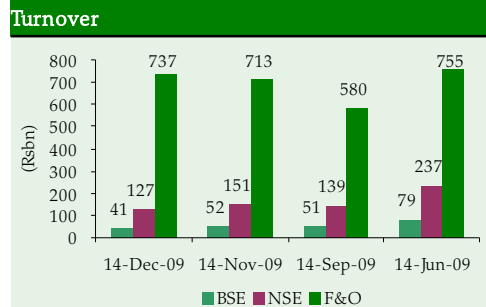




15 December 2009

Indices	% Change			
	14-Dec-09	1mth	3mth	6mth
Sensex	17,098	4	6	13
Nifty	5,106	3	6	10
CNXMidcap	7,269	3	17	33
Banking	9,992	(2)	15	22
Capital Goods	14,010	7	6	5
Healthcare	4,941	8	26	33
IT	4,957	11	16	50
NASDAQ	2,212	3	6	19
Dow Jones	10,501	3	9	19

Net Inflows				
Rs bn	11-Dec-09	10-Dec-09	MTD	YTD
FII	3.88	-2.856	63	795
Mutual Fund	-0.6	-0.58	(12)	(47)
FII - F&O	(13.97)	(15.00)	12	205



Commodity & Currency % Change				
	14-Dec-09	1mth	3mth	6mth
Crude (US\$/barrel)	69.5	(12.1)	(3.4)	(3.9)
Gold (US\$/Oz)	1,123.8	2.1	13.4	17.7
US\$	46.7	0.3	(4.1)	(1.6)
Euro	68.5	(1.8)	(2.1)	2.8

Debt				
%	14-Dec-09	1mth	3mth	6mth
RBI Repo	4.8	4.8	4.8	4.8
10 yr G-Sec yld	7.7	7.6	7.1	6.8
Spread 1 & 10 yr G-Sec	3.7	4.4	3.4	2.9
US 10 yr treasury	3.5	3.3	3.3	3.9
Surplus liquidity (Rs bn)	(907)	(984)	(1,228)	(1,357)

## Oriental Bank of Commerce (Rs249) BUY - Target Price: Rs388

Rakesh Kumar  
rakesh.kumar@karvy.com

We revise our earning estimates on Oriental Bank of Commerce (OBC) to take into account slightly better margin in FY10 in FY11, traction in fee income and much higher treasury income. We increase bad debts and tax provisions estimates for FY10 and FY11 marginally. We have not made any changes in volume growth estimates in credits and deposits; we believe that improvement in margin would be driven mainly by better liability-side management and consequential impact on cost of funds. As a result of above changes, we increase our EPS estimates by 26% and 21% in FY10 and FY11; our revised return on average assets estimates are 0.86% and 0.74% (compared to 0.68% and 0.61%) in FY10 and FY11 respectively. We increase our target price by 36% to Rs388 (from previous target price of Rs278) and upgrade our rating from Market Performer to **BUY**.

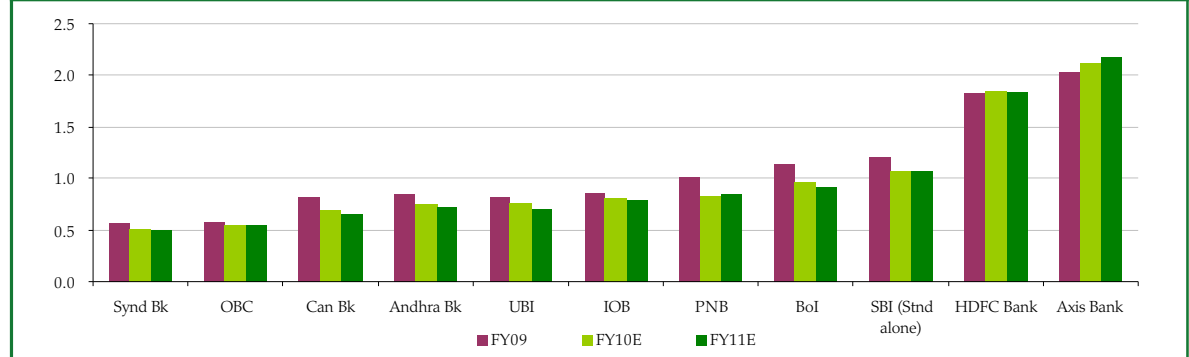
**Improvement in margin:** OBC reported significant improvement in margin over previous quarter Q1FY10, NIM improved by 19 bps to 2.02% though it remained lesser than Q3FY10 level of 2.41%. according to the bank's management, total bulk deposits outstanding was Rs150 bn and around half of it is coming for re-pricing in next six months and close to Rs60-70 bn of retail term deposits would come for redemption or re-pricing in next six-nine months time horizon; therefore almost 13.4% of total deposits would be re-priced at much lower rates aiding cost of deposits and margin. We expect that the bank would report NIM of 1.92% and 1.93% in FY10 and FY11 respectively.

