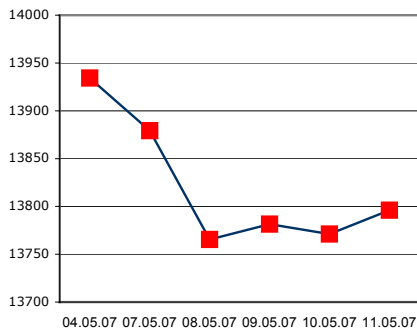
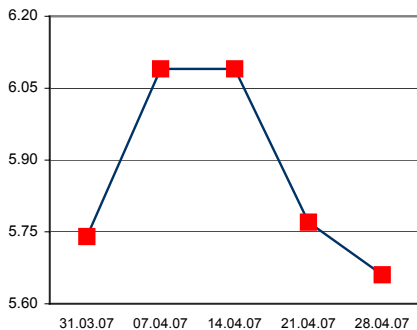
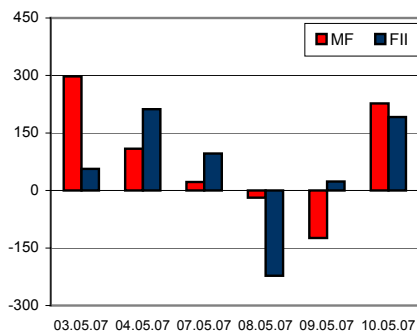
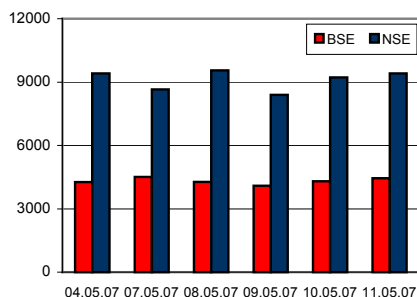


SENSEX

INFLATION (%)

MF/FII-Net Equity Flow (Rs Cr)

BSE/NSE Cash Turnover (Rs Cr)

BACK ON TRACK

Pinstripe suited central bankers were at the center stage in the week gone by. Not one, but three; US, UK and European central banks fine-tuned their monetary policy this week, and Japan is due the week to come. Back home in the hotbed of UP assembly elections, Mayawati led BSP created history of sorts by winning a record majority since 1991.

The Indian markets ended the week 1% lower, with 3 of the 5 sessions clocking net daily change of less than 0.2%. However, the intra-day action was replete with its share of swings in both directions. Friday's action suggests that the bears are in trouble once again; the onus rests on the bulls to do the honours.

Economy News

The steps taken by the central bank are finally paying off as indicated by latest WPI-based inflation figure. The inflation for the week ending April 28, fell to 5.66% from 5.77% in the preceding week, as against expectations of 5.71%.

Another data from the economy front showed industrial production grow by 12.94% for the month of March 2007, as compared to 8.86% in the same month last year. This was mainly on account of upsurge in Manufacturing sector, which grew by 14.1% against 10.1% in the same month last year dispersing the fears of slowdown.

Corporate News

Holcim has acquired further 3% stake in **ACC** for around Rs 529 Cr, taking its total holding in the latter to about 41%.

SBI has resolved to adopt Basel II norms by September 2007, well in advance of the RBI deadline of March 2008.

Standard Chartered Bank has acquired 49% strategic stake in **UTI Securities** from Securities Trading Corporation of India (STCI) for nearly Rs 140 Cr.

The **Government** has sold its remaining 10.27% stake in **Maruti Udyog** at an average price of Rs 797 per share to raise Rs 2,360 Cr.

MARKET INDICATORS

Indices	11.05.07	04.05.07	Change (Pts)	% Change
NIFTY	4076.65	4117.35	-40.70	-0.99
SENSEX	13796.16	13934.27	-138.11	-0.99
BSEMIDCAP	5851.27	5863.16	-11.89	-0.20
BSEMLCAP	6984.40	7031.57	-47.17	-0.67
BSE-100	7039.72	7095.95	-56.23	-0.79
BSE-200	1667.55	1681.61	-14.06	-0.84
BSE-500	5321.20	5359.14	-37.94	-0.71

SECTORAL INDICES

Indices	11.05.07	04.05.07	Change (Pts)	% Change
BSE IT	4924.12	5082.21	-158.09	-3.11
BSE TECK	3665.55	3737.40	-71.85	-1.92
BSE HEALTH CARE	3679.91	3745.36	-65.45	-1.75
BSE PSU	6394.64	6483.22	-88.58	-1.37
BSE AUTO	5022.87	5064.02	-41.15	-0.81
BSE OIL&GAS	7188.67	7244.96	-56.29	-0.78
BSE FMCG	1798.86	1811.51	-12.65	-0.70
BSE CONS. DURABLES	3774.90	3800.91	-26.01	-0.68
BSE CAPITAL GOODS	9871.53	9936.34	-64.81	-0.65
BSE BANKEX	6905.10	6874.49	30.61	0.45
BSE METAL	10065.76	9996.79	68.97	0.69

WEEKLY SENSEX GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
BAJAJ AUTO	2718.60	5.90
TATA STEEL	569.05	2.92
RANBAXY	390.75	2.30
SBI	1149.20	1.81
REL. COMM.	478.05	1.68

Top Losers		
Company	Price	Loss %
CIPLA	204.95	-5.75
DR.REDDY	683.45	-4.99
HLL	185.45	-4.92
ONGC	886.80	-4.30
WIPRO	545.70	-3.82

WEEKLY A GROUP GAINERS & LOSERS

Top Gainers		
Company	Price	Gain %
BF UTILITIES	2106.60	15.28
BRITANNIA	1518.80	15.11
MICRO INKS	443.05	12.76
NDTV	379.60	11.58
SHREE RENUKA	526.95	9.07

Top Losers		
Company	Price	Loss %
GSFC	159.80	-11.32
GAIL	278.30	-10.15
ABAN LOYD	2311.25	-8.78
M & M	721.20	-8.67
JINDAL STAINLESS	149.45	-8.09

ADVANCE-DECLINE

SENSEX	
Positive	9
Negative	21
Unchanged	0
Total	30

A GROUP COMPANIES	
Positive	80
Negative	126
Unchanged	1
Total	207

WORLD INDICES

INDEX	11.05.07	04.05.07	% Change
NIFTY	4076.65	4117.35	-0.99
SENSEX	13796.16	13934.27	-0.99
DJIA	13326.22	13264.62	0.46
NASDAQ	2562.22	2572.15	-0.39
FTSE	6565.70	6603.70	-0.58
NIKKEI	17553.72	17394.92	0.91
BOVESPA	50902.38	50597.79	0.60
SHANGHAI	4021.68	3841.27	4.70

MARKETS AT A GLANCE
Indian Markets

Indices	As on 11.05.07	As on 04.05.07	% Change
SENSEX	13796.16	13934.27	-0.99
NIFTY	4076.65	4117.35	-0.99

US Markets

Indices	As on 11.05.07	As on 04.05.07	% Change
DJIA	13326.22	13264.62	0.46
NASDAQ	2562.22	2572.15	-0.39

BSE 200

Scripts	CMP (Rs)	Weekly % Chg
GAINERS		
BF UTILITIES	2106.60	15.28
BRITANNIA	1518.80	15.11
MICRO INKS	443.05	12.76
NDTV	379.60	11.58
SHREE RENUKA	526.95	9.07
LOSERS		
GSFC	159.80	-11.32
GAIL	278.30	-10.15
ABAN LOYD	2311.25	-8.78
M & M	721.20	-8.67
JINDAL STAIN.	149.45	-8.09

US Listings

Scripts	Close (\$)	Weekly % Chg
NYSE		
DR REDDY	17.09	-1.50
HDFC BANK	73.79	-0.50
ICICI BANK	41.97	0.26
MTNL	7.40	-0.40
PATNI	25.05	-4.72
SATYAM	24.62	-1.40
TATA MOTOR	17.64	-2.76
VSNL	21.86	-1.93
WIPRO	16.53	-2.59
NASDAQ		
INFOSYS	51.45	-4.55

Institutional Activity (Rs Cr)

	For the week	For the month	For the year
Mutual Funds	214.30	512.30	-1713.47
FIIIs	301.40	357.60	13050.00

