BUSINESS & INVESTMENT WEEKLY

MONEY TIMES

A TIME COMMUNICATIONS PUBLICATION

VOL. XXI No. 40 | Monday, August 13 - 19, 2012 | Pages 19 Rs.12

Markets positive but range bound

By Sanjay R. Bhatia

The markets moved higher on the back of some positive announcements by the new Finance Minister, P. Chidambaram, who set the ball rolling to revive the ailing Indian economy. Incidentally, the FIIs remained net buyers in the cash segment as well as the derivatives segment. However, domestic institutional investors were seen booking profits and continued to remain net sellers during the course of the week. The breadth of the market for the week remained positive amidst lower volumes, which shows lack of confidence at higher levels. On the domestic economy front, the IIP numbers painted a bleak picture fuelling concerns of growth especially with a weak monsoon. The global economy painted a mixed picture.

Technically, the prevailing technical positives helped the markets move higher. The RSI, KST and MACD all are placed above their respective averages on the daily and weekly charts. Moreso, the Stochastic is placed above its average on the weekly charts. Moreover, the MACD and KST are placed in the positive territory on the daily and weekly charts, which augurs well for the markets. The Nifty is placed above its 50-day SMA, 100-day SMA and 200-day SMA. More so, the Nifty's 50-day SMA is placed above Nifty's 100-day SMA and 200-day SMA, which is called the 'Golden Cross breakout'. These positives would lead to buying support at regular intervals. However, the Stochastic is placed below its average on the daily charts, which would lead to selling pressure at higher levels. The ADX line, the +DI line and the –DI line are moving sideways on the weekly charts indicating a range bound trend. The market sentiment remains positive but tentative at higher levels. Now it is important that the markets witness follow-up buying support for it to move higher and inch closer to the Nifty 5500 level. In the meanwhile the markets would continue to take cues from the global markets, crude prices, and the Rupee-Dollar exchange ratio.

Technically, on the upside the Sensex faces resistance at the 17618, 17919, 18290 and 18428 levels and seeks support at the 16882, 16677, 16553 and 15965 levels. The support levels for the Nifty are placed at 5250, 5108, 5047, 5000 and 4950 while it faces resistance at the 5333, 5386, 5464 and 5500 levels.

Investors should wait and watch.

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Will it remain so?

By Fakhri H Sabuwala

The market is eternally hopeful and building hopes on the government doing something or the other for consolidation of fiscal deficit and putting growth on higher gear despite the untamed inflation.

As soon as P Chidambaran took over the finance ministry and made some positive diagnosis of the ills of the economy the market built hopes of action. The way he talked about creating some supply oriented solutions for taming inflation and winning back the confidence of the investors, both foreign and Indian, gave wings to the Sensex and Nifty and they scaled to a four month high.

The paradigm seemed to shift for the better braving the Q1FY13 results. FIIs interest was also on the rise and so was the volume in the cash segment of the BSE and NSE. All seemed set for something dramatic to happen and expectation of some smart reform moves kept rising with each passing day. The Presidential elections having got over, it was felt that the government would find it easy to rework the growth factors and the market rallied.

Alas! nothing concerete has happened and all the vital days of the pre-monsoon session of parliament were wasted. It's strange but true that most of the bitter and neccessary political and economic decisions in India are taken at a time when parliament is not in session. Now that the monsoon session is on and political battle lines for the 2014 elections are seemingly drawn, Parliament is wasting precious time on unworthy comments made by L K Advani and Sushil Kumar Shinde only to take them back. Is the government seriously interested in knowing where the country is heading and why the IIP is at its lowest raising the spectre of the first sovereign ratings downgrade for India in many years?

Will the markets remain so? Directionless as they have been since the last few months. "The government needs to do something large and meaningful soon. Otherwise, S&P may find it very difficult not to downgrade us" said Jehangir Aziz a Washington based senior Asia economist at JP Morgan.

Market Measures:

Bharti Airtel, the country's largest telecom company, witnesses a fall in profits for the 10th consecutive quarter. While income rises by 3% to Rs.5849 crore, net profit falls by 37%! The die hard bull in the counter is also giving up hopes and seeking reasons to explain this drastic fall to his portfolio investors.

Indian Oil Corporation, a Fortune 500 company by turnover, reports a historic loss of Rs.22451 crore in Q1FY13 despite the lower crude costs. The reason for this mishap are the rising dollar price and government's inaction in the pricing of the fuel (petrol inclusive). This should open the government's eyes to the delicate situation and compel them to initiate action in free pricing of diesel, LPG and petrol too. Buy the scrip if it develops a crisis.

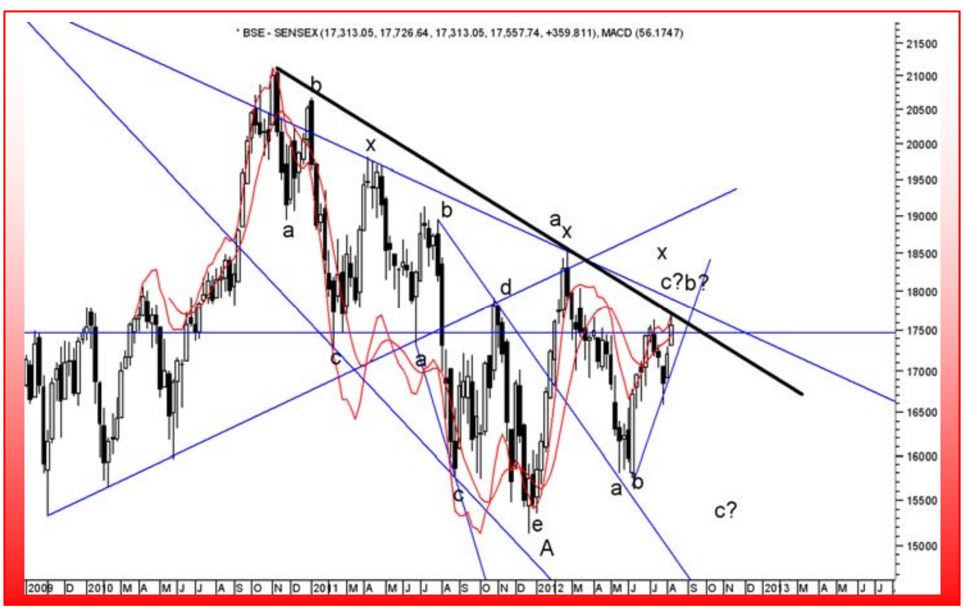
TRADING ON TECHNICALS

Weekly Gap 17313-17197 important henceforth

By Hitendra Vasudeo

Last week, the BSE Sensex opened with a gap at 17313.05 and maintained the same as the low for the week. Further, it moved up to a register weekly high at 17726.64 before it finally closed the week at 17557.74 and thereby showed a net rise of 359 points on a week-to-week basis. This is the second week that we have back-to-back gain of 359 points by rounding off.

The resistance of 17631 was crossed by making a high of 17726 but it closed the week below it. On the daily charts too we did not see a close above 17631. Therefore, this week the breakout trigger shifts up to 17727. Another round of breakout and close above 17727 will be required for an extension of the current rise.



As we look at the daily charts, Friday's attempt was to hold the fall and if it sustains below Sensex 17400, weakness during the week will be seen to test the support levels.

Weekly support levels are placed at 17338-16924. Weekly resistance will be at 17751-18165.

The Sensex made a new high but the stochastic did not and this may account for the negative divergence that developed and in existence now.

Trend line resistance on weekly chart was witnessed last week. The trend line is taken from 21075 and 18523 and the value of this trend line was placed at 17742. The high made last week was 17726 and it closed lower. Therefore, we can say that trend line resistance was witnessed.

The weekly chart gap of 17313-17197 is important. A fall and close below 17197 will mark the high as an important lower top to make way for a slide to test back the earlier bottoms of 16598, 15748 and 15135.

The RSI shows some intent to move higher and the MACD supports the rise as it is above the trigger.

The weekly gap is crucial henceforth.

Wave Tree

Wave Tree					Month	Year	Sensex	Month	Year	Sensex	Remark
Wave I	-	-	-	-	Dec	1979	113	Feb	1986	656	-
Wave II	-	-	-	-	Feb	1986	656	Mar	1998	390	-
Wave III	-	-	-	-	Mar	1998	390	Jan	2008	21206	-
Wave IV	-	-	-	-	Jan	2008	21206	Feb	2012	18523	In Progress
Wave IV	Wave A	-	-	-	Jan	2008	21206	Mar	2009	8047	-
Wave IV	Wave B	-	-	-	Mar	2009	8047	Nov	2010	21108	-
Wave IV	Wave C	A	-	-	Nov	2010	21108	Dec	2011	15135	-
Wave IV	Wave C	B	a	-	Dec	2011	15135	Feb	2012	18523	-
Wave IV	Wave C	B	b		Feb	2012	18523	June	2012	15748	-
Wave IV	Wave C	B	c		June	2012	15748	August	2012	17726	In progress

Conclusion

Weekly gap of 17313-17197 an important support. Expect the market to be bearish below this gap henceforth. Currently, the Sensex is in a state of deciding whether to be bullish or bearish for the medium term from hereon.

