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Markets hope for a rate cut

By Sanjay R. Bhatia

The government's dilly-dally approach in announcing financial reforms saw the markets correct last week. The government once again sought time till end of August 2012 after the election of the Vice President. The earnings season continued to paint an average picture, while the monsoon continued to play truant. Incidentally, the FIIs were net sellers in the cash segment but were net buyers in the derivatives segment. Domestic institutional investors, however, were seen supporting the markets at lower levels and remained net buyers during the course of the week.

The breadth of the market for the week remained negative amidst higher volumes, which is a negative sign. On the global front, the European Central Bank (ECB) chief assured that it would take coordinated action along with Euro zone governments to reduce Spanish and Italian borrowing costs. On the domestic front, the OMCs realigned prices of petroleum products, while the government failed to announce any reforms post Presidential elections making it difficult for the RBI to announce any rate cuts at its forthcoming meeting.

Technically, the prevailing technical negatives continued to weigh on the market sentiment. The RSI and KST are placed below their respective averages on the daily and weekly charts. The Nifty is placed below its 50-day, 100-day and 200-day SMA. The MACD, RSI and KST are all placed below their respective averages. Further, the MACD and KST are placed in the negative territory and warn of impending selling pressure. The Nifty's 50-day SMA is placed below its 100-day SMA.

A few technical positives, however, still prevail, which would lead to short covering at lower levels. The MACD has moved above its average on weekly charts and the Stochastic is placed above its average on the daily charts and is placed in the oversold zone. These positives would lead to intermediate bouts of short covering and selective buying support. The ADX lines, -DI line and +DI line are moving sideways on the weekly charts indicating a range bound market.

But the market sentiment remains negative as the Nifty trades below its long term 200-day average. Now it is important that the Nifty moves and sustains above its 200-day average for buying support to re-emerge. The markets would remain volatile ahead of the RBI's monetary policy meet. In the meanwhile, the markets would continue to take cues from the earnings season, global markets, crude prices, RBI's forthcoming monetary policy and the Dollar-Rupee exchange rate.

Technically, on the upside the BSE Sensex faces resistance at the 16882, 17618, 17919, 18290 and 18428 and seeks support at the 16677, 16553 and 15965 levels. The support levels for the Nifty are placed at 5047, 5000, 4950 and 4859 while it faces resistance at the 5104, 5250, 5333, 5379 and 5464 levels.
Investors should wait & watch.

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Betting on reforms

By Fakhri H. Sabuwala

16 consecutive days of net purchases in the Indian equity markets by FIIs may be one of the longest stretches of their interest and second only to the one witnessed in February 2012. Going by the cumulative count, the FIIs have bought to the tune of Rs.9815.2 crore in July 2012 and are net buyers to the tune of Rs.51895.4 crore in 2012 so far.

A lot of this buying happened as a result of Pranab Mukherjee's shift from Finance Minister to the President's post and the way the Congress handled his campaign and brought it to a satisfying end. Their interest is generated on expectations of continuation of this bold approach by the Congress and use the elbow room that it now has in the absence of any political challenges till 10 States go far elections next year and the general election follows in 2014.

FII fund managers and analysts who subscribe to this optimism are placing their bets on:

1) A hike in diesel, kerosene, LPG and urea prices. This is very crucial for the tightening of subsidies, which will go a long way in controlling the rising fiscal deficit. It is believed that the government not only has the support of the coalition partners but also the opposition benches. Such a move will send positive signals to investors that the government means business and is in no mood to play the populist card at a high cost. Also the subsidy on diesel is more a subsidy to the rich than to the poor given the use of the diesel in private cars. Rationing of LPG cylinders may also rationalise their usage and make pricing more sensible.
2) A burial of the controversial general anti avoidance rules (GAAR). This shall send a very positive signal to the foreign direct and indirect investors.
3) The introduction of GST soon.
4) Fast track clearance of investment proposals in the infrastructure projects and their early and timely execution.
5) Power segment to be tackled on a war footing enabling power projects to get regular supply of coal and also linking the cost per unit to consumers leaving enough room for profit for power generators and distributors.
6) Clearance of FDI in sectors like aviation, retail, insurance etc.

The FIIs funds are also coming in because of the dual advantage of the cheaper Rupee and cheaper valuations available on the Indian bourses. The Rupee is hovering around an all time low to the US Dollar at Rs.56.24 and any further fall will be an advantage (profit) to the FIIs who have invested dollars. Any gain in stock values will be an additional gain to them. The BSE Sensex, which is representative of the broader market is hovering around a P\E multiple of 11.75 compared to its long time average of 15.

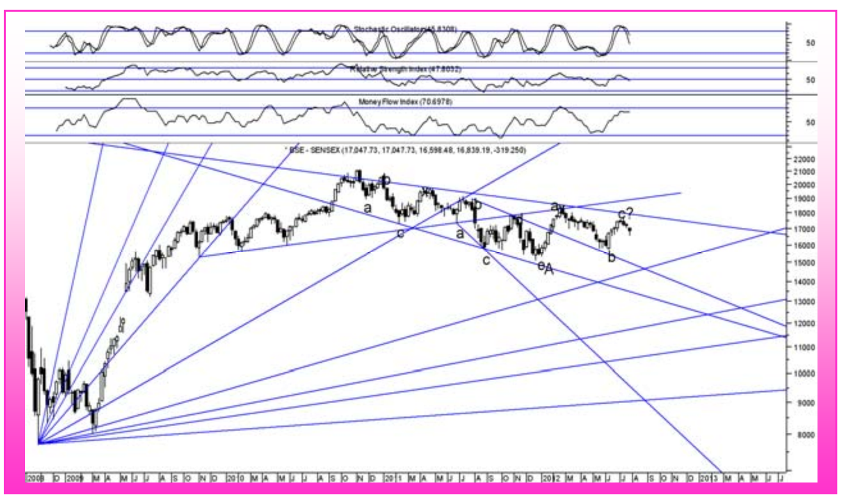
Now it all depends how soon the government takes the bold steps and gets the economy on track. It seems the Rain Gods, too, are waiting for the government to take the first step and then shower their bounty. By now, the monsoon is 22% deficient but a couple of thick spells can change the scenario from deficit to average or even surplus. So it's 'Love All' for now. Let Manmohan Singh begin the serve and create a smart rally.

TRADING ON TECHNICALS

Further weakness below 16500

By Hitendra Vasudeo

Last week, the BSE Sensex opened at 17047.73 and maintained the same as the high for the week at 17047.74. The Sensex fell to a low of 16598 and closed the week at 16839.19 and thereby showed a net fall of 319 points on a week-to-week basis.



The retracement levels of the rise from 15748 to 17631 are placed at 16904-16698-16543. The low registered last week was 16598 and it closed at 16839. The retracement level of 16543 was almost tested as the low made was 16598. Further

weakness will continue below 16500.
Weekly resistance will be at 17058 and 17507. Weekly support will be at 16609 and 16159.
Indicators on weekly charts are helpless and do not offer any significant clues for the near term. The Stochastic on weekly chart, which was in the overbought zone, led to the correction in the Sensex. A rush down into the oversold zone on the Stochastic may help to create a bottom of uncertain timeframe. Currently, it appears that the Sensex has downside scope with volatility. A sustained fall and close below 16500 with a deeper negative candle may extend the slide to test back 15748 or below.

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	July	2012	17631	Probably Near Term Top Made

Alternative structures

Wave C- 21108 –November 2010 till now in progress
Wave A of Wave C from 21108 to 15135;
Wave a- 21108 to 18954;
Wave b- 18954 to 20664;
Wave c- 20664 to 17295;
Wave x- 17295 to 19737;
Wave a- 19737 to 17314;
Wave b-17314 to 18944;
Wave c-18944 to 15765;
Wave d-15765 to 17813;
Wave e-17813 to 15135;
Wave B of Wave C from 15135 to till date move; If Wave B is ended at 17631 then major Wave C of Wave C will open up. But it appears that more time may be spent further before a slide. So let see in weeks to come what could be the final course of movement.
Or
Wave x-15135 to 17523
Wave a-17523 to 15748
Wave b-15748 to 17631
Wave c-17631 to till date low of 16598

Conclusion

Correction is still under progress and correction may end if the close is above 17318. Weakness may persist if the close is below 16500

Strategy for the week

Exit long and sell on rise to 16828-17058 with a stop loss of 17318. Sell further on fall below 16500 with the high of the day as stop loss or 17100, whichever is higher.

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			
MADRAS CEMENTS	158.25	153.4	154.2	157.5	161.5	168.8	69.2	155.9	27-07-12
ULTRATECH CEMENT	1627.80	1550.0	1573.2	1604.6	1659.2	1745.2	63.2	1576.6	15-06-12
ITC	254.40	248.0	249.3	253.1	258.3	267.3	61.9	253.4	27-07-12
SATYAM COMPUTER	84.35	81.1	81.6	83.8	86.5	91.3	61.9	82.5	25-05-12
ZEE ENTERTAINMENT	160.00	149.1	151.1	158.0	167.0	182.9	61.6	150.5	25-05-12

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				
TORRENT POWER	153.90	129.7	147.5	158.9	165.3	170.3	24.09	170.38	20-07-12
ADANI ENTERPRISE	173.25	140.5	164.5	179.8	188.5	195.0	26.40	206.52	20-07-12
GODREJ PROPERTY	507.40	476.0	497.7	509.7	519.4	521.7	28.32	522.82	22-06-12
WIPRO	334.25	285.9	320.6	341.7	355.3	362.7	28.68	362.19	22-06-12
INDIAN OVERSEAS BNK	70.00	50.6	64.7	73.6	78.9	82.4	29.42	80.54	29-06-12

EXIT LIST

Scrip	Last Close	Sell Price	Sell Price	Sell Price	Stop Loss	Target 1	Target 2
ASIAN PAINTS	3505.00	3645.49	3706.50	3767.51	3965.00	3128.5	2611.5
CRISIL	929.00	987.37	1012.50	1037.63	1119.00	774.4	561.4
JUBILANT FOODWORKS	1138.20	1174.28	1193.50	1212.72	1274.95	1011.4	848.5
NESTLE INDIA	4448.00	4485.29	4507.00	4528.71	4599.00	4301.3	4117.3

TOWER TALK

* After the standoff with its workers in Haryana **Maruti Suzuki** is actively considering coming to Sanand in Gujarat and join the league of Tata Motors, Hero Motors and M&M etc. at this new destination.

* **HCL Technologies** was seen in Infosys' shadow as far as progress in Q1 is concerned. Almost all the analysts thought it shall go its peer way….but hold your breath here is the result, which beat all the estimates and proved a point that it is alive and not dead or dormant as you may think.

* Lavasa is back in the news for the right reasons. It seems **HCC Ltd.** has settled all its problems politically and is back to work. The scrip may have been dropped from F&O segment but its future looks much better now.

* Fast food majors like McDonalds, KFC, Dominos, Pizza Hut are all going through a tough time with single digit growth in Q1FY13 against double digit growth in Q1FY12. **Jubilant Foodworks** stock may react.

* Sugar seems to be turning bitter at Rs.42 a kilo. The commodity has appreciated over 20% in the last ten days. Book profits in sugar stocks as the government will surely try and tame sugar prices.

* **Jaiprakash Associates** and **JP Power** are burdened with huge foreign currency debts and the group is selling parts of its business ventures to repay its debts. Selling its cement plants may be the beginning of the end!

* Trading pattern suggests something is cooking in the **J. Kumar Infraprojects** counter given the sudden uptick. It may make some good announcement in August 2012.

