

MOST Mid-Caps Ideas

Ador Welding	Buy	Kansai Nerolac	Buy
Amar Remedies	Buy	KSB Pumps	Buy
Andhra Sugar	Buy	Lakshmi Machine Works	Buy
ANG Auto	Buy	Maharashtra Seamless	Buy
Apollo Tyres	Buy	Mahindra Ugine Steel	Sell
Ashapura Minechem	Buy	Man Industries	Buy
Asian Hotels	Book Profit	Mastek	Buy
Atlas Copco	Buy	Mercator Lines	Sell
Balkrishna Industries	Buy	MRF	Buy
Ballarpur Industries	Buy	Navneet Publications	Buy
B L Kashyap & Sons	Buy	NIIT	Book Profit
Blue Star	Buy	NIIT Tech	Buy
Ceat	Book Profit	Paper Products	Buy
EIH Associated Hotels	Hold	Pratibha Industries	Buy
EMCO	Neutral	PSL	Book Profit
Enkei Castalloy	Buy	Rallis India	Buy
Era Construction	Buy	Ratnamani Metals and Tubes	Buy
Esab India	Buy	Simbhaoli Sugar	Hold
Genus Overseas	Buy	Simplex Infrastructure	Sell
Goldiam International	Buy	Stone India	Buy
Gujarat Alkalies	Sell	Taj GVK Hotels & Resorts	Buy
Helios & Matheson	Buy	TNPL	Buy
Indian Card Clothing	Buy	Tantia Construction	Buy
Invt. and Precision Castings	Buy	Torrent Cables	Buy
Ipca Laboratories	Buy	TRF	Buy
Jindal Saw	Buy	Ugar Sugar	Hold
Kajaria Ceramics	Book Profit	Welspun Gujarat Stahl Rohren	Buy

MOST Mid-Caps Summary

Top Picks

Stock	CMP (Rs)	Target (Rs)	Upside	EPS (Rs)		PE (x)	
				FY07E	FY08E	FY07E	FY08E
Era Construction	471	750	59%	51.1	83.0	9.2	5.7
Man Industries	202	320	58%	25.1	32.0	8.0	6.3
Apollo Tyres *	323	480	49%	44.7	56.5	7.2	5.7
Ratnamani Metals	440	640	45%	56.0	67.6	7.9	6.5
Genus Overseas	202	292	45%	20.1	24.3	10.0	8.3
NIIT Technologies	304	432	42%	26.1	32.0	11.6	9.5
Ashapura Minechem	226	320	42%	30.2	35.9	7.5	6.3
MRF *	4,303	6,050	41%	446.2	636.1	9.6	6.8

Target and upside is over 12-15 months

E: MOST estimates

* Cash EPS and Cash PE

Major change in recommendation

(Rs)

Stock	Current Reco	CMP	Previous Reco	Previous Price
Ador Welding*	Buy	273	Neutral	321
LMW#	Buy	3,594	Book Profit	2,904

CMP as on 29 December 2006; Previous price as on respective recommended date

* **Ador Welding** : Business environment for welding electrodes remains strong; stock price has significantly corrected making valuations attractive.

LMW : Demand outlook for spindles remains good, order book of Rs55b (3x FY07E sales) ensures revenue visibility; valuation re-rating merited.

October-December 2006 Quarter:

NEW STOCKS ADDED

- B L Kashyap & Sons
- NIIT Technologies

DISCONTINUED COVERAGE

- None

Ador Welding

Ador Welding

29 December 2006

BUY - Rs273

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	2416	352	25.9	10.5	34.2	46.4
03/07E	2703	370	27.2	10.0	31.0	38.9
03/08E	3140	450	33.1	8.2	31.8	38.6

- Massive construction activity, proposed industrial capex, power generation projects, and oil & gas pipelines being laid will drive the demand for welding products. The company has come out with new products in areas like power generators, waste management systems and effluent treatment plants, which will act as future growth drivers.
- Major developments:** After registering a strong growth in FY06, the performance in 1HFY07 was muted. We expect the growth to resume from 2HFY07 on back of demand from infrastructure and construction projects.
- In 3QFY07, we expect net sales of Rs650m, up 32% YoY, and PAT of Rs97m, up 48% YoY.
- In FY07, we expect net sales of Rs2.7b, up 12%, and PAT of Rs370m, up 5%.
- At CMP, the stock trades at 10x FY07E EPS of Rs27 and 8.2x FY08E EPS of Rs33. We upgrade the stock to **BUY** with a 15-month price target of Rs364 (11x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	491.6	709.5	650.0	2,416.0	2,702.9
Change (%)	14.6	13.5	32.2	22.7	11.9
EBITDA	80.5	140.5	128.5	455.3	487.8
Change (%)	30.7	(4.2)	59.6	64.5	7.1
As % of sales	16.4	19.8	19.8	18.8	18.0
Interest	(2.9)	2.7	2.1	(1.1)	8.8
Depreciation	15.2	15.8	19.8	62.9	71.2
Other Income	3.8	12.3	10.0	40.9	45.5
Extraordinary Items	-	(6.5)	-	(48.0)	(6.5)
PBT	72.0	140.8	116.6	482.4	459.8
Tax	6.6	25.3	20.0	82.0	83.2
Reported PAT	65.4	115.5	96.6	400.4	376.6
Adjusted PAT	65.4	109.0	96.6	352.4	370.1
Change(%)	90.7	10.1	47.7	85.6	5.0
Dividend				230.11	199.43
Dividend (%)				150.00	130.00
Dividend Yield (%)					4.77

E: MOST Estimates

No. of Equity Shares (m) : 13.60

Amar Remedies

Amar Remedies

29 December 2006

BUY - Rs57

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
06/06A	1,671	210	8.0	7.1	23.5	23.2
06/07E	2,100	235	9.0	6.4	21.7	25.0
06/08E	2,500	330	12.6	4.5	24.4	25.7

- Amar Remedies is one of the earliest companies in India to make ayurvedic vegetarian toothpaste. The product has carved a niche for itself in the rural market.
- Major developments:** The plant at Surat has begun commercial production in October 2006. The Dehradun plant is likely to begin production in February 2007, which is two months behind schedule.
Plant delays and high input costs continue to exert pressure on margins. We believe this is a short term phenomenon and remain positive on the stock. In view of the margin pressure, we have downgraded Amar's FY07E & FY08E EPS to Rs9 and Rs12.6 (earlier Rs10.3 and Rs17.2).
- In 2QFY07, we expect net sales of Rs450m, up 6.8% YoY, and PAT of Rs45.4m, down 36% YoY.
- In FY07, we expect net sales of Rs2,100m (same as earlier), up 25%, EBITDA of Rs365m (earlier Rs408m), up 34%, EBITDA margin of 17.4% (earlier 19.4%), PBT of Rs313m (earlier Rs360m), up 28%, and PAT of Rs234.8m (earlier Rs270m), up 12%.
- At CMP, the stock trades at 6.4x FY07E EPS of Rs9 and 4.5x FY08E EPS of Rs12.6. We maintain **BUY** on the stock but have lowered our 6-month price target to Rs90 (10x FY07E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E JUNE	FY06 2Q	FY07 1Q	FY07E 2QE	FY06 Full Year	FY07 Full Year
Net Sales	421.3	438.9	450.0	1,671.4	2,100.0
Change (%)	n.a.	n.a.	6.8	56.5	25.6
EBITDA	77.0	65.7	68.0	271.4	365.0
Change (%)	n.a.	n.a.	(11.7)	172.8	34.5
As % of sales	18.3	15.0	15.1	16.2	17.4
Interest	4.7	8.1	8.0	20.1	32.0
Depreciation	1.5	3.6	4.6	7.4	20.0
Other Income	0.1	0.1	-	0.6	-
Extraordinary inc. / (exp)	-	-	-	-	-
PBT	70.9	54.2	55.4	244.5	313.0
Tax	-	10.0	10.0	35.0	78.3
Reported PAT	70.9	44.2	45.4	209.5	234.8
Adjusted PAT	70.9	44.2	45.4	209.5	234.8
Change(%)			(36.0)	204.6	12.0
Dividend					
Dividend (%)					
Dividend Yield (%)					

E: MOST Estimates

No. of Equity Shares (m) : 26.16

Andhra Sugar

Andhra Sugar

29 December 2006

BUY - Rs115

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
3/06A	4,923	620	22.9	5.0	26.9	17.4
3/07E	6,324	703	25.9	4.4	25.5	18.4
3/08E	7,250	802	29.6	3.9	24.3	20.4

- The caustic soda division, which is a major contributor to earnings of Andhra Sugar, continues to perform well. However, the performance of the sugar division is likely to suffer due to the declining trend in sugar prices.
- Major developments:** After converting its Saggonda plant into membrane cell technology with 350 tpd capacity, it is now converting its caustic soda plant at Kovvur from mercury-to membrane cell technology. Average ECU realisation has increased from Rs23,122/ton in 2QFY07 to Rs23,362/ton in 3QFY07 (Rs19,474 in 3QFY06).
It is also increasing its sugarcane crushing capacity from 9,100tcd to 14,000tcd in the current crushing season.
- In 3QFY07, we expect net sales of Rs1.55b, up 31% YoY, and PAT of Rs168m, up15% YoY.
- In FY07, we expect net sales of Rs6.3b, up 29%, and PAT of Rs703m, up 13%.
- At CMP, the stock trades at 4.4x FY07E EPS of Rs26. We maintain **BUY** with a 15-month price target of Rs207 (7x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,179	1,580	1,550	4,923	6,324
Change (%)	2.6	24.4	31.4	13.8	28.5
EBITDA	205	290	300	1,054	1,267
Change (%)	(4.1)	1.2	46.3	38.6	20.2
As % of sales	17.4	18.4	19.4	21.4	20.0
Interest	52.4	54.5	52.0	235.1	230.3
Depreciation	63.6	73.5	75.0	254.3	291.4
Other Income	122.5	54.6	60.0	300.9	234.0
Extraordinary Items	-	-	-	35.0	-
PBT	212	217	233	831	980
Tax	66.0	54.0	65.2	235.4	276.5
Reported PAT	146	163	168	595	703
Adjusted PAT	146	163	168	620	703
Change(%)	27.3	(4.9)	15.2	56.8	13.4
Dividend				183.48	183.48
Dividend (%)				60.00	80.00
Dividend Yield (%)					6.94

E: MOST Estimates

No. of Equity Shares (m) : 27.11

ANG Auto

ANG Auto

29 December 2006

BUY - Rs318

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
3/06A	568	93	9.3	34.1	40.4	27.7
3/07E	1,483	231	19.4	16.4	43	28.6
3/08E	4,006	444	37.3	8.5	49.4	34.9

- ANG Auto is a leading manufacturer-exporter of auto parts. The key growth driver is its entry into manufacture of trailers exclusively for Ashok Leyland.
- **Major developments:** ANG Auto recently entered into a definitive agreement with Carl Stover to form joint venture companies in USA (ANG Stover Industries LLC) and India (ANG Stover Industries Pvt. Ltd.) in which its stake will be 70%. The company expects first year sales from these companies to be in the region of Rs670m to Rs800m and projects this figure to reach Rs2,000m in the third year of operations. As limited information is currently available on this development, we have not factored the same in our estimates.
- In 3QFY07, we expect net sales of Rs300m, up 311.3% YoY, and a PAT of Rs51m, up 310.2% YoY.
- In FY07, we expect net sales of Rs1.48b, up 161%, and a PAT of Rs219, up 133.5%. Our estimates include ANG Auto Tech's trailer sales of Rs331.4m and Rs17.3 m share of PAT. We will review the progress of the trailer project post 3QFY07 results and make adjustments, if any, to our estimates.
- At the CMP of Rs 318, the stock trades at an EV/EBITDA of 13.4x FY07E and 6.9x FY08E. We maintain **BUY** with a 15-month target price of Rs441 (9.1x EV/EBITDA FY08E and corresponding PE of 11.8x).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	142.0	279.6	300.0	568.1	1,485.0
Change (%)	300.0	177.4	311.3	199.0	161.3
EBITDA	38.4	76.5	76.8	141.9	330.0
Change (%)	860.0	264.3	300.0	624.0	124.6
As % of sales	27.0%	27.4%	25.6%	25.0%	22.2%
Interest	4.7	6.1	10.0	16.5	48.0
Depreciation	2.5	4.1	6.1	8.3	13.0
Other Income	-	-	-	1.9	6.0
Extraordinary Items	-	-	-	-	-
PBT	31.2	66.3	60.7	119.1	275.0
Tax	5.8	9.0	9.7	25.3	39.0
Effective Tax Rate (%)	18.6	13.6	16.0	21.2	14.1
Reported PAT before MI	25.4	57.3	51.0	93.8	236.0
Minority Interest (MI)	-	-	-	-	6.0
Reported PAT after MI	25.4	57.3	51.0	93.8	230.0
Change (%)	2,722.2	362.1	310.2	828.7	145.4
Dividend				24.7	33.9
Dividend (%)				20.0	25.0
Dividend Yield (%)					0.8

E: MOST Estimates

No. of Equity Shares (m) : 10.8

Apollo Tyres

Apollo Tyres

29 December 2006

BUY - Rs353

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	EV/ EBITDA (x)	ROE (%)	ROCE (%)
3/06A	26,255	729	19.0	8.4	11.5	10.2
3/07E	43,431	1,084	21.4	6.9	8.7	11.4
3/08E	48,473	1,665	32.9	5.9	12.1	13.8

Note: Consolidated Numbers

- Apollo Tyres did not hike tyre prices in 3QFY07. However, we expect the margins to improve on back of lower rubber prices during the quarter. The company will also benefit from the decline in crude oil prices, which will be reflected in 4QFY07. We also expect its subsidiary Dunlop, SA to report higher margins on back of a hike in tyre prices from October and lower raw material prices.
- Major developments:** Apollo has issued 8.06m shares at Rs310 per share to institutions and 4m convertible warrants to promoters at Rs293 each. The proceeds will reduce loans raised for the acquisition of Dunlop, SA. The company plans to invest Rs5.2b in a greenfield facility near Chennai to manufacture radial tyres for trucks, buses and cars.
- In 3QFY07, we expect stand-alone net sales of Rs8.2b, up 21% YoY, and PAT of Rs280m, up 70% YoY.
- In FY07, we expect net sales of Rs32.2b, up 22.5% and PAT of Rs971m, up 33%. On consolidated basis, we expect net sales of Rs43.4b and a PAT of Rs1.1b.
- At CMP, the stock trades at 6.9x FY07E and 5.9x FY08E EV/ EBITDA (consolidated). We maintain **BUY** with a 15-month price target of Rs480.

QUARTERLY PERFORMANCE (STANDALONE)

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	6,788	7,673	8,180	26,255	32,156
Change (%)	18.6	21.3	20.5	18.4	22.5
EBITDA	539	597	761	2,227	2,781
Change (%)	27.1	0.6	41.3	35.1	24.9
As % of sales	7.9	7.8	9.3	8.5	8.6
Interest	127.8	127.8	157.2	505.6	570.4
Depreciation	180.0	180.0	200.0	727.9	780.0
Other Income	3.4	1.7	18.3	17.1	31.0
Extraordinary Items	-	-	-	(52.7)	-
PBT	234	291	422	1,064	1,462
Tax	69.8	97.6	142.4	282.0	490.2
Reported PAT	164	194	280	782	971
Adjusted PAT	164	194	280	729	971
Change(%)	(2.4)	(12.2)	70.3	30.5	33.3
Dividend				194.6	285.8
Dividend (%)				45.0	50.0
Dividend Yield (%)					1.4

E: MOST Estimates

No. of Equity Shares (m) : 50.7

* Shares outstanding are considering full dilution

Ashapura Minechem

29 December 2006

BUY - Rs226

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	8,571	784	24.3	9.3	73.5	40.7
03/07E	12,567	1,176	30.2	7.5	43.6	39.6
03/08E	14,794	1,399	35.9	6.3	30.4	32.3

- Major developments:** In end-October, Ashapura got the final clearance from the Gujarat government for its one million tpa alumina refinery in Kutch. (Aluchem of US, which had also bid for the project, had challenged the Gujarat government's decision to award the project to Ashapura. The High Court ruled against the challenge, and left the final decision to the Gujarat government.)

