CniGlobalbiz

CNI Publications; Weekly Plattern

Weekly summary

Editorial

Vol -1, No-I, 23 Sep 23, 09 pages

Never see stock on the basis of recommendations. Now Tisco whole world will recommend though CNI picked first at 200 Rs 10 paid up and then at Rs 104 Rs 1 paid up now Rs 135 and our target 400 is intact.

N Chandra has said that TISCO and TAMO are like TCS for TATA. Hence my target of 4000 in TAMO will see light of the day.

Traders have short vision whereas investors can hold with targets given.

Maral Overseas is stock to watch as it is not only undervalued but also blessed by big HNI hence will become 10 baggers. This is similar to Jindal Saw. I had buy at Rs 78 and everyone said this is tiring stock and will never perform. Mind it this will cross 4 digit and I have a hold. Same way watch MARAL.

Cement Technology and Chemicals have reversed. Try to spot your stocks. Infy I had told at 1300 also that this is all pre planned and because of FPI exposure to IT this sector has to blast and now watch INFY for Rs 1800 2000 fast.

BHEL will four digit for sure. Land itself is worth Rs 300 though CMP is just Rs 130.

Geopolitical issues refer to conflicts and tensions between nations on a global scale. While it's true that geopolitical issues can have significant short-term impacts on financial markets and international relations, they often have long-lasting consequences. It's essential to closely monitor such issues because they can affect investment decisions and economic stability.

China and Ukraine: It appears you're mentioning that both China and Ukraine have presented investment opportunities in the past. China has been a rapidly growing economic power, attracting investment from around the world

Change of the week

	23-Sep-23	Rise /Gain
Sensex	66000	1782 ↓
Nifty	19674	505 ↓

Net Investments (` Cr)

	FII	DII
18-09-2023	(745.5)	552.5
20-09-2023	(3075.8)	(573.0)
21-09-2023	(1875.3)	1158.1
22-09-2023	(1326.7)	801.2
Total	(7021)	1938

Turnover (` Cr)

	FII	DII	Combined
23-Sep-23	95,201	65,882	1,61083

23-Sep-23	Advances	Declines	Ratio
BSE	1689	1953	0.86

Every time market corrected on these issues it bounced to new highs and those invested made money.

Canada and Stock Impact: You suggest that the current situation in Canada may impact certain stocks, such as Kotak Bank, due to Canada Pension Fund exposure. Geopolitical events can indeed affect stock markets, particularly those linked to the regions involved. Investors should consider such factors when making investment decisions.

News-Based Stock Buying: Investing based on news and events is a common strategy, but it can be volatile and risky. It involves reacting to current events, which may or may not have a lasting impact on a company's fundamentals.

Spice Jet: You mention developments in the aviation industry, such as Spice Jet repaying debt to Maran and a pilot strike at Asaka. These events can affect the Asaka airline's financial health and reputation, which, in turn, can influence spice buying.

JCT's sale of land parcels to reduce interest costs is a financial strategy to improve the company's financial stability. HCC at 9 and SEPC at 4 pre restructuring were CNI picks. The potential sale of CG power by Thapar could be replicated in JCT.

Radio Mirchi and Music Broadcast: The takeover of Music Broadcast by Radio Mirchi indicates corporate consolidation in the media industry. Such acquisitions can create synergies and change the competitive landscape.

Alpine Housing Stake Sale: The sale of a stake in Alpine Housing to a leading real estate player is a significant corporate transaction. If the deal involves a well-known investor, it can boost confidence in the company and potentially drive the stock price higher.

Future Prospects: I suggest that Alpine Housing's stock could potentially increase in value based on land assets. Land holdings can be valuable assets for real estate companies, and their development potential can significantly impact stock prices**.**

Overall, it's crucial for investors to conduct thorough research and consider various factors, including geopolitical events, corporate developments, and market trends, when making investment decisions.

Diversification and a long-term investment perspective can help manage risks associated with short-term market fluctuations.

