

Equity	% Chg			
	14-Sept	1-day	1-mth	3-mth
India				
Sensex	15,604	(0.1)	10.3	10.2
Nifty	4,518	(0.2)	10.0	8.3
Global/Regional markets				
Dow Jones	13,443	0.1	2.8	(1.4)
Nasdaq	2,602	0.0	3.9	(0.9)
FTSE	6,289	(1.2)	3.7	(6.6)
Nikkei	16,127	1.9	5.6	(10.3)
Hang Seng	24,769	(0.5)	21.5	17.9

Value traded (Rs bn)	BSE	NSE
Cash	65.1	124.0
Derivatives	11.6	471.8
Total	76.7	595.8

Net inflows (Rs bn)	Recent trends (days)			
	13-Sept	-7d	-15d	-30d
FII	12.8	76.4	100.5	108.3
MF	1.9	(0.7)	4.7	5.8

Forex / Crude	% Chg			
	14-Sept	1day	1mth	3mth
Rs/US\$	40.4	0.0	2.2	0.6
Euro/US\$	1.4	(0.0)	3.0	3.4
Crude(\$/bbl)	78.6	(0.7)	9.2	15.5

Mkt movers (Rs)	Close	Pr. Cl.	% Chg
Top gainers			
Reliance Ind	600.1	506.8	18.4
Info Edge India	1,161.1	999.3	16.2
Aftek	82.4	73.6	11.9
Top losers			
Deccan Chronicle	203.8	224.3	(9.1)
KPIT Cummins	133.1	141.6	(6.0)
Binani Industries	193.9	205.9	(5.9)

In focus

Nicholas Piramal India – Company Update

CRAMS to lead growth
CMP: Rs 272 Target: Rs 332 BUY

News track

- ❖ The wholesale price index-based inflation fell to a two-year low to 3.5% for the week ended September 1, down from 3.8% in the previous week. (BS)
- ❖ The drug industry has warned of dire profit consequences from price control, saying that profits will dip to 1.4% from 10.1% now. (Mint)
- ❖ Aban Offshore is likely to raise anywhere between US\$ 450mn-500mn by offloading part of its stake in its Singapore subsidiary Aban Singapore. (FE)
- ❖ Dee Beers, the diamond industry giant, and US-based buyout fund have shown interest in acquiring 51% in Rajesh Exports from promoters. (ET)
- ❖ IFCI is likely to sell a fraction of its 5.44 % stake in NSE to conform with guidelines which do not permit individual holdings in excess of 5%. (ET)
- ❖ SAIL has signed an MoU with Infrastructure Development Corporation (IIDC), a wholly owned subsidiary of IL&FS, to develop a steel sector SEZ at Salem in Tamil Nadu. SAIL and IIDC would form a special purpose vehicle within a month to carry out the operations, with each entity holding an equal stake.(BL)
- ❖ Reliance Industries will acquire the assets of Hualon Corporation, a leading polyester producer in Malaysia. Hualon has a polyester manufacturing capacity along with downstream textile manufacturing capabilities. (BL)
- ❖ IFCI plans to enter real estate as part of a strategy to deploy liquid funds in a low risk, high returns business. (TOI)
- ❖ Construction work for Jindal Steel and Power's Rs 131.3bn integrated steel plant of 6mn tonnes and a 900MW captive power plant may be delayed due to sluggish progress in acquisition of private land. The company requires 5,750 acres in Angul and Chhendipada. (BS)
- ❖ Kaveri Telecom is entering into new products related to 3G technology besides ramping up manufacturing facilities. (BS)

Source: BL: Business Line, BS: Business Standard, ET: Economic Times, FE: Financial Express

Volume shockers

(No of shares)	14-Sept	2-mth avg	Chg (x)
Procter & Gamble	103,882	6,020	17.3
Bayer CropScience	793,989	58,994	13.5
Deccan Chronicle	1,680,120	135,131	12.4

Delivery toppers

	Del (%)	Total vol	Cons days up
Marksons Pharma	90.7	331,147	8
Shree Digvijay	69.7	1,467,681	3
Aftek	65.0	2,459,920	4

Nicholas Piramal India

CMP: Rs 272*

Target: Rs 332

BUY

*As on 13 September 2007

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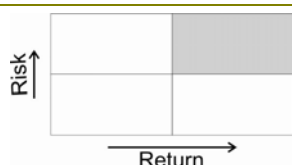
Company data

Particulars	
Market cap (Rs bn / US\$ bn)	56.8/1.3
Outstanding equity shares (mn)	209
52-week high/low (Rs)	320/195
6-month average daily volume	1,02,803

Financial snapshot

Particulars	FY07	FY08E	FY09E
Sales (Rs mn)	24,719.3	29,812.4	34,719.2
Growth (%)	55.0	20.6	16.5
Adj net profit (Rs mn)	2,181.1	3,387.0	4,281.5
Growth (%)	80.8	55.3	26.4
FDEPS (Rs)	10.4	16.2	20.5
Growth (%)	80.8	55.3	26.4
P/E (x)	26.1	16.8	13.3
RoE (%)	21.7	31.9	35.0

