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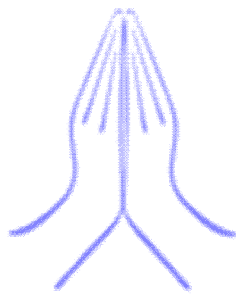


# *Diwali Picks* 2019

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HAPPY DIWALI!

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Discount Code	Discount Type	Validity	Uses
<b>SMART15</b>	15% discount on entire order amount	19 to 23 Oct 19	Can be used 1 time by a single user
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- *If an existing subscriber subscribes to already subscribed product, then subscription will be extended by one year from the existing expiry date.*

*For example, if you are subscribed to say 'Smart Gains' whose subscription expires on 20 Jan 2020. If you avail this discount and subscribe for 1 year, then your subscription will be extended till 20 Jan 2021*

- *The discount coupon is to be applied on our Payment Getaway CC Avenue Page, same has to be applied just before the payment.*



We help investors fulfill their dreams  
with sound Equity Investment Advice



An individual gives his best when he pursues his passion.



NSE Symbol	-	GOKEX
BSE Ticker	-	532630
BSE Group	-	B
BSE Index	-	S&P BSE SmallCap
Face Value (Rs)	-	5
Book Value (Rs)	-	55.94
Cur. Price(Rs)	-	86
Target (Rs)	-	120
Holding Time	-	9 months
Stop Loss (Rs)	-	70
Risk perceived	-	Medium
Stock Category	-	Growth
Rec. weightage	-	3%
Promoter Stake	-	32.93%

## About

The company manufactures apparels independently as well as for leading global brands.

It is a USD 200 million company with 23 factories and 13,000+ machines with 25,000 direct employees.

The Company is engaged in the manufacture of a wide range of apparel including outerwear, sportswear, casual wear and formal wear for women, men and children.

## Product

It produces 30 million garments in a year and exports to more than 30 countries mainly to USA, Latin America, Europe, Middle East and India.

It serves brands like Adidas, Nike, Lee, Reebok, GAP, Diesel, H&M, SPRIT, etc. Clientele include Clientele includes names

(Continued on page 5)

## Financial Highlights (Standalone)

	03/'15	03/'16	03/'17	03/'18	03/'19	06/'18*	06/'19*
Revenue	1,070.12	1,122.70	914.61	1,026.26	1,173.37	284.91	341.26
Other Income	14.70	20.38	13.11	46.88	21.59	2.77	9.63
Interest	-46.83	-31.58	-36.36	-37.42	-32.90	-9.06	-8.90
Depreciation	-29.92	-20.46	-17.22	-15.99	-19.19	-3.79	-12.62
Tax	--	9.59	-3.16	--	0.63	--	--
Net Profit	34.36	60.67	-49.98	-28.75	25.63	4.06	35.64
Equity	17.30	17.40	17.46	17.48	21.41	21.38	21.41
EPS	9.96	17.48	-14.32	-8.23	6.09	1.01	8.32
OPM %	10.38	9.19	-3.24	-1.24	3.77	2.75	14.14
NPM %	3.21	5.40	-5.46	-2.80	2.18	1.42	10.44
Dividend %	Nil	Nil	Nil	Nil	Nil	-	-