Strategy for the week

Traders who are long can keep the stop loss at 17197. Traders who are still short can keep the stop loss at 17727. A daily and weekly close above 17727 will indicate a short to medium term rise towards 18523, 19131 and 19811.

Traders willing to take chance for daily trades can sell with a stop loss of 17728. Sell further on fall and close below 17197. Trade long above 17728 with the low of the day as stop loss or 17197, whichever is lower, at the point of breakout.

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	Stop Loss	Level 2	Center Point	Level 3	Level 4	Relative Strength	Weekly Reversal Value	Up Trend Date
			Buy Price	Buy Price	Book Profit	Book Profit			
ZEE ENTERTAINMENT	167.80	160.4	162.4	165.7	171.1	179.7	70.7	160.2	25-05-12
WOCKHARDT	1191.00	1020.0	1074.3	1136.7	1253.3	1432.3	69.2	1012.3	25-05-12
HDFC BANK	602.05	593.0	594.4	600.7	608.3	622.2	69.0	589.4	03-08-12
ULTRATECH CEMENT	1672.95	1620.0	1636.1	1656.8	1693.7	1751.2	67.8	1625.9	15-06-12
GRASIM INDUSTRIES	2994.00	2888.0	2906.0	2976.0	3064.0	3222.0	65.6	2810.0	27-07-12

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	Stop Loss	Relative Strength	Weekly Reversal Value	Down Trend Date
		Cover Short	Cover Short	Sell Price	Sell Price				
GODREJ PROPERTY	505.50	440.7	488.7	519.8	536.7	551.0	26.71	510.40	22-06-12
BHARTI AIRTEL	255.75	190.1	238.6	270.1	287.2	301.5	27.63	293.36	27-07-12
TORRENT POWER	153.65	145.4	151.2	154.5	156.9	157.8	28.43	157.19	20-07-12
ADANI ENTERPRISES	177.40	160.6	172.6	179.9	184.7	187.2	29.43	181.55	20-07-12
ADANI POWER	41.55	38.1	40.6	42.2	43.2	43.8	31.93	42.91	20-07-12

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
ADI FINECHEM	530117	74.50	71.25	75.00	67.65	79.5	86.9	0.74
GANDHIMATHIS APPLIAN	517421	346.65	340.00	350.00	306.50	376.9	420.4	0.75
DIVI'S LABORATORIES	532488	1127.00	1120.00	1132.00	1090.00	1158.0	1200.0	0.84
TPL PLASTECH	526582	168.50	164.50	169.90	161.60	175.0	183.3	0.95

BUY LIST

Scrip	Last Close	Buy Price	Buy Price	Buy Price	Stop Loss	Target 1	Target 2
BAJAJ FINSE	900.65	842.39	821.50	800.61	733.00	1019.4	1196.4

TOWER TALK

* Investors are advised not to get lured by the bottomlines of **Nile Ltd.**, **Saurashtra Cement, Royal Orchid, Varun Industries, Zensar Technologies** for June 2012 quarter as they are bloated by exceptional or extraordinary incomes.

* **Kolte Patil** seems to be coming back on track reporting a good topline and bottomline. Punter & traders can play in this counter.

* At a market cap of Rs.900 crore, **Ajanta Pharma** is trading at a huge premium and is fundamentally over valued. Book profits.

* **Chordia Foods** has corrected down to a market cap of Rs.12 crore. Small investors can buy now and add more at declines.

* Last week, **HCL Info** saw some serious buying and strong support. Scrip may shoot up 20% in the short term from the current levels. Keep a close watch.

* **Ashoka Buildcon** is looking extremely bullish on the charts. Scrip may hit a new high in the near future and is expected to cross the Rs.300 mark soon.

* **Bharti Airtel** may find strong support at Rs.250 levels. Traders can go long keeping a strcit stoploss at Rs.245.

* **Elecon Engineering** has reported a poor performance for June 2012 quarter and the scrip is on a free fall. This might be another Shanti Gears to be taken over by a larger group. Wait and buy once the selling is over.

* **Banking** counters display weakness despite expectations of an interest rate cut. The developing open interest in SBI with a negative bias points to a downtrend that may percolate to other PSU Bank counters.

* **Cerebra** is the largest player in e-junk business. The scrip is all set to be the mutual funds favourite after a detailed write-up in a pink paper.

* Veritas is unperturbed by the legal threats of **India Bulls**. The corporate world lives in fear of who is next on its hit list........realty sector is expecting its turn in the massacre.

* A Gujarat based technical analyst sees an uptrend in **Control Print, Chamanlal Sethia, Camphor & Allied Products, Dai-Ichi Karkaria, National Peroxide** and **Technocraft Industries**.

BEST BET

Sanghvi Forging and Engineering Limited (Code: 533411) (Rs.42.95)

Incorporated in 1989 by Mr Babulal Sanghvi, Sanghvi Forging and Engineering Limited (SFEL) is one of the reputed manufacturers and exporters of forging products for the non-automotive sector. It manufacture forged flanges, forgings and precision machined components for various industries like oil & gas, fertilizers, power, desalination & water treatment, ship building, defence, fabrication of process equipments, instrumentation etc. It has capabilities of manufacturing both standardized as well as customized products in the area of open and closed die forgings. It makes these products from carbon steel, alloy steel and stainless steel conforming to international standards. Its products have been inspected and accepted by third party inspection agencies like Lloyds, BVIS, SGS, TOYO, PDIL, EIL, DNV, ABS, TICB, UHDE India, DAE, NPCIL, etc. These accreditations and approvals enable SFEL to bid for various forging tenders where these or similar accreditations/vendor approvals are pre-requisites. Thus, it has won the patronage of some of the top companies both in India and abroad for their critical forging requirements. Some of its key domestic customers include ONGC, Reliance, HPCL, IOCL, BHEL, BPCL, Punj Lloyd, GAIL, Siemens, HMEL, L&T, Technip, GE, Tyco, GE, GAIL etc. In fact, nearly 75% of its business is repeat business from its clients and it derives nearly 20% of revenue from exports to countries like Canada, UK, Germany, Italy, France, Netherlands, Switzerland, Oman, Kuwait, Qatar, UAE, Egypt, Saudi Arabia, Argentina, Singapore, etc. Importantly, SFEL has implemented SAP ECC 6.0 in 2008 for better control over various businesses and processes.

Presently, SFEL's existing manufacturing plant comprises a forge shop, die shop, heat treatment shop, conventional and CNC machining shop backed by related quality assurance equipments in Vadodara. As of now, it uses steam hammer technology for open die forging and can produce single forged pieces upto 4 MT. It has an installed capacity of 3600 TPA, which includes 1200 TPA of closed die and 2400 TPA of open die. For future growth, the company is in the midst of putting up an ultra modern open die forging plant at Waghodia District (Vadodara) near to its existing plant. It is setting up a 15000 TPA Open Die Forging unit to manufacture open die forging products like stepped shafts, bars & hollows, blocks, flanged shafts, gear blanks, shells, disks etc. which are generally imported. These are large forgings as compared to the forgings produced on its existing plant. The largest size of forging that it can now manufacture will be 40 MT i.e. 10 times larger than what it offers today. These products will primarily cater to the wind energy, oil & gas, steel, power, pressure vessel, petrochemicals, sugar industry, nuclear plant etc. For this, SFEL has installed one state-of-the-art 4,000 MT Open-die Hydraulic Forging Press supplied by Danieli And C. Officine Meccaniche SPA VIA, Italy. The hydraulic press exerts large enough force to press the metal into the required shape. It has imported one 60 MT Rail Bound Manipulator from Dango & Dinenthal, Maschinenbau GMBH. This holds and rotates the hot ingot while forging. The company is also putting up five furnaces from Schlager Industrie of Enbau GmbH, of which two will be used in reheating and three will be used for heat treatment. This whole project has been appraised and part-financed by the State Bank of India to the tune of Rs.50 crore while Bank of Baroda has financed Rs.22 crore as a term loan. The total cost of the new project is estimated at Rs.120 crore. The plant was scheduled to be commissioned in May 2012 but due to certain delays may commence production by September 2012. After commissioning this plant, SFEL will witness good growth as the needs of this segment are met to a limited extent by large forging manufacturers but it relies mainly on imports.

