

Team of Professionals

Experts' Knowledge

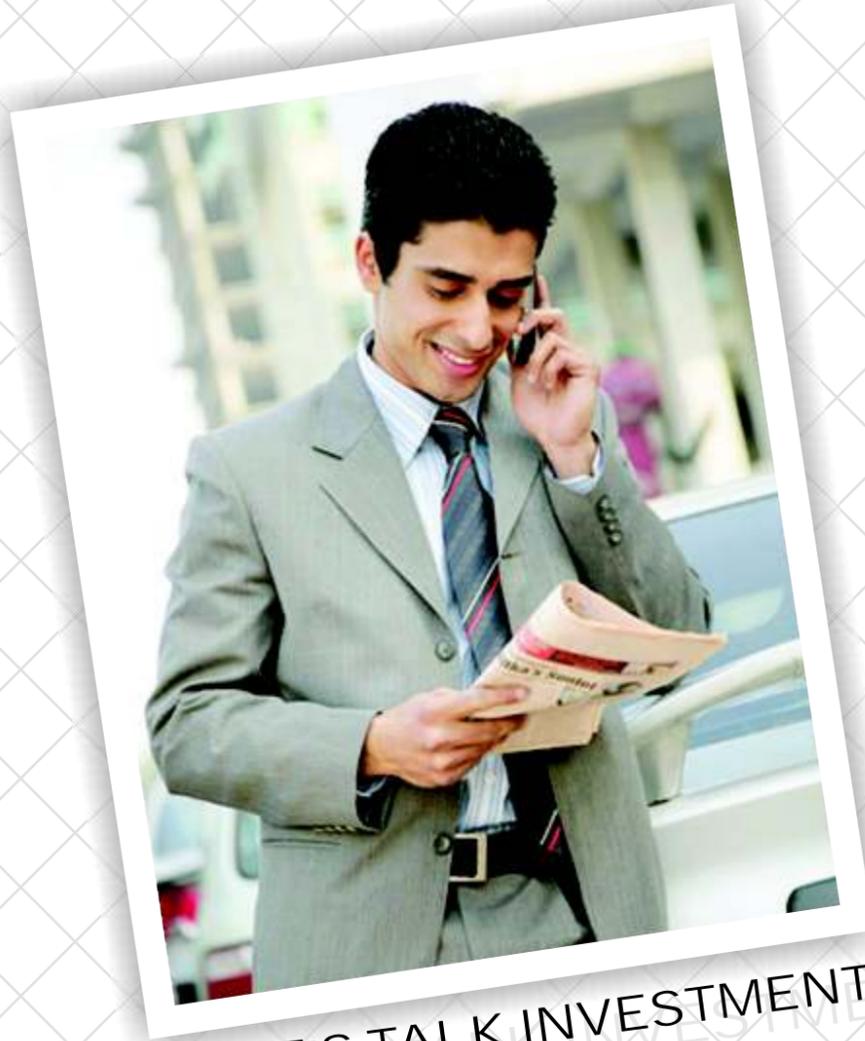
Mix of Securities

Portion of Your Savings

A Skillful Application



Wealth Management Services



LET'S TALK INVESTMENT...

VISION - 2012



Speciality Product For Logical Investors

Introduction

SPFL Securities Limited (SPFL) was promoted by well known media house 'Dainik Jagran' Group in 1995, primarily for acquiring membership of National Stock Exchange of India Ltd. Later in 2008 it also acquired the membership of Bombay Stock Exchange. SPFL spread its wings and expanded its business with the collaboration of franchises in the cities of Allahabad, Lucknow, Varanasi, Surat, Bareilly, Gorakhpur, Noida and other major cities of U.P. as well as in metropolitan towns of New Delhi, Mumbai & Kolkata.

In June, 1998, SPFL acquired the membership of National Securities Depository Limited (NSDL) and became a Depository Participant (DP ID No. IN 300556) with a view to provide one stop solution to its clients. At present, DP Division is serving more than 25,000 clients.

