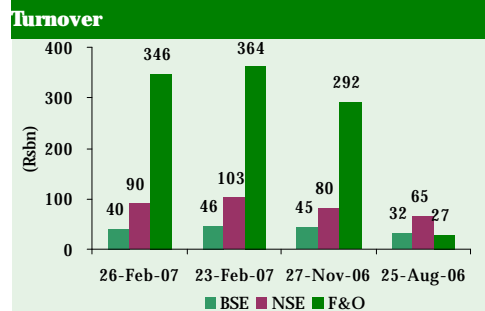




27 February 2007

| Indices | %Change | | | |
|---------------|-----------|-------|--------|------|
| | 26-Feb-07 | 1mth | 3mth | 6mth |
| Sensex | 13,650 | (4.4) | (0.9) | 18.0 |
| Nifty | 3,942 | (5.0) | (0.7) | 16.4 |
| CNX Midcap | 5,041 | (5.2) | (11.3) | 16.8 |
| Banking | 6,802 | (8.7) | (5.7) | 30.4 |
| Capital Goods | 9,213 | 2.0 | 2.4 | 20.1 |
| IT | 5,245 | (2.2) | 1.4 | 24.2 |
| Healthcare | 3,622 | (4.8) | (3.0) | 3.1 |
| NASDAQ | 2504.5 | 2.9 | 4.1 | 17.0 |
| Dow Jones | 12632.3 | 1.0 | 4.2 | 11.9 |

| Net Inflows | | | | |
|-------------|-----------|-----------|--------|--------|
| Rsbn | 23-Feb-07 | 22-Feb-07 | MTD | YTD |
| FII | (2) | (0) | 39.5 | 44.4 |
| Mutual Fund | 0 | 0 | (11.4) | (24.8) |
| FII - F&O | 1 | (6) | (13.4) | 5.1 |



| Commodity & Currency | % Change | | | |
|----------------------|-----------|-------|-------|--------|
| | 26-Feb-07 | 1mth | 3mth | 6mth |
| Crude (US\$/barrel) | 61.4 | 10.8 | 0.7 | (13.0) |
| Gold (US\$/Oz) | 685.7 | 6.1 | 7.2 | 11.5 |
| US\$ | 44.2 | (0.2) | (1.1) | (5.1) |
| Euro | 58.2 | 1.6 | (0.7) | (2.0) |

| Debt | | | | |
|--------------------------|-----------|------|---------|---------|
| % | 26-Feb-07 | 1mth | 3mth | 6mth |
| RBI Reverse Repo | 6.0 | 6.0 | 6.0 | 6.0 |
| 10 yr G-Sec yld | 7.9 | 7.9 | 7.4 | 7.9 |
| Spread 1 & 10 yr G-Sec | 0.5 | 0.4 | 0.4 | 1.1 |
| US 10 yr treasury | 4.6 | 4.9 | 4.5 | 4.8 |
| Surplus liquidity (Rsbn) | (184.8) | 44.1 | (144.7) | (392.1) |

Wockhardt (Rs 340) Outperformer - Target Price: Rs405

Rahul Sharma

rahul.sharma@karvy.com

Rashmi Vora

rashmi@karvy.com

The company clocked strong revenue growth of 44 % to Rs 5.3 bn. The key growth drivers for Wockhardt has been Domestic formulations and formulations exports. Operating margins have been maintained at 23.2 % on back of savings in R & D and other expenses. Profits for the quarter are up from Rs 729 mn to Rs 871 mn after Mat credit entitlement of Rs 84 mn.