To fund the above project, SFEL came out with

IPO in May 2011 and raised Rs.36.90 crore by allotting 4,341,195 equity shares of Rs.10 at a price of Rs.85 per share. It also made pre - IPO placement of around 7 lakh equity shares at premium of Rs.70 per share aggregating Rs.5.60 crore to Dango & Dienenthal Gmbh (Germany), which is also one of the plant and machinery suppliers for the open die forging project. The shares of the company were listed on the NSE and BSE on May 23, 2011. Importantly, SFEL operates in the non-automotive forging segment, where a limited number of players have a specialized set-up and technical skills. Moreover, the company is an approved and recognized supplier with an established track record of around two decades. These factors augur well for the growth of SFEL. Fundamentally, it ended FY12 with total income of Rs.51 crore (up ~30%) and PAT of Rs.4.8 crore (up ~25%) posting an EPS of Rs.4 on its expanded equity of Rs.12.70 crore. With new capacities for open die forging becoming operational shortly, SFEL is expected to more than double its net profit in FY13. At the current market cap of Rs.55 crore, it is available fairly cheap at 50% discount to its issue price and forward FY13 multiple of 5 times. Long term investors are recommended to buy this scrip at the current level and add more at sharp declines.

STOCK ANALYSIS

Camson Bio Technologies: Favourable growth prospects

By Devdas Mogili

Camson Biotechnologies Ltd. is a 19-year old Bengaluru, Karnataka, based company established in 1993. The company is engaged in providing seeds and agri bio inputs in the form of biocides and bio fertilizers to farmers. Mr. Dhirendra Kumar is the managing director of the company.

The company operates in two segments viz. Seeds & Vegetables and Agri Biotech Products. Camson's products include agricultural biotech products and zero residue vegetables and fruits. The Company provides a range of bio-products including biocides, bio-fertilizers and hybrid seeds. Its biocides provide crop protection and help farmers to produce crops.

Camson delivers innovative products to maximize agricultural productivity and sustainability while reducing the environmental impact. It combines traditional knowledge in agriculture with the latest advances in safety and protection to market a wide range of products. These include hybrid seeds, bio-fertilizers and biocides that are non-poisonous, eco-friendly and residue-free.

Camson Bio Technologies cultivates organic horticulture products on idle farmlands. At a time when agricultural land is shrinking due to rapid urbanization, cultivation in idle land would not only increase farm output but also boost agricultural products with zero chemical residue, for which there is huge demand in foreign markets.

The company is into Farm management, which is a first-of-its-kind concept in India. Camson focuses on organic cultivation of horticulture products with a potential of expanding this to other agricultural sectors. The company primarily targets professionals from large companies and non-resident Indians who have more than 50 acres of cultivable land in any part of the country.

The company signs contracts with land owners for a certain period and takes full control of the land and ensures minimum annual returns to land owners. Under the supervision of its agricultural scientists, it grows organic crops and is also responsible for all matters from soil testing to selling the products.

Camson also provides advisory services, seeds, biocides and other inputs. The company's scientists assess the land for suitability of growing a particular crop and commodities primarily for local consumption. The company is cultivating organic sweet maize, pomegranate and watermelon. This would later be extended to chillies and tomatoes. All these products would have zero residue, with good consumer demand.

Its hybrid vegetable seeds portfolio includes lady finger, bottle gourd, bitter gourd, ridge gourd, sweet corn, baby corn, tomato, brinjal chilli and sponge gourd. It also offers hybrid watermelon and musk melon.

The five hybrid watermelon varieties Sonmati, Chandraprabhavati, Hemavati, Netravati and Vedavati are in big demand in export markets especially in West Asia. About 600 tonnes of watermelon produced from Camson seeds were exported last fiscal and its franchises have already bagged orders for 7,000 tonnes this fiscal.

Camson is also weighing an offer from the Ethiopian government to take over 10,000 acres under farm management. Similar, opportunities exist in Abu Dhabi, Dubai and Turkey.

Camson has tied-up with HDFC Bank and made its 3,000 dealers eligible to act as business correspondents of the bank and help them reach 3,00,000 marginal farmers across the country. Business correspondents in rural areas carry out all transactions that a customer avails at bank branches. Thus its dealers' business increases substantially.

Expansion Programme: Camson has formulated growth strategies and launched various expansion programme.

The test and trial run for producing Biocides and Bio fertilizers at its manufacturing set-up at Gwalthai, Himachal Pradesh has been successful and commenced commercial production in April 2011.

Research in hybrid seeds, that started last year at Aligarh, in Uttar Pradesh has yielded breakthroughs which augurs well for the Company. The research station at Hyderabad has also commenced operations on hybrid seeds.

A state-of-the-art R & D facility at Doddaballapur near Bengaluru will be fully operational by end 2012. Camson Bio Technologies has signed a technology agreement with Netherland's Wageningen University (WU) to develop disease-resistant and bio-friendly fruits and vegetables. WU is globally renowned for its expertise in implementing Cisgenesis to arrive at superior produce. The University was in the news recently for its pioneering work in developing disease-resistant potatoes.

This tie-up will pave the way for Camson to garner a large share of the cash crops segment, which is estimated at Rs.4,000 crore in India and slated to grow at 25-30% p.a.

Contract Manufacturing: Contract Manufacturing is emerging as a major strategic and de-risking thrust for the Company. It allows for steady predictable revenues and may over time become one of the major planks of delivery for the company in the near future.

Performance: For FY12, sales rose 14.17% to Rs.112.73 crore from Rs.98.74 crore in FY11. The net profit increased 2.91% to Rs.22.65 crore in FY12 from Rs.22.01 crore in FY11 and it reported an EPS of Rs.12.49 for the year 2011-12.

Financial Highlights (Rs. in lakh)

Particulars	Q4FY12	Q4FY11	FY12	FY11
Total Income	**2941.99**	**2305.66**	**11273.31**	**9873.93**
Total Expenses	2247.67	1670.10	8991.46	7714.79
Other Income	5.18	7.55	50.34	94.11
Finance Cost	21.98	3.45	32.22	14.32
Tax Expenses	32.00	21.65	35.00	37.87
Net Profit	**645.51**	**618.01**	**2264.96**	**2201.07**
Equity (FV: Rs.10)	1813.00	1813.00	1813.00	1813.00
Basic/Diluted EPS (Rs.)	**3.56**	**3.41**	**12.49**	**12.14**

Latest Results: Sales rose 27.58% to Rs.29.42 crore in Q4FY12 as against Rs.23.06 crore during the previous quarter ended March 2011. The net profit moved up 4.37% to Rs.6.45 crore in Q4FY12 from Rs.6.18 crore in Q4FY11 posting a basic/diluted EPS of Rs.3.56 for the quarter.

Financials: Camson has an equity base of Rs.18.13 crore with a share book value of Rs.69.34. It has a negligible debt:equity ratio of 0.01 with RoCE of 24.44% and RoNW of 24.13%.

Share Profile: The company's share with a face value of Rs.10 is listed on the NSE and the BSE under the B group. Its share price hit a 52-week high of Rs.107.50 and a low of Rs.36.50. At its current market price of Rs.50, the company has a market capitalization of Rs.88 crore.

Dividends: The company has been paying dividends as follows:

FY11 - 10%, FY10 - 10%, FY09 - 10%.

Shareholding Pattern: The promoter holding is 31.21% while the balance 68.79% is with non-corporate promoters, institutions, mutual funds and the Indian Public. Among mutual funds, funds like SBI Magnum have added the company's share to their various investment schemes.

Prospects: The outlook for agriculture continues to be positive considering the consumption levels and the growing population.

Agri bio technology is one area in which not many companies are active. Camson with a head start and path-breaking product discoveries is ahead of others.

Further, owing to deficient rainfall across the country, farmers are looking at high yielding varieties that could help them produce more with limited resources.

Conclusion: Camson is a leading agricultural biotechnology company with no peer in its space. Owing to less than normal rainfall, there is rising demand for high yielding seeds, and this sector is likely to outperform the benchmark indices in the coming quarters.

At the current market price of Rs.50, the Camson share discounts less than 4 times its FY12 EPS of Rs.12.49.

The other seed manufacturing companies like Monsonto, Rallis India, Bayer Crop Science are quoting at a P/E multiples of over 21. In the light of this, the Camson Bio Technologies share is available at an attractive valuation. Exposure may be taken in this stock with a short to medium term outlook.

MARKET REVIEW

Sensex crosse 17500 mark

By Devendra A. Singh

The BSE Sensex (30-share index) settled at 17557.74 for the week ended Friday, 10 August 2012 with an advance of 359.81 points (+2.09%) whereas the NSE Nifty closed 5320.40 points with a rise of 104.70 points (+2.01%). The BSE Small-Cap index climbed +0.06% and the BSE Mid-Cap index were up +0.45%. Both these indices underperformed the Sensex.

Although the markets declined in 3 out of the 5 trading sessions last week, they still closed with a gain on a week to week basis.

FIIs bought shares worth Rs.337.14 crore on Thursday, 9 August 2012. They bought shares worth a net Rs.3387.30 crore in six trading sessions from 1 to 8 August 2012. This inflow comes on the top of substantial net purchases worth Rs.9691 crore in July 2012.

