

June 19, 2006

FOR PRIVATE CIRCULATION

Equity

	16 Jun 06	% Chg		
		1 Day	1 Mth	3 Mths
Indian Indices				
Sensex	9,885	3.6	(16.8)	(9.1)
Nifty	2,890	3.3	(18.0)	(10.4)
Banking	4,387	3.1	(19.0)	(17.5)
IT	2,313	4.8	(14.7)	(10.6)
Healthcare	3,051	2.8	(21.3)	(15.4)
FMCG	1,793	5.7	(18.4)	(12.0)
PSU	4,744	2.2	(22.4)	(18.7)
CNX Midcap	3,698	4.3	(25.3)	(20.5)
World indices				
Nasdaq	2,130	(0.7)	(2.9)	(7.7)
Nikkei	14,879	2.8	(8.3)	(9.4)
Hangseng	15,843	2.6	(3.5)	(0.4)

Value traded (Rs cr)

	16 Jun 06	% Chg - 1 Day
Cash BSE	3,982	35.7
Cash NSE	8,903	43.3
Derivatives	27,772.0	22.7

Net inflows (Rs cr)

	15 Jun 06	% Chg	MTD	YTD
FII	139.9	(138.5)	(6,789)	11,522
Mutual Fund	11.8	(103.5)	5,850	11,850

FII open interest (Rs cr)

	15 Jun 06	% Chg
FII Index Futures	9,315	8.8
FII Index Options	2,690	10.5
FII Stock Futures	8,646	8.5
FII Stock Options	102	5.5

Advances/Declines (BSE)

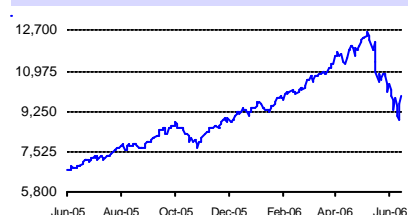
16 Jun 06	A	B1	B2	Total	% Total
Advances	184	606	604	1394	81
Declines	24	54	222	300	17
Unchanged	1	3	20	24	1

Commodity

	16 Jun 06	% Chg		
		1 Day	1 Mth	3 Mths
Crude (NYMEX) (US\$/BBL)	69.9	(0.0)	1.9	11.3
Gold (US\$/OZ)	581.2	0.7	(12.4)	4.0
Silver (US\$/OZ)	10.3	0.3	(19.9)	(2.9)

Debt/forex market

	16 Jun 06	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	7.77	7.76	7.55	7.43
Re/US\$	45.87	45.99	45.52	44.43

Sensex


Source: Bloomberg

ECONOMY NEWS

- The Government is mulling a slew of reform measures, including labour law flexibility and single-window clearances, for facilitating investments into the proposed big-ticket petro hubs called petroleum, chemicals and petrochemicals investment regions (PCPIRs). (BL)
- The public sector banking industry nearly doubled its exposure to sensitive sectors like real estate and capital markets in the 2005-06 financial year, taking it to Rs 152,713 crore from Rs 80,988 crore in the previous year. (BS)
- On an average, the Reserve Bank of India (RBI) has been sucking out in excess of Rs 50,000 crore from the banking system through its reverse repo window over the last one month. (BS)

CORPORATE NEWS

- **Shipping Corporation of India (SCI)** has drawn up a mega vessel acquisition plan till 2011-12 involving an investment of around Rs 14,000 crore.(BS)
- Hyderabad-based **Madhucon Projects Limited** has been awarded four National Highway projects of 330 kilometres with a total positive grant of Rs 410 crore. The four projects, awarded on a BOT basis, are worth around Rs 1,800 crore. (BS)
- Hyderabad-based **IVRCL Infrastructures and Projects Limited** has announced that it has bagged an order valued at Rs 557.8 crore from the irrigation and command area development (CAD) department of the Andhra Pradesh government. (BS)
- **Havell's India Ltd**, one of the largest electrical and power distribution equipment manufacturers, has set a sales target of Rs 2,000 crore in the country in the current financial year. (BL)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange

