



## FUTURE FOCUS

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“..It is a great opportunity to get access to the long term Investors' investment book with a research capsule, buy/hold/sell real time guidance, and get a return of 20%-60% in 6-12 months - this is the unique offer Surrogate Investor brings ”

### Technical Analysis to enter into a position ! (Part 3)

## DIGITIAN VIEW!

This is a series on technical analysis (TA) of stocks- how it helps to enter into a long term position in that stock. It will also cover the very important aspect of exit from the stock at the right time.

### TA for adding up Positions :

Continued from the last Newsletter

### 6. Trading strategy derived from shock zone - Reverse operation method

The core theory of contrarian investing is that **most breakthroughs do not trigger market trends**. Support and resistance are

difficult points to break through. Traders take profit by closing the position at support or resistance levels. For value Investors, support points are a good area to buy.

In the chart below support points and Resistance Points are highlighted. This is a strong supporting trend line as three times the stock price touched the line. Similarly, Resistance line above is also a strong one as thrice stocks prices hit that line and fall back. Thus, if the resistance line is broken it registers a bullish trend.



## MARKET WATCH

Equity Indices	Monthly Close	Monthly Change %	2024%	2023%
S & P	5035	-3.8%	6.2%	23.5%
Nasdaq	15657	-4.3%	6.0%	41.1%
FTSE 100	8144	2.4%	8.7%	0.5%
Shanghai Comp site	3104	0.8%	5.0%	-4.3%
NIFTY	22604	0.6%	4.8%	18.9%
Nairobi SE 20	1685	-3.8%	11.7%	-10.0%
Egypt SE 30	24449	-13.6%	-4.0%	73.9%
Tanzania All Shares	1785	-0.3%	-14.6%	11.2%
Nigeria SE 30	3634	-6.4%	28.0%	54.1%
Morocco All Shares	13319	2.4%	9.7%	12.1%
Bangladesh DSE 30	1993	-0.9%	-4.7%	-4.7%

Commodity	Monthly Close	Monthly Change %	2024%	2023%
Gold	2302	1.9%	11.1%	13.2%
Crude Oil	85.94	-1.9%	14.1%	-12.4%
WTI Oil	81.28	-3.4%	15.6%	-12.3%
Copper	4.54	12.1%	17.3%	1.0%
Iron Ore	110	0.5%	-19.4%	22.6%
Aluminium	2588	10.6%	11.9%	-2.8%



## 7. Filter the entire oscillation area

In addition to the height and length defined above to filter the volatility area, we can also use the moving average to span the volatility area: if the price crosses back and forth on the moving average, a volatility area is formed. The above chart shows the oscillation area.

This method filters out most of the oscillation area and greatly improves practicality.

For a Trader this is a very lucrative pattern

Potential risk = opening price - stop loss price:

<

Potential profit = opening price - support price

It is advisable that we should not take a position when the potential risks outweigh the potential benefits. This approach will greatly reduce the draw down.

**Learning to spot technical patterns before prices start to move is one of the most critical" aspects of buying a stock**

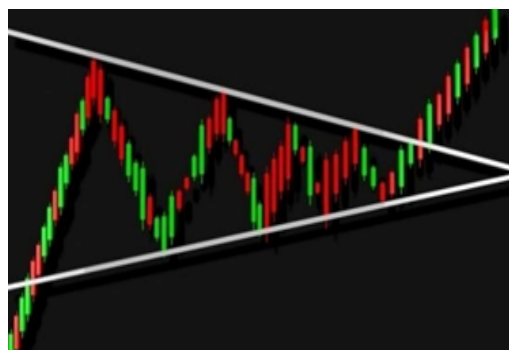
Yes, it's impossible to predict the market with complete accuracy, but if you trade long enough, you will start to spot different patterns that may signal upcoming price movements.

**Head and shoulders, cup handles, and pennants** are some of the more common patterns traders use to identify trends, whether continuation or reversal.

**What is the pennant pattern?**

If you've ever been to a baseball game (or at least watched it on-TV), you've probably seen a pennant above the outfield to signal the home team's achievement.