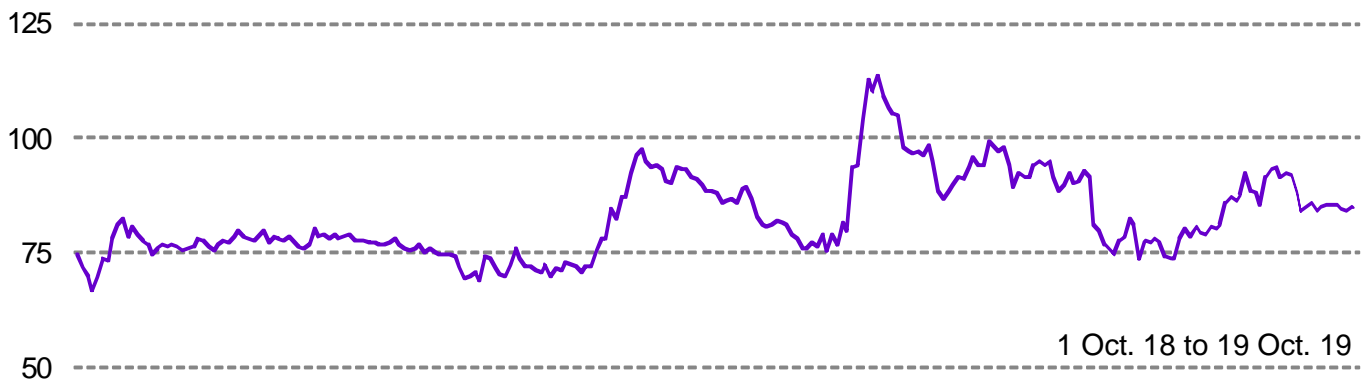
\* - Three months

Rs in Crores

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like Adidas, All Saints, American Eagle, Arvind Brands, Benetton, Columbia, Diese, Decathlon, Guess, Marks and Spencer, Macy's, Old Navy, Puma.

Brands and Clients are a testimony to the quality of management and products.

### Fundamentals

Promoter hold stake of 32.93%, Mutual Funds 4.07%, FPIs 10.32% and Bodies Corporate 10.86%

Key highlights for the year ended 31 Mar 2019 - On 11% increase in Total income to Rs1196 crores, Operating profits multiplied 3 times and profits at net level made a sharp turnaround to Rs 25.58 crores as against a heavy loss of Rs 31 crores in the previous year.

Notably Gross Debt got reduced by Rs 90 crores.

Company spent Rs 59 crores on capacity expansion and modernisation

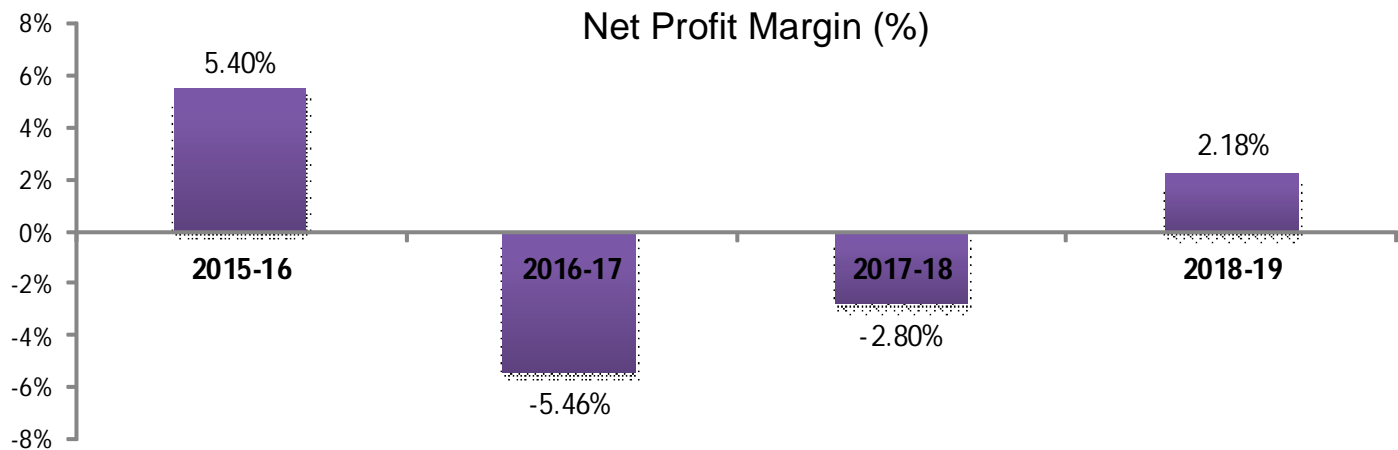
### Story

Sharp turnaround in operations are attributed to change of Management in 2017, when Black-stone sold its about 40% stake @ Rs 42 per share.

New management concentrated on all parameters which can improve profitability like time required to stitch unit shirt, expansion, modernization, reduction in working capital requirement, reduction in Debt

Last year it raised Rs 69.37 crores by placing 77.08 lac shares @ 90 / share to qualified Institutional buyers. In the first quarter it sold a property for Rs 26 crores.

