

Short stories

Electrotherm's board meet on May 7

Electrotherm India Ltd has informed the BSE that a meeting of its board of directors will be held on May 7, 2007 to consider and approve the annual accounts for the year ended March 31, 2007. The board will also consider recommendation of dividend on equity and preference shares for the year ended March 31, 2007.

GM posts 22.2% rise in sales



General Motors (GM) India on Tuesday reported a 22.2% increase in its domestic vehicle sales during April at 4,474 units, against 3,662 units in the corresponding month last year. The company sold 1,670 units of utility vehicle Chevrolet Tavera, 1,306 units of mid-sized sedan Chevrolet Aveo, 317 units of luxury sedan Chevrolet Optra and 1,181 units of the recently launched compact car Chevrolet Spark, the company said.

Company results

Ahmedabad-based Sathbhav Engineering Limited has recorded a net profit of Rs 29.48 crore for the year ended March 31, 2007 compared to Rs 13.85 crore for the year 2005-06, a jump of 113%. For the quarter January-March 2007, the company has registered a net income of Rs 196.71 crore from operations and a net profit of Rs 11.98 crore.

Gupta Synthesis Limited has posted a net profit of Rs 13.32 crore for the year ended March 31, 2007, a 75% increase compared to Rs 7.59 crore in 2005-06. According to unaudited financial results of the company, the net sales for the period stand at Rs 341.59 crore compared to Rs 284.10 crore for the same period in 2005.

Vimal Oil & Foods Ltd has posted a 33% increase in net earnings and a 59% rise in net profit after tax for the year ended March 31, 2007 over earnings and PAT achieved in 2006.

Payment of dividend

IL&FS Investment Managers Ltd's board at a meeting held on May 1, 2007, has recommended a dividend of 40%.

Gujarat Hotels Ltd's board has decided to recommend to the shareholders at the company's 25th annual general meeting to be held on July 20, 2007, payment of dividend, for the financial year ended March 31, 2007 of Rs 2.00 per equity share on 37,87,515 equity shares of Rs 10 each.

Bank of Maharashtra has informed the BSE that its board at a meeting held on April 30 has recommended 20% dividend for the year ended March 31, 2007.

Global shipping cos keen to anchor at state ports

Industry watchers say that container traffic from Gujarat's ports is expected to increase 20 times in the next 15 years

Tushar Prabhune

Ahmedabad

Gujarat's coastline is beckoning a host of international infrastructure and shipping companies. In the last three to four months, at least four big firms have seriously started exploring the options of investing in the state.

After Israel's Zim Integrated Shipping Services, which signed an MoU with the Gujarat government, for developing Maroli port, three compa-



nies - Germany's Eurogate, Australia's infrastructure firm Leighton and Japanese construction company Wakachiku are readying to test the waters here.

Sources familiar with the development told DNA Money

that a four-member team from Eurogate Freight Group, one of the leading container shipping companies in Europe, is the latest firm to visit the state.

"Eurogate wants to begin container services from Gujarat ports. But they are not

Deep waters

Firms from Japan, Germany, Israel, Australia are making serious inquiries

Containerisation of cargo is one of the major attractions for shipping and logistics companies

considering port development per se," a senior government official in the ports department said.

The Eurogate team also visited Mundra International Container Terminal (MICT), developed by the Adani Group and now owned by the Dubai Ports World (DPW).

Maritime industry watch-

ers say that the container traffic from Gujarat ports is expected to increase as much as 20 times in the next 15 years. Moreover, going by the international trend of containerisation of cargo, the focus in port development has shifted to building container terminals.

According to cargo estimates prepared by rating agency Crisil, Mundra and Pipavav are projected to handle 13.20 million tonnes per annum container cargo by 2015-2016 which would increase to 22.34 million tonnes by 2020.

The containerised cargo in Gujarat is expected to touch 30 million tonnes in 2010-11, 40 million tonnes in 2015-16 and 67.68 million tonnes by 2020, Crisil says in its report.

"At most of the 10 greenfield sites that we have identified, we would be encouraging container terminals," said the

official.

