BUSINESS & INVESTMENT WEEKLY

MONEY TIMES

A TIME COMMUNICATIONS PUBLICATION

VOL. XVI No. 12 **Monday, February 5 - 11, 2007** **Pages 16**

Pre-budget rally

only on strong fund flows and follow-up buying

By Sanjay R. Bhatia

The markets continued to witness intermediate bouts of volatility and choppiness during this truncated week as the Sensex and Nifty once again touched all time closing high. News flow continued to drive the sentiment on the bourses. Eventhough Tata Steel won the bid for Corus the stock was hammered severely on fears of the rise in its debt component. The RBI went ahead with a 25 bps rise in the Repo rate but maintained a status quo on the reverse repo rate. The inflation figures released during this week, however, saw inflation once again move above the 6% level to touch 6.11% for the week ending January 20. The advance-decline ratio displayed a mixed trend. Volumes recorded continued to remain good. Traders and speculators were active in banking, capital goods, pharma, IT, oil and gas and telecom stocks.

The global cues remained mixed. If on one hand, the two day FOMC meeting decided to maintain a status quo on interest rates crude prices, on the other hand bounced back to touch a high of US$ 58.85 during this week ahead of the OPEC cut in production by 5,00,000 bpd from February 1. Inflation continued to remain the biggest pain for the Indian and US economy as both RBI Governor and US Federal Reserve Chairman have indicated. Global rating agency, Standard & Poor's, have raised India's sovereign credit rating to investment grade after nearly 16 years. This will allow Indian corporates to raise cheaper loans. However, if the inflation rate continues to remain high it is likely to affect consumer spending. The earnings season has drawn to an end with results matching expectations.

The next big trigger for the markets is the Budget. The markets need to witness strong fund flow and follow-up buying at higher levels especially from institutional investors for a pre-budget rally to unfold. Only then, will the benchmark indices test the previous historic highs. Now, it needs to be seen if follow-up buying emerges on Monday after Friday's rally or the market continues to display tentativeness and indecisiveness at higher levels. In the meanwhile the markets would witness intermediate bouts of volatility and stock specific action.

Technically, on the upside the Sensex is likely to test the 14450 level followed by the 14750-14825 levels if it continues to sustain above the 14218 level. On the downside, the 14000 level is an important support level for Sensex. In case of the Nifty, if it can sustain above the 4150 level, it is likely to test the 4200 level followed by the 4250-4275 levels. The 4015 level is an important support level for Nifty.

Investors could buy Reliance Communications with a year's perspective.

TRADING ON TECHNICALS

Sustained upmove possible

By Hitendra Vasudeo

We had expected collective rising moves last week, which is what was evident by the end of the week. During the week, the collective rise was not visible as it was scattered across different stocks and different sectors. It was a mixed bag with

broad market stocks doing well in the early part of the week. And late afternoon from Thursday, we had some index based stock staging strong recoveries.
Last week, the Sensex opened at 14306.97 attained a low at 14045.61 and then moved up to make a new high at 14462.77 before it closed the week at 14403.74 and thereby showed a net rise of 117 points on a week-to-week basis.
Following was the strategy for the week mentioned in last week's issue "Book profits at resistance levels of 14486-14665-14767. Traders already long can use 14000 as the stop loss. Traders can buy on dips to 14217-14067-14025 with a stop loss of 14000 or Friday weekly closing stop loss of 14095." The high and low for the Sensex last week was 14045 and 14462. Traders who have been able to buy index based stocks when the Sensex attained the buy levels benefited at the end of the week. Traders on the Nifty can monitor or buy Nifty when Sensex buy levels are attained. Traders who managed to do that have benefited last week. Nifty high and low last week was 4068 and 4198. Detailed, Nifty view and strategy is available in our Profitrak weekly report.

The weekly trend is up and can turn down on fall below 14000 or if the Friday weekly close is below 14231. The weekly trend had turned up once again after the closing on 29/12/06 at 13786.91. Since then, the weekly trend has been up.
Weekly resistance will be at 14562-14979. If the Sensex does not violate 14000 from hereon, then we are likely to witness a sustained rally to 16500.
Weekly support will be at 14306-14217-14110.
A further sustained rise and close above 14462 on daily and weekly basis will take the Sensex up towards 14957 at least and to an outer extent to 15980.
As a result of the breakout and close above 14326, the Sensex has created 14300-14000 range as a strong base – a launching pad for a rally to higher levels has been established. Only unforeseen vagaries of nature can disturb the possible hopes of a strong rally from hereon. Human beings are pawns of nature but actions are initiated by human beings thereby affecting market prices.

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
ADVANI HOTELS & RESO	523269	203.00	195.00	203.00	190.40	210.8	223.4	0.62
BAJAJ ELECTRICALS	500031	514.05	489.90	519.00	473.00	547.4	593.4	0.81
COMPUTECH INTERNATIO	531224	12.68	11.80	12.70	10.20	14.2	16.7	0.63
KERALA AYURVED PHARM	530163	61.85	61.00	64.45	57.10	69.0	76.3	1.50
MODIPON	503776	220.50	211.00	221.00	205.00	230.9	246.9	0.67

BUY LIST

Scrip	Last Close	Buy Price	Buy Price	Buy Price	Stop loss	Target	Target	Monthly RS
CESC	366.05	365.83	363.98	362.12	356.10	381.6	397.3	50.55

For the Sensex, the Wave Count from the low of 8799 would be as follows:
Wave 1-8799 to 10940; Wave 2- 10940 to 9875; Wave 3- 9875 to 14035; Wave 4-14035 to 12801; Wave 5- 12801 to 14462 (current ongoing move).
For Internal of Wave 5, we have three alternatives
Alternative 1
Wave 1-12801 to 13748; Wave 2- 13748 to 13182; Wave 3- 13182 to 14462 (current ongoing move)
Internal of Wave 3
Wave 1-13182 to 14060; Wave 2-14060 to 13303
Further internal of Wave 3
Wave 1-13303 to 14325; Wave 2-1432 to 14025; Wave 3- 14025 to 14462 (current ongoing move)
Alternative 2
Wave 1- 12801 to 13748; Wave 2- 13748 to 13303
Internals of Wave 2

Wave a-13748 to 13181
Wave b-13181 to 14060; Wave c-14060 to 13303;
Wave 3- 13303 to 14462 (current ongoing move)

Alternative 3

Wave 5 can be ending diagonal – The move from 12801
Wave A-12801 to 14060

Internals of Wave A

Wave a-12801 to 13748; Wave b-13748 to 13182; Wave c-13182 to 14060; Wave B-14060 to 13303; Wave C- 13303 to 14462 (current ongoing move).

Internals of Wave C

Wave 1-13303 to 14325; Wave 2- 14325 to 14025; Wave 3 -14025 to 14307 (Possibly has begun on Thursday-23/01/07)
Wave counts are indicative to get direction along with the set of moving averages, which are an objective way to define the trend. Objective and subjective ways of analysis should confirm the up move from hereon.

Strategy for the week

Weekly support 14306-14217-14110 can be used for buying with a stop loss of 14000 and Friday weekly closing stop loss of 14231.

BAZAR.COM

The Tatas have arrived!

By Fakhri H. Sabuwala

A five pence battle, so well fought and so well won is an apt summing up of Tata Steel's acquisition of Corus at a mammoth US $12.1 billion. The largest takeover by an Indian corporate and the largest in the steel industry, it has signalled the arrival of India on the global arena. It marks not only the arrival India, but also the arrival of the Tatas. On completion of the merger formalities will take Tata Steel's turnover closer to $25 bn, which shall automatically give it a place of pride in the Fortune 500 category. But initially, the Indian stock markets reacted to the deal negatively as they felt that the price paid was high and that it may take three to four years of restructuring and consolidation to reap a golden harvest. "The Market is taking a short and a harsh view: quipped Ratan Tata amidst the celebrations at a press conference. An Indian (L.N. Mittal) and an Indian corporate (Tata Steel) have both together become a power to reckon with in the global steel industry.

