CniGlobalbiz

CNI Publications; Weekly Plattern

Weekly summary

Editorial

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India is a secular growth story and is in a structural bull run. There is no second view on this. Our CMD has issued a 18 minutes interview to a business magazine where all the issues regarding economy earnings growth gdp inflation currency fluctuations impact etc are dealt with in public domain.

Thus we reiterate our belief and hold 28888 views.

Stocks you all you. M k exim promoters added 14000 shares as per Sast disclosure so the faith is there. Price is result is 2 factor operators creating artificial market and investors stepped aside for time being from buying else a stock at 10 pe is nothing less than Gold to us. Convert any 50 pe share to this 10 pe share. Quality is quality it will outshine because of sector. Wrote about CIFL

We checked shareholding and found DLF is holding stake in co.

Even though Sensex was down 440 points there was no pain on FRIDAY. The fall was structured through Larsen HDFC HCL Techno TCS TATA MOTORS and MAHINDRA by and large using TESLA news which has really no impact on AUTO sector. TESLA is rather beneficial as they will create market and as TAMO EV costs are lower than TESLA they will more selling. In any case TAMO has JLR driver and not EV alone. In case TATA has major market share in EV. In fact in the morning only CNI told that selling will come in IT. We expect good selling in new economy stocks like PB and others and healthcare which had seen sharp run up.

You must have gone through the interview which have clearly given reason why we should remain bullish. We have also have 3 minutes short audio clip of this interview which was done in-house by our AI team.

Change of the week

	01-Mar-24	Rise /Gain
Sensex	73198	2046 ↓
Nifty	22140	650 ↓

Net Investments (` Cr)

	FII	DII
24-Feb-2025	(5719.2)	5185.6
25-Feb-2025	(2833.9)	3030.7
27-Feb-2025	1119.7	1727.1
28-Feb-2025	(11639)	12308.6
Total	**19,702**	**22,250**

Turnover (` Cr)

	FII	DII	Combined
28-Feb-25	1,84,334	1,08,597	2,92,931

28-Feb-25	Advances	Declines	Ratio
BSE	660	3343	0.19

Metals have started showing strength as US investors are going madly bullish on metal stocks ore prices have corrected. Also demand for metal will quadruple in next 2 to 3 years as capex has started everywhere including India. Without metal no infrastructures projects will see the light of the day. JIDNAL announced to set up largest steel plant in India. JSW ADANI TIsco all are going for big capex. SAIL too have started doing capex. Green steel is the next green power hence SAIL will be the star performer. After many days I saw SAIL doing 5 cr shares volume and rallied upto Rs 115 though bears succeeded it to close below 114 which is a B O level. SAIL is the largest short counter for sure.

Now on technical side. FPI are short 1.97 lac contracts. One contract is of 75 shares means they are short by whopping 1.47 cr shares. They wanted to break the market further towards 22300 22500 so that they can further create panic and then cut short. However it seems they are trapped.

Now I am producing EMAIL sent by QUANT

“Dear Investor,

Greetings from quant Mutual Fund!

Last week, our Founder & CIO, Sandeep Tandon shared his perspective on the recent market correction in an interview with Mint’s Deputy Editor, Neil Borate.

quant MF’s Predictive Analytics in June ‘24 sounded the bugle early about a mild ‘Risk-off’ phase , before it snowballed into a major ‘Risk-off’ in September ‘24, in line with deteriorating Indian macro data. At that time, many global strategists and economists were positive on India, and our ratings appeared to be on an upgrade cycle then. quant’s early prediction of event risk and currency risk (USD-JPY appreciation and carry trade unwinding) made in July ‘24 played out exactly like a well-choreographed script.

The Dollar index began to rise not just against the INR but against all other EM and DM currencies and this was foreseen by quant MF way back in September ‘24. Later that month, China announced sizeable liquidity infusion, presenting an Unknown Risk that Attracted global liquidity, impacting the entire Emerging Market basket of countries, including India. All along, India had been a beneficiary of the downturn in China’s economic cycle and so now when the tide turned, the Indian stock market was among the first to be affected.

