

Biocon Ltd.

CMP: Rs 570

Target Price: Rs 758

DOLAT CAPITAL

Pharmaceuticals / Buy

Clinical Gains...!!!

Biocon has increased its focus from statins to branded biotech formulations and contract research services. With branded products like Insugen, BIOMAb gaining size and in anticipation of outlicensing deals in its insulin and MAb programmes, we expect its Biopharma division to trade at 25x FY09E earnings. We see tremendous value in the CRO business and expect it to trade at least 35x FY09E earnings on account of comparatively higher margins and manifold growth ahead. We have used SOTP valuation and have arrived at a target price of 758. We re-initiate coverage on the stock with a 'BUY' recommendation.

BSE Sensex	19738
NSE Nifty	5940

Scrip Details

Equity	Rs.500mn
Face Value	Rs.5/-
Market Cap	Rs.57bn
	US\$1425mn
52 week High/Low	Rs.663/342
1-Month Avg. Volume (Daily)	116245
BSE Code	532523
NSE Symbol	BIOCON
Bloomberg Code	BIOSIN
Reuters Code	BION.BO

Business Group - Indian Private

Shareholding Pattern as on Sept'07(%)

Promoter	60.9
MF/Banks/FIs	9.3
FIs	7.3
Corporate Bodies	1.6
Public / Others	20.9

Investment Rationale

Risk Adjusted Growth Strategy

Biocon is the only company which has made remarkable progress in the Indian Biotech industry with Oncology and Diabetes as its focus areas. Over the years, the company has entered into strategic alliances, bought out IPR's in the diabetic space. With a blackened laboratory in place, these initiatives have resulted in minimizing costs and speedier commercialisation. Its R&D subsidiaries have further consolidated their standing having partnered with global biotech majors in areas of complex research and development.

Biopharma: To Provide Long Term Stability

Biocon was synonymous with 'Statins'. The emphasis on this segment is reducing with concurrent focus on Biopharma business which includes insulin, immunosuppressants, monoclonal antibodies (MAb's) and other products. We expect statins contribution to lower down in the near term with higher growth in the insulin, immunosuppressant segments. BIOMAb-EGFR, its first anticancer antibody is expected to grow more than five fold in size to cross a billion by FY10e. Positive developments on novel insulin delivery mechanisms and monoclonal antibodies would attract a huge premium by way of outlicensing deals by FY10e. As a part of its strategy of introducing biopharma products at a competitive price in key markets like US & EU, it is scouting for acquisitions in the distribution space. We expect Biopharma division to grow at 22% CAGR over FY07-09E.

Contract research services: Poised For Growth...

With significant investments underway in Syngene and operations being ramped up in Clinigene, we estimate 43% revenue growth and 40% earnings growth over FY07-09e. We estimate revenue contribution to increase from ~14% in FY07 to 20% in FY09E and PAT contribution to increase from ~26% to 35% in FY09E. We also do not rule out a possible deal announcement post Bayer's recent visit.

Value Unlocking

Listing of the entity in the US in the near term could give a strong push to the stock price with value unlocking potential in both businesses.

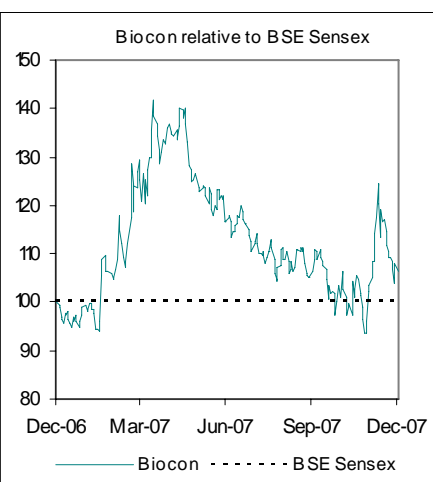
- With its branded products like Insugen, BIOMAb gaining size and in anticipation of outlicensing deals in its insulin and MAb programmes, we have assigned a higher premium to Biopharma business and expect it to trade at 25x FY09E earnings.
- We see tremendous value in the CRO business and expect re-rating in this segment having compared to other listed players for e.g. WUXI (Chinese CRO listed in NASDAQ) which is trading at 39x CY08E. We value Biocon's CRO business at 35x FY09E earnings on account of comparatively higher margins and manifold growth ahead.