As if by way of a natural corollary, Standard & Poor (S&P) upgraded India's rating a day earlier to this great acquisition. It upgraded the country's sovereign rating to 'investment grade'. This move will allow Indian corporates to raise cheaper loans in overseas market and pave the way for more international funds to flow into India. It will automatically lift the credit ratings of several Indian banks and financial institutions. It is for the first time in our history that all the three global rating agencies (S&P, Moody's and Fitch) have classified India in the investment grade, Such an upgrade reflects the country's strong economic prospects and external balance sheet and its deepening capital market, which supports a weak but improving fiscal position.

Last week, the RBI credit policy was also announced and inflation appeared to be the main worry on the RBI Governor's mind. The big and expanding retail credit balloon is all set to lose gas as personal and home loans become expensive by 25 to 50 basis points. Deposits too may fetch more and in all likelihood the leftists in the government may demand a higher return on money parked in small savings through government instruments. The corporate sector, too, shall feel the heat as requirement of working capital and long-term money shall become an expensive proposition. The Indian companies are now encouraged to borrow from overseas markets. The Indian stock market may, however, take a rap on its knees, as loans against shares shall become expensive by 25 to 50 basis points.

For the pre-budget exercise, one can read FM's lips and his thoughts between the lines. In all probability, a small relief by way of withdrawal of surcharge on tax is likely. The IT savings exemption limit may be raised to Rs.1.5 lakh from Rs.1 lakh, which may lead to higher inflows to bank deposits earmarked to obtain this benefit. It will also attract larger funds to domestic mutual funds through the ELSS schemes qualifying under Sec 80C. A shorter lock-in period for investments in bank deposits qualifying for such exemptions is also on the anvil.

Information Technology (IT) services export has nearly touched $24 million in the first nine months of the current fiscal. Key players like TCS, Wipro, Infosys, Satyam and HCL Tech are vying for a larger slice of the total market. The scope for these highfliers is good. The Indian share in the global basket is miniscule and we may scale $60 bn mark by 2010 or earlier feel the captains of industry. The sale of Personal Computers at 3 million units in the first half of this fiscal is also encouraging news and at this rate we shall clock in 6.5 million units sale by end of this fiscal.

Reliance is creating news all throughout. First it was the better than expected results, then the hiving off the Krishna basin gas project to a new company and now the interest shown in taking over of the plastic business of General Electric which may be valued at $ 10 bn.

Videocon Industries is giving a fresh look to the takeover of Korean durables maker Daewoo Electronics.

Pharma sector witnessed strong growth in the last two quarters but valuation wise it may be an attractive proposition only at declines. Dr.Reddy's, Wockhardt, Orchid, Glenmark, Sun, Cadilla, Torrent Pharma, Elder, Panacea Biotec and Nicholas Piramal all look promising but only on decline.

The 1:1 bonus announcement by BHEL and the FM's insistence that all PSUs with comfortable earnings should announce liberal bonus and thereby unlock the potential value for the government by improving the liquidity of such stocks. Coming days may see bonus shares flowing out from GAIL, IOC, BPCL, HPCL, BEL, BEML, MTNL etc.

The Textile sector indeed appears promising with favourable news flowing in it during and after the budget. Such is the expectation of marketmen.

Conclusively, treat the pre-budget blues and decline thereof as points of entry as market is likely to maintain a secular rising trend.

BEST BETS

Ind Swift Ltd. (Code:524652) Rs.37

Incorporated in 1986, Ind-Swift Ltd. (ISL) is the flagship company of the Chandigarh based Ind-Swift Group. Today, it has emerged as a leading formulations company manufacturing various dosage forms including oral solutions and suspensions, dry syrups and hard gelatin capsules (General and Beta-lactam), tablets (general, coated, sustained release and effervescent forms), dermatologicals comprising of creams, ointments and gels, eye and eardrops and injectables (Ampoules and vials). It focuses on the needs of various therapeutic segments, which include Cardiology, Diabetology, Pediatrics, Gynaecology, Surgery, Orthopaedics, Ophthalmology, Neuropsychiatry, Anesthesiology etc. All its products are marketed in an organized manner through its different divisions namely Ethical Division, Ayurveda Divsion, Super Speciality Division, Mukur Division, Resurgence Division, Health Care Division, Max Care Division and Biosciences Division.

Presently, ISL has six manufacturing facilities located in four different states; Two facilities in Parwanoo (H.P.), one facility each in Baddi (HP), Panchkula in Haryana, Derabassi in Punjab and Jammu in J&K. Of these three units commissioned only last year doubling its production capacity and making it one of the largest manufacturing facilities in India. Importantly, these new facilities are US FDA, TGA-Australia, MHRA-UK, MCC South Africa, ANVISA-Brazil, WHO-Geneva compliant primarily to cater the international regulated markets. In fact, its' Jawaharpur, Derabassi – Punjab facility is 100% EOU. To further seize market opportunities, ISL has recently purchased another 7 acres of land in the tax-free zone of Baddi for setting up a new formulation facility dedicated for manufacturing Oncology, Cephalosporin's, Beta Lactum, Herbal & Neutraceutical products. Last year, the company introduced several new product ranges in the domestic markets including the launch of a unique combination of the Quinoline derivative, antidiarrheal and antibacterial drug which was launched for the first time in India after successful clinical trials. It also launched a new marketing division namely Institutions & Hospitals Division to look after the institutional sales. It added over 250 new marketing professionals to the strong 1000 Marketing team. And 27 new C&Fs were also appointed by the company to further strengthen the distribution network.

ISL has stepped its efforts to tap global markets by filing over 100 product dossiers in countries in Africa, South East Asia, South America & CIS. It is also in an advanced stage of negotiation for signing contract manufacturing agreements with various partners in Europe from its new manufacturing facility. Other additional activities taken up for international alliances include contract research including product development and technology transfer arrangements. ISL's new R&D set up houses more than 50 scientists, state of the art equipment, separate product development units, IPR cell for patent search and filing, regulatory cell for technical dossiers, is in the process of developing more than 30 new products which includes 4 products to be launched for the first time in India and 5/6 products being developed from the non-infringing processes to be launched in Europe over the next 18 months. Recently, ISL announced decent results for Dec.'06 quarter out and is expected to clock a turnover of Rs.400 cr. with net profit of Rs.23 cr. for FY07. This works out to an EPS of Rs.6 on its current equity of Rs.7.44 cr. with a face value of Rs.2 per share. The scrip is poorly discounted due to promoter concerns but investors can expect a price target of Rs.50 (i.e. 35% returns) in a year's time.

Agro Dutch Industries (Code:519281) Rs.33

Established in 1992, Agro Dutch Industries Ltd. (ADIL) is engaged in the cultivation, processing and canning of fresh white button mushrooms. The company that initially started with an installed capacity of 3000 TPA is today the largest integrated producer of canned mushrooms in Asia and probably the second largest in the world. It accounts for more than 90% of the mushrooms exported from India and more than 85% of the mushrooms being produced in the country. Being a fully integrated producer, it has its own can manufacturing and packing facility with an installed capacity of 10 cr. cans per annum. Notably, the fully automated can unit is the only unit in India to produce resistance-welded cans with high quality coated surfaces. The company has a strong customer base comprising blue chip customers like Uniliver's Lipton, Rema Foods Inc, ABBY Foods, Goergia Foods etc. The company has also tied up with Leatherhead Food Research Association of the UK to ensure quality compliance for all products prior to shipment.

