



## VISIT NOTE



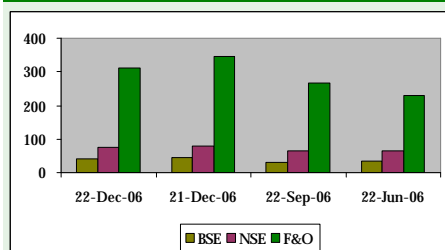
26 December 2006

Indices	%Change			
Sensex	13,472	(1.7)	10.1	31.1
Nifty	3,871	(2.1)	9.2	29.3
CNX Midcap	5,649	0.9	25.2	42.7
Banking	6,829	(4.2)	20.3	52.8
Capital Goods	8,918	(1.0)	9.3	28.9
IT	5,055	(1.9)	15.0	42.0
Healthcare	3,746	0.7	3.5	18.7
NASDAQ	2,401	(2.6)	8.2	13.1
Dow Jones	12,343	0.1	7.3	12.0

## Net Inflows

Rsbm	21-Dec-06	20-Dec-06	MTD	YTD
FII	(4)	(7)	(23.7)	378.4
Mutual Fund	2	5	(3.2)	134.4
FII - F&O	4.3	(8.9)	(26.0)	20.3

## Turnover



Commodity & Currency	% Change			
	22-Dec-06	1mth	3mth	6mth
Crude (US\$/barrel)	62.4	5.4	3.1	(11.9)
Gold (US\$/Oz)	621.0	(1.4)	5.3	7.0
US\$	44.6	(0.4)	(2.9)	(3.4)
Euro	58.8	2.2	0.2	1.4

## Debt

	% Change			
	22-Dec-06	1mth	3mth	6mth
RBI Reverse Repo	6.0	6.0	6.0	5.8
10 yr G-Sec yld	7.6	0.4	0.8	0.9
Spread 1 & 10 yr G-Sec	0.4	0.3	0.8	1.0
US 10 yr treasury	4.6	4.6	4.6	5.2
Surplus liquidity (Rsbm)	(202.8)	235.6	145.6	422.6

**ABG Shipyard (Rs271)**  
**NOT RATED**
**Vikram Suryavanshi**  
 Vikrams@karvy.com

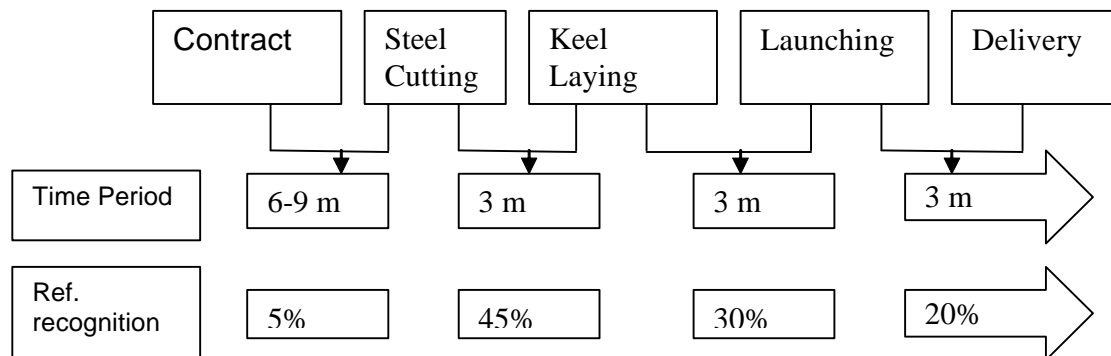
We recently met the management of ABG shipyard and had plant visit to their Surat shipbuilding facility. The company is an established manufacturer of a variety of marine ships, including bulk carriers, deck barges, interceptor boats, anchor handling supply ships, diving support ships, tugs and offshore vessels. Till date, the company has constructed and delivered around 93 vessels and has delivered three modern specialized Newsprint Carriers to Lysline, Norway.

Surat Facility: Company's shipyard is located at Magdala, near Surat on the banks of the river Tapi which is along the western coast of Gujarat, India. The shipyard is spread across 35 acres of the area. The shipyard is having "ship lift facility having capacity of 4500 tonnes, side transfer facilities, CNG plasma cutting and steel processing machinery. The shipyard has multiple births; two Dry Docks, two jetties and covered fabrication shops equipped with modern CNC based fabrication machinery. The shiplift facility gives the yard an operational flexibility and enables the yard to simultaneously build on modular basis and repair up to 23 ships. The shipyard is certified by DNV for ISO 9001. Currently yard can construct ships up to 155 meters and up to a maximum weight of 20,000 dwt.