Risk-return profile



Shareholding pattern

(%)	Jun-07	Mar-07
Promoters	50.0	50.1
FIIIs	15.3	14.4
Banks & FIs	8.1	7.3
Public	26.6	28.2

Stock performance

Returns (%)	CMP	1-mth	3-mth	6-mth
Nicholas Piramal	272	6.1	(8.1)	19.4
Sensex	15,614	4.1	9.9	24.6
BSE HC	3,694	1.8	(2.6)	1.2

Company website www.nicholaspiramal.com

CRAMS to lead growth

Nicholas Piramal India (NPIL) is the fourth largest pharmaceutical company in India in terms of market share. Having established a strong foothold in the domestic market, the company ventured into the international market via partnerships with leading innovators like AMO, Allergan, Pfizer, Astra Zeneca and Eli Lilly. In addition, its acquisition of Avecia Pharma and Morpeth in the UK makes NPIL one of the top 10 global Contract Manufacturing Organisations (CMO). The company has a rich pipeline of NCE products with four in clinic and nine pre-clinical candidates. NPIL has recently announced the de-merger of its NCE R&D unit into a separate company which has been named Nicholas Pharma Research Centre (NPRC) in the interim.

NPIL is trading at 16.8x FY08E EPS of Rs 16.2 and 13.3x FY09E EPS of Rs 20.5 (post de-merger). We have valued the business at 15x FY09E earnings, which gives us a fair value of Rs 307 per share. In addition, NPRC adds Rs 25/share which gives us an SOTP value of Rs 332/share. We recommend a Buy with an upside potential of 22.1% from a 12-month perspective.

Business update

Acquisitions will fuel global sales

We estimate that NPIL will witness a revenue CAGR of 18.5% in global sales over FY07-FY09 to Rs 16.8bn driven by the acquisition of Avecia Pharma and Morpeth. These acquisitions have catapulted NPIL into the league of the world's top 10 global CMOs. We estimate that Avecia and Morpeth would together account for 30% of FY09 revenue. Better capacity utilisation through new projects and cost rationalisation should enable Avecia to record a revenue CAGR of 6.3% to Rs 5.9bn over FY07-FY09. Morpeth is also utilising capacity better through new clients and is expected to record revenue of Rs 4.4bn by FY09.

Building a presence across the CRAMS value chain through Avecia

NPIL acquired Avecia in October 2005 for £9.5mn on a liabilities- and cash-free basis. The acquisition included 100% equity of Avecia Pharma UK, 100% equity of Torcan Chemicals, Canada and 25% equity of Reaxa UK. For CY04, the group had a turnover of £36.1mn with an operating loss of £4.6mn.

Avecia is fully integrated in CRAMS and has two large revenue contributors – a) API development services and custom manufacturing for pre-clinical and early-phase drug development (Torcan), and b) manufacturing of advanced intermediates and APIs for late-phase trials and launched products (Huddersfield and Billingham, UK). These two businesses accounted for 82% of sales in 2004. The acquisition has enabled NPIL to have a presence in the entire product development and manufacturing chain in the CRAMS space.

Scripting a turnaround story: NPIL has been able to successfully turnaround Avecia which reported an operating profit for the first time in Q1FY08 since 2003. Increasing capacity utilisation through additional contracts, material sourcing from India and China and a reduction in overheads has led to a turnaround in Avecia's operations. The company is currently working on 144 projects for over 60 clients and is looking at enhancing its client base.

Projects at Avecia

Year	PDS*				PMS*		Total
	Pre-clinical	Phase-I	Phase-II	Phase-III	Launched (< 5 years)	Late Lifecycle (> 5 years)	
2006	8	23	42	9	9	16	107
2007	11	26	44	12	12	39	144

Source: Company

* PDS: Pharma Development Services, PMS: Pharma Manufacturing Services

Cost rationalisation to aid revenue growth: The management is looking at reorganising the operations at its facilities in the UK which could lead to some rationalisation in costs. In addition, it is in talks with a few customers to shift some Avecia operations to India. Rising capacity utilisation through newer projects together with cost pruning should enable Avecia to record a revenue CAGR of 6.3% to Rs 5.9bn over FY07-FY09. We estimate that Avecia will record single-digit EBITDA margins over the next three years.

Acquisition of Morpeth facility makes NPIL the largest supplier to Pfizer

NPIL acquired Pfizer's Morpeth facility at Northumberland, UK in June 2006 on an asset purchase basis. Morpeth is USFDA and UKMHRA approved and has a full range of pharma operations with strong supply chain flexibility. The transaction included a supply agreement with Pfizer until November 2011, which could potentially yield revenues aggregating over US\$ 350mn. The acquisition has made NPIL the largest supplier to Pfizer globally.

Potential to raise capacity utilisation and client base: NPIL is currently working on 12 products at Morpeth mainly in the lifestyle space, of which 4 are branded generics. The facility is operating at 50% capacity which leaves enough scope for better utilisation. NPIL is free to use this capacity for non- Pfizer customers and has successfully added three clients at the facility.