ADIL's 100% EOU plant is located in Punjab, which produces over 80% of India's wheat and wheat straw, which is the most vital substrate needed for growing mushrooms. The mushrooms are grown in climate-controlled farms and processed under sterilized conditions complying with strict quality control norms laid down by the US FDA like HACCP. ADIL has set up 133 climate controlled growing rooms to ensure that mushrooms are available all through the year. In order to become the world's largest mushroom producer, the company is undertaking aggressive expansion by enhancing its mushroom growing capacity from 36,000 to 50,000 TPA, setting up a Individual Quick Freezing (IQF) plant, new compost making facilities and additional mushroom processing facilities. It is also doubling its can making capacity to 12000 tonnes by way of setting up a new can-making unit with an installed capacity of 6000 TPA near Chennai. The company also plans to set up a 10,000 TPA international scale facility for production of food cans with Easy Open Ends to sell in the domestic and international markets.

To fund this expansion, the company has raised around Rs.36 cr. through a rights issue at Rs.25 per share. The German DEG group gave a term loan of Rs.26 cr. and the company availed of loans from various local banks. Besides, the company has also allotted 1 cr. warrants to promoters and others to be converted into equity shares at Rs.27.50 After reporting not so encouraging numbers over the last two quarters, ADIL recently declared very good numbers for the Dec'06 quarter. Sales increased by 35% to Rs.48 cr. and net profit shot up 70% to Rs.10.85 cr. registering an EPS of Rs.3.70 for the quarter. Notably, its OPM stood at 37% after reporting merely 19% in the preceding two quarters. Accordingly, for the full year it is estimated to report sales of Rs.205 cr. and with net profit of Rs.19 cr. i.e. an EPS of Rs.6 on its current equity of Rs.29.60 cr. For FY08, it may register sales and net profit of Rs.240 cr. and Rs.30 cr. respectively. Investors are strongly recommended to buy at the current level with a price target of Rs.50 (50% appreciation) in 9¬12 months.

EXPERT EYE

By V.H. Dave

Welspun Gujarat Stahl Rohren Ltd. (WGSRL) (Code:532144) (Rs.122.90) is engaged in manufacturing a variety of a Submerged Arc Welded (SAW) pipes.

WGSRL had first come out with the project to manufacture Large Diameter Spiral and Longitudinal Submerged Arc Welded Steel Pipes with an installed capacity of 25000 TPA and 1,75,000 TPA respectively. It also set up a new project for a 1,00,000 TPA Pipe Coating Plant in Gujarat.

WGSRL tied-up with Lonestar Steel Co., a reputed firm in USA, for multi year agreement for marketing its large dia SAW pipes in North America, South America, U.K., Middle East and the Far East.

WSRL had merged Eupec-Welspun Pipe Coatings (India) Ltd (EWPCI) with itself from 1st April 2003. Its new plant at Anjar, Gujarat, boosted its production capacity to 8, 50,000 TPA of LSAW pipes; 4,30,000 TPA of spiral pipes; and 250,000 TPA of HFIW/ERW pipes and 14.5 million metres of coating, the HFIW and Sprial of 1,00,000 TPA.

To cater to the increased demand, WGSRL has expanded its capacity of 8,50,000 TPA to over 14,00,000 TPA of LSAW pipes. To reduce its dependence on external suppliers, it is setting up a captive plant to produce plates from slabs, which is a commodity product.

In December 2006, WGSRL formed a Joint Venture (JV) with Lone Star Technologies, Inc. to manufacture spiral-welded tubular products for oil and gas applications in North America. The new facility will be located in South West USA. Under this agreement, Lone Star and Welspun Pipe will each acquire 40% and 60% stake, respectively in a newly formed venture funded by an aggregate of Rs.300 cr. in equity and debt to establish a new manufacturing facility for producing 3,00,000 MTA of spiral-welded pipes in the 24' to 60' (outside diameter). The new facility is expected to come online by early-March 2008.

During FY06, while sales advanced by 72% to Rs.1788 cr. net profit jumped by 81% to Rs.62 cr. yielding an EPS of Rs.4.4 on its Rs.5 paid-up share. During Q3FY07, net profit surged by a whopping 415% to Rs.41.2 cr. on 63% higher sales of Rs.740 cr. as against net profit of Rs.8 cr. on sales of Rs.454 cr. in Q3FY06. During the first three quarters of

FY07, sales have gone up by 65% to Rs.1950 cr. (Rs.1179 cr.) whereas net profit has moved up by 140% to Rs.101 cr. (Rs.42 cr.).

Its equity capital is Rs.66.3 cr. and with reserves of Rs.408 cr., the book value of the share works out to Rs.36. Although its debt:equity ratio is high at 1.6:1 due to major expansion, the value of the gross block including capital work in progress is a whopping Rs.1151 cr. up from Rs.640 cr. in FY05. WGSRL had cash of Rs.307 cr. as on 31st March 2006 for deploying for further expansion.

The total foreign holding in the company is 38.73% while that of the public and promoters is 9.39% and 38.13%, respectively. The non-promoter corporates hold 13.75%.

WGSRL has recently signed MoU with Volzhsky Pipe Plant (VTZ), a member of the TMK Group of Russia, to form a joint venture. WGSRL will hold 40% stake in the joint venture with the rest held by TMK.

To reduce freight costs, WGSRL has partnered with Sanghi Industries to set up a port facility at Dahej, which is just 5 km away from its plant compared with Kandla port, which is at a distance of 450 km. It has also bid for oil exploration blocks in the NELP-VI tender along with partners.

WGSRL is present in oil & gas and this move is a step towards vertical integration. Since the success of this business depends on oil discovery, WGSRL has bid for stakes across several blocks.

WGSRL plans to invest Rs.1200 cr. in a plates-mill with a 1.2 million tonne capacity. The new facility aimed at backward integration will come up at Anjar, Kutch. The plant is expected to come up by December'07, and will produce plates of 4,500 mm width. Following its stellar performance in the Gulf of Mexico, where WGSRL successfully delivered pipes for the deepest pipeline in the world, it has established itself as a niche player globally in the high pressure oil & gas segment. WGSRL has achieved newer brand acceptance heights by becoming the preferred supplier to some of the top oil & gas majors in the world and this augurs well in its pursuit of orders.

WGSRL is today accredited by almost all oil & gas majors and is thus automatically qualified to bid for most projects. These approvals coupled with its experience & expertise of successfully supplying pipes to most challenging projects shall enable WGSRL to continue on its growth trajectory.

WGSRL has recently bagged orders worth Rs.1049 cr. ($ 235 million) for the supply of line pipes for critical oil and gas applications. These orders will take the company's order book position to over Rs.3500 cr. ($ 785 million) including the orders executed in Q3FY07, which enabled it to be booked for over 1 year.

Earlier WGSRL had bagged an onshore pipeline order worth Rs.460 cr. for the supply of 42" line pipes for supply of critical LNG from Exxon Mobil. The company has procured the order for supply of 120 kms of pipeline, which is slated to be executed by 2007. This is the first order ever received by any Indian company from Exxon Mobil, the world's largest oil corporation.

Based on its first three quarters, WGSRL is likely to garner a net profit of Rs.160 cr. on sales of Rs.2900 cr. in FY07 yielding an EPS of Rs.12. Riding high on the oil & gas sector boom, which in turn will increase the demand of WGSRL pipes, its EPS would increase to over Rs.16 in FY08. The shares of WGSRL are traded at Rs.116 discounting its estimated EPS of Rs.12 for FY07 and Rs.16 for FY08 by 9.7 and 7.2 times respectively. Being the technology leader, EPS of WGSRL will certainly discount higher compared to its peers. The share is likely to cross the Rs.160 mark in the medium-to-short term. The 52-week high/low of the share has been Rs.119/47.

