

Editorial
Vol -1, No-I, 29 Dec 24, 9 pages

NALCO and Hindustan copper are getting 5 lithium mines overseas stock will show super bullish trajectory.

SAIL we are issuing another report SAIL III which will explain SAIL is not only in ORE STEEL but also manganese and coal. Steel is no more commodity read the rationale. Discounting will rise from 5 to 10 which means stock will rise to Rs 250 only on change of perception.

Read Bangalore real estate ROI report which suggest Bangalore is the fastest growing city rate wise. Whitefield has now rates of 16000 and likely to scale up to Rs 20000 to 25000 very soon. Alpine with 92 acre land you should decide your own valuation. Stock will be 10 bagger for sure as per our understanding is concerned. Let us see where it is heading.

In Zenith Steel SBI the lead banker has dumped the khopoli related loan to ARC. Khopoli plant is shut from 2013. This will go well with the co and indicate that loans are getting settled soon. SBI out means ARC will take haircut and exit from the loan.

Akar AUTO will ride on 7 bn \$ investment. Once again I repeat promoters invested around Rs 100 crs in 1989 which if indexed to capital index could mean Rs 1500 to 2000 crs current value and currently stock is trading at Rs 125 crs. Please think as if you are promoter. Can you get 4 plants doing 500 crs sales at Rs 125 crs ? If answer yes then please exit this stock and buy such companies in private. I feel you cannot get such company even at Rs 1000. With big names joining with AKAR stock will be Rs 210 then 300 400 500. After 500 we will see all positive announcements from management. This is normal structure of stock market.

Change of the week

	29-Dec-24	Rise /Gain
Sensex	72240	100 ↓
Nifty	21731	30 ↓

Net Investments (` Cr)

	FII	DII
26-Dec-2023	537.5	554.3
27-Dec-2023	3203.2	136.6
28-Dec-2023	5656.8	(192.0)
29-Nov-2023	2107.6	167.0
Total	11503	665

Turnover (` Cr)

	FII	DII	Combined
29-Dec-23	85,653	61,650	1,47,303

29-Dec-24	Advances	Declines	Ratio
BSE	1906	1904	1.0

My next big bet is GTV not for ENGG alone but for power. We will share details of 16 companies soon where they have 500 MW power. Apart from power this is super ENGG co and also have food division all at Rs 150 crs or less. Engg alone is worth Rs 500 crs on standalone basis and again here once stock cross Rs 1600 all positive announcements will start and we all will be buyers at that time. NSE listing and bonus could be another driver for this stock. Watch Q3 numbers I see stock crossing Rs 777 after Q3 numbers as against cmp of Rs 460. It is taking bit long for consolidation due to operator's interest. It has crossed 52 week high again to establish its bullish bets. Must add if you want to be in real big stock which can become Rs 5000 to 10000 in next few years. This company is creating wealth hence one must BUY at every price.

We have decided to book 50% profits in MADHAV Infra at 13.82 and now our cost is free and we are free to hold the shares till 3 digit easily.

Instead focus on ZENITH Steel at Rs 7.15 Rs 10 paid up share. Co have 4 plants and one at KHOPOLI could be available for sale once they settle with ARC. SBI has sold loan to ARC.

buy SAIL call Rs 100 at 19 break even cost just Rs 2 if strangle strategy then sell 110 call 11 and buy 100 call ay 19

Read SAIL exclusive report. Giving SOPT valuation only in www.cniresearchltd.com today.... no more b to b company defense touch railway orders ore valuation all in one report. Our SOTP value comes to Rs 656 and therefore estimating Rs 250 is not a big thing. NMDC we set target of Rs 250 and it crossed. NMDC has 40 mn ore and SAIL 35 mn yet SAIL is trading at 46000 crs and NMDC at 60000 crs you have to decide how much undervalued SAIL is.