Valuations

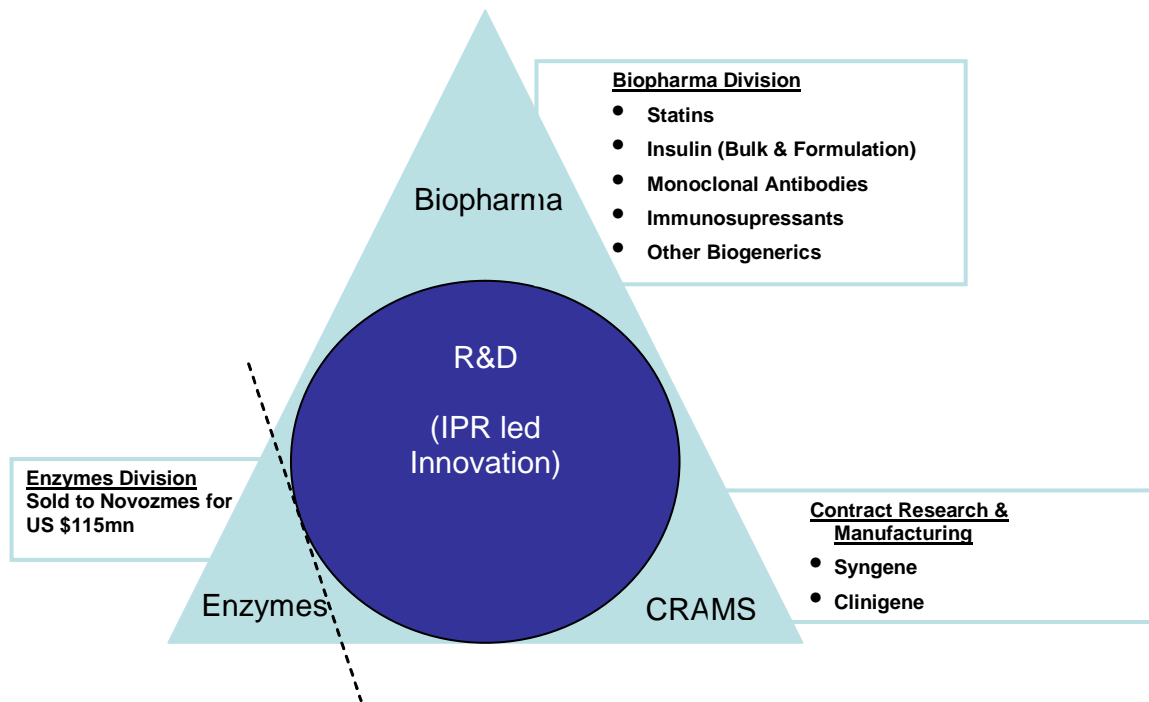
We have used SOTP valuation and have arrived at a target price of 758. We re-initiate coverage on the stock with a 'BUY' recommendation.

Sum of Parts Valuation Approach:

Segments	FY09E		Est. Mkt cap	
	PAT	PER(x)		
Biopharma	1659	25	41469 (i)
R&D Services	981	35	34326 (ii)
Total	2640	29	75795	
Equity			500	
Value Per Share			758	

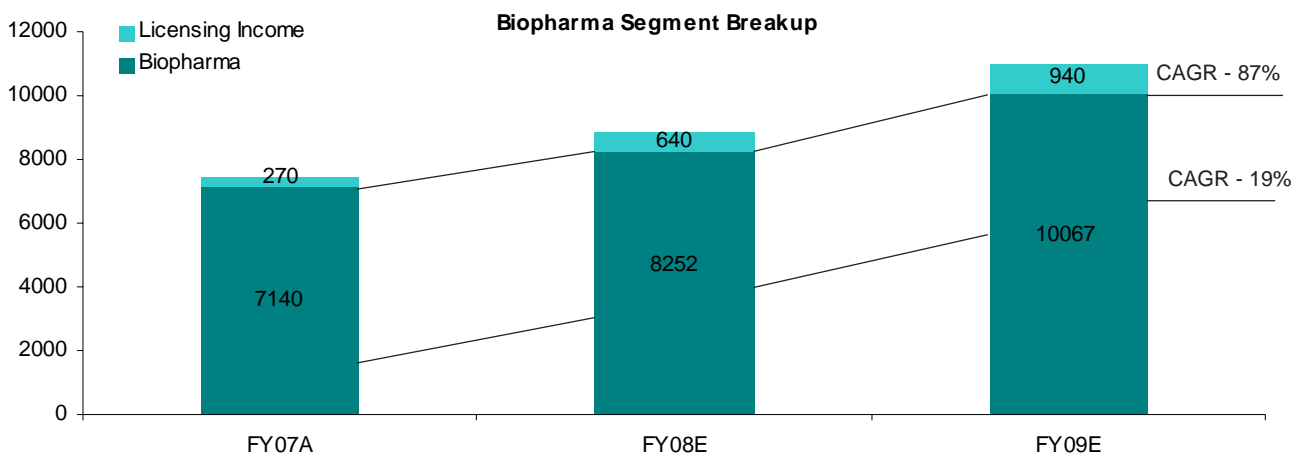


Biocon's Business Model



Biopharma Division: - Risk Adjusted Growth Strategy

It contributes ~75% of the turnover and comprises of statins, insulin, immunosuppressants, monoclonal antibodies (MAB's) and other products. Going forward, we expect Biopharma division to grow at 22% CAGR over FY07-09E.



