

Editorial
Vol -1, No-I, 22 April 23, 7 pages

After 1100 points rally there has to be 200 points correction and INFOSYS became the scapegoat. But for us it is buying opportunity even in INFOSYS AND our world micro caps.

Infosys will recover as guidance seems given intentionally on bad note. We know for sure Infosys is under control of some strong hand and guidance comes as they want. This we have been seeing from 2003 so there is no surprise. In reality they will beat the nos.

Our best pics industry wise are as under

Integra ENGG and RVNL in Railways we will ignore all other railway stocks on various counts

In Housing we have ALPINE and TRIVENI in big PURVANKARA and DLF others we exclude

In metals we have METAL COATING RR METALS JAY NECO and AANCHAL in large TISCO SAIL NMDC rest we ignore

In AUTO we have only AKAR in ANC and TAMO in main rest we ignore

In Chemicals we have VIPUL and CAMLINE

In Banks we have INDUS SBI and Bank of Maharashtra

In Packaging we have RDB Rasayan

In FMCG we have M K EXIM

In INFRA we have ARTEFACT

In Large IT we have TCS INFY and small IT we have INSPIRISYS

Change of the week

	22-April-23	Rise /Gain
Sensex	59655	763 ↓
Nifty	17624	200 ↓

Net Investments (` Cr)

	FII	DII
17-April-2023	422.0	269.6
18-April-2023	(552.0)	401.6
19-April-2023	169.5	(110.4)
20-April-2023	(967.5)	832.7
21-April-2023	(2116)	1632.6
	(3144)	3024

Turnover (` Cr)

	FII	DII	Combined
22-Apr-23	83,974	57664	1,41,638

22-Apr-23	Advances	Declines	Ratio
BSE	1477	1985	0.74

SUBEX could be now on radar as RIL and RKD representation seen increasing bets from 3 % to 6% check SHP. Stock is close to bottom and hence one can now add more with risk.

SEPC rights should be ignored and can be bought big QTY from markets. Rights was token planned move so that banks do not subscribe and promoter raise stake.

HCC could be another big bet. Even Nagarjuna Fertilisers could be on bet. SITI Network could be another one.

So in penny stocks we will have SEPC, HCC, AANCHAL and RR hence we exclude and avoid YES and SUZLON which are risky bets.

In power we have TATA POWER, BHEL and GTV ENGG

In Food we have SUNIL AGRO and GTV ENGG

From these you can see have a balanced view on large caps and micro caps we have selected stocks on merit and avoided over owned stocks which can fall rapidly.

Market is settled. Very soon we should see blast as we are trading at 17 PE. Infosys fall will get adjusted by banks and if bank falls will get adjusted by metals. So avoid this FPI game.

I am in favour of adding micro caps only. Stocks we discussed yesterday. Why would GLOBAL hit 2 upper circuits after steel fall..? Why would co announce Rs 170 crs operational loss when it is one time loss ? Can you get one PSV at Rs 60 crs the current market cap ? You have to decide your thinking though there is no change in my view. Rise and fall is factor of demand and supply which at times is manipulated.

AKAR will be my next biggest BET though street is not accepting it as of now but how long..? We have given link of video yesterday. See from your eye what is AKAR all about and decide can you get a co at Rs 75 crs? If you select your bets on assets basis chances of going wrong is very less.

5 Top Gainers			
Stock	21-04-2023	17-04-2022	% Gain
MIRZA INTER	60.4	33.7	79.2
DISH TV	15.6	13.4	16.6
RAYMONDLTD	1493.9	1308	14.1
BOROSIL RENE	499.1	441	13.1
SINDHU TRADE	21.0	18.7	12.5

5 Top Losers			
Stock	21-04-2023	17-04-2022	% Loss
BCG	11.9	15.4	22.5
EKI ENERGY	436.2	512.7	14.9
OPTIEMUS INFRA	173.1	199	12.9
GRM OVER SEAS	170	195	12.8
AAVAS FININ	1584	1793	11.66

Top 5 Picks By CNI 'A' Group
Company
RELIANCE IND
SBI
TATA STEEL
BAJAJ AUTO
TATA MOTORS

Top 5 Picks By CNI 'B' Group
Company
ARTEFACT
MK EXIM
DREAM FOLKS
BF UTILITIES
SUBEX

Q1 GDP of china was 4.5% which was highest after it came out of pandemic. This is good for metals. We tweeted first thing in the morning. And Tisco SAIL up. I think selling in Tisco over as per fpi tracking which means Tisco will cross 120 soon. And on results it should be another TATA Motors. Which other metals you need add you can decide as you have maturity to decide now by and large.

