



## PICK OF THE WEEK

### Insecticides (India) Ltd

Having made a modest foray into Indian agriculture space in 2002, today Insecticides (India) Ltd is one of the premier names in crop protection industry. With

NSE Symbol	-	INSECTICID	more than 120 formulation products
BSE Ticker	-	532851	and 15 technical products, the company manufactures
BSE Group	-	B	all types of insecticides, weedicides, fungicides and PGRs (Plant Growth Regulators) for all types of crops & household.
BSE Index	-	S&P BSE SmallCap	It has international tie ups with Nissan Chemical Industries Ltd., Japan for products like Pul-
Face Value (Rs)	-	10/-	sor and Hakama and technical collaboration with
Book Value (Rs)	-	263	AMVAC, USA for products like Thimet and Nuvan.
Current Price (Rs)	-	609	
Target (Rs)	-	800	
Holding Time	-	9 months	
Stop Loss (Rs)	-	485	
Risk	-	Medium	
Stock Type	-	Growth	
Portfolio weightage allocation	-	4%	
Promoter Stake	-	68.75%	



Its tractor brand range of products like Lethal, Victor, Thimet, Monocil, Nuvan, Xplode, Hijack, Pulsor and Hakama are sought after brands in Indian farmer community.

The company has state of the art R&D facility in Joint venture with Japanese company OAT Agrio Co. Ltd. with an objective to invent new agro chemical molecules for India and global markets.

The company has 5 state-of-the-art ultra-modern formulation plants, 2 multi stream technical plants and

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### Standalone Financial results

	03/'14	03/'15	03/'16	03/'17	03/'18	12/'17*	12/'18*
Revenue	864.08	964.19	988.15	1,107.38	1,106.39	175.93	215.74
Other Income	0.45	0.44	0.56	0.55	3.24	-0.14	0.85
Interest	-26.91	-33.16	-25.88	-18.54	-15.92	-4.02	-3.60
Depreciation	-6.66	-14.17	-15.93	-15.96	-17.05	-4.14	-5.01
Tax	-8.71	-9.32	-10.59	-21.86	-34.12	-5.02	-7.31
Net Profit	39.94	54.85	39.29	58.14	83.97	9.65	16.89
Equity	12.68	12.68	20.67	20.67	20.67	20.67	20.67
EPS (Rs)	31.49	43.26	19.01	28.13	40.63	4.67	8.17
CEPS (Rs)	36.75	54.43	26.72	35.85	48.88	6.67	10.60
OPM (%)	9.52	11.56	9.28	8.67	12.21	10.69	13.54
NPM (%)	4.62	5.69	3.98	5.25	7.59	5.48	7.83
Dividend	30%	25%	20%	20%	20%	-	-

\* - 3 months,

Bonus 1:2 Apr. 2015

All EPS and CEPS calculated on current Face Value,

₹ crs

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## Results Review

All results are for the quarter ended 31 Dec 2019. Figures in parenthesis are for same quarter previous year.

All the companies have declared results except Bharat Forge, whose Board is meeting on 13 Feb 2019 to declare the results.

### GMM Pfaudler

Total Operating revenue up 33% at Rs 105 crores

Net profit zoomed 49% to Rs 11 crores

*"We are pleased to inform you that we have grown sequentially in the last 6 quarters now and continue with the same momentum in this quarter too. Strong order execution and robust inflow of orders along with focus on cost optimization led to strong performance. Demand across our business lines continues to remain strong resulting in a healthy backlog....We expect the strong growth momentum to continue going forward and are confident of meeting our growth targets."*

- Mr. Tarak Patel, Managing Director

### GNFC Ltd.

Sales: Rs 1219 crores (Rs 1590 crores)

Other Income: Rs 74 crores (Rs 33 crores)

Profit Before Tax: Rs 88 crores (Rs 370 crores)

Tax: – (minus) Rs 77 crores (Rs 143 crores)

Net Profit: Rs 165 crores (Rs 227 crores)

Sales were lower because during the current quarter, manufacturing facilities had undergone planned annual shutdown for the period of 27 days. For third quarter the company has written back excess tax provision of Rs 98.84 crores of earlier years, else profits would have been much lower. Employees' Provident Fund Trust of the Company is holding investments of Rs. 41 crore in debt securities of IL&FS Group. As a matter of prudence it has made a provision of Rs 10.25 Crore (25%) for the quarter.

