

**Editorial**
**Vol -1, No-I, 20 July 24, 08 pages**

Today I will write only on why I like **D H India 517514** (market capitalization just 100 crs)

Any company below 100 crs club with strong fundamentals come under my radar which you have seen more than 100 companies which have changed league to Rs 200 to 700 crs in no time. D H India is one of them.

Many follow me and created wealth. If not true please comment. Many are just traders and opportunities and for them I have no expert advice. It is true that I cannot satisfy all 23K members at given point in time. My job is to take the horse to the water and show it the water. Rest is Horse's job. This is equally applicable to stock market. I can show you can't force you. Many have love at first sight and many at last sight. Happiness seen with guys do love at first sight and sadness with frustration seen when done love at last sight. May be many do both and take profits of first to P and L account and last entry keep for my debits.

Generally it is said that money is made only on strong conviction. This is the difference between Ultra HNI and you. Why would Mukul have 1 mn Raymond's? How many of you had bought even 10000 or 25000 Raymond's when I gave buy call at Rs 140..? None. Even if someone bought 1000 2000 shares he sold everything at 400 500. Opportunity comes your door again and again and test your patience.

We bet on businesses and once they become big, market make stocks big. Stocks make people big. M O made his fortunes in Hero. DH INDIA at Rs 10 crs profit making another opportunity to go for a kill. Buy 25000 shares and wait for outcome. It is like buying 250 Elxis now (had given buy at 560). It can change your life for sure. FY 25 PE is just 10 for an engineering co does not go well to my mind. Industry PE is 40-45. Even on this scale stock price has to be 4x at least that is 500 +. Now see other criteria's.

**Change of the week**

	20-July-24	Rise /Gain
Sensex	80604	88 ↑
Nifty	24530	29 ↑

**Net Investments ( ` Cr)**

	FII	DII
15-07-2024	3337.8	(331)
16-07-2024	1660.8	(529.4)
18-07-2024	5052.8	(2904.2)
19-07-2024	1506.1	(461.5)
<b>Total</b>	<b>11557.5</b>	<b>(4225)</b>

**Turnover ( ` Cr)**

	FII	DII	Combined
<b>19-July-24</b>	<b>1,03,527</b>	<b>1,25,616</b>	<b>2,29,143</b>

19-July-24	Advances	Declines	Ratio
BSE	860	3085	0.28

India likely to make capex of 44 lac crs in next couple of years which will decide the sectorial impact on the growth opportunities. Our Budget estimates of capital infrastructure spending for FY 23 and 24, is Rs 21 lac crs. Indian corporate raised over Rs 5 lac crs through Ipo (main board and sme) . There was fund raising by promoters for more than Rs 3 lac crs. For every Re 1 raised Rs 4 will be spend as 90 % promoters are not lucky to raise funds and rely on bank debt for capex. Thus to my conservative estimate the private capex is Rs 15 to 25 lac crs taking the aggregate capex to over Rs 44 lac crs which is equal to entire one year's budget.

On Saturday DY Governor of RBI said that by 2031 India will become second largest country. Now just see CHINA is the second today at 12 tn \$ and India if cross 12 tn \$ from current 4 tn \$ means 300% growth. Just keep this mind to decide whether is it possible without BHEL, RVNL, RAILTEL, ESAB, ENGINEERS INDIA, BALMER, DH INDIA etc etc

Comparative market cap of Esab, Wendt, Ador and D H was shared in YMV and looks like it is young 16 years TENDULKAR is on crease. All these four companies market cap will triple but the last small kid will be 10x not 3x as the base is very small.

We spoke to Bhel, HAL and found that their bags are full and even though they are getting new orders their execution will take 5 to 10 years if done in existing set up. India cannot wait this long. Therefore they will have three options expand, take over and outsource. First two seems difficult for PSU hence they will be falling back on third option.

