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Market to stay rangebound

on profit-booking at higher levels

By Sanjay R. Bhatia

The uptrend on the bourses continued on the back of positive global cues and lack of shocks from the RBI in its monetary policy revision. The advance:decline ratio remained positive amidst good volumes. Traders and speculators were active in banks, cement, FMCG, infrastructure, reality, metals, oil & gas, pharma and telecom stocks. Incidentally, Mutual Funds and FIIs remained net buyers on the bourses.

The global cues have remained mixed. If on one hand, crude oil prices spiked to touch the $65 level, the Dow Jones Industrial Average continued to touch new historic highs. The rupee continued to appreciate against the US dollar, which is a positive for crude imports as it partly negates the impact of crude price rise. But it is also a negative for exports especially for IT stocks. As a result, IT stocks did not join the present uptrend and underperformed the markets. The results season has been on expected lines and is drawing to an end. No further triggers are lined up, which could boost the sentiment. In the meanwhile, the markets would continue to take cues from global markets and crude prices. The Rupee-dollar value would be watched closely and would impact the sentiment of the tech sector.

Technically, the markets have shown a smart rally on the back of positive cues and are likely to witness profit-booking and selling pressure at higher levels as the benchmark indices near their previous all-time highs. The truncated trading week ahead would also keep the markets rangebound. Stock specific action will be witnessed as stocks get re-rated after the Q4 results.

On the upside, if the Sensex succeeds in sustaining above the 14200 level, then it is likely to test the 14400 level and it has support at 13619 level. If the Nifty manages to sustain above the 4164 level, then it is likely to test the 4224 level. 4047 and 4000 are important support levels for the Nifty. Traders and speculators could buy BPCL above Rs.346 with a stop loss of Rs.325 and a target price of 367-374.

TRADING ON TECHNICALS

Minor retracements before upmove

By Hitendra Vasudeo

The expectation last week was that the rise could get extended. We saw the Sensex move above 13800 and the rise got extended. The high registered last week was 14383 but it closed lower losing almost all the weekly gains.

The Sensex was an underperformer in comparison to the Nifty. The all-time Nifty top is 4245 and the high registered last week was 4217. The Sensex all-time top is 14724 and its high last week was 14383. Thus clear shortfall and underperformance is visible on the part of the Sensex.

Last week, the Sensex opened at 13972.81 and registered a low

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- Editor

at 13850.07. Further, the Sensex moved to a high of 14383.72 and closed the week at 13908.58. At one time, we had strong weekly gains but the fall on Friday erased all the gains. The net weekly gain for the Sensex was only of 12 points. After last week's movement, we have a long upper shadow and a spinning top candlestick pattern formation.

A *long upper shadow* is typically a bearish signal particularly when it occurs near a high price level or at resistance level. A *spinning top* is a candle with a small real body and identifies a session in which there is little price action as defined by the difference between the open and the close. During a rally or near new highs, a *spinning top* indicates that prices are losing momentum and the bulls may be in trouble.

The weekly trend is still up. The weekly trend is up since the weekly closing at 13285 on 23 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. A further rise got extended last week to 14383.72 and closed lower at 13908.58. The weekly trend looks to have taken a pause and can turn down on fall below 13400 or if the Friday weekly close is below 13511.

The target given last week was 14150 and the high registered was 14383 but could not give a weekly close above 14150. If the weekly close was above 14150 then the Sensex would have had the strong chance to move towards 15216 in the current momentum. The momentum looks to have broken down. But all is still not lost for the bulls. We could see retracements of the rise from 12481 to 14383. The retracements levels are placed at 13635-13404- 13173. Now, the Sensex must not fall below 13635 if we have to maintain hopes of its top being attained in the current rally. Fairly good support is in the range of 13635-13400. Corrective dips to 13635 is possible but still we have a chance for the Sensex to test the top of 14724.

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.

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	478.40	422.3	460.3	480.1	498.3	536.3	84.4	446.3	15-03-07
SAIL	132.30	115.7	126.7	132.2	137.8	148.8	78.3	126.7	23-03-07
IFCI	40.40	33.4	37.7	39.3	42.0	46.3	77.9	37.9	23-03-07
I-FLEX SOLUTIONS	2481.00	2177.3	2372.3	2458.7	2567.3	2762.3	77.2	2312.5	23-03-07
ABAN OFFSHORES	2594.00	2064.3	2388.3	2506.7	2712.3	3036.3	76.8	2350.3	30-03-07

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			
CIPLA	217.10	148.1	198.1	229.0	248.1	298.1	24.28	229.20	27-04-07
INFOSYS	2007.00	1885.7	1972.7	2025.3	2059.7	2146.7	31.77	2035.50	27-04-07
P&G	771.00	709.0	753.0	779.0	797.0	841.0	32.58	783.00	27-04-07
KIRLOSKAR BROS	335.35	284.3	321.3	344.1	358.2	395.2	34.44	357.98	27-04-07
GLAXO SMITH.	513.05	483.4	502.4	510.7	521.4	540.4	34.55	514.70	09-02-07

Wave 5- 12316 to 14384 (current move in progress)
Internals of Wave 5
Wave 1- 12316 to 13386
Wave 2- 13386 to 12425
Wave 3- 12425 to 14384
Wave 4- 14384 to 13884 (current move in progress)
The Wave 4 is the retracement of Wave 3 and in the current situation a retracements of the rise from 12425 to 14384. The current target for Wave 4 is 13635-13404-

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
CARNATION NUTRA-ANAL	531335	92.30	85.20	92.40	81.35	99.2	110.3	0.63
GANESH BENZOPLAST	500153	14.25	13.55	14.26	12.37	15.4	17.3	0.63
VISA STEEL	532721	31.15	29.30	31.15	27.95	33.1	36.3	0.62
ZENITH COMPUTERS	517164	59.60	58.05	61.60	55.00	65.7	72.3	1.32

BUY LIST

Scrip	Last Close	Buy Price	Buy Price	Buy Price	Stop Loss	Target 1	Target 2
GUJARAT STATE PETRON	52.30	50.86	50.12	49.39	47.00	57.1	63.4
MICO (MOTOR IND.CO.)	3824.00	3644.68	3555.00	3465.32	3175.00	4404.7	5164.7

EXIT LIST

Scrip	Last Close	Sell Price	Sell Price	Sell Price	Stop loss	Target	Target
MARICO	55.65	58.9	60.2	61.4	65.4	48.4	37.9
SUN PHARMACEUTICAL I	1036.00	1067.5	1092.0	1116.5	1196.0	859.5	651.5

Wave b-8799 to 14723
Wave c-14723 to 12316
Wave d- 12316 to 14383 (not yet complete, current move in progress)
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' formation gets complete, then expect the rally once again to make new highs for Wave 5. But this Wave 5 can be a failure also.

Strategy for the week

Book profits at 14150-14384-14724 as the opportunity arise. Corrective dips to 13635-13400 can be used for buying with a stop loss of Rs.13300. Re-enter long positions in frontline stocks on weekly close above 14724. If that happens, then the Sensex expect target of 15200-15600 at least.

