

## Your Masters Voice.....

Why has exchanges promoted SME IPO's knowing that 80% of them could be fraud and helped many merchant bankers and operators create wealth by getting oversubscribed by 50 to 100 times. SME does not fall under SEBI and approvals are granted by NSE and BSE as the case may be. Who does the due diligence? Who is responsible for the IPO? How SME get over subscribed by 50 to 200 times when PSU does not get subscribed even once. Many questions are unanswered which we will try to explain as per our understanding which may be or may not be correct. We have always excluded SME from our coverage for three reasons, there is no proper information available, there is no credibility in most of the cases, to find one genuine out of 10 could be a task of searching a lost pin. End of the day when stock get hammered on distribution you will question research house so we decided better to leave some opportunities than get you neck stick in.

In main bourse there is big vacuum as IPO size has become Rs 500 to 700 crs minimum which is now cornered by big 5 this cannot be changed. Bigger become more bigger is the rule of the game. The cartel has worked and eliminated all small merchant bankers from the system thank to policy makers who have removed the SKY umbrella from the head destitute promoters needing 50 crs to 200 crs from the capital market as equity. They had to fall back of bank loans at 13 to 18% bank rate depriving India growth story. Why COLGATE and TITAN issued shares to investors close to face value in 80's and 90's and why now shares are issued at 1000 PE? In fact stock like Nykaa policybazzar Paytm Go digit should not have been allowed at such blood sucking premium at first place. This was all done in a systematic manner with high valuations, anchor getting major share, and then the big games. All OFS means money does not go in company but to PE investors.

The removal of MRTP act made it easy to have concentration of big M B virtually a market dominance and along with anchor investors (mostly institutions) the games are set. But this is done at the cost of small promoters who needs 50 to 200 crs. Therefore to convince Govt small MSME promoters are no ignored SME were promoted. To begin with all IPO were only LTCG IPO only where promoter go for SME listing and then move to main order after 2 years and then price rigging and dumping. Standard idea. The stress was very high on SME as the idea was failing and hence many areas were overlooked such as valuations, disclosures, integrity, assets of the co etc. Some operators who ran away from INDIA and settled DUBAI sensed opportunity in SME and went for killing and made Rs 10000 crs and made many SME ipo success stories. This created a link and base in DUBAI and India where hundreds of agents were formed. They jumped in SME band and made good money. In short span of time say 2 years SME became HOT and in every seminar investors started talking SME ipo only. Oversubscriptions are managed one. You pay Rs 1 cr to Bank they will give Rs 100 crs for 5 days and this how oversubscription were manipulated by 100 times to create artificial markets which helped the market makers to dump the shares. In fact, it learn that in many cases market makers have sold on listing at 100% premium the shares they were statutorily required to hold.

Even today we do not how many are genuine and how many are like Boss Packaging where IPO was oversubscribed by 54 times and co for plant have a shed and 8 employees as per social media filing. This the concept of SME is similar to the death of badla and invention of derivatives. The bureaucrats never understand the markets, PM rely on bureaucrats and hence we never seen broader market reforms which have kept India miles away from CHINA. Here only the operators DII and FPI want to make money and retail has no say. We can't produce billionaires from stock market. CHINA did hence CHINA could buy 17% of global land. India lost major land since 1947 and got reduced to less than 70% from the old HINDUSTAN.

WHY SME? Why not Greenfield IPO of Rs 50 to 100 crs on main bourse..? Why not IPO at par to subscribe growth. 1990 was classic case of growth and pyramid kind structure which is now missing. Yes 1990 we saw many fly by night promoters also but there was mechanism that time. Today you have mechanism. We need bold reforms not ESM 2 kind reforms. None of our politicians understand markets hence can't speak in the Parliament. We have lost the market integrity and market discovery mechanism fully. All out markets are now controlled markets. Hence I wonder when some idiots issue statement that market will crash 70% 50% How..? Trade to trade is for cool off. How we decide 6 months is required for cool off..? Cool off can be 30 days enough. Some stocks we have seen in trade to trade from 17<sup>th</sup> JAN and till date that is over 7.5 months. The guidelines are not made public. In US even a penny stock can rise 1000% in a day as market

decides on the basis of demand and supply. What is wrong if someone is buying at 1000% higher from his own money? He is creating exit for many and these many becomes millionaires and billionaires.