### HCL Technologies

Results covered in previous issue

The company expects the IBM deal to close latest by

July 2019.

*"We are happy to announce an all-round solid Q3 performance. We have delivered strong revenue growth at 13% year on year in constant currency at stable 19.6% EBIT margin. It is heartening to note that our EBITDA has exceeded US\$ 2 bn milestone on run rate basis. Our Cash EPS on LTM basis stands at a robust ` 82.0 increasing 11.4% over previous year. We continue to post handsome Return on Equity (ROE) and Return on Invested Capital (ROIC) at 25.1% and 28.7% respectively, on LTM basis."*

- Prateek Aggarwal, CFO

### Hikal Limited

Revenue up by 17% to Rs 412 crores

Net Profit up by 26% to Rs 29.38 crores

Based on first nine month results for the current full year EPS should be about Rs 8 which is discounted by 18 times at current price.

### Indusind Bank

Income grew 22% to Rs 3757 crores, Net Profit went up by only 5% to Rs 985 crores. Net profit would have grown by 23% if we exclude the one off contingent provision of Rs 255 crores. GNPA stood at 1.13% (one of the lowest in the industry). For the full year 2018-19 we expect an EPS of about Rs 65 to Rs 70.

Bharat Financial Inclusion Limited (BFIL) to be merged into Indusind Bank Limited (IBL). IBL to issues shares to shareholders of BFIL as a consideration. Subsequently IBL to transfer the employees and operations into a wholly owned subsidiary. NCLT final order is awaited.

### KEC International

Decent results.

Revenue increased by 10.1% to Rs 2,646.6 crore from Rs 2,404.7 crore, while Net Profit increased marginally to Rs 112.4 crore against Rs 111.8 crore.

The Company has secured new orders of Rs. 2,105

(Continued on page 4)

## SMART BILLIONAIRE PICKS

Stock	Quantity	Cur. Price (Rs)	Investment (Rs)	Weightage	Sector	Risk
XXX	XXX	XXX	XXX	XXX	XXX	XXX
XXX	XXX	XXX	XXX	XXX	XXX	XXX

These are selected picks form 'Pick of the week'. This data is available live for subscribers in their dashboard area, alongwith the total structure in terms of stock market capitalization, stock type and sector diversification.

Changes in these picks, if any, are made only on Wednesday at 10 am.

On an average changes are made once in three weeks.

Total	56,30,919	100.00%
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"Smart Billionaire Picks" started on 30 May 2001 with a notional sum of Rs 1 lac has grown to Rs 56.30 lacs, versus Rs 9.90 Lacs if it had been invested in BSE Sensex. **In CAGR terms the aggregate of these picks has grown @25.57% during these 17.7 years.** If it continues to grow at this rate than the total value shall reach Rs 1 crore by 30th June 2021 !

### 'Smart Billionaire Picks' Changes

Scrip	In/ Out	Quantity	Current Price Rs	Rationale
xxx	Buy	xxx	xxx	Attractive valuations
xxx	Buy	xxx	xxx	Good story becoming better
xxx	Buy	xxx	xxx	Covered as Pick of the Week
xxx	Sell	xxx	xxx	Poor third quarter results

Note :

*These picks are only for demonstration purpose. It should not be construed as a solicitation to buy or sell any stock. Can be very useful for those who wish to learn how to diversify in terms of weightages, sectors, Groups etc, how to Add / Hold / Exit from stocks and respond to changing market conditions. Buy/Sell/Hold advice is based solely on the valuation of the stock, with no bearing on past price behavior.*

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## Smart Billionaire Picks - Results Review

crore during this period.

"We are happy with the consistent growth in our revenue. Our order intake in India continues to grow despite general headwinds in the country. We are particularly encouraged by the orders from PGCIL and BSPTCL. The order in Abu Dhabi along with the earlier orders in Dubai will enable us to further strengthen the Middle East portfolio in our order book."

