

Market Commentary

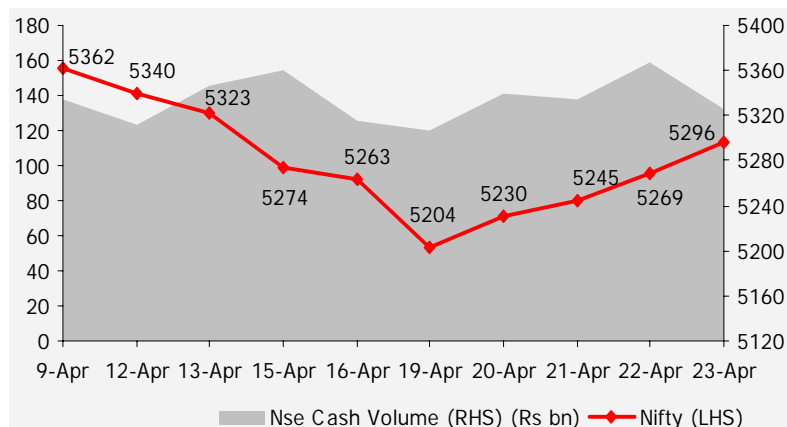
Markets began the week on a negative note on concerns over SEBI's stand on ULIPs. Furthermore some clouds on Goldman's SEC verdict and higher than expected fiscal deficit in Greece took toll on the sentiments through the week. On the positive side, the softer stand by RBI in its policy wherein the rate hike was lower than expected fuelled bullishness in the markets. Government's plan to infuse Rs 150bn as Tier I capital in banks also helped sentiments at PSU bank counters. Finally, the BSE Sensex and Nifty markets ended a volatile and eventful week with gains, broader midcap indices outperformed indicating strength and interest. Foreign flows stood positive; in April so far FII flows are pegged at nearly Rs 50.5bn. Amongst the sectoral indices, Bankex was the biggest gainer, followed by auto index while metal index was the biggest loser. Stock specific activity was witnessed based on March quarter results announcements, key winners were M&M Financials, HCL Tech, Escorts, etc.

Market Statistics

Developed	Last Close	% Change		
		WTD	YTD	
U.S. (S&P)*	1,209	1.4	8.4	
UK (FTSE)*	5,711	(0.6)	5.5	
Japan (Nikkei 225)	10,914	(1.7)	3.5	
Dollar Index*	82	1.2	5.0	
Emerging Markets				
India (Sensex)	17,694	0.6	1.3	
India (Nifty)	5,304	0.8	2.0	
China (Shanghai)	2,984	(4.7)	(9.0)	
Russia (Micex)*	1,463	(2.1)	6.8	
Brazil (Ibov)*	69,386	(0.1)	1.2	
Asian Markets				
Hong Kong(HSI)	21,244	(2.8)	(2.9)	
Singapore (Straits)	2,988	(0.6)	3.1	
Korea (Kospi)	1,737	0.1	3.2	
BSE Sector				
	Last Close	% Change		
		WTD	YTD	
BSE Mid Cap	7,132	1.5	6.2	
BSE Small Cap	9,200	2.0	10.1	
Auto	7,771	2.4	4.5	
Bankex	11,074	4.9	10.4	
Capital Goods	14,107	0.9	1.0	
Power	3,154	0.1	(1.1)	
Realty	3,599	1.4	(6.7)	
Technology	3,336	(1.8)	1.8	
FMCG	2,887	0.7	3.4	
Metal	17,653	(3.1)	1.5	
Institutional Activities				
	Spot market			
	WTD	MTD	YTD	
FII (Rs bn)	22.7	59.6	261.9	
MF (Rs bn)	2.4	(15.8)	(75.5)	
Commodities Update				
	Last	% Change		
	Unit	Close	WTD	YTD
Crude Oil(NYME)**	\$/Bbl	84	0.5	5.4
Gold(OTC)**	\$/Oz	1,142	0.4	4.1
Silver(OTC)**	\$/Oz	18	1.4	6.6
Copper(LME)**	\$/MT	7,655	(0.9)	4.3
Aluminum(LME)**	\$/MT	2,288	(4.7)	4.2
Sugar(LIFFE)**	\$/MT	489.30	0.7	(22.6)

