

## Book some profits ahead of Budget 2014; top ten stocks to 'buy'

NEW DELHI: The Indian markets are approaching the Budget 2014 with high expectations from Finance Minister Arun Jaitley to put Asia's third largest economy on growth path, narrow fiscal deficit and revive investment cycle.

The S&P BSE Sensex has already rallied to touch its fresh lifetime high of 26,190.44, while the 50-share Nifty index also managed to surge to a fresh life high of 7,808.85 in trade on Tuesday.

India's new government will present its keenly-awaited first budget on July 10. The NDA government's maiden budget does not have a full year for implementation, but expectations nevertheless are sky-high.

"Well our sense is that this run-up that we have seen so far is here to stay for a while at least till the pre-budget day and one should hold long positions. But after that the risk reward ratio becomes hugely skewed in favour of risk because we still do not know what kind of budget will be announced," said Vinay Khattar, Head of Research, Edelweiss Financial Services.

"We must not forget that there is a large amount of expectation which has been built up and all kind of numbers are doing the rounds. So, a day or two prior to budget, it would make sense to cut beta to certain level and for long only position, to hedge your positions to certain extent," he added.

There are many hopes from the new finance minister in his first budget. The new government with its mantra of 'minimum government and maximum governance' has already announced a few measures to change the mode of governance.

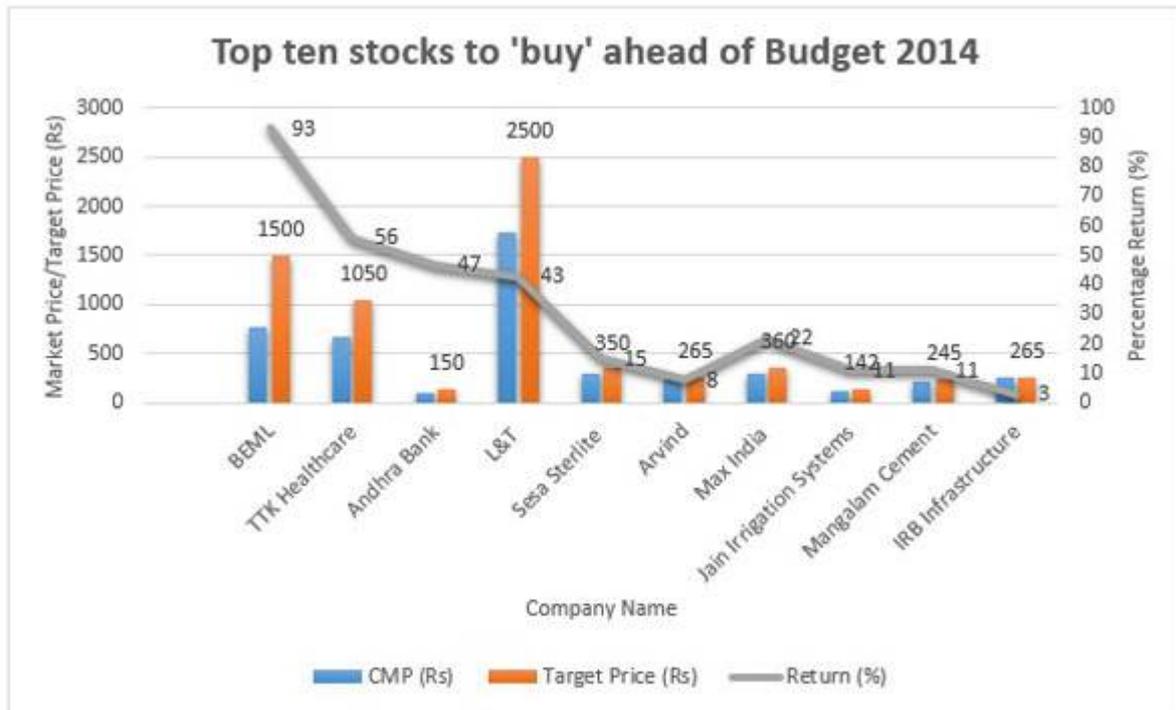
However, analysts are still advising caution ahead of the Budget day and on the event day as volatility is expected to increase depending on how the Budget pans out. Investors should trade with strict stop losses.