Recently we saw PFC, REC, ONGC, IOC BPCL etc awarding big orders to private players. Eg REC and PFC gave orders to smaller companies like Madhav infra in renewable space. Hal gave orders to Shivam Autotech, Tata Technology and others. Now Bhel and RIL short listed D H India but rotating orders through Wednt India MNC co.

Bhel giving orders to loyal equipment, D H India, Esab, Wendt and others. D h India is smallest welding company with 200 crs revenue and profit of 10 crs. Eq + reserves is 36 crs and payback is 3.6 years as per current rate though co expect to do Rs 16 crs in fy 25 on 250 crs revenue which means payback will be 2.25 years.

5 Top Gainers			
Stock	19-07-2024	15-7-2024	% Gain
TTML	102.1	76.6	33.2
JUST DIAL	1253.6	1012.1	23.8
INDIA CEMENT	346.6	298.3	16.1
VST IND	4590	4115.3	11.5
ITD CEMEN	512.8	467.8	9.6

5 Top Losers			
Stock	19-07-2024	15-7-2024	% Loss
BHARAT BIJEE	4415.2	5206.7	15.2
RAIL TEL	516.6	596.8	13.4
HAL	4801.2	5488.5	12.5
KEI IND	4027.6	4593.2	12.3
BHARAT DYNAMIC	1468	1666	11.8

Top 5 Picks By CNI 'A' Group
Company
TATA STEEL
TATA MOTORS
HCL TECHNOLOGY
TECH MAHINDRA
BAJAJ FINANCE

Top 5 Picks By CNI 'B' Group
Company
DH INDIA
EMS
MULTI BASE LTD
MK EXIM
RIBA TEX

**What are the special plus to say D H will be a sure multi bagger in course of time are as under**

ENGG co to be valued at 35x of earnings and FY 25 earnings will be 16 crs means Rs 23 EPS x35 makes fair value Rs 805 ( 560 crs market cap)

FY 25 payback drops to 2.25 times which falls under my multi bagger definition

Revenue F Y 250 crs and 2x valuation Rs 500 crs

Vertical growth expected if co reach 100% capacity utilization

Directly linked with India infra spending

Fairly liquid counter where getting 50000 shares is not difficult which will bring in big value investors

One of the most dynamic and fast growing ENGG sector with very high margins

High copper prices could lift high selling prices leading to higher margin

Keeping this in mind D H India must have given proposal to Esab, Wendt and Ador for 35x ibitda that 560 crs or 2x revenue that is 500 crs. **(Source based. Must do due diligence)**

At cmc of 100 crs this could be 5x in next 12 months and looking at the future of welding industry it is just golden opportunity acquire big chunk and sit tight. Ador welding and ador fontec both were extremely successful calls of CNI. Now expect D H India will make on big screen.

If Nifty has to test 47000 as per my belief this stock has to be in 4 digit. Since this is my first detailed note on this co you should consider this as entry point. Whether you apply mind or not, whether you buy or not this will remain in bull trajectory. I have personally added this share and want to make statutory disclosure as required by the regulations.

As regards Budget it has to be excellent. Will promote ENGG and real estate apart from other sectors discussed earlier. We may see beginning of digitization of land in this budget and if happen we may also see more than 1 tr \$ coming only in land buying in INDIA. I had mentioned 50% rise will be seen in land prices in Mumbai in next 5 years. Gold will test Rs 105000 per gram and silver Rs 3 lac a kg. Higher the gold prices higher will be spending in India as 140 crs people do hold GOLD as traditional security investment and that will churn in big consumption.

Let me repeat again analysts says Cement , Steel and Auto are three pillars of growth and I agree to some extent but the mother and father both of the growth is ENGG because if you do now have scalable ENGG projects there is no demand of cement and steel. E g India built the tallest bridge in the world that is in KASHMIR and it became symbolic though it had consumed maximum cement and steel. Bullet train is not our need but it is symbolic status for FDI inflow but it is ENGG marvel. This is why ENGG India in the Delhi Conference said that their order book will balloon to Rs 10000 crs from current Rs 3000 crs. I had written this and the day I wrote stock price was Rs 246 and now it is Rs 296 and very soon we will see 1296 also. I am giving just one example. Smaller co open their mouth only when they become 10x. eg Integra ENGG never gave good picture when they were at Rs 53 and we were buying now at Rs 300 their front page of the Balance sheet talks about ROLLING stock and there is Rs 37000 crs provided in the Budget. Wait and watch this MNC also will become Rs 3000+ like Siemens ABB as it is in the same segment with same MAN doing at his best.