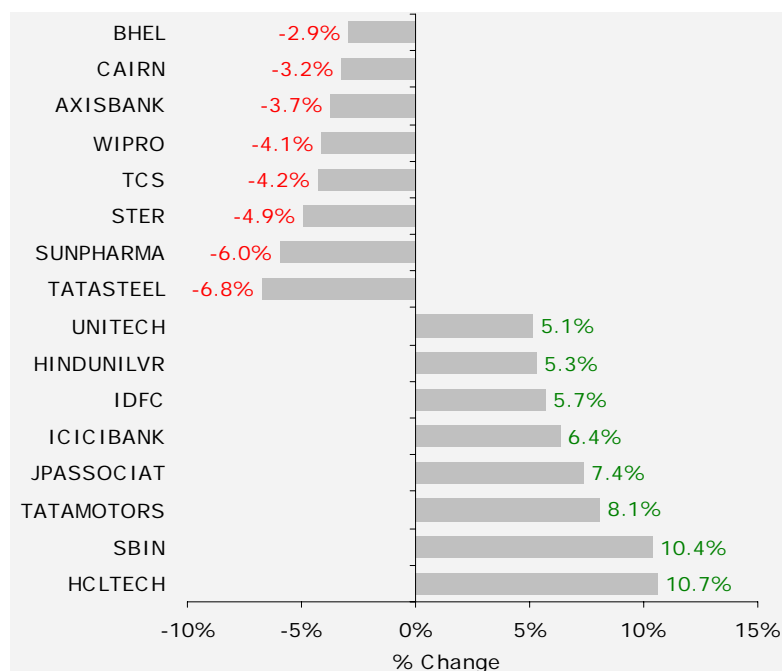
* As per Thursday closing
 ** As per Friday 16:30 hrs IST
 Source: Bloomberg

