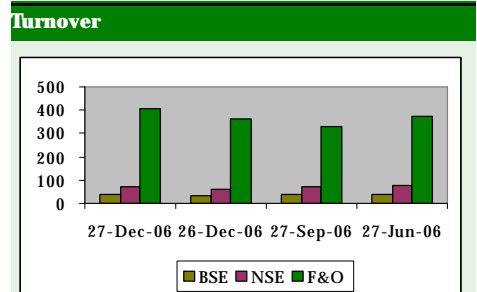




23 December 2006

Indices	% Change			
	27-Dec-06	1mth	3mth	6mth
Sensex	13,860	0.6	12.1	36.5
Nifty	3,974	0.1	11.0	33.3
CNX Midcap	5,744	1.0	25.3	50.2
Banking	7,081	(1.8)	20.5	63.8
Capital Goods	9,043	0.5	10.2	37.5
IT	5,289	2.3	20.5	48.1
Healthcare	3,823	2.3	4.0	24.0
NASDAQ	2,431	1.1	7.4	15.8
Dow Jones	12,511	3.2	7.0	14.5

Net Inflows	Rsbn			
	26-Dec-06	22-Dec-06	MTD	YTD
FII	0	26	(21.0)	381.1
Mutual Fund	3	3	3.7	141.3
FII - F&O	4.3	(2.4)	(24.1)	22.3



Commodity & Currency	% Change			
	27-Dec-06	1mth	3mth	6mth
Crude (US\$/barrel)	60.4	0.1	(4.5)	(16.1)
Gold (US\$/Oz)	627.9	(1.8)	4.2	8.4
US\$	44.4	(0.6)	(3.3)	(4.2)
Euro	58.4	(0.4)	0.3	0.2

Debt	% Change			
	8-Dec-06	1mth	3mth	6mth
RBI Reverse Repo	0.0	6.0	6.0	5.8
10 yr G-Sec yld	7.6	7.4	7.6	8.1
Spread 1 & 10 yr G-Sec	0.4	0.4	0.8	1.1
US 10 yr treasury	4.7	4.5	4.7	5.2
Surplus liquidity (Rsbn)	(277.7)	144.7	199.6	393.6

Dr Reddy Lab(Rs808) BUY Target Price: Rs840

Rahul Sharma
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Dr Reddys has received the USFDA approval for Ondansetron HCL tablet 4mg, 8mg 16mg and 24mg dosage forms. The company has received the 180 day exclusivity for the product as it was the first to file the product. The market size of the tablet form is USD 639 mn. We have assumed a 40% price erosion and a 50% market share for the same. The company would be able to generate revenues to the tune of USD 180mn during the exclusivity period and an EPS upside of Rs 6.3 for FY2007E and Rs 6.3 for FY 2008E

We have increased our equity by 14.3 mn ADS at USD 16 per ADS. The company is planning to use the funds for capex, geographical expansion, addition of new capabilities and investments in subsidiaries.

Despite greater revenue traction in domestic and CCS business and gains in other income, the recent ADs offering has diluted the earnings. We believe the company would be a Market Performer with a price target of Tss 840 based on 24x FY 2008 E (core EPS Rs 29.7) and a multiple of 20x attributed to the one time Ondansetron exclusivity in FY 2008E (EPS upside of Rs 6.3).

DRL	Indian GAAP Consolidated Rs Mn	FY2003	FY2004	FY2005	FY2006	FY2007E	FY2008E	
		Reuters/Bloomberg Code	REDY.BO/DRRD.IN					
Net sales		17339	19418	18506	23728	56446	46740	
Market Cap(Rs bn)	135.60	EBITDA	4367	3376	1546	3382	12264	9525
Market Cap(US\$ mn)	2980.19	Net Profit	3677	2623	892	1311	6747	4988
Shares Outstanding(mn)	167.82	EPS(Rs)	24.0	17.1	5.8	8.5	40.2	29.7
52-week High/Low(Rs)	877/ 470	EPS growth (%)	-30.8%	-28.7%	-66.0%	47.0%	371.0%	-26.1%
Major Shareholders (%)		EBITDA margin(%)	25.2%	17.4%	8.4%	14.3%	21.7%	20.4%
Promoters	25.18	PER(x)	33.7	47.3	139.1	94.7	20.1	27.2
FII/NRIs/ADRs	50.51	EV/EBITDA (x)	12.6	16.0	34.9	24.2	12.4	15.1
Banks/FIs/MFs	11.85	P/S (x)	6.9	6.1	6.5	5.0	2.3	2.7
Public	12.46	RoCE(x)	26.3%	15.0%	3.8%	6.8%	16.3%	11.1%
	100.00	RoE(%)	23.4%	14.3%	4.6%	6.5%	23.6%	12.9%

