CniGlobalbiz

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Weekly summary

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Editorial

Ashnoor announced rights issue and ratio should 1 for every 4 and price Rs 21. Promoters putting money which is positive for co. Add. We are releasing note today.

GEPIL we are giving evidence of beneficial of pump storage capacity.

Buy GTV ENGG be ready for the biggest surprise of the year.

Tirupati Starch real game and margin expansion will start post expansion. 50% capacity is getting expanded. Additional capacity will be used for hydrogen energy generation.

Nile is super co with lithium play. Our note is coming.

Shilp Gruvers we closed our call now as stock reached 197. No trust no gain. RATAN crossed 70 and now heading for 150 250 400. Please see CNI report which was issued at 56 on 18th Oct 2023 now 71 plus. Report cost you Rs 12000 + GST but reading report can give you entire rationale of why to buy. Those who buy 10000 shares it is worth to read report. Cost is Re 1 per share.

Jayaswal Neco and Vascon both were calls at Rs 18 now 50 and 75 and we advise 50% exit probably no one have it.

AKAR, RIBA, TURUPATI, GLOBAL and ASHNOOR my best stocks now

Retail must teach a lesson to all operators who take retail for granted. Global and GTV are classical examples. Now RIBA they are creating artificial market and retail must buy aggressively taking advantage of such operators. This is possible when you know the destination. Target 800. Today they are selling again as if co is closed. Buy 10000 shares at 75 and hold I am seeing Rs 800 price. And trust if promoter are willing to sell co at Rs 200 also I can create buyer due to intrinsic value. Classical example is BETEX how many of you have now 273 upper cct. I was shouting from 29th floor for 700 800.

Change of the week

	24-Nov-23	Rise /Gain
Sensex	65970	178 ↑
Nifty	19794	63 ↑

Net Investments (` Cr)

	FII	DII
20-Nov-2023	(598.7)	77.7
21-Nov-2023	(152.5)	721.5
22-Nov-2023	(1364.7)	721.2
23-Nov-2023	1433.6	457.3
24-Nov-2023	2625	134.4
	1944	2110

Turnover (` Cr)

	FII	DII	Combined
24-Nov-23	85,653	61,650	1,47,303

24-Nov-23	Advances	Declines	Ratio
BSE	1752	1948	0.89

AKAR Auto another co where target is 1000. Max float is 2 lac shares. If retail buys 10000 each that will be over. AKAR heard is part of Rs 16000 crs supply deal to TESLA Operators and promoters always are hands in glove. This is what happened in VASCON at 18 they were selling as if co is closed. At 74 buying as if the co will be 7000 so they fool us around we should take advantage. CNI is trying to guide to rest is your call.

GTV target is 1600.

You have to your conviction that is important.

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5 Top Gainers

Stock	24-11-2023	20-11-2023	% Gain
The new India assu	209.4	151.8	37.9
Sequent Scientific	123.0	98.3	25.0
Rattan enterprise	77.9	62.3	25.0
GIC	307.5	258.8	18.8
Edelweiss Fin	70.9	62.6	13.1

5 Top Losers

Stock	24-11-2023	20-11-2023	% Loss
Repco Home	388.5	426.7	8.8
Rate gain travel	659.6	722.0	8.6
Rattan power	9.7	10.6	8.6
Solar industries	6768.0	7393.1	8.4
Relaince power	20.9	22.8	8.4

Top 5 Picks By CNI 'A' Group

Company
BHEL LTD
SBI
TECH MAHINDRA
TATA MOTORS
HDFC BANK

Top 5 Picks By CNI 'B' Group

Company
CMS INFO
KPT
NILE
HARSHA ENG
PATANJALI FOOD

Add following shares at your will

Ashnoor (rights at Rs 21)

Riba (biggest upside) my choice

Tirupati Starch (biggest upside)   my choice

Niles (read report)

Hind Tin (value buy)

Calcom (NASA and Russia defense)

These shares are trading at massive discount to fair values.

Before election results avoid F and O AND high valued stocks.

