Bangalore Visit Note

November 20, 2006

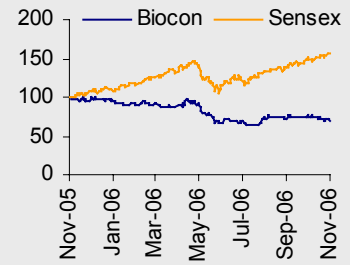
Biocon Limited

Stock Details	
Recommendation	**Not Rated**
CMP	Rs358
52 Week H/L	Rs526/Rs300
Average Volumes	49,944
Market Cap	Rs35.8bn
Face Value	Rs5
BSE Code	532523
NSE Code	BIOCON
Bloomberg	BIOS@IN
Reuters	BION.BO

Share Holding Pattern

(as on 30th Sep 2006)	(%)
Indian Promoters	40.43
Foreign Promoters	20.47
Institutions	14.06
Public	15.52
Public & Others	9.52

Share Price Chart



Analyst

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Biocon Limited (Biocon), established in 1978, started as a manufacturer and exporter of enzyme. The company gradually shifted focus to a life science driven generic company with fermentation technology. Biocon is again going through a transition phase from being a generic company to a discovery led life science company. Statins sales will be a major growth driver in the short term, whereas immunosuppresants, non-injectable insulin, Monoclonal Antibodies (MABs) and custom research will be Biocon's drivers in the longer run.

However it will take some time for Biocon's key growth drivers to start delivering. Statins supplies for Simva and Prava have commenced to the US while Biocon commands a 30% market share for the European market. Pricing pressure has eased in the European market but it could be severe in US when competitors enter the market post exclusivity. Sharp growth in immunosuppreants would be triggered when key patents expire in US/ Europe in FY08-10. Oral insulin is a big opportunity for Biocon but competition from established players may be higher than expected. Non-injectable insulin, a potential blockbuster is at least three years away from a potential launch. Biocon's head & neck cancer molecule – BioMAB-EGFR has been launched successfully but will take some time to realize the full potential of the market.

The only visibility in the near term is the continued growth momentum in the custom research space, which has witnessed revenue CAGR of 52% over FY01-06. Custom research projects are gaining increasing traction and are likely to maintain the current growth rate. At Rs358, the stock is trading at 20.9x H1 FY07 annualized earnings. We feel there is little downside to the stock from current levels but upsides could be capped unless key growth drivers start delivering earlier than expected.

Financial highlights

Period to	FY04	FY05	FY06
Sales (Rs mn)	5,406	7,126	7,881
Growth (%)		31.8	10.6
EBIDTA (Rs mn)	1,783	2,239	2,288
Growth (%)		25.6	2.2
Net Profit (Rs mn)	1,386	1,965	1,720
Growth (%)		41.8	(12.5)
Shares outstanding (mn)	50.0	50	50.0
EPS (Rs)	27.7	39.3	34.4
P/E (x)	12.9	9.1	10.4
EV/EBIDTA (x)	19.5	17	16.6

Biopharmaceuticals
Biopharmaceuticals accounts for 74% of the total revenue for Biocon. Biopharmaceuticals mainly comprises of statins, immunosuppresants, insulin and Monoclonal Antibodies (MABs)

Statins
Statins account for around 40% of the overall sales for Biocon. The management has indicated that Biocon has captured 25-30% of Simvastatin and 30-35% of the Pravastatin market share for the European market largely through its low cost and high volume base. Biocon has highlighted that pricing scenario has stabilized in the European market and has shown confidence in retaining its market share.

US supplies for Simv and Prava have already begun which would be visible in the Q3 & Q4 results. Biocon has tied up with 4 partners each for both Simva & Prava. Given the competitive scenario in this space, pricing pressure may have an impact on margins for Biocon. Full impact of US revenue would be felt in FY08 whereas growth should stabilize from FY09.

Immunosuppresants
Immunosuppresants are one of the fastest growing drug categories. The global market for the drug is estimated to be US$2bn. Immunosuppresants are drugs used in organ transplants to prevent tissue rejection. Three types of drugs in this category are Mycophenolate Mofetil (MMF), Tacrolimus and Sirolimus. Currently Biocon is one of the leading suppliers for MMF and Tacrolimus in the domestic and the semi regulated markets while Sirolimus is in the final stages of completion. With key patent expiries in Europe and US over 2008-10, Biocon would be able to start supplies to the regulated markets. Biocon expects limited competition in this space as the manufacturing process is complex. Till date only 3 other companies along with Biocon has filed DMFs for the drug.