A team of executives from Wakachiku, the Tokyo-headquartered construction firm is also visiting Gujarat later this month. The company is engaged in infrastructure building, which includes maritime-related activities like ports and harbour development, dredging and land reclamation.

They are expected to visit some greenfield sites, including the recently identified ones like Mahuva, Sutrapada and Modhwa.

Two of the world's biggest shipping companies - Royal Dutch Shell and AP Moller Maersk, already have presence in the state. Port of Singapore Authority (PSA) has tied up with Shell Hazira to build a container terminal near the latter's LNG terminal.

Khazana to don a 'manly' look

Company to launch its menswear clothing range

DNA Money Correspondent

Ahmedabad

Buoyed by the spiraling space occupied by fashion in retail, Ahmedabad-based Khazana Stores Pvt Ltd is all set to launch its own brand of menswear clothing under the brand name 'Khazana'.

Ismail Memon, a professor at National Institute of Fashion and Technology, will design garments for the company.

"Initially, we will start with menswear, wherein Prof Memon will design and stitch customized garments for our clients. Gradually, we will also enter women's wear clothing range," MD of Khazana Stores Pvt Ltd Vijay Chandrani told DNA Money.

Currently, the company offers leather products and accessories under the brand Khazana. It has

Magic Clothing ties up with Khazana

Chennai-based Magic Clothing Pvt Ltd has tied up with Khazana to market its brand 'Canary Blue' in Gujarat. The company will offer clothing range for men and women in the age group of over 25 years, said director (marketing), Magic Clothing, Ajay Chhabiani.

outsourced the production of leather products to a Mumbai-based company.

"For garments, we will buy linen fabric from southern parts of the country," he said. Khazana Stores is also planning to open more retail outlets in Gujarat, Rajasthan, Maharashtra and Goa. "By 2010, we will open 10 new outlets," he added.

Currently, the company has two outlets in Ahmedabad and is planning to open new stores in Vadodara, Surat, Rajkot, Anand, Jaipur and Pune.



STAR COMPANY
Veteran actor Dharmendra (L) and Shriram Transport Finance Company executive director (operations) Umesh Revankar at the company's promotional event in Ahmedabad on Tuesday.

-Pankaj Shukla

GMDC aims to become as 'powerful' as GEB

Aims to generate 4,000 MW power

Maulik Pathak

Ahmedabad

Gujarat Mineral Development Corporation is aiming to be the second biggest power generating company after Gujarat Urja Vikas Nigam - formerly known as GEB, with an ultimate power generating capacity of 4000 MW.

"We have a number of projects in the pipeline and we will be producing power almost equal to GUVNL and it will be economical," said CJ Jose, chairman of GMDC.

The company's 250 MW lignite based power plant in Kutch has been operational since March this year. Another 250 MW lignite based power project in which GMDC has 16% stake and Gujarat State Power Corporation 51% will come up in Bhavnagar.

The company has dropped plans for a 500 MW plant in Panandharo dis-



venture agreement has been signed between GMDC and RIL, in which the former will hold 49% equity for lignite gasification. The JV is for three commercial projects including power and GMDC will supply about 600 million tonnes of lignite or coal.

The Centre had invited expression of interest for 10 coal blocks for power generation and 15 for power and merchant sale. GMDC has bid for all the blocks and is expecting to get a couple.

GMDC, a mining and

INSIGHT

Slowing juggernaut

ICICI Bank's stock fell by 7.26% on Monday to Rs 865.90, after the company announced plans for yet another follow-on offer. Analysts said this will dilute the bank's earning per share. Also, its fourth quarter results were not up to market expectations.

Total income for the quarter stood at Rs 8,495.52 crore, up by 51.93% year-on-year, including operating income of Rs 6,661.58 crore, up 67%, and other income of Rs 1,833.94 crore, up 14.18%. But, net profit went up by only 4.45% to Rs 825.12 crore, due to two reasons.

The interest paid on the deposits went up by 72.55% to Rs 4,786.86 crore. The bank, to keep fueling the credit growth, has resorted to borrowing high-cost bulk and term deposits.

