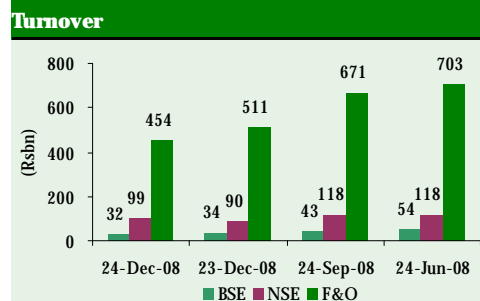




26 December 2008

Indices	%Change			
	24-Dec-08	1mth	3mth	6mth
Sensex	9,569	7	(30)	(32)
Nifty	2,917	8	(30)	(30)
CNX Midcap	3,634	11	(30)	(35)
Banking	5,372	21	(22)	(17)
Capital Goods	6,801	4	(40)	(36)
IT	2,237	(9)	(35)	(46)
Healthcare	2,874	2	(26)	(31)
NASDAQ	1,525	4	(29)	(36)
Dow Jones	8,468	0	(22)	(28)

Net Inflows				
Rsbn	23-Dec-08	22-Dec-08	MTD	YTD
FII	(2)	5	23	(525)
Mutual Fund	(1)	2	(4)	134
FII - F&O	(4)	3	44	649



Commodity & Currency % Change				
	24-Dec-08	1mth	3mth	6mth
Crude (US\$/barrel)	35.4	(34.5)	(66.5)	(74.4)
Gold (US\$/Oz)	848.0	3.9	(5.1)	(4.9)
US\$	49.0	(2.2)	6.9	14.1
Euro	68.4	8.0	1.8	2.6

Debt				
%	24-Dec-08	1mth	3mth	6mth
RBI Repo	6.5	7.5	9.0	8.0
10 yr G-Sec yld	5.6	7.1	8.6	8.6
Spread 1 & 10 yr G-Sec	0.1	0.2	(0.3)	(0.3)
US 10 yr treasury	2.2	3.3	3.8	4.1
Surplus liquidity (Rs bn)	(3.3)	23.2	544.3	387.3

SpiceJet (Rs15)
MarketPerformer - Target Price: Rs16

Arun Agarwal
 arun@karvy.com

Oriental Bank of Commerce (Rs147)
BUY - Target Price: Rs224

Rakesh Kumar
 rakesh.kumar@karvy.com

Sector: Aviation
Arun Agarwal
 arun@karvy.com

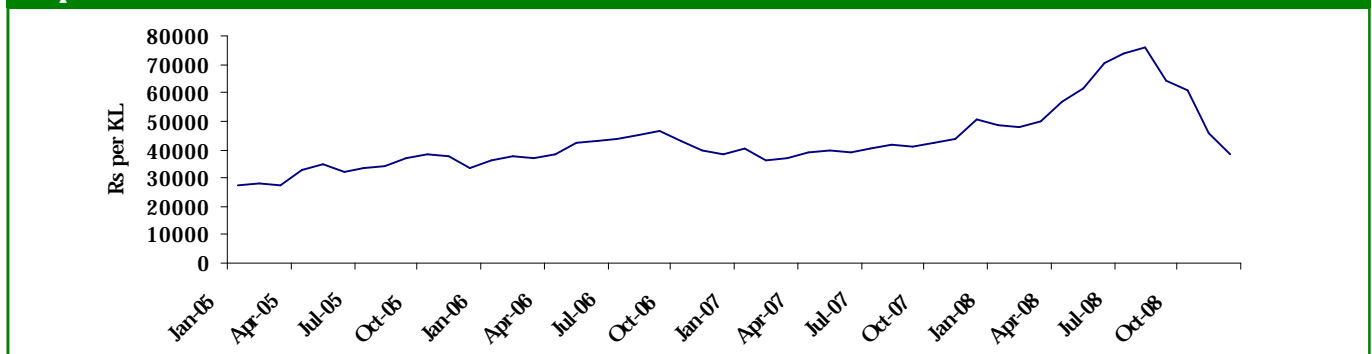
SpiceJet (Rs15)

Market Performer
Target Price: Rs16

Falling fuel prices to provide relief

Crude oil price have seen a steep fall over the past few months with prices down by almost 75% from its peak. Accordingly, aviation turbine fuel (ATF) prices have declined by 53% since August 2008 providing relief to the entire aviation industry. Oil marketing companies have cut down aviation turbine fuel (ATF) prices by 11% that would be applicable for second half of December.

