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Uptrend to continue

unless negative global or domestic cues crop up

By Sanjay R. Bhatia

The markets displayed extreme bouts of volatility on the back of negative Asian market cues last week. The advance-decline ratio remained mixed amid the rise in volumes. Traders and speculators were active in banks, FMCG, pharma, metals, oil & gas, telecom and technology stocks. Incidentally, FIIs remained net buyers in the cash segment as well as the derivatives segment. Mutual funds remained net sellers but their selling was partial.

Global cues have remained mixed. Eventhough the Dow Jones Industrial Average touched new closing highs, a meltdown was witnessed in Asian markets due to fears of China increasing interest rates after a robust growth of 11.10% in the first quarter. Domestic cues have been mixed with the Meteorological Department expecting a 95% of average rainfall. The Q4 results declared so far have been on expected lines. However, inflation figures have once again risen above the 6% level to touch 6.09% for the week ended 7 April 2007 and the markets witnessed profit booking and selling pressure at higher levels.

Now, it is important that markets witness follow-up buying at higher levels for the markets to move higher. In the meanwhile, the markets are likely to keep an eye on global cues, especially the interest rate scenario in China and of course the Q4 results. The markets are likely to remain volatile ahead of the derivatives segment expiry next week and the Reserves Bank's review of the monetary policy on 24 April 2007.

Technically, the markets have shown resilience and posted a strong rally during the week amidst the carnage in Asian markets, which is a good sign. The markets are likely to witness a continuation of the uptrend unless some negative global or domestic surprises crop up. On the upside, if the Sensex can sustain above the 13650 level, it is likely to test the 14009 level followed by the 14200 level. The Sensex has support at 13619 and 13362 levels. In case of the Nifty, if it manages to sustain above the 4047 level, then it is likely to test the 4147 level. The 4047 and 4000 are its important support.

Traders and speculators could buy Balaji Telefilms with a stop loss of Rs.147 for a price target of Rs.190-196.

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Cool off this summer!

By Fakhri H. Sabuwala

Friday the 13th it was. But it did not turn out to be as scary as predicted by the prophets of doom. As on many occasions in the past, Infosys, once again beat the analysts expectations to overcome concerns on the rising Rupee and rising wage bills, which led to a surge in the stock market. A 70% rise in net profit to Rs.1144 cr. and 44% rise in revenue at Rs.3772 cr. in Q4 and a 46% rise in annual revenue and 57% rise in annual net profit is indeed commendable.

The cautious optimism about current fiscal and rise in revenue to $4 bn. or over Rs.18000 cr. speaks of the strong growth and exciting opportunities ahead.

TCS, the no.1 software company, crossed $4 bn. in revenues for FY07 and reported one more quarter of good sales and profit growth. The sale of its stake in SITEL, its BPO joint venture, for $22 mn. or Rs.105 cr. boosted the bottomline, which would have only grown by 3.8% sequentially.

HCL Tech, India's fifth largest software exporter, beat market expectations with a 72% year-on-year growth in net profits for the last quarter at Rs.332 cr. This pleasant surprise came because of improved utilization, thrust on geographical diversity and new outsourcing deals. This gave a new impetus to the HCL Tech stock just after 1:1 bonus a little earlier.

These three IT results declared so far and with great expectation from Wipro and Satyam shall set the pace of the market movement in coming days. On the broader front, the market is more in tune with the international happenings than domestic events.

Inflows into most equity fund groups during the middle of April seemed modest at best as investors fretted about the outlook of the US economy. The flow to emerging markets seemed good but the share for India in the same was not much to talk about. Latin America, Malaysia, Singapore and Greater China scored over India and this may be a matter to worry and seriously look into. Are out values overstretched? Is politics scaring away investors? Is inflation the real devil? The answer shall be revealed in the next few days.

A new development that will come into force in the market soon is the legalisation of short-selling and availability of stock lending facility. Gone are the days when funds managers will only be bullish and avoid forecasts of gloom. The fear that a call on gloom shall result in withdrawal of money and dig fund managers' own grave may be a thing of the past. Now that funds can take a bearish call and short-sell scrips, it will have a three-fold impact.

This will deepen the market, will provide better options to fund houses to execute their views and strategies and lastly offer investors with a wide range of products. Hedge funds may find Dalal Street a fertile place to make a killing. Very soon, we shall see long funds and short funds specializing in buying equity or the benchmark likely for appreciation and selling equities the benchmarks, which are due for a downturn. But such funds may be for savvy and sophisticated investors and should be avoided by small timers.

Coming days may just witness alternate bouts of ups and downs with Sensex remaining between 12000 on the down side to 13500 on the upside. Allow political battlelines to be clearly drawn in UP, forecasts for the rains and for inflation to calm down before making a call on Dalal Street.

TRADING ON TECHNICALS

Rise can get extended

By Hitendra Vasudeo

The Sensex tested the hurdle and pull back levels of 13500-13800 last week. It crossed it to close the week above it as well. The open last week was with a gap from it previous week's closing of 13384.08. The week opened above it previous week high of 12904 as well. Last week, the Sensex opened at 13479.49 maintained a low at 13423.64 and moved to a high of 13915.62. It finally closed the week at 13897.41 and thereby showed a net rise of 513 points on a week-to-week basis.

The weekly trend is up since the weekly closing at 13285 on 23rd March 2007. The weekly trend maintained its uptrend even in the Sensex dip to 12425 but the weekly closing recovered to 12856 and thereby maintained the weekly uptrend. A breakout and close above 13386 was witnessed on the week that closed on 13 April 2007. A follow up rise was witnessed last week to close above the 0.618 retracement level (13800) of the fall from 14723 to 12316. The weekly close above 13800 has gained strength for the market and only a weekly fall below 12904 and weekly close below 13302 can affect the further course of positive momentum.

WEEKLY UP TREND STOCKS

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

Scrips	Last Close	Level 1	Level 2	Center Point	Level 3	Level 4	Relative Strength	Weekly Reversal Value	Up Trend Date
		Stop Loss	Buy Price	Buy Price	Book Profit	Book Profit			
PRAJ INDUSTRIES	474.45	404.3	447.1	462.6	489.9	532.7	84.0	421.4	15-03-07
SAIL	134.10	108.2	124.2	130.2	140.2	156.2	82.1	122.1	23-03-07
BHARTI AIRTEL	846.00	737.0	803.0	826.0	869.0	935.0	79.9	784.0	13-04-07
JSW STEEL	592.70	512.7	563.3	584.6	614.0	664.6	79.4	534.3	23-03-07
IFCI	37.90	32.8	36.1	37.5	39.4	42.7	75.5	36.2	23-03-07

A breakout and close above 13800 was witnessed with volumes on Friday, 20th April 2007. The volumes have been above the 50-day average volumes. Therefore, the low of volume day is important, that is Friday's low will be important. A close below the low of the high volume day can bring about a reversal of the current move. Ideally, therefore, ideally the Sensex must move to 14067-14150 first before showing any signs of a minor correction or retracement. The low on Friday was 13684. The net effective support gap is 13684-13658.

The next important support point will be at the low of 13423 created on 19 April 2007. The gap of 13479-13421 was partially covered as the low was 13423 and recovered to close higher. Such formation is a bullish indication. Therefore, the gap of 13479-13421 is the important support level to hold the market from hereon.

Review of the Elliot Wave Count to get the broad market picture:-

First Count:

Wave 1- 2594 to 3758;

Wave 2- 3758 to 2828;

Wave 3-2828 to 12671;

Internals of Wave 3

Wave i- 2904 to 3416

Wave ii- 3416 to 2904

Wave iii- 2904 to 6249

Wave iv- 6249 to 4227

Wave v- 4227 to 12671

Wave 4

Wave a -12671 to 8799

Wave b-8799 to 14723

Wave c-14723 to 12316

If Wave c is complete as failure, then the market will have lot of strength. In that case, Wave 5 has begun. Wave 5 would certainly have the power to cross 13800 and go on to test the top of 14724.