We believe the company's profits for the year were up by 17 % to Rs 3017 mn. This has been on the back of capitalization of ANDA filing expenses to the tune of Rs 570 mn. If one were to deduct these expenses the company's profitability would have been lower compared to last year. The company has been very upbeat on its revenue targets and has set the target at USD 1 bn by CY 2009. We have maintained our earnings forecasts on better revenue traction in domestic and US exports on back of lower margins. We believe the company is undergoing a PE contraction, but even on a reduced PE multiple of 13.5 x we rate the stock as **Outperformer** with a price target of Rs 405.

| Rsmn | Q4CY05 | Q3CY06 | Q4CY06 | QOQ % | YoY % |
|-------------------|--------|--------|--------|--------|-------|
| Net Sales | 3,662 | 4,377 | 5,264 | 20.3 | 43.7 |
| Cost | 2,812 | 3,406 | 4,043 | 18.7 | 43.8 |
| EBITDA | 850 | 971 | 1,221 | 25.7 | 43.6 |
| EBITDA Margin (%) | 23 | 22 | 23 | | |
| Other Income | 27 | 61 | 78 | 27.9 | 188.9 |
| Interest | (51) | (5) | 115 | - | - |
| Depreciation | 98 | 141 | 212 | 50.4 | 116.3 |
| Profit before Tax | 830 | 896 | 972 | 8.5 | 17.1 |
| Tax | 101 | 156 | 101 | (35.3) | - |
| Tax rate (%) | 12 | 17 | 10 | - | - |
| Net Profit | 729 | 740 | 871 | 17.7 | 19.5 |

| Wockhardt | Consolidated | Rs Mn | CY2003 | CY2004 | CY2005 | CY2006 | CY2007E |
|-------------------------|--------------|-------------------|--------|--------|--------|--------|---------|
| Reuters/Bloomberg Code | WCKH.BO/N.A | Net sales | 9,420 | 12,389 | 14,121 | 17,291 | 22,712 |
| Market Cap (Rs bn) | 37.1 | EBITDA | 1,794 | 2,699 | 3,287 | 4,004 | 5,083 |
| Market Cap (US\$ mn) | 833 | Net Profit | 1,253 | 1,975 | 2,652 | 3,018 | 3,593 |
| Shares Outstanding (mn) | 109.0 | FDEPS (Rs) | 11.5 | 18.1 | 22.2 | 25.2 | 30.1 |
| 52-week High/Low | 562/318 | EPS growth (%) | - | 57.6 | 22.4 | 13.8 | 19.1 |
| | | EBITDA margin (%) | 19.0 | 21.8 | 23.3 | 23.2 | 22.4 |
| Major Shareholders (%) | | PER (x) | 29.6 | 18.8 | 15.3 | 13.5 | 11.3 |
| Promoters | 74.2 | EV/EBITDA (x) | 21.6 | 14.3 | 11.9 | 11.5 | 9.0 |
| FII's | 3.5 | P/S (x) | 3.9 | 3.0 | 2.6 | 2.1 | 1.6 |
| Banks/Fis/MFs | 9.8 | RoCE (x) | 19.9 | 22.1 | 20.4 | 15.1 | 14.7 |
| Public | 12.5 | RoE (%) | 27.1 | 36.6 | 37.0 | 32.2 | 29.8 |

Source: Company and Karvy Estimates

Key Highlights and Outlook

The company has set a revenue target of USD 500 mn by CY 2007E and wants to achieve USD 1 bn by CY 2009. Wockhardt is looking at another acquisition to the tune of USD 300 mn.

Domestic formulations business which has grown by 28 % for the year is expected to grow by 20 % for CY 2007. We have also increased our US revenues from USD 35 mn to USD 40 mn. The company is expecting 8 additional ANDA approvals in the current year and plans to file additional 30 ANDAs in CY 2007E.

We have assumed that the Pinewood business would be able to improve its EBDITA from 17 % to 21 %

The Insulin issue has been resolved according to the management and the product should be in the market in the next couple of weeks. Wockhardt would try to shore up the lost market share. The company is also confident of launching Glargine in the domestic market by H2 CY 2007.

The biotech business has been sluggish and would continue to remain so.

Valuations and Outlook

We believe the company's profits for the year were up by 17 % to Rs 3017 mn. This has been on the back of capitalization of ANDA filing expenses to the tune of Rs 570 mn. If one were to deduct these expenses the company's profitability would have been lower compared to last year. The company has been very upbeat on its revenue targets and has set the target at USD 1 bn by CY 2009. We have maintained our earnings forecasts on better revenue traction in domestic and US exports on back of lower margins. We believe the company is undergoing a PE contraction, but even on a reduced PE multiple of 13.5 x we rate the stock as **Outperformer** with a price target of Rs 405.

