

## BSE A GROUP COMPANIES UNDERVALUED

Some good picks for the long term investor based on the book value of the companies. Some companies are recently trading below their book value and a investor can think it to be the best pick to invest their funds in such kind of companies. The below mentioned are the companies with their sector and the growth in the sector is also felt to be tremendous.

### Power

The companies under this sector are getting bulk orders from other countries for generation of power. India and Nepal reviewed the progress of a power project under which New Delhi would provide its Himalayan neighbour 60 MW of power, beginning from December 1. Initially, India would supply 20 MW of power from Talang in Bihar to Nepal. "Later, another 40 MW of power would be supplied through the transmission links in Bihar.

### Sugar

Few sugar companies were not allowed cane crushing and they have being allowed by government. There were some delay in cane crushing but it has been started by many of the companies.

### Refinery

The development in the sector is good the new refinery of reliance will help the county to reduce the margins on diesel and gasoline. It is also expected that the refinery will increase the global output by 1%,thus the development are good, the infrastructure getting development in India will help to develop the sector to greater extent

### Metals

Keeping an eye on metals based companies it has been seen that the rates of scripts have reduced and also the commodities price have decreased from there all time high in this same year, but the development by companies have never stopped they are working on new projects and we feel that it is right time to invest in metal based companies as the scripts are available at cheapest price. Government have reduced the export duty on iron ore. And also the productions have been cut in various metals.

### Banks

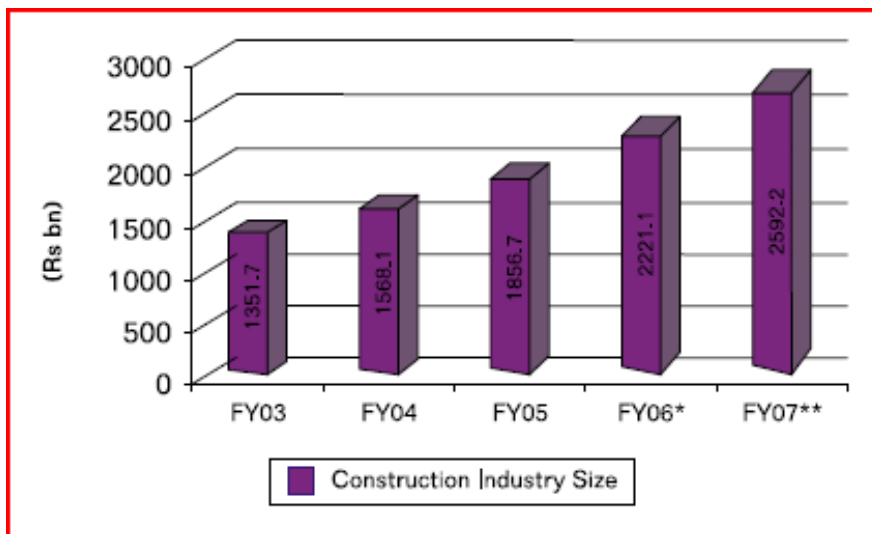
Banks are sound and foreign banks would be allowed to set up fully owned subsidiary in 2009.PSUS are taking new initiatives to help the banking sector grow at good pace. The banks have ATM transaction amounting to Rs 140 Cr peer day. Banks are providing credit to SME segment for the development. Thus banks are sound and helping various sectors to grow. Until 2010, retail banking is expected to grow at a CAGR of 28% to touch a figure of INR9,700 billion.

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## Construction

The economic growth of India has caused stimulance for the construction of houses, offices and apartments buildings. Expectations are that for each year until 2011, 6 million new houses will be build. Opportunities in this sector lie in the supply of building equipment, resources and in the construction itself.