**Traction in fee income and treasury income; fillip to bottomline:** Traction in commission, exchange and brokerage (CXB) income due to improved cross selling of third party products and increased level of participation in prospective northern India. Also OBC's previous year CXB income base is quite low compared to other banks, therefore growth rate (Y/Y) would be higher and there exist a scope of improvement. We also factor in higher treasury income in H1FY10.

Oriental Bank of Commerce		(Rs mn)	FY07	FY08	FY09	FY10E	FY11E
Bloomberg/Reuters Code	OBC IN/OBC.BO	Total Net Income	22,946	22,987	30,690	37,187	41,623
Market Cap (Rs bn)	62	Profit before provisions	12,967	12,190	16,861	21,172	23,218
Market Cap (USD bn)	1.3	NIM (%)	2.66	2.09	2.02	1.99	2.01
52-week range (Rs)	300 / 95	Net Profit	8,268	8,409	9,066	10,631	11,041
Shares in issue (mn)	251	EPS (Rs)	33	34	36	42	44
FII limit (%)	20	EPS Growth (%)	0	2	8	17	4
		P/E (x)	7.5	7.4	6.9	5.9	5.7
		Price/Book Value (x)	1.1	1.1	0.8	0.8	0.7
Major Shareholder (%)		Price/Adjusted Book Value (x)	1.1	1.2	0.9	0.8	0.7
Promoters	51.1	Dividend Yield (%)	1.9	1.9	2.9	2.8	2.8
Banks/FIs/MFs	29.6	Cost-to-income (%)	43.5	47.0	45.1	43.1	44.2
Pvt. Corp. Bodies	2.7	ROA (%)	1.2	1.0	0.9	0.9	0.7
Public	6.4	ROE (%)	15.4	14.8	14.8	15.4	14.1
FIs/NRIs/OCBs	10.2	Tier-1 Capital (%)	10.1	9.5	9.1	8.8	8.0

Source: Company & KSBL Research

### Core other Inc. (% to average assets)



**Higher provisions might dent bottomline:** Higher bad debts, investment depreciation and tax provisions could be dampeners. We factor higher credit costs of 0.29% and 0.285% in FY10 and FY11 respectively. Higher tax provisions could be due to higher recovery from written-off account and treasury income and write-back of provisions. In prevailing interest rate scenario, likelihood of write-back of investment provisions appears bleak; as on end-September 2009, OBC's mark-to-mark investment portfolio was around 23% of total investment portfolio with duration of close to 2.0 years. OBC's MTM losses would not significant if the yield remains under 8.0% by March 2010.

### Valuation

We expect that OBC's business and bottomline would grow by 21% and 10% CAGR (FY2009-11) and estimated book value and adjusted book value for FY11 would be Rs365 and Rs340 respectively. We've valued the bank on Gordon growth model (GGM) and conclude that its fundamental worth is Rs388 per share at 1.14x adjusted book value FY11 and upgrade our rating from Market Performer to **BUY**. At current market price, the stock quotes at 0.73x adjusted book value FY11.

