOA) technology to US based mid-sized enterprises, is entering the capital market with a public issue of 63,15,800 equity shares of Rs.10 each for cash at a price of Rs.38 per equity share inclusive of premium aggregating Rs.24 cr. The promoters have reserved 22,57,000 equity shares at the IPO price aggregating to about Rs.8.58 cr. and a firm allotment of 5,000 equity shares to M/s Centrum Capital Ltd. The net issue to the public would be 40,53,800 equity shares aggregating to Rs.24 cr. including the premium.

CTEL is a leading provider of comprehensive SOA based solutions and services focused on building and integrating Enterprise Transformation applications. SOA is an emerging middleware technology used for integrating different systems and applications innovation as the intersection of business insight and technological invention and uses knowledge and expertise to identify new SOA business and technology trends and create solutions. Its clients belong to various sectors like energy, utility, insurance, financial services, government, logistics, life-sciences and health-care. These solutions have added values through operational performance, increased revenues and profitability, gain in differentiating capabilities and visible competitive advantages.

Its US operations are headquartered in MIT campus in Cambridge, Massachusetts and it operates in the US through its wholly-owned subsidiary called Cambridge Technology Enterprises Inc.

CTEL has had a CAGR of about 80% over the last 4 years and a profitability of Rs.3.84 cr. with a topline of Rs.18.64 cr. for the 15 months ended 31st Mar.'06. For the quarter ended 30th Jun.'06, the consolidated topline was Rs.5.77 cr. with a profit of Rs.1.35 cr. CTET's current order book position has a mix of fixed price projects and time & material contracts.

CTEL is now focused on providing SOA based on Oracle platform and would need to migrate to common Fusion platform and has embarked on a project cost of Rs.30.70 cr. to be funded by way of Rs.4.70 cr. of term loan by UTI Bank, Hyderabad, Rs.10.60 cr. from promoters and balance Rs.15.40 cr. from the IPO.

The company has opted for IPO grading and has been assigned a 'CARE IPO Grade 2' to the proposed IPO.

Nelcast plans IPO to fund capacity expansion

Nelcast Ltd., one of the largest foundries in India, regularly supplying castings to auto majors like Tata Motors, Ashok Leyland, Tata Cummins, Eicher Motors, TAFE, Mahindra & Mahindra, International Tractors and exports to USA, Europe and Australia, is planning to double its installed capacity from 72,000 TPA to 1,50,000 TPA by 2008 to meet the growing demands of its customers in India and abroad.

To part fund this expansion and enhance its machining capacity and to meet the long-term working capital margins, the company is planning to raise equity by way of an IPO and has filed its Draft Red Herring Prospectus with SEBI on 14th Dec.'06.

Rana Sugars' new unit to begin production in January 2007

Rana Sugars' new Sugar unit of 5,000 TCD along with facilities for power co-generation of 20 MW is stated to start in Jan 2007 and is expected to generate additional revenue of Rs.200 cr. The company has diversified into power generation and production of 60 KLD of Ethanol at its distillery in Amritsar district in Punjab.

Sujana Universal net at Rs.57.25 cr.

Sujana Universal Industries Ltd. has posted a net profit of Rs.5.5 cr. for the year ended 30th June, 2006 against Rs.30.87 cr. in Jun 30, 2005. Net income rose to Rs.891.12 cr. compared to Rs.796.2 cr. and the EPS stood at Rs.11.88. The company's equity capital has increased by 168.5% by way of the GDR issue.

The company's infrastructure division has bagged contracts worth Rs.200 cr. for construction of integral residential township & commercial buildings for leading companies in the electronics and IT sector and specialized building for a super speciality hospital & medical college.

Punjab Chemicals acquires Argentinian co.

Punjab Chemicals & Crop Protection Ltd., leading exporter of Agro Chemicals to various countries and SD Agchem (Europe) NV, its 100% subsidiary, have signed a MOU to buy Sintesis Quimica, a company in Argentina in Latin America for USD 10 million. Currently, about 65% of the turnover of Punjab Chemicals comes from exports.