The current boom in Equity Market and lower returns in Debt Instruments, Bank deposits etc. has resulted into expansion of Equity Market with manifold increase in Market Capitalization. SPFL felt the need to service its clients with in-house research. With this idea, a research wing was set up at SPFL to carry out fundamental and technical research of Equities and in-depth study of Mutual Fund Scheme. This has yielded very good results and clients persuaded for Fund Management by way of Portfolio Management Services. This is how, the Portfolio Management division has come into existence. SPFL has got the Certificate for PMS activities with effect from 16th January, 2006.

Wealth Management Services

SPFL offers a bouquet of Financial Products and services, that aims to enhance the Wealth of Investors, some of the Services are as under:

- Advisory Services- Stock Recommendations
- Portfolio Management Service
- Mutual Fund Investment Advisory
- Tax Saving Investments
- Fixed Return Investment Proposal

SPFL (Research Division) : Strategy and Services

On the basis of past records it has been confirmed that in a developing economy like India, equity has given and will give best return over long term. We manage equity investment under PMS scheme or give direct advice to clients who can take final decision and action themselves.

Due to changing condition of economy and market, investment strategies are also reviewed and changed regularly but we concentrate mainly on following aspects :

1. Money/ Risk Management: Based on market condition and valuation we decide allocation of funds to equity and debt and timing of exit and entry.
2. Economy/Sector : We analyze the status of economy and specific sectors for selection of companies.
3. Valuation : Most important criteria for investment in individual stock is whether stock is available at cheap or fair valuation. On the basis of detailed financial analysis of historical balance sheet data and expected future performance we select a company. On valuation criteria investment can be only for medium to long term i.e. at least for 2-3 years and we cannot provide any service for short term which is

normal expectation of clients and also a prevalent practice in stock market.

4. Trade/ Investment : We try to meet expectation of clients by following the strategy of buy and hold and also trade in part holding to generate some regular return.
5. Equity Allocation : Normally we invest 30% funds in large cap sensex /Nifty stocks and balance 70% in mid/small cap stocks which are either undervalued or have substantial growth prospects.

Overview

The last 18 months have been nothing less than historic for everyone associated with the stock markets. Historic in the sense that such type of fall and rise has never been witnessed in the past 30 years of Indian Stock Market. The Sensex fell from 21200 in January, 08 to 7600 in October, 08, a fall of 64% which is highest ever and at the same time it has raised from 8000 in March, 09 to 15000 currently, a gain of nearly 80% in 2 months.

All this emphasizes the point that there is only one truth that stock prices go up and down always and when they go up for too long then they come down while when they go down for too long then they rise.

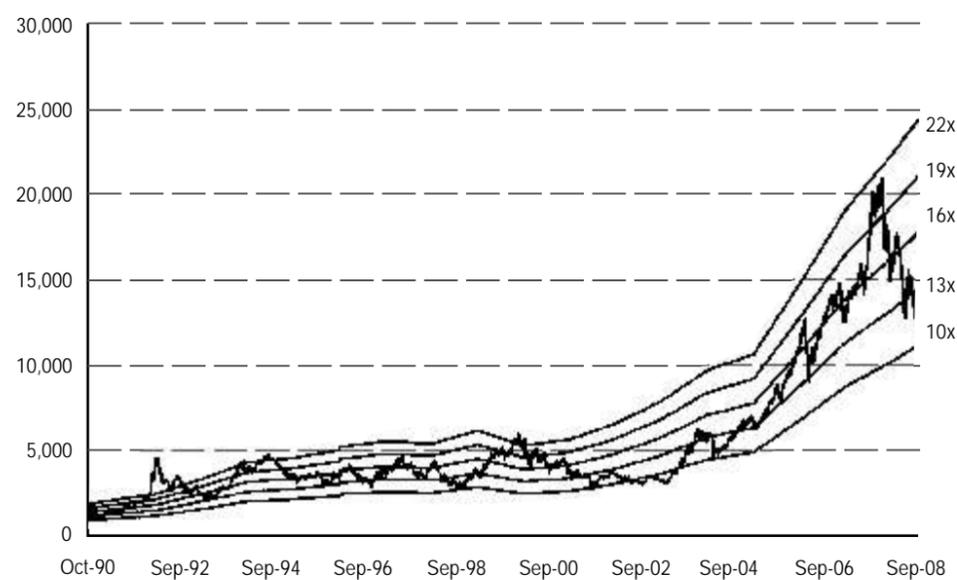
We through this booklet are trying to put forward the theory that over a long term say 7-10 years or more, equity is the best asset class and there have been numerous bull and bear markets in the past so nothing is permanent, neither the rise nor the fall.