- Mr. Vimal Kejriwal, MD & CEO

## L&T Finance Holdings

Total Income Rs 3516 crores (Rs 2594 crores), Net Profit Rs 580 crores (Rs 325 crores). Income from rural business jumped by 72%. ROE was impressive

at 18.34%. It has comfortable liquidity position. During Q3 it has raised funds of ~ Rs.29,800 crores .

For the full year 2018-19 EPS should be close to Rs 12 which is discounted by merely 12 times.

(To be continued)\*

Majority retail investors are looking for ways to survive, and there are investors (though very few) who are looking for stocks to thrive.

Strategy for aggressive investors during market crash

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## Insecticides (India)...

24 depots spread across the length and breadth of the country. Company's one of the major strength is the channel partners which include about 4800 distributors and 60000 dealers.

Its formulation plants are situated at Chopanki (Rajasthan), Samba (J&K), Udampur (J&K) and Dahej (Gujarat) and technical synthesis plants are at Chopanki (Rajasthan) and Dahej (Gujarat).

It has 4 R&D Centers, 60+ Scientists, 5 Patents, 22+ Patents pending and 59+ new processes developed. Last year exports accounted for 4% of Sales, but for the first nine months of current year exports jumped 77% to Rs 49 crores.

The company has reported encouraging results for the first nine months of the current year. It is likely to end the current year with an EPS of Rs 50 to Rs 52. Current price discounts these earnings by 12 times which is very attractive. Stock deserves a PE of at

least 16 even on conservative basis.

During 2015-16 it rewarded shareholders with 1:2 bonus shares, also it is a regular Dividend paying company. Equity capital is pretty low compared to Sales at 53. Reserves are very healthy at 25 times Equity and one can expect bonus in a year or so. Interest outgo is declining steadily. Promoter holding is high at 69%, while MFs, FPIs, and FIs hold another 15% stake. Stock was advised at similar price levels on 26 Apr'17 which achieved the target of Rs 800 much earlier than the holding period of 18 months and went to high of Rs 943 on 6 Oct 2017.

"...Management team remains fully committed to drive growth through new innovative products, simultaneously phasing out generic products, increasing customer engagement and ongoing geographic expansion. With a clear strategic direction, we look forward to delivering a sustainable growth and enhanced profitability in the coming years."

- Mr. Rajesh Aggarwal, Managing Director,  
(edited Excerpts)\*

Any 'hold' advice appearing in this newsletter, is as good as a 'buy' recommendation for fresh investors.

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\*All the stock rates / indices on the day of publication, unless specified. \*'Stop Loss' is useful for short / medium term investors only \*Disclaimer-Smart-VERC will not be responsible/liable for any loss arising out of investments based on its advices including any inadvertent errors/omissions. Recommendations in this advice letter not to be construed as an offer to buy or sell securities. Stock price movements are subject to market risk. \*Past performance may or may not be sustained in future \* Published and Printed by Smart VERC Reg.No.: C/544833, Bhopal \*All disputes subject to the Bhopal jurisdiction only. \* Risk (High / Average / Low) indicated is with respect to broad indices like BSE Sensitive index and NSE Nifty 50 index.

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## Past Recommendations Review

- Unless mentioned, all results comparison is on year-on-year basis
- If the stock achieves 'Target' or hits 'Stop Loss' then no further reviews shall be made.
- If the 'Holding Period' is near to completion then we may extend the Holding Period depending on the stock valuations and share price. If 'Holding Period' is not extended then investors may sell the share or act as per their own knowledge and proper due diligence.
- Investors are advised to sincerely look for the parameters like 'Perceived Risk', 'Weightage' provided with every stock analysis before buying any stock.
- Ensure that single sector in your portfolio occupies not more than 15% weightage.

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Advice Date	Advice Price*	High Post advice	Target / Stop Loss	Target Date	Curr. Price	Download issue	Last Review
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Target achieved

Gain of 31%.

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This data for last 15 months is available to all subscribers in their dashboard area alongwith the PDF copy of each report on 'Pick of the Week'

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\* Adjusted for Bonus, Splits if any

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Disclosures Recommendations given in this report have been researched and prepared by A K Asnani (SEBI Reg. - INH000000420). He has experience of 30 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA (Finance), ERA (ICFAI, Hyderabad) and pursuing PhD.

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