Investors can identify stocks that are of high quality and are available below their intrinsic values and there are many such stocks in the PSU, IT and automobile sectors.

"Yes, it is possible for a near-term fall since typically investors are not able to absorb the implications immediately and there is a lot of volatility on Budget day," said Dr. Vikas Gupta, Executive Vice President, Arthveda Fund Management Pvt Ltd.

However, it is unlikely that there will be a big fall, he added.

**We have collated a list of ten stocks which are likely to benefit from the Budget 2014 for a period on 12-18 months:**



**Analyst: Shrikant Chouhan, Head- Technical Research, Kotak Securities**

**Bharat Earth Movers: Target price set at Rs 1500**

It was the biggest under-performer since 2008 and fallen to almost Rs 100 levels from Rs 1,800 levels. However, in the current up move of the market, it gained substantially. Till now it has given 8 times returns.

Based on price theory, our view is that it will hit Rs 1,130/1,150 levels in the coming few months. In the long run it should quote around Rs 1,500 levels. Buy 50 per cent at current levels and the balance at Rs 690/700 with a stop loss at Rs 660 on a closing basis for the target Rs 1,150/1,500 in the next 12 to 18 months of time.

**TTK Healthcare: Target price set at Rs 1050**

Since it is only listed on NSE, the stock remained in a rectangle consolidation. The bullish part is it has broken boring range at Rs 600 on a monthly closing basis and is up by just 10 per cent above it.

The range was between Rs 300 and Rs 600 which is targeting potentials to hit or Rs 900/1,050 levels in the next 12 to 18 months. Buy 50 per cent at current levels and the balance at Rs 600/610 with a stop loss at Rs 570 on a closing basis.

**Andhra Bank: Target price set at Rs 150**

The stock is into rising mode. It has formed rising top and rising bottom series since Rs 47 levels. It is a volume gainer on month on month basis. We are targeting minimum Rs 135 and maximum Rs 150 in less than 12 months. Buying is advisable 50 per cent at current levels and the balance at Rs 90 with a stop loss at Rs 85.

**Larsen & Toubro: Target Price set at Rs 2500**

The stock is into long-term break out and has broken highest of the 2008 much faster than any other core economy related stock. We are targeting Rs 2,500 in the next 15 to 18 months of time. Buy 50 per cent at current levels and the balance at Rs 1,660/1,650 with a stop loss at Rs 1,600.

## Sesa Sterlite Ltd: Target price set at Rs 350

It has shown a spectacular rally up to Rs 320 after breaking the boring range, which was between Rs 170 and Rs 210 for almost 78 months.

Buy 50 per cent at current levels, the balance at Rs 280 with a stop loss at Rs 260 on a closing basis for the target Rs 335/350.

**Analyst: Disha R Hazari, Research Analyst at GEPL Capital**

Company Name	CMP (Rs)	Target Price (Rs)	Return (%)
BEML	776.7	1500	93
TTK Healthcare	671.1	1050	56
Andhra Bank	102.2	150	47
L&T	1742.4	2500	43
Sesa Sterlite	305.15	350	15
Arvind	245.4	265	8
Max India	294.25	360	22
Jain Irrigation Systems	127.35	142	11
Mangalam Cement	221.2	245	11
IRB Infrastructure	256.5	265	3
<b>CMP as on 4/07/2014</b>			

## Arvind Ltd: Target price set at Rs 265

The new government is expected to increase incentives for the labour incentive textile industry in the upcoming budget which would help push up in manufacturing & exports. Also the government may enhance allocation for the technology upgradation fund scheme as a part to support the textiles sector which in turn would be a huge positive for the textile.