MIDEAST
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NRI INVESTMENT CONSULTANTS

BEST BUY RECOMMENDATION

Mideast Research Team

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Yesterday 0n 3-Mar-08, market closed down 900 points**. Mr.Chidambaram has announced the Union** Budget 2008-09**. Now we all scramble to read the fine print and figure out as to which stock will benefit more. Though yesterday the market was down there were some stocks, which are good value picks and will benefit more in this financial year from Budget. These stocks can make you winner in this year.**

You can buy these stocks at the **current market rates** as they present a great opportunity for making a value buy in the post Budget scenario.

Indian Hotels Company Ltd.

CMP	1000
52 Week High	1225
52 Week Low	528

Outlook:

The Indian Hotels Company Ltd. (Indian Hotels) is the largest operator and manager of hotels, palaces and resorts primarily in India in the Luxury, Business, and Leisure segments and it owns Taj Brand.

The Taj Group operates a total of 84 hotels with over 10,000 rooms**. The Taj Group has a significant geographical spread of hotels in India, having properties in the major cities and large towns in India as well as in some of the key leisure destinations in South Asia.**

In the recent past the Company, through its wholly owned subsidiaries, has acquired hotels in New York, Sydney, Boston and San Francisco. The Company has majority ownership interests through subsidiaries in 16 hotels and resorts. The classification of the Business Taj group can be done by the **quality of the property, range of services it provides and the guests it targets.** There are mainly 4 divisions of Taj group **Luxury India, Luxury International, Business, Leisure and Ginger.** The company mainly concentrates on High end Luxury Divisions in Luxury India and Luxury International division of Hotel market.

The company has launched ''Ginger'' brand of hotel catering Budget travelers **"value-for-money"** segment, the Company, through its wholly owned subsidiary. Currently, nine Ginger hotels are operational at various locations.

Financials:

The latest financials of the company are given as under: -

QUARTERLY - LATEST RESULTS - Indian Hotels Co Ltd (Curr: Rs in Cr.)									
Particulars	Quarter Ended (Dec07)	Quarter Ended Dec 06)	Quarter Ended (% Var)	YTD (Dec 07)	YTD (Dec 06)	YTD (% Var)	Year Ended (Mar07)	Year Ended (Mar06)	Year Ended (%Var)
Sales	520.62	454.43	14.6	1208.52	1038.73	16.3	1542.52	1116.15	38.2
Other Income	6.49	3.8	70.8	49.6	40.49	22.5	74.2	38.65	92
PBIDT	251.16	194.15	29.4	502.76	392.17	28.2	637.93	358.26	78.1
Interest	23.91	15.62	53.1	72.29	49.03	47.4	71.89	20.36	253.1
PBDT	227.25	178.53	27.3	430.47	343.14	25.5	566.04	337.9	67.5
Depreciation	21.11	23.04	-8.4	63.08	66.82	-5.6	91.4	65.9	38.7
PBT	206.14	155.49	32.6	367.39	276.32	33	474.64	272	74.5
Tax	71.56	52.93	35.2	124.81	88.45	41.1	68.28	90.53	-24.6
Deferred Tax	0	0	-	0	0	0	83.97	-2.31	LP
PAT	134.58	102.56	31.2	242.58	187.87	29.1	322.39	183.78	75.4

(Source : Capitaline)

The sale of the co. has increased 16% YOY till Dec end. There 29% growth in PAT on YOY and in this quarter PAT increased by 31% as compare to last Quarter. The profit margin is around 35% with quarterly profit standing at Rs.251 cr. The total market cap is Rs.9000 cr. It's the market value of this co. is 4 times to its book value means the co. has given 4 times return on its book value.

Market Data:

Latest Equity	72.34
Latest Reserve	2570.33
Latest Book value.	36.53
Latest EPS.	5.06
Latest P/E Ratio	24.76
52 Week High	163.8
52 Week Low	93.05
Market Capitalization	**9064.2**
Dividend Yield -%	1.28

(Source: Capitaline) Latest Data As On 29/02/2008

Recommendation:

India has been witnessing an increase in International Tourist Arrivals as well as growth in domestic tourism. The domestic tourism in India is also on a rise. India's strong economic development and the growth in its services industry have led to increased corporate spending on business travel.