5 Top Gainers

Stock	28-02-2025	25-02-2025	% Gain
AETHER IND	855	755.9	13.1
CHOLAMANDALAM	1669	1495.4	11.6
CRAFTMAN AUTO	4471.6	4027.8	11.0
HOUSE FIRST	1032	931.9	10.7
FIVE STAR	751.2	696.8	7.8

5 Top Losers

Stock	28-02-2025	25-02-2025	% Loss
RR KABEL	890.3	1135.3	22.9
KEI INDUSTRIES	3089.2	3847	19.7
TRIVENI TURBINE	483.6	599.9	19.3
POLYCAB INDIA	4710.6	5841.4	19.3
LLOYDS ENG	55.0	66.22	16.8

Top 5 Picks By CNI 'A' Group

Company
RELIANCE
TATA STEEL
HCL TECH
TATA POWER
HDFC BANK

Top 5 Picks By CNI 'B' Group

Company
OCCL
ADSL
SHIVAM AUTO
MK EXIM
INTEGRA ENGINEERING

In July ‘24, quant had begun moving from high beta to low beta stocks, illiquid to liquid names, and mid and small caps to large and mega large caps. quant MF thus took demonstrably meaningful portfolio actions ahead of the curve based on Predictive Analytics.

At present, quant MF is a selective picker in the high beta SMID space. India is a ‘buy-on-dips’ market, which continues to exhibit shining fundamentals and investors with a 5-10 years’ investment horizon should continue investing in Indian mid and small caps. We believe that sectors such as consumption, energy, hospitality, insurance and telecom offer good opportunities in the medium-term and infrastructure is a strong long-term investment theme.

Quant MF is fundamentally in the business of risk management: returns are a by-product of astute risk management. We stress that it is imperative for investors to reassess their own risk appetite in light of their own experiences or reactions during market downturns of the past. While market behaviour is unpredictable, quant has actually made that a relevant data point for scientific enquiry through sentiment analysis. Entry into ‘neglected territory’ and exit from ‘over-admired territory’ is a cogent attempt to connect sentiments to liquidity flows and this forms the backdrop of their selection and timing strategies. Sandeep also spoke about his exit thesis: once the targeted growth is achieved, taking the action to exit is important even if it means having to cede, say ca. 30% value to the next buyer, because of the size of quant MF’s trades. After all, ‘Timing is Key!’

India is a secular growth story and is in a structural bull run. Our belief in the long-term India growth story remains intact. Our aim is to establish ourselves as a trusted wealth manager for the many, guiding an ever-growing number of Indian households toward a more secure and prosperous financial future. To you, the discerning investor, we extend our most heartfelt gratitude for being a most essential part of our endeavours.

Thanks and Regards,

Team quant Mutual”

Though they have claimed that they sense the correction well in time and moved to cash the possibility of their selling along with other market stakeholders is not ruled out. Now they have turn bullish and so the other market participants.

Timings of selling was good and timing of buying is also good. This clearly suggest that markets are bottomed out.

Everyone is searching new stocks and ASHOK LEYLAND SAIL BHEL TAMO TAPO are in the main theme of buying.

We at CNI still stand tall with our conviction story like MK EXIM which saw volume of 75K some weak existed and strong one added. CIFL saw volumes of 1.65 lacs and over last 5 days saw volumes of over 12 lac shares and price closed at Rs 34+. Great opportunity and great stories irrespective of the fact that you add or not.

The vulnerability is so high that VIPUL was hit till Rs 190 by manipulators and stock saw Rs 217 by just 1000 shares. Wow. Same thing was noticed in many counters. RDB has corrected from Rs 205 to Rs 118 for no reasons and even someone buy say 10000 shares the price will be Rs 140 150 160. Again we saw this happening in AKAR where manipulators hit till Rs 111 and with just 3000 shares price was Rs 123 124.

This explains the modus operandi and when you see your portfolio price you think there is something bad in the stock hence it is correcting. We at CNI being a research house give assurance that there is nothing wrong in any of the stocks. We will inform you with exit calls wherever we feel the co is fraud, or something is wrong to best of our knowledge like Popees. What went wrong in Popees. Co was good. They acquired listed co and announced rights issue to raise funds. However they kept investors at bay and raised funds in unlisted co. Listed co promoters hold only 22% and they issued warrants and on conversion of warrants open offer will trigger as per law which I feel they will not convert. Hence you could have tuck in this listed co. This is what happens with smaller companies hence you need to always alert. Our exit call at Rs 255 was based on this input.