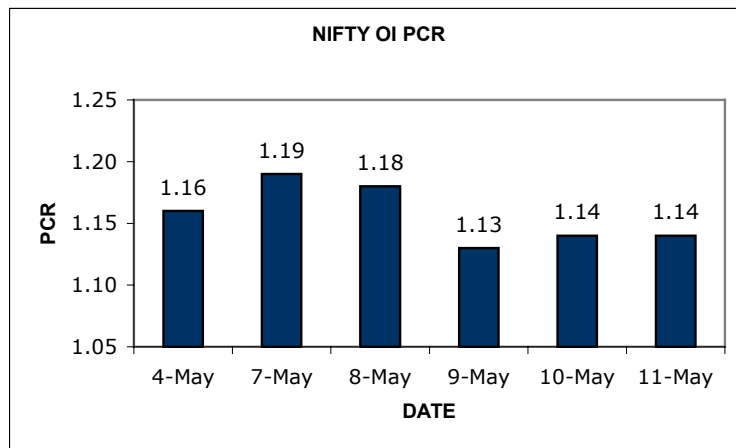
DERIVATIVES WATCH

DERIVATIVE WEEKLY SUMMARY

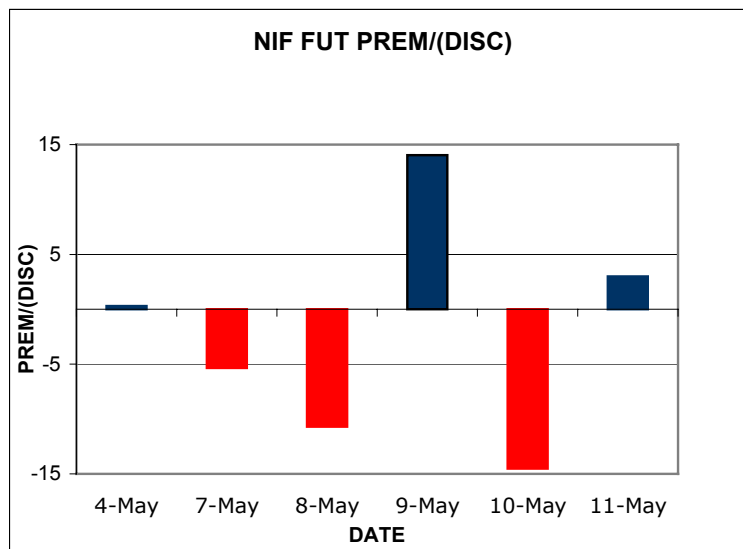
Overall Open Interest increased by 11% from Rs 43,041 Cr to Rs 47,643 Cr week on week. In terms of number of shares, Open Interest went up by 15% to 119.7 Cr shares from 103.9 Cr shares. FIIs net sold worth Rs 262 Cr in Index Futures while their OI increased by 17,540 contracts, indicating hedging of the positions at these higher levels. Nifty OI PCR remained at the same level on a weekly basis. This PCR of 1.16 is still at a healthy level and indicates that smart players are expecting limited downside in the market. Nifty Futures, which was at a discount of 10 points last week, remained almost at the same level of Nifty, after turning into a premium of 11 points on Thursday. Among the sectors, Fertiliser, Sugar and Telecom added significant amount of Open Interest.

Nifty May 4200 and 4250 Call added 8,901 & 9,401 contracts respectively in Open Interest on a weekly basis, so going forward market may face strong resistance in the region of 4,180-4,200. On the other hand, Nifty 4100 Put added 8,280 contracts; so on the downside the market may find support around 4,050-4,080 levels.

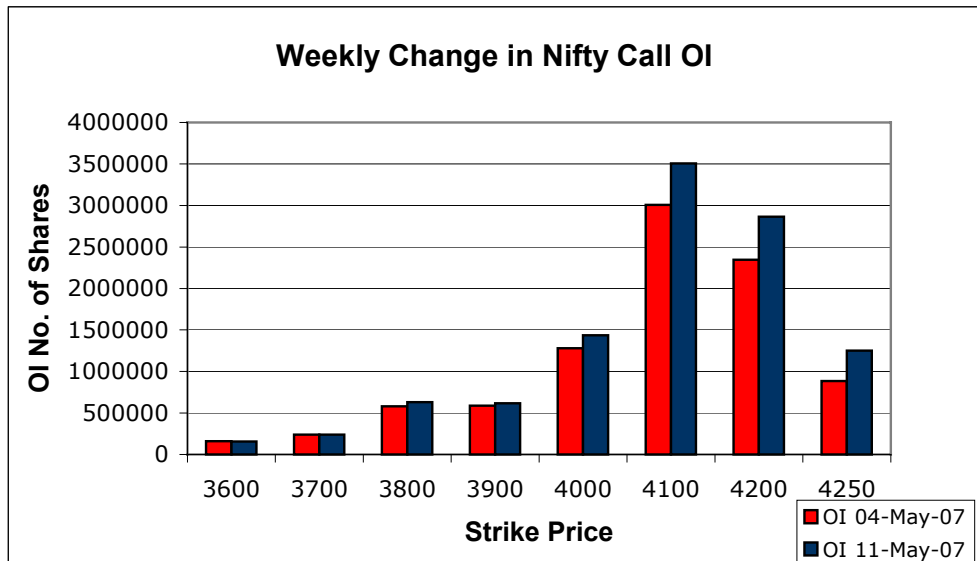
Trend in Nifty OI PCR



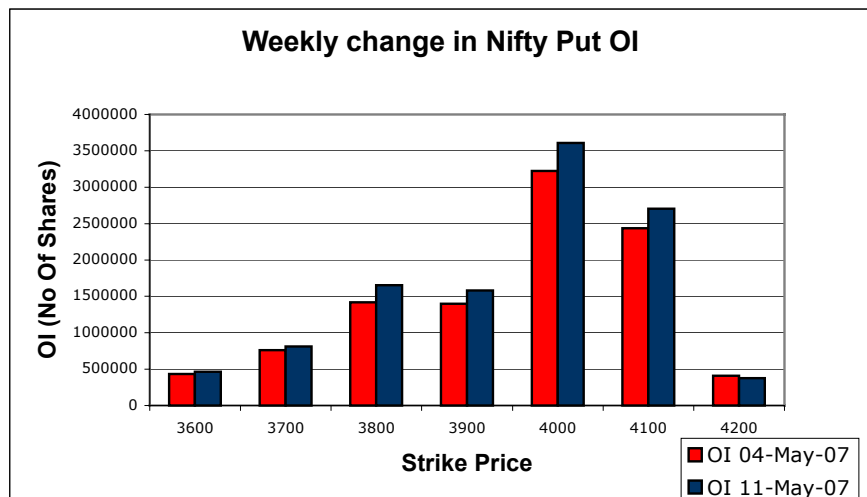
Trend of Nifty Futures Premium/(Discount)



Weekly Change in Nifty May Call Options Open Interest



Weekly Change in Nifty May Put Options Open Interest



TOP STOCKS OPEN INTEREST WISE

Underlying	Weekly Chg (%)		Open Interest Value (Rs Cr)				PCR (OI)
	Price	OI (Rs Cr)	Future	Call	Put	Total	
NIFTY	-0.99	15	14677	5456	6243	26376	1.14
RELIANCE	0.38	9	1060	430	116	1606	0.27
INFOSYSTCH	-3.44	50	909	120	39	1068	0.33
SBIN	2.19	21	736	57	20	813	0.36
RCOM	1.66	18	684	77	13	774	0.17
ICICIBANK	-0.86	11	675	71	6	752	0.09

FII ACTIVITY FOR THE WEEK (from May 07 to May 11)

	Contracts Bought		Contracts Sold		Open Interest	
	Nos.	Value (Rs Cr)	Nos.	Value (Rs Cr)	Contracts Nos.	Value (Rs Cr)
Index Future	186789	3823	227427	4641	778703	15893
Index Option	36062	724	38471	791	281827	5745
Stock Future	63130	1754	92471	2431	584354	15685
Stock Option	530	11	743	22	2839	72

TOP GAINERS & LOSERS OPEN INTEREST WISE
TOP GAINERS

Company	OI Chg %	Price %	OI Rs Cr
CORPBANK	68	-4.18	13.49
J&KBANK	65	-5.65	17.97
M&M	54	-8.83	177.94
INFOSYSTCH	46	-3.44	1067.74
ABAN	43	-8.65	161.71

TOP LOSERS

Company	OI Chg %	Price %	OI Rs Cr
UTIBANK	-55	8.40	92.74
GUJAMBCEM	-31	-0.58	210.52
NAGARFERT	-22	4.01	91.16
ACC	-17	-1.04	197.34
PFC	-16	12.96	95.46

TOP GAINERS & LOSERS PRICE WISE
TOP GAINERS

Company	OI Chg %	Price %	OI Rs Cr
PFC	-16	12.96	95.46
NDTV	3	11.61	144.49
RENUKA	37	9.01	53.89
INDIANB	22	8.49	23.01
UTIBANK	-55	8.40	92.74

TOP LOSERS

Company	OI Chg %	Price %	OI Rs Cr
GAIL	15	-10.35	116.99
M&M	54	-8.83	177.94
ABAN	43	-8.65	161.71
JSTAINLESS	6	-7.72	135.55
NAGARCONST	2	-7.57	34.51

TECHNICAL TALK

Broad Market Trend

The market is expected to see a further continuation of the ongoing consolidation phase. The broad market is showing a good level of resilience at lower levels. Higher levels though, will find some pressure. So, the market is likely to trade volatile with 2-way swings. But the undercurrent will remain positive and the trend will be biased on the upside. So, medium-term investors can pick up broad based buying opportunities on declines. But short-term momentum traders will need to confine trading to select counters only.