Tin the new source of lithium battery as per latest research... this will reduce battery size ... Only 2 companies are in TIN TINPLATE and HINDUSTAN TIN both could become multi baggers from hereon. With MNC supporting and low valuation HINDUSTAN TIN is risk free and TINPLATE is getting merged in TISCO hence risk free.

TATA MOTORS is keen working with TINPLATE for the same TIN source for Last 2 years as per my information. CHINA has succeeded in this and will be launching the TIN battery soon. JAPAN and US will follow.

5 Top Gainers			
Stock	29-12-2023	26-12-2023	% Gain
SUNPHARMA AD	338.3	258.7	30.7
GSFC	286.3	231.4	23.7
ENGINEERING	197	161.8	21.7
PTC IND	7272	5983	21.5
NALCO	139	115.4	20.4

5 Top Losers			
Stock	29-12-2023	26-12-2023	% Loss
SAFARI IND	1873	2068	9.4
SHILPA MED	325.2	355.4	8.5
EUREKA FORBES	502.7	541.3	7.1
SUBEX	34.1	36.7	6.9
LA OPALA	360.8	387.3	6.8

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

Money is made only if you bet on future. How many bet of PRAVAGE on my call at Rs 90 ? Have you made money..? Similarly now My bet is on HINDUSTAN TIN not for the packaging for MNC but for TIN as lithium source. It will be 4 digit stock for sure but you need to hold patiently like MADHAV

Tomorrow is expiry and I feel further short covering is possible. Friday is the NAV Day which will help 2 stocks for sure SAIL and PAYTM.

ALPINE Housing is a great buy around Rs 180 and operators knows it well if cross Rs 225 nonstop then could go in ESM. Current market cap is Rs 300 crs and movement will be steady till it cross Rs 500 crs market cap after which nonstop action will start as it will be out of ESM regulations.

Valuation is determined by the relation between a stock price and the present value of the free cash the business will generate over one's forecast time horizon. The problem comes with assessing the future free cash flow. It is a highly subjective and uncertain exercise.

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Sensex 72000 + never seen so many negative events in span of 3.5-4yrs

Covid

2.Russia Ukraine war

3.Oil above \$110

4.11 rate hikes by Fed..yes 11

5.Israel Hamas war

8-9% inflation in US, EU n India

Huge sell off by FIIs

Anything that could go wrong, went wrong & yet markets rewarded investors who were disciplined n kept the faith.

Similarly those who have kept faith in bottom up approach of CNI have made it big.

After CNI Report Street realized how undervalued SAIL is. Our interaction with FPI clearly make us sure that more than 30 cr shares buying will come in SAIL which is more than 50% of the free float.

In any case there are 15 lac retail shareholders and they too can show the power of retail.

I will suggest to add LAHOTI Overseas which was mentioned in the YMV of last week. Lot consolidation has started like GLOBAL OFFSHORE and stock is ready to move like a rocket. Must add.

Vipul Organics and ALPINE where big players will enter soon. Keep these stocks under radar. Many are booking profits but for sure they will regret. Any ways choice is with investors.

Rest of the report you must read in YMV tomorrow.

We expect Nifty to test 22000 mostly tomorrow on NAV.

Lot of character is seen in street. Investors are selling in fear of crash whereas bears are building fresh positions.

These are typically good factors for further rally. Go stock specific. Hold Madhav for 3 digit since our cost is now minus.

Ravindra Energy is a great power story.

When we told you AHAPURA and SAW pipes in 2023 no one believed. So also TATA POWER Tata Communications Tata Motors BSE and Bhel. What if I say what were star performers on 2023 may not be the star performers of 2024 though they will keep on rising. TAMO hit Rs 800 today and our target of Rs 4000 is intact. We shared comparative analysis of global cars like BMW MERC etc when it was at Rs 300 and told you this will be 10 lac crs company and now already reached 3 lac crs. TATA POWER will be Rs 3 lac crs company is next 2 years and renewable value unlocking will come when stock cross 1 lac 1.20 lac crs and overnight valuations will change.