TOWER TALK

* It seems that the market won't hit a new high in the short-term. Investors are thus advised to remain cautious and continue booking partial profits at every rise.
* **Phoenix International** has been hitting nonstop upper circuits for the last few days and is poised to hit a new high soon. Keep a close watch. It is foraying into real estate and the scrip has recently come out of T2T.
* Although **Flat Product** has hit a new 52W high, a lot of steam is still left in the counter. It can touch Rs.260-280 in the short term. Book partial profit around that level.
* **Moving Pictures** is once again in action. Punters are betting aggressively on this counter and the share can even double in a few months.
* A reputed broking firm is very bullish on **Great Offshore**. Lot of institutional buying is also taking place in the counter. The scrip is finally heading for the four-digit mark!
* **Ramsarup Industries** has consolidated around Rs.150 for quite some time now. Once its Q4 numbers are out, the scrip may shoot up to Rs.200 in no time.
* **GV Films** is in the news again with a board meeting planned for issue of GDRs. A leading economic daily has reported bullish news on the counter.
* **ANG Auto** has patented its slack adjuster for the US market, which will open a wide market for its products in US, Mexico and South America.
* **Shri Lakshmi Cotsyn** has reported very good results for the March 2007 quarter. But despite being the darling of mutual funds, it has not found favour with market players. It is value buy at current levels.
* Technical experts aver that **Centurion Punjab Bank** is set for an upside of nearly 50% from the present level.

Kavveri Telecom Products Ltd. (Code: 590041) Rs.54.45

Established in 1991, Kavveri Telecom Products Ltd. (KTPL) is primarily engaged in the manufacture of Radio Frequency (RF) products and Antennas for telecom, defence and space applications in India and abroad. In fact, it is the largest domestic manufacturer with a capacity to make over 200,000 high quality Antennas and 10,000 RF products per month. Besides it provides total turnkey solutions for coverage and capacity enhancement requirements for GSM & CDMA carriers in India. It offers solutions like Site/RF Survey, RF planning, designing & implementation, repeater based GSM & CDMA indoor as well as outdoor coverage solution and Microcell based indoor coverage solutions. It also manufactures solar modules & solar systems for various applications. Its customers comprise leading wireless equipment manufacturers like BEL, ITI, Motorola, Alcatel, Ericsson, Nokia, Siemens, ZTE, Worldspace etc. and GSM & CDMA carriers like Reliance, Tate Teleservices, Airtel, Hutch, Idea, Spice, Aircel, MTNL, BSNL etc. It was also chosen as a sole supplier to BEL for its requirement of solar modules.

KTPL has three well-equipped production plants in Bangalore, which produces diverse range of products including antennas, RF components (filters, combiners, splitters, couplers etc), cables & connectors, repeaters, fixed cellular terminals and solar products. It has forged strategic alliances with various industry leaders across the globe including Dekolink Wireless (Israel), Coiler Corp (Taiwan), Tatung (Taiwan), King Signals Corp (China), HFR Inc (South Korea) etc. Importantly, all the products manufactured are designed and developed by its in-house R&D center. Presently, it has two wholly-owned subsidiaries namely Eaicom India Pvt. Ltd., Mumbai and Kavveri Technologies Inc., Canada. To strengthen its position in the lucrative North American market, it acquired the TIL-TEK Antenna Division of Wi-Lan Inc., Canada, which manufacture high-quality antenna products for base stations of wireless telecom companies for US $2.5 mn. A few days back, it also acquired another Canadian company called DCI Digital Communications, which specializes in Radio Frequency Interference (RFI) products. Meanwhile, it has bagged about Rs.40 cr. order from Hutchison Essar Ltd. for In-Building Solutions (IBS) and for supply of its products for Base Stations. It has also reportedly bagged a Rs.20 cr. order from Idea.

Although the company is a dominant player in the telecom space, it has increased its share from the defence and space business too. For defence, its R & D division has recently developed GPS antenna for airborne applications, cylindrical beam switching antenna for tactical operations, vehicle mounted VHF & UHF sleeve monopole antennas etc. Moreover, the company is working on innovative designs & development of channelisers, digital instantaneous frequency measurement receivers, specialised filters and radomes, wideband Antennas for early warning system, power amplifiers and LNAs. Importantly, the company has already designed and developed various RF products and antennas for Wi-max and 3G technology that has huge potential. For the March'07 quarter, it reported mind-blowing numbers and ended FY07 with sales of Rs.50 cr. against Rs.35 cr. last and with net profit of Rs.5.95 cr. compared to Rs.2.65 cr. last year.

This translates into standalone EPS of Rs.6 on its equity of Rs.9.80 cr. For FY08, it may clock a total revenue of Rs.100 cr. with profit of Rs.9.50 cr. i.e. EPS of Rs.10. Even though the promoter holding is only 15%, investors are strongly recommended to buy at current levels as the share price can double in 12 months.

Pitti Lamination Ltd. (Code: 513519) Rs.68.70

Established in 1983 and promoted by Mr. Sharad Pitti, Pitti Laminations Ltd. (PLL) is primarily engaged in manufacture of electrical steel laminations and stampings which form a critical part in all types of motors, alternators, pump sets and DG sets. It also manufactures die cast rotors, tools, jigs, fixtures and moulds. It supplies not only laminations but also value added sub-assemblies using castings, aluminium, copper etc. On the domestic front, the company has been catering to some of the biggest and best names in the industry which include Siemens, Areva T&D, Toyo, Denki Power Systems (TDPS), Crompton Greaves, ABB, BHEL, Newage Electrical India, Bharat Bijlee, Kirloskars, Suzlon etc. On the other hand exports contribute more than 40% of its revenue with GE (USA) being one of its major customers.

PLL's manufacturing facilities are located at Nandigaon village in Andhra Pradesh. Last year, the company completed its Phase II expansion cum modernization plan taking the total installed capacity to 25000 MTPA from 10000 MTPA earlier and started commercial operation in September 2006. For FY07 it is expected to record sales for 15000 MTPA whereas the full impact of expansion will be seen only in FY08. To leverage its considerable expertise and competitiveness and move up the value chain, the company is implementing certain forward integration measures and activities related to laminations. It is outsourcing the fabricated and casted stator bodies and also outsourcing the machining. But now under its Phase III expansion, it is putting up a project for fabrication of steel stator bodies, machining of stator bodies and dropping of assembled stator core into the stator body. These proposed activities are quite complex and demand a high degree of precision. But eventually, it will result in value addition and significant improvement in margins. These integrations will basically cater to GE (USA) and other big domestic customers. The total investment for this Phase III expansion is around Rs.40 cr. and is expected to commence operation by mid 2007 although it has already started the 'core dropping' operations. Interestingly, the company has obtained approval to diversify into power generation by way of wind energy, solar energy, thermal energy, hydro energy, bio energy or any other form or source of energy.

To fund the expansion, it has raised around Rs.14.40 cr. through a preferential allotment of around 12 lakh equity shares at Rs.120 per share. The balance is being met through debt and internal accruals. For FY07, it can report sales of Rs.145 cr. with net profit of Rs.10 cr., which may shoot up to Rs.200 cr. and Rs.13 cr. respectively in FY08 on a conservative basis. This translates into an EPS of Rs.11 and Rs.14 respectively. With a 52-week high/low as Rs.130/59, this scrip is available extremely cheap at the current market cap of Rs.65 cr. Investors are strongly recommended to buy with a price target of Rs.110 (60% return) in 12 months.

ANALYSIS

Genus Power Infra.: For medium to long-term

By Devdas Mogili

Genus Power Infrastructures Ltd., formerly known as Genus Overseas Electronics Ltd. is a Jaipur-based company and a part of the Rs.1000 cr. Kailash Group of Rajasthan. Its name was changed with effect from 31 March 2007.

The company is engaged in the business of Electronic Energy Meters, UPS and Inverters. It manufactures inverters, hybrid microcircuits (HMCs) and resistor networks and printed circuit boards. The company also undertakes turnkey projects in the power distribution sector scaling up its operations from meter to metering.

