

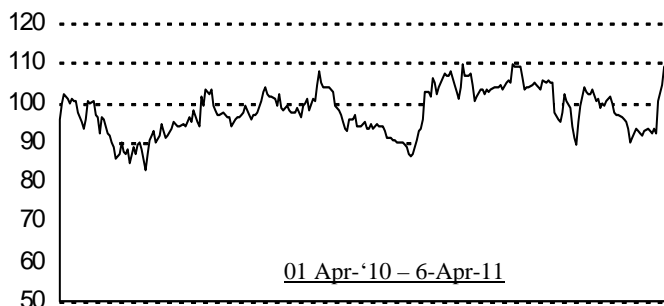


## VALUE STOCK

### Precision Pipes and Profiles Co. Ltd.

Established in 1978, the company went public in 1995 with an IPO. It has four manufacturing facilities, located in New Delhi and Noida. The company is engaged into the manufacturing of specialised plastic profiles and extruded products. It is the largest supplier of these products to OEM's in automobile and white goods industry. It also caters to the furniture, electrical, building and construction industry.

NSE Symbol	- PPAP	New Delhi and Noida. The
BSE Ticker	- 532934	company is engaged into
Face Value	- ₹ 10/=	the manufacturing of spe-
Book Value	- ₹ 106	cialised plastic profiles and
Current Price	- ₹ 110.00	extruded products. It is the
Target	- ₹ 135.00	largest supplier of these
Holding period	- 3-6 months	products to OEM's in auto-
Stop Loss	- ₹ 84.00	mobile and white goods
Promoter stake	- 62.95%	industry. It also caters to



It derives as much as 90% of turnover from Automobile sector, 5% from white goods and rest from others.

	03/'08	03/'09	03/'10	12/'09*	12/'10*
Sales	125.82	127.60	171.25	43.11	51.67
O. Inc.	1.50	1.37	0.26	0.08	1.43
Int.	-1.59	-1.32	-3.70	-0.85	-0.19
Depr.	-5.87	-9.53	-14.17	-4.08	-4.07
Tax	-11.11	-7.00	-8.03	-1.84	-1.99
Net Pr.	19.39	11.54	13.58	3.55	7.41
Equity	14.00	14.00	14.00	14.00	14.00
EPS ^	13.85	8.24	9.70	10.14#	21.17#
Div.	30%	20%	30%	-	-

\* - 3mth, ^ - Face Val. Rs 10/, # - Annualised ₹ cr

The company has technical collaboration with Tokai Kogyo Co. Ltd. Japan and Nissen Chemitec Corporation, Japan. Clientele include Maruti Udyog, Honda SIEL, Toyota Kirlosker, TS Techson, Carrier, Electrolux, Godrej, Videocon, Voltas and Blue Star etc.

Its produce is also exported to

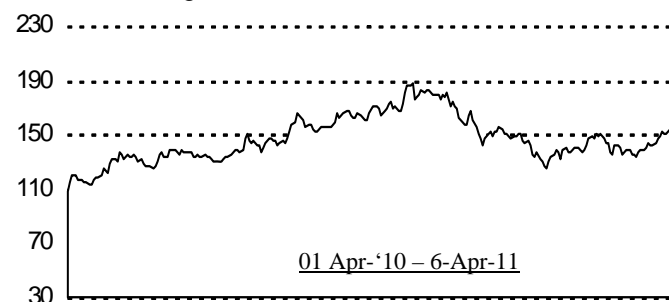
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## DARK HORSE

### Andhra Bank

Andhra Bank founded by an eminent freedom fighter Dr. Bhogaraju Pattabhi Sitaramayya, started operations in 1923. Headquartered at Hyderabad, the bank has total 1625 branches. With 25% of branches in Rural areas the bank is expected to do better in times to come. The bank has been performing pretty well on all fronts since last so many years. The Bank is having joint venture in insurance with Bank of Baroda and Legal & General Plc of UK.

NSE Symbol	- ANDHRABANK	1923. Headquartered at Hy-
BSE Ticker	- 532418	derabad, the bank has total
Face Value	- Rs 10/=	1625 branches. With 25% of
Book Value	- Rs 99.77	branches in Rural areas
Current Price	- Rs 156.00	the bank is expected to do
Target	- Rs 185	better in times to come. The
Holding period	- 3-6 months	bank has been performing
Stop Loss	- Rs 125	pretty well on all fronts since
Promoter stake	- 51.55%	last so many years. The



First three quarter results indicate that for the full year the bank will report EPS of about Rs 27. The ruling PE of 5 is very low compared to its peers. Moreover the last five year CAGR for Income and Net profit is quite encouraging at 18.97% and 16.61% respectively.