Wave 5- 12316 to 13915 (current move in progress)

Internals of Wave 5

Wave 1- 12316 to 13386

Wave 2- 13386 to 12425

Wave 3- 12425 to 13915 (current move in progress)

The potential target for Wave 3 is 14150 at least

WEEKLY DOWN TREND STOCKS

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

Scrips	Last Close	Level 1	Level 2	Center Point	Level 3	Level 4	Relative Strength	Weekly Reversal Value	Down Trend Date
		Cover Short	Cover Short	Sell Price	Sell Price	Stop Loss			
LANCO INFRA	145.70	127.7	141.0	149.7	154.4	167.7	17.71	149.80	09-02-07
MARUTI UDYOG	776.00	714.7	754.7	773.3	794.7	834.7	26.97	781.00	05-04-07
HERO HONDA MOT	650.00	495.0	590.0	625.0	685.0	780.0	28.15	653.75	05-04-07
M&M	744.00	672.7	720.7	745.3	768.7	816.7	32.42	745.75	05-04-07
GLAXO SMITH.CO	509.00	473.6	498.8	513.9	524.1	549.3	33.31	517.34	09-02-07

PUNTER'S PICKS

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

Scrips	BSE CODE	Last Close	Buy Price	Buy On Rise	Stop Loss	Target 1	Target 2	Risk Reward
ALFA TRANSFORMERS	517546	59.30	56.60	59.45	52.50	63.8	70.7	0.65
ALKYL AMINES CHEMICA	506767	102.20	94.50	104.90	91.75	113.0	126.2	1.04
ALLSEC TECHNOLOGIES	532633	300.00	295.35	345.00	277.40	386.8	454.4	3.84
BALKRISHNA INDUSTRIE	502355	495.40	455.10	498.00	447.00	529.5	580.5	0.70
BHARAT SEATS	523229	167.55	166.15	174.45	155.00	186.5	205.9	1.51
BHARATI SHIPYARD	532609	407.10	400.00	411.00	381.50	429.2	458.7	0.86
ELNET TECHNO	517477	81.50	77.30	86.00	75.10	92.7	103.6	1.76
FINOLEX CABLES	500144	95.10	94.00	96.80	92.00	99.8	104.6	1.51
FORBES GOKAK	502865	424.95	401.05	425.00	396.40	442.7	471.3	0.62
GREAVES COTTON	501455	345.00	330.05	347.00	323.00	361.8	385.8	0.77
IND-SWIFT LABORATORI	532305	61.45	60.30	63.40	58.65	66.3	71.1	1.74
IND-SWIFT	524652	31.60	30.30	32.80	29.80	34.7	37.7	1.70
K.S.B. PUMPS	500249	518.95	505.00	520.00	490.00	538.5	568.5	0.68
MAHINDRA UGINE STEEL	504823	105.90	101.90	107.00	98.00	112.6	121.6	0.84
MIRZA INTERNATIONAL	526642	167.80	166.05	172.70	163.00	178.7	188.4	2.27
MONSANTO INDIA	524084	1439.00	1411.00	1458.00	1381.00	1505.6	1582.6	1.15
MUKAND	500460	91.20	87.75	92.20	86.00	96.0	102.2	0.93
NATIONAL FERTILISER	523630	30.15	28.70	32.00	28.30	34.3	38.0	2.24
NUMERIC POWER SYSTEM	532051	384.80	356.95	384.80	334.00	416.2	467.0	0.62
PANACEA BIOTEC	531349	442.55	432.00	456.00	428.00	473.3	501.3	2.11
PARADYNE INFOTEC	532672	101.15	99.50	102.75	97.25	106.2	111.7	1.28
TRENT	500251	727.00	713.00	730.00	701.00	747.9	776.9	0.80
TRICOM INDIA	531675	93.70	92.60	95.20	89.05	99.0	105.2	1.14

and to an outer extent to 15216. After Wave 3 is complete, then expect a minor correction of the rise of Wave 3 to form Wave 4. Further on completion of Wave 4 once again, take off to form Wave 5 of Wave 5.

Alternatively, Wave 4 could still be in progress with the formation of an Expanding Triangle. If we get into an Expanding Triangle, then the following will be the internals of Wave 4:

Wave a -12671 to 8799

Wave b-8799 to 14723

Wave c-14723 to 12316

Wave d- 12316 to 13915 (not yet complete, current move in progress)

BUY LIST

Scrip	Last Close	Buy Price	Buy Price	Buy Price	Stop Loss	Target 1	Target 2	Monthly RS
ICICI BANK	914.00	869.49	854.50	839.51	791.00	996.5	1123.5	51.83
MAX INDIA	226.10	213.19	208.00	202.81	186.00	257.2	301.2	52.20
MPHASIS	319.30	302.65	295.75	288.85	266.50	361.2	419.7	57.49
LUPIN	678.00	651.80	640.00	628.20	590.00	751.8	851.8	58.56

EXIT LIST

Scrip	Last Close	Sell Price	Sell Price	Sell Price	Stop loss	Target	Target	Monthly RS
MARICO	56.70	59.90	60.95	62.00	65.40	51.0	42.1	41.07

In an expanding triangle, each wave exceeds the previous move and retraces back the whole gain as well. In this case, if Wave d has begun then it could move to cross the top of 14724 and retrace back the whole rise back to 12300. Wave d, in that case, will cross 14724 and Wave e after the completion of Wave d will move down back lower towards 12300. Once 'a-b-c-d-e' formations get complete, then expect the rally once again to make new highs for Wave 5. This Wave 5 can be a failure also.

Strategy for the week

Since important levels of 13400 and 13800 have been crossed, market gets into a trading momentum. Short-term traders and investors can look to buy at 13745 and 13575 with a stop loss of 13384. Book profits at 14067-14170 and 14559 as the opportunity arise. Monitor Sensex points and trade in NIFTY futures. Investors already holding long positions and especially if stuck up long positions are held then look to exit on rallies, in order to get into stocks that make new highs.

TOWER TALK

* Few investors are bullish on the prospects of software companies in the e-governance space. **Tera Software** has shown steady progress in earnings and growth.
* **ANG Auto** is now available for below its 52-week high. It's a value buy at current levels with a long-term perspective.
* Small-cap real estate stocks evoke a mixed response in the market. **Wearology** with ambitious expansion plans is looking up.
* Major market action is expected in June 2007 as many companies have intimated stock exchanges that they would publish FY07 audited results by 30 June.
* **United Credit, Solitaire Machine, Zenith Fibres** are some small-caps, which hold value.
* As basmati rice prices have risen considerably in the last few weeks, **LT Overseas, KRBL** and **Kohinoor Foods counters** are witnessing some action. Their share prices may shoot up further in the near future.
* As most housing loans are on floating rate basis, **Canfin Homes** and **LIC Housing Finance** will benefit by the hardening interest rates. Such loans are now attracting 10-11% interest compared to 7-8% at the time of disbursal.
* Andhra Sugar continues to increase its stake in **Andhra Petro** through the creeping acquisition route and has bought around 3% stake from the open market in the past few months.
* Market may not hit a new high in the near future. Hence short-term investors can book profit and wait for a correction.
* **SAIL** has seen a sharp run up in the last few days. It's a good chance to book profit and reduce exposure to this counter, as it looks fundamentally fully valued. Shift to **Ramsarup Industries, National Steel** or **Uttam Galva**.