STOCK WATCH

By Saarthi

Sagar Cement (Code:502090) (Rs.158) has come out with stunning numbers while sales shot up by 40% to Rs.26 cr. in Q3FY07, the NP zoomed to Rs.6.40 cr. from Rs.0.21 cr. in the previous corresponding quarter. Due to higher price realization, it registered an all time high OPM of 42% in this quarter. For the nine months ending 31st Dec. 2006, it has recorded sales of Rs.82 cr. with NP of Rs.21.75 cr. Importantly, it has made a tax payment of Rs.7.25 cr. for this fiscal till December'06 and announced 10% interim dividend for FY07. For the full year FY07, it may clock a turnover of Rs.110 cr. with profit of Rs.28 cr. This translates into EPS of Rs.25 on its current equity of Rs.11.15 cr. A victim of the government's initiative to bring down cement prices, its share price has fallen sharply from its recent high of Rs.177 but is bound to rebound and touch Rs.200 in the next couple of months.

****

Marketmen are apprehensive about **Jupiter Bioscience (Code:524826) (Rs.142)** as the scrip has been a laggard, its outlook continues to be bright and patient investors will stand rewarded. Recently, it announced very encouraging results for the Dec'06 qtr. On a standalone basis, it reported an all time high sales and NP of Rs.28 cr. and Rs.7.20 cr. respectively registering an EPS of more than Rs.8 for the quarter. Few months back it acquired a manufacturing facility for 15 cr. from Aurobindo Pharma and is presently in the midst of further expansion. Last year, the company issued 27.50 lakh warrants to the promoters @ Rs.146 per share and is now raising further capital of about Rs.100 cr. through QIP route. Post this placement; the company's share will be listed on the NSE also, which will improve its liquidity and market sentiment. It may end FY07 with a topline of Rs.95 cr. and bottomline of Rs.23 cr. i.e. EPS of Rs.26 on its current equity of Rs.8.86 cr. For FY08, its sales & NP can shoot up to Rs.150 cr. and Rs.30 respectively. It's time the scrip to got re-rated.

****

In the engineering sector, **Gujarat Apollo Equipment (Code:522217) (Rs.222)** reported excellent set of numbers. Sales grew by 15% to Rs.34 cr. but profit jumped up 50% to Rs.4.80 cr. resulting in an EPS of Rs.7 for the Dec.'06 quarter. Importantly, the company recorded an OPM of 24% for the quarter against 18% last fiscal due to better operating efficiency. The company has also cleared shareholders by declaring 1:2 bonus as it had already given 1:1 bonus in 2005. It recently changed its name to 'Gujarat Apollo Industries' and has decided to set up a wholly owned subsidiary to consolidate its manufacturing of mobile construction equipment at a new location. The new entity will add several new products to further enhance its productline. For FY07, it is estimated to clock a turnover of Rs.130 cr. with NP of Rs.15 cr. i.e. EPS of Rs.21 on its equity of Rs.7 cr. Of late, reputed mutual funds have entered the counter and the scrip is bound to attract higher discounting. Post bonus, it will list on NSE, which will give a fresh trigger to its share price.

****

Satnam Overseas Ltd. (Code:512559) (Rs.79) is the undisputed leader in the domestic branded basmati rice market with more than 35% market share with reputed brands like Kohinoor, Trophy, Charminar, Rose, Darbar, Shehanshah and Falcon. It is aggressively expanding its presence in the lucrative ready-to-eat foods (RTE) segment and has also set up a frozen food processing facility at Haryana. Its sales jumped by 30% to Rs.182 cr. and NP spurted by 50% to Rs.8 cr. for the Dec.'06 quarter. It has an exclusive tie-up with Reliance Retail and has also chalked out an aggressive expansion plan for which it raised around 90 cr. through the FCCB route to be converted @ Rs.85 per share. It may end FY07 with a topline of Rs.600 cr. and bottomline of Rs.27 cr. i.e. EPS of Rs.14 on its current equity of Rs.19.60 cr. It is one of the cheapest scrips in the food-processing sector and may shoot up to Rs.110 in the short to medium term.

****

Ambika Cotton Mills (Code:531978) (Rs.187) manufactures premium quality cotton yarn, both carded and combed, for knitting and weaving. A few months back, it completed expansion of 10080 spindles taking its total production capacity to 66,000 spindles. For the Dec.'06 quarter, its sales increased by 30% to Rs.39 cr. and NP improved by 25% to Rs.7 cr. registering a quarterly EPS of a whopping Rs.12. It is planning to further expand its capacity by 43200 spindles to be operational by December 2007. For tax benefits, the company has also set up its own windmill of 13 MW. For the full year FY07, it may report net sales of Rs.150 cr. and profit of Rs.25 cr. i.e. EPS of Rs.43 on a small equity of Rs.5.88 cr. Although the company has not made provision for deferred tax and has a very high debt of Rs.140 cr., still it's a good bet at the current level. It has huge reserves of Rs.91 cr. leading to a book value of Rs.160 plus making it a strong bonus candidate as well.

FIFTY FIFTY

By Kukku

Investment Call

*** Bhagyanagar India Ltd. (Rs.47)** is a Hyderabad based company that has forayed into real estate and infrastructure development to unlock the value of its existing land bank of 30 lakh. The company is also into copper & allied products and telecom cables and owns commercial and office space from which it earns rental. The new development projects include integrated residential townships, IT parks and hardware parks. The present value of the undeveloped land bank and tenanted property of the company is Rs.616 cr. Real estate business will be the key driver for the company moving forward. Its revenues may increase to Rs.359 cr. in FY08 and Rs.502 cr. in FY09 and net profits to grow at a CAGR of

53.34% to Rs.93 cr. by FY09. Stock price can go up to Rs.65 to Rs.70 level in such good sentiment. Keep a watch to add on reactions.

Market Guidance

* **RPG Telecom (Rs.56.5)** has given good breakout even in spite of bad results. There is talk that the company can benefit by around Rs.125 cr. in a revival package. Investors should continue to hold this stock for a good upside.
* **Futura Polyester (Rs.24.6)** is slowly turning around. Listing of subsidiary will unlock values for shareholders.
* There is good informed buying in stocks like **Surya Roshni (Rs.76), Baba Arts (Rs.63)** and **Asco Inds. (Rs.63.5)**. Hold on to them for speculative gains.
* **PG Foils (Rs.32)** makes aluminum foils, foils laminates and flexible packaging materials used in the packaging industry used for all types of pharmaceuticals, tablets, capsules powder mixture. It has reported a net profit of around Rs.3.88 cr. for the nine months period ended on 31st Dec.'06 on a capital of Rs.7.08 cr. Investors can accumulate this stock around Rs.30-31 level with a long-term view.
* **Greaves Cotton (Rs.370)** has reported strong growth in results, which is in line with expectations. Investors should continue to hold the stock. It is very likely to reach Rs.450 level when profits can be booked.
* **Indiabulls (Rs.420)** is under strong bull grip and may see a further upside. It has reached the pre demerger level as we had started recommending it from Rs.400 level in this column. Now it is ex-demerger around Rs.422.
* **Karnataka Bank (Rs.188)** has given good upmove in last few weeks. We had recommended this stock from Rs.148 level. Short-term investors can think of booking part of profit between Rs.210-225 level.
* **RPG Cables (Rs.56.5)** and **Trigyn (Rs.36.5)** can see a good upside as per informed sources. Investors can stay invested for better targets.
* **Hindustan Constructions (Rs.145)** and **JMC Projects (Rs.268)** are attracting buying from big HNIs. Investors can hold on to these stocks.
* **Welspun Gujarat (Rs.123), Jindal Saw Pipes (Rs.465)** and **PSL (Rs.216)** along with other Pipe sector stocks may see further upside in view of very encouraging outlook for the sector.
* **Valecha Engineering (Rs.250)** has come out with superb results. Investors can look for good target in this stock.
* There are indications of some tie up of a leading global firm with **Steelcast (Rs.292)** for the supply of alloy steel special castings for earth moving equipments. Stock is under accumulation by smart investors with a long-term view.
* **Uni Abex (Rs.99)**, profits were not good for Q3 as nickel prices had shot up, which it has now passed on to the customers. So Q4 is very likely to be better.
* Q3 results of **Revathi Equipments (Rs.665)** are not good. It is likely that Q4 may also be average. But real growth can start from next year onwards. Investors with a long-term view can stay invested.
* In spite of not that encouraging Q3 results **Kirloskar Pneumatic (Rs.390)** is attracting buying from knowledgeable quarters.
* Investors can keep watch on **Northgate (Rs.1000)** and **Max India (Rs.1025)** for a small exposure. These stocks can shoot up like Crisil in the long-run.
* We have been recommending **Kojam Finance (Rs.228)** in this column. Those who had faith are likely to see good unlocking of values in this stock. It will be another wealth creator for the investors in the long run.
* Keep a watch on **Hindalco (Rs.183)** for an upmove.
* From the stocks recommended earlier, **Walchandnagar (Rs.1910), Ruby Mills (Rs.690), Jetking (Rs.398), TRF (Rs.627), RPG Cables (Rs.56.5), Crisil (Rs.3390)** and **Electrotherm (Rs.570)** have reached a new high and have given superb returns to investors.