This becomes a cycle. If you earn 1000% in one stock you will not take money home. You will buy few more stocks from the same money. And who is the biggest gainer. Here we have 12.5% LTCCG and assuming someone earns 1000% 125% will go to Govt also which is 10 times higher. Some controls okay but creating 2% circuit limits for almost 2 months is beyond tolerance and in fact more price rigging is happening there as system removes 99% investors from investing. Capital market can create 2 trillion \$ liquidity for the Govt in course of time and this has to be understood. Instead of making the market for rich alone the market should be for all. Yes we have grown as investors have become 18 crs but they are not happy. They can become biggest vote bank if they are made happy. They can rise to 50 crs also. If that happen INDIA will overtake USA and Dow for sure.

My perception may be the reality always hence close the topic here.

Back to market, more than 14 lac puts are bought by all segments of market which is clear indication that market will not fall. Plus 80 BN \$ cash lying in the system. Next week we will see BAJAJ HSG FIN IPO of bn \$ and that will be trend setter for the HSG finance co. Bajaj Gr was the largest wealth creator in last 2 decades and gave a 40% CAGR return over a decade which has not been matched with by even TATA and RIL hence I see this IPO getting oversubscribed by 200 times and this will be genuine unlike SME IPO. All 29000 CNI members should go for it and apply for 214 shares which is around Rs 15000. Can also make multiple for family members also. On listing I see 100 to 140% gains which means returns of Rs 15000 to 20000 on day one. If unlucky to get allotment then one should try to buy at the opening and hold this share for next generation.

Again we have habit of chasing what we do not get easily. We chased Popees from Rs 100 till 212 and when it is in lower circuit we do not own this share. M K EXIM I have been shouting from 29<sup>th</sup> floor of DALAL Street right from Rs 64 and even at cmp of Rs 94 as more than 3 mn shares have been cornered. This is a stock one should buy for a decade and forget. Take it from this will be next HERO HONDA of India in next 10 years. At Rs 94 the price is Rs 420 as against all-time high of Rs 560. DO not go smallness of business go on the kind of business. For me a dram stock. I am blessed to sizable stake in the co and will hold at least for 10 years. At 350 crs it is just steel. We will get to see valuations scaling up slowly towards Rs 25000 crs and the day some big punters enter getting this stock will be impossible. We saw this in BBTC, We saw in Investment Precision, we are seeing blocs happening in Forbes where promoters SP have announced to raise Rs 15000 crs via IPO. Flagship co will remain flagship even IPO is for other co. Without making Forbes Rs 10000 Crs Company Gr will never prosper.

TATA, UNILEVER, Nykaa, MAMA EARTH, L'Oreal, Godrej are the few group which dominate the hair care market. M K is of course not even 1% of these groups yet have taken big and bold steps. After reading the A R my conviction have grown 100 times more. This is a stock one should own for next generation as after 10 years we will be able to say ourselves thanks God I have not sold this share.

When 1<sup>st</sup> spotted this stock it was Rs 48. Now 1 share has become 4.5 and price Rs 94 and profits Rs16 crs. At cmp this is Rs 427 which is still little away from all-time high. Rs126 is the level of all time high and after that life will start as we see exit of all.

Quant Small Cap Mutual Fund's August Portfolio is out. NVAV up 53.90% YoY and MoM they added 1005 Cr+ in AUM.

- Reliance remains the largest holding.
- HFCL replaces Aegis Logistics for 3rd largest holding.
- Added only 1 new position - LIC.
- Like July, continued to increase position in Pfizer & SUN TV.
- Completely exited 7 stocks including Affle, Ramco.
- Slightly decreased position in Balrampur Chini, RBL Bank etc.

- Cash holding continues to increase. From 1.83% in June to 12.91% in July & now 15.71%

On one side this is situation with every fund to have 12 to 16% cash and on the other side GS downgrading SBI VODAFONE INDUS TOWER and few others also downgrading various stocks. Now why downgrades. Let us discuss again when SBI becomes Rs 1500 and downgrade is assumed as buying tactics.

Broker's action is based on flows. Not on the basis of valuations. When buying flows dries they start selling flows with downgrade reports. Kindly note that they are not with clean hands. They have large maintenance cost as they have large fleet of analysts and back office staff hence these downgrade reports.

Alternatively they use downgrade reports for buying also. BE fearless avoid the game of upgrade and downgrade and buy stocks where they are not present. They will come at 10x of cmp. Eg Bet on me they will enter EMMBI at Rs 1000. Cut and paste this report.

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