Industrial production declined 1.8% in June 2012 compared to June 2011. Manufacturing output, which has a 75.5% weight in the index of industrial production, fell 3.2% in June 2012 compared to the level in the month of June 2011. Capital goods production fell 27.9% in June 2012 from June 2011.

FM, P Chidambaram, recently said that a path of financial consolidation will be unveiled shortly. Government finances are under pressure as expenses exceed revenue mainly because of subsidies doled out for cheaper supplies of food, fuel and fertilizers. He said that the fiscal-deficit target for the current financial year will be reassessed after a mid-year review later this financial year depending on the pace of expenditure and the resource position of the government. The government is aiming to restrict spending on subsidies, he added. The government has already taken some steps to reduce expenditure. In late May 2012, the finance ministry had asked government departments to reduce their non-plan expenditure, that does not create long-term assets) by 10% this fiscal as part of its efforts to keep the fiscal deficit under check.

The government intends to fine tune policies and procedures that will facilitate capital flows into India, he added. Clarity in tax laws, a stable tax regime, a non-adversarial tax administration, a fair mechanism for dispute resolution, and an independent judiciary will provide great assurance to investors, he said. The government has recently appointed two committees one to examine anti-avoidance tax proposal viz. the General Anti-Avoidance Rules (GAAR) legal provisions and guidelines and the other to review taxation of the IT sector and Development Centres.

The FM said he has also directed a review of tax provisions that have a retrospective effect in order to find fair and reasonable solutions to pending as well as likely disputes between the Tax Departments and the Assessees concerned. FM further added that the government has received requests to put off plans to implement the General Anti-Avoidance Rules (GAAR) which aim to check tax avoidance. The implementation of GAAR was postponed by one year in order to provide an opportunity of wider consultation before such a legislation is implemented.

The India Meteorological Department (IMD) last week said that the El Nino weather pattern is likely to reduce rains again in the second half of the June to September 2012 monsoon season, which are now expected to be less than 90% of long-term average. This is lower than its previous forecast of 96%. Monsoon rains are considered deficient (a drought in layman's terms) if they fall below 90% of a 50-year average. Between June 1 and August 1, rainfall was about 19% below normal. The IMD expects normal rains in August a critical month for summer crops. It expects rainfall to be 5-6% below average in September due to the possibility of El Nino. A bad monsoon will have a larger impact on inflation than on growth. Indian central bank officials said on 1 August 2012 in a conference call following the release of its monetary policy review on 31 July 2012. The Reserve Bank of India (RBI) kept its key policy rate viz. the repo rate unchanged at 8% after first quarter review of Monetary Policy 2012-13 in an effort to keep a lid on inflation and inflation expectations.

Key indices registered gains on Monday, 6 August 2012 on buying of domestic stocks. The BSE Sensex gained 215.03 points (+1.25%) to close at 17412.96 whereas the NSE Nifty was up 66.85 points (+1.28%) to close at 5282.55.

The benchmark indices surged on Tuesday, 7 August 2012 on the back of a positive outlook of global markets. The BSE Sensex gained 188.82 points (+1.08%) to close at 17601.78. The NSE Nifty ended higher 54.15 points (+1.03%) to close at 5336.70.

Key indices settled flat on Wednesday, 8 August 2012. The BSE Sensex declined 1.22 points (-0.01%) to close at 17600.56. The NSE Nifty was up 1.30 points (+0.02%) to close at 5338.

Key indices edged lower on Thursday, 9 August 2012 due to China's shrinking industrial production for July 2012. The BSE Sensex fell marginally by 39.69 points (-0.23%) to close at 17560.87. The NSE Nifty edged lower 15.05 points (-0.28%) to close at 5322.95.

Market performance ended marginally down on the last day trading session Friday, 10 August 2012. The BSE Sensex drifted lower

3.13 points (-0.02%) to mark a close at 17557.74. The NSE Nifty edged down 2.55 points (-0.05%) to close at 5320.40.
The Sensex advanced 359.81 points to settle at 17557.74 last week. Investors will keep watching the management commentary that would accompany corporate result this week, which could cause a revision in their future earnings forecast for the current year or the next year.
The stock market remains closed on Wednesday, 15 August 2012, on account of Independence Day. On the macro front, inflation data will be out this week.
Market participants will closely watch the progress of the monsoon rains for the month of August and September.

CORPORATE

"We intend to build on the momentum gained in FY12".

-Ramesh Ramanathan, MD, Sterling Holiday Resorts (India) Ltd.

Ramesh Ramanathan is an economics graduate and a rank holder from Madras University, with a Management Degree from the Indian Institute of Management, Kolkata. He has over 33 years of work experience over a range of industries, starting with the intensely competitive Paint Industry. A successful stint of over 10 years in that industry was followed by stints in consumer durables, tyres, organized retail, IT and hospitality. He is one of the pioneers in the Vacation Ownership industry in India. He began his tryst with the Vacation Ownership industry with Sterling Holiday Resorts in the early 1990s before leaving the company to help set up Mahindra Holidays and Resorts in 1996.

Sterling Holiday Resorts (India) Limited is a pioneer in Vacation Ownership and a leading Leisure Hospitality company in India. It was incorporated in 1986 with the vision of delivering Great Holiday experiences to Indian families. To achieve this vision, the company pioneered Vacation Ownership in India and set about building a network of leisure resorts at some of the best holiday destinations in India. Currently, Sterling has 18 resorts located in Corbett, Darjeeling, Gangtok, Goa, Karwar, Kodaikanal, Lonavala, Manali, Munnar, Mussoorie, Ooty, Puri, Thekkady, Yelagiri and Yercaud. The company has 15 additional sites where it plans to add new resorts in the coming years.
Speaking to **Yash Ved** of ***IIFL***, Ramesh Ramanathan says, "We intend to build on the momentum gained in FY12 by continuing the process of rebuilding the Company through additional investments in our product, service, people and technology as this will be key to consolidating and accelerating Sterling's resurgence." Excerpts from the inteview.

What are your plans for FY2012-13?

During the year, the Company added 4 resorts – Thekkady, Karwar, Corbett and a second resort in Goa - taking the total number of resorts to 18. In addition, the Company has signed MOUs for four more resorts in popular holiday locations.
The company continues to upgrade and renovate its existing resorts to raise the product and service standards across its network.
The company is also planning to expand to 19 locations from the current 15 locations in the immediate future. Over the next few years, the company will spread its wings further since it has a land bank of 15 additional sites where it can construct leisure resorts.

What's your business strategy?

We intend to build on the momentum gained in FY12 by continuing the process of rebuilding the Company through additional investments in our product, service, people and technology as this will be key to consolidating and accelerating Sterling's resurgence

Brief us about your financials?

The company has announced its results for the quarter ending 30 June, 2012. The company continued to witness an impressive growth momentum with Income from Sales of Vacation Ownership Plans increasing by 250% from Rs.4.5 crore in the previous year to Rs.15.8 crore.
The quarterly Total Operating Income was Rs.31.7 crore, as compared to Rs.18.5 crore for the same period of the previous fiscal representing a 71% growth.
The company declared an EBITDA of Rs1.80 crore, reflecting a positive growth trend.

What is the outlook of the hospitality sector?

India has vast potential in the domestic tourism sector. The Indian tourism sector witnessed sustained growth in the first decade of the twenty-first century driven by the aspirations of a burgeoning middle class and increased Central and State Government investments in promoting tourism. The direct contribution of the Tourism sector to GDP stood at Rs.1,68,980 crore in FY11 and is projected to rise by 7.6% in 2012 and 7.7% per annum thereafter right through to 2022.
The growing interest in travel by Indians is also reflected in the fact that India is one of the fastest growing outbound travel market in the world today, clocking an impressive growth of 20% over the last few years. There were 6.39 million

Foreign Tourist Arrivals in India in 2011 as compared to 5.8 million in 2010, representing a growth of 8.9%. More significantly, India still has only 0.64% share of world tourist arrivals – a figure that indicates the enormous room for growth in a country that is acknowledged to be rich in culture, heritage and natural resources. However to accentuate the growth India will need to encourage and accelerate investment in the availability of good quality and affordable hotel rooms since the country has just 1,68,856 hotel rooms today.

In the area of Vacation Ownership, there is increasing awareness of the concept, accompanied by a favourable disposition towards buying 'holiday plans' for longer tenures. This is in line with the growing consumer interest and demand for leisure travel.

What are your fund raising plans?

We are currently debt free and have no plans to raise debt as we think we will be able to fund our expansion through internal accruals.

Our immediate focus is on raising the customer satisfaction levels by investing in the refurbishment and upgradation of our resorts to contemporary, best-in-class standards. We are simultaneously concentrating on expanding our destination footprint, as evident by the opening of 3 new destinations in quick succession. The overall investments in the current fiscal will be around Rs.120 crore, which come through revenue, equity and internal accruals.