Time does not permit me wrote more but certainly I can write 10 more pages on India growth and DH India role in India growth. Please see quote below which is apt for DH growth.

JAI HIND. VANDE MATARAM.

Why we hated REC, PFC, at around 100 when CNI gave buy calls? They were nonmoving and just we lacked conviction. Same thing now goes with BPCL. These stocks became 5x 6x. Another example is that even the best analysts must have shied with RVNL when CNI gave buy call with research report at Rs 29. Stock now became 21x and crossed Railtel also. What we saw in RVNL was Rs 20000 crs Balance Sheet. Numbers speak loudly though may not work in short run due to various factors such as artificial controls, buying not completed to expected levels and many more.

Now what we are seeing in BPCL. BPCL with PE of just 4 ( RVNL had 4 PE when selected ) price to book 1.83, market cap of Rs 1.33 lac crs, Revenue of Rs 5.33 lac crs Gross bloc Rs 1.13 lac crs, Capex 1.75 lac crs which will bring in 5 lac crs more revenue. Current ibitda Rs 32000 crs and Rs 50000 crs addition can be seen in ibitda.

Do you expect should BPCL trade in minus price earnings ratio?

PE has to improve to 15 in coming years

Price to book has to be 6 to 8 when we do not mind trading at 15x in private companies

Market cap has to be Rs 5 lac crs at least that is 1x of revenue if not Rs 10 lac crs

Co value has to be equivalent to assets value of Rs 8 lac crs though current gross bloc is just at Rs 1.33 lac crs Govt need to make revaluation mandatory to bring PSU valuations at close to market prices

20 x Ibitda take valuations to Rs 6.40 lac crs and on expanded ibitda even 10x should take it to Rs 8 lac crs

Thus you apply any yardstick, I think BPCL is clear multi bagger. Whether you like or not my thinking is very clear. Rs 1.13 lac crs Gross block is historical cost. Can you built another BPCL for Rs 4 lac crs ? Answer is no then why are shying to BUY Bpcl at 1.33 lac crs market cap..? Well I understand we do not want to give oil and gas same valuation which we give it Reliance Industries but for sure BPCL is no more an oil co. It is green energy where 1.75 lac crs is capex planned.

All big broking firms are now upgrading Tata motors with buy rating though these very firms were downgrading them from Rs 100 to 600. Yes they started upgrading Tata motors from Rs 600 onwards the reason for downgrades were vested buying.

Now same set of people had downgraded three months back BPCL at Rs 650 and highly stock had corrected to Rs 570 once on knee jerk reaction. Now for the first time the stock price is Rs 655 ( Rs 317 ex bonus and Rs 21 dividend) crossed the sell call price. Means those who downgraded have accumulated enough stuff and they will start upgrading after it cross Rs 600 again.

The reason the oil and gas companies are getting valuation because many big group are in this business and eyeing these companies from Govt at throwaway valuations. The biggest mistake committed by is by none other than Shri Agarwal. He offered Rs 450 per shares when Govt had reconciled to sell at Rs 652 couple of years back. Govt removed Rs 192 as special dividend thereafter means the price is now Rs 850 a big loss Mr Agarwal.

Now Govt has put off the divestment and creating value in each and every PSU. The assets value of BPCL is Ra 8 lac crs and hence selling at Rs 1.50 lac crs market cap is ruled out whether our industrialists like it or not.

