

STAYING FIRM IN A VOLATILE MARKET

5 Steady Stocks That can Reward You Well

Sensex and Nifty have slumped nearly 4% this month, and several stocks have fallen up to 30% in the past few days. If the market correction continues, it seems even good quality stocks may not be able to defy gravity for much longer.



However, about a dozen stocks, such as P&G, 3M, Gillette, Britannia, PNC Infra, HSIL and Navin Fluorine, which have given more than 10% returns so far this year, have fallen less than 4% from their September highs. **ET** profiles five such stocks that remained relatively firm during the correction.

— Rajesh Mascarenhas

Stock	CMP (₹)	% Fall from Sep High	YTD Return (%)	Beta	PE
3M India	14,354.25	-2.42	29.05	0.93	67.16
Britannia Industries	4,301.75	-1.98	49.04	0.84	58.35
Dabur India	305.80	-2.83	9.94	0.70	42.18
Gillette India	5,490.40	-0.10	31.68	0.67	70.69
HSIL	387.30	-1.64	40.63	0.82	27.92
Navin Fluorine	660.30	-2.09	30.67	1.04	23.35
Oracle Financial Services	3,545.70	-1.31	13.43	0.76	25.37
PNC Infratech	138.05	0.00	33.32	0.68	29.88
Power Grid Corp Of India	208.15	-4.34	14.62	0.72	14.62
Procter & Gamble	8,392.40	-0.52	24.05	0.48	62.95

DABUR

A meaningful improvement in consumer offtake, revival in monsoon and expectation of improvement in rural demand could reflect in Dabur's results in the coming quarters. "The company could show 17% EPS CAGR over FY 2017-20. It commands a high operating margin of 19% along with RoCE of 45%. Hence, we have a buy rating on the stock with a target price of ₹352," said Naveen Trivedi, analyst, HDFC Securities.

PNC INFRA TECH

The stock which has risen 33% so far this year has remained firm during the correction. Analysts like PNC stock given its robust order book, strong execution capabilities and a lean balance sheet. "We believe PNC is well poised to capture huge opportunities ahead and hence, we maintain buy rating on the stock with a target price ₹155," said Deepak Purswani, analyst, ICICI Direct.

HSIL

The company could benefit from an expanding product portfolio and strong brand equity. HSIL trades at 19 times FY 2019 estimates despite a strong brand franchise. "The company's ROE is lower than that of peers at 8%. However, HSIL may see higher RoE expansion than peers given its entry into a few high-margin segments and reduction in losses in construction products," said J Radhakrishnan, analyst, IIFL.

POWER GRID CORP OF INDIA

Given higher capitalisation in coming years owing to huge capex, steady regulated RoE, analyst believe the company's fundamentals would continue to remain strong aided by least exposure to operational risks, according to analysts. "We continue to remain positive on Power Grid and reiterate our buy recommendation on the stock with a target price of ₹244," said Rupesh Sankhe, analyst, Reliance Securities.

NAVIN FLUORINE

"We continue to maintain our positive outlook on the company on the back of focus on high-margin business through innovation and better product mix, synergies with JVs, good order visibility ahead, low debt, high return ratios and paying regular dividend reflect upon healthy financial status of the company. We have factored in stock split of 5:1 ratio and value it at P/E 22.1x of FY19E EPS, which gives upwardly revised target price of ₹735 which represents 6% upside potential and recommend "HOLD" rating for 9-12 months period," Kishor Kumar, analyst, Karvy Stock Broking.