Ship building Process: Typically it takes 15-18 months to build a conventional vessel such as bulk carrier, tanker or containership and 28-32 months to construct an LNG vessel. Ship building companies recognize revenue based on the proportion of input of raw materials. There are five cut off stages in the ship building process as shown in chart. From a typical vessel construction period of 15 to 18 months, it takes 6-9 months from contracting to steel cutting (design period), 3 months from steel cutting to keel laying, 3 months from keel laying to launch and 3 months from launch to delivery. Since most of the raw materials are used between steel cutting and launch, most of the revenue recognition for conventional ships is concentrated during the last 12 months before delivery.

Rs Mn	FY03	FY04	FY05	FY06	H1FY07
Revenue (Rs mn)	1976.0	2049.0	3766.2	5417.2	3337.1
Total RM cost	1206.0	1304.0	2262.2	3320.0	2061.4
Employee Cost	51.0	65.0	98.1	129.9	75.4
Other Expenditures	429.0	440.0	485.0	558.9	269.7
Total Expenditure	1686.0	1809.0	2845.3	4008.7	2406.4
PBIDT	290.0	240.0	920.9	1408.5	930.7
PBIDT margins (%)	14.7%	11.7%	24.5%	26.0%	27.9%
Interest	149.0	133.0	202.4	167.3	104.9
Depreciation	33.0	30.0	31.3	36.2	27.1
Other income	7.0	23.0	1.6	61.2	16.1
Provision for Tax	30.0	44.0	241.4	429.6	274.6
PAT	85.0	56.0	447.4	836.5	540.1
Adj. EPS	6.5	4.3	13.8	16.4	10.6

Source: Company and Karvy Estimates



**Expansion at Dhaje:** The Company is setting up a ship building facility at Dahej (150 km from existing yard) to strengthen its presence in the global ship building industry and is expected to be commissioned in Q1FY 2009. The facility will consist of two dry docks capable of accommodating eight bulk carriers up to a maximum weight of 1,20,000 Dead Weight Tonne (DWT). The company will start to manufacture jack up rigs in second phase of expansion at Dhaje on back of strong demand in E&P activities worldwide.

**Ship building Subsidy:** Ship building subsidy of 30% has been announced by the Government of India for a period of 5 years ending on August 14, 2007. The subsidy is currently restricted to ocean going merchant ships that are over 80 meters in length if they are manufactured for the domestic market and ships of all types are eligible for the subsidy if they are manufactured for export. The company has applied for subsidy benefit for 8 ships and has got in principle approval for three vessels worth Rs 200 mn.

**Order Book:** ABG Shipyard has recently secured an order worth about Rs 1000 mn for construction of a diving support vessel from Vroon Offshore B.V., The Netherlands. The company is already building two vessels for Vroon Offshore. With the latest order win, the company's total order book has risen to about Rs 24 bn, which is around 4.4 times of FY06 revenue of Rs 5.4 bn ending in Q1FY10.

#### Financials

At current price of Rs 270, the stock is trading at 16.5x FY06 earnings and 12.8x FY07 annualized EPS of Rs. 21