The Hotel sector has been a laggard relative to the sensex, we believe the sector could see a Re-rating in view of the potential of the sector and earnings growth visibility. There has been significant reduction in service Tax proposed by FM in Union Budget.

We believe Indian Hotels is well poised to make the most of the demand explosion which the Hotel sector is set to witness in the coming years.

TULIP IT SERVICES

CMP	1000
52 Week High	1225
52 Week Low	528

Outlook:

Tulip IT Services, a data communication and software services firm, recently raised $150 million via foreign convertible currency bonds (FCCB) and has allocated around $40 million (Rs 160 crore) for an acquisition. Tulip plans to acquire a company in the US having managed services capability.

Finance Minister of India on 29th Feb has announced Budget for 2008-09. In this budget thrust on educational reforms and focus on establishing rural and state level broadband connectivity have turn out to be boon for Tulip IT. Govt. has allocated 100 cr to set up national knowledge networks. Moreover it has made Rs.800 cr provision for developing State-wide Area network

Given the expertise in Deployment of SWAN Infrastructure haryana, Assam West Bengal the finance Ministries step to enhance State Wise connectivity is a big Positive for Tulip. Further, the company has set aside $60 million (around Rs 240 crore) for expanding its network; around $20 million (Rs 80 crore) for setting up data centers and an equal amount will be invested in the statewide area networks (SWAN) project. Once these expansions are completed we think that the company will be able to service its expanded client base more efficiently.

Market Data:

Latest Equity	29
Latest Reserve	900
Latest Book value.	96.37
Latest EPS.	52.64
Latest P/E Ratio	24.76
52 Week High	1225
52 Week Low	569
Market Capitalization	**2943.50**
Dividend Yield -%	1.28

Latest Data As On 29/02/2008

Financials:

(RS in crores)

Type	UnAudited	UnAudited	UnAudited	UnAudited	UnAudited
Period Ending	31-Dec-07	30-Sep-07	30-Jun-07	31-Mar-07	31-Dec-06
No Of Months	3	3	3	3	3
Net Sales	3,33.82	2,58.43	2,12.77	2,90.98	2,21.98
Other Income	8.38	6.44	0.12	2.12	0.18
PBIT	77.14	57.9	43.11	49.86	39.45
Interest	-6.57	-6.11	-4.75	-5.03	-3.81
PBDT	70.57	51.85	38.37	44.83	35.64
Depreciation	-12.43	-10.72	-7.31	-8.0	-5.72
PBT	58.14	41.13	31.06	36.87	29.92
Tax	-4.05	-4.05	-2.60	-3.84	-2.44
PAT	54.09	37.08	28.46	33.03	27.47

(Source: www.bseindia.com)

In terms of its financial performance, Tulip IT has already put strong numbers and with the plans for expansion already underway, we think its performance will only improve. Its growth can be easily seen from the 9MFY08 results, where the company posted Rs 804.30 crore in top line and Rs 119.64 crore in bottomline as compared to Rs 549.80 crore and Rs 61.55 crore respectively in 9MFY07. On the valuation front, the CMP of Rs 998 discounts its trailing four-quarter earnings by 27x.

Recommendation:

Tulip IT Services has scaled up very aggressively from the time of the IPO listing. So even going forward, the way their business is positioned and the statewide business network and they just won projects they were bidding for. Out of the 8 projects that have come so far, they got 3 state projects for SWAN, 3 more are coming up for bidding. We think that all the 22 states will soon open up bidding and Tulip IT is likely to get a sizeable part of this business. If you see the last quarter numbers, they were really very good. **We strongly recommend you to buy this stock at current levels.**

Confirm your order ASAP.

Thanks & Regards,
PMS Department

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