Sintesis Quimica has two state-of-the-art manufacturing facilities on the outskirts of Buenos Aires and is engaged in Agro Chemicals, Formulations and Industrial Products. The SQ sales for June'06 was USD 16 million (equivalent to approx. Rs.67 cr.) and Profit after Tax of 1.5 million USD (equivalent to approx. 5.80 cr.). This acquisition will bring the Company access to the Latin American markets.

Omaxe Ltd. plans IPO

Omaxe Ltd. has filed its Draft Red Herring Prospectus (DRHP) with SEBI for a public issue of upto 17,796,520 equity shares of Rs.10 each, through the 100% book building process.

60% of the net offer to the public shall be allocated to Qualified Institutional Buyers (QIBs), upto 30% shall be available for allocation on a proportionate basis to the retail bidders and 10% shall be available for allocation on a proportionate basis to Non-Institutional Bidders. The equity shares are proposed to be listed on BSE and NSE.

WINNERS OF 2007

Book your copy of 'WINNERS of 2007' now
Our 'WINNERS of 2006' was indeed a winner in every respect
See the performance for yourself and decide

Many stocks had fallen to the buy levels indicated and bounced back to make new highs

Get 'WINNERS of 2007' with yearly levels and quarterly updates for Rs.2000 by email or as a print publication. Add Rs.25 extra if needed by courier. Book your copy now and remit your subscription to 'Time Communications (India) Ltd.' C/A No.623505381145. ICICI Bank, Fort, Mumbai – 400 001 or C/A No. 10043795661, State Bank of India, Fort Market Branch, Mumbai – 400 001, under email advice us at moneytimes@vsnl.com.

Code	Name	Yearly close on 31/12/05	Highest between 01/01/06 to 14/12/06	Last Close	% Gain on Closing basis	% Gain on High after Recom
523007	ANSAL BUIL_T	71.05	460	172.1	142.22%	547.43%
500477	ASHOK LEYL.	31.85	53.95	42.1	32.18%	69.39%
503940	ASIAN ELECTR	401.55	578	461.05	14.82%	43.94%
505864	BAL.LAW.VAN.	51.35	56.95	40.25	-21.62%	10.91%
500042	BASF INDIA	270.5	278.9	225.05	-16.80%	3.11%
500087	CIPLA LTD.	177.36	304.72	245.7	38.53%	71.81%
500096	DABUR (I)	105.25	173.8	147	39.67%	65.13%
500840	EIH LTD.	77.81	127	102.2	31.35%	63.22%
500139	FEDDER.LLYOD	90.6	201.85	124	36.87%	122.79%
505714	GABRIEL(I)	30.65	43.4	30.65	0.00%	41.60%
500171	GHCL LTD	119.95	193.7	168	40.06%	61.48%
500164	GODREJ IND	63.48	200	181.35	185.68%	215.06%
500620	GREAT EASTE	230.8	353	210.15	-8.95%	52.95%
526797	GREENPLY IND	94.75	141.9	93.25	-1.58%	49.76%
500696	HIND.LEVER	197.25	296	230.25	16.73%	50.06%
500440	HINDALCO	143.4	251.4	177.75	23.95%	75.31%
517174	HONEYWELL	1088.45	2036	1705	56.64%	87.05%
532466	I-FLEX SOLUT	1074.7	2068.9	2006.5	86.70%	92.51%
512185	IOLBROADBA_T	67.1	185.7	194.95	190.54%	176.75%
500105	IPCL	235.5	325	280.2	18.98%	38.00%
513250	JYOTI STRUCT	67.16	143.75	123.5	83.89%	114.04%
524109	KABRA EXTR	121.35	130.5	109.5	-9.77%	7.54%
500520	MAH & MAH	512.05	865	806	57.41%	68.93%
531816	PANORAM UNI	118.2	177.7	144.5	22.25%	50.34%
532153	RAIN CALCING	47.8	54.5	47.15	-1.36%	14.02%
500354	RAJSH.SUGAR	101.7	224.3	84.15	-17.26%	120.55%
505368	REVATHI EQU.	970.85	1214.4	620	-36.14%	25.09%
500770	TATA CHEM.	234.65	279.9	224.25	-4.43%	19.28%

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 _____