	03/'07	03/'08	03/'09	03/'10	12/'09*	12/'10*
Sales	3315.32	4289.87	5374.62	6372.87	1602.56	2121.58
O. Inc.	446.89	581.35	765.38	964.62	224.25	198.62
Int.	-1897.79	-2870.00	-3747.71	-4178.13	-1020.03	-1281.65
Tax	-247.00	-342.00	-245.00	-390.00	-110.00	-124.00
Net Pr.	537.90	575.57	653.05	1045.85	275.39	330.91
Equity	485.00	485.00	485.00	485.00	485.00	485.00
EPS ^	11.09	11.87	13.46	21.56	22.71#	27.29#
Div.	38%	40%	45%	50%	-	-

\* - 3months, ^ - Face Val. Rs 10/- # - Annualised ₹ crs

We expect the growth momentum to pickup in times to come. Dividend yield at 4% is another luring factor. Other financial ratios (NIM, NPA, Capital Adequacy ratio, etc) are equally encouraging.\*

For **sample copy** send request through email/SMS/Call

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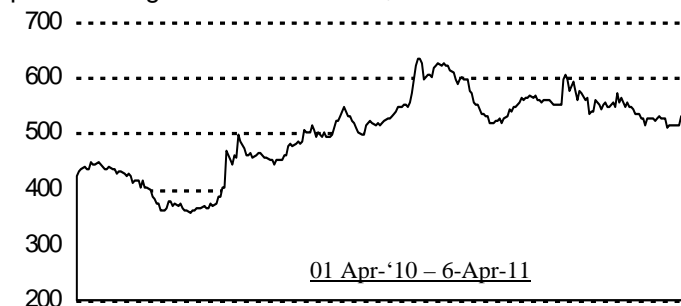
## Recommendations Review

Date of advice	Company	Sales 12/'09	Sales 12/'10	Change	Net Pr. 12/'09	Net Pr. 12/'10	Change	Expected EPS (Rs)	Comments
31-Dec-10	T.T.Ltd.	93.79	149.52	59.42%	1.42	6.22	338.03%	9.00	The company has planned investments totaling Rs 150 crs. Turnover is expected to double to Rs 1000 crs by 2014
14-Jan-11	ARSS Infra.	N.a.	302.64	-	N.a.	26.1	-	84.00	Continues to bag orders. Hold
14-Jan-11	Onmobile Global	89.63	125.17	39.65%	13	17.68	36.00%	14.00	Proposes 1:1 bonus shares
28-Jan-11	Confidence Petro	86.64	188.6	117.68%	6.57	12.36	88.13%	1.60	HPCL has awarded contract of LPG bottling. Meanwhile it has set up four more Auto LPG Dispensing stations.
28-Jan-11	KEC International	937.66	869.36	-7.28%	41.99	35.11	-16.38%	16.00	Wins orders worth Rs 801 crs last month. Hold.
28-Jan-11	Marico Industries	505.39	610.54	20.81%	61.29	56.29	-8.16%	4.25	Good long term bet. Hold
11-Feb-11	Bharat Seats Ltd.	84.86	117.54	38.51%	1.02	2.15	110.78%	2.45	Hold. Automobile industry continues to do well
11-Feb-11	Sadbhav Engg.	314.99	476.22	51.19%	3.69	26.38	614.91%	7.50	Bags projects worth Rs 869 crs in joint venture with GKC Projects, Hyderabad. Hold
11-Feb-11	Subex Ltd	80.61	74.24	-7.90%	46.68	10.34	-77.85%	10.00	Bags USD 12 mln. contract from UK. Hold

### GROWTH STOCK

#### Monnet Ispat

The company's principal activities include manufacturing and marketing of Sponge Iron, Steel and Ferro Alloys. Also, the company is engaged in mining of coal & iron ore. It also generates power for captive consumption (capacity 150 MW). Monnet Ispat and Energy Limited has manufacturing facilities in Raipur & Raigarh in Chhattisgarh. Currently it is implementing 1.5 million tpa integrated steel plant at Raigarh at a cost of US\$ 1 billion.