Do you expect an increase in average room rates?

We have raised our room tariffs for our Hotel Stay guests in line with our enhanced standards and in order to cover inflationary costs. The tariffs, however, are still market competitive and value-for-money. In the case of our Vacation Ownership members, their room rates are protected as they purchase a plan of 25-years tenure.

What is your revenue mix?

Sterling Holidays has 3 lines of business: Vacation Ownership plans, Hotel Stays and Meetings & Conventions solutions. As on date, we have around 1,374 apartments spread across 18 resorts. Out of 1,374, close to 1,100 are our own apartments and the rest are leased. The company's vacation ownership membership base stands at 65,000 of which 56,000 joined in 1986 when Sterling commenced operations. We are targeting 80% revenue from our members and 20% from the normal hotel business.

(Courtesy: www.IndiaInfoline)

GURU SPEAK **- By G.S. Roongta**

Markets await policy action

By G.S. Roongta

The stock market sentiments got a boost last week on the pronouncements made by Mr. P. Chidambaram who has taken charge of the Finance Ministry once again. But we have yet to see these announcements being translated into policy action and how effective they prove to be. They should not turn out to be some old wine in a new bottle.

India Inc., FIIs and the markets cheered the FM's promise to initiate action to control the fiscal deficit, tackle inflation, by cracking down on the supply side, review and defer the GAAR provisions and create conditions for a regime of lower interest rates. His statement that it was his duty to regain the confidence of all stakeholders was most reassuring and sent the benchmarks soaring. It is obvious that he will have to modify and fine tune some important policy measures that have led to the current policy paralysis and inaction in the government.


G. S. Roongta

His statement at a hurriedly called press conference led the market to bounce from a sideways or choppy trend as the BSE Sensex climbed 215.03 points to close at 17412.96 while the CNX Nifty gained 66.85 points to close at 5282.55 on Monday, 6th August 2012. The benchmarks had hit an intra-day high of 17451.53 on the Sensex and 5293.20 on Nifty after opening at 17313.05 and 5260.85 respectively.

Reliance Industries, a market leader, rose by a handsome 5.71% after a long time on news that the company had agreed to share KG-6 accounts with the Comptroller and Auditor General (CAG) besides making fresh investments in another four blocks including KG D-6 which was proving unproductive so far. The other stocks that rallied included Reliance Capital, Gujarat State Petroleum, Rural Electrification Corporation, Wockhardt, Tata Motors and Cement stocks as an industrial segment.

The rally on Monday was further extended on Tuesday, 7th August 2012 as the Sensex hit a high of 17641.55 and closed at 17601.78 gaining 188.82 points and the Nifty climbed 54.15 points to close at 5336.70 respectively.

OCL India

This company came out with robust Q1FY13 results as net profits flared to Rs.66 cr. from a loss of Rs.27 cr. in the preceding quarter of Q4FY12 and a net profit of Rs.25 cr. in the previous corresponding quarter of Q1FY12. The OCL share price has hit a high of Rs.128 from a low of Rs.75.

The stock had hit a low after the announcement of its FY12 results and the company reported a change in calculating depreciation from the straight line method (SLM) to the written down value (WDV) method. This announcement had sent the stock crashing from Rs.110 to Rs.85 and later to touch Rs.75. Now within two months, the stock has risen 75% to Rs.128! This is indeed unfair to common shareholders who do not understand the impact of such a change in accounting method adopted by the company to reduce its tax burden temporarily.

Century Textiles

Century Textiles & Industries, as pointed out earlier, is another company that confused investors while declaring the FY12 results along with the Q4FY12 figures. It was really very strange to find its FY12 profit plummet to just Rs.22.13 cr. from a net profit of Rs.237.49 cr. in FY11 despite the company having presence in cement manufacturing with year end installed capacity of nearly 10 million tonnes, which will rise to 12.8 million tonnes after the completion of the expansion project under progress.

When medium and small cement plants like JK Cement, JK Lakshmi Cement and Orient Paper reported 100% higher profitability both for the year ending 31st March 2012 and Q1FY13, how did Century Textiles report such a drastic fall? This is indeed a big question mark on the company adhering to corporate governance policy in the real sense while sharing information with other stakeholders.

The company is also getting into the Real Estate business in a big way and the expenses incurred for completing the project seems to have taken a toll of its profitability, which is quite evident with the higher outgo of depreciation of Rs.258 cr. (Rs.240 cr.) and finance cost of Rs.172 cr. against Rs.118 cr. last year. Despite the highly reduced taxation liability from Rs.106 cr. to Nil in 2011-12, the company failed to maintain its bottomline!

In view of the limited review about its actual performance and the reason for the drop in its bottomline, the stock of Century Textiles crashed from a high of Rs.385 to Rs.285 after the declaration of its FY12 results as reported by us earlier.

This is the foremost reason why the B.K Birla and Aditya Birla Group of Companies do not command much fancy among investors and their share price movements lack confidence. Readers must have observed that Hindalco Industries and Aditya Birla Nuvo do not join the race when there is a stock market rally but tend to decline disproportionately more when the market falls. Hindalco, which used to boast of enhancing shareholder value in its Annual Reports, has stopped doing so. This is because the shareholder value has reduced in reality as its Re.1 paid-up share is traded at Rs.112 as against Rs.800 for a Rs.10 paid-up share over a decade ago. This is a clear example of how much the Hindalco management has strived to enhance shareholder value.

The mainline media comprising the TV channels of business newspapers lack the ability to pin point such realities while they sing praises about the bold expansions and dynamism of such groups. It matters little to them that all this happens at the cost of the shareholders who remain in the dark about their legitimate rewards.

On Wednesday, 8th August 2012, the benchmark indices slipped after climbing to the last resistance levels of 17726. 64 on the Sensex and 5378 on the Nifty. The Sensex failed to break the 17800 barrier with force as it attracted large scale profit booking at higher levels. Both speculators and investors were in doubt that the higher level may not be sustainable.

The bulls and bears battled hard at this level to prove their might. In view of this fierce fighting, the indices once again turned volatile as the Sensex closed with a loss of just one point at 17600.56 followed by the Nifty which gained one point to close at 5338. The Nifty Futures premium fluctuated between a low of Rs.8 to Rs.25 which clearly indicates that the market strength lies in Nifty Futures and F&O stocks while the cash segment remains dry as usual for lack of significant investment buying.

On Thursday, 9th August 2012, the Sensex again faced profit booking at higher levels and slipped into the red at 17560 losing 40 points while the Nifty closed at 5322 for the loss of 15 points.

Friday, 10 August 2012, was no different as the markets fluctuated in a range bound territory as the Sensex lost 3.13 points to close at 17557.74 while the Nifty lost 2.55 points to close the day and week at 5320.40.

Thus while the trend is bullish, the markets await a positive trigger to breakout above Sensex 17,800 and Nifty 5400. Till then, it will consolidate at these levels.

The FIIs are still positive about the Indian stock markets as they continue to plough in funds week after week to enhance their overall tally of net purchases. On 6th August, FIIs bought stocks worth Rs.569 cr., on 7th August it was Rs.862 cr., on 8th August they bought worth Rs.1114 cr. thereby taking their net purchases to almost Rs.55000 cr. in 2012 till last week.

The corporate results season for the 1st quarter of the current year will come to an end this week. The results have, more or less, been positive despite the fall in GDP growth, higher inflation and fall in industrial production.

Crude oil and coal prices declined after the 1st quarter because of which Q2 corporate results should be better. The market has started taking cues of this development with FIIs leading ahead. Mutual Funds, High Networth Investors and Domestic Financial Institutions, who have been net sellers and supplying the stocks against the FII purchases, may realise about this change in market outlook when the Sensex touches 18000 and the Nifty crosses the 5600 mark.

These levels are not far off if the government initiates some concrete reforms and announces policy action. The bears are always in the habit of rushing to cover their short positions when the market leaps forward suddenly. This will only help push up the market further.

Cement is the only sector which has turned bullish but this trend may soon extend to Steel, Textiles, Sugar and Engineering in the days to come, which will then bring about a strong revival in the stock markets.