TOWER TALK

* A high profile FII is aggressively buying **Gayatri Projects** from the open market. Scrip may hits Rs.450 in the short term.
* **GNFC** is looking extremely bullish on the charts. Buy one February Future and relax. Scirp may shoot up 15-20% in a month.
* Something is cooking in the **Bilpower** counter. A very aggressive operator has entered it and may take the scrip to Rs.280 in a short time.
* Although **GM Breweries** and **Hyderabad Industries** did not report encouraging result, don't exit the scrips in panic. Do not evaluate a company by just one or two quarterly numbers. Both have huge potential to perform much better in future.
* **Easun Reyrolle** has again reported disappointing numbers. Traders can sell now and buy around Rs.600 later. But company is doing well and FIIs have increased their stake to nearly 11%. It is planning to raise around Rs.225 cr. through FCCB/GDR route, which will lead to a re-rating of the scrip.

* Market is bearish on **Hero Honda's** falling market share and shrinking margins. A few investment brokers see it fall to Rs.600 level.
* **Reliance's** plan to demerge the Krishna basin gas discovery and its marketing to a new company may unlock huge value for its shareholders on the lines of previous demergers and unlocking of value by peers.
* **MTNL** is planning a fresh trimming exercise and create a place for itself in the company of Reliance Communications, Bharti Airtel etc. Will it really rise from its slumber?
* Interest rates may rise further by 25 to 50 basis points. So take some exposure in debt instruments or debt schemes of mutual funds.
* **Tata Steel** may dip to nearly Rs.400 level before its painful consolidation begins. So keep short position alive as no positive trigger shall work on this counter at least for now.
* **PBM Polytex** has reported a good performance for Q3 and may report an EPS of around Rs.6 for FY07. Revenues are also expected from its windmill projects in the next financial year. Scrip is available at Rs.28 level.
* **Associated Stone (Kotah**) has reported Q3FY07 EPS of Rs.7.85. Demerger of its textile unit would unlock further shareholder value.
* Unexpected bonus from **Gujarat Apollo Equipments** has thrilled shareholders. It is reasoned that the bonus was announced to bring the equity to eligibility noms for NSE listing.
* **Shivalik Global** is inching up on the firming up of its real estate plans.
* **Bodal Chemicals** has reported good growth and profitability in Q3. The company has proposed rights issue for expansion.

MARKET REVIEW

Market recovers from lower level

By Ashok D. Singh

The Sensex gained 0.84% or 121.05 points over its previous week's close to end at 14403.77. The NSE Nifty added up 0.86% or 35.8 points over it's previous week's closing to close at 4183.50.

The RBI's monetary policy review was the highlight of the week. The anticipation of an interest rate hike and other credit policy measures had influenced trading. The market witnessed correction on the first two trading days of the week and then staged a remarkable bounce back on the following two days. Both the Sensex and the Nifty closed at their all time high levels on Friday, 2 Feb. 2007.

But worries that inflation will lead to a further tightening of the monetary policy to follow this week's rate rise were heightened by data showing annual inflation rate rising back above 6%, to just below a two-year high in mid-Jan.

Another important development was Standard & Poor's upgrading India to the investment grade category. A lot of pension funds in foreign countries, which were not allowed to invest in Indian equity until now, would now be able to purchase Indian equities.

The gains in the BSE Mid cap index at 0.48% or 29.22 points were relatively lower than the Sensex's gains. The Mid Cap index closed the week at 6088.98. The BSE Small Cap index however ended in the red over the week. It settled Friday at 7576.13, down marginally by 0.20% or 15.41 points.

On Monday 29 Jan-07, Sensex lost 70.76 points on account of selling pressure on banking counters. Interest rate sensitive banking shares weakened in the latter part of trading due to concerns of rate hike. IT shares were subdued-to-weak throughout the day. Index heavyweight Reliance Industries did offer some support to the Sensex by holding strong. The bourses remained shut on Tuesday, 30 Jan.'07 on account of Moharrum.

The market entered Wednesday, 31 Jan.'07 in continuation of the correction mode. The fall rather was more severe on the day with a loss of 121.04 points on the Sensex. Trading during the day was in the shadow of the hawkish stance taken by the RBI during the review of its annual monetary policy. Tata Steel was a major loser on the day with it crashing by 10.65% on back of clinching the Corus deal at a valuation not found justifiable by the market. Metal stocks across the board lost on the day.

The break through for the bulls came on Thursday when the market soared on the back of RBI's up gradation of 2006/07 GDP growth forecast to 8.5 - 9.0% from 8% on the previous day and the US Federal Reserve's stance of not raising interest rates in the absence of any serious pressure on the US economy. The Sensex closed the day with a gain of 176.26 points.

Friday however was no respite for the bull run with the telecom and IT stocks putting on good gains and the overall market joining in the party. In opinion of some market men, the pre budget rally has now triggered off. The Sensex gained 136.59 points over the previous day. Both the Sensex and the Nifty closed at their all time high levels.

FIIs were net purchasers in equity to the tune of Rs.492.10 cr. in the month of Jan.'07. Mutual funds were net sellers in equity to the tune of Rs.1342.14 cr. in Jan.'07.

The Sensex gained 121.05 points to close at 14403.77 last week. The market is likely to continue its rally as most results reported by Indian corporates have been strong.

The next key event that the market will be closely watching is the Union Budget 2007. Looking at the present sentiment prevailing in the market, a pre-budget rally is expected.

Technically, the Nifty has breached the resistance of 4,168 and has moved above it. It is now likely to test another major resistance of 4,200. On crossing this point, the initial target is pegged in the range of 4,230 - 4,260 range. On the lower side, Nifty has strong support at 4,120 and 4,080 levels.

MARKET

Reaction is time for buying

Shri Dinesh Mills stock heading to hit Rs.2500

By G. S. Roongta

With the last leg of corporate results season drawing to a close as majority of companies have already declared their Q3 earnings together with the cumulative nine months consolidated figures, the stock market started reacting without reason.

G.S. Roongta

The excellent corporate earnings, however, seem to have not cheered the market because the BSE Sensex & Nifty came back near to their Dec.'06 levels of 14000 & 4000 plus after hitting a high of 14316.54 and 4167.15 respectively on 29th Jan.'07 thus discounting the Q3 earnings together with future growth-oriented guidelines. Generally, the Q4 performance is always expected to be better than Q2 and Q3.

