

Telecom shares nosedive

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Almost all telecom stocks closed, on Wednesday, at their historic low in last six years. Bharti Airtel, the market leader closed to Rs 242.30 a share in BSE. Interestingly, the Bharti Airtel share touched Rs 1096 a share (pre-split) in January 2008, when the licences for operating telecom services awarded.

Similarly, RCOM closed at Rs 48.25 a share. This is also historic low for RCOM.

Idea share did not register any movement at Rs 74.50.

But the big question is whether it is bad for the sector. No. Experts at Telecomtiger believe that it is good for the sector. The shares of Bharti Airtel and RCOM were inflated. This may have been good for the promoters of the company. It was not good for the sector and for the investors.

We believe that Bharti Airtel will fall further. The fall would be much more than what the research reports of the Bankers and Research companies have projected. The bankers and research companies have vested interests in projecting Bharti Airtel as a good company. It is surprising that the company was registering decline in profits for consecutive 10 quarters and all the research reports were projecting it as a great company.

We expect that the shares will fall further and the telecom sector will strengthen in India.

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