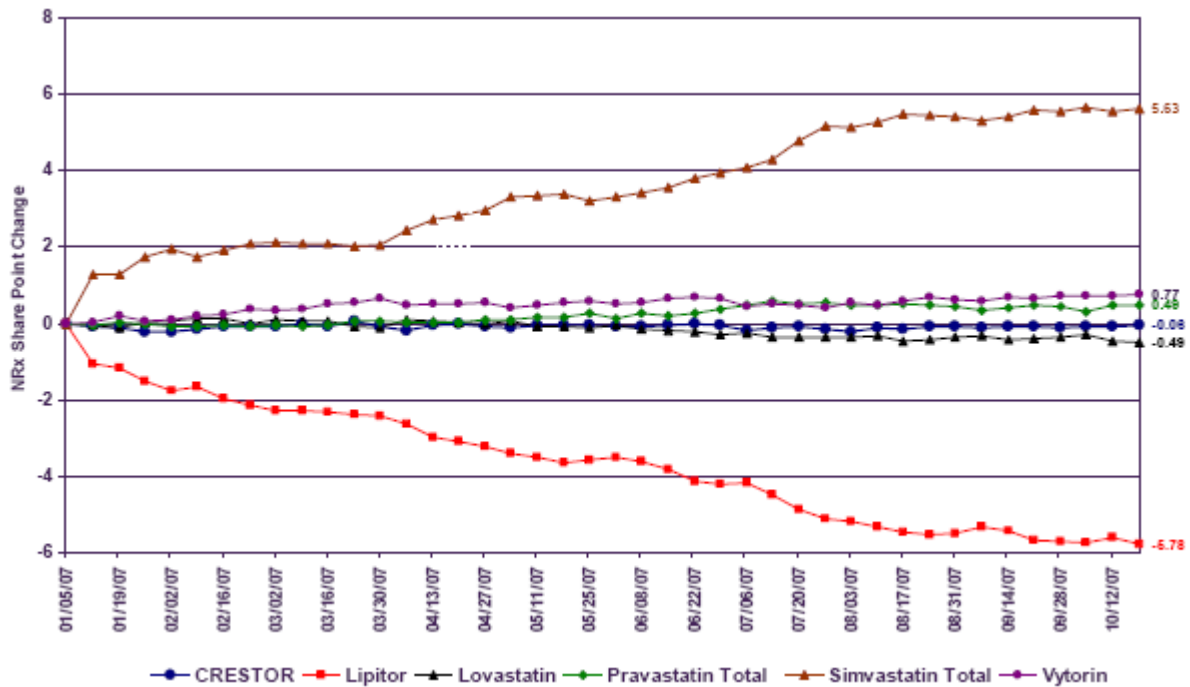
Source : Company, Dolat Research

Statins: Biocon has secured a notable presence in the statins market post patent expiry of lovastatin, simvastatin and pravastatin. The company supplies bulk Statin API to generic players in the US and EU.

It has been strongly positioned as a Statins 'play' however with its focus now drifting towards branded Biopharma and research services dependency on statins has over the years declined. We expect the segments contribution to decline from ~33% to 25% in the near term.

Going forward we expect pricing and competitive pressures to be the key deterrents unless significant increase in volumes, for instance spurt in Simvastatin sales, acts in its favour.

US Statin Market - Generic Impact



Source : AstraZeneca corporate presentation Nov'07

Statins(USD/kg)	Innovator/Brand	Patent Expiry		Mkt Share*	
		US	EU	US	EU
Pravastatin	Bristol Myers Squibb (Pravachol)	2006	2006	} ~20-25%	} ~40%
Simvastatin	Merck (Zocor)	2006	2005		
Lovastatin	Merck (Mevacor)	2001	2003		
Atorvastatin	Pfizer (Lipitor)	2011	Post 2010		

*Dec'07

Insulin : Biocon is gradually gaining a strong foothold in the global insulin space. It is cornering a sizeable market share for its recombinant human insulin formulation "Insugen" and bulk insulin crystal supplies. Strategic global alliances aimed towards wider geographical reach coupled with expectancy of positive news in US and EU towards biosimilars proves to be a winning stroke for Biocon in the long term.