Currently, low-cost current and savings account (CASA) deposits form only 23% of the total deposits of the bank, the same as it was a year ago. With interest rates going up, it was very difficult to increase its CASA. All this has led to the net interest margin (NIM) falling by 13 basis points year-on-year to 2.66%. In comparison, HDFC Bank has a very healthy NIM of 4.5%, due to its higher CASA of 57.7%.

But, concentrating on NIM has never really been ICICI Bank's style, as a high

other income more than makes up for it. But, as mentioned above, other income this quarter went up by only 14% year-on-year. This was largely because of a slow down in retail advances. Retail advances grew by 39% to Rs 12,769 crore. In FY06, they had seen a 64% growth. A lot of other

income at the retail level is generated through fee income including from demat accounts, loan processing fees, credit and debit card transactions, etc. The other reason for the meliorated growth was the base effect. Fees income during the same quarter last year had grown by

almost 80%.

This dependence on other income essentially ensures that the bank does not have a steady growth rate like HDFC Bank, which continues to grow at around 30% quarter-on-quarter. The market loves this consistency and hence has given the stock a higher PE (trailing 12 months) of 28.27 vis-à-vis 24.85 for ICICI Bank.

The other reason which pulled down profits was a change in RBI norms on provisioning due to an increase in general provisioning requirement to 2% on certain categories of loans; provisioning increased to Rs 310 crore during the quarter.

Short of the mark

	ICICI Bank		HDFC Bank	
	Mar 31 2007	Mar 31 2006	Mar 31 2007	Mar 31 2006
NIM (%)	2.66	2.79	4.50	4.00
CASA (%)	23	23	55	57.70
EPS (Rs)	34.84	32.49	36.3	27.9
Price (Rs)	865.9*	590.25**	1026.15*	826.60**
PE Ratio	24.85	18.17	28.27	29.63

*as on April 30, 2007; ** as on April 29, 2006

Saurashtra's farmers take to horse breeding

Expertise in dealing with livestock & availability of fodder are key reasons

Papiya Patnaik

Rajkot

Bad rainfall does not affect Saurashtra farmers these days. They have found a new business to supplement their income: horse breeding! Their expertise in dealing with livestock and the fact that they have enough fodder to feed horses, has made a number of farmers take to the business.

According to president of Kathiawadi Marwadi Horse breeders Association, Ghanshyamji, uncertain rainfall in the region had forced farmers to diversify into this business. "As we



have enough land to keep horses and fodder to feed them, it was easier to do this business. A farmer can feed up to four horses," he said.

Porbandar-based farmer, Rajesh Jadeja, said, "I have 15 horses and each would fetch me more than Rs 50,000 while the maintenance is just less than 10%."

The gaining popularity of the business is quite evident from the fact that in 1985 when the association

was formed there were 200-300 members only while today there are around 1,500 members. Also, with horses being considered as a status symbol and source of income, an adult horse now fetches Rs 40,000-1.5 lakh from a mealy Rs 5,000 before. Their demand is more from states like Punjab, Maharashtra and Madhya Pradesh, said a veterinary surgeon CM Pandya.

"Horse breeding as an industry is growing at the rate of 10-15% annually. The hot and dry climate of Saurashtra further supports proper breeding of horses, he said.

NABARD too is promoting the industry by providing finance to farmers to breed horses. "Since last year many schemes have been floated to offer finance to horse breeders which also provide insurance cover," said district development officer of NABARD, KK Bagul.

Now, enjoy flavoured synbiotic curd

Dairy Science College of AAU plans to file a patent; claims product will have nutritional value

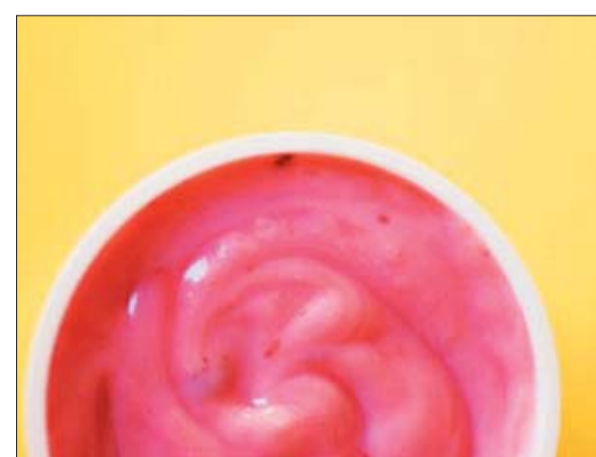
Niyati Rana

Vadodara

The next time you go for your daily dose of dahi to beat the heat, why not opt for flavoured synbiotic curd instead. The research team of Dairy Science College of Anand Agricultural University (AAU) has come up with tomato, banana, chickoo and cucumber flavoured synbiotic curd.