The company has a 87.5% owned subsidiary named "Monnet Power Company Ltd.". This subsidiary is setting up a 1050 Mw capacity thermal power plant in Orissa backed by captive coal mines. The plant is expected to be commissioned by Dec. 2012. The company is pursuing an addition of 2000 MW capacity expected to be operational by June 2014.

In mid-March'11 its wholly owned subsidiary Monnet Global Ltd. acquired an Indonesian coal company PT Sarwa Sembada Karya Bumi for a sum of USD 24 million

	03/'07	03/'08	03/'09	03/'10	12/'09*	12/'10*
<b>Sales</b>	638.09	1159.07	1548.73	1480.71	372.19	347.14
<b>O. Inc.</b>	21.99	29.55	47.67	21.49	5.13	6.49
<b>Int.</b>	0.24	-16.35	-70.60	-66.55	-16.03	-5.37
<b>Depr.</b>	-32.70	-44.49	-65.30	-71.27	-18.14	-18.88
<b>Tax</b>	-31.17	-54.69	-54.72	-62.75	-15.48	-22.98
<b>Net Pr.</b>	138.65	166.07	216.00	265.93	68.01	70.18
<b>Equity</b>	34.34	47.99	47.96	52.26	47.96	62.18
<b>EPS ^</b>	40.38	34.61	45.04	50.89	56.72#	45.15#
<b>Div.</b>	45%	50%	50%	50%	-	-

\* - 3mth, ^ - Face Val. Rs 10/, # - Annualised ₹ cr

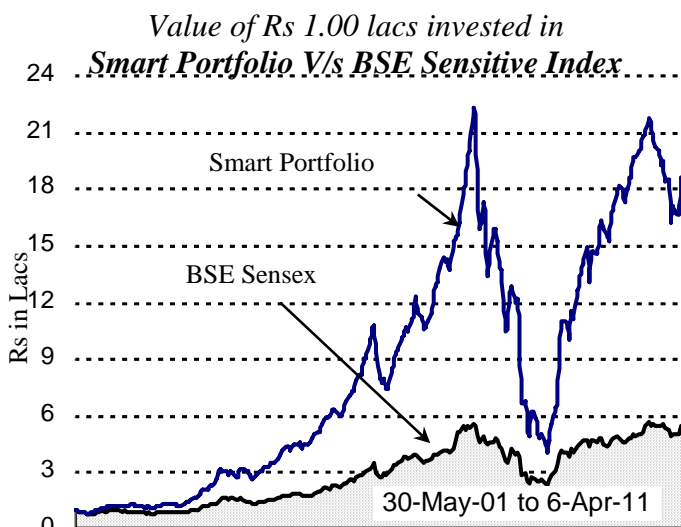
During last four years its Sales, Depreciation as well as bottomline has grown by about 150% each. In fact during last 7 years it has achieved CAGR growth of 35% in Sales and 45% in Profit after Tax. The company is likely to finish the year with an EPS of Rs 51 and CPS of Rs 200. High depreciation charges are clear indicator of the good times ahead. Book value at Rs 300 plus is another strength of the stock. During last five years, the Debt / Equity ratio has improved dramatically from 1.90 to 0.63.

It is likely to finish 2010-11 with an EPS of Rs 50. Ruling PE of 10 is slightly on higher side.

Investors should grab this stock around Rs 490 for decent long term gains.\*

**Dr. Smart** : Our research team will provide brief comments on each and every stock of your portfolio with advice to Sell or Hold and any stocks to add if required.

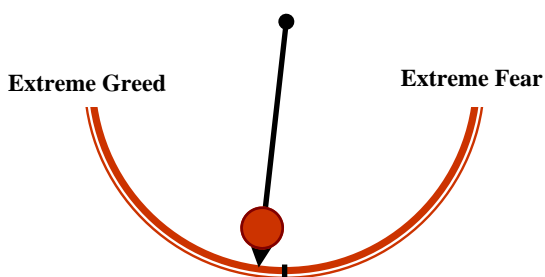
## SMART PORTFOLIO



### Attention, New Subscribers :

“Smart Portfolio” started on 30-05-01 with a notional sum of Rs 1 lacs has grown to ₹ 18.61 Lacs, versus ₹ 5.41 Lacs if it had been invested in BSE Sensitive Index. Those who wish to follow may buy all the stocks in proportion to weights assigned.