5 Top Gainers			
Stock	**22-09-2022**	**18-09-2022**	**% Gain**
IFCI LTD	23.07	16.77	37.5
KIOCL	335.6	262.1	28.0
EKI ENERGY SER	622.3	494.2	25.9
AGI GREENP	884.4	717.3	23.3
HUDCO	86.0	73.0	17.7

5 Top Losers			
Stock	**22-09-2022**	**18-09-2022**	**% Loss**
GTL INFRA	1.11	1.31	15.2
CRESSANDA SOL	23.5	27.2	13.6
SAREGAMA	364.7	409.6	10.9
PTC INDIA	134.4	149.3	9.9
JP ASSOCIATE	11.7	12.9	9.5

Top 5 Picks By CNI 'A' Group
Company
RIL
SAIL
NALCO
ADANI PORT
TATA MOTORS

Top 5 Picks By CNI 'B' Group
Company
CMS INFO
HARSHA ENG
ARCHIES
PATANJALI
GULFPETRO

Street advice urged you to switch from midcaps to large caps. However, large caps experienced a significant crash while small caps surged. The new investment landscape favors midcaps and small caps for the following reasons:

Increasing D-Mat Accounts: Every month, around 30 lakh new D-Mat accounts are being opened, indicating growing interest in stock market investments.

DII Inflows: Approximately Rs 16,000 crores are flowing into Domestic Institutional Investors (DII), primarily directed towards small-cap funds.

FPI Limitations: Foreign Portfolio Investors (FPIs) can only sell large caps because they do not hold significant positions in small caps.

Small Caps' Growth Potential: Small caps have a smaller base, making them more susceptible to significant price increases even with relatively small buying activity. This makes them an attractive option.

Trigger-Based Buying: High-Net-Worth Individuals (HNIs) often engage in trigger-based buying, especially in small caps, as they can yield substantial returns, sometimes even up to 10 times the initial investment.

Nifty Outlook: Nifty might witness a reversal, potentially reaching 21,000 from its current level of 19,800. The recent correction in midcaps and small caps, followed by a Nifty bottom, indicates a healthy market adjustment.

Stock Specifics: HDFC and Reliance, being overweight in Nifty, could play a pivotal role in reversing the current trend.

Recommendation: Consider buying Radio City, as it appears to have been acquired by Radio Mirchi, though the formal announcement is pending. Operators often suppress stock prices until official news breaks to prevent others from capitalizing on the rally.

JCT Restructuring: We've provided evidence of JCT's restructuring, with 3.77 as the 52-week high resistance. Given its revenue of 800 crores and assets worth 2,000 crores, it is unlikely to trade at 200 crores for an extended period. We see parallels with HCC and SEPC.

Alpine Potential: Alpine is on the rise due to substantial accumulation. A stake sell-off could have a significant impact. CMC, with assets far exceeding its current value of Rs 260 crores, is also poised for positive developments.

Nifty Strategy: The recent Nifty decline appears to be part of a pre-planned strategy related to market rolls. With only six sessions remaining for rolls, Monday presents a crucial opportunity to enter at 19,800 for a potential target of 21,000. Be aware of media sentiment, which tends to fluctuate but can be managed with well-timed Nifty calls from your CNI team.

Please note that financial decisions should be made based on thorough research and consideration of your individual financial goals and risk tolerance.

Tata Motors may cross 700 soon.

Why I do not follow charts. There are 13 different RSI and even for GOD it will be difficult to choose the right RSI. One of the 14 day RSI showing 25 value. Dow RSI is 33 Nasdaq RSI is 34. What more you want to know about timing to buy.

OI in Oct just 16 lacs. They need to take it to 100 lacs. So you decide what is going to happen. I am bullish.

There is big demand in GLLBAL OFFSHORE stock and hence anyone looking to exit can exit though my target and bias is not changed. Please do not send individual queries on this stock.

Buy ARTEMISMED (open offer can come at 225 to 250 range like WINDSOR @ 120)

Buy ALPINE Housing

Buy Radio City

Buy JCT

Other buy recommendations hold. Nifty will test 20600 21000. Correction done with as 600 points is massive. Canada issue is resolved. Canadian funds refused to sell stocks in India.