Demand for bauxite continues to be strong, and 2007 contract prices (effective 4QFY07) are much likely to be higher than our current assumption of \$38-39 per ton (CIF). However, for now, we have maintained our original earnings estimates.

- In 3QFY07, we expect net sales of Rs2.4b, up 34.6% YoY, and PAT of Rs289m, up 26.6% YoY.
- In FY07, we expect net sales of Rs12.6b, up 46.6%, and PAT of Rs1.18b, up 50%.
- At CMP, the stock trades at an EV/EBITDA of 5.2x FY07E and 4.7x FY08E. We maintain **BUY** with a 12-month price target of Rs300 (EV/EBITDA of 6x FY08E, corresponding PE of 8.4x). [Our target price is 6% lower than the earlier Rs320, mainly due to the recent 20% equity dilution (QIP of 6.5m shares at Rs220), which was higher than the expected 15%.]

Ashapura Minechem

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY06 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,784	2,510	2,400	8,571	12,567
Change (%)	(18.3)	37.3	34.6	38.2	46.6
EBITDA	373	324	448	1,239	1,765
Change (%)	102.6	17.9	20.3	157.2	42.4
As % of sales	20.9	12.9	18.7	14.5	14.0
Interest	25	22	32	124	119
Depreciation	14	17	21	54	75
Other Income	2	4	9	25	24
Extraordinary Items	-	-	-	-	-
PBT	336	289	404	1,085	1,594
Tax	107	75	115	302	418
Tax/PBT (%)	31.9	26.0	28.4	27.8	26.2
Reported PAT	229	214	289	784	1,176
Adjusted PAT	229	214	289	784	1,176
Change (%)	181.3	19.5	26.6	288.8	50.0
Dividend				48.4	78.0
Dividend (%)				75.0	100.0
Dividend Yield (%)					0.9

E: MOST Estimates

No. of Equity Shares (m) : 39.0

Asian Hotels

Asian Hotels

29 December 2006

BOOK PROFIT - Rs714

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	3,285	567	24.9	28.7	19.4	20.0
03/07E	3,713	754	33.1	21.6	22.8	25.0
03/08E	4,184	896	39.3	18.2	23.2	26.6

- Robust tourist arrivals continue to benefit Asian Hotels. Demand for rooms across India is expected to grow at 16-20% pa over the next 2-3 years.
- **Major developments:** The company is implementing a Rs800-900m capex plan involving renovation of all 530 rooms in Hyatt Regency, Delhi. The renovation plan has commenced in August 06 and is likely to get completed in four phases by September 07. Entire capex will be funded from internal accruals. This is likely to impact availability of rooms in FY07 as well as FY08. However, post-renovation, the Delhi property ARR (average room rent) is expected to increase.
- In 3QFY07, we expect net sales of Rs998.0m, up 11.6% YoY, and PAT of Rs206.6m, up 19.7% YoY.
- We are upgrading our FY07 and FY08 numbers to factor in the higher ARR and occupancy ratios.
- In FY07, we expect net sales of Rs3.71b (earlier Rs3.52b), up 13%, and PAT of Rs754.2m (earlier Rs668.9), up 33%.
- In FY08, we expect sales of Rs.418b (earlier Rs3.97b), up 12.9%, and PAT of Rs896m (earlier Rs832m), up 19%.
- At CMP, the stock trades at 21.6x FY07E EPS of Rs23.1 and 18.2x FY08E EPS of Rs39.3. We have valued Asian Hotels at EV/Room of Rs15m, which is close to its replacement cost. The fair value of the stock works out to Rs730. We maintain **BOOK PROFIT**.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	893.9	826.6	998.0	3,284.9	3,713.5
Change (%)	26.5	20.1	11.6	27.3	13.0
EBITDA	351.6	315.0	429.1	1,258.6	1,563.4
Change (%)	27.6	48.7	36.2	39.8	24.3
As % of sales	39.3	38.1	43.0	38.3	42.1
Interest	48.0	44.4	46.0	191.6	178.3
Depreciation	52.6	52.4	55.0	210.0	216.6
Other Income	1.6	1.0	3.0	14.1	10.0
Extraordinary inc. / (exp)	-	-	-	(3.4)	-
PBT	252.6	219.2	331.1	871.1	1,178.5
Tax	80.0	76.3	124.5	304.1	424.2
Reported PAT	172.6	142.9	206.6	567.0	754.2
Adjusted PAT	172.6	142.9	206.6	570.4	754.2
Change(%)	77.0	98.2	19.7	102.5	33.0
Dividend				228.00	285.00
Dividend (%)				100.00	125.00
Dividend Yield (%)					1.75

E: MOST Estimates

No. of Equity Shares (m) : 22.80

Atlas Copco

Atlas Copco

29 December 2006

BUY - Rs715

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
12/05A	5,699	511	22.7	31.9	27.4	30.5
12/06E	7,282	693	30.7	23.3	29.4	37.7
12/07E	8,739	875	38.8	18.4	28.9	37.3

- Atlas Copco India Ltd's (ACIL's) user sectors - mainly infrastructure and construction - are flush with orders. We expect two other user segments – mining and CNG petrol pumps - to boom by CY09.
- Major Developments:** None.
- In 4QCY06, we expect revenues of Rs1,950m, up 21.7% YoY, and a PAT of Rs150.2 m, up 22% YoY.
- In CY06, we expect net sales of Rs7.3b, up 27.8%, and a PAT of Rs693.5m, up 36 %.
- At CMP, the stock trades at 23.3x CY06 EPS of Rs30.7 and 18.4x CY07E EPS of Rs38.8. We maintain **BUY** with a price target of Rs775.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E DECEMBER	CY05 4Q	CY06 3Q	CY06 4QE	CY05 Full Year	CY06E Full Year
Net Sales	1,602.3	1,937.2	1,950.0	5,698.5	7,282.2
Change (%)	21.4	41.3	21.70	42.7	27.8
EBITDA	279.2	337.2	343.0	1,023.8	1,370.9
Change (%)	21.0	43.2	0.2	23.3	33.9
As % of sales	17.4	17.4	17.6	18.0	18.8
Interest	10.2	10.2	15.0	50.1	42.3
Depreciation	50.6	50.6	60.0	196.5	208.8
Other Income	2.4	(0.4)	5.0	50.9	14.2
Extra - ordinary gain / (loss)	-	-	-	(5.6)	-
PBT	220.8	276.0	273.0	833.7	1,134.0
Tax	103.7	101.6	122.9	322.6	440.6
Reported PAT	117.1	174.4	150.2	511.1	693.5
Adjusted PAT	122.7	174.4	150.2	505.5	693.5
Change(%)	50.0	45.3	22.4	29.2	35.7
Dividend				67.6	101.1
Dividend (%) *				30.0	40.0
Dividend Yield (%)					0.5

E: MOST Estimates

No. of Equity Shares (m) : 22.56

* Adjusted for Bonus

Balkrishna Industries

29 December 2006

BUY - Rs540

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	6,200	694	36.2	14.9	31.4	24.7
03/07E	8,000	780	40.4	13.4	23.9	19.5
03/08E	11,049	1,154	59.7	9.0	27.3	25.4

- Balkrishna is the largest manufacturer-exporter of special application OTR (off-the-road) tyres for the agriculture, forestry and construction sectors. Global OTR tyre market is estimated to be \$7.75b (~10% of the total tyres market), growing at about 5% per annum.
- Major developments:** While spot prices of natural rubber have been on the higher side, Balkrishna had procured sufficient inventory of natural rubber when prices were lower. Beneficial impact of this is likely to be felt in 3QFY07. It declared an interim dividend of 35% in the previous quarter.
- In 3QFY07, we expect net sales of Rs2.05b, up 39.8% YoY, and PAT of Rs190.4m, up 46.4% YoY.
- In FY07, we expect net sales of Rs8b, up 29%, EBITDA margin of 20%, EBITDA Rs1.60b and PAT of Rs780.3m, up 12.4%.
- At CMP, the stock trades at 13.4x FY07E EPS of Rs40.4 (post part FCCB conversion) and 9x FY08E EPS of Rs59.7. We maintain **BUY** on the stock with a 15-month price target of Rs750 (12.5x FY08E).

Balkrishna Industries

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,466.6	2,103.2	2,050.0	6,200.2	8,000.0
Change (%)	20.4	55.0	39.8	27.0	29.0
EBITDA	327.3	359.1	399.8	1,394.7	1,600.0
Change (%)	4.3	17.0	22.1	23.6	14.7
As % of sales	22.3	17.1	19.5	22.5	20.0
Interest	36.7	39.6	40.0	117.3	158.8
Depreciation	68.4	80.7	93.5	273.3	351.5
Other Income	5.9	37.2	14.1	58.0	75.0
Extraordinary inc. /(exp)	(0.2)	0.4	-	(8.7)	0.4
exchange rate fluctuation Loss/(gain)			-	(5.4)	-
PBT	227.9	289.5	280.4	1,067.5	1,164.3
Tax	79.1	98.2	90.0	367.8	384.3
Reported PAT	148.8	191.3	190.4	691.0	779.9
Adjusted PAT	149.0	191.7	190.4	694.3	780.3
Change(%)	53.1	11.3	46.6	21.7	12.4
Dividend				190.7	218.0
Dividend (%)				100.0	100.0
Dividend Yield (%)					1.9

E: MOST Estimates

No. of Equity Shares (m) : 19.33

Ballarpur Industries

Ballarpur Industries

29 December 2006

BUY - Rs108

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
06/06A	19,087	2,016	12.4	8.7	13.7	11.7
06/07E	23,321	2,575	13.8	7.8	14.3	13.0
06/08E	26,959	3,032	16.3	6.6	14.5	13.7

- Demand for paper continues to be robust. Bilt's cost cutting drive in all its key operational areas has resulted in stable EBITDA margins. Its Rs9b capex plan to increase paper capacity to 850,000tpa by FY08 is on track. Bilt has raised selling price of W&P paper by Rs600/ton and coated paper by Rs1,000/ton from January 07.

- Major developments:** Bilt had issued FCCBs worth \$45m in November 2003. Part of these came in for conversion during the quarter resulting in dilution of equity. As a matter of precaution, we have assumed full conversion resulting in equity of Rs1.86b (earlier Rs1.63b) and downgraded EPS for FY07 and FY08 to Rs13.8 and Rs16.3 respectively (earlier Rs15.7 and Rs18.6).

The acquisition of Sabah Forest Industries, Malaysia is now expected to be completed by January 2007.

- In 2QFY07, net sales are likely to be Rs5.55b, up 27.4% YoY and PAT Rs581m, up 22.5% YoY.
- In FY07, we expect net sales of Rs23.32b, up 22.2%, and PAT of Rs2.57b, up 27.8%.
- At CMP, the stock trades at 7.8x FY07E EPS of Rs13.8 and 6.6x FY08E EPS of Rs16.3. We maintain **BUY** with a 6-month price target of Rs 138 (~10x FY07E) and an 18-month price target of Rs163 (~10x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E JUNE	FY06 2Q	FY07 1Q	FY07E 2QE	FY06 Full Year	FY07E Full Year
Net Sales	4,363	5,270	5,559	19,087	23,321
Change (%)	(1.4)	20.9	27.4	6.6	22.2
EBITDA	1,164	1,308	1,440	4,909	6,005
Change (%)	2.4	14.2	23.7	9.0	22.3
As % of sales	26.7	24.8	25.9	25.7	25.8
Interest	230	204	306	943	1,150
Depreciation	368	380	456	1,527	1,748
Other Income	20	29	30	110	116
Extraordinary inc. / (exp)	0	0	0	124	0
PBT	587	753	708	2,425	3,223
Tax	113	170	127	533	592
Reported PAT	474	583	581	1,892	2,631
Minority Interest					55
Adjusted PAT	474	583	581	2,013	2,575
Change(%)	9.4	31.9	22.5	20.0	27.8
Dividend				457.04	408.07
Dividend (%)				25.00	25.00
Dividend Yield (%)					2.11

E: MOST Estimates

No. of Equity Shares (m) : 186

B L Kashyap & Sons

29 December 2006

BUY - Rs1,437

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	4,655	274	26.7	53.7	21.8	29.1
03/07E	8,925	583	56.8	25.3	24.0	32.0
03/08E	13,388	888	86.5	16.6	29.7	38.8

- B L Kashyap is a good play on India's industrial, commercial and housing construction activity. It has a strong order book of Rs12.5b (2.7x FY06 revenue).
- Major developments:** None.
- In 3QFY07, we expect net sales of Rs2.5b up 132.1% YoY, and PAT of Rs186m, up 245.1% YoY.
- In FY07, we expect net sales of Rs8.9b, up 91.7%, and PAT of Rs583m, up 112%.
- At CMP, the stock trades at 25.3x FY07E earnings of Rs56.8 and 16.6x FY08E EPS of Rs86.5. We maintain **BUY** with a 12-month price target of Rs1,600 (20x FY08E).

B L Kashyap & Sons

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,076.9	1,706.8	2,500.0	4,655.2	8,925.0
Change (%)	-	-	132.1	48.8	91.7
EBITDA	97.4	182.0	275.0	475.6	954.7
Change (%)	-	-	182.3	94.0	100.7
As % of sales	9.0	10.7	11.0	10.2	10.7
Interest	10.1	11.8	16.0	40.8	53.6
Depreciation	10.1	23.8	24.0	42.6	87.4
Other Income	4.7	15.5	21.0	32.7	70.0
Extraordinary Items	-	-	-	7.2	-
PBT	81.9	161.8	256.0	424.9	883.7
Tax	28.0	55.5	70.0	143.2	300.5
Reported PAT	53.9	106.3	186.0	281.7	583.2
Adjusted PAT	53.9	106.3	186.0	274.5	583.2
Change(%)	-	-	245.1	127.8	107.0
Dividend				30.80	51.35
Dividend (%)				30.00	50.00
Dividend Yield (%)					0.34

E: MOST Estimates

No. of Equity Shares (m) : 10.27

Blue Star

Blue Star

29 December 2006

BUY - Rs190

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	11,746	489	5.4	34.9	30.5	32.0
03/07E	15,622	680	7.6	25.1	35.5	34.5
03/08E	20,308	933	10.4	18.3	39.5	38.3

- Blue Star is a market leader in central air-conditioning, and an excellent play on the four mega trends of IT/ITeS, retail and entertainment, SEZs, and cold chain. We expect Blue Star to sustain topline growth of 30% and EPS CAGR of 35% over the next three years.
- Major developments:** Reliance and Bharti groups announced their retail plans. Both are national customers for Blue Star. Further, DLF announced its JV with Hilton to set up 75 hotels across India. DLF is also a major customer. All such announcements convince us of the huge business opportunity for Blue Star.
- In 3QFY07, we expect net sales of Rs3.4b, up 30% YoY, and PAT of Rs97m, up 40% YoY.
- We have marginally upgraded our PAT estimates to reflect lower interest cost in the first half. For FY07, we expect net sales of Rs15.6b (same as earlier), up 30%, and PAT of Rs680m (Rs663m earlier), up 40%.
- At CMP, the stock trades at a PE of 25x FY07E and 18x FY08E. We maintain **BUY** with a 12-month target price of Rs230 (22x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3Q	FY06 Full year	FY07E Full Year
Net Sales	2,637	3,759	3,437	11,746	15,622
Change (%)	17.8	33.0	30.4	27.6	33.0
EBITDA	151	319	206	837	1,201
Change (%)	24.9	66.8	36.3	44.6	43.5
EBITDA margin (%)	5.7	8.5	6.0	7.1	7.7
Interest	18	24	28	57	105
Depreciation	41	46	48	159	188
Other Income	2	8	4	41	28
Extraordinary inc. / (loss)	0	0	0	0	0
PBT	95	258	134	661	937
Tax	26	74	37	172	257
Tax / PBT (%)	27	28.5	27.8	26.0	27.4
Reported PAT	69	184	97	489	680
Adjusted PAT	69	184	97	489	680
Change (%)	16.5	58.8	40.2	39.4	39.1
Dividend				216	270
Dividend (%)				120	150
Dividend Yield (%)					1.6

E: MOST Estimates

No. of Equity Shares (m) : 89.94

29 December 2006

BOOK PROFIT - Rs124

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	EV/ EBITDA (x)	ROE (%)	ROCE (%)
3/06A	17,379	4	0.1	15.7	0.1	8.8
3/07E	21,202	199	4.4	8.8	5.5	11.9
3/08E	24,600	418	9.1	7.7	10.4	13.5

