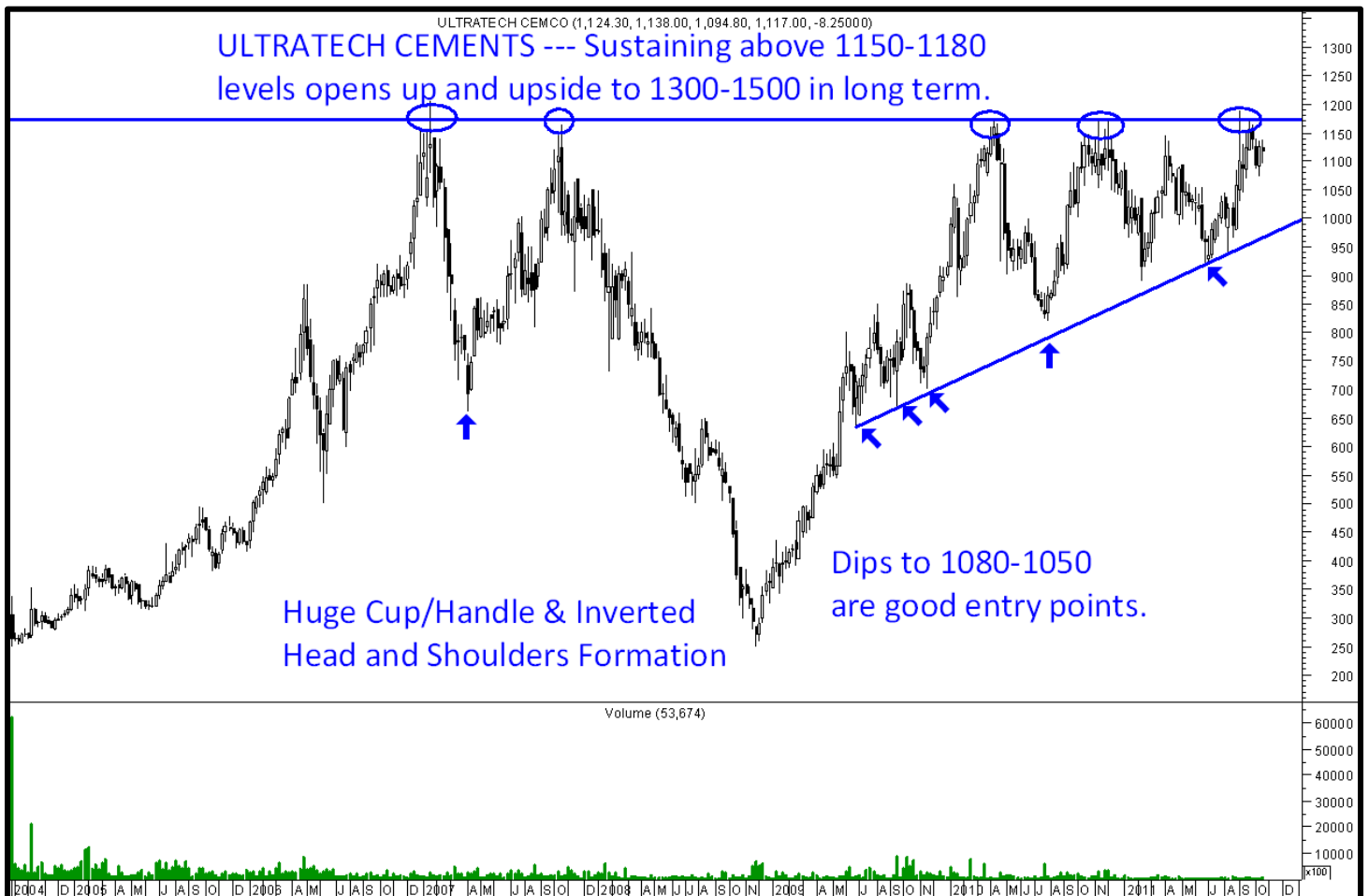


CEMENT SECTOR – The next Defensive / Aggressive

Shaping up for a long term breakout ---- Also a good defensive bet in the portfolio that can turn aggressive over the long term.

