

## Market strategy

### India's most 'hated' & most 'loved' stocks

We have run a couple of screens (Tables 1&2) for our clients who are looking for contrarian bets. The BSE-100 list of companies has been screened for consensus recommendations. The most hated stocks are those covered by minimum 10 brokers, of who at least 60% have a SELL recommendation. At least 60% of the ratings for the most loved stocks are BUYs.

From I-Sec Research's perspective, the one stock that stands out is Ranbaxy – 32 brokers cover it, 75% of them think it is a SELL, and the stock has underperformed the Sensex by over 40% in the past 12 months. Our pharma analyst, Rajesh Vora, recently upgraded the stock to BUY (refer our note '*Ripe for a turnaround*' dated August 10, '09) based on the argument that the worst developments on the US FDA front are behind us and two of the company's blockbuster products may hit the market in the next eight months.

**Table 1: Most 'hated' stocks**

BSE-100 company	Total ratings	BUY (%)	SELL (%)	HOLD (%)	Relative performance to Sensex		
					1 month	3 month	12 month
Tata Communications	21	0	90	10	(9)	(31)	6
NALCO	36	0	89	11	3	(1)	(21)
MTNL	14	0	86	14	(3)	8	(9)
GMR Infrastructure	18	6	78	17	(7)	(10)	18
Ranbaxy Laboratories	32	9	75	16	6	32	(42)
Power Grid Corp of India	15	7	73	20	(3)	(11)	16
Hindalco Industries	31	13	71	16	28	20	(18)
Ambuja Cements	39	13	69	18	(4)	8	19
ABB	37	5	68	27	(14)	15	(23)
Reliance Power	15	27	67	7	(6)	(4)	(6)
Bharat Forge	19	11	63	26	54	31	(15)
ACC	41	20	61	20	(3)	12	33
Ashok Leyland	33	18	61	21	(2)	32	7

Source: Bloomberg

**Table 2: Most 'loved' stocks**

BSE-100 company	Total ratings	BUY (%)	SELL (%)	HOLD (%)	Relative performance to Sensex		
					1 month	3 month	12 month
United Phosphorus	13	100	0	0	2	10	(8)
IVRCL Infrastructures & Projects	36	75	14	11	(12)	58	(9)
Reliance Infrastructure	23	74	26	0	(1)	16	5
Bank of Baroda	41	71	7	22	(3)	1	49
Asian Paints	16	69	6	25	4	22	9
Punjab National Bank	46	65	7	28	(2)	(2)	36
Power Finance Corp	14	64	14	21	(2)	8	48
Sterlite Industries India	33	64	15	21	(3)	2	5
Mahindra & Mahindra	38	63	11	26	(0)	19	31
Dr Reddy's Laboratories	35	63	9	29	(10)	9	35
GlaxoSmithKline Pharmaceuticals	24	63	25	13	(1)	(4)	25
Mundra Port and Special Economic Zone	13	62	38	0	(4)	8	(11)
Axis Bank	50	60	14	26	5	4	21
Crompton Greaves	25	60	16	24	(11)	32	2

Source: Bloomberg

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*I-Sec investment ratings (all ratings relative to Sensex over next 12 months)*

**BUY:** +10 outperformance; **HOLD:** -10 to +10 relative performance; **SELL:** +10 underperformance

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