Genus Overseas Electronics has facilities to manufacture 30 lakh sq. inches of hybrid microcircuits (HMCs) and 75 lakh sq. inches of surface mounted assemblies (SMAs) in technical and financial collaboration with BMB Band Production System Gmbh, Germany. Further, BMB has agreed to lift 30% of the production.

Miniaturisation of electronic circuits has led to the development of HMCs, which fall in a class between printed circuit boards (PCBs) and monolithic integrated circuits (ICs). Further, the leads of most ICs, especially the CPU chips, are built in such a manner that they can be fixed on the surface of multi-layered PCBs. Till now, their use was limited to telecommunications, computers and instrumentation and Department of Telecom is the main buyer of telecommunications circuitry.

Tie Ups: The company has tied up with Mobix of Brazil, a leader in Communication Technology, to develop and manufacture Energy Management Systems (EMS) using AMR technology to monitor power distribution billing. Genus Power already has pilot projects in Brazil since the last two years and has all the necessary approvals from there. Its electronic meters are manufactured using state-of-the-art AMR technology. The company's products find wide acceptance in Latin America. Genus Power has also tied-up with Corintech, a UK-based company for HMCs.

Exports: The company exports its products to Denmark, UK, Jordan, USA and other countries.

Order Book: The company has already bagged an order of Rs 117.65 cr. from the West Bengal State Electricity Board for metering tube-wells in agriculture fields in different districts of West Bengal. All these meters will be phase III meters and their reading will be through low power radio (LPR) equipments which is a part of THE automatic meter reading project developed by the company through its in-house R&D. Presently, the company has orders worth Rs.403 cr. in hand, which is inclusive of export orders of Rs.15 cr.

Performance: The company has come out with highly encouraging results for the year ended 31 March 2007. For FY07, it clocked net sales of Rs.395.61 cr. with net profit of Rs.28.22 cr. netting an EPS of Rs.26.02 for the just concluded year.

Financial Highlights: (Rs. in lakh)

Particulars	QE 31/03/07	QE 31/03/06	YE 31/03/07	YE 31/03/06
Net Sales/Income	**16473.49**	**11788.53**	**39560.82**	**22972.00**
Other Income	18.72	26.09	139.88	74.04
Total Expenditure				
a. Dec/Inc in Stock	408.27	(336.80)	549.15	(1022.95)
b. Raw Materials	10705.77	8998.17	24587.40	15451.17
c. Human Resources	320.30	191.31	1057.14	799.68
d. Excise Duty	1272.29	567.63	3045.05	1688.81
e. Other Exp (incl R&D)	1774.16	1085.17	5069.13	3227.37
Operating Profit	2011.42	1309.14	5392.83	2901.96
Interest & Finance Charges	390.28	291.33	1561.52	752.51
Depreciation	67.12	99.49	454.31	420.81
Profit Before Tax	1554.02	918.32	3377.00	1728.64
Prov for current taxation	265.46	77.93	485.00	155.00
Net Profit	**1263.56**	**840.39**	**2822**	**1573.64**
Prov for deferred tax	25.00	40.00	70.00	39.84
Paid up equity share capital	1084.66	1043.28	1084.66	1043.28
Reserves				3033.38
Basic/Diluted EPS (Rs)	**11.65**	**7.63**	**26.02**	**14.33**

Q4 Results: The company reported heartening results for the Q3FY07 as it recorded net sales of Rs.164.73 cr. with a net profit of Rs.12.61 cr. registering a basic/diluted EPS of Rs.11.65. Going forward, its annualized EPS works out to Rs.46.40.

Share Profile: The shares of Genus Power are listed and traded both on the BSE and NSE under Indonext (S) segment. Its share price touched a 52-week high of Rs.309 and a low of 146. At its current market price of Rs.286, it has a market capitalization of Rs.310 cr.

Dividends: The company has been paying regular dividends as shown below:

FY02 - 10%; FY03 - 5%; FY04 - 12%; FY05 - 15%; FY06 - 15%.

Shareholding Pattern: As on 31 March'07, the promoters' holding was to the tune of 51.12% while non-promoter holding was to the extent of 48.88%.

Clientele: The company's main clientele among others include the Government of Rajasthan for construction of power substations, Government of Chattisgarh for supply of energy meters and Department of Telecom for supply of telecommunication circuitry.

Prospects: The company has an excellent track record of erecting power substations in Rajasthan. Besides constructing new substations in Agra, the company was responsible for laying over 250 km of power lines using the latest anti-theft technology of aerial-bunch conductors, which use insulated core cables to transmit power between poles obliterating the possibility of theft. This reduces line losses in transmission, the main cause of power shortage.

In addition, it would be replacing about 200 km of old corroded overhead conductors with new cables while increasing the load-handling capacity of the existing power sub-stations in Agra. This will solve the problem of power cuts and overloading that Agra has been facing for the past 10 years.

Conclusion: Genus Power is one of the largest producers of single-phase multifunction electronic energy meters. Moreover, the company has a good order position to the extent of Rs.403 cr. including export orders of Rs.15 cr.

At its current market price of Rs.286, its share price is discounted less than 7 times its current earnings against the industry average P/E multiple of over 25. Going ahead and assuming a modest P/E multiple of 10, the share has the potential to cross the 450 mark in a buoyant market. Exposure to this counter could be considered with a medium to long-term perspective.

MARKET REVIEW

Market closes flat after oscillating either ways

By Ashok D. Singh

For the week ended 27 April 2007, the BSE Sensex was up by just 11.59 points to end at 13,908.58, while the NSE Nifty was down very marginally by 0.05 points to close 4,083.50. Local bourses ended the week flat after suffering high volatility throughout the week. A lot of significant events kept pulling the key indices both ways.

Data released on Friday, showed India's wholesale price index rose 6.09% in the 12 months to 14 April 2007 unchanged from the previous week. Analysts expect it to dip below 6% in coming weeks. This figure matched street expectations.

Bank of Japan (BoJ) on Friday left its key interest rate unchanged at 0.5% for the third meeting in a row, against a backdrop of lingering deflationary pressures.

A report from Credit Suisse pointed out that the development was largely a result of the rapid appreciation in the Indian rupee, which strengthened below Rs.41 against the dollar on Wednesday. The Bombay Stock Exchange (BSE), with a capitalisation of $944 billion, is also inching toward the magic $1 trillion mark. The other countries in the trillion-dollar club are the US, UK, Japan, Germany, China, France, Italy, Spain, Canada, Brazil and Russia.

"The UK is the only economy to stop being a trillion-dollar economy for a while after attaining the status for the first time," the report said. Credit Suisse said that for 10 economies that crossed the $1 trillion mark in GDP, stock markets rose the year afterward in eight of them.

FII inflow has picked up in April 2007 in the backdrop of strong global liquidity. FIIs have pumped money heavily into Indian stocks, this month. Their buying picked up after IT major Infosys issued a strong guidance for FY08 on 13 April 2007 putting to rest concerns of a US economic slowdown on the IT sector. FII inflows for April 2007 (till 26 April) reached Rs.6874 cr. while FIIs had pulled out a net Rs.1082 cr. in March 2007.

The week started mildly bullish with the Sensex rising 30.92 points to 13,928.33 on Monday. The market chose to remain cautious on the first day of the week, ahead of the RBI's monetary policy.

