

Safe Bets in a Volatile Market

April 23, 2008

India's benchmark index, the Sensex has corrected by 18.5% since January 10, 2008, when it reached an all-time high of 20,582 (21,206, intra-day).

While there has been an across-the-board correction post-January 10, the fall varies across sectors, as also across market capitalisations. We decided to filter out stocks with sound fundamentals, which have seen a steeper correction.

We considered stocks with above \$1 bn market cap for this exercise. We shortlisted 20 such large-cap stocks, which have seen a sharper-than-Sensex correction. We excluded stocks belonging to the real estate (valuation concerns), financials (margin pressures) and commodities (cyclical) sectors.

The list below, comprises of a cross-section of leading companies across sectors like power, infrastructure, capital goods, media and entertainment and minerals. These companies have established track record, robust business models and strong balance sheets. Some of them are government-owned. While the markets continue to be volatile, we believe these stocks can be considered safe bets and can give decent returns, going forward.

Key Data

(RsCr)

Sr. No.	Company Names	Price (Rs)			Market Cap 22 Apr 08	Net Sales	EBITDA margin	Net Profit	EPS (Rs)	P/e (x)	52 Wk High/Low (Rs)
		10 Jan 08	22 Apr 08	△							
1	NTPC	266	196	-26.4%	161,570	35,178	30.6%	7,810	9.47	20.7	291 / 149
2	BHEL	2436	1872	-23.2%	91,628	19,083	18.8%	2,899	59.22	31.6	2925 / 1198
3	Larsen & Toubro	4207	2921	-30.6%	85,368	22,636	11.1%	1,907	65.26	44.8	4670 / 1645
4	Power Grid Corp.	139	106	-23.9%	44,487	3,590	79.7%	1,229	2.92	36.2	167 / 80
5	Suzlon Energy	442	297	-32.9%	44,443	6,237	21.5%	1,221	8.16	36.4	460 / 220
6	Reliance Energy	2465	1333	-45.9%	31,532	6,285	5.6%	1,011	42.73	31.2	2632 / 502
7	Mundra Port	1121	665	-40.6%	26,653	580	52.7%	193	4.83	137.8	1324 / 463
8	Neyveli Lignite	234	150	-36.0%	25,182	2,530	37.6%	744	4.44	33.8	274 / 56
9	Aban Offshore	4927	3709	-24.7%	14,019	581	49.1%	153	40.45	91.7	5555 / 2259
10	Sun TV Network	413	297	-28.2%	11,690	994	72.1%	394	10.01	29.6	458 / 260
11	Punj Lloyd	531	358	-32.6%	10,864	3,787	9.1%	115	3.79	94.5	589 / 175
12	Crompton Greaves	369	271	-26.4%	9,946	3,706	11.9%	281	7.66	35.4	454 / 208
13	Zee Entertainmen	293	212	-27.6%	9,179	1,042	38.8%	297	6.84	31.0	363 / 169
14	Areva T&D	2345	1752	-25.3%	8,380	1,916	17.5%	205	42.87	40.9	3280 / 1150
15	Petronet LNG	107	81	-23.8%	6,086	6,555	13.2%	475	6.33	12.8	122 / 45
16	Voltas	232	182	-21.6%	6,014	2,924	7.7%	197	5.96	30.5	267 / 86
17	CESC	657	447	-31.9%	5,590	2,670	20.3%	329	26.33	17.0	715 / 320
18	Guj. Mineral Dev	485	336	-30.7%	5,342	844	57.7%	250	15.72	21.4	634 / 105
19	Alstom Projects	968	718	-25.9%	4,810	1,467	10.3%	108	16.11	44.5	1109 / 430
20	BEML	1644	1096	-33.3%	4,566	2,429	11.3%	201	48.19	22.8	1850 / 920

Financial data based on TTM basis.