Big Pharma Biotech majors namely Eli Lilly, Novo Nordisk amongst others are incurring huge investments towards research and development in non injectable insulin delivery mechanisms. There are alternative modes of insulin delivery devices being developed globally in form of inhalers, sprays, pills etc. Dismal performance of Pfizer's oral insulin, Exubera cannot be attributed to an unattractive market but towards an unhandy device that failed convenience and efficacy.

Biocon Initiatives in Novel Insulin Delivery Mechanisms

Insugen & Bulk Insulin

- Recombinant insulin brand “*Insugen*” has been introduced in the domestic market in 2004 (has less than 10% market share) and has licensed to Bayer for the Chinese market in 2006.
- Has registered insulin in 25 countries and launched it in more than 9 countries
- It has entered into an alliance for Insugen with an undisclosed US company which would fetch licensing income plus royalty post launch. In EU it plans to undergo registrations by itself.
- Biocon supplies bulk insulin crystals to Invitrogen (US) for cell culture in North America.

Oral Insulin (IN 105)

- In 2006, Biocon had purchased the molecule from Nobex Corporation (total payment of \$12mn towards IP assets and investments reported under intangibles).
- The non injectable form of insulin delivery. I.e. tablet form is undergoing Phase 2 trials in India and Phase 1 trial in Sweden.
- It's expected to be outlicensed in a year's time frame.
- **Other oral insulin products being developed worldwide:** Apollo Health Life science's (Aust) Oradel (insulin tablets) are undergoing clinical trials. Emisphere (US) has completed Phase 2 trials on its oral insulin drug.

Nasulin (Intra Nasal Insulin Spray) –

- The product is being developed in alliance with Bentley Pharma.
- Nasulin would be absorbed through the mucus membrane into the blood stream.
- Currently it is undergoing Phase 2 clinical trials in its subsidiary Clinigene in India.
- The product is expected to be launched by 2010E in the domestic market & would supply the bulk API in non regulated markets.

Inhaled Insulin

- Biocon has entered into an agreement to supply human insulin to Bristol Myers/Squibb for their project to develop the inhaled version of insulin.
- **Other inhaled insulin products being developed worldwide:** Pfizer's Exubera - released its inhaled insulin in the US. Next in line is Eli Lilly's AIR Insulin System. Mannkind's Technosphere is expected early next year and Novo Nordisk's Aerx (inhaled version), is expected to be out in two years.

Majority of the world's 246 million diabetics today find it hard to inject themselves. With sufferers forecasted to be 380 million by 2025, business imperatives for the Pharma bigwigs in the \$22 billion diabetes market are obvious. In India diabetes has affected over 41 million people, compared to 19 million in the US. A huge segment of these 41 million diabetics today need to take injectable insulin. The \$100-million domestic insulin therapy market is expected to attain a size of \$1 billion over 10 years. Globally, the \$6.5 billion insulin market is expected to be a \$10-billion opportunity by 2010.

Biocon is scouting for acquisitions in the distribution space in US and EU which enables launch of Insugen and stronger positioning of its novel products once they reach the commercialisation zone. There is lack of visibility on how the registrations would follow through in the US & EU, but we believe that we will have the doors opening in the regulated markets favouring Biocon's efforts in its launch by 2009E.

Monoclonal Antibodies: Globally, MAbs are a popular biological tool against cancer based on the body's natural disease-fighting mechanism, but those available in the country are not said to be affordable by all. While statin copycats proliferate in India, MAbs do not. They require biological expertise, which is where Biocon makes its formidable presence.

By 2010, these drugs are projected to grow into a \$13-billion market. In India, these biotech drugs will be pushing for a place alongside the ruling chemo drugs worth around Rs 6000 million. Biocon, one of the few and early MAbs players, hopes to take 10-20 per cent of this segment.

Biocon's JV with CIMAB namely *Biocon Biopharma Private Ltd.* and its collaboration with Vaccinex provides a solid platform for developing complex MAb's.

1) Biocon Biopharma Private Ltd. (BBPL)

Biocon established Biocon Biopharmaceuticals Private Limited (BBPL) a 51:49 JV in collaboration with Cuban partner CIMAB (The Centre of Molecular Immunology). The JV focuses on development, manufacturing and marketing of monoclonal antibodies and cancer vaccines. Biocon will utilize Cimab's expertise in developing and manufacturing such products, which today are largely imported in India. Through BBPL, Biocon will also collaborate with Cimab in research and development.