On Tuesday, the 30-share BSE Sensex jumped 208.39 points to finish at 14,136.72, after the RBI's decided to keep all policy rates - the CRR, repo, reverse repo and bank rates -- unchanged. Speculative buying, as well as short-covering in the derivatives aided the surge, especially in banking shares.

On Wednesday, the benchmark Sensex gained 81.05 points to 14,217.77 as it abandoned a weak intra-day trend towards the latter part of the day led by index heavyweight Reliance Industries. Short-covering ahead of expiry of the April'07 contracts also happened in the later half of the day.

On Thursday, the Sensex rose marginally by 11.11 points to 14,228.88, after a highly volatile session due to the scheduled expiry of the April 2007 derivative contracts.

But the Sensex was not able to sustain at higher levels for the last day of the week and plunged 320.30 points to 13,908.58 as index pivotals were offloaded tracking weak global markets and profit-booking.

Reliance Industries lost 3.05% to Rs.1538.20. RIL reported 14% growth in net profit in Q4FY07 at Rs.2853 cr. compared to Rs.2520 cr. in Q4FY06 on the back of strong refining margins. The company said refining margins for the March 2007 quarter were $13 a barrel, higher than the benchmark Asian Dubai crack margin, which averaged less than $7 in the quarter. Net sales rose 5.5% to Rs.25895 cr. from Rs.24542 cr.

RIL posted a net profit of Rs.10908 cr. for FY07, compared with a net profit of Rs.9069 cr. in FY06. Net sales rose to Rs.105363.30 cr. from Rs.81211 cr. The company's earnings per share (EPS) rose to Rs.78.3 in FY07 from Rs.65.10 in FY06.

RIL targets sales of more than $24 billion by 2011 from the retail business. RIL has set up 135 retail stores in 16 cities during FY07, the company said on Thursday.

Car major Maruti Udyog (MUL) rose 2.41% to Rs.795. MUL reported 24% growth in net profit in Q4FY07, at Rs.449 cr. against Rs.361 cr. in the corresponding quarter a year ago.

Grasim advanced 1.27% to Rs.2421.35. It reported 80.5% growth in net profit in Q4FY07 at Rs.474.49 cr. (Rs.262.74 cr.). Net sales surged 36.2% to Rs.2493.75 cr. (Rs.1829.78 cr.).

Bharti Airtel declined 2.28% to Rs.826.25, even as it posted a stronger-than-expected 98% surge in net profit for Q4FY07. Its consolidated net profit as per US GAAP, jumped 98% in Q4FY07 at Rs.1353.09 cr. (Rs.682.31 cr.). Revenue rose 58% to Rs.5393.18 cr. from Rs.3411.33 cr. Bharti Airtel said it had added a net 53 lakh customers in Q4 March 2007. It also had an ever-net addition of 1.8 cr. customers in FY07.

Hinduja TMT plunged to Rs.599.35, following resumption of trading in the scrip from 24 April 2007.

The BSE Sensex closed flat gaining 11.59 points to end at 13,908.58 last week. Although the RBI has kept rates steady, market insiders feel that the pause may just be a temporary measure. Inflation remains high at around 6%. The market may remain range-bound next week as traders may not take fresh positions due to an abridged week that lies ahead. The market will enjoy holidays on Tuesday and Wednesday.

The outcome of the ongoing seven-phased Uttar Pradesh assembly elections is a key political event to watch out for. The assembly poll gets over in early-May 2007, and the vote is seen as a barometer of national political trends. With global oil price surging in recent weeks, there are talks that the government may hike retail prices of petrol and diesel once the UP elections are over.

MARKET

Market to consolidate

By G.S. Roongta

Last week began on the lines we anticipated and as forecast with the broad headline ‘Happy days return’ in the last issue of Money Times. It was, therefore, a great pleasure to watch the BSE Sensex gain over 513 points last week till Thursday, 26 April 2007 before it shed 320 points on Friday, 27 April 2007 to cose at 13908.6. Importantly, it had crossed the psychological barrier of Sensex 14000 level with a good margin on the opening day of the last week itself i.e. Monday, 23 April 2007 to hit 14046.52 in intra day trading before it closed slightly lower at 13928.33. This was largely on account of profit-booking from several quarters ahead of the Reserve Bank of India's credit policy to be announced the next day.

G.S. Roongta

Marketmen's doubts and fears about the credit policy were fully justified given RBI's stated mission to curb inflation and raising interest rates as a measure to achieve it. It had already done so on two past occasions and damaged the market sentiment severely. Such fears led them to cut their long positions. This resulted in the BSE Sensex losing almost 150 points to a low around noon on Tuesday, 24 April 2007 from its high on Monday, 27 April 2007.

After three quick liquidity tightening moves beginning from December 2006, the RBI Governor was seen as a hard taskmaster giving importance to inflation alone at the cost of growth, which is far more significant. His attempts to suck out liquidity from the financial system by enhancing CRR, Reverse Repo and interest rates came in for harsh criticism as it was seen to hamper the growth of the Indian economy particularly the corporate sector. This step was seen in line with the hardening of interest rates in USA which ultimately led to a halt in economy curtailing the rising demand of goods and services on the back of uneasy liquidity.

But the RBI Governor, Dr. Y.V. Reddy, pleasantly surprised the market on Tuesday by maintaining the status quo in interest rates, Cash Reserve Ratio and left the Reverse Repo rates unchanged. This cheered the market, which immediately flared up thereafter.

Thank God, Dr. Y.V. Reddy realized just in time that too much pressure on the financial system will hit corporate performance hard as the demand and supply for home loans, cars and domestic goods will be stalled leading to another kind of imbalance with supply exceeding demand. He, therefore, tailored his credit policy to encourage home loans to individuals and India Inc. to invest in joint ventures abroad or acquire units overseas in view of the hardening of the Indian Rupee against the US Dollar. Because of these policy measures, the market sentiment improved as the BSE Sensex once again crossed the 14000 mark to hit a new high at 14197.32 - just 500 points below its all time peak of 14723, which is certain to be achieved over the next few weeks.

Corporate results released till now have been good exceeding market expectations with higher toplines and bottomlines on account of good margins and better capacity utilization.

Cement sector stocks have fared exceedingly well with ACC, Grasim, Gujarat Ambuja, India Cement, Ultratech etc. having exceeded market expectations with bottomline upbeat almost by over 70%.

Cement stocks, too, have shot up as I had very confidently observed earlier stressing upon the cement sector's bright future. ACC rose nearly 150 points, Grasim hit over Rs.2530, India Cements, Ultratech and Gujarat Ambuja have all made good more than half the losses suffered in their share prices ever since the government started to check cement prices by differential levies.

Money Times readers who gave due credence to my outspoken observation that government policy can't prevent the demand-supply determined market price for cement must have realized good fruits.

Last week was also the week of Futures & Options expiry period for April 2007 contracts. Unlike March 2007, when the bears bit the bulls badly after the budget dampened the market and other harsh measures to control inflation and knocked off 2200 points from the peak of the Sensex and solely benefited the bears. April 2007 futures in contract proved good for the bulls. They made up the major losses suffered in March 2007 as most of the contracts notably ACC, Grasim, Gujarat Ambuja, L&T, Tata Steel, BHEL, Idea Cellular etc. closed with handsome gains.

Corporate results are yet to be announced by Hindalco, Tata Steel, M&M, SAIL, L&T and several others but their announcements can further enthuse the sentiment as their individual performance is expected to beat market expectations.

Tata Steel, which was a lacklustre throughout the year, has started showing good strength gaining nearly 100 points in just one month. SAIL is now ruling at its lifetime high and is yet expected to cross the Rs.150 mark shortly as its performance for 2006-07 is extraordinary and future prospects is considered to be even better.

