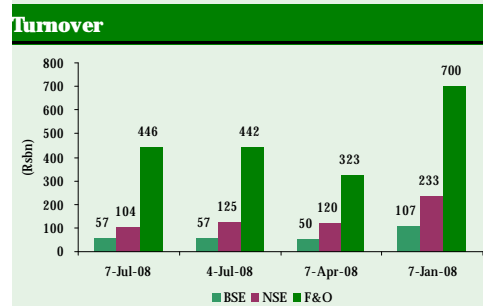




8 July 2008

Indices	%Change			
	7-Jul-08	1mth	3mth	6mth
Sensex	13,525	(14)	(14)	(35)
Nifty	4,030	(14)	(15)	(36)
CNX Midcap	5,192	(16)	(16)	(45)
Banking	5,893	(20)	(25)	(51)
Capital Goods	10,708	(12)	(16)	(47)
IT	4,176	(10)	11	(2)
Healthcare	4,109	(5)	4	(4)
NASDAQ	2,243	(9)	(5)	(9)
Dow Jones	11,232	(8)	(11)	(12)

Net Inflows				
Rs bn	4-Jul-08	3-Jul-08	MTD	YTD
FII	(7)	(4)	(11)	(266)
Mutual Fund	2.8	2	3	97
FII - F&O	4	17	16.9	410



Commodity & Currency % Change				
	7-Jul-08	1mth	3mth	6mth
Crude (US\$/barrel)	141.3	10.2	29.6	46.3
Gold (US\$/Oz)	927.0	5.2	(0.2)	4.4
US\$	43.1	0.6	8.0	9.8
Euro	67.4	1.9	7.8	16.8

Debt				
%	7-Jul-08	1mth	3mth	6mth
RBI Repo	8.5	7.8	7.8	7.8
10 yr G-Sec yld	9.1	8.2	8.0	7.7
Spread 1 & 10 yr G-Sec	0.1	0.3	0.3	0.6
US 10 yr treasury	3.9	4.0	3.5	3.8
Surplus liquidity (Rs bn)	314.9	(220.0)	(631.6)	(122.2)

Infosys (Rs1,801) - Results Preview

BUY - Target Price: Rs2,250

R Ravi
ravir@karvy.com

TCS (Rs852) - Results Preview

BUY - Target Price: Rs1,065

R Ravi
ravir@karvy.com

SpiceJet (Rs30) - Results Review

Marketperformer - Target Price: Rs33

Arun Agarwal
arun@karvy.com

Sector: IT


R Ravi
ravir@karvy.com

Infosys (Rs1,801)

More upside to earnings than downside

Target Price: Rs2,250

BUY

Against the company's flat revenue guidance of Rs45.42 to 45.82bn for Q1FY09, we expect the company to achieve a revenue of Rs48.62bn, - sequential growth of 7.1% aided by a rupee depreciation factor of close to 4.5% and the balance coming from volumes. Though the company's top clients haven't indicated of any price revisions, we prudently haven't factored any billing rate revisions for the quarter. We for Q1 expect the revenues from T&M and onsite to grow faster than FPP and offshore, as there are number of projects which are being initiated, which requires onsite presence.

After factoring the wage revision of 12% with effect from April, and factoring additional visa related costs and foreign stay allowances we expect the company to experience operating margin expansion of 50bps (over Q4), which too some extent is a function of rupee depreciation. Since the company adopts a policy of marking-to-markets all the foreign exchange position we expect it would suffer treasury losses Rs720mn, consequently the other income would significantly lower the last year first quarter.

As the company is not likely to face any increase in tax liability, we expect the company to report a sequential net profit growth of 6.8%, as against 5.3% decline guided by the company post the Q4FY08 results for Q1. The client addition momentum would continue to be reasonably strong, however the dependence on the top client - BT might see some diminishing, but this would not impact the revenues from the top - 10 clients as couple of clients within the group is expected to ramp up. We are not factoring any decline in revenues from the US geography nor do we expect BFSI vertical to perform abysmally low for Q1FY09 on a sequential quarter basis. We continue to maintain with our **BUY** rating with a price target of Rs2250 as we expect there is more earnings upside than downside as the year progress.