The company is also exploring synergies between Avecia and Morpeth in terms of forward integration. With supplies to Pfizer secured till 2011 and increasing capacity utilisation through client additions, we expect Morpeth to record revenue of Rs 4.4bn by FY09.

CRAMS gaining ground

Fortune 500 contract to contribute from Q3FY08

NPIL has announced six contracts till date, of which two (AMO and Allergan) kicked off in 2006. The Fortune 500 company contract is likely to start delivering from Q3FY08 while those from Astra Zeneca, Global Hospitals and Pfizer will start contributing to revenue over the next two years.

In addition, the company has signed five more contracts from December 2005 till date which have not been announced. India CRAMS, which recorded sales of Rs 767mn from the AMO and Allergan contracts, is likely to record a doubling of revenue to Rs 1.5bn and further to Rs 3bn for FY08 and FY09 respectively.

Supply agreement with Pfizer until 2011 could yield revenues of over US\$ 350mn

Snapshot of CRAMS contracts

Contract	Nature	Duration	Estimated revenue (US\$ mn)	Commencement of supplies	Facility
AMO	Neutralising tablets and sterile FFS packs	5 years	20	Commenced	-
Allergan	Anti-glaucoma APIs – Levobunolol and Brimonidine	Up to Oct 2011	30	Commenced	Hyderabad
Fortune 500	Formulations contract	5 years renewable and then additional 3 years		Q3FY08	Pithampur
Global Hospital	Select hospital products	10 years renewable every year	12-15	H2FY09	Digwal
Astra Zeneca	Manufacture and supply of intermediates and APIs	-	Not disclosed	Beyond FY08	Hyderabad
Pfizer	Animal healthcare product	-	Not disclosed	Beyond FY08	-

Source: Company

Resignation of Michael Fernandes, Executive Director – CMG will not impact business

According to the management, the resignation of Michael Fernandes, Executive Director – CMG (Contract Manufacturing Group), will not impact the CMG business. NPIL has an established middle-level executive team for CMG who would now report to the Chariman, Ajay Piramal, directly till NPIL identifies a successor to head the business.

Domestic formulations return to form

NPIL's Q1FY08 domestic formulation sales were hit by a supply shortage of codeine which is a critical raw material for its Rs 1.2bn brand Phensedyl. NPIL lost Rs 250mn in sales during the quarter due to de-stocking of a few other antibiotics which are supplied along with Phensedyl. However, the codeine supply issues have been resolved and the management is confident of recovering over 80% of these losses during the third and fourth quarters. In addition, the company's focus on the lifestyle segment would be an important growth driver over the next two years.

No immediate plans to set up own codeine plant

Media reports have suggested that NPIL is in the process of setting up its own plant to ensure adequate codeine supplies. However, the management has clarified that this proposal is at a very preliminary stage and nothing has been finalised so far. Even if the proposal were to be implemented, it would take a minimum of 1.5 – 2 years to commercialise the plant.

Management maintains FY08 guidance despite weak Q1

The management has not revised its guidance of 16% domestic formulations growth for FY08. We estimate that domestic formulations will witness a revenue CAGR of 13.4% to Rs 15.1bn over FY07-FY09.

Robust R&D pipeline

NPIL recently announced the de-merger of its NCE R&D unit with effect from April 1, 2007. NPIL will continue to hold an 18% stake by infusing Rs 45.5mn in Nicholas Piramal Research Centre (NPRC). In addition, it will transfer Rs 950mn in cash and assets worth Rs 900mn. Every shareholder will get 1 share of NPRC (FV Rs 10) for every 10 shares of NPIL (FV Rs 2). NPRC would be listed by June 2008.

Four new molecules set to enter clinics over the next year

NPRC's R&D pipeline addresses key therapeutic areas like oncology, inflammation and diabetes with an aggregate revenue potential of US\$ 48.5bn. NPRC has a strong pipeline with four products in clinic and nine additional pre-clinical candidates. The company has nearly 300 people engaged in R&D. It has nearly 250 patents of which about 50 are NCE R&D patents.

R&D pipeline

Lead	Target	Therapeutic area/ Indication	Stage	Category size (US\$ bn)
P 276	CDK 4 Inhibitor	Oncology: Multiple myeloma, Head & Neck, Malignant Melanoma	Phase I/II clinical trials: IND approved by USFDA	2.7
P 1446	CDK 4 Inhibitor	Oncology: Multiple myeloma, Head & Neck, Malignant melanoma	Pre-clinical: Toxicity studies underway	2.7
NPB-001-05	Chronic myeloid leukaemia	Oncology: Bcr-Abl Kinase inhibitor	Phase I/II studies started	1.6
Pxxx-NCE	Hypoxia Induced Factor (HIF α)	Oncology: Brain tumours; Renal cancer	Pre-clinical: Undergoing pharmacokinetic (PK) studies	1.0
Lead from natural products NCE	Under investigation	Oncology: Pancreatic Cancer	Pre-clinical: To begin pharmacokinetic (PK) studies	1.1
P 979	TNF- α inhibitor	Inflammation: Rheumatoid Arthritis; Psoriasis; Ankylosing spondylitis	Pre-clinical: Toxicology studies to be undertaken	7.5
Backups (TNF α)-NCE	TNF- α inhibitor	Inflammation: Rheumatoid Arthritis; Psoriasis: Ankylosing spondylitis	Pre-clinical: Undergoing pharmacokinetic (PK) studies	7.5
NPS 31807	TNF- α inhibitor	Inflammation: Rheumatoid arthritis; Psoriasis; Ankylosing spondylitis	One phase-II study completed; Two studies ongoing	0.3
P-1539-Pro Drug	COX 1/COX 2 inhibitor; Release of NO	Inflammation: Pain	Pre-clinical	0.5 - 1.0
P-1736-NCE	Not disclosed	Diabetes: Type II	Pre-clinical: Undergoing toxicology studies	4.5
NPH30907	Under investigation	Anti-fungal: Anti dermatophyte	Phase II studies completed	0.1
PM-181104 -NCE	Under investigation	Anti-bacterial: Treatment of drug resistant bacteria (MRSA and VRE)	Pre-clinical: Undergoing toxicology studies	0.5