STOCK WATCH - By Saarthi

Since the last couple of quarters, **Mangalam Cement (Rs.502157) (Rs.139.50)** has been reporting an encouraging performance and Q1FY13 was no exception. While sales shot up 50% to Rs.189 crore, PAT more than doubled to Rs.26 crore. Part of the B.K. Birla Group, the company has emerged as a leading integrated manufacturer of world-class cement in North India. It produces Pozzolana Portland cement in Kota, Rajasthan, at its two units of aggregate capacity of 2 MTPA. It has backward integration in the form of captive limestone mines, 35 MW coal based captive power plant in Kota and 13.65 MW wind mills in Jaisalmer, Rajasthan. Its cement is sold under the brand name 'Birla Uttam Cement', which is well accepted in the market. It sells cement primarily in the markets of Rajasthan, Madhya Pradesh, Haryana, Uttar Pradesh, Delhi, etc. through a network of 1020 dealers and various sales offices in North India including regional offices at Kota, Jaipur & Delhi. It sources limestone, the major raw material, from its captive mines in Rajasthan, which have sufficient proven reserves of about 170 million tonnes to support its expanded operations for over 60 years and are located in proximity to the plant enabling the company to optimise costs. It also has coal linkages which meet 65% of the company's requirement. To accelerate its growth momentum, the company was planning to set up 0.7 MTPA grinding unit at Aligarh, UP (phase II) at a total cost of Rs.200 crore. However, since the pollution clearance for it is expected to take time, the company has deferred this project. It has now taken up a project to enhance its clinker capacity to 6,600 TPD (2.2 MTPA) through debottlenecking and setting up of a higher capacity (3700 TPD or 1.2 MTPA) grinding unit at the existing plant premises in Rajasthan along with upgradation and modification of existing facilities. This project of Rs.500 crore is proposed to be financed by a debt-equity ratio of 3:1 and scheduled to get completed by end 2013. Meanwhile, a second thermal Captive Power Plant of 17.5 MW has been commissioned which will cater to the expanded capacities. Since the company enjoys a virtual debt-free status as on 31st March 2012, obtaining loans is not a challenge. Incidentally, the proposed scheme of merger of Mangalam Timber Products Ltd, a group company engaged in manufacturing of fibre Board, with the company has been withdrawn by the Board in view of considerable delay in obtaining the requisite approvals. At the current market cap of Rs.350 crore, the stock is trading at a forward multiple of less than 5. Accumulate at declines.

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In anticipation of good Q1FY13 performance, the share price of **Balaji Amines (Code: 530999) (Rs.40.10)** rallied 20% from Rs.36 to around Rs.44 in June 2012. By end of July 2012, the company announced excellent results for the June 2012 quarter as it reported over 100% jump in bottomline to Rs.14.60 crore but did not make any provision for income tax. Subsequently, the next day it declared revised result with tax provisioning of Rs.5.20 crore and PAT of Rs.9.40 crore, which is still 30% higher than Q1FY12. However most of the financial portals, including the largest one in India, still show Rs.14.60 crore as PAT. The company is India's largest manufacturer of methylamines and their derivatives with a market share of over 60%. Besides it boasts to be the world's largest producer of Di-Methyl Amine Hydrochloride commanding nearly 90% share of the global market. Apart from amines, it has built its forte in speciality chemicals and is known to be India's only manufacturer of N-Methyl Pyrrolidone (NMP), Gamma Butyro Lactone (GBL), Morpholine, Povidone and N-Ethyl-2-Pyrrolidone (NEP). Besides, it is the first Indian company to set up dedicated plants for the manufacture of 2 Pyrrolidone (2-P), Poly Vinyl Pyrrolidone (PVPK 30), MMAE, DEAE, DMU and DMAE, which are widely accepted by its clients the world over. Apart from chemicals, it also manufactures agrochemicals, rubber, refineries and other industrial products. In 2010-11, the company augmented its production capacity by 30% taking the total installed capacity to 70,000 TPA of amines/chemicals. Recently in March 2012, it commissioned a new plant to manufacture of Methyl Amines (Mono-Di-Tri) with an installed capacity of 30,000 TPA at MIDC, Chincholi. With the commencement of this plant, its total installed capacity stands augmented to 100,000 TPA. Further, as a part of diversification and to utilize its surplus land, the company has ventured into the hotel business and is developing a 120 room five star hotel in Solapur at an investment of Rs.40 crore. The Hotel is scheduled to be operational by March 2013. It has even signed an agreement with the Sarovar Group of Hotels for operating / managing this hotel property. For FY12, it clocked 25% higher turnover of Rs.450 crore with 36% rise in PAT to Rs.36 crore posting an annual EPS of Rs.11 on its equity of Rs.6.50 crore having face value of Rs.2 per share. Exports contributed over one-fifth of total revenue as for the first time it exported Rs.100 crore worth of products during 2011-12. Considering the company's manufacturing capabilities and leadership position in its segment, it's a screaming buy at current market cap of just Rs.130 crore.

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Last week, **Lloyd Electric & Engineering (Code: 517518) (Rs.45)** came out with encouraging set of results. For June 2012 quarter, while sales rose 25% to Rs.312 crore PAT jumped by nearly 40% to Rs.15 crore clocking an EPS of almost Rs.5 for the single quarter on a standalone basis. For FY12, it registered a topline of Rs.903 crore (up 15%) with bottomline of Rs.36 crore (marginally down). The company is the largest manufacturer of heat-exchange coils commanding 35% market share in India with an installed capacity of 12 lakh coil units. It also manufactures and supplies evaporator and condenser coils to original equipment manufacturers (OEMs). It has a wide range of products that cater to all segments of the refrigeration and air-conditioning industry. Its customers include leading air-conditioner (AC) manufacturers besides the Indian Railways. Through its European subsidiaries, the company has access to large and diversified customers throughout Europe. Presently, it has five manufacturing units: one each in Bhiwadi (Rajasthan), Kala-Amb (Himachal Pradesh), at Dehradun and Pantnagar (both in Uttarakhand), and at Ranipet (Tamil Nadu). It is now commissioning a new unit in Haridwar (Uttarakhand). The company also manufactures air conditioners and has capacity to make 6 lakh AC units per annum. Of late, the company has decided to acquire the heat exchanger business of Perfect Radiators & Oil Coolers Pvt Ltd and to enter the retail segment of consumer durable goods by acquiring intangible rights, title, and interest in the registered trade logo 'Lloyd' from Fedders Lloyd Corporation Ltd, a group company. Earlier in 2008 & 2009, it made two acquisitions in Europe - Luvata Czech s.r.o (Luvata Czech), a Prague-based manufacturer of customised finned-pack heat exchangers and Janka Radotin a.s. (Janka Radotin) a Czech-Republic-based manufacturer of various types of air-handling products. Due to the ongoing recession and debt crisis in Europe, these acquisitions are not performing as expected. Secondly, the company's operating profitability is vulnerable to the volatility in prices of its key raw materials like copper, aluminium foil, and steel, which account for 80% to 85% of the company's operating income. Nevertheless on a standalone basis, the company has been doing well and at the current market cap of less than Rs.150 crore, the stock is a good buy that can be held for a couple of years.

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Venus Remedies (Code: 526953) (Rs.203.05) is one scrip that is trading cheap despite reporting good performance consistently. This is mainly on account of two reasons – first, the company had defaulted on repayment of its foreign currency convertible bonds (FCCBs) in May 2009 and signed a settlement agreement with the FCCB investors in April 2010. It subsequently repaid FCCB investors partially in April-June 2010 and has outstanding FCCB repayment of USD 5 million that falls due in February 2015. Secondly, the promoters hold nearly 35% stake and have pledged almost 60% of their holdings. In fact, the main promoters Pawan Chaudhary and Manu Chaudhary, have individually, pledged 90% of their holdings. Barring these two so called 'drawbacks', the company is among the very few that has a consistent focus on injectables the highest end of the formulation value chain marked by stringent manufacturing standards deep domain knowledge and low competition. In fact, it is the first & only company in India to manufacture fixed-dosage combination (FDC) injectables and among the 10 leading FDC manufacturers in the world. Today, the company possesses an active range of over 75 generic and innovative products (largely through injectables) in different therapeutic segments like oncology, cardiovascular, antibiotics, neurology, anti-infective, anti cancer, etc. It has set up a full-fledged clinical research division which specializes in conducting phase I, II, III and IV trials and bio equivalence studies. With a manufacturing plant in Germany and 11 marketing offices across the globe, it has presence in over 60 countries. To enhance its global footprint, it has entered into an alliance with 20 leading global marketing companies. It has received 74 patents from domestic and overseas authorities out of the 341 patents filed in over 51 countries. To capitalize on its patent products, the company is in active discussions with global pharma companies to out-license patented products in specific geographies and has already out-licensed Sulbactomax to a renowned South Korean pharma company. In India, backed by a strong marketing network of 40 distributors, 2,000 stockists, 40,000 chemists and 120,000 doctors, the company claims to have Asia's largest injectable manufacturing capacity. It also has the distinction of launching the world's first one-a-day pain killer injection under the brand ACHNIL in 2011- 12. Last month, it introduced for the first time a nano technology based "ready-to-use" single vial docetaxel in the domestic market under the brand name 'Taxedol'. As of now, the company has researched and developed 11-12 novel products of which it expects 5-6 products like Sulbactomax, Vancoplus, Potentox, Tobracef, Achnil, Taxedol to be the major growth drivers in coming years. For Q1FY13, it registered 15% growth in sales to Rs.113 crore and 25% growth in EBITDA to Rs.30 crore. However due to high depreciation provisioning, its PAT grew marginally to Rs.14 crore. At the current market cap of Rs.200 crore, it's a good buy for the medium to long term although technically the share price has seen a smart rally in the recent past.