Rs Million	Q1FY2008	Q4FY2008	Q1FY2009E	QoQ% growth	YoY% growth
Op Revenues	37,730	45,420	48,625	7.1	28.9
Op expenses	26,890	30,640	32,579	6.3	21.2
Operating profit	10,840	14,780	16,046	8.6	48.0
Operating margin (%)	28.7	32.5	33.0		
Other income	2,530	1,390	735.0	(47.1)	(70.9)
Interest	0.0	0.0	0.0		
Prov for investments	0.0	0.0	0.0		
Depreciation	1,440	1,570	1,620	3.2	12.5
Pre-Tax profit	11,930	14,600	15,161	3.8	27.1
Tax provision	1,140	2,110	1,819	(13.8)	59.6
Tax rate (%)	9.6	14.5	12.0		
Adjusted net profit	10,790	12,490	13,342	6.8	23.7
Less Minority interest	0.0	0.0	0.0		
Reported net profit	10,790	12,490	13,342	6.8	23.7

Infosys Technologies		Y/E March (Rs Mn)	FY2006	FY2007	FY2008	FY2009E	FY2010E
Reuters/Bloomberg Code	INFY.BO/INFO IN	Revenues	95,216	138,930	166,920	200,750	244,200
Market Cap (Rs bn)	1,033.6	Op Profit	30,907	43,910	52,380	60,225	69,597
Market Cap (US\$ bn)	23.6	Net Profit	24,801	38,610	46,590	54,645	63,193
Shares Outstanding (mn)	572.0	EPS (Rs)	43.4	67.5	81.5	95.5	110.5
52-week High/Low	2401/1225	EPS Growth (%)	34.3	55.7	20.7	17.3	15.6
Major Shareholders (%)		Operating Margin (%)	32.5	31.6	31.4	30.0	28.5
Indian Promoters	16.50	PER (x)	41.7	26.8	22.2	18.9	16.4
FII/NRI/OCBs	36.25	EV/EBITDA (x)	32.0	22.2	18.4	15.7	13.3
ADR Holders	19.12	Price/Sales (x)	10.9	7.4	6.2	5.1	4.2
Banks & Mut Funds	5.30	RoCE (%)	45.5	46.4	42.7	39.6	36.8
Public	22.83	ROE (%)	40.3	42.3	37.2	34.8	31.8

Source: Company and Karvy Estimates

Sector: IT
R Ravi
 ravir@karvy.com

TCS (Rs852)

Valuations vertical are looking attractive

BUY
Target Price: Rs1,065

As the company does not give any guidance we for Q1FY09 expect TCS to report a sequential revenue growth 5.1%, though the volume growth would be just 2.2% and we are not built in any billing rate increase for the quarter, as couple of large accounts has indicated sluggish ramp ups. Till the write downs are on – getting billing rate increase from the BFSI seems difficult, which for TCS accounts for 43% of revenues. The growth in Q1 revenues would be aided by the rupee depreciation factor, which we expect would contribute 3% of the total 5% growth.

On account of the rupee depreciation in the AMJ quarter and the effects of salary revisions are going to be not so severe, we expect the gross margins to expand sequentially by 40bps (to 46.9%), however the operating margin may not see any increase as couple of expenditure items like foreign travel and stay allowances could see some substantial increase. It might suffer treasury loss to the tune of Rs600mn; consequently the other income in Q1 (after adjusting for treasury loss) would be significantly lower.

As export profits are exempted from tax for one more year, there won't be any significant increase in the tax liability; as a result, the effective tax rate would be at 13% levels. Thought the growth in Q1 net profit would have been subdued, as the volume growth is sluggish, but the sharp depreciation of rupee has made sure that there is a sequential growth of 5% in Q1FY09. Contrary to most investor's expectation, the ADM would account for 53% of revenues and BFSI would account for 43% of revenues in Q1.

As the stock has corrected by more than 10%, since from our earlier update, we are upgrading to the stock to a **BUY** with a price target of Rs1065 as we expect the earnings to grow much faster than earlier expected as the purse string being increasingly loosened by the global corporations and the INR is not likely to see any appreciation for FY09. Besides, the forward valuations for the next two years are looking very attractive, even after factoring much slower rate of growth.