With the formation of a stable government in the centre, the prospects of economy look good for the next 5 years and hence we have identified some stocks which hold value over long term and should be accumulated from hereon in order to reap substantial gains.

SENSEX PE Chart

The chart below depicts the historical valuations at which Sensex traded during the past 18 years. The top black line indicates a high PE (Price to earnings) of 22 while the bottom black line indicates a low PE of 10. As we can see that barring 1992 when Harshad mehta was at helm of affairs the index has maintained its peak valuation at 22 times its one year forward earnings. Moreover in case of downfall barring this time it has never traded at less than 10 times its forward earnings. At present we are around 14 times forward earnings which is slightly in between of its highest & lowest valuations.

BSE- Sensex 12-Month Forward PE Band Chart



INDIAN STOCK MARKET

History

Bombay Stock Exchange is the oldest stock exchange in Asia with a rich heritage, now spanning three centuries in its 133 years of existence. What is now popularly known as BSE was established as "The Native Share & Stock Brokers' Association" in 1875.

The BSE Index, SENSEX, is India's first stock market index that enjoys an iconic stature, and is tracked worldwide. It is an index of 30 stocks representing 12 major sectors. The SENSEX is constructed on a 'free-float' methodology, and is sensitive to market sentiments and market realities. Free-float market capitalization takes into consideration only those shares issued by the company that are readily available for trading in the market. It generally excludes promoters' holding, government holding, strategic holding and other locked-in shares that will not come to the market for trading in the normal course. The base period of SENSEX is 1978-79 and the base value is 100 index points. This is often indicated by the notation 1978-79=100. During market hours, prices of the index scrips, at which latest trades are executed, are used by the trading system to calculate SENSEX every 15 seconds.

National Stock Exchange (NSE)

With the liberalization of the Indian economy, it was found inevitable to lift the Indian stock market trading system on par with the international standards. On the basis of the recommendations of high powered Pherwani Committee, the National Stock Exchange was incorporated in 1992 by IDBI, ICICI, IFCI, all Insurance Corporations, selected commercial banks and others.

The Index of NSE is represented by S&P CNX Nifty. S&P CNX Nifty is a well diversified 50 stock index accounting for 21 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. While the Sensex is calculated on a Free Float methodology the Nifty is calculated on total Market Capitalisation although it is proposed that Nifty shall also be shifted to free float shortly.

Sr. No.	Phase	Start Date	Value	End Date	Value	% Gain/Loss	Time Period	SUMMARY
1	Bull	April,88	397	Oct,90	1602	303.5	30 Months	
2	Bear	Oct,90	1602	Feb,91	983	-38.6	5 Months	
3	Bull	Feb,91	983	April,92	4546	362.5	15 Months	Avg. Bull phase Gain %
4	Bear	April,92	4546	July,93	1980	-56.4	16 Months	284.7
5	Bull	July,93	1980	Sept,94	4643	134.5	16 Months	Avg. Bull phase period
6	Bear	Sept,94	4643	Dec,96	2713	-41.6	28 Months	27 Months
7	Bull	Dec,96	2713	Aug,97	4605	69.7	9 Months	
8	Bear	Aug,97	4605	Dec,98	2790	-39.4	17 Months	
9	Bull	Dec,98	2790	Feb,00	6150	120.4	15 Months	Avg. Bear phase Loss %
10	Bear	Feb,00	6150	Sept,01	2594	-57.8	20 Months	-49.4
11	Bull	Sept,01	2594	Jan,08	21200	717.3	75 Months*	Avg. Bear phase period
12	Bear	Jan,08	21200	March,09	8000	-62.3	15 Months	17 Months