BEST BETS

IMP Powers (Code: 517571) Rs.104.25

Promoted by Shri Ramniwas Dhoot, IMP Powers Ltd. (IMP) was established in 1961 to make electrical instruments like Ammeters. Since then it has emerged as the leading manufacturer of the entire range of electrical and digital measuring instruments, testing equipments and test benches, distribution & power transformers etc. Today, almost 95% of its revenue comes from the transformer business and it enjoys 23% market share of transformers manufactured in the medium category. It enjoys a very strong reputation for auto HV & EHV Power, distribution, Special Purpose, Furnace, Thyristor duty Transformers & Reactors. Apart from being the first ISO-9001 certified transformer company in India, IMP is also a government recognized export house. Exports contribute nearly 30% of sales as it regularly exports transformers to countries across like Australia, Bangladesh, Dubai, Ghana, Jordan, Kenya, Malaysia, Nepal, New Zealand, Nigeria, Sri Lanka, UK etc.

IMP has two factories at Mumbai & Silvassa. Its 5 acre Silvassa facility has a total installed capacity of 3600 MVA and produces power & distribution transformers ranging from 10 KVA to 150 MVA in 230 KV class, which is a very wide range and meets all requirements of customers under one roof. Importantly, IMP is the only transformer company in India in the zero sales tax zone enjoying 15 years (till 2012) sales tax holiday for its Silvassa unit. On the other hand, its Mumbai (Kandivali) factory manufactures electrical instruments like ammeters, voltmeters etc. It also has in-house manufacturing facility for OLTC & RTCC, which are critical components, to enhance its operational synergy and reduce the cost of production. IMP has been supplying its transformers to various State Electricity Boards like MSEB, RRVPNL, APTRANSCO, GEB, MPEB etc. and to leading turnkey contractors like L&T, BHEL, Reliance, Crompton Greaves, Jyoti Structures, Siemens, ABB, Kalpataru, NTPC, KEC, Nagarjuna, Tata Power and many more. In short, it is among the few companies catering to all three sectors i.e. public, private & exports.

To increase its market share in the electrical instruments business, IMP has recently upgraded its Kandivali plant with state of art facilities to manufacture the complete range of electronic analog and digital meters including ammeter, voltmeter, frequency meter, dynamometer type watt meter, power factor meter, phase sequence indicator, KVA meter etc. in addition to high end meters like maximum demand indicator, trivector meter and KWH meters. To complement its transformer business, the company is also planning to launch new products like OLTC with both On Load and Off Load tap changers, disconnectors for substations, energy meters including prepayment meters etc. Massive fresh capacity addition in the power sector, rapid rural electrification and strong replacement demand ensures a bright future for IMP. It has current capacity of 3,600MVA and is currently operating 55% of its capacity. It plans to increase its capacity utilization up to 80% by FY08. The company had a total order book of Rs.110 cr. by end of December 2006 and majority of these orders are for transformers.

For the financial year ending 30 June 2007, it may report a net profit of Rs.8.25 cr. on net sales of more than Rs.100 cr. Considering its bulging order book position, it is estimated to clock turnover of Rs.150 cr. and net profit of Rs.14 cr. for FY08. This translates into an EPS of Rs.14 & Rs.21 for FY07 and FY08 respectively. Investors are strongly recommended to buy at current levels as its share price can double in a year’s time.

Shri Lakshmi Cotsyn Ltd. (Code: 526049) Rs.110.95

Incorporated in 1988, Shri Lakshmi Cotsyn Ltd. (SLCL), erstwhile Shrivatsa International Ltd., is engaged in manufacturing blended suitings & shirtings, cotton fusible interlining, quilted/embroidered fabrics and specialized technical fabrics for defence/paramilitary forces. It also has a sophisticated processing & dyeing unit specializing in Vat & Disperse dyes apart from a coating plant to coat polyurethane on fabrics and make them waterproof or water repellant. The company also has in-house rotary printing machines for printing various types of fabrics. SLCL specializes in manufacturing bulletproof jackets with advanced technology using aramid fabric and UHMPE sheets to produce hard armour plate, which meets the requirement of NIJ threat level 3. Recently, the company has undergone a huge expansion of more than Rs.250 cr. to become a major textile player.

SLCL had a facility to manufacture 18 million (mn.) metres of suiting shirting, 10 mn. metres of cotton sheeting processing; 1.2 mn. metres of embroidered and quilted fabrics and 2.5 mn. metres of industrial fabrics for defense and others. Now it has set up a new plant spread over an area of 48 acres in Fatehpur, Uttar Pradesh, which has a capacity to produce 20 mn. metres of denim, 12 mn. metres of wide width sheeting, 6 mn. metres of cotton suiting (heavy weight bottom wear fabric) and 3000 tonnes of terry towels in a year. The commercial production has begun and it is expected to operate at optimum levels in FY08. Besides, it is also putting up a captive power plant and a captive yarn- dyeing unit with a peak capacity of 1500 MTPA. Notably as a step towards forward integration, SLCL is setting up the garment manufacturing unit at Rorkee in Uttaranchal with a capacity of 10,000 trousers, 5,000 shirts and 5,000 ladies wears per day. Lately, it has also decided to establish a nylon project with a capacity of 8.55 mn. metres p.a. at Fatehpur only for manufacturing nylon coated fabrics and furnishing fabric both woven as well as knitted. Few months back, SLCL entered into a joint venture with an UK based company to carry on the business of manufacturing armour plates, panels, helmets, ballistic body amours etc. and similar safety/security related equipments for the domestic as well as global markets. The manufacturing unit of this JV will be established at Fatehpur in U.P. In short, the company is on a strong trajectory of growth with the impact of expansion kicking in every quarter.

To fund its expansion plan, the company made a preferential allotment of 37 lakh shares and 11 lakh warrants at Rs.129 per share apart from debt. Couple of days earlier, it reported stunning numbers for the March 2007 quarter and reported 65% jump in sales of Rs.154 cr. whereas net profit almost tripled to Rs.12 cr. and registered 18% OPM against 8% in the last fiscal. It will be interesting to see if the company can maintain such a high profit margin in future also. On a conservative basis, for the year ending June 2007, it can clock a turnover of Rs.550 cr. and profit of Rs.35 cr. This translates into an EPS of Rs.24 on its diluted equity of Rs.14.80 cr. For FY08, however, inspite of high interest cost and depreciation it may report sales of Rs.725 cr. with net profit of Rs.45 cr. i.e. EPS of Rs.30. Interestingly, Reliance Capital is holds 9% stake through preferential allotment since the last one year. Investors are, therefore, recommended to buy this scrip on sharp declines with a price target of Rs.210 in 12 months.

ANALYSIS

Opto Circuits (India) Ltd.: Buy on reaction

By Devdas Mogili

Opto Circuits (India) Ltd. (OCL), is a Bangalore based company established in 1992. It manufactures products like Optical Sensors, Medical Electronics, Security Systems and Chip-on-Board Assemblies. The company has two manufacturing units located in Bangalore, which have 100% EOU status and are also listed with the Federal Drug Authority, USA. Vinod Ramnani is the chairman & managing director of the company.

OCL entered the capital market with a follow on public issue of 40 lakh equity shares with a face value of Rs 10 at a price of Rs.270 per share in April 2006 to finance the cost of enhancing its infrastructural facility, meet the cost for completion of an additional building at the existing site, set up a marketing office in London and upgrade its R&D facility.

Currently, the company manufactures two categories of opto electronic components and assemblies viz. standard products and customised products. The products are customised with critical care medical sensors used in operation theatres, ICU, X-Ray Machines and CAT Scans. OCL has two-business segments: (1) Healthcare and (2) Information Technology (IT).

It has adopted both the organic and inorganic routes for growth. As a part of its inorganic growth, it has acquired companies like Advanced Micronic Devices Ltd., Medaid Inc, USA, Altron Industries Pvt. Ltd. and Eurocar Gmbh. OCL holds 59.71% stake in Advanced Micronic Devices Ltd. whereas it has 100% holding in the others.