ATF price movement



Source: IOCL

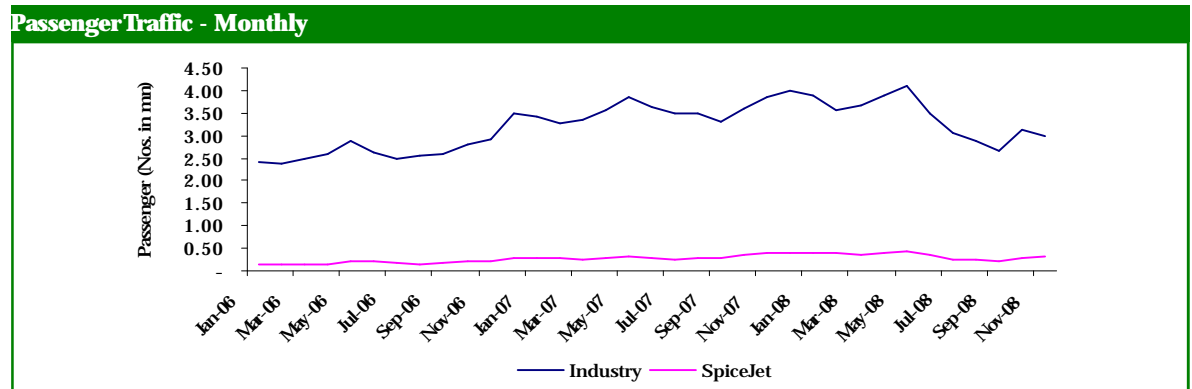
Looking at the crude oil prices during the third week of December and if the same trend continues for the rest of the month, we expect another 5-8% cut in ATF prices in January 2009.

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	14,870	16,630
Market cap. (Rs bn)	4	EBITDA	(603)	(1,640)	(2,520)	(4,231)	740
Market cap. (US\$m)	75	Net Profit	(414)	(707)	(1,335)	(4,161)	833
Shares outstanding (mn)	241	EPS (Rs)	(2.6)	(2.8)	(5.5)	(10.5)	2.1
52-week High/Low (Rs)	105/11	EBITDA Margin (%)	(14.4)	(25.6)	(19.5)	(28.5)	4.5
		EV/EBITDA (x)	(10.6)	(2.7)	(1.2)	(1.7)	8.8
		EV/Sales	1.5	0.7	0.2	0.5	0.4
Major shareholders(%)		EV/EBITDAR (x)	37.8	(16.4)	505.6	(8.2)	1.6
Promoter group	12.9	PER (x)	-	-	-	-	7.2
FII	9.9	Price/BV	(12.6)	2.0	13.1	32.3	5.9
Banks/FI's/MFs	7.7	RoCE (%)	(16.0)	(12.5)	(20.0)	(117.5)	58.9
Others & Public	69.5	RoE (%)	-	(82.9)	(124.6)	(1,786.5)	138.3

Source: Company & KSBL Research # May year end *10 month period

Lower passenger traffic is the worrying factor

ATF prices have come down to near January 2006 levels but the current airfares are still around 30-40% higher than the airfares prevailing during January 2006.



Source: IOCL

Due to higher fares and general slowdown in the economy domestic passenger traffic have slowed down considerably. On YoY basis, domestic passenger traffic has been falling for the past six months and the same for the month of November declined by 21.7% from 3.8mn in November 2007 to 3.0mn in November 2008. For the period Jan-Nov 2008, passenger traffic is down by 3.7% as against 33% growth registered during 2007. We expect December passenger traffic to be down by around 20-22% on YoY basis and expect the declining trend in passenger traffic would continue during the remaining part of FY09.

Revision in estimates

As a result of slowdown in passenger traffic, capacity addition has slowed down considerably and aircraft utilization rate have come down and we are therefore revising our estimates for SpiceJet. SpiceJet currently has a fleet size of 18 aircrafts and the new aircraft is expected to be added only by early 2010. We are factoring lower aircraft utilization rate and thereby lower departures on back of slowdown in passenger traffic. For FY10E, we have lowered our departures by 11.2% and average fares by 11.4% as against our earlier estimates. We expect the company to report load factor of 63.3% and 67.8% during FY09E and FY10E respectively. Our ATF price estimate for FY10 is based on crude oil at \$55/barrel as against our earlier estimate of \$80/barrel. On account of above mentioned reasons we are lowering our revenue estimates by 7.9% to Rs14,870mn for FY09E and by 20.6% to Rs16,630mn for FY10E. Due to poor load factor posted by the company in the recent past we are increasing our net loss estimate for FY09E by 3.2% to Rs4,231mn. However on account of lower fuel price estimate for FY10E, we are increasing our net profit estimate by 8.6% to Rs833mn. We maintain our price target of Rs16 and rate the stock as **MarketPerformer**.