* **Raj Oil Mills** is contemplating a GDR issue because of which its share price is artificially kept in action. Stay away from the counter.

* Share price of sugar companies like **Balrampur Chini**, **Bajaj Hindustan** etc. have risen on the back of higher prices. But don't get tempted & book profits as sugar cane prices have also increased due to poor rainfall & other factors.
* **Fairfiled Atlas** is looking bullish on the charts. Keep a close watch.
* Almost 51 stocks are being dropped from the F&O segment due to new eligibility criteria on the NSE. Going forward, only 157 scrips will remain in the F&O list from 208 at present.
* Last Thursday, **Tulip Telecom** witnessed a scary free fall of almost 95% in a single trading session. Although the company has clarified that its business operations are in order, investors should wait and watch and avoid buying at current levels.
* In the current market sentiment, investors should adopt a cautious approach and make staggered buying in scrips like **BEML**, **Escorts**, **Monsanto India**, **Torrent Power** etc.
* Last week, a major fire broke out at the Kadi (Gujarat) plant of **Hitachi Home & Life Solutions**. Scrip may correct 30-40% from the current level in the near future. Exit immediately.
* **Reliance Power's** Rosa plant in Uttar Pradesh is now operational. The combined capacity of phase I & II is around 1200 MW (600 MW each). Its coal based 600 MW Butibori Power Project in Maharashtra, has also been synchronized and is expected to go on-stream anytime from now. Many marketmen project a price target of Rs.114-155 for the scrip.
* **Tata Power**, **Reliance Power** and **KSK Energy Ventures** will benefit by the price pooling of imported and domestic coal supplies by Coal India to power companies.
* Some marketmen have given Rs.32-37 as the next target for **Vijay Shanthi Builders**, which was on the verge of hitting 2nd consecutive buyer freeze on Friday.
* Many analysts are bullish on **Anant Raj Industries** in view of it developing its 160 acres land at Gurgaon and bookings worth Rs.500 crore.
* An Ahmedabad based technical analyst forecasts a breakout in **Jyoti Structures**, **Gulshan Polyols**, **Thinksoft** and **Shreyas Shipping Logistics**.

BEST BET

GEI Industrial Systems Ltd. (Code: 530743) Rs.92.00

GEI Industrial Systems Ltd. (GEI) was originally established as an ancillary unit of BHEL in 1970 under the name of General Engineering Industries. Later in 1993, it was incorporated as a company and subsequently Hammon Industries of France bought a 30% stake in it after which the name of the company was changed to GEI Hammon Industries. However in 2008, Hammon exited due to some disagreements and the company was rechristened as GEI. Today, the company is the leader in heat transfer technology and specializes in the design, manufacture, fabrication, testing, erection, commissioning and maintenance of Air Cooled Heat Exchangers (ACHE) and Air Cooled Steam Condensers (ACSC). With a combined capacity of 3,500 MW, GEI is also one of the largest manufacturers of finned tubes in Asia. It caters to the entire spectrum of industries in the energy sector viz. oil & gas, petroleum refining, power generation, transmission & distribution etc. and has emerged as one of the largest ACHE companies in Asia, providing innovative engineering systems and solutions. In fact, GEI was the first to introduce ACSC in 2002 when the awareness to water conservation in power plants just began in India. Apart from the general shortage of water leading to power plant shut down, sea water is no longer a viable option as its passing through cooling systems is not environmental friendly and creates social problems with fisherman. Secondly, the cost of storage, pumping and treatment of water for cooling power application is a major concern. Hence ACHE and ACSC are gaining popularity because of lower pollution and environmental impact than conventional heat exchangers. Apart from manufacturing heat exchangers & steam condensers, GEI has graduated to an EPC player with proven capabilities and is already established in the market. It now offers EPC packages for air handling units, waste management plants and process gas treatment packages. Recently, it even ventured into an EPC package for specific systems in the nuclear power sector.

Initially, GEI was catering to the requirements of smaller power plants in the range of 20MW. But now, it has the capability to bid upto 1,000 MW projects and offer optimum solutions for cooling and condensing services to a reputed clientele comprising domestic and international power EPC players. It has installed four units of 150 MW capacities, which are perhaps the largest capacity ACSC operating in India, and is the market leader in the ACSC segment in India with a market share of 70%. On the other hand, it has a market share of 55% in ACHE, which is used to cool off a distillation column during the refining process. Till date, over 4000 bundles of ACHE and ACSC are operating in India and abroad in the oil, gas and power sector in over 18 countries worldwide including Africa, the Americas, Asia, Europe and Oceania. Its customers include all the top companies in the energy sector like Reliance, ONGC, GAIL, BPCL, HPCL, IOC, NTPC, BHEL, Tata Power, Cairn Energy, ABB, Alstom, Petronet, Atlas Copco, etc. Presently, it exports to over 18 countries and has marketing offices in India, Singapore and Oman employing over 1,000 employees across 5 locations.

GEI has two manufacturing plants in Bhopal. It holds U stamp certification, R stamp certification and NB Marking from The National Board of Boilers and Pressure Vessel. It is ISO 9001-2008 certified following Quality Management Systems for the entire business process right from the basic design to manufacturing and installation at the site. It has a strong in-house team to manufacture customised products and has a captive manufacturing facility of finned tubes, which is one of the key components in the assembly of its products. Along with its wholly owned subsidiary, GEI Power Ltd. GPL, the company has an installed capacity of 40,000 TPA of heat exchangers/steam condensers and 79.20 lakh mtrs of finned tubes. During 2010-11, GEI enhanced the installed capacity of ACHE/ACSC from 12,500 TPA to 40,000 TPA and finned tubes from 49.20 lakh to 79.20 lakh mtrs on commissioning the manufacturing facilities under GPL, which has completed two phases of capacity expansion at a cost of Rs.56.11 crore and has now embarked upon phase-III expansion at a total cost of Rs.70 crore. However this is at the planning stage and the financial closure for the external debt portion is yet to be achieved.

Meanwhile, it is setting up the fabrication unit for its vendors at a cost of around Rs.15 crore. In May 2011, GEI tied up with Innospin AG of Switzerland to offer ACSC for Ultra Mega Power Plants (UMPP) ranging from 200 MW to 660 MW and beyond using a single row tube. Innospin will provide technical support in the form of sizing, detailed design and engineering, assistance for erection, commissioning and performance guarantee. With this tie-up, GEI has emerged as the only Indian company that is equipped to locally manufacture and supply ACSC to new and upcoming super critical thermal power stations.

Going forward, GEI plans to expand its horizon and cater to nuclear, solar and other new industries in addition to pursuing geographical expansion into South East Asia, Middle East and Africa. Currently, GEI is going through a rough phase with a subdued order book position on account of economic & industrial slowdown. Secondly, on the profitability front the company is facing some pressure due to increased raw material costs and other factors.

The key raw materials used by GEI are derivatives of aluminium and steel, whose prices are quite volatile. Nevertheless, backed by over 40 years of experience, GEI is competent enough to overcome such challenges. Last year in January 2011, it attracted investments of Rs.65 crore from Aditya Birla Private Equity, a domestic PE fund by allotting 25 lakh compulsorily convertible preference shares at Rs.250 per share. Part of this money has been utilized for expansion at GPL and partially to fund the increased working capital requirement. Earlier in August 2009, another foreign PE fund, BanyanTree Growth Capital LLC, had invested at Rs.75 per share and holds around 10% stake in the company. GEI has also issued 5 lakh warrants to the promoters which can be converted into equity at Rs.250 per share before November 2012. All this will dilute its equity by 15% to over Rs.19 crore. For FY12, it reported poor performance with a PAT of hardly Rs.0.60 crore against Rs.25 crore in FY11. The coming few quarters will continue to be challenging for the company and it may report losses at the net level. However, considering its engineering/technical capabilities and leadership position, it can be a dark horse for the long-term. Its share price may correct in the near future but at the current market cap of Rs.150 crore it is worth accumulating.

STOCK ANALYSIS

Thirumalai Chemicals: A low-risk pick

By Devdas Mogili

Thirumalai Chemicals Ltd. (TCL) is a 40-year old Mumbai based company established in 1972. It is a leading manufacturer of industrial and speciality chemicals, which include Food Ingredients and Cosmetic Chemicals. The other group companies include Ultra Marine Pigments Ltd., Chemide Manufacturing Company, Lapiz and TCL Research.

Thirumalai Chemicals has two plants, one in Ranipet in South India and the other in Malaysia. Both plants are working at full capacity. S Rama Iyer is the chairman while D R Dhariwal is the CEO of the company.

TCL started with the production of Phthalic Anhydride (PA) in 1976 at Ranipet in Tamil Nadu. Since then, it has grown into a diverse and respected enterprise rapidly expanding into the manufacture of many other critical industrial chemicals like Maleic Anhydride (MA), Fumaric Acid and Malic Acid and various Fine Chemicals and their Derivatives. Today, TCL ranks among the largest producers in the world in all its core products.

TCL started commercial production of 6000 TPA of Phthalic Anhydride (PA) in 1976 under license from Wacker GmbH, Germany. Since then, the capacity has been steadily increased to 145,000 TPA to meet the market demand.

TCL's products are widely used in the manufacture of plasticisers, esters, polyester resins, alkyd paints and blue/green pigments. Fumaric acid is used in the manufacture of soft drink powder concentrates, fruit products, hard candy, digestive tablets, frozen foods and fresh sterilised concentrates.

The Malaysian plant has been running at full capacity for the last two months and the company expects it to post operational profits. By the end of this year, it expects revenues close to Rs.150 crore from this plant.

Subsidiaries: Tarderiv International Pte Ltd., Singapore, is a wholly-owned subsidiary of the Company, which has two step-down subsidiaries viz. Cheminvest Pte Ltd. - Singapore and Optimistic Organic Sdn Bhd Malaysia.

Customers: The company has a reputed clientele which includes companies like Unilever, Henkel, Cadbury, Parle, Pepsi, Asian Paints, Monsanto, Lubrizol, Dupont, BASF, Ciba, Britannia, Dabur, Biocon, Akzo Nobel, Bayer, Nestle Chevron and Micro Inks to name a few.

Exports: In 1995-96, TCL was accorded the status of an Export House. It exports to the Gulf countries, Pakistan, Bangladesh, East Asia and Australia. The company focuses on exports to achieve higher volumes year after year.

Performance: For FY12, the company posted sales revenue of Rs.897.55 crore with net profit of Rs.4.79 crore posting an EPS of Rs.4.67 for the year.

Financial Highlights (Rs. in lakh)

Particulars	Q1FY13	Q1FY12	FY12
Net Sales/Income	**29751**	**14084**	**89755**
Other Operating Income	133	170	788
Total Income	29884	14254	90543
Total Expenses	26030	13275	85313
Other Income	266	14	588
Finance Costs	1644	781	5237
Tax Expenses	797	57	102
Net Profit	**1679**	**155**	**479**
Equity (FV: Rs.10)	1024	1024	1024
Reserves Ex Rev Reserves	12863	9671	10629
Basic/Diluted EPS (Rs.)	**16.40**	**1.51**	**4.67**

Latest Results: Sales rose 111.24% to Rs.297.51 crore in Q1FY13 from Rs.140.84 crore in Q1FY12 while net profit skyrocketed 983.23% to Rs.16.79 crore in Q1FY13 as against Rs.1.55 crore in Q1FY12 and the company reported a basic/diluted EPS of Rs.16.40 as against Rs.1.51 in Q1FY12.