SUNIL AGRO we told you at 125 that it has become bottom. Now 180 and last resistance is at Rs 180. With stock at 20% cct limit chances of crossing 212 is very bright.

Now please go through very carefully what I say..

There is no drinking water in CAPETOWN they are importing the same.

There is no food in EUROPE particularly wheat derivatives and they are unable to import from Russia and India too have restrictions. Afgan imported 10000 tons wheat from India.

SUNIL AGRO is mainly into wheat derivatives but management on record has said entered in millets.

There are few global MNC announced to acquire food companies in INDIA due to food shortage globally and this is because they can export from India and mint money. Which are these MNC you can do due diligence. But to our knowledge ITC is one. Now look at their clientele.

"The Company's clients include worth naming corporate clients like Britannia Industries Limited, MTR Foods Limited, Nilgiris, Good Bread Limited, SPV Foods, Polykorp, Nestle, Mondelez. Big Drum, Maiyas, Sweet Chariot, Koshy's Bakery, Taj Group of Hotels and other Bakeries, Confectioneries and many big, small wholesale customers."

Thus such a great food co with 3 lac tons capacity in RAVA a part of 2000 crs BRINDAVAN Gr Company from Bangalore (flagship co) is trading at just 55 crs market cap? Unofficially some source has indicated a fair price for valuation is Rs 480 per shares.

Some companies cannot be valued on earnings, EPS and PE. E g Jet airways. Another PVR and many more. Thus what is important to know the assets value?

Now on charts. This stock has shown classical break out. Last resistance is Rs 212 being 52 week high. There was volumes of 45000 shares Last time and today it is 25000 shares. Most of the selling got absorbed. It seems the one who had bought at 207 45000 shares have made complete exit as counter is not showing more selling today. At the same time some strong hands who have made killing in ITC have entered.

Let me repeat the WAR effect will remain for years. We will have to live with inflation. There is no chance of recession. Global economies will remain under pressure for food. Metal will become necessity like Food. Hence last 6 months I have been telling you METAL and FOOD are my favorite sector. We should buy stock when no one is looking at. Hence SUNIL AGRO and GTV fits in my stock selection criteria. The day is not too far when I will have a opportunity to remind you like PRAVAGE at Rs 500 600 because even at Rs 600 it could be Rs 180 crs market cap which could be still cheaper.

No one even dare to talk about INTEGRA ENGG though when it fell to 53 tons of queries were directed at me. Another example of market manipulation is GLOBAL OFFSHORE. Stock crashed from 40 to 20 in no time as if this co does not exist and tons of queries were again shoot at me. I have not changed my mind as I knew the fall was engineered to create artificial market and see now the same stock is up 40% from low of 20 to 28 and ready to cross earlier highs also. With 4 vessels the valuation is halved but math is not changed. Please go through globaloffshore.nl to see the quality of assets and find out their rates on your own.

ALPINE kya KAHENE...? When someone Bangalore stands in IPL stand and says that I am not getting 2 BHK flat says all for Bangalore. I do not have anything to add and wait and watch for the action in this counter.

GTV cmp 270 though counter has enough strength. We should wait for exit at Rs 700 plus and stock now at 20% cct can hit upper any time. Now as compared to any other stock in A gr I will prefer this sleeping beauty of FOOD POWER and ENGG. You have seen how DUNCAN ENGG moved. It is another ELEPHANT.

Only trader invest in trigger where as Shrewd Investor always invest on value. I consider you all SHREWD investor.