Many a times you do not rely on our recommendations and it is true that you should do it only when you are fully satisfied as we too are not going to take any burden though we always try to recommend only after full due diligence. E g we met one co in ENGG sector with 220 crs revenue (name we will not mention). They are in replica biz of GTV ENGG. They announced 13% IBITDA margin whereas GTV announced 25% IBITDA margin. So clearly we feel the advantage is with GTV and we believe that co will improve the margins to even 30 35% in coming quarters. Therefore we always remain bullish in GTV ENGG.

CIFL co belong to DS gr which is very big and comparable to any large cap from Nifty 50. We explained the key triggers why we are bullish. But as it always happen you love to enter above Rs 42 44 46 or may be 50 also but from 50 if it correct back to 44 45 you will cry that your stock is down by 10%. Have always love at first sight. Rs 34 is rock bottom for this stock.

It's in the nature of stock markets to go way down from time to time. There's no system to avoid bad markets. You can't do it unless you try to time the market, which is a seriously dumb thing to do. Conservative investing with steady savings without expecting miracles is the way to go.

Fpi short 1.5 lac shares which is higher than the open interest. They are shorting and shorting as they want to show Indian markets are dead.

How is that in last 5 months we are seeing fpi sell is matching with fii buying? ? And when market rise exactly reverse happen. It means the fpi and dii owners are same and they match trades hence direction is always is the desired one.

It is like hni changing hands and media says hni bought and public follows. Jyoti structure 2% stake was bought at 30 and stock crashed to 17 Ltd means operator has bought jyoti at 5 or 10 and hence not affected.

So what should retail do? Hold with conviction. Avoid over owned stocks. Buy micro caps as no one will screw them. Also keep in mind stocks where earnings have come.

Stop complaining about the falling prices which are much lower than A gr and midcaps. But wirh reversal you will see sharp run in these stocks

Only 6 more hours are left for mayhem. Last 5 settlements street drivers had upper hand and got big vallans. What is guarantee that they will succeed in the sixth month in row as all the factors are against them. Shorting at 16 pe is suicidal. In last 5 months U S gave returns of 13% China 25% and India minus 14%. Who knows what is store in next 5 months. 28th we enter in March settlement and we enter into like Kohli entering Indo Pak match. Kohli hit ton and now it is our turn.

Albm is catching up with massive demand in B gr which is a result of bearish sentiment and people borrow at 6% pm and shorting yet getting some returns. This is dangerous as street is getting extremely extremely oversold even in B gr shares and this is the biggest reason for price correction. My broker offered me Rs 6 on SJVN which trades at Rs 95 which means more than 6% yield. You can check with your brokers.

This is right platform for massive reversal. Shortest may get 2 to 3 times Rs 6 but when the u turn happen they will have to cut the delivery may be at Rs 140 losing Rs 20 to 30 on their borrowed stocks. Even all dabba brokers have started shorting against clients longs.

Now just imagine when all starts cutting short with fresh buying from investors these stocks are bound to rally 50 to 100%

Hence it is advisable to sit tight on your positions. I would even suggest to give shares in ALBM as you will not get back the delivery for 3 months and will be deprived to sell when price skyrocket in this 3 months.

The equation is therefore to wait till sellers turn buyers. The day it happen prices will be up 100% . The theory that US investors selling India at 16 PE and buying U S at 29 PE ia not acceptable to me. Fpi are crying for 12.5% ltcg and 20% stcg but they are also paying 15% and 20% tax in USA also so even on this front I am not accepting that they are selling for tax issues.

They have no alternative to E M and in particular India where bn $ exit is done every day. In other markets they do not have exits.

Last 5 months was horrible for market as bears were in charge from 86000 to 74000. Naturally there is confidence crisis and hence we are hearing that Sensex will go below 70000 and some says even 60000 can come and exactly at this time the skill of investors comes into play and test the patience.

Everyone ask simple question what is wrong with X stock it has fallen 50% it has fallen 60% it has fallen 70% etc etc. There is nothing wrong.

What goes up with strong demand comes down with no demand. Everyone have enough money to buy at 86000 no questions asked. Probably one of the additional reason is that profits. Yes, profits, you always are in the process of booking profits in run up stocks and switch to other stocks at the same time. Hence your entry becomes at the highest price.

The journey profit has started since 2021 and we have done multiple profit bookings. I will give some examples later to explain the case. But human nature is always count losses of the portfolio though notional from the last purchase price and not from the first buy call.