Source: Company

New drug to treat multiple myeloma, a lethal form of blood cancer, could be out by 2010-11

NCE to treat multiple myeloma could be launched by 2010-11

Of the four NCEs currently undergoing trials, P276 which is focussed on Multiple Myeloma, a deadly form of blood cancer, has been approved by the USFDA. The molecule is currently undergoing phase II trials at Harvard University's Dana Farber Cancer Institute. Based on the data available for clinical trials, the company may look at filing for an orphan drug status for the molecule which could lead to early launch into the market. While NPIL may consider a marketing partner for the product, it has not ruled out the possibility of launching the product on its own for specific geographies. If operations move as scheduled, NPIL could launch its own drug by 2010-11.

NPRC valued at Rs 25/share

We value NPRC at Rs 25/share, which translates to a market cap of US\$ 157mn. We have valued P276 at US\$ 106mn (15% probability of launch), NPB-001-05 at US\$ 40mn (phase I/II studies underway to treat myeloid leukaemia with a 10% probability of launch), and the rest of the pipeline at US\$ 10mn.

R&D unit valuation break-up

NCE	Indication	Trial stage	Probability of launch	Valuation (US\$ mn)
P276	Multiple myeloma	Phase I/II	15%	106
NPB-001-05	Myeloid leukaemia	Phase I/II	10%	40
Others	-	-	-	10
Total				157

Source: Religare Research

NPRC may look at raising funds by mid-FY09

NPRC is likely to incur revenue expenditure of Rs 700mn-730mn in its first year of operations. For FY09, the company would have significantly higher expenditure of Rs 1.5bn. While some milestone payments are expected from the Eli Lilly deal in FY09, NPRC is likely to run out of cash during mid-FY09 and may look at diluting the promoter stake of 45% to either financial (PE firm or a venture capitalist) or strategic investors. The healthy relationships with innovators shared through research and manufacturing contracts suggests that roping in a global pharma major as a strategic investor would be the ideal fit for NPRC.

Drug development agreement with Eli Lilly progressing well

In Q3FY07, Eli Lilly had licensed a novel, patented, pre-clinical drug candidate to NPIL for development. Under the agreement, NPIL would design and execute the global clinical development programme for the drug which addresses the area of metabolic disorders. NPIL would receive a call-back payment and potential milestone payments of up to US\$ 100mn, plus royalties on sales upon successful launch of the first compound. If things proceed as per schedule, the first milestone is likely to be achieved in 2009. This deal has gone a long way in strengthening the relationship between Eli Lilly and NPIL, who are likely to partner each other for four more molecules in the near future.

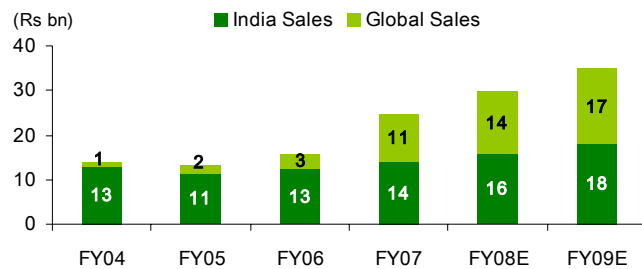
Financial review

CRAMS and domestic formulations to drive 18.5% revenue CAGR over FY07-FY09

We estimate that NPIL will witness a revenue CAGR of 18.5% to Rs 34.7bn over FY07-FY09 driven by increasing traction in CRAMS and above-average growth in the domestic formulations market. Rising capacity utilisation through new projects at Avecia and Morpeth, ramping up of existing contracts and the start up of new contracts post Q3FY08 will drive a 40% revenue CAGR in CRAMS to Rs 16.3bn. In the domestic formulations space, the resolution of codeine supply issues is likely to revive Phensedyl sales over the next two to three quarters, while the focus on lifestyle products will enable NPIL to achieve above-average growth over the next two years.