Insulin
Insulin could be a very important growth driver for Biocon. Currently Biocon sells human insulin in the Rs25bn domestic market under its brand 'Insugen'. Biocon has indicated that it has captured around 10% of the market facing competition from established players like Novo Nordisk, Eli Lilly and Wockhardt. The company has operations in 10 states with its own front end of 250 MR's. Biocon has shown confidence of retaining its market share for the domestic market.

Semi regulated markets could be a key growth driver over the next 2-3 years. The market size is estimated to be US$2bn dominated by Novo Nordisk, Eli Lilly and Sanofi Aventis. The management has indicated that pricing scenario is far better than the domestic market. Biocon has supply agreement in 12 countries while it has filed registrations in 25 countries. Biocon's partnership with Bayer in China for Insugen is also progressing as per expectations.

The size of the regulated market for human insulin is estimated to be US$1.5bn. For these markets, Biocon has highlighted that concerns with regard to safety and efficacy of generic of biotech drugs is leading to a delay in framing regulations. Consequently there has been no launch of biological drugs like insulin, although patents on these drugs expired long time back. Biocon has indicated that it will be at least 2-3 years before it moves to the regulated markets.

A major trigger for Biocon could be the progress on the non injectables insulin front. Biocon is currently working on an in house oral insulin project, partnership with Bentley for co-development of intra-nasal insulin and another insulin supply agreement for BMS' inhaled insulin project. However these projects may materialize only over the next 2-3 years. With a sharp rise in the number of diabetes patients expected over the next decade, there would be huge acceptance for non- injectable insulin.

Monoclonal Antibodies (MABs)

Biocon is amongst the very few companies in India who are focused on the US$16bn global MAB market. Currently there are 18 approved MABs in the market. Biocon has recently launched its head and neck cancer MAB -BioMAB-EGFR. This MAB has been developed along with CIMAB a Cuban company. Biocon & CIMAB have formed a JV for the development of the product. Biocon has availed marketing rights for the domestic market while the rights for the international markets are with a Canadian company. The management has highlighted that its product is one of its kind and overcomes all the drawbacks of the existing products in the market. However it will take a few years for the drug to fully realize its market potential.

Custom Research

Biocon provides custom research service through its 100% subsidiary Syngene and Clinigene. Custom research accounts for 13% of total Biocon sales. This segment has witnessed a CAGR of 52% over FY01-06 to Rs1bn. Syngene provides outsourced chemistry service while Clinigene provides outsourced clinical trial services. Custom research services are expected to gain increasing traction over the next few years as contract research outsourcing gains momentum. Consequently this segment is likely to witness revenue CAGR of 40% over the next two years. Margins for this segment are significantly better than other business segments.

Syngene accounts for over 90% of the custom research revenue. Syngene provides chemistry services right till the pre clinical research stage and is amongst the leading chemistry outsourcing operations in India. Syngene provides services to 6 of the top 10 MNC pharma companies. Currently most of Syngene's contracts are on the FTE model, the company is gradually moving towards a milestone based projects.

Clinigene started off by providing clinical services exclusively to Biocon projects. However over the past few months, Clinigene has started providing services to third party clients. With strong R&D pipeline for Biocon, Clinigene operations will gain momentum.

Capex

Capex for the current year is likely to be Rs1bn whereas capex for FY08 is likely to be around Rs1-1.25bn. Effective tax rate is likely to remain at 10-12% for the next two years. R&D spending is estimated to be 5-7% of sales.