I hold TATA MOTORS from Rs 65 and TATA POWER from Rs 64 and my holding intact as I have not sold even once. Same is with BHEL where I had bought first at Rs 41 and then at Rs 88 and I hold entire holding. Thus by and large I am not affected and I believe if you calculate your 1st entry price even you are not affected.

Internally we have checked all stocks where we had initiated buy calls and most of them are in profits as of date. So we need to check overall performance instead of seeing from the last entry price.

E g HCC we had generated buy call at Rs 9 and given 1st exit at Rs 21 since then many entry and exits were given but the 1st buy call itself is at minus cost now. What happen is that you buy on outside news, may be our news also, volumes and charts and enter at say rs 40 and you are calculating that you are in 40% losses. This is notional. In long run this stock will cross Rs 100 and 150 as co is a great INFRA co with strong promoter like AJIT GULABCHAND gr.

There is no need to panic in any stock. It is standard practice of operators to create lower prices with thin volumes. The rationale is very clear. RDB came to 110 with no volume and you panic assuming that this Rs 40 crs earning co has shut. Yet you do not sell shares. But when it rise to say Rs 130 140 which could be closer to your cost you will sell and then stock will become Rs 300 400 and this happen with each and every stock.

If BSE can fluctuate 20% why can't other stocks. If TATA MOTORS can crash 40% why can't other stocks..? You should know you stocks well and hold and rather average it. RDB e g available at less than 1 PE and with 30 EPS what is wrong at Rs 110.. if you have no confidence then can't help it. But I am here to prove that this stock will be again at all-time high sooner than later.

This way I will explain all stocks in course of time

Special feature

One fund manager confirmed unofficially that MF are not buying that much which is reported as DII buys every day. Which directly suggest that FPI and DII numbers are coming from same set of people who control the market.

Valuations not excessive but unreasonably low making it as the cheapest market in the world.

The 9 month earnings of Nifty is 1126 which came after 11% growth as against 4% in Sept quarter where street had announced de growth and end of India story. Selling started from there and is continued till date. Many reasons were assigned as central elections, Maharashtra elections, delhi elections, Budget, trump and what not. Fact remains that FPI except one 1 are always sellers and yet markets were rising which again proves that FPI does not drive market.

KUMBH was maha aayojan where U P CM said that they will receive Rs 3.5 lac crs and UP GDP will rise by 3.5%. Certainly. But what is average spending of any person in UP and other states. E g if has spent Rs 50000 on KUMBH where did he spend. UP in fact will require the least as travels, hotels, clothing, road transport, fuel all will go to other states from where devotees coming. It means UP share has to be 1/3 only. Rest two third goes to other states. By and large we expect the total consumption is between Rs 12.50 lac crs to 25 lac crs.

To take otherwise also we did study with some low income people who are watchman and house helps and we realized that the average spending of these persons is Rs 25000. Middle class average spending is Rs 50000 and rich and high class affluent people the spending is not below Rs 1 lac per person. Thus if we take Rs 25000 per person as being the lowest then also the spending amount is Rs 16.50 lac crs.

When it is helping states to lift their GDP, in particular UP by whopping 3.5% then for sure the corporate earnings will also grow by 5 to 7%. However being conservative we are adding just 3% to corporate earnings and arrive at 14% earnings growth in Q4 which is very nominal and acceptable.

Therefore we base case of our earnings estimate at 14% for Q4 which should take the Nifty EPS to 1283. You may call us too much optimistic hence we stick with our original estimate of 1205 which was shared with you from time to time and based on this the PE works out to 18.5. (22300 % 1205). The scope of seeing it to below 18 is not ruled out.

We have entered MARCH means the end of financial year in 30 days. What we discussed was FY 25. Now we have to discuss FY 26. With Indian tax pushing the consumption by at least 10% we have fair reasoning to believe that earnings will grow beyond 15% in FY 26. However, again being prudent we will match the estimates with India’s wizard fund manager PRASHANT JAIN who is on record saying that Indian earnings will grow 12%, we also base case our model at 12% growth and with this the Nifty EPS has to be 1350 though the possibility of seeing 1400 1450 or 1500 is also not ruled out. At 1350 EPS x 26 the PE works out to 16.51. Best case scenario it will be below 15 which is much lower than the PE of 2008, 2020 and 2021 hence it is individual call which valuations you should accept.