Now big secret on Govt plan. Govt wold Maruti at Rs 200 per share. Govt Sold VSNL for a song to Tata. But now the idea is different. Govt will allow Psu stocks to double from here. We see market cap of psu at 150 lac crs. Now see the stakes below

Fpi 50 lac crs

Dii 57 lac crs

Psu 67 lac crs as of now and 150 lac crs in next 2 years.

This If you remember I had written 5 years back here oil companies will be valued at 30 lac crs. It means bpcl will be 5 lac crs easily.

Govt has rightly put off divestment. They will moving to strategic sell like Air India. They will sell few oil and gas companies to break the monopoly. At the same time they will hold bigger oil and gas companies competing them

Oil India Rs 1 lac crs

IOC Rs 2.41 lac crs

BPCL Rs 1.33 lac crs

HPCL Rs 76000 crs

MRPL Rs 41000 crs

ONGC Rs 4 lac crs

GAIL Rs 1.53 lac crs

Indraprastha Rs 47000 crs

Petronet Rs 52000 crs

When I wrote few years back the market capitalization of all these companies was Rs 7 lac crs which has now become Rs 12 lac crs and my target of Rs 30 lac crs is not too far. We will see strategic sell at that point in time. We may also see mergers and consolidation along with land de mergers to reach Rs 30 lac crs sooner than anticipated.

Though BPCL ranks no 3 in market capitalization my biggest bet is on BPCL simply because it is different, it is in green energy and it is PM's dream co. Hence BPCL will be my single bet in this sector.

Bpcl at Rs 634 will be at 52 week high and life high also and after that it should be rocket stock. Even if you do not buy save this because I will mention this again when stock will cross 1000 1500 in next few years.

Dow crossed 40800 which I had predicted even when it was below 30000. My end target also mentioned that it has to test 80000 in next 4 to 5 years. Markets are extremely short. One HNI we know is short 27000 contracts of Nifty from 23600 is not yet cut shorts. There are thousands. So unless they cut short markets will not correct.

My efforts are to give you undervalued stocks for the very reason that many feels that market is overpriced and may correct. Though I am helping you from time to time on Nifty valuations I do not deny the possibility of 2 to 4% correction after Budget hence always thriving hard to protect your money with undervalued stocks.

How can you go wrong in a co which earns Rs 50 crs IBITDA on equity of just Rs 8 crs that is Hindustan TIN, we shared detailed report.

How can go you wrong in DH India with 2.25 times payback and Rs 16 crs IBITDA.

How can you go wrong with Balmer Lawrie, NLC, EIL, Tata Power, Tata Motors, Bhel, SAIL and BPCL.

Strategy is very simple. Do not expect correction while buying. Go all out at 50% capacity. Do not ignore possibility of correction. Add 50% if stock prices of these companies correct 10 to 20%. We are not sitting in idiot's box to sell stocks at losses. We are opportunists and sitting at drivers cabin. We will add when idiot's sell.

Always keep in mind we are heading to 47000 Nifty. We were buyers on 4th June when world was sellers. Always hold cash for dip buying. Go with Bull market rule of buying dip.

## Special Feature

Dow entered danger zone after crossing 41200 but certainly you cannot take away the credit from CNI as we were the only ones in the world which had predicted 40000+ right at 29000. In 2020 at 18000 we were the only one to tell you that it will cross 30000. There are big funds in the world like GOLDMAN, J P Morgan and on record they were bearish number of times. They had also said that US is going in recession as early as 2022 and CNI all along said no chance.

In this assessment you have to decide who is better in terms of determining the market trend, in terms of stock picking and also in terms of consistent accuracy. Had we were present in US markets our co could have been valued at billions of \$ as we do not have strict patents regime in India. We have been seeing copy of our contents regularly and blatantly yet we have no recourse. This is why we are entering big business such as AI, bloc chain, data storage, fintech and many more which we will explain as and when we start business. Currently we have engaged in technology tie up so that these businesses can see on footing as early as possible due to the expertise of our partners.

Our RSI is still lower than DOW and not in extremely overbought position. We are left with only 2 sessions for the big event that is Budget hence such condition cannot be deterrent for the markets going forward.