L&T, which had issued 1:1 bonus, has already gained 500 to 600 points based on its extremely good future and a rise of another 500 points cannot be ruled out.

ACC and Grasim will march ahead at least to make up their recent losses at Rs.1000 and Rs.2800 at least, which are 150 or 300 points away. This means that ACC has yet to gain Rs.150 and Grasim Rs.300. So also, India Cements, Ultratech and other second rank cement stocks. Mukand Ltd., Modern Steels, Raipur Alloys, Essar Steel are the second rank steel stocks that are poised for smart gains.

The overall market has taken a U turn and several stocks, which were lacklustre so far, have started attracting market attention. SCI, which was in bear phase for the last two years suddenly spurted crossing Rs.200.

Tata Tea, which was languishing at around Rs.600-650, suddenly gained 100 points in one single day. There are several such dark horses, which were asleep till now but are now awakening.

Mid-cap and small-cap stocks have turned seasonal and breathe life twice in the year but have yet to gain momentum.

Arvind Mills, Alok Textiles and Garden Silk Mills and BILT are sleeping elephants but God knows when they will wake up like Tata Tea and SCI.

Shipping is reported to be doing well with the demand for bulk carriers outstripping the supply.

Technical analysts, too, have become optimistic about the BSE Sensex to touch 15000 by June/July 2007. The overall market scenario has thus changed after the corporate results and if the GDP growth at 9.2% in March 2007 is any fair indication, then to think of gloom may prove to be suicidal for the bears. Boom and bloom may not, however, be very fast or sudden but the march will be steady in the stock market.

Since there has been a sudden and fast rise of 1000 points or so, the stock market may pause for a while to consolidate at this level before hitting an all time high. In view of this, a cautious approach needs to be taken without plunging for a fast rise in a hurry.

While going to press, it was not clear why the market reacted so sharply by 320 points on Friday, 27 April 2007. While some felt it was due to global markets, others felt it was on profit-booking as there is a move to suck out Rs.30,000 cr. from the system by banks & FIs being asked to subscribe to government bonds.

STOCK WATCH

By Saarthi

As forecast, **Bilpower Ltd. (Code: 531590) (Rs.178.80)** came out with a very encouraging set of numbers for the March'07 quarter. Its sales increased by 90% to Rs.78.50 cr. whereas PBT jumped up 130% to Rs.7.75 cr. For the full year FY07, sales almost doubled to Rs.245 cr. whereas net profit grew by 65% to Rs.18 cr. due to the higher tax provisioning of Rs.6 cr. This works out to an EPS of Rs.20 on its equity of Rs.9 cr. After taking over Tarapur Transformers, it is moving forward by merging SunTranstamp, a power ancillary equipment company with itself. To fund further acquisitions, it plans to raise around Rs.100 cr. through the FCCB/GDR route in future, which will lead to a re-rating of the company. For FY08, the company is estimated to clock a turnover of Rs.325 cr. and PAT of Rs.23 cr. i.e. EPS of Rs.26 on its current equity of Rs.9 cr. Hence at CMP, the company is discounted by 7 times only against its FY08 earnings and the scrip has the potential to cross Rs.300 in the medium-term.

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Micro Technologies Ltd. (Code: 532494) (Rs.240.40) is currently one the most poorly discounted IT scrip on the bourses. In spite of being a niche player and having an unique product portfolio, its share is available at a P/E ratio of merely 6 times its estimated FY08 earning. For the March'07 quarter, it reported 55% rise in sales of Rs.30 cr. and net profit increased by 45% to Rs.9.50 cr., leading to a quarterly EPS of Rs.9. For the full year ending 31st March 2007, its sales as well as profit grew by 80% to Rs.106 cr. and Rs.32 cr. respectively. This translates into EPS of Rs.30 on its equity of Rs.10.50 cr. The management has very aggressive plans for the future and company is expected to grow at CAGR of more than 50% over the next few years. It may end FY08 with a topline of more than Rs.150 cr. with a bottomline of Rs.42 cr. i.e. EPS of Rs.40 on its current equity. With FIIs holding 13% stake and domestic mutual funds holding 6% stake, the scrip has the potential to double in a year's time.

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Jupiter Biosciences Ltd. (Code: 524826) (Rs.161.55) has surprised the market with substantial jump in sales for the March'07 quarter. It registered a record high sale of Rs.38 cr. up 65% compared to last year and net profit rose by 40% to Rs.8.70 cr. For FY07 its sales increased by 30% to Rs.104 cr. and the profit increased by 50% to Rs.25 cr. This leads to an EPS of Rs.26 on its diluted equity of Rs.9.86 cr. The promoters have already converted their 10 lakh warrants into equity shares in March 2007 whereas the balance Rs.17.50 lakh warrants have been converted at Rs.146 in April 2007. Hence, its equity stands at Rs.11.61 cr. The company is further raising Rs.100 cr. through QIP placement and has entered into strategic business alliance with Ranbaxy on peptide pharmaceuticals for the global market. As per the contract, Ranbaxy is taking 14.90% stake, which will further expand its equity. These all are very positive developments for the company and it is estimated to end FY08 with total revenue of Rs.180-200 cr. and profit of Rs.42-45 cr. Scrip is bound to hit a new high soon.

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After couple of not so encouraging quarters, **Ador Fontech Ltd. (Code: 530431) (Rs.87.60)** has declared satisfactory result for the March'07 quarter. Both sales and profit improved by 20% to Rs.27 cr. and Rs.2.50 cr. respectively.

Interestingly, it reported an OPM of 15% compared to 9% in the preceding quarter. However, for the full year sales and net profit increased by 15% to Rs.80 cr. and Rs.5 cr. respectively thereby registering an EPS of Rs.15 on its tiny equity of Rs.3.50 cr. The management has maintained the dividend payout ratio of more than 30% and declared a whopping Rs.5 as dividend for FY07. At CMP, the dividend yield itself works out to more than 6%. Although the merger with Ador Welding is not on the cards but the management may merge both the companies in future for operational synergies. This will trigger the share price of Ador Fontech.

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Recently, **Uttam Galva (Code: 513216) (Rs.33.65)** announced a good set of numbers for the March'07 quarter. It doubled its net sales to an all time high figure of Rs.840 cr. but net profit increased marginally by 10% due to lower operating margin and higher interest cost. However, it ended FY07 on a buoyant note with 45% rise in sales to Rs.2567 cr. and 35% gain in net profit to Rs.100 cr. As the company raised about Rs.85 cr. in March 2007 through its GDR issue at Rs.40 per share, its equity got diluted to Rs.105.30 cr. Hence its EPS works out Rs.9.50 for full year. Besides, the company had earlier raised around Rs.200 cr. through FCCB route, which is yet to be converted into equity shares. Although the conversion price is Rs.64.50, it is expected to get revised to around Rs.44-48. On the back of aggressive expansion, the company is estimated to clock turnover of Rs.3750 cr. and net profit of Rs.150 cr. for FY08. This means an EPS of Rs.10 on its estimated fully-diluted equity of Rs.150 cr. At CMP its a strong buy as the scrip can easily appreciate 50% in 12 months.