My picks for 2024 are as under

Sectors -

REAL ESTATE, SPECILAITY CHMEICALS, FINANCE, PACKAGING, METALS OIL and GAS, RAILWAYS and ENGG. I will avoid to put my neck in IT, banking by and large and pharma which have shown not only run ups but massive over ownership.

My stocks for 2024 will be

Vipul Organics is the stock I fancy in sociality chemical segment thanks to paper ink monopoly.

HP, BP, IOC, ONGC, OIL INDIA, RELIANCE GAIL and Gulf Petro in oil and gas

TATA STEEL, SAIL, NALCO, HIND COPPER, GMDC, GIPCL, METAL COATING in Metals

Alpine, Triveni Glass, Forbes and Mafatlal in real estate

RDB Rasayan, HIND TIN and AMD in packaging

INTEGRA and RAILEL in railways

CALCOM, HARSHAENGG, AKAR AUTO, GTV Engg, BHEL, HERCULES, FORBES, INTEGRA, AIMCO ELECON Investment PRECISION, and KPT in ENGG

LTHF and MNM Finance and IndusInd and HDFC in Banks

Special Category will be PAYTM in UPI

And ITC

Surprise stock will be GLOBAL OFFSHORE as it is debt free, entry barrier, Harvard promoter, and fund raising above Rs 100 120 for new vessels could drive the stock towards destination.

Multi bagger ideas

Hindustan Tin, Dish, Praxis, RATAN INDIA, Andhra Cement, Riba, Ravindra Energy, Tirupati Starch, Entegra Essentia, Unique Organics, TTML, Mega Soft, Archies, Global offshore, Vipul Organics, Madhav Infra and Zenith steel.

Special feature

I was initially concerned when Nifty surged to 21,600 without a pause, and the RSI soared to 90, resembling a very high fever. This discomfort prompted me to express my unease in at least two weekly reports. However, a significant one-day drop of 350 points in Nifty brought the RSI down to 60, placing it comfortably within the desired zone. Nifty reached an all-time high on Wednesday with an RSI of 73, a level that didn't signal overbought conditions given the robustness of the Bull market. *Despite Nifty's nearly 650-point increase, the RSI did not approach 90. In contrast, prior to the dip, the RSI stubbornly lingered without buzzing, even at 90*.

What has transpired in the past few weeks following the three state elections? Foreign Portfolio Investors (FPIs), who were previously short over 1.25 lakh contracts, closed all shorts, as reflected in FPI buy figures and Nifty's rise. However, after concluding the short-covering saga, FPIs not only ceased buying but also began selling, evident in their daily sell figures. This sudden shift triggered a fall, providing comfort to short sellers who initiated a panic-driven short selling spree, pulling Nifty down to 21,000. I have emphasized multiple times that the market operates on the principles of demand and supply in the short term rather than fundamentals, and this recent scenario saw demand met by short sellers, initially FPIs and later retail and HNI bears*.

Dow and Nasdaq underwent a correction and rise mirroring Nifty's movements. The market consistently reached new highs, even before the monthly expiry, making the outcome of the expiry a foregone conclusion. As Friday marked the last trading day of the calendar year, it coincided with weekly, monthly, quarterly, and yearly closings, necessitating an NAV exercise. Another crucial factor influencing stock prices at this year-end closing was bonus consideration, affecting the NAV of both FPI and DII funds.

During every market upswing, astute traders seek shorting opportunities, assuming that the markets have advanced significantly and broad market indicators show weakness. However, I hold a different view. I believe this trend is beneficial for the market's health as more shorts are created with each rise, becoming a new lifeline for the market. Hedge shorts will persist at every level*.