The PE ratio for Dow stock stands at 24.75 as of Feb 26, 2025. This is calculated based on the TTM EPS of $1.57 and the stock price of $38.85 per share. A decrease of 23% has been observed in the PE ratio compared to its average of 32.2 of the last four quarters. The gap is a high as 9%. Which fund manager is sane to move money from growing markets at 16 PE and invest at 25 PE which may fall due to actions of TRUMP in their country?

$ not impacting Indian markets

Now why would $ does not matter and it is false theory. When $ was 60 it was destined to fall and fell to 70 Nifty rose 10000 points. From 70 again it shot to 85 and Nifty rose again 10000 points. So what is the relevance? $ will test 90+ but that does not mean that FPI will remove money from India at 16PE and put at 25 PE in USA. Will you exit markets if $ become 90 ask yourself and answer is no. You will be there even if $ becomes 100. FPI AUM grew from Rs 8 lac crs to 72 lac crs that is 9x whereas $ rose from 30 to 87 in the same period of 33 years means less than 3x then who is the winner. Probably if $ become 100 the AUM will also rise to 100 lac crs that will be 10x and $ will be 3.3x so again FPI will remain winners. In other words the theory of $ is only for useless traders and no impact on long term investors. Mind it so long as exports do not overtake imports and the balance of payment does not become favorable India will continue to depreciate Re though they will control the movement according to their own calculations.

Why are we doing hue and cry on deep correction

We fail to appreciate that markets have rose from 7500 to 26000 unabated in 4 years and many stocks have gone up 10X and after 10x rise they are bound to correct 40 50% which is normal. The problem is not with the market but with investors. They always trade and every pocket to profit they considered as earned one and hence is their capital. But the last buying which will happen with everyone whether it is FPI, DII, HNI or retail which is done at 26000 Index has to be at life highs. The heat is felt after steep correction. Traders have no choice as they are destined for speculative profits and losses. But investors there is no cause of concern even though they have bought at life high.

They have three options

A Average it if the stock is good and bought at decent valuation and fallen further due to market conditions

B Exit high beta high PE stock even at losses and convert to low beta low PE stocks

C If no money left then switch large cap and mid cap stocks to micro caps which will rise faster than the markets

CNI strategy

Undoubtedly CNI stocks too have corrected along with market correction but they are not badly as compared to other stocks in large caps, mid-caps and small caps because we always considered earnings and ownership criteria. We see lot of potential in all stocks which we have recommended and many of will become 10x in course of time. So even if you have bought at higher price there is cause of worry. Windsor we gave you at Rs 38 stock went to 440 and now 250 even after correction. GTV we gave at Rs 38 which is now at Rs 740. GLOBAL OFFSHORE we gave at Rs 22 which is now Rs 88 even after correcting from Rs 134.

What is worth adding?

BHEL as co reported 350 crs IBITDA which is first time.

SAIL reported positive numbers when industry reported negative numbers.

GTV ENGG reported best every quarter and due for NSE listing

TIRUPATI starch GLOBAL LAHOTI MK RDB VIPUL all reported best ever numbers suggesting that they will be part of new stream of stocks in next rally.

Vipul rights issue is cleared. Record date should be out soon.

CIFL getting listed on NSE and belong to D S group which is like MA of Mumbai.

AKAR and SHIVAM not respected by market even when Rs is falling with 33% exports and 55% import substitute then it is investors problem and not markets. The day is not too far when they will become next WONDSOR machines.

Final words

Fact remains which we vehemently and openly say that 50% of the FPI are Indian owned and hence the fall is structured with systematic volumes through FPI and DII with matching trades that is why every day FPI and DII figures match and market does not bounce. It is irrational to believe that FPI sell every 10 minutes and DII too buy every 10 minutes at lower and lower prices which is a subject of study for every intelligent stock investor or research house.

No one knows the levels till what the fall may continue. Hence a simple and straight advise is given please ignore the larger part of market where FII and DII HNI are playing as they have capacity to take hits and losses. You do not have. So use your capital judiciously and invest in future multi baggers. Also note that no one whether it was RJ family, RKD, VK, MA, MK or else have made any exit from markets even though their wealth is down from rs 16000 crs to 1000 crs each. They know markets will rise and new high will be tested. Have same confidence and belief in you and enjoy life at ease. If you can't buy any more for any reasons no problem do not throw yourself in towel if you know the co in which you have invested. So long as the business is great, growing there should be anxiety of worrying on negative portfolio. We do not have excel hence we are happy. We are orthodox investors and will use fear to add more and sell only when there is greed time.