FIFTY FIFTY

By Kukku

Investment Calls

*** Surya Roshni (Rs.51)** has two divisions: The Steel Division manufactures electrical resistance welded (ERW) steel pipes and tubes (46% of sales) and cold-rolled formed sections and profiles and cold-rolled (CR) strips (around 20% of the Sales). The Lighting Division, operating since 1983, manufactures fluorescent tube lamps (FTL), general lighting systems (GLS), glass shells for GLS lamps, tubular glass shells, FTL filaments, GLS filaments, and sodium and mercury vapour lamps. The lamps are sold under the Surya brand. Last year this division contributed 35% of sales.

Pipes/Tube/Steel Division - In view of the thrust on water and infrastructure sectors, there is tremendous scope for growth in Steel Pipes and Cold Rolled strips. Strong demand is expected from various oil & gas companies for LDP pipes of API standard. In the Cold Rolling segment, too, also demand is expected to increase due to the high growth in the automobile sector. At present, cold rolled strips units are raking in huge profits due to remunerative prices.

Lighting Division - The company has taken steps to install the Compact Fluorescent Lamp (CFL) plant, which is a value added product and will enhance the profitability of the company.

As a result of the initiatives taken at various levels, the turnover and profitability of the company in coming years will show considerable growth compared to the year under review.

The company has been regularly paying dividend between 10-32% for the last 17 years and hasn't skipped any year.

The company is now entering in to the real estate business. Marketmen also expect a demerger of its pipes & tube division, real estate & lightning division.

For the first 9 months of 2006-07, it has already reported Sales of around Rs.961 cr. with Net Profit of around Rs.9.72 cr. Its full year profit may be around Rs.13/14 cr. on a capital of Rs.26 cr. The stock at the current market price of Rs.52 is going cheap as its yearly high/low is Rs.112/47. Thus at the current level, the downward risk is 10% but it can go up by 100 /125% in the next one year. The stock looks a risk-free buy at the current level.

*** Jaihind Projects Ltd. (Rs.43)** is into project engineering for onshore pipelines, urban infrastructure, water systems, corrosion protection, environmental projects etc. since 1985.

The company has laid pipelines up to 56" diameter and has covered onshore, near shore and offshore terrains. With over 2500 kms of cross country pipelines and over 1500 kms of plant piping constructed for Oil & Natural Gas, Water, Effluent industries, Jaihind has proven its efficiency in managing pipeline projects in the most demographically diverse terrains and soil conditions.

Jaihind has executed many river-crossing projects for oil & gas pipelines some of which involved Horizontal Directional Drilling (HDD). HDD is an advanced technology useful for construction of all types of pipelines and cable lines under various terrain obstacles, such as rivers, lakes, ramparts, roads, canals, swamps, runways, parks, sanctuaries etc. Jaihind has executed pipeline works crossing various rivers and in different terrains such as creaks, hard rocks, deserts and marshy land. In river crossing, the Herculean task of Mindola Bypass Scheme was of laying 18" & 12" dia. MS pipeline of 21.5 kms with 100% radiography including transportation of 6000 MT pipes from Mangalore to Hazira. The job was completed in just 60 calendar days in the monsoon season and attracted a bonus from ONGC.

Jaihind has a strong reputation for executing turnkey projects for water supply schemes over the last ten years. It has a plant and mobile site facilities for fabrication of pipes from plates.

The company came out with very encouraging results for the Q3FY07 with a topline growth of 131% at Rs.25 cr. while its Net Profit shot up by 250% from Rs.32 lakh to Rs.112 lakh. The company has a very strong order position and is likely to post sales of Rs.90/95 cr. for the full year. Investors can hold on to this stock as it may reach Rs.80 mark in next the one year.

Market Guidance

* **Kirloskar Pneumatics (Rs.436)** has come out with very encouraging results for FY07 and posted an EPS of around Rs.33. For Q4FY07, it reported an EPS of around Rs.14.5 purely from its operations. The company expected to grow at the rate of around 30-35% per year and long-term investors are likely to benefit greatly. Since we have been recommending this stock from lower levels, hold on to it or even add more around Rs.390 level on reactions.

* There is improvement in the margins of **Esab India (Rs.357)** for the first quarter after a long time. Investors should stay invested in this stock.

* **Kamat Hotels (Rs.168)** is expected to come out with better results, investors are advised to hold on and book partial profits above Rs.210 level.

* There are indications that leading market player has taken a position in **Parsvanath Developers (Rs.330)**.

* **Pratibha Industries (Rs.190)** is likely to maintain its projected profit of around Rs.20 cr. for FY07, which is expected to go up to Rs.35 cr. by next year.

* **Atlas Copco (Rs.797)** will benefit from the firmness of the Indian Rupee as it has good amount of imports worth Rs.149 cr.

* **Rajratan Global Wire (Rs.75)** results were below expectations because of the rise in raw material prices, which it could not pass on to the tyre manufactures. Investors can exit from this stock and switch to **Garware Wall Ropes (Rs.109)** or **RPG Cables (Rs.48)**.

* **Asian Oil Field (Rs.50)** has moved in the last one month from Rs.32 to Rs.50 level. **Nirlon (Rs.86)**, too, has moved in the last one month from Rs.44 to Rs.88 level. Investors can book part profits and stay invested with remaining quantity as their targets are said to be high.

* **Alkyl Amines (Rs.110)** and **India Glycols (Rs.137)** are still a good hold for good long-term growth.

* As per knowledgeable sources, **Ashiana Housing's (Rs.180)** land bank value is very high. Long-term investors are likely to benefit.

* Although textile stocks are not in favour but for those who believe in safe & contrarian investment, **Rajasthan Spg. & Wvg. (Rs.93), Sambandam Spg. (Rs.123), Ambica Cotton** and **JJ Exporters (Rs.58)** are good investment bets.

* Marketmen expect good results from **Pennar Industries (Rs.22)**, which is in cold rolled strips. Stock is likely to go up in good sentiment.

* We have discussed **Alumeco (Rs.25)** and **Zenith Fibres (Rs.26)**, since these are good long-term bets, investors can add more below Rs.25 level with a long-term view.

* **Can-fin Homes** with an expected book value of above Rs.90 and EPS of around Rs.17 for FY07 stocks looks attractive around Rs.62 level.

* In view of the firm Baltic Freight Index, investors should continue to hold on to **Shipping** stocks.

* The firm Indian Rupee against the US Dollar is likely to create more competition in the domestic industries with rising interest, slowdown, too, is expected. Input costs like raw materials and increasing wages are also putting pressure on margins of companies. There is huge shortage of skilled labour & contractors due to the surge in demand. Investors are advised to keep booking part profits at every higher level and should take benefit of this rally to exit.

* Investors remaining with good cash stocks are likely to emerge winners. They should avoid buying at higher levels.

EXPERT EYE

By V.H. Dave

The shares of **KRBL Ltd. (Code: 530813) (Rs.112.80)** are strongly recommended for decent gains in the medium-term as it is likely to post excellent results for FY07 and even better working results in FY08 and FY09.

KRBL began as K. B. Overseas, a partnership firm of Anil K. Mittal, Anoop K. Gupta and Arun K. Gupta in 1988. In April 1993, the partners of the firm promoted Khushiram Beharilal to take over the operations and businesses of the partnership firm.

Rechristened as KRBL, it has one rice processing facility in Greater Noida, two at Alipur and one in Dhuri. The Greater Noida and Dhuri (Delhi-Punjab highway) units employ the latest technology with continuous processing rice milling. It has cutting-edge technologies from the world's best in the field - Buhlerfrom of Germany, Satake of Japan, Cimbria of Denmark, Sortex of UK, Hyde of Austria and Caterday of UK.

KRBL supplies products to large retail stores like Big Bazaar, Reliance Retail, Dmart, Food Land, Spencer's, Shoprite, Vishal Megamart and Hyper City among others.