Lacklustre trading started last week on fear of RBI's credit policy, which was scheduled to be announced on 31st Jan.'07. On Monday, 29th Jan.'07, the market lost 70.76 points closing at 14211.96 fearing RBI might opt to raise the interest rate by 0.25 or 0.50 points to curb the rising inflation, which has already crossed 6.25% which is rated to be a two years high.

Steel sector, which was distinctly strong in the earlier part on excellent working results announced by most steel companies led by SAIL, Tata Steel, Essar Steel, JSW and others got a rude shock on 31st Jan.'07 on the announcement of Tata Steel winning the battle of Corus takeover. By paying US $12.1 billion, which is roughly 40% higher from their original bid of 455 pence per share or US $7.6 billion, the Tata Steel stock tumbled down harshly by losing 12.5% from Rs.520 to as low as Rs.450 till Thursday on this development. Last week, as analysts observed the money put on stake is quite enormous, which may jeopardize the company's financial viability for the time being and no better returns to the existing shareholders can be ensured in the near future.

To finance a colossal amount of Rs.50,000 cr. all in cash will be a Herculean task and the parent company, Tata Sons, will have to carry the burden by selling its cash-cow holdings like TCS etc. The Tata management, who were planning to raise their stake in Tata Steel to a reasonable level to prevent any takeover in future will get a good chance to offer a preferential issue to Tata Sons in lieu of funds provided by them. Any downward pressure of Tata Steel stock, on the contrary, will thus be a boon in disguise to indirectly benefit Tata Sons into getting a cheaper preferential issue.

Tata's acquisition of Corus Steel Company has, however, been applauded by the Finance Ministry and industrialists praising Tata's ability to earn a good reputation not only for Tata alone but for the nation as a whole.

The RBI's Credit Policy's importance and impact on the stock market was overshadowed by the Corus takeover news. Most channels were busy with the Tata-Corus news and the hurriedly called press meet which lasted for long.

In view of these two major events, the stock market was very speculative and volatile as the BSE Sensex, which had opened lower on 31st Jan.'07 at 14220 touched a new bottom at 14046 by mid-session. But no sooner was the news of RBI's Credit Policy flashed, the market suddenly jumped up as it did not contain any rise in interest rate initially. The BSE Sensex, therefore, gained from the low of 14046 to as high as 14270 to recover 224 points. But the higher level, however, could not be sustained as the details of Credit policy emerged that apart from hiking of the Repo rate by 0.25 basis point to 7.5%, the RBI Governor has also raised provisioning on standard assets (other than home loans or housing loans) against loans to the real estate sector, outstanding on credit card, loan receivables, loans and advances qualifying as capital assets and market exposure towards lending against stocks/shares and well as personal loans.

The hike was 1% to 2% as banks were asked to provide 2% as banks were asked to provide 2% on exposure of standard assets to non-deposit taking NBFC's while the risk weight considered to be as high as upto 125% from the current 100%.

It was aimed to curb inflationary pressure on the economy to maintain or stabilize between 5 to 5.5%. This was considered to be a dampening impact and the market, therefore, went again in the reverse gear to end up to close losing 121 points further at 14090.92. Thus the market lost nearly 200 points in two days volatile session leaving two more sessions only which was cut short by a day on account of holiday on 30th Jan.'07. 1st Feb.'07 being an election day was considered to be a half hearted session but the market bounced back on 1st Feb.'07 as short sellers could not sustain much power to keep their position on account of the good market sentiment and the bullish under current prevailing in the market.

The market has recovered its lost ground since Friday and has paved the way for better days to follow next week.

The sustained bullish under current in the market is still alive and whenever bears try to hammer out the market they have to rush to cover their short positions to cut short further losses.

No stock specific liking is left in the market, as the Q3 results will display sector specific trend. Buying interest till the Budget session will be news based.

According to me, Textile, Chemicals & Fertilisers and Agro-based sectors could be the prime choice of the Finance Minister (FM) as these three sectors taken together contribute more than half the GDP growth. In order to bring the country's GDP growth as par to our immediate competitor, China's level of 10%, we must give priority consideration to these three sectors to spread out the growth evenly in the country. The Fertiliser industry, which has been overlooked so far may be a preferred choice of the FM.

If my forecast turns true, I expect Fertilizer stocks to flare up as soon as they have been lying low from their high levels of growth in the past.

Among Fertiliser stocks, I prefer GNFC, GSFC, Chambal Fertilisers, Indo Gulf and Deepak Fertilisers. Even if the fm fails to muster political strength to cut subsidy there are other ways to spur its growth. Investors and Money Times readers should, therefore, pick up Chemical & Fertiliser stocks of their choice.

Textile is the other big sector to spurt and with its growth we may match if not beat China with some favourable modification in duty structure in the coming budget.

The textile sector is so large right from raw materials, yarn spinning, weaving, processing and garments with large intermediate requirements like colours, dyes & chemicals etc. that even a marginal growth across the entire sector will have a beneficial effect.

The sector is big as Steel in all respects and needs to be addressed by the FM for the desired growth so that our GDP growth is at par with China or may even exceed it if the bottlenecks in Textile and its sub-sectors are removed.

Any stock specific recommendation is not possible without knowing the impact of concessions and cut in duties, which the FM have in mind.

However, stocks like Garden Silk Mills, Arvind Mills, Alok Industries, Shri Dinesh Mills and Priyadarshini Spg. are my preferred choice as I had stated before based on their sound fundamentals and growth prospects.

For example, Shri Dinesh Mills' Rs.100 paid-up share has already started moving up to hit over Rs.1700 but a price of Rs.1700 means Rs.170 for Rs.10 paid-up or Rs.17 for Re.1 paid-up, which is nothing looking at the merits of the company which is debt-free and an age old brand with continuous modernization and development.

Fundamentally, the company is so sound that there is no match to it or a better choice. Despite its 70 years long life, the company's equity capital is still as low as Rs.5.27 cr. out of which 90% of the equity i.e. Rs.4.78 cr. has come by way of issue of bonus shares. This coupled with the un-interrupted dividend for decades makes shareholders' investments risk-free year after year as its equity capital is supported by huge reserves of over Rs.45 cr.

Although there is no spurt in its turnover in the manner expected of the modernized era where it is a different story of risk & returns. But with Shri Dinesh Mills, we cannot think of capital risk at all. The company is continuously expanding, which is good for investors to have a sound sleep. According to me Shri Dinesh Mills is heading towards Rs.5000 in a year or so and Rs.2500 very shortly.

Balmer Lawrie & Co. Ltd.: A good PSU stock

By Devdas Mogili

Balmer Lawrie & Company Ltd. (BLC), a Kolkata-based diversified PSU, was earlier a part of IBP (Indo Burma Petroleum) group and manufactures industrial packaging, barrels and drums, LPG cylinders, greases and lubricants, leather chemicals, functional additives and marine freight containers. It is the largest manufacturer of steel barrels in India.

It also undertakes tea exports and trading, travel, tours, and cargo and engineering services such as turnkey projects, energy-audit and consultancy and freight-container repairs.

The company had upgraded its Tea factory in Kolkata to cater to the growing value added business. The company also launched the business of blending and packaging of speciality tea with the commissioning of its plant at Bedford, UK in May'99.

BLC has a tie-up with Fuchs Petrolub, Switzerland, to market industrial and automotive lubricants and a joint venture with IOC and NYCO, France, to produce aviation grade synthetic/semi synthetic lubricants and grease for the Defence services. It has a tie-up with Cochin Refineries for the manufacture of polybutenes and has set up a plant of Avi-Oil India, a joint venture company, at Piyala in Faridabad and commenced production of aviation lubricants from 1999 and executed the export order for a speciality oil consignment. The company considers chemicals and logistics as a priority area now.