Special feature

Midcaps and small caps faced a significant downturn in September 2017, and it took a painstaking six years for them to catch up with their larger peers. This decline was primarily triggered by the SEBI circular on the classification of large caps, mid-caps, and small caps, along with the establishment of norms for holding stocks. In the current environment where analysts are frequently discussing the shift from small and mid-caps to large caps, it's essential to shed some light on this topic.

Investing in midcaps and small caps can be a never-ending story if you enter at the right price, with the right valuations and strategy in mind. It's crucial to remember that small caps can eventually become midcaps, and midcaps can grow into large caps. As a rule of thumb, out of every 100 small caps, roughly 10 will become midcaps, and out of every 100 midcaps, around 10 will evolve into large caps. Risk exists in every segment of the equity market, whether it's large caps, mid-caps, or small caps. For instance, Infosys couldn't have experienced a drop from 1900 to 1200 and still struggle to regain 1900 even after 24 months if there were no risks.

Recently, we recommended a buy on a mid-cap stock called ARTEMISMED at Rs 142. Our initial buy call on the same company was at Rs 35 when it was a micro-cap with a market capitalization of Rs 500 crore. It interesting case of Apolo Tyre Group, currently in the hospital, where there are rumors of a takeover bid valuing it at Rs 3500 crore in market cap. This aligns with what we believe is its fair value. Therefore, even in a falling market, what stands to be lost in such stocks? Stock selection should be based on certain criteria, and if you follow a disciplined approach, the need to switch to large caps may not arise at all.

Take RVNL, for example, which we recommended at Rs 29 and is now at Rs 170, or RAILTEL, which we suggested at Rs 90 and is now at Rs 220. Have these stocks corrected significantly? If not, would it be wise to switch from these stocks to large caps? We don't believe that's the right strategy.

Early research and discipline are paramount. Small caps carry the highest risk, but they also have the potential to become true multi-baggers. Those small caps that pass the test and outperform market expectations eventually grow into mid-caps. Mid-caps offer a relatively lower level of risk and the potential for higher returns. When they evolve into large caps, both risk and returns tend to stabilize.

When it comes to large caps, consider only those that consistently outperform market expectations and trade below the industry P/E ratio, such as Tata Motors and Tata Power. For mid-caps, focus on those with the potential to become large caps, like BSE.

However, it's crucial to buy and hold small caps as part of your portfolio and take calculated risks. While not all small caps will turn into multi-baggers, holding them can lead to significant wealth creation over time. The key is patience, the capacity to hold for the long term, and the ability to adapt a disciplined investment strategy. Once a small cap doubles in value, consider removing your capital and holding the remaining shares in a free portfolio for 5 to 10 years. Even if only 1 out of every 10 small caps becomes a multi-bagger, it can substantially boost your wealth, as seen with HCC and SEPC, both of which have turned into multi-baggers.

People often discuss companies like Infosys and Wipro, but today, I want to focus on Cera and VIP. How many of you invested in Infosys and Wipro from their IPO days, and how many chose to invest in Cera and VIP from the start of their journey? If you did, what's the compelling reason to switch to large caps?

The concept of switching from small and mid-caps to large caps seems vague. What happens if large caps undergo a correction after your shift? There's a thumb rule for conversions: switch large caps to large caps, mid-caps to mid-caps, and small caps to small caps if you have a particular insight into certain companies within these categories. For example, I would consider buying Tata Motors, Tata Power, and Tata Communications at any price by selling other large caps, expecting my investment to grow by more than 300% in the coming years. Similarly, this holds true for BSE in the mid-cap segment and numerous stocks in the small-cap realm.

The criteria for stock selection should be based on factors such as the business model, cash flow, assets in the company, sales-to-equity ratio, equity-to-assets ratio, and the promoter's background, rather than just focusing on net profit and price-earning ratios. Alternatively, news-driven investments can also play a role. We've been hearing significant news about Alpine Housing, Mafatlal Industries, Artemismed, JCT Ltd, Archies, and Metal Coating. However, the timing of such news releases is uncertain, and investors often exit when they see price surges, only to regret it when the news eventually surfaces.