The services provided by the company are mostly through its business associates, which include Elekon Industries Inc., USA, while its major customers are - Agilent Technologies Inc., USA, (formerly known as Hewlett Packard), Criticare Systems Inc., USA, Logitech International, S.A. and Nellcor, Switzerland. The company has also acquired the Patient Monitoring Division of Palco Laboratories Inc., a leading US based company.

OCL made a foray into the high-growth cardiac and peripheral stents business last December through the acquisition of Eurocor and is now completing its offering by adding balloon catheter assemblies and related products for coronary, renal and other applications. For this purpose, it is planning to acquire a company in Western Europe. With this acquisition, OCL will have a complete solution for intrusive procedures like coronary angioplasty, which has three key components-guide wire, stent and balloon catheter.

Performance: The company notched up an impressive performance for FY06. It recorded a consolidated revenue of Rs.139.78 cr. with a net profit of Rs.38.61 cr. netting an EPS of Rs.6.27.

Financial Highlights: (Rs. in lakh)

Particulars	QE 31/12/06	QE 31/12/05	9 M 31/12/06	9 M 31/12/05	YE 31/03/06
Net Sales/Revenue	**6280.32**	**3337.89**	**16736.92**	**9667.95**	**13977.99**
Other Income	167.87	46.66	367.12	445.24	444.04
Total Expenditure					
a. Inc/Dec in Stock	269.40	26.75	(73.87)	(14.51)	(122.91)
b. Mfg Exp	3029.67	1581.79	9067.49	5216.64	7330.06
c. Admn & Mkt Exp	941.78	564.42	2512.21	1776.37	2503.41
Total Expenditure	4240.85	2172.98	11505.83	6978.50	9710.56
Int & Fin Exp	134.73	118.07	506.49	312.68	522.54
Depreciation	59.15	40.82	161.27	149.95	232.23
Profit before tax	2013.46	1052.71	4930.45	2672.06	3956.71
Prov tax/FBT	12.98	6.75	29.12	28.95	95.27
Net Profit	**2000.48**	**1045.96**	**4901.33**	**2643.11**	**3861.44**
Paid up equity	6161.66	6161.66	6161.66	6161.66	6161.66
Res Exc Rev Reserve	-	-	-	-	5732.71
EPS (Rs) not annlised	3.25	1.70	7.95	4.29	-
EPS (RS)Annualised	-	-	-	-	6.27

Q3 Results: OCL clocked consolidated revenues of Rs.62.80 cr. for Q3FY07 and posted a net profit of Rs.20 cr. registering a basic EPS of Rs.3.25. The annualized EPS works out to Rs.13.

Financials: The company has an equity base of Rs.61.62 cr. with reserves of Rs.47.47 cr., the book value of its share works out to Rs.29. The company's equity increased from Rs.26.81 cr to Rs.61.62 cr. in view of its follow-on public issue in April 2006 and issue of bonus shares at 1:1 declared last year. As on 31 March 2006, it registered a ROCE of 37.83% and RONW of 54.93%.

Share Profile: Its share with a face value of Rs.10 is listed and traded both on the BSE and NSE under B1 segment. Its share price touched a 52-week high of Rs.344 and a low of Rs.145. At its current market price of Rs.317, it has a market capitlisation of Rs.1957 cr.

Dividends: The company has a liberal distribution policy as can be seen from its liberal distribution of dividends as shown below:

FY2001 - 30%; FY2002 - 30%; FY2003 - 30%; FY2004 - 30%; FY2005 - 35%; FY2006 - 40%.

For the past two years, the company has been stepping up the dividend by 5 points, which indicates the management's confidence in the future prospects of the company. The company also declared a bonus in the ratio of 1:1 during the year 2006.

Shareholding Pattern: As on 31 December 2006, the promoters' holding was 30.97%, non-promoters holding was 69.03%, mutual funds like DSP Merrill Lynch and Magnum Fund have acquired its shares for their various small-cap and mid-cap schemes in January and February 2007.

Prospects: The demand for healthcare equipment products like Stents is enormous following the growth of lifestyle diseases like high blood pressure and heart related problems. In this regard, the company has made the right moves by acquiring Eurocar Gmbh, which is a leader in the manufacture of Stents under the brand name 'Taxcor'. In fact, Eurocor GmBH, the company's wholly owned subsidiary (WOS) has received the CE Mark approval of its Taxcor-Paclitaxel-eluting coronary stent system. This certification allows Eurocor to begin marketing the drug eluting stents in 25 countries of the European Union as well as in Middle East, Latin America and Asia.

Conclusion: OCL is a healthcare equipment manufacturer designing and manufacturing a wide range of balloon catheter assemblies and related products for coronary, renal and other applications. Moreover, the company has undertaken aggressive inorganic route for its future growth.

At its current market price of Rs.317, the share price is discounted less than 24 times its estimated earnings against the industry average P/E multiple of about 29. Considering its aggressive growth and marketing strategy, good prospects, impressive performance, exposure can be contemplated in this counter on any price weakness or market reactions for medium-to-long-term investment.

MARKET REVIEW

Sensex gains 513 points on the back of strong Q4 earnings

By Ashok D. Singh

The market extended its recovery last week that began early this month. The BSE Sensex gained 513.33 points (3.8%), to settle at 13,897.41 for the week ended 20 April 2007 - its highest closing in almost two months. The NSE Nifty advanced 166.20 points (4.2%), to 4,083.55, also a two-month closing high. Small-cap and mid-cap stocks extended their recovery. The BSE Small-Cap Index advanced 217.91 points (3.2%), to finish at 6,974.37. The BSE Mid-Cap Index gained 122.58 points (2.1%), to settle at 5,699.08.

Strong FY 2008 guidance by Infosys, firm global bourses and continued FII-buying, have boosted the bourses this month after the Sensex had tanked 617 points in a single trading session on 2 April following the Reserve Bank of India's surprise hike in interest rates announced after trading hours on Friday, 30th March 2007. From a low of 12,455.37 on 2 April 2007, the Sensex has gained 1,442.04 points (11.5%) in a short while. Its all time peak is of 14723.88, which it had reached on 9 February 2007. Its all-time closing high is 14,652.09, of 8 February 2007.

Commerce Minister Kamal Nath said on Thursday that all service exports would be exempted from service tax. Announcing the annual supplement of the Foreign Trade Policy, he said that the export target of $125 bn. for 2006-07 had been met and the government hoped to achieve $160 bn. in the current financial year.

The wholesale price index rose 6.09% in the 12 months to 7 April 2007, higher than the previous week's increase of 5.74%. The annual rate had moderated to below 6% recently after hitting 6.69% on 27 January 2007, its highest in more than two years, on the back of RBI tightening policy and the government cutting duties on a range of items to rein in prices.

Meanwhile, crude oil rose above $66 a barrel on concerns that weekend elections in Nigeria increased the risk to supply from the world's eighth-largest exporter. Any sharp rise from hereon will dampen the sentiment.