BLC diversified into the manufacture of plastic containers and allied products, leather tanning and production of leather chemicals. The company has broadly classified its business into 8 strategic business units and they are: 1. Industrial Packaging, 2. Grease & Lubricants, 3. Logistics Management, 4. Project & Engineering Consultancy, 5. Travel & Tours, 6. Speciality Containers, 7. Leather Chemicals and 8. Tea.

The company has 12 manufacturing facilities spread over the states of Andhra Pradesh, Tamil Nadu, Kerala, Karnataka, Maharashtra, Uttar Pradesh, West Bengal, Gujarat and Delhi.

Mr. S.K. Mukherjee is the managing director of the company.

Performance: The company has reported highly encouraging results for FY06. On net sales income of Rs.1244.33 cr., it clocked a net profit of Rs.46.80 cr. posting an EPS of Rs.28.74.

Financial Highlights: **(Rs. in lakh)**

Particulars	3M 30/09/06	3M 30/09/05	YE 31/03/06
Net Sales/Income from operations	31829	30814	124433
Other Income	356	247	811
Total Expenditure			
Inc/Dec in stock	54	-118	11
Raw Materials	24610	24231	98049
Staff Cost	1692	1440	6167
Other Expenditure	2607	2671	10953
Interest	79	224	784
Depreciation	297	276	1195
Profit before tax	2846	2337	8085
Prov for Taxation	951	993	3405
Net Profit	**1895**	**1344**	**4680**
Paid up equity	1629	1629	1629
Reserves Exc Rev Reserves			20952
Basic/Diluted EPS (Rs)	**11.64**	**8.25**	**28.74**

Q2 Results: BLC came out with impressive results for Q2FY07. It recorded a revenue of Rs.318.29 cr. with a net profit of Rs.18.95 cr. registering a basic/diluted EPS of Rs.11.64. The annualized EPS works out to Rs.46.56.

Financials: Compared to its operations, the company has a small equity base of Rs.16.29 cr. supported by reserves excluding revaluation reserves of Rs.209.52 cr. leading to a book value of its share Rs.138.6. Its price to market capitalization is 0.52, which is less than 1 and indicates sufficient margin of safety for investors.

Share Profile: The shares BLC with a face value of Rs.10 are listed and traded both on BSE and NSE. It is traded with an average weekly volume of about 6000 shares. Its share price touched a 52-week high of Rs.675 and a low of Rs.372. At its current market price of Rs.418, it has a market capitalization of Rs.682 cr.

Dividends: The company has a liberal payout policy as can be seen from the payment of dividends for the last seven years as shown below:

FY 2000 - 25%, FY 2001 - 15%, FY 2002 - 18%, FY 2003 - 31%, FY 2004 - 35%, FY 2005 - 55% and FY 2006 - 90%.

The company hiked the dividend from 55% to 90% for the year FY06, which is indicative of the shape of things to come in future.

Shareholding Pattern: The Government of India holds 61.8% equity of the company while the balance of 38.2% is held by institutions, public and others.

Prospects: The prospects for the company's strategic business units are as indicated below:

Greases & Lubricants: BLC is a major participant in the industrial lubricants segment and also accounts for a large share of the automotive greases through its own range of products as well as contract manufacturing for other oil/lube companies. It markets a comprehensive range of automotive lube oils and has a strong portfolio of speciality greases and oils for industrial applications. Automobile Lubricants account for over two-thirds of the market and the rest is by Industrial lubricants. The growth in the country's industrial and agricultural sectors is likely to lead to a growth in demand for lubricants. This demand is expected to increase, particularly for speciality products and is expected to deliver superior performance.

Industrial Packaging: The company has undertaken rationalisation measures in its Industrial packaging unit to become a low cost producer in the industry and achieve a reasonable rate of return.

Logistics-Infrastructure: Logistics Management Services offers a wide range of services, which include Air freight Services, Ocean Freight Services, Chartering (both Air and Sea), Project Cargo Management, Custom House Agencies, Warehousing and Surface transportation. The outlook for the logistics service industry remains positive in the expectation that world economic growth will remain strong and that the process of globalisation of the Indian economy will continue.

Project & Engineering Consultancy: The Project Engineering and Project Management Services related to the manufacturing sector, the segment in which this SBU has been offering its services, has been passing through a lean period. It has therefore diverted to other areas such as infrastructure as well as opportunities in select markets abroad. This SBU has undertaken restructuring to give a thrust to marketing and focus on cost reduction.

Speciality Containers: As per Government of India's perspective plan for the port sector 'Vision 2020' indicates to volumes handled by Indian ports jumping threefold by 2020. Hence, there is no dearth of business opportunities in future and, therefore, the outlook for all the three Container Freight Stations is positive.

Leather Chemicals: The status and growth of the domestic leather chemicals industry is directly linked to the prospects of leather processing/leather goods industry, which in turn is largely dependent on the export market. During the year, the domestic leather processing industry witnessed an upswing particularly in leather exports. Domestic demand for leather chemicals is expected to grow steadily in the near future. There are also good opportunities for exporting leather chemicals.

Tea: The Tea Board of India has been propagating tea as a major health drink and has been engaged in promoting 'Brand India' in these markets. Its effort has been further intensified with Kolkata Port Trust planning to set up a state-of-the-art tea producing and packaging facility at Kolkata in collaboration with the Tea Board.

Tours & Travels: With the economy on the upswing, a lot of business tourism and medical tourism is expected. The company hopes to encash on this trend and post better results in this segment.

Conclusion: BLC has been performing better year after year as seen from its rising figures in both its top-line and bottom-line.

At its current market price of Rs.418, its share price is discounted less than 9 times its estimated earnings against the industry average P/E multiple of 13. Going forward, the company is expected to do better with an improved bottom-line. Considering its good track record, high dividend payout and impressive performance, this diversified PSU share is available at an attractive valuation and can be added to one's portfolio for decent returns in the medium to long-term.

MONEY FOLIO

Euro Ceramics IPO opens on 7th Feb.

Euro Ceramics Ltd., a professionally managed company in the ceramics and aluminium extruded sections domain, is entering the capital market with an IPO of 56,21,500 equity shares of Rs.10 each for cash at a premium to be decided through a 100 per cent book-building process in the price band of Rs.150 and Rs.180 per share. The issue opens on Wednesday, 7th Feb.'07 and closes for subscription on Tuesday, 13th Feb.'07. The equity shares of the company will be listed on the BSE and NSE.

Euro Ceramics is engaged in manufacturing Vitrified Ceramic Tiles and Aluminium Extruded Section at Bhachau in Kutch Ditrict in Gujarat. Currently, it has two lines for manufacturing vitrifies ceramic tiles with total installed capacity of 79,971 MTPA, whereas for aluminium extruded sections total installed capacity is of 1,800 MTPA.
The issue proceeds are to part-finance the setting-up manufacturing facilities for Sanitary Ware Products at Bhachau, Kutch at Rs.77 cr. the company has already signed a contract with Sacmi Hong Kong Ltd., a part of Sacmi, Italy for the supply of the plant & machinery. The issue funds will also be used for general corporate purposes and for meeting the IPO expenses.
Its total consolidated income for FY06 was Rs.138.16 cr. with PAT of Rs.20.31 cr. the company had an adjusted EPS of Rs.17.81 for FY06 and a return on Net Worth (RONW) of 33.70%. Its Net Asset Value was Rs.53.08 as on 31st Mar.'06.

SMS Pharmaceuticals IPO opens on 5th Feb.