They might say the 2008 World Series champions, or the 2011 NL East champions, but they're all the same size and shape. These flags are known as pennants, and Major League Baseball has issued them for nearly 150 years -- but eagle-eyed traders are starting to notice them on stock charts, too, often after a period of consolidation.



**Investors can use the pennant pattern to understand when a cooling trend is ready to reignite.**

A pennant pattern is identified by a flag candle following a sharp advance or decline. The initial uptick is a period when the **pattern's flagpole price moves wildly in one direction.**

However, when the large price swings subside, a period of consolidation may begin.

**This consolidation often looks like a sign of lower highs and higher lows on the coin's price chart. Two trend lines form at the same time, one sloping down to indicate resistance and the other sloping up to indicate support.**

*We shall discuss the pennants and other trendlines and scenarios in the next newsletter. (CONTINUED)*

## COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2024p %	Inflation 2024p %
USA	27966	50781	2.1%	2.50%
China	17963	10889	4.6%	1.7%
India	3732	4330	6.6%	4.0%
Egypt	500	45	3.9%	26.20%
Kenya	115	10	5.3%	6.6%
Tanzania	79	7	5.5%	4.0%
Morocco	138	11	3.1%	2.60%
	187	54	3.50%	24.0%
Bangladesh	486	68	6.0%	7.90%

Forex	Monthly Close	Monthly Change %	2024%	2023%
EUR USD	1.066	-0.74%	-2.2%	2.0%
GBP USD	1.249	-0.48%	-1.2%	4.9%
USD INR	83.500	-0.05%	-0.2%	-0.7%
USD KES	135.00	-2.22%	14.2%	-21.6%
USD EG POUND	47.86	-0.46%	-54.7%	-19.9%
USD TZS	2585.00	-0.77%	-2.8%	-7.5%
USD NAIRA	1390.00	-5.97%	-56.9%	-49.5%
USD TAKA	109.79	-0.05%	0.1%	-6.1%





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**Debashish**



**Saugata**

Recommendation by	Name of the Company	Date of Purchase	Entry Price	Actual Gain Published in March 2022	Actual Gain Published in June 2023	Actual Gain Published in Dec 2023
Debashish	NGL Fine Chem	13-Mar-20	302	729%	572%	631%
Debashish	Tata Elxsi	27-Apr-20	790	646%	883%	1024%
Debashish	RACL Geartech	4-Aug-20	65	897%	2085%	1817%
Debashish	Arman Financial	8-Feb-17	243	327%	826%	952%
Saugata	Shivalik Bimetal	5-Feb-21	69	697%	933%	770%
Saugata	Newgen Software	7-Apr-20	116	477%	610%	1279%
Saugata	Trident	1-Oct-20	6.55	740%	419%	648%
Saugata	Indian Bank	11-Jan-21	87	94%	287%	422%

*Still* **Missed it ?**

**Surrogate Investor gains 40%+ p.a**



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# VALUE INVESTING

Debashish Neogi

“A 100x Multi bagger will be generally in the small cap, sector agnostic, multiplies in a short time span but may be over 10 years, - a right to win is a must but you require a megatrend as tail wind”

## New Stock Ideas : Sanghvi Movers

*From Editor : Debashish being a super Investor in Indian Market, off late his comment on Sanghvi Movers was viewed over 66k+ investors*

*Since the main purpose of Digitian View is to create like minded knowledgeable investors, as an editor I have decided to showcase his publicly flashed view on stocks to the readers so that you can get benefit of understanding how to pick up the potential Multi-bagger stock*

*Disclaimer : This should not be read as an Investment Advisory. All readers need to do their own diligence before investing in any stock including this one. Stocks are subject to market risk. Debashish and Digitian capital may have investment interest in the company. Our view are biased to that extent.*

After the conference call of Sanghvi Movers (SM) for Quarter 4, 2024, I feel optimistic about the future revenue growth possibility on the basis of their comment - "EPC revenue this year(Fy25) to increase 10x."-which implies the growth of total business multi fold.