Latest financials

(Rs mn)	Q2 FY07	Q2 FY06	% change	H1 FY07	H1 FY06	% change
Net sales	2,490	2,005	24.2	4,610	3,745	23.1
Op. Profit	659	589	11.9	1,203	1,094	10.0
OPM (%)	26.5	29.4	-	26.1	29.2	-
APAT	453	435	4.1	843	822	2.6
NPM (%)	18.2	21.7	-	18.3	22.0	-
EPS (Rs)	18.1	17.4	-	16.9	16.4	-
P/E (x)	19.8	-	-	21.2		-

Bangalore Visit Note

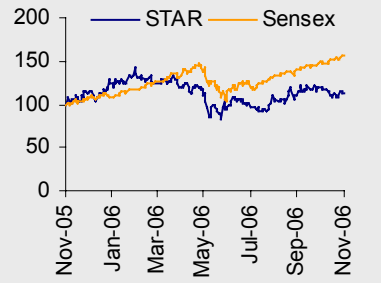
Strides Arcolab Limited

Stock Details	
Recommendation	**Not Rated**
CMP	Rs302
52 Week H/L	Rs439/Rs210
Average Volumes	9,272
Market Cap	Rs26.07bn
Face Value	Rs10
BSE Code	532531
NSE Code	STAR
Bloomberg	NSTR@IN
Reuters	STAR.BO

Share Holding Pattern

(as on 30th Sep 2006)	(%)
Promoters	18.82
Institutions	69.20
Public	5.75
Others	6.23

Share Price Chart



Strides Arcolab Limited (STAR) is one of India's leading integrated manufacturers and exporter of finished pharmaceutical dosage forms with focus on niche molecules, which are difficult to manufacture or clinically difficult to prove efficacy. The company has significant presence in soft gels (18% of revenue) and sterile & immunosuppressant (32-35% of revenue). Semi-solids, another focus area, which could emerge as a significant growth driver for the company forms 10% of revenue. Finished dosage accounts for over 95% of the revenue for the company.

STAR has adopted a partnership model strategy for the regulated markets where it shares upsides and risks with its partners whereas it has set up its own front end for the semi regulated markets. STAR has 13 manufacturing facilities globally. The management has guided towards a 30% plus topline growth for CY06 and CY07 driven by increasing contribution from the regulated markets particularly America and Asia Pacific. Operating margins would start heading northwards as contribution from regulated markets increases. STAR is going through a consolidation phase post a series of acquisitions in 2006, full impact of which would be visible post H2 CY07. At Rs302, the stock is trading at 30.4x Q3 CY06 annualized EPS of Rs9.9.

Other Highlights

STAR has over 16 disclosed and undisclosed partners for the regulated markets. For US, it has forged partnership with players like Akorn, Aspen, KV and Stada and other parties for over 50 products. With Akorn, STAR has filed 16 ANDAs for the US market.

The company in its first year of filing history has filed 36 ANDAs with the USFDA. It has received 2 approvals from the USFDA.

STAR has earmarked Rs1.4bn for capex in 2007, which will be funded from debt and internal accruals.

By 2010, the management has targeted 20% sales from proprietary technologies & niche APIs and 40% sales from value partnerships.

Financial highlights

Period to December	CY03#	CY04*	CY05
Sales (Rs mn)	4,256	4,485	5,237
Growth (%)		5.4	16.8
EBIDTA (Rs mn)	74.1	755	828
Growth (%)		919.0	9.7
Net Profit (Rs mn)	(272)	440	486
Growth (%)		-	10.5
Shares outstanding (mn)	36.7	33.7	35.0
EPS (Rs)	(7.4)	13.1	13.9
P/E (x)	-	23.1	21.7
EV/EBIDTA (x)	13.99	11.16	15.46

*# 18 months ended Sep.03, * 15 months ended Dec. 04*

Soft Gels

Soft gels account for 18% of the total sales for the company. Over the years, STAR has moved from being a low end functional food and OTC product company to a high margin prescription drug company and is amongst the top 5 Rx and OTC manufacturers in the world. STAR has two manufacturing sites in India and USA with a combined capacity of over 3bn capsules. In addition, STAR has received a patent for its proprietary technology and has licensed a few products based on this technology. The company has a track record of 14 ANDA and eCTDs filings between 2005-07.

Steriles

STAR has emerged as a global player in sterile with a wide range of capabilities that include freeze drying, prefill syringes, ampoules and vials, penicillins and cephalosporin. STAR has 4 manufacturing facilities in India and Poland. The company is on track to commission a new greenfield site in Brazil for Cephalosporin by end 2006, while another site in India for freeze drying, oncology and hormonal block would be commissioned in mid 2007. STAR has 40 products licensed in regulated markets, the estimated size for which is US$6bn. The company has filed over 30 ANDAs with its partners for the USA in 2006, which are largely based on the 'take or pay' contracts. In addition, STAR has over 80 products in the development stage.