Calcom has supplied to NASA. We will share evidence soon. What more we should explain.

Add all shares which trade below 10 PE.

Market is looking strong ahead of election result which is just 10 days away. Many of the head winds like Russia- Ukraine war and Hammas conflicts are getting milder day by day.

Indian market is strongly placed where many value stock are outperforming the street.

We had issued 3 buy call this week which includes Nile, Forbes and company and today KPT Ltd. All are class companies. Note will follow soon. Check our reliable insight segment for more details.

Dish tv is ready to blast. Keep watch on the stock. GTV engineering above 440 will see 600 soon.

Stay away from F&0 for next 5 trading session

Just 6 trading session left before 5 state election result which is scheduled on Sunday. Market may stay volatile but we believe we may get good opportunity to buy quality stock if there is some up/down in number.

Archies looks good. Stock is consolidating from last 1 year. Target is 40 plus.

Buy KPT industries.

Special feature

We are approaching the expiry week, where options will play a pivotal role as the primary income source for market drivers. It's crucial to recognize that institutional funds possess extensive resources, allowing them to conduct in-depth research on A-grade companies, providing them a significant advantage. Trading in A-grade stocks without this level of information puts individual traders at a disadvantage against Foreign Portfolio Investors (FPI), Domestic Institutional Investors (DII), and other market drivers. Additionally, institutional investors have privileged access to company management, granting them insights into every development within the company. This access often results in stock prices remaining unaffected even after positive announcements, emphasizing the complexity of trading in this space.

Investors should consider leaving the "ocean" of A-grade stocks to institutional investors who have the patience and capacity to hold, accepting moderate returns. This aligns with the views expressed by the Securities and Exchange Board of India (SEBI) chief, who expressed surprise at the widespread interest in Futures and Options despite the common knowledge of losses associated with them. CNI Research has advocated this stance for the past two decades, emphasizing a focus on undervalued stocks within their purview.

CNI Research, not involved in brokering, aims to prevent its members from losing money in speculative activities or fraudulent stocks. Their focus remains on undervalued stocks, and their stock notes, released weekly, provide comprehensive insights for informed investment decisions. While brokers often push for A-grade shares due to their broking income interests, CNI Research is committed to its members' financial well-being. Very soon Reliable Insight section which have such research notes will become a separate paid section as CNI has increased the count to meet the challenges of research.

The upcoming expiry week introduces volatility, influenced by retail positions in futures and options. Understanding the market's inherent characteristics is crucial, especially during public holidays, such as on the 27th, leaving only three trading sessions. It's noteworthy that FPIs, with carry and hedge trades, remain less affected during such periods. However, the potential for market manipulation increases during expiry weeks, presenting challenges and opportunities for traders.

The upcoming exit poll on November 30, 2023, at 6 pm, post-market, is expected to drive market sentiment on December 1. This marks the beginning of the new settlement, with potential major impacts on the current settlement. The interplay between optimism and pessimism, guided by exit poll results, will shape market dynamics, leading to potential opportunities for bottom fishing.

On December 1 and December 4, gamblers might hold open positions as optimists and pessimists engage in a battle guided by exit poll outcomes. The proximity of key dates to expiry weeks often serves as a boost for manipulators. While trading on counting day (Sunday) might be ideal, it is not feasible. Therefore, a prudent approach suggests sitting with no positions and strategically buying dips on December 1 and 4, anticipating the bearish pressure on bulls during these days.

What should your strategy be in light of these considerations?

Consider reducing exposure to futures and options (F&O) trading or implementing hedges to mitigate the impact of adverse outcomes in state elections. Be prepared to execute trades for buying on market dips that may occur as a knee-jerk reaction.

It's important to note that these recommendations apply specifically to A-grade large-cap stocks. Avoid selling single mid-cap, small-cap, or micro-cap stocks, as their trajectory is expected to be upward. Instead, focus on consistently adding identified stocks during declines while reducing cash levels.

Key considerations to keep in mind include:

Valuation Metrics: India is currently trading at an 18 P/E ratio, below the 33-year average of 25. The Nifty is anticipated to catch up soon.