Source: Company and Karvy Estimates

BULK DEALS ON NSE - 27 Dec 2006

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
SHIV-VANI	SHIVVANI OIL&G.ESERLTD	ZEE SECURITES P LTD	BUY	128,962	301.5
MRO-TEK	MRO-TEK LIMITED	URMILA DOSHI	BUY	10,046	64.9
IFCI	IFCI LTD	JAYPEE CAPITAL SERVICES LTD.	BUY	10,151,284	12.0
SHIV-VANI	SHIVVANI OIL&G.ESERLTD	DIMENSIONS INVESTMENT AND SECUR	BUY	15,000	308.5
LUMAXIND	LUMAX INDUSTRIES LTD	MORGAN STANLEY DEAN WITTER MAUR	BUY	87,000	507.9
FOURSOFT	FOUR SOFT LIMITED	ASIT C MEHTA INVESTMENT INTERRM	BUY	349,015	74.2
PIONEEREMB	PIONEER EMBROIDERIES LTD	SEARCH FINVEST PVT. LTD.	BUY	130,840	237.8
GOLDTECH	GOLDSTONETECHNOLOGIES LT	ASTUTE COMMODITIES & DERIVATIVES	BUY	59,883	61.1
SPENTEX	SPENTEX IND. LTD	USB SECURITIES ASIA LTD A/C SWI	BUY	1,284,991	62.3
MADHUCON	MADHUCON PROJECTS LTD.	BSMA LIMITED	BUY	198,800	300.0
MRO-TEK	MRO-TEK LIMITED	URMILA DOSHI	SELL	110,045	62.1
IFCI	IFCI LTD	JAYPEE CAPITAL SERVICES LTD.	SELL	9,826,601	12.0
SHIV-VANI	SHIVVANI OIL&G.ESERLTD	DIMENSIONS INVESTMENT AND SECUR	SELL	108,755	301.3
FOURSOFT	FOUR SOFT LIMITED	KOTAK MAHINDRA (UK)LIMITED A/C	SELL	188,475	73.3
FOURSOFT	FOUR SOFT LIMITED	ASIT C MEHTA INVESTMENT INTERRM	SELL	349,015	74.0
PIONEEREMB	PIONEER EMBROIDERIES LTD	SEARCH FINVEST PVT. LTD.	SELL	175,840	240.4
SPENTEX	SPENTEX IND. LTD	SUNDARAM MUTUAL FUND	SELL	400,000	62.3
SPENTEX	SPENTEX IND. LTD	AMIT SURESH SETHI	SELL	460,286	62.3
MADHUCON	MADHUCON PROJECTS LTD.	SUNDARAM MUTUAL FUND	SELL	200,000	300.0