SMS Pharmaceuticals Ltd., manufacturer of Active Pharma Ingredients (API) and pharmaceutical intermediates, proposes to enter the capital market with a public issue of 2,577,000 equity shares through 100% book-building process on the price band of Rs.360 to Rs.380 per equity share of Rs.10 each. The issue opens on Monday, 5th Feb. and closes on Thursday, 8th Feb.'07.
SMS Pharmaceuticals Ltd. is mainly into manufacturing bulk drugs like Ranitidine HCI, Sumatriptan Suucinate, Sildenafil Citrate, Omeprazole pellets, Ramipril, Almotriptan maleate, Gemcitibine HCI, Imatinib Mesilate and their intermediates.
The company proposes to utilize part of the net proceeds of the issue in setting up of facilities for manufacturing APIs as US FDA standards at a cost of Rs.113 cr. The project has been appraised by EXIM Bank, which has sanctioned a term loan of Rs.30 cr. The company has also raised Rs.14 cr. through pre-IPO placement.
Its total income for FY05 was Rs.121.2 cr. with PAT of Rs.8.26 cr. with shot up to Rs.133.5 cr. and PAT of Rs.8.5 cr. For H1FY07, the total income was Rs.97.6 cr. with PAT of Rs.10.6 cr.

Asahi Songwon Colors plans IPO

Asahi Songwon Colors Ltd., a leading player in the Pigment industry, manufacturing and exporting Pigment Green-7 and CPC Blue Crude to leading MNCs around the world is planning to enter the capital market shortly with an IPO through the book-building route to part finance its expansion project.
The company has an operating income of Rs.31.5 cr. with PAT of Rs.4.73 cr. during H1FY07 against operating income of Rs.24.4 cr. and PAT of Rs.2.65 cr. for FY06.

Mudra Lifestyle IPO opens on 8th Feb.

Mudra Lifestyle Ltd., engaged in fabric weaving, processing, making garments and gradually moving towards garment manufacturing mainly in the men's shirts and lady's wear segments, proposes to enter the capital market with a public issue of 95,80,000 equity shares of Rs.10 each through 100% book-building process in the price band of Rs.75 to Rs.90 per equity share. The issue opens on Thursday, 8th Feb.'07 and closes on Wednesday, 14th Feb.'07. The company has made a pre-IPO placement of 19,20,000 equity shares to SIDBI Venture Capital Ltd. and State Bank of India totaling Rs.14.4 cr. at Rs.75 per share with a one year lock-in.
Mudra Lifestyle Ltd., a leading manufacturer and exporter of fashion fabrics and garments with modern manufacturing facilities, proposes to utilize the net proceeds of the issue to expand its manufacturing facilities by setting up a new integrated unit having all the process of yarn dyeing, weaving, process house and garment manufacturing near Bangalore and Tarapur at an investment of Rs.177.5 cr.
The company's total income has gone up from Rs.10.4 cr. in FY04 to Rs.45.3 cr. in FY05 and to Rs.107.3 cr. in FY06 with a PAT for the corresponding period of Rs.21 lakh, Rs.2.64 cr. and Rs.9.1 cr. respectively. During H1FY07, its total income was Rs.71.7 cr. with a PAT of Rs.6.5 cr.

Lawreshwar Polymers' IPO opens on 5th Feb.

Lawreshwar Polymers Ltd., a growing company in the footwear sector in northern India with a turnover of Rs.13.56 cr. for the eight months period ended 30.11.2006 is entering the capital market with an issue of 87,12,500 equity shares of Rs.10 each for cash at a premium of Rs.6 per share aggregating Rs.13.94 cr. The issue opens on Monday, 5th Feb.'07 and closes on Thursday, 8th Feb.'07.

The expansion plan of the company is aimed to boost its current operations and enhance growth possibilities. The company's brand 'LEHAR' is very popular in footwear.

Oriental Trimex IPO opens on 8th Feb.

Oriental Trimex Ltd., an ISO 9001-2000 certified company, engaged in cutting, polishing and processing of imported and indigenous marble, trading of decorative stones including granite, will enter the capital market with an IPO of 1,00,00,000 equity shares of Rs.10 each in the price band of Rs.40 to Rs.48 per equity shares through a book built issue. The issue will open on Thursday, 8th Feb. and closes Wednesday, 14th Feb.'07.

Oriental Trimex Ltd. imports rough marble blocks/semi-finished slabs from the Middle-East, Greece, Egypt, Spain & Italy and processes them in its plant at Greater Noida.

The company is diversifying into granite processing business and has secured lease of two Granite Quarries of green and blue granite and proposes to expand its Greater Noida marble processing unit and set up a new marble processing unit at Kolkata & Bangalore each, set up a new granite processing unit at Balasore (Orissa).

Subscription Form

Please fill in the subscription coupon in capital letters only and mail it to
Subscription Manager
Time Communications (India) Ltd.
Goa Mansion, 58, Dr. S.B. Path (Goa St.), Fort, Mumbai – 400 001
Phone: 022-22654805 Telefax: 022-22616970
Email: **moneytimes@vsnl.com**
Website: **www.moneytimes.in**
Money Times/ Profitrak /EasyTrade/ Investrak/ Early Bird Gains/ Top Trades
I wish to subscribe to:
⌑ **Money Times** (MT) ⌑ **Profitrak Daily** (PD) ⌑ **Profitrak Weekly** (PW) ⌑ **Profitrak Fortnightly** ⌑ **Live Market Calls** (LMC) ⌑ **Profitrak Short-Term Gains** (PSG) ⌑ **Investrak Smart Moves** (ISM) ⌑ **Top Trades** (TT) ⌑ **EasyTrade** (ET) ⌑ **Early Bird Gains** (EBG)
⌑ **Nifty Futures** (NF) ⌑ **Profitrak F&O** (PF&O) ⌑ **Winners of 2007** and

a) Enclose demand draft/ pay order payable at par in Mumbai (No cheques please) favouring 'Time Communications (India) Ltd.' for _____ months _____ years as per the subscription rates given below.
⌑ DD No. ________ dated ________ on _________________ Branch __________ Rs._____

b) Have transferred the amount electronically to 'Time Communications (India) Ltd.' C/A No. 10043795661 at State Bank of India, Fort Market Branch, Fort, Mumbai – 400001 or deposit cash only in the nearest ICICI Bank favouring 'Time Communications (India) Ltd.', C/A No.: 623505381145 at ICICI Bank, Fort Branch, Mumbai – 400001 and have advised you by email about the same.

c) I/We are aware that investment in equities is risky and stock performance is unpredictable and can result in losses in spite of all analysis and projections.

Subscription Rates:
⌑ MT:- 1 year: Rs.500, 2 years: Rs.950, 3 years: Rs.1350, 4 years: Rs.1700, 5 years: Rs.2000.
⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ PD & PF&O:- Rs.2500 p.m., Rs.7000 quarterly, Rs.13,000 half-yearly, Rs.20,000 annually. (By email only)
⌑ PW:- Rs.1500 p.m., Rs.12,000 annually. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ PF:- Rs.8000 p.a. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ LMC:- Rs.3000 p.m. (By SMS on mobile/internet)
⌑ NF:- Rs.1000 p.m., Rs.8000 p.a. (By SMS on mobile/internet)
⌑ PSG:- Rs.8000 p.a.. (By email only)
⌑ ISM:- Rs.8000 p.a. (Add Rs.25 per issue if required by courier)
⌑ TT:- Rs.1000 p.m., Rs.10, 000 p.a. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ ET:- Rs.2000 p.m. (By email only)
⌑ EBG:- 1 year: Rs.5000, 2 years: Rs.8500, 3 years: 11,000. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)
⌑ Winners of 2007:- Rs.2000 yearly. ⌑ By email ⌑ By post ⌑ Courier (Add Rs.25 per issue if required by courier)

Name (in capital):____
Address: ____
____
____
Tel. No.: (O) ______________ (R) ______________ (M)______________
Email ID: ____
Are you an ⌑Investor ⌑ Trader ⌑ Broker/Sub Broker ⌑ Investment Adviser ⌑ Banker

Date & Place _____________ Signature ________________