Nifty Performance



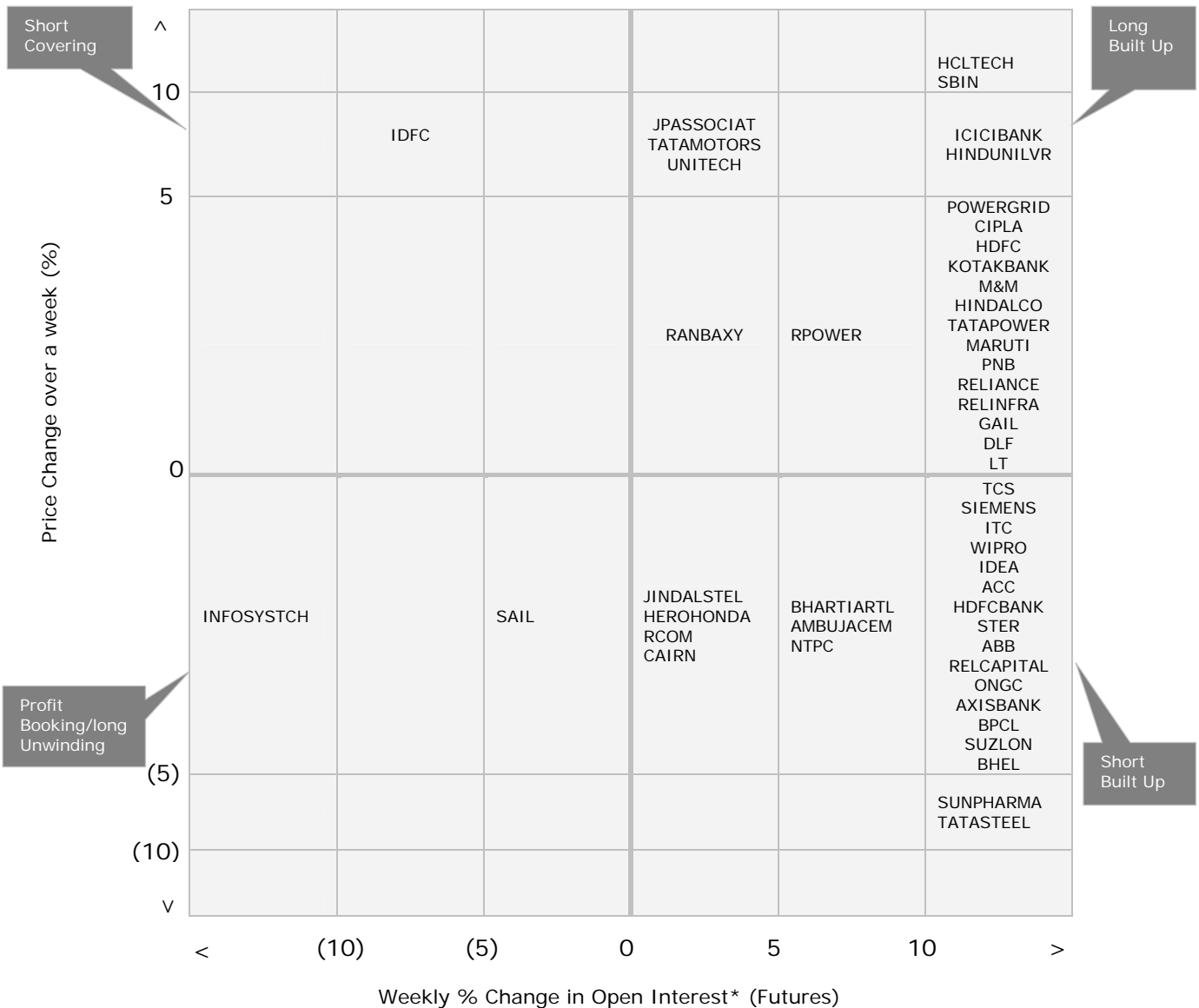
Source: NSE

Top Nifty Gainers and Losers (Weekly)

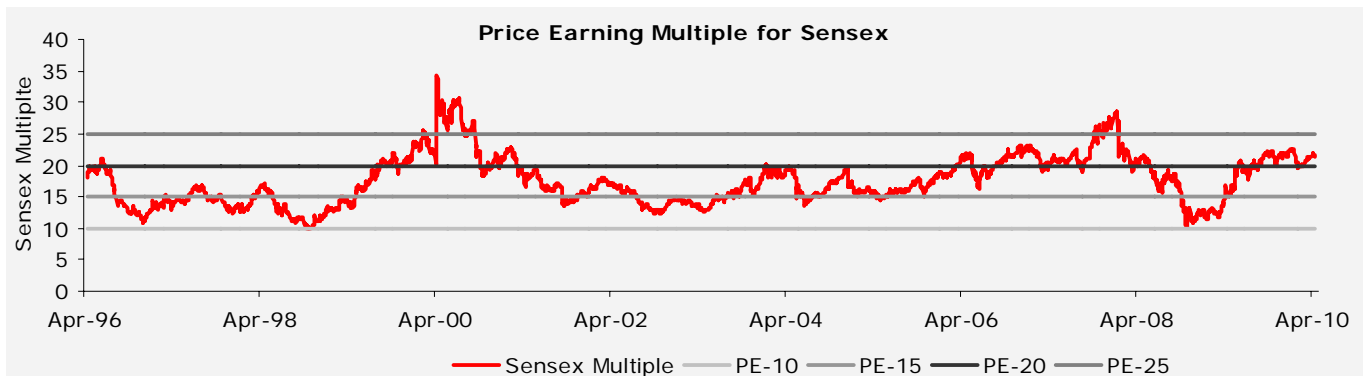


Source: NSE

Nifty Movers and Shakers



Sensex Valuations (Trailing Earnings)



Key events during the week

Sesa Goa posts strong Q4FY10 results (positive in short term, reiterate Buy)

Sesa Goa's Q4FY10 net profit grew 122% YoY to Rs 12.2bn on the back of higher iron ore prices and sales volume. During the quarter, the company produced 7.8mn tonnes of iron ore, taking the full year production to 21.4mn tonnes, an increase of 60% and 34% respectively, compared with the corresponding periods earlier. Sesa Goa has announced a net addition of 43mn tonnes to its reserves and resources. This takes its total reserves and resources to 353mn tonnes as on 31 March 2010. We view the results as positive for Sesa Goa in the short term and reiterate a Buy on it with a target price of Rs 537.