BBPL Product Portfolio:

Class	Products	Treatment	Status
Monoclonal Antibodies (MAb's)	BIOMAb-EGFR (h-r3)	Head & Neck Cancer	Launched -Sep'2006
	*T1h (anti-cd6)	T-cell Lymphoma, Rheumatoid Arthritis Psoriasis.	Phase-2 India
	q-T3 (anti-cd3)	Organ transplant	Phase-1 Cuba
Vaccines	EGF	Cancer	
	TGFa	Cancer	Trials in Cuba under way
	HER 1	Cancer	

* T1h is expected to be launched by FY10e

BIOMAb-EGFR (MAb) is the first anti-EGFR fully humanized monoclonal antibody for cancer of the six cancer drugs jointly developed with Cuban partner CIMAB, to be launched in India by Biocon. It is manufactured at the Biocon Park and has contributed nearly Rs. 200mn since launch in Sep'06.

We believe there is a huge opportunity to capitalise on, the key element being 'affordability'. BIOMAb is priced at Rs. 45000/dose * (pack of 6), 40-50% cheaper than the competitive offering i.e. ERBITUX by Imclone / Merck/ BMS. Biocon has marketing rights for India and South Asia and hopes to qualify as a supplier of finished vials in the regulated markets.

BIOMAb Marketing Game Plan:

Company	Alliance/Licensed Partner	Markets
Biocon		India Sri Lanka Middle East Bangladesh
	Ferozsons (Pakistan)	Pakistan
CIMAB	YM Bioscience (Canada)	North America Europe Japan

*The Pakistan market size is estimated at ~US \$70mn

Positive news on ongoing clinical trials of BIOMAb-EGFR® to other indications including non-small cell lung cancer carcinoma, glioblastoma (brain tumors) would result in enormous value addition to its proprietary product leading it to cross the milestone of a billion by FY10e.

2) Collaboration with Vaccinex for complex MAb's offers enormous long term potential
Product Portfolio:

Class	Products	Treatment	Status	Tentative Launch
Monoclonal Antibodies (MAb's)	BVX-10	Alpha TNFa, rheumatoid arthritis.	Phase 1	India - 2013, US - 2014
	BVX-20	Non-Hodgkin's lymphoma	Phase 1 - Q3FY08E	India - 2013, US - 2014

Immunosuppressants: Biocon manufactures immunosuppressants (prevents body rejecting foreign bodies post-operation) using the fermentation process and is a leading API supplier to over 70 countries.

The total market size for nephrology products is about Rs.3 billion and is growing by about 20 percent annually. Of these, the market for immunosuppressants is about Rs.1.25 billion. Biocon is targeting a market share of 20-25 percent in the next three-five years despite aggressive competition from Indian and multinational players in the country.

Immunosuppressants Pipeline

S.No	API	Brand	Innovator - Brand	Market Size	Comments
1	Mycophenolate Mofetil (MMF)	Renodapt	Roche - Cellcept	US \$1.5bn	Patent expires 2008 in US
2	Tacrolimus	Tacrograf	Astellas - Prograf	US \$1.4bn	Patent expires 2008 in US
3	Siromilus	Rapacan	Wyeth - Rapanune	>US \$200mn	Patent expires 2015 in US
4	Cyclosporine Micro Emulsion	CYCLOPHIL			
5	rHuEPO	ERYPRO			

Source : Company, Dolat Research

Its API portfolio, proprietary process technologies and dedicated GMP facilities has led them to manufacture branded formulations for nephrology (kidney disease). Having gained acceptance in the domestic and semi-regulated markets for its branded products, the key growth enabler is its entry in regulated markets post patent expiry of API's like Tacromilus & MMF.

Other Biogenerics : The various other products in the pipeline include novel as well as biogeneric molecules.

S.No	Drug	Category	Therapy	Status
1	Oral BNP	Novel	CVS	Preclinical
2	GCSF	Generic	Oncology	To be Launched
3	Streptokinase	Generic	CVS	To be Launched
4	Retepase	Generic	CVS	Preclinical
5	Insulin Glargine	Generic	Diabetes	Preclinical
6	hGH	Generic	Endocrinology	Preclinical

*Oral BNP acquired from Nobex

The company expects to launch both GCSF (oncology) and Steptokinase (blood clots) in the domestic markets by the end of FY08e. It has licensed right to develop a biosimilar version of G-CSF (Granulocyte-Colony Stimulating Factor) in North America and the European Union, for which it has received upfront licensing fees.

It has also inlicensed Abraxane (paclitaxel *bound to a protein* injectable for the treatment of breast cancer) from Abraxis Bioscience. Commercial introduction of ABRAXANE in the Indian market is expected by the end of FY08e. It has rights to market the product in Asian and Gulf countries. We estimate ABRAXANE to contribute more than Rs.500 million to the topline by FY09e.

Abraxis and Astrazeneca are jointly marketing Abraxane in the US with revenues estimated to reach a billion dollar mark by 2010 from estimated sales of \$305mn this year.