Source: NSE

BULK DEALS ON BSE - 27 Dec 2006

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
511706	ACTION FIN	MANOJA SHAH	B	331,174	0.6
517096	APLAB LTD	ROHNIL R BORADIA	B	98,851	133.0
517096	APLAB LTD	ROHNIL R BORADIA	S	98,851	133.5
508664	BEST E HOTEL	PIYUSH MAHASUKHLAL SHAH	B	13,000	56.7
532386	CALFNIA SOF	KOTHARI PRODUCTS LTD	S	45,000	75.8
531216	COMFORT INTC	JAGDISH CHANDRA BANSAL	S	34,000	17.0
502820	DCM LIMITED	RELIANCE CAPITAL TRUSTEE	B	117,046	76.5
504351	EMPOWER INDS	BHAVESH PRAKASH PABARI	B	50,000	11.4
500630	ESSAR SHIP	ECL FINANCE LIMITED	B	2,200,000	39.9
500630	ESSAR SHIP	GOLDMAN SACH	S	2,535,743	40.0
513579	FOUNDRY FUEL	BAL BINODE BAJORIA	S	30,900	8.1
531137	GEMSTONE INV	BCB FINANCE P LTD	B	16,900	11.8
532145	H.S.INDIA	CHETAN DONGRA HUF	B	86,000	20.0
532145	H.S.INDIA	CHETAN DOGRA	S	115,000	19.7
509597	HARDCAS WAUD	MAXIMUS MULTITRADE LTD	B	5,001	248.1
509597	HARDCAS WAUD	MAXIMUS MULTITRADE LTD	S	5,001	269.0
512185	IOL BROADBAN	GOLDMAN SACHS INVESTMENT	S	102,305	240.1
531373	KOTAWALA(O)	HITESH JHAVERI	B	30,030	86.6
523792	MAZDA LTD	HARSIDDH ONLINE	S	36,873	182.0
532629	MCNALLY BHA	GUJARAT FLUORO CHEMICALS	S	160,000	158.9
511276	MEFCOM AGRI	ISF SECURITIES LTD	S	65,000	140.1
531453	MOHIT INDUST	SHAH MANISH RATILAL	B	37,000	61.9
531453	MOHIT INDUST	CHANDRAKANT BHOGILAL SHAH	B	50,000	61.6
531453	MOHIT INDUST	SHAH MANISH RATILAL	S	37,000	61.8
519494	N K INDUSTR	KOTAK MAHINDRA BANK LIMIT	S	50,000	14.0
532722	NITCO TILES	MARUTI SECURITIES LTD	B	253,934	264.4
532722	NITCO TILES	INDO DISTILLATION COMPANY	S	200,000	265.0
532722	NITCO TILES	MARUTI SECURITIES LTD	S	190,372	259.4
531769	PFL INFOTECH	CHANDRAKANTH BHAGILAL SHA	B	40,000	7.1
514300	PIONER EMBRO	ADMIXVINIMAY PVT LTD	B	58,687	238.4
514300	PIONER EMBRO	SEARCH FINVEST LIMITED	B	122,683	237.4
514300	PIONER EMBRO	ADMIXVINIMAY PVT LTD	S	58,687	237.6
514300	PIONER EMBRO	SEARCH FINVEST LIMITED	S	132,683	238.9
532690	RAMSARUP IND	MANULIFE GLOBAL FUND INDI	B	122,000	151.4
531215	RTS POWER CO	RANJEET SINGH LODHA	B	30,000	112.7
531898	SANGUINE MD	RAMNIKLALKUNVERJI SHETHIA	B	43,919	47.6
531898	SANGUINE MD	RAMNIKLALKUNVERJI SHETHIA	S	43,919	47.7
590034	SHARON BIO	MICRO MANAGEMENT LTD	B	83,740	178.9
590034	SHARON BIO	SOVINTRADING PVT.LTD.	S	54,000	177.7
511413	SHARYAN RESO	VIJAY K.CHORARIA	B	131,585	262.0
511413	SHARYAN RESO	PADAM BAI	S	108,610	262.0
507446	SIMBHAOL SU	UBS SECURITIES ASIA LIMIT	S	136,996	58.8
508976	SPANC TELESY	ASHITA BHAVIN PAREKH	B	100,000	188.0
502465	SPECIALITY	HONEYVICK ENTERPRISES P L	B	36,430	44.6
502465	SPECIALITY	RAMUBEN LAKHAMSHI SHAH	S	50,000	46.6
502465	SPECIALITY	MANILAL M SHAH	S	100,000	47.7
502465	SPECIALITY	JIGNESH LAKHAMSHI SHAH	S	75,000	41.9
502465	SPECIALITY	HONEYVICK ENTERPRISES P L	S	77,529	47.6
514211	SUMEET INDUS	RAMNIKLALKUNVERJI SHETHIA	B	119,650	15.6
514211	SUMEET INDUS	MASTER FINLEASE LTD	B	179,808	15.7
514211	SUMEET INDUS	RAMNIKLALKUNVERJI SHETHIA	S	119,650	45.6
514211	SUMEET INDUS	MASTER FINLEASE LTD	S	179,808	15.8
523842	SUPER TANNI	KATAYUN MAHIYAR DASTOOR	B	19,350	55.3
523842	SUPER TANNI	NCJAIN	B	32,031	56.0
523842	SUPER TANNI	GIRISH B SHAH	B	42,721	58.4
523842	SUPER TANNI	HONEYVICK ENTERPRISES P L	B	207,003	55.5
523842	SUPER TANNI	KATAYUN MAHIYAR DASTOOR	S	19,350	56.2
523842	SUPER TANNI	NCJAIN	S	32,031	57.3
523842	SUPER TANNI	GIRISH B SHAH	S	42,721	53.1
523842	SUPER TANNI	HONEYVICK ENTERPRISES P L	S	207,003	55.8
531499	SYBLY INDUSR	EVOLUTION CORPORATE SERVI	B	39,478	6.3
531499	SYBLY INDUSR	EVOLUTION CORPORATE SERVI	S	38,705	6.3
532299	TEL EIGHTEEN	H.J.SECURITIES PVT.LTD.	B	440,598	603.4
532299	TEL EIGHTEEN	LAXMI SHIVANAND MANKEKAR	B	350,000	587.9
532299	TEL EIGHTEEN	H.J.SECURITIES PVT.LTD.	S	440,598	604.1
506142	VYAPAR INDS	HUSSAIN ABBAS RASSAI	S	41,000	123.0
506142	VYAPAR INDS	MARCONI INVESTMENTS LTD.	S	38,170	123.0

Source: BSE

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Head of Research

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Stock Ratings		Absolute Returns		Stock Ratings		Absolute Returns
Buy	:	> 25%		Market Performer	:	0 - 15%
Out Performer	:	16 - 25%		Under Performer	:	< 0%

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