Sector: Banking


Rakesh Kumar
 rakesh.kumar@karvy.com

Oriental Bank of Commerce (Rs147)

BUY
Target Price: Rs224

In a scenario of declining bond yield across tenures and OBC's high percentage (almost 40%) of investments in trading portfolios with a duration of 1.9 years and almost 1% of excess SLR would make the bank a major beneficiary. Also in 1HFY09 the bank made total investment depreciation provisions (including shifting loss provisions) of Rs2.3 bn; a high portion of investment depreciation losses would be written back in 3QFY09. Decline in yield curves have brought down whole-sale deposits and tier II bonds interest rates; a bank like OBC (dependent on whole-sale borrowings) could benefit from prevailing scenario. We estimate the bank would report RoAE of 13.2% and 13.3% in FY2009 and FY2010 respectively; RoAE lesser than estimated cost of equity (14.25%) would command lower price/adjusted book multiple for the bank. We estimate the bank fundamental worth at Rs224 according to DDM valuation methodology. We reiterate our BUY rating with a target price of Rs224 at 0.86x adjusted book value FY2010.

Prudent growth in bank's business: The bank's total business would grow at 21.2% (CAGR between FY2008-10) to Rs1,945 bn on the back of 21.7% growth in net advances to Rs809 bn and 20.8% growth in deposits to Rs1,136 bn. Growth in advances would mainly come from priority sector particularly from agriculture, SSI and educational sub-segments. Growth in retail sector could remain subdued due to the bank's risk aversion approach. Growth in deposits would mainly come from term deposits though CASA would also grow in absolute term but CASA share would decline to 26.5% in FY2009 from 27.9% in FY2008. OBC's incremental cost of funds would decline faster than majority of banks due to the bank's dependence on higher percentage of whole-sale borrowings.

Improvement in net interest margin: Due to expected decline CASA share and high retail term deposits would put strain on the margin in FY09 it could decline by 20 bps to 1.9%; though in 2QFY09 the bank reported improvement in margin due to better pricing of advances and contained cost of funds. In 3QFY09 we expect the bank to report further improvement in margin on the back of flat CASA share and better yield on funds.

Healthy fee income growth: Expansion in branch network and 100% core banking solution could result gradual but consistent push in the bank's fee income. We expect the bank's core fee income to grow at 14% CAGR between FY2008-10.

Handsome pay-off expected from mark-to market investment portfolios: The bank's present investment portfolio composition could derive maximum benefit of the prevailing situation in bond market due to high percentage (around 40%) of investments lying in the AFS portfolio with a duration of 1.9 years.

We estimate the bank would report RoAE of 13.2% and 13.3% in FY2009 and FY2010 respectively; RoAE lesser than estimated cost of equity (14.25%) would command lower price/adjusted book multiple for the bank. We estimate the bank fundamental worth at Rs224 according to DDM valuation methodology. **We reiterate our BUY rating with a target price of Rs224 at 0.86x adjusted book value FY2010.**

Oriental Bank of Commerce		(Rs mn)	FY2007	FY2008	FY2009E	FY2010E
Bloomberg/Reuters Code	OBC IN/OBC.BO	Total Net Income	22,946	22,987	25,337	30,124
Market Cap (Rs bn)	37	Profit before provisions	12,967	12,190	13,242	16,449
Market Cap (USD mn)	767	NIM (%)	2.7	2.1	1.9	2.0
52-week range (Rs)	320/121	Net Profit	8,268	8,409	8,074	9,106
Shares in issue (mn)	251	EPS (Rs)	33	34	32	36
FII limit (%)	20.0	EPS Growth (%)	0	2	(4)	13
		P/E (x)	4.5	4.4	4.6	4.0
		Price/Book Value (x)	0.7	0.6	0.6	0.5
Major Shareholder (%)		Price/Adjusted Book Value (x)	0.7	0.7	0.6	0.5
Promoters	51.1	Dividend Yield (%)	3.2	3.2	3.1	3.1
Banks/FIs/MFs	20.7	Cost-to-income (%)	43	47	48	45
Pvt. Corp. Bodies	4.7	ROA (%)	1.2	1.0	0.8	0.8
Public	5.3	ROE (%)	15	15	13	13
FIIs/NRIs/OCBs	18.1	Tier-1 Capital (%)	10	9	9	9

