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MARKET COMMENTARY

Infosys yet again pleasantly surprised the markets by giving better than expected numbers for the third quarter and that expectedly re-invigorated the whole IT sector. But this failed to provide any fillip to the market momentum. The better than expected IIP figures too were discounted by the markets as strong IIP numbers raised the fears that RBI might act soon to withdraw excess liquidity from the system. Banking and Realty stocks were the worst affected. Metals too were amongst the top losers as traders rushed to book profits. Major losers for the day were Idea, MTNL, IB Real, SCI, Renuka, DLF, Praj, IFCI, Rcom, Tata Steel, HDIL, Petronet, SAIL and Sterlite. Gainers list was crowded with IT counters as stocks like TCS, Wipro, HCL Tech and Mphasis. Others included M&M, Crompton, Dish TV, DCHL and Bajaj Auto.

Nifty slipped below 5230 and has opened up lower targets of around 5160-70. In fact the whole band between 5130 and 5160 provides a lot of support as the market had earlier spent a lot of time around this band. As of now it seems that market is likely to find support around 5150-60. IT stocks have reversed directions and heavyweights like TCS and Wipro have almost all the losses they had incurred during past 5-7 sessions. New highs are likely in Wipro, TCS and HCL Tech. Other IT stocks like Rolta, OFSS and Mphasis too could move higher. The other strong sector that has seen some correction is Auto and here also some reversal of immediate trend is likely. Tata Motors, M&M and Bajaj Auto could seek higher levels.

Nifty support around 5160-70 and then around 5125 while resistance is likely around 5260-70.

The problem is that extraordinary performance comes only from correct non-consensus forecasts, but non-consensus forecasts are hard to make, hard to make correctly and hard to act on. - Howard Marks

EQUI QUICKPICK

LOW RISK / LOW RETURN

NOTE : IN CASES WHERE CASH LEVELS ARE GIVEN, BUY/SELL FUTURES WHEN THE CASH PRICE CROSSES THE BUY ABOVE/SELL BELOW LEVEL IN CASH

<i>SCRIP</i>	<i>STRATEGY</i>	<i>STOP LOSS</i>	<i>TARGET</i>	<i>HOLDING PERIOD</i>
REL CAPITAL CASH	SELL BELOW Rs.881	890	874/869	1-2 DAYS
TATA MOTORS CASH	SELL BELOW Rs.780	790	770/766	1-2 DAYS
TCS CASH	BUY ABOVE Rs.754	743	768/775	2-3 DAYS
WIPRO CASH	BUY ABOVE Rs.700	688	710/717	2-3 DAYS
JINDAL DRILLING	BUY ABOVE Rs.599	-	610/620	2-3 DAYS

STOCKWATCH

LOW RISK / MEDIUM RETURN

KSCL (Rs.261.25) : This seed company from Hyderabad is on the radar of several mutual fund managers. It is now on the verge of a big technical breakout. Buying is advised above Rs.274 or on declines to Rs.255 for a target of Rs.288 and Rs.310. Higher target of Rs.321-324 can also be expected. The target of the investment would be around 15-20 trading sessions.

INVESTMENT PICK

LOW RISK / HIGH RETURN

PRECISION PIPES

Present Price – Rs.91.45

Projected Price – Rs.135-140

Precision Pipes and Profiles Co. Ltd. (PPAP) is engaged in the business of manufacturing automobile sealing systems and exterior products. In addition, it also manufactures PVC based customized profiles for white goods and other industries. It has five manufacturing facilities located in New Delhi and Noida.

The company has formed a Joint Venture with Japanese Company Tokai Kogyo Ltd. since last 15 years for supplying auto components in India & abroad. Thus, company enjoys competitive advantage over peers in providing quality products.

The company boasts of an impressive clientele base both in the automotive and white goods industry. The company has always delivered quality products to its clients, which indeed helped them to retain them over years.

PPAP is a tier I supplier to automotive OEMs and its major clients include Maruti Suzuki, Toyota, Honda and General Motors (GM), among others. The company is a 100% supplier to Toyota, GM and Honda and >80% supplier to Maruti. Its clients in the white goods industry include Godrej, Voltas, Videocon and Carrier Refrigerators.

PPAP is an OEM for the automobile industry and is a leading manufacturer of high quality automotive sealing systems and exterior products in India. The company is also the largest OEM supplier of Rigid PVC Extrusions to all the Refrigerator and Visi-Cooler (Commercial Refrigerators) manufacturers in India.

In addition the company also caters to the furniture, electrical, building and construction industry, while the auto business division of the company contributed around 92% of the company revenues, with white goods division, electrical and construction division contributed the remaining 8%.

The company manufactures sealing systems for vehicles which are useful in preventing dust, water, noise, etc. It also manufactures injection molding products, weather strips, trim door openings, windshield moulding, roof moulding, quarter window seal, A-pillar garnish, C-pillar garnish etc. In the exterior product segments the company manufactures skirt air dampner, body side moulding and other products while PPAP produces various products in its injection moulding space for the car's interiors.

The company also manufactures white goods for both the domestic as well as commercial refrigerator industry. PPAP manufactures decorative shelf trims, bottle

supports, extruded door handles, egg shelf trims, mullion profiles, door profiles, door sash, thermal breaker strips, glass support profiles, jointer strips, tube light covers, channels, chest freezer frames, sliding lids, extruded handles for lids and doors, breakers & trims for air handling units, sealing gaskets etc.

The company came out with an IPO at a price of Rs.140 in Dec 2007 and the current price is an excellent opportunity to buy the share well below its issue price after two years of its IPO.

The company has an Equity Capital of Rs.14 cr and the Book Value of the company stands at Rs.100. The company reported sales of Rs.127.5 cr in FY09 and had a Net Profit of Rs.11.5 cr. Last paid dividend was 20%. We expect the company to grow by over 30% for the next three years.

On the technical front, the stock will witness an explosive breakout once it crosses the level of Rs.106. Buying is advised at current levels and more exposure can be taken once it crosses the level of Rs.106 for a target of Rs.140. The time frame for this trade would be around 2-3 months. Long term investors with a one year plus time frame can expect even higher targets.

Note: In case of any problem in receiving NEWSLETTER, kindly contact Mr Devesh Chauhan at 9350171231

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