We are just a month away from the budget and three months away from financial closure. The upcoming budget should ideally reflect a positive outlook for higher GDP, increased tax collections, enhanced earnings, and a stable political environment that doesn't necessitate a populist budget*. Populism has been observed at the state levels, as evident in the results of the three state elections. If the government can match opposition parties' performance, there's no reason for the public to choose a non-performing party. *The budget, coupled with a reduction in taxes for individuals to align with corporate taxes, could yield remarkable results, possibly exceeding 400 seats. Removing the existing disparity between the 25% corporate tax rate and the 35% individual tax rate is a much-needed move that can work wonders for the BJP government. The other two factors, GDP and market borrowings, are likely to surpass estimates*.

We have achieved a market capitalization of \$4.3 trillion, surpassing the GDP of \$4 trillion. Despite this, the market capitalization to GDP ratio stands at 1.07, well within the comfort zone. In 2021, this ratio reached 1.20, and in 2007, it peaked at 1.49 during a period when the economy was not as resilient. Given the current state of the economy, there is room for a higher market cap to GDP ratio, signaling that, by this critical measure, we are not overpriced*.

On the price-earnings front, the situation is similarly favorable. Our current price-earning ratio is 22.80, and the one-year forward PE is at 19, representing a 31% discount to fair value. According to my analysis, the fair value of Nifty is estimated to be 28,500, allowing ample room for a bullish and long stance. However, the key lies in prudent stock selection, focusing on undervalued options like SAIL, where maximum comfort can be found. Similar rationale led us to pick NMDC at Rs 95, resulting in significant returns as NMDC delivered over 200%*.

While some brokers project a Nifty rise to 24,200 in 2024 based on FPI buying and flows, I caution against relying solely on anticipated flows, which are not guaranteed and could lead to misleading conclusions. Valuation metrics, as discussed earlier, provide more reliable tools for analysis. Past instances, such as a respected broker's prediction of a Nifty crash to 14,500 at a time when CNI contradicted with a buy call for 18,000+, underscore the unreliability of flow-based predictions.

SAIL is considered undervalued not merely due to the comparison with other steel companies but based on solid facts and figures. It's crucial to acknowledge the role of influential corporate houses in SAIL's previous decline, with an apparent intention to acquire this significant asset at a throw-away value. Despite these efforts, the government, being the major

stakeholder, did not accept such undervaluation, as seen in its stance on BPCL. Accumulating SAIL at lower valuations proved to be a strategic move*.

Notably, NTPC is planning an IPO for NTPC Green next year, and HPCL is demerging its unit, indicating the government's adeptness in creating value. The PSU market cap has surged from 14 lac crs to over 50 lac crs, making the government the largest stakeholder. Dilution of even 10% could contribute a massive Rs 5 lac crs to the government, demonstrating its strategic advantage in the ongoing bull market rally. CNI report on SAIL has dealt with in-depth analysis which will explain the real value of SAIL which street will realize sooner than later like in the case of BHEL and NMDC. Many street players are short in BHEL as they are not able to digest a loss making PSU trading at Rs 195 or Rs 67000 crs market capitalization. This is perfect pitch for further fight between Bulls and Bears and Bhel may scale up to another 50% before the worth is exhibited through numbers. Bhel is one of suppliers to Russia out of the new deal signed by India with Russia.

SAIL's free float consists of just 63 crore shares, while there are 15 lakh shareholders. If existing shareholders decide to add an average of 1000 shares, demand would be 150 crore shares compared to the actual 63 crore shares, rendering the large equity size inconsequential for SAIL. Moreover, there are indications that FPIs are inclined to add 250 million shares of SAIL over time, potentially altering its trajectory.

Despite being labeled a Public Sector Undertaking (PSU), SAIL possesses substantial assets and capabilities. With a production capacity of 21 million tons and current valuation matrix suggesting a worth of Rs 2.10 lakh crore, it's evident that the market might not be fully recognizing its potential. SAIL's extensive land holdings, surpassing even that of Bhel (16500 acres), offer substantial opportunities for monetization. The intrinsic value of its iron ore production, comparable to NMDC's, supports the argument for a additional valuation of Rs 52500 crore (pro rata) over and above steel valuations. It has close to 900 MW power which is also not seen factored in the price*.