It is very interesting to note their collection Policy for lean WC. SM follows that *the WC days in EPC will not go beyond 30 days or else they will stop the crane operations*. This is a very unique leverage for construction/infrastructure sectors, which will remain positive for foreseeable future. This shows the reason why the share is under bullish trend this year with a golden run from Rs 408 per share to Rs 1494 per share (3.7x gain).

But Still with a Market cap of Rs 4704 crore (small cap), still there are lot opportunity for value investor

On the Domestic Front, Government has been investing on Capital Expenditure(CE) in a scale never seen before. CE as % of GDP is now reaching 3.5% from below 2%.

According to me the accounting profit is hugely deflated, imagine depreciating assets over 5 years to take advantage of income tax benefit (May also help taking fresh loans ) and the asset have average economic life of 15/20years. This provides a great hidden opportunity.

Furthermore, the ability to select your own customer speaks about demand and pricing power. Besides above tagging is one of the biggest moat of their EPC business .

If we consider this pricing power in core business and then extending core to asset light model of EPC with such payment condition and then a huge tail wind of the sector itself - **these are ideal signals for multibagger formation.**

**Biggest risk : cyclical industry need to evaluate every 1.5 to 2 years**



**Largest Crane Hiring Company**

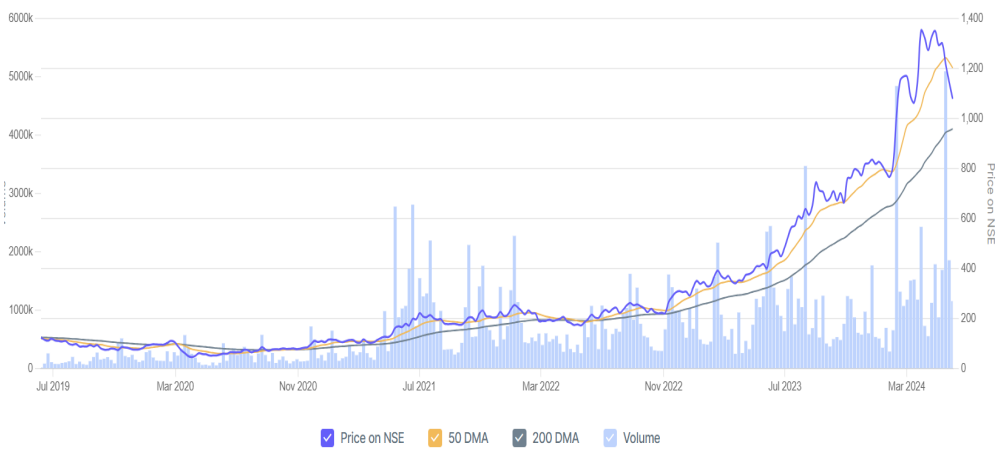
*SML is the largest crane hiring company in India & ranked 5th in the world by “Cranes International” a Crane Journal. Company is engaged in the business of providing medium sized Heavy Duty Cranes on rental basis to various private & public sector undertakings. SML has a fleet of 387 Cranes as on 31st March 2022 having Lifting Capacity from 40 Tons to 800 Tons, all these cranes were imported from Germany, USA, UK, Japan, Singapore. SML also does Heavy Lift, Lift Planning & Plant Maintenance jobs.*

**Market Share**

*SML claims to have over 40-45% of the market share in the overall domestic crane rental market, and around 60-65% per cent market allocation in the high-end crane market of >400 MT.*

**My 2 cents :** We need to remove the cyclicity (of earnings) by looking into mega trend sector for longer instead of only one/ two quarter, having said that we also need to be careful of cycles and check our investment thesis every 1-2 years ex MFI works in cycles I have gone thru the pain of those cycles (Arman financials moving to Rs 1100 from Rs 600 in 2 quarters and then falling to Rs 300 in one quarter) but I constantly kept evaluating every 2 years, allowed me to hold Arman financials for last 7 years and its 11 x from first purchase and is still My largest holding. However, I could be completely wrong on my thesis on Sanghvi movers but that is the risk I have to take in value investing as betting on future which is uncertain.