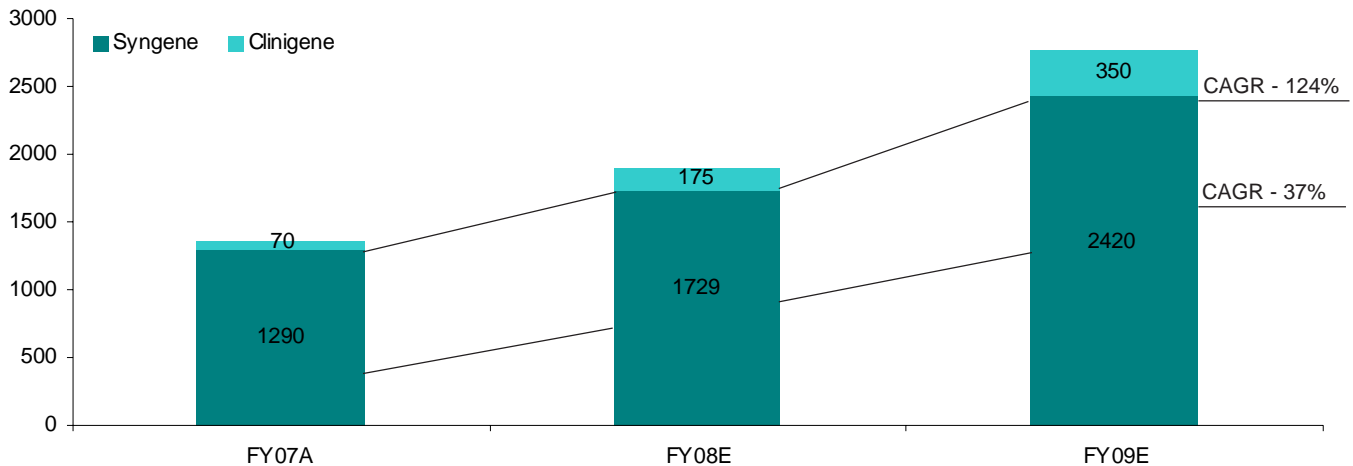
Foraying in the GCC: Biocon and Neopharma (Abu Dhabi) formed a JV Neobiocon which would focus on developing and marketing biopharmaceutical in key therapeutic areas as oncology, diabetes, auto-immune disorders, cardiology, anti-obesity drugs and new generation immunosuppressant drugs.

Biotherapeutics for cardiovascular diabetes and oncology segments represent the fastest growing class of drugs in the \$5 billion GCC (Gulf Cooperation Council) pharmaceutical market.

R&D Services – Poised For Growth

Syngene International and Clinigene International Pvt Ltd. wholly owned subsidiaries of Biocon are leveraging on their strengths and are drawing international research programmes. During FY07, contract research business contributed ~14% to the consolidated revenues and ~26% to the bottomline.

Revenue Breakup



Source : Company, Dolat Research

	Syngene	Clinigene
Formed:	1994	2000
Services:	Early stage drug discovery and development	Clinical Research
Competencies:	Molecular Biology & Synthetic Chemistry	Clinical Research
Staff:	~800	~100
Partnerships:	Bristol Myers Squibb (BMS) Innate Pharmaceuticals (Sweden)	Nasal Insulin Project (Biocon-Bentley) Oral Insulin Project (Biocon-Clinigene) Esoterix (Belgium)

Source : Company, Dolat Research

Syngene: It's business has been majorly driven by the Full Time Equivalency (agreed payment based on the number of researchers it employs) model. It is gradually increasing project fee based contracts.

In Feb'07, it announced increasing drug discovery and development initiatives with BMS. Under this new arrangement, Syngene will build a dedicated, customised facility spread over 150,000 sq.ft. which will accommodate over 400 scientists for the exclusive use of BMS.

The research team would nearly double by FY10E from the current 800 personnel. The overall Capex in Syngene is earmarked at Rs. 2750 million spread over two years 35% of which would be incurred during the current fiscal and the balance in the next year. It includes investment of a billion rupees towards the BMS facility which is estimated to go commercial by end FY09E. We estimate Syngene to contribute Rs. 2420 million to the topline growing at 37% CAGR for FY07-09E.

Clinigene: The company has expanded its range of services including laboratory, clinical trials and data management and is well positioned to leverage on the fast growing clinical research opportunity. From being a captive research provider it has gradually added significant projects from third party clients. The staff headcount is expected to move up from 100 to 150 by FY10E while the revenue is estimated to grow over 5 fold to Rs.350 million by FY09E albeit on a lower base.