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## Valuation

Most of the critical parameters are indicating strengthening fundamentals and bright future ahead. Interest charges are declining at a very fast pace, rising Depreciation charges, rising Revenues though moderate, steep turnaround in profits.

Market Capitalisation is mere Rs 365 crores compared to Sales of ~ Rs 1200 crores. Liquidity is average. Book Value is pretty strong at Rs 56. On the flip side it has not paid any Dividend since 2008, due to bleeding bottom-line. In July 2019 ICRA revised the long term rating for the Rs 575 crore Line of Credit from (ICRA)BBB- (Outlook Stable) to (ICRA) BBB (Outlook Positive) and the short term rating from (ICRA) A3 to (ICRA) A3+.

At current price stock is available at a PE of 14 on EPS of Rs 6 for 2018-19.

First quarter results include several exceptional items. For the current year we expect an EPS of Rs 10. Considering the strong turnaround, a PE of 12 would be reasonable. Thus we expect share price to reach around 120 levels in 9 months. We recommend a weightage of not more than 3% in portfolio.

*“..The turn-around in profitability of company in FY19 was achieved due to company’s focus on strengthening customer relationship, operational excellence, and cost effective capacity expansion. The company is confident of sustained growth in revenues and profitability going forward given a good demand environment and strong competitive position of the company....”*

- Annual Report 2018-19 ✱



Our success is attributed to  
finding the stock Worth correctly.



Stock Price follows its Worth in long term. ALWAYS!



# Hind Rectifiers



NSE Symbol	-	HIRECT
BSE Ticker	-	504036
BSE Group	-	B
BSE Index	-	-
Face Value (Rs)	-	2.00
Book Value (Rs)	-	47.17
Cur. Price(Rs)	-	165
Target (Rs)	-	220
Holding Time	-	6 months
Stop Loss (Rs)	-	135
Risk perceived	-	Medium
Stock Category	-	Growth
Rec. weightage	-	3%
Promoter Stake	-	42.20%

## About

Hind Rectifiers Limited, commonly known as 'Hirect', was founded in 1958, in collaboration with Westinghouse, Brake & Signal, U.K. Hirect.

The company is engaged in developing, designing and manufacturing power electronics and power conversion devices.

The Company's main manufacturing facility is located at Bhandup, Mumbai while it also has manufacturing facilities at Nashik, Maharashtra and Dehradun, Uttarakhand.

## Products

Rectifiers, Transformers, Inverters, Converters, Semi-Conductors, Controllers and power supply system for Electro Static Precipitators. Products find application in Railways, Power, Telecommunication, IT, Metals, etc

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## Financial Highlights (Standalone)

	03/'15	03/'16	03/'17	03/'18	03/'19	06/'18*	06/'19*
Revenue	93.97	93.94	111.34	127.06	255.14	43.28	68.35
Other Income	0.37	0.61	0.60	0.49	0.62	0.09	0.04
Interest	-2.35	-3.28	-5.04	-5.95	-7.00	-1.71	-1.41
Depreciation	-1.47	-1.58	-2.00	-2.31	-2.72	-0.67	-0.97
Tax	2.35	0.67	2.57	-0.70	-4.86	-0.51	-2.14
Net Profit	-3.57	-1.51	-6.82	1.32	11.79	1.32	5.20
Equity	3.01	3.01	3.01	3.31	3.31	3.31	3.31
EPS	-2.37	-1.00	-4.53	0.84	7.12	0.82	3.14
OPM %	-2.23	2.84	-6.64	3.40	7.59	5.80	12.17
NPM %	-3.80	-1.61	-6.12	1.03	4.62	3.06	7.61
Dividend %	Nil	Nil	Nil	Nil	20.00	-	-

\* - Three months

Rs in Crores

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## Fundamentals

Exceptional Items for the year 2018-19 include Profit on sale of Unit II of Dehradun Plant of Rs. 96.80 Lacs and Loss on insurance claim of Rs. 51.75 lacs. Interest charges as % of Sales fell significantly. Returned to Dividend list after a gap of 5 years with 20% Dividend.