Semi solids

Semi solids contributed 10% to total sales in 2005 and the management believes this could be the next biggest driver for the company. Semi solids are niche molecules, which are difficult to manufacture and expensive to prove clinical efficacy. STAR has two plants in Italy and Brazil, which deliver a wide range of capabilities in dermatology, corticosteroids and immunosuppressants. The company has licensed three products to a US major, which has current sales of over US$1bn.

Aids, TB and Malaria (ATM)

The ATM segment contributes 9% to total sales. In the AIDS segment, STAR has WHO & USFDA approvals in place for its manufacturing site. It has five products approved by WHO and five products are filed under the PEFPAR scheme of which it has received approvals for Nevirapine and Stavudine. With about US$1bn expected to be spent on drugs under PEFPAR, the potential is huge for the company. The company sources its entire API requirement from Matrix. In addition, it has signed a non-exclusive license and technical transfer agreement with US based bio-pharmaceutical company, Gilead Sciences. This agreement will enable STAR to manufacture and distribute generic versions of Truvada and Viread. This agreement provides for the manufacture and distribution of a new generation first line therapy in over 90 countries under the Gilead Access Program.

For the TB segment, STAR has a JV with Sandoz and is amongst the five qualified suppliers to the global drug facility for TB drugs. For Malaria, the management has indicated that they are on track with filings for key anti-malarial drug with end to end API solutions.

Regulatory filings

	Approved Dossiers	2005 Submissions	2006 Proposed Submissions
US Filing Strategy	-	4	36
Other Regulated Markets	3	6	23
Semi-regulated Markets	124	18	24
RoW	334	117	206

Source: Company

The management has chalked out a detailed strategy for each of its strategic markets. STAR's focus area would be North America and Asia Pacific regions for growth over the next few years.

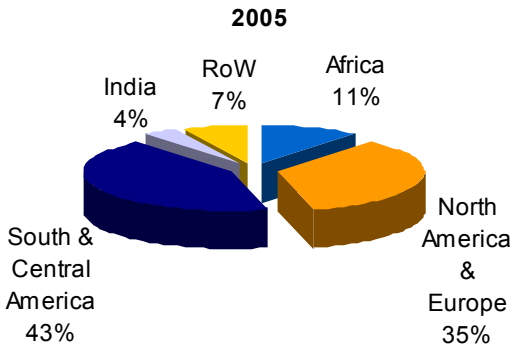
North America
The company would continue its focus on the soft gel Rx products. STAR has targeted 4 soft gel capsules ANDAs for 2006, total sales of which are US$600mn. In addition, STAR has concluded over 50 product contracts with KV, Stada, Akorn and other undisclosed parties in North America and feels the full benefit would be visible post H2 CY07.

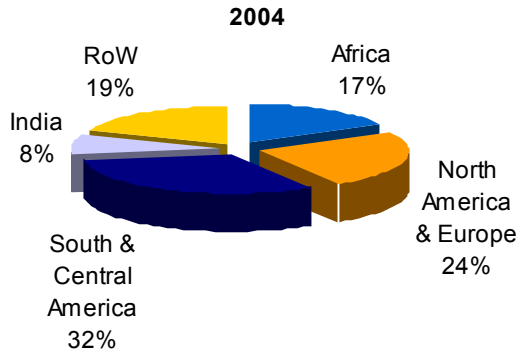
Europe
For Europe, STAR plans to leverage on the recent acquisition in Poland and Beltapharm in Italy, which will solve capacity issues. The company is on track to file 25 CTDs in Europe and has identified value partnerships in UK & Poland.

ANZ and South Africa
STAR believes the early mover advantage will be a huge benefit for both the markets. The company already has a strategic supply agreements with Sigma [Australia] and Aspen [South Africa] in place. STAR has over 120 new projects in pipeline and 3 plants have already been certified by the regulatory authority.

Latin America
Over the years, STAR has emerged as the largest Indian player in the region. The company has set up manufacturing plants in Mexico and Brazil while it set up a front end in Venezuela through an acquisition in early 2006. In addition, it has another two new sites under construction. Latin America recorded sales of US$50mn in 2005 and is expected to grow at 40% in 2006.