With significant investments underway in Syngene and operations being ramped up in Clinigene, we estimate 43% revenue growth and 40% earnings growth over FY07-09E. We estimate revenue contribution to increase from ~14% in FY07 to 20% in FY09E and PAT contribution to increase from ~26% to 35% in FY09E. We also do not rule out a possible deal announcement post Bayer's recent visit.

Valuations & Outlook Ahead

The company has sold out its enzymes business for Rs.4670 mn, and has received Rs.4000mn with the balance accruable in the forthcoming years. These proceeds result in cash of Rs.34 per share.

- i) With its branded products like Insugen and BIOMAb gaining size and in anticipation of outlicensing deals in its Insulin and MAb programmes, we estimate Biopharma business to trade at a premium of 25x FY09E earnings.
- ii) We see tremendous value in the CRO business and expect re-rating in this segment having compared to other listed players for e.g. WUXI (Chinese CRO listed in NASDAQ) which is trading at 38.7x forward Pex. We value Biocon's CRO business to trade at least 35x FY09E earnings on account of comparatively higher margins and manifold growth ahead.

Wuxi Pharma (USD Mn)	Revenues	PAT	NPM%
CY06	70	9	13%
CY07	135	29	21%
CY08	213	47	22%
Mcap as on (3rd Dec'07)	1777.6		
Fwd CY08 Pex	37.82		
Employees Dec'06	1843		
Employee Productivity in CY06	0.15		

Biocon CRO Segment (Rs.mn)	Revenues	PAT	NPM%
FY07	1360	500	37%
FY08E	1904	604	32%
FY09E	2770	981	35%
R&D Employee Strength Mar'07	~850		
Employee Productivity in FY07	1.6		

Listing of the entity in the US in the near term could give a strong push to the stock price with value unlocking potential in both businesses.

Sum of Parts Valuation Approach:

Segments	FY09E		Est. Mkt cap
	PAT	PER(x)	
Biopharma	1659	25	41469 (i)
R&D Services	981	35	34326 (ii)
Total	2640	29	75795
Equity			500
Value Per Share			758

We have used SOTP valuation and have arrived at target Price of 758. We re-initiate coverage on the stock with a 'BUY' recommendation.

Concerns:

Adverse forex fluctuation and delay in filings and registrations could affect the earnings growth forward.

INCOME STATEMENT

Particulars	Rs.mn			
	Mar'06	Mar'07	Mar'08E	Mar'09E
Gross Sales	7,891.5	9,852.3	11,255.6	13,777.5
Excise	-	-	-	-
Net Sales	7,891.5	9,852.3	11,255.6	13,777.5
Other income	40.6	43.3	50.2	70.0
Total Income	7,932.2	9,895.6	11,305.8	13,847.5
Total Expenditure	5,592.7	7,022.6	8,017.1	9,864.7
Operating Profit (excl. Other Income)	2,298.8	2,829.7	3,238.5	3,912.8
Operating Profit (incl. Other Income)	2,339.5	2,873.0	3,288.7	3,982.8
Interest	17.5	97.5	121.0	142.1
Gross Profit	2,322.0	2,775.5	3,167.7	3,840.7
Depreciation	296.5	665.5	930.0	1,110.1
Profit Before Tax & EO Items	2,025.5	2,110.0	2,237.7	2,730.6
Extra Ordinary Exps/(Income)	-	-	(3,400.0)	-
Profit Before Tax	2,025.5	2,110.0	5,637.7	2,730.6
Tax	305.7	169.2	135.4	191.1
Net Profit	1,719.8	1,940.8	5,502.4	2,539.5
Minority Interest	(19.7)	(61.8)	(77.7)	(100.0)
Net Profit After Minority Interest	1,739.5	2,002.6	5,580.1	2,639.5
Net Profit After Minority Interest (w/o EOI)	1,739.5	2,002.6	2,180.1	2,639.5