Rs Million	Q1FY08	Q4FY08	Q1FY09E	QoQ% Growth	YoY% Growth
Revenues	52,028	60,947	64,073	5.1	23.2
Op expenses	38,764	45,422	47,440	4.4	22.4
Operating profit	13,264	15,525	16,633	7.1	25.4
Operating margin (%)	25.5	25.5	26.0		
Other income	1,516	781.0	445.0		
Interest	0.0	0.0	0.0		
Depreciation	1,265	1,625	1,710	5.2	35.2
Pre-Tax profit	13,515	14,681	15,368	4.7	13.7
Tax provision	1,522	1,988	2,050	3.1	34.7
Tax rate (%)	11.3	13.5	13.3		
Adjusted net profit	11,993	12,693	13,318	4.9	11.0
Add Extra-ordinaries	(137.8)	(134.1)	(127.0)		
Reported net profit	11,855	12,559	13,191	5.0	11.3

TCS	Y/E March (Rs Mn)	FY2006	FY2007	FY2008	FY2009E	FY2010E	
Reuters/Bloomberg Code	TCS.BO/TCS IN	Revenues	132,522	186,334	228,612	282,336	354,332
Market Cap (Rs bn)	833	Op Profit	36,641	50,631	59,396	71,996	86,811
Market Cap (US\$ bn)	21	Net Profit	29,667	41,317	50,191	59,625	70,476
Shares Outstanding (mn)	979	EPS (Rs)	30.6	42.6	51.7	61.2	72.3
52-week High/Low	1389/845	EPS Growth (%)	28.1	39.1	21.4	18.4	18.0
		Operating Margin (%)	27.6	27.2	26.0	25.5	24.5
Major Shareholders (%)		PER (x)	27.8	20.0	16.5	13.9	11.8
Promoters	77.6	EV/EBITDA (x)	22.6	16.3	13.7	11.1	9.1
FII's	10.8	Price/Sales	6.3	4.5	3.6	2.9	2.4
Banks/Fis/MFs	6.0	RoCE (%)	56.7	53.0	45.9	42.3	40.5
Public	5.6	ROE (%)	49.5	46.7	40.5	36.6	34.6

Source: Company and Karvy Estimates

Sector: Aviation
Arun Agarwal
 arun@karvy.com

SpiceJet (Rs30)

Marketperformer

Target Price: Rs33

SpiceJet's reported disappointed 4QFY08 results with sales below our expectation and net loss above our expectations. SpiceJet reported sales of Rs3,993mn which was 70% higher over 4QFY07 revenues of Rs2,353mn but was lower than our expectation of Rs4,352mn. Lower aircraft utilization of 9.2 hours during the quarter (versus 10.2 hours during 4QFY07) resulted in lower departures and subsequently lower than expected revenues. SpiceJet reported load factor of 66.6% as against our expectation of 68.7%.

On account of higher than expected other expenses, SpiceJet reported negative EBITDA of Rs1,334mn as against our expectation of negative EBITDA of Rs922mn. Other expenses for the quarter stood at Rs603mn as against Rs551mn reported during 9MFY08. Selling commission, traveling and conveyance, business promotion and conveyance lead to substantial increase in other expenses. During 4QFY08 SpiceJet paid high selling commission for booking tickets for their Port Blair operations. However due to losses from its Port Blair operations, the company has discontinued its Port Blair operations. Accordingly the company reported net loss of Rs1,269mn as against our expectation of Rs805mn.

SpiceJet has cut down its daily flights from 117 to 94 with effect from 1st July 2008. SpiceJet operates a fleet of 18 aircraft and the management has indicated that the company would not induct new aircrafts until the crude prices comes down. Accordingly we are now assuming SpiceJet's fleet size by end of FY09 to be 18 as against our earlier estimates of 23. Also due to increasing ATF prices, we are increasing our ATF price estimates by 18%. We are reducing our FY09 sales estimates by 7.4% from Rs21,040mn to Rs19,484mn. Increase in ATF cost estimates would impact the EBITDA of the company. We are thereby increasing the loss at EBITDA level from Rs2,161mn to Rs2,415mn. For FY09E we expect the company to report net loss of Rs1,849mn, which is 17.9% higher than our previous loss estimate of Rs1,568mn.

We are introducing FY10E estimates and after assuming load factor of 65.3%, ATF price of Rs55,000/KL and period end fleet size of 18, we expect the company to generate revenues of Rs22,904mn, EBITDA of Rs1,244mn and net profit of Rs1,166mn. Due to lower than expected results and lowering of FY09 estimates, we are reducing our price target by 34% from Rs50 to Rs33 and downgrading our recommendation from BUY to Market Performer.