Nifty (4077)

The index has a near support at 4,030 and a far support at 3,965-3,975. The market will consolidate above these support levels. Declines will find medium to long-term investments supporting the market at lower levels. On the upside, Nifty has achievable targets of 4,135, 4,160 on the near side and 4,245 on the far side.

Nifty Hourly Chart



Technical Picks for the Forthcoming Week

STOCK	RECOMMENDATION	CMP	STOP LOSS (Rs)	TARGETS (Rs)
NIIT TECHNOLOGIES	BUY	487.65	468	520, 550
MATRIX LABORATORIES	BUY	198.85	193	213, 217
STERLITE OPTICAL TECH.	BUY	194.65	187.80	206.50, 214

Review of Stocks Recommended Last Week

STOCK	RECOMMENDATION	PRICE 04.05.07	STOP LOSS	TARGET	REVIEW	RETURN (%)
CINEMAX INDIA	BUY	141.35	137	150, 155	FIRST TARGET ACHIEVED	6.1
INDIABULLS REAL ESTATE	BUY ABOVE 368	359.40	352	387, 407	EXITED AT 370	0.5

Return of Technical Picks since 24 Feb 2007

Success (%)	Avg. Return of Successful Calls (%)	Avg. Return of Unsuccessful Calls (%)	Overall Avg. Return (%)
68	5.8	(3.2)	3.0

Note: Whenever first target is achieved in any recommendation, you are encouraged to book 50% profit and the stop loss has to be raised to the original recommended price, unless specified otherwise.

MATRIX LABORATORIES (CMP 198.85) BUY

Select second-line pharma stocks will see a surge of momentum on the upside. The stock has a near term support base at 193. The counter has a potential to rally till the targets of 213 and 217.

NIIT TECH (CMP 487.65)
BUY

 NIITTECH EQ [N11543] 453.25, 491.00, 453.25, 487.00, 1398881 4.58%
 Price Avg(E,50)

Ascending Triangle Breakout!!!!

The stock is looking bullish on its daily chart, as it has given upside breakout from ascending triangle with significant volume. 50 Days Exponential Moving average is a great support for this counter as the stock has bounced back many times after kissing that moving average level. Leading Indicator RSI (Relative Strength Index) is also showing favour towards this counter by sustaining above 50 levels.

We recommend buying the stock for position trading at current market price for the targets of 520 and 550, keeping a tight stop loss of 468.

STERLITE OPTICAL TECH. (CMP 194.65)
BUY

 STER OPTICAL [N9309] 184.50, 195.95, 177.05, 194.80, 511620 6.54%
 Price Avg2(S,50,S,200)

Falling Wedge Breakout!!!!

The stock is looking bullish on its daily chart, as it has closed above its 50 DMA and 200 DMA with significant volume on Friday. The stock has also given upside breakout from the falling wedge, which generally indicates trend reversal. Momentum Oscillator CCI (Commodity Channel Index) has come out from its oversold zone and shows the sign of up move in the counter.

We recommend buying the stock for the position trading at current market price for the targets of 206.50 and 214, keeping a tight stop loss of 187.80.

Support-Resistance Levels for the Forthcoming Week (14th May to 18th May)

	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
3I INFOTECH	316.60	307.50	330.10	343.50	294.10	271.50
ACC	850.55	861.10	886.00	921.40	825.60	800.70
ABAN OFFSHORE	2310.15	2394.20	2503.90	2697.60	2200.50	2090.80
ABB	4230.95	4200.70	4291.30	4351.70	4140.30	4049.70
ALLAHABAD BANK	79.85	78.90	82.30	84.70	76.50	73.20
ANDHRA BANK	86.80	85.00	90.80	94.80	81.00	75.30
APTECH	328.70	318.50	339.10	349.40	308.20	287.60
ASHOK LEYLAND	37.25	37.90	39.70	42.20	35.40	33.60
BAJAJ AUTO	2720.60	2645.60	2810.00	2899.40	2556.20	2391.70
BAJAJ HIND.	169.30	165.00	176.20	183.10	158.10	146.90
BALRAMPUR CH.	68.90	66.70	72.90	76.80	62.80	56.60
BANK OF BARODA	258.55	253.30	276.30	294.00	235.60	212.70
BANK OF INDIA	195.90	195.30	204.40	212.90	186.80	177.70
BEML	957.60	970.30	995.30	1033.00	932.60	907.60
BEL	1652.35	1642.50	1753.90	1855.40	1541.00	1429.60
BHARAT FORGE	345.75	342.20	354.40	363.10	333.50	321.30
BPCL	357.70	347.80	369.90	382.00	335.70	313.60
BHARTI AIRTEL	813.95	816.50	832.00	850.00	798.50	783.00
BHEL	2437.05	2444.90	2534.20	2631.30	2347.70	2258.40
CANARA BANK	218.75	219.00	226.90	235.10	210.80	202.90
CENTURY TEXT.	571.40	585.70	621.20	671.00	535.90	500.50
CESC	377.55	374.90	394.70	411.90	357.70	337.90
CIPLA	204.80	208.50	215.90	227.00	197.40	190.00
COLGATE PALM.	369.05	378.80	395.20	421.30	352.60	336.20
CUMMINS INDIA	306.15	304.60	319.10	332.10	291.60	277.10
DABUR INDIA	93.10	91.70	99.90	106.60	85.00	76.80
DIVIS LABS.	3853.20	3793.40	3933.80	4014.40	3712.80	3572.40
DR. REDDY'S	683.80	685.30	719.50	755.20	649.60	615.50
ESCORTS	124.20	126.00	130.90	137.50	119.30	114.40
ESSAR OIL	54.45	55.60	58.70	63.00	51.40	48.30
FEDERAL BANK	262.90	258.20	274.50	286.00	246.70	230.40
GAIL	278.00	289.20	307.30	336.50	259.90	241.80
GDL	186.10	185.30	195.60	205.00	175.90	165.60
GMR INFRA.	431.20	431.50	446.10	460.90	416.70	402.10
GRASIM INDS.	2425.35	2450.30	2499.10	2572.80	2376.60	2327.90
GUJ. AMBUJA	119.55	120.10	122.00	124.50	117.60	115.70
HCC	94.15	95.90	99.80	105.50	90.20	86.30
HCL TECH.	330.75	328.90	345.70	360.70	313.90	297.10
HDFC BANK	992.60	991.70	1025.90	1059.20	958.40	924.30
HERO HONDA	704.80	694.30	728.50	752.20	670.60	636.30
HIND. LEVER	185.70	188.00	195.80	205.80	177.90	170.10
HPCL	286.75	286.80	295.00	303.30	278.50	270.30
HINDALCO	144.55	138.50	157.00	169.50	126.00	107.50
HDFC	1654.65	1627.20	1722.50	1790.30	1559.40	1464.10
ICICI BANK	848.45	848.40	874.60	900.70	822.30	796.10
IDBI	94.45	92.20	97.80	101.10	88.90	83.30
IDFC	106.85	104.00	110.90	115.00	99.90	93.00
INDIA CEMENT	183.50	184.30	189.20	194.80	178.70	173.80
INDIABULLS FIN.	533.35	561.10	597.10	660.90	497.30	461.30
IOC	456.05	457.00	468.00	479.90	445.10	434.10
IFCI	47.05	47.60	49.10	51.20	45.50	44.00
INFOSYS TECH.	2000.60	2008.90	2066.70	2132.90	1942.70	1884.90
IPCL	315.45	314.20	323.20	331.00	306.50	297.50