- Ceat did not hike tyre prices in 3QFY07. However, we expect the margins to improve on back of lower rubber prices during the quarter. The company will also benefit from the decline in crude oil prices, which would be reflected in 4QFY07.
- Major developments:** The board has approved sale of 7 acres of surplus land at Bhandup.
- In 3QFY07, we expect revenues of Rs5b, up 23% YoY, and PAT of Rs61m, up 297% YoY.
- In FY07, we expect net sales of Rs21.2b, up 22%, and PAT of Rs199m, as against Rs4m in FY06.
- At CMP, the stock trades at EV/EBITDA of 8.8x (FY07E) and 7.7x (FY08E). We maintain **BOOK PROFIT**.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	4,082	5,376	5,020	17,379	21,202
Change (%)	7.4	19.6	23.0	13.7	22.0
EBITDA	172	270	300	600	1,105
Change (%)	28.3	131.2	74.7	70.0	84.3
As % of sales	4.2	5.0	6.0	3.5	5.2
Interest	164.7	158.5	170.0	634.0	659.7
Depreciation	56.9	77.7	78.0	224.5	311.2
Other Income	81.1	37.7	40.0	308.5	181.9
Extraordinary Items	-	4.6	33.0	-	70.6
PBT	31.2	66.5	59.0	49.7	245.4
Tax	15.8	28.2	30.9	46.0	116.8
Reported PAT	15.4	38.3	28.1	3.7	128.6
Adjusted PAT	15.4	42.9	61.1	3.7	199.2
Change(%)	35.1	-	296.5	-	-
Dividend				-	515.3
Dividend (%)				-	10.0
Dividend Yield (%)					0.8

E: MOST Estimates

No. of Equity Shares (m) : 45.68

EIH Associated Hotels

29 December 2006

HOLD - Rs161

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	1,310	91	8.7	18.5	28.6	25.4
03/07E	1,521	142	7.3	22.2	15.6	11.3
03/08E	1,673	207	10.6	15.1	18.5	15.1

- Major developments:** The Madras and Calcutta high courts have sanctioned amalgamation of Indus Hotels Corporation Ltd (4 hotel properties - merger effective from April 1, 2005) and the scheme of reconstitution of 2 hotel properties from EIH to EIH Associated Hotels (Trident Hilton, Bhubaneswar and The Oberoi Cecil, Shimla - reconstitution/merger effective from April 1, 2006). Post merger, EAHL will have larger inventory of 892 rooms as against 238 rooms pre-merger. However, its equity will also get diluted to Rs195m from the current Rs100.5m.

EIH Associated has increased its authorised capital to Rs500m from Rs250m.

- In 3QFY07, we expect net sales of Rs470.2m and a profit of Rs99m.
- In FY07, we expect sales of Rs1.52b, up 16.1%, and PAT of Rs141.7m, up 57.4%.
- At CMP, the stock trades at 22.2x FY07E EPS of Rs7.3 and 15.1x FY08E EPS of Rs10.6. We value EAHL at an EV/Room of Rs7.5m per room, which is close to its replacement cost. The fair value of the stock works out to Rs205. We maintain **HOLD** on the stock with a 15-month price target of Rs205 (corresponding PE of 19x FY08E).

EIH Associated Hotels

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	213.4	257.7	470.2	1,310.0	1,520.8
Change (%)	31.4	-	-	-	16.1
EBITDA	92.9	30.0	210.6	410.0	522.7
Change (%)	51.4	-	-	-	27.5
As % of sales	43.5	11.7	44.8	31.3	34.4
Interest	29.0	51.0	53.9	180.0	200.0
Depreciation	11.8	28.0	28.0	125.0	112.0
Other Income	0.9	1.0	4.0	-	10.0
Extraordinary inc./ (exp)	(0.5)	-	4.0	(35.1)	-
PBT	53.1	(48.0)	128.7	69.9	220.7
Tax	18.1	-	33.7	15.0	75.0
Reported PAT	35.0	(48.0)	95.0	54.9	145.7
Adjusted PAT	34.5	(48.0)	99.0	90.0	141.7
Change(%)	7.6	-	-	-	57.4
Dividend				-	-
Dividend (%)				-	-
Dividend Yield (%)				-	-

E: MOST Estimates

No. of Equity Shares (m) : 19.50

Note: Q3FY06 are standalone numbers and not comparable with corresponding figures of FY07

29 December 2006

NEUTRAL - Rs729

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	4053.9	190.9	25.0	29.18	14.3	16.3
03/07E	5900.0	396.8	38.9	18.8	13.2	17.2
03/08E	7750.0	527.1	50.2	14.5	14.3	19.2

- Government's continued focus on strengthening the electricity transmission network and increasing the power generation capacity will help EMCO to sustain the growth momentum. It has an order book of over Rs8b, which is more than our FY08E sales.
- Major developments:** EMCO has issued 20 lakh shares at Rs600 per share to qualified institutional buyers (QIBs) and 3 lakh shares on conversion of warrants at Rs275 each to promoters.
Buoyed by the bulging order book and sustained demand for transformers, EMCO is planning to double its transformer capacity from 10,000mw to 20,000mw by March 2007 at a cost of Rs200m.
- In 3QFY07, we expect net sales of Rs1.4b, up 48% YoY, and PAT of Rs93m, up 53% YoY.
- In FY07, we expect net sales of Rs5.9b, up 46% YoY and PAT of Rs397m, up 108% YoY.
- The stock trades at 18.8x FY07E EPS of Rs39 and 14.5x FY08E EPS of Rs50. We remain **NEUTRAL** on the stock.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	971.2	1,304.8	1,439.7	4,053.9	5,900.0
Change (%)	67.0	71.3	48.2	71.8	45.5
EBITDA	126.0	176.7	194.4	458.0	797.9
Change (%)	42.5	79.4	54.3	48.8	74.2
As % of sales	13.0	13.5	13.5	11.3	13.5
Interest	33.9	39.5	35.0	117.5	144.5
Depreciation	14.0	14.2	20.0	56.5	69.2
Other Income	-	-	-	0.1	0.1
Extraordinary Items	-	-	-	-	-
PBT	78.1	123.0	139.4	284.1	584.3
Tax	17.5	36.2	46.9	93.2	187.5
Reported PAT	60.6	86.8	92.5	190.9	396.8
Adjusted PAT	60.6	86.8	92.5	190.9	396.8
Change(%)	98.9	71.2	52.7	98.8	107.8
Dividend				25.67	46.07
Dividend (%)				30.00	40.00
Dividend Yield (%)					0.55

E: MOST Estimates

No. of Equity Shares (m) : 7.91

Enkei Castalloy

Enkei Castalloy

29 December 2006

BUY - Rs153

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
3/06A	1,227	82	8.2	18.7	39.9	21.2
3/07E	2,355	132	12.0	12.7	32.5	22.6
3/08E	3,500	238	21.7	7.1	34.6	28.5

- Enkei Castalloy Ltd (ECL), a 38% subsidiary of Enkei Corporation Japan, is a leading manufacturer of aluminum alloy castings for the auto sector. It has launched alloy wheels, which have huge domestic and export potential. ECL has a 50% share with Bajaj Auto and Hero Honda for cylinder heads. It also meets 100% of Maruti's manifold requirements for certain models.
- Major developments:** The company announced a 2:1 stock split in November 2006.
- In 3QFY07, we expect net sales of Rs 610m, up 85% YoY, and PAT of Rs34m, up 33% YoY.
- In FY07, we expect net sales of Rs 2.35b, up 92%, and a PAT of Rs 133m, up 62%.
- At CMP, the stock trades at 12.7x FY07E EPS of Rs12 and 7.1x FY08E EPS of Rs21.7. We maintain **BUY** with a 15-month target of Rs 260 (12x FY08E EPS).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	329.1	562.8	610.0	1,227.1	2,355.3
Change (%)	91.4	102.3	85.4	89.8	91.9
EBITDA	56.4	82.5	97.0	222.7	376.7
Change (%)	33.3	55.4	72.0	39.9	69.2
As % of sales	17.1	14.7	15.9	18.1	16.0
Interest	12.5	21.6	22.0	49.8	89.5
Depreciation	11.5	27.2	28.0	54.8	100.8
Other Income	1.2	3.1	3.0	8.5	14.6
Extra - ordinary gain / (loss)	-	-	-	-	-
PBT	33.6	36.9	50.0	126.6	201.0
Tax	8.1	10.7	16.0	44.6	68.2
Reported PAT	25.5	26.1	34.0	82.0	132.7
Adjusted PAT	25.5	26.1	34.0	82.0	132.7
Change(%)	30.1	15.6	33.3	24.2	61.9
Dividend				16.88	18.56
Dividend (%)				15.00	15.00
Dividend Yield (%)					0.5

E: MOST Estimates

No. of Equity Shares (m) : 11.00

Era Construction

Era Construction

29 December 2006

BUY - Rs471

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	3,762	278	14.9	31.5	12.4	14.0
03/07E	11,250	1,175	51.1	9.2	29.2	51.0
03/08E	20,000	1,910	83.0	5.7	29.6	40.4

- Investments in infrastructure are likely to touch Rs6.2 trillion over the next five years. Era Constructions (I) Ltd (ECIL) is well placed to take advantage of this opportunity with its well diversified portfolio.
- Major developments:** The company has decided to issue FCCBs/GDR/ADR not exceeding \$200m. The funds generated will be used for a) buying equipment b) further investment in BOT projects and c) likely foreign acquisition.
Era has been awarded a contract by NHA for design, construction, development, finance, operation and maintenance of Gwalior by-pass project on a BOT basis. The contract is to be executed over a 17.5-year period with annual annuity of Rs530.5m.
- In 3QFY07, we expect net sales of Rs 3.1b and PAT of Rs317m (consolidated). These are not comparable with corresponding period's figures as they are not on a consolidated basis.
- We are upgrading our FY07 numbers. We expect net sales of Rs11.25b (earlier Rs11b), up 199%, and PAT of Rs1.17b (earlier Rs 1.12b), up 322.6%.
- At CMP, the stock trades at 9.2x FY07E EPS of Rs51.1 and 5.7x FY08E EPS of Rs83. We maintain **BUY** with a 3-month price target of Rs613 (weighted average PE of 12x FY07E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	843	2,732	3,100	3,762	11,250
Change (%)	118.7	-	-	140.7	199.0
EBITDA	83	742	843	498	3,007
Change (%)	210.4	-	-	253.1	504.4
As % of sales	11.9	27.2	27.2	13.2	26.7
Interest	22	86	90	99	325
Depreciation	7	17	34	35	111
Other Income	3	21	5	21	44
Extraordinary inc./ (exp)	-	-	-	-	-
PBT	57	660	724	385	2,615
Tax	16.7	217.8	230.0	106.4	815.9
Reported PAT	40	442	494	278	1,800
Minority Interest		138	177	-	625
Adjusted PAT	40	304	317	278	1,175
Change(%)	-	-	-	410.1	322.6
Dividend				42.02	51.93
Dividend (%)				20.00	20.00
Dividend Yield (%)					0.42

E: Most Estimates

No. of Equity Shares (m) : 23

* FY06 & FY07 are consolidated figures

Esab India

Esab India

29 December 2006

BUY - Rs371

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
12/05A	2,382	367	23.9	15.6	107.6	115.4
12/06E	2,785	439	28.5	13.0	72.4	98.0
12/07E	3,342	529	34.4	10.8	51.3	77.3

- Massive construction activity, proposed industrial capex, power generation projects, and oil & gas pipelines being laid will drive the demand for welding products.
- Major developments:** Esab is likely to pay high dividend, considering high cash flows and no major capex requirement.
- In 4QCY06, we expect net sales of Rs700m, up 18% YoY, and PAT of Rs113m, up 36% YoY.
- In CY06, we expect net sales of Rs2.8b, up 17%, and PAT of Rs439m, up 20%.
- At CMP, the stock trades at 13x CY06E EPS of Rs28.5 and 10.8x CY07E EPS of Rs34.4. We maintain **BUY** with a price target of Rs480.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E DECEMBER	CY05 4Q	CY06 3Q	CY06 4QE	CY05 Full Year	CY06E Full Year
Net Sales	594.10	809.70	700.00	2,381.60	2,785.40
Change (%)	17.50	25.98	17.83	26.76	16.95
EBITDA	96.50	203.30	171.70	532.30	669.40
Change (%)	(8.18)	23.96	77.93	34.62	25.76
As % of sales	16.24	25.11	24.53	22.35	24.03
Interest	1.30	1.10	1.00	(9.50)	4.40
Depreciation	10.20	12.10	12.00	44.60	45.30
Other Income	16.20	12.30	10.10	39.30	46.30
Extraordinary Items	-	-	-	(45.30)	-
PBT	101.20	202.40	168.80	581.80	666.00
Tax	18.20	70.20	55.72	184.70	226.92
Reported PAT	83.00	132.20	113.08	397.10	439.08
Adjusted PAT	83.00	132.20	113.08	367.20	439.08
Change(%)	17.07	21.28	36.24	59.65	19.58
Dividend				448.24	173.63
Dividend (%)				260.0	100.00
Dividend Yield (%)					2.69

E: MOST Estimates

No. of Equity Shares (m) : 15.4

Genus Overseas

Genus Overseas

29 December 2006

BUY - Rs202

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	2,121	143	13.7	14.8	32.2	16.9
03/07E	3,550	266	20.1	10.1	21.0	17.9
03/08E	4,437	322	24.3	8.3	20.7	21.6

- The government's thrust on reducing power theft and ensuring 100% metering will help Genus to sustain the growth momentum.
- Major developments:** Genus received a Rs750m order from Rajasthan State Electricity Board. The company has an order book of over Rs5b, which gives strong revenue visibility.
There was a fire in the Jaipur plant in November 06. However, we don't expect this to have any major impact on the earnings as the operations were resumed within a week.
- In 3QFY07, we expect net sales of Rs900m, up 268% YoY, and PAT of Rs66m, up 300% YoY.
- In FY07, we expect net sales of Rs3.55b, up 67%, and PAT of Rs266m, up 87%.
- At CMP, the stock trades at 10x FY07E EPS of Rs20 and 8.3x FY08E EPS of Rs24. We maintain **BUY** with a price target of Rs292 (12x FY08E EPS).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	245	852	900	2,121	3,550
Change (%)	(26.2)	124.2	267.9	61.0	67.4
EBITDA	45	121	135	262	519
Change (%)	14.9	140.0	202.7	70.5	98.3
As % of sales	18.2	14.1	15.0	12.3	14.6
Interest	20.4	48.2	45.0	70.8	159.4
Depreciation	5.1	12.0	13.0	25.3	50.0
Other Income	1.2	5.7	1.2	6.5	10.1
Extraordinary Items	-	-	-	-	-
PBT	20	66	78	172	320
Tax	3.7	9.7	11.7	24.6	48.5
Reported PAT	17	56	66	148	271
Adjusted PAT	17	56	66	143	266
Change(%)	(1.2)	88.3	300.4	93.1	86.8
Dividend				17.65	37.37
Dividend (%)				15.0	25.0
Dividend Yield (%)					1.24

E: Most Estimates

No. of Equity Shares (m) : 13.25

* PAT Adjusted for pref dividend

* Shares outstanding are considering full dilution

Goldiam International

29 December 2006

BUY - Rs102

YEAR END	NET SALES (Rs m)	APAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	2287.2	271.8	10.1	10.1	15.4	16.9
03/07E	3004.5	279.0	8.4	12.2	10.9	14.0
03/08E	4220.0	403.2	13.4	7.6	14.2	18.4

- **Major developments:** Goldiam is strengthening its retail presence with Ola, which is now available at more than 30 point of sales across the country.

The company declared an interim dividend of Rs1 in November 2006.

- In 3QFY07, we expect revenues of Rs880m, up 21% YoY, and PAT of Rs101m, down 8.1% YoY. We expect the PAT to decline due to higher tax rate.
- In FY07, we expect net sales of Rs3b, up 31%, and a flat PAT of Rs279m (due to higher tax rate).
- At CMP, the stock trades at 12.2x FY07E EPS of Rs8.4. We maintain **BUY** with a 15-month target of Rs201 (15x FY08E EPS).