Nifty Gainers & Losers

	Price (Rs)	% change	Index points	Volume (mn)
Gainers				
TCS	1,685.0	8.7	13.9	1.1
Bharti Airtel	365.9	7.2	9.9	0.7
Reliance Industries	921.6	2.9	7.9	7.0
Losers				
ONGC	1,012.7	(1.8)	(5.5)	2.1
Grasim Industries	1,769.3	(2.5)	(0.9)	0.3
HDFC	1,044.5	(1.4)	(0.8)	0.7

Source: Bloomberg

FROM OUR RESEARCH TEAM

EVENT UPDATE

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Summary table

(Rs mn)	FY06	FY07E	FY08E
Revenues	7,003	11,430	15,166
Growth (%)	23.0	63.2	32.7
EBITDA	1,395	3,518	4,470
EBITDA margin (%)	19.9	30.8	29.5
Net profit	907	2,539	3,279
Net Margin (%)	13.0	22.2	21.6
EPS diluted (Rs)	7.6	20.3	25.7
Growth (%)	(15.4)	165.1	26.6
DPS (Rs)	0.8	0.7	0.7
RoE (%)	25.2	38.2	28.1
RoCE (%)	14.3	29.4	29.7
EV/Sales (x)	5.3	2.8	1.9
EV/EBITDA (x)	26.6	9.0	6.6
P/E (x)	36.9	12.6	10.0
P/BV (x)	9.0	3.5	2.4

Source: Company & Kotak Securities - Private Client Research

GLENMARK PHARMACEUTICALS LTD. (Rs.256, FY08 PE: 10x; BUY)

Glenmark acquires 7 products and 11 presentations from P. D. Pharmaceuticals (Pty) Ltd in South Africa

Glenmark Pharmaceuticals, through its South African subsidiary Bouver-Bartlett [Pty] Ltd, has acquired basket of 7 products (comprising anti-diarrhoeal, anti-inflammatory, analgesic, expectorant, anti-protozoal, anti-acid and multi-vitamin) and 11 presentations from P D Pharmaceuticals [Pty] Ltd. These acquired brands collectively are expected to garner sales of US\$ 2 to 3 million in FY2007. The company has not disclosed the amount paid for the brand acquisition.

Glenmark has obtained global intellectual property rights for the products and will initially market the products within South Africa with a view to gradually sell them in other geographies.

How the acquisition will benefit Glenmark

We believe the purchase of 7 products from PD Pharma is of strategic in nature. The company had acquired Bouver-Bartlett, a sales and marketing company in South Africa last year. This move supports strategy of emerging as a speciality/brand company marketing novel drugs in the African continent. Glenmark is already present in over 30 of the 54 markets in Africa and this pipeline will help strengthen its presence in the region."

Valuations and recommendation

The company expects these acquired products to generate revenues of US\$2-3mn in FY07E. In best-case scenario of US\$3mn sales with expected net margin of 30%, earning per share would increase by about Rs0.4 for FY07E. We believe this deal will have a marginal positive impact on our future earnings estimates. Considering marginal positive impact on financial and undisclosed deal size, we keep our future estimates unchanged.

At Rs256, the stock is trading at PE 12.6x FY07E and 10x FY08E fully diluted earnings. In our report on Glenmark in last month, we had recommended a BUY on stock on account of attractive valuations. The stock has seen fall in the price by about 30% (almost equal to market fall) from that price level. We believe that this decline should be used to own this stock from a long-term perspective. We reiterate BUY on Glenmark with a price target of Rs448 that implies an upside of 75% from the current price levels.