Traction in CRAMS and above-average growth in domestic formulations to drive sales

Revenue break-up between India and global sales



Source: Company, Religare Research

EBITDA margins to expand 320bps by FY09 after R&D unit de-merger

We estimate that EBITDA margins will expand by 320bps to 18.7% over FY07-FY09 driven by strong operational performance in the core business and lower expenditure on R&D post the NCE de-merger. R&D spending for NPIL now stands at 3.8% of sales for FY08.

Valuation

Valuations attractive at 13x FY09 earnings, NPRC adds Rs 25/share, BUY

Since 2003 NPIL has figured among the top 10 global CMOs with a presence across the product development and manufacturing chain in the CRAMS space. Strong relationships with pharma majors like AZN, Pfizer, and Eli Lilly will enable NPIL to consolidate its position as one of the preferred partners in the CRAMS segment. Further, a solid foothold in the Indian market will lead to above-average domestic market growth as well.

NPIL is trading at 16.8x FY08E EPS of Rs 16.2 and 13.3x FY09E EPS of Rs 20.5 (post de-merger). We have valued the business at 15x FY09E earnings, which gives us a fair value of Rs 307 per share. In addition, NPRC adds Rs 25/share which gives us a sum-of-the-parts (SOTP) value of Rs 332/share. We recommend a Buy with an upside potential of 21.1% from a 12-month perspective.

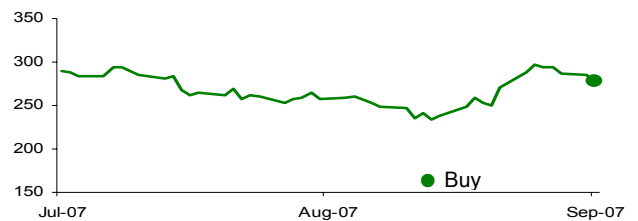
Set to leverage on stronghold in the CRAMS space; Buy

Recommendation history

Date	Event	Reco price	Tgt price	Reco
14-Sep-07	Company Update	272	332	Buy

Source: Religare Research

Stock performance



Source: Religare Research

Consolidated Financials

Profit and Loss statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Revenues	15,944.2	24,719.3	29,812.4	34,719.2
Growth (%)	21.9	55.0	20.6	16.5
EBITDA	2,095.7	3,835.3	5,336.4	6,492.5
Growth (%)	23.7	83.0	39.1	21.7
Depreciation	688.1	818.2	1,043.9	1,109.3
EBIT	1,407.6	3,017.1	4,292.5	5,383.2
Growth (%)	20.4	114.3	42.3	25.4
Interest	173.0	305.1	439.9	505.7
Other income	282.0	3.9	104.3	138.9
EBT	1,516.6	2,715.9	3,957.0	5,016.3
Growth (%)	15.6	79.1	45.7	26.8
Tax	238.1	388.9	554.0	702.3
Effective tax rate	15.7	14.3	14.0	14.0
Adj net income	1,206.5	2,181.1	3,387.0	4,281.5
Growth (%)	(26.5)	80.8	55.3	26.4
Shares outstanding (mn)	209.0	209.0	209.0	209.0
FDEPS (Rs)	5.8	10.4	16.2	20.5
DPS (Rs)	3.4	4.0	5.2	6.3
CEPS (Rs)	9.1	14.4	21.2	25.8

Source: Company, Religare Research

Cash flow statement

(Rs mn)	FY06	FY07	FY08E	FY09E
Net income	1,206.5	2,181.1	3,387.0	4,281.5
Depreciation	688.1	818.2	1,043.9	1,109.3
Other adjustments	229.0	32.1	167.2	211.7
Changes in WC	179.2	(2,344.4)	1,435.5	(1,479.5)
Operating cash flow	2,302.8	687.0	6,033.6	4,123.1
Capital expenditure	(3,827.5)	(2,638.0)	(753.8)	(1,355.6)
Investments	(250.0)	-	-	-
Other investing inc/(exp)	(265.7)	(311.2)	9.7	(294.4)
Investing cash flow	(4,343.2)	(2,949.2)	(744.1)	(1,650.0)
Free cash flow	(2,040.4)	(2,262.2)	5,289.5	2,473.0
Issue of equity	38.0	-	-	-
Issue/repay debt	(565.9)	3,127.8	750.0	700.0
Dividends paid	(715.0)	(837.3)	(1,081.6)	(1,321.9)
Others	4,080.6	(475.4)	(2,038.9)	(0.0)
Financing cash flow	2,837.7	1,815.1	(2,370.5)	(621.9)
Beg. cash & cash eq	155.1	952.9	505.9	3,424.9
Chg in cash & cash eq	797.3	(447.1)	2,919.0	1,851.1
Closing cash & cash eq	952.9	505.9	3,424.9	5,276.0