Goldiam International

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	725.8	672.3	880.0	2,287.2	3,004.5
Change (%)	37.2	32.3	21.2	26.4	31.4
EBITDA	119.9	98.6	136.4	288.1	382.9
Change (%)	64.7	60.9	13.8	33.9	32.9
As % of sales	16.5	14.7	15.5	12.6	12.7
Interest	7.3	7.0	9.0	21.9	31.5
Depreciation	5.1	9.3	9.5	20.5	34.0
Other Income	17.7	16.7	20.0	76.4	75.5
Extraordinary Items	-	-	-	-	-
PBT	125.2	99.0	137.9	322.2	392.8
Tax	5.6	27.6	29.0	15.9	82.7
PAT	119.6	71.4	108.9	306.3	310.1
Less: Minority Interest	9.3	5.6	7.5	34.5	31.2
Adjusted PAT	110.3	65.9	101.4	271.8	279.0
Change(%)	35.2	(15.7)	(8.1)	12.2	2.7
Dividend				60.87	84.55
Dividend (%)				20.00	25.00
Dividend Yield (%)					2.45

E: MOST Estimates

No. of Equity Shares (m) : 26.99

Gujarat Alkalies and Chemicals

29 December 2006

SELL/BOOK PROFIT - Rs152

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	9,441	1,989	27.1	5.6	31.4	27.0
03/07E	10,842	2,046	27.9	5.5	24.8	25.6
03/08E	11,885	2,500	34.0	4.5	23.7	27.7

- The demand-supply equation for chlor-alkali products continues to remain favourable on the back of improved industrial demand. Demand for caustic soda/chlorine is growing at 6% pa.
- Major developments:** The new 50tpd of Anhydrous Poly Aluminium Chloride plant at Baroda has begun commercial production in December 06.

The company has registered its clean development mechanism (CDM) project with the executive board of CDM under UNFCCC. It is the first public sector undertaking to do so. This will entitle the company to generate about Rs700m-Rs750m by selling close to 1m carbon credits or CERs. However, we have not factored this in our estimates.

- In 3QFY07, we expect net sales of Rs2.91b, up 26.7% YoY, and PAT of Rs493.6m, down 1.5% YoY.
- In FY07, we expect net sales of Rs10.84b (unchanged), up 14.8%, EBITDA margin of 37% (earlier 40.8%) and PAT of Rs2.04b (earlier Rs2.23b), up 12.7%.
- At CMP, the stock trades at 5.5x FY07E EPS of Rs27.9 and 4.5x FY08E EPS of Rs34. We maintain **SELL/BOOK PROFIT** on the stock.

Gujarat Alkalies and Chemicals

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	2,299.1	2,717.5	2,912.3	9,441.0	10,841.8
Change (%)	(6.6)	15.6	26.7	4.6	14.8
EBITDA	753.8	979.3	1,077.6	3,848.9	4,011.5
Change (%)	(39.3)	(5.0)	42.9	(2.4)	4.2
As % of sales	32.8	36.0	37.0	40.8	37.0
Interest	82.5	93.1	85.7	393.6	368.4
Depreciation	199.1	220.5	215.7	784.6	865.1
Other Income	64.6	115.4	50.0	277.9	277.0
Extraordinary inc/ (exp)	(0.8)	-	-	(0.8)	-
PBT	536.0	781.1	826.2	2,947.8	3,055.0
Tax	35.7	253.4	332.6	970.1	1,009.5
Reported PAT	500.3	527.7	493.6	1,977.7	2,045.5
Adjusted PAT	501.1	527.7	493.6	1,978.5	2,045.5
Change(%)	0.9	(8.3)	(1.5)	37.9	3.4
Dividend				146.88	146.88
Dividend (%)				20.00	20.00
Dividend Yield (%)					1.32

E: MOST Estimates

No. of Equity Shares (m) : 73.44

Helios & Matheson

29 December 2006

BUY - Rs137

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	2205.1	381.4	19.1	7.2	41.1	29.6
03/07E	3913.5	572.9	20.4	6.7	21.8	22.1
03/08E	5087.6	692.5	24.7	5.6	21.2	25.1

- As per an IDC study, Indian IT exports are expected to register a CAGR of 30% over FY04-FY08E. There is a growing trend in the industry for clients to have a second vendor to complement an existing top-tier vendor. This should help lower-tier companies like Helios.
- Major developments:** Helios issued FCCBs of \$25m in July 2006, convertible into equity at Rs183 per share. However, in a release to the exchanges, the company has informed that the conversion price has been reset to Rs140.08. This would result in issue of 8.03 equity shares on conversion, taking the fully diluted equity to 28.04m shares (against our earlier estimate of 26.18m shares based on Rs183 per share).
- In 3QFY07, we expect net sales of Rs996m, up 70% YoY, and net profit of Rs145m, up 43% YoY.
- In FY07, we expect net sales of Rs3.8b, up 76%, and PAT of Rs572m, up 50%.
- At CMP, the stock discounts FY07E EPS of Rs.21.2 by 6.5x. We maintain **BUY** with a 15-month price target of Rs247, which discounts FY08E by 10 times.

Helios & Matheson

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	561.0	952.0	996.4	2,205.1	3,913.5
Change (%)	71.6	81.7	70.2	80.6	77.5
EBITDA	141.8	202.2	211.2	558.4	825.5
Change (%)	56.5	52.4	44.3	68.9	47.8
As % of sales	25.3	21.2	21.2	25.3	21.1
Interest	5.6	10.2	10.0	31.3	37.1
Depreciation	29.9	36.5	40.0	122.5	156.4
Other Income	4.6	-	-	8.5	-
Extraordinary Items	-	-	-	-	-
PBT	110.8	155.5	155.5	413.1	632.0
Tax	9.5	12.8	16.0	31.7	59.1
Reported PAT	101.3	142.7	145.2	381.4	572.9
Adjusted PAT	101.3	142.7	145.2	381.4	572.9
Change(%)	89.4	57.5	43.3	105.4	50.2
Dividend				33.98	47.61
Dividend (%)				15.00	15.00
Dividend Yield (%)					1.09

E: MOST Estimates

No. of Equity Shares (m) : 28.04

Indian Card Clothing

29 December 2006

BUY - Rs177

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	471.7	93.8	20.6	8.6	13.7	18.3
03/07E	486.4	92.3	20.3	8.7	13.0	16.2
03/08E	572.5	112.6	24.7	7.1	15.1	19.2

- Demand for cotton card clothing is expected to rise with increase in India's yarn production.
- **Major developments:** The commissioning of Baddi plant has been further delayed as the company has not received necessary government sanctions.
- In 3QFY07, we expect net sales of Rs132m, up 14% YoY, and PAT of Rs29m, up 9% YoY.
- In FY07, we expect net sales of Rs486m, up 3%, and PAT of Rs92m, down 6%.
- At CMP, the stock trades at 8.7x FY07E EPS of Rs20 and 7x FY08E EPS of Rs25. We maintain **BUY** on the stock given the healthy dividend yield (7% at current levels), Rs280m worth of cash equivalent in its books, and the potential upside from land development at Pimpri.

Indian Card Clothing

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	115.6	132.8	132.2	471.7	486.4
Change (%)	(1.4)	(1.0)	14.4	0.1	3.1
EBITDA	10.4	24.6	21.4	58.0	70.8
Change (%)	(57.7)	(11.8)	105.8	(26.0)	22.1
As % of sales	9.0	18.5	16.2	12.3	14.6
Interest	-	-	-	-	-
Depreciation	3.7	5.9	5.5	14.1	22.0
Other Income	27.2	15.9	20.0	83.2	69.4
Extraordinary Items	-	-	-	(59.8)	-
PBT	33.9	34.6	35.9	186.9	118.2
Tax	7.3	10.5	7.0	33.3	25.9
Reported PAT	26.6	24.1	28.9	153.6	92.3
Adjusted PAT	26.6	24.1	28.9	98.3	92.3
Change(%)	(8.3)	(30.5)	8.6	(2.4)	(6.1)
Dividend				64.16	64.16
Dividend (%)				125.00	125.00
Dividend Yield (%)					7.07

E: MOST Estimates

No. of Equity Shares (m) : 4.55

Investment and Precision Castings

29 December 2006

BUY - Rs178

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	500.1	80.8	16.3	11.0	26.2	31.1
03/07E	600.6	75.8	15.3	11.7	20.6	25.3
03/08E	692.0	88.6	17.9	10.0	20.1	27.1

- Strong growth in automobile industry and the massive capex being undertaken is driving demand for castings. The company's 100% EOU has started commercial production and is expected to produce 200 tons of castings in FY07. This makes the company well placed to meet the growth in demand.
- **Major developments:** The company is facing pressure on margins due to a steep rise in raw material prices and its inability to pass on the entire hike to customers.
- In 3QFY07, we expect standalone net sales of Rs158m, up 21% YoY, and PAT of Rs19m, down 14% YoY.
- In FY07, we expect standalone net sales of Rs601m, up 20%, and PAT of Rs76m, down 6%.
- At CMP, the stock trades at 11.7x FY07E EPS (standalone) of Rs15 and 10x FY08E EPS of Rs18. We maintain **BUY** with a 6-month price target of Rs286 (16x FY07E).

Investment and Precision Castings

QUARTERLY PERFORMANCE (STANDALONE)

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	130.8	152.6	158.0	500.1	600.6
Change (%)	10.1	16.9	20.8	16.0	20.1
EBITDA	35.6	31.7	35.5	131.7	139.5
Change (%)	10.6	(4.5)	(0.3)	21.2	5.9
As % of sales	27.2	20.8	22.5	26.3	23.2
Interest	0.6	2.0	2.0	1.8	6.8
Depreciation	2.9	5.8	6.0	11.2	21.4
Other Income	0.5	0.4	1.0	2.4	3.4
Extraordinary Items	(1.0)	-	-	(1.2)	-
PBT	33.6	24.3	28.5	122.3	114.7
Tax	10.6	8.9	9.6	40.3	38.9
Reported PAT	23.0	15.4	18.9	82.0	75.8
Adjusted PAT	22.0	15.4	18.9	80.8	75.8
Change(%)	4.3	(26.0)	(14.0)	24.7	(6.2)
Dividend				12.50	15.28
Dividend (%)				90.00	27.50
Dividend Yield (%)					1.54

E: MOST Estimates

No. of Equity Shares (m) : 4.96

Ipca Laboratories

Ipca Laboratories

29 December 2006

BUY - Rs 593

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	7,542	637	25.6	23.2	17.7	14.0
03/07E	8,824	1,009	40.4	14.7	23.1	22.6
03/08E	10,325	1,280	51.2	11.6	23.2	23.6

- Major developments:** Ipca Laboratories along with Makers Laboratories has bought 14.5% in Mangalam Drugs & Organics. The company has begun marketing Artemether and Lumefantrine tablets, used in the treatment of P Falciparum malaria. This is the first ACT (Arthemisin-based combination therapy) being marketed in India. China has approved and registered Ipca's Atenolol, an API, for imports and use in China.
- In 3QFY07, we expect net sales of Rs2.1b, up 21.6% YoY, and PAT of Rs191m, up 88% YoY.
- In FY07, we expect net sales of Rs8.82b, up 17%, and PAT of Rs1,009.4m, up 58.5%.
- We are upgrading our FY08 numbers at the PAT level considering an improvement in the EBITDA margins keeping net sales constant. We expect FY08 net sales at Rs10.3b (unchanged), up 17%, and PAT at Rs128m (previous Rs1.18b), up 27%. This results in higher FY08E EPS of Rs51.2 (previous Rs.47.3).
- At CMP, the stock trades at 13x FY07E EPS of Rs40.4 and 10.2x FY08E EPS of Rs51.2. We upgrade the stock from Book Partial Profits to **BUY** with a 15-month price target of Rs768 giving it a multiple of 15x FY08E (earlier 12x).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,727.2	2,439.5	2,100.0	7,542.3	8,824.5
Change (%)	(5.0)	26.4	21.6	11.4	17.0
EBITDA	126.8	580.6	378.0	1,145.0	1,747.2
Change (%)	(67.4)	73.2	198.1	(8.4)	52.6
As % of sales	7.3	23.8	18.0	15.2	19.8
Interest	41.2	57.8	58.0	140.9	223.3
Depreciation	63.9	72.7	72.6	242.6	289.5
Other Income	3.5	5.3	3.5	19.5	21.0
Extraordinary inc. / (exp)	-	-	-	-	-
PBT	25.2	455.4	250.9	781.0	1,255.5
Tax	(1.5)	101.4	60.0	144.1	246.1
Reported PAT	26.7	354.0	190.9	636.9	1,009.4
Adjusted PAT	26.7	354.0	190.9	636.9	1,009.4
Change(%)	(88.8)	-	88.1	(15.2)	58.5
Dividend				137.50	155.10
Dividend (%)				55.00	55.00
Dividend Yield (%)					0.93

E: MOST Estimates

No. of Equity Shares (m) : 25.00

Jindal Saw

Jindal Saw

29 December 2006

BUY - Rs384

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
09/05A	23,136	1,005	21.3	18.0	16.8	16.8
09/06A	38,557	1,676	34.7	11.1	19.0	15.9
09/07E	44,851	2,169	44.8	8.6	19.0	16.2

- Jindal Saw is one of India's total pipe solution companies.
- Major developments:** The company has started de-bottle-necking its various facilities in a phased manner to reach optimum capacity utilisation, especially in its saw pipe facilities. The sinter plant in its ductile iron facility at Mundra (Gujarat) commenced operations in the quarter under consideration. The power plant is expected to commence operations by June 2007, leading to a significant savings in power cost at Mundra. The company is working on its plans for further expansions including spiral plant. Jindal Saw secured fresh orders worth Rs4.50b in the quarter taking its current order book to Rs54b. It participated in bids worth Rs20b.
- In 1QFY07, we expect net sales of Rs9.75b, up 18.9% YoY, and PAT of Rs386.4m, up 21.6% YoY.
- In FY07, we expect net sales of Rs44.85b, up 30%, and PAT of Rs 2.17b, up 29.43.
- At CMP, the stock trades at 11.1x FY06E EPS of Rs34.7 and 8.6x FY07E EPS of Rs44.8. We maintain **BUY** on the stock with a 9-month price target of Rs525 (EV/EBITDA of 8x FY07E; corresponding PE of ~12x).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 1Q	FY06 4Q	FY07E 1QE	FY06 Full Year	FY07E Full Year
Net Sales	8,198	11,234	9,750.0	38,557	44,850.0
Change (%)	73.7	98.9	18.9	66.7	30.0
EBITDA	914.5	997.9	1,092.0	4,099.2	5,382.0
Change (%)	84.3	42.0	19.4	53.4	31.3
As % of sales	11.2	12.0	11.2	10.6	12.0
Interest	287.4	338.5	350.0	1,261.6	1,500.0
Depreciation	120.1	152.9	170.0	519.0	700.0
Other Income	15.8	169.0	10.00	231.3	90.0
Extraordinary Items	(84.4)	-	-	(84.4)	-
PBT	607.1	675.5	582.0	2,634.3	3,272.0
Tax	205.0	198.9	195.6	871.4	1,099.4
Reported PAT	402.1	476.6	386.4	1,762.9	2,172.6
Adjusted PAT	317.8	476.6	386.4	1,678.6	2,172.6
Change(%)	62.7	97.5	21.6	66.6	29.4
Dividend				272.8	272.8
Dividend (%)				50.0	50.0
Dividend Yield (%)					1.3

E: MOST Estimates

No. of Equity Shares (m) : 48.37

Kajaria Ceramics

Kajaria Ceramics

29 December 2006

BOOK PROFIT - Rs58

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	3,304	282	3.8	15.2	22.2	16.5
03/07E	4,200	278	3.8	15.3	19.0	15.7
03/08E	5,000	405	5.5	10.5	23.2	18.6

- Demand for glazed ceramic tiles is growing at more than 17% pa due to strong growth in construction. Kajaria Ceramics is well-placed to take advantage of this.
- **Major developments:** Kajaria is planning to set up a vitrified tile unit in Gujarat entailing an investment of Rs1b. The unit is likely to begin production in about 18 months and will have a capacity of 7m sq metre per annum. This will help the company to tap the fast growing vitrified tile market.

The company aims to raise its capacity to 40m sq metre pa by the end of March 09. This will be funded through a GDR/FCCB issue of up to \$50m.

It has also decided to increase its dealers from 600 to 1,000 by March 08.