BULK DEALS ON NSE - 26 Feb 2007

| Symbol | Scrip Name | Client Name | Buy/Sell | Quantity Traded | Price |
|------------|---------------------------|--|----------|-----------------|-------|
| CANDC | C & C Constructions Limit | COMPOSITE SECURITIES LTD. | BUY | 216,623 | 243 |
| CANDC | C & C Constructions Limit | CONSOLIDATED SECURITIES LTD | BUY | 113,112 | 245 |
| CANDC | C & C Constructions Limit | DHIREN PAJWANI | BUY | 118,841 | 247 |
| GOLDTECH | Goldstone Tech Ltd. | NARAYAN SECURITIES PVT LTD | BUY | 69,033 | 73 |
| IFCI | IFCI Ltd. | CLEAN FINANCE & INVESTMENT LTD | BUY | 6,366,406 | 28 |
| IFCI | IFCI Ltd. | JAYPEE CAPITAL SERVICES LTD. | BUY | 9,743,068 | 28 |
| INDOTECH | Indo Tech Transformers Li | PRINCIPAL MUTUAL FUND | BUY | 80,272 | 274 |
| PIONEEREMB | Pioneer Embroideries Limi | R A B MARKETING PRIVATE LIMITED | BUY | 60,919 | 234 |
| RML | Rane (Madras) Limited | RANE HOLDINGS LIMITED | BUY | 664,000 | 118 |
| ROLTA | Rolta India Ltd. | MERRILL LYNCH CAPITAL MARKET ESPANA S.A. SV | BUY | 785,000 | 319 |
| TFL | Transwarranty Finance Lim | DHIREN PAJWANI | BUY | 227,488 | 56 |
| TFL | Transwarranty Finance Lim | DJS STOCK AND SHARES LTD. | BUY | 79,016 | 50 |
| TFL | Transwarranty Finance Lim | KAUSHIK SHAH SHARES & SECURITIES PVT LTD | BUY | 105,114 | 51 |
| TFL | Transwarranty Finance Lim | LATIN MANHARLAL SECURITIES PVT. LTD. | BUY | 283,975 | 51 |
| TFL | Transwarranty Finance Lim | P R B SECURITIES PRIVATE LTD | BUY | 165,040 | 51 |
| TFL | Transwarranty Finance Lim | PRASHANT JAYANTILAL PATEL | BUY | 82,245 | 52 |
| TFL | Transwarranty Finance Lim | TRANSGLOBAL SECURITIES LTD. | BUY | 118,972 | 52 |
| TFL | Transwarranty Finance Lim | YES INVESTMENTSVISHAL KISHORE BHATIA | BUY | 111,000 | 49 |
| CANDC | C & C Constructions Limit | COMPOSITE SECURITIES LTD. | SELL | 216,623 | 243 |
| CANDC | C & C Constructions Limit | CONSOLIDATED SECURITIES LTD | SELL | 113,112 | 245 |
| CANDC | C & C Constructions Limit | DHIREN PAJWANI | SELL | 118,841 | 247 |
| GOLDTECH | Goldstone Tech Ltd. | NARAYAN SECURITIES PVT LTD | SELL | 37,133 | 73 |
| IFCI | IFCI Ltd. | CLEAN FINANCE & INVESTMENT LTD | SELL | 6,366,406 | 28 |
| IFCI | IFCI Ltd. | JAYPEE CAPITAL SERVICES LTD. | SELL | 10,310,461 | 28 |
| INDOTECH | Indo Tech Transformers Li | PRINCIPAL MUTUAL FUND | SELL | 80,272 | 274 |
| PIONEEREMB | Pioneer Embroideries Limi | R A B MARKETING PRIVATE LIMITED | SELL | 60,919 | 233 |
| RML | Rane (Madras) Limited | GANESH L. | SELL | 128,091 | 118 |
| RML | Rane (Madras) Limited | LAKSHMAN L. | SELL | 96,909 | 118 |
| RML | Rane (Madras) Limited | RAMANT.G.G. | SELL | 371,706 | 118 |
| ROLTA | Rolta India Ltd. | MORGAN STANLEY DEAN WITTER MAURITIUS CO. LTD | SELL | 539,753 | 312 |
| TFL | Transwarranty Finance Lim | CREDIT SUISSE | SELL | 100,000 | 52 |
| TFL | Transwarranty Finance Lim | DHIREN PAJWANI | SELL | 227,488 | 55 |
| TFL | Transwarranty Finance Lim | DJS STOCK AND SHARES LTD. | SELL | 79,016 | 49 |
| TFL | Transwarranty Finance Lim | KAUSHIK SHAH SHARES & SECURITIES PVT LTD | SELL | 105,114 | 50 |
| TFL | Transwarranty Finance Lim | LATIN MANHARLAL SECURITIES PVT. LTD. | SELL | 278,965 | 51 |
| TFL | Transwarranty Finance Lim | P R B SECURITIES PRIVATE LTD | SELL | 165,040 | 50 |
| TFL | Transwarranty Finance Lim | PRASHANT JAYANTILAL PATEL | SELL | 82,245 | 52 |
| TFL | Transwarranty Finance Lim | TRANSGLOBAL SECURITIES LTD. | SELL | 118,972 | 52 |
| TFL | Transwarranty Finance Lim | YES BANK | SELL | 81,652 | 60 |
| TFL | Transwarranty Finance Lim | YES INVESTMENTSVISHAL KISHORE BHATIA | SELL | 111,000 | 51 |