It may be noted that the CEO in a press statement stated that the latest first quarterly result was not a flash in the pan and that the company is now producing products at lower costs and energy consumption has been brought down. He also added that the company is trying to reduce the time between production and delivery of the product by around 30-35%.

Financials: The company has an equity base of Rs.10.24 crore with a share book value of Rs.135.62. It has a low debt:equity ratio of 0.55 with RoCE of 33.20% and RoNW of 4.31%.

Share Profile: The company's share with a face value of Rs.10 is listed on the NSE and on the BSE under the B group. Its share price hit a 52-week high/low of Rs.102.30/Rs.42. At its current market price of Rs.85.50, the company has a market capitalization of Rs.93 crore.

Dividends: The company has been paying dividends over the years as shown here: FY12 - Nil, FY11 – Nil, FY10 - 50%, FY09 – Nil, FY08 - 100%, FY07 - 90%, FY06 - 65%, FY05 - 60%, FY04 - 50%, FY03 - 50%, FY02 - 30%.

However, to conserve resources for the long-term benefit of shareholders, it was decided not to recommend any dividend for 2011-2012.

Shareholding Pattern: The promoter holding in the company is 44.26% while the balance 55.74% is with the non-corporate promoters, institutions, mutual funds and the Indian Public. Among mutual funds, Sundaram SMILE Fund has exposure to the stock in some of its investment schemes.

Prospects: Due to high raw material costs, Phthalic Anhydride (PA) units were facing tremendous pressure on margins. Moreover, dumping of PA by South Korea and other countries has made the situation more difficult. The Government has notified the Safeguard duty on PA for the year 2012 which is a major relief to the PA industry. The demand for PA and MA is on the rise due to reasonable growth of the user industries. With these developments, TCL is optimistic about the prospects of the PA industry in 2012-2013.

Further, the macro-economic fundamentals of India are conducive to growth and sustained profitability. India's GDP is expected to grow at 7% during the year with continued thrust on infrastructure and construction activities. The Reserve Bank of India has softened interest rates to fuel growth and the commercial banks are expected to follow suit. There is wide application of PA in Plasticizers, Alked resins, UPR and Pigment industries which are growing at 8-10%. PA is expected to grow in line with these industries.

TCL plans to grow its core business of Phthalic Anhydride, Maleic Anhydride & Derivatives and to build businesses in Speciality & Functional products and Additives for Cosmetic and Personal Care, Food Ingredients, Polymers, Paints and Coatings.

Towards this end, the company is set to form alliances with global Speciality Chemical Companies to provide a wider range of products and services.

Conclusion: TCL is a leading manufacturer of Industrial and Speciality Chemicals for a wide range of global end users. After going through some pain in the past few years the company has made a smart turnaround and is now on the fast track.

At its current market price of Rs.85.50, the share price discounts 5.2 times its Q1FY13 of Rs.16.40. In view of its blockbuster quarterly earnings, good export thrust and reputed clientele, the TCL share is likely to be re-rated in the days to come. Assuming a moderate P/E multiple of 8, the share has the potential to touch Rs.130 level in the short-to-medium-term.

Above all, the share price is quoting much below its book value of Rs.135.62 making it all the more attractive for investors with a low risk appetite.

MARKET REVIEW

Investors await RBI's monetary policy

By Devendra A. Singh

The BSE Sensex (30-share index) settled at 16839.19 for the week ended Friday, 27 July 2012 with a decline of 319.25 points (-1.86%) whereas the CNX Nifty closed at 5099.85 falling 105.25 points (-2.02%). The BSE Small-Cap index skidded -4.76% and the BSE Mid-Cap index tanked -4.80%. Both these indices underperformed the Sensex. Key indices declined in 3 out of the 5 trading sessions last week.

The markets declined on rising concerns over the euro zone debt crisis and the weak monsoon boosting inflation, which continues to hit the market sentiment.

The volume of monsoon rain in India till July 25 was 20% below the long term average, as the rainfall remained deficient in the northern and western parts of the country. Total rainfall this season is 22% below the long-period average. The monsoon's slow progress across the country has heightened concerns that output of summer sown crops such as oilseeds, sugar and pulses may fall. A ministerial panel may meet early next week to review the drought like situation in the country.

The monsoon rains, which make up around 70% of India's annual rainfall, are crucial to the nation's agriculture sector and the broader economy. More than 60% of the country's farmland is rain fed. The timing, distribution and quantity of rainfall are all important for crops. The 4-month southwest monsoon season that starts from June accounts for almost 70% of total annual moisture that Indian soil receives in a year.

Last month, the IMD predicted that the rainfall this monsoon could be 96% of the 50-year average, with an error margin of 4%. The Prime Minister's Office said actual rainfall could be at the lower end of that range, which means around 92% of the 50-year average.

Last week, the Fitch Ratings report stated that the outlook for Indian infrastructure projects remains negative on the back

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Registered Office: 460/7, Kewal Kiran Estate, I.B. Patel Road, Goregaon (E), Mumbai – 400 063

AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2012

AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2012

PART I (Rs. in Lakhs)

	Particulars	Quarter Ended			Year Ended
		30-Jun-12 Audited	31-Mar-12 Audited	30-Jun-11 Audited	31-Mar-12 Audited
1	a. Net Sales	5,643	6,672	6,891	30,017
	b. Other Operating Income	43	47	42	173
	Total Income from operation	**5,686**	**6,719**	**6,933**	**30,190**
2	**Expenditure**				
	a. (Increase)/Decrease in stock	(702)	836	(944)	(167)
	b. Consumption of raw materials	2,647	1,994	3,074	11,855
	c. Purchase of trading goods	260	203	617	1,402
	d. Personnel cost	805	661	745	2,924
	e. Depreciation / Amortization	146	167	141	623
	f. Manufacturing and operating expenses	514	471	509	2,359
	g. Administrative and other expenses	289	337	282	1,191
	h. Selling and distribution expenses	921	447	919	3,290
	Total Expenditure	**4,880**	**5,116**	**5,343**	**23,477**
3	**Profit from operation before other Income, Interest & Exceptional Item (1-2)**	**806**	**1,603**	**1,590**	**6,713**
4	Other Income	320	268	304	1,178
5	**Profit before Interest & Exceptional Item (3+4)**	**1,126**	**1,871**	**1,894**	**7,891**
6	Interest and Finance charges	65	59	55	259
7	**Profit after Interest but before Exceptional Item (5-6)**	**1,061**	**1,812**	**1,839**	**7,632**
8	Exceptional Items	-	-	-	-
9	**Profit from Ordinary Activities before tax (7-8)**	**1,061**	**1,812**	**1,839**	**7,632**
10	Tax Expenses	334	571	577	2,418
11	**Profit from Ordinary Activities after tax (9-10)**	**727**	**1,241**	**1,262**	**5,214**
12	Extra ordinary items	-	-	-	-
13	**Net Profit for the Period (11-12)**	**727**	**1,241**	**1,262**	**5,214**
14	Paid up Equity Capital (Face Value of Rs. 10/- each)	1,233	1,233	1,233	1,233
15	Reserves excluding revaluation reserves	-	-	-	21,322
16	**Earnings Per Share (EPS) in Rs. (Not Annualized)**				
	a. Basic & Diluted EPS before extra ordinary items	5.90	10.07	10.24	42.30
	b. Basic & Diluted EPS after extra ordinary items	5.90	10.07	10.24	42.30

PART II

A	PARTICULARS OF SHAREHOLDING				
1	Public Shareholding:				
	No. of Shares	3,190,739	3,196,740	3,196,740	3,196,740
	Percentage of Shareholding	25.89%	25.94%	25.94%	25.94%
2	Promoters & Promoters Group Shareholding				
	a) Pledged/Encumbered				
	No. of Shares	-	-	-	-
	Percentage of Shares (as a % of total Shareholding of promoters and promoters group)	-	-	-	-
	Percentage of Shares (as a % of total Share capital of the company)	-	-	-	-
	b) Non - Encumbered				
	No. of Shares	9,134,298	9,128,297	9,128,297	9,128,297
	Percentage of Shares (as a % of total Shareholding of promoters and promoters group)	100.00%	100.00%	100.00%	100.00%
	Percentage of Shares (as a % of total Share capital of the company)	74.11%	74.06%	74.06%	74.06%

	Particulars	30-Jun-12
B	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	2
	Disposed of during the quarter	2
	Remaining unsolved at the end of the quarter	Nil
	As certified by the Company's Registrar & Transfer Agent: Link Intime India Private Limited	

NOTES:

1 The above audited results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 21st July, 2012.

2 In view of Company's nature of business, revenue is unevenly spread through out the year hence result for the quarter is not representative for revenue and profit of the entire year.

3 Tax expenses include current tax, deferred tax and adjustment of taxes for the previous period.

4 The Company is engaged in the business of manufacturing and marketing of Apparels & trading of Lifestyle Accessories/Products. The Company is also generating power from Wind Turbine Generator. The power generated from the same is predominantly used for captive consumption. However, the operation of Wind Turbine Segment is within the threshold limit stipulated under AS – 17 "Segment Reporting" and hence it does not require disclosure as a separate reportable segment.

Segment wise Reporting Revenue, Result and Capital Employed (Audited)

(Rs. in Lakhs)

	Particulars	Quarter Ended			Year Ended
		30-Jun-12	31-Mar-12	30-Jun-11	31-Mar-12
1	Segment Revenue : (Net Sales/Income from Operation)				
	- Apparel & Lifestyle accessories/Products	5,686	6,719	6,930	30,186
	- Other\ Reconciling Item	14	15	20	65
	- Less: Inter Segment Revenue	(14)	(15)	(17)	(61)
	Total	**5,686**	**6,719**	**6,933**	**30,190**
2	Segment Result :				
	- Apparel & Lifestyle accessories/Products	811	1,609	1,584	6,711
	- Other \Reconciling Item	4	4	8	19
	Total	815	1,613	1,592	6,730
	Less : Interest & Finance charges	65	59	55	259
	Add: Other unallocable income net of unallocable expenditure	310	258	302	1,161
	Profit before Tax	**1,061**	**1,812**	**1,839**	**7,632**
3	Capital Employed : (Segment Assets – Segment Liabilities)				
	- Apparel & Lifestyle accessories/Products	9,544	9,947	8,736	9,947
	- Other\ Reconciling Item	221	231	261	231
	- Corporate (Unallocated)*	13,517	12,377	12,041	12,377
	Total	**23,282**	**22,555**	**21,038**	**22,555**

* Includes Cash & Cash Equivalents, Accrued Interest, Investments in units of mutual funds-fixed maturity plan net off secured loan of Rs.13,465 lakhs (31st March 2012 Rs. 12,425 lakhs; 30th June 2011 Rs. 12,306 lakhs).

