

Take Guard, Stock Up on Blue Chips

When the going gets tough, investors usually hit the panic button. To make their lives a little easier, we asked a few leading broking houses to dig out a few gems from among the ruins

OUR BUREAU
MUMBAI

ICICI Bank and ITC are among the top picks of leading brokerages as they feel that these stocks can withstand turbulent market conditions over the next few months.

Dipen Shah, head-PCG Research, Kotak Securities said, "ICICI Bank has demonstrated prowess in improving the funding mix, conserving capital, maintaining operating efficiencies, managing liquidity and containing risk. Its CASA mix has improved sharply over the past few years to ~42% at the end of Q1FY12 while NIM is likely to remain stable at 2.6% (FY12)." It has a target price of ₹1,364 on ICICI Bank.

According to an analyst at Angel Broking, which has a target of ₹1,281 for the stock, "Contrary to

the overall trend in the sector, we expect this favourable change in the bank's liability mix to improve its NIMs to around 2.7% by FY13. Kotak Securities and Motilal Oswal are also positive on ITC on account of strength in earnings visibility. Kotak believes that ITC provides superior earnings visibility in the medium term vis-à-vis FMCG peers, given the prevailing environment of uncertain demand and adverse raw material prices. Kotak has a target of ₹223.

Most of the brokerages have been advising clients to buy fundamentally large-cap stocks that have a strong balance sheet and management track record. For instance, Angel has given a buy call on stocks like Lupin, Tata Steel, Reliance Industries and Axis Bank as its other top picks.

Motilal Oswal Securities is also bullish on stocks like Bajaj Auto,

Top Brokerage Picks
Following are some of the favourite stocks of broking cos

■ CMP (₹) ■ TARGET PRICE (₹)

ANGEL BROKING	KOTAK SECURITIES	MOTILAL OSWAL	RELIGARE SECURITIES
Axis Bank 1,211 1,648	ICICI Bank 941 1,364	Bharti Airtel 407 530	GVK Power 18 30
ICICI Bank 941 1,281	ITC 200 223	Coal India 381 447	ITC 200 225
Reliance Inds 765 1,180	Infosys 2,377 3,273	Bajaj Auto 1,427 1,761	JP Associates 61 90
Lupin 440 593	IGL 414 450	ICICI Bank 941 1,340	Oil India 1,343 1,440
Tata Steel 486 799	Greaves Cotton 88 110	ITC 200 230	Petronet LNG 171 185

and Bharti Airtel. Motilal is also bullish on Coal India, which is very to becoming a largest company by market capitalisation if the trend in the last few months per-

sist. Its market cap stood at ₹2.4 lakh crore as compared to RIL's market cap of ₹2.5 lakh crore.

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