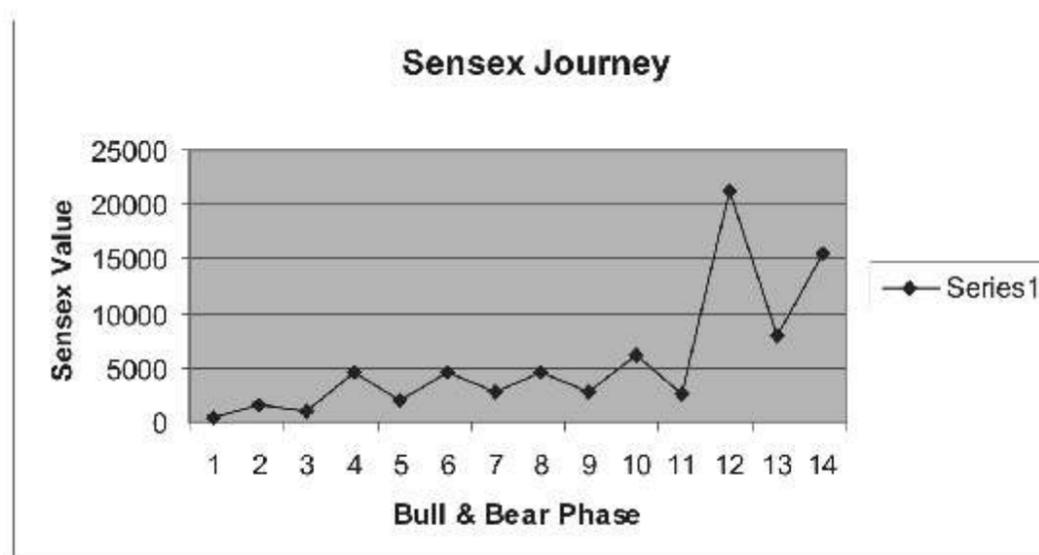
* 75 months of bull run is further divided into phases which are listed below:

Sr. No.	Phase	Start Date	Value	End Date	Value	% Gain/Loss	Time Period
1	Bull	Sept, 01	2594	Feb, 02	3758	44.9	6 Months
2	Bear	Feb, 02	3758	April, 03	2904	-22.7	15 Months
3	Bull	April, 03	2904	Jan, 04	6250	115.2	10 Months
4	Bear	Jan, 04	6250	May, 04	4227	-32.4	5 Months
5	Bull	May, 04	4227	May, 06	12671	199.8	24 Months
6	Bear	May, 06	12671	June, 06	8799	-30.6	2 Months
7	Bull	June, 06	8799	Jan, 08	21207	141.0	20 Months
8	Bear	Jan, 08	21207	March, 09	8000	-62.3	15 Months

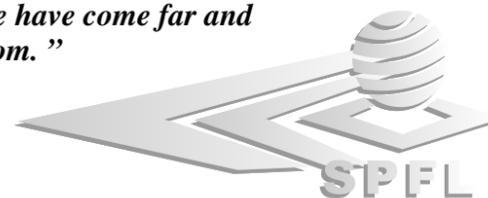
CONCLUSION

The average bear phase lasts for 17 months while the average loss in Index comes at 49.4% & on both counts this bear phase seems to be getting over as we it spent 15 months & went down 62% from peak. The average bull phase gain comes at 284% & if we assume that the bear phase has ended & a new bull market is going to start then it should take the index anywhere in the range of 25000-30000 in next 3-4 years & will be a handsome gain even from current level of 13500.