5 Statement of Assets & Liabilities (Audited)

(Rs. in Lakhs)

Particulars	As at	
	30-Jun-12	31-Mar-12
EQUITY AND LIABILITIES		
Shareholders' Funds		
Capital	1,233	1,233
Reserves & Surplus	22,049	21,322
Sub total- Shareholders' Funds	23,282	22,555
Non-Current Liabilities		
Other Long-Term Liabilities	430	387
Long-term Provisions	70	69
Sub total- Non Current liabilities	500	456
Current Liabilities		
Short-term borrowings	1,401	1,489
Trade Payables	2,455	1,578
Other Current Liabilities	848	780
Short-term Provisions	1,678	1,442
Sub total -Current Liabilities	6,382	5,289
TOTAL EQUITY AND LIABILITIES	**30,163**	**28,300**
ASSETS		
Non-Current Assets		
Fixed Assets	4,525	4,432
Non Current Investments	350	351
Deferred Tax Assets(Net)	149	173
Long-Term Loans And Advances	1,100	1,026
Other Non-Current Assets	191	109
Sub total- Non Current Assets	6,315	6,091
Current Assets		
Current Investments	2,914	2,807
Inventories	4,390	3,209
Trade Receivables	4,402	4,822
Cash & Bank Balances	10,762	10,132
Short-Term Loans & Advances	503	495
Other Current Assets	877	744
Sub total- Current Assets	23,848	22,209
TOTAL ASSETS	**30,163**	**28,300**

6 Previous period's figures have been regrouped /rearranged wherever necessary, to conform to current period classification.

For and on behalf of the Board of Directors
sd/-
Kewalchand P. Jain
Chairman & Managing Director

Place : Mumbai
Date : 21st July 2012

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of rising macroeconomic challenges and sector-specific stresses.
Fitch expects the ratings of project companies to remain under pressure from equity capital constraints, high interest rates, slowing GDP growth, currency depreciation, fuel shortages, weak off-takers, execution delays for power and prospects of slowing traffic growth for transportation.
Fitch believes that sponsors with stretched balance sheets will struggle to raise funds for a growing number of construction projects and to support underperforming assets largely because of the weak and volatile stock markets. Thus, developers may be forced to selectively support projects with long-term economic value in contrast to their earlier strategy of preserving bank relationships by propping up projects. Such a strategy could trigger some project loan defaults or necessitate debt restructuring programmes.
In Fitch's view, lower interest rates will rebound in economic growth, renewed investor appetite facilitating equity flows into infrastructure and a strengthening rupee could help stabilize the credit quality of infrastructure projects. Government action aimed at removing hurdles to timely project execution, addressing fuel scarcity and initiating sector reforms (e.g. strengthening utilities) could also help preserve the credit quality.
Key indices fell on Monday, 23 July 2012 due to the rising euro zone debt crisis. The Sensex fell 281.09 (-1.64%) points to close at 16877.35 whereas the Nifty lost 87.15 (-1.67%) points to close at 5117.95.
Key indices were up on sound quarterly earnings for Tuesday, 24 July 2012. The Sensex registered modest gains of 40.73 points (+0.24%) to close at 16918.08. The Nifty ended higher 10.25 points (+0.20%) to close at 5128.20.
Key indices receded on Wednesday, 25 July 2012 due to rupee depreciation. The Sensex fell by 72.03 points (-0.43%) to close at 16846.05. The Nifty edged marginally lower by 18.60 points (-0.36%) to close at 5109.60.
Key indices were down on Thursday, 26 July on corrective selling. The Sensex lost 206.23 points (-1.22%) to close at 16639.82. The Nifty ended lower by 66.60 points (-1.30%) to close at 5043.00.
Market performance ended higher on the last day trading session Friday, 27 July 2012. The Sensex climbed 199.37 points (+1.20%) to mark a close at 16839.19 whereas the Nifty edged higher by 56.85 points (+1.13%) closing the week at 5205.10.
The Sensex declined 319.25 points to settle at 16839.19 last week while the Nifty closed at 5099.85 with a loss of 105.25 points. Market Participants will closely watch the management commentary that would accompany the results this week. They may cause revision in their future earnings forecast of the company for the current year or the next year.
Investors will closely watch the monetary policy 2012-13 review by RBI on 31 July 2012.
The manufacturing Managers Index (PMI) for July 2012 will be out 1 August 2012. The services purchasing managers index for July 2012 is to be released in the month of August.

CORPORATE

'We are committed to deliver measurable business value'

- Atul Hemani, MD & CEO, Omnitech InfoSolutions Ltd.

Atul Hemani, Managing Director & CEO, Omnitech InfoSolutions Ltd. is an astute professional with an engineering background contributing to his 26 years experience in the IT industry. He worked for two years with Hindustan Computer Ltd. (HCL) before promoting Omnitech where he plays a vital role in steering the overall business growth strategy and accomplishing organization vision.
His thrust area is to be a thought leader in Managed Services and Cloud Computing continue his pioneering role in Disaster Recovery and Business Continuity space.
Omnitech Infosolutions Ltd. is a global IT solutions and services provider company in the areas of business availability, business continuity and business enhancement services. With over 23 years of fostering client relationships, the company is agile to establish the best global credentials through world class quality certifications. Besides attaining ISO9001:2008 for quality management, Omnitech also qualified for ISO 20000, ISO 27001 and BS 25999 standards.
An intensely technology focused company, Omnitech banks upon its ability to anticipate and address IT requirements across business in a cost effective manner. It helps customers align their IT infrastructure with their business goals and offers value added services at different phases of their IT planning and deployment cycle for optimum utilization of their IT resources and lower their cost of operations. Within this broad direction, Omnitech innovates in order to compete successfully. Emerging as a pioneer in business continuity services (BCS), Omnitech introduced first of its kind disaster recovery centre (DRC) in India meeting all the global standards thereby demonstrating both its knowledge of technology and skills of implementation.
Speaking to Yash Ved of India Infoline, Atul Hemani, says "We expect our capex investments between Rs.40 to 50 crore, which will be used for replenishing obsolete technology products, customer specific investments into Cloud computing and captive use." Excerpts from the interview.

What is your outlook on the IT sector?

Currently, the IT industry is going through a difficult phase. A significant part of the Indian IT export revenue comes from the US, UK and Europe. Due to a slowdown in the global economy, IT spend has been reduced or is not growing in these regions. We see growth in Asian markets including India. We believe this is a good opportunity for mid-sized companies like us and we should be able to leverage this situation for our business by helping our customers and prospects reduce their total cost of ownership and also get better cost efficiency/optimization. We intend to adopt the following approach for this:

While the global macroeconomic scenario remained uncertain, we have exhibited resilience and adaptability in continually reinventing our offerings to retain their appeal to clients by embracing emerging technologies, increased customer-centricity, deepening focus on new markets, adopting new business models for business growth.

Which verticals are you focusing on?

47.6% of our revenue comes from the banking, financial services and insurance (BFSI) segment as a result of our stronghold in this segment. We would continue to leverage this advantage going forward. We are also looking at Pharma & Healthcare, Education and Government sectors as the next big opportunities.

What are your expansion plans for FY13?

Organic growth of 15% y-o-y through more depth than breadth and leverage cloud computing to become a technology transformational partner for our customers to further strengthen our domain-specific services in BFSI vertical and explore for additional one more domain.

What is the growth you have seen in business continuity (BC) and business enhancement services?

Business Continuity business growth in India has been sluggish in comparison to mature markets and also due to some technical advancement. We shall continue to leverage our thought leadership and investment in this space but refrain from any further investments.

As far as Business Enhancement Services are concerned, we believe this holds potential for our future growth and will help us position ourselves as a transformational partner. In the recent past, we have witnessed good growth in this space and will continue to focus in this area.

Tell us about the disaster recovery centre (DRC) business?

Omnitech made its foray in this market when it participated in a joint venture in the Middle East and had the first 3rd party DR Centre rolled out in Bahrain in 2006. Thereafter, this initiative was launched in India and the country's first Managed (3rd Party) BC & DR Centre was launched in Navi Mumbai in 2008. The second centre in India was launched at Hyderabad in 2009.

DR and BC planning have contributed 5.8% to our turnover in FY11-12.

Recently, we launched 'REVIVE' based on DRaaS (Disaster Recovery as a Service) – an innovative 'Pay-Per-Use' Disaster Recovery solution on Cloud, offering complete workload recovery, DR management and ultimately 24x7x365 peace of mind. With a large global clientèle, we are committed to deliver measurable business value by becoming their technology transformational partner.

What is your order book position?

Currently, the one year order book is around Rs.220 crore.

Brief us about your international business? Are you planning to expand regions?

We have two focus regions in International business – 1) Far East Asia and 2) Europe. We expect the Asia business to grow multi-fold and have expanded our business to Japan and Australia beyond the existing business at Singapore and Hong Kong. In Europe, we expect to grow by off-shoring opportunities for a better bottom-line.

What is your revenue mix?

About 75% of our revenue comes from the Indian market, 11.20% from Europe, 6% from USA, 5% from the Far East, 1.50% from Middle East and the remaining 1% comes from Canada.

Comment on your capex plans?

We have invested into DR/BC Centres, Network Operations Centre (NOC), Global Helpdesk Centre, Tier 3+ Data Centre, Virtual Test Lab, ODCs and into Cloud computing based Managed Services in terms of IT building blocks, physical centres, tools & technologies, certifications and other resources over the last 2-3 years. This has helped us leverage this capex for future business without need of big capex in coming years. We expect our capex investments between Rs.40-50 crore. This will be mainly used for replenishing obsolete technology products, customer specific investments into Cloud computing and captive use.

How do you see the margins going ahead?

We expect the run rate business to face margin pressure but innovation based offerings and off-shoring from Europe will help us better our margins. In the overall mix of business, we do not see too much change in margin levels. At most, it will drop by around 2% at the operating margin level.

Brief us about your financials?

The company has registered 45.46% growth in total revenue on a consolidated basis for FY12 compared to FY11. The total revenue for FY12 stood at Rs.503 crore compared to Rs.346 crore last year. The FY12 profit after tax is Rs.38.88 crore against Rs.51.77 crore in FY11.

The EPS was Rs.26.77 and EBIDTA on a consolidated basis for FY12 stood at Rs.128 crore as compared to Rs.107 crore in FY11.

(Courtesy: India Infoline)

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

Market back to normal

By G. S. Roongta

No news is good news on the political front. The National Congress Party (NCP) led by Sharad Pawar is an important constituent of the UPA government at the Centre and shares power with the Congress party in Maharashtra. Till the recent presidential election, it did not air any difference with the Congress led UPA at the Centre and seemed to extend its solid support.

G. S. Roongta

But no sooner was the presidential election over, the NCP ministers boycotted an Union Cabinet meeting and there were threats of their resignation. While the media speculated that Sharad Pawar was slighted at not being seated as No.2 in the vacancy created by Pranab Mukherjee, the NCP maintained it was lack of confidence and coordination with the Congress that needed to be addressed.

This political melodrama continued for a major part of last week and created fresh suspense in the market.

The stock market, which ha lost confidence in the government's capability to initiate and/or start any reforms, started drifting lower since the last two weeks with both the popular indices breaking their important support levels of BSE Sensex 17K and CNX Nifty 5200 at which the F&O segment stocks were struggling hard as pointed out by us in the last two issues.

In view of the government's inability to initiate reforms, the bears started gathering strength and gained a foothold to close deals in the F&O segment for the expiry of the July 2012 contracts in their favour. The CNX Nifty Calls at 5400 slipped from the bulls' hands and 5200 Puts turned favourable to reward the bears as the CNX Nifty was placed at 5080 on Wednesday, 24 July 2012 in the early hours. Global cues with fresh tension in the Euro zone countries also helped the bears while the Asian & European indices, including the Dow Jones, drifted lower last week wiping away all the gains made two weeks earlier.

Last week, the market opened weak on Monday, 23 July 2012 as the BSE Sensex lost 281.09 points at 16877.358 and the Nifty lost 87.15 points at 5117.95.

The market, however, tried to gain some lost ground on Tuesday, 24 July 2012, on short covering but failed to achieve any significant ground in absence of any positive trigger while trading in the range bound territory. But it finally gained 40.73 points as the Sensex settled at 16918.08 whereas the Nifty gained 10.25 points at 5128.20.