We gave buy in BHARATI below 400 and CLSA and others stepped to upgrade at 700. We gave buy in ITC at 210 and today CLSA upgraded ITC by 15% upward target. Mind It ITC will cross 4 digit for sure.

Thus we follow our conviction and give buy call. We are long in TAMO from 64 levels and long even at 471 levels and we maintain our target of Rs 750. You will see all coming and giving buy at Rs 750.

We believe a fair story in SUNIL GTV ALPINE AKAR and these stocks will become super stocks. You should always see equity to revenue and revenue to market cap to assess the company valuations. IF revenue is not there profits will not come. AKAR with 400 crs revenue and 43% CAGR growth can be 1000 crs co in less than 2 years from now. Means a 1000 crs co you are buying at 75 crs. Must switch any other co which is trading at 1000 2000 crs and buy 10x QTY of AKAR is my personal view. Rest is your call.

SUNIL AGRO doing 150 crs biz with just 3 crs EQUITY is super. Even we go with 1 time revenue valuation then also co should be valued at Rs 150 crs though I believe 180 crs is fair value. Cmc is Rs 55 crs rest you decide where can you go wrong. DUNCAN now trading at 380 and will cross 700 800 easily. That time you will realize what was I saying. Bloc enquiry from HNI suggest that SUNIL will be 700 800 post deal easily.

Kilburn Engg once CNI find at Rs 30 now Rs 95 trading at 350 crs market cap likely to see 700 800 crs soon with revenue of Rs 122 crs. Duncan with Revenue of just 64 crs is valued at 140 crs whereas my new favorite GTV ENGG with revenue of Rs 120 crs only in ENGG alone is valued at just Rs 84 crs which gives clear idea of undervalued this stock is. I would never go by the share price. If they do stock split tomorrow you will be happy to buy at Rs 28 in tons. This is stock split is used to fool retail investors. Food and Power are have different matrix. I am writing this because I want those who have GTV should hold and add in every dip. Rs 215 is now bottom for the stock even if Nifty corrects 2000 points. Whereas once it cross Rs 415 it will be new ORBIT. My targets are intact.

TATA MOTORS is my best pick in F and O and in A gr. Will repeat discussion once it cross 750.

From penny stocks it is worth focusing on AANCHAL TRIVENI and RR instead of YES R POWER and SUZLON as they will always give pain. 5 mn shareholders in YES who will bail them out..? No co with these kind of fundamentals will have a great run unless co profits rise many times or new promoter checks in. Unless SBI exit question of new promoter does not arise. It is wasting time and energy. AANCHAL with RUNTATA connection at Rs 12 is close to face value and with low volume. When volume rise stock price will also rise. RR sheet plant is getting in order once done the value will be visible. Triveni will shoot after Q4 nos.

Global Offshore where all were worried whens tock crashed to 20 is now upper cct at 31. Watch Q4 nos. Why the hell someone bought out United Insurance. In India you know how deal happens. IDI UTI and Now UNITED all fall in this category. Pay some money and you get desired bloc. Those who know insiders can add and those are worried rather sell and held the buyer. Apart from GLOBAL recovery I have seen recovery in ARTEFACT where KOTAK holding was sold which was again a BUY from numero uno as we could see any addition in shareholding.

This is typical pattern where fall of stock us understood as end of future whereas I believe the exit of stumbling bloc could be beginning of the stock. Now if ARTEACT cross 80 90 100 who will sell..? There is bog holding to see such selling. This was done knowingly as the one who bought from KOTAK by disturbing screen made many retail investors exit. And trust me if stock cross 75 every one will exit taking sigh of relief and stock will be 250 easily. This is how stock market function. But for me no change in conviction. I repeat I would be if I get this co at cmc. See the quote below to understand what I want to convey.

KRSNAA we gave buy at 370 and today it is 526 now you will get N no of buy reports on this co. Pallavi Jain is on record to have 1000 plus diagnostic centers which is massive. I see stock rising now. In any case KITARA is sitting inside though took away 800 crs in IPO. Same was with PAYTM we gave at 470 and stock nearly raced to 800.