	Close	Pivot Avg.	Res. 1	Res. 2	Support 1	Support 2
ITC	162.15	162.70	166.60	171.00	158.30	154.50
IVRCL INFRA.	308.10	307.20	331.40	354.60	284.00	259.80
JET AIRWAYS	707.90	717.00	733.90	759.80	691.10	674.20
JINDAL STAINLESS	149.95	152.50	161.00	172.00	141.50	133.00
JSW STEEL	599.70	571.90	644.80	689.90	526.80	453.90
LIC HOUSING FIN.	153.85	152.90	157.80	161.70	149.00	144.20
LANCO INFRA.	157.30	162.10	170.10	183.00	149.20	141.20
LARSEN & TOUBRO	1688.00	1690.70	1729.30	1770.60	1649.40	1610.90
M&M	720.30	743.10	777.20	834.00	686.20	652.10
MTNL	152.05	150.60	156.70	161.40	145.90	139.70
MARUTI UDYOG	795.50	798.50	845.70	895.90	748.30	701.00
MATRIX LABS.	200.40	197.60	207.20	213.90	190.90	181.30
MOSER BAER	381.25	371.40	395.70	410.20	357.00	332.70
MPHASIS	319.25	319.30	335.60	352.00	302.90	286.60
NAGAR. CONST.	163.55	167.10	176.20	188.90	154.50	145.40
NALCO	256.65	242.10	274.30	291.90	224.50	192.40
NDTV	379.85	365.30	398.60	417.30	346.60	313.30
NEVELI LIGNITE	62.90	63.10	65.90	68.80	60.10	57.30
NIIT TECH.	487.00	474.00	504.00	521.00	457.00	427.00
NTPC	154.90	154.20	160.00	165.00	149.10	143.30
ONGC	883.10	898.70	929.30	975.60	852.40	821.80
ORCHID CHEM.	262.05	259.80	270.30	278.60	251.50	241.00
OBC	192.05	194.40	198.70	205.40	187.70	183.40
PARSVNATH	311.65	314.60	327.10	342.60	299.20	286.70
PNB	511.90	506.90	522.90	533.80	496.00	480.00
POLARIS SOFT.	164.85	166.40	172.70	180.60	158.50	152.20
PRAJ INDS.	469.55	473.90	492.70	515.90	450.70	431.90
PUNJ LLOYD	179.45	183.80	191.60	203.70	171.70	163.90
RANBAXY LABS.	390.60	389.00	398.00	405.40	381.60	372.60
REL. COMM.	478.05	470.90	488.00	498.00	460.90	443.80
REL. ENERGY	508.95	512.90	522.60	536.20	499.30	489.70
REL. CAPITAL	789.30	778.60	817.20	845.00	750.80	712.20
RELIANCE	1589.10	1579.50	1627.70	1666.20	1540.90	1492.70
ROLTA INDIA	463.95	462.60	494.80	525.70	431.70	399.50
SATYAM COMP.	453.85	455.90	475.70	497.60	434.00	414.20
SESA GOA	1692.40	1694.50	1766.90	1841.40	1620.00	1547.50
SIEMENS	1224.90	1207.00	1287.90	1351.00	1143.90	1063.00
SOBHA DEV.	863.75	869.30	895.50	927.30	837.50	811.30
SRF	155.70	158.60	165.90	176.10	148.40	141.10
SBI	1153.00	1140.30	1210.70	1268.30	1082.70	1012.30
SAIL	135.10	132.70	141.20	147.40	126.50	118.00
STERLITE INDS.	549.65	543.60	571.90	594.20	521.30	493.00
SUN PHARMA.	977.40	972.20	1034.30	1091.10	915.30	853.20
SUZLON	1233.00	1237.00	1279.00	1324.90	1191.10	1149.10
TATA CHEM.	230.30	229.80	238.30	246.30	221.80	213.30
TATA POWER	571.85	577.50	603.60	635.40	545.70	519.60
TATA MOTORS	716.10	716.40	742.70	769.40	689.70	663.40
TATA STEEL	569.60	568.40	586.20	602.90	551.70	533.90
TCS	1252.55	1254.20	1298.40	1344.20	1208.40	1164.20
TECH MAHINDRA	1512.60	1567.10	1674.30	1835.90	1405.50	1298.30
TITAN INDS.	997.80	994.90	1026.90	1056.10	965.70	933.70
TV TODAY	134.50	134.90	142.60	150.70	126.80	119.00
UTI BANK	520.45	514.50	546.00	571.50	489.00	457.60
VSNL	451.55	450.90	460.50	469.50	441.90	432.30
WIPRO	545.80	551.50	566.30	586.80	531.00	516.30
ZEE ENTER.	282.30	282.40	294.70	307.10	270.00	257.70

INDUSTRIAL PRODUCTION UPDATE
INDEX OF INDUSTRIAL PRODUCTION (MARCH '07)
Strong Industrial production numbers for March 07 powered by manufacturing sector growth

Industrial output continues to maintain momentum

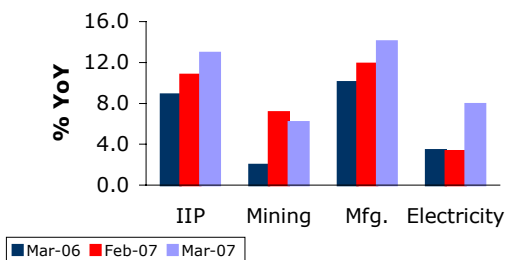
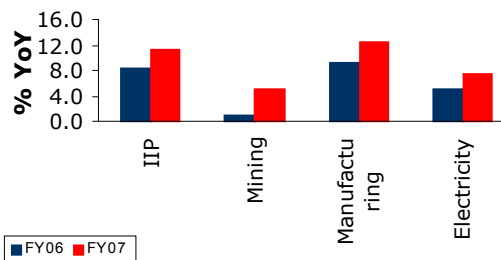
- Industrial output grew at 12.9% YoY in March 07, from a Downward revised 10.8% in Feb' 07.
- Growth is powered by 14.1% growth in the manufacturing sector
- Strong numbers with downward trend of inflation would allow RBI to wait for monetary policy to have its full impact before any actions on monetary front.

Industrial production for Mar'07 grew better than expectations by 12.9% YoY while the growth figure for Feb'07 was revised downwards to 10.8% from 11% previously. For FY07, IIP grew by 11.3 % as compared to 8.2% in FY06.

Sectoral classification: Manufacturing sector contributed significantly to the growth with 14.1% rise YoY (Feb '07 - 11.9%) reflecting strong latent demand on the manufacturing side, while Mining sector disappointed with lower growth at 6.2% (Feb'07 - 7.1%).

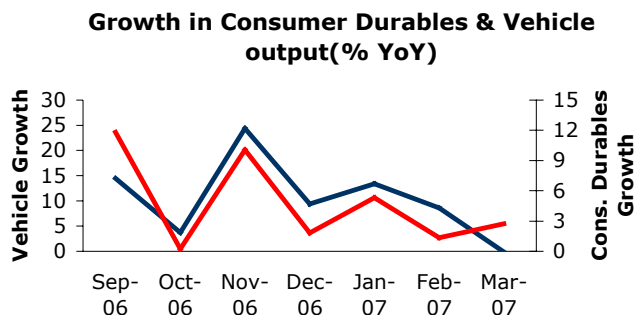
Eleven out of the seventeen sectors posted a positive double-digit growth in March and the major gainers were: Wood & Wood Products, Furniture and Fixtures (113.9%), Metal Products & Parts, except Machinery and Equipment (47.5%) and Food products (23.7%).

Use-based classification: Capital and intermediate goods' output increased by 13.2% YoY and 13.3% YoY respectively. This reflects the momentum in the investment boom to meet the increased demand despite money tightening measures taken by the RBI.

Growth in India's Industrial output for the Month

Growth in IIP YoY(%)


Rising interest rates showing impact on the consumer durables growth

In the consumer goods space, consumer durables grew at 2.7% against 1.3% in Feb'07, reflecting the moderation in demand due to rising interest rates. On the other hand, consumer non-durables grew by 18.5% against 9.7% in Feb'07. The chart below shows the impact of rising rates on consumer durables and the corresponding auto production numbers. There has been a moderation in auto production numbers.



Thus money tightening is having an impact specifically on consumer durables sector and the impact of Mar 31 CRR hike would be reflected in the April IIP (Index of Industrial production) data, which would be critical for any future stance by the RBI.

Broadly, Manufacturing sector continue to drive Indian growth story and we believe RBI would wait for the monetary policy tightening to produce its full effect on inflation and output and then take any stance on the interest rates.

FUNDAMENTAL CHECK
Stocks Covered This Week

Company	Price (Rs) 12.05.07	Report Type	Recommendation
ASAHI SONGWON COLORS LTD.	90 ~ 108	IPO NOTE	SUBSCRIBE
COROMANDEL FERTILISERS LTD.	72	RESEARCH REPORT	ACCUMULATE
DEEPAK FERTILISERS & PETROCHEM. CORP. LTD.	83	RESEARCH REPORT	ACCUMULATE
GUJARAT NARMADA VALLEY FERTILIZERS CO. LTD.	101	RESEARCH REPORT	ACCUMULATE

Review of Stocks Covered 3 Months Back

Company	Price (Rs) 12.05.07	Recommendation	Reco. Price (Rs) 10.02.07	Return (%)
SENSEX	13796		14539	(5)
IDEA CELLULAR LTD.	114	SUBSCRIBE	75*	52
LLOYD ELECTRIC & ENGINEERING LTD.	158	ACCUMULATE	189	(16)
MINDTREE CONSULTING LTD.	779	SUBSCRIBE	425*	83

* Return evaluated on Issue Price

ASAHI SONGWON COLORS LTD. (ASCL)
SUBSCRIBE
Issue Details

Issue size (No. of Shares)	3101852*
Face Value (Rs)	10
Bid opens	May 9, 2007
Bid closes	May 15, 2007
Issue band (Rs)	90 - 108
Issue Type	100% Book Building
Lead Managers	Fortune Financial Services (India) Limited
Registrar	Intime Spectrum Registry Ltd.

* Evaluated on Upper Band of Rs 108
Source: RHP

Shareholding Pattern* (%)

	Pre-IPO	Post-IPO
Promoter	90.6	59.8
Public	---	26.6
Foreign	9.4	13.6

* Evaluated on Upper Band of Rs 108
Source: RHP

Background of the Company

Asahi Songwon Colors Ltd. (ASCL) is a leading Indian player in the Indian pigment industry. In 1996, the company entered into a JV with Songwon Color Company Ltd. (SCCL), South Korea for investment and supply of technology for making Green Crude. Later, Clariant AG, a Switzerland based US\$ 6.65 Bn group, acquired SCCL in February 2006.