Geographical breakup





Source: Company

Latest financials

(Rs mn)	Q3 CY06	Q3 CY05	% change	9M CY06
Net sales	1,778	1,366	30.2	4,777
Op. Profit	284	324	(12.3)	756
OPM (%)	16.0	23.7		15.8
APAT	115	172	(33.1)	260
NPM (%)	6.5	12.6		5.44
EPS (Rs)	13.2	19.7		9.9
P/E (x)	22.9			30.4

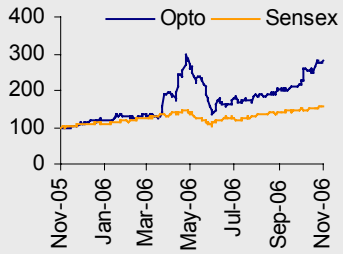
Opto Circuits (India) Ltd

Stock Details	
Recommendation	**Maintain BUY**
CMP	Rs300
Target Price	Rs326
Upside	8.7%
52 Week H/L	Rs665/Rs156
Average Volumes	56,040
Market Cap	Rs18.5bn
Face Value	Rs10
BSE Code	532391
NSE Code	OPTOCIRCUI

Share Holding Pattern

(as on 30th Sep 2006)	(%)
Promoters	30.97
Institutions	26.99
Public	31.60
Others	10.44

Share Price Chart



We met the management of Opto Circuits (India) Ltd (OCIL) for an update on the operations of its core business and EuroCor. While the core business is expected to record 30% plus revenue CAGR to Rs2bn over FY06-08, EuroCor is increasing its geographical coverage with presence in 29 countries. By the end of December 2006, EuroCor is expected to have presence in 36 countries. However, net margins for EuroCor may be subdued in the short term on account of heavy advertising and promotional expenditure. OCIL has indicated that its products have started gaining preference with cardiologists who attended various seminars, conferences and live workshops. As far as US market for stents is concerned, appointment of Dr. William Walter O'Neill on board is likely to expedite the process for USFDA approval, but it is still 18-24 months away.

The management indicated that they would look at acquisitions, which could be a good strategic fit over the longer term and available at the right price. We believe OCIL would consolidate operations of EuroCor in the near term and focus on increasing penetration in key geographies. OCIL is also looking at conducting certain low-end manufacturing operations for EuroCor in India. As OCIL is under 100% EOU till 2009-10, tax outgo on those operations will be nil, which will again cut cost and boost margins.

We are confident that OCIL will witness revenue CAGR of 63% to Rs3.7bn over FY06-08. We estimate EuroCor to contribute at least 30% to the total revenue and profitability by FY08. The core business is also witnessing continuous demand for its products from the international markets. We firmly believe that the company is on track to witness earnings CAGR of 61.1% to Rs1bn over FY06-08. At Rs300, the stock is trading at 28.8x FY07E EPS of Rs10.4 and 18.4x FY08E EPS of Rs16.3. We maintain BUY with a target price of Rs326, from a 12-month perspective.

Financial highlights

Period to	FY04	FY05	FY06	FY07P	FY08P
Sales (Rs mn)	1,030	1,228	1,398	2,543	3,715
Growth (%)	50.1	19.3	13.8	81.9	46.1
APAT (Rs mn)	136	198	387	642	1,004
Growth (%)	95.5	45.1	95.7	65.8	56.4
OPM (%)	17.1	20.7	30.5	30.0	31.2
ROCE (%)	21.8	25.4	27.7	38.3	44.6
EPS (Rs)	9.9	11.1	14.5	10.4	16.3
PE (x)	30.3	27.1	20.8	28.8	18.4
EV/ EBITDA (x)	23.8	21.5	18.5	23.6	15.6

Core business

The core business comprising SpO2 probes, PMS and other products, recorded healthy growth with increasing demand in the US & Asia Pacific markets. SpO2 probes recorded a growth of 28% to Rs411mn whereas PMS sales grew by 49% to Rs119mn.

The sales mix for SpO2 remained at 1:1 for OEM and own sales. For PMS, OCIL has recently developed and commercialized two new multi parameter monitors, which have been launched in the domestic market. The products have a CE approval and OCIL is awaiting FDA approval for the same.