Why would I hold onto Redington, a non-manufacturing company with a net profit margin of 1.17%? Despite its revenue of Rs 8,400 crore, a market cap of Rs 12,500 crore for a trading company can be unsettling, especially when a single adverse news event can trigger a 40% drop. Such overvaluations may persist until negative news prompts a sell-off, as we've witnessed in numerous cases in the past. The point here is that investors have already seen returns of 10x or more, and those entering now may face more risk.

Instead, I'd prefer to bet on BSE with a market cap of Rs 12,000 crore and a business model with entry barrier. With nearly 150 years in operation, they might reward shareholders with another bonus next year. Similarly, instead of Jamana Auto, I'd choose Akar Auto, a similar company with a market cap of less than Rs 90 crore. Applying the same logic as for Jamana Auto, Akar Auto should be valued at Rs 900 crore. My choices are clear, and there's no need to switch until they reach their desired destination. I would consider selling 50% of my holdings when the stock moves in the direction of my goal to create a free portfolio and use funds for another small cap search instead of moving to large caps.

Now, let's shift our focus to large caps. Where were these experts when Nifty was at 17,000, and why are they now advocating for large caps? They created a false alarm at Nifty 14,000, urging investors to sell left and right. Can we trust such sources? They lacked conviction until Nifty reached 19,600, and only after it crossed 20,000 did they begin cautioning against small caps and mid-caps, advising a shift to large caps. Although I don't foresee a major correction in Nifty or in large caps, mid-caps, and small caps, this correction seems driven by planned futures rollovers. Unless your stop-loss triggers, they won't be able to add to their positions. Therefore for me such small corrections are new normal and does not warrant to switch me from small-caps to large caps.

Last week's 4% correction in small-caps and mid-caps was, as previously discussed, a defining moment leading up to Diwali for small caps and midcaps. With a P/E of 19, we can even contemplate a Nifty of 25,000 without significant hurdles, so why the correction? Who benefits from a correction? Traders, market movers, and brokers? Market movers certainly, especially those dealing in puts and calls. Brokers also have a vested interest in this for their share of the pie. Traders, on the other hand, are gradually unwinding their Balance Sheet. Brokers and HNIs maintain positions in PRO accounts. When these reports advocate switching from small and mid-caps to large caps, how many of them have truly made such a switch? I don't see many. Therefore, these reports often have ulterior motives and tend to influence only those driven by fear. The media plays a significant role in supporting market movers, for reasons that are quite evident.

The essential point here is to know your stocks. Keep a close watch on each stock you've invested in, especially those recommended in CNI's notes. Once you have a clear vision of your investment destination, there's no need to be swayed by ill-advised market shifts. Think of Hanuman's journey to Lanka in search of Sita. Did he abandon his mission halfway? No, he didn't. So why should you abandon your carefully selected stocks in small caps and mid-caps in favor of large caps? Remember, risk exists across the board. If small caps can correct by 30%, so can large caps. Therefore, it's often wiser to stick to CNI's strategy of booking 50% profit at a 100% rise and transferring those shares to your free portfolio, regardless of whether they belong to the small-cap, mid-cap, or large-cap category.

Ultimately, it's a matter of perspective. If you consider a Nifty level of 25,000 appealing, bear in mind that even at this level, valuations will still remain below the 33-year average. India, being one of the fastest-growing and top-rated investment destinations, can be an excellent place to invest, whether in small caps or mid-caps. In contrast, Nifty can correct even at a P/E of 19. In such a scenario, large caps may not be entirely safe either. Consider the case of Sun Pharma, which took 12 years to return to Rs 1150. Those who held it during that period are still lamenting their losses. So, if the market corrects again, a 30% correction is possible. However, there's little room for a 30% correction in stocks like M K Exim, Akar Auto, Metal Coating, Alpine Housing, GTV Engg, Sunil Agro, etc. For instance, if Jamana is trading at 2x its revenue, and Akar Auto eventually trades at a similar valuation, it could be a 10x story. This is a scenario where switching some large caps to small caps with 10x potential makes sense. While TCS might become 5000, Dr. Reddy's could reach 10000, and Maruti could hit 20000, micro and small-cap stocks have the potential to grow by 10 times or more. Shivalik grew by 50x, Vip by 100x, Safari by 350x, and Cera by 400x. Many CNI members are still holding these stocks in their free portfolios.