The journey of Sensex over past 18 years has been shown in the graph below & as illustrated by the table above one can clearly see that over longer term the market has followed the pattern of higher tops & higher bottoms. Hence it proves the age old saying that equity rules over all asset classes in long term & this has been statistically proved on next page.



*“no power on earth can stop an idea whose time has come”...
“and the emergence of India is one such idea. We have come far and
this idea...is now an accepted axiom.”*



Equity Markets - Long Term Investment

It is a common saying that over a long period of time Equity is the best asset class to invest. We have tried to check this fact in terms of Sensex returns over different periods of time, in different circumstances & at different levels. Surprisingly in more than 95% of cases a long term investor scores heavily over risk free return & even in the remaining 5% cases he would stand to gain in case his investment horizon increases.

Sensex returns during different time periods

Year	Sensex	Current Sensex	Period(Yr)	CAGR(%)
1979	100	13500	29	18.4
1983	237	13500	25	17.6
1988	583	13500	20	17.0
1993	2200	13500	15	12.9
1998	3250	13500	10	15.3
2003	3607	13500	5	30.2

As we can all see that while the Sensex has given a CAGR of 18.3% over a period of 30 years but even in the short term its minimum return has been 12.9% which is above the rate of return offered by banks.

Sensex Returns during different Phases

5 Yr Phase	Sensex		CAGR (%)
	Base Period	End Period	
1979-83	100	237	18.8
1983-88	237	583	19.7
1988-93	583	2200	30.4
1993-98	2200	3250	8.1
1998-2003	3250	3607	2.1
2003-09	3607	13500	30.2

In case we take 5 year periods which everybody agrees is minimum requirement for long term then also the returns have been phenomenal & only during 1998-2003 period the return dipped to 2.1% but in case one stood invested then the next 5 years gave a CAGR of 30%. Hence we can say that the market compensates for any loss incurred during a period if an investor has the patience to stay invested.

Sensex Returns on Investment at Peak

Year	Peak	Current Sensex	Period (Yr)	CAGR(%)	Peak Sensex	CAGR(%)
1990	1602	13500	18	12.6	21200	15.4
1992	4546	13500	16	7.0	21200	10.1
1994	4643	13500	14	7.9	21200	11.5
1997	4605	13500	11	10.3	21200	14.9
2000	6150	13500	9	9.1	21200	14.7

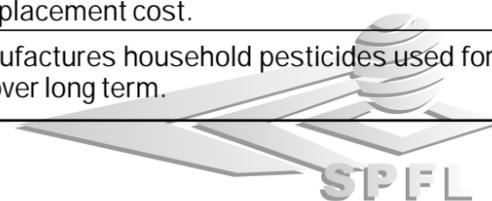
Thus you can see that even if one has invested at the peak of bull markets even then at current Sensex level he is earning a minimum CAGR of 7% which is respectable. Moreover if we were to consider the return from peak to peak then the minimum CAGR comes at 10.1% and please note that all these returns are Tax Free while interest on Bank deposits is taxable.



COMPANIES HAVING VALUE OVER LONG TERM

We have selected good companies at reasonable / undervaluation primarily mid-caps. Investment is to be done in a phased manner (30/40% buying at present level while further buying on dips) & in the same way profit booking shall be done. Market has run up 25-30% from support levels & it is expected that market will remain in a trading range of 13000 to 16000 level in next 3-4 months. There is no major change in fundamentals of economy except political stability & henceforth buying should be done only at dips. We had selected stocks in April based on substantial undervaluation of good companies. Stocks have risen by 50-100% in one month but still well below from peak & even at current rate will give good return in one year. In addition to following stocks our research division has identified approx 200 fundamental good companies for investment based on undervaluation criteria in growth / undervalued sectors eg. Infra/construction, sugar, oil exploration, paper, engineering , textile, mining etc.

