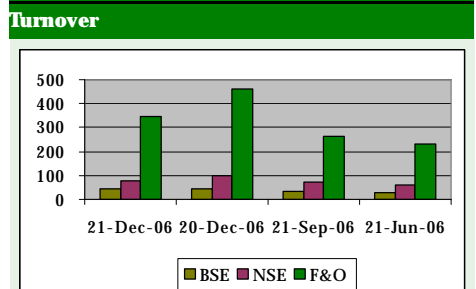


**DRAFT COPY****22 December 2006**

Indices	%Change			
	21-Dec-06	1mth	3mth	6mth
Sensex	13,385	(1.7)	9.0	33.3
Nifty	3,834	(2.2)	7.9	31.1
CNX Midcap	5,613	1.2	23.9	45.3
Banking	6,815	(3.7)	18.8	58.3
Capital Goods	8,812	0.2	7.6	32.8
IT	5,027	(2.0)	13.4	43.5
Healthcare	3,711	0.5	2.0	18.0
NASDAQ	2,416	(1.6)	8.0	12.8
Dow Jones	12,421	0.8	7.7	12.1

Net Inflows				
Rsbn	20-Dec-06	19-Dec-06	MTD	YTD
FII	(7)	(1.8)	(20.0)	382.0
Mutual Fund	5	0	(5.5)	132.1
FII - F&O	(8.9)	2.6	(30.3)	16.0



Commodity & Currency	% Change			
	21-Dec-06	1mth	3mth	6mth
Crude (US\$/barrel)	62.7	4.1	1.7	(10.9)
Gold (US\$/Oz)	619.3	(1.3)	6.0	5.4
US\$	44.7	(0.6)	(2.5)	(2.7)
Euro	59.0	2.4	0.7	1.4

Debt				
%	21-Dec-06	1mth	3mth	6mth
RBI Reverse Repo	6.0	6.0	6.0	5.8
10 yr G-Sec yld	7.6	7.5	7.7	7.9
Spread 1 & 10 yr G-Sec	0.5	0.4	0.8	0.9
US 10 yr treasury	4.5	4.6	4.6	5.2
Surplus liquidity (Rsbn)	(115.2)	120.8	134.2	426.5

Nitco Tiles (Rs248) UNDERPERFORMER Target Price: Rs220

Arun Agarwal
arun@karvy.com

We recently met up with the management of Nitco Tiles, and based on the inputs provided, we are revising downwards our FY07E earnings by 10% to Rs19.5. We had earlier factored 40% volume growth for vitrified tiles in FY07E, and similarly we expected 38% volume growth in the ceramic tiles division. On the back of lower than expected performance from both the divisions, we are decreasing the volume growth estimates in vitrified tiles segment to 35% from our earlier assumption of 40% and for ceramic tiles division to 32% from our earlier assumption of 38% for FY07E. However, we are not changing our FY08E numbers.

Due to the above mentioned reason, we are decreasing our sales estimates from Rs4,724mn to Rs4,584mn for FY07E. Consequently net profits estimates for FY07E works out to Rs434mn from our earlier estimates of Rs476mn. On our revised earnings estimate, we expect the company to report an EPS of Rs19.5 for FY07E. We have not changed our FY08E and our price target is based on 8x FY08E EPS of Rs27.7. We thereby maintain our price target of Rs222. At the current market price of Rs248 the stock is trading at 12.7x FY07E and 9.0x FY08E earnings. We rate the stock as Underperformer.

Nitco Tiles Limited	Y/E March (Rs Mn)	FY2004	FY2005	FY2006	FY2007E	FY2008E
Bloomberg code	NITCO IN Net Sales	1,646	2,027	3,032	4,584	5,817
Market cap. (Rs bn)	5.5 EBITDA	221	242	430	729	969
Market cap. (US\$m)	120.1 Net Profit	55	77	200	434	616
Shares outstanding (mn)	22.3 EPS (Rs)	4.5	6.3	9.0	19.5	27.7
52-week High/Low (Rs)	263/112 CEPS	8.8	10.9	11.9	24.5	33.1
	EPS growth (%)	(8.3)	39.6	43.5	116.7	41.9
Major shareholders(%)	EBITDA Margin (%)	13.4	11.9	14.2	15.9	16.7
Promoter group	47.8 EV/EBITDA (x)	17.8	17.4	14.4	8.6	6.3
FII	7.9 PER (x)	55.3	39.6	27.6	12.7	9.0
Banks/FI's/MFs	15.1 Price/BV	4.6	3.6	2.1	1.9	1.6
Others	19.3 RoCE (%)	8.2	8.9	12.2	14.9	17.4
Public	9.9 RoE (%)	8.6	10.2	11.7	15.8	19.5