The construction industry has been playing a vital role in overall economic development, as its contribution to GDP has gone up but due to global crisis the world is having downtrend in each and



Expressways	200km
NHs	66590 km
State Highways	131899 km
Major District Roads	467763
Rural and Other Roads	2650000 km
Total Length (Approx.)	3.3 million km

every segment but construction and infrastructure developments will never stop in country as India is the developing country and they need to maintain and have develop the roads transportation facilities. Adequate road network is a must for thriving economic activities, but, in India the existing road network itself is inadequate. Road transport accounts for over 4.5 per cent of the

Country's GDP. Indian road network is the second-largest in the world, Spanning across 3.3 million kilometres. State highways (SHs) and Major district roads (MDRs) also play a significant role in the country's road transportation system, since they provide crucial linkages to NHs, district headquarters, important towns/cities, ports etc. Indian Railways (IR) is one of the largest and busiest rail networks in the world, plying across 63,332 km. Thus the construction companies will get orders on continuous basis.

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### Projected investments in road during 11<sup>th</sup> five year plan

	FY08	FY09	FY10	FY11	FY12	Total Eleventh Plan
NHs	293.5	310.29	338.76	402.18	469.88	1814.59
State roads	227.18	238.23	254.54	291.96	353.35	1365.27
Rural roads	75.0	81.0	86.0	92.0	98.51	432.51
NE roads	8.46	9.52	11.63	12.69	13.75	56.05
Total	604.17	639.04	690.93	798.83	935.49	3668.42

### Shipping

Shipping plays a significant role in the country's booming merchandise trade; in fact, it contributes more than 95 per cent in volume terms and 70 per cent in value terms to the merchandise trade. India has a vast coastline (7,517 km), with 12 major ports and 187 non-major ports. During FY03 to FY07, its seaborne trade grew at an impressive CAGR of 11.6 per cent. In FY07, major ports contributed around 71.43 per cent of the seaborne trade growth, while the non-major ports constituted the remaining 28.57 per cent. Though major ports dominate the seaborne trade in India, non-major ports' share has gone up from 25.11 per cent in FY03 to 28.57 per cent in FY07. Capacity utilisation at major ports in FY07 was over 91.89 per cent, while that at non-major ports was around 81.27 per cent. Growing economic activities and the ambitious export target of US\$ 195 billion by 2009 (or 1.5 per cent of world trade) would invariably accelerate demand for ports in the country. As India is entering a rapid economic growth phase in addition to continued globalisation of the economy and increased free trade, its maritime sector is expected to grow substantially. The significance of the economy in the global marketplace and the volume growth of trade and transport, together with increasingly customised logistics and inter-modal thinking, will lead to higher quality in the transportation and overall logistics services. In India only 2,000 km of the 14,500 km of waterways are used for transportation. Reasons behind this are technical problems; rivers are impossible to be used and the infrastructure is insufficient. Dredging companies, harbour development projects and delivery of specialised ship building materials could be a solution to this problem.

### Automotive

The Indian automotive industry has been growing enormously over the last decades and growth is expected to continue with a rate of 15 percent until 2012. The reasons for this are India's growing openness, arrival of new and existing models, easy availability of finance at relatively low interest rates and price discounts offered by dealers and manufacturers. This has all stirred the demand for vehicles and contributed to the fact that India has become one of the most important destinations for numerous worldwide players in the automotive industry.

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### Infrastructure & Airports

The infrastructure has made some impressive and important changes in the last couple of years. Especially the number of regional roads and highways has grown enormously. The government of India is supporting the improvement of the infrastructure with a project called the 'National Integrated Highway Development Project'. Phase one of this project is to connect the four most important cities Delhi, Mumbai, Kolkata and Chennai; also known as 'The Golden Quadrilateral'. Phase two is to connect the north and the south from Srinagar to Kanyakumari and to establish an east to west connection from Silchar to Portbander with a total length of 7,300 km. The project is planned to be finished in 2009. Indian aviation industry is one of the fastest-growing sectors in the country.

The air transport sector contributes 1 per cent to the total cargo in volume terms and 30 per cent of the merchandise trade in value terms. At present, scheduled airlines operates 331 aircraft. According to Airbus, the leading aircraft manufacturer, there will be a demand for 1,100 additional aircraft in India in the next 20 years, valued at an approximately US\$ 105 billion. According to AAI, passenger traffic would reach 205.4 million by FY12 from 96.36 million in FY07, while air cargo traffic would reach 2.68 MT from 1.55 MT during the same period.