Source: Company, Religare Research

Balance sheet

(Rs mn)	FY06	FY07	FY08E	FY09E
Cash and cash eq	952.9	505.9	3,424.9	5,276.0
Accounts receivable	2,429.3	3,673.4	3,907.2	5,505.2
Inventories	2,775.7	4,401.9	4,371.4	5,502.0
Others current assets	1,601.2	1,912.4	1,902.7	2,197.1
Current assets	7,759.1	10,493.6	13,606.2	18,480.3
LT investments	287.3	287.3	287.3	287.3
Net fixed assets	8,649.8	11,705.0	11,631.1	11,935.5
CWIP	1,767.9	532.5	316.3	258.1
Total assets	18,464.1	23,018.4	25,840.8	30,961.3
Payables	3,276.5	4,550.5	5,182.0	6,135.2
Others	1,063.6	315.5	1,322.7	1,618.6
Current liabilities	4,340.1	4,866.0	6,504.7	7,753.8
LT debt	3,648.1	6,775.9	7,525.9	8,225.9
Other liabilities	866.1	898.2	1,065.4	1,277.1
Equity capital	418.0	418.0	418.0	418.0
Reserves	9,191.9	10,060.3	10,326.8	13,286.5
Net Worth	9,609.9	10,478.3	10,744.8	13,704.5
Total liabilities	18,464.2	23,018.4	25,840.8	30,961.3
BVPS (Rs)	46.0	50.1	51.4	65.6

Source: Company, Religare Research

Financial ratios

	FY06	FY07	FY08E	FY09E
EBITDA margin (%)	13.1	15.5	17.9	18.7
EBIT margin (%)	8.8	12.2	14.4	15.5
Net profit margin (%)	7.6	8.8	11.4	12.3
FDEPS growth (%)	(26.5)	80.8	55.3	26.4
Receivables (days)	44.5	45.1	46.4	49.5
Inventory (days)	101.2	84.7	86.8	84.7
Payables (days)	103.2	92.3	96.2	97.0
Current ratio (x)	1.8	2.2	2.1	2.4
Interest coverage (x)	8.1	9.9	9.8	10.6
Debt/equity ratio (x)	0.4	0.6	0.7	0.6
ROE (%)	16.5	21.7	31.9	35.0
ROCE (%)	11.7	18.7	22.9	25.3
ROAE (%)	8.9	14.5	17.6	19.0
EV/Sales (x)	3.8	2.5	2.0	1.8
EV/EBITDA (x)	29.1	15.9	11.4	9.4
P/E (x)	47.1	26.1	16.8	13.3
P/BV (x)	10.3	5.9	5.4	5.3
P/CEPS (x)	30.0	19.0	12.8	10.5

Source: Company, Religare Research

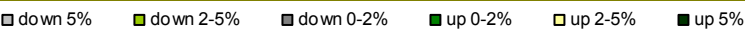
Recommendation tracker

Date	Company	Report type	Stock price (Rs)	Target (Rs)	Reco
01-Aug-07	Dishman Pharmaceuticals and Chemicals	Results Update	315	357	HOLD
01-Aug-07	Cadila	Results Update	351	416	BUY
01-Aug-07	Divi's Laboratories	Results Update	6,692	6,330	HOLD
02-Aug-07	Maruti Udyog	Results Update	821	945	BUY
02-Aug-07	Sangam (India)	Results Update	56	95	BUY
02-Aug-07	KPR Mills	IPO Note	225-265	NA	AVOID
02-Aug-07	Riddhi Siddhi Gluco Biols	Results Update	265	365	BUY
06-Aug-07	Mahindra and Mahindra	Results Update	678	990	BUY
06-Aug-07	Cinemax	Results Update	142	189	BUY
06-Aug-07	Parsvnath Developers	Initiating Coverage	326	512	BUY
08-Aug-07	Wipro Technologies	Company Update	459	595	HOLD
09-Aug-07	Punjab National Bank	Analyst Meet Note	521	610	BUY
13-Aug-07	Bajaj Auto	Company Update	2,319	2,748	BUY
13-Aug-07	IVRCL Infrastructures & Projects	Initiating Coverage	381	488	BUY
13-Aug-07	Inox Leisure	Results Update	121	120	SELL
14-Aug-07	Madhucon Projects	Company Update	247	332	BUY
16-Aug-07	Riddhi Siddhi Gluco Biols	Company Update	270	365	BUY
17-Aug-07	Jindal Drilling and Industries	Initiating Coverage	754	1,056	BUY
20-Aug-07	Motilal Oswal Financial Services	IPO Note	725 – 825	NA	SUBSCRIBE
20-Aug-07	Time Technoplast	Initiating Coverage	525	736	BUY
22-Aug-07	Sujana Towers	Company Update	122	157	BUY
22-Aug-07	Prism Cement	Initiating Coverage	51	81	BUY
24-Aug-07	PVR Cinemas	Company Update	179	277	BUY
27-Aug-07	Cipla	Company Update	171	191	HOLD
27-Aug-07	IT People	FPO Note	40	30-32	NA
28-Aug-07	Ashok Leyland	Company Update	35	48	BUY
29-Aug-07	Parsvnath Developers	Company Update	287	512	BUY
30-Aug-07	Jagran Prakashan	Initiating Coverage	551	662	BUY
30-Aug-07	Deccan Chronicle	Initiating Coverage	228	273	BUY
30-Aug-07	HT Media	Initiating Coverage	211	232	NEUTRAL
03-Sep-07	Central Bank of India	Company Update	125	144	HOLD
04-Sep-07	Maruti Udyog	Company Update	881	945	BUY
05-Sep-07	Parsvnath Developers	Company Update	316	512	BUY
05-Sep-07	MindTree Consulting	Initiating Coverage	589	556	SELL
05-Sep-07	Shri Lakshmi Cotsyn	Initiating Coverage	104	210	BUY
06-Sep-07	Power Grid Corporation of India	IPO Note	44 – 52	NA	SUBSCRIBE
07-Sep-07	Balaji Telefilms	Company Update	255	341	BUY
10-Sep-07	Greenply Industries	Company Update	230	288	BUY
10-Sep-07	HDIL	Initiating Coverage	533	694	BUY
11-Sep-07	Cadila Healthcare	Company Update	320	416	BUY
12-Sep-07	Petronet LNG	Company Update	67	73	BUY
12-Sep-07	Great Offshore	Company Update	868	1,045	BUY
13-Sep-07	IVRCL Infrastructure & Projects	Company Update	379	443	BUY
14-Sep-07	KPIT Cummins Infosystems	Company Update	142	173	BUY
14-Sep-07	Nicholas Piramal India	Company Update	272	332	BUY