- In 3QFY07, we expect net sales of Rs1.09b, up 35% YoY, and PAT of Rs62m, up 0.50%YoY.
- In FY07, we expect net sales of Rs4.2b, up 28.5%, and PAT of Rs 278m, down 1.4%.
- At CMP, the stock trades at 14.3x FY07E EPS of Rs3.8 and 9.8x FY08E EPS of Rs5.5. We maintain **BOOK PROFIT** on the stock.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	813.7	925.2	1,095.0	3,268.0	4,200.0
Change (%)	16	25	35.0	16.7	28.5
EBITDA	172.5	166.3	205.0	677.0	810.0
Change (%)	25	(1.0)	19.0	10.6	19.6
As % of sales	21.2	18.0	18.7	20.7	19.3
Interest	38.0	52.0	60.0	143.0	206.0
Depreciation	51.3	52.7	60.0	181.0	230.0
Other Income	2.1	1.8	1.0	8.0	5.0
Extraordinary Items	-	-	-	-	-
PBT	85.3	63.4	86.0	362.0	379.0
Tax	23.6	19.6	24.0	79.70	101.0
Reported PAT	61.7	43.8	62.0	282.0	278.0
Adjusted PAT	61.7	43.8	62.0	282.0	278.0
Change(%)	(18.0)	(45.0)	0.50	4.40	(1.4)
Dividend				29.05	29.05
Dividend (%)				35.00	35.00
Dividend Yield (%)					1.26

E: Most Estimates

No. of Equity Shares (m) : 73.6

Kansai Nerolac

Kansai Nerolac

29 December 2006

BUY - Rs816

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	10,096	997	39.1	20.9	30.8	29.7
03/07E	13,109	1,186	44.0	18.5	24.2	29.8
03/08E	15,204	1,469	54.5	15.0	25.3	31.8

Note: Consolidated Numbers

- Major developments:** The shareholders have approved the proposal to merge Polycoat Powders with effect from April 1, 2006. However, the company will be declaring consolidated results only in 4Q.

IIP growth in Apr-Oct 2006 was a high 10.3% against our base case assumption of 9.5%. This is extremely positive for Kansai Nerolac's volume growth. However, specifically for 3QFY07, growth could be muted due to high-base effect (Diwali sales in 3Q last year vis-à-vis in 2Q this year). Further, we expect margin pressure due to crude remaining at \$60/bbl levels.

- In 3QFY07, we expect standalone sales of Rs3.2.6b, up 14% YoY, and near flat adjusted PAT of Rs291m.
- In FY07, we expect consolidated sales of Rs13.1b, up 30%, and PAT of Rs1.19b, up 19%.
- At CMP, the stock trades at a PE of 18.5x FY07E and 15x FY08E. Our long-term target PE for the stock is 23x. We maintain **BUY** on the stock with a 3-month target of Rs1,027 and a 15-month target of Rs1,250 (23x FY08E).

QUARTERLY PERFORMANCE (STANDALONE)

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3Q	FY06 Full year	FY07E Full Year
Net Sales	2,858	3,171	3,262	10,096	11,913
Change (%)	12.8	21.4	14.2	14.9	18.0
EBITDA	456	461	484	1,572	1,791
Change (%)	18.2	7.1	6.1	15.1	14.0
EBITDA margin (%)	16.0	14.5	14.9	15.6	15.0
Interest	2	2	1	8	7
Depreciation	86	78	90	318	337
Other Income	537	33	40	750	198
Extraordinary inc. / (loss)	374	0	0	409	0
PBT	1,280	414	433	2,405	1,645
Tax	250	135	142	610	535
Tax / PBT (%)	20	33	33	25	33
PAT	1,029	279	291	1,795	1,111
Share of associates	0	0	0	2	0
Reported PAT	1,029	279	291	1,796	1,111
Adjusted PAT	282	279	291	979	1,111
Change (%)	12.9	(6.7)	3.4	6.4	13.5
Dividend				510	391
Dividend (%)				200	150
Dividend Yield (%)					1.8

E: MOST Estimates

No. of Equity Shares (m) : 25.51

KSB Pumps

KSB Pumps

29 December 2006

BUY - Rs676

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
12/05A	3,599	392	22.5	30.0	26.1	34.5
12/06E	3,991	516	29.7	22.8	27.5	37.1
12/07E	4,789	617	35.5	19.1	26.5	36.8

- KSB Pumps, a 40% subsidiary of KSB AG, Germany, is a leading player in the pumps and industrial valves business. It offers high growth visibility, driven by increasing investments in power generation (nuclear and thermal) and capital expansion in the refinery/petrochemical sector.
- **Major developments:** The company declared an interim dividend of Rs2 in November 2006.
- In 4QCY06, we expect revenues of Rs1b, up 16% YoY, and a PAT of Rs120m, up 45% YoY.
- In CY06, we expect net sales of Rs4b, up 11%, and a PAT of Rs516m, up 32%.
- At CMP, the stock trades at 22.8x CY06E EPS of Rs29.7 and 19.1x CY07E EPS of Rs35.5. We maintain **BUY** with a 12-month target of Rs750 (21x CY07E EPS).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E DECEMBER	CY05 4Q	CY06 3Q	CY06 4QE	CY05 Full Year	CY06E Full Year
Net Sales	870.0	902.0	1,010.0	3,599.0	3,991.0
Change (%)	1.0	2.9	16.1	18.9	10.9
EBITDA	154.9	163.0	192.2	650.9	820.2
Change (%)	32.0	-	24.1	42.7	26.0
As % of sales	17.8	18.1	19.0	18.1	20.6
Interest	1.0	1.0	1.0	5.0	4.0
Depreciation	32.0	21.0	21.0	100.0	84.0
Other Income	20.0	14.0	20.0	60.9	67.0
Extraordinary gain / (loss)	-	-	-	(2.8)	-
PBT	141.9	155.0	190.2	609.6	799.2
Tax	59.0	60.0	70.0	218.6	283.0
Reported PAT	82.9	95.0	120.2	391.0	516.2
Adjusted PAT	82.9	95.0	120.2	388.2	516.2
Change(%)	29.0	(3.1)	45.1	28.8	32.0
Dividend				78.3	99.2
Dividend (%) *				45.0	50.0
Dividend Yield (%)					0.7

E: MOST Estimates

No. of Equity Shares (m) : 17.40

* Adjusted for Bonus

Lakshmi Machine Works

29 December 2006

BUY - Rs3,594

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	13,021	1,481	120	30.0	33.7	42.0
03/07E	18,000	2,074	168	21.4	33.5	50.6
03/08E	27,500	3,005	243	14.8	33.7	51.5

- LMW is a leading manufacturer of cotton-spinning machinery and enjoys a 70% market share in end-to-end solutions in the spinning space. The company also has machine tools and foundry divisions. LMW has been operating for more than 40 years and enjoys immense brand equity among spinners. The current order book of the company is Rs55b.
- **Major developments:** The face value of LMW's equity shares have been sub-divided from Rs100 to Rs10 paid up. The company has declared 150% interim dividend.
- In 3QFY07, we expect net sales of Rs4.75b, up 41.7% YoY, and PAT of Rs540.6m, up 131.4% YoY.
- In FY07, we expect net sales of Rs18b, up 38.2%, and PAT of Rs2.07b, up 43.1%.
- In FY08, we expect net sales of Rs27.50b (earlier Rs.22.50b), up 52.80%, and PAT of Rs3.05b (earlier Rs.2.43b), up 47.35%. The revised FY08E EPS is Rs243 (earlier Rs196.7).
- At CMP, the stock trades at 21.4x FY07E EPS of Rs168, and 14.3x FY08E EPS of Rs243. We upgrade our recommendation from Book Profit to **BUY** with a price target of Rs4,860 (based on 20x FY08E).

Lakshmi Machine Works

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	3,351.2	4,595.6	4,750.0	13,020.6	18,000.0
Change (%)	31.6	43.5	41.7	31.4	38.2
EBITDA	540.5	717.6	760.0	2,047.1	3,051.0
Change (%)	69.6	81.2	40.6	67.2	49.0
As % of sales	16.1	15.6	16.0	15.7	17.0
Interest	6.4	8.8	9.4	34.5	34.5
Depreciation	124.0	152.9	160.0	558.7	610.0
Other Income	200.4	215.5	210.0	425.3	689.0
Extraordinary inc/ (exp)	-	-	-	35.0	-
PBT	610.5	771.5	800.6	1,879.2	3,095.5
Tax	377.5	197.6	260.0	398.5	1,021.5
Reported PAT	233.0	573.9	540.6	1,480.6	2,074.0
Adjusted PAT	233.0	573.9	540.6	1,445.6	2,074.0
Change(%)	58.3	-	132.0	97.1	43.5
Dividend				278.03	278.03
Dividend (%)				200.00	200.00
Dividend Yield (%)					0.56

E: MOST Estimates

No. of Equity Shares (m) : 12.37

Maharashtra Seamless

29 December 2006

BUY - Rs 467

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	9,662	1,368	23.7	19.7	38.4	29.1
03/07E	13,600	2,250	31.7	14.7	42.5	30.6
03/08E	16,000	2,841	40.0	11.7	36.1	35.3

- The demand for seamless pipes in the domestic market is expected to grow at 20% pa on the back of robust growth in sectors like oil & gas, automobiles, and boilers. This is in addition to the demand from export markets. Maharashtra Seamless (MSL) has an outstanding order book of Rs8.5b, of which Rs8b is for seamless pipes and the rest for ERW.

- Major developments:** The company recently bagged a big order of Rs4.74b from ONGC for smaller as well as bigger casing pipes taking its total order book to Rs8.5b.

It has also decided to undertake a plant shutdown of its 7" pipe mill spanning about three weeks in December 06 and January 07.

- In 3QFY07, we expect net sales of Rs3.42b, up 26.3 % YoY and PAT of Rs500m, up 19.9% YoY.
- In FY07, we expect net sales of Rs13.6b, up 39.9%, and PAT of Rs2.25b, up 64.3%.
- In FY08, we expect net sales of Rs16b (unchanged), up 17.64%, and PAT of Rs2.84b (earlier Rs2.58b), up 26.7%.
- At CMP, the stock trades at 14.7x FY07E EPS of Rs31.7 and 11.7x FY08E EPS of Rs40 (calculated on fully diluted equity of Rs354.8m assuming full FCCB conversion). We maintain **BUY** with a 15-month price target of Rs600 (15x FY08E) [earlier target Rs544].

Maharashtra Seamless

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	2,708	3,465	3,420	9,723	13,600
Change (%)	27.1	67.4	26.3	25.7	39.9
EBITDA	632	921	751	2,094	3,271
Change (%)	112.8	114.4	18.9	63.7	56.2
As % of sales	23.3	26.6	22.0	21.5	24.0
Interest	16	10	11	55	53
Depreciation	45	45	47	174	181
Other Income	58	69	59	181	251
Extraordinary inc. / (exp)	0	0	0	0	0
PBT	629	935	752	2,046	3,289
Tax	212	313	252	677	1,039
Reported PAT	417	622	500	1,369	2,250
Adjusted PAT	417	622	500	1,369	2,250
Change(%)	152.5	119.2	19.9	60.9	64.4
Dividend				240.57	320.17
Dividend (%)				70.00	80.00
Dividend Yield (%)					0.86

E: MOST Estimates

No. of Equity Shares (m) : 70.96

Mahindra Ugine Steel

29 December 2006

SELL - Rs125

YEAR END	NET SALES (Rs m)	PAT* (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	6136	584	20.0	6.2	59.7	46.1
03/07E	7328	582	18.0	6.9	35.9	39.6
03/08E	8736	697	21.6	5.8	33.8	39.6

*PAT adjusted for preference dividend

- Outlook for alloy steel business continues to be good, with the user industries continuing to show double-digit growth.
- **Major developments:** None.
- In 3QFY07, we expect revenues of Rs1.86b, up 28.2%, and APAT of Rs139m, up 32%.
- In FY07, we expect net sales of Rs7.3b, up 19%, and APAT of Rs582m.
- At CMP, the stock trades at 6.9x FY07E EPS of Rs18 and 5.8x FY08E EPS of Rs21.6. We maintain **SELL** on the stock.

Mahindra Ugine Steel

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,451.3	1,896.9	1,860.1	6,136.3	7,328.2
Change (%)	9.9	34.2	28.2	17.6	19.4
EBITDA	174.1	277.4	272.9	1,061.6	1,136.5
Change (%)	(28.6)	0.2	56.7	24.4	7.1
As % of sales	12.0	14.6	14.7	17.3	15.5
Interest	30.5	37.9	30.5	111.5	127.5
Depreciation	24.7	37.9	39.0	130.9	155.3
Other Income	26.3	3.3	11.0	134.0	43.6
Extraordinary Items	-	-	-	56.5	-
PBT	145.2	204.8	214.4	896.7	897.3
Tax	39.9	65.2	75.0	302.7	311.4
Reported PAT	105.3	139.6	139.3	594.0	585.9
Adjusted PAT *	105.3	139.6	139.3	584.4	582.1
Change(%)	(23.8)	(6.8)	32.3	25.8	(0.4)
Dividend				163.70	181.89
Dividend (%)				45.00	50.00
Dividend Yield (%)					4.00

E: MOST Estimates

No. of Equity Shares (m) : 32.48

* For Preference Dividend

Man Industries

Man Industries

29 December 2006

BUY - Rs208

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	8,699	351	13.6	15.3	12.8	13.9
03/07E	13,000	665	25.1	8.3	20.7	24.1
03/08E	16,000	848	32.0	6.5	21.4	26.3

- Man Industries is a leading manufacturer of LSaw & Hsaw pipes. The company's key growth driver is the need for low-cost transportation mediums for critical inputs like oil & gas. The company has an order book of Rs15b and has participated in bids worth Rs25b. Its success rate is around 20%.
- Major developments:** Man has undertaken expansion of its spiral mill (Hsaw) capacity located at Anjar. On completion of the project (July 07), which will entail an investment of Rs750m, Man's spiral capacity will increase to 0.37m tons pa. It has decided in principle to set up its third unit to make spiral (Hsaw) pipes. It has yet to decide on the location and the investment involved. Man has also planned a \$20m overseas expansion. It will set up a greenfield pipe mill (its fourth unit) with an annual capacity of 1,50,000 tons.
- In 3QFY07, we expect net sales of Rs3.35b, up 62.2% YoY, and PAT of Rs173.6m, up 121.6% YoY.
- In FY07, we expect net sales of Rs13b, up 49%, and PAT of Rs665m, up 89.8%.
- At CMP, the stock trades at 8x FY07E EPS of Rs25.1 and 6.3x FY08E EPS of Rs32. We maintain **BUY** with a 3-month price target of Rs250 (10x FY07E) and a 15-month price target of Rs320 (10x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	2,064.9	2,926.3	3,350.0	8,699.3	13,000.0
Change (%)	55.1	60.5	62.2	70.5	49.4
EBITDA	235.7	329.6	378.6	937.1	1,473.4
Change (%)	155.1	74.3	60.6	120.3	57.2
As % of sales	11.4	11.3	11.3	10.8	11.3
Interest	81.3	101.0	90.0	268.3	340.0
Depreciation	34.2	43.9	47.0	155.6	180.0
Other Income	-	-	-	-	-
Extraordinary inc./ (exp)	-	-	-	-	-
PBT	120.2	184.7	241.6	513.2	953.4
Tax	41.9	36.4	68.0	162.7	288.1
Reported PAT	78.3	148.3	173.6	350.5	665.3
Adjusted PAT	78.3	148.3	173.6	350.5	665.3
Change(%)	38.8	86.1	121.6	91.3	89.8
Dividend				64.35	79.50
Dividend (%)				25.00	30.00
Dividend Yield (%)					1.44

E: MOST Estimates

No. of Equity Shares (m) : 25.74

Mastek

Mastek

29 December 2006

BUY - Rs371

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
06/06A	6884	691	24.6	15.1	26.4	34.5
06/07E	8379	878	31.2	11.9	24.6	31.8
06/08E	10235	1068	37.9	9.8	23.2	30.9