Source: Company and Karvy Estimates

BULK DEALS ON NSE - 21 Dec 2006

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
RUCHIRA	RUCHIRA PAPERS LIMITED	OPG SECURITIES PVT. LTD.	BUY	112,545	23.0
IFCI	IFCI LTD	JAYPEE CAPITAL SERVICES LTD.	BUY	4,783,559	11.0
TRICOM	TRICOM INDIA LIMITED	VOLGA INTERNATIONAL LTD	BUY	73,000	136.9
PIONEEREMB	PIONEER EMBROIDERIES LTD	ADMIXVINIMAY PVT LTD	BUY	56,517	238.1
RKFORGE	RAMKRISHNA FORGINGS LTD	RELIANCE CAPITAL ASSET MANAGEME	BUY	83,000	127.0
RUCHIRA	RUCHIRA PAPERS LIMITED	VIDYA FINVEST PVT. LTD.	BUY	349,180	22.3
PIONEEREMB	PIONEER EMBROIDERIES LTD	SEARCH FINVEST PVT. LTD.	BUY	7,244	238.1
QUINTEGRA	QUINTEGRA SOLUTIONS LTD.	MAVI INVESTMENT FUND LTD	BUY	275,000	69.0
UNITY	UNITY INFRAPROJECTS LTD	BURLINGTON FINANCE LTD	BUY	80,000	544.2
NITCO	NITCO TILES LIMITED	INDO DISTILLATION COMPANY PVT L	BUY	150,000	245.5
BRFL	BOMBAY RAYON FASHIONS LTD	BLACKSTONE ASIA ADVISORS LLC	BUY	343,625	225.0
MALUPAPER	MALU PAPER MILLS LIMITED	MAHESH MEETAL	BUY	95,000	41.2
COMSYS	COMPULINK SYSTEMS LIMITED	AGARWALALOK	SELL	55,963	17.5
RUCHIRA	RUCHIRA PAPERS LIMITED	OPG SECURITIES PVT. LTD.	SELL	112,545	22.7
IFCI	IFCI LTD	JAYPEE CAPITAL SERVICES LTD.	SELL	4,884,602	11.0
POLYPLEX	POLYPLEX CORPORATION LTD	BSMA LIMITED	SELL	74,079	86.1
RUCHIRA	RUCHIRA PAPERS LIMITED	VIDYA FINVEST PVT. LTD.	SELL	161,213	22.6
TRICOM	TRICOM INDIA LIMITED	ITF MAURITUS	SELL	70,537	136.8
PIONEEREMB	PIONEER EMBROIDERIES LTD	SEARCH FINVEST PVT. LTD.	SELL	57,244	238.1
UNITY	UNITY INFRAPROJECTS LTD	INDO DISTILLATION COMPANY PVT L	SELL	87,499	538.8
ROHLTD	ROYAL ORCHID HOTELS LTD	BSMA LIMITED	SELL	165,000	182.5
MALUPAPER	MALU PAPER MILLS LIMITED	MAHESH MEETAL	SELL	50,000	41.1

