

MAIL TODAY

BUDGET STOCKS

The Budget often changes the investing arena & offers an opportunity to review your portfolio. Some experts share their recommendations with **Rahul Oberoi** s

Stock Picks

THE budget is largely in line with expectations. While there was no rise in excise duty, as was feared, the concern on fiscal deficit will likely get resolved during the year. Thus, we do not expect any major impact on the markets in the near term. Over the medium to long term, implementation of proposals, reforms and positive action on subsidy (from fiscal deficit perspective) will be positive triggers.

Valuations based on 2011-12 earnings are reasonable and leave scope for gains. Thus, we see largely range-bound markets in the near-term and moderate gains in the next six to twelve months.

We do not expect a major impact on the markets in the near term

— **DIPEN SHAH**,
Senior vice-president
(Pvt Client Grp Research),
Kotak Securities



Infosys ₹3,054.45

The demand environment for the information technology (IT) industry remains extremely strong.

	DEC' 2010	%CHANGE*
Net Sales (₹cr)	6,534.00	22
Net Profit (₹cr)	1,641.00	12
EPS (₹)	28.59	12

Axis Bank ₹1,265.25

The current to savings accounts ratio looks good and recent underperformance has made valuations attractive.

	DEC' 2010	%CHANGE*
NII (₹cr)	1,733.12	28
Net Profit (₹cr)	891.36	36
EPS (₹)	21.75	34

Bajaj Auto ₹1,374.20

Addition of new dealerships, coupled with new product launches will sustain strong sales volumes.

	DEC' 2010	%CHANGE*
Net Sales (₹cr)	4,028.18	27
Net Profit (₹cr)	667.11	40
EPS (₹)	23.05	40

The budget has been an exercise in ensuring fiscal consolidation

— **MAYANK SHAH**
Chief executive officer,
Edelweiss Financial Advisors



Stock Picks

THE budget has been a balancing exercise in ensuring fiscal consolidation against the backdrop of rising crude oil prices, inflation and a high current account deficit. Foreign direct investment in retail and insurance was not addressed either.

The budget is beneficial for the auto sector, PSU banks and financial firms but could be negative for iron ore miners and cement players. The markets have reached an intermediate bottom and are likely to trade with a positive bias, in a range of 5,200 (Nifty) on the downside and 5,650 on the upside.

ITC ₹171.25

Inflation likely to impact it the least among FMCG firms and the budget has not announced any excise duty hikes.

	DEC' 2010	%CHANGE*
Net Sales (₹cr)	5,453.49	19
Net Profit (₹cr)	1,389.08	21
EPS (₹)	1.80	20

Tata Motors ₹1,157.45

Jaguar and Land Rover are performing well. EPS estimate are ₹122 for 2010-11 and ₹141 for 2011-12.

	DEC' 2010	%CHANGE*
Net Sales (₹cr)	11,458.95	28
Net Profit (₹cr)	410.06	2
EPS (₹)	6.48	-12

BHEL ₹1,974.70

The firm's order book is worth ₹1,58,000 cr. This could take the EPS CAGR to 25% over next three years.

	DEC' 2010	%CHANGE*
Net Sales (₹cr)	8,849.27	25
Net Profit (₹cr)	1,403.23	31
EPS (₹)	28.67	31

All stock prices are BSE closing as on March 11, 2011.