Trading for the week began firm as the Sensex jumped 312 points on Monday. A rally in global markets and forecasts for a good monsoon in India boosted the bourses. Stock markets of the world hit record peaks on Monday after top policymakers highlighted the strength and improving balance of global economic growth, encouraging the already bullish investors to increase their appetite for risk. The G7 leaders said that the US economy remained solid despite

the weight of a housing slump while Europe was showing a healthy upswing and Japan's economic recovery was on track.
Fall in IT stocks pulled the Sensex lower 86 points on Tuesday, after the rupee hit its highest level in nine-years.
Firm Asian markets lifted the Sensex 65 points on Wednesday. But the barometer index came off the higher level from an intra-day 155.88 point rise to 13,762.92 - its highest since 23 February 2007.
The market drifted lower on Thursday, reeling under the weakness spread across Asian markets after latest data showed strong GDP growth in China. The Sensex ended 52 points lower.
The market returned to its winning ways on Friday, as strong guidance for FY08 by IT bigwig Satyam Computer and firm global markets together propelled the Sensex to a two-month high. The Sensex jumped 278 points.
Cement shares edged up on expectations of strong March 2007 quarter results. On Thursday, ACC reported a 54.5% surge in net profit in Q1 March 2007 to Rs.363.75 cr. from Rs.235.42 cr. in the March 2006 quarter. Net sales surged 26.1% to Rs.1674.83 cr. from Rs.1327.52 cr.
Banking stocks were in demand on value buying and also on expectation of decent-to-strong Q4 results from private sector banks. On 17 April 2007, UTI Bank reported 40% growth in net profit in the March 2007 quarter.
Tata Steel bounced back on Friday, after the scrip had come under selling pressure on Wednesday and Thursday on equity dilution concerns. The Indian steel maker will offer a rights share at Rs.300 each in 1:5 ratio to raise Rs.4350 cr.
The Sensex gained 513.33 points to settle at 13,897.41 last week. A lot of events are scheduled this week, which are expected to swing the market either way. The first and the most significant of those is the Reserve Bank of India (RBI)'s monetary policy on Tuesday, 24th April.
Also volatility is expected ahead of expiry of the April 2007 derivatives contracts on Thursday, 26th April 2007. A lot will also depend on how the global markets pan out. Over the past few months, local bourses have been tracking global cues in a similar direction. Any sharp correction will lead to a fall here as well.
Heavyweights Reliance Industries announces its Q4 results on 26 April 2007, while Ranbaxy Laboratories will declare its earnings on 27 April 2007 and Maruti Udyog on 24 April 2007.

MARKET

Happy days return

By G. S. Roongta

Happy days are back again as the BSE Sensex has bounced back after facing severe reaction ever since the presentation of the Union Budget, which proved to be lacklustre and resulted in the biggest fall of nearly 2200 points till March 2007 from one week before the budget rally something never ever witnessed before.
After gaining 532 points in the previous week ending 13 April 2007 at 13389.06, the Sensex advanced to a high of 13762.92 in intra-day trading on Wednesday, 18 April but closing higher by 65 points at 13672.19. After a minor setback on Thursday, the Sensex made a splendid advance reaching near to the Sensex 14000 level, which is just 700 points below its historic peak, while closing the week ending Friday, 20 April 2007 at 13897.41. Thus the BSE Sensex has gained nearly half its total loss since the budget, which is indeed a remarkable achievement.

G.S. Roongta

It is quite interesting to note that some market experts like Shanker Sharma of First Global had hinted at the Sensex breaching the 10000 level and soon thereafter enter into a long bearish phase. His interview twice on CNBC channel in March 2007 was watched by this correspondent and I really laughed at the kind of message he was delivering. It was in total contradiction of economic reality as the Indian economic growth is considered one of the best not only in Asian countries but world over. Our forex reserves have galloped to over US $200 bn. and the GDP growth targeted to hit 9-9.5%, the second highest in the world. Some world economic players even expect India to surpass China in the next one or two years. Money Times readers are aware that this column had refuted his analysis of the Sensex falling below the 10000 level and pointed to his past forecasts failing and to state candidly that this time too his forecast will prove utterly wrong. Money Times readers might be happy to note that he has now revised his forecast in a subsequent interview on the same channel in the first week of April after he realized that a strong undercurrent is still alive because of which his forecast will fail to materialize.
But his advise and observation on a leading stock market channel watched by lakhs of investors and stock brokers cannot be taken lightly as it involves a great risk and huge loss for viewers. This is possibly why SEBI is thinking seriously to chalk out some guidelines about the quality of forecast by the people using media and how effective they are for the benefit of investors and the public at large.
Another famous chartist has also changed his stand and accepts that the market is in a long-term bull phase after showing a severe correction.
Money Times readers will be happy to note that I had repeatedly advised them in the last four to five articles to use the market panic as the best opportunity for picking up attractive stocks. I have also advised about cement stocks, which had

fallen by 40-45% as the best stocks to pick up despite government hindrances. The robust demand for cement remains with great potential for growth, which cannot bring down the prices of cement.

The government actions making cement duty free import raising excise duty from Rs.400 to Rs.600 per tonne in the Union Budget and further raising railway freight and banning export has also proved like Shankar Sharma's shortsighted vision lacking to recognize the reality of the growth facts & rising prospects. Cement demand is hitting with double digit at 12-13%, which is proving much in short of existing 120 million tonnes capacity requiring nearly 20 million tonnes cement further just to meet out the domestic needs alone. I have strongly observed in my last two articles that ACC, Gujarat Ambuja, Grasim India Cement, JK Lakshmi Cement are the best pick. I am happy to say my readers that cement stocks prices have risen by 15-20% in the last one week itself and further rise in prices are also quite imminent.

The market on 19 April opened extremely weak on the global cue with the Asian market tumbling down heavily. The Indian markets went fell by over 160 points in sympathy but soon it recovered with great volatility throughout the day while closing at 13620 hardly 52 points in the red making a great attempt to recover two-third of lost gains of the early hours. It was a day of great consolidation of the 1000 points recent gain. The consolidation was the sharpest with the bulls and bears playing their cards to turn the market in their favour in which the bulls ultimately proved to be stronger to fight them despite the Asian market's dismal performance.

In last week's article, I recommended L&T as the best stock to buy and it gained nearly 100 points thereafter and the stocks is still going cheap.

ACC: came out with flying colours for its first quarter result reporting with net sales of Rs.1674.83 cr. against Rs.1327.52 cr. with net profit of Rs.363.75 cr. against Rs.235.48 cr. in the corresponding previous quarter, which is the best and highest of its 120 years' history. ACC, I once again repeat is a good buy even at the current rate. It must not only regain its loss but also surpass or hit its recent pick of 1192, which looks far off from the current level of Rs.885 as on 19 April.

Lakshmi Cement: at Rs.105 is also going very cheap and it should also recover its lost gain too fast as early as possible.

Arvind Mills: also looks very good and the company is reported to be doing very well in 2007-08. The stock at Rs.46 is worth buying as denim prices, which had declined in the international market is again flaring up. The company is also making some fruitful changes in its production pattern to improve its bottomline.

Elecon Engineering: is also going to come out with flying results any time in the next week. The stock, which had hit Rs.48 mark, is now available at Rs.400-405, which is most attractive to buy.

Mukand Ltd.: The fortune of steel stocks has changed for the better as steel prices are soaring globally to hit its two years high, which is well reflected with the recent rise in prices of steel stocks. SAIL is at its all time high and so is JSW. Mukand Ltd., which had hit Rs.130 last year is currently available at Rs.87-88 and may cross Rs.100 mark any time in the next few week and Rs.130 in the medium-term.

STOCK WATCH

By Saarthi

Mobile Telecommunications Ltd. (Code: 532127) (Rs.16.91) manufactures box assemblies as well as PCB assemblies and caters to clients from IT, Auto, Power, Medical and the Telecommunications sector. But post acquisition of the BPO facility of M/s Quantum eServices, the company is now focusing on VOIP & IP telephony, BPO and manufacturing of WLL handsets. It has already acquired the licence for corDECT technology and is setting up a plant for the production of WLL handsets. It has also forayed into the energy-saving device business and has got into APFC (Automatic Power Factor Controller) panels under the joint venture with Herodex Power Systems. It has plans to launch the Automatic Meter reading system, which will collect the data automatically from meters and other devices via telecommunications at a remote central location of the client's choice. It also intends to enter the rapidly growing market of Wireless Broadband Services. It is expected to report a topline of Rs.23 cr. with a bottomline of Rs.1.50 cr. for FY07, which means an EPS of Rs.1.20 on its equity of Rs.11.90 cr. For FY08, it has the potential to clock an EPS of more than Rs.2. Buy at sharp declines.

