



## Research Notes

### Market Outlook

The market is confused of the outcome of election 2009 that begins on April 16 and ends on May 13.

It seems that there are no clear national issues or big expectations.

The best case scenario for the market is the UPA government without the left allies is back in power or the NDA forms a new government. But these outcomes have very low probability.

It seems better to be cautious in these uncertain times and stick on to defensive stocks. Sun Pharmaceuticals, Bharti Airtel, M&M etc appear to be the top choices.

### **BHEL – Downgraded from ‘Buy’ to ‘Hold’ –TP unchanged at Rs.1600**

Bharat Heavy Electricals Ltd has been downgraded from **buy** to **hold** while the target price is maintained at Rs.1600.

It appears that the order growth is lower than expected because of the delay in the 12<sup>th</sup> plan ordering and tight credit market.

A revival in the order growth is expected by FY11.

Growth rate for FY10 is maintained at around 26.7%.

At the current price, the stock is quoted at 24.4P/E of FY09 expected earnings and 16.9 P/E of FY10 earnings.

### **Sector watch –Telecom growth in top gear**

Subscriber additions at a new high in March 09.

GSM subscriber additions at a record high of 10.8 million in March 09.

Vodafone overtakes Bharti in net additions while Idea maintained net additions.

The new player Aircel launched its operations in four new circles and has crossed 1 million net additions.

Focus has been shifted to revenue market share and this appears to be a big positive.

Buy calls have been maintained on Bharti and Idea. Reliance Communication and MTNL are looking comparatively weaker and it seems better to pare exposure in these stocks.

DISCLAIMER: Geojit Financial Services Limited (GFSL) or any of its Group companies, affiliates, subsidiaries or that of any of its shareholders do not accept any liability arising from the use of this report and the views and observations contained herein. While every effort is made to ensure the accuracy and completeness of information contained herein, GFSL, or any of its group or associate companies or its affiliates take no guarantee and assume no liability for any errors or omissions of the information contained herein. Information contained herein cannot be the basis for any claim, demand or cause of action.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security. We are not soliciting any action based on this material. It is for the general information of retail clients of GFSL. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Opinion expressed herein is our current opinion as of the date appearing on this report only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

Certain transactions - futures, options and other derivatives as well as non-investment grade securities - involve substantial risks and are not suitable for all investors. Reports based on technical analysis is focused on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have 'long' or 'short' positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.

We or any of the group or associate or subsidiary companies affiliated to us and / or to any of our shareholders may from time to time solicit or perform investment banking, or other services for, any company mentioned in this document.

We do not undertake to advise any change in our views expressed in this document. While we would endeavor to update the information herein on a reasonable basis, Geojit, its subsidiaries and associated companies, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent Geojit and affiliates from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

15 April , 2009