BALANCE SHEET

Particulars	Rs.mn			
	Mar'06	Mar'07	Mar'08E	Mar'09E
Sources of Funds				
Equity Capital	500.0	500.0	500.0	500.0
Preference Capital	-	-	-	-
Reserves (excl Rev Res)	8,413.2	10,178.1	15,407.2	17,695.7
Net Worth	8,913.2	10,678.1	15,907.2	18,195.7
Revaluation reserve	-	-	-	-
Secured Loans	677.5	737.3	987.3	1,237.3
Unsecured Loans	372.9	1,130.4	1,130.4	1,130.4
Loan Funds	1,050.5	1,867.7	2,117.7	2,367.7
Deferred Tax Liability	297.3	448.3	475.4	513.6
Total Capital Employed	10,261.0	12,994.1	18,500.3	21,077.0
Applications of Funds				
Gross Block	4,070.5	10,150.2	13,158.5	15,858.5
Less: Accumulated Depreciation	1,060.6	1,713.2	2,643.2	3,753.3
Net Block	3,009.9	8,437.0	10,515.2	12,105.1
Capital Work in Progress	5,260.2	708.3	-	-
Intangibles	-	512.0	512.0	512.0
Investments	1,002.3	790.2	790.2	790.2
Current Assets, Loans & Advances				
Inventories	1,104.9	1,613.2	2,775.4	3,397.2
Sundry Debtors	2,236.6	3,065.2	3,546.3	4,152.1
Cash and Bank Balance	20.2	87.3	3,116.7	3,195.6
Loans and Advances	239.5	530.3	500.0	600.0
Other Current Assets	-	-	-	-
<i>sub total</i>	3,601.2	5,296.1	9,938.4	11,344.9
Less : Current Liabilities & Provisions				
Current Liabilities	2,183.8	2,324.3	2,810.4	3,210.0
Provisions	428.8	425.1	445.1	465.1
<i>sub total</i>	2,612.6	2,749.4	3,255.5	3,675.2
Net Current Assets	988.6	2,546.7	6,682.8	7,669.7
Misc Expenses	-	-	-	-
Total Assets	10,261.0	12,994.1	18,500.3	21,077.0
E-estimates				

IMPORTANT RATIOS

Particulars	Mar'06	Mar'07	Mar'08E	Mar'09E
(A) Measures of Performance (%)				
Operating Profit Margin (excl. O.I.)	29.1	28.7	28.8	28.4
Operating Profit Margin (incl. O.I.)	29.5	29.0	29.1	28.8
Interest/ Sales	0.2	1.0	1.1	1.0
Gross Profit Margin	29.3	28.0	28.0	27.7
Tax/PBT	15.1	8.0	6.0	7.0
Net Profit Margin	22.0	20.3	19.4	19.2
(B) Measures of Financial Status				
Debt/ Equity (x)	0.1	0.2	0.1	0.1
Interest Coverage (x)	133.7	29.5	27.2	28.0
Average Cost Of Debt (%)	1.7	5.2	5.7	6.0
Debtors Period (days)	103.4	113.6	115.0	110.0
Closing stock (days)	51.1	90.0	90.0	90.0
Inventory Turnover Ratio (x)	7.1	6.1	4.1	4.1
Fixed Assets Turnover (x)	2.6	1.2	1.1	1.1
Working Capital Turnover (x)	8.0	3.9	1.7	1.8
(C) Measures of Investment				
Earnings Per Share (Rs.) (excl EO)	17.4	20.0	21.8	26.4
Earnings Per Share (Rs.)	17.4	19.4	55.8	26.4
Cash Earnings Per Share (Rs.)	20.2	26.1	64.3	36.5
Dividend Per Share (Rs.)	2.5	3.0	3.0	3.0
Dividend Payout (%)	14.4	15.5	13.8	11.4
Profit Ploughback (%)	85.6	84.5	86.2	88.6
Book Value (Rs.)	178.3	213.6	318.1	363.9
Return on Avg. Net Worth (%)	19.3	19.8	17.5	14.0
Return on Avg. Cap. Employed (%)	19.9	17.0	12.7	13.6
Return on Cap. Employed (%) (Excl Cash & Invest.)	19.9	18.2	15.3	16.1
(D) Valuation Ratios				
Market Price - Average (Rs.)	570.0	570.0	570.0	570.0
Price / Earnings Ratio - Average (x)	32.8	28.5	26.1	21.6
Average Market Cap. (Rs. Cr.)	57,000.0	57,000.0	57,000.0	57,000.0
Market Capitalisation to Sales (x)	7.2	5.8	5.1	4.1
Enterprise Value (Rs. Cr.)	58,030.2	58,780.4	56,001.0	56,172.2
EV/Sales (x)	7.4	6.0	5.0	4.1
EV/EBDITA (x)	24.8	20.5	17.0	14.1
Market Price to Book Value (x)	3.2	2.7	1.8	1.6
Dividend Yield (%)	0.4	0.5	0.5	0.5
Growth Rates (%)				
Sales	10.7	24.8	14.2	22.4
Operating Profit (excl OI)	2.7	23.1	14.4	20.8
Gross Profit	(2.2)	19.5	14.1	21.2
PBT	(5.8)	4.2	6.1	22.0
Net Profit	(11.9)	15.1	8.9	21.1
E-estimates				

The ratings are based on the absolute upside of our target price from the current price.

Upside

> 25 %
15% - 25%
0% - 15%
< 0 %

Ratings

Buy
Accumulate
Reduce
Sell

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