Bulk deals

Trade details of bulk deals					
Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. Price (Rs)
16-Jun	Alps Indust	Lotus Global Investments	S	106,756	78.71
16-Jun	Amtek Auto L	Passport Capital Llc Ac P	B	598,349	302.10
16-Jun	Amtek Auto L	Morgan Stanley Ann Co Int	S	598,349	302.10
16-Jun	Asian Oilfie	Kaushik Shah Shares Sec P	S	29,500	22.10
16-Jun	DS Kulkarni	BSMA Ltd	S	98,000	166.50
16-Jun	Era Constr I	Kartik Rameshchandra Shah	S	190,975	223.34
16-Jun	Fedders Llyo	Shanti Financial Service	B	176,767	133.00
16-Jun	Fedders Llyo	Chandra Financial Service	B	312,228	133.00
16-Jun	Fedders Llyo	Guinea Infotech P Ltd	S	200,000	133.00
16-Jun	Jayshre Tea	Principal Mutual Fund Ac	B	65,000	104.40
16-Jun	Jayshre Tea	J.P.Morgan Securities Ltd	S	100,000	104.40
16-Jun	Kanishk St.	Kamayani Engg. Products L	S	100,000	28.00
16-Jun	Koff Br Pict	Raman Kant Trikha	B	76,000	7.60
16-Jun	Koff Br Pict	Meena Bhushan Punamiya	S	30,000	7.60
16-Jun	Lloyd Ele En	Shanti Financial Service	B	365,693	136.09
16-Jun	Lloyd Ele En	Chandra Financial Service	B	430,000	135.93
16-Jun	Lloyd Ele En	Deutsche Bank Ag London G	S	200,000	136.65
16-Jun	Lloyd Ele En	Guinea Infotech P Ltd	S	200,000	135.00
16-Jun	Lloyd Ele En	Goldman Sachs Investment	S	150,000	135.01
16-Jun	Logix Micro	FID Fund Mauritius Ltd	B	40,285	236.27
16-Jun	Lok Housi Co	Latin Manharlal Sec Pvt L	S	71,483	211.45
16-Jun	Megasoft Ltd	Prudential Icici Mutual F	B	276,063	140.00
16-Jun	Megasoft Ltd	Grants Investment Limited	S	275,063	140.00
16-Jun	Orient Bever	Akkineni Ramesh	S	14,870	6.90
16-Jun	Parekh Alum	Abn Amro Bank N V London	S	64,635	104.76
16-Jun	Prajay Eng S	Deutsche Securities Mauri	B	190,000	153.65
16-Jun	Tantia Cons	Nirmal N Kotecha	S	79,090	114.70
16-Jun	Tata Inv Cor	Passport India Investment	B	186,352	326.00
16-Jun	Tata Inv Cor	J P M S L Ac Cophall Mau	S	186,352	326.00
16-Jun	Telephoto En	Agarwal Kiran Munnalal	S	20,000	26.00
16-Jun	Transcon Res	Dhanshri Fincaps Ltd	B	45,000	2.55
16-Jun	Transcon Res	Shree Ram Agarwal	S	45,000	2.55
16-Jun	Unity Infra	Sam Global Securities Lim	B	69,449	458.50
16-Jun	Unity Infra	Sam Global Securities Lim	S	69,449	457.46
16-Jun	Worldw Le Ex	Samir Mukund Lal Shah	B	40,936	36.40
16-Jun	Worldw Le Ex	Samir Mukund Lal Shah	S	39,881	35.86

Source: BSE

Forthcoming events

COMPANY/MARKET	
Date	Event
19-Jun	Radico Khaitan to consider raising of funds
21-Jun	CESC Ltd to announce earnings and dividend
22-Jun	Amara Raja Batteries to announce earnings and dividend
26-Jun	VSNL, ONGC to announce earnings and dividend
27-Jun	Corporation Bank holds shareholders meeting; Reliance Industries holds annual shareholders meeting; Bata India to announce 2nd quarter earnings
30-Jun	State Bank of India holds shareholders meeting; Bharat Electronics to announce earnings and dividend

Source: Bloomberg

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