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Alufluoride Ltd. (Code: 524634) (Rs.17.40) is a reputed manufacturer and exporter of aluminium fluoride, which is used as flux in reducing the melting point of Alumina in the production of aluminium. Of late, the company has succeeded in sourcing an alternate supplier for Hydrofluosilicic acid for conversion on ad-hoc basis and is now working at higher capacity utilization. For the March'07 quarter, its sales grew by 10% to Rs.5.40 cr. and the PBT was Rs.1.20 cr. against a loss of Rs.0.20 cr. last year. However, due to tax provision of a whopping Rs.1.60 cr. including Rs.1.20 cr. as deferred tax, it reported a net loss of Rs.0.40 cr. Importantly, it clocked a record high OPM of 27% for this quarter. For the full year FY07, its sales and net profit were Rs.21 cr. and Rs.2.05 cr. respectively i.e. an EPS of Rs.3 on its equity of Rs.7 cr. Considering the strong improvement in its profit margin, it is estimated to end FY08 with topline of Rs.25 cr. and bottomline of Rs.3.50 cr., which means an EPS of Rs.5. Scrip has the potential to touch Rs.30 in the medium-term.

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Batliboi Ltd. (Code: 522004) (Rs.107.55) is engaged in the business of machine tools, textile engineering, air conditioning and refrigeration. Its machine tools division manufactures and sources leading brands from across the world to meet the domestic requirements. It is a well-known supplier of a wide range of world-class textile machinery for spinning, weaving, knitting, processing and garmenting. It also executes turnkey HVAC (humidity, ventilation and air conditioning) projects across the globe. Moreover, it is actively involved in the design, selection, engineering, fabrication, supply, installation and commissioning of air and water pollution control equipment and systems for a variety of industrial and municipal application. Under a joint venture Batliboi enXco, it provides operation, service and maintenance for all types of wind turbine generators. Recently, it acquired 100% stake in Quickmill Inc., a Canada based machine tools company, for a consideration of approximately Rs.22 cr. in an all cash deal. For FY07, it is expected to register a total revenue of around Rs.130-135 cr. with PAT of Rs.13 cr. i.e. an EPS of Rs.10 on its equity of Rs.13.50 cr. For FY08, it can report an EPS of Rs.13 on a standalone basis. A good bet for 50% gain in a year's time

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Gontermann Peiper (I) Ltd. (Code: 504701) (Rs.50.90), an Ispat Group company is one of the leading manufacturers of Cast rolls and Forged rolls which find application primarily in the steel industry. Not only in India, its products are widely appreciated in USA, Canada, China, South Africa, Taiwan, South Korea, Thailand, Indonesia and many other countries. With the domestic and global steel industry adding capacity at a fast pace, the company is implementing an expansion-cum-modernization plan of Rs.40 cr. to enhance its production capacity to 18,000 MT of finished roll from 12,000 MT. This project is likely to be completed by end of 2007. Considering the future trend of the business globally, the company has given thrust to new product development – enhanced carbide rolls in ICDP variety and High Speed Steel Rolls. It is also scouting for inorganic growth opportunities in Europe to capitalize on the current boom in the steel industry and cater to European and US markets. It may end FY07 with net sales of Rs.150 cr. with net profit of around Rs.12.50 cr., which means EPS of Rs.9 on its equity of Rs.13.90 cr. With 52-week high at Rs.72, it's a good buy at current levels.

FIFTY FIFTY

By Kukku

Investment Call

*** Alumeco India Extrusion (Rs.25.5)** - Presently the main demand for aluminium extrusions is from construction, automobiles, white goods and industrial goods such as pneumatics, hydraulics, textile machinery etc. The usage of aluminium as an alternative to steel is catching up in the construction industry and the market demand for it is very encouraging.

The company has the necessary infrastructure for production of around 650 MT per month. The company is in the process of streamlining and optimizing the present production capacity and other resources. For meeting the increased demand, it has begun to expand its foundry capacity for in- house billets production. It will have to install an additional furnace and other related infrastructure. This will also reduce its dependence on imported billets.

Further, it is in the process to build a new packing/dispatch area and also scrap handling area and plans to build its corporate office in the factory premises.

Alumeco A/S, Denmark, who is the main shareholder of the company through a holding company, OSI India Holding A/S, Denmark, has ozone facilities for conversion of extrusions into automobile components in Germany, Denmark, Sweden, Finland, Norway, Italy and Switzerland. They buy about 1,00,000 tonnes of aluminium extrusions per year from China, India, Europe and South America. The Indian unit supplies 6000 tonnes per annum to its Danish parent, which is 8% of their total requirement. Alumeco does not hold equity in any other extrusion company. This Danish company, which has been helping the company for last four years, will continue to export about 80% of its production to the European market.

Last year, the company made payment of 53% of the outstanding principal amount of all secured loans and non convertible debentures to IDBI, IFCI, ICICI Bank, State Bank of India & State Bank of Hyderabad and the balance 47% of the outstanding principal amount of all loans and non convertible debentures have been waived by

the above financial institutions and banks. The entire interest dues including simple interest, compound interest, they have also waived off liquidated damages. The company also paid 53% of the outstanding dues to National Aluminium Company Ltd. (Nalco) and balance 47% along with the entire interest dues thereon was waived by Nalco. The promoters, OSI India Holding A/S, Denmark, has waived off the accrued interest on unsecured loan of Rs.215,45,000 provided by it.
Since the above clean up operation is already over, the company has already reported sales of around Rs.60 cr. for the first half and expects to do very well in coming years.
Investors can keep watch on this MNC available at just Rs.25 for good long-term growth. Seeing to the above growth plans, the company can become good outsourcing story in the long run.

Market Guidance

* **PSL Ltd. (Rs.208)** has expertise in the design, manufacture, supply, erection and commissioning of plants, machinery and equipments catering to the Pipeline industry and is fully geared to set up Pipe Manufacturing and Pipe Coating Plants. PSL's fully-equipped and adequately manned in-house Project Engineering department has technical collaboration with renowned Design and Engineering firms from Germany and Italy. PSL is one of the largest pipe manufacturers in India with 10 Pipe Mills at strategic coastal locations in Chennai, Kandla and Daman with an annual capacity exceeding 1,000,000 MT of size varying from 16" dia to 120" dia with wall thickness from 5mm to 25mm. The production capacity of the company was enhanced from 7,50,000 MTA to 11,00,000 MTA last year.
The company is faring exceedingly well and has already reported sales of around Rs.1180 cr. with net EPS of around Rs.15.5 for the first 9 months. Full year FY07 sales are likely to be around Rs.1600 cr. and net EPS is likely to be Rs.20-22. Stock looks attractive at current level of around Rs.208 for good long-term growth.

* **Karnataka Bank (Rs.164)** is one of the largest old private sector banks having a strong branch network in southern & western India. It is one of the most efficient & professionally managed banks with around 405 branches. The stock appears to be a safe investment bet at the current level and is under accumulations by knowledgeable and informed HNIs.

* **First Leasing Co. of India (Rs.42)** with an expected book value of around Rs.90 plus. Expected EPS of around Rs.15 looks very attractive at Rs.42 level. The company has been paying regular dividend of 22.5% since last many years.

* Smart, well-informed investors are said to be adding **Sparsh BPO Services (Rs.191)** and projecting a very high target in the long run.

* **Prajay Engineers Syndicate (Rs.242)** is likely to touch near Rs.300 around the results time in good market sentiment.