Sr. No.	Name	INVESTMENT RATIONALE
1	3M India	It is a MNC with hitech industrial & consumer products & has no competition in majority of its products.
2	AIA Engineering	It is one of a kind company specializing in design, development, manufacture, installation and servicing of high chromium wear, corrosion and heat resistant parts used in cement mining and thermal power generation industry.
3	Ballarpur Inds	India's premier company in the paper sector with extremely good growth prospects available at reasonable valuations
4	Bartronics	It is engaged in manufacture of smart cards catering to a vast range of sectors & has a huge demand to fulfill in coming years.
5	BEML	The only company in India who caters to the demand for coaches in Metro rail & is expected to have good growth over next few years.
6	BL Kashyap	It is present in the construction sector & is expected to be a big beneficiary on account of Infrastructure spending by Government.
7	CCCL	A south based construction company having a host of prestigious projects catering mainly to demand from private sector.
8	Country Club	It caters to demand from domestic tourism & is sitting on huge pile of cash to fund its expansion. It could be a multi-bagger in making post correction.
9	EMCO	India is a power deficit country & it is in an excellent company engaged in manufacture of transformers to fully exploit this opportunity.
10	Everest Kanto	Engaged in manufacture of CNG cylinders, it should grow at a very good pace over next few years owing to huge demand for its product.
11	Finolex Cable	It is a 50 year old company with consistent dividend in last 20 years available at compelling valuations.
12	Gitanjali Gems	A very good bet on lifestyle sector as growing demand among urban people for branded jewellery should benefit it immensely
13	GMDC	It is present in the mining sector which has entry barrier due to Government regulations & therefore is a very good bet on India growth story.
14	Greenply Inds	A consistent growth company manufacturing plyboards catering to the demands from construction sector available at cheap valuations.
15	Indian Hotel	It is a 100 year old company having presence in all major cities at best possible locations available at less than half its replacement cost.
16	Insecticides India	Apart from agriculture sector it also manufactures household pesticides used for pest control & holds immense potential over long term.



17	Jubilant	It is involved in manufacturing of chemicals primarily for pharma sector & is available at cheap valuations compared to its historical valuations.
18	L&T	It is India's flagship company in construction sector & is going to be a big beneficiary of increased infrastructure spending.
19	Laxmi Vilas Bank	A small bank having good business & expected to benefit in case there is consolidation in the banking sector as it is a good acquisition target.
20	Madhucon Projects	It is present in the construction sector & is expected to be a big beneficiary on account of Infrastructure spending by Government.
21	MRF	It manufactures tyres & has a stable business with growth coming from both new customers as well as replacement demand from old customers.
22	NIIT	There is huge opportunity in the Education sector & it is very well poised to take advantage of this growth due to strong brand presence across India.
23	Opto Circuits	It has grown over the years through acquisitions & is expected to continue its growth on strong demand for its product which is Medical equipments.
24	Pratibha Inds	It is present in the construction sector & is expected to be a big beneficiary on account of Infrastructure spending by Government.
25	Punj Lloyd	It is again a blue chip in construction space & is available at cheap valuations due to this correction in the market.
26	Savita Chemicals	It is a good defensive bet on Industrial sector as it caters to their demand for different variety of industrial oils.
27	Simplex Infra	It is present in the construction sector & is expected to be a big beneficiary on account of Infrastructure spending by Government.
28	Taj GVK	It has completed its expansion without any borrowing & its earnings are expected to increase substantially over next few years.
29	Indage Vintners	It is the largest wine producer in India & is expected to benefit from the growth in this sector in coming years.
30	Tanla Solutions	It is an IT company developing softwares primarily for mobile companies to enable them in offering value added services.
31	Mercator Lines	It deals in shipping as well as manufacture of rigs & is well poised to take advantage of growth in oil & gas sector.
32	Vakrangee Software	It is a domestic IT company primarily doing work for election commission of India by helping them in preparing electoral rolls.
33	Sintex	It is engaged in manufacture of water tanks as well as low cost roofing & has shown very good consistency in the past in its performance.
34	NB Venture	It is a diversified company engaged in sugar, power & ferro alloys & is available at reasonable valuations.
35	Jain Irrigation	It caters to the agriculture sector & due to Government's excessive focus on this sector is a very good company for investment.
36	ICSA	It develops software for power companies in order to reduce their transmission losses & has good potential over long term.
37	LMW	It has virtual monopoly in India in manufacturing of textile machinery & is a very safe bet after the current correction in stock prices.
38	BATA	It is a 75 year old footwear company having recall value among lower middle class alongwith significant assets in the form of real estate.
39	Zicom Security	It is an upcoming company providing security systems for homes & other establishments & holds immense potential for the future.
40	Venus Remedies	It is a small pharma company growing at over 50% over last 5 years available at reasonable valuations even currently.