The range bound trend was again seen on Wednesday, 25 July 2012 as stock prices moved with a negative bias and the Sensex slipped from a high of 16899 to 16736 while closing lower by 72 points at 16846. Correspondingly, the Nifty closed with a minor loss of 18.60 points at 5109.60.

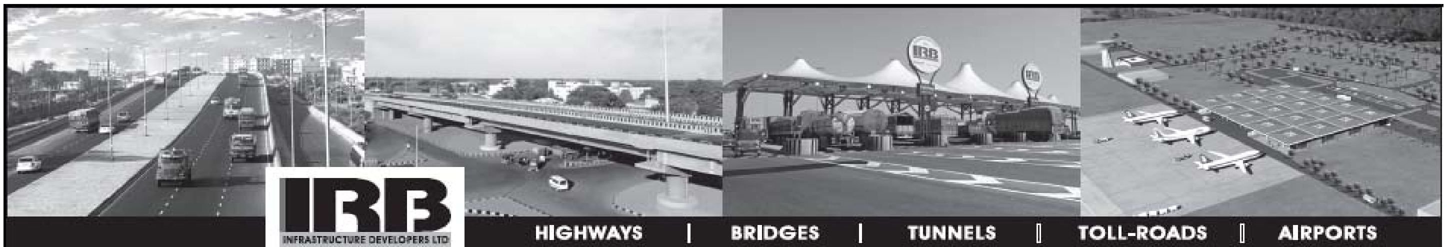
The market thus continued to drift lower in the week under review because the Union Government proved to be indecisive in initiating reforms for one reason or the other thus proving its weakness in taking bold action despite the promises made and media publicity created.

Taking the cue, the bear lobby got into action to muster their power at the fag end of the week of F&O expiry on Thursday, 26 July 2012. Both the Sensex & Nifty traded in the red on the last day of the July 2012 F&O expiry within a range of 100 points and 50 points respectively till 2:30 p.m. for squaring up their positions. But at the end of the session, there was heavy liquidation by the bulls coupled with fresh selling by the bears in index based stocks resulting in the Sensex losing further ground by 206.23 points at 16639.82 and the Nifty losing 66.60 points to close at 5043. Thus the bears had a clean victory mainly on account of the weakness of the bulls who were unable to hold position in view of the non-action of the government in fulfilling the promises made. Of late, the F&O segment has become the deciding factor to make or break the market sentiment based on economic cum political factors.

There was heavy liquidation in mid cap stocks, too, last week. SRF Ltd., which was ruling at Rs.240, liquidated heavily to trade at Rs.195 on 26 July 2012. Ashok Leyland, which had made a high of Rs.32+ a few months back, drifted lower to Rs.21 losing 40%. Century Textiles, which had hit a high at Rs.388 recently, lost Rs.100 in a matter of days to hit a low of Rs.288. Arvind Ltd., L&T, Maruti, Tata Steel, Tata Motors, M&M ad several old economy stocks fell like a house of cards during the week.

Infosys, TCS, Asian Paints, JSW, Jindal Steel & Power, GSFC, Educomp Solutions were no exception and lost their shine during the week.

The market, which took several months to gain investors' confidence, was destroyed in just one week pointing to the lack



PART I

Statement of Consolidated Unaudited Results for the quarter ended June 30, 2012,

Sr. No.	Particulars	Consolidated Results (₹. in lakhs, except for share data)			
		3 months ended			Year ended
		30,06,2012 (Unaudited)	31,03,2012 (Unaudited) (Refer note 3)	30,06,2011 (Unaudited)	31,03,2012 (Audited)
1	**Income from operations**	**97,978,21**	**85,032,56**	**80,133,30**	**313,301,85**
2	**Expenditure**				
	a) Contract and site expenses	35,496,00	19,749,00	25,520,26	88,582,17
	b) Cost of material consumed	14,246,17	19,500,27	16,660,39	63,913,96
	c) Employee benefits expenses	3,578.82	4,194.81	2,809.44	13,758.89
	d) Depreciation and amortization expense	10,860,15	10,155,89	6,022,71	29,700,95
	e) Other expenses	2,108,75	3,501,83	2,198,71	9,698,31
	Total expenses	**66,289.89**	**57,101.80**	**53,211.51**	**205,654.28**
3	**Profit from operations before other income and finance costs (1) - (2)**	**31,688,32**	**27,930,76**	**26,921,79**	**107,647,57**
4	Other income	3,247,47	3,318,19	2,821,63	12,522,19
5	**Profit from ordinary activities before finance costs (3) + (4)**	**34,935,79**	**31,248,95**	**29,743,42**	**120,169,76**
6	Finance costs	15,401,68	14,996,20	11,743,15	55,050,22
7	**Profit from ordinary activities before tax (5) - (6)**	**19,534.11**	**16,252.75**	**18,000.27**	**65,119.54**
8	Tax expense	5,568,36	4,517,50	4,425,78	15,518,98
9	**Net Profit from ordinary activities after tax and before minority interest**	**13,965,75**	**11,735,25**	**13,574,49**	**49,600,56**
10	Minority interest	(218,31)	(300,05)	155,65	0,93
11	**Net Profit after taxes and minority interest (9) - (10)**	**14,184.06**	**12,035.30**	**13,418.84**	**49,599.63**
12	**Paid-up equity share capital (face value - ₹. 10 per share)**	**33,236.41**	**33,236.41**	**33,236.41**	**33,236.41**
13	Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	252,426.72
14	**Earnings per share (of ₹.10 each) (not annualised) Basic and Diluted - (₹.)**	**4.27**	**3.62**	**4.04**	**14.92**

See accompanying note to the financial results

PART II

Information for the quarter ended June 30, 2012

Sr. No.	Particulars	Consolidated Results (₹, in lakhs, except for share data)			
		3 months ended			Year ended
		30.06.2012 (Unaudited)	31.03.2012 (Unaudited)	30.06.2011 (Unaudited)	31.03.2012 (Audited)
A	**PARTICULARS OF SHAREHOLDING**				
1	Public shareholding				
	- Number of shares	107,858,538	107,858,538	83,771,038	107,858,538
	- Percentage of shareholding	32,45%	32,45%	25,20%	32,45%
2	Promoters and Promoter Group Shareholding				
	a) Pledged / encumbered				
	- Number of shares	62,462,571	43,325,551	70,494,642	43,325,551
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	27.82%	19.30%	28.36%	19.30%
	- Percentage of shares (as a % of the total share capital of the company)	18.79%	13.04%	21.21%	13.04%
	b) Non – encumbered				
	- Number of shares	162,043,001	181,180,021	178,098,430	181,180,021
	- Percentage of shares (as a % of the total shareholding of promoter & promoter group)	72,18%	80,70%	71,64%	80,70%
	- Percentage of shares (as a % of the total share capital of the company)	48,76%	54,51%	53,59%	54,51%

	Particulars	3 months ended June 30, 2012
B	**INVESTORS COMPLAINTS**	
	Pending at the beginning of the quarter	0
	Received during the quarter	38
	Disposed of during the quarter	38
	Remaining unresolved at the end of the quarter	0

Information on standalone financial results:

(₹. In Lakhs)

Particulars	3 months ended			Year ended
	30.06.2012 (Unaudited)	31.03.2012 (Unaudited) (Refer note 3)	30.06.2011 (Unaudited)	31.03.2012 (Audited)
Income from operations	62,220,52	47,918,04	17,863,95	124,981,04
Profit Before Tax	5,308,70	11,442,22	2,585,52	20,821,17
Profit After Tax	3,732,67	10,174,98	1,781,68	16,593,45

PART III

A, Report on Consolidated Segment Revenue, Results and Capital Employed for the quarter ended June 30, 2012,

(₹. In Lakhs)

Particulars	3 months ended			Year ended
	30.06.2012 (Unaudited)	31.03.2012 (Unaudited)	30.06.2011 (Unaudited)	31.03.2012 (Audited)
1. Segment revenue				
a. Road infrastructure projects	97,551.10	84,839.94	79,659.01	312,197.96
b, Real estate	-	-	-	-
c, Others	427,11	192,62	474,29	1,103,89
d. Unallocated corporate	-	-	-	-
Total	**97,978,21**	**85,032,56**	**80,133,30**	**313,301,85**
Less : Inter segment revenue	-	-	-	-
Income from operations	**97,978.21**	**85,032.56**	**80,133.30**	**313,301.85**
2, Segment Results				
a. Road infrastructure projects	31,571,80	28,027,90	26,760,23	107,962,52
b. Real estate	(0.48)	32.27	(1.51)	(24.61)
c, Others	130,59	(143,01)	176,66	(209,92)
d. Unallocated corporate	-	-	-	-
Total	**31,701.91**	**27,917.16**	**26,935.38**	**107,727.99**
Add: Other un-allocable income net off un-allocable expenditure	(12,167,80)	(11,664,41)	(8,935,11)	(42,608,45)
Total profit before tax	**19,534,11**	**16,252,75**	**18,000,27**	**65,119.54**
3. Capital employed				
(Segment Assets - Segment Liabilities)				
a. Road infrastructure projects	884,486,04	808,169,14	628,640,78	808,169.14
b. Real estate	8,280.06	8,378.54	8,506.22	8,378.54
c, Others	6,510,36	6,533,84	7,447,32	6,533,84
d. Unallocated corporate	(588,420.50)	(526,191.31)	(378,253.80)	(526,191.31)
Total	**310,855.96**	**296,890.21**	**266,340.52**	**296,890.21**

a) The Company and its consolidated subsidiaries have identified business segments in accordance with Accounting Standard 17, "Segment Reporting", issued by the Institute of Chartered Accountants of India.

b) The business segments of the Company comprise of the following:

Segment	Description of Activity
Road Infrastructure Projects	Development and operation of roadways
Real Estate	Real Estate Development
Others	Sale of electricity generated by wind mill

(B) Notes to Consolidated Results:

1. **Consolidation and Segment Reporting:**

   a. Pursuant to Clause 41 of the Listing Agreement, the Company has opted to publish only the consolidated results.

   b. The Company and its consolidated subsidiaries have identified business segments in accordance with Accounting Standard 17, "Segment Reporting" notified pursuant to the Companies (Accounting Standards) Rules, 2006. Accordingly, the company has identified three business segments viz., Road Infrastructure Projects, Real Estate Development and others as reportable segments. During the quarter commercial activities are carried out only for the Road Infrastructure Projects Segment through various subsidiaries, which are Special Purpose Vehicles (SPV) exclusively formed to execute various Road Infrastructure Projects.

   In the Real Estate Segment, besides acquiring land for development, commercial activities have yet to commence. Investors can view the standalone results of the company on the company's website (www.irb.co.in) or on the websites of BSE (www.bseindia.com) or NSE (www.nseindia.com).

   c. The above published consolidated results have been extracted from consolidated financial statements prepared in accordance with principles and procedures as set out in the Accounting Standard – 21 on 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

2. The Board of Directors at its meeting held on July 27, 2012, has declared an interim dividend of ₹.1/- per equity share.

3. The figures for the quarter ended March 31, 2012 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2012 and the unaudited published year to date figures upto December 31, 2011, being the end of the third quarter of the financial year, which were subjected to a limited review.

4. The above results have been reviewed by the Audit Committee at their meeting held on July 27, 2012 and thereafter approved by the board of directors in the same meeting.