KRBL's rice is exported throughout the world and the export surplus is sold in the domestic market under various brand names like 'India Gate,' 'Doon', 'Nur Jahan', 'Bemisal,' 'Lotus' and 'Aarti'.

For FY06, KRBL posted 44% increased sales of Rs.725 cr. and registered 96% higher net profit of Rs.32 cr. The EPS was Rs.13.2 and it paid a dividend of 20%. During Q3FY07, net profit increased by 81% to Rs.19 cr. on 30% higher sales of Rs.280 cr. For the first three quarters of FY07, while sales have grown by 28% to Rs.700 cr., net profit jumped by 83% to Rs.48 cr.

Its equity capital is Rs.24.3 cr. and with reserves of Rs.243 cr., the book value of the KRBL share works out to Rs.110. The promoters hold 50% in its equity capital, Foreign nationals/FIIs hold another 30%, Mutual funds/institutions and PCBs hold 5% and 4% respectively leaving 11% with the investing public.

The second phase of KRBL's greenfield rice-processing mill on 150 acres, one of the largest in the world with a capacity of 250 tonnes per day of solvent extraction plant, 10 MT per day of furfural oil plant and 10.5 MW co-generation power plant is likely to be completed in about 2 months. KRBL also contemplates putting up an extraction plant for precipitated cilica oil, which has a market both in India and overseas.

Indian basmati rice has been consistently imported by Saudi Arabia, Kuwait, UAE, USA and European Union. Presently, the demand for Indian basmati rice is between 7.5 - 8.5 lakh MT, which is expected to grow significantly in future.

KRBL processes paddy. Its products are par-boiled sella basmati rice and raw basmati rice. According to the USDA's agricultural baseline projections, global trade in rice is expected to grow annually at an average of about 2.3% over the next 10 years. By 2014, this global trade in rice is expected to reach about 33 MT to 34 MT.

KRBL's focus on branded product, expansion, enhancing economies of scale and global competitiveness coupled with the rising demand of basmati rice overseas and extension into pulses and other products including power, rice bran oil, furfural, etc. give a clear idea of earnings in coming years.

Recently, the basmati rice producers have increased the prices of basmati rice by 10%. Based on the three quarters, KRBL is all set to register an EPS of Rs.25 for FY07. With the expansion effects to come in FY08, its EPS could rise to over Rs.30. The KRBL share is currently traded at Rs.121.6, discounting its EPS of Rs.25 for FY06 by 4.9 times and estimated EPS of Rs.30 for FY07 by just 4 times. The industry average P/E currently hovers at around 10, which makes investment in the KRBL share quite promising. Investment in the share is expected to yield an appreciation of more than 30% in six months. The 52-week high/low of the share has been Rs.244/76.

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The shares of **Mukta Arts Ltd. (MAL) (Code: 532357) (Rs.88.85)** are being acquired by punters and the persons in the know. MAL posted excellent results for FY07 and an analyst with a reputed brokerage firm projects a price target of Rs.125 in the medium-term.

MAL headed by Subhash Ghai, a well-known Hindi film personality, is a complete entertainment company with presence in film production, television content production, film distribution and equipment hiring for filmmaking. Established in 1982, it has several hits to its credit. It was the first Hindi film production company to tap the capital markets and came out with a maiden Rs.100 cr. public issue in July 2000 at Rs.165 per share.

MAL has a very strong library of 26 films, which provide recurring revenues in the form of renewal of the satellite and video rights. During FY07, MAL received Rs.22 cr. from Zee TV for the satellite rights of 12 films for five years against Rs.16 cr. it had received for the same library when sold to Sony in 2002.

It has a programming tie-up with major multiplex chains including. PVR, Adlabs, Wave Fun DT and tie-ups with several single screens. The Exhibition business contributes to about 30% of its turnover.

It hopes to increase its library base to a noteworthy number and increase its recurring income from the renewal of the satellite & video rights. It is also aggressively scaling up its production business from just one or two films a year to five to six films every year.

For FY06, MAL incurred a net loss of Rs.5.6 cr. on an income of Rs.40 cr. During Q4FY07, it posted a net profit of Rs.15 cr. on income of Rs.29.5 cr. For the full year FY07, the net profit works out to Rs.14.3 cr. on an income of Rs.97 cr. EPS works out to Rs.6.3 and MAL has declared 40% interim dividend.

MAL's equity capital is Rs.11.3 cr. and with reserves of Rs.107.3 cr., the book value of it share works out to Rs.52.5. The promoters hold 70% in its equity capital, PCBs hold 13%, domestic fund hold 1% leaving 16% with the investing public.

At present, MAL has six films in the pipeline including two films directed by Subhash Ghai and three by outside directors. The total cost of these projects in the pipeline is around Rs.90 cr. MAL has assigned music rights of five of its forthcoming films to M/s Super Cassettes Industries (T Series) for a consideration of Rs.6 cr.

New revenue streams like video on demand through IPTV & DTH and mobile downloads can prove to be extra revenue drivers for MAL improving its profitability and generating sustainable revenue streams from renewal of rights. MAL's web casting and download service portal indianfilmtrade.com is ready for launch in the immediate future.

MAL has recently set up a film and television school on 20 acres of land named Whistling Woods International Ltd., (WWIL) at the Film City, Mumbai, with a $18 mn. investment and Hollywood producer-director Kurt Inderbitzin as dean. Currently, with annual fees of Rs.12 lakh for 2 years course, WWIL has 130 students on campus. By 2008 there would be 400 students. WWIL, has also tied up with Nokia India Pvt. Ltd. to conduct a Nokia N Series Mobile Film Awards for a nationwide hunt for creative youngsters. The subsidiary has an opportunity to reach out to its target group of those interested in film making as a career. It has signed a MoU for faculty, student and resource sharing with the Norwegian Film Institute MAL is believed to be in talks with the private equity players to offload a part of its stake in WWIL. If so, it will unlock the value of its investment made. Currently, the market values WWIL at a staggering Rs.135/140 cr.

MAL is constructing a commercial complex on its closed studio Audeus, Fun Republic, Andheri, Mumbai and has a construction contract with a Mumbai Surbhi Developers in which Surbhi developers will invest and build up the complex. Out of total constructed area of 80,000 sq. ft., MAL would own 55% of the built up area that is 44,000 sq. ft. The current market valuation of the MAL's share in this property would be around Rs.60 cr. says note from the management. The construction will be completed by March/June 2008. The prices are likely to go up further as the construction progresses further said a real estate analyst. MIL intends to give this commercial on lease and a net lease rental income of around Rs.4-5 cr. from FY09 onwards, assuming a lease rental of over Rs.100 per sq. ft. per month. MAL has set a target of 50% revenue from filmmaking, 30% from film distribution and 20% from Whistling Woods.

The shares of MAL are recommended at the current market price of Rs.91 with a price target of Rs.125 for the medium-to-short run. The share currently is on its 52-week high of Rs.91 while its 52-week low was Rs.31.

MONEY FOLIO

UTI Mutual Fund awards Insight-2007 winners

UTI Mutual Fund along with Indian Institute of Capital Markets announced the results of the Finals of Insight-2007: 'Spot the NexGen Winners' – a contest for B-Schools and young professionals on Wednesday, 25th April'07.

'Insight' was commenced in 2005 to spread the culture of orderly investment among the new generation. It is an annual event that fosters ingenuity and out-of-box thinking on capital market related issues in B-school graduates and other professionals aspiring to contribute to the development of Indian capital markets. The contest receives overwhelming response from students of B-school and is now in the third year of its existence.

