

in the eastern region. Accordingly, the demand for graphite electrodes would increase in the future.

Despite challenges, the Indian graphite electrodes industry has performed well in exports by remaining competitive through several strategic measures such as upgradation of technology, expansion of capacity bringing about economies of scale and enhance its credibility by delivering world class quality products promptly and follow-up through excellent after-sales-service.

Following good economic growth prospects projected at 7% (GDP) the prospects of the graphite equipment business continue to look good while export potential is also promising.

Although there are concerns over the near term prospects due to lower global spending, analysts expect the industry to recover in Q2FY10 on a slew of global measures to speed up the economy. Despite these odds, GIL has continued to perform exceedingly well.

GIL recently took over Guest Keen Williams Ltd. (GKW) and is merging GKW's Powmex Steel division with itself, which would increase its revenue & profitability in coming years. FY09 results include this division's working for only 2 months. GIL's equity capital is slated to go up by Rs.4 cr. by its merger.

For FY10, GIL is likely to achieve sales of Rs.1650 cr. with a net profit of Rs.260 cr., which would maintain its EPS at Rs.15.3 on the expanded equity. At the CMP of Rs.48, the share is trading at a P/E of 3.1 on its FY09 EPS and also its FY10 estimated EPS.

The share is recommended with a target price of Rs.65 in the medium-term. The 52-week high/low of the GIL share has been Rs.65/22.

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### Vivimed Labs:

#### Growing aggressively

The share of Vivimed Labs Ltd. (VLL) (Code: 532660) (Rs.77.55) is recommended for steady long-term appreciation based on its highly encouraging results.

Hyderabad-based VLL is a leading manufacturer and exporter of an active pharmaceutical ingredient (API) viz. Triclosan and other Speciality Active Ingredients such as Avis, Chlorophenesin, NDGA and CaGP (Calcium Glycero Phosphate). It caters to both the domestic and export markets.

VLL had tapped the capital market with an IPO of 25 lakh equity shares of Rs.10 each at a premium of Rs.60 per share aggregating Rs.17.50 cr. in 2005 to part finance its expansion project costing Rs.27 cr. Its five units are located at Hyderabad, Bidar (Karnataka), Haridwar (UP), Bonthapally (Andhra Pradesh) and Kashipur (Uttarakhand). The company acquired Creative Health Care Pvt. Ltd. from Uttaranchal State Financial Corporation, which has now become its subsidiary. Its various API products include Triclosan (an anti-bacterial drug used in toothpastes, soaps etc.), Chlorophenesin (an anti-fungal preservative used in cosmetics, fibres and foodstuffs), AVIS (an effective sunscreen chemical used in body creams and lotions), NDGA (a new anti-oxidant developed by VLL, which finds use in cosmetics and foods & beverages) and CaGP (used in oral care formulations for protecting dental enamel).

VLL's customers include Anchor Healthcare, Marico Industries, Unilever, Harnet International (USA), Collaborative Laboratories Inc. (USA), Pharmed, Arnaud Group (France) Hindustan Unilever, Kreglinger Europe S. A., Belgium, Engelhard USA, Benckiser (North America) etc. In FY08, VLL had raised \$12 million through foreign currency convertible bonds (FCCB). It intends to use these funds along with internal accruals for acquiring a speciality

chemicals company abroad.

The company's contract manufacturing initiatives include speciality chemicals for biocides, plastics and water treatment, which find application in the cosmetic and industrial segments. Due to its lower cost base, VLL provides contract manufacturing facilities at competitive rates compared to companies in Europe or North America. In the contract-manufacturing space it is working with six global majors. For FY09, consolidated sales advanced by 52% to Rs.276 cr. and net profit by 38% to Rs.22 cr. and the EPS stood at Rs.23.4. A dividend of 15% has been declared.

Its equity capital is Rs.9.4 cr. and with reserves of Rs.93 cr., the book value of the share works out to Rs.108. The promoters hold 58.5% in the equity capital, PCBs hold 6.2% and the foreign holding is 1.8% leaving 33.5% with the investing public.

VLL has added Rs.44 cr. to its gross block towards capacity expansion. It also acquired James Robinson, a company in Europe, for \$21.15 million to expand its global reach and product portfolio. This acquisition to complement VLL's portfolio of active ingredients in the personal care products segment and global foray into the hair dye segment. The acquisition is in line with its corporate strategy of achieving leadership in the global personal care space. The global market for active in-

gredients in H&PC (health & personal care) products is estimated at \$35.7 billion out of the total cosmetic care industry size of about \$277 billion. VLL plans to expand its presence to 50 countries by 2010 from the existing 25-30. Japan, China, Korea and the Gulf countries are the new likely destinations.

VLL has a robust pipeline of at least 23 products such as Triclosan (oral care), Avo Benzene (sunscreen) and other skin care and hair care products. It is the country's top producer of active ingredients necessary to manufacture H&PC as well as industrial products. With the market for these products growing substantially, VLL has set itself on a consolidation and expansion mode.

VLL's large products portfolio, regulatory approved manufacturing facilities, ability to scale up production of active ingredients quickly and tie-up with international logistics companies will help it grow fast in the booming personal care industry both in India and abroad.

It is all set to further improve its working in FY10, wherein an EPS of Rs.28 is expected.

The shares of VLL are traded at Rs.78 discounting its FY09 consolidated EPS of Rs.23.4 by 3.4 times and projected FY10 EPS of Rs.28 by 2.9 times. Investment in this share is likely to fetch a decent appreciation of over 35% in the medium-term. The 52-week high/low of the share is Rs.97/32.

## Kabirdass Motor Company plans IPO

Kabirdass Motor Company Ltd. (KMCL) engaged in the manufacture and distribution of 'Xite' brand electric bikes and scooters plans to raise Rs.61.28 cr. through a book-built IPO in August 2009.

The company decided to manufacture battery-operated electric vehicles to encash on the vast experience of the promoters in the auto components industry, their time-tested ability in vendor development and

the growing demand for non-polluting vehicles.

The company belongs to the Kabirdass group of companies that comprise Best Cast IT Ltd., S.R.K. Casters and Shareway Securities Ltd.

## Reliance BIG TV's iStock service on DTH

Reliance BIG TV has launched a new interactive feature, iStock, India's first portfolio tracking application through its DTH platform in association with Reliance Money.

Reliance Money has created a unique iStock zone on Reliance BIG TV's DTH platform, which will not only provide information about Indian and global indices, currencies,

commodities, stocks and market news but also provide Reliance BIG TV customers with value added services including a unique personal portfolio management tracker.

## FIFTY : FIFTY

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\* **Tips Industries** has announced buy back up to Rs.75 level. Since stock is down to Rs.37/38, there is value in the stock and it is safe to accumulate on dips. Once buy back starts, investors can safely expect price of Rs.48/50 level.

\* FII selling is over in **Lancor Industries** and absorbed by

knowledgeable investors. Closing above Rs.48 may give a good upmove.

\* Traders can keep watch on **SBI/HDFC/IFCI/Nagarjuna Construction/HCC** for short-term gains.

**Note:** Seeing to the good Railway Budget, which is said to be growth oriented, it is expected that the Union Budget

2009-10, too, shall be encouraging and the market may see higher levels.

Investors are advised not to chase the stocks that flare up in the next few days in case of a favourable budget. It is advisable to keep booking profits at higher levels as the market may give a good opportunity to buy on reactions.