Brief Synopsis of Recommended Companies

Sr. No.	Co_Name	Book Value	CMP (25.5.09)	P/E	52 Wk Low	All time high	Tarket Price
1	3M India	309	1224	27	780	2500	1600
2	AIA Engg	56	215	11	102	364	330
3	B.L.Kashyap	195	344	6	86	2300	800
4	Ballarpur Inds	23	24	6	13	90	35
5	Bartronics India	111	127	5	55	295	210
6	Bata	40	146	16	76	328	220
7	BEML Ltd	410	734	14	280	1850	1200
8	C C C L	137	223	12	105	1220	600
9	Country Club (I)	77	21	2	7	222	55
10	EMCO	64	89	9	26	318	130
11	Everest Kanto	39	179	13	84	385	300
12	Finolex Cables	42	36	9	17	134	65
13	G M D C	33	88	12	25	317	125
14	Gitanjali Gems	210	115	7	33	480	240
15	Greenply Inds.	86	99	4	40	420	160
16	ICSA (India)	125	176	5	48	649	300
17	Indage Vintners	192	81	7	39	981	350
18	Indian Hotels	28	62	13	34	164	100
19	Insecticides	65	54	4	26	127	90
20	Jain Irrigation	134	552	33	229	770	750
21	Jubilant Organ.	91	174	9	85	391	240
22	Lak. Mach. Works	681	856	10	415	4250	1500
23	Lak. Vilas Bank	85	85	13	52	195	135
24	Larsen & Toubro	163	1255	30	557	2335	1600
25	Madhucon Project	146	133	10	42	870	250
26	Mercator Lines	47	56	4	21	185	85
27	MRF	2643	3094	23	1501	8956	4800
28	Nava Bharat Vent	105	263	4	91	352	350
29	NIIT	22	47	12	14	507	85
30	Opto Circuits(I)	21	151	13	70	342	220
31	Pratibha Inds	135	145	6	47	470	230
32	Punj Lloyd	86	175	17	67	589	350
33	Savita Chemicals	171	171	5	99	420	240
34	Simplex Infra	148	359	14	102	774	490
35	Sintex Inds.	119	204	8	70	615	340
36	TajGVK Hotels	43	76	9	35	344	150
37	Tanla Solutions	64	80	4	21	410	200
38	Vakrangee Soft.	127	50	2	19	620	130
39	Venus Remedies	160	250	5	143	622	350
40	Zicom Security	77	99	6	40	272	150

Mutual Fund Management

Mutual funds have generated a lot of wealth over the years for long term investors. However they do not generate exit calls for their investors which if generated would erode fund's corpus & might also create havoc in the market. Normally investment in Mutual Funds is done through following routes:

- Monthly SIP
- Lumpsum Investment

An individual's investment into MF is usually guided by the availability of surplus funds & necessity of investment for tax purposes when infact the timing of investment is most important. People generally adopt a "Buy & Hold" strategy while investing which is not wrong but as you know market never goes one way, it moves forward, stops, retraces & then again marches forward.