- Over the past few quarters, Mastek has improved its quality of earnings by focusing on the insurance domain and systems integration service line.
- Major developments:** Mastek has tied up with a British company in health services products to enter into the clinical portals market.
- In 2QFY07 (June-ended), we expect Mastek to report revenues of Rs2.05b, up 20% YoY, EBITDA of Rs347m, up 22% YoY, and a PAT of 218m, up 23% YoY.
- In FY07, we expect Mastek to report revenues of Rs8.4b, up 22%, EBITDA of Rs1.4b, up 17%, and a PAT of Rs878m, up 27%.
- At CMP, the stock trades at 11.9x FY07E EPS of Rs31.2, we maintain **BUY** with a 9-month price target of Rs470 (15x FY07E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E JUNE	FY06 2Q	FY07 1Q	FY07E 2QE	FY06 Full Year	FY07E Full Year
Net Sales	1,713.7	1,959.3	2,050.1	6,883.5	8,378.9
Change (%)	23.6	30.1	19.6	21.4	21.7
EBITDA	284.4	318.1	346.7	1,184.0	1,392.7
Change (%)	25.1	20.2	21.9	17.2	16.6
As % of sales	16.6	16.2	16.9	17.2	16.6
Interest	3.3	1.6	1.0	8.9	4.6
Depreciation	73.0	77.1	95.0	291.0	367.1
Other Income	37.7	29.9	30.0	127.6	119.9
Loss in Equity Affiliate	(10.8)	(7.8)	(8.0)	(35.1)	(33.8)
PBT	235.0	261.5	272.7	976.6	1,107.1
Tax	33.2	43.4	44.9	168.8	182.9
Reported PAT	201.8	218.1	227.8	807.8	924.2
Less: Minority Interest	40.0	6.2	10.0	116.9	46.2
Adjusted PAT	161.8	211.9	217.8	690.9	878.0
Change(%)	26.5	41.1	22.5	29.3	27.1
Dividend				104.02	140.70
Dividend (%)				75.00	100.00
Dividend Yield (%)					2.70

E: MOST Estimates

No. of Equity Shares (m) : 28.14

Mercator Lines

Mercator Lines

29 December 2006

SELL/BOOK PROFIT - Rs33

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	8,263	1,948	10.3	3.2	39.3	14.8
03/07E	11,591	1,573	7.3	4.5	24.8	12.7
03/08E	12,525	2,487	11.2	3.0	29.9	16.1

*PAT adjusted for Preference dividend

- Major developments:** Mercator plans to foray into oil & gas business by taking stake in blocks in SE Asia and Arabian Gulf. Its oil & gas business will be managed by Mercator Oil & Gas. It is also planning to buy another second hand jack-up rig. Earlier it had placed an order for a new jack-up rig. Mercator has bought one Aframax tanker and two bulk carriers. The management is contemplating offloading part of MLL's holding in Mercator Lines, MLL's 100% subsidiary, which operates 9 geared Panamax vessels taken on charter with a Buy option from Klavness.
- In 3QFY07, we expect net sales of Rs2.98b, up 5.6%, and PAT of Rs463.4m, down 21%
- In FY07, we expect net sales of Rs11.59b (earlier Rs.11.34b), up 40.3%, and PAT of Rs1.57b (unchanged), down 19.3%. The decline would be largely due to full impact of dry docking expenses and lower tanker rates. For FY08, we expect sales of Rs12.53b (unchanged), up 8% and PAT of Rs2.49b (earlier Rs.3.14b), up 58%.
- At CMP (Re1 paid up), the stock trades at 4.5x FY07E EPS of Rs7.3 and 3x FY08E EPS of Rs11.2. We maintain **SELL/BOOK PROFIT**.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	2,823.8	2,957.3	2,981.8	8,262.5	11,590.9
Change (%)	69.8	65.3	5.6	47.4	40.3
EBITDA	1,096.6	813.2	933.6	3,443.2	3,477.3
Change (%)	53.1	10.2	18.2	56.7	1.0
As % of sales	38.8	27.5	31.3	41.7	30.0
Interest	232.8	197.3	200.0	724.5	830.0
Depreciation	264.2	253.9	270.0	936.7	1,093.2
Other Income	(3.1)	6.0	20.9	225.4	140.0
Extraordinary inc./ (exp)	-	-	-	-	-
PBT	596.6	368.0	484.5	2,007.4	1,694.1
Tax	9.9	16.7	21.1	27.1	88.9
Reported PAT	586.8	351.3	463.4	1,980.3	1,605.1
Adjusted PAT	586.8	351.3	463.4	1,948.3	1,573.1
Change(%)	1.2	(0.3)	(21.0)	11.7	(19.3)
Dividend				165.80	241.96
Dividend (%)				180.00	100.00
Dividend Yield (%)					2.22

E: MOST Estimates

No. of Equity Shares (m) : 21.45

* PAT Adjusted for Preference Dividend

29 December 2006

BUY - Rs4,304

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	EV/ EBITDA (x)	ROE (%)	ROCE (%)
9/05A	29,650	446	105.3	14.3	5.9	6.3
9/06E	37,389	435	102.6	10.1	5.3	7.3
9/07E	44,350	1,236	291.5	6.6	13.2	14.5

- **Major developments:** MRF did not hike tyre prices in 1QFY07. However, we expect the margins to improve on back of lower rubber prices during the quarter. The company will also benefit from the decline in crude oil prices, which will be reflected in 2QFY07.
- In 1QFY07, we expect net sales of Rs10.1b, up 24% YoY, and PAT of Rs202m, up 45% YoY.
- In FY07, we expect net sales of Rs44.35b, up 19%, and PAT of Rs1.2b, up184%.
- At CMP, the stock trades at EV/EBITDA of 10x FY06 and 6.6x FY07E. We maintain **BUY** with a price target of Rs6,050 (EV/EBITDA of 8.5x FY07E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E SEPTEMBER	FY06 1Q	FY06 4Q	FY07E 1QE	FY06 Full Year	FY07E Full Year
Net Sales	8,172	10,473	10,100	37,389	44,350
Change (%)	19.0	34.1	23.6	26.1	18.6
EBITDA	623	681	810	2,459	3,840
Change (%)	35.7	39.6	30.0	42.4	56.1
As % of sales	7.6	6.5	8.0	6.6	8.7
Interest	101.8	129.5	151.3	492.8	605.3
Depreciation	307.9	413.3	360.0	1,456.7	1,440.0
Other Income	6.0	61.0	6.0	124.2	67.6
Extraordinary Items	-	(364.1)	-	(364.1)	-
PBT	220	563	305	998	1,862
Tax	80.3	43.0	102.5	199.0	626.3
Reported PAT	139	520	202	799	1,236
Adjusted PAT	139	156	202	435	1,236
Change(%)	23.2	0.3	45.3	(2.6)	184.1
Dividend				95.7	119.6
Dividend (%)				200.0	250.0
Dividend Yield (%)					0.6

E: MOST Estimates

No. of Equity Shares (m) : 4.24

Navneet Publications

29 December 2006

BUY - Rs58

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
3/06A	2,943	370	3.9	14.9	20.7	22.5
3/07E	3,377	445	4.7	12.4	22.7	26.5
3/08E	4,018	531	5.6	10.4	23.7	28.6

- Syllabus changes in Maharashtra and Gujarat continue to drive Navneet's growth in the publication business. The strategy to shift focus of the stationary business from exports to branded domestic sales should start reflecting in FY08 numbers.
- Major developments:** US has recently imposed anti-dumping duty on exports of stationery products from low cost countries. The duty would be charged at the rate of 83%-China, 210% - Indonesia and 13%- India. The renewed pricing dynamics would augur well for Navneet in its stationery exports business.
- In 3QFY07, we expect revenues of Rs517m, up 16% YoY, and a PAT of Rs39m, up 63% YoY.
- In FY07, we expect net sales of Rs3.4b, up 15%, and a PAT of Rs446m, up 20.5%.
- At CMP, the stock trades at 12.4x FY07E EPS of Rs4.7 and 10.4x FY08E EPS of Rs5.6. We recommend **BUY** with a 15-month price target of Rs84 (15x FY08E).

Navneet Publications

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06A Full Year	FY07E Full Year
Net Sales	444.4	604.9	517.0	2,942.1	3,376.8
Change (%)	19.3	33.7	16.3	7.2	14.8
EBITDA	61.9	86.9	75.0	593.1	736.4
Change (%)	-	-	21.2	4.4	24.2
As % of sales	13.9	14.4	14.5	20.2	21.8
Interest	2.7	1.4	3.0	22.7	22.1
Depreciation	22.9	19.2	21.5	90.7	82.0
Other Income	(2.1)	4.3	5.0	22.9	16.1
Extraordinary Items	-	-	-	-	-
PBT	34.2	70.6	55.5	502.6	648.4
Tax	10.6	23.2	17.0	132.3	202.3
Reported PAT	23.6	47.4	38.5	370.3	446.1
Adjusted PAT	23.6	47.4	38.5	370.3	446.1
Change(%)	(33.7)	135.8	63.3	19.8	20.5
Dividend				182.3	203.7
Dividend (%)				85.0	95.0
Dividend Yield (%)					3.3

E: MOST Estimates

No. of Equity Shares (m) : 95.3

29 December 2006

BOOK PROFIT- Rs525

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (RS)	P/E (x)	ROE (%)	ROCE (%)
03/06A	4,507	392	18.2	28.8	12.4	7.0
03/07E	7,288	504	23.4	22.4	15.7	6.3
03/08E	9,370	698	32.5	16.2	19.9	12.1

- The strong growth in the Indian IT & ITES segment will lead to more demand for trained IT personnel. A Nasscom study predicts an additional demand of 600,000 IT professionals by FY08. We expect NIIT, with its leadership position, to be a major beneficiary of this training requirement.

- Major developments:** NIIT launched a five-semester course called 'Integrated ANIIT for Engineers,' (IAE) for fresh engineering graduates.

It signed an agreement with Information Technology Institute (ITI) under the Ministry of Communications & Information Technology, Government of Egypt, to offer IT education courses.

- In 3QFY07, it is expected to report revenues of Rs1.9b, up 88% YoY, an EBITDA of Rs170m, up 41% YoY, and a PAT of Rs96m, up 174% YoY.
- In FY07, we expect revenues of Rs7.3b, up 62%, EBITDA of Rs756m, up 25%, and PAT of Rs504m, up 26%.
- At CMP, the stock trades at 16.2x FY08E EPS of Rs32.5. We maintain **BOOK PROFIT**.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,053.0	2,030.0	1,978.1	4,507.0	7,288.0
Change (%)	22.2	63.6	88.0	13.2	61.7
EBITDA	120.0	239.0	169.7	603.0	755.8
Change (%)	31.9	36.6	41.4	19.8	25.3
As % of sales	11.4%	11.8%	8.6%	13.4%	10.4%
Interest	-	-	-	-	-
Depreciation	96.0	113.0	107.0	374.0	433.0
Other Income	(5.0)	(23.0)	(17.8)	36.0	(35.6)
Extraordinary Items	-	-	-	-	-
PBT	19.0	103.0	44.9	265.0	287.1
Tax	9.0	8.0	9.0	29.0	24.6
Reported PAT	10.0	95.0	35.9	236.0	262.5
Share of Associate's PAT	45.0	67.0	60.0	164.0	241.0
PAT(Incl. Associates)	55.0	162.0	95.9	392.4	503.5
Change(%)	14.6	23.7	174.4	12.1	25.6
Dividend				146.08	146.08
Dividend (%)				60.00	60.00
Dividend Yield (%)					1.14

E: Most Estimates

No. of Equity Shares (m) : 19.33

NIIT Tech

NIIT Tech

29 December 2006

BUY- Rs310

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (RS)	P/E (x)	ROE (%)	ROCE (%)
03/06A	6,075	640	16.5	18.7	25.6	19.5
03/07E	8,855	1,009	26.1	11.9	33.1	19.9
03/08E	11,233	1,240	32.0	9.7	32.4	26.3

- NIIT Technologies has transformed itself into a focused player with over 80% of revenues coming from BFSI, transportation, and manufacturing and retail verticals. We expect the Room Solutions acquisition and the Adecco JV to drive 33% CAGR in EPS through FY09E.
- Major developments:** None
- In 3QFY07, we expect NIIT Tech to report revenues of Rs2.3b, up 47% YoY, an EBITDA of Rs430m, up 41% YoY, and a PAT of Rs266m.
- In FY07, we expect revenues of Rs8.8b, up 46%, EBITDA of Rs1.6b, up 47%, and PAT of Rs1b, up 58%.
- At CMP, the stock trades at 11.7x FY07E EPS of Rs26.1 and 9.5x FY08E EPS of Rs32. We recommend **BUY** with a 15-month price target of Rs432 (13.5x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,574.0	2,199.0	2,319.9	6,075.3	8,855.4
Change (%)	11.5	49.1	47.4	11.8	45.8
EBITDA	306.0	415.0	430.5	1,132.3	1,666.7
Change (%)	19.1	58.4	40.7	17.8	47.2
As % of sales	19.4	18.9	18.6	18.6	18.8
Depreciation	93.0	112.0	114.0	389.5	470.0
Other Income	1.0	24.0	10.0	46.8	59.0
Extraordinary Items	-	-	-	-	-
PBT	214.0	327.0	326.5	789.6	1,255.7
Tax	30.0	52.0	52.2	114.7	204.3
Reported PAT	184.0	275.0	274.3	674.9	1,051.4
Minority Interest	2.0	5.0	8.3	12.0	42.4
APAT	182.0	270.0	266.0	639.6	1,009.0
Change(%)	36.8	78.8	46.2	10.8	57.8
Dividend				231.90	309.68
Dividend (%)				60.00	80.00
Dividend Yield (%)					2.58

E: MOST Estimates

No. of Equity Shares (m) : 38.71

Paper Products

29 December 2006

BUY - Rs368

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
12/05A	4,396	264	21.0	17.5	14.1	13.2
12/06E	5,070	303	24.2	15.2	18.1	13.1
12/07E	5,374	376	30.0	12.3	15.3	18.7

- Paper Products Ltd (PPL), part of Huhtamaki Packaging Worldwide, is a leading manufacturer of flexible packaging material in India.
- Major developments:** PPL's new plant at Uttaranchal has begun partial commercial production in the quarter under consideration. To factor in the same, we have changed our CY06 numbers slightly.
- In 4QCY06, we expect net sales of Rs1.33b, up 15.6% YoY and PAT of Rs72.6m, down 14.6% YoY.
- In CY06, we expect net sales of Rs5.07b (Rs5.02b), up 15.3%, EBITDA margin of 11.1% (earlier 11.2%) and PAT of Rs303m (unchanged), up 15%.
- At CMP, the stock trades at 15.2x CY06E EPS of Rs24.2 and 12.3x CY07E EPS of Rs30. We maintain **BUY** with a 12-month price target of Rs450 (11.5x CY07E EPS).