**BULK DEALS ON NSE - 12 December 2009**

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
AUSTRAL	Austral Coke & Projects L	ARIHANT SEC & INVESTMENT	BUY	1674073	8.46
COX&KINGS	Cox & Kings (I) Ltd	GENUINE STOCK BROKERS PVT LTD	BUY	361301	443.14
COX&KINGS	Cox & Kings (I) Ltd	KALASH SHARES & SECURITIES PRIVATE LIMITED	BUY	345850	442.57
FCSOFT	FCS Software Solutions Li	TRANSGLOBAL SECURITIES LTD.	BUY	808183	16.06
FCSOFT	FCS Software Solutions Li	V. P. CONSULTANTS PRIVATE LIMITED	BUY	1004696	15.99
GMRFER	GMR Ferro Alloys & Indust	AJAY ASSET MANAGEMENT PRIVATE LIMITED	BUY	66361	38.73
GMRFER	GMR Ferro Alloys & Indust	BHAVINY MEHTA	BUY	68468	38.44
GMRFER	GMR Ferro Alloys & Indust	BP FINTRADE PRIVATE LIMITED	BUY	79226	38.25
GMRFER	GMR Ferro Alloys & Indust	VIJIT SHARES AND COMMODITIES PVT.LTD.	BUY	72280	38.83
MANGLMCEM	Mangalam Cement Ltd	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	BUY	500000	131
NOVA	Nova Petrochem Ltd	REGENT FINANCE CORPORATION PVT. LTD.	BUY	256913	21.43
PNC	Pritish Nandy Comm. Ltd.	NARESH KUMAR HUF	BUY	75989	35.75
SASKEN	Sasken Commu Techno Ltd	ASIT C MEHTA INVESTMENT INTERRMEDIATES LTD.	BUY	175364	176.66
THINKSOFT	Thinksoft Global Ser Ltd	MBL & COMPANY LTD.	BUY	96141	271.55
THINKSOFT	Thinksoft Global Ser Ltd	RAJENDRAKUMAR RATANCHAND OSWAL HUF	BUY	138238	273.27
THINKSOFT	Thinksoft Global Ser Ltd	REGENT FINANCE CORPORATION PVT. LTD.	BUY	75588	266.77
ZICOM	Zicom Electronic Security	ASIT C MEHTA INVESTMENT INTERRMEDIATES LTD.	BUY	81102	111.58
ZICOM	Zicom Electronic Security	BP FINTRADE PRIVATE LIMITED	BUY	65028	113.28
ZICOM	Zicom Electronic Security	MANSUKH SECURITIES & FINANCE LIMITED	BUY	107738	113.27
ZICOM	Zicom Electronic Security	TRANSGLOBAL SECURITIES LTD.	BUY	123179	114.04
AUSTRAL	Austral Coke & Projects L	ARIHANT SEC & INVESTMENT	SELL	2117073	8.47
COX&KINGS	Cox & Kings (I) Ltd	GENUINE STOCK BROKERS PVT LTD	SELL	361301	443.34
COX&KINGS	Cox & Kings (I) Ltd	KALASH SHARES & SECURITIES PRIVATE LIMITED	SELL	345850	443
FCSOFT	FCS Software Solutions Li	TRANSGLOBAL SECURITIES LTD.	SELL	809854	16.06
FCSOFT	FCS Software Solutions Li	V. P. CONSULTANTS PRIVATE LIMITED	SELL	1004696	16.02
FIEMIND	Fiem Industries Limited	CHAROEN SACHAMUNEEWONGSE	SELL	85225	107.09
GMRFER	GMR Ferro Alloys & Indust	AJAY ASSET MANAGEMENT PRIVATE LIMITED	SELL	63870	38.81
GMRFER	GMR Ferro Alloys & Indust	BHAVINY MEHTA	SELL	68469	38.58
GMRFER	GMR Ferro Alloys & Indust	BP FINTRADE PRIVATE LIMITED	SELL	74250	38.12
GMRFER	GMR Ferro Alloys & Indust	VIJIT SHARES AND COMMODITIES PVT.LTD.	SELL	72280	38.68
MANGLMCEM	Mangalam Cement Ltd	CAPITAL GROUP -A/C SMALL CAP WORLD FND INC	SELL	499471	131.02
MANGLMCEM	Mangalam Cement Ltd	CAPITAL GROUP -A/C AMERICAN FUNDS INSURANCE SERIES GLOBAL SMA	SELL	438374	131.02
NOVA	Nova Petrochem Ltd	MILLENNIUM INFOSOF PVT LTD	SELL	400000	21.01
NOVA	Nova Petrochem Ltd	REGENT FINANCE CORPORATION PVT. LTD.	SELL	256913	21.64
PNC	Pritish Nandy Comm. Ltd.	NARESH KUMAR HUF	SELL	137106	34.59
SASKEN	Sasken Commu Techno Ltd	ASIT C MEHTA INVESTMENT INTERRMEDIATES LTD.	SELL	175364	176.08
THINKSOFT	Thinksoft Global Ser Ltd	MBL & COMPANY LTD.	SELL	96141	272.05
THINKSOFT	Thinksoft Global Ser Ltd	RAJENDRAKUMAR RATANCHAND OSWAL HUF	SELL	138238	279.11
THINKSOFT	Thinksoft Global Ser Ltd	REGENT FINANCE CORPORATION PVT. LTD.	SELL	75588	276.99
ZICOM	Zicom Electronic Security	ASIT C MEHTA INVESTMENT INTERRMEDIATES LTD.	SELL	81102	111.43
ZICOM	Zicom Electronic Security	BP FINTRADE PRIVATE LIMITED	SELL	61028	113.4
ZICOM	Zicom Electronic Security	MANSUKH SECURITIES & FINANCE LIMITED	SELL	100738	113.28
ZICOM	Zicom Electronic Security	TRANSGLOBAL SECURITIES LTD.	SELL	123179	114.15