Source: Company and Karvy Estimates

BULK DEALS ON NSE - 24 December 2008

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
APOLLOSIND	Apollo Sindhoori Capital	VAIDYANATHAN KALYANI	BUY	380,000	50.9
EDUCOMP	Educomp Solutions Limited	C D INTEGRATED SERVICES LTD	BUY	101,362	2582.8
HCIL	HIMADRI CHEMICALS AND IND	HIMADRI DYES & INTERMEDIATES LTD	BUY	400,000	120.5
INDOTECH	Indo Tech Transformers Li	RAJASTHAN GLOBAL SECURITIES LTD	BUY	70,811	279.1
SATYAMCOMP	Satyam Computers Ltd	GENUINE STOCK BROKERS PVT LTD	BUY	3,431,420	128.7
APOLLOSIND	Apollo Sindhoori Capital	PADMAJA REDDY	SELL	336,805	50.8
EDUCOMP	Educomp Solutions Limited	C D INTEGRATED SERVICES LTD	SELL	101,362	2583.4
HCIL	HIMADRI CHEMICALS AND IND	BANKEY LAL CHOUDHARY	SELL	400,000	120.5
INDOTECH	Indo Tech Transformers Li	SHARETRADING INVESTMENTS	SELL	79,989	279.2
SATYAMCOMP	Satyam Computers Ltd	GENUINE STOCK BROKERS PVT LTD	SELL	3,431,420	128.8
SATYAMCOMP	Satyam Computers Ltd	IL AND FS TRUST COMPANY LIMITED	SELL	6,050,000	120.1
UNITECH	Unitech Ltd	CHOLAMANDALAM DBS FINANCE LTD	SELL	12,825,000	37.3

Source: NSE

BULK DEALS ON BSE - 24 December 2008

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
532946	BANG	ACME CRAFT PVT.LTD	B	68,558	152.3
505052	CLUTCH AUTO	MORGAN STANLEY MAURITIUS COMPANY LIMITED	B	91,968	23.7
505052	CLUTCH AUTO	SWISS FINANCE CORPORATION MAURITIUS LIMITED	S	91,968	23.7
531270	DAZZEL CONF	SUSHEELA SURANA	B	100,000	2.6
530343	GENUS POWER	HERITAGE ASSET MANAGEMENT IN.	B	87,237	110.7
530343	GENUS POWER	MORGAN STANLEY MAURITIUS COMPANY LIMITED	B	132,944	99.0
530343	GENUS POWER	SKANDINAVISKA ENSKILDA BANKEN AB PAUL OPSTREY FONDS	S	75,740	110.5
530343	GENUS POWER	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	S	132,944	99.0
530343	GENUS POWER	HERITAGE ASSET MANAGEMENT INC	S	81,237	110.8
500235	KALYANIST	MORGAN STANLEY MAURITIUS COMPANY LIMITED	B	321,500	56.5
500235	KALYANIST	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	S	321,500	56.5
526668	KAMAT HOTEI	MORGAN STANLEY MAURITIUS COMPANY LIMITED	B	244,100	42.8
526668	KAMAT HOTEI	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	S	244,100	42.8
532942	KNR CONST	MORGAN STANLEY MAURITIUS COMPANY LIMITED	B	541,727	33.5
532942	KNR CONST	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	S	541,727	33.5
512047	NATRAJ FIN	MAMTA SANDEEP KHANDELWAL	S	30,000	36.0
511535	NDA SECURITI	BDA FINCAP PVT.LTD.	B	86,000	12.8
511535	NDA SECURITI	PRAMOD KUMAR MITTAL	S	86,000	12.8
500339	RAIN COMMODI	MORGAN STANLEY MAURITIUS COMPANY LIMITED	B	386,999	84.0
500339	RAIN COMMODI	SWISS FINANCE CORPORATION MAURITIUS LIMITED	S	386,999	84.0
520111	RATNAMA META	MORGAN STANLEY MAURITIUS COMPANY LIMITED	B	1,041,345	52.5
520111	RATNAMA META	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	S	1,041,345	52.5
531033	REGAL ENT CO	UPSURGE INVESTMENT AND FINANCE LTD	S	16,000	5.6
531249	WELL PACK PA	RAMESHBHAIV PARMAR	B	37,855	21.0

Source: BSE

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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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