EuroCor products gaining acceptance amongst cardiologists

OCIL has been conducting live workshops, conferences & seminars in various countries to promote its stents. In India, the company has conducted two such live workshops, where over 400 cardiologists from South East Asia participated. Eminent cardiologists from USA conducted the workshop using EuroCor's products. The conferences and seminars have been successful and OCIL's stents are gaining increasing preference. Taxcor has already become the first choice with the cardiologists in several countries. Taxcor is superior in quality to other drug eluding systems primarily because of the clinical efficacy, which has proved time and again through clinical trials in Germany, India, Poland & Malaysia while at the same time it is available at a discount to the market leaders.

USFDA approval procedure for stents progressing well

The management indicated that the USFDA approval procedure for stents is progressing well. Appointment of Dr. William Walter O'Neill, the Executive Dean for Clinical Affairs at the University Of Miami's Miller School of Medicine, is likely to expedite the USFDA process. Dr. O'Neill is a renowned leader in the field of interventional cardiology and in developing new techniques to diagnose and treat obstructed heart arteries on the board, However, it would still be 18-24 months before EuroCor has presence in the US$4bn market.

Low end operations of EuroCor in India would lead to cost savings

OCIL is also looking at conducting certain low end manufacturing operations for EuroCor in India. As OCIL is under 100% EOU till 2009-10, tax outgo on those operations will be nil, which will again cut costs and boost margins.

The management indicated that they would look at acquisitions, which could be a good strategic fit over the longer term and available at the right price. We believe OCIL would consolidate operations of EuroCor in the near term and focus on increasing penetration in key geographies.

Latest financials

	Standalone						Consolidated		
(Rs mn)	**Q2 FY07**	**Q2 FY06**	**Growth**	**H1 FY07**	**H1 FY06**	**Growth**	**H1 FY07**	**H1 FY06**	**Growth**
Sales	511	291	75.6	822	484	69.8	1,046	633	65.2
Operating profit	183	90	103.3	303	148	104.7	319	153	108.2
PAT	181	86	110.5	284	136	108.8	292	163	78.9
OPM (%)	35.8	30.9		36.9	30.6		30.5	24.2	
EPS (Rs)	11.8	12.8		9.2	5.1		9.5	6.1	
P/E (x)	25.5			32.5			31.7		

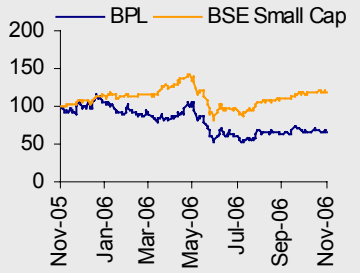
Bangalore Visit Note

Bal Pharma Ltd. (BPL)

Stock Details	
Recommendation	**Not Rated**
CMP	Rs39
52 Week H/L	Rs69/Rs30
Average Volumes	37,427
Market Cap	Rs4.03bn
Face Value	Rs10
BSE Code	524824
NSE Code	BALPHARMA
Bloomberg	BLP@IN
Reuters	BALP.BO

Share Holding Pattern	
(as on 30th Sep 2006)	**(%)**
Promoters	51.68
Institutions	0.02
Public	42.13
Others	6.17

Share Price Chart



Bal Pharma Ltd. (BPL), a mid sized pharma company focused on the domestic and semi-regulated markets is jointly promoted by Mr. Ghevarchand Surana of Micro Labs Group, which has a turnover of over Rs.3bn, ranked No.20 in the Indian Pharma Industry and the Siroya family, a multi-million dollar non-resident group based in Dubai.

BPL clocked revenue of Rs746mn and PAT of Rs29mn for FY06. The management aims to clock revenue of Rs3-3.5bn over the next 4-5 years. For FY07 & FY08, the management has given a revenue guidance of Rs1bn and Rs1.35bn and profitability guidance of Rs60mn and Rs110mn respectively. At Rs39, the stock is trading at 6.8x FY07E and 3.7x FY08E.

Highlights

Bal Pharma focuses on branded generics and bulk drugs in the domestic and exports market. Around 60% of revenue comes from the domestic market. The company has presence in 42 countries in the export market.

The company has received CoS from EDQM on gliclazide in 2005 and is looking at scaling up contract manufacturing for the EU market. Gliclazide clocked revenue of Rs108mn in FY06. The current capacity is 3T/ mth expected to be ramped up to 12T/mth over the next few years.