### SMART PENDULUM



<u>Index</u>	<u>Fair Value</u>	<u>Current Value</u>
BSE Sensitive Index	19,340	19800
NSE Nifty	5,794	5943

Stock	Qty.	Avg.Cost (Rs)	Cur.Pr. (Rs)	Tot. Amt. (Rs)	Wt. In Portfolio
3 M India	25	3218.00	3480.00	87000	4.67%
Action Construction	1300	60.73	48.40	62920	3.38%
Artson Engineering	800	64.04	56.95	45560	2.45%
Bank of Baroda	100	963.50	967.00	96700	5.20%
BGR Energy	50	474.75	536.95	26848	1.44%
Bharat Forge	200	181.86	362.75	72550	3.90%
Cummins India	100	773.85	704.95	70495	3.79%
Fortis Healthcare	400	160.52	162.70	65080	3.50%
Hercules Hoists	200	315.35	242.00	48400	2.60%
Hotel Leelaventure	1000	45.00	40.95	40950	2.20%
Hyderabad Industries	100	683.40	394.70	39470	2.12%
IRB Infrastructure	300	258.26	221.60	66480	3.57%
Jain Irrigation	375	235.96	186.00	69750	3.75%
Lakshmi Electr. Control	200	348.50	283.95	56790	3.05%
Larsen & Toubro	36	1639.70	1670.00	60120	3.23%
Madhucon Project	575	127.55	96.75	55631	2.99%
Mah. & Mah. Finance	125	324.00	797.00	99625	5.35%
Nahar Spinning	900	131.30	114.00	102600	5.51%
Orchid Chemicals	200	280.60	320.55	64110	3.44%
Philips Carbon Black	400	164.88	152.00	60800	3.27%
Reliance Industries	50	1015.72	1051.55	52578	2.82%
Sabero Organics	1000	74.79	51.35	51350	2.76%
Shriram Transport Fin.	75	599.65	816.00	61200	3.29%
Sunil Hitech	450	132.79	137.55	61898	3.33%
Varun Industries	200	211.30	201.00	40200	2.16%
YES Bank	300	168.79	314.85	94455	5.07%
Yuken India	300	303.65	279.00	83700	4.50%
Zylog Systems	150	556.07	430.50	64575	3.47%
Cash				59568	3.20%
<b>Total</b>				<b>1861402</b>	<b>100.00%</b>

### Smart Portfolio Changes

<u>Scrip</u>	<u>Action</u>	<u>Quantity</u>	<u>Cur. Price</u>	<u>Reason</u>
IRB Infra	Sell	200	221.60	Short term profit booking
BGR Energy	Sell	25	536.90	Short term profit booking

Note : 1. All the stocks advised for Buy/Sell are to be executed at ruling prices. A variation of +/- 3 % will hardly make any impact on portfolio.  
2. Buy/Sell advice is based purely on the valuation of the stock and has no bearing on past stock price behavior.

## MARKET MY BEAT

The stock indices recovered very sharply during last fortnight, much faster than anybody's' guess. Once again the movers were FIIs!

We continue to believe that the 'Fair Value' for Sensex and Nifty are 19,340 and 5794 respectively and hence we are not

making any change.

This rally provides a good opportunity for investors to book some short term profit, as we did in 'Smart Portfolio'. The last quarter results are pouring in and the picture shall be clear in 15 to 20 days. \*

For finer details about our products, services and offers, visit us at [www.smartverc.com](http://www.smartverc.com)

## Precision Pipes.....

(Continued from page 1)

countries like UK, Australia, New Zealand, France, Italy etc.  
The expected EPS of Rs 18 and CPS of Rs 30 are lowly discounted at current price.\*

*"If you want to have a better performance than the crowd, you must do things differently from the crowd."*

- Sir John Templeton

### **Don't follow FIIs and Mutual Funds blindly**

*You may be surprised to know that FIIs and Mutual Funds most of the time act in opposite directions. If FIIs are net buyers of equity, Mutual Funds will be net sellers and the other way.*

*Rightly so, neither FIIs nor Mutual Funds in aggregate have been able to perform better than broader stocks indices. Rather I would suggest investing in those companies which have the credentials of becoming a blue chip and FIIs and Mutual Funds have very small stake if any. Purchase the stock and wait patiently.*

*If you are right in your judgment then soon those big investors will start accumulating these stock and you have a multibagger in your kitty.*

### **Subscription Form**

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**Subscription rates valid till 30 th June. '11**

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