Company has very strong Reserves at 23 times Equity. Considering the small equity, reasonably bright future, it may reward shareholders with liberal bonus shares. Last bonus was paid way back in 2008 in 1:1 ratio. The company may opt for even stock split to enhance liquidity which can attract big investors and increase the valuations. Currently the liquidity is not very high. Investors are advised not to buy more than 500 shares.

Interestingly, various Bajaj family members hold stake in this company though in small proportions varying from Rahul Kumar Bajaj 2.37% to Madhur Bajaj 1.08%.

## Story

During 2018-19 it clocked order book of Rs 300 crores and during the first quarter the company bagged orders worth Rs 88.05 crores. To streamline its operations it has hived off its Dehradun plant II.

*“....We have now switched gears to high speed acceleration and we will continue to build on this velocity as we keep serving our customers with Perfectly Engineered Power Conversion Systems”*

- Mr. S K Nevatia, CMD (Edited excerpts)

## Valuations

Last year Sales recorded 100% jump. Assuming a moderate Sales growth of 35% and net profit growth of 50% for the current (first quarter Sales up 50% plus and Net profit up more than 100%), we expect EPS of about Rs 11 this year. With a modest PE of 20, the stock price has potential to reach about Rs 220 levels. ✱



Controlling emotions is an art;  
we mastered it from a strong conviction



We identified and advised **Bajaj Finance** on 27 May 2011 at **Rs 62** (*adjusted for Bonus and Split*) in 'Smart Multibaggers' and subsequently in all our services. We are yet to give any sell advise.



NSE Symbol	-	GMMPFAUDLR
BSE Ticker	-	505255
BSE Group	-	B
BSE Index	-	S&P BSE Small Cap
Face Value (Rs)	-	2.00
Book Value (Rs)	-	148.94
Cur. Price(Rs)	-	1421
Target (Rs)	-	1750
Holding Time	-	9 months
Stop Loss (Rs)	-	1250
Risk perceived	-	Medium
Stock Category	-	Growth
Rec. weightage	-	4%
Promoter Stake	-	75%

## About

GMM Pfaudler Limited was incorporated in the year 1962 as Gujarat Machinery Manufacturers Private Limited. Listed on the Bombay Stock Exchange in 1963.

In 1987, Pfaudler Inc., USA subscribed to 40% equity of the Company to form a joint venture.

Pfaudler Inc. further increased their stake to 51% in 1999 and the name of the Company was changed to GMM Pfaudler Limited.

GMM Pfaudler Limited (GMMP) is a leading supplier of process equipment to the pharmaceutical and chemical industries.

## Products

It is the market leader and has more than five decades' experience in manufacturing Glass lined Equipment.

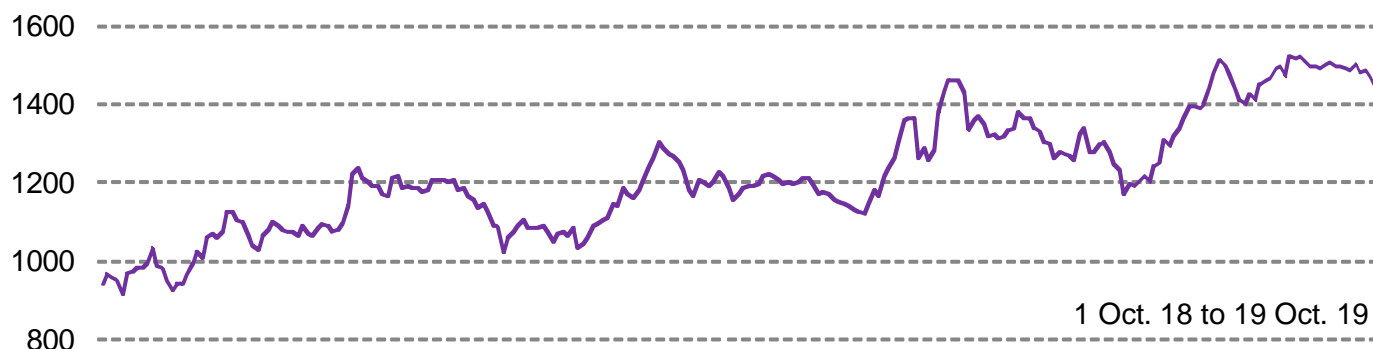
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## Financial Highlights (Standalone)