Market trends

BSE sectoral indices

	% Chg				Constituent performance
	14-Sept	1-day	1-mth	3-mth	
Automobiles	4,885	(1.1)	7.1	4.5	
Banks	8,136	0.7	10.7	9.0	
Capital Goods	13,702	(0.2)	13.9	22.8	
Comm. & Tech.	3,530	(0.9)	2.1	(5.2)	
Consumer Durables	4,567	(0.7)	14.2	15.3	
FMCG	2,073	0.1	14.4	15.9	
Healthcare	3,666	(0.8)	5.1	(3.4)	
IT	4,449	(0.7)	(1.1)	(10.9)	
Metal	11,980	0.5	22.1	14.1	
Oil & Gas	8,387	0.1	12.9	12.5	
Mid-caps	6,897	(0.7)	10.2	11.6	
Small-caps	8,573	(0.8)	11.4	16.6	

Number of companies: 

Emerging markets

Country	% Chg				
	14-Sept	1-day	1-mth	3-mth	6-mth
Brazil	54,671	(0.4)	12.6	0.3	27.9
Shanghai	5,386	1.4	15.7	30.3	83.8
Hong Kong	24,769	(0.5)	21.5	17.9	30.7
India	15,604	(0.1)	10.3	10.2	25.5
South Korea	1,865	(0.3)	13.8	5.2	30.6
Taiwan	9,003	(0.3)	11.3	5.0	16.6

FII statistics

(US\$ mn)	1-day	WTD	MTD	YTD
India	(11.4)	162.9	844.9	9,218.9
South Korea	(264.7)	(1,159.8)	(1,274.9)	(15,291.9)
Taiwan	288.5	(325.2)	208.1	2,180.3
Thailand	127.1	(53.8)	(52.3)	2,915.2

Events calendar

Board meetings

September 17		18	19
Rajesh Exports – General		Symphony Com Sy – Results	Phoenix Inte – General
Puravankara – Results		Everest Kanto – General	
Suraj Stainless – Bonus shares		Techno Forge – General	
20		21	22
Petron Engg – Results			
Lakshmi Cotsyn – General			

Trade data

Institutional bulk deals

Scrip	Client	Buy/Sell	Quantity	Avg Price (Rs)
Advani Hot R	Morgan Stanley And Co Intl Plc Ac Morgan Stanley	B	60,000	340.0
Aftek	Goldman Sachs Investments Mauritius	B	1,610,000	88.1
Aftek	Deutsche Securities Mauritius	S	600,000	88.4
Blue Bird (India)	Merrill Lynch Capital Markets Espana SA Svb	S	221,937	68.0
Dhanlak Bank	Somerset Emerging Opportunities Fund	B	414,500	77.0
Financial Technologies	T Rowe Price New Asia Fund	S	258,161	2,450.0
Ganeshforgin	BSMA	B	106,634	108.6
Gayatri Proj	Principalp Long Term Eq Fund	B	216,497	295.0
Goldston Tec	Religare Securities Panthe	B	75,000	134.0
Goldstone Tech	Religare Securities Panthe	B	75,000	134.0
Gremac Infra	UBS Securities Asia	B	500,000	214.0
Ind Infoline	T Rowe Price International	B	558,546	807.6
India Infoline	T Rowe Price International Inc A/C T Rowe Pric	B	900,000	809.9
India Infoline	Prudential ICICI (Arb) Income Optimiser Plan	S	275,000	824.7
Indowind Energy	Citigroup Global Markets Mauritius	B	500,000	90.0
Infra Devfin	GE Equipment Leasing Mauritius	B	23,630,00	128.0
Infra Devfin	State Secretariat For Economic	S	26,600,00	128.0
IT People	UBS Securities Asia	B	2,000,000	30.0
IT People	ABN Amro Bank N V London	B	2,500,000	30.0
Iwind Energy	Citigroup Global Markets Mauritius	B	500,000	90.0
JRG Secur	HSBC Financial Services Middleeast	S	70,545	51.2
Karnataka Bank	Macquarie Bank	B	792,526	208.1
Kashyap Tec	Mavi Investment Fund Account Gdr	S	900,000	6.9
Kashyap Tec	Lotus Global Investments Account Gdr	S	900,000	6.6
Lotus Choc	Andhra Pradesh Industrial Dev Corp	S	100,000	14.9
MIC Electronics	Sundaram Bnp Paribas Mutual Fund A/C SBP Select	S	141,000	571.9
Nava Bharat Ventures	Peninsular South Asia Investment Company A/C	S	367,536	181.3
SREI Infra	BSMA	B	2,594,217	101.2
SREI Infra	Deg Deutsche Investitions Und	S	2,514,900	101.0
Tourism Fina	JPMSL Ac Cophall Mauritius Inv	B	545,665	37.6
Vinay Ceme	HSBC Financial Services Middleeast	B	100,000	38.8
Visesh Infotecnics Limite	Duke Special Situations Fund	S	170,525	33.2
XI Tel Ene	BNP Paribas Arbitrage	B	95,298	199.0