5. The above results have been subjected to 'Limited Review' by the statutory auditors of the Company.

6. Previous period's figures have been regrouped wherever necessary.

For **IRB INFRASTRUCTURE DEVELOPERS LTD.**

sd/-

Place: Mumbai

Date: July 27, 2012

Virendra D. Mhaiskar

Chairman & Managing Director

IRB/Kautilya 204

IRB INFRASTRUCTURE DEVELOPERS LIMITED

Registered Office: 3rd Floor, IRB Complex, Chandivli Farm, Chandivli Village, Andheri (East), Mumbai – 400 072 • www.irb.co.in

of confidence about the future of a good market and its likely return soon.
This happened despite the FIIs infusing hefty funds of over Rs.51,000 crore into the Indian stock markets till last week in calendar 2012. Against this, the domestic institutions, mutual funds and investors sold heavily, which clearly indicates that we wish to give up the hold of our own markets and leave it in the hands of FIIs or NRIs. Then later on, we will start blaming them when they start selling as happened in 2011 when the Indian stock market proved to be the worst underperforming market.
When the domestic market entities themselves have no faith in our own market then why should we expect the FIIs to bail us out? We are going in the wrong direction and the government, SEBI, FIIs, HNIs and public in general must thoroughly investigate as to why we are allowing our market to sink deep into the red so long as the corporate performance is still in good shape. How long and how far will we remain dependent on FII buying? And even when they are buying, we have no confidence in our own market! This is indeed very strange.
We are in the habit of reading too much into the negatives and do not care about the positives.
Whenever something bad happens, we become even more pessimistic but when something positive happens we wait for it to prolong further. For example, when the crude oil prices started rising we used to worry as to what would happen to our country, industry & trade but when crude price fell from a high of US $127 per barrel to US $89 per barrel, we did not care how it will benefit the country, industry & trade. This proves how pessimistic we become rather than maintain an optimistic or balanced outlook. This has made our market plunge deep into the red over and over again since 2009-10.
In the Indian stock market, the bears seem to be more powerful to break the market in n time whereas the bulls take double the time to rebuild it. And this time difference keeps on widening the gap continuously. This is the reason why our market, which had peaked in January 2008, is still underperforming to gain the lost shine of 2008 even after 4 years despite of the 10-15% growth and better bottomline of corporate because of our dependence and reliance upon others thereby proving that we prefer to depend on others rather than be truly independent even after 65 years!
I once again reiterate that there is nothing wrong with our market but the way it is behaving makes it the worst performing market. It in only in the Indian stock market that one can find hundreds of stocks available at a 50% discount to their book value. It is our Indian market, which gives attractive P/E ratios of 4-6 times its existing or future earnings. There are a number of stocks that have inbuilt future earnings and growth on their own without seeking fresh funds. There are hundreds of debt-free companies. Despite all this, our market is ruled by bears and fears making them weaker and future outlook bleak.
In the past, we have faced inflation much worse than now. In the past, we have seen interest rates ruling as high as 18% to 24%. There was a shortage of foods, havoc of floods every year and despite that we were optimistic. But today, when we have everything at our disposal, we are turning more pessimistic. Earlier, we used to get know the corporate results once a year but today we want to know the corporate performance on a day-to-day basis. Dividend yield has doubled but even then we have no trust or faith in the market.
Last week, I had talked about JK Lakshmi Cement. The stock rallied from Rs.80 to Rs.91.85 on Friday, 27 July 2012, after announcement of its Q1 results and is headed to the Rs.100 mark. The analysts had painted a grim outlook for the cement industry on grounds of excess capacity, but today this is the only industry that is outperforming. So our market is also influenced poorly on account of such analysts, who can make or break stock prices. For example, L&T was made to trade at Rs.800 or below at one time but it soon bounced back to Rs.1450 within 6 months. This is how the market functions and one should not get demoralized by the temporary setbacks.
After a depressing four days, the markets bounced back on Friday, 27 July 2012, on the back of strong global markets. the Sensex gained 305 points in intra-day trades before closing the day and week at 16839.19 with a gain of 199.37 points. Correspondingly, the Nifty gained over 101 points in intra-day trades before closing at 5205.10 with a gain of 5685 points. The market levels seem to have returned to normal on the back of the Congress-NCP debacle, which was laid to rest a day earlier.

STOCK WATCH - By Saarthi

JK Lakshmi Cement (Code: 500380) (Rs.86.20) has posted fantastic results for Q1FY13 and the scrip has been making new highs despite the bearish sentiment. For Q1FY13, while sales grew 35% to Rs.538 crore net profit more than doubled to Rs.50 crore posting an EPS of over Rs.4 for the single quarter. For FY12, also it had recorded 30% growth in total income to Rs.1782 crore with 85% jump in net profit at Rs.109 crore. The company manufactures grey cement at its plants located at Sirohi, Rajasthan with an installed capacity of 4.2 million tonnes per annum (MTPA) and at Kalol, Gujarat, with an installed capacity of 0.55 MTPA. It also has captive power plants (including waste heat recovery) with a capacity of 66 MW. Besides, the company also has a tie-up for 21 MW of power at discounted rates with VS Lignite Power Pvt. Ltd. at rates substantially lower than the State grid (average rate of Rs.4/unit compared to Rs.6-6.5/unit from the State grid).It has strong presence in the northern and western markets of India under the brand name 'JK Lakshmi

Cement'. Besides, the company is also into the Ready-Mix-Concrete (RMC) business and trades in plaster of Paris. It has been consistently operating at higher capacity utilization rates of 82% than the industry average with capacity utilization of rate 74%. The company is also setting up a greenfield composite cement plant at Durg in Chattisgarh with capacity of 2.7 MTPA at an estimated cost of Rs.1250 crore financed by Rs.850 crore of term loans and the balance by internal accruals. It has received all the statutory clearances for the project including environmental and mining clearance and has also placed orders for the major plant and machinery. The plant is expected to be commissioned in September 2013. It is also setting up a split grinding unit at Jhajjar, Haryana with a capacity of 0.55 MTPA at a total cost of about Rs.100 crore. The work on this plant is almost complete and it is expected to be commissioned shortly. With Durg and Jhajjar, its total cement capacity will increase to 8 MTPA by September 2013. In addition, it is also enhancing the clinker capacity by augmenting Kiln II & III from 3.96 MTPA to 4.29 MTPA at an investment of Rs.100 crore. Although cement companies lack pricing power, the long-term demand for cement in the country is expected to remain stable. During February 2012, the company had come out with a buy-back scheme and set aside Rs.97.50 crore to buy back shares at a maximum price of Rs.70 per equity share. Worth accumulating at sharp declines.

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Share price of **Steelcast (Code: 513517) (Rs.61.95)** has been consistently moving up since the last few months on the back of encouraging performance and also due to stock split and bonus announcement. Even for June 2012 quarter, its sales shot up 40% to Rs.64 crore and PAT rose by 20% to Rs.3 crore. The company is engaged in casting various components, mainly for the earth-moving equipment industry, which accounts for 85% of its turnover, while the balance 15% comes from different industries such as cement and mining. It specializes in ferrous casting using the 'sand casting' technology and has a total casting capacity of 24,000 TPA. Its customer base includes large and established players such as Komatsu, Caterpillar, JCB India, BEML, FLS Automation etc. Almost 50% of its sales comes from exports mainly to the USA and Europe. Due to the surge in demand coming from the domestic and global markets, the company has decided to invest nearly Rs.107 crore on expanding and upgrading capacities. A major part of Rs.65 crore will be used in expanding the steel castings capacity from 24,000 to 30,000 TPA in FY13 and then to 38,000 TPA in FY14 at its Bhavnagar plant. It will also spend about Rs.25 crore on machining activities, Rs.10 crore on equipment for energy conservation and Rs.6.5 crore on environment and pollution control measures. Earlier in March 2012, it entered into a long-term agreement with Caterpillar Inc to set up a dedicated facility to manufacture steel casting products to its specifications. With all these investments, it targets to double turnover in the next three years. At the current market cap of Rs.50 crore, the stock is available reasonably cheap.

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The share price of **ABC Bearings (Code: 505665) (Rs.86.55)** has been hitting new lows as it posted a poor performance for FY12. It is one of the oldest bearing companies manufacturing taper roller bearings, cylindrical roller bearings and spherical roller bearings. In fact, it is India's largest producer of taper roller bearings and the third largest for cylindrical roller bearings after FAG and NRB. It manufactures a wide range of bearings in various sizes from 42 mm to 250 mm in taper roller bearings and 32 mm to 160 mm for cylindrical roller bearings. Its clientele includes auto majors like Tata Motors, M&M, Ashok Leyland, Eicher Motors, Swaraj Mazda, Force Motors etc. and exports bearings to USA, Canada, UK, Srilanka, Bangladesh, Singapore etc. It also has presence in the replacement market and has an established distribution and retail network to cover 29 States and 625 districts across India. Apart from bearings, the company has ventured into grease and formulated a special product for roller and antifriction bearings. It markets the grease under the brand name 'ABC GP3 Grease' in packings of 200 gms to 180 kg to cater the aftermarket segment. Its manufacturing plants in Gujarat and Uttrakhand have a total installed capacity of 7.20 million bearings per annum. Recently, the company formed a JV company with its technology partner, NSK of Japan, to manufacture customized ball bearings in Chennai. Due to the stiff competition and to reduce its dependence on OEMs, the company plans to enhance its business from the replacement market and strengthen its service network comprising nine warehouses, 168 dealers, 1000 retailers across India. For future growth, it also intends to enter the railway bearings segment and supply wheel bearings for freight wagons. For FY12, it reported 10% fall in sales to Rs.177 crore but net profit plunged 40% at Rs.15 crore and it clocked an EPS of Rs.13 on its equity of Rs.11.50 crore. As expected, it declared 50% dividend for FY12, which works out to an impressive yield of almost 6% at the CMP. Although it is ex-dividend now, it may maintain the same dividend for FY13 also. A relatively safe bet.

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Last week, **Oil Country Tubular (Code: 500313) (Rs.51.85)** announced a terrific set of numbers for Q1FY13 but the market did not notice it. It recorded 80% jump in sales to Rs.159 crore while EBIDTA almost doubled to Rs.28 crore. But due to exceptional foreign exchange losses, the PAT was just 30% higher at Rs.12.40 crore posting an EPS of almost Rs.3 for the single quarter. For FY12, it reported a topline of Rs.480 crore (up 45%) and bottomline of Rs.38 crore (up 25%) leading to a yearly EPS of Rs.8.60 on its equity of Rs.44.30 crore. It is one of the leading companies in the world processing a range of tubular goods required for the oil drilling and exploration industry. Its wide product range covers drill pipes, heavy weight drill pipes, drill collars, production tubings, casings, tool joints, couplings, pup joints, nipples, subs, and crossovers. It has a casing pipe manufacturing capacity of 150,000 TPA and drill pipe capacity of 10,000 TPA. It has strong technical competence and demonstrated capability to process high quality Oil Country Tubular Goods (OCTGs). In fact, it is the sole domestic processor of drill pipes because of entry barriers on account of the long product approval and acceptance period. It enjoys backward integration benefits through group company United Seamless Tubular Pvt. Ltd., which manufactures seamless pipes and this strengthens its cost competitiveness. It has positioned itself primarily to cater to the requirements of oil exploration and production companies like ONGC, OIL India Ltd. etc. and exports its products to the USA and countries in Africa and the Middle East. The company has almost completed the expansion of its casing/tubing capacity from 150,000 TPA to 250,000 TPA and drill pipe capacity from 10,000 TPA to 20,000 TPA. The additional capacities will go on-stream shortly. This expansion was done to take advantage of the dedicated raw material supply from a group company, whose 300,000 TPA seamless pipe manufacturing facility is located adjacent to it. As at November 2011 end, the company's order book stood around Rs.247 crore at an average realizations of Rs.75000/MT for casing/tubings and Rs.298000/MT for drill pipes, which is quite robust. Going forward, majority of the company's revenues (around 60%) is expected to come from exports. While it has ventured into new geographies like Brazil and Algeria, it also stands to gain from offtake commitments from US based clients. Overall, at the current market cap of less than Rs.250 crore it seems a strong buy. Investors can buy it at current levels and add more on declines.