Source: NSE

BULK DEALS ON BSE - 21 Dec 2006

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
511359	ADMANUM FINA	KUSUMTAMBI	B	15,001	15.4
511359	ADMANUM FINA	KUSUMTAMBI	S	15,001	13.6
530707	AFTEK LTD	RAKHI TRADIING PVT. LTD.	B	599,829	49.8
523850	AXTEL INDUSR	BRIJALYOGESH PARIKH	S	59,700	13.8
512018	CHAMATKAR.NT	SUNIL PANNALAL BANTHIA	S	15,000	390.0
523200	CLASS DIAMI	HARSIDDH ONLINE	B	101,966	483.2
523200	CLASS DIAMI	MERRILL LYNCH CAPITAL MAR	B	400,000	483.0
523200	CLASS DIAMI	HARSIDDH ONLINE	S	101,966	483.0
523200	CLASS DIAMI	RAISHAH ENTERPRISES PRIVA	S	85,470	483.0
523200	CLASS DIAMI	GIRABEN ATULBHAI SHAH	S	89,612	483.0
523200	CLASS DIAMI	CHAUHAN FINSTOCK	S	173,933	483.0
526987	COMMIT CAP S	SATYANARAYANA PVV	B	17,550	14.5
532542	CREW BOS	V AND U CAPLEASE PVT LTD	B	85,000	250.2
531137	GEMSTONE INV	MANISH SURESH JOSHI	S	18,500	10.5
531137	GEMSTONE INV	MRADULA VIJAYKUMAR SHAH	S	100,000	10.3
505710	GRAUER WEIL	ROHNIL R BORADIA	B	74,162	91.0
505710	GRAUER WEIL	ROHNIL R BORADIA	S	74,162	90.9
532786	GREAT OFFSH	H.J.SECURITIES PVT.LTD.	B	507,297	751.3
532786	GREAT OFFSH	H.J.SECURITIES PVT.LTD.	S	507,297	752.2
531784	KADAMB CONST	LAXMI CHOUDHARY	S	15,800	22.7
517569	KEI INDUSTRI	V U CAPLEASE P LTD	B	54,943	89.4
517569	KEI INDUSTRI	VOLGA INTERNATIONAL LTD	B	107,627	90.5
517569	KEI INDUSTRI	V U CAPLEASE P LTD	S	54,943	90.0
517569	KEI INDUSTRI	VOLGA INTERNATIONAL LTD	S	119,127	91.2
532758	KEWIndustr	ATHENA INVESTMENT	B	240,000	33.6
532728	MALU PAPER	OBIDANT EXPORTS PVT LTD	B	85,795	40.8
511276	MEFCOM AGR I	PURSHOTAM KHANDELWAL	B	68,119	120.9
511276	MEFCOM AGR I	MASTER FINLEASE LTD	B	17,057	121.0
511276	MEFCOM AGR I	KALPANA MADHANI SECURITIE	B	20,000	121.0
511276	MEFCOM AGR I	EDELWEISS SECURITES PVT.	B	25,000	121.0
511276	MEFCOM AGR I	PURSHOTTAM KHANDELWAL	S	59,191	121.0
511276	MEFCOM AGR I	MASTER FINLEASE LTD	S	19,100	121.0
511276	MEFCOM AGR I	COSMO CORPORATE SERVICES	S	21,387	120.5
511276	MEFCOM AGR I	ISF SECURITIES LIMITED	S	35,700	121.0
511276	MEFCOM AGR I	KALPANA MADHANI SECURITIE	S	20,000	121.0
511276	MEFCOM AGR I	BIJAL MADHANI HUF	S	15,000	120.9
532307	MELST INFTEC	MAKERTICH CONSULTANCY SE	S	71,944	10.2
511714	NCJ INTERNAT	NIMBUS INDIA LTD	B	39,201	7.8
532722	NITCO TILES	INDO DISTILLATION COMPANY	B	150,000	245.5
514300	PIONER EMBRO	ADMIXVINIMAY PVT LTD	B	83,517	240.8
514300	PIONER EMBRO	SEARCH FINVEST LIMITED	B	215,547	240.1
514300	PIONER EMBRO	SEARCH FINVEST LIMITED	S	160,000	240.8
532647	PROVOGUE IND	THE INDIAMAN FUND MAURITI	S	132,030	403.0
500044	RAYBAN SUN O	ASIT C MEHTA INVESTMENT	B	360,120	97.8
500044	RAYBAN SUN O	ASIT C MEHTA INVESTMENT	S	360,120	97.2
530517	RELAXO FOOTE	HONEYVICK ENTERPRISES P L	B	284,901	50.3
530517	RELAXO FOOTE	HONEYVICK ENTERPRISES P L	S	284,901	51.5
511413	SHARYAN RESO	DEUTSCHE SECURITIES MAURI	B	136,275	215.0
511413	SHARYAN RESO	OMAN NATIONAL INVESTMENT	S	239,031	219.0
514211	SUMEET INDUS	RAMNIKLAL KUNVERJI SHETHI	B	669,723	13.8
514211	SUMEET INDUS	PURSHOTTAM KHANDELWAL	B	1,119,857	13.9
514211	SUMEET INDUS	COSMO CORORATE SERVICES L	B	175,000	13.3
514211	SUMEET INDUS	NCJAIN	B	129,837	13.9
514211	SUMEET INDUS	RAMNIKLAL KUNVERJI SHETHI	S	669,723	13.8
514211	SUMEET INDUS	PURSHOTTAM KHANDELWAL	S	1,154,235	13.8
514211	SUMEET INDUS	COSMO CORPORATE SERVICES	S	175,000	13.7
514211	SUMEET INDUS	NCJAIN	S	129,837	14.0
590047	SUNDARAMMUL	AMRABATHI INVESTRA PVT LT	B	295,247	16.5
590047	SUNDARAMMUL	PRIME SECURITIES LIMITED	S	506,367	16.5
505400	TEXMACO LTD	FIDELITY MF AC FIDELITY E	B	111,618	1149.1
531774	TRIPEX OVER	HB COMPANY	B	60,000	162.1
531774	TRIPEX OVER	KUSUMBEN B SHAH	S	60,000	162.1
532432	UNITD SPR	CLSA MAURITUS LIMITED	B	2,600,000	875.0
532432	UNITD SPR	USL BENEFIT TRUST	S	3,028,000	875.0
532746	UNITY INFRA	INDO DISTILLATION COMPANY	S	75,000	539.3
530369	VAMSHI RUBBE	URMILA DOSHI	S	25,536	12.1

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%

Disclaimer

The information and views presented in this report are prepared by Karvy Stock Broking Limited. The information contained herein is based on our analysis and up on sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred based upon it.

The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither Karvy nor any person connected with any associated companies of Karvy accepts any liability arising from the use of this information and views mentioned in this document.

The author, directors and other employees of Karvy and its affiliates may hold long or short positions in the above-mentioned companies from time to time. Every employee of Karvy and its associated companies are required to disclose their individual stock holdings and details of trades, if any, that they undertake. The team rendering corporate analysis and investment recommendations are restricted in purchasing/selling of shares or other securities till such a time this recommendation has either been displayed or has been forwarded to clients of Karvy. All employees are further restricted to place orders only through Karvy Stock Broking Ltd.

Karvy Stock Broking Limited

Regd Off : 46, Road No 4, Street No 1, Banjara Hills, Hyderabad – 500 034. Tel: 040-23351988, 23354283.