### Development of airports in India

In view of the surge in traffic at airports in India, the government has decided to improve its airport infrastructure. Accordingly, it is modernising the Delhi and Mumbai international airports through private sector participation. The government envisages investments worth Rs 400 billion for improving the airport infrastructure in the country over the next couple of years. The promise and the potential of the Indian aviation market are awesome. Over 135 aircraft have been added in the last two years alone. By 2010, India's fleet strength will stand at 500-550

Particulars	Airport	Estimated cost (Rs billion)
Restructuring modernisation for world class airport	Delhi & Mumbai	150.00
	Chennai & Kolkata	50.00
Greenfield airports	Bangalore, Hyderabad, Goa, Navi Mumbai, Pune, Nagpur (Hub), Greater Noida	100.00
Upgradation	25 airports	70.00
Modernisation / Improvement	55 airports	30.00
Total investment by 2010		400.00

### Telecommunication

Mobile phone communication has experienced a rapid growth since the liberalisation of the telecommunications market in the year 2000 and until today the Indian cell-phone boom is not yet showing any signs of slowing down. Indian mobile operators are adding around 8 million new subscribers a month; in February 2008 there were 246 million users.

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This number keeps on growing and therefore a great market potential is present for foreign companies. Indian Telecom Sector is one of the fastest growing sectors of the economy, growing at an average of more than 20 percent over the last four years. The country has an investment potential estimated at US\$ 37 billion by 2005 and US\$ 69 billion by 2010. India has 48 million fixed telephone connections, growing at 22 per cent per annum and almost 100 million cellular phone connections, growing at 100 per cent per annum.

Co. Name	Industry	BSE Code	Book value	Market Price
Allahabad Bank	Banks - Public Sector	532480	97.22	55.45
B P C L	Refineries	500547	322.98	303.05
Bajaj Hindustan	Sugar - Integrated	500032	101.44	50.95
Bank of Baroda	Banks - Public Sector	532134	300.96	284.7
C P C L	Refineries	500110	232.61	123.55
Cairn India	Oil Exploration / Allied Services	532792	167.95	144.1
Canara Bank	Banks - Public Sector	532483	202.33	190.2
CESC	Power Generation And Supply	500084	237.83	219.4
Essar Shipping	Shipping - Large	500630	59.45	38.2
Federal Bank	Banks - Private Sector	500469	229.16	147.65
Gammon India	Construction - Civil / Turnkey - Large	509550	111.93	83.25
GE Shipping Co	Shipping - Large	500620	273.03	218.35
H D I L	Construction - Housing - Medium / Small	532873	132.03	112.8
H P C L	Refineries	500104	311.31	200.3
Hindalco Inds.	Aluminium	500440	127.45	60
IDBI Bank	Banks - Public Sector	500116	93.8	67.15
IFCI	Finance - Term-Lending Institutions	500106	29.44	19.5
India Cements	Cement - Major - South India	530005	92.13	84.95
India bulls Fin.	Securities/Commodities Trading Services	532544	115.78	111
Indian Overseas	Banks - Public Sector	532388	86.7	83.1
Jai Corp	Steel - Medium / Small	512237	143.36	142.15
Jet Airways	Transport - Airlines	532617	214.5	188.85
JSW Steel	Steel - Large	500228	391.73	293.65
M T N L	Telecommunications - Service Provider	500108	189.23	70.7
Nag. Constructn.	Construction - Civil / Turnkey - Large	500294	68.47	62.45
Omaxe's Ltd	Construction - Factories / Offices / Commercial	532880	68.93	60.35
Oriental Bank	Banks - Public Sector	500315	230.54	154.45
Parsvnath's Develop	Construction - Housing - Large	532780	97.81	45.6
Patni Computer	Computers - Software - Large	532517	196.17	139.2
Phoenix Mills	Construction - Factories / Offices / Commercial	503100	98.56	64.2
S C I	Shipping - Large	523598	133.01	83.75
Tata Motors	Automobiles - LCVs/HCVs	500570	232.74	155.3
Tata Steel	Steel - Large	500470	298.78	190.9
UCO Bank	Banks - Public Sector	532505	31.08	29
Uni.Brew.(Hold.)	Trading - Large	507458	196.51	131.9
Videocon Inds.	Electronics - TV / Audio / VCR / VCP	511389	297.03	122.5

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