FIFTY FIFTY - By Kukku

Investment Call

*** Superhouse Ltd. (Rs.49.50)** is a US $80 million (Rs.450 crore) leather product company with 15 manufacturing units and present in 35 countries. It is an approved vendor to global brands like Wal-mart, Filanto, Auchan, Andre, Shoe Fayre, Hudson Bay, Heckel Securite, Secura and many more.

The Group has four overseas companies in the UK, USA, UAE and Romania, primarily engaged in marketing and distribution of leather, leather products and textile garments.

The group annual turnover has crossed Rs.5350 crore. It has 15 manufacturing units located in Kanpur, Unnao, Agra and Noida all in U.P.

In FY12, the company acquired 100% stake in Leicester (UK) based Briggs Industrial Footwear Ltd., which is a long established specialist business to business supplier of safety and occupational footwear and personal protective equipment (PPE). The company markets its safety footwear products under the brand name Himalayan, Toesavers, Catterpillar, Timberland and Dr. Martens. The company also manufactures and markets PPE under the brand name Proforce.

Export of finished leather, leather footwear, footwear components, leather goods, saddlery & harness and non-leather footwear have shown positive growth whereas export of leather garments has shown a marginal declining trend.

The major markets for Indian leather products are Germany with a share of 14.34%, UK at 12.80%, Italy at 11.52%, USA at 8.72%, Hong Kong at 8.11%, France at 7.07%, Spain at 6.31%, Netherlands at 3.98%, Belgium at 2.02%, UAE at 1.92%, and Australia at 1.30%.

The company has been performing consistently well over the last few years as consolidated sales have grown from Rs.305 crore to Rs.535 crore over the last five years while net profit has shot up from Rs.4.22 crore to Rs.24.84 crore on its equity base of Rs.11.42 crore with an attractive EPS of Rs.22.15.

Since exports are around 85% of total sales, it is likely to benefit by the weakening rupee.

Valuation of the company looks attractive as its market cap is Rs.55 crore, share book value is Rs.129 and the stock is trading at 39% of the book value at a P/E multiple of just 2.4 compared to this Relaxo, which is trading at a P/E ratio of 15.5 and Bata India at P/E ratio of 40.

Seeing to the sound track record of the company, stock is likely to catch the attention of big players. Investors can safely accumulate this stock for good long-term growth.

***** As per its recent AGM, **Jyoti Structures (Rs.36.80)** has received orders of around Rs.1500 crore for Q1FY13 in addition to the orders in hand of around Rs.4330 crore. Thus the company has orders of about 2.2 times the sale of last year, which was Rs.647 crore.

About 40% of the orders are from Power Grid Corporation while the rest are from state electricity boards (SEBs) and exports. Most of its orders has a price escalation clause. Company is also confident about more export orders and is hopeful of maintaining better margins.

Risk factor: The company still faces problems of delayed payments by customers, this will increase its working capital requirements.

Investors can continue to hold this stock or even accumulate on sharp dips.

* A press release on **Torrent Power's (Rs.153.90)** website has highlighted three reasons for the fall in its Q1FY13 profitability: (a) Gross proceeds from Certified Emission Reductions (CERs) which was Rs140 crore in Q1FY12 is 'nil' in Q1FY13; (b) the fall in gas supply particularly from the KG basin has impacted the plant load factor (PLF) of the company's Sugen Mega Power Plant, which has fallen from 89.73% in Q1FY12 to 59.16% in Q1FY13; and (c) reduced supply of power from the Sugen Mega Power Plant to the company's regulated distribution areas in Ahmedabad and Surat, which necessitated the purchase of short-term power at a higher price, resulting in an additional impact of approximately Rs.150 crore.

Torrent Power has not booked the FPPPA as a regulatory asset in its balance sheet. Had the company done so, its revenues would have been significantly higher. To this extent, the company has adopted a conservative approach.

Investors can continue to hold this stock or even accumulate it on a SIP basis below Rs.155 mark as at Rs.155 level the dividend yield becomes attractive while the book value of the share is Rs.121.

* **Kesar Enterprises (Rs.43.95)** has commissioned a 44 MW cogeneration power plant recently because of which the stock is likely to rer-ated. The company was incorporated in August 1933 and belongs to the Kilachand Devchand group and has a well integrated sugar plant. The timely commission of the Cogen plant will result in a substantial reduction in the overall cost per mw coupled with additional exportable power to the grid resulting in an earlier payback period. Additionally, it would facilitate and enable future expansion of the sugar plant from 7,500 TCD to 10,000 TCD, without the need to purchase any primary equipment saving capital cost. The company will export substantial power to the grid and will benefit from substantial well established government policies related to renewable energy and substantial carbon trading rights. The company also has its own distillery.

The current market cap is just Rs.32 crore and the share book value is Rs.47.1. The company has been paying dividend regularly for the last four years. Investors can accumulate this sugar stock on dips for decent long-term growth.

* **IG Petro (Rs.32.25)** specialises in the production of Pthalic Anhydride (PA) whose prices have shot over the last six months, which has improved the manufacturer's margins. The other leading manufacturer is Thirumalai Chemicals, which recently reported encouraging results. Investors looking for a momentum stock can look at this stock as results of the company are expected to be encouraging for Q1.

EXPERT EYE

- By Vihari

Hind Rectifiers: For stimulating gains

The excellent Q4FY12 results announced by Hind Rectifier (Hirect) **(Code: 504036) (Rs.46.95) (FV: Rs.2)** missed the attention of the market. Despite a difficult period, Hirect maintained its working for FY12 by posting 6% higher EPS of Rs.7.1. It is likely to post an EPS of Rs.8.2 in FY13.

Hirect, founded in 1958 in collaboration with Westinghouse, Brake & Signal, U.K. develops, designs, manufactures and markets Power Semiconductors, Power Electronic Equipments and Railway Transportation Equipments. It has a technical tie-up with global leaders like Transtechnik of Germany for manufacturing inverters and converters for railway application and with Infineon Technologies of Germany for IGBT prime stacks.

Further in collaboration with Nieke of Germany, Hind Rectifiers has upgraded its technology and infrastructure for the manufacture of main transformer for AC/DC dual voltage electrical multiple unit (EMU) and BG AC EMU. This division has also tied-up with Microelettrica Scientifica of Italy for supply of resistors for railway applications.

Hirect's main manufacturing plant is conveniently located at Bhandup in Mumbai about 15-16 km from the Mumbai Airport. The facilities are built over 20,000 sq. mtrs. land area and comprise three separate units for manufacturing Semiconductor, Equipment and Traction products.

Its manufacturing plant at Nasik supplements activities at Bhandup. The two plants at Dehradun set up in 2007 cater to the growing needs of the Railway sector. Over a period of time, this will be the hub for all Hirect products for Railway applications.

Broadly, Hirect's business can be classified into three divisions- equipment, semiconductors and railway transportation. The product range includes rectifier equipment and semi-conductor devices such as diodes, thyristors, inverters and alternators. It also manufactures a wide range of products used for railways, AC electric locomotives and AC electrical multiple units.

Hirect products find extensive application in electronics, railway transportation, power, telecommunications and core sector industries like steel, non-ferrous metals, cement, chemicals, metal finishing and a host of other industries. Railways account the lion's share of over 50% in revenues, 20% from the power industry and the balance from various electrostatic precipitators.

Hind Rectifiers's products find application in railways, telecommunication (Bharat Sanchar Nigam, Radar and Communication Project Organisation, and C-Dot), defence (Indian Navy, Indian Air Force, and ordnance factory), non-ferrous industry (Hindustan Zinc), steel (steel plants of Tata Steel & others), cement (ACC, Gujarat Ambuja Cement, and Grasim Industries), thermal power stations (NTPC and SEBs), Nuclear plants (Bhabha Atomic Research Centre, Indian Space Research Organisation and Nuclear Power Corporation), Heavy Industry (Neyveli Lignite, BHEL) and original equipment manufacturers of semiconductor devices & components (Amar Raja Power Systems, Bharat Bijlee, Bhel, Crompton Greaves, Emerson Network Power (I), HBL-Nife, Hindustan Aeronautical, Kirloskar Electric, Larsen & Toubro, Numeric Power Systems and Stone India).

During Q4FY12, its net profit rose 24.6% to Rs.8.6 crore on 24% higher sales of Rs.56.4 crore and the quarterly EPS was Rs.5.7. For FY12, net profit rose 6% to Rs.10.7 crore on 16% higher sales of Rs.118 crore. EPS for FY12 stood at Rs.7.1.

A dividend of 75% (Rs.1.50) has been proposed.

Hirect's equity capital is Rs.3 crore and with reserves of Rs.60.2 crore, the book value of the share works out to Rs.42. The debt:equity ratio is just 0.13:1. The promoters hold 43.7% in the equity capital. With foreign holding of 16.6%, PCBs holding of 3.0% leaves 36.7% with the investing public.

For FY13, Hirect is expected to clock a net profit of Rs.12.5 crore, which would fetch an EPS of Rs.8.2. At the current market price of Rs.47, the Hirect share is traded at a forward P/E multiple of just 5.8. A conservative P/E of just 7.5, will take its share price to Rs.62, which would mean a gain of about 30% in the medium-term. The 52-week high/low of the share has been Rs.57/36.

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Tech Mahindra: Solid IT scrip

The share of Tech Mahindra Ltd. (TechM) **(Code: 532755) (Rs.716.65)** is recommended for decent gains in the medium-term for its improving fundamentals.

Following the merger of Satyam Computer, the combined entity will have a revenue of US $2.4 billion. The swap ratio for the merger of Mahindra Satyam with TechM has been fixed at 8.5 shares of Satyam for every one share of TechM. A trust will hold 10% of the merged entity. This will create the 6th largest IT major in India.

Of the total revenue, the combined TechM - Mahindra Satyam entity would earn 42% revenue from USA, 35% from Europe, and the focus will be on telecom, enterprise and engineering as key verticals. 18-19% of the merged company's revenue will come from the British Telecom (BT) Group.

The telecom sector will contribute 47%, BFSI (banking, financial services & insurance) 11% and retail 5% of the merged company's revenue. The combined entity will have 75,000 employees, 350 clients and will be in a position to offer a much better value proposition.

The company recently announced robust results for Q4FY12 & FY12. Being the country's fifth largest software company by sales, its consolidated net profit grew 9.8% sequentially and 228% YoY to Rs.303 crore in Q4FY12. Income from operations stood at Rs.1,419 crore in Q4FY12, down 1.8% over Q3FY12 while it jumped 13% over Q4FY11.

Analysts, on an average, had expected a net profit of Rs.318 crore on revenues of Rs.1,415 crore during the quarter. Exceptional loss in the January-March 2012 quarter was at Rs.68 crore on dues paid as doubtful debt. TechM reported a forex loss of Rs.35 crore and the EPS was Rs.29.16 for the quarter ended 31 March 2012. For FY12, consolidated net profit rose 70% to Rs.1095 crore on 7% higher revenue of Rs.5490 crore (YoY) and the EPS stood at Rs.86.