**BULK DEALS ON NSE - 22 Dec 2006**

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
GOLDTECH	GOLDSTONETECHNOLOGIES LT	SUNIL CAPITAL AND SECURITIES P	BUY	76,597	66.2
CREWBOS	CREW B.O.S. PRODUCTS LTD.	ASHWINBHAI SURENDRABHAI SHETH	BUY	72,187	251.2
GTNTEX	GTN TEXTILES LIMITED	PRABHA PATODIA	BUY	297,458	19.5
GOLDTECH	GOLDSTONETECHNOLOGIES LT	P RAMESH CHANDRA	BUY	127,505	65.0
IFCI	IFCI LTD	JAYPEE CAPITAL SERVICES LTD.	BUY	3,387,994	11.0
GOLDTECH	GOLDSTONETECHNOLOGIES LT	SANJAY JAIN .	BUY	128,781	63.1
GOLDTECH	GOLDSTONETECHNOLOGIES LT	D K JAIN.	BUY	125,000	64.5
CREWBOS	CREW B.O.S. PRODUCTS LTD.	VOLGA INTERNATIONAL LTD	BUY	104,347	251.6
FMGOETZE	FEDERAL-MOGUL GOETZE (IND	SPADE FINANCIAL SERVICE LTD	BUY	445,000	381.0
KALECONSUL	KALE CONSULTANTS LTD	PRASHANT JAYANTILAL PATEL	BUY	66,722	123.1
RSSOFTWARE	R. S. SOFTWARE (INDIA) LI	ASIT C MEHTA INVESTMENT INTERRM	BUY	44,431	79.0
RUCHIRA	RUCHIRA PAPERS LIMITED	VIDYA FINVEST PVT. LTD.	BUY	125,661	22.2
BLUEBIRD	BLUE BIRD (INDIA) LTD	MERRILL LYNCH CAPITAL MARKETS E	BUY	457,658	79.6
GOLDTELE	GOLDSTONETELESERVLTD	PASHUPATI CAPITAL SERVICES PVT.	BUY	109,382	20.8
ORIENTINFO	ORIENT INFORMATION TECHN	YUMA FINANCIAL SERVICES PVT LTD	BUY	100,563	21.7
GOLDTECH	GOLDSTONETECHNOLOGIES LT	ASTUTE COMMODITIES & DERIVATIVES	BUY	66,540	67.2
GOLDTECH	GOLDSTONETECHNOLOGIES LT	SUNIL CAPITAL AND SECURITIES P	SELL	76,593	67.6
CREWBOS	CREW B.O.S. PRODUCTS LTD.	ASHWINBHAI SURENDRABHAI SHETH	SELL	72,187	250.0
KALECONSUL	KALE CONSULTANTS LTD	ASHISH MALHOTRA	SELL	100,000	120.5
GTNTEX	GTN TEXTILES LIMITED	M B CREDIT PRIVATE LIMITED	SELL	297,458	19.5
GOLDTECH	GOLDSTONETECHNOLOGIES LT	P RAMESH CHANDRA	SELL	2,505	62.9
IFCI	IFCI LTD	JAYPEE CAPITAL SERVICES LTD.	SELL	2,925,476	11.0
BLUEBIRD	BLUE BIRD (INDIA) LTD	BSMA LIMITED	SELL	457,658	79.6
GOLDTECH	GOLDSTONETECHNOLOGIES LT	SANJAY JAIN .	SELL	119,274	67.1
GOLDTECH	GOLDSTONETECHNOLOGIES LT	SUMATI SHARMA	SELL	102,000	63.0
CREWBOS	CREW B.O.S. PRODUCTS LTD.	VOLGA INTERNATIONAL LTD	SELL	101,347	249.1
FMGOETZE	FEDERAL-MOGUL GOETZE (IND	ANIL NANDA	SELL	340,000	381.0
KALECONSUL	KALE CONSULTANTS LTD	PRASHANT JAYANTILAL PATEL	SELL	66,721	123.0
RSSOFTWARE	R. S. SOFTWARE (INDIA) LI	ASIT C MEHTA INVESTMENT INTERRM	SELL	44,431	78.8
RUCHIRA	RUCHIRA PAPERS LIMITED	VIDYA FINVEST PVT. LTD.	SELL	1,000	22.4
GOLDTELE	GOLDSTONETELESERVLTD	PASHUPATI CAPITAL SERVICES PVT.	SELL	57,396	20.9
GOLDTELE	GOLDSTONETELESERVLTD	KVS CHALAPATHI RAO	SELL	200,000	22.3
ORIENTINFO	ORIENT INFORMATION TECHN	YUMA FINANCIAL SERVICES PVT LTD	SELL	100,571	21.9
GOLDTECH	GOLDSTONETECHNOLOGIES LT	ASTUTE COMMODITIES & DERIVATIVES	SELL	86,120	66.5
CREWBOS	CREW B.O.S. PRODUCTS LTD.	V & U CAPLEASE PVT LTD	SELL	104,057	248.2
CREWBOS	CREW B.O.S. PRODUCTS LTD.	JAIN ORNA PVT LTD	SELL	75,000	256.7