	03/'15	03/'16	03/'17	03/'18	03/'19	06/'18*	06/'19*
Revenue	224.01	229.60	266.31	317.67	418.70	93.21	130.25
Other Income	3.35	3.24	7.78	7.04	7.24	1.31	1.20
Interest	-0.52	-0.69	-0.90	-1.03	-1.17	-0.17	-0.60
Depreciation	-8.09	-6.74	-7.38	-8.31	-10.37	-2.54	-4.07
Tax	-8.90	-9.45	-12.32	-15.52	-20.64	-4.77	-5.80
Net Profit	17.20	18.36	28.22	28.38	40.64	9.09	14.66
Equity	2.92	2.92	2.92	2.92	2.92	2.92	2.92
EPS	11.78	12.58	19.33	19.44	27.84	6.23	10.04
OPM %	15.49	15.34	18.00	16.43	17.11	17.6	18.83
NPM %	7.68	8.00	10.60	8.93	9.70	9.76	11.26
Dividend %	150%	150%	200%	200%	225%	-	-

\* - Three months

Rs in Crores



(Continued from page 11)

Over the years GMM P has diversified its product portfolio to include Mixing Systems, Filtration & Drying Equipment, Engineered Systems and Heavy Engineering Equipment and is today a one stop shop for the chemical process industry.

GMM Pfaudler has been accredited by ASME for the manufacture and repair of pressure vessels under 'U' Stamp, 'U2' Stamp and 'R' Stamp, by TUV Nord for the manufacture of pressure vessels under CE 0045 (PED 2014/68/EU, Module H/H1) and AD 2000-Merkblatt HP0.

The company has also been approved by Special Equipment Licensing Office (SELO) for the supply of pressure vessels to the People's Republic of China and by Korean Gas Safety Corporation (KGS) for the supply of pressure vessels to the Republic of Korea.

Being a Part of Pfaudler Inc., a global leader in glass lined equipment manufacturing, it enjoys strong parentage.

## Fundamentals

Pfaudler Inc. holds 50.44% stake in the company which in turn is wholly owned subsidiary of Pfaudler Holding S.a.r.l Luxembourg, which in turn is owned by Deutsche Beteiligungs AG, and its Fund VI, a PE, listed in German Stock Exchanges

The key industries it serves are Pharmaceutical, Agrochemical and Speciality Chemical. Agro and Specialty account for about 60% of total revenue. Pharma accounted for 30% revenue.

Company has acquired the Industrial Mixing Solutions Division (IMSD) of Sudarshan Chemical Industries Ltd., Pune. Significant cost synergies are expected due to economies of scale, value engineering and by leveraging the strengths of both the companies.

*"We are pleased to announce the acquisition of Industrial Mixing Solutions Division from Sudarshan Chemical Industries Ltd. With this acquisition we will create a business vertical that will have*  
(Continued on page 13)

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*a greater focus in the industrial mixing space and will provide our customers with innovative mixing technologies which will help them improve efficiencies and reduce costs.....We believe that this acquisition is a strategic fit and will reinforce our strategy of growing profitably and creating long term value for our shareholders.”*

- Mr. Tarak Patel, Managing Director

## Valuation

The Company has a long standing track record of consistent dividends.

It is a total Debt free company from many years and as on 31 Mar 2019 it had cash and Investments of Rs 122 crores.

RoE at 18.8% is pretty attractive.

On a tiny equity of Rs 2.92 crores the Sales to Equity ratio stands tall at 143 times!

EPS has grown at a strong CAGR of 31% during last three years.