Synbiotic curd, a type of functional dairy product, is a combination of probiotics and prebiotics.

The culture contents used to prepare synbiotic curd has properties that



Curative curd

Research team of Dairy Science College of AAU come up with two fruit-based and two-vegetable based flavours

The college has received a grant of Rs 85 lakh from the Indian Council of Agricultural Research

Flavoured synbiotic curd will also be rich in carbohydrates, fibres and minerals

The culture contents used to prepare the curd contain properties that could help control diabetes, cholesterol, diarrhoea and dysentery

could help control diabetes, cholesterol, diarrhoea, dysentery and irritable bowel syndrome among others.

"We thought of coming up with different flavours of synbiotic curd to add to the nutritional level apart from making it more palatable for health freaks," said professor of microbiology, Dairy Science College Rajiv Shah, who heads the research team. The university is planning to file a patent for the curd.

The college received a grant of Rs 85 lakh from the Indian Council of Agricultural Research (ICAR) to extend its research under the programme ICAR Niche Area of Excellence: Functional Fermented Dairy Products with Synbiotics.

According to Shah, the fruits and vegetables used in the flavoured synbiotic curd will have its own nutritional and therapeutic effects. "The flavoured synbiotic curd will be more beneficial as it will also have the

qualities of the ingredients used. For example, a substance called lycopene in tomatoes can help deal with disease like cancer. This means the tomato flavoured synbiotic curd will have the benefits of both tomato and synbiotic curd," said Shah.

Flavoured synbiotic curd will also be rich in carbohydrates, fibres and minerals. Earlier Shah and his research team had also come up with plain synbiotic curd, synbiotic curd with sugar and sugar free synbiotic curd for diabetics.

On the university's plan to file a patent Shah said, "Since the micro organism used to prepare the flavoured synbiotic curd is our research team's concept, we are planning to file a patent for the flavoured synbiotic curd."

"We have also researched the market demand for the product. It has a shelf life of one month under refrigeration and we are working to enhance it further," he said.

Hindustan Lever's (HLL) results for the first quarter ended March 2007 (Q1) were not impressive and also short of street expectations, mainly on the profit front.

The growth in the domestic FMCG business (87% of revenues) was led by a mix of 4% rise in volumes and balance through price increases. The company's adjusted net sales were up 13.98% to Rs 3,164.53 crore, which seems fine given HLL's size. However, it was aided by a strong growth of 27.59% in export revenues, excluding which, the adjusted domestic sales grew only 11.47%.

Notably, the soaps and detergents and personal products, both of which account for 70% of total revenues, grew by 9.55% and 10.55%, respectively, and hence, pulled down growth rates. In fact, it was the 25% growth in other businesses that saved the day for HLL. However, the negative impact of the high-margin personal products business growing at a relatively slower rate as compared to low-margin businesses.

Within business segments, the beverages business saw a steep fall of 452 basis points in segment margins, which the com-



Unilever's Global CEO Patrick Cescau

pany said was due to higher advertisement spends. Also, the others category saw a dip in profitability. However, all remaining businesses saw marginal gains in margins and helped offset the decline in beverage margins.

With regards the cost break-up, rising input prices and higher spend on advertisements and promotions (up 17.48%) played spoilsport. The questionable part is whether this trend will continue. If so, it will signal that HLL is not finding it easy to pass on cost increases due to competitive market conditions and may also mean that it is spending more to sustain growth rates and maintain market share.

At Rs 199.40, down 4.82% post-results, it trades at a PE of 25 times its estimated EPS of Rs 8 for 2007.

(Contributed by Vivek Kaul and Vishal Chhabria)