Another factor came out is the high increase in Top Executive compensation. **But they clarified 1)The Board approved paying commission to MD /**



**promoter @ 3.5% instead of 1.5%**  
(as he didn't take any increment for last 5 years)  
2) They had deployed personal capital of Rs 20 cr only at 7%+ pa during difficult times

3) The employee cost (123% up) since it includes EPC cost (77% of entire EPC cost is employee cost)

**Why Sanghvi Movers will be a multibagger ?**

- I maintain my stance that the PAT of Sanghvi movers is logically and legally as per rules deflated (aggressive depreciation )
- The right way to see the valuation is Cash PAT multiple (15.5x) and not PE multiple (25.1x)
- Even in Cash PAT Multiple the Valuation is deflated
- Hence better to calculate the life time value of these assets (2490 Cr is Gross Block ) which has huge earnings capacity !

**First way (my way –crude approach) :**

1.The future value of 2,490 cr with a 15% annual yield (they now get 24%) over 25 years is approximately 81,574 cr

2. Present value of ₹81,574 crore after 25 years with an annual inflation rate of 6% is approximately ₹18,998 crore.

**Second way (traditional way –DCF approach):**

•Discounted cash flow (DCF) of an investment of 2,490 Cr with a 15% per annum discount rate over 25 years and a terminal value growth rate of 2% is approximately 17,386 Cr

So a value gain of 3.8x present market capitalization.

**Where can we go wrong ?**

I have taken yield at 15% which is 15/24 =63% capacity utilisation.

Though currently for last 3 years it is at an average of 80%+ it can be much lower than my assumption for longer period of time .

For a small cap multi bagger the most important aspect is your view of sector and review of your hypothesis every 18 - 24 months.

**Happy Investing !!**



# Be a millionaire Start **SURROGATE INVESTMENT Platinum** ?

After the success of Surrogate Investor for small and medium value investors We have introduced **SURROGATE INVESTMENT Platinum**

Surrogate Investment **Platinum** is for High Value Clients who does not have time to monitor their Investment and they are only interested in the return in their portfolio.

## Why it is a success:

- **Skin in the game:** the fund managers picked up these shares and invested in themselves basis proprietary Research
- **Time to market :** They are keeping daily watch on the stock/market behaviour and that of the global trend
- **Regular Profit booking :** They make profit and you make too in the medium to long term
- **Professional Expertise & Performance Track:** Fund managers are super Qualified Professional Experts with their Return CAGR varies between 35%- 48% over last 15 years

## Why it is a better structure than market Portfolio Management?

- **Full Control over your dedicated Investment Account in your own name with a 3rd Party Large Banking Brokerage :** Open an account yourself with the a large Brokerage. Our Team will buy and sell in your account depending upon shares selected by our Super Investors
- **Tax Advantage:** Since it is in your own account, you can take advantage of Long term and short gain without paying double taxation
- **Full control of your Investment Fund:** you control the bank account linked to the trading account so there is ZERO RISK and no TRUST DEFICIT.
- **ZERO FEES or UPFRONT PAYMENT :** only transfer to Digitian Capital after you earned an upside (only on realisation) All control is in your hand
- **A separate Digital Account with Digitian Capital :** This will track trading results for easy reference.

## What is the structure of **SURROGATE INVESTMENT Platinum** ?

- **Minimum Investment Requirement :** USD 500,000 or INR 3 crores
- **Markets :** INDIA & USA
- **Open a dedicated Brokerage Account with any Large banking Brokerage**
- **Minimum Investment : 12 months for each stock**
- **Allow Digitian Capital processors to Buy and sell shares in your account**
- **Quarterly Review of Investment performance and upside payment to Digitian Capital**



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The world is changing superfast – media, communications, banking, currencies, education, retail channels, health & medicines, travel and tourism, consulting, manufacturing, agriculture, – every sectors facing disruptive innovations; Nano technology, internet of things, artificial intelligence and robotics will be overwhelmingly embedded. In this age, model disruption, extinction, miniaturisation, real time delivery, speed and virtualisation are neo normals.

*We make you ready for them*

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