GDP Acceleration and robust tax revenues: Strong GDP growth in the second half, as indicated by the RBI Governor, along with robust tax revenues reported by the Finance Ministry, reinforces positive economic indicators.

Foreign Investment: Significant foreign investment, with $50 billion entering India from one country alone, suggests a positive trend. Additional investments from other countries are expected.

Retail Participation: SIP inflow reaching $3 billion per month indicates substantial retail money flowing into the stock markets, contributing to the rise in market capitalization.

Market Capitalization to GDP Ratio: Despite a smart rise in market capitalization to $3.94 trillion, compared to $3.75 trillion the previous month, the valuation remains reasonable, given that India's GDP has reached $4 trillion.

Government Spending: Anticipate a substantial uptick in orders flow in Q4 due to increased government spending, which is at its highest at $530 billion this year.

Private Spending vs. Government Spending: Private spending surpassing government spending for the first time reflects the real health of the economy.

Nifty Projections: Expect the Nifty to reach milestones at 22,000, 25,000, 30,000, 35,000, and 40,700. Every market dip is viewed as a buying opportunity.

Interest Rate Outlook: With the rate hike cycle concluded, the market is poised for a positive reaction once rate cuts are implemented.

Looking ahead, the upcoming budget may witness a 10% expansion in size, potentially reaching $600 billion. Post-state elections, the market is expected to rotate based on budget considerations, with certain sectors gaining prominence. Infrastructure, education, railways, defense manufacturing, power, coal gasification, insurance, housing, and exports are likely to see increased focus.

Further, explicit Production-Linked Incentive (PLI) scheme extensions are anticipated, with textiles, defense, and AI emerging as significant beneficiaries. The emphasis on reforms over a populist budget, as observed in previous election times, is expected to continue.

In our previous report, we subtly suggested that the Russia-Ukraine war might conclude by Christmas. While our analysis may not immediately resonate with investors, it's noteworthy that our predictions gain traction when they become headline news. Recently, an article in E T quoted Putin urging the G20 to intervene and bring an end to the war, aligning with our earlier insights. The potential resolution of this conflict could catalyze a significant market upswing, with a projected 2000-point increase for the Dow and Nifty. Consequently, we anticipate reaching our target of 22000 before the upcoming elections. CNI's commitment to proactive research distinguishes us, focusing on genuine insights rather than retrospective analysis undertaken by others and the media.

CNI boasts an extensive track record across large caps, midcaps, and micro caps, solidifying its position as a formidable research entity. Not confined to a small research house label, our research spans renowned companies such as Tata Motors, Tata Power, Tata Communications, Tata Investments, BSE, IndusInd Bank, Bharati, ITC, NMDC, BEML, BEL, BHEL, and more. These companies have consistently delivered remarkable returns to CNI members. Additionally, our discoveries include companies like Elecon Engineering, Eimco Elecon, Investment Precision, Mafatlal Industries, GAEL, Sandhar Technologies, Nile, and the recently added Forbes Company, a part of the Shapoorji Pallonji Group and KPT Industries a Kirloskar Gr company. Notably, our focus has recently shifted to textiles and engineering companies, with a positive response from investors. Noteworthy examples include Betex's surge from Rs 100 to Rs 287 and Loyal Equipment's increase from Rs 125 to Rs 225, reflecting the heightened interest of investors.

One prominent success story in research was Bombay Dyeing, now trading at Rs 168, gaining significance when the Japanese invested Rs 5200 crore for a 22-acre land in Dadar (Rs 225 per acre) . Examining Forbes' Annual Report, two key revelations emerged: the company is demerging its Engineering Division, and it has resolved the SWADESH MILL dispute with TATA, with ownership now vested in Forbes. With a 48-acre land at SION, close to DADAR, and the Japanese investment benchmark, the land value at Rs 150 crore in SION suggests a staggering Rs 7200 crore valuation.