Our Strategy : We on the basis of various indicators, will generate exit calls at higher levels for our investors & will give a corresponding buy call at a lower level in order to maximize the returns. This would enable the investor to buy more units than he has sold & in turn make him wealthier in comparison to his strategy of simply holding.

We offer two schemes to our investors in this regard:

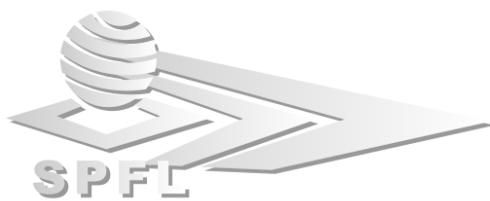
- Super SIP
- Wealth Multiplier

In order to reap the benefits of this scheme, investor is suggested to stay invested for minimum 3 years.

Important Note :

- We are at no point saying that we will sell at peaks & buy at bottoms.
- In the past 12 years there were 15 buy & 15 sell signals which means approximately 1 buy & 1 sell signal per year.

"Life is all about timing... the unreachable becomes reachable,
the unavailable become available, the unattainable... attainable. Have the patience,
wait it out It's all about timing."



Super SIP

The scheme is for people who invest regularly in mutual funds via SIP route or for those who are planning to start a SIP.

Our Strategy : We will allocate your monthly SIP equally into equity & liquid funds. This SIP will be continued irrespective of our indicators & market conditions. As & when our signal is generated we will switch the entire funds in equity to liquid in case of a sell signal & from liquid to equity in case of a buy signal.

Advantage : Higher returns due to entry & exit of major amount at appropriate levels.

Case Study : We have made a comparative study of our scheme with normal strategy based on past data & our indicators the details of which are as follows:

Particulars	Normal SIP	Super SIP
Inception Date	1-Jan-1998	1-Jan-1998
Monthly Investment	Rs. 10000	Rs. 10000
Instrument	Sensex	Sensex
Equity (Sensex)	100% (Rs. 10000)	50% (Rs. 5000)
Liquid Fund	Nil	50% (Rs. 5000)
Months Elapsed	133	133
Investment Till Date	Rs. 13,30,000	Rs. 13,30,000

Comparative Return

Strategy	Cost	End Value	Profit	Profit%
Normal SIP	1,330,000	24,32,000	11,02,000	97.5
Super SIP	1,330,000	67,21,000	53,91,000	405

- Entry load @ 2% is accounted for in both cases.

Wealth Multiplier

The scheme is meant for people who either have a lumpsum investment in mutual funds or for those who are planning to do the same.

Our Strategy : We will handle your portfolio of mutual funds. As & when there is an exit signal will be generated we will switch entire investment to liquid scheme. Re-entry into equity scheme will be done again on generation of a buy signal.

Advantage

- Better Returns due to selling at higher levels & buying at lower levels
- "Profit Protection" which means that in case market is undergoing a heavy correction & you are in need of funds, then your returns won't be much affected which otherwise would have been wiped off. Your funds were already parked in a liquid fund at a much higher index level.

Case Study : We have made a comparative study of our strategy vis a vis generally accepted Buy & Hold Strategy based on past data & our indicators, the details are as follows :

Particulars	Buy & Hold	Wealth Multiplier
Inception Date	1-Jan-1998	1-Jan-1998
Investment Amount	Rs. 100000	Rs. 100000
Instrument	Sensex	Sensex
Investment horizon	12 years	12 years

Comparative Return

Strategy	Date	Investment	End Value	Return	% Return
Buy & Hold	1-Jan-98	100,000	257,000	157,000	157
Wealth Multiplier	1-Jan-98	100,000	10,60,000	960,000	960

- The value includes interest & is net of entry load @ 2%. Exit load is assumed to be NIL.





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Speciality Product For Logical Investors

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