Last year it posted EPS of Rs 34.6 on consolidated basis. Considering the strong order book and consolidated annualised first quarter EPS of Rs 48.4, we are confident of the company closing the year with an EPS of Rs 50. A reasonable PE of 35 would suffice the share price to cross Rs 1750 levels when the company declares full year results in May-June 2019. Despite low Equity and 75% held by Promoters the stock is regularly trade at NSE and BSE with total average volumes of about 10,000 shares / day.

The company Board is meeting on 7 Nov 2019 to consider second quarter results.

Stock was advised in Smart Gains first time on 5 Feb 2014 at Rs 94 (became 15 bagger in 5 years) and on 31 Aug 2016 at 347 (became 4 bagger in 3 years).

*“The improvements are quite significant. We started off the year with the very strong quarter which puts us in a very strong position to continue our growth story. As you know, a lot of the growth has come from the Agrochemicals and Specialty Chemicals sector....*

*the starting backlog at the beginning of this year was about 50% higher than previous year. We are in a good position when it comes to order book as well. We have visibility for the next two quarters... ”*

- Call Transcript, 19 Aug 2019

(All excerpts are edited) ✱



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- ✓ Assess your risk profile. [Risk Profile](#).
- ✓ Rate of return required to meet your financial objective. [Investment Calculator](#).
- ✓ Valuable tool for your financial planning. [Retirement Calculator](#).

## Safe and Smooth Experience

- ✓ OTP enabled login for more safety & security.
- ✓ Website with trusted SSL certificate.
- ✓ Mobile responsive website as smooth as an App.



# Product Highlights

- ✓ It is the Philosophy which makes the key difference.  
[Investment Philosophy.](#)
- ✓ Range of products well suited to meet varying risk-return profiles, different investment horizons and stocks specific to managing basket of stocks.  
[Product comparison.](#)
- ✓ All advices supported with research report. Be better informed and more confident.
- ✓ In case you subscribe to Smart Gains or Smart Multibaggers then you have access to Past Issues for 15 months and 24 months respectively
- ✓ Regular reviews for past advices.
- ✓ Structure of 'Smart Billionaire Picks' / 'Smart Freedom Stocks' / 'Smart SIP' at a glance in terms of Market Capitalisation, stock category (Growth vs Value), and the Sector





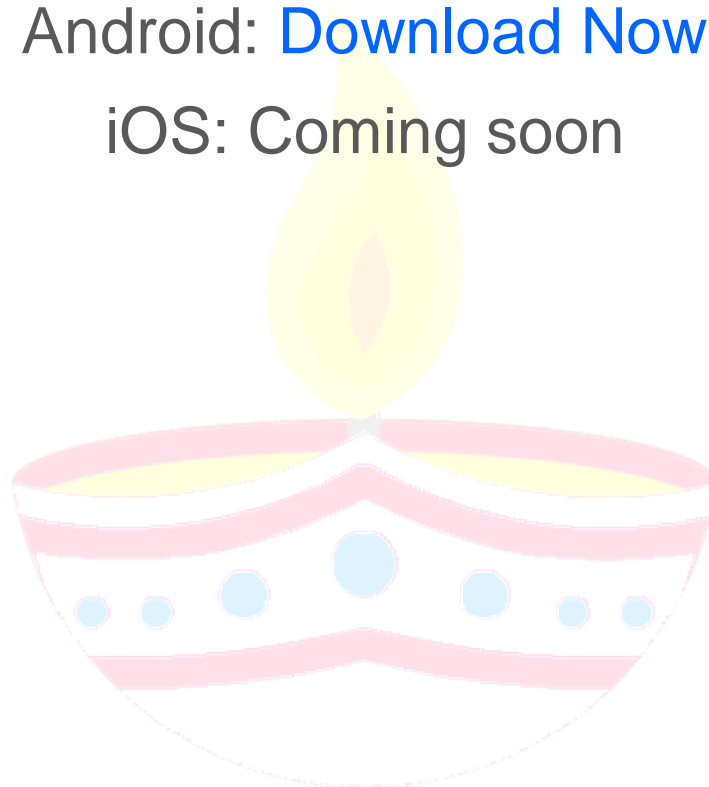
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Disclosures Recommendations given in this report have been researched and prepared by A K Asnani (SEBI Reg. - INH000000420). He has experience of 30 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA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

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