ING cautiously optimistic on Asia

ING Investment Management Asia/Pacific (ING IM) is positive on Asia as the economic growth in Asia ex-Japan continues to outperform other regions. China will continue to grow at a fast pace with consumption acting as the engine, while Hong Kong will continue to see stable growth supported by firm domestic consumption and stable interest rates.

ING IM expects the US economy to slow in the Chinese Year of the Pig as its growth has faltered in recent months, although there is low chance of a hard landing. Expansion in the Eurozone was stronger than expected with GDP growing by 2.5 to 3% YOY in 2006. Japan is expected to continue to contribute to global economic growth. In Hong Kong and China, the company forecast GDP growth rate of 5% and 9.5% respectively. ING Group is equal weighted on India in its portfolios for the short-term but views it as an attractive investment destination in the long-term.

Bank of India's NP zooms by 60%

Bank of India's (BOI's) Net Profit improved by 60% in FY07 to Rs.1123 cr. from Rs.701 cr. in FY06. The Operating Profit improved by 41% to Rs.2395 cr. from Rs.1701 cr. and Interest Income recorded a healthy growth of 31% to Rs.9180 cr. from Rs.7029 in FY06. Its Net Interest Income (NII) grew by 31% to Rs.3440 cr. from Rs.2632 cr. in FY06.

Its Global Deposits increased by 28% to Rs.1,19,882 cr. from Rs.94,744 cr. while Global Gross Advances recorded a growth of 30% to Rs.86,791 cr.
Its Gross NPA Ratio declined to 2.42% from 3.72% in FY06. The Net NPA Ratio also declined to 0.74% from 1.49% at March 2006 and its Capital Adequacy Ratio improved to 11.58% in March 2007 from 10.75% in March 2006.

Dena Bank net rises 176.15%

Dena Bank recorded a quantum rise in net profit by 176.15% up from Rs.72.99 cr. in FY06 to Rs.201.56 cr. in FY07. Operating profit for FY07 improved by 5.83% at Rs.635.37 up from Rs.600.37 cr. in FY06.
Its Capital Adequacy Ratio stood at 11.52% as against 10.62% recorded in the previous year and Gross NPA declined by 21.58% to Rs.744.48 cr. compared to Rs.949.40 cr. as on March'06 and the Gross NPA Ratio declined by 246 bps from 6.44% as on March'06 to 3.98% at the end of the year. The NPA declined by 15.72% to Rs.564.80 cr. at the end of the year as compared to Rs.432.85 cr. as on March'06. The Net NPA declined by 105 bps from 3.04% as on March'06 to 1.99% as at the end of the year.

Central Bank's net zooms 93.8%

Central Bank of India recorded 28.94% higher business at Rs.1,36,265 cr. on YOY basis as total deposits grew by 24.51% to Rs.82,776 cr. and gross advances grew to 36.47% to Rs.53,489 cr. leading to 93.77& higher net profit at Rs.498 cr. for the year ended 31 March 2007.
The bank's Net NPA Ratio improved to 1.70% on 31 March 2007 as against 2.59 on 31 March 2006. The bank's Capital Adequacy Ratio improved to 11.06% on 31 March 2007 against 10.4% on 31st March 2006.

Indian Bank records impressive growth in Centenary Year

Indian Bank, which was recently listed after its IPO in February 2007 at Rs.91 per share has registered a record performance in business for FY07 and declared a dividend of 20% plus a special centenary year dividend of 10%.
The bank recorded 50-60% higher Net Profit of Rs.759.77 cr. over Rs.504.48 in FY06. Operating Profit increased by 52.03% to Rs.1358.59 cr. from Rs.893.65 and Total Income rose 31.09% to Rs.5017.86 cr. from Rs.3827.75 cr. while Interest Income increased by 27.35%.
The net worth of the bank has improved by 59.69% to Rs.3621 cr. while the EPS improved to Rs.20.46 from Rs.14.67 in FY06 and the Capital Adequacy Ratio has improved to 14.14% from 13.19%. The overall business of the bank grew by 20.32% to Rs.76,149 cr. from Rs.63,290 in FY06.

MIC Electronics IPO opens on 30th April

MIC Electronics Ltd., a Hyderabad-based ISO 9000:2000 certified company engaged in the design and manufacture of True Colour LED Video Display Systems, is entering the capital market with an IPO of 5,100,000 equity shares of Rs.10 for cash through the 100% book-building process in the price band of Rs.129 to Rs.150 per equity share. The IPO opens on Monday, 30 April and closes on 8 May 2007 and the issue will be listed on BSE and NSE.
MIC Electronics has three divisions - Media, Info-Tech, Communications and Electronics and is engaged in the design, development and production of True Colour LED video Display Systems, telecom software solutions and communication equipment such as Digital Loop Carrier on optical fibre including voice, video/data applications and Hand Held Computers. MIC is the only Company in India to have the Design-to-Manufacture capability for the manufacture of LED Video Display Systems.
Its LED products find applications in Sport & Live Events, Advertising covering Electronic Billboard/hoardings, News advertisement ticker displays, Indoor Applications including ones at Shopping Malls, Airports, Railways, Bus Stations and Mobile Applications. Besides this, the Company also provides premier large format display solutions, including indoor LED display, outdoor LED display and Mobile LED Display on a limited period rental basis.
For the 6 months ended 31 December 2006, its Total Income was Rs.65.46 cr. with Net Profit of Rs.10.89 cr. For the year ended 30 June 2006, its Total Income was Rs.104.41 cr. with Net Profit of Rs.15.48 cr. MIC has a confirmed order book of worth Rs.167.85 cr. as on 31 December 2006.

Binani Cement's Public Offer opens on 7th May

Binani Cement Ltd. (BCL), a subsidiary of Binani Industries Ltd. (BIL), promoted by Mr. Braj Binani is entering the capital markets with a public offer of 20,500,000 equity shares of Rs.10 each for cash, through an offer for sale by JP Morgan Special Situations (Mauritius) Ltd. The Offer shall be through the 100% book-building process in the price band of Rs.75 to Rs.85 per equity share. The Public Offer opens on Monday, 7th May and closes on Thursday, 10th May 2007.

BCL is certified as ISO 9001, ISO 14001 and OHSAS 18001 complaint and is focused on key markets in northern India with a significant presence in Rajasthan, Haryana and Delhi besides Gujarat in western India. It has facilities for manufacture of 2.25 million metric tones per annum (MMTPA) of cement, which is now enhanced to 5.3 MMTPA at Sirohi Rajasthan. It manufactures OPC and PPC, with an OPC:PPC product mix of about 71:29 in fiscal 2005, 63.37 during fiscal 2006 and 51:49 for fiscal 2007. The Sirohi facility has been set up with the support of the Denmark-based F.L. Smidth.

The company increased its clinker by 2.3 MMTPA, with the commercial production of the cement capacity expected to commence from May 2007. It is adding another 44.6 MW (2 x 22.3 MW) captive power plant to the existing 25 MW coal/lignite based plant. The total cost of the expansion project is estimated at Rs.5,750 million.

BCL posted Total Income of Rs.5,665 million ad a Profit before tax of Rs.1,097 million for the first nine months ended 31 December 2006. It posted a Total Income of Rs.5,840 million and a Profit before tax of Rs.581 million for FY06. The Board at its meeting held on 23 April 2007, has recommended a dividend of 20% (Rs.2 per equity share of Rs.10 each), subject to requisite approvals.

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