Source: NSE

**BULK DEALS ON BSE - 12 December 2009**

Symbol	Scrip Name	Client Name	Buy/Sell	Quantity Traded	Price
500446	Carol Info	DATABASE SOFTWARE TECHNOLOGY PVT. LTD.	B	182339	61.35
500446	Carol Info	HARSIDDH SPECIFIC FAMILY TRUST	S	200000	61.3
532184	Ciba India	SHARAD KANTILAL SHAH	B	95000	340
532184	Ciba India	SHARAD KANTILAL SHAH	S	93969	340
533144	COXKINGS	GENUINE STOCK BROKERS PVT. LTD.	B	344638	441.31
533144	COXKINGS	SMART EQUITY BROKERS PRIVATE LIMITED	B	456068	444.18
533144	COXKINGS	OPG SECURITIES P LTD	B	754007	441.28
533144	COXKINGS	GENUINE STOCK BROKERS PVT. LTD.	S	344638	441.31
533144	COXKINGS	SMART EQUITY BROKERS PRIVATE LIMITED	S	456068	444.43
533144	COXKINGS	OPG SECURITIES P LTD	S	754007	441.51
526027	Cubex Tubings	HEMANT ASHAR	S	47855	15.99
533048	GI ENGINERG	KADAM HOLDING LTD	S	38425	16.78
532990	GMR Ferro	BP FINTRADE PRIVATE LIMITED	B	94203	38.2
532990	GMR Ferro	BP FINTRADE PRIVATE LIMITED	S	86202	38.3
532514	Indraprastha Gas	GENESIS INDIAN INVESTMENT COMPANY LIMITED	S	1065412	190
507981	Jindal Hotels	ABHISHEKVIJAYKUMAR SHAH	B	176705	50.35
507981	Jindal Hotels	NARESH CHAND JAIN	B	23669	51.78
507981	Jindal Hotels	ABHISHEKVIJAYKUMAR SHAH	S	130331	51.39
507981	Jindal Hotels	AJAY GUPTA	S	41860	49.1
507981	Jindal Hotels	NARESH CHAND JAIN	S	23669	51.27
530605	Nova Petro	REGENT FINANCE CORPORATION PVT. LTD.	B	272620	23.37
530605	Nova Petro	REGENT FINANCE CORPORATION PVT. LTD.	S	272620	23.24
531996	Odyssey Corp	BHROSEMAND COMMODITIES PVT. LTD.	S	53600	20
531496	Omkar Overseas	S N INVESTMENT	B	25000	41.1
531496	Omkar Overseas	PATHIK NAYANBHAI SHAH	B	25000	37.2
531496	Omkar Overseas	HITESH SHASHIKANT JHAVERI	B	45002	41.1
531496	Omkar Overseas	FAL GUNIBEN MAHAVIRBHAI GOHIL	S	53000	37.23
531496	Omkar Overseas	AYODHYAPATI INVESTMENT PVT LTD	S	30000	41.1
531496	Omkar Overseas	ARUNKUMAR SOLANKI	S	25000	37.88
531496	Omkar Overseas	HITESH SHASHIKANT JHAVERI	S	45002	41.1
531496	Omkar Overseas	NISHITH PRAKASH SHAH	S	43553	37.22
512626	Orbit Exports	MEDIAMAN MULTITRADE PRIVATE LIMITED	B	315000	19.59
512626	Orbit Exports	SUBHKAM VENTURES (I) PRIVATE LIMITED	S	168560	19.59
512626	Orbit Exports	FOUNTAIN VANIJYA PVT LTD	S	147500	19.59
511702	Parsharti Inv	JAYESHKUMAR CHIMANLAL SONI	B	22800	35.92
511702	Parsharti Inv	KRUPA SANJAY SONI	S	21084	35.46
524570	Poddar Pigm	PODDAR PIGMENTS LTD BUY BACK X	B	90000	35.04
531855	Prabhav Inds	PUSHPA RAMESH SHAH	B	55700	32
531855	Prabhav Inds	SHREENATHJI FINSTOCK PVT LTD	S	85000	32.34
532387	Pritish Nandy	NARESH KUMAR HUF	S	96390	34.5