It looks like we will cross 25000 Nifty before budget yet we caution you not to remain leveraged in F and O or even cash for various reasons.

Though we hold that Budget will be good and inputs have been shared with you from time to time, fact remains Budget itself will not trigger correction. In fact, Budget will trigger short covering for those who are short from 23600 levels and paying difference. However, according to me the correction should come on 24th and 25 for rollover.

Now see the numbers as of THURSDAY evening. OI in JULY is 1.53 cr shares and closing was 24808 whereas in Aug the OI was just 30 lacs and closing was 24920 means till Thursday practically there was no rollover. I could see stock rollover not in Nifty. This means operators are going to keep market high till Budget and then they will press the sell button. When they keep high on Budget day, there may sharp spike and short sellers will have no choice than to cut shorts.

Correction will not be too big as there is nothing that warrants big corrections. RSI is at 72 which is comfortable considering the liquidity. But rollover cannot happen without correction. I would be happy to see market correct 2 to 3 % in these two days and become normal in the next settlement with RSI falling to below 60. But in alternative if they decide to screw the short sellers till 25th by taking Nifty to 25500 then certainly the correction will not stop at 3% for sure. No one can predict timing of correction though we want to be accurate as far as possible.

This is why we have been hunting stocks which are undervalued and immune to big corrections. Hindustan Tin with Cash of Rs 50 crs a year, D H India with pay back of 2.25 years and VIPUL Organics with technological advantage cannot stand at rs 100 200 crs for long time. They have to rise at least 5x if not 20 x hence we prefer to buy these shares.

Inspirisys, CTE, RDB Rasayan are few more stocks which are undervalued. We were the first in INDIA to release the note on TTML at Rs 34 and stock had blasted to Rs 290. Now stock hit 20% upper circuit after street found that TTML is one such company which is into cyber security.

We authored the buy call in forbes ltd which gave you 400% returns in less than six months. Now similar case was seen in OCCL. We feel the new listing will be at Rs 250+ and then the rally. How it worked. The last price before record date was Rs 835. The re listing post record date was Rs 200. (Though it crossed Rs 400 now to show that the game is begun.) The cost you incurred is Rs 635 for 5 shares that is Rs 127 per share. Now those who implemented the scheme would like to see at least 100% gain else the purpose of de merger fails. Means the listing has to be Rs 250+. Will it happen or not time will tell us. But if you add up assuming that it gets listed at Rs 250 then your price becomes Rs 1650 that is 100% gain in less than 3 months.

Pending Scheme of arrangement ( de mergers)

Hercules

Raymonds

D B Realty

Sterlite Techno

DCM Shriram Industries

Expected ( de mergers)

Tata Motors ( EV PV and MBFC)

Tata Powers (renewables)

Greaves Cotton ( EV)

Balmer ( Tourism and land)

Mafatlal ( hygiene and real estate)

KPT ( Riksha EV)

Bhel (land)

BPCL ( land)

IOC ( land)

SAIL (Land ) also merger of RVNL and NMDC steel

BSE ( Gift city)

DH India (Merger with Wendt)

Tirupati Starch ( merger with XYZ )

MTNL ( merger with BSNL ) ( de merger of land)

Please study these cases and decide your investment decision ahead of record dates. We will try to generate our calls but we may miss some. We also request to suggest possible de merger cases so that we can update to all other also.

We will be first to make the analysis of Budget though market has its own rationale to act. Many funds were seen smart churning as prices have shot up so much rather beyond their imagination. Funds are not like Quant to give 40% returns hence they are booking profits and giving 20 24% returns. Also they are selling stocks in cash markets and subscribing to lots of anything and everything. Therefore event though we see FPI figures minus we cannot say they are negative on India.

In short we are prepared for correction and will buy dips which is our mastery. We avoid high priced shares like ESAB ADOR and focus on D H India which has potential to become 10x. We avoid Hindalco and focus on Hindustan TIN and Shetron which are in TIN making. We avoid SUDARSHAN and focus on VIPUL. And this is only way we can built our portfolio which will grow 10x.