ASCL set up a plant with 180 MTPA capacity for making Green Crude near Mehsana, which was later enhanced to 1,080 MTPA by 2005-06 in a staggered fashion. In order to diversify its product range, ASCL opted for vertical integration and set up a 100% EOU for making CPC Blue Crude at Padra, Baroda, with an installed capacity of 3,600 MTPA.

Clariant has been associated with ASCL for 9 years now and it, along with Dainippon Ink & Chemicals Inc., Japan, is ASCL's major consumer. These two companies are major players in this segment with years of experience and proven track record; they also own 7.4% and 6.2% stake (post-IPO) respectively in ASCL.

Objects of the Issue

Sr. No.	Particulars	Amount (Rs Cr)
1	CPC Blue Crude Capacity Expansion	30.00
2	Pigment Beta Blue Plant	13.55
3	2MW Captive Power Plant	8.45
	Total	52.00

State Bank of India has sanctioned a term loan to the Company to the tune of Rs 8 Cr. The Company is also making a pre-IPO preferential allotment of 865,200 shares (10.12% of pre-IPO equity) to DIC Inc., Japan at a price of Rs 122 per share amounting to Rs 10.5 Cr, subject to a lock-in period of one year from the time of allotment. The balance of the requirement, i.e. Rs 33.5 Cr, is to be raised through the IPO.

Company's Business - Pigments

Dyes, Pigments and Intermediates constitute one of the important classes of industrial chemicals, finding applications in various industries like textiles, paints, plastics, paper and inks. They act as the colouring agent and impart colour to the material or solution concerned.

Pigments are generally distinguished from dyes as colouring materials on the basis of their solubility characteristics. Pigments are used mainly in the colouration of paints, printing inks and plastics, although they are used to a certain extent in a much wider range of applications.

Analysis: Team Anagram
equity@anagram.co.in

Supply Deficit of CPC Blue and Beta Blue to widen further globally

Growth in global auto industry to contribute significantly going forward

Housing & Infrastructure boom to fuel rising demand

Market Dynamics

Global Demand-Supply Gap

The global demand supply gap for CPC Blue stood at 32,000 MT in 2005, which can be expected to further widen due to closedown of manufacturing units in developed countries. The demand supply gap for Beta Blue is estimated to be around 2,000 MT in 2007, which is likely to increase to about 7,800 MT by 2011 growing at a CAGR of 41%. (Source: RHP)

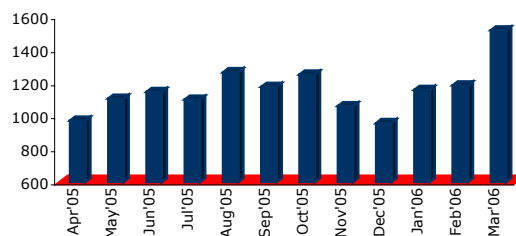
Global End-User Demand

The global demand for paint and coating, a major application of pigments, is likely to increase by 5.4% in volumes and 3.6% in sales during 2005-10. The automotive industry, another major consumer of pigments, is anticipated to increase by 30% by 2010.

Domestic End-User demand

The domestic demand for ink is anticipated to go up by 13%, paints by 11%, plastics by 10%, textiles by 5%. The demand for exterior paint segment is likely to increase further due to Government's emphasis on housing and infrastructure. The chart below shows that the production is striving hard to meet the rising demand. (Source: RHP)

Production (Tonnes)



Source: Central Statistical Organization

Investment Positives

- ❖ **Domain Expertise:** The Company, through its promoters, enjoys the advantage of longstanding domain knowledge. The Company also has qualified and trained technical staff, with exposure to international technology and best industry practices. It gets reflected by the confidence its major MNC clients viz. DIC, Ciba and Clariant have in the Company.

IPO Proceeds to augment Capex of CPC Blue Crude Plant

- ❖ **Proceeds of the IPO to Drive Volumes and Achieve Better Efficiency:** The proceeds of the IPO are to be employed in augmenting the capacity of CPC Blue Crude plant, install a Beta Blue plant and a 2 MW captive power plant. One of the major raw materials for Beta Blue is CPC Blue Crude itself. As a result of these developments, the company aims to achieve economies of scale, more streamlined vertical and backward integration, and self-reliance in terms of energy requirements.

- ❖ **Benefits of Multi-pronged Relationship with Foreign Giants:** The Company enjoys longstanding relationship with foreign giants in following capacity:

Company	Nature of Relationship
Clariant Songwon Colors	Collaborations since 9 yrs
DIC	Supply Agreement for 3 yrs
Sun Chemicals	Yearly Supply Agreement since 6 yrs
Ciba	Regular Supply since 5 yrs

Foreign shareholders are also the main customers

They not only are ASCL's major consumers, but DIC and Clariant also hold equity stake in ASCL. Moreover, ASCL's Green Crude plant is a result of technical collaboration with SCCL, South Korea, which has been acquired by Clariant AG. On the other hand, ASCL's Pigment Blue business has already got a shot in the arm from DIC's agreement to provide upgraded technology.

Locational advantage of plant

- ❖ **Strategic Location of Plant:** The Padra plant of the Company enjoys a favourable location. Proximity to ports helps matters. An arm of the Narmada canal passes close to the plant, and the Company shall apply to avail water, a major requirement, from the canal at a suitable time. The plant also has the authorization to use the common effluent channel of Effluent Channel Project Ltd., a company established by the Industry in Gujarat to have a common channel for discharging liquid industrial effluents, to discharge its treated effluents.

Shift in business model improved operating as well as net profit margin

Paint Industry move towards organised sector can impact domestic pricing power

Changes in terms of supply agreement and government policy on environment can be other concerns

Financial Performance of the Company

- ❖ The Company's total income has diminished by 41% from Rs 41.7 Cr in FY05 to Rs 24.4 Cr in FY06. This decline came as a result of change in business model of the company. Earlier ASCL's topline was a result of the low-margins trading activities. However, having acquired the know-how and more importantly the experience, the Company migrated to relying on production alone during FY06. While this led to lower topline, the Operating Profit Margin (OPM) expanded from 5.5% to 19.8% and the Net Margin (NPM) expanded from 2.9% to 10.9% during the same period. As a result, profit after tax (PAT) has increased by 122% from Rs 1.2 Cr in FY05 to Rs 2.7 Cr in FY06.
- ❖ Owing to commissioning of the new plant and increasing capacity utilization levels, for 9MFY07, the total income has further increased by to Rs 53.2 Cr and PAT has gone up to Rs 7.4 Cr, and this has come with steady expansion of margins as well.

Investment Concerns

- ❖ Paints, one of the foremost applications of Pigments, are increasingly moving towards the organised sector in India (from 30% in 2000 to 70% in 2005). This can lay down limits to ASCL's domestic pricing power. However, with about 75% of its revenues coming from exports, ASCL should be affected less than its peers.
- ❖ The financial performance of its group company, AksharChem India leaves a lot to be desired. The gap between promise and delivery is glaring. But ASCL's association with foreign MNCs and its current techno-financial health allow us to give it a thumb-up.
- ❖ The planned expansion of ASCL has over-dependence on current supply agreements. Any change in terms of the agreement could affect the Company's financials.
- ❖ Any drastic change in the Government's current policy on Environment Preservation and Protection could disturb the Company's plans.

**Available at P/E of 12.7
its 9MFY07 annualised
earnings of Rs 8.5**

Valuation & Recommendation

Asahi Songwon Colors Ltd. is a major Indian player in the pigment industry. It enjoys longstanding and strong relationships with MNC giants like Dainippon Ink & Chemicals Inc. and Clariant AG.

The existing and projected demand-supply scenarios favour the expansion, and its plant at Padra is strategically located to make the most of it.

At the upper price band of Rs 108, the stock is available at 12.7x its 9MFY07 annualised earnings of Rs 8.5, which makes it look quite attractively priced compared to its peers.

We recommend **SUBSCRIBE** on the issue at cut-off price with a long-term investment as a steady compounder, rather than for listing gains.

Financial Snapshot

Rs Cr	9MFY07	FY06	% Chg	FY05
Net Sales	53.2	24.4	118.0	41.7
Other Income	0.1	0.1	0.0	0
Expenditure	42.4	19.6	116.3	39.4
Operating Profit	10.8	4.8	125.0	2.3
EBITDA	10.9	4.9	122.4	2.3
Depreciation	1	0.9	11.1	0.6
PBIT	9.9	4	147.5	1.7
Interest	1.7	1	70.0	0.4
PBT	8.3	3	176.7	1.3
Tax	0.8	0.3	166.7	0.1
PAT	7.4	2.7	174.1	1.2
EPS	6.4	7.0		3.1
Equity	11.7	3.8		3.8
Margins				
OPM %	20.20%	19.80%		5.50%
NPM %	14.00%	10.90%		2.90%

RESEARCH REPORT
Fertilisers Sector**May 12, 2007****Analysis: Team Anagram**
equity@anagram.co.in

Indian Fertilizer sector is one of the largest in the world and has over the years, played a significant role in the development of agriculture in the country

Indian soil is poor in organic matter as well as nitrogen thus the important of chemical fertilizers shall increased over the years.