The narrative around SAIL extends beyond traditional steel production. The company has evolved into a Business to Consumer (B to C) entity, diversifying into defense, navy, infrastructure, and railway sectors – aligning with current market investment themes. This is where I say that metal is no more commodity hence require higher valuations. If we give 10 price earnings stock price should rise 100% without taking into account other factors discussed briefly though detailed analysis is there in the report*.

Additionally, detailed information about coal mines, manganese ore mines, and the conversion of forest land into new mines, along with fresh licenses for ore sales, further underscores the potential of SAIL. While a target of Rs 250 has been set, there is a strong belief in SAIL's Rs 650 story, considering its diversified ventures and growth prospects*.

We have also released real estate market analysis with regard ROI on real estate investments. As per study Bangalore ranks no 2 with ROI around 8 to 13% which is massive. This will be the guiding factor of real estate prices and we believe they will rise from current 15000 to 25000 psf in Whitefield Bangalore and only company in our coverage is Alpine Housing which touched at high Rs 199 yet market has not realized the potential of this Rs 20 crs cash generating co (check screener). Bangalore, in particular, is expected to witness a significant rise in real estate prices, with Alpine Housing being the only company in coverage that has not realized its full potential. This comparison was done for 10 cities and Bangalore immerses on the top and higher rentals will convert into higher sale prices which will be reflected in the bottom line sooner than later*.

The detailed analysis of VIPUL Organics revealed its standing as a standalone specialty chemical company with the largest capacity in the industry. Despite street demand decorating the screen, it's recognized as a company with a monopoly in certain segments. Anticipating the entry of High Net worth Individuals (HNIs), the analysis suggests waiting for potential developments in this regard. Stock is moving in the right direction and hence accumulation is advised which may not be possible once stock run over on news*.

Past calls on Hindustan Copper and Nalco, which initially faced skepticism, have seen significant upward movement. The recommendation is to hold these stocks for further rallies ranging from 50% to 100%. Additionally, LAHOTI Overseas is suggested as a stock to add, with the anticipation that it could reach Rs 100, making it a potential multi-bagger. The advice is to reallocate funds from other surging stocks to LAHOTI. On given scale of market rally this stock seems not yet participated in the rally and being liquid the entry of big HNI is on cards. Stock is testing investor's temperament*.

The strategy involves avoiding penny stocks that are over-owned and where promoters are sellers, emphasizing the importance of confidence in stock selections. Focus has been placed on successful picks like HCC, SEPC, and Madhav Infra, which are now being held at zero cost.

A potential turnaround story is identified in Zenith Steel, as indicated in the Annual Report, where SBI has transferred the Khopoli plant's debt to an Asset Reconstruction Company (ARC). The plant, shut since 2013, could be available for sale once the ARC is managed and settled. This approach of settling bank debts through NCLT or ARC mode is considered fashionable in the current financial landscape. Comparisons are made to Reliance's R COM bid, where banks face limited options with a massive debt of Rs 47,000 crore against an offer of just Rs 457 crore. However, caution is advised, acknowledging the associated risks as Zenith Steel is part of the YASH Birla group.

The current Nifty RSI stands at 71, indicating a potential resistance to a significant correction. However, a contrasting scenario emerges with 99% of investors opting for cash now and or going short at every rise, is not signaling bearish sentiment that may impede an easy market correction. Additionally, the widely held belief that January is historically a crash month appears unlikely to materialize given its awareness among 99% of investors*.

For detailed insights into potentially undervalued shares, multi-baggers, and favored choices of operators for 2024, please refer to the Chakry comments section where we have shared a comprehensive list.

It's essential to note that market predictions and individual stock recommendations are inherently speculative. Thorough research and consideration of various factors are advisable, and consulting with financial professionals is recommended before making investment decisions.

As always, it is crucial for investors to conduct their due diligence and carefully assess the risks involved in equity investments*.