Bottom-line is that oyu must add value stocks which are bottom up. If you buy high valued stocks reading reports of big brokers 99% chance is that you will get trapped. CNI is not broker hence no vested interest in stock recommendation. Brokers do for brokerage. They do it for Institutions but since you follow you get trapped. Difference is that INSTI hold for 2 years and you want returns in 2 days

Special feature

My sixth sense reminds me that every once in a while, the market has to shake out the grocery clerks. It was grocery clerks then, hedge funds now, but they act the same way and panic when the **market's down**. But instead of selling when the **market's down**, *it's time to buy things cheaply*. And when the market is up, it's time to think about selling. Human beings tend to go the other way. That's why having great conviction is what called a fair '*central value*' for each current and prospective investment is so important. The optimal time to purchase securities is during periods of **market collapse** when Mr Market indiscriminately offers discounts on great and poor businesses alike. Unfortunately, it's during these same periods that fear tends to cause an investor's confidence to fall just as quickly as their portfolio value. Luckily, for the astute investor, the *simple prescription is knowledge*. The more knowledge an individual has about a situation and the drivers causing it, the more confident they will be in their derived conclusions. Conducting months of research certainly makes it much easier to have conviction in an idea – especially when the **world is seemingly going off the hinges**. At the same time though borrowing knowledge is good concept acting on borrowed conviction is bad concept.

I remember, post 2021 Sept fall, I had mentioned that we should stay away from large caps especially, Pharma, FMCG, OIL, IT and Banks which were over owned by FPI. Though banks have performed well offsetting losses of other four, by and large, most of the investors are bleeding in last 18 months. This is equally true for Mutual funds and overseas investors. US investors have lost on average 27% till date. This was not a rocket science. It was based fairly on the ownership pattern of FPI. Since 72% holding was concentrated in these five segment, the selling had to come in these three segments only. Metals and AUTO have outperformed over the same period as the ownership in these two sectors is well below 4% causing no big threat of damage.

At the same time we have seen smart accumulation around 17100 right from SEPT 2021 till date though markets were plus/minus 10% on couple of occasion. There were aggregators which was seen from Mutual Fund inflow. This has steadily gone up from Rs 8000 crs to Rs 14000 crs + as of March 23. This flow is rising day after day hence I would assume that in FY 24 we should see fresh inflow of another Rs 1,80,000 crs (22 bn \$) which is available for investment in India. 17100 value was determined as early as Sept 2021 when the seeds of recession were not even sown. With all kind of negatives that is WAR, inflation, rate hike, recession fears, one thing remained certain and that is Mr Market liked 17100. Current formation of Dow and Nifty and their patterns clearly suggest otherwise. JPM though announced 25% crash, Dow went up by 7% suggesting tow things once again that never act on borrowed conviction and can always be a contrarian. This entire consolidation hinges on RATE PAUSE and RATE CUT which should see the light of the day very soon as inflation has cooled of considerably.

As against the Indices, large caps and mid-caps the CNI research bets on micro caps have performed very well in these 18 months. M K EXIM from Rs 48, made a high of Rs 450 and even now trade at Rs 250. Integra from Rs 70 went to down to Rs 53 but eventually rose to Rs 145 +. There are more than 20 stocks which I can mention here which have given 100 to 400 % returns in this period of 18 months. This is significance not from the point of performance but from some other angel. Now those who were stuck in large caps AND mid-caps at high prices, are still bleeding and missed the opportunity elsewhere. With blocking of funds, there was no case of going for micro caps. e g Had Jofra available in Mumbai Indian team , there was no question of Jr Tendulkar finding his place to show his talent. He has worked hard for months to replicate Bumrah kind Yorkers. If succeed he will become small cap from micro caps in no time. Tilak Varma, Venkatesh Iyer and Rinku Singh became overnight small caps. The favour is same whether it is IPL player or micro-cap company on the Dalal street.