Optimum fertilizer application is a critical component of the strategy for self-sufficiency in food grains to feed a rapidly growing population.

Overview of the Industry

India is the third largest producer and consumer of fertilisers, which accounts for 12% of the world fertilizer consumption. The Indian fertilizer industry, with the capacity of 121 lakh MT of nitrogen and 56 lakh MT of phosphatic nutrient, is one the largest in the world. The Indian Fertilizer Industry, with close to 56 large plants in the country, is engaged in manufacturing a range of fertilisers. The industry consists players from public, private and co-operative sector. Fertilizer Industry has long been under the government control and its fortunes are to a large extent dependent on the government policies.

Fertilizer consumption in India has been stagnant in the last few years due to shortage of natural gas and government policies. But the thrust on agriculture, the Government has decided to increase the share of agriculture to 2% of budgetary allocation, will increase the consumption of fertilizer.

Types of Fertilisers

The main categories of fertiliser nutrients used are Nitrogenous (N), Phosphatic (P), and Potassic (K). Potassic (K) fertiliser is not manufactured in India and entire requirement is imported, while Nitrogenous (N) and Phosphatic (P) are manufactured within the country.

India is engaged in production of several straight nitrogenous fertiliser products such as Urea, ammonium sulphate, calcium ammonium nitrate and ammonium chloride. For phosphatic fertilisers, products such as single super phosphate (SSP), Di-Ammonium phosphate (DAP), and several grades of nitro-phosphates and NPK complexes are produced.

Urea and DAP are the main fertiliser products produced in the country, accounting for 85% and 66% of the overall nitrogenous and phosphatic fertilizer capacity, respectively.

Consumption:

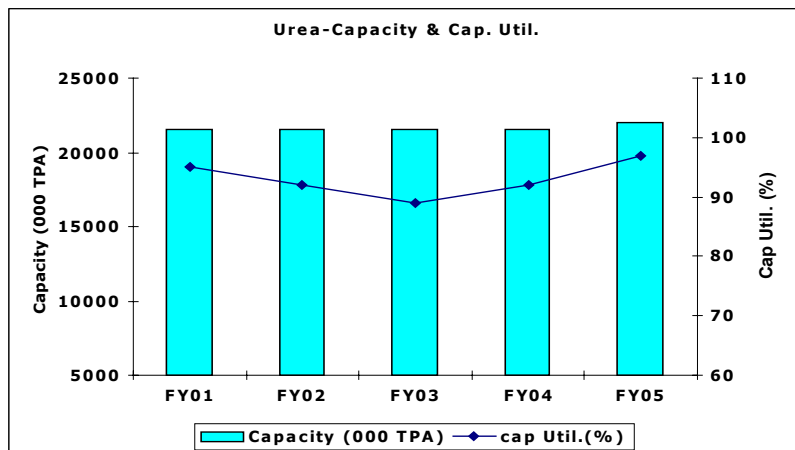
The over all consumption of fertilizers in terms of nutrients (N,P,K) put together in FY05 is at 184 lakh MT. The consumption of fertilisers in last five years is hovering around 160 to 170 lakh MT. This is due to limited off-take of Urea by way of allocation issued by GOI, lower agriculture productivity due to irregular monsoon and drought in some parts of country, and no substantial increase in irrigation facilities.

Urea is the most popular among nitrogenous fertilizer owing to high proportion (46%) of nitrogen

DAP is the most popular components in Phosphatic fertilizer. Avg. capacity utilization has stood around 73% in past five years.

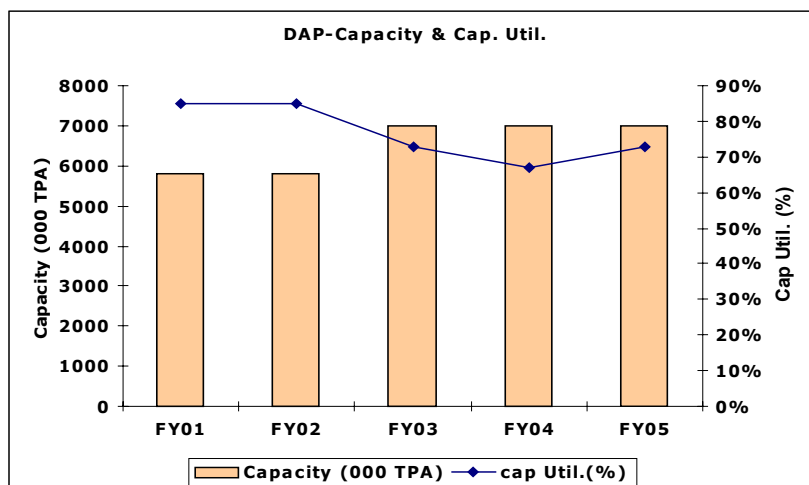
Increased agricultural productivity can be achieved not only through better water management, expansion of the area under irrigation, improved farming practices but also more extensive and balanced use of fertilizers through fertilizer education. Hence, the critical importance of the fertilizer sector in the Indian economy, especially in creating a prosperous rural base.

Capacity Utilization



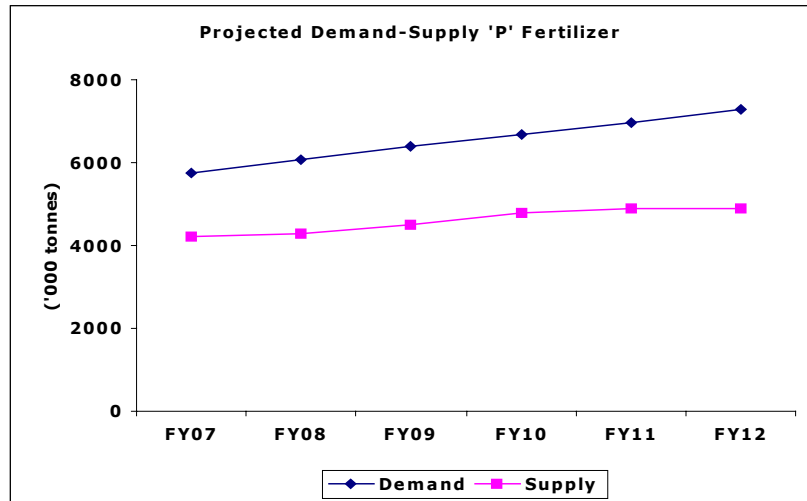
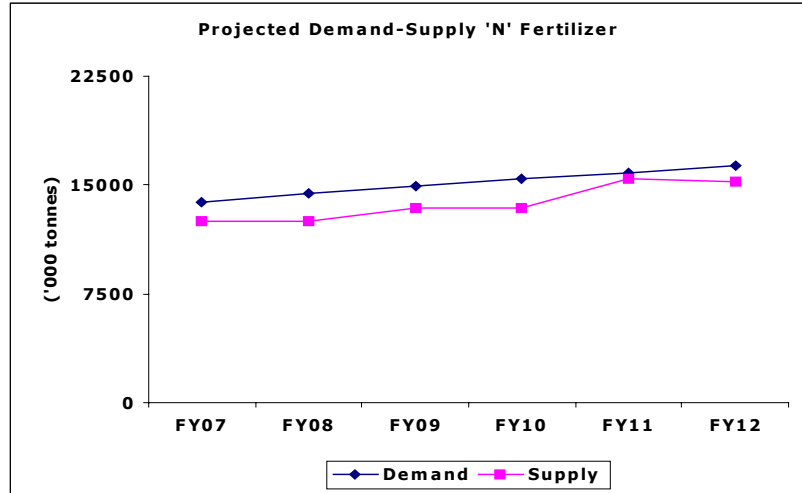
(Sources: Fertilizer Statistics 2004-05, FAI)

Urea: - is the most popular among nitrogenous fertilizer owing to high proportion (46%) of nitrogen. Last few decades have seen the country had achieved nearly self-sufficiency in the production of Urea with investments from public, private and co-operative sector. But no significant capacity has taken place in past few years and average capacity has fallen below 90% in FY03 due to poor monsoons, has improved to 97% in FY05.



(Sources: Fertilizer Statistics 2004-05, FAI)

The uncertain policy seen has not encouraged any major investments in domestic capacity. This is likely to lead to demand-supply mismatches in the future.

Demand-Supply Match = Increased prices of Fertilizers


(Sources: - FAI)

Long term fertilizer policy would be the need of the hour

The planning commission has proposed in its approach paper for the eleventh plan, a target overall GDP growth rate of 8.5% and agricultural sector growth of 3.9%. Achieving the above targets in the agriculture sector, which is more than double the growth rate achieved in the 10th Plan period, will not be an easy task. The role of fertilizer industry under such a scenario assumes significance.