Another approach to consider is this: with the amount you'd spend on buying 1000 TCS shares (about 34 lakhs), you could acquire a 3-4% equity stake in AKAR Auto. This would make you a significant stakeholder and potentially elevate you to the league of HNI (High Net Worth Individual) investors. Owning 100 TCS shares would primarily satisfy the requirements of your dmat account, and you could obtain a 70% margin by pledging TCS shares. Buy buying 3% stake will take you in premium league where you will be drivers seat.

"In the context of market discussions, timing is crucial. As we approach the expiry period, it's common to hear bearish predictions and correction speculations. However, this pessimism often dissipates after the settlement, which has become a recent trend over the past two years.

Recent events, such as the 1500-point drop in the Sensex on Wednesday and Thursday during the weekly expiry, ignited hopes of the market reaching 19000 again. This is seen as a positive sign, especially when combined with a high open interest of 9 crores in calls at 19800 and 19850 on Thursday. The strategy seems to be creating fear, triggering stop-losses, and paving the way for a new rally towards Nifty 21000 in the October series, which is becoming the new normal.

The relatively low open interest of just 25 lakh shares in the October Nifty, a comfortable RSI level, and a VIX at 11% suggest that the market may not experience a significant downturn from this point onwards. In fact, there's anticipation of a 1000-point rally, which would not only recover the recent 500-point drop but also push Nifty up by another 500 points.

It's worth noting that the RSI levels for Nasdaq and Dow are below 34, indicating an oversold condition. The cumulative impact of these factors is expected to be seen in the upcoming week.

Additionally, geopolitical issues, such as those involving Canada, are not perceived as major threats to the Indian market. Even Canadian funds with substantial exposure in Indian stocks like Infosys and Kotak Bank are not rushing to withdraw their investments, suggesting confidence in the Indian market's resilience. This information is often strategically used ahead of the expiry to induce panic in the market."

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	22/09	18,057.45	+402.04	+2.28
Singapore	Straits Times	22/09	3,204.82	+2.01	+0.06
United States	NASDAQ	22/09	13,211.81	-12.18	-0.09
United States	DJIA	22/09	33,963.84	-106.58	-0.31
United States	S&P 500	22/09	4,320.06	-9.94	-0.23
Japan	Nikkei 225	22/09	32,402.41	-168.62	-0.52
United Kingdom	FTSE 100	22/09	7,683.91	+5.29	+0.07
Malaysia	KLSE Composite	22/09	1,450.23	+2.02	+0.14
Indonesia	Jakarta Composite	22/09	7,016.84	+25.38	+0.36
Thailand	SET	22/09	1,522.59	+8.33	+0.55
France	CAC 40	22/09	7,184.82	-29.08	-0.40
Germany	DAX	22/09	15,557.29	-14.57	-0.09
Argentina	MerVal	22/09	553,392.19	-362.62	-0.07
Brazil	Bovespa	22/09	116,008.64	-136.41	-0.12
Mexico	IPC	22/09	51,677.48	-276.54	-0.53
Austria	ATX	22/09	3,158.91	-3.85	-0.12
Belgium	BEL-20	22/09	3,634.80	-13.22	-0.36
Netherlands	AEX General	22/09	730.09	-1.63	-0.22
Spain	Madrid General	22/09	943.44	-4.50	-0.47
Switzerland	Swiss Market	22/09	11,014.76	-69.98	-0.63
Australia	All Ordinaries	22/09	7,270.00	+3.40	+0.05
China	Shanghai Composite	22/09	3,132.43	+47.73	+1.55
Philippines	PSE Composite	22/09	6,142.79	+48.08	+0.79
Sri Lanka	All Share	22/09	11,256.52	+48.54	+0.43
Taiwan	Taiwan Weighted	22/09	16,344.48	+27.81	+0.17
South Korei	KOSPI	22/09	2,508.13	-6.84	-0.27

CNI Publications, A/120, Gokul Arcade, Sahar Road, Vile Parle (East). Mumbai- 400 057. PH.022- 28220323 / 28383889, Fax– 022-28242220