503873	Priyadarshini Spn	PRADEEP KR AGGARWAL	S	61040	18.68
517522	Rajratan Global	SANGEETA CHORDIA	B	22000	115.5
517522	Rajratan Global	NSB SECURITIES PRIVATE LIMITED	S	41250	115.5
502587	Rama Pulp	DINESH SANGHVI	B	110000	31.49
502587	Rama Pulp	AARFIN BROKERS PVT. LTD.	B	50000	31.4
502587	Rama Pulp	PUNAM AKHIL PATVA	B	40841	31.49
502587	Rama Pulp	SUNRISE INVESTMENTS	B	47416	31.45
502587	Rama Pulp	MAHIPAT IWDARMA MEHTA	S	50000	31.4
502587	Rama Pulp	SUNRISE INVESTMENTS	S	75887	31.45
502587	Rama Pulp	PRABHA FARMS PVT LTD	S	163790	31.46
590077	Ranklin Sol	B O REDDY	B	36379	56.44
590077	Ranklin Sol	B O REDDY	S	28000	55.51
513558	Real Strips	AJAY HAMLAI	S	24603	51.12
511585	Regency Trust	POOJA BHARGAVA	B	29500	13.65
511585	Regency Trust	ABHINAV BHARGAVA HUF	B	30000	13.65
511585	Regency Trust	ABHINAV BHARGAVA	B	30000	13.65
511585	Regency Trust	SRINJANI KAJARIA	S	87200	13.65
531952	Riba Textiles	KETAN NALINKANT SHAH	B	56965	15.55
531952	Riba Textiles	HEMAL KETAN SHAH	S	57000	15.55
521206	Samtex Fashions	BIJAL MADHANI HUF	B	42245	26.8
513097	Shivalik Bimet	VALLA KATI	B	215050	29.06
513097	Shivalik Bimet	TECKNOPOINT MERCANTILE COMPANY PVT LTD	B	99094	29.39
513097	Shivalik Bimet	VALLA KATI	S	201050	29.21
513097	Shivalik Bimet	SAINATH HERBAL CARE MARKETING P.LTD	S	244846	28.61
530883	Super Crop	RITABEN BHOGILAL PATEL	S	41573	12.23
530883	Super Crop	JYOTSANABEN AMBALAL PATEL	S	35872	12.25
533121	THINKSOFT	RAJENDRAKUMAR RATANCHAND OSWAL HUF	B	52066	271.96
533121	THINKSOFT	MBL & Co. LTD.	B	61096	273.8
533121	THINKSOFT	OPG SECURITIES P LTD	B	128602	274.28
533121	THINKSOFT	RAJENDRAKUMAR RATANCHAND OSWAL HUF	S	52066	279.56
533121	THINKSOFT	MBL & Co. LTD.	S	61096	273.23
533121	THINKSOFT	OPG SECURITIES P LTD	S	128602	274.36
531404	Zicom Elect	TRANSGLOBAL SECURITIES LTD.	B	138268	114.05
531404	Zicom Elect	OPG SECURITIES P LTD	B	177646	114.46
531404	Zicom Elect	MANSUKH SECURITIES & FINANCE LTD	B	86657	112.98

<b>Symbol</b>	<b>Scrip Name</b>	<b>Client Name</b>	<b>Buy/Sell</b>	<b>Quantity Traded</b>	<b>Price</b>
531404	Zicom Elect	TRANSGLOBAL SECURITIES LTD.	S	136269	114.14
531404	Zicom Elect	OPG SECURITIES P LTD	S	177646	114.52
531404	Zicom Elect	MANSUKH SECURITIES & FINANCE LTD	S	86197	112.9

Source: BSE

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<b>Stock Ratings</b>	<b>Absolute Returns</b>	<b>Stock Ratings</b>	<b>Absolute Returns</b>
Buy	: > 25%	Market Performer	: 0 - 15%
Out Performer	: 16 - 25%	Under Performer	: < 0% - (25%)
Sell	: > (25%)		

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