The government extends subsidies on fertilisers to the farmers, which is routed through the fertilizer companies. With increased focus on fiscal prudence and government keen to reduce subsidies, policies in the fertilizer have been tinkered with, which have had an adverse bearing on the Industry. The uncertain policy has also not encouraged any major investments in domestic capacity. No green field projects have been planned and most of the proposed capacity addition is only in the nature of the bottlenecking, revamp and expansion of existing units. This is likely to lead to demand-supply mismatches in the future as well.

Consolidation in the sector to continue:

In the last few years fertilizer manufacturers have consolidated their businesses due to stable earnings from the Urea sales. The Aditya Birla Group merged Indo Gulf Fertilisers Limited with Indian Rayon, renaming the company Aditya Birla Nuvo Ltd. This supported its capacity expansion plans at Indian Rayon, a producer of carbon black and textiles, and funded its insurance and information technology venture.

KK Birla Group merged India Steamship with Chambal Fertilisers & Chemicals Limited to provide the cash flow to expand into shipping. Indian Farmers Fertiliser Cooperative Ltd acquired the diammonium phosphate plant of Oswal Chemicals Limited and Krishak Bharati Cooperative Limited acquired its urea plant. In addition, Indian companies have acquired equity stakes in urea and phosphoric acid manufacturers in Africa and the Middle East.

This consolidation is expected to continue. Indian companies will also continue to acquire stakes or expand capacity in fertilizer and raw material manufacturing companies outside India. These will help in having secured supply of competitively priced raw materials.

Natural Gas is the preferred feedstock for the manufacture of Urea due to economic benefits rising out of low capital and production costs, higher energy efficiency and environmental safety incorporation to other feed stock

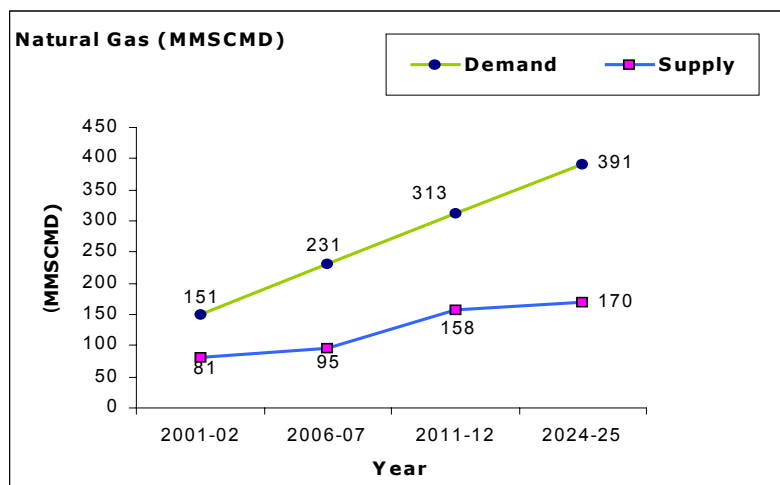
The current availability of natural gas in the country is around 91 mmscmd and is projected to be around 99 mmscmd by 2011-12

Fertilizer is the second largest consumer of natural gas that constitutes 29% of the overall consumption.

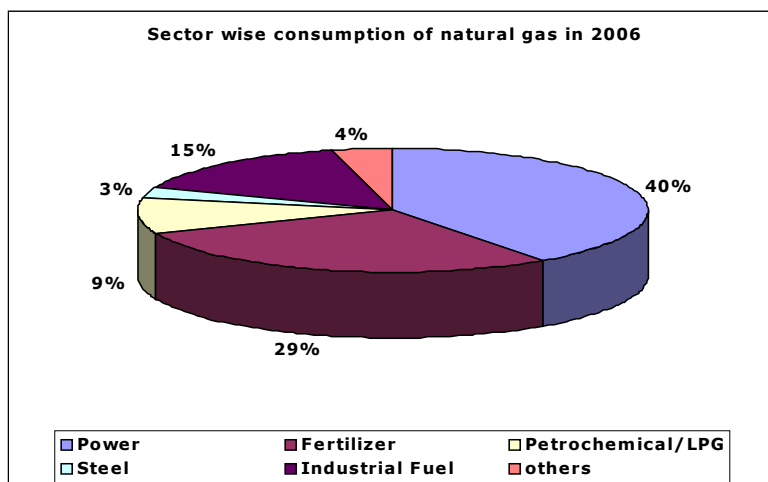
Natural gas is one of the cheapest feedstock for the production of fertilizer. With the Gas pipeline project is around the corner, we see increase in the production of fertilizer.

Cost of natural Gas is \$7.84 (USD/mmbtu)

Natural gas to be preferred stock for the manufacture of fertilisers



(Source: DGH Presentation)

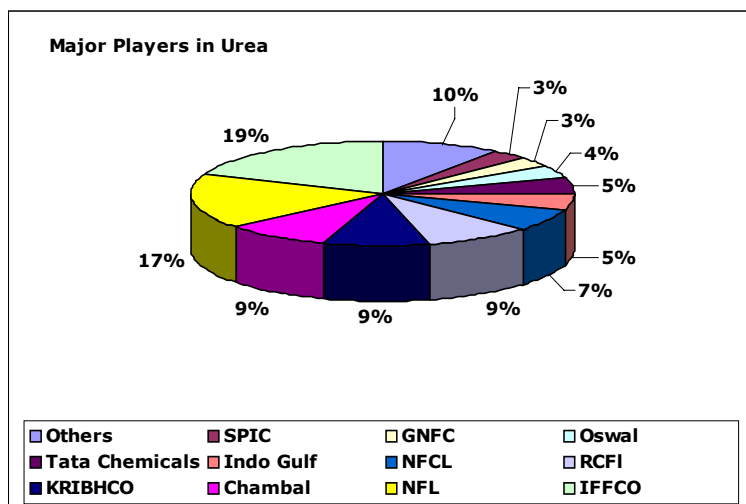


(Source: ICRA)

The top five producers control more than 60% of the total urea production in the country, with Chambal Fertilisers and Chemicals Ltd.(CFCL) being the only private sector player in the top five.

Major Players

Major players in the domestic urea industry are IFFCO, Chambal fertilisers, National fertilizers ltd. (NFL), Rashtriya Chemical & Fertilizers ltd. (RCF) and KRIBHCO, accounting for more than 60% of the total urea capacity of about 21mn tonnes of the country. Market shares (in terms of production) of major players in urea industry are shown below



(Sources: Fertilizer Statistics 2004-05, FAI)

Future outlook

With the government emphasizing on agriculture in union budget and the latent demand for fertilizers from the agriculture sector, we believe that the future growth for the sector is intact. New pricing scheme is still pending with the government and it is expected that government will continue to subsidise the retail price of Urea and reimburse the manufacturers with the difference between the cost of production and the retail price of the Urea fixed by the government. Therefore, efficiency in the existing plants (aided by cheaper availability of Natural gas) would be a focus area for the sustainability of their business growth going forward.

Coromandel Fertiliser Ltd (CFL)
Rs 72

BSE Code	506395
NSE Code	COROMFERT

Key Data

Sensex	13796
52 week H/L (Rs.)	114/47
April month H/L (Rs.)	77/64
Market Cap (Rs Cr)	915
Avg. daily vol. (6m)	53501
Face Value	2

Source: Capitaline

Shareholding Pattern (%)

Promoters	70
Institution	9
Public & Others	21

Source: Capitaline

**One-Year Performance
(Rel. to Sensex)**


Source: Capitaline

Background and Business

CFL, subsidiary company of Murugappa group is a leading fertilizers manufacturing company. It produces wide range of fertilizers and pesticides (technical and formulations). Along with subsidiary company Godavari Fertilisers & Chemicals Ltd., CFL markets around 2 mn tonnes of phosphatic fertilizers making it the second largest phosphatic fertilizer player in India.

CFL's has fertilizer plants in Visakhapatnam, Ennore and Ranipet and Plant Protection Chemicals plant at Navi Mumbai, Ranipet & Jammu and marketing branches well spread across India.

Investment Arguments

- Robust growth for full year:** Net profit rose 20.6% to Rs 100.7 Cr in the year ended March 2007 as against Rs 83.5 Cr during the previous year ended March 2006. Sales rose 11.8% to Rs 2,065.5 Cr in the year ended March 2007 as against Rs 1,846.9 Cr during the previous year ended March 2006.
- Maintained high level of productivity:** On the energy front too CFL have continually improved over years and implemented several measures. In the last 3 years CFL has consistently performed and maintained high level of productivity have drastically reduced specific energy consumption by taking timely steps and adopted innovative measures.
- CFL stakes up to nearly 75% in Godavari Fertilizers:** CFL has bought out 25% equity holding of IFFCO and increased its stake in Godavari Fertilizers and Chemicals Ltd. from 45.1% to 74.9%, at a price of Rs 150 per share, thus making it a subsidiary.
- Valuation:** CFL is one of the largest manufacturers of phosphatic/complex fertilizers with an extensive distribution network and is well positioned to capitalize on the persisting deficit for phosphatic/complex fertilizers in the domestic market. The company has steadily ramped up production volumes and sales at the acquired facility of Godavari Fertilisers over the past four years. At the CMP of Rs 72, the stock trades at 7.2x its FY08E earnings, we recommend accumulating the stock.