I have received some queries from our members "what to with GE Power" when stock hit lower circuits. Share price crashed from Rs 644 to 464. How stupid questions are being asked..? we gave you buy in GE Power at Rs 165 and as per CNI preaching at Rs 350 your cost should have been NIL and stock in zero cost portfolio for next 10 years. In 10 years this will become Rs 10000 for sure. How do you expect to deal with this. This is US MNC GENERAL ELECTRIC who's market cap is 172 bn \$ and in India it is trading at 370 mn \$. Another co where we get stupid questions what to do in Inspirisys at Rs 140 150 more particularly when the open offer failed. The CAC Japanese parent is trading at 21000 crs and in India just 600 crs. CAC made the biggest mistake by not completing the open offer. Promoters hold 81% stake yet they need a least 9% stake which these stakeholders had agreed to sell at Rs 241 and now decided not to sell even at Rs 300 350. The chairman has come from MICROSOFT and hiring 600 people hence co will report profits of Rs 45 crs + this year and that will be rs 10 EPS.

Stock price has to be rs 500 on merits. So do ask stupid questions, we had given at Rs 48 now Rs 150 so cost is zero rest is your call.

We will be issuing new report on VIPUL ORGANICS how it is going to change landscape of this company in comparison to SUDARSHAN at Rs 6500 crs market cap. It is HDFC who created valuations. VIPUL there is some marquee investor who will make VIPUL Rs 6500 crs in 10 years. With membrane technology water requirement will go down by 80% and in the past TARAPUR plant had seen troubles only because they did not provide required water. We are in possession of some information which is not yet confirmed and our research is on which will take VIPUL a major key supplier to AUTO companies if that is true. We will share only when we have 100% research from our own sources.

Enjoy the Budget, stay light, stay in undervalued stocks. Life is yours.



## Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	20/07	17,417.68	-360.73	-2.03
Singapore	Straits Times	20/07	3,447.56	-23.60	-0.68
United States	NASDAQ	20/07	17,726.94	-144.28	-0.81
United States	DJIA	20/07	4,028,753.00	-377.49	-0.93
United States	S&P 500	20/07	5,505.00	-39.59	-0.71
Japan	Nikkei 225	20/07	40,063.79	-62.56	-0.16
United Kingdom	FTSE 100	20/07	8,155.72	-49.17	-0.60
Malaysia	KLSE Composite	20/07	1,636.55	+2.74	+0.17
Indonesia	Jakarta Composite	20/07	7,294.50	-26.58	-0.36
Thailand	SET	20/07	1,317.14	-7.62	-0.58
France	CAC 40	20/07	7,534.52	-52.03	-0.69
Germany	DAX	20/07	18,171.93	-182.83	-1.00
Argentina	MerVal	20/07	1,569,019.00	+40,228.37	+2.63
Brazil	Bovespa	20/07	127,616.46	-35.60	-0.03
Mexico	IPC	20/07	53,678.52	+635.52	+1.20
Austria	ATX	20/07	3,671.84	-5.98	-0.16
Belgium	BEL-20	20/07	3,983.85	-19.67	-0.49
Netherlands	AEX General	20/07	907.31	-8.73	-0.95
Spain	Madrid General	20/07	1,091.78	-6.35	-0.58
Switzerland	Swiss Market	20/07	12,173.44	-74.17	-0.61
Australia	All Ordinaries	20/07	8,209.20	-63.50	-0.77
China	Shanghai Composite	20/07	2,982.31	+5.18	+0.17
Philippines	PSE Composite	20/07	6,791.69	+86.68	+1.29
Sri Lanka	All Share	20/07	11,727.08	-41.37	-0.35
Taiwan	Taiwan Weighted	20/07	22,869.26	-529.21	-2.26
South Korea	KOSPI	20/07	2,795.46	-28.89	-1.02

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