Source: NSE

BULK DEALS ON BSE - 26 Feb 2007

| Symbol | Scrip Name | Client Name | Buy/Sell | Quantity Traded | Price |
|--------|---------------|---------------------------|----------|-----------------|-------|
| 531897 | ACCENTTECH | RAKESH DHARAMCHAND MAHNOT | B | 25000 | 71 |
| 532727 | ADHUNIK MET | CARLSON FUND EQUITY ASIAN | S | 757000 | 39 |
| 532813 | C & C CONSTR | VINOD NANALAL DOSHI | B | 138182 | 244 |
| 532813 | C & C CONSTR | VINOD NANALAL DOSHI | S | 138182 | 245 |
| 501827 | CEN PRO RAIL | HANOZ PHIROZE PATEL | S | 5450 | 55 |
| 532413 | CEREBRA INT | VISHWAMURTHY. P | S | 75000 | 16 |
| 532413 | CEREBRA INT | MEDHA S HEGDE | S | 49800 | 16 |
| 523200 | CLASS DIAMI | HARSIDDH ONLINE | B | 35364 | 384 |
| 526473 | ELEG FLOR AG | BHARAT NVORA | B | 63926 | 3 |
| 526473 | ELEG FLOR AG | BHARAT NVORA | S | 53856 | 3 |
| 505790 | FAG BEARING | BIRLA SUN LIFE ASSET MANA | B | 102733 | 680 |
| 530023 | FORT FIN SER | GRD SECURITIES LTD | S | 128800 | 71 |
| 532767 | GAYATRI PROJ | PRISM IMPEX PVT LTD | B | 50000 | 306 |
| 532767 | GAYATRI PROJ | ATHENA INVESTMENT | S | 107000 | 305 |
| 531439 | GOLDSTONTEC | SEARCH FINVEST PVT LTD | B | 75391 | 73 |
| 531439 | GOLDSTONTEC | YUTHIKA COMMERCIAL PRIVAT | S | 56958 | 73 |
| 524314 | GUJRAT TERCE | MUKESHKUMAR KVARMA | B | 47924 | 11 |
| 532658 | INDO ASI FU | MARUTI SECURITIES LTD | B | 83060 | 108 |
| 532658 | INDO ASI FU | RAKHITRADING PVT LTD | S | 90000 | 108 |
| 531453 | MOHIT INDUST | RAJEEV GOYAL | B | 85000 | 48 |
| 531453 | MOHIT INDUST | BRICS SECURITIES LTD | B | 67900 | 53 |
| 531453 | MOHIT INDUST | SHAISHIL TUSHARKUMAR JHAV | B | 37548 | 48 |
| 531453 | MOHIT INDUST | N AND D EXPORTS | B | 34376 | 52 |
| 531453 | MOHIT INDUST | JOLAPARAVIJAY J | B | 64049 | 56 |
| 531453 | MOHIT INDUST | MALA HEMANT SHETH | S | 25000 | 48 |
| 531453 | MOHIT INDUST | BRICS SECURITIES LTD | S | 67900 | 48 |
| 531453 | MOHIT INDUST | GAURANG GIRISHBHAI PATEL | S | 46000 | 48 |
| 531453 | MOHIT INDUST | SHAISHIL TUSHAR JHAVERI | S | 62648 | 48 |
| 531453 | MOHIT INDUST | N AND D EXPORTS | S | 44780 | 53 |