Quarterly Performance

Rs Cr	Q4FY07	Q4FY06	YoY %	Q3FY07	QoQ %
Net Sales	436	556	-22	509	-14
Other income	8	7		3	
Total Expenditure	409	522	-22	462	-11
Operating Profit	35	41	-16	50	-31
Interest	9	7	37	7	29
PBDT	25	34	-27	43	-41
Depreciation	11	10	7	9	18
Tax	-2	8	-126	12	-119
RPAT	17	16	5	22	-23
ARPAT	17	16		22	
Equity	25	25		25	
EPS	1.31	1.25		1.71	
Margins (%)					
OPM	8.0	7.5		9.8	
NPM	3.8	2.9		4.3	

Annual Performance

Rs Cr	FY07	FY06	Var (%)
Net Sales	2,065	1,847	12
Other Income	19	28	-33
Total Income	2,084	1,875	11
Total Expenditure	1,866	1,699	10
Operating Profit	199	148	35
PBIDT	218	176	24
Interest	32	24	33
PBDT	186	152	23
Depreciation	40	37	7
Tax	46	32	43
PAT	101	83	21
Equity	25	25	
EPS	7.93	6.65	
Margins (%)			
OPM	9.7	8.0	
NPM	4.9	4.5	

Deepak Fertilisers & Petrochem. Corp. Ltd. (DFPCL)
Rs 83

BSE Code	500645
NSE Code	DEEPAKFERT

Key Data

Sensex	13796
52 week H/L (Rs.)	111/63
April month H/L (Rs.)	90/81
Market Cap (Rs Cr)	732
Avg. daily vol. (6m)	106069
Face Value	10

Source: Capitaline

Shareholding Pattern (%)

Promoters	41
Institution	18
Public & Others	41

Source: Capitaline

**One-Year Performance
(Rel. to Sensex)**


Source: Capitaline

Background and Business

DFPCL is one of the leading producers of industrial chemicals like Ammonia, Methanol, various grades of Nitric Acid and liquid Carbon Dioxide in India. It has a prilled Ammonium Nitrate facility with a capacity of 90,000 tonnes at Taloja, near Mumbai, in Western India. Chemical segment contributes 66% and the Fertilizers segments contributes 34% to the total revenues.

Investment Arguments

- Strong numbers for Dec06 qtr:** For the quarter, company showed a sales growth of 70% to Rs 243.3 Cr and net profit growth of 56% to Rs 24.8 Cr. This has been aided by a strong performance of chemicals and fertilisers divisions. Good performance in the chemicals segment has been due to rise in methanol prices and isopropyl alcohol plant getting operational.
- Expansion on progress:** The progress on ammonium nitrate project at Paradip in Orissa is on schedule and is set to begin production in Q1FY09. The plant capacity is 300,000 MTPA.
- Venture into retail mall:** Retail initiatives in the form of Ishanya, India's first design Centre and Speciality Mall, are coming up in Pune. The company has leased 76% of the leasable space to leading Indian and international brands. A phased opening for Ishanya is being planned.
- Valuation:** DFPCL has taken Rs 700 Cr Capex to meet its product's growing demand and without diluting the equity. The business growth is intact. We expect it to grow by 15% for the next financial year. At the CMP of Rs 83, the stock trades at 7.5x its FY08 EPS of Rs 10.8. Therefore, we recommend an Accumulate rating on the stock.

Quarterly performance

Rs Cr	Q3FY07	Q3FY06	YoY %	Q2FY07	QoQ %
Net Sales	243	143	70	213	14
Other income	7	6		11	
Total Expenditure	203	116	75	189	7
Operating Profit	48	33	45	35	36
Interest	2	2	54	3	-19
PBDT	45	31	45	32	42
Depreciation	11	8	41	9	22
Tax	10	6	52	10	-4
RPAT	25	17	44	13	90
Extraordinary items (exp)	0	2		0	
ARPAT	25	20		13	
Equity	88	88		88	
EPS	2.82	2.23		1.46	
Margins (%)					
OPM	19.6	23.0		16.4	
NPM	10.2	12.0		6.1	

Annual Performance

Rs Cr	9mFY07	9mFY06	Var (%)	FY06	FY05	Var (%)
Net Sales	623	393	59	563	478	18
Other Income	25	23	9	46	27	68
Total Income	647	415	56	609	505	20
Total Expenditure	522	310	68	460	353	30
Operating Profit	101	83	22	103	125	-18
PBIDT	125	105	19	149	152	-2
Interest	8	4	82	6	9	-35
PBDT	117	101	16	143	144	0
Depreciation	28	24	18	32	31	1
Tax	24	25	0	31	33	-4
PAT	65	53	23	80	80	1
Equity	88	88		88	88	
EPS	7.41	6.02		9.11	9.07	
Margins (%)						
OPM	16.2	21.1		18.3	26.2	
NPM	10.5	13.5		14.3	16.7	

Gujarat Narmada Valley Fertilizers Co. Ltd. (GNFC)
Rs 101

BSE Code	500670
NSE Code	GNFC

Key Data

Sensex	13796
52 week H/L (Rs.)	144/79
April month H/L (Rs.)	101/87
Market Cap (Rs Cr)	1569
Avg. daily vol. (6m)	90931
Face Value	10

Source: Capitaline

Shareholding Pattern (%)

Promoters	41
Institution	22
Public & Others	37

Source: Capitaline

**One-Year Performance
(Rel. to Sensex)**


Source: Capitaline

Background and Business

GNFC is a joint-sector company jointly promoted by the Gujarat government and Gujarat State Fertilisers Company. The Company has its presence in Fertilizer Business, Industrial Chemical Business and Information Technology Business. GNFC has the world's largest single-stream, fuel-oil-based ammonia and urea plants.

Investment Arguments

- Robust growth for the quarter and full year:**
 In Q4FY07 GNFC posted net sales of Rs 801.7 Cr versus Rs 653 Cr. Net profit was up at Rs 112.2 Cr versus Rs 93.3 Cr, on yearly basis. For the full year net sales stood at Rs 2739.3 Cr versus Rs 2147.5 Cr in FY06, which rose 27%. Similarly net profit too rose 20% from Rs 271.9 Cr to Rs 326.7 Cr. Current quarter and FY07 results are consolidated for NCPL merger and hence not comparable.
- International recognition:** GNFC has won various prestigious National and International awards with its state-of-the-art technology, high quality standards and productivity-conscious work-force. Merger with NCPL, a subsidiary of GNFC, has given the boost to the company. Company has added strength based on higher profitability, assets, and resources coupled with combined pool of R&D and product development. In the first nine months of 2005-06, NCPL achieved a net profit of Rs 19.8 Cr and GNFC reported 201 Cr for the same period.
- Valuation:** At the CMP of Rs 101, the stock trades at 21.1x its FY08E earnings, we recommend accumulating the stock with a long-term view. With the thrust on agriculture by the government in union budget 07-08 and availability of natural gas due to upcoming pipeline projects, we see GNFC to be default beneficiary in fertilizer sector. We recommend an accumulate rating on the stock.

Quarterly Performance

Rs Cr	Q4FY07	Q4FY06	YoY %	Q3FY07	QoQ %
Net Sales	802	652	23	523	53
Other income	9	28		16	
Total Expenditure	619	488	27	435	42
Operating Profit	192	192	0	104	85
Interest	4	28	-87	3	12
PBDT	188	164	15	101	87
Depreciation	28	22	28	21	33
Tax	48	49	-2	27	77
RPAT	112	93	20	52	115
Extraordinary items (exp)	0			0	
ARPAT	112	93		52	
Equity	155	155		155	
EPS	7.22	6.01		3.36	
Margins (%)					
OPM	23.93	29.50		19.84	
NPM	13.99	14.31		9.98	

Annual Performance

Rs Cr	FY07	FY06	Var (%)
Net Sales	2,739	1,847	48
Other Income	35	28	27
Total Income	2,775	1,875	48
Total Expenditure	2,163	1,699	27
Operating Profit	576	148	289
PBIDT	612	176	248
Interest	13	24	-47
PBDT	599	152	294
Depreciation	110	37	195
Tax	163	32	412
PAT	326	83	293
Equity	155	155	
EPS	21.06	5.36	
Margins (%)			
OPM	21.04	8.02	
NPM	11.92	4.50	

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RATING INTERPRETATION

Buy Expected to appreciate more than 20% over a 12-month period
Accumulate Expected to appreciate up to 20% over a 12-month period
Hold Expected to remain in a narrow range
Avoid Expected to depreciate up to 10% over a 12-month period
Exit Expected to depreciate more than 10% over a 12-month period

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