Paper Products

QUARTERLY PERFORMANCE

(Rs Million)

Y/E DECEMBER	CY05 4Q	CY06 3Q	CY06 4QE	CY05 Full Year	CY06E Full Year
Net Sales	1,150.7	1,323.4	1,330.1	4,396.2	5,070.0
Change (%)	11.6	27.0	15.6	2.0	15.3
EBITDA	147.0	144.9	137.8	539.0	562.0
Change (%)	37.1	0.6	(6.3)	(17.5)	4.3
As % of sales	12.8	10.9	10.4	12.3	11.1
Interest	1.4	1.4	2.5	7.1	6.2
Depreciation	61.8	57.3	68.1	249.4	239.6
Other Income	33.2	150.9	42.5	96.5	250.0
Extraordinary inc. / (exp)	-	93.3	-	13.3	93.3
PBT	117.0	143.8	109.7	379.0	566.2
Tax	31.7	73.5	37.1	102.2	169.9
Reported PAT	85.3	70.3	72.6	276.8	396.3
Adjusted PAT	85.3	163.6	72.6	263.5	303.0
Change(%)	66.5	(5.3)	(14.6)	(16.9)	15.0
Dividend				113.16	77.80
Dividend (%)				80.00	55.00
Dividend Yield (%)					1.49

E: MOST Estimates

No. of Equity Shares (m) : 12.54

29 December 2006

BUY - Rs214

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	1,741	123	8.6	24.9	24.3	21.5
03/07E	3,250	218	15.2	14.1	22.5	22.5
03/08E	5,500	387	27.1	7.9	31.4	26.6

- Pratibha Industries (PIL) specialises in water-related projects and is now enlarging its operations to verticals such as tunneling, oil & gas pipelines, hydro power, real estate and retail infrastructure. Currently, its order book stands at Rs9.50b (5.51x FY06 sales).
- Major developments:** PIL has bagged a contract in joint venture with Unity Infrastructure for water supply scheme on BOT basis from Ulhasnagar Municipal Corporation. The Rs940m project will be executed through a special purpose vehicle with equal equity participation by both the companies. It has bagged another contract worth Rs3.32b, its single largest contract ever, from the Rajasthan government for construction work of Nagpur Lift Canal project phase-1. The order will be executed in two years.
- In 3QFY07, we expect net sales of Rs940m, up 80.42% YoY. and PAT of Rs59m, up YoY.
- In FY07, We expect net sales of Rs3.25b, up 86.6%, and PAT of Rs218m, up 77.1%.
- At CMP, the stock trades at 14.1x FY07E EPS of Rs15.2 and 7.9x FY08E EPS of Rs27. We maintain **BUY** with a 15-month price target of Rs550 (20x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 Q3	FY07 Q2	FY07 Q3E	FY06 Full Year	FY07E Full Year
Net Sales	-	521	940	1,741	3,250
Change (%)	-	-	-	43.4	86.7
EBITDA	-	62	131	209	422
Change (%)	-	-	-	46.8	101.7
As % of sales	-	11.8	13.9	12.0	13.0
Interest	-	20	56	77	145
Depreciation	-	3	2	7	10
Other Income	-	(1)	1	11	5
Extraordinary inc./ (exp)	-	-	-	-	-
PBT	-	39	73	137	272
Tax	-	1.3	14.0	14.2	54.4
Reported PAT	-	37	59	123	218
Adjusted PAT	-	37	59	123	218
Change(%)	-	-	-	-	77.1
Dividend				-	-
Dividend (%)				-	-
Dividend Yield (%)				-	-

E: MOST Estimates

No. of Equity Shares (m) : 14.29

29 December 2006

BOOK PROFIT - Rs 204

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	15,391	520	13.2	15.4	12.2	12.2
03/07E	16,000	643	16.4	12.5	14.3	14.1
03/08E	22,814	928	23.6	8.6	17.8	17.8

- PSL is one of the largest manufacturers of Hsaw (helical/spiral) pipes in the country, which are used to transport water and oil & gas. Its current order book stands at Rs16b, of which 30% are export orders. About 20% of the orders are for the water segment and the balance for oil & gas.
- Major developments:** PSL has decided to raise long term funds not exceeding Rs2b by issuing any security including equity. It has bagged two prestigious orders. It got a order worth Rs3.08b from Bharat Oman Refineries for Vadinar-Bina pipeline project and a Rs920m worth order for meeting the requirements of ministry of housing, electricity & water, Oman. The company issued \$40m FCCBs for a period of five years to be converted at Rs234.50 each. The total equity after considering full conversion will stand at Rs392.8m.
- In 3QFY07, we expect net sales of Rs3.5b, down 14.2% YoY, and PAT of Rs113m, down 16% YoY.
- In FY07, we expect net sales of Rs 16b (earlier Rs18.7b), up 4%, and PAT of Rs643m (earlier Rs757m), up 23.8%.
- At CMP, the stock trades 12.5x FY07E EPS of Rs16.4 (assuming full conversion of \$40m FCCB at Rs234.54) and 8.6x FY08E EPS of Rs 23.6. We maintain **BOOK PROFIT**.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	4,081	3,086	3,500	15,391	16,000
Change (%)	(8.5)	35.2	(14.2)	6.8	4.0
EBITDA	437	347	385	1,344	1,750
Change (%)	157.9	5.4	(11.9)	46.9	37.9
As % of sales	10.7	11.2	11.0	8.7	10.9
Interest	197	102	120	485	480
Depreciation	128	106	106	339	430
Other Income	48	66	10	176	120
Extraordinary inc. / (exp)	-	-	-	(28)	-
PBT	160	205	169	669	960
Tax	25	70	56	177	317
Reported PAT	135	135	113	492	643
Adjusted PAT	135	135	113	520	643
Change(%)	6.7	69.8	(16.0)	38.6	23.8
Dividend				196.40	196.40
Dividend (%)				50.00	50.00
Dividend Yield (%)					2.45

E: MOST Estimates

No. of Equity Shares (m) : 39.28

Rallis India

Rallis India

29 December 2006

BUY - Rs280

YEAR END	NET SALES (Rs m)	PAT* (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	6149.6	240.1	20.0	14.0	42.8	14.8
03/07E	6277.8	43.8	3.7	76.5	3.7	7.0
03/08E	6750.0	194.0	16.2	17.3	14.9	13.8

* PAT adjusted for Pref. Dividend & Extra ordinary items

- The introduction of BT cotton has led to a significant decline in the use of pesticides as the crop has higher resistance to insects. Rallis focuses on pesticides which would be required for BT Cotton.
- Major developments:** Rallis has entered into a tie up with Nuziveedu Seeds for marketing of BT Cotton seeds through the extensive dealer network of Rallis.

The company has total land of around 150 acres whose total value comes to around Rs2.5b. Of this, the company has sold around 30 acres of land for about Rs550m. We believe the cash would be used to fund acquisitions.

- In 3QFY07, we expect net sales to be flat at Rs1.7b and PAT of Rs50m, down 41% YoY.
- In FY07, we expect net sales of Rs6.3b, up 2%, and PAT of Rs44m (after preference dividend of Rs86m), down 82%. The company has taken few one time write offs which have impacted profits.
- At CMP, the stock trades at 17x FY08E EPS of Rs16. We maintain **BUY** with a 15-month target of Rs375.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	1,662.6	2,117.2	1,664.4	6,149.6	6,277.8
Change (%)	(2.4)	1.8	0.1	9.0	2.1
EBITDA	143.8	98.0	109.4	553.4	337.8
Change (%)	84.4	(67.8)	(23.9)	(40.7)	(39.0)
As % of sales	8.6	4.6	6.6	9.0	5.4
Interest	21.0	32.8	17.6	84.1	97.4
Depreciation	41.4	38.9	31.5	167.5	143.9
Other Income	0.5	2.2	5.0	44.1	33.0
Extraordinary Items	-	(390.7)	-	(99.5)	(320.8)
PBT	81.9	419.2	65.3	445.4	450.3
Tax	(3.7)	(15.4)	15.0	20.1	-
Reported PAT	85.6	434.6	50.3	425.3	450.3
Adjusted PAT*	85.6	43.9	50.3	240.1	43.8
Change(%)	(14.7)	(81.3)	(41.2)	(5.2)	(81.8)
Dividend				54.05	67.57
Dividend (%)				40.00	50.00
Dividend Yield (%)					1.79

E: MOST Estimates

No. of Equity Shares (m) : 11.98

* PAT adjusted for Pref. Dividend

Ratnamani Metals and Tubes

29 December 2006

BUY - Rs441

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	3191.2	335.4	37.3	11.8	41.1	31.4
03/07E	5112.2	503.8	56.0	7.9	39.2	33.1
03/08E	6134.6	608.3	67.6	6.5	33.0	35.1

- Ratnamani is a leading manufacturer of stainless steel pipes and tubes in India. It also has a carbon steel saw (submerged arc-welded) pipes division. Its products are mainly used in power, oil refinery and continuous process industries. With its capacity expansion in place, Ratnamani is all set to benefit from the increasing demand for project pipes. Its order book as on January 1, 2007 is about Rs3.5b.
- Major developments:** None.
- In 3QFY07, we expect net sales of Rs1.4b, up 26% YoY, and PAT of Rs127m, up 29% YoY.
- In FY07, we expect net sales of Rs5.1b, up 60%, and PAT of Rs504m, up 50%.
- At CMP, the stock trades at 8x FY07E EPS of Rs56 and 6.5x FY08E EPS of Rs68. We maintain **BUY** with a 15-month price target of Rs640 (9.5x FY08E).

Ratnamani Metals and Tubes

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Income	1,114	1,431	1,400	3,191	5,112
Change %	136.7	90.0	25.7	77.7	60.2
Total Expenses	914	1,107	1,122	2,558	4,042
EBITDA	200	324	278	633	1,070
Change %	168.5	116.0	39.0	127.9	69.1
As % of sales	18.0	22.7	19.9	19.8	20.9
Other Income	0	4	0	1	4
Interest	27	44	49	89	178
Depreciation	24	33	38	74	138
Extraordinary Expenses	0	0	0	0	0
PBT	150	251	192	471	759
Tax	51	84	64	136	255
Tax/PBT	34.1	33.3	33.6	28.8	33.6
PAT	99	168	127	335	504
Adjusted PAT	99	168	127	335	504
Change %	146.8	139.9	28.8	153.1	50.2
As % of sales	8.9	11.7	9.1	10.5	9.9

E: MOST Estimates

No. of Equity Shares (m) : 9.0

Simbhaoli Sugar

Simbhaoli Sugar

29 December 2006

HOLD - Rs59

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	4321.7	217.0	10.9	5.4	22.5	12.4
03/07E	5477.0	155.7	7.8	7.5	11.5	7.0
03/08E	6400.0	251.4	12.6	4.7	16.7	8.2

- Simbhaoli's crushing capacity has increased to 20,100 tcd from November 2006. It is expected to crush around 2.5m tons of cane in SY2006-07.
- **Major developments:** Simbhaoli is currently paying Rs125/quintal for sugarcane, marginally lower than last year. Recovery is around 9.4%, slightly higher than last year but little lower than our expectations of around 10%.
Sugar prices have shown a declining trend and current realisations are below Rs16/kg. With bumper cane crop expected in SY06-07, prices are expected to remain subdued. The profits from the distillery division are expected to rise on back of an increase in the selling price of ethanol to Rs21/litre from Rs18.75 earlier and commissioning of 60KLPD distillery at Chilwaris, taking the total ethanol capacity to 150 KLPD.
- In 3QFY07, we expect net sales of Rs1.25b, up 10% YoY, and PAT of Rs21m, down 57% YoY.
- We have revised estimates for FY07, and now expect net sales of Rs5.5b, up 27%, and PAT of Rs156m, down 28%.
- At CMP, the stock trades at 7.5x FY07E EPS of Rs7.8. Though sugar prices are expected to remain soft, we recommend **HOLD** as the stock is trading at valuations close to the replacement cost.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06E Full Year	FY07E Full Year
Net Sales	1,138.1	1,082.6	1,250.0	4,321.7	5,477.0
Change (%)	23.0	55.3	9.8	10.0	26.7
EBITDA	135.4	93.8	120.0	620.1	599.1
Change (%)	(16.0)	(8.2)	(11.4)	(17.9)	(3.4)
As % of sales	11.9	8.7	9.6	14.3	10.9
Interest	41.5	49.6	50.0	215.8	231.6
Depreciation	30.6	34.9	50.0	125.7	179.5
Other Income	10.1	16.6	11.0	66.1	51.9
Extraordinary Items	-	-	-	(110.0)	-
PBT	73.4	25.9	31.0	454.7	239.9
Tax	25.2	5.7	10.2	158.7	78.2
Reported PAT	48.2	20.2	20.8	296.0	161.7
Adjusted PAT	48.2	20.2	20.8	217.0	155.7
Change(%)	(12.0)	(54.2)	(56.9)	(35.1)	(28.3)
Dividend				66.86	67.34
Dividend (%)				30.00	30.00
Dividend Yield (%)					5.11

E: MOST Estimates

No. of Equity Shares (m) : 20.00

Simplex Infrastructure

29 December 2006

SELL - Rs 386

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	13,446	416	9.7	39.9	17.5	14.1
03/07E	17,000	518	12.0	32.1	18.1	16.6
03/08E	25,500	1,070	24.9	15.5	27.5	22.4

- Simplex Infrastructure has a well-diversified portfolio and a strong order book of Rs60b (4.46x FY06 sales). It is well placed to take advantage of the huge opportunity in infrastructure development.
- Major developments:** Simplex has received Rs10.37b worth of orders in the third quarter. Of this, almost 40% orders were from overseas bodies.

It has decided to move into real estate development and will make commercial and residential properties. It plans to form a joint venture with the West Bengal Housing Board for the same.

The company is planning to spread its international exposure to North Africa, South East Asia and Central Asia and is pursuing alliances and joint ventures in this regard. The company is currently working on projects in 106 locations in India and abroad, in countries such as Dubai, Qatar and Bahrain.

- In 3QFY07, we expect net sales of Rs4.9b, up 30.8% YoY, and PAT of Rs168m, up 53% YoY.
- For FY07, we expect net sales of Rs17b, up 26.4%, and PAT of Rs518m, up 24.4%.
- At CMP, the stock trades at 32x FY07E EPS of Rs12 and 15.5x FY08E EPS of Rs24.9. We maintain **SELL/BOOK PROFIT**.

Simplex Infrastructure

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	3,747	3,563	4,900	13,446	17,000
Change (%)	43.4	29.8	30.8	34.6	26.4
EBITDA	271	331	480	1,180.8	1,624
Change (%)	17.9	39.0	77.5	68.2	37.5
As % of sales	7.2	9.3	9.8	8.8	9.6
Interest	80	148	150	404	590
Depreciation	57	94	95	229	370
Other Income	7	12	10	33	50
Extraordinary inc. / (exp)	0	0	0	0	0
PBT	140	100	245	581	714
Tax	30.2	29.0	77.0	164.6	196.4
Reported PAT	110	71	168	416	518
Adjusted PAT	110	71	168	416	518
Change(%)	13.1	(21.2)	53.0	65.3	24.4
Dividend				491	491
Dividend (%)				50	50
Dividend Yield (%)					1.3

E: MOST Estimates

No. of Equity Shares (m) : 43

Stone India

Stone India

29 December 2006

BUY - Rs190

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	532	72	9.6	19.8	43.6	22.9
03/07E	785	147	16.3	11.6	37.5	30.0
03/08E	1,000	210	23.3	8.1	35.4	32.5

- Stone India is diversifying its customer base by focusing on the export market. It has also made some headway with defence. We expect its diversified revenue base to drive growth going forward.

- Major developments:** Stone India has received an order for indigenously developed beam mounted air brake system for a complete Freight Train valued at Rs9.4m. The approval of this product has opened up a big opportunity for the company.

It has received a development order from Indian Railways for two sets of tread brake units for high speed electric locomotives. It has entered into technical collaboration agreement with M/s MZT Hepos AD, for latest generation tread brake unit for locomotives, passenger coaches and metro cars.

Its Uttaranchal unit is expected to commission in 4QFY07.

- In 3QFY07, we expect net sales of Rs200m, up 78% YoY, and PAT of Rs38m, up 242% YoY.
- In FY07, we expect net sales of Rs785m, up 48%, and PAT of Rs147m, up 104%.
- At CMP, the stock trades at 11.6x FY07E EPS of Rs16 and 8x FY08E EPS of Rs23. We maintain **BUY** with a 15-month price target of Rs280 (12x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07E 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Income	113	174	200	532	785
Change %	16.0	31.8	77.6	32.0	47.6
Total Expenses	96	142	151	444	605
EBITDA	17	32	49	88	180
As % of sales	15	18	25	17	23.0
Other Income	0	2	1	1	5
Interest	5	4	4	8	15
Depreciation	1	2	2	5	8
Extraordinary Expenses	-	-	-	13	-
PBT	11	29	45	89	163
Tax	-	0	7	4	16
Tax/PBT	0	1	15	4	10
PAT	11	28	38	85	147
Adjusted PAT	11	28	38	72	147
Change %	(23.8)	26.8	241.8	25.6	104.2

E: Most Estimates

No. of Equity Shares (m) : 9.0
(Post conversion of warrants)

Taj GVK Hotels & Resorts

29 December 2006

BUY - Rs227

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	1,887	463	7.4	30.5	34.1	33.8
03/07E	2,548	688	11.0	20.5	37.9	34.8
03/08E	3,489	1,077	17.2	13.1	42.1	39.3

- **Major developments:** Expansion plans - Chennai: Taj Mount Road (Chennai property--215 rooms) is likely to be operational by May 07 (earlier March 07).

Taj Krishna expansion work (125 deluxe rooms and 75 service apartments) will begin next year and is likely to be operational in 1QFY10.

Taj Deccan (old name Taj Residency) renovation work is currently on. Work on expansion (additional 200 rooms) to begin next year and likely to be operational in 1QFY10.

New property Taj Begumpet: 60 years lease agreement signed and construction work begun. The no frills business hotel (200 rooms) is likely to get commissioned in 3QFY08.