Fair chance has to be given to micro-cap stocks if you want to create wealth though the risk will be heaviest in such cases. The issue in such cases is promoter's mentality. No promoter work for banks in India. It means they do not show the real profits to avoid payment of tax and that is why Indian Govt is after all corporates in some or the other form. Why would a person run a company for 3% net profit when the bank rate is 7%. It would not be out of the box to mention that micro-cap promoters show nos only when they sit with someone and make plans in market. But it is equally true that they do make plans sooner than later else the purpose of listing is not there. Hence one should be really patient in such companies. We had seen in few companies announcing bad nos and then good nos and stock price rocketed. Not that all companies does this. There are some companies are affected by the economic cycles. One such co is AKAR AUTO which is traded at .18 times of revenue as against its competitor a 2x of revenue. Mind it, you have to work like PVT EQUITY when invest in micro caps. Everyone said those who invested in PAYTM pre IPO made money without knowing the details how many investments succeeded and how many failed. If no risk is required to be taken then you have no choice than to stick with INFOSYS TCS HDFC RIL SBI and likes and be happy with 15 to 20% returns which is much higher than 7% bank rate.

Think loudly if someone has to take over AKAR AUTO at what valuation they will do it ? If co is available at Rs 75 crs I will sell all my assets and become an industrialist. If we talk about IBITDA basis then it is 15x. Current IBITDA is around 25 crs means Rs 375 crs. If based on revenue then minimum is 1 to 2X for comfortably growing co hence the value should be Rs 400 to 800 crs whereas current market cap is just Rs 75 crs. Replacement price (4 massive plants) does not help except for the fact that any new competitor will have to earn Rs 400 crs minimum to pay interest on similar facilities and to that extent it will be noncompetitive to this co. When we first spotted JAMANA AUTO the market cap was Rs 200 crs and see what the difference is. CNI investors enjoying free account company which has become 20x. It is under Numero Uno control means stock can be further rise many X from here on. Subros was another CNI find at Rs 29. Now we set our eyes on AKAR AUTO.

All white collared analysts always raise eyebrow in Microcap Company saying management is not good, there is no corporate governance etc. But when things settle down and become mid-cap they start talking very high of the same companies. Eg Vishnu, OAL, Pravage, VIP, Wimplast, Cera to name few. For that matter why only microcaps even in large caps we see shady promotes yet we buy their shares with love and gratitude. Eg Vedanta what made Vedanta to pick stocks from DMAT at Rs 100 without free consent of shareholders? Was it a good corporate governance then? Now no one can question. Adani all raised eyebrows on HINDERBURG report and said there is no corporate governance. But when GQC bought the dust is settled. Now GQC also bought ITC. Another example Elecon Engg was a penny stock trailing at Rs 20 odd but when V K entered stock became Rs 400 and nos are also visible.

Some stock nos come overnight which we saw in case of AMD Ltd which we spotted at Rs 28. Stock rose to Rs 110 after co announced Rs 10 crs profit in one Q. So what if micro-cap companies with Rs 3 crs equity announce sudden Rs 10 crs profit out of the blue ..? eg Duncan Engg we saw same thing happening. The bottom line is that market is about to blast like never before. We will have 20% rise in large caps and Nifty both but with these rise potential micro-caps may rise 500 to 1000% and one company out of 10 invested will give you more than average returns. We expect one to perform though we have 80% strike rate in last 15 years. But to reap that one co which could be 100 baggers you need to have all 10 15 companies under your belt.

The platform is ready. You do not have capital. Markets will blast for sure. We may see Nifty all time high and many large caps performing very soon and trigger will come from US. Those who have been accumulating are waiting for PAUSE. The extremely oversold markets will have only one direction. May be, at that time, we may see FPI covering short, stocks rising to new highs, and you all investors taking sigh of relief while exiting large cap stocks at costs. And by the time you try to deploy these funds in other stocks they will be 50% costlier. Thus the vicious cycle of market will never end and only risk taking HNI investors sitting on funds will enjoy. This is how they have become big in the past and will become even bigger.

Last but not the least be careful in following WHATS UP University as there are no professors. They are agents which helps one segment of the market at the cost of the others. If you are that other you will have to pay the price in the form of your hard earned capital

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