FIFTY FIFTY - By Kukku

*** K.C.P. Sugar and Industries Corporation Limited (KSICL) (Rs.19.90)** Late Sri V. Ramakrishna promoted the Company The K.C.P. Ltd. on 03.07.1941. It has over the years grown multi-fold with multi-product activities. In the light of its large operations, the Management of The K.C.P. Limited decided to hive off the Sugar, Distillery, Environment and Workshop operations under the management of K.C.P. Sugar and Industries Corporation Limited (KSICL), Chennai, on 11.10.1995 under the leadership of late Sri. V.M. Rao, Chairman and Managing Director, who was a Chemical Engineer and a post-graduate in Science from Massachusetts Institute of Technology, USA, with over four decades of experience in the sugar industry.

Thereafter, the company witnessed steady growth. It is engaged in the manufacture and marketing of a wide range of products that can be broadly classified under three groups, viz., (1) Sugar (2) Bio-products (3) Engineering unit for the manufacture of solid liquid separation equipments through its subsidiaries. Thus it caters to the needs of many process industries and contributes to sustain pollution-free environment.

Vuyyuru:- This sugar unit was established at Vuyyuru in 1941 with a crushing capacity of 600 TCD. The present crushing capacity is 8500 TCD and this is one of the largest sugar factories in the country and also among the most modern. The State-of-Art Technology is continuously tried and incorporated in this plant.

There is a Distillery at the Vuyyuru Sugar Factory with a capacity of 50 KLPD, upgraded from 25 KLPD. The plant has been designed to produce bio-ethanol to fall in line with the government's policy and to meet the target to reduce the import of crude oil and save foreign exchange.

The sugar unit at Vuyyuru also has a cogeneration plant to produce 15 MW of power.

Lakshmipuram:- This is among the most modern plants with a crushing capacity of 4500 TCD. It has a Cogeneration power plant with 5 MW capacity, which has been in operation since January 2006.

KSCIL is one of the most efficient units with very low debts to benefit by the upturn in the sugar cycle. The company has delivered good results even during unfavourable times declaring dividends for last 9 years consistently.

For the audited full year FY12, net profit rose 123.42% to Rs.26.43 crore as against Rs.11.83 crore in FY11. Sales rose 52.21% to Rs.410.60 crore in FY12 from Rs.269.76 crore in FY11.

Q1FY13 was very encouraging as sales went up 12% to Rs.105 crore but PBDT shot up 49.67 % to Rs.15.73 crore while net profit shot up 27% due to provision of tax of 2.5 crore against nil in Q1FY12.

The company is said to be holding good inventory of sugar & baggase and is expected to benefit by better sugar prices in the current quarter and deliver excellent results in the coming quarters.

Besides having a very efficient and well integrated sugar unit it also has an engineering unit Eimco-KCP Ltd. a wholly owned subsidiary of KCP sugars and Industries corpn. Ltd., Chennai, The Eimco-K.C.P Ltd. is one of the leading supplier of equipment and technology in India for Liquid - Solid separation and Biological treatment processes**.** The company's products and technical services are extensively used in Mineral processing, Chemical processing, Food processing, Refining, Pulp and paper manufacturing, Municipal & Industrial water and waste water treatment. Its order position is said to be encouraging and it is likely to generate sales of around Rs.50 crore in the current year against Rs.30 crore last year.

The company's market cap is around Rs.227 crore while its gross block is Rs.229 crore. It has investments of around Rs.24 crore and the book value of the share is Rs.15.6. The 52 week high is Rs.21.

Investors can accumulate this stock in portfolio to take benefit of the upturn in the sugar cycle.

The management is liberal in rewarding investors. Stock is cum dividend of 70% and it is possible that an interim dividend may be declared over the next few months.

The stock faces resistance at Rs.21 level. A sustained closing above this level is likely to give decent returns over the next 6/8 months.

*** Haldyn Glass (Rs.16.70)** which was recommended at Rs.12/13 level recently has reported encouraging results for the June 2012 quarter as net profit jumped by 48 % Rs.7.24 crore on sales of Rs.42.78 crore.

Operating margins improved from 24.5% to 30.2% while net profit margins improved from 12.33% to 16.92%. The margins of the company are the best in the industry.

Stock is cum dividend and investors can continue to hold this stock or even accumulate on dips for decent long term growth.

*** Hind Rectifier (Rs.43.60):** Seeing to the nature of business & execution cycle of business investors should not see quarter to quarter in this business. Its 1st quarter profit is down Investors can take this opportunity to accumulate this stock on dips. Management has confidently given better outlook in the recent AGM and projected sales of Rs.150 crore with net profit of around Rs.14/15 crore barring unforeseen circumstances.

*** Modison Metals (Rs.41)** has projected sales of around Rs.200 crore in the recent AGM though profit margins are likely to remain in pressure till we see a pick-up in the economy. Investors can continue to hold this stock. Near-term trigger in the stock is the technology & financial tie-up with strategic investors, which is likely to rerate the stock whenever that happens.

*** Premier Ltd. (Rs.70.15)** has reported good improvement in the 4th quarter of last year, if the company is able to report similar growth in future, we may see the stock getting rerated. Main trigger for the company is the sale of land, which is likely to make the company debt-free. Company is also hopeful about sales of its SUV, RIO, as FIAT India Automobiles Ltd. have signed a three year agreement for the supply of FIATs 1.3 litre multi-jet diesel engine to be used in Premiers compact SUV RiO.' Stock is cum dividend 30% at current levels.

*** Manali Petro (Rs.10.55)** has reported net profit of Rs.10.09 crore which is 21.5% higher compared to last year on sales of Rs.154 crore which is higher by 12% compared to last year. Seeing to the overall business sentiment, the results are quite good. Investors having patience can accumulate this stock on dips.

*** Shasun Pharma (Rs.131.85)** is targeting sales of Rs.1200 crore in FY13 with EBIDTA margins of 14/15%. Last year it had clocked sales off Rs.755 crore with EBIDTA margins of 13.44%. Investors can continue to hold this stock for decent long-term growth.

*** Empee Distilleries Limited (Rs.72.40)** Book value of the share is Rs.131 and it paid a dividend of 50% last year on Rs.10 paid-up face value of stock. The management is likely to maintain the same dividend in FY13. The scheme of arrangement for amalgamation of Empee Distilleries with Empee Sugars and Chemicals (ESCL) is approved. The merged company is likely to report better results in view of the upturn in the sugar cycle. The 52-week high of the stock is Rs.105. Investors can keep a watch to accumulate this stock.

*** Thirumalai Chemicals (Rs.97)** has reported an encouraging 1st quarter. Investors should not anticipate similar performance in this quarter, as price realisation was higher in Q1FY13. Moreover, the company had the benefit of low cost raw material inventory from last year. Investors need to be cautious in such commodity stocks and should avoid buying at higher levels.

*** Relaxo Footwear (Rs.555)** results are excellent. Investors can continue to hold stock for the next target of Rs.750 before review as falling rubber prices will benefit the company further.

*** Technocraft Industries (Rs.63.70)** was advised at Rs.32/34 level a few months back and has moved up well. Investors can book part profit and switch to Apcotex at Rs.165/170 levels.

*** Mahindra Ugine (Rs.47.40)** has reported a loss of Rs.38 crore during the 1st quarter, Restructuring is delayed further and the slow down in the auto sector is affecting company badly. The management failed to deliver good results even when the economy was doing well. Investors have got no return over the last 50 years in spite of the strong backing of the Mahindra group. Investors need to be cautious. Stock may plunge below Rs.40 level.

*** Petron Engineering (Rs.171.45)**: Investors need to be cautious as there is no inflow of orders to the company. Funds are blocked in a project in which payments are delayed and is likely to affect the company's profits in future. Moreover, the company's order have no price escalation clause. Hence it may face painful times. Investors can think of switching to **EIL** or **Jyoti Structures.**

Note: Though business sentiment is bad, market may see liquidity driven upward moves which may surprise investors who are still on the side lines. Sugar stocks have given decent upmove. Investors can continue to hold the same cautiously by keeping a watch on sugar prices.

If there is no adverse global news and if the monsoon picks up well, we may see the Nifty crossing 5400 mark in the near future.

EXPERT EYE

- By Vihari

International Travel House: Long-term investment

The share of International Travel House Ltd. (ITHL) **(Code: 500213) (Rs.181)** is recommended for decent gains in the long-term.