New property at Bangalore: The company is in the process of acquiring land for setting up a 5-star hotel in Bangalore. It is also interested in setting up a new property in Madhapur, Hyderabad.

- In 3QFY07, we expect net revenue of Rs667m, up 28.2% YoY, and PAT Rs172m, up 22.9% 0020YoY.
- In FY07, we expect net sales of Rs2.54b, up 35%, and PAT Rs688m, up 48.8%.
- At CMP, the stock trades at 20.5x FY07E EPS of Rs11 and 13.1x FY08E EPS of Rs17.2. We maintain **BUY** with a 15-month price target of Rs300 (17.5x FY08E).

Taj GVK Hotels & Resorts

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	520.1	579.4	666.7	1,887.0	2,548.1
Change (%)	68.7	37.9	28.2	63.8	35.0
EBITDA	245.4	269.3	311.3	853.2	1,197.3
Change (%)	80.9	43.2	26.9	92.6	37.5
As % of sales	47.2	46.5	46.7	45.2	47.0
Interest	12.0	9.5	12.8	39.7	49.8
Depreciation	26.0	32.5	32.8	121.0	131.1
Other Income	4.3	2.5	1.0	6.9	10.6
Extraordinary Items	-	-	-	-	-
PBT	211.7	229.7	266.7	699.5	1,027.1
Tax	71.7	77.7	94.7	237.0	339.0
Reported PAT	140.0	152.1	172.0	462.5	688.2
Adjusted PAT	140.0	152.1	172.0	462.5	688.2
Change(%)	104.0	62.1	22.9	109.3	48.8
Dividend				141.45	84.87
Dividend (%)				100.00	60.00
Dividend Yield (%)					0.54

E: MOST Estimates

No. of Equity Shares (m) : 62.70

Tamil Nadu Newsprint & Papers

Tamil Nadu Newsprint & Papers

29 December 2006

BUY - Rs93

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	8,018	861	11.6	8.0	16.3	12.4
03/07E	8,509	871	12.6	7.4	15.4	15.6
03/08E	9,355	1,045	15.1	6.2	15.8	17.3

- **Major developments:** TNPL has raised selling price of w&p paper by Rs1,000/ton from January 07. A part of this increase will go towards neutralising cost push.

TNPL has taken further strides in its 2-phase capex program.

Phase 1: TNPL is implementing a Rs5.65b mill development plan to be completed by June 07. This will raise pulp capacity to 800tpd from 520tpd (reduce purchased pulp) and paper capacity to 2,45,000 tons from 2,30,000 tons.

Phase 2: TNPL will expand paper capacity by adding a third mill (PM3) of 300tpd (~ 100,000tpa) to be completed by FY09.

The company has taken up plantation activities to augment sources of wood supply. So far, it plans to raise pulpwood plantation in 10,000 acres during FY07 through farm forestry and captive plantation programmes.

- In 3QFY07, we expect net sales of Rs2.12b, up 4.3% YoY, and PAT of Rs186m, up 13.3% YoY.
- In FY07, we have reduced our sales estimate slightly to Rs8.51b (earlier Rs8.72b), up 9.5%. However, PAT remains unchanged at Rs871m, up marginally.
- At CMP, the stock trades at 7.4x FY07E EPS of Rs12.6 and 6.2x FY08E EPS of Rs15.1. We maintain **BUY** with a 15-month price target of Rs150 (10x FY08E EPS).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	2,041	2,355	2,127	8,018	8,509
Change (%)	13.0	15.9	4.3	19.4	6.1
EBITDA	369	493	447	1,585	1,952
Change (%)	148.4	20.2	21.0	76.0	23.1
As % of sales	18.1	21.0	21.0	19.8	22.9
Interest	43	56	56	203	223
Depreciation	157	161	161	625	649
Other Income	39	58	35	257	165
Extraordinary inc. / (exp)	17	0	0	55	0
PBT	190	335	265	1,015	1,244
Tax	43.6	102.3	79.6	209.2	373.3
Reported PAT	147	232	186	806	871
Adjusted PAT	164	232	186	861	871
Change(%)	369.6	28.0	13.3	126.8	1.2
Dividend				207.80	208.14
Dividend (%)				30.00	30.00
Dividend Yield (%)					3.23

E: MOST Estimates

No. of Equity Shares (m) : 69.35

Tantia Construction

Tantia Construction

29 December 2006

BUY - Rs137

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
3/06A	1,623	58	13.5	10.2	7.8	10.2
3/07E	2,802	162	10.4	13.2	16.4	14.1
3/08E	4,500	276	17.7	7.7	22.6	16.9

- Construction activity accounts for 65% of the infrastructure investments. Tantia Construction is well placed to take advantage of this activity and has a strong order book of Rs10b (6.2x FY06 revenue).

- Major developments:** Company plans to raise funds through issue of -

Warrants up to Rs100m on preferential basis to promoters and/or person acting in concert.

FCCB/GDR/ADR not exceeding Rs1.12b.

- In 3QFY07, we expect net sales of Rs600m, up 48.6% YoY, and PAT of Rs40.4m, up 66.2% YoY.
- In FY07, we expect net sales of Rs2.8b, up 72%, and PAT of Rs162m, up 177%.
- At CMP, the stock trades at 13.2x FY07E EPS of Rs10.4 and 7.7x FY08E EPS of Rs17.7. We maintain **BUY** with a 15-month price target of Rs270 (15x FY08E)

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	403.9	328.5	600.0	1,622.9	2,802.0
Change (%)	-	-	48.6	57.3	72.7
EBITDA	47.4	53.0	72.4	176.9	329.4
Change (%)	-	-	52.7	61.7	86.2
As % of sales	11.7	16.1	12.1	10.9	11.8
Interest	21.9	21.8	21.0	90.5	108.2
Depreciation	5.5	6.3	7.0	25.1	39.8
Other Income	(0.4)	0.6	1.0	3.2	3.1
Extraordinary Items	-	-	-	26.1	-
PBT	19.6	25.5	45.4	90.6	184.5
Tax	(4.7)	4.2	5.0	6.2	22.3
Reported PAT	24.3	21.3	40.4	84.4	162.2
Adjusted PAT	24.3	21.3	40.4	58.3	162.2
Change(%)	-	-	66.2	212.4	178.3
Dividend				15.56	23.34
Dividend (%)				10.00	15.00
Dividend Yield (%)					1.44

E: MOST Estimates

No. of Equity Shares (m) : 15.56

Torrent Cables

Torrent Cables

29 December 2006

BUY - Rs116

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	1463.6	177.2	23.66	4.9	35.5	51.0
03/07E	1871.5	178.7	23.86	4.9	27.7	40.8
03/08E	2208.0	249.0	33.24	3.5	29.3	43.6

- Government's continued focus on strengthening the electricity transmission network and increasing the power generation capacity should help Torrent to sustain the growth momentum.
- Major developments:** None.
- We expect better margins in 3QFY07 on back of higher sales and stable raw material prices. Sales in 2QFY07 had declined due to rains.
- In 3QFY07, we expect net sales of Rs550m, up 68% YoY, and PAT of Rs65m, up 52% YoY.
- In FY07, we expect net sales of Rs1.87b, up 28% and PAT to remain flat at Rs179m.
- The stock trades at 5x FY07E EPS of Rs24 and 3.5x FY08E EPS of Rs33. We maintain **BUY** with a 15-month target of Rs165 (5x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	327.1	336.2	550.0	1,463.6	1,871.5
Change (%)	0.5	4.9	68.1	16.2	27.9
EBITDA	74.2	38.3	107.0	308.6	308.5
Change (%)	7.1	(43.1)	44.2	8.2	-
As % of sales	22.7	11.4	19.5	21.1	16.5
Interest	1.2	1.2	1.5	7.7	6.1
Depreciation	9.2	8.6	9.0	33.7	34.9
Other Income	0.6	1.5	1.0	2.7	4.3
Extraordinary Items	-	-	-	-	-
PBT	64.4	30.0	97.5	269.9	271.8
Tax	21.9	11.0	32.8	92.7	93.1
Reported PAT	42.5	19.0	64.7	177.2	178.7
Adjusted PAT	42.5	19.0	64.7	177.2	178.7
Change(%)	6.8	(52.7)	52.3	19.1	0.9
Dividend				25.17	33.56
Dividend (%)				30.00	40.00
Dividend Yield (%)					3.44

E: MOST Estimates

No. of Equity Shares (m) : 7.49

29 December 2006

BUY - Rs419

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	2166	73.4	13.3	31.4	16.6	19.0
03/07E	3200	127.1	23.1	18.1	24.2	23.8
03/08E	4192	174.4	31.7	13.2	26.4	24.6

- TRF makes material handling equipment for sectors like power, mining, fertilisers, cement, ports, etc. Huge investments being planned in power, steel and ports are likely to ensure sustained demand growth for TRF going forward.
- With the total industry size and order book increasing, players are bidding for orders at better margins. Moreover, TRF is now focusing on getting its major raw materials (mainly steel) supplied by customers, which results in lower value of contracts but ensures its margins.
- **Major developments:** Expansion and projects announced by other Tata group companies may lead to order inflow for the company. Tata power recently bagged the Mundra ultra mega power project.
It is also likely to benefit from the Tata Steel-Tata Power joint venture for setting up power projects.
- In 3QFY07, we expect net sales of Rs900m, up 124% YoY, and PAT of Rs38m, up 89% YoY.
- In FY07, we expect net sales of Rs3.2b, up 48%, and PAT of Rs127m, up 73%.
- At CMP, the stock trades at 18.2x FY07E EPS of Rs23 and 13.2x FY08E EPS of Rs32. We maintain **BUY** with a 15-month price target of Rs475 (15x FY08E).

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07 3QE	FY06 Full Year	FY07E Full Year
Net Sales	401.6	825.5	900.0	2,165.6	3,200.0
Change (%)	(9.2)	45.5	124.1	8.2	47.8
EBITDA	45.3	63.7	72.5	172.5	255.9
Change (%)	144.9	19.3	60.0	64.8	48.4
As % of sales	11.3	7.7	8.1	8.0	8.0
Interest	10.3	5.1	13.7	43.4	52.5
Depreciation	3.3	3.1	3.7	13.1	15.0
Other Income	0.1	2.6	2.5	2.4	6.7
Extraordinary Items	0.7	0.2	-	2.4	0.4
PBT	31.1	57.9	57.6	116.0	194.6
Tax	11.6	20.2	19.4	45.0	68.0
Reported PAT	19.5	37.7	38.2	71.0	126.7
Adjusted PAT	20.2	37.9	38.2	73.4	127.1
Change(%)	477.1	22.3	89.3	85.4	73.2
Dividend				24.65	30.81
Dividend (%)				40.00	50.00
Dividend Yield (%)					1.19

E: MOST Estimates

No. of Equity Shares (m) : 5.5

Ugar Sugar

Ugar Sugar

29 December 2006

HOLD - Rs17

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
09/05A	3330	120	1.3	12.4	20.9	12.8
09/06E	4038	53	0.6	28.2	13.0	10.6
09/07E	4650	100	1.1	14.8	15.2	12.0

- Crushing for SY2006-07, which was delayed due to dispute with farmers over the cane price, began from November 27. The company is now paying Rs100/quintal as initial installment and has agreed to pay another Rs20 later. (SY05-06 Rs130/quintal)

- Major developments:** Ship sugar project has started commercial production and the first consignment is expected to be dispatched in 2QFY07.

Sugar realisation for 1QFY07 (September ending) is around Rs15.35/kg against Rs16.25 for 4QFY06. Sugar price have shown a declining trend and current realisations are around Rs13.5/kg. Going forward with bumper cane crop expected in SY06-07, sugar prices are expected to remain subdued.

- In 1QFY07, we expect net sales of Rs750m, down 20% YoY, and PAT of Rs10m, down 87% YoY. The decline in sales is due to lower release orders during the quarter.
- Considering the decline in sugar prices, we have downgraded our PAT estimate for FY07. On net sales of Rs4.65b, up 15%, we now expect PAT of Rs100m (earlier 200m), up 90%.
- At CMP, the stock is trading at valuations close to the replacement cost. We maintain **HOLD**.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E SEPTEMBER	FY06 1Q	FY06 4Q	FY07 1QE	FY06 Full Year	FY07E Full Year
Net Sales	934.2	972.4	750.0	4,037.8	4,650.0
Change (%)	11.6	43.9	(19.7)	21.3	15.2
EBITDA	109.5	(218.5)	80.0	245.0	410.0
Change (%)	(59.7)	48.4	(26.9)	(22.4)	67.3
As % of sales	11.7	(22.5)	10.7	6.1	8.8
Interest	15.9	40.7	45.0	145.0	165.0
Depreciation	25.3	29.4	30.0	107.0	145.0
Other Income	7.9	37.8	7.5	66.2	35.0
Extraordinary Items	-	-	-	(26.8)	-
PBT	76.2	(250.8)	12.5	86.0	135.0
Tax	5.8	(12.8)	3.0	6.7	35.0
Reported PAT	70.4	(238.0)	9.5	79.3	100.0
Adjusted PAT	70.4	(238.0)	9.5	52.5	100.0
Change(%)	(63.8)	-	(86.5)	(56.1)	90.5
Dividend				-	-
Dividend (%)				-	-
Dividend Yield (%)				-	-

E: MOST Estimates

No. of Equity Shares (m) : 90.00

Welspun Gujarat Stahl Rohren

29 December 2006

BUY - Rs 93

YEAR END	NET SALES (Rs m)	PAT (Rs m)	EPS (Rs)	P/E (x)	ROE (%)	ROCE (%)
03/06A	18,298	620	4.8	19.3	16.5	16.9
03/07E	28,736	1,374	9.2	10.1	22.4	17.5
03/08E	35,900	2,299	13.5	6.9	23.2	18.2

Note: All figures except Net Sales include share of profit from Russian JV

- Welspun Gujarat Stahl Rohren (WGSR) is a leading Lsaw/Hsaw pipe manufacturer in the country. It has the ability to make large diameter pipes beyond 48" OD up to 60" OD. The company has a current order book of Rs25b to be completed in 6-9 months. Of this, 65% are export orders.
- Major developments:** Welspun has signed a definitive agreement with Lone Star Technologies of USA for setting up a manufacturing unit in South-West USA which will make 0.3m tons of spiral pipes per annum. Welspun's 100% subsidiary, Welspun Pipe Inc, will acquire 60% stake in the joint venture. The unit is expected to become operational by March 08.
- In 3QFY07, we expect net sales of Rs6.29b, up 38% YoY, and PAT of Rs210m, up 162.5% YoY.
- In FY07, we expect net sales of Rs28.7b, up 57%, and PAT of Rs1.37b, up 128%. This includes share of profit from the Russian JV, estimated at Rs215m for the Jan-Mar 2007 quarter.
- At CMP, the stock trades at 10.1x FY07E EPS of Rs9.2 and 6.9x FY08E EPS of Rs13.5. We maintain **BUY** with a 15-month price target of Rs155 (EV/EBITDA of 8.8x FY08E; corresponding PE of 11.5x).

Welspun Gujarat Stahl Rohren

QUARTERLY PERFORMANCE

(Rs Million)

Y/E MARCH	FY06 3Q	FY07 2Q	FY07E 3QE	FY06 Full Year	FY07E Full Year
Net Sales	4,556	6,744	6,287	18,298	28,736
Change (%)	62.8	70.2	38.0	76.2	57.0
EBITDA	318	795	646	1,655	3,005
Change (%)	34.2	133.8	103.2	142.4	81.6
As % of sales	7.0	11.8	10.3	9.0	10.5
Interest	87	176	240	530	830
Depreciation	83	116	118	352	525
Other Income	(16)	5	30	131	80
Extraordinary inc./ (exp)	-	-	-	(5.9)	-
PBT	132	508	318	904	1,730
Tax	52	173	108	290	571
PAT	80	335	210	614	1,159
Profit from JV	-	-	-	-	215
Reported PAT	80	335	210	614	1,374
Adjusted PAT *	80	335	210	602	1,374
Change(%)	(35.5)	85.1	162.5	83.4	128.4
Dividend				644	747
Dividend (%)				10.0	10.0
Dividend Yield (%)				-	0.5

E: MOST Estimates

No. of Equity Shares (m) : 149.4

* PAT adjusted for preference dividend

(Fully diluted: 170.6)