Hero Honda beats estimates, puts up a strong Q4 show (positive)

Hero Honda's net sales for Q4 grew 20.1% YoY to Rs 41.2bn on improved realisations. Higher production in tax free units boosted the bottomline further to Rs 5.99bn which is a growth of 48.9% YoY. The company's total turnover for FY10 grew to Rs 158.6bn, a growth of 28.1% over Rs 123.8bn recorded over the last fiscal. The net profit after taxation has risen by 74.1% to Rs 22.3bn. We are positive on Hero Honda from a medium- to long-term perspective.

TCS reports strong volume growth, stock is fairly valued

Tata Consultancy Services (TCS) reported annual revenue of Rs 300.29bn for FY 2010, up 8% as compared to FY 2009 on the back of 17% volume growth. Its operating margin improved by more than 3%, which led to EBITDA and net profit growth of 22% and 33% respectively. Its reported net profit stood at Rs 70bn, which amounts to an EPS of Rs 35.67. The total dividend payout for FY 2010 will be at Rs 20. The company also announced that it has already made 20,000 appointment offers for FY 2011, which indicates high double digit good volume growth for FY 2011. However, TCS is fairly valued at around 19-20X FY 2011 earnings. Infosys remains the best bet among large caps due to better margin drivers during FY 2011.

Axis Bk reports strong Q4FY10 results, beats market expectations (positive in short-term, recommend BUY)

Axis Bank's net profit during Q4 FY10 grew 31.6% YoY to Rs 7.64bn primarily on the back of high loan growth and increasing CASA. Net advances grew 28% YoY to Rs 1.04tn. CASA increased to 47% from 43% in Q4FY09. As a result, net interest income grew 41% YoY to Rs 14.6bn. The bank posted a NIM of 4.09% during Q4 FY10, as compared to 3.37% during Q4 FY09 and 4.00% during Q3 FY10. Fee income registered a growth of 17% YoY, rising to Rs 7.8bn during Q4 FY10. Gross NPAs as a proportion of gross customer assets stood at 1.13% as on 31 March 2010, compared to 0.96% as on 31 March 2009 and 1.23% as on 31 December 2009. Net profit for FY10 stood at Rs 25.14bn, up 38.51% YoY from Rs 18.15bn for FY09.

Steel secretary meets with steel producers (positive for steel sector in short term, Buy JSW Steel, Tata Steel, SAIL, Usha Martin, GPIL and Adhunik Metaliks)

The steel secretary had a meeting with steel producers in the wake of inflation concerns of steel price rises. It was concluded in the meeting that steel price rises have not been alarming, have been led by raw material prices and have not been speculative. This allays concerns about government intervention in controlling steel prices. With Chinese domestic steel prices having risen by ~USD 40 per tonne, steel prices are likely to rise in May. This is positive for domestic steel companies in the short-term. We recommend buying steel stocks and our favourite picks are JSW Steel, Tata Steel, SAIL, Usha Martin, GPIL and Adhunik Metaliks.

Corporate and other news

Macro Economic and Other News

3G bids up 89% on day 10

The government would rake in at least Rs 265bn from the auction of third generation (3G) telecom spectrum. On the tenth day, the pan-India licence reached a bid of Rs 66.34bn, up by about 89.5%, from the base price of Rs 35bn.

IMF sees India grow by 8.8% in 2010

Predicting an 8.8% growth for India this year, the International Monetary Fund (IMF) said that a strong domestic demand will support the recovery in both India and China as the total world output goes up by 4.2% in 2010 and 4.3% in 2011.

Repo, reverse repo rates, CRR hiked by 0.25%

Aiming to tackle near double-digit inflation, the Reserve Bank of India hiked the short-term lending and borrowing rates and the portion of money banks deposit with it by 25 basis points each. The apex bank hiked its repo, reverse repo (overnight lending and borrowing rates) to 5.25% and 3.75%, respectively, while the Cash Reserve Ratio or the portion of deposits banks park with RBI, to 6% in line with the market expectation.

Source: Economic Times, Business Line, Business Standard, Times of India, DNA Money, Mint, Financial Express, Bloomberg.