ITHL, an associate of ITC Ltd., commenced operations in 1981 and offers a full bouquet of travel services. Over the years, it has grown to be one of the largest Complete Travel Management companies in India with each product and service bearing the distinct ISO 9001 quality benchmarking. The ITHL network consists of 10 IATA Travel Offices, 13 Car Rental Offices and 19 Travel Counters.

ITHL is one of India's largest branded Car Rental companies with 13 Car Rental Offices in major Indian cities and a fleet of 900 cars in 6 distinct segments: Club, Club Plus, Royal, Royal Plus, Premium and Premium Plus. The car rentals are based on chauffeur driven and self-driven cars. Other services include Transfers, Sightseeing Tours, International Bookings, Motoring Holidays and Travel House Express.

The company offers services like, Business Travel, Car Rentals in India, Destination Management Services, World Class Holidays, Discover India Holidays, India Holidays, Royal Weddings and MICE-The Conference Management Services. It has its own transport fleet of 900 cars and over 700 trained travel professionals. ITC holds 61.7% stake in ITHL.

ITC is a leading player in tobacco products, hospitality, golf resorts, packaging & printing, paper & paperboard, leisure apparels, gourmet processed food, and also a leader in agri-business and IT industries. One of India's foremost private sector companies, ITC Ltd. is rated amongst the world's leading companies by Forbes Magazine and has a market capitalization of Rs.1,97,000 crore.

ITHL is a member of the India Convention Promotion Bureau (ICPB) and recognized as a leading conference organizer by the Department of Tourism, Government of India, and the first ISO 9001 multi-location travel management company with 42 offices in all major cities of India.

ITHL has recently become a member of the worldwide Global Star Travel Management network, which enables it to extend its reach globally to render better service to outbound clients and also enables effective servicing of multinational / global clients as per global standards. Global Star customers receive consistent service wherever they travel because partners are bound by a common code of conduct, technology standards, global account management and service level agreements.

Global Star is a worldwide travel management company owned and managed by local entrepreneurs. Over 70 market leading enterprises, representing over US $13 billion in sales, combine their local expertise, strength and commitment to deliver cohesive, multinational solutions through an innovative technology platform.

The Conference Management Services cell of ITHL handles Meetings, Incentives, Conferences, Exhibitions (MICE) and Events – domestic or international, large or small, beginning with pre-bid assistance, Programme Design and Execution, Logistics & Transport Management, Supplier Management, Venue Selection and Booking, Communication Channels Management, Press and Media Coverage, Event Promotion and Marketing, Conference Secretariat, Hotel Arrangements, Social and Entertainment Planning, Pre and Post Event Tours, and Accompanying Spouse Programmes.

During Q4FY12, the company's net profit advanced by 2% to Rs.3.9 crore on 4% higher revenue of Rs.40 crore. Since it fares tremendously well in the first half of the year, the Q4 results are not indicative of the full year. During FY12, sales rose 12% to Rs.163 crore and net profit by 18% to Rs.19.1 crore, yielding an EPS of Rs.23.9. A dividend of 43% was paid.

ITHL's equity capital is Rs.8 crore and with reserves of Rs.96 crore, the book value of its share works out to Rs.130. With a debt of just Rs.1 crore, ITHL is almost a debt-free company. The promoters hold 61.7% in the equity capital, PCBs hold 4.5% leaving 33.8% with the investing public.

The World Travel & Tourism Council (WTTC) estimates that from direct and indirect activities combined, the travel & tour (T&T) sector accounts for a remarkable 9.2% of global GDP, 4.8% of world exports and 9.2% of world investment. According to the 2010 WTTC report, the global travel and tours industry is expected to grow by 3.2% in 2011 and at a compounded rate of 4.4% in the 10-year period ending 2020.

India is ranked 12th in the region and 68th overall, down 6 places since the last edition. As with China, India is well assessed for its natural resources (ranked 8th) and cultural resources (24th), with many World Heritage sites, both natural and cultural, rich fauna, many fairs and exhibitions, and strong creative industries. India also has quite good air transport (ranked 39th), particularly given the country's stage of development and reasonable ground transport infrastructure (ranked 43rd). However some aspects of its tourism infrastructure remain somewhat underdeveloped (ranked 89th), with very few hotel rooms per capita by international comparison and low ATM penetration.

Tourism in India is the largest service industry, with a contribution of 6.23% to the national GDP and 8.78% of the total employment in India. India attracts over 5 million foreign tourists and 562 million domestic tourists annually. The tourism industry in India generated about US $100 billion (Rs.5,00,000 crore) in 2008, which is expected to rise to US $275.5 billion by 2018 at a 9.4% annual growth rate. According to WTTC, India will be a tourism hotspot from 2009–2018 having the highest 10-year growth potential.

Several reasons are cited for the growth and prosperity of India's travel and tourism industry. Economic growth has added millions annually to the ranks of India's middle class, a group that drives domestic tourism growth. Disposable income in India has grown by 10% annually during the last decade and much of it is being spent on travel.

ITHL is a leader in the corporate travel segment in India. Its client list includes names like Siemens, Citibank, Infosys, ABN Amro and 3M, apart from the ITC Group. ITHL has adopted an aggressive sales strategy of adding not only new accounts but also generate new business from all verticals from existing and new clients. It is making efforts to build synergies with various businesses of ITC especially the hotel division to improve its car rental and travel management/advisory services business.

The Indian economy is expected to a grow at about 6.25% during 2012-13. In anticipation of the growing domestic air travel, various Indian carriers have recently ordered a total of 50 new aircrafts. It is estimated that by 2014, domestic airline passengers in India will grow to 69 million from the current level of 50 million annually.

For FY13, ITHL is likely to post an EPS of Rs.26, which could rise to Rs.30 in FY14. At the current market price of Rs.181, the share is trading at a P/E multiple of 7 on FY13 estimated earnings and 6 times the FY14 projected earnings. The industry average P/E for the Travel sector currently rules firm at 22. The share is recommended with a long-term target price of Rs.260, which would bring a gain of about 44% in the medium-term. The 52-week high/low of the share is Rs.207/155.

TECHNO FUNDA - By Nayan Patel

Camlin Fine Sciences Ltd.

BSE Code: 532834

Last Close: Rs.22.20

Camlin Fine Sciences Limited was founded in 1931 and is based in Mumbai. The company manufactures and exports bulk drugs, fine chemicals, and food grade products. It offers food ingredients including antox tert-butyl hydroquinone and antox butylated hydroxyanisole. The company also offers sweeteners such as sucralose; absorbent polymers; and active pharmaceutical ingredients comprising miconazole nitrate USP, clotrimazole USP, amlodipine besilate EP, amlodipine salts, advanced intermediates of amlodipine, and intermediate of miconazole nitrate. In addition, it provides a range of industrial products consisting of TBC, technical grade TBHQ, and MEHQ for industrial applications. Further, the company develops NanoFresh, a formulation for coating fresh/cut fruits, vegetables, some processed foods, and flowers to enhance their shelf life without altering the inherent attributes of taste, colour, and nutritional composition. The company was formerly known as Camlin Fine Chemicals and changed its name to Camlin Fine Sciences Limited in August 2011.

It has an equity base of Rs.9.36 crore that is supported by reserves of around Rs.43.55 crore, which is 4.65 times its equity. The book value of its share is Rs.10.52. The promoters hold 52.79%, non-promoter corporate bodies hold 8.89%, foreign investors hold 0.39% while the investing public holds 37.92% stake in the company.

For Q1FY13, it posted net sales of Rs.72.23 crore with net profit of Rs.4.28 crore against net sales of Rs.51.80 crore with net profit of Rs.2.54 crore in Q1FY12 (Net sales rose 39.44% while net profit zoomed 68.50% during the quarter). For FY12, it recorded net sales of Rs.252.06 crore with net profit of Rs.10.14 crore against net sales of Rs.164.80 crore with net profit of Rs.6.66 crore in FY11. The Q1FY13 EPS is Rs.0.92 while the FY12 EPS was Rs.2.18. At the current level, the stock is available at a P/E multiple of 10.55. It has paid dividends as follows: FY08:10%, FY09:15%, FY10:20%, FY11: 20% and for FY12 it has paid 25% dividend.

In last four years, the company has shown performance as under.

Year	Net Sales	Net Profit	EPS
2008-09	100.65	3.39	5.84 (Ex-split)
2009-10	125.22	4.29	7.39 (Ex-split)
2010-11	164.80	6.66	7.48 (Ex-split)
2011-12	252.06	10.14	2.18

Technically, the stock has made a strong base near the Rs.20 level and after long consolidation it is ready to move up. We, therefore, recommend to buy this stock with stop loss of Rs.20 for an upper target of Rs.27-30.50

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Printed & Published by R.N. Gupta for the proprietors **Time Communications (India) Ltd.** and printed by him at The Urdu Press 79-A, Jairaj Bhai Lane, Mumbai – 400 008. Registration No.: 63312/91, REGD. NO. MH/MR/South - 72/ 2006-08

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