Delving into the Engineering division, which rakes in a Rs 25 crore profit, it specializes in milling and drilling equipment crucial for the mining sector. Given India's recent mining expansion, as evidenced by GMDC's rise from Rs 170 to Rs 450, the demand for such equipment is apparent. The company produces hydraulic roll marking machines, pneumatic roll marking machines, and DOT peen marking SPM for billets used in Atomic Energy plants, showcasing its diverse capabilities. Impressively, the company achieved a 33% net profit margin, earning Rs 25 crore net profit on a revenue of Rs 77 crore.

As for valuation, the market's unpredictability leaves it to individual interpretation. Notably, Redington, a trading company, commands a valuation of 14000 crore, while an engineering company like Forbes, with a value of Rs 900 crore, seems undervalued. Despite concerns about liquidity, with 75% held by promoters and an additional 11% locked with reputable investors, poor liquidity is a trade-off. Historical fluctuations, such as the drop from Rs 6000 to 600 due to a 1:12 bonus issue, should be contextualized, as it has since improved liquidity to current levels.

Also note what management said in the Annual Report on page 22 " One more exciting opportunity being explored is to expand the market of medical products which the Company is pursuing and will aggressively take it up after it achieves the US FDA certification of its first product which is presently under certification. We are fairly confident of obtaining the certification in due course, post which we will put in marketing efforts to distribute the said products."

Real estate Rs 7200 crs, Engg value Rs700 per share and exciting opportunity in PHARMA space which cannot be taken lightly for a group like Shaporji Palonji ex partner of TATA. As of now at rs 900 also I feel company is going cheap and sooner than later big investors will rake it like TATA Investments.

This week, we discovered another noteworthy company, KPT, affiliated with Kirloskar Group, where Sanjay Kirloskar serves on the board. Despite its market capitalization of Rs 165 crores, KPT appears to offer a more favorable valuation compared to ATUL Auto, which is valued at 600 crores. With a modest equity of Rs 1.7 crores and 50% ownership by promoters, the available free float is limited to just 8.5 lakh shares. Despite a revenue of Rs 150 crores, KPT demonstrates a robust operating profit of Rs 19.5 crores, translating to Rs 120 per share. Surprisingly, the current stock price was only Rs 500 when discovered. As part of our ongoing efforts, CNI remains committed to uncovering hidden gems that contribute to the success of our members. Interesting to note that the operating profits grew by almost 50%. ROCE is as high as 22%. Co is in EV Riksha which is a lovely space to be in. With vast experience in electric power tools, spares, control motors and blowers and many other engineering products. Professional electric power tools for metal, wood, concrete; the new range of Shakti power tools for artisan to meet your everyday needs, garden tools; blowers for pneumatic conveying system, power plants, steel, effluent water treatment have been their specialty over the decades.

KPT Industries has ventured into the manufacturing of e-vehicles, with a focus on 3-wheelers. The Pushpak E-Cart from KPT Industries offers a diverse range of 11 models, including the Basic Unit, Driver Cabin, Cargo Cover, and All in One. Notably, the company is gearing up to unveil a passenger 3-wheeler that promises to outshine its counterparts powered by petrol, diesel, or CNG/LPG in terms of running costs. Positioned as a leader in the future of electric rickshaws, KPT Industries merits increased attention.

In my previous communication, I highlighted GTV Engineering. It is disheartening to observe that retail interest tends to peak only when a stock hits new highs or experiences a surge in volume. For instance, we recommended buying Spice Jet at 38, and now investors are reaping benefits at 48. A similar trend is evident in the case of RATAN India, where our report at Rs 50 has drawn attention, and the current value stands at Rs 75. Despite the challenges in altering investor mindsets, GTV Engineering appears to be on an impressive trajectory. With a cash in books of Rs 18 crores and substantial advances from industry leaders such as Bosch and Larsen amounting to Rs 26 crores, the company is clearly in an overdrive mode. The Q1 revenue was Rs 18 crores, escalating to Rs 44 crores in Q2. Considering the significant advances received, there is a strong indication that Q3 could witness a substantial rise, potentially reaching Rs 70-80 crores. If this materializes, a re-rating of the company seems imminent.

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