Source: NSE

**BULK DEALS ON BSE - 22 Dec 2006**

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
516064	AROW COAT PR	ARROW CONVERTORS PVT LTD	S	25,000	28.2
526987	COMMIT CAP S	PADMAJA PINNAMANENI	B	24,500	14.0
526987	COMMIT CAP S	NAGENDRA PRASAD PVS	B	25,500	14.0
532542	CREW BOS	VOLGA INTERNATIONAL LTD	B	144,628	253.4
532542	CREW BOS	V AND U CAPLEASE PVT LTD	S	175,000	248.6
531270	DAZZEL CONF I	RAJENDRA SINGH SIROWA	B	25,000	5.8
531270	DAZZEL CONF I	RAJENDRA SINGH SIROWA	S	23,935	6.4
531270	DAZZEL CONF I	RAPID COMMERCIAL AND FINL	S	28,990	5.8
524818	DYNAMIC INDU	RAJUL SHAH	S	16,029	43.0
526727	GARNET CONST	HITESH JHAVERI	B	36,586	71.6
531137	GEMSTONE INV	KISHOR BALUBHAI CHAUHAN	B	25,000	10.7
531137	GEMSTONE INV	BHAVESH PRAKASH PABARI	B	25,000	10.7
531137	GEMSTONE INV	AMRITLAL VERSI MALDE	S	50,000	10.7
500171	GHCL LTD	DIVYA SHAKTI TRADING SERV	B	2,385,599	160.0
532439	GOLDSTN TELE	JMP SECURITIES PVT. LTD.	B	194,892	25.0
532439	GOLDSTN TELE	JMP SECURITIES PVT. LTD.	S	132,242	25.5
531439	GOLDSTONTEC	JMP SECURITIES PVT. LTD.	B	109,558	65.2
531439	GOLDSTONTEC	JMP SECURITIES PVT. LTD.	S	113,858	66.0
532786	GREAT OFFSH	H.J.SECURITIES PVT.LTD.	B	258,596	803.1
532786	GREAT OFFSH	H.J.SECURITIES PVT.LTD.	S	257,596	804.7
507960	GUJHOTELS L	BRIJALYOGESH PARIKH	B	27,000	67.3
531929	INNOCORPL	GORLA SHASHIDHAR	B	29,290	21.5
531373	KOTAWALA(I)	HITESH JHAVERI	B	61,138	71.8
531373	KOTAWALA(I)	HITESH JHAVERI	S	43,918	71.7
524232	MAHAR POLYBU	UPSURGE INVESTMENT AND FI	S	125,000	14.0
511276	MEFCOM AGR I	COSMO CORPORATE SERVICES	B	95,639	126.9
511276	MEFCOM AGR I	MASTER FINLEASE LTD	S	68,630	127.1
511276	MEFCOM AGR I	JMP SECURITIES PVT. LTD.	S	30,000	126.3
532641	NANDAN EXIM	PILOT CONSULTANTS LTD	S	1,294,706	6.1
531791	OSIAN LPG BO	S.P.J. STOCK BROKERS PVT	S	87,010	14.5
512449	PACE ELEC(P)	PILOT CONSULTANTS LTD	B	100,000	41.2
512449	PACE ELEC(P)	SHREETHIRUMALAI MARKETI	S	249,350	41.1
503100	PHOENIX MILL	ASHOK APPARELS PVT LTD	B	176,000	1200.0
503100	PHOENIX MILL	NANDITA M.MEHTA	S	176,000	1200.0
514300	PIONER EMBRO	ADMIXVINIMAY PVT LTD	S	117,521	237.7
514300	PIONER EMBRO	SEARCH FINVEST PRIVATE LT	S	83,826	240.4
502465	SPECIALITY	HONEYVICK ENTERPRISES P L	B	34,584	33.3
502465	SPECIALITY	ENCA FINLEASE LTD.	B	23,039	35.8
502465	SPECIALITY	HONEYVICK ENTERPRISES P L	S	34,584	35.3
513414	SUJANA METAL	MORGAN STANLEY DEAN WITTE	B	235,000	97.9
514211	SUMEET INDUS	MASTER FINLEASE LTD	B	100,000	14.3
505854	TRF LIMITED	BIRLA MUTUAL FUND AC MIDC	B	80,000	405.0
505854	TRF LIMITED	GOLDMAN SACHS AND COMPANY	S	80,000	405.0
531675	TRICOM INDIA	SANJULA S KOTHARI	B	75,000	143.0
531675	TRICOM INDIA	KANTA GANPAT KOTHARI	B	75,000	143.0
531675	TRICOM INDIA	VOLGA INTERNATIONAL LTD	S	271,040	142.8
521226	UNIRO TEXT I	ASHWANI KUMAR	B	39,734	8.6
520003	VYBRA AUTO(P	DHANANJAYA MONEY MANAGEME	B	100,248	78.4
520003	VYBRA AUTO(P	DHANANJAYA MONEY MANAGEME	S	112,954	79.3
520003	VYBRA AUTO(P	AMU PROPERTIES AND FIN PV	S	51,521	78.7
531845	ZENITH BIRLA	SEJAL GOPALBHAI SHAH	B	300,000	37.2
531845	ZENITH BIRLA	MIT GOPALBHAI SHAH	S	300,000	37.2

Source: BSE

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<b>Stock Ratings</b>		<b>Absolute Returns</b>		<b>Stock Ratings</b>		<b>Absolute Returns</b>
Buy	:	> 25%		Market Performer	:	0 - 15%
Out Performer	:	16 - 25%		Under Performer	:	< 0%

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