International News

Yahoo! Q1 profit surges threefold on search deal, upturn in ad biz

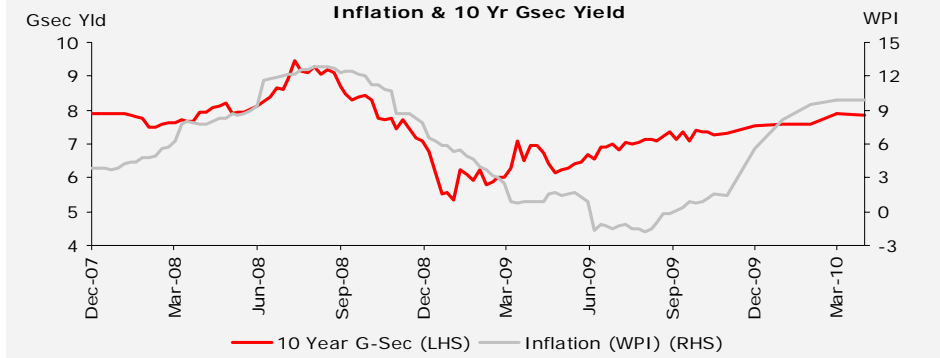
Internet major Yahoo! has registered nearly three-fold growth in its net income to USD 310mn during the first quarter, helped by an uptick in the online advertising business and its search deal with Microsoft. The company had a net income of USD 118mn in the corresponding quarter of the previous year. Revenue was USD 1.59bn for the first quarter of 2010, a 1% increase from the same quarter last year.

Goldman Sachs posts \$3.29 bn Q1 net profit

Goldman Sachs Group Inc reported almost double first-quarter earnings, bolstered by fixed income trading profits. Net income for the New York-based bank rose to USD 3.29bn, or USD 5.59 per share, from USD 1.66bn, or USD 3.39 per share, a year earlier.

Macro Watch

Inflation & 10 Yr Gsec Yield



Current inflation rate 9.9% and current 10Yr G-Sec yields 8.09%

Source: Bloomberg

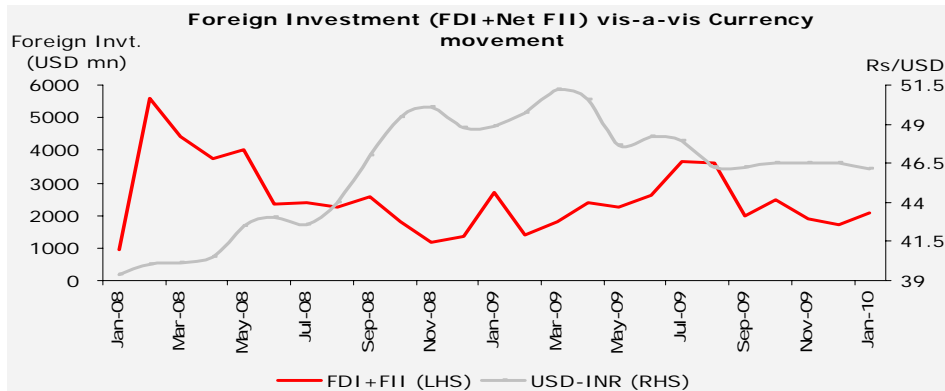
IIP growth rate and GDP growth rate



IIP in February YoY grew by 15.1% and GDP grew by 6.0% YoY in Q3 FY10

Source: Bloomberg

Foreign Investment (FDI + Net FII) vis-à-vis Currency Movement



INR/USD current rate Rs44.55\$

Source: Bloomberg

Market Outlook:

The week ahead is likely to be eventful and volatile; we however, expect the undertone to be bullish. Heavyweight Reliance posted a growth of about 30% in profits, but fell short of bullish analysts' estimates. As we enter into a week with thick results, stock-specific activities are expect to continue based on results announcements. Furthermore, the expiry of April F&O series could keep the markets volatile. IMD predicts monsoon to be Normal at 98% of long period average, this should cheer the markets. And from the global space, US FOMC meeting outcome could be an event to watch out for. Steel price hike could be in the offing from early May on higher input costs. For the Nifty key support exists at 5220 levels and on the upside crossing 5400 levels convincingly could trigger another wave of bullish rally.