Source: BSE

Insider trading

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%		
Aptech	Bear Stearns Co Inc A/C Bsma	S	180,121	0.4	405,350	0.9
Bilpower	Choudhary Global	B	4,000	0.0	288,330	3.2
Bilpower	Choudhary Global	B	6,500	0.1	294,830	3.3
Ciba Speciality Chemicals (India)	Franklin India Prima Fund	S	101,288	0.8	643,190	4.8
Dcm Shriram Industries	HB Stockholdings	B	40,054	0.3	-	-
Dolat Investments	Gigantic Investments	S	107,878	0.1	592,585	0.7
Hexaware Technologies	Macquarie Bank	S	4,000,000	3.0	4,180,928	3.1
ICICI Bank	Sridhar Seshadri	B	4,775	-	10,350	-
ICICI Bank	Ashok Patni	B	2,000	-	23,600	-
ICICI Bank	Chandrashekar Shekar	B	2,000	-	-	-
ICICI Bank	Manish Chourasia	S	1,550	-	9,950	-

Scrip	Acquirer/Seller	Buy/Sell	Shares transacted		Post-transaction holding	
			Qty	%		
IL&FS Investsmart	Ramesh Bawa	S	1,003	-	43,997	0.1
IL&FS Investsmart	Ramesh Bawa	S	6,443	-	37,554	0.1
IL&FS Investsmart	Ramesh Bawa	S	2,404	-	35,150	0.1
ITC	B B Chatterjee	S	750	-	99,000	-
ITC	B B Chatterjee	S	2,000	-	97,000	-
ITC	S S H Rehman	S	10,000	-	67,425	-
ITC	Anup Singh	S	10,000	-	213,520	-
IVRCL Infrastructures & Projects	HSBC Global Invnt Funds (M) & Pac	B	3,650,000	2.8	6,834,179	-
Lakshmi Overseas Industries	I S Gumber	S	40,000	-	-	-
Linc Pen & Plastics	Prakash Jalan	S	14,500	0.2	225,500	-
Linc Pen & Plastics	Surajmal Jalan	B	14,500	0.2	1,074,683	-
Motor & General Finance (MGF)	Mgf Services	B	5,000	-	290,000	1.5
PAE	Pritam ADoshi	B	27,185	0.3	158,977	1.7
Prajay Engineers Syndicate	Black Rock	B	17,847	0.1	1,050,599	4.2
Rishi Laser Cuttings	Nikhil Merchant	S	2,000	-	811,731	12.0
Rolta India	Vipan Kumar Khanna	S	1,000	-	1,375	-
S KumarsCom	Waraj A Kasliwal	S	110,000	0.4	-	-
S KumarsCom	Nitin S Kasliwal	S	47,500	0.2	-	-
S KumarsCom	Anjani Finvest	B	47,500	0.2	-	-
S KumarsCom	Girija Holdings	B	110,000	0.4	-	-
S KumarsCom	Shri Mukul S Kasliwal	S	110,000	0.4	-	-
S KumarsCom	Raj In Fin	B	110,000	0.4	-	-
SKumars Nationwide	Chamundeshwari Mercantile	B	37,500	-	2,272,500	1.1
SKumars Nationwide	Tulja Enterprises	B	37,500	-	2,272,500	1.1
Southern Online Bio Technologies	C R Sridevi	S	124,453	0.6	-	-
Sumeet Industries	Shankarlal Somani	B	10,000	0.1	387,000	2.1
Sumeet Industries	Shankarlal Somani	S	10,000	0.1	377,000	2.1
UTV Software Communications	Priya Chandrashekar / Chandrashekar G	S	500	-	2,500	-
UTV Software Communications	Priya Chandrashekar / Chandrashekar G	B	500	-	3,000	-

Source: BSE

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Recommendation parameters

			Returns	Absolute
Large-caps*	> 10%	< -5%		
	BUY	SELL		
Mid-caps**	> 25%	< 10%		

*Market cap over US\$ 1bn **Market cap less than US\$ 1bn

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