* **Supreme Industries (Rs.203)** has come out with superb results. Long-term investors should stay invested.

* If first three quarter results are any indication, full year EPS of **Revathi Equipments (Rs.645)** is likely to be around Rs.36-38 but it may report good profits on a consolidated basis.

* Action seems to have shifted from WWIL to **Dish TV (Rs.106)** as per well-informed sources. Investors can look forward for good time ahead in this counter.

Winners of 2007!

Falling markets good for accumulation
12 stocks are up out of 28 recommended stocks are above their December 2006 closing prices.
In the previous week, 11 stocks were up and 1 stocks have moved up last week creating an opportunity for accumulation on falls.
Many stocks have touched their lower support levels and its time for them to start moving up to give trading returns.
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* **Ansal Properties & Infrastructure (Rs.490)** is said to have good hidden value. Investors with long-term view are likely to get good benefit. The stock around Rs.490 level is cum bonus now and is likely to open ex bonus next week.

* **Prajay Engineers Syndicate (Rs.242)** and **Era Constructions (Rs.365)** have closed well for a further up move.

* **Indiabulls (Rs.487), Indiabulls Real Estate (Rs.304), Hanung Toys (Rs.148), Gallant Metal (Rs.12.15)** and **Surya Roshni (Rs.51.7)** are likely to remain in action. Keep a watch.

* **Granules India (Rs.116.80)**, which has been recommended long back is likely to remain in action now. Investors can stay invested for better target with long-term view.

* Speculative position is said to be building up in **Ess Dee Aluminium (Rs.280)**. Keep a watch for an upmove. It is surprising that PG Foils, which is better placed fundamentally, is available at just Rs.26 level Ess Dee Aluminium is trading at Rs.280 level!

* Molasses based raw material companies are likely to report encouraging results. Keep a watch on **India Glycols (Rs.139)** and **Alkyl Amines (Rs.103)**. These stocks have already gone up by 25-30% in the last few weeks since they were discussed in this column.

Note: Market is likely to remain firm in coming days in view of the strong growth in the economy, good inflow from FIIs & also good cash in hand of domestic mutual funds. Investors will do well by selling partly at every rise to remain in cash.

EXPERT EYE

By V.H. Dave

This scrip was earlier recommended in Early Bird Gains (EBG), our investment newsletter at Rs.111.50 on 21st February 2007. It scaled to a high of Rs.126 on April 18, 2007 giving an appreciation of 13% within 2 months.

The counter of **FIEM Industries Ltd. (FIEM) (Code: 532768) (Rs.117)** has been attracting value buying with knowledgeable persons acquiring a good chunk of shares. The buzz is that after expansion, FIEM is all set to garner an EPS of above Rs.22 in FY08.

FIEM, a quality manufacturer of low priced automotive lighting & signalling equipments and rear view mirrors was originally incorporated in India as Rahul Auto Pvt. Ltd. on 6 February 1989 in New Delhi and was converted into a public limited company in 1993. FIEM was promoted by Mr. J. K. Jain, who is the chairman & managing director with an experience of about 35 years in the automotive components industry and is one of the pioneers in this field.

FIEM's four manufacturing units are strategically located in Haryana, Tamil Nadu and Karnataka. The fifth unit, an EOU at Kelamangalam in Hosur in Tamil Nadu has recently started commercial production. The expansion of Unit VI at Nalagarh, Himachal Pradesh is under way. FIEM had raised Rs.56.2 cr. for expansion in September 2006 by sale of 41 lakh equity shares of Rs.10 each through the book-building route.

Its product range includes Automobile Parts, Components & Spares, Automotive Lighting, Head Lamps, Tail Lamps, Warning Triangles, Reflectors, Auxillary Lights, Fog Lights, Automotive Lamps, Blinker Lamps, Reflex Reflectors, Work Lamps etc.

FIEM has technical support of Ichikoh Industries (IOL), Japan, a well-known name worldwide in automotive lighting, rear view mirrors & wiper blades and is a Tier 1 supplier to major Japanese vehicle manufacturers such as Nissan Motor, Toyota Motor Corporation, Fuji Heavy Industries, Daihatsu Motor Co., Mazda Motor Corporation etc.

FIEM adheres to TQM through stringent quality control system and state-of-the-art manufacturing facilities. Its products conform to international standards viz. JIS, ADR, DOT, ECE, SAE and Indian standards. FIEM has to its credit ISO 9000, ISO 9002, QS 9000, ISO 14001 and ISO/TS 16949 certifications.

Some of its prestigious OEM clients in the domestic and global automotive industry are: TVS Motor Co, Honda Motorcycle & Scooter India, Hyundai, Tata Motors, Punjab Tractors, International Tractors, Swaraj Mazda, Force Motors, Yamaha, Royal Enfield, Reva, HM, Sonalika, Fiat, Skoda Auto India, Suzuki Motor Cycles India, General Motors India., Aspock Systems, Austria and Piaggio, Italy.

TVS Motors is the biggest client. Its expansion will help FIEM to garner higher revenue in the coming years. TVS's Indonesia new plant will manufacture 1.20 lakh bikes (likely in May 2007) and greenfield plant at Himachal Pradesh, which will also commence production in May 2007, with 3 lakh bikes a year.

FIEM's EOU has recently started commercial production with its first consignment to Aspock Holding GmbH, Austria, and to Ichikon Industries, Japan. It is also supplying to Piaggio and C.s.p.a., Italy and will export automotive lighting & signalling equipment and rear view mirrors to TVS Motors for its Indonesia project.

During FY06, FIEM posted 24% increased sales of Rs.100 cr. and earned 135% higher net profit of Rs.7.5 cr. During Q3FY07, it posted a net profit of Rs.4.2 cr. on sales of Rs.47.8 cr. and for the first three quarters of FY07, it reported a net profit of Rs.10 cr. on sales of Rs.124 cr.

Its equity capital is Rs.11.9 cr. and with reserves of Rs.78.6 cr., the book value of the share works out to Rs.76. Its gross block as 31 March 2006 was Rs.62 cr. and would increase to over Rs.130 cr. by 31 March 2007 on the back of expansion. The promoters hold 64% in its equity capital, Mutual Funds like Unit Trust of India and Sundaram BNP Paribas Mutual Fund together hold 10% leaving 26% with the investing public.

FIEM's recent expansion at an investment of Rs.74 cr. included expansion of its existing manufacturing facilities at Kundli in Sonepat, Haryana (Unit I) and Thally Road, Kallukondapalli in Hosur, Tamil Nadu (Unit II), which is underway. Its 100% export oriented unit at Kelamangalam in Hosur, Tamil Nadu (Unit V) has proximity with the Chennai port as well as Bangalore airport and has already commenced commercial production**.**

Its new manufacturing facility at Nalagarh, Himachal Pradesh (Unit VI) for automotive lighting, signalling and rear view mirrors has commenced production with the first consignment to Punjab Tractors. It has also clinched an order from Yamaha Motor India paving the way for enhancing its business with Japanese companies.

Coming to its future prospects, India is among the few countries with its own automobile industry that makes the entire range of automobiles and is reckoned to be the most exciting growth markets globally. Stronger economic growth, rapid growth in road infrastructure and increasing affordability will ensure higher sales growth momentum for the auto sector.

Its new manufacturing facilities at Nalagarh, has advantage excise duty exemption for the final product along with income tax holiday for 10 years. Based on the first three quarters of FY07, FIEM is likely to garner sales of Rs.190 cr. and post a net profit of Rs.16 cr., which would give an EPS of Rs.13.7.