The management has indicated ebastine, a low volume high value product as another strong driver for growth over the next few years. BPL is planning to be a contract manufacturer for the Japanese and EU markets. The company is very close to receiving a CoS for the product.

Domestic formulations market is estimated to grow at a CAGR of over 25% for the next two years. BPL is expanding its network in the North Indian region. The company has field force strength of 600MRs.

The management has indicated that it is in negotiations with a foreign company, which would acquire a strategic stake in BPL. The final decision is likely to be announced over the next six months.

Financial highlights

Period to	FY03	FY04	FY05	FY06
Sales (Rs mn)	551	605	580	746
Growth (%)		9.8	(4.1)	28.6
EBIDTA (Rs mn)	56	61	55	79
Growth (%)		8.9	(9.8)	43.6
Net Profit (Rs mn)	22	25	13	29
Growth (%)		13.6	(48.0)	123.1
Shares outstanding (mn)	5.7	5.7	6.5	10.4
EPS (Rs)	3.8	4.4	2.0	2.8
P/E (x)	10.2	8.9	19.6	14.0

Domestic Market

Domestic market accounts for 60% of the total sales for the company. BPL supplies both the branded formulations and bulk drugs for the domestic market. BPL has two divisions for the domestic formulations market. The Ethical division takes care of gynecology, antibiotics, anti- diabetics, anti-septic, anti-fungal and general products while Servetus has cardiology products in its portfolio. The company has a field force strength of 600 MRs. BPL is expanding its network in the northern region, which may turn out to be a big market for the company. The management expects to generate 10-11% of its domestic formulations sales from this region. The domestic formulations market is expected to witness a CAGR of over 25% for the next two years.

BPL has a generic division, which markets analgesics, anti-inflammatory, anti-pyretic, topical, anti-spasmodic, muscle relaxants, anti-biotic, anti-malarial, anti-asthmatics, anti-diabetics, cough suppressants and anti-ulcer products. Generics recorded sales of Rs50mn for FY06. However, the management is not focusing on this business very seriously due to thin margins and the issue of higher receivable days.

Exports

BPL has presence in 42 countries outside India. The company is involved in the supplies of formulations for the semi-regulated markets and bulk drug for the regulated and semi-regulated markets. BPL offers the following bulk drugs for the export markets.

List of bulk drugs

Product	Category
Amiloride HCL	Diuretic
Allylestrenol	Progestogen
Bupropion HCL	Anti-smoking/ Anti –depressant
Benzydamine HCL	Anti –inflammatory
Clopidogrel	Anti-thrombosis
Dhea	Androgen
Ebastine	Anti-histamine
Gliclazide	Anti-diabetic
Leflunomide	Anti-arthritic
Moclobemide	Anti-depressant
Prasterone Enanthate	Androgen
Pioglitazone	Anti-diabetic
Sertraline	Anti-depressant

Source: Company

Amongst the APIs, BPL is looking at contract manufacturing of Gliclazide for the EU market. The company has received CoS from EDQM on Gliclazide, which clocked revenue of Rs108mn in FY06. The current capacity is 3T/mth expected to be ramped up to 12T/mth over the next few years.

The management has indicated ebastine, a low volume high value product as another strong driver for growth over the next few years. BPL is planning to be a contract manufacturer for the Japanese and EU markets. The company is very close to receiving a CoS for the product.

Capex: BPL has earmarked capex of Rs180mn for FY07 and Rs160mn for FY08. The funding of the capex would be from an EXIM bank loan and capital raised from a Rights issue.

BPL was contemplating sale of the Pune plant a few months back. However, it has shelved these plans after receiving a big order, which will be executed in this plant.

Latest financials

(Rs mn)	Q2 FY07	Q2 FY06	% change	H1 FY07	H1 FY06	% change
Net sales	183	177	3.4	373	351	6.3
Op. Profit	26	22	18.2	52	44	18.2
OPM (%)	14.2	12.4	-	13.9	12.5	-
APAT	13	10	30.0	24	20	20.0
NPM (%)	7.1	5.6	-	6.4	5.7	-
EPS (Rs)	5.0	3.8	-	4.6	3.8	-
P/E (x)	7.8	-	-	8.5	-	-