Rsmn	3QFY07	3QFY08	4QFY08	YoY% Growth	QoQ% Growth
Net Sales	2,353	4,085	3,993	69.7	(2.3)
Cost	3,094	4,259	5,327	72.1	25.1
EBITDA	(741)	(174)	(1,334)	(80.0)	(667.7)
EBITDA Margin (%)	(31.5)	(4.3)	(33.4)		
Other Income	300	295	149	(50.2)	(49.4)
Interest	11	4	34	198.8	685.3
Depreciation	18	20	23	25.4	14.8
Profit before Tax	(471)	96	(1,242)	(63.5)	(1,389)
Tax	1	3	15	1,973	397.7
Tax rate (%)	(0.2)	3.1	(1.2)		
Net Profit	(472)	93	(1,257)	(166.3)	(1,446)
Extra ordinary Income/(expenses)	(13.9)	-	(11)	(19.5)	-
Reported Net Profit	(486)	93	(1,269)	(161.0)	(1,458)

SpiceJet		Y/E March (Rs Mn)	FY2006#	FY2007E*	FY2008	FY2009E	FY2010E
Reuters/Bloomberg code	MDIL.BO/SJET IN	Net Sales	4,196	6,404	12,950	19,484	22,904
Market cap. (Rs bn)	7	EBITDA	(603)	(1,640)	(2,521)	(2,415)	1,244
Market cap. (US\$m)	170	Net Profit	(414)	(707)	(1,336)	(1,849)	1,166
Shares outstanding (mn)	241	EPS (Rs)	(2.6)	(2.8)	(4.4)	(6.1)	3.9
52-week High/Low (Rs)	105/20	EBITDA Margin (%)	(14.4)	(25.6)	(19.5)	(12.)	5.4
		EV/EBITDA (x)	(15.2)	(5)	(3.4)	(3.8)	5.2
Major shareholders(%)		EV/Sales	2.2	1.3	0.7	0.5	0.3
Promoter group	12.9	EV/EBITDAR (x)	54.5	(29.8)	1,590	8.1	1.3
FII	12.4	PER (x)	-	-	-	-	7.9
Banks/FI's/MFs	11.7	Price/BV	(25.3)	4	2.3	4.3	2.8
Others & Public	63	RoCE (%)	(16)	(12.5)	(22)	(45.9)	34.9
		RoE (%)	-	(82.9)	(45.3)	(60.2)	42.7

Source: Company and Karvy Estimates

May end

* 10 month period

BULK DEALS ON NSE - 7 July 2008

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
APOLLOHOSP	Apollo Hospitals Ltd	PREETHA REDDY	BUY	1,000,000	500.0
APOLLOHOSP	Apollo Hospitals Ltd	SUNEETA REDDY	BUY	900,000	500.0
APOLLOHOSP	Apollo Hospitals Ltd	SUNIL KUMAR AGRAWAL	BUY	900,000	500.0
OILCOUNTUB	Oil Country Tubular Ltd	NAVMEE SECURITIES Pvt. Ltd.	BUY	222,512	57.0
PSTL	Pyramid Saimira Theatre L	DKG SECURITIES PVT LTD.	BUY	79,700	178.9
PSTL	Pyramid Saimira Theatre L	DKG SECURITIES PVT. LTD.	BUY	51,224	178.4
PSTL	Pyramid Saimira Theatre L	HARDIK M MITHANI	BUY	633,860	175.7
SAREGAMA	Saregama India Ltd.	BNK CAPITAL MARKETS LTD.	BUY	279,853	103.7
SASKEN	Sasken Commu Techno Ltd	MBL & COMPANY LTD.	BUY	186,501	141.0
UNITY	Unity Infraprojects Limit	PEGASUS STOCKS AND SHARES PVT LTD	BUY	22,431	364.8
WANBURY	Wanbury Limited	VECTOR FINANCIAL & MANAGEMENT CONSULTANT	BUY	82,000	95.0
APOLLOHOSP	Apollo Hospitals Ltd	FIDELITY FUNDS MAURITIUS LIMITED	SELL	2,595,159	500.0
OILCOUNTUB	Oil Country Tubular Ltd	NAVMEE SECURITIES Pvt. Ltd.	SELL	12	57.1
PSTL	Pyramid Saimira Theatre L	DKG SECURITIES PVT LTD.	SELL	225,000	180.5
PSTL	Pyramid Saimira Theatre L	DKG SECURITIES PVT. LTD.	SELL	243,000	182.2
PSTL	Pyramid Saimira Theatre L	HARDIK M MITHANI	SELL	686,770	178.5
SAREGAMA	Saregama India Ltd.	FIDELITY INVEST. SER. L. A/C FIDELITY FID FUNDS MAUR	SELL	280,000	103.7
SASKEN	Sasken Commu Techno Ltd	MBL & COMPANY LTD.	SELL	185,401	140.9
UNITY	Unity Infraprojects Limit	PEGASUS STOCKS AND SHARES PVT LTD	SELL	72,319	370.8
WANBURY	Wanbury Limited	SOMERSET FCCB A/C	SELL	83,205	95.0

