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Stocks to Buy

First-timers' Strategies

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Let's face it: there are some individual investors who are very afraid right now. Part of this is fear of losing money and this makes us forget our broader investment objectives. For investors of any kind, failures and losses are a reality. As an investor, you are bound to face some losses. It's not a question of if, but when. So, don't be

discouraged by your failed investments. Instead, look at them as lessons.

As long as the stock market continued its upward move, many investors often wondered whether it was right to enter and if any steam was left in it. First, the level of the market at any point of time should not deter a long-term investor from

making a beginning. That's because investing in equity is a process and not a one-time activity. The best way to benefit from equity investments is by investing on a regular basis over a long term.

A first-time investor needs to understand that every investment carries a certain degree of risk and the potential to earn is directly

BUY

ENTRY-LEVEL STOCKS To Buy

COMPANY	MARKET PRICE (Rs)	PE (2007-8)	PE (2008-9)	EPS (2007-8)	EPS (2008-9)	ROE	OUTLOOK
ICICI Bank	1,205	16.6	14.5	29.6	25.8	3.46	Margins will rise; value of its subsidiary businesses is growing
Axis Bank	1,040	35.8	27	29.1	38.6	2.34	Consistency in earnings growth, robust asset quality, strong tech, product range
Punjab Lloyds	435	38.8	22.9	11.2	19	1.18	Robust order book and SEC acquisition to boost business. Margin improvement likely
Thermax	671	27.6	20.5	24.3	32.7	7.88	Market leader with strong cash generation. Current price discounts most negatives
Marico	62	22.1	16.8	2.8	3.7	1.91	Leader position in hair and edible oils segment. Price has no impact on volumes
India Hotels	134	21.8	18.5	6.2	7.3	5.49	Aggressive scale-up plans. Turnaround of overseas properties to boost profitability
Satyam	396	15.3	12.9	25.8	30.7	10.67	Consistent high volumes growth. Adequate levers to handle recession in the US
Concor	1,600	12.8	11	125	145.1	10.71	Has 95% market share. Offers end-to-end logistics solutions
PVR	261	29.3	15	8.2	17.4	0.46	Aggressive expansion plans. Margin up. Attractive valuations
Nitin Fire	450	20	11	22.5	41	0.33	Leading fire protection system provider in India. Looking to grow through acquisitions
LIC Housing	300	8.1	6.7	37.1	44.8	3.28	Positive macro environment; strong earning growth likely; attractively priced

Source: Kotak Securities

PE: Price-to-earnings ratio; EPS: Earnings per share; ROE: Return on equity; Market price as on 25 January

linked to the degree of risk taken. Remember that an investment in equities will not make you rich overnight.

The most important thing is to understand the consequences of your decisions and not allow emotions to dictate them. This is easier said than done. To get a better

grasp on investing, make short-, medium- and long-term investment decisions and assess where you stand when you are close to achieving them.

It is essential that a long-term investor earns a positive real rate of returns (rate of return minus inflation). Equities, as an asset class,

have the potential to achieve this and there are countless examples to prove this point. First-time investors should look at adopting a definite market discipline—start small, invest regularly. What you do during these volatile times is important because you can lose everything by acting inappropriately.

Unlocking the Value



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In the recent past, the Indian stock market has seen four sharp falls. It's interesting to see that with each fall, recovery has also been faster because there was never a doubt in the minds of

investors about the sustainability of the Indian growth story. The market crash of 21 January was largely an issue of liquidity management. I am sure the market will bounce back. In such a scenario, investors are

looking to invest in sectors that had visible opportunities to grow, companies with earnings potential and order books in their favour, and those companies with a potential to unlock value for shareholders.

STOCK PICKS FOR THE LONG TERM

COMPANY	MARKET PRICE (Rs)	PE (2007-8)	PE (2008-9)	EPS (2007-8)	EPS (2008-9)	ROE	OUTLOOK
Vishal Retail	775	38.75	24.14	20	32.1	19.8	Focus on private labels. Focus on less competitive non-metros
Bhel	2,064	31.42	23.22	65.7	88.9	27.5	Expanding capacities. Order book size of Rs 72,600 crore to drive growth
Bharti Airtel	864	29.9	21.65	28.9	39.9	43.1	Market leader in telecom. Value unlocking in tower business
Tata Chemicals	305	11.66	8.92	26.15	34.2	20.51	Expanding manufacturing capacity; access to low-cost soda ash reserves
Amttek Auto	328	8.86	7.01	37	46.8	21.4	Benefits from export opportunity, expanding forging and machining capacity
Exide Industries	83	28.62	21.84	2.9	3.8	31	Leader in automotive lead storage battery market. Holds 50% in ING Vysya Life Ins
Glenmark Pharma	489	27.78	20.59	17.6	23.75	44.2	Productive R&D efforts; strong growth in generics business
Ashapura	278	6.5	3.94	59.1	70.5	32.6	Moving up the chain in value-added products, diversifying

Source: Asit C Mehta Investments

PE: Price-to-earnings ratio; EPS: Earnings per share; ROE: Return on equity; Market price as on 25 January