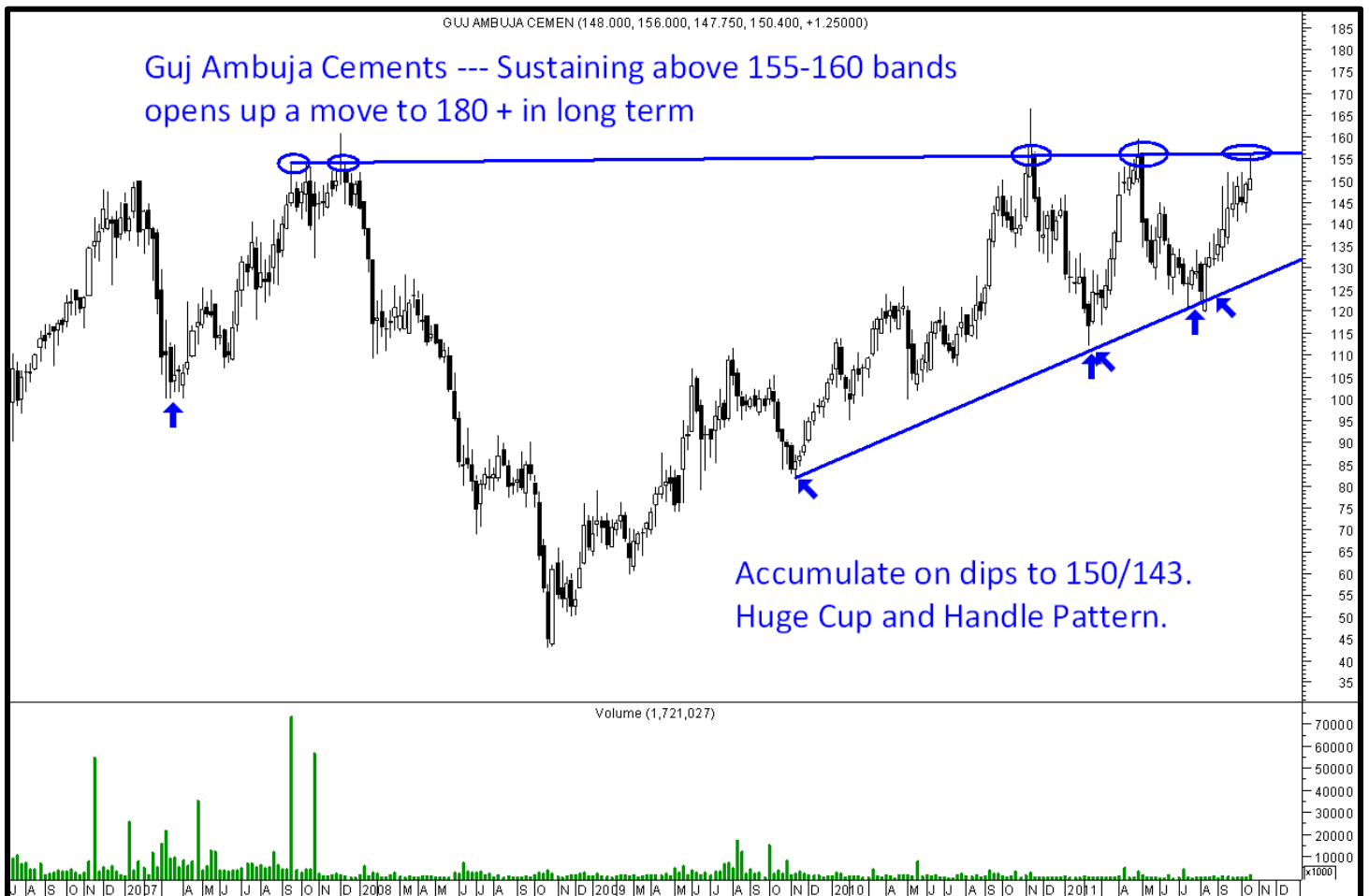
- ➔ Continuing with our strong view on Cement Sector since the buy initiated in ACC at 1020 and Ambuja Cements 140 we reiterate the bullish view as well as increasing the possible long term targets.
- ➔ The three major cement sector companies – UltraTech Cement, Ambuja Cements and ACC have formed highly bullish patterns on long term charts and are close to their 3-5 year resistance. A crossover above this resistance zone gives a projection of 20-35% upside over the long term.
- ➔ Dips from current levels can be used to accumulate the stocks with a 6-12 months view. Seeing the strong relative strength and outperformance with benchmark indices over the past couple of months indicates the downside would be limited even in a market meltdown. So we would consider the sector to be a good defensive bet as well.
- ➔ We would prefer to stick to the large caps in the category although Shree Cements/ Jaiprakash Associates are also showing turnaround patterns but will be highly volatile.

ULTRATECH CEMENTS



- The stock is forming a huge Inverted Head and Shoulders which gives a target projection of 1400-1500 + over the long term.
- Multiple attempts have been made at the resistance band of 1150-1180 over the last 1 year. Considering the fact that it has attempted 3-4 times already and is making higher bottoms indicates the stock may breakout above 1180 over the next few months.
- The stock is trading above all leading moving averages in a market which is trading way below leading moving averages shows relative strength for the stock.
- Strong supports are placed at 1050 levels and any dips closer to that should be a point to add more to the stock. Momentum will be seen in the stock once it starts closing above 1150-1180.
- One can accumulate the stock at 1140/1050 with a closing stoploss of 1010 and a long term target of 1300-1500.

Ambuja Cements



- ➔ The stock is forming a huge cup and handle pattern which gives a minimum target implication of 180.
- ➔ Multiple attempts have been made at the resistance band of 155-160 over the last 3 years. In the last 1 year it has already made 3-4 attempts at that resistance levels indicates a very high probability of it being taken of and the stock going into uncharted territory.
- ➔ The stock is trading above all leading moving averages in a market which is trading way below leading moving averages shows relative strength for the stock. So it becomes a very good defensive portfolio pick.
- ➔ Dips to 150/143 should be used to accumulate with a stoploss of 136 on closing basis and long term target of 180-200.

ACC



- The stock is making a 3-4 year Inverted Head and Shoulders Pattern with a breakout point placed at 1150-1170.
- In the last 3-4 years the stock has faced resistance at 1150-1170 apart from a spike to 1200 + levels in the peak of 2008. Over the last 1 year we have already seen 3 attempts. Generally the stock takes a good 10-15% dip after such a hit but we are seeing the stock hold on closer to 1080-1100 mark indicating good strength.
- The stock has outperformed the benchmark indices in the current dip and is a good defensive stock in the Index with limited downside.
- The stock can be accumulated at 1100-1130 and any dips to 1050-1080. Stoploss to be kept at 1020 and a target price of 1300/1450 in the long term.

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