Source: NSE

BULK DEALS ON BSE - 7 July 2008

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
508869	APOLLO HOSE	FIDELITY FUNDS MAURITIUS LIMITED	S	1,081,220	500.0
505506	AXON INFOTEC	BDS SHARE BROBERS PVT LTD	B	4,231	24.7
505506	AXON INFOTEC	SANJAY KUMAR JAIN	S	4,500	23.3
532989	BAFNA PHARMA	PRVYAPAAR PRIVATE LIMITED	B	247,784	30.0
509728	BHURUKA GAS	PRABHU SECURITIES LTD	B	697,500	25.3
509728	BHURUKA GAS	SATAYANARAYAN AGARWAL	S	697,500	25.2
590061	BRUSHMAN IND	PRVYAPAAR PRIVATE LIMITED	B	60,000	139.4
532271	CYBERMAT INF	SV ENTERPRISES	B	1,020,254	4.9
532271	CYBERMAT INF	SV ENTERPRISES	S	1,036,168	4.8
532985	KOTAK SENSEX	EDELWEISS SECURITIES LIMITED	B	15,121	135.9
532985	KOTAK SENSEX	EDELWEISS SECURITIES LIMITED	S	26,224	136.0
500256	LOK HOUSI CO	PRIVY INTERNATIONAL	S	599,700	47.5
523475	LOTUS CHOC C	VVARJIA KAMATH	B	100,000	15.4
512047	NATRAJ FIN	HIRAVANTI C SHAH	B	23,000	37.3
532986	NIRAJ CEMENT	N D NISSAR	B	69,274	95.1
532986	NIRAJ CEMENT	SHARMISHTA MAHESHBHAI SHAH	B	306,528	100.2
532986	NIRAJ CEMENT	GOLDSTAR FINVEST PVT LTD	B	104,330	86.2
532986	NIRAJ CEMENT	BUNIYAD CHEMICALS LIMITED	B	52,431	98.0
532986	NIRAJ CEMENT	N D NISSAR	S	69,274	95.3
532986	NIRAJ CEMENT	SHARMISHTA MAHESHBHAI SHAH	S	337,528	91.0
532986	NIRAJ CEMENT	BUNIYAD CHEMICALS LIMITED	S	52,431	97.9
532722	NITCO TILES	INDEA CAPITAL PTE LIMITED	B	500,000	99.8
532722	NITCO TILES	INDEA CAPITAL PTE LTD AC INDEA LONG TERM OPP MASTER FUND	B	600,000	99.8
532722	NITCO TILES	CREDIT SUISSE SINGAPORE LIMITED	S	500,000	99.8
532722	NITCO TILES	MERRILL LYNCH CAPITAL MARKETS ESPANA S.A. S.V.	S	600,000	99.8
531996	ODYSSEY CORP	TAMMANSA D KATWA	B	26,500	29.9
531996	ODYSSEY CORP	KATWA KANCHANMALAT	B	26,500	29.9
531996	ODYSSEY CORP	SUYOJIT ENTERPRISES PVT LTD	S	53,100	29.8
532791	PYRAMID SAIM	HARDIK M MITHANI	B	343,474	174.9
532791	PYRAMID SAIM	HARDIK M MITHANI	S	343,474	172.5
502587	RAMA PUL PAP	KRISHNAGOPAL MOTILAL CHANDAK	B	82,000	24.4
502587	RAMA PUL PAP	KRISHNAGOPAL M CHANDAK	S	87,700	24.4
532163	SAREGAMA IND	JAYSHREE NIRMAN LTD.	B	279,787	103.5
532163	SAREGAMA IND	FIDELITY INVESTMENT SERIVES LTD AC FID FUNDS MAURITIUS	S	280,000	103.5
532298	ZENITH INFOT	RUANE CUNNIFF AND GOLDFARB INC	B	115,321	360.0

Source: BSE

Research Desk (Tel: 91-22-22895000)

Hemindra Hazari

Head of Research

hemindra.hazari@karvy.com

Institutional Sales (Tel: 91-22-22895000)

N Subramaniam

Head of Institutional Sales

n.subramaniam@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.