On the back of expansion, its sales are expected move up to Rs.300 cr. in FY08 with net profit of Rs.26 cr. the EPS would work out to Rs.22. The FIEM share is currently quoted at Rs.123, which discounts the FY08E by 5.5 times while the shares of its immediate peer, Lumax Industries are traded at Rs.455 discounting its estimated FY08E of Rs.26 by a whopping 17.5 times and the industry average P/E of the auto ancillaries industry currently rules firm at 20. Applying a conservative P/E of 8.5 will take the share price to Rs.185 in 6 months. The 52-week high/low of the share has been Rs.148/82.

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Shree Ganesh Forgings Ltd. (SGFL) (Code: 532643) (Rs.28) is well-known for its quality products in Germany, Netherlands, Belgium, France, Denmark, Italy, Spain, Greece, U.K, U.S.A, Australia, Canada, as well as the Middle East. A major part of around 70% of SGFL's turnover comes from the export of flanges and fittings and the global demand for flanges is huge and constantly increasing. The demand comes mainly from the gas, oil, petrochemicals & dairy sectors, as the investment trend in these sectors is very high.

SGFL is in the business of making steel forgings catering primarily to the requirements of auto/auto ancillary and petrochemicals sector and its products find application in the automotive industry, two wheelers, earth moving industry, tractor industry and in Defense applications.

Its entire process system and manufacturing facilities have been surveyed and certified by several bodies of international repute. The TUV CERT / RWTUV Certification is for an establishment applying a quality system for manufacture and sale of closed Die Steel Forgings, Flanges and Fitting according to ISO 9001:2000, the TUV CERT / RWTUV Certification body certified for Quality-system according to Directive 97/23/ED, Lloyds Register Industrial Service (India) Pvt. Ltd, Canadian Registration, Bureau Veritas, I.B.R., N.P.C.L, UHDE, American Bureau of Shipping, Indian Defence and A.P.I.

During FY06, SGFL registered 62% increased sales of Rs.92 cr. and earned 69% higher net profit of Rs.4.8 cr. During Q3FY07, however, both sales and net profits have declined each by 10% to Rs.27 cr. and Rs.1.5 cr. respectively compared to the previous corresponding quarter. But the first nine months of FY07 reflect an increase of 35%in sales to Rs.78 cr. and higher net profit by 36% at Rs.4.7 cr.

The promoters hold 52% in its equity capital. Prudential ICICI Fund and Reliance Capital Trustees hold 5.9 and 6.5% respectively. Other mutual funds hold 2.6%. The PCB holding is 9% leaving 24% with the investing public.

SGFL is introducing a new range of products with quality upgradation and has recently acquired Belgium's Hertecant and France's ELFE from the Sweden-based Outo Kumpu for an undisclosed amount. Post acquisition, Hertecant and ELFE will become its wholly-owned subsidiaries.

The SGFL's customers include Mahindra & Mahindra, Mahindra Sona, Voltas, Tractor Engineers, Greaves, Bharat Earth Movers, Ashok Leyland, Bhabha Atomic & Research Centre (BARC), Thermax, Fairfield Atlas, NPCL, L & T and KSB Pumps among others. SGFL also exports its products to USA, Canada, U.K., Australia, Ireland, Germany, Netherlands, Belgium, Denmark, Italy, Spain, France, Greece, Austria, etc. and the Middle East.

SGFL is in the process of doubling its forging capacity from 11000 MTA to 22800 MTA at the existing location and this expansion will go on stream in Q1FY08. With this expansion, it will also double its

machining capacity and overcome the present constraint in this segment. This expansion costing Rs.32 cr. is being funded through the IPO proceeds of Rs.15 cr., term loan and internal accruals.
It has also acquired land in the free trade zone at Jebil Ali SEZ in Dubai to start a state-of-the-art manufacturing unit consisting of 36 CNC Machines with a capacity of 180000 pieces per month. This expansion will help SGFL increase its output and turnover in the international and domestic markets.
While the automotive industry is the main customer for forgings, the forging industry's continuous efforts in upgrading technologies and diversifying the product range have enabled it to expand its base of customers in foreign markets. The Indian forging industry is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, the Indian forging industry has been making significant contributions to the country's growing exports.
The overall production of the forging industry has increased by about 20-25% to reach about 8, 10,000 tonnes in FY06. Capacity utilization has also improved considerably from 40-50% in earlier years to 75-85%. This was largely due to the revival in demand from the automotive sector particularly the passenger car segment, which recorded excellent growth in both the domestic and export markets.
Based on the first three quarterly results, SGFL is likely to post an EPS of Rs.5.5/6 in FY07. Going forward, its consolidated EPS is likely to move up to Rs.10 by acquisitions and expansion. The SGFL share currently trades at P/E of just 3 against FY08 earnings and can be bought for long-term gains with a price target of Rs.45 in the medium-term.

MONEY FOLIO

Insecticides (India) Ltd. to float IPO

Insecticides (India) Ltd., a Delhi based insecticide manufacturer with plants in Rajasthan and Jammu, plans to issue 32,10,000 equity shares of Rs.10 a premium to be determined through the book-building route to part finance its expansion.
The company plans to set up a formulation plant in J&K, a plant for manufacturing technicals at Bhiwadi and a R&D unit at Bhiwadi, Rajasthan totalling Rs.35.95 cr.
For FY06, it recorded net sales of Rs.133.4 cr. with net profit of Rs.10.25 cr. against net sales of Rs.106.5 cr. with net profit of Rs.6.61 cr. in FY05. For the first half of FY07, it recorded nets sales of Rs.114.7 cr. with net profit of Rs.9.98 cr.
The IPO is likely to open on Monday, 7 May 2007.

Micro Technologies launches car security solutions

Micro Technologies (India) Ltd., a BSE, NSE and Luxemburg Stock Exchange listed company has come up with IT-enabled, highly advanced security gadgets. This ISO 9001-2000 certified company has launched Micro VBB – Vehicle Black Box, a path breaking security device that prevents a thief from driving away with your vehicle. As soon as there is a break-in, the owner will receive an SMS on his mobile wherever he may be in the world. The car owner can, thereafter turn off the car's engine through his mobile and immobilize the car by sending an SMS to the vehicle. Thus, car owner has not to worry about his vehicle again, since the car has now been armed to defend itself.
Available in four models, Micro VBB Navigator is a GPS/GPRS based vehicle-tracking system, Mirco VBB Elite is a GSM based vehicle security and location finder system with RF Remote, Micro VBB Classic is a communication link between the car and its owner and Micro VVB Economy is a GSM based vehicle security & location finder system.

IDBI's net up 12.3% at Rs.630 cr. for FY07

IDBI has reported a 13.2% jump in its operating profit to Ts.907 cr. for FY07 against Rs.801 cr. in FY06. Net profit of the bank in FY07 was up by 12.3% to Rs.630 cr. against Rs.561 cr. in FY06.
For the quarter ended 31 March 2007, it posted a growth of 6% in net profit to Ts.213 cr. up from Rs.201 cr. in the previous corresponding quarter last year.
For FY07, IDBI total business (deposits and advances) stood at Rs.1,05,825 cr. against Rs.78,739 cr. registering a growth of 34.4%.
The Board of Directors has recommended 15% dividend for 2006-07.

RCF to move ahead with JV and revival of old units

Rashtriya Chemicals & Fertilizers Ltd. (RCF) is moving on the fast track of its joint venture project in Rajasthan. The JV Agreement has already been signed and a new company will be incorporated shortly. On the technology front, technology suppliers have submitted their bids, which are under evaluation.

In 2006-07, the country had to import about 16,00,000 MT of Urea from Oman and about 30,00,000 MT from other sources at high rates. It has, therefore, become imperative to augment the country's Urea production capacities by revival of eight closed plants of Hindustan Fertilizer Corporation (HFC) and Fertilizer Corporation of India (FCI). This could be an area of growth for RCF.

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