Events to Watch

Monday	Tuesday	Wednesday	Thursday	Friday
26-Apr Singapore Industrial production for March	27-Apr Hong Kong Exports and Import data for March US Consumer confidence for April	28-Apr US ABC Consumer Confidence for Apr 26 US FOMC rate decision	29-Apr US Initial Jobless Claims for Apr 25 Japan	30-Apr Japan Jobless rate for March Japan National consumer price index for March Japan BoJ target rate announcement Singapore Unemployment rate for Q1
3-May India Exports and Import data for March Japan UK	4-May US Total vehicle sales for April Japan	5-May US ABC Consumer Confidence for May 3 UK Nationwide consumer confidence for April Japan	6-May US Initial Jobless Claims for May 2	7-May US Unemployment rate for April
10-May China Exports and Import data for April UK BoE rate announcement	11-May UK Industrial production for March China Consumer price index for April China Industrial production for April	12-May India Industrial production for March US ABC Consumer Confidence for May 10 US Trade balance for March UK Jobless claims change for April	13-May US Initial Jobless Claims for May 9	14-May India Monthly wholesale prices for April Hong Kong GDP for Q1 US Industrial production for April
17-May	18-May Hong Kong Unemployment rate for April Japan Consumer confidence for April UK Consumer price index for April	19-May US ABC Consumer Confidence for May 16 US Consumer price index for April	20-May Hong Kong Consumer price index for April US Initial Jobless Claims for May 15	21-May Japan BoJ target rate announcement

Source: Bloomberg.

Red Font: Stock Exchange Holiday

Our Current Recommendations

Date	Stock	Product	Reco	Reco Price	Target Price	Closing Price (23 Apr 10)
13-Jan-09	Rain Commodities	Smart Idea	Buy	77.1	243.0 *	187.3
13-Feb-09	Hind.Dorr-Oliver	Smart Idea	Buy	13.5	106.5 *	122.8
12-Mar-09	Noida Tollbridge	Smart Idea	Hold	20.7	44.6	33.8
23-Mar-09	Mercator lines	Smart Idea	Accumulate	25.6	44.6 *	61.9
11-May-09	Piramal Healthcare	Smart Idea	Accumulate	252	418*	510.9
15-May-09	PVR	Smart Idea	Hold	83	168	178.3
19-May-09	INOX	Smart Idea	Buy	38	69	67.3
21-May-09	Bharat Electronics	Smart Idea	Buy	1,233.00	1765.0 *	1890.7
26-May-09	Crompton Greaves	Smart Idea	Accumulate	257	434.0 *	260.7
26-May-09	Siemens India	Smart Idea	Sell	455.00	-271	716.7
02-Jun-09	Lupin	Smart Idea	Buy	810	1726 *	1656.8
19-Jun-09	Sadbhav Engg.	Smart Idea	Hold	625	747	1294.0
10-Jul-09	Blue Star Ltd	Smart Idea	Accumulate	333	368.0 *	408.7
23-Jul-09	Sesa Goa	Smart Idea	Buy	227.2	537 *	441.5
24-Jul-09	Panacea Biotec	Smart Idea	Buy	124.7	252*	215.0
28-Jul-09	S A I L	Smart Idea	Accumulate	175.5	182.3 *	225.5
04-Aug-09	Mercator lines	Update	Accumulate	44.6	68 *	61.9
18-Aug-09	Rico Auto Industries	Smart Idea	Buy	26	37	26.7
19-Aug-09	Godawari Power & Ispat	Smart Idea	Buy	109.2	328*	308.8
19-Aug-09	Areva T&D	Smart Idea	Hold	295	336	282.6
20-Aug-09	Cosmo Films	Smart Idea	Buy	96.5	187	122.1
21-Aug-09	Sanghvi Movers	Smart Idea	Accumulate	145.8	243*	228.0
02-Sep-09	Patel Engg.	Smart Idea	Buy	437.8	558	451.3
18-Sep-09	Swaraj Engines	Smart Idea	Buy	302	450	325.0
04-Sep-09	JK Tyre & Industries	Smart Idea	Buy	92	222 *	198.1
06-Oct-09	BEML Ltd	Smart Idea	Buy	1,071.00	1,372.00	1033.0
16-Oct-09	Sarda Energy and Mineral	Smart Idea	Buy	195.4	292.2*	323.2
12-Nov-09	Dishman Pharmaceuticals	Sector Report	Accumulate	219	252*	226.6
12-Nov-09	Divi's Laboratories Ltd	Sector Report	Accumulate	581	654*	686.5
12-Nov-09	Jubilant Organosys Ltd	Sector Report	Buy	273.6	398*	332.7
16-Nov-09	McLeod Russel India Ltd.	Smart Idea	Hold	235	243*	241.8
25-Nov-09	Jagran Prakashan Limited	Smart Idea	Accumulate	119.1	143	121.0
21-Dec-09	DCHL	Smart Idea	Buy	158	202	155.2
23-Dec-09	Usha Martin	Smart Idea	Buy	73	120*	97.3
04-Jan-10	Zylog Systems	Smart Idea	Buy	354	475	393.8
08-Jan-10	Nectar Lifesciences	Smart Idea	Buy	34	55.1*	39.8
25-Jan-10	HeidelbergCement India Ltd	Smart Idea	Buy	45.9	58	56.5
10-Feb-10	Subros Limited	Smart Idea	Buy	46.6	61.6	47.7
15-Feb-10	C&C Constructions Limited	Smart Idea	Buy	228.7	340	249.9
15-Mar-10	Adhunik Metalik Limited	Smart Idea	Buy	117.4	164.3	127.65
26-Mar-10	Firstsource Solutions Limited	Smart Idea	Buy	28.85	40	30.8
23-Apr-10	DB Corp Ltd	Smart Idea	Accumulate	252.1	292	252.1