| 531453 | MOHIT INDUST | JOLAPARAVIJAY J | S | 75000 | 49 |
| 531453 | MOHIT INDUST | SMT. P. M. DOSHI | S | 32000 | 48 |
| 511658 | NETTLINX LTD. | NIMESHBHAI HARKISHANDAS C | B | 144007 | 27 |
| 531272 | NIKKI GLOB F | CHETAN DOGRA HUF | B | 40000 | 10 |
| 531272 | NIKKI GLOB F | CRSTRADERS AND EXPORTS P | B | 40000 | 10 |
| 531272 | NIKKI GLOB F | CHETAN DOGRA | B | 40000 | 10 |
| 531272 | NIKKI GLOB F | ASHOK KANTOOR HUF | S | 52000 | 10 |
| 531272 | NIKKI GLOB F | ORIENT CRAFT LTD | S | 50000 | 10 |
| 517417 | PATEL AIRTEM | AMI JIGNESH SHAH | S | 164776 | 35 |
| 524051 | POLYPLEX COR | HARSIDDH ONLINE | B | 168108 | 93 |
| 524051 | POLYPLEX COR | ICICI PRUDENTIAL MUTUAL F | B | 130000 | 90 |
| 524051 | POLYPLEX COR | HARSIDDH ONLINE | S | 168108 | 90 |
| 532661 | RANE MADRAS | RANE HOLDINGS LTD | B | 225000 | 117 |
| 532661 | RANE MADRAS | RATHIKA R.SUNDARESAN | S | 183481 | 118 |
| 500044 | RAYBAN SUN O | BIRLA SUNLIFE MUTUAL FUND | B | 300460 | 92 |
| 532766 | RICHA KNITS | SMVD FINANCIAL CONSULTANT | B | 95508 | 18 |
| 500366 | ROLTA IND | MERRILL LYNCH CAPITAL MAR | B | 450000 | 322 |
| 530269 | SECU CAP INV | RAJASHEKAR IYER | B | 285000 | 52 |
| 530269 | SECU CAP INV | SECURITIES ANALYSIS.I.PVT | S | 285000 | 52 |
| 504382 | SIMPLEXTRAD | PARVATI MINERAL | B | 2650 | 159 |
| 514211 | SUMEET INDUS | COSMO CORPORATE SERVICES | B | 90000 | 29 |
| 532812 | TRANSWARRANTY | VINCO SALES AND SERVICES | B | 100000 | 51 |
| 532812 | TRANSWARRANTY | KAUSHIK SHAH SHARES SEC P | B | 115543 | 51 |
| 532812 | TRANSWARRANTY | KETAN MAMANIYA | B | 108671 | 51 |
| 532812 | TRANSWARRANTY | CREDIT SUISSE SINGAPORE | S | 200000 | 51 |
| 532812 | TRANSWARRANTY | KAUSHIK SHAH SHARES SEC P | S | 115543 | 51 |
| 532812 | TRANSWARRANTY | KETAN MAMANIYA | S | 108671 | 51 |
| 512167 | YASHRAJ SECR | DIAMANT INVESTMENT AND FI | S | 5585 | 223 |

Source: BSE

Research Desk (Tel: 91-22-22895000)

Hemindra Hazari

Head of Research

hemindra.hazari@karvy.com

| 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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