Its equity will rise to Rs.230.8 crore after the merger with Satyam Computers from the present Rs.127.5 crore. With reserves of Rs.3867.5 crore, the book value of its share works out to Rs.313. As of 31 March 2012, TechM has debt of Rs.1,127 crore with cash & cash equivalent of Rs.402 crore on its balance sheet.

TechM will issue 103.4 million new equity shares thereby increasing its outstanding equity shares to 230.8 million and its equity capital to Rs.230.8 crore. After the merger, the stake of British Telecom (BT) will come down significantly. BT's holding, 23.2% in the company as of 31 December 2011, will come down to 10-11% after the merger.

Meanwhile, engineering major, Larsen & Toubro also holds 1.96% stake in Mahindra Satyam as on 31 March 2012. BT, which has been trying to sell its stake in the company, might find more takers for its reduced stake.

After the merger with Mahindra Satyam, its dependency on the telecom domain would reduce to 45% and on BT to 15% thus reducing its high client concentration risk. This is likely to improve over the long-term considering the benefits of the merger synergies.

Tech M and Mahindra Satyam have approved the merger of both the companies along with their wholly owned subsidiaries, Venturbay Consultants Pvt. Ltd., C&S System Technologies Pvt. Ltd., CanvasM Technologies Ltd. and Mahindra Logisoft Business Solutions Ltd.

On a pro forma basis, Mahindra Group will own 26.3% in the combined entity, BT will own 12.8%, 10.4% will be held as treasury stock, 34.4% will be held by public shareholders of Mahindra Satyam and the balance 16.1% will be held by public shareholders of TechM.

The intention of creating a treasury stock is to allow the company greater liquidity when needed. This, especially in the matter of acquisitions, is on the agenda of both the companies. TechM will issue 10.34 crore new shares, thereby increasing its outstanding shares to 23.08 crore and its equity capital to Rs.230.8 crore.

The combined entity will have revenue run-rate of US $2.4 billion+. This size will enable the company to participate in larger deals and improve on deal win rates. The combined entity will have a broader service offering.

As of now, TechM's entire revenue comes from the telecom vertical, which has been shrinking over the past couple of years. After the merger, contribution from telecom will fall 50% (47-48%). The combined entity will have a broad-based play across industries such as manufacturing, BFSI, telecom, technology, media and entertainment, retail, transport, logistics, lifesciences and healthcare.

Geography wise, its revenue portfolio will be well-balanced with a diversified global footprint that would boast of contribution from Americas at 42%, Europe at 35% and emerging markets at 23%. Also, TechM's dependence on BT, its top client, would come down considerably as the combined entity would derive 17% of its revenue from BT while TechM currently derives 35% of its revenue from BT. The combined entity would have 75,000 employees, across 54 countries, and over 350 customers.

For FY13, the merged net profit is expected to be Rs.1750-1800 crore. The EPS on the enhanced equity will be Rs.75-78. At the current market price of Rs.716.65, the share is traded at a forward P/E multiple of 9.5. A conservative P/E ratio of even 12, as against other blue-chip P/E multiples of about 20, will take its share price to Rs.950. The 52-week high/low of the share has been Rs.798/Rs.525.

TECHNO FUNDA

- By Nayan Patel

Kanpur Plastipack Ltd.

BSE Code: 507779

Last Close: Rs.29.70

Kanpur Plastipack was founded in 1971 and is based in Kanpur, Uttar Pradesh. The company engages in the manufacture and sale of flexible intermediate bulk container (FIBC) as well as jumbo bags. The company also offers HDPE/PP woven sacks and bags including circular woven fabrics and bags, laminated and unlaminated bags, printed and unprinted bags, as well as small bags like valves, bale wraps, liner bags and gusseted bags. In addition, it provides ready reckoners for fabric weights in HDPE/PP woven sacks and offers webbing patterns in rolls and cut lengths. The company provides products for industrial packaging. It exports its products to the Netherlands, UK, Spain, France, Germany, USA, Italy, the Middle East, Chile, Uruguay, Iraq, the Russian Federation, Ireland, and South Africa.

It has an equity base of Rs.7.96 crore that is supported by reserves of around Rs.21.33 crore and has a share book value of Rs.36.8 per share. The promoters hold 69.19%, non-promoter corporate bodies hold 1.95%, foreign investors hold 3.41% while the investing public holds 25.45% stake in the company.

For Q4FY12, it posted net sales of Rs.51.01 crore with net profit of Rs.4.65 crore against net sales of Rs.35.08 crore with net profit of Rs.1.01 crore in Q4FY11. For FY12, it recorded net sales of Rs.188.57 crore with net profit of Rs.10.08 crore against net sales of Rs.121.31 crore with net profit of Rs.3.03 crore in FY11. The Q4FY12 EPS stood at Rs.5.85 while the FY12 EPS is Rs.12.32. At the current level, the stock is available at a P/E multiple of just 2.5. It has paid dividends as follows: FY10: 10%, FY11: 10% and for FY12, the company has declared 10% dividend. Last year, the company had issued bonus shares in the ratio of 1:2.

Last four years performance:			(Rs. in crore)
Year	**Net Sales**	**Net Profit**	**EPS** (Rs.)
2008-09	103.02	1.86	3.51
2009-10	102.77	2.54	4.79
2010-11	121.31	3.03	5,70
2011-12	188.57	10.08	12.32

Technically, after making a double bottom around Rs.6 in February 2009, the stock has made a higher top and higher bottom formation on the chart, which is bullish in nature. We, therefore, recommend to buy this stock with a stop loss of Rs.26. On the upper side, the stock will zoom to Rs.35.5 level in the short-term while a close above this level will take it to Rs.40-45 levels in the medium-term.

Kalpataru Power Transmission Ltd.

BSE Code : 522287

NSE Symbol : KALPATPOWER

Last Close: Rs.70.60

Kalpataru Power Transmission Ltd. operates as an engineering, procurement, and construction (EPC) company in the field of power transmission, infrastructure, and asset creation in India and overseas. The company is engaged in the design, fabrication, project execution and commissioning services for transmission projects including EHV/HV transmission lines; execution of distribution projects; export of tower parts to 18 countries including Australia, USA, Latin America and Canada; sourcing of line material such as phase conductors, insulators, optic fibre ground wire and line hardware. It also undertakes EPC works for the oil and infrastructure projects; project management, design, supply chain management, and execution of railway projects; constructs buildings, factories, roads, bridges, warehouses as well as power plants. In addition, the company operates two power generation plants of 7.8 megawatts each that generate power from non-conventional energy resources using agricultural waste as fuel. Further, it is involved in real estate activities, which include the construction of an IT Park in Mumbai. The company is also based in Mumbai.

It has an equity base of Rs.30.69 crore that is supported by reserves of around Rs.1711.86 crore, which is 55.77 times its equity. The promoters hold 57.41%, non-promoter corporate bodies hold 2.45%, foreign investors hold 11.57%, institutions hold 22.63% while the investing public holds 5.95% stake in the company. In December 2011 quarter, the promoter holding in the company was 55.34%, which has now risen to 57.41% after the current June 2012 quarter. This means the promoters are aggressively buying the shares from the open market.

Last four years performance:			(Rs. in crore)
Year	**Net Sales**	**Net Profit**	**EPS** (Rs.)
2008-09	3259.11	110.66	48.3 *
2009-10	4008.88	177.68	73.8 *
2010-11	4368.73	200.06	13.86
2011-12	5255.85	188.67	13.29
* *Before split in Face Value from Rs.10 to Rs.2*			

For Q4FY12, it posted net sales of Rs.1061.62 crore with net profit of Rs.56.75 crore against net sales of Rs.884.61 crore with net profit of Rs.61.58 crore in Q4FY11. For FY12, it recorded net sales of Rs.5255.85 crore with net profit of Rs.188.65 crore against net sales of Rs.4368.73 crore with net profit of Rs.200.06 crore in FY11 on a consolidation basis. The Q4FY12 EPS is Rs.3.70 while the FY12 EPS is Rs.13.29. At the current level, the stock is available at a P/E multiple of 5.5. It has paid dividends as follows: FY11: 75% and for FY12 it has paid 75% dividend.

Technically, the stock has made a fresh 52-week low level but the fundamentals of the company indicate that the stock looks safe for medium-to-long-term investors. One can buy this stock with a stop loss of Rs.65. On the upper side, it will zoom to Rs.86 level in the medium-term and to Rs.110 level in the medium-to-long-term.

MARKET FOLIO

Central Bank Q1FY13 net up 19.57%

Central Bank of India has recorded 16.22% growth in Total Income of Rs.5625 crore in Q1FY13 as against Rs.4840 crore in Q1FY12. Of this, Total Interest Income grew 16.34% to Rs.5303 crore in Q1FY13 from Rs.4558 crore in Q1FY12. At the net level, the Net Internet Income grew 14.18% to Rs.322 crore in Q1FY13 from Rs.282 crore in Q1FY12.

The Operating Profit of the Bank was flat at Rs.793 crore as on 30 June 2012 compared to Rs.792 crore on 30 June 2011. Net profit, however, grew 19.57% to Rs.336 crore in Q1FY13 from Rs.281 crore in Q1FY12.

The Total Business of the Bank rose 12.6% to Rs.351221 crore in Q1FY13 from Rs.311929 crore Q1FY12.

IRB Infra declares 10% interim

IRB Infrastructure Developers Ltd., one of the largest road build, operate & transfer (BOT) developers in India, has declared 22% higher Total Income of Rs.1012 crore in Q1FY13 as against Rs.830 crore in Q1FY12.
Net profit for the quarter at Rs.142 crore was 6% higher than Rs.134 crore in Q1FY12.
The company has announced 10% interim dividend for 2012-13 with quarterly results.

Power Grid Q1FY13 net up 23%

Power Grid Corporation (POWERGRID) a 'Navratna' company has posted 23% higher net profit at Rs.870 crore for Q1FY13 against Rs.705 crore in Q1FY12.
Total Income rose 27% to Rs.2980 crore in Q1FY13 from Rs.2341 crore in Q1FY12.
POWERGRID operates over 95,000 ckt. kms. of transmission lines along with 155 Sub-stations with transformation capacity of about 136,400 MVA. The existing Inter-Regional power transmission capacity is about 28,000 MW and the average availability during the quarter is maintained at 99.92%
After successfully meeting its capex target of Rs.55,000 crore for the XI Plan, POWERGRID now plans Rs.100,000 crore capex in the XII plan. The company has a capex plan of Rs.20,000 crore for the current financial year.

Editorial & Business Office:
Goa Mansion (Gr. Floor), 58 Dr. S.B. Path (Goa St.), Near GPO, Fort, Mumbai – 400 001. Phone: 022-2265 4805, Telefax: 022-2261 6970.
Web Publishing Division:
307, Master Mind I, Royal Palms Estate, Survey No. 169, Aarey Milk Colony, Goregaon (E), Mumbai – 400 065.
E-mail:moneytimes@vsnl.com, Web: www.moneytimes.in
Editor & Publisher: R.N. GUPTA
CHENNAI: T.A.S. Venkatasubba Rao (Phone: 044-24917241, Mobile: 9444024664)
JAIPUR: Satram Das (Phone: 0141-2636341)
BANGALORE: V. Raghurama Reddy (Mobile: 9591763126 / 9379559166)
DELHI: P. K. Vasudevan (Mobile: 9810513247)

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