Source: HISL Advisory, NSE, BSE.

* Revised Target Price.

HSBC Recommendations

Sr. No.	Name of Company	Recommendation	Target Price (Rs)	Closing Price (23 Apr 10)
1	Indiabulls Real Estate	Overweight (V)	252	174
2	Kalpataru Power Transmiss	Overweight (V)	1,150	1079
3	Jsw Steel Ltd	Overweight (V)	1,265	1198
4	HCL Technologies	Overweight (V)	455	388
5	MindTree Ltd	Overweight (V)	750	641
6	Jindal Saw Ltd	Overweight (V)	260	218
7	Shree Renuka Sugars	Overweight (V)	335	64
8	Cesc Ltd	Overweight (V)	518	395
9	Housing Development & Inf	Overweight (V)	419	280
10	Shree Cements	Overweight (V)	1,748	2280
11	Hero Honda	Overweight (V)	1,980	1880
12	DLF Ltd	Overweight (V)	386	332
13	Gitanjali Gems Ltd	Overweight (V)	121	119
14	Infosys Technologies	Overweight (V)	3,100	2727
15	Maruti Suzuki India Ltd	Overweight (V)	1,880	1361
16	Jyoti Structures Ltd	Overweight (V)	170	173
17	Balrampur Chini Mills Ltd	Overweight (V)	185	88
18	TCS	Overweight (V)	890	780
19	HDFC Bank	Overweight (V)	2,068	1952
20	Simplex Infrastructure	Overweight (V)	606	483
21	Bajaj Auto	Overweight (V)	1,900	2107
22	Tata Power	Overweight (V)	1,525	1362
23	Union Bank Of India	Overweight (V)	335	306
24	Mphasis	Overweight (V)	770	659
25	Nagarjuna Construction	Overweight (V)	186	184
26	Oil & Natural Gas Corp.	Overweight (V)	1,425	1018
27	IRB	Overweight (V)	297	282
28	Welspun Gujarat Stahl Roh	Overweight (V)	335	269
29	ICICI Bank	Overweight (V)	1,025	978
30	Bajaj Hindusthan	Overweight (V)	310	128
31	Axis Bank Ltd	Overweight (V)	1,389	1236
32	Triveni Engineering & Ind	Overweight (V)	160	110
33	Canara Bank	Overweight (V)	445	408
34	Nestle India	Overweight (V)	2,950	2722
35	ITC	Overweight (V)	295	267
36	BHEL	Overweight (V)	2,850	2481
37	Dabur India	Overweight (V)	190	177
38	Asian Paints